

# DENSO CORPORATION and Consolidated Subsidiaries

## Consolidated Financial Results for the First Quarter Ended June 30, 2006

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DENSO CORPORATION

CODE: 6902

Listed on the Tokyo, Osaka  
and Nagoya stock exchanges

Results for the first quarter ended June 30, 2006 (From April 1, 2006 to June 30, 2006)

### (1) Operating Results

(Millions of yen, except per share figures)

	Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
Net sales.....	856,227	753,406	3,188,330
% change from the previous corresponding period.....	13.6%	10.7%	13.9%
Operating income.....	82,538	71,151	266,559
% change from the previous corresponding period.....	16.0%	18.7%	24.6%
Income before income taxes and minority interests...	89,861	65,790	271,854
% change from the previous corresponding period.....	36.6%	3.3%	21.7%
Net income.....	58,547	36,021	169,648
% change from the previous corresponding period.....	62.5%	( 2.5%)	27.9%
Basic net income per share.....	70.93 yen	43.65 yen	204.80 yen
Diluted net income per share .....	70.83 yen	43.63 yen	204.62 yen

Note: "Basic net income per share" is based upon the average number of shares outstanding.

### (2) Financial Position

(Millions of yen, except per share figures)

	As of June 30, 2006	As of March 31, 2006	As of June 30, 2005
Total assets.....	3,347,555	3,411,975	2,800,674
Total net assets.....	2,049,512	1,970,388	1,668,417
Equity ratio.....	58.4 %	57.7 %	59.6 %
Equity per share.....	2,378.91 yen	2,384.05 yen	2,021.62 yen

Note: "Equity per share" is based upon the number of shares outstanding as of the respective balance sheet dates.

### (3) Consolidation Scope

Number of consolidated subsidiaries : 179  
Number of unconsolidated subsidiaries : 9  
Number of affiliates : 31 ( Affiliates accounted for by the equity method : 31 )

### (4) Changes in Consolidation Scope and Application of the Equity Method

Consolidated subsidiaries

Added : 0

Excluded : 0

Companies accounted for by the equity method

Added : 0

Excluded : 0

## Consolidated Balance Sheets

Assets	As of June 30, 2006	As of March 31, 2006	Increase (Decrease)	Millions of yen As of June 30, 2005
<b>Current Assets:</b>				
Cash and cash equivalents	322,440	313,611		264,336
Short-term investments	71,334	74,098		59,614
Notes and accounts receivable, less allowance for doubtful accounts	575,147	589,731		504,524
Inventories	283,602	287,571		249,556
Deferred tax assets	44,165	53,912		39,481
Other current assets	82,624	81,670		63,261
<b>Total current assets</b>	<b>1,379,312</b>	<b>1,400,593</b>	<b>(21,281)</b>	<b>1,180,772</b>
<b>Property, Plant and Equipment:</b>				
Land	148,476	148,669		143,260
Buildings and structures	629,081	624,599		590,800
Machinery and equipment	2,147,884	2,104,812		1,935,792
Construction in progress	94,758	93,689		86,234
	3,020,199	2,971,769		2,756,086
Less: Accumulated depreciation	(2,034,920)	(1,996,794)		(1,888,502)
<b>Net property, plant and equipment</b>	<b>985,279</b>	<b>974,975</b>	<b>10,304</b>	<b>867,584</b>
<b>Investments and Other Assets</b>	<b>982,964</b>	<b>1,036,407</b>	<b>(53,443)</b>	<b>752,318</b>
<b>Total</b>	<b>3,347,555</b>	<b>3,411,975</b>	<b>(64,420)</b>	<b>2,800,674</b>

Liabilities and Net Assets	As of June 30, 2006	As of March 31, 2006	Increase (Decrease)	Millions of yen As of June 30, 2005
<b>Current Liabilities:</b>				
Short-term borrowings	102,149	92,107		68,172
Current portion of long-term debt	3,878	3,674		3,470
Notes and accounts payable	433,007	446,057		371,998
Income taxes payable	24,785	64,594		20,671
Accrued expenses	209,744	189,426		188,378
Other current liabilities	73,836	75,996		57,653
<b>Total current liabilities</b>	<b>847,399</b>	<b>871,854</b>	<b>(24,455)</b>	<b>710,342</b>
<b>Long-term Liabilities:</b>				
Long-term debt	169,382	170,304		139,472
Liability for employees' retirement benefits	169,645	123,634		164,601
Deferred tax liabilities	97,086	166,998		32,582
Other long-term liabilities	14,531	12,882		8,204
<b>Total long-term liabilities</b>	<b>450,644</b>	<b>473,818</b>	<b>(23,174)</b>	<b>344,859</b>
<b>Shareholders' Equity:</b>				
Common stock	187,457	187,457		187,457
Capital surplus	266,232	266,182		266,051
Retained earnings	1,371,488	1,329,974		1,211,241
Treasury stock at cost	(137,679)	(117,849)		(119,794)
<b>Total shareholders' equity</b>	<b>1,687,498</b>	<b>1,665,764</b>	<b>21,734</b>	<b>1,544,955</b>
<b>Variance of the estimate/conversion:</b>				
Net unrealized gain on available-for-sale securities	287,629	319,186		170,508
Deferred gain or loss on derivatives accounted for under hedge accounting	(2,077)	-		-
Foreign currency translation adjustments	(19,275)	(14,562)		(47,046)
<b>Total variance of the estimate/conversion</b>	<b>266,277</b>	<b>304,624</b>	<b>(38,347)</b>	<b>123,462</b>
<b>Minority Interests</b>	<b>95,737</b>	<b>95,915</b>	<b>(178)</b>	<b>77,056</b>
<b>Total net assets</b>	<b>2,049,512</b>	<b>2,066,303</b>	<b>(16,791)</b>	<b>1,745,473</b>
<b>Total</b>	<b>3,347,555</b>	<b>3,411,975</b>	<b>(64,420)</b>	<b>2,800,674</b>

## Consolidated Statements of Income

	Three months ended June 30, 2006	Three months ended June 30, 2005	Increase (Decrease)	Millions of yen Year ended March 31, 2006
Net Sales	856,227	753,406	102,821	3,188,330
Cost of Sales	704,801	616,933	87,868	2,622,998
Gross profit	151,426	136,473	14,953	565,332
Selling, General and Administrative Expenses	68,888	65,322		298,773
Operating income	82,538	71,151	11,387	266,559
Other Income (Expenses):				
Interest and dividend income	6,471	4,918		13,021
Interest expense	(1,316)	(1,129)		(4,506)
Reversal of allowance-doubtful accounts	19	-		-
Impairment loss on investment securities	(280)	(159)		(177)
Impairment loss on long-lived assets	(79)	(159)		(159)
Equity in earnings of affiliates	562	285		1,549
Charge for full amount of transitional obligation for employees' retirement benefits of subsidiaries in UK	-	(10,929)		(10,929)
Factory removal expenses of a subsidiary	-	-		(951)
Other, net	1,946	1,812		7,447
Income before income taxes and minority interests	89,861	65,790	24,071	271,854
Income Taxes:				
Current	22,494	18,518		104,346
Deferred	6,036	8,984		(13,568)
Minority Interests in Net Income	2,784	2,267		11,428
Net income	58,547	36,021	22,526	169,648

## Segment Information

<b>1. Geographical Segments (by company location)</b>			Millions of yen		
		Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006	
Sales	Japan	Customers	445,726	406,805	1,727,675
		Intersegment	151,450	128,379	561,284
		Total	597,176	535,184	2,288,959
	The Americas	Customers	189,514	159,654	681,367
		Intersegment	2,835	2,087	9,076
		Total	192,349	161,741	690,443
	Europe	Customers	121,814	102,663	414,243
		Intersegment	3,154	2,019	8,804
		Total	124,968	104,682	423,047
	Asia & Oceania	Customers	99,173	84,284	365,045
		Intersegment	9,101	6,188	30,064
		Total	108,274	90,472	395,109
	Eliminations		(166,540)	(138,673)	(609,228)
	Consolidated		856,227	753,406	3,188,330
	Operating Income (Loss)	Japan	58,605	53,632	207,650
The Americas		8,592	8,131	21,875	
Europe		3,162	137	1,554	
Asia & Oceania		10,931	8,667	36,709	
Eliminations		1,248	584	(1,229)	
Consolidated		82,538	71,151	266,559	

<b>2. Sales by Customer Location</b>		Millions of yen		
		Three months ended June 30, 2006	Three months ended June 30, 2005	Year ended March 31, 2006
Japan		432,856	399,217	1,690,215
		50.6%	53.0%	53.0%
The Americas		193,812	162,407	692,801
		22.6%	21.6%	21.7%
Europe		121,967	102,376	414,674
		14.2%	13.6%	13.0%
Asia & Oceania		105,106	86,971	380,541
		12.3%	11.5%	12.0%
Others		2,486	2,435	10,099
		0.3%	0.3%	0.3%
Net Sales		856,227	753,406	3,188,330