

[Translation]

Quarterly Report

(The Second Quarter of the 130th Business Term)
From April 1, 2019 to June 30, 2019

2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN

Kubota Corporation

TABLE OF CONTENTS

1. Overview of the Company	1
1. Key Financial Data	1
2. Description of Business	1
2. Business Overview	2
1. Risk Factors	2
2. Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows by Management.....	2
3. Material Contracts	4
3. Information on Kubota Corporation	5
1. Information on the Shares of Kubota Corporation	5
2. Changes in Directors and Senior Management	8
4. Financial Information	9
1. Condensed Consolidated Financial Statements	9
2. Other	27

Confirmation Letter

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[Document Filed]	Quarterly Report (“Shihanki Hokokusho”)
[Applicable Law]	Article 24-4-7, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	August 9, 2019
[Fiscal Year]	The Second Quarter of the 130 th Business Term (from April 1, 2019 to June 30, 2019)
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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

For the purposes of this Quarterly Report, the “Company” refers to Kubota Corporation and its subsidiaries unless context indicates otherwise.

References in this document to the “Financial Instruments and Exchange Act of Japan” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

1. Overview of the Company

1. Key Financial Data

(Unit: millions of yen, except earnings per share)

	Six months ended June 30, 2019	Six months ended June 30, 2018	Year ended December 31, 2018
Revenue	¥ 970,829 [490,117]	¥ 906,196 [477,575]	¥ 1,850,316
Profit before income taxes	114,640	105,174	197,230
Profit attributable to owners of the parent	81,189 [43,907]	71,927 [42,058]	138,595
Comprehensive income attributable to owners of the parent	70,513	35,289	87,544
Equity attributable to owners of the parent	1,380,512	1,308,221	1,339,850
Total assets	3,034,314	2,841,237	2,895,655
Earnings per share attributable to owners of the parent:			
Basic	65.95 [35.70]	58.33 [34.12]	112.44
Diluted	—	58.33	112.44
Ratio of equity attributable to owners of the parent to total assets (%)	45.5	46.0	46.3
Net cash provided by operating activities	50,873	58,376	89,148
Net cash used in investing activities	(64,598)	(16,432)	(58,756)
Net cash provided by (used in) financing activities	6,503	(17,112)	(27,816)
Cash and cash equivalents, at the end of the period	220,759	251,793	229,123

(Notes)

1. The condensed consolidated financial statements and the consolidated financial statements are prepared in accordance with International Financial Reporting Standards ("IFRS").
2. The figures of *Revenue*, *Profit attributable to owners of the parent*, and *Earnings per share attributable to owners of the parent—Basic* in square brackets are those for the three months ended June 30, 2019 and 2018, respectively.
3. As the Company prepares the condensed consolidated financial statements, its non-consolidated financial data are not presented.
4. Revenue does not include consumption taxes.
5. Amounts less than presentation units are rounded to the nearest unit.
6. *Earnings per share attributable to owners of the parent—Diluted* for the six months ended June 30, 2019 is not stated because Kubota Corporation did not have potentially dilutive common shares that were outstanding during the period.

2. Description of Business

There were no material changes in the Company's business during the six months ended June 30, 2019, nor were there any material changes in its associates.

2. Business Overview

1. Risk Factors

For the six months ended June 30, 2019, there were no events or facts described in “2. Business Overview” or “4. Financial Information,” that might have material effects on investors’ investment decisions. There were no material changes in the information described in the Risk Factors section of the Annual Securities Report for the year ended December 31, 2018.

In addition, there were no material concerns or events as of June 30, 2019.

2. Analysis of Consolidated Financial Condition, Results of Operations, and Cash Flows by Management

(1) Analysis of Results of Operations

For the six months ended June 30, 2019, revenue of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) increased by ¥64.6 billion (7.1%) from the same period in the prior year to ¥970.8 billion.

Domestic revenue increased by ¥23.6 billion (8.3%) from the same period in the prior year to ¥310.1 billion because of increased revenue in all reportable segments, such as Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenue increased by ¥41.0 billion (6.6%) from the same period in the prior year to ¥660.7 billion because revenue in Farm & Industrial Machinery significantly increased due to strong sales of tractors and construction machinery. On the other hand, revenue in Water & Environment decreased.

Operating profit increased by ¥9.8 billion (9.7%) from the same period in the prior year to ¥110.9 billion. This increase was mainly due to some positive effects from increased sales in the domestic and overseas markets and decreased sales promotion expenses resulting from declined interest rates in the United States, and raised product prices. These positive effects compensated for some negative effects from fixed costs and a rise in material prices. Profit before income taxes increased by ¥9.5 billion (9.0%) from the same period in the prior year to ¥114.6 billion due to increased operating profit. Income tax expenses were ¥29.5 billion and profit for the period increased by ¥8.7 billion (11.1%) from the same period in the prior year to ¥86.7 billion. Profit attributable to owners of the parent increased by ¥9.3 billion (12.9%) from the same period in the prior year to ¥81.2 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 7.7% from the same period in the prior year to ¥808.8 billion, and accounted for 83.3% of consolidated revenue.

Domestic revenue increased by 7.2% from the same period in the prior year to ¥167.1 billion because sales of farm equipment and agricultural-related products were firm. In addition, sales of service parts, engines, and construction machinery also increased.

Overseas revenue increased by 7.8% from the same period in the prior year to ¥641.7 billion. In North America, the market remained strong due to solid economy, while there was the negative impact of inclement weather in some regions. In addition, sales of tractors and construction machinery significantly increased because shipments were delayed in the second half of the prior year and were realized in this year. Moreover, the newly introduced models such as a new model of construction machinery contributed to increased sales of tractor and construction machinery. In Europe, revenue translated in yen decreased due to a negative effect from the yen appreciation against the Euro and the British pound sterling, while sales of tractors increased. In Asia outside Japan, revenue was almost at the same level as the prior year mainly due to stagnant sales of combine harvesters and rice transplanters in China despite increased sales of farm equipment and construction machinery in Thailand.

Operating profit in this segment increased by 7.8% from the same period in the prior year to ¥117.2 billion due to some positive effects mainly from increased revenue in domestic and overseas markets, decreased sales promotion expenses resulting from declined interest rates in the United States, and raised product prices, which compensated for some negative effects from increased fixed costs and a rise in material prices.

2) Water & Environment

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

Revenue in this segment increased by 4.1% from the same period in the prior year to ¥146.1 billion, and accounted for 15.1% of consolidated revenue.

Domestic revenue increased by 9.8% from the same period in the prior year to ¥127.3 billion. Revenue from pipe- and infrastructure-related products slightly decreased due to a decrease mainly in sales of industrial castings and spiral-welded steel pipes despite increased sales of ductile iron pipes and construction business. In environment-related products, revenue from construction of waste disposal and treatment facility in Futaba Town, Fukushima Prefecture increased significantly.

Overseas revenue decreased by 23.3% from the same period in the prior year to ¥18.8 billion. Export sales of ductile iron pipes to the Middle East and pumps decreased significantly.

Operating profit in this segment increased by 7.6% from the same period in the prior year to ¥9.8 billion because some positive effects mainly from increased sales in the domestic markets and raised product prices, which compensated for a negative effect from a rise in material prices.

3) Other

Other is mainly comprised of a variety of services.

Revenue in this segment increased by 7.3% from the same period in the prior year to ¥15.9 billion, and accounted for 1.6% of consolidated revenue.

Operating profit in this segment increased by 46.1% from the same period in the prior year to ¥1.6 billion.

(2) Analysis of Financial Condition

Total assets at June 30, 2019 were ¥3,034.3 billion, an increase of ¥138.7 billion from the prior fiscal year-end.

With respect to assets, trade receivables and finance receivables significantly increased mainly due to increased overseas sales of Farm & Industrial Machinery. In addition, property, plant, and equipment also increased mainly due to recognition of right-of-use assets along with adoption of IFRS 16 Leases.

With respect to liabilities, bonds and borrowings increased. In addition, other financial liabilities significantly increased due to recognition of lease liabilities along with adoption of IFRS 16 Leases as well.

Equity increased due to the accumulation of retained earnings, while there were some negative effects from deterioration in other components of equity mainly resulting from fluctuations in foreign exchange rates and an increase in treasury shares. The ratio of equity attributable to owners of the parent to total assets stood at 45.5%, 0.8 percent lower than the prior fiscal year-end.

(3) Analysis of Cash Flows

Net cash provided by operating activities during the six months ended June 30, 2019 was ¥50.9 billion, a decrease of ¥7.5 billion in net cash inflow compared with the same period in the prior year. This decrease resulted mainly from an increase in trade receivables due to increased sales, while profit for the period increased.

Net cash used in investing activities was ¥64.6 billion, an increase of ¥48.2 billion in net cash outflow compared with the same period in the prior year. This increase was mainly due to an increase in cash outflow related to acquisition of property, plant, and equipment and intangible assets.

Net cash provided by financing activities was ¥6.5 billion, an increase of ¥23.6 billion in net cash inflow compared with the same period in the prior year. This increase 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, 2019 were ¥220.8 billion, a decrease of ¥8.4 billion from the beginning of the current period.

(4) Issues to Address on Business and Finance

There were no material changes in the outstanding issues for the Company to address during the six months ended June 30, 2019, and no additional issues arose during the period.

(5) Research and Development

The Company's research and development expenses for the six months ended June 30, 2019 were ¥28.3 billion.

There were no material changes in the Company's research and development activities during the six months ended June 30, 2019.

(6) Major Property, Plant, and Equipment

The following table presents a plan for new construction of material property, plant, and equipment which was newly commenced for the six months ended June 30, 2019:

Company name (Location)	Reportable segment	Description	Estimated amount of expenditures		Schedule	
			Total amount of expenditures	Amount already paid	Commenced	To be completed
Kubota Corporation Tsukuba Plant (Tsukubamirai-shi, Ibaraki, JAPAN)	Farm & Industrial Machinery	Building of new facilities to increase production of engines	(millions of JPY) 4,970	(millions of JPY) —	August 2019	June 2021
Research and development hub in North America (Georgia, U.S.A.)	Farm & Industrial Machinery	Building of new research and development hub of turf equipment, utility vehicles and implements for tractors	(millions of USD) 85.2	(millions of USD) —	July 2019	April 2022

(Note)

The Company has not yet decided the research and development hub in North America would form a legal entity or belong to any of existing subsidiaries.

3. Material Contracts

There were no material contracts which were approved for conclusion or concluded for the three months ended June 30, 2019.

3. Information on Kubota Corporation

1. Information on the Shares of Kubota Corporation

(1) Total Number of Shares

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common shares	1,874,700,000
Total	1,874,700,000

2) Issued Shares

Class	Number of shares issued as of end of period (shares) (June 30, 2019)	Number of shares issued as of filing date (shares) (August 9, 2019)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,232,556,846	1,232,556,846	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 100 shares.
Total	1,232,556,846	1,232,556,846	—	—

(2) Information on Share Acquisition Rights

1) Details of Stock Option Plan

Not applicable.

2) Details of Other Stock Acquisition Rights

Not applicable.

(3) Information on Moving Strike Convertible Bonds

Not applicable.

(4) Changes in the Total Number of Issued Shares, the Amount of Common Shares, and Other

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common stock (millions of yen)	Balance of common stock (millions of yen)	Changes in capital reserve (millions of yen)	Balance of capital reserve (millions of yen)
From: April 1, 2019	—	1,232,556	¥ —	¥ 84,130	¥ —	¥ 73,117
To: June 30, 2019	—	1,232,556	¥ —	¥ 84,130	¥ —	¥ 73,117

(5) Major Shareholders

Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (excluding treasury shares) (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku Tokyo, JAPAN	122,646	9.98
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	62,542	5.09
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	4.87
Japan Trustee Services Bank, Ltd. (Trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	59,901	4.87
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	36,006	2.93
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN	31,506	2.56

BNYM Treaty DTT 15 (Standing proxy: MUFG Bank, Ltd.)	225 Liberty street, New York, New York, 10286, U.S.A. (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN)	25,680	2.09
Moxley & Co. LLC (Standing proxy: Sumitomo Mitsui Banking Corporation)	270 Park Avenue, New York, New York, 10017-2070, U.S.A. (3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN)	25,477	2.07
Japan Trustee Services Bank, Ltd. (Trust account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	21,022	1.71
Japan Trustee Services Bank, Ltd. (Trust account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	19,776	1.61
Total	—	464,489	37.81

(Notes)

- Numbers less than presentation units are rounded down in the columns of *Share ownership* and *Ownership percentage to the total number of issued shares (excluding treasury shares)*.
- The shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account 5), and Japan Trustee Services Bank, Ltd. (Trust account 7) are invested as their fiduciary services.
- Change reports pertaining to large shareholding reports by Nippon Life Insurance Company dated November 9, 2015 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019, except that of Nippon Life Insurance Company. A summary of the reports as of October 30, 2015 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of sharecertificates held (%)
Nippon Life Insurance Company	65,124	5.23
Nissay Asset Management Corporation	15,268	1.23
Total	80,392	6.45

- Large shareholding reports by BlackRock Japan Co., Ltd. dated November 19, 2015 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019. A summary of the reports as of November 13, 2015 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
BlackRock Japan Co., Ltd.	14,825	1.19
BlackRock Advisers, LLC	3,489	0.28
BlackRock Investment Management LLC	1,532	0.12
BlackRock (Luxembourg) S.A.	1,454	0.12
BlackRock Life Limited	2,780	0.22
BlackRock Asset Management Ireland Limited	5,510	0.44
BlackRock Fund Advisors	15,101	1.21
BlackRock Institutional Trust Company, N.A.	15,751	1.26
BlackRock Investment Management (UK) Limited	1,936	0.16
Total	62,381	5.01

- Change reports pertaining to large shareholding reports by Massachusetts Financial Services Company dated September 21, 2018 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019. A summary of the reports as of September 14, 2018 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Massachusetts Financial Services Company	57,071	4.62
MFS Investment Management K.K.	4,675	0.38
Total	61,746	5.00

- Change reports pertaining to large shareholding reports by Mitsubishi UFJ Financial Group, Inc. dated October 15, 2018 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019. A summary of the reports as of October 5, 2018 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
MUFG Bank, Ltd.	18,156	1.47
Mitsubishi UFJ Trust and Banking Corporation	77,822	6.31
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	7,045	0.57
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	4,488	0.63
Total	107,513	8.71

7. Change reports pertaining to large shareholding reports by Mizuho Bank, Ltd. dated November 7, 2018 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019, except that of Mizuho Bank, Ltd. A summary of the reports as of October 31, 2018 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Mizuho Bank, Ltd.	31,506	2.55
Asset Management One Co., Ltd.	38,763	3.14
Total	70,269	5.69

8. Large shareholding reports by Meiji Yasuda Life Insurance Company dated December 7, 2018 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019. A summary of the reports as of November 30, 2018 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Meiji Yasuda Life Insurance Company	60,134	4.87
Meiji Yasuda Asset Management Company Ltd.	1,933	0.16
Total	62,068	5.03

9. Change reports pertaining to large shareholding reports by Sumitomo Mitsui Trust Holdings Inc. dated April 19, 2019 are available for public inspection. However, the information in the reports is not stated in the preceding table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2019. A summary of the reports as of April 15, 2019 is as follows:

Name	Number of share certificates, etc. held (thousands of shares)	Percentage of share certificates held (%)
Sumitomo Mitsui Trust Bank, Limited	19,572	1.59
Sumitomo Mitsui Trust Asset Management Co., Ltd.	35,946	2.92
Nikko Asset Management Co., Ltd.	21,992	1.78
Total	77,510	6.29

(6) Information on Voting Rights

1) Issued Shares

(As of June 30, 2019)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury shares, etc.)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury shares, etc.)	(Treasury shares)		—	—
	Common shares:	4,294,600		
	(Crossholding shares)			
	Common shares:	718,400		
Shares with full voting rights (others)	Common shares:	1,227,283,800	12,272,838	—
Shares less than one unit	Common shares:	260,046	—	Shares less than one unit (100 shares)
Number of issued shares		1,232,556,846	—	—
Total number of voting rights		—	12,272,838	—

(Note)

The *Shares with full voting rights (others)* column includes 1,000 shares (10 voting rights) registered in the name of Japan Securities Depository Center, Incorporated.

2) Treasury Shares

(As of June 30, 2019)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury share) Kubota Corporation	2-47, Shikitsu Higashi 1-chome, Naniwa-ku, Osaka, JAPAN	4,294,600	—	4,294,600	0.34
(Crossholding shares) Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,400	—	41,400	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.00
Hokuriku Kinki Kubota Corporation	956-1, Shimokashiwanomachi, Hakusan-shi, Ishikawa, JAPAN	9,000	—	9,000	0.00
Fukuoka Kyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.04
Total crossholding share	—	718,400	—	718,400	0.05
Total	—	5,013,000	—	5,013,000	0.40

2. Changes in Directors and Senior Management

Changes in Directors and senior management since the filing date of the Annual Securities Report for the 129th business term to June 30, 2019 are as follows:

(1) Resignation

Position	Responsibilities	Name	Date of resignation
Audit & Supervisory Board Member (Part time)	—	Masato Hinenoya	May 31, 2019

(2) Change in Positions and Responsibilities

New positions and responsibilities		Former positions and responsibilities		Name	Date of changes
Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Planning and Control Headquarters, General Manager of Global ICT Headquarters	Director and Senior Managing Executive Officer of Kubota Corporation	General Manager of Planning and Control Headquarters, General Manager of Global IT Headquarters	Masato Yoshikawa	April 1, 2019

(3) Number of Male and Female of Directors and Audit & Supervisory Board Members and Percentage of Female among Directors and Audit & Supervisory Board Members after Resignation and Change
Male: 12, Female: 1 (percentage of females among Directors and Audit & Supervisory Board Members: 8%)

(Reference Information)

Kubota Corporation adopted the Executive Officer System. There has been no change in Executive Officers who do not hold the post of Director since the filing date of the Annual Securities Report for the 129th business term to June 30, 2019.

4. Financial Information

1. Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

(1) Condensed Consolidated Statement of Financial Position

(Unit: millions of yen)

	Note	June 30, 2019	December 31, 2018
ASSETS			
Current assets:			
Cash and cash equivalents		¥ 220,759	¥ 229,123
Trade receivables		688,003	660,401
Finance receivables		274,147	267,262
Other financial assets	5	72,900	54,373
Inventories		391,979	370,698
Income taxes receivable		2,805	4,416
Other current assets		57,914	53,250
Total current assets		1,708,507	1,639,523
Noncurrent assets:			
Investments accounted for using the equity method		31,918	30,611
Finance receivables		636,499	621,886
Other financial assets	5	156,985	151,198
Property, plant, and equipment		378,237	330,034
Goodwill and intangible assets		53,395	49,948
Deferred tax assets		49,566	50,055
Other noncurrent assets		19,207	22,400
Total noncurrent assets		1,325,807	1,256,132
Total assets		¥ 3,034,314	¥ 2,895,655

(Unit: millions of yen)

	Note	June 30, 2019	December 31, 2018
LIABILITIES AND EQUITY			
Current liabilities:			
Bonds and borrowings		¥ 322,116	¥ 349,060
Trade payables		322,351	306,759
Other financial liabilities	6	64,662	57,402
Income taxes payable		20,865	9,353
Provisions		24,540	22,415
Other current liabilities	7	182,380	177,834
Total current liabilities		936,914	922,823
Noncurrent liabilities:			
Bonds and borrowings		553,029	490,205
Other financial liabilities	6	27,195	4,727
Retirement benefit liabilities		15,029	14,498
Deferred tax liabilities		28,230	29,308
Other noncurrent liabilities	7	7,558	7,661
Total noncurrent liabilities		631,041	546,399
Total liabilities		1,567,955	1,469,222
Equity:			
Equity attributable to owners of the parent:			
Share capital		84,130	84,130
Share premium		85,047	85,305
Retained earnings		1,197,844	1,135,395
Other components of equity		20,755	35,343
Treasury shares		(7,264)	(323)
Total equity attributable to owners of the parent		1,380,512	1,339,850
Noncontrolling interests		85,847	86,583
Total equity		1,466,359	1,426,433
Total liabilities and equity		¥ 3,034,314	¥ 2,895,655

See notes to condensed consolidated financial statements.

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

Six months ended June 30, 2019 and 2018

Condensed Consolidated Statement of Profit or Loss

(Unit: millions of yen, except earnings per share)

	Note	2019		2018	
		¥	%	¥	%
Revenue	8	970,829	100.0	906,196	100.0
Cost of sales		(689,649)		(640,906)	
Selling, general, and administrative expenses		(166,637)		(159,688)	
Other income		1,326		694	
Other expenses		(4,922)		(5,156)	
Operating profit		110,947	11.4	101,140	11.2
Finance income		4,444		5,411	
Finance costs		(751)		(1,377)	
Profit before income taxes		114,640	11.8	105,174	11.6
Income tax expenses		(29,476)		(27,999)	
Share of profits of investments accounted for using the equity method		1,573		881	
Profit for the period		¥ 86,737	8.9	¥ 78,056	8.6
Profit attributable to:					
Owners of the parent		¥ 81,189	8.4	¥ 71,927	7.9
Noncontrolling interests		¥ 5,548	0.5	¥ 6,129	0.7

Earnings per share attributable to owners of the parent:	Note	2019		2018	
		¥		¥	
Basic	9	65.95		58.33	
Diluted		—		58.33	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Note	2019		2018	
		¥		¥	
Profit for the period		86,737		78,056	
Other comprehensive income, net of income tax:					
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit pension plans		30		298	
Net change in fair value of financial assets measured at fair value through other comprehensive income		5,275		(14,774)	
Items that may be reclassified subsequently to profit or loss:					
Exchange rate differences on translating foreign operations		(14,710)		(24,763)	
Total other comprehensive income, net of income tax		(9,405)		(39,239)	
Comprehensive income for the period		¥ 77,332		¥ 38,817	
Comprehensive income attributable to:					
Owners of the parent		¥ 70,513		¥ 35,289	
Noncontrolling interests		¥ 6,819		¥ 3,528	

See notes to condensed consolidated financial statements.

Three months ended June 30, 2019 and 2018
Condensed Consolidated Statement of Profit or Loss

(Unit: millions of yen, except earnings per share)

	Note	2019	%	2018	%
Revenue		¥ 490,117	100.0	¥ 477,575	100.0
Cost of sales		(347,623)		(341,783)	
Selling, general, and administrative expenses		(81,523)		(79,330)	
Other income		603		947	
Other expenses		(3,508)		(161)	
Operating profit		58,066	11.8	57,248	12.0
Finance income		2,805		6,914	
Finance costs		(395)		(4,022)	
Profit before income taxes		60,476	12.3	60,140	12.6
Income tax expenses		(15,176)		(15,454)	
Share of profits of investments accounted for using the equity method		1,003		637	
Profit for the period		¥ 46,303	9.4	¥ 45,323	9.5
Profit attributable to:					
Owners of the parent		¥ 43,907	9.0	¥ 42,058	8.8
Noncontrolling interests		¥ 2,396	0.4	¥ 3,265	0.7
Earnings per share attributable to owners of the parent:					
Basic	9	¥ 35.70		¥ 34.12	
Diluted		¥ —		¥ 34.12	

Condensed Consolidated Statement of Comprehensive Income

(Unit: millions of yen)

	Note	2019	2018
Profit for the period		¥ 46,303	¥ 45,323
Other comprehensive income, net of income tax:			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurement of defined benefit pension plans		41	45
Net change in fair value of financial assets measured at fair value through other comprehensive income		(1,147)	(5,455)
Items that may be reclassified subsequently to profit or loss:			
Exchange rate differences on translating foreign operations		(20,033)	14,200
Total other comprehensive income, net of income tax		(21,139)	8,790
Comprehensive income for the period		¥ 25,164	¥ 54,113
Comprehensive income attributable to:			
Owners of the parent		¥ 23,024	¥ 51,991
Noncontrolling interests		¥ 2,140	¥ 2,122

See notes to condensed consolidated financial statements.

(3) Condensed Consolidated Statement of Changes in Equity

(Unit: millions of yen)

	Note	Equity attributable to owners of the parent					Total equity attributable to owners of the parent	Noncontrolling interests	Total equity
		Share capital	Share premium	Retained earnings	Other components of equity	Treasury shares			
Balance as of January 1, 2019		¥ 84,130	¥ 85,305	¥ 1,135,395	¥ 35,343	¥ (323)	¥ 1,339,850	¥ 86,583	¥ 1,426,433
Profit for the period				81,189			81,189	5,548	86,737
Total other comprehensive income, net of income tax					(10,676)		(10,676)	1,271	(9,405)
Comprehensive income for the period				81,189	(10,676)		70,513	6,819	77,332
Transfer to retained earnings				3,463	(3,463)		—		—
Dividends paid	10			(22,184)			(22,184)	(3,938)	(26,122)
Purchases and sales of treasury shares						(7,063)	(7,063)		(7,063)
Share-based payments with transfer restrictions			(56)	(19)		122	47		47
Changes in ownership interests in subsidiaries			(202)		(449)		(651)	(3,617)	(4,268)
Balance as of June 30, 2019		¥ 84,130	¥ 85,047	¥ 1,197,844	¥ 20,755	¥ (7,264)	¥ 1,380,512	¥ 85,847	¥ 1,466,359
Balance as of January 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
Total other comprehensive income, net of income tax					(36,638)		(36,638)	(2,601)	(39,239)
Comprehensive income for the period				71,927	(36,638)		35,289	3,528	38,817
Transfer to retained earnings				1,715	(1,715)		—		—
Dividends paid	10			(20,978)			(20,978)	(6,376)	(27,354)
Purchases and sales of treasury shares						(3,001)	(3,001)		(3,001)
Share-based payments with transfer restrictions		30					30		30
Changes in ownership interests in subsidiaries			1,118		30		1,148	(1,175)	(27)
Balance as of June 30, 2018		¥ 84,130	¥ 86,155	¥ 1,094,248	¥ 46,863	¥ (3,175)	¥ 1,308,221	¥ 81,465	¥ 1,389,686

See notes to condensed consolidated financial statements.

(4) Condensed Consolidated Statement of Cash Flows

(Unit: millions of yen)

Six months ended June 30:	Note	2019	2018
Cash flows from operating activities:			
Profit for the period		¥ 86,737	¥ 78,056
Depreciation and amortization		30,581	24,196
Loss from disposal of property, plant, and equipment and intangible assets, net		877	361
Finance income and costs		(3,590)	(3,607)
Income tax expenses		29,476	27,999
Share of profits of investments accounted for using the equity method		(1,573)	(881)
Increase in trade receivables		(37,635)	(2,003)
Increase in finance receivables		(34,059)	(42,945)
Increase in inventories		(29,360)	(35,470)
(Increase) decrease in other assets		(3,315)	11,527
Increase in trade payables		17,536	17,200
Increase in other liabilities		12,778	19,265
Net changes in retirement benefit assets and liabilities		608	333
Other, net		(2,273)	3,565
Interest received		2,071	2,113
Dividends received		1,917	1,916
Interest paid		(563)	(475)
Income taxes paid, net		(19,340)	(42,774)
Net cash provided by operating activities		50,873	58,376
Cash flows from investing activities:			
Payments for acquisition of property, plant, and equipment		(44,373)	(19,088)
Payments for acquisition of intangible assets		(7,349)	(4,666)
Proceeds from sales and redemptions of securities		5,321	2,891
Payments for loans receivable from associates		(18,950)	(23,510)
Collection of loans receivable from associates		19,100	23,813
Payments for time deposits		(12,794)	(12,266)
Proceeds from withdrawal of time deposits		4,281	18,147
Payments for acquisition of short-term investments		(13,699)	(3,012)
Proceeds from sales and redemptions of short-term investments		6,053	5,126
Other, net		(2,188)	(3,867)
Net cash used in investing activities		(64,598)	(16,432)
Cash flow from financing activities:			
Funding from bonds and long-term borrowings		172,621	147,085
Redemptions of bonds and repayments of long-term borrowings		(98,498)	(110,126)
Net increase in short-term borrowings		(22,333)	(23,681)
Payments for lease liabilities		(9,733)	—
Dividends paid	10	(22,184)	(20,978)
Purchases of treasury shares		(7,063)	(3,001)
Payments for acquisition of noncontrolling interests		(5,652)	(35)
Other, net		(655)	(6,376)
Net cash provided by (used in) financing activities		6,503	(17,112)
Effect of exchange rate changes on cash and cash equivalents		(1,142)	(3,759)
Net (decrease) increase in cash and cash equivalents		(8,364)	21,073
Cash and cash equivalents, at the beginning of the period		229,123	230,720
Cash and cash equivalents, at the end of the period		¥ 220,759	¥ 251,793

See notes to condensed consolidated financial statements.

Notes to Condensed Consolidated Financial Statements

Kubota Corporation and Its Subsidiaries

1. REPORTING ENTITY

Kubota Corporation (the “Parent Company”) is an entity located in Japan. The Parent Company and its subsidiaries (the “Company”) manufacture and sell a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, environment-related products, and social infrastructure-related products.

The Company manufactures its products not only in Japan, but also in overseas countries, including the United States, France, Germany, China, Thailand, and other countries, and sells its products in Japan, North America, Europe, Asia, and other countries.

2. BASIS OF FINANCIAL STATEMENTS

Compliance with International Financial Reporting Standards (“IFRS”)

The condensed consolidated financial statements of the Company are prepared in accordance with International Accounting Standard (“IAS”) 34, as permitted by the provision of Article 93 of the Ordinance on Terminology, Forms, and Preparation Methods of Quarterly Consolidated Financial Statements (the “Ordinance”) since the Company qualifies as a *Specified Company under Designated International Financial Reporting Standards* pursuant to the provision of Article 1-2 of the Ordinance. Since they do not include all the information and disclosures required for a complete set of financial statements, they should be read in conjunction with the consolidated financial statements for the year ended December 31, 2018.

Basis of Measurement

Except for the items measured at fair value, such as financial instruments, the Company’s condensed consolidated financial statements are prepared on a historical cost basis.

Functional Currency and Presentation Currency

The condensed consolidated financial statements of the Company are presented in Japanese yen, which is the Parent Company’s functional currency, and figures are rounded to the nearest million yen.

Significant Accounting Judgements, Estimates, and Assumptions

The condensed consolidated financial statements of the Company are prepared by using judgements, estimates, and assumptions relating to the application of accounting policies and reporting of assets, liabilities, revenue, and expenses. Actual results could differ from those accounting estimates and assumptions.

The estimates and assumptions are continually evaluated. The effects of a change in accounting estimates, if any, are recognized in the reporting period in which the change is made and in future periods.

The significant accounting judgements, estimates, and assumptions made in preparing the condensed consolidated financial statements are consistent with those made in preparing the consolidated financial statements for the year ended December 31, 2018.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied on the condensed consolidated financial statements are consistent with those applied on the consolidated financial statements for the year ended December 31, 2018, except for *Changes in Accounting Policies* stated below.

Income taxes on a quarterly basis are computed using the estimated annual effective tax rate.

Changes in Accounting Policies

The Company adopted IFRS 16, *Leases* (“IFRS 16”) on January 1, 2019 (the “date of initial application”).

IFRS 16 eliminates the classification of leases by the lessee as either finance leases or operating leases stipulated in the previous accounting standard, IAS 17, *Leases* (“IAS 17”). IFRS 16 requires a lessee to recognize right-of-use assets and

lease liabilities for all leases, except for short-term leases (with a lease term of 12 months or less) and leases of low-value assets, at the commencement date.

The company elected to recognize the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings at the date of initial application.

Definition of lease

The Company previously determined, at an inception of a contract, whether the contract was or contained a lease in accordance with IAS 17 and IFRIC 4, *Determining whether an Arrangement contains a Lease* ("IFRIC 4"). IFRS 16 requires an entity shall assess whether the contract is or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

For the transition to IFRS 16, the Company elects to apply a practical expedient to the definition of lease. The Company applies IFRS 16 to the contracts that were previously identified as leases applying IAS 17 and IFRIC 4 and does not apply IFRS 16 to the contracts that were previously not.

As a result, the Company applies IFRS 16 only to contracts entered into (or changed) on or after January 1, 2019, in determining whether the contract is or contains a lease.

Lessee accounting

The Company measures the lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Company measures right-of-use assets equal to lease liabilities.

The Company elects to apply the following practical expedients stipulated in IFRS 16 to the contracts which were previously classified as operating leases applying IAS 17:

- (a) to apply a single discount rate to a part of the underlying asset with a reasonably similar characteristic portfolio
- (b) to rely on its assessment of whether leases are onerous applying IAS 37 *Provision, Contingent Liabilities and Contingent Assets* immediately before the date of initial application as an alternative to performing an impairment review and adjust the right-of-use asset at the date of initial application by the amount of any provision for onerous leases recognized in the statement of financial position immediately before the date of initial application
- (c) to exclude initial direct costs from the measurement of the right-of-use asset at the date of initial application
- (d) to use hindsight, such as in determining the lease term if the contract contains options to extend or terminate the lease

For leases that were classified as finance leases applying IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application are accounted for as the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17.

Effects to financial statements

As of January 1, 2019, the application of IFRS 16 increased property, plant, and equipment, other financial liabilities (current liabilities), and other financial liabilities (noncurrent liabilities) by ¥39,472 million, ¥13,856 million, and ¥25,616 million, respectively.

The weighted-average interest rate used for measuring lease liabilities was 0.7%.

There are differences between the discounted present value of operating lease commitments disclosed applying IAS 17 as of December 31, 2018, which was immediately before the date of initial application, and the lease liabilities measured as of the date of initial application. These differences are due to reasons such as, in the application of IFRS 16, recording a right-of-use asset and lease liability for the contract with a termination option, determining the lease term reflecting an extension option, etc.

4. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services that are categorized into the following three segments: Farm & Industrial Machinery; Water & Environment; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, agricultural-related products, engines, and construction machinery. The Water & Environment segment manufactures and distributes pipe- and infrastructure-related products (ductile iron pipes, plastic pipes, valves, industrial castings, ceramics, spiral welded steel pipes, and other products), and environment-related products (environmental control plants, pumps, and other products). The Other segment offers a variety of services.

Financial information of the segments is utilized on a regular basis by the chief operating decision-maker in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure, principally based on the nature of products and services.

The accounting policies for the reportable segments are consistent with the accounting policies used in the Company's condensed consolidated financial statements.

Information by reportable segment is summarized as follows:

(Unit: millions of yen)

Six months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2019:					
Revenue:					
External customers	¥ 808,838	¥ 146,122	¥ 15,869	¥ —	¥ 970,829
Intersegment	121	537	14,032	(14,690)	—
Total	808,959	146,659	29,901	(14,690)	970,829
Operating profit	¥ 117,160	¥ 9,818	¥ 1,623	¥ (17,654)	¥ 110,947
2018:					
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

(Notes)

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by the Parent Company.
2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please 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.

(Unit: millions of yen)

Three months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2019:					
Revenue:					
External customers	¥ 418,767	¥ 63,617	¥ 7,733	¥ —	¥ 490,117
Intersegment	30	241	7,154	(7,425)	—
Total	418,797	63,858	14,887	(7,425)	490,117
Operating profit	¥ 65,372	¥ 759	¥ 548	¥ (8,613)	¥ 58,066
2018:					
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

(Notes)

1. *Adjustments* include items such as the elimination of intersegment transfers and corporate expenses which are not allocated to any particular reportable segment. The corporate expenses included in *Adjustments* consist mainly of administration department expenses, basic research expenses, and foreign exchange gains or losses incurred by the Parent Company.
2. The aggregated amounts of operating profit are equal to those presented in the condensed consolidated statement of profit or loss. Please 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.

5. OTHER FINANCIAL ASSETS

Other financial assets are composed of the following:

	(Unit: millions of yen)	
	June 30, 2019	December 31, 2018
Financial assets measured at amortized cost:		
Long-term trade accounts receivable	¥ 41,226	¥ 37,046
Time deposits	14,929	6,654
Restricted cash *	14,617	13,425
Others	19,113	19,976
Financial assets measured at fair value through other comprehensive income:		
Debt financial assets	23,876	15,723
Equity financial assets	113,674	111,509
Financial assets measured at fair value through profit or loss:		
Derivatives	2,450	1,238
Total	¥ 229,885	¥ 205,571
Current assets	72,900	54,373
Noncurrent assets	156,985	151,198

(Note)

* Deposits pledged as collateral that are restricted from its withdrawal and advances received for public work that are restricted from its usage.

6. OTHER FINANCIAL LIABILITIES

Other financial liabilities are composed of the following:

	(Unit: millions of yen)	
	June 30, 2019	December 31, 2018
Financial liabilities measured at amortized cost:		
Lease liabilities	¥ 35,831	¥ 1,957
Notes and accounts payable for capital expenditures	17,153	26,624
Deposits received	20,932	17,752
Others	12,481	12,854
Financial liabilities measured at fair value through profit or loss:		
Derivatives	5,460	2,942
Total	¥ 91,857	¥ 62,129
Current liabilities	64,662	57,402
Noncurrent liabilities	27,195	4,727

7. OTHER LIABILITIES

Other liabilities are composed of the following:

(Unit: millions of yen)

		June 30, 2019		December 31, 2018
Employment benefit obligation	¥	43,831	¥	43,309
Accrued expenses		35,147		34,054
Refund liabilities		43,807		46,486
Contract liabilities		12,819		12,243
Others		54,334		49,403
Total	¥	189,938	¥	185,495
Current liabilities		182,380		177,834
Noncurrent liabilities		7,558		7,661

8. REVENUE

The following table presents the Company's revenue recognized from contracts with customers and other sources of revenue by product group and location:

(Unit: millions of yen)

Six months ended June 30, 2019	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 149,168	¥ 226,727	¥ 85,118	¥ 135,049	¥ 13,524	¥ 609,586
Construction machinery	16,497	82,990	45,984	13,065	4,550	163,086
Farm & Industrial Machinery	165,665	309,717	131,102	148,114	18,074	772,672
Pipe-related products	57,031	114	2	3,042	460	60,649
Social infrastructure-related products	11,025	4,138	1,090	2,810	3,196	22,259
Environment-related products	59,273	392	182	2,664	703	63,214
Water & Environment	127,329	4,644	1,274	8,516	4,359	146,122
Other	15,656	14	3	20	3	15,696
Revenue recognized from:						
Contracts with customers	308,650	314,375	132,379	156,650	22,436	934,490
Other sources of revenue	1,452	23,908	—	10,192	787	36,339
Total	¥ 310,102	¥ 338,283	¥ 132,379	¥ 166,842	¥ 23,223	¥ 970,829

(Unit: millions of yen)

Six months ended June 30, 2018	Japan	North America	Europe	Asia outside Japan	Other area	Total
Farm equipment and engines	¥ 138,588	¥ 186,948	¥ 89,112	¥ 135,978	¥ 20,435	¥ 571,061
Construction machinery	15,858	62,652	49,471	13,927	6,694	148,602
Farm & Industrial Machinery	154,446	249,600	138,583	149,905	27,129	719,663
Pipe-related products	55,204	152	5	2,929	4,228	62,518
Social infrastructure-related products	13,073	3,963	867	3,181	2,308	23,392
Environment-related products	47,651	230	411	4,371	1,841	54,504
Water & Environment	115,928	4,345	1,283	10,481	8,377	140,414
Other	14,607	3	4	19	1	14,634
Revenue recognized from:						
Contracts with customers	284,981	253,948	139,870	160,405	35,507	874,711
Other sources of revenue	1,480	19,863	—	9,369	773	31,485
Total	¥ 286,461	¥ 273,811	¥ 139,870	¥ 169,774	¥ 36,280	¥ 906,196

Revenue recognized from other sources of revenue includes revenue from retail finance and revenue from finance lease using effective interest rate method. The amounts of the above revenue are ¥27,328 million and ¥23,585 million for the six months ended June 30, 2019 and 2018, respectively.

Beginning with the second quarter of the current year, revenue from *Pump* recognized from contract with customers is reported in Environment-related Products, whereas they were formerly reported in Pipe-related Products.

The information for the six months ended June 30, 2018 has been retrospectively adjusted to conform to the

current year's presentation as follows:

(Unit: millions of yen)

Japan	North America	Europe	Asia outside Japan	Other area	Total
¥ 12,270	¥ —	¥ —	¥ 404	¥ 1,297	¥ 13,971

9. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE PARENT

The Company adopted a restricted stock compensation plan (the "Plan") for the Company's Directors. Among the new shares issued under the Plan, those whose transfer restrictions have not been cancelled are distinguished as participating equity financial instruments from common shares.

Each common share and participating equity financial instrument has the same rights to profit attributable to owners of the parent.

The numerator and denominator used to calculate basic earnings per share attributable to owners of the parent are presented in the following table:

Six months ended June 30:	2019	2018
	(Unit: millions of yen)	
Profit attributable to owners of the parent	¥ 81,189	¥ 71,927
Profit attributable to participating equity financial instruments	2	1
Profit attributable to common shareholders	¥ 81,187	¥ 71,926
	(thousands of shares)	
Weighted-average number of common shares outstanding	1,230,973	1,233,153
Weighted-average number of participating equity financial instruments	26	15
Weighted-average number of common shares	1,230,947	1,233,138

Three months ended June 30:	2019	2018
	(Unit: millions of yen)	
Profit attributable to owners of the parent	¥ 43,907	¥ 42,058
Profit attributable to participating equity financial instruments	2	1
Profit attributable to common shareholders	¥ 43,905	¥ 42,057
	(thousands of shares)	
Weighted-average number of common shares outstanding	1,229,825	1,232,643
Weighted-average number of participating equity financial instruments	50	27
Weighted-average number of common shares	1,229,775	1,232,616

The numerator and denominator used to calculate diluted earnings per share attributable to owners of the parent are presented in the following table

Six months ended June 30:	2019	2018
	(Unit: millions of yen)	
Profit attributable to owners of the parent	¥ —	¥ 71,927
Profit attributable to participating equity financial instruments used to calculate diluted earnings per share attributable to owners of the parent	—	1
Profit attributable to common shareholders used to calculate diluted earnings per share attributable to owners of the parent	¥ —	¥ 71,926
	(Unit: thousands of shares)	
Weighted-average number of common shares outstanding	—	1,233,153
Addition: remuneration for non-resident of Japan	—	1
Weighted-average number of participating equity financial instruments	—	15
Weighted-average number of common shares used to calculate diluted earnings per share attributable to owners of the parent	—	1,233,139

Three months ended June 30:	2019		2018	
	(Unit: millions of yen)			
Profit attributable to owners of the parent	¥	—	¥	42,058
Profit attributable to participating equity financial instruments used to calculate diluted earnings per share attributable to owners of the parent		—		1
Profit attributable to common shareholders used to calculate diluted earnings per share attributable to owners of the parent	¥	—	¥	42,057
	(Unit: thousands of shares)			
Weighted-average number of common shares outstanding		—		1,232,643
Addition: remuneration for non-resident of Japan		—		1
Weighted-average number of participating equity financial instruments		—		27
Weighted-average number of common shares used to calculate diluted earnings per share attributable to owners of the parent		—		1,232,617

10. DIVIDENDS

Dividends paid are as follows:

Six months ended June 30, 2019

Date of resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2019	Common shares	¥ 22,184	¥ 18.00	December 31, 2018	March 25, 2019

Six months ended June 30, 2018

Date of resolution	Class of shares	Dividends (millions of yen)	Dividends per common share (yen)	Record date	Effective date
The Meeting of the Board of Directors on February 14, 2018	Common shares	¥ 20,978	¥ 17.00	December 31, 2017	March 26, 2018

11. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value measurements are classified into the following three levels by inputs used for measurements:

Level 1 – quoted prices in active markets for identical assets or liabilities

Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly

Level 3 – unobservable inputs for the assets or liabilities. These are measured using the entity's own assumptions and inputs that are reasonably available or inputs many market participants use with reasonable confidence

Financial instruments measured at fair value

The following table presents fair values of financial instruments measured at fair value:

(Unit: millions of yen)

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income:				
Debt financial assets	¥ 23,876	¥ —	¥ —	¥ 23,876
Equity financial assets	110,587	—	3,087	113,674
Financial assets measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	—	2,450	—	2,450
Total	¥ 134,463	¥ 2,450	¥ 3,087	¥ 140,000
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 120	¥ —	¥ 120
Interest swap contracts	—	905	—	905
Cross-currency interest rate swap contracts	—	4,435	—	4,435
Total	¥ —	¥ 5,460	¥ —	¥ 5,460

(Unit: millions of yen)

	December 31, 2018			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets measured at fair value through other comprehensive income:				
Debt financial assets	¥ 15,723	¥ —	¥ —	¥ 15,723
Equity financial assets	108,484	—	3,025	111,509
Financial assets measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	—	1,171	—	1,171
Interest rate swap contracts	—	55	—	55
Cross-currency interest rate swap contracts	—	12	—	12
Total	¥ 124,207	¥ 1,238	¥ 3,025	¥ 128,470
Financial liabilities:				
Financial liabilities measured at fair value through profit or loss:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 96	¥ —	¥ 96
Interest swap contracts	—	422	—	422
Cross-currency interest rate swap contracts	—	2,424	—	2,424
Total	¥ —	¥ 2,942	¥ —	¥ 2,942

Debt financial assets and equity financial assets classified in Level 1 are measured at fair value using quoted prices for identical assets in active markets.

Derivatives are classified in Level 2 since they are measured at fair value using observable market inputs obtained from major international financial institutions.

Equity financial assets classified in Level 3 are unlisted equity securities and measured at fair value using methods such as the comparable company comparison method with the earnings before interest and tax ("EBIT") ratio (from -1.2 to 11.2), etc. As the EBIT ratio increases (decreases), the fair values on those equity financial assets increase (decrease).

Transfers between levels are recognized at the end of the reporting periods when such transfers occurred. There were no significant transfers of financial instruments between the levels for the six months ended June 30, 2019 and 2018.

The following table presents reconciliation of financial instruments classified in Level 3:

(Unit: millions of yen)

Six months ended June 30:		2019		2018
Balance at the beginning of the period	¥	3,025	¥	8,123
Gains or losses		58		(3,279)
Purchases		14		21
Sales		(10)		(230)
Balance at the end of the period	¥	3,087	¥	4,635

(Note)

* Gains or losses are those related to unlisted equity securities held as of June 30, 2019 and 2018, and included in net change in fair value of financial assets measured at fair value through other comprehensive income in the condensed consolidated statement of comprehensive income.

Financial instruments measured at amortized cost

The following table summarizes the carrying amount and fair value of financial instruments measured at amortized cost:

(Unit: millions of yen)

	June 30, 2019		December 31, 2018	
	Carrying amount	Fair value	Carrying amount	Fair value
Finance receivables:				
Retail finance receivables	¥ 656,597	¥ 640,398	¥ 666,787	¥ 640,184
Finance lease receivables	254,049	286,810	222,361	251,150
Long-term trade accounts receivable	75,812	80,988	67,547	72,625
Bonds and borrowings	875,145	874,314	839,265	829,736

The fair value of finance receivables, long-term trade accounts receivable, and bonds and borrowings is stated at the present value of future cash flows discounted by the current market rate. Long-term trade accounts receivable in the above table includes the current portion, which is included in trade receivables in the condensed consolidated statement of financial position.

The carrying amounts of cash and cash equivalents, trade receivables (excluding the current portion of long-term trade accounts receivable), other financial assets (excluding debt financial assets measured at fair value, equity financial assets, and derivatives), trade payables, and other financial liabilities (excluding lease liabilities and derivatives) approximate their fair values because of the short maturity of those instruments.

12. CONTINGENT LIABILITIES

Legal Proceedings

Since May 2007, the Company has been subject to 32 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese government and asbestos-related companies including the Company. The total claims for compensation of all 32 lawsuits aggregate ¥28,127 million, which relate to 733 construction workers who suffered from asbestos-related diseases.

23 among 32 lawsuits were compiled into seven cases, which were decided in favor of the Company, but the plaintiffs appealed the court ruling of these seven cases. The appellate court ordered the Company to pay compensation damages of ¥7 million under the judgement. Apart from the above case, the three appellate courts ruled in favor of the Company, but the plaintiffs of the three cases appealed to the supreme courts.

Since the above cases will continue until an ultimate outcome is reached and the similar asbestos-related cases in Japan are still pending and have not been finally concluded, the Company is not able to use them as a reference in predicting the ultimate outcomes of the above cases.

The Company reviews the status of each lawsuit on a regular basis by utilizing consultations of outside legal counsel, however, due to the above reasons, the Company believes that it is currently unable to predict the ultimate outcome of all lawsuits.

The Company does not have any cost-sharing arrangements with other potentially responsible parties, including the government for these 32 lawsuits.

Matters Related to the Health Hazards of Asbestos

The Company's plant in Amagasaki, Hyogo Prefecture, Japan, previously produced asbestos-related products. The Company decided to make voluntary consolation payments to certain residents in June 2005, and established a relief payment program in place as a voluntary consolation payment to the residents in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides compensation which is not required by law, but is made in accordance with the Company's internal policies.

In its effort to develop an estimate of future asbestos-related expenditures, the Company has considered all available data, including a time series of historical claims and payments, the rate of incidence of asbestos related disease, and public information related to asbestos-related disease. However the health hazards of asbestos tend to have a longer incubation period, and therefore reliable statistics related to the rate of incidence in asbestos-related disease are not available to the Company. Furthermore, since there have not been any asbestos-related events impacting other companies in Japan for which all claims have been finalized, for estimation of the rate of incidence, the Company believes it is not possible to decide the range of the final possible outcome in the future. For these reasons, the Company believes it is not possible to reliably estimate the amount of its ultimate liability, and the Company does not accrue on this contingency.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases (the "New Asbestos Law") was established by the Japanese government, and the contributions made by business entities include a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

The Company accrues asbestos-related expenses when the Company receives the related claims, which include possible payments to certain residents who lived near the Company's plant and current and former employees, and the special contribution in accordance with the New Asbestos Law. The accrued balances for those expenses are ¥213 million and ¥113 million at June 30, 2019 and December 31, 2018, respectively. The asbestos related expenses recognized for the six months ended June 30, 2019 and 2018 were ¥597 million and ¥426 million, respectively.

13. SUBSEQUENT EVENTS

Not applicable.

14. APPROVAL OF CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The condensed consolidated financial statements were approved on August 9, 2019 by Masatoshi Kimata, President and Representative Director of the Parent Company, and Masato Yoshikawa, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters of the Parent Company.

2. Other

On August 7, 2019, the Board of Directors of the Parent Company resolved and paid dividends as follows:

1) Shareholders to Be Paid Dividends

Shareholders of record on June 30, 2019

2) Amount of Dividends

¥17.00 per common share, a total of ¥20,880 million

3) Effective Date of Claim of Payment and Start Date of Payment

September 2, 2019

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	August 9, 2019
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	Kubota Corporation
[Title and Name of Representative]	Masatoshi Kimata, President and Representative Director
[Title and Name of CFO]	Masato Yoshikawa, Director and Senior Managing Executive Officer General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	Kubota Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) Kubota Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) Kubota Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) Kubota Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Masatoshi Kimata, President and Representative Director, and Masato Yoshikawa, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters, confirmed that statements contained in the Quarterly Report for the second quarter of the 130th fiscal year (from April 1, 2019 to June 30, 2019) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable.