

KUBOTA Corporation

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RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED JUNE 30, 2017

Kubota Corporation hereby reports its consolidated results for the six months ended June 30, 2017.

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

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

	Six months ended June 30, 2017	Change [%]	Six months ended June 30, 2016	Adjusted change [%]
Revenues	¥ 845,996	6.3	¥ 796,136	(6.8)
Operating income	¥ 100,599	(4.7)	¥ 105,580	(8.4)
Income before income taxes and equity in net income of affiliated companies	¥ 107,607	10.8	¥ 97,114	(17.2)
Net income attributable to Kubota Corporation	¥ 70,444	13.0	¥ 62,321	(20.6)
Net income attributable to Kubota Corporation per common share:				
Basic	¥ 56.86		¥ 50.09	
Diluted	-		-	

(2) Financial condition

(In millions of yen)

	June 30, 2017	Dec. 31, 2016
Total assets	¥ 2,660,615	¥ 2,670,582
Equity	¥ 1,310,115	¥ 1,271,925
Kubota Corporation shareholders' equity	¥ 1,233,652	¥ 1,198,761
Ratio of Kubota Corporation shareholders' equity to total assets	46.4%	44.9%

Notes:

- Change [%] represents the percentage change from the corresponding period in the prior year.
- Kubota Corporation changed its fiscal year-end from March 31 to December 31 from April 1, 2015. For this reason, the first half of the last fiscal year, which commenced on January 1, 2016 and ended on June 30, 2016 is different from the first half of the preceding fiscal year, which commenced on April 1, 2015 and ended on September 30, 2015. Accordingly, adjusted change [%] for the six months ended June 30, 2016 represents the percentage change from the same period in the prior year that commenced on January 1, 2015 and ended on June 30, 2015. Please note that the results of operations for the six months ended June 30, 2015 are not subject to a quarterly review.
- Comprehensive income (loss) for the six months ended June 30, 2017 and 2016 was ¥65,991 million [—%] and (¥47,532) million [adjusted change (—%)], respectively.

2. Cash dividends

(In yen)

	Cash dividends per common share		
	Interim	Year-end	Total
Year ending Dec. 31, 2017	¥ 15.00	Undecided	Undecided
Year ended Dec. 31, 2016	¥ 14.00	¥ 16.00	¥ 30.00

Note:

Although Kubota Corporation's basic policy for the return of profit to shareholders is to maintain stable dividends and raise dividends, the specific amount of cash dividends for each fiscal year is decided in consideration of the development of business performance, financial conditions, and shareholder return ratio calculated from dividends and share buy-backs. The specific amount of year-end cash dividends for the year ending December 31, 2017 has not been decided at this time and Kubota Corporation will publicize the amount as soon as a decision is made.

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

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

	Year ending Dec. 31, 2017	Change [%]
Revenues	¥ 1,680,000	5.3
Operating income	¥ 198,000	4.9
Income before income taxes and equity in net income of affiliated companies	¥ 205,000	4.1
Net income attributable to Kubota Corporation	¥ 138,000	4.2
Net income attributable to Kubota Corporation per common share	¥ 111.19	

Notes:

1. Change [%] represents the percentage change from the prior year.
2. Please refer to the accompanying materials, "1. Review of operations and financial condition (3) Prospects for the year ending December 31, 2017" on page 6 for further information related to the anticipated results of operations.

4. Other information

(1) Changes in material subsidiaries: No

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

Note:

See the accompanying materials, "2. Other information (2) Adoption of specific accounting procedures for quarterly consolidated financial statements" on page 6.

(3) Accounting changes for consolidated financial statements

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

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

Note:

See the accompanying materials, "2. Other information (3) A change in accounting principle and estimate for consolidated financial statements" on page 6.

(4) Number of common shares issued including treasury stock as of June 30, 2017	: 1,241,154,216
Number of common shares issued including treasury stock as of December 31, 2016	: 1,241,119,180
Number of treasury stock as of June 30, 2017	: 3,897,133
Number of treasury stock as of December 31, 2016	: 415,691
Weighted-average number of common shares outstanding during the six months ended June 30, 2017	: 1,238,787,114
Weighted-average number of common shares outstanding during the six months ended June 30, 2016	: 1,244,190,661

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

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

As of the date of this release, the consolidated financial statements for the six months ended June 30, 2017 of Kubota Corporation and its subsidiaries (hereinafter, the "Company") are being subjected to quarterly review procedures.

< Cautionary statements with respect to forward-looking statements >

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

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1. Review of operations and financial condition

(1) Summary of the results of operations for the six months

For the six months ended June 30, 2017, revenues of Kubota Corporation and its subsidiaries (hereinafter, 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%] to ¥280.6 billion from the corresponding period in the prior year 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%] to ¥565.4 billion from the corresponding period in the prior year. Revenues in Farm & Industrial Machinery rose owing to an increase in sales 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 was mainly due to a 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 effect of 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 the foreign exchange gain (loss)-net account compensated for a decrease in operating income. Income taxes were ¥33.4 billion and net income increased by ¥7.9 billion [11.8%] to ¥75.1 billion from the corresponding period in the prior year. 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 reporting segment were as follows:

1) Farm & Industrial Machinery

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

Revenues in this segment 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% to ¥147.1 billion because an increase in sales of agricultural-related products compensated for a decrease mainly in sales of construction machinery.

Overseas revenues increased by 11.7% to ¥545.3 billion. In North America, sales of compact tractors, for which demand continues to expand, steadily grew 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 steady 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 cancelation 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 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 of yen appreciation in the prior year was realized in this period and fixed costs increased as well, while there was a 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 ductile iron pipes and construction business, 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 from social infrastructure-related products increased because increased sales from the spiral-welded steel pipes business, which enjoyed favorable orders, compensated for decreased sales of industrial castings.

Overseas revenues decreased by 22.8% 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% to ¥1.6 billion.

(2) Financial condition

1) Assets, liabilities, and equity

Total assets at June 30, 2017 were ¥2,660.6 billion, a decrease of ¥10.0 billion from the prior fiscal year-end. With respect to assets, trade notes and accounts receivable 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.

With respect to 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 mainly due to yen appreciation against U.S. dollar 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 (loss), 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.

2) 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, 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.

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

The forecasts of the results of operations for the year ending December 31, 2017, which were announced on February 14, 2017, remain unchanged.

These forecasts are based on the assumption of exchange rates of ¥110=USD1 and ¥119=EUR1.

2. Other information

(1) Changes in material subsidiaries

None

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

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

(3) A change in accounting principle and estimate for consolidated financial statements

1) A change in accounting principle

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

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

2) A change in accounting estimate

Previously, the Company used the declining-balance method for calculating the depreciation of property, plant, and equipment; however, effective from January 1, 2017, the Company changed its depreciation method to the straight-line method. This change resulted in an increase of net income attributable to Kubota Corporation for the six months ended June 30, 2017 by ¥382 million, as compared with the previous method.

3. Consolidated financial statements

(1) Consolidated balance sheets

Assets (In millions of yen)

	June 30, 2017		Dec. 31, 2016		Change	June 30, 2016	
	Amount	%	Amount	%	Amount	Amount	%
Current assets:							
Cash and cash equivalents	190,751		169,416		21,335	176,946	
Trade notes and accounts receivable	597,736		632,814		(35,078)	548,137	
Short-term finance receivables-net	245,977		244,184		1,793	201,487	
Inventories	367,421		356,180		11,241	330,589	
Other current assets	99,141		160,480		(61,339)	140,445	
Total current assets	1,501,026	56.4	1,563,074	58.5	(62,048)	1,397,604	59.4
Investments and long-term finance receivables	699,613	26.3	677,473	25.4	22,140	574,464	24.4
Property, plant, and equipment	312,172	11.7	314,231	11.8	(2,059)	274,315	11.7
Other assets	147,804	5.6	115,804	4.3	32,000	104,899	4.5
Total assets	2,660,615	100.0	2,670,582	100.0	(9,967)	2,351,282	100.0

Liabilities and Equity (In millions of yen)

	June 30, 2017		Dec. 31, 2016		Change	June 30, 2016	
	Amount	%	Amount	%	Amount	Amount	%
Current liabilities:							
Short-term borrowings	193,176		193,883		(707)	188,373	
Trade notes and accounts payable	246,456		255,859		(9,403)	217,021	
Other current liabilities	240,412		241,659		(1,247)	201,210	
Current portion of long-term debt	132,318		145,212		(12,894)	157,360	
Total current liabilities	812,362	30.5	836,613	31.3	(24,251)	763,964	32.5
Long-term liabilities:							
Long-term debt	471,167		478,894		(7,727)	382,316	
Accrued retirement and pension costs	12,354		12,091		263	11,185	
Other long-term liabilities	54,617		71,059		(16,442)	58,827	
Total long-term liabilities	538,138	20.2	562,044	21.1	(23,906)	452,328	19.2
Equity:							
Kubota Corporation shareholders' equity:							
Common stock	84,100		84,070		30	84,070	
Capital surplus	84,972		84,605		367	84,909	
Legal reserve	19,539		19,539		—	19,539	
Retained earnings	1,011,990		961,403		50,587	914,662	
Accumulated other comprehensive income (loss)	39,430		49,336		(9,906)	(29,713)	
Treasury stock, at cost	(6,379)		(192)		(6,187)	(2,224)	
Total Kubota Corporation shareholders' equity	1,233,652	46.4	1,198,761	44.9	34,891	1,071,243	45.6
Non-controlling interests	76,463	2.9	73,164	2.7	3,299	63,747	2.7
Total equity	1,310,115	49.3	1,271,925	47.6	38,190	1,134,990	48.3
Total liabilities and equity	2,660,615	100.0	2,670,582	100.0	(9,967)	2,351,282	100.0

(2) Consolidated statements of income

(In millions of yen)

	Six months ended		Six months ended		Change		Year ended	
	June 30, 2017		June 30, 2016				Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%
Revenues	845,996	100.0	796,136	100.0	49,860	6.3	1,596,091	100.0
Cost of revenues	599,320	70.9	554,551	69.6	44,769	8.1	1,122,546	70.3
Selling, general, and administrative expenses	145,682	17.2	135,296	17.0	10,386	7.7	283,849	17.8
Other operating expenses-net	395	0.0	709	0.1	(314)	(44.3)	919	0.1
Operating income	100,599	11.9	105,580	13.3	(4,981)	(4.7)	188,777	11.8
Other income (expenses):								
Interest and dividend income	3,715		3,216		499		7,049	
Interest expense	(347)		(270)		(77)		(503)	
Gain on sales of securities-net	5,384		931		4,453		6,826	
Foreign exchange gain (loss)-net	3,313		(9,551)		12,864		(3,556)	
Other-net	(5,057)		(2,792)		(2,265)		(1,622)	
Other income (expenses)-net	7,008		(8,466)		15,474		8,194	
Income before income taxes and equity in net income of affiliated companies	107,607	12.7	97,114	12.2	10,493	10.8	196,971	12.3
Income taxes	33,391		30,721		2,670		56,546	
Equity in net income of affiliated companies	845		750		95		2,440	
Net income	75,061	8.9	67,143	8.4	7,918	11.8	142,865	9.0
Less: Net income attributable to non-controlling interests	4,617		4,822		(205)		10,380	
Net income attributable to Kubota Corporation	70,444	8.3	62,321	7.8	8,123	13.0	132,485	8.3

Net income attributable to Kubota Corporation per common share

(In yen)

Basic	56.86	50.09		106.58
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(3) Consolidated statements of comprehensive income (loss)

(In millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2016	Change
Net income	75,061	67,143	7,918
Other comprehensive income (loss), net of tax:			
Foreign currency translation adjustments	(10,456)	(97,337)	86,881
Unrealized gains (losses) on securities	842	(17,275)	18,117
Pension liability adjustments	544	(63)	607
Total other comprehensive loss	(9,070)	(114,675)	105,605
Comprehensive income (loss)	65,991	(47,532)	113,523
Less: Comprehensive income (loss) attributable to non-controlling interests	5,453	(1,116)	6,569
Comprehensive income (loss) attributable to Kubota Corporation	60,538	(46,416)	106,954

(4) Consolidated statements of cash flows

(In millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2016	Change
Operating activities:			
Net income	75,061	67,143	
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	
Decrease in trade 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	12,064
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)	17,552
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	(52,208)
Effect of exchange rate changes on cash and cash equivalents	(1,019)	(14,286)	13,267
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	13,805

(5) Notes to the going concern assumption

None

(6) Consolidated segment information

1) Reporting segments

Information by reporting segment is summarized as follows:

Six months ended June 30, 2017

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
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

Six months ended June 30, 2016

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
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.

2) Geographic information

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

(In millions of yen)

	Six months ended June 30, 2017	Six months ended June 30, 2016
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 whom revenues exceeded 10% of total consolidated revenues of the Company.

(7) Consolidated statement of changes in equity

(In millions of yen)

	Shares of common stock outstanding (thousands of shares)	Kubota Corporation shareholders' equity						Non-controlling interests	Total equity
		Common stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income	Treasury stock, at cost		
Balance at Dec. 31, 2016	1,240,703	84,070	84,605	19,539	961,403	49,336	(192)	73,164	1,271,925
Net income					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

(8) Consolidated revenues by product group

(In millions of yen)

	Six months ended June 30, 2017		Six months ended June 30, 2016		Change		Year ended Dec. 31, 2016	
	Amount	%	Amount	%	Amount	%	Amount	%
	Farm Equipment and Engines	556,658	65.8	507,658	63.7	49,000	9.7	1,032,237
Domestic	120,693		115,421		5,272	4.6	221,792	
Overseas	435,965		392,237		43,728	11.1	810,445	
Construction Machinery	122,948	14.5	110,386	13.9	12,562	11.4	212,951	13.3
Domestic	14,366		15,229		(863)	(5.7)	34,084	
Overseas	108,582		95,157		13,425	14.1	178,867	
Electronic Equipped Machinery	12,817	1.5	13,326	1.7	(509)	(3.8)	26,956	1.7
Domestic	12,030		12,708		(678)	(5.3)	25,612	
Overseas	787		618		169	27.3	1,344	
Farm & Industrial Machinery	692,423	81.8	631,370	79.3	61,053	9.7	1,272,144	79.7
Domestic	147,089	17.4	143,358	17.9	3,731	2.6	281,488	17.6
Overseas	545,334	64.4	488,012	61.4	57,322	11.7	990,656	62.1
Pipe-related Products	73,093	8.6	81,786	10.3	(8,693)	(10.6)	170,451	10.7
Domestic	68,017		71,998		(3,981)	(5.5)	149,960	
Overseas	5,076		9,788		(4,712)	(48.1)	20,491	
Environment-related Products	44,032	5.2	46,260	5.8	(2,228)	(4.8)	81,506	5.1
Domestic	39,442		41,656		(2,214)	(5.3)	69,884	
Overseas	4,590		4,604		(14)	(0.3)	11,622	
Social Infrastructure-related Products	21,584	2.6	21,833	2.7	(249)	(1.1)	42,573	2.7
Domestic	11,372		10,488		884	8.4	21,014	
Overseas	10,212		11,345		(1,133)	(10.0)	21,559	
Water & Environment	138,709	16.4	149,879	18.8	(11,170)	(7.5)	294,530	18.5
Domestic	118,831	14.0	124,142	15.6	(5,311)	(4.3)	240,858	15.1
Overseas	19,878	2.4	25,737	3.2	(5,859)	(22.8)	53,672	3.4
Other	14,864	1.8	14,887	1.9	(23)	(0.2)	29,417	1.8
Domestic	14,704	1.8	14,706	1.9	(2)	(0.0)	29,095	1.8
Overseas	160	0.0	181	0.0	(21)	(11.6)	322	0.0
Total	845,996	100.0	796,136	100.0	49,860	6.3	1,596,091	100.0
Domestic	280,624	33.2	282,206	35.4	(1,582)	(0.6)	551,441	34.5
Overseas	565,372	66.8	513,930	64.6	51,442	10.0	1,044,650	65.5

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

(1) Consolidated statements of income

(In millions of yen)

	Three months ended June 30, 2017		Three months ended June 30, 2016		Change	
	Amount	%	Amount	%	Amount	%
Revenues	443,173	100.0	390,767	100.0	52,406	13.4
Cost of revenues	307,645	69.4	276,075	70.6	31,570	11.4
Selling, general, and administrative expenses	73,907	16.7	65,971	16.9	7,936	12.0
Other operating expenses-net	372	0.1	593	0.2	(221)	(37.3)
Operating income	61,249	13.8	48,128	12.3	13,121	27.3
Other income (expenses):						
Interest and dividend income	2,600		2,242		358	
Interest expense	(127)		(105)		(22)	
Gain on sales of securities-net	2,804		618		2,186	
Foreign exchange gain (loss)-net	2,207		(8,275)		10,482	
Other-net	(2,055)		173		(2,228)	
Other income (expenses)-net	5,429		(5,347)		10,776	
Income before income taxes and equity in net income of affiliated companies	66,678	15.0	42,781	10.9	23,897	55.9
Income taxes	21,924		15,176		6,748	
Equity in net income of affiliated companies	628		736		(108)	
Net income	45,382	10.2	28,341	7.3	17,041	60.1
Less: Net income attributable to non-controlling interests	2,522		2,373		149	
Net income attributable to Kubota Corporation	42,860	9.7	25,968	6.6	16,892	65.0

Net income attributable to Kubota Corporation per common share

(In yen)

Basic	34.62	20.88	
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(2) Consolidated segment information

1) Reporting segments

Information by reporting segment is summarized as follows:

Three months ended June 30, 2017

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
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

Three months ended June 30, 2016

(In millions of yen)

		Farm & Industrial Machinery	Water & Environment	Other	Adjustments	Consolidated
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

Notes:

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

2) Geographic information

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

(In millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2016
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:

- 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.
- There was no single customer from whom revenues exceeded 10% of total consolidated revenues of the Company.

(3) Consolidated revenues by product group

(In millions of yen)

	Three months ended June 30, 2017		Three months ended June 30, 2016		Change	
	Amount	%	Amount	%	Amount	%
Farm Equipment and Engines	304,196	68.6	268,916	68.8	35,280	13.1
Domestic	65,805		60,127		5,678	9.4
Overseas	238,391		208,789		29,602	14.2
Construction Machinery	69,849	15.8	53,356	13.7	16,493	30.9
Domestic	6,980		6,912		68	1.0
Overseas	62,869		46,444		16,425	35.4
Electronic Equipped Machinery	5,997	1.4	5,981	1.5	16	0.3
Domestic	5,536		5,706		(170)	(3.0)
Overseas	461		275		186	67.6
Farm & Industrial Machinery	380,042	85.8	328,253	84.0	51,789	15.8
Domestic	78,321	17.7	72,745	18.6	5,576	7.7
Overseas	301,721	68.1	255,508	65.4	46,213	18.1
Pipe-related Products	31,603	7.1	31,599	8.1	4	0.0
Domestic	28,448		27,626		822	3.0
Overseas	3,155		3,973		(818)	(20.6)
Environment-related Products	13,411	3.0	13,868	3.5	(457)	(3.3)
Domestic	11,010		11,546		(536)	(4.6)
Overseas	2,401		2,322		79	3.4
Social Infrastructure-related Products	11,005	2.5	10,011	2.6	994	9.9
Domestic	6,015		4,330		1,685	38.9
Overseas	4,990		5,681		(691)	(12.2)
Water & Environment	56,019	12.6	55,478	14.2	541	1.0
Domestic	45,473	10.2	43,502	11.1	1,971	4.5
Overseas	10,546	2.4	11,976	3.1	(1,430)	(11.9)
Other	7,112	1.6	7,036	1.8	76	1.1
Domestic	7,030	1.6	6,950	1.8	80	1.2
Overseas	82	0.0	86	0.0	(4)	(4.7)
Total	443,173	100.0	390,767	100.0	52,406	13.4
Domestic	130,824	29.5	123,197	31.5	7,627	6.2
Overseas	312,349	70.5	267,570	68.5	44,779	16.7