

# DENSO CORPORATION and Consolidated Subsidiaries

## Consolidated Financial Results of the Third Quarter Ended December 31, 2006

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DENSO CORPORATION

CODE: 6902

Listed on the Tokyo, Osaka  
and Nagoya stock exchanges

Results of the Third Quarter ended December 31, 2006 (From October 1, 2006 to December 31, 2006)

### (1) Operating Results

(Millions of yen, except per share figures)

	Three months ended December 31, 2006	Three months ended December 31, 2005	Year ended March 31, 2006
Net sales.....	927,884	808,969	3,188,330
% change from the previous corresponding period.....	14.7%	17.1%	13.9%
Operating income.....	89,096	86,237	266,559
% change from the previous corresponding period.....	3.3%	36.3%	24.6%
Income before income taxes and minority interests..	97,589	93,509	271,854
% change from the previous corresponding period.....	4.4%	42.2%	21.7%
Net income.....	61,725	56,651	169,648
% change from the previous corresponding period.....	9.0%	42.3%	27.9%
Basic net income per share.....	75.20 yen	68.59 yen	204.80 yen
Diluted net income per share .....	75.09 yen	68.51 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 December 31, 2006	As of March 31, 2006	As of December 31, 2005
Total assets.....	3,644,507	3,411,975	3,187,471
Total equity.....	2,256,588	1,970,388	1,890,036
Equity ratio.....	59.0 %	57.7 %	59.3 %
Equity per share.....	2,631.62 yen	2,384.05 yen	2,287.96 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 : 177

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

Millions of yen

Assets	As of Dec. 31, 2006	As of Mar. 31, 2006	Increase (Decrease)	As of Dec. 31, 2005
<b>Current Assets:</b>				
Cash and cash equivalents	333,917	313,611		265,474
Short-term investments	33,804	74,098		74,690
Notes and accounts receivable, less allowance for doubtful accounts	588,483	589,731		530,915
Inventories	323,739	287,571		283,229
Deferred tax assets	45,458	53,912		38,233
Other current assets	92,738	81,670		76,371
<b>Total current assets</b>	<b>1,418,139</b>	<b>1,400,593</b>	<b>17,546</b>	<b>1,268,912</b>
<b>Property, Plant and Equipment:</b>				
Land	147,833	148,669		147,048
Buildings and structures	643,502	624,599		609,287
Machinery and equipment	2,273,194	2,104,812		2,046,565
Construction in progress	110,086	93,689		102,328
	3,174,615	2,971,769		2,905,228
Less: Accumulated depreciation	(2,124,706)	(1,996,794)		(1,969,027)
<b>Net property, plant and equipment</b>	<b>1,049,909</b>	<b>974,975</b>	<b>74,934</b>	<b>936,201</b>
<b>Investments and Other Assets</b>	<b>1,176,459</b>	<b>1,036,407</b>	<b>140,052</b>	<b>982,358</b>
<b>Total</b>	<b>3,644,507</b>	<b>3,411,975</b>	<b>232,532</b>	<b>3,187,471</b>

Millions of yen

Liabilities and Equity	As of Dec. 31, 2006	As of Mar. 31, 2006	Increase (Decrease)	As of Dec. 31, 2005
<b>Current Liabilities:</b>				
Short-term borrowings	84,771	92,107		94,360
Current portion of long-term debt	53,735	3,674		2,940
Notes and accounts payable	455,250	446,057		383,251
Income taxes payable	25,874	64,594		37,920
Accrued expenses	167,053	189,426		139,484
Other current liabilities	101,287	75,996		78,079
<b>Total current liabilities</b>	<b>887,970</b>	<b>871,854</b>	<b>16,116</b>	<b>736,034</b>
<b>Long-term Liabilities:</b>				
Long-term debt	150,856	170,304		182,045
Liability for employees' retirement benefits	172,164	123,634		108,961
Deferred tax liabilities	163,628	166,998		169,434
Other long-term liabilities	13,301	12,882		11,063
<b>Total long-term liabilities</b>	<b>499,949</b>	<b>473,818</b>	<b>26,131</b>	<b>471,503</b>
<b>Shareholders' Equity:</b>				
Common stock	187,457	187,457		187,457
Capital surplus	266,437	266,182		266,132
Retained earnings	1,451,492	1,329,974		1,284,208
Treasury stock - at cost	(158,403)	(117,849)		(118,211)
<b>Total shareholders' equity</b>	<b>1,746,983</b>	<b>1,665,764</b>	<b>81,219</b>	<b>1,619,586</b>
<b>Variance of the Estimate/Conversion:</b>				
Unrealized gain on available-for-sale securities	393,367	319,186		293,147
Deferred gain (loss) on derivatives under hedge accounting	(1,432)	-		-
Foreign currency translation adjustments	10,623	(14,562)		(22,697)
<b>Total variance of the estimate/conversion</b>	<b>402,558</b>	<b>304,624</b>	<b>97,934</b>	<b>270,450</b>
<b>Stock Acquisition Rights</b>	<b>184</b>	<b>-</b>	<b>184</b>	<b>-</b>
<b>Minority Interests</b>	<b>106,863</b>	<b>95,915</b>	<b>10,948</b>	<b>89,898</b>
<b>Total equity</b>	<b>2,256,588</b>	<b>2,066,303</b>	<b>190,285</b>	<b>1,979,934</b>
<b>Total</b>	<b>3,644,507</b>	<b>3,411,975</b>	<b>232,532</b>	<b>3,187,471</b>

## Consolidated Statements of Income

	Three months ended Dec. 31, 2006	Three months ended Dec. 31, 2005	Increase (Decrease)	Millions of yen Year ended Mar. 31, 2006
<b>Net Sales</b>	<b>927,884</b>	808,969	118,915	3,188,330
Cost of Sales	764,179	652,708	111,471	2,622,998
<b>Gross profit</b>	<b>163,705</b>	156,261	7,444	565,332
Selling, General and Administrative Expenses	74,609	70,024		298,773
<b>Operating income</b>	<b>89,096</b>	86,237	2,859	266,559
Other Income (Expenses):				
Interest and dividend income	6,563	4,820		13,021
Interest expense	(1,605)	(1,268)		(4,506)
Equity in earnings of affiliates	242	275		1,549
Gain on sales of property, plant and equipment	2,145	-		-
Impairment loss on long-lived assets	(36)	-		(159)
Impairment loss on investment securities	(1,518)	-		(177)
Charge for full amount of transitional obligation for employees' retirement benefits of subsidiaries in UK	-	-		(10,929)
Factory removal expenses of a subsidiary	-	-		(951)
Other, net	2,702	3,445		7,447
<b>Income before income taxes and minority interests</b>	<b>97,589</b>	93,509	4,080	271,854
Income Taxes:				
Current	24,618	22,943		104,346
Deferred	6,577	10,319		(13,568)
Minority Interests in Net Income	4,669	3,596		11,428
<b>Net income</b>	<b>61,725</b>	56,651	5,074	169,648

## Segment Information

1. Geographical Segments (by company location)			Millions of yen		
			Three months ended Dec. 31, 2006	Three months ended Dec. 31, 2005	Year ended Mar. 31, 2006
Sales	Japan	Customers	502,688	439,741	1,727,675
		Intersegment	162,796	149,382	561,284
		Total	665,484	589,123	2,288,959
	The Americas	Customers	182,027	169,086	681,367
		Intersegment	3,208	2,233	9,076
		Total	185,235	171,319	690,443
	Europe	Customers	129,202	103,246	414,243
		Intersegment	3,267	2,246	8,804
		Total	132,469	105,492	423,047
	Asia & Oceania	Customers	113,967	96,896	365,045
		Intersegment	9,596	7,988	30,064
		Total	123,563	104,884	395,109
	Eliminations		(178,867)	(161,849)	(609,228)
	Consolidated		927,884	808,969	3,188,330
Operating Income (Loss)	Japan	70,273	70,568	207,650	
	The Americas	5,583	4,229	21,875	
	Europe	3,278	943	1,554	
	Asia & Oceania	11,785	11,904	36,709	
	Eliminations	(1,823)	(1,407)	(1,229)	
	Consolidated	89,096	86,237	266,559	

2. Sales by Customer Location		Millions of yen		
		Three months ended Dec. 31, 2006	Three months ended Dec. 31, 2005	Year ended Mar. 31, 2006
Japan		490,366	429,148	1,690,215
		52.8%	53.0%	53.0%
The Americas		185,763	171,997	692,801
		20.0%	21.3%	21.7%
Europe		129,135	103,515	414,674
		13.9%	12.8%	13.0%
Asia & Oceania		120,375	101,153	380,541
		13.0%	12.5%	12.0%
Others		2,245	3,156	10,099
		0.3%	0.4%	0.3%
Net Sales		927,884	808,969	3,188,330

<Supplement>

**Consolidated Financial Results for Nine months Ended December 31, 2006**  
**(From April 1, 2006 to December 31, 2006)**

Operating Results	(Millions of yen, except per share figures)		
	Nine months ended December 31,2006	Nine months ended December 31,2005	Increase (Decrease)
Net sales.....	2,629,565	2,315,611	313,954
% change from the previous corresponding period.....	13.6 %	13.2%	
Operating income.....	227,401	205,979	21,422
% change from the previous corresponding period.....	10.4 %	20.7%	
Income before income taxes and minority interests....	244,994	212,817	32,177
% change from the previous corresponding period.....	15.1 %	19.5%	
Net income.....	155,845	123,882	31,963
% change from the previous corresponding period.....	25.8 %	16.6%	
Basic net income per share.....	189.46 yen	150.05 yen	-
Diluted net income per share.....	189.22 yen	149.96 yen	-

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