

2. Summary Information Regarding Consolidated Financial Position

(2-1) The following table summarizes TDK's consolidated balance sheet as at September 30, 2008.

Total assets	¥1,063,295 million	(13.7% increase)
Total stockholders' equity	¥728,189 million	(1.6% increase)
Stockholders' equity ratio	68.5%	(8.1 percentage point decrease)

At September 30, 2008, cash and cash equivalents were ¥7,512 million higher than at March 31, 2008. Inventories were ¥5,429 million higher, investments in securities increased ¥75,793 million and net property, plant and equipment rose ¥32,199 million over the same period. As a result of these changes, total assets increased by ¥127,762 million compared with March 31, 2008.

Total liabilities increased by ¥116,302 million, mainly reflecting increases of ¥108,548 million in short-term debt and ¥6,762 million in trade payables from March 31, 2008. The increase in short-term debt was mainly due to the procurement of funds for purchasing EPCOS AG shares.

Total stockholders' equity increased by ¥11,612 million compared with March 31, 2008 due mainly to a ¥2,148 million increase in retained earnings and an ¥8,434 million decrease in accumulated other comprehensive income (loss).

(2-2) Cash Flows

	Fiscal 2008 Interim	Fiscal 2009 Interim	(¥ millions) Change
Net cash provided by operating activities	42,152	45,841	3,689
Net cash used in investing activities	(52,041)	(142,859)	(90,818)
Net cash provided by (used in) financing activities	(47,748)	99,376	147,124
Effect of exchange rate changes on cash and cash equivalents	(2,066)	5,154	7,220
Net increase (decrease) in cash and cash equivalents	(59,703)	7,512	67,215
Cash and cash equivalents at beginning of period	289,169	166,105	(123,064)
Cash and cash equivalents at end of period	229,466	173,617	(55,849)

Operating activities provided net cash of ¥45,841 million (U.S.\$440,779 thousand), a year-on-year increase of ¥3,689 million. Net income decreased by ¥22,758 million to ¥11,868 million (U.S.\$114,115 thousand), while depreciation and amortization increased by ¥5,712 million to ¥38,824 million (U.S.\$373,308 thousand). In changes in assets and liabilities, trade receivables decreased by ¥23,859 million, inventories decreased by ¥6,363 million, and the decrease in accrued expenses marked a reversal of ¥9,557 million compared with the same period of fiscal 2008.

Investing activities used net cash of ¥142,859 million (U.S.\$1,373,644 thousand), ¥90,818 million more than a year earlier. Capital expenditures increased by ¥29,474 million to ¥67,716 million (U.S.\$651,115 thousand), proceeds from sale and maturity of short-term investments declined by ¥14,665 million, and acquisition of affiliates

increased ¥74,953 million. On the other hand, there was a ¥22,915 million decrease in payment for purchase of short-term investments.

Financing activities provided net cash of ¥99,376 million (U.S.\$955,538 thousand), a ¥147,124 million change from the net cash used in the same period of the previous fiscal year. In the first half of fiscal 2008, the Company used ¥39,239 million to acquire its treasury shares and ¥7,946 million to pay dividends, among other outflows that resulted in the use of net cash of ¥47,748 million. In the first half of fiscal 2009, on the other hand, there was a net increase in short-term debt of ¥108,503 million due mainly to the procurement of funds to purchase EPCOS AG shares, while ¥9,027 million was used to pay dividends.