

**KUBOTA Corporation**

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**RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2016**

Kubota Corporation reported its consolidated results for the nine months ended September 30, 2016 today.

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

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

	Nine months ended Sept. 30, 2016	Adjusted change [%]
Revenues	¥ 1,181,376	(5.9)
Operating income	¥ 147,957	(12.8)
Income before income taxes and equity in net income of affiliated companies	¥ 142,166	(15.8)
Net income attributable to Kubota Corporation	¥ 93,068	(16.9)
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 74.83	
Diluted	-	

**(2) Financial condition**

(In millions of yen)

	Sept. 30, 2016	Dec. 31, 2015
Total assets	¥ 2,381,127	¥ 2,532,926
Equity	¥ 1,145,898	¥ 1,218,558
Kubota Corporation shareholders' equity	¥ 1,079,633	¥ 1,140,310
Ratio of Kubota Corporation shareholders' equity to total assets	45.3%	45.0%

## Notes:

- Kubota Corporation changed its fiscal year-end from March 31 to December 31 from last fiscal year. Accordingly, the consolidated financial statements for the third quarter in the last year were not prepared, and therefore the results of operations for the nine months ended December 31, 2015 are not stated in this report. Additionally, adjusted change [%] for the nine months ended September 30, 2016 represents percentage change from the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015. Furthermore, the results of operations for the same period in the last year are presented in the consolidated financial statements and other materials as a reference. Please note that the results of operations for the same period in the last year are not subject to a quarterly review.
- Kubota Corporation adopted the new accounting standard related to debt issuance costs on January 1, 2016. The financial condition as of December 31, 2015 have been retrospectively adjusted as described in the accompanying materials, "2. Other information (4) Accounting changes for consolidated financial statements" on page 7.
- Comprehensive loss for the nine months ended September 30, 2016 was (¥17,105 million) [adjusted change (—)].

**2. Cash dividends**

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2016	¥ 14.00	¥ 16.00 (forecast)	¥ 30.00 (forecast)
Nine months ended Dec. 31, 2015	¥ 14.00	¥ 14.00	¥ 28.00

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

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

	Year ending Dec. 31, 2016	Adjusted change [%]
Revenues	¥ 1,600,000	( 5.2)
Operating income	¥ 187,000	( 16.1)
Income before income taxes and equity in net income of affiliated companies	¥ 185,000	( 17.4)
Net income attributable to Kubota Corporation	¥ 122,000	( 18.3)
Net income attributable to Kubota Corporation per common share	¥ 98.10	

Notes:

1. Due to the change in the fiscal year-end, the business term for last fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. For this reason, adjusted change [%] for the year ending December 31, 2016 represents percentage change from the same period in the prior year (unaudited), which is the 12-month period that commenced on January 1, 2015 and ended on December 31, 2015.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Prospects for the year ending December 31, 2016" on page 6 for further information related to the anticipated results of operations.

### 4. Other information

(1) Changes in material subsidiaries: No

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

Note:

See the accompanying materials, "2. Other information (2) Adoption of specific accounting procedures for quarterly consolidated financial statements" on page 7.

(3) Accounting changes for consolidated financial statements

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

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

Note:

See the accompanying materials, "2. Other information (4) Accounting changes for consolidated financial statements" on page 7.

(4) Number of common shares issued including treasury stock as of September 30, 2016	: 1,244,919,180
Number of common shares issued including treasury stock as of December 31, 2015	: 1,244,919,180
Number of treasury stock as of September 30, 2016	: 3,048,183
Number of treasury stock as of December 31, 2015	: 415,635
Weighted average number of common shares outstanding during the nine months ended September 30, 2016	: 1,243,672,739

Note:

Kubota Corporation changed its fiscal year-end from March 31 to December 31 from last fiscal year. Accordingly, the consolidated financial statements for the third quarter in the last year were not prepared, and therefore the weighted average number of common shares outstanding during the nine months ended December 31, 2015 is not stated in this report.

(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 nine months ended September 30, 2016 of Kubota Corporation and its subsidiaries (hereinafter, the "Company") are under procedures of the quarterly review.

< Cautionary statements with respect to forward-looking statements >

This document may contain forward-looking statements that are based on management's expectations, estimates, projections and assumptions. These statements are not guarantees of future performance and involve certain risks and uncertainties, which are difficult to predict. Therefore, actual future results may differ materially from what is forecast in forward-looking statements due to a variety of factors, including, without limitation: general economic conditions in the Company's markets, particularly government agricultural policies, levels of capital expenditures both in public and private sectors, foreign currency exchange rates, the occurrence of natural disasters, continued competitive pricing pressures in the marketplace, as well as the Company's ability to continue to gain acceptance of its products.

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

As described in the accompanying materials, "2. Other information (3) Alignment of reporting periods 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 nine months under review**

For the nine months ended September 30, 2016, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") decreased by ¥73.6 billion [5.9%] from the same period in the prior year to ¥1,181.4 billion.

Domestic revenues decreased by ¥25.8 billion [5.9%] to ¥413.1 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 ¥47.8 billion [5.9%] to ¥768.2 billion from the same period in the prior year. In Farm & Industrial Machinery, revenues were down due to the effect of yen appreciation while sales of construction machinery, combine harvesters and rice transplanters rose. Revenues in Water & Environment also decreased mainly owing to a decrease in sales of ductile iron pipes and industrial castings.

Operating income decreased by ¥21.7 billion [12.8%] from the same period in the prior year to ¥148.0 billion since the increased revenues on a constant-currency basis could not offset the negative effect of yen appreciation and increased sales promotion expenses. Income before income taxes and equity in net income of affiliated companies, which is operating income less other expenses-net of ¥5.8 billion, decreased by ¥26.6 billion [15.8%] from the same period in the prior year to ¥142.2 billion. Income taxes were ¥43.0 billion and net income decreased by ¥19.4 billion [16.1%] to ¥100.8 billion from the same period in the prior year. Net income attributable to Kubota Corporation decreased by ¥18.9 billion [16.9%] from the same period in the prior year to ¥93.1 billion.

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

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

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

Revenues in this segment decreased by 4.9% from the same period in the prior year to ¥946.8 billion and accounted for 80.2% of consolidated revenues.

Domestic revenues decreased by 8.0% to ¥216.3 billion. Sales of tractors and construction machinery decreased mainly due to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations last fiscal year.

Overseas revenues decreased by 4.0% to ¥730.5 billion. Overseas sales grew steadily on a local currency basis in all regions. In North America, significantly increased sales of construction machinery due to the favorable market demand and the full-scale entry of new products offset lower sales of tractors which was

caused by the stagnation in the agricultural market and delay of shipments in the first half of the current year. In Europe, sales of tractors, engines and construction machinery increased owing to the market expansion along with the economic recovery and investment promotional tax policy in France, full-scale entry of large-scale tractors, and expanded sales in Turkey while sales of implements in the agriculture-related market declined. Revenues in Asia outside Japan were higher than in the prior year. In Thailand, revenues remained almost flat since the positive impact of strong sales after the rainy season and expansion in exports to surrounding countries offset the negative impact of decreased sales of tractors in the first half of the current year which was linked with water shortages caused by the drought last year. Sales of farm equipment increased in China, where new lines of combines were launched, and in Indonesia, where agricultural mechanization has been proceeding. However, revenues translated in yen in all the regions, North America, Europe, and Asia outside Japan, decreased due to the effect of considerable yen appreciation against all foreign currencies.

Operating income in Farm & Industrial Machinery decreased by 13.6% from the same period in the prior year to ¥145.5 billion since the increased revenues on a constant-currency basis could not offset the negative effect of yen appreciation and increased sales promotion expenses.

## **2) Water & Environment**

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

Revenues in this segment decreased by 10.1% from the same period in the prior year to ¥212.9 billion and accounted for 18.0% of consolidated revenues.

Domestic revenues decreased by 3.7% from the same period in the prior year to ¥175.4 billion. Revenues from pipe-related products decreased due to lower sales of pumps, plastic pipes, and valves mainly related to public works spending. Revenues from social infrastructure-related products also decreased as a result of the impact of lower sales of spiral-welded steel pipes. Revenues from environment-related products increased as the impact of higher sales from the operation and maintenance of facilities offset a decrease in sales of waste water treatment equipment and plants.

Overseas revenues decreased by 31.3% to ¥37.6 billion. Revenues from pipe-related products largely decreased mainly due to a drop in shipments of ductile iron pipes for large-scale projects. Revenues from social infrastructure-related products also decreased owing to lower sales of industrial castings. Revenues from environment-related products increased from the same period in the prior year due to higher sales of membrane systems and water & environment plant business, such as water & gas treatment facilities.

Operating income in Water & Environment decreased by 10.2% from the same period in the prior year to ¥16.9 billion due to the negative impact of lower revenues.

## **3) Other**

Other is comprised of services and other businesses.

Revenues in this segment decreased by 2.0% from the same period in the prior year to ¥21.7 billion and accounted for 1.8% of consolidated revenues.

Operating income in Other increased by 6.8% to ¥2.6 billion.

## **(2) Financial condition**

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

Total assets at September 30, 2016 amounted to ¥2,381.1 billion, a decrease of ¥151.8 billion from the prior fiscal year-end. Among assets, the yen value of assets denominated in foreign currencies, such as short- and long-term finance receivables, and trade notes and accounts receivable, decreased substantially due to the effect of considerable yen appreciation compared to the prior fiscal year-end.

Among liabilities, trade notes and accounts payable significantly decreased. In addition, the aggregated amount of interest-bearing debt, which is composed of short-term borrowings, current portion of long-term debt, and long-term debt, decreased due to the effect of yen appreciation. Equity decreased as the accumulation of retained earnings could not compensate for the deterioration in accumulated other comprehensive income (loss) due to fluctuations in exchange rates and stock prices. Shareholders' equity ratio was 45.3%, 0.3 percentage points higher than at the prior fiscal year-end.

### **2) Cash flows**

Net cash provided by operating activities during the nine months ended September 30, 2016 was ¥128.8 billion, a decrease of ¥35.9 billion in cash inflow from the same period in the prior year. This decrease resulted from a decline in net income as well as the changes in working capital, including trade notes and accounts receivable, and trade notes and accounts payable.

Net cash used in investing activities was ¥148.1 billion, an increase of ¥50.3 billion in cash outflow from the same period in the prior year. This increase was mainly due to a rise in payments for acquisition of business while cash outflow related to an increase in finance receivables decreased.

Net cash provided by financing activities was ¥13.3 billion as compared to ¥50.1 billion of net cash outflow for the same period in the prior year, which mainly resulted from an increase in cash inflow from fund procurement while payments of cash dividends during this period increased related 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 September 30, 2016 were ¥123.5 billion, a decrease of ¥22.8 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 ¥1,600.0 billion, a decrease of ¥60.0 billion from the previous forecast, which was announced on August 3, 2016. In Farm & Industrial Machinery, domestic revenues are forecast to decrease since the agriculture machinery market has continued to stagnate due to the adverse reaction to the front-loaded demand caused by the strengthening of emission regulations last year. Overseas revenues are also forecast to decrease because sales growth in North America is anticipated to be lower-than-expected. Revenues in Water & Environment are also forecast to decrease since the actual sales have been below the previous forecast for both domestic and overseas revenues mainly due to the delay of shipments of ductile iron pipes. As a result, we downwardly revised our forecasts for Farm & Industrial Machinery and Water & Environment.

Operating income was also revised to ¥187.0 billion, a decrease of ¥13.0 billion from the previous forecast, in view of the results achieved in the period under review and forecast of revenues. Income before income taxes and equity in net income of affiliated companies was revised downward by ¥10.0 billion to ¥185.0 billion, and net income attributable to Kubota Corporation was also revised downward by ¥6.0 billion

to ¥122.0 billion, compared with the previous forecast.

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

## **2. Other information**

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

None

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

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

### **(3) Alignment of reporting periods of certain affiliates**

At the last fiscal year-end, certain subsidiaries and an affiliated company (as of December 31, 2015, 36 subsidiaries and one affiliated company) aligned their reporting periods, which were previously consolidated using their own reporting periods, to that of Kubota Corporation. To reflect the impact of these changes, the Company has retrospectively adjusted its consolidated financial statements for all periods presented.

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

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

### 3. Consolidated financial statements

#### (1) Consolidated balance sheets

Assets (In millions of yen)

	Sept. 30, 2016		Dec. 31, 2015		Change	Sept. 30, 2015	
	Amount	%	Amount	%	Amount	Amount	%
<b>Current assets:</b>							
Cash and cash equivalents	123,494		146,286		(22,792)	132,616	
Trade notes and accounts receivable	559,571		627,617		(68,046)	572,998	
Short-term finance receivables-net	212,216		224,058		(11,842)	220,771	
Inventories	337,082		356,441		(19,359)	364,728	
Other current assets	154,039		136,444		17,595	128,720	
Total current assets	1,386,402	58.2	1,490,846	58.9	(104,444)	1,419,833	57.7
<b>Investments and long-term finance receivables</b>	583,201	24.5	648,534	25.6	(65,333)	631,798	25.7
<b>Property, plant, and equipment</b>	289,017	12.1	285,870	11.3	3,147	286,425	11.6
<b>Other assets</b>	122,507	5.2	107,676	4.2	14,831	122,059	5.0
<b>Total assets</b>	2,381,127	100.0	2,532,926	100.0	(151,799)	2,460,115	100.0

Liabilities and Equity (In millions of yen)

	Sept. 30, 2016		Dec. 31, 2015		Change	Sept. 30, 2015	
	Amount	%	Amount	%	Amount	Amount	%
<b>Current liabilities:</b>							
Short-term borrowings	146,356		186,216		(39,860)	152,952	
Trade notes and accounts payable	213,968		260,334		(46,366)	230,442	
Other current liabilities	213,191		203,234		9,957	205,627	
Current portion of long-term debt	159,228		158,117		1,111	152,430	
Total current liabilities	732,743	30.8	807,901	31.9	(75,158)	741,451	30.1
<b>Long-term liabilities:</b>							
Long-term debt	427,843		424,370		3,473	432,805	
Accrued retirement and pension costs	10,810		12,148		(1,338)	12,331	
Other long-term liabilities	63,833		69,949		(6,116)	71,814	
Total long-term liabilities	502,486	21.1	506,467	20.0	(3,981)	516,950	21.0
<b>Equity:</b>							
Kubota Corporation shareholders' equity:							
Common stock	84,070		84,070		—	84,070	
Capital surplus	84,950		87,838		(2,888)	87,809	
Legal reserve	19,539		19,539		—	19,539	
Retained earnings	927,998		869,769		58,229	852,342	
Accumulated other comprehensive income (loss)	(32,715)		79,292		(112,007)	85,092	
Treasury stock, at cost	(4,209)		(198)		(4,011)	(2,688)	
Total Kubota Corporation shareholders' equity	1,079,633	45.3	1,140,310	45.0	(60,677)	1,126,164	45.8
Non-controlling interests	66,265	2.8	78,248	3.1	(11,983)	75,550	3.1
Total equity	1,145,898	48.1	1,218,558	48.1	(72,660)	1,201,714	48.9
<b>Total liabilities and Equity</b>	2,381,127	100.0	2,532,926	100.0	(151,799)	2,460,115	100.0



**(2) Consolidated statements of income**

(In millions of yen)

	Nine months ended Sept. 30, 2016 Jan. 1, 2016 - Sept. 30, 2016		Same period last year Jan. 1, 2015 - Sept. 30, 2015		Adjusted change (Compared with the same period last year)	
	Amount	%	Amount	%	Amount	%
Revenues	1,181,376	100.0	1,254,932	100.0	(73,556)	(5.9)
Cost of revenues	828,561	70.1	858,756	68.5	(30,195)	(3.5)
Selling, general, and administrative expenses	203,892	17.3	223,675	17.8	(19,783)	(8.8)
Other operating expenses-net	966	0.1	2,871	0.2	(1,905)	(66.4)
<b>Operating income</b>	<b>147,957</b>	<b>12.5</b>	<b>169,630</b>	<b>13.5</b>	<b>(21,673)</b>	<b>(12.8)</b>
Other income (expenses):						
Interest and dividend income	4,246		4,187		59	
Interest expense	(340)		(506)		166	
Gain on sales of securities-net	2,096		2,091		5	
Foreign exchange loss-net	(7,916)		(16,798)		8,882	
Other-net	(3,877)		10,191		(14,068)	
Other income (expenses)-net	(5,791)		(835)		(4,956)	
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>142,166</b>	<b>12.0</b>	<b>168,795</b>	<b>13.5</b>	<b>(26,629)</b>	<b>(15.8)</b>
Income taxes	42,970		49,912		(6,942)	
Equity in net income of affiliated companies	1,571		1,243		328	
<b>Net income</b>	<b>100,767</b>	<b>8.5</b>	<b>120,126</b>	<b>9.6</b>	<b>(19,359)</b>	<b>(16.1)</b>
Less: Net income attributable to non-controlling interests	7,699		8,134		(435)	
<b>Net income attributable to Kubota Corporation</b>	<b>93,068</b>	<b>7.9</b>	<b>111,992</b>	<b>8.9</b>	<b>(18,924)</b>	<b>(16.9)</b>

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

(In yen)

Basic	74.83	89.90	
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Note:

Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015 and changes from them are presented for reference purposes.

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

(In millions of yen)

	Nine months ended Sept. 30, 2016 ( Jan. 1, 2016 - Sept. 30, 2016 )	Same period last year ( Jan. 1, 2015 - Sept. 30, 2015 )	Adjusted change ( Compared with the same period last year )
Net income	100,767	120,126	(19,359)
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(106,493)	(30,538)	(75,955)
Unrealized losses on securities	(11,403)	(7,749)	(3,654)
Unrealized gains on derivatives	—	10	(10)
Pension liability adjustments	24	3,985	(3,961)
Total other comprehensive loss	(117,872)	(34,292)	(83,580)
Comprehensive income (loss)	(17,105)	85,834	(102,939)
Less: Comprehensive income attributable to non-controlling interests	1,371	1,871	(500)
Comprehensive income (loss) attributable to Kubota Corporation	(18,476)	83,963	(102,439)

Note:

Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015 and changes from them are presented for reference purposes.

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

(In millions of yen)

	Nine months ended Sept. 30, 2016 (Jan. 1, 2016 - Sept. 30, 2016)	Same period last year (Jan. 1, 2015 - Sept. 30, 2015)	Adjusted change (Compared with the same period last year)
<b>Operating activities:</b>			
Net income	100,767	120,126	
Depreciation and amortization	31,209	30,317	
Gain on sales of securities-net	(2,096)	(2,091)	
Impairment loss on long-lived assets	—	3,023	
Equity in net income of affiliated companies	(1,571)	(1,243)	
Deferred income taxes	311	(5,500)	
Decrease in trade notes and accounts receivable	30,839	42,981	
Increase in inventories	(13,656)	(25,496)	
(Increase) decrease in other current assets	(7,152)	7,298	
Decrease in trade notes and accounts payable	(36,010)	(18,054)	
Increase in income taxes payable	10,139	8,458	
Increase in other current liabilities	10,328	4,352	
Decrease in accrued retirement and pension costs	(1,546)	(8,699)	
Other	7,219	9,161	
Net cash provided by operating activities	128,781	164,633	(35,851)
<b>Investing activities:</b>			
Purchases of fixed assets	(37,831)	(37,008)	
Proceeds from sales of property, plant, and equipment	115	8,570	
Proceeds from sales and redemption of investments	2,947	3,100	
Acquisition of business, net of cash acquired	(42,396)	(334)	
Increase in finance receivables	(265,460)	(289,949)	
Collection of finance receivables	217,537	222,019	
Net increase in time deposits	(18,394)	(3,487)	
Other	(4,602)	(676)	
Net cash used in investing activities	(148,084)	(97,765)	(50,320)
<b>Financing activities:</b>			
Proceeds from issuance of long-term debt	193,555	137,163	
Repayments of long-term debt	(112,811)	(103,095)	
Net decrease in short-term borrowings	(11,498)	(46,294)	
Payments of cash dividends	(34,839)	(19,937)	
Purchases of treasury stock	(4,011)	(10,057)	
Purchases of non-controlling interests	(14,847)	(6,047)	
Other	(2,245)	(1,800)	
Net cash provided by (used in) financing activities	13,304	(50,067)	63,371
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(16,793)</b>	<b>(3,243)</b>	<b>(13,550)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(22,792)</b>	<b>13,558</b>	
<b>Cash and cash equivalents, beginning of period</b>	<b>146,286</b>	<b>119,058</b>	
<b>Cash and cash equivalents, end of period</b>	<b>123,494</b>	<b>132,616</b>	<b>(9,122)</b>

Note:

Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015 and changes from them are presented for reference purposes.

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

None

## (6) Consolidated segment information

### 1) Reporting segments

Information by reporting segment is summarized as follows:

Nine months ended September 30, 2016 (January 1, 2016 - September 30, 2016) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	946,784	212,905	21,687	—	1,181,376
	Intersegment	324	1,126	18,954	(20,404)	—
	Total	947,108	214,031	40,641	(20,404)	1,181,376
Operating income		145,476	16,880	2,645	(17,044)	147,957

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

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	995,961	236,834	22,137	—	1,254,932
	Intersegment	484	787	18,863	(20,134)	—
	Total	996,445	237,621	41,000	(20,134)	1,254,932
Operating income		168,397	18,801	2,476	(20,044)	169,630

Notes:

- "Adjustments" include the elimination of intersegment transfers and 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.
- Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015 are presented for reference purposes.

### 2) Geographic information

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

(In millions of yen)

	Nine months ended Sept. 30, 2016 Jan. 1, 2016 - <th>Same period last year Jan. 1, 2015 - </th>	Same period last year Jan. 1, 2015 -
	Sept. 30, 2016	Sept. 30, 2015
Japan	413,133	438,896
North America	336,952	347,749
Europe	146,996	156,045
Asia outside Japan	236,768	254,858
Other areas	47,527	57,384
Total	1,181,376	1,254,932

Notes:

- Revenues from North America include those from the United States of ¥298,304 million and ¥302,187 million for the nine months ended September 30, 2016 and the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015, respectively.
- There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
- Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on January 1, 2015 and ended on September 30, 2015 are presented for reference purposes.

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

(In millions of yen)

	Shares of common stock outstanding (thousands of shares)	Kubota Corporation shareholders' equity						Non- controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock, at cost		
Balance at Dec. 31, 2015	1,244,504	84,070	87,838	19,539	869,769	79,292	(198)	78,248	1,218,558
Net income					93,068			7,699	100,767
Other comprehensive loss						(111,544)		(6,328)	(117,872)
Cash dividends paid to Kubota Corporation shareholders, ¥28.00 per common share					(34,839)				(34,839)
Cash dividends paid to non-controlling interests								(2,245)	(2,245)
Purchases and sales of treasury stock	(2,633)						(4,011)		(4,011)
Changes in ownership interests in subsidiaries			(2,888)			(463)		(11,109)	(14,460)
Balance at Sept. 30, 2016	1,241,871	84,070	84,950	19,539	927,998	(32,715)	(4,209)	66,265	1,145,898

## (8) Consolidated revenues by product group

(In millions of yen)

	Nine months ended Sept. 30, 2016 Jan. 1, 2016 -		Same period last year Jan. 1, 2015 -		Adjusted change Compared with the same period last year	
	Sept. 30, 2016		Sept. 30, 2015			
	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>770,017</b>	<b>65.2</b>	<b>819,482</b>	<b>65.3</b>	<b>(49,465)</b>	<b>(6.0)</b>
Domestic	174,699		180,579		(5,880)	(3.3)
Overseas	595,318		638,903		(43,585)	(6.8)
<b>Construction Machinery</b>	<b>156,570</b>	<b>13.3</b>	<b>153,445</b>	<b>12.2</b>	<b>3,125</b>	<b>2.0</b>
Domestic	22,478		32,741		(10,263)	(31.3)
Overseas	134,092		120,704		13,388	11.1
<b>Electronic Equipped Machinery</b>	<b>20,197</b>	<b>1.7</b>	<b>23,034</b>	<b>1.8</b>	<b>(2,837)</b>	<b>(12.3)</b>
Domestic	19,146		21,760		(2,614)	(12.0)
Overseas	1,051		1,274		(223)	(17.5)
<b>Farm &amp; Industrial Machinery</b>	<b>946,784</b>	<b>80.2</b>	<b>995,961</b>	<b>79.3</b>	<b>(49,177)</b>	<b>(4.9)</b>
Domestic	216,323	18.4	235,080	18.7	(18,757)	(8.0)
Overseas	730,461	61.8	760,881	60.6	(30,420)	(4.0)
<b>Pipe-related Products</b>	<b>119,280</b>	<b>10.1</b>	<b>141,912</b>	<b>11.3</b>	<b>(22,632)</b>	<b>(15.9)</b>
Domestic	105,293		111,776		(6,483)	(5.8)
Overseas	13,987		30,136		(16,149)	(53.6)
<b>Environment-related Products</b>	<b>61,947</b>	<b>5.2</b>	<b>58,680</b>	<b>4.7</b>	<b>3,267</b>	<b>5.6</b>
Domestic	54,753		53,912		841	1.6
Overseas	7,194		4,768		2,426	50.9
<b>Social Infrastructure-related Products</b>	<b>31,678</b>	<b>2.7</b>	<b>36,242</b>	<b>2.9</b>	<b>(4,564)</b>	<b>(12.6)</b>
Domestic	15,307		16,462		(1,155)	(7.0)
Overseas	16,371		19,780		(3,409)	(17.2)
<b>Water &amp; Environment</b>	<b>212,905</b>	<b>18.0</b>	<b>236,834</b>	<b>18.9</b>	<b>(23,929)</b>	<b>(10.1)</b>
Domestic	175,353	14.8	182,150	14.5	(6,797)	(3.7)
Overseas	37,552	3.2	54,684	4.4	(17,132)	(31.3)
<b>Other</b>	<b>21,687</b>	<b>1.8</b>	<b>22,137</b>	<b>1.8</b>	<b>(450)</b>	<b>(2.0)</b>
Domestic	21,457	1.8	21,666	1.8	(209)	(1.0)
Overseas	230	0.0	471	0.0	(241)	(51.2)
<b>Total</b>	<b>1,181,376</b>	<b>100.0</b>	<b>1,254,932</b>	<b>100.0</b>	<b>(73,556)</b>	<b>(5.9)</b>
Domestic	413,133	35.0	438,896	35.0	(25,763)	(5.9)
Overseas	768,243	65.0	816,036	65.0	(47,793)	(5.9)

Note:

Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on January 1, 2015 and ended on September 30, 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	271.0		302.7		(31.7)	(10.5)
Overseas	1,003.0		1,038.1		(35.1)	(3.4)
Farm & Industrial Machinery	1,274.0	79.6	1,340.8	79.4	(66.8)	(5.0)
Domestic	238.5		248.7		(10.2)	(4.1)
Overseas	57.5		69.6		(12.1)	(17.4)
Water & Environment	296.0	18.5	318.3	18.9	(22.3)	(7.0)
Domestic	29.5		28.9		0.6	2.1
Overseas	0.5		0.6		(0.1)	(16.7)
Other	30.0	1.9	29.5	1.7	0.5	1.7
Total	1,600.0	100.0	1,688.6	100.0	(88.6)	(5.2)

Domestic	539.0	33.7	580.3	34.4	(41.3)	(7.1)
Overseas	1,061.0	66.3	1,108.3	65.6	(47.3)	(4.3)

Note:

The business term for the last fiscal year was the nine-month period that commenced on April 1, 2015 and ended on December 31, 2015. Since it is different from this fiscal year, which is the 12-month period that commenced on January 1, 2016 and ending on December 31, 2016, anticipated revenues for the year ending December 31, 2016 are compared with revenues for the same period in the last year, which is the 12-month period that commenced on January 1, 2015 and ended on December 31, 2015. Please note that revenues for the same period in the last year are provided for reference purposes only.

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

### (1) Consolidated statements of income

(In millions of yen)

	Three months ended Sept. 30, 2016 July 1, 2016 - <th colspan="2">Same period last year July 1, 2015 - <th colspan="2">Adjusted change Compared with the same period last year </th></th>		Same period last year July 1, 2015 - <th colspan="2">Adjusted change Compared with the same period last year </th>		Adjusted change Compared with the same period last year	
	Sept. 30, 2016	Sept. 30, 2015	Sept. 30, 2016	Sept. 30, 2015	Amount	%
	Amount	%	Amount	%	Amount	%
Revenues	385,240	100.0	400,982	100.0	(15,742)	(3.9)
Cost of revenues	274,010	71.1	271,111	67.6	2,899	1.1
Selling, general, and administrative expenses	68,596	17.8	73,464	18.4	(4,868)	(6.6)
Other operating expenses-net	257	0.1	2,075	0.5	(1,818)	(87.6)
<b>Operating income</b>	<b>42,377</b>	<b>11.0</b>	<b>54,332</b>	<b>13.5</b>	<b>(11,955)</b>	<b>(22.0)</b>
Other income (expenses):						
Interest and dividend income	1,030		1,160		(130)	
Interest expense	(70)		(117)		47	
Gain on sales of securities-net	1,165		772		393	
Foreign exchange gain (loss)-net	1,635		(12,321)		13,956	
Other-net	(1,085)		7,688		(8,773)	
Other income (expenses)-net	2,675		(2,818)		5,493	
<b>Income before income taxes and equity in net income of affiliated companies</b>	<b>45,052</b>	<b>11.7</b>	<b>51,514</b>	<b>12.8</b>	<b>(6,462)</b>	<b>(12.5)</b>
Income taxes	12,249		16,448		(4,199)	
Equity in net income of affiliated companies	821		593		228	
<b>Net income</b>	<b>33,624</b>	<b>8.7</b>	<b>35,659</b>	<b>8.9</b>	<b>(2,035)</b>	<b>(5.7)</b>
Less: Net income attributable to non-controlling interests	2,877		2,178		699	
<b>Net income attributable to Kubota Corporation</b>	<b>30,747</b>	<b>8.0</b>	<b>33,481</b>	<b>8.3</b>	<b>(2,734)</b>	<b>(8.2)</b>

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

(In yen)

Basic	24.74	26.90	
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Note:

Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on July 1, 2015 and ended on September 30, 2015 and changes from them are presented for reference purposes.



## (2) Consolidated segment information

### 1) Reporting segments

Information by reporting segment is summarized as follows:

Three months ended September 30, 2016 (July 1, 2016 - September 30, 2016) (In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	315,414	63,026	6,800	—	385,240
	Intersegment	33	425	6,578	(7,036)	—
	Total	315,447	63,451	13,378	(7,036)	385,240
Operating income		44,030	3,230	791	(5,674)	42,377

Same period last year (July 1, 2015 - September 30, 2015) (In millions of yen)

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

Notes:

- "Adjustments" include the elimination of intersegment transfers and 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.
- Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on July 1, 2015 and ended on September 30, 2015 are presented for reference purposes.

### 2) Geographic information

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

(In millions of yen)

	Three months ended Sept. 30, 2016 ( July 1, 2016 - Sept. 30, 2016	Same period last year ( July 1, 2015 - Sept. 30, 2015
	Japan	130,927
North America	115,907	117,626
Europe	37,626	43,196
Asia outside Japan	83,733	75,412
Other areas	17,047	21,145
Total	385,240	400,982

Notes:

- Revenues from North America include those from the United States of ¥103,882 million and ¥103,841 million for the three months ended September 30, 2016 and the same period in the last year that commenced on July 1, 2015 and ended on September 30, 2015, respectively.
- There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.
- Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on July 1, 2015 and ended on September 30, 2015 are presented for reference purposes.

### (3) Consolidated revenues by product group

(In millions of yen)

	Three months ended Sept. 30, 2016 July 1, 2016 -		Same period last year July 1, 2015 -		Adjusted change Compared with the same period last year	
	Sept. 30, 2016		Sept. 30, 2015			
	Amount	%	Amount	%	Amount	%
<b>Farm Equipment and Engines</b>	<b>262,359</b>	<b>68.1</b>	<b>269,666</b>	<b>67.3</b>	<b>(7,307)</b>	<b>(2.7)</b>
Domestic	59,278		63,288		(4,010)	(6.3)
Overseas	203,081		206,378		(3,297)	(1.6)
<b>Construction Machinery</b>	<b>46,184</b>	<b>12.0</b>	<b>47,788</b>	<b>11.9</b>	<b>(1,604)</b>	<b>(3.4)</b>
Domestic	7,249		13,173		(5,924)	(45.0)
Overseas	38,935		34,615		4,320	12.5
<b>Electronic Equipped Machinery</b>	<b>6,871</b>	<b>1.8</b>	<b>7,882</b>	<b>1.9</b>	<b>(1,011)</b>	<b>(12.8)</b>
Domestic	6,438		7,418		(980)	(13.2)
Overseas	433		464		(31)	(6.7)
<b>Farm &amp; Industrial Machinery</b>	<b>315,414</b>	<b>81.9</b>	<b>325,336</b>	<b>81.1</b>	<b>(9,922)</b>	<b>(3.0)</b>
Domestic	72,965	18.9	83,879	20.9	(10,914)	(13.0)
Overseas	242,449	63.0	241,457	60.2	992	0.4
<b>Pipe-related Products</b>	<b>37,494</b>	<b>9.7</b>	<b>41,797</b>	<b>10.4</b>	<b>(4,303)</b>	<b>(10.3)</b>
Domestic	33,295		34,210		(915)	(2.7)
Overseas	4,199		7,587		(3,388)	(44.7)
<b>Environment-related Products</b>	<b>15,687</b>	<b>4.1</b>	<b>14,700</b>	<b>3.7</b>	<b>987</b>	<b>6.7</b>
Domestic	13,097		13,324		(227)	(1.7)
Overseas	2,590		1,376		1,214	88.2
<b>Social Infrastructure-related Products</b>	<b>9,845</b>	<b>2.5</b>	<b>12,298</b>	<b>3.1</b>	<b>(2,453)</b>	<b>(19.9)</b>
Domestic	4,819		5,479		(660)	(12.0)
Overseas	5,026		6,819		(1,793)	(26.3)
<b>Water &amp; Environment</b>	<b>63,026</b>	<b>16.3</b>	<b>68,795</b>	<b>17.2</b>	<b>(5,769)</b>	<b>(8.4)</b>
Domestic	51,211	13.3	53,013	13.2	(1,802)	(3.4)
Overseas	11,815	3.0	15,782	4.0	(3,967)	(25.1)
<b>Other</b>	<b>6,800</b>	<b>1.8</b>	<b>6,851</b>	<b>1.7</b>	<b>(51)</b>	<b>(0.7)</b>
Domestic	6,751	1.8	6,711	1.7	40	0.6
Overseas	49	0.0	140	0.0	(91)	(65.0)
<b>Total</b>	<b>385,240</b>	<b>100.0</b>	<b>400,982</b>	<b>100.0</b>	<b>(15,742)</b>	<b>(3.9)</b>
Domestic	130,927	34.0	143,603	35.8	(12,676)	(8.8)
Overseas	254,313	66.0	257,379	64.2	(3,066)	(1.2)

**Note:**

Since 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, the consolidated financial statements for the third quarter in the last year were not prepared. The results of operations for the same period in the last year that commenced on July 1, 2015 and ended on September 30, 2015 and changes from them are presented for reference purposes.