FOR IMMEDIATE RELEASE

November 6, 2018

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2018 [IFRS]

Kubota Corporation hereby reports its consolidated results for the nine months ended September 30, 2018.

Consolidated Financial Highlights

1. Consolidated results of operations for the nine months ended September 30, 2018

(1) Results of operations

(¥ in millions, except earnings per share)

	Nine months ended Sept. 30, 2018	Change [%]	Nine months ended Sept. 30, 2017	Change [%]
Revenue	¥ 1,364,392	7.4	¥ 1,270,369	-
Operating profit	¥ 148,442	(0.5)	¥ 149,224	-
Profit before income taxes	¥ 153,633	(4.6)	¥ 161,095	-
Profit for the period	¥ 114,312	(0.7)	¥ 115,152	-
Profit attributable to owners of the parent	¥ 105,924	(1.9)	¥ 107,995	-
Comprehensive income for the period	¥ 104,714	(11.4)	¥ 118,125	-
Earnings per share attributable to owners of the parent:				
Basic	¥ 85.92		¥ 87.24	
Diluted	¥ 85.92		-	

(2) Financial condition

(¥ in millions)

	Sept. 30, 2018	Dec. 31, 2017
Total assets	¥ 2,900,437	¥ 2,832,364
Total equity	¥ 1,435,869	¥ 1,375,568
Equity attributable to owners of the parent	¥ 1,348,856	¥ 1,291,094
Ratio of equity attributable to owners of the parent to total assets	46.5%	45.6%

Note:

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

2. Cash dividends

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2018	¥ 16.00	¥ 18.00 (forecast)	¥ 34.00 (forecast)
Year ended Dec. 31, 2017	¥ 15.00	¥ 17.00	¥ 32.00

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

(¥ in millions, except earnings per share)

	Year ending Dec. 31, 2018	Change [%]
Revenue	¥ 1,830,000	4.5
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	¥ 117.62	

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 nine 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 September 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 September 30, 2018	:	1,938,779
	Number of treasury shares as of December 31, 2017	:	362,159
c)	Weighted-average number of common shares outstanding during the nine months ended September 30, 2018	:	1,232,791,485
	Weighted-average number of common shares outstanding during the nine months ended September 30, 2017	:	1,237,911,760

(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 nine months ended September 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 is not subject to the quarterly review by the independent auditor.

(Method of obtaining supplementary materials on the financial results)

Kubota Corporation plans to hold a results presentation (conference call) for institutional investors and securities analysts on November 6, 2018. The supplementary material will be published on the Company’s website on November 6, 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 nine–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 nine months ended September 30, 2017 and the fiscal year ended December 31, 2017 used in the following analysis were reclassified into figures in accordance with IFRS.

For the nine months ended September 30, 2018, revenue of the Company increased by ¥94.0 billion [7.4%] from the same period in the prior year to ¥1,364.4 billion.

Domestic revenue increased by ¥7.4 billion [1.8%] from the same period in the prior year to ¥422.8 billion because of increased revenue in Farm & Industrial Machinery, which compensated for lower revenue in Water & Environment.

Overseas revenue increased by ¥86.6 billion [10.1%] from the same period in the prior year to ¥941.6 billion. Revenue in Farm & Industrial Machinery increased due to strong sales of construction machinery and tractors. Revenue in Water & Environment increased as well due to increased sales of ductile iron pipes and wastewater treatment plants (Johkasou).

Operating profit decreased by ¥0.8 billion [0.5%] from the same period in the prior year to ¥148.4 billion. This decrease was mainly due to the negative effects from an increase in fixed costs and a rise in material prices, while there were some positive effects, such as increased sales in the domestic and overseas markets and the yen depreciation against the Euro. Profit before income taxes decreased by ¥7.5 billion [4.6%] from the same period in the prior year to ¥153.6 billion because finance income, which had previously included gain on sales of securities, decreased from the same period in the prior year. Income tax expenses decreased by ¥6.9 billion from the same period in the prior year to ¥40.8 billion mainly due to the federal corporate tax rate cut in the United States. Profit for the period decreased by ¥0.8 billion [0.7%] from the same period in the prior year to ¥114.3 billion. Profit attributable to owners of the parent decreased by ¥2.1 billion [1.9%] from the same period in the prior year to ¥105.9 billion.

In addition, the Company has detected improper conduct in rolling mill roll business, such as submitting the inspection reports, stating values different from those in the actual inspection, to its customers. Rolling mill rolls are metal consumable parts used in some of the production equipment for steel plates. The Company sincerely apologizes for causing concern and inconvenience to all its customers and concerned parties again.

The matter did not have a significant impact on the results of operations for the nine months ended September 30, 2018.

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 8.7% from the same period in the prior year to ¥1,139.6 billion and accounted for 83.5% of consolidated revenue.

Domestic revenue increased by 4.6% from the same period in the prior year to ¥234.7 billion due to increased sales of farm equipment, agricultural-related products, engines, and construction machinery.

Overseas revenue increased by 9.8% from the same period in the prior year to ¥904.8 billion. In North America, sales of construction machinery and engines increased due to solid demand for construction. Sales of utility vehicles increased due to the newly introduced model as well. In addition, sales of tractors increased due to continuous expansion of demand. In Europe, revenue increased due to significant growth in sales of construction machinery, as well as a favorable foreign exchange rate of the yen against the Euro and the British pound sterling. In Asia outside Japan, revenue decreased because sales of farm equipment in China decreased significantly resulting from the drastic shrink in demand. On the other hand, sales of farm equipment in Thailand increased due to recovered demand in response to a rise in the prices of rice and cassava. In addition, sales of tractors in India also increased.

Operating profit in this segment increased by 5.1% from the same period in the prior year to ¥158.1 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 fixed costs and sales promotion expenses.

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 1.4% from the same period in the prior year to ¥203.0 billion and accounted for 14.9% of consolidated revenue.

Domestic revenue decreased by 1.8% from the same period in the prior year to ¥166.5 billion. Revenue from pipe-related products decreased due to a significant decrease in sales of ductile iron pipes, while revenue from environment-related products and social infrastructure-related products increased.

Overseas revenue increased by 19.2% from the same period in the prior year to ¥36.5 billion because export sales of ductile iron pipes to the Middle East increased significantly. In addition, export sales of wastewater treatment plants (Johkasou) to China increased as well.

Operating profit in this segment decreased by 32.9% from the same period in the prior year to ¥11.1 billion mainly due to a rise in material prices and the decrease in domestic sales of ductile iron pipes.

3) Other

Other is comprised of a variety of services.

Revenue in this segment increased by 1.4% from the same period in the prior year to ¥21.9 billion and accounted for 1.6% of consolidated revenue.

Operating profit in this segment decreased by 19.0% from the same period in the prior year to ¥1.8 billion.

(2) Financial condition

1) Assets, liabilities, and equity

Total assets at September 30, 2018 were ¥2,900.4 billion, an increase of ¥68.1 billion from the prior fiscal year-end. With respect to assets, finance receivables significantly increased due to the expansion in sales financing operations in North America and Thailand, where retail sales were strong.

With respect to liabilities, bonds and borrowings increased along with the expansion in sales financing operations, while income taxes payable decreased. Equity increased as the accumulation of retained earnings compensated for a decrease in other components of equity, which was due to fluctuations in prices of securities and foreign exchange rates, and an increase in treasury stock. The ratio of equity attributable to owners of the parent to total assets stood at 46.5%, 0.9 percent higher than at the prior fiscal year-end.

2) Cash flows

Net cash provided by operating activities during the nine months ended September 30, 2018 was ¥68.9 billion, a decrease of ¥27.7 billion in net cash inflow compared with the same period in the prior year. This decrease resulted from an increase in finance receivables caused by the expansion in sales financing operations in addition to the changes in working capital, such as trade receivables and inventories.

Net cash used in investing activities was ¥36.1 billion, an increase of ¥21.4 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 and a net decrease in time deposits, 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 ¥37.0 billion, a decrease of ¥9.5 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 September 30, 2018 were ¥225.5 billion, a decrease of ¥5.2 billion from the beginning of the current period.

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

The Company revised its forecasts for revenue for the year ending December 31, 2018 upward to ¥1,830.0 billion, an increase of ¥10.0 billion from the previous forecasts, which were announced on August 2, 2018. This revision was made because overseas revenue in tractors and construction machinery is expected to increase significantly mainly in North America compared with the previous forecasts. In the meantime, domestic revenue in Farm & Industrial Machinery and Water & Environment is forecast to decrease compared with the previous forecasts.

Operating profit is forecast to remain unchanged from ¥204.0 billion, which is the same as the previous forecasts, in the light of the results of the 3rd quarter of current fiscal year and the forecasts of revenue. Profit before income taxes and profit attributable to owners of the parent are forecast to remain unchanged from the previous forecasts at ¥210.0 billion and ¥145.0 billion, respectively.

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, except earnings per share)

	Year ending Dec. 31, 2018				(Reference)
	Revised Forecasts	Previous forecasts	Change		Year ended Dec. 31, 2017
			Amount	%	
Revenue	1,830,000	1,820,000	10,000	0.5	1,751,038
Operating profit	204,000	204,000	-	-	199,952
Profit before income taxes	210,000	210,000	-	-	214,007
Profit attributable to owners of the parent	145,000	145,000	-	-	134,160
Earnings per share attributable to owners of the parent-Basic	117.62	117.59	-	-	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” 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 for the period for the nine months ended September 30, 2018 are not material.

3. Condensed consolidated financial statements

(1) Condensed consolidated statement of financial position

Assets (¥ in millions)

	Sept. 30, 2018		Dec. 31, 2017		Change	Jan. 1, 2017 (Transition date)	
	Amount	%	Amount	%	Amount	Amount	%
Current assets:							
Cash and cash equivalents	¥ 225,524		¥ 230,720		¥ (5,196)	¥ 169,416	
Trade receivables	638,982		639,083		(101)	623,410	
Finance receivables	272,615		250,684		21,931	230,925	
Other financial assets	46,172		51,515		(5,343)	63,710	
Inventories	383,831		358,854		24,977	352,598	
Income taxes receivable	8,358		20,787		(12,429)	17,325	
Other current assets	49,956		56,783		(6,827)	52,414	
Total current assets	1,625,438	56.0	1,608,426	56.8	17,012	1,509,798	57.3
Non-current assets:							
Investments accounted for using the equity method	30,548		29,333		1,215	28,505	
Finance receivables	619,462		559,479		59,983	491,444	
Other financial assets	180,339		188,738		(8,399)	184,854	
Property, plant, and equipment	323,899		321,741		2,158	301,866	
Goodwill and intangible assets	47,578		46,983		595	40,340	
Deferred tax assets	44,272		48,987		(4,715)	50,698	
Other non-current assets	28,901		28,677		224	26,275	
Total non-current assets	1,274,999	44.0	1,223,938	43.2	51,061	1,123,982	42.7
Total assets	¥ 2,900,437	100.0	¥ 2,832,364	100.0	¥ 68,073	¥ 2,633,780	100.0

Liabilities and equity

(¥ in millions)

	Sept. 30, 2018		Dec. 31, 2017		Change	Jan. 1, 2017 (Transition date)	
	Amount	%	Amount	%	Amount	Amount	%
Current liabilities:							
Bonds and borrowings	¥ 343,260		¥ 363,488		¥ (20,228)	¥ 338,488	
Trade payables	297,750		286,121		11,629	255,859	
Other financial liabilities	50,529		39,561		10,968	45,148	
Income taxes payable	6,944		37,221		(30,277)	19,650	
Provisions	18,780		21,213		(2,433)	17,387	
Other current liabilities	183,806		169,849		13,957	157,872	
Total current liabilities	901,069	31.1	917,453	32.4	(16,384)	834,404	31.7
Non-current liabilities:							
Bonds and borrowings	505,701		470,613		35,088	476,871	
Other financial liabilities	5,004		3,621		1,383	1,919	
Retirement benefit liabilities	12,768		12,943		(175)	12,091	
Deferred tax liabilities	32,419		41,175		(8,756)	35,861	
Other non-current liabilities	7,607		10,991		(3,384)	5,560	
Total non-current liabilities	563,499	19.4	539,343	19.0	24,156	532,302	20.2
Total liabilities	1,464,568	50.5	1,456,796	51.4	7,772	1,366,706	51.9
Equity:							
Share capital	84,130		84,100		30	84,070	
Share premium	85,922		85,037		885	84,605	
Retained earnings	1,109,904		1,040,207		69,697	954,819	
Other components of equity	72,076		81,924		(9,848)	70,463	
Treasury shares, at cost	(3,176)		(174)		(3,002)	(192)	
Equity attributable to owners of the parent	1,348,856	46.5	1,291,094	45.6	57,762	1,193,765	45.3
Non-controlling interests	87,013	3.0	84,474	3.0	2,539	73,309	2.8
Total equity	1,435,869	49.5	1,375,568	48.6	60,301	1,267,074	48.1
Total liabilities and equity	¥ 2,900,437	100.0	¥ 2,832,364	100.0	¥ 68,073	¥ 2,633,780	100.0

(2) Condensed consolidated statement of profit or loss

(¥ in millions, except earnings per share)

	Nine months ended Sept. 30, 2018		Nine months ended Sept. 30, 2017		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 1,364,392	100.0	¥ 1,270,369	100.0	¥ 94,023	7.4
Cost of sales	(971,674)		(896,001)		(75,673)	
Selling, general, and administrative expenses	(241,815)		(226,067)		(15,748)	
Other income	2,075		1,626		449	
Other expenses	(4,536)		(703)		(3,833)	
Operating profit	148,442	10.9	149,224	11.7	(782)	(0.5)
Finance income	6,739		19,735		(12,996)	
Finance costs	(1,548)		(7,864)		6,316	
Profit before income taxes	153,633	11.3	161,095	12.7	(7,462)	(4.6)
Income tax expenses	(40,793)		(47,654)		6,861	
Share of profits of investments accounted for using the equity method	1,472		1,711		(239)	
Profit for the period	¥ 114,312	8.4	¥ 115,152	9.1	¥ (840)	(0.7)

Profit attributable to:						
Owners of the parent	¥ 105,924	7.8	¥ 107,995	8.5	¥ (2,071)	(1.9)
Non-controlling interests	8,388	0.6	7,157	0.6	1,231	17.2

Earnings per share attributable to owners of the parent:			
Basic	¥ 85.92	¥ 87.24	
Diluted	85.92	—	

(3) Condensed consolidated statement of comprehensive income

(¥ in millions)

	Nine months ended Sept. 30, 2018	Nine months ended Sept. 30, 2017	Change
Profit for the period	¥ 114,312	¥ 115,152	¥ (840)
Other comprehensive income, net of tax:			
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit pension plans	203	(13)	216
Net changes in financial assets measured at fair value through other comprehensive income	(8,833)	—	(8,833)
Items that may be reclassified to profit or loss:			
Exchange differences on translating foreign operations	(968)	4,179	(5,147)
Unrealized losses on securities	—	(1,193)	1,193
Total other comprehensive income, net of tax	(9,598)	2,973	(12,571)
Comprehesive income for the period	¥ 104,714	¥ 118,125	¥ (13,411)

Comprehensive income for the period attributable to:			
Owners of the parent	¥ 95,891	¥ 108,593	¥ (12,702)
Non-controlling interests	8,823	9,532	(709)

(4) Condensed consolidated statement of changes in equity

Nine months ended September 30, 2018 (¥ in millions)

	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			105,924			105,924	8,388	114,312
Other comprehensive income for the period, net of tax				(10,033)		(10,033)	435	(9,598)
Comprehensive income for the period			105,924	(10,033)		95,891	8,823	104,714
Reclassified into retained earnings			3,093	(3,093)		—		—
Dividends paid			(40,697)			(40,697)	(6,374)	(47,071)
Purchases and sales of treasury shares					(3,002)	(3,002)		(3,002)
Restricted stock compensation	30	15				45		45
Changes in ownership interests in subsidiaries		870		16		886	(924)	(38)
Balance at Sept. 30, 2018	¥ 84,130	¥ 85,922	¥ 1,109,904	¥ 72,076	¥ (3,176)	¥ 1,348,856	¥ 87,013	¥ 1,435,869

Nine months ended September 30, 2017 (¥ In millions)

	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			107,995			107,995	7,157	115,152
Other comprehensive income for the period, net of tax				598		598	2,375	2,973
Comprehensive income for the period			107,995	598		108,593	9,532	118,125
Reclassified into retained earnings			(9)	9		—		—
Dividends paid			(38,421)			(38,421)	(3,701)	(42,122)
Purchases and sales of treasury shares		144			(9,172)	(9,028)		(9,028)
Restricted stock compensation	30					30		30
Changes in ownership interests in subsidiaries		271				271	2,006	2,277
Balance at Sept. 30, 2017	¥ 84,100	¥ 85,020	¥ 1,024,384	¥ 71,070	¥ (9,364)	¥ 1,255,210	¥ 81,146	¥ 1,336,356

(5) Condensed consolidated statement of cash flows

(¥ in millions)

	Nine months ended Sept. 30, 2018	Nine months ended Sept. 30, 2017	Change
Operating activities:			
Profit for the period	¥ 114,312	¥ 115,152	
Depreciation and amortization	36,705	33,562	
Finance income and costs	(4,592)	(12,534)	
Income tax expenses	40,793	47,654	
Share of profits of investments accounted for using the equity method	(1,472)	(1,711)	
(Increase) decrease in trade receivables	(5,882)	15,028	
Increase in finance receivables	(74,657)	(63,789)	
Increase in inventories	(29,343)	(19,607)	
Decrease in other assets	11,071	3,708	
Increase in trade payables	13,383	17,785	
Increase in other liabilities	22,179	9,933	
Other	4,352	1,587	
Interest received	3,017	2,865	
Dividends received	2,206	2,215	
Interest paid	(510)	(741)	
Income taxes paid	(62,670)	(54,513)	
Net cash provided by operating activities	68,892	96,594	¥ (27,702)
Investing activities:			
Acquisition of property, plant, and equipment and intangible assets	(42,984)	(45,674)	
Proceeds from sales and redemption of securities	6,005	11,768	
Net (increase) decrease in short-term loans receivable from associates	(1,103)	2,082	
Net decrease in time deposits	5,644	18,059	
Net increase in marketable securities	(3,532)	—	
Other	(90)	(930)	
Net cash used in investing activities	(36,060)	(14,695)	(21,365)
Financing activities:			
Funding from bonds and borrowings	186,262	185,648	
Redemptions of bonds and repayments of borrowings	(160,059)	(141,133)	
Net decrease in short-term borrowings	(13,077)	(40,086)	
Payments of dividends	(40,697)	(38,421)	
Purchases of treasury shares	(3,002)	(9,172)	
Other	(6,421)	(3,346)	
Net cash used in financing activities	(36,994)	(46,510)	9,516
Effect of exchange rate changes on cash and cash equivalents	(1,034)	1,754	(2,788)
Net (decrease) increase in cash and cash equivalents	(5,196)	37,143	
Cash and cash equivalents, beginning of period	230,720	169,416	
Cash and cash equivalents, end of period	¥ 225,524	¥ 206,559	¥ 18,965

(6) Notes to the going concern assumption

None

(7) Consolidated segment information

a) Reportable segments

Nine months ended September 30, 2018 (¥ in millions)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,139,551	¥ 202,974	¥ 21,867	¥ —	¥ 1,364,392
	Intersegment	183	764	20,081	(21,028)	—
	Total	1,139,734	203,738	41,948	(21,028)	1,364,392
Operating profit		¥ 158,100	¥ 11,144	¥ 1,750	¥ (22,552)	¥ 148,442

Nine months ended September 30, 2017 (¥ in millions)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 1,048,595	¥ 200,207	¥ 21,567	¥ —	¥ 1,270,369
	Intersegment	198	1,205	19,692	(21,095)	—
	Total	1,048,793	201,412	41,259	(21,095)	1,270,369
Operating profit		¥ 150,449	¥ 16,597	¥ 2,161	¥ (19,983)	¥ 149,224

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)

	Nine months ended Sept. 30, 2018	Nine months ended Sept. 30, 2017
Japan	¥ 422,775	¥ 415,401
North America	444,849	379,469
Europe	195,421	168,273
Asia outside Japan	249,647	256,213
Other areas	51,700	51,013
Total	¥ 1,364,392	¥ 1,270,369

Notes:

1. Revenue from North America included that from the United States of ¥389,779 million and ¥331,877 million for the nine months ended September 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 adopt 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.

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 September 30, 2017

(¥ in millions)

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	¥ 206,559			¥ 206,559		Cash and cash equivalents
Notes and accounts receivable:						
Trade notes	61,787					
Trade accounts	541,150					
Less: Allowance for doubtful notes and accounts receivable	(2,981)					
Net notes and accounts receivable	599,956	¥ (3,062)		596,894		Trade receivables
Short-term finance receivables-net	258,219	(13,926)		244,293	A	Finance receivables
		37,500		37,500	A	Other financial assets
Inventories	381,918		¥ (1,339)	380,579	F	Inventories
		21,836		21,836		Income taxes receivable
Other current assets	103,684	(51,030)	183	52,837	A,F	Other current assets
Total current assets	1,550,336	(8,682)	(1,156)	1,540,498		Total current assets
Investments and long-term finance receivables:						**Non-current assets:**
Investments in and loans receivable from affiliated companies	28,385			28,385		Investments accounted for using the equity method
Other investments	135,535	(135,535)				
Long-term finance receivables—net	558,461	(18,313)		540,148	A	Finance receivables
Total investments and long-term finance receivables	722,381					
		184,551		184,551	A	Other financial assets
Property, plant, and equipment:						
Land	84,998					
Buildings	306,222					
Machinery and equipment	507,586					
Construction in progress	13,763					
Total property, plant, and equipment	912,569					
Less: Accumulated depreciation	(593,376)					
Net property, plant, and equipment	319,193	(12,526)	187	306,854	C	Property, plant, and equipment
Other assets:						
Goodwill and intangible assets-net	45,317	(2,600)	149	42,866	B,C	Goodwill and intangible assets
Long-term trade accounts receivable	46,282	(46,282)				
		45,915	10,991	56,906	G	Deferred tax assets
Other	61,885	(34,252)	(2,334)	25,299	D	Other non-current assets
Less: Allowance for doubtful non-current receivables	(729)	729				
Total other assets	152,755					
				1,185,009		Total non-current assets
Total assets	¥ 2,744,665	¥ (26,995)	¥ 7,837	¥ 2,725,507		**Total assets**

(¥ in millions)

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	¥ 150,441	¥ 164,217		¥ 314,658		Bonds and borrowings
Trade notes payable	170,551	105,101		275,652		Trade payables
Trade accounts payable	105,101	(105,101)				
Advances received from customers	7,422	(7,422)				
Notes and accounts payable for capital expenditures	11,561	(11,561)				
Accrued payroll costs	47,949	(47,949)				
Accrued expenses	65,349	(65,349)				
		30,242	¥ (18)	30,224	A	Other financial liabilities
Income taxes payable	24,510			24,510		Income taxes payable
		17,290		17,290		Provisions
Other current liabilities	93,068	76,621	547	170,236	F	Other current liabilities
Current portion of long-term debt	164,771	(164,771)				
Total current liabilities	840,723	(8,682)	529	832,570		Total current liabilities
Long-term liabilities:						**Non-current liabilities:**
Long-term debt	500,096	(1,922)		498,174		Bonds and borrowings
		3,309	(125)	3,184	A	Other financial liabilities
Accrued retirement and pension costs	12,857		105	12,962	D	Retirement benefit liabilities
		26,747	8,702	35,449	G	Deferred tax liabilities
Other long-term liabilities	52,267	(46,447)	992	6,812		Other non-current liabilities
Total long-term liabilities	565,220	(18,313)	9,674	556,581		Total non-current liabilities
				1,389,151		**Total liabilities**
Equity:						**Equity:**
Kubota Corporation shareholders' equity:						Equity attributable to owners of the parent:
Common stock	84,100			84,100		Share capital
Capital surplus	85,020			85,020		Share premium
Legal reserve	19,539	(19,539)				
Retained earnings	1,028,323	19,539	(23,478)	1,024,384	H	Retained earnings
Accumulated other comprehensive income	50,418		20,652	71,070	D,E,G	Other components of equity
Treasury stock, at cost	(9,364)			(9,364)		Treasury shares, at cost
Total Kubota Corporation shareholders' equity	1,258,036	—	(2,826)	1,255,210		Total equity attributable to owners of the parent
Non-controlling interests	80,686		460	81,146		Non-controlling interests
Total equity	1,338,722	—	(2,366)	1,336,356		**Total equity**
Total liabilities and equity	¥ 2,744,665	¥ (26,995)	¥ 7,837	¥ 2,725,507		**Total liabilities and equity**

b) Reconciliation of comprehensive income for the nine months ended September 30, 2017

(¥ in millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Revenues	¥ 1,266,651		¥ 3,718	¥ 1,270,369	F	**Revenue**
Cost of revenues	(898,983)		2,982	(896,001)	B,D,F	**Cost of sales**
Selling, general, and administrative expenses	(222,687)	¥ (911)	(2,469)	(226,067)	D	**Selling, general, and administrative expenses**
Other operating expenses—net	(492)	492				
		1,626		1,626		**Other income**
		(703)		(703)		**Other expenses**
Operating income	144,489	504	4,231	149,224		**Operating profit**
Other income (expenses):						
Interest and dividend income	4,847					
Interest expense	(620)					
Gain on sales of securities—net	8,300					
Foreign exchange gain—net	6,846					
Other—net	(7,005)					
Other income (expenses)—net	12,368	(12,368)				
		19,735		19,735		**Finance income**
		(7,871)	7	(7,864)		**Finance costs**
Income before income taxes and equity in net income of affiliated companies	156,857	—	4,238	161,095		**Profit before income taxes**
Income taxes:						
Current	(54,283)					
Deferred	7,973					
Total income taxes	(46,310)		(1,344)	(47,654)	G	**Income tax expenses**
Equity in net income of affiliated companies	1,636		75	1,711		**Share of profits of investments accounted for using the equity method**
Net income	¥ 112,183	¥ —	¥ 2,969	¥ 115,152		**Profit for the period**

						Profit attributable to:
Net income attributable to Kubota Corporation	¥ 105,341	¥ —	¥ 2,654	¥ 107,995		**Owners of the parent**
Net income attributable to non-controlling interests	6,842	—	315	7,157		**Non-controlling interests**

(¥ in millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Net income	¥ 112,183	¥ —	¥ 2,969	¥ 115,152		**Profit for the period**
Other comprehensive income (loss), net of tax:						**Other comprehensive income, net of tax**
						Items that will not be reclassified to profit or loss
Pension liability adjustments	590		(603)	(13)	D	Remeasurements of defined benefit pension plans
						Items that may be reclassified to profit or loss
Foreign currency translation adjustments	4,060		119	4,179		Exchange differences on translating foreign operations
Unrealized losses on securities	(1,193)			(1,193)		Unrealized losses on securities
Total other comprehensive income	3,457	—	(484)	2,973		Total other comprehensive income, net of tax
Comprehensive income	¥ 115,640	¥ —	¥ 2,485	¥ 118,125		**Comprehensive income for the period**

						Comprehensive income for the period attributable to:
Comprehensive income attributable to Kubota Corporation	¥ 106,423	¥ —	¥ 2,170	¥ 108,593		**Owners of the parent**
Comprehensive income attributable to non-controlling interests	9,217	—	315	9,532		**Non-controlling interests**

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

(¥ in millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Revenues	¥ 420,655		¥ 2,710	¥ 423,365	F	**Revenue**
Cost of revenues	(299,663)		491	(299,172)	B,D,F	**Cost of sales**
Selling, general, and administrative expenses	(77,005)	¥ (313)	(85)	(77,403)	D	**Selling, general, and administrative expenses**
Other operating expenses—net	(97)	97				
		2,457		2,457		**Other income**
		(185)		(185)		**Other expenses**
Operating income	43,890	2,056	3,116	49,062		**Operating profit**
Other income (expenses):						
Interest and dividend income	1,132					
Interest expense	(273)					
Gain on sales of securities—net	2,916					
Foreign exchange gain—net	3,533					
Other—net	(1,948)					
Other income (expenses)—net	5,360	(5,360)				
		5,528		5,528		**Finance income**
		(2,224)	2	(2,222)		**Finance costs**
Income before income taxes and equity in net income of affiliated companies	49,250	—	3,118	52,368		**Profit before income taxes**
Income taxes:						
Current	(17,155)					
Deferred	4,236					
Total income taxes	(12,919)		(845)	(13,764)	G	**Income tax expenses**
Equity in net income of affiliated companies	791		19	810		**Share of profits of investments accounted for using the equity method**
Net income	¥ 37,122	¥ —	¥ 2,292	¥ 39,414		**Profit for the period**
						Profit attributable to:
Net income attributable to Kubota Corporation	¥ 34,897	¥ —	¥ 2,094	¥ 36,991		**Owners of the parent**
Net income attributable to non-controlling interests	2,225	—	198	2,423		**Non-controlling interests**

(¥ in millions)

Presentation under U.S.GAAP	U.S.GAAP	Reclassification	Recognition and measurement	IFRS	Note	Presentation under IFRS
Net income	¥ 37,122	¥ —	¥ 2,292	¥ 39,414		**Profit for the period**
Other comprehensive income (loss), net of tax:						**Other comprehensive income, net of tax**
						Items that will not be reclassified to profit or loss
Pension liability adjustments	46		(247)	(201)	D	Remeasurements of defined benefit pension plans
						Items that may be reclassified to profit or loss
Foreign currency translation adjustments	14,516		(27)	14,489		Exchange differences on translating foreign operations
Unrealized losses on securities	(2,035)		(1)	(2,036)		Unrealized losses on securities
Total other comprehensive income	12,527	—	(275)	12,252		Total other comprehensive income, net of tax
Comprehensive income	¥ 49,649	¥ —	¥ 2,017	¥ 51,666		**Comprehensive income for the period**

						Comprehensive income for the period attributable to:
Comprehensive income attributable to Kubota Corporation	¥ 45,885	¥ —	¥ 1,819	¥ 47,704		**Owners of the parent**
Comprehensive income attributable to non-controlling interests	3,764	—	198	3,962		**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 operations 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

Under U.S. GAAP, when evaluating whether goodwill is impaired 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 (or asset) by the discount rate is recognized as net interest expense 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 ¥309 million, other non-current assets decreased by ¥ 2,334 million, and retirement benefit liabilities increased by ¥105 million at September 30, 2017. Cost of sales increased by ¥1,051 million and ¥434 million and selling, general, and administrative expenses increased by ¥ 508 million and ¥169 million for the nine months and the three months ended September 30, 2017, respectively.

Remeasurements of the net defined liability (or 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 ¥25,317 million at September 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 September 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 decreased by ¥775 million at September 30, 2017. Revenue increased by ¥ 7,001 million and ¥1,682 million for the nine months and the three months ended September 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 ¥2,297 million and inventories decreased by ¥1,481 million at September 30, 2017, respectively. Revenue decreased by ¥3,283 million and increased by ¥1,028 million and cost of sales decreased by ¥2,101 million and increased by ¥596 million for the nine months and the three months ended September 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 ¥20,912 million at September 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 increased by ¥209 million at September 30, 2017. Income tax expenses decreased by ¥536 million and ¥244 million for the nine months and the three months ended September 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)

	September 30, 2017	
Capitalization of development costs	¥	4,225
Impairment of goodwill		(4,639)
Post-employment benefit		(27,231)
Exchange differences on translating foreign operations		26,009
Revenue recognition		1,139
Income taxes expenses		(21,163)
Others		(1,818)
Effects of the transition on retained earnings	¥	(23,478)

e) Notes to reconciliation of condensed consolidated statement of cash flows for the nine months ended September 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)

		Nine months ended Sept. 30, 2018		Nine months ended Sept. 30, 2017		Change	
		Amount	%	Amount	%	Amount	%
	Farm Equipment and Engines	**¥ 918,744**	**67.3**	**¥ 864,275**	**68.0**	**¥ 54,469**	**6.3**
	Domestic	210,497		201,562		8,935	4.4
	Overseas	708,247		662,713		45,534	6.9
	Construction Machinery	**220,807**	**16.2**	**184,320**	**14.5**	**36,487**	**19.8**
	Domestic	24,225		22,917		1,308	5.7
	Overseas	196,582		161,403		35,179	21.8
Farm & Industrial Machinery		**1,139,551**	**83.5**	**1,048,595**	**82.5**	**90,956**	**8.7**
	Domestic	234,722	17.2	224,479	17.6	10,243	4.6
	Overseas	904,829	66.3	824,116	64.9	80,713	9.8
	Pipe-related Products	**110,113**	**8.1**	**112,086**	**8.8**	**(1,973)**	**(1.8)**
	Domestic	97,884		103,721		(5,837)	(5.6)
	Overseas	12,229		8,365		3,864	46.2
	Environment-related Products	**58,457**	**4.3**	**56,011**	**4.4**	**2,446**	**4.4**
	Domestic	50,324		48,679		1,645	3.4
	Overseas	8,133		7,332		801	10.9
	Social Infrastructure-related Products	**34,404**	**2.5**	**32,110**	**2.6**	**2,294**	**7.1**
	Domestic	18,261		17,181		1,080	6.3
	Overseas	16,143		14,929		1,214	8.1
Water & Environment		**202,974**	**14.9**	**200,207**	**15.8**	**2,767**	**1.4**
	Domestic	166,469	12.2	169,581	13.4	(3,112)	(1.8)
	Overseas	36,505	2.7	30,626	2.4	5,879	19.2
Other		**21,867**	**1.6**	**21,567**	**1.7**	**300**	**1.4**
	Domestic	21,584	1.6	21,341	1.7	243	1.1
	Overseas	283	0.0	226	0.0	57	25.2
Total		**¥ 1,364,392**	**100.0**	**¥ 1,270,369**	**100.0**	**¥ 94,023**	**7.4**
	Domestic	422,775	31.0	415,401	32.7	7,374	1.8
	Overseas	941,617	69.0	854,968	67.3	86,649	10.1

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)

	Year ending Dec. 31, 2018		Year ended Dec. 31, 2017		Change	
	Amount	%	Amount	%	Amount	%
Domestic	¥ 305.0		¥ 294.5		¥ 10.5	3.6
Overseas	1,204.0		1,142.0		62.0	5.4
Farm & Industrial Machinery	1,509.0	82.5	1,436.5	82.0	72.5	5.0
Domestic	241.5		240.7		0.8	0.3
Overseas	51.5		44.9		6.6	14.7
Water & Environment	293.0	16.0	285.6	16.3	7.4	2.6
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	¥ 1,830.0	100.0	¥ 1,751.0	100.0	¥ 79.0	4.5

Domestic	¥ 574.0	31.4	¥ 563.8	32.2	¥ 10.2	1.8
Overseas	1,256.0	68.6	1,187.2	67.8	68.8	5.8

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

(1) Condensed consolidated statement of profit or loss

(¥ in millions, except earnings per share)

	Three months ended Sept. 30, 2018		Three months ended Sept. 30, 2017		Change	
	Amount	%	Amount	%	Amount	%
Revenue	¥ 458,196	100.0	¥ 423,365	100.0	¥ 34,831	8.2
Cost of sales	(330,768)		(299,172)		(31,596)	
Selling, general, and administrative expenses	(82,127)		(77,403)		(4,724)	
Other income	3,422		2,457		965	
Other expenses	(1,421)		(185)		(1,236)	
Operating profit	47,302	10.3	49,062	11.6	(1,760)	(3.6)
Finance income	2,553		5,528		(2,975)	
Finance costs	(1,396)		(2,222)		826	
Profit before income taxes	48,459	10.6	52,368	12.4	(3,909)	(7.5)
Income tax expenses	(12,794)		(13,764)		970	
Share of profits of investments accounted for using the equity method	591		810		(219)	
Profit for the period	¥ 36,256	7.9	¥ 39,414	9.3	¥ (3,158)	(8.0)

Profit attributable to:						
Owners of the parent	¥ 33,997	7.4	¥ 36,991	8.7	¥ (2,994)	(8.1)
Non-controlling interests	2,259	0.5	2,423	0.6	(164)	(6.8)

Earnings per share attributable to owners of the parent:			
Basic	¥ 27.59	¥ 29.92	
Diluted	27.59	—	

(2) Consolidated segment information

a) Reportable segments

Three months ended September 30, 2018 (¥ in millions)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 388,556	¥ 62,560	¥ 7,080	¥ —	¥ 458,196
	Intersegment	23	235	6,685	(6,943)	—
	Total	388,579	62,795	13,765	(6,943)	458,196
Operating profit		¥ 49,387	¥ 2,017	¥ 639	¥ (4,741)	¥ 47,302

Three months ended September 30, 2017 (¥ in millions)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenue	External customers	¥ 350,853	¥ 65,809	¥ 6,703	¥ —	¥ 423,365
	Intersegment	32	226	6,363	(6,621)	—
	Total	350,885	66,035	13,066	(6,621)	423,365
Operating profit		¥ 48,600	¥ 4,790	¥ 666	¥ (4,994)	¥ 49,062

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)

	Three months ended Sept. 30, 2018	Three months ended Sept. 30, 2017
Japan	¥ 136,314	¥ 139,088
North America	171,038	129,430
Europe	55,551	48,984
Asia outside Japan	79,873	85,157
Other areas	15,420	20,706
Total	¥ 458,196	¥ 423,365

Notes:

1. Revenue from North America included that from the United States of ¥152,309 million and ¥114,283 million for the three months ended September 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)

	Three months ended Sept. 30, 2018		Three months ended Sept. 30, 2017		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	**¥ 316,351**	**69.0**	**¥ 291,108**	**68.8**	**¥ 25,243**	**8.7**
Domestic	70,429		68,839		1,590	2.3
Overseas	245,922		222,269		23,653	10.6
Construction Machinery	**72,205**	**15.8**	**59,745**	**14.1**	**12,460**	**20.9**
Domestic	8,367		8,551		(184)	(2.2)
Overseas	63,838		51,194		12,644	24.7
Farm & Industrial Machinery	**388,556**	**84.8**	**350,853**	**82.9**	**37,703**	**10.7**
Domestic	78,796	17.2	77,390	18.3	1,406	1.8
Overseas	309,760	67.6	273,463	64.6	36,297	13.3
Pipe-related Products	**33,624**	**7.4**	**38,993**	**9.2**	**(5,369)**	**(13.8)**
Domestic	30,410		35,704		(5,294)	(14.8)
Overseas	3,214		3,289		(75)	(2.3)
Environment-related Products	**17,924**	**3.9**	**16,290**	**3.8**	**1,634**	**10.0**
Domestic	14,943		13,548		1,395	10.3
Overseas	2,981		2,742		239	8.7
Social Infrastructure-related Products	**11,012**	**2.4**	**10,526**	**2.5**	**486**	**4.6**
Domestic	5,188		5,809		(621)	(10.7)
Overseas	5,824		4,717		1,107	23.5
Water & Environment	**62,560**	**13.7**	**65,809**	**15.5**	**(3,249)**	**(4.9)**
Domestic	50,541	11.1	55,061	13.0	(4,520)	(8.2)
Overseas	12,019	2.6	10,748	2.5	1,271	11.8
Other	**7,080**	**1.5**	**6,703**	**1.6**	**377**	**5.6**
Domestic	6,977	1.5	6,637	1.6	340	5.1
Overseas	103	0.0	66	0.0	37	56.1
Total	**¥ 458,196**	**100.0**	**¥ 423,365**	**100.0**	**¥ 34,831**	**8.2**
Domestic	136,314	29.8	139,088	32.9	(2,774)	(2.0)
Overseas	321,882	70.2	284,277	67.1	37,605	13.2

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.