[Translation]

Quarterly Report

(The Second Quarter of the 128th Business Term)
From April 1, 2017 to June 30, 2017

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

Kubota Corporation

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[Company Name in English]	Kubota Corporation
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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.

For the purposes of this Quarterly Report, the "Company" refers to Kubota Corporation and its subsidiaries unless context indicates otherwise.

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 June 30, 2017	Six months ended June 30, 2016	Year ended December 31, 2016
Revenues	¥ 845,996 [443,173]	¥ 796,136 [390,767]	¥ 1,596,091
Income before income taxes and equity in net income of affiliated companies	107,607	97,114	196,971
Net income attributable to Kubota Corporation	70,444 [42,860]	62,321 [25,968]	132,485
Comprehensive income (loss)	65,991	(47,532)	112,599
Kubota Corporation shareholders' equity	1,233,652	1,071,243	1,198,761
Total equity	1,310,115	1,134,990	1,271,925
Total assets	2,660,615	2,351,282	2,670,582
Net income attributable to Kubota Corporation per common share:			
Basic	56.86 [34.62]	50.09 [20.88]	106.58
Diluted	—	—	—
Kubota Corporation shareholders' equity ratio (%)	46.4	45.6	44.9
Net cash provided by operating activities	104,782	92,718	184,978
Net cash used in investing activities	(48,553)	(66,105)	(167,525)
Net cash (used in) provided by financing activities	(33,875)	18,333	11,364
Cash and cash equivalents, end of period	190,751	176,946	169,416

(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 June 30, 2017 and 2016, respectively.
3. Revenues do not include consumption taxes.
4. Amounts less than presentation units are rounded to the nearest unit.
5. "Net income attributable to Kubota Corporation per common share—Diluted" is not stated because Kubota Corporation did not have potentially dilutive common shares that were outstanding during the period.

2. Description of Business

There were no material changes in the Company's business during the six months ended June 30, 2017, nor were there any material changes in its subsidiaries and affiliated companies.

2. Business Overview

1. Risk Factors

For the six months ended June 30, 2017, there were no events or facts described in "2. Business Overview" or "4. Financial Information," that might have material effects on investors' investment decisions. There were no material changes in the information described in the Risk Factors section of the Annual Securities Report for the year ended December 31, 2016.

In addition, there were no material concerns or events as of June 30, 2017.

2. Material Contracts

There were no material contracts which were approved of conclusions or concluded for the three months ended June 30, 2017.

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

(1) Analysis of Results of Operations

For the six months ended June 30, 2017, revenues of the Company increased by ¥49.9 billion (6.3%) from the corresponding period in the prior year to ¥846.0 billion.

Domestic revenues decreased by ¥1.6 billion (0.6%) from the corresponding period in the prior year to ¥280.6 billion due to lower sales related to public works projects, including ductile iron pipes, while revenues in Farm & Industrial Machinery increased.

Overseas revenues increased by ¥51.4 billion (10.0%) from the corresponding period in the prior year to ¥565.4 billion. Revenues in Farm & Industrial Machinery rose owing to an increase in revenues in each region, including North America, Europe, and Asia outside Japan, as well as the positive effect of 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 ¥5.0 billion (4.7%) from the corresponding period in the prior year to ¥100.6 billion. The decrease is mainly due to the negative impact from yen appreciation which was included in the inventories held by overseas subsidiaries at the prior year-end and realized in this period after the inventory stock and transportation period, while there was a positive impact from increased sales. Income before income taxes and equity in net income of affiliated companies increased by ¥10.5 billion (10.8%) from the corresponding period in the prior year to ¥107.6 billion, since an increase in gain on sales of securities and an improvement in foreign exchange gain (loss)-net compensated for a decrease in operating income. Income taxes were ¥33.4 billion and net income increased by ¥7.9 billion (11.8%) from the corresponding period in the prior year to ¥75.1 billion. Net income attributable to Kubota Corporation increased by ¥8.1 billion (13.0%) from the corresponding period in the prior year to ¥70.4 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 9.7% from the corresponding period in the prior year to ¥692.4 billion and accounted for 81.8% of consolidated revenues.

Domestic revenues increased by 2.6% from the corresponding period in the prior year to ¥147.1 billion because an increase in sales of agricultural-related products compensated for a decrease in sales mainly of construction machinery.

Overseas revenues increased by 11.7% from the corresponding period in the prior year to ¥545.3 billion. In North America, sales of compact tractors, for which demand continues to expand, grew steadily in addition to the positive effect of a business acquisition in the prior year. In Europe, sales of construction machinery and engines grew due to the stable demand in the construction industry and sales from the implements business in the agriculture-related market increased as well, while there was a negative impact from yen appreciation. In Asia outside Japan, sales of tractors in Thailand increased mainly due to the cancellation of the restrictions on water intake during the period for dry-season cropping. Revenues in China increased significantly from the corresponding period in the prior year owing to an increase in sales of rice transplanters, construction machinery, and engines resulting from the stable demand, while sales of combines slowed due to the reduction in budgeted government subsidies.

Operating income in Farm & Industrial Machinery decreased by 4.8% from the corresponding period in the prior year to ¥96.6 billion because a negative impact from yen appreciation in the prior year was realized in the current period and fixed costs also increased despite of the positive effect from increased sales.

2) Water & Environment

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

Revenues in this segment decreased by 7.5% from the corresponding period in the prior year to ¥138.7 billion and accounted for 16.4% of consolidated revenues.

Domestic revenues decreased by 4.3% from the corresponding period in the prior year to ¥118.8 billion. Revenues from pipe-related products decreased due to lower sales of the ductile iron pipes and construction businesses, and revenues from environment-related products decreased owing to a decrease in sales from the business of operation and maintenance of facilities. On the other hand, revenues increased from social infrastructure-related products because increased sales from the spiral-welded steel pipes business, which enjoyed an increase in order received, compensated for decreased sales of industrial castings.

Overseas revenues decreased by 22.8% from the corresponding period in the prior year to ¥19.9 billion. Export sales of ductile iron pipes to the Middle East and industrial castings to Southeast Asia decreased.

Operating income in Water & Environment increased by 19.0% from the corresponding period in the prior year to ¥16.2 billion due to the positive effect of reduced fixed costs, which exceeded a negative impact of lower revenues in the domestic and overseas markets.

3) Other

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

Revenues in this segment decreased by 0.2% from the corresponding period in the prior year to ¥14.9 billion and accounted for 1.8% of consolidated revenues.

Operating income in Other decreased by 15.4% from the corresponding period in the prior year to ¥1.6 billion.

(2) Analysis of Financial Condition

Total assets at June 30, 2017 were ¥2,660.6 billion, a decrease of ¥10.0 billion from the prior fiscal year-end.

Trade notes and trade accounts decreased because of the inventory control of dealers in the United States while short and long-term finance receivables increased due to the expansion in sales financing operations in North America.

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 yen appreciation from the prior fiscal year-end and decreased demand for funds in Thailand.

Equity increased because the accumulation of retained earnings compensated for the deterioration in accumulated other comprehensive income, which mainly resulted from fluctuations in exchange rates. The shareholders' equity ratio stood at 46.4%, 1.5 percent higher than at the prior fiscal year-end.

(3) Analysis of Cash Flows

Net cash provided by operating activities during the six months ended June 30, 2017 was ¥104.8 billion, an increase of ¥12.1 billion in net cash inflow compared with the corresponding period in the prior year. This increase resulted from an increase in net income and the changes in working capital, such as trade notes and accounts receivable, inventories, and trade notes and accounts payable.

Net cash used in investing activities was ¥48.6 billion, a decrease of ¥17.6 billion in cash outflow compared with the corresponding period in the prior year. This decrease was mainly due to a decrease in time deposits while cash outflow related to an increase in finance receivables rose.

Net cash used in financing activities was ¥33.9 billion, as compared to ¥18.3 billion of net cash inflow for the corresponding period in the prior year, which mainly resulting from a decrease in net cash inflow from borrowings.

As a result of the above, and after taking into account the effects of exchange rate changes, cash and cash equivalents at June 30, 2017 were ¥190.8 billion, an increase of ¥21.3 billion from the beginning of the current fiscal year.

(4) Issues to Address on Business and Finance

There were no material changes in the outstanding issues for the Company to address during the six months ended June 30, 2017, and no additional issue arose during the period.

(5) Research and Development

The Company's research and development expenses for the six months ended June 30, 2017 were ¥22.6 billion.
There were no material changes in the Company's research and development activities during the six months ended June 30, 2017.

3. Information on Kubota Corporation

1. Information on the Shares of Kubota Corporation

(1) Total Number of Shares

1) Total Number of Shares

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

2) Issued Shares

Class	Number of shares issued as of end of period (shares) (June 30, 2017)	Number of shares issued as of filing date (shares) (August 9, 2017)	Stock exchange on which Kubota Corporation is listed	Description
Common shares	1,241,154,216	1,241,154,216	Tokyo Stock Exchange, Inc. (the first section)	The number of shares per one unit of shares is 100 shares.
Total	1,241,154,216	1,241,154,216	—	—

(2) Information on Share Acquisition Rights

Not applicable

(3) Information on Moving Strike Convertible Bonds

Not applicable

(4) Information on Shareholder Rights 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)
April 21, 2017	35	1,241,154	¥ 30	¥ 84,100	¥ 30	¥ 73,087

(Notes)

The new shares were issued as consideration for monetary remuneration under the restricted stock compensation plan.

Price of issuance (per share): ¥ 1,718.50

Price of paid-in-capital (per share): ¥ 859.25

Receipents of shares to be allocated: 6 Directors of the Company, excluding Outside Directors

(6) Major Shareholders

(As of June 30, 2017)

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	107,241	8.64
Nippon Life Insurance Company	6-6, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	62,542	5.03
Meiji Yasuda Life Insurance Company	1-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	59,929	4.82
Japan Trustee Services Bank, Ltd. (Trust account)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	50,627	4.07

Sumitomo Mitsui Banking Corporation	1-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN	45,006	3.62
Mizuho Bank, Ltd.	5-5, Otemachi 1-chome, Chiyoda-ku, Tokyo, JAPAN	36,006	2.90
Moxley & Co. LLC (Standing proxy: Sumitomo Mitsui Banking Corporation)	270 Park Avenue New York N.Y. 10017-2070 U.S.A. (3-2, Marunouchi 1-chome, Chiyoda-ku, Tokyo, JAPAN)	19,572	1.57
Japan Trustee Services Bank, Ltd. (Trust account 5)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	18,447	1.48
Japan Trustee Services Bank, Ltd. (Trust account 7)	8-11, Harumi 1-chome, Chuo-ku, Tokyo, JAPAN	18,274	1.47
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	7-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo, JAPAN	18,156	1.46
Total	—	435,803	35.11

(Notes)

1. Numbers less than presentation units are rounded down in the columns of “Share ownership” and “Ownership percentage to the total number of issued shares.”
2. The shares held by The Master Trust Bank of Japan, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account), Japan Trustee Services Bank, Ltd. (Trust account 5), and Japan Trustee Services Bank, Ltd. (Trust account 7) are invested as their fiduciary services.
3. Change reports pertaining to large shareholding reports by Nippon Life Insurance Company dated November 9, 2015 are available for public inspection. However, the information in the reports is not stated in the above table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2017, except that of Nippon Life Insurance Company. A summary of the reports as of October 30, 2015 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Nippon Life Insurance Company	65,124	5.23
Nissay Asset Management Corporation	15,268	1.23
Total	80,392	6.45

4. Large shareholding reports by BlackRock Japan Co., Ltd. dated November 19, 2015 are available for public inspection. However, the information in the reports is not stated in the above table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2017. A summary of the reports as of November 13, 2015 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
BlackRock Japan Co., Ltd.	14,825	1.19
BlackRock Advisers, LLC	3,489	0.28
BlackRock Investment Management LLC	1,532	0.12
BlackRock (Luxembourg) S.A.	1,454	0.12
BlackRock Life Limited	2,780	0.22
BlackRock Asset Management Ireland Limited	5,510	0.44
BlackRock Fund Advisors	15,101	1.21
BlackRock Institutional Trust Company, N.A.	15,751	1.26
BlackRock Investment Management (UK) Limited	1,936	0.16
Total	62,381	5.01

5. Change reports pertaining to large shareholding reports by Sumitomo Mitsui Trust Holdings Inc. dated April 20, 2017 are available for public inspection. However, the information in the reports is not stated in the above table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2017. A summary of the reports as of April 14, 2017 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Sumitomo Mitsui Trust Bank, Limited	50,864	4.10
Sumitomo Mitsui Trust Asset Management Co., Ltd.	1,494	0.12
Nikko Asset Management Co., Ltd.	19,933	1.61
Total	72,293	5.82

6. Change reports pertaining to large shareholding reports from Mizuho Bank, Ltd. dated April 21, 2017 are available for public inspection. However, the information in the reports is not stated in the above table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2017, except that of Mizuho Bank, Ltd. A summary of the reports as of April 14, 2017 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
Mizuho Bank, Ltd.	36,006	2.90
Asset Management One Co., Ltd.	37,999	3.06
Total	74,005	5.96

7. Change reports pertaining to large shareholding reports by The Bank of Tokyo-Mitsubishi UFJ, Ltd. dated June 19, 2017 are available for public inspection. However, the information in the reports is not stated in the above table since Kubota Corporation has not confirmed the actual status of shareholdings as of June 30, 2017, except that of The Bank of Tokyo-Mitsubishi UFJ, Ltd. A summary of the reports as of June 12, 2017 is as follows:

Name	Share ownership (thousands of shares)	Ownership percentage to the total number of issued shares (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	18,156	1.46
Mitsubishi UFJ Trust and Banking Corporation	80,448	6.48
Mitsubishi UFJ Kokusai Asset Management Co., Ltd.	5,660	0.46
Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.	1,337	0.11
Total	105,603	8.51

(7) Information on Voting Rights

1) Issued Shares

(As of June 30, 2017)

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 shares:	3,559,900	—	—
	(Crossholding stock) Common shares:	718,400		
Shares with full voting rights (others)	Common shares:	1,236,614,700	12,366,147	—
Shares less than one unit	Common shares:	261,216	—	Shares less than one unit (100 shares)
Number of issued shares		1,241,154,216	—	—
Total number of voting rights		—	12,366,147	—

(Notes)

The “Shares with full voting rights (others)” column includes 1,000 shares (10 voting rights) registered in the name of Japan Securities Depository Center, Incorporated.

2) Treasury Stock

(As of June 30, 2017)

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	3,559,900	—	3,559,900	0.28
(Crossholding stock) Akita Kubota Corporation	295-38, Terauchikamiyashiki, Akita-shi, Akita, JAPAN	41,400	—	41,400	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
Fukuoka Kyushu Kubota Corporation	11-36, Noma 1-chome, Minami-ku, Fukuoka, JAPAN	566,000	—	566,000	0.04
Total crossholding stock	—	718,400	—	718,400	0.05
Total	—	4,278,300	—	4,278,300	0.34

2. Changes in Directors and Senior Management

There has been no change in Directors nor senior management since the filing date of the Annual Securities Report for the 127th business term to June 30, 2017.

(Reference Information)

Kubota Corporation adopted 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 127th business term to June 30, 2017.

4. Financial Information

1. Consolidated Financial Statements

Kubota Corporation and its Subsidiaries

(1) Consolidated Balance Sheets

(¥ in millions)

	June 30, 2017	December 31, 2016
ASSETS		
Current assets:		
Cash and cash equivalents	¥ 190,751	¥ 169,416
Notes and accounts receivable:		
Trade notes	56,623	75,798
Trade accounts	543,959	559,488
Less: Allowance for doubtful notes and accounts receivable	(2,846)	(2,472)
Short-term finance receivables—net	245,977	244,184
Inventories	367,421	356,180
Other current assets	99,141	160,480
Total current assets	1,501,026	1,563,074
Investments and long-term finance receivables:		
Investments in and loans receivable from affiliated companies	27,972	28,517
Other investments	138,990	140,667
Long-term finance receivables—net	532,651	508,289
Total investments and long-term finance receivables	699,613	677,473
Property, plant, and equipment:		
Land	83,071	82,104
Buildings	297,427	292,898
Machinery and equipment	498,252	491,040
Construction in progress	12,589	17,378
Total property, plant, and equipment	891,339	883,420
Less: Accumulated depreciation	(579,167)	(569,189)
Net property, plant, and equipment	312,172	314,231
Other assets:		
Goodwill and intangible assets—net	44,002	46,057
Long-term trade accounts receivable	43,395	39,852
Other	61,133	30,658
Less: Allowance for doubtful non-current receivables	(726)	(763)
Total other assets	147,804	115,804
Total assets	¥ 2,660,615	¥ 2,670,582

(¥ in millions)

	June 30, 2017	December 31, 2016
LIABILITIES AND EQUITY		
Current liabilities:		
Short-term borrowings	¥ 193,176	¥ 193,883
Trade notes payable	139,120	157,471
Trade accounts payable	107,336	98,388
Advances received from customers	7,785	6,927
Notes and accounts payable for capital expenditures	12,862	24,321
Accrued payroll costs	36,393	35,902
Accrued expenses	63,412	64,662
Income taxes payable	25,697	19,650
Other current liabilities	94,263	90,197
Current portion of long-term debt	132,318	145,212
Total current liabilities	812,362	836,613
Long-term liabilities:		
Long-term debt	471,167	478,894
Accrued retirement and pension costs	12,354	12,091
Other long-term liabilities	54,617	71,059
Total long-term liabilities	538,138	562,044
Commitments and contingencies		
Equity:		
Kubota Corporation shareholders' equity:		
Common stock,		
authorized 1,874,700,000 shares at June 30, 2017 and December 31, 2016 and issued 1,241,154,216 shares and 1,241,119,180 shares at June 30, 2017 and December 31, 2016, respectively	84,100	84,070
Capital surplus	84,972	84,605
Legal reserve	19,539	19,539
Retained earnings	1,011,990	961,403
Accumulated other comprehensive income	39,430	49,336
Treasury stock (3,897,133 shares and 415,691 shares at June 30, 2017 and December 31, 2016, respectively), at cost	(6,379)	(192)
Total Kubota Corporation shareholders' equity	1,233,652	1,198,761
Non-controlling interests	76,463	73,164
Total equity	1,310,115	1,271,925
Total liabilities and equity	¥ 2,660,615	¥ 2,670,582

See notes to consolidated financial statements.

(2) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Loss)

For the six months ended June 30, 2017 and 2016

Consolidated Statements of Income

(¥ in millions, except per share amounts)

	2017	2016
Revenues	¥ 845,996	¥ 796,136
Cost of revenues	599,320	554,551
Selling, general, and administrative expenses	145,682	135,296
Other operating expenses—net	395	709
Operating income	100,599	105,580
Other income (expenses):		
Interest and dividend income	3,715	3,216
Interest expense	(347)	(270)
Gain on sales of securities—net	5,384	931
Foreign exchange gain (loss)—net	3,313	(9,551)
Other—net	(5,057)	(2,792)
Other income (expenses)—net	7,008	(8,466)
Income before income taxes and equity in net income of affiliated companies	107,607	97,114
Income taxes:		
Current	37,128	29,175
Deferred	(3,737)	1,546
Total income taxes	33,391	30,721
Equity in net income of affiliated companies	845	750
Net income	75,061	67,143
Less: Net income attributable to non-controlling interests	4,617	4,822
Net income attributable to Kubota Corporation	¥ 70,444	¥ 62,321
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 56.86	¥ 50.09

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

	2017	2016
Net income	¥ 75,061	¥ 67,143
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	(10,456)	(97,337)
Unrealized gains (losses) on securities	842	(17,275)
Pension liability adjustments	544	(63)
Total other comprehensive loss	(9,070)	(114,675)
Comprehensive income (loss)	65,991	(47,532)
Less: Comprehensive income (loss) attributable to non-controlling interests	5,453	(1,116)
Comprehensive income (loss) attributable to Kubota Corporation	¥ 60,538	¥ (46,416)

See notes to consolidated financial statements.

For the three months ended June 30, 2017 and 2016

Consolidated Statements of Income

(¥ in millions, except per share amounts)

	2017	2016
Revenues	¥ 443,173	¥ 390,767
Cost of revenues	307,645	276,075
Selling, general, and administrative expenses	73,907	65,971
Other operating expenses —net	372	593
Operating income	61,249	48,128
Other income (expenses):		
Interest and dividend income	2,600	2,242
Interest expense	(127)	(105)
Gain on sales of securities—net	2,804	618
Foreign exchange gain (loss)—net	2,207	(8,275)
Other—net	(2,055)	173
Other income (expenses)—net	5,429	(5,347)
Income before income taxes and equity in net income of affiliated companies	66,678	42,781
Income taxes:		
Current	19,637	9,508
Deferred	2,287	5,668
Total income taxes	21,924	15,176
Equity in net income of affiliated companies	628	736
Net income	45,382	28,341
Less: Net income attributable to non-controlling interests	2,522	2,373
Net income attributable to Kubota Corporation	¥ 42,860	¥ 25,968
Net income attributable to Kubota Corporation per common share:		
Basic	¥ 34.62	¥ 20.88

Consolidated Statements of Comprehensive Income (Loss)

(¥ in millions)

	2017	2016
Net income	¥ 45,382	¥ 28,341
Other comprehensive income (loss), net of tax:		
Foreign currency translation adjustments	6,778	(61,362)
Unrealized gains (losses) on securities	3,828	(6,165)
Pension liability adjustments	70	262
Total other comprehensive income (loss)	10,676	(67,265)
Comprehensive income (loss)	56,058	(38,924)
Less: Comprehensive income (loss) attributable to non-controlling interests	2,967	(2,186)
Comprehensive income (loss) attributable to Kubota Corporation	¥ 53,091	¥ (36,738)

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 (loss)	Treasury stock, at cost	Non-controlling interests	Total equity
Balance at December 31, 2016	1,240,703	¥ 84,070	¥ 84,605	¥ 19,539	¥ 961,403	¥ 49,336	¥ (192)	¥ 73,164	¥ 1,271,925
Net income					70,444			4,617	75,061
Other comprehensive income (loss)						(9,906)		836	(9,070)
Cash dividends paid to Kubota Corporation shareholders (¥16.00 per common share)					(19,857)				(19,857)
Cash dividends paid to non-controlling interests								(3,623)	(3,623)
Purchases and sales of treasury stock	(3,481)		144				(6,187)		(6,043)
Restricted stock compensation	35	30	(15)						15
Changes in ownership interests in subsidiaries			238					1,469	1,707
Balance at June 30, 2017	1,237,257	¥ 84,100	¥ 84,972	¥ 19,539	¥1,011,990	¥ 39,430	¥(6,379)	¥ 76,463	¥ 1,310,115
Balance at December 31, 2015	1,244,504	¥ 84,070	¥ 87,838	¥ 19,539	¥ 869,769	¥ 79,292	¥ (198)	¥ 78,248	¥ 1,218,558
Net income					62,321			4,822	67,143
Other comprehensive loss						(108,737)		(5,938)	(114,675)
Cash dividends paid to Kubota Corporation shareholders (¥14.00 per common share)					(17,428)				(17,428)
Cash dividends paid to non-controlling interests								(2,316)	(2,316)
Purchases and sales of treasury stock	(1,287)						(2,026)		(2,026)
Changes in ownership interests in subsidiaries			(2,929)			(268)		(11,069)	(14,266)
Balance at June 30, 2016	1,243,217	¥ 84,070	¥ 84,909	¥ 19,539	¥ 914,662	¥ (29,713)	¥ (2,224)	¥ 63,747	¥ 1,134,990

See notes to consolidated financial statements.

(4) Consolidated Statements of Cash Flows

(¥ in millions)

For the six months ended June 30:	2017	2016
Operating activities:		
Net income	¥ 75,061	¥ 67,143
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation and amortization	22,190	19,900
Gain on sales of securities—net	(5,384)	(931)
Equity in net income of affiliated companies	(845)	(750)
Deferred income taxes	(3,737)	1,546
Changes in assets and liabilities:		
Decrease in notes and accounts receivable	24,524	38,599
Increase in inventories	(11,397)	(10,723)
Increase in other current assets	(2,139)	(6,347)
Decrease in trade notes and accounts payable	(9,324)	(32,804)
Increase in income taxes payable	6,076	12,251
Increase in other current liabilities	5,451	2,866
Decrease in accrued retirement and pension costs	(907)	(1,045)
Other	5,213	3,013
Net cash provided by operating activities	104,782	92,718
Investing activities:		
Purchases of fixed assets	(29,691)	(23,954)
Proceeds from sales of property, plant, and equipment	1,412	361
Proceeds from sales and redemption of investments	8,452	1,544
Increase in finance receivables	(211,308)	(182,481)
Collection of finance receivables	169,826	154,072
Net decrease in short-term loans receivable from affiliated companies	3,273	3,022
Net decrease (increase) in time deposits	9,887	(19,595)
Other	(404)	926
Net cash used in investing activities	(48,553)	(66,105)
Financing activities:		
Proceeds from issuance of long-term debt	98,199	103,162
Repayments of long-term debt	(108,139)	(80,467)
Net increase in short-term borrowings	5,401	32,040
Payments of cash dividends	(19,857)	(17,428)
Purchases of treasury stock	(6,187)	(2,026)
Purchases of non-controlling interests	—	(14,632)
Other	(3,292)	(2,316)
Net cash (used in) provided by financing activities	(33,875)	18,333
Effect of exchange rate changes on cash and cash equivalents	(1,019)	(14,286)
Net increase in cash and cash equivalents	21,335	30,660
Cash and cash equivalents, beginning of period	169,416	146,286
Cash and cash equivalents, end of period	¥ 190,751	¥ 176,946

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, the “Company”) is one of Japan’s leading manufacturers of a comprehensive range of machinery and other industrial and consumer products, including farm equipment, agricultural-related products, engines, construction machinery, electronic equipped 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, including the United States, France, 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”).

Changes in Accounting Policies

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 December 31, 2016 were ¥46,798 million and ¥160 million, respectively.

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 the beginning of the current fiscal year, the Company changed its depreciation method to the straight-line method. Based on the mid-to-long term management plan, the Company has been accelerating its expansion of overseas production and R&D. In light of this expansion, the Company examined how its property, plant, and equipment would be used and concluded that it was reasonable to change its depreciation method to the straight-line method since its property, plant, and equipment would be stably and continuously used in the foreseeable future. In accordance with Accounting Standards Codification 250, “Accounting Changes and Error Corrections,” the change in depreciation method represents a change in accounting estimate affected by a change in accounting principle and, therefore, it is applied prospectively. This change resulted in an increase in net income attributable to Kubota Corporation and net income attributable to Kubota Corporation per common share—basic for the six months ended June 30, 2017 by ¥382 million and ¥0.31, and for the three months ended June 30, 2017 by ¥237 million and ¥0.19, respectively, as compared to the amounts computable under the previous method.

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)

	June 30, 2017	December 31, 2016
Finished products	¥ 232,608	¥ 220,510
Spare parts	51,750	44,885
Work in process	42,271	46,660
Raw materials and supplies	40,792	44,125
	¥ 367,421	¥ 356,180

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)

	June 30, 2017				December 31, 2016			
	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses	Cost	Fair value	Gross unrealized holding gains	Gross unrealized holding losses
Available-for-sale securities:								
Equity securities of financial institutions	¥ 17,700	¥ 43,026	¥ 25,326	¥ —	¥ 20,017	¥ 48,435	¥ 28,418	¥ —
Other equity securities	14,421	92,475	78,054	—	14,833	88,582	73,749	—
	¥ 32,121	¥ 135,501	¥103,380	¥ —	¥ 34,850	¥ 137,017	¥102,167	¥ —

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

(¥ in millions)

For the six months ended June 30:	2017	2016
Proceeds from sales of available-for-sale securities	¥ 8,117	¥ 1,505
Gross realized gains	5,384	931
Gross realized losses	—	—

(¥ in millions)

For the three months ended June 30:	2017	2016
Proceeds from sales of available-for-sale securities	¥ 4,344	¥ 1,088
Gross realized gains	2,804	618
Gross realized losses	—	—

Investments in nonmarketable equity securities of ¥3,489 million and ¥3,650 million were recorded in other investments on the consolidated balance sheets at June 30, 2017 and December 31, 2016, respectively. Investments in nonmarketable equity securities for which there is no readily determinable fair value are accounted for using the cost method. Impairment was not recognized on such investments in nonmarketable equity securities because the Company did not identify any events or changes in circumstances that may have had a significant adverse effect on the fair value of those investments for the six months ended June 30, 2017 and 2016.

4. SALES FINANCING RECEIVABLES AND OTHER LOANS RECEIVABLE

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 and construction machinery 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 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 June 30, 2017.

(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.

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 of 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 collected 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 individually indicate that it is 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 a customer's 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)

	Retail finance receivables		Finance lease receivables		Long-term trade accounts receivable
Credit risk profile by internally assigned rank:	North America	Other areas	Japan	Asia outside Japan	Japan
At June 30, 2017:					
Rank A	¥ 560,367	¥ 21,680	¥ 8,295	¥ 157,455	¥ 75,463
Rank B	32,952	—	155	21,242	1,976
Rank C	155	54	—	—	33
Total	¥ 593,474	¥ 21,734	¥ 8,450	¥ 178,697	¥ 77,472
At December 31, 2016:					
Rank A	¥ 536,358	¥ 19,867	¥ 7,919	¥ 151,772	¥ 67,199
Rank B	33,840	—	287	24,848	2,297
Rank C	100	28	—	—	34
Total	¥ 570,298	¥ 19,895	¥ 8,206	¥ 176,620	¥ 69,530

(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 June 30, 2017:								
Retail finance receivables	North America	¥ 29,081	¥ 2,190	¥ 701	¥ 1,133	¥ 33,105	¥ 560,369	¥ 593,474
Retail finance receivables	Other areas	—	—	54	—	54	21,680	21,734
Finance lease receivables	Japan	40	10	1	88	139	8,311	8,450
Finance lease receivables	Asia outside Japan	2,647	3,987	2,294	12,145	21,073	157,624	178,697
Long-term trade accounts receivable	Japan	534	174	21	925	1,654	75,818	77,472
Total		¥ 32,302	¥ 6,361	¥ 3,071	¥ 14,291	¥ 56,025	¥ 823,802	¥ 879,827
At December 31, 2016:								
Retail finance receivables	North America	¥ 29,929	¥ 2,439	¥ 628	¥ 943	¥ 33,939	¥ 536,359	¥ 570,298
Retail finance receivables	Other areas	—	—	6	21	27	19,868	19,895
Finance lease receivables	Japan	124	24	25	97	270	7,936	8,206
Finance lease receivables	Asia outside Japan	7,000	3,206	2,167	12,303	24,676	151,944	176,620
Long-term trade accounts receivable	Japan	949	189	90	803	2,031	67,499	69,530
Total		¥ 38,002	¥ 5,858	¥ 2,916	¥ 14,167	¥ 60,943	¥ 783,606	¥ 844,549

(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 a 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 June 30, 2017 and December 31, 2016, amounted to ¥1,133 million and ¥943 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 are not placed on nonaccrual status; however 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 June 30, 2017 and for the year ended December 31, 2016.

Loans Receivable from Affiliated Companies

The Company finances loans to affiliated companies mainly through group financing and records such loans receivable from affiliated companies at the principal amounts on the consolidated balance sheets. The amounts of these loans receivable from affiliated companies were ¥2,820 million and ¥6,105 million at June 30, 2017 and December 31, 2016, respectively, and such amounts are recorded in other current assets and investments in and loans receivable 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 loans receivable based on relevant information about the ability of borrowers to repay their debt. Since no negative factors in the borrowers' financial condition or collection status of receivables have been identified for the six months ended June 30, 2017 and for the year ended December 31, 2016, these loans receivable are expected to be fully collectible by the Company. The credit risk of these loans receivable is primarily developed from the borrowers' business environment, such as the market demand for farm equipment products.

Other Receivables

The amounts of other receivables and related allowance were not material for the six months ended June 30, 2017 and for the year ended December 31, 2016, respectively.

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 customers' 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. Loans receivable from affiliated companies are individually evaluated based on the relevant information, such as historical credit loss experiences 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 were ¥434 million and ¥528 million at June 30, 2017 and December 31, 2016, respectively. Recoveries on receivables previously charged off as uncollectable 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 June 30, 2017	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of period	¥ 1,023	¥ 21,523	¥ 356	¥ 22,902
Provision	602	1,806	27	2,435
Charge-offs	(449)	(1,126)	—	(1,575)
Recoveries	31	—	—	31
Other	(24)	341	—	317
Balance at end of period	¥ 1,183	¥ 22,544	¥ 383	¥ 24,110
Individually evaluated for impairment	209	—	33	242
Collectively evaluated for impairment	974	22,544	350	23,868
Recorded Investment at June 30, 2017:				
Balance at end of period	¥ 615,208	¥ 187,147	¥ 77,472	¥ 879,827
Individually evaluated for impairment	209	—	33	242
Collectively evaluated for impairment	614,999	187,147	77,439	879,585
Allowance for doubtful accounts and credit losses for the three months ended June 30, 2017:				
Balance at beginning of period	¥ 985	¥ 22,135	¥ 377	¥ 23,497
Provision	392	956	6	1,354
Charge-offs	(217)	(755)	—	(972)
Recoveries	20	—	—	20
Other	3	208	—	211
Balance at end of period	¥ 1,183	¥ 22,544	¥ 383	¥ 24,110

(¥ in millions)

Allowance for doubtful accounts and credit losses for the six months ended June 30, 2016:	Retail finance receivables	Finance lease receivables	Long-term trade accounts receivable	Total
Balance at beginning of period	¥ 692	¥ 18,945	¥ 340	¥ 19,977
Provision	607	2,478	19	3,104
Charge-offs	(559)	(653)	—	(1,212)
Recoveries	9	—	—	9
Other	(102)	(2,460)	—	(2,562)
Balance at end of period	¥ 647	¥ 18,310	¥ 359	¥ 19,316
Individually evaluated for impairment	104	—	52	156
Collectively evaluated for impairment	543	18,310	307	19,160
Recorded Investment at June 30, 2016:				
Balance at end of period	¥ 489,894	¥ 164,450	¥ 76,183	¥ 730,527
Individually evaluated for impairment	104	—	52	156
Collectively evaluated for impairment	489,790	164,450	76,131	730,371
Allowance for doubtful accounts and credit losses for the three months ended June 30, 2016:				
Balance at beginning of period	¥ 652	¥ 19,102	¥ 360	¥ 20,114
Provision (reversal)	297	1,253	(1)	1,549
Charge-offs	(242)	(454)	—	(696)
Recoveries	4	—	—	4
Other	(64)	(1,591)	—	(1,655)
Balance at end of period	¥ 647	¥ ¥18,310	¥ 359	¥ 19,316

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 loans receivable from affiliated companies for the six months ended June 30, 2017 and 2016.

6. FAIR VALUE OF FINANCIAL INSTRUMENTS

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

(¥ in millions)

	Carrying value	Fair value Level 1	Fair value Level 2	Fair value Level 3	Fair value Total
At June 30, 2017:					
Financial assets:					
Finance receivables—net	¥ 614,025	¥ —	¥ 601,867	¥ —	¥ 601,867
Long-term trade accounts receivable	77,089	—	82,208	—	82,208
Financial liabilities:					
Long-term debt	(601,151)	—	(593,405)	—	(593,405)
At December 31, 2016:					
Financial assets:					
Finance receivables—net	¥ 589,170	¥ —	¥ 579,710	¥ —	¥ 579,710
Long-term trade accounts receivable	69,174	—	74,366	—	74,366
Financial liabilities:					
Long-term debt	(621,476)	—	(612,453)	—	(612,453)

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 lease receivables. 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 approximates 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 June 30, 2017:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 43,026	¥ —	¥ —	¥ 43,026
Other equity securities	92,475	—	—	92,475
Derivatives:				
Foreign exchange contracts	—	186	—	186
Interest rate swap contracts	—	2	—	2
Cross-currency interest rate swap contracts	—	2,904	—	2,904
Total assets	¥ 135,501	¥ 3,092	¥ —	¥ 138,593
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 1,346	¥ —	¥ 1,346
Interest rate swap contracts	—	146	—	146
Cross-currency interest rate swap contracts	—	1,214	—	1,214
Total liabilities	¥ —	¥ 2,706	¥ —	¥ 2,706
At December 31, 2016:				
Assets:				
Available-for-sale securities:				
Equity securities of financial institutions	¥ 48,435	¥ —	¥ —	¥ 48,435
Other equity securities	88,582	—	—	88,582
Derivatives:				
Foreign exchange contracts	—	45	—	45
Cross-currency interest rate swap contracts	—	6,964	—	6,964
Total assets	¥ 137,017	¥ 7,009	¥ —	¥ 144,026
Liabilities:				
Derivatives:				
Foreign exchange contracts	¥ —	¥ 5,136	¥ —	¥ 5,136
Interest rate swap contracts	—	9	—	9
Cross-currency interest rate swap contracts	—	34	—	34
Total liabilities	¥ —	¥ 5,179	¥ —	¥ 5,179

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 June 30, 2017 and for the year ended December 31, 2016, respectively.

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 speculation 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 Rate 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 rate 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 interest 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 qualified 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 were no unrecognized net gains or losses (net of tax) on derivatives included in accumulated other comprehensive income at June 30, 2017 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	
	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016	June 30, 2017	December 31, 2016
Derivatives not designated as hedging instruments:								
Foreign exchange contracts	¥ 186	¥ 45	¥ —	¥ —	¥ 1,346	¥ 5,136	¥ —	¥ —
Interest rate swap contracts	—	—	2	—	146	9	—	—
Cross-currency interest rate swap contracts	2,586	4,870	318	2,094	337	9	877	25
Total	¥ 2,772	¥4,915	¥ 320	¥ 2,094	¥ 1,829	¥ 5,154	¥ 877	¥ 25

The following table presents the income effects of derivative instruments:

(¥ in millions)

For the six months ended June 30:

Derivative instruments not designated as hedging instruments	Consolidated statements of income line item	Gain (Loss) recognized in net income, before tax
2017:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ 965
Cross-currency swap contracts	Foreign exchange gain (loss)—net	471
Interest rate swap contracts	Other—net	(236)
Cross-currency interest rate swap contracts	Other—net	(4,895)
Total		¥ (3,695)
2016:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ 7,723
Cross-currency swap contracts	Foreign exchange gain (loss)—net	(212)
Interest rate swap contracts	Other—net	(120)
Cross-currency interest rate swap contracts	Other—net	(3,843)
Total		¥ 3,548

(¥ in millions)

For the three months ended June 30:

Derivative instruments not designated as hedging instruments	Consolidated statements of income line item	Gain (Loss) recognized in net income, before tax
2017:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ (1,385)
Cross-currency swap contracts	Foreign exchange gain (loss)—net	340
Interest rate swap contracts	Other—net	(48)
Cross-currency interest rate swap contracts	Other—net	(1,655)
Total		¥ (2,748)
2016:		
Foreign exchange contracts	Foreign exchange gain (loss)—net	¥ 3,478
Cross-currency swap contracts	Foreign exchange gain (loss)—net	(102)
Interest rate swap contracts	Other—net	(51)
Cross-currency interest rate swap contracts	Other—net	(317)
Total		¥ 3,008

9. PLEDGED ASSETS

Pledged assets are comprised of the following:

(¥ in millions)

	June 30, 2017	December 31, 2016
Trade accounts	¥ 302	¥ 327
Short-term finance receivables *1	57,593	60,361
Other current assets *2	9,866	9,277
Long-term finance receivables *1	93,193	104,928
Property, plant, and equipment	1,763	1,819
Total	¥ 162,717	¥ 176,712

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

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

The above assets were pledged against the following liabilities:

(¥ in millions)

	June 30, 2017	December 31, 2016
Short-term borrowings	¥ 527	¥ 578
Current portion of long-term debt	50,982	51,112
Long-term debt	83,203	92,486
Total	¥ 134,712	¥ 144,176

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 June 30:		2017		2016
Service costs	¥	4,631	¥	4,389
Interest costs		921		1,295
Expected return on plan assets		(2,385)		(2,450)
Amortization of prior service benefit		(20)		(172)
Amortization of actuarial loss		500		380
Total	¥	3,647	¥	3,442

(¥ in millions)

For the three months ended June 30:		2017		2016
Service costs	¥	2,307	¥	2,190
Interest costs		460		648
Expected return on plan assets		(1,192)		(1,225)
Amortization of prior service benefit		(10)		(86)
Amortization of actuarial loss		249		189
Total	¥	1,814	¥	1,716

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 June 30:		2017		2016
Research and development expenses	¥	22,633	¥	20,515
Advertising costs		9,277		7,772
Shipping and handling costs		35,210		32,617
Depreciation and amortization		22,190		19,900

(¥ in millions)

For the three months ended June 30:		2017		2016
Research and development expenses	¥	11,623	¥	11,041
Advertising costs		4,006		4,135
Shipping and handling costs		18,515		16,576
Depreciation and amortization		11,063		10,058

Other Operating Expenses

Other operating expenses—net for the six months ended June 30, 2017 included a loss from sales and disposals of fixed assets of ¥159 million and expenses related to liquidation of subsidiaries of ¥236 million.

Other operating expenses—net for the six months ended June 30, 2016 included a loss from sales and disposals of fixed assets of ¥205 million and expenses related to liquidation of subsidiaries of ¥504 million.

Other operating expenses—net for the three months ended June 30, 2017 included a loss from sales and disposals of fixed assets of ¥193 million and expenses related to liquidation of subsidiaries of ¥179 million.

Other operating expenses—net for the three months ended September 30, 2016 included a loss from sales and disposals of fixed assets of ¥89 million and expenses related to liquidation of subsidiaries of ¥504 million.

12. NET INCOME ATTRIBUTABLE TO KUBOTA CORPORATION PER COMMON SHARE

The numerator and denominator to calculate net income attributable to Kubota Corporation per common share—basic are presented in the following table.

The Company introduced a restricted compensation plan (hereinafter, the “Plan”) for the Company’s Directors. Among the new shares issued under the Plan, those whose transfer restrictions have not been cancelled are distinguished as participating securities from common shares.

Each of common shares and participating securities has the same rights to net income attributable to Kubota Corporation.

(¥ in millions)

For the six months ended June 30:	2017	2016
Net income attributable to Kubota Corporation	¥ 70,444	¥ 62,321
Net income available to participating securities	1	—
Net income available to common shareholders	¥ 70,443	¥ 62,321

(thousands of shares)

For the six months ended June 30:	2017	2016
Weighted-average number of common shares outstanding	1,238,802	1,244,191
Weighted-average number of participating securities	15	—
Weighted-average number of common shares	1,238,787	1,244,191

(¥ in millions)

For the three months ended June 30:	2017	2016
Net income attributable to Kubota Corporation	¥ 42,860	¥ 25,968
Net income available to participating securities	1	—
Net income available to common shareholders	¥ 42,859	¥ 25,968

(thousands of shares)

For the three months ended June 30:	2017	2016
Weighted-average number of common shares outstanding	1,237,850	1,243,878
Weighted-average number of participating securities	29	—
Weighted-average number of common shares	1,237,821	1,243,878

There are no potentially dilutive shares outstanding for the six months ended June 30, 2017 and 2016.

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)

	2017			2016		
For the six months ended June 30:	Kubota Corporation	Non-controlling interests	Total	Kubota Corporation	Non-controlling interests	Total
Foreign currency translation adjustments	¥ (11,270)	¥ 814	¥ (10,456)	¥ (91,400)	¥ (5,937)	¥ (97,337)
Unrealized gains (losses) on securities	816	26	842	(17,272)	(3)	(17,275)
Pension liability adjustments	548	(4)	544	(65)	2	(63)
Other comprehensive income (loss)	¥ (9,906)	¥ 836	¥ (9,070)	¥ (108,737)	¥ (5,938)	¥ (114,675)

(¥ in millions)

For the three months ended June 30:	2017 Kubota Corporation	2017 Non-controlling interests	2017 Total	2016 Kubota Corporation	2016 Non-controlling interests	2016 Total
Foreign currency translation adjustments	¥ 6,355	¥ 423	¥ 6,778	¥ (56,806)	¥ (4,556)	¥ (61,362)
Unrealized gains (losses) on securities	3,806	22	3,828	(6,161)	(4)	(6,165)
Pension liability adjustments	70	—	70	261	1	262
Other comprehensive income (loss)	¥ 10,231	¥ 445	¥ 10,676	¥ (62,706)	¥ (4,559)	¥ (67,265)

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

For the six months ended June 30:	Foreign currency translation adjustments	Unrealized gains on securities	Pension liability adjustments	Total
2017:				
Balance at beginning of period	¥ 26,009	¥ 49,551	¥ (26,224)	¥ 49,336
Other comprehensive income (loss) before reclassification	(11,270)	4,542	211	(6,517)
Reclassification to net income	—	(3,726)	337	(3,389)
Net change	(11,270)	816	548	(9,906)
Balance at end of period	¥ 14,739	¥ 50,367	¥ (25,676)	¥ 39,430
2016:				
Balance at beginning of period	¥ 50,112	¥ 46,955	¥ (17,775)	¥ 79,292
Changes in ownership Interests in subsidiaries	(362)	—	94	(268)
Other comprehensive income (loss) before reclassification	(91,400)	(16,626)	(207)	(108,233)
Reclassification to net income	—	(646)	142	(504)
Net change	¥ (91,762)	¥ (17,272)	¥ 29	¥ (109,005)
Balance at end of period	¥ (41,650)	¥ 29,683	¥ (17,746)	¥ (29,713)

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 June 30:				
		Amount reclassified from accumulated other comprehensive income	*1	Affected line item in the statement where net income is presented
2017:				
Unrealized gains (losses) on securities	¥	(5,384)		Gain on sales of securities—net
		1,658		Income taxes
		(3,726)		Net income attributable to Kubota Corporation
Pension liability adjustments		480	*2	
		(147)		Income taxes
		333		Net income
		4		Net income attributable to non-controlling interests
		337		Net income attributable to Kubota Corporation
Total	¥	(3,389)		
2016:				
Unrealized gains (losses) on securities	¥	(931)		Gain on sales of securities—net
		285		Income taxes
		(646)		Net income attributable to Kubota Corporation
Pension liability adjustments		208	*2	
		(64)		Income taxes
		144		Net income
		(2)		Net income attributable to non-controlling interests
		142		Net income attributable to Kubota Corporation
Total	¥	(504)		

*1 Indicates decrease (increase) in 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 June 30:				
		Amount reclassified from accumulated other comprehensive income	*1	Affected line item in the statement where net income is presented
2017:				
Unrealized gains (losses) on securities	¥	(2,804)		Gain on sales of securities—net
		864		Income taxes
		(1,940)		Net income attributable to Kubota Corporation
Pension liability adjustments		239	*2	
		(73)		Income taxes
		166		Net income attributable to Kubota Corporation
Total	¥	(1,774)		
2016:				
Unrealized gains (losses) on securities	¥	(618)		Gain on sales of securities—net
		189		Income taxes
		(429)		Net income attributable to Kubota Corporation
Pension liability adjustments		103	*2	
		(32)		Income taxes
		71		Net income
		(1)		Net income attributable to non-controlling interests
		70		Net income attributable to Kubota Corporation
Total	¥	(359)		

*1 Indicates decrease (increase) in 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 Board of Directors on February 14, 2017	Common shares	Retained earnings	¥ 19,857	¥ 16.00	December 31, 2016	March 27, 2017

Dividends with Record Date falling in the Six Months Ended June 30, 2017 and with Effective Date coming after June 30, 2017

Resolution	Class of shares	Appropriation from	Cash dividends (¥ in millions)	Cash dividends per share	Record date	Effective date
The Board of Directors on August 3, 2017	Common stock	Retained earnings	¥ 18,564	¥ 15.00	June 30, 2017	September 1, 2017

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 June 30, 2017 was ¥13,469 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 29 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 total claims for compensation of all 29 lawsuits is ¥26,684 million, which is related to 694 construction workers who suffered from asbestos-related diseases, and which were filed against the Japanese government and 45 asbestos-related companies including the Company. The Company does not have any cost-sharing arrangements with other potentially responsible parties for these 29 lawsuits. The Company discloses the aggregate claimed amount of the above ¥26,684 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 29 major lawsuits, six district courts ruled in favor of the Company, but the plaintiffs appealed the court ruling immediately after the judgments. Since the above cases will continue until an 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 in predicting 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, had previously produced asbestos-related products. The Company established a relief payment program in place of the consolation payments made 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 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 contributions made by business entities include 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 ¥109 million and ¥177 million at June 30, 2017 and December 31, 2016, 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 who 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.

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, agricultural-related products, 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 sells housing materials.

The segments represent the components of the Company for which separate financial information is available and 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 reportable segments are consistent with the accounting policies used in the Company's consolidated financial statements.

Reportable Segments

Information by reportable segment is summarized as follows:

(¥ in millions)

For the six months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2017:					
Revenues:					
External customers	¥ 692,423	¥ 138,709	¥ 14,864	¥ —	¥ 845,996
Intersegment	166	979	13,329	(14,474)	—
Total	692,589	139,688	28,193	(14,474)	845,996
Operating income	¥ 96,579	¥ 16,239	¥ 1,569	¥ (13,788)	¥ 100,599
2016:					
Revenues:					
External customers	¥ 631,370	¥ 149,879	¥ 14,887	¥ —	¥ 796,136
Intersegment	291	701	12,376	(13,368)	—
Total	631,661	150,580	27,263	(13,368)	796,136
Operating income	¥ 101,446	¥ 13,650	¥ 1,854	¥ (11,370)	¥ 105,580

(Notes)

1. “Adjustments” include the elimination of intersegment transfers and unallocated corporate expenses.
2. The aggregated amounts of operating income are equal to those in the consolidated statements of income. Refer to the consolidated statements of income for the reconciliation of operating income to income before income taxes and equity in net income of affiliated companies.
3. Intersegment transfers are recorded at values that approximate market prices.

(¥ in millions)

For the three months ended June 30:	Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
2017:					
Revenues:					
External customers	¥ 380,042	¥ 56,019	¥ 7,112	¥ —	¥ 443,173
Intersegment	36	586	6,930	(7,552)	—
Total	380,078	56,605	14,042	(7,552)	443,173
Operating income	¥ 64,915	¥ 2,082	¥ 738	¥ (6,486)	¥ 61,249
2016:					
Revenues:					
External customers	¥ 328,253	¥ 55,478	¥ 7,036	¥ —	¥ 390,767
Intersegment	69	102	6,054	(6,225)	—
Total	328,322	55,580	13,090	(6,225)	390,767
Operating income	¥ 53,060	¥ 136	¥ 731	¥ (5,799)	¥ 48,128

Geographic Information

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

(¥ in millions)

For the six months ended June 30:	2017	2016
Revenues from External customers by destination:		
Japan	¥ 280,624	¥ 282,206
North America	244,720	221,045
Europe	119,289	109,370
Asia outside Japan	171,056	153,035
Other areas	30,307	30,480
Total	¥ 845,996	¥ 796,136

(Notes)

1. Revenues from North America included those from the United States of ¥212,275 million and ¥194,422 million for the six months ended June 30, 2017 and 2016, respectively.
2. There was no single customer from which revenues exceeded 10% of total consolidated revenues of the Company.

(¥ in millions)

For the three months ended June 30:	2017	2016
Revenues from External customers by destination:		
Japan	¥ 130,824	¥ 123,197
North America	145,633	122,136
Europe	59,359	54,360
Asia outside Japan	91,446	76,715
Other areas	15,911	14,359
Total	¥ 443,173	¥ 390,767

(Notes)

1. Revenues from North America included those from the United States of ¥128,454 million and ¥108,739 million for the three months ended June 30, 2017 and 2016, respectively.
2. There was no single customer from which revenues exceeded 10% of total consolidated revenues of the Company.

17. SUBSEQUENT EVENT

Not applicable

2. Other

On August 3, 2017, the Board of Directors of the Parent Company resolved to pay cash dividends as follows:

1) Shareholders to Be Paid Cash Dividends
Shareholders of record on June 30, 2017

2) Amount of Dividends
¥15.00 per common share, a total of ¥18,564 million

3) Effective Date of Claim of Payment and Start Date of Payment
September 1, 2017

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]	August 9, 2017
[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 the 128th fiscal year (from April 1, 2017 to June 30, 2017) were adequate under the Financial Instruments and Exchange Act of Japan.

2. Special Notes

Not applicable