

CONSOLIDATED STATEMENTS OF INCOME

TDK Corporation and Subsidiaries years ended March 31, 2005, 2004 and 2003

	Yen (Millions)			U.S. Dollars (Thousands) (Note 2)
	2005	2004	2003	2005
Net sales (Note 19)	¥657,853	655,792	604,865	\$6,148,159
Cost of sales	484,323	476,407	459,552	4,526,383
Gross profit	173,530	179,385	145,313	1,621,776
Selling, general and administrative expenses	119,886	122,875	115,569	1,120,430
Transfer to the government of the substitutional portion of Employees' Pension Fund (Note 8):				
Subsidy from the government	(33,533)	—	—	(313,392)
Loss on settlement	27,347	—	—	255,579
Restructuring cost (Note 16)	—	—	5,197	—
Operating income	59,830	56,510	24,547	559,159
Other income (deductions):				
Interest and dividend income	1,692	1,189	1,379	15,813
Interest expense	(967)	(323)	(577)	(9,037)
Equity in earnings of affiliates	1,765	1,639	361	16,495
Loss on securities, net (Note 4)	(142)	(1,093)	(3,298)	(1,327)
Foreign exchange gain (loss)	(856)	(3,064)	(1,479)	(8,000)
Other – net	(594)	989	(381)	(5,552)
	898	(663)	(3,995)	8,392
Income from continuing operations before income taxes	60,728	55,847	20,552	567,551
Income taxes (Note 7)	23,284	12,133	6,193	217,607
Income from continuing operations before minority interests	37,444	43,714	14,359	349,944
Minority interests, net of tax	479	359	766	4,477
Income from continuing operations	36,965	43,355	13,593	345,467
Discontinued operations (Note 20):				
Loss from operations of discontinued TSC (including loss on disposal of ¥454 million in 2005)	3,509	244	2,471	32,794
Income tax expense (benefit)	156	1,010	(897)	1,458
Loss from discontinued operations	3,665	1,254	1,574	34,252
Net income	¥ 33,300	42,101	12,019	\$ 311,215

	Yen (except number of common shares outstanding)			U.S. Dollars
Amounts per share:				
Income from continuing operations per share (Note 18):				
Basic	¥ 279.41	327.27	102.42	\$ 2.61
Diluted	279.25	327.15	102.42	2.61
Loss from discontinued operations per share (Note 18):				
Basic	¥ (27.70)	(9.47)	(11.86)	\$(0.26)
Diluted	(27.69)	(9.46)	(11.86)	(0.26)
Net income per share (Note 18):				
Basic	¥ 251.71	317.80	90.56	\$ 2.35
Diluted	251.56	317.69	90.56	2.35
Weighted average basic common shares outstanding (in thousands) (Note 18)	132,293	132,475	132,716	
Weighted average diluted common shares outstanding (in thousands) (Note 18)	132,376	132,523	132,716	
Cash dividends paid during the year (Note 9)	¥ 60.00	50.00	45.00	\$ 0.56

See accompanying notes to consolidated financial statements.