

Consolidated Statements of Cash Flows

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
Operating activities:				
Net income	¥ 81,034	¥ 117,901	¥ 11,700	\$ 692,598
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	25,821	25,808	27,755	220,692
Provision for doubtful receivables	55	79	783	470
Provision for (reversal of) accrued retirement and pension costs	(12,514)	(7,306)	48,516	(106,957)
Subsidy from the government	—	(58,571)	—	—
Gain on sales of securities	(4,703)	(1,604)	(3,161)	(40,197)
Gain on nonmonetary exchange of securities	(15,901)	—	—	(135,906)
Valuation losses on short-term and other investments	403	423	1,083	3,444
Loss on disposals of fixed assets	23	1,341	4,122	197
Impairment loss on fixed assets	1,038	1,095	1,263	8,872
Equity in net income of affiliated companies	(1,633)	(2,324)	(780)	(13,957)
Deferred income taxes	21,634	13,625	(15,554)	184,906
Change in assets and liabilities, net of effects from sales and transfer of businesses:				
(Increase) decrease in notes and accounts receivable	11,099	(19,540)	48,241	94,863
(Increase) decrease in inventories	(11,736)	(8,129)	6,954	(100,308)
Increase in other current assets	(10,559)	(15,159)	(15,812)	(90,248)
Increase (decrease) in trade notes and accounts payable	(4,060)	22,404	(9,521)	(34,701)
Increase (decrease) in income taxes payable	(167)	(3,363)	5,195	(1,427)
Increase in other current liabilities	4,408	3,151	310	37,675
Other	3,615	(2,923)	(1,519)	30,899
Net cash provided by operating activities	87,857	66,908	109,575	750,915
Investing activities:				
Purchases of fixed assets	(25,680)	(20,818)	(26,493)	(219,487)
Purchases of investments and change in advances	442	(495)	9,257	3,778
Proceeds from sales of property, plant, and equipment	5,568	2,769	3,129	47,590
Proceeds from sales of investments	8,499	2,981	8,182	72,641
Proceeds from sale of business	218	1,117	2,562	1,863
Increase in finance receivables	(142,393)	(119,878)	(115,117)	(1,217,034)
Collection of finance receivables	80,163	53,575	31,192	685,154
Sales of finance receivables	11,753	5,208	50,019	100,453
Net (increase) decrease in short-term investments	—	3,001	(2,991)	—
Cash transferred in sale of a business	—	(6,048)	—	—
Other	138	360	(117)	1,179
Net cash used in investing activities	(61,292)	(78,228)	(40,377)	(523,863)
Financing activities:				
Proceeds from issuance of long-term debt	88,829	39,582	37,128	759,222
Repayments of long-term debt	(71,719)	(39,081)	(74,171)	(612,983)
Net increase (decrease) in short-term borrowings	335	34,453	(7,489)	2,863
Cash dividends	(11,769)	(7,989)	(8,061)	(100,590)
Purchases of treasury stock	(14,898)	(21,451)	(2,223)	(127,333)
Other	(964)	(1,006)	(281)	(8,239)
Net cash provided by (used in) financing activities	(10,186)	4,508	(55,097)	(87,060)
Effect of exchange rate changes on cash and cash equivalents	916	154	(242)	7,829
Net increase (decrease) in cash and cash equivalents	17,295	(6,658)	13,859	147,821
Cash and cash equivalents, beginning of year	74,563	81,221	67,362	637,290
Cash and cash equivalents, end of year	¥ 91,858	¥ 74,563	¥ 81,221	\$ 785,111

See notes to consolidated financial statements.