

CONSOLIDATED STATEMENTS OF CASH FLOWS

Kubota Corporation and Subsidiaries Years Ended March 31, 2005, 2004, and 2003

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2005	2004	2003	2005
Operating activities:				
Net income (loss)	¥ 117,901	¥ 11,700	¥ (8,004)	\$ 1,101,879
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	25,808	27,755	38,804	241,196
Provision for doubtful receivables	79	783	961	738
Provision for (reversal of) accrued retirement and pension costs	(7,306)	48,516	(4,416)	(68,280)
Subsidy from the government	(58,571)	—	—	(547,393)
Loss (gain) on sales of securities	(1,604)	(3,161)	5	(14,991)
Valuation losses on short-term and other investments	423	1,083	24,822	3,953
Loss on disposals of fixed assets	1,341	4,122	2,484	12,533
Impairment loss on fixed assets	1,095	1,263	17,403	10,234
Equity in net income of affiliated companies	(2,324)	(780)	(233)	(21,720)
Deferred income taxes	13,625	(15,554)	(9,242)	127,337
Change in assets and liabilities, net of effects from sales and transfer of businesses:				
(Increase) decrease in notes and accounts receivable	(19,540)	48,241	36,917	(182,617)
(Increase) decrease in inventories	(8,129)	6,954	2,455	(75,972)
Increase in other current assets	(15,159)	(15,812)	(5,637)	(141,673)
Increase (decrease) in trade notes and accounts payable	22,404	(9,521)	(20,315)	209,383
Increase (decrease) in income taxes payable	(3,363)	5,195	(2,332)	(31,430)
Increase (decrease) in other current liabilities	3,151	310	(3,340)	29,449
Other	(2,923)	(1,519)	(1,038)	(27,318)
Net cash provided by operating activities	66,908	109,575	69,294	625,308
Investing activities:				
Purchases of fixed assets	(20,818)	(26,493)	(33,838)	(194,561)
Purchases of investments and change in advances	(495)	9,257	(2,056)	(4,626)
Proceeds from sales of property, plant, and equipment	2,769	3,129	1,803	25,878
Proceeds from sales of investments	2,981	8,182	5,153	27,860
Proceeds from sale of business	1,117	2,562	—	10,439
Increase in finance receivables	(119,878)	(115,117)	(73,487)	(1,120,355)
Collection of finance receivables	53,575	31,192	27,554	500,701
Sales of finance receivables	5,208	50,019	40,892	48,673
Net (increase) decrease in short-term investments	3,001	(2,991)	1,384	28,047
Cash transferred in sale of a business	(6,048)	—	—	(56,523)
Other	360	(117)	(39)	3,364
Net cash used in investing activities	(78,228)	(40,377)	(32,634)	(731,103)
Financing activities:				
Proceeds from issuance of long-term debt	39,582	37,128	65,627	369,925
Repayments of long-term debt	(39,081)	(74,171)	(45,447)	(365,243)
Net increase (decrease) in short-term borrowings	34,453	(7,489)	(26,548)	321,991
Cash dividends	(7,989)	(8,061)	(8,289)	(74,664)
Purchases of treasury stock	(21,451)	(2,223)	(15,011)	(200,476)
Other	(1,006)	(281)	(341)	(9,402)
Net cash provided by (used in) financing activities	4,508	(55,097)	(30,009)	42,131
Effect of exchange rate changes on cash and cash equivalents	154	(242)	(272)	1,439
Net increase (decrease) in cash and cash equivalents	(6,658)	13,859	6,379	(62,225)
Cash and cash equivalents, beginning of year	81,221	67,362	60,983	759,075
Cash and cash equivalents, end of year	¥ 74,563	¥ 81,221	¥ 67,362	\$ 696,850

See notes to consolidated financial statements.