

(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

[1st half results]

Sales by industry segment

		1H of FY2017 (April 1, 2016 - September 30, 2016)		1H of FY2018 (April 1, 2017 - September 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	271,882	46.9	214,978	34.5	1,902,460	(56,904)	-20.9
	Intersegment	1,547		1,940		17,168	393	25.4
	Total	273,429		216,918		1,919,628	(56,511)	-20.7
Sensor Application Products	External customers	20,917	3.6	36,592	5.9	323,823	15,675	74.9
	Intersegment	22		65		575	43	195.5
	Total	20,939		36,657		324,398	15,718	75.1
Magnetic Application Products	External customers	156,248	27.0	165,611	26.5	1,465,584	9,363	6.0
	Intersegment	57		96		850	39	68.4
	Total	156,305		165,707		1,466,434	9,402	6.0
Film Application Products	External customers	116,978	20.2	183,180	29.4	1,621,062	66,202	56.6
	Intersegment	-		-		-	-	-
	Total	116,978		183,180		1,621,062	66,202	56.6
Other	External customers	13,156	2.3	23,210	3.7	205,398	10,054	76.4
	Intersegment	12,756		18,034		159,593	5,278	41.4
	Total	25,912		41,244		364,991	15,332	59.2
Intersegment eliminations		(14,382)		(20,135)		(178,186)	(5,753)	
Total		579,181	100.0	623,571	100.0	5,518,327	44,390	7.7

Note:

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

Segment profit (loss) by industry segment

		1H of FY2017 (April 1, 2016 - September 30, 2016)		1H of FY2018 (April 1, 2017 - September 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		34,509	12.7	22,647	10.5	200,416	(11,862)	-34.4
Sensor Application Products		(2,777)	-13.3	(10,648)	-29.1	(94,230)	(7,871)	-
Magnetic Application Products		9,929	6.4	10,958	6.6	96,973	1,029	10.4
Film Application Products		20,083	17.2	33,955	18.5	300,487	13,872	69.1
Other		(4,166)	-31.7	(860)	-3.7	(7,611)	3,306	-
Sub total		57,578	9.9	56,052	9.0	496,035	(1,526)	-2.7
Corporate and Eliminations		(13,265)		(13,783)		(121,973)	(518)	
Operating income		44,313	7.7	42,269	6.8	374,062	(2,044)	-4.6

Notes:

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

[2nd quarter results]

Sales by industry segment

		2Q of FY2017 (July 1, 2016 - September 30, 2016)		2Q of FY2018 (July 1, 2017 - September 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	139,221	46.3	111,466	33.4	986,425	(27,755)	-19.9
	Intersegment	740		1,085		9,602	345	46.6
	Total	139,961		112,551		996,027	(27,410)	-19.6
Sensor Application Products	External customers	10,472	3.5	20,199	6.0	178,752	9,727	92.9
	Intersegment	10		17		150	7	70.0
	Total	10,482		20,216		178,902	9,734	92.9
Magnetic Application Products	External customers	78,948	26.3	85,568	25.6	757,239	6,620	8.4
	Intersegment	34		25		221	(9)	-26.5
	Total	78,982		85,593		757,460	6,611	8.4
Film Application Products	External customers	65,166	21.7	103,481	31.0	915,761	38,315	58.8
	Intersegment	-		-		-	-	-
	Total	65,166		103,481		915,761	38,315	58.8
Other	External customers	6,605	2.2	13,331	4.0	117,973	6,726	101.8
	Intersegment	5,936		10,536		93,239	4,600	77.5
	Total	12,541		23,867		211,212	11,326	90.3
Intersegment eliminations		(6,720)		(11,663)		(103,212)	(4,943)	
Total		300,412	100.0	334,045	100.0	2,956,150	33,633	11.2

Note:

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

Segment profit (loss) by industry segment

		2Q of FY2017 (July 1, 2016 - September 30, 2016)		2Q of FY2018 (July 1, 2017 - September 30, 2017)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		19,728	14.2	12,409	11.1	109,814	(7,319)	-37.1
Sensor Application Products		(1,816)	-17.3	(6,074)	-30.1	(53,752)	(4,258)	-
Magnetic Application Products		5,839	7.4	6,120	7.2	54,159	281	4.8
Film Application Products		13,021	20.0	21,262	20.5	188,159	8,241	63.3
Other		(2,634)	-39.9	(1,188)	-8.9	(10,513)	1,446	-
Sub total		34,138	11.4	32,529	9.7	287,867	(1,609)	-4.7
Corporate and Eliminations		(6,327)		(5,898)		(52,194)	429	
Operating income		27,811	9.3	26,631	8.0	235,673	(1,180)	-4.2

Notes:

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

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.