Securities Code 6971

THE NEW VALUE FRONTIER
KYOCERA
60th Anniversary

Internet Disclosure Items for

Notice of the 65th Ordinary General Meeting of Shareholders

Notes to Consolidated Financial Statements
Notes to Financial Statements
(April 1, 2018 to March 31, 2019)

KYOCERA Corporation

In the Accompanying Documents for the Notice of the 65th Ordinary General Meeting of Shareholders, the "Notes to Consolidated Financial Statements" and "Notes to Financial Statements" are available to shareholders on the Company's website (https://global.kyocera.com/ir/s_info/meeting.html) pursuant to the provisions of laws and regulations as well as the Articles of Incorporation of the Company.

The "Notes to Consolidated Financial Statements" and "Notes to Financial Statements" are a part of the Consolidated Financial Statements and Financial Statements that were audited by Audit & Supervisory Board Members and the Accounting Auditor in preparing the Audit Reports.

Please note that this is an English translation of the Japanese original of the Internet Disclosure Items for the Notice of the 65th Ordinary General Meeting of Shareholders of KYOCERA Corporation disclosed in Japan. The translation is prepared solely for the reference and convenience of foreign shareholders. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

Notes to Consolidated Financial Statements

1. Basis of Preparation of Consolidated Financial Statements

(1) Summary of significant accounting policies

Kyocera has adopted the designated International Financial Reporting Standards (hereinafter, "IFRS") from the year ended March 31, 2019. The consolidated financial statements are prepared in accordance with IFRS pursuant to the provisions of paragraph 1 of Article 120 of the Ordinance on Accounting of Companies of Japan. Certain disclosure and footnotes required under IFRS are omitted pursuant to the provisions of paragraph 1 of Article 120.

(2) Scope of consolidation

Number of consolidated subsidiaries: 271
Major consolidated subsidiaries: Kyocera Document Solutions Inc., AVX Corporation and Kyocera International, Inc.

(3) Scope of application of the equity method

Number of associates accounted for using the equity method: 14
Major associate accounted for by using the equity method: Kagoshima Mega Solar Power Corporation

(4) Changes in scope of consolidation

Consolidated subsidiaries: Number of increase: 32
Number of decrease: 13

(5) Changes in scope of application of the equity method

Associates accounted for using the equity method: Number of increase: 2

(6) Summary of significant accounting principles

(i) Valuation of 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.

(ii) Depreciation method for 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 on mainly a straight-line method over their useful lives.
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.

(iii) Goodwill and other 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.

(iv) Valuation of financial instruments

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 credit loss allowance is recognized at each reporting date.
When the credit risk of the financial instrument has increased significantly since initial recognition, credit loss allowance 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.

(v) Employee benefits

a. Post-employee benefits
Kyocera adopts defined benefit plans and defined contribution plans.
(a) 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) Defined contribution plans
Contributions to defined contribution pension plans are recognized as employee benefits expenses in profit or loss in the period during which employees render services.

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.

(vi) Accounting for provision

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.

(vii) 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. The effect to Kyocera’s financial statements by adopting IFRS 15 is immaterial.

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 “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 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 were shown in the table below. These financial instruments were included in “debt and equity instruments” on the consolidated statement of financial position.

(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.

2. Notes to Consolidated Financial Position

(Yen in millions)

(1) Breakdown of property, plant and equipment

Land	51,161
Building	379,225
Machinery and equipment	916,226
Construction in progress	29,047
Accumulated depreciation and accumulated impairment loss	(1,033,804)

(2) Allowances for doubtful accounts related to assets

Current assets	2,332
Non-current assets	1,653

(3) Accumulated other comprehensive income

Financial assets measured at fair value through other comprehensive income	420,678
Net changes in fair value of cash flow hedge	(235)
Exchange differences on translating foreign operations	(1,800)

(4) Assets pledged as collateral

Property, plant and equipment	1,884
Investments accounted for using the equity method	2,049

*1 "Property, plant and equipment" is pledged against "Other financial liabilities" and "Long-term financial liabilities" in a total amount of 363 million yen.

*2 "Investments accounted for using the equity method" is pledged against the loan for business finance of associate accounted for using the equity method in a total amount of 15,424 million yen.

3. Notes to Consolidated Statement of Changes in Equity

(1) Total number of shares issued

(Shares in thousands)

Class of shares	March 31, 2018	Increase	Decrease	March 31, 2019
Common stock	377,619	—	—	377,619

(2) Total number of treasury stock

(Shares in thousands)

Class of shares	March 31, 2018	Increase	Decrease	March 31, 2019
Common stock	9,911	5,954	(0)	15,865

(3) Distribution of surplus

(i) Dividends paid

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

(ii) Dividends for which the record date fall in the year ended March 31, 2019 with an effective date in the year ending March 31, 2020

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

(4) Total number of treasury stock

Kyocera Corporation resolved at a 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

4. Notes to Financial Instruments

(1) Notes to financial instruments

Kyocera refrains from making any speculative transactions and always maintains a high level of capital liquidity to ensure the utmost stability in its fund management. Operating receivables such as notes receivable and accounts receivable are exposed to customer credit risk. Kyocera seeks to reduce this risk in accordance with its credit management policies. Kyocera is exposed to market risk, including interest rates and equity prices. In order to hedge against these risks, Kyocera uses derivative financial instruments. Kyocera does not hold or issue derivative financial instruments for trading purposes. Kyocera mainly enters into foreign currency forward contracts and interest rate swaps. 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.

Kyocera has debt and equity instruments. Kyocera is currently a major shareholder of KDDI Corporation. As of March 31, 2019, the fair value of the shares of KDDI Corporation of which Kyocera owned was 799,204 million yen.

(2) Fair value of financial instruments

The fair values of financial instruments as of March 31, 2019 and methods and assumption used to estimate such fair values were as follows:

(Yen in millions)

Financial instruments measured at amortized cost (a)	Carrying amount	Fair value
Assets (a)		
Short-term investments in debt securities	99,097	99,142
Long-term investments in debt and equity securities	53,842	53,792
Other financial assets	25,255	25,255
Total	178,194	178,189
Liabilities (b)		
Other financial liabilities	13,033	13,033
Total	13,033	13,033

(Yen in millions)

Financial instruments measured at fair value (b)	Carrying amount	Fair value
Assets (a)		
Short-term investments in debt securities	113	113
Long-term investments in debt and equity securities	909,809	909,809
Derivatives	2,485	2,485
Total	912,407	912,407
Liabilities (b)		
Derivatives	1,388	1,388
Total	1,388	1,388

(a) Fair value is estimated by discounting cash flows, using current interest rates for instruments with similar terms and remaining maturities at the end of the fiscal year.

(b) For investments with active markets, fair value is based on quoted market prices. For non-marketable equity securities, fair value is measured by discounted cash flows method and comparable company valuation multiples technique. For derivatives, fair value is measured by discounting the value calculated using forward exchange rates current on the date of consolidated financial statements to the present value.

Cash and cash equivalents, trade and other receivables, and trade and other payables approximate fair value because of the short maturity of these instruments.

5. Notes to per Share Information

(1) Equity per share attributable to owners of the parent		6,263.71 yen
(2) Earnings per share attributable to owners of the parent	Basic	284.94 yen
	Diluted	284.70 yen

6. Note to Significant Subsequent Event

(Acquisition of common stocks)

(i) 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 (102.4 million euro) in order to expand the Fine Ceramics business in Europe. On April 12, 2019, Kyocera Fineceramics GmbH made it a consolidated subsidiary and changed its name to Kyocera Fineceramics Precision GmbH.

(ii) 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. The transaction is expected to be made in June 2019.

7. Other Notes

(1) Settlement expense relating to 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.

(2) Impairment loss of long-lived assets

Kyocera recognized an impairment loss on property, plant and equipment, goodwill and intangible assets in the amount of 16,184 million yen in the organic materials business included in the Semiconductor Components Group for the year ended March 31, 2019 due to that the recoverable value of the organic materials business fell below its book value. The amount of impairment loss was recognized at “Selling, general and administrative expenses” in the consolidated statement of profit or loss. The breakdown of impairment loss was 10,548 million yen for property, plant and equipment, 5,548 million yen for goodwill and 88 million yen for intangible assets.

Notes to Financial Statements

1. Summary of Significant Accounting Policies

(1) Standards and Methods of Valuation of Assets

Held-to-Maturity Securities:	Amortized cost method (straight-line method)
Investments in Subsidiaries and Affiliates:	Cost determined by the moving average method
Other Securities:	
Marketable:	Based on market price as of the balance sheet date (unrealized gains and losses on such securities are reported in net assets, and cost is determined by the moving average method)
Non-marketable:	Cost determined by the moving average method
Derivative Financial Instruments:	Mark-to-market method
Inventories:	Cost determined based on acquisition costs with adjustment by write-down taking into consideration decline of profitability
Finished Goods, Merchandise and Work-in-process:	Cost of finished goods and work in process is mainly determined by the average cost method. Cost of merchandise is determined by the first-in, first-out method or the last purchase method.
Raw Materials and Supplies:	Raw materials and supplies, except those for telecommunications equipment, are valued at cost, with cost being determined by the last purchase method. Raw materials for telecommunications equipment are valued at cost, with cost being determined by the first-in, first-out method.

(2) Depreciation of Non-current Assets

Tangible Fixed Assets (except for Leased Assets):	Depreciation is computed at rates based on the estimated useful lives of assets using the declining-balance method. The principal estimated useful lives are as follows: Buildings and structures: 2 years – 33 years Machinery and equipment, and tools, furniture and fixtures: 2 years – 10 years
Intangible Fixed Assets (except for Leased Assets):	Amortization is computed using the straight-line method. Software for internal use is calculated based on the usable period of two years.
Leased Assets:	Straight-line method, using lease periods as the estimated useful lives of such assets.

(3) Accounting for Allowances and Accruals

Allowances for Doubtful Accounts:	In anticipation of uncollectible accounts receivable, Kyocera Corporation provides allowances for doubtful accounts, for general accounts receivable, based on the past actual ratio of losses on bad debts; and, for certain specific doubtful accounts receivable, based on estimates of uncollectible amounts pursuant to analysis of individual receivables.

Accrued Bonuses for Employees:	In order to prepare for bonuses to employees, accrued bonuses are provided based on the amounts expected to be paid.
Accrued Bonuses for Directors:	In order to prepare for bonuses to Directors, accrued bonuses are provided based on the amounts expected to be paid.
Warranty Reserves:	Warranty reserves are provided to prepare for the cost of after sales service for some products based on the amounts expected to be paid, which are determined taking into account actual payments made in the past, etc.
Accrued Pension and Severance Costs:	In order to prepare for provision of retirement benefits to employees, accrued pension and severance costs are recognized based on projected benefit obligations and plan assets as of the balance sheet date. Unrecognized prior year service cost is amortized over the estimated average remaining service period of employees using the straight-line method. Actuarial gains or losses are amortized over the estimated average remaining service period of employees using the straight-line method following the year in which they are incurred. The exceeding amounts are provided as prepaid pension and severance expenses since plan assets exceeded projected benefit obligations as of the balance sheet date.

(4) Other Significant Policies

Consumption Taxes:	Consumption taxes withheld upon sale and consumption taxes paid for purchases of goods and services are not included in the amounts of the respective revenue and cost or expense items in the accompanying Statement of Profit or Loss.

2. Notes to Changes in Presentation Methods

Changes with the adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting"

Kyocera Corporation has adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No.28, February 16, 2018) from the year ended March 31, 2019. As a result of this adoption, Kyocera Corporation presented Deferred Tax Assets as a component of Investments and other assets and presented Deferred Tax Liabilities as a component of Non-current Liabilities.

Statement of Profit or Loss

"Loss on valuation of investment securities," which was included in "Other" of "Non-recurring loss" in the year ended March 31, 2018, is individually presented due to the increase of materiality from the year ended March 31, 2019.

3. Notes to Balance Sheet:

(1) Assets Pledged as Collateral and Secured Liabilities

1. Assets Pledged as Collateral

   Investments in subsidiaries and affiliates: 2,125 million yen

2. Secured Liabilities

   Loan from financial institutions to Kagoshima Mega Solar Power Corporation: 15,424 million yen

*All investors of Kagoshima Mega Solar Power Corporation pledge their investments as collateral for this loan.

(2) Accumulated Depreciation of Tangible Fixed Assets: 630,902 million yen

(3) Guarantee Obligations

Keep-well Letters and Guidance for Management:

Keep-well Letter Requested Party	Amount Covered (Yen in millions)	Subject of Keep-well Letter
Kyocera Realty Development Co., Ltd.	70	Guidance for repayment of loans from financial institutions
Kyoto Purple Sanga Co., Ltd.	400	Guidance for repayment of loans from financial institutions
Total	470	

(4) Receivables from Subsidiaries and Affiliates, and Payables to Subsidiaries and Affiliates (except Amounts Separately Presented)

Current Receivables	82,375 million yen
Long-term Receivables	11,021 million yen
Current Payables	49,314 million yen
Long-term Payables	25 million yen

4. Notes to Statement of Profit or Loss:

(1) Transactions with Subsidiaries and Affiliates:

Operational Transactions:	
Net Sales	295,770 million yen
Purchases	67,709 million yen
Selling, General and Administrative Expenses	8,602 million yen
Non Operational Transactions	45,208 million yen

(2) Settlement expense relating to long-term purchase agreements for the supply of raw materials

Between 2005 and 2008, Kyocera Corporation 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 Corporation has continued negotiations with Hemlock regarding a modification of the contract terms of the LTAs.

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

Kyocera Corporation 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 "Loss on settlement of purchase agreement" in the Statement of Profit or Loss in this fiscal year.

(3) Impairment of fixed assets

The impairment loss in this fiscal year is mainly summarized as follows.

Location	Use	Detail of Fixed Assets	Amount (Yen in millions)
Shibata Niigata, Shimoniikawa-gun Toyama, Yasu Shiga, Satsumasendai Kagoshima, Other	Manufacturing facility for Organic Material division included in Semiconductor Components business, Other	Buildings and Structures	69
		Machinery and equipment	8,942
		Vehicles	3
		Tools, furniture and fixtures	213
		Software	85
		Intangible assets, other	4
		Total	9,316

In principle, fixed asset classifications are based on each division. Individual classifications are adopted for an idle asset as separately. Kyocera Corporation recorded an impairment loss in the amount of 9,316 million yen as “Loss on impairment of tangible fixed assets” in the statement of Profit or Loss for the assets whose recoverable amount was less than its carrying amount due to the significant deterioration in business environment and its related occurrence of idle assets. The breakdown of impairment loss was 69 million yen for buildings and structures, 8,942 million yen for machinery and equipment, 3 million yen for vehicle, 213 million yen for tools, furniture and fixtures, 85 million yen for software, 4 million yen for intangible assets (others). The recoverable amount of an asset is the higher of net realizable value and its value in use.

(4) Reversal of allowance for doubtful accounts

Kyocera Display Corporation and Kyocera Optec Corporation, which were wholly owned consolidated subsidiaries of Kyocera Corporation, were merged into Kyocera Corporation.

As a result of those mergers, Kyocera Corporation recorded a merger profit in the amount of 3,299 million yen as “Gain on extinguishment of tie-in shares”, a merger loss in the amount of 18,093 million yen as “Loss on extinguishment of tie-in shares” and reversal of allowance in the amount of 18,656 million yen. This reversal was recorded as “Reversal of allowance for doubtful accounts” in the statement of Profit or Loss.

5. Notes to Statement of Changes in Net Assets

Number and Class of Treasury Shares as of March 31, 2019

Common Stock	15,864,921 shares

6. Notes to Accounting for Effects of Income Taxes

The Main Components of the Deferred Tax Assets and Deferred Tax Liabilities

	(Yen in millions)
Deferred Tax Assets:	
Depreciation and Amortization	26,704
Write-down of Inventories	14,976
Loss on Impairment of Investments in Subsidiaries and Affiliates	11,390
Loss Carried Forward	9,435
Temporary and Prepaid Payment	9,223
Accrued Bonuses	6,498
Other Payables and Accrued Expenses	5,799
Adjustment to Book Value of Investments in Subsidiaries	1,505
Deferred Assets	1,334
Others	5,017
Subtotal Deferred Tax Assets	91,881
Valuation Allowances for the total of deductible temporary difference	(8,509)
Subtotal Valuation allowances	(8,509)
Total Deferred Tax Assets	83,372
Deferred Tax Liabilities:	
Net Unrealized Gain on Other Securities	(242,233)
Prepaid Pension and Severance Expenses	(3,115)
Gain on Revaluation of Land	(865)
Reserve for Special Depreciation	(216)
Others	(78)
Total Deferred Tax Liabilities	(246,507)
Deferred Tax Assets, Net	(163,135)

Kyocera Corporation recorded tax benefits as income taxes due mainly to that Kyocera Corporation recorded a reversal of valuation allowance inherited from Kyocera Display Corporation, which was merged into Kyocera Corporation on October 1, 2018, and the settlement expense relating to long-term purchase agreements for the supply of raw materials in this fiscal year. As a result of those recordings, income taxes are shown as negative.

7. Notes to Fixed Assets Used under Finance Leases

Some fixed assets used under finance leases, consisting principally of manufacturing equipment and computers, are off balance sheet.

8. Notes to per Share Information

(1) Net Assets per Share: 4,991.15 yen
(2) Earnings per Share: 152.20 yen

9. Other Notes

Notes to Integration

Merger of Kyocera Display Corporation and Kyocera Optec Corporation

Kyocera Display Corporation and Kyocera Optec Corporation, which were wholly owned consolidated subsidiaries of Kyocera Corporation, were merged into Kyocera Corporation on October 1, 2018.

1. Overview of Transactions

(i) Scope of Business Transferred

Kyocera Display Corporation
Development, manufacture and sales of liquid crystal displays

Kyocera Optec Corporation
Development, manufacture and sale of optical products

(ii) Date of Business Combinations

October 1, 2018

(iii) Legal Method of Business Combinations

In the mergers, Kyocera Corporation was a surviving company, and Kyocera Display Corporation and Kyocera Optec Corporation were dissolved.

(iv) Name of the Company after Business Combinations

Kyocera Corporation

(v) Objective of Transactions

The objective of this merger is to expand our business in these growing markets by taking advantage of abundant management resources and sharing manufacturing technologies among the parties, and to further strengthen our business basis.

2. Content of Accounting Treatment

It was treated as a transaction under common control in accordance with the “Accounting Standard for Business Combination” (Accounting Standard Board of Japan Statement (ASBJ) No.21, September 13, 2013) and the “Revised Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures” (ASBJ Guidance No.10, September 13, 2013).