



Consolidated Financial Statements
for the three-month ended and as of June 30, 2015 (in English)

On August 11, 2015, the Japanese version of this report 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)	
	March 31, 2015	June 30, 2015
Current assets:		
Cash and cash equivalents	¥ 265,104	¥ 282,151
Short-term investments	20,091	18,847
Marketable securities (Note 2)	1,301	1,301
Net trade receivables	238,089	240,092
Inventories (Note 3)	151,012	166,512
Other current assets	64,644	66,713
Total current assets	740,241	775,616
Investments in securities (Note 2)	45,733	44,905
Net property, plant and equipment	427,254	450,261
Goodwill and other intangible assets (Note 9)	111,006	113,975
Other assets	80,048	83,048
Total assets	¥ 1,404,282	¥ 1,467,805

See accompanying notes to consolidated financial statements.

	Yen (Millions)	
LIABILITIES AND EQUITY	March 31, 2015	June 30, 2015
Current liabilities:		
Short-term debt	¥ 136,098	¥ 146,910
Current installments of long-term debt	751	772
Trade payables	111,591	122,622
Accrued expenses	118,336	119,864
Other current liabilities	21,101	24,754
Total current liabilities	387,877	414,922
Long-term debt, excluding current installments	131,483	139,281
Retirement and severance benefits	105,687	107,500
Other noncurrent liabilities	21,228	22,167
Total liabilities	646,275	683,870
TDK stockholders' equity:		
Common stock		
Authorized 480,000,000 shares;		
issued 129,590,659 shares at March 31, 2015 and June 30, 2015		
outstanding 125,987,472 shares at March 31, 2015 and		
126,036,858 shares at June 30, 2015	32,641	32,641
Additional paid-in capital	39,755	39,766
Legal reserve	29,685	30,112
Retained earnings	661,159	667,532
Accumulated other comprehensive income (loss) (Notes 10 and 11)	(5,882)	12,110
Treasury stock at cost;		
3,603,187 shares at March 31, 2015 and 3,553,801 shares		
at June 30, 2015	(18,497)	(18,247)
Total TDK stockholders' equity	738,861	763,914
Noncontrolling interests (Notes 10 and 11)	19,146	20,021
Total equity	758,007	783,935
Total liabilities and equity	¥ 1,404,282	¥ 1,467,805

2) Consolidated statements of income and Consolidated statements of comprehensive income (Unaudited)

For the three-month ended June 30, 2014 and 2015

Consolidated statements of income

	Yen (Millions)	
	Three-month ended June 30, 2014	Three-month ended June 30, 2015
Net sales	¥ 237,462	¥ 279,556
Cost of sales	179,994	206,872
Gross profit	57,468	72,684
Selling, general and administrative expenses	47,873	54,544
Operating income	9,595	18,140
Other income (deductions):		
Interest and dividend income	1,136	1,084
Interest expense	(829)	(805)
Foreign exchange gain (loss)	311	20
Other - net	142	496
Total other income (deductions)	760	795
Income before income taxes	10,355	18,935
Income taxes	4,068	5,146
Net income	6,287	13,789
Less: Net income attributable to non-controlling interests	533	690
Net income attributable to TDK	¥ 5,754	¥ 13,099

Amounts per share:

	Yen	
	Three-month ended June 30, 2014	Three-month ended June 30, 2015
Net income attributable to TDK per share (Note 12):		
Basic	¥ 45.73	¥ 103.96
Diluted	45.08	100.73
Cash dividends paid during the period	¥ 40.00	¥ 50.00

Consolidated statements of comprehensive income

	Yen (Millions)	
	Three-month ended June 30, 2014	Three-month ended June 30, 2015
Net income	¥ 6,287	¥ 13,789
Other comprehensive income (loss), net of taxes (Note 11):		
Foreign currencies translation adjustments	(10,140)	18,684
Pension liability adjustments	367	645
Net unrealized gains (losses) on securities	(153)	(1,034)
Total other comprehensive income (loss)	(9,926)	18,295
Comprehensive income (loss) (Note 10)	(3,639)	32,084
Comprehensive income attributable to non-controlling interests	282	993
Comprehensive income (loss) attributable to TDK	¥ (3,921)	¥ 31,091

See accompanying notes to consolidated financial statements.

3) Consolidated statements of cash flows (Unaudited)

	Yen (Millions)	
	Three-month ended June 30, 2014	Three-month ended June 30, 2015
Cash flows from operating activities:		
Net income	¥ 6,287	¥ 13,789
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	19,650	20,534
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(927)	4,533
Decrease (increase) in inventories	(4,849)	(11,977)
Increase (decrease) in trade payables	7,630	7,341
Increase (decrease) in accrued expenses	(4,014)	(8,103)
Decrease (increase) in other assets and liabilities, net	(6,858)	419
Other - net	1,810	21
Net cash provided by operating activities	<u>18,729</u>	<u>26,557</u>
Cash flows from investing activities:		
Capital expenditures	(19,974)	(28,690)
Proceeds from sale and maturity of short-term investments	4,155	10,037
Payment for purchase of short-term investments	(3,789)	(8,533)
Proceeds from sale and maturity of securities	101	1,296
Payment for purchase of securities	(51)	(131)
Proceeds from sales of tangible and intangible assets	654	397
Other - net	357	(57)
Net cash used in investing activities	<u>(18,547)</u>	<u>(25,681)</u>
Cash flows from financing activities:		
Proceeds from long-term debt	1,228	6,870
Repayment of long-term debt	(1,080)	(139)
Increase (decrease) in short-term debt, net	15,495	10,011
Dividends paid	(4,892)	(6,184)
Acquisition of noncontrolling interests	(11,366)	-
Other - net	2,340	(77)
Net cash provided by financing activities	<u>1,725</u>	<u>10,481</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(3,448)</u>	<u>5,690</u>
Net increase (decrease) in cash and cash equivalents	<u>(1,541)</u>	<u>17,047</u>
Cash and cash equivalents at beginning of period	250,848	265,104
Cash and cash equivalents at end of period	<u>¥ 249,307</u>	<u>¥ 282,151</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 the generally accepted accounting principles in Japan, and its foreign subsidiaries' books of accounts are mainly in conformity with those of the countries of their domicile.

The consolidated financial statements presented herein reflect certain adjustments, not recorded in the primary books of TDK Corporation and its subsidiaries, to present the financial position, results of operations and cash flows in conformity with U.S. generally accepted accounting principles ("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 U.S. GAAP. All significant intercompany balances and transactions have been eliminated in consolidation.

The investments in affiliates where TDK exercises significant influence over their operating and financial policies are accounted for by the equity method of accounting. All significant intercompany profits from these affiliates have been eliminated.

(c) Subsequent Events

TDK has evaluated the subsequent events through August 11, 2015, the date on which the consolidated 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 three-month ended June 30, 2015.

2. Marketable Securities and Investments in Securities

Marketable securities and investments in securities as of March 31, 2015 and June 30, 2015, are as follows:

	Yen (Millions)	
	March 31, 2015	June 30, 2015
Marketable securities	¥ 1,301	¥ 1,301
Investments in securities:		
Long-term marketable securities	26,695	25,451
Nonmarketable securities	548	563
Investments in affiliates	18,490	18,891
Total investments in securities	45,733	44,905
Total	¥ 47,034	¥ 46,206

Marketable securities and investments in securities include available-for-sale securities. Information with respect to such securities as of March 31, 2015 and June 30, 2015, is as follows:

As of March 31, 2015	Yen (Millions)			Fair Value
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Marketable securities (Debt securities):				
Government bonds	¥ 1,301	¥ 0	¥ -	¥ 1,301
Investments (Debt securities):				
Commercial papers	66	73	-	139
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	8,407	14,684	33	23,058
Other	1,175	1,032	-	2,207
Investments (Mutual funds)	996	293	-	1,289
Total	¥ 11,947	¥ 16,082	¥ 33	¥ 27,996

As of June 30, 2015	Yen (Millions)			Fair Value
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Marketable securities (Debt securities):				
Government bonds	¥ 1,301	¥ 0	¥ -	¥ 1,301
Investments (Debt securities):				
Commercial papers	65	76	-	141
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	8,471	13,322	20	21,773
Other	1,176	972	-	2,148
Investments (Mutual funds)	1,167	220	-	1,387
Total	¥ 12,182	¥ 14,590	¥ 20	¥ 26,752

Debt securities classified as available-for-sale at June 30, 2015 have a weighted average remaining term of 0.5 year.

The proceeds from sale and maturity of available-for-sale securities and nonmarketable securities are ¥101 million for the three-month ended June 30, 2014. The proceeds from sale and maturity of available-for-sale securities and nonmarketable securities are ¥1,296 million for the three-month ended June 30, 2015. The gross realized gains on the sale and settlement of available-for-sale securities and nonmarketable securities are ¥14 million for the three-month ended June 30, 2014. The costs of available-for-sale securities and nonmarketable securities sold were determined on average cost basis.

TDK recorded an impairment of ¥150 million on certain nonmarketable securities representing other-than-temporary declines in the fair value for the three-month ended June 30, 2014.

As of June 30, 2015, all of the available-for-sale securities with unrealized losses were in a continuous unrealized loss position for less than 12 months.

The aggregate cost of nonmarketable securities accounted for under the cost method as of March 31, 2015 and June 30, 2015 totaled ¥548 million and ¥563 million, respectively. As of June 30, 2015, certain debt securities in the amount of ¥1,301 million were pledged as collateral for extended custom duty payments to Tokyo Customs and other customs.

3. Inventories

Inventories as of March 31, 2015 and June 30, 2015, are summarized as follows:

	Yen (Millions)	
	March 31, 2015	June 30, 2015
Finished goods	¥ 64,176	¥ 71,765
Work in process	37,680	40,364
Raw materials	49,156	54,383
Total	¥ 151,012	¥ 166,512

4. Cost for Retirement and Severance Benefits

Net periodic benefit cost for TDK's employee retirement and severance defined benefit plans for the three-month ended June 30, 2014 and June 30, 2015 consist of the following components:

	Yen (Millions)	
	Three-month ended June 30, 2014	Three-month ended June 30, 2015
Service cost-benefits earned during the period	¥ 1,731	¥ 1,991
Interest cost on projected benefit obligation	1,345	1,087
Expected return on plan assets	(1,015)	(1,144)
Amortization of actuarial loss	1,006	1,330
Amortization of prior service cost (benefit)	(504)	(583)
Net periodic benefit cost	¥ 2,563	¥ 2,681

5. 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 amount of undiscounted payments TDK would have to make in the event of default as of March 31, 2015 and June 30, 2015, are as follows:

	Yen (Millions)	
	March 31, 2015	June 30, 2015
Guarantees to third parties on bank loans of employees	¥ 1,524	¥ 1,417

As of June 30, 2015, the liability recognized for the estimated fair value of TDK's obligation under the guarantee arrangement is not material.

Several claims against TDK are pending. A provision has been made for the estimated liabilities for the claims. In the opinion of TDK management, based on discussions with legal counsel, any additional liability not currently provided for will not materially affect the consolidated financial position or result of operations of TDK.

6. Risk Management Activities and Derivative Financial Instruments

TDK operates internationally and is exposed to the risk of changes in foreign exchange rates as well as changes in raw material prices. TDK assesses these risks by continuously monitoring changes in the exchange 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 are not designated as hedges, which is required to apply hedge accountings, TDK considers they are effective as hedges from an economic viewpoint. The fair values of these undesignated contracts are recognized as income or expenses as earned or incurred.

Notional amounts of derivative financial instruments as of March 31, 2015 and June 30, 2015, are as follows:

	Yen (Millions)	
	March 31, 2015	June 30, 2015
Forward foreign exchange contracts	¥ 92,963	¥ 110,178
Currency swaps	40,326	46,482
Commodity forward transactions	-	415
	¥ 133,289	¥ 157,075

Fair value of derivative financial instruments as of March 31, 2015 and June 30, 2015 are as follows:

	Yen (Millions)	
	As of March 31, 2015	
	Account	Fair value
Assets:		
Forward foreign exchange contracts	Other current assets	¥ 1,452
Currency swaps	Other current assets	2,217
Currency swaps	Other assets	153
Assets total		¥ 3,822
Liabilities:		
Forward foreign exchange contracts	Other current liabilities	¥ 1,521
Currency swaps	Other current liabilities	29
Currency swaps	Other noncurrent liabilities	19
Liabilities total		¥ 1,569
	Yen (Millions)	
	As of June 30, 2015	
	Account	Fair value
Assets:		
Forward foreign exchange contracts	Other current assets	¥ 494
Currency swaps	Other current assets	140
Currency swaps	Other assets	258
Assets total		¥ 892
Liabilities:		
Forward foreign exchange contracts	Other current liabilities	¥ 1,020
Currency swaps	Other current liabilities	1,349
Currency swaps	Other noncurrent liabilities	18
Commodity forward transactions	Other current liabilities	27
Liabilities total		¥ 2,414

The effect of derivative financial instruments on the consolidated statements of income for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

	Three-month ended June 30, 2014	
	Account	Yen (Millions)
	Forward foreign exchange contracts	Foreign exchange gain (loss)
Currency swaps	Foreign exchange gain (loss)	214
Commodity forward transactions	Cost of sales	49
		¥ 760
	Three-month ended June 30, 2015	
	Account	Yen (Millions)
	Forward foreign exchange contracts	Foreign exchange gain (loss)
Currency swaps	Foreign exchange gain (loss)	(1,213)
Commodity forward transactions	Cost of sales	(26)
		¥ (262)

7. 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, Investments in securities and Other assets

The fair values of marketable securities and investments in securities are primarily estimated based on quoted market prices for these instruments. The fair value of TDK's long-term loans included in other assets are estimated based on the amount of future cash flows associated with the instrument discounted using the borrower's current borrowing rate for similar borrowing of comparable maturity, or based on the quoted market prices for the same or similar issues. The long-term loans are classified as Level 2, one of the three levels of fair value hierarchy that is discussed in Note 8 of the Notes to Consolidated Financial Statements.

(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 long-term debt is classified as Level 2, one of the three levels of fair value hierarchy that is discussed in Note 8 of the Notes to Consolidated Financial Statements.

The carrying amounts and estimated fair values of TDK's financial instruments as of March 31, 2015 and June 30, 2015, are summarized as follows:

As of March 31, 2015	Yen (Millions)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities	¥ 1,301	¥ 1,301
Investments in securities and other assets	68,328	68,328
Liability:		
Long-term debt, including current portion (excluding lease obligation)	(125,768)	(126,942)
<hr/>		
As of June 30, 2015	Yen (Millions)	
	Carrying amount	Estimated fair value
Assets:		
Marketable securities	¥ 1,301	¥ 1,301
Investments in securities and other assets	68,049	68,049
Liability:		
Long-term debt, including current portion (excluding lease obligation)	(133,501)	(134,644)

Derivative financial instruments are presented in Note 6 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.

8. Fair Value Measurements

The Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“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. FASB 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 March 31, 2015 and June 30, 2015 are as follows:

As of March 31, 2015	Yen (Millions)			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities (Debt securities):				
Government bonds	¥ 1,301	¥ -	¥ -	¥ 1,301
Derivative contracts:				
Forward foreign exchange contracts	-	1,452	-	1,452
Currency swaps	-	2,370	-	2,370
Investments (Debt securities):				
Commercial papers	-	139	-	139
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	23,058	-	-	23,058
Other	2,207	-	-	2,207
Investments (Mutual funds)	1,289	-	-	1,289
Rabbi trust investments	7,309	-	-	7,309
Total	¥ 35,166	¥ 3,961	¥ -	¥ 39,127
Liabilities:				
Derivative contracts:				
Forward foreign exchange contracts	¥ -	¥ 1,521	¥ -	¥ 1,521
Currency swaps	-	48	-	48
Total	¥ -	¥ 1,569	¥ -	¥ 1,569
As of June 30, 2015				
As of June 30, 2015	Yen (Millions)			
	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities (Debt securities):				
Government bonds	¥ 1,301	¥ -	¥ -	¥ 1,301
Derivative contracts:				
Forward foreign exchange contracts	-	494	-	494
Currency swaps	-	398	-	398
Investments (Debt securities):				
Commercial papers	-	141	-	141
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	21,773	-	-	21,773
Other	2,148	-	-	2,148
Investments (Mutual funds)	1,387	-	-	1,387
Rabbi trust investments	7,627	-	-	7,627
Total	¥ 34,238	¥ 1,033	¥ -	¥ 35,271
Liabilities:				
Derivative contracts:				
Forward foreign exchange contracts	¥ -	¥ 1,020	¥ -	¥ 1,020
Currency swaps	-	1,367	-	1,367
Commodity forward transactions	-	27	-	27
Total	¥ -	¥ 2,414	¥ -	¥ 2,414

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 trusts investments included in other assets in which a part of the employees' salary is deposited and valued using unadjusted quoted prices in active markets.

Level 2 derivative contracts include forward foreign exchange contracts, currency swaps and commodity forward transactions that are valued based on quotes obtained from counterparties and are verified using observable market inputs, such as foreign currency exchange rates and raw material prices. Investments consist of commercial papers and the fair values thereof are based on third-party assessments 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 three-month ended June 30, 2014 is as follows:

Three-month ended June 30, 2014	Yen (Millions)			
	Total gains (losses)	Level 1	Level 2	Level 3
Assets:				
Investments (Equity securities)	¥ (150)	¥ -	¥ -	¥ -

For the three-month ended June 30, 2014, investments which consist of nonmarketable securities valued using the cost method with the book value of ¥150 million was fully written down due to impairment. These nonmarketable securities are classified as Level 3 because their fair value was calculated using unobservable inputs.

As a result of the above, impairment loss of ¥150 million caused by other-than-temporary declines in fair values during the three-month ended June 30, 2014 was included in the consolidated statements of income.

9. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill as of March 31, 2015 and June 30, 2015 are as follows:

As of March 31, 2015	Yen (Millions)		Net Amount
	Gross Carrying Amount	Accumulated Amortization	
Amortizable intangible assets:			
Patent	¥ 30,921	¥ 18,722	¥ 12,199
Customer relationships	23,684	18,444	5,240
Software	28,958	14,927	14,031
Unpatented technologies	34,512	30,842	3,670
Other	7,070	1,571	5,499
Total	¥ 125,145	¥ 84,506	¥ 40,639
Nonamortizable intangible assets:			
Trademark	¥ 6,894		¥ 6,894
Other	243		243
Total	¥ 7,137		¥ 7,137
As of June 30, 2015	Yen (Millions)		Net Amount
	Gross Carrying Amount	Accumulated Amortization	
Amortizable intangible assets:			
Patent	¥ 31,000	¥ 19,308	¥ 11,692
Customer relationships	24,283	19,287	4,996
Software	29,223	15,091	14,132
Unpatented technologies	26,203	22,815	3,388
Other	8,818	1,668	7,150
Total	¥ 119,527	¥ 78,169	¥ 41,358
Nonamortizable intangible assets:			
Trademark	¥ 7,090		¥ 7,090
Other	243		243
Total	¥ 7,333		¥ 7,333

No significant intangible assets other than goodwill were acquired in the three-month ended June 30, 2014 and June 30, 2015.

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 three-month ended June 30, 2015 was ¥2,148 million.

There are no significant changes in the carrying amount of goodwill for the three-month ended June 30, 2015.

10. Equity

The changes in the carrying amount of stockholders' equity, noncontrolling interests and total equity for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

	Yen (Millions)		
	Stockholders' equity	Noncontrolling interests	Total equity
March 31, 2014	¥ 635,327	¥ 16,916	¥ 652,243
Equity transaction of consolidated subsidiaries and other	(8,151)	724	(7,427)
Comprehensive income (loss):			
Net income	5,754	533	6,287
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments	(9,889)	(251)	(10,140)
Pension liability adjustments	367	0	367
Net unrealized gains (losses) on securities	(153)	-	(153)
Total other comprehensive income (loss)	(9,675)	(251)	(9,926)
Comprehensive income (loss)	(3,921)	282	(3,639)
Dividends	(5,033)	(86)	(5,119)
June 30, 2014	¥ 618,222	¥ 17,836	¥ 636,058
	Yen (Millions)		
	Stockholders' equity	Noncontrolling interests	Total equity
March 31, 2015	¥ 738,861	¥ 19,146	¥ 758,007
Equity transaction of consolidated subsidiaries and other	261	6	267
Comprehensive income:			
Net income	13,099	690	13,789
Other comprehensive income (loss), net of taxes:			
Foreign currency translation adjustments	18,381	303	18,684
Pension liability adjustments	645	-	645
Net unrealized gains (losses) on securities	(1,034)	-	(1,034)
Total other comprehensive income (loss)	17,992	303	18,295
Comprehensive income	31,091	993	32,084
Dividends	(6,299)	(124)	(6,423)
June 30, 2015	¥ 763,914	¥ 20,021	¥ 783,935

Net income attributable to TDK and transfers (to) from noncontrolling interests for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

	Yen (Millions)	
	Three-month ended June 30,	
	2014	2015
Net income attributable to TDK	¥ 5,754	¥ 13,099
Decrease in TDK's additional paid-in capital for purchase of Amperex Technology Ltd.'s common shares from third parties	(6,924)	-
Decrease in TDK's additional paid-in capital for issue of Amperex Technology Ltd.'s common shares to third parties	(2,284)	-
Net transfers to noncontrolling interests	(9,208)	-
Changes arising from net income attributable to TDK and transfers to noncontrolling interests	¥ (3,454)	¥ 13,099

11. Other Comprehensive Income (Loss)

The changes in the carrying amount of accumulated other comprehensive income (loss) for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

	Yen (Millions)			
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains (losses) on securities	Total
March 31, 2014	¥ (54,046)	¥ (39,528)	¥ 6,440	¥ (87,134)
Equity transaction of consolidated subsidiaries and other	44	-	-	44
Other comprehensive income (loss) before reclassifications	(10,140)	-	(153)	(10,293)
Amounts reclassified from accumulated other comprehensive income (loss)	-	367	-	367
Other comprehensive income (loss)	(10,140)	367	(153)	(9,926)
Other comprehensive income (loss) attributable to noncontrolling interests	(251)	0	-	(251)
June 30, 2014	¥ (63,891)	¥ (39,161)	¥ 6,287	¥ (96,765)

	Yen (Millions)			
	Foreign currency translation adjustments	Pension liability adjustments	Net unrealized gains (losses) on securities	Total
March 31, 2015	¥ 36,547	¥ (53,332)	¥ 10,903	¥ (5,882)
Other comprehensive income (loss) before reclassifications	18,684	84	(1,034)	17,734
Amounts reclassified from accumulated other comprehensive income (loss)	-	561	-	561
Other comprehensive income (loss)	18,684	645	(1,034)	18,295
Other comprehensive income (loss) attributable to noncontrolling interests	303	-	-	303
June 30, 2015	¥ 54,928	¥ (52,687)	¥ 9,869	¥ 12,110

The reclassifications out of accumulated other comprehensive income (loss) for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

For the three-month ended June 30,	Yen (Millions)		Affected line items in consolidated statements of income
	Amount reclassified from accumulated other comprehensive income (loss) *1		
	2014	2015	
Pension liability adjustments:	¥ (495)	¥ (746)	*2
	128	185	Tax (expense) or benefit
	<u>(367)</u>	<u>(561)</u>	Net of tax
Total amount reclassified, net of tax	¥ (367)	¥ (561)	

*1 Amounts in parentheses indicate losses in consolidated statements of income.

*2 This accumulated other comprehensive income (loss) component is included in the computation of net periodic benefit cost for TDK's employee retirement and severance defined benefit plans that is presented in Note 4 of the Notes to Consolidated Financial Statements.

Tax effects allocated to each component of other comprehensive income (loss) and reclassification adjustments for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

For the three-month ended June 30, 2014	Yen (Millions)		
	Before tax amount	Tax (expense) or benefit	Net-of-tax amount
Foreign currency translation adjustments:			
Amount arising during the period from investments in foreign entities	¥ (10,140)	¥ 0	¥ (10,140)
Net foreign currency translation adjustments	(10,140)	0	(10,140)
Pension liability adjustments:			
Reclassification adjustments for amortization	495	(128)	367
Net pension liability adjustments	495	(128)	367
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period	1,026	(1,179)	(153)
Net unrealized gains (losses)	1,026	(1,179)	(153)
Other comprehensive income (loss)	¥ (8,619)	¥ (1,307)	¥ (9,926)

For the three-month ended June 30, 2015	Yen (Millions)		
	Before tax amount	Tax (expense) or benefit	Net-of-tax amount
Foreign currency translation adjustments:			
Amount arising during the period from investments in foreign entities	¥ 18,708	¥ (24)	¥ 18,684
Net foreign currency translation adjustments	18,708	(24)	18,684
Pension liability adjustments:			
Amount arising during the period	138	(54)	84
Reclassification adjustments for amortization	746	(185)	561
Net pension liability adjustments	884	(239)	645
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period	(1,484)	450	(1,034)
Net unrealized gains (losses)	(1,484)	450	(1,034)
Other comprehensive income (loss)	¥ 18,108	¥ 187	¥ 18,295

12. Net Income Attributable to TDK per Share

A reconciliation of the numerators and denominators of the basic and diluted net income attributable to TDK per share calculations is as follows:

	Yen (Millions)			
	Three-month ended June 30, 2014		Three-month ended June 30, 2015	
	Basic	Diluted	Basic	Diluted
Net income attributable to TDK	¥ 5,754	¥ 5,682	¥ 13,099	¥ 12,729
	Number of shares (Thousands)			
Weighted average common shares outstanding	125,816	125,816	126,004	126,004
Incremental shares arising from the exercise of stock option	-	229	-	369
Weighted average common shares outstanding – Total	125,816	126,045	126,004	126,373
	Yen			
Per common share:				
Net income attributable to TDK	¥ 45.73	¥ 45.08	¥ 103.96	¥ 100.73

The decline of net income attributable to TDK for the three-month ended June 30, 2014 and June 30, 2015 were caused by a dilutive effect of stock options issued by a subsidiary of TDK Corporation.

For the three-month ended June 30, 2014 and June 30, 2015, certain stock options issued by TDK Corporation were excluded from the diluted per share calculation of net income attributable to TDK as the effect would have been antidilutive. The stock options issued by a subsidiary that are vested when a certain performance condition is achieved were also excluded from the diluted per share calculation of net income attributable to TDK for the three-month ended June 30, 2014 and June 30, 2015 as it was not probable that the performance condition would be achieved as of June 30, 2014 and June 30, 2015.

14. 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, the Magnetic Application Products segment and the Film Application Products segment. Operating segments which are not reportable segments are included in 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	HDD heads, HDD suspension assemblies, Power supplies, Magnets
Film Application Products	Energy devices (Rechargeable batteries), Applied films
Other	Mechatronics (Production equipment), other

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

The business segment information for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

As a result of the reorganization in the three-month ended June 30, 2015, certain products of the Passive Components segment and the Magnetic Application Products segment were reclassified into Other. The figures for the three-month ended June 30, 2014 are also reclassified to conform to the new segmentation.

Net sales

	Yen (Millions)	
	Three-month ended June 30,	
	2014	2015
Passive Components:		
External customers	¥ 121,922	¥ 147,816
Intersegment	815	765
	<u>122,737</u>	<u>148,581</u>
Magnetic Application Products:		
External customers	85,249	79,358
Intersegment	21	63
	<u>85,270</u>	<u>79,421</u>
Film Application Products:		
External customers	22,484	43,232
Intersegment	713	736
	<u>23,197</u>	<u>43,968</u>
Other:		
External customers	7,807	9,150
Intersegment	1,948	3,082
	<u>9,755</u>	<u>12,232</u>
Intersegment eliminations	(3,497)	(4,646)
Total	<u>¥ 237,462</u>	<u>¥ 279,556</u>

Segment profit (loss)

	Yen (Millions)	
	Three-month ended June 30,	
	2014	2015
Passive Components	¥ 7,757	¥ 15,030
Magnetic Application Products	7,261	3,787
Film Application Products	286	4,732
Other	(494)	373
	<u>14,810</u>	<u>23,922</u>
Corporate and eliminations	(5,215)	(5,782)
Operating income	9,595	18,140
Other income (deductions), net	760	795
Income before income taxes	<u>¥ 10,355</u>	<u>¥ 18,935</u>

Segment profit (loss) 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 functions that are not allocated to operating segments.

Geographic Segment Information

The geographic segment information for the three-month ended June 30, 2014 and June 30, 2015 are as follows:

Net sales

	Yen (Millions)	
	Three-month ended June 30,	
	2014	2015
Japan	¥ 23,897	¥ 22,544
Americas	19,195	25,208
Europe	36,918	36,469
China	117,576	144,566
Asia and others	39,876	50,769
Total	¥ 237,462	¥ 279,556

Net sales are based on the location of the customers.

Major countries in each geographic area:

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