

# DENSO CORPORATION and Consolidated Subsidiaries

## Consolidated Financial Results for the Six Months Ended September 30, 2003

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 DENSO CORPORATION  
 CODE: 6902  
 Listed on the Tokyo, Nagoya  
 and Osaka stock exchanges

### Results for the six months ended September 30, 2003 (From April 1, 2003 to September 30, 2003)

#### (1) Operating Results

(Millions of yen, except per share figures)

	Six months ended September 30, 2003	Six months ended September 30, 2002	Year ended March 31, 2003
Net sales.....	1,226,341	1,143,775	2,332,760
% change from the previous corresponding period.....	7.2%	4.9%	(2.8%)
Operating income.....	91,618	80,103	159,893
% change from the previous corresponding period.....	14.4%	17.4%	19.9%
Income before income taxes and minority interests.....	96,183	186,706	233,534
% change from the previous corresponding period.....	(48.5%)	174.3%	68.0%
Net income.....	52,938	106,466	111,018
% change from the previous corresponding period.....	(50.3%)	181.3%	53.5%
Earnings per share.....	62.77 yen	123.03 yen	128.37 yen
Fully diluted earnings per share .....	62.77 yen	120.66 yen	126.65 yen

Notes: 1. Equity in earnings of affiliates Six months ended September 30, 2003 : 800 millions of yen  
 Six months ended September 30, 2002 : 1,371 millions of yen  
 Year ended March 31, 2003 : 2,322 millions of yen

2. "Earnings per share" is based upon the average number of shares outstanding.

#### (2) Financial Position

(Millions of yen, except per share figures)

	As of September 30, 2003	As of September 30, 2002	As of March 31, 2003
Total assets.....	2,376,867	2,388,323	2,354,657
Shareholders' equity.....	1,465,645	1,466,305	1,397,888
Equity-to-asset ratio.....	61.7 %	61.4 %	59.4 %
Shareholders' equity per share.....	1,737.90 yen	1,700.38 yen	1,656.93 yen

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

#### (3) Cash Flows

(Millions of yen)

	Six months ended September 30, 2003	Six months ended September 30, 2002	Year ended March 31, 2003
Net cash provided by operating activities.....	96,851	138,024	267,344
Net cash used in investing activities.....	(115,928)	(115,680)	(210,618)
Net cash used in financing activities.....	(53,580)	(17,091)	(73,930)
Cash and Cash Equivalents at End of Period.....	186,889	282,784	259,845

#### (4) Consolidation Scope

Number of consolidated subsidiaries : 161  
 Number of non-consolidated subsidiaries : 0  
 Number of affiliates : 27 (Affiliates accounted for under the equity method : 27 )

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

Consolidated subsidiaries

Added : 6  
 Excluded : 0

Companies accounted for under the equity method

Added : 2  
 Excluded : 0

## Consolidated Statements of Income

	Six months ended Sep. 30, 2003	Six months ended Sep. 30, 2002	Increase (Decrease)	Millions of yen Year ended March 31, 2003
<b>Net Sales</b>	1,226,341	1,143,775	82,566	2,332,760
Cost of Sales	1,015,590	959,036		1,948,636
<b>Gross profit</b>	210,751	184,739	26,012	384,124
Selling, General and Administrative Expenses	119,133	104,636		224,231
<b>Operating income</b>	91,618	80,103	11,515	159,893
Other Income (Expenses):				
Interest and dividend income	4,269	5,199		9,358
Interest expense	(1,626)	(2,128)		(4,103)
Equity in earnings of affiliates	800	1,371		2,322
Gain on exemption from future pension obligation of the governmental program	1,428	112,172		112,172
Gain on transfer to a defined contribution pension plan	379	-		6,206
Impairment loss on investment securities	(155)	-		(2,557)
Loss on redemption of bonds	-	(4,964)		(4,964)
Restructuring charges	-	(2,110)		(6,912)
Impairment loss on goodwill	-	-		(37,226)
Other, net	(530)	(2,937)		(655)
<b>Income before income taxes and minority interests</b>	96,183	186,706	(90,523)	233,534
Income Taxes				
Current	46,292	37,562		78,193
Deferred	(6,572)	39,778		39,126
Minority Interests in Net Income	3,525	2,900		5,197
<b>Net income</b>	52,938	106,466	(53,528)	111,018

## Consolidated Balance Sheets

				Millions of yen
Assets	As of Sep. 30, 2003	As of March 31, 2003	Increase (Decrease)	As of Sep. 30, 2002
<b>Current Assets:</b>				
Cash and cash equivalents	186,889	259,845		282,784
Short-term investments	36,997	35,341		26,680
Notes and accounts receivable, less allowance for doubtful accounts	418,983	417,527		385,158
Inventories	212,561	196,581		186,759
Deferred income taxes	42,280	39,495		36,592
Other current assets	49,264	45,901		51,903
<b>Total current assets</b>	<b>946,974</b>	<b>994,690</b>	<b>(47,716)</b>	<b>969,876</b>
<b>Investments and Advances</b>	<b>660,625</b>	<b>601,889</b>	<b>58,736</b>	<b>668,909</b>
<b>Property, Plant and Equipment:</b>				
Buildings and structures	557,249	549,811		543,030
Machinery and equipment	1,735,719	1,695,672		1,674,519
	<b>2,292,968</b>	<b>2,245,483</b>		<b>2,217,549</b>
Less: Accumulated depreciation	(1,731,693)	(1,697,389)		(1,666,138)
	<b>561,275</b>	<b>548,094</b>		<b>551,411</b>
Land	140,796	138,283		137,297
Construction in progress	67,197	71,701		60,830
<b>Net property, plant and equipment</b>	<b>769,268</b>	<b>758,078</b>	<b>11,190</b>	<b>749,538</b>
<b>Total Assets</b>	<b>2,376,867</b>	<b>2,354,657</b>	<b>22,210</b>	<b>2,388,323</b>

				Millions of yen
Liabilities and Shareholders' Equity	As of Sep. 30, 2003	As of March 31, 2003	Increase (Decrease)	As of Sep. 30, 2002
<b>Current Liabilities:</b>				
Short-term borrowings	32,116	33,898		38,208
Current portion of long-term debt	4,153	44,805		72,533
Notes and accounts payable	303,614	306,427		276,400
Income taxes payable	38,117	40,342		33,627
Accrued expenses	98,659	97,068		79,227
Accrued bonuses to employees	44,064	46,356		42,933
Commercial paper	-	-		70,000
Other current liabilities	50,200	48,164		53,039
<b>Total current liabilities</b>	<b>570,923</b>	<b>617,060</b>	<b>(46,137)</b>	<b>665,967</b>
<b>Long-Term Liabilities:</b>				
Long-term debt	107,492	108,404		12,144
Liability for employees' retirement benefits	142,188	140,546		168,740
Other long-term liabilities	19,054	24,101		10,565
<b>Total long-term liabilities</b>	<b>268,734</b>	<b>273,051</b>	<b>(4,317)</b>	<b>191,449</b>
<b>Minority Interests</b>	<b>71,565</b>	<b>66,658</b>	<b>4,907</b>	<b>64,602</b>
<b>Shareholders' Equity:</b>				
Common stock	187,457	187,457		173,105
Capital surplus	266,005	266,005		251,671
Retained earnings	1,033,184	989,198		993,270
Net unrealized gain on available-for-sale securities	110,459	73,237		93,998
Foreign currency translation adjustments	(53,889)	(40,452)		(38,106)
Less: Treasury stock at cost	(77,571)	(77,557)		(7,633)
<b>Total shareholders' equity</b>	<b>1,465,645</b>	<b>1,397,888</b>	<b>67,757</b>	<b>1,466,305</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>2,376,867</b>	<b>2,354,657</b>	<b>22,210</b>	<b>2,388,323</b>

## Consolidated Statements of Shareholders' Equity

	Six months ended Sep. 30, 2003	Six months ended Sep. 30, 2002	Millions of yen Year ended March 31, 2003
<b>Common Stock:</b>			
Balance at beginning of period	187,457	173,098	173,098
Conversion of convertible bonds	-	7	14,359
Balance at end of period	187,457	173,105	187,457
<b>Capital Surplus:</b>			
Balance at beginning of period	266,005	251,644	251,644
Gain on disposal of treasury stock	-	20	20
Conversion of convertible bonds	-	7	14,341
Balance at end of period	266,005	251,671	266,005
<b>Retained Earnings:</b>			
Balance at beginning of period	989,198	895,522	895,522
Net income	52,938	106,466	111,018
Cash dividends	(8,434)	(8,224)	(16,848)
Bonuses to directors and corporate auditors	(518)	(465)	(465)
(Decrease) in retained earnings due to change of consolidation scope	-	(29)	(29)
Balance at end of period	1,033,184	993,270	989,198
<b>Net Unrealized Gain on Available-for-sale Securities at End of Period</b>	<b>110,459</b>	<b>93,998</b>	<b>73,237</b>
<b>Foreign Currency Translation Adjustments at End of Period</b>	<b>(53,889)</b>	<b>(38,106)</b>	<b>(40,452)</b>
<b>Treasury Stock at End of Period</b>	<b>(77,571)</b>	<b>(7,633)</b>	<b>(77,557)</b>
<b>Total Shareholders' Equity at End of Period</b>	<b>1,465,645</b>	<b>1,466,305</b>	<b>1,397,888</b>

# Consolidated Statements of Cash Flows

	Six months ended Sep.30,2003	Six months ended Sep.30,2002	Millions of yen Year ended March 31, 2003
<b>Operating Activities:</b>			
Income before income taxes and minority interests	96,183	186,706	233,534
Adjustments for:			
Payment of income taxes	(47,263)	(28,704)	(62,483)
Depreciation	73,812	72,473	146,651
Amortization of goodwill including Impairment	52	1,044	37,349
Increase / (Decrease) in liability for retirement benefits	1,703	(9,184)	(37,936)
Foreign exchange loss	759	1,251	1,004
Equity in earnings of affiliates	(800)	(1,371)	(2,322)
Loss on redemption of bonds	-	4,964	4,964
Loss on sale or disposal of property, plant and equipment, net	1,300	1,408	4,691
Changes in assets and liabilities:			
(Increase) / Decrease in notes and accounts receivable	(6,337)	30,094	4,682
(Increase) in inventories	(19,837)	(4,056)	(12,640)
(Decrease) / Increase in notes and accounts payable	(5,976)	(17,625)	10,495
(Decrease) / Increase in defined contribution pension payabl	(6,176)	-	18,063
Increase / (Decrease) in prepaid pension cost	3,995	(98,860)	(100,135)
Other, net	5,436	(116)	21,427
Total adjustments	668	(48,682)	33,810
Net cash provided by operating activities	96,851	138,024	267,344
<b>Investing Activities:</b>			
Acquisition of property, plant and equipment	(94,286)	(86,371)	(179,339)
Purchase of available-for-sale securities	(60,807)	(39,957)	(53,864)
Proceeds from sale and redemption of available-for-sale securities	41,991	11,486	31,253
Other, net	(2,826)	(838)	(8,668)
Net cash used in investing activities	(115,928)	(115,680)	(210,618)
<b>Financing Activities:</b>			
Net (decrease) in short-term borrowings	(5,271)	(3,931)	(8,491)
Proceeds from issuance of commercial paper	-	69,999	-
Increase in long-term debt	118	304	675
Repayments of long-term debt	(1,617)	(3,224)	(6,728)
Issuance of bonds	-	-	99,985
Repayments of long-term bonds	(40,000)	(64,964)	(64,964)
Dividends paid	(8,434)	(8,224)	(16,848)
Purchase of treasury stock	(14)	(6,373)	(76,315)
Other, net	1,638	(678)	(1,244)
Net cash used in financing activities	(53,580)	(17,091)	(73,930)
<b>Foreign Currency Translation Adjustments</b>			
on Cash and Cash Equivalents	(299)	(1,276)	(1,758)
Net (Decrease) / Increase in Cash and Cash Equivalents	(72,956)	3,977	(18,962)
Cash and Cash Equivalents at Beginning of Period	259,845	277,894	277,894
Cash and Cash Equivalents of Newly Consolidated Subsidiaries	-	913	913
Cash and Cash Equivalents at End of Period	186,889	282,784	259,845

## Segment Information

### 1. Geographical Segments (by company location)

			Six months ended		Millions of yen
			Sep. 30, 2003	Sep. 30, 2002	Year ended March 31, 2003
Sales:	Japan	Sales to customers	688,912	652,600	1,355,925
		Intersegment sales	200,322	181,818	374,770
		Total sales	889,234	834,418	1,730,695
	The Americas	Sales to customers	279,450	275,702	531,303
		Intersegment sales	4,944	5,298	9,267
		Total sales	284,394	281,000	540,570
	Europe	Sales to customers	155,591	130,683	269,499
		Intersegment sales	2,055	2,126	4,489
		Total sales	157,646	132,809	273,988
	Asia & Oceania	Sales to customers	102,388	84,790	176,033
		Intersegment sales	6,016	4,527	9,837
		Total sales	108,404	89,317	185,870
	Eliminations		(213,337)	(193,769)	(398,363)
	Consolidated		1,226,341	1,143,775	2,332,760
Operating income:	Japan	64,773	56,199	123,235	
	The Americas	17,778	17,417	28,173	
	Europe	196	(1,502)	(3,965)	
	Asia & Oceania	9,175	7,102	12,360	
	Eliminations	(304)	887	90	
	Consolidated	91,618	80,103	159,893	

### 2. Sales by Customer Location

		Six months ended		Millions of yen
		Sep. 30, 2003	Sep. 30, 2002	Year ended March 31, 2003
Japan		675,520	637,136	1,325,637
		55.1%	55.7%	56.8%
The Americas		283,460	280,612	539,299
		23.1%	24.5%	23.1%
Europe		154,912	132,365	274,271
		12.6%	11.6%	11.8%
Asia & Oceania		108,908	91,124	188,863
		8.9%	8.0%	8.1%
Others		3,541	2,538	4,690
		0.3%	0.2%	0.2%
Net Sales		1,226,341	1,143,775	2,332,760