

Profile

Since its establishment, Kubota has continually aimed to promote the harmonious coexistence of humans and all aspects of the earth's environment, including water and soil, by creating products that contribute to a better future for people, society as a whole, and the earth. In accordance with this basic philosophy, Kubota is continually anticipating the needs of the times as it vigorously engages in businesses that contribute to the betterment of society. Today, Kubota's products in domains closely connected to culture and people's daily lives—including areas related to water, soil, air, and cities—are enjoyed by people worldwide. In the future, Kubota will continue to provide people- and earth-friendly products that will enable the creation of abundant living environments and contribute to the protection of the earth's environment.

Financial Highlights

Kubota Corporation and Subsidiaries Years Ended March 31, 2004, 2003, and 2002

	Millions of Yen			Thousands of U.S. Dollars
	2004	2003	2002	2004
Net sales	¥930,237	¥926,145	¥965,791	\$8,775,821
Percentage of previous year	100.4%	95.9%	98.1%	
Net income (loss)	11,700	(8,004)	9,530	110,377
Percentage of previous year	—	—	97.3%	
Percentage of net sales	1.3%	(0.9)%	1.0%	
Net income (loss) per common share (Yen and U.S. Dollars):				
Basic	¥8.72	¥(5.84)	¥6.78	\$0.08
Diluted	8.53	(5.84)	6.67	0.08
Net income (loss) per 5 common shares (Yen and U.S. Dollars):				
Basic	44	(29)	34	0.42
Diluted	43	(29)	33	0.41
Cash dividends per common share (Yen and U.S. Dollars)	6	6	6	0.06
Cash dividends per 5 common shares (Yen and U.S. Dollars)	30	30	30	0.28
Capital expenditures	¥21,396	¥35,845	¥36,342	\$201,849
Depreciation	27,254	38,494	40,074	257,113
R&D expenses	23,261	26,405	30,186	219,443
Number of shareholders (At year-end)	56,514	59,446	59,409	

Notes: 1. The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥106=US\$1. See Note 1 to the consolidated financial statements.

2. Per share amounts have been calculated per 5 common shares since each American Depositary Share represents 5 shares of common stock.

Contents

To Our Shareholders and Friends	1	Consolidated Statements of Comprehensive Income (Loss)/	
An Interview with the President	2	Consolidated Statements of Shareholders' Equity	29
Review of Operations	6	Consolidated Statements of Cash Flows	30
Five-Year Financial Summary	11	Notes to Consolidated Financial Statements	31
Financial Review	12	Report of Independent Registered Public Accounting Firm	50
Segment Information	24	Directory	51
Consolidated Balance Sheets	26	Directors and Corporate Auditors/	
Consolidated Statements of Income	28	Investor Information	53

Cautionary Statement with Respect to Forward-Looking Statements

This annual report contains statements about Kubota's future business plans, strategies, and beliefs. Statements regarding the Company's projected future business results are not based on historical facts and are subject to various risks and uncertainties. These risks and uncertainties relate to economic conditions in Kubota's business environment, particularly government agricultural policies, the state of private-sector and public-sector capital investment, currency exchange rates, new housing starts, competitive pricing pressures in the marketplace, and Kubota's ability to continue designing and developing products that will be accepted in markets. However, it should be noted that elements affecting performance are not limited to the previously mentioned factors.