



TDK Corporation
October 31, 2016

Contact;

TDK Corporation (Tokyo)

Corporate Communications Group

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Consolidated results (U.S. GAAP) for the 2nd quarter of FY March 2017

Summary (April 1, 2016 - September 30, 2016)

Term Item	1H of FY2016 (Apr. 1, 2015 - Sep. 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4
Operating income	45,575	7.8	44,313	7.7	438,743	(1,262)	-2.8
Income before income taxes	44,082	7.5	44,326	7.7	438,871	244	0.6
Net income attributable to TDK	31,469	5.4	32,674	5.6	323,505	1,205	3.8
Per common share :							
Net income attributable to TDK / Basic	Yen 249.69		Yen 259.01		U.S.\$ 2.56		
Net income attributable to TDK / Diluted	Yen 239.43		Yen 254.26		U.S.\$ 2.52		
Capital expenditures	72,482	-	87,839	-	869,693	15,357	21.2
Depreciation and amortization	41,550	7.1	41,376	7.1	409,663	(174)	-0.4
Research and development	40,952	7.0	43,767	7.6	433,337	2,815	6.9
Result of financial income (loss)	606	-	303	-	3,000	(303)	-
Ratio of overseas production	86.9%	-	85.4%	-	-		
Number of employees	92,619	-	98,493	-	-		

**2nd quarter consolidated results
(July 1, 2016 - September 30, 2016)**

Term Item	2Q of FY2016 (Jul. 1, 2015 - Sep. 30, 2015)		2Q of FY2017 (July 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	308,058	100.0	300,412	100.0	2,974,376	(7,646)	-2.5
Operating income	27,435	8.9	27,811	9.3	275,356	376	1.4
Income before income taxes	25,147	8.2	27,944	9.3	276,673	2,797	11.1
Net income attributable to TDK	18,370	6.0	20,273	6.7	200,723	1,903	10.4
Per common share :							
Net income attributable to TDK / Basic	Yen 145.72		Yen 160.71		U.S.\$ 1.59		
Net income attributable to TDK / Diluted	Yen 138.98		Yen 157.61		U.S.\$ 1.56		
Capital expenditures	43,792	-	34,353	-	340,129	(9,439)	-21.6
Depreciation and amortization	21,016	6.8	20,748	6.9	205,426	(268)	-1.3
Research and development	21,043	6.8	22,133	7.4	219,139	1,090	5.2
Result of financial income (loss)	327	-	163	-	1,614	(164)	-
Ratio of overseas production	85.1%	-	85.1%	-	-		

Note:

U.S.\$1=Yen 101, for convenience only.

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[Summary Information and Financial Statements]**1. Summary Information Regarding Financial Results for the Second Quarter of Fiscal 2017****(1) Summary Information Regarding Consolidated Business Results**

Consolidated results for the first half of fiscal 2017, the period from April 1 to September 30, 2016, are as follows.

Looking at the first half of fiscal 2017, the global economy maintained a gradual recovery overall, driven by employment growth and continued strong personal consumption in the U.S., and a continued recovery of the economy in Europe. On the downside, growth in the economies of China and other Asian countries showed signs of slowing.

The electronics market, which has a large bearing on the consolidated performance of TDK, saw production levels differ by finished product. Production of smartphones increased from the same period of the previous fiscal year, driven by sustained growth in demand in the Chinese market. Production in the automobile market was slightly higher than in the same period of the previous fiscal year, driven mainly by solid automobile sales in Europe and the U.S. Meanwhile, production of PCs declined compared to the same period of the previous fiscal year. Production of hard disk drives (HDDs) declined substantially compared to the same period of the previous fiscal year due to the decreased demand for PCs and the continued replacement of the HDDs inside PCs by solid state drives (SSDs).

In this business environment, the TDK's consolidated operating results for the first half of fiscal 2017 were as follows.

Summary (April 1, 2016 - September 30, 2016)

Term Item	1H of FY2016 (Apr. 1, 2015 - Sep. 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4
Operating income	45,575	7.8	44,313	7.7	438,743	(1,262)	-2.8
Income before income taxes	44,082	7.5	44,326	7.7	438,871	244	0.6
Net income attributable to TDK	31,469	5.4	32,674	5.6	323,505	1,205	3.8
Per common share :							
Net income attributable to TDK / Basic	Yen 249.69		Yen 259.01		U.S.\$ 2.56		
Net income attributable to TDK / Diluted	Yen 239.43		Yen 254.26		U.S.\$ 2.52		

Note:

U.S.\$1=Yen 101, for convenience only.

Average yen exchange rates for the U.S. dollar and the euro during the first half of fiscal 2017 were ¥105.41 and ¥118.36, respectively, as the yen appreciated 13.5% against the U.S. dollar and 12.4% against the euro. This decreased net sales by approximately ¥85.7 billion and operating income by approximately ¥18.1 billion.

Sales by Product

Term Product	1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Capacitors	78,587	13.4	68,102	11.7	674,277	(10,485)	-13.3
Inductive Devices	79,904	13.6	71,167	12.3	704,624	(8,737)	-10.9
Other Passive Components	143,998	24.5	142,390	24.6	1,409,802	(1,608)	-1.1
Passive Components	302,489	51.5	281,659	48.6	2,788,703	(20,830)	-6.9
Recording Devices	115,292	19.6	123,296	21.3	1,220,752	8,004	6.9
Other Magnetic Application Products	49,332	8.4	43,028	7.4	426,020	(6,304)	-12.8
Magnetic Application Products	164,624	28.0	166,324	28.7	1,646,772	1,700	1.0
Film Application Products	106,218	18.1	116,978	20.2	1,158,198	10,760	10.1
Other	14,283	2.4	14,220	2.5	140,792	(63)	-0.4
Total	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4
Overseas sales	543,249	92.4	529,405	91.4	5,241,634	(13,844)	-2.5

Notes:

1. U.S.\$1=Yen 101, for convenience only.
2. In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Inductive Devices and Other Passive Components and certain products of Film Application Products were reclassified into Other.
The prior year's sales are also reclassified to conform to the new segmentation.

1) Passive Components Segment

This segment is made up of (1) Capacitors, (2) Inductive Devices, and (3) Other Passive Components. Sales in the Passive Components segment were ¥281,659 million (U.S.\$ 2,788,703 thousand), down 6.9% year on year from ¥302,489 million.

Capacitors is made up of Ceramic Capacitors, Aluminum Electrolytic Capacitors, and Film Capacitors. Sales in the Capacitors were ¥68,102 million (U.S.\$ 674,277 thousand), down 13.3% year on year from ¥78,587 million. Sales of Ceramic Capacitors increased to the automotive market, while decreased to the ICT (Information and Communications Technology) and the industrial equipment markets. Sales of Aluminum Electrolytic Capacitors and Film Capacitors decreased mainly to the industrial equipment market.

Sales of Inductive Devices decreased by 10.9% year on year from ¥79,904 million to ¥71,167 million (U.S.\$ 704,624 thousand). Sales increased to the automotive market, while decreased to the ICT market.

Other Passive Components include High-Frequency Devices, Piezoelectric Material Products, Circuit Protection Components, and Sensors. Sales of Other Passive Components decreased by 1.1% year on year from ¥143,998 million to ¥142,390 million (U.S.\$ 1,409,802 thousand). Sales of High-Frequency Devices increased to the ICT market, their major market. Sales of Piezoelectric Material Products and Circuit Protection Components increased to the industrial equipment market, while decreased to the ICT market. Sales of Sensors decreased mainly to the industrial equipment market.

2) Magnetic Application Products Segment

This segment is made up of (1) Recording Devices, and (2) Other Magnetic Application Products. Segment sales increased 1.0% year on year, from ¥164,624 million to ¥166,324 million (U.S.\$ 1,646,772 thousand).

Recording Devices comprises mainly HDD Heads, HDD Suspension Assemblies and Magnetic Sensors. It recorded sales of ¥123,296 million (U.S.\$ 1,220,752 thousand), up 6.9% from ¥115,292 million. Sales of HDD Heads increased despite the slump in the HDD market. The sales of Magnetic Sensors made by Micronas Semiconductor Holding AG were included within the sales of Recording Devices in the first half of fiscal 2017 following its acquisition in March 2016.

Other Magnetic Application Products include Power Supplies and Magnets. Sales decreased by 12.8% year on year from ¥49,332 million to ¥43,028 million (U.S.\$ 426,020 thousand).

Sales of Power Supplies decreased mainly to the industrial equipment market. Also, sales of Magnets decreased mainly to the ICT market for use in HDDs.

3) Film Application Products Segment

This segment is made up of Energy Devices (Rechargeable Batteries). Segment sales increased by 10.1% from ¥106,218 million to ¥116,978 million (U.S.\$ 1,158,198 thousand).

Sales of Energy Devices increased significantly to the ICT market.

4) Other

Other includes Mechatronics (Production Equipment) and Others. Segment sales decreased by 0.4% from ¥14,283 million to ¥14,220 million (U.S.\$ 140,792 thousand).

The main businesses making up the three reporting segments and Other, which includes products not included in these reporting segments, are as follows:

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	HDD Heads, HDD Suspension Assemblies, Magnetic Sensors, Power Supplies, Magnets
Film Application Products	Energy Devices (Rechargeable Batteries)
Other	Mechatronics (Production Equipment), Others

[Sales by Region]

Overseas sales decreased by 2.5% year on year from ¥543,249 million to ¥529,405 million (U.S.\$ 5,241,634 thousand). Overseas sales accounted for 91.4% of consolidated net sales, a 1.0 percentage point decrease from 92.4% in the first half of fiscal 2016. Detailed information on sales by region can be found in the consolidated supplementary information on page 18.

(2) Summary Information Regarding Consolidated Financial Position

1) The following table summarizes TDK's consolidated balance sheet as of September 30, 2016.

Total assets	¥1,483,534 million	(2.3% increase)
Total TDK stockholders' equity	¥601,641 million	(10.9% decrease)
Stockholders' equity ratio	40.6%	(6.0 point decrease)

As of September 30, 2016, total assets increased by ¥32,970 million compared with March 31, 2016. Net liquidity (cash and cash equivalent, short-term investments) decreased by ¥2,926 million. On the other hand, net trade receivables increased by ¥35,940 million and net property, plant and equipment increased by ¥19,755 million.

Total liabilities increased by ¥108,821 million from March 31, 2016. Short-term debt increased by ¥68,958 million and trade payables increased by ¥43,303 million.

Total TDK stockholders' equity, which is included in total equity, decreased by ¥73,720 million from March 31, 2016. Accumulated other comprehensive income (loss) decreased by ¥93,163 million, mainly due to a decrease in foreign currency translation adjustments compared with March 31, 2016.

2) Cash Flows

(Yen millions)

	1H of FY 2016	1H of FY 2017	Change
Net cash provided by operating activities	60,910	54,600	(6,310)
Net cash used in investing activities	(67,387)	(87,542)	(20,155)
Net cash provided by (used in) financing activities	(3,395)	62,334	65,729
Effect of exchange rate changes on cash and cash equivalents	(2,239)	(30,140)	(27,901)
Net decrease in cash and cash equivalents	(12,111)	(748)	11,363
Cash and cash equivalents at beginning of period	265,104	285,468	20,364
Cash and cash equivalents at end of period	252,993	284,720	31,727

Operating activities provided net cash of ¥54,600 million (U.S.\$540,594 thousand), a decrease of ¥6,310 million year on year. There was an increase in net trade receivables.

Investing activities used net cash of ¥87,542 million (U.S.\$866,752 thousand), an increase of ¥20,155 million year on year. It mainly came from an increase in capital expenditures.

Financing activities provided net cash of ¥62,334 million (U.S.\$617,168 thousand), changed by ¥65,729 million year on year. It mainly came from an increase in short-term debt.

(3) Summary Information Regarding Consolidated Projections

(Fiscal 2017 Consolidated Projections)

TDK's projections for consolidated operating results, capital expenditures, depreciation and amortization, and research and development expenses for fiscal 2017, the year ending March 31, 2017, are as follows.

<div>Term</div> <div>Item</div>	FY2017 (April 1, 2016 - March 31, 2017)	FY2017 (April 1, 2016 - March 31, 2017)	FY2016 (April 1, 2015 - March 31, 2016)	vs FY2016 Changes	
	Projection in October '16	Projection in April '16	Actual		
	(Yen millions)	(Yen millions)	(Yen millions)	(Yen millions)	%
Net sales	1,140,000	1,160,000	1,152,255	(12,255)	-1.1
Operating income	76,000	74,000	93,414	(17,414)	-18.6
Income before income taxes	75,000	73,000	91,839	(16,839)	-18.3
Net income attributable to TDK	52,000	50,000	64,828	(12,828)	-19.8
Capital expenditures	190,000	200,000	160,674	29,326	18.3
Depreciation and amortization	90,000	95,000	83,224	6,776	8.1
Research and development	90,000	90,000	84,920	5,080	6.0

(Notes)

TDK (as defined below) has revised its performance projections from those announced on April 28, 2016. The revisions are based on demand projections for electronic components in light of information currently available to TDK regarding the electronics markets and major finished products, and on a view that the yen is also expected to grow stronger against the U.S. dollar than previously assumed.

(Exchange Rate Forecast)

Average yen exchange rates against the U.S. dollar and the euro of ¥100 and ¥110 respectively will be assumed from the third quarter onward.

Cautionary Statements with Respect to Forward-Looking Statements

This material contains forward-looking statements, including projections, plans, policies, management strategies, targets, schedules, understandings, and evaluations about TDK Corporation and/or its group companies ("TDK"). These forward-looking statements are based on the current forecasts, estimates, assumptions, plans, beliefs, and evaluations of TDK in light of information currently available to it, and contain known and unknown risks, uncertainties and other factors.

TDK therefore wishes to caution readers that, being subject to risks, uncertainties and other factors, TDK's actual results, performance, achievements or financial positions could be materially different from any future results, performance, achievements or financial positions expressed or implied by

these forward-looking statements, and TDK undertakes no obligation to publicly update or revise any forward-looking statements after the issue of this material except as provided for in applicable laws and ordinances.

The electronics markets in which TDK operates are highly susceptible to rapid changes. Risks, uncertainties and other factors that can have significant effects on TDK include, but are not limited to, shifts in technology, fluctuations in demand, prices, interest and foreign exchange rates, and changes in economic environments, conditions of competition, laws, and regulations.

2. Other Information

(1) Changes in Significant Subsidiaries

TDK disposed the whole share of TDK (Shanghai) Electro-Energy Co., Ltd. in the quarter ended September 30, 2016.

(2) Simplified Accounting Treatment and Special Accounting Treatment

Nothing to report.

(3) Accounting Policy Changes, Accounting Estimate Changes and Restatements

Simplifying the Presentation of Debt Issuance Costs

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-03 “Simplifying the Presentation of Debt Issuance Costs”.

The amendments in this Update require debt issuance costs to be presented as a deduction from the related debt liability. TDK adopted this Update on April 1, 2016. As a result, the bond issuance cost that used to be a part of Other assets is presented as a deduction from Long-term debt in the prior year’s consolidated financial statement.

The adoption of this Update did not have a material impact on TDK’s results of operations or financial position.

Simplifying the Accounting for Measurement – Period Adjustments

In September 2015, the FASB issued ASU 2015-16 “Simplifying the Accounting for Measurement – Period Adjustments”. The amendments in this Update require that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined. This Update is effective for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. TDK adopted this Update prospectively for adjustments to provisional amounts that occur after the effective date of this Update.

The effect of adopting this Update on TDK’s results of operations and financial position depends on the status of the business combinations with measurement periods ending on or after April 1, 2016.

(4) Fundamental Policy for Distribution of Earnings, and Fiscal 2017 Dividends

TDK recognizes that achieving increase in corporate value over the medium- and long-term ultimately translates into higher shareholder value. In line with this understanding, TDK's fundamental policy is to work to consistently increase dividends through growth in earnings per share. By actively investing for growth, mainly in the development of new products and technologies in key fields so as to respond precisely to rapid technological innovation in the electronics industry, TDK is aiming to increase a medium- and long-term corporate value. Accordingly, TDK actively reinvests its earning in business activities and determines its dividends taking into consideration comprehensive factors, including return on equity (ROE) and dividends on equity (DOE) on a consolidated basis, as well as changes in the business environment, among other factors.

Projected dividends per share for fiscal 2017 are as follows. TDK keeps initial dividend forecast unchanged.

(Yen)

	FY2017	FY2016 Actual
Interim dividend	60.00	60.00
Year-end dividend	(Forecast) 60.00	60.00
Annual dividend	(Forecast) 120.00	120.00

3. Consolidated Financial Statements

(1) Balance Sheets

ASSETS									
Term Item	As of March 31, 2016		As of September 30, 2016			Change from March 31, 2016	As of June 30, 2016		Change from June 30, 2016
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current assets	740,994	51.1	775,261	52.3	7,675,851	34,267	714,634	50.5	60,627
Cash and cash equivalents	285,468		284,720		2,819,010	(748)	258,351		26,369
Short-term investments	21,964		19,786		195,901	(2,178)	19,830		(44)
Net trade receivables	226,218		262,158		2,595,623	35,940	235,646		26,512
Inventories	157,129		152,573		1,510,624	(4,556)	152,568		5
Other current assets	50,215		56,024		554,693	5,809	48,239		7,785
Noncurrent assets	709,570	48.9	708,273	47.7	7,012,604	(1,297)	701,369	49.5	6,904
Investments in securities	35,335		35,194		348,455	(141)	33,538		1,656
Net property, plant and equipment	487,639		507,394		5,023,703	19,755	494,609		12,785
Other assets	186,596		165,685		1,640,446	(20,911)	173,222		(7,537)
TOTAL	1,450,564	100.0	1,483,534	100.0	14,688,455	32,970	1,416,003	100.0	67,531

LIABILITIES AND EQUITY									
Term Item	As of March 31, 2016		As of September 30, 2016			Change from March 31, 2016	As of June 30, 2016		Change from June 30, 2016
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	(Yen millions)	%	(Yen millions)
Current liabilities	451,234	31.1	559,560	37.7	5,540,198	108,326	488,872	34.5	70,688
Short-term debt	158,683		227,641		2,253,871	68,958	180,523		47,118
Current installments of long-term debt	36,228		22,894		226,673	(13,334)	36,068		(13,174)
Trade payables	112,664		155,967		1,544,228	43,303	127,988		27,979
Accrued expenses	123,892		132,842		1,315,267	8,950	123,096		9,746
Other current liabilities	19,767		20,216		200,159	449	21,197		(981)
Noncurrent liabilities	314,697	21.7	315,192	21.3	3,120,712	495	319,407	22.6	(4,215)
Long-term debt, excluding current installments	140,826		152,782		1,512,693	11,956	155,560		(2,778)
Retirement and severance benefits	147,136		138,831		1,374,564	(8,305)	140,364		(1,533)
Other noncurrent liabilities	26,735		23,579		233,455	(3,156)	23,483		96
Total liabilities	765,931	52.8	874,752	59.0	8,660,910	108,821	808,279	57.1	66,473
Common stock	32,641		32,641		323,178	-	32,641		-
Additional paid-in capital	21,083		15,222		150,713	(5,861)	21,058		(5,836)
Legal reserve	34,221		34,866		345,208	645	34,555		311
Retained earnings	707,508		731,970		7,247,228	24,462	712,008		19,962
Accumulated other comprehensive income (loss)	(102,285)		(195,448)		(1,935,129)	(93,163)	(183,243)		(12,205)
Treasury stock	(17,807)		(17,610)		(174,356)	197	(17,738)		128
Total TDK stockholders' equity	675,361	46.6	601,641	40.6	5,956,842	(73,720)	599,281	42.3	2,360
Noncontrolling interests	9,272	0.6	7,141	0.4	70,703	(2,131)	8,443	0.6	(1,302)
Total equity	684,633	47.2	608,782	41.0	6,027,545	(75,851)	607,724	42.9	1,058
TOTAL	1,450,564	100.0	1,483,534	100.0	14,688,455	32,970	1,416,003	100.0	67,531

Note:

U.S.\$1=Yen 101, for convenience only.

(2) Statements of Income and Statements of Comprehensive Income (Loss)

[1st half results]

Statements of Income

Term Item	1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4
Cost of sales	429,384	73.1	420,244	72.6	4,160,831	(9,140)	-2.1
Gross profit	158,230	26.9	158,937	27.4	1,573,634	707	0.4
Selling, general and administrative expenses	112,655	19.1	114,624	19.7	1,134,891	1,969	1.7
Operating income	45,575	7.8	44,313	7.7	438,743	(1,262)	-2.8
Other income (deductions):							
Interest and dividend income	2,117		1,886		18,673	(231)	
Interest expense	(1,511)		(1,583)		(15,673)	(72)	
Foreign exchange gain (loss)	(942)		(1,381)		(13,674)	(439)	
Other-net	(1,157)		1,091		10,802	2,248	
Total other income (deductions)	(1,493)	-0.3	13	0.0	128	1,506	-
Income before income taxes	44,082	7.5	44,326	7.7	438,871	244	0.6
Income taxes	11,368	1.9	11,277	2.0	111,653	(91)	-0.8
Net income	32,714	5.6	33,049	5.7	327,218	335	1.0
Less: Net income attributable to noncontrolling interests	1,245	0.2	375	0.1	3,713	(870)	-69.9
Net income attributable to TDK	31,469	5.4	32,674	5.6	323,505	1,205	3.8

Note:

U.S.\$1=Yen 101, for convenience only.

Statements of Comprehensive Income (Loss)

Term Item	1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)		Change
	(Yen millions)		(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	32,714		33,049	327,218	335
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(9,231)		(95,260)	(943,168)	(86,029)
Pension liability adjustments	1,198		2,016	19,960	818
Net unrealized gains (losses) on securities	(4,761)		(826)	(8,178)	3,935
Total other comprehensive income (loss)	(12,794)		(94,070)	(931,386)	(81,276)
Comprehensive income (loss)	19,920		(61,021)	(604,168)	(80,941)
Comprehensive income (loss) attributable to noncontrolling interests	1,307		(557)	(5,515)	(1,864)
Comprehensive income (loss) attributable to TDK	18,613		(60,464)	(598,653)	(79,077)

Note:

U.S.\$1=Yen 101, for convenience only.

[2nd quarter results]

Statements of Income

Term Item	2Q of FY2016 (July 1, 2015 - September 30, 2015)		2Q of FY2017 (July 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Net sales	308,058	100.0	300,412	100.0	2,974,376	(7,646)	-2.5
Cost of sales	222,512	72.2	215,973	71.9	2,138,346	(6,539)	-2.9
Gross profit	85,546	27.8	84,439	28.1	836,030	(1,107)	-1.3
Selling, general and administrative expenses	58,111	18.9	56,628	18.8	560,674	(1,483)	-2.6
Operating income	27,435	8.9	27,811	9.3	275,356	376	1.4
Other income (deductions):							
Interest and dividend income	1,033		933		9,238	(100)	
Interest expense	(706)		(770)		(7,624)	(64)	
Foreign exchange gain (loss)	(962)		(168)		(1,663)	794	
Other-net	(1,653)		138		1,366	1,791	
Total other income (deductions)	(2,288)	-0.7	133	0.0	1,317	2,421	-
Income before income taxes	25,147	8.2	27,944	9.3	276,673	2,797	11.1
Income taxes	6,222	2.0	7,482	2.5	74,079	1,260	20.3
Net income	18,925	6.2	20,462	6.8	202,594	1,537	8.1
Less: Net income attributable to noncontrolling interests	555	0.2	189	0.1	1,871	(366)	-65.9
Net income attributable to TDK	18,370	6.0	20,273	6.7	200,723	1,903	10.4

Note:

U.S.\$1=Yen 101, for convenience only.

Statements of Comprehensive Income (Loss)

Term Item	2Q of FY2016 (July 1, 2015 - September 30, 2015)		2Q of FY2017 (July 1, 2016 - September 30, 2016)		Change
	(Yen millions)		(Yen millions)	(U.S.\$ thousands)	(Yen millions)
Net income	18,925		20,462	202,594	1,537
Other comprehensive income (loss), net of taxes:					
Foreign currencies translation adjustments	(27,915)		(14,009)	(138,703)	13,906
Pension liability adjustments	553		1,081	10,703	528
Net unrealized gains (losses) on securities	(3,727)		649	6,426	4,376
Total other comprehensive income (loss)	(31,089)		(12,279)	(121,574)	18,810
Comprehensive income (loss)	(12,164)		8,183	81,020	20,347
Comprehensive income attributable to noncontrolling interests	314		91	901	(223)
Comprehensive income (loss) attributable to TDK	(12,478)		8,092	80,119	20,570

Note:

U.S.\$1=Yen 101, for convenience only.

(3) Statements of Cash Flows

Term Item	1H of FY2016 (April 1, 2015 - September 30, 2015)	1H of FY2017 (April 1, 2016 - September 30, 2016)	
	(Yen millions)	(Yen millions)	(U.S.\$ thousands)
Cash flows from operating activities:			
Net income	32,714	33,049	327,218
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	41,550	41,376	409,663
Changes in assets and liabilities:			
Decrease (increase) in trade receivables	(20,396)	(66,594)	(659,347)
Decrease (increase) in inventories	(11,865)	(9,834)	(97,366)
Increase (decrease) in trade payables	19,275	64,450	638,119
Increase (decrease) in accrued expenses	(336)	2,746	27,188
Decrease (increase) in other assets and liabilities, net	(2,830)	(12,812)	(126,851)
Other-net	2,798	2,219	21,970
Net cash provided by operating activities	60,910	54,600	540,594
Cash flows from investing activities:			
Capital expenditures	(72,482)	(87,839)	(869,693)
Proceeds from sales of tangible and intangible assets	475	6,776	67,089
Proceeds from sale and maturity of short-term investments	17,461	19,393	192,010
Payment for purchase of short-term investments	(13,486)	(19,630)	(194,356)
Proceeds from sale and maturity of securities	3,457	86	852
Payment for purchase of securities	(490)	(450)	(4,455)
Investments in affiliates	(2,313)	(599)	(5,931)
Payment for escrow deposit for purchase of shares of subsidiaries	-	(5,569)	(55,139)
Other-net	(9)	290	2,871
Net cash used in investing activities	(67,387)	(87,542)	(866,752)
Cash flows from financing activities:			
Proceeds from long-term debt	13,474	41,228	408,198
Repayment of long-term debt	(251)	(35,293)	(349,436)
Increase (decrease) in short-term debt, net	18,212	71,412	707,050
Dividends paid	(6,298)	(7,563)	(74,881)
Acquisition of noncontrolling interests	(28,504)	(7,496)	(74,218)
Other-net	(28)	46	455
Net cash provided by (used in) financing activities	(3,395)	62,334	617,168
Effect of exchange rate changes on cash and cash equivalents	(2,239)	(30,140)	(298,416)
Net decrease in cash and cash equivalents	(12,111)	(748)	(7,406)
Cash and cash equivalents at beginning of period	265,104	285,468	2,826,416
Cash and cash equivalents at end of period	252,993	284,720	2,819,010

Note:

U.S.\$1=Yen 101, for convenience only.

(4) Notes Concerning Going Concern Assumptions

Nothing to report.

(5) 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.

In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Passive Components and certain products of Film Application Products were reclassified into Other. The prior year's figures are also reclassified to conform to the new segmentation.

[1st half results]

Sales by industry segment

		1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	302,489	51.5	281,659	48.6	2,788,703	(20,830)	-6.9
	Intersegment	1,511		1,500		14,851	(11)	-0.7
	Total	304,000		283,159		2,803,554	(20,841)	-6.9
Magnetic Application Products	External customers	164,624	28.0	166,324	28.7	1,646,772	1,700	1.0
	Intersegment	110		78		773	(32)	-29.1
	Total	164,734		166,402		1,647,545	1,668	1.0
Film Application Products	External customers	106,218	18.1	116,978	20.2	1,158,198	10,760	10.1
	Intersegment	-		-		-	-	-
	Total	106,218		116,978		1,158,198	10,760	10.1
Other	External customers	14,283	2.4	14,220	2.5	140,792	(63)	-0.4
	Intersegment	11,948		11,860		117,426	(88)	-0.7
	Total	26,231		26,080		258,218	(151)	-0.6
Intersegment eliminations		(13,569)		(13,438)		(133,050)	131	
Total		587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4

Note:

U.S.\$1=Yen 101, for convenience only.

Segment profit (loss) by industry segment

		1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		32,412	10.7	36,689	13.0	363,257	4,277	13.2
Magnetic Application Products		8,245	5.0	4,119	2.5	40,782	(4,126)	-50.0
Film Application Products		16,864	15.9	20,083	17.2	198,842	3,219	19.1
Other		95	0.7	(3,313)	-23.3	(32,802)	(3,408)	-
Sub total		57,616	9.8	57,578	9.9	570,079	(38)	-0.1
Corporate and Eliminations		(12,041)		(13,265)		(131,336)	(1,224)	
Operating income		45,575	7.8	44,313	7.7	438,743	(1,262)	-2.8

Notes:

1. U.S.\$1=Yen 101, for convenience only.
2. % to sales of each corresponding segment

[2nd quarter results]

Sales by industry segment

		2Q of FY2016 (July 1, 2015 - September 30, 2015)		2Q of FY2017 (July 1, 2016 - September 30, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components	External customers	152,209	49.4	143,998	47.9	1,425,723	(8,211)	-5.4
	Intersegment	746		735		7,277	(11)	-1.5
	Total	152,955		144,733		1,433,000	(8,222)	-5.4
Magnetic Application Products	External customers	85,266	27.7	83,924	27.9	830,930	(1,342)	-1.6
	Intersegment	47		43		426	(4)	-8.5
	Total	85,313		83,967		831,356	(1,346)	-1.6
Film Application Products	External customers	63,287	20.5	65,166	21.7	645,208	1,879	3.0
	Intersegment	-		-		-	-	-
	Total	63,287		65,166		645,208	1,879	3.0
Other	External customers	7,296	2.4	7,324	2.5	72,515	28	0.4
	Intersegment	6,379		6,050		59,901	(329)	-5.2
	Total	13,675		13,374		132,416	(301)	-2.2
Intersegment eliminations		(7,172)		(6,828)		(67,604)	344	
Total		308,058	100.0	300,412	100.0	2,974,376	(7,646)	-2.5

Note:

U.S.\$1=Yen 101, for convenience only.

Segment profit (loss) by industry segment

		2Q of FY2016 (July 1, 2015 - September 30, 2015)		2Q of FY2017 (July 1, 2016 - September 30, 2016)			Change	
		(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Passive Components		17,382	11.4	20,701	14.4	204,960	3,319	19.1
Magnetic Application Products		4,458	5.2	2,377	2.8	23,535	(2,081)	-46.7
Film Application Products		11,787	18.6	13,021	20.0	128,921	1,234	10.5
Other		67	0.9	(1,961)	-26.8	(19,416)	(2,028)	-
Sub total		33,694	10.9	34,138	11.4	338,000	444	1.3
Corporate and Eliminations		(6,259)		(6,327)		(62,644)	(68)	
Operating income		27,435	8.9	27,811	9.3	275,356	376	1.4

Notes:

1. U.S.\$1=Yen 101, for convenience only.
2. % to sales of each corresponding segment

(6) Notes Concerning Significant Changes in Stockholders' Equity

Nothing to report.

(7) Consolidated Supplementary Information

1) Exchange rates used for conversion

Term Item	As of September 30, 2015		As of September 30, 2016		As of March 31, 2016	
	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen	US\$=Yen	Euro=Yen
The end of the period	119.96	134.97	101.12	113.36	112.68	127.70

2) Sales by region

[1st half results]

Term Region	1H of FY2016 (April 1, 2015 - September 30, 2015)		1H of FY2017 (April 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	51,194	8.7	53,867	9.3	533,337	2,673	5.2
Europe	73,800	12.5	72,819	12.6	720,980	(981)	-1.3
Asia and others	418,255	71.2	402,719	69.5	3,987,317	(15,536)	-3.7
Overseas sales total	543,249	92.4	529,405	91.4	5,241,634	(13,844)	-2.5
Japan	44,365	7.6	49,776	8.6	492,831	5,411	12.2
Net sales	587,614	100.0	579,181	100.0	5,734,465	(8,433)	-1.4

[2nd quarter results]

Term Region	2Q of FY2016 (July 1, 2015 - September 30, 2015)		2Q of FY2017 (July 1, 2016 - September 30, 2016)			Change	
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)	(Yen millions)	Change(%)
Americas	25,986	8.4	26,691	8.9	264,267	705	2.7
Europe	37,331	12.1	35,558	11.8	352,060	(1,773)	-4.7
Asia and others	222,920	72.4	212,523	70.8	2,104,188	(10,397)	-4.7
Overseas sales total	286,237	92.9	274,772	91.5	2,720,515	(11,465)	-4.0
Japan	21,821	7.1	25,640	8.5	253,861	3,819	17.5
Net sales	308,058	100.0	300,412	100.0	2,974,376	(7,646)	-2.5

Notes:

1. U.S.\$1=Yen 101, for convenience only.
2. Overseas sales are based on the location of the customers.

3) Company group

As of September 30, 2016, TDK Corporation had 132 consolidated subsidiaries (14 in Japan and 118 overseas). TDK Corporation also had 7 affiliates (4 in Japan and 3 overseas), the financial statements for which are accounted for by the equity method.

4) Overview of sales by product

Term Product	1Q of FY2016 (April 1, 2015 - June 30, 2015)		2Q of FY2016 (July 1, 2015 - September 30, 2015)		3Q of FY2016 (October 1, 2015 - December 31, 2015)		4Q of FY2016 (January 1, 2016 - March 31, 2016)	
	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%	(Yen millions)	%
Capacitors	39,126	14.0	39,461	12.8	36,423	12.1	35,392	13.5
Inductive Devices	39,713	14.2	40,191	13.0	38,947	12.9	36,270	13.8
Other	71,441	25.5	72,557	23.6	68,195	22.6	65,758	25.0
Passive Components	150,280	53.7	152,209	49.4	143,565	47.6	137,420	52.3
Recording Devices	54,585	19.5	60,707	19.7	58,501	19.4	46,043	17.5
Other	24,773	8.9	24,559	8.0	23,292	7.7	22,862	8.7
Magnetic Application Products	79,358	28.4	85,266	27.7	81,793	27.1	68,905	26.2
Film Application Products	42,931	15.4	63,287	20.5	67,624	22.4	46,051	17.5
Other	6,987	2.5	7,296	2.4	8,746	2.9	10,537	4.0
Total	279,556	100.0	308,058	100.0	301,728	100.0	262,913	100.0

Term Product	1Q of FY2017 (April 1, 2016 - June 30, 2016)		2Q of FY2017 (July 1, 2016 - September 30, 2016)		
	(Yen millions)	%	(Yen millions)	%	(U.S.\$ thousands)
Capacitors	34,356	12.3	33,746	11.2	334,119
Inductive Devices	35,706	12.8	35,461	11.8	351,099
Other	67,599	24.3	74,791	24.9	740,505
Passive Components	137,661	49.4	143,998	47.9	1,425,723
Recording Devices	60,977	21.8	62,319	20.7	617,019
Other	21,423	7.7	21,605	7.2	213,911
Magnetic Application Products	82,400	29.5	83,924	27.9	830,930
Film Application Products	51,812	18.6	65,166	21.7	645,208
Other	6,896	2.5	7,324	2.5	72,515
Total	278,769	100.0	300,412	100.0	2,974,376

Notes:

1. U.S.\$1=Yen 101, for convenience only.
2. In accordance with the reorganization in 1Q of FY2017, certain products of Other were reclassified into Inductive Devices and Other Passive Components and certain products of Film Application Products were reclassified into Other. The prior year's sales are also reclassified to conform to the new segmentation.