

**KUBOTA Corporation**

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**RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED DECEMBER 31, 2015**

Kubota Corporation reported its consolidated results for the nine months ended December 31, 2015 today.

**Consolidated Financial Highlights****1. Consolidated results of operations for the nine months ended December 31, 2015****(1) Results of operations**

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

	Nine months ended Dec. 31, 2015	Adjusted change [%]	Year ended Mar. 31, 2015	Change [%]
Revenues	¥ 1,244,775	9.2	¥ 1,584,265	4.9
Operating income	¥ 166,874	13.4	¥ 203,105	(0.4)
% of revenues	13.4%		12.8%	
Income before income taxes and equity in net income of affiliated companies	¥ 169,504	8.5	¥ 210,709	(0.8)
% of revenues	13.6%		13.3%	
Net income attributable to Kubota Corporation	¥ 110,107	9.8	¥ 139,534	5.2
% of revenues	8.8%		8.8%	
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 88.47		¥ 111.68	
Diluted	-		-	
Ratio of net income attributable to Kubota Corporation to shareholders' equity	9.8%		13.7%	
Ratio of income before income taxes and equity in net income of affiliated companies to total assets	6.8%		9.2%	

**(2) Financial position**

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

	Dec. 31, 2015	Mar. 31, 2015
Total assets	¥ 2,533,002	¥ 2,472,258
Equity	¥ 1,218,558	¥ 1,178,466
Kubota Corporation shareholders' equity	¥ 1,140,310	¥ 1,100,079
Ratio of Kubota Corporation shareholders' equity to total assets	45.0%	44.5%
Kubota Corporation shareholders' equity per common share	¥ 916.28	¥ 883.10

**(3) Summary of statements of cash flows**

(In millions of yen)

	Nine months ended Dec. 31, 2015	Year ended Mar. 31, 2015
Net cash provided by operating activities	¥ 197,040	¥ 85,880
Net cash used in investing activities	( ¥ 130,307)	( ¥ 117,227)
Net cash provided by (used in) financing activities	( ¥ 27,671)	¥ 47,994
Cash and cash equivalents, end of period	¥ 146,286	¥ 112,428

Notes:

1. Change [%] represents percentage change from the prior year.
2. At the 125th Ordinary General Meeting of Shareholders held on June 19, 2015, a partial amendment to the Articles of Incorporation was resolved. Accordingly, Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. The same change in the fiscal year-end was made to subsidiaries in Japan that had fiscal year-ends other than December 31.  
For this reason, the results of operations for the 126th business term, a transitional period for the change in the fiscal year-end, represent the results for the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Additionally, adjusted change [%] for the nine months ended December 31, 2015 represents percentage change from the same period last year that commenced on April 1, 2014 and ended on December 31, 2014. Furthermore, the results of operations for the same period last year are presented on the consolidated financial statements and other materials as reference.
3. The results of operations in the prior year, such as results for the year ended March 31, 2015 and financial position as of March 31, 2015 have been retrospectively adjusted, as described in the accompanying materials, "4. Consolidated financial statements (7) Notes to consolidated financial statements" on page 16.
4. Comprehensive income for the nine months ended December 31, 2015 was ¥82,060 million [adjusted change (57.0%)] and the year ended March 31, 2015 was ¥228,886 million [21.7%].
5. Equity in net income of affiliated companies for the nine months ended December 31, 2015 was ¥2,009 million and the year ended March 31, 2015 was ¥1,748 million.

**2. Cash dividends**

(In millions of yen except per common share amounts)

	Cash dividends per common share					Annual cash dividends	Payout ratio	Annual cash dividends as % to shareholders' equity
	First quarter period	Second quarter period	Third quarter period	Year-end	Total			
Nine months ended Dec. 31, 2015	—	¥ 14.00	—	¥ 14.00	¥ 28.00	¥ 34,857	31.6%	3.1%
Year ended Mar. 31, 2015	—	¥ 12.00	—	¥ 16.00	¥ 28.00	¥ 34,939	25.1%	3.4%

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 retirement of own shares.

**3. Anticipated results of operations for the year ending December 31, 2016**

(In millions of yen except per common share amounts)

	Six months ending June 30, 2016	Adjusted change [%]	Year ending Dec. 31, 2016	Adjusted change [%]
Revenues	¥ 880,000	3.1	¥ 1,750,000	3.6
Operating income	¥ 117,000	1.5	¥ 235,000	5.4
Income before income taxes and equity in net income of affiliated companies	¥ 120,000	2.3	¥ 240,000	7.1
Net income attributable to Kubota Corporation	¥ 77,000	(1.9)	¥ 155,000	3.8
Net income attributable to Kubota Corporation per common share	¥ 61.87		¥ 124.55	

Notes:

1. Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, adjusted change [%] for the six months ending June 30, 2016 and for the year ending December 31, 2016, represents percentage change from the same period in the prior year (unaudited), which is the six-month period and the 12-month period that commenced on January 1, 2015 and ended on June 30 and December 31, 2015, respectively.
2. Please refer to the accompany materials, "1. Review of operations and financial condition (1) Review of operations c) Prospects for the year ending December 31, 2016" on page 6 for further information related to the anticipated results of operations.

#### 4. Other

- (1) Changes in material subsidiaries: No
- (2) Changes in accounting principles, procedures, and presentations for consolidated financial statements
- a) Changes due to the revision of accounting standards, etc.: No
- b) Changes in matters other than a) above: Yes
- Note: Please refer to the accompanying materials "4. Consolidated financial statements (7) Notes to consolidated financial statements" on page 16 for further details.
- (3) Number of common shares issued including treasury stock as of December 31, 2015 : 1,244,919,180
- Number of common shares issued including treasury stock as of March 31, 2015 : 1,246,219,180
- Number of treasury stock as of December 31, 2015 : 415,635
- Number of treasury stock as of March 31, 2015 : 518,708
- Weighted average number of common shares outstanding during the nine months ended December 31, 2015 : 1,244,521,893
- Weighted average number of common shares outstanding during the year ended March 31, 2015 : 1,249,363,232
- Note: Please refer to the accompanying materials "4. Consolidated financial statements (9) Per common share information" on page 20.

#### (Reference) Non-consolidated Financial Highlights

##### (1) Results of operations (In millions of yen except per common share amounts)

	Nine months ended Dec. 31, 2015	Adjusted change [%]	Year ended Mar. 31, 2015	Change [%]
Net sales	¥ 575,127	3.8	¥ 776,518	1.5
Operating income	¥ 42,811	(12.0)	¥ 66,968	(11.2)
Ordinary income	¥ 64,411	(10.3)	¥ 92,768	(7.1)
Net income	¥ 47,426	(9.2)	¥ 65,939	(0.8)
Net income per common share				
Basic	¥ 38.09		¥ 52.76	
Diluted	-		-	

##### Note:

- Change [%] represents percentage change from the prior year.
- Kubota Corporation changed its fiscal year-end from March 31 to December 31, from the 126th business term. For this reason, the results of operations for the 126th business term, a transitional period for the change in the fiscal year-end, represent the results for the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Additionally, adjusted change [%] for the nine months ended December 31, 2015 represents percentage change from the same period last year that commenced on April 1, 2014 and ended on December 31, 2014.

##### (2) Financial position (In millions of yen except per common share amounts)

	Dec. 31, 2015	Mar. 31, 2015
Total assets	¥ 1,027,461	¥ 1,007,561
Net assets	¥ 555,810	¥ 558,596
Equity	¥ 555,810	¥ 558,596
Ratio of equity to total assets	54.1%	55.4%
Net assets per common share	¥ 446.47	¥ 448.27

##### (Information on status of the audit by the independent auditor)

This release has not been audited in accordance with the Financial Instruments and Exchange Law of Japan by the independent auditor because this release is not subject to audit.

As of the date of this release, the consolidated financial statements for the nine months ended December 31, 2015 of Kubota Corporation and its subsidiaries (hereinafter, the "Company") are under procedures of the audit.

##### < 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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In order for the Kubota Group to strengthen and refine its financial reporting and management systems throughout the world by aligning the accounting year of Kubota Corporation with its foreign subsidiaries, a partial amendment to the Articles of Incorporation was resolved at the 125th Ordinary General Meeting of Shareholders held on June 19, 2015. Accordingly, Kubota Corporation changed its fiscal year-end from March 31 to December 31. The same change in the fiscal year-end was made to subsidiaries in Japan that had fiscal year-ends other than December 31. For this reason, the 126th business term, a transitional period for the change in the fiscal year-end, is the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Therefore, the results of operations for the nine months ended December 31, 2015 are compared with the results for the same period in the prior year that commenced on April 1, 2014 and ended on December 31, 2014.

As described in the accompanying materials, "4. Consolidated financial statements (7) Notes to consolidated financial statements c) Accounting changes for consolidated financial statements" on page 16, certain subsidiaries and affiliated companies aligned their reporting periods with that of Kubota Corporation. Due to this alignment, the results of operations in the prior year have been adjusted retrospectively.

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

### **(1) Review of operations**

#### **a) Summary of the results of operations for the nine months under audit**

For the nine months ended December 31, 2015, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥104.4 billion [9.2%] from the same period in the prior year, to ¥1,244.8 billion.

In the domestic market, revenues increased by ¥19.2 billion [5.0%] from the same period in the prior year, to ¥401.9 billion. Domestic revenues in Farm & Industrial Machinery increased due to higher sales of farm equipment and construction machinery. Revenues in Water & Environment also increased slightly.

In overseas markets, revenues increased by ¥85.2 billion [11.2%] from the same period in the prior year, to ¥842.9 billion. Overseas revenues in Farm & Industrial Machinery rose significantly mainly in North America, where economic recovery has been continuing. Revenues in Water & Environment also increased mainly due to expansion in exports of ductile iron pipes to the Middle East. As a result, the ratio of overseas revenues to consolidated revenues was 67.7%, 1.3 percentage points higher than in the same period in the prior year.

Operating income increased by ¥19.8 billion [13.4%] from the same period in the prior year, to ¥166.9 billion, as increased domestic and overseas revenues, and the positive effect of yen depreciation exceeded the negative impact of increased fixed costs, and sales promotion expenses.

Income before income taxes and equity in net income of affiliated companies, equivalent to operating income plus other income of ¥2.6 billion, increased by ¥13.3 billion [8.5%] from the same period in the prior year, to ¥169.5 billion. Income taxes were ¥54.3 billion, and equity in net income of affiliated companies was ¥2.0 billion. Furthermore, after the deduction of net income attributable to non-controlling interests of ¥7.1 billion, net income attributable to Kubota Corporation was ¥110.1 billion, ¥9.8 billion [9.8%] higher than in the same period in the prior year.

#### **b) Review of operations by reporting segment**

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

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

Revenues in this segment increased by 10.6% from the same period in the prior year, to ¥1,020.3 billion, and accounted for 82.0% of consolidated revenues.

Domestic revenues increased by 7.7%, to ¥225.3 billion. Sales of farm equipment showed a substantial increase

owing to an adverse reaction to the decline in the prior year, caused by Japan's consumption tax hike, and sales promotion activities timed to coincide with the strengthening of emission regulations. Sales of construction machinery also increased due to the strengthening of emission regulations and preferential taxation systems. However, sales of engines decreased due to the overseas production transfer of clients.

Overseas revenues increased by 11.4%, to ¥795.0 billion. In North America, revenues increased because of higher sales of compact tractors for home owners along with the strong housing markets, while sales of midscale tractors for farming decreased due to the negative impact of declines in agricultural prices. In addition, sales of construction machinery rose significantly due to the favorable market demand in the construction industry. Revenues in Europe expanded due to higher sales of tractors, construction machinery, and engines along with the economic recovery, while the implement business for the agriculture-related market stagnated. As for Asia outside Japan, severe drought caused a substantial decline in the sales of compact tractors in Thailand. However, sales of combine harvesters in China rose significantly due to the effect of the resumption of government subsidies. In Vietnam, Myanmar and other countries, where agricultural mechanization has been proceeding, sales of compact tractors and combine harvesters expanded.

Operating income in this segment increased by 20.2%, to ¥175.0 billion, as the impact of increased domestic and overseas revenues and the positive effect of yen depreciation exceeded the negative impact of increased fixed costs and sales promotion expenses.

## 2) Water & Environment

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

Revenues in this segment increased by 2.9% from the same period in the prior year, to ¥203.7 billion, and accounted for 16.4% of consolidated revenues.

Domestic revenues increased by 1.3%, to ¥156.2 billion. Revenues from environment-related products and social infrastructure-related products increased, while revenues from pipe-related products, such as ductile iron pipes, decreased slightly. Overseas revenues increased by 8.6%, to ¥47.5 billion owing to increased sales of ductile iron pipes.

Operating income in this segment decreased by 27.2%, to ¥10.9 billion due to the negative impact of higher selling expenses.

## 3) Other

Other is comprised of services and other business.

Revenues in this segment increased by 3.8% from the same period in the prior year, to ¥20.7 billion, and accounted for 1.6% of consolidated revenues.

Operating income in this segment decreased by 4.4%, to ¥1.7 billion.

Note: Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior year has been retrospectively adjusted to conform to the current fiscal year's presentation.

## c) Prospects for the year ending December 31, 2016

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the forecast results of operations for the year ending December 31, 2016 are compared with the results of operations for the same period in the prior year (unaudited), which is the 12-month period that commenced on January 1, 2015 and ended on December 31, 2015. The

following percentages represent changes from the same period in the prior year for the 12-month period from January 1, 2015 to December 31, 2015.

The Company forecasts consolidated revenues for the year ending December 31, 2016 to be ¥1,750.0 billion [+3.6%]. Domestic revenues are forecast to increase since revenues in Water & Environment are expected to increase, while revenues in Farm & Industrial Machinery are expected to remain at almost the same level as in the same period in the prior year.

Overseas revenues are also forecast to increase due to expansion of overseas revenues in North America, Europe, and Asia outside Japan in Farm & Industrial Machinery and higher revenues in Water & Environment compared with the corresponding period in the prior year.

The Company forecasts operating income of ¥235.0 billion [+5.4%]. The impact of increasing revenues in domestic and overseas markets is expected to exceed the negative impact of yen appreciation. The Company expects income before income taxes and equity in net income of affiliated companies for the next fiscal year to be ¥240.0 billion [+7.1%]. Net income attributable to Kubota Corporation is forecast to be ¥155.0 billion [+3.8%].

(These forecasts are based on the assumption of exchange rates of ¥115=US\$1 and ¥130=€1.)

## **(2) Financial condition**

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

Total assets at December 31, 2015 amounted to ¥2,533.0 billion, an increase of ¥60.7 billion from the prior year-end (March 31, 2015). Among assets, notes and accounts receivable decreased substantially, mainly in the businesses related to the public works and overseas business in Farm & Industrial Machinery. On the other hand, short- and long-term finance receivables increased due to the effect of expansion in sales financing operations, and cash and cash equivalents also increased.

Among liabilities, trade notes payable increased. Equity increased as the accumulation of retained earnings exceeded the deterioration in accumulated other comprehensive income due to fluctuations in exchange rates and stock prices. The shareholders' equity ratio was 45.0%, 0.5 percentage points higher than at the prior fiscal year-end.

### **b) Cash flows**

Net cash provided by operating activities during the nine months ended December 31, 2015 under audit was ¥197.0 billion, an increase of ¥120.0 billion in cash inflow compared with the same period in the prior year. This overall increase in cash from operating activities resulted from higher net income and changes in working capital, such as notes and accounts receivable and trade notes and accounts payable.

Net cash used in investing activities was ¥130.3 billion, an increase of ¥19.9 billion in cash outflow compared with the same period in the prior year. This increase was mainly due to a rise in spending for purchases of fixed assets and an increase in finance receivables.

Net cash used in financing activities was ¥27.7 billion mainly due to a significant decrease in proceeds from issuance of long-term debt, as compared to ¥57.5 billion of net cash provided for the same period in the prior year.

As a result, after taking account of the effect of exchange rate changes, cash and cash equivalents at December 31, 2015 were ¥146.3 billion, an increase of ¥33.9 billion from the prior year-end.

( Reference ) Cash flow indices

	Nine months ended December 31, 2015	Year ended March 31, 2015
Ratio of shareholders' equity to total assets [%]	45.0	44.5
Equity ratio based on market capitalization [%]	92.8	95.9
Interest-bearing debt / Net cash provided by operating activities [year]	3.9	8.9
Interest coverage ratio [times]	17.4	6.8

Note:

Equity ratio based on market capitalization: market capitalization / total assets

Interest coverage ratio: net cash provided by operating activities / interest paid

Each ratio is calculated based on the figures in the consolidated financial statements. Market capitalization is calculated based on closing price at the end of the fiscal year multiplied by the number of shares outstanding at the end of the fiscal year, excluding treasury stock. Net cash provided by operating activities is the amount in the consolidated statements of cash flows. Interest-bearing debt includes short-term borrowings, current portion of long-term debt, and long-term debt in the consolidated balance sheets. Additionally, interest paid is the amount of cash paid during the period for interest in the consolidated statements of cash flows.

Due to the change in the fiscal year-end, the 126th business term was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the equity ratio based on market capitalization and the interest coverage ratio for the nine months ended December 31, 2015 are calculated based on net cash provided by operating activities and interest paid for the nine-month period. The adjusted cash flow indices calculated based on net cash provided by operating activities and interest paid for the 12-month period that commenced on January 1, 2015 and ended on December 31, 2015 (unaudited) are as follows.

Adjusted cash flow indices

	12-month period ( January 1, 2015 - December 31, 2015 )
Interest-bearing debt / Net cash provided by operating activities [year]	3.7
Interest coverage ratio [times]	14.0



## **2. Management policies**

### **(1) Basic management policy**

For more than a century since its founding, the Company has continued to contribute to society by helping to improve people's quality of life by offering products and services—including farm equipment, pipes for water supply and sewage systems and environmental control plants.

The Company is developing its business globally under the corporate mission "Continue to support the future of the earth and humanity by contributing products that help the affluent and stable production of food, help supply and restore reliable water, and help create a comfortable living environment through its superior products, technologies and services" with the aim of solving the worldwide problems of food, water and the environment, which are indispensable for human beings.

In the years to come, the Company will strive to attain an even higher corporate value, through improvement of its capabilities for flexibly responding to changes in society by emphasizing agility in its operations, strengthening its global operational presence, and relentlessly working to transform itself.

### **(2) Priority measures for medium-to-long-term growth in profit**

The Company's long-term objective is to build "Global Major Brand Kubota." By raising each element of management to a higher level appropriate for "Global Major Brand", the Company aims to be a "sustainable enterprise" that continues to develop in the long-term. To realize this aim, the Company is implementing the following strategies.

#### **a) Development in Strategic Businesses**

The Company will develop its business activities by expanding its presence in the farm machinery market for upland farming as the core of its growth strategy. In 2015, the Company began the production and distribution of its largest, 170-horsepower class tractor and made a full-scale entry into the farm machinery market for upland farming. Along with this, the Company introduced a series of new products for the farm machinery market for upland farming in emerging countries, including multi-purpose tractors and wheel drive combine harvesters. The full-scale delivery of these new products starts in 2016. The Company is currently working to strengthen its production, sales, and services capabilities to enable it to supply these high-quality products speedily and on a stable basis to satisfy both its dealers and customers.

The key to building "Global Major Brand Kubota" will be the Farm & Industrial Machinery business in North America. The Company is expanding its lineup of products not only in the farm machinery business for upland farming but also in construction machinery, including its new skid steer loader, and in utility vehicles for which the Company currently has a dedicated plant under construction, and other products. In 2015, the Company decided to move its U.S. sales company to a location near upland farming regions and expand its business functions and capabilities. The Company is strengthening its local production, product development, and its human resources and business infrastructure to support business activities. In this way, the Company is planning to substantially expand its business operations in North America.

In the Water & Environment business, the Company is focusing on business development in Asia. With the receipt of multiple orders for water treatment facilities in the Thilawa Special Economic Zone in Myanmar as an example of its success in this region, the Company will sharpen the focus of its activities on the regions and technologies that the Company should aim for, and actively pursue business development based on the strengths of the Kubota Group. Going forward, the Company will endeavor to realize further synergies through strengthening collaboration among various business regions.

#### **b) Globalize all aspects of management**

In R&D activities, the Company is establishing new R&D centers both in Japan and overseas, and expanding our R&D personnel, including the hiring of non-Japanese personnel. Looking ahead, the Company will also be working to

secure R&D personnel, both in terms of numbers and quality, and, while collaborating with outside parties, the Company is aiming to review and structure its R&D activities to enable it to win out over major global competitors.

In production, the Company is moving forward quickly to establish the “Kubota Production Method” on a global basis. In 2015, the Company established a basic policy that combines the production methods of advanced companies with the Company’s unique approach and methods. Moving forward, the Company will promote the full-scale application of this basic policy in Kubota Group plants, and expand application to the plants of partner companies with the aim of further improving the level of excellence in manufacturing of the Group as a whole.

In management, the Company is working to promote the efficiency of working capital by reducing assets and improving cash flows. Among these initiatives, the Company is focusing especially on activities to reduce inventories as efforts to further improve its many management functions from orders to sales. Through unceasing efforts, Company is working to raise its comprehensive strengths and maximize cash to provide funding for growth.

### **c) Revitalize the farm equipment business in Japan**

As for the domestic farm equipment market in 2015, demand for tractors has recovered to the level prior to Japan’s consumption tax hike; however, demand for rice planters and combine harvesters has not recovered, and the market as a whole is stagnant. This has not been due to temporary factors such as the consumption tax hike and suggests that structural changes are under way. Looking to the future, the Company is moving forward with initiatives to understand the directions of these market changes more so than in the past. The Company is also endeavoring to provide products and services as well as implement marketing activities that are clearly superior to those of competitors. In addition, the Company is taking initiatives to increase its organizational efficiency to respond to market changes and to restructure its operating systems. The Company is using its products and services to the fullest extent to contribute to providing solutions for the issues confronting farmers as the Company also works to create new business opportunities. The initiatives include expanding its ICT-based agricultural support system, KUBOTA Smart Agri System (KSAS), establishing agricultural production companies, and working to expand rice exports and others.

### **d) Increase profitability in the Water & Environment Business**

In the Water & Environment business, on the one hand, the Company is working to create new markets, principally in Asia. On the other hand, the Company is focusing on maximizing profitability in existing markets in order to generate resources for creating new markets. The market in Japan for pipe-related products has reached maturity, and the Company is taking steps to establish profitable operations without relying on expansion in sales. Conditions in the domestic market for environment-related products are intensely competitive, and, to respond to this, the Company is making a shift from selling plants and equipment to offering packages of operating, management, and maintenance services. In the industrial castings business, the Company is moving forward with the overall optimization of its overseas production plant network and implementing measures to restructure these locations and further upgrade their business infrastructure. Looking forward, by pursuing these measures decisively, the Company will aim to make major improvements in profitability in the Water & Environment business.

## **3. Basic rationale for selection of accounting standards**

In order to unify the Group’s accounting policy and further enhance the international comparability of its financial information in the capital markets, the Company is considering adoption of International Financial Reporting Standards.

#### **< 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.

## 4. Consolidated financial statements

### (1) Consolidated balance sheets

Assets

(In millions of yen)

	Dec. 31, 2015		Mar. 31, 2015		Change	Dec. 31, 2014	
	Amount	%	Amount	%	Amount	Amount	%
<b>Current assets:</b>							
Cash and cash equivalents	146,286		112,428		33,858	119,058	
Notes and accounts receivable:							
Trade notes	78,928		87,505		(8,577)	86,084	
Trade accounts	551,905		598,554		(46,649)	554,807	
Less: Allowance for doubtful notes and accounts receivable	(3,216)		(4,042)		826	(4,008)	
Total notes and accounts receivable-net	627,617		682,017		(54,400)	636,883	
Short-term finance receivables-net	224,058		206,756		17,302	210,483	
Inventories	356,441		336,840		19,601	353,741	
Other current assets	136,444		104,536		31,908	119,391	
Total current assets	1,490,846	58.9	1,442,577	58.3	48,269	1,439,556	58.4
<b>Investments and long-term finance receivables:</b>							
Investments in and loan receivables from affiliated companies	26,416		24,574		1,842	24,469	
Other investments	139,636		156,216		(16,580)	150,124	
Long-term finance receivables-net	482,482		441,129		41,353	447,159	
Total investments and long-term finance receivables	648,534	25.6	621,919	25.2	26,615	621,752	25.3
<b>Property, plant, and equipment:</b>							
Land	81,915		85,890		(3,975)	94,582	
Buildings	268,965		269,436		(471)	270,041	
Machinery and equipment	465,425		457,298		8,127	452,460	
Construction in progress	11,252		14,089		(2,837)	9,677	
Total property, plant, and equipment	827,557		826,713		844	826,760	
Less: Accumulated depreciation	(541,687)		(531,467)		(10,220)	(526,417)	
Net property, plant, and equipment	285,870	11.3	295,246	11.9	(9,376)	300,343	12.2
<b>Other assets:</b>							
Goodwill and intangible assets-net	29,430		32,447		(3,017)	33,902	
Long-term trade accounts receivable	36,758		37,589		(831)	35,344	
Other	42,363		43,030		(667)	33,057	
Less: Allowance for doubtful non-current receivables	(799)		(550)		(249)	(609)	
Total other assets	107,752	4.2	112,516	4.6	(4,764)	101,694	4.1
<b>Total</b>	<b>2,533,002</b>	<b>100.0</b>	<b>2,472,258</b>	<b>100.0</b>	<b>60,744</b>	<b>2,463,345</b>	<b>100.0</b>

Liabilities and equity

(In millions of yen)

	Dec. 31, 2015		Mar. 31, 2015		Change	Dec. 31, 2014	
	Amount	%	Amount	%	Amount	Amount	%
<b>Current liabilities:</b>							
Short-term borrowings	186,216		158,888		27,328	217,260	
Trade notes payable	157,165		112,792		44,373	150,821	
Trade accounts payable	103,169		116,775		(13,606)	104,382	
Advances received from customers	7,475		9,209		(1,734)	10,473	
Notes and accounts payable for capital expenditures	15,470		19,469		(3,999)	13,715	
Accrued payroll costs	33,099		39,282		(6,183)	31,306	
Accrued expenses	61,494		60,343		1,151	55,226	
Income taxes payable	5,544		17,468		(11,924)	8,609	
Other current liabilities	80,152		66,716		13,436	75,281	
Current portion of long-term debt	158,117		126,737		31,380	116,857	
<b>Total current liabilities</b>	<b>807,901</b>	<b>31.9</b>	<b>727,679</b>	<b>29.4</b>	<b>80,222</b>	<b>783,930</b>	<b>31.8</b>
<b>Long-term liabilities:</b>							
Long-term debt	424,446		479,612		(55,166)	438,939	
Accrued retirement and pension costs	12,148		12,632		(484)	13,366	
Other long-term liabilities	69,949		73,869		(3,920)	72,710	
<b>Total long-term liabilities</b>	<b>506,543</b>	<b>20.0</b>	<b>566,113</b>	<b>22.9</b>	<b>(59,570)</b>	<b>525,015</b>	<b>21.3</b>
<b>Equity:</b>							
Kubota Corporation shareholders' equity:							
Common stock	84,070		84,070		—	84,070	
Capital surplus	87,838		87,880		(42)	88,691	
Legal reserve	19,539		19,539		—	19,539	
Retained earnings	869,769		799,545		70,224	767,989	
Accumulated other comprehensive income	79,292		109,446		(30,154)	113,001	
Treasury stock, at cost	(198)		(401)		203	(333)	
<b>Total Kubota Corporation shareholders' equity</b>	<b>1,140,310</b>	<b>45.0</b>	<b>1,100,079</b>	<b>44.5</b>	<b>40,231</b>	<b>1,072,957</b>	<b>43.6</b>
Non-controlling interests	78,248	3.1	78,387	3.2	(139)	81,443	3.3
<b>Total equity</b>	<b>1,218,558</b>	<b>48.1</b>	<b>1,178,466</b>	<b>47.7</b>	<b>40,092</b>	<b>1,154,400</b>	<b>46.9</b>
<b>Total</b>	<b>2,533,002</b>	<b>100.0</b>	<b>2,472,258</b>	<b>100.0</b>	<b>60,744</b>	<b>2,463,345</b>	<b>100.0</b>

**(2) Consolidated statements of income**

(In millions of yen)

	Nine months ended Dec. 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)		Year ended Mar. 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)		Same period last year (Apr. 1, 2014 - Dec. 31, 2014)		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
	Revenues	1,244,775	100.0	1,584,265	100.0	1,140,418	100.0	104,357
Cost of revenues	848,397	68.2	1,102,944	69.6	798,169	70.0	50,228	6.3
Selling, general, and administrative expenses	224,564	18.0	278,962	17.6	196,570	17.2	27,994	14.2
Other operating expenses (income)-net	4,940	0.4	(746)	0.0	(1,425)	(0.1)	6,365	-
Operating income	166,874	13.4	203,105	12.8	147,104	12.9	19,770	13.4
Other income (expenses):								
Interest and dividend income	5,782		5,208		4,497		1,285	
Interest expense	(698)		(1,114)		(998)		300	
Gain on sales of securities-net	1,559		1,366		676		883	
Foreign exchange gain (loss)-net	(11,935)		3,668		6,491		(18,426)	
Other-net	7,922		(1,524)		(1,580)		9,502	
Other income (expenses)-net	2,630		7,604		9,086		(6,456)	
Income before income taxes and equity in net income of affiliated companies	169,504	13.6	210,709	13.3	156,190	13.7	13,314	8.5
Income taxes:								
Current	47,614		64,364		41,594		6,020	
Deferred	6,647		(3,214)		7,256		(609)	
Total income taxes	54,261		61,150		48,850		5,411	
Equity in net income of affiliated companies	2,009		1,748		1,776		233	
Net income	117,252	9.4	151,307	9.6	109,116	9.6	8,136	7.5
Less: Net income attributable to non-controlling interests	7,145		11,773		8,840		(1,695)	
Net income attributable to Kubota Corporation	110,107	8.8	139,534	8.8	100,276	8.8	9,831	9.8

Notes:

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 and changes from them are presented for reference purposes.

### (3) Consolidated statements of comprehensive income (loss)

(In millions of yen)

	Nine months ended Dec. 31, 2015	Year ended Mar. 31, 2015	Same period last year	Adjusted change
	( Apr. 1, 2015 - Dec. 31, 2015 )	( Apr. 1, 2014 - Mar. 31, 2015 )	( Apr. 1, 2014 - Dec. 31, 2014 )	( Compared with the same period last year )
Net income	117,252	151,307	109,116	8,136
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(17,612)	61,550	74,162	(91,774)
Unrealized gains (losses) on securities	(10,675)	12,602	8,512	(19,187)
Unrealized gains on derivatives	10	11	11	(1)
Pension liability adjustments	(6,915)	3,416	(774)	(6,141)
Total other comprehensive income (loss)	(35,192)	77,579	81,911	(117,103)
Comprehensive income	82,060	228,886	191,027	(108,967)
Less: Comprehensive income attributable to non-controlling interests	1,991	18,578	16,216	(14,225)
Comprehensive income attributable to Kubota Corporation	80,069	210,308	174,811	(94,742)

Notes:

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 and changes from them are presented for reference purposes.

### (4) Consolidated statements of changes in equity

(In millions of yen)

	Shares of common stock outstanding (thousands of shares)	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 Mar. 31, 2014	1,249,746	84,070	88,753	19,539	705,216	38,466	(287)	65,818	1,001,575
Net income					139,534			11,773	151,307
Other comprehensive income						70,774		6,805	77,579
Cash dividends paid to Kubota Corporation shareholders, ¥30 per common share					(37,503)				(37,503)
Cash dividends paid to non-controlling interests								(658)	(658)
Purchases and sales of treasury stock	(4,046)						(7,816)		(7,816)
Retirement of treasury stock					(7,702)		7,702		—
Changes in ownership interests in subsidiaries			(873)			206		(5,351)	(6,018)
Balance at Mar. 31, 2015	1,245,700	84,070	87,880	19,539	799,545	109,446	(401)	78,387	1,178,466
Net income					110,107			7,145	117,252
Other comprehensive loss						(30,038)		(5,154)	(35,192)
Cash dividends paid to Kubota Corporation shareholders, ¥30 per common share					(37,366)				(37,366)
Cash dividends paid to non-controlling interests								(1,797)	(1,797)
Purchases and sales of treasury stock	(1,196)						(2,314)		(2,314)
Retirement of treasury stock					(2,517)		2,517		—
Increase in non-controlling interests related to contribution								141	141
Changes in ownership interests in subsidiaries			(42)			(116)		(474)	(632)
Balance at Dec. 31, 2015	1,244,504	84,070	87,838	19,539	869,769	79,292	(198)	78,248	1,218,558

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

(In millions of yen)

	Nine months ended Dec. 31, 2015 (Apr. 1, 2015) - Dec. 31, 2015	Year ended Mar. 31, 2015 (Apr. 1, 2014) - Mar. 31, 2015	Same period last year (Apr. 1, 2014) - Dec. 31, 2014	Adjusted change (Compared with the same period last year)
<b>Operating activities:</b>				
Net income	117,252	151,307	109,116	
Depreciation and amortization	31,193	38,249	28,060	
Gain on sales of securities-net	(1,559)	(1,366)	(676)	
(Gain) loss from disposal of fixed assets-net	760	(1,981)	(1,538)	
Impairment loss on long-lived assets	3,738	1,244	113	
Equity in net income of affiliated companies	(2,009)	(1,748)	(1,776)	
Deferred income taxes	6,647	(3,214)	7,256	
(Increase) decrease in notes and accounts receivable	49,479	(45,930)	7,980	
Increase in inventories	(27,881)	(19,787)	(26,857)	
Increase in other current assets	(13,949)	(2,226)	(23,959)	
Increase (decrease) in trade notes and accounts payable	34,249	(16,833)	4,604	
Decrease in income taxes payable	(11,860)	(20,229)	(29,352)	
Increase in other current liabilities	9,202	11,915	7,247	
Decrease in accrued retirement and pension costs	(5,634)	(11,470)	(8,079)	
Other	7,412	7,949	4,883	
Net cash provided by operating activities	197,040	85,880	77,022	120,018
<b>Investing activities:</b>				
Purchases of fixed assets	(39,267)	(46,412)	(34,144)	
Purchases of investments	(47)	(127)	(15)	
Proceeds from sales of property, plant, and equipment	3,027	11,399	3,115	
Proceeds from sales and redemption of investments	2,532	2,373	1,304	
Acquisition of business, net of cash acquired	136	(334)	—	
Increase in finance receivables	(304,678)	(341,900)	(262,814)	
Collection of finance receivables	222,611	265,254	187,162	
Net (increase) decrease in short-term loan receivables from affiliated companies	3,443	(4,459)	(2,843)	
Net (increase) decrease in time deposits	(17,368)	(116)	203	
Other	(696)	(2,905)	(2,332)	
Net cash used in investing activities	(130,307)	(117,227)	(110,364)	(19,943)
<b>Financing activities:</b>				
Proceeds from issuance of long-term debt	87,585	337,964	236,369	
Repayments of long-term debt	(109,741)	(196,933)	(146,707)	
Net increase (decrease) in short-term borrowings	35,956	(41,013)	6,067	
Payments of cash dividends	(37,366)	(37,503)	(37,503)	
Purchases of treasury stock	(2,314)	(7,817)	(47)	
Purchases of non-controlling interests	(37)	(6,048)	(1)	
Other	(1,754)	(656)	(632)	
Net cash provided by (used in) financing activities	(27,671)	47,994	57,546	(85,217)
Effect of exchange rate changes on cash and cash equivalents	(5,204)	7,376	6,449	(11,653)
<b>Net increase in cash and cash equivalents</b>	<b>33,858</b>	<b>24,023</b>	<b>30,653</b>	
<b>Cash and cash equivalents, beginning of period</b>	<b>112,428</b>	<b>88,405</b>	<b>88,405</b>	
<b>Cash and cash equivalents, end of period</b>	<b>146,286</b>	<b>112,428</b>	<b>119,058</b>	<b>27,228</b>

(In millions of yen)

Notes:				
Cash paid during the period for:				
Interest	11,349	12,656	9,324	2,025
Income taxes, net of refunds	69,093	82,997	78,070	(8,977)

Notes:

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 and changes from them are presented for reference purposes.

## **(6) Notes to assumptions for going concern**

None

## **(7) Notes to consolidated financial statements**

### **a) Summary of accounting policies**

The accompanying consolidated financial information has been prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

### **b) Consolidated subsidiaries and affiliated companies under the equity method**

153 subsidiaries are consolidated.

Major consolidated subsidiaries:	Domestic	Kubota Credit Co., Ltd. Kubota-C.I. Co., Ltd.
	Overseas	Kubota U.S.A., Inc. Kubota Tractor Corporation Kubota Credit Corporation, U.S.A. Kubota Manufacturing of America Corporation Kubota Industrial Equipment Corporation Kubota Engine America Corporation Kubota Canada Ltd. Kubota Materials Canada Corporation Kubota Europe S.A.S. Kubota Baumaschinen GmbH Kverneland AS Kubota China Holdings Co., Ltd. Kubota Agricultural Machinery (Suzhou) Co., Ltd. Kubota Construction Machinery (Wuxi) Co., Ltd. Kubota China Financial Leasing Ltd. SIAM KUBOTA Corporation Co., Ltd. Siam Kubota Leasing Co., Ltd. SIAM KUBOTA Metal Technology Co., Ltd. Kubota Engine (Thailand) Co., Ltd. Kubota Saudi Arabia Company, LLC

18 affiliated companies are accounted for under the equity method.

Major affiliated company:	Domestic	KMEW Co., Ltd.
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### **c) Accounting changes for consolidated financial statements**

From the current fiscal year, certain subsidiaries and affiliated company (as of December 31, 2015, 36 subsidiaries and 1 affiliated company) aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated balance sheets, consolidated statements of income, consolidated statements of comprehensive income (loss), consolidated statements of changes in equity, consolidated statements of cash flows, consolidated segment information, and per common share information for the prior year.

Retrospectively adjusted net income attributable to Kubota Corporation for the year ended March 31, 2015 and Kubota Corporation shareholders' equity and total assets as of March 31, 2015, were as follows:



(In millions of yen)

	Before retrospective adjustment	Adjustment	After retrospective adjustment
Net income attributable to Kubota Corporation	140,012	(478)	139,534
Kubota Corporation shareholders' equity	1,100,998	(919)	1,100,079
Total assets	2,476,820	(4,562)	2,472,258

**d) Change in fiscal year-end**

In order for Kubota Corporation to strengthen and refine its financial reporting and management system throughout the world by aligning the accounting year of Kubota Corporation with those of its foreign subsidiaries, Kubota Corporation changed its fiscal year-end from March 31 to December 31 from the current fiscal year by the resolution of a partial amendment to the Articles of Incorporation at the 125th Ordinary General Meeting of Shareholders held on June 19, 2015. Accordingly, the business term for this fiscal year, the transitional period for the change in the fiscal year-end, was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015.

## **(8) Consolidated segment information**

### **a) Reporting segments**

Nine months ended December 31, 2015 (April 1, 2015 - December 31, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	1,020,279	203,747	20,749	—	1,244,775
	Intersegment	405	1,518	19,698	(21,621)	—
	Total	1,020,684	205,265	40,447	(21,621)	1,244,775
Operating income		175,025	10,894	1,727	(20,772)	166,874
Identifiable assets at Dec. 31, 2015		1,998,074	258,033	87,510	189,385	2,533,002
Depreciation and amortization		23,142	5,413	388	2,250	31,193
Capital expenditures		28,534	5,822	273	667	35,296

Year ended March 31, 2015 (April 1, 2014 - March 31, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	1,243,054	312,523	28,688	—	1,584,265
	Intersegment	746	1,103	24,535	(26,384)	—
	Total	1,243,800	313,626	53,223	(26,384)	1,584,265
Operating income		192,158	29,633	3,252	(21,938)	203,105
Identifiable assets at Mar. 31, 2015		1,908,447	288,139	91,685	183,987	2,472,258
Depreciation and amortization		27,434	7,388	574	2,853	38,249
Capital expenditures		37,132	9,358	523	3,379	50,392

Same period last year (April 1, 2014 - December 31, 2014) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	922,465	197,957	19,996	—	1,140,418
	Intersegment	439	684	17,902	(19,025)	—
	Total	922,904	198,641	37,898	(19,025)	1,140,418
Operating income		145,596	14,959	1,806	(15,257)	147,104

#### Notes:

- "Adjustments" include the elimination of intersegment transfers and the unallocated corporate expenses that cannot be apportioned to reporting segments, and corporate assets. Corporate assets mainly consist of certain assets of Kubota Corporation such as cash and cash equivalents, securities and assets related to administration departments.
- 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.
- Intersegment transfers are recorded at values that approximate market prices.
- Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.
- Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 are presented for reference purposes.

**b) Revenues from external customers by product group**

Information about revenues from external customers by product group (In millions of yen)

	Nine months ended Dec. 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)	Year ended Mar. 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)	Same period last year (Apr. 1, 2014 - Dec. 31, 2014)
Farm Equipment and Engines	849,921	1,032,001	771,228
Construction Machinery	148,785	180,298	128,904
Electronic Equipped Machinery	21,573	30,755	22,333
Farm & Industrial Machinery	1,020,279	1,243,054	922,465
Pipe-related Products	125,967	191,204	123,307
Environment-related Products	44,850	73,798	41,217
Social Infrastructure-related Products	32,930	47,521	33,433
Water & Environment	203,747	312,523	197,957
Other	20,749	28,688	19,996
Total	1,244,775	1,584,265	1,140,418

Notes:

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 are presented for reference purposes.

**c) Geographic information**

Information about revenues from external customers by destination (In millions of yen)

	Nine months ended Dec. 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)	Year ended Mar. 31, 2015 (Apr. 1, 2014 - Mar. 31, 2015)	Same period last year (Apr. 1, 2014 - Dec. 31, 2014)
Japan	401,856	561,201	382,704
North America	395,582	443,368	340,175
Europe	150,044	208,571	151,020
Asia outside Japan	240,952	304,635	218,597
Other areas	56,341	66,490	47,922
Total	1,244,775	1,584,265	1,140,418

Notes:

1. Revenues from North America included those from the United States of ¥352,950 million, ¥386,359 million, and ¥297,958 million for the nine months ended December 31, 2015, the year ended March 31, 2015, and the same period last year, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
3. Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 are presented for reference purposes.

Information about property, plant, and equipment based on physical location

(In millions of yen)

	Dec. 31, 2015	Mar. 31, 2015
Japan	169,373	178,393
North America	38,679	34,407
Europe	22,129	21,692
Asia outside Japan	51,416	55,987
Other areas	4,273	4,767
Total	285,870	295,246

**(9) Per common share information**

(In yen)

	Nine months ended Dec. 31, 2015 ( Apr. 1, 2015 - Dec. 31, 2015)	Year ended Mar. 31, 2015 ( Apr. 1, 2014 - Mar. 31, 2015)	Same period last year ( Apr. 1, 2014 - Dec. 31, 2014)
Kubota Corporation shareholders' equity per common share	¥ 916.28	¥ 883.10	¥ 858.56
Basic net income attributable to Kubota Corporation per common share	¥ 88.47	¥ 111.68	¥ 80.24

The numerators and denominators used for calculation of basic net income attributable to Kubota Corporation per common share are as follows:

Numerators

(In millions of yen)

	Nine months ended Dec. 31, 2015 ( Apr. 1, 2015 - Dec. 31, 2015)	Year ended Mar. 31, 2015 ( Apr. 1, 2014 - Mar. 31, 2015)	Same period last year ( Apr. 1, 2014 - Dec. 31, 2014)
Basic net income attributable to Kubota Corporation	¥ 110,107	¥ 139,534	¥ 100,276

Denominators

(In thousands of shares)

	Nine months ended Dec. 31, 2015 ( Apr. 1, 2015 - Dec. 31, 2015)	Year ended Mar. 31, 2015 ( Apr. 1, 2014 - Mar. 31, 2015)	Same period last year ( Apr. 1, 2014 - Dec. 31, 2014)
Weighted average number of common shares outstanding	1,244,522	1,249,363	1,249,730

Note:

1. Diluted net income attributable to Kubota Corporation per common share is not presented because there are no dilutive securities.
2. Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 are presented for reference purposes.

**(10) Subsequent events**

None

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

(In millions of yen)

	Nine months ended		Year ended		Same period		Adjusted change	
	Dec. 31, 2015 Apr. 1, 2015		Mar. 31, 2015 Apr. 1, 2014		last year Apr. 1, 2014		Compared with the same period	
	Dec. 31, 2015		Mar. 31, 2015		Dec. 31, 2014		last year	
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>849,921</b>	<b>68.2</b>	<b>1,032,001</b>	<b>65.1</b>	<b>771,228</b>	<b>67.6</b>	<b>78,693</b>	<b>10.2</b>
Domestic	170,233		215,103		156,872		13,361	8.5
Overseas	679,688		816,898		614,356		65,332	10.6
<b>Construction Machinery</b>	<b>148,785</b>	<b>12.0</b>	<b>180,298</b>	<b>11.4</b>	<b>128,904</b>	<b>11.3</b>	<b>19,881</b>	<b>15.4</b>
Domestic	34,882		42,450		31,184		3,698	11.9
Overseas	113,903		137,848		97,720		16,183	16.6
<b>Electronic Equipped Machinery</b>	<b>21,573</b>	<b>1.8</b>	<b>30,755</b>	<b>2.0</b>	<b>22,333</b>	<b>2.0</b>	<b>(760)</b>	<b>(3.4)</b>
Domestic	20,157		29,005		21,040		(883)	(4.2)
Overseas	1,416		1,750		1,293		123	9.5
<b>Farm &amp; Industrial Machinery</b>	<b>1,020,279</b>	<b>82.0</b>	<b>1,243,054</b>	<b>78.5</b>	<b>922,465</b>	<b>80.9</b>	<b>97,814</b>	<b>10.6</b>
Domestic	225,272	18.1	286,558	18.1	209,096	18.3	16,176	7.7
Overseas	795,007	63.9	956,496	60.4	713,369	62.6	81,638	11.4
<b>Pipe-related Products</b>	<b>125,967</b>	<b>10.1</b>	<b>191,204</b>	<b>12.1</b>	<b>123,307</b>	<b>10.8</b>	<b>2,660</b>	<b>2.2</b>
Domestic	100,746		156,299		101,728		(982)	(1.0)
Overseas	25,221		34,905		21,579		3,642	16.9
<b>Environment-related Products</b>	<b>44,850</b>	<b>3.6</b>	<b>73,798</b>	<b>4.6</b>	<b>41,217</b>	<b>3.6</b>	<b>3,633</b>	<b>8.8</b>
Domestic	40,088		68,087		37,133		2,955	8.0
Overseas	4,762		5,711		4,084		678	16.6
<b>Social Infrastructure-related Products</b>	<b>32,930</b>	<b>2.7</b>	<b>47,521</b>	<b>3.0</b>	<b>33,433</b>	<b>3.0</b>	<b>(503)</b>	<b>(1.5)</b>
Domestic	15,381		22,335		15,330		51	0.3
Overseas	17,549		25,186		18,103		(554)	(3.1)
<b>Water &amp; Environment</b>	<b>203,747</b>	<b>16.4</b>	<b>312,523</b>	<b>19.7</b>	<b>197,957</b>	<b>17.4</b>	<b>5,790</b>	<b>2.9</b>
Domestic	156,215	12.6	246,721	15.6	154,191	13.5	2,024	1.3
Overseas	47,532	3.8	65,802	4.1	43,766	3.9	3,766	8.6
<b>Other</b>	<b>20,749</b>	<b>1.6</b>	<b>28,688</b>	<b>1.8</b>	<b>19,996</b>	<b>1.7</b>	<b>753</b>	<b>3.8</b>
Domestic	20,369	1.6	27,922	1.8	19,417	1.7	952	4.9
Overseas	380	0.0	766	0.0	579	0.0	(199)	(34.4)
<b>Total</b>	<b>1,244,775</b>	<b>100.0</b>	<b>1,584,265</b>	<b>100.0</b>	<b>1,140,418</b>	<b>100.0</b>	<b>104,357</b>	<b>9.2</b>
Domestic	401,856	32.3	561,201	35.5	382,704	33.5	19,152	5.0
Overseas	842,919	67.7	1,023,064	64.5	757,714	66.5	85,205	11.2

Note:

- Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.
- Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on April 1, 2014 and ended on December 31, 2014 and changes from them are presented for reference purposes.

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

(In billions of yen)

	Year ending Dec. 31, 2016  ( Jan. 1, 2016 - Dec. 31, 2016 )		Same period prior year  ( Jan. 1, 2015 - Dec. 31, 2015 )		Adjusted change  ( Compared with the same period prior year )	
	Amount	%	Amount	%	Amount	%
Domestic	302.0		302.7		(0.7)	(0.2)
Overseas	1,088.0		1,038.1		49.9	4.8
Farm & Industrial Machinery	1,390.0	79.4	1,340.8	79.4	49.2	3.7
Domestic	258.0		248.7		9.3	3.7
Overseas	72.0		69.6		2.4	3.4
Water & Environment	330.0	18.9	318.3	18.9	11.7	3.7
Domestic	30.0		28.9		1.1	3.8
Overseas	—		0.6		(0.6)	(100.0)
Other	30.0	1.7	29.5	1.7	0.5	1.7
Total	1,750.0	100.0	1,688.6	100.0	61.4	3.6

Domestic	590.0	33.7	580.3	34.4	9.7	1.7
Overseas	1,160.0	66.3	1,108.3	65.6	51.7	4.7

Notes:

The business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Since it is different from the following fiscal year, which is the 12-month period that commenced on January 1, 2016 and ending on December 31, 2016, anticipated revenues for the year ending December 31, 2016 are compared with revenues for the same period in the prior year (unaudited), which is the 12-month period that commenced on January 1, 2015 and ended on December 31, 2015. Please note that revenues for the same period in the prior year are provided for reference purposes only and are not subject to an audit.

## 5. Results of operations for the three months ended December 31, 2015

### (1) Consolidated statements of income

(In millions of yen)

	Three months ended Dec. 31, 2015		Three months ended Dec. 31, 2014		Change	
	Amount	%	Amount	%	Amount	%
Revenues	433,690	100.0	404,837	100.0	28,853	7.1
Cost of revenues	294,416	67.9	284,396	70.3	10,020	3.5
Selling, general, and administrative expenses	83,281	19.2	71,336	17.6	11,945	16.7
Other operating expenses (income)-net	2,748	0.6	(1,697)	(0.4)	4,445	-
Operating income	53,245	12.3	50,802	12.5	2,443	4.8
Other income (expenses):						
Interest and dividend income	2,306		1,805		501	
Interest expense	(308)		(168)		(140)	
Gain on sales of securities-net	158		496		(338)	
Foreign exchange gain-net	2,040		1,444		596	
Other-net	(2,213)		2,008		(4,221)	
Other income (expenses)-net	1,983		5,585		(3,602)	
Income before income taxes and equity in net income of affiliated companies	55,228	12.7	56,387	13.9	(1,159)	( 2.1 )
Income taxes	16,649		15,844		805	
Equity in net income of affiliated companies	738		538		200	
Net income	39,317	9.1	41,081	10.1	(1,764)	( 4.3 )
Less: Net income attributable to non-controlling interests	1,944		3,660		(1,716)	
Net income attributable to Kubota Corporation	37,373	8.6	37,421	9.2	(48)	( 0.1 )

Net income attributable to Kubota Corporation per common share:

(In yen)

	2015	2014	Change
Basic	30.03	29.94	0.09

Notes:

Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on October 1, 2014 and ended on December 31, 2014 and changes from them are presented for reference purposes.

## **(2) Consolidated segment information**

### **a) Reporting segments**

Three months ended December 31, 2015

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	344,907	81,479	7,304	—	433,690
	Intersegment	228	1,150	7,468	(8,846)	—
	Total	345,135	82,629	14,772	(8,846)	433,690
Operating income		53,190	6,767	697	(7,409)	53,245

Three months ended December 31, 2014

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	317,292	80,860	6,685	—	404,837
	Intersegment	114	261	6,145	(6,520)	—
	Total	317,406	81,121	12,830	(6,520)	404,837
Operating income		47,513	7,765	726	(5,202)	50,802

Notes:

1. "Adjustments" include the elimination of intersegment transfers and the 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.
4. Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.
5. Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on October 1, 2014 and ended on December 31, 2014 are presented for reference purposes.

### **b) Geographic information**

Information about revenues from external customers by destination

(In millions of yen)

	Three months ended Dec. 31, 2015	Three months ended Dec. 31, 2014
Japan	141,457	129,371
North America	151,026	122,896
Europe	51,550	53,110
Asia outside Japan	72,132	79,062
Other areas	17,525	20,398
Total	433,690	404,837

Notes:

1. Revenues from North America included those from the United States of ¥139,164 million and ¥109,610 million for the three months ended December 31, 2015 and 2014, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
3. Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on October 1, 2014 and ended on December 31, 2014 are presented for reference purposes.



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

(In millions of yen)

	Three months ended Dec. 31, 2015		Three months ended Dec. 31, 2014		Change	
	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>291,212</b>	<b>67.1</b>	<b>268,211</b>	<b>66.3</b>	<b>23,001</b>	<b>8.6</b>
Domestic	47,885		42,608		5,277	12.4
Overseas	243,327		225,603		17,724	7.9
<b>Construction Machinery</b>	<b>46,734</b>	<b>10.8</b>	<b>42,144</b>	<b>10.4</b>	<b>4,590</b>	<b>10.9</b>
Domestic	13,407		12,418		989	8.0
Overseas	33,327		29,726		3,601	12.1
<b>Electronic Equipped Machinery</b>	<b>6,961</b>	<b>1.6</b>	<b>6,937</b>	<b>1.7</b>	<b>24</b>	<b>0.3</b>
Domestic	6,362		6,434		(72)	(1.1)
Overseas	599		503		96	19.1
<b>Farm &amp; Industrial Machinery</b>	<b>344,907</b>	<b>79.5</b>	<b>317,292</b>	<b>78.4</b>	<b>27,615</b>	<b>8.7</b>
Domestic	67,654	15.6	61,460	15.2	6,194	10.1
Overseas	277,253	63.9	255,832	63.2	21,421	8.4
<b>Pipe-related Products</b>	<b>51,952</b>	<b>12.0</b>	<b>51,672</b>	<b>12.8</b>	<b>280</b>	<b>0.5</b>
Domestic	43,541		40,789		2,752	6.7
Overseas	8,411		10,883		(2,472)	(22.7)
<b>Environment-related Products</b>	<b>18,751</b>	<b>4.3</b>	<b>16,451</b>	<b>4.1</b>	<b>2,300</b>	<b>14.0</b>
Domestic	17,130		14,438		2,692	18.6
Overseas	1,621		2,013		(392)	(19.5)
<b>Social Infrastructure-related Products</b>	<b>10,776</b>	<b>2.5</b>	<b>12,737</b>	<b>3.1</b>	<b>(1,961)</b>	<b>(15.4)</b>
Domestic	5,924		6,206		(282)	(4.5)
Overseas	4,852		6,531		(1,679)	(25.7)
<b>Water &amp; Environment</b>	<b>81,479</b>	<b>18.8</b>	<b>80,860</b>	<b>20.0</b>	<b>619</b>	<b>0.8</b>
Domestic	66,595	15.4	61,433	15.2	5,162	8.4
Overseas	14,884	3.4	19,427	4.8	(4,543)	(23.4)
<b>Other</b>	<b>7,304</b>	<b>1.7</b>	<b>6,685</b>	<b>1.6</b>	<b>619</b>	<b>9.3</b>
Domestic	7,208	1.7	6,478	1.6	730	11.3
Overseas	96	0.0	207	0.0	(111)	(53.6)
<b>Total</b>	<b>433,690</b>	<b>100.0</b>	<b>404,837</b>	<b>100.0</b>	<b>28,853</b>	<b>7.1</b>
Domestic	141,457	32.7	129,371	32.0	12,086	9.3
Overseas	292,233	67.3	275,466	68.0	16,767	6.1

Note:

1. Beginning with the current consolidated fiscal year, in conformity with the change in the business reporting structure of the Company, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment. The segment information for the prior fiscal year has been retrospectively adjusted to conform to the current fiscal year's presentation.
2. Due to the change in the fiscal year-end, the business term for this fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, the results of operations for the same period last year that commenced on October 1, 2014 and ended on December 31, 2014 and changes from them are presented for reference purposes.