

KUBOTA Corporation

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RESULTS OF OPERATIONS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017

Kubota Corporation hereby reports its consolidated results for the nine months ended September 30, 2017.

Consolidated Financial Highlights**1. Consolidated results of operations for the nine months ended September 30, 2017****(1) Results of operations**

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

	Nine months ended Sept. 30, 2017	Change [%]	Nine months ended Sept. 30, 2016	Adjusted change [%]
Revenues	¥ 1,266,651	7.2	¥ 1,181,376	(5.9)
Operating income	¥ 144,489	(2.3)	¥ 147,957	(12.8)
Income before income taxes and equity in net income of affiliated companies	¥ 156,857	10.3	¥ 142,166	(15.8)
Net income attributable to Kubota Corporation	¥ 105,341	13.2	¥ 93,068	(16.9)
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 85.09		¥ 74.83	
Diluted	-		-	

(2) Financial condition

(In millions of yen)

	Sept. 30, 2017	Dec. 31, 2016
Total assets	¥ 2,744,665	¥ 2,670,582
Equity	¥ 1,338,722	¥ 1,271,925
Kubota Corporation shareholders' equity	¥ 1,258,036	¥ 1,198,761
Ratio of Kubota Corporation shareholders' equity to total assets	45.8%	44.9%

Notes:

1. Change [%] represents the 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 April 1, 2015. Accordingly, the consolidated financial statements for the third quarter in the fiscal year before last were not prepared. Additionally, adjusted change [%] for the nine months ended September 30, 2016 represents the percentage change from the same period in the prior year that commenced on January 1, 2015 and ended on September 30, 2015. Please note that the results of operations for the nine months ended September 30, 2015 are not subject to a quarterly review.
3. Comprehensive income (loss) for the nine months ended September 30, 2017 and 2016 was ¥115,640 million [-%] and (¥17,105) million [adjusted change (-%)], respectively.

2. Cash dividends

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2017	¥ 15.00	¥ 17.00 (forecast)	¥ 32.00 (forecast)
Year ended Dec. 31, 2016	¥ 14.00	¥ 16.00	¥ 30.00

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

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

	Year ending Dec. 31, 2017	Change [%]
Revenues	¥ 1,700,000	6.5
Operating income	¥ 198,000	4.9
Income before income taxes and equity in net income of affiliated companies	¥ 210,000	6.6
Net income attributable to Kubota Corporation	¥ 140,000	5.7
Net income attributable to Kubota Corporation per common share	¥ 113.30	

Notes:

1. Change [%] represents the percentage change from the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Prospects for the year ending December 31, 2017" 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 (3) A change in accounting principle and estimate for consolidated financial statements" on page 7.

(4) Number of common shares issued including treasury stock as of September 30, 2017	: 1,241,154,216
Number of common shares issued including treasury stock as of December 31, 2016	: 1,241,119,180
Number of treasury stock as of September 30, 2017	: 5,470,299
Number of treasury stock as of December 31, 2016	: 415,691
Weighted-average number of common shares outstanding during the nine months ended September 30, 2017	: 1,237,911,760
Weighted-average number of common shares outstanding during the nine months ended September 30, 2016	: 1,243,672,739

(Information on the 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, 2017 of Kubota Corporation and its subsidiaries (hereinafter, the "Company") are being subjected to quarterly review procedures.

< 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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1. Review of operations and financial condition

(1) Summary of the results of operations for the nine-month period

For the nine months ended September 30, 2017, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥85.3 billion [7.2%] from the corresponding period in the prior year to ¥1,266.7 billion.

Domestic revenues increased by ¥5.6 billion [1.3%] to ¥418.7 billion from the corresponding period in the prior year because increased revenues in Farm & Industrial Machinery, which was mainly due to strong sales of agricultural-related products, compensated for lower revenues in Water & Environment and Other.

Overseas revenues increased by ¥79.7 billion [10.4%] to ¥848.0 billion from the corresponding period in the prior year. Revenues in Farm & Industrial Machinery in each region, including North America, Europe, and Asia outside Japan, increased due to strong sales of construction machinery and engines as well as the positive effect from a business acquisition in the prior year, while revenues in Water & Environment fell due to decreased sales of ductile iron pipes and industrial castings.

Operating income decreased by ¥3.5 billion [2.3%] from the corresponding period in the prior year to ¥144.5 billion. The decrease was mainly due to the negative effect from yen appreciation, which was included in the inventories held by overseas subsidiaries at the prior fiscal year-end and realized in this period after the inventory stock and transportation period, an increase in fixed costs, and a rise in material prices, while there was a positive effect from increased revenues. Income before income taxes and equity in net income of affiliated companies increased by ¥14.7 billion [10.3%] from the corresponding period in the prior year to ¥156.9 billion, as an improvement in the foreign exchange gain (loss)-net account and an increase in gain on sales of securities compensated for a decrease in operating income. Income taxes were ¥46.3 billion, and net income increased by ¥11.4 billion [11.3%] to ¥112.2 billion from the corresponding period in the prior year. Net income attributable to Kubota Corporation increased by ¥12.3 billion [13.2%] from the corresponding period in the prior year to ¥105.3 billion.

Revenues from external customers and operating income by each reportable 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 increased by 10.0% from the corresponding period in the prior year to ¥1,041.6 billion and accounted for 82.2% of consolidated revenues.

Domestic revenues increased by 3.8% to ¥224.5 billion since sales of tractors recovered from the stagnation of sales caused by the strengthening of emission regulations. Additionally, sales of agricultural-related products increased significantly, while sales of electronic-equipped machinery and engines decreased.

Overseas revenues increased by 11.9% to ¥817.1 billion. In North America, sales of compact tractors, construction machinery, and engines grew due to expanded demand in addition to the positive effect from favorable exchange rates and a business acquisition in the prior year. In Europe, sales of construction machinery and engines grew due to steady demand in the construction industry, and sales from the implements business in the agriculture-related market increased as well. In Asia outside Japan, revenues in Thailand increased due to the cancelation of the restrictions on water intake during the period for dry-season cropping and the positive effects from favorable exchange rates, while there were negative effects from severe rainfall during the rainy season. Revenues in China increased significantly due to an increase in sales of rice

transplanters, construction machinery, and engines, while sales of combines slowed.

Operating income in Farm & Industrial Machinery decreased by 2.5% from the corresponding period in the prior year to ¥141.8 billion mainly because the negative effect from yen appreciation in the prior year was realized in this period. Additionally, fixed costs increased, while there was a positive effect from increased revenues in the domestic and overseas markets.

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 4.4% from the corresponding period in the prior year to ¥203.5 billion and accounted for 16.1% of consolidated revenues.

Domestic revenues decreased by 1.4% from the corresponding period in the prior year to ¥172.9 billion. Revenues from pipe-related products decreased due to lower revenues from the construction business, mainly resulting from delayed commencement of projects. Revenues from environment-related products decreased as well due to a decrease in sales from the operation and maintenance of the facilities business. On the other hand, revenues from social infrastructure-related products increased because significantly increased sales from the spiral-welded steel pipes business, which enjoyed strong orders, compensated for decreased sales of industrial castings.

Overseas revenues decreased by 18.4% to ¥30.6 billion. Export sales of ductile iron pipes to the Middle East decreased. In addition, industrial castings to Southeast Asia, which included large-scale projects in the prior year, decreased as well.

Operating income in Water & Environment increased by 23.8% from the corresponding period in the prior year to ¥20.9 billion. Profitability was improved by strictly selected orders with favorable profit, and fixed costs were reduced. These positive effects exceeded the negative effects from lower revenues in the domestic and overseas markets and a rise in material prices.

3) Other

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

Revenues in this segment decreased by 0.6% from the corresponding period in the prior year to ¥21.6 billion and accounted for 1.7% of consolidated revenues.

Operating income in Other decreased by 22.5% to ¥2.1 billion.

(2) Financial condition

1) Assets, liabilities, and equity

Total assets at September 30, 2017 were ¥2,744.7 billion, an increase of ¥74.1 billion from the prior fiscal year-end. With respect to assets, short and long-term finance receivables increased due to the expansion in sales financing operations in North America, where retail sales were strong, while trade notes and accounts receivable decreased because of the inventory control of dealers in the United States.

With respect to liabilities, trade notes and accounts payable increased while the aggregated amount of interest-bearing debt, which is composed of short-term borrowings, current portion of long-term debt, and long-term debt, slightly decreased. Equity increased because the accumulation of retained earnings compensated for increased treasury stock. The shareholders' equity ratio stood at 45.8%, 0.9 percent higher

than at the prior fiscal year-end.

2) Cash flows

Net cash provided by operating activities during the nine months ended September 30, 2017 was ¥160.4 billion, an increase of ¥31.6 billion in net cash inflow compared with the corresponding period in the prior year. This increase resulted from an increase in net income and changes in working capital, such as trade notes and accounts payable.

Net cash used in investing activities was ¥77.8 billion, a decrease of ¥70.3 billion in cash outflow compared with the corresponding period in the prior year. This decrease was mainly due to a decrease in cash outflow of business acquisition and a decrease in time deposits, while cash outflow related to an increase in finance receivables rose.

Net cash used in financing activities was ¥46.5 billion, as compared to ¥13.3 billion of net cash inflow for the corresponding period in the prior year, mainly resulting from a decrease in net cash inflow from borrowings.

As a result of the above, and after taking into account the effects from exchange rate changes, cash and cash equivalents at September 30, 2017 were ¥206.6 billion, an increase of ¥37.1 billion from the beginning of the current fiscal year.

(3) Prospects for the year ending December 31, 2017

The Company revised its forecasts for revenues for the year ending December 31, 2017 upward to ¥1,700.0 billion, an increase of ¥20.0 billion from the previous forecasts, which were announced on February 14, 2017. This revision was made due to stronger sales of tractors and agricultural-related products in domestic market, and higher overseas revenues, resulting from the positive effects from yen depreciation, compared to the previous forecasts.

On the other hand, operating income is expected to remain ¥198.0 billion, which was the same as the previous forecasts. Overseas revenues on a constant-currency basis are forecast to decrease compared to the previous forecasts, while the effects from yen depreciation is expected to be positive to operating income. Income before income taxes and equity in net income of affiliated companies was revised upward by ¥5.0 billion to ¥210.0 billion, and net income attributable to Kubota Corporation was also revised upward by ¥2.0 billion to ¥140.0 billion, compared with the previous forecasts.

These forecasts are based on the assumption of exchange rates of ¥111=US\$1 and ¥125=€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) A change in accounting principle and estimate for consolidated financial statements

1) A change in accounting principle

On January 1, 2017, the Company adopted a new accounting standard related to simplifying the measurement of inventory. This standard simplifies the subsequent measurement of inventory by requiring the entities to measure inventory at the lower of cost or net realizable value. The adoption of this standard did not have a material impact on the Company's consolidated financial statements.

On January 1, 2017, the Company adopted a new accounting standard related to the classification of deferred taxes on the consolidated balance sheets. This standard requires that deferred tax assets and deferred tax liabilities be classified as non-current in a classified statement of financial position. The Company did not retrospectively adjust the consolidated financial statements. The carrying amounts of the current portion of deferred tax assets and deferred tax liabilities included in the Company's consolidated balance sheet at the prior fiscal year-end were ¥46,798 million and ¥160 million, respectively.

2) A change in accounting estimate

Previously, the Company used the declining-balance method for calculating the depreciation of property, plant, and equipment; however, effective from January 1, 2017, the Company changed its depreciation method to the straight-line method. This change resulted in an increase of net income attributable to Kubota Corporation for the nine months ended September 30, 2017 by ¥642 million, as compared with the previous method.

3. Consolidated financial statements

(1) Consolidated balance sheets

Assets

(In millions of yen)

	Sept. 30, 2017		Dec. 31, 2016		Change	Sept. 30, 2016	
	Amount	%	Amount	%	Amount	Amount	%
Current assets:							
Cash and cash equivalents	206,559		169,416		37,143	123,494	
Trade notes and accounts receivable	599,956		632,814		(32,858)	559,571	
Short-term finance receivables-net	258,219		244,184		14,035	212,216	
Inventories	381,918		356,180		25,738	337,082	
Other current assets	103,684		160,480		(56,796)	154,039	
Total current assets	1,550,336	56.5	1,563,074	58.5	(12,738)	1,386,402	58.2
Investments and long-term finance receivables	722,381	26.3	677,473	25.4	44,908	583,201	24.5
Property, plant, and equipment	319,193	11.6	314,231	11.8	4,962	289,017	12.1
Other assets	152,755	5.6	115,804	4.3	36,951	122,507	5.2
Total assets	2,744,665	100.0	2,670,582	100.0	74,083	2,381,127	100.0

Liabilities and Equity

(In millions of yen)

	Sept. 30, 2017		Dec. 31, 2016		Change	Sept. 30, 2016	
	Amount	%	Amount	%	Amount	Amount	%
Current liabilities:							
Short-term borrowings	150,441		193,883		(43,442)	146,356	
Trade notes and accounts payable	275,652		255,859		19,793	213,968	
Other current liabilities	249,859		241,659		8,200	213,191	
Current portion of long-term debt	164,771		145,212		19,559	159,228	
Total current liabilities	840,723	30.6	836,613	31.3	4,110	732,743	30.8
Long-term liabilities:							
Long-term debt	500,096		478,894		21,202	427,843	
Accrued retirement and pension costs	12,857		12,091		766	10,810	
Other long-term liabilities	52,267		71,059		(18,792)	63,833	
Total long-term liabilities	565,220	20.6	562,044	21.1	3,176	502,486	21.1
Equity:							
Kubota Corporation shareholders' equity:							
Common stock	84,100		84,070		30	84,070	
Capital surplus	85,020		84,605		415	84,950	
Legal reserve	19,539		19,539		—	19,539	
Retained earnings	1,028,323		961,403		66,920	927,998	
Accumulated other comprehensive income (loss)	50,418		49,336		1,082	(32,715)	
Treasury stock, at cost	(9,364)		(192)		(9,172)	(4,209)	
Total Kubota Corporation shareholders' equity	1,258,036	45.8	1,198,761	44.9	59,275	1,079,633	45.3
Non-controlling interests	80,686	3.0	73,164	2.7	7,522	66,265	2.8
Total equity	1,338,722	48.8	1,271,925	47.6	66,797	1,145,898	48.1
Total liabilities and equity	2,744,665	100.0	2,670,582	100.0	74,083	2,381,127	100.0

(2) Consolidated statements of income

(In millions of yen)

	Nine months ended		Nine months ended		Change		Year ended	
	Sept. 30, 2017		Sept. 30, 2016				Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	1,266,651	100.0	1,181,376	100.0	85,275	7.2	1,596,091	100.0
Cost of revenues	898,983	71.0	828,561	70.1	70,422	8.5	1,122,546	70.3
Selling, general, and administrative expenses	222,687	17.6	203,892	17.3	18,795	9.2	283,849	17.8
Other operating expenses-net	492	0.0	966	0.1	(474)	(49.1)	919	0.1
Operating income	144,489	11.4	147,957	12.5	(3,468)	(2.3)	188,777	11.8
Other income (expenses):								
Interest and dividend income	4,847		4,246		601		7,049	
Interest expense	(620)		(340)		(280)		(503)	
Gain on sales of securities-net	8,300		2,096		6,204		6,826	
Foreign exchange gain (loss)-net	6,846		(7,916)		14,762		(3,556)	
Other-net	(7,005)		(3,877)		(3,128)		(1,622)	
Other income (expenses)-net	12,368		(5,791)		18,159		8,194	
Income before income taxes and equity in net income of affiliated companies	156,857	12.4	142,166	12.0	14,691	10.3	196,971	12.3
Income taxes	46,310		42,970		3,340		56,546	
Equity in net income of affiliated companies	1,636		1,571		65		2,440	
Net income	112,183	8.9	100,767	8.5	11,416	11.3	142,865	9.0
Less: Net income attributable to non-controlling interests	6,842		7,699		(857)		10,380	
Net income attributable to Kubota Corporation	105,341	8.3	93,068	7.9	12,273	13.2	132,485	8.3

Net income attributable to Kubota Corporation per common share

(In yen)

Basic	85.09	74.83		106.58
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(3) Consolidated statements of comprehensive income (loss)

(In millions of yen)

	Nine months ended Sept. 30, 2017	Nine months ended Sept. 30, 2016	Change
Net income	112,183	100,767	11,416
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	4,060	(106,493)	110,553
Unrealized losses on securities	(1,193)	(11,403)	10,210
Pension liability adjustments	590	24	566
Total other comprehensive income (loss)	3,457	(117,872)	121,329
Comprehensive income (loss)	115,640	(17,105)	132,745
Less: Comprehensive income attributable to non-controlling interests	9,217	1,371	7,846
Comprehensive income (loss) attributable to Kubota Corporation	106,423	(18,476)	124,899

(4) Consolidated statements of cash flows

(In millions of yen)

	Nine months ended Sept. 30, 2017	Nine months ended Sept. 30, 2016	Change
Operating activities:			
Net income	112,183	100,767	
Depreciation and amortization	33,760	31,209	
Gain on sales of securities-net	(8,300)	(2,096)	
Equity in net income of affiliated companies	(1,636)	(1,571)	
Deferred income taxes	(7,973)	311	
Decrease in trade notes and accounts receivable	21,371	30,839	
Increase in inventories	(17,364)	(13,656)	
Increase in other current assets	(14,895)	(7,152)	
Increase (decrease) in trade notes and accounts payable	17,784	(36,010)	
Increase in income taxes payable	4,723	10,139	
Increase in other current liabilities	14,502	10,328	
Decrease in accrued retirement and pension costs	(818)	(1,546)	
Other	7,070	7,219	
Net cash provided by operating activities	160,407	128,781	31,626
Investing activities:			
Purchases of fixed assets	(42,812)	(37,831)	
Proceeds from sales and redemption of investments	11,768	2,947	
Acquisition of business, net of cash acquired	(1,085)	(42,396)	
Increase in finance receivables	(312,124)	(265,460)	
Collection of finance receivables	246,200	217,537	
Net decrease in short-term loans receivable from affiliated companies	2,082	165	
Net decrease (increase) in time deposits	18,059	(18,394)	
Other	155	(4,652)	
Net cash used in investing activities	(77,757)	(148,084)	70,327
Financing activities:			
Proceeds from issuance of long-term debt	185,648	193,555	
Repayments of long-term debt	(141,133)	(112,811)	
Net decrease in short-term borrowings	(40,086)	(11,498)	
Payments of cash dividends	(38,421)	(34,839)	
Purchases of treasury stock	(9,172)	(4,011)	
Purchases of non-controlling interests	—	(14,847)	
Other	(3,346)	(2,245)	
Net cash (used in) provided by financing activities	(46,510)	13,304	(59,814)
Effect of exchange rate changes on cash and cash equivalents	1,003	(16,793)	17,796
Net increase (decrease) in cash and cash equivalents	37,143	(22,792)	
Cash and cash equivalents, beginning of period	169,416	146,286	
Cash and cash equivalents, end of period	206,559	123,494	83,065

(5) Notes to the going concern assumption

None

(6) Consolidated segment information

1) Reportable segments

Information by reportable segment is summarized as follows:

Nine months ended September 30, 2017

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	1,041,594	203,490	21,567	—	1,266,651
	Intersegment	198	1,205	19,692	(21,095)	—
	Total	1,041,792	204,695	41,259	(21,095)	1,266,651
Operating income		141,803	20,889	2,051	(20,254)	144,489

Nine months ended 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

Notes:

1. "Adjustments" include the elimination of intersegment transfers and unallocated corporate expenses.
2. The aggregated amounts of operating income are equal to those presented 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.

2) Geographic information

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

(In millions of yen)

	Nine months ended Sept. 30, 2017	Nine months ended Sept. 30, 2016
Japan	418,684	413,133
North America	372,468	336,952
Europe	168,273	146,996
Asia outside Japan	256,213	236,768
Other areas	51,013	47,527
Total	1,266,651	1,181,376

Notes:

1. Revenues from North America included those from the United States of ¥324,876 million and ¥298,304 million for the nine months ended September 30, 2017 and 2016, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.

(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, 2016	1,240,703	84,070	84,605	19,539	961,403	49,336	(192)	73,164	1,271,925
Net income					105,341			6,842	112,183
Other comprehensive income						1,082		2,375	3,457
Cash dividends paid to Kubota Corporation shareholders, ¥31.00 per common share					(38,421)				(38,421)
Cash dividends paid to non-controlling interests								(3,701)	(3,701)
Purchases and sales of treasury stock	(5,054)		144				(9,172)		(9,028)
Restricted stock compensation	35	30							30
Changes in ownership interests in subsidiaries			271					2,006	2,277
Balance at Sept. 30, 2017	1,235,684	84,100	85,020	19,539	1,028,323	50,418	(9,364)	80,686	1,338,722

(8) Consolidated revenues by product group

(In millions of yen)

	Nine months ended		Nine months ended		Change		Year ended	
	Sept. 30, 2017		Sept. 30, 2016				Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	839,960	66.3	770,017	65.2	69,943	9.1	1,032,237	64.7
Domestic	183,282		174,699		8,583	4.9	221,792	
Overseas	656,678		595,318		61,360	10.3	810,445	
Construction Machinery	182,223	14.4	156,570	13.3	25,653	16.4	212,951	13.3
Domestic	22,917		22,478		439	2.0	34,084	
Overseas	159,306		134,092		25,214	18.8	178,867	
Electronic Equipped Machinery	19,411	1.5	20,197	1.7	(786)	(3.9)	26,956	1.7
Domestic	18,280		19,146		(866)	(4.5)	25,612	
Overseas	1,131		1,051		80	7.6	1,344	
Farm & Industrial Machinery	1,041,594	82.2	946,784	80.2	94,810	10.0	1,272,144	79.7
Domestic	224,479	17.7	216,323	18.4	8,156	3.8	281,488	17.6
Overseas	817,115	64.5	730,461	61.8	86,654	11.9	990,656	62.1
Pipe-related Products	112,086	8.9	119,280	10.1	(7,194)	(6.0)	170,451	10.7
Domestic	103,721		105,293		(1,572)	(1.5)	149,960	
Overseas	8,365		13,987		(5,622)	(40.2)	20,491	
Environment-related Products	59,294	4.7	61,947	5.2	(2,653)	(4.3)	81,506	5.1
Domestic	51,962		54,753		(2,791)	(5.1)	69,884	
Overseas	7,332		7,194		138	1.9	11,622	
Social Infrastructure-related Products	32,110	2.5	31,678	2.7	432	1.4	42,573	2.7
Domestic	17,181		15,307		1,874	12.2	21,014	
Overseas	14,929		16,371		(1,442)	(8.8)	21,559	
Water & Environment	203,490	16.1	212,905	18.0	(9,415)	(4.4)	294,530	18.5
Domestic	172,864	13.7	175,353	14.8	(2,489)	(1.4)	240,858	15.1
Overseas	30,626	2.4	37,552	3.2	(6,926)	(18.4)	53,672	3.4
Other	21,567	1.7	21,687	1.8	(120)	(0.6)	29,417	1.8
Domestic	21,341	1.7	21,457	1.8	(116)	(0.5)	29,095	1.8
Overseas	226	0.0	230	0.0	(4)	(1.7)	322	0.0
Total	1,266,651	100.0	1,181,376	100.0	85,275	7.2	1,596,091	100.0
Domestic	418,684	33.1	413,133	35.0	5,551	1.3	551,441	34.5
Overseas	847,967	66.9	768,243	65.0	79,724	10.4	1,044,650	65.5

(9) Anticipated consolidated revenues by reportable segment

(In billions of yen)

	Year ending Dec. 31, 2017		Year ended Dec. 31, 2016		Change	
	Amount	%	Amount	%	Amount	%
Domestic	294.0		281.5		12.5	4.4
Overseas	1,091.0		990.7		100.3	10.1
Farm & Industrial Machinery	1,385.0	81.5	1,272.2	79.7	112.8	8.9
Domestic	241.0		240.8		0.2	0.1
Overseas	44.0		53.7		(9.7)	(18.1)
Water & Environment	285.0	16.7	294.5	18.5	(9.5)	(3.2)
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	1,700.0	100.0	1,596.1	100.0	103.9	6.5

Domestic	565.0	33.2	551.4	34.5	13.6	2.5
Overseas	1,135.0	66.8	1,044.7	65.5	90.3	8.6

4. Results of operations for the three months ended September 30, 2017

(1) Consolidated statements of income

(In millions of yen)

	Three months ended Sept. 30, 2017		Three months ended Sept. 30, 2016		Change	
	Amount	%	Amount	%	Amount	%
Revenues	420,655	100.0	385,240	100.0	35,415	9.2
Cost of revenues	299,663	71.2	274,010	71.1	25,653	9.4
Selling, general, and administrative expenses	77,005	18.4	68,596	17.8	8,409	12.3
Other operating expenses-net	97	0.0	257	0.1	(160)	(62.3)
Operating income	43,890	10.4	42,377	11.0	1,513	3.6
Other income (expenses):						
Interest and dividend income	1,132		1,030		102	
Interest expense	(273)		(70)		(203)	
Gain on sales of securities-net	2,916		1,165		1,751	
Foreign exchange gain-net	3,533		1,635		1,898	
Other-net	(1,948)		(1,085)		(863)	
Other income (expenses)-net	5,360		2,675		2,685	
Income before income taxes and equity in net income of affiliated companies	49,250	11.7	45,052	11.7	4,198	9.3
Income taxes	12,919		12,249		670	
Equity in net income of affiliated companies	791		821		(30)	
Net income	37,122	8.8	33,624	8.7	3,498	10.4
Less: Net income attributable to non-controlling interests	2,225		2,877		(652)	
Net income attributable to Kubota Corporation	34,897	8.3	30,747	8.0	4,150	13.5

Net income attributable to Kubota Corporation per common share

(In yen)

Basic	28.23	24.74	
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(2) Consolidated segment information

1) Reportable segments

Information by reportable segment is summarized as follows:

Three months ended September 30, 2017

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
Revenues	External customers	349,171	64,781	6,703	—	420,655
	Intersegment	32	226	6,363	(6,621)	—
	Total	349,203	65,007	13,066	(6,621)	420,655
Operating income		45,224	4,650	482	(6,466)	43,890

Three months ended 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

Notes:

1. "Adjustments" include the elimination of intersegment transfers and unallocated corporate expenses.
2. The aggregated amounts of operating income are equal to those presented 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.

2) Geographic information

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

(In millions of yen)

	Three months ended Sept. 30, 2017	Three months ended Sept. 30, 2016
Japan	138,060	130,927
North America	127,748	115,907
Europe	48,984	37,626
Asia outside Japan	85,157	83,733
Other areas	20,706	17,047
Total	420,655	385,240

Notes:

1. Revenues from North America included those from the United States of ¥112,601 million and ¥103,882 million for the three months ended September 30, 2017 and 2016, respectively.
2. There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.

(3) Consolidated revenues by product group

(In millions of yen)

	Three months ended Sept. 30, 2017		Three months ended Sept. 30, 2016		Change	
	Amount	%	Amount	%	Amount	%
	Farm Equipment and Engines	283,302	67.3	262,359	68.1	20,943
Domestic	62,589		59,278		3,311	5.6
Overseas	220,713		203,081		17,632	8.7
Construction Machinery	59,275	14.1	46,184	12.0	13,091	28.3
Domestic	8,551		7,249		1,302	18.0
Overseas	50,724		38,935		11,789	30.3
Electronic Equipped Machinery	6,594	1.6	6,871	1.8	(277)	(4.0)
Domestic	6,250		6,438		(188)	(2.9)
Overseas	344		433		(89)	(20.6)
Farm & Industrial Machinery	349,171	83.0	315,414	81.9	33,757	10.7
Domestic	77,390	18.4	72,965	18.9	4,425	6.1
Overseas	271,781	64.6	242,449	63.0	29,332	12.1
Pipe-related Products	38,993	9.3	37,494	9.7	1,499	4.0
Domestic	35,704		33,295		2,409	7.2
Overseas	3,289		4,199		(910)	(21.7)
Environment-related Products	15,262	3.6	15,687	4.1	(425)	(2.7)
Domestic	12,520		13,097		(577)	(4.4)
Overseas	2,742		2,590		152	5.9
Social Infrastructure-related Products	10,526	2.5	9,845	2.5	681	6.9
Domestic	5,809		4,819		990	20.5
Overseas	4,717		5,026		(309)	(6.1)
Water & Environment	64,781	15.4	63,026	16.3	1,755	2.8
Domestic	54,033	12.8	51,211	13.3	2,822	5.5
Overseas	10,748	2.6	11,815	3.0	(1,067)	(9.0)
Other	6,703	1.6	6,800	1.8	(97)	(1.4)
Domestic	6,637	1.6	6,751	1.8	(114)	(1.7)
Overseas	66	0.0	49	0.0	17	34.7
Total	420,655	100.0	385,240	100.0	35,415	9.2
Domestic	138,060	32.8	130,927	34.0	7,133	5.4
Overseas	282,595	67.2	254,313	66.0	28,282	11.1