Annual Report

(English translation of consolidated financial information)

(The 65th Business Term)

From April 1, 2018 to March 31, 2019

KYOCERA CORPORATION

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[Company Name]	Kyocera Kabushiki Kaisha
[Company Name in English]	KYOCERA CORPORATION
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[Place Where Available for Public Inspection]	Tokyo Stock Exchange, Inc. (2-1, Nihombashi Kabutocho, Chuo-ku, Tokyo)

This is an English translation of the Annual Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors' NETwork ("EDINET") pursuant to the Financial Instruments and Exchange Act of Japan.
In this document, the terms "we," "us," "our," "Kyocera Group" and "Kyocera" refer to Kyocera Corporation and consolidated subsidiaries or, as the context may require, Kyocera Corporation on a non-consolidated basis and the "Company" refers to Kyocera Corporation on a non-consolidated basis.

Part I. Information on Kyocera

I. Overview of Kyocera

1. Selected Financial Data

(1) Consolidated Financial Data (Yen in millions unless otherwise stated)

	International Financial Reporting Standards		
	The date of transition	64th	65th
Year ended	April 1, 2017	March 31, 2018	March 31, 2019
Sales revenue	−	1,577,039	1,623,710
Profit before income taxes	−	129,992	140,610
Profit attributable to owners of the parent	−	79,137	103,210
Comprehensive income attributable to owners of the parent	−	43,131	21,514
Equity attributable to owners of the parent	2,326,884	2,325,791	2,265,919
Total assets	3,084,637	3,128,813	2,968,475
Equity per share attributable to owners of the parent (Yen)	6,328.00	6,325.11	6,263.71
Earnings per share attributable to owners of the parent - Basic (Yen)	−	215.22	284.94
Earnings per share attributable to owners of the parent - Diluted (Yen)	−	215.20	284.70
Ratio of equity attributable to owners of the parent to total assets (%)	75.4	74.3	76.3
Return on equity (%)	−	3.4	4.5
Price earnings ratio (Times)	−	27.90	22.81
Cash flows from operating activities	−	158,905	220,025
Cash flows from investing activities	−	(53,128)	(47,121)
Cash flows from financing activities	−	(51,572)	(89,056)
Cash and cash equivalents at the end of the year	376,195	424,938	512,814
Number of employees	70,153	75,940	76,863

(Notes) 1. Kyocera prepared its consolidated financial statements in accordance with International Financial Reporting Standards (hereinafter, "IFRS") from the 65th business term, and the figures are presented in Japanese yen and amounts less than one million yen are rounded.

2. Sales revenue do not include consumption taxes.

(Yen in millions unless otherwise stated)

	Generally Accepted Accounting Principles of the United States of America			
	61st	62nd	63rd	64th
Year ended	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018
Net sales	1,526,536	1,479,627	1,422,754	1,577,039
Income before income taxes	121,862	145,583	137,849	131,866
Net income attributable to Kyocera Corporation's shareholders	115,875	109,047	103,843	81,789
Comprehensive income	352,446	109,969	85,628	48,650
Kyocera Corporation's shareholders' equity	2,215,319	2,284,264	2,334,219	2,336,246
Total assets	3,021,184	3,095,049	3,110,470	3,157,077
Kyocera Corporation's shareholders' equity per share (Yen)	6,038.57	6,226.58	6,347.95	6,353.54
Net income attributable to Kyocera Corporation's shareholders - Basic (Yen)	315.85	297.24	282.62	222.43
Net income attributable to Kyocera Corporation's shareholders - Diluted (Yen)	315.85	297.24	282.62	222.43
Ratio of equity attributable to Kyocera Corporation's shareholders to total assets (%)	73.3	73.8	75.1	74.0
Return on equity (%)	5.6	4.8	4.5	3.5
Price earnings ratio (Times)	20.87	16.68	21.94	26.99
Cash flows from operating activities	130,767	194,040	164,231	158,953
Cash flows from investing activities	(93,608)	(106,809)	(112,089)	(53,128)
Cash flows from financing activities	(39,992)	(50,608)	(47,972)	(51,620)
Cash and cash equivalents at the end of the year	351,363	374,020	376,195	424,938
Number of employees	68,185	69,229	70,153	75,940

(Notes) 1. Kyocera prepared its consolidated financial statements in accordance with Generally Accepted Accounting Principles of the United States of America (hereinafter, "U.S. GAAP") until the 64th business term, and the figures are presented in Japanese yen and amounts less than one million yen are rounded.

2. Net sales do not include consumption taxes.

(2) Financial data of Kyocera Corporation

(Yen in millions unless otherwise stated)

	61st	62nd	63rd	64th	65th
Year ended	March 31, 2015	March 31, 2016	March 31, 2017	March 31, 2018	March 31, 2019
Net sales	634,984	592,979	662,595	742,066	736,263
Recurring profit	82,591	94,598	81,339	82,901	119,978
Net income	67,681	74,041	83,724	78,536	55,129
Common stock	115,703	115,703	115,703	115,703	115,703
Number of shares issued (Shares)	377,618,580	377,618,580	377,618,580	377,618,580	377,618,580
Net assets	1,791,255	1,890,882	1,922,944	1,917,101	1,805,568
Total assets	2,251,316	2,390,223	2,435,888	2,389,403	2,181,058
Net assets per share (Yen)	4,882.65	5,154.27	5,229.48	5,213.65	4,991.15
Annual dividends per share (Yen)	100.00	100.00	110.00	120.00	140.00
Interim dividends per share (Yen)	40.00	50.00	50.00	60.00	60.00
Net income per share - Basic (Yen)	184.49	201.82	227.86	213.58	152.20
Net income per share - Diluted (Yen)	—	—	—	—	—
Net assets to total assets (%)	79.6	79.1	78.9	80.2	82.8
Return on equity (%)	4.1	4.0	4.4	4.1	3.0
Price earnings ratio (Times)	35.73	24.56	27.22	28.11	42.71
Dividends payout ratio (%)	54.2	49.5	48.3	56.2	92.0
Number of employees	14,026	14,146	16,463	18,451	19,268
Total shareholder return (%)	143.8	110.8	140.0	138.3	151.9
Comparative indicator: Dividend-included TOPIX (%)	130.7	116.5	133.7	154.9	147.1
Highest share price (Yen)	6,905	7,207	6,462	8,345	7,042
Lowest share price (Yen)	4,352	4,415	4,559	5,613	5,127

(Notes) 1. The figures in financial statements are presented in Japanese yen and amounts less than one million yen are rounded.
2. Net sales do not include consumption taxes.
3. Dividends per share for the year ended March 31, 2019 include 60th commemoration dividends of 20.00 yen.
4. Net income per share - Diluted is not described in the above table, as there is no diluted share.
5. Highest and lowest share prices are quoted on the first section of the Tokyo Stock Exchange.
6. “Partial Amendments to Accounting Standard for Tax Effect Accounting” (Accounting Standards Board of Japan Statement No. 28, February 16, 2018) has been applied from the beginning of the year ended March 31, 2019, and the figures in the financial data for the year ended March 31, 2018 has been changed by applying this accounting standard retrospectively.

2. History

Kyocera Corporation was founded as “Kyoto Ceramic Co., Ltd.” in April 1, 1959. In order to change its face value of stock from 500 yen to 50 yen, Shikoku Shokkin Kagaku Kenkyusho (renamed to Kyoto Ceramitsuku Kabushiki Kaisha on May 12, 1970), established on November 6, 1946, was incorporated as a surviving company in a form of an absorption-type merger on October 1, 1970, and the merger was carried out as a due date.
Therefore, prior to this merger, the history of the Kyoto Ceramic Co., Ltd., the merged company, is described.

April	1959	Established headquarter and factory with a capital of 3 million yen in 101 Nishinokyoharamachi, Nakagyo-ku, Kyoto Founded as “Kyoto Ceramic Co., Ltd.” a specialized manufacturer in fine ceramics
April	1960	Opened Tokyo Office
May	1963	Established Shiga Gamo Plant
July	1969	Established Kagoshima Sendai Plant Established Kyocera International, Inc. in U.S. as a sales company
October	1969	Established Kyocera Sho-Ji Kabushiki Kaisha as a domestic sales company
October	1970	Kyoto Ceramic Co., Ltd. and Kyocera Sho-Ji Kabushiki Kaisha merged into Kyoto Ceramitsuku Kabushiki Kaisha.
January	1971	Established Kyocera Fineceramics GmbH in Germany
October	1971	Listed its stock on the Second Section of Osaka Stock Exchange (listed on the First Section in February 1974)
September	1972	Listed its stock on the Second Section of Tokyo Stock Exchange (listed on the First Section in February 1974)
October	1972	Established Kagoshima Kokubu Plant
February	1976	Issued American Depository Receipts (hereinafter "ADRs") in the U.S.
October	1979	Established Central Research Laboratory in Kagoshima Kokubu Plant (currently Monozukuri R&D Laboratory)
May	1980	Listed its stock on the New York Stock Exchange (hereinafter "NYSE") (delisted from NYSE in June 2018) Issued ADRs in the U.S. for the second time
October	1982	4 companies, Cybernet Electronics Corporation, Crescent Vert Co., Ltd., Japan Cast Corporation and New Medical Co., Ltd. merged into Kyoto Ceramic Co., Ltd., and changed its name to Kyocera Corporation
June	1984	Established Daini Denden Kikaku Co., Ltd. (currently KDDI Corporation)
August	1989	Made Elco International Corporation, connector business, as a consolidated subsidiary (later, Kyocera Elco Corporation, and merged into Kyocera Corporation in April 2017)
January	1990	Issued ADRs in the United States for the third time Made AVX Corporation as a consolidated subsidiary through shares exchange
March	1995	Established Kyocera R&D Center (currently Yokohama Office)
August	1995	Established Kyocera R&D Center, Keihanna in Kyoto, Japan (currently Keihanna Research Center) Established Dongguan Shilong Kyocera Optics Co., Ltd. (currently Dongguan Shilong Kyocera Co., Ltd.) in Dongguan, China as a manufacturing company
September	1995	Established Kyocera Communication Systems Co., Ltd.
December	1995	Established Shanghai Kyocera Electronics Co., Ltd. in Shanghai, China as a manufacturing company
September	1996	Established Kyocera Solar Corporation as a construction company of residential solar systems
August	1998	Established new headquarter in Fushimi-ku, Kyoto
February	2000	Succeeded Qualcomm, Inc.’s Mobile phone business
April	2000	Invested in Kyocera Mita Corporation (currently Kyocera Document Solutions Inc.), and made as a consolidated subsidiary
December	2001	Established Kyocera Mita Office Equipment (Dongguan) Co., Ltd. (currently Kyocera Document Technology (Dongguan) Co., Ltd.) in the Dongguan, China as a manufacturing company of printer and multi-functional printer
April	2002	Kyocera Document Solutions Inc. succeeded Kyocera Corporation’s printer business

August	2002	Made Toshiba Chemical Corporation, semiconductor related materials business, as a consolidated subsidiary through shares exchange, and changed its name to Kyocera Chemical Corporation (later, merged into Kyocera Corporation in April 2016)
May	2003	Established Kyocera (Tianjin) Solar Energy Co., Ltd. as a manufacturing company of solar modules in Tianjin, China
August	2003	Made Kinseki, Limited, crystal devices business, as a consolidated subsidiary through shares exchange (later, changed its name to Kyocera Crystal Device Corporation and merged into Kyocera Corporation in April 2017) Established Kyocera SLC Technologies Corporation (later, changed its name to Kyocera Circuit Solutions Inc., and merged into Kyocera Corporation in April 2016) as a manufacturing and sales company of build-up substrates
September	2004	Established Japan Medical Materials Corporation (later, changed its name to Kyocera Medical Inc., and merged into Kyocera Corporation in April 2017) by Kyocera Corporation and Kobe Steel, Ltd. transferring their medical materials business to Japan Medical Materials Corporation through company split
April	2008	Succeeded Sanyo Electric Co., Ltd.'s Mobile phone business
January	2009	Made TA Triumph-Adler AG, sales company of printers and multi-functional printers in Germany, as a consolidated subsidiary (later, changed its name to TA Triumph-Adler GmbH)
July	2011	Made Unimerco Group A/S, manufacturing and sales company of industrial tools in Denmark, as a consolidated subsidiary, and changed its name to Kyocera Unimerco A/S Established Kyocera Mita Vietnam Technology Co., Ltd. (currently Kyocera Document Technology Vietnam Co., Ltd.) as a manufacturing company of printers and multi-functional printers in Vietnam
August	2011	Established Kyocera Vietnam Management Co., Ltd. (currently Kyocera Vietnam Co., Ltd.) as a manufacturing company in Vietnam
February	2012	Made Optrex Corporation, specialized manufacturer related in liquid crystal displays, as a consolidated subsidiary (later, changed its name to Kyocera Display Corporation and merged into Kyocera Corporation in October 2018)
October	2013	Made NEC Toppan Circuit Solutions, Inc., manufacturer of printed wiring board, as a consolidated subsidiary (later, changed its name to Kyocera Circuit Solutions, Inc.)
October	2014	Integrate Kyocera Circuit Solutions, Inc. into Kyocera SLC Technologies Corporation to form Kyocera Circuit Solutions, Inc. (later, merged into Kyocera Corporation in April 2016)
September	2015	Made Nihon Inter Electronics Corporation, manufacturer of power semiconductors, as a consolidated subsidiary (later, merged into Kyocera Corporation in August 2016)
April	2016	Merged Kyocera Circuit Solutions, Inc. and Kyocera Chemical Corporation into Kyocera Corporation
August	2016	Merged Nihon Inter Corporation into Kyocera Corporation
April	2017	Merged Kyocera Medical Corporation, Kyocera Crystal Device Corporation and Kyocera Connector Products Corporation into Kyocera Corporation
August	2017	Made Senco Holdings, Inc., U.S. based pneumatic tools manufacturing company, as a consolidated subsidiary and changed its name to Kyocera Senco Industrial Tools, Inc.
January	2018	Made Kyocera Industrial Tools Corporation, which was established from the company split of Ryobi Limited's power tool business, as a consolidated subsidiary
June	2018	Delisted from NYSE (deregistered from the U.S. Securities and Exchange Commission (SEC) in September 2018)
October	2018	Merged Kyocera Display Corporation and Kyocera Optec Co., Ltd.
May	2019	Established Minatomirai Research Center, Yokohama in Kanagawa, Japan
June	2019	Made Fastener Topco, Inc., the holding company of SouthernCarlson, Inc., U.S. based sales company of pneumatic power tool company, as a consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc.

3. Description of Business

Kyocera develops new technologies and new products and cultivates new markets based on fine ceramic technologies since establishment. Kyocera also promotes growth through the diversified management resources from components technologies to electronic devices, equipment, systems and services. Kyocera develops, produces and distributes worldwide various kinds of products primarily for the following markets: information and communications, industrial machinery, automotive-related and environment and energy.

The consolidated financial statements have been prepared in accordance with IFRS. Also, subsidiaries and associates are disclosed based on the scope of the consolidation and investment accounted for using the equity method under IFRS. "Ⅱ. Business Overview" and "Ⅲ. Equipment and facilities." are disclosed based on the same scope.

Kyocera and its associates, 271 consolidated subsidiaries, 14 entities accounted for using the equity method as of March 31, 2019, consists of the following six reporting segments: Industrial & Automotive Components Group, Semiconductor Components Group, Electronic Devices Group, Communications Group, Document Solutions Group and Life & Environment Group.

The specific contents of each reporting segment are as follows, and this reporting segment is the same as the classification of reporting segment information presented in Note "6. Segment Information" under "Ⅴ. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements" in this annual report.

Reporting Segment / Major Products or Businesses	Major subsidiaries
(1) Industrial & Automotive Components Group	
Fine Ceramic Components Automotive Components Liquid Crystal Displays Industrial Tools	Kyocera Corporation Kyocera Industrial Tools Corporation Kyocera (China) Sales & Trading Corporation Dongguan Shilong Kyocera Co., Ltd. Kyocera Precision Tools Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Display (Thailand) Co., Ltd. Kyocera International, Inc. Kyocera Senco Industrial Tools, Inc. Kyocera Fineceramics GmbH Kyocera Unimerco A/S
(2) Semiconductor Components Group	
Ceramic Packages Organic Multilayer Substrates and Boards	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Shanghai Kyocera Electronics Co., Ltd. Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. Kyocera Vietnam Co., Ltd. Kyocera International, Inc. Kyocera Fineceramics GmbH
(3) Electronic Devices Group	
Electronic Components (Capacitors, Crystal Devices, Connectors, Power Semiconductor Devices, etc.) Printing Devices	Kyocera Corporation Kyocera (China) Sales & Trading Corporation Kyocera Korea Co., Ltd. Kyocera Asia Pacific Pte. Ltd. AVX Corporation Kyocera Fineceramics GmbH

Reporting Segment / Major Products or Businesses	Major subsidiaries
(4) Communications Group	
Mobile Phones Communication Modules (Telematics, IoT) Information Systems and Telecommunication Services	Kyocera Corporation Kyocera Communication Systems Co., Ltd. Kyocera International, Inc.
(5) Document Solutions Group	
Printers Multifunctional Products Document Solutions Supplies	Kyocera Document Solutions Inc. Kyocera Document Solutions Japan Inc. Kyocera Document Technology (Dongguan) Co., Ltd. Kyocera Document Technology Vietnam Co., Ltd. Kyocera Document Solutions America, Inc. Kyocera Document Solutions Europe B.V. Kyocera Document Solutions Deutschland GmbH TA Triumph-Adler GmbH
(6) Life & Environment Group	
Solar Power Generating System related Products Medical Devices Jewelry and Ceramic Knives	Kyocera Corporation Kyocera Solar Corporation Kyocera (Tianjin) Solar Energy Co., Ltd.

(1) Industrial & Automotive Components Group

In this reporting segment, Kyocera provides fine ceramic parts made from a variety of ceramic materials such as alumina and zirconia, utilizing the characteristics of heat, wear and corrosion resistance as well as camera modules infused with optical lens and sensing technology, and liquid crystal displays, primarily in the small- to mid-size range. These products are supplied mainly to the industrial machinery and automotive markets. Kyocera also provides industrial tools such as cutting tools for metallic processing and pneumatic and power tools to the automotive, general industrial and construction markets.

(2) Semiconductor Components Group

This reporting segment develops, manufactures and sells both inorganic (ceramic) and organic packages and multilayer printed wiring boards for various electronic components and devices such as crystal components, SAW devices and CMOS/CCD sensors for communication infrastructures and for the automotive-related markets.

(3) Electronic Devices Group

This reporting segment develops, manufactures and sells a wide variety of electronic components and devices for diverse fields that include information and communications equipment, industrial equipment and automotive-related markets.

(4) Communications Group

This reporting segment develops, manufactures and sells smartphones and mobile phones embedded with unique functions as well as develops communication modules with expectations of growing demand in the IoT (Internet of Things) society as well as information systems and telecommunication services such as ICT (Information and Communication Technology) solutions, engineering services businesses and so on.

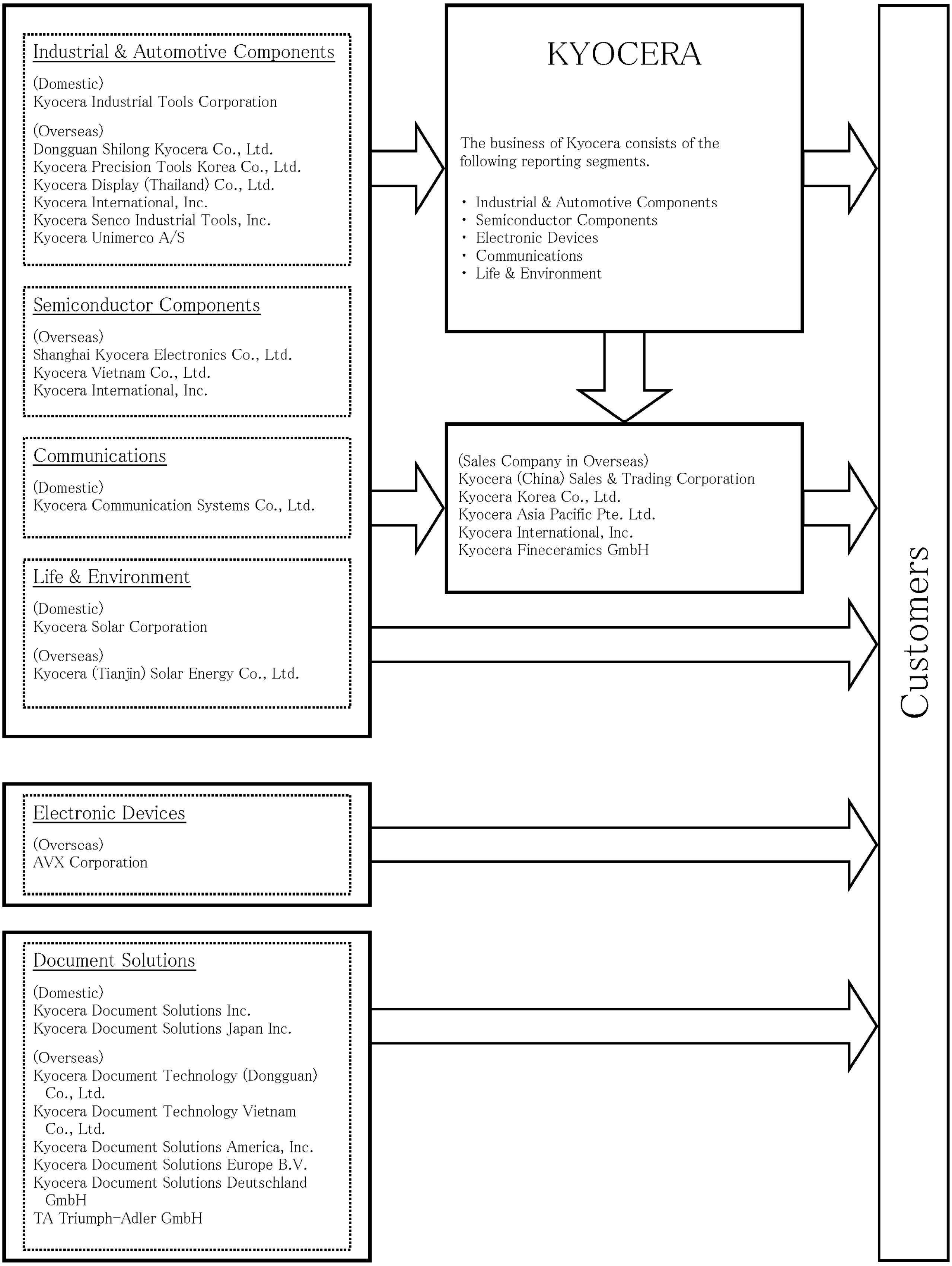
(5) Document Solutions Group

This reporting segment develops, manufactures and sells printers and multifunctional products (MFPs) that realize long life cycle and low running costs thanks to the use of our amorphous silicon photoreceptor drums. Kyocera is also rolling out document solutions worldwide that support the optimization of a customer's document environment through the provision of application software enabling connection between a customer's document management system and mobile terminals or cloud environments. Kyocera is also strengthening our ECM (Enterprise Contents Management) business that computerizes a company's data so that it can be controlled and managed in a more comprehensive and efficient manner as well as Document BPO (Business Process Outsourcing) that provides outsourcing services for document-related business.

(6) Life & Environment Group

This reporting segment develops, manufactures and sells products related life and environment such as solar modules for commercial and residential uses, solar energy related products including storage batteries and energy management systems, medical devices including prosthetic joints and dental prosthetics, jewelry, and kitchen accessories including ceramic knives.

The above is shown in the business diagram below.



4. Associates

As of March 31, 2019

Name	Address	Capital	Principle Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation			
					Interlocking Directorate	Funding Support	Business Transaction	Lease of property, plant and equipment
(Consolidated Subsidiaries)								
Kyocera Industrial Tools Corporation	Fuchu-shi, Hiroshima, Japan	Yen 100 million	Development, manufacture and sale of Industrial Tools	80.00	Yes	–	–	–
Kyocera Communication Systems Co., Ltd.	Fushimi-ku, Kyoto, Japan	Yen 2,986 million	Information Systems and Telecommunication Services	76.30	Yes	–	Supporting Kyocera Corporation for system services	Leasing offices
Kyocera Document Solutions Inc. *1	Chuo-ku, Osaka, Japan	Yen 12,000 million	Development, manufacture and sale of Printers and Multifunctional Products	100.00	Yes	Lending investment funds	Raw materials supply from Kyocera Corporation	Leasing offices
Kyocera Document Solutions Japan Inc.	Setagaya-ku, Tokyo, Japan	Yen 1,100 million	Sale of Printers and Multifunctional Products mainly in Japan	100.00 (100.00)	Yes	–	–	Leasing offices
Kyocera Document Technology (Dongguan) Co., Ltd.	Dongguan, Guangdong, China	US$ 56,700 thousand	Manufacture of Printers and Multifunctional Products	92.76 (92.76)	Yes	–	–	–
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	US$ 55,000 thousand	Manufacture of Printers and Multifunctional Products	100.00 (100.00)	Yes	–	–	–
Kyocera Document Solutions America, Inc.	Fairfield, New Jersey, the U.S.A.	US$ 29,000 thousand	Sale of Printers and Multifunctional Products mainly in North America	100.00 (100.00)	Yes	–	–	–
Kyocera Document Solutions Europe B.V.	Hoofddorp, the Netherlands	Euro 6,807 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	–	–	–
Kyocera Document Solutions Deutschland GmbH	Meerbusch, Germany	Euro 920 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	–	–	–
TA Triumph-Adler GmbH	Nürnberg, Germany	Euro 80,303 thousand	Sale of Printers and Multifunctional Products mainly in Europe	100.00 (100.00)	Yes	–	–	–
Kyocera Solar Corporation	Fushimi-ku, Kyoto, Japan	Yen 310 million	Construction of Solar Power Generating System related Products	100.00	Yes	–	Construction in Japan with finished goods supply from Kyocera Corporation	Leasing offices

As of March 31, 2019

Name	Address	Capital	Principle Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation			
					Interlocking Directorate	Funding Support	Business Transaction	Lease of property, plant and equipment
Kyocera Realty Development Co., Ltd.	Shibuya-ku, Tokyo, Japan	Yen 50 million	Ownership, management and rental of real estate	100.00	Yes	Lending operating capital and handing letters of awareness	−	−
Kyocera (China) Sales & Trading Corporation	Tianjin, China	US$ 10,000 thousand	Sale of Industrial Tools, Ceramic Packages and Electronic Components	90.00	Yes	−	Sale in China with finished goods supply from Kyocera Corporation	−
Dongguan Shilong Kyocera Co., Ltd.	Dongguan, Guangdong, China	HK$ 472,202 thousand	Manufacture of Liquid Crystal Displays and Industrial Tools	90.00	Yes	−	−	−
Shanghai Kyocera Electronics Co., Ltd. *1,4	Shanghai, China	Yen 17,321 million	Manufacture of Ceramic Packages	100.00	Yes	−	Semi-finished goods and raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation	−
Kyocera (Tianjin) Solar Energy Co., Ltd.	Tianjin, China	US$ 30,200 thousand	Manufacture of Solar Power Generating System related Products	90.00	Yes	−	Semi-finished goods and raw materials supply from Kyocera Corporation, and finished goods supply to Kyocera Corporation	−
Kyocera Korea Co., Ltd.	Seoul, Korea	Won 1,200,000 thousand	Sale of Semiconductor Components and Electronic Components	100.00	Yes	−	Sale in Korea with finished goods supply from Kyocera Corporation	
Kyocera Precision Tools Korea Co., Ltd.	Incheon, Korea	Won 15,000,000 thousand	Manufacture and sale of Industrial Tools	90.00	Yes	−	Sale and manufacturing in Korea with finished goods and raw materials supply from Kyocera Corporation and finished goods supply to Kyocera Corporation	−
Kyocera Asia Pacific Pte. Ltd.	Tiong Bahru Road, Singapore	US$ 35,830 thousand	Sale of Industrial Tools, Semiconductor Components and Electronic Components	100.00	Yes	−	Sale in Asia with finished goods supply from Kyocera Corporation	−
Kyocera Display (Thailand) Co., Ltd.	Lamphun, Thailand	THB 500,000 thousand	Manufacture of Liquid Crystal Display	100.00	Yes	−	Raw materials supply from Kyocera Corporation and finished goods supply to Kyocera Group companies	−

As of March 31, 2019

Name	Address	Capital	Principle Lines of Business	Ownership Ratio of Voting Rights (%)	Relationship with Kyocera Corporation			
					Interlocking Directorate	Funding Support	Business Transaction	Lease of property, plant and equipment
Kyocera Vietnam Co., Ltd.	Hung Yen, Vietnam	US$ 73,567 thousand	Manufacture of Ceramic Packages	100.00	Yes	Lending operating capital and investment funds	Raw materials supply from Kyocera Corporation and finished goods supply to Kyocera Corporation	–
Kyocera International, Inc. *1	San Diego, California, the U.S.A.	US$ 34,850 thousand	Manufacture and sale of Fine Ceramic Components and Semiconductor Components, and sale of Mobile Phones	100.00	Yes	–	Manufacture and sale in North America with the supply of our products and raw materials	–
Kyocera Senco Industrial Tools, Inc.	Cincinnati, Ohio, the U.S.A.	US$ 0.01	Development, manufacture and sale of Industrial Tools	100.00	Yes	–	–	–
AVX Corporation	Fountain Inn, South Carolina, the U.S.A.	US$ 1,763 thousand	Development, manufacture and sale of Electronic Components	72.15	Yes	–	–	–
Kyocera Fineceramics GmbH	Esslingen, Germany	Euro 1,687 thousand	Sale of Fine Ceramic Components, Semiconductor Components and Printing Devices	100.00	Yes	–	Sale in Europe with finished goods supply from Kyocera Corporation	–
Kyocera Unimerco A/S	Sunds, Denmark	DKK 153,000 thousand	Development, manufacture and sale of Industrial Tools	100.00 (100.00)	Yes	–	Sale in Europe with finished goods supply from Kyocera Corporation	–
Other 245 Companies								

(Notes) 1. Companies that correspond to the specified subsidiaries or “Tokutei Kogaisha,” total amount of sales, purchase or common stock of which exceeds 10% of the amount of sales, purchase or common stock the parent company in the period that correspond to the recent fiscal year of the parent company, as defined in the Financial Instruments and Exchange Act of Japan.

2. A number in the parenthesis notation in the “Ownership Ratio of voting rights (%)” column shows the % of indirect voting rights, which is a part of the total voting rights.

3. As of March 31, 2019, Kyocera Corporation has 14 entities accounted for using the equity method. The description of those entities is omitted since they are immaterial.

4. Kyocera Corporation made a resolution to liquidate Shanghai Kyocera Electronics Co., Ltd. at the meeting of Board of Directors held on May 29, 2019.

5. Employees

(1) Kyocera Corporation and its Subsidiaries

As of March 31, 2019

	Number of Employees
Industrial & Automotive Components Group	15,859
Semiconductor Components Group	8,908
Electronic Devices Group	20,954
Communications Group	4,462
Document Solutions Group	20,909
Life & Environment Group	2,794
Others	1,304
Corporate	1,673
Total	76,863

(Note) The number of employees indicates fulltime employees.

(2) Kyocera Corporation

As of March 31, 2019

Number of Employees	Average Age	Average Year of Service	Average Yearly Salary (Yen)
19,268	41.7	17.8	7,231,082

As of March 31, 2019

	Number of Employees
Industrial & Automotive Components Group	5,216
Semiconductor Components Group	5,872
Electronic Devices Group	3,282
Communications Group	1,329
Document Solutions Group	–
Life & Environment Group	1,933
Others	907
Corporate	729
Total	19,268

(Notes) 1. The number of employees indicates fulltime employees.

2. The average yearly salary includes bonuses and overtime pay.

3. The number of employees increased since the year ended March 31, 2018 mainly due to absorbing the subsidiaries in the year ended March 31, 2019.

(3) Labor Union

There are no material items to report.

Ⅱ. Business Overview

1. Management Policies, Operating Environment, and Management Issues

Future expectations included in this section are as of March 31, 2019.

(1) Basic Management Policies

Kyocera aims to achieve continuous sales growth and high profitability through the practice of "Kyocera Philosophy," which is a corporate philosophy that is based on a concept included in Kyocera's decision making "what is right as a human being" and its own management system "Amoeba Management System" to pursuit management rationale "To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind."

(2) Target Management Index

In order to realize high-growth and profitable company, Kyocera aims to achieve sustained double-digit growth in sales revenue and profit before income taxes.

(3) Medium and Long-term Management Strategy

Kyocera has a wide range of management resources within the Kyocera Group, from materials technologies such as ceramics to components, devices, equipment, systems and services. Kyocera strives to expand existing businesses and create new businesses by strengthening ties in each business and maximizing the collective capabilities of the Kyocera Group in order to be a high-growth, highly profitable company. To expand existing businesses, Kyocera works to enhance productivity through the use of advanced technologies that include robots and AI (Artificial Intelligence) and to further lower costs through process reform as means to boost market share. To create new businesses, Kyocera works to develop new products and expand business domains by pursuing synergies on a technological front in-house, through M&A, and by collaborating with external entities.

(4) Business Environment and Management Challenges

a. Expand Business in Key Markets

Kyocera views the markets of "information and communications," "automotive-related," "environment and energy" and "medical and healthcare" as key to Kyocera's operations and aims to increase sales revenue and profit by expanding existing businesses and creating new businesses in these four markets.

In the information and communications market, Kyocera will work to increase sales of high-value-added components and devices for smartphones, for which increasing sophistication is expected. Kyocera will also develop new products and provide services that leverage our competitive advantage of deploying a wide range of business from components and devices to equipment and systems as we seek to grab new business opportunities in such fields as 5G (fifth generation mobile communication system) and the IoT, where increasing demand is projected.

In automotive-related markets, Kyocera will actively promote order activities through an organization that straddles the entire Group as a means to take advantage of various business opportunities amid significant changes in industry structure by advancing technology toward the proliferation and expansion of connected cars and realization of automated driving. Kyocera will push the development of automotive components such as sensing cameras that detect obstacles while driving and infrastructure-related components that support automated driving. At the same time, Kyocera will work to further strengthen technology development and accelerate new product development through collaboration with other companies.

In the environment and energy market, needs are forecast to change from the sale of power through the feed-in tariff system to self-consumption of power on the back of increasing environmental awareness, in particular. In line with these changes, Kyocera will promote further sophistication of hardware such as a high-efficiency fuel cell system and power storage batteries as well as new product development of such products in addition to solar power modules, while also strengthening the development of systems that contribute to the stable supply of power and power savings. In addition, Kyocera will strive to expand business domain and enhance added value through efforts that include entry into the power retail service field for the sale of power generated via renewable energy by utilizing outside collaboration.

In the medical and healthcare market, Kyocera is seeking to secure business opportunities and expand business domain through the pursuit of technological synergies across raw materials, components and systems and collaboration with external entities. In the medical device business, which includes prosthetic joints, Kyocera will work to strengthen business foundations in the United States, the world's largest market, and develop high-value-added products through merger and acquisition activities. In addition, Kyocera will strive to reinforce new product development for regenerative medicine and digital healthcare at the Medical Development Center.

b. Enhance Management Foundations

Kyocera is actively making investment for such purposes as expanding production capacity in growing fields to further bolster competitiveness. Kyocera is also working to strengthen management foundations, which includes reorganizing products and the contents of our businesses in areas that require profit improvement. In addition, Kyocera will introduce automated production lines using AI and robots to the Group in a step-wise manner in order to further increase productivity. To create new products and businesses, we will integrate technologies held in the Group and strengthen marketing and R&D.

(5) Business Environment

a. Sales and Distribution Network

Kyocera's products and services are supplied worldwide through our sales personnel as well as by sales companies within our group and by third-party distributors.

Kyocera has regional sales and design application personnel in strategic locations to provide technical and sales support for customers and distributors. Kyocera believes that this combination of distribution channels leads to a high level of market penetration and efficient coverage of services for our customers.

A wide range of component, device and equipment products in the Industrial & Automotive Components Group are sold to various industrial equipment and automotive-related industries worldwide that include the semiconductor industry through our distributors in addition to direct sales. Kyocera also makes sales through retailers, the Internet and other avenues in the power tools business added to the Kyocera Group recently.

Most sales in the Semiconductor Components Group are made directly to device, component and equipment manufacturers in Japan and overseas.

Sales in the Electronic Devices Group are made directly to device and equipment manufacturers in Japan and overseas as well as through active use of distributors.

In the Communications Group, Kyocera supplies smartphones and mobile phones to telecommunications carriers mainly in Japan in the mobile handset business. In the communication modules business, Kyocera supplies various products that include general-purpose IoT units through telecommunications carriers. In the information and communication services business, Kyocera provides ICT and management consulting businesses primarily to general companies and public institutions centered on Japan but also to China and other areas. Kyocera also provides engineering business to telecommunications carriers, wireless equipment vendors and solar power generation operators mainly in Japan but also in Malaysia, Myanmar and other regions.

In the Document Solutions Group, Kyocera provides document solutions that resolve customers' management issues, including Kyocera brand printers and MFPs that boast long life and realize low running costs, mainly via 37 distributors in over 140 countries. Kyocera primarily deals with major customers requiring global response by way of direct sales.

In the solar energy business in the Life & Environment Group, solar modules and solar power generating systems are sold to global users via direct sales, sales subsidiaries and other methods, including through distributors. In addition, Kyocera sells power storage systems and energy management systems through distributors, franchises and home builders in Japan.

In the medical and dental implant business, prosthetic joints, artificial bones and dental implants are sold to hospitals and dental clinics through distributors.
Jewelry and applied ceramic products such as ceramic knives are sold through direct retail shops and general retailers as well as the internet.

Domestic sales are made predominantly in the Japanese yen, while overseas sales are made in a variety of currencies, but predominantly in the U.S. dollar and the Euro.

b. Sources and Availability of Raw Materials and Supplies

Kyocera purchases a variety of raw materials and other materials for our business activities. In the year ended March 31, 2019, Kyocera was able to procure raw materials and other materials in line with Kyocera's production plans.

The principal raw materials used for the products in the Components Business include alumina, zirconia, silicon nitride, polycrystalline silicon, nickel powder and epoxy resins. The main materials supplied for use as key components are chip sets and liquid crystal displays in the Equipment & Systems Business.

Kyocera procures some of the materials and components that it uses in its respective businesses from within the Group since it develops a wide range of products spanning from materials to systems and services. The internally manufactured components also include core components that contribute to the differentiation of parts and equipment.

Kyocera's basic policy is to procure raw materials and other materials from several companies to ensure stable procurement at a fair price. Kyocera may limit the number of suppliers as an exception if the final customer selects the material supplier or to maintain the quality of a final product.

The purchase price of these raw materials and other materials fluctuates depending on the supply-demand situation, the impact of such things as the rising cost of raw materials and fuel, and foreign currency exchange rates in the case purchases are made in foreign currencies from suppliers overseas.

Kyocera’s businesses are many and varied, and Kyocera is working to enhance our price negotiating power when procuring raw materials and other materials through the ties Kyocera has inside the Group. Kyocera is also striving to absorb the rising cost of raw materials and other materials in each business by making internal improvements that include cost reductions.

Kyocera undertakes supply chain management as part of Kyocera's fair business activities. Kyocera is also working to enhance understanding of Kyocera's purchasing activities through supplier seminars and gatherings. In addition, Kyocera is promoting CSR in the supply chain by formulating and implementing the Kyocera Supply Chain CSR Procurement Guideline.
For details, please refer to the following link: https://global.kyocera.com/ecology/supplier.html

c. Competitive Advantage over Competitors

(a) Industrial & Automotive Components Group

Kyocera has continued to cultivate new markets since our founding through the development of fine ceramic materials and products. At present, Kyocera supplies fine ceramic parts to a wide array of markets such as the information and communications market and the industrial machinery market, which includes semiconductors. Kyocera boasts production technology and production capacity for these products that enable Kyocera to meet customer requirements, which include ceramic materials technology and design expertise accumulated in the process of cultivating new markets. This is one of the key reasons that Kyocera has been able to differentiate Kyocera's products from those of Kyocera's rivals, and through this, Kyocera has established a position as a global manufacturer.

In automotive components, Kyocera has products that boast the top market share in powertrain parts that utilize fine ceramic technology. In addition, Kyocera is striving to increase market share of automotive cameras, an area on the rise to boost automotive safety, by developing new products and technologies including the means of alliances and collaborations with other companies.
In liquid crystal displays, Kyocera is focusing on the development of small- and medium-sized products and is seeking to expand business mainly for automotive and industrial applications. In particular, Kyocera is working to further strengthen our competitiveness and expand business through new product development in fields requiring reliability such as the medical field.
In the industrial tool business, Kyocera’s products are used primarily for metallic processing in automotive-related markets. Although Kyocera has many competitors globally, Kyocera provides a diverse array of cutting tools for processing machinery based on advanced materials technology that contribute to enhanced productivity for Kyocera's customers. Kyocera is also developing products for a wide range of markets in addition to the automotive industry, including the aviation and energy markets, and is expanding our lineup of pneumatic tools and power tools, for example, through aggressive merger and acquisition activity, in an effort to expand business as a comprehensive tool manufacturer.

(b) Semiconductor Components Group

In the ceramic material components business, Kyocera has established its position as a leader in the global market through sophisticated development, production technology and supply capabilities. Kyocera will maximize use of these outstanding management resources and work to broadly expand the application of ceramic material components for the digital consumer equipment market as well as the automotive-related markets, optical communications market, medical market, IoT-related markets and other areas. Kyocera is also working to maintain and improve Kyocera's high market position by actively expanding production capacity in response to growing market needs. Kyocera's main competitors in this domain are Japanese manufacturers.
In the organic multilayer package and multilayer PWB business, Kyocera's main competitors are Japanese and Asian manufacturers. Kyocera has become a major supplier of high-end flip-chip packages and advanced multilayer PWBs used in communications infrastructure such as servers and routers demanding exceptional electrical properties and reliability. In addition, Kyocera is working on the development of new products to strengthen business competitiveness in the automotive market where the use of electronics is increasing by leveraging our accumulated technological expertise in such areas as design technology.

(c) Electronic Devices Group

Kyocera develops and manufactures a wide variety of capacitors, crystal components, connectors, thermal printheads, inkjet printheads, power semiconductors, sensors, and wireless communications antennas. Kyocera develops Kyocera's business with Kyocera's extensive product lineup for diverse applications worldwide.
Kyocera is a major supplier of parts for high-end smartphones by focusing on the development of products in cutting-edge fields that meet needs such as for miniaturization and high performance in capacitors, crystal components and connectors. In particular, Kyocera is striving to expand Kyocera's market share in multilayer ceramic capacitors (MLCCs), where demand is growing, by actively introducing new products and increasing production capacity. AVX Corporation, Kyocera's subsidiary, is a leading supplier in the tantalum capacitor market that develops products for a broad array of fields, including general industry, automotive-related and communications infrastructure. AVX Corporation is seeking to expand its product lineup and market share through research and development and aggressive merger and acquisition activity.
In addition, Kyocera boasts high market share in thermal printheads used for barcode label printing and in inkjet printheads used in industries such as the textile printing market. Kyocera is striving to further boost Kyocera's market share by actively releasing new products and expanding applications.

(d) Communications Group

Kyocera supplies smartphones and feature phones mainly in Japan. Kyocera's main competitors are mobile phone manufacturers in the United States, Asia and Japan. Kyocera is focusing on developing products that provide a level of differentiation such as by adding waterproof and robustness features. In particular, Kyocera is developing an array of products, from simple mobile phones to sophisticated smartphones, for the Japanese market, and by doing so, Kyocera is meeting diverse user needs. Additionally, Kyocera is developing communication modules (M2M modules), an area of growing demand, for automobiles and the IoT and thus striving to expand business fields by developing applications for communications technology. In the communication module field, Kyocera has been able to release products ahead of the competition by utilizing relationships with major carriers in Japan that Kyocera has built up in our mobile phone business and this has become a strength in terms of enabling response to the increasing sophistication of technology.

In the information and communications services business, Kyocera develops business mainly in Japan. In the ICT business, which primarily involves the development of application-related software and security-related software, Kyocera is developing and supplying products that meet user needs in line with the proliferation of the IoT and AI. Kyocera has also become a leading company in the LPWA (Low Power Wide Area) communications services field in Japan by securing license as the only operator in the country that can deploy Sigfox, an LPWA network where there are growing needs as a wireless communications network for the IoT.

(e) Document Solutions Group

In this reporting segment, Kyocera manufactures and sells printers and MFPs, and provides solution services in the global market. Kyocera's competitors are mainly leading Japanese and U.S. manufacturers of document equipment. Kyocera supplies products that have been differentiated from the competition by being environmentally friendly and realizing low running costs through unique, long-life photoreceptor drums, including amorphous silicon drums and positive single layer photoconductor (PLSP) drums, and low-power-consumption systems. Kyocera has also expanded our extensive product lineup ranging from high-end to low-end products, and is meeting customer needs. At the same time, Kyocera is raising our cost competitiveness by automating production lines for core components, toner containers and other areas.

In addition to expanding equipment development, Kyocera is working to further enhance competitiveness by bolstering Kyocera's document solutions business. Kyocera is building up our MDS (Managed Document Services) business to provide the optimal document environment for each customer through unique HyPAS (Hybrid Platform for Advanced Solutions), which enables users to embed various applications and software that meet user needs in document equipment to connect with a cloud computing environment or mobile terminals. Aside from this, Kyocera is further heightening the value Kyocera provides to customers in Kyocera's document solutions business by adding companies that handle ECM (Enterprise Contents Management) and document BPO (Business Process Outsourcing) via merger and acquisition activity.

(f) Life & Environment Group

The solar energy industry has a high number of competitors and competition is becoming increasingly severe from the perspectives of price and technology. Despite this, Kyocera is working to expand business by leveraging competitive advantages in products that realize high conversion efficiency and long-term reliability based on technology backed up by experience accumulated over more than 40 years as one of the pioneering companies in the industry.

Kyocera has an integrated production system for the entire manufacturing process from silicon ingots to solar modules for multicrystalline silicon solar cells, thus allowing thorough quality control and cost reductions in each process. As a result, Kyocera can realize exceptional reliability and enhance cost competitiveness. In addition, Kyocera has generated top-class results in installing solar power generating systems for public and commercial use in Japan by providing system design, construction and maintenance.

Kyocera is actively seeking to expand its energy solutions business by strengthening development, particularly for power storage batteries and an EMS (Energy Management System), through utilization of the Group’s management resources and knowhow and by participating in trial experiments relating to next-generation energy management with the aim of capturing demand for self-consumption of electricity, an area that continues to grow. Further, a strong financial base enabling the provision of after-sales service and maintenance over a long period serves as a competitive advantage for us.

In the medical device business, Kyocera's main products are prosthetic joints and dental implants, and Kyocera deals primarily with the Japanese market. Kyocera commands top-class competitiveness as a manufacturer in Japan. In prosthetic joints, Kyocera is working to further strengthen competitiveness by leveraging the properties of fine ceramics, which feature high biocompatibility, and developing products with longer life and enhanced antibacterial characteristics. Kyocera is also striving to further expand business scale through efforts in the U.S. market based around merger and acquisitions activities.

Kyocera also pursues greater synergies within the Group to further strengthen business. In particular, Kyocera is promoting the use of AI and robots with the aim of increasing productivity. In addition, Kyocera is working to strengthen our competitiveness by aggressively utilizing external management resources, which includes merger and acquisition activity and collaborations.

d. Trend Information
Kyocera is working to expand sales in the four key markets of "information and communications," "automotive-related," "environment and energy" and "medical and healthcare" with the aim of generating further growth.

In the information and communications market, except for certain products such as MLCCs, demand for components embedded in smartphones was sluggish due to slow growth in the sector in the 2018 calendar year. Despite low expectations for volume growth in calendar year 2019, Kyocera will strive to further increase sales of high-value-added products alongside a forecast of increasingly enhanced performance in smartphones.
In addition, Kyocera expects an increase in business opportunities for Kyocera's components for various communications infrastructure as well as systems and services using this infrastructure that includes optical communications and LPWA on the back of a forecast increase in wireless communication needs such as for higher speeds in view of expansion of AI and the IoT and the start of 5G service.

In automotive-related markets, automobile sales volume in the 2019 calendar year is projected to be solid with growing needs for automated driving, safety and enhanced environmental performance. In line with this, Kyocera forecasts continued growth in demand for Kyocera's camera modules, communication modules, electronic components and parts for LED headlights.

In the environment and energy market, Kyocera forecasts sluggish demand in the core Japanese solar energy market due to the impact of a decrease in purchase price under the feed-in tariff system. In contrast, in the context of movement toward self-consumption of renewable energy, evident in an increasing number of companies declaring advocacy of the RE100 initiative, demand is expected to expand for the equipment that Kyocera handles, notably power storage batteries and EMS, over the medium term.
Kyocera is developing an actual SOFC (Solid Oxide Fuel Cell) system in addition to the system's core components following expectations of proliferation and expansion as new clean energy supply systems. Kyocera projects demand to increase for these growth-potential products over the medium term.
In addition, Kyocera is witnessing movement toward the creation of infrastructure for the VPP (Virtual Power Plant) domain, in particular, to enable efficient energy use based on renewable energy. As a result, Kyocera projects increasing needs not only for Kyocera's equipment but also the various systems and services Kyocera offers.

Kyocera's main products in the medical and healthcare market are prosthetic joints. Kyocera commands the top market share in the market for prosthetic joints in Japan among Japanese manufacturers and have gained a high degree of trust from medical personnel. Going forward, Kyocera will strive to expand business in overseas markets with large market volume. Moreover, Kyocera participates in projects related to regenerative medicine based on collaboration with external organizations and is working to create new businesses for the future in such fields as digital healthcare.

2. Risk Factors

Risks, uncertainties and other factors that may cause our actual results, stock price and financial position are as follows. This section is determined as of June 25, 2019, the filing date of this annual report.

<u>Risks Related to Kyocera's Business</u>

(1) Changes in the Japanese and Global Economy May Significantly Reduce Demand for Kyocera's Products

Kyocera conducts business not only in Japan but also around the world and provides products and services for a variety of markets such as the digital consumer equipment, industrial machinery, automotive and environmental and energy-related markets. In the year ending March 31, 2020 ("fiscal 2020"), growing uncertainty in global economy is anticipated due to the trade friction between the United States and China, economic slowdown in China and the issue of British exit from European Union, thus leading to downward pressure on each country. For Japanese economy, in addition to these issues, consumption tax hike and the United States-Japan trade negotiations are also concerned. If the economic outlook for each country deteriorates more than expected, private capital investment and personal consumption may stagnate, affecting production activities in Kyocera's major markets. This may in turn lead to a decline in Kyocera's business environment, consolidated financial position, operating results and cash flows.

(2) A Substantial Portion of Kyocera's Business Activity is Conducted Outside Japan, Exposing Kyocera to the Risks of International Operations

A substantial amount of Kyocera's investment has been targeted towards expanding manufacturing and sales channels located outside Japan, such as in the United States, Europe and Asia, which includes China and Vietnam. Kyocera faces a variety of potential risks in international activities. Kyocera may encounter unexpected legal or regulatory changes due to unfavorable political or economic factors such as control on trade, restriction on investment, restriction on repatriation and transfer pricing issue. Kyocera may also have difficulties in human resources and managing operations at its international locations. As developing and emerging markets such as Brazil, Russia, India and China, become considerably more important, Kyocera may become even more susceptible to these risks.

(3) Since a Significant Percentage of Kyocera's Revenues Have Been Derived from Foreign Sales in Recent Years, Various Export Risks May Disproportionately Affect Its Revenues

Kyocera's sales to customers located outside Japan accounted for approximately 60% of its total revenues in fiscal 2019. Kyocera believes that overseas sales will continue to account for a significant percentage of its revenues. Therefore, the following export risks may disproportionately affect Kyocera's revenues:

- a strong yen may make Kyocera's products less attractive to foreign purchasers;
- political and economic instability or significant economic downturns may inhibit exports of Kyocera's products;
- tariffs and other barriers may make Kyocera's products less cost competitive; and
- the laws of certain foreign countries may not adequately protect Kyocera's trade secrets and intellectual property.

(4) Currency Exchange Rate Fluctuations Could Adversely Affect Kyocera's Financial Results

Kyocera conducts business in countries outside Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into mainly short-term forward contract transaction to hedge this risk. Nevertheless, fluctuations in foreign currency exchange rates could have an adverse effect on its business. Fluctuations in foreign currency exchange rates may affect Kyocera's consolidated results of operations, financial condition, cash flows, the value of its foreign assets and production costs, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations. Changes in currency exchange rates may affect the relative prices at which Kyocera and foreign competitors sell products in the same market. In addition, changes in the value of the relevant currencies may affect the cost of imported items required in its operations.

(5) Kyocera Sells a Diverse Variety of Products, and in Each of Its Businesses Kyocera is Subject to Intense Competitive Pressures, Including in Terms of Price, Technological Change, Product Development, Quality and Speed of Delivery, and These Pressures Are Likely to Increase in the Near Term

Kyocera sells a wide variety of products and, therefore, faces a broad range of competitors from large international companies to relatively small, rapidly growing and highly specialized companies. Kyocera’s competitive landscape is subject to continuous change, and new and significant competitors may emerge, including competitors based in emerging markets such as China that may have competitive advantages in terms of cost structure or other factors. Kyocera has a variety of businesses in different industries while many of its competitors specialize in one or a few of these business areas. As a result, Kyocera may not fund or invest in certain of its businesses to the same degree as its competitors, or these competitors may have greater financial, technical, and marketing resources available to them than the portion of its business against which they compete.

While some of the factors that drive competition vary by product area, price and speed of delivery are primary factors that impact in all areas of Kyocera’s business. Price pressure has been intense, and thus Kyocera predicts that its selling prices will continue to be lower than in fiscal 2019 depending partly on the demand and competition situation. In businesses in which Kyocera develops, produces and distributes specialized parts for its customers’ products, its competitive position depends significantly on being involved early in the process of creating a new product that fits its customers’ needs for each business. To maintain these competitive advantages, it is critical to maintain close ties with customers so that Kyocera can ensure that it is able to meet required specifications and be the first supplier to create and deliver the product. Kyocera’s gross margins may be reduced if the business environment changes in a way that Kyocera cannot maintain these important relationships with customers or its market share or if it is forced in the future to further reduce prices in response to the actions of its competitors.

(6) Fluctuations in the Price and Ability of Suppliers to Provide the Required Quantity of Raw Materials for Use in Kyocera’s Production Activities

Raw materials used in the production activities of Kyocera’s respective businesses are constantly subject to price fluctuations, and as such, rising raw material prices may lead to an increase in production costs. Kyocera cannot guarantee that it will be able to maintain an appropriate differential between customer prices and Kyocera’s raw material and production costs at all times, which could lead to reduced profitability. Based on an approach that evaluates the lower of cost and net realizable value (the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated variable selling expenses), Kyocera recognizes a write-down when the net realizable value of the raw material is estimated to be less than its carrying amount, and further loss may be required in the future. Kyocera is dependent on specific suppliers for procuring certain raw materials used in Kyocera’s production cycle and any excess demand on those suppliers may cause delays and disruptions in the production cycle. If a substantial interruption should occur in the supply of such raw materials, Kyocera may not be able to obtain other sources of supply in a timely fashion or at a reasonable price. An increase in the price or an interruption in the supply of such raw materials may cause reduced demand for Kyocera’s products.

(7) Manufacturing Delays or Defects Resulting from Outsourcing or Internal Manufacturing Processes Can Adversely Affect Kyocera's Production Yields and Operating Results

Kyocera ordinarily outsources the fabrication of certain components and sub-assemblies of its products, often to sole source suppliers or a limited number of suppliers. Several suppliers have manufacturing processes, which are very complex and require a long lead-time. Kyocera may be affected by occasional delays in obtaining components and sub-assemblies. Kyocera's production of certain products will also be materially and adversely affected if Kyocera is unable to obtain high quality, reliable and timely supply of these components and sub-assemblies. In addition, any reduction in the precision of these components will cause delays and interruptions in Kyocera's production cycle.

Within Kyocera's manufacturing facilities, minute impurities, difficulties in the production process or other factors can cause a substantial percentage of its products to be rejected or be non-functional. These factors can result in lower than expected production yields, which delay product shipments and may materially and adversely affect Kyocera's operating results. Moreover, in certain operations of which fixed cost ratio is high, decreases in production volume or capacity utilization may adversely affect Kyocera's financial position, operating results and cash flows.

(8) Shortages and Rising Costs of Electricity May Adversely Affect Kyocera's Production and Sales Activities

As many nuclear power plant operations in Japan currently has ceased and remains at rest due to the damage and equipment failure of the nuclear power plant caused by the Great East Japan Earthquake in March 2011, Japan may have shortages and rising costs of electricity. Kyocera secures electric power supplies for emergency for equipment and centers, however, Kyocera's production activity may become diminished if massive blackouts occur and electricity shortages continue in the areas in which Kyocera has facilities. Shortages of electricity in the areas in which Kyocera's suppliers and customers have main operations may also interrupt Kyocera's procurement and sales activities. In addition, significant rising costs of electricity may adversely affect Kyocera's financial position, operating results and cash flows.

(9) Future Initiatives and In-process Research and Development May not Produce the Desired Results

Kyocera intends to expand its product lines and development capacity to satisfy increasing demand and customer requirement in its target markets. Unexpected technical delays in completing these initiatives or changes to Kyocera's customers' policies could lengthen development schedules and result in lower revenues based on the products or technologies developed from these initiatives. There can be no assurance that the products derived from Kyocera's in-process research and development activities will achieve desired results and market acceptance.

(10) Companies or Assets Acquired by Kyocera and Collaborations, Partnerships and Alliances etc., with Outside Organizations may Require more Costs than Expected for Integration, and May not Produce Returns or Benefits, or Bring in Anticipated Business Opportunities

In the course of developing its business, from time to time Kyocera considers opportunities to acquire, and undertakes the acquisition of companies or assets through mergers and acquisitions. There can be no assurance that Kyocera will be able to integrate the operations, products and personnel of the acquired companies with its own in an efficient manner. Nor can there be any assurance that Kyocera will be able to achieve operational and financial returns or benefits, or bring in new business opportunities, which it expects from the acquisition. An acquired company may not be able to manufacture products or offer services in the amounts or at the efficiency levels that Kyocera plans, and the demand for such products or services may not be at the levels that Kyocera anticipates. Failure to make the most of acquisitions and meet Kyocera's expectations could have a material adverse effect on Kyocera's business. In addition, Kyocera faces similar risks in connection with its collaborations, partnerships and alliances etc., with outside organizations such as firms, academic institutions and governmental organizations.

(11) Industry Demand for Skilled Employees, Particularly Engineering and Technical Personnel, Exceeds the Number of Personnel Available and Kyocera may not Be Able to Attract and Retain Key Personnel

Kyocera's future success depends, in part, on its ability to attract and retain certain key personnel, including engineering, operational and management personnel. Kyocera anticipates that it will need to hire additional skilled personnel in all areas of its business. Because of recent intense competition for these skilled employees, Kyocera may be unable to retain its existing personnel or attract additional qualified employees in the future.

(12) Risk Related to Information Security

Kyocera holds important information in the ordinary course of business including personal and confidential information obtained from our customers. However, security measures we implement for our networks, IT assets and other information technology systems are susceptible to damage, disruptions, or shutdowns due to failures during the process of upgrading or replacing software, databases or components thereof, power outages, hardware failures, data corruption, computer viruses, cyberattacks by computer hackers, network security breaches, telecommunication failures, user errors, or catastrophic events. If our information technology systems suffer severe damage, disruption, shutdown or other issues, there is a risk of information leakage. If such situation occurs, Kyocera could incur additional costs in connection with remediating such issues and with compensating adversely affected parties as well as reputational damages, each of which in turn may adversely affect Kyocera's results of operations, financial condition and cash flows. Furthermore, Kyocera may incur additional costs in connection with maintaining adequate information security to prevent unauthorized access to our systems in light of continuous technological advances, and such costs could also adversely affect our financial condition and operations.

<u>Risks Related to Legal Restrictions and Litigations</u>

(13) Insufficient Protection of Kyocera's Trade Secrets and Patents Could Have a Significant Adverse Impact on Its Competitive Position

Kyocera's success and competitive position depend on protecting its trade secrets and other intellectual property. Kyocera's strategy is to rely both on trade secrets and patents to protect its manufacturing and sales processes and products, but reliance on trade secrets is only an effective business practice insofar as trade secrets remain undisclosed and a proprietary product or process is not reverse engineered or independently developed. Kyocera takes certain measures to protect its trade secrets, including executing nondisclosure agreements with certain of its employees, joint venture partners, customers and suppliers. If parties breach these agreements or the measures Kyocera takes are not properly implemented, Kyocera may not have an adequate remedy. Disclosure of its trade secrets or reverse engineering of its proprietary products, processes or devices could materially affect Kyocera's business, consolidated results of operations, financial condition and cash flows. Kyocera is actively pursuing patents on some of its inventions, but these patents may not be issued. Even if these patents are issued, they may be challenged, invalidated or circumvented. In addition, the laws of certain other countries may not protect Kyocera's intellectual property to the same extent as Japanese laws.

(14) Kyocera May Require Licenses to Continue to Manufacture and Sell Certain of Its Products, the Expense of which May Adversely Affect Its Results of Operations

From time to time Kyocera has received, and may receive in the future, notice of claims of infringement of other parties' proprietary rights and licensing offers to commercialize third party's patent rights. Accordingly, Kyocera cannot assure that:

• infringement claims (or claims for indemnification resulting from infringement claims) will not be asserted against Kyocera,

• future assertions against Kyocera will not result in an injunction against the sale of infringing or allegedly infringing products or otherwise significantly impair its business and results of operations; or

• Kyocera will not be required to obtain licenses, the expense of which may adversely affect its results of operations.

(15) Changes in Kyocera’s Environmental Liability and Compliance Obligations May Adversely Impact Kyocera’s Operations

Kyocera is subject to various environmental laws and regulations in Japan and the other countries, which are related to greenhouse gas mitigation, air emissions, soil contamination, wastewater discharges, the handling, disposal and remediation of hazardous substances, wastes and certain chemicals, product recycling, health, safety and property preservations of employees and community residents, labeling or other notifications with respect to the content or other aspects of our processes, products or packaging, restrictions on the use of certain materials in or on design aspects of our products or product packaging, and responsibility for disposal of products or product packaging. As well as our current operations, these laws and regulations can be applied to our past operations and may be applicable to the past operations of businesses acquired from other companies even if such operations occurred before our acquisitions. In addition, these laws and regulations, which are applied to Kyocera can be more stringent or the scope of the laws and regulations can be broadened in the future due to factors including global climate change. With respect to greenhouse gas mitigation in particular, international emissions trading regime may be created based on the result of the intergovernmental dialogue on global climate change. Kyocera establishes reserves for specifically identified potential environmental liabilities when such liabilities are probable and can be reasonably estimated. In case we fail to comply with such laws and regulations, we could be required by the relevant governmental organizations to pay penalty costs or remediation compensation.
Furthermore, we may make voluntary payments to compensate for environmental problems if we deem such compensation to be necessary. The cost obligations noted above may adversely affect Kyocera's financial position, operating results and cash flows.

(16) Kyocera is Subject to Various Other Laws and Regulations

Kyocera may unintentionally come into conflict with laws and regulations and face legal proceedings, including litigation and regulatory actions, although Kyocera believes that it is substantially in compliance with applicable laws and regulations in the countries and areas in which Kyocera operates. If laws and regulations are unexpectedly changed or introduced, Kyocera’s business operations may be limited and continuance may become difficult. If Kyocera faces enormous legal costs related to litigation and regulatory actions, Kyocera’s business operations may become significantly limited and Kyocera’s financial position, operating results and cash flows may be negatively affected.

<u>Risks Related to Disasters or Unpredictable Events</u>

(17) Kyocera’s Markets or Supply Chains May Be Adversely Affected by Terrorism, Outbreaks of Disease, Wars or Similar Events

Kyocera, as a global company, has been expanding its business worldwide. At the same time, Kyocera is increasingly exposed to risks from terrorism, outbreaks of disease, war and other similar events. In the case that those events occur, Kyocera’s operating activities would be suspended. Furthermore, there would be delay, disorder or suspension in Kyocera’s R&D, manufacturing, sales and services. If such delay or disruption occurs and continues for a long period of time, Kyocera’s business, consolidated financial position, operating results and cash flows may be adversely affected.

(18) Kyocera's Headquarters and Major Facilities as well as Its Suppliers and Customers May Suffer the Devastating Effects of Earthquakes and Other Disasters

Kyocera's headquarters and major facilities including plants, sales offices and R&D centers are located not only in Japan but also all over the world. It might be inevitable that Kyocera would suffer from natural disasters such as earthquakes, typhoons, tsunamis, heavy rains, floods, heavy snow or other disasters, as well as manmade disasters such as a major industrial accident affecting one of our facilities. For instance, if a strong earthquake devastated Kyocera's employees, R&D or manufacturing facilities, Kyocera's operating activities would be suspended and manufacturing and shipment would be delayed. Kyocera may also incur a great amount of expenses, such as repair expenses for the damaged machines or facilities. In addition, if the social and economic infrastructure suffers from adverse damages, traffic disturbance and electric power outages could occur and they may affect Kyocera's supply chains or manufacturing operations. Furthermore, Kyocera may be unable to obtain raw materials if our suppliers sustain damage and Kyocera may also face difficulties shipping its products if its customers sustain damage. Those damages set forth above, as well as any resulting general economic slowdown and lower consumption levels, may have a material adverse effect on Kyocera's consolidated financial position, operating results and cash flows.

Risks Related to Financial and Accounting

(19) Kyocera May Be Exposed to Credit Risk on Trade Receivables Due to Its Customers' Worsening Financial Condition

Kyocera maintains allowance for credit losses related to trade receivables for estimated losses resulting from customers' inability to make timely payments. However, trade receivables in the ordinary operating activity are not covered by collateral or credit insurance. Therefore, if customers with whom Kyocera has substantial accounts receivable face difficulty in making payments due to economic downturn and if Kyocera is forced to write off those receivables, Kyocera's consolidated financial position, operating results and cash flows may be adversely affected.

(20) The Risk Related to Investments in Equity Securities and other Investments that Kyocera Holds

Kyocera holds investments in equity securities of companies not affiliated with us, which we generally hold on a long-term position for business relationship purposes. A substantial portion of Kyocera's investments in equity securities consists of an investment in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera Corporation's equity interest in KDDI Corporation was 13.23% as of March 31, 2019. Kyocera Corporation's investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets. Accordingly, fluctuations in the market value of the shares of KDDI Corporation may materially affect Kyocera's financial position. From the perspective of enhancing the corporate value of Kyocera on a mid to long-term basis, Kyocera intends to keep its ownership of some of the equity securities as strategic investments including shares of KDDI Corporation in light of attaining growth of business through strengthening, maintaining and developing trade relationship and securing profits from shareholding and consideration for the social significance of Kyocera. For equity securities including strategic investments in its portfolio, with periodical checks for the economic rationality, Kyocera may dispose of some securities, which lack merit for Kyocera, although market conditions may not permit us to do so at the time, speed or price we may wish.

(21) Kyocera May Have to Incur Impairment Losses on Property, Plant and Equipment, Goodwill and Intangible Assets

Kyocera has many property, plant and equipment, goodwill and intangible assets. Property, plant and equipment and intangible assets with definite useful lives are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment at least annually, and also following any events and changes in circumstances that might lead to impairment.

In case the above assets are considered to be impaired, a loss on impairment is recognized based on the amount by which the carrying value exceeds the recoverable amount of these assets. Such losses on impairment may materially affect Kyocera's consolidated financial position and operating results.

(22) Deferred Tax Assets May not Be Realized or Additional Liabilities for Uncertain Tax Positions May Be Required

Kyocera recognizes only deferred tax assets that are likely to be available for future taxable profit. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is more likely than not that uncertain tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

(23) Changes in Accounting Standards May Adversely Impact Kyocera's financial position and operating results

Adoptions of new accounting standards, or changes in accounting standards may have an effect on Kyocera's consolidated financial position and operating results. In addition, if Kyocera modifies its accounting software or information systems to introduce changes in accounting standards, certain investments or expenses may be required.

3. Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows

Commencing from the beginning of its year ended March 31, 2019 (hereinafter, "fiscal 2019"), Kyocera has adopted the IFRS in lieu of U.S. GAAP. In addition, financial figures appearing herein for the year ended March 31, 2018 (hereinafter, "fiscal 2018") have been prepared in accordance with IFRS for the purpose of comparative analysis. Please refer to Note "38. First-Time Adoption" under "Ⅴ. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements" for further details.

(1) Summary of Performance

Sales revenue for fiscal 2019 increased and marking record highs in sales for two consecutive years. Sales in the Life & Environment Group decreased, due to a decline in orders from the solar energy business. However, sales increased in the Electronic Devices Group and the Industrial & Automotive Components Group due in part to contributions from merger and acquisition activities during fiscal 2018.

Profits, increased as compared with fiscal 2018, due to the effects of the increase in sales revenue, as well as cost reduction efforts in each division, which more than offset settlement expenses and write-down relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business and an impairment loss relating to machinery, equipment, goodwill and intangible asset in the organic materials business.

(Yen in millions)

	For the year ended March 31, 2018		For the year ended March 31, 2019		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	1,577,039	100.0	1,623,710	100.0	46,671	3.0
Operating profit	90,699	5.8	94,823	5.8	4,124	4.5
Profit before income taxes	129,992	8.2	140,610	8.7	10,618	8.2
Profit attributable to owners of the parent	79,137	5.0	103,210	6.4	24,073	30.4
Average U.S. dollar exchange rate (yen)	111	−	111	−	−	−
Average Euro exchange rate (yen)	130	−	128	−	−	−

* % represents the percentage to sales revenue.

(2) Financial Position and Operating Results

a. Sales Revenue

Sales revenue in fiscal 2019 increased by 46,671 million yen, or 3.0%, to 1,623,710 million yen, compared with 1,577,039 million yen in fiscal 2018.

Sales revenue in the Components Business in fiscal 2019 increased by 78,381 million yen, or 9.2%, to 928,383 million yen, compared with 850,002 million yen in fiscal 2018. In addition to contributions from merger and acquisition activities during fiscal 2018, sales of fine ceramic parts for industrial equipment and sales of ceramic capacitors for smartphones increased.

Sales revenue in the Equipment & Systems Business decreased by 31,477 million yen, or 4.3%, to 707,328 million yen, compared with 738,805 million yen in fiscal 2018 due primarily to the sales decrease of solar energy business.

Due mainly to the impact of the yen's appreciation against the Euro, sales revenue after translation into the yen in fiscal 2019 were pushed down by approximately 7.5 billion yen, compared with fiscal 2018.

b. Cost of Sales and Gross Profit

In fiscal 2019, cost of sales decreased by 44,524 million yen, or 3.7%, to 1,159,687 million yen from 1,204,211 million yen in fiscal 2018. The decrease was caused primarily by the recording of a write-down in the amount of 50,165 million yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business in fiscal 2018.

Raw material costs of 465,523 million yen accounted for 40.1% of total cost of sales in fiscal 2019, which decreased by 11,776 million yen, or 2.5%, from 477,299 million yen in fiscal 2018. Labor costs of 250,986 million yen accounted for 21.6% of total cost of sales in fiscal 2019, which increased by 11,813 million yen, or 4.9%, from 239,173 million yen in fiscal 2018. Depreciation expense of 43,470 million yen accounted for 3.7% of total cost of sales in fiscal 2019, which decreased by 18,331 million yen, or 29.7%, from 61,801 million yen in fiscal 2018.

As a result, gross profit in fiscal 2019 increased by 91,195 million yen, or 24.5%, to 464,023 million yen from 372,828 million yen in fiscal 2018. The gross profit ratio to sales revenue increased by 5.0 percentage points from 23.6% to 28.6%.

c. Selling, General & Administrative Expenses and Operating Profit

In fiscal 2019, selling, general and administrative expenses increased by 87,071 million yen, or 30.9%, to 369,200 million yen from 282,129 million yen in fiscal 2018. The increase was caused primarily by the settlement expenses amount of 51,195 million yen relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business and an impairment loss in the amount of 16,184 million yen relating to machinery, equipment, goodwill and intangible asset in the organic materials business.

Labor costs of 174,801 million yen accounted for 47.3% of total selling, general and administrative expenses in fiscal 2019, an increase of 13,185 million yen, or 8.2%, from 161,616 million yen in fiscal 2018. Sales promotion and advertising costs of 43,097 million yen accounted for 11.7% of total selling, general and administrative expenses in fiscal 2019, a decrease of 1,738 million yen, or 3.9%, from 44,835 million yen in fiscal 2018. Depreciation expense of 14,753 million yen accounted for 4.0% of total selling, general and administrative expenses in fiscal 2019, an increase of 6 million yen, from 14,747 million yen in fiscal 2018.

As a result, operating profit in fiscal 2019 increased by 4,124 million yen, or 4.5%, to 94,823 million yen, compared with 90,699 million yen in fiscal 2018. The operating profit ratio to sales revenue was 5.8% in fiscal 2019 which was the same as fiscal 2018.

With respect to the long-term purchase agreements for procurement of polysilicon material in the solar energy business, please refer to Note “34. Commitments (2) Settlement Agreement on Long-Term Purchase Agreements for the Supply of Raw Materials” under “Ⅴ. Financial Information 1. Consolidated Financial Statements and other Information (1) Consolidated Financial Statements.”

d. Finance Income

Finance income in fiscal 2019 increased by 3,267 million yen, or 7.9%, to 44,750 million yen, compared with 41,483 million yen in fiscal 2018. This was due mainly to increases in interest income and the dividend income from KDDI Corporation.

e. Finance Expenses

Finance expenses in fiscal 2019 decreased by 319 million yen, or 20.4%, to 1,241 million yen, compared with 1,560 million yen in fiscal 2018.

f. Foreign Currency Transaction

The average exchange rates for fiscal 2019 were 111 yen to the U.S. dollar, unchanged from fiscal 2018, and 128 yen to the Euro, marking appreciation of 2 yen (1.5%), from fiscal 2018. The exchange rates at March 31, 2019 were 111 yen to the U.S. dollar, marking depreciation of 5 yen (4.7%), and 125 yen to the Euro, marking appreciation of 6 yen (4.6%), from March 31, 2018. Kyocera recorded foreign currency transaction gains of 53 million yen in fiscal 2019.

Kyocera typically enters into forward exchange contracts to reduce currency exchange risks on foreign currency denominated receivables and payables. Kyocera confines its use of forward exchange contracts for hedging its foreign exchange rate exposures, and does not utilize forward exchange contracts for trading purposes.

g. Profit or Loss of Investments Accounted for Using the Equity Method

Profit of investments accounted for using the equity method in fiscal 2019 increased by 1,943 million yen to 379 million yen, compared with the loss of 1,564 million yen in fiscal 2018.

h. Profit Before Income Taxes

Profit before income taxes in fiscal 2019 increased by 10,618 million yen, or 8.2%, to 140,610 million yen compared with 129,992 million yen in fiscal 2018. The ratio of profit before income taxes to sales revenue increased by 0.5 percentage points to 8.7% compared with 8.2% in fiscal 2018.

Business profit in the Components Business in fiscal 2019 increased by 7,227 million yen, or 6.6%, to 116,308 million yen, compared with 109,081 million yen in fiscal 2018. This was due mainly to the increase in sales and improved profitability in Electronic Devices Group, which more than offset 16,184 million yen of impairment losses relating to machinery, equipment, goodwill and intangible asset in the organic materials business.

Business loss in the Equipment & Systems Business for fiscal 2019 increased by 2,894 million yen, to 13,095 million yen, compared with loss of 10,201 million yen in fiscal 2018. This was due mainly to the decline in sales revenue and settlement expenses relating to long-term purchase agreements for procurement of polysilicon material in solar energy business, which more than offset the improved profitability through cost reduction efforts in the telecommunications equipment business and in the Document Solutions Group.

Due mainly to the impact of the yen’s appreciation against the Euro, profit before income taxes after translation into the yen in fiscal 2019 were pushed down by approximately 2 billion yen, compared with fiscal 2018.

i. Income Taxes

Current and deferred income taxes in fiscal 2019 decreased by 22,012 million yen, or 46.1% to 25,754 million yen, of which the effective tax rate was 18.3%, compared with 47,766 million yen in fiscal 2018, of which the effective tax rate was 36.7%. This was due mainly to tax expenses of 13,860 million yen recorded during the fiscal 2018 in Kyocera Corporation's U.S. subsidiaries such as AVX Corporation, caused by the tax reform in U.S. and Kyocera recognized deferred tax assets of 10,139 million yen for the temporary differences and the carryforward of unused tax losses of Kyocera Display Corporation based on that Kyocera Corporation merged with Kyocera Display Corporation for the fiscal 2019.

j. Profit Attributable to Non-controlling Interests

Profit attributable to non-controlling interests in fiscal 2019 increased by 8,557 million yen, or 277.0%, to 11,646 million yen compared with 3,089 million yen in fiscal 2018. This was due mainly to an increase in profit for the year of AVX Corporation, for which there is a non-controlling interest of approximate 30% in fiscal 2019.

k. Business Overview by Reporting Segment

Industrial & Automotive Components Group

Sales revenue in the Industrial & Automotive Components Group for fiscal 2019 increased by 26,719 million yen, or 9.3%, to 314,339 million yen, compared with 287,620 million yen for fiscal 2018. Sales of industrial tools increased as a result of merger and acquisition activities conducted during fiscal 2018, while sales of fine ceramic parts for industrial equipment were also solid. Sales in this reporting segment were buoyed by merger and acquisition activities, which increased sales by approximately 25 billion.

Business profit for fiscal 2019 increased by 7,050 million yen, or 22.5%, to 38,450 million yen, compared with 31,400 million yen for fiscal 2018. The Business profit ratio improved from 10.9% in fiscal 2018 to 12.2% in fiscal 2019. The increase in business profit can be attributed to sales growth and improved profit margins due primarily to cost reductions.

Semiconductor Components Group

Sales revenue in the Semiconductor Components Group for fiscal 2019 decreased by 8,020 million yen, or 3.1%, to 249,217 million yen, compared with 257,237 million yen for fiscal 2018. This was due primarily to a decline in sales of ceramic packages for use in smartphones and optical communications.

Business profit decreased by 20,117 million yen, or 64.8%, to 10,932 million yen, compared with 31,049 million yen for fiscal 2018. The business profit ratio declined to 4.4% from 12.1% in fiscal 2018. The decrease in profit was due to the impact of lower sales of ceramic packages and the recording of impairment loss relating to machinery, equipment, goodwill and intangible asset in the organic materials business.

Electronic Devices Group

Sales revenue in the Electronic Devices Group for fiscal 2019 increased by 59,682 million yen, or 19.6%, to 364,827 million yen, compared with 305,145 million yen for fiscal 2018. In addition to contributions from merger and acquisition activities by AVX Corporation during fiscal 2018, sales of ceramic capacitors for smartphones increased. Sales in this reporting segment were buoyed by merger and acquisition activities at AVX Corporation, which increased sales by approximately 33 billion compared with fiscal 2018.

Business profit increased by 20,294 million yen, or 43.5%, to 66,926 million yen, compared with 46,632 million yen for fiscal 2018. The business profit ratio improved to 18.3% from 15.3% in fiscal 2018. The increase in business profit can be attributed to several factors, namely sales growth, increased sales of highly profitable components, and enhanced profitability due mainly to cost reductions.

Communications Group

Sales revenue in the Communications Group for fiscal 2019 decreased by 3,468 million yen, or 1.4%, to 252,067 million yen, compared with 255,535 million yen for fiscal 2018. Sales in the information and communications services business, particularly in engineering services, increased. However, sales decreased in the telecommunications equipment business due to a decline in sales volume of mobile phones in Japan. Additionally, sales volume of mobile phones in fiscal 2019 decreased by approximately 10% compared with fiscal 2018.

Business profit increased by 5,953 million yen, or 134.1%, to 10,393 million yen, compared with 4,440 million yen for fiscal 2018. The business profit ratio improved to 4.1% from 1.7% in fiscal 2018. The increase in business profit can be attributed to a removal of low-profit products from product lines and improved profitability through cost reduction efforts in the telecommunications equipment business.

Document Solutions Group

Sales revenue in the Document Solutions Group for fiscal 2019 increased by 4,089 million yen, or 1.1%, to 375,147 million yen, compared with 371,058 million yen for fiscal 2018. This increase was due to solid sales volume of multifunctional products and other items coupled with the contribution of merger and acquisition activities conducted in fiscal 2019, which had the effect of adding approximately 4 billion yen to the total, despite the impact of the yen’s appreciation pushing down around 6 billion yen.

Business profit increased by 2,677 million yen, or 6.6%, to 43,528 million yen, compared with 40,851 million yen for fiscal 2018. The business profit ratio improved to 11.6% from 11.0% in fiscal 2018. The increase in business profit can be attributed to cost reductions, enhanced productivity and a reduction of approximately 2.5 billion yen from depreciation and R&D expenses combined in this reporting segment, which offset a decline of around 1.5 billion yen owing to the yen’s appreciation.

Life & Environment Group

Sales revenue in the Life & Environment Group for fiscal 2019 decreased by 32,098 million yen, or 28.6%, to 80,114 million yen, compared with 112,212 million yen for fiscal 2018. This decrease was due mainly to a decline in sales in the solar energy business, primarily in the residential market in Japan. In addition, shipment volume of solar modules in fiscal 2019 decreased by approximately 40% compared with fiscal 2018.

Business loss for fiscal 2019 increased by 11,524 million yen to 67,016 million yen, compared with 55,492 million yen for fiscal 2018 due mainly to a decline in sales revenue and settlement expenses and write-down in total amount of 52,313 million yen relating to long-term purchase agreements for procurement of polysilicon material, which more than offset the effects of cost reduction efforts, including without limitation consolidation of production sites in the solar energy business.

Sales Revenue by Reporting Segment (Yen in millions)

	For the year ended March 31, 2018		For the year ended March 31, 2019		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	287,620	18.2	314,339	19.4	26,719	9.3
Semiconductor Components Group	257,237	16.3	249,217	15.3	(8,020)	(3.1)
Electronic Devices Group	305,145	19.4	364,827	22.5	59,682	19.6
Total Components Business	850,002	53.9	928,383	57.2	78,381	9.2
Communications Group	255,535	16.2	252,067	15.5	(3,468)	(1.4)
Document Solutions Group	371,058	23.5	375,147	23.1	4,089	1.1
Life & Environment Group	112,212	7.1	80,114	5.0	(32,098)	(28.6)
Total Equipment & Systems Business	738,805	46.8	707,328	43.6	(31,477)	(4.3)
Others	18,827	1.2	17,190	1.0	(1,637)	(8.7)
Adjustments and eliminations	(30,595)	(1.9)	(29,191)	(1.8)	1,404	−
Sales revenue	1,577,039	100.0	1,623,710	100.0	46,671	3.0

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment (Yen in millions)

	For the year ended March 31, 2018		For the year ended March 31, 2019		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	31,400	10.9	38,450	12.2	7,050	22.5
Semiconductor Components Group	31,049	12.1	10,932	4.4	(20,117)	(64.8)
Electronic Devices Group	46,632	15.3	66,926	18.3	20,294	43.5
Total Components Business	109,081	12.8	116,308	12.5	7,227	6.6
Communications Group	4,440	1.7	10,393	4.1	5,953	134.1
Document Solutions Group	40,851	11.0	43,528	11.6	2,677	6.6
Life & Environment Group	(55,492)	−	(67,016)	−	(11,524)	−
Total Equipment & Systems Business	(10,201)	−	(13,095)	−	(2,894)	−
Others	1,393	7.4	660	3.8	(733)	(52.6)
Total business profit	100,273	6.4	103,873	6.4	3,600	3.6
Corporate gains and share of net profit of investments accounted for using the equity method	31,443	−	38,954	−	7,511	23.9
Adjustments and eliminations	(1,724)	−	(2,217)	−	(493)	−
Profit before income taxes	129,992	8.2	140,610	8.7	10,618	8.2

* % represents the percentage to sales revenue of each corresponding segment.

l. Corporate Gains and Share of Net Profit of Investments Accounted for Using the Equity Method

Corporate gains and losses mainly constitute gains or losses related to financial assets and income related to management supporting service provided by Kyocera's head office to each reporting segment. Such income increased by 7,511 million yen, or 23.9%, to 38,954 million yen, compared with 31,443 million yen in fiscal 2018. This was due mainly to an increase in interest income on deposits and dividends received from KDDI Corporation.

m. Summary of Production, Orders and Sales

Orders by Reporting Segment (Yen in millions)

	For the year ended March 31, 2018		For the year ended March 31, 2019		Change
	Amount	%*	Amount	%*	%
Industrial & Automotive Components Group	295,748	18.7	315,926	19.6	6.8
Semiconductor Components Group	257,191	16.2	245,869	15.3	(4.4)
Electronic Devices Group	317,143	20.0	371,082	23.1	17.0
Total Components Business	870,082	54.9	932,877	58.0	7.2
Communications Group	259,736	16.4	251,619	15.6	(3.1)
Document Solutions Group	371,262	23.4	373,724	23.2	0.7
Life & Environment Group	97,891	6.1	69,019	4.3	(29.5)
Total Equipment & Systems Business	728,889	45.9	694,362	43.1	(4.7)
Others	13,791	0.9	11,559	0.7	(16.2)
Adjustments and eliminations	(26,837)	(1.7)	(29,303)	(1.8)	-
Orders	1,585,925	100.0	1,609,495	100.0	1.5

* % represents the component ratio.

(Note) Kyocera flexibly produces in accordance with growing demands, customer's request and market changes. Therefore, results of production are similar to results of sales. Summary of production and sales is correlated to the description on "(k) Business Overview by Reporting Segment."

(3) Liquidity and Capital Resources

a. Capital Resources

Kyocera's net cash provided by operating activities in fiscal 2019 was 220,025 million yen, and cash and cash equivalents at March 31, 2019 were 512,814 million yen. In addition, Kyocera also held significant amount of highly-liquid financial assets. Based on those facts, Kyocera does not expect to face any liquidity issue in the foreseeable future.

In the short term, Kyocera expects cash demands for funds for capital expenditures, R&D activities and payments of dividends to shareholders in addition to working capital of operational activities. Kyocera's primary source of short-term liquidity is cash generated by operations. Certain subsidiaries also generate capital in the form of loans from financial institutions. At March 31, 2019, Kyocera's short-term borrowings and long-term borrowings including current portion totaled 9,860 million yen. The ratio to total assets of 0.3% continues to reflect a low level of dependence. Borrowings were mainly denominated in the Euro and U.S. dollars, but certain borrowings were denominated in other currencies. Details of these borrowings are described in "d. Tabular Disclosure of Contractual Obligations," which also includes the information regarding obligations for the acquisition or construction of property, plant and equipment.

Capital expenditures in fiscal 2019 increased by 30,530 million yen, or 35.3%, to 117,049 million yen, compared with 86,519 million yen in fiscal 2018. In fiscal 2019, capital expenditures in the Industrial & Automotive Components Group and the Electronic Devices Group increased due mainly to capital expenditures for the improvement of productivities and expanding its production capacity in order to cover increasing orders of their businesses compared with fiscal 2018. R&D expenses in fiscal 2019 increased by 11,654 million yen, or 20.0%, to 69,927 million yen, compared with 58,273 million yen in fiscal 2018. Almost all capital and R&D expenditures were funded by using cash on hand.

During fiscal 2020, Kyocera expects total capital expenditures to be approximately 120,000 million yen and R&D expenses to be approximately 80,000 million yen. Kyocera expects that total capital expenditures will increase due mainly to capital expenditures for components businesses in order to improve productivities and expand their production capacity. Kyocera also expects that R&D expenses will increase compared with fiscal 2019. Kyocera will promote R&D activities of new products and technologies in order to expand the business. Nearly all capital and R&D expenditures will be funded by using cash on hand. Kyocera intends to increase the proportion of capital and R&D expenditures to sales revenue in fiscal 2020 as compared with fiscal 2019. Kyocera believes that it needs to invest its resources continuously in the development of new business areas and enhancement of technology in order to create new products and commercialize advanced technologies, and thereby secure future earnings streams.

During fiscal 2019, Kyocera made several acquisitions of businesses to develop existing businesses. The total acquisition costs in fiscal 2019, net cash acquired, were 22,165 million yen and were all funded by using cash on hand.

Kyocera contributed 12,494 million yen to its benefit pension plans in fiscal 2019 and Kyocera expects to contribute 10,940 million yen to its benefit pension plans in fiscal 2020. At March 31, 2019, Kyocera's funded status of its benefit pension plans ensured the sources of funds sufficient to cover the pension benefits paid to participants and beneficiaries, and large amounts of additional contributions are not considered to be necessary. Kyocera expects contributions to pension plan assets will be made by using cash on hand.

In fiscal 2019, Kyocera Corporation paid cash dividends totaling 43,768 million yen, at 120 per share. Kyocera Corporation received approval at the general meeting of shareholders held on June 25, 2019 for the payment of year-end dividends totaling 28,940 million yen, or 80 yen per share including 60 yen per share of ordinary year-end dividend and 20 yen per share of commemoration dividend, on June 26, 2019 to all shareholders of record on March 31, 2019.

Kyocera Corporation made resolution to acquire treasury stocks for flexible capital strategies such as share exchange in the future and profit distribution to shareholders at the meeting of Board of Directors held on April 26, 2019. Kyocera Corporation acquired 40,000 million yen of treasury stocks by cash on hand.

At March 31, 2019, Kyocera's working capital totaled 983,016 million yen, a decrease of 63,496 million yen, or 6.1%, compared with 1,046,512 million yen at March 31, 2018. This was mainly due to a decrease in receivables by collection in fiscal 2019. Our working capital requirements, capital expenditures, purchase of treasury stock, payment of dividend and other obligations were funded by using cash on hand.

Undistributed earnings of foreign subsidiaries which are intended to be reinvested indefinitely amounted to 335,998 million yen as of March 31, 2019. Accordingly, cash and cash equivalents and investments in securities amounts held by Kyocera's foreign subsidiaries, totaling 242,862 million yen as of March 31, 2019, are not intended to be used as dividend distributions to Kyocera for use in Japan at present. Kyocera currently believes it does not need the cash and investments held by its foreign subsidiaries to be repatriated back to Japan at least in fiscal 2020 as it has adequate liquidity within Japan to support its Japanese operations. Kyocera believes cash on hand will be sufficient to fund all cash requirements outlined above during fiscal 2020.

Consequently, Kyocera does not currently intend to use any other external financing sources that might affect its credit agency ratings. If cash generated by operations are insufficient for funding purposes, Kyocera retains other financing options, including external sources, such as short-term borrowings or long-term borrowings, as well as financing directly in the capital markets through issuances of debt or equity securities. As evidenced by ratio of equity attributable to owners of the parent to total assets of 76.3% at March 31, 2019, Kyocera maintains a strong financial position, which leads Kyocera to believe that any capital requirements could be secured from external sources at a relatively low cost. Kyocera also maintains good business relationships with several major financial institutions.

Any future significant deterioration in market demand for Kyocera's products, or a slump in product prices to levels substantially below those projected by Kyocera, could adversely affect Kyocera's financial position and operating results, possibly resulting in reduced liquidity.

b. Summary of Cash Flows

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019	Change
Cash flows from operating activities	158,905	220,025	61,120
Cash flows from investing activities	(53,128)	(47,121)	6,007
Cash flows from financing activities	(51,572)	(89,056)	(37,484)
Effect of exchange rate changes on cash and cash equivalents	(5,462)	4,028	9,490
Increase (decrease) in cash and cash equivalents	48,743	87,876	39,133
Cash and cash equivalents at the beginning of the year	376,195	424,938	48,743
Cash and cash equivalents at the end of the year	424,938	512,814	87,876

Cash flows from operating activities

Net cash provided by operating activities for the year ended March 31, 2019 increased by 61,120 million yen, or 38.5%, to 220,025 million yen from 158,905 million yen for the year ended March 31, 2018. This was due mainly to an increase in profit for the year and a decrease in receivables by collection in the year ended March 31, 2019, which increased in the year ended March 31, 2018.

Cash flows from investing activities

Net cash used in investing activities for the year ended March 31, 2019 decreased by 6,007 million yen, or 11.3% to 47,121 million yen from 53,128 million yen for the year ended March 31, 2018. This was due mainly to decreases in payments for acquisitions of business, which were partly offset by increases in payments for purchases of property, plant and equipment.

Cash flows from financing activities

Net cash used in financing activities for the year ended March 31, 2019 increased by 37,484 million yen, or 72.7% to 89,056 million yen from 51,572 million yen for the year ended March 31, 2018. This was due mainly to the purchase of treasury stock.

Cash and cash equivalents at March 31, 2019 increased by 4,028 million yen. This was due mainly to the yen's depreciation against the U.S. dollar.

Cash and cash equivalents at March 31, 2019 totaled 512,814 million yen, an increase of 87,876 million yen, or 20.7%, from 424,938 million yen at March 31, 2018. Most of Kyocera’s cash and cash equivalents were denominated in the yen but certain cash and cash equivalents, mainly in overseas subsidiaries, were denominated in foreign currencies, such as the U.S. dollar.

c. Assets, Liabilities and Equity

Kyocera’s total assets at March 31, 2019 decreased by 160,338 million yen, or 5.1%, to 2,968,475 million yen, compared with 3,128,813 million yen at March 31, 2018.

Cash and cash equivalents increased by 87,876 million yen, or 20.7%, to 512,814 million yen, due mainly to cash in-flow gained from profit for the year and collection for receivables, which were partly offset by cash out-flow regarding purchase of treasury stock and payment for dividend.

Short-term investments decreased by 97,592 million yen, or 49.6%, to 99,210 million yen, due mainly to withdrawal from maturities of time deposits.

Trade and other receivables decreased by 25,307 million yen, or 6.6%, to 357,352 million yen, due mainly to decreases in sales revenue of solar energy business.

Inventories decreased by 20,995 million yen, or 5.8%, to 343,880 million yen due mainly to the payment in goods to Hemlock Semiconductor Operations LLC and its subsidiary Hemlock Semiconductor, LLC (hereinafter, “Hemlock”) with polysilicon material Kyocera owns for the settlement of long-term purchase agreements with Hemlock for the supply of polysilicon material for use in its solar energy business, despite increases in demand in Electronic Devices Group.
Other current assets decreased by 48,992 million yen, or 58.6%, to 34,637 million yen, due mainly to the relinquishment of the advanced payment already paid to Hemlock.
Debt and equity instruments decreased by 108,339 million yen, or 10.1%, to 963,651 million yen, due mainly to declines in market value of shares of KDDI Corporation and other equity securities at March 31, 2019 compared with March 31, 2018.
Property, plant and equipment at March 31, 2019 increased by 52,957 million yen, or 18.3%, to 341,855 million yen compared with March 31, 2018. Capital expenditure was 117,049 million yen and depreciation were 51,524 million yen in fiscal 2019.
Goodwill increased by 5,231 million yen, or 3.6%, to 149,499 million yen due mainly to the effect of M&As in fiscal 2019, which were partly offset by the impairment loss in organic materials business.

Kyocera’s total liabilities at March 31, 2019 decreased by 109,299 million yen, or 15.3%, to 606,215 million yen, compared with 715,514 million yen at March 31, 2018.
Trade and other payables decreased by 30,404 million yen, or 14.0%, to 186,281 million yen, due mainly to decreases in payables as the result of the settlement of long-term purchase agreements with Hemlock.
Provisions in current liabilities decreased by 21,136 million yen, or 65.4%, to 11,166 million yen, due mainly to the reversal of the provision for long-term purchase agreements for procurement of polysilicon material in the solar energy business.
Deferred tax liabilities decreased by 46,127 million yen, or 20.9%, to 174,823 million yen, due mainly to the recognition of a deferred tax asset related to tax losses carried forward from the merger of Kyocera Display Corporation into Kyocera Corporation and decreases in market value of shares of KDDI Corporation and other equity securities at March 31, 2019 compared with March 31, 2018.
Provisions in non-current liabilities decreased by 12,022 million yen, or 60.4%, to 7,892 million yen, due mainly to the reversal of the provision for long-term purchase agreements for procurement of polysilicon material in the solar energy business.

Total equity at March 31, 2019 decreased by 51,039 million yen, or 2.1%, to 2,362,260 million yen, compared with 2,413,299 million yen at March 31, 2018.
Retained earnings at March 31, 2019 increased by 61,068 million yen, or 3.9%, to 1,638,709 million yen, compared with 1,577,641 million yen at March 31, 2018 due mainly to profit attributable to owners of the parent for fiscal 2019 of 103,210 million yen which was partly offset in cash dividend payments of 43,768 million yen.
Other components of equity decreased by 81,067 million yen, or 16.2%, to 418,643 million yen, due mainly to decreases in market values of the shares of KDDI Corporation and other equity securities at March 31, 2019 compared with March 31, 2018.
Ratio of equity attributable to owners of the parent to total assets at March 31, 2019 was 76.3%, increased by 2.0 percentage points compared with 74.3% at March 31, 2018.
Non-controlling interests in subsidiaries, principally AVX Corporation, increased by 8,833 million yen, or 10.1%, to 96,341 million yen, compared with 87,508 million yen at March 31, 2018.

d. Tabular Disclosure of Contractual Obligations

The following table provides information about Kyocera's contractual obligations and other commercial commitments that will affect Kyocera's liquidity for the next several years, as of March 31, 2019. Kyocera anticipates that the funds required to fulfill these debt obligations and commitments will be cash at hand.

(Yen in millions)

	Less than 1 year	2-3 years	4-5 years	Thereafter	Total
Short-term borrowings	113	–	–	–	113
Interest payments for short-term borrowings*	1	–	–	–	1
Long-term borrowings (including due within one year)	4,091	4,808	612	236	9,747
Interest payments for long-term borrowings* (including due within one year)	283	190	22	8	503
Operating leases	6,668	7,601	2,733	2,123	19,125
Obligations for the acquisition of property, plant and equipment	42,435	149	74	–	42,658
Total contractual obligations	53,591	12,748	3,441	2,367	72,147

(Note) For Kyocera's variable interest rate of borrowings, Kyocera utilized the rates in effect as of March 31, 2019 when estimating schedule of interest payments.

In addition to contractual obligations shown in the above tables, Kyocera forecasts to contribute 10,940 million yen to its defined benefit plans in the year ending March 31, 2020. Kyocera recorded liabilities of 2,055 million yen for gross uncertain tax positions at March 31, 2019, which are not included in the above table because we are unable to make reasonable estimates of the period of settlements.

(4) Significant Accounting Estimates and Judgments Involving Estimation

Kyocera's consolidated financial statements are prepared in conformity with IFRS. The preparation of these consolidated financial statements requires the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of consolidated financial statements and the reported amounts of revenues and expenses during the periods presented. Actual results may differ from these estimates, judgments and assumptions.

An accounting estimate in Kyocera's consolidated financial statements is a critical accounting estimate if it requires Kyocera to make assumptions about matters that are highly uncertain at the time the accounting estimate is made and if either different estimates that Kyocera reasonably could have used in the current period or changes in the accounting estimate that are reasonably likely to occur from period to period would have a material impact on the presentation of Kyocera's financial condition, changes in financial condition or results of operations. Kyocera has identified the following critical accounting policies.

a. Allowance Account for Credit Losses

Kyocera recognizes an allowance for credit losses for trade receivables and other financial assets measured at amortized cost by estimating expected credit losses in consideration of the possibility of collection and significant increases in credit risk. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, a specific allowance is recorded considering expected credit loss for each asset.

b. Inventory Valuation

Kyocera estimates the amount of write-downs required to properly value inventory. Inventories aged over certain holding periods are considered to be slow-moving or obsolete, for which write-downs are accrued as well as valuation losses required to adjust recorded cost to its net realizable value. Kyocera also records inventory write-downs based on its projections of future demand, market conditions and related management's judgment even though the age of corresponding inventory is shorter than certain holding periods.

c. Impairment of Property, Plant & Equipment, Goodwill and Intangible Assets

Kyocera reviews its property, plant and equipment and intangible assets with definite useful lives for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Goodwill and intangible assets with indefinite useful lives, rather than being amortized, are tested for impairment at least annually, and also following any events and changes in circumstances that might lead to impairment. The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre -tax discount rate that reflects the time value of money and the risks specific to the asset.

d. Income Taxes

Kyocera recognizes only deferred tax assets that are likely to be available for future taxable profit. The valuation of deferred tax assets principally depends on the estimation of future taxable profit and feasible tax planning strategies. If future taxable profit is lower than expected due to future market conditions or poor operating results, significant adjustments to deferred tax assets may be required. Kyocera recognized deferred tax assets of 129,665 million yen as of March 31, 2019. Kyocera considers the reasonableness of the recoverability of the deferred tax assets in the future, considering the comparison between the amounts of income from continuing operations before income taxes and income taxes for the year ended March 31, 2019.

Kyocera records liabilities for uncertain tax positions based on the premise of being subject to income tax examination by tax authorities, when it is more likely than not that uncertain tax positions will not be sustained. Actual results, such as settlements with tax authorities, may differ from Kyocera's recognition.

As of March 31, 2019, gross uncertain tax positions amounted to 2,055 million yen. Kyocera does not anticipate the final resolution of procedures to have a material impact on the consolidated statements of profit or loss in the future.

e. Defined Benefit Plans

The over-funded or under-funded status of defined benefit postretirement plans, which depends on defined benefit obligations and plan assets, are recognized as an asset or liability in our consolidated statement of financial position and changes in that funded status are recognized through comprehensive income in the year in which the changes occur. Defined benefit obligations are determined on an actuarial basis and are significantly affected by the assumptions used in their calculation, such as the discount rates, the rate of increase in compensation levels and other assumptions.

Kyocera determines the discount rate by referencing the yield on high quality fixed income securities. The rate of increase in compensation levels is determined based mainly on results of operations and inflation. Kyocera annually reviews the assumptions underlying its actuarial calculations, making adjustments based on current market conditions, if necessary.

If Kyocera is required to decrease its assumptions of the discount rate because of a stagnation of Japanese and global economies, defined benefit obligations and net defined benefit costs will be increased.

f. Contingencies

Kyocera is subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcomes of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. In making these estimates, Kyocera considers the progress of the lawsuits, the situations of other companies that are subject to similar lawsuits and other relevant factors. The amounts of liabilities accrued are based on estimates and may be significantly affected by further developments or the resolution of these contingencies in the future.

g. Revenue Recognition

Kyocera recognizes revenue in accordance with IFRS 15 “Revenue from contracts with customers” (issued in May 2014 and amended in April 2016, hereinafter “IFRS 15”), excluding interest and dividend income and other such income from financial instruments recognized in accordance with IFRS 9 “Financial Instruments” (issued in November 2009 and amended in July 2014, hereinafter, “IFRS 9”) and excluding lease arrangement recognized in accordance with IAS 17 “Leases,” by applying the following step:

Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Kyocera generates revenue principally through the sale of the following markets: information and communications, automotive-related, environment and energy and medical and healthcare. Kyocera’s operations consist of the following reporting segments: “Industrial & Automotive Components Group,” “Semiconductor Components Group,” “Electronic Devices Group,” “Communications Group,” “Document Solutions Group” and “Life & Environment Group.”

Sales to customers in each of the above segments are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership (such as risk of loss and title) of the products.

For most customer orders, the revenue recognition occurs at the time of shipment of the products to the customer because the customer obtains control over the products upon shipment, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon shipment of the products. For the customer orders, the revenue recognition occurs at the time of receipt of the products by the customer because the customer obtains control over the products upon receipt, the performance obligation is judged to have been satisfied, with the exception of sales of solar power generating systems in the “Life & Environment Group” and printers and multifunctional products in the “Document Solutions Group” for which sales are made to end users together with installation services. The revenue recognition in these cases occur at the completion of installation and customer acceptance because the performance obligation is judged to have been satisfied, as Kyocera have no further obligations under the contracts.

For all sales in the above segments, product returns are only accepted if the products are determined to be defective. There are no price protections, stock rotation or returns provisions, except for certain programs in the “Electronic Devices Group” as noted below.

Sales Incentives

In the “Electronic Devices Group,” sales to independent electronic component distributors may be subject to various sale programs for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentive.

(a) Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. An asset is recorded for the estimated value of returned product. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera’s actual results have historically approximated its estimates. When the products are returned and verified, the distributor is given credit against their accounts receivables.

(b) Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor’s end customers from the distributor’s stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimate the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera’s actual results have historically approximated its estimates.

Sales Rebates

In the case of sales to distributors in the “Industrial & Automotive Components Group” and “Document Solutions Group,” Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales to each distributor.

Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

Products Warranty

In the “Document Solutions Group,” Kyocera provides a standard one-year manufacturer’s warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. Service revenues are recognized over the term of the related service maintenance contracts.

In the case of revenue relating to hybrid transactions in which Kyocera provides multiple goods or services, such as selling products and providing maintenance services, Kyocera identifies performance obligations in the contract and if it is necessary to allocate the consideration under the contract to separate performance obligations, Kyocera usually allocates the transaction price based on the estimated standalone sale price through the approach of adding a margin to the expected cost.

4. Material Agreements

(1) License Permitted to Produce Products

Name	Counterparty	Country	Contents	Period
Kyocera Corporation	Qualcomm Incorporated	United States	License under patent rights for mobile phone	From August 31, 1996 to patent expiration

(2) License—Cross Agreements

Name	Counterparty	Country	Contents	Period
Kyocera Document Solutions Inc.	Canon Inc.	Japan	License under patents regarding electrophotographic technology	From April 1, 2012 to patent expiration

(3) Agreements for Absorption Type Merger

Kyocera Corporation, at a meeting of its Board of Directors held on May 25, 2018, resolved that Kyocera Corporation will merge with Kyocera Display Corporation and Kyocera Optec Co., Ltd., both of which are wholly owned subsidiaries of Kyocera Corporation in order to strength the management platform with further expanding liquid crystal displays and optical component businesses, effective as of October 1, 2018. Kyocera Corporation entered into those merger agreements on May 25, 2018. As a result, on October 1, 2018, Kyocera Corporation conducted an absorption-type merger with Kyocera Display Corporation and Kyocera Optec Co., Ltd.

(4) Asset Purchase Agreements

On January 11, 2019, Kyocera International Inc., a U.S. based subsidiary, entered into an asset purchase agreement to acquire major assets of orthopedic implants business of Renovis Surgical Technologies, Inc., a U.S. based company, in order to expand its medical business in U.S. On January 18, 2019, Kyocera International, Inc. established a new company, Kyocera Medical Technologies, Inc., and all of the assets related to orthopedic implants business of Renovis Surgical Technologies, Inc. has transferred to this new company in March 1, 2019.

(5) Stock Transfer Agreements

On February 1, 2019, Kyocera Senco Industrial Tools, Inc., a U.S. based subsidiary, entered into a stock purchase agreement to acquire all of the common stocks from the shareholders of Van Aerden Group BV, a Netherland based company of pneumatic tool in order to expand the pneumatic tool business in Europe. As a result, on March 1, 2019, Van Aerden Group BV became Kyocera's consolidated subsidiary and changed its name as Kyocera Aerfast Europe BV.

On February 1, 2019, Kyocera Fineceramics GmbH, a Germany based subsidiary, entered into a stock purchase agreement with H.C. Starck GmbH to acquire all of the common stocks from its subsidiary, H.C. Starck Ceramics GmbH, which operates ceramics business in order to expand the Fine Ceramics business in Europe. As a result, on April 12, 2019, H.C. Starck Ceramics GmbH became Kyocera's consolidated subsidiary and changed its name as Kyocera Fineceramics Precision GmbH.

(6) Long-term Purchase Agreement

Between 2005 and 2008, Kyocera entered into long-term purchase agreements (hereinafter, the “LTAs”) with Hemlock for the supply of polysilicon material for use in its solar energy business.

On November 28, 2018, Kyocera reached to an agreement with Hemlock regarding the settlement of the LTAs. Following this settlement, Kyocera’s future material purchase commitments under the LTAs will be terminated when Kyocera will complete the relinquishment of the advance payment already paid to Hemlock, the payment in goods to Hemlock with the polysilicon material Kyocera owns, and the settlement payment.

For the detail information of the impact of this settlement on Kyocera’s consolidated financial position and operating results, please refer to Note “34. Commitments (2) Settlement Agreement on Long-Term Purchase Agreements for the Supply of Raw Materials” under “Ⅴ. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

5. Research and Development

Kyocera seeks to create businesses that will become core to the group in the future by developing new technologies and products in each business and integrating group-wide management resources. In particular, we are focusing on R&D of new high-value-added technologies and products in the information and communications market, the automotive-related markets, the environment and energy market and the medical and healthcare market, where there is high growth potential. Kyocera is strengthening the development of new products that leverage communications technology and of other technologies with the aim of taking advantage of all new business opportunities in respective fields alongside the proliferation of the IoT. In addition, we are working to strengthen R&D toward the greater use of AI and robots that contribute to enhanced productivity, among other benefits. Further, we accelerate R&D by strengthen collaboration among research sites with working on the reorganization of research structure, such as a core research center which we established for system and software development in Minatomirai.
An outline of R&D activities in the reporting segments are as follows.

(1) Industrial & Automotive Components Group

In this reporting segment, Kyocera is engaged in the R&D of various products mainly for the industrial machinery and automotive-related markets.
Kyocera is engaged in fundamental research to further enhance our fine ceramic materials technology, processing technology and design technology that Kyocera has accumulated since our earliest days. Kyocera is working to develop new products in a wide range of markets by leveraging these core technologies. In addition, Kyocera is working on the development of components and materials for next-generation equipment, which is characterized by advanced integration that includes micro wiring and 3D structures, for the expanding semiconductor processing equipment market. Kyocera also actively utilizes external resources, which includes starting development of nitride ceramics boasting exceptional heat conductivity and mechanical properties enabling use in higher temperatures, in conjunction with an outside company.
Further, Kyocera is working to enhance the efficiency of cell stacks for SOFC systems for residential use where there are expectations for proliferation as new clean energy supply systems in the environment and energy market, by leveraging fine ceramics technology. In automotive-related markets, business opportunity is expected to increase along with the progress in areas such as ADAS (Advanced Driving Assistant System). Kyocera is developing high-value-added products for this market. This includes strengthening development of software aimed at achieving more sophisticated image recognition technology for automotive camera systems.
Furthermore, Kyocera is developing TFT liquid crystal displays and products that apply TFT membrane technology that are distinct from the competition in terms of high luminance and other features, for various industrial markets in addition to automotive-related markets.

In industrial tools, Kyocera is working to expand business domain to the industrial machinery and construction markets in addition to automotive-related markets, and Kyocera's products are used for metallic processing in a wide array of markets such as the automotive, energy and infrastructure, and aircraft business fields. Kyocera is strengthening the development of high-quality and high-precision cutting tools from the materials technology stage that contribute to increased productivity for users as well as developing new products in power and pneumatic tools with increased product appeal by leveraging various technologies held within the Kyocera Group.

(2) Semiconductor Components Group

In the digital consumer equipment market, which is typified by smartphones and tablet terminals, needs are growing for equipment that is more sophisticated as well as smaller and thinner. In line with this, electronic components used in such equipment are getting smaller while semiconductors are becoming more refined.
In the information and communications network market, there is demand for the creation of fast, large-capacity communications infrastructure for 5G service partly spurred by progress in the IoT. In the automotive market, there is a need to further respond to advancements in electrifications and lower power consumption based on developments in ADAS. Demand for various sensors is also increasing, for use in these core markets. In order to respond to these market trends and expand the business, Kyocera is working to develop new high-value-added products that leverage our own unique material, design and processing technologies.

In the ceramic package business, Kyocera is working on the development of high-strength, high-rigidity, ultra-small and thin ceramic packages for electronic devices that employ micro wiring as well as ceramic packages for optical communications that are capable of even higher frequency and ceramic packages for LEDs boasting thermal dissipation and exceptional durability.
In the organic package business, Kyocera is strengthening the development of fine-pitch, thin, highly precise flip-chip packages and module substrates capable of high-speed signal and high bandwidth memory. In addition, Kyocera is working on the development of products that employ new materials that respond to high frequency in the organic multilayer board business.
In the chemical business, which supports these businesses through material technology, Kyocera is working on the synthesis of new materials and strengthening the development of new material compounding technologies to meet needs for enhanced functionality for information and communications market and automotive-related markets in addition to improving electrical properties such as insulating reliability. This functionality includes thermal hardening, photo-reactivity, and shape and stress stability.

(3) Electronic Devices Group

Along with the increasing demand for device sophistication and the shift to multi-bands for communications terminals such as smartphones, it is necessary to make components smaller and more reliable for those terminals. To meet these market needs, Kyocera is developing such products as small, high-capacitance ceramic capacitors with enhanced reliability relative to temperature and humidity, as well as small, low-loss and highly reliable SAW devices, small, high-performance crystal components, fine-pitch, low-profile connectors enabling highspeed transmission, and high-efficiency active and passive antennas.
In the automotive and industrial equipment markets, Kyocera is developing ceramic capacitors and connectors with enhanced high-temperature reliability and pressure resistance, power semiconductors including discrete products and power modules, and various control devices.
In addition to further enhancing the properties of each component, Kyocera is pushing ahead with the development of high-value-added modules that combine various components.
Additionally, in inkjet printheads mainly for the commercial printing market, Kyocera is working on the development of products with enhanced durability on top of enabling higher speed and higher image quality required in digital printing.
Further, Kyocera is developing products for the life science field that apply micro processing and piezoelectric technologies accumulated in the electronic device sector.

(4) Communications Group

In the mobile phone business, Kyocera is strengthening the development of communications terminals with exceptional waterproof, dust prevention and shock-resistant features including design. Kyocera is also working to shorten development time of such distinctive terminals by promoting the standardization of platforms and modules for terminals.
In the information and communication services business, Kyocera is actively working on the development of products that support the proliferation of the IoT. Kyocera is striving to develop platforms and security-related software related to the collection, management and use of data taken from diverse terminals and networks in line with increasingly complex and sophisticated customer needs alongside use of the IoT. Kyocera is also strengthening the development of platforms and software that leverage deep learning for services that utilize AI in image and text analysis as use of AI grows in corporate and other business fields.
In addition, Kyocera is strengthening the development of communications modules (M2M modules) for telematics the IoT market, which includes LPWA technology enabling wireless communications over a wide area yet with low power consumption, through the integration of Kyocera’s component, terminal and system technology. Kyocera is also vigorously pushing ahead with further development of wireless network systems based on LPWA technology and development of automotive modules, efforts that include tie-ups with outside organizations.

(5) Document Solutions Group

Kyocera is developing printers and MFPs that have exceptional environmental performance and economic efficiency, which are key features of Kyocera, in order to ensure differentiation from competitors. In terms of equipment, Kyocera is focusing on the development of printers and MFPs with long life and minimal waste and is working to provide products that feature reduced running costs and excellent environmental friendliness by minimizing consumable components that lead to waste. Kyocera also continues to work on improving toner in the pursuit of high image quality and more energy savings in an effort to increase added value.

In terms of document solution services, Kyocera is pushing ahead with the development of products including application software that contributes to information sharing and business efficiency by connecting with mobile equipment, the cloud environment and document management systems owned by customers. Kyocera is also strengthening our ECM business that computerizes a company's data so that it can be managed and run in a more comprehensive and efficient manner together with document BPO business, an outsourcing service for document related operations. Kyocera is striving to develop new services by integrating these businesses with existing businesses.

(6) Life & Environment Group

In the solar energy business, Kyocera is working to improve product performance and quality as well as enhance the degree of freedom in installation, which includes efforts to enhance the conversion efficiency of monocrystalline and multicrystalline silicon solar cells, boost the output and durability of modules, and develop products that enable installation on roofs, the surface of the water and agricultural land of varying shapes and sizes, for instance.

Kyocera is also focusing on the development of advanced energy management systems that enable the efficient use of power generated from solar power systems, and various next-generation high-efficiency peripheral solar energy equipment and systems such as industrial SOFC systems as well as increasing the capacity and decreasing the size of battery storage systems, amid changing needs in power usage from the sale of power to self-consumption.

Kyocera is also strengthening development aimed at expanding Kyocera's business into the total energy solution field by pushing ahead with the development of technology for the purpose of increasing business in the demand response and virtual power plant markets in line with the deregulation of electric power.

In the medical equipment business, Kyocera mainly deals with prosthetic joints and dental implants, and is actively developing products that reduce burden on the user based on fine ceramics, which boast exceptional biocompatibility. Specifically, Kyocera is working on the development of surface treatment technology realizing long life by minimizing wear to the prosthetic joints, as well as products with enhanced antibacterial properties, in collaboration with external institutions.

Research and Development expenses by reporting segment (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019	Change (%)
Industrial & Automotive Components Group	10,571	14,589	38.0
Semiconductor Components Group	3,550	3,389	(4.5)
Electronic Devices Group	10,898	13,877	27.3
Total Components Business	25,019	31,855	27.3
Communications Group	3,849	5,238	36.1
Document Solutions Group	22,259	21,787	(2.1)
Life & Environment Group	4,268	8,145	90.8
Total Equipment & Systems Business	30,376	35,170	15.8
Others	2,878	2,902	0.8
Total Research and Development expenses	58,273	69,927	20.0
Ratio to sales revenue	3.7%	4.3%	

Ⅲ. Equipment and Facilities

1. Overview of Capital Expenditures

Capital expenditures in the year ended March 31, 2019 increased by 30,530 million yen, or 35.3%, to 117,049 million yen, compared with the year ended March 31, 2018 due mainly to the capital expenditures in the Industrial & Automotive Components Group and the Electronic Devices Group in order to expand its production capacity for covering growing demand and improve productivities. Almost all capital and R&D expenditures were funded by using cash on hand.

Capital expenditures by reporting segment (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019	Change (%)
Industrial & Automotive Components Group	21,184	37,746	78.2
Semiconductor Components Group	15,820	17,737	12.1
Electronic Devices Group	26,512	33,275	25.5
Total Components Business	63,516	88,758	39.7
Communications Group	4,813	4,945	2.7
Document Solutions Group	6,013	7,571	25.9
Life & Environment Group	5,454	5,548	1.7
Total Equipment & Systems Business	16,280	18,064	11.0
Others	1,346	1,119	(16.9)
Corporate	5,377	9,108	69.4
Total capital expenditures	86,519	117,049	35.3

(Note) The amount does not include consumption taxes.

2. Major Equipment and Facilities

Major equipment and facilities for year ended March 31, 2019 are as follows:

(1) Kyocera Corporation

As of March 31, 2019

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)						Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m2)	Lease asset	Others	Total	
Yamagata Higashine Plant	Higashine, Yamagata	Electronic Devices Group	Manufacturing Equipment for Electronic Components	1,533	1,787	183 (69,332)	2	76	3,581	446
Nagano Okaya Plant	Okaya, Nagano	Industrial & Automotive Components Group and Electronic Devices Group	Manufacturing Equipment for Fine Ceramic Components, Industrial Tools, Electronic Components, Printing Devices	450	1,641	96 (85,201)	-	4,565	6,752	515
Shiga Gamo Plant	Higashi-Ohmi, Shiga	Industrial & Automotive Components Group and Semiconductor Components Group	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	1,517	2,777	364 (131,630)	15	1,778	6,451	976
Shiga Yokaichi Plant	Higashi-Ohmi, Shiga	Industrial & Automotive Components Group and Electronic Devices Group	Manufacturing Equipment for Fine Ceramic Components, Industrial Tools, Electronic Components, Printing Devices	4,508	6,839	3,096 (308,985)	15	16,502	30,960	1,590
Shiga Yasu Plant	Yasu, Shiga	Industrial & Automotive Components Group and Life & Environment Group	Manufacturing Equipment for Solar Power Generating System related Products, Liquid Crystal Displays Medical Devices	4,777	4,604	1,052 (198,196)	404	791	11,628	1,289
Kyoto Ayabe Plant	Ayabe, Kyoto	Semiconductor Components Group	Manufacturing Equipment for Organic Multilayer Substrates	6,405	75	1,588 (152,061)	0	11	8,079	638
Kagoshima Sendai Plant	Satsuma-Sendai, Kagoshima	Industrial & Automotive Components Group, Semiconductor Components Group and Life & Environment Group	Manufacturing Equipment for Fine Ceramic Components, Industrial Tools, Ceramic Packages, Organic Multilayer Substrates, Ceramic Knives	5,540	10,387	1,525 (215,525)	25	1,348	18,825	2,813
Kagoshima Kokubu Plant	Kirishima, Kagoshima	Industrial & Automotive Components Group, Semiconductor Components Group and Electronic Devices Group	Manufacturing Equipment for Fine Ceramic Components, Automotive Components, Ceramic Packages, Electronic Components, Printing Devices	12,826	15,732	2,458 (400,028)	93	2,472	33,581	3,429

(2) Domestic Subsidiaries

As of March 31, 2019

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)						Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m²)	Lease asset	Others	Total	
Kyocera Realty Development	Shibuya, Tokyo	Other	Hotel and Building for rent	5,255	40	5,331 (40,628)	33	151	10,810	251
Kyocera Document Solutions Inc.	Chuo, Osaka	Document Solutions Group	Manufacturing Equipment for Supplies for Printers and Multifunctional Products	6,288	1,898	5,196 (336,354)	-	427	13,809	2,224

(3) Oversea Subsidiaries

As of March 31, 2019

Office name	Location	Reporting Segment	Type of equipment and facilities	Carrying amount (Yen in millions)						Number of employees
				Building & Structures	Machinery & Equipment	Land (Area: m²)	Lease asset	Others	Total	
Dongguan Shilong Kyocera Co., Ltd.	Dongguan Guangdong, China	Industrial & Automotive Components Group and Electronic Devices Group	Manufacturing Equipment for Liquid Crystal Displays, Industrial Tools, Printing Devices	1,045	2,688	-	-	434	4,167	3,130
Kyocera Document Technology (Dongguan) Co., Ltd.	Dongguan Guangdong, China	Document Solutions Group	Manufacturing Equipment for Printers and Multifunctional Products	1,945	1,793	-	-	1,480	5,218	5,792
Kyocera Vietnam Co., Ltd.	Hung Yen Vietnam	Semiconductor Components Group	Manufacturing Equipment for Ceramic Packages	4,224	1,886	-	-	571	6,681	1,524
Kyocera Document Technology Vietnam Co., Ltd.	Hai Phong, Vietnam	Document Solutions Group	Manufacturing Equipment for Printers and Multifunctional Products	3,312	455	-	-	1,848	5,615	4,419
Kyocera International, Inc.	San Diego California, U.S.A.	Industrial & Automotive Components Group, Semiconductor Components Group	Manufacturing Equipment for Fine Ceramic Components, Ceramic Packages	4,542	2,723	1,122 (571,795)	-	3,059	11,446	1,085
AVX Corporation	Fountain Inn, South Carolina, U.S.A.	Electronic Devices Group	Manufacturing Equipment for Electronic Components	4,264	1,443	556 (1,026,876)	-	1,080	7,343	917
AVX Manufacturing (Malaysia) Sdn. Bhd.	Penang, Malaysia	Electronic Devices Group	Manufacturing Equipment for Electronic Components	87	1,971	64 (45,453)	-	5,750	7,872	985
AVX Czech Republic, S.R.O.	Lanskroun, Czech Republic	Electronic Devices Group	Manufacturing Equipment for Electronic Components	3,412	2,202	145 (136,340)	-	431	6,190	2,298

(Notes) 1. The “Other” in carrying amount is an amount total of tools, furniture and construction in progress. The amount does not include consumption taxes.

2. Some of the land and building are rented, however, the description of those are omitted as they are immaterial.

3. Currently there is no major idle equipment and facilities.

3. Plans for New Additions or Disposals

(1) Significant New Additions

For the year ending March 31, 2020, Kyocera expects total capital expenditures to be approximately 120,000 million yen, increasing 2,951 million yen, or 2.5%, compared with the year ended March 31, 2019. Since Kyocera does not plan capital expenditures by each project, main purpose of capital expenditure and financing method by each reporting segment are described as follows:

	Main purpose of capital expenditure	Financing Method
Industrial & Automotive Components Group	Introduction equipment to increase production and productivity	Cash on hand
Semiconductor Components Group	Introduction equipment to increase production and productivity	Same as above
Electronic Devices Group	Introduction equipment to increase production and productivity	Same as above
Communications Group	Introduction equipment to increase production and produce new products	Same as above
Document Solutions Group	Introduction equipment to increase production and productivity	Same as above
Life & Environment Group	Introduction equipment to increase productivity	Same as above

(2) Significant Disposals

There is no sales and disposal plan which affect significant impact to productive capacity except sales and disposal for replacement to retain production capacity.

Ⅳ. Corporate Information

1. Information on Kyocera's Shares and Others

(1) Total Number of Shares and Others

a. Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	600,000,000
Total	600,000,000

b. Shares Issued

Class	Number of shares issued as of March 31, 2019 (shares)	Number of shares issued as of the filing date (shares) (June 25, 2019)	Stock exchange on which Kyocera is listed or authorized financial instruments firm's association where Kyocera is registered	Description
Common stock	377,618,580	377,618,580	Tokyo Stock Exchange (the first section)	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Total	377,618,580	377,618,580	−	−

(Note) Kyocera filed an application for delisting from the New York Stock Exchange ("NYSE") on June 15, 2018, and its delisting from the NYSE became effective on June 26, 2018.

(2) Information on the Stock Acquisition Rights and Others

a. Details of Stock Option Plans
Not applicable

b. Rights Plans
Not applicable

c. Other Information about Stock Acquisition Rights
Not applicable

(3) Information on Moving Strike Convertible Bonds

Not applicable

(4) Changes in the Total Number of Shares Issued, Amount of Common Stock and Others

Date	Change in the total number of shares issued (shares)	Balance of the total number of shares issued (shares)	Changes in common stock (Yen in millions)	Balance of common stock (Yen in millions)	Changes in additional paid-in capital (Yen in millions)	Balance of additional paid-in capital (Yen in millions)
February 12, 2014	(5,000,000)	377,618,580	−	115,703	−	192,555

(Note) Decrease due to retirement of treasury stock.

(5) Status of Shareholders As of March 31, 2019

Classification	Status of shares (one unit of shares is 100 shares)								Shares less than one unit (shares)
	National and local governments	Financial institutions	Securities companies	Other corporation	Foreign shareholders		Individuals and other	Total	
					Other than individuals	Individuals			
Number of shareholders	−	131	35	604	752	32	45,374	46,928	−
shares held (shares)	−	1,548,400	142,790	275,671	1,141,112	198	664,516	3,772,687	349,880
Ratio（%）	−	41.04	3.78	7.31	30.25	0.01	17.61	100.00	−

(Notes) 1. The “Other corporation” and “Shares less than one unit” column includes 11 unit and 8 shares registered in the name of Japan Securities Depository Center (“JASDEC”).
2. The “Individuals and other” and “Shares less than one unit” column includes 158,649 unit and 21 shares of treasury stock.

(6) Major Shareholders As of March 31, 2019

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (Excluding treasury stock) (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	11-3, Hamamatsucho 2-chome, Minato-ku, Tokyo	55,280	15.28
Japan Trustee Services Bank, Ltd. (Trust Account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo	27,329	7.55
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: The Hongkong and Shanghai Banking Corporation Limited)	One Lincoln Street, Boston Massachusetts 02111 USA（11-1, Nihonbashi 3-chome, Chuo-ku, Tokyo）	17,330	4.79
The Bank of Kyoto, Ltd.	700, Yakushimae-cho, Karasuma-dori, Matsubara-Agaru, Shimogyo-ku, Kyoto	14,436	3.99
Kazuo Inamori	Fushimi-ku, Kyoto	10,212	2.82
Inamori Foundation	620 Suiginya-cho, Shimogyo-ku, Kyoto	9,360	2.59
KI Enterprise Co., Ltd.	88, Kankoboko-cho, Shijodori-Muromachi-Higashiiru, Shimogyo-ku, Kyoto	7,099	1.96
Trust & Custody Services Bank, Ltd. (Stock Investment Trust Account)	8-12, Harumi 1-Chome, Chuo-ku, Tokyo	6,669	1.84
Japan Trustee Services Bank, Ltd. (Trust Account 5)	8-11, Harumi 1-Chome, Chuo-ku, Tokyo	5,986	1.65
Stock Purchase Plan for Kyocera Group Employees	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	5,654	1.56
Total	−	159,356	44.05

(Note) 1. According to the report filed with the EDINET system on April 16, 2018, Mitsubishi UFJ Financial Group, Inc. and its related partners held shares as of April 9, 2018, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially held by them from Kyocera's shareholders records as of March 31, 2019.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
MUFG Bank, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo	5,077	1.34
Mitsubishi UFJ Trust and Banking Corporation	4-5, Marunouchi 1-Chome, Chiyoda-ku, Tokyo	10,683	2.83
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	12-1, Yurakucho 1-Chome, Chiyoda-ku, Tokyo	6,756	1.79
Total	－	22,516	5.96

(Note) 2. According to the report filed with EDINET system on September 25, 2018, Mizuho Securities Co., Ltd. and its related partners held shares as of September 14, 2018, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially held by them from Kyocera's shareholders records as of March 31, 2019.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
Mizuho Securities Co., Ltd.	5-1, Ootemachi 1-chome, Chiyoda-ku, Tokyo	914	0.24
Asset Management One Co., Ltd.	8-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo	14,468	3.83
Total	－	15,383	4.07

(Note) 3. According to the report filed with EDINET system on December 20, 2018, Sumitomo Mitsui Trust Bank, Ltd. and its related partners held shares as of December 14, 2018, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially held by them from Kyocera's shareholders records as of March 31, 2019.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1-1, Shibakouen 1-Chome, Minato-ku, Tokyo	9,618	2.55
Nikko Asset Management Co., Ltd.	7-1, Akasaka 9-Chome, Minato-ku, Tokyo	14,841	3.93
Total	－	24,458	6.48

(Note) 4. According to the report filed with EDINET system on April 3, 2019, Nomura Securities Co., Ltd. and its related partners held shares as of March 29, 2019, as shown in the following table. Despite this report, they are not included in the above list of major shareholders because Kyocera is not able to confirm the number of shares beneficially held by them from Kyocera's shareholders records as of March 31, 2019.

Name	Address	Number of shares held (thousands of shares)	Ownership percentage to the total number of shares issued (%)
Nomura Securities Co., Ltd.	9-1, Nihombashi 1-chome, Chuo-ku, Tokyo	899	0.24
NOMURA INTERNATIONAL PLC	1 Angel Lane, London EC4R 3AB, United Kingdom	228	0.06
Nomura Asset Management Co., Ltd.	12-1, Nihombashi 1-chome, Chuo-ku, Tokyo	31,045	8.22
Total	–	32,173	8.52

(7) Information on Voting Rights

a. Shares Issued

As of March 31, 2019

Classification	Number of shares (shares)	Number of voting rights	Description
Shares without voting rights	–	–	–
Shares with restricted voting rights (treasury stock)	–	–	–
Shares with restricted voting rights (others)	–	–	–
Shares with full voting rights (treasury stock)	(Number of treasury stock) Common stock 15,864,900	–	This is Kyocera's standard stock. There is no restriction on contents of the right of the stock. The number of shares per one unit of shares is 100 shares.
Shares with full voting rights (others)	Common stock 361,403,800	3,614,038	Same as above
Shares less than one unit	Common stock 349,880	–	–
Number of shares issued	377,618,580	–	–
Total number of voting rights	–	3,614,038	–

(Note) The "Shares with full voting rights (others)" column includes 1,100 shares registered in the name of Japan Securities Depository Center ("JASDEC") and the "Number of voting rights" column includes 11 voting rights for those shares.

b. Treasury Stock and Others

As of March 31, 2019

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the name of others (shares)	Total shares held (shares)	Ownership percentage to the total number of shares issued (%)
Kyocera Corporation	6, Takeda Tobadono-cho, Fushimi-ku, Kyoto	15,864,900	–	15,864,900	4.20
Total	–	15,864,900	–	15,864,900	4.20

2. Acquisition of Treasury Stock and Other Related Status

【Class of shares】 Acquisition of shares of common stock falling under Article 155, Item 3 and 7 of the Companies Act of Japan

(1) Acquisition of Treasury Stock Based on a Resolution Approved at the Ordinary General Meeting of Shareholders

Not Applicable

(2) Acquisition of Treasury Stock Based on a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Details of resolution at the meeting of Board of Directors（April 26, 2018）（Acquisition period: April 27, 2018 to September 20, 2018）	7,200,000	40,000,000,000
Treasury stock acquired before the year ended March 31,2019	–	–
Treasury stock acquired during the year ended March 31, 2019	5,951,000	39,999,761,100
Number of shares and total amount of outstanding shares of resolution	1,249,000	238,900
Ratio of non-exercised portion as of March 31, 2019（%）	17.3	0.0
Treasury stock acquired during the year ending March 31, 2020	–	–
Ratio of non-exercised portion as of issuance date of this Annual Report (%)	17.3	0.0

(3) Acquisition of Treasury Stock not Based on a Resolution Approved at the Ordinary General Meeting of Shareholders or a Resolution Approved by the Board of Directors

Classification	Number of shares (shares)	Total amount (Yen)
Treasury stock acquired during the year ended March 31, 2019	3,356	20,780,454
Treasury stock acquired during the year ending March 31, 2020	780	5,320,515

(Note) Stocks less than a unit is not included in Treasury stock acquired during the year ending March 31, 2020, from June 14, 2019 to the date of submission of this Annual Report.

(4) Current Status of the Disposition and Holding of Acquired Treasury Stock

Classification	For the year ended March 31, 2019		For the year ending March 31, 2020	
	Number of shares (shares)	Total disposition amount (yen)	Number of shares (shares)	Total disposition amount (yen)
Acquired treasury stock for which subscribers has been solicited	–	–	–	–
Acquired treasury stock that has been disposed	–	–	–	–
Acquired treasury stock for which transfer of shares has been conducted in association with merger/stock exchange/corporate separation	–	–	–	–
Other *1	257	1,172,175	–	–
Number of shares of treasury stock held *2	15,864,921	–	15,865,701	–

(Notes) 1. The breakdown for the year ended March 31, 2019 and the year ending March 31, 2020 are the transfer of stocks less than a unit in response to purchase requests. Acquired treasury stock that has been disposed is not included in Treasury stock acquired during the year ending March 31, 2020, from June 14, 2019 to the date of submission of this Annual Report.

2. Sales of treasury stock less than a unit are not included in Treasury stock acquired during the year ending March 31, 2020, from June 14, 2019 to the date of submission of this Annual Report.

3. Dividend Policy

Kyocera believes that the best way to increase corporate value and meet shareholders' expectations is to improve future consolidated performance on an ongoing basis. Kyocera therefore has adopted a principal guideline that dividend amounts shall fall within a range based on profit attributable to owners of the parent on a consolidated basis, and has set its dividend policy to maintain a payout ratio of around 40% of profit attributable to owners of the parent. In addition, Kyocera determines dividend amounts based on a comprehensive assessment, taking into account various factors including the amount of capital expenditures necessary for medium-to-long-term corporate growth.

Kyocera also has adopted policies to ensure a sound financial basis, and for such purpose it sets aside other general reserves in preparation for the creation of new businesses, cultivation of new markets, development of new technologies and acquisition, as necessary, of outside management resources to achieve sustainable corporate growth.

For the year ended March 31, 2019, the amount of the ordinary year-end dividend was 60 yen per share in light of the performance for the year ended March 31, 2019 and in accordance with the basic profit distribution policy for the distribution of dividends of Kyocera. Furthermore, because the 60th anniversary of Kyocera's establishment was marked in April 2019, Kyocera will distribute a commemoration dividend in the amount of 20 yen per share in addition to the ordinary year-end dividend, in order to express Kyocera's gratitude to its shareholders for their longtime support. As a result, the amount of the year-end dividend is 80 yen per share, i.e., the sum of the ordinary year-end dividend in the amount of 60 yen per share and the commemoration dividend in the amount of 20 yen per share. The annual dividend is 140 yen per share when aggregated with the interim dividend in the amount of 60 yen per share. This amount is represent an increase of 20 yen per share as compared with the amount of the annual dividend in the year ended March 31, 2018, which was 120 yen per share.

The proposed appropriation of surplus are as follows;

Date of Resolution	Aggregate Amount	Per Share Amount
The Board of Directors Meeting held on October 30, 2018	21,706 million yen	60 yen
The Ordinary General Meeting of Shareholders held on June 25, 2019	28,940 million yen	80 yen

4. 【Information of Corporate Governance】

(1) 【Corporate Governance】

a. Basic Views on Corporate Governance

Kyocera Corporation has adopted through its Board of Directors Meeting the "Kyocera Group Basic Policy for Corporate Governance and Internal Control" as follows:

〔Detail of Board of Directors Meeting〕
September 21, 2018
KYOCERA CORPORATION
Board of Directors Meeting

Kyocera Group

Basic Policy for Corporate Governance and Internal Control

Kyocera Group has made "Respect the Divine and Love People" its corporate motto and "To provide opportunities for the material and intellectual growth of all our employees, and through our joint efforts, contribute to the advancement of society and humankind." its management rationale.
Kyocera Group always strives to maintain equity and fairness, and faces all situations with courage and conscience, and it intends to realize transparent systems for corporate governance and internal control.
Under such corporate motto and management rationale, the Board of Directors is implementing a basic policy for corporate governance and internal control as described below.
This statement of basic policy sets forth such basic policy in accordance with Paragraph 5 and item 6 of Paragraph 4 of Article 362 of the Corporation Act, and Paragraphs 1 and 3 of Article 100 of the Execution Rules of the Corporation Act, which require establishment of a system to ensure that conduct of business by the Directors will be in compliance with all applicable laws and regulations and the Articles of Incorporation and to ensure proper conduct of business by Kyocera Corporation (the "Company") and Kyocera Group, as a whole.

I. Corporate Governance

1. Basic Policy for Corporate Governance

The Board of Directors of the Company defines the corporate governance of Kyocera Group to mean "structures to ensure that Directors conducting the business manage the corporations in a fair and correct manner."
The purpose of corporate governance is to maintain soundness and transparency of management and to achieve fair and efficient corporate management, through which the management rationale of Kyocera Group can be realized.
The Board of Directors shall inculcate the "Kyocera Philosophy," which is the basis of the management policy of Kyocera Group, into all Directors and employees working in Kyocera Group, and establish a sound corporate culture. The Board of Directors shall establish proper corporate governance through exercise of the Kyocera Philosophy (Note).
Note: The "Kyocera Philosophy" is a corporate philosophy and life philosophy created through integration of the thoughts of the founder of the Company regarding management and life. The "Kyocera Philosophy" incorporates a wide range of matters relating to basic thoughts on management and methods of undertaking day-to-day work, based on the core criterion of "what is the right thing to do as a human being."

2. System for Corporate Governance

The Board of Directors of the Company determines, pursuant to the basic policy described in 1 above, the below-outlined system for corporate governance of the Company, which is the core company within Kyocera Group, to ensure that the conduct of business by the Directors is in compliance with all applicable laws and regulations and the Articles of Incorporation. The Board of Directors will constantly seek the ideal system for corporate governance and always evolve and develop its existing corporate governance system.

(1) Organs of Corporate Governance
The Board of Directors shall establish a corporate structure in which the Audit & Supervisory Board Members and the Audit & Supervisory Board will serve as organs of corporate governance pursuant to the provisions of the Articles of Incorporation, as approved by the General Meeting of Shareholders of the Company. Directors of the Company shall strictly observe the following, to ensure effective audit by the Audit & Supervisory Board Members and the Audit & Supervisory Board:

(i) Matters relating to employees to facilitate the tasks of Audit & Supervisory Board Members (including matters relating to the independence of such employees from the Directors and matters to the ensure effectiveness of instructions from the Audit & Supervisory Board Members to such employees)
Representative Directors shall allocate certain employees upon the request of the Audit & Supervisory Board Members, through prior discussion with the Audit & Supervisory Board Members, to assist in their tasks and the Audit & Supervisory Board. Such employees, while still subject to the work rules of the Company, shall be under each of the Audit & Supervisory Board Members' instruction and supervision relating to their tasks. Representative Directors shall not set a limit unfairly to such instruction and supervision. The personnel matters such as transfer, treatment (including evaluation) and disciplinary action relating to such employees shall be made through prior discussion with the Audit & Supervisory Board Members.

(ii) System for reporting to the Audit & Supervisory Board Members by Directors and employees and other related parties (including the system to ensure that the reporting party shall not be treated adversely due to such report)
In the event that any Director becomes aware of any matter that breaches or may breach any law or regulation or the Articles of Incorporation, or in the event that any Director becomes aware of any matter that may cause substantial damage to Kyocera Group, he or she shall immediately report thereon to the Audit & Supervisory Board. In addition, in the event that any of the Audit & Supervisory Board Members or the Audit & Supervisory Board requests a report from any Director pursuant to the Regulations of the Audit & Supervisory Board, such Director shall comply with such request.

Representative Directors shall cause the internal audit department to report regularly the status of the internal audit to the Audit & Supervisory Board Members. In addition, upon request from the Audit & Supervisory Board Members, Representative Directors shall cause any specified department(s) to report the status of their conduct of business directly to the Audit & Supervisory Board Members. Representative Directors shall also maintain a "system for internal complaint reporting to the Audit & Supervisory Board," established by the Audit & Supervisory Board, under which all related parties including Directors, employees, suppliers and customers of Kyocera Group may submit complaints directly to the Audit & Supervisory Board.
Representative Directors shall not treat adversely the party who submitted the report to the Audit & Supervisory Board such as transfer or disciplinary action, because of such report.

(iii) Matters relating to the policy for handling of costs and claims which may incur in the course of the execution of the tasks of the Audit & Supervisory Board Members
Representative Directors shall accept request from Audit & Supervisory Board Members for reimbursement of costs in accordance with the Regulations of the Audit & Supervisory Board and shall make payment thereof accordingly.

(iv) Other systems to ensure effective audit by the Audit & Supervisory Board Members
In the event that Representative Directors are requested by any of the Audit & Supervisory Board Members to effectuate any of the following matters, as necessary to establish a system to ensure effective audit by the Audit & Supervisory Board Members, Representative Directors shall comply with such request:

a. Attendance at important meetings;
b. Inspection of minutes of important meetings, important approval documents and important agreements, etc.; and
c. Meetings with Representative Directors to exchange opinions regarding management of the Company in general.

(2) Kyocera Philosophy Education
Representative Directors of the Company shall undertake “Kyocera Philosophy Education” from time to time in order to inculcate the “Kyocera Philosophy” into the Directors (including themselves) and employees of Kyocera Group.

II. Internal Controls
1. Policy for Internal Controls
The Board of Directors of the Company defines the Internal Controls of Kyocera Group to mean “systems to be established within the corporate organization to achieve management policy and master plans in a fair manner, in order for the Directors undertaking management of the Company to effectuate management rationale.” The Board of Directors of the Company will establish internal controls through implementation of the “Kyocera Philosophy.”

2. System for Internal Controls
Under the policy as described in 1 above, the Board of Directors shall cause Representative Directors to establish the systems described below. In addition, the Board of Directors shall constantly evolve and develop such systems, seeking an ideal system of internal controls.

(1) Management and maintenance of information relating to conduct of business by Directors
Representative Directors shall establish the “Kyocera Disclosure Committee” as a system for making timely and appropriate disclosure of information and for properly maintaining information relating to the conduct of business by the Directors in accordance with applicable laws and regulations and the Internal Rules of the Company.

(2) Internal Rules and Systems relating to management of risk of loss of Kyocera Group, and systems to ensure that conduct of business by all employees of Kyocera Group and Directors of the Company’s subsidiaries is in compliance with applicable laws and regulations and the Articles of Incorporation.
Representative Directors shall create a risk management department in order to establish a risk management system for Kyocera Group. Representative Directors shall also establish systems to undertake necessary actions from time to time.

Representative Directors shall establish “employee consultation corners” as an internal complaint reporting system within Kyocera Group, so that employees who become aware of any matter that breaches or may breach laws or regulations or the Articles of Incorporation or other internal rules can report thereon. The employee consultation corners will take appropriate action in respect of reports received thereby, which shall be treated in accordance with the Law for Protection of Reporters in the Public Interest. Besides, Representative Directors shall establish the system to take actions as necessary.

(3) Systems to ensure efficient conduct of business by Directors
Representative Directors shall clearly delegate authority and related responsibility by establishing an Executive Officer system to achieve efficient and effective conduct of business. Representative Directors shall cause the Executive Officers to report the status of their conduct of business to the Board of Directors, etc., and, accordingly, a system shall be maintained under which Representative Directors can verify whether business is conducted efficiently.

(4) Other System to ensure appropriate conduct of business at Kyocera Group
In addition to the matters described in (1) through (3) above, as a system to ensure the appropriate conduct of business at Kyocera Group and for efficient operation of Kyocera Group, Representative Directors shall establish the Kyocera Group Management Committee. Such Committee shall discuss important matters relating to Kyocera Group and receive reports relating thereto. Representative Directors shall also establish departments to support appropriate and efficient execution of business of each of the companies in Kyocera Group, and an internal audit department in order to conduct audits regularly to evaluate the appropriateness of conduct of business at Kyocera Group.

b. Summary of Corporate Governance and Reason for Adoption

(a) Board of Directors

The Board of Directors of Kyocera is an organization to decide the important matters and to supervise the execution of businesses of Kyocera Group as a whole. It consists of Directors including three Outside Directors. The Directors are nominated by the General Shareholders Meeting based on the proposal of candidates who have enough understanding of Kyocera Group and with outstanding "personality," "capability" and "insight" to engage in the management of Kyocera.
Besides, Kyocera adopts the Executive Officer system to facilitate the efficiency of the management of Kyocera. The execution of the businesses of Kyocera is undertaken by the Executive Officers under the instruction of the Representative Director and President of Kyocera. Representative Director and President is nominated by the Board of Directors, which undertakes the management decision and supervision of the execution of businesses. Representative Directors direct the Executive Officers to report the status of the execution of the businesses to the Board of Directors, and the Board of Directors makes sure that the businesses is efficiently executed. As such, Kyocera clarifies the responsibility and authority to achieve efficient management of Kyocera, and to realize the efficient functionality of appropriate corporate governance and internal control of Kyocera. The Directors of Kyocera include some presidents of the important subsidiaries in Japan and overseas of Kyocera, to make sure that corporate governance works for whole Kyocera Group.

(b) Audit and Supervisory Board

Kyocera has Audit & Supervisory Board Members and Audit & Supervisory Board based on the corporate governance policy and the provision of its Articles of Incorporation which was approved by the General Shareholders Meeting. Audit & Supervisory Board Members include one full-time Audit & Supervisory Board Member originally an employee of Kyocera, one Audit & Supervisory Board Member who is very much familiar with Kyocera and who is with plenty of knowledge and experience as an attorney-at-law, as well as two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as an attorney-at-law or CPA. The Audit & Supervisory Board Members are conducting audit of Kyocera as a whole based on the accurate information about Kyocera gathered from inside and utilizing variety of viewpoints as outsider of Kyocera.

(c) Nominating and Remuneration Committee

With respect to the nomination and remuneration of Directors, proposed nomination and remuneration are subject to prior review by the Nominating and Remuneration Committee, the majority of which consists of Outside Directors, the Board of Directors examine them, so that the decision relating thereto shall be made in a fair manner and appropriately.

(d) Kyocera Group Management Committee

Kyocera has established "Kyocera Group Management Committee" consisting of the Directors (excluding Outside Directors) who live in Japan and Kyocera holds meetings every month regularly. Such Committee examines not only the agenda of the meetings of the Board of Directors but also other important matters relating to the execution of the businesses of Kyocera Group as a whole to secure the sound management of Kyocera Group.

(e) Kyocera Disclosure Committee

Kyocera has established an organ known as the "Kyocera Disclosure Committee" for disclosure of corporate information. This Committee investigates all disclosure documents for the purpose of assuring the appropriateness of disclosures of corporate information, reporting the results of its investigations to the Representative Director and President which educates Group companies concerning rules relating to disclosure and promotes appropriate disclosure of information for the entire Group.

(f) Kyocera Group Internal Audit Committee

Kyocera has established "Kyocera Group Internal Audit Committee" in order to improve of internal control level in Kyocera Group and strengthen cooperation with internal audit department in each company. The committee aims to heighten the effectiveness of internal control by receiving report of audit results from the Corporate Global Audit Division and internal audit division in consolidated subsidiaries and issuing instructions for any necessary corrective action by Representative Director and President and Directors in each subsidiary of Kyocera Group.

(g) Kyocera Group Philosophy Committee

Kyocera has established "Kyocera Group Philosophy Committee" to educate and permeate "Kyocera Philosophy," which is our corporate philosophy setting forth importance of conducting business of management in a fair and honest way, basing its fundamental judgments on a precept that "what is the right thing to do as a human being." The committee has set education policy of "Kyocera Philosophy" of each entity in Kyocera Group, and discusses and decides the measures to promote an understanding of "Kyocera Philosophy" and practice it.

Members of each organization and committee are as set forth. (◎ represents chairman)

Position	Name	Board of Directors	Audit and Supervisory Board	Nominating and Remuneration Committee	Kyocera Group Management Committee	Kyocera Disclosure Committee	Kyocera Group Internal Audit Committee	Kyocera Group Philosophy Committee
Representative Director and Chairman	Goro Yamaguchi	◎		○	◎			◎
Representative Director and President	Hideo Tanimoto	○			○		◎	○
Director	Ken Ishii	○			○			○
Director	Hiroshi Fure	○			○			○
Director	Yoji Date	○			○			○
Director	Norihiko Ina	○			○		○	○
Director	Keiji Itsukushima	○			○			○
Director	Koichi Kano	○			○	○		○
Director	Shoichi Aoki	○			○	◎		○
Director	Takashi Sato	○			○	○		○
Director	Junichi Jinno	○			○	○		○
Director	John Sarvis	○						
Director	Robert Whisler	○					○	
Outside director (Independent Director)	Hiroto Mizobata	○		○				
Outside director (Independent Director)	Atsushi Aoyama	○		○				
Outside director (Independent Director)	Akiko Koyano	○		○				
Audit & Supervisory Board Member	Itsuki Harada	○	◎					
Audit & Supervisory Board Member	Osamu Nishieda	○	○					
Outside audit & supervisory board member (Independent Director)	Hitoshi Sakata	○	○					
Outside audit & supervisory board member (Independent Director)	Masaaki Akiyama	○	○					
–	Other					○*1	○*2	○*3

(Notes) 1. Divisional manager of management strategies division, internal audit division, accounting division, finance division and management control division are included.
2. Divisional manager of internal audit division and President of major consolidated subsidiaries are included.
3. Executive officers and general managers of domestic divisions of Kyocera and President of domestic subsidiaries are included.

［Detail of Minimum Liability］
Kyocera has executed an agreement with external executives and auditors respectively in accordance with Article 427, Paragraph 1 of the Companies Act and Article 28 and 36 of the Articles of Incorporation of Kyocera, which limits Outside Directors' indemnity liability. The maximum on the amount of liability under the said agreement is the minimum liability amount as provided in laws and ordinances.

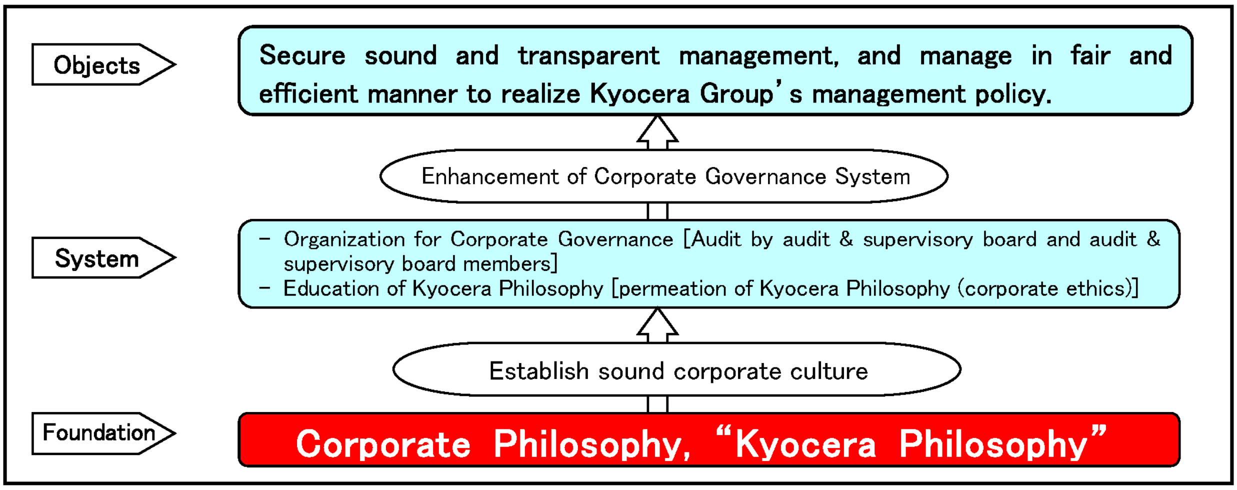
c. Preparedness of Systems Relating to Corporate Governance and Internal Control
The current status of the preparedness of systems relating to corporate governance and internal control are as follows:

(a) The "Kyocera Code of Conduct" was established in June 2000.
(b) The "Risk Management Division" was established in September 2000 in order to create a thorough system to ensure compliance with laws and regulations and internal rules.
(c) The "Kyocera Management Committee," which was renamed the "Kyocera Group Management Committee" in August 2002, was established in January 2001.
(d) The "Kyocera Disclosure Committee" was established in April 2003.
(e) The "Employee Counseling Office" was established in April 2003 as a function of the whistleblower reporting system.
(f) The Executive Officer System was introduced in June 2003 to improve management efficiency.
(g) The "Global Audit Division," which was reorganized by the merger of "Risk Management Division" and renamed the "Corporate Global Audit Division" later in April 2010, was established in May 2005 to undertake internal audits, and it regularly conducts audits of Kyocera's businesses, and reports the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera Corporation.
(h) "Kyocera Group Philosophy Committee" was established in May 2013.
(i) The functions of risk management were transferred from the Corporate Global Audit Division to the Corporate General Affairs Group (currently Corporate General Affairs Human Resources Group). The "Risk Management Department" was established within the Group in January 2014 in order to restructure the risk management system.
(j) "Kyocera Group Basic Policy for Risk Management" was established in June 2016.
(k) "Kyocera Group Internal Audit Committee" and "Kyocera Group Internal Audit Committee Charter" were established in June 2018.
(l) "Global Compliance Division" was established in October 2018.
(m) "Nominating and Remuneration Committee," a majority of whose members are Outside Directors, was established in December 2018.

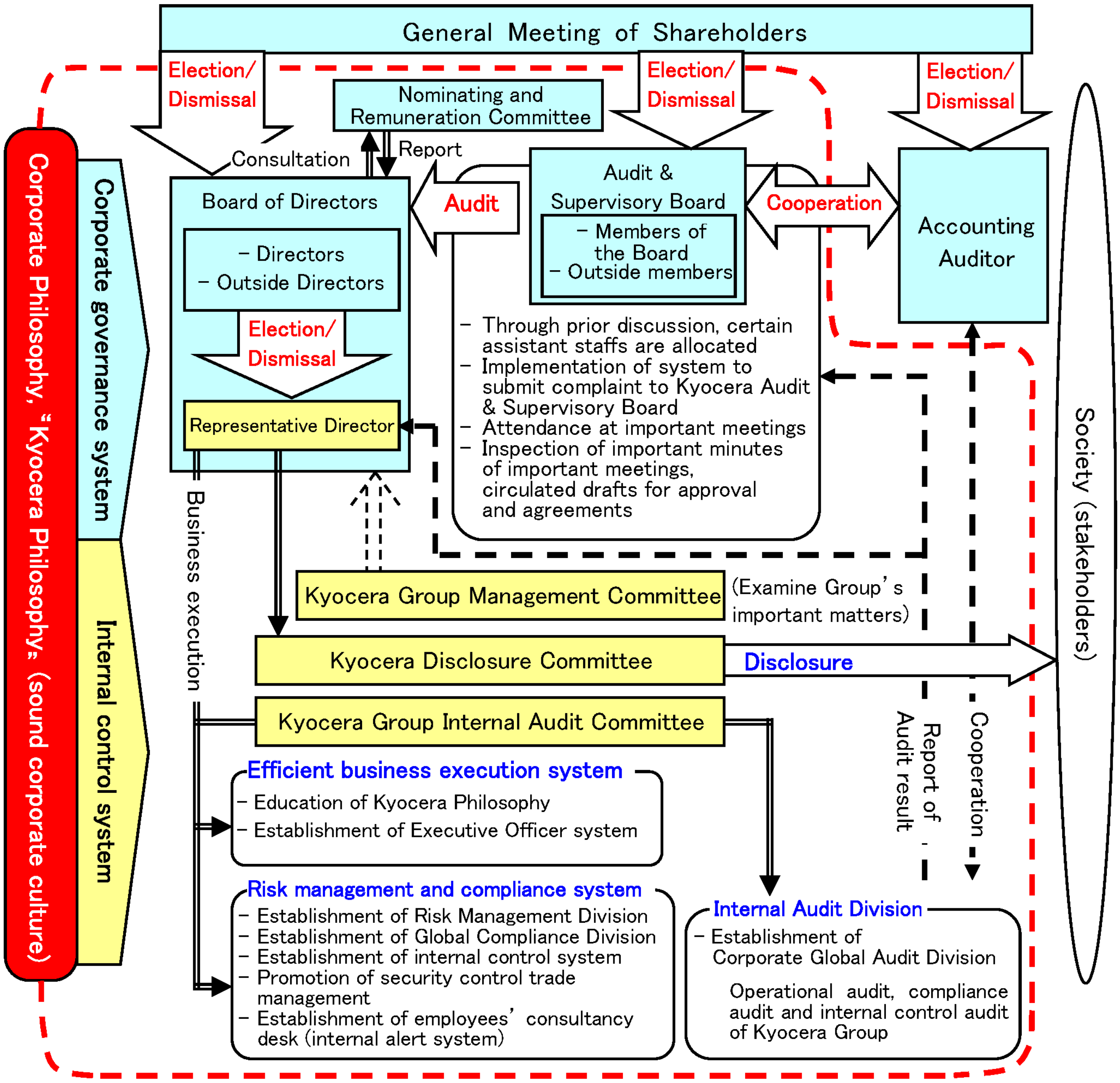
Kyocera supports and educates to each section for risk management with Kyocera risk assessment based on Kyocera philosophy in risk control division. Kyocera prepares the global reporting system for significant risk factor.

d. Corporate Governance Chart of Kyocera

The view on Corporate Governance of Kyocera is as set forth.



Corporate Governance System of Kyocera is as set forth.



e. Acquisition of Treasury Stocks

In order to enable the execution of a flexible and swift capital policy for the purpose of responding to changes in the management environment, the Articles of Incorporation set forth that Kyocera may acquire its own shares by means of a market transaction upon a resolution of the Board of Director based on Article 165, paragraph 2 of the Companies Act of Japan.

f. Requirement for Special Resolutions of the General Meeting of Shareholder

For smooth management of the General Meeting of the Shareholders by relaxing the quorum of special resolutions, the Articles of Incorporation set forth that a resolution of the General Meeting of Shareholders as specified by Article 309, paragraph 2 of the Companies Act of Japan is valid if the shareholders who have at least one-third of the total voting rights attend the meeting and of which two-thirds of the votes support such resolution.

g. Number of Board and Director

The Articles of Incorporation set forth that the Number of Board and Director is less than 20 people.

h. Resolution Requirements for Appointment of Director

Regarding resolutions for the appointment of Directors, our Articles of Incorporation set forth that attendance of shareholders who hold one-third or more of the voting rights of the shareholders who can exercise voting rights is necessary. The Articles of Incorporation also set forth that resolutions for the appointment of Directors may not be made with cumulative voting.

i. Decision Institute of Interim Dividend

In order to enable profits to be returned to shareholders in a flexible and swift manner, the Articles of Incorporation set forth that Kyocera may pay interim dividends, upon a resolution by the Board of Directors based on Article 454, paragraph 5 of the Companies Act of Japan, with September 30 set as the record date each year.

(2) 【Directors and Audit & Supervisory Board Members】

a. List of Directors and Audit & Supervisory Board Members

Male 19 people, Female one person

(The ratio of the female member in Directors and Audit & Supervisory Board Members 5%)

Position	Name	Date of Birth	Career Summary		Term of Office	Share-holdings (hundreds of shares) *1
Representative Director and Chairman	Goro Yamaguchi	January 21, 1956	Mar. 1978	Joined Kyocera Corporation	*5	281
			Jun. 2003	Executive Officer of Kyocera Corporation		
			Jun. 2005	Senior Executive Officer of Kyocera Corporation		
			Apr. 2009	Managing Executive Officer of Kyocera Corporation		
			Jun. 2009	Director and Managing Executive Officer of Kyocera Corporation		
			Apr. 2013	Representative Director and President, Executive Officer and President of Kyocera Corporation		
			Mar. 2017	Representative Director and Chairman of the Kyoto Purple Sanga Co., Ltd. [Present]		
			Apr. 2017	Representative Director and Chairman of Kyocera Corporation [Present]		
				Representative Director and Chairman of Kyocera Communication Systems Co., Ltd. [Present]		
				Representative Director and Chairman of Kyocera Document Solutions Inc. [Present]		
				Representative Director and Chairman of Kyocera Realty Development Co., Ltd. [Present]		
			Apr. 2019	Representative Director and Chairman of Kyocera Industrial Tools Corporation [Present]		
Representative Director and President Executive Officer and President	Hideo Tanimoto	March 18, 1960	Mar. 1982	Joined Kyocera Corporation	*5	66
			Apr. 2015	Executive Officer of Kyocera Corporation		
			Apr. 2016	Managing Executive Officer of Kyocera Corporation		
			Jun. 2016	Director and Managing Executive Officer of Kyocera Corporation		
			Apr. 2017	Representative Director and President, Executive Officer and President of Kyocera Corporation [Present]		
				Chairman of the Board of Directors of Kyocera (China) Sales & Trading Corporation [Present]		
				Chairman of the Board of Directors of Dongguan Shilong Kyocera Co., Ltd. [Present]		
				Chairman of the Board of Directors of Shanghai Kyocera Electronics Co., Ltd. [Present]		
				Authorized Representative and Chairman of Kyocera Vietnam Co., Ltd. [Present]		
			Jun. 2017	Representative Director and Chairman of Kyocera Korea Co., Ltd. [Present]		
Director Senior Managing Executive Officer General Manager of Corporate Industrial Tool Group	Ken Ishii	October 6, 1953	Mar. 1977	Joined Kyocera Corporation	*5	120
			Apr. 2009	Executive Officer of Kyocera Corporation		
				General Manager of Corporate Industrial Tool Group of Kyocera Corporation [Present]		
			Jun. 2009	Representative Director and Chairman of Kyocera Precision Tools Korea Co., Ltd. [Present]		
			Apr. 2011	Senior Executive Officer of Kyocera Corporation		
			Apr. 2012	Managing Executive Officer of Kyocera Corporation		
			Jun. 2012	Director and Managing Executive Officer of Kyocera Corporation		
			Jan. 2014	Chairman of the Board of Directors of Kyocera Precision Tools (Zhuhai) Co., Ltd. [Present]		
			Jan. 2015	Chairman of the Board of Directors of Kyocera Precision Tools (Ganzhou) Co., Ltd. [Present]		
			Apr. 2015	Director and Senior Managing Executive Officer of Kyocera Corporation [Present]		
			Apr. 2019	Representative Director and Vice Chairman of Kyocera Industrial Tools Corporation [Present]		

Position	Name	Date of Birth	Career Summary	Term of Office	Share-holdings (hundreds of shares) *1
Director Senior Managing Executive Officer General Manager of Corporate Organic Materials Semiconductor Components Group	Hiroshi Fure	February 24, 1960	Mar. 1984 Joined Kyocera Corporation Apr. 2011 Executive Officer of Kyocera Corporation Apr. 2013 Managing Executive Officer of Kyocera Corporation Jun. 2013 Director and Managing Executive Officer of Kyocera Corporation Apr. 2015 Director and Senior Managing Executive Officer of Kyocera Corporation [Present] Sep. 2016 General Manager of Corporate Organic Materials Semiconductor Components Group of Kyocera Corporation [Present]	*5	56
Director Senior Managing Executive Officer General Manager of Corporate Electronic Components Group	Yoji Date	September 20, 1956	Mar. 1979 Joined Kyocera Corporation Apr. 2012 Executive Officer of Kyocera Corporation Apr. 2013 Managing Executive Officer of Kyocera Corporation Jun. 2013 Director and Managing Executive Officer of Kyocera Corporation Apr. 2015 Director and Senior Managing Executive Officer of Kyocera Corporation [Present] Apr. 2017 General Manager of Corporate Electronic Components Group of Kyocera Corporation [Present] Chairman of the Board of Directors of Kyocera International Electronics Co., Ltd. [Present]	*5	95
Director Managing Executive Officer	Norihiko Ina	September 16, 1963	Apr. 1987 Joined Mita Industrial Co., Ltd. (currently Kyocera Document Solutions Inc.) Apr. 2017 Executive Officer of Kyocera Corporation Representative Director and President of Kyocera Document Solutions Inc. [Present] Jun. 2017 Director and Managing Executive Officer of Kyocera Corporation [Present]	*5	14
Director Managing Executive Officer General Manager of Corporate Communication Equipment Group	Keiji Itsukushima	May 3, 1958	Mar. 1982 Joined Kyocera Corporation Apr. 2016 Senior Executive Officer of Kyocera Corporation General Manager of Corporate Communication Equipment Group of Kyocera Corporation [Present] Apr. 2017 Managing Executive Officer of Kyocera Corporation Jun. 2017 Director and Managing Executive Officer of Kyocera Corporation [Present]	*5	44
Director Managing Executive Officer General Manager of Corporate Development Group	Koichi Kano	September 21, 1961	Mar. 1985 Joined Kyocera Corporation Apr. 2012 General Manager of Corporate Development Group of Kyocera Corporation [Present] Apr. 2013 Executive Officer of Kyocera Corporation Apr. 2015 Senior Executive Officer of Kyocera Corporation Apr. 2016 Managing Executive Officer of Kyocera Corporation Jun. 2016 Director and Managing Executive Officer of Kyocera Corporation [Present]	*5	41
Director Managing Executive Officer General Manager of Corporate Management Control Group	Shoichi Aoki	September 19, 1959	Mar. 1983 Joined Kyocera Corporation Jun. 2005 Executive Officer of Kyocera Corporation Apr. 2009 Managing Executive Officer of Kyocera Corporation Jun. 2009 Director and Managing Executive Officer of Kyocera Corporation [Present] Apr. 2018 General Manager of Corporate Management Control Group of Kyocera Corporation [Present]	*5	112
Director Managing Executive Officer General Manager of Corporate General Affairs Human Resources Group	Takashi Sato	September 22, 1960	Mar. 1983 Joined Kyocera Corporation Apr. 2013 Executive Officer of Kyocera Corporation Apr. 2016 Senior Executive Officer of Kyocera Corporation General Manager of Corporate General Affairs Human Resources Group of Kyocera Corporation [Present] Apr. 2017 Managing Executive Officer of Kyocera Corporation Jun. 2017 Director and Managing Executive Officer of Kyocera Corporation [Present]	*5	66

Position	Name	Date of Birth	Career Summary	Term of Office	Share-holdings (hundreds of shares) *1
Director Managing Executive Officer General Manager of Corporate Legal and Intellectual Property Group	Junichi Jinno	May 7, 1955	Jul. 1983 Joined Kyocera Corporation Jun. 2003 Executive Officer of Kyocera Corporation Apr. 2011 General Manager of Corporate Legal and Intellectual Property Group [Present] Apr. 2013 Senior Executive Officer of Kyocera Corporation Apr. 2018 Managing Executive Officer of Kyocera Corporation Jun. 2018 Director and Managing Executive Officer of Kyocera Corporation [Present]	*5	34
Director	John Sarvis	March 4, 1950	Dec. 1973 Joined AVX Corporation Jun. 2016 Director of Kyocera Corporation [Present] Jul. 2016 Chairman of the Board, Chief Executive Officer and President of AVX Corporation [Present]	*5	–
Director	Robert Whisler	February 17, 1953	Mar. 1981 Joined Kyocera America, Inc. (currently Kyocera International, Inc.) Jun. 2005 Executive Officer of Kyocera Corporation Apr. 2016 President and Director of Kyocera International, Inc. [Present] Jun. 2016 Director of Kyocera Corporation [Present]	*5	–
Director	Hiroto Mizobata	July 31, 1963	Apr. 1986 Joined KPMG Asahi Shinwa Accounting, Inc. (currently KPMG AZSA LLC) Mar. 1988 Registration as certified public accountant Dec. 1991 Registration as licensed tax accountant Mar. 1992 Representative of Mizobata Certified Public Accountant Office [Present] Jun. 2015 Outside Director of Kyocera Corporation [Present]	*5	18
Director	Atsushi Aoyama	August 2, 1960	Apr. 1985 Joined Mitsubishi Research Institute, Inc. May. 1995 Researcher of Imperial College London Oct. 1999 Associate Professor of Chemical Resources Laboratory, Tokyo Institute of Technology Apr. 2005 Professor of Graduate School of Technology Management Department, Ritsumeikan University [Present] Jun. 2016 Outside Director of Kyocera Corporation [Present]	*5	5
Director	Akiko Koyano	April 23, 1974	Dec. 2008 Registration as Attorney [Present] Belonging to Kyoto Bar Association [Present] Joined Koyano & Aoki Law Office Jul. 2009 Transferred to Koyano LPC Feb. 2018 Partner Attorney-at-law of Koyano LPC [Present] Jun. 2019 Outside Director of Kyocera Corporation [Present]	*5	–
Full-time Audit & Supervisory Board Member	Itsuki Harada	August 5, 1955	Mar. 1980 Joined Kyocera Corporation Oct. 1996 General Manager of Accounting section of Dongguan Shilong Kyocera Optics Co., Ltd. (currently Dongguan Shilong Kyocera Co., Ltd.) Apr. 2010 General Manager of Corporate Global Audit Division of Kyocera Corporation Jun. 2016 Full-time Audit & Supervisory Board Member of Kyocera Corporation [Present]	*6	7
Audit & Supervisory Board Member	Osamu Nishieda	January 10, 1943	Apr. 1975 Registration as Attorney [Present] Belonging to Osaka Bar Association [Present] Feb. 1986 Legal Counsel of Kyocera Corporation [Present] Jun. 1993 Audit & Supervisory Board Member of Kyocera Corporation [Present]	*6	1,717

Position	Name	Date of Birth	Career Summary		Term of Office	Share-holdings (hundreds of shares) *1
Audit & Supervisory Board Member	Hitoshi Sakata	January 22, 1953	Apr. 1985	Registration as Attorney [Present] Belonging to Kyoto Bar Association [Present]	*6	5
			Jul. 1995	Partner Attorney-at-law of Oike Law Office [Present]		
			Feb. 2010	Researcher of University of Cambridge		
			Apr. 2011	Professor of Graduate School of Law Department, Doshisha University (Doshisha Law School)		
			Jun. 2013	Outside Director of Nippon Shinyaku Co., Ltd. [Present]		
			Jun. 2016	Audit & Supervisory Board Member of Kyocera Corporation [Present]		
Audit & Supervisory Board Member	Masaaki Akiyama	January 4, 1945	Oct. 1968	Joined Tomishima Audit Corporation (currently Ernst & Young ShinNihon LLC)	*6	5
			Mar. 1973	Registration as certified public accountant		
			Sep. 2010	Outside Audit & Supervisory Board Member of Joyful Honda Co., Ltd. [Present]		
			Apr. 2011	Supervisory Officer of United Urban Investment Corporation [Present]		
			Jun. 2016	Audit & Supervisory Board Member of Kyocera Corporation [Present]		
Total						2,686

(Notes) 1. The shareholdings are the information as of March 31, 2019.
2. Hiroto Mizobata, Atsushi Aoyama and Akiko Koyano are outside directors.
3. Hitoshi Sakata and Masaaki Akiyama are outside audit & supervisory board members.
4. Kyocera adopts an “executive officer system,” which aims to establish corporate governance appropriate for a global corporation together with a decision-making system responsive to the business environment and to train the next generation of senior executives.
5. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2019 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2021.
6. This is from the closing of the Ordinary General Meeting of Shareholders related to the year ended March 31, 2016 to the closing of the Ordinary General Meeting of Shareholders related to the year ending March 31, 2020.
7. Akiko Koyano, as set forth above, is her name on business. Her name on the family register is Akiko Yamamoto.

b. Outside Director and Audit & Supervisory Board Member

(a) The number of Outside Directors and Audit & Supervisory Board Members

Outside Directors: three people

Outside Audit & Supervisory Board Members: two people

(b) Important Concurrent Posts Undertaken by Outside Director and Audit & Supervisory Board Members, and their Relations with Kyocera

Outside Directors, Hiroto Mizobata and Atsushi Aoyama, and Outside Audit & Supervisory Board Members, Hitoshi Sakata and Masaaki Akiyama, own Kyocera's shares.

There is no special interest between Kyocera Corporation and Mizobata Certified Public Accountant Office where Hiroto Mizobata, Outside Director, serves as a Representative. Also, there is no special interest between Kyocera Corporation and, Yamaki Co., Ltd. and ES-CON JAPAN Ltd. where he serves as an Outside Director (the Audit Committee).

There is no special interest between Kyocera Corporation and Atsushi Aoyama, Outside Director. He has two relatives within the second degree who used to be employees of Kyocera Corporation in the past. However, over 30 years have passed after the retirement of the relative who retired later and currently no relative works in Kyocera Corporation. He is a professor at the Graduate School of Technology Management, Ritsumeikan University. Kyocera Corporation has a transaction with the Ritsumeikan Trust, which operates the university, in relation to the sale of applied fine ceramic products (less than 600,000 yen), but it has no transaction with the university and no special interest with Kyocera Corporation.

There is no special interest between Kyocera Corporation and Koyano LPC, where Akiko Koyano, Outside Director serves as a Partner Attorney-at-law.

There is no special interest between Kyocera Corporation and Oike Law Office where Hitoshi Sakata, Audit and Supervisory Board Member, serves as a Partner Attorney-at-law. And also, there is no special interest between Kyocera Corporation and Nippon Shinyaku Co., Ltd. where he serves as an Outside Director.

There is no special interest between Kyocera Corporation and Joyful Honda Co., Ltd. where Masaaki Akiyama, Audit & Supervisory Board Member, serves as an Outside Audit & Supervisory Board Member. Also, there is no special interest between Kyocera Corporation and United Urban Investment Corporation where he serves as a Supervisory Officer.

(c) Function and Role of Outside Director and Audit & Supervisory Board Member for Corporate Governance

Kyocera Corporation assigns three Outside Directors, who have plenty of knowledge and experience as certified public accountant and tax accountant, scholar, or attorney-at-law, and two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as an attorney-at-law or certified public accountant. Kyocera Corporation enhances the supervision to Director and the Board of Directors by providing enough explanation from Directors to Outside Directors and Audit & Supervisory Board Members through the meetings of the Board of Directors. Directors also discuss with the Outside Directors and Audit & Supervisory Board Members relating to management, so that the Directors can make judgment taking outside viewpoint into consideration. Kyocera Corporation establishes sound corporate culture pursuant to the “Kyocera Philosophy,” which is the corporate philosophy based on the general criteria in making judgment, namely “what is the right thing to do as human being.” Kyocera establishes its corporate governance system through practicing the Kyocera Philosophy. Such system is supplemented by the function to check the management by the Outside Directors and Audit & Supervisory Board Members.

The role of each Outside Director and Outside Audit & Supervisory Board Member which Kyocera Corporation expects is as below;

Kyocera Corporation expects that Hiroto Mizobata will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight as a certified public accountant and licensed tax accountant.

Kyocera Corporation expects that Atsushi Aoyama will be continuously capable of providing advice on and undertaking supervision of general corporate activities as an Outside Director, based on his abundant experience and exceptional insight relating to the area of Technology Management that study companies who make much of technology development and innovation.

Kyocera Corporation expects that Akiko Koyano will be continuously capable of providing advice on and undertaking supervision of corporate activities as an Outside Director, based on her extensive experience and insight as an attorney at law specializing in corporate law and wide-ranging insight into social issues, such as gender equality, etc.

Kyocera Corporation expects that Hitoshi Sakata will be capable of conducting a general audit of the Kyocera's global corporate activities as an Outside Audit & Supervisory Board Member based on his abundant experience and exceptional insight as an attorney at law and his familiarity with the field of company legal affairs including Companies Act and overseas intellectual property.

Kyocera Corporation expects that Masaaki Akiyama will be capable of conducting a general audit of Kyocera's corporate activities as an Outside Audit & Supervisory Board Member based on his abundant knowledge relating to finance and accounting as a certified public accountant and his abundant experience and exceptional insight.

(d) Thoughts of Kyocera with respect to the Independence of Outside Director of Kyocera and Reason for Nomination as Independent Director

Kyocera thinks that it is important to retain a person, who has outstanding “personality,” “capability” and “insight” as an Outside Director of Kyocera and to have such person supervise Kyocera’s management from an objective point of view. Kyocera nominates the persons who satisfy the above-mentioned criteria to Outside Director and Outside Audit & Supervisory Board Members. The Outside Directors of Kyocera are selected as independent directors in compliance with the requirements concerning the Outside Directors prescribed by the Companies Act and the independence standards prescribed by the financial instruments exchanges.

Kyocera has three Independent Outside Directors and two Independent Outside Audit & Supervisory Board Members who will not have any conflicts of interest with the shareholders in general of Kyocera in order to effectively achieve the purpose of auditing Kyocera from an independent standpoint. Kyocera thinks there is a system for adequate supervision and auditing of Kyocera from an objective point view at this point. Kyocera, therefore, nominated all of these five people as independent Directors of Kyocera set by the Tokyo Stock Exchange.

c. Supervision and Internal Audit by Outside Audit & Supervisory Board Members, Cooperation between Audit by Audit & Supervisory Board Members and Accounting Audit and Relationship with the Internal Control Division

Outside Audit & Supervisory Board Members receive reports from internal audit and control division and discuss the status of the audit every first half and second half. They receive reports from accounting auditors and discuss audit plan and results of the audit every quarter. Besides, they receive reports from full-time audit and supervisory board member and discuss the status of the audit. In addition, they have meetings to discuss about the substance of the audit and share information from time to time.

(3) Status of Audit

a. Audit by Audit & Supervisory Board Members

The Audit & Supervisory Board Members include one full-time Audit & Supervisory Board Member originally an employee of Kyocera, one Audit & Supervisory Board Member who is very much familiar with Kyocera and who is with plenty of knowledge and experience as an attorney-at-law, as well as two Outside Audit & Supervisory Board Members, who have plenty of knowledge and experience as an attorney-at-law or certified public accountants.

The Audit & Supervisory Board Members and the internal audit division report with each other and discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.

Audit & Supervisory Board Members and Accounting Auditor hold regular meetings every quarter to discuss the audit plan, the result of the audit, and so on. Besides, they meet from time to time to discuss the substance of audit and exchange information.

b. Internal Audit

The “Corporate Global Audit Division” which was established as internal audit division to conduct regularly audits of consolidated subsidiaries of Kyocera and to report the results of such audits to the Directors and Audit & Supervisory Board Members of Kyocera. The number of members of “Corporate Global Audit Division” is 49 people at the date of submission.

The internal audit division and the Audit & Supervisory Board Members report with each other and discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.
The internal audit division and accounting auditors discuss the status and result of the audit in a timely manner. Besides, they meet from time to time to discuss the substance of audit and exchange information.
The internal audit division, accounting auditors and internal control division hold meetings regarding status in establishment of internal control as necessary from time to time.

c. Summary of Certified Public Accountants who execute audit

(a) The Name of Audit Firm

PricewaterhouseCoopers Kyoto

(b) Name and term of Certified Public Accountants who execute the audit

Engagement partner from PricewaterhouseCoopers Kyoto
Keiichiro Kagi（Number of years of continuous service: five years）
Tetsuhiro Yasumoto（Number of years of continuous service: one year）

(c) Structure of Supporter Related to Audit

Certified public accountants: nine people
Associate from the Japanese Institute of Certified Public Accountants: four people
Others: 15 people

(d) Policy and Reason for Electing the Audit Firm

Audit and Supervisory Board of Kyocera selects audit firm taking into account the policy of specialists, view, independence, specialized knowledge, size, number of people, capability and proficiency of audit-related service, quality management system of audit, the results and remuneration provision.

Besides, should anything occur to negatively impact the qualifications or independence of the Accounting Auditor, making it unlikely that such Accounting Auditor will be able to properly perform an audit, the Audit & Supervisory Board shall determine the resolution to be proposed to the General Meeting of Shareholders to terminate or not to reappoint such Accounting Auditor.

Audit and Supervisory Board of Kyocera selects the audit firm, taking into account that PricewaterhouseCoopers Kyoto has adequate capability, system and credential to conduct appropriate audit and not fit into policy of decision to terminate or not to reappoint Accounting Auditor.

(e) The Assessment of Audit Firm by Audit & Supervisory Board

Audit and Supervisory Board of Kyocera assesses the audit firm. The assessment is conducted by confirming the status through audit plan, quarterly reports of the result of audit and meetings from time to time.

d. Details of Audit Fees and Other Matters

Transitional measures are adopted to the provisions of (56) d (f) i through iii of the Precautions section in Form No. 2 of the “Cabinet Office Order on Disclosure of Corporate Affairs” amended by the Cabinet Office Order No. 3 of January 31, 2019 in “Cabinet Office Order Partially Amending the Cabinet Office Order on Disclosure of Corporate Affairs.”

(a) Details of Fees Paid to the Certified Public Accountant Auditor

(Yen in millions)

Classification	Year ended March 31, 2018		Year ended March 31, 2019	
	Audit Fees	Not Audit Fees	Audit Fees	Not Audit Fees
Kyocera Corporation	304	5	251	41
Consolidated subsidiaries	195	2	170	4
Total	499	7	421	45

(b) Details of Other Significant Fees

(Year ended March 31, 2018)

Audit fees paid by Kyocera and its consolidated subsidiaries, to the PricewaterhouseCoopers, were 1,653 million yen. This fee is paid for audit services and tax services.

(Year ended March 31, 2019)

Audit fees paid by Kyocera and its consolidated subsidiaries, to the PricewaterhouseCoopers, were 1,709 million yen. This fee is paid for audit services and tax services.

(c) Details of Non-Auditing Work Performed by the Certified Public Accountant Auditor of Kyocera

(Year ended March 31, 2018)

Kyocera Group paid consideration to PricewaterhouseCoopers Kyoto for the advisory service relating to an introduction of International Financial Reporting Standards and the advisory service relating to financial report as the service (non-audit-related) except services provided in Paragraph 1 of Article 2 of the Certified Public Accountants Act of Japan.

(Year ended March 31, 2019)

Kyocera Group paid consideration to PricewaterhouseCoopers Kyoto for the advisory service relating to an introduction of International Financial Reporting Standards and the advisory service relating to financial report as the service (non-audit-related) except services provided in Paragraph 1 of Article 2 of the Certified Public Accountants Act of Japan.

(d) Policy for Determining Audit Fees

Kyocera enters into an audit contract, which includes an audit fee, after examining the appropriateness of the amount and the independence of the audit firm, based on the size and nature of Kyocera's business.

(e) The Reason for Audit & Supervisory Board Members Agreed to Audit Fees

Audit & Supervisory Board agrees to the fee of Accounting Auditor based on Paragraph 1 of Article 399 of the Companies Act through following measures. Audit & Supervisory Board obtains the necessary materials from Directors, relevant internal company divisions and Accounting Auditor and receives the reports. And Audit & Supervisory Board confirms audit content, hours and details and trend of its fee in the previous fiscal year, and considers estimates of audit fee in the fiscal year.

(4) Remuneration of Directors

a. Amount of Remuneration by Classification, Components and Number of Directors

(Yen in Millions)

Classification	Amount	Components		Number of Directors
		Basic remuneration	Bonus to Directors	
Directors （excluding outside Directors）	346	163	183	13
Outside Directors	36	36	－	3
Auditors （excluding outside Auditors）	34	34	－	2
Outside Auditors	20	20	－	2
Total	436	253	183	20

(Notes) Aside from the “Basic remuneration” and “Bonus to Directors” in the above table, the aggregate amount of remuneration to Directors (excluding Outside Directors) was 265 million yen in salaries for services as employees or Executive Officers for those Directors who serve as such and was 248 million yen in bonus for services as employees.

b. Remuneration of Directors Who Earned or Earned More Than a Total of 100 Million Yen on Consolidated Basis

(Yen in Million)

Name	Company and Post	Components				Amount
		Basic remuneration	Bonus	Stock-based remuneration	Other	
Goro Yamaguchi	Kyocera Corporation (Submit company) Chairman of the Board and Representative Director	60	69	－	－	136
	AVX Corporation Director	2	－	5	－	
Hideo Tanimoto	Kyocera Corporation (Submit company) President and Representative Director	67	77	－	－	151
	AVX Corporation Director	2	－	5	－	
John Sarvis	Kyocera Corporation (Submit company) Director	6	5	－	－	161
	AVX Corporation Chairman of the Board and Representative Director and Executive Officer	57	4	20	69	

(Notes) 1. The positions of Goro Yamaguchi, Hideo Tanimoto and John Sarvis represent their positions as of March 31, 2019.

2. AVX Corporation is Kyocera’s consolidated subsidiary in the United States and the determination of compensation for directors and officers of AVX Corporation was made by AVX Corporation’s Compensation Committee pursuant to the U.S. regulations and based on its consideration for general and customary levels of compensation in the United States.

3. The amounts of compensation provided originally in the U.S. dollars at AVX Corporation was translated into the yen at a rate of 111 yen per 1.00 U.S. dollar, which is the average rate during the year ended March 31, 2019.

c. The Contents of Policies of Calculating the Amount of Remuneration to the Directors and Procedures in Determining of Remuneration

(a) Contents of the Resolution on the General Meeting of Shareholders

Remuneration to Directors and Audit & Supervisory Board Members was determined by the resolution adopted at the 55th Ordinary General Meeting of Shareholders, which was held on June 25, 2009, as follows:

i. Remuneration to the Directors (Total amount)
Basic Remuneration: No more than 400 million yen per year (not including salaries for services as employees or Executive Officers for those Directors who serve as such).
Bonuses to Directors: No more than 0.2% of profit attributable to owners of the parent for the relevant fiscal year, provided that such amount shall not exceed 300 million yen per year.*
*As of June 25, 2009. "No more than 0.2% of the Consolidated Net Income of Kyocera" was determined based on U.S. GAAP. The account is presented based on IFRS from the year ended March 31, 2019.

ii. Remuneration to Audit & Supervisory Board Members (Total amount)
Basic Remuneration: No more than 100 million yen per year.

(b) The Content and Policy of Calculating the Amount of Remuneration

The representative directors have the authority to decide the amount of each payment within the scope of the resolution mentioned above, and a resolution of the Board of Directors was adopted in the year ended March 31, 2019 relating to the allocation of remuneration should be left to the representative directors. However, in deciding remuneration, etc., opinions of outside directors are sought in advance and their opinions are respected.
Procedures in determining of remuneration are as follows:

i. Basic Remuneration
It is remuneration to be paid based on the responsibility of each Director and Audit and Supervisory Board Members. Level of the amount to be paid to each Director shall be decided based on the responsibility of each Director taking into consideration the amount of the remuneration of other companies doing similar businesses with Kyocera.

ii. Bonuses to Directors
The performance linked remuneration system varies with the level of each director's contribution to the performance of "Profit attributable to owners of the parent." It does not, however, determine the proportion of compensation to total compensation, and does not impose restrictions on maximum incentives for improving performance. Bonuses to directors accounted for 53% of total director remuneration in the year ended March 31, 2019, which is generally considered to be appropriate.
The reason for selecting "Profit attributable to owners of the parent" as a performance indicator is that directors have an incentive to maximize profits and that the linkage with the dividend payout ratio is made clear so as to align the interests of shareholders.

(c) Initiatives in Next Fiscal Year

i. Establishment of “Nomination and Remuneration Committee”

Kyocera established “Nomination and Remuneration Committee” in December 2018 as noted in “(1) Corporate Governance b. Summary of Corporate Governance and Reason for adoption.” The remuneration to the Directors next fiscal year will be decided through the inquiry of “Nomination and Remuneration Committee.”

ii. Introduction of New Executive Remuneration

Introduction of new executive remuneration was determined by the resolution adopted at the 65th Ordinary General Meeting of Shareholders, which was held on June 25, 2019. The new remuneration for granting the restricted stocks to Directors of Kyocera (excluding Outside Directors, the “Eligible Directors”) has the purpose of providing incentives for Eligible Directors to continuously improve Kyocera’s corporate value, as well as to promote further shared value between Eligible Directors and shareholders.

The amounts of remuneration to the Directors of Kyocera is as above-mentioned “(a) Contents of the Resolution on the General Meeting of Shareholders.” But the executive remuneration will be newly introduced separately from the compensation limit, and the compensation limit related to this executive remuneration will be set for the applicable directors of Kyocera.

(5) Status of Shareholdings

a. Standard and Views on Stocks for Investment

Kyocera does not hold shares for pure investment purposes whose purpose is to earn profits from fluctuations in the value of shares. Kyocera holds shares with the objective of enhancement and maintenance of business relationships and improving corporate value over the medium to long-term, and classifies all of shares as investment other than pure investment purposes.

b. Stocks for Investment Held for Purposes Other than Pure Investment

(a) Policy of Shareholdings and Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors

Kyocera Group Management Committee and our Board of Directors conduct an annual review of all crossholdings of shares to assess whether continued holding of the relevant shares is appropriate, taking into account business needs, such as maintenance and/or enhancement of business relationships and efficiency in use of assets, including capital costs, with respect to individual shares. For any shares as to which a justifiable reason for holding them cannot be identified, we decrease our holdings of such shares through discussions with the issuing companies.

(b) Number of Shares and Amount Recorded on the Balance Sheet

	Number of Issuers	Amount on Balance Sheet (Yen in Millions)
Unlisted stock	48	29,795
Other than unlisted stock	24	874,726

(The number of stocks increased during this year end)

	Number of Issuers	Acquisition Amount (Yen in Millions)	Reason for Increase in the Number
Unlisted stock	9	12,065	Acquiring of management resources for business expansion and research and development
Other than unlisted stock	2	2	Enhancing, maintaining and developing of business relationships

(The number of stocks decreased during this year end)

	Number of Issuers	Sold Amount (Yen in Millions)
Unlisted stock	4	31
Other than unlisted stock	1	94

(c) Information of Number and Amount Recorded on the Balance Sheet of Specified Investment Shares and Deemed Stockholdings

Specified Investment Shares

Stock name	As of March 31, 2019 Number of shares Amount on balance sheet (Yen in millions)	As of March 31, 2018 Number of shares Amount on balance sheet (Yen in millions)	Purpose and quantitative effect of holding, and reason for increase in number of shares held	Holding of Kyocera's shares
KDDI Corporation	335,096,000 799,204	335,096,000 910,288	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings, issuing companies' social significance. Kyocera continues to hold these shares for economic reasons and because Kyocera anticipates that KDDI Corporation will be an important business partner of Kyocera in future business opportunities.	No
Japan Airlines Co., Ltd.	7,638,400 29,782	7,638,400 32,708	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings, issuing companies' social significance.	No
Daikin Industries, Ltd.	1,131,600 14,677	1,131,600 13,279	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
The Bank of Kyoto, Ltd.	1,596,059 7,390	1,596,059 9,481	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by maintenance of corporate collaborations, facilitation of financial transactions and shareholdings.	Yes
Murata Manufacturing Co., Ltd.	241,800 3,998	241,800 3,523	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
SPCG Public Company Limited	63,500,000 3,984	63,500,000 4,596	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings.	No
NIDEC CORPORATION	190,850 2,677	190,850 3,128	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
BROTHER INDUSTRIES, LTD.	1,000,000 2,048	1,000,000 2,473	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings.	No

Stock name	As of March 31, 2019 Number of shares Amount on balance sheet (Yen in millions)	As of March 31, 2018 Number of shares Amount on balance sheet (Yen in millions)	Purpose and quantitative effect of holding, and reason for increase in number of shares held	Holding of Kyocera's shares
ROHM Co., Ltd.	260,000 1,794	260,000 2,634	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
Mitsubishi Electric Corporation	980,430 1,395	980,430 1,668	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
Wacoal Holdings Corp.	478,500 1,317	478,500 1,474	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes *1
Daiwa Securities Group Inc.	2,151,366 1,160	2,151,366 1,460	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by maintenance of corporate collaborations and business relationships, facilitation of financial transactions and shareholdings.	Yes
AEON Financial Service Co., Ltd.	474,000 1,068	474,000 1,159	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings.	No
TDK Corporation	100,000 867	100,000 959	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
Mitsubishi UFJ Financial Group, Inc.	1,576,060 867	1,576,060 1,099	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by maintenance of corporate collaborations and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
TAIYO YUDEN CO., LTD.	350,000 762	350,000 631	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
Naito & Co., Ltd.	3,080,000 659	3,080,000 1,053	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings.	No

Stock name	As of March 31, 2019 Number of shares Amount on balance sheet (Yen in millions)	As of March 31, 2018 Number of shares Amount on balance sheet (Yen in millions)	Purpose and quantitative effect of holding, and reason for increase in number of shares held	Holding of Kyocera's shares
NAKAYAMA FUKU CO., LTD.	917,127 481	915,940 696	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings.	No
Shinko Shoji Co., Ltd.	120,000 225	120,000 212	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
TOKYO SEIMITSU CO., LTD.	55,000 155	55,000 236	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of corporate collaborations and business relationships, and shareholdings.	Yes
Sumitomo Mitsui Financial Group, Inc.	26,318 102	26,318 117	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by maintenance of corporate collaborations and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
Kyushu Financial Group, Inc.	192,712 87	386,712 203	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by maintenance of corporate collaborations and business relationships, facilitation of financial transactions and shareholdings.	Yes *1
YONDOSHI HOLDINGS INC.	11,477 24	11,069 31	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by enhancement and maintenance of business relationships, and shareholdings.	No
Mizuho Financial Group, Inc.	20,000 3	20,000 4	Kyocera holds shares with the objective of improving corporate value over the medium to long-term, focusing on corporate growth through earning profits by maintenance of corporate collaborations and business relationships, facilitation of financial transactions and shareholdings.	Yes *1

(Notes) 1. Major subsidiaries of issuers hold shares of Kyocera.
2. Quantitative holding effects are not included for business reasons, but Kyocera verifies the method described in “b. Stocks for Investment Held for Purposes Other than Pure Investment (a) Policy of Shareholdings and Methods to Assess the Rationale of Shareholdings and Verification of Appropriateness of Each Shareholding at the Meetings of the Board of Directors” and considers that there is sufficient holding rationality.

Deemed Stockholdings
Not Applicable

c. Stocks for Investment Held for Pure Investment Purposes
Not Applicable

V. Financial Information

1. Consolidated Financial Statements and other Information

(1) Consolidated Financial Statements

a. Consolidated Statement of Financial Position

(Yen in millions)

	Note	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Assets				
Current assets				
Cash and cash equivalents	8	376,195	424,938	512,814
Short-term investments	10,31	297,371	196,802	99,210
Trade and other receivables	9,31	337,371	382,659	357,352
Other financial assets	10,31	7,778	12,996	9,871
Inventories	11	331,155	364,875	343,880
Other current assets	12	79,755	83,629	34,637
Total current assets		1,429,625	1,465,899	1,357,764
Non-current assets				
Debt and equity instruments	10,31	1,146,608	1,071,990	963,651
Investments accounted for using the equity method	13,35	5,863	3,874	4,159
Other financial assets	10,31	13,429	15,681	17,869
Property, plant and equipment	14	254,341	288,898	341,855
Goodwill	7,15	110,470	144,268	149,499
Intangible assets	7,15	61,235	80,186	80,001
Deferred tax assets	16	56,614	41,370	38,558
Other non-current assets	12	6,452	16,647	15,119
Total non-current assets		1,655,012	1,662,914	1,610,711
Total assets		3,084,637	3,128,813	2,968,475

The accompanying notes are an integral part of these statements.

(Yen in millions)

	Note	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Liabilities and Equity				
Liabilities				
Current liabilities				
Trade and other payables	17,31	190,292	216,685	186,281
Other financial liabilities	18,31	8,735	5,039	6,621
Income tax payables		15,707	19,436	12,672
Accrued expenses	35	108,367	114,049	120,903
Provisions	21	14,225	32,302	11,166
Other current liabilities	22	27,492	31,876	37,105
Total current liabilities		364,818	419,387	374,748
Non-current liabilities				
Long-term financial liabilities	18,31	5,292	7,370	7,800
Retirement benefit liabilities	20	28,794	29,112	25,479
Deferred tax liabilities	16	255,281	220,950	174,823
Provisions	21	6,488	19,914	7,892
Other non-current liabilities	22	12,286	18,781	15,473
Total non-current liabilities		308,141	296,127	231,467
Total liabilities		672,959	715,514	606,215
Equity				
Common stock	23	115,703	115,703	115,703
Capital surplus		165,172	165,079	165,225
Retained earnings		1,532,866	1,577,641	1,638,709
Other components of equity	23	545,452	499,710	418,643
Treasury stock	23	(32,309)	(32,342)	(72,361)
Total equity attributable to owners of the parent		2,326,884	2,325,791	2,265,919
Non-controlling interests	32	84,794	87,508	96,341
Total equity		2,411,678	2,413,299	2,362,260
Total liabilities and equity		3,084,637	3,128,813	2,968,475

The accompanying notes are an integral part of these statements.

b. Consolidated Statement of Profit or Loss

(Yen in millions)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2019
Sales revenue	6,25	1,577,039	1,623,710
Cost of sales	26	1,204,211	1,159,687
Gross profit		372,828	464,023
Selling, general and administrative expenses	7,14,15 26,27,34	282,129	369,200
Operating profit		90,699	94,823
Finance income	28	41,483	44,750
Finance expenses	28	1,560	1,241
Foreign exchange gains (losses)	31	(827)	53
Share of net profit (loss) of investments accounted for using the equity method	13	(1,564)	379
Other, net		1,761	1,846
Profit before income taxes	6	129,992	140,610
Income taxes	16	47,766	25,754
Profit for the year		82,226	114,856
Profit attributable to:			
Owners of the parent		79,137	103,210
Non-controlling interests		3,089	11,646
Profit for the year		82,226	114,856
Per share information:	29		
Earnings per share attributable to owners of the parent			
Basic (Yen)		215.22	284.94
Diluted (Yen)		215.20	284.70

The accompanying notes are an integral part of these statements.

c. Consolidated Statement of Comprehensive Income

(Yen in millions)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2019
Profit for the year		82,226	114,856
Other comprehensive income, net of taxation			
Items that will not be reclassified to profit or loss:			
Financial assets measured at fair value through other comprehensive income	23	–	(84,165)
Re-measurement of defined benefit plans	20,23	9,352	(1,618)
Total items that will not be reclassified to profit or loss		9,352	(85,783)
Items that may be reclassified subsequently to profit or loss:			
Net unrealized gains (losses) on securities	23	(40,138)	–
Net changes in fair value of cash flow hedge	23	(55)	36
Exchange differences on translating foreign operations	23	(6,670)	4,943
Share of other comprehensive income of investments accounted for using the equity method	13,23	(43)	66
Total items that may be reclassified subsequently to profit or loss:		(46,906)	5,045
Total other comprehensive income		(37,554)	(80,738)
Comprehensive income for the year		44,672	34,118

Comprehensive income attributable to:			
Owners of the parent		43,131	21,514
Non-controlling interests		1,541	12,604
Comprehensive income for the year		44,672	34,118

The accompanying notes are an integral part of these statements.

d. Consolidated Statement of Changes in Equity

For the year ended March 31, 2018 (Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2017		115,703	165,172	1,532,866	545,452	(32,309)	2,326,884	84,794	2,411,678
Profit for the year				79,137			79,137	3,089	82,226
Other comprehensive income					(36,006)		(36,006)	(1,548)	(37,554)
Total comprehensive income for the year		–	–	79,137	(36,006)	–	43,131	1,541	44,672
Cash dividends	24			(44,125)			(44,125)	(4,182)	(48,307)
Purchase of treasury stock						(33)	(33)		(33)
Reissuance of treasury stock			1			0	1		1
Transactions with non-controlling interests and other			(94)		27		(67)	5,355	5,288
Transfer to retained earnings	23			9,763	(9,763)		–		–
Balance as of March 31, 2018		115,703	165,079	1,577,641	499,710	(32,342)	2,325,791	87,508	2,413,299

For the year ended March 31, 2019 (Yen in millions)

	Note	Total equity attributable to owners of the parent						Non-controlling interests	Total equity
		Common stock	Capital surplus	Retained earnings	Other components of equity	Treasury stock	Total		
Balance as of April 1, 2018 (Before applying new accounting standard)		115,703	165,079	1,577,641	499,710	(32,342)	2,325,791	87,508	2,413,299
Cumulative effects of new accounting standard applied	2			2,973	(729)		2,244		2,244
Balance as of April 1, 2018 (After applying new accounting standard)		115,703	165,079	1,580,614	498,981	(32,342)	2,328,035	87,508	2,415,543
Profit for the year				103,210			103,210	11,646	114,856
Other comprehensive income					(81,696)		(81,696)	958	(80,738)
Total comprehensive income for the year		–	–	103,210	(81,696)	–	21,514	12,604	34,118
Cash dividends	24			(43,768)			(43,768)	(4,410)	(48,178)
Purchase of treasury stock	23					(40,020)	(40,020)		(40,020)
Reissuance of treasury stock			0			1	1		1
Transactions with non-controlling interests and other			146		11		157	639	796
Transfer to retained earnings	23			(1,347)	1,347		–		–
Balance as of March 31, 2019		115,703	165,225	1,638,709	418,643	(72,361)	2,265,919	96,341	2,362,260

The accompanying notes are an integral part of these statements.

e. Consolidated Statement of Cash Flows

(Yen in millions)

	Note	For the year ended March 31, 2018	For the year ended March 31, 2019
Cash flows from operating activities:			
Profit for the year		82,226	114,856
Depreciation and amortization		82,370	63,889
Finance expenses (income)	28	(39,923)	(43,509)
Share of net profit of investments accounted for using the equity method	13	1,564	(379)
Impairment loss	14,15	324	16,630
(Gains) losses from sales or disposal of property, plant and equipment		121	442
Income taxes	16	47,766	25,754
(Increase) decrease in trade and other receivables		(25,609)	25,016
(Increase) decrease in inventories		(20,412)	24,597
(Increase) decrease in other assets		(6,769)	31,022
Increase (decrease) in trade and other payables		11,988	(11,028)
Increase (decrease) in income tax payables		(18,667)	1,508
Increase (decrease) in provisions	21	31,180	(33,276)
Increase (decrease) in other liabilities		(3,054)	2,210
Other, net		9,166	(290)
Subtotal		152,271	217,442
Interests and dividends received		39,623	45,192
Interests paid		(1,109)	(660)
Income taxes paid		(31,880)	(41,949)
Net cash provided by operating activities		158,905	220,025
Cash flows from investing activities:			
Payments for purchases of property, plant and equipment		(84,195)	(111,040)
Payments for purchases of intangible assets		(7,194)	(7,515)
Proceeds from sales of property, plant and equipment		1,886	2,782
Acquisitions of business, net of cash acquired	7,30	(75,322)	(22,165)
Acquisition of time deposits and certificate of deposits		(420,556)	(331,212)
Withdrawal of time deposits and certificate of deposits		466,962	428,810
Payments for purchases of securities		(40,759)	(71,143)
Proceeds from sales and maturities of securities		105,571	65,484
Other, net		479	(1,122)
Net cash used in investing activities		(53,128)	(47,121)
Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	30	(3,240)	(356)
Proceeds from long-term borrowings	30	6,775	3,676
Repayments of long-term borrowings	30	(6,296)	(3,394)
Dividends paid		(47,936)	(48,064)
Purchase of treasury stock	23	(33)	(40,020)
Other, net		(842)	(898)
Net cash used in financing activities		(51,572)	(89,056)
Effect of exchange rate changes on cash and cash equivalents		(5,462)	4,028
Increase (decrease) in cash and cash equivalents		48,743	87,876
Cash and cash equivalents at the beginning of the year		376,195	424,938
Cash and cash equivalents at the end of the year	8	424,938	512,814

The accompanying notes are an integral part of these statements.

Notes to Consolidated Financial Statements

1. Reporting Entity

Kyocera Corporation is a corporation domiciled in Japan, whose shares are listed on the Tokyo Stock Exchange. The registered address of headquarter and principal business offices are available on the Kyocera Corporation's website (https://global.kyocera.com/).

The consolidated financial statements as of and for the year ended March 31, 2019 consist of Kyocera Corporation and its consolidated subsidiaries (hereinafter, "Kyocera") and shares of associates of Kyocera.

Kyocera globally operates various kinds of businesses, which include productions and distributions of material components, electronic devices and equipment as well as provisions of systems and services, in the markets primarily related to information and communications, automotive-related, environment and energy and medical and healthcare. The details are described in Note "6. Segment Information."

2. Basis of Preparation

(1) Compliance with IFRS and First-time Adoption

The consolidated financial statements of Kyocera have been prepared in accordance with IFRS issued by International Accounting Standards Board pursuant to the provision of Article 93 of Regulations for Consolidated Financial Statements, as Kyocera meets the criteria of a "Designated IFRS Specified Company" defined under Article 1-2 of the regulations.

Kyocera adopts IFRS for the first-time this year ended March 31, 2019 (commencing on April 1, 2018 and ending on March 31, 2019), and so the annual consolidated financial statements for the year are the first ones prepared in conformity with IFRS. The date of transition of Kyocera to IFRS is April 1, 2017. Kyocera adopts IFRS 1 "First-time adoption of International Financial Reporting Standards" (hereinafter, "IFRS 1") at the same time Kyocera adopts IFRS. Explanations of how the first-time adoption of, and the transition to, IFRS have affected Kyocera's consolidated financial position, operation results and cash flows are provided in Note "38. First-Time Adoption."

(2) Basis of Measurement

These consolidated financial statements have been prepared under the historical cost basis, except for certain items, such as financial instruments that are measured at fair value.

(3) Functional Currency and Presentation Currency

These consolidated financial statements are presented in Japanese yen, which is the functional currency of Kyocera, and amounts less than one million yen are rounded.

(4) Application of New Standards and Interpretations

Kyocera has adopted IFRS 15 "Revenue from contracts with customers" (issued in May 2014 and amended in April 2016, hereinafter, "IFRS 15") retrospectively from the year ended March 31, 2018. The details are provided in Note "3. Significant Accounting Policies (16) Revenue Recognition." The effect to Kyocera's financial position, operation results and cash flows by adopting IFRS 15 is described in Note "38. First-Time Adoption."

(5) Changes in Accounting Policy

Kyocera has adopted IFRS 9 "Financial instruments" (issued in November 2009 and amended in July 2014, hereinafter, "IFRS 9") from the year ended March 31, 2019. Kyocera has adopted exemptions from retrospective application of IFRS 9 in accordance with IFRS 1, and Kyocera has adopted U.S. GAAP, the previous accounting standards, at the date of transition to IFRS and the year ended March 31, 2018. As for the details of each accounting policy under U.S. GAAP and IFRS 9, please refer to Note "3. Significant Accounting Policies (10) Financial Instruments."

At the beginning of the year ended March 31, 2019, Kyocera has changed the measurement method of unlisted stocks which were measured at cost under U.S. GAAP. The amounts of these financial instruments are shown in the table below. These financial instruments were included in "debt and equity instruments" on the consolidated statement of financial position. As for the details of the valuation techniques to measure fair value of financial instruments, please refer to Note "31. Financial Instruments."

(Yen in million)

Classification based on U.S. GAAP	
Cost method investments	19,536

(Yen in millions)

Classification based on IFRS 9	
Financial instruments measured at fair value through other comprehensive income	22,747

IFRS 9 permits an entity to make an irrevocable election to present subsequent changes in the fair value in other comprehensive income for the investments in equity instruments. Kyocera chose to apply this option and classified listed stocks and unlisted stocks which meet the definition of equity instruments as financial instruments measured at fair value through other comprehensive income. As a result, Kyocera reclassified the amounts recorded in retained earnings under U.S. GAAP into other components of equity at the beginning of the year ended March 31, 2019.

As mentioned above, for adopting IFRS 9, retained earnings increased by 2,973 million yen, and other components of equity decreased by 729 million yen at the beginning of the year ended March 31, 2019 (April 1, 2018).

3. Significant Accounting Policies

(1) Basis of Consolidation

a. Subsidiaries

A subsidiary is an entity that is controlled by Kyocera. Kyocera controls an entity when Kyocera is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date when control is obtained to the date when the control is lost.

If any accounting policies applied by subsidiaries are different from those applied by Kyocera, adjustments are made to the subsidiary's financial statements, as needed. All intragroup balances, transactions and unrealized gains or losses arising from intragroup transactions are eliminated in the preparation of consolidated financial statements. Any changes in ownership interest in subsidiaries that do not result in a loss of control are accounted for as equity transaction. The difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration is directly recognized in equity and attributed to owners of the parent. When Kyocera loses control of a subsidiary, gains and losses arising from the loss of control are recognized in profit or loss.

b. Associates

An associate is an entity over which Kyocera has significant influence over their financial and operating policies but does not have control. Associates are accounted for using the equity method from the date on which Kyocera has significant influence until the date on which Kyocera ceases to have significant influence.

(2) Business Combination

Business combinations are accounted for using the acquisition method and acquisition-related costs are expensed as incurred. Each identifiable asset acquired, liability and contingent liability assumed in a business combination is measured in fair value at its acquisition date.

When the total of consideration transferred in business combinations, amount of non-controlling interests in the acquiree and fair value of the equity interest in the acquiree previously held by the acquirer exceeds net value of identifiable assets and liabilities on the acquisition date, such excess is recognized as goodwill. When the total is lower than the net value of identifiable assets and liabilities, the difference is recognized as profit. Consideration transferred is calculated as the total of the fair value of the assets transferred, liabilities assumed and equity interest issued, and includes fair value of assets of liabilities arising from the contingent consideration arrangement. Non-controlling interests are measured at fair value or as non-controlling interest's proportionate share of the acquirer's net identifiable assets, for each individual business combination transaction.

(3) Foreign Currency Translation

a. Functional Currency

Each entity in Kyocera determines its own functional currency and measures transactions based on its own functional currency.

b. Foreign Currency Transactions

Foreign currency transactions are translated at the spot exchange rate of the date of transaction or the rate that approximates such exchange rate.

Monetary items denominated in foreign currencies are translated into the functional currency at the current exchange rates at the end of the reporting period. Non-monetary items denominated in foreign currencies that are measured in fair value are translated into the functional currency at the rates prevailing at the date when the fair value was determined. Differences arising from the translation and settlement are recognized in profit or loss during the period except for those deferred in equity as effective cash flow hedges.

c. Foreign Operations

Foreign operation is an entity that is a subsidiary or an associate of Kyocera, the activities of which are based or conducted in a country or currency other than those of Kyocera. Assets and liabilities of foreign operations are translated into Japanese yen at the rates of exchange prevailing at the closing date, while income and expenses of foreign operations are translated into Japanese yen at the average exchange rates for the period. Exchange differences arising from translation of foreign operations' financial statements are recognized in other comprehensive income. In case of loss of control or significant influence by the disposal of a foreign operation, the cumulative amount of exchange differences are reclassified to profit or loss as the part of gains or losses on disposal.

(4) Cash and Cash Equivalents

Cash and cash equivalents consist of cash, demand deposits and highly liquid investments with maturity of three months or less from the acquisition date.

(5) Inventories

Inventories are measured at the lower of acquisition cost and net realizable value.
For finished goods and work in process, cost is determined mainly using the average method. For raw materials and supplies, cost is determined mainly using the first-in, first-out method.
Net realizable value is the estimated selling price in the ordinary course of business less any estimated costs of completion and estimated applicable variable selling expenses.

(6) Property, Plant and Equipment

Property, plant and equipment are measured by using the cost model and are stated at acquisition cost less accumulated depreciation and accumulated impairment losses. The acquisition cost includes costs directly attributable to the acquisition of the assets, and the costs of dismantling, removing and restoring. Property, plant and equipment are depreciated mainly on a straight-line method over their useful lives. The useful lives of major components of property, plant and equipment are as follows:

Building and structures 2 to 50 years
Machinery and equipment 2 to 20 years

The residual values, the useful lives and the depreciation methods of the assets are reviewed at the end of each reporting period and the effect of any changes in estimate would be accounted prospectively as a change in an accounting estimate. Subsequent costs, major renewals and betterments are capitalized as property, plant and equipment and depreciated based on their useful lives. All other repairs and maintenance are recognized as expenses during the financial period in which they are incurred.

Kyocera changed the depreciation method from the declining-balance method to the straight-line method from the year ended March 31, 2019.
Kyocera implemented capital expenditures in order to double its productivity at manufacturing facilities in Japan and overseas with the introduction of innovative technology to promote streamlining and automation of production processes. As a result, the operation of property, plant and equipment is expected to be more consistent than before and future utilization of those assets will be consistent as well.
Accordingly, Kyocera believes that the change to the straight-line method will be preferable as it better reflects the consumption of future economic benefits of those assets.
In accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors," a change in depreciation method is treated as a change in accounting estimate. Therefore, the effect of the change in depreciation method has been reflected on a prospective basis from April 1, 2018 and it was to increase profit before income taxes by 22,117 million yen due mainly to the decrease in depreciation expenses for the year ended March 31, 2019.

(7) Goodwill and Intangible Assets

a. Goodwill

Goodwill acquired in the business combination is stated at the amount of cost less accumulated impairment losses. Goodwill is not amortized, and is tested for impairment when there is an indication of impairment in cash generating unit to which goodwill has been allocated by expectation of benefits from business combination, and annually (January 1), regardless of any indication of impairment.

b. Intangible Assets

Intangible assets are measured by using the cost model. Intangible assets with finite useful lives are stated at the amount of cost less accumulated amortization and accumulated impairment losses. Intangible assets with indefinite useful lives are stated at the amount of cost less accumulated impairment losses.
Expenditures in development activities are recognized as assets only if all of the following requirements can be demonstrated. Otherwise, it is recognized in profit or loss as incurred.

- Technical feasibility of completing the intangible asset so that it will be available for use or sale
- Intention to complete the intangible asset and use or sell it
- Ability to use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits
- Availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- Ability to measure reliably the expenditure attributable to the intangible asset during its development

Intangible assets with finite useful lives are amortized using the straight-line method over their useful lives.
The useful lives of major components of intangible assets are as follows:

Customer relationships	3 to 20 years
Trademarks rights	2 to 21 years
Software	2 to 15 years
Others	2 to 20 years

The amortization period and amortization method for intangible assets with finite useful lives are reviewed at the end of each reporting period and the effect of any changes in estimate would be accounted prospectively as a change in an accounting estimate.
For intangible assets with finite useful life, an impairment test is carried out when there is an indication that the unit may be impaired. Intangible assets with indefinite useful life or which are not available for use are not amortized, and impairment test is carried out on an annual basis (January 1) or at time when there is an indication that the unit may be impaired, or situation is changed.

(8) Lease

(a) Lease as a Lessee

Leases are classified as finance leases whenever substantially all the risks and rewards incidental to ownership of assets are transferred to Kyocera. All other leases are classified as operating leases.
At inception, Kyocera recognizes finance leases as assets at the lower of amounts equal to the fair value of the leased property or the present value of the minimum lease payments. Subsequent to the initial recognition, assets held under finance leases are depreciated using straight-line method over the shorter of the lease term or their estimated useful lives based on the accounting policies applied to the assets. Lease payments under a finance lease are apportioned between finance expenses and the reduction in the carrying amount of the liability, and the finance expenses are recognized in the consolidated statement of profit or loss.
Lease payments under an operating lease are recognized as an expense on a straight-line basis over the lease term in consolidated statement of profit or loss.

(b) Lease as a Lessor

Lease receivables arising from finance lease transactions are recognized at the amounts of the net investment in the relevant lease transactions.
Gross operating lease incomes are recognized as revenues on a straight-line basis over the relevant lease terms.

(9) Impairment of Non-Financial Assets

At the end of each fiscal year, Kyocera reviews each non-financial asset, excluding inventories and deferred tax assets, to assess whether there is an indication that it may be impaired. If any such indication exists, the recoverable amount of the asset is estimated and tested for impairment. Regardless of whether or not there are indications of impairment, impairment tests of goodwill and intangible assets with indefinite useful lives are tested annually (January 1). The impairment loss is recognized when the recoverable amount of an asset or cash generating unit is estimated to be less than its carrying amount.

The recoverable amount of an asset or cash generating unit is the higher of fair value less costs to sell, or value in use. In calculating the value in use, the estimated future cash flows are discounted to their present value using a pre -tax discount rate that reflects the time value of money and the risks specific to the asset.

Kyocera assesses whether there is any indication that an impairment loss recognized in prior years for an asset excluding goodwill may no longer exist or may have decreased, such as any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash generating unit is estimated, and if the recoverable amount exceeds the carrying amount of the asset or cash generating unit, impairment losses are reversed up to the lower of the estimated recoverable amount or the carrying amount (net of depreciation) that would have been determined if no impairment losses had been recognized in prior years.

(10) Financial Instruments

With regard to accounting for financial instruments, under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1, Kyocera has applied U.S. GAAP for the date of transition to IFRS and the year ended March 31, 2018, and applied IFRS 9 for the year ended March 31, 2019.

Accounting policies under U.S. GAAP for the date of transition to IFRS and the year ended March 31, 2018 are as follows:

Kyocera classifies investments in debt and equity securities as available-for-sale or held-to-maturity. Securities classified as available-for-sale securities are recorded at fair value, with unrealized gains and losses excluded from income and reported in other components of equity. Securities classified as held-to-maturity securities are recorded at amortized cost. Non-marketable equity securities are accounted for by the cost method.

Kyocera evaluates whether the declines in fair value of securities are other-than-temporary. Other-than temporary declines in fair value are recorded as a realized loss with a new cost basis. This evaluation is based mainly on the duration and the extent to which the fair value is less than cost, and the anticipated recoverability in fair value.

Kyocera maintains allowance for credit losses related to trade and other receivables for estimated losses resulting from customers' inability to make timely payments, including interest on finance receivables.

Kyocera's estimates are based on various factors, including the length of past due payments, historical experience and current business environments. In circumstances where it is aware of a specific customer's inability to meet its financial obligations, a specific allowance against these amounts is provided, considering the fair value of assets pledged by the customer as collateral.

All derivatives are recorded as either assets or liabilities on the consolidated statement of financial position and measured at fair value. Changes in the fair value of derivatives are recognized in profit or loss. However, cash flow hedges may qualify for hedge accounting, if the hedging relationship is expected to be highly effective in achieving offsetting cash flows of hedging instruments and hedged items. Under hedge accounting, changes in the fair value of the effective portion of these cash flow hedge derivatives are deferred in other components of equity and recognized in profit or loss when the underlying transaction being hedged occurs.

Kyocera designates certain foreign currency forward contracts. However, changes in fair value of most of the foreign currency forward contracts are recognized in profit or loss without applying hedge accounting as it is expected that such changes will be offset by corresponding gains or losses of the underlying hedged assets and liabilities. Kyocera's associate designates interest rate swaps with applying hedge accounting to convert a portion of its variable rates debt to fixed rates debt.

Kyocera formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as cash flow hedge to specific assets and liabilities on the consolidated statement of financial position or forecasted transactions. Kyocera also formally assesses, both at the hedge's inception and on an ongoing basis, whether the derivatives that are used in hedging transactions are highly effective in offsetting cash flows of hedged items. When it is determined that a derivative is not a highly effective hedge or that it has ceased to be a highly effective hedge, Kyocera discontinues hedge accounting prospectively. When it is probable that the forecasted hedging transaction will not occur, the derivative gains or losses are reclassified into profit or loss immediately.

Accounting policies under IFRS 9 for the year ended March 31, 2019 are as follows:

a. Non-Derivative Financial Assets

(a) Initial Recognition and Measurement

Financial assets, such as stocks and bonds, are initially recognized on the contract date. All other financial assets are initially recognized on the transaction date.

Financial assets are classified into financial assets measured at amortized cost or financial assets measured at fair value at initial recognition. This classification is made as follows depending on whether the financial asset is a debt instrument or equity instrument.

Financial assets classified as a debt instruments are subsequently measured at amortized cost when the following conditions are both satisfied. Otherwise, financial assets are measured at fair value through profit or loss.

ⅰ. The financial asset is held within Kyocera's business model whose objective is to hold assets in order to collect contractual cash flows.

ⅱ. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that are equity instruments are, in principle, classified as financial assets measured at fair value through other comprehensive income.

Financial assets measured at fair value through other comprehensive income and financial assets measured at amortized cost are recognized initially at fair value plus transaction cost directly attributable to the asset.

(b) Subsequent Measurement

ⅰ. Financial assets measured at amortized cost

These financial assets are measured at amortized cost using the effective interest method, and interests are recognized as "finance income" in profit or loss.

ⅱ. Financial assets measured at fair value

For equity instruments that Kyocera has chosen to classify as financial assets measured at fair value through other comprehensive income, the changes in fair value are recognized in other comprehensive income. Cumulative gains or losses are transferred to retained earnings when the instrument is derecognized. However, dividends from these assets are recognized as "finance income" in profit or loss.

(c) Derecognition

Financial assets are derecognized when the contractual rights to the cash flows from the financial assets expire or when the contractual rights to receive the cash flows of the financial assets are transferred and substantially all the risks and rewards of ownership of such financial assets are transferred.

(d) Impairment

For impairment of financial assets measured at amortized cost, expected credit losses are assessed and allowance for credit losses is recognized at each reporting date.

When the credit risk of the financial instrument has increased significantly since initial recognition, allowance for credit losses of the financial instruments is measured as the same amount as full lifetime expected credit losses after all reasonable and supportable information available including forecasts is considered.

Otherwise, when the credit risk has not increased significantly, expected credit losses are measured at an amount equal to the 12-month expected credit losses.

However, with respect to trade receivables, notwithstanding the aforementioned, expected credit losses are always measured at an amount equal to full lifetime expected credit losses. The amount of expected credit losses and reversal of them is recognized in profit or loss.

b. Non-Derivative Financial Liabilities

(a) Initial Recognition and Measurement

A financial liability is classified as a financial liability at amortized cost and it is initially measured at fair value less transaction cost directly attributable to the issuance of the financial liability.

(b) Subsequent Measurement

These financial liabilities are measured at amortized cost using the effective interest method.

(c) Derecognition

Financial liabilities are derecognized when the obligation specified in a contract is fulfilled or when liabilities are discharged, cancelled or expired.

c. Derivatives and Hedge Accounting

Kyocera utilizes derivatives consisting of exchange contracts to reduce foreign currency risk. Derivatives are initially recognized at fair value as of the date in which the derivative contracts are entered into. After initial recognition, derivatives are re-measured at fair value at the end of each reporting period.

Kyocera formally documents all relationships between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. This process includes linking all derivatives designated as cash flow hedge to specific assets and liabilities on the financial position or forecasted transactions. Kyocera’s associate utilizes interest rate swaps mainly with applying hedge accounting to convert a portion of its variable rates debt to fixed rates debt.

Cash flow hedge is accounted for as follows:

At the inception of the hedge and on an ongoing basis, Kyocera evaluates whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the relevant hedged item during the underlying period. Of changes in fair value of hedging instruments, the effective portion is recognized in other comprehensive income, while the ineffective portion is recognized in profit or loss. The amounts of hedging instruments recorded in other comprehensive income are reclassified to profit or loss when the hedged transactions affect profit or loss.

When it is determined that a derivative is not a highly effective hedge or that it has ceased to be a highly effective hedge, Kyocera discontinues hedge accounting prospectively. When it is probable that the forecasted hedging transaction will not occur, the derivative gains or losses are reclassified into profit or loss immediately.

(11) Income Taxes

Income taxes are composed of current and deferred taxes, and recognized in profit or loss, except for taxes related to business combinations and items that are recognized in other comprehensive income or directly in equity.

Current taxes are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the fiscal year.

Deferred taxes are recognized on temporary differences between the carrying amounts of assets and liabilities for accounting purposes and the amounts used for taxation purposes, the carryforward of unused tax losses and unused tax credit. Deferred tax assets are not recognized for temporary differences from initial recognition of assets and liabilities that do not arise from business combinations and that do not impact accounting profit or taxable income. Deferred tax liabilities are also not recognized for taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are not recognized for taxable temporary differences associated with investments in subsidiaries and associates when Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for deductible temporary differences associated with investments in subsidiaries and associates when it is probable that the temporary difference will reverse in the foreseeable future and when there will be sufficient taxable profits against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured using the tax rates that are expected to be applied when they reverse, using tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.
Deferred tax assets and liabilities are offset if Kyocera has a legally enforceable right to set off current tax assets against current tax liabilities, and income taxes are levied by the same taxation authority on the same taxable entity.
In principal, deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences, the carryforward of unused tax losses and unused tax credit. Deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that the related tax benefits will be realized.
Kyocera records the effect of unrecognized tax benefits based on the premise of being subject to income tax examination by tax authorities, when it is more likely than not that tax benefits associated with tax positions will not be sustained. Actual results such as settlements with taxing authorities may differ from the recognition accounted.

(12) Government Grants

Government grants are recognized at fair value when there is a reasonable assurance that Kyocera receives the grants and complies with the terms and conditions attached to the grants. Government grants that are intended to compensate for specific costs are recognized as income in the period in which Kyocera recognizes the corresponding expenses. Government grants related to assets are directly deducted from acquisition cost of the assets.

(13) Employee Benefits

a. Post-Employee Benefits

Kyocera adopts mainly defined benefit plans.
In the defined benefit plans, net defined benefit liability or asset is calculated by the present value of the defined benefit obligation less the fair value of plan assets. The ceiling of the amount recorded as assets based on this calculation is the present value of any future economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan. The defined benefit obligation is determined using the projected unit credit method, and its present value is determined by applying a discount rate based on the yield curve of high quality corporate bonds over the approximate period of the benefit payments.
Service cost and net interest on the net defined benefit liability or asset are recognized as profit or loss.
Past service cost is immediately recognized in profit or loss.
Re-measurements of net defined benefit liability or asset including actuarial gains and losses are recognized in other comprehensive income when they incurred, and transferred to retained earnings immediately from other components of equity.

b. Short-Term Employee Benefits

Short-term employee benefits such as wages, salaries and social security contributions are recognized as an expense when the service is rendered.
Bonus are recognized as a liability in the amount estimated to be paid under these plans, when Kyocera has legal or constructive obligations to pay them and reliable estimates of the obligation can be made.
Unused annual leave, which employees have earned but have not yet used, are recognized as accrued liabilities.

(14) Provisions
Provisions are recognized when Kyocera has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates can be made of the amount of obligations.

(15) Equity
a. Common Stock
Proceeds from the issuance of common stocks by Kyocera are recognized in common stock and capital surplus and its transaction costs, net of taxation, are deducted from capital surplus.

b. Treasury Stock
When Kyocera acquires treasury stock, the consideration paid, net of direct transaction costs and tax, are recognized as a deduction from equity.
When Kyocera sells treasury stock, amount of the consideration received is recognized as an increase in equity.

(16) Revenue Recognition
Kyocera recognizes revenue in accordance with IFRS 15, excluding interest and dividend income and other such income from financial instruments recognized in accordance with IFRS 9 and excluding lease arrangement recognized in accordance with IAS 17 "Leases," by applying the following step:

Step 1: Identify the contracts with customers
Step 2: Identify the performance obligations in the contract
Step 3: Determine the transaction price
Step 4: Allocate the transaction price to the performance obligations in the contract
Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Kyocera generates revenue principally through the sale of the following markets: information and communications, automotive-related, environment and energy and medical and healthcare. Kyocera's operations consist of the following reporting segments: "Industrial & Automotive Components Group," "Semiconductor Components Group," "Electronic Devices Group," "Communications Group," "Document Solutions Group" and "Life & Environment Group."
Sales to customers in each of the above segments are based on the specific terms and conditions contained in basic contracts with customers and firm customer orders which detail the price, quantity and timing of the transfer of ownership (such as risk of loss and title) of the products.
For most customer orders, the revenue recognition occurs at the time of shipment of the products to the customer because the customer obtains control over the products upon shipment, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon shipment of the products. For the remainder of customer orders, the revenue recognition occurs at the time of receipt of the products by the customer because the customer obtains control over the products upon receipt, the performance obligation is judged to have been satisfied, with the exception of sales of solar power generating systems in the "Life & Environment Group" and printers and multifunctional products in the "Document Solutions Group" for which sales are made to end users together with installation services. The revenue recognition in these cases occur at the completion of installation and customer acceptance because the performance obligation is judged to have been satisfied, as Kyocera have no further obligations under the contracts.
For all sales in the above segments, product returns are only accepted if the products are determined to be defective. There are no price protections, stock rotation or returns provisions, except for certain programs in the "Electronic Devices Group" as noted below.

Sales Incentives
In the "Electronic Devices Group," sales to independent electronic component distributors may be subject to various sale programs for which a provision for incentive programs is recorded as a reduction of revenue at the time of sale. Revenue is measured at the consideration promised in a contract with a customer, less sales incentive.

(a) Distributor Stock Rotation Program

Stock rotation is a program whereby distributors are allowed to return, for credit, qualified inventory, semiannually, equal to a certain percentage of the previous six months net sales. An estimated right of return liability for stock rotation is recorded at the time of sale based on a percentage of distributor sales using historical trends, current pricing and volume information, other market specific information and input from sales, marketing and other key management personnel. An asset is recorded for the estimated value of returned product. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of future returns under the stock rotation program. Kyocera's actual results have historically approximated its estimates. When the products are returned and verified, the distributor is given credit against their accounts receivables.

(b) Distributor Ship-From-Stock and Debit Program

Ship-from-Stock and Debit (ship and debit) is a program designed to assist distributor customers in meeting competitive prices in the marketplace on sales to their end customers. Ship and debit programs require a request from the distributor for a pricing adjustment for a specific part for a sale to the distributor's end customers from the distributor's stock. Ship and debit authorizations may cover current and future distributor activity for a specific part for sale to their customers. In accordance with IFRS 15, at the time Kyocera records sales to the distributors, Kyocera estimate the variable consideration of the estimated future distributor activity related to such sales since it is probable that such sales to distributors will result in ship and debit activity. Kyocera records an estimated variable consideration based on sales during the period, credits issued to distributors, distributor inventory levels, historical trends, market conditions, pricing trends noted in direct sales activity with original equipment manufacturers and other customers, and input from sales, marketing and other key management personnel. These procedures require the exercise of significant judgments. Kyocera believes that these procedures enable Kyocera to make reliable estimates of the future variable consideration under the ship and debit program. Kyocera's actual results have historically approximated its estimates.

Sales Rebates

In the case of sales to distributors in the "Industrial & Automotive Components Group" and "Document Solutions Group," Kyocera provides cash rebates when predetermined sales targets are achieved during a certain period. Provisions for sales rebates are recorded as a reduction of revenue at the time of revenue recognition based on the best estimate of forecasted sales to each distributor.

Sales Returns

Kyocera records an estimated right of return liability for returns at the time of sale based on historical return experience. Revenue is measured at the consideration promised in a contract with a customer, less right of return liability.

Products Warranty

In the "Document Solutions Group," Kyocera provides a standard one-year manufacturer's warranty on its products. For sales directly to end users, Kyocera offers extended warranty plans that may be purchased and that are renewable in one-year incremental periods at the end of the warranty term. Service revenues are recognized over the term of the related service maintenance contracts.

In the case of revenue relating to hybrid transactions in which Kyocera provides multiple goods or services, for example, selling products and warranties, Kyocera identifies performance obligations in the contract and if it is necessary to allocate the consideration under the contract to separate performance obligations, Kyocera usually allocates the transaction price based on the estimated standalone sale price through the approach of adding a margin to the expected cost.

(17) Earnings Per Share Attributable to Owners of the Parent

Earnings per share attributable to owners of the parent - Basic is calculated by dividing profit attributable to owners of the parent by the average number of shares outstanding after adjusting for treasury stock for the period.

Earnings per share attributable to owners of the parent - Diluted is calculated by adjusting the effects of dilutive potential stocks.

4. Significant Accounting Estimates and Judgments Involving Estimations

In preparing the consolidated financial statements, the management is required to make estimates, judgments and assumptions that affect the application of accounting policies and carrying amounts of assets, liabilities, revenue and expenses. By the nature of the estimates or assumptions, however, actual results in the future may differ from those estimates and assumptions.

The estimates and underlying assumptions are continuously reviewed. Revision to accounting estimates are recognized in the period in which the estimates are revised as well as in the future periods.

Significant judgements, estimates and assumptions that affect the amounts recognized in Kyocera’s consolidated financial statements are as follows:

・Evaluation of inventories
(Note “3. Significant Accounting Policies (5) Inventories” and “11. Inventories”)
・Impairment of property, plant and equipment, goodwill and intangible assets
(Note “3. Significant Accounting Policies (9) Impairment of Non-Financial Assets,” “14. Property, Plant and Equipment” and “15. Goodwill and Intangible Assets”)
・Fair value of financial instruments
(Note “3. Significant Accounting Policies (10) Financial Instrument”, “10. Short-Term Investments, Debt, Equity Instruments and Other Financial Assets” and “31. Financial Instruments”)
・Recoverability of deferred tax assets
(Note “3. Significant Accounting Policies (11) Income Taxes” and “16. Income Taxes”)
・Measurement of defined benefit obligation
(Note “3. Significant Accounting Policies (13) Employee Benefits” and “20. Employee Benefits”)
・Estimates of provisions
(Note “3. Significant Accounting Policies (14) Provisions” and “21. Provisions”)
・Revenue Recognition
(Note “3. Significant Accounting Policies (16) Revenue Recognition” and “25. Sales Revenue”)

5. Issued IFRS Standards and Interpretations not yet Adopted

The following major new standards and amendments of IFRS and Interpretations by the International Financial Reporting Interpretation Committee (hereinafter, “IFRIC”) were announced by the approval date of the consolidated financial statements. These standards are not mandatory for the year ended March 31, 2019, and were not early adopted by Kyocera. Except for IFRS 16 “Leases” (hereinafter, “IFRS 16”), the impact to Kyocera's financial position, operating results and cash flows are immaterial.

IFRS and IFRIC		Effective date (From the year beginning on or after)	Kyocera’s adoption year	Summaries of new standards and amendments
IFRS 16	Leases	January 1, 2019	From the year ending March 31, 2020	Revised accounting standard for leases
IFRIC 23	Uncertainty over income tax treatment	January 1, 2019	From the year ending March 31, 2020	Clarified ways to reflect uncertainty in accounting treatment for income tax

IFRS 16 supersedes IAS 17 “Leases” and other related standards. IFRS 16 abolished the distinction between operating lease and finance lease, which is the requirement under previous accounting model in IAS 17 “Leases”. Under IFRS 16, all lease transactions, in principle, are recognized on consolidated financial position based on a single accounting model as a right-of-use assets, which represents the right to use an underlying asset for the lease term, and lease liabilities, which represents the obligation to make a lease payments.

After the recognition of right-of-use assets and lease liabilities, depreciation of the right-of-use assets and finance expenses arising from the lease liabilities are recognized. Kyocera will choose to apply recognition exemptions for short-term leases and leases for which the underlying asset is of low value. On transition, Kyocera choose not to restate comparative information and recognize the cumulative effect of initially applying IFRS 16 at the date of initial application, which is permitted by the standard. Kyocera is currently assessing the possible impacts of applying IFRS 16 will have on Kyocera's financial position, operating results and cash flows.

6. Segment Information

Kyocera's reporting segments are components of business activities for which discrete financial information is available, and such information is regularly reviewed by management in order to make decisions regarding the allocation of resources and assess its performance. Kyocera's reporting segment are reclassified taking similarity of target market into consideration.

Kyocera's reporting segments and main products or businesses of each reporting segment are as follows:

Reporting segment	Main products or businesses
Industrial & Automotive Components Group	Fine Ceramic Components, Automotive Components, Liquid Crystal Displays, Industrial Tools
Semiconductor Components Group	Ceramic Packages, Organic Multilayer Substrates and Boards
Electronic Devices Group	Electronic Components (Capacitors, Crystal Devices, Connectors, Power Semiconductor Devices, etc.), Printing Devices
Communications Group	Mobile Phones, Communication Modules (Telematics, IoT), Information Systems and Telecommunication Service
Document Solutions Group	Printers, Multifunctional Products, Document Solutions, Supplies
Life & Environment Group	Solar Power Generating System related Products, Medical Devices, Jewelry and Ceramic Knives

Inter-segment sales and transfers are made with reference to prevailing market prices. Transactions between reporting segments are disclosed as "Adjustment & eliminations" and not shown separately due to immateriality. "Adjustment & eliminations" also includes adjustment of unrealized profit regarding inter-company transaction between each reporting segment.

Business profit for each reporting segment represents sales revenue, less related costs and operating expenses, excluding corporate gains (losses) and share of net profit (loss) of investments accounted for using the equity method and income taxes. Corporate gains (losses) includes income and expenses which do not belong to any reporting segments and mainly consists of finance income and expenses.

Assets for each segment represent those assets associated with a specific segment. Corporate assets consist primarily of cash and cash equivalents, the facilities of corporate headquarters and various other investments and assets that are not specific each segment.

Information by reporting segment

The segment information for the year ended March 31, 2018 and 2019 are as follows:

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Sales revenue (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Industrial & Automotive Components Group	287,620	314,339
Semiconductor Components Group	257,237	249,217
Electronic Devices Group	305,145	364,827
Communications Group	255,535	252,067
Document Solutions Group	371,058	375,147
Life & Environment Group	112,212	80,114
Other	18,827	17,190
Adjustment and eliminations	(30,595)	(29,191)
Total	1,577,039	1,623,710

Profit before income taxes (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Industrial & Automotive Components Group	31,400	38,450
Semiconductor Components Group	31,049	10,932
Electronic Devices Group	46,632	66,926
Communications Group	4,440	10,393
Document Solutions Group	40,851	43,528
Life & Environment Group	(55,492)	(67,016)
Other	1,393	660
Total business profit	100,273	103,873
Corporate gains and share of net profit (loss) of investments accounted for using the equity method	31,443	38,954
Adjustment and eliminations	(1,724)	(2,217)
Total	129,992	140,610

Depreciation and amortization (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Industrial & Automotive Components Group	15,436	13,934
Semiconductor Components Group	17,461	9,336
Electronic Devices Group	20,141	18,971
Communications Group	6,530	5,165
Document Solutions Group	12,864	9,717
Life & Environment Group	6,035	3,123
Other	1,322	1,347
Corporate	2,581	2,296
Total	82,370	63,889

Capital expenditures (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Industrial & Automotive Components Group	21,184	37,746
Semiconductor Components Group	15,820	17,737
Electronic Devices Group	26,512	33,275
Communications Group	4,813	4,945
Document Solutions Group	6,013	7,571
Life & Environment Group	5,454	5,548
Other	1,346	1,119
Corporate	5,377	9,108
Total	86,519	117,049

Assets by reporting segment: (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Industrial & Automotive Components Group	210,754	294,563	325,890
Semiconductor Components Group	201,941	212,579	209,482
Electronic Devices Group	466,006	426,656	471,023
Communications Group	164,389	168,984	172,947
Document Solutions Group	304,505	330,619	343,053
Life & Environment Group	230,095	214,388	102,366
Other	53,847	50,372	31,403
Corporate and adjustment	1,453,100	1,430,652	1,312,311
Total	3,084,637	3,128,813	2,968,475

Information by geographic segments

Information for Sales revenue from external customers by destination and Non-current assets, “Property, plant and equipment”, “Goodwill” and “Intangible assets”, based on physical location as of and for the year ended March 31, 2018 and 2019 are summarized as follows:

Sales revenue (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Japan	614,043	595,364
Asia	363,649	382,635
Europe	312,669	331,508
United States of America	224,791	248,947
Others	61,887	65,256
Total	1,577,039	1,623,710

There are no individually material countries with respect to revenue from external customers and long-lived assets in Asia, Europe and Others for the year ended March31, 2018 and 2019.

Non-current assets (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Japan	231,171	240,087	275,433
Asia	53,584	61,896	64,982
Europe	68,320	87,582	90,579
United States of America	59,770	110,669	127,815
Others	13,201	13,118	12,546
Total	426,046	513,352	571,355

7. Business Combination

For the year ended March 31, 2018

On August 1, 2017, Kyocera Document Solutions Inc., a domestic subsidiary, signed an agreement to acquire the business of Databank IMX, LLC and acquired all of the common stocks of Databank Acquisition Corporation, its parent company, for 6,858 million yen in cash in order to activate a new business model and expand its business in the U.S. market. Databank IMX, LLC mainly provides solutions services for improving the efficiency of document data management in a company.
Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The allocation of fair value to the acquired assets and assumed liabilities was completed during the year ended March 31, 2018. As a result, the allocation of fair value to them based on estimated fair value in this business combination as of the acquisition date and goodwill were recognized as described below. Factors that contributed to the recognition of goodwill include expected synergies and the trained workforce.

(Yen in millions)

	As of August 1, 2017
Assets:	
Cash and cash equivalents	478
Trade and other receivables	1,577
Inventories	792
Other current assets	185
Total current assets	3,032
Property, plant and equipment	442
Intangible assets	4,094
Total non-current assets	4,536
Total	7,568
Liabilities:	
Trade and other payable	752
Other financial liabilities	3,224
Income tax payables	19
Accrued expenses	508
Other current liabilities	1,612
Total current liabilities	6,115
Total non-current liabilities	367
Total	6,482
Total identified assets and liabilities at fair value (net amount)	1,086
Purchase price (cash)	6,858
Goodwill *	5,772

(Note) The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of August 1, 2017
Intangible assets subject to amortization:	
Customer relationships	2,962
Trademark rights	693
Others	439
Total	4,094

The weighted average amortization periods for both customer relationships and trademarks are 15 years.
Acquisition-related costs of 48 million yen were included in selling, general and administrative expenses in the consolidated statement of income for the year ended March 31, 2018. The result of operation of the acquired business was included into Kyocera's consolidated financial statements since the acquisition date. For segment reporting, it is reported in Document Solutions Group.

On August 7, 2017, Kyocera acquired all of the common stocks of Senco Holdings, Inc., a U.S. based company that provides the product of pneumatic tools for 28,848 million yen in cash in order to expand the pneumatic power tool related products globally in Kyocera's industrial tool business. As a result, Senco Holdings, Inc. became Kyocera's consolidated subsidiary and changed its name as Kyocera Senco Industrial Tools, Inc.
Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The allocation of fair value to the acquired assets and assumed liabilities was completed during the year ended March 31, 2018. As a result, the allocation of fair value to them based on estimated fair value in this business combination as of the acquisition date and goodwill were recognized as described below. Factors that contributed to the recognition of goodwill include expected synergies and the trained workforce.

(Yen in millions)

	As of August 7, 2017
Assets:	
Cash and cash equivalents	2,093
Trade and other receivables	4,176
Inventories	4,521
Other current assets	48
Total current assets	10,838
Property, plant and equipment	1,595
Intangible assets	8,743
Deferred tax assets	59
Other non-current assets	74
Total non-current assets	10,471
Total	21,309
Liabilities:	
Trade and other payables	1,808
Other financial liabilities	3
Accrued expenses	1,486
Provisions	42
Total current liabilities	3,339
Long-term financial liabilities	8
Retirement benefit liabilities	19
Deferred tax liabilities	3,564
Other non-current liabilities	29
Total non-current liabilities	3,620
Total	6,959
Total identified assets and liabilities at fair value (net amount)	14,350
Purchase price (cash)	28,848
Goodwill *	14,498

(Note) The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of August 7, 2017
Intangible assets subject to amortization:	
Customer relationships	7,451
Trademark rights	1,292
Total	8,743

The weighted average amortization periods for customer relationships and trademark rights are 14 years and five years, respectively.
Acquisition-related costs of 639 million yen were included in selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2018. The result of operation of the acquired business was included into Kyocera’s consolidated financial statements from the acquisition date. For segment reporting, it is reported in the Industrial & Automotive Components Group.

On October 2, 2017, AVX Corporation, a U.S. based subsidiary, acquired Transportation, Sensing & Control Division and all of the common stocks of the related subsidiaries from TT Electronics, PLC, a United Kingdom based manufacturer of electronics components, for 18,652 million yen in cash in order to enhance AVX Corporation's position in the automotive business and provides further opportunities for expansion and growth. Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The allocation of fair value to the acquired assets and assumed liabilities was completed during the year ended March 31, 2019. As a result, the allocation of fair value to them based on estimated fair value in this business combination as of the acquisition date and goodwill were recognized as described below. Factors that contributed to the recognition of goodwill include expected synergies and the trained workforce.

(Yen in millions)

	As of October 2, 2017
Asset:	
Cash and cash equivalents	378
Trade and other receivables	6,934
Inventories	4,787
Others	1,345
Total current assets	13,444
Property, plant and equipment	9,676
Intangible assets	2,049
Others	197
Total non-current assets	11,922
Total	25,366
Liabilities:	
Trade and other payables	3,985
Others	4,055
Total current liabilities	8,040
Non-current liabilities	1,755
Total	9,795
Total identified assets and liabilities at fair value (net amount)	15,571
Purchase price (cash)	18,652
Goodwill *	3,081

(Note) The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of October 2, 2017
Intangible assets subject to amortization:	
Non-patent technology	1,173
Customer relationships	698
Other	178
Total	2,049

The weighted average amortization periods for non-patent technology and customer relationships are 11 years and six years, respectively.
The result of operation of the acquired business is included into Kyocera's consolidated financial statements since the acquisition date, and for the segment reporting, it is reported in the "Electronic Devices Group."
Sales revenue and profit for the year of Transportation, Sensing and Control Division and all related subsidiaries that were included in the consolidated statement of profit or loss for the year ended March 31, 2018 were not material.

On January 10, 2018, Kyocera acquired 80% of the common stocks of the company established from the company split of Ryobi Limited's power tool business for 10,717 million yen in cash in order to promote further expansion of its industrial tools business, and made it consolidated subsidiary and named Kyocera Industrial Tools Corporation.

Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The allocation of fair value to the acquired assets and assumed liabilities was conducted during the year ended March 31, 2018. As a result, the allocation of fair value to them based on estimated fair value in this business combination as of the acquisition date and goodwill were recognized as described below. Factors that contributed to the recognition of goodwill include expected synergies and the trained workforce.

(Yen in millions)

	As of January 10, 2018
Assets:	
Cash and cash equivalents	3,419
Trade and other receivables	3,874
Inventories	3,739
Others	1,647
Total current assets	12,679
Property, plant and equipment	2,585
Intangible assets	1,524
Others	1,796
Total non-current assets	5,905
Total	18,584
Liabilities:	
Trade and other payables	1,904
Others	637
Total current liabilities	2,541
Deferred income taxes	428
Others	1,953
Non-current liabilities	2,381
Total	4,922
Non-controlling interests	4,548
Total identified equity attributable to owners of the parent	9,114
Purchase price (cash)	10,717
Goodwill *	1,603

(Notes) 1. The total amount of goodwill is not expected to be deductible for tax purposes.
2. Non-controlling interests are measured at fair value.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of January 10, 2018
Intangible assets subject to amortization:	
Technologies	1,121
Others	403
Total	1,524

The weighted average amortization periods for technologies are 11 years.

Acquisition-related costs of 155 million yen were included in selling, general and administrative expenses in the consolidated statement of income for the year ended March 31, 2018. The result of operation of the acquired business was included into Kyocera's consolidated financial statements since the acquisition date. For segment reporting, it is reported in the Industrial & Automotive Components Group.

On January 31, 2018, AVX Corporation, a U.S. based subsidiary, acquired 100% of the common stock of Ethertronics Inc. for 14,978 million yen in cash, made it consolidated subsidiary and changed its name as AVX Antenna, Inc. The purchase of Ethertronics expands AVX's extensive electronic product offering into the antenna technology market and will provide new and exciting growth opportunities for AVX going forward.
Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. The allocation of fair value to the acquired assets and assumed liabilities was completed during the year ended March 31, 2019. Factors that contributed to the recognition of goodwill include expected synergies and the trained workforce.

(Yen in millions)

	As of January 31, 2018
Asset:	
Cash and cash equivalents	1,088
Trade and other receivables	1,569
Inventories	633
Others	370
Total current assets	3,660
Property, plant and equipment	1,531
Intangible assets	7,050
Others	1,189
Total non-current assets	9,770
Total	13,430
Liabilities:	
Trade and other payables	1,103
Others	622
Total current liabilities	1,725
Long-term financial liabilities	2,296
Others	1,894
Total non-current liabilities	4,190
Total	5,915
Total identified assets and liabilities at fair value	7,515
Purchase price (cash)	14,978
Goodwill *	7,463

(Note) The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of January 31, 2018
Intangible assets subject to amortization:	
Non-patent technology	1,654
Customer relationships	4,265
Trademarks	849
Other	282
Total	7,050

The weighted average amortization periods for non-patent technology, customer relationships and trademarks are 10 years, 13 years and 10 years, respectively.

The result of operation of the acquired business was included into Kyocera's consolidated financial statements since the acquisition date. For segment reporting, it is reported in the "Electronic Devices Group."
Sales revenue and profit for the year of AVX Antenna, Inc. that were included in the consolidated statement of profit or loss for the year ended March 31, 2018 were not material.

For the year ended March 31, 2019

Kyocera International, Inc., a U.S. based subsidiary, acquired major assets of orthopedic implants business from Renovis Surgical Technologies, Inc., a U.S. based company, for 10,385 million yen in cash in order to expand its medical equipment business in the U.S. Kyocera International, Inc. established a new company, Kyocera Medical Technologies, Inc. on January 18, 2019, and the assets were transferred to this new company on March 1, 2019. Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed. In accordance with the acquisition method, the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values. Kyocera expects to further expand the medical equipment business by strengthening the management foundation of Kyocera's medical equipment business in the U.S. through adding the product lineup, sales network and 3D processing technology acquired from Renovis Surgical Technologies, Inc. to Kyocera's management resources. Factors that contributed to the recognition of goodwill include those expected synergies and the trained workforce.
As of March 31, 2019, the allocation of the purchase price was prepared based on estimates of fair values, as shown in the following table. The purchase price allocation of assets and liabilities are preliminary, and will be changed as Kyocera awaits the completion of the fair value appraisal of certain personal and real tangible assets as well as certain intangible assets.

(Yen in millions)

	As of March 1, 2019
Asset:	
Inventories	2,536
Other current assets	3
Total current assets	2,539
Property, plant and equipment	723
Intangible assets	2,239
Other non-current assets	4
Total non-current assets	2,966
Total	5,505
Liabilities:	
Accrued expenses	211
Total current liabilities	211
Total	211
Total identified assets and liabilities at fair value (net amount)	5,294
Purchase price (cash)	10,385
Goodwill *	5,091

* The total amount of goodwill is expected to be deductible for tax purposes.

Intangible asset that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of March 1, 2019
Intangible asset subject to amortization:	
Patent	2,239
Total	2,239

Acquisition-related costs of 394 million yen were included in selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2019. The result of operation of the acquired business was included into Kyocera's consolidated financial statements since the acquisition date. For segment reporting, it is reported in Life & Environment Group.
Sales revenue and profit for the year of Kyocera Medical Technologies, Inc. that were included in the consolidated statement of profit or loss for the year ended March 31, 2019 were not material.

On March 1, 2019, Kyocera Senco Industrial Tools, Inc., a U.S. based subsidiary, acquired 100% of the common stock of Van Aerden Group BV, a European pneumatic tool manufacturing and sales company, for 5,300 million yen in cash, made it consolidated subsidiary and changed its name as Kyocera Aerfast Europe BV in order to strengthen Kyocera's pneumatic tool business in Europe.
Kyocera has used the acquisition method of accounting to record assets acquired and liabilities assumed, and the purchase price is allocated to the assets acquired and liabilities assumed based on their estimated fair values.
Kyocera expects to expand the pneumatic tool business by strengthening the sales and acquiring the manufacturing base in Europe through making Van Aerden Group BV, an important European distributor for Kyocera Senco Industrial Tools, Inc., consolidated subsidiary. Factors that contributed to the recognition of goodwill include those expected synergies and the trained workforce.
As of March 31, 2019, the allocation of the purchase price was prepared based on estimates of fair values, as shown in the following table. The purchase price allocation of assets and liabilities are preliminary, and will be changed as Kyocera awaits the completion of the fair value appraisal of certain personal and real tangible assets as well as certain intangible assets.

(Yen in millions)

	As of March 1, 2019
Asset:	
Cash and cash equivalents	1,295
Trade and other receivables	1,513
Inventories	2,008
Other current assets	56
Total current assets	4,872
Property, plant and equipment	1,020
Intangible assets	584
Other non-current assets	101
Total non-current assets	1,705
Total	6,577
Liabilities:	
Trade and other payables	943
Other financial liabilities	118
Income tax payables	167
Accrued expenses	228
Other current liabilities	66
Total current liabilities	1,522
Long-term financial liabilities	403
Deferred tax liabilities	252
Other non-current liabilities	228
Total non-current liabilities	883
Total	2,405
Total identified assets and liabilities at fair value (net amount)	4,172
Purchase price (cash)	5,300
Goodwill *	1,128

* The total amount of goodwill is not expected to be deductible for tax purposes.

Intangible assets that Kyocera recorded due to this acquisition are summarized as follows:

(Yen in millions)

	As of March 1, 2019
Intangible assets subject to amortization:	
Customer relationships	501
Trademark rights	83
Total	584

Acquisition-related costs of 196 million yen were included in selling, general and administrative expenses in the consolidated statement of profit or loss for the year ended March 31, 2019. The result of operation of the acquired business was included into Kyocera’s consolidated financial statements since the acquisition date. For segment reporting, it is reported in Industrial & Automotive Components Group.
Sales revenue and profit for the year of Kyocera Aerfast Europe BV that were included in the consolidated statement of profit or loss for the year ended March 31, 2019 were not material.

8. Cash and Cash Equivalents

The components of cash and cash equivalents are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Cash on hand and demand deposits	194,916	198,734	215,381
Time deposits and certificate of deposits (Within 3 months to original maturity)	181,279	226,204	297,433
Total	376,195	424,938	512,814

9. Trade and Other Receivables

The components of trade and other receivables are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Trade notes receivable	28,370	26,072	22,519
Trade accounts receivable	285,169	315,571	296,274
Contract assets	7,139	17,270	8,586
Others	18,978	26,293	32,296
Allowance for credit losses	(2,285)	(2,547)	(2,323)
Total	337,371	382,659	357,352

Trade notes receivable and trade accounts receivable are classified as financial asset measured at amortized cost. For financial asset measured at amortized cost, please refer to Note “31. Financial Instruments.”

10. Short-Term Investments, Debt, Equity Instruments and Other Financial Assets

The Date of Transition to IFRS and as of March 31, 2018

For the date of transition to IFRS and as of March 31, 2018, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

(1) The Components of Short-Term Investments, Debt, Equity Instruments and Other Financial Assets

The components of short-term investments, debt, equity instruments and other financial assets are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018
Derivative assets	2,470	5,742
Stocks	1,062,342	1,013,243
Bonds	167,331	94,853
Time deposits and certificate of deposits (Over 3 months to original maturity)	213,143	159,310
Lease receivable	13,627	17,743
Others	8,119	8,307
Allowance for credit losses	(1,846)	(1,729)
Total	1,465,186	1,297,469

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018
Current assets	305,149	209,798
Non-current assets	1,160,037	1,087,671
Total	1,465,186	1,297,469

(2) Debt and Equity Securities with Readily Determinable Fair Values

The components of debt and equity securities with readily determinable fair values classified as available-for-sale securities and held-to-maturity securities are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)				As of March 31, 2018			
	Cost	Aggregate fair Value	Gross unrealized gains	Gross unrealized losses	Cost	Aggregate fair value	Gross unrealized gains	Gross unrealized losses
Available-for-sale securities:								
Marketable equity securities	267,526	1,048,127	780,644	43	270,403	993,707	723,309	5
Total equity securities	267,526	1,048,127	780,644	43	270,403	993,707	723,309	5
Total available-for-sale securities	267,526	1,048,127	780,644	43	270,403	993,707	723,309	5
Held-to-maturity securities:								
Corporate bonds	167,329	167,135	172	366	93,728	94,525	854	57
Government bonds and public bonds	3	3	−	−	2	2	−	−
Commercial paper	−	−	−	−	1,123	1,123	−	0
Total held-to-maturity securities	167,332	167,138	172	366	94,853	95,650	854	57
Total	434,858	1,215,265	780,816	409	365,256	1,089,357	724,163	62

Cost represents amortized cost for held-to-maturity securities and acquisition cost for available-for-sale securities. The cost basis of the individual securities is written down to fair value as a new cost basis when other-than-temporary impairment is recognized.

Kyocera received dividends from KDDI Corporation, and included them in "finance income" in the consolidated statement of profit or loss. The amount of the dividends is as follows:

(Yen in millions)

	For the year ended March 31, 2018
Dividends from KDDI Corporation	30,159

The contractual maturities of available-for-sale and held-to-maturity securities are summarized as follows:

(Yen in millions)

	As of March 31, 2018			
	Available-for-sale		Held-to-maturity	
	Cost	Aggregate fair value	Cost	Aggregate fair value
Due within 1 year	−	−	38,023	38,051
Due after 1 year to 5 years	−	−	56,830	57,599
Due after 5 years	−	−	−	−
Equity securities	270,403	993,707	−	−
Total	270,403	993,707	94,853	95,650

Proceeds from sales of available-for-sale securities and the related gross realized gains and losses are as follows:

(Yen in millions)

	For the year ended March 31, 2018
Proceeds from sales of available-for-sale securities	2,377
Gross realized gains	1,594
Gross realized losses	−

As of March 31, 2019

(1) The Components of Short-term Investments, Debt, Equity Instruments and Other Financial Assets

The components of short-term investments, debt, equity instruments and other financial assets are as follows:

(Yen in millions)

	As of March 31, 2019
Derivative assets	2,485
Stocks	908,134
Bonds	87,842
Time deposits and certificate deposits (Over 3 months to original maturity)	65,603
Lease receivable	19,166
Other	9,033
Allowances for credit losses	(1,662)
Total	1,090,601

(Yen in millions)

	As of March 31, 2019
Current assets	109,081
Non-current assets	981,520
Total	1,090,601

(Note) Classification is as follows:

Derivative asset: Financial assets measured at fair value through profit and loss (except for hedge instruments)

Stocks: Financial assets measured at fair value through other comprehensive income

Bonds, Time deposits and certificate deposits (Over 3 months to original maturity): Financial assets measured at amortized cost

(2) Equity Financial Assets Measured at Fair Value through Other Comprehensive Income

The principal issuer of the equity financial assets measured at fair value through other comprehensive income and its fair values are as follows:

(Yen in millions)

	As of March 31, 2019
KDDI Corporation	799,204

Stocks held mainly for enhancing and maintaining business relationships with the issuers are classified as financial assets measured at fair value through other comprehensive income.

Kyocera received dividends from KDDI Corporation, and included them in "finance income" in the consolidated statements of profit or loss. The amount of the dividends is as follows:

(Yen in millions)

	For the year ended March 31, 2019
Dividends from KDDI Corporation	31,834

(3) Derecognition of Financial Assets Measured at Fair Value through Other Comprehensive Income

Kyocera sold certain financial assets measured at fair value through other comprehensive income and derecognized principally to improve efficiency of asset holdings.

The fair value at the sales date and the accumulated gains or losses recognized in other comprehensive income are as follows:

(Yen in millions)

For the year ended March 31, 2019	
Fair value	Accumulated gains or losses
100	78

Note: When Kyocera derecognized the financial assets measured at fair value through other comprehensive income, the amount of accumulated gain or loss recognized in other comprehensive income was transferred to retained earnings. The accumulated gains of other comprehensive income, net of taxation, transferred to retained earnings is 54 million yen.

11. Inventories

The components of inventories are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Finished goods	142,615	155,020	149,839
Work in process	66,956	79,300	83,684
Raw materials and supplies	121,584	130,555	110,357
Total	331,155	364,875	343,880

Inventories are stated at the lower of cost and net realizable value. When the net realizable value is lower than its carrying amount due to a decline in profitability, the difference is recorded as a write-down in the "cost of sales" on the consolidated statement of profit or loss and as a deduction of "inventories" in the consolidated statement of financial position.

Kyocera recognized inventory write-downs of 28,721 million yen for the year ended March 31, 2018 and 13,004 million yen for the year ended March 31, 2019, respectively.

The write-downs recognized in the year ended March31, 2018 included 19,280 million yen of the write-down of polysilicon materials already purchased pursuant to the long-term purchase agreements in the solar energy business. For the detail of this agreements, please refer to Note "34. Commitments (2) Settlement Agreement on Long-Term Purchase Agreements for the Supply of Raw Materials."

12. Other Assets

The components of other assets are as follows:

Other current assets

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Prepaid expenses	6,086	10,068	12,276
Advance payments	37,030	34,018	13,090
Other	36,639	39,543	9,271
Total	79,755	83,629	34,637

Other non-current assets

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Retirement benefit assets	2,935	12,730	8,513
Other	3,517	3,917	6,606
Total	6,452	16,647	15,119

__13. Investments Accounted for Using the Equity Method__

There are no associates that are individually material to Kyocera. The carrying amounts of investments in individually immaterial associates and Kyocera's share of comprehensive income of those companies are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Carrying amounts of investments	5,863	3,874	4,159

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Net profit (loss)	(1,564)	379
Other comprehensive income	(43)	66
Comprehensive income	(1,607)	445

14. Property, Plant and Equipment

(1) Reconciliation

The components of changes in carrying amounts, the beginning and ending balance of acquisition costs and the beginning and ending balance of accumulated depreciation and accumulated impairment losses of property, plant and equipment are as follows. The depreciation of property, plant and equipment is included in "cost of sales" and "selling, general and administrative expenses" on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2017	48,953	93,370	97,921	14,097	254,341
Acquisitions	178	8,508	39,888	37,945	86,519
Acquisitions through business combinations	2,119	4,602	11,289	534	18,544
Depreciation	–	(12,264)	(57,439)	–	(69,703)
Impairment loss	–	(46)	(278)	–	(324)
Sales or disposal	(291)	(475)	(1,166)	(31)	(1,963)
Reclassification	309	3,971	26,904	(31,184)	–
Exchange differences on translating foreign operations	(223)	(237)	(1,161)	(76)	(1,697)
Others	130	553	(213)	2,711	3,181
As of March 31, 2018	51,175	97,982	115,745	23,996	288,898
Acquisitions	154	18,878	49,569	48,448	117,049
Acquisitions through business combinations	57	1,157	1,078	19	2,311
Depreciation	–	(10,389)	(41,135)	–	(51,524)
Impairment loss	–	(70)	(10,923)	–	(10,993)
Sales or disposal	(942)	(697)	(1,499)	(44)	(3,182)
Reclassification	36	6,098	36,924	(43,058)	–
Exchange differences on translating foreign operations	227	783	(366)	(192)	452
Others	(74)	(2,260)	1,300	(122)	(1,156)
As of March 31, 2019	50,633	111,482	150,693	29,047	341,855

Acquisition costs

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2017	49,481	350,791	842,378	14,097	1,256,747
As of March 31, 2018	51,703	362,676	882,293	23,996	1,320,668
As of March 31, 2019	51,161	379,225	916,226	29,047	1,375,659

Accumulated depreciation and accumulated impairment losses

(Yen in millions)

	Land	Buildings and structures	Machinery and equipment	Construction in progress	Total
As of April 1, 2017	528	257,421	744,457	–	1,002,406
As of March 31, 2018	528	264,694	766,548	–	1,031,770
As of March 31, 2019	528	267,743	765,533	–	1,033,804

(2) Impairment Loss of Property, Plant and Equipment

Kyocera groups the property, plant and equipment based on the smallest group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

Impairment loss of property, plant and equipment in each segment are as follows:

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Semiconductor Components Group	85	10,599
Electronic Devices Group	—	25
Life & Environment Group	239	369
Total	324	10,993

Kyocera recognized impairment loss of 10,548 million yen on property, plant and equipment for the year ended March 31, 2019 due to the deterioration of profitability in the organic materials business included in the Semiconductor Components Group. The carrying amounts of those assets were written down to their recoverable amounts. The recoverable amount was measured at the value in use. The value in use was calculated by discounting future cash flows based on the three year business plan approved by the management to present value at the pre-tax discount rate (11.2%). Impairment losses were included in “selling, general and administrative expenses” on the consolidated statements of profit or loss.

15. Goodwill and Intangible Assets

(1) Reconciliation

The components of changes in carrying amounts, the beginning and ending balance of the acquisition costs, and the beginning and ending balance of accumulated amortization and accumulated impairment losses of goodwill and intangible assets are as follows. The amortization of intangible asset is included in “Cost of Sales” or “Selling, general and administrative expenses” on consolidated statement of profit or loss.

Carrying amounts

(Yen in millions)

	Goodwill	Intangible assets				
		Customer relationships	Trademark rights	Software	Other	Total
As of April 1, 2017	110,470	19,349	12,947	10,270	18,669	61,235
Acquisitions	–	–	–	4,551	1,066	5,617
Acquisitions through business combinations	32,748	15,697	3,059	163	6,935	25,854
Amortization	–	(3,309)	(1,162)	(5,063)	(2,979)	(12,513)
Impairment loss	–	–	–	–	–	–
Sales or disposal	–	(13)	(4)	(353)	(47)	(417)
Exchange differences on translating foreign operations	1,050	(553)	535	–	169	151
Other	–	–	4	71	184	259
As of March 31, 2018	144,268	31,171	15,379	9,639	23,997	80,186
Acquisitions	–	–	–	4,745	870	5,615
Acquisitions through business combinations	11,003	3,024	383	4	2,667	6,078
Amortization	–	(3,697)	(1,175)	(4,407)	(2,921)	(12,200)
Impairment loss	(5,548)	–	–	(85)	(4)	(89)
Sales or disposal	–	(2)	–	(42)	(5)	(49)
Exchange differences on translating foreign operations	(1,116)	514	(157)	(5)	183	535
Other	892	217	–	(97)	(195)	(75)
As of March 31, 2019	149,499	31,227	14,430	9,752	24,592	80,001

Acquisition costs

(Yen in millions)

	Goodwill	Intangible assets				
		Customer relationships	Trademark rights	Software	Other	Total
As of April 1, 2017	151,930	36,591	15,246	41,937	37,793	131,567
As of March 31, 2018	185,728	52,023	18,943	38,325	43,438	152,729
As of March 31, 2019	196,506	56,294	19,305	37,935	45,254	158,788

Accumulated amortization and accumulated impairment losses

(Yen in millions)

	Goodwill	Intangible assets				
		Customer relationships	Trademark rights	Software	Other	Total
As of April 1, 2017	41,460	17,242	2,299	31,667	19,124	70,332
As of March 31, 2018	41,460	20,852	3,564	28,686	19,441	72,543
As of March 31, 2019	47,007	25,067	4,875	28,183	20,662	78,787

Goodwill acquired as a part of business combinations is allocated to cash generating units or cash generating unit groups that are expected to benefit from the synergies arising from the combination. Amounts of goodwill and intangible assets with indefinite useful lives allocated to cash generating units or cash generating unit groups are as follows:

(Yen in millions)

	Industrial & Automotive Component	Semiconductor Components	Electronic Devices	Communi cations	Document Solutions	Life & Environment	Others	Total
As of April 1, 2017	16,543	6,939	47,147	7,049	28,033	3,532	1,227	110,470
As of March 31, 2018	33,692	6,913	56,505	7,049	35,350	3,532	1,227	144,268
As of March 31, 2019	34,783	1,386	58,437	7,546	37,521	8,599	1,227	149,499

(2) Impairment Loss of Goodwill and Intangible Assets

Kyocera reviews goodwill and intangible assets, which have an indefinite useful life, for impairment at least annually (January 1 every year) and whenever events or changes in circumstances indicate that an impairment loss may occur. The recoverable amount of the impairment test is calculated based on its value in use.
The value in use is calculated by discounting the estimated cash flows based on that the management approved business plan for a period of one to three years to the present value by the pre-tax discount rate of the cash generating unit or group. The pre-tax discount rate was determined at 10.5% to 14.4% for the year ended March 31, 2018 and 10.0% to 13.8% for the year ended March 31, 2019 based on weighted-average capital cost of the cash-generating unit or group. The growth rate applied to estimate future cash flow over the period covered by the business plan is assumed to be zero, taking into consideration of future uncertainties.

Intangible assets are grouped on the basis of the smallest asset group identified as generating cash inflows that are largely independent.

Impairment loss of goodwill and intangible assets in each segment are as follows:

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Semiconductor Components Group	–	5,637

In the year ended March 31, 2019, Kyocera mainly recorded impairment losses on goodwill recognized at the time of acquisition. This was due to the recognition of impairment losses on goodwill and intangible assets as the recoverable amount of the organic materials business included in the Semiconductor Component Group was lower than the carrying amount. Recoverable amounts are measured by value in use. The value in use was calculated by discounting future cash flows based on the three year business plan approved by the management to present value at the pre-tax weighted average cost of capital (11.2%). Impairment losses were included in "selling, general and administrative expenses" in the consolidated statements of profit or loss.

Kyocera recorded goodwill of 3,532 million yen in the solar energy business, which is included in the Life & Environment Group. Although the recoverable amount has exceeded the book value by 6,705 million yen in the year ended March 31, 2019, there is a risk of impairment in the event of a change in the key assumptions underlying the value in use.

Except as noted above, management believes it is unlikely that the value in use will be less than its carrying amount even if the key assumptions used in the impairment test change to a reasonably predictable extent.

16. Income Taxes

(1) Deferred Tax Assets and Deferred Tax Liabilities

The main components of and changes in deferred tax assets and deferred tax liabilities are as follows:

(Yen in millions)

	As of April 1, 2017	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2018
Deferred tax assets					
Enterprise tax	1,314	174	–	–	1,488
Inventories	16,219	3,552	–	(278)	19,493
Allowance for credit losses	1,822	(487)	–	38	1,373
Accrued expenses	12,208	(548)	–	112	11,772
Net defined benefit liabilities and accrued payroll	16,254	(1,305)	(587)	566	14,928
Depreciation and amortization	38,865	533	–	278	39,676
Securities	1,729	(486)	(35)	44	1,252
Carryforward of unused tax losses and unused tax credits	13,232	(3,696)	–	1,684	11,220
Allowances for loss on purchase agreements	–	9,266	–	–	9,266
Other	8,198	2,130	–	88	10,416
Total	109,841	9,133	(622)	2,532	120,884
Deferred tax liabilities					
Depreciation and amortization	8,998	(3,216)	–	7,504	13,286
Securities	295,533	176	(17,204)	(18)	278,487
Net defined benefit assets	233	(930)	3,070	120	2,493
Other	3,744	2,442	(25)	37	6,198
Total	308,508	(1,528)	(14,159)	7,643	300,464

*Other consists mainly of business combinations and foreign currency translation adjustments.

(Yen in millions)

	As of April 1, 2018	Recognized in profit or loss	Recognized in other comprehensive income	Other*	As of March 31, 2019
Deferred tax assets					
Enterprise tax	1,488	(969)	–	–	519
Inventories	19,493	7,110	–	18	26,621
Allowance for credit losses	1,373	(193)	–	27	1,207
Accrued expenses	11,772	629	–	290	12,691
Net defined benefit liabilities and accrued payroll	14,928	1,881	(211)	103	16,701
Depreciation and amortization	39,676	(4,095)	–	(76)	35,505
Securities	1,252	638	(276)	2	1,616
Carryforward of unused tax losses and unused tax credits	11,220	10,446	–	816	22,482
Allowances for loss on purchase agreements	9,266	(9,266)	–	–	–
Other	10,416	2,162	7	(262)	12,323
Total	120,884	8,343	(480)	918	129,665
Deferred tax liabilities					
Depreciation and amortization	13,286	(2,334)	–	715	11,667
Securities	278,487	621	(35,370)	2	243,740
Net defined benefit assets	2,493	328	(295)	(29)	2,497
Other	6,198	1,527	19	282	8,026
Total	300,464	142	(35,646)	970	265,930

*Other consists mainly of business combinations and foreign currency translation adjustments.

Carryforward of unused tax losses, unused tax credits and future deductible temporary differences unaccompanied by recognition of deferred tax assets are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Carryforward of unused tax losses and unused tax credits	73,123	72,188	44,990
Future deductible temporary differences	37,491	32,067	27,243
Total	110,614	104,255	72,233

The expiration of unused tax loss and unused tax credit carryforwards unaccompanied by recognition of deferred tax assets are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
1st year	12,704	2,064	570
2nd year	2,000	1,996	2,366
3rd year	1,609	3,577	570
4th year	2,290	1,332	589
5th year and thereafter	23,753	32,343	10,970
No expiration	30,767	30,876	29,925
Total	73,123	72,188	44,990

The total amount of future taxable temporary differences associated with investments in subsidiaries and associates for which deferred tax liabilities are not recognized is 327,182 million yen as of April 1, 2017, 311,877 million yen as of March 31, 2018, and 335,998 million yen as of March 31, 2019. These deferred tax liabilities are not recognized if Kyocera is able to control the timing of the reversal of the temporary differences and it is probable that the taxable temporary differences will not reverse in the foreseeable period.

(2) Income Tax Expenses

The components of income tax expenses are as follows:

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Current tax expenses	58,427	33,955
Deferred tax expenses		
Temporary differences originated and reversed	(16,283)	(8,258)
Changes of effective tax rate	5,622	57
Total	47,766	25,754

Reconciliation of the Japanese statutory effective tax rate and effective tax rate of income tax expense on consolidated statement of profit or loss is as follows:

(%)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Statutory effective tax rate	31.0	30.0
Difference in statutory tax rates of foreign subsidiaries	(4.7)	(6.0)
Change of unrecognized deferred tax assets	(0.5)	(8.8)
Tax credit for research and development	(3.1)	(0.6)
Tax reform	12.6	0.0
Impairment of goodwill	−	1.2
Other	1.4	2.5
Effective tax rate of income tax expense	36.7	18.3

Kyocera is subject mainly to corporate tax, inhabitant tax and enterprise tax, and the combined statutory tax rates calculated based on these taxes were 31.0% and 30.0% for the year ended March 31, 2018 and 2019, respectively. Foreign subsidiaries are subject to income taxes at their locations.

The effective tax rate of income tax expense for the year ended March 31, 2019 decreased to 18.3%, compared with 36.7% for the year ended March 31, 2018.
This was due mainly to tax expenses of 13,860 million yen recorded during the year ended March 31, 2018 in Kyocera's U.S. subsidiaries such as AVX Corporation, caused by the tax reform in U.S. and Kyocera recognized deferred tax assets of 10,139 million yen for the temporary differences and the carryforward of unused tax losses of Kyocera Display Corporation based on that Kyocera Corporation merged with Kyocera Display Corporation for the year ended March 31, 2019.

17. Trade and Other Payables

The components of trade and other payables are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Trade notes payable	12,877	27,323	25,990
Accounts payable	116,583	122,411	109,069
Other notes and accounts payable	60,832	66,951	51,222
Total	190,292	216,685	186,281

18. Borrowings

(1) Components of Borrowings

The components of borrowings are as follows. The borrowings are included in “Other financial liabilities” or “Long-term financial liabilities” of consolidated statement of financial position.

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019	65Average interest rate*	Maturity
Short-term borrowings	191	145	113	1.00%	－
Current portion of long-term borrowings	2,594	2,920	4,091	3.79%	－
Long-term borrowings	3,875	5,970	5,656	3.64%	2020 years to 2029 years
Total	6,660	9,035	9,860	－	－
Current liabilities	2,785	3,065	4,204	－	－
Non-current liabilities	3,875	5,970	5,656	－	－
Total	6,660	9,035	9,860	－	－

(Note) Average interest rate is the weighted average interest rate of borrowings as of March 31, 2019.

(2) Assets Pledged as Collateral

The assets pledged as collateral for liabilities are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Property, plant and equipment, net	1,418	1,388	1,884

The liabilities related to these assets pledged as collateral are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Current portion of long-term borrowings	79	79	71
Long-term borrowings	149	70	292
Total	228	149	363

19. Leases

(1) Lease as Lessee

Gross future minimum lease payments under non-cancellable operating leases are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Within 1 year	5,761	6,753	6,668
Over 1 year to 5 years	8,825	10,991	10,334
Over 5 years	853	2,981	2,123
Total	15,439	20,725	19,125

Kyocera, as lessee, mainly leases equipment. Some of Kyocera's lease contracts contain a renewal or purchase options. However, Kyocera does not have any lease contracts that contain future restrictions imposed by lease arrangements, such as those for additional debt or leases.

(2) Lease as Lessor

Kyocera, as lessor, mainly leases multifunctional products. The gross investment in the lease and the present value of future minimum lease receivables are as follows:

(Yen in millions)

	Gross investment in the lease			Present value of future minimum lease receivables		
	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Within 1 year	5,486	7,445	7,677	5,238	7,115	7,404
Over 1 year to 5 years	8,714	11,104	12,175	8,373	10,623	11,760
Over 5 years	17	5	3	16	5	2
Total	14,217	18,554	19,855	13,627	17,743	19,166
Unearned finance income	(690)	(910)	(769)			
Net investment in the lease	13,527	17,644	19,086			
Unguaranteed residual value	100	99	80			
Present value of future minimum lease receivables	13,627	17,743	19,166			

20. Employee Benefits

(1) Movement of the Defined Benefit Obligations and Plan Assets

Kyocera Corporation and its major domestic subsidiaries sponsor funded defined benefit pension plans or unfunded retirement and severance plans for their employees. They use a “point system” whereby benefits under the plan are calculated according to (i) accumulated “points” that are earned based on employees’ position, extent of contribution and length of service period during employment, and (ii) conditions at the time of retirement. In addition, employees were provided an option to select how benefit payments will be made. Employees may elect to receive up to 50% of the accumulated points balance as an annuity payment over the employees’ lifetime with the remainder of the accumulated points being distributed in installments over a fixed period of up to 20 years.

Kyocera International, Inc. and its consolidated subsidiaries (KII), consolidated U.S. subsidiaries of Kyocera Corporation, maintain a non-contributory defined benefit pension plans in the U.S. The KII plan covers substantially certain full-time employees in the U.S., of which benefits are based on years of service and the employees’ average compensation.

AVX Corporation and its consolidated subsidiaries (AVX), consolidated U.S. subsidiaries of Kyocera Corporation, maintain noncontributory defined benefit pension plans in the U.S. and contributory defined benefit pension plans inside the U.S. Pension benefits provided to certain U.S. employees covered under collective bargaining agreements are based on a flat benefit formula. Effective December 31, 1995, AVX froze benefit accruals under its domestic non-contributory defined benefit pension plan for a significant portion of the employees covered under collective bargaining agreements. Effective December 1, 2018, the plan was amended to freeze benefit accruals for the remainder of employees covered under collective bargaining agreements. AVX’s pension plans for certain European employees provide for benefits based on a percentage of final pay. AVX’s funding policy is to contribute amounts sufficient to meet minimum funding requirements as set forth in employee benefit and tax laws.

TA Triumph-Adler GmbH (TA), a German subsidiary of Kyocera Document Solutions Inc., maintains a defined benefit pension plan, which covers certain employees in Germany. TA does not maintain an external fund for this benefit pension plan.

The defined benefit obligation is subjected to the actuarial risks of changes in cost, interest rate and life expectancy.

The defined benefit obligations recognized in the consolidated statements of financial position are as follows:

Domestic (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Present value of defined benefit obligations	214,212	213,740	218,820
Fair value of plan assets	211,921	221,314	225,501
Fund status	2,291	(7,574)	(6,681)
Net defined benefit liability (asset)	2,291	(7,574)	(6,681)
Amounts in the consolidated statements of financial position:			
Retirement benefit liabilities	5,226	5,156	1,767
Other non-current assets	(2,935)	(12,730)	(8,448)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	2,291	(7,574)	(6,681)

Foreign (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Present value of defined benefit obligations	55,033	55,275	56,022
Fair value of plan assets	35,334	37,891	39,775
Fund status	19,699	17,384	16,247
Effect of asset ceiling	333	2,543	3,502
Net defined benefit liability (asset)	20,032	19,927	19,749
Amounts in the consolidated statements of financial position:			
Retirement benefit liabilities	20,032	19,927	19,814
Other non-current assets	–	–	(65)
Net defined benefit liability (asset) recognized in the consolidated statements of financial position	20,032	19,927	19,749

The amount of "Cost of sales" and "Selling, general and administrative expenses" recognized related to defined benefit plans in the consolidated statement of profit or loss are as follows:

Domestic (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Service cost	12,684	12,062
Net interest cost	1	(79)
Total	12,685	11,983

Foreign (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Service cost	737	768
Net interest cost	389	281
Total	1,126	1,049

(2) Changes in the Present Value of Defined Benefit Obligations

Changes in the present value of defined benefit obligations are as follows:

Domestic (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Present value of defined benefit obligations at the beginning of the year	214,212	213,740
Service cost	12,684	12,062
Interest cost	818	1,274
Re-measurements		
Actuarial gains (losses) arising from changes in demographic assumptions	946	(1,872)
Actuarial gains (losses) arising from changes in financial assumptions	(7,459)	1,410
Experience adjustments	(425)	1,208
Benefits paid	(8,465)	(10,134)
Acquisitions of business	1,429	－
Other	－	1,132
Present value of defined benefit obligations at the end of the year	213,740	218,820

The weighted-average duration of the defined benefit obligation as of March 31, 2018 and March 31, 2019 are both of 14 years.

Foreign (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Present value of defined benefit obligations at the beginning of the year	55,033	55,275
Service cost	737	768
Interest cost	1,564	1,586
Re-measurements		
Actuarial gains (losses) arising from changes in demographic assumptions	654	143
Actuarial gains (losses) arising from changes in financial assumptions	(1,282)	927
Experience adjustments	(241)	278
Benefits paid	(2,876)	(2,675)
Exchange differences on translating foreign operations	1,726	(196)
Other	(40)	(84)
Present value of defined benefit obligations at the end of the year	55,275	56,022

The weighted-average duration of the defined benefit obligation as of March 31, 2018 and March 31, 2019 are 12 years and 13 years respectively.

(3) Changes in the Fair Value of Plan Assets

Changes in the fair value of plan assets are as follows:

Domestic (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Fair value of plan assets at the beginning of the year	211,921	221,314
Interest income	817	1,353
Re-measurements		
Return on plan assets	6,182	1,095
Employer contribution	10,833	10,878
Benefits paid	(8,439)	(10,070)
Other	−	931
Fair value of plan assets at the end of the year	221,314	225,501

Kyocera Corporation and its major domestic subsidiaries expect to contribute to the plan approximately 10,176 million yen for the year ending March 31, 2020.

Foreign (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Fair value of plan assets at the beginning of the year	35,334	37,891
Interest income	1,175	1,305
Re-measurements		
Return on plan assets	1,415	177
Employer contribution	1,488	1,616
Benefits paid	(1,750)	(1,571)
Exchange differences on translating foreign operations	269	399
Other	(40)	(42)
Fair value of plan assets at the end of the year	37,891	39,775

KII and AVX expect to contribute to the plan approximately 764 million yen for the year ending March 31, 2020.

(4) The Components of Plan Assets

The components of plan assets are as follows:

Domestic (Yen in millions)

	The date of transition to IFRS (April 1, 2017)			As of March 31, 2018			As of March 31, 2019		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Life insurance company general account	−	96,469	96,469	−	98,967	98,967	−	99,895	99,895
Equity financial instruments									
Pooled funds*1	−	28,124	28,124	−	42,425	42,425	−	43,035	43,035
Debt financial instruments									
Corporate bonds	9,309	−	9,309	9,150	−	9,150	9,265	−	9,265
Pooled funds*2	−	14,802	14,802	−	14,059	14,059	−	6,525	6,525
Other types of investments									
Real estate funds*3	−	24,993	24,993	−	25,837	25,837	−	27,620	27,620
Large scale solar power generation business funds	−	10,542	10,542	−	10,330	10,330	−	9,576	9,576
Other	2	5,897	5,899	2	9,634	9,636	−	7,242	7,242
Cash and cash equivalents	21,783	−	21,783	10,910	−	10,910	22,343	−	22,343
Total	31,094	180,827	211,921	20,062	201,252	221,314	31,608	193,893	225,501

(Notes) 1 This category includes pooled funds that mainly invest in domestic and international equity securities that are listed on securities exchanges.

2 This category includes pooled funds that mainly invest in domestic government bonds and municipal bonds.

3 This category includes private open-ended real estate funds.

Kyocera Corporation and its major domestic subsidiaries manage and operate their plan assets with a target of obtaining better performance more than earnings from the expected rate of return on plan assets to ensure the sources of funds sufficient to cover the pension benefits paid to participants and beneficiaries in the future. In terms of the plan assets management, Kyocera Corporation and its major domestic subsidiaries make appropriate investment choices and optimal portfolios with a consideration of its performances, expected returns and risks, and entrusts their plan assets to the fund trustees which can be expected to be the most appropriate to accomplish Kyocera's objective. Kyocera Corporation and its major domestic subsidiaries also make an effort to maintain their portfolios within reasonable allocations of plan assets. Kyocera Corporation and its major domestic subsidiaries evaluate their categories of plan assets allocations and can change their portfolios when it is needed. Kyocera Corporation and its major domestic subsidiaries' long-term strategy is for target allocations of approximately 45% investment in life insurance company general accounts, approximately 30% main investment in equity securities that are listed on securities exchanges and in debt securities such as governments bonds, approximately 20% investment in long-term operation assets such as real estate funds, and approximately 5% holding in cash and cash equivalents.

Foreign (Yen in millions)

	The date of transition to IFRS (April 1, 2017)			As of March 31, 2018			As of March 31, 2019		
	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total	Plan assets with quoted prices in active markets	Plan assets without quoted prices in active markets	Total
Equity instruments									
International	6,994	−	6,994	6,010	−	6,010	5,302	−	5,302
Pooled funds*1	3,326	−	3,326	5,097	−	5,097	6,460	−	6,460
Debt instruments									
Government bonds	738	−	738	806	−	806	979	−	979
Government agency bonds	−	1,371	1,371	−	1,385	1,385	−	1,452	1,452
Corporate bonds	−	1,064	1,064	−	1,066	1,066	−	1,208	1,208
Pooled separate accounts*2	−	20,414	20,414	−	22,329	22,329	−	22,776	22,776
Other	−	1,314	1,314	−	1,103	1,103	−	1,421	1,421
Cash and cash equivalents	113	−	113	95	−	95	177	−	177
Total	11,171	24,163	35,334	12,008	25,883	37,891	12,918	26,857	39,775

(Notes) 1 This category includes pooled funds that mainly invest in U.S. equity financial instruments that are listed on securities exchanges.

2 This category includes pooled separate accounts held by AVX that mainly invest in equity financial instruments and debt financial instrument.

KII's long-term strategy is for target allocation of 70%-80% equity securities and 20%-30% debt securities for its defined benefit plans. AVX's long-term strategy is for target allocation of 50% equity and 50% fixed income for its U.S. defined benefit plans and 45% equity and 55% fixed income for its European defined benefit plans.

(5) Actuarial Assumptions

The significant actuarial assumptions are as follows:

Domestic (%)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Discount rate	0.25 to 0.50	0.25 to 0.66	0.20 to 0.52

Foreign (%)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Discount rate	1.60 to 4.18	1.80 to 3.92	1.33 to 3.86
Rate of increase in compensation levels	2.50 to 3.50	2.50 to 3.50	2.50 to 3.50

(6) Sensitivity Analysis

The following table illustrates the effect of assumed changes in discount rates while holding assuming all other assumptions consistent, for the benefit plan at Kyocera Corporation and its major domestic subsidiaries which accounts for a significant portion of Kyocera's defined benefit obligations.

The sensitivity analysis assumes that actuarial assumptions other than those subject to the analysis are constant, but in fact, the movement of other actuarial assumptions may impact to sensitive analysis.

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
0.1% increase in discount rate	(2,290)	(2,296)	(2,550)
0.1% decrease in discount rate	2,323	2,329	2,607

21. Provisions

The main components of and changes in the provisions are as follows:

(Yen in millions)

	Provision for product warranties	Provision for long-term purchase agreements	Provision for loss on litigation-current	Other	Total
As of April 1, 2018	5,490	30,885	8,109	7,732	52,216
Increase during the year	994	–	8	1,679	2,681
Decrease during the year (intended use)	(935)	(30,885)	–	(182)	(32,002)
Decrease during the year (reversal)	(1,541)	–	(1,571)	(848)	(3,960)
Exchange differences on translating foreign operations	(43)	–	86	80	123
As of March 31, 2019	3,965	–	6,632	8,461	19,058

Provision for product warranties

In preparation for repair expenses expected to be incurred during the warranty period of a specific product, Kyocera estimates the amount of product warranty which is calculated based on the past results and prospects for the future. The majority of these expenses are expected to be incurred in the year ending March 31, 2020.

Provision for long-term purchase agreements

Please refer to Note "34. Commitments (2) Settlement Agreement on Long-Term Purchase Agreements for the Supply of Raw Materials."

Provision for loss on litigation-current

Please refer to Note "35. Contingency (2) Patent Lawsuits."

22. Other Liabilities

The main components of other liabilities are as follows:

Other current liabilities (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Contract liability	14,122	21,775	26,862
Other	13,370	10,101	10,243
Total	27,492	31,876	37,105

Other non-current liabilities (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Long-term payable *	4,592	9,961	5,466
Other	7,694	8,820	10,007
Total	12,286	18,781	15,473

(Note) AVX Corporation, a U.S. based subsidiary, record a tax expenses related to one-time tax on accumulated foreign earnings for the year ended March 31, 2018, resulting from the Tax Cuts and Jobs Act which was enacted into law in the U.S. on December 22, 2017. AVX Corporation plans to pay this tax expenses for over a period of eight years, and the amount to be paid over one year after the reporting period, which is included in long-term payable, is 7,382 million yen as of March 31, 2018, and 5,282 million yen as of March 31, 2019, respectively.

23. Common Stock and Other Equity Items

(1) Common Stock

The number of authorized and issued shares are as follows:

(unit: shares)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Total number of authorized shares	600,000,000	600,000,000	600,000,000
Total number of issued shares			
Balance at the beginning of the year	377,618,580	377,618,580	377,618,580
Increase (decrease) during the year	–	–	–
Balance at the end of the year	377,618,580	377,618,580	377,618,580

Notes: 1. Shares issued by Kyocera is common stock with no par value and no restriction on contents of the rights.
2. Shares issued have been fully paid.

(2) Treasury Stocks

The number and the amount of treasury stocks are as follows:

	Number of shares	Amount (Yen in millions)
Balance as of April 1, 2017	9,906,197	32,309
Increase (decrease) during the year	4,625	33
Balance as of March 31, 2018	9,910,822	32,342
Increase (decrease) during the year	5,954,099	40,019
Balance as of March 31, 2019	15,864,921	72,361

Kyocera has resolved at the meeting of its Board of Directors held on April 26, 2018 to undertake a repurchase of its own shares under the provisions of the Articles of Incorporation of the Company pursuant to Article 165, Paragraph 2 of the Companies Act of Japan, as described below.

Type of shares repurchased	Common stock
Total number of shares repurchased	5,951,000 shares
Total amount of repurchase price	40,000 million yen
Period of repurchase	From April 27, 2018 to May 30, 2018
Method of repurchase	Market purchases through the Tokyo Stock Exchange

(3) Capital Surplus and Retained Earnings

The Companies Act of Japan provides that an amount equal to 10% of dividends must be appropriated as legal reserves until the total of aggregate amount of the legal reserves equals 25% of the common stock.

(4) Other Components of Equity

(Yen in millions)

	Items that will not be reclassified to profit or loss		Items that may be reclassified to profit or loss				Total
	Financial assets measured at fair value through other comprehensive income	Re-measurements of defined benefit plans	Net changes in fair value of cash flow hedge	Exchange differences on translating foreign operations	Net unrealized gains (losses) on securities	Share of other comprehensive income (loss) of investments accounted for using the equity method	
As of April 1, 2017	－	－	19	－	545,774	(341)	545,452
Arising during the period:							
Pre-tax amount	－	13,307	1	(6,553)	(56,051)	(93)	(49,389)
Income tax (expense) benefit	－	(3,955)	17	－	17,005	(9)	13,058
Net-of-tax amount	－	9,352	18	(6,553)	(39,046)	(102)	(36,331)
Reclassification to profit or loss:							
Pre-tax amount	－	－	(72)	(168)	(1,491)	85	(1,646)
Income tax (expense) benefit	－	－	(1)	51	399	(26)	423
Net-of-tax amount	－	－	(73)	(117)	(1,092)	59	(1,223)
Other comprehensive income (loss), net of taxation	－	9,352	(55)	(6,670)	(40,138)	(43)	(37,554)
Transfer to retained earning	－	(9,763)	－	－	－	－	(9,763)
Other comprehensive income (loss) attributable to non-controlling interest, net-of-tax	－	411	15	1,126	(4)	－	1,548
Others	－	－	－	27	－	－	27
As of March 31, 2018	－	－	(21)	(5,517)	505,632	(384)	499,710
Cumulative effects of new accounting standards applied	504,903	－	－	－	(505,632)	－	(729)
As of April 1, 2018	504,903	－	(21)	(5,517)	－	(384)	498,981
Arising during the period:							
Pre-tax amount	(120,241)	(1,736)	(23)	4,943	－	(3)	(117,060)
Income tax (expense) benefit	36,076	118	(1)	－	－	15	36,208
Net-of-tax amount	(84,165)	(1,618)	(24)	4,943	－	12	(80,852)
Reclassification to profit or loss:							
Pre-tax amount	－	－	70	－	－	77	147
Income tax (expense) benefit	－	－	(10)	－	－	(23)	(33)
Net-of-tax amount	－	－	60	－	－	54	114
Other comprehensive income (loss), net of tax	(84,165)	(1,618)	36	4,943	－	66	(80,738)
Transfer to retained earning	(54)	1,401	－	－	－	－	1,347
Other comprehensive income (loss) attributable to non-controlling interest, net-of-taxation	(6)	217	(10)	(1,159)	－	－	(958)
Others	－	－	－	11	－	－	11
As of March 31, 2019	420,678	－	5	(1,722)	－	(318)	418,643

24. Dividends

(1) Dividends Paid

For the year ended March 31, 2018

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 27, 2017	Common stock	22,063	60	March 31, 2017	June 28, 2017	Retained earnings
The resolution of the Board of Directors Meeting held on October 30, 2017	Common stock	22,063	60	September 30, 2017	December 5, 2017	Retained earnings

For the year ended March 31, 2019

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 26, 2018	Common stock	22,062	60	March 31, 2018	June 27, 2018	Retained earnings
The resolution of the Board of Directors Meeting held on October 30, 2018	Common stock	21,706	60	September 30, 2018	December 5, 2018	Retained earnings

(2) Dividends for which the Record Date Fall in the Year Ended March 31, 2018 and 2019 with an Effective Date in the Subsequent Period

For the year ended March 31, 2018

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 26, 2018	Common stock	22,062	60	March 31, 2018	June 27, 2018	Retained earnings

For the year ended March 31, 2019

	Class of shares	Total amount of dividends (Yen in millions)	Dividends per share (Yen)	Record date	Effective date	Source of dividends
The resolution of the Ordinary General Meeting of Shareholders held on June 25, 2019	Common stock	28,940	80	March 31, 2019	June 26, 2019	Retained earnings

(Note) Dividends per share for the year ended March 31, 2019 includes 60th commemoration dividends of 20.00 yen.

25. Sales Revenue

(1) Breakdown of Revenue

Regarding to the breakdown of revenue, please refer to Note “6. Segment information.”
Revenues recognized in accordance with IFRS 15 as well as revenues from leases recognized in accordance with IAS 17 “Leases” were included in “Sales revenue.”

(2) Contract Balance

Receivables from contracts with customers, contract assets and contract liabilities are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Receivables from contracts with customers	309,846	337,646	314,829
Contract assets	7,139	17,270	8,586
Contract liabilities	23,354	30,410	36,148

On the consolidated statement of financial position, contract assets are included in “Trade and other receivables,” and contract liabilities are included in “Accrued expenses” and “Other current liabilities,” retrospectively.

The details of contract liabilities are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Advance received	14,003	21,097	25,630
Refund liabilities	9,351	9,313	10,518
Total	23,354	30,410	36,148

The balance of advance received as of April 1, 2017 was recognized as revenue for the year ended March 31, 2018. The balance of advance received as of March 31, 2018 was recognized as revenue for the year ended March 31, 2019. The amount of revenue from performance obligation satisfied within previous period was immaterial. The disclosure of remained performance obligation is omitted due to that there are no significant transactions with individual expected contractual terms exceeds over a year.

26. Expenses by Nature

The components of cost of sales and selling, general and administrative expenses by nature are as follows:

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Raw materials	477,299	465,523
Subcontract expenses	112,511	117,740
Direct expenses for sale	40,199	37,547
Labor cost	400,788	425,787
Depreciation and amortization	82,370	63,889
General expenses	373,173	418,401
Total	1,486,340	1,528,887

General expenses includes the write-down relating to long-term purchase agreements for procurement of polysilicon material in the solar business for the year ended March 31, 2018. Settlement expenses relating to long-term purchase agreements for procurement of polysilicon material in the solar energy business and an impairment loss of property, plant and equipment, goodwill and intangible assets in the organic materials business is recorded for the year ended March 31, 2019. Please refer to Note “14. Property, Plant and Equipment,” “15. Goodwill and Intangible Assets” and “34. Commitments” for further details.

27. Research and Development Expenses

The amount of research and development expenses for the year ended March 31, 2018 and 2019 are as follows. These research and development expenses are mainly recorded in "Labor cost" and "General expenses" of Selling, general and administrative expenses.

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Research and Development expenses	58,273	69,927

28. Finance Income and Expenses

At the date of transition to IFRS, and for the year ended March 31, 2018, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

(1) Finance Income

Finance income for the year ended March 31, 2018 and 2019 are as follows:

(Yen in millions)

	For the year ended March 31, 2018
Interest income and dividend income	39,789
Gains on sales of securities, net	1,629
Other	65
Total	41,483

(Yen in millions)

	For the year ended March 31, 2019
Interest income	10,361
Dividend income	34,200
Other	189
Total	44,750

(2) Finance Expenses

Finance expenses for the year ended March 31, 2018 and 2019 are as follows:

(Yen in millions)

	For the year ended March 31, 2018
Interest expenses	686
Loss on impairment of securities	874
Total	1,560

(Yen in millions)

	For the year ended March 31, 2019
Interest expenses	1,209
Other	32
Total	1,241

(Notes) 1. "Interest income" and "interest expenses" are mainly from financial instruments measured at amortized cost.

2. "Dividend income" is mainly from financial assets measured at fair value through other comprehensive income.

29. Earnings Per Share

Basic and diluted earnings per share attributable to owners of the parent are as follows:

	For the year ended March 31, 2018	For the year ended March 31, 2019
Profit attributable to owners of the parent (Yen in millions)	79,137	103,210
Adjustment related to dilutive potential stocks of consolidated subsidiaries (Yen in millions)	(8)	(86)
Diluted profit attributable to owners of the parent (Yen in millions)	79,129	103,124
Weighted average shares (Thousands of shares)	367,709	362,216
Earnings per share attributable to owners of the parent:		
- Basic (Yen)	215.22	284.94
- Diluted (Yen)	215.20	284.70

30. Cash Flow Information

The supplemental information associated with consolidated statement of cash flows are as follows:

Non-cash investing and financing activities (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Accounts payable for purchases of property, plant and equipment	18,717	22,672
Accounts payable for purchases of intangible assets	3,859	2,273
Obtaining assets by entering into finance lease	912	1,787

Acquisitions of businesses (Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Acquired assets at fair value	122,336	29,221
Assumed liabilities at fair value	(35,276)	(4,963)
Non-controlling interests	(4,267)	－
Cash acquired	(7,471)	(2,093)
Total	75,322	22,165

The changes in liabilities arising from financing activities (Yen in millions)

	Short-term borrowings	Long-term borrowings	Lease liabilities	Total
As of April 1, 2017	191	6,469	2,598	9,258
Changes from financing cash flows	(3,240)	480	(1,088)	(3,848)
Changes arising from obtaining or losing control of subsidiaries or other businesses	3,201	2,278	11	5,490
Exchange differences on translating foreign operations	(7)	(337)	66	(278)
Others	－	－	883	883
As of March 31, 2018	145	8,890	2,470	11,505
Changes from financing cash flows	(356)	282	(1,165)	(1,239)
Changes arising from obtaining or losing control of subsidiaries or other businesses	321	581	13	915
Exchange differences on translating foreign operations	3	(82)	(12)	(91)
Others	－	76	1,867	1,943
As of March 31, 2019	113	9,747	3,173	13,033

31. Financial Instruments

(1) Capital Management

Kyocera believes that the best way to increase corporate value and meet shareholders' expectations is to improve future consolidated performance on an ongoing basis. Kyocera also has adopted policies to ensure a sound financial basis, and, for such purpose, it sets aside other general reserves in preparation for the creation of new businesses, cultivation of new markets, development of new technologies and acquisition, as necessary, of outside management resources to achieve sustainable corporate growth.
Kyocera has adopted a principal guideline that dividend amounts be within a range based on net income attributable to owners of the parent a consolidated basis, and has set its dividend policy to maintain a payout ratio of around 40% of consolidated net income attributable to owners of the parent. In addition, Kyocera determines dividend amounts based on an overall assessment, taking into account various factors including the amount of capital expenditures necessary for medium-to-long-term corporate growth.

(2) Financial Risk Management

Kyocera's activities are exposed to varieties of market risks, including the effects of changes in foreign currency exchange rates, interest rates and stock prices. In order to hedge against these risks, Kyocera uses derivative financial instruments but does not hold or issue derivative financial instruments for trading purposes. Kyocera regularly assesses these market risks based on policies and procedures established to protect against the adverse effects of these risks and other potential exposures, primarily by reference to the market value of financial instruments.

(3) Credit Risk Management

Kyocera is principally exposed to credit risk of customers on trade receivables and credit risk of counterparties of derivatives.
Kyocera defines default on trade receivables as "customer's failure to discharge its obligation without reasonable grounds." With regard to trade receivables, in accordance with the credits management policies, Kyocera sets the credit limit for the business partner, and in order to ensure early identification and mitigate concerns about collection due to deterioration in the financial condition of Kyocera's customers, Kyocera conducts due date management and balance management for each customer, taking into consideration of a variety of factors, including the collection period of past due receivables, historical experience, and the current business environment.
With regard to derivative transactions, Kyocera minimizes the credit risk by entering into transactions with creditworthy counterparties, limiting the amount of exposure to each counterparty, and monitoring the financial condition of its counterparties.
No significant concentration of credit risk is present in a particular customer. Kyocera's maximum exposure to credit risks is financial assets on the consolidated statement of financial position.

Changes in allowance for credit losses are as follows:

(Yen in millions)

	For the year ended March 31, 2019
Balance at the beginning of the year	4,276
Increase	405
Decrease (intended use)	(106)
Decrease (reversal)	(491)
Exchange differences on translating foreign operations	(99)
Balance at the end of the year	3,985

There was no significant increase or decrease in the gross carrying amount that could affect a change in allowance for credit losses for the year ended March 31, 2019.

Total carrying amount of financial instruments subject to allowance for credit losses

a. Trade Receivables

(Yen in millions)

	As of March 31, 2019
Not past due	290,555
Due within 3 months	23,530
Due over 3 months to 1 year	3,239
Due over 1 year	1,469
Total	318,793

The contract balance of financial assets that were directly written off during the reporting period but still subject to recovery activities as of March 31, 2019 were not material.

b. Receivables Other than Trade Receivables, etc.

The information of receivables other than trade receivables has been omitted since there are no assets of which credit risk was considered to significantly increase and credit risk of the carrying amount were not material.

(4) Liquidity Risk Management

Liquidity risks are Kyocera's risks of nonfulfillment of repayment obligations for financial liabilities due. Kyocera held sufficient cash and cash equivalents as of March 31, 2019, and also held highly-liquid financial assets. Based on those facts, Kyocera does not expect to face any liquidity issue in the foreseeable future.

In the short term, Kyocera expects cash demands for funds for capital expenditures, R&D activities and payments of dividends to shareholders in addition to working capital of operational activities. Kyocera's primary source of short-term liquidity is cash generated by operations, and Kyocera believes cash on hand will be sufficient to fund all cash requirements outlined. Consequently, Kyocera does not currently intend to use any other external financing sources that might affect its credit agency ratings. If cash generated by operations are insufficient for funding purposes, Kyocera retains other financing options, including external sources, such as short-term borrowings or long-term borrowings, as well as financing directly in the capital markets through issuances of debt or equity securities. Kyocera maintains a strong financial position, which leads Kyocera to believe that any capital requirements could be secured from external sources at a relatively low cost. Kyocera also maintains good business relationships with several major financial institutions.

The balance of major financial liabilities by contractual maturities at the date of transition to IFRS (April 1, 2017), as of March 31, 2018 and 2019 are as follows:

The date of transition to IFRS (April 1, 2017) (Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Trade and other payables	190,292	190,292	190,292	−	−
Other financial liabilities (excluding derivatives)	3,965	3,965	3,965	−	−
Long-term financial liabilities	5,292	5,292	−	5,166	126
Total	199,549	199,549	194,257	5,166	126
Derivative liabilities	4,770	4,770	4,770	−	−

As of March 31, 2018 (Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Trade and other payables	216,685	216,685	216,685	−	−
Other financial liabilities (excluding derivatives)	4,134	4,134	4,134	−	−
Long-term financial liabilities	7,370	7,370	−	7,312	58
Total	228,189	228,189	220,819	7,312	58
Derivative liabilities	905	905	905	−	−

As of March 31, 2019 (Yen in millions)

	Carrying amount	Contract amount	Due within 1 year	Due over 1 year to 5 years	Over 5 years
Non-derivative liabilities:					
Trade and other payables	186,281	186,281	186,281	−	−
Other financial liabilities (excluding derivatives)	5,233	5,233	5,233	−	−
Long-term financial liabilities	7,800	7,800	−	7,534	266
Total	199,314	199,314	191,514	7,534	266
Derivative liabilities	1,388	1,388	1,388	−	−

(5) Currency Risks Management

Kyocera conducts business in countries outside Japan, which exposes it to fluctuations in foreign currency exchange rates. Kyocera may enter into mainly short-term forward contract transaction to hedge this risk. Nevertheless, fluctuations in foreign currency exchange rates could have an adverse effect on its business. Fluctuations in foreign currency exchange rates may affect Kyocera’s consolidated results of operations, financial condition, cash flows, the value of its foreign assets and production costs, which in turn may adversely affect reported earnings and the comparability of period-to-period results of operations.

Changes in currency exchange rates may affect the relative prices at which Kyocera and foreign competitors sell products in the same market. In addition, changes in the value of the relevant currencies may affect the cost of imported items required in its operations.

In case appreciation of 1 yen against U.S. dollar and Euro, the impact on profit before income taxes for the year ended March 31, 2018 and 2019 are as follows:

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
U.S. dollar	(759)	(1,159)
Euro	(1,094)	(1,091)

(6) Interest Rate Risk Management

As Kyocera has no significant interest-bearing liabilities, interest rate risk upon Kyocera's result of operation or cash flow is immaterial. Therefore, sensitivity analysis is omitted.

(7) Market Price Fluctuation Risks

Kyocera holds investments in equity securities of companies not affiliated with us, which we generally hold on a long-term position for business relationship purposes. A substantial portion of Kyocera's investments in equity securities consists of an investment in shares of KDDI Corporation, a Japanese telecommunication service provider. Kyocera's investment in shares of KDDI Corporation accounts for approximately 30% of Kyocera's total assets. Accordingly, fluctuations in the market value of the shares of KDDI Corporation may materially affect Kyocera's financial condition.
For equity securities held by Kyocera as of end of fiscal year, the impact of a 10% change in market price on other comprehensive income at the date of transition to IFRS (April 1, 2017), as of March 31, 2018 and 2019 are 97,915 million yen, 91,029 million yen and 79,920 million yen, respectively. This analysis is based on the assumption that all other variables are constant.
From the perspective of enhancing the corporate value of Kyocera on a medium-to-long-term basis, Kyocera intends to keep its ownership of some of the equity securities as strategic investments including KDDI shares in light of attaining growth of business through strengthening, maintaining trade relationship and securing profits from shareholding and consideration for the social significance of Kyocera. For equity securities including strategic investments in its portfolio, with periodical checks for the economic rationality, Kyocera may dispose of some securities, which lack merit for Kyocera, although market conditions may not permit us to do so at the time, speed or price we may wish.

(8) Derivatives and Hedging

Kyocera maintains a foreign currency risk management strategy that uses derivative financial instruments, such as foreign currency forward contracts to minimize the volatility in its cash flows caused by changes in foreign currency exchange rates. Movements in foreign currency exchange rates pose a risk to Kyocera's operations and competitive position, since exchange rates changes may affect the profitability, cash flows, and business and/or pricing strategies of non-Japan-based competitors. These movements affect cross-border transactions that involve, but not limited to, direct export sales made in foreign currencies and raw material purchases incurred in foreign currencies.
By using derivative financial instruments to hedge exposures to changes in exchange rates, Kyocera became exposed to credit risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contracts. When the fair value of a derivative contract is positive, the counterparty owes Kyocera, which creates repayment risk for Kyocera. When the fair value of a derivative contract is negative, Kyocera owes the counterparty and, therefore, it does not possess repayment risk. Kyocera minimizes the credit (or repayment) risk in derivative financial instruments by (a) entering into transactions with creditworthy counterparties, (b) limiting the amount of exposure to each counterparty, and (c) monitoring the financial condition of its counterparties. Kyocera does not hold or issue such derivative financial instruments for trading purposes.
Kyocera's affiliate accounted for by the equity method uses interest rate swaps to minimize significant, unanticipated cash flow fluctuations caused by interest rate volatility. The affiliate also reduces credit risks by entering into transactions with certain creditworthy counterparty and limiting the amount of exposure to the counterparty.

a. Cash Flow Hedges

Kyocera uses certain foreign currency forward contracts with terms normally lasting for less than four months designated as cash flow hedges to protect against foreign currency exchange rate risks inherent in its forecasted transactions related to purchase commitments and sales. Kyocera's affiliate accounted for by the equity method uses interest rate swaps mainly to convert a portion of its variable rates debt to fixed rates debt.

b. Other Derivatives

Kyocera's main direct foreign export sales and some import purchases are denominated in the customers and suppliers' transaction currencies, principally the U.S. dollar and the Euro. Kyocera purchases foreign currency forward contracts to protect against the adverse effects that exchange rate fluctuations may have on foreign-currency-denominated trade receivables and payables. The gains and losses on both the derivatives and the foreign-currency-denominated trade receivables and payables are recorded as foreign currency transaction gains, net in the consolidated statement of income. Kyocera does not adopt hedge accounting for such derivatives.

The aggregate contractual amounts of derivative financial instruments at the date of transition to IFRS (April 1, 2017), March 31, 2018 and 2019 are as follows:
For the date of transition to IFRS and the year ended March 31, 2018, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1.

The aggregate contractual amounts (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Derivatives designated as hedging instruments:			
Foreign currency forward contracts	13,701	8,193	7,965
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts	315,523	403,957	385,336
Total	329,224	412,150	393,301

The fair value and location (Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Derivative assets			
Derivatives designated as hedging instruments:			
Foreign currency forward contracts Other financial assets	129	23	63
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts Other financial assets	2,341	5,719	2,422
Total	2,470	5,742	2,485
Derivative liabilities			
Derivatives designated as hedging instruments:			
Foreign currency forward contracts Other financial liabilities	77	40	35
Derivatives not designated as hedging instruments:			
Foreign currency forward contracts Other financial liabilities	4,693	865	1,353
Total	4,770	905	1,388

Changes in the fair value of derivative financial instruments not designated as hedging instruments for the year ended March 31, 2018 and 2019 are as follows:
Type of derivatives (Yen in millions)

	Presented Account	For the year ended March 31, 2018	For the year ended March 31, 2019
Foreign currency forward contracts	Foreign exchange gains (losses)	7,206	(3,786)

Gains (losses) recognized in income of derivatives designated as hedging instruments were not material.

(9) Fair Values of Financial Instruments

Fair value is the price that would be received from selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The three levels of inputs that may be used to measure fair value are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
Level 2: Observable inputs other than those included in Level 1. For example, quoted prices for similar assets or liabilities in active markets or quoted prices for identical assets or liabilities in inactive markets.
Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability.

For the date of transition to IFRS and the year ended March 31, 2018, information under U.S. GAAP has been provided under the exemptions from the retrospective application of IFRS 9 in accordance with IFRS 1. The details for the effect of adopting IFRS 9 are provided in Note “2. Basis of Preparation (5) Changes in Accounting Policy” and Note “3. Significant Accounting Policies (10) Financial Instruments.”

Carrying amount and fair value of financial instruments are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)		As of March 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets:				
Short-term investments in debt securities	84,703	84,713	38,023	38,051
Long-term investments in debt and equity securities	1,130,756	1,130,552	1,050,537	1,051,306
Other long-term investments	16,383	16,383	21,984	21,984
Total	1,231,842	1,231,648	1,110,544	1,111,341
Liabilities:				
Long-term debt (including due within one year)	6,468	6,468	8,889	8,889
Total	6,468	6,468	8,889	8,889

Carrying amount and fair value of financial instruments measured at amortized cost are as follows:

(Yen in millions)

	As of March 31, 2019	
	Carrying amount	Fair value
Assets:		
Short-term investments (including short-term instruments in debt securities)	99,097	99,142
Long-term instruments in debt securities	53,842	53,792
Other financial assets (excluding derivatives)	25,255	25,255
Total	178,194	178,189
Liabilities:		
Long-term financial liabilities and Other financial liabilities (excluding derivatives)	13,033	13,033
Total	13,033	13,033

Carrying amounts of Cash and cash equivalents, Trade and other receivables and Trade and other payables approximate fair values because of the short maturity of these instruments.

The levels of the fair value hierarchy of financial instruments measured at fair value are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)				As of March 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets:								
Derivatives	−	2,470	−	2,470	−	5,742	−	5,742
Marketable equity securities	1,048,127	−	−	1,048,127	993,707	−	−	993,707
Total	1,048,127	2,470	−	1,050,597	993,707	5,742	−	999,449
Liabilities:								
Derivatives	−	4,770	−	4,770	−	905	−	905
Total	−	4,770	−	4,770	−	905	−	905

(Yen in millions)

	As of March 31, 2019			
	Level 1	Level 2	Level 3	Total
Assets:				
Debt and equity instruments				
Financial assets measured at fair value through other comprehensive income	875,168	−	32,966	908,134
Financial assets measured at fair value through profit or loss	−	−	1,788	1,788
Derivatives	−	2,485	−	2,485
Total	875,168	2,485	34,754	912,407
Liabilities				
Derivatives	−	1,388	−	1,388
Total	−	1,388	−	1,388

The valuation techniques to measure fair value of financial instruments and input information are as follows:
The fair value of Level 1 investments is quoted price in an active market with sufficient volume and frequency of transactions.
The fair value of Level 2 derivatives is measured by discounting the value calculated using forward exchange rates current on the date of consolidated financial statements to the present value.
Equity securities classified Level 3 are mainly unlisted stocks, and their fair values are measured by discounted cash flows method and the comparable company valuation multiples technique. For financial instruments classified as Level 3, significant changes in fair value are not expected when unobservable inputs are changed to reasonably possible alternative assumptions.
Transfers between levels are recognized on the day when the event or change in circumstances that caused the transfer occurred. Kyocera did not recognize any transfers between levels for the year ended March 31, 2018 and 2019.
For financial instruments classified Level 3, there were no significant changes for the year ended March 31, 2019.

32. Major Subsidiaries
(1) Organizational Structure
Major subsidiaries of Kyocera as of March 31, 2019 are as follows:

Name	Location	Reporting segment	Ownership ratio of voting rights (%)
Kyocera Industrial Tools Corporation	Japan	Industrial & Automotive Components	80.00
Kyocera Communication Systems Co., Ltd.	Japan	Communications	76.30
Kyocera Document Solutions Inc.	Japan	Document Solutions	100.00
Kyocera Solar Corporation	Japan	Life & Environment	100.00
Kyocera (China) Sales & Trading Corporation	China	Industrial & Automotive Components Semiconductor Components Electronic Devices	90.00
Dongguan Shilong Kyocera Co., Ltd.	China	Industrial & Automotive Components	90.00
Shanghai Kyocera Electronics Co., Ltd.	China	Semiconductor Components	100.00
Kyocera (Tianjin) Solar Energy Co., Ltd.	China	Life & Environment	90.00
Kyocera Korea Co., Ltd.	Korea	Semiconductor Components Electronic Devices	100.00
Kyocera Precision Tools Korea Co., Ltd.	Korea	Industrial & Automotive Components	90.00
Kyocera Asia Pacific Pte. Ltd.	Singapore	Industrial & Automotive Components Semiconductor Components Electronic Devices	100.00
Kyocera Display (Thailand) Co., Ltd.	Thailand	Industrial & Automotive Components	100.00
Kyocera Vietnam Co., Ltd.	Vietnam	Semiconductor Components	100.00
Kyocera International, Inc.	U.S.A	Industrial & Automotive Components Semiconductor Components Communications	100.00
Kyocera Senco Industrial Tools, Inc.	U.S.A	Industrial & Automotive Components	100.00
AVX Corporation	U.S.A	Electronic Devices	72.15
Kyocera Fineceramics GmbH	Germany	Industrial & Automotive Components Semiconductor Components Electronic Devices	100.00

Kyocera Corporation made the resolution for the liquidation of Shanghai Kyocera Electronics Co., Ltd. at the meeting of the Board of Directors held on May 29, 2019.

(2) Subsidiary with Significant Non-Controlling Interests

Summarized consolidated financial information and other information on subsidiary with significant non-controlling interests is listed below. In addition, the amounts are before elimination of inter-company transactions.

AVX Corporation (U.S.A)

a. Ownership Ratio of the Non-Controlling Interests

(Unit: %)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Ownership ratio of the non-controlling interests	27.47	27.69	27.85

b. Summarized Consolidated Financial Information

(a) Summarized Consolidated Statement of Financial Position

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018	As of March 31, 2019
Current assets	205,677	180,383	197,994
Non-current assets	71,793	102,930	114,280
Current liabilities	24,200	31,224	34,764
Non-Current liabilities	5,025	14,285	12,866
Equity	248,245	237,804	264,644
Total of non-controlling interests	68,193	65,848	73,703

(b) Summarized Consolidated Statements of Profit or Loss and Comprehensive Income

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Sales revenue	173,435	198,889
Profit for the year	545	30,171
Other comprehensive income	9,815	(6,743)
Comprehensive income for the year	10,360	23,428
Profit for the year allocated to the non-controlling interests	151	8,403
Dividends paid to non-controlling interests	(2,302)	(2,344)

(c) Summarized Consolidated Statement of Cash Flows

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Cash flows from operating activities	21,700	25,859
Cash flows from investing activities	(15,375)	(33,264)
Cash flows from financing activities	(10,146)	(8,576)
Effect of exchange rate changes on cash and cash equivalents	356	(313)
Increase (decrease) of cash and cash equivalents	(3,465)	(16,294)

33. Related Party

(1) Transaction with Related Party

There are no significant related party transactions and balances to be disclosed for the year ended March 31, 2018 and 2019. Transactions have been carried out under the same conditions as ordinary transactions.

(***2) Remuneration of Major Executives***

Remuneration of major executives are as follows:

(Yen in millions)

	For the year ended March 31, 2018	For the year ended March 31, 2019
Basic remuneration	248	253
Bonus	158	183
Total	406	436

34. Commitments

(1) Acquisition of Property, Plant and Equipment

Commitments for acquisition of property, plant and equipment after the closing date was 13,599 million yen at the date of transition to IFRS (April 1, 2017), 34,731 million yen at March 31, 2018 and 42,658 million yen at March 31, 2019, respectively.

(2) Settlement Agreement on Long-Term Purchase Agreements for the Supply of Raw Materials

Between 2005 and 2008, Kyocera entered into long-term purchase agreements (hereinafter, the "LTAs") with Hemlock Semiconductor Operations LLC and its subsidiary Hemlock Semiconductor, LLC (hereinafter, "Hemlock") for the supply of polysilicon material for use in its solar energy business. After the LTAs were signed, the price of polysilicon material in the world market significantly declined, causing a significant divergence between the market price of polysilicon material and the fixed contract price in the LTAs. In light of these circumstances, Kyocera has continued negotiations with Hemlock regarding a modification of the contract terms of the LTAs.

On November 28, 2018, Kyocera reached to an agreement with Hemlock regarding the settlement of the LTAs. Following this settlement, Kyocera's future material purchase commitments under the LTAs will be terminated when Kyocera will complete the relinquishment of the advance payment already paid to Hemlock, the payment in goods to Hemlock with the polysilicon material Kyocera owns, and the settlement payment.

Kyocera recorded a loss related to this settlement, which was partly offset by a reversal of provision for a write-down of the future material purchase commitments under the LTAs evaluated by the lower of cost and net realizable value approach, in the total amount of 51,060 million yen at "Selling, general and administrative expenses" in the consolidated statement of profit or loss for the year ended March 31, 2019.

In the year ended March 31, 2018, Kyocera evaluated 52,821 million yen of polysilicon materials already purchased pursuant to the LTAs as of March 31, 2018 and 114,405 million yen of the future material purchase commitments under the LTAs as of March 31, 2018 at the lower of cost and net realizable value. As a result of a decline in the profitability of the solar energy business, the net realizable value of the polysilicon material was less than the purchase price under the LTAs, therefore, Kyocera recorded 50,165 million yen of write-downs in an amount equivalent to the difference between net realizable value and purchase price under the LTAs, which was included in "cost of sales" in Kyocera's consolidated statement of profit or loss for the year ended March 31, 2018.

35. Contingency

(1) Assets Pledged as Collateral

Kyocera's investment in Kagoshima Mega Solar Power Corporation was pledged as collateral for its debts from financial institutions in the amount of 15,424 million yen at March 31, 2019.
The investment was accounted for using the equity method, and its book value was 1,893 million yen at the date of transition to IFRS (April 1, 2017), 2,034 million yen at March 31, 2018 and 2,049 million yen at March 31, 2019, respectively.

(2) Patent Lawsuits

On April 25, 2013, AVX was named as a defendant in a patent infringement case filed in the United States District Court for the District of Delaware captioned Greatbatch, Inc. v. AVX Corporation. This case alleged that certain AVX products infringe on one or more of six Greatbatch patents. On January 26, 2016, the jury returned a verdict in favor of the plaintiff in the first phase of a segmented trial and a mixed verdict in the second phase of a segmental trial, and found damages to Greatbatch in the amount of 4,163 million yen (37.5 million dollars), which was recorded in the year ended March 31, 2016. That verdict was later vacated by the court on March 30, 2018, which resulted in a favorable accrual adjustment of 162 million yen (1.5 million dollars). In a new trial, the amount of damages (excluding interest) was determined by a jury to be 2,453 million yen (22.1 million dollars) on January 15, 2019 resulting in a favorable accrual adjustment of 1,571 million yen (13.9 million dollars) for the year ended in March 31, 2019. During the year ended March 31, 2019 the company made a payment of 2,453 million yen (22.1 million dollars) to an escrow account. However, the matter is still subject to various post-trial proceedings and possible appeal which could result in a material impact to the accrual for this case in the future.

Kyocera is also subject to various lawsuits and claims which arise in the ordinary course of business. Kyocera consults with legal counsel and assesses the likelihood of adverse outcome of these contingencies. Kyocera records liabilities for these contingencies when the likelihood of an adverse outcome is probable and the amount can be reasonably estimated. Based on the information available, management believes that damages, if any, resulting from these actions will not have a significant impact on Kyocera's consolidated results of operations, financial condition and cash flows.

(3) Environmental Matters

Kyocera is involved in various environmental matters and Kyocera currently has certain amount of reserves related to such environmental matters. The amount recorded for identified contingent liabilities is based on estimates. Amounts recorded are reviewed periodically and adjusted to reflect additional legal and technical information that becomes available. The uncertainties about the status of laws, regulations, regulatory actions, technology and information related to individual matters make it difficult to develop an estimate of the reasonably possible aggregate environmental remediation exposure; therefore, these costs could differ from Kyocera's current estimates.

36. Subsequent Events

(1) Business Combinations

On April 12, 2019, Kyocera Fineceramics GmbH, a Germany based subsidiary, acquired all of the common stocks of H.C. Starck Ceramics GmbH, which operates ceramics business, for 12,914 million yen in order to expand the Fine Ceramics business in Europe, and made it consolidated subsidiary and changed its name to Kyocera Fineceramics Precision GmbH. On May 29, 2019, Kyocera Fineceramics GmbH entered into an agreement to acquire fine ceramics business of Friatec GmbH. This business acquisition is anticipated to close in September, 2019.

On April 25, 2019, Kyocera Corporation entered into a stock purchase agreement to acquire all of the common stocks from the shareholders of Fastener Topco, Inc., the holding company of SouthernCarlson, Inc., a U.S. based distributor of pneumatic power tool in order to expand the pneumatic power tool business in the U.S. On June 3, 2019, Kyocera Corporation acquired all of the common stocks of Fastener Topco, Inc. by cash, and made it consolidated subsidiary and changed its name to Kyocera Industrial Tools, Inc.
Based on this stock purchase agreement, Kyocera payed 88,355 million yen in cash, which is the total of 49,987 million yen for acquisition consideration and repayment of Fastener Topco, Inc's borrowings of 38,368 million yen.

Kyocera is assessing the fair value of assets and assumed liabilities for the stock purchase agreement that have been closed before the filing of this Annual Report.

(2) A Liquidation of Significant Subsidiary

Kyocera Corporation made a resolution for a liquidation of Shanghai Kyocera Electronics Co., Ltd. at the meeting of the Board of Directors held on May 29, 2019.

a. Reason of the Liquidation

Due to the difficulty of securing the workforce and the strengthening of environmental regulations, it is difficult to continue business in the future. As a result, it made the resolution for the liquidation of Shanghai Kyocera Electronics Co., Ltd.

b. Outline of the Subsidiary which will be Liquidated

(a) Name: Shanghai Kyocera Electronics Co., Ltd.
(b) Address: 2077 New Jin Qiao Road, Jin Qiao Exit Processing Zone, Pudong New District, Shanghai, China
(c) Capital:17,321 million yen
(d) Business: Manufacture of Ceramic Packages

c. Schedule of Liquidation

After the production activity until the end of June 2020, the liquidation will be conducted as soon as necessary legal procedures required in the local laws and regulations completes.

d. Impact on Its Consolidate Financial Position, Operating Results and Cash Flows

Kyocera is currently assessing the amount of gains or losses relating to the liquidation, however, Kyocera considers that this will not have material impacts on its financial position, operating results and cash flows.

(3) Disposal of Treasury Stock Through Third-party Allotment to Employees Shareholding Association
Kyocera has resolved at a meeting of its Board of Directors held on March 29, 2019 to dispose of treasury stocks through the third-party allotment to the employees shareholding association of Kyocera, and has resolved the necessary matters concerning this third-party allotment at a meeting of its Board of Directors held on June 25, 2019.

a. Overview of Disposal of Treasury Stock

(1) Disposal date	July 11, 2019
(2) Class and number of shares to be disposed of	Common stock 672,600 shares
(3) Disposal price	7,053 yen per share
(4) Total amount to be paid	4,743,847,800 yen
(5) Disposal method	Third-party allotment
(6) Others	The Third-party allotment is subject to the effectuation of the Securities Registration Statement under the Financial Instruments and Exchange Act.

b. Purpose and Reason of Disposal of Treasury Stock
Kyocera celebrated its 60th anniversary in April 2019. As a part of this 60th anniversary project, Kyocera shares the joy of the 60th anniversary with employees who have contributed to the development of Kyocera, expresses gratitude to employees, and allots stock to employees to motivate employees to further increase corporate value.

37. Approval of Consolidated Financial Statements
The consolidated financial statements have been approved by Hideo Tanimoto, President and Chief Executive Officer and Shoichi Aoki, Director, Managing Executive Officer and General Manager of Corporate Business Systems Administration Group, as of June 25, 2019.

38. First-Time Adoption

Kyocera has disclosed the consolidated financial statements under IFRS from the three months ended June 30, 2018. The latest consolidated financial statements under U.S. GAAP were prepared for the year ended March 31, 2018, and the date of transition to IFRS is April 1, 2017.

(1) First-Time Adoption Based on IFRS 1

IFRS 1 requires that a company adopting IFRS for the first-time (hereinafter, the "first-time adopters") shall apply IFRS retrospectively. However, IFRS 1 provides certain exemptions that allow first-time adopters to choose not to apply certain standards retrospectively. Kyocera has adopted the following exemptions:

Business combinations

A first-time adopter may choose not to apply IFRS 3 "Business combinations" (hereinafter, "IFRS 3") retrospectively to business combinations that occurred before the date of transition to IFRS. Kyocera has applied this exemption and chosen not to apply IFRS 3 retrospectively to business combinations that occurred before the date of transition to IFRS. Therefore, the carrying amounts of goodwill prior to the date of transition to IFRS were based on U.S. GAAP. Kyocera performed an impairment test on goodwill at the date of transition to IFRS regardless of whether there were any indications that the goodwill may be impaired.

Exchange differences on translating foreign operations

A first-time adopter may choose to deem the cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. Kyocera has chosen to apply this exemption and deemed all cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS.

Deemed cost

For property, plant and equipment, a first-time adopter may use fair value as deemed cost at the date of transition to IFRS. Kyocera has applied this exemption and used fair value as the deemed cost at the date of transition to IFRS for certain items of property, plant and equipment.

Exemptions from retrospective application of IFRS 9

When a first-time adopter chooses to adopt IFRS for the annual periods beginning before January 1, 2019 and apply IFRS 9, it may apply the previous accounting standards without restating comparative information in the first IFRS consolidated financial statements. Kyocera has applied this exemption, and recognized and measured target items included in the scope of IFRS 9 under U.S. GAAP, the previous accounting standards, at the date of transition to IFRS and the year ended March 31, 2018.

(2) Reconciliation

The reconciliations required to be disclosed in the first IFRS financial statements are described in the reconciliations as below. “Effect of change in line items” includes items that do not affect retained earnings and comprehensive income, while “Recognition and measurement differences” includes items that affect retained earnings and comprehensive income.

a. Reconciliation of equity at the date of transition to IFRS (April 1, 2017)

(Yen in millions)

Accounts under U.S. GAAP	U.S. GAAP	Effect of change in line items	Recognition and measurement differences	IFRS	Note	Accounts under IFRS
Assets						**Assets**
Current assets						**Current assets**
Cash and cash equivalents	376,195	–	–	376,195		Cash and cash equivalents
Short-term investments in debt securities	84,703	212,668	–	297,371		Short-term investments
Other short-term investments	212,668	(212,668)	–	–		
Trade notes receivables	28,370	309,001	–	337,371		Trade and other receivables
Trade accounts receivables	291,485	(291,485)	–	–		
Less allowances for doubtful accounts and sales returns	(5,593)	5,593	–	–	F	
	–	7,778	–	7,778		Other financial assets
Inventories	331,155	–	–	331,155		Inventories
Other current assets	119,714	(33,952)	(6,007)	79,755		Other current assets
Total current assets	1,438,697	(3,065)	(6,007)	1,429,625		Total current assets
Non-current assets						**Non-current assets**
Long-term investments in debt and equity securities	1,130,756	15,852	–	1,146,608		Debt and equity instruments
	–	5,863	–	5,863	F	Investments accounted for using the equity method
Other long-term investments	22,246	(8,817)	–	13,429		Other financial assets
Land	59,963	206,641	(12,263)	254,341	B	Property, plant and equipment
Buildings	351,431	(351,431)	–	–		
Machinery and equipment	841,973	(841,973)	–	–		
Construction in progress	14,097	(14,097)	–	–		
Less accumulated depreciation	(1,000,860)	1,000,860	–	–		
Goodwill	110,470	–	–	110,470		Goodwill
Intangible assets	61,235	–	–	61,235		Intangible assets
	–	46,482	10,132	56,614	D, F	Deferred tax assets
Other assets	80,462	(75,349)	1,339	6,452	C	Other non-current assets
Total non-current assets	1,671,773	(15,969)	(792)	1,655,012		Total non-current assets
Total assets	3,110,470	(19,034)	(6,799)	3,084,637		**Total assets**

(Yen in millions)

Accounts under U.S. GAAP	U.S. GAAP	Effect of change in line items	Recognition and measurement differences	IFRS	Note	Accounts under IFRS
Liabilities and Equity						**Liabilities and Equity**
Liabilities						**Liabilities**
Current liabilities						**Current liabilities**
Short-term borrowings	191	(191)	−	−		
Current portion of long-term debt	8,235	(8,235)	−	−		
Trade notes and accounts payable	129,460	60,832	−	190,292		Trade and other payables
Other notes and accounts payable	60,881	(60,881)	−	−		
	−	8,735	−	8,735		Other financial liabilities
Accrued payroll and bonus	62,868	(62,868)	−	−		
Accrued income taxes	15,707	−	−	15,707		Income tax payables
Other accrued liabilities	51,062	53,850	3,455	108,367	E	Accrued expenses
	−	14,225	−	14,225	F	Provisions
Other current liabilities	36,257	(8,765)	−	27,492	F	Other current liabilities
Total current liabilities	364,661	(3,298)	3,455	364,818		Total current liabilities
Non-current liabilities						**Non-current liabilities**
Long-term debt	16,409	(11,117)	−	5,292		Long-term financial liabilities
Accrued pension and severance liabilities	31,720	−	(2,926)	28,794	C	Retirement benefit liabilities
Deferred income taxes	258,859	(3,481)	(97)	255,281	D	Deferred tax liabilities
	−	6,488	−	6,488	F	Provisions
Other non-current liabilities	19,912	(7,626)	−	12,286		Other non-current liabilities
Total non-current liabilities	326,900	(15,736)	(3,023)	308,141		Total non-current liabilities
Total liabilities	691,561	(19,034)	432	672,959		**Total liabilities**
Equity						**Equity**
Common stock	115,703	−	−	115,703		Common stock
Additional paid-in capital	165,230	−	(58)	165,172		Capital surplus
Retained earnings	1,638,116	−	(105,250)	1,532,866	A,B,C D,E	Retained earnings
Accumulated other comprehensive income	447,479	−	97,973	545,452	A,C,D	Other components of equity
Common stock in treasury stock, at cost	(32,309)	−	−	(32,309)		Treasury stock
Total Kyocera Corporation's shareholders' equity	2,334,219	−	(7,335)	2,326,884		Total equity attributable to owners of the parent
Noncontrolling interests	84,690	−	104	84,794		Non-controlling interests
Total equity	2,418,909	−	(7,231)	2,411,678		**Total equity**
Total liabilities and equity	3,110,470	(19,034)	(6,799)	3,084,637		**Total liabilities and equity**

Notes to reconciliation of equity at the date of transition to IFRS (April 1, 2017)
The major items of the reconciliation of equity at the date of transition to IFRS are as follows:

A. Exchange differences on translating foreign operations
Under IFRS 1, a first-time adopter may choose to deem the cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. Kyocera has chosen to apply this exemption and transferred all cumulative exchange differences on translating foreign operations into retained earnings at the date of transition to IFRS.
As a result, “Retained earnings” decreased by 16,360 million yen and “Other component of equity” increased by the same amount.

B. Deemed cost
Under IFRS 1, for property, plant and equipment, a first-time adopter may use fair value as deemed cost at the date of transition to IFRS. Kyocera has applied this exemption and used fair value as the deemed cost at the date of transition to IFRS for certain item of property, plant and equipment.
The carrying amount of these property, plant and equipment under U.S. GAAP was 29,234 million yen, while the fair value was 18,269 million yen. As a result, “Property, plant and equipment” decreased by 10,965 million yen and “Retained earnings” decreased by 7,648 million yen, which was derived after deducting adjustments to deferred taxes of 3,317 million yen.

C. Retirement benefit
Under U.S. GAAP, the prior service costs and the actuarial gain and loss, resulted from defined benefit plan or unfunded retirement and severance plans which were incurred during the period but not recognized as the same periodic pension costs are recognized as accumulated other comprehensive income by the amount after tax. The amounts recognized in accumulated other comprehensive income are subsequently recognized in profit or loss as a component of retirement benefit expenses over a period of time in the future.
Under IFRS, the prior service costs are expensed as incurred. The actuarial gain and loss are recognized in other comprehensive income by the amount after tax and they are transferred from other components of equity to retained earnings directly without recording through profit or loss.
Due to these changes, retirement benefit assets included in “Other non-current assets” increased by 2,157 million yen and “Retirement benefit liabilities” decreased by 2,926 million yen. As a result, “Retained earnings” decreased by 31,723 million yen and “Other components of equity” increased by 35,362 million yen, which were derived after deducting adjustments to deferred taxes of 1,533 million yen.

D. Income taxes
Under U.S. GAAP, all subsequent changes of deferred tax asset and liability due to a change in the tax rate, reassessment of recoverability are recognized in profit or loss. Under IFRS, changes of deferred tax assets and liabilities on other comprehensive income are recognized in other comprehensive income.
In addition, under U.S. GAAP, the temporary differences arising from the elimination of intercompany transaction are deferred as prepaid taxes using the sellers’ tax rates. Under IFRS, above temporary differences are recognized as deferred tax assets using the purchasers’ tax rates considering its recoverability.
As a result, “Retained earnings” decreased by 46,247 million yen and “Other components of equity” increased by 46,251 million yen.

E. Levies
Under U.S. GAAP, items qualified as levies such as property tax were recognized at the time of payment. Under IFRS, they were recognized on the date when an obligation to pay arises.
As a result, “Accrued expenses” increased by 3,455 million yen and “Retained earnings” decreased by 2,370 million yen, which was derived after deducting adjustments to deferred taxes of 1,080 million yen.

F. Reclassification on the consolidated statement of financial position
Under the presentation requirement on IFRS 15, refund liabilities included in “Less allowances for doubtful accounts and sales returns” were reclassified into “Other current liabilities.”
Under the presentation requirement on IAS 1 “Presentation of financial statements” (hereinafter, “IAS 1”), “Investments accounted for using the equity method”, “Deferred tax assets” and “Provisions” were presented separately.

b. Reconciliation of equity as of March 31, 2018

(Yen in millions)

Accounts under U.S. GAAP	U.S. GAAP	Effect of change in line items	Recognition and measurement differences	IFRS	Note	Accounts under IFRS
Assets						**Assets**
Current assets						**Current assets**
Cash and cash equivalents	424,938	−	−	424,938		Cash and cash equivalents
Short-term investments in debt securities	38,023	158,779	−	196,802		Short-term investments
Other short-term investments	158,779	(158,779)	−	−		
Trade notes receivables	26,072	356,587	−	382,659		Trade and other receivables
Trade accounts receivables	331,570	(331,570)	−	−		
Less allowances for doubtful accounts and sales returns	(5,490)	5,490	−	−	F	
	−	12,996	−	12,996		Other financial assets
Inventories	364,875	−	−	364,875		Inventories
Other current assets	137,849	(47,383)	(6,837)	83,629		Other current assets
Total current assets	1,476,616	(3,880)	(6,837)	1,465,899		Total current assets
Non-current assets						**Non-current assets**
Long-term investments in debt and equity securities	1,050,537	21,453	−	1,071,990		Debt and equity instruments
	−	3,874	−	3,874	F	Investments accounted for using the equity method
Other long-term investments	25,858	(10,177)	−	15,681		Other financial assets
Land	62,141	238,783	(12,026)	288,898	B	Property, plant and equipment
Buildings	363,714	(363,714)	−	−		
Machinery and equipment	880,918	(880,918)	−	−		
Construction in progress	23,996	(23,996)	−	−		
Less accumulated depreciation	(1,029,845)	1,029,845	−	−		
Goodwill	144,268	−	−	144,268		Goodwill
Intangible assets	80,186	−	−	80,186		Intangible assets
	−	32,071	9,299	41,370	D, F	Deferred tax assets
Other assets	78,688	(65,040)	2,999	16,647	C	Other non-current assets
Total non-current assets	1,680,461	(17,819)	272	1,662,914		Total non-current assets
Total assets	3,157,077	(21,699)	(6,565)	3,128,813		**Total assets**

(Yen in millions)

Accounts under U.S. GAAP	U.S. GAAP	Effect of change in line items	Recognition and measurement differences	IFRS	Note	Accounts under IFRS
Liabilities and Equity						**Liabilities and Equity**
Liabilities						**Liabilities**
Current liabilities						**Current liabilities**
Short-term borrowings	145	(145)	−	−		
Current portion of long-term debt	9,293	(9,293)	−	−		
Trade notes and accounts payable	149,734	66,951	−	216,685		Trade and other payables
Other notes and accounts payable	66,970	(66,970)	−	−		
	−	5,039	−	5,039		Other financial liabilities
Accrued payroll and bonus	68,664	(68,664)	−	−		
Accrued income taxes	19,436	−	−	19,436		Income tax payables
Other accrued liabilities	50,727	59,867	3,455	114,049	E	Accrued expenses
	−	32,302	−	32,302	F	Provisions
Other current liabilities	55,017	(23,141)	−	31,876	F	Other current liabilities
Total current liabilities	419,986	(4,054)	3,455	419,387		Total current liabilities
Non-current liabilities						**Non-current liabilities**
Long-term debt	20,237	(12,867)	−	7,370		Long-term financial liabilities
Accrued pension and severance liabilities	28,723	−	389	29,112	C	Retirement benefit liabilities
Deferred income taxes	223,530	(3,378)	798	220,950	D	Deferred tax liabilities
	−	19,914	−	19,914	F	Provisions
Other non-current liabilities	40,095	(21,314)	−	18,781		Other non-current liabilities
Total non-current liabilities	312,585	(17,645)	1,187	296,127		Total non-current liabilities
Total liabilities	732,571	(21,699)	4,642	715,514		**Total liabilities**
Equity						**Equity**
Common stock	115,703	−	−	115,703		Common stock
Additional paid-in capital	165,125	−	(46)	165,079		Capital surplus
Retained earnings	1,675,780	−	(98,139)	1,577,641	A,B,C D,E	Retained earnings
Accumulated other comprehensive income	411,980	−	87,730	499,710	A,C,D	Other components of equity
Common stock in treasury stock, at cost	(32,342)	−	−	(32,342)		Treasury stock
Total Kyocera Corporation's shareholders' equity	2,336,246	−	(10,455)	2,325,791		Total equity attributable to owners of the parent
Noncontrolling interests	88,260	−	(752)	87,508		Non-controlling interests
Total equity	2,424,506	−	(11,207)	2,413,299		**Total equity**
Total liabilities and equity	3,157,077	(21,699)	(6,565)	3,128,813		**Total liabilities and equity**

Notes to reconciliation of equity as of March 31, 2018
The major items of the reconciliation of equity as of March 31, 2018 are as follows:

A. Exchange differences on translating foreign operations
Under IFRS 1, a first-time adopter may choose to deem the cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. Kyocera has chosen to apply this exemption and transferred all cumulative exchange differences on translating foreign operations into retained earnings at the date of transition to IFRS.
As a result, "Retained earnings" decreased by 14,124 million yen and "Other component of equity" increased by 13,118 million yen, which was derived after deducting adjustments to deferred taxes of 1,006 million yen.

B. Deemed cost
Under IFRS 1, for property, plant and equipment, a first-time adopter may use fair value as deemed cost at the date of transition to IFRS. Kyocera has applied this exemption and used fair value as the deemed cost at the date of transition to IFRS for certain item of property, plant and equipment.
The carrying amount of these property, plant and equipment under U.S. GAAP was 29,188 million yen, while the fair value was 18,266 million yen. As a result, "Property, plant and equipment" decreased by 10,922 million yen and "Retained earnings" decreased by 7,618 million yen, which was derived after deducting adjustments to deferred taxes of 3,304 million yen.

C. Retirement benefit
Under U.S. GAAP, the prior service costs and the actuarial gain and loss, resulted from defined benefit plan or unfunded retirement and severance plans which were incurred during the period but not recognized as the same periodic pension costs are recognized as accumulated other comprehensive income by the amount after tax. The amounts recognized in accumulated other comprehensive income are subsequently recognized in profit or loss as a component of retirement benefit expenses over a period of time in the future.
Under IFRS, the prior service costs are expensed as incurred. The actuarial gain and loss are recognized in other comprehensive income by the amount after tax and they are transferred from other components of equity to retained earnings directly without recording through profit or loss.
Due to these changes, retirement benefit assets included in "Other non-current assets" increased by 3,767 million yen and "Retirement benefit liabilities" increased by 389 million yen. As a result, "Retained earnings" decreased by 25,547 million yen and "Other components of equity" increased by 28,445 million yen, which were derived after deducting adjustments to deferred taxes of 1,349 million yen.

D. Income taxes
Under U.S. GAAP, all subsequent changes of deferred tax asset and liability due to a change in the tax rate, reassessment of recoverability are recognized in profit or loss. Under IFRS, changes of deferred tax assets and liabilities on other comprehensive income are recognized in other comprehensive income.
In addition, under U.S. GAAP, the temporary differences arising from the elimination of intercompany transaction are deferred as prepaid taxes using the sellers' tax rates. Under IFRS, above temporary differences are recognized as deferred tax assets using the purchasers' tax rates considering its recoverability.
As a result, "Retained earnings" decreased by 47,685 million yen and "Other components of equity" increased by 46,200 million yen.

E. Levies
Under U.S. GAAP, items qualified as levies such as property tax were recognized at the time of payment. Under IFRS, they were recognized on the date when an obligation to pay arises.
As a result, "Accrued expenses" increased by 3,455 million yen and "Retained earnings" decreased by 2,398 million yen, which was derived after deducting adjustments to deferred taxes of 1,052 million yen.

F. Reclassification on the consolidated statement of financial position
Under the presentation requirement on IFRS 15, refund liabilities included in "Less allowances for doubtful accounts and sales returns" were reclassified into "Other current liabilities."
Under the presentation requirement on IAS 1, "Investments accounted for using the equity method" and "Deferred tax assets" were presented separately.

c. Reconciliation of income for the year ended March 31, 2018

(Yen in millions)

Accounts under U.S. GAAP	U.S. GAAP	Effect of change in line items	Recognition and measurement differences	IFRS	Note	Accounts under IFRS
Net sales	1,577,039	−	−	1,577,039		**Sales revenue**
Cost of sales	1,200,911	−	3,300	1,204,211	A	Cost of sales
Gross profit	376,128	−	(3,300)	372,828		**Gross profit**
Selling, general and administrative expenses	280,553	−	1,576	282,129	A	Selling, general and administrative expenses
Profit from operations	95,575	−	(4,876)	90,699		**Operating profit**
Other income (expenses)						
Interest and dividend income	40,498	985	−	41,483		Finance income
Interest expense	1,395	165	−	1,560		Finance expenses
Foreign currency transaction gains (losses), net	(827)	−	−	(827)		Foreign exchange gains (losses)
Gains on sales of securities, net	1,629	(1,629)	−	−		
	−	(1,564)	−	(1,564)	C	Share of net loss of investments accounted for using the equity method
Other, net	(3,614)	2,373	3,002	1,761	B	Other, net
Income before income taxes	131,866	−	(1,874)	129,992		**Profit before income taxes**
Income taxes	46,881	−	885	47,766		Income taxes
Net income	84,985	−	(2,759)	82,226		**Profit for the year**

						Profit attributable to:
Net income attributable to Kyocera Corporation's shareholders	81,789	−	(2,652)	79,137		Owners of the parent
Net income attributable to noncontrolling interests	3,196	−	(107)	3,089		Non-controlling interests

(Yen in millions)

Accounts under U.S. GAAP	U.S. GAAP	Effect of change in line items	Recognition and measurement differences	IFRS	Note	Accounts under IFRS
Net income	84,985	−	(2,759)	82,226		**Profit for the year**
Other comprehensive income −net of taxes						**Other comprehensive income, net of taxation**
Pension liability adjustment	6,428	−	2,924	9,352	A	Re-measurement of defined benefit plans
Net unrealized gains (losses) on securities	(40,087)	−	(51)	(40,138)		Net unrealized gains (losses) on securities
Net unrealized gains (losses) on derivative financial instruments	27	(82)	−	(55)		Net changes in fair value of cash flow hedge
Foreign currency translation adjustments	(2,703)	125	(4,092)	(6,670)	B	Exchange differences on translating foreign operations
	−	(43)	−	(43)		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	(36,335)	−	(1,219)	(37,554)		**Total other comprehensive income**
Comprehensive income	48,650	−	(3,978)	44,672		**Comprehensive income for the year**

						Comprehensive income attributable to:
Comprehensive income attributable to Kyocera Corporation's shareholders	46,252	−	(3,121)	43,131		Owners of the parent
Comprehensive income attributable to noncontrolling interests	2,398	−	(857)	1,541		Non-controlling interests

Notes to reconciliations of profit or loss and other comprehensive income for the year ended March 31, 2018.
The major items of the reconciliations of profit or loss and other comprehensive income for the year ended March 31, 2018 are as follows:

A. Retirement benefit

Under U.S. GAAP, the prior service costs and the actuarial gain and loss, resulted from defined benefit plan or unfunded retirement and severance plans which were incurred during the period but not recognized as the same periodic pension costs are recognized as accumulated other comprehensive income by the amount after tax. The amounts recognized in accumulated other comprehensive income are subsequently recognized in profit or loss as a component of retirement benefit expenses over a period of time in the future.
Under IFRS, the prior service costs are expensed as incurred. The actuarial gain and loss are recognized in other comprehensive income by the amount after tax and they are transferred from other components of equity to retained earnings directly without recording through profit or loss.
Due to these changes, "Cost of sales" and "Selling, general and administrative expenses" increased by 3,718 million yen and 1,635 million yen, respectively. As a result, "Profit before income taxes" decreased by 5,353 million yen.

B. Exchange differences on translating foreign operations

Under IFRS 1, a first-time adopter may choose to deem the cumulative exchange differences on translating foreign operations as zero at the date of transition to IFRS. Kyocera has chosen to apply this exemption and transferred all cumulative exchange differences on translating foreign operations into retained earnings at the date of transition to IFRS.
Due to the liquidation of certain foreign consolidated subsidiaries, Kyocera reclassified cumulative exchange differences on translating foreign operations into profit or loss. As a result, "Other, net" increased by 3,242 million yen and "Profit before income taxes" increased by the same amount.

C. Reclassifications on the consolidated statement of profit or loss

Under the presentation requirement on IAS 1, "Share of net loss of investments accounted for using the equity method" was presented separately.

d. Reconciliation of consolidated statement of cash flows for fiscal year ended March 31, 2018

There are no material differences between the consolidated statement of cash flows presented under U.S. GAAP and the consolidated statement of cash flows presented under IFRS.

As mentioned above, the effect of transition to IFRS on retained earnings at the date of transition to IFRS and March 31, 2018 are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of March 31, 2018
Exchange differences on translating foreign operations	(16,360)	(14,124)
Deemed cost	(7,648)	(7,618)
Retirement benefit	(31,723)	(25,547)
Income taxes	(46,247)	(47,685)
Levies	(2,370)	(2,398)
Other	(902)	(767)
Total	(105,250)	(98,139)

2 Others

a. Quarterly Information from April 1, 2018 to March 31, 2019

(Yen in millions, unless otherwise stated)

	For the three months ended June 30, 2018	For the six months ended September 30, 2018	For the nine months ended December 31, 2018	For the year ended March 31, 2019
Sales revenue	387,484	800,638	1,214,417	1,623,710
Profit before income taxes	55,488	105,689	104,100	140,610
Profit attributable to owners of the parent Profit for the period (year)	42,284	78,394	79,419	103,210
Earnings per share attributable to owners of the parent (Yen)	116.29	216.15	219.17	284.94

	For the three months ended June 30, 2018	For the three months ended September 30, 2018	For the three months ended December 31, 2018	For the three months ended March 31, 2019
Earnings per share attributable to owners of the parent (Yen)	116.29	99.82	2.83	65.76

b. Litigation

For the details of litigation, please refer to Note “35. Contingency (2) Patent Lawsuits” under “V. Financial Information 1. Consolidated Financial Statements and Other Information (1) Consolidated Financial Statements.”

VI. Outline Regarding the Administration of Kyocera's Stock

Year Ended	April 1 - March 31
Annual General Meeting of Shareholders	During June
Record date	March 31
Record dates for dividends of retained earnings	September 30 March 31
Number of shares in one trading unit	100 shares
Buyback in holdings of shares less than one unit	
Place of handling	Mitsubishi UFJ Trust and Banking Corporation Osaka Securities Agency Department, 6-3, Fushimi-cho, 3-chome, Chuo-ku, Osaka
Administrator of shareholder registry	Mitsubishi UFJ Trust and Banking Co., Ltd., 4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo
Forwarding office	－
Fees for buyback in holdings	Free
Method of giving public notice	Public notifications by means of electronic public notice （https://www.kyocera.co.jp） However, in the event of an accident which makes electronic notice not possible, or the occurrence of similar circumstances which cannot be controlled, public notification shall be posted in the Nihon Keizai Shimbun (the Nikkei Newspaper).
Shareholders privileges	Not applicable

VII. Other Reference Information

1. Information on Parent Company

Kyocera Corporation has no parent company pursuant to first paragraph of Article 24-7, of Financial Instruments and Exchange Act of Japan.

2. Other Reference Information

Kyocera Corporation filed the following documents with Director of the Kanto Local Finance Bureau during the period from the commencing date of the year ended March 31, 2019 to the filing date of this Annual Report.

(1) Annual Report, documents attached, and Confirmation Letter	Business Term (64th)	From April 1, 2017 To March 31, 2018	Filed on June 26, 2018
(2) Internal Control Report and documents attached	Business Term (64th)	From April 1, 2017 To March 31, 2018	Filed on June 26, 2018
(3) Quarterly Report and Confirmation Letter	(65th First Quarter)	From April 1, 2018 To June 30, 2018	Filed on August 10, 2018
	(65th Second Quarter)	From July 1, 2018 To September 30, 2018	Filed on November 9, 2018
	(65th Third Quarter)	From October 1, 2018 To December 31, 2018	Filed on February 13, 2019
(4) Extraordinary Report	Pursuant to Article 19, Paragraph 2, Item 9-2 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on June 28, 2018
	Pursuant to Article 19, Paragraph 2, Item 7-3 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on May 29, 2019
	Pursuant to Article 19, Paragraph 2, Item 3 of Cabinet Office Ordinance Concerning Disclosure of Corporate Affairs, etc.		Filed on May 29, 2019
(5) Status Report of Acquisition of Treasury Stocks	Reporting Term	From June 1, 2018 To June 30, 2018	Filed on July 11, 2018
	Reporting Term	From July 1, 2018 To July 31, 2018	Filed on August 10, 2018
	Reporting Term	From August 1, 2018 To August 31, 2018	Filed on September 13, 2018
	Reporting Term	From September 1, 2018 To September 30, 2018	Filed on October 12, 2018
(6) Securities Registration Statement and documents attached			Filed on March 29, 2019
(7) Amendment Report of Securities Registration Statement and documents attached	Amendment for Securities Registration Statement and documents attached filed on March 29, 2019		Filed on April 25, 2019
	Amendment for Securities Registration Statement and documents attached filed on March 29, 2019		Filed on May 29, 2019

Part Ⅱ. Information on Kyocera

Not applicable

TRANSLATION

Following is an English translation of the Independent Auditors' Report filed under the Financial Instrument and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditors' Report

(filed under the Financial Instruments and Exchange Act of Japan)

June 25, 2019

To the Board of Directors of
Kyocera Corporation (Kyocera Kabushiki Kaisha):

PricewaterhouseCoopers Kyoto

Designated and Engagement Partner,
Certified Public Accountant: Keiichiro Kagi

Designated and Engagement Partner,
Certified Public Accountant: Tetsuhiro Yasumoto

Audit of Financial Statements

Pursuant to the first paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited the consolidated financial statements included in the "Financial Information," namely, the consolidated statements of financial position as of March 31, 2019 of Kyocera Corporation (the "Company") and its consolidated subsidiaries, and the consolidated statement of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, including notes to consolidated financial statements.

Managements' Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards pursuant to the provision of Article 93 of the Regulation for Terminology, Forms and Preparation of Consolidated Financial Statements and fair presentation, and for such internal control as management determines its necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit from independent position. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as of March 31, 2019, and the results of their operations and their cash flows for the year then ended in accordance with International Financial Reporting Standards.

Audit of Internal Control

Pursuant to the second paragraph of Article 193-2 of the Financial Instruments and Exchange Act, we have audited management's report on internal control over financial reporting of the Company as of March 31, 2019.

Management's Responsibility for the Report on Internal Control

The Company's management is responsible for designing and operating effective internal control over financial reporting and for the preparation and fair presentation of its report on internal control in accordance with assessment standards for internal control over financial reporting generally accepted in Japan. There is a possibility that misstatements may not be completely prevented or detected by internal control over financial reporting.

Auditors' Responsibility

Our responsibility is to express an opinion on management's report on internal control based on our internal control audit from independent position. We conducted our internal control audit in accordance with auditing standards for internal control over financial reporting generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether management's report on internal control is free from material misstatement.

An internal control audit involves performing procedures to obtain audit evidence about the results of the assessment of internal control over financial reporting in management's report on internal control. The procedures selected depend on the auditors' judgment, including the significance of effects on reliability of financial reporting. An internal control audit includes examining representations on the scope, procedures and results of the assessment of internal control over financial reporting made by management, as well as evaluating the overall presentation of management's report on internal control.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, management's report on internal control over financial reporting referred to above, which represents that the internal control over financial reporting of the Company as of March 31, 2019 is effectively maintained, presents fairly, in all material respects, the results of the assessment of internal control over financial reporting in accordance with assessment standards for internal control over financial reporting generally accepted in Japan.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.