

**KUBOTA Corporation**

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**RESULTS OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2016**

Kubota Corporation reported its consolidated results for the year ended December 31, 2016 today.

**Consolidated Financial Highlights****1. Consolidated results of operations for the year ended December 31, 2016****(1) Results of operations**

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

	Year ended Dec. 31, 2016	Adjusted change [%]	Nine months ended Dec. 31, 2015	Adjusted change [%]
Revenues	¥ 1,596,091	(5.5)	¥ 1,244,775	9.2
Operating income	¥ 188,777	(15.3)	¥ 166,874	13.4
% of revenues	11.8%		13.4%	
Income before income taxes and equity in net income of affiliated companies	¥ 196,971	(12.1)	¥ 169,504	8.5
% of revenues	12.3%		13.6%	
Net income attributable to Kubota Corporation	¥ 132,485	(11.3)	¥ 110,107	9.8
% of revenues	8.3%		8.8%	
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 106.58		¥ 88.47	
Diluted	-		-	
Ratio of net income attributable to Kubota Corporation to shareholders' equity	11.3%		9.8%	
Ratio of income before income taxes and equity in net income of affiliated companies to total assets	7.6%		6.8%	

**(2) Financial condition**

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

	Dec. 31, 2016	Dec. 31, 2015
Total assets	¥ 2,670,582	¥ 2,532,926
Equity	¥ 1,271,925	¥ 1,218,558
Kubota Corporation shareholders' equity	¥ 1,198,761	¥ 1,140,310
Ratio of Kubota Corporation shareholders' equity to total assets	44.9%	45.0%
Kubota Corporation shareholders' equity per common share	¥ 966.19	¥ 916.28

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

(In millions of yen)

	Year ended Dec. 31, 2016	Nine months ended Dec. 31, 2015
Net cash provided by operating activities	¥ 184,978	¥ 197,040
Net cash used in investing activities	( ¥ 167,525)	( ¥ 130,307)
Net cash provided by (used in) financing activities	¥ 11,364	( ¥ 27,671)
Cash and cash equivalents, end of period	¥ 169,416	¥ 146,286

Notes:

1. Kubota Corporation changed its fiscal year-end from March 31 to December 31 from the last fiscal year. For this reason, this fiscal year that commenced on January 1, 2016 and ended on December 31, 2016 is different from the last fiscal period that commenced on April 1, 2015 and ended on December 31, 2015. Additionally, adjusted change [%] for the year ended December 31, 2016 represents the percentage change from the same period in the last year that commenced on January 1, 2015 and ended on December 31, 2015. Adjusted change [%] for the nine months ended December 31, 2015 represents the percentage change from the same period in the prior year that commenced on April 1, 2014 and ended on December 31, 2014. 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 the audit.
2. Kubota Corporation adopted the new accounting standard related to debt issuance costs on January 1, 2016. The financial condition as of December 31, 2015 has been retrospectively adjusted as described in the accompanying materials, "4. Consolidated financial statements (7) Notes to consolidated financial statements" on page 16.
3. Comprehensive income for the year ended December 31, 2016 was ¥112,599 million [adjusted change (6.1%)] and for the nine months ended December 31, 2015 was ¥82,060 million [adjusted change (57.0%)].
4. Equity in net income of affiliated companies for the year ended December 31, 2016 was ¥2,440 million and for the nine months ended December 31, 2015 was ¥2,009 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			
Year ended Dec. 31, 2016	—	¥ 14.00	—	¥ 16.00	¥ 30.00	¥ 37,268	28.1%	3.2%
Nine months ended Dec. 31, 2015	—	¥ 14.00	—	¥ 14.00	¥ 28.00	¥ 34,857	31.6%	3.1%

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 its own shares.

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

(In millions of yen except per common share amounts)

	Six months ending June 30, 2017	Change [%]	Year ending Dec. 31, 2017	Change [%]
Revenues	¥ 840,000	5.5	¥ 1,680,000	5.3
Operating income	¥ 98,000	(7.2)	¥ 198,000	4.9
Income before income taxes and equity in net income of affiliated companies	¥ 103,000	6.1	¥ 205,000	4.1
Net income attributable to Kubota Corporation	¥ 67,000	7.5	¥ 138,000	4.2
Net income attributable to Kubota Corporation per common share	¥ 53.98		¥ 111.19	

Notes:

1. Change [%] represents percentage change from the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (1) Review of operations c) Prospects for the year ending December 31, 2017" 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.: Yes
- b) Changes in matters other than a) above: No
- 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, 2016 : 1,241,119,180
- Number of common shares issued including treasury stock as of December 31, 2015 : 1,244,919,180
- Number of treasury stock as of December 31, 2016 : 415,691
- Number of treasury stock as of December 31, 2015 : 415,635
- Weighted-average number of common shares outstanding during the year ended December 31, 2016 : 1,243,069,436
- Weighted-average number of common shares outstanding during the nine months ended December 31, 2015 : 1,244,521,893
- Note: Please refer to the accompanying materials "4. Consolidated financial statements (9) Per common share information" on page 19.

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

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

	Year ended Dec. 31, 2016	Adjusted change [%]	Nine months ended Dec. 31, 2015	Adjusted change [%]
Net sales	¥ 754,753	(5.4)	¥ 575,127	3.8
Operating income	¥ 41,968	(31.4)	¥ 42,811	(12.0)
Ordinary income	¥ 68,049	(20.3)	¥ 64,411	(10.3)
Net income	¥ 51,704	(15.5)	¥ 47,426	(9.2)
Net income per common share				
Basic	¥ 41.58		¥ 38.09	
Diluted	-		-	

Note:

Kubota Corporation changed its fiscal year-end from March 31 to December 31 from the last fiscal year. For this reason, this fiscal year that commenced on January 1, 2016 and ended on December 31, 2016 is different from the last fiscal period that commenced on April 1, 2015 and ended on December 31, 2015. Additionally, adjusted change [%] for the year ended December 31, 2016 represents the percentage change from the same period in the last year that commenced on January 1, 2015 and ended on December 31, 2015. Adjusted change [%] for the nine months ended December 31, 2015 represents the percentage change from the same period in the prior 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, 2016	Dec. 31, 2015
Total assets	¥ 1,084,391	¥ 1,027,461
Net assets	¥ 570,276	¥ 555,810
Equity	¥ 570,276	¥ 555,810
Ratio of equity to total assets	52.6%	54.1%
Net assets per common share	¥ 459.49	¥ 446.47

(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 year ended December 31, 2016 of Kubota Corporation and its subsidiaries (hereinafter, the "Company") are currently being audited.

#### < 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 the 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 year ended December 31, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on December 31, 2015.

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

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

#### **a) Summary of the results of operations for the year ended December 31, 2016**

For the year ended December 31, 2016, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased by ¥92.5 billion [5.5%] from the same period in the prior year to ¥1,596.1 billion.

In the domestic market, revenues decreased by ¥28.9 billion [5.0%] from the same period in the prior year to ¥551.4 billion. Domestic revenues decreased due to lower sales of farm equipment and construction machinery as well as the negative effects of weak sales related to public works spending.

In overseas markets, revenues decreased by ¥63.6 billion [5.7%] from the same period in the prior year to ¥1,044.7 billion because of the significant negative effects of foreign exchange rate conversion due to yen appreciation. Sales of construction machinery in North America and combines in Asia were strong while sales of tractors in North America and ductile iron pipes in the Middle East decreased sharply. As a result, overseas revenues accounted for 65.5% of consolidated revenues, 0.1 percent lower than in the same period in the prior year.

Operating income decreased by ¥34.1 billion [15.3%] from the same period in the prior year to ¥188.8 billion due to the weak sales in the domestic market and the effects of yen appreciation.

Income before income taxes and equity in net income of affiliated companies decreased by ¥27.1 billion [12.1%] to ¥197.0 billion. Income taxes were ¥56.5 billion, and equity in net income of affiliated companies was ¥2.4 billion. Furthermore, after deduction of net income attributable to non-controlling interests of ¥10.4 billion, net income attributable to Kubota Corporation was ¥132.5 billion, ¥16.9 billion [11.3%] lower than in the prior year.

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

##### **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 5.1% from the same period in the prior year to ¥1,272.1 billion and accounted for 79.7% of consolidated revenues.

Domestic revenues decreased by 7.0% to ¥281.5 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 emissions regulations last fiscal year.

Overseas revenues decreased by 4.6% to ¥990.7 billion. Overseas sales grew steadily on a local currency basis, without foreign currency translation effects, in all regions. In North America, significantly increased sales of construction machinery, due to the full-scale introduction of new products, offset a decline in sales of tractors, which was caused by stagnation in the agricultural market and inventory control by dealers. Revenues in Europe expanded

due to the higher sales of tractors, engines, and construction machinery owing to the effect of full-scale entry into the large-scale tractor business and market recovery along with the bottoming out of the economy and the investment promotional tax policy. On the other hand, the implements business for the agriculture-related market stagnated. Revenues in Asia outside Japan were higher than in the prior year. In Thailand, revenues in the first half were weak due to a water shortage caused by drought, and revenues in the second half also were weak due to the sharp reduction in rice prices, despite normal rainfall. Revenues in China were strong due to the favorable sales of head-feeding combines and rice transplanters. In addition, revenues also increased in ASEAN countries where agricultural mechanization has been proceeding. However, revenues translated into yen in all regions, North America, Europe, and Asia outside Japan, decreased due to the effects of considerable yen appreciation against all foreign currencies.

Operating income in this segment decreased by 16.5% to ¥185.0 billion since the increased overseas revenues on a local currency basis could not offset the negative effects of decreased domestic revenues and yen appreciation.

## **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 7.5% from the same period in the prior year to ¥294.5 billion and accounted for 18.5% of consolidated revenues.

Domestic revenues decreased by 3.2% to ¥240.9 billion. Revenues from pipe-related products decreased due to lower sales of pumps and plastic pipes mainly related to public works spending. Revenues from environment-related products and social infrastructure-related products also decreased compared with the corresponding period in the prior year.

Overseas revenues decreased by 22.8% to ¥53.7 billion mainly due to a large drop in shipments of ductile iron pipes to the Middle East for large-scale projects while revenues from environment-related products expanded.

Operating income in this segment decreased by 13.3% to ¥22.2 billion due to the negative impact of lower revenues in domestic and overseas markets.

## **3) Other**

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

Revenues in this segment decreased by 0.1% from the same period in the prior year to ¥29.4 billion and accounted for 1.8% of consolidated revenues.

Operating income in this segment increased by 14.2% to ¥3.6 billion.

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

The Company forecasts consolidated revenues for the year ending December 31, 2017 to be ¥1,680.0 billion, an increase of ¥83.9 billion. Domestic revenues are forecast to increase since revenues in Farm & Industrial Machinery are expected to increase due to a recovery in sales of farm equipment and construction machinery. In addition, revenues in Water & Environment are also expected to rise.

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

The Company forecasts that operating income will be ¥198.0 billion, an increase of ¥9.2 billion. The impact of increasing revenues in domestic and overseas markets is expected to exceed the negative impact of foreign exchange fluctuations. The Company expects income before income taxes and equity in net income of affiliated companies for the next fiscal year to be ¥205.0 billion, an increase of ¥8.0 billion. Net income attributable to Kubota Corporation is forecast to be ¥138.0 billion, an increase of ¥5.5 billion.

(These forecasts are based on the assumption of exchange rates of ¥110=US\$1 and ¥115=€1.)

## **(2) Financial condition**

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

Total assets at December 31, 2016 amounted to ¥2,670.6 billion, an increase of ¥137.7 billion from the prior fiscal year-end. Among assets, notes and accounts receivable, property, plant, and equipment, and intangible assets increased, mainly due to the acquisition of business. Furthermore, short and long-term finance receivables increased due to the effect of expansion in overseas sales financing operations.

Among liabilities, the aggregate amount of interest-bearing debt which is composed of short-term borrowings, current portion of long-term debt, and long-term debt increased along with the expansion in overseas sales financing operations. Equity increased as the accumulation of retained earnings exceeded the deterioration in accumulated other comprehensive income due to fluctuations in exchange rates. Shareholders' equity ratio was 44.9%, 0.1 percent lower than at the prior fiscal year-end.

### **b) Cash flows**

Net cash provided by operating activities during the year ended December 31, 2016 was ¥185.0 billion, a decrease of ¥20.9 billion in net cash inflow compared with the same period in the prior year. This decrease resulted from a decline in net income as well as changes in working capital items, such as notes and accounts receivable and trade notes and accounts payable.

Net cash used in investing activities was ¥167.5 billion, an increase of ¥30.4 billion in net cash outflow compared with the same period in the prior year. This increase was mainly due to increased payments for acquisition of businesses while cash outflow related to an increase in finance receivables decreased.

Net cash provided by financing activities was ¥11.4 billion, which was mainly due to an increase in cash inflow from borrowings, as compared to ¥37.2 billion of net cash outflow for the same period in the prior year.

As a result, after taking into account of the effects of exchange rate changes, cash and cash equivalents at December 31, 2016 were ¥169.4 billion, an increase of ¥23.1 billion from the beginning of the current fiscal year.

( Reference ) Cash flow indices

	Year ended December 31, 2016	Nine months ended December 31, 2015
Ratio of shareholders' equity to total assets [%]	44.9	45.0
Equity ratio based on market capitalization [%]	77.5	92.8
Interest-bearing debt / Net cash provided by operating activities [year]	4.4	3.9
Interest coverage ratio [times]	12.5	17.4

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 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, interest-bearing debt / net cash provided by operating activities, 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 abundant 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 mid-to-long-term growth in profit**

The Company is working to substantially upgrade all aspects of management and steadily implements its growth strategy, which is based on a long-term perspective, with the objective of becoming a "Global Major Brand Kubota." Going forward, through continuing activities to become a "Global Major Brand Kubota," the Company will work to attain long-term sustainable growth by providing solutions to issues in the fields of food, water, and the environment and promote activities that contribute to society. To realize these objectives, the Company is currently taking on the following four initiatives.

#### **a) Accelerating business development in strategic fields**

As a result of the impact of substantial yen appreciation during the current fiscal year, the Company regrettably, did not attain its targets for performance. However, in strategic fields, the Company made steady progress in strategic businesses with the aim of improving performance in the med-to-long term. Looking ahead, the Company will work to accelerate this improvement.



To further penetration of the upland farming equipment market, the Company will put production, sales, and service activities for large-scale tractors, which the Company actively introduced in the previous year, on the right track quickly and hasten improvements in products and development activities to reflect the customer's feedbacks on products in the market. In addition, the Company will accelerate the development of new products by drawing on the capabilities of marketing offices and R&D departments in Europe and the United States. In the implements business, the Company will pursue synergies between its European subsidiary, Kverneland AS, and its U.S. subsidiary, Great Plains Manufacturing, Inc., which the Company acquired in 2016, and realign its implements businesses in Europe and the U.S. Moreover, in Asia, the Company has identified India, which has the largest demand for tractors in the world, as a major market in the Company's overseas strategy and will work to establish the Kubota brand as quickly as possible.

In the overseas markets for construction machinery, skid steer loaders, which the Company actively introduced in the North American market, received a highly favorable appraisal in the market. This has enabled the Company to take another major step in developing its position as a comprehensive manufacturer of small construction machinery. Looking ahead, the Company will proceed to further expand its lineup, and move toward consolidating its position as the No. 1 manufacturer of small construction machinery in North America. In addition, in Europe and Asia, the Company will also proceed with the major expansion of its business and aim to become globally established.

Engines are crucial components for both farm equipment and construction machinery, and the Company is strengthening its position both for engines used in the Company's equipment and the external sales. The Company is strengthening its capabilities for meeting the emissions regulations of world markets and supplying eco-friendly products, and expanding engine lineup to respond to a wide range of customer demands. Moreover, as for utility vehicles (multipurpose four-wheel-drive vehicles), mowers, and other, the Company is working to enter new markets where the Company does not currently have a presence to tap into their high growth potential.

## **b) Increasing profitability and strengthening business and financial positions**

In a challenging business environment, the Company must expand income sustainably for growth in the mid-to-long term, and for an expansion of its customer base. The Company is aiming for "expansion in revenues" through acceleration of the development of strategic fields while also placing emphasis on "expansion in income", and increasing profitability and strengthening business and financial positions.

In the Company's farm equipment business in Japan, it is promoting the expansion and upgrading of KSAS (Kubota Smart Agri System), an agricultural support system which is an innovative new system using ICT (Information & Communication Technology), and "Kubota's Farm" (a testing plant for profitable farming). The Company is also strengthening agriculture-related products, including farm equipment for growing vegetables and post-harvest products, while also improving the productivity of its sales companies and realigning its distribution network through the use of IT applications. Through these initiatives, the Company is planning to revitalize its agricultural machinery business in Japan and aims to gain overwhelming share of the domestic market. Moreover, the Company will also put new business functions and organizations into place with the goal of strengthening profitability in the agricultural machinery business in Japan.

In the Water & Environment business, the Company is aiming to increase profitability without relying on increases in revenues, and is focusing on strengthening its business position. In addition to creating organizational systems suited to the market that are efficient and effective as well as moving forward with reforms in low-profitability businesses, the Company will review the regions and technologies that the Company believes it should focus on going forward from the viewpoints of growth potential and profitability.

In both the Farm & Industrial Machinery and the Water & Environment businesses, the Company is continuing to work to reduce notes and accounts receivable and inventories to increase management efficiency. The Company's aim is to have each business location and subsidiary meet their targets for reduction and implement measures for structural and continual reductions in tandem with reductions in total lead times through the implementation of the Kubota Production System.

The Company's fixed costs were on a rising trend because of investments for future business growth, but, with the assumption that the business environment will become more challenging for the time being, the Company has conducted a full-scale review costs to achieve a fixed cost structure appropriate for its business growth and profitability.

### **c) Raising capabilities for and improving efficiency of technology development**

To cope with the sharp rise in technology development issues and provide quality and prices that exceed customers' expectations through product development in line with regional needs, the Company is moving rapidly to raise the level of its technology development capabilities and efficiency. To respond appropriately and promptly, the Company will substantially increase emphasis on structuring global development systems, including R&D centers in Thailand, strengthen staff of young technicians through the introduction of human resource development programs, make major reductions in development lead times through reforms in R&D processes, and strengthen hiring and training of R&D personnel. Also, the Company will aim to be the industry leader in commercialization through upgrading the sophistication of KSAS and applying that technology in the Water & Environment business, while also placing strong priority on developing advanced technology, including precision farming and use of robotics.

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

The Company will substantially upgrade a range of management functions to realize the globalization for all aspects of management as a "Global Major Brand." The "Kubota Production Method" will be indispensable in continuing to improve the Company's standards of excellence in manufacturing and realizing winning levels of quality and price competitiveness. The Company will aim for greater sophistication of this system and expansion of its application throughout its supply chains to realize major cost reductions. The Company will also take initiatives to increase productivity throughout all of its business processes.

Moreover, the Company will take initiatives to apply IT to cope effectively with leading overseas competitors. The Company will realign its supply chain base and strengthen customer relationship management to structure IT systems that will support its regional strategies. Also, through realignments, including concentrating and strengthening governance within IT organization, the Company will drive business reforms.

## **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 the adoption of International Financial Reporting Standards.

#### **< Cautionary Statements with Respect to Forward-Looking Statements >**

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## 4. Consolidated financial statements

### (1) Consolidated balance sheets

Assets

(In millions of yen)

	Dec. 31, 2016		Dec. 31, 2015		Change
	Amount	%	Amount	%	Amount
<b>Current assets:</b>					
Cash and cash equivalents	169,416		146,286		23,130
Notes and accounts receivable:					
Trade notes	75,798		78,928		(3,130)
Trade accounts	559,488		551,905		7,583
Less: Allowance for doubtful notes and accounts receivable	(2,472)		(3,216)		744
Total notes and accounts receivable-net	632,814		627,617		5,197
Short-term finance receivables-net	244,184		224,058		20,126
Inventories	356,180		356,441		(261)
Other current assets	160,480		136,444		24,036
Total current assets	1,563,074	58.5	1,490,846	58.9	72,228
<b>Investments and long-term finance receivables:</b>					
Investments in and loan receivables from affiliated companies	28,517		26,416		2,101
Other investments	140,667		139,636		1,031
Long-term finance receivables-net	508,289		482,482		25,807
Total investments and long-term finance receivables	677,473	25.4	648,534	25.6	28,939
<b>Property, plant, and equipment:</b>					
Land	82,104		81,915		189
Buildings	292,898		268,965		23,933
Machinery and equipment	491,040		465,425		25,615
Construction in progress	17,378		11,252		6,126
Total property, plant, and equipment	883,420		827,557		55,863
Less: Accumulated depreciation	(569,189)		(541,687)		(27,502)
Net property, plant, and equipment	314,231	11.8	285,870	11.3	28,361
<b>Other assets:</b>					
Goodwill and intangible assets-net	46,057		29,430		16,627
Long-term trade accounts receivable	39,852		36,758		3,094
Other	30,658		42,287		(11,629)
Less: Allowance for doubtful non-current receivables	(763)		(799)		36
Total other assets	115,804	4.3	107,676	4.2	8,128
<b>Total assets</b>	<b>2,670,582</b>	<b>100.0</b>	<b>2,532,926</b>	<b>100.0</b>	<b>137,656</b>

Liabilities and equity

(In millions of yen)

	Dec. 31, 2016		Dec. 31, 2015		Change
	Amount	%	Amount	%	Amount
<b>Current liabilities:</b>					
Short-term borrowings	193,883		186,216		7,667
Trade notes payable	157,471		157,165		306
Trade accounts payable	98,388		103,169		(4,781)
Advances received from customers	6,927		7,475		(548)
Notes and accounts payable for capital expenditures	24,321		15,470		8,851
Accrued payroll costs	35,902		33,099		2,803
Accrued expenses	64,662		61,494		3,168
Income taxes payable	19,650		5,544		14,106
Other current liabilities	90,197		80,152		10,045
Current portion of long-term debt	145,212		158,117		(12,905)
<b>Total current liabilities</b>	<b>836,613</b>	<b>31.3</b>	<b>807,901</b>	<b>31.9</b>	<b>28,712</b>
<b>Long-term liabilities:</b>					
Long-term debt	478,894		424,370		54,524
Accrued retirement and pension costs	12,091		12,148		(57)
Other long-term liabilities	71,059		69,949		1,110
<b>Total long-term liabilities</b>	<b>562,044</b>	<b>21.1</b>	<b>506,467</b>	<b>20.0</b>	<b>55,577</b>
<b>Equity:</b>					
Kubota Corporation shareholders' equity:					
Common stock	84,070		84,070		—
Capital surplus	84,605		87,838		(3,233)
Legal reserve	19,539		19,539		—
Retained earnings	961,403		869,769		91,634
Accumulated other comprehensive income	49,336		79,292		(29,956)
Treasury stock, at cost	(192)		(198)		6
<b>Total Kubota Corporation shareholders' equity</b>	<b>1,198,761</b>	<b>44.9</b>	<b>1,140,310</b>	<b>45.0</b>	<b>58,451</b>
Non-controlling interests	73,164	2.7	78,248	3.1	(5,084)
<b>Total equity</b>	<b>1,271,925</b>	<b>47.6</b>	<b>1,218,558</b>	<b>48.1</b>	<b>53,367</b>
<b>Total liabilities and equity</b>	<b>2,670,582</b>	<b>100.0</b>	<b>2,532,926</b>	<b>100.0</b>	<b>137,656</b>

**(2) Consolidated statements of income**

(In millions of yen)

	Year ended Dec. 31, 2016		Nine months ended Dec. 31, 2015		Same period last year		Adjusted change	
	(Jan. 1, 2016 - Dec. 31, 2016)		(Apr. 1, 2015 - Dec. 31, 2015)		(Jan. 1, 2015 - Dec. 31, 2015)		(Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	1,596,091	100.0	1,244,775	100.0	1,688,622	100.0	(92,531)	(5.5)
Cost of revenues	1,122,546	70.3	848,397	68.2	1,153,172	68.3	(30,626)	(2.7)
Selling, general, and administrative expenses	283,849	17.8	224,564	18.0	306,956	18.2	(23,107)	(7.5)
Other operating expenses-net	919	0.1	4,940	0.4	5,619	0.3	(4,700)	(83.6)
Operating income	188,777	11.8	166,874	13.4	222,875	13.2	(34,098)	(15.3)
Other income (expenses):								
Interest and dividend income	7,049		5,782		6,493		556	
Interest expense	(503)		(698)		(814)		311	
Gain on sales of securities-net	6,826		1,559		2,249		4,577	
Foreign exchange loss-net	(3,556)		(11,935)		(14,758)		11,202	
Other-net	(1,622)		7,922		7,978		(9,600)	
Other income (expenses)-net	8,194		2,630		1,148		7,046	
Income before income taxes and equity in net income of affiliated companies	196,971	12.3	169,504	13.6	224,023	13.3	(27,052)	(12.1)
Income taxes:								
Current	56,114		47,614		70,384		(14,270)	
Deferred	432		6,647		(3,823)		4,255	
Total income taxes	56,546		54,261		66,561		(10,015)	
Equity in net income of affiliated companies	2,440		2,009		1,981		459	
Net income	142,865	9.0	117,252	9.4	159,443	9.4	(16,578)	(10.4)
Less: Net income attributable to non-controlling interests	10,380		7,145		10,078		302	
Net income attributable to Kubota Corporation	132,485	8.3	110,107	8.8	149,365	8.8	(16,880)	(11.3)

Notes:

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 December 31, 2015 and changes from them are presented for reference purposes.

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

(In millions of yen)

	Year ended Dec. 31, 2016	Nine months ended Dec. 31, 2015	Same period last year	Adjusted change
	(Jan. 1, 2016 - Dec. 31, 2016)	(Apr. 1, 2015 - Dec. 31, 2015)	(Jan. 1, 2015 - Dec. 31, 2015)	(Compared with the same period last year)
Net income	142,865	117,252	159,443	(16,578)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(24,324)	(17,612)	(30,224)	5,900
Unrealized gains (losses) on securities	2,587	(10,675)	(6,585)	9,172
Unrealized gains on derivatives	—	10	10	(10)
Pension liability adjustments	(8,529)	(6,915)	(2,725)	(5,804)
Total other comprehensive loss	(30,266)	(35,192)	(39,524)	9,258
Comprehensive income	112,599	82,060	119,919	(7,320)
Less: Comprehensive income attributable to non-controlling interests	9,879	1,991	4,353	5,526
Comprehensive income attributable to Kubota Corporation	102,720	80,069	115,566	(12,846)

Notes:

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 December 31, 2015 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, 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, ¥30.00 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
Net income					132,485			10,380	142,865
Other comprehensive loss						(29,765)		(501)	(30,266)
Cash dividends paid to Kubota Corporation shareholders, ¥28.00 per common share					(34,839)				(34,839)
Cash dividends paid to non-controlling interests								(2,270)	(2,270)
Purchases and sales of treasury stock	(3,801)				(1)		(6,005)		(6,006)
Retirement of treasury stock					(6,011)		6,011		—
Changes in ownership interests in subsidiaries			(3,233)			(191)		(12,693)	(16,117)
Balance at Dec. 31, 2016	1,240,703	84,070	84,605	19,539	961,403	49,336	(192)	73,164	1,271,925

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

(In millions of yen)

	Year ended Dec. 31, 2016 (Jan. 1, 2016 - Dec. 31, 2016)	Nine months ended Dec. 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)	Same period last year (Jan. 1, 2015 - Dec. 31, 2015)	Adjusted change (Compared with the same period last year)
<b>Operating activities:</b>				
Net income	142,865	117,252	159,443	
Depreciation and amortization	43,371	31,193	41,382	
Gain on sales of securities-net	(6,826)	(1,559)	(2,249)	
Loss from disposal of fixed assets-net	203	760	317	
Impairment loss on long-lived assets	176	3,738	4,869	
Equity in net income of affiliated companies	(2,440)	(2,009)	(1,981)	
Deferred income taxes	432	6,647	(3,823)	
(Increase) decrease in notes and accounts receivable	(6,641)	49,479	(4,431)	
Increase in inventories	(5,339)	(27,881)	(20,811)	
(Increase) decrease in other current assets	(9,909)	(13,949)	7,784	
Increase (decrease) in trade notes and accounts payable	(1,689)	34,249	12,812	
Increase (decrease) in income taxes payable	14,368	(11,860)	(2,737)	
Increase in other current liabilities	12,381	9,202	13,870	
Decrease in accrued retirement and pension costs	(2,521)	(5,634)	(9,025)	
Other	6,547	7,412	10,478	
Net cash provided by operating activities	184,978	197,040	205,898	(20,920)
<b>Investing activities:</b>				
Purchases of fixed assets	(56,139)	(39,267)	(51,535)	
Proceeds from sales of property, plant, and equipment	1,616	3,027	11,311	
Proceeds from sales and redemption of investments	9,673	2,532	3,601	
Acquisition of businesses, net of cash acquired	(42,396)	136	(198)	
Increase in finance receivables	(362,325)	(304,678)	(383,764)	
Collection of finance receivables	294,190	222,611	300,703	
Net decrease in short-term loan receivables from affiliated companies	1,502	3,443	1,827	
Net increase in time deposits	(8,649)	(17,368)	(17,687)	
Other	(4,997)	(743)	(1,428)	
Net cash used in investing activities	(167,525)	(130,307)	(137,170)	(30,355)
<b>Financing activities:</b>				
Proceeds from issuance of long-term debt	225,809	87,585	189,180	
Repayments of long-term debt	(170,685)	(109,741)	(159,967)	
Net increase (decrease) in short-term borrowings	15,851	35,956	(11,124)	
Payments of cash dividends	(34,839)	(37,366)	(37,366)	
Purchases of treasury stock	(6,006)	(2,314)	(10,084)	
Purchases of non-controlling interests	(16,496)	(37)	(6,084)	
Other	(2,270)	(1,754)	(1,778)	
Net cash provided by (used in) financing activities	11,364	(27,671)	(37,223)	48,587
Effect of exchange rate changes on cash and cash equivalents	(5,687)	(5,204)	(4,277)	(1,410)
<b>Net increase in cash and cash equivalents</b>	<b>23,130</b>	<b>33,858</b>	<b>27,228</b>	
<b>Cash and cash equivalents, beginning of period</b>	<b>146,286</b>	<b>112,428</b>	<b>119,058</b>	
<b>Cash and cash equivalents, end of period</b>	<b>169,416</b>	<b>146,286</b>	<b>146,286</b>	<b>23,130</b>

(In millions of yen)

Notes:				
Cash paid during the period for:				
Interest	14,785	11,349	14,681	104
Income taxes, net of refunds	49,898	69,093	74,020	(24,122)

Notes:

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 December 31, 2015 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**

172 subsidiaries are consolidated.

Major consolidated subsidiaries:	Domestic	Kubota Credit Co., Ltd. Kubota ChemiX 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

17 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**

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.



## (8) Consolidated segment information

### a) Reporting segments

Year ended December 31, 2016 (January 1, 2016 - December 31, 2016) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	1,272,144	294,530	29,417	—	1,596,091
	Intersegment	455	1,744	25,951	(28,150)	—
	Total	1,272,599	296,274	55,368	(28,150)	1,596,091
Operating income		184,991	22,166	3,622	(22,002)	188,777
Identifiable assets at Dec. 31, 2016		2,121,941	249,184	140,975	158,482	2,670,582
Depreciation and amortization		32,735	7,054	500	3,082	43,371
Capital expenditures		54,637	7,834	788	2,148	65,407

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

Same period last year (January 1, 2015 - December 31, 2015) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	1,340,868	318,313	29,441	—	1,688,622
	Intersegment	712	1,937	26,331	(28,980)	—
	Total	1,341,580	320,250	55,772	(28,980)	1,688,622
Operating income		221,587	25,568	3,173	(27,453)	222,875

#### 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.
- 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 December 31, 2015 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)

	Year ended Dec. 31, 2016 (Jan. 1, 2016 - Dec. 31, 2016)	Nine months ended Dec. 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)	Same period last year (Jan. 1, 2015 - Dec. 31, 2015)
Farm Equipment and Engines	1,032,237	849,921	1,110,694
Construction Machinery	212,951	148,785	200,179
Electronic Equipped Machinery	26,956	21,573	29,995
Farm & Industrial Machinery	1,272,144	1,020,279	1,340,868
Pipe-related Products	170,451	125,967	193,864
Environment-related Products	81,506	44,850	77,431
Social Infrastructure-related Products	42,573	32,930	47,018
Water & Environment	294,530	203,747	318,313
Other	29,417	20,749	29,441
Total	1,596,091	1,244,775	1,688,622

Notes:

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 December 31, 2015 are presented for reference purposes.

**c) Geographic information**

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

	Year ended Dec. 31, 2016 (Jan. 1, 2016 - Dec. 31, 2016)	Nine months ended Dec. 31, 2015 (Apr. 1, 2015 - Dec. 31, 2015)	Same period last year (Jan. 1, 2015 - Dec. 31, 2015)
Japan	551,441	401,856	580,353
North America	479,947	395,582	498,775
Europe	192,478	150,044	207,595
Asia outside Japan	306,030	240,952	326,990
Other areas	66,195	56,341	74,909
Total	1,596,091	1,244,775	1,688,622

Notes:

1. Revenues from North America included those from the United States of ¥429,250 million, ¥352,950 million, and ¥441,351 million for the year ended December 31, 2016, the nine months ended December 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. 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 December 31, 2015 are presented for reference purposes.

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

(In millions of yen)

	Dec. 31, 2016	Dec. 31, 2015
Japan	181,015	169,373
North America	59,327	38,679
Europe	21,134	22,129
Asia outside Japan	49,054	51,416
Other areas	3,701	4,273
Total	314,231	285,870

**(9) Per common share information**

(In yen)

	Year ended Dec. 31, 2016 ( Jan. 1, 2016 - Dec. 31, 2016	Nine months ended Dec. 31, 2015 ( Apr. 1, 2015 - Dec. 31, 2015	Same period last year ( Jan. 1, 2015 - Dec. 31, 2015
Kubota Corporation shareholders' equity per common share	¥ 966.19	¥ 916.28	¥ 916.28
Basic net income attributable to Kubota Corporation per common share	¥ 106.58	¥ 88.47	¥ 119.93

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)

	Year ended Dec. 31, 2016 ( Jan. 1, 2016 - Dec. 31, 2016	Nine months ended Dec. 31, 2015 ( Apr. 1, 2015 - Dec. 31, 2015	Same period last year ( Jan. 1, 2015 - Dec. 31, 2015
Basic net income attributable to Kubota Corporation	¥ 132,485	¥ 110,107	¥ 149,365

Denominators

(In thousands of shares)

	Year ended Dec. 31, 2016 ( Jan. 1, 2016 - Dec. 31, 2016	Nine months ended Dec. 31, 2015 ( Apr. 1, 2015 - Dec. 31, 2015	Same period last year ( Jan. 1, 2015 - Dec. 31, 2015
Weighted-average number of common shares outstanding	1,243,069	1,244,522	1,245,457

Note:

1. Diluted net income attributable to Kubota Corporation per common share is not presented because there are no dilutive securities.
2. 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 December 31, 2015 are presented for reference purposes.

**(10) Subsequent events**

None

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

(In millions of yen)

	Year ended Dec. 31, 2016 Jan. 1, 2016 -		Nine months ended Dec. 31, 2015 Apr. 1, 2015 -		Same period last year Jan. 1, 2015 -		Adjusted change Compared with the same period last year	
	(Dec. 31, 2016)		(Dec. 31, 2015)		(Dec. 31, 2015)			
	Amount	%	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>1,032,237</b>	<b>64.7</b>	<b>849,921</b>	<b>68.2</b>	<b>1,110,694</b>	<b>65.8</b>	<b>(78,457)</b>	<b>(7.1)</b>
Domestic	221,792		170,233		228,464		(6,672)	(2.9)
Overseas	810,445		679,688		882,230		(71,785)	(8.1)
<b>Construction Machinery</b>	<b>212,951</b>	<b>13.3</b>	<b>148,785</b>	<b>12.0</b>	<b>200,179</b>	<b>11.8</b>	<b>12,772</b>	<b>6.4</b>
Domestic	34,084		34,882		46,148		(12,064)	(26.1)
Overseas	178,867		113,903		154,031		24,836	16.1
<b>Electronic Equipped Machinery</b>	<b>26,956</b>	<b>1.7</b>	<b>21,573</b>	<b>1.8</b>	<b>29,995</b>	<b>1.8</b>	<b>(3,039)</b>	<b>(10.1)</b>
Domestic	25,612		20,157		28,122		(2,510)	(8.9)
Overseas	1,344		1,416		1,873		(529)	(28.2)
<b>Farm &amp; Industrial Machinery</b>	<b>1,272,144</b>	<b>79.7</b>	<b>1,020,279</b>	<b>82.0</b>	<b>1,340,868</b>	<b>79.4</b>	<b>(68,724)</b>	<b>(5.1)</b>
Domestic	281,488	17.6	225,272	18.1	302,734	17.9	(21,246)	(7.0)
Overseas	990,656	62.1	795,007	63.9	1,038,134	61.5	(47,478)	(4.6)
<b>Pipe-related Products</b>	<b>170,451</b>	<b>10.7</b>	<b>125,967</b>	<b>10.1</b>	<b>193,864</b>	<b>11.5</b>	<b>(23,413)</b>	<b>(12.1)</b>
Domestic	149,960		100,746		155,317		(5,357)	(3.4)
Overseas	20,491		25,221		38,547		(18,056)	(46.8)
<b>Environment-related Products</b>	<b>81,506</b>	<b>5.1</b>	<b>44,850</b>	<b>3.6</b>	<b>77,431</b>	<b>4.6</b>	<b>4,075</b>	<b>5.3</b>
Domestic	69,884		40,088		71,042		(1,158)	(1.6)
Overseas	11,622		4,762		6,389		5,233	81.9
<b>Social Infrastructure-related Products</b>	<b>42,573</b>	<b>2.7</b>	<b>32,930</b>	<b>2.7</b>	<b>47,018</b>	<b>2.8</b>	<b>(4,445)</b>	<b>(9.5)</b>
Domestic	21,014		15,381		22,386		(1,372)	(6.1)
Overseas	21,559		17,549		24,632		(3,073)	(12.5)
<b>Water &amp; Environment</b>	<b>294,530</b>	<b>18.5</b>	<b>203,747</b>	<b>16.4</b>	<b>318,313</b>	<b>18.9</b>	<b>(23,783)</b>	<b>(7.5)</b>
Domestic	240,858	15.1	156,215	12.6	248,745	14.8	(7,887)	(3.2)
Overseas	53,672	3.4	47,532	3.8	69,568	4.1	(15,896)	(22.8)
<b>Other</b>	<b>29,417</b>	<b>1.8</b>	<b>20,749</b>	<b>1.6</b>	<b>29,441</b>	<b>1.7</b>	<b>(24)</b>	<b>(0.1)</b>
Domestic	29,095	1.8	20,369	1.6	28,874	1.7	221	0.8
Overseas	322	0.0	380	0.0	567	0.0	(245)	(43.2)
<b>Total</b>	<b>1,596,091</b>	<b>100.0</b>	<b>1,244,775</b>	<b>100.0</b>	<b>1,688,622</b>	<b>100.0</b>	<b>(92,531)</b>	<b>(5.5)</b>
Domestic	551,441	34.5	401,856	32.3	580,353	34.4	(28,912)	(5.0)
Overseas	1,044,650	65.5	842,919	67.7	1,108,269	65.6	(63,619)	(5.7)

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 December 31, 2015 and changes from them are presented for reference purposes.

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

(In billions of yen)

	Year ending Dec. 31, 2017  〔 Jan. 1, 2017 - Dec. 31, 2017 〕		Year ended Dec. 31, 2016  〔 Jan. 1, 2016 - Dec. 31, 2016 〕		Change	
	Amount	%	Amount	%	Amount	%
Domestic	294.0		281.5		12.5	4.4
Overseas	1,056.0		990.7		65.3	6.6
Farm & Industrial Machinery	1,350.0	80.3	1,272.2	79.7	77.8	6.1
Domestic	249.0		240.8		8.2	3.4
Overseas	51.0		53.7		(2.7)	(5.0)
Water & Environment	300.0	17.9	294.5	18.5	5.5	1.9
Domestic	30.0		29.1		0.9	3.1
Overseas	—		0.3		(0.3)	(100.0)
Other	30.0	1.8	29.4	1.8	0.6	2.0
Total	1,680.0	100.0	1,596.1	100.0	83.9	5.3

Domestic	573.0	34.1	551.4	34.5	21.6	3.9
Overseas	1,107.0	65.9	1,044.7	65.5	62.3	6.0

## 5. Results of operations for the three months ended December 31, 2016

### (1) Consolidated statements of income

(In millions of yen)

	Three months ended Dec. 31, 2016 ( Oct. 1, 2016 - Dec. 31, 2016)		Same period last year ( Oct. 1, 2015 - Dec. 31, 2015)		Adjusted change ( Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%
Revenues	414,715	100.0	433,690	100.0	(18,975)	(4.4)
Cost of revenues	293,985	70.9	294,416	67.9	(431)	(0.1)
Selling, general, and administrative expenses	79,957	19.3	83,281	19.2	(3,324)	(4.0)
Other operating expenses (income)-net	(47)	(0.0)	2,748	0.6	(2,795)	-
Operating income	40,820	9.8	53,245	12.3	(12,425)	(23.3)
Other income (expenses):						
Interest and dividend income	2,803		2,306		497	
Interest expense	(163)		(308)		145	
Gain on sales of securities-net	4,730		158		4,572	
Foreign exchange gain-net	4,360		2,040		2,320	
Other-net	2,255		(2,213)		4,468	
Other income (expenses)-net	13,985		1,983		12,002	
Income before income taxes and equity in net income of affiliated companies	54,805	13.2	55,228	12.7	(423)	(0.8)
Income taxes	13,576		16,649		(3,073)	
Equity in net income of affiliated companies	869		738		131	
Net income	42,098	10.2	39,317	9.1	2,781	7.1
Less: Net income attributable to non-controlling interests	2,681		1,944		737	
Net income attributable to Kubota Corporation	39,417	9.5	37,373	8.6	2,044	5.5

Net income attributable to Kubota Corporation per common share:

(In yen)

Basic	31.76	30.03	

Notes:

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 October 1, 2015 and ended on December 31, 2015 and changes from them are presented for reference purposes.

## (2) Consolidated segment information

### a) Reporting segments

Three months ended December 31, 2016 (October 1, 2016 - December 31, 2016)

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	325,360	81,625	7,730	—	414,715
	Intersegment	131	618	6,997	(7,746)	—
	Total	325,491	82,243	14,727	(7,746)	414,715
Operating income		39,515	5,286	977	(4,958)	40,820

Same period last year (October 1, 2015 - 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

Notes:

- "Adjustments" include the elimination of intersegment transfers and the unallocated corporate expenses.
- 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.
- 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 October 1, 2015 and ended on December 31, 2015 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, 2016 (Oct. 1, 2016 - Dec. 31, 2016)	Same period last year (Oct. 1, 2015 - Dec. 31, 2015)
Japan	138,308	141,457
North America	142,995	151,026
Europe	45,482	51,550
Asia outside Japan	69,262	72,132
Other areas	18,668	17,525
Total	414,715	433,690

Notes:

- Revenues from North America included those from the United States of ¥130,946 million and ¥139,164 million for the three months ended December 31, 2016 and the same period in the last year that commenced on October 1, 2015 and ended on December 31, 2015, respectively.
- There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
- 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 October 1, 2015 and ended on December 31, 2015 are presented for reference purposes.

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

(In millions of yen)

	Three months ended Dec. 31, 2016 ( Oct. 1, 2016 - Dec. 31, 2016 )		Same period last year ( Oct. 1, 2015 - Dec. 31, 2015 )		Adjusted change ( Compared with the same period last year )	
	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>262,220</b>	<b>63.2</b>	<b>291,212</b>	<b>67.1</b>	<b>(28,992)</b>	<b>(10.0)</b>
Domestic	47,093		47,885		(792)	(1.7)
Overseas	215,127		243,327		(28,200)	(11.6)
<b>Construction Machinery</b>	<b>56,381</b>	<b>13.6</b>	<b>46,734</b>	<b>10.8</b>	<b>9,647</b>	<b>20.6</b>
Domestic	11,606		13,407		(1,801)	(13.4)
Overseas	44,775		33,327		11,448	34.4
<b>Electronic Equipped Machinery</b>	<b>6,759</b>	<b>1.6</b>	<b>6,961</b>	<b>1.6</b>	<b>(202)</b>	<b>(2.9)</b>
Domestic	6,466		6,362		104	1.6
Overseas	293		599		(306)	(51.1)
<b>Farm &amp; Industrial Machinery</b>	<b>325,360</b>	<b>78.4</b>	<b>344,907</b>	<b>79.5</b>	<b>(19,547)</b>	<b>(5.7)</b>
Domestic	65,165	15.7	67,654	15.6	(2,489)	(3.7)
Overseas	260,195	62.7	277,253	63.9	(17,058)	(6.2)
<b>Pipe-related Products</b>	<b>51,171</b>	<b>12.4</b>	<b>51,952</b>	<b>12.0</b>	<b>(781)</b>	<b>(1.5)</b>
Domestic	44,667		43,541		1,126	2.6
Overseas	6,504		8,411		(1,907)	(22.7)
<b>Environment-related Products</b>	<b>19,559</b>	<b>4.7</b>	<b>18,751</b>	<b>4.3</b>	<b>808</b>	<b>4.3</b>
Domestic	15,131		17,130		(1,999)	(11.7)
Overseas	4,428		1,621		2,807	173.2
<b>Social Infrastructure-related Products</b>	<b>10,895</b>	<b>2.6</b>	<b>10,776</b>	<b>2.5</b>	<b>119</b>	<b>1.1</b>
Domestic	5,707		5,924		(217)	(3.7)
Overseas	5,188		4,852		336	6.9
<b>Water &amp; Environment</b>	<b>81,625</b>	<b>19.7</b>	<b>81,479</b>	<b>18.8</b>	<b>146</b>	<b>0.2</b>
Domestic	65,505	15.8	66,595	15.4	(1,090)	(1.6)
Overseas	16,120	3.9	14,884	3.4	1,236	8.3
<b>Other</b>	<b>7,730</b>	<b>1.9</b>	<b>7,304</b>	<b>1.7</b>	<b>426</b>	<b>5.8</b>
Domestic	7,638	1.9	7,208	1.7	430	6.0
Overseas	92	0.0	96	0.0	(4)	(4.2)
<b>Total</b>	<b>414,715</b>	<b>100.0</b>	<b>433,690</b>	<b>100.0</b>	<b>(18,975)</b>	<b>(4.4)</b>
Domestic	138,308	33.4	141,457	32.7	(3,149)	(2.2)
Overseas	276,407	66.6	292,233	67.3	(15,826)	(5.4)

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 October 1, 2015 and ended on December 31, 2015 and changes from them are presented for reference purposes.



## 6. Other

### (1) Changes of management (Effective as of March 24, 2017)

#### a) Appointment of new Directors

Name

Current responsibility

Masato Yoshikawa

Managing Executive Officer of Kubota corporation