



(English summary with full translation of consolidated financial results)

Consolidated Financial Results
for the Six Months Ended September 30, 2018 (IFRS)

October 30, 2018

Company name: **KYOCERA CORPORATION** Stock Listing: Tokyo Stock Exchange
 Code number: 6971 URL: <https://global.kyocera.com/>
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 Scheduled date of quarterly report filing: November 9, 2018
 Scheduled date for commencement of dividend payment: December 5, 2018
 Supplementary documents of the quarterly financial results: Yes
 Holding quarterly financial results meeting: Yes (financial results meeting for institutional investors and analysts)

(Amounts less than one million yen are rounded)

1. Consolidated Financial Results for the Six Months Ended September 30, 2018

(1) Consolidated operating results (% of change from the same period of the previous year)

	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Comprehensive income for the period	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended										
September 30, 2018	800,638	8.4	82,601	19.2	105,689	16.4	78,394	23.6	209,378	111.3
September 30, 2017	738,345	—	69,272	—	90,788	—	63,441	—	99,092	—

	Earnings per share attributable to owners of the parent - Basic		Earnings per share attributable to owners of the parent - Diluted	
	Yen		Yen	
Six months ended				
September 30, 2018	216.15		216.04	
September 30, 2017	172.53		172.47	

(2) Consolidated financial position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent to total assets
	Million yen	Million yen	Million yen	%
As of				
September 30, 2018	3,322,816	2,561,498	2,465,801	74.2
March 31, 2018	3,128,813	2,413,299	2,325,791	74.3

2. Cash Dividends

	Annual dividends				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended					
March 31, 2018	—	60.00	—	60.00	120.00
Year ending					
March 31, 2019	—	60.00			
Year ending					
March 31, 2019 (forecast)			—	60.00	120.00

(Note) Revision of previously announced dividend targets during this reporting period: Yes
 Please refer to “(3) Interim Dividend for the Year Ending March 31, 2019” for the detail of dividends information for the year ending March 31, 2019 on page 5.

3. Consolidated Financial Forecasts for the Year Ending March 31, 2019 (% of change from the previous year)

	Sales revenue		Operating profit		Profit before income taxes		Profit attributable to owners of the parent		Earnings per share attributable to owners of the parent - Basic
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	1,650,000	4.6	154,000	69.8	190,000	46.2	134,000	69.3	369.47

(Note) Revision of previously announced financial forecast during this reporting period: None
 % of change from the previous year are calculated by rearranging the consolidated results for the year ended March 31, 2018 to IFRS.
 “Earnings per share attributable to owners of the parent - Basic” is calculated using the average number of shares outstanding for the six months ended September 30, 2018.

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Changes in accounting policies and accounting estimates

(i) Changes in accounting policies required under IFRS: Yes

(ii) Changes in accounting policies due to reasons other than (i): None

(iii) Changes in accounting estimates: Yes

Please refer to page 13 “(4) Notes to Condensed Quarterly Consolidated Financial Statements b. Changes in Accounting Policies” and “c. Changes in Accounting Estimates” under “2. Condensed Quarterly Consolidated Financial Statements and Primary Notes” for details.

(3) Number of shares issued (common stock)

(i) Number of shares issued (including treasury stock):

As of September 30, 2018 377,618,580 shares

As of March 31, 2018 377,618,580 shares

(ii) Number of treasury stock:

As of September 30, 2018 15,863,520 shares

As of March 31, 2018 9,910,822 shares

(iii) Average number of shares outstanding:

For the six months ended September 30, 2018 362,677,479 shares

For the six months ended September 30, 2017 367,710,762 shares

Instruction for Forecasts and Other Notes

1. Adopting IFRS

Kyocera Corporation and its consolidated subsidiaries (“Kyocera”) has adopted IFRS for its consolidated financial statements from the year ending March 31, 2019. Accordingly, the consolidated financial statements for the six months ended September 30, 2017 and those for the year ended March 31, 2018 are also presented in accordance with IFRS.

2. Cautionary statements with respect to forward-looking statements

Certain of the statements made in this document are forward-looking statements, which are based on our current assumptions and beliefs in light of the information currently available to us. These forward-looking statements involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors include, but are not limited to the following:

- (1) General conditions in the Japanese or global economy;
- (2) Unexpected changes in economic, political and legal conditions in countries where we operate;
- (3) Various export risks which may affect the significant percentage of our revenues derived from overseas sales;
- (4) The effect of foreign exchange fluctuations on our results of operations;
- (5) Intense competitive pressures to which our products are subject;
- (6) Fluctuations in the price and ability of suppliers to provide the required quantity of raw materials for use in our production activities;
- (7) Manufacturing delays or defects resulting from outsourcing or internal manufacturing processes;
- (8) Shortages and rising costs of electricity affecting our production and sales activities;
- (9) The possibility that future initiatives and in-process research and development may not produce the desired results;
- (10) Companies or assets acquired by us not produce the returns or benefits, or bring in business opportunities;
- (11) Inability to secure skilled employees, particularly engineering and technical personnel;
- (12) Damages on our information security systems from cyberattacks, etc. and significant costs in order to recover and maintain the systems;
- (13) Insufficient protection of our trade secrets and intellectual property rights including patents;
- (14) Expenses associated with licenses we require to continue to manufacture and sell products;
- (15) Environmental liability and compliance obligations by tightening of environmental laws and regulations;
- (16) Unintentional conflict with laws and regulations or newly enacted laws and regulations;
- (17) Our market or supply chains being affected by terrorism, plague, wars or similar events;
- (18) Earthquakes and other natural disasters affecting our headquarters and major facilities as well as our suppliers and customers;
- (19) Credit risk on trade receivables;
- (20) Fluctuations in the value of, and impairment losses on, securities and other assets held by us;
- (21) Impairment losses on property, plant and equipment, goodwill and intangible assets;
- (22) Unrealized deferred tax assets and additional liabilities for unrecognized tax benefits; and
- (23) Changes in accounting principles.

Due to such risks, uncertainties and other factors, our actual results, performance, achievements or financial condition may be substantially different from any future results, performance, achievements or financial condition expressed or implied by these forward-looking statements. We undertake no obligation to publicly update any forward-looking statements included in this document.

3. Method of obtaining supplementary materials on the financial results

The supplementary material will be published on our website on October 30, 2018.

4. This consolidated financial report is not subject to quarterly review procedure.

(Attachment)

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1. Qualitative Information related to Consolidated Financial Results

Commencing from the beginning of the year ending March 31, 2019 (“fiscal 2019”), Kyocera has adopted the International Financial Reporting Standards (“IFRS”) in lieu of the Generally Accepted Accounting Principles of the United States of America (“U.S. GAAP”). In addition, financial figures appearing herein for the six months ended September 30, 2017 (“the previous first half”) and the year ended March 31, 2018 (“fiscal 2018”) have been reclassified in accordance with IFRS for the purpose of comparative analysis.

(1) Explanation of Consolidated Financial Results

a. Consolidated Financial Results

Sales revenue for the six months ended September 30, 2018 (“the first half”) increased by 62,293 million yen, or 8.4%, to 800,638 million yen, compared with the previous first half, marking a record high for first half sales for the second consecutive first half period. This is due to contributions from merger and acquisition activities conducted during fiscal 2018 and increases in sales in the Components Business and the Document Solutions Group.

Operating profit increased by 13,329 million yen, or 19.2%, to 82,601 million yen, compared with the previous first half, reflecting the effects of the sales growth and cost reduction efforts in each division.

Profit before income taxes increased by 14,901 million yen, or 16.4%, to 105,689 million yen, and profit attributable to owners of the parent increased by 14,953 million yen, or 23.6%, to 78,394 million yen, compared with the previous first half, with both results marking record highs for first half results.

Average exchange rates for the first half were 110 yen to the U.S. dollar, marking appreciation of 1 yen (0.9%), and 130 yen to the Euro, marking depreciation of 4 yen (3.2%), from the previous first half. As a result, sales revenue and profit before income taxes after translation into yen for the first half were pushed up by approximately 1 billion yen and 1.5 billion yen, respectively, compared with the previous first half.

Consolidated Financial Results

(Yen in millions)

	For the six months ended September 30, 2017		For the six months ended September 30, 2018		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	738,345	100.0	800,638	100.0	62,293	8.4
Operating profit	69,272	9.4	82,601	10.3	13,329	19.2
Profit before income taxes	90,788	12.3	105,689	13.2	14,901	16.4
Profit attributable to owners of the parent	63,441	8.6	78,394	9.8	14,953	23.6
Average US\$ exchange rate (yen)	111	—	110	—	—	—
Average Euro exchange rate (yen)	126	—	130	—	—	—

Capital expenditures	34,824	4.7	57,021	7.1	22,197	63.7
Depreciation	30,733	4.2	24,295	3.0	(6,438)	(20.9)
Research and development	27,450	3.7	35,256	4.4	7,806	28.4

* % represents the percentage to sales revenue.

b. Consolidated Financial Results by Reporting Segment

1) Industrial & Automotive Components Group

Sales in this reporting segment increased as compared with the previous first half due to an increase in sales of industrial tools as a result of merger and acquisition activities conducted in fiscal 2018, as well as increases in sales of fine ceramic parts used in semiconductor processing equipment and sales of automotive camera modules.

Business profit increased markedly due to the growth in sales and cost reductions.

2) Semiconductor Components Group

Sales in this reporting segment were roughly on par with the previous first half. Business profit decreased due to a decline in sales of highly profitable ceramic packages for optical communications, despite an increase in sales of organic multilayer substrates and boards for automotive applications.

3) Electronic Devices Group

Sales in this reporting segment increased as compared with the previous first half due to an increase in sales at AVX Corporation, a U.S. subsidiary, on the back of contribution from merger and acquisition activities conducted in fiscal 2018, in addition to solid demand for ceramic capacitors for smartphones and printing devices for industrial equipment.

Business profit increased significantly due to the sales growth and enhanced profitability at AVX Corporation.

4) Communications Group

Sales and business profit decreased in this reporting segment as compared with the previous first half due to a decline in sales in the telecommunications equipment business and an increase in R&D expenses, despite growth in sales and profit in the information and communications services business, in which Kyocera provides engineering services, etc.

5) Document Solutions Group

Sales and business profit increased in this reporting segment as compared with the previous first half due mainly to an increase in sales volume of multifunctional products in Japan and overseas, and the contribution from merger and acquisition activities.

6) Life & Environment Group

Sales in this reporting segment decreased as compared with the previous first half and a business loss was recorded due to a decline in sales in the solar energy business and an increase in R&D expenses.

Sales Revenue by Reporting Segment

(Yen in millions)

	For the six months ended September 30, 2017		For the six months ended September 30, 2018		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	131,010	17.7	160,807	20.1	29,797	22.7
Semiconductor Components Group	126,881	17.2	127,469	15.9	588	0.5
Electronic Devices Group	137,253	18.6	183,803	22.9	46,550	33.9
Total Components Business	395,144	53.5	472,079	58.9	76,935	19.5
Communications Group	123,937	16.8	114,871	14.4	(9,066)	(7.3)
Document Solutions Group	172,020	23.3	178,769	22.3	6,749	3.9
Life & Environment Group	52,813	7.1	40,805	5.1	(12,008)	(22.7)
Total Equipment & Systems Business	348,770	47.2	334,445	41.8	(14,325)	(4.1)
Others	9,319	1.3	9,332	1.2	13	0.1
Adjustments and eliminations	(14,888)	(2.0)	(15,218)	(1.9)	(330)	—
Sales revenue	738,345	100.0	800,638	100.0	62,293	8.4

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	For the six months ended September 30, 2017		For the six months ended September 30, 2018		Change	
	Amount	%*	Amount	%*	Amount	%
Industrial & Automotive Components Group	14,188	10.8	21,250	13.2	7,062	49.8
Semiconductor Components Group	17,228	13.6	13,157	10.3	(4,071)	(23.6)
Electronic Devices Group	21,485	15.7	33,817	18.4	12,332	57.4
Total Components Business	52,901	13.4	68,224	14.5	15,323	29.0
Communications Group	1,918	1.5	656	0.6	(1,262)	(65.8)
Document Solutions Group	19,830	11.5	19,978	11.2	148	0.7
Life & Environment Group	(592)	—	(6,398)	—	(5,806)	—
Total Equipment & Systems Business	21,156	6.1	14,236	4.3	(6,920)	(32.7)
Others	320	3.4	967	10.4	647	202.2
Total business profit	74,377	10.1	83,427	10.4	9,050	12.2
Corporate gains and share of net profit of investments accounted for using the equity method	17,097	—	23,083	—	5,986	35.0
Adjustments and eliminations	(686)	—	(821)	—	(135)	—
Profit before income taxes	90,788	12.3	105,689	13.2	14,901	16.4

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

(2) Explanation of Consolidated Financial Position

Consolidated Cash Flows

Cash and cash equivalents at September 30, 2018 decreased by 26,502 million yen to 398,436 million yen from 424,938 million yen at March 31, 2018.

1) Cash flows from operating activities

Net cash provided by operating activities for the first half increased by 34,956 million yen to 125,952 million yen from 90,996 million yen for the previous first half. This was due mainly to an increase in profit for the period as well as an increase in the cash inflow related to a decrease in trade and other receivables.

2) Cash flows from investing activities

Net cash used in investing activities for the first half increased by 47,868 million yen to 99,165 million yen from 51,297 million yen for the previous first half. This was due mainly to an increase in the payments for purchases of property, plant and equipment and a decrease in the withdrawal of time deposit, which was partly offset by a decrease in the payment for acquisitions of business.

3) Cash flows from financing activities

Net cash used in financing activities for the first half increased by 35,180 million yen to 63,633 million yen from 28,453 million yen for the previous first half. This was due mainly to the purchase of treasury stock.

Consolidated Cash Flows

(Yen in millions)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018	Change
Cash flows from operating activities	90,996	125,952	34,956
Cash flows from investing activities	(51,297)	(99,165)	(47,868)
Cash flows from financing activities	(28,453)	(63,633)	(35,180)
Effect of exchange rate changes on cash and cash equivalents	5,218	10,344	5,126
Increase (decrease) in cash and cash equivalents	16,464	(26,502)	(42,966)
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 period	392,659	398,436	5,777

(3) Interim Dividend for the Year Ending March 31, 2019

Kyocera Corporation has adopted the principal guideline that dividend amounts be 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 consolidated profit attributable to owners of the parent. In addition, Kyocera Corporation determines dividend amounts based on an overall assessment, taking into account various factors including the amount of capital expenditures necessary for the medium to long-term corporate growth.

Kyocera Corporation has resolved that its interim dividend for the year ending March 31, 2019 will be 60 yen per share based on the principal guideline.

Kyocera Corporation forecasts payment of its year-end for the year ending March 31, 2019 in the amount of 60 yen per share, and therefore has not changed its annual dividend forecast of 120 yen per share as previously announced.

(4) Explanation Regarding Future Projection Including Consolidated Financial Forecasts

Consolidated financial results in the first half were in line with initial projections as a whole for the Kyocera Group due primarily to strong demand in the Industrial & Automotive Components Group and the Electronic Devices Group.

Kyocera forecasts that in the Component Business, demand will continue to rise for components used in industrial equipment and in the automotive-related market, while seasonal adjustments are expected to take place for smartphone parts in the three months ending December 31, 2018 and another three months ending March 31, 2019. In the Equipment & Systems Business, sales are expected to increase on the back of further sales promotion activities in the Document Solutions Group and expected improvement in profitability in the Telecommunications Equipment Business, while in the Solar Energy Business, sales are forecast to fall below Kyocera's initial projection.

In light of these conditions, Kyocera has not made any changes to its consolidated financial forecasts, as a whole, for the year ending March 31, 2019, as announced on April 26, 2018, but has revised its forecasts for individual reporting segments as shown on the next page.

Kyocera will strive to further expand sales by continuing to actively secure orders and enhance production capacity, and to reduce costs and improve productivity with the aim of attaining its full-year financial forecasts.

Please refer to "Cautionary statements with respect to forward-looking statements" in "Instruction for Forecasts and Other Notes" on the cover page of this summary report.

Consolidated Financial Forecasts

(Yen in millions)

	Results for the year ended March 31, 2018		Forecasts for the year ending March 31, 2019		Change	
	Amount	%*1	Amount	%*1	Amount	%
Sales revenue	1,577,039	100.0	1,650,000	100.0	72,961	4.6
Operating profit	90,699	5.8	154,000	9.3	63,301	69.8
Profit before income taxes	129,992	8.2	190,000	11.5	60,008	46.2
Profit attributable to owners of the parent	79,137	5.0	134,000	8.1	54,863	69.3
Average US\$ exchange rate (yen)	111	—	105	—	—	—
Average Euro exchange rate (yen)	130	—	130	—	—	—

Capital expenditures	86,519	5.5	110,000	6.7	23,481	27.1
Depreciation	69,703	4.4	*2 65,000	3.9	(4,703)	(6.7)
Research and development	58,273	3.7	70,000	4.2	11,727	20.1

*1 % represents the percentage to sales revenue.

*2 Kyocera has revised the depreciation forecast for fiscal 2019 announced on April 26, 2018 to 65,000 million yen from 75,000 million yen.

Sales Revenue by Reporting Segment

(Yen in millions)

	Results for the year ended March 31, 2018		Forecasts for the year ending March 31, 2019 announced on				Change
			April 26, 2018 (Previous)		October 30, 2018 (Revised)		
	Amount	%*	Amount	%*	Amount	%*	%
Industrial & Automotive Components Group	287,620	18.2	313,000	19.0	320,000	19.4	11.3
Semiconductor Components Group	257,237	16.3	259,000	15.7	250,000	15.1	(2.8)
Electronic Devices Group	305,145	19.4	345,000	20.9	376,000	22.8	23.2
Total Components Business	850,002	53.9	917,000	55.6	946,000	57.3	11.3
Communications Group	255,535	16.2	245,000	14.9	245,000	14.9	(4.1)
Document Solutions Group	371,058	23.5	385,000	23.3	385,000	23.3	3.8
Life & Environment Group	112,212	7.1	111,000	6.7	84,000	5.1	(25.1)
Total Equipment & Systems Business	738,805	46.8	741,000	44.9	714,000	43.3	(3.4)
Others	18,827	1.2	17,800	1.1	17,000	1.0	(9.7)
Adjustments and eliminations	(30,595)	(1.9)	(25,800)	(1.6)	(27,000)	(1.6)	—
Sales revenue	1,577,039	100.0	1,650,000	100.0	1,650,000	100.0	4.6

* % represents the component ratio.

Business Profit (Loss) by Reporting Segment

(Yen in millions)

	Results for the year ended March 31, 2018		Forecast for the year ending March 31, 2019 announced on				Change
			April 26, 2018 (Previous)		October 30, 2018 (Revised)		
	Amount	%*	Amount	%*	Amount	%*	%
Industrial & Automotive Components Group	31,400	10.9	36,000	11.5	39,000	12.2	24.2
Semiconductor Components Group	31,049	12.1	35,800	13.8	27,000	10.8	(13.0)
Electronic Devices Group	46,632	15.3	48,000	13.9	62,500	16.6	34.0
Total Components Business	109,081	12.8	119,800	13.1	128,500	13.6	17.8
Communications Group	4,440	1.7	5,200	2.1	5,200	2.1	17.1
Document Solutions Group	40,851	11.0	41,500	10.8	41,500	10.8	1.6
Life & Environment Group	(55,492)	—	(3,000)	—	(17,000)	—	—
Total Equipment & Systems Business	(10,201)	—	43,700	5.9	29,700	4.2	—
Others	1,393	7.4	(400)	—	0	0.0	(100.0)
Total business profit	100,273	6.4	163,100	9.9	158,200	9.6	57.8
Corporate and others	29,719	—	26,900	—	31,800	—	7.0
Profit before income taxes	129,992	8.2	190,000	11.5	190,000	11.5	46.2

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

2. Condensed Quarterly Consolidated Financial Statements and Primary Notes

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)		As of March 31, 2018		As of September 30, 2018		Change
	Amount	%*	Amount	%*	Amount	%*	
Assets							
Current assets							
Cash and cash equivalents	376,195		424,938		398,436		(26,502)
Short-term investments	297,371		196,802		237,828		41,026
Trade and other receivables	337,371		382,659		353,329		(29,330)
Other financial assets	7,778		12,996		7,995		(5,001)
Inventories	331,155		364,875		372,942		8,067
Other current assets	79,755		83,629		89,361		5,732
Total current assets	1,429,625	46.3	1,465,899	46.9	1,459,891	43.9	(6,008)
Non-current assets							
Debt and equity instruments	1,146,608		1,071,990		1,226,475		154,485
Investments accounted for using the equity method	5,863		3,874		4,555		681
Other financial assets	13,429		15,681		17,056		1,375
Property, plant and equipment	254,341		288,898		324,295		35,397
Goodwill	110,470		144,268		151,009		6,741
Intangible assets	61,235		80,186		80,083		(103)
Deferred tax assets	56,614		41,370		41,680		310
Other non-current assets	6,452		16,647		17,772		1,125
Total non-current assets	1,655,012	53.7	1,662,914	53.1	1,862,925	56.1	200,011
Total assets	3,084,637	100.0	3,128,813	100.0	3,322,816	100.0	194,003

* % represents the component ratio.

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)		As of March 31, 2018		As of September 30, 2018		Change
	Amount	%*	Amount	%*	Amount	%*	
Liabilities and Equity							
Liabilities							
Current liabilities							
Trade and other payables	190,292		216,685		212,946		(3,739)
Other financial liabilities	8,735		5,039		13,322		8,283
Income tax payables	15,707		19,436		21,761		2,325
Accrued expenses	108,367		114,049		114,113		64
Provisions	14,225		32,302		31,674		(628)
Other current liabilities	27,492		31,876		33,750		1,874
Total current liabilities	364,818	11.8	419,387	13.4	427,566	12.9	8,179
Non-current liabilities							
Long-term financial liabilities	5,292		7,370		8,875		1,505
Retirement benefit liabilities	28,794		29,112		29,088		(24)
Deferred tax liabilities	255,281		220,950		256,805		35,855
Provisions	6,488		19,914		19,926		12
Other non-current liabilities	12,286		18,781		19,058		277
Total non-current liabilities	308,141	10.0	296,127	9.5	333,752	10.0	37,625
Total liabilities	672,959	21.8	715,514	22.9	761,318	22.9	45,804
Equity							
Common stock	115,703		115,703		115,703		–
Capital surplus	165,172		165,079		165,027		(52)
Retained earnings	1,532,866		1,577,641		1,636,946		59,305
Other components of equity	545,452		499,710		620,478		120,768
Treasury stock	(32,309)		(32,342)		(72,353)		(40,011)
Total equity attributable to owners of the parent	2,326,884	75.4	2,325,791	74.3	2,465,801	74.2	140,010
Non-controlling interests	84,794	2.8	87,508	2.8	95,697	2.9	8,189
Total equity	2,411,678	78.2	2,413,299	77.1	2,561,498	77.1	148,199
Total liabilities and equity	3,084,637	100.0	3,128,813	100.0	3,322,816	100.0	194,003

* % represents the component ratio.

(2) Condensed Quarterly Consolidated Statement of Profit or Loss and Comprehensive Income

a. Condensed Quarterly Consolidated Statement of Profit or Loss

(Yen in millions except per share amounts)

	For the six months ended September 30, 2017		For the six months ended September 30, 2018		Change	
	Amount	%*	Amount	%*	Amount	%
Sales revenue	738,345	100.0	800,638	100.0	62,293	8.4
Cost of sales	532,666	72.1	571,337	71.4	38,671	7.3
Gross profit	205,679	27.9	229,301	28.6	23,622	11.5
Selling, general and administrative expenses	136,407	18.5	146,700	18.3	10,293	7.5
Operating profit	69,272	9.4	82,601	10.3	13,329	19.2
Finance income	20,942	2.8	21,375	2.7	433	2.1
Finance expenses	361	0.0	406	0.0	45	12.5
Foreign exchange gains (losses)	150	0.0	329	0.0	179	119.3
Share of net profit of investments accounted for using the equity method	106	0.0	613	0.1	507	478.3
Other, net	679	0.1	1,177	0.1	498	73.3
Profit before income taxes	90,788	12.3	105,689	13.2	14,901	16.4
Income taxes	23,909	3.2	21,581	2.7	(2,328)	(9.7)
Profit for the period	66,879	9.1	84,108	10.5	17,229	25.8

Profit attributable to:						
Owners of the parent	63,441	8.6	78,394	9.8	14,953	23.6
Non-controlling interests	3,438	0.5	5,714	0.7	2,276	66.2
Profit for the period	66,879	9.1	84,108	10.5	17,229	25.8

Per share information:			
Earnings per share attributable to owners of the parent			
Basic	172.53 yen	216.15 yen	
Diluted	172.47 yen	216.04 yen	

* % represents the percentage to sales revenue.

b. Condensed Quarterly Consolidated Statement of Comprehensive Income

(Yen in millions)

	For the six months ended September 30, 2017	For the six months ended September 30, 2018	Change
	Amount	Amount	
Profit for the period	66,879	84,108	17,229
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	—	101,170	101,170
Re-measurement of defined benefit plans	—	—	—
Total items that will not be reclassified to profit or loss	—	101,170	101,170
Items that may be reclassified subsequently to profit or loss:			
Net unrealized gains (losses) on securities	15,999	—	(15,999)
Net changes in fair value of cash flow hedge	(48)	20	68
Exchange differences on translating foreign operations	16,188	23,885	7,697
Share of other comprehensive income of investments accounted for using the equity method	74	195	121
Total items that may be reclassified subsequently to profit or loss	32,213	24,100	(8,113)
Total other comprehensive income	32,213	125,270	93,057
Comprehensive income for the period	99,092	209,378	110,286

Comprehensive income attributable to:			
Owners of the parent	93,817	199,881	106,064
Non-controlling interests	5,275	9,497	4,222
Comprehensive income for the period	99,092	209,378	110,286

(3) Condensed Quarterly Consolidated Statement of Changes in Equity

For the six months ended September 30, 2017

(Yen in millions)

	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 period			63,441			63,441	3,438	66,879
Other comprehensive income				30,376		30,376	1,837	32,213
Total comprehensive income for the period	—	—	63,441	30,376	—	93,817	5,275	99,092
Cash dividends			(22,063)			(22,063)	(1,623)	(23,686)
Purchase of treasury stock					(19)	(19)		(19)
Reissuance of treasury stock		0			0	0		0
Transactions with non-controlling interests and other		(252)		16		(236)	411	175
Balance as of September 30, 2017	115,703	164,920	1,574,244	575,844	(32,328)	2,398,383	88,857	2,487,240

For the six months ended September 30, 2018

(Yen in millions)

	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			2,973	(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 period			78,394			78,394	5,714	84,108
Other comprehensive income				121,487		121,487	3,783	125,270
Total comprehensive income for the period	—	—	78,394	121,487	—	199,881	9,497	209,378
Cash dividends			(22,062)			(22,062)	(1,826)	(23,888)
Purchase of treasury stock					(40,011)	(40,011)		(40,011)
Reissuance of treasury stock		—			—	—		—
Transactions with non-controlling interests and other		(52)		10		(42)	518	476
Balance as of September 30, 2018	115,703	165,027	1,636,946	620,478	(72,353)	2,465,801	95,697	2,561,498

(4) Notes to Condensed Quarterly Consolidated Financial Statements

a. Notes to Going Concern Assumption

Not Applicable

b. Changes in Accounting Policies

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 effect to Kyocera’s financial position, operation results and cash flows by adopting IFRS 15 is described in “d. First-Time Adoption” under “(4) Notes to Condensed Quarterly Consolidated Financial Statements.”

Kyocera has adopted IFRS 9 “Financial instruments” (issued in November 2009 and amended in July 2014, hereinafter, “IFRS 9”) from the year ending March 31, 2019. Kyocera has adopted exemptions from retrospective application of IFRS 9 in accordance with IFRS 1 “First-Time Adoption of International Financing Reporting Standards” (hereinafter, “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.

At the beginning of the year ending 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 were shown in below table. These financial instruments were included in “debt and equity instruments” on the condensed quarterly consolidated statement of financial position.

(Yen in millions)

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 ending 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 this fiscal year.

c. Changes in Accounting Estimates

Kyocera changed the depreciation method from the declining-balance method to the straight-line method from the year ending 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 the property, plant and equipment is expected to be more consistently than before and future utilization of those assets will be consistent.

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 8,524 million yen due mainly to the decrease in depreciation expenses for the six months ended September 30, 2018.

d. First-Time Adoption

Kyocera disclosed the condensed quarterly 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 was April 1, 2017.

(a) 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 was 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 choose 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.

(b) 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.

(i) 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		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 taxes 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

(ii) Reconciliation of equity as of September 30, 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	392,659	—	—	392,659		Cash and cash equivalents
Short-term investments in debt securities	69,025	205,898	—	274,923		Short-term investments
Other short-term investments	205,898	(205,898)	—	—		
Trade notes receivables	22,840	319,602	—	342,442		Trade and other receivables
Trade accounts receivables	300,544	(300,544)	—	—		
Less allowances for doubtful accounts and sales returns	(5,258)	5,258	—	—	F	
	—	6,270	—	6,270		Other financial assets
Inventories	357,237	—	—	357,237		Inventories
Other current assets	128,406	(35,040)	(6,707)	86,659		Other current assets
Total current assets	1,471,351	(4,454)	(6,707)	1,460,190		Total current assets
Non-current assets						Non-current assets
Long-term investments in debt and equity securities	1,146,260	18,734	—	1,164,994		Debt and equity instruments
	—	5,673	—	5,673	F	Investments accounted for using the equity method
Other long-term investments	24,984	(9,884)	—	15,100		Other financial assets
Land	60,048	216,402	(12,214)	264,236	B	Property, plant and equipment
Buildings	356,622	(356,622)	—	—		
Machinery and equipment	855,766	(855,766)	—	—		
Construction in progress	16,880	(16,880)	—	—		
Less accumulated depreciation	(1,012,867)	1,012,867	—	—		
Goodwill	141,130	—	—	141,130		Goodwill
Intangible assets	65,976	—	—	65,976		Intangible assets
	—	40,275	9,256	49,531	D,F	Deferred tax assets
Other assets	76,846	(71,074)	99	5,871		Other non-current assets
Total non-current assets	1,731,645	(16,275)	(2,859)	1,712,511		Total non-current assets
Total assets	3,202,996	(20,729)	(9,566)	3,172,701		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	142	(142)	—	—		
Current portion of long-term debt	8,789	(8,789)	—	—		
Trade notes and accounts payable	140,295	59,203	—	199,498		Trade and other payables
Other notes and accounts payable	59,247	(59,247)	—	—		
	—	11,210	—	11,210		Other financial liabilities
Accrued payroll and bonus	66,325	(66,325)	—	—		
Accrued income taxes	14,537	—	(523)	14,014		Income tax payables
Other accrued liabilities	53,376	56,848	1,199	111,423	E	Accrued expenses
	—	14,220	—	14,220	F	Provisions
Other current liabilities	36,922	(11,231)	—	25,691	F	Other current liabilities
Total current liabilities	379,633	(4,253)	676	376,056		Total current liabilities
Non-current liabilities						Non-current liabilities
Long-term debt	17,953	(12,736)	—	5,217		Long-term financial liabilities
Accrued pension and severance liabilities	32,630	—	(2,282)	30,348	C	Retirement benefit liabilities
Deferred income taxes	257,381	(2,239)	(61)	255,081	D	Deferred tax liabilities
	—	6,611	—	6,611	F	Provisions
Other non-current liabilities	20,260	(8,112)	—	12,148		Other non-current liabilities
Total non-current liabilities	328,224	(16,476)	(2,343)	309,405		Total non-current liabilities
Total liabilities	707,857	(20,729)	(1,667)	685,461		Total liabilities
Equity						Equity
Common stock	115,703	—	—	115,703		Common stock
Additional paid-in capital	164,969	—	(49)	164,920		Capital surplus
Retained earnings	1,677,440	—	(103,196)	1,574,244	A,B,C D,E	Retained earnings
Accumulated other comprehensive income	480,648	—	95,196	575,844	A,C,D	Other components of equity
Common stock in treasury stock, at cost	(32,328)	—	—	(32,328)		Treasury stock
Total Kyocera Corporation's shareholders' equity	2,406,432	—	(8,049)	2,398,383		Total equity attributable to owners of the parent
Noncontrolling interests	88,707	—	150	88,857		Non-controlling interests
Total equity	2,495,139	—	(7,899)	2,487,240		Total equity
Total liabilities and equity	3,202,996	(20,729)	(9,566)	3,172,701		Total liabilities and equity

(iii) 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		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

(iv) Reconciliation of profit or loss and other comprehensive income for six month ended September 30, 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
Net sales	738,345	—	—	738,345		Sales revenue
Cost of sales	533,191	—	(525)	532,666	C,E	Cost of sales
Gross profit	205,154	—	525	205,679		Gross profit
Selling, general and administrative expenses	135,649	—	758	136,407	C,E	Selling, general and administrative expenses
Profit from operations	69,505	—	(233)	69,272		Operating profit
Other income (expenses)						
Interest and dividend income	20,831	111	—	20,942		Finance income
Interest expense	656	(295)	—	361		Finance expenses
Foreign currency transaction gains (losses), net	150	—	—	150		Foreign exchange gains (losses)
Gains on sales of securities, net	389	(389)	—	—		
	—	106	—	106	G	Share of net profit of investments accounted for using the equity method
Other, net	(2,379)	(123)	3,181	679		Other, net
Income before income taxes	87,840	—	2,948	90,788		Profit before income taxes
Income taxes	23,043	—	866	23,909		Income taxes
Net income	64,797	—	2,082	66,879		Profit for the period
						Profit attributable to:
Net income attributable to Kyocera Corporation's shareholders	61,387	—	2,054	63,441		Owners of the parent
Net income attributable to noncontrolling interests	3,410	—	28	3,438		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	64,797	—	2,082	66,879		Profit for the period
Other comprehensive income – net of taxes						Other comprehensive income, net of taxation
Pension liability adjustment	(1,118)	—	1,118	—	C	Re-measurement of defined benefit plans
Net unrealized gains (losses) on securities	16,006	—	(7)	15,999		Net unrealized gains (losses) on securities
Net unrealized gains (losses) on derivative financial instruments	8	(56)	—	(48)		Net changes in fair value of cash flow hedge
Foreign currency translation adjustments	20,067	(18)	(3,861)	16,188	A	Exchange differences on translating foreign operations
	—	74	—	74		Share of other comprehensive income of investments accounted for using the equity method
Total other comprehensive income	34,963	—	(2,750)	32,213		Total other comprehensive income
Comprehensive income	99,760	—	(668)	99,092		Comprehensive income for the period

						Comprehensive income attributable to:
Comprehensive income attributable to Kyocera Corporation's shareholders	94,532	—	(715)	93,817		Owners of the parent
Comprehensive income attributable to noncontrolling interests	5,228	—	47	5,275		Non-controlling interests

(v) Reconciliation of profit or loss and other comprehensive 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	C,E	Cost of sales
Gross profit	376,128	—	(3,300)	372,828		Gross profit
Selling, general and administrative expenses	280,553	—	1,576	282,129	C,E	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)	G	Share of net loss of investments accounted for using the equity method
Other, net	(3,614)	2,373	3,002	1,761		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	C	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)	A	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 Kyocera Corporation's shareholders	46,252	—	(3,121)	43,131		Comprehensive income attributable to: Owners of the parent
Comprehensive income attributable to noncontrolling interests	2,398	—	(857)	1,541		Non-controlling interests

Notes to reconciliation of equity, profit or loss and other comprehensive income

A. Exchange differences on translating of 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.

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.

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.

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.

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.

F. Reclassification on the consolidated statement of financial position

Under the presentation requirement on IFRS15, 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.

G. Reclassifications on the consolidated statement of profit or loss

Under the presentation requirement on IAS1, "Share of net profit of investments accounted for using the equity method" was presented separately.

As mentioned above, the effect of transition to IFRS on retained earnings at the date of transition to IFRS, September 30, 2017 and March 31, 2018 are as follows:

(Yen in millions)

	The date of transition to IFRS (April 1, 2017)	As of September 30, 2017	As of March 31, 2018
Exchange differences on translating foreign operations	(16,360)	(14,046)	(14,124)
Deemed cost	(7,648)	(7,618)	(7,618)
Retirement benefit	(31,723)	(33,522)	(25,547)
Income taxes	(46,247)	(46,293)	(47,685)
Levies	(2,370)	(820)	(2,398)
Other	(902)	(897)	(767)
Total	(105,250)	(103,196)	(98,139)