

KUBOTA CORP  
Form 6-K  
December 08, 2004  
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# SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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## FORM 6 - K

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**Report of Foreign Private Issuer**  
**Pursuant to Rule 13a-16 or 15d-16 of**  
**the Securities Exchange Act of 1934**

For the month of November 2004.

Commission File Number: 2-58155

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## KUBOTA CORPORATION

(Translation of registrant's name into English)

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

(Address of principal executive offices)

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F :

Form 20-F  Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1) :

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7) :

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 :

Yes  No

If  Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b) : 82-

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Information furnished on this form:

**EXHIBITS**

**Exhibit Number**

1. Results of operations for the six months ended September 30, 2004 (Monday, November 8, 2004)
2. Notice on a business transfer of a subsidiary (Monday, November 8, 2004)

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FOR IMMEDIATE RELEASE (MONDAY, NOVEMBER 8, 2004)

**RESULTS OF OPERATIONS FOR THE SIX MONTHS ENDED****SEPTEMBER 30, 2004 REPORTED BY KUBOTA CORPORATION**

OSAKA, JAPAN, November 8, 2004 Kubota Corporation reported today its consolidated and non-consolidated results of operations for the six months ended September 30, 2004.

Note: THIS PRESS RELEASE REPLACES THE SEMIANNUAL REPORT.

**Consolidated Financial Highlights**

(Unaudited)

(1) Results of operations

(In millions of yen and thousands of U.S. dollars except  
 per American Depositary Share ( ADS ) amounts)

|  | Six months ended |  | %     | Six months ended |  | %      | Year ended    |
|--|------------------|--|-------|------------------|--|--------|---------------|
|  | Sept. 30, 2004   |  | (*)   | Sept. 30, 2003   |  | (*)    | Mar. 31, 2004 |
| Net sales  | ¥ 445,774        |  | 5.7   | ¥ 421,540        |  | 1.7    | ¥ 930,237     |
|  | [\$ 4,015,982]   |  |       |                  |  |        |               |
| Operating income   | ¥ 51,067         |  | 207.7 | ¥ 16,598         |  | (32.0) | ¥ 21,849      |
|  | [\$ 460,063]     |  |       |                  |  |        |               |
| % of net sales   | 11.5             |  |       | 3.9              |  |        |               |
| Income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies | ¥ 57,142         |  | 205.8 | ¥ 18,686         |  | (19.7) | ¥ 27,097      |
|  | [\$ 514,793]     |  |       |                  |  |        |               |
| % of net sales   | 12.8             |  |       | 4.4              |  |        |               |
| Net income   | ¥ 54,760         |  | 681.2 | ¥ 7,010          |  | (42.8) | ¥ 11,700      |
|  | [\$ 493,333]     |  |       |                  |  |        |               |
| % of net sales   | 12.3%            |  |       | 1.7%             |  |        |               |

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### Net income per ADS (5 common shares)

|         |     |       |   |    |   |    |
|---------|-----|-------|---|----|---|----|
| Basic   | ¥   | 205   | ¥ | 26 | ¥ | 44 |
|         | [\$ | 1.85] |   |    |   |    |
| Diluted | ¥   | 198   | ¥ | 25 | ¥ | 43 |
|         | [\$ | 1.78] |   |    |   |    |

Notes. 1: (\*) represents percentage change from the comparable previous period.

- |   |               |
|---|---------------|
| 2: Weighted-average number of shares outstanding during the six months ended September 30, 2004   | 1,335,471,581 |
| Weighted-average number of shares outstanding during the six months ended September 30, 2003  | 1,344,549,260 |
| Weighted-average number of shares outstanding during the year ended March 31, 2004  | 1,342,386,063 |
| 3: Equity in net income of affiliated companies for the six months ended September 30, 2004 and 2003 was ¥642 million and ¥406 million, respectively. |               |

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Kubota Corporation  
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## (2) Financial position

(In millions of yen and thousands of U.S. dollars  
except per ADS amounts)

|   | <u>Sept. 30, 2004</u>          | <u>Sept. 30, 2003</u> | <u>Mar. 31, 2004</u> |
|---|--------------------------------|-----------------------|----------------------|
| Total assets                                  | ¥ 1,126,385<br>[\$ 10,147,613] | ¥ 1,062,668           | ¥ 1,124,225          |
| Shareholders' equity                          | ¥ 424,926<br>[\$ 3,828,162]    | ¥ 367,799             | ¥ 391,082            |
| Ratio of shareholders' equity to total assets | 37.7%                          | 34.6%                 | 34.8%                |
| Shareholders' equity per ADS                  | ¥ 1,607<br>[\$ 14.48]          | ¥ 1,372               | ¥ 1,459              |

## Notes to financial position:

|   |               |
|---|---------------|
| Number of shares outstanding as of September 30, 2004 | 1,321,928,617 |
| Number of shares outstanding as of September 30, 2003 | 1,340,143,980 |
| Number of shares outstanding as of March 31, 2004     | 1,340,197,124 |

## (3) Summary of statements of cash flows

(In millions of yen and thousands of U.S. dollars)

|   | <u>Six months ended<br/>Sept. 30, 2004</u> | <u>Six months ended<br/>Sept. 30, 2003</u> | <u>Year ended<br/>Mar. 31, 2004</u> |
|---|--|--|-------------------------------------|
| Net cash provided by operating activities | ¥ 49,201<br>[\$ 443,252]                   | ¥ 64,373                                   | ¥ 110,597                           |
| Net cash used in investing activities     | ¥ (55,931)<br>[\$ (503,883)]               | ¥ (19,127)                                 | ¥ (41,399)                          |
| Net cash used in financing activities     | ¥ (2,941)<br>[\$ (26,495)]                 | ¥ (41,379)                                 | ¥ (55,097)                          |
| Cash & cash equivalents, end of period    | ¥ 71,616<br>[\$ 645,189]                   | ¥ 71,420                                   | ¥ 81,221                            |

(4) 117 subsidiaries are consolidated, and 36 affiliated companies are accounted for under the equity method.

|   |     |
|---|-----|
| (5) The number of newly consolidated companies during the period                        | : 1 |
| The number of companies newly excluded from consolidated subsidiaries during the period | : 3 |
| The number of newly affiliated companies during the period                              | : 2 |
| The number of companies newly excluded from affiliated companies during the period      | : 2 |

(6) Anticipated consolidated results of operations for the year ending March 31, 2005

(In millions of yen)

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|  | <u>Year ending</u><br><u>March 31, 2005</u> | <u>Year ended</u><br><u>March 31, 2004</u> |
|--|---|--|
| Net sales  | ¥ 970,000                                   | ¥ 930,237                                  |
| Income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies | ¥ 153,000                                   | ¥ 27,097                                   |
| Net income   | ¥ 110,000                                   | ¥ 11,700                                   |

Basic net income per ADS for the year ending March 31, 2005 is anticipated to be ¥416.

Please refer to page 10 for further information related to anticipated results of operations mentioned above.

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**Kubota Corporation  
and Subsidiaries**

**1. Management Policies**

**1. Basic management policy**

More than a century since its founding, Kubota Corporation and subsidiaries (collectively the Company) has continued to help improve people's quality of life, by offering products and services including farm equipment, pipes for water supply and sewage systems, environmental control plants, and industrial castings. Through its businesses, the Company has contributed to providing a better future for people, society, and the earth. While adhering to this corporate philosophy, the Company is implementing management policies that include focusing on prioritizing allocation of its resources, emphasizing agility in its operations as well as strengthening consolidated operations. Through these measures, the Company aims to improve its adaptability to respond with flexibility to the changing times, resulting in a high enterprise value.

**2. Basic policy related to the Company's profit allocation**

The Company's basic policy for the allocation of profit is to maintain stable or raising dividends. The Company's policy is to determine the most appropriate use of retained earnings, considering requirements of maintaining stable current business operations as well as adapting to the future business environment.

**3. The Medium-Term Management Strategy including issues upon which the Company should implement countermeasures**

In March 2001, the Company formulated the Medium-Term Management Strategy, which was applied to the three-year period ended March 31, 2004, in order to attain further improvement in profitability. The strategy mainly consisted of three domains; Reforming the business structure and profit structure, Reforming operational systems, and Focusing on finance strategy and the Company had worked to implement the strategy with companywide efforts. In fiscal 2004, based on the achievements of the previous strategy and coping with changes in the operating environment, the Company drafted a new medium-term management strategy applicable to the two-year period ending March 31, 2006.

**1) Reforming the business structure and profit structure**

Under the new Medium-Term Management Strategy, the Company aims to attain net sales of ¥930.0 billion and operating income of ¥75.0 billion or 8% of its consolidated net sales for the year ending March 31, 2006. In order to achieve these goals, the Company is earnestly working to implement this program, giving priority to: Reinforcing profitability in public works related businesses and Expansion strategy in overseas markets.





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**(1) Reinforcing profitability in public works related businesses**

The Company has set a high priority on reinforcing profitability in public works related businesses (Pipes, Valves, and Industrial Castings segment and Environmental Engineering segment), assuming severe business conditions with declining public expenditures will continue. To deal with and adapt to the changing business environment, the Company is changing its operational systems to more market-oriented ones, together with existing sweeping measures to reduce costs and spending. For this purpose, the Company is transplanting engineering and manufacturing know-how and cost management systems of our increasingly strong and successful operations in Internal Combustion Engine and Machinery to public works related business. The Company is also taking every measure to reevaluate its manufacturing facilities, production system, engineering and procurement operations in order to boost their productivity and achieve major cost reductions.

**(2) Expansion strategy in overseas markets**

In strategic businesses, the Company emphasizes the expansion of businesses through establishing operations in the fields related to its existing technologies, markets and other strengths.

In the U.S., the Company, while maintaining dominant market position of small-size tractors, challenges to increase the sales and raise the market shares of mid-size tractors. The Company also tries aggressively to increase the sales of construction machinery and utility vehicles in the peripheral market of tractors. To meet the rapidly expanding demands, and raise our productivity, the Company recently decided to establish a subsidiary for production of attachments to tractors.

In Europe, the Company intensifies to promote sales in the countries or regions where markets for our products are less developed. The Company also has implemented measures to strengthen the solid co-operation between subsidiaries in European countries. By these measures, the Company is aiming to raise our efficiency and market penetration of businesses in European countries.

In Asia, the Company is developing these promising markets with most suitable strategies for respective countries. In the People's Republic of China, the Company established a sales and manufacturing subsidiary for combine harvesters and rice transplanters in 1998. In 2003, aiming for market development of construction machinery, the Company established a sales subsidiary in the People's Republic of China, and the Company also began to operate a sales subsidiary for farm equipment in South Korea. Furthermore, in the period under review, the Company acquired the shares of an affiliated company in Thailand (The Siam Kubota Industry, Co., Ltd.) to be our subsidiary. Through these measures, the Company is rapidly implementing procedures to fortify the sales and production bases for expansion of businesses in this region.

**2) Reforming operational systems**

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To cope with the fierce competition in domestic and overseas markets, the Company has been reforming operational systems, by reorganizing business divisions, empowering each business division, shrinking of corporate office headcount. Moreover, through increasing flexibility in operational systems by abolishing uniform business administration and promoting divisions to develop business model and operational systems suitable for each division, the Company has been establishing an autonomous divisional management system. Currently these procedures are gradually attaining success in some business units. For example, the building materials operation was transferred to an affiliated company jointly established with other company. It was decided a similar method would be applied to the PVC pipe operation next spring. The Company will continue the same effort to design the best business models and systems for each operation, aiming to further increase profitability of each business division.

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Additionally the Company intends to strengthen the corporate governance so that we may build confidence among customers, employees, shareholders, and other stakeholders. We implemented a corporate governance program centering on internal control and comprehensive risk management.

**3) Focusing on finance strategy**

Kubota is taking measures to strengthen its financial position, in order to support the expansion of our businesses, and to have flexibility in adapting to future change in business environment. The Company focuses on cash generating activities and spends cash flows provided by operating activities on investing activities in each promising business while utilizing the cash flows to reduce interest-bearing debt or implementing share buy-backs. Through these measures, the Company aims to maintain solid financial position and to reduce the number of shares outstanding. Additionally, the Company intends to raise the shareholders' equity ratio. Specifically, the Company intends to reduce interest-bearing debt excluding debt related to its retail finance business to ¥140.0 billion (a decrease of ¥43.9 billion from March 2004) and increase the shareholders' equity ratio to more than 40.0% (an increase of 5.2 percentage points from March 2004) by March 2006.

(\* ) Interest-bearing debt = (Short-term borrowings) + (Current portion of long-term debt) + (Long-term debt)

**4. Corporate governance: policy and implementation**

The Company regards the relations between the Company and our stakeholders as important, and also believes that enhancement of our credit or reputation by our stakeholders leads to continuous growth of our enterprise value. In order to enhance the transparency of business and the soundness of operations for attaining such credit or reputation, the Company regards the strengthening of corporate governance as one of the indispensable factors and is fortifying its corporate governance system.

**1) Current Structure of Corporate Governance**

The Company's Corporate Governance system consists of the Board of Directors that has responsibility for ultimate decision-making and management-supervising, and Board of Auditors that has responsibility for managing the auditing.

Each Director is responsible for some specific department or business division. He/She participates in the Board of Directors' meetings for decision-making from the companywide point of view using a thorough understanding of activities of departments or divisions for which he/she is responsible. Accordingly, the Company doesn't appoint outside directors who are specialized for management-supervising function. The Company has another important committee that is composed of limited directors such as the president and the executive vice presidents. In the committee, important issues, such as drafting the medium-term management strategy or restructuring business organization, are discussed, and it

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supports the function of the Board of Directors, and contributes to smooth decision-making.

Corporate Auditors attend the Board of Directors meetings and other important meetings, and conduct the audits of the execution of directors management pursuant to the auditing policy prescribed by the Board of Auditors. Currently, two auditors out of five are outside auditors, including a legal expert and a financial expert and their specialty is contributing to strengthen the function of Board of Auditors meeting.

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As for the internal controls, the Company has acknowledged the importance of corporate auditing and compliance management. In June 2001, Corporate Compliance Headquarters was established, and with the assistance of knowledgeable independent advisors, the Company has been promoting to further strengthen business ethics as well as compliance management. Moreover, in November 2002, the Company established the Kubota Group Charter of Business Conduct and also set up a counseling hot line for employees to get consultation on any breaches of policy.

Additionally, the Company has also been working to establish better communications with shareholders and investors, and is making efforts to improve its financial reporting for better transparency and timely disclosure.

**2) Relationship between the Company and outside corporate auditors in regard to personal, capital, and business interests**

Currently, there are no special interests between the Company and the two outside Corporate Auditors, Mr. Teisuke Sono, and Mr. Yoshio Suekawa.

**3) Measures implemented over the past year for better corporate governance**

As a company listed on New York Stock Exchange, the Company must observe U.S. regulations. To meet the requirements of the Sarbanes - Oxley Act, which requires the companies listed on the U.S. stock markets to fortify their corporate governance, the Company established a project team, including outside experts. In addition, the Company strengthened its corporate auditing function by newly appointing a financial expert as a corporate auditor.

**2. Review of Operations and Financial Condition**

**1. Review of operations**

**1) Outline of the results of operations for the six months under review**

During the six months ended September 30, 2004, the Japanese economy experienced a trend of moderate recovery reflecting expansion of exports and private capital expenditures. However, exports showed signs of slowdown and, in addition, the surging price of raw materials including crude oil increased uncertainty of the future economic conditions. Overseas, although the expansion of the U.S. economy decelerated, it steadily expanded affected by favorable private capital expenditures or new housing starts and, in Europe, a trend of gradual improvement continued.

Under such conditions, sales of the Company during the six months under review were ¥445.8 billion, a 5.7% increase from the prior corresponding period. Domestic sales were ¥261.9 billion, a 3.3% decrease, resulting principally from the business transfer of building materials operations with the sales of ¥19.5 billion in the prior corresponding period. Overseas sales were ¥183.9 billion, a 22.1% increase, mainly due to the favorable sales increase of construction machinery and engines and, most of all, strong sales of tractors in North America. The percentage of overseas sales to total sales was 41.2%, 5.5 percentage points higher than the prior corresponding period.

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Operating income was ¥51.1 billion, a 207.7% increase. In spite of the high appreciation of yen and soaring prices of raw materials, operating income soared due to large decrease of pension cost by ¥20.6 billion from the prior corresponding period, in addition to sales increase in Internal Combustion Engine and Machinery and implementation of a company-wide cost reduction program in Pipes, Valves and Industrial Castings.

Income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies was ¥57.1 billion, a 205.8 % increase, which reflected an improvement in interest income and foreign exchange gains, as well as increase of operating income. As a result, after ¥0.7 billion of income taxes, ¥1.6 billion of minority interests in earnings of subsidiaries and the equity in net income of affiliated companies, net income during the six months under review was ¥54.8 billion, a 681.2% increase from the prior corresponding period.

**2) Review of operations by product group**

**(1) Internal Combustion Engine and Machinery**

Sales in Internal Combustion Engine and Machinery were ¥304.2 billion, 19.1% higher than the prior corresponding period, comprising 68.2% of consolidated net sales. Domestic sales increased 8.1% to ¥129.1 billion, and overseas sales also increased 28.8% to ¥175.1 billion. This segment consists of farm equipment and agriculture-related products, engines, and construction machinery.

Sales of farm equipment and engines increased 18.6% from the prior corresponding period, to ¥273.7 billion. Domestic sales increased 7.7% to ¥118.2 billion, and overseas sales also increased 28.4% to ¥155.5 billion.

In domestic market, sales increased thanks to an aggressive sales promotion campaign and large-scale demonstration activities by further enriching the series of products with improved performance and price competitiveness.

In overseas markets, sales of tractors in North America remained strong resulting from the sales campaign and introduction of new models, including zero percent promotional interest rate offered by its retail finance subsidiary. Most of all, a newly developed product utility vehicle was well received by the market and contributed to the sales expansion. In European markets, total sales remained steady in spite of the inclement weather. In Asian and Oceanian markets, the Company recorded favorable sales, especially in Australia, South Korea and Thailand. Sales of engines increased owing principally to the growing sales to original equipment manufacturers in European markets as well as in North American markets.

Sales of construction machinery increased 24.5% from the prior corresponding period, to ¥30.5 billion. Domestic sales increased 12.8% to ¥10.9 billion, and overseas sales increased 32.1 % to ¥19.6 billion. Domestic sales increased through the sales expansion to rental companies and the introduction of new models supported by improving demand. Against the background of growing worldwide demand, overseas sales also



expanded sharply in European countries, our main market, and in the U.S. where the market of mini-excavators is rapidly expanding.

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**(2) Pipes, Valves and Industrial Castings**

Sales in Pipes, Valves and Industrial Castings were ¥71.0 billion, 4.4% lower than the prior corresponding period, comprising 15.9% of consolidated net sales. Domestic sales increased 2.7% to ¥63.8 billion, and overseas sales decreased 41.0 % to ¥7.2 billion. This segment consists of two sub-segments; pipes and valves and industrial castings .

Sales in pipes and valves decreased 7.3% from the prior corresponding period, to ¥56.3 billion. Domestic sales increased 1.4% to ¥54.5 billion, and overseas sales decreased 74.4 % to ¥1.8 billion. As for the domestic sales of ductile iron pipes and PVC pipes, unit prices improved gradually because the Company had been trying to raise it. However, sales of ductile iron pipes decreased due to the low demand from the municipalities. On the other hand, sales of PVC pipes increased favorably while PVC market was growing tight. While sales of spiral welded pipes increased, sales of valves stayed at the same level as the prior corresponding period. Overseas sales deteriorated significantly because shipments of large orders to Middle East countries were over in the prior fiscal year.

Sales of industrial castings increased 8.8% from the prior corresponding period, to ¥14.6 billion. Domestic sales increased 11.1% to ¥9.3 billion, and overseas sales increased 5.0% to ¥5.4 billion. Domestic sales were favorable thanks to the brisk sales to the steel industries or automobile industries. Overseas sales also rose due principally to the brisk exports to Chinese steel industries.

**(3) Environmental Engineering**

Sales in Environmental Engineering were ¥18.2 billion, 17.2% lower than the prior corresponding period, comprising 4.1% of consolidated net sales. Domestic sales decreased 18.0% to ¥17.1 billion, and overseas sales decreased 4.6% to ¥1.2 billion. This segment consists of environmental plants and pumps.

Domestic sales deteriorated significantly from the prior corresponding period, because sales of water purification plants or sewage treatment plants decreased due to the sluggish orders recorded in the prior year. Furthermore, total sales of incinerators decreased because sales of several large orders were recorded in the prior corresponding period. As for pumps, total sales increased due to the favorable domestic sales.

**(4) Other**

Sales of Other were ¥52.4 billion, 25.1% lower than the prior corresponding period, comprising 11.8% of consolidated net sales. Domestic sales decreased 24.3% to ¥51.9 billion, and overseas sales declined 64.0% to ¥0.5 billion. This segment consists of vending machines, electronic-equipped machinery, air-conditioning equipment, construction and so forth.

Domestic sales decreased due mainly to the business transfer of building materials, however sales of vending machines increased reflecting recovering demand, and sales of septic tanks and air-conditioning equipment were favorable. On the other hand, sales of electronic-equipped machinery remained flat and sales of construction and condominiums declined from the prior corresponding period.

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**2. Financial condition**

**1) Assets and liabilities**

Total assets at the end of September 2004 amounted to ¥1,126.4 billion, an increase of ¥63.7 billion (6.0%) from the end of the prior corresponding period. As for assets, due to the business transfer of building materials, fixed assets decreased, while the finance receivables and other investments increased. Regarding the liabilities and shareholders' equity, through the satisfactory increase of net income and the improvement in accumulated other comprehensive income comprising unrealized gains on securities, shareholders' equity increased.

Compared with those at the end of March 2004, total assets increased ¥2.2 billion (0.2%). As for assets, while current assets including the notes and accounts receivables decreased, investments increased. Additionally, due to the increase of deferred tax assets, other assets increased. Regarding the liabilities and shareholders' equity, the decrease of long-term liabilities was mainly due to the decline of long-term debt, while shareholders' equity increased. As a result, the shareholders' equity ratio increased 2.9 percentage points to 37.7%. Interest-bearing debt excluding the amount used in retail finance business decreased ¥31.5 billion to ¥152.4 billion.

**2) Cash flows**

Net cash provided by operating activities during the six months under review was ¥49.2 billion, a decrease of ¥15.2 billion from the prior corresponding period and was consistent with net income.

Net cash used in investing activities was ¥55.9 billion, an increase of ¥36.8 billion from the prior corresponding period. The amount of finance receivables increased because the businesses in the U.S. market remained strong and a financing provided by a subsidiary in the U.S. increased significantly.

Net cash used in financing activities was ¥2.9 billion, a decrease of ¥38.4 billion from the prior corresponding period. This was mainly due to the increase of debt resulting from the increase of finance receivables in the U.S.

As a result, including the effect of exchange rate, cash and cash equivalents at September 30, 2004 was ¥71.6 billion, a decrease of ¥9.6 billion as compared with the balance at the end of the prior corresponding period.

**3. Matter concerning profit allocation for this half of the fiscal year**

The Company decided to pay interim cash dividends of ¥15 per ADS, consistent with the prior corresponding period.

**3. Prospect for the Full Fiscal Year**

Although Japanese economy is expected to recover at full scale, public investment in Japan is forecasted to decline and recovery trend depends upon the overseas demands that are very sensitive to the fluctuation of overseas economic conditions. Moreover, soaring price of raw materials might negatively affect the Japanese economic condition. All things being considered, the Company expects the difficult economic conditions will continue.

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Looking ahead, the Company forecasts net sales for the year ending March 31, 2005 at ¥970.0 billion, increase of ¥39.8 billion from the prior year in spite of the business transfer of building materials.

Operating income is also forecasted to be ¥88.0 billion, increase of ¥66.2 billion. This increase is due to sales increase in Internal Combustion and Engine and Machinery segment, company-wide cost reduction program, and, most of all, significant improvement in pension cost because of the extraordinary large amount of pension cost recognized in the prior year.

The Company also expects income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies at ¥153.0 billion, increase of ¥125.9 billion from the prior year, due to the large increase in other income-net resulting from the gains related to the transfer to the government of the substitutional portion of the benefit obligation and related plan assets (Daiko-henjo). As the result, net income will be ¥110.0 billion, increase of ¥98.3 billion from the prior year. (These forecasts anticipate an exchange rate of ¥109=US\$1.)

(\* ) Note : Pension cost on consolidated basis

On January 30, 2003, the Company was given an approval of its application for an exemption from the obligation to pay benefits for future employee service related to the substitutional portion of its employee benefit pension plan by Ministry of Health, Labor and Welfare in Japan. Regarding the obligation to pay benefits for past employee service, the Company was also given the approval on September 1, 2004.

Based upon U.S. GAAP, the Company will recognize the gains related to the transfer to the government of the substitutional portion of the benefit obligation and related plan assets when the Company completes the transfer. Currently the Company plans to implement the transfer during the six months ending March 31, 2005.

Accordingly the current financial forecasts by the Company includes total gains of ¥55.2 billion which consists of losses of ¥2.4 billion applied to operating income, and gains of ¥57.6 billion applied to other income-net.

The ¥2.4 billion losses is due to the recognition of actuarial loss on the substitutional portion for the transfer, and the ¥57.6 billion gains represents the difference between the benefit obligation and related plan assets of the substitutional portion for the transfer.

< Cautionary Statements with Respect to Forward Looking Statements >

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Projected results of operations and other future forecasts contained in this report are the estimates of the Company based on information available to the Company as of this published date. Therefore, those projections include certain potential risks and uncertainties. Accordingly, the users of this information are requested to note that the actual results could differ materially from those future projections. Major factors that could influence the ultimate outcome include the economic condition surrounding the Company, foreign exchange rates, agricultural policy in Japan, the trend of public investment and private capital expenditure in Japan, the price-competitive pressure in the market, the ability for the Company to manufacture or innovate the products which will be accepted in the market. And the user of the information should notice that factors that could influence the ultimate outcome of the Company are not limited to the factors above.

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and Subsidiaries**Consolidated Statements of Income**

(Unaudited)

(In millions of yen)

|  | Six months ended |             | Six months ended |            | Change         |              | Year ended    |            |
|--|------------------|-------------|------------------|------------|----------------|--------------|---------------|------------|
|  | Sept. 30, 2004   |             | Sept. 30, 2003   |            |                |              | Mar. 31, 2004 |            |
|  | Amount           | %           | Amount           | %          | Amount         | %            | Amount        | %          |
| Net sales  | 445,774          | 100.0       | 421,540          | 100.0      | 24,234         | 5.7          | 930,237       | 100.0      |
| Cost of sales  | 318,489          | 71.4        | 315,412          | 74.8       | 3,077          | 1.0          | 701,727       | 75.4       |
| Selling, general, and administrative expenses  | 82,084           | 18.4        | 91,174           | 21.7       | (9,090)        | (10.0)       | 199,768       | 21.5       |
| Loss (gain) from disposal and impairment of business and fixed assets  | (5,866)          | (1.3)       | (1,644)          | (0.4)      | (4,222)        | 256.8        | 6,893         | 0.8        |
| <b>Operating income</b>  | <b>51,067</b>    | <b>11.5</b> | <b>16,598</b>    | <b>3.9</b> | <b>34,469</b>  | <b>207.7</b> | <b>21,849</b> | <b>2.3</b> |
| Other income (expenses):   |                  |             |                  |            |                |              |               |            |
| Interest and dividend income   | 4,528            |             | 3,409            |            | 1,119          |              | 7,264         |            |
| Interest expense   | (2,074)          |             | (1,711)          |            | (363)          |              | (4,286)       |            |
| Foreign exchange gains (losses)  | 2,784            |             | (1,907)          |            | 4,691          |              | (1,534)       |            |
| Other-net  | 837              |             | 2,297            |            | (1,460)        |              | 3,804         |            |
| <b>Other income (expenses), net</b>  | <b>6,075</b>     |             | <b>2,088</b>     |            | <b>3,987</b>   |              | <b>5,248</b>  |            |
| Income before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies | 57,142           | 12.8        | 18,686           | 4.4        | 38,456         | 205.8        | 27,097        | 2.9        |
| Income taxes:  |                  |             |                  |            |                |              |               |            |
| Current  | 9,759            |             | 10,786           |            | (1,027)        |              | 29,255        |            |
| Deferred   | (9,018)          |             | (91)             |            | (8,927)        |              | (15,554)      |            |
| <b>Total income taxes</b>  | <b>741</b>       |             | <b>10,695</b>    |            | <b>(9,954)</b> |              | <b>13,701</b> |            |
| Minority interests in earnings of subsidiaries   | 2,283            |             | 1,387            |            | 896            |              | 2,476         |            |
| Equity in net income of affiliated companies   | 642              |             | 406              |            | 236            |              | 780           |            |
| <b>Net income</b>  | <b>54,760</b>    | <b>12.3</b> | <b>7,010</b>     | <b>1.7</b> | <b>47,750</b>  | <b>681.2</b> | <b>11,700</b> | <b>1.3</b> |
|  |                  |             |                  |            |                |              |               | (In yen)   |
| Basic earnings per ADS (5 common shares):  | 205              |             | 26               |            |                |              | 44            |            |
| Diluted earnings per ADS (5 common shares):  | 198              |             | 25               |            |                |              | 43            |            |



**Table of Contents**

Kubota Corporation  
and Subsidiaries

**Consolidated Balance Sheets**

(Unaudited)

| Assets  | (In millions of yen) |              |                  |              |                 |                  |              |
|---|----------------------|--------------|------------------|--------------|-----------------|------------------|--------------|
|   | Sept. 30, 2004       |              | Sept. 30, 2003   |              | Change          | Mar. 31, 2004    |              |
|   | Amount               | %            | Amount           | %            | Amount          | Amount           | %            |
| <b>Current assets:</b>                              |                      |              |                  |              |                 |                  |              |
| Cash and cash equivalents                           | 71,616               |              | 71,420           |              | 196             | 81,221           |              |
| Short-term investments                              |                      |              |                  |              |                 | 3,001            |              |
| Notes and accounts receivable:                      |                      |              |                  |              |                 |                  |              |
| Trade notes   | 54,009               |              | 62,668           |              | (8,659)         | 73,834           |              |
| Trade accounts                                      | 170,156              |              | 158,715          |              | 11,441          | 206,609          |              |
| Less : Allowance for doubtful receivables           | (2,152)              |              | (1,793)          |              | (359)           | (2,185)          |              |
| <b>Total</b>  | <b>222,013</b>       |              | <b>219,590</b>   |              | <b>2,423</b>    | <b>278,258</b>   |              |
| Short-term finance receivables                      | 59,585               |              | 38,761           |              | 20,824          | 47,065           |              |
| Inventories   | 143,354              |              | 148,603          |              | (5,249)         | 142,973          |              |
| Other current assets                                | 89,656               |              | 86,689           |              | 2,967           | 61,909           |              |
| <b>Total current assets</b>                         | <b>586,224</b>       | <b>52.0</b>  | <b>565,063</b>   | <b>53.2</b>  | <b>21,161</b>   | <b>614,427</b>   | <b>54.7</b>  |
| <b>Investments:</b>                                 |                      |              |                  |              |                 |                  |              |
| Investments in and advances to affiliated companies | 11,268               |              | 11,685           |              | (417)           | 12,982           |              |
| Long-term finance receivables                       | 99,038               |              | 64,749           |              | 34,289          | 66,779           |              |
| Other investments                                   | 134,473              |              | 114,156          |              | 20,317          | 148,482          |              |
| <b>Total investments</b>                            | <b>244,779</b>       | <b>21.7</b>  | <b>190,590</b>   | <b>17.9</b>  | <b>54,189</b>   | <b>228,243</b>   | <b>20.3</b>  |
| <b>Property, plant, and equipment:</b>              |                      |              |                  |              |                 |                  |              |
| Land  | 82,212               |              | 78,946           |              | 3,266           | 81,671           |              |
| Buildings   | 200,222              |              | 198,150          |              | 2,072           | 200,535          |              |
| Machinery and equipment                             | 361,154              |              | 400,770          |              | (39,616)        | 364,572          |              |
| Construction in progress                            | 1,906                |              | 5,439            |              | (3,533)         | 2,313            |              |
| <b>Total</b>  | <b>645,494</b>       |              | <b>683,305</b>   |              | <b>(37,811)</b> | <b>649,091</b>   |              |
| Accumulated depreciation                            | (426,301)            |              | (449,972)        |              | 23,671          | (426,345)        |              |
| <b>Net property, plant, and equipment</b>           | <b>219,193</b>       | <b>19.5</b>  | <b>233,333</b>   | <b>22.0</b>  | <b>(14,140)</b> | <b>222,746</b>   | <b>19.8</b>  |
| <b>Other assets:</b>                                | <b>76,189</b>        | <b>6.8</b>   | <b>73,682</b>    | <b>6.9</b>   | <b>2,507</b>    | <b>58,809</b>    | <b>5.2</b>   |
| <b>Total</b>  | <b>1,126,385</b>     | <b>100.0</b> | <b>1,062,668</b> | <b>100.0</b> | <b>63,717</b>   | <b>1,124,225</b> | <b>100.0</b> |



**Table of Contents**Kubota Corporation  
and Subsidiaries**Consolidated Balance Sheets**

(Unaudited)

Liabilities and Shareholders' Equity

(In millions of yen)

|   | Sept. 30, 2004   |              | Sept. 30, 2003   |              | Change          | Mar. 31, 2004    |              |  |
|---|------------------|--------------|------------------|--------------|-----------------|------------------|--------------|--|
|   | Amount           | %            | Amount           | %            |                 | Amount           | %            |  |
| <b>Current liabilities:</b>                         |                  |              |                  |              |                 |                  |              |  |
| Short term borrowings                               | 102,053          |              | 98,284           |              | 3,769           | 85,999           |              |  |
| Trade notes payable                                 | 23,152           |              | 22,653           |              | 499             | 35,309           |              |  |
| Trade accounts payable                              | 137,387          |              | 127,476          |              | 9,911           | 158,397          |              |  |
| Advances received from customers                    | 9,735            |              | 8,003            |              | 1,732           | 6,026            |              |  |
| Notes and accounts payable for capital expenditures | 7,470            |              | 11,968           |              | (4,498)         | 7,747            |              |  |
| Accrued payroll costs                               | 24,080           |              | 22,898           |              | 1,182           | 23,519           |              |  |
| Accrued expenses                                    | 24,634           |              | 22,214           |              | 2,420           | 21,545           |              |  |
| Income taxes payable                                | 6,105            |              | 6,484            |              | (379)           | 15,179           |              |  |
| Other current liabilities                           | 27,211           |              | 26,324           |              | 887             | 25,101           |              |  |
| Current portion of long-term debt                   | 63,621           |              | 42,401           |              | 21,220          | 35,858           |              |  |
| <b>Total current liabilities</b>                    | <b>425,448</b>   | <b>37.8</b>  | <b>388,705</b>   | <b>36.6</b>  | <b>36,743</b>   | <b>414,680</b>   | <b>36.9</b>  |  |
| <b>Long-term liabilities:</b>                       |                  |              |                  |              |                 |                  |              |  |
| Long-term debt                                      | 114,957          |              | 138,203          |              | (23,246)        | 144,845          |              |  |
| Accrued retirement and pension costs                | 138,351          |              | 139,395          |              | (1,044)         | 143,679          |              |  |
| Other long-term liabilities                         | 2,579            |              | 14,013           |              | (11,434)        | 14,293           |              |  |
| <b>Total long-term liabilities</b>                  | <b>255,887</b>   | <b>22.7</b>  | <b>291,611</b>   | <b>27.4</b>  | <b>(35,724)</b> | <b>302,817</b>   | <b>26.9</b>  |  |
| <b>Minority interests:</b>                          | <b>20,124</b>    | <b>1.8</b>   | <b>14,553</b>    | <b>1.4</b>   | <b>5,571</b>    | <b>15,646</b>    | <b>1.4</b>   |  |
| <b>Shareholders' equity:</b>                        |                  |              |                  |              |                 |                  |              |  |
| Common stock  | 78,156           |              | 78,156           |              |                 | 78,156           |              |  |
| Additional paid-in capital                          | 87,263           |              | 87,263           |              |                 | 87,263           |              |  |
| Legal reserve                                       | 19,539           |              | 19,539           |              |                 | 19,539           |              |  |
| Retained earnings                                   | 231,013          |              | 203,489          |              | 27,524          | 204,156          |              |  |
| Accumulated other comprehensive income              | 19,061           |              | 3,486            |              | 15,575          | 26,075           |              |  |
| Treasury stock                                      | (10,106)         |              | (24,134)         |              | 14,028          | (24,107)         |              |  |
| <b>Total shareholders' equity</b>                   | <b>424,926</b>   | <b>37.7</b>  | <b>367,799</b>   | <b>34.6</b>  | <b>57,127</b>   | <b>391,082</b>   | <b>34.8</b>  |  |
| <b>Total</b>  | <b>1,126,385</b> | <b>100.0</b> | <b>1,062,668</b> | <b>100.0</b> | <b>63,717</b>   | <b>1,124,225</b> | <b>100.0</b> |  |

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Kubota Corporation  
and Subsidiaries

**Consolidated Statements of Comprehensive Income**

(Unaudited)

(In millions of yen)

|   | Six months ended<br>Sept. 30, 2004 | Six months ended<br>Sept. 30, 2003 | Year ended<br>Mar. 31, 2004 |
|---|------------------------------------|------------------------------------|-----------------------------|
| Net income                                      | 54,760                             | 7,010                              | 11,700                      |
| Other comprehensive income (loss), net of tax : |                                    |                                    |                             |
| Foreign currency translation adjustments        | 439                                | 1,749                              | (7,535)                     |
| Unrealized gains (losses) on securities         | (7,493)                            | 22,424                             | 43,368                      |
| Minimum pension liability adjustment            | 609                                | 26,113                             | 37,565                      |
| Unrealized gains (losses) on derivatives        | (569)                              | 1,295                              | 772                         |
| Other comprehensive income (loss)               | (7,014)                            | 51,581                             | 74,170                      |
| Comprehensive income                            | 47,746                             | 58,591                             | 85,870                      |

**Consolidated Statements of Shareholders' Equity**

(Unaudited)

Six months ended Sept. 30, 2004

(In millions of yen)

|   | Shares of<br>common<br>stock<br>outstanding<br>(thousands) | Common<br>stock | Additional<br>paid-in<br>capital | Legal reserve | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income (loss) | Treasury<br>stock |
|---|--|-----------------|----------------------------------|---------------|----------------------|--|-------------------|
| Balance, Apr. 1, 2004                         | 1,340,197  | 78,156          | 87,263                           | 19,539        | 204,156              | 26,075   | (24,107)          |
| Net income                                    |  |                 |                                  |               | 54,760               |  |                   |
| Other comprehensive loss                      |  |                 |                                  |               |                      | (7,014)  |                   |
| Cash dividends, ¥15 per ADS (5 common shares) |  |                 |                                  |               | (4,022)              |  |                   |
| Purchases of treasury stock                   | (18,268)   |                 |                                  |               |                      |  | (9,880)           |
| Cancellation of treasury stock                |  |                 |                                  |               | (23,881)             |  | 23,881            |
| Balance, Sept. 30, 2004                       | 1,321,929  | 78,156          | 87,263                           | 19,539        | 231,013              | 19,061   | (10,106)          |

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Six months ended Sept. 30, 2003

(In millions of yen)

|   | Shares of<br>common<br>stock<br>outstanding<br>(thousands) | Common<br>stock | Additional<br>paid-in<br>capital | Legal reserve | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income (loss) | Treasury<br>stock |
|---|--|-----------------|----------------------------------|---------------|----------------------|--|-------------------|
| Balance, Apr. 1, 2003                         | 1,345,450  | 78,156          | 87,263                           | 19,539        | 200,517              | (48,095)   | (21,937)          |
| Net income                                    |  |                 |                                  |               | 7,010                |  |                   |
| Other comprehensive income                    |  |                 |                                  |               |                      | 51,581   |                   |
| Cash dividends, ¥15 per ADS (5 common shares) |  |                 |                                  |               | (4,038)              |  |                   |
| Purchases of treasury stock                   | (5,306)  |                 |                                  |               |                      |  | (2,197)           |
| Balance, Sept. 30, 2003                       | 1,340,144  | 78,156          | 87,263                           | 19,539        | 203,489              | 3,486  | (24,134)          |

Year ended Mar. 31, 2004

(In millions of yen)

|   | Shares of<br>common<br>stock<br>outstanding<br>(thousands) | Common<br>stock | Additional<br>paid-in<br>capital | Legal reserve | Retained<br>earnings | Accumulated<br>other<br>comprehensive<br>income (loss) | Treasury<br>stock |
|---|--|-----------------|----------------------------------|---------------|----------------------|--|-------------------|
| Balance, Apr. 1, 2003                         | 1,345,450  | 78,156          | 87,263                           | 19,539        | 200,517              | (48,095)   | (21,937)          |
| Net income                                    |  |                 |                                  |               | 11,700               |  |                   |
| Other comprehensive income                    |  |                 |                                  |               |                      | 74,170   |                   |
| Cash dividends, ¥30 per ADS (5 common shares) |  |                 |                                  |               | (8,061)              |  |                   |
| Purchases of treasury stock                   | (5,253)  |                 |                                  |               |                      |  | (2,170)           |
| Balance, Mar. 31, 2004                        | 1,340,197  | 78,156          | 87,263                           | 19,539        | 204,156              | 26,075   | (24,107)          |

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Kubota Corporation  
and Subsidiaries

**Consolidated Statements of Cash Flows**

(Unaudited)

(In millions of yen)

|   | Six months<br>ended<br>Sept. 30, 2004 | Six months<br>ended<br>Sept. 30, 2003 | Change          | Year ended<br>Mar. 31, 2004 |
|---|---------------------------------------|---------------------------------------|-----------------|-----------------------------|
| <b>Operating activities:</b>                              |                                       |                                       |                 |                             |
| Net income  | 54,760                                | 7,010                                 | 47,750          | 11,700                      |
| Depreciation and amortization                             | 12,061                                | 13,416                                | (1,355)         | 27,755                      |
| Provision for retirement and pension costs, less payments | (3,293)                               | 23,981                                | (27,274)        | 48,516                      |
| Loss on sales of securities                               | (419)                                 | (1,817)                               | 1,398           | (3,161)                     |
| Valuation losses on short-term and other investments      | 98                                    | 521                                   | (423)           | 1,083                       |
| (Gain) loss on disposal of fixed assets                   | (522)                                 | (242)                                 | (280)           | 4,122                       |
| Impairment loss on fixed assets                           |                                       |                                       |                 | 1,263                       |
| Deferred income taxes                                     | (9,018)                               | (91)                                  | (8,927)         | (15,554)                    |
| Decrease in notes and accounts receivable                 | 56,621                                | 111,883                               | (55,262)        | 48,239                      |
| Decrease in inventories                                   | 1,283                                 | 5,204                                 | (3,921)         | 6,954                       |
| Increase in other current assets                          | (29,209)                              | (37,568)                              | 8,359           | (15,812)                    |
| Decrease in trade notes and accounts payable              | (33,436)                              | (56,056)                              | 22,620          | (9,521)                     |
| Increase (decrease) in income taxes payable               | (9,293)                               | (3,573)                               | (5,720)         | 5,195                       |
| Increase in other current liabilities                     | 9,726                                 | 2,081                                 | 7,645           | 310                         |
| Other   | (158)                                 | (376)                                 | 218             | (492)                       |
|   | <u>49,201</u>                         | <u>64,373</u>                         | <u>(15,172)</u> | <u>110,597</u>              |
| Net cash provided by operating activities                 | 49,201                                | 64,373                                | (15,172)        | 110,597                     |
| <b>Investing activities:</b>                              |                                       |                                       |                 |                             |
| Purchases of fixed assets                                 | (9,805)                               | (13,260)                              | 3,455           | (26,493)                    |
| Purchases of investments and change in advances           | (2,359)                               | 475                                   | (2,834)         | 9,257                       |
| Proceeds from sales of property, plant, and equipment     | 1,292                                 | 1,702                                 | (410)           | 3,129                       |
| Proceeds from sales of investments                        | 1,903                                 | 5,074                                 | (3,171)         | 8,182                       |
| Proceeds (payments) from sale of business                 | (6,095)                               | 2,562                                 | (8,657)         | 2,562                       |
| Increase in finance receivables                           | (43,893)                              | (15,971)                              | (27,922)        | (34,928)                    |
| Other   | 3,026                                 | 291                                   | 2,735           | (3,108)                     |
|   | <u>(55,931)</u>                       | <u>(19,127)</u>                       | <u>(36,804)</u> | <u>(41,399)</u>             |
| Net cash used in investing activities                     | (55,931)                              | (19,127)                              | (36,804)        | (41,399)                    |
| <b>Financing activities:</b>                              |                                       |                                       |                 |                             |
| Proceeds from long-term debt                              | 23,918                                | 16,233                                | 7,685           | 37,128                      |
| Repayments of long-term debt                              | (28,038)                              | (54,444)                              | 26,406          | (74,171)                    |
| Net increase (decrease) in short-term borrowings          | 16,094                                | 3,389                                 | 12,705          | (7,489)                     |
| Cash dividends  | (4,022)                               | (4,038)                               | 16              | (8,061)                     |
| Purchases of treasury stock                               | (9,915)                               | (2,197)                               | (7,718)         | (2,223)                     |
| Other   | (978)                                 | (322)                                 | (656)           | (281)                       |
|   | <u>(2,941)</u>                        | <u>(41,379)</u>                       | <u>38,438</u>   | <u>(55,097)</u>             |
| Net cash used in financing activities                     | (2,941)                               | (41,379)                              | 38,438          | (55,097)                    |

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|  |                |               |                 |               |
|--|----------------|---------------|-----------------|---------------|
| Effect of exchange rate changes on cash and cash equivalents | 66             | 191           | (125)           | (242)         |
| <b>Net increase (decrease) in cash and cash equivalents</b>  | <b>(9,605)</b> | <b>4,058</b>  | <b>(13,663)</b> | <b>13,859</b> |
| <b>Cash and cash equivalents, beginning of period</b>        | <b>81,221</b>  | <b>67,362</b> | <b>13,859</b>   | <b>67,362</b> |
| <b>Cash and cash equivalents, end of period</b>              | <b>71,616</b>  | <b>71,420</b> | <b>196</b>      | <b>81,221</b> |

(In millions of yen)

Notes:

|              |        |        |       |        |
|--------------|--------|--------|-------|--------|
| Cash paid:   |        |        |       |        |
| Interest     | 2,036  | 1,703  | 333   | 4,459  |
| Income taxes | 18,926 | 14,352 | 4,574 | 24,030 |

**Table of Contents**Kubota Corporation  
and Subsidiaries**Consolidated Segment Information**

(Unaudited)

**(1) Information by Industry Segment**

Six months ended Sept. 30, 2004

(In millions of yen)

|                                      | <b>Internal<br/>Combustion<br/>Engine &amp;<br/>Machinery</b> | <b>Pipes, Valves<br/>&amp; Industrial<br/>Castings</b> | <b>Environmental<br/>Engineering</b> | <b>Other</b>  | <b>Total</b>   | <b>Corporate<br/>&amp;<br/>Eliminations</b> | <b>Consolidated</b> |
|--------------------------------------|---|--|--------------------------------------|---------------|----------------|---|---------------------|
| Net sales                            |   |  |                                      |               |                |   |                     |
| Unaffiliated customers               | 304,184   | 70,951   | 18,247                               | 52,392        | 445,774        |   | 445,774             |
| Intersegment                         | 10  | 3,270  | 102                                  | 6,548         | 9,930          | (9,930)                                     |                     |
| <b>Total</b>                         | <b>304,194</b>  | <b>74,221</b>  | <b>18,349</b>                        | <b>58,940</b> | <b>455,704</b> | <b>(9,930)</b>                              | <b>445,774</b>      |
| Cost of sales and operating expenses | 257,041   | 70,152   | 19,978                               | 51,686        | 398,857        | (4,150)                                     | 394,707             |
| Operating income (loss)              | 47,153  | 4,069  | (1,629)                              | 7,254         | 56,847         | (5,780)                                     | 51,067              |

Six months ended Sept. 30, 2003

(In millions of yen)

|                                      | <b>Internal<br/>Combustion<br/>Engine &amp;<br/>Machinery</b> | <b>Pipes, Valves<br/>&amp; Industrial<br/>Castings</b> | <b>Environmental<br/>Engineering</b> | <b>Other</b>  | <b>Total</b>   | <b>Corporate<br/>&amp;<br/>Eliminations</b> | <b>Consolidated</b> |
|--------------------------------------|---|--|--------------------------------------|---------------|----------------|---|---------------------|
| Net sales                            |   |  |                                      |               |                |   |                     |
| Unaffiliated customers               | 255,341   | 74,230   | 22,049                               | 69,920        | 421,540        |   | 421,540             |
| Intersegment                         | 8   | 2,406  | 513                                  | 6,968         | 9,895          | (9,895)                                     |                     |
| <b>Total</b>                         | <b>255,349</b>  | <b>76,636</b>  | <b>22,562</b>                        | <b>76,888</b> | <b>431,435</b> | <b>(9,895)</b>                              | <b>421,540</b>      |
| Cost of sales and operating expenses | 221,951   | 81,684   | 25,091                               | 77,910        | 406,636        | (1,694)                                     | 404,942             |
| Operating income (loss)              | 33,398  | (5,048)  | (2,529)                              | (1,022)       | 24,799         | (8,201)                                     | 16,598              |

Year ended Mar. 31, 2004

(In millions of yen)

|  | <b>Internal<br/>Combustion<br/>Engine &amp;<br/>Machinery</b> | <b>Pipes, Valves<br/>&amp; Industrial<br/>Castings</b> | <b>Environmental<br/>Engineering</b> | <b>Other</b> | <b>Total</b> | <b>Corporate<br/>&amp;<br/>Eliminations</b> | <b>Consolidated</b> |
|--|---|--|--------------------------------------|--------------|--------------|---|---------------------|
|  |   |  |                                      |              |              |   |                     |



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|                                      |                |                |                |                |                |                 |                |
|--------------------------------------|----------------|----------------|----------------|----------------|----------------|-----------------|----------------|
| Net sales                            |                |                |                |                |                |                 |                |
| Unaffiliated customers               | 501,551        | 175,178        | 115,721        | 137,787        | 930,237        |                 | 930,237        |
| Intersegment                         | 32             | 6,923          | 696            | 16,581         | 24,232         | (24,232)        |                |
| <b>Total</b>                         | <b>501,583</b> | <b>182,101</b> | <b>116,417</b> | <b>154,368</b> | <b>954,469</b> | <b>(24,232)</b> | <b>930,237</b> |
| Cost of sales and operating expenses | 447,559        | 187,783        | 116,286        | 162,180        | 913,808        | (5,420)         | 908,388        |
| Operating income (loss)              | 54,024         | (5,682)        | 131            | (7,812)        | 40,661         | (18,812)        | 21,849         |

(\*) Please refer to Note 7 on page 19.

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Kubota Corporation  
and Subsidiaries

**(2) Information by Geographic Segment**

Six months ended Sept. 30, 2004

(In millions of yen)

|                                      | <u>Japan</u>   | <u>North America</u> | <u>Other Areas</u> | <u>Total</u>   | <u>Corporate<br/>&amp;<br/>Eliminations</u> | <u>Consolidated</u> |
|--------------------------------------|----------------|----------------------|--------------------|----------------|---|---------------------|
| Net sales                            |                |                      |                    |                |   |                     |
| Unaffiliated customers               | 271,262        | 124,727              | 49,785             | 445,774        |   | 445,774             |
| Intersegment                         | 88,457         | 1,623                | 1,231              | 91,311         | (91,311)                                    |                     |
| <b>Total</b>                         | <b>359,719</b> | <b>126,350</b>       | <b>51,016</b>      | <b>537,085</b> | <b>(91,311)</b>                             | <b>445,774</b>      |
| Cost of sales and operating expenses | 322,475        | 113,337              | 46,038             | 481,850        | (87,143)                                    | 394,707             |
| Operating income                     | 37,244         | 13,013               | 4,978              | 55,235         | (4,168)                                     | 51,067              |

Six months ended Sept. 30, 2003

(In millions of yen)

|                                      | <u>Japan</u>   | <u>North America</u> | <u>Other Areas</u> | <u>Total</u>   | <u>Corporate<br/>&amp;<br/>Eliminations</u> | <u>Consolidated</u> |
|--------------------------------------|----------------|----------------------|--------------------|----------------|---|---------------------|
| Net sales                            |                |                      |                    |                |   |                     |
| Unaffiliated customers               | 288,320        | 98,149               | 35,071             | 421,540        |   | 421,540             |
| Intersegment                         | 66,073         | 2,085                | 970                | 69,128         | (69,128)                                    |                     |
| <b>Total</b>                         | <b>354,393</b> | <b>100,234</b>       | <b>36,041</b>      | <b>490,668</b> | <b>(69,128)</b>                             | <b>421,540</b>      |
| Cost of sales and operating expenses | 348,309        | 87,911               | 32,834             | 469,054        | (64,112)                                    | 404,942             |
| Operating income                     | 6,084          | 12,323               | 3,207              | 21,614         | (5,016)                                     | 16,598              |

Year ended Mar. 31, 2004

(In millions of yen)

|                                      | <u>Japan</u>   | <u>North America</u> | <u>Other Areas</u> | <u>Total</u>     | <u>Corporate<br/>&amp;<br/>Eliminations</u> | <u>Consolidated</u> |
|--------------------------------------|----------------|----------------------|--------------------|------------------|---|---------------------|
| Net sales                            |                |                      |                    |                  |   |                     |
| Unaffiliated customers               | 675,442        | 188,767              | 66,028             | 930,237          |   | 930,237             |
| Intersegment                         | 154,741        | 2,656                | 1,949              | 159,346          | (159,346)                                   |                     |
| <b>Total</b>                         | <b>830,183</b> | <b>191,423</b>       | <b>67,977</b>      | <b>1,089,583</b> | <b>(159,346)</b>                            | <b>930,237</b>      |
| Cost of sales and operating expenses | 815,158        | 172,195              | 63,338             | 1,050,691        | (142,303)                                   | 908,388             |

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|                  |        |        |       |        |          |        |
|------------------|--------|--------|-------|--------|----------|--------|
| Operating income | 15,025 | 19,228 | 4,639 | 38,892 | (17,043) | 21,849 |
|------------------|--------|--------|-------|--------|----------|--------|

**(3) Overseas Sales**

| Six months ended Sept. 30, 2004                   | (In millions of yen)     |                        |              |
|---|--------------------------|------------------------|--------------|
|   | <u>North<br/>America</u> | <u>Other<br/>Areas</u> | <u>Total</u> |
| Overseas sales                                    | 124,802                  | 59,060                 | 183,862      |
| Consolidated net sales                            |                          |                        | 445,774      |
| Ratio of overseas sales to consolidated net sales | 28.0%                    | 13.2%                  | 41.2%        |

  

| Six months ended Sept. 30, 2003                   | (In millions of yen)     |                        |              |
|---|--------------------------|------------------------|--------------|
|   | <u>North<br/>America</u> | <u>Other<br/>Areas</u> | <u>Total</u> |
| Overseas sales                                    | 98,017                   | 52,604                 | 150,621      |
| Consolidated net sales                            |                          |                        | 421,540      |
| Ratio of overseas sales to consolidated net sales | 23.2%                    | 12.5%                  | 35.7%        |

  

| Year ended Mar. 31, 2004                          | (In millions of yen)     |                        |              |
|---|--------------------------|------------------------|--------------|
|   | <u>North<br/>America</u> | <u>Other<br/>Areas</u> | <u>Total</u> |
| Overseas sales                                    | 189,273                  | 97,618                 | 286,891      |
| Consolidated net sales                            |                          |                        | 930,237      |
| Ratio of overseas sales to consolidated net sales | 20.3%                    | 10.5%                  | 30.8%        |

**Table of Contents**Kubota Corporation  
and Subsidiaries**Fair Value of Short-Term and Other Investments**

(Unaudited)

The Company classifies its holding marketable equity securities and all of its debt securities as available for sale securities, which are reported at their fair value on the Company's balance sheets. The following table presents cost, fair value, and net unrealized holding gains for securities by major security type at September 30, 2004, 2003, and March 31, 2004.

(In millions of yen)

|  | Sept. 30, 2004 |                |                              | Sept. 30, 2003 |                |                              | Mar. 31, 2004 |                |                              |
|--|----------------|----------------|------------------------------|----------------|----------------|------------------------------|---------------|----------------|------------------------------|
|  | Cost           | Fair value     | Net unrealized holding gains | Cost           | Fair value     | Net unrealized holding gains | Cost          | Fair value     | Net unrealized holding gains |
| <b>Short-term investments:</b>                       |                |                |                              |                |                |                              |               |                |                              |
| Governmental and corporate debt securities and other |                |                |                              |                |                |                              | 3,001         | 3,001          |                              |
| <b>Other investments (*):</b>                        |                |                |                              |                |                |                              |               |                |                              |
| Equity securities of financial institutions          | 22,274         | 77,374         | 55,100                       | 22,347         | 60,583         | 38,236                       | 22,307        | 89,682         | 67,375                       |
| Other equity securities                              | 18,974         | 43,619         | 24,645                       | 20,201         | 38,705         | 18,504                       | 19,431        | 44,463         | 25,032                       |
| Other  | 813            | 843            | 30                           | 1,607          | 1,685          | 78                           | 1,608         | 1,695          | 87                           |
| <b>Total</b>   | <b>42,061</b>  | <b>121,836</b> | <b>79,775</b>                | <b>44,155</b>  | <b>100,973</b> | <b>56,818</b>                | <b>46,347</b> | <b>138,841</b> | <b>92,494</b>                |

(\*) Other investments on the Company's balance sheets includes investments in non-traded and unaffiliated companies, for which there is no readily determinable fair value. They were stated at cost of ¥12,637 million, ¥13,183 million, and ¥12,642 million at September 30, 2004, 2003, and March 31, 2004, respectively.

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Kubota Corporation  
and Subsidiaries

Notes:

1. The United States dollar amounts included herein represent translations using the approximate exchange rate on September 30, 2004, of ¥111 = US\$1, solely for convenience.
2. Each American Depositary Share ( ADS ) represents five common shares.
3. 117 subsidiaries are consolidated.  
Major consolidated subsidiaries:
 

|          |   |
|----------|---|
| Domestic | Kubota Construction Co., Ltd.               |
|          | Kubota Credit Co., Ltd.                     |
|          | Kubota Maison Co., Ltd.                     |
|          | Kubota Environmental Service Co., Ltd.      |
| Overseas | Kubota Tractor Corporation                  |
|          | Kubota Credit Corporation, U.S.A.           |
|          | Kubota Manufacturing of America Corporation |
|          | Kubota Engine America Corporation           |
|          | Kubota Metal Corporation                    |
|          | Kubota Baumaschinen GmbH                    |
|          | Kubota Europe S.A.S.                        |
4. 36 affiliated companies are accounted for under the equity method.  
Major affiliated companies :
 

|          |   |
|----------|---|
| Domestic | 23 sales companies of farm equipment        |
|          | Kubota Matsushitadenko Exterior Works, Ltd. |
5. Summary of accounting policies
  - (1) The accompanying consolidated financial information has been prepared in accordance with accounting principles generally accepted in the United States of America except for the presentation for segment information described in (2).
  - (2) The consolidated segment information is prepared in accordance with a requirement of the Japanese Securities and Exchange regulations. This disclosure is not consistent with SFAS No.131, Disclosures about Segments of an Enterprise and Related Information .
6. Finance receivables were previously classified into notes and accounts receivable in current assets on the consolidated balance sheet. However, the Company reconsidered its classification of these receivables and restated finance receivables into two segments ; Short-term finance receivables in current assets and Long-term finance receivables in investments. The short-term portion includes finance receivables which become due within one year, and the long-term portion includes amounts that become due after one year.  
  
 Additionally, on the consolidated statements of cash flows, activity related to finance receivables was previously classified in net cash provided by operating activities as Increase (decrease) in notes and accounts receivable . Such activity was reclassified in net cash used in investing activities as Increase in finance receivables .
7. In December 2003, the Company transferred the building materials business to one of our affiliated companies (Kubota Matsushitadenko Exterior Works, Ltd.) (accounted for using the equity method). Accordingly, the Building Materials & Housing segment was considered immaterial, and was transferred to the Other segment.
8. The consolidated financial reports for the prior period and the prior year have been reclassified to conform to the presentation for the six months ended September 30, 2004.

**Table of Contents**Kubota Corporation  
and Subsidiaries**Consolidated Net Sales by Product Group**

(Unaudited)

(In millions of yen)

|   | Six months ended |              | Six months ended |              | Change          |               | Year ended     |              |
|---|------------------|--------------|------------------|--------------|-----------------|---------------|----------------|--------------|
|   | Sept. 30, 2004   |              | Sept. 30, 2003   |              |                 |               | Mar. 31, 2004  |              |
|   | Amount           | %            | Amount           | %            | Amount          | %             | Amount         | %            |
| <b>Farm Equipment and Engines</b>                 | <b>273,706</b>   | <b>61.4</b>  | <b>230,858</b>   | <b>54.8</b>  | <b>42,848</b>   | <b>18.6</b>   | <b>450,740</b> | <b>48.4</b>  |
| Domestic  | 118,198          |              | 109,727          |              | 8,471           |               | 219,786        |              |
| Overseas  | 155,508          |              | 121,131          |              | 34,377          |               | 230,954        |              |
| <b>Construction Machinery</b>                     | <b>30,478</b>    | <b>6.8</b>   | <b>24,483</b>    | <b>5.8</b>   | <b>5,995</b>    | <b>24.5</b>   | <b>50,811</b>  | <b>5.5</b>   |
| Domestic  | 10,909           |              | 9,672            |              | 1,237           |               | 23,192         |              |
| Overseas  | 19,569           |              | 14,811           |              | 4,758           |               | 27,619         |              |
| <b>Internal Combustion Engine &amp; Machinery</b> | <b>304,184</b>   | <b>68.2</b>  | <b>255,341</b>   | <b>60.6</b>  | <b>48,843</b>   | <b>19.1</b>   | <b>501,551</b> | <b>53.9</b>  |
| Domestic  | 129,107          | 29.0         | 119,399          | 28.4         | 9,708           | 8.1           | 242,978        | 26.1         |
| Overseas  | 175,077          | 39.2         | 135,942          | 32.2         | 39,135          | 28.8          | 258,573        | 27.8         |
| <b>Pipes and Valves</b>                           | <b>56,317</b>    | <b>12.6</b>  | <b>60,779</b>    | <b>14.4</b>  | <b>(4,462)</b>  | <b>(7.3)</b>  | <b>143,773</b> | <b>15.4</b>  |
| Domestic  | 54,518           |              | 53,747           |              | 771             |               | 130,656        |              |
| Overseas  | 1,799            |              | 7,032            |              | (5,233)         |               | 13,117         |              |
| <b>Industrial Castings</b>                        | <b>14,634</b>    | <b>3.3</b>   | <b>13,451</b>    | <b>3.2</b>   | <b>1,183</b>    | <b>8.8</b>    | <b>31,405</b>  | <b>3.4</b>   |
| Domestic  | 9,283            |              | 8,357            |              | 926             |               | 21,844         |              |
| Overseas  | 5,351            |              | 5,094            |              | 257             |               | 9,561          |              |
| <b>Pipes, Valves &amp; Industrial Castings</b>    | <b>70,951</b>    | <b>15.9</b>  | <b>74,230</b>    | <b>17.6</b>  | <b>(3,279)</b>  | <b>(4.4)</b>  | <b>175,178</b> | <b>18.8</b>  |
| Domestic  | 63,801           | 14.3         | 62,104           | 14.7         | 1,697           | 2.7           | 152,500        | 16.4         |
| Overseas  | 7,150            | 1.6          | 12,126           | 2.9          | (4,976)         | (41.0)        | 22,678         | 2.4          |
| <b>Environmental Engineering</b>                  | <b>18,247</b>    | <b>4.1</b>   | <b>22,049</b>    | <b>5.2</b>   | <b>(3,802)</b>  | <b>(17.2)</b> | <b>115,721</b> | <b>12.4</b>  |
| Domestic  | 17,097           | 3.8          | 20,844           | 4.9          | (3,747)         | (18.0)        | 112,381        | 12.1         |
| Overseas  | 1,150            | 0.3          | 1,205            | 0.3          | (55)            | (4.6)         | 3,340          | 0.3          |
| <b>Building Materials &amp; Housing</b>           | <b>13,437</b>    | <b>3.0</b>   | <b>33,355</b>    | <b>7.9</b>   | <b>(19,918)</b> | <b>(59.7)</b> | <b>51,823</b>  | <b>5.6</b>   |
| Domestic  | 13,437           |              | 33,355           |              | (19,918)        |               | 51,823         |              |
| <b>Other</b>                                      | <b>38,955</b>    | <b>8.8</b>   | <b>36,565</b>    | <b>8.7</b>   | <b>2,390</b>    | <b>6.5</b>    | <b>85,964</b>  | <b>9.3</b>   |
| Domestic  | 38,470           |              | 35,217           |              | 3,253           |               | 83,664         |              |
| Overseas  | 485              |              | 1,348            |              | (863)           |               | 2,300          |              |
| <b>Other</b>                                      | <b>52,392</b>    | <b>11.8</b>  | <b>69,920</b>    | <b>16.6</b>  | <b>(17,528)</b> | <b>(25.1)</b> | <b>137,787</b> | <b>14.9</b>  |
| Domestic  | 51,907           | 11.7         | 68,572           | 16.3         | (16,665)        | (24.3)        | 135,487        | 14.6         |
| Overseas  | 485              | 0.1          | 1,348            | 0.3          | (863)           | (64.0)        | 2,300          | 0.3          |
| <b>Total</b>                                      | <b>445,774</b>   | <b>100.0</b> | <b>421,540</b>   | <b>100.0</b> | <b>24,234</b>   | <b>5.7</b>    | <b>930,237</b> | <b>100.0</b> |

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|          |         |      |         |      |         |       |         |      |
|----------|---------|------|---------|------|---------|-------|---------|------|
| Domestic | 261,912 | 58.8 | 270,919 | 64.3 | (9,007) | (3.3) | 643,346 | 69.2 |
| Overseas | 183,862 | 41.2 | 150,621 | 35.7 | 33,241  | 22.1  | 286,891 | 30.8 |

(\*) Please refer to Note 7 on page 19.

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Kubota Corporation  
and Subsidiaries

**Anticipated Consolidated Net Sales by Industry Segment**

(In billions of yen)

|  | Year ending   |       | Year ended    |       | Change |         |
|--|---------------|-------|---------------|-------|--------|---------|
|  | Mar. 31, 2005 |       | Mar. 31, 2004 |       |        |         |
|  | Amount        | %     | Amount        | %     | Amount | %       |
| Domestic                               | 251.0         |       | 242.9         |       | 8.1    | 3.3     |
| Overseas                               | 311.0         |       | 258.6         |       | 52.4   | 20.3    |
| Internal Combustion Engine & Machinery | 562.0         | 57.9  | 501.5         | 53.9  | 60.5   | 12.1    |
| Domestic                               | 153.0         |       | 152.5         |       | 0.5    | 0.3     |
| Overseas                               | 16.0          |       | 22.7          |       | (6.7)  | (29.5)  |
| Pipes, Valves & Industrial Castings    | 169.0         | 17.4  | 175.2         | 18.8  | (6.2)  | (3.5)   |
| Domestic                               | 117.0         |       | 112.4         |       | 4.6    | 4.1     |
| Overseas                               | 3.0           |       | 3.3           |       | (0.3)  | (9.1)   |
| Environmental Engineering              | 120.0         | 12.4  | 115.7         | 12.4  | 4.3    | 3.7     |
| Domestic                               |               |       | 51.8          |       | (51.8) | (100.0) |
| Overseas                               |               |       |               |       |        |         |
| Building Materials & Housing           |               |       | 51.8          | 5.6   | (51.8) | (100.0) |
| Domestic                               | 116.0         |       | 83.7          |       | 32.3   | 38.6    |
| Overseas                               | 3.0           |       | 2.3           |       | 0.7    | 30.4    |
| Other                                  | 119.0         | 12.3  | 86.0          | 9.3   | 33.0   | 38.4    |
| Grand Total                            | 970.0         | 100.0 | 930.2         | 100.0 | 39.8   | 4.3     |
| Domestic                               | 637.0         | 65.7  | 643.3         | 69.2  | (6.3)  | (1.0)   |
| Overseas                               | 333.0         | 34.3  | 286.9         | 30.8  | 46.1   | 16.1    |



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Kubota Corporation

**Non-consolidated Financial Highlights**

(Unaudited)

- (1) The date of the Board of Directors meeting Monday, November 8, 2004  
 (2) Payment date of interim dividends Wednesday, December 8, 2004

(3) Results of operations (In millions of yen except per ADS information)

|                                      | Six months ended<br>Sept. 30, 2004 | Change<br>(*) | Six months ended<br>Sept. 30, 2003 | Change<br>(*) | Year ended<br>Mar. 31, 2004 |
|--------------------------------------|------------------------------------|---------------|------------------------------------|---------------|-----------------------------|
| Net sales                            | ¥ 284,033                          | (3.2)%        | ¥ 293,363                          | 1.3%          | ¥ 663,827                   |
| Operating income                     | ¥ 18,859                           | 52.7%         | ¥ 12,353                           | 172.3%        | ¥ 41,829                    |
| % of net sales                       | 6.6%                               |               | 4.2%                               |               |                             |
| Ordinary income                      | ¥ 24,614                           | 37.8%         | ¥ 17,860                           | 491.2%        | ¥ 45,964                    |
| % of net sales                       | 8.7%                               |               | 6.1%                               |               |                             |
| Net income                           | ¥ 20,279                           | 100.6%        | ¥ 10,109                           | 247.3%        | ¥ 21,709                    |
| % of net sales                       | 7.1%                               |               | 3.4%                               |               |                             |
| Net income per ADS (5 common shares) | ¥ 76                               |               | ¥ 38                               |               | ¥ 81                        |

Notes to results of operations :

- Weighted-average number of shares outstanding during the six months ended September 30, 2004 1,335,956,636  
 Weighted-average number of shares outstanding during the six months ended September 30, 2003 1,345,195,179  
 Weighted-average number of shares outstanding during the year ended March 31, 2004 1,342,977,305
- (\*) represents percentage change from the comparable previous period.

(4) Cash dividends

|  |      |
|--|------|
| Interim cash dividends per ADS (5 common shares) for the six months ended September 30, 2004 | ¥ 15 |
| Interim cash dividends per ADS (5 common shares) for the six months ended September 30, 2003 | ¥ 15 |
| Cash dividends per ADS (5 common shares) for the fiscal year ended March 31, 2004            | ¥ 30 |

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Kubota Corporation

| (5) Financial position                        | (In millions of yen except per ADS information) |                   |                  |
|---|---|-------------------|------------------|
|   | Sept. 30,<br>2004                               | Sept. 30,<br>2003 | Mar. 31,<br>2004 |
| Total assets                                  | ¥ 791,584                                       | ¥ 808,517         | ¥ 867,690        |
| Shareholders' equity                          | ¥ 382,640                                       | ¥ 355,177         | ¥ 383,925        |
| Ratio of shareholders' equity to total assets | 48.3%   | 43.9%             | 44.2%            |
| Shareholders' equity per ADS                  | ¥ 1,447   | ¥ 1,325           | ¥ 1,432          |

## Notes to financial position:

|   |               |
|---|---------------|
| Number of shares outstanding as of September 30, 2004 | 1,322,361,619 |
| Number of shares outstanding as of September 30, 2003 | 1,340,790,443 |
| Number of shares outstanding as of March 31, 2004     | 1,340,734,232 |
| Number of treasury stocks as of September 30, 2004    | 18,447,359    |
| Number of treasury stocks as of September 30, 2003    | 69,018,535    |
| Number of treasury stocks as of March 31, 2004        | 69,074,746    |

## (6) Anticipated annual results of operations (In millions of yen except per share information)

|   | Year ending Mar. 31, 2005 |
|---|---------------------------|
| Net sales                                       | ¥ 670,000                 |
| Ordinary income                                 | ¥ 58,500                  |
| Net income                                      | ¥ 40,000                  |
| Annual dividends per ADS (5 common shares) (**) | ¥ 30                      |
| Net income per ADS (5 common shares)            | ¥ 151                     |

(\*\*) Including interim dividends which will be paid on December 8, 2004.

## Notes to anticipated results of operations for the year ending March 31, 2005 :

1. The non-consolidated financial information is prepared in accordance with accounting principles generally accepted in Japan and includes the information of the parent company only. It should not be confused with condensed consolidated financial information.
2. All figures in the non-consolidated financial information have been rounded down except per ADS information.
3. Please refer to page 10 for further information related to the anticipated results of operations mentioned above.

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November 8, 2004

To whom it may concern

**Kubota Corporation**

2-47, Shikitsu-higashi 1-chome  
Naniwa-ku, Osaka 556-8601, Japan

Contact: IR Group

Finance & Accounting Department

Phone: +81-6-6648-2645

**Notice on a business transfer of a subsidiary**

Please be advised that Kubota Corporation (hereinafter the Company ) resolved at the Board of Directors Meeting held on November 8, 2004 that the Company should transfer all the shares of Firstserver, Inc., one of its subsidiaries (hereinafter Firstserver ).

**1. Reason for transfer :**

Currently the Company reviews its business portfolio, and in the due course of the review, the Company decided the transfer of all the shares of Firstserver to Yahoo Japan Corporation (hereinafter Yahoo ). The Company accepted the offer from Yahoo, considering business expansion of Firstserver.

**2. Profile of Firstserver :**

- |     |                                 |  |
|-----|---------------------------------|--|
| (1) | Trade name :                    | Firstserver, Inc.                                      |
| (2) | Representative :                | President and Representative Director, Ryosuke Okada   |
| (3) | Headquarters :                  | 8-15, Azuchi-machi 1-Chome, Chuo-Ku, Osaka             |
| (4) | Date of foundation :            | October 11, 1996                                       |
| (5) | Principal lines of business :   | Rental server business<br>Domain registration business |
| (6) | Annual financial closing date : | March 31   |
| (7) | Headcount :                     | 95 (as of September 30, 2004)                          |

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- (8) Principal offices : Osaka and Tokyo
- (9) Capital stock : ¥363 million
- (10) Shares issued : 8,666 shares
- (11) Major shareholders : Kubota Corporation 5,000 shares (57.7% of total shares)
- (12) Latest financial results :

|                     | <b>Year ended</b>     | <b>Year ended</b>     |
|---------------------|-----------------------|-----------------------|
| <b>(¥million)</b>   | <b>March 31, 2003</b> | <b>March 31, 2004</b> |
|                     |                       |                       |
| Sales               | 1,242                 | 1,556                 |
| Operating income    | 76                    | 48                    |
| Ordinary income     | 77                    | 47                    |
| Net income          | 37                    | 21                    |
| Total assets        | 854                   | 1,275                 |
| Shareholders equity | 112                   | 325                   |

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**3. Profile of Yahoo :**

|   |   |
|---|---|
| (1) Trade name :                                  | Yahoo Japan Corporation                               |
| (2) Representative :                              | President and Representative Director, Masahiro Inoue |
| (3) Headquarters :                                | 10-1, Roppongi 6-Chome, Minato-Ku, Tokyo              |
| (4) Date of foundation                            | January 31, 1996                                      |
| (5) Principal lines of business :                 | Internet advertising business                         |
|   | Broadband business                                    |
|   | Auction business                                      |
| (6) Headcount :                                   | 1,083 (as of September 30, 2004)                      |
| (7) Sales :                                       | ¥75.7 billion (in the year ended March 31, 2004)      |
| (8) Relationships between Yahoo and the Company : | Capital : None  |
|   | Personnel : None                                      |
|   | Transactions : None                                   |

**4. Number of shares to be transferred and price at transfer :**

|   |                                      |
|---|--------------------------------------|
| Shares owned by the Company (before transfer) : | 5,000 shares (57.7% of total shares) |
| Shares to be transferred :                      | 5,000 shares (¥1,730 million)        |
| Shares owned by the Company (after transfer) :  | 0 shares (0% of total shares)        |

**5. Schedule :**

|                   |  |
|-------------------|--|
| November 8, 2004  | Resolution at the Board of Directors Meeting |
|                   | Contract for transfer of shares              |
| November 30, 2004 | Transfer of shares (scheduled)               |

**6. Financial outlook :**

The Company forecasts the impacts on financial result of the company from this transfer will not be material. The Company also disclosed today its earnings releases including the interim financial results for the six months ended September 30, 2004 and financial forecasts for the year ending March 31, 2005.

End of document

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**KUBOTA CORPORATION**

Date: December 7, 2004

By:           /s/ Shigeru Kimura          

Name: Shigeru Kimura  
Title: General Manager  
Finance & Accounting Department