



Consolidated Financial Statements
for the three-month-period ended September 30, 2011
and September 30, 2010 (in English)

On November 10, 2011, this report in the Japanese version was filed with the Director-General of the Kanto Local Finance Bureau of the Ministry of Finance pursuant to Japan's Financial Instruments and Exchange Act.

[This is an English translation prepared for the convenience of non-resident shareholders. Should there be any inconsistency between the translation and the official Japanese text, the latter shall prevail.]

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1) Consolidated balance sheets (Unaudited)

ASSETS	Yen (Millions)	
	September 30, 2011	March 31, 2011
Current assets:		
Cash and cash equivalents	¥ 166,242	129,091
Short-term investments	3,261	50,803
Marketable securities (Note 2)	14,633	17,736
Net trade receivables	162,001	165,242
Inventories (Note 4)	134,503	121,679
Other current assets	51,867	42,331
Total current assets	<u>532,507</u>	<u>526,882</u>
Investments in securities (Notes 2 and 3)	33,598	34,117
Net property, plant and equipment	322,801	318,403
Goodwill and other intangible assets (Note 10)	108,054	118,176
Other assets	52,853	63,275
	<u>¥ 1,049,813</u>	<u>1,060,853</u>

See accompanying notes to consolidated financial statements.

	Yen (Millions)	
LIABILITIES AND EQUITY	September 30, 2011	March 31, 2011
Current liabilities:		
Short-term debt	¥ 129,068	98,294
Current installments of long-term debt	53,259	55,968
Trade payables	87,854	83,555
Accrued expenses	73,398	72,966
Other current liabilities	19,791	16,913
Total current liabilities	363,370	327,696
Long-term debt, excluding current installments	85,666	90,707
Retirement and severance benefits	73,539	80,036
Other noncurrent liabilities	14,928	22,648
Total liabilities	537,503	521,087
TDK stockholders' equity:		
Common stock		
Authorized 480,000,000 shares; issued 129,590,659 shares at September 30, 2011 and March 31, 2011 outstanding 129,004,445 shares at September 30, 2011 and 128,995,921 shares at March 31, 2011	32,641	32,641
Additional paid-in capital	64,788	61,258
Legal reserve	22,448	21,459
Retained earnings	643,572	643,025
Accumulated other comprehensive income (loss) (Note 12)	(258,212)	(217,979)
Treasury stock at cost; 586,214 shares at September 30, 2011 and 594,738 shares at March 31, 2011	(6,040)	(6,131)
Total TDK stockholders' equity	499,197	534,273
Noncontrolling interests (Note 11)	13,113	5,493
Total equity	512,310	539,766
	¥ 1,049,813	1,060,853

2) Consolidated statements of income (Unaudited)

	Yen (Millions)	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Net sales	¥ 417,157	442,234
Cost of sales	320,270	328,786
Gross profit	96,887	113,448
Selling, general and administrative expenses	83,095	76,260
Operating income	13,792	37,188
Other income (deductions):		
Interest and dividend income	827	661
Interest expense	(1,532)	(1,411)
Foreign exchange gain (loss)	(746)	(2,108)
Other - net	(1,660)	314
Income before income taxes	10,681	34,644
Income taxes	3,436	8,520
Net income	7,245	26,124
Less: Net income (loss)		
attributable to noncontrolling interests	526	8
Net income attributable to TDK	¥ 6,719	26,116

Amounts per share:

	Yen	
Net income attributable to TDK per share (Note 13):		
Basic	¥ 52.09	202.46
Diluted	52.03	202.28
Cash dividends paid during the period	¥ 40.00	30.00

See accompanying notes to consolidated financial statements.

	Yen (Millions)	
	Three months ended September 30, 2011	Three months ended September 30, 2010
Net sales	¥ 210,386	220,309
Cost of sales	162,827	163,996
Gross profit	47,559	56,313
Selling, general and administrative expenses	39,410	39,334
Operating income	8,149	16,979
Other income (deductions):		
Interest and dividend income	469	306
Interest expense	(767)	(759)
Foreign exchange gain (loss)	(144)	(977)
Other - net	(348)	277
	(790)	(1,153)
Income before income taxes	7,359	15,826
Income taxes	2,530	4,188
Net income	4,829	11,638
Less: Net income (loss) attributable to noncontrolling interests	533	45
Net income attributable to TDK	¥ 4,296	11,593

Amounts per share:

	Yen	
Net income attributable to TDK per share (Note 13):		
Basic	¥ 33.30	89.87
Diluted	33.26	89.78
Cash dividends paid during the period	¥ -	-

See accompanying notes to consolidated financial statements.

3) Consolidated statements of cash flows (Unaudited)

	Yen (Millions)	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Cash flows from operating activities:		
Net income	¥ 7,245	26,124
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	37,344	37,764
Changes in assets and liabilities, net of effects of acquisition of businesses:		
Decrease (increase) in trade receivables	(10,249)	(15,676)
Decrease (increase) in inventories	(21,759)	(18,410)
Increase (decrease) in trade payables	12,573	12,916
Increase (decrease) in accrued expenses	2,231	2,572
Increase (decrease) in changes in other assets and liabilities, net	(5,556)	5,498
Other - net	2,291	(22)
Net cash provided by operating activities	<u>24,120</u>	<u>50,766</u>
Cash flows from investing activities:		
Capital expenditures	(53,548)	(33,817)
Proceeds from sale and maturity of short-term investments	51,896	79,740
Payment for purchase of short-term investments	(5,993)	(82,170)
Proceeds from sale and maturity of securities	4,172	5,866
Payment for purchase of securities	(3,456)	(943)
Other - net	1,281	511
Net cash used in investing activities	<u>(5,648)</u>	<u>(30,813)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	127	4,134
Repayment of long-term debt	(7,489)	(29,288)
Increase (decrease) in short-term debt, net	31,631	18,222
Dividends paid	(5,158)	(3,873)
Proceeds from noncontrolling interest shareholders	11,341	-
Other - net	(84)	526
Net cash provided by (used in) financing activities	<u>30,368</u>	<u>(10,279)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(11,689)</u>	<u>(12,207)</u>
Net increase (decrease) in cash and cash equivalents	<u>37,151</u>	<u>(2,533)</u>
Cash and cash equivalents at beginning of period	<u>129,091</u>	<u>132,984</u>
Cash and cash equivalents at end of period	<u>¥ 166,242</u>	<u>130,451</u>

See accompanying notes to consolidated financial statements.

4) Notes to Consolidated Financial Statements (Unaudited)

1. Summary of Significant Accounting Policies

(a) Basis of Presentation

TDK Corporation and most of its domestic subsidiaries maintain their books of account in conformity with financial accounting standards of Japan, and its foreign subsidiaries mainly in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein reflect certain adjustments, not recorded on the primary books of TDK Corporation and subsidiaries, to present the financial position, results of operations, and cash flows in conformity with U.S. generally accepted accounting principles (the "U.S. GAAP").

(b) Consolidation Policy

The consolidated financial statements include the accounts of TDK Corporation, its subsidiaries and those variable interest entities where TDK is the primary beneficiary under the U.S. GAAP. All significant intercompany accounts and transactions have been eliminated in consolidation.

The investments in affiliates in which TDK's ownership is 20 percent to 50 percent and where TDK exercises significant influence over their operating and financial policies are accounted for by the equity method. All significant intercompany profits from these affiliates have been eliminated.

(c) Subsequent Events

TDK has evaluated the subsequent events through November 9, 2011, the date on which the financial statements are available to be issued.

(d) Reclassifications

Certain reclassifications have been made to the prior year's consolidated financial statements and quarterly consolidated financial statements to conform to the presentation used for the six-month and the three-month ended September 30, 2011.

2. Marketable Securities and Investments in Securities

Marketable securities and investments in securities at September 30, 2011 and March 31, 2011, are as follows:

	Yen (Millions)	
	September 30, 2011	March 31, 2011
Marketable securities	¥ 14,633	17,736
Investments in securities:		
Long-term marketable securities	15,813	13,133
Nonmarketable securities	805	850
Investments in affiliates (Note 3)	16,980	20,134
Total investments in securities	33,598	34,117
Total	¥ 48,231	51,853

Marketable securities and investments in securities include available-for-sale securities. Information with respect to such securities at September 30, 2011 and March 31, 2011, are as follows:

As of September 30, 2011	Cost	Yen (Millions)		Fair Value
		Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Marketable securities (Debt securities):				
U.S. Treasury	¥ 14,622	11	-	14,633
Investments (Debt securities):				
Government bonds	895	2	0	897
Commercial papers	54	0	-	54
Public-utility bonds	3	-	-	3
Investments (Equity securities):				
Manufacturing companies	16,338	1,338	4,765	12,911
Other	1,171	25	73	1,123
Investments (Mutual funds)	851	38	64	825
Total	¥ 33,934	1,414	4,902	30,446

As of March 31, 2011	Cost	Yen (Millions)		Fair Value
		Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Marketable securities (Debt securities):				
Government bonds	¥ 998	1	0	999
U.S. Treasury	16,730	7	-	16,737
Investments (Debt securities):				
Government bonds	596	0	-	596
Commercial papers	60	15	-	75
Public-utility bonds	4	-	-	4
Investments (Equity securities):				
Manufacturing companies	8,752	2,358	773	10,337
Other	1,173	90	-	1,263
Investments (Mutual funds)	819	39	-	858
Total	¥ 29,132	2,510	773	30,869

Debt securities classified as available-for-sale at September 30, 2011 have a weighted average remaining term of 0.5 years.

The proceeds from sale and maturity of available-for-sale securities are ¥4,172 million and ¥4,139 million for the six-month and the three-month ended September 30, 2011, respectively. The proceeds from sale and maturity of available-for-sale securities are ¥5,866 million and ¥5,853 million for the six-month and the three-month ended September 30, 2010, respectively. The gross realized gains on the sale and settlement of available-for-sale securities are ¥150 million for the six-month and the three-month ended September 30, 2010. The gross realized losses on the sale and settlement of available-for-sale securities are ¥1 million for the six-month ended September 30, 2010. The cost of available-for-sale securities sold was determined on average cost basis. TDK recorded an impairment of ¥690 million on certain available-for-sale securities representing other-than-temporary declines in the fair value for the six-month ended September 30, 2011. TDK recorded an impairment of ¥122 million on certain nonmarketable securities representing other-than-temporary declines in the fair value for the six-month ended September 30, 2010.

At September 30, 2011, all of the available-for-sale securities with unrealized losses had been in a continuous unrealized loss position for less than 12 months.

The aggregate cost of nonmarketable securities accounted for under the cost method at September 30, 2011 and March 31, 2011 totaled ¥805 million and ¥850 million, respectively, and all of those securities as of September 30, 2011 and a part of those securities as of March 31, 2011 were not evaluated for impairment because (a) TDK did not estimate the fair value of those investments as it was not practicable to estimate the fair value of the investment and (b) TDK did not identify any events or changes in circumstances that might have had significant adverse effect on the fair value of those investments.

As of September 30, 2011, certain debt securities in the amount of ¥897 million were pledged as collateral for extended custom duty payments to Tokyo and Other Customs.

3. Investments in Affiliates

In June 2011, TDK sold a part of shares of common stock of Imation Corp. Neither the loss on nor the proceeds from sale of the shares were not material.

As a result, proportion of ownership interest of Imation Corp. by TDK and its subsidiaries decreased under 20%, and according to Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) 323 “Investments—Equity Method and Joint Ventures,” TDK excluded Imation Corp. from equity-method affiliates.

4. Inventories

Inventories at September 30, 2011 and March 31, 2011, are summarized as follows:

	Yen (Millions)	
	September 30, 2011	March 31, 2011
Finished goods	¥ 55,424	51,074
Work in process	27,752	27,242
Raw materials	51,327	43,363
Total	¥ 134,503	121,679

5. Cost for Retirement and Severance Benefits

Net periodic benefit cost for TDK's employee retirement and severance defined benefit plans for the six-month ended September 30, 2011 and September 30, 2010 consisted of the following components:

	Yen (Millions)	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Service cost-benefits earned during the period	¥ 3,046	3,581
Interest cost on projected benefit obligation	2,665	2,814
Expected return on plan assets	(1,702)	(1,843)
Amortization of actuarial loss	1,909	2,145
Amortization of prior service benefit	(1,016)	(1,035)
Curtailment and Settlement loss	3,619	-
Total	¥ 8,521	5,662

Net periodic benefit cost for TDK's employee retirement and severance defined benefit plans for the three-month ended September 30, 2011 and September 30, 2010 consisted of the following components:

	Yen (Millions)	
	Three months ended September 30, 2011	Three months ended September 30, 2010
Service cost-benefits earned during the period	¥ 1,520	1,773
Interest cost on projected benefit obligation	1,318	1,395
Expected return on plan assets	(846)	(916)
Amortization of actuarial loss	963	1,062
Amortization of prior service benefit	(508)	(517)
Curtailment and Settlement loss	403	-
Total	¥ 2,850	2,797

6. Contingent Liabilities

TDK provides guarantees to third parties on bank loans of its employees. The guarantees on behalf of the employees are made for their housing loans. For each guarantee issued, in the event the employee defaults on payment, TDK would be required to make payments under its guarantee.

The maximum amounts of undiscounted payments TDK would have to make in the event of default at September 30, 2011 and March 31, 2011, are as follows:

	Yen (Millions)	
	September 30, 2011	March 31, 2011
Contingent liabilities for guarantees of loans of TDK's employees	¥ 3,013	3,247

As of September 30, 2011, the liability recognized for the estimated fair value of TDK's obligation under the guarantee arrangement is not material.

Several claims against TDK and certain subsidiaries are pending. Provision has been made for the estimated liabilities for the items. In the opinion of management, based upon discussion with counsel, any additional liability not currently provided for will not materially affect the consolidated financial position and results of operations of TDK.

7. Risk Management Activities and Derivative Financial Instruments

TDK operates internationally and are exposed to the risk of changes in foreign exchange rates and interest rates as well as changes in raw material prices. TDK assesses these risks by continuously monitoring changes in the exchange rates, interest rates and raw material prices and by evaluating hedging opportunities. Derivative financial instruments are utilized to reduce these risks. TDK does not hold or issue derivative financial instruments for trading purposes. TDK is exposed to credit related losses in the event of nonperformance by the counterparties to those derivative financial instruments, but does not expect any counterparties to fail to meet their obligations given their high credit ratings. The credit exposure of those financial instruments is represented by the fair values of contracts. The fair values of the contracts are calculated based on the quotes presented by financial institutions.

TDK uses forward foreign exchange contracts and currency swaps in order to offset foreign exchange gain (loss) mainly arising from foreign-currency denominated assets and liabilities and forecasted transactions. Also, TDK uses commodity forward transactions in order to control the fluctuation risks of raw material prices. Although these contracts have not been designated as hedges, which is required to apply hedge accountings, TDK considers they are effective as hedges from the economic viewpoint. The fair values of these undesignated contracts are recognized as income or expenses as incurred.

Notional amounts of derivative financial instruments at September 30, 2011 and March 31, 2011, are as follows:

	Yen (Millions)	
	September 30, 2011	March 31, 2011
Forward foreign exchange contracts	¥ 40,481	41,323
Currency swaps	19,753	17,223
	<u>¥ 60,234</u>	<u>58,546</u>

Fair value of derivative financial instruments at September 30, 2011 and March 31, 2011 are as follows:

		Yen (Millions)	
		As of September 30, 2011	
		Account	Fair value
Assets:			
Forward foreign exchange contracts	Other current assets		¥ 440
Currency swaps	Other current assets		1,032
Currency swaps	Other assets		41
Total assets			¥ 1,513
Liabilities:			
Forward foreign exchange contracts	Other current liabilities		¥ 547
Currency swaps	Other noncurrent liabilities		5
Total liabilities			¥ 552
		Yen (Millions)	
		As of March 31, 2011	
		Account	Fair value
Assets:			
Forward foreign exchange contracts	Other current assets		¥ 495
Currency swaps	Other assets		10
Total assets			¥ 505
Liabilities:			
Forward foreign exchange contracts	Other current liabilities		¥ 486
Currency swaps	Other current liabilities		579
Currency swaps	Other noncurrent liabilities		37
Total liabilities			¥ 1,102

The effects of derivative financial instruments on the consolidated statements of income for the six-month ended September 30, 2011 and September 30, 2010 are as follows:

Six months ended September 30, 2011		
	Account	Yen (Millions)
Forward foreign exchange contracts	Foreign exchange gain (loss)	¥ (255)
Currency swaps	Foreign exchange gain (loss)	1,072
		<u>¥ 817</u>
Six months ended September 30, 2010		
	Account	Yen (Millions)
Forward foreign exchange contracts	Foreign exchange gain (loss)	¥ 349
Currency swaps	Foreign exchange gain (loss)	(629)
Commodity forward transactions	Cost of sales	0
		<u>¥ (280)</u>

The effects of derivative financial instruments on the consolidated statements of income for the three-month ended September 30, 2011 and September 30, 2010 are as follows:

Three months ended September 30, 2011		
	Account	Yen (Millions)
Forward foreign exchange contracts	Foreign exchange gain (loss)	¥ (360)
Currency swaps	Foreign exchange gain (loss)	1,313
		<u>¥ 953</u>
Three months ended September 30, 2010		
	Account	Yen (Millions)
Forward foreign exchange contracts	Foreign exchange gain (loss)	¥ 784
Currency swaps	Foreign exchange gain (loss)	(1,206)
		<u>¥ (422)</u>

8. Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of financial instruments in cases for which it is practicable:

(a) Cash and cash equivalents, Short-term investments, Trade receivables, Other current assets, Short-term debt, Trade payables, Accrued expenses and Other current liabilities

Except for derivative financial instruments, the carrying amount approximates fair value because of the short maturity of these instruments.

(b) Marketable securities and Investments in securities

The fair values of marketable securities and investments in securities are primarily estimated based on quoted market prices for these instruments. For a part of investments in securities for which there are no quoted market prices, a reasonable estimate of fair values could not be made without incurring excessive costs.

(c) Long-term debt

The fair value of TDK's long-term debt is estimated based on the amount of future cash flows associated with the instrument discounted using TDK's current borrowing rate for similar debt of comparable maturity, or based on the quoted market prices for the same or similar issues.

The carrying amounts and estimated fair values of TDK's financial instruments at September 30, 2011 and March 31, 2011, are summarized as follows:

<u>As of September 30, 2011</u>	Yen (Millions)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	¥ 14,633	14,633
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	24,019	24,019
Not practicable to estimate fair value	806	-
Liability:		
Long-term debt, including current portion	(138,925)	(141,301)
<u>As of March 31, 2011</u>	Yen (Millions)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	¥ 17,736	17,736
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	22,248	22,248
Not practicable to estimate fair value	445	-
Liability:		
Long-term debt, including current portion	(146,675)	(148,949)

Derivative financial instruments are presented in Note 7 of the Notes to Consolidated Financial Statements.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

9. Fair Value Measurements

FASB ASC 820 “Fair Value Measurements and Disclosures” defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or most advantageous market for the asset or liability. ASC 820 establishes a three-level fair value hierarchy for material inputs used in measuring fair value as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that TDK has the ability to access at the measurement date.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

Assets and liabilities that are measured at fair value on a recurring basis

Assets and liabilities that are measured at fair value on a recurring basis as of September 30, 2011 and March 31, 2011 are as follows:

<u>As of September 30, 2011</u>	Yen (Millions)			Total
	Level 1	Level 2	Level 3	
Assets:				
Marketable securities (Debt securities):				
U.S. Treasury	¥ 14,633	-	-	¥ 14,633
Derivative contracts:				
Forward foreign exchange contracts	-	440	-	440
Currency swaps	-	1,073	-	1,073
Investments (Debt securities):				
Government bonds	897	-	-	897
Commercial papers	-	54	-	54
Public-utility bonds	3	-	-	3
Investments (Equity securities):				
Manufacturing companies	12,911	-	-	12,911
Other	1,123	-	-	1,123
Investments (Mutual funds)	825	-	-	825
Rabbi trust investments	3,098	-	-	3,098
Total	¥ 33,490	1,567	-	¥ 35,057
Liabilities:				
Derivative contracts:				
Forward foreign exchange contracts	¥ -	547	-	¥ 547
Currency swaps	-	5	-	5
Total	¥ -	552	-	¥ 552
<u>As of March 31, 2011</u>	Yen (Millions)			Total
	Level 1	Level 2	Level 3	
Assets:				
Marketable securities (Debt securities):				
Government bonds	¥ 999	-	-	¥ 999
U.S. Treasury	16,737	-	-	16,737
Derivative contracts:				
Forward foreign exchange contracts	-	495	-	495
Currency swaps	-	10	-	10
Investments (Debt securities):				
Government bonds	596	-	-	596
Commercial papers	-	75	-	75
Public-utility bonds	4	-	-	4
Investments (Equity securities):				
Manufacturing companies	10,337	-	-	10,337
Other	1,263	-	-	1,263
Investments (Mutual funds)	858	-	-	858
Rabbi trust investments	3,628	-	-	3,628
Total	¥ 34,422	580	-	¥ 35,002
Liabilities:				
Derivative contracts:				
Forward foreign exchange contracts	¥ -	486	-	¥ 486
Currency swaps	-	616	-	616
Total	¥ -	1,102	-	¥ 1,102

Level 1 marketable securities and investments are valued using unadjusted quoted prices in active markets in which transactions occur with sufficient frequency and volume. Rabbi trust investments included in other assets in which a part of employees' salary is deposited is valued using unadjusted quoted prices in active markets.

Level 2 derivative contracts include forward foreign exchange contracts and currency swaps and are valued based on quotes obtained from counterparties and are verified using observable market inputs, such as foreign currency exchange rates. Investments consist of commercial papers and the fair values thereof are based on the third-party assessment using observable market data.

Assets and liabilities that are measured at fair value on a nonrecurring basis

The fair values measured on a nonrecurring basis for the six-month ended September 30, 2010 are as follows:

<u>Six months ended September 30, 2010</u>	Yen (Millions)			
	Total gains (losses)	Level 1	Level 2	Level 3
Assets:				
Investments (Equity securities)	¥ (122)	-	-	114

For the six-month ended September 30, 2010, investments which consist of nonmarketable securities valued using the cost method with the book value of ¥236 million was impaired to the fair value of ¥114 million. These nonmarketable securities are classified as Level 3 because their fair value was calculated using unobservable inputs.

As a result of the above, the impairment of ¥122 million caused by other-than-temporary declines in fair values for the six-month ended September 30, 2010 is included in consolidated statements of income.

10. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill at September 30, 2011 and March 31, 2011 are as follows:

Yen (Millions)			
As of September 30, 2011			
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized intangible assets:			
Patent	¥ 39,298	16,218	¥ 23,080
Customer relationships	21,074	11,630	9,444
Software	18,585	9,203	9,382
Unpatented technologies	24,669	14,266	10,403
Other	4,657	753	3,904
Total	¥ 108,283	52,070	¥ 56,213
Unamortized intangible assets:			
Trademark	¥ 6,974		¥ 6,974
Other	549		549
Total	¥ 7,523		¥ 7,523
Yen (Millions)			
As of March 31, 2011			
	Gross Carrying Amount	Accumulated Amortization	Net Amount
Amortized intangible assets:			
Patent	¥ 39,108	14,101	¥ 25,007
Customer relationships	22,286	11,091	11,195
Software	17,057	8,559	8,498
Unpatented technologies	26,365	13,553	12,812
Other	5,025	754	4,271
Total	¥ 109,841	48,058	¥ 61,783
Unamortized intangible assets:			
Trademark	¥ 7,355		¥ 7,355
Other	550		550
Total	¥ 7,905		¥ 7,905

No significant intangible assets other than goodwill were acquired in the six-month ended September 30, 2011 and the year ended March 31, 2011. Intangible assets subject to amortization are amortized using the straight-line method over their estimated useful lives to their estimated residual value of zero. Aggregate amortization expense for the six-month ended September 30, 2011 was ¥6,372 million.

There are no significant changes in the carrying amount of goodwill by segment for the six-month ended September 30, 2011.

Net income attributable to TDK and transfers (to) from noncontrolling interests for the six-month ended September 30, 2011 and September 30, 2010 are as follows:

	Yen (Millions)	
	Six months ended September 30, 2011	2010
Net income attributable to TDK	¥ 6,719	26,116
Increase in TDK's paid in capital for allocation of Ampere Technology Limited new common shares to third parties	3,156	-
Net transfers (to) from noncontrolling interests	3,156	-
Change from net income attributable to TDK and transfers (to) from noncontrolling interests	¥ 9,875	26,116

12. Comprehensive Income (Loss)

Comprehensive income (loss) for the six-month ended September 30, 2011 and September 30, 2010 are as follows:

	Yen (Millions)	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Net income	¥ 7,245	26,124
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(40,910)	(48,639)
Pension liability adjustments	3,437	564
Net unrealized gains (losses) on securities	(3,772)	(1,419)
Other comprehensive income (loss), net of tax	(41,245)	(49,494)
Comprehensive income (loss)	(34,000)	(23,370)
Comprehensive income (loss) attributable to non-controlling interests	455	(112)
Comprehensive income (loss) attributable to TDK	¥ (34,455)	(23,258)

Comprehensive income (loss) for the three-month ended September 30, 2011 and September 30, 2010 are as follows:

	Yen (Millions)	
	Three months ended September 30, 2011	Three months ended September 30, 2010
Net income	¥ 4,829	11,638
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(34,004)	(11,227)
Pension liability adjustments	343	576
Net unrealized gains (losses) on securities	(2,857)	1
Other comprehensive income (loss), net of tax	(36,518)	(10,650)
Comprehensive income (loss)	(31,689)	988
Comprehensive income (loss) attributable to non-controlling interests	484	(180)
Comprehensive income (loss) attributable to TDK	¥ (32,173)	1,168

13. Net Income Attributable to TDK per Share

Reconciliations of the numerators and denominators of the basic and diluted net income attributable to TDK per share computations are as follows:

	Yen (Millions)	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Net income attributable to TDK	¥ 6,719	26,116
	Number of shares (Thousands)	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Weighted average common shares outstanding – Basic	128,999	128,992
Effect of dilutive stock options	144	116
Weighted average common shares outstanding – Diluted	129,143	129,108
	Yen	
	Six months ended September 30, 2011	Six months ended September 30, 2010
Net income attributable to TDK per share:		
Basic	¥ 52.09	202.46
Diluted	¥ 52.03	202.28
	Yen (Millions)	
	Three months ended September 30, 2011	Three months ended September 30, 2010
Net income attributable to TDK	¥ 4,296	11,593
	Number of shares (Thousands)	
	Three months ended September 30, 2011	Three months ended September 30, 2010
Weighted average common shares outstanding – Basic	129,001	128,992
Effect of dilutive stock options	162	133
Weighted average common shares outstanding – Diluted	129,163	129,125
	Yen	
	Three months ended September 30, 2011	Three months ended September 30, 2010
Net income attributable to TDK per share:		
Basic	¥ 33.30	89.87
Diluted	¥ 33.26	89.78

14. Transfer of Business

On September 28, 2011, TDK made the decision to transfer a subsidiary TDK Micro Device Corporation (Headquarters: Kitaibaraki City, Ibaraki Prefecture; President: Toshihiko Honma) with equity of 75% shares to Futaba Corporation (Headquarters: Mobara City, Chiba Prefecture; President: Hiroshi Sakurada) with regard to Organic Electroluminescent Display Business alliance on April 1, 2012.

For the three-month ended September 30, 2011, in conformity with FASB ASC 205-20 “Presentation of Financial Statements: Discontinued Operations”, the Organic Electroluminescent Display Business is classified as discontinued operations. However, because the business does not have a material impact on TDK’s results of operations, it is not excluded from the results of continuing operations. The business does not belong to either of two reportable segments, which are the Passive Components segment and the Magnetic Application Products segment.

The transfer share price is still under consideration since it is decided by the fair value of assets/liabilities of the subsidiary.

15. Subsequent Events

After September 30, 2011, a large-scale flood occurred in Thailand. Rojana plant and Wangnoi plant of TDK’s subsidiaries were damaged by the flood and forced to stop operations.

It is possible that the production and sales of TDK are affected by the flood, if the recovery took longer time than expected.

As of November 9, 2011, the date on which the financial statements are available to be issued, most of operations of the plants have not been resumed yet. Therefore, TDK has not estimated the value of damage and the effect on TDK’s results of operations.

16. Segment Information

Business Segment Information

Operating segments are components of TDK for which discrete financial information is available and whose operating results are regularly reviewed by management to make decisions about resources to be allocated to the segment and assess its performance.

Multiple operating segments that have similarities, including type and nature of products, production process, market and so on, are aggregated into the Passive Components segment and the Magnetic Application Products segment. Operating segments which are not reportable segments are included within the Other.

Principal businesses of each segment are as follows:

Segment	Principal businesses
Passive Components	Ceramic capacitors, Aluminum electrolytic capacitors, Film capacitors, Inductive devices (Coils, Ferrite cores and Transformers), High-frequency components, Piezoelectric materials and circuit protection components, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets, Recording media
Other	Energy devices (Rechargeable batteries), Mechatronics (Production equipment)

Intersegment transactions in operating segments are based on arm's-length prices.

The business segment information for the six-month ended September 30, 2011 and September 30, 2010 are as follows:

Certain products are reclassified from “Passive Components” to “Other (other than 2 reportable segments)” due to reorganization in the three-month ended June 30, 2011. The sales and profit for the six-month and the three-month ended September 30, 2010 are also reclassified to conform to the new segmentation.

Net sales

	Yen (Millions)	
	Six months ended September 30,	
	2011	2010
Passive Components:		
External customers	¥ 201,601	213,450
Intersegment	1,519	1,141
Total	203,120	214,591
Magnetic Application Products:		
External customers	167,176	192,506
Intersegment	2,373	3,045
Total	169,549	195,551
Other:		
External customers	48,380	36,278
Intersegment	12,128	6,432
Total	60,508	42,710
Intersegment eliminations	(16,020)	(10,618)
Consolidated total	¥ 417,157	442,234

Segment profit

	Yen (Millions)	
	Six months ended September 30,	
	2011	2010
Passive Components	¥ 5,041	13,507
Magnetic Application Products	16,356	28,613
Other	3,247	2,678
Sub total	24,644	44,798
Corporate and eliminations	(10,852)	(7,610)
Operating income	13,792	37,188
Other income (deductions), net	(3,111)	(2,544)
Income before income taxes	¥ 10,681	34,644

The business segment information for the three-month ended September 30, 2011 and September 30, 2010 are as follows:

Net sales

	Yen (Millions)	
	Three months ended September 30,	
	2011	2010
Passive Components:		
External customers	¥ 99,891	108,748
Intersegment	693	595
Total	<u>100,584</u>	<u>109,343</u>
Magnetic Application Products:		
External customers	84,508	92,244
Intersegment	1,273	1,555
Total	<u>85,781</u>	<u>93,799</u>
Other:		
External customers	25,987	19,317
Intersegment	6,281	3,615
Total	<u>32,268</u>	<u>22,932</u>
Intersegment eliminations	(8,247)	(5,765)
Consolidated total	<u>¥ 210,386</u>	<u>220,309</u>

Segment profit

	Yen (Millions)	
	Three months ended September 30,	
	2011	2010
Passive Components	¥ 1,266	7,252
Magnetic Application Products	8,801	12,536
Other	1,748	1,699
Sub total	<u>11,815</u>	<u>21,487</u>
Corporate and eliminations	(3,666)	(4,508)
Operating income	8,149	16,979
Other income (deductions), net	(790)	(1,153)
Income before income taxes	<u>¥ 7,359</u>	<u>15,826</u>

Segment profit consists of net sales less cost of sales and selling, general and administrative expenses except for those attribute to Corporate.

Corporate mainly includes expenses associated with head office function that are not allocated to operating segments.

Geographic segment information

The geographic segment information for the six-month ended September 30, 2011 and September 30, 2010 are as follows:

Net sales

	Yen (Millions)	
	Six months ended September 30,	
	2011	2010
Japan	¥ 51,961	55,082
Americas	42,726	47,383
Europe	66,972	62,854
China	123,237	143,771
Asia and others	132,261	133,144
Consolidated total	¥ 417,157	442,234

The geographic segment information for the three-month ended September 30, 2011 and September 30, 2010 are as follows:

Net sales

	Yen (Millions)	
	Three months ended September 30,	
	2011	2010
Japan	¥ 27,339	27,676
Americas	21,321	23,645
Europe	32,116	31,081
China	61,914	69,759
Asia and others	67,696	68,148
Consolidated total	¥ 210,386	220,309

Net sales are based on the location of the customers.

Major countries in each geographic area (except for Japan and China):

- (1) Americas United States of America
- (2) Europe Germany, Italy, France
- (3) Asia and others Taiwan, Thailand, Korea, Malaysia