

(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 Energy Application Products, as well as Other, which includes products not included in these four reporting segments.

In addition, TDK newly established Energy Solutions Business Company on April 1, 2018, and established Energy Application Products segment from the quarter ended June 30, 2018 in accordance with the change of control segment of certain businesses. Energy Devices (Rechargeable Batteries) of Film Application Products, Power Supplies of Magnetic Application Products and certain products of Other were reclassified into newly established reporting segment of Energy Application Products from the quarter ended June 30, 2018.

Furthermore, in accordance with the reorganization in 1Q of FY2018, certain products of Passive Components were reclassified into Other, certain products of Other were reclassified into Passive Components and certain products of Sensor 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, Magnets
Energy Application Products	Energy Devices (Rechargeable Batteries) , Power Supplies
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
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

[1st half results]

Sales by industry segment

		1H of FY2018 (April 1, 2017 - September 30, 2017)		1H of FY2019 (April 1, 2018 - September 30, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	202,542	32.5	224,822	31.1	1,972,123	22,280	11.0
	Intersegment	2,034		1,692		14,842	(342)	-16.8
	Total	204,576		226,514		1,986,965	21,938	10.7
Sensor Application Products	External customers	36,479	5.8	39,477	5.5	346,290	2,998	8.2
	Intersegment	57		40		351	(17)	-29.8
	Total	36,536		39,517		346,641	2,981	8.2
Magnetic Application Products	External customers	138,154	22.2	145,866	20.2	1,279,526	7,712	5.6
	Intersegment	94		37		325	(57)	-60.6
	Total	138,248		145,903		1,279,851	7,655	5.5
Energy Application Products	External customers	217,484	34.9	280,348	38.8	2,459,193	62,864	28.9
	Intersegment	2		7		61	5	-
	Total	217,486		280,355		2,459,254	62,869	28.9
Other	External customers	28,912	4.6	31,427	4.4	275,675	2,515	8.7
	Intersegment	17,775		14,637		128,395	(3,138)	-17.7
	Total	46,687		46,064		404,070	(623)	-1.3
Intersegment eliminations		(19,962)		(16,413)		(143,974)	3,549	
Total		623,571	100.0	721,940	100.0	6,332,807	98,369	15.8

Note:

U.S.\$1=Yen 114, for convenience only.

Segment profit (loss) by industry segment

		1H of FY2018 (April 1, 2017 - September 30, 2017)		1H of FY2019 (April 1, 2018 - September 30, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		23,110	11.4	30,401	13.5	266,675	7,291	31.5
Sensor Application Products		(10,318)	-28.3	(9,504)	-24.1	(83,368)	814	-
Magnetic Application Products		8,693	6.3	4,407	3.0	38,658	(4,286)	-49.3
Energy Application Products		35,054	16.1	54,348	19.4	476,737	19,294	55.0
Other		1,257	4.3	(2,756)	-8.8	(24,175)	(4,013)	-
Sub total		57,796	9.3	76,896	10.7	674,527	19,100	33.0
Corporate and Eliminations		(13,582)		(14,716)		(129,088)	(1,134)	
Operating income		44,214	7.1	62,180	8.6	545,439	17,966	40.6

Notes:

1. U.S.\$1=Yen 114, for convenience only.
2. % to sales of each corresponding segment
3. The prior year's results are reclassified due to adaption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As a result of this reclassification, operating income increased by ¥1,945 million. Please refer to page 12 for more detailed information.

[2nd quarter results]

Sales by industry segment

		2Q of FY2018 (July 1, 2017 - September 30, 2017)		2Q of FY2019 (July 1, 2018 - September 30, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	105,822	31.7	112,100	29.6	983,333	6,278	5.9
	Intersegment	1,163		891		7,816	(272)	-23.4
	Total	106,985		112,991		991,149	6,006	5.6
Sensor Application Products	External customers	20,162	6.0	20,608	5.4	180,772	446	2.2
	Intersegment	9		7		61	(2)	-22.2
	Total	20,171		20,615		180,833	444	2.2
Magnetic Application Products	External customers	71,773	21.5	75,390	19.9	661,316	3,617	5.0
	Intersegment	25		14		123	(11)	-44.0
	Total	71,798		75,404		661,439	3,606	5.0
Energy Application Products	External customers	122,168	36.6	154,761	40.9	1,357,553	32,593	26.7
	Intersegment	-		-		-	-	-
	Total	122,168		154,761		1,357,553	32,593	26.7
Other	External customers	14,120	4.2	16,013	4.2	140,465	1,893	13.4
	Intersegment	10,451		7,826		68,649	(2,625)	-25.1
	Total	24,571		23,839		209,114	(732)	-3.0
Intersegment eliminations		(11,648)		(8,738)		(76,649)	2,910	
Total		334,045	100.0	378,872	100.0	3,323,439	44,827	13.4

Note:

U.S.\$1=Yen 114, for convenience only.

Segment profit (loss) by industry segment

		2Q of FY2018 (July 1, 2017 - September 30, 2017)		2Q of FY2019 (July 1, 2018 - September 30, 2018)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		12,827	12.1	16,379	14.6	143,675	3,552	27.7
Sensor Application Products		(5,844)	-29.0	(4,563)	-22.1	(40,026)	1,281	-
Magnetic Application Products		5,001	7.0	939	1.2	8,237	(4,062)	-81.2
Energy Application Products		21,602	17.7	33,323	21.5	292,307	11,721	54.3
Other		(175)	-1.2	(1,716)	-10.7	(15,053)	(1,541)	-
Sub total		33,411	10.0	44,362	11.7	389,140	10,951	32.8
Corporate and Eliminations		(5,799)		(7,602)		(66,684)	(1,803)	
Operating income		27,612	8.3	36,760	9.7	322,456	9,148	33.1

Notes:

1. U.S.\$1=Yen 114, for convenience only.
2. % to sales of each corresponding segment
3. The prior year's results are reclassified due to adaption of Accounting Standards Update("ASU") 2017-07 "Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost". As a result of this reclassification, operating income increased by ¥981 million. Please refer to page 12 for more detailed information.

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.