

## **[Summary Information and Financial Statements]**

### **1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2013**

#### **(1) Summary Information Regarding Consolidated Business Results**

Consolidated results for the first half of fiscal 2013, the period from April 1 to September 30, 2012, are as follows.

Looking at the world economy in the first half of fiscal 2013, industrialized countries continued to see a slowdown in economic activity associated with credit concerns triggered by sovereign debt problems in Europe, although there were some signs of economic recovery, such as ongoing solid auto sales and housing starts in the U.S. In emerging countries such as China and India, while economic growth continued to be maintained, the growth rate dropped visibly on account of lower exports to Europe, cooling corporate investment, and other factors. The aforementioned trends have led to growing uncertainty about the outlook for the world economy. In addition to this slowdown in economic activity, new concerns arose about the impact on the Japanese economy of large-scale anti-Japan riots and calls to boycott Japanese products in China.

Under these global economic circumstances, the electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of mobile phones, especially smartphones, and tablet devices rose year on year, thereby continuing the robust trend this fiscal year. This reflected the launch of new terminal by major manufacturer to capitalize on the expanding demand for these products. Likewise, production in the automobile market as a whole also maintained strong momentum, increasing year on year, centered on hybrid vehicles and electric vehicles. On the other hand, production of flat-screen TVs and PCs, as well as hard disk drives (HDDs) dipped below the corresponding period of the previous fiscal year due to changes in demand.

Under these market conditions, TDK posted consolidated net sales of ¥415,646 million (U.S.\$5,328,795 thousand), a decrease of 0.1% from the ¥416,110 million reported in the first half of fiscal 2012. Operating income was ¥20,377 million (U.S.\$261,244 thousand), a 40.9% increase from ¥14,463 million. Income from continuing operations before income taxes was ¥18,305 million (U.S.\$234,679 thousand), up 60.7% from ¥11,393 million. TDK recorded net income attributable to TDK of ¥9,725 million (U.S.\$124,679 thousand), a 44.7% increase from ¥6,719 million. Basic net income attributable to TDK per common share was ¥77.25 (U.S.\$0.99), compared with ¥52.09 in the first half of fiscal 2012.

Average first-half yen exchange rates for the U.S. dollar and euro were ¥79.46 and ¥100.72, respectively, as the yen appreciated 0.5% versus the U.S. dollar and appreciated 11.6% against the euro, compared with the first half of fiscal 2012. This lowered net sales by approximately ¥6.2 billion and operating income by approximately ¥0.9 billion. TDK subsidiaries were directly affected by damage due to the widespread flooding in Thailand that occurred in 2011. However, in the first half of fiscal 2013, TDK booked an insurance payout of approximately ¥5.4 billion as operating income.

## Sales by Sector

Term Product	1H of FY2012 (April 1, 2011 - September 30, 2011)		1H of FY2013 (April 1, 2012 - September 30, 2012)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	70,230	16.9	60,680	14.6	777,949	(9,550)	-13.6
Inductive devices	64,233	15.5	57,835	13.9	741,474	(6,398)	-10.0
Other Passive Components	67,138	16.1	63,581	15.3	815,141	(3,557)	-5.3
Passive Components	201,601	48.5	182,096	43.8	2,334,564	(19,505)	-9.7
Recording devices	108,540	26.1	115,724	27.8	1,483,641	7,184	6.6
Other Magnetic Application Products	52,045	12.5	55,888	13.5	716,513	3,843	7.4
Magnetic Application Products	160,585	38.6	171,612	41.3	2,200,154	11,027	6.9
Film Application Products	40,425	9.7	50,975	12.3	653,526	10,550	26.1
Other	13,499	3.2	10,963	2.6	140,551	(2,536)	-18.8
Consolidated total	416,110	100.0	415,646	100.0	5,328,795	(464)	-0.1
Overseas sales	364,506	87.6	358,053	86.1	4,590,423	(6,453)	-1.8

### Notes:

1. U.S.\$1=Yen 78, for convenience only.
2. Net sales related to display business, which is discontinued operations, are excluded. And net sales for the first half of FY 2012 are restated based on the currently effective reportable segment.

### (1) Passive Components Segment

This segment is made up of (1) capacitors, (2) inductive devices, and (3) other passive components. Sales in the passive components segment were ¥182,096 million (U.S.\$2,334,564 thousand), down 9.7% year on year from ¥201,601 million.

The capacitors business is made up of ceramic capacitors, aluminum electrolytic capacitors, and film capacitors. Sales in the capacitors business were ¥60,680 million (U.S.\$777,949 thousand), down 13.6% year on year from ¥70,230 million. Sales of ceramic capacitors increased to the automotive market. However, sales of aluminum electrolytic capacitors and film capacitors were lower for industrial equipment.

Sales of inductive devices decreased 10.0% year on year from ¥64,233 million to ¥57,835 million (U.S.\$741,474 thousand). Although TDK recorded higher sales for use in automobiles, there was a decline in sales for use in home information appliances and industrial equipment.

Other passive components include high-frequency components, piezoelectric materials and

products, circuit protection components and sensors. Sales of other passive components decreased 5.3% year on year from ¥67,138 million to ¥63,581 million (U.S.\$815,141 thousand). Sales of high-frequency components decreased mainly to the communications equipment market. Sales of piezoelectric material components, circuit protection devices and sensors, while increasing to the communications equipment and home information appliance markets, declined to the industrial equipment market.

#### (2) Magnetic Application Products Segment

This segment is made up of (1) recording devices, and (2) other magnetic application products. Segment sales increased 6.9% year on year, from ¥160,585 million to ¥171,612 million (U.S.\$2,200,154 thousand).

The recording devices business is comprised mainly of HDD heads and HDD suspension assemblies. It recorded sales of ¥115,724 million (U.S.\$1,483,641 thousand), up 6.6% year on year from ¥108,540 million. The overall increase of HDD head sales reflected higher sales volume.

Other magnetic application products include power supplies and magnets. Sales increased 7.4% year on year from ¥52,045 million to ¥55,888 million (U.S.\$716,513 thousand). Sales of power supplies decreased to the industrial equipment market, but increased to the automotive market. Magnet sales grew sharply to the automotive market.

#### (3) Film Application Products Segment

This segment includes energy devices (rechargeable batteries), among other products. Segment sales increased 26.1% year on year from ¥40,425 million to ¥50,975 million (U.S.\$653,526 thousand). Sales of energy devices to both the communications equipment market, particularly for smartphone applications, and the home information appliance market increased markedly. Sales of applied films decreased to the home information appliance market.

#### (4) Other

Other includes mechatronics (production equipment) and other businesses. Segment sales declined 18.8% year on year from ¥13,499 million to ¥10,963 million (U.S.\$140,551 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows:

New Classification	Constituent Main Business
Passive Components*	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils/Ferrite cores/Transformers), High-frequency devices, Piezoelectric material products, Circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets,
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipments), other

**[Sales by Region]**

Overseas sales decreased 1.8% year on year from ¥364,506 million to ¥358,053 million (U.S.\$4,590,423 thousand). Overseas sales accounted for 86.1% of consolidated net sales, a 1.5 percentage point decrease from 87.6% in the first half of fiscal 2012. Detailed information on sales by region can be found in the consolidated supplementary information on page 17.

## **(2) Summary Information Regarding Consolidated Financial Position**

(1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2012.

Total assets	¥1,048,083 million	(2.3% decrease)
Total TDK stockholders' equity	¥469,649 million	(5.7% decrease)
Stockholders' equity ratio	44.8%	(1.6 point decrease)

As of September 30, 2012, total assets had decreased ¥24,746 million compared with March 31, 2012. This decrease mainly reflected a ¥7,095 million decrease in terms of net liquidity (cash and cash equivalents, short-term investments and marketable securities), a ¥8,556 million decrease in other current assets and a ¥3,978 million decrease in investments in securities.

Total liabilities increased ¥2,618 million from March 31, 2012. Debt increased ¥11,241 million, mainly due to the proceeds from long-term debt. On the other hand, other current liabilities decreased ¥3,879 million and retirement and severance benefits decreased ¥4,112 million, respectively.

TDK stockholders' equity, which is included in total equity, declined ¥28,510 million from March 31, 2012. Accumulated other comprehensive loss increased ¥33,414 million, mainly due to a deterioration in foreign currency translation adjustments because of the yen's appreciation.

## (2) Cash Flows

(Yen millions)

	FY 2012 2Q	FY 2013 2Q	Change
Net cash provided by operating activities	24,120	43,670	19,550
Net cash used in investing activities	(5,648)	(50,359)	(44,711)
Net cash provided by financing activities	30,368	6,761	(23,607)
Effect of exchange rate changes on cash and cash equivalents	(11,689)	(9,211)	2,478
Net increase (decrease) in cash and cash equivalents	37,151	(9,139)	(46,290)
Cash and cash equivalents at beginning of period	129,091	167,015	37,924
Cash and cash equivalents at end of period	166,242	157,876	(8,366)

Operating activities provided net cash of ¥43,670 million (U.S. \$559,872 thousand), a year on year increase of ¥19,550 million. TDK recorded a net income of ¥11,512 million (U.S. \$147,590 thousand), an increase of ¥4,267 million year on year. Depreciation and amortization decreased ¥1,118 million to ¥36,226 million (U.S. \$464,436 thousand). In changes in assets and liabilities, a ¥14,744 million decrease in inventories and a ¥9,157 million decrease in other assets and liabilities, net contributed to the increase of operating cash flows. However, a ¥8,363 million decrease in trade payable reduced operating cash flows.

Investing activities used net cash of ¥50,359 million (U.S. \$645,628 thousand), an increase of ¥44,711 million year on year. There was a ¥9,566 million decrease in capital expenditures. On the other hand, there was a ¥48,139 million decrease in proceeds from sale and maturity of short-term investments.

Financing activities provided net cash of ¥6,761 million (U.S. \$86,679 thousand), a ¥23,607 million decrease from the previous fiscal year. There were a net increase in cash payments for debt of ¥12,338 million, with increase in repayments of debt, outweighing proceed from new debt and a decrease in proceeds from noncontrolling interest shareholders of ¥11,341 million.

### (3) Summary Information Regarding Consolidated Projections

(Fiscal 2013 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2013, the year ending March 31, 2013, are as follows.

Term  Item	FY2013 (April 1, 2012 - March 31, 2013)	FY2013 (April 1, 2012 - March 31, 2013)	FY2012 (April 1, 2011 - March 31, 2012)	vs FY2012 Changes	
	Forecast in October'12	Forecast in April'12 and July'12	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net Sales	850,000	900,000	814,497	35,503	4.4
Operating Income	41,000	57,000	18,687	22,313	119.4
Income before income taxes	37,000	53,000	12,245	24,755	202.2
Net income attributable to TDK	20,000	40,000	(2,454)	22,454	-
Capital expenditures	80,000	85,000	99,653	(19,653)	-19.7
Depreciation and amortization	78,000	82,000	79,918	(1,918)	-2.4
Research and development	51,000	53,000	52,551	(1,551)	-3.0

(Notes)

Management has judged that compared with TDK's projections as of April 27, 2012, there should be change in demand for electronic components used in major finished products based on information regarding trends in the electronics market and major finished products etc , which is currently available to TDK Group (as defined below).

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥77 and ¥100 respectively will be assumed from the third quarter onward.

### Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings and evaluations, about TDK or its group companies ("TDK Group"). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs and evaluations of TDK Group in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors. TDK Group therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK Group's actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by these forward-looking statements, and TDK Group undertakes no obligation to publicly update or

revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK Group operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK Group include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws and regulations.

## 2. Other Information

### (1) Changes in Significant Subsidiaries

Nothing to report

### (2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report

### (3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Nothing to report

### (4) Fundamental Policy for Distribution of Earnings, and Fiscal 2013 Dividends

TDK recognizes that achieving growth in corporate value over the long term ultimately translates into higher shareholder value. In line with this recognition, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological advances in the electronics industry, TDK is aiming to increase long-term corporate value. Accordingly, TDK actively reinvests its profits in business activities and sets dividends taking comprehensively into consideration the return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2013 are as follows. TDK has revised the year-end dividend forecast to 40 yen from 50 yen, based on the revision of the consolidated projections for the Fiscal 2013 as well as on the fundamental policy for distribution of earnings.

(Yen)

	FY2013	FY2012 Actual
Interim dividend	(Results) 40.00	40.00
Year-end dividend	(Forecast) 40.00	40.00
Annual dividend	(Forecast) 80.00	80.00