

Consolidated Statements of Cash Flows

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

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2004	2003	2002	2004
Operating activities:				
Net income (loss)	¥11,700	¥ (8,004)	¥ 9,530	\$110,377
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	27,755	38,804	40,535	261,840
Provision for doubtful receivables	728	817	210	6,868
Provision for (reversal of) accrued retirement and pension costs	48,516	(4,416)	1,267	457,698
Loss (gain) on sales of securities	(3,161)	5	(2,578)	(29,821)
Valuation losses on short-term and other investments	1,083	24,822	9,166	10,217
Loss on disposals of fixed assets	4,122	2,484	1,725	38,887
Impairment loss on fixed assets	1,263	17,403	4,734	11,915
Equity in net loss (income) of affiliated companies	(780)	(233)	179	(7,358)
Deferred income taxes	(15,554)	(9,242)	(5,591)	(146,736)
Change in assets and liabilities, net of effects from sales and transfer of businesses:				
Decrease in notes and accounts receivable	13,439	31,649	12,752	126,783
Decrease in inventories	6,954	2,455	23,260	65,604
(Increase) decrease in other current assets	(15,812)	(5,637)	75	(149,170)
Decrease in trade notes and accounts payable	(9,521)	(20,315)	(9,958)	(89,821)
Increase (decrease) in income taxes payable	5,195	(2,332)	(1,310)	49,009
Increase (decrease) in other current liabilities	310	(3,340)	(3,575)	2,925
Other	(568)	(667)	(2,595)	(5,359)
Net cash provided by operating activities	75,669	64,253	77,826	713,858
Investing activities:				
Purchases of fixed assets	(26,493)	(33,838)	(32,473)	(249,934)
Purchases of investments and change in advances	9,257	(2,056)	(2,333)	87,330
Proceeds from sales of property, plant, and equipment	3,129	1,803	2,002	29,519
Proceeds from sales of investments	8,182	5,153	7,916	77,189
Proceeds from sale of business	2,562	—	—	24,170
Net (increase) decrease in short-term investments	(2,991)	1,384	1,102	(28,217)
Cash transferred in sale of business	—	—	(10,237)	—
Other	(117)	(39)	(435)	(1,104)
Net cash used in investing activities	(6,471)	(27,593)	(34,458)	(61,047)
Financing activities:				
Proceeds from issuance of long-term debt	37,128	65,627	28,202	350,264
Repayments of long-term debt	(74,171)	(45,447)	(71,034)	(699,726)
Net decrease in short-term borrowings	(7,489)	(26,548)	(2,846)	(70,651)
Cash dividends	(8,061)	(8,289)	(8,459)	(76,047)
Purchases of treasury stock	(2,223)	(15,011)	(6,926)	(20,972)
Other	(281)	(341)	(231)	(2,651)
Net cash used in financing activities	(55,097)	(30,009)	(61,294)	(519,783)
Effect of exchange rate changes on cash and cash equivalents	(242)	(272)	276	(2,283)
Net increase (decrease) in cash and cash equivalents	13,859	6,379	(17,650)	130,745
Cash and cash equivalents, beginning of year	67,362	60,983	78,633	635,491
Cash and cash equivalents, end of year	¥81,221	¥67,362	¥60,983	\$766,236

See notes to consolidated financial statements.