



TDK Corporation
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Contact;

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Consolidated results (U.S. GAAP) for the 1st quarter of FY March 2018

Summary (April 1, 2017 - June 30, 2017)

Term Item	1Q of FY2017 (April. 1, 2016 - June. 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	278,769	100.0	289,526	100.0	2,585,054	10,757	3.9
Operating income	16,502	5.9	15,638	5.4	139,625	(864)	-5.2
Income before income taxes	16,382	5.9	16,936	5.8	151,214	554	3.4
Net income attributable to TDK	12,401	4.4	10,955	3.8	97,813	(1,446)	-11.7
Per common share :							
Net income attributable to TDK / Basic	Yen 98.32		Yen 86.80		U.S.\$ 0.78		
Net income attributable to TDK / Diluted	Yen 96.69		Yen 86.61		U.S.\$ 0.77		
Capital expenditures	53,486	-	42,925	-	383,259	(10,561)	-19.7
Depreciation and amortization	20,628	7.4	20,551	7.1	183,491	(77)	-0.4
Research and development	21,634	7.8	22,720	7.8	202,857	1,086	5.0
Result of financial income (loss)	140	-	421	-	3,759	281	-
Ratio of overseas production	85.8%	-	86.5%	-	-		
Number of employees	92,042	-	102,395	-	-		

Note:

U.S.\$1=Yen 112, for convenience only.

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[Summary Information and Financial Statements]

1. Summary Information Regarding Financial Results for the First Quarter of Fiscal 2018

(1) Summary Information Regarding Consolidated Business Results

Consolidated results for the first three months of fiscal 2018, the period from April 1 to June 30, 2017, are as follows.

During the first quarter of fiscal 2018, the global economy maintained a gradual pace of recovery. In the U.S., Europe and Japan, corporate business conditions, employment levels and personal consumption trended firmly. The emerging economies of China, India and other countries continued to experience higher rates of growth than developed countries, despite some signs of a slight slowdown.

The electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones increased from the same period of the previous fiscal year, albeit at a slower growth rate. Production in the automotive market was higher than in the same period of the previous fiscal year, driven mainly by solid automobile sales in Japan and Europe. Meanwhile, production of PCs decreased slightly from the same period of the previous fiscal year. Production of hard disk drives (HDDs) edged down from the same period of the previous fiscal year, posting a smaller decline owing to a supply shortage of solid state drives (SSDs).

In this business environment, the TDK's consolidated operating results for the first quarter of fiscal 2018 were as follows.

Term Item	1Q of FY2017 (April. 1, 2016 - June. 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	278,769	100.0	289,526	100.0	2,585,054	10,757	3.9
Operating income	16,502	5.9	15,638	5.4	139,625	(864)	-5.2
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Net income attributable to TDK	12,401	4.4	10,955	3.8	97,813	(1,446)	-11.7
Per common share :							
Net income attributable to TDK / Basic	Yen 98.32		Yen 86.80		U.S.\$ 0.78		
Net income attributable to TDK / Diluted	Yen 96.69		Yen 86.61		U.S.\$ 0.77		

Note:

U.S.\$1=Yen 112, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first quarter of fiscal 2018 were ¥111.16 and ¥122.02, respectively, as the yen depreciated 2.6% against the U.S. dollar and the yen appreciated 0.3% against the euro. This increased net sales by approximately ¥4.0 billion and operating income by approximately ¥1.1 billion.

Sales by Product

Term Product	1Q of FY2017 (April 1, 2016 - June 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	34,356	12.3	36,280	12.5	323,928	1,924	5.6
Inductive Devices	35,706	12.8	37,603	13.0	335,741	1,897	5.3
Other Passive Components	62,599	22.5	29,629	10.3	264,545	(32,970)	-52.7
Passive Components	132,661	47.6	103,512	35.8	924,214	(29,149)	-22.0
Sensor Application Products	10,445	3.7	16,393	5.7	146,366	5,948	56.9
Recording Devices	55,877	20.0	56,733	19.6	506,545	856	1.5
Other Magnetic Application Products	21,423	7.7	23,310	8.0	208,125	1,887	8.8
Magnetic Application Products	77,300	27.7	80,043	27.6	714,670	2,743	3.5
Film Application Products	51,812	18.6	79,699	27.5	711,598	27,887	53.8
Other	6,551	2.4	9,879	3.4	88,206	3,328	50.8
Total	278,769	100.0	289,526	100.0	2,585,054	10,757	3.9
Overseas sales	254,633	91.3	260,993	90.1	2,330,295	6,360	2.5

Notes:

1. U.S.\$1=Yen 112, for convenience only.
2. In accordance with the reorganization in 1Q of FY2018, Sensor Application Products was newly established. Certain products of Other were reclassified into Other Passive Components and certain products of Recording Devices were reclassified into Other. The prior year's sales are also reclassified to conform to the new segmentation.

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 ¥103,512 million (U.S.\$ 924,214 thousand), down 22.0% year on year from ¥132,661 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥36,280 million (U.S.\$ 323,928 thousand), up 5.6% year on year from ¥34,356 million. Sales of Ceramic Capacitors increased to the automotive market, while decreased to the ICT (Information and Communications Technology) market. Sales of Aluminum Electrolytic Capacitors and Film Capacitors increased mainly to the industrial equipment market.

Sales of Inductive Devices increased by 5.3% year on year from ¥35,706 million to ¥37,603 million (U.S.\$ 335,741 thousand). Sales increased to the automotive and the industrial equipment markets, while decreased to the ICT market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products and Circuit Protection Components. Sales of Other Passive Components decreased by 52.7% year on year from ¥62,599 million to ¥29,629 million (U.S.\$ 264,545 thousand). Sales to the ICT market decreased sharply due to the impact of transferring part of the high-frequency components business to RF360 Holdings Singapore PTE. Ltd., a joint venture with Qualcomm Incorporated.

2) Sensor Application Products Segment

This segment is made up of Temperature and Pressure Sensors, Magnetic Sensors and MEMS Sensors. Segment sales increased by 56.9% from ¥10,445 million to ¥16,393 million (U.S.\$ 146,366 thousand).

Sales to the ICT market increased due to the consolidation of the sales of InvenSense, Inc., following the completion of its acquisition in the first quarter of fiscal 2018.

3) Magnetic Application Products Segment

This segment is made up of (1) Recording Devices, and (2) Other Magnetic Application Products. Segment sales increased 3.5% year on year, from ¥77,300 million to ¥80,043 million (U.S.\$ 714,670 thousand).

Recording Devices comprises mainly HDD Heads and HDD Suspension Assemblies. It recorded sales of ¥56,733 million (U.S.\$ 506,545 thousand), up 1.5% from ¥55,877 million. Sales of HDD Heads and HDD Suspension Assemblies increased despite the slump in the HDD market.

Other Magnetic Application Products include Power Supplies and Magnets. Sales increased by 8.8% year on year from ¥21,423 million to ¥23,310 million (U.S.\$ 208,125 thousand).

Sales of Power Supplies increased mainly to the industrial equipment market. Also, sales of Magnets increased mainly to the industrial equipment market.

4) Film Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries). Segment sales increased by 53.8% from ¥51,812 million to ¥79,699 million (U.S.\$ 711,598 thousand).

Sales of Energy Devices increased significantly to the ICT market.

5) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales increased by 50.8% from ¥6,551 million to ¥9,879 million (U.S.\$ 88,206 thousand).

The main businesses making up the four 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
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales increased by 2.5% year on year from ¥254,633 million to ¥260,993 million (U.S.\$ 2,330,295 thousand). Overseas sales accounted for 90.1% of consolidated net sales, a 1.2 percentage point decrease from 91.3% in the first quarter of fiscal 2017. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of June 30, 2017.

Total assets	¥1,912,968 million	(14.9% increase)
Total TDK stockholders' equity	¥801,197 million	(1.0% increase)
Stockholders' equity ratio	41.9%	(5.8 point decrease)

As of June 30, 2017, total assets increased by ¥248,635 million compared with March 31, 2017. Net liquidity (cash and cash equivalent, short-term investments, marketable securities) decreased by ¥480 million, while goodwill, net property, plant and equipment, net trade receivables and inventories increased by ¥127,593 million, ¥38,373 million, ¥35,437 million and ¥32,422 million, respectively. An increase of goodwill was mainly due to an acquisition of InvenSense, Inc.

Total liabilities increased by ¥240,901 million from March 31, 2017. Short-term debt and long-term debt increased by ¥107,402 million and ¥59,295 million, respectively.

Total TDK stockholders' equity, which is included in total equity, increased by ¥7,583 million from March 31, 2017. Accumulated other comprehensive income (loss) increased by ¥4,111 million, due to an increase in foreign currency translation adjustments compared with March 31, 2017.

2) Cash Flows

(Yen millions)

	FY 2016 1Q	FY 2017 1Q	Change
Net cash provided (used) by operating activities	8,731	(19,643)	(28,374)
Net cash used in investing activities	(48,242)	(176,265)	(128,023)
Net cash provided by financing activities	37,312	168,347	131,035
Effect of exchange rate changes on cash and cash equivalents	(24,918)	2,303	27,221
Net increase (decrease) in cash and cash equivalents	(27,117)	(25,258)	1,859
Cash and cash equivalents at beginning of period	285,468	330,388	44,920
Cash and cash equivalents at end of period	258,351	305,130	46,779

Operating activities used net cash of ¥19,643 million (U.S.\$175,384 thousand), changed by ¥28,374 million year on year. It mainly came from an increase in inventories.

Investing activities used net cash of ¥176,265 million (U.S.\$1,573,795 thousand), an increase of ¥128,023 million year on year. It mainly came from an acquisition of subsidiaries.

Financing activities provided net cash of ¥168,347 million (U.S.\$1,503,098 thousand), an increase of ¥131,035 million year on year. It mainly came from increases in long-term debt and short-term debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2018 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2018, the year ending March 31, 2018, are as follows.

Term Item	FY2018 (April 1, 2017 - March 31, 2018)	FY2018 (April 1, 2017 - March 31, 2018)	FY2017 (April 1, 2016 - March 31, 2017)	vs FY2017 Changes	
	Projection in July '17	Projection in May '17	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,190,000	1,110,000	1,178,257	11,743	1.0
Operating income	80,000	80,000	208,660	(128,660)	-61.7
Income before income taxes	79,000	79,000	211,717	(132,717)	-62.7
Net income attributable to TDK	55,000	55,000	145,099	(90,099)	-62.1
Capital expenditures	160,000	160,000	167,631	(7,631)	-4.6
Depreciation and amortization	88,000	88,000	87,491	509	0.6
Research and development	94,000	86,000	91,254	2,746	3.0

(Notes)

The full-year projections announced on May 10, 2017 did not include the expected contribution to results from the acquisition of InvenSense, Inc. However, this expected contribution has been factored into the latest projections above.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥108 and ¥118 respectively will be assumed from the second 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 Corporation and/or its group companies (TDK). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK'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 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 operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK 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

TDK acquired the whole share of InvenSense, Inc. and consolidated InvenSense, Inc. and its subsidiaries in the quarter ended June 30, 2017.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

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

Simplifying the Measurement of Inventory

In July 2015, Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2015-11 "Simplifying the Measurement of Inventory".

This ASU applies to all inventory except for which is measured using last-in, first-out (LIFO) or the retail inventory method, and requires an entity to measure inventory at the lower of cost and net realizable value. Net realizable value is defined as the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. TDK adopted this ASU prospectively from April 1, 2017.

The adoption of this ASU did not have a material impact on TDK's results of operations and financial position.

Simplifying the Test for Goodwill Impairment

In January 2017, FASB issued ASU 2017-04 "Simplifying the Test for Goodwill Impairment". This ASU eliminates Step 2 of the goodwill impairment test, instead requires an entity to recognize an impairment charge for the amount by which the carrying amount of a reporting unit exceeds its fair value, not to exceed the total amount of goodwill allocated to the reporting unit. TDK early adopted this ASU prospectively from April 1, 2017.

The effect of adopting this ASU on TDK's results of operations and financial position will depend on result of test for goodwill impairment.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2018 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, 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 innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including 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 2018 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2018 Forecast	FY2017 Actual
Interim dividend	60.00	60.00
Year-end dividend	70.00	60.00
Annual dividend	130.00	120.00

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS						
Term Item	As of March 31, 2017		As of June 30, 2017			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current assets	866,136	52.0	952,954	49.8	8,508,518	86,818
Cash and cash equivalents	330,388		305,130		2,724,375	(25,258)
Short-term investments	56,131		77,116		688,536	20,985
Marketable securities	-		3,793		33,866	3,793
Net trade receivables	254,909		290,346		2,592,375	35,437
Inventories	154,499		186,921		1,668,937	32,422
Other current assets	70,209		89,648		800,429	19,439
Noncurrent assets	798,197	48.0	960,014	50.2	8,571,553	161,817
Investments in securities	161,825		153,259		1,368,384	(8,566)
Net property, plant and equipment	464,667		503,040		4,491,428	38,373
Goodwill	61,031		188,624		1,684,143	127,593
Other assets	110,674		115,091		1,027,598	4,417
TOTAL	1,664,333	100.0	1,912,968	100.0	17,080,071	248,635

LIABILITIES AND EQUITY						
Term Item	As of March 31, 2017		As of June 30, 2017			Change
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)
Current liabilities	477,594	28.7	654,813	34.2	5,846,545	177,219
Short-term debt	77,680		185,082		1,652,518	107,402
Current installments of long-term debt	42,517		71,197		635,688	28,680
Trade payables	176,644		199,985		1,785,580	23,341
Accrued expenses	148,609		160,909		1,436,688	12,300
Other current liabilities	32,144		37,640		336,071	5,496
Noncurrent liabilities	384,621	23.1	448,303	23.4	4,002,705	63,682
Long-term debt, excluding current installments	213,935		273,230		2,439,553	59,295
Retirement and severance benefits	125,202		127,798		1,141,054	2,596
Other noncurrent liabilities	45,484		47,275		422,098	1,791
Total liabilities	862,215	51.8	1,103,116	57.6	9,849,250	240,901
Common stock	32,641		32,641		291,438	-
Additional paid-in capital	15,349		15,385		137,366	36
Legal reserve	37,727		37,060		330,893	(667)
Retained earnings	833,884		837,934		7,481,553	4,050
Accumulated other comprehensive income (loss)	(108,575)		(104,464)		(932,715)	4,111
Treasury stock	(17,412)		(17,359)		(154,991)	53
Total TDK stockholders' equity	793,614	47.7	801,197	41.9	7,153,544	7,583
Noncontrolling interests	8,504	0.5	8,655	0.5	77,277	151
Total equity	802,118	48.2	809,852	42.4	7,230,821	7,734
TOTAL	1,664,333	100.0	1,912,968	100.0	17,080,071	248,635

Note:

U.S.\$1=Yen 112, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income (Loss)

Statements of Income

Item	Term		1Q of FY2017 (April 1, 2016 - June 30, 2016)			1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)			
Net sales	278,769	100.0	289,526	100.0	2,585,054	10,757	3.9			
Cost of sales	204,271	73.3	213,286	73.7	1,904,340	9,015	4.4			
Gross profit	74,498	26.7	76,240	26.3	680,714	1,742	2.3			
Selling, general and administrative expenses	57,038	20.5	62,324	21.5	556,464	5,286	9.3			
Other operating expense (income)	958	0.3	(1,722)	-0.6	(15,375)	(2,680)	-			
Operating income	16,502	5.9	15,638	5.4	139,625	(864)	-5.2			
Other income (deductions):										
Interest and dividend income	953		1,367		12,205	414				
Interest expense	(813)		(946)		(8,446)	(133)				
Foreign exchange gain (loss)	(1,213)		(407)		(3,634)	806				
Other-net	953		1,284		11,464	331				
Total other income (deductions)	(120)	-0.0	1,298	0.4	11,589	1,418	-			
Income before income taxes	16,382	5.9	16,936	5.8	151,214	554	3.4			
Income taxes	3,795	1.4	5,762	1.9	51,446	1,967	51.8			
Net income	12,587	4.5	11,174	3.9	99,768	(1,413)	-11.2			
Less: Net income attributable to noncontrolling interests	186	0.1	219	0.1	1,955	33	17.7			
Net income attributable to TDK	12,401	4.4	10,955	3.8	97,813	(1,446)	-11.7			

Note:

U.S.\$1=Yen 112, for convenience only.

Statements of Comprehensive Income (Loss)

Item	Term		1Q of FY2017 (April 1, 2016 - June 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)		Change	
	(Yen millions)	(Yen millions)	(Yen millions)	(U.S.\$ thousands)	(Yen millions)			
Net income	12,587	11,174	99,768	(1,413)				
Other comprehensive income (loss), net of taxes:								
Foreign currencies translation adjustments	(81,251)	3,436	30,679	84,687				
Pension liability adjustments	935	990	8,839	55				
Net unrealized gains (losses) on securities	(1,475)	(304)	(2,714)	1,171				
Total other comprehensive income (loss)	(81,791)	4,122	36,804	85,913				
Comprehensive income (loss)	(69,204)	15,296	136,572	84,500				
Comprehensive income (loss) attributable to noncontrolling interests	(648)	230	2,054	878				
Comprehensive income (loss) attributable to TDK	(68,556)	15,066	134,518	83,622				

Note:

U.S.\$1=Yen 112, for convenience only.

(3) Statements of Cash Flows

Item	Term	1Q of FY2018	
		(April 1, 2016 - June 30, 2016)	(April 1, 2017 - June 30, 2017)
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	12,587	11,174	99,768
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	20,628	20,551	183,491
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(35,538)	(29,623)	(264,491)
Decrease (increase) in inventories	(7,857)	(23,105)	(206,295)
Increase (decrease) in trade payables	32,767	19,708	175,964
Increase (decrease) in accrued expenses	(6,019)	(5,470)	(48,839)
Decrease (increase) in other assets and liabilities, net	(7,486)	(8,587)	(76,670)
Other-net	(351)	(4,291)	(38,312)
Net cash provided by (used in) operating activities	8,731	(19,643)	(175,384)
Cash flows from investing activities:			
Capital expenditures	(53,486)	(42,925)	(383,259)
Proceeds from sales of tangible and intangible assets	5,411	5,757	51,402
Proceeds from sale and maturity of short-term investments	7,529	29,982	267,696
Payment for purchase of short-term investments	(7,503)	(50,491)	(450,813)
Proceeds from sale and maturity of securities	67	20,375	181,920
Payment for purchase of securities	(165)	(70)	(625)
Acquisition of subsidiaries, net of cash acquired	-	(138,847)	(1,239,705)
Other-net	(95)	(46)	(411)
Net cash used in investing activities	(48,242)	(176,265)	(1,573,795)
Cash flows from financing activities:			
Proceeds from long-term debt	21,137	66,806	596,482
Repayment of long-term debt	(208)	(300)	(2,678)
Increase (decrease) in short-term debt, net	23,881	109,228	975,250
Dividends paid	(7,406)	(7,425)	(66,295)
Other-net	(92)	38	339
Net cash provided by financing activities	37,312	168,347	1,503,098
Effect of exchange rate changes on cash and cash equivalents	(24,918)	2,303	20,563
Net increase (decrease) in cash and cash equivalents	(27,117)	(25,258)	(225,518)
Cash and cash equivalents at beginning of period	285,468	330,388	2,949,893
Cash and cash equivalents at end of period	258,351	305,130	2,724,375

Note:

U.S.\$1=Yen 112, for convenience only.

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) Segment Information

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

In addition, TDK newly established Sensor Systems Business Company on April 1, 2017, and established Sensor Application Products segment from the quarter ended June 30, 2017 in accordance with the change of control segment of certain businesses. Sensors of Passive Components, Magnetic Sensors of Magnetic Application Products and certain products of Other were reclassified into newly established reporting segment of Sensor Application Products from the quarter ended June 30, 2017.

Furthermore, in accordance with the reorganization in 1Q of FY2018, certain products of Other were reclassified into Passive Components and certain products of Magnetic Application Products were reclassified into Other.

In accordance with the above, the prior year's figures are also reclassified to conform to the new segmentation.

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
Sensor Application Products	Temperature and Pressure Sensors, Magnetic Sensors, MEMS Sensors
Magnetic Application Products	HDD Heads, HDD Suspension Assemblies, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

Previous 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	HDD Heads, HDD Suspension Assemblies, Magnetic Sensors, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

Sales by industry segment

		1Q of FY2017 (April 1, 2016 - June 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	132,661	47.6	103,512	35.8	924,214	(29,149)	-22.0
	Intersegment	807		855		7,634	48	5.9
	Total	133,468		104,367		931,848	(29,101)	-21.8
Sensor Application Products	External customers	10,445	3.7	16,393	5.7	146,366	5,948	56.9
	Intersegment	12		48		429	36	300.0
	Total	10,457		16,441		146,795	5,984	57.2
Magnetic Application Products	External customers	77,300	27.7	80,043	27.6	714,670	2,743	3.5
	Intersegment	23		71		634	48	208.7
	Total	77,323		80,114		715,304	2,791	3.6
Film Application Products	External customers	51,812	18.6	79,699	27.5	711,598	27,887	53.8
	Intersegment	-		-		-	-	-
	Total	51,812		79,699		711,598	27,887	53.8
Other	External customers	6,551	2.4	9,879	3.4	88,206	3,328	50.8
	Intersegment	6,820		7,498		66,946	678	9.9
	Total	13,371		17,377		155,152	4,006	30.0
Intersegment eliminations		(7,662)		(8,472)		(75,643)	(810)	
Total		278,769	100.0	289,526	100.0	2,585,054	10,757	3.9

Note:

U.S.\$1=Yen 112, for convenience only.

Segment profit (loss) by industry segment

		1Q of FY2017 (April 1, 2016 - June 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		14,781	11.1	10,238	9.9	91,411	(4,543)	-30.7
Sensor Application Products		(961)	-9.2	(4,574)	-27.9	(40,839)	(3,613)	-
Magnetic Application Products		4,090	5.3	4,838	6.0	43,196	748	18.3
Film Application Products		7,062	13.6	12,693	15.9	113,330	5,631	79.7
Other		(1,532)	-23.4	328	3.3	2,929	1,860	-
Sub total		23,440	8.4	23,523	8.1	210,027	83	0.4
Corporate and Eliminations		(6,938)		(7,885)		(70,402)	(947)	
Operating income		16,502	5.9	15,638	5.4	139,625	(864)	-5.2

Notes:

1. U.S.\$1=Yen 112, for convenience only.
2. % to sales of each corresponding segment

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1) Exchange rates used for conversion

Term	As of June 30, 2016		As of June 30, 2017		As of March 31, 2017	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	102.91	114.39	112.00	127.97	112.19	119.79

2) Sales by region

Region	Term	1Q of FY2017 (April 1, 2016 - June 30, 2016)		1Q of FY2018 (April 1, 2017 - June 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas		27,176	9.7	24,249	8.3	216,509	(2,927)	-10.8
Europe		37,261	13.4	37,584	13.0	335,572	323	0.9
Asia and others		190,196	68.2	199,160	68.8	1,778,214	8,964	4.7
Overseas sales total		254,633	91.3	260,993	90.1	2,330,295	6,360	2.5
Japan		24,136	8.7	28,533	9.9	254,759	4,397	18.2
Net sales		278,769	100.0	289,526	100.0	2,585,054	10,757	3.9

Notes:

1. U.S.\$1=Yen 112, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of June 30, 2017, TDK Corporation had 146 consolidated subsidiaries (16 in Japan and 130 overseas). TDK Corporation also had 8 affiliates (3 in Japan and 5 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Product	1Q of FY2017 (April 1, 2016 - June 30, 2016)		2Q of FY2017 (July 1, 2016 - September 30, 2016)		3Q of FY2017 (October 1, 2016 - December 31, 2016)		4Q of FY2017 (January 1, 2017 - March 31, 2017)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	34,356	12.3	33,746	11.2	33,644	10.4	35,044	12.8
Inductive Devices	35,706	12.8	35,461	11.8	36,595	11.3	37,572	13.7
Other	62,599	22.5	70,014	23.3	72,772	22.4	40,716	14.8
Passive Components	132,661	47.6	139,221	46.3	143,011	44.1	113,332	41.3
Sensor Application Products	10,445	3.7	10,472	3.5	10,474	3.2	11,459	4.2
Recording Devices	55,877	20.0	57,343	19.1	66,035	20.3	63,032	23.0
Other	21,423	7.7	21,605	7.2	21,639	6.7	22,896	8.3
Magnetic Application Products	77,300	27.7	78,948	26.3	87,674	27.0	85,928	31.3
Film Application Products	51,812	18.6	65,166	21.7	76,364	23.5	54,351	19.8
Other	6,551	2.4	6,605	2.2	7,249	2.2	9,234	3.4
Total	278,769	100.0	300,412	100.0	324,772	100.0	274,304	100.0

Product	1Q of FY2018 (April 1, 2017 - June 30, 2017)		
	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	36,280	12.5	323,928
Inductive Devices	37,603	13.0	335,741
Other	29,629	10.3	264,545
Passive Components	103,512	35.8	924,214
Sensor Application Products	16,393	5.7	146,366
Recording Devices	56,733	19.6	506,545
Other	23,310	8.0	208,125
Magnetic Application Products	80,043	27.6	714,670
Film Application Products	79,699	27.5	711,598
Other	9,879	3.4	88,206
Total	289,526	100.0	2,585,054

Notes:

1. U.S.\$1=Yen 112, for convenience only.
2. In accordance with the reorganization in 1Q of FY2018, Sensor Application Products was newly established. Certain products of Other were reclassified into Other Passive Components and certain products of Recording Devices were reclassified into Other. The prior year's sales are also reclassified to conform to the new segmentation.