

(5) Note Relating to the Going Concern Assumption

Nothing to report.

(6) Summary of Significant Accounting Policies

1. The consolidated financial statements are prepared in conformity with the U.S. GAAP.
Inventories are valued at the lower of cost or market as in the past, with cost mainly determined by the periodic average method. Furthermore, the method for depreciating property, plant and equipment is the same as in the past—assets located in Japan and of certain foreign subsidiaries are principally computed by the declining-balance method, and assets of other foreign subsidiaries are computed by the straight-line method.
2. As of March 31, 2012, TDK had 125 subsidiaries (14 in Japan and 111 overseas).
TDK also had 8 affiliates (5 in Japan and 4 overseas) whose financial statements are accounted for by the equity method.
3. The following items have been omitted from this earnings release because they are not deemed to be that necessary for disclosure.

Notes Concerning Consolidated Financial Statements

- Lease transactions
- Related-party transactions
- Tax-effect accounting
- Financial instruments
- Retirement benefits
- Stock options, etc.
- Business combinations, etc.
- Real estate for leasing
- Asset retirement obligations

(7) Segment Information

TDK has three reporting segments: Passive Components, Magnetic Application Products and Film Application Products, as well as Other, which includes products not included in these three reporting segments.

Recording media, which belonged to the Magnetic Application Products Segment, has been renamed applied films due to the termination of some products and acquisition of a battery separators business, which has resulted in the main products being functional film products. This is now shown as a new reporting segment Film Application Products effective from fiscal 2012, and also includes energy devices which have similar core technologies and markets. Energy devices previously belonged to Other.

In accordance with this organizational change in fiscal 2012, certain products of inductive devices were reclassified under Other.

Figures related to discontinued operations have been excluded, in accordance with the provisions

of ASC Subtopic 205-20, "Presentation of Financial Statements—Discontinued Operations," issued by the FASB.

Consequently, figures for fiscal 2011 have been reclassified and restated based on the new segment classifications.

For details, refer to page 22.

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, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets,
Film Application Products	Energy devices (rechargeable batteries), Applied films
Other	Mechatronics (production equipments), other

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, Sensors
Magnetic Application Products	Recording devices, Power supplies, Magnets, Recording media
Other	Energy devices (rechargeable batteries), Mechatronics (production equipments), other

Net sales by industry segment

		FY2011 (April 1, 2010 - March 31, 2011)		FY2012 (April 1, 2011 - March 31, 2012)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	425,532	48.8	381,576	46.9	4,653,366	(43,956)	-10.3
	Intersegment	2,810		2,664		32,488	(146)	-5.2
	Total	428,342		384,240		4,685,854	(44,102)	-10.3
Magnetic Application Products	External customers	356,473	40.9	316,402	38.8	3,858,561	(40,071)	-11.2
	Intersegment	1,202		335		4,085	(867)	-72.1
	Total	357,675		316,737		3,862,646	(40,938)	-11.4
Applied Film Products	External customers	58,597	6.7	92,727	11.4	1,130,817	34,130	58.2
	Intersegment	3,866		4,186		51,049	320	8.3
	Total	62,463		96,913		1,181,866	34,450	55.2
Other	External customers	31,341	3.6	23,792	2.9	290,146	(7,549)	-24.1
	Intersegment	13,620		20,998		256,073	7,378	54.2
	Total	44,961		44,790		546,219	(171)	-0.4
Intersegment eliminations		(21,498)		(28,183)		(343,695)	(6,685)	
Consolidated total		871,943	100.0	814,497	100.0	9,932,890	(57,446)	-6.6

Segment profit (loss) by industry segment

	FY2011 (April 1, 2010 - March 31, 2011)		FY2012 (April 1, 2011 - March 31, 2012)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
	Passive Components	24,483	5.8	(6,610)	-1.7	(80,610)	(31,093)
Magnetic Application Products	51,425	14.4	39,028	12.3	475,951	(12,397)	-24.1
Applied Film Products	1,211	2.1	6,255	6.7	76,281	5,044	416.5
Other	505	1.6	(4,839)	-20.3	(59,012)	(5,344)	-
Sub total	77,624	8.9	33,834	4.2	412,610	(43,790)	-56.4
Corporate and Eliminations	(13,303)		(15,147)		(184,720)	(1,844)	
Operating income	64,321	7.4	18,687	2.3	227,890	(45,634)	-70.9

Note:

U.S.\$1=Yen 82, for convenience only.