

**(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, 2016, TDK Corporation had 129 subsidiaries (14 in Japan and 115 overseas).  
TDK Corporation also had 7 affiliates (4 in Japan and 3 overseas) whose financial statements are accounted for by the equity method.  
TDK disposed the whole share of EPCOS (Anhui) Feida Electronics Co., Ltd in the year ended March 31, 2016. On the other hand, TDK acquired Micronas Semiconductor Holding AG and its subsidiaries. As a result, these 11 entities were newly included in the scope of consolidation of TDK in the year ended March 31, 2016.
3. In November 2015, the FASB issued Accounting Standards Update (“ASU”) No. 2015-17, “Balance Sheet Classification of Deferred Taxes.” To simplify the presentation of deferred income taxes, this ASU requires that deferred tax assets and liabilities to be classified as noncurrent in a consolidated balance sheet. TDK has early adopted this ASU for the year ended March 31, 2016. For the adoption of this ASU, TDK did not retrospectively adjust the consolidated balance sheets of the prior periods.
4. 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) Segment Information**

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

In accordance with the reorganization in 1Q of FY2016, certain products of Passive Components and Magnetic Application Products were reclassified into Other. The prior year's figures are also reclassified to conform to the new segmentation.

**Sales by industry segment**

		FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	531,998	49.1	575,746	50.0	5,095,097	43,748	8.2
	Intersegment	3,024		2,795		24,735	(229)	-7.6
	Total	535,022		578,541		5,119,832	43,519	8.1
Magnetic Application Products	External customers	363,347	33.6	315,322	27.3	2,790,460	(48,025)	-13.2
	Intersegment	202		325		2,876	123	60.9
	Total	363,549		315,647		2,793,336	(47,902)	-13.2
Film Application Products	External customers	151,275	14.0	222,359	19.3	1,967,779	71,084	47.0
	Intersegment	2,906		2,989		26,451	83	2.9
	Total	154,181		225,348		1,994,230	71,167	46.2
Other	External customers	35,940	3.3	38,828	3.4	343,611	2,888	8.0
	Intersegment	12,921		17,289		153,000	4,368	33.8
	Total	48,861		56,117		496,611	7,256	14.9
Intersegment eliminations		(19,053)		(23,398)		(207,062)	(4,345)	
Total		1,082,560	100.0	1,152,255	100.0	10,196,947	69,695	6.4

**Note:**

U.S.\$1=Yen 113, for convenience only.

**Segment profit by industry segment**

		FY2015 (April 1, 2014 - March 31, 2015)		FY2016 (April 1, 2015 - March 31, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		36,611	6.9	66,404	11.5	587,646	29,793	81.4
Magnetic Application Products		29,676	8.2	13,194	4.2	116,761	(16,482)	-55.5
Film Application Products		24,558	16.2	36,356	16.4	321,735	11,798	48.0
Other		571	1.6	1,881	4.8	16,646	1,310	229.4
Sub total		91,416	8.4	117,835	10.2	1,042,788	26,419	28.9
Corporate and Eliminations		(18,957)		(24,421)		(216,115)	(5,464)	
Operating income		72,459	6.7	93,414	8.1	826,673	20,955	28.9

**Notes:**

1. U.S.\$1=Yen 113, for convenience only.
2. % to sales of each corresponding segment