

**KUBOTA Corporation**

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**RESULTS OF OPERATIONS FOR THE THREE MONTHS ENDED MARCH 31, 2016**

Kubota Corporation reported its consolidated results for the three months ended March 31, 2016 today.

**Consolidated Financial Highlights****1. Consolidated results of operations for the three months ended March 31, 2016****(1) Results of operations**

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

	Three months ended Mar. 31, 2016	Adjusted change [%]	Three months ended June 30, 2015	Change [%]
Revenues	¥ 405,369	(8.7)	¥ 410,103	14.6
Operating income	¥ 57,452	2.6	¥ 59,297	18.8
Income before income taxes and equity in net income of affiliated companies	¥ 54,333	(0.3)	¥ 62,762	22.7
Net income attributable to Kubota Corporation	¥ 36,353	(7.4)	¥ 39,253	24.3
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 29.21		¥ 31.54	
Diluted	-		-	

**(2) Financial condition**

(In millions of yen)

	Mar. 31, 2016	Dec. 31, 2015
Total assets	¥ 2,449,843	¥ 2,532,926
Equity	¥ 1,185,300	¥ 1,218,558
Kubota Corporation shareholders' equity	¥ 1,112,316	¥ 1,140,310
Ratio of Kubota Corporation shareholders' equity to total assets	45.4%	45.0%

## Notes:

1. Change [%] represents percentage change from the corresponding period in the prior year.
2. Kubota Corporation changed its fiscal year-end from March 31 to December 31, from last fiscal year. For this reason, the first quarter in this fiscal year that commenced on January 1, 2016 and ended on March 31, 2016 is different from the first quarter in the last fiscal year that commenced on April 1, 2015 and ended on June 30, 2015. Additionally, adjusted change [%] for the three months ended March 31, 2016 represents percentage change from the same period in the last year that commenced on January 1, 2015 and ended on March 31, 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.
3. The results of operations for the three months ended June 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.
4. 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.
5. Comprehensive income (loss) for the three months ended March 31, 2016 was (¥8,608 million) [adjusted change (—%)] and three months ended June 30, 2015 was ¥58,479 million [95.9%].

**2. Cash dividends**

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2016	Undecided	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 share buy-backs. The specific amount of 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)

	Six months ending June 30, 2016	Adjusted change [%]	Year ending Dec. 31, 2016	Adjusted change [%]
Revenues	¥ 860,000	0.7	¥ 1,710,000	1.3
Operating income	¥ 112,000	( 2.9)	¥ 225,000	1.0
Income before income taxes and equity in net income of affiliated companies	¥ 113,000	( 3.7)	¥ 227,000	1.3
Net income attributable to Kubota Corporation	¥ 73,500	( 6.4)	¥ 150,000	0.4
Net income attributable to Kubota Corporation per common share	¥ 59.06		¥ 120.53	

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 six months ending June 30, 2016 and for the year ending December 31, 2016, represents percentage change from the same period in the prior year (unaudited), which is the six-month period and the 12-month period that commenced on January 1, 2015 and ended on June 30 and December 31, 2015, respectively.
2. Please refer to the 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 March 31, 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 March 31, 2016	: 416,185
Number of treasury stock as of December 31, 2015	: 415,635
Weighted average number of common shares outstanding during the three months ended March 31, 2016	: 1,244,503,149
Weighted average number of common shares outstanding during the three months ended June 30, 2015	: 1,244,532,078

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

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

As of the date of this release, the consolidated financial statements for the three months ended March 31, 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 three months ended March 31, 2016 are compared with the results for the same period in the prior year that commenced on January 1, 2015 and ended on March 31, 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 three months under review**

For the three months ended March 31, 2016, revenues of Kubota Corporation and its subsidiaries (hereinafter, the “Company”) decreased by ¥38.5 billion [8.7%] from the same period in the prior year, to ¥405.4 billion.

Domestic revenues decreased by ¥19.5 billion [10.9%], to ¥159.0 billion, from the same period in the prior year, due to lower revenues in all segments of Farm & Industrial Machinery, Water & Environment, and Other.

Overseas revenues decreased by ¥19.0 billion [7.2%], to ¥246.4 billion, from the same period in the prior year. In Farm & Industrial Machinery, revenues were down due to the effect of yen appreciation. Revenues in Water & Environment also decreased considerably mainly owing to decreased exports of ductile iron pipes.

Operating income increased by ¥1.5 billion [2.6%] from the same period in the prior year, to ¥57.5 billion, because a decrease in selling expenses exceeded the negative impact of a decline in revenues in the domestic and overseas markets and the effect of yen appreciation. Income before income taxes and equity in net income of affiliated companies slightly decreased to ¥54.3 billion, from the same period in the prior year, mainly due to an increase in other expenses. Income taxes were ¥15.5 billion, and net income decreased by ¥3.4 billion [8.0%], to ¥38.8 billion, from the same period in the prior year. Net income attributable to Kubota Corporation decreased by ¥2.9 billion [7.4%] from the same period in the prior year, to ¥36.4 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 and agricultural-related products, engines, construction machinery, and electronic equipped machinery.

Revenues in this segment decreased by 5.4% from the same period in the prior year, to ¥303.1 billion, and accounted for 74.8% of consolidated revenues.

Domestic revenues decreased by 8.8%, to ¥70.6 billion. Sales of farm equipment and construction machinery decreased due to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations last year.

Overseas revenues decreased by 4.4%, to ¥232.5 billion. Revenues in North America decreased from the same period in the prior year. Significantly increased sales of construction machinery due to the favorable market demand in the construction industry could not offset the negative effect of yen appreciation and lower sales of utility vehicles. In Europe, revenues remained at almost the same level as in the same period in the

prior year. Expanded sales in Turkey and higher sales of engines resulted from the positive trend of economic recovery, offset the impact of yen appreciation and decreased sales of implements due to the stagnation in the agriculture-related market. As for Asia outside Japan, although sales of farm equipment in China increased due to the aggressive sales promotion activities timed to coincide with the revisions in strengthening of emission regulations, revenues decreased mainly due to a substantial decline in sales of tractors caused by severe drought in Thailand and currency depreciation in the emerging countries.

Operating income in Farm & Industrial Machinery increased by 3.9% from the same period in the prior year, to ¥48.4 billion. The impact of decreased fixed costs related to sales exceeded the negative impact of yen appreciation and higher 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 17.6% from the same period in the prior year, to ¥94.4 billion, and accounted for 23.3% of consolidated revenues.

Domestic revenues decreased by 12.8%, to ¥80.6 billion. Revenues from pipe-related products significantly decreased from the same period in the prior year due to lower sales of ductile iron pipes and pumps. Revenues from environment-related products decreased slightly, as the impact of higher sales of operation and maintenance business of facilities could not offset a decrease in sales of waste water treatment equipment and plants. Revenues from social infrastructure-related products also decreased mainly due to lower sales of spiral welded steel pipes.

Overseas revenues decreased by 37.6%, to ¥13.8 billion. Revenues from pipe-related products decreased mainly due to a drop in shipments of ductile iron pipes for large-scale projects in Qatar. Revenues from social infrastructure-related products decreased owing to lower sales of industrial castings and ceramics. 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 7.9% from the same period in the prior year, to ¥13.5 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 9.7% from the same period in the prior year, to ¥7.9 billion, and accounted for 1.9% of consolidated revenues.

Operating income in Other decreased by 22.3%, to ¥1.1 billion.

## **(2) Financial condition**

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

Total assets at March 31, 2016 amounted to ¥2,449.8 billion, a decrease of ¥83.1 billion from the prior fiscal year-end. Among assets, trade notes and accounts receivable increased mainly due to the concentration of shipments related to the public works business in March. On the other hand, the yen value of assets denominated in foreign currencies, such as short- and long-term finance receivables, decreased substantially, due to the effect of 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, the current portion of long-term debt, and long-term debt, decreased due to the effect of yen appreciation. Equity decreased as the accumulation of retained earnings could not offset the deterioration in accumulated other comprehensive income due to fluctuations in exchange rates and stock prices. The shareholders' equity ratio was 45.4%, 0.4 percentage points higher than at the prior fiscal year-end.

## **2) Cash flows**

Net cash used in operating activities during the three months ended March 31, 2016 was ¥3.5 billion. The deterioration of ¥12.4 billion from the same period in the prior year resulted from the 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 ¥17.9 billion, an increase of ¥11.1 billion in cash outflow from the same period in the prior year. This increase was mainly due to a decrease in proceeds from sales of property, plant, and equipment.

Net cash used in financing activities was ¥1.1 billion, a decrease of ¥8.4 billion in cash outflow from the same period in the prior year. This decrease was mainly due to an increase in cash inflow from fund procurement, while a cash dividend was paid during this period due to the change in the fiscal year-end in the prior fiscal year.

As a result of the above, and after taking into account the effects of exchange rate changes, cash and cash equivalents at March 31, 2016 were ¥118.8 billion, a decrease of ¥27.5 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 ¥1,710.0 billion, a decrease of ¥40.0 billion from the previous forecast, which was announced on February 16, 2016. This revision was made because the yen exchange rate has been and is expected to be stronger than the previous assumptions.

Operating income was also revised to ¥225.0 billion, a decrease of ¥10.0 billion from the previous forecast, in view of the revised anticipated revenues and the recent foreign exchange rate trends. Income before income taxes and equity in net income of affiliated companies was revised downward by ¥13.0 billion to ¥227.0 billion, and net income attributable to Kubota Corporation was also revised downward by ¥5.0 billion to ¥150.0 billion, compared with the previous forecast.

These forecasts are based on the assumption of exchange rates of ¥111=US\$1 and ¥122=€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 retrospectively adjustments, net income attributable to Kubota Corporation for the three months ended Jun 30, 2015 was adjusted from ¥40,627 million to ¥39,253 million.

### **(4) Accounting changes for consolidated financial statements**

The Company adopted the 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

		(In millions of yen)						
		Mar. 31, 2016		Dec. 31, 2015		Change	Mar. 31, 2015	
		Amount	%	Amount	%	Amount	Amount	%
<b>Assets</b>								
<b>Current assets:</b>								
Cash and cash equivalents		118,752		146,286		(27,534)	112,428	
Trade notes and accounts receivable		637,436		627,617		9,819	682,017	
Short-term finance receivables-net		199,598		224,058		(24,460)	206,756	
Inventories		356,423		356,441		(18)	336,840	
Other current assets		133,986		136,444		(2,458)	104,536	
<b>Total current assets</b>		<b>1,446,195</b>	<b>59.0</b>	<b>1,490,846</b>	<b>58.9</b>	<b>(44,651)</b>	<b>1,442,577</b>	<b>58.4</b>
<b>Investments and long-term finance receivables</b>		<b>612,364</b>	<b>25.0</b>	<b>648,534</b>	<b>25.6</b>	<b>(36,170)</b>	<b>621,919</b>	<b>25.2</b>
<b>Property, plant, and equipment</b>		<b>283,754</b>	<b>11.6</b>	<b>285,870</b>	<b>11.3</b>	<b>(2,116)</b>	<b>295,246</b>	<b>11.9</b>
<b>Other assets</b>		<b>107,530</b>	<b>4.4</b>	<b>107,676</b>	<b>4.2</b>	<b>(146)</b>	<b>112,421</b>	<b>4.5</b>
<b>Total assets</b>		<b>2,449,843</b>	<b>100.0</b>	<b>2,532,926</b>	<b>100.0</b>	<b>(83,083)</b>	<b>2,472,163</b>	<b>100.0</b>

		(In millions of yen)						
		Mar. 31, 2016		Dec. 31, 2015		Change	Mar. 31, 2015	
		Amount	%	Amount	%	Amount	Amount	%
<b>Liabilities and Equity</b>								
<b>Current liabilities:</b>								
Short-term borrowings		199,404		186,216		13,188	158,888	
Trade notes and accounts payable		221,246		260,334		(39,088)	229,567	
Other current liabilities		214,399		203,234		11,165	212,487	
Current portion of long-term debt		156,798		158,117		(1,319)	126,737	
<b>Total current liabilities</b>		<b>791,847</b>	<b>32.3</b>	<b>807,901</b>	<b>31.9</b>	<b>(16,054)</b>	<b>727,679</b>	<b>29.4</b>
<b>Long-term liabilities:</b>								
Long-term debt		397,258		424,370		(27,112)	479,517	
Accrued retirement and pension costs		11,880		12,148		(268)	12,632	
Other long-term liabilities		63,558		69,949		(6,391)	73,869	
<b>Total long-term liabilities</b>		<b>472,696</b>	<b>19.3</b>	<b>506,467</b>	<b>20.0</b>	<b>(33,771)</b>	<b>566,018</b>	<b>22.9</b>
<b>Equity:</b>								
Kubota Corporation shareholders' equity:								
Common stock		84,070		84,070		—	84,070	
Capital surplus		87,521		87,838		(317)	87,880	
Legal reserve		19,539		19,539		—	19,539	
Retained earnings		888,694		869,769		18,925	799,545	
Accumulated other comprehensive income		32,691		79,292		(46,601)	109,446	
Treasury stock, at cost		(199)		(198)		(1)	(401)	
<b>Total Kubota Corporation shareholders' equity</b>		<b>1,112,316</b>	<b>45.4</b>	<b>1,140,310</b>	<b>45.0</b>	<b>(27,994)</b>	<b>1,100,079</b>	<b>44.5</b>
Non-controlling interests		72,984	3.0	78,248	3.1	(5,264)	78,387	3.2
<b>Total equity</b>		<b>1,185,300</b>	<b>48.4</b>	<b>1,218,558</b>	<b>48.1</b>	<b>(33,258)</b>	<b>1,178,466</b>	<b>47.7</b>
<b>Total liabilities and Equity</b>		<b>2,449,843</b>	<b>100.0</b>	<b>2,532,926</b>	<b>100.0</b>	<b>(83,083)</b>	<b>2,472,163</b>	<b>100.0</b>



**(2) Consolidated statements of income**

(In millions of yen)

	Three months ended Mar. 31, 2016 (Jan. 1, 2016 - Mar. 31, 2016)		Three months ended June 30, 2015 (Apr. 1, 2015 - June 30, 2015)		Same period last year (Jan. 1, 2015 - Mar. 31, 2015)		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
	Revenues	405,369	100.0	410,103	100.0	443,847	100.0	(38,478)
Cost of revenues	278,476	68.7	282,870	69.0	304,775	68.7	(26,299)	(8.6)
Selling, general, and administrative expenses	69,325	17.1	67,819	16.5	82,392	18.6	(13,067)	(15.9)
Other operating expenses-net	116	0.0	117	0.0	679	0.1	(563)	(82.9)
<b>Operating income</b>	<b>57,452</b>	<b>14.2</b>	<b>59,297</b>	<b>14.5</b>	<b>56,001</b>	<b>12.6</b>	<b>1,451</b>	<b>2.6</b>
Other income (expenses):								
Interest and dividend income	974		2,316		711		263	
Interest expense	(165)		(273)		(116)		(49)	
Gain on sales of securities-net	313		629		690		(377)	
Foreign exchange loss-net	(1,276)		(1,654)		(2,823)		1,547	
Other-net	(2,965)		2,447		56		(3,021)	
Other income (expenses)-net	(3,119)		3,465		(1,482)		(1,637)	
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>54,333</b>	<b>13.4</b>	<b>62,762</b>	<b>15.3</b>	<b>54,519</b>	<b>12.3</b>	<b>(186)</b>	<b>(0.3)</b>
Income taxes	15,545		21,164		12,300		3,245	
Equity in net income of affiliated companies	14		678		(28)		42	
<b>Net income</b>	<b>38,802</b>	<b>9.6</b>	<b>42,276</b>	<b>10.3</b>	<b>42,191</b>	<b>9.5</b>	<b>(3,389)</b>	<b>(8.0)</b>
Less: Net income attributable to non-controlling interests	2,449		3,023		2,933		(484)	
<b>Net income attributable to Kubota Corporation</b>	<b>36,353</b>	<b>9.0</b>	<b>39,253</b>	<b>9.6</b>	<b>39,258</b>	<b>8.8</b>	<b>(2,905)</b>	<b>(7.4)</b>

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

(In yen)

Basic	29.21	31.54	31.45	
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Note:

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, the results of operations for the same period in the last year that commenced on January 1, 2015 and ended on March 31, 2015 and changes from them are presented for reference purposes.

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

(In millions of yen)

	Three months ended Mar. 31, 2016 ( Jan. 1, 2016 - Mar. 31, 2016)	Three months ended June 30, 2015 ( Apr. 1, 2015 - June 30, 2015)	Same period last year ( Jan. 1, 2015 - Mar. 31, 2015)	Adjusted change ( Compared with the same period last year)
Net income	38,802	42,276	42,191	(3,389)
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments	(35,975)	10,480	(12,612)	(23,363)
Unrealized gains (losses) on securities	(11,110)	6,134	4,090	(15,200)
Unrealized losses on derivatives	—	(2)	—	—
Pension liability adjustments	(325)	(409)	4,190	(4,515)
Total other comprehensive income (loss)	(47,410)	16,203	(4,332)	(43,078)
Comprehensive income (loss)	(8,608)	58,479	37,859	(46,467)
Less: Comprehensive income attributable to non-controlling interests	1,070	2,649	2,362	(1,292)
Comprehensive income (loss) attributable to Kubota Corporation	(9,678)	55,830	35,497	(45,175)

Note:

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, the results of operations for the same period in the last year that commenced on January 1, 2015 and ended on March 31, 2015 and changes from them are presented for reference purposes.

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

(In millions of yen)

	Three months ended Mar. 31, 2016 Jan. 1, 2016 Mar. 31, 2016	Three months ended June 30, 2015 Apr. 1, 2015 June 30, 2015	Same period last year Jan. 1, 2015 Mar. 31, 2015	Adjusted change Compared with the same period last year
<b>Operating activities:</b>				
Net income	38,802	42,276	42,191	
Depreciation and amortization	9,842	9,933	10,189	
Gain on sales of securities-net	(313)	(629)	(690)	
(Gain) loss from disposal of fixed assets-net	116	117	(443)	
Impairment loss on long-lived assets	—	—	1,131	
Equity in net (income) loss of affiliated companies	(14)	(678)	28	
Deferred income taxes	(4,122)	7,625	(10,470)	
(Increase) decrease in trade notes and accounts receivable	(25,036)	77,465	(53,910)	
(Increase) decrease in inventories	(12,035)	(9,991)	7,070	
(Increase) decrease in other current assets	9,410	(14,582)	21,733	
Increase (decrease) in trade notes and accounts payable	(35,985)	611	(21,437)	
Increase (decrease) in income taxes payable	11,795	(8,265)	9,123	
Increase (decrease) in other current liabilities	4,378	(2,024)	4,668	
Decrease in accrued retirement and pension costs	(731)	(3,246)	(3,391)	
Other	378	4,286	3,066	
<b>Net cash provided by (used in) operating activities</b>	<b>(3,515)</b>	<b>102,898</b>	<b>8,858</b>	<b>(12,373)</b>
<b>Investing activities:</b>				
Purchases of fixed assets	(12,032)	(8,552)	(12,268)	
Proceeds from sales of property, plant, and equipment	119	249	8,284	
Proceeds from sales and redemption of investments	456	861	1,069	
Acquisition of business, net of cash acquired	—	—	(334)	
Increase in finance receivables	(74,842)	(122,309)	(79,086)	
Collection of finance receivables	79,605	78,637	78,092	
Net (increase) decrease in short-term loan receivables from affiliated companies	(3,064)	4,242	(1,616)	
Net (increase) decrease in time deposits	(6,510)	312	(319)	
Other	(1,659)	(490)	(685)	
<b>Net cash used in investing activities</b>	<b>(17,927)</b>	<b>(47,050)</b>	<b>(6,863)</b>	<b>(11,064)</b>
<b>Financing activities:</b>				
Proceeds from issuance of long-term debt	32,972	6,979	101,595	
Repayments of long-term debt	(33,144)	(20,029)	(50,226)	
Net increase (decrease) in short-term borrowings	23,731	(4,434)	(47,080)	
Payments of cash dividends	(17,428)	(19,937)	—	
Purchases of treasury stock	(1)	(2,266)	(7,770)	
Purchases of non-controlling interests	(6,300)	—	(6,047)	
Other	(945)	(1,751)	(24)	
<b>Net cash used in financing activities</b>	<b>(1,115)</b>	<b>(41,438)</b>	<b>(9,552)</b>	<b>8,437</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(4,977)</b>	<b>1,108</b>	<b>927</b>	<b>(5,904)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(27,534)</b>	<b>15,518</b>	<b>(6,630)</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>118,752</b>	<b>127,946</b>	<b>112,428</b>	<b>6,324</b>

Note:

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, the results of operations for the same period in the last year that commenced on January 1, 2015 and ended on March 31, 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:

Three months ended March 31, 2016 (January 1, 2016 - March 31, 2016) (In millions of yen)

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

Three months ended June 30, 2015 (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

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

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	320,589	114,566	8,692	—	443,847
	Intersegment	307	419	6,633	(7,359)	—
	Total	320,896	114,985	15,325	(7,359)	443,847
Operating income		46,562	14,674	1,446	(6,681)	56,001

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 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 March 31, 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 Mar. 31, 2016 ( Jan. 1, 2016 - Mar. 31, 2016	Three months ended June 30, 2015 ( Apr. 1, 2015 - June 30, 2015	Same period last year ( Jan. 1, 2015 - Mar. 31, 2015
Japan	159,009	116,796	178,497
North America	98,909	126,930	103,193
Europe	55,010	55,298	57,551
Asia outside Japan	76,320	93,408	86,038
Other areas	16,121	17,671	18,568
Total	405,369	410,103	443,847

Notes:

1. Revenues from North America include those from the United States of ¥85,683 million, ¥109,945 million, and ¥88,401 million for the three months ended March 31, 2016, the three months ended June 30, 2015, and the same period in the last year, respectively.
2. There was no single customer from whom revenues exceed 10% of total consolidated revenues of the Company.
3. 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, the results of operations for the same period last year that commenced on January 1, 2015 and ended on March 31, 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	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					36,353			2,449	38,802
Other comprehensive loss						(46,031)		(1,379)	(47,410)
Cash dividends paid to Kubota Corporation shareholders, ¥14.00 per common share					(17,428)				(17,428)
Cash dividends paid to non-controlling interests								(945)	(945)
Purchases and sales of treasury stock	(1)						(1)		(1)
Changes in ownership interests in subsidiaries			(317)			(570)		(5,389)	(6,276)
Balance at Mar. 31, 2016	1,244,503	84,070	87,521	19,539	888,694	32,691	(199)	72,984	1,185,300

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

(In millions of yen)

	Three months ended Mar. 31, 2016 ( Jan. 1, 2016 - Mar. 31, 2016)		Three months ended June 30, 2015 ( Apr. 1, 2015 - June 30, 2015)		Same period last year ( Jan. 1, 2015 - Mar. 31, 2015)		Adjusted change ( Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%	Amount	%
	<b>Farm Equipment and Engines</b>	<b>238,742</b>	<b>58.9</b>	<b>289,043</b>	<b>70.5</b>	<b>260,773</b>	<b>58.7</b>	<b>(22,031)</b>
Domestic	55,294		59,060		58,231		(2,937)	(5.0)
Overseas	183,448		229,983		202,542		(19,094)	(9.4)
<b>Construction Machinery</b>	<b>57,030</b>	<b>14.1</b>	<b>54,263</b>	<b>13.2</b>	<b>51,394</b>	<b>11.6</b>	<b>5,636</b>	<b>11.0</b>
Domestic	8,317		8,302		11,266		(2,949)	(26.2)
Overseas	48,713		45,961		40,128		8,585	21.4
<b>Electronic Equipped Machinery</b>	<b>7,345</b>	<b>1.8</b>	<b>6,730</b>	<b>1.7</b>	<b>8,422</b>	<b>1.9</b>	<b>(1,077)</b>	<b>(12.8)</b>
Domestic	7,002		6,377		7,965		(963)	(12.1)
Overseas	343		353		457		(114)	(24.9)
<b>Farm &amp; Industrial Machinery</b>	<b>303,117</b>	<b>74.8</b>	<b>350,036</b>	<b>85.4</b>	<b>320,589</b>	<b>72.2</b>	<b>(17,472)</b>	<b>(5.4)</b>
Domestic	70,613	17.4	73,739	18.0	77,462	17.4	(6,849)	(8.8)
Overseas	232,504	57.4	276,297	67.4	243,127	54.8	(10,623)	(4.4)
<b>Pipe-related Products</b>	<b>50,187</b>	<b>12.4</b>	<b>32,218</b>	<b>7.8</b>	<b>67,897</b>	<b>15.3</b>	<b>(17,710)</b>	<b>(26.1)</b>
Domestic	44,372		22,995		54,571		(10,199)	(18.7)
Overseas	5,815		9,223		13,326		(7,511)	(56.4)
<b>Environment-related Products</b>	<b>32,392</b>	<b>8.0</b>	<b>11,399</b>	<b>2.8</b>	<b>32,581</b>	<b>7.3</b>	<b>(189)</b>	<b>(0.6)</b>
Domestic	30,110		9,634		30,954		(844)	(2.7)
Overseas	2,282		1,765		1,627		655	40.3
<b>Social Infrastructure-related Products</b>	<b>11,822</b>	<b>2.9</b>	<b>9,856</b>	<b>2.4</b>	<b>14,088</b>	<b>3.2</b>	<b>(2,266)</b>	<b>(16.1)</b>
Domestic	6,158		3,978		7,005		(847)	(12.1)
Overseas	5,664		5,878		7,083		(1,419)	(20.0)
<b>Water &amp; Environment</b>	<b>94,401</b>	<b>23.3</b>	<b>53,473</b>	<b>13.0</b>	<b>114,566</b>	<b>25.8</b>	<b>(20,165)</b>	<b>(17.6)</b>
Domestic	80,640	19.9	36,607	8.9	92,530	20.8	(11,890)	(12.8)
Overseas	13,761	3.4	16,866	4.1	22,036	5.0	(8,275)	(37.6)
<b>Other</b>	<b>7,851</b>	<b>1.9</b>	<b>6,594</b>	<b>1.6</b>	<b>8,692</b>	<b>2.0</b>	<b>(841)</b>	<b>(9.7)</b>
Domestic	7,756	1.9	6,450	1.6	8,505	2.0	(749)	(8.8)
Overseas	95	0.0	144	0.0	187	0.0	(92)	(49.2)
<b>Total</b>	<b>405,369</b>	<b>100.0</b>	<b>410,103</b>	<b>100.0</b>	<b>443,847</b>	<b>100.0</b>	<b>(38,478)</b>	<b>(8.7)</b>
Domestic	159,009	39.2	116,796	28.5	178,497	40.2	(19,488)	(10.9)
Overseas	246,360	60.8	293,307	71.5	265,350	59.8	(18,990)	(7.2)

Note:

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, the results of operations for the same period in the last year that commenced on January 1, 2015 and ended on March 31, 2015 and changes from them are presented for reference purposes.

**(9) 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	302.0		302.7		(0.7)	(0.2)
Overseas	1,053.0		1,038.1		14.9	1.4
Farm & Industrial Machinery	1,355.0	79.2	1,340.8	79.4	14.2	1.1
Domestic	253.0		248.7		4.3	1.7
Overseas	72.0		69.6		2.4	3.4
Water & Environment	325.0	19.0	318.3	18.9	6.7	2.1
Domestic	30.0		28.9		1.1	3.8
Overseas	—		0.6		(0.6)	(100.0)
Other	30.0	1.8	29.5	1.7	0.5	1.7
Total	1,710.0	100.0	1,688.6	100.0	21.4	1.3

Domestic	585.0	34.2	580.3	34.4	4.7	0.8
Overseas	1,125.0	65.8	1,108.3	65.6	16.7	1.5

Note:

The business term for 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.