

3. Consolidated Financial Statements

(1) Balance Sheets

| ASSETS | | | | | | | | | | |
|-----------------------------------|------|---------------------|--------------|-------------------------|--------------|--------------------|---------------------------|----------------------|--------------|----------------------------|
| Item | Term | As of Mar. 31, 2011 | | As of December 31, 2011 | | | Change from Mar. 31, 2011 | As of Sept. 30, 2011 | | Change from Sept. 30, 2011 |
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | (Yen millions) | % | (Yen millions) |
| Current assets | | 526,882 | 49.7 | 538,013 | 51.4 | 6,897,603 | 11,131 | 532,507 | 50.7 | 5,506 |
| Cash and cash equivalents | | 129,091 | | 179,965 | | 2,307,244 | 50,874 | 166,242 | | 13,723 |
| Short-term investments | | 50,803 | | 5,315 | | 68,141 | (45,488) | 3,261 | | 2,054 |
| Marketable securities | | 17,736 | | 8,597 | | 110,218 | (9,139) | 14,633 | | (6,036) |
| Net trade receivables | | 165,242 | | 150,216 | | 1,925,846 | (15,026) | 162,001 | | (11,785) |
| Inventories | | 121,679 | | 143,837 | | 1,844,064 | 22,158 | 134,503 | | 9,334 |
| Other current assets | | 42,331 | | 50,083 | | 642,090 | 7,752 | 51,867 | | (1,784) |
| Noncurrent assets | | 533,971 | 50.3 | 507,906 | 48.6 | 6,511,615 | (26,065) | 517,306 | 49.3 | (9,400) |
| Investments in securities | | 34,117 | | 32,382 | | 415,154 | (1,735) | 33,598 | | (1,216) |
| Net property, plant and equipment | | 318,403 | | 326,427 | | 4,184,961 | 8,024 | 322,801 | | 3,626 |
| Other assets | | 181,451 | | 149,097 | | 1,911,500 | (32,354) | 160,907 | | (11,810) |
| TOTAL | | 1,060,853 | 100.0 | 1,045,919 | 100.0 | 13,409,218 | (14,934) | 1,049,813 | 100.0 | (3,894) |

| LIABILITIES AND EQUITY | | | | | | | | | | |
|--|------|---------------------|--------------|-------------------------|--------------|--------------------|---------------------------|----------------------|--------------|----------------------------|
| Item | Term | As of Mar. 31, 2011 | | As of December 31, 2011 | | | Change from Mar. 31, 2011 | As of Sept. 30, 2011 | | Change from Sept. 30, 2011 |
| | | (Yen millions) | % | (Yen millions) | % | (U.S.\$ thousands) | (Yen millions) | (Yen millions) | % | (Yen millions) |
| Current liabilities | | 327,696 | 30.9 | 374,845 | 35.8 | 4,805,705 | 47,149 | 363,370 | 34.6 | 11,475 |
| Short-term debt | | 98,294 | | 146,233 | | 1,874,782 | 47,939 | 129,068 | | 17,165 |
| Current installments of long-term debt | | 55,968 | | 54,277 | | 695,859 | (1,691) | 53,259 | | 1,018 |
| Trade payables | | 83,555 | | 83,766 | | 1,073,923 | 211 | 87,854 | | (4,088) |
| Accrued expenses | | 72,966 | | 68,519 | | 878,449 | (4,447) | 73,398 | | (4,879) |
| Income taxes payables | | 4,545 | | 5,834 | | 74,795 | 1,289 | 4,488 | | 1,346 |
| Other current liabilities | | 12,368 | | 16,216 | | 207,897 | 3,848 | 15,303 | | 913 |
| Noncurrent liabilities | | 193,391 | 18.2 | 169,431 | 16.2 | 2,172,192 | (23,960) | 174,133 | 16.6 | (4,702) |
| Long-term debt, excluding current installments | | 90,707 | | 81,341 | | 1,042,833 | (9,366) | 85,666 | | (4,325) |
| Retirement and severance benefits | | 80,036 | | 72,670 | | 931,667 | (7,366) | 73,539 | | (869) |
| Other noncurrent liabilities | | 22,648 | | 15,420 | | 197,692 | (7,228) | 14,928 | | 492 |
| Total liabilities | | 521,087 | 49.1 | 544,276 | 52.0 | 6,977,897 | 23,189 | 537,503 | 51.2 | 6,773 |
| Common stock | | 32,641 | | 32,641 | | 418,474 | - | 32,641 | | - |
| Additional paid-in capital | | 61,258 | | 64,314 | | 824,538 | 3,056 | 64,788 | | (474) |
| Legal reserve | | 21,459 | | 23,648 | | 303,180 | 2,189 | 22,448 | | 1,200 |
| Retained earnings | | 643,025 | | 625,569 | | 8,020,115 | (17,456) | 643,572 | | (18,003) |
| Accumulated other comprehensive income (loss) | | (217,979) | | (252,062) | | (3,231,564) | (34,083) | (258,212) | | 6,150 |
| Treasury stock | | (6,131) | | (6,032) | | (77,333) | 99 | (6,040) | | 8 |
| Total TDK stockholders' equity | | 534,273 | 50.4 | 488,078 | 46.7 | 6,257,410 | (46,195) | 499,197 | 47.6 | (11,119) |
| Noncontrolling interests | | 5,493 | 0.5 | 13,565 | 1.3 | 173,911 | 8,072 | 13,113 | 1.2 | 452 |
| Total equity | | 539,766 | 50.9 | 501,643 | 48.0 | 6,431,321 | (38,123) | 512,310 | 48.8 | (10,667) |
| TOTAL | | 1,060,853 | 100.0 | 1,045,919 | 100.0 | 13,409,218 | (14,934) | 1,049,813 | 100.0 | (3,894) |

Note:

U.S.\$1=Yen 78, for convenience only.