

(5) Note Relating to the Going Concern Assumption

Nothing to report.

(6) Summary of Significant Accounting Policies

1. The consolidated financial statements are prepared in conformity with the U.S. GAAP.
Inventories are valued at the lower of cost or market as in the past, with cost mainly determined by the periodic average method.
2. As of March 31, 2014, TDK had 116 subsidiaries (13 in Japan and 103 overseas).
TDK also had 7 affiliates (4 in Japan and 3 overseas) whose financial statements are accounted for by the equity method.
3. The following items have been omitted from this earnings release because they are not deemed to be that necessary for disclosure.

Notes Concerning Consolidated Financial Statements

- Lease transactions
- Related-party transactions
- Tax-effect accounting
- Financial instruments
- Retirement benefits
- Stock options, etc.
- Business combinations, etc.
- Real estate for leasing
- Asset retirement obligations

(7) Accounting Policy Changes

Change in depreciation method

Previously, TDK used the declining-balance method for calculating the depreciation of property, plant and equipment located in Japan and certain foreign subsidiaries. Effective April 1, 2013, TDK changed it to the straight-line method as a result of reviewing the depreciation method per change in business structure. Concurrently, estimated useful lives for certain assets were also changed. Because TDK thinks that the straight-line method better reflects the pattern of consumption of estimated future benefits to derive from those assets being depreciated and provides a better matching of cost and revenues over the assets' estimated useful lives. The effect of change in depreciation method is recognized prospectively as a change in accounting estimate in accordance with the provisions of ASC No. 250 "Accounting Changes and Error Corrections". As a result of the change, income from continuing operations before income taxes for FY2014 increased by ¥1,197 million. Net income attributable to TDK and Basic net income attributable to TDK per common share for FY2014 increased by ¥745 million and ¥5.92, respectively.

(8) Segment Information

TDK has three reporting segments: Passive Components, Magnetic Application Products and Film Application Products, as well as Other, which includes products not included in these three reporting segments.

In accordance with the provisions of ASC No. 205-20, "Presentation of Financial Statements – Discontinued Operations", the figures relating to the data tape business and the blu-ray business are excluded from FY2014. The prior year's figures are also excluded to conform to the presentation used for FY2014.

Film Application Products included the data tape business and the blu-ray business in past financial statements.

For details of net sales, refer to page 23.

Net sales by industry segment

		FY2013 (April 1, 2012 - March 31, 2013)		FY2014 (April 1, 2013 - March 31, 2014)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	379,614	45.1	471,673	47.9	4,579,350	92,059	24.3
	Intersegment	3,272		3,038		29,495	(234)	-7.2
	Total	382,886		474,711		4,608,845	91,825	24.0
Magnetic Application Products	External customers	337,947	40.1	364,291	37.0	3,536,806	26,344	7.8
	Intersegment	277		356		3,456	79	28.5
	Total	338,224		364,647		3,540,262	26,423	7.8
Film Application Products	External customers	102,893	12.2	129,304	13.1	1,255,378	26,411	25.7
	Intersegment	2,869		2,913		28,282	44	1.5
	Total	105,762		132,217		1,283,660	26,455	25.0
Other	External customers	21,393	2.6	19,257	2.0	186,961	(2,136)	-10.0
	Intersegment	16,478		8,112		78,757	(8,366)	-50.8
	Total	37,871		27,369		265,718	(10,502)	-27.7
Intersegment eliminations		(22,896)		(14,419)		(139,990)	8,477	
Total		841,847	100.0	984,525	100.0	9,558,495	142,678	16.9

Segment profit (loss) by industry segment

		FY2013 (April 1, 2012 - March 31, 2013)		FY2014 (April 1, 2013 - March 31, 2014)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		(11,053)	-2.9	15,449	3.3	149,990	26,502	-
Magnetic Application Products		37,088	11.0	28,120	7.7	273,010	(8,968)	-24.2
Film Application Products		12,824	12.5	13,352	10.3	129,631	528	4.1
Other		(1,775)	-8.3	(3,196)	-16.6	(31,029)	(1,421)	-
Sub total		37,084	4.4	53,725	5.5	521,602	16,641	44.9
Corporate and Eliminations		(15,030)		(17,109)		(166,107)	(2,079)	
Operating income		22,054	2.6	36,616	3.7	355,495	14,562	66.0

Note:

U.S.\$1=Yen 103, for convenience only.