

**KUBOTA Corporation**

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**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2017**

Kubota Corporation hereby reports its consolidated results for the three months ended March 31, 2017.

**Consolidated Financial Highlights****1. Consolidated results of operations for the three months ended March 31, 2017****(1) Results of operations**

(In millions of yen, except per common share amounts)

	Three months ended Mar. 31, 2017	Change [%]	Three months ended Mar. 31, 2016	Adjusted change [%]
Revenues	¥ 402,823	(0.6)	¥ 405,369	(8.7)
Operating income	¥ 39,350	(31.5)	¥ 57,452	2.6
Income before income taxes and equity in net income of affiliated companies	¥ 40,929	(24.7)	¥ 54,333	(0.3)
Net income attributable to Kubota Corporation	¥ 27,584	(24.1)	¥ 36,353	(7.4)
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 22.25		¥ 29.21	
Diluted	-		-	

**(2) Financial condition**

(In millions of yen)

	Mar. 31, 2017	Dec. 31, 2016
Total assets	¥ 2,598,757	¥ 2,670,582
Equity	¥ 1,260,448	¥ 1,271,925
Kubota Corporation shareholders' equity	¥ 1,183,378	¥ 1,198,761
Ratio of Kubota Corporation shareholders' equity to total assets	45.5%	44.9%

## Notes:

- Change [%] represents percentage change from the corresponding period in the prior year.
- Kubota Corporation changed its fiscal year-end from March 31 to December 31 from April 1, 2015. For this reason, the first quarter in the last fiscal year that commenced on January 1, 2016 and ended on March 31, 2016 is different from the first quarter in the fiscal year before last that commenced on April 1, 2015 and ended on June 30, 2015. Additionally, adjusted change [%] for the three months ended March 31, 2016 represents percentage change from the same period in the prior year that commenced on January 1, 2015 and ended on March 31, 2015. Please note that the results of operations for the three months ended March 31, 2015 are not subject to a quarterly review.
- Comprehensive income (loss) for the three months ended March 31, 2017 and 2016 was ¥9,933 million [—%] and (¥8,608 million) [adjusted change (—%)], respectively.

**2. Cash dividends**

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2017	Undecided	Undecided	Undecided
Year ended Dec. 31, 2016	¥ 14.00	¥ 16.00	¥ 30.00

## Note:

Although Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and raise dividends, the specific amount of cash dividends for each fiscal year is decided in consideration of the development of business performance, financial condition, and shareholder return ratio calculated from dividends and share buy-backs. The specific amount of cash dividends for the year ending December 31, 2017 has not been decided at this time and Kubota Corporation will publicize the amount as soon as a decision is made.

### 3. Anticipated results of operations for the year ending December 31, 2017

(In millions of yen, except per common share amounts)

	Six months ending June 30, 2017	Change [%]	Year ending Dec. 31, 2017	Change [%]
Revenues	¥ 830,000	4.3	¥ 1,680,000	5.3
Operating income	¥ 94,000	( 11.0)	¥ 198,000	4.9
Income before income taxes and equity in net income of affiliated companies	¥ 100,000	3.0	¥ 205,000	4.1
Net income attributable to Kubota Corporation	¥ 65,000	4.3	¥ 138,000	4.2
Net income attributable to Kubota Corporation per common share	¥ 52.37		¥ 111.19	

Notes:

- Change [%] represents percentage change from the prior year.
- Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Prospects for the year ending December 31, 2017" on page 6 for further information related to the anticipated results of operations.

### 4. Other information

(1) Changes in material subsidiaries: No

(2) Adoption of simplified accounting procedures or specific accounting procedures for quarterly consolidated financial statements: Yes

Note:

See the accompanying materials, "2. Other information (2) Adoption of specific accounting procedures for quarterly consolidated financial statements" on page 6.

(3) Accounting changes for consolidated financial statements

a) Changes due to the revision of accounting standards: Yes

b) Changes in matters other than a) above: No

Note:

See the accompanying materials, "2. Other information (3) A change in accounting principle and estimate for consolidated financial statements" on page 6.

(4) Number of common shares issued including treasury stock as of March 31, 2017	: 1,241,119,180
Number of common shares issued including treasury stock as of December 31, 2016	: 1,241,119,180
Number of treasury stock as of March 31, 2017	: 2,118,178
Number of treasury stock as of December 31, 2016	: 415,691
Weighted-average number of common shares outstanding during the three months ended March 31, 2017	: 1,239,780,118
Weighted-average number of common shares outstanding during the three months ended March 31, 2016	: 1,244,503,149

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

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

As of the date of this release, the consolidated financial statements for the three months ended March 31, 2017 of Kubota Corporation and its subsidiaries (hereinafter, the "Company") are under procedures of the quarterly review.

< 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.

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## **1. Review of operations and financial condition**

### **(1) Summary of the results of operations for the three months under review**

For the three months ended March 31, 2017, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased by ¥2.5 billion [0.6%] from the corresponding period in the prior year to ¥402.8 billion.

Domestic revenues decreased by ¥9.2 billion [5.8%] to ¥149.8 billion from the corresponding period in the prior year due to lower revenues in all segments of Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenues increased by ¥6.7 billion [2.7%] to ¥253.0 billion from the corresponding period in the prior year. While revenues in Water & Environment fell due to a decrease in sales of ductile iron pipes, revenues in Farm & Industrial Machinery rose owing to an increase in sales in China and the positive effect of a business acquisition in the prior year.

Operating income decreased by ¥18.1 billion [31.5%] from the corresponding period in the prior year to ¥39.4 billion because of significantly increased provisions for sales promotion expenses and the negative effect of the fluctuation in unrealized profits on inventories held by sales subsidiaries. Income before income taxes and equity in net income of affiliated companies decreased by ¥13.4 billion [24.7%] from the corresponding period in the prior year to ¥40.9 billion since an improvement in other income could not compensate for a decrease in operating income. Income taxes were ¥11.5 billion and net income decreased by ¥9.1 billion [23.5%] to ¥29.7 billion from the corresponding period in the prior year. Net income attributable to Kubota Corporation decreased by ¥8.8 billion [24.1%] from the corresponding period in the prior year to ¥27.6 billion.

Revenues from external customers and operating income by each reporting segment were as follows:

#### **1) Farm & Industrial Machinery**

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

Revenues in this segment increased by 3.1% from the corresponding period in the prior year to ¥312.4 billion and accounted for 77.6% of consolidated revenues.

Domestic revenues decreased by 2.6% to ¥68.8 billion. This decrease resulted mainly from a decrease in sales of tractors due to continuing stagnation caused by the strengthening of emissions regulations.

Overseas revenues increased by 4.8% to ¥243.6 billion. In North America, the positive effects of a business acquisition almost offset a decrease in sales of construction machinery due to the adverse reaction to the full-scale shipment of new product in the prior year and lower sales of mid-scale tractors. In Europe, despite the negative impact of yen appreciation, sales of tractors, construction machinery, and engines were strong as well as the increased sales from the implement business in the agriculture-related market. Revenues in Asia outside Japan were higher than in the prior year. Sales of tractors and combines in Thailand were weak due to the stagnation of rice prices while sales of rice transplanters, construction machinery, and engines in China significantly increased.

Operating income in Farm & Industrial Machinery decreased by 34.6% from the corresponding period in the prior year to ¥31.7 billion owing to significantly increased provisions for sales promotion expenses and the negative effect of the fluctuation in unrealized profits on inventories held by sales subsidiaries.

#### **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).

Revenues in this segment decreased by 12.4% from the corresponding period in the prior year to ¥82.7 billion and accounted for 20.5% of consolidated revenues.

Domestic revenues decreased by 9.0% from the corresponding period in the prior year to ¥73.4 billion. Revenues from pipe-related products decreased due to lower sales of ductile iron pipes, pumps, and the construction business as well as the weak revenues from environment-related products and social infrastructure-related products.

Overseas revenues decreased by 32.2% to ¥9.3 billion. Sales of exporting ductile iron pipes to the Middle East largely dropped mainly due to the financial deterioration in the Middle Eastern countries.

Operating income in Water & Environment increased by 4.8% from the corresponding period in the prior year to ¥14.2 billion since the positive effect of reduced fixed costs exceeded the negative impact of lower revenues in domestic and overseas markets.

### **3) Other**

Other is comprised of a variety of services and housing materials.

Revenues in this segment decreased by 1.3% from the corresponding period in the prior year to ¥7.8 billion and accounted for 1.9% of consolidated revenues.

Operating income in Other decreased by 26.0% to ¥0.8 billion.

## **(2) Financial condition**

### **1) Assets, liabilities, and equity**

Total assets at March 31, 2017 were ¥2,598.8 billion, a decrease of ¥71.8 billion from the prior fiscal year-end. Among assets, the yen value of assets denominated in foreign currencies, such as short-term and long-term finance receivables, decreased due to the impact of yen appreciation from the prior fiscal year-end. Cash and cash equivalents decreased as well.

Among liabilities, trade notes and accounts payable, and deferred tax liabilities, which are included in other long-term liabilities, decreased. In addition, the aggregate amount of interest-bearing debt, which is composed of short-term borrowings, current portion of long-term debt, and long-term debt, decreased due to the impact of yen appreciation. Equity decreased as the accumulation of retained earnings could not compensate for the deterioration in accumulated other comprehensive income, mainly due to fluctuations in exchange rates. The shareholders' equity ratio stood at 45.5%, 0.6 percent higher than at the prior fiscal year-end.

### **2) Cash flows**

Net cash used in operating activities during the three months ended March 31, 2017 was ¥4.9 billion, an increase of ¥1.4 billion in net cash outflow compared with the corresponding period in the prior year. This increase resulted from a decline in net income while cash outflow related to the changes in working capital, including trade notes and accounts receivable, and trade notes and accounts payable decreased.

Net cash used in investing activities was ¥14.4 billion, a decrease of ¥3.5 billion in net cash outflow compared with the corresponding period in the prior year. This decrease was mainly due to an increase in proceeds from sales of investments.

Net cash used in financing activities was ¥16.7 billion, an increase of 15.6 billion in net cash outflow compared with the corresponding period in the prior year, which mainly resulted from a decrease in net cash inflow from borrowings.

As a result of the above, and after taking into account the effects of exchange rate changes, cash and cash equivalents at March 31, 2017 were ¥131.8 billion, a decrease of ¥37.6 billion from the beginning of the current fiscal year.

### **(3) Prospects for the year ending December 31, 2017**

The forecasts of the results of operations for the year ending December 31, 2017, which were announced on February 14, 2017, remain unchanged.

However, the Company revised its forecasts for revenues for the six months ending June 30, 2017 downward to ¥830.0 billion, a decrease of ¥10.0 billion from the previous forecast, which was announced on February 14, 2017. Operating income was also revised to ¥94.0 billion, a decrease of ¥4.0 billion from the previous forecast. Income before income taxes and equity in net income of affiliated companies was revised downward by ¥3.0 billion to ¥100.0 billion, and net income attributable to Kubota Corporation was also revised downward by ¥2.0 billion to ¥65.0 billion.

The forecasts of the year ending December 31, 2017 are based on the assumption of exchange rates of ¥110=USD1 and ¥115=EUR1 which are the same as the rates announced on February 14, 2017.

## **2. Other information**

### **(1) Changes in material subsidiaries**

None

### **(2) Adoption of specific accounting procedures for quarterly consolidated financial statements**

The provision for income taxes is computed by multiplying quarterly income before income taxes and equity in net income of affiliated companies by the estimated annual effective tax rate.

### **(3) A change in accounting principle and estimate for consolidated financial statements**

#### **1) A change in accounting principle**

On January 1, 2017, the Company adopted a new accounting standard related to simplifying the measurement of inventory. This standard simplifies the subsequent measurement of inventory by requiring the entities to measure inventory at the lower of cost or net realizable value. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

On January 1, 2017, the Company adopted a new accounting standard related to the classification of deferred taxes on the consolidated balance sheets on January 1, 2017. This standard requires that deferred tax assets and liabilities be classified as non-current in a classified statement of financial position. The Company did not retrospectively adjust the consolidated financial statements. The carrying amounts of current portion of deferred tax assets and deferred tax liabilities included in the Company's consolidated balance sheets at the prior fiscal year-end were ¥46,798 million and ¥160 million, respectively.

#### **2) A change in accounting estimate**

Previously, the Company used the declining-balance method for calculating the depreciation of property, plant, and equipment; however, effective from January 1, 2017, the Company changed its depreciation method to the straight-line method. This change resulted in an increase of net income attributable to Kubota Corporation for the three months ended March 31, 2017 by ¥145 million, as compared with the previous method.

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

		(In millions of yen)						
		Mar. 31, 2017		Dec. 31, 2016		Change	Mar. 31, 2016	
		Amount	%	Amount	%	Amount	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents		131,768		169,416		(37,648)	118,752	
Trade notes and accounts receivable		638,807		632,814		5,993	637,436	
Short-term finance receivables-net		234,025		244,184		(10,159)	199,598	
Inventories		363,946		356,180		7,766	356,423	
Other current assets		112,935		160,480		(47,545)	133,986	
<b>Total current assets</b>		<b>1,481,481</b>	<b>57.0</b>	<b>1,563,074</b>	<b>58.5</b>	<b>(81,593)</b>	<b>1,446,195</b>	<b>59.0</b>
<b>Investments and long-term finance receivables</b>		<b>660,573</b>	<b>25.4</b>	<b>677,473</b>	<b>25.4</b>	<b>(16,900)</b>	<b>612,364</b>	<b>25.0</b>
<b>Property, plant, and equipment</b>		<b>310,852</b>	<b>12.0</b>	<b>314,231</b>	<b>11.8</b>	<b>(3,379)</b>	<b>283,754</b>	<b>11.6</b>
<b>Other assets</b>		<b>145,851</b>	<b>5.6</b>	<b>115,804</b>	<b>4.3</b>	<b>30,047</b>	<b>107,530</b>	<b>4.4</b>
<b>Total assets</b>		<b>2,598,757</b>	<b>100.0</b>	<b>2,670,582</b>	<b>100.0</b>	<b>(71,825)</b>	<b>2,449,843</b>	<b>100.0</b>

		(In millions of yen)						
		Mar. 31, 2017		Dec. 31, 2016		Change	Mar. 31, 2016	
		Amount	%	Amount	%	Amount	Amount	%
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Short-term borrowings		184,256		193,883		(9,627)	199,404	
Trade notes and accounts payable		239,348		255,859		(16,511)	221,246	
Other current liabilities		234,548		241,659		(7,111)	214,399	
Current portion of long-term debt		165,222		145,212		20,010	156,798	
<b>Total current liabilities</b>		<b>823,374</b>	<b>31.7</b>	<b>836,613</b>	<b>31.3</b>	<b>(13,239)</b>	<b>791,847</b>	<b>32.3</b>
<b>Long-term liabilities:</b>								
Long-term debt		454,648		478,894		(24,246)	397,258	
Accrued retirement and pension costs		12,135		12,091		44	11,880	
Other long-term liabilities		48,152		71,059		(22,907)	63,558	
<b>Total long-term liabilities</b>		<b>514,935</b>	<b>19.8</b>	<b>562,044</b>	<b>21.1</b>	<b>(47,109)</b>	<b>472,696</b>	<b>19.3</b>
<b>Equity:</b>								
Kubota Corporation shareholders' equity:								
Common stock		84,070		84,070		—	84,070	
Capital surplus		84,843		84,605		238	87,521	
Legal reserve		19,539		19,539		—	19,539	
Retained earnings		969,130		961,403		7,727	888,694	
Accumulated other comprehensive income		29,199		49,336		(20,137)	32,691	
Treasury stock, at cost		(3,403)		(192)		(3,211)	(199)	
<b>Total Kubota Corporation shareholders' equity</b>		<b>1,183,378</b>	<b>45.5</b>	<b>1,198,761</b>	<b>44.9</b>	<b>(15,383)</b>	<b>1,112,316</b>	<b>45.4</b>
Non-controlling interests		77,070	3.0	73,164	2.7	3,906	72,984	3.0
<b>Total equity</b>		<b>1,260,448</b>	<b>48.5</b>	<b>1,271,925</b>	<b>47.6</b>	<b>(11,477)</b>	<b>1,185,300</b>	<b>48.4</b>
<b>Total liabilities and equity</b>		<b>2,598,757</b>	<b>100.0</b>	<b>2,670,582</b>	<b>100.0</b>	<b>(71,825)</b>	<b>2,449,843</b>	<b>100.0</b>

**(2) Consolidated statements of income**

(In millions of yen)

	Three months ended		Three months ended		Change		Year ended	
	Mar. 31, 2017		Mar. 31, 2016				Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	402,823	100.0	405,369	100.0	(2,546)	(0.6)	1,596,091	100.0
Cost of revenues	291,675	72.4	278,476	68.7	13,199	4.7	1,122,546	70.3
Selling, general, and administrative expenses	71,775	17.8	69,325	17.1	2,450	3.5	283,849	17.8
Other operating expenses-net	23	0.0	116	0.0	(93)	(80.2)	919	0.1
<b>Operating income</b>	<b>39,350</b>	<b>9.8</b>	<b>57,452</b>	<b>14.2</b>	<b>(18,102)</b>	<b>(31.5)</b>	<b>188,777</b>	<b>11.8</b>
Other income (expenses):								
Interest and dividend income	1,115		974		141		7,049	
Interest expense	(220)		(165)		(55)		(503)	
Gain on sales of securities-net	2,580		313		2,267		6,826	
Foreign exchange gain (loss)-net	1,106		(1,276)		2,382		(3,556)	
Other-net	(3,002)		(2,965)		(37)		(1,622)	
Other income (expenses)-net	1,579		(3,119)		4,698		8,194	
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>40,929</b>	<b>10.2</b>	<b>54,333</b>	<b>13.4</b>	<b>(13,404)</b>	<b>(24.7)</b>	<b>196,971</b>	<b>12.3</b>
Income taxes	11,467		15,545		(4,078)		56,546	
Equity in net income of affiliated companies	217		14		203		2,440	
<b>Net income</b>	<b>29,679</b>	<b>7.4</b>	<b>38,802</b>	<b>9.6</b>	<b>(9,123)</b>	<b>(23.5)</b>	<b>142,865</b>	<b>9.0</b>
Less: Net income attributable to non-controlling interests	2,095		2,449		(354)		10,380	
<b>Net income attributable to Kubota Corporation</b>	<b>27,584</b>	<b>6.8</b>	<b>36,353</b>	<b>9.0</b>	<b>(8,769)</b>	<b>(24.1)</b>	<b>132,485</b>	<b>8.3</b>

**Net income attributable to Kubota Corporation per common share**

(In yen)

Basic	22.25	29.21		106.58
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**(3) Consolidated statements of comprehensive income (loss)**

(In millions of yen)

	Three months ended Mar. 31, 2017	Three months ended Mar. 31, 2016	Change
Net income	29,679	38,802	(9,123)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(17,234)	(35,975)	18,741
Unrealized losses on securities	(2,986)	(11,110)	8,124
Pension liability adjustments	474	(325)	799
Total other comprehensive loss	(19,746)	(47,410)	27,664
Comprehensive income (loss)	9,933	(8,608)	18,541
Less: Comprehensive income attributable to non-controlling interests	2,486	1,070	1,416
Comprehensive income (loss) attributable to Kubota Corporation	7,447	(9,678)	17,125

**(4) Consolidated statements of cash flows**

(In millions of yen)

	Three months ended Mar. 31, 2017	Three months ended Mar. 31, 2016	Change
<b>Operating activities:</b>			
Net income	29,679	38,802	
Depreciation and amortization	11,127	9,842	
Gain on sales of securities-net	(2,580)	(313)	
Deferred income taxes	(6,024)	(4,122)	
Increase in trade notes and accounts receivable	(14,497)	(25,036)	
Increase in inventories	(13,241)	(12,035)	
Decrease in other current assets	4,579	9,410	
Decrease in trade notes and accounts payable	(14,904)	(35,985)	
(Decrease) increase in income taxes payable	(1,933)	11,795	
Increase in other current liabilities	2,805	4,378	
Decrease in accrued retirement and pension costs	(571)	(731)	
Other	689	480	
<b>Net cash used in operating activities</b>	<b>(4,871)</b>	<b>(3,515)</b>	<b>(1,356)</b>
<b>Investing activities:</b>			
Purchases of fixed assets	(12,077)	(12,032)	
Proceeds from sales of property, plant, and equipment	543	119	
Proceeds from sales and redemption of investments	3,914	456	
Increase in finance receivables	(84,939)	(74,842)	
Collection of finance receivables	87,289	79,605	
Net increase in short-term loans receivable from affiliated companies	(1,968)	(3,064)	
Net increase in time deposits	(4,447)	(6,510)	
Other	(2,693)	(1,659)	
<b>Net cash used in investing activities</b>	<b>(14,378)</b>	<b>(17,927)</b>	<b>3,549</b>
<b>Financing activities:</b>			
Proceeds from issuance of long-term debt	56,681	32,972	
Repayments of long-term debt	(49,148)	(33,144)	
Net (decrease) increase in short-term borrowings	(1,148)	23,731	
Payments of cash dividends	(19,857)	(17,428)	
Purchases of treasury stock	(3,211)	(1)	
Purchases of non-controlling interests	—	(6,300)	
Other	(12)	(945)	
<b>Net cash used in financing activities</b>	<b>(16,695)</b>	<b>(1,115)</b>	<b>(15,580)</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(1,704)</b>	<b>(4,977)</b>	<b>3,273</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(37,648)</b>	<b>(27,534)</b>	
<b>Cash and cash equivalents, beginning of period</b>	<b>169,416</b>	<b>146,286</b>	
<b>Cash and cash equivalents, end of period</b>	<b>131,768</b>	<b>118,752</b>	<b>13,016</b>

**(5) Notes to the going concern assumption**

None

## (6) Consolidated segment information

### 1) Reporting segments

Information by reporting segment is summarized as follows:

Three months ended March 31, 2017

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	312,381	82,690	7,752	—	402,823
	Intersegment	130	393	6,399	(6,922)	—
	Total	312,511	83,083	14,151	(6,922)	402,823
Operating income		31,664	14,157	831	(7,302)	39,350

Three months ended March 31, 2016

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	303,117	94,401	7,851	—	405,369
	Intersegment	222	599	6,322	(7,143)	—
	Total	303,339	95,000	14,173	(7,143)	405,369
Operating income		48,386	13,514	1,123	(5,571)	57,452

Notes:

1. "Adjustments" include the elimination of intersegment transfers and unallocated corporate expenses.
2. The aggregated amounts of operating income are equal to those in the consolidated statements of income. Refer to the consolidated statements of income for the reconciliation of operating income to income before income taxes and equity in net income of affiliated companies.
3. Intersegment transfers are recorded at values that approximate market prices.

### 2) Geographic information

Information about revenues from external customers by destination is summarized as follows:

(In millions of yen)

	Three months ended Mar. 31, 2017	Three months ended Mar. 31, 2016
Japan	149,800	159,009
North America	99,087	98,909
Europe	59,930	55,010
Asia outside Japan	79,610	76,320
Other areas	14,396	16,121
Total	402,823	405,369

Notes:

1. Revenues from North America include those from the United States of ¥83,821 million and ¥85,683 million for the three months ended March 31, 2017 and 2016, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.

**(7) Consolidated statement of changes in equity**

(In millions of yen)

	Shares of common stock outstanding (thousands of shares)	Kubota Corporation shareholders' equity						Non-controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost		
Balance at Dec. 31, 2016	1,240,703	84,070	84,605	19,539	961,403	49,336	(192)	73,164	1,271,925
Net income					27,584			2,095	29,679
Other comprehensive income (loss)						(20,137)		391	(19,746)
Cash dividends paid to Kubota Corporation shareholders, ¥16.00 per common share					(19,857)				(19,857)
Cash dividends paid to non-controlling interests								(45)	(45)
Purchases and sales of treasury stock	(1,702)						(3,211)		(3,211)
Changes in ownership interests in subsidiaries			238					1,465	1,703
Balance at Mar. 31, 2017	1,239,001	84,070	84,843	19,539	969,130	29,199	(3,403)	77,070	1,260,448

**(8) Consolidated revenues by product group**

(In millions of yen)

	Three months ended		Three months ended		Change		Year ended	
	Mar. 31, 2017		Mar. 31, 2016				Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>252,462</b>	<b>62.7</b>	<b>238,742</b>	<b>58.9</b>	<b>13,720</b>	<b>5.7</b>	<b>1,032,237</b>	<b>64.7</b>
Domestic	54,888		55,294		(406)	(0.7)	221,792	
Overseas	197,574		183,448		14,126	7.7	810,445	
<b>Construction Machinery</b>	<b>53,099</b>	<b>13.2</b>	<b>57,030</b>	<b>14.1</b>	<b>(3,931)</b>	<b>(6.9)</b>	<b>212,951</b>	<b>13.3</b>
Domestic	7,386		8,317		(931)	(11.2)	34,084	
Overseas	45,713		48,713		(3,000)	(6.2)	178,867	
<b>Electronic Equipped Machinery</b>	<b>6,820</b>	<b>1.7</b>	<b>7,345</b>	<b>1.8</b>	<b>(525)</b>	<b>(7.1)</b>	<b>26,956</b>	<b>1.7</b>
Domestic	6,494		7,002		(508)	(7.3)	25,612	
Overseas	326		343		(17)	(5.0)	1,344	
<b>Farm &amp; Industrial Machinery</b>	<b>312,381</b>	<b>77.6</b>	<b>303,117</b>	<b>74.8</b>	<b>9,264</b>	<b>3.1</b>	<b>1,272,144</b>	<b>79.7</b>
Domestic	68,768	17.1	70,613	17.4	(1,845)	(2.6)	281,488	17.6
Overseas	243,613	60.5	232,504	57.4	11,109	4.8	990,656	62.1
<b>Pipe-related Products</b>	<b>41,490</b>	<b>10.3</b>	<b>50,187</b>	<b>12.4</b>	<b>(8,697)</b>	<b>(17.3)</b>	<b>170,451</b>	<b>10.7</b>
Domestic	39,569		44,372		(4,803)	(10.8)	149,960	
Overseas	1,921		5,815		(3,894)	(67.0)	20,491	
<b>Environment-related Products</b>	<b>30,621</b>	<b>7.6</b>	<b>32,392</b>	<b>8.0</b>	<b>(1,771)</b>	<b>(5.5)</b>	<b>81,506</b>	<b>5.1</b>
Domestic	28,432		30,110		(1,678)	(5.6)	69,884	
Overseas	2,189		2,282		(93)	(4.1)	11,622	
<b>Social Infrastructure-related Products</b>	<b>10,579</b>	<b>2.6</b>	<b>11,822</b>	<b>2.9</b>	<b>(1,243)</b>	<b>(10.5)</b>	<b>42,573</b>	<b>2.7</b>
Domestic	5,357		6,158		(801)	(13.0)	21,014	
Overseas	5,222		5,664		(442)	(7.8)	21,559	
<b>Water &amp; Environment</b>	<b>82,690</b>	<b>20.5</b>	<b>94,401</b>	<b>23.3</b>	<b>(11,711)</b>	<b>(12.4)</b>	<b>294,530</b>	<b>18.5</b>
Domestic	73,358	18.2	80,640	19.9	(7,282)	(9.0)	240,858	15.1
Overseas	9,332	2.3	13,761	3.4	(4,429)	(32.2)	53,672	3.4
<b>Other</b>	<b>7,752</b>	<b>1.9</b>	<b>7,851</b>	<b>1.9</b>	<b>(99)</b>	<b>(1.3)</b>	<b>29,417</b>	<b>1.8</b>
Domestic	7,674	1.9	7,756	1.9	(82)	(1.1)	29,095	1.8
Overseas	78	0.0	95	0.0	(17)	(17.9)	322	0.0
<b>Total</b>	<b>402,823</b>	<b>100.0</b>	<b>405,369</b>	<b>100.0</b>	<b>(2,546)</b>	<b>(0.6)</b>	<b>1,596,091</b>	<b>100.0</b>
Domestic	149,800	37.2	159,009	39.2	(9,209)	(5.8)	551,441	34.5
Overseas	253,023	62.8	246,360	60.8	6,663	2.7	1,044,650	65.5

**(9) Anticipated consolidated revenues by reporting segment**

(In billions of yen)

	Year ending Dec. 31, 2017		Year ended Dec. 31, 2016		Change	
	Amount	%	Amount	%	Amount	%
Domestic	288.0		281.5		6.5	2.3
Overseas	1,069.0		990.7		78.3	7.9
Farm & Industrial Machinery	1,357.0	80.8	1,272.2	79.7	84.8	6.7
Domestic	244.0		240.8		3.2	1.3
Overseas	49.0		53.7		(4.7)	(8.8)
Water & Environment	293.0	17.4	294.5	18.5	(1.5)	(0.5)
Domestic	30.0		29.1		0.9	3.1
Overseas	-		0.3		(0.3)	(100.0)
Other	30.0	1.8	29.4	1.8	0.6	2.0
Total	1,680.0	100.0	1,596.1	100.0	83.9	5.3

Domestic	562.0	33.5	551.4	34.5	10.6	1.9
Overseas	1,118.0	66.5	1,044.7	65.5	73.3	7.0