

# Consolidated Statements of Income

Kubota Corporation and Subsidiaries Years Ended March 31, 2006, 2005, and 2004

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2006	2005	2004	2006
<b>Net sales</b> (Note 3)	<b>¥1,051,040</b>	¥983,226	¥929,876	<b>\$8,983,248</b>
<b>Cost of sales</b>	<b>747,380</b>	713,312	701,718	<b>6,387,864</b>
<b>Selling, general, and administrative expenses</b>	<b>185,451</b>	181,727	199,189	<b>1,585,051</b>
<b>Loss from disposal and impairment of businesses and fixed assets</b> (Note 16)	<b>4,709</b>	1,414	6,359	<b>40,248</b>
Operating income	<b>113,500</b>	86,773	22,610	<b>970,085</b>
<b>Other income (expenses):</b>				
Interest and dividend income	<b>14,355</b>	9,488	7,264	<b>122,692</b>
Interest expense	<b>(7,122)</b>	(4,699)	(4,252)	<b>(60,872)</b>
Gain on sales of securities—net	<b>4,703</b>	1,604	3,161	<b>40,197</b>
Gain on nonmonetary exchange of securities (Note 1)	<b>15,901</b>	—	—	<b>135,906</b>
Subsidy from the government (Note 8)	<b>—</b>	58,571	—	<b>—</b>
Other—net (Note 11)	<b>(931)</b>	4,298	(891)	<b>(7,957)</b>
Other income, net	<b>26,906</b>	69,262	5,282	<b>229,966</b>
<b>Income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies</b>	<b>140,406</b>	156,035	27,892	<b>1,200,051</b>
<b>Income taxes</b> (Note 12):				
Current	<b>34,433</b>	34,491	29,255	<b>294,299</b>
Deferred	<b>21,634</b>	13,625	(15,554)	<b>184,906</b>
Total income taxes	<b>56,067</b>	48,116	13,701	<b>479,205</b>
<b>Minority interests in earnings of subsidiaries</b>	<b>4,938</b>	3,442	2,476	<b>42,205</b>
<b>Equity in net income of affiliated companies</b> (Note 3)	<b>1,633</b>	2,324	780	<b>13,957</b>
<b>Income from continuing operations</b>	<b>81,034</b>	106,801	12,495	<b>692,598</b>
<b>Income (loss) from discontinued operations, net of taxes</b> (Note 19)	<b>—</b>	11,100	(795)	<b>—</b>
<b>Net income</b>	<b>¥ 81,034</b>	¥117,901	¥ 11,700	<b>\$ 692,598</b>
		Yen		U.S. Dollars (Note 1)
<b>Net income (loss) per common share</b> (Note 13):				
Basic:				
Continuing operations	<b>¥62.14</b>	¥80.72	¥9.31	<b>\$0.53</b>
Discontinued operations	<b>—</b>	8.39	(0.59)	<b>—</b>
<b>Net income</b>	<b>¥62.14</b>	¥89.11	¥8.72	<b>\$0.53</b>
Diluted:				
Continuing operations	<b>¥61.67</b>	¥78.67	¥9.09	<b>\$0.53</b>
Discontinued operations	<b>—</b>	8.16	(0.56)	<b>—</b>
<b>Net income</b>	<b>¥61.67</b>	¥86.83	¥8.53	<b>\$0.53</b>

See notes to consolidated financial statements.