Financial Section

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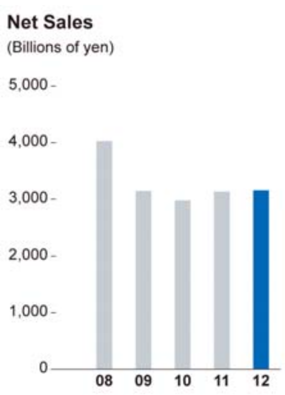
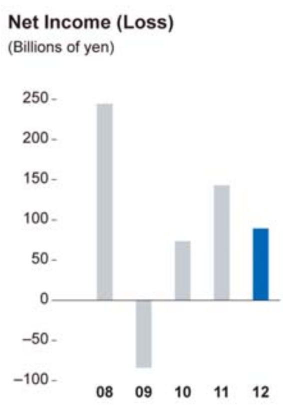
Financial Highlights

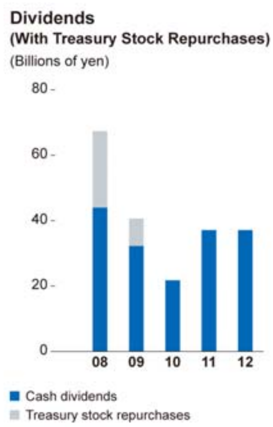
DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31, 2012, 2011 and 2010

			Millions of yen	Percent change	Thousands of U.S. dollars
	2012	2011	2010	2012/2011	2012
Net Sales:	**¥3,154,630**	¥3,131,460	¥2,976,709	0.7%	**$38,382,163**
Sales in Japan	**1,596,106**	1,506,681	1,518,105	5.9%	**19,419,710**
Sales outside Japan	**1,558,524**	1,624,779	1,458,604	(4.1%)	**18,962,453**
Net Income	**89,298**	143,033	73,427	(37.6%)	**1,086,483**
Total Assets	**3,607,697**	3,380,433	3,364,070	6.7%	**43,894,598**
Equity	**2,117,201**	2,072,443	2,032,264	2.2%	**25,759,837**
Capital Expenditures	**179,351**	145,087	114,422	23.6%	**2,182,151**
Depreciation	**180,648**	193,082	237,944	(6.4%)	**2,197,932**
R&D Expenses	**298,362**	290,069	270,077	2.9%	**3,630,150**
			Yen	Percent change	U.S. dollars
Per Share:					
Basic net income	**¥110.81**	¥177.49	¥91.11	(37.6%)	**$1.35**
Cash dividends	**46.00**	46.00	27.00	0.0%	**0.56**
Equity	**2,492.92**	2,435.14	2,378.18	2.4%	**30.33**
			Billions of yen	Percent change	
Foreign Exchange:					
Foreign exchange loss	**¥(30.7)**	¥(34.0)	¥(43.8)	(9.7%)	
U.S. dollar	**(19.4)**	(18.8)	(21.7)	3.2%	
Euro	**(3.0)**	(12.6)	(9.7)	(76.2%)	
Impact of ¥1/U.S.$ change	**2.9**	3.0	2.3	(3.3%)	
Impact of ¥1/Euro change	**0.7**	0.7	0.6	0.0%	
			Yen	Percent change	
Average Exchange Rate:					
Yen/U.S. dollar	**¥78.02**	¥84.68	¥91.31	(7.9%)	
Yen/Euro	**107.31**	111.62	129.24	(3.9%)	
Number of Employees	**126,036**	123,165	120,812		

Note:
U.S. dollar amounts have been translated, for convenience only, at the rate of ¥82.19=US$1, the approximate exchange rate prevailing on March 30, 2012, the last trading day of the fiscal year.







Treasury stock repurchases figures show the amounts that have been purchased between the general shareholders' meeting of one year to the next.

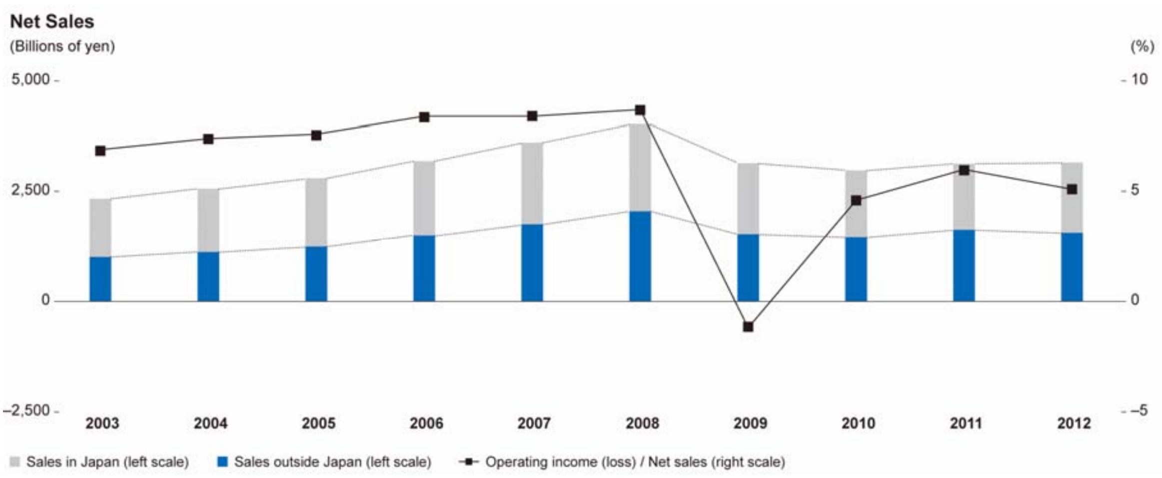
Financial Review

Financial Summary

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31

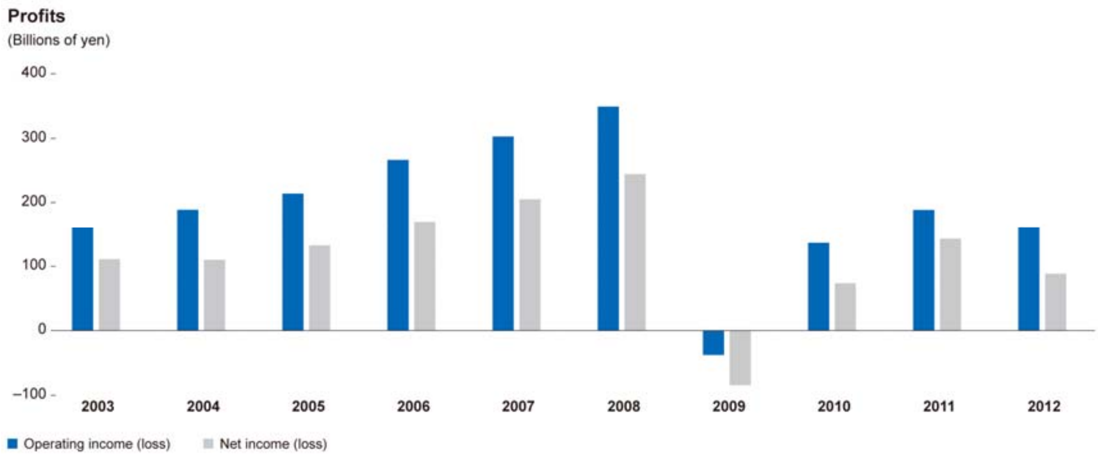
	2012	2011	2010	2009	2008
Net Sales:	¥3,154,630	¥3,131,460	¥2,976,709	¥3,142,665	¥4,025,076
Sales in Japan	1,596,106	1,506,681	1,518,105	1,615,771	1,976,877
Sales outside Japan	1,558,524	1,624,779	1,458,604	1,526,894	2,048,199
Operating Income (Loss)	160,732	188,331	136,640	(37,309)	348,652
Net Income (Loss)	89,298	143,033	73,427	(84,085)	244,417
Total Assets	3,607,697	3,380,433	3,364,070	3,018,438	3,643,418
Equity*[1]	2,117,201	2,072,443	2,032,264	1,900,719	2,282,677
Shareholders' Equity	–	–	–	–	–
Capital Expenditures	179,351	145,087	114,422	314,425	343,779
Depreciation	180,648	193,082	237,944	276,624	263,519
R&D Expenses	298,362	290,069	270,077	297,148	311,474
Net Cash Provided by Operating Activities	176,682	395,527	357,141	209,915	572,663
Per Share:					
Basic net income (loss)	¥110.81	¥177.49	¥91.11	¥(104.13)	¥299.96
Diluted net income	–	–	91.11	–	299.70
Cash dividends	46.00	46.00	27.00	40.00	54.00
Equity*[1]	2,492.92	2,435.14	2,378.18	2,220.89	2,658.06
Ratios:					
Return on Sales (%)	2.8	4.6	2.5	(2.7)	6.1
Current Ratio (%)	260.7	235.3	230.4	208.3	162.6
Fixed Ratio (%)	73.9	77.1	83.8	97.8	95.6
Return on Equity (%)	4.5	7.4	4.0	(4.3)	11.3
Average Number of Shares (in thousands)	805,895	805,871	805,892	807,469	814,833
Number of Employees	126,036	123,165	120,812	119,919	118,853

Notes: 1. As of March 31, 2012, DENSO CORPORATION had 190 subsidiaries (includes two unconsolidated subsidiaries) and applied the equity method of accounting to 32 affiliates (includes one unconsolidated subsidiary).
2. U.S. dollar amounts have been translated, for convenience only, at the rate of ¥82.19=US$1, the approximate exchange rate prevailing on March 30, 2012, the last trading day of the fiscal year.



				Millions of yen	Thousands of U.S. dollars
2007	2006	2005	2004	2003	2012
¥3,609,700	¥3,188,330	¥2,799,949	¥2,562,411	¥2,332,760	$38,382,163
1,859,046	1,690,215	1,554,795	1,442,645	1,325,637	19,419,710
1,750,654	1,498,115	1,245,154	1,119,766	1,007,123	18,962,453
303,068	266,559	213,895	188,659	159,893	1,955,615
205,170	169,648	132,620	110,027	111,018	1,086,483
3,765,135	3,411,975	2,780,982	2,526,502	2,354,657	43,894,598
2,286,956	2,066,303	–	–	–	25,759,837
–	1,970,388	1,643,182	1,509,489	1,397,888	–
312,457	288,714	235,258	196,461	171,108	2,182,151
219,873	185,143	160,993	151,169	146,651	2,197,932
279,890	256,339	238,241	214,917	182,886	3,630,150
406,543	368,575	273,296	231,814	267,344	2,149,678
				Yen	U.S. dollars
¥249.88	¥204.80	¥159.02	¥130.02	¥128.37	$1.35
249.56	204.62	158.96	130.01	126.65	–
45.00	38.00	32.00	24.00	20.00	0.56
2,668.82	2,384.05	1,990.48	1,809.55	1,656.93	30.33
5.7	5.3	4.7	4.3	4.8	
151.0	160.6	161.4	163.0	161.2	
104.1	102.1	98.2	97.2	97.3	
9.9	9.4	8.4	7.6	7.9	
821,060	825,725	830,869	842,005	860,828	
112,262	105,723	104,183	95,461	89,380	

*1 "Equity" section is newly provided to conform to a new Japanese accounting standard for the fiscal year 2005 and after.

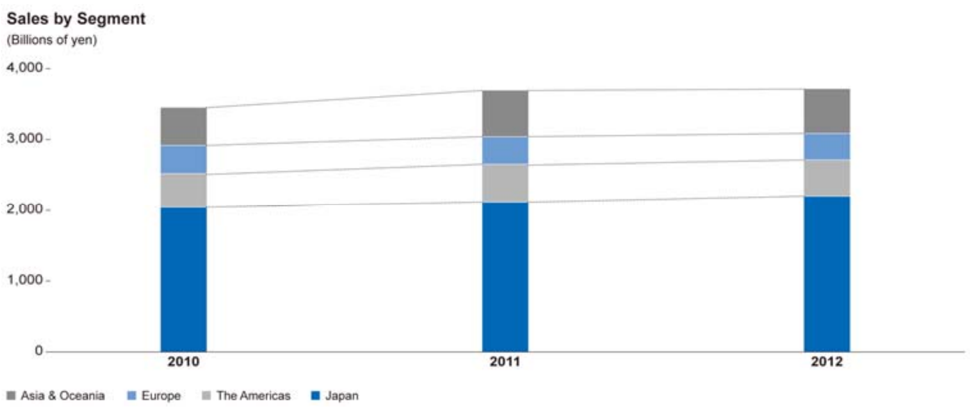


Sales by Segment

DENSO CORPORATION and Consolidated Subsidiaries
Years ended March 31

		Millions of yen			Thousands of U.S. dollars
		2012	2011	2010	2012
Japan	Customers	¥1,639,962	¥1,548,201	¥1,553,492	$19,953,303
	Intersegment	557,670	564,733	487,823	6,785,132
	Total	2,197,632	2,112,934	2,041,315	26,738,435
North America	Customers	504,075	528,868	468,965	6,133,046
	Intersegment	8,042	7,172	5,442	97,846
	Total	512,117	536,040	474,407	6,230,892
Europe	Customers	373,214	389,584	401,967	4,540,869
	Intersegment	13,978	11,748	9,116	170,069
	Total	387,192	401,332	411,083	4,710,938
Asia & Oceania	Customers	579,752	604,651	494,596	7,053,802
	Intersegment	46,969	47,817	39,510	571,469
	Total	626,721	652,468	534,106	7,625,271
Total	Customers	3,097,003	3,071,304	2,919,020	37,681,020
	Intersegment	626,659	631,470	541,891	7,624,516
	Total	3,723,662	3,702,774	3,460,911	45,305,536
Others	Customers	57,627	60,156	57,689	701,143
	Intersegment	101	177	151	1,230
	Total	57,728	60,333	57,840	702,373
Consolidated	Customers	3,154,630	3,131,460	2,976,709	38,382,163
	Intersegment	626,760	631,647	542,042	7,625,746
	Total	¥3,781,390	¥3,763,107	¥3,518,751	$46,007,909

Notes: 1. The Group has reported Japan, North America, Europe and Asia & Oceania as its reportable segments since April 2010, in conformity with revised ASBJ Statement No. 17, “Accounting Standard for Segment Information Disclosures”, and ASBJ Guidance No. 20, “Guidance on Accounting Standard for Segment Information Disclosures,” issued by ASBJ, the Accounting Standards Board of Japan, in March 2008. The Group has been manufacturing and selling mainly automotive products in each reportable segment.
2. U.S. dollar amounts have been translated, for convenience only, at the rate of ¥82.19=US$1, the approximate exchange rate prevailing on March 30, 2012, the last trading day of the fiscal year.
3. “Others” is a business segment that is not included in reported segments. It includes business activities of subsidiaries in Brazil, etc.



Management's Discussion and Analysis

Business Overview

During fiscal year 2012, the year ended March 31, 2012, the global economy experienced slower growth overall, due to downward pressure from an economic slowdown following the European debt crisis and the impact of tighter monetary policy in China and other emerging nations. On the other hand, the U.S. economy continued to recover gradually. The Japanese economy was hit hard by natural disasters, including the Great East Japan Earthquake and flooding in Thailand. However, those negative impacts were resolved by the end of the fiscal year, allowing the Japanese economy to return to a recovery path.

In the automotive industry, the worldwide market in general expanded on the back of recoveries in the U.S. and Japanese markets, in addition to steady growth in emerging markets, despite lower sales in Europe. In Japan notably, although vehicle production had dropped in the first half of the fiscal year due to the negative effect of the Great East Japan Earthquake, the country saw a rapid recovery from June 2011 as supply chains were restored. At the end of 2011, production decreased temporarily due to the impact of the flooding in Thailand. However, since January 2012, production has rebounded to a level higher than in the previous year.

The Group (DENSO Corporation and consolidated subsidiaries) saw production plummet in April and May 2011. However, as a result of a concerted effort by the entire Group to make up the lost ground, production was restored in July to the pre-quake level. Although there was a temporary lull in production due to the impact of the flooding in Thailand in the second half of the fiscal year, the Group made every effort to increase production. Consequently, annual production volume surpassed the previous fiscal year. In regard to assistance measures for the Great East Japan Earthquake, the Group has undertaken many support activities directed at the restoration and recovery of the disaster-stricken areas. We will therefore continue to do our utmost to support the recovery of the affected areas.

Management Strategy

Fiscal year 2012 was the final year of the three-year structural reform program formulated by the Group in 2009. During the year, we steadily implemented our key priority of "Building a streamlined and lean business structure." As a result, we recorded fixed cost savings of more than ¥100 billion, which lifted our business results. This has allowed us to surmount the crisis we had faced in the global financial crisis. In terms of measures related to "Developing systems for future growth," we have focused on developing technologies for improving fuel consumption and reducing CO2 emissions, along with pursuing development in the fields of safety and information and telecommunications.

In gasoline engines, products such as the Group's injectors and high-pressure pumps for next-generation gasoline direct-injection systems, which help to improve the efficiency of internal combustion engines, were adopted by automakers in Japan, the U.S. and Europe. Notably, these products were chosen for use in the SKYACTIV-G high-efficiency direct-injection gasoline engine of Mazda Motor Corporation. In other areas, we developed a tandem solenoid starter as an idle stop/start system that enables the vehicle's engine to be stopped and restarted even when the vehicle decelerates. We have started delivering this idle stop/start system to automakers worldwide, including Daihatsu Motor Co., Ltd. and Jaguar Cars Limited. In hybrid and electric vehicles, the Group mass-produces key parts such as inverters. The Group's compact, high-output double-sided cooling type inverter was fitted to the latest Camry model rolled out in August 2011 by Toyota Motor Corporation. In addition, DENSO's first motor generator was adopted for use in the Toyota Motor Corporation's Aqua, a compact hybrid automobile.

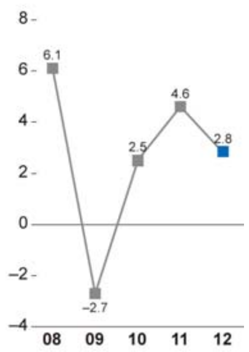
In the information and telecommunications field, we developed ARPEGGiO smartphone-connected information services to answer market needs for receiving various information services in the car. These services enable users to safely operate smartphone applications, including facility searches and music playback, on their car navigation system displays inside vehicles. Going forward, DENSO aims to enhance the range of car navigation system models compatible with ARPEGGiO. At the same time, DENSO will work to improve convenience for users while ensuring safety through services linking car navigation systems and smartphones.

Furthermore, DENSO has put in place a close-knit development framework spanning seven regions around the world, including Japan. This was achieved by enhancing technical centers in China, India and Brazil, in addition to the U.S., Europe, and Asia & Oceania. Our goal is to promptly identify needs in each region and reflect them in product development.

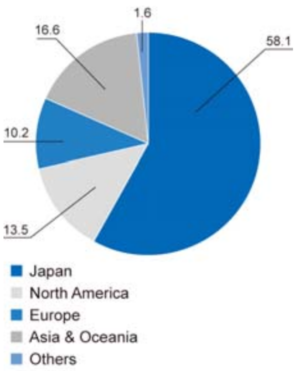
In product development targeting China, India, and the ASEAN region, DENSO promoted the development of products with reduced production costs by optimizing functions and performance in line with the needs of each region. We have implemented cost-cutting activities aimed at reducing the cost by 50% of 23 key products sold in emerging nations' markets. As a result, we have won new orders from a broad range of automakers. Moreover, we have made ground-breaking productivity improvements by switching to high-speed, high-utilization production lines, and have conducted activities designed to minimize the need for investment by developing ultra-compact manufacturing facilities. Through these and other measures, DENSO is promoting the development of plants possessing by far the world's highest level of competitiveness.

In the consumer products business, demand for repair and replacement parts has expanded worldwide as automobiles are used for a greater number of years. In response, the Group has worked to enhance its structure for expanding the consumer products business. Measures of enhancement have included setting up the After-Market Business Department in July 2011, and integrating 9 domestic sales companies to establish a new company, DENSO Sales Japan Corporation in April, 2012. In new business fields, DENSO is pursuing activities to harness technologies developed and apply knowledge acquired in the automotive field for products in various fields other than automobiles. For example, DENSO has jointly developed, with a homebuilder, a Home Energy Management System (HEMS) that optimally manages residential energy usage. As an optional function, the HEMS can be connected to plug-in hybrid vehicles or electric vehicles. This enables users to coordinate their home and vehicle energy usage, thereby allowing energy to be used more efficiently. DENSO is also putting technologies developed in the automotive field to good use in the medical and healthcare, security and food distribution fields, in an effort to create new value and business models.

Return on Sales
(%)



Sales by Segment
(%)



Net Sales

Consolidated net sales for the fiscal year ended March 31, 2012 increased compared with the previous year, rising ¥23.2 billion, or 0.7%, to ¥3,154.6 billion. The increase was mainly due to a substantial recovery in production toward the fiscal year-end.

Sales by Segment

In Japan, the Group saw a drop in production in the first half due to the impact of the Great East Japan Earthquake, but strove to make up for this through increased production in the second half. This led to an increase in sales to ¥2,197.6 billion, an increase of 4.0%, or ¥84.7 billion, over the previous year.

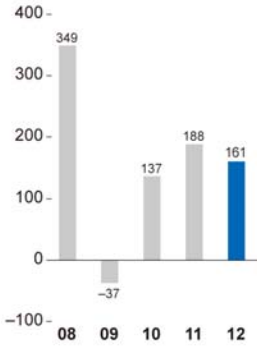
In North America, although vehicle production increased, the impact of the Great East Japan Earthquake in the first half of the fiscal year and currency exchange losses led to sales of ¥512.1 billion, a decrease of 4.5%, or ¥23.9 billion, over the previous year.

In Europe, despite an increase in sales mainly to European car manufacturers enjoying strong exports, currency exchange losses led to sales of ¥387.2 billion, a decrease of 3.5%, or ¥14.1 billion, over the previous year.

In Asia & Oceania, despite efforts by Japanese automakers to restore lost production, the lingering impact of the Great East Japan Earthquake and the flooding in Thailand led to sales of ¥626.7 billion, a decrease of 3.9%, or ¥25.7 billion, over the previous year.

In other areas, sales totaled ¥57.7 billion, a decrease of 4.3%, or ¥2.6 billion, over the previous year.

Operating Income (Loss)
(¥ Billion)



Operating Income

Operating income of ¥160.7 billion was recorded, a decrease of 14.7%, or ¥27.6 billion, over the previous year. This result mainly reflected foreign exchange losses due to the yen's appreciation, despite capacity utilization gains accompanying increased sales and savings due to rationalization efforts.

Operating Income by Segment

In Japan, operating income of ¥83.9 billion was recorded, an increase of 32.3%, or ¥20.5 billion, over the previous year, as a result of capacity utilization gains, reductions in fixed costs and rationalization efforts.

In North America, operating income amounted to ¥8.8 billion, a decrease of 65.4%, or ¥16.6 billion, over the previous year, mainly reflecting capacity utilization losses due to lower sales, and foreign exchange losses.

In Europe, operating income was ¥6.4 billion, a decrease of 41.6%, or ¥4.6 billion, over the previous year, mainly due to deterioration in the product mix.

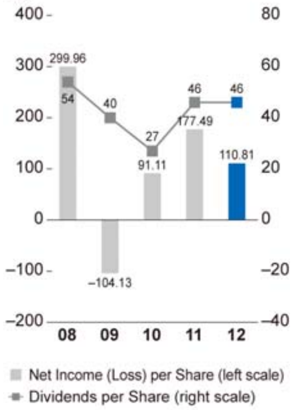
In Asia & Oceania, operating income was ¥59.5 billion, a decrease of 28.3%, or ¥23.5 billion, over the previous year, mainly due to deterioration in the product mix.

In other areas, operating income totaled ¥3.2 billion, a decrease of 51.0%, or ¥3.3 billion, over the previous year.

Other Income (Expense)

Other income-net totaled ¥2.8 billion, a decrease of ¥20.6 billion from the previous year. This mainly reflected a ¥11.0 billion of pension cost of subsidiaries.

Net Income (Loss) per Share and Dividends per Share
(¥)



Net Income

The Group recorded income before income taxes and minority interests of ¥163.5 billion for fiscal year 2012, compared with a income before income taxes and minority interests of ¥211.7 billion in the previous year. Income taxes were ¥61.3 billion, compared with ¥52.8 billion in income taxes in the previous year.

Minority interests were ¥12.9 billion, down 18.9%, or ¥3.0 billion, from the previous year. As a result, the Group recorded net income of ¥89.3 billion, compared with a net income of ¥143.0 billion in the previous year.

ROE decreased from 7.4% to 4.5%, and net income per share of common stock was ¥110.81, compared with net income per share of common stock of ¥177.49 in the previous year.

Policy on Allocation of Earnings

Dividends

The Company, DENSO CORPORATION, aims to consistently increase dividends, while taking into consideration operating results and the dividend payout ratio. The Company uses retained earnings for capital expenditures and research and development to sustain long-term business growth, and to support its share buyback program as a means of returning profits to shareholders.

In accordance with the enactment of the Company Law in May 2006, the Company had altered its Articles of Incorporation to accommodate the flexible allocation of future earnings. For the time being, however, the Company has decided to continue paying a twice-yearly dividend payment. For a year-end dividend, the approval of the general shareholders' meeting is needed.

Taking into consideration the operating results for the fiscal year under review, the Company has decided upon a year-end dividend of ¥23 per share, and plans to pay an annual dividend for the fiscal year ending March 31, 2013 of ¥46 per share, the same as in the previous year.

Treasury Stock Repurchases

The Company repurchases its own shares as part of its strategy to increase ROE, return profits to shareholders and implement a flexible capital policy in response to changes in the operating environment. As of March 31, 2009, the Company had repurchased a total of 154 million shares at an aggregate cost of ¥349.0 billion since the introduction of the share buyback program in the year ended March 31, 1997. This represents 17% of all the Company's outstanding shares as of March 31, 1997. In the future, while giving consideration to cash flows, the Company will maintain this share repurchasing policy as an important tool in improving ROE and increasing shareholder value.

Source of Funds and Liquidity Risk Management

The Group's fundamental financial policy is designed to: ensure efficient funding and management of funds for the operational activities of the entire Group, secure an optimum level of funds and liquidity, and maintain a sound financial position.

Global Cash Management System

In July 2000, DENSO established a system for managing its funds globally. The Group has created a structure facilitating optimum management of Group-wide funds by integrating financing functions into each Regional Headquarters (RHQ) in Japan, North America, Europe, and Asia. By utilizing this sort of structure, in which each RHQ is responsible for managing funds within its respective region, the Group can procure capital resources and manage excess or deficient funds in a more centralized manner.

Financial Position

Total assets as of March 31, 2012, stood at ¥3,607.7 billion, 6.7%, or ¥227.3 billion, more than the previous fiscal year-end.

Current assets increased 13.7%, or ¥255.6 billion, to ¥2,120.1 billion, primarily reflecting increases in notes and accounts receivable.

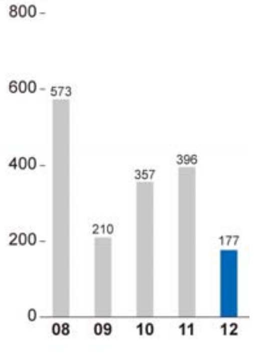
Property, plant and equipment decreased 2.7%, or ¥22.3 billion, to ¥800.9 billion, mainly due to a decrease in the carrying amount of machinery and equipment.

Investments and other assets decreased 0.9%, or ¥6.0 billion, to ¥686.7 billion, mainly due to a decrease in deferred tax assets.

The total of current and long-term liabilities increased 14.0%, or ¥182.5 billion, to ¥1,490.5 billion, due to an increase in notes and accounts payable. Interest-bearing debt increased 30.9%, or ¥123.5 billion, to ¥523.1billion.

Equity increased 2.2%, or ¥44.8 billion, to ¥2,117.2 billion, primarily reflecting increases in unrealized gain on available-for-sale securities and retained earnings.

Net Cash Provided by Operating Activities
(¥ Billion)



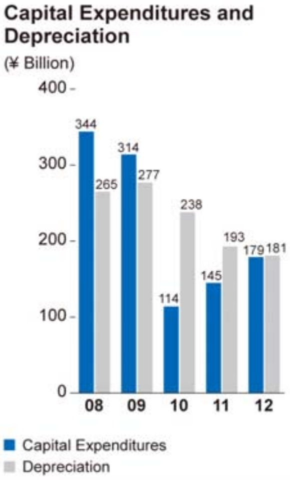
Cash Flows

In terms of cash flows for the fiscal year ended March 31, 2012, net cash provided by operating activities was ¥176.7 billion, net cash used in investing activities was ¥271.2 billion, and net cash provided by financing activities was ¥78.8 billion. As a result, cash and cash equivalents decreased ¥23.2 billion to ¥665.4 billion.

Net cash provided by operating activities for the fiscal year ended March 31, 2012 totaled ¥176.7 billion, ¥218.8 billion less than in the previous year. Cash flows chiefly reflected an operating income of ¥160.7 billion, a decrease of ¥27.6 billion from last year.

Investing activities used net cash of ¥271.2 billion, ¥56.6 billion less than in the previous fiscal year. This mainly reflected a ¥269.0 billion increase in cash provided by proceeds from sale and redemption of available-for-sale securities and investment securities.

Net cash provided by financing activities was ¥78.8 billion. This was mainly attributable to a ¥159.7 billion increase in cash provided by proceeds from long-term borrowings.



Capital Expenditures/Depreciation

The Group applies a number of benchmarks to ensure correct decisions are made with regard to capital expenditures. These benchmarks include projected cash flow, ROA, the number of years to recover investments, and forecasts of profitability. As part of a drive to reduce medium-term fixed costs, the Group is minimizing the scale of its production lines, standardizing components, and using global procurement to reduce facilities costs.

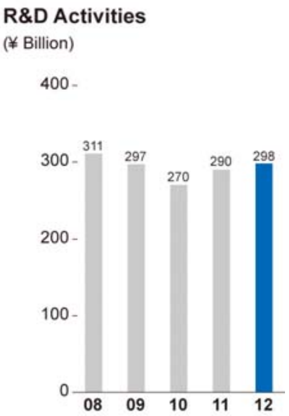
Capital expenditures during the fiscal year ended March 31, 2012 totaled ¥179.4 billion, an increase of 23.6%, or ¥34.3 billion, from the previous year. Depreciation decreased 6.4%, or ¥12.4 billion, to ¥180.6 billion.

Capital Expenditures/Depreciation by Segment

As regards capital expenditures in the fiscal year ended March 31, 2012, the Group's main focus was on investment in research and development projects. These projects are intended to address production expansion and to support the development of, and transfer to new models and products. As a result, capital expenditures in Japan were ¥103.1 billion, an increase of 7.9%, or ¥7.6 billion.

In regions outside Japan, capital expenditures in the North Americas were ¥12.2 billion, an increase of 34.0%, or ¥3.1 billion, capital expenditures in Europe were ¥18.7 billion, an increase of 53.8%, or ¥6.5 billion. Capital expenditures in Asia & Oceania were ¥38.2 billion, an increase of 67.5%, or ¥15.4 billion and capital expenditures in other areas were ¥7.2 billion, an increase of 30.2%, or ¥1.7 billion.

In Japan, depreciation amounted to ¥139.5 billion, a decrease of 5.1%, or ¥7.5 billion. Meanwhile, depreciation amounted to ¥14.6 billion, a decrease of 14.8%, or ¥2.6 billion, in the North Americas; to ¥11.3 billion, a decrease of 10.7%, or ¥1.4 billion in Europe; to ¥19.1 billion, a decrease of 3.7%, or ¥0.7 billion, in Asia & Oceania; and to ¥2.2 billion, an increase of 12.3%, or ¥0.2 billion, in other areas.



Research and Development (R&D) Activities

The Group is pressing ahead with technological development in order to help develop environmentally friendly and safe automobiles that people can use with peace of mind, and contribute to the creation of an automotive society. Within this framework, we have strengthened development activities particularly in the fields of fuel economy, safety, and information and telecommunications.

In terms of achievements in the fiscal year ended March 31, 2012, the Group made the following key achievements, especially in the fields of fuel economy and information and telecommunications.

In the area of fuel economy, the Group developed products such as an injector and high-pressure pump for a next-generation gasoline direct-injection system that will help to improve the efficiency of internal combustion engines. These products were chosen for use by automakers in Japan, the U.S. and Europe. Notably, Mazda Motor Corporation selected these products for use in its SKYACTIV-G high-efficiency direct-injection gasoline engine. DENSO's latest technologies are also used in Mazda's SKYACTIV-D diesel engine. Elsewhere, in idle-stop systems (ISS) designed to stop engines when vehicles are stopped, DENSO developed a tandem solenoid starter and began delivering this starter to automakers worldwide, including Daihatsu Motor Co., Ltd. and Jaguar Cars Limited. This new starter can stop and restart the engine when it decelerates, in addition to when the vehicle is stopped, thereby contributing to improved vehicle fuel economy. In the hybrid and electric vehicle field, we have taken advantage of coil technology developed in the field of alternators to develop a motor generator that simultaneously achieves both improved efficiency and downsizing. This motor generator performs drive motor control and regenerative control using the motor as a generator. It has been adopted for use in the Aqua compact hybrid vehicle of Toyota Motor Corporation.

ARPEGGiO smartphone-connected information services enable users to safely operate smartphone applications such as facility searches and music playback on car navigation system displays in vehicles. Going forward, DENSO aims to enhance the range of car navigation system models compatible with ARPEGGiO. At the same time, DENSO will work to improve convenience for many more users while ensuring safety through services linking car navigation systems and smartphones.

In addition, DENSO has put in place a development framework centered on technical centers in six overseas regions around the world, in order to promptly identify needs in each region and reflect them in product development. This was achieved by enhancing technical centers in China, India and Brazil, in addition to those in the U.S., Europe, and Asia & Oceania. Collaboration on cutting-edge technologies has also been strengthened.

In product development targeting China, India and the ASEAN region, DENSO have promoted the development of products with reduced production costs by focusing on essential functions based on regional needs. These measures have helped our products to be newly adopted by local overseas automakers primarily in China.

Furthermore, DENSO has been stepping up activities designed to develop a roadmap for efficiently making R&D investment, while predicting trends in society and technologies, as well as needs, from a long-term perspective in collaboration with Group companies worldwide. Through these activities, the Group seeks to develop and roll out innovative technologies and services in various regions around the world as early as possible, with the aim of contributing to the advancement of automobiles and the creation of an automotive society for the future.

R&D expenses of the entire Group for the fiscal year ended March 31, 2012 amounted to ¥298,362 million. The breakdown of expenses is ¥263,813 million for the Japan segment, ¥12,482 million for the North America segment, ¥7,934 million for the Europe segment, ¥12,918 million for the Asia & Oceania segment, and ¥1,215 million for other areas. Currently R&D costs for the overseas segment comprise about 12% of total costs, but we plan to increase this percentage as we expand and improve our R&D organization.

Risk Management

Economic Risk

Demand for auto parts, which account for the major part of the Group's operating revenue around the globe, is easily affected by the economic situation in the countries and regions where the Group has sales bases. Accordingly, an economic downturn and resulting decrease in demand for auto parts in the Group's major markets, including Japan, the Americas, Europe, Asia & Oceania, may have an adverse effect on the Group's operating results and financial condition.

Further, Group operations can be indirectly affected by the economic situation in regions where competitors have their manufacturing bases. For example, if a competitor is able to employ local labor at lower cost and provide equivalent products at prices below those of the Group, this may adversely affect sales. Further, if the local currency of regions where parts and raw materials are sourced falls, there is a chance that the manufacturing cost not only for the Group, but also for other manufacturers, will fall. As a result of these trends, export and price wars may intensify, and have an adverse effect on the Group's operating results and financial condition.

Exchange Rate Risk

Operations within the Group include the sale and manufacture of products around the world. All regional items in local currency including sales, costs and assets are converted to yen for the purpose of creating consolidated financial statements. Based on the exchange rate used in conversion, even though items have not changed as an amount of local currency, there is a possibility that the amount expressed in yen after the conversion has been changed. In general, a strong yen (in particular against the U.S. dollar and euro that constitute a major part of the Group's sales) has an adverse effect on the Group's operations, and a weak yen has a positive effect on the Group's operations.

For Group operations that manufacture in Japan and export, a strong yen against other currencies decreases the worldwide comparative price competitiveness of their products and can have an adverse effect on operating results. The Group performs currency hedging, and makes efforts to minimize the adverse effect of short-term fluctuations in the exchange rates of major currencies including the U.S. dollar, euro and yen. However, as a result of medium- and long-term movements in exchange rates, there are cases where procurement, manufacturing, distribution and sales cannot be performed exactly as planned and, as a result, exchange rate movements may have an adverse effect on the Group's operating results and financial condition.

Raw Materials and Component Supply Risk

The Group procures raw materials and components used to manufacture its products from numerous external vendors. Although basic business contracts have been concluded with these external vendors, and transactions are generally stable, there is no guarantee against shortages or sharply higher prices for raw materials and components due to fluctuations in market conditions, unforeseen accidents at vendors or other such events. In such cases, the Group could incur higher manufacturing costs or be forced to halt production, which may in turn have an adverse effect on the Group's operating results and financial condition.

New Product Development Risk

While the Group believes that it can continue to develop original and appealing new products, the product development and sales process is, by its nature, complex and uncertain, and is subject to the following risks:

- There is no guarantee of acquiring sufficient funds and resources for investment in new products and new technologies.
- There is no guarantee that long-term investment and allocation of large amounts of resources will lead to the development of successful new products and the creation of new technologies.
- It is not certain that the Group will be able to correctly predict which new products and new technologies will earn the support of the Group's customers, and there is no guarantee that the sales of these products will be successful.
- As a result of fast-paced technological advances and changes in market needs, there is a possibility that the Group's products will become outdated.
- As a result of delays in the commercialization of new technologies under development, there is a possibility that market demands might not be met.

Beginning with the risks outlined above, if the Group is unable to fully anticipate industry and market changes, and is unable to develop attractive new products, this may result in a drop in future growth and profitability and may have an adverse effect on the Group's operating results and financial condition.

Pricing Risk

Price competition in the automotive industry is fierce. In particular, demands for price reductions by automakers have increased in recent years.

Further, it can be foreseen that the Group will face intensified competition in the component fields and regional markets that it operates in. Competitors include other component manufacturers, and some of these manufacturers are providing products at a lower price than the Group. Also, in line with the evolution of the automotive electronics business, there has been a rise in new competitors, such as consumer-electronics manufacturers and tie-ups between existing competitors, and there is a chance that they will quickly gain a large share in the market.

While we believe that the Group is the leading component manufacturer in the world and continues to develop automotive parts that are technically advanced, of high quality and high added value, this is no guarantee that the Group will be able to compete effectively in the future. There is always the possibility that pricing pressure and ineffective competitive practices on the Group's part will lead to a decrease in customers, which may have an adverse effect on the Group's operating results and financial condition.

Potential Risks of International Activities and Overseas Expansion

The proportion of manufacturing and sales activities carried out in the Americas and Europe, as well as in developing and emerging markets in Asia & Oceania, has been increasing in recent years. Expansion into these overseas markets has the following inherent risks, which if they materialize, may have an adverse effect on the Group's operating results and financial condition.

- Unforeseen change in laws or regulations.
- Unfavorable political or economic conditions.
- Difficulties in employing and retaining personnel.
- Inadequate social infrastructure that may adversely affect the Group's business activities.
- The potentially adverse impact of tax regulations.
- Social or economic turmoil caused by terrorist incidents, military conflict, epidemics and other events.

Intellectual Property Risk

The Group has accumulated technology and expertise that allows it to differentiate its products from those of its competitors. However, legal restrictions in certain regions and countries are inadequate to fully protect these technologies and expertise as intellectual property. Consequently, the Group may not be able to effectively prevent third parties from using its intellectual property to manufacture similar products. Additionally, because the Group's products employ a broad range of technologies, there is a possibility that these products may be judged to have infringed third-party intellectual property rights in the future.

OEM Customer Risk

The OEM business, which constitutes the majority of the Group's business, serves automobile manufacturers around the world and supplies a wide range of products, including air conditioning, engine, driving control and safety, and information and communication products. Sales to OEM customers are liable to be affected by factors that the Group cannot control such as the operating results of the OEM customer, while demands for reduced prices from the OEM customer may reduce the Group's profit margins. Further, there is a possibility that OEM customer business downturns, unforeseen contract cancellations, changes in OEM customer procurement policies, and price cuts to satisfy large customers may have an adverse effect on the Group's operating results and financial condition.

Sales to the Toyota Group account for roughly half of the Group's sales. Such sales made to a specific client group can be significantly impacted by the operating results of the customer.

Product Defect Risk

The Group manufactures a variety of products to meet internationally recognized quality control standards at factories around the world. However, there is no guarantee that all the Group's products are defect-free and that there will be no product recalls in the future. Also, while the Group does have product liability insurance coverage, there is no guarantee that this insurance will completely cover any compensation that the Group may be forced to pay. Further, the Group may not be able to continue to subscribe to this insurance under conditions acceptable to the Group. Product defects that lead to large-scale product recalls or product liability compensation could have a huge cost and large impact on the Group's reputation, and this may lead to a decrease in sales and adversely affect the Group's operating results and financial condition.

Risks of Natural Disasters and Power Outages

In order to minimize the potential negative impact of manufacturing lines being shut down, the Group carries out disaster-prevention inspections and equipment checks on a regular basis.

However, there is no guarantee that the Group can totally prevent or reduce the impact of natural disasters, power outages or other stoppages of the Group's manufacturing lines and the Group's corporate customers and suppliers. For example, many of the Group's places of business are in the Tokai region, and if a disastrous earthquake were to hit this region, there is a possibility that the Group's production and delivery activities would be suspended.

Pension Liability Risk

Costs and liabilities for employees' retirement benefits are calculated based on actuarial assumptions such as the discount rate and the expected rate of return on pension assets. When actual results differ from the assumptions used for calculation, or when changes are made to the assumptions, the effect is accumulated and brought forward into future calculations, generally resulting in an impact on reported future costs and liabilities.

Legal Proceedings

The Group endeavors to ensure continual legal compliance in the course of its business activities. Nevertheless, it is possible that the Group may become party to legal proceedings due to judicial action or the actions of a regulating authority. Accordingly, such an event may have an adverse effect on the Group's operating results and financial condition.

Outlook

In the fiscal year ending March 31, 2013, the global economy should continue to see growth driven by China and India, which have maintained higher growth than developed countries. Additionally, the U.S. has experienced an upturn in economic conditions. Japan's automotive industry is projected to grow compared with the previous year due to an overall increase in sales due to subsidies for eco-friendly cars, along with demand from the earthquake recovery effort. Overseas, overall automobile sales are expected to surpass the previous year's level on the back of emerging nations supported by buoyant demand.

Under these conditions, for the fiscal year ending March 31, 2013, the Group is forecasting net sales of ¥3,420.0 billion, an increase of 8.4%, or ¥265.4 billion over the previous year; operating income of ¥205.0 billion, an increase of 27.5%, or ¥44.3 billion over the previous year; ordinary income of ¥215.0 billion, an increase of 18.9%, or ¥34.2 billion, over the previous year; and net income of ¥150.0 billion, an increase of 68.0%, or ¥60.7 billion. The Group is assuming exchange rates of US$1=¥80 and 1 euro=¥105 for these business forecasts.

Forward-looking Statements

The above forecasts are based on information available as of the date of this report. Actual results may differ materially from forecasts due to a variety of internal and external factors, such as changes in business operations and exchange rates.

Consolidated Balance Sheet

DENSO CORPORATION and Consolidated Subsidiaries
March 31, 2012

Assets	Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars (Note 1) 2012
Current Assets:			
Cash and cash equivalents (Note 16)	¥665,409	¥688,626	$8,095,985
Short-term investments (Notes 3 and 16)	356,733	245,001	4,340,345
Notes and accounts receivable (Note 16):			
Trade	610,753	480,196	7,430,989
Affiliates	9,403	6,526	114,406
	620,156	486,722	7,545,395
Less: Allowance for doubtful accounts	(1,638)	(1,614)	(19,930)
	618,518	485,108	7,525,465
Inventories (Note 4)	324,513	288,736	3,948,327
Deferred tax assets (Note 6)	61,274	64,298	745,516
Other current assets	93,661	92,742	1,139,568
Total current assets	2,120,108	1,864,511	25,795,206
Property, Plant and Equipment (Notes 5 and 8)**:**			
Land	159,762	156,477	1,943,813
Buildings and structures	715,533	709,842	8,705,840
Machinery and equipment	2,598,104	2,558,251	31,610,950
Construction in progress	65,280	55,819	794,257
	3,538,679	3,480,389	43,054,860
Less: Accumulated depreciation	(2,737,791)	(2,657,161)	(33,310,512)
Net property, plant and equipment	800,888	823,228	9,744,348
Investments and Other Assets:			
Investment securities (Notes 3 and 16)	478,372	487,390	5,820,319
Investments in and advances to affiliates (Note 16)	43,565	40,858	530,052
Prepaid pension cost (Note 9)	72,634	63,458	883,733
Intangible assets	15,528	17,122	188,928
Deferred tax assets (Note 6)	51,020	62,715	620,757
Other assets	25,582	21,151	311,255
Total investments and other assets	686,701	692,694	8,355,044
Total	¥3,607,697	¥3,380,433	$43,894,598

See accompanying notes to the consolidated financial statements.

Liabilities and Equity	Millions of yen 2012	2011	Thousands of U.S. dollars (Note 1) 2012
Current Liabilities:			
Short-term borrowings (Notes 7 and 16)	¥7,519	¥51,590	$91,483
Current portion of long-term debt (Notes 7 and 16)	52,501	42,491	638,776
Notes and accounts payable (Note 16):			
Trade	428,653	370,706	5,215,391
Affiliates	29,129	24,095	354,411
	457,782	394,801	5,569,802
Income taxes payable (Note 16)	18,881	24,941	229,724
Accrued expenses	198,280	207,962	2,412,459
Other current liabilities (Note 6)	78,379	70,686	953,631
Total current liabilities	813,342	792,471	9,895,875
Long-Term Liabilities:			
Long-term debt (Notes 7 and 16)	463,525	305,735	5,639,676
Liability for employees' retirement benefits (Note 9)	189,935	184,057	2,310,926
Retirement allowances for directors and corporate auditors	1,881	1,969	22,886
Deferred tax liabilities (Note 6)	7,461	9,019	90,777
Other long-term liabilities	14,352	14,739	174,621
Total long-term liabilities	677,154	515,519	8,238,886
Contingent Liabilities (Note 10)			
Equity (Notes 11, 12 and 21)**:**			
Common stock:			
Authorized: 1,500,000,000 shares in 2012 and 2011			
Issued: 884,068,713 shares in 2012 and 2011	187,457	187,457	2,280,776
Capital surplus	266,624	266,616	3,243,996
Stock acquisition rights	3,530	3,462	42,949
Retained earnings	1,792,428	1,741,008	21,808,347
Treasury stock, at cost: 78,167,641 shares in 2012 and 78,201,850 shares in 2011, respectively	(198,498)	(198,584)	(2,415,111)
Accumulated other comprehensive income (loss):			
Unrealized gain on available-for-sale securities	146,458	129,215	1,781,944
Deferred (loss) gain on derivatives under hedge accounting	(297)	59	(3,614)
Foreign currency translation adjustments	(185,128)	(163,372)	(2,252,439)
Total	2,012,574	1,965,861	24,486,848
Minority interests	104,627	106,582	1,272,989
Total equity	2,117,201	2,072,443	25,759,837
Total	¥3,607,697	¥3,380,433	$43,894,598

Consolidated Statement of Income

DENSO CORPORATION and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Net Sales (Note 13)	¥3,154,630	¥3,131,460	¥2,976,709	$38,382,163
Cost of Sales (Note 14)	2,719,890	2,661,963	2,559,993	33,092,712
Gross profit	434,740	469,497	416,716	5,289,451
Selling, General and Administrative Expenses (Note 14)	274,008	281,166	280,076	3,333,836
Operating income	160,732	188,331	136,640	1,955,615
Other Income (Expenses):				
Interest and dividend income	16,082	14,175	12,110	195,669
Interest expense	(6,596)	(5,208)	(5,936)	(80,253)
Equity in earnings of affiliates	4,671	3,273	2,129	56,832
Foreign exchange gain	4,183	6,148	6,767	50,894
Loss on sale or disposal of property, plant and equipment, net	(2,522)	(3,291)	(5,790)	(30,685)
Gain on negative goodwill		4,048		
Reversal of allowance for doubtful accounts		503		
Impairment loss on investment securities	(579)	(2)	(344)	(7,045)
(Loss) Gain on sale of investment securities and affiliates' stock	(10)	55	4	(122)
Impairment loss on long-lived assets (Note 5)	(183)	(523)	(514)	(2,227)
Loss on liquidation of a subsidiary			(2,656)	
Loss on valuation of investments in capital			(1,026)	
Gain (Loss) on change in pension plans of subsidiaries (Note 9)	673	(2)	(994)	8,188
Loss on sale of stock of an affiliate			(234)	
Loss on violation of antitrust law	(6,142)			(74,729)
Pension cost of subsidiaries (Note 9)	(10,960)			(133,350)
Other – net	4,134	4,160	6,757	50,299
Total	2,751	23,336	10,273	33,471
Income before income taxes and minority interests	163,483	211,667		1,989,086
Income Taxes (Note 6)**:**				
Current	42,761	54,743	29,336	520,270
Deferred	18,563	(1,972)	38,266	225,855
Total	61,324	52,771	67,602	746,125
Net income before minority interests	102,159	158,896	79,311	1,242,961
Minority Interests in Net Income	12,861	15,863	5,884	156,478
Net income	¥89,298	¥143,033	¥73,427	$1,086,483

	Yen			U.S. dollars (Note 1)
	2012	2011	2010	2012
Per Share of Common Stock (Notes 2 (W) and 20)**:**				
Basic net income	¥110.81	¥177.49	¥91.11	$1.35
Diluted net income	–	–	91.11	–
Cash dividends applicable to the year	46.00	46.00	27.00	0.56
Average Number of Shares (in thousands)	805,895	805,871	805,892	

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

DENSO CORPORATION and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2012	2011	2012
Net income before minority interests	¥102,159	¥158,896	$1,242,961
Other Comprehensive Income (Note 19):			
Unrealized gain (loss) on available-for-sale securities	17,275	(24,983)	210,184
Deferred loss on derivatives under hedge accounting	(356)	(102)	(4,331)
Foreign currency translation adjustments	(23,418)	(45,755)	(284,925)
Share of other comprehensive income in affiliates	(813)	(1,667)	(9,892)
Total	(7,312)	(72,507)	(88,964)
Comprehensive Income	¥94,847	¥ 86,389	$1,153,997
Total comprehensive income attributable to:			
Owners of the parent	¥84,429	¥74,913	$1,027,242
Minority interests	10,418	11,476	126,755

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

DENSO CORPORATION and Consolidated Subsidiaries
Year ended March 31, 2012

	Thousands	Millions of yen										
							Accumulated other comprehensive income					
	Outstanding Number of Shares of Common Stock	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
Balance, April 1, 2009	805,850	¥187,457	¥266,635	¥1,852	¥1,574,515	¥(198,629)	¥89,000	¥(270)	¥(129,007)	¥1,791,553	¥109,166	¥1,900,719
Net income					73,427					73,427		73,427
Cash dividends, ¥26 per share					(20,954)					(20,954)		(20,954)
Purchase of treasury stock	(8)					(19)				(19)		(19)
Disposal of treasury stock	59		(25)			150				125		125
Net change in the year				898			65,178	431	8,690	75,197	3,769	78,966
Balance, March 31, 2010	805,901	¥187,457	¥266,610	¥2,750	¥1,626,988	¥(198,498)	¥154,178	¥161	¥(120,317)	¥1,919,329	¥112,935	¥2,032,264
Net income					143,033					143,033		143,033
Cash dividends, ¥36 per share					(29,013)					(29,013)		(29,013)
Purchase of treasury stock	(65)					(165)				(165)		(165)
Disposal of treasury stock	31		6			79				85		85
Net change in the year				712			(24,963)	(102)	(43,055)	(67,408)	(6,353)	(73,761)
Balance, March 31, 2011	805,867	¥187,457	¥266,616	¥3,462	¥1,741,008	¥(198,584)	¥129,215	¥59	¥(163,372)	¥1,965,861	¥106,582	¥2,072,443
Net income					89,298					89,298		89,298
Cash dividends, ¥47 per share					(37,878)					(37,878)		(37,878)
Purchase of treasury stock	(5)					(12)				(12)		(12)
Disposal of treasury stock	39		8			98				106		106
Net change in the year				68			17,243	(356)	(21,756)	(4,801)	(1,955)	(6,756)
Balance, March 31, 2012	805,901	¥187,457	¥266,624	¥3,530	¥1,792,428	¥(198,498)	¥146,458	¥(297)	¥(185,128)	¥2,012,574	¥104,627	¥2,117,201

	Thousands of U.S. dollars (Note 1)										
						Accumulated other comprehensive income					
	Common Stock	Capital Surplus	Stock Acquisition Rights	Retained Earnings	Treasury Stock	Unrealized Gain on Available-for-sale Securities	Deferred Gain (Loss) on Derivatives under Hedge Accounting	Foreign Currency Translation Adjustments	Total	Minority Interests	Total Equity
Balance, March 31, 2011	$2,280,776	$3,243,898	$42,122	$21,182,723	$(2,416,157)	$1,572,150	$717	$(1,987,736)	$23,918,493	$1,296,776	$25,215,269
Net income				1,086,483					1,086,483		1,086,483
Cash dividends, $0.57 per share				(460,859)					(460,859)		(460,859)
Purchase of treasury stock					(146)				(146)		(146)
Disposal of treasury stock		98			1,192				1,290		1,290
Net change in the year			827			209,794	(4,331)	(264,703)	(58,413)	(23,787)	(82,200)
Balance, March 31, 2012	$2,280,776	$3,243,996	$42,949	$21,808,347	$(2,415,111)	$1,781,944	$(3,614)	$(2,252,439)	$24,486,848	$1,272,989	$25,759,837

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Cash Flows

DENSO CORPORATION and Consolidated Subsidiaries
Year ended March 31, 2012

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	2012
Operating Activities:				
Income before income taxes and minority interests	¥163,483	¥211,667	¥146,913	$1,989,086
Adjustments for:				
Income taxes-paid	(48,124)	(47,601)	(25,649)	(585,521)
Income taxes-received		4,239	19,098	
Depreciation	180,648	193,082	237,944	2,197,932
Impairment loss on long-lived assets	183	523	514	2,227
Amortization of negative goodwill	(708)	(249)	(363)	(8,614)
Equity in earnings of affiliates	(4,671)	(3,273)	(2,129)	(56,832)
Loss on sale or disposal of property, plant and equipment, net	2,522	3,291	5,790	30,685
Loss (Gain) on sale of investment securities and affiliates' stock	10	(55)	(4)	122
Foreign exchange loss	80	2,702	1,392	973
Changes in assets and liabilities:				
(Increase) Decrease in notes and accounts receivable	(107,414)	59,680	(190,491)	(1,306,899)
Increase in inventories	(42,427)	(33,674)	(11,291)	(516,206)
(Increase) Decrease in prepaid pension cost	(9,547)	21,121	23,990	(116,158)
Increase (Decrease) in notes and accounts payable	63,326	(19,515)	122,937	770,483
Increase (Decrease) in liability for retirement benefits	6,618	4,448	(1,361)	80,521
Other – net	(27,297)	(859)	29,851	(332,121)
Total adjustments	13,199	183,860	210,228	160,592
Net cash provided by operating activities	176,682	395,527	357,141	2,149,678
Investing Activities:				
Acquisitions of property, plant and equipment	(173,469)	(143,988)	(126,991)	(2,110,585)
Proceeds from sale of property, plant and equipment	4,998	5,775	7,374	60,810
Purchases of available-for-sale securities	(377,693)	(204,756)	(69,597)	(4,595,364)
Proceeds from sale and redemption of available-for-sale securities	376,057	107,037	39,771	4,575,459
Other – net	(101,132)	(91,954)	(5,672)	(1,230,466)
Net cash used in investing activities	(271,239)	(327,886)	(155,115)	(3,300,146)

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2012	2011	2010	**2012**
Financing Activities:				
Net (decrease) increase in short-term borrowings	**¥(40,081)**	¥27,537	¥67	**$(487,663)**
Proceeds from issuance of commercial paper			49,979	
Redemption of commercial paper			(50,000)	
Proceeds from long-term borrowings	**159,745**		34,491	**1,943,606**
Repayments of long-term borrowings	**(42,381)**	(29,564)	(18,908)	**(515,647)**
Issuance of bonds	**50,000**		40,000	**608,347**
Repayments of long-term bonds			(236)	
Dividends paid	**(37,878)**	(29,013)	(20,954)	**(460,859)**
Repurchase of treasury stock	**(12)**	(165)	(19)	**(146)**
Other – net	**(10,574)**	(13,568)	(5,267)	**(128,653)**
Net cash provided by (used in) financing activities	**78,819**	(44,773)	29,153	**958,985**
Foreign Currency Translation Adjustments on Cash and Cash Equivalents	**(7,479)**	(15,967)	56	**(90,997)**
Net (Decrease) Increase in Cash and Cash Equivalents	**(23,217)**	6,901	231,235	**(282,480)**
Cash and Cash Equivalents at Beginning of Year	**688,626**	681,725	450,490	**8,378,465**
Cash and Cash Equivalents at End of Year	**¥665,409**	¥688,626	¥681,725	**$8,095,985**

See accompanying notes to the consolidated financial statements.

Notes to Consolidated Financial Statements

DENSO CORPORATION and Consolidated Subsidiaries

1. Basis of Presentation of Consolidated Financial Statements

The accompanying consolidated financial statements have been prepared from accounts and records maintained by DENSO CORPORATION (the "Company") and subsidiaries (collectively referred to as the "Group") in accordance with the provisions set forth in the Japanese Financial Instruments and Exchange Act and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards.

Under Japanese GAAP, a consolidated statement of comprehensive income is required from fiscal year ended March 31, 2011 and has been presented herein. Accordingly, accumulated other comprehensive income is presented in the consolidated balance sheet and the consolidated statement of changes in equity. Information with respect to other comprehensive income for the year ended March 31, 2010 is disclosed in Note 19. In addition, "net income before minority interests" is disclosed in the consolidated statement of income from the year ended March 31, 2011.

In preparing these consolidated financial statements, certain reclassifications and rearrangements have been made to the consolidated financial statements issued domestically in order to present them in a form which is more familiar to readers outside Japan. In addition, certain reclassifications have been made in the 2011 consolidated financial statements to conform to the classifications used in 2012.

The consolidated financial statements are stated in Japanese yen, the currency of the country in which the Company is incorporated and operates. The translations of Japanese yen amounts into U.S. dollar amounts are included solely for the convenience of readers outside Japan and have been made at the rate of ¥82.19 to U.S. $1, the rate of exchange at March 30, 2012. Such translations should not be construed as representations that the Japanese yen amounts could be converted into U.S. dollars at that or any other rate.

2. Summary of Significant Accounting Policies

(A) Principles of Consolidation and Accounting for Investments in Unconsolidated Subsidiaries and Affiliates

The Company applied the "control" concept for its consolidation policy. Under the control concept, those companies in which the Company, directly or indirectly, is able to exercise control over operations are fully consolidated. The consolidated financial statements for the year ended March 31, 2012 include 188 subsidiaries (187 for 2011 and 184 for 2010). The Company applied the "power to exercise significant influence" concept to determine affiliates to be accounted for by the equity method. Under the influence concept, those companies over which the Company has the ability to exercise significant influence are accounted for by the equity method. The Company applied the equity method to one unconsolidated subsidiary and all 31 affiliates for the year ended March 31, 2012 (31 affiliates for 2011 and 30 affiliates for 2010).

The fiscal years of subsidiaries are not necessarily the same as that of the Company. Accounts of subsidiaries which have different fiscal years have been adjusted for significant transactions to properly reflect their financial position at March 31 of each year and the results of operations and cash flows for the years then ended. All significant intercompany balances and transactions have been eliminated in consolidation. All material unrealized profits included in assets resulting from transactions within the Group are eliminated.

The net excess of the fair value of the net assets of consolidated subsidiaries and affiliates accounted for under the equity method over the acquisition cost of the Company's investments in those companies is amortized over the estimated available life or five years.

Investment in one unconsolidated subsidiary is accounted for on the cost basis at March 31, 2012. The effect on the consolidated financial statements of not applying the equity method is immaterial.

(B) Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements

In May 2006, the Accounting Standards Board of Japan (the "ASBJ") issued ASBJ Practical Issues Task Force (PITF) No. 18, "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for the Consolidated Financial Statements." PITF No. 18 prescribes (1) the accounting policies and procedures applied to a parent company and its subsidiaries for similar transactions and events under similar circumstances should in principle be unified for the preparation of the consolidated financial statements, (2) financial statements prepared by foreign subsidiaries in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used for the consolidation process, (3) however, the following items should be adjusted in the consolidation process so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income.

(C) Unification of Accounting Policies Applied to Foreign Associated Companies for the Equity Method

In March 2008, the ASBJ issued ASBJ Statement No. 16, “Accounting Standard for Equity Method of Accounting for Investments”. The new standard requires adjustments to be made to conform the affiliate’s accounting policies for similar transactions and events under similar circumstances to those of the parent company when the affiliate’s financial statements are used in applying the equity method unless it is impracticable to determine such adjustments. In addition, financial statements prepared by foreign affiliates in accordance with either International Financial Reporting Standards or the generally accepted accounting principles in the United States of America tentatively may be used in applying the equity method if the following items are adjusted so that net income is accounted for in accordance with Japanese GAAP, unless they are not material: 1) amortization of goodwill; 2) scheduled amortization of actuarial gain or loss of pensions that has been directly recorded in equity; 3) expensing capitalized development costs of R&D; 4) cancellation of the fair value model accounting for property, plant and equipment and investment properties and incorporation of the cost model accounting; and 5) exclusion of minority interests from net income, if contained in net income. This standard was applicable to the equity method of accounting for fiscal years beginning on or after April 1, 2010.

The Company applied this accounting standard effective April 1, 2010.

The effect of this change has no impact on the consolidated statement of income for the year ended March 31, 2011.

(D) Cash and Cash Equivalents

Cash equivalents are short-term investments that are readily convertible into cash and that are exposed to insignificant risk of changes in value. Cash equivalents include time deposits, certificate of deposits, commercial paper and money management funds, all of which mature or become due within three months of the date of acquisition.

(E) Inventories

Inventories are stated at the lower of cost, determined by the annual average method, or net selling value (see note 4).

(F) Securities

All securities are classified as available-for-sale securities. Marketable available-for-sale securities are stated at fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity. The cost of securities sold is determined based on the moving-average method.

Non-marketable available-for-sale securities are stated at cost determined by the moving-average method. For other-than-temporary declines in fair value, available-for-sale securities are reduced to net realizable value by a charge to income.

(G) Property, Plant and Equipment and Depreciation

Property, plant and equipment are stated at cost. Depreciation is computed, with minor exceptions, by the declining-balance method at rates based on the estimated useful lives of the assets.

The range of useful lives is principally from 10 to 45 years for buildings and structures and mainly 7 years for machinery. Additional depreciation is charged for machinery operated in excess of normal usage.

(H) Long-lived Assets

The Group reviews its long-lived assets for impairment whenever events or changes in circumstance indicate the carrying amount of an asset or asset group may not be recoverable. An impairment loss would be recognized if the carrying amount of an asset or asset group exceeds the sum of the undiscounted future cash flows expected to result from the continued use and eventual disposition of the asset or asset group. The impairment loss would be measured as the amount by which the carrying amount of the asset exceeds its recoverable amount, which is the higher of the discounted cash flows from the continued use and eventual disposition of the asset or the net selling price at disposition.

(I) Intangible Assets

Intangible assets consist of in-house software and others. The straight-line method is primarily used to amortize intangible assets. The amortization of in-house software, which is available to reduce operating costs, is computed using the straight-line method based on the estimated useful life of five years.

(J) Allowance for Doubtful Accounts

The allowance for doubtful accounts is stated in amounts considered to be appropriate based on the Group’s past credit loss experiences and an evaluation of potential losses in the receivables outstanding.

(K) Bond Issue Costs
Bond issue costs are charged to income as incurred.

(L) Employees' Retirement Benefits
The Group accounts for the liability for employees' retirement benefits based on projected benefit obligations and plan assets at the balance sheet date.

(M) Retirement Allowances for Directors and Corporate Auditors
Retirement allowances for directors and corporate auditors are recorded at the amount that would be paid if all directors and corporate auditors retired at the balance sheet date.

(N) Asset Retirement Obligations
In March 2008, the ASBJ published ASBJ Statement No.18, "Accounting Standard for Asset Retirement Obligations" and ASBJ Guidance No. 21, "Guidance on Accounting Standard for Asset Retirement Obligations". Under this accounting standard, an asset retirement obligation is defined as a legal obligation imposed either by law or contract that results from the acquisition, construction, development and normal operation of a tangible fixed asset and is associated with the retirement of such tangible fixed asset. The asset retirement obligation is recognized as the sum of the discounted cash flows required for the future asset retirement and is recorded in the period in which the obligation is incurred if a reasonable estimate can be made. If a reasonable estimate of the asset retirement obligation cannot be made in the period the asset retirement obligation is incurred, the liability should be recognized when a reasonable estimate of asset retirement obligation can be made. Upon initial recognition of a liability for an asset retirement obligation, an asset retirement cost is capitalized by increasing the carrying amount of the related fixed asset by the amount of the liability. The asset retirement cost is subsequently allocated to expense through depreciation over the remaining useful life of the asset. Over time, the liability is accreted to its present value each period. Any subsequent revisions to the timing or the amount of the original estimate of undiscounted cash flows are reflected as an increase or a decrease in the carrying amount of the liability and the capitalized amount of the related asset retirement cost. This standard was effective for fiscal years beginning on or after April 1, 2010. The Company applied this accounting standard effective April 1, 2010.

The effect of this change has no impact on the consolidated statement of income for the year ended March 31, 2011.

(O) Stock Options
In December 2005, the ASBJ issued ASBJ Statement No. 8, "Accounting Standard for Stock Options" and related guidance. The new standard and guidance are applicable to stock options newly granted on and after May 1, 2006. This standard requires companies to recognize compensation expense for employee stock options based on the fair value at the date of grant and over the vesting period as consideration for receiving goods or services. The standard also requires companies to account for stock options granted to non-employees based on the fair value of either the stock option or the goods or services received. In the balance sheet, the stock option is presented as a stock acquisition right as a separate component of equity until exercised. The standard covers equity-settled, share-based payment transactions, but does not cover cash-settled, share-based payment transactions.

(P) Research and Development Expenses
Research and development expenses are charged to income as incurred.

(Q) Leases
In March 2007, the ASBJ issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions," which revised the previous accounting standard for lease transactions issued in June 1993. The revised accounting standard for lease transactions was effective for fiscal years beginning on or after April 1, 2008.

Under the previous accounting standard, finance leases that were deemed to transfer ownership of the leased property to the lessee were capitalized. However, other finance leases were permitted to be accounted for as operating lease transactions if certain "as if capitalized" information was disclosed in the note to the lessee's financial statements. The revised accounting standard requires that all finance lease transactions be capitalized by recognizing lease assets and lease obligations in the balance sheet. In addition, the revised accounting standard permits leases which existed at the transition date and do not transfer ownership of the leased property to the lessee to be accounted for as operating lease transactions with certain "as if capitalized" information disclosed in the notes to the lessee's financial statements.

The Group applied the revised accounting standard effective April 1, 2008. In addition, the Group accounted for leases which existed at the transition date and do not transfer ownership of the leased property to the lessee as operating lease transactions.

All other leases are accounted for as operating leases.

(R) Bonuses to Directors and Corporate Auditors

Bonuses to directors and corporate auditors are accrued at the year-end to which such bonuses are attributable.

(S) Income Taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statement of income. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts and the tax bases of assets and liabilities. Deferred taxes are measured by applying currently enacted tax laws to the temporary differences.

(T) Foreign Currency Translation

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the current exchange rates at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statement of income to the extent that they are not hedged by forward exchange contracts.

(U) Foreign Currency Financial Statements

The balance sheet accounts of the consolidated foreign subsidiaries are translated into Japanese yen at the current exchange rates at the balance sheet date except for equity, which is translated at the historical rates. Differences arising from such translation are shown as "Foreign currency translation adjustments" under accumulated other comprehensive income in a separate component of equity. Revenue and expense accounts of consolidated foreign subsidiaries are translated into Japanese yen at the annual average exchange rates.

(V) Derivative Financial Instruments

Derivative financial instruments and foreign currency transactions are classified and accounted for as follows: a) all derivatives are recognized as either assets or liabilities and measured at fair value, and gains or losses on derivative transactions are recognized in the consolidated statement of income and b) for derivatives used for hedging purposes, if such derivatives qualify for hedge accounting because of high correlation and effectiveness between the hedging instruments and the hedged items, gains or losses on derivatives are deferred until maturity of the hedged transactions.

The foreign exchange forward contracts, currency options and currency swap contracts employed to hedge foreign exchange exposures to the consolidated subsidiaries are measured at fair value and the unrealized gains/losses are recognized in the consolidated statement of income.

Interest rate swaps are utilized to hedge interest rate exposures of financial assets and long-term debt (bonds). These swaps, which qualify for hedge accounting, are measured at market value at the balance sheet date and the unrealized gains and losses are deferred until maturity as another liability or asset. When interest rate swap contracts meet specific matching criteria, the interest rate swaps are not remeasured at market value but the differential paid or received under the swap contracts are recognized and included in interest expense or income.

(W) Net Income and Dividends per Share

Basic net income per share is computed by dividing net income available to common shareholders by the weighted-average number of common shares outstanding for the period, retroactively adjusted for stock splits.

Diluted net income per share reflects the potential dilution that could occur if securities were exercised or converted into common stock. Diluted net income per share of common stock assumes full conversion of the outstanding convertible bonds at the beginning of the year (or at the time of issuance) with an applicable adjustment for related interest expense, net of tax, and full exercise of outstanding stock options.

Diluted net income per share was not disclosed because it is anti-dilutive for the year ended March 31, 2012 and 2011.

Cash dividends per share presented in the accompanying consolidated statement of income are dividends applicable to the respective years including dividends to be paid after the end of the year.

(X) Property Summing up of Equipment Spare Parts

Prior to April 1, 2009, equipment spare parts were expensed when purchased. However, with the growth in significance of equipment spare parts, the Company determined to account for equipment spare parts as inventory in order to encourage inventory control from the year ended March 31, 2010 in the process of upgrading perpetual inventory systems.

The effect of this treatment was to increase income before income taxes and minority interests for the year ended March 31, 2010 by ¥4,859 million. The effect of the change to segment information is discussed in Note 17.

(Y) Business Combinations

In October 2003, the Business Accounting Council issued a Statement of Opinion, "Accounting for Business Combinations," and in December 2005, the ASBJ issued ASBJ Statement No. 7, "Accounting Standard for Business Divestitures" and ASBJ Guidance No. 10, "Guidance for Accounting Standard for Business Combinations and Business Divestitures." The accounting standard for business combinations allows companies to apply the pooling of interests method of accounting only when certain specific criteria are met such that the business combination is essentially regarded as a uniting-of-interests. For business combinations that do not meet the uniting-of-interests criteria, the business combination is considered to be an acquisition and the purchase method of accounting is required. This standard also prescribes the accounting for combinations of entities under common control and for joint ventures.

In December 2008, the ASBJ issued a revised accounting standard for business combinations, ASBJ Statement No. 21, "Accounting Standard for Business Combinations." Major accounting changes under the revised accounting standard are as follows: (1) The revised standard requires accounting for business combinations only by the purchase method. As a result, the pooling of interests method of accounting is no longer allowed. (2) The previous accounting standard required research and development costs to be charged to income as incurred. Under the revised standard, in-process research and development costs (IPR&D) acquired in the business combination is capitalized as an intangible asset. (3) The previous accounting standard provided for a bargain purchase gain (negative goodwill) to be systematically amortized over a period not exceeding 20 years. Under the revised standard, the acquirer recognizes the bargain purchase gain in profit or loss immediately on the acquisition date after reassessing and confirming that all of the assets acquired and all of the liabilities assumed have been identified after a review of the procedures used in the purchase allocation. The revised standard was applicable to business combinations undertaken on or after April 1, 2010.

(Z) Accounting Changes and Error Corrections

In December 2009, the ASBJ issued ASBJ Statement No. 24, "Accounting Standard for Accounting Changes and Error Corrections" and ASBJ Guidance No. 24, "Guidance on Accounting Standard for Accounting Changes and Error Corrections." Accounting treatments under this standard and guidance are as follows;

(1) Changes in Accounting Policies:

When a new accounting policy is applied with revision of accounting standards, the new policy is applied retrospectively unless the revised accounting standards include specific transitional provisions. When the revised accounting standards include specific transitional provisions, an entity shall comply with the specific transitional provisions.

(2) Changes in Presentations

When the presentation of financial statements is changed, prior-period financial statements are reclassified in accordance with the new presentation.

(3) Changes in Accounting Estimates

A change in an accounting estimate is accounted for in the period of the change if the change affects that period only, and is accounted for prospectively if the change affects both the period of the change and future periods.

(4) Corrections of Prior-Period Errors

When an error in prior-period financial statements is discovered, those statements are restated.

This accounting standard and the guidance are applicable to accounting changes and corrections of prior-period errors which are made from the beginning of the fiscal year that begins on or after April 1, 2011.

(AA) New Accounting Pronouncements

Accounting Standard for Retirement Benefits

On May 17, 2012, the ASBJ issued ASBJ Statement No. 26, "Accounting Standard for Retirement Benefits" and ASBJ Guidance No. 25, "Guidance on Accounting Standard for Retirement Benefits," which replaced the Accounting Standard for Retirement Benefits that had been issued by the Business Accounting Council in 1998 with effective date of April 1, 2000 and the other related practical guidances, being followed by partial amendments from time to time through 2009.

Major changes are as follows:

(1) Treatment in the balance sheet

Under the current requirements, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss are not recognized in the balance sheet, and the difference between retirement benefit obligations and plan assets (hereinafter, "deficit or surplus"), adjusted by such unrecognized amounts, is recognized as a liability or asset.

Under the revised accounting standard, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss shall be recognized within equity (accumulated other comprehensive income), after adjusting for tax effects, and the deficit or surplus shall be recognized as a liability (liability for retirement benefits) or asset (asset for retirement benefits).

(2) Treatment in the statement of income and the statement of comprehensive income

The revised accounting standard would not change how to recognize actuarial gains and losses and past service costs in profit or loss. Those amounts would be recognized in profit or loss over a certain period no longer than the expected average remaining working lives of the employees. However, actuarial gains and losses and past service costs that arose in the current period and yet to be recognized in profit or loss shall be included in other comprehensive income and actuarial gains and losses and past service costs that were recognized in other comprehensive income in prior periods and then recognized in profit or loss in the current period shall be treated as reclassification adjustments.

This accounting standard and the guidance are effective for the end of annual periods beginning on or after April 1, 2013 with earlier application being permitted from the beginning of annual periods beginning on or after April 1, 2013. However, no retrospective application of this accounting standard to consolidated financial statements in prior periods is required.

The earlier application of this revised accounting standard at the Company is under consideration.

3. Short-term Investments and Investment Securities

Short-term investments consisted of time deposits not classified as cash equivalents in the amount of ¥208,658 million ($2,538,727 thousand) and ¥116,573 million, at March 31, 2012 and 2011, respectively, and debt securities. Investment securities consisted of equity securities and debt securities.

The carrying amounts and aggregate fair values of available-for-sale securities included in short-term investments and in investment securities at March 31, 2012 and 2011 were as follows:

	Millions of yen				Thousands of U.S. dollars			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value	Cost	Unrealized Gain	Unrealized Loss	Fair Value
				2012				2012
Equity securities	¥175,908	¥230,703	¥(7,219)	¥399,392	$2,140,260	$2,806,947	$(87,833)	$4,859,374
Debt securities	93,347	473	(2)	93,818	1,135,746	5,755	(24)	1,141,477
Others	114,038	17	–	114,055	1,387,493	207	–	1,387,700
Total	¥383,293	¥231,193	¥(7,221)	¥607,265	$4,663,499	$2,812,909	$(87,857)	$7,388,551

	Millions of yen			
	Cost	Unrealized Gain	Unrealized Loss	Fair Value
				2011
Equity securities	¥176,445	¥215,638	¥(3,768)	¥388,315
Debt securities	100,811	553	(129)	101,235
Others	107,035	22	–	107,057
Total	¥384,291	¥216,213	¥(3,897)	¥596,607

The carrying amounts of available-for-sale securities included in short-term investments and in investment securities at March 31, 2012 and 2011 whose fair value was not readily determinable were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Equity securities	¥19,180	¥19,211	$233,362
Total	¥19,180	¥19,211	$233,362

4. Inventories

Inventories at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Finished products	**¥123,003**	¥110,600	**$1,496,569**
Work in process	**93,198**	83,873	**1,133,933**
Raw materials and supplies	**108,312**	94,263	**1,317,825**
Total	**¥324,513**	¥288,736	**$3,948,327**

5. Long-lived Assets

The Group reviewed its long-lived assets for impairment as of March 31, 2012. As a result, relating to unused buildings and structures in Japan, the Group recognized a ¥183 million ($2,227 thousand) impairment loss for the year ended March 31, 2012 as other expenses for long-lived assets in accordance with the move of some plants.

The carrying amounts of the relevant long-lived assets were written down to the recoverable amounts. Therefore, a ¥183 million ($2,227 thousand) loss on buildings and structures was recognized in Japan for the year ended March 31, 2012. The recoverable amounts of the asset groups were measured at net sales value.

For the year ended March 31, 2011, the Group recognized a total of ¥523 million of impairment losses as other expenses for long-lived assets used for production due to a deterioration of the Group's business environment. The losses were recognized for the powertrain control systems group in Korea; for the small motor group in Brazil, Czech and Korea; and for the electric systems group in Korea, in the amounts of ¥3, ¥371 and ¥149 million, respectively.

The carrying amounts of the relevant long-lived assets were written down to the recoverable amounts. Therefore, a ¥312 million loss on machinery and equipment and a ¥211 million loss on buildings and structures were recognized for the year ended March 31, 2011. The recoverable amounts of the asset groups were measured at net sales value or its value in use. The discount rate used for the computation of the present value of future cash flows was 5.4% in Czech.

For the year ended March 31, 2010, the Group recognized a total of ¥129 million of impairment losses as other expenses for long-lived assets used for production due to a deterioration of the Group's business environment. The loss was recognized for the small motor group in Brazil and Korea and for the electric systems group in Korea, in the amounts of ¥88 and ¥41 million, respectively.

The carrying amounts of the relevant long-lived assets were written down to the recoverable amounts and a ¥127 million loss on machinery and equipment was recognized for the year ended March 31, 2010. The recoverable amounts of the asset groups were measured at net sales value or its value in use. The discount rate used for computation of the present value of future cash flows was 5.2% in Korea.

Relating to unused land, building and structures in Japan, the Group recognized impairment losses of ¥385 million for the year ended March 31, 2010.

6. Income Taxes

The Company and its domestic subsidiaries are subject to Japanese national and local income taxes which, in the aggregate, resulted in a normal effective statutory tax rate of approximately 40% for the years ended March 31, 2012, 2011 and 2010.

The tax effects of significant temporary differences and tax loss carryforwards which resulted in deferred tax assets and liabilities at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Retirement benefits	¥64,346	¥ 70,169	$782,893
Depreciation	58,210	70,070	708,237
Warranty reserve	15,843	20,945	192,761
Accrued bonuses to employees	19,032	19,774	231,561
Tax loss carryforwards	13,154	13,157	160,044
Other	72,795	102,737	885,691
Less: Valuation allowance	(31,453)	(58,556)	(382,686)
Total deferred tax assets	¥211,927	¥238,296	$2,578,501
Deferred tax liabilities:			
Unrealized gain on available-for-sale securities	¥77,239	¥ 82,885	$939,762
Prepaid pension cost	17,744	16,129	215,890
Other	12,193	21,418	148,351
Total deferred tax liabilities	¥107,176	¥120,432	$1,304,003
Net deferred tax assets	¥104,751	¥117,864	$1,274,498

Net deferred tax assets presented in the consolidated balance sheets at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Current assets–Deferred tax assets	¥61,274	¥64,298	$745,516
Investments and other assets–Deferred tax assets	51,020	62,715	620,757
Current liabilities–Other current liabilities	(82)	(130)	(998)
Long-term liabilities–Deferred tax liabilities	(7,461)	(9,019)	(90,777)
Net deferred tax assets	¥104,751	¥117,864	$1,274,498

A reconciliation between the normal effective statutory tax rates and the actual effective tax rates reflected in the accompanying consolidated statement of income for the years ended March 31, 2012, 2011 and 2010 was as follows:

	2012	2011	2010
Normal effective statutory tax rate	39.89%	39.89%	39.89%
Overseas withholding taxes	0.55	0.48	1.35
Tax credit for R&D expenses and other	(1.84)	(2.23)	–
Tax effect not recognized on operating loss of subsidiaries	(0.42)	0.59	17.49
Dividends received from foreign subsidiaries	0.45	0.33	2.92
Dividends receivable not taxable for income tax purposes	(0.87)	(0.69)	(0.86)
Lower income tax rates applicable to income in certain foreign countries	(10.75)	(13.95)	(15.52)
Adjustment of deferred tax assets due to tax rate change	10.35	–	–
Other	0.15	0.51	0.75
Actual effective tax rate	37.51%	24.93%	46.02%

On December 2, 2011, new tax reform laws were enacted in Japan, which changed the normal effective statutory tax rate from approximately 39.89% to 37.31% effective for the fiscal years beginning on or after April 1, 2012 through March 31, 2015, and to 34.94% afterwards. The effect of this change was to decrease deferred taxes in the consolidated balance sheet as of March 31, 2012 by ¥6,071 million ($73,865 thousand) and to increase income taxes-deferred in the consolidated statement of income for the year then ended by ¥16,928 million ($205,962 thousand).

7. Short-term Borrowings and Long-term Debt

Short-term borrowings at March 31, 2012 and 2011 consisted of notes to banks and bank overdrafts. The weighted average interest rates applicable to the short-term borrowings at March 31, 2012 and 2011 were 8.3% and 1.4%, respectively.

Long-term debt at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Unsecured 1.11% yen bonds due 2012	¥50,000	¥50,000	$608,347
Unsecured 1.37% yen bonds due 2013	100,000	100,000	1,216,693
Unsecured 0.81% yen bonds due 2014	40,000	40,000	486,677
Unsecured 0.55% yen bonds due 2016	50,000	–	608,347
Lease obligations	445	216	5,414
Other long-term debt (weighted-average interest rates of 0.9% in 2012 and 1.2% in 2011)	275,581	158,010	3,352,974
Total	¥516,026	¥348,226	$6,278,452
Less: Current portion	52,501	42,491	638,776
Long-term debt, less current portion	¥463,525	¥305,735	$5,639,676

Annual maturities of long-term debt at March 31, 2012 were as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥52,501	$638,776
2014	146,702	1,784,913
2015	102,636	1,248,765
2016	26,898	327,266
2017	171,105	2,081,823
2018 and thereafter	16,184	196,909
Total	¥516,026	$6,278,452

8. Pledged Assets

The following assets were pledged as long-term borrowings, including the current portion of long-term borrowings of ¥610 million ($7,422 thousand), at March 31, 2012:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures, net of accumulated depreciation	¥1,268	$15,428
Land	413	5,025
Total	¥1,681	$20,453

9. Employees' Retirement Benefits

Employees are generally entitled to lump-sum severance indemnities determined by current basic rates of pay, length of service, and the conditions under which the termination occurs. The Company and its domestic consolidated subsidiaries have unfunded retirement benefit plans and funded non-contributory pension plans for employees. Under the unfunded retirement benefit plans, the amount of severance indemnities to be paid by the Company and domestic subsidiaries is, in most cases, reduced by the benefits payable under the funded pension plan. The foreign consolidated subsidiaries do not recognize such cost. However, certain foreign subsidiaries adopted defined benefit plans.

According to the enactment of the Defined Contribution Pension Plan Law in October 2001, the Company implemented a defined contribution pension plan in October 2002 by which a portion of the severance lump-sum payment plan was terminated. Similarly, domestic subsidiaries including ASMO CO., LTD., implemented a defined contribution pension plan in October 2003, by which a portion of the severance lump-sum payment plan was terminated. In October 2008, certain domestic subsidiaries including ASMO CO., LTD., implemented the DENSO Group-funded pension plan by which existing funded pension plans were transferred to the new group pension plan. The Company contributed certain available-for-sale securities to the employee retirement benefit trust for the Company's pension plan. Certain domestic subsidiaries contribute to a multiemployer pension plan under industry-wide collective agreements.

The liability (asset) for employees' retirement benefits at March 31, 2012 and 2011 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Projected benefit obligation	¥615,452	¥ 622,570	$7,488,162
Fair value of plan assets	(488,254)	(456,955)	(5,940,552)
Unrecognized actuarial loss	(46,185)	(72,556)	(561,930)
Unrecognized prior service benefit	36,288	27,540	441,513
Net liability	117,301	120,599	1,427,193
Prepaid pension cost	72,634	63,458	883,733
Liability for employees' retirement benefits	¥189,935	¥ 184,057	$2,310,926

The components of net periodic retirement benefit costs for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Service cost	¥24,919	¥24,698	¥23,563	$303,188
Interest cost	13,318	13,274	12,906	162,039
Expected return on plan assets	(4,934)	(3,212)	(5,408)	(60,032)
Recognized actuarial loss	23,456	21,888	27,002	285,388
Amortization of prior service benefit	(9,446)	(9,037)	(8,318)	(114,929)
Net periodic retirement benefit costs	¥47,313	¥47,611	¥49,745	$575,654
(Gain) Loss on change in pension plans of subsidiaries	(673)	2	994	(8,188)
Contribution to defined contribution pension plan funds	3,412	3,384	3,348	41,513
Pension cost of subsidiaries	10,960	–	–	133,350
Total	¥61,012	¥50,997	¥54,087	$742,329

Assumptions used for the years ended March 31, 2012, 2011 and 2010 were set forth as follows:

	2012	2011	2010
Discount rate	mainly 2.0%	mainly 2.0%	mainly 2.0%
Expected rate of return on plan assets	mainly 1.0%	mainly 0.5%	mainly 1.5%
Amortization period of prior service benefit	10 years	10 years	10 years
Recognition period of actuarial gain/loss	10 years	10 years	10 years

Funded status of the multi-employer pension plan at March 31, 2012, 2011 and 2010, to which contributions were recorded as net periodic retirement benefit costs by the Group, was as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Fair value of plan assets	¥140,752	¥144,742	¥124,470	$1,712,520
Pension benefits obligation recorded by pension fund	(163,336)	(165,585)	(180,010)	(1,987,298)
Difference	¥(22,584)	¥(20,843)	¥(55,540)	$(274,778)

	2012	2011	2010
The Group's contribution percentage for the multi-employer pension plan	22.92%	21.04%	21.56%

Notes: 1. Differences resulted from deficit recorded by the pension fund of ¥829 million in 2012 (¥31,212 million in 2010) and prior service cost of ¥21,755 million in 2012 (¥24,328 million in 2010). In 2011, difference resulted from surplus recorded by the pension fund ¥782 million and prior service cost ¥21,625 million.

2. Prior service cost is amortized over 19 years under the multi-employer pension plan. Special contributions to the pension fund were recognized as net periodic retirement benefit costs by the Group for the years ended March 31, 2012, 2011 and 2010 in the amounts of ¥618 million ($7,519 thousand), ¥590 million, and ¥524 million, respectively.

3. The Group's contribution percentage for the multi-employer pension plan should not be construed as the Groups' actual obligation percentage.

For the year ended March 31, 2012, the Group recognized a ¥10,960 million ($133,350 thousand) loss of pension cost of subsidiaries. The loss was an additional cost in connection with the transfer of the pension plan fund of an overseas subsidiary to an insurance company managing a defined contribution pension plan.

10. Contingent Liabilities

At March 31, 2012, the Group had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Bank guarantees for customs duties	**¥1,453**	**$17,679**
Total	**¥1,453**	**$17,679**

With respect to the plea agreement concluded with the U.S. Department of Justice in January 2012, several civil lawsuits claiming damages have also been filed in the United States and elsewhere.

11. Equity

Since May 1, 2006, Japanese companies have been subject to the Companies Act of Japan (the "Companies Act"). The significant provisions in the Companies Act that affect financial and accounting matters are summarized below:

(A) Dividends

Under the Companies Act, companies can pay dividends at any time during the fiscal year in addition to the year-end dividend upon resolution at the shareholders meeting. For companies that meet certain criteria such as 1) having a Board of Directors, 2) having independent auditors, 3) having a Board of Corporate Auditors, and 4) the term of service of the directors is prescribed as one year rather than two years of normal term by its articles of incorporation, the Board of Directors may declare dividends (except for dividends-in-kind) at any time during the fiscal year if the Company has prescribed so in its articles of incorporation. The Company meets all the above criteria.

Semiannual interim dividends may also be paid once a year upon resolution by the Board of Directors if the articles of incorporation of the company so stipulate. The Companies Act provides certain limitations on the amounts available for dividends or the purchase of treasury stock. The limitation is defined as the amount available for distribution to the shareholders, but the amount of equity after dividends must be maintained at no less than ¥3 million.

(B) Increases / Decreases and Transfer of Common Stock, Reserve and Surplus

The Companies Act requires that an amount equal to 10% of dividends must be appropriated as a legal reserve (a component of retained earnings) or as additional paid-in capital (a component of capital surplus) depending on the equity account charged upon the payment of such dividends until the aggregate amount of legal reserve and additional paid-in capital equals 25% of common stock. Under the Companies Act, the total amount of additional paid-in capital and legal reserve may be reversed without limitation. The Companies Act also provides that common stock, legal reserve, additional paid-in capital, other capital surplus and retained earnings can be transferred among the accounts under certain conditions upon resolution of the shareholders.

12. Stock Options

The stock options outstanding as of March 31, 2012 were as follows:

Stock Option	Persons Granted	Number of Options Granted	Date of Grant	Exercise Price	Exercise Period
2005	13 Directors 27 Managing Officers 343 Key Employees 97 Directors of subsidiaries, etc.	1,270,000 shares	August 1, 2005	¥2,758 ($33.56)	From July 1, 2007 to June 30, 2011
2006	13 Directors 27 Managing Officers 364 Key Employees, etc. 106 Directors of subsidiaries, etc.	1,342,000 shares	August 1, 2006	¥3,950 ($48.06)	From August 1, 2008 to July 31, 2012
2007	13 Directors 27 Managing Officers 394 Key Employees, etc. 104 Directors of subsidiaries, etc.	1,720,000 shares	August 1, 2007	¥5,030 ($61.20)	From August 1, 2009 to July 31, 2013
2008	13 Directors 29 Managing Officers 418 Key Employees, etc. 124 Directors of subsidiaries, etc.	1,873,000 shares	August 1, 2008	¥3,447 ($41.94)	From August 1, 2010 to July 31, 2014
2009	11 Directors 30 Managing Officers 441 Key Employees, etc. 134 Directors of subsidiaries, etc.	1,929,000 shares	August 3, 2009	¥2,920 ($35.53)	From August 1, 2011 to July 31, 2015

The stock option activity was as follows:

	Shares					
	2009	2008	2007	2006	2005	2004
Non-vested						
March 31, 2010 – Outstanding	1,929,000	1,863,000	–	–	–	–
Granted	–	–	–	–	–	–
Canceled	28,000	99,000	–	–	–	–
Vested	–	1,764,000	–	–	–	–
March 31, 2011 – Outstanding	1,901,000	–	–	–	–	–
Vested						
March 31, 2010 – Outstanding	–	–	1,581,000	1,027,000	555,300	270,900
Vested	–	1,764,000	–	–	–	–
Exercised	–	–	–	–	27,700	–
Canceled	–	26,000	122,000	86,000	42,700	270,900
March 31, 2011 – Outstanding	–	1,738,000	1,459,000	941,000	484,900	–
Non-vested						
March 31, 2011 – Outstanding	1,901,000	–	–	–	–	–
Granted	–	–	–	–	–	–
Canceled	70,000	–	–	–	–	–
Vested	1,831,000	–	–	–	–	–
March 31, 2012 – Outstanding	–	–	–	–	–	–
Vested						
March 31, 2011 – Outstanding	–	1,738,000	1,459,000	941,000	484,900	–
Vested	1,831,000	–	–	–	–	–
Exercised	–	–	–	–	38,000	–
Canceled	22,000	86,000	77,000	88,000	446,900	–
March 31, 2012 – Outstanding	1,809,000	1,652,000	1,382,000	853,000	–	–

	Yen (U.S. dollars)				
	2009	2008	2007	2006	2005
Exercise price	¥2,920	¥3,447	¥5,030	¥3,950	¥2,758
	($35.53)	($41.94)	($61.20)	($48.06)	($33.56)
Average stock price at exercise	–	–	–	–	2,900
	(–)	(–)	(–)	(–)	(35.28)
Fair value price at grant date	793	366	628	730	–
	(9.65)	(4.45)	(7.64)	(8.88)	(–)

13. Significant Shareholder

Toyota Motor Corporation ("Toyota") directly owned 199,254 thousand shares of common stock of the Company at March 31, 2012, 2011 and 2010, which accounted for 22.54% of the total shares of the Company issued at the respective dates.

Sales of the Group to Toyota for the years ended March 31, 2012, 2011 and 2010 were as follows:

	Millions of yen			Thousands of U.S. dollars
	2012	2011	2010	2012
Sales to Toyota (Japan headquarters only)	¥946,849	¥908,751	¥955,610	$11,520,246

14. Research and Development Expenses

Research and development expenses charged to income were ¥298,362 million ($3,630,150 thousand), ¥290,069 million and ¥270,077 million for the years ended March 31, 2012, 2011 and 2010, respectively.

15. Leases

The Group leases certain machinery, computer equipment, molds and other assets. Total lease expenses for finance leases for the years ended March 31, 2012, 2011 and 2010 were ¥459 million ($5,585 thousand), ¥737 million and ¥1,088 million, respectively.

Pro forma information of leased property whose lease inception was before March 31, 2008

ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" requires that all finance lease transactions be capitalized to recognize lease assets and lease obligations in the balance sheet. However, ASBJ Statement No. 13 permits leases without ownership transfer of the leased property to the lessee and whose lease inception was before March 31, 2008 to continue to be accounted for as operating lease transactions if certain "as if capitalized" information is disclosed in the note to the financial statements. The Company applied ASBJ Statement No. 13 effective April 1, 2008 and accounted for such leases as operating lease transactions. Pro forma information of leased property whose lease inception was before March 31, 2008 was as follows:

Millions of yen	Buildings and structures	Machinery and equipment	Software	Total
				2012
Acquisition cost	¥425	¥1,396	¥684	¥2,505
Accumulated depreciation	202	1,120	604	1,926
Net leased property	¥223	¥276	¥80	¥579

Thousands of U.S. dollars	Buildings and structures	Machinery and equipment	Software	Total
				2012
Acquisition cost	$5,171	$16,985	$8,322	$30,478
Accumulated depreciation	2,458	13,626	7,349	23,433
Net leased property	$2,713	$3,359	$973	$7,045

Millions of yen	Buildings and structures	Machinery and equipment	Software	Total
				2011
Acquisition cost	¥425	¥2,141	¥688	¥3,254
Accumulated depreciation	154	1,585	470	2,209
Net leased property	¥271	¥556	¥218	¥1,045

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Obligations under finance leases			
Due within one year	¥254	¥459	$3,091
Due after one year	325	586	3,954
Total	¥579	¥1,045	$7,045

Obligations under finance leases include the imputed interest expense portion.

Depreciation expense, which was not reflected in the accompanying consolidated statement of income for the years ended March 31, 2012, 2011, and 2010, computed by the straight-line method, was ¥459 million ($5,585 thousand), ¥737 million and ¥1,088 million, respectively.

The minimum rental commitments under non-cancelable operating leases at March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
Due within one year	¥808	$9,831
Due after one year	1,829	22,253
Total	¥2,637	$32,084

16. Financial Instruments and Related Disclosures

(A) Group Policy for Financial Instruments

The Group uses financial instruments, mainly bank borrowings and bonds, based on its capital financing plan.

Cash surpluses, if any, are invested in low risk financial assets, such as bank deposits and high credit rating bonds. Derivatives are used, not for speculative purposes, but to manage exposure to financial risks as described in Note 18 and (B) below.

(B) Nature and Extent of Risks Arising from Financial Instruments

Receivables such as trade notes and trade accounts are exposed to customer credit risk. Although receivables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, the position, net of payables in foreign currencies, is hedged by using forward foreign currency contracts. Short-term investments and investment securities include debt securities, investment trusts and equity securities of customers and suppliers of the Company. Debt securities are exposed to credit risk. Investment trusts and equity securities are exposed to the risk of market price fluctuations.

Payment terms of payables, such as trade notes and trade accounts, are less than one year. Although payables in foreign currencies are exposed to the market risk of fluctuation in foreign currency exchange rates, those risks are netted against the balance of receivables denominated in the same foreign currency as noted above.

Bank borrowings and bonds are used to fund the Group's operations. Although a part of such bank borrowings and bonds are exposed to market risks from changes in variable interest rates, those risks are mitigated by using interest-rate swaps.

Derivatives mainly include forward foreign currency contracts and interest-rate swaps, which are used to manage exposure to market risks from changes in foreign currency exchange rates of receivables and payables, and from changes in interest rates of bank deposits, bank borrowings and bonds. Please see Note 18 for more details about derivatives.

(C) Risk Management for Financial Instruments

Credit Risk Management

Credit risk is the risk of economic loss arising from a counterparty's failure to repay or service debt according to the contractual terms. The Group manages its credit risks from receivables on the basis of internal guidelines, which include monitoring of payment term and balances of customers to identify the default risk of customers at an early stage. With respect to short-term investments and investment securities, the Group manages its exposure to credit risk by limiting its funding to high credit rated bonds in accordance with its internal guidelines. Please see Note 18 for details about derivatives.

The maximum credit risk exposure of financial assets is limited to their carrying amounts as of March 31, 2012.

__Market Risk Management (Foreign Exchange Risk and Interest Rate Risk)__

Foreign currency trade receivables and payables are exposed to market risk resulting from fluctuations in foreign currency exchange rates. Such foreign exchange risk is hedged principally by forward foreign currency contracts. In addition, when foreign currency trade receivables and payables are expected from forecasted transactions, forward foreign currency contracts may be used under limited contract terms.

Interest-rate swaps are used to manage exposure to market risks from changes in interest rates of bank borrowings and bond payables.

Available-for-sale securities included in short-term investments and investment securities are managed by monitoring market values and financial position of issuers on a regular basis.

The basic principles of derivative transactions have been approved by management at meetings on an annual basis based on the internal guidelines which prescribe the authority and the limits for each transaction by the corporate accounting department.

__Liquidity Risk Management__

Liquidity risk comprises the risk that the Group cannot meet its contractual obligations in full on maturity dates. The Group manages its liquidity risk by holding adequate volumes of liquid assets at the level of one month's sales volume, along with adequate financial planning by the corporate accounting department.

(D) Concentration of Credit Risk

21% of total receivables is from certain major customers of the Group as of March 31, 2012.

(E) Fair Values of Financial Instruments

Fair values of financial instruments are based on quoted prices in active markets. If a quoted price is not available, other rational valuation techniques are used instead.

Please see Note 18 for detail on fair value for derivatives.

__(1) Fair Value of Financial Instruments__

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss	Carrying amount	Fair value	Unrealized gain/loss
			2012			2012
Cash and cash equivalents	¥665,409	¥665,409	–	$8,095,985	$8,095,985	–
Short-term investments	356,733	356,733	–	4,340,345	4,340,345	–
Notes and accounts receivable:						
Trade	610,753	610,753	–	7,430,989	7,430,989	–
Affiliates	9,403	9,403	–	114,406	114,406	–
Investment securities	459,192	459,192	–	5,586,957	5,586,957	–
Investments in and advances to affiliates	4,879	2,483	¥(2,396)	59,363	30,211	$(29,152)
Total	¥2,106,369	¥2,103,973	¥(2,396)	$25,628,045	$25,598,893	$(29,152)

	Millions of yen			Thousands of U.S. dollars		
	Carrying amount	Fair value	Unrealized gain/loss	Carrying amount	Fair value	Unrealized gain/loss
			2012			2012
Short-term borrowings	¥7,519	¥7,519	–	$91,483	$91,483	–
Current portion of long-term debt	52,501	52,762	¥(261)	638,776	641,952	$(3,176)
Notes and accounts payable:						
Trade	428,653	428,653	–	5,215,391	5,215,391	–
Affiliates	29,129	29,129	–	354,411	354,411	–
Income taxes payable	18,881	18,881	–	229,724	229,724	–
Long-term debt	463,525	466,480	(2,955)	5,639,676	5,675,629	(35,953)
Total	¥1,000,208	¥1,003,424	¥(3,216)	$12,169,461	$12,208,590	$(39,129)

	Millions of yen		
	Carrying amount	Fair value	Unrealized gain/loss
			2011
Cash and cash equivalents	¥688,626	¥688,626	–
Short-term investments	245,001	245,001	–
Notes and accounts receivable:			
Trade	480,196	480,196	–
Affiliates	6,526	6,526	–
Investment securities	468,179	468,179	–
Investments in and advances to affiliates	3,580	1,552	¥(2,028)
Total	¥1,892,108	¥1,890,080	¥(2,028)
Short-term borrowings	¥51,590	¥51,590	–
Current portion of long-term debt	42,491	42,609	¥(118)
Notes and accounts payable:			
Trade	370,706	370,706	–
Affiliates	24,095	24,095	–
Income taxes payable	24,941	24,941	–
Long-term debt	305,735	309,575	¥(3,840)
Total	¥819,558	¥823,516	¥(3,958)

Cash and Cash Equivalents, Notes and Accounts Receivable, Notes and Accounts Payable, Short-term Borrowings and Income Taxes Payable

The carrying values of cash and cash equivalents, notes and accounts receivable, notes and accounts payable, short-term borrowings and income taxes payable approximate fair value because of their short maturities.

Short-term Investments and Investment Securities

The fair values of short-term investments and investment securities are measured at the quoted market price of the stock exchange for the equity instruments, and at the quoted price obtained from the financial institution for certain debt instruments. Information regarding the fair value for short-term investments and investment securities by classification is included in Note 3.

Long-term Debt

The fair values of long-term debt are determined by discounting the cash flows related to the debt at the Group's assumed corporate borrowing rate.

Derivatives

Information regarding the fair value of derivatives is included in Note 18.

(2) Financial Instruments Whose Fair Value Cannot Be Reliably Determined

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Investments in equity instruments that do not have a quoted market price in an active market	¥19,180	¥19,211	$233,362
Investments in affiliates	38,686	37,278	470,690

(F) Maturity Analysis for Financial Assets and Securities with Contractual Maturities

	Millions of yen			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
				2012
Cash and cash equivalents	¥665,409	–	–	–
Notes and accounts receivable:				
Trade	610,753	–	–	–
Affiliates	9,403	–	–	–
Short-term investments and investment securities	230,904	¥59,004	¥45	–
Total	¥1,516,469	¥59,004	¥45	–

	Thousands of U.S. dollars			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
				2012
Cash and cash equivalents	$8,095,985	–	–	–
Notes and accounts receivable:				
Trade	7,430,989	–	–	–
Affiliates	114,406	–	–	–
Short-term investments and investment securities	2,809,393	$717,910	$548	–
Total	$18,450,773	$717,910	$548	–

	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
				Millions of yen
				2011
Cash and cash equivalents	¥688,626	–	–	–
Notes and accounts receivable:				
Trade	480,196	–	–	–
Affiliates	6,526	–	–	–
Short-term investments and investment securities	119,698	¥79,010	¥47	–
Total	¥1,295,046	¥79,010	¥47	–

Please see Note 7 for annual maturities of long-term debt.

17. Segment Information

For the years ended March 31, 2012, 2011 and 2010

In March 2008, the ASBJ revised ASBJ Statement No. 17, "Accounting Standard for Segment Information Disclosures," and issued ASBJ Guidance No. 20, "Guidance on Accounting Standard for Segment Information Disclosures". Under the standard and guidance, an entity is required to report financial and descriptive information about its reportable segments. Reportable segments are operating segments or aggregations of operating segments that meet specified criteria. Operating segments are components of an entity about which separate financial information is available and such information is evaluated regularly by the chief operating decision maker in determining how to allocate resources and in assessing performance. Generally, segment information is required to be reported on the same basis as is used internally for evaluating operating segment performance and deciding how to allocate resources to operating segments.

This accounting standard and the guidance are applicable to segment information disclosures for the fiscal years beginning on or after April 1, 2010. The segment information for the year ended March 31, 2010 under the revised accounting standard is also disclosed hereunder as required.

(A) Description of Reportable Segments

The Group manufactures and sells mainly automotive parts and has directors in charge in Japan, North America, Europe and Asia & Oceania. As independent management units, subsidiaries in each region have developed business activities, as exemplified by establishment or expansion of manufacturing companies aiming for optimum production and supply for orders received through operating activities to regional customers.

The Company is in charge of the business activities in Japan. Meanwhile, DENSO INTERNATIONAL AMERICA, INC. and DENSO INTERNATIONAL EUROPE B.V. are in charge in the North America and Europe regions, respectively. In Asia & Oceania, DENSO INTERNATIONAL ASIA CO., LTD. (Thailand); DENSO INTERNATIONAL ASIA PTE. LTD. (Singapore); and DENSO (CHINA) INVESTMENT CO., LTD have been cooperated together as a management unit.

Since the Group is composed of regional segments based on manufacturing and selling systems, the Group determined that Japan, North America, Europe and Asia & Oceania are its reportable segments. The Group has been manufacturing and selling mainly automotive parts in each reportable segment.

(B) Methods of Measurement of Sales, Profit, Assets, and Other Items for Each Reportable Segment

Accounting procedures are the same as those used for the consolidated financial statements.

Reportable segment profit is calculated on the basis of operating income.

Internal profits of intersegment and transferring prices are calculated based on current market prices.

Amortization of goodwill is offset against the amount of negative goodwill in each reportable segment. The net amount of amortization of goodwill is included in the calculation of reportable segment profit.

(C) Sales, Profit, Assets, and Other Items for Each Reportable Segment

Segment data for the years ended March 31, 2012, 2011 and 2010 were as follows:

			Millions of yen			Thousands of U.S. dollars
Years ended March 31			2012	2011	2010	2012
Sales	Japan	Customers	¥1,639,962	¥1,548,201	¥1,553,492	$19,953,303
		Intersegment	557,670	564,733	487,823	6,785,132
		Total	2,197,632	2,112,934	2,041,315	26,738,435
	North America	Customers	504,075	528,868	468,965	6,133,046
		Intersegment	8,042	7,172	5,442	97,846
		Total	512,117	536,040	474,407	6,230,892
	Europe	Customers	373,214	389,584	401,967	4,540,869
		Intersegment	13,978	11,748	9,116	170,069
		Total	387,192	401,332	411,083	4,710,938
	Asia & Oceania	Customers	579,752	604,651	494,596	7,053,802
		Intersegment	46,969	47,817	39,510	571,469
		Total	626,721	652,468	534,106	7,625,271
	Total	Customers	3,097,003	3,071,304	2,919,020	37,681,020
		Intersegment	626,659	631,470	541,891	7,624,516
		Total	3,723,662	3,702,774	3,460,911	45,305,536
	Others	Customers	57,627	60,156	57,689	701,143
		Intersegment	101	177	151	1,230
		Total	57,728	60,333	57,840	702,373
	Consolidated	Customers	3,154,630	3,131,460	2,976,709	38,382,163
		Intersegment	626,760	631,647	542,042	7,625,746
		Total	¥3,781,390	¥3,763,107	¥3,518,751	$46,007,909
Segment Profit	Japan		¥83,866	¥63,388	¥40,903	$1,020,392
	North America		8,771	25,364	6,190	106,716
	Europe		6,379	10,929	10,683	77,613
	Asia & Oceania		59,491	83,021	75,369	723,823
	Total		158,507	182,702	133,145	1,928,544
	Others		3,169	6,473	6,716	38,557
	Consolidated		¥161,676	¥189,175	¥139,861	$1,967,101
Segment Assets	Japan		¥1,862,160	¥1,748,748	¥1,927,089	$22,656,771
	North America		224,071	210,606	223,705	2,726,256
	Europe		273,975	274,844	278,215	3,333,435
	Asia & Oceania		501,109	482,670	451,547	6,096,958
	Total		2,861,315	2,716,868	2,880,556	34,813,420
	Others		49,881	50,354	49,949	606,899
	Consolidated		¥2,911,196	¥2,767,222	¥2,930,505	$35,420,319

Years ended March 31		Millions of yen 2012	2011	2010	Thousands of U.S. dollars 2012
Depreciation	Japan	¥139,484	¥147,025	¥183,305	$1,697,092
	North America	14,622	17,172	20,336	177,905
	Europe	11,268	12,624	16,358	137,097
	Asia & Oceania	19,056	19,785	21,711	231,853
	Total	184,430	196,606	241,710	2,243,947
	Others	2,237	1,992	2,008	27,217
	Consolidated	¥186,667	¥198,598	¥243,718	$2,271,164
Amortization of Goodwill	Japan	–	–	–	–
	North America	–	–	–	–
	Europe	–	¥61	–	–
	Asia & Oceania	¥67	–	–	$815
	Total	67	61	–	815
	Others	–	–	–	–
	Consolidated	¥67	¥61	–	$815
Investments in Affiliates-Equity Method Applied	Japan	¥34,895	¥32,273	¥32,170	$424,565
	North America	2,749	3,077	3,238	33,447
	Europe	234	280	300	2,847
	Asia & Oceania	6,632	5,727	5,608	80,691
	Total	44,510	41,357	41,316	541,550
	Others	–	–	–	–
	Consolidated	¥44,510	¥41,357	¥41,316	$541,550
Increase in Property, Plant and Equipment and Intangible Assets	Japan	¥103,054	¥95,496	¥74,993	$1,253,851
	North America	12,195	9,099	6,760	148,376
	Europe	18,667	12,135	12,995	227,120
	Asia & Oceania	38,225	22,820	16,267	465,081
	Total	172,141	139,550	111,015	2,094,428
	Others	7,210	5,537	3,407	87,723
	Consolidated	¥179,351	¥145,087	¥114,422	$2,182,151

Note: “Others” is a business segment that is not included in reportable segments. It includes business activities of subsidiaries in Brazil, etc.

(D) Differences between the Total of Reportable Segments and the Consolidated Financial Statements

The main differences between the total of reportable segments and the consolidated financial statements were as follows:

		Millions of yen			Thousands of U.S. dollars
Years ended March 31		2012	2011	2010	2012
Sales	Total of reportable segments	¥3,723,662	¥3,702,774	¥3,460,911	$45,305,536
	Others	57,728	60,333	57,840	702,373
	Eliminations	(626,760)	(631,647)	(542,042)	(7,625,746)
	Consolidated	¥3,154,630	¥3,131,460	¥2,976,709	$38,382,163
Segment Profit	Total of reportable segments	¥158,507	¥182,702	¥133,145	$1,928,544
	Others	3,169	6,473	6,716	38,557
	Eliminations	(944)	(844)	(3,221)	(11,486)
	Consolidated	¥160,732	¥188,331	¥136,640	$1,955,615
Segment Assets	Total of reportable segments	¥2,861,315	¥2,716,868	¥2,880,556	$34,813,420
	Others	49,881	50,354	49,949	606,899
	Company-wide assets	696,501	613,211	433,565	8,474,279
	Consolidated	¥3,607,697	¥3,380,433	¥3,364,070	$43,894,598
Depreciation	Total of reportable segments	¥184,430	¥196,606	¥241,710	$2,243,947
	Others	2,237	1,992	2,008	27,217
	Adjustments	–	–	–	–
	Consolidated	¥186,667	¥198,598	¥243,718	$2,271,164
Amortization of Goodwill	Total of reportable segments	¥67	¥61	–	$815
	Others	–	–	–	–
	Adjustments	(67)	(61)	–	(815)
	Consolidated	–	–	–	–
Investments in Affiliates-Equity Method Applied	Total of reportable segments	¥44,510	¥41,357	¥41,316	$541,550
	Others	–	–	–	–
	Adjustments	(944)	(422)	(343)	(11,486)
	Consolidated	¥43,566	¥40,935	¥40,973	$530,064
Increase in Property, Plant and Equipment and Intangible Assets	Total of reportable segments	¥172,141	¥139,550	¥111,015	$2,094,428
	Others	7,210	5,537	3,407	87,723
	Adjustments	–	–	–	–
	Consolidated	¥179,351	¥145,087	¥114,422	$2,182,151

Note: Company-wide assets are mainly cash and cash equivalents, securities and investment securities that are not attributable to the reportable segments.

(E) Related Segment Information

(1) Information about Products and Services

Sales data by product and service for the years ended March 31, 2012 and 2011 are not presented as the sales of automotive products represented more than 90% of total sales.

(2) Information about Geographical Areas

Sales

Years ended March 31	Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Japan	¥1,596,106	¥1,506,681	$19,419,710
The United States	438,083	447,746	5,330,125
Others	1,120,441	1,177,033	13,632,328
Total	¥3,154,630	¥3,131,460	$38,382,163

Note: The sales figures are classified based on the customer locations.

Property, Plant and Equipment

Years ended March 31	Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Japan	¥504,541	¥540,874	$6,138,715
North America	68,952	73,454	838,934
Europe	91,256	90,548	1,110,305
Asia & Oceania	115,717	100,880	1,407,921
Others	20,422	17,472	248,473
Total	¥800,888	¥823,228	$9,744,348

(3) Information about Major Customers

Years ended March 31		Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Japan	Sales to Toyota (Japan headquarters only)	¥946,849	¥908,751	$11,520,246

(F) Impairment Loss on Long-lived Assets for Each Reportable Segment

Years ended March 31	Millions of yen 2012	2011	Thousands of U.S. dollars 2012
Japan	¥183	–	$2,227
North America	–	–	–
Europe	–	¥323	–
Asia & Oceania	–	152	–
Others	–	48	–
Eliminations	–	–	–
Total	¥183	¥523	$2,227

(G) Amortization of Goodwill and Unamortized Balance for Each Reportable Segment

Years ended March 31		Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars 2012
Amortization	Japan	¥(89)	¥(81)	$(1,083)
	North America	(188)	(188)	(2,287)
	Europe	(117)	(214)	(1,424)
	Asia & Oceania	(86)	–	(1,046)
	Others	(32)	(85)	(389)
	Eliminations	–	–	–
	Total	¥(512)	¥(568)	$(6,229)
Unamortized Balance	Japan	¥81	¥162	$986
	North America	448	636	5,451
	Europe	275	345	3,346
	Asia & Oceania	350	–	4,258
	Others	–	32	–
	Eliminations	–	–	–
	Total	¥1,154	¥1,175	$14,041

Note: "Others" is attributable to the business activity of subsidiaries in Brazil, etc.

Amortization of negative goodwill and unamortized balance due to business combination before April 1, 2010 were as follows:

Years ended March 31		Millions of yen 2012	Millions of yen 2011	Thousands of U.S. dollars 2012
Amortization	Japan	¥130	¥151	$1,582
	North America	310	318	3,772
	Europe	140	153	1,703
	Asia & Oceania	19	49	231
	Others	104	147	1,265
	Eliminations	–	–	–
	Total	¥703	¥818	$8,553
Unamortized Balance	Japan	¥(133)	¥(263)	$(1,618)
	North America	(134)	(444)	(1,631)
	Europe	–	(140)	–
	Asia & Oceania	(67)	(85)	(815)
	Others	–	(104)	–
	Eliminations	–	–	–
	Total	¥(334)	¥(1,036)	$(4,064)

(H) Gain on Negative Goodwill for Each Reportable Segment

The Group recognized a gain on negative goodwill in the amount of ¥4,048 million for the year ended March 31, 2011 due to a subsidiary's treasury stock repurchases in the Japan segment. It was not included in the segment income.

For the year ended March 31, 2010

Business Segments

Business segment data for the year ended March 31, 2010 was as follows:

		Millions of yen
Year ended March 31		2010
Sales	Automotive	¥2,927,702
	New business	49,007
	Consolidated	¥2,976,709
Operating Income (Loss)	Automotive	¥142,066
	New business	(5,426)
	Consolidated	¥136,640
Assets	Automotive	¥2,701,598
	New business	53,488
	Corporate	608,984
	Consolidated	¥3,364,070
Depreciation	Automotive	¥242,094
	New business	1,624
	Consolidated	¥243,718
Capital Expenditures	Automotive	¥113,540
	New business	882
	Consolidated	¥114,422

	Main Products
Automotive	Air conditioning systems for cars, Radiators, Common rail systems, Car navigation systems, Instrument clusters, Airbag sensors and ECUs, Starters, Alternators, Engine ECUs, Power window motors, etc.
New business	QR code scanners and handy terminals, Industrial robots, CO_2 refrigerant heat-pump water heaters, etc.

As discussed in Note 2 (X), effective April 1, 2009, the Company determined to account for equipment spare parts as inventory. The effect of this change was to increase operating profit of Automotive by ¥4,859 million for the year ended March 31, 2010.

As discussed in Note 5, the Group recognized an impairment loss on long-lived assets used for production. The loss was recognized on assets of Automotive in the amount of ¥514 million for the year ended March 31, 2010.

Geographical Segments (by company location)

The geographical segments of the Group for the year ended March 31, 2010 were summarized as follows:

Year ended March 31			Millions of yen 2010
Sales	Japan	Customers	¥1,553,492
		Intersegment	487,823
		Total	2,041,315
	The Americas	Customers	526,654
		Intersegment	5,517
		Total	532,171
	Europe	Customers	401,967
		Intersegment	9,116
		Total	411,083
	Asia & Oceania	Customers	494,596
		Intersegment	39,510
		Total	534,106
	Eliminations		(541,966)
	Consolidated		¥2,976,709
Operating Income	Japan		¥40,903
	The Americas		12,905
	Europe		10,683
	Asia & Oceania		75,369
	Eliminations		(3,220)
	Consolidated		¥136,640
Assets	Japan		¥1,927,239
	The Americas		273,584
	Europe		278,215
	Asia & Oceania		451,547
	Corporate and Eliminations		433,485
	Consolidated		¥3,364,070

As discussed in Note 2 (X), effective April 1, 2009, the Company determined to account for equipment spare parts as inventory. The effect of this change was to increase operating profit in the Japan geographical segment of Automotive by ¥4,859 million for the year ended March 31, 2010.

Sales by Customer Location

Sales by customer location for the year ended March 31, 2010 were summarized as follows:

Year ended March 31	Millions of yen 2010
Japan	¥1,518,105
	51.0%
The Americas	532,880
	17.9%
Europe	400,306
	13.4%
Asia & Oceania	517,054
	17.4%
Others	8,364
	0.3%
Net Sales	¥2,976,709

The figures in the table in Geographical Segments are determined based on the locations of the Group companies, and therefore, differ from the figures in the table on Sales by Customer Location.

18. Derivatives

The Group uses derivatives for the purpose of reducing its exposures to adverse fluctuations in interest rates and foreign exchange rates. Derivatives used include forward exchange contracts, currency swaps, currency options and interest rate swaps. The amounts of derivatives are limited by the Group's regulations.

Derivatives are subject to risk, such as fluctuations in interest rates and foreign exchange rates. Because the counterparties to these derivatives are limited to major international financial institutions, the Group does not anticipate any losses arising from credit risk.

The execution and control of derivatives at the Company, as approved by the Board of Directors at the beginning of each fiscal period, are governed by internal regulations, which stipulate the purpose of the derivatives, their scope of use, and the reporting system.

(A) Derivative Transactions to Which Hedge Accounting is Not Applied at March 31, 2012 and 2011

(1) Foreign Currency Related Derivatives

	Millions of yen				Thousands of U.S. dollars			
	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)
				2012				2012
Forward exchange contracts:								
Selling contracts–								
U.S. Dollar	¥26,152	–	¥(727)	¥(727)	$318,190	–	$(8,845)	$(8,845)
Taiwanese Dollar	139	–	2	2	1,691	–	24	24
Thai Baht	635	–	(4)	(4)	7,726	–	(49)	(49)
Philippines Peso	64	–	1	1	779	–	12	12
Malaysian Ringgit	285	–	5	5	3,468	–	61	61
Indian Rupee	933	–	13	13	11,352	–	158	158
Indonesian Rupiah	479	–	(6)	(6)	5,828	–	(73)	(73)
Euro	4,018	–	(226)	(226)	48,887	–	(2,750)	(2,750)
Australian Dollar	613	–	(32)	(32)	7,458	–	(389)	(389)
Buying contracts–								
U.S. Dollar	62	–	(0)	(0)	754	–	(0)	(0)
Swedish Krone	66	–	1	1	803	–	12	12
Yen	598	–	(38)	(38)	7,276	–	(462)	(462)
Hungarian Forint	3,724	–	(43)	(43)	45,310	–	(523)	(523)
Euro	1,354	–	(38)	(38)	16,474	–	(462)	(462)
Czech Koruna	2,603	–	(31)	(31)	31,671	–	(377)	(377)
Currency swaps:								
Receipt Singapore Dollar (*)	¥2,221	¥2,221	¥219	¥219	$27,023	$27,023	$2,665	$2,665
Payment U.S. Dollar								
Receipt Singapore Dollar (*)	9,368	9,368	285	285	113,980	113,980	3,468	3,468
Payment Euro								
Receipt Yen (*)	1,428	1,208	3	3	17,374	14,698	37	37
Payment U.S. Dollar								
Receipt Yen (*)	1,637	1,637	26	26	19,917	19,917	316	316
Payment Euro								
Receipt Euro (*)	508	508	(37)	(37)	6,181	6,181	(450)	(450)
Payment English Pound								
Receipt U.S. Dollar								
Payment Korean Won (*)	3,625	1,813	123	123	44,105	22,059	1,497	1,497
Receipt U.S. Dollar								
Payment Indian Rupee (*)	1,782	1,782	(215)	(215)	21,681	21,681	(2,616)	(2,616)

	Millions of yen				Thousands of U.S. dollars			
	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)
				2012				2012
Receipt U.S. Dollar Payment Indonesian Rupiah (*)	¥364	–	¥1	¥1	$4,429	–	$12	$12
Receipt U.S. Dollar Payment Euro (*)	30,634	¥30,634	1,701	1,701	372,722	$372,722	20,696	20,696
Receipt Swedish Krone Payment Euro (*)	251	–	4	4	3,054	–	49	49
Receipt Polish Zloty Payment Euro (*)	220	–	0	0	2,677	–	0	0
Receipt Yen Payment Thai Baht (*)	229	–	4	4	2,786	–	49	49
Receipt Yen Payment Malaysian Dollar (*)	1,200	1,200	(58)	(58)	14,600	14,600	(706)	(706)
Receipt Yen Payment Korean Won (*)	8,767	2,014	736	736	106,667	24,504	8,955	8,955
Receipt Yen Payment Euro (*)	20,024	19,550	4,375	4,375	243,631	237,863	53,230	53,230
Receipt English Pound Payment Yen (*)	4,000	–	(8)	(8)	48,668	–	(97)	(97)
Receipt Euro Payment Polish Zloty (*)	1,646	–	(26)	(26)	20,027	–	(316)	(316)
Receipt Euro Payment Yen (*)	8,160	–	(10)	(10)	99,282	–	(122)	(122)

	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)
	Millions of yen			
	2011			
Forward exchange contracts:				
Selling contracts–				
U.S. Dollar	¥18,050	–	¥(52)	¥(52)
Taiwanese Dollar	317	–	(5)	(5)
Thai Baht	1,083	–	(18)	(18)
Philippines Peso	129	–	(3)	(3)
Indian Rupee	1,037	–	(30)	(30)
Indonesian Rupiah	1,180	–	(27)	(27)
Euro	4,730	–	(213)	(213)
Australian Dollar	4,395	–	(44)	(44)
Buying contracts–				
U.S. Dollar	1,191	–	(76)	(76)
Thai Baht	54	–	0	0
Swedish Krone	114	–	(2)	(2)
Philippines Peso	262	–	0	0
Yen	714	–	(15)	(15)
Hungarian Forint	4,700	–	154	154
Euro	801	–	5	5
Czech Koruna	2,495	–	(19)	(19)
Currency swaps:				
Receipt Singapore Dollar (*) Payment U.S. Dollar	¥ 2,239	¥ 2,239	¥218	¥218
Receipt Singapore Dollar (*) Payment Euro	9,446	9,446	322	322
Receipt Yen (*) Payment U.S. Dollar	441	441	98	98
Receipt Euro (*) Payment English Pound	1,115	680	97	97
Receipt U.S. Dollar Payment Korean Won (*)	5,299	–	(144)	(144)
Receipt U.S. Dollar Payment Chinese Yuan (*)	20	–	(2)	(2)
Receipt Yen Payment Thai Baht (*)	236	236	5	5

	Millions of yen			
	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)
				2011
Receipt Yen				
Payment Malaysian Dollar (*)	¥1,241	¥1,241	¥93	¥93
Receipt Yen				
Payment Korean Won (*)	3,604	3,604	929	929
Receipt Yen				
Payment English Pound (*)	605	–	0	0
Receipt Yen				
Payment Euro (*)	21,929	20,934	3,147	3,147
Receipt Indian Rupee				
Payment U.S. Dollar (*)	1,995	1,995	50	50
Receipt English Pound				
Payment U.S. Dollar (*)	632	–	(2)	(2)
Receipt English Pound				
Payment Yen (*)	1,400	–	(1)	(1)
Receipt Euro				
Payment Swedish Krone (*)	377	–	(4)	(4)
Receipt Euro				
Payment Polish Zloty (*)	231	–	6	6
Currency options:				
Selling contracts–				
Euro put options	¥ 1,058	–	¥2	¥2
Buying contracts–				
Euro call options	1,058	–	(34)	(34)

Notes: 1. The fair values of foreign currencies are translated at the spot rate at the balance sheet date.
2. (*) indicates hedged items.

(2) Interest Related Derivatives

	Millions of yen				Thousands of U.S. dollars			
	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)
				2012				**2012**
Interest rate swaps:								
Floating rate receipt, fixed rate payment	**¥20,604**	**¥14,291**	**¥(129)**	**¥(129)**	**$250,687**	**$173,878**	**$(1,570)**	**$(1,570)**

	Millions of yen			
	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Net Unrealized Gain (Loss)
				2011
Interest rate swaps:				
Floating rate receipt, fixed rate payment	¥9,019	–	¥(81)	¥(81)

Note: The fair values of foreign currencies are translated at the spot rate at the balance sheet date.

(B) Derivative Transactions to Which Hedge Accounting is Applied at March 31, 2012 and 2011

(1) Foreign Currency Related Derivatives

		Millions of yen			Thousands of U.S. dollars		
	Hedged item	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value
				2012			**2012**
Forward exchange contracts:							
Selling contracts–							
U.S. Dollar	Operating receivables	**¥14,479**	**–**	**¥(434)**	**$176,165**	**–**	**$(5,280)**
Euro	Operating receivables	**5,641**	**–**	**(280)**	**68,634**	**–**	**(3,407)**

		Millions of yen		
	Hedged item	Contract or Notional Amounts	Contract or Notional Amounts due after One Year	Fair Value
				2011
Forward exchange contracts:				
Selling contracts–				
U.S. Dollar	Operating receivables	¥13,981	–	¥(140)
Euro	Operating receivables	6,079	–	(254)

Note: The fair values of foreign currencies are calculated at the forward exchange rate.

(2) Interest Related Derivatives

	Hedged item	Millions of yen: Contract or Notional Amounts	Millions of yen: Contract or Notional Amounts due after One Year	Millions of yen: Fair Value	Thousands of U.S. dollars: Contract or Notional Amounts	Thousands of U.S. dollars: Contract or Notional Amounts due after One Year	Thousands of U.S. dollars: Fair Value
				2012			2012
Interest rate swaps:							
Floating rate receipt, floating rate payment	Long-term debt	¥51,000	¥51,000	–	$620,513	$620,513	–
Fixed rate receipt, floating rate payment	Long-term debt, Large time deposits and bonds	77,000	19,000	¥218	936,854	231,172	$2,652
Interest rate and Currency swaps:	Long-term debt	¥72,108	¥72,108	–	$877,333	$877,333	–

	Hedged item	Millions of yen: Contract or Notional Amounts	Millions of yen: Contract or Notional Amounts due after One Year	Millions of yen: Fair Value
				2011
Interest rate swaps:				
Floating rate receipt, floating rate payment	Long-term debt	¥51,000	¥51,000	–
Floating rate receipt, fixed rate payment	Long-term debt	7,000	–	–
Fixed rate receipt, floating rate payment	Long-term debt, Large time deposits and bonds	85,000	77,000	¥491
Interest rate and Currency swaps:	Long-term debt	¥20,000	¥20,000	–

Note: The above interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income. In addition, the fair value of such interest rate swaps in Note 16 is included in that of hedged items (i.e. Long-term debt).

The fair value of derivative transactions is measured at the quoted price obtained from the financial institutions.

The contract or notional amounts of derivatives which are shown in the above table do not represent the amounts exchanged by the parties and do not measure the Group’s exposure to credit or market risk.

19. Comprehensive Income

The components of other comprehensive income for the year ended March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2012	2012
Unrealized gain on available-for-sale securities:		
Gains arising during the year	¥11,158	$135,759
Reclassification adjustments to profit or loss	503	6,120
Amount before income tax effect	11,661	141,879
Income tax effect	5,614	68,305
Total	¥17,275	$210,184
Deferred loss on derivatives under hedge accounting:		
Losses arising during the year	¥(1,043)	$(12,690)
Reclassification adjustments to profit or loss	471	5,731
Amount before income tax effect	(572)	(6,959)
Income tax effect	216	2,628
Total	¥(356)	$(4,331)
Foreign currency translation adjustments:		
Adjustments arising during the year	¥(23,418)	$(284,925)
Share of other comprehensive income in affiliates:		
Losses arising during the year	¥(813)	$(9,892)
Total other comprehensive income	¥(7,312)	$(88,964)

The corresponding information for the years ended March 31, 2011 and 2010 were not required under the accounting standard for presentation of comprehensive income as an exemption for the first year of adopting that standard and not disclosed herein.

Total comprehensive income for the year ended March 31, 2010 was as follows:

	Millions of yen
	2010
Total comprehensive income attributable to:	
Owners of the parent	¥147,726
Minority interests	9,947
Total comprehensive income	¥157,673

Other comprehensive income for the year ended March 31, 2010 consisted of the following:

	Millions of yen
	2010
Other comprehensive income:	
Unrealized gain on available-for-sale securities	¥65,218
Deferred gain on derivatives under hedge accounting	431
Foreign currency translation adjustments	12,586
Share of the comprehensive income in affiliates	127
Total other comprehensive income	¥78,362

20. Net Income per Share

The reconciliation of the differences between basic and diluted net income per share for the years ended March 31, 2012, 2011 and 2010 was as follows:

	Millions of yen	Thousands of shares	Yen	U.S. dollars
	Net Income	Weighted-Average Shares	Net Income per Share	Net Income per Share
				2012
Basic net income per share				
Net income available to common shareholders	**¥89,298**	**805,895**	**¥110.81**	**$1.35**
Effect of dilutive securities				
Stock option	**–**	**–**		
Diluted net income per share				
Net income for computation	**–**	**–**	**–**	**–**

Note: Diluted net income per share is not disclosed because it is anti-dilutive.

.	Millions of yen	Thousands of shares	Yen
	Net Income	Weighted-Average Shares	Net Income per Share
			2011
Basic net income per share			
Net income available to common shareholders	¥143,033	805,871	¥177.49
Effect of dilutive securities			
Stock option	–	–	
Diluted net income per share			
Net income for computation	–	–	–

Note: Diluted net income per share is not disclosed because it is anti-dilutive.

	Millions of yen	Thousands of shares	Yen
	Net Income	Weighted-Average Shares	Net Income per Share
			2010
Basic net income per share			
Net income available to common shareholders	¥73,427	805,892	¥91.11
Effect of dilutive securities			
Stock option	–	1	
Diluted net income per share			
Net income for computation	¥73,427	805,893	¥91.11

21. Subsequent Events

On June 20, 2012, at the Company's shareholders meeting, the following items were resolved:

Appropriation of Retained Earnings

	Millions of yen	Thousands of U.S. dollars
Year-end cash dividends, ¥23 ($0.28) per share	**¥18,536**	**$225,526**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
DENSO CORPORATION:

We have audited the accompanying consolidated balance sheet of DENSO CORPORATION and consolidated subsidiaries as of March 31, 2012, and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in conformity with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are

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appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of DENSO CORPORATION and consolidated subsidiaries as of March 31, 2012, and the consolidated results of their operations and their cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

Our audit also comprehended the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 1. Such U.S. dollar amounts are presented solely for the convenience of readers outside Japan.

Deloitte Touche Tohmatsu LLC

June 20, 2012