



**Consolidated Financial Statements**  
**for the three-month-period ended June 30, 2012**  
**and June 30, 2013 (in English)**

On August 12, 2013, 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.]

**[Cover]**

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## 1) Consolidated balance sheets (Unaudited)

	Yen (Millions)	
	March 31, 2013	June 30, 2013
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and cash equivalents	¥ 213,687	<b>233,093</b>
Short-term investments	9,830	<b>11,752</b>
Marketable securities (Note 2)	900	<b>900</b>
Net trade receivables	190,080	<b>203,768</b>
Inventories (Note 3)	137,868	<b>144,601</b>
Other current assets	58,263	<b>58,330</b>
Total current assets	<u>610,628</u>	<u><b>652,444</b></u>
<b>Investments in securities (Note 2)</b>	32,213	<b>35,909</b>
<b>Net property, plant and equipment</b>	365,901	<b>372,488</b>
<b>Goodwill and other intangible assets (Note 9)</b>	114,042	<b>116,392</b>
<b>Other assets</b>	46,858	<b>46,814</b>
	<u>¥ 1,169,642</u>	<u><b>1,224,047</b></u>

*See accompanying notes to consolidated financial statements.*

	Yen (Millions)	
<b>LIABILITIES AND EQUITY</b>	March 31, 2013	June 30, 2013
<b>Current liabilities:</b>		
Short-term debt	¥ 146,624	<b>142,320</b>
Current installments of long-term debt	51,515	<b>52,410</b>
Trade payables	85,015	<b>97,491</b>
Accrued expenses	76,649	<b>77,805</b>
Other current liabilities	18,132	<b>18,380</b>
Total current liabilities	<u>377,935</u>	<u><b>388,406</b></u>
<b>Long-term debt, excluding current installments</b>	97,481	<b>109,664</b>
<b>Retirement and severance benefits</b>	94,521	<b>96,966</b>
<b>Other noncurrent liabilities</b>	19,089	<b>20,008</b>
Total liabilities	<u>589,026</u>	<u><b>615,044</b></u>
<b>TDK stockholders' equity:</b>		
Common stock		
Authorized 480,000,000 shares; issued 129,590,659 shares at March 31, 2013 and June 30, 2013 outstanding 125,800,320 shares at March 31, 2013 and 125,807,141 shares at June 30, 2013	32,641	<b>32,641</b>
Additional paid-in capital	64,199	<b>63,059</b>
Legal reserve	25,426	<b>25,639</b>
Retained earnings	617,377	<b>613,786</b>
Accumulated other comprehensive income (loss) (Notes 10 and 11)	(159,016)	<b>(127,027)</b>
Treasury stock at cost; 3,790,339 shares at March 31, 2013 and 3,783,518 shares at June 30, 2013	(19,458)	<b>(19,422)</b>
Total TDK stockholders' equity	<u>561,169</u>	<u><b>588,676</b></u>
<b>Noncontrolling interests (Notes 10 and 11)</b>	19,447	<b>20,327</b>
Total equity	<u>580,616</u>	<u><b>609,003</b></u>
	<u>¥ 1,169,642</u>	<u><b>1,224,047</b></u>

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

For the three-month ended June 30, 2012 and 2013

**Consolidated statements of income**

	Yen (Millions)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Net sales</b>	¥ 208,653	<b>236,536</b>
<b>Cost of sales</b>	162,371	<b>187,613</b>
Gross profit	46,282	<b>48,923</b>
<b>Selling, general and administrative expenses</b>	37,059	<b>44,943</b>
Operating income	9,223	<b>3,980</b>
<b>Other income (deductions):</b>		
Interest and dividend income	709	<b>643</b>
Interest expense	(717)	<b>(859)</b>
Foreign exchange gain (loss)	162	<b>283</b>
Other - net	(532)	<b>475</b>
	(378)	<b>542</b>
Income before income taxes	8,845	<b>4,522</b>
<b>Income taxes</b>	3,763	<b>3,442</b>
Net income	5,082	<b>1,080</b>
<b>Less: Net income attributable to noncontrolling interests</b>	611	<b>708</b>
Net income attributable to TDK	¥ 4,471	<b>372</b>

**Amounts per share:**

	Yen	
	Three months ended June 30, 2012	Three months ended June 30, 2013
Net income attributable to TDK per share (Note 12):		
Basic	¥ 35.52	<b>2.96</b>
Diluted	34.71	<b>2.10</b>
Cash dividends paid during the period	¥ 40.00	<b>30.00</b>

**Consolidated statements of comprehensive income**

	Yen (Millions)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
Net income	¥ 5,082	<b>1,080</b>
<b>Other comprehensive income (loss), net of taxes (Note 11):</b>		
Foreign currencies translation adjustments	(26,444)	<b>29,938</b>
Pension liability adjustments	360	<b>587</b>
Net unrealized gains (losses) on securities	(1,289)	<b>2,547</b>
Total other comprehensive income (loss)	(27,373)	<b>33,072</b>
Comprehensive income (loss) (Note 10)	(22,291)	<b>34,152</b>
Comprehensive income attributable to noncontrolling interests	188	<b>1,666</b>
Comprehensive income (loss) attributable to TDK	¥ (22,479)	<b>32,486</b>

*See accompanying notes to consolidated financial statements.*

### 3) Consolidated statements of cash flows (Unaudited)

	Yen (Millions)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
<b>Cash flows from operating activities:</b>		
Net income	¥ 5,082	1,080
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	17,887	20,747
Changes in assets and liabilities:		
Decrease (increase) in trade receivables	(3,903)	(4,042)
Decrease (increase) in inventories	(7,999)	(1,710)
Increase (decrease) in trade payables	7,237	6,323
Increase (decrease) in accrued expenses	(1,724)	(1,809)
Decrease (increase) in other assets and liabilities, net	3,062	1,549
Other - net	1,810	660
Net cash provided by operating activities	<u>21,452</u>	<u>22,798</u>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(23,932)	(14,444)
Proceeds from sale and maturity of short-term investments	2,031	4,994
Payment for purchase of short-term investments	(1,100)	(6,662)
Payment for purchase of securities	(201)	(943)
Proceeds from sales of tangible and intangible assets	3,020	401
Other - net	(164)	655
Net cash used in investing activities	<u>(20,346)</u>	<u>(15,999)</u>
<b>Cash flows from financing activities:</b>		
Proceeds from long-term debt	20	12,040
Repayment of long-term debt	(2,591)	(176)
Increase (decrease) in short-term debt, net	11,807	(5,055)
Dividends paid	(4,838)	(3,579)
Other - net	27	(579)
Net cash provided by financing activities	<u>4,425</u>	<u>2,651</u>
Effect of exchange rate changes on cash and cash equivalents	(6,815)	9,956
Net increase (decrease) in cash and cash equivalents	(1,284)	19,406
Cash and cash equivalents at beginning of period	167,015	213,687
Cash and cash equivalents at end of period	<u>¥ 165,731</u>	<u>233,093</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 in 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 (“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 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) Adoption of New Accounting Standards**

In February 2013, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2013-02 “Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income”. This amendment requires an entity to provide information about the amounts reclassified out of accumulated other comprehensive income by component. TDK adopted FASB ASU 2013-02 on April 1, 2013. The disclosure required by the amendment is presented in Note 11 of the Notes to Consolidated Financial Statements.

The adoption of FASB ASU 2013-02 did not have a material impact on TDK’s financial position or results of operations.

#### **(d) Change in Depreciation Method**

Previously, TDK used the declining-balance method for calculating the depreciation of property, plant and equipment located in Japan and certain foreign subsidiaries. Effective April 1, 2013, TDK changed it to the straight-line method as a result of reviewing the depreciation method per change in business structure. Concurrently, estimated useful lives for certain assets were also changed. Because TDK thinks that the straight-line method better reflects the pattern of consumption of estimated future benefits to derive from those assets being depreciated and provides a better matching of cost and revenues over the assets’ estimated useful lives. The effect of change in depreciation method is recognized prospectively as a change in accounting estimate in conformity with the FASB Accounting Standard Codification (“ASC”) 250, “Accounting Changes and Error Corrections”. The change in depreciation did not have a material impact on TDK’s financial statements for the three-month ended June 30, 2013.

#### **(e) Subsequent Events**

TDK has evaluated the subsequent events through August 9, 2013, the date on which the financial statements are available to be issued.

#### **(f) 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, 2013.



## 2. Marketable Securities and Investments in Securities

Marketable securities and investments in securities at March 31, 2013 and June 30, 2013, are as follows:

	Yen (Millions)	
	March 31, 2013	June 30, 2013
Marketable securities	¥ 900	<b>900</b>
Investments in securities:		
Long-term marketable securities	14,456	<b>18,893</b>
Nonmarketable securities	1,098	<b>1,134</b>
Investments in affiliates	16,659	<b>15,882</b>
Total investments in securities	32,213	<b>35,909</b>
Total	¥ 33,113	<b>36,809</b>

Marketable securities and investments in securities include available-for-sale securities. Information with respect to such securities at March 31, 2013 and June 30, 2013, is as follows:

As of March 31, 2013	Yen (Millions)			Fair Value
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Marketable securities (Debt securities):				
Government bonds	¥ 899	1	-	900
Investments (Debt securities):				
Commercial papers	57	40	-	97
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	10,205	2,738	957	11,986
Other	1,163	183	-	1,346
Investments (Mutual funds)	961	64	-	1,025
Total	¥ 13,287	3,026	957	15,356

As of June 30, 2013	Yen (Millions)			Fair Value
	Cost	Gross Unrealized Holding Gains	Gross Unrealized Holding Losses	
Marketable securities (Debt securities):				
Government bonds	¥ 899	1	-	900
Investments (Debt securities):				
Government bonds	898	-	1	897
Commercial papers	61	47	-	108
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	10,289	5,672	589	15,372
Other	1,164	228	-	1,392
Investments (Mutual funds)	1,067	58	3	1,122
Total	¥ 14,380	6,006	593	19,793

Debt securities classified as available-for-sale at June 30, 2013 have a weighted average remaining term of 1.6 years.

The proceeds from sale and maturity of available-for-sale securities are ¥823 million and ¥4 million for the three-month ended June 30, 2012 and June 30, 2013, respectively. The cost of available-for-sale securities sold was determined on average cost basis. TDK recorded an impairment of ¥130 million on certain available-for-sale securities representing other-than-temporary declines in the fair value for the three-month ended June 30, 2012.

At June 30, 2013, 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 at March 31, 2013 and June 30, 2013 totaled ¥1,098 million and ¥1,134 million, respectively. A part of those securities as of March 31, 2013 and all of those securities as of June 30, 2013 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 June 30, 2013, certain debt securities in the amount of ¥1,797 million were pledged as collateral for extended custom duty payments to Tokyo and other customs.

### 3. Inventories

Inventories at March 31, 2013 and June 30, 2013, are summarized as follows:

	Yen (Millions)	
	March 31, 2013	June 30, 2013
Finished goods	¥ 60,141	<b>62,961</b>
Work in process	31,016	<b>32,094</b>
Raw materials	46,711	<b>49,546</b>
Total	¥ 137,868	<b>144,601</b>

### 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, 2012 and June 30, 2013 consist of the following components:

	Yen (Millions)	
	Three months ended June 30, 2012	Three months ended June 30, 2013
Service cost-benefits earned during the period	¥ 1,597	<b>1,741</b>
Interest cost on projected benefit obligation	1,235	<b>1,206</b>
Expected return on plan assets	(870)	<b>(879)</b>
Amortization of actuarial loss	1,196	<b>1,160</b>
Amortization of prior service benefit	(508)	<b>(504)</b>
Curtailment/settlement loss	-	<b>138</b>
Net periodic benefit cost	¥ 2,650	<b>2,862</b>

## 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 at March 31, 2013 and June 30, 2013, are as follows:

	Yen (Millions)	
	March 31, 2013	June 30, 2013
Guarantees to third parties on bank loans of employees	¥ 2,306	2,161

As of June 30, 2013, 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 items. In the opinion of TDK management, based on discussions with legal counsel, any additional liability not currently provided for will not materially affect TDK's financial position or results of operations.

## 6. Risk Management Activities and Derivative Financial Instruments

TDK operates internationally and are exposed to the risk of changes in foreign exchange rates and 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 have not been 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 at March 31, 2013 and June 30, 2013, are as follows:

	Yen (Millions)	
	March 31, 2013	June 30, 2013
Forward foreign exchange contracts	¥ 60,877	64,956
Currency swaps	32,130	33,645
Commodity forward transactions	-	1,108
	¥ 93,007	99,709

Fair value of derivative financial instruments at March 31, 2013 and June 30, 2013 are as follows:

		Yen (Millions)	
		As of March 31, 2013	
		Account	Fair value
<b>Assets:</b>			
Forward foreign exchange contracts	Other current assets		¥ 416
Currency swaps	Other current assets		799
Currency swaps	Other assets		209
Assets total			¥ 1,424
<b>Liabilities:</b>			
Forward foreign exchange contracts	Other current liabilities		¥ 993
Currency swaps	Other current liabilities		46
Currency swaps	Other noncurrent liabilities		58
Liabilities total			¥ 1,097
		Yen (Millions)	
		As of June 30, 2013	
		Account	Fair value
<b>Assets:</b>			
Forward foreign exchange contracts	Other current assets		¥ 370
Currency swaps	Other current assets		484
Currency swaps	Other assets		143
Commodity forward transactions	Other current assets		5
Commodity forward transactions	Other assets		1
Assets total			¥ 1,003
<b>Liabilities:</b>			
Forward foreign exchange contracts	Other current liabilities		¥ 361
Currency swaps	Other noncurrent liabilities		12
Commodity forward transactions	Other current liabilities		24
Commodity forward transactions	Other noncurrent liabilities		2
Liabilities total			¥ 399

The effect of derivative financial instruments on the consolidated statements of income for the three-month ended June 30, 2012 and June 30, 2013 are as follows:

		Three months ended June 30, 2012	
		Account	Yen (Millions)
Forward foreign exchange contracts	Foreign exchange gain (loss)		¥ 347
Currency swaps	Foreign exchange gain (loss)		1,611
			¥ 1,958
		Three months ended June 30, 2013	
		Account	Yen (Millions)
Forward foreign exchange contracts	Foreign exchange gain (loss)		¥ (1,031)
Currency swaps	Foreign exchange gain (loss)		279
Commodity forward transactions	Cost of sales		(20)
			¥ (772)

## 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 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 long-term debt is classified as level 2, one of 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 at March 31, 2013 and June 30, 2013, are summarized as follows:

<u>As of March 31, 2013</u>	<u>Yen (Millions)</u>	
	<u>Carrying amount</u>	<u>Estimated fair value</u>
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	¥ 900	900
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	27,582	27,582
Not practicable to estimate fair value	1,099	-
Liability:		
Long-term debt, including current portion	(148,996)	(151,006)
<hr/>		
<u>As of June 30, 2013</u>	<u>Yen (Millions)</u>	
	<u>Carrying amount</u>	<u>Estimated fair value</u>
Assets:		
Marketable securities for which it is:		
Practicable to estimate fair value	¥ 900	900
Investments in securities and other assets for which it is:		
Practicable to estimate fair value	32,164	32,164
Not practicable to estimate fair value	1,134	-
Liability:		
Long-term debt, including current portion	(162,074)	(163,239)

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**

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. 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, 2013 and June 30, 2013 are as follows:

<u>As of March 31, 2013</u>	Yen (Millions)			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Marketable securities (Debt securities):				
Government bonds	¥ 900	-	-	¥ 900
Derivative contracts:				
Forward foreign exchange contracts	-	416	-	416
Currency swaps	-	1,008	-	1,008
Investments (Debt securities):				
Commercial papers	-	97	-	97
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	11,986	-	-	11,986
Other	1,346	-	-	1,346
Investments (Mutual funds)	1,025	-	-	1,025
Rabbi trust investments	4,813	-	-	4,813
Total	¥ 20,072	1,521	-	¥ 21,593
<b>Liabilities:</b>				
Derivative contracts:				
Forward foreign exchange contracts	¥ -	993	-	¥ 993
Currency swaps	-	104	-	104
Total	¥ -	1,097	-	¥ 1,097
<u>As of June 30, 2013</u>	Yen (Millions)			
	Level 1	Level 2	Level 3	Total
<b>Assets:</b>				
Marketable securities (Debt securities):				
Government bonds	¥ 900	-	-	¥ 900
Derivative contracts:				
Forward foreign exchange contracts	-	370	-	370
Currency swaps	-	627	-	627
Commodity forward transactions	-	6	-	6
Investments (Debt securities):				
Government bonds	897	-	-	897
Commercial papers	-	108	-	108
Public-utility bonds	2	-	-	2
Investments (Equity securities):				
Manufacturing companies	15,372	-	-	15,372
Other	1,392	-	-	1,392
Investments (Mutual funds)	1,122	-	-	1,122
Rabbi trust investments	5,124	-	-	5,124
Total	¥ 24,809	1,111	-	¥ 25,920
<b>Liabilities:</b>				
Derivative contracts:				
Forward foreign exchange contracts	¥ -	361	-	¥ 361
Currency swaps	-	12	-	12
Commodity forward transactions	-	26	-	26
Total	¥ -	399	-	¥ 399

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 is valued using unadjusted quoted prices in active markets.

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

## 9. Goodwill and Other Intangible Assets

The components of acquired intangible assets excluding goodwill at March 31, 2013 and June 30, 2013 are as follows:

	Yen (Millions)		
	As of March 31, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
<b>Amortized intangible assets:</b>			
Patent	¥ 41,721	23,218	¥ 18,503
Customer relationships	22,621	15,628	6,993
Software	23,055	11,414	11,641
Unpatented technologies	32,030	23,066	8,964
Other	5,762	1,133	4,629
Total	¥ 125,189	74,459	¥ 50,730
<b>Unamortized intangible assets:</b>			
Trademark	¥ 6,622		¥ 6,622
Other	252		252
Total	¥ 6,874		¥ 6,874
	Yen (Millions)		
	As of June 30, 2013		
	Gross Carrying Amount	Accumulated Amortization	Net Amount
<b>Amortized intangible assets:</b>			
Patent	¥ 41,552	23,881	¥ 17,671
Customer relationships	23,331	16,556	6,775
Software	23,977	11,490	12,487
Unpatented technologies	32,464	24,216	8,248
Other	6,055	1,213	4,842
Total	¥ 127,379	77,356	¥ 50,023
<b>Unamortized intangible assets:</b>			
Trademark	¥ 6,844		¥ 6,844
Other	252		252
Total	¥ 7,096		¥ 7,096

No significant intangible assets other than goodwill were acquired in the three-month ended June 30, 2012 and June 30, 2013.

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, 2013 was ¥2,763 million.

There are no significant changes in the carrying amount of goodwill for the three-month ended June 30, 2013.





Net income attributable to TDK and transfers (to) from noncontrolling interests for the three-month ended June 30, 2012 and June 30, 2013 are as follows:

	Yen (Millions)	
	Three months ended June 30,	
	2012	2013
Net income attributable to TDK	¥ 4,471	372
Decrease in TDK's paid-in capital for purchase of Becromal Iceland ehf common shares	-	(1,125)
Net transfers (to) from noncontrolling interests	-	(1,125)
Change from net income attributable to TDK and transfers (to) from noncontrolling interests	¥ 4,471	(753)

## 11. Other Comprehensive Income (Loss)

The changes in the carrying amount of accumulated other comprehensive income (loss) for the three-month ended June 30, 2013 are as follows:

	Yen (Millions)			
	Foreign currencies translation adjustments	Pension liability adjustments	Net unrealized gains (losses) on securities	Total
<b>March 31, 2013</b>	<b>¥ (114,027)</b>	<b>(46,707)</b>	<b>1,718</b>	<b>¥ (159,016)</b>
Equity transaction of consolidated subsidiaries and other	(125)	-	-	(125)
Other comprehensive income before reclassifications	29,986	54	2,547	32,587
Amounts reclassified from accumulated other comprehensive income (loss)	(48)	533	-	485
Other comprehensive income	29,938	587	2,547	33,072
Other comprehensive income attributable to noncontrolling interests	953	5	0	958
<b>June 30, 2013</b>	<b>¥ (85,167)</b>	<b>(46,125)</b>	<b>4,265</b>	<b>¥ (127,027)</b>

The reclassifications out of accumulated other comprehensive income (loss) for the three-month ended June 30, 2013 are as follows:

	Yen (Millions)	
	Amount reclassified from accumulated other comprehensive income (loss) *1	Affected line items in consolidated statements of income
Foreign currencies translation adjustments:	48	Others
	-	Tax (expense) or benefit
	48	Net of tax
Pension liability adjustments:	(707)	*2
	174	Tax (expense) or benefit
	(533)	Net of tax
Total amount reclassified, net of tax	(485)	

\*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, 2013 are as follows:

For the three-month ended June 30, 2013	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	¥ 29,986	0	29,986
Reclassification adjustments for the portion of gains and losses realized upon sale or liquidation of investments in foreign entities	(48)	-	(48)
Net foreign currency translation adjustments	29,938	0	29,938
Pension liability adjustments:			
Amount arising during the period	78	(24)	54
Reclassification adjustments for amortization and curtailment/settlement	707	(174)	533
Net pension liability adjustments	785	(198)	587
Unrealized gains (losses) on securities:			
Unrealized holding gains (losses) arising during the period	3,380	(833)	2,547
Net unrealized gains (losses)	3,380	(833)	2,547
Other comprehensive income (loss)	¥ 34,103	(1,031)	33,072

## 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 months ended June 30, 2012		Three months ended June 30, 2013	
	Basic	Diluted	Basic	Diluted
Net income attributable to TDK	¥ 4,471	4,375	<b>372</b>	<b>265</b>
	Number of shares (Thousands)			
Weighted average common shares outstanding	125,886	125,886	<b>125,802</b>	<b>125,802</b>
Incremental shares arising from the exercise of stock option	-	152	-	<b>180</b>
Weighted average common shares outstanding – Total	125,886	126,038	<b>125,802</b>	<b>125,982</b>
	Yen			
Per common share:				
Net income attributable to TDK	35.52	34.71	<b>2.96</b>	<b>2.10</b>

The decline of net income attributable to TDK for the three-month ended June 30, 2012 and June 30, 2013 were caused by presuming the exercise of stock option issued by a subsidiary of TDK Corporation.

For the three-month ended June 30, 2012 and June 30, 2013 some 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, 2012 and June 30, 2013 as it was not probable that the performance condition would be achieved as of June 30, 2012 and June 30, 2013.

### 13. 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	Recording devices, 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, 2012 and June 30, 2013 are as follows:

### Net sales

	Yen (Millions)	
	Three months ended June 30,	
	2012	2013
Passive Components:		
External customers	¥ 91,480	<b>117,027</b>
Intersegment	738	<b>859</b>
	<u>92,218</u>	<u><b>117,886</b></u>
Magnetic Application Products:		
External customers	88,180	<b>86,195</b>
Intersegment	161	<b>292</b>
	<u>88,341</u>	<u><b>86,487</b></u>
Film Application Products:		
External customers	23,232	<b>28,604</b>
Intersegment	820	<b>734</b>
	<u>24,052</u>	<u><b>29,338</b></u>
Other:		
External customers	5,761	<b>4,710</b>
Intersegment	4,975	<b>2,214</b>
	<u>10,736</u>	<u><b>6,924</b></u>
Intersegment eliminations	(6,694)	<b>(4,099)</b>
Total	<u>¥ 208,653</u>	<u><b>236,536</b></u>

### Segment profit (loss)

	Yen (Millions)	
	Three months ended June 30,	
	2012	2013
Passive Components	¥ (2,867)	<b>2,822</b>
Magnetic Application Products	14,570	<b>4,623</b>
Film Application Products	2,110	<b>1,564</b>
Other	(427)	<b>(822)</b>
	<u>13,386</u>	<u><b>8,187</b></u>
Corporate and eliminations	(4,163)	<b>(4,207)</b>
Operating income	9,223	<b>3,980</b>
Other income (deductions), net	(378)	<b>542</b>
Income before income taxes	<u>¥ 8,845</u>	<u><b>4,522</b></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, 2012 and June 30, 2013 are as follows:

### **Net sales**

	Yen (Millions)	
	Three months ended June 30,	
	2012	2013
Japan	¥ 30,351	<b>23,272</b>
Americas	14,003	<b>21,928</b>
Europe	27,965	<b>35,091</b>
China	75,499	<b>109,964</b>
Asia and others	60,835	<b>46,281</b>
Total	<u>¥ 208,653</u>	<u><b>236,536</b></u>

Net sales are based on the location of the customers.

The figures for the three-month ended June 30, 2012 are restated based on current calculation method for sales by region.

Major countries in each geographic area:

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