

[Translation]

Quarterly Report

(The Second Quarter of 126th Business Term)
From July 1, 2015 to September 30, 2015

2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN

KUBOTA Corporation

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Confirmation Letter

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This is an English translation of the Quarterly Report filed with the Director of the Kanto Local Finance Bureau via Electronic Disclosure for Investors’ NETwork (“EDINET”) pursuant to the Financial Instruments and Exchange Act of Japan.

The translation of the Confirmation Letter for the original Quarterly Report is included at the end of this document.

As used in this Quarterly Report herein, the “Company” refers to Kubota Corporation and its subsidiaries unless the context otherwise indicates.

References in this document to the “Financial Instruments and Exchange Act of Japan” are to the Financial Instruments and Exchange Act of Japan and other laws and regulations amending and/or supplementing the Financial Instruments and Exchange Act of Japan.

1. Overview of the Company

1. Key Financial Data

(¥ in millions, except per share amounts)

	Six months ended September 30, 2015	Six months ended September 30, 2014	Year ended March 31, 2015
Revenues	¥ 818,816 [406,725]	¥ 745,061 [384,336]	¥ 1,586,937
Income before income taxes and equity in net income of affiliated companies	117,759	103,558	211,259
Net income attributable to Kubota Corporation	75,713 [35,086]	66,091 [32,666]	140,012
Comprehensive income	50,080	97,666	230,755
Kubota Corporation Shareholders' equity	1,129,179	1,001,830	1,100,998
Total equity	1,204,727	1,075,118	1,179,393
Total assets	2,465,558	2,224,758	2,476,820
Net income attributable to Kubota Corporation per common share:			
Basic	60.84 [28.19]	52.88 [26.14]	112.07
Diluted	—	—	—
Kubota Corporation shareholders' equity ratio (%)	45.8	45.0	44.4
Net cash provided by operating activities	152,661	72,147	84,000
Net cash used in investing activities	(90,678)	(81,583)	(117,507)
Net cash provided by (used in) financing activities	(39,218)	23,380	52,602
Cash and cash equivalents, end of period	132,859	104,251	113,016

(Notes)

1. The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").
2. The figures of "Revenues," "Net income attributable to Kubota Corporation," and "Net income attributable to Kubota Corporation per common share—Basic" in square brackets are those for the three months ended September 30, 2015 and 2014, respectively.
3. Revenues do not include consumption taxes.
4. "Net income attributable to Kubota Corporation per common share—Diluted" is not stated because Kubota Corporation did not have potential dilutive common shares that were outstanding for the period.
5. Amounts less than presentation units are rounded.

2. Description of Business

There was no significant change in businesses of the Company for the six months ended September 30, 2015. Accordingly, there was no influence on the positions of the Company.

Beginning with the first quarter of the current consolidated fiscal year, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment, in conformity with the change in the business reporting structure of the Company.

2. Business Overview

1. Risk Factors

For the six months ended September 30, 2015, none of event or fact described in 2. Business Overview or 4. Financial Information which may have a significant influence on investor's investment decisions was identified. There was no significant change from the information described in the Risk Factors' section of the Annual Securities Report for the year ended March 31, 2015.

In addition, any significant concerns or events do not exist as of the filing date.

2. Material Contracts

There was no material contract decided to be concluded or was concluded for the six months ended September 30, 2015.

3. Analyses of Consolidated Financial Condition, Results of Operations, and Status of Cash Flows

(1) Analyses of Results of Operations

For the six months ended September 30, 2015, revenues of Kubota Corporation and its subsidiaries (hereinafter, the "Company") increased by ¥73.8 billion (9.9%) from the corresponding period in the prior year, to ¥818.8 billion.

Domestic revenues increased by ¥7.0 billion (2.8%) from the corresponding period in the prior year, to ¥260.7 billion. Domestic revenues in Farm & Industrial Machinery increased due to higher sales of farm equipment and construction machinery, while revenues in Water & Environment decreased owing to lower sales of ductile iron pipes.

Overseas revenues grew by ¥66.8 billion (13.6%) from the corresponding period in the prior year, to ¥558.2 billion. In Farm & Industrial Machinery, revenues increased significantly due to the effect of yen depreciation and growing sales in China. Revenues in Water & Environment also increased owing to higher sales of ductile iron pipes and industrial castings.

Operating income increased by ¥16.1 billion (16.1%) from the corresponding period in the prior year, to ¥116.3 billion, because increased revenues in the domestic and overseas markets and the effect of yen depreciation exceeded the negative impact of increased selling expenses. Income before income taxes and equity in net income of affiliated companies, equivalent to operating income plus other income of ¥1.5 billion, amounted to ¥117.8 billion, which was ¥14.2 billion (13.7%) higher than in the corresponding period in the prior year. Income taxes were ¥38.1 billion, and net income increased by ¥9.6 billion (13.5%) from the corresponding period in the prior year, to ¥80.9 billion. Net income attributable to Kubota Corporation increased by ¥9.6 billion (14.6%) from the corresponding period in the prior year, to ¥75.7 billion.

Beginning with the first quarter of the current consolidated fiscal year, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment, in conformity with the change in the business reporting structure of the Company. The segment information for the six and three months ended September 30, 2014 has been retrospectively adjusted to conform to the current year presentation.

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, engines, construction machinery, and electronic equipped machinery.

Revenues in this segment increased by 11.1% from the corresponding period in the prior year, to ¥683.1 billion, and accounted for 83.4% of consolidated revenues.

Domestic revenues increased by 6.7% from the corresponding period in the prior year, to ¥157.9 billion. Sales of farm equipment rose mainly in tractors due to recovery from an adverse reaction to the front-loaded demand before Japan's consumption tax hike, and aggressive sales promotion activities timed to coincide with the revisions in emission regulations. Sales of construction machinery steadily increased, supported by high volumes of construction work and preferential taxation systems.

Overseas revenues increased by 12.5% from the corresponding period in the prior year, to ¥525.2 billion. In North America, increased sales of compact tractors and mowers and the effect of yen depreciation offset decreased sales of midscale tractors. Sales of construction machinery and engines expanded along with the economic recovery and steady

housing starts. In Europe, revenues showed a small increase because higher sales of construction machinery and engines, which resulted from the positive trend of economic recovery in the UK and southern Europe, offset the stagnation in the agricultural market owing to the decline in agricultural prices and the effect of euro depreciation. In Asia outside Japan, sales in China rose significantly due to the effect of the resumption of government subsidies, increased sales of combines and tractors, and the effect of yen depreciation. In Thailand, the impact of increasing sales of combine harvesters and the effect of yen depreciation exceeded the negative impact of lower sales of tractors, power tillers, and engines resulting from severe drought.

Operating income in Farm & Industrial Machinery increased by 22.1% from the corresponding period in the prior year, to ¥124.5 billion. The effect of higher sales in Japan and China and the effect of yen depreciation offset an increase in fixed costs.

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 increased by 4.4% from the corresponding period in the prior year, to ¥122.3 billion, and accounted for 14.9% of consolidated revenues.

Domestic revenues decreased by 3.4% from the corresponding period in the prior year, to ¥89.6 billion. Revenues from pipe-related products decreased from the corresponding period in the prior year due to lower sales of ductile iron pipes and plastic pipes. Revenues from environment-related products increased slightly owing to higher sales of water purification facilities and other plants, including operation and maintenance, while sales of waste water treatment equipment and plants decreased. Revenues from social infrastructure-related products also increased due to higher sales of industrial castings.

Overseas revenues increased by 34.1% from the corresponding period in the prior year, to ¥32.6 billion. Revenues from pipe-related products increased sharply due to expansion in exports of ductile iron pipes. Revenues from environment-related products and social infrastructure-related products also increased, owing to higher sales of membrane systems, water & environment plant business (Engineering, Procurement, Construction), and industrial castings.

Operating income in Water & Environment decreased by 42.6% from the corresponding period in the prior year, to ¥4.1 billion, due to lower revenues in domestic markets and the negative impact of higher selling expenses.

3) Other

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

Revenues in this segment increased by 1.0% from the corresponding period in the prior year, to ¥13.4 billion, and accounted for 1.7% of consolidated revenues.

Operating income in Other decreased by 4.6% from the corresponding period in the prior year, to ¥1.0 billion

(2) Analyses of Financial Condition

Total assets at September 30, 2015 amounted to ¥2,465.6 billion, a decrease of ¥11.3 billion from March 31, 2015.

Among assets, short- and long-term finance receivables and inventories increased, while notes and accounts receivable decreased substantially. The yen value of assets denominated in foreign currencies decreased, due to the effect of yen appreciation compared to the prior fiscal year-end.

Among liabilities, 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 and the decline in notes and accounts receivable. Equity increased as the accumulation of retained earnings exceeded the deterioration in accumulated other comprehensive income due to fluctuations in exchange rates and stock prices. The shareholders' equity ratio was 45.8%, 1.4 percentage points higher than at the prior fiscal year-end.

(3) Analyses of Status of Cash Flows

Net cash provided by operating activities for the six months ended September 30, 2015 was ¥152.7 billion, an increase of ¥80.5 billion in cash inflow from the corresponding period in the prior year. This increase resulted from the rise in net

income as well as the changes in working capital, including notes and accounts receivable, and trade notes and accounts payable.

Net cash used in investing activities was ¥90.7 billion, an increase of ¥9.1 billion in cash outflow from the corresponding period in the prior year. This increase was mainly due to an increase in finance receivables along with an expansion in overseas sales financing operations.

Net cash used in financing activities was ¥39.2 billion, an increase of ¥62.6 billion in cash outflow from the corresponding period in the prior year. This increase was mainly due to a significant decrease in proceeds from issuance of long-term debt.

As a result, after taking account of the effect of exchange rate changes on cash and cash equivalents, cash and cash equivalents at September 30, 2015 were ¥132.9 billion, an increase of ¥19.8 billion from the beginning of the current fiscal year.

(4) Issues to Address on Business and Finance

There was no material change in the issues for the Company to address on and challenge for the six months ended September 30, 2015. Also, no additional issue rose.

(5) Research and Development

The Company's research and development expenses for the six months ended September 30, 2015 were ¥19.6 billion.

(6) Major Property, Plants, and Equipment

The following table presents a plan for new construction of material property, plants, and equipment which was newly decided for the six months ended Sep 30, 2015:

Company name Facility (Location)	Reporting segment	Description	Estimated amount of expenditures		Schedule	
			Total amount of expenditures (millions of US\$)	Amount already paid (millions of US\$)	Commenced	To be completed
Kubota Manufacturing of America Corporation (Georgia, U.S.)	Farm & Industrial Machinery	Building of new facility for production expansion of utility vehicles	63.6	7.4	April 2015	June 2017

3. Information on Kubota Corporation

1. Information on the Stock of Kubota Corporation

(1) Total Number of Shares

1) Total Number of Shares

Class	Total number of shares authorized to be issued (shares)
Common stock	1,874,700,000
Total	1,874,700,000

2) Issued Shares

Class	Number of shares issued as of end of period (shares) (September 30, 2015)	Number of shares issued as of filing date (shares) (November 11, 2015)	Stock exchange on which Kubota Corporation is listed	Description
Common stock	1,246,219,180	1,246,219,180	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 1,000 shares.
Total	1,246,219,180	1,246,219,180	—	—

(Note)

The change in the number of shares constituting one share unit from 1,000 to 100 shares was resolved at the Meeting of the Board of Directors held on September 29, 2015, which will be effective from January 1, 2016.

(2) Information on the Stock Acquisition Rights

Not applicable

(3) Information on Moving Strike Convertible Bonds

Not applicable

(4) Information on Shareholder Right Plans

Not applicable

(5) Changes in the Total Number of Issued Shares, the Amount of Common Stock, and Other

Date	Changes in the total number of issued shares (thousands of shares)	Balance of the total number of issued shares (thousands of shares)	Changes in common stock (¥ in millions)	Balance of common stock (¥ in millions)	Changes in capital reserve (¥ in millions)	Balance of capital reserve (¥ in millions)
From: July 1, 2015	—	1,246,219	¥ —	¥ 84,070	¥ —	¥ 73,057
To: September 30, 2015						

(6) Major Shareholders

(As of September 30, 2015)

Name	Address	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	11-3, Hamamatsu-cho 2-chome, Minato-ku Tokyo, JAPAN	121,720	9.76
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	62,542	5.01
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	4.80
Japan Trustee Services Bank, Ltd. (Trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	57,646	4.62
Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	45,006	3.61

Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN	45,006	3.61
Japan Trustee Services Bank, Ltd. (Mitsui Sumitomo Trust and Banking Co., Ltd. Retirement benefit trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	19,582	1.57
The Bank of New York Mellon SA/NV 10 (Standing proxy: Bank of Tokyo-Mitsubishi UFJ, Ltd.)	Rue Montoyerstraat 46, 1 000 Brussels, BELGIUM (7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN, Transaction Services Division)	18,749	1.50
State Street Bank and Trust Company 505223 (Standing proxy: Mizuho Bank, Ltd., Settlement & Clearing Services Division)	P.O. BOX 351 Boston Massachusetts 02101 U.S.A. (16-13, Tsukishima 4-chome, Chuo-ku, Tokyo, JAPAN)	18,573	1.49
Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	18,156	1.45
Total	—	466,912	37.46

(Notes)

- Numbers less than presentation units are rounded down in the columns of "Share ownership" and "Ownership percentage to the total number of issued shares."
- The shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account), and Japan Trustee Services Bank, Ltd. (Mitsui Sumitomo Trust and Banking Co., Ltd. Retirement benefit trust account) are invested as their fiduciary services.
- Kubota Corporation received copies of change reports pertaining to large shareholding reports from Nippon Life Insurance Company dated November 8, 2013. However, the information in the report is not stated in the above table since Kubota Corporation does not confirm the actual status of shareholdings as of September 30, 2015. A summary of the reports as of October 31, 2013 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Nippon Life Insurance Company	71,655	5.70
Nissay Asset Management Corporation	2,415	0.19
Total	74,070	5.90

- Kubota Corporation received copies of change reports pertaining to large shareholding reports from Sumitomo Mitsui Trust Holdings Inc. dated January 9, 2014. However, the information in the report is not stated in the above table since Kubota Corporation does not confirm the actual status of shareholdings as of September 30, 2015. A summary of the reports as of December 31, 2013 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	68,026	5.41
Sumitomo Mitsui Trust Asset Management Co., Ltd.	2,283	0.18
Nikko Asset Management Co., Ltd.	19,547	1.56
Total	89,856	7.15

- Kubota Corporation received copies of change reports pertaining to large shareholding reports from Mizuho Bank, Ltd. dated May 22, 2014. However, the information in the report is not stated in the above table since Kubota Corporation does not confirm the actual status of shareholdings as of September 30, 2015 except that of Mizuho Bank, Ltd. A summary of the reports as of May 15, 2014 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	45,006	3.60
Mizuho Securities Co., Ltd.	1,277	0.10
Mizuho Trust & Banking Co., Ltd.	20,205	1.62
Shinko Asset Management Co, Ltd.	1,905	0.15
Total	68,393	5.47

(7) Information on Voting Rights

1) Issued Shares

(As of September 30, 2015)

Classification		Number of shares (shares)	Number of voting rights	Description
Shares without voting rights		—	—	—
Shares with restricted voting rights (treasury stock, etc.)		—	—	—
Shares with restricted voting rights (others)		—	—	—
Shares with full voting rights (treasury stock, etc.)	(Treasury stock)		—	—
	Common stock:	1,310,000		
	(Crossholding stock)			
	Common stock:	829,000		
Shares with full voting rights (others)	Common stock:	1,241,851,000	1,241,851	—
Shares less than one unit	Common stock:	2,229,180	—	Shares less than one unit (1,000 shares)
Number of issued shares		1,246,219,180	—	—
Total number of voting rights		—	1,241,851	—

(Notes)

- The “Shares with full voting rights (others)” column includes 1,000 shares (1 voting right) registered in the name of Japan Securities Depository Center, Incorporated.
- The change in the number of shares constituting one share unit from 1,000 to 100 shares was resolved at the Meeting of the Board of Directors held on September 29, 2015, which will be effective from January 1, 2016.

2) Treasury Stock

(As of September 30, 2015)

Name of shareholder	Address	Number of shares held under own name (shares)	Number of shares held under the names of others (shares)	Total shares held (shares)	Ownership percentage to the total number of issued shares (%)
(Treasury stock)					
Kubota Corporation	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN	1,310,000	—	1,310,000	0.10
(Crossholding stock)					
Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,000	—	41,000	0.00
Minami Tohoku Kubota Corporation	16-1, Takakura Sugishita, Hiwadamachi, Koriyama-shi, Fukushima, JAPAN	102,000	—	102,000	0.00
Hokuriku Kinki Kubota Corporation	956-1, Shimokashiwanomachi, Hakusan-shi, Ishikawa, JAPAN	9,000	—	9,000	0.00
Chugoku Kubota Corporation	275, Shijikai, Higashi-ku, Okayama, JAPAN	111,000	—	111,000	0.00
Fukuokakyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.04
Total Crossholding stock	—	829,000	—	829,000	0.06
Total	—	2,139,000	—	2,139,000	0.17

2. Changes in Directors and Senior Management

There has been no change in the Directors nor senior management since the filing date of the Annual Securities Report for the 125th business term pursuant to the Financial Instruments and Exchange Act of Japan to September 30, 2015.

(Reference Information)

Kubota Corporation adopts the Executive Officer System. There has been no change in the Executive Officers who do not hold the post of Director, since the filing date of the Annual Securities Report for the 125th business term pursuant to the Financial Instruments and Exchange Act of Japan to September 30, 2015.

4. Financial Information

1. Consolidated Financial Statements

KUBOTA Corporation and its Subsidiaries

(1) Consolidated Balance Sheets

(¥ in millions)

	September 30, 2015	March 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 132,859	¥ 113,016
Notes and accounts receivable:		
Trade notes	62,464	87,505
Trade accounts	517,703	597,016
Less: Allowance for doubtful notes and accounts receivable	(4,285)	(4,068)
Short-term finance receivables—net	220,771	206,756
Inventories	365,541	338,033
Other current assets	129,008	104,756
Total current assets	1,424,061	1,443,014
Investments and long-term finance receivables:		
Investments in and loan receivables from affiliated companies	26,541	24,601
Other investments	138,098	156,216
Long-term finance receivables—net	467,149	441,129
Total investments and long-term finance receivables	631,788	621,946
Property, plant, and equipment:		
Land	84,567	86,293
Buildings	264,943	270,010
Machinery and equipment	460,999	457,618
Construction in progress	13,689	14,398
Total	824,198	828,319
Less: Accumulated depreciation	(537,171)	(531,229)
Net property, plant, and equipment	287,027	297,090
Other assets:		
Goodwill and intangible assets—net	31,366	34,696
Long-term trade accounts receivable	43,753	37,589
Other	48,121	43,035
Less: Allowance for doubtful non-current receivables	(558)	(550)
Total other assets	122,682	114,770
Total	¥ 2,465,558	¥ 2,476,820

(¥ in millions)

	September 30, 2015	March 31, 2015
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	¥ 153,592	¥ 160,866
Trade notes payable	124,920	112,792
Trade accounts payable	106,511	115,541
Advances received from customers	6,122	10,491
Notes and accounts payable for capital expenditures	14,483	19,469
Accrued payroll costs	40,999	39,175
Accrued expenses	55,195	60,371
Income taxes payable	16,903	17,430
Other current liabilities	72,132	67,293
Current portion of long-term debt	152,444	126,771
Total current liabilities	743,301	730,199
Long-term liabilities:		
Long-term debt	433,061	479,952
Accrued retirement and pension costs	12,443	13,067
Other long-term liabilities	72,026	74,209
Total long-term liabilities	517,530	567,228
Commitments and contingencies		
Equity:		
Kubota Corporation shareholders' equity:		
Common stock, authorized 1,874,700,000 shares and issued 1,246,219,180 shares at September 30, and March 31, 2015	84,070	84,070
Capital surplus	87,809	87,880
Legal reserve	19,539	19,539
Retained earnings	854,323	798,547
Accumulated other comprehensive income	86,126	111,363
Treasury stock (1,701,276 shares and 518,708 shares at September 30, and March 31, 2015, respectively), at cost	(2,688)	(401)
Total Kubota Corporation shareholders' equity	1,129,179	1,100,998
Non-controlling interests	75,548	78,395
Total equity	1,204,727	1,179,393
Total	¥ 2,465,558	¥ 2,476,820

See notes to consolidated financial statements.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)
For the six months ended September 30, 2015 and 2014

Consolidated Statements of Income

(¥ in millions, except per share amounts)

	2015		2014	
Revenues	¥	818,816	¥	745,061
Cost of revenues		558,241		519,157
Selling, general, and administrative expenses		142,074		125,446
Other operating expenses — net		2,193		274
Operating income		116,308		100,184
Other income (expenses):				
Interest and dividend income		3,474		2,690
Interest expense		(399)		(883)
Gain on sales of securities—net		1,401		180
Foreign exchange gain (loss)—net		(13,157)		4,974
Other—net		10,132		(3,587)
Other income (expenses)—net		1,451		3,374
Income before income taxes and equity in net income of affiliated companies		117,759		103,558
Income taxes:				
Current		33,102		27,827
Deferred		5,008		5,665
Total income taxes		38,110		33,492
Equity in net income of affiliated companies		1,274		1,220
Net income		80,923		71,286
Less: Net income attributable to non-controlling interests		5,210		5,195
Net income attributable to Kubota Corporation	¥	75,713	¥	66,091
Net income attributable to Kubota Corporation per common share:				
Basic	¥	60.84	¥	52.88

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

	2015		2014	
Net income	¥	80,923	¥	71,286
Other comprehensive income (loss), net of tax:				
Foreign currency translation adjustments		(18,897)		24,335
Unrealized gains (losses) on securities		(11,839)		2,015
Unrealized gains on derivatives		10		10
Pension liability adjustments		(117)		20
Total other comprehensive income (loss)		(30,843)		26,380
Comprehensive income		50,080		97,666
Less: Comprehensive income (loss) attributable to non-controlling interests		(482)		8,014
Comprehensive income attributable to Kubota Corporation	¥	50,562	¥	89,652

See notes to consolidated financial statements.

For the three months ended September 30, 2015 and 2014

Consolidated Statements of Income

(¥ in millions, except per share amounts)

	2015	2014
Revenues	¥ 406,725	¥ 384,336
Cost of revenues	274,737	270,393
Selling, general, and administrative expenses	73,711	66,095
Other operating expenses—net	2,073	96
Operating income	56,204	47,752
Other income (expenses):		
Interest and dividend income	1,162	664
Interest expense	(128)	(359)
Gain on sales of securities—net	772	177
Foreign exchange gain (loss)—net	(12,055)	4,859
Other—net	7,685	(2,892)
Other income (expenses)—net	(2,564)	2,449
Income before income taxes and equity in net income of affiliated companies	53,640	50,201
Income taxes:		
Current	19,346	18,069
Deferred	(2,390)	(2,165)
Total income taxes	16,956	15,904
Equity in net income of affiliated companies	601	555
Net income	37,285	34,852
Less: Net income attributable to non-controlling interests	2,199	2,186
Net income attributable to Kubota Corporation	¥ 35,086	¥ 32,666
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 28.19	¥ 26.14

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

	2015	2014
Net income	¥ 37,285	¥ 34,852
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(25,831)	31,638
Unrealized losses on securities	(17,973)	(568)
Unrealized gains on derivatives	12	—
Pension liability adjustments	114	3
Total other comprehensive income (loss)	(43,678)	31,073
Comprehensive income (loss)	(6,393)	65,925
Less: Comprehensive income (loss) attributable to non-controlling interests	(3,119)	5,424
Comprehensive income (loss) attributable to Kubota Corporation	¥ (3,274)	¥ 60,501

See notes to consolidated financial statements.

(3) Consolidated Statements of Changes in Equity

(¥ in millions, except per share amounts)

	Kubota Corporation shareholders' equity								
	Shares of common stock outstanding (thousands of shares)	Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost	Non-controlling interests	Total equity
Balance at March 31, 2015	1,245,700	¥ 84,070	¥ 87,880	¥ 19,539	¥ 798,547	¥ 111,363	¥ (401)	¥ 78,395	¥ 1,179,393
Net income					75,713			5,210	80,923
Other comprehensive loss						(25,151)		(5,692)	(30,843)
Cash dividends paid to Kubota Corporation shareholders (¥16.00 per common share)					(19,937)				(19,937)
Cash dividends paid to non-controlling interests								(1,818)	(1,818)
Purchases and sales of treasury stock	(1,182)						(2,287)		(2,287)
Changes in ownership interests in subsidiaries			(71)			(86)		(547)	(704)
Balance at September 30, 2015	1,244,518	¥ 84,070	¥ 87,809	¥ 19,539	¥ 854,323	¥ 86,126	¥ (2,688)	¥ 75,548	¥ 1,204,727
Balance at March 31, 2014	1,249,746	¥ 84,070	¥ 88,753	¥ 19,539	¥ 703,740	¥ 38,996	¥ (287)	¥ 65,802	¥ 1,000,613
Net income					66,091			5,195	71,286
Other comprehensive income						23,561		2,819	26,380
Cash dividends paid to Kubota Corporation shareholders (¥18.00 per common share)					(22,502)				(22,502)
Cash dividends paid to non-controlling interests								(622)	(622)
Purchases and sales of treasury stock	(20)						(28)		(28)
Changes in ownership interests in subsidiaries			(103)					94	(9)
Balance at September 30, 2014	1,249,726	¥ 84,070	¥ 88,650	¥ 19,539	¥ 747,329	¥ 62,557	¥ (315)	¥ 73,288	¥ 1,075,118

See notes to consolidated financial statements.

(4) Consolidated Statements of Cash Flows

(¥ in millions)		
For the six months ended September 30:	2015	2014
Operating activities:		
Net income	¥ 80,923	¥ 71,286
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	20,126	18,106
Gain on sales of securities—net	(1,401)	(180)
Impairment loss on long-lived assets	1,892	—
Equity in net income of affiliated companies	(1,274)	(1,220)
Deferred income taxes	5,008	5,665
Changes in assets and liabilities:		
Decrease in notes and accounts receivable	90,933	60,105
Increase in inventories	(34,444)	(27,879)
Increase in other current assets	(14,623)	(12,327)
Increase (decrease) in trade notes and accounts payable	6,522	(25,334)
Decrease in income taxes payable	(415)	(20,052)
Increase (decrease) in other current liabilities	(1,191)	4,834
Decrease in accrued retirement and pension costs	(5,289)	(5,163)
Other	5,894	4,306
Net cash provided by operating activities	152,661	72,147
Investing activities:		
Purchases of fixed assets	(24,524)	(19,903)
Proceeds from sales of property, plant, and equipment	291	338
Proceeds from sales and redemption of investments	2,031	340
Increase in finance receivables	(210,863)	(171,543)
Collection of finance receivables	143,927	114,697
Net (increase) decrease in short-term loan receivables from affiliated companies	2,338	(2,324)
Net (increase) decrease in time deposits	(3,168)	118
Other	(710)	(3,306)
Net cash used in investing activities	(90,678)	(81,583)
Financing activities:		
Proceeds from issuance of long-term debt	35,568	236,325
Repayments of long-term debt	(52,865)	(206,080)
Net increase in short-term borrowings	2,079	16,287
Payments of cash dividends	(19,937)	(22,502)
Purchases of treasury stock	(2,287)	(28)
Other	(1,776)	(622)
Net cash provided by (used in) financing activities	(39,218)	23,380
Effect of exchange rate changes on cash and cash equivalents	(2,922)	3,285
Net increase in cash and cash equivalents	19,843	17,229
Cash and cash equivalents, beginning of year	113,016	87,022
Cash and cash equivalents, end of period	¥ 132,859	¥ 104,251

See notes to consolidated financial statements.

Notes to Consolidated Financial Statements

KUBOTA Corporation and its Subsidiaries

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Business

Kubota Corporation (the "Parent Company") and its subsidiaries (collectively called the "Company") are one of Japan's leading manufacturers of a comprehensive range of machinery and other industrial and consumer products, including farm equipment, engines, construction machinery, pipe-related products, environment-related products, and social infrastructure-related products.

The Company manufactures its products not only in Japan but also in overseas countries, such as in the U.S., Germany, China, Thailand, and other countries, and sells its products in Japan, North America, Europe, Asia, and other countries.

Basis of Financial Statements

The consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

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.

2. INVENTORIES

Inventories are comprised of the following:

(¥ in millions)		
	September 30, 2015	March 31, 2015
Finished products	¥ 232,964	¥ 207,374
Spare parts	41,733	43,964
Work in process	49,263	42,726
Raw materials and supplies	41,581	43,969
	¥ 365,541	¥ 338,033

3. OTHER INVESTMENTS

The following table presents the costs, fair value of, and gross unrealized holding gains and losses on the Company's available-for-sale securities by type:

(¥ in millions)								
	September 30, 2015				March 31, 2015			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Other investments:								
Available-for-sale securities:								
Equity securities of financial institutions	¥ 21,530	¥ 52,539	¥ 31,009	¥ —	¥ 22,010	¥ 56,031	¥ 34,021	¥ —
Other equity securities	16,240	81,908	65,673	5	16,347	96,532	80,186	1
	¥ 37,770	¥ 134,447	¥ 96,682	¥ 5	¥ 38,357	¥ 152,563	¥ 114,207	¥ 1

The following table presents the gross unrealized losses on, and related fair value of, the Company's available-for-sale securities, aggregated by the length of time that individual equity securities have been in a continuous unrealized loss position:

(¥ in millions)

	September 30, 2015				March 31, 2015			
	Less than 12 months		12 months or longer		Less than 12 months		12 months or longer	
	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses	Fair value	Gross unrealized holding losses
Other investments:								
Available-for-sale securities:								
Equity securities of financial institutions	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —	¥ —
Other equity securities	77	5	—	—	81	1	—	—
	¥ 77	¥ 5	¥ —	¥ —	¥ 81	¥ 1	¥ —	¥ —

The following table presents proceeds from sales of available-for-sale securities and the gross realized gains and losses on these sales:

(¥ in millions)

	2015	2014
For the six months ended September 30:		
Proceeds from sales of available-for-sale securities	¥ 1,983	¥ 338
Gross realized gains	1,401	180
Gross realized losses	—	—

(¥ in millions)

	2015	2014
For the three months ended September 30:		
Proceeds from sales of available-for-sale securities	¥ 1,125	¥ 329
Gross realized gains	772	177
Gross realized losses	—	—

Investments in nonmarketable equity securities of ¥3,651 million and ¥3,653 million were recorded in other investments on the consolidated balance sheets at September 30, and March 31, 2015. Investments in nonmarketable equity securities for which there is no readily determinable fair value are accounted for using the cost method. Such investments in nonmarketable equity securities were not evaluated for impairment because the Company determined that it was not practicable to estimate the fair value of these investments and did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments.

4. SALES FINANCING RECEIVABLES AND OTHER LOAN RECEIVABLES

Sales Financing Receivables

The Company classifies sales financing receivables into the following three types:

(1) Retail finance receivables

The Company provides retail finance to customers who purchase the Company's farm equipment products from dealers in North America and other areas. Retail finance receivables are purchased under agreements between the Company and dealers in relation to the products offered to individual and corporate end-users. These receivables are recorded at the principal amount and are subsequently carried at amortized cost, less any allowance for credit losses.

(2) Finance lease receivables

The Company also provides finance leases in Japan and Asia outside Japan. Finance lease receivables in Japan relate to the Company's products leased to individual and corporate end-users. Finance lease receivables in Asia outside Japan relate to the Company's farm equipment and construction machinery products leased to individual and corporate end-users. These receivables are recorded at the aggregate of lease payments receivable plus the estimated residual value of the leased property, less unearned income and allowance for credit losses. There was no unguaranteed residual value related to finance leases at September 30, 2015.

(3) Long-term trade accounts receivable

Long-term trade accounts receivable are generated mainly from direct sales to individual end-users in the farm equipment market in Japan and Asia outside Japan.

Retail finance receivables and finance lease receivables are collectively reported as short-term finance receivables—net and long-term finance receivables—net on the consolidated balance sheets. Long-term trade accounts receivable in this note include the current portion, which is included in trade accounts receivable on the consolidated balance sheets. These receivables are secured by the products being sold or financed.

The Company analyzes sales financing receivables by four regions: North America, Japan, Asia outside Japan, and other areas. Credit risks on these receivables are affected by economic conditions, such as consumer demand, unemployment level, and the level of government subsidies, which differ from location to location.

(Credit Quality Indicator)

The Company classifies sales financing receivables into risk categories based on relevant information about the ability of borrowers to service their debt, such as the collection status of receivables, customers' financial health, historical credit loss experiences, and economic trends. Subsequent to origination, the credit quality indicator of these receivables is updated based on the information available at balance sheet dates and the Company reviews it on a quarterly basis. The Company's credit quality ratings for these receivables are defined as follows:

- Rank A – These receivables are performing on schedule under their terms. They are not likely to incur losses arising from customers' inability to repay and the Company expects to collect all amounts due.
- Rank B – These receivables require management's attention to potential losses but are not categorized as rank C. Such receivables do not indicate that it is individually probable that losses will be incurred arising from customers' inability to repay.
- Rank C – The Company becomes aware of a customer's inability to repay, such as a customer's long-term nonperformance, a bankruptcy filing, or deterioration in a customer's results of operations or financial position. In such cases, it is probable that losses will be incurred arising from customers' inability to repay.

The following table presents the recorded investments in sales financing receivables by types of receivables, region, and credit quality indicator:

(¥ in millions)

Credit risk profile by internally assigned rank:	Retail finance receivables		Finance lease receivables		Long-term trade accounts receivable	
	North America	Other areas	Japan	Asia outside Japan	Japan	Asia outside Japan
At September 30, 2015:						
Rank A	¥ 483,735	¥ 15,029	¥ 8,628	¥ 153,072	¥ 78,469	¥ 669
Rank B	24,196	—	180	20,784	1,533	258
Rank C	94	47	—	—	371	—
Total	¥ 508,025	¥ 15,076	¥ 8,808	¥ 173,856	¥ 80,373	¥ 927
At March 31, 2015:						
Rank A	¥ 437,187	¥ 13,245	¥ 7,872	¥ 165,076	¥ 64,999	¥ 1,111
Rank B	19,060	—	164	22,690	1,759	—
Rank C	113	33	—	—	337	—
Total	¥ 456,360	¥ 13,278	¥ 8,036	¥ 187,766	¥ 67,095	¥ 1,111

(Aging)

All sales financing receivables are considered past due when a scheduled payment, including principal and interest, has not been received by the contractual due date. If any installment payments have not been received by the contractual due date, the entire remaining balance is classified as being past due.

The following table presents an aging analysis of past due sales financing receivables by types of receivables and region:

(¥ in millions)

Type of receivables	Region	Up to 30 days past due	31-60 days past due	61-90 days past due	Greater than 90 days past due	Total past due	Current	Total
At September 30, 2015:								
Retail finance receivables	North America	¥ 21,967	¥ 1,165	¥ 489	¥ 668	¥ 24,289	¥ 483,736	¥ 508,025
Retail finance receivables	Other areas	—	—	47	—	47	15,029	15,076
Finance lease receivables	Japan	82	11	1	67	161	8,647	8,808
Finance lease receivables	Asia outside Japan	1,953	2,419	1,997	14,356	20,725	153,131	173,856
Long-term trade accounts receivable	Japan	598	149	105	835	1,687	78,686	80,373
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	927	927
Total		¥ 24,600	¥ 3,744	¥ 2,639	¥ 15,926	¥ 46,909	¥ 740,156	¥ 787,065
At March 31, 2015:								
Retail finance receivables	North America	¥ 16,988	¥ 1,314	¥ 374	¥ 497	¥ 19,173	¥ 437,187	¥ 456,360
Retail finance receivables	Other areas	—	—	33	—	33	13,245	13,278
Finance lease receivables	Japan	45	17	27	71	160	7,876	8,036
Finance lease receivables	Asia outside Japan	4,706	3,315	3,215	11,388	22,624	165,142	187,766
Long-term trade accounts receivable	Japan	403	198	446	900	1,947	65,148	67,095
Long-term trade accounts receivable	Asia outside Japan	—	—	—	—	—	1,111	1,111
Total		¥ 22,142	¥ 4,844	¥ 4,095	¥ 12,856	¥ 43,937	¥ 689,709	¥ 733,646

(Nonaccrual)

Retail finance receivables in North America are placed on nonaccrual status at the earlier of when the contractual principal and interest are determined to be uncollectible or when these receivables become greater than 90 days past the contractual due date. For these receivables on the nonaccrual status, interest income is subsequently recognized only to the extent a cash payment is received. These receivables are restored to accrual status as of the date the principal and interest become 90 days or less past the contractual due date. Nonaccrual retail finance receivables at September 30, and March 31, 2015, amounted to ¥668 million and ¥497 million, respectively.

Retail finance receivables in other areas, finance lease receivables in Japan and Asia outside Japan and long-term trade accounts receivable in Japan and Asia outside Japan are not placed on nonaccrual status, but these receivables are charged off against the allowance for doubtful accounts and credit losses when payments are no longer expected to be received.

(Troubled Debt Restructuring and Impaired Loans)

The amounts of debts restructured or impaired loans were not material for the six months ended September 30, 2015 and the year ended March 31, 2015.

Loan Receivables from Affiliated Companies

The Company finances loans to affiliated companies mainly through group financing and records such loan receivables from affiliated companies at the principal on the consolidated balance sheets. The amounts of these loan receivables from affiliated companies were ¥8,662, million and ¥9,150 million at September 30, and March 31, 2015, respectively, and such amounts are recorded in other current assets and investments in and loan receivables from affiliated companies on the consolidated balance sheets. These loans are financings provided to the affiliated companies which sell farm equipment products in Japan, and historically both the principal and interest have been fully collected by the contractual due date. The Company reviews the credit quality of these loan receivables based on relevant information about the ability of borrowers to service their debt. Since no negative factors in the borrowers' financial condition or collection status of receivables have been identified for the six months ended September 30, 2015 and the year ended March 31, 2015 these loan receivables are expected to be fully collectible by the Company. The credit risk of these loan receivables is primarily developed from the borrowers' business environment such as market demand of farm equipment products.

Other Receivables

The amounts of other receivables and related allowance were not material for the six months ended September, 2015 and the year ended March 31, 2015.

5. ALLOWANCE FOR DOUBTFUL ACCOUNTS AND CREDIT LOSSES

An allowance for doubtful accounts and credit losses is established to cover probable losses arising from customers' inability to repay by types of receivables and region.

The allowance for doubtful accounts and credit losses on receivables which will probably not be collected is maintained at a level that is adequate to cover probable losses based on a combination of various factors, such as a customer's ability to repay and collateral values. The allowance for smaller-balance homogeneous receivables is collectively evaluated using reserve rates, which are calculated depending on the period past due, reflecting the collection status of these receivables, historical credit loss experience, economic trends and other factors. Historical collection trends, as well as prevailing and anticipated economic conditions, are routinely monitored by management, and any required adjustment to the allowance is reflected in current operations. Loan receivables from affiliated companies are individually evaluated based on the relevant information, such as historical credit loss experience and economic trends and conditions.

When amounts due are determined to be uncollectible or the related collateral is repossessed, receivables and the related allowance are charged off. Repossessed assets are recorded at their estimated fair value less costs to sell and reported in other current assets on the consolidated balance sheets, which amounted to ¥359 million and ¥254 million at September 30, and March 31, 2015, respectively. Recoveries on receivables previously charged off as uncollectible are credited to the allowance for doubtful accounts and credit losses.

The following table presents the changes in allowance for doubtful accounts and credit losses and the recorded investments in finance receivables and long-term trade accounts receivable:

(¥ in millions)

Allowance for doubtful accounts and credit losses for the six months ended September 30, 2015:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of year	¥ 608	¥ 16,947	¥ 369	¥ 17,924
Provision	513	2,818	239	3,570
Charge-offs	(417)	(571)	—	(988)
Recoveries	2	—	—	2
Other	(12)	(2,043)	(6)	(2,061)
Balance at end of period	¥ 694	¥ 17,151	¥ 602	¥ 18,447
Individually evaluated for impairment	141	—	523	664
Collectively evaluated for impairment	553	17,151	79	17,783
Recorded Investment at September 30, 2015:				
Balance at end of period	¥ 523,101	¥ 182,664	¥ 81,300	¥ 787,065
Individually evaluated for impairment	141	—	629	770
Collectively evaluated for impairment	522,960	182,664	80,671	786,295

Allowance for doubtful accounts and credit losses for the three months ended September 30, 2015:

Balance at beginning of year	¥ 656	¥ 17,720	¥ 407	¥ 18,783
Provision	284	1,347	201	1,832
Charge-offs	(221)	(247)	—	(468)
Recoveries	—	—	—	—
Other	(25)	(1,669)	(6)	(1,700)
Balance at end of period	¥ 694	¥ 17,151	¥ 602	¥ 18,447

(¥ in millions)

Allowance for doubtful accounts and credit losses for the six months ended September 30, 2014:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of year	¥ 361	¥ 10,871	¥ 416	¥ 11,648
Provision	427	2,336	4	2,767
Charge-offs	(308)	(787)	—	(1,095)
Recoveries	4	—	—	4
Other	25	807	—	832
Balance at end of period	¥ 509	¥ 13,227	¥ 420	¥ 14,156
Individually evaluated for impairment	112	—	380	492
Collectively evaluated for impairment	397	13,227	40	13,664
Recorded Investment at September 31, 2014:				
Balance at end of period	¥ 424,155	¥ 173,569	¥ 78,364	¥ 676,088
Individually evaluated for impairment	113	—	411	524
Collectively evaluated for impairment	424,042	173,569	77,953	675,564

Allowance for doubtful accounts and credit losses for the three months ended September 30, 2014:

Balance at beginning of period	¥ 473	¥ 11,764	¥ 415	¥ 12,652
Provision	306	905	5	1,216
Charge-offs	(183)	(429)	—	(612)
Recoveries	2	—	—	2
Other	(89)	987	—	898
Balance at end of period	¥ 509	¥ 13,227	¥ 420	¥ 14,156

Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets.

There was no related allowance for loan receivables from affiliated companies for the six months ended September 30, 2015 and 2014.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair Value of Financial Instruments

The following table summarizes the carrying value and fair value of financial instruments:

(¥ in millions)

	Carrying value	Fair value			Total
		Level 1	Level 2	Level 3	
At September 30, 2015:					
Financial assets:					
Finance receivables—net	¥ 522,407	¥ —	¥ 519,740	¥ —	¥ 519,740
Long-term trade accounts receivable	80,698	—	85,361	—	85,361
Financial liabilities:					
Long-term debt	(582,396)	—	(574,191)	—	(574,191)
At March 31, 2015:					
Financial assets:					
Finance receivables—net	¥ 469,030	¥ —	¥ 468,588	¥ —	¥ 468,588
Long-term trade accounts receivable	67,837	—	72,228	—	72,228
Financial liabilities:					
Long-term debt	(603,174)	—	(595,631)	—	(595,631)

The fair value of finance receivables, long-term trade accounts receivable, and long-term debt is recorded at the amounts based on discounted cash flows using the current market rate. The carrying value of finance receivables—net in the table excludes finance leases. Long-term trade accounts receivable in the table includes the current portion, which is included in trade accounts receivable on the consolidated balance sheets. The carrying value of long-term debt in the table excludes capital lease obligations but includes the current portion, which is included in current portion of long-term debt on the consolidated balance sheets.

The carrying value of cash and cash equivalents, notes and accounts receivable and payable (excluding the current portion of long-term trade accounts receivable), short-term borrowings, and other current financial assets and liabilities approximate the fair value because of the short maturity of those instruments. The fair value measurements of these assets and liabilities are categorized into Level 2, except for cash which is categorized into Level 1. The carrying value and fair value of other investments and derivatives are disclosed in Note 7. FAIR VALUE MEASUREMENTS.

7. FAIR VALUE MEASUREMENTS

Assets and liabilities that are measured at fair value on a recurring basis

The following table presents the Company's financial assets and financial liabilities that are measured at fair value on a recurring basis:

(¥ in millions)

	Level 1	Level 2	Level 3	Total
At September 30, 2015:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 52,539	¥ —	¥ —	¥ 52,539
Other equity securities	81,908	—	—	81,908
Derivatives:				
Foreign exchange contracts	—	797	—	797
Cross-currency swap contracts	—	1,188	—	1,188
Cross-currency interest rate swap contracts	—	11,374	—	11,374
Total assets	¥ 134,447	¥ 13,359	¥ —	¥ 147,806
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 139	¥ —	¥ 139
Interest rate swap contracts	—	45	—	45
Total liabilities	¥ —	¥ 184	¥ —	¥ 184
At March 31, 2015:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 56,031	¥ —	¥ —	¥ 56,031
Other equity securities	96,532	—	—	96,532
Derivatives:				
Foreign exchange contracts	—	801	—	801
Cross-currency swap contracts	—	1,102	—	1,102
Cross-currency interest rate swap contracts	—	3,164	—	3,164
Total assets	¥ 152,563	¥ 5,067	¥ —	¥ 157,630
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 411	¥ —	¥ 411
Interest rate swap contracts	—	25	—	25
Cross-currency interest rate swap contracts	—	668	—	668
Total liabilities	¥ —	¥ 1,104	¥ —	¥ 1,104

Available-for-sale securities are valued using a quoted price for identical instruments in active markets. Derivatives are valued using observable market inputs from major international financial institutions. The reconciliation to the line items presented in the consolidated balance sheets of available-for-sale securities and derivatives are disclosed in Note 3. OTHER INVESTMENTS and Note 8. DERIVATIVE FINANCIAL INSTRUMENTS, respectively.

Assets and liabilities that are measured at fair value on a nonrecurring basis

The assets and liabilities that were measured at fair value on a nonrecurring basis were not material for the six months ended September 30, 2015 and for the year ended March 31, 2015.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Policy

The Company is subject to market rate risks due to fluctuation of foreign currency exchange rates and interest rates. The Company manages these risks by using derivative financial instruments in accordance with established policies and procedures. The Company does not use derivative financial instruments for trading purposes. The credit risks associated with these instruments are not considered to be significant since the counterparties are financial institutions with high creditworthiness and the Company does not anticipate any such losses.

Foreign Currency Exchange Risks

The Company's foreign currency exposure relates primarily to its foreign currency denominated assets and liabilities in its international operations. The Company entered into foreign exchange forward contracts, foreign currency option contracts (collectively "foreign exchange contracts"), cross-currency swap contracts, and cross-currency interest rate swap contracts which are designated to mitigate its exposure to foreign currency exchange risks.

Interest Rate Risks

The Company is exposed to interest rate risks mainly inherent in its debt obligations with both fixed and variable rates. In order to hedge these risks, the Company uses interest rate swap contracts and cross-currency interest rate swap contracts to manage the risks of its fixed and variable rate exposures.

Cash Flow Hedges

The accounting treatments of changes in the fair value of foreign exchange contracts, interest rate swap contracts and cross-currency interest rate swap contracts depend on whether derivatives are designated as cash flow hedges. The effective portion of changes in the fair value of derivatives designated and qualifying as cash flow hedges are reported in accumulated other comprehensive income. As for foreign exchange contracts related to forecasted intercompany transactions, the amounts are subsequently reclassified into earnings when unrelated third party transactions occur. In the case of interest rate swap contracts, the amounts are reclassified into earnings when the related interest expense is recognized. In the case of cross-currency interest rate swap contracts, the amounts are reclassified into earnings through interest expense and foreign exchange gain (loss) when the related earnings are recognized. There was no unrecognized net gains or losses (net of tax) on derivatives included in accumulated other comprehensive income at September 30, 2015 that will be reclassified into earnings within the next 12 months. The ineffective portion of changes in the fair value of derivatives is immediately recorded in earnings.

Derivatives Not Designated as Hedging Instruments

The Company uses derivatives not designated as cash flow hedges in certain relationships, such as a part of foreign exchange contracts, cross-currency swap contracts, interest rate swap contracts, and cross-currency interest rate swap contracts, for economic purposes. Changes in the fair value of derivatives not designated are reported in earnings immediately.

Fair Values of Derivative Instruments and Income Effect of Derivative Instruments

The following table presents fair values of derivative instruments:

(¥ in millions)

	Other current assets		Other assets — Other		Other current liabilities		Other long-term liabilities	
	September 30, 2015	March 31, 2015	September 30, 2015	March 31, 2015	September 30, 2015	March 31, 2015	September 30, 2015	March 31, 2015
Derivatives designated as hedging instruments:								
Interest rate swap contracts	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 16	¥ —	¥ —
Total derivatives designated as hedging instruments	¥ —	¥ —	¥ —	¥ —	¥ —	¥ 16	¥ —	¥ —
Derivatives not designated as hedging instruments:								
Foreign exchange contracts	¥ 797	¥ 801	¥ —	¥ —	¥ 139	¥ 411	¥ —	¥ —
Cross-currency swap contracts	1,188	1,102	—	—	—	—	—	—
Interest rate swap contracts	—	—	—	—	45	9	—	—
Cross-currency interest rate swap contracts	6,197	2,179	5,177	985	—	169	—	499
Total derivatives not designated as hedging instruments	¥ 8,182	¥ 4,082	¥ 5,177	¥ 985	¥ 184	¥ 589	¥ —	¥ 499
Total	¥ 8,182	¥ 4,082	¥ 5,177	¥ 985	¥ 184	¥ 605	¥ —	¥ 499

The following table presents income effects of derivative instruments:

(¥ in millions)

For the six months ended September 30:	Gain (Loss) recognized in other comprehensive Income (loss) and realized in net Income, before tax	
	Effective portion recognized in other comprehensive income (loss)	Effective portion reclassified from accumulated other comprehensive income to net income
Derivative instruments in cash flow hedges	Consolidated statements of income line item	
2015:		
Interest rate swap contracts	¥ (7) Interest expense	¥ (23)
Total	¥ (7)	¥ (23)
2014:		
Interest rate swap contracts	¥ 24 Interest expense	¥ 11
Total	¥ 24	¥ 11

(¥ in millions)

For the six months ended September 30:	Gain (Loss) recognized in net Income, before tax	
Derivative instruments not designated as hedging instruments	Consolidated statements of income line item	Gain (Loss) recognized in net income
2015:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (1,315)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	120
Interest rate swap contracts	Other—net	(36)
Cross-currency interest rate swap contracts	Other—net	9,267
Total		¥ 8,036
2014:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (2,505)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	(14)
Interest rate swap contracts	Other—net	11
Cross-currency interest rate swap contracts	Other—net	(3,179)
Total		¥ (5,687)

(¥ in millions)

For the three months ended September 30:	Gain (Loss) recognized in other comprehensive Income (loss) and realized in net Income, before tax			
	Effective portion recognized in other comprehensive income (loss)	Consolidated statements of income line item	Effective portion reclassified from accumulated other comprehensive income to net income	
Derivative instruments in cash flow hedges				
2015:				
Interest rate swap contracts	¥ 2	Interest expense	¥	(16)
Total	¥ 2		¥	(16)
2014:				
Interest rate swap contracts	¥ 18	Interest expense	¥	18
Total	¥ 18		¥	18

(¥ in millions)

For the three months ended September 30:	Gain (Loss) recognized in net Income, before tax		
Derivative instruments not designated as hedging instruments	Consolidated statements of income line item	Gain (Loss) recognized in net income	
2015:			
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥	1,368
Cross-currency swap contracts	Foreign exchange gain (loss)—net		(371)
Interest rate swap contracts	Other—net		(36)
Cross-currency interest rate swap contracts	Other—net		6,797
Total		¥	7,758
2014:			
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥	(3,675)
Cross-currency swap contracts	Foreign exchange gain (loss)—net		526
Interest rate swap contracts	Other—net		17
Cross-currency interest rate swap contracts	Other—net		(2,565)
Total		¥	(5,697)

The amount of gain or loss related to the hedging ineffectiveness was not material for the six months ended September 30, 2015 and 2014.

9. SECURED ASSETS

Secured assets are comprised of the following:

(¥ in millions)

	September 30, 2015	March 31, 2015
Trade accounts	190	287
Short-term finance receivables * ¹	46,074	48,211
Other current assets * ²	4,638	4,190
Long-term finance receivables * ¹	85,180	108,439
Property, plant, and equipment	2,047	1,857
Total	¥ 138,129	¥ 162,984

*¹ Short- and long-term finance receivables are secured in accordance with the terms of securitization transactions.

*² Other current assets represent the restricted cash which is secured in accordance with the terms of borrowings.

The above assets were secured against the following liabilities:

(¥ in millions)

	September 30, 2015	March 31, 2015
Short-term borrowings	¥ 497	¥ 554
Current portion of long-term debt	40,112	43,036
Long-term debt	75,196	96,575
Total	¥ 115,805	¥ 140,165

10. RETIREMENT AND PENSION PLANS

The following table presents the components of the total net periodic benefit cost:

(¥ in millions)				
For the six months ended September 30:				
	2015		2014	
Service cost	¥	3,299	¥	3,389
Interest cost		1,264		1,425
Expected return on plan assets		(2,408)		(2,151)
Amortization of prior service benefit		(172)		(171)
Amortization of actuarial loss		50		247
Total	¥	2,033	¥	2,739

(¥ in millions)				
For the three months ended September 30:				
	2015		2014	
Service cost	¥	1,635	¥	1,694
Interest cost		630		712
Expected return on plan assets		(1,201)		(1,075)
Amortization of prior service benefit		(86)		(85)
Amortization of actuarial loss		60		123
Total	¥	1,038	¥	1,369

11. SUPPLEMENTAL EXPENSE INFORMATION

Research and Development Expenses, Advertising Costs, Shipping and Handling Costs, and Depreciation and Amortization

The following table presents the amounts of research and development expenses, advertising costs, shipping and handling costs, and depreciation and amortization included in cost of revenues and selling, general, and administrative expenses:

(¥ in millions)				
For the six months ended September 30:				
	2015		2014	
Research and development expenses	¥	19,561	¥	20,160
Advertising costs		8,034		6,461
Shipping and handling costs		35,548		31,211
Depreciation and amortization		20,126		18,106

(¥ in millions)				
For the three months ended September 30:				
	2015		2014	
Research and development expenses	¥	9,506	¥	10,683
Advertising costs		3,746		3,444
Shipping and handling costs		18,621		16,222
Depreciation and amortization		10,245		9,230

Other Operating Expenses

Other operating expenses—net for the six months ended September 30, 2015 included a loss from sales and disposals of fixed assets of ¥301 million and a loss from impairment of long-lived assets of ¥1,892 million.

Other operating expenses—net for the six months ended September 30, 2014 included a loss from sales and disposals of fixed assets of ¥271 million.

Other operating expenses—net for the three months ended September 30, 2015 included a loss from sales and disposals of fixed assets of ¥181 million and a loss from impairment of long-lived assets of ¥1,892 million.

Other operating expenses—net for the three months ended September 30, 2014 included a loss from sales and disposals of fixed assets of ¥93 million.

12. NET INCOME ATTRIBUTABLE TO KUBOTA CORPORATION PER COMMON SHARE

The following table presents the numerator and the denominator to calculate net income attributable to Kubota Corporation per common share—basic:

For the six months ended September 30:	2015	2014
Net income attributable to Kubota Corporation (¥ in millions)	¥75,713	¥ 66,091
Weighted average number of shares (in thousands)	1,244,527	1,249,735

For the three months ended September 30:	2015	2014
Net income attributable to Kubota Corporation (¥ in millions)	¥35,086	¥ 32,666
Weighted average number of shares (in thousands)	1,244,522	1,249,729

There are no potentially dilutive shares outstanding for the six months ended September 30, 2015 and 2014.

13. OTHER COMPREHENSIVE INCOME (LOSS)

The following table presents the components of other comprehensive income (loss) attributable to Kubota Corporation and non-controlling interests—net of tax:

(¥ in millions)

	2015			2014		
	Kubota Corporation	Non-controlling interests	Total	Kubota Corporation	Non-controlling interests	Total
For the six months ended September 30:						
Foreign currency translation adjustments	¥ (13,366)	¥ (5,531)	¥ (18,897)	¥ 21,389	¥ 2,946	¥24,335
Unrealized gains (losses) on securities	(11,696)	(143)	(11,839)	2,141	(126)	2,015
Unrealized gains on derivatives	10	—	10	10	—	10
Pension liability adjustments	(99)	(18)	(117)	21	(1)	20
Other comprehensive income (loss)	¥ (25,151)	¥ (5,692)	¥ (30,843)	¥ 23,561	¥ 2,819	¥ 26,380

(¥ in millions)

	2015			2014		
	Kubota Corporation	Non-controlling interests	Total	Kubota Corporation	Non-controlling interests	Total
For the three months ended September 30:						
Foreign currency translation adjustments	¥ (20,525)	¥ (5,306)	¥ (25,831)	¥ 28,312	¥ 3,326	¥ 31,638
Unrealized losses on securities	(17,966)	(7)	(17,973)	(480)	(88)	(568)
Unrealized gains on derivatives	12	—	12	—	—	—
Pension liability adjustments	119	(5)	114	3	—	3
Other comprehensive income (loss)	¥ (38,360)	¥ (5,318)	¥ (43,678)	¥ 27,835	¥ 3,238	¥ 31,073

The following table presents the changes in the accumulated balances for each component of accumulated other comprehensive income (loss) attributable to the Company:

(¥ in millions)

For the six months ended September 30:	Foreign currency translation adjustments	Unrealized gains on securities	Unrealized losses on derivatives	Pension liability adjustments	Total
2015:					
Balance at beginning of year	¥ 64,910	¥ 57,483	¥ (10)	¥ (11,020)	¥ 111,363
Changes in ownership Interests in subsidiaries	(86)	—	—	—	(86)
Other comprehensive income (loss) before reclassification	(13,366)	(10,757)	(5)	(34)	(24,162)
Reclassification to net income	—	(939)	15	(65)	(989)
Net change	(13,452)	(11,696)	10	(99)	(25,237)
Balance at end of period	¥ 51,458	¥ 45,787	¥ —	¥ (11,119)	¥ 86,126
2014:					
Balance at beginning of year	¥ 8,361	¥ 44,869	¥ (21)	¥ (14,213)	¥ 38,996
Other comprehensive income (loss) before reclassification	21,389	2,253	17	(29)	23,630
Reclassification to net income	—	(112)	(7)	50	(69)
Net change	21,389	2,141	10	21	23,561
Balance at end of period	¥ 29,750	¥ 47,010	¥ (11)	¥ (14,192)	¥ 62,557

The following table presents the effect of the reclassifications out of accumulated other comprehensive income on the consolidated statements of income:

(¥ in millions)

For the six months ended September 30:		
	Amount reclassified from accumulated other comprehensive income	*1 Affected line item in the statement where net income is presented
2015:		
Unrealized gains (losses) on securities	¥ (1,401)	Gain on sales of securities—net
	462	Income taxes
	(939)	Net income attributable to Kubota Corporation
Unrealized gains on derivatives	23	Interest expense
	(8)	Income taxes
	15	Net income attributable to Kubota Corporation
Pension liability adjustments	(122)	*2
	39	Income taxes
	(83)	Net income
	18	Net income attributable to non-controlling interests
	(65)	Net income attributable to Kubota Corporation
Total	¥ (989)	
2014:		
Unrealized gains (losses) on securities	¥ (180)	Gain on sales of securities—net
	68	Income taxes
	(112)	Net income attributable to Kubota Corporation
Unrealized gains on derivatives	(11)	Interest expense
	4	Income taxes
	(7)	Net income attributable to Kubota Corporation
Pension liability adjustments	76	*2
	(27)	Income taxes
	49	Net income
	1	Net income attributable to non-controlling interests
	50	Net income attributable to Kubota Corporation
Total	¥ (69)	

*1 Indicates decrease (increase) earnings in the consolidated statements of income.

*2 Included in net periodic benefit costs (See Note 10. RETIREMENT AND PENSION PLANS).

(¥ in millions)

For the three months ended September 30:

	Amount reclassified from accumulated other comprehensive income	*1	Affected line item in the statement where net income is presented
2015:			
Unrealized losses on securities	(772)		Gain on sales of securities—net
	255		Income taxes
	(517)		Net income attributable to Kubota Corporation
Unrealized gains on derivatives	16		Interest expense
	(6)		Income taxes
	10		Net income attributable to Kubota Corporation
Pension liability adjustments	(26)	*2	
	8		Income taxes
	(18)		Net income
	5		Net income attributable to non-controlling interests
	(13)		Net income attributable to Kubota Corporation
Total	¥ (520)		
2014:			
Unrealized losses on securities	¥ (177)		Gain on sales of securities—net
	67		Income taxes
	(110)		Net income attributable to Kubota Corporation
Unrealized gains on derivatives	(18)		Interest expense
	7		Income taxes
	(11)		Net income attributable to Kubota Corporation
Pension liability adjustments	38	*2	
	(13)		Income taxes
	25		Net income
	—		Net income attributable to non-controlling interests
	25		Net income attributable to Kubota Corporation
Total	¥ (96)		

*1 Indicates decrease (increase) earnings in the consolidated statements of income.

*2 Included in net periodic benefit costs (See Note 10. RETIREMENT AND PENSION PLANS).

14. DIVIDENDS

Dividends Paid

Resolution	Class of shares	Appropriation from	Cash dividends (¥ in millions)	Cash dividends per share	Record date	Effective date
The Meeting of the Board of Directors on May 12, 2015	Common stock	Retained earnings	¥19,937	¥16.00	March 31, 2015	June 22, 2015

Dividends of which Record Date is in the Six Months Ended September 30, 2015 and of which Effective Date is after September 30, 2015

Resolution	Class of shares	Appropriation from	Cash dividends (¥ in millions)	Cash dividends per share	Record date	Effective date
The Meeting of the Board of Directors on November 5, 2015	Common stock	Retained earnings	¥17,429	¥14.00	September 30, 2015	December 1, 2015

15. COMMITMENTS AND CONTINGENCIES

Guarantees

The Company is contingently liable as guarantor of the indebtedness of distributors including affiliated companies, and customers for their borrowings from financial institutions. The Company would have to perform under these guarantees in the event of default on a payment within the guarantee periods of one to four years. The maximum potential amount of undiscounted future payments of these financial guarantees at September 30, 2015 was ¥12,080 million. The fair value of these financial guarantees is not material and the probability of incurrence of a loss is remote.

Legal Proceedings

Since May 2007, the Company has been subject to 27 asbestos-related lawsuits in Japan, which were filed against the Company or defendant parties consisting of the Japanese government and asbestos-related companies including the Company. The claims for compensation totaling ¥25,377 million consisted mostly of 25 lawsuits, which concerned a total of 658 construction workers who suffered from asbestos-related diseases, and were filed against the Japanese government and 44 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these 25 lawsuits. The Company discloses the aggregate claimed amount of the above ¥25,377 million as the maximum within the reasonably possible range of loss because the expected loss will be between zero and the aggregate claimed amount. The Company is currently unable to develop an amount that appears at this time to be a better estimate than any other amount within the range.

Among the major 25 lawsuits, three district courts ruled in favor of 44 asbestos-related companies including the Company, but the plaintiff appealed the court ruling right after the judgment. Since the above cases will be also continued until the ultimate outcome is reached, the Company believes that the current developments in the cases do not provide any additional information that would facilitate the Company to expect the ultimate outcome and the timing of termination of these asbestos related lawsuits as a whole.

Matters Related to the Health Hazard of Asbestos

The Company's plant in Amagasaki, Hyogo Prefecture, Japan, used to produce asbestos-related products in the past. The Company established a relief payment program in place of the consolation payment to the residents who lived near the Company's plant and suffered from asbestos-related diseases in April 2006. With regard to the current and former employees who suffered and are suffering from asbestos-related diseases, the Company provides the compensation which is not required by law but is made in accordance with the Company's internal policies.

The Law for the Relief of Patients Suffering from Asbestos-Related Diseases ("the New Asbestos Law") was established by the Japanese government, and the contribution made by business entities includes a special contribution by the companies which operated a business closely related to asbestos, and commenced from the year ended March 31, 2008.

The Company expenses payments to certain residents who lived near the Company's plant and current and former employees when the Company determines that a payment is warranted.

The Company also accrues an estimated loss from asbestos-related matters by a charge to income if both of the following conditions are met:

- (a) It is probable that a liability has been incurred at the date of financial statements.
- (b) The amount of loss can be reasonably estimated.

The Company has accrued balances for the asbestos-related expenses of ¥101 million and ¥151 million at September 30, and March 31, 2015, respectively. The accrual includes possible payments to certain residents who lived near the Company's plant and current and former employees, and the special contribution in accordance with the New Asbestos Law.

Though the Company is not certain if the claimants who are currently under review will meet the Company's specified criteria at the time of their filing claims with the Company, the Company accrued the possible payments calculated by using the historical designation rate of the Company's payment program since the payments to those claimants are considered to be probable. The Company believes it is not possible to reasonably estimate the number of residents who lived near the Company's plant and current and former employees will apply for payments in the future. Accordingly, such payments are not included in the accrued amounts as described above.

The Company believes it is not possible to reasonably estimate the possible loss or range of loss relating to this contingency.

Segment Information

KUBOTA Corporation and its Subsidiaries

16. SEGMENT INFORMATION

The Company engages in various fields of business and industries by providing products and services which are categorized into the following three segments: Farm & Industrial Machinery; Water & Environment; and Other. The Farm & Industrial Machinery segment manufactures and distributes farm equipment, engines, construction machinery, and electronic equipped machinery. The Water & Environment segment manufactures and distributes 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). The Other segment offers a variety of services, and manufactures and sales of housing materials.

The segments represent the components of the Company for which separate financial information is available that is utilized on a regular basis by the chief operating decision maker in determining how to allocate the Company's resources and evaluate performance. The segments also represent the Company's organizational structure principally based on the nature of products and services.

The accounting policies for the reporting segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Beginning with the first quarter of the current consolidated fiscal year, the amounts related to "electronic equipped machinery" are reported in the "Farm & Industrial Machinery" segment, whereas they were formerly reported in the "Water & Environment" segment, in conformity with the change in the business reporting structure of the Company. The segment information for the six and three months ended September 30, 2014 has been retrospectively adjusted to conform to the current year presentation.

Reporting Segments

Information by reporting segment is summarized as follows:

(¥ in millions)

For the six months ended September 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2015:					
Revenues:					
External customers	¥ 683,103	¥ 122,268	¥ 13,445	¥ —	¥ 818,816
Intersegment	177	368	12,230	(12,775)	—
Total	683,280	122,636	25,675	(12,775)	818,816
Operating income	¥ 124,514	¥ 4,127	¥ 1,030	¥ (13,363)	¥ 116,308
2014:					
Revenues:					
External customers	¥ 614,653	¥ 117,097	¥ 13,311	¥ —	¥ 745,061
Intersegment	325	423	11,757	(12,505)	—
Total	614,978	117,520	25,068	(12,505)	745,061
Operating income	¥ 101,965	¥ 7,194	¥ 1,080	¥ (10,055)	¥ 100,184

(Notes)

1. "Adjustments" include the elimination of intersegment transfers and the 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.

(¥ in millions)

For the three months ended September 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2015:					
Revenues:					
External customers	¥ 331,079	¥ 68,795	¥ 6,851	¥ —	¥ 406,725
Intersegment	102	225	6,270	(6,597)	—
Total	331,181	69,020	13,121	(6,597)	406,725
Operating income	¥ 60,337	¥ 2,864	¥ 494	¥ (7,491)	¥ 56,204
2014:					
Revenues:					
External customers	¥ 307,300	¥ 70,158	¥ 6,878	¥ —	¥ 384,336
Intersegment	207	260	6,632	(7,099)	—
Total	307,507	70,418	13,510	(7,099)	384,336
Operating income	¥ 47,219	¥ 5,150	¥ 568	¥ (5,185)	¥ 47,752

(Notes)

1. "Adjustments" include the elimination of intersegment transfers and the 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.

Geographic Information

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

(¥ in millions)

For the six months ended September 30:	2015	2014
Revenues from external customers by destination:		
Japan	¥ 260,663	¥ 253,675
North America	244,372	217,572
Europe	105,173	106,010
Asia outside Japan	169,416	139,907
Other areas	39,192	27,897
Total	¥ 818,816	¥ 745,061

(Notes)

1. Revenues from North America include those from the United States of ¥213,603 million and ¥188,302 million for the six months ended September 30, 2015 and 2014, respectively.
2. There is no single customer from whom revenues exceeds 10% of total consolidated revenues of the Company.

(¥ in millions)

For the three months ended September 30:	2015	2014
Revenues from external customers by destination:		
Japan	¥ 143,752	¥ 142,307
North America	117,273	105,141
Europe	48,341	47,860
Asia outside Japan	75,706	70,942
Other areas	21,653	18,086
Total	¥ 406,725	¥ 384,336

(Notes)

2. Revenues from North America include those from the United States of ¥103,515 million and ¥91,011 million for the three months ended September 30, 2015 and 2014, respectively.
2. There is no single customer from whom revenues exceeds 10% of total consolidated revenues of the Company.

17. SUBSEQUENT EVENT

Not applicable

2. Other

On November 5, 2015, the Company's Board of Directors resolved to pay cash dividends as follows:

1) Shareholders to Be Paid Cash Dividends

Shareholders of record on September 30, 2015

2) Amount of Dividends

¥14.00 per common share, a total of ¥17,429 million

3) Effective Date of Claim of Payment and Start Date of Payment

December 1, 2015

(Note) Partial amendments to the Article of Incorporation were resolved at the 125th Ordinary General Meeting of Shareholders held on June 19, 2015. The details are as follows:

- | | |
|--|-------------------------------|
| 1) Fiscal year: | From January 1 to December 31 |
| 2) Ordinary General Meeting of Shareholders: | During March |
| 3) Record date for Ordinary General Meeting of Shareholders: | December 31 |
| 4) Record date for dividend distribution of surplus: | June 30 and December 31 |

The 126th business term, a transitional period for the change in fiscal year-end, is a nine-month period commenced on April 1, 2015 and ending December 31, 2015. Regardless of 4), the record date of interim dividend for the 126th business term will be September 30, 2015.

COVER

[Document Filed]	Confirmation Letter
[Applicable Law]	Article 24-4-8, Paragraph 1 of the Financial Instruments and Exchange Act of Japan
[Filed to]	Director, Kanto Local Finance Bureau
[Filing Date]	November 11, 2015
[Company Name]	Kabushiki Kaisha Kubota
[Company Name in English]	KUBOTA Corporation
[Title and Name of Representative]	Masatoshi Kimata, President and Representative Director
[Title and Name of CFO]	Shigeru Kimura, Director and Senior Managing Executive Officer General Manager of Planning & Control Headquarters
[Address of Head Office]	2-47, Shikitsuhigashi 1-chome, Naniwa-ku, Osaka, JAPAN
[Place Where Available for Public Inspection]	KUBOTA Corporation, Hanshin Office (1-1, Hama 1-chome, Amagasaki-shi, Hyogo, JAPAN) KUBOTA Corporation, Tokyo Head Office (1-3, Kyobashi 2-chome, Chuo-ku, Tokyo, JAPAN) KUBOTA Corporation, Chubu Regional Office (22-8, Meieki 3-chome, Nakamura-ku, Nagoya, JAPAN) KUBOTA Corporation, Yokohama Branch (6, Onoe-cho 1-chome, Naka-ku, Yokohama, JAPAN) Tokyo Stock Exchange, Inc (2-1, Nihombashi Kabuto-cho, Chuo-ku, Tokyo, JAPAN)

1. Matters Related to Adequacy of Statements Contained in the Quarterly Report

Masatoshi Kimata, President and Representative Director and Shigeru Kimura, Director and Senior Managing Executive Officer, General Manager of Planning & Control Headquarters confirmed that statements contained in the Quarterly Report for the second quarter of 126th fiscal year (from July 1, 2015 to September 30, 2015) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable