

KUBOTA Corporation

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RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2016

Kubota Corporation reported its consolidated results for the six months ended June 30, 2016 today.

Consolidated Financial Highlights**1. Consolidated results of operations for the six months ended June 30, 2016****(1) Results of operations**

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

	Six months ended June 30, 2016	Adjusted change [%]	Six months ended Sept. 30, 2015	Change [%]
Revenues	¥ 796,136	(6.8)	¥ 811,085	10.3
Operating income	¥ 105,580	(8.4)	¥ 113,629	18.0
Income before income taxes and equity in net income of affiliated companies	¥ 97,114	(17.2)	¥ 114,276	14.5
Net income attributable to Kubota Corporation	¥ 62,321	(20.6)	¥ 72,734	15.7
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 50.09		¥ 58.44	
Diluted	-		-	

(2) Financial condition

(In millions of yen)

	June 30, 2016	Dec. 31, 2015
Total assets	¥ 2,351,282	¥ 2,532,926
Equity	¥ 1,134,990	¥ 1,218,558
Kubota Corporation shareholders' equity	¥ 1,071,243	¥ 1,140,310
Ratio of Kubota Corporation shareholders' equity to total assets	45.6%	45.0%

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 last fiscal year. For this reason, the first half in this fiscal year that commenced on January 1, 2016 and ended on June 30, 2016 is different from the first half in the last fiscal year that commenced on April 1, 2015 and ended on September 30, 2015. Additionally, adjusted change [%] for the six months ended June 30, 2016 represents percentage change from the same period in the last year that commenced on January 1, 2015 and ended on June 30, 2015. Furthermore, the results of operations for the same period in the last year are presented in the consolidated financial statements and other materials as a reference. Please note that the results of operations for the same period in the last year are not subject to a quarterly review.
- The results of operations for the six months ended September 30, 2015 have been retrospectively adjusted as described in the accompanying materials, "2. Other information (3) Alignment of reporting periods of certain affiliates" on page 7.
- Kubota Corporation adopted the new accounting standard related to debt issuance costs on January 1, 2016. The financial condition as of December 31, 2015 have been retrospectively adjusted as described in the accompanying materials, "2. Other information (4) Accounting changes for consolidated financial statements" on page 7.
- Comprehensive income (loss) for the six months ended June 30, 2016 was (¥47,532 million) [adjusted change (—%)] and six months ended September 30, 2015 was ¥47,975 million [(49.6%)].

2. Cash dividends

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2016	¥ 14.00	Undecided	Undecided
Nine months ended Dec. 31, 2015	¥ 14.00	¥ 14.00	¥ 28.00

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 retirement of own shares. The specific amount of year-end cash dividends for the year ending December 31, 2016 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, 2016

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

	Year ending Dec. 31, 2016	Adjusted change [%]
Revenues	¥ 1,660,000	(1.7)
Operating income	¥ 200,000	(10.3)
Income before income taxes and equity in net income of affiliated companies	¥ 195,000	(13.0)
Net income attributable to Kubota Corporation	¥ 128,000	(14.3)
Net income attributable to Kubota Corporation per common share	¥ 102.96	

Notes:

1. Due to the change in the fiscal year-end, the business term for last 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 year ending December 31, 2016, represents percentage change from 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.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Prospects for the year ending December 31, 2016" 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 7.

(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 (4) Accounting changes for consolidated financial statements" on page 7.

(4) Number of common shares issued including treasury stock as of June 30, 2016	: 1,244,919,180
Number of common shares issued including treasury stock as of December 31, 2015	: 1,244,919,180
Number of treasury stock as of June 30, 2016	: 1,702,337
Number of treasury stock as of December 31, 2015	: 415,635
Weighted average number of common shares outstanding during the six months ended June 30, 2016	: 1,244,190,661
Weighted average number of common shares outstanding during the six months ended September 30, 2015	: 1,244,527,475

(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 six months ended June 30, 2016 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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Kubota Corporation changed its fiscal year-end from March 31 to December 31 from last fiscal year. For this reason, the business term for the last fiscal year, a 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. Therefore, the results of operations for the six months ended June 30, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on June 30, 2015.

As described in the accompanying materials, “2. Other information (3) Alignment of reporting period of certain affiliates” on page 7, certain subsidiaries and 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 results of operations in the prior years have been retrospectively adjusted.

1. Review of operations and financial condition

(1) Summary of the results of operations for the six months under review

For the six months ended June 30, 2016, revenues of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) decreased by ¥57.8 billion [6.8%] from the same period in the prior year, to ¥796.1 billion.

Domestic revenues decreased by ¥13.1 billion [4.4%], to ¥282.2 billion, from the same period in the prior year due to lower revenues in all segments of Farm & Industrial Machinery, Water & Environment, and Other mainly due to a decrease in sales of construction machinery and pumps.

Overseas revenues decreased by ¥44.7 billion [8.0%], to ¥513.9 billion, from the same period in the prior year. In Farm & Industrial Machinery, revenues were down due to the effect of yen appreciation while sales of construction machinery rose. Revenues in Water & Environment also decreased mainly owing to a decrease in sales of ductile iron pipes and industrial castings.

Operating income decreased by ¥9.7 billion [8.4%] from the same period in the prior year, to ¥105.6 billion because a decrease in material costs and selling expenses could not compensate for the negative effect of yen appreciation. Income before income taxes and equity in net income of affiliated companies decreased by ¥20.2 billion [17.2%] from the same period in the prior year to ¥97.1 billion, mainly due to lower operating income and deterioration of the foreign exchange loss-net account. Income taxes were ¥30.7 billion, and net income decreased by ¥17.3 billion [20.5%] to ¥67.1 billion from the same period in the prior year. Net income attributable to Kubota Corporation decreased by ¥16.2 billion [20.6%] from the same period in the prior year to ¥62.3 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 decreased by 5.9% from the same period in the prior year to ¥631.4 billion, and accounted for 79.3% of consolidated revenues.

Domestic revenues decreased by 5.2% to ¥143.4 billion. Sales of farm equipment and construction machinery decreased mainly due to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations last fiscal year.

Overseas revenues decreased by 6.0% to ¥488.0 billion. In North America, revenues in construction machinery increased significantly due to the favorable market demand and the full-scale entry of new products, offset by lower sales in tractors which was caused by price decline in farming products. However,

revenue in this area decreased in total mainly due to the negative impact of yen appreciation. In Europe, business operations remained strong due to higher sales of engines and construction machinery owing to the economic recovery, expanded sales in Turkey, and full-scale entry of large-scale tractors. However, revenues slightly decreased from the same period in the prior year because of the negative impact of yen appreciation. In Asia outside Japan, although sales of farm equipment in Myanmar and Indonesia significantly rose, sales of tractors in Thailand decreased due to water shortages caused by the severe drought. In China, sales in construction machinery decreased owing to the effect of the strengthening of emission regulations and deceleration of the economy, while sales of tractors stayed strong. In addition, due to currency depreciation in the emerging countries, revenues in this area as a whole decreased significantly.

Operating income in Farm & Industrial Machinery decreased by 7.7% from the same period in the prior year to ¥101.4 billion due to the negative impact of yen appreciation and higher 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 decreased by 10.8% from the same period in the prior year to ¥149.9 billion, and accounted for 18.8% of consolidated revenues.

Domestic revenues decreased by 3.9% to ¥124.1 billion. Revenues from pipe-related products decreased from the same period in the prior year due to lower sales of pumps, plastic pipes, and valves. Revenues from social infrastructure-related products also decreased as a result of the impact of lower sales of spiral-welded steel pipes. Revenues from environment-related products increased as the impact of higher sales of operation and maintenance business of facilities offset a decrease in sales of waste water treatment equipment and plants.

Overseas revenues decreased by 33.8% to ¥25.7 billion. Revenues from pipe-related products largely decreased mainly due to a drop in shipments of ductile iron pipes for large-scale projects. Revenues from social infrastructure-related products also decreased owing to lower sales of industrial castings. Revenues from environment-related products increased from the same period in the prior year due to higher sales of membrane systems and water & environment plant business, such as water & gas treatment facilities.

Operating income in Water & Environment decreased by 14.4% from the same period in the prior year to ¥13.7 billion due to the negative impact of lower revenues.

3) Other

Other is comprised of services and other businesses.

Revenues in this segment decreased by 2.6% from the same period in the prior year to ¥14.9 billion, and accounted for 1.9% of consolidated revenues.

Operating income in Other decreased by 6.5%, to ¥1.9 billion.

(2) Financial condition

1) Assets, liabilities, and equity

Total assets at June 30, 2016 amounted to ¥2,351.3 billion, a decrease of ¥181.6 billion from the prior fiscal year-end. Among assets, the yen value of assets denominated in foreign currencies, such as short- and long-term finance receivables, and trade notes and accounts receivable, decreased substantially due to the

effect of considerable yen appreciation compared to the prior fiscal year-end.

Among liabilities, trade notes and accounts payable significantly decreased. In addition, the aggregated 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 result of yen conversion effected by yen appreciation. Equity decreased as the accumulation of retained earnings could not compensate the deterioration in accumulated other comprehensive income (loss) due to fluctuations in exchange rates and stock prices. Shareholders' equity ratio was 45.6%, 0.6 percentage points higher than at the prior fiscal year-end.

2) Cash flows

Net cash provided by operating activities during the six months ended June 30, 2016 was ¥92.7 billion, a decrease of ¥19.0 billion in cash inflow from the same period in the prior year. This decrease resulted from a decline in net income as well as the changes in working capital, including trade notes and accounts receivable, inventories, and trade notes and accounts payable.

Net cash used in investing activities was ¥66.1 billion, an increase of ¥12.2 billion in cash outflow from the same period in the prior year. This increase was due to a decrease in proceeds from sales of property, plant, and equipment.

Net cash provided by financing activities was ¥18.3 billion, mainly due to an increase of fund procurement as compared to ¥51.0 billion of net cash outflow for the same period in the prior year.

As a result of the above, and after taking into account the effects of exchange rate changes, cash and cash equivalents at June 30, 2016 were ¥176.9 billion, an increase of ¥30.7 billion from the beginning of the current fiscal year.

(3) Prospects for the year ending December 31, 2016

The Company revised its forecasts for revenues for the year ending December 31, 2016 downward to ¥1,660.0 billion, a decrease of ¥50.0 billion from the previous forecast, which was announced on May 10, 2016. Overseas revenues of farm equipment are forecast to decrease because the yen exchange rate has been and is expected to be stronger than the previous assumptions and sales of tractors in Thailand have decreased more than expected due to water shortages caused by the severe drought.

Operating income was also revised to ¥200.0 billion, a decrease of ¥25.0 billion from the previous forecast, in view of the negative impact of yen appreciation and lower revenues. Income before income taxes and equity in net income of affiliated companies was revised downward by ¥32.0 billion to ¥195.0 billion, and net income attributable to Kubota Corporation was also revised downward by ¥22.0 billion to ¥128.0 billion, compared with the previous forecast.

These forecasts are based on the assumption of exchange rates of ¥108=US\$1 and ¥120=€1.

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) Alignment of reporting periods of certain affiliates

At the last fiscal year-end, certain subsidiaries and an affiliated company (as of December 31, 2015, 36 subsidiaries and one 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 financial statements for all periods presented.

With retrospective adjustments, net income attributable to Kubota Corporation for the six months ended September 30, 2015 was adjusted from ¥75,713 million to ¥72,734 million.

(4) Accounting changes for consolidated financial statements

The Company adopted a new accounting standard related to debt issuance costs on January 1, 2016. The standard requires that debt issuance costs related to a recognized debt liability be presented on the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The adoption of this standard did not have a material impact on the consolidated financial statements.

3. Consolidated financial statements

(1) Consolidated balance sheets

Assets (In millions of yen)

	June 30, 2016		Dec. 31, 2015		Change	June 30, 2015	
	Amount	%	Amount	%	Amount	Amount	%
Current assets:							
Cash and cash equivalents	176,946		146,286		30,660	127,946	
Trade notes and accounts receivable	548,137		627,617		(79,480)	605,499	
Short-term finance receivables-net	201,487		224,058		(22,571)	223,896	
Inventories	330,589		356,441		(25,852)	351,787	
Other current assets	140,445		136,444		4,001	117,114	
Total current assets	1,397,604	59.4	1,490,846	58.9	(93,242)	1,426,242	57.1
Investments and long-term finance receivables	574,464	24.4	648,534	25.6	(74,070)	663,553	26.5
Property, plant, and equipment	274,315	11.7	285,870	11.3	(11,555)	292,602	11.7
Other assets	104,899	4.5	107,676	4.2	(2,777)	117,393	4.7
Total assets	2,351,282	100.0	2,532,926	100.0	(181,644)	2,499,790	100.0

Liabilities and Equity (In millions of yen)

	June 30, 2016		Dec. 31, 2015		Change	June 30, 2015	
	Amount	%	Amount	%	Amount	Amount	%
Current liabilities:							
Short-term borrowings	188,373		186,216		2,157	157,127	
Trade notes and accounts payable	217,021		260,334		(43,313)	231,222	
Other current liabilities	201,210		203,234		(2,024)	202,931	
Current portion of long-term debt	157,360		158,117		(757)	153,144	
Total current liabilities	763,964	32.5	807,901	31.9	(43,937)	744,424	29.8
Long-term liabilities:							
Long-term debt	382,316		424,370		(42,054)	448,908	
Accrued retirement and pension costs	11,185		12,148		(963)	12,967	
Other long-term liabilities	58,827		69,949		(11,122)	80,895	
Total long-term liabilities	452,328	19.2	506,467	20.0	(54,139)	542,770	21.7
Equity:							
Kubota Corporation shareholders' equity:							
Common stock	84,070		84,070		—	84,070	
Capital surplus	84,909		87,838		(2,929)	87,850	
Legal reserve	19,539		19,539		—	19,539	
Retained earnings	914,662		869,769		44,893	818,861	
Accumulated other comprehensive income (loss)	(29,713)		79,292		(109,005)	126,023	
Treasury stock, at cost	(2,224)		(198)		(2,026)	(2,667)	
Total Kubota Corporation shareholders' equity	1,071,243	45.6	1,140,310	45.0	(69,067)	1,133,676	45.3
Non-controlling interests	63,747	2.7	78,248	3.1	(14,501)	78,920	3.2
Total equity	1,134,990	48.3	1,218,558	48.1	(83,568)	1,212,596	48.5
Total liabilities and Equity	2,351,282	100.0	2,532,926	100.0	(181,644)	2,499,790	100.0

(2) Consolidated statements of income

(In millions of yen)

	Six months ended June 30, 2016 (Jan. 1, 2016 - June 30, 2016)		Six months ended Sept. 30, 2015 (Apr. 1, 2015 - Sept. 30, 2015)		Same period last year (Jan. 1, 2015 - June 30, 2015)		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
	Revenues	796,136	100.0	811,085	100.0	853,950	100.0	(57,814)
Cost of revenues	554,551	69.6	553,981	68.3	587,645	68.8	(33,094)	(5.6)
Selling, general, and administrative expenses	135,296	17.0	141,283	17.4	150,211	17.6	(14,915)	(9.9)
Other operating expenses-net	709	0.1	2,192	0.3	796	0.1	(87)	(10.9)
Operating income	105,580	13.3	113,629	14.0	115,298	13.5	(9,718)	(8.4)
Other income (expenses):								
Interest and dividend income	3,216		3,476		3,027		189	
Interest expense	(270)		(390)		(389)		119	
Gain on sales of securities-net	931		1,401		1,319		(388)	
Foreign exchange loss-net	(9,551)		(13,975)		(4,477)		(5,074)	
Other-net	(2,792)		10,135		2,503		(5,295)	
Other income (expenses)-net	(8,466)		647		1,983		(10,449)	
Income before income taxes and equity in net income of affiliated companies	97,114	12.2	114,276	14.1	117,281	13.7	(20,167)	(17.2)
Income taxes	30,721		37,612		33,464		(2,743)	
Equity in net income of affiliated companies	750		1,271		650		100	
Net income	67,143	8.4	77,935	9.6	84,467	9.9	(17,324)	(20.5)
Less: Net income attributable to non-controlling interests	4,822		5,201		5,956		(1,134)	
Net income attributable to Kubota Corporation	62,321	7.8	72,734	9.0	78,511	9.2	(16,190)	(20.6)

Net income attributable to Kubota Corporation per common share

(In yen)

Basic	50.09	58.44	62.99	
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Note:

The business term for the last 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 in the last year that commenced on January 1, 2015 and ended on June 30, 2015 and changes from them are presented for reference purposes.

(3) Consolidated statements of comprehensive income (loss)

(In millions of yen)

	Six months ended June 30, 2016 (Jan. 1, 2016 - June 30, 2016)	Six months ended Sept. 30, 2015 (Apr. 1, 2015 - Sept. 30, 2015)	Same period last year (Jan. 1, 2015 - June 30, 2015)	Adjusted change (Compared with the same period last year)
Net income	67,143	77,935	84,467	(17,324)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(97,337)	(17,926)	(2,132)	(95,205)
Unrealized gains (losses) on securities	(17,275)	(11,839)	10,224	(27,499)
Unrealized gains (losses) on derivatives	—	10	(2)	2
Pension liability adjustments	(63)	(205)	3,781	(3,844)
Total other comprehensive income (loss)	(114,675)	(29,960)	11,871	(126,546)
Comprehensive income (loss)	(47,532)	47,975	96,338	(143,870)
Less: Comprehensive income (loss) attributable to non-controlling interests	(1,116)	(491)	5,011	(6,127)
Comprehensive income (loss) attributable to Kubota Corporation	(46,416)	48,466	91,327	(137,743)

Note:

The business term for the last 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 in the last year that commenced on January 1, 2015 and ended on June 30, 2015 and changes from them are presented for reference purposes.

(4) Consolidated statements of cash flows

(In millions of yen)

	Six months ended June 30, 2016 (Jan. 1, 2016 June 30, 2016)	Six months ended Sept. 30, 2015 (Apr. 1, 2015 Sept. 30, 2015)	Same period last year (Jan. 1, 2015 June 30, 2015)	Adjusted change (Compared with the same period last year)
Operating activities:				
Net income	67,143	77,935	84,467	
Depreciation and amortization	19,900	20,128	20,122	
Gain on sales of securities-net	(931)	(1,401)	(1,319)	
Impairment loss on long-lived assets	—	1,892	1,131	
Equity in net income of affiliated companies	(750)	(1,271)	(650)	
Deferred income taxes	1,546	4,970	(2,845)	
Decrease in trade notes and accounts receivable	38,599	96,891	23,555	
Increase in inventories	(10,723)	(32,566)	(2,921)	
(Increase) decrease in other current assets	(6,347)	(14,435)	7,151	
Increase (decrease) in trade notes and accounts payable	(32,804)	3,383	(20,826)	
Increase (decrease) in income taxes payable	12,251	(665)	858	
Increase (decrease) in other current liabilities	2,866	(316)	2,644	
Decrease in accrued retirement and pension costs	(1,045)	(5,308)	(6,637)	
Other	3,013	6,538	7,026	
Net cash provided by operating activities	92,718	155,775	111,756	(19,038)
Investing activities:				
Purchases of fixed assets	(23,954)	(24,740)	(20,820)	
Proceeds from sales of property, plant, and equipment	361	286	8,533	
Proceeds from sales and redemption of investments	1,544	2,031	1,930	
Acquisition of business, net of cash acquired	(60)	—	(334)	
Increase in finance receivables	(182,481)	(210,863)	(201,395)	
Collection of finance receivables	154,072	143,927	156,729	
Net decrease in short-term loan receivables from affiliated companies	3,022	2,338	2,626	
Net increase in time deposits	(19,595)	(3,168)	(7)	
Other	986	(713)	(1,175)	
Net cash used in investing activities	(66,105)	(90,902)	(53,913)	(12,192)
Financing activities:				
Proceeds from issuance of long-term debt	103,162	35,568	108,574	
Repayments of long-term debt	(80,467)	(52,869)	(70,255)	
Net increase (decrease) in short-term borrowings	32,040	786	(51,514)	
Payments of cash dividends	(17,428)	(19,937)	(19,937)	
Purchases of treasury stock	(2,026)	(2,287)	(10,036)	
Purchases of non-controlling interests	(14,632)	—	(6,047)	
Other	(2,316)	(1,776)	(1,775)	
Net cash provided by (used in) financing activities	18,333	(40,515)	(50,990)	69,323
Effect of exchange rate changes on cash and cash equivalents	(14,286)	(4,170)	2,035	(16,321)
Net increase in cash and cash equivalents	30,660	20,188	8,888	
Cash and cash equivalents, beginning of period	146,286	112,428	119,058	
Cash and cash equivalents, end of period	176,946	132,616	127,946	49,000

Note:

The business term for the last 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 in the last year that commenced on January 1, 2015 and ended on June 30, 2015 and changes from them are presented for reference purposes.

(5) Notes to assumption for going concern

None

(6) Consolidated segment information

1) Reporting segments

Information by reporting segment is summarized as follows:

Six months ended June 30, 2016 (January 1, 2016 - June 30, 2016) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	631,370	149,879	14,887	—	796,136
	Intersegment	291	701	12,376	(13,368)	—
	Total	631,661	150,580	27,263	(13,368)	796,136
Operating income		101,446	13,650	1,854	(11,370)	105,580

Six months ended September 30, 2015 (April 1, 2015 - September 30, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	675,372	122,268	13,445	—	811,085
	Intersegment	177	368	12,230	(12,775)	—
	Total	675,549	122,636	25,675	(12,775)	811,085
Operating income		121,835	4,127	1,030	(13,363)	113,629

Same period last year (January 1, 2015 - June 30, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	670,625	168,039	15,286	—	853,950
	Intersegment	382	562	12,593	(13,537)	—
	Total	671,007	168,601	27,879	(13,537)	853,950
Operating income		109,932	15,937	1,982	(12,553)	115,298

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.
4. The business term for the last 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 in the last year that commenced on January 1, 2015 and ended on June 30, 2015 are presented for reference purposes.

2) Geographic information

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

(In millions of yen)

	Six months ended June 30, 2016 (Jan. 1, 2016 - June 30, 2016)	Six months ended Sept. 30, 2015 (Apr. 1, 2015 - Sept. 30, 2015)	Same period last year (Jan. 1, 2015 - June 30, 2015)
Japan	282,206	260,399	295,293
North America	221,045	244,556	230,123
Europe	109,370	98,494	112,849
Asia outside Japan	153,035	168,820	179,446
Other areas	30,480	38,816	36,239
Total	796,136	811,085	853,950

Notes:

1. Revenues from North America include those from the United States of ¥194,422 million, ¥213,786 million, and ¥198,346 million for the six months ended June 30, 2016, the six months ended September 30, 2015, and the same period in the last year that commenced on January 1, 2015 and ended on June 30, 2015, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
3. The business term for the last 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 January 1, 2015 and ended on June 30, 2015 are presented for reference purposes.

(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 (loss)	Treasury stock, at cost		
Balance at Dec. 31, 2015	1,244,504	84,070	87,838	19,539	869,769	79,292	(198)	78,248	1,218,558
Net income					62,321			4,822	67,143
Other comprehensive loss						(108,737)		(5,938)	(114,675)
Cash dividends paid to Kubota Corporation shareholders, ¥14.00 per common share					(17,428)				(17,428)
Cash dividends paid to non-controlling interests								(2,316)	(2,316)
Purchases and sales of treasury stock	(1,287)						(2,026)		(2,026)
Changes in ownership interests in subsidiaries			(2,929)			(268)		(11,069)	(14,266)
Balance at June 30, 2016	1,243,217	84,070	84,909	19,539	914,662	(29,713)	(2,224)	63,747	1,134,990

(8) Subsequent events

In July, 2016, the Company acquired 100% of outstanding shares of Great Plains Manufacturing, Inc., a farm implement manufacturer in the U.S., via Kubota U.S.A., Inc., the Company's U.S. subsidiary. The consideration paid for the above acquisition was approximately 430 million U.S. dollars.

Further details are not disclosed as accounting procedures related to the above transaction have not been completed as of the release date of this document.

(9) Consolidated revenues by product group

(In millions of yen)

	Six months ended June 30, 2016 (Jan. 1, 2016 - June 30, 2016)		Six months ended Sept. 30, 2015 (Apr. 1, 2015 - Sept. 30, 2015)		Same period last year (Jan. 1, 2015 - June 30, 2015)		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
	Farm Equipment and Engines	507,658	63.7	558,709	68.9	549,816	64.3	(42,158)
Domestic	115,421		122,348		117,291		(1,870)	(1.6)
Overseas	392,237		436,361		432,525		(40,288)	(9.3)
Construction Machinery	110,386	13.9	102,051	12.6	105,657	12.4	4,729	4.5
Domestic	15,229		21,475		19,568		(4,339)	(22.2)
Overseas	95,157		80,576		86,089		9,068	10.5
Electronic Equipped Machinery	13,326	1.7	14,612	1.8	15,152	1.8	(1,826)	(12.1)
Domestic	12,708		13,795		14,342		(1,634)	(11.4)
Overseas	618		817		810		(192)	(23.7)
Farm & Industrial Machinery	631,370	79.3	675,372	83.3	670,625	78.5	(39,255)	(5.9)
Domestic	143,358	17.9	157,618	19.4	151,201	17.7	(7,843)	(5.2)
Overseas	488,012	61.4	517,754	63.9	519,424	60.8	(31,412)	(6.0)
Pipe-related Products	81,786	10.3	74,015	9.1	100,115	11.7	(18,329)	(18.3)
Domestic	71,998		57,205		77,566		(5,568)	(7.2)
Overseas	9,788		16,810		22,549		(12,761)	(56.6)
Environment-related Products	46,260	5.8	26,099	3.2	43,980	5.2	2,280	5.2
Domestic	41,656		22,958		40,588		1,068	2.6
Overseas	4,604		3,141		3,392		1,212	35.7
Social Infrastructure-related Products	21,833	2.7	22,154	2.8	23,944	2.8	(2,111)	(8.8)
Domestic	10,488		9,457		10,983		(495)	(4.5)
Overseas	11,345		12,697		12,961		(1,616)	(12.5)
Water & Environment	149,879	18.8	122,268	15.1	168,039	19.7	(18,160)	(10.8)
Domestic	124,142	15.6	89,620	11.1	129,137	15.1	(4,995)	(3.9)
Overseas	25,737	3.2	32,648	4.0	38,902	4.6	(13,165)	(33.8)
Other	14,887	1.9	13,445	1.6	15,286	1.8	(399)	(2.6)
Domestic	14,706	1.9	13,161	1.6	14,955	1.8	(249)	(1.7)
Overseas	181	0.0	284	0.0	331	0.0	(150)	(45.3)
Total	796,136	100.0	811,085	100.0	853,950	100.0	(57,814)	(6.8)
Domestic	282,206	35.4	260,399	32.1	295,293	34.6	(13,087)	(4.4)
Overseas	513,930	64.6	550,686	67.9	558,657	65.4	(44,727)	(8.0)

Note:

The business term for the last 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 in the last year that commenced on January 1, 2015 and ended on June 30, 2015 and changes from them are presented for reference purposes.

(10) Anticipated consolidated revenues by reporting segment

(In billions of yen)

	Year ending Dec. 31, 2016 Jan. 1, 2016 - Dec. 31, 2016		Same period last year Jan. 1, 2015 - Dec. 31, 2015		Adjusted change Compared with the same period last year	
	Amount	%	Amount	%	Amount	%
Domestic	294.0		302.7		(8.7)	(2.9)
Overseas	1,021.0		1,038.1		(17.1)	(1.6)
Farm & Industrial Machinery	1,315.0	79.2	1,340.8	79.4	(25.8)	(1.9)
Domestic	248.5		248.7		(0.2)	(0.1)
Overseas	66.5		69.6		(3.1)	(4.5)
Water & Environment	315.0	19.0	318.3	18.9	(3.3)	(1.0)
Domestic	29.5		28.9		0.6	2.1
Overseas	0.5		0.6		(0.1)	(16.7)
Other	30.0	1.8	29.5	1.7	0.5	1.7
Total	1,660.0	100.0	1,688.6	100.0	(28.6)	(1.7)

Domestic	572.0	34.5	580.3	34.4	(8.3)	(1.4)
Overseas	1,088.0	65.5	1,108.3	65.6	(20.3)	(1.8)

Note:

The business term for the last fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Since it is different from this 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 last year, 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 last year are provided for reference purposes only.

4. Results of operations for the three months ended June 30, 2016

(1) Consolidated statements of income

(In millions of yen)

	Three months ended June 30, 2016 Apr. 1, 2016 - June 30, 2016		Three months ended Sept. 30, 2015 July 1, 2015 - Sept. 30, 2015		Same period last year Apr. 1, 2015 - June 30, 2015		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	390,767	100.0	400,982	100.0	410,103	100.0	(19,336)	(4.7)
Cost of revenues	276,075	70.6	271,111	67.6	282,870	69.0	(6,795)	(2.4)
Selling, general, and administrative expenses	65,971	16.9	73,464	18.3	67,819	16.5	(1,848)	(2.7)
Other operating expenses-net	593	0.2	2,075	0.6	117	0.0	476	406.8
Operating income	48,128	12.3	54,332	13.5	59,297	14.5	(11,169)	(18.8)
Other income (expenses):								
Interest and dividend income	2,242		1,160		2,316		(74)	
Interest expense	(105)		(117)		(273)		168	
Gain on sales of securities-net	618		772		629		(11)	
Foreign exchange loss-net	(8,275)		(12,321)		(1,654)		(6,621)	
Other-net	173		7,688		2,447		(2,274)	
Other income (expenses)-net	(5,347)		(2,818)		3,465		(8,812)	
Income before income taxes and equity in net income of affiliated companies	42,781	10.9	51,514	12.8	62,762	15.3	(19,981)	(31.8)
Income taxes	15,176		16,448		21,164		(5,988)	
Equity in net income of affiliated companies	736		593		678		58	
Net income	28,341	7.3	35,659	8.9	42,276	10.3	(13,935)	(33.0)
Less: Net income attributable to non-controlling interests	2,373		2,178		3,023		(650)	
Net income attributable to Kubota Corporation	25,968	6.6	33,481	8.3	39,253	9.6	(13,285)	(33.8)

Net income attributable to Kubota Corporation per common share

(In yen)

Basic	20.88	26.90	31.54	
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Note:

The business term for the last 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 in the last year that commenced on April 1, 2015 and ended on June 30, 2015 and changes from them are presented for reference purposes.

(2) Consolidated segment information

1) Reporting segments

Information by reporting segment is summarized as follows:

Three months ended June 30, 2016 (April 1, 2016 - June 30, 2016) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	328,253	55,478	7,036	—	390,767
	Intersegment	69	102	6,054	(6,225)	—
	Total	328,322	55,580	13,090	(6,225)	390,767
Operating income		53,060	136	731	(5,799)	48,128

Three months ended September 30, 2015 (July 1, 2015 - September 30, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	325,336	68,795	6,851	—	400,982
	Intersegment	102	225	6,270	(6,597)	—
	Total	325,438	69,020	13,121	(6,597)	400,982
Operating income		58,465	2,864	494	(7,491)	54,332

Same period last year (April 1, 2015 - June 30, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	350,036	53,473	6,594	—	410,103
	Intersegment	75	143	5,960	(6,178)	—
	Total	350,111	53,616	12,554	(6,178)	410,103
Operating income		63,370	1,263	536	(5,872)	59,297

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.
4. The business term for the last 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 in the last year that commenced on April 1, 2015 and ended on June 30, 2015 are presented for reference purposes.

2) Geographic information

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

(In millions of yen)

	Three months ended June 30, 2016 (Apr. 1, 2016 - June 30, 2016)	Three months ended Sept. 30, 2015 (July 1, 2015 - Sept. 30, 2015)	Same period last year (Apr. 1, 2015 - June 30, 2015)
Japan	123,197	143,603	116,796
North America	122,136	117,626	126,930
Europe	54,360	43,196	55,298
Asia outside Japan	76,715	75,412	93,408
Other areas	14,359	21,145	17,671
Total	390,767	400,982	410,103

Notes:

1. Revenues from North America include those from the United States of ¥108,739 million, ¥103,841 million, and ¥109,945 million for the three months ended June 30, 2016, the three months ended September 30, 2015, and the same period in the last year that commenced on April 1, 2015 and ended on June 30, 2015, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
3. The business term for the last 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, 2015 and ended on June 30, 2015 are presented for reference purposes.

(3) Consolidated revenues by product group

(In millions of yen)

	Three months ended June 30, 2016 (Apr. 1, 2016 - June 30, 2016)		Three months ended Sept. 30, 2015 (July 1, 2015 - Sept. 30, 2015)		Same period last year (Apr. 1, 2015 - June 30, 2015)		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
	Farm Equipment and Engines	268,916	68.8	269,666	67.2	289,043	70.5	(20,127)
Domestic	60,127		63,288		59,060		1,067	1.8
Overseas	208,789		206,378		229,983		(21,194)	(9.2)
Construction Machinery	53,356	13.7	47,788	11.9	54,263	13.2	(907)	(1.7)
Domestic	6,912		13,173		8,302		(1,390)	(16.7)
Overseas	46,444		34,615		45,961		483	1.1
Electronic Equipped Machinery	5,981	1.5	7,882	2.0	6,730	1.7	(749)	(11.1)
Domestic	5,706		7,418		6,377		(671)	(10.5)
Overseas	275		464		353		(78)	(22.1)
Farm & Industrial Machinery	328,253	84.0	325,336	81.1	350,036	85.4	(21,783)	(6.2)
Domestic	72,745	18.6	83,879	20.9	73,739	18.0	(994)	(1.3)
Overseas	255,508	65.4	241,457	60.2	276,297	67.4	(20,789)	(7.5)
Pipe-related Products	31,599	8.1	41,797	10.4	32,218	7.8	(619)	(1.9)
Domestic	27,626		34,210		22,995		4,631	20.1
Overseas	3,973		7,587		9,223		(5,250)	(56.9)
Environment-related Products	13,868	3.5	14,700	3.7	11,399	2.8	2,469	21.7
Domestic	11,546		13,324		9,634		1,912	19.8
Overseas	2,322		1,376		1,765		557	31.6
Social Infrastructure-related Products	10,011	2.6	12,298	3.1	9,856	2.4	155	1.6
Domestic	4,330		5,479		3,978		352	8.8
Overseas	5,681		6,819		5,878		(197)	(3.4)
Water & Environment	55,478	14.2	68,795	17.2	53,473	13.0	2,005	3.7
Domestic	43,502	11.1	53,013	13.2	36,607	8.9	6,895	18.8
Overseas	11,976	3.1	15,782	4.0	16,866	4.1	(4,890)	(29.0)
Other	7,036	1.8	6,851	1.7	6,594	1.6	442	6.7
Domestic	6,950	1.8	6,711	1.7	6,450	1.6	500	7.8
Overseas	86	0.0	140	0.0	144	0.0	(58)	(40.3)
Total	390,767	100.0	400,982	100.0	410,103	100.0	(19,336)	(4.7)
Domestic	123,197	31.5	143,603	35.8	116,796	28.5	6,401	5.5
Overseas	267,570	68.5	257,379	64.2	293,307	71.5	(25,737)	(8.8)

Note:

The business term for the last 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 in the last year that commenced on April 1, 2015 and ended on June 30, 2015 and changes from them are presented for reference purposes.