

Financial Summary

(Billion yen)	Six months ended Sept. 30, 2014	Six months ended Sept. 30, 2013	Changes		Variance from forecast (May 2014)	
	Amount	Amount	Amount	%	Amount	%
Revenues	745.1	729.1	+16.0	+2.2	+10.1	+1.4
Domestic	253.7	282.3	-28.7	-10.2	-16.3	-6.0
Overseas	491.4	446.7	+44.7	+10.0	+26.4	+5.7
Operating income	13.4% 100.2	13.8% 100.3	-0.1	-0.1	+5.2	+5.5
Net income attributable to Kubota Corp.	8.9% 66.1	9.2% 67.4	-1.3	-1.9	+4.1	+6.6

(Billion yen)	As of Sept. 30, 2014	As of Mar. 31, 2014	Changes	
	Amount	Amount	Amount	%
Total assets	2,224.8	2,104.7	+120.1	+5.7
Shareholders' equity	1,001.8	934.8	+67.0	+7.2



Revenues by Reporting Segment

(Billion yen)	Six months ended Sept. 30, 2014	Six months ended Sept. 30, 2013	Changes	
			Amount	%
Farm & Industrial Machinery (Machinery)	599.3	587.3	+11.9	+2.0
Domestic	133.4	162.9	-29.6	-18.1
Overseas	465.9	424.4	+41.5	+9.8
Water & Environment (Water)	132.5	128.8	+3.7	+2.9
Domestic	107.4	106.8	+0.5	+0.5
Overseas	25.1	22.0	+3.2	+14.5
Other	13.3	13.0	+0.3	+2.7
Domestic	12.9	12.6	+0.3	+2.7
Overseas	0.4	0.4	-0.0	-0.3
Total revenues	745.1	729.1	+16.0	+2.2
Domestic revenues	253.7	282.3	-28.7	-10.2
Overseas revenues	491.4	446.7	+44.7	+10.0

[For reference: Changes excluding the effects of yen depreciation]

Overseas revenues increased 6%.

Total revenues were almost the same level.

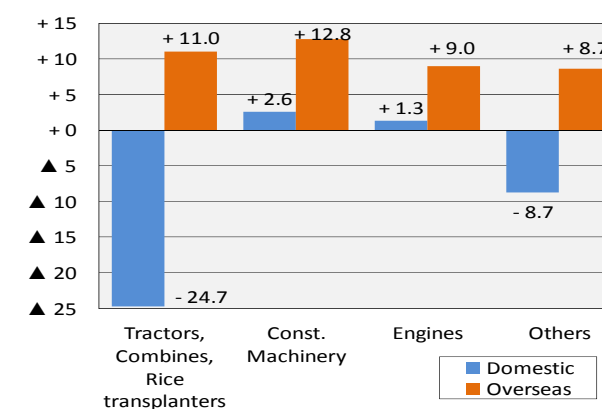


Revenues by Reporting Segment

▶ Machinery: +11.9 billion yen (Domestic: -29.6, Overseas: +41.5)

- ◇ Domestic: Sales of farm machinery declined substantially due to front-loaded demand before the tax hike. Const. machinery and engines increased due to firm demand support.
- ◇ Overseas: Sales of tractors, const. machinery, and engines rose significantly. Combines and rice transplanters decreased.

Increased revenues by product (Billion yen)



▶ Water: +3.7 billion yen (Domestic: +0.5, Overseas: +3.2)

- ◇ Domestic: Revenues from pipe-related products decreased slightly. Revenues from environment-related products and social infrastructure-related products increased slightly.
- ◇ Overseas: Revenues from pipe-related products, environment-related products, and social infrastructure-related products increased. In particular, sales of iron pipes and industrial castings increased.

▶ Other: +0.3 billion yen (Domestic: +0.3, Overseas: - 0.0)

- ◇ Domestic revenues increased.
- ◇ Overseas revenues were almost the same as in the prior year.



Operating Income

(Billion yen)	Six months ended Sept. 30, 2014		Six months ended Sept. 30, 2013		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	100.2	13.4	100.3	13.8	-0.1	-0.1

Factors affecting operating income (YoY Change -0.1 Billion yen)

1. Fluctuation in exchange rates	US\$ (99→103) Euro (130→139) Other currencies	+6.0 billion yen +4.0 billion yen +1.0 billion yen	} +11.0 billion yen
2. Material costs	Machinery Water	+1.0 billion yen -1.5 billion yen	
3. Increase in personnel expenses	Cost of goods sold Selling, general, and administrative expenses	-7.5 billion yen -2.8 billion yen	} -10.3 billion yen
4. Non-recurring items			
Additional amortization	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS <u>'14/3: -1.5 billion yen → '15/3: - 1.0 billion yen</u>	+0.5 billion yen	} -5.9 billion yen
Thailand floods-related (Reversal of allowance for prior year)		-1.7 billion yen	
China, sales incentive payment related to suspension of subsidies		-4.7 billion yen	
5. Other factors			+5.6 billion yen

Operating Income by Reporting Segment

Operating income excluding non-recurring items

(Billion yen)	Six months ended Sept. 30, 2014			Six months ended Sept. 30, 2013			Changes ①-④	Changes (Adjusted) ③-⑥	Changes in revenues
	Operating income ①	Non- recurring items ②	Adjusted operating income ③=①-②	Operating income ④	Non- recurring items ⑤	Adjusted Operating income ⑥=④-⑤			
Machinery	17.0% 102.1	-5.7	18.0% 107.8	17.5% 103.0	0.2	17.5% 102.7	-0.9	+5.1	+11.9
Water	5.3% 7.1	-	5.3% 7.1	5.1% 6.6	-	5.1% 6.6	+0.4	+0.4	+3.7
Other	8.1% 1.1	-	8.1% 1.1	7.9% 1.0	-	7.9% 1.0	+0.1	+0.1	+0.3
Adjustment	-10.0	-	-10.0	-10.3	-	-10.3	+0.2	+0.2	
Total	13.4% 100.2	-5.7	14.2% 105.9	13.8% 100.3	0.2	13.7% 100.1	-0.1	+5.8	+16.0



Other Income (Expenses)

(Billion yen)	Six months ended Sept. 30, 2014	Six months ended Sept. 30, 2013	Changes
	Amount	Amount	Amount
Other income (expenses)	3.4	5.6	-2.3



(Details)

Interests and dividends	1.8	1.5	+0.3
Gain on sales of securities	0.2	3.7	-3.5
Foreign exchange gain (loss)-net	5.0	-2.4	+7.4
Other	-3.6	2.9	-6.5
Valuation gain (loss) on derivatives	-3.3	3.1	-6.4
Other-net	-0.2	-0.2	-0.0

+1.0



Taxable Income/ Net Income

(Billion yen)	Six months ended Sept. 30, 2014		Six months ended Sept. 30, 2013		Changes	
	Amount	%	Amount	%	Amount	%
Taxable income (*)	103.6	13.9	106.0	14.5	-2.4	-2.3
Income taxes	33.5		35.6		+2.1	
(Effective tax rate)	(32.3%)		(33.6%)			
Equity in net income of affiliated companies	1.2		2.2		-1.0	
Net income	71.3	9.6	72.6	10.0	-1.3	-1.7
Less: Net income attributable to noncontrolling interests	5.2		5.1		-0.0	
Net income attributable to Kubota Corp.	66.1	8.9	67.4	9.2	-1.3	-1.9

Dividend per common share	Interim	12 yen	10 yen	+ 2 yen
	Year-end	—	18 yen	—
	Total	—	28 yen	—

(*)Income before income taxes and equity in net income of affiliated companies



Balance Sheets (Assets)

(Billion yen)	As of Sept. 30, 2014	As of Mar. 31, 2014	Changes
Current assets	1,265.6	1,234.0	+31.7
Cash and cash equivalents	104.3	87.0	+17.2
Notes and accounts receivable	546.3	601.7	-55.5
Short-term finance receivables-net	179.8	163.0	+16.8
Inventories	334.0	299.8	+34.2
Other current assets	101.4	82.5	+18.9
Investments and long-term finance receivables	568.6	494.4	+74.2
Long-term finance receivables-net	404.2	334.1	+70.1
Other	164.4	160.3	+4.1
Property, plant, and equipment	287.9	282.7	+5.2
Other assets	102.6	93.6	+9.0
Total assets	2,224.8	2,104.7	+120.1

Changes ex the effects of yen depreciation

-70.0

+28.0

Total finance receivables-net

584.0

497.1

+86.9

+55.0

<Reference> Foreign exchange rate at balance sheet date (yen)

U.S. dollar	109	103	+6
Euro	139	142	-3



Balance Sheets (Liabilities)

(Billion yen)	As of Sept. 30, 2014	As of Mar. 31, 2014	Changes
Current liabilities	695.1	718.9	-23.9
Short-term borrowings	208.8	181.6	+27.2
Notes and accounts payable	217.7	240.7	-23.0
Current portion of long-term debt	74.9	89.8	-14.8
Other current liabilities	193.7	206.9	-13.2
Long-term liabilities	454.6	385.1	+69.5
Long-term debt	377.5	315.6	+61.9
Accrued retirement and pension costs	12.2	13.0	-0.9
Other long-term liabilities	65.0	56.5	+8.5
Total liabilities	1,149.6	1,104.0	+45.6

Changes ex the effects of yen depreciation

Total interest-bearing debt	661.2	586.9	+74.3
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+47.0

Net debt equity ratio	0.56	0.53	+0.03
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Balance Sheets (Equity)

(Billion yen)	As of Sept. 30, 2014	As of Mar. 31, 2014	Changes
Kubota Corp. shareholders' equity	1,001.8	934.8	+67.0
Common stock	84.1	84.1	-
Capital surplus	88.7	88.8	-0.1
Legal reserve	19.5	19.5	-
Retained earnings	747.3	703.7	+43.6
Accumulated other comprehensive income (loss)	62.6	39.0	+23.6
Foreign currency translation adjustments	29.8	8.4	+21.4
Unrealized gains on securities	47.0	44.9	+2.1
Pension liability adjustments	-14.2	-14.2	+0.0
Unrealized losses on derivatives	-0.0	-0.0	+0.0
Treasury stock	-0.3	-0.3	-0.0
Noncontrolling interests	73.3	65.8	+7.5
Total equity	1,075.1	1,000.6	+74.5
Shareholders' equity to total assets	45.0%	44.4%	0.6%



Cash Flow Statements

(Billion yen)	Six months ended Sept. 30, 2014	Six months ended Sept. 30, 2013	Changes
Net cash provided by operating activities	72.1	70.1	+2.1
Net cash used in investing activities	-81.6	-58.9	-22.6
Purchases of fixed assets	-19.9	-26.1	+6.2
Other	-61.7	-32.8	-28.9
Net cash provided by (used in) financing activities	23.4	-10.3	+33.7
Effect of exchange rate changes on cash and cash equivalents	3.3	3.5	-0.2
Net increase in cash and cash equivalents	17.2	4.3	+12.9
Free cash flow	52.2	44.0	+8.3



Recent Developments

Recent Developments (North America)

U.S. ■■■ Revenues substantially increased due to favorable demand and the effect of launching new products.

Market: The compact tractor market remained strong, despite intensifying competition.

Mini-excavator sales expanded, led by general users.

【YoY growth rate of retail sales units in the tractor market by horsepower】

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Sept.	Apr.-Mar.
2013	0-40hp	+ 5.2%	+ 13.9%	+ 15.5%	- 2.5%	+ 9.2%	+ 14.5%	+ 10.3%
	40-120hp	+ 11.8%	+ 7.0%	+ 15.7%	+ 3.3%	+ 8.9%	+ 10.8%	+ 7.3%
	0-120hp	+ 8.1%	+ 11.5%	+ 15.6%	+ 0.2%	+ 9.1%	+ 13.2%	+ 9.1%
2014	0-40hp	+ 11.6%	+ 4.7%	+ 13.5%	-	-	+ 8.1%	-
	40-120hp	+ 3.7%	+ 4.5%	+ 12.9%	-	-	+ 8.3%	-
	0-120hp	+ 8.0%	+ 4.6%	+ 13.3%	-	-	+ 8.2%	-

Source : AEM (Association of Equipment Manufacturers)

【YoY growth rate of retail sales units in the mini-excavator market (0-8t)】

		Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Sept.	Apr.-Mar.
2013		+ 3.2%	+ 13.6%	+ 29.2%	+ 19.3%	+ 16.3%	+ 20.1%	+ 17.5%

Source : AEM (Association of Equipment Manufacturers)

Kubota (unit basis) :

< Tractors/ RS > Increased, despite a slight decrease in market share.

New products of RTVs also remained strong.

< Const. machinery/ RS > Sales of mini-excavators achieved revenue growth in excess of market expansion. Market share of CTLs also increased.

< Engines/ WS > The switch to Tier 4 engines is progressing.

RS : Retail Sales, WS: Wholesale



Recent Developments (Europe)

Europe ■ ■ ■ Sales of tractors, const. machinery, and engines rose due to the recovery of the U.K. economy and the strengthening sales activities.

Market: Tractors market remained weak due to austerity measures and lower crop prices. The market in southern Europe recovered due to the bottoming out of the economies.

Kubota (unit basis):

< Tractors/ RS > Achieved expanded sales due to strengthened sales programs, despite intensifying competition and adverse market condition.

< Const. machinery/ RS > Revenues recorded double-digit growth due to economic recovery and expansion of construction investment in the U.K.

< Engines/ WS > Increased on the back of healthy construction and industrial machinery market.

< Implements/ WS > Market remained flat.



Recent Developments (Asia)

Thailand ■ ■ ■ The trends in agricultural policy are uncertain. However, retail sales increased due to expanding sales in the upland farming market and sales in neighboring countries.

Market: The effects of political turmoil and stoppage of the rice payment pledge scheme receded.

Kubota (unit basis):

< Tractors ■ combines/
RS > In the first half, retail sales increased, while wholesale decreased due to inventory adjustment. Going forward, continue to concentrate on expanding sales in the steady upland farming market and sales in neighboring countries.

< Const. machinery/
RS > Remained solid, despite economic stagnation.

<Export to
neighboring
countries / WS > Power tillers, engines, and combines increased. Sales in Myanmar increased dramatically, along with sales increase in Cambodia and Laos.



Recent Developments (China)

China ▪ ▪ ▪ Suspension of subsidies will be lifted in January 2015 (except for one model).

Market: Subsidies increased to RMB 23.8 billion.

Const. machinery sales shrank due to the downturn in the real- estate market.

【Subsidies of China's central government for purchase of agricultural equipment】

		2007	2008	2009	2010	2011	2012	2013	2014
Subsidies (Billion RMB)	1st stage	-	-	-	-	11.0	13.0	20.0	17.0
	Full year	2.0	4.0	13.0	15.5	17.5	21.5	21.75	23.8

Kubota (unit basis):

< Combines/ RS > Retail sales of conventional-type combines exceeded the prior year.

< Rice transplanters/
RS > Dropped significantly due to the effects of the suspension of subsidies.

< Const. machinery/
RS > Decreased after spring due to the struggling mini-excavator market.



Recent Developments (Japan)

Japan . . . **Sales of farm equipment decreased substantially due to front-loaded demand before the tax hike.**

Sales of const. machinery and engines continued to be steady.

Market: Shipments of farm machinery fell 23 % YoY during Apr.-Sept. while public sector continued to be steady.

Kubota (monetary basis):

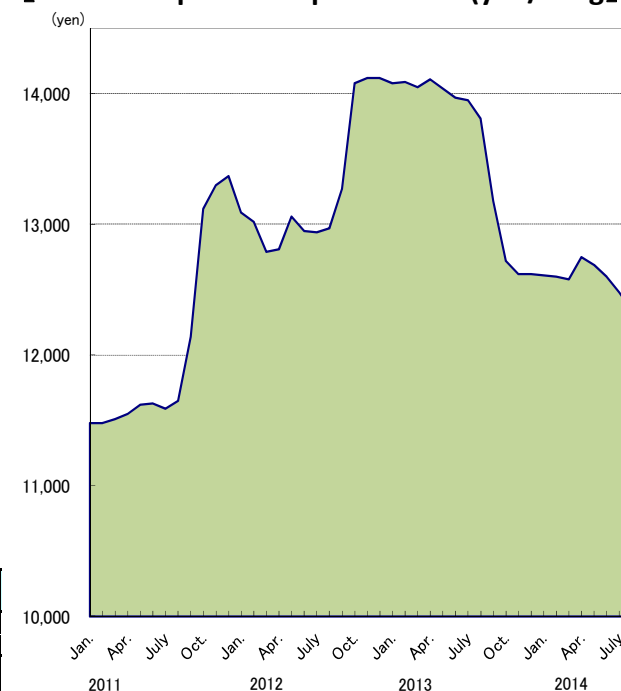
< Farm machinery/ RS > Substantial decrease due to market shrinkage caused by adverse reaction to the front-loaded demand.

< Const. machinery/ RS > Favorable sales due to firm demand supported by increased public works spending.

<Engines/ WS > Production volume for exports of OEM clients increased due to the recovery in overseas economies.

< Public works spending/Shipping > Remained firm due to reconstruction and replacement demand.

【Producers price of Japanese rice (yen/60kg)】



Source: Ministry of Agriculture, Forestry and Fisheries



【Shipments of farm machinery in the Japanese market, YoY (%)】

	Jan.-Mar.	Apr.-June	July-Sept.	Oct.-Dec.	Jan.-Dec.	Apr.-Sept.	Apr.-Mar.
2012	+ 5.9%	+ 7.2%	+ 8.7%	+ 3.6%	+ 6.3%	+ 8.0%	+ 6.3%
2013	+ 5.9%	+ 10.8%	+ 20.0%	+ 28.3%	+ 17.1%	+ 15.9%	+ 23.8%
2014	+ 34.6%	- 18.6%	- 26.9%	-	-	- 23.3%	-

Source: JFMMA (Japan Federation of Machinery Manufacturers' Association)

Forecast

Anticipated Operating Results

The forecasts remain unchanged from previous forecast

(Billion yen)	Year ending Mar. 31, 2015 (Forecast)	Year ended Mar. 31, 2014 (Actual)	Changes
Revenues	1,550.0	1,508.6	+41.4
	12.9%	13.4%	
Operating income	200.0	202.4	-2.4
Other income(expenses)	10.0	8.9	+1.1
	13.5%	14.0%	
Taxble income (*)	210.0	211.3	-1.3
	8.4%	8.7%	
Net income attributable to Kubota Corp.	130.0	131.7	-1.7

(*)Income before income taxes and equity in net income of affiliated companies



Anticipated Revenues by Reporting Segment

(Billion yen)	Year ending Mar. 31, 2015 (Forecast)	Year ended Mar. 31, 2014 (Actual)	Chages		Previous forecast	Chages	
			Amount	%		Amount	%
Machinery	1,165.0	1,153.1	+11.9	+1.0	1,160.0	+5.0	+0.4
Domestic	270.0	332.6	-62.6	-18.8	290.0	-20.0	-6.9
Overseas	895.0	820.5	+74.5	+9.1	870.0	+25.0	+2.9
Water	356.0	326.2	+29.8	+9.1	360.0	-4.0	-1.1
Domestic	292.0	277.3	+14.7	+5.3	290.0	+2.0	+0.7
Overseas	64.0	48.9	+15.1	+30.9	70.0	-6.0	-8.6
Other	29.0	29.3	-0.3	-1.0	30.0	-1.0	-3.3
Domestic	28.0	28.5	-0.5	-1.8	30.0	-2.0	-6.7
Overseas	1.0	0.8	+0.2	+25.0	0.0	+1.0	-
Total revenues	1,550.0	1,508.6	+41.4	+2.7	1,550.0	+0.0	+0.0
Domestic revenues	590.0	638.4	-48.4	-7.6	610.0	-20.0	-3.3
Overseas revenue	960.0	870.2	+89.8	+10.3	940.0	+20.0	+2.1



Anticipated Operating Income

(Billion yen)	Year ending Mar. 31, 2015		Year ended Mar. 31, 2014		Changes	
	Amount	%	Amount	%	Amount	%
Operating income	200.0	12.9	202.4	13.4	-2.4	-1.2

Factors affecting operating income (YoY change -2.4 billion yen)

1. Fluctuation in exchange rates	US\$ (100→105) Euro (134→137) Other currencies	+11.0 billion yen +4.0 billion yen +3.0 billion yen	+17.0 billion yen
2. Material costs	Machinery Water	+2.0 billion yen -3.0 billion yen	-1.0 billion yen
3. Increase in personnel expenses	Cost of goods sold Selling, general, and administrative expenses	-15.0 billion yen -5.5 billion yen	-20.5 billion yen
4. Non-recurring items			
Additional amortization	Amortization of valuation difference between the amount paid and fair market value of net assets of Kverneland AS <u>'14/3: -2.5 billion yen → '15/3: - 1.9 billion yen</u>	+0.6 billion yen	-6.7 billion yen
Thailand floods-related (Reversal of allowance for prior year)		-2.1 billion yen	
China, sales incentive payment related to suspension of subsidies		-5.2 billion yen	
5. Other factors			+8.8 billion yen

Anticipated Operating Income by Reporting Segment

Anticipated operating income excluding non-recurring items

[% shows OP margin]

(Billion yen)	Year ending Mar. 31, 2015			Year ended Mar.31, 2014			Changes ①-④	Changes (Adjusted) ③-⑥	Chages in revenues
	Operating income ①	Non- recurring items ②	Adjusted operating income ③=①-②	Operating income ④	Non- recurring items ⑤	Adjusted operating income ⑥=④-⑤			
Machinery	16.3% 190.0	-9.1	17.1% 199.1	17.1% 196.9	-0.4	17.1% 197.3	-6.9	+1.8	+11.9
Water	8.4% 30.0	-	8.4% 30.0	7.8% 25.3	-	7.8% 25.3	+4.7	+4.7	+29.8
Other	10.3% 3.0	-	10.3% 3.0	11.5% 3.4	-	11.5% 3.4	-0.4	-0.4	-0.3
Adjustment	-23.0	-	-23.0	-23.1	-	-23.1	+0.1	+0.1	
Total	12.9% 200.0	-9.1	13.5% 209.1	13.4% 202.4	-0.4	13.4% 202.8	-2.4	+6.3	+41.4



Exchange rate, CAPEX, Depreciation and R&D expenses

【Anticipated foreign exchange rate】

(Yen)		Year ending Mar. 31, 2015		Year ended Mar. 31, 2014	
		Revised forecast	Previous forecast		
¥/US\$	1st Half (Apr.-Sept.)	Actual	103	100	99
	2nd Half (Oct.-Mar.)	Plan	106	100	102
	Full year average	Plan	105	100	100
¥/Euro	1st Half (Apr.-Sept.)	Actual	139	140	130
	2nd Half (Oct.-Mar.)	Plan	135	140	139
	Full year average	Plan	137	140	134

【CAPEX, Depreciation and R&D expenses】

(Billion yen)	Year ending Mar. 31, 2015		Year ended Mar. 31, 2014
	Revised forecast	Previous forecast	
Capital expenditures	60.0	64.0	51.2
Depreciation and amortization	39.0	39.0	35.3
R&D expenses	40.0	39.0	35.6



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.





For Earth, For Life
Kubota