FOR IMMEDIATE RELEASE

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RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2018 [IFRS]

Kubota Corporation hereby reports its consolidated results for the six months ended June 30, 2018.

Consolidated Financial Highlights

1. Consolidated results of operations for the six months ended June 30, 2018

(1) Results of operations

(In millions of yen, except earnings per share)

	Six months ended June 30, 2018	Change [%]	Six months ended June 30, 2017	Change [%]
Revenue	¥ 906,196	7.0	¥ 847,004	-
Operating profit	¥ 101,140	1.0	¥ 100,162	-
Profit before income taxes	¥ 105,174	(3.3)	¥ 108,727	-
Profit for the period	¥ 78,056	3.1	¥ 75,738	-
Profit attributable to owners of the parent	¥ 71,927	1.3	¥ 71,004	-
Comprehensive income for the period	¥ 38,817	(41.6)	¥ 66,459	-
Earnings per share attributable to owners of the parent:				
Basic	¥ 58.33		¥ 57.32	
Diluted	¥ 58.33		-	

(2) Financial condition

(In millions of yen)

	June 30, 2018	Dec. 31, 2017
Total assets	¥ 2,841,237	¥ 2,832,364
Total equity	¥ 1,389,686	¥ 1,375,568
Equity attributable to owners of the parent	¥ 1,308,221	¥ 1,291,094
Ratio of equity attributable to owners of the parent to total assets	46.0%	45.6%

Note:

Change [%] represents the percentage change from the same period in the prior year.

2. Cash dividends

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2018	¥ 16.00	Undecided	Undecided
Year ended Dec. 31, 2017	¥ 15.00	¥ 17.00	¥ 32.00

Note:

Although Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and raise dividends, the specific amount of cash dividends for each fiscal year is decided in consideration of the development of business performance, financial conditions, and shareholder return ratio calculated from dividends and share buy-backs. The specific amount of year-end cash dividends for the year ending December 31, 2018 has not been decided at this time and Kubota Corporation will publicize the amount as soon as a decision is made.

3. Forecasts of operations for the year ending December 31, 2018

(In millions of yen, except earnings per share)

	Year ending Dec. 31, 2018	Change [%]
Revenue	¥ 1,820,000	3.9
Operating profit	¥ 204,000	2.0
Profit before income taxes	¥ 210,000	(1.9)
Profit attributable to owners of the parent	¥ 145,000	8.1
Earnings per share attributable to owners of the parent-Basic	¥ 117.59	

Notes:

1. Change [%] represents the percentage change from the same period in the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Forecasts for the year ending December 31, 2018" on page 6 for further information related to the forecasts of operations.

4. Other information

(1) Changes in significant subsidiaries during the six months (changes in specified subsidiaries resulting in the changes in scope of consolidation): None

(2) Changes in accounting policies and changes in accounting estimates
a) Changes in accounting policies required by IFRS: Yes
b) Changes in accounting policies due to reasons other than a) above: None
c) Changes in accounting estimates: None
Note:
See the accompanying materials, "2. Other information (2) Changes in accounting policies" on page 7.

(3) Number of common shares issued

a) Number of common shares issued including treasury shares as of June 30, 2018	:	1,234,056,846
Number of common shares issued including treasury shares as of December 31, 2017	:	1,234,024,216
b) Number of treasury shares as of June 30, 2018	:	1,938,577
Number of treasury shares as of December 31, 2017	:	362,159
c) Weighted-average number of common shares outstanding during the six months ended June 30, 2018	:	1,233,137,672
Weighted-average number of common shares outstanding during the six months ended June 30, 2017	:	1,238,787,114

(Adoption of International Financial Reporting Standards (hereinafter "IFRS"))

Kubota Corporation and its subsidiaries (hereinafter, the "Company") have adopted IFRS from the beginning of the fiscal year ending December 31, 2018. Accordingly, financial figures for the six months ended June 30, 2017 and the year ended December 31, 2017 are also reclassified in accordance with IFRS.

Please refer to the accompanying materials, "3. Condensed consolidated financial statements (8) First-time adoption of IFRS" on page 15 for further information related to the effects of the transition from accounting principles generally accepted in the United States of America to IFRS.

(Information on the status of the quarterly review by the independent auditor)

This release has not been reviewed in accordance with the Financial Instruments and Exchange Act of Japan by the independent auditor because this release is not subject to a quarterly review.

As of the date of this release, the condensed consolidated financial statements for the six months ended June 30, 2018 of the Company are being subjected to quarterly review procedures.

(Method of obtaining supplementary materials on the financial results)

Kubota Corporation plans to hold a results presentation for institutional investors and securities analysts on August 8, 2018. The supplementary material will be published on the Company's website on August 8, 2018.

< Cautionary statements with respect to forward-looking statements >
This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

Index to accompanying materials

1. Review of operations and financial condition

(1) Summary of the results of operations for the six–month period

Kubota Corporation and its subsidiaries (hereinafter, the “Company”) have adopted International Financial Reporting Standards (hereinafter, “IFRS”) instead of accounting principles generally accepted in the United States of America (hereinafter, “U.S. GAAP”) from the beginning of the fiscal year ending December 31, 2018. The figures for the six months ended June 30, 2017 and the fiscal year ended December 31, 2017 used in the following analysis were reclassified into the figures in accordance with IFRS.

For the six months ended June 30, 2018, revenue of the Company increased by ¥59.2 billion [7.0%] from the same period in the prior year to ¥906.2 billion.

Domestic revenue increased by ¥10.1 billion [3.7%] from the same period in the prior year to ¥286.5 billion because of increased revenue in both Farm & Industrial Machinery and Water & Environment.

Overseas revenue increased by ¥49.0 billion [8.6%] from the same period in the prior year to ¥619.7 billion. Revenue in Farm & Industrial Machinery increased due to strong sales of construction machinery and engines. Revenue in Water & Environment increased as well due to increased sales of ductile iron pipes and pumps.

Operating profit increased by ¥1.0 billion [1.0%] from the same period in the prior year to ¥101.1 billion. The increase was due to some positive effects from increased sales in the domestic and overseas markets and the yen depreciation against the Euro, which compensated for some negative effects such as increased sales promotion expenses and fixed costs in addition to a rise in material prices. Profit before income taxes decreased by ¥3.6 billion [3.3%] from the same period in the prior year to ¥105.2 billion because finance income, which previously included gain on sales of securities, decreased from the same period in the prior year. Income tax expenses decreased by ¥5.9 billion to ¥28.0 billion mainly due to the federal corporate tax rate cut in the United States. Profit for the period increased by ¥2.3 billion [3.1%] to ¥78.1 billion from the same period in the prior year. Profit attributable to owners of the parent increased by ¥0.9 billion [1.3%] from the same period in the prior year to ¥71.9 billion.

Revenue from external customers and operating profit by each reportable segment was as follows:

1) Farm & Industrial Machinery

Farm & Industrial Machinery is comprised of farm equipment, agricultural-related products, engines, and construction machinery.

Revenue in this segment increased by 7.6% from the same period in the prior year to ¥751.0 billion and accounted for 82.9% of consolidated revenue.

Domestic revenue increased by 6.0% to ¥155.9 billion since sales of farm equipment, agricultural-related products, engines, and construction machinery increased, while there was a negative effect from the withdrawal from the vending machinery business.

Overseas revenue increased by 8.1% to ¥595.1 billion. In North America, sales of construction machinery, engines, and tractors increased due to solid demand in each market. Sales in the implements business remained strong as well. In Europe, sales of construction machinery increased significantly in addition to favorable foreign exchange rate of the Japanese yen against the Euro and the British pound sterling. In Asia outside Japan, revenue decreased as sales of farm equipment in China decreased significantly due to the negative effect from delayed announcement of the government subsidy budget for purchasers of farm equipment and stagnation of rice prices. On the other hand, sales of farm equipment in Thailand and Myanmar increased due to recovered demand in response to a rise in the prices of rice and cassava. In addition, sales of tractors in India increased mainly due to the positive effect from the new model of multi-purpose tractors introduced in the prior year.

Operating profit in Farm & Industrial Machinery increased by 6.7% from the same period in the prior year to ¥108.7 billion due to some positive effects from increased sales in the domestic and overseas markets and the yen depreciation against the Euro, which compensated for some negative effects from increased sales promotion expenses and fixed costs.

2) Water & Environment

Water & Environment is comprised of pipe-related products (ductile iron pipes, plastic pipes, pumps, valves, and other products), environment-related products (environmental control plants and other products), and social infrastructure-related products (industrial castings, ceramics, spiral-welded steel pipes, and other products).

Revenue in this segment increased by 4.5% from the same period in the prior year to ¥140.4 billion and accounted for 15.5% of consolidated revenue.

Domestic revenue increased by 1.2% from the same period in the prior year to ¥115.9 billion. Revenue from pipe-related products decreased slightly due to weak sales of ductile iron pipes, while sales of pumps and construction business increased. Revenue from social infrastructure-related products increased because sales of industrial castings and spiral-welded steel pipes for civil engineering work increased. Revenue from environment-related products increased slightly as well.

Overseas revenue increased by 23.2% to ¥24.5 billion because export sales of ductile iron pipes to the Middle East increased significantly. In addition, sales of pumps and wastewater treatment plants (Johkasou) were strong as well.

Operating profit in Water & Environment decreased by 22.7% from the same period in the prior year to ¥9.1 billion mainly due to a rise in material prices.

3) Other

Other is comprised of a variety of services.

Revenue in this segment decreased by 0.5% from the same period in the prior year to ¥14.8 billion and accounted for 1.6% of consolidated revenue.

Operating profit in Other decreased by 25.7% to ¥1.1 billion.

(2) Financial condition

1) Assets, liabilities, and equity

Total assets at June 30, 2018 were ¥2,841.2 billion, an increase of ¥8.9 billion from the prior fiscal year-end. With respect to assets, inventories increased due to shipping delays in the United States. In addition, finance receivables increased due to the expansion in sales financing operations in North America, where retail sales were strong.

With respect to liabilities, the yen value of liabilities denominated in foreign currencies, such as bonds and borrowings, decreased due to the yen appreciation mainly against the U.S. dollar compared to the prior fiscal year-end. In addition, income taxes payable decreased as well. Equity increased as the accumulation of retained earnings compensated for deterioration in other components of equity mainly resulting from fluctuations in foreign exchange rates and prices of securities. The ratio of equity attributable to owners of the parent to total assets stood at 46.0%, 0.4 percent higher than at the prior fiscal year-end.

2) Cash flows

Net cash provided by operating activities during the six months ended June 30, 2018 was ¥58.4 billion, a decrease of ¥5.7 billion in net cash inflow compared with the same period in the prior year. This decrease resulted from an increase in income taxes paid and the changes in working capital, such as inventories and trade receivables, while profit for the period increased.

Net cash used in investing activities was ¥16.4 billion, an increase of ¥7.5 billion in cash outflow compared with the same period in the prior year. This increase was mainly due to a decrease in cash inflow related to proceeds from sales and redemption of securities, while there was a decrease in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash used in financing activities was ¥17.1 billion, a decrease of ¥16.8 billion in cash outflow compared with the same period in the prior year. This decrease was mainly due to an increase in funding.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents at June 30, 2018 were ¥251.8 billion, an increase of ¥21.1 billion from the beginning of the current period.

(3) Forecasts for the year ending December 31, 2018

The forecasts for revenue for the year ending December 31, 2018 remain unchanged from the previous forecast, which were announced on February 14, 2018. Domestic revenue is forecast to increase by ¥11.0 billion from the previous forecast, since increased sales of agricultural-related products and service parts. On the other hand, overseas revenue is forecast to decrease by ¥11.0 billion from the previous forecast as increased sales of some products, such as construction machinery, is expected to be insufficient to compensate for decreased sales of farm equipment in China.

Operating profit was revised to ¥204.0 billion, a decrease of ¥9.0 billion from the previous forecast in view of some negative effects, such as a rise in material prices. Profit before income taxes was revised to ¥210.0 billion, a decrease of ¥9.0 billion from the previous forecast, and profit attributable to owners of the parent was revised to ¥145.0 billion, a decrease of ¥6.0 billion from the previous forecast.

These forecasts are based on the assumption of exchange rates of ¥110=USD1 and ¥130=EUR1.

(Reference) The forecasts for the year ending December, 31, 2018

(In millions of yen, except earnings per share)

	Year ending Dec. 31, 2018				(Reference)
	Revised forecasts	Previous forecasts	Change		Year ended Dec. 31, 2017
			Amount	%	
Revenue	1,820,000	1,820,000	-	-	1,751,038
Operating profit	204,000	213,000	(9,000)	(4.2)	199,952
Profit before income taxes	210,000	219,000	(9,000)	(4.1)	214,007
Profit attributable to owners of the parent	145,000	151,000	(6,000)	(4.0)	134,160
Earnings per share attributable to owners of the parent-Basic	117.59	122.36	-	-	108.45

2. Other information

(1) Changes in significant subsidiaries

None

(2) Changes in accounting policies

In accordance with exemptions from the retrospective application of IFRS 7 “Financial Instruments: Disclosures” (hereinafter, “IFRS 7”) and IFRS 9 “Financial Instruments (2014)” (hereinafter, “IFRS 9”) under IFRS 1 “First-time Adoption of International Financial Reporting Standards” (hereinafter, “IFRS 1”), the Company applied U.S. GAAP, the previous accounting standards for the comparative information.

Differences between carrying amounts under U.S. GAAP and carrying amounts under IFRS 9 as of January 1, 2018 were accounted for as adjustments to retained earnings and other components of equity.

As of January 1, 2018, the application of IFRS 9 increased other financial assets, finance receivables, deferred tax liabilities, other components of equity, retained earnings, and non-controlling interests by ¥4,706 million, ¥2,979 million, ¥1,434 million, ¥3,262 million, ¥1,377 million, and ¥1,014 million, respectively and decreased deferred tax assets by ¥598 million. Effects on profit attributable to owners of the parent for the six months ended June 30, 2018 are not material.

3. Condensed consolidated financial statements

(1) Condensed consolidated statement of financial position

Assets (In millions of yen)

	June 30, 2018		Dec. 31, 2017		Change	Jan. 1, 2017 (Transition date)	
	Amount	%	Amount	%	Amount	Amount	%
Current assets:							
Cash and cash equivalents	251,793		230,720		21,073	169,416	
Trade receivables	627,743		639,083		(11,340)	623,410	
Finance receivables	256,977		250,684		6,293	230,925	
Other financial assets	42,963		51,515		(8,552)	63,710	
Inventories	382,926		358,854		24,072	352,598	
Income taxes receivable	14,856		20,787		(5,931)	17,325	
Other current assets	49,486		56,783		(7,297)	52,414	
Total current assets	1,626,744	57.3	1,608,426	56.8	18,318	1,509,798	57.3
Non-current assets:							
Investments accounted for using the equity method	29,992		29,333		659	28,505	
Finance receivables	576,153		559,479		16,674	491,444	
Other financial assets	172,253		188,738		(16,485)	184,854	
Property, plant, and equipment	315,246		321,741		(6,495)	301,866	
Goodwill and intangible assets	46,824		46,983		(159)	40,340	
Deferred tax assets	45,035		48,987		(3,952)	50,698	
Other non-current assets	28,990		28,677		313	26,275	
Total non-current assets	1,214,493	42.7	1,223,938	43.2	(9,445)	1,123,982	42.7
Total assets	2,841,237	100.0	2,832,364	100.0	8,873	2,633,780	100.0

Liabilities and equity (In millions of yen)

	June 30, 2018		Dec. 31, 2017		Change	Jan. 1, 2017 (Transition date)	
	Amount	%	Amount	%	Amount	Amount	%
Current liabilities:							
Bonds and borrowings	328,519		363,488		(34,969)	338,488	
Trade payables	299,370		286,121		13,249	255,859	
Other financial liabilities	51,968		39,561		12,407	45,148	
Income taxes payable	19,287		37,221		(17,934)	19,650	
Provisions	20,473		21,213		(740)	17,387	
Other current liabilities	175,825		169,849		5,976	157,872	
Total current liabilities	895,442	31.5	917,453	32.4	(22,011)	834,404	31.7
Non-current liabilities:							
Bonds and borrowings	499,549		470,613		28,936	476,871	
Other financial liabilities	4,660		3,621		1,039	1,919	
Retirement benefit liabilities	12,532		12,943		(411)	12,091	
Deferred tax liabilities	31,973		41,175		(9,202)	35,861	
Other non-current liabilities	7,395		10,991		(3,596)	5,560	
Total non-current liabilities	556,109	19.6	539,343	19.0	16,766	532,302	20.2
Total liabilities	1,451,551	51.1	1,456,796	51.4	(5,245)	1,366,706	51.9
Equity:							
Share capital	84,130		84,100		30	84,070	
Share premium	86,155		85,037		1,118	84,605	
Retained earnings	1,094,248		1,040,207		54,041	954,819	
Other components of equity	46,863		81,924		(35,061)	70,463	
Treasury shares, at cost	(3,175)		(174)		(3,001)	(192)	
Equity attributable to owners of the parent	1,308,221	46.0	1,291,094	45.6	17,127	1,193,765	45.3
Non-controlling interests	81,465	2.9	84,474	3.0	(3,009)	73,309	2.8
Total equity	1,389,686	48.9	1,375,568	48.6	14,118	1,267,074	48.1
Total liabilities and equity	2,841,237	100.0	2,832,364	100.0	8,873	2,633,780	100.0

(2) Condensed consolidated statement of profit or loss

(In millions of yen, except earnings per share)

	Six months ended June 30, 2018		Six months ended June 30, 2017		Change	
	Amount	%	Amount	%	Amount	%
Revenue	906,196	100.0	847,004	100.0	59,192	7.0
Cost of sales	(640,906)		(596,829)		(44,077)	
Selling, general, and administrative expenses	(159,688)		(148,664)		(11,024)	
Other income	694		721		(27)	
Other expenses	(5,156)		(2,070)		(3,086)	
Operating profit	101,140	11.2	100,162	11.8	978	1.0
Finance income	5,411		14,207		(8,796)	
Finance costs	(1,377)		(5,642)		4,265	
Profit before income taxes	105,174	11.6	108,727	12.8	(3,553)	(3.3)
Income tax expenses	(27,999)		(33,890)		5,891	
Share of profits of investments accounted for using the equity method	881		901		(20)	
Profit for the period	78,056	8.6	75,738	8.9	2,318	3.1

Profit attributable to:						
Owners of the parent	71,927	7.9	71,004	8.4	923	1.3
Non-controlling interests	6,129	0.7	4,734	0.5	1,395	29.5

Earnings per share attributable to owners of the parent:			
Basic	58.33	57.32	
Diluted	58.33	—	

(3) Condensed consolidated statement of comprehensive income

(In millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2017	Change
Profit for the period	78,056	75,738	2,318
Other comprehensive (loss) income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans	298	188	110
Net changes in financial assets measured at fair value through other comprehensive income	(14,774)	—	(14,774)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	(24,763)	(10,310)	(14,453)
Unrealized gains on securities	—	843	(843)
Total other comprehensive loss, net of tax	(39,239)	(9,279)	(29,960)
Comprehensive income for the period	38,817	66,459	(27,642)

Comprehensive income for the period attributable to:			
Owners of the parent	35,289	60,889	(25,600)
Non-controlling interests	3,528	5,570	(2,042)

(4) Condensed consolidated statement of changes in equity

(In millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares, at cost	Total		
Balance at Jan. 1, 2018	84,100	85,037	1,040,207	81,924	(174)	1,291,094	84,474	1,375,568
Cumulative effects of new accounting standards applied			1,377	3,262		4,639	1,014	5,653
Profit for the period			71,927			71,927	6,129	78,056
Other comprehensive loss for the period, net of tax				(36,638)		(36,638)	(2,601)	(39,239)
Comprehensive income for the period			71,927	(36,638)		35,289	3,528	38,817
Reclassified into retained earnings			1,715	(1,715)		—		—
Dividends paid			(20,978)			(20,978)	(6,376)	(27,354)
Purchases and sales of treasury shares					(3,001)	(3,001)		(3,001)
Restricted stock compensation	30					30		30
Changes in ownership interests in subsidiaries		1,118		30		1,148	(1,175)	(27)
Balance at June 30, 2018	84,130	86,155	1,094,248	46,863	(3,175)	1,308,221	81,465	1,389,686

(In millions of yen)

	Equity attributable to owners of the parent						Non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares, at cost	Total		
Balance at Jan. 1, 2017	84,070	84,605	954,819	70,463	(192)	1,193,765	73,309	1,267,074
Profit for the period			71,004			71,004	4,734	75,738
Other comprehensive loss for the period, net of tax				(10,115)		(10,115)	836	(9,279)
Comprehensive income for the period			71,004	(10,115)		60,889	5,570	66,459
Reclassified into retained earnings			192	(192)		—		—
Dividends paid			(19,857)			(19,857)	(3,623)	(23,480)
Purchases and sales of treasury shares		144			(6,187)	(6,043)		(6,043)
Restricted stock compensation	30	(15)				15		15
Changes in ownership interests in subsidiaries		238				238	1,469	1,707
Balance at June 30, 2017	84,100	84,972	1,006,158	60,156	(6,379)	1,229,007	76,725	1,305,732

(5) Condensed consolidated statement of cash flows

(In millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2017	Change
Operating activities:			
Profit for the period	78,056	75,738	
Depreciation and amortization	24,196	21,594	
Finance income and costs	(3,607)	(8,757)	
Income tax expenses	27,999	33,890	
(Increase) decrease in trade receivables	(2,003)	16,305	
Increase in finance receivables	(42,945)	(39,969)	
Increase in inventories	(35,470)	(14,209)	
Decrease in other assets	11,527	15,210	
Increase (decrease) in trade payables	17,200	(9,324)	
Increase in other liabilities	19,265	2,039	
Other	3,378	(194)	
Interest received	2,113	1,964	
Dividends received	1,916	1,841	
Interest paid	(475)	(518)	
Income taxes paid	(42,774)	(31,530)	
Net cash provided by operating activities	58,376	64,080	(5,704)
Investing activities:			
Acquisition of property, plant, and equipment and intangible assets	(23,754)	(31,509)	
Proceeds from sales and redemption of securities	2,891	8,452	
Net decrease in short-term loans receivable from associates	303	3,273	
Net decrease in time deposits	5,881	9,887	
Net decrease in marketable securities	2,114	—	
Other	(3,867)	1,008	
Net cash used in investing activities	(16,432)	(8,889)	(7,543)
Financing activities:			
Funding from bonds and borrowings	147,085	98,199	
Redemptions of bonds and repayments of borrowings	(110,126)	(108,139)	
Net (decrease) increase in short-term borrowings	(23,681)	5,401	
Payments of dividends	(20,978)	(19,857)	
Purchases of treasury shares	(3,001)	(6,187)	
Other	(6,411)	(3,292)	
Net cash used in financing activities	(17,112)	(33,875)	16,763
Effect of exchange rate changes on cash and cash equivalents	(3,759)	19	(3,778)
Net increase in cash and cash equivalents	21,073	21,335	
Cash and cash equivalents, beginning of period	230,720	169,416	
Cash and cash equivalents, end of period	251,793	190,751	61,042

(6) Notes to the going concern assumption

None

(7) Consolidated segment information

a) Reportable segments

Six months ended June 30, 2018 (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	750,995	140,414	14,787	—	906,196
	Intersegment	160	529	13,396	(14,085)	—
	Total	751,155	140,943	28,183	(14,085)	906,196
Operating profit		108,713	9,127	1,111	(17,811)	101,140

Six months ended June 30, 2017 (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	697,742	134,398	14,864	—	847,004
	Intersegment	166	979	13,329	(14,474)	—
	Total	697,908	135,377	28,193	(14,474)	847,004
Operating profit		101,849	11,807	1,495	(14,989)	100,162

Notes:

1. "Adjustments" include the elimination of intersegment transfers and unallocated corporate expenses. The unallocated corporate expenses included in "Adjustments" consisted mainly of basic research expenses which are difficult to link to a particular reportable segment and expenses incurred in the administrative department of Kubota Corporation.
2. The aggregated amounts of operating profit are equivalent to those presented in the condensed consolidated statement of profit or loss. Refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
3. Intersegment transfers are recorded at values that approximate market prices.

b) Geographic information

Information about revenue from external customers by location

(In millions of yen)

	Six months ended June 30, 2018	Six months ended June 30, 2017
Japan	286,461	276,313
North America	273,811	250,039
Europe	139,870	119,289
Asia outside Japan	169,774	171,056
Other areas	36,280	30,307
Total	906,196	847,004

Notes:

1. Revenue from North America included that from the United States of ¥237,470 million and ¥217,594 million for the six months ended June 30, 2018 and 2017, respectively.
2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

(8) First-time adoption of IFRS

The condensed consolidated financial statements are prepared in accordance with IFRS for the first time from the beginning of the fiscal year ending December 31, 2018. The latest consolidated financial statements in accordance with U.S. GAAP were prepared for the year ended December 31, 2017 and the date of transition to IFRS (hereinafter, the "transition date") is January 1, 2017.

1) IFRS 1 exemptions

IFRS 1 requires an entity which adopts IFRS for the first time (hereinafter, the "first-time adopter") to apply IFRS retrospectively to prior periods. However, IFRS 1 provides mandatory exceptions prohibiting retrospective application and certain exemptions that allow first-time adopters to voluntarily choose not to apply certain standards retrospectively.

The effects of applying IFRS 1 are adjusted in retained earnings or other components of equity at the transition date.

Major exemptions adopted by the Company are as follows:

a) Business combinations

IFRS 1 permits first-time adopters not to apply IFRS 3 "Business Combinations" (hereinafter "IFRS 3") retrospectively to business combinations that occurred prior to the transition date. The Company chose to apply this exemption and did not apply IFRS 3 retrospectively to business combinations that occurred prior to the transition date. The Company performed impairment tests at the transition date on goodwill arisen from business combinations that occurred prior to the transition date regardless of whether there was any indication that goodwill may be impaired.

b) Exchange differences on translating foreign operations

IFRS 1 permits first-time adopters to choose to deem the cumulative amount of the exchange differences on translating foreign operations to be zero as of the transition date. The Company chose to apply this exemption and deemed the full cumulative amount of the exchange differences on translating foreign operations to be zero at the transition date.

c) Exemptions from retrospective application of IFRS 9

IFRS 1 permits first-time adopters which adopt IFRS from the year beginning before January 1, 2019 and choose to apply IFRS 9, the comparative information in its first IFRS financial statements need not be restated in accordance with IFRS 9. The Company chose to apply this exemption, and recognized and measured the comparative information in accordance with the previous accounting standards, U.S. GAAP.

2) Reconciliations from U.S. GAAP to IFRS

The effects of the transition from U.S. GAAP to IFRS on financial position, profit or loss, and cash flows of the Company are shown in the following reconciliations.

"Reclassification" includes items that do not affect retained earnings and comprehensive income, while "Recognition and measurement" includes items that affect retained earnings or comprehensive income.

Reconciliation of equity as of January 1, 2017, transition date, and as of December 31, 2017, and reconciliation of comprehensive income for the year ended December 31, 2017 are shown in "Note 13. DISCLOSURE OF TRANSITION TO IFRS" in the Notes to Condensed Consolidated Financial Statements in the Company's Quarterly Report for the First Quarter of the 129th Business Term (from January 1, 2018 to March 31, 2018).

a) Reconciliation of equity as of June 30, 2017

(In millions of yen)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
ASSETS						ASSETS
Current assets:						Current assets:
Cash and cash equivalents	190,751			190,751		Cash and cash equivalents
Notes and accounts receivable:						
Trade notes	56,623					
Trade accounts	543,959					
Less: Allowance for doubtful notes and accounts receivable	(2,846)					
Net notes and accounts receivable	597,736	(1,185)		596,551		Trade receivables
Short-term finance receivables-net	245,977	(13,616)		232,361	A	Finance receivables
		42,020		42,020	A	Other financial assets
Inventories	367,421		(770)	366,651	F	Inventories
		17,109		17,109		Income taxes receivable
Other current assets	99,141	(53,250)	(706)	45,185	A,F	Other current assets
Total current assets	1,501,026	(8,922)	(1,476)	1,490,628		Total current assets
Investments and long-term finance receivables:						Non-current assets:
Investments in and loans receivable from affiliated companies	27,972			27,972		Investments accounted for using the equity method
Other investments	138,990	(138,990)				
Long-term finance receivables—net	532,651	(18,001)		514,650	A	Finance receivables
Total Investments and long-term finance receivables	699,613					
		185,055		185,055	A	Other financial assets
Property, plant, and equipment:						
Land	83,071					
Buildings	297,427					
Machinery and equipment	498,252					
Construction in progress	12,589					
Total property, plant, and equipment	891,339					
Less: Accumulated depreciation	(579,167)					
Net property, plant, and equipment	312,172	(12,526)	175	299,821	C	Property, plant, and equipment
Other assets:						
Goodwill and intangible assets-net	44,002	(2,542)	(869)	40,591	B,C	Goodwill and intangible assets
Long-term trade accounts receivable	43,395	(43,395)				
		45,450	9,898	55,348	G	Deferred tax assets
Other	61,133	(33,778)	(1,478)	25,877	D	Other non-current assets
Less: Allowance for doubtful non-current receivables	(726)	726				
Total other assets	147,804					
				1,149,314		Total non-current assets
Total assets	2,660,615	(26,923)	6,250	2,639,942		Total assets

(In millions of yen)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
LIABILITIES AND EQUITY						LIABILITIES AND EQUITY
Current liabilities:						Current liabilities:
Short-term borrowings	193,176	131,800		324,976		Bonds and borrowings
Trade notes payable	139,120	107,336		246,456		Trade payables
Trade accounts payable	107,336	(107,336)				
Advances received from customers	7,785	(7,785)				
Notes and accounts payable for capital expenditures	12,862	(12,862)				
Accrued payroll costs	36,393	(36,393)				
Accrued expenses	63,412	(63,412)				
		30,971	(16)	30,955	A	Other financial liabilities
Income taxes payable	25,697			25,697		Income taxes payable
		17,253		17,253		Provisions
Other current liabilities	94,263	63,737	2,878	160,878	F	Other current liabilities
Current portion of long-term debt	132,318	(132,318)				
Total current liabilities	812,362	(9,009)	2,862	806,215		Total current liabilities
Long-term liabilities:						Non-current liabilities:
Long-term debt	471,167	(1,816)		469,351		Bonds and borrowings
		2,693	(125)	2,568	A	Other financial liabilities
Accrued retirement and pension costs	12,354			12,354	D	Retirement benefit liabilities
		30,993	6,904	37,897	G	Deferred tax liabilities
Other long-term liabilities	54,617	(49,784)	992	5,825		Other non-current liabilities
Total long-term liabilities	538,138	(17,914)	7,771	527,995		Total non-current liabilities
				1,334,210		Total liabilities
Equity:						Equity:
Common stock	84,100			84,100		Share capital
Capital surplus	84,972			84,972		Share premium
Legal reserve	19,539	(19,539)				
Retained earnings	1,011,990	19,539	(25,371)	1,006,158	H	Retained earnings
Accumulated other comprehensive income	39,430		20,726	60,156	D,E,G	Other components of equity
Treasury stock, at cost	(6,379)			(6,379)		Treasury shares, at cost
Total Kubota Corporation shareholders’ equity	1,233,652	-	(4,645)	1,229,007		Total equity attributable to owners of the parent
Non-controlling interests	76,463		262	76,725		Non-controlling interests
Total equity	1,310,115	-	(4,383)	1,305,732		Total equity
Total liabilities and equity	2,660,615	(26,923)	6,250	2,639,942		Total liabilities and equity

b) Reconciliation of comprehensive income for the six months ended June 30, 2017

(In millions of yen)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Revenues	845,996		1,008	847,004	F	Revenue
Cost of revenues	(599,320)		2,491	(596,829)	B,D,F	Cost of sales
Selling, general, and administrative expenses	(145,682)	(598)	(2,384)	(148,664)	D	Selling, general, and administrative expenses
Other operating expenses—net	(395)	395				
		721		721		Other income
		(2,070)		(2,070)		Other expenses
Operating income	100,599	(1,552)	1,115	100,162		Operating profit
Other income (expenses):						
Interest and dividend income	3,715					
Interest expense	(347)					
Gain on sales of securities—net	5,384					
Foreign exchange gain—net	3,313					
Other—net	(5,057)					
Other income (expenses)—net	7,008	(7,008)				
		14,207		14,207		Finance income
		(5,647)	5	(5,642)		Finance costs
Income before income taxes and equity in net income of affiliated companies	107,607	-	1,120	108,727		Profit before income taxes
Income taxes:						
Current	(37,128)					
Deferred	3,737					
Total income taxes	(33,391)		(499)	(33,890)	G	Income tax expenses
Equity in net income of affiliated companies	845		56	901		Share of profits of investments accounted for using the equity method
Net income	75,061	-	677	75,738		Profit for the period
						Profit attributable to:
Net income attributable to Kubota Corporation	70,444	-	560	71,004		Owners of the parent
Net income attributable to non-controlling interests	4,617	-	117	4,734		Non-controlling interests

(In millions of yen)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Net income	75,061	-	677	75,738		Profit for the period
Other comprehensive income (loss), net of tax:						Other comprehensive income (loss), net of tax
						Items that will not be reclassified to profit or loss
Pension liability adjustments	544		(356)	188	D	Remeasurements of defined benefit pension plans
						Items that may be reclassified to profit or loss
Foreign currency translation adjustments	(10,456)		146	(10,310)		Exchange differences on translating foreign operations
Unrealized gains on securities	842		1	843		Unrealized gains on securities
Total other comprehensive loss	(9,070)	-	(209)	(9,279)		Total other comprehensive loss, net of tax
Comprehensive income	65,991	-	468	66,459		Comprehensive income for the period
						Comprehensive income for the period attributable to:
Comprehensive income attributable to Kubota Corporation	60,538	-	351	60,889		Owners of the parent
Comprehensive income attributable to non-controlling interests	5,453	-	117	5,570		Non-controlling interests

c) Reconciliation of comprehensive income for the three months ended June 30, 2017

(In millions of yen)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Revenues	443,173		(1,027)	442,146	F	Revenue
Cost of revenues	(307,645)		552	(307,093)	B,D,F	Cost of sales
Selling, general, and administrative expenses	(73,907)	(292)	(1,362)	(75,561)	D	Selling, general, and administrative expenses
Other operating expenses—net	(372)	372				
		794		794		Other income
		(378)		(378)		Other expenses
Operating income	61,249	496	(1,837)	59,908		Operating profit
Other income (expenses):						
Interest and dividend income	2,600					
Interest expense	(127)					
Gain on sales of securities—net	2,804					
Foreign exchange gain—net	2,207					
Other—net	(2,055)					
Other income (expenses)—net	5,429	(5,429)				
		6,961		6,961		Finance income
		(2,028)	3	(2,025)		Finance costs
Income before income taxes and equity in net income of affiliated companies	66,678	-	(1,834)	64,844		Profit before income taxes
Income taxes:						
Current	(19,637)					
Deferred	(2,287)					
Total income taxes	(21,924)		592	(21,332)	G	Income tax expenses
Equity in net income of affiliated companies	628		28	656		Share of profits of investments accounted for using the equity method
Net income	45,382	-	(1,214)	44,168		Profit for the period
						Profit attributable to:
Net income attributable to Kubota Corporation	42,860	-	(1,272)	41,588		Owners of the parent
Net income attributable to non-controlling interests	2,522	-	58	2,580		Non-controlling interests

(In millions of yen)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Net income	45,382	-	(1,214)	44,168		Profit for the period
Other comprehensive income (loss), net of tax:						Other comprehensive income (loss), net of tax
						Items that will not be reclassified to profit or loss
Pension liability adjustments	70		(180)	(110)	D	Remeasurements of defined benefit pension plans
						Items that may be reclassified to profit or loss
Foreign currency translation adjustments	6,778		51	6,829		Exchange differences on translating foreign operations
Unrealized gains on securities	3,828			3,828		Unrealized gains on securities
Total other comprehensive income	10,676	-	(129)	10,547		Total other comprehensive income, net of tax
Comprehensive income	56,058	-	(1,343)	54,715		Comprehensive income for the period
						Comprehensive income for the period attributable to:
Comprehensive income attributable to Kubota Corporation	53,091	-	(1,401)	51,690		Owners of the parent
Comprehensive income attributable to non-controlling interests	2,967	-	58	3,025		Non-controlling interests

d) Notes to reconciliation of equity and comprehensive income

A. Reclassification

The major items of "Reclassification" are as follows:

(1) Presentation of finance receivables

Under U.S. GAAP, the Company accrued the preferential interest equivalents arising from retail finance operation in liabilities and recorded finance receivables including those amounts in assets.

Whereas under IFRS, the preferential interest equivalents are considered as a part of consideration received and therefore they are subtracted from finance receivables.

(2) Presentation of financial assets and liabilities

IFRS requires an entity to separately state financial assets and liabilities on the condensed consolidated statement of financial position.

Therefore, time deposits and derivatives, which were included in other current assets under U.S. GAAP, other investments and long-term trade accounts receivable, which were separately stated under U.S. GAAP, and derivatives, which were included in other assets—other under U.S. GAAP, are all included in financial assets under IFRS. Notes and accounts payable for capital expenditures, which were separately stated under U.S. GAAP, derivatives, which was included in other current liabilities and other liabilities under U.S. GAAP, are all included in financial liabilities under IFRS.

(3) Presentation of contract assets

Under U.S. GAAP, receivables arising from the percentage-of-completion method, which were recognized during the construction in process, were included in trade accounts receivable.

Whereas under IFRS, the rights to the consideration, which are recognized in line with the progress towards complete satisfaction of a performance obligation, are stated as contract assets, and the Company distinguishes them from trade receivables, which are the Company’s rights to unconditional consideration, and includes them in other current assets.

B. Capitalization of development expenses

Under U.S. GAAP, costs related to research and development are expensed as incurred.

Whereas under IFRS, certain development expenses which meet the required criteria for capitalization are recognized as intangible assets and amortized over their estimated useful lives on a straight-line basis.

C. Impairment of goodwill

When evaluating whether goodwill is impaired under U.S. GAAP, the fair value of the reporting unit including goodwill is compared with its carrying amount. When the fair value of the reporting unit is lower than its carrying amount, the fair value of goodwill is calculated, and if the fair value of goodwill is lower than its carrying amount of goodwill, the difference is recognized as impairment loss of goodwill.

Whereas under IFRS, when the carrying amount of the cash-generating unit including goodwill exceeds its recoverable amount, the excess amount is recognized as impairment loss. For impairment loss arising in the cash-generating unit including goodwill, the Company first impairs goodwill, and when there is any remaining amount, recognizes impairment loss for other assets in the cash-generating unit.

On the transition date, the Company conducted impairment tests on each cash-generating unit. Impairment losses of ¥3,982 million, ¥149 million, and ¥1,439 million were recognized on goodwill, property, plant, and equipment, and intangible assets, respectively, all in the Farm & Industrial Machinery segment.

The recoverable amount is measured using the value in use. The value in use is calculated by discounting the estimated future cash flows based on the market growth rate in which each cash-generating unit belongs to and the business plan for the next five years approved by management to the present value by the weighted average cost of capital on cash-generating unit (7.5% is largely used).

D. Post-employment benefit

Under U.S. GAAP, post-employment benefit related to defined benefit pension plans, service cost, interest cost, and expected return on plan assets are recognized in profit or loss. The portion of actuarial gains and losses arising from the defined benefit pension plans and past service cost incurred that was not recognized as a component of retirement benefit expenses for the period is recognized at the amount net of tax in accumulated other comprehensive income. The amount recognized in accumulated other comprehensive income is subsequently reclassified to income or loss as a component of retirement benefit expenses over a period of time in the future.

Whereas under IFRS, post-employment benefit related to defined benefit pension plans, current service cost and past service cost are recognized in profit or loss, and the amount calculated by multiplying net defined benefit liability (asset) by the discount rate is recognized as interest expense (income) in profit or loss. If the defined benefit pension plan has a surplus, the net defined benefit asset is limited to the present value of any future economic benefits available in the form of refunds from the plan or reductions in the future contributions to the plan.

As a result, other components of equity increased by ¥563 million and other non-current assets decreased by ¥1,478 million at June 30, 2017, respectively. Cost of sales increased by ¥617 million and ¥343 million and selling, general, and administrative expenses increased by ¥339 million and ¥171 million for the six months and the three months ended June 30, 2017, respectively.

Remeasurements of the net defined liability (asset) are recognized at the amount net of tax in other comprehensive income, and transferred from other components of equity directly to retained earnings, not through profit or loss.

As a result, other components of equity increased by ¥25,116 million at June 30, 2017.

E. Exchange differences on translating foreign operations

The Company chose to apply the IFRS 1 exemption and deemed the full cumulative amount of the exchange differences on translating foreign operations to be zero at the transition date.

As a result, other components of equity decreased by ¥26,009 million at June 30, 2017.

F. Revenue recognition

Under U.S. GAAP, discounts and rebates depending on sales volumes are measured and recognized based on the related incentive program at the later of the timing when the Company recognizes and measures related revenues or the timing when related incentive programs are provided to the customers.

Whereas under IFRS, discounts and rebates depending on sales volumes are measured and recognized when the Company satisfies performance obligations by the method that seems to appropriately estimate the amount of consideration by using past, current and future expected information which is reasonably available to the Company.

As a result, other current liabilities increased by ¥913 million at June 30, 2017. Revenue increased by ¥5,319 million and decreased by ¥1,785 million for the six months and the three months ended June 30, 2017, respectively.

Under U.S. GAAP, revenue from short-term construction contracts is recognized by the completed-contract method.

Whereas under IFRS, revenue from construction contracts are considered to be transferred control of promised assets over time, revenue from those contracts is recognized over time by measuring the progress towards complete satisfaction regardless of the term of those contracts.

As a result, other current assets increased by ¥1,269 million and inventories decreased by ¥885 million at June 30, 2017, respectively. Revenue decreased by ¥4,311 million and increased by ¥758 million and cost of sales decreased by ¥2,697 million and increased by ¥513 million for the six months and the three months ended June 30, 2017, respectively.

G. Income taxes

Under U.S. GAAP, subsequent changes to deferred tax assets and liabilities recognized on items previously recognized in other comprehensive income are recognized in profit or loss.

Whereas under IFRS, subsequent changes to deferred tax assets and liabilities recognized on items previously recognized in other comprehensive income are recognized in other comprehensive income.

As a result, other component of equity increased by ¥20,913 million at June 30, 2017.

Under U.S. GAAP, with respect to unrealized gains and losses from intercompany transactions, a deferred tax asset is recognized using the effective tax rate of the seller.

Whereas, under IFRS, a deferred tax asset is recognized using the effective tax rate of the buyer as a temporary difference of assets held by the buyer.

As a result, net deferred tax assets decreased by ¥26 million at June 30, 2017. Income tax expenses decreased by ¥292 million and increased by ¥113 million for the six months and the three months ended June 30, 2017, respectively.

H. Retained earnings

Effects of the transition, net of tax on retained earnings from U.S. GAAP to IFRS are as follows:

(In millions of yen)

	June 30, 2017
Capitalization of development expenses	3,514
Impairment of goodwill	(4,639)
Post-employment benefit	(26,636)
Exchange differences on translating foreign operations	26,009
Revenue recognition	(193)
Income taxes	(21,201)
Other	(2,225)
Effects of the transition on retained earnings	(25,371)

e) Notes to reconciliation of condensed consolidated statement of cash flows for the six months ended June 30, 2017 and for the year ended December 31, 2017

Among the expenditures related to research and development, which were classified into cash flows from operating activities under U.S. GAAP, the expenditures related to development activities which meet the required criteria for capitalization under IFRS are classified into cash flows from investing activities.

Under U.S. GAAP, increase in and collection of finance receivables were classified into cash flows from investing activities, whereas under IFRS, they are classified into cash flows from operating activities.

(9) Consolidated revenue by product group

(In millions of yen)

		Six months ended June 30, 2018		Six months ended June 30, 2017		Change	
		Amount	%	Amount	%	Amount	%
	Farm Equipment and Engines	**602,393**	**66.5**	**573,167**	**67.7**	**29,226**	**5.1**
	Domestic	140,068		132,723		7,345	5.5
	Overseas	462,325		440,444		21,881	5.0
	Construction Machinery	**148,602**	**16.4**	**124,575**	**14.7**	**24,027**	**19.3**
	Domestic	15,858		14,366		1,492	10.4
	Overseas	132,744		110,209		22,535	20.4
Farm & Industrial Machinery		**750,995**	**82.9**	**697,742**	**82.4**	**53,253**	**7.6**
	Domestic	155,926	17.2	147,089	17.4	8,837	6.0
	Overseas	595,069	65.7	550,653	65.0	44,416	8.1
	Pipe-related Products	**76,489**	**8.4**	**73,093**	**8.6**	**3,396**	**4.6**
	Domestic	67,474		68,017		(543)	(0.8)
	Overseas	9,015		5,076		3,939	77.6
	Environment-related Products	**40,533**	**4.5**	**39,721**	**4.7**	**812**	**2.0**
	Domestic	35,381		35,131		250	0.7
	Overseas	5,152		4,590		562	12.2
	Social Infrastructure-related Products	**23,392**	**2.6**	**21,584**	**2.6**	**1,808**	**8.4**
	Domestic	13,073		11,372		1,701	15.0
	Overseas	10,319		10,212		107	1.0
Water & Environment		**140,414**	**15.5**	**134,398**	**15.9**	**6,016**	**4.5**
	Domestic	115,928	12.8	114,520	13.5	1,408	1.2
	Overseas	24,486	2.7	19,878	2.4	4,608	23.2
Other		**14,787**	**1.6**	**14,864**	**1.7**	**(77)**	**(0.5)**
	Domestic	14,607	1.6	14,704	1.7	(97)	(0.7)
	Overseas	180	0.0	160	0.0	20	12.5
Total		**906,196**	**100.0**	**847,004**	**100.0**	**59,192**	**7.0**
	Domestic	286,461	31.6	276,313	32.6	10,148	3.7
	Overseas	619,735	68.4	570,691	67.4	49,044	8.6

Note:

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "Electronic Equipped Machinery" are reported in the "Farm Equipment and Engines" product group. The information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.

(10) Anticipated consolidated revenue by reportable segment

(In billions of yen)

	Year ending Dec. 31, 2018		Year ended Dec. 31, 2017		Change	
	Amount	%	Amount	%	Amount	%
Domestic	308.0		294.5		13.5	4.6
Overseas	1,180.0		1,142.0		38.0	3.3
Farm & Industrial Machinery	1,488.0	81.8	1,436.5	82.0	51.5	3.6
Domestic	250.5		240.7		9.8	4.1
Overseas	53.5		44.9		8.6	19.2
Water & Environment	304.0	16.7	285.6	16.3	18.4	6.4
Domestic	27.5		28.6		(1.1)	(3.8)
Overseas	0.5		0.3		0.2	66.7
Other	28.0	1.5	28.9	1.7	(0.9)	(3.1)
Total	1,820.0	100.0	1,751.0	100.0	69.0	3.9

Domestic	586.0	32.2	563.8	32.2	22.2	3.9
Overseas	1,234.0	67.8	1,187.2	67.8	46.8	3.9

4. Results of operations for the three months ended June 30, 2018

(1) Condensed consolidated statement of profit or loss

(In millions of yen, except eanings per share)

	Three months ended June 30, 2018		Three months ended June 30, 2017		Change	
	Amount	%	Amount	%	Amount	%
Revenue	477,575	100.0	442,146	100.0	35,429	8.0
Cost of sales	(341,783)		(307,093)		(34,690)	
Selling, general, and administrative expenses	(79,330)		(75,561)		(3,769)	
Other income	947		794		153	
Other expenses	(161)		(378)		217	
Operating profit	57,248	12.0	59,908	13.5	(2,660)	(4.4)
Finance income	6,914		6,961		(47)	
Finance costs	(4,022)		(2,025)		(1,997)	
Profit before income taxes	60,140	12.6	64,844	14.7	(4,704)	(7.3)
Income tax expenses	(15,454)		(21,332)		5,878	
Share of profits of investments accounted for using the equity method	637		656		(19)	
Profit for the period	45,323	9.5	44,168	10.0	1,155	2.6

Profit attributable to:						
Owners of the parent	42,058	8.8	41,588	9.4	470	1.1
Non-controlling interests	3,265	0.7	2,580	0.6	685	26.6

Earnings per share attributable to owners of the parent:			
Basic	34.12	33.60	
Diluted	34.12	—	

(2) Consolidated segment information

a) Reportable segments

Three months ended June 30, 2018 (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	411,559	59,140	6,876	—	477,575
	Intersegment	39	214	6,979	(7,232)	—
	Total	411,598	59,354	13,855	(7,232)	477,575
Operating profit		61,755	345	387	(5,239)	57,248

Three months ended June 30, 2017 (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	378,257	56,777	7,112	—	442,146
	Intersegment	36	586	6,930	(7,552)	—
	Total	378,293	57,363	14,042	(7,552)	442,146
Operating profit		63,991	911	684	(5,678)	59,908

Notes:

1. "Adjustments" include the elimination of intersegment transfers and unallocated corporate expenses. The unallocated corporate expenses included in "Adjustments" consisted mainly of basic research expenses which are difficult to link to a particular reportable segment and expenses incurred in the administrative department of Kubota Corporation.
2. The aggregated amounts of operating profit are equivalent to those presented in the condensed consolidated statement of profit or loss. Refer to the condensed consolidated statement of profit or loss for the reconciliation of operating profit to profit before income taxes.
3. Intersegment transfers are recorded at values that approximate market prices.

b) Geographic information

Information about revenue from external customers by location

(In millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2017
Japan	137,123	131,582
North America	156,880	143,848
Europe	72,309	59,359
Asia outside Japan	93,335	91,446
Other areas	17,928	15,911
Total	477,575	442,146

Notes:

1. Revenue from North America included that from the United States of ¥136,751 million and ¥126,669 million for the three months ended June 30, 2018 and 2017, respectively.
2. There was no single customer from whom revenue exceeded 10% of total consolidated revenue of the Company.

(3) Consolidated revenue by product group

(In millions of yen)

	Three months ended June 30, 2018		Three months ended June 30, 2017		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	**330,295**	**69.2**	**308,892**	**69.9**	**21,403**	**6.9**
Domestic	75,979		71,341		4,638	6.5
Overseas	254,316		237,551		16,765	7.1
Construction Machinery	**81,264**	**17.0**	**69,365**	**15.7**	**11,899**	**17.2**
Domestic	7,827		6,980		847	12.1
Overseas	73,437		62,385		11,052	17.7
Farm & Industrial Machinery	**411,559**	**86.2**	**378,257**	**85.6**	**33,302**	**8.8**
Domestic	83,806	17.6	78,321	17.7	5,485	7.0
Overseas	327,753	68.6	299,936	67.9	27,817	9.3
Pipe-related Products	**31,170**	**6.5**	**31,603**	**7.1**	**(433)**	**(1.4)**
Domestic	26,838		28,448		(1,610)	(5.7)
Overseas	4,332		3,155		1,177	37.3
Environment-related Products	**16,036**	**3.4**	**14,169**	**3.2**	**1,867**	**13.2**
Domestic	13,274		11,768		1,506	12.8
Overseas	2,762		2,401		361	15.0
Social Infrastructure-related Products	**11,934**	**2.5**	**11,005**	**2.5**	**929**	**8.4**
Domestic	6,417		6,015		402	6.7
Overseas	5,517		4,990		527	10.6
Water & Environment	**59,140**	**12.4**	**56,777**	**12.8**	**2,363**	**4.2**
Domestic	46,529	9.7	46,231	10.5	298	0.6
Overseas	12,611	2.7	10,546	2.3	2,065	19.6
Other	**6,876**	**1.4**	**7,112**	**1.6**	**(236)**	**(3.3)**
Domestic	6,788	1.4	7,030	1.6	(242)	(3.4)
Overseas	88	0.0	82	0.0	6	7.3
Total	**477,575**	**100.0**	**442,146**	**100.0**	**35,429**	**8.0**
Domestic	137,123	28.7	131,582	29.8	5,541	4.2
Overseas	340,452	71.3	310,564	70.2	29,888	9.6

Note:

Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "Electronic Equipped Machinery" are reported in the "Farm Equipment and Engines" product group. The information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.