



Affected by the global economic slowdown and the sharp appreciation of the yen, Kubota Corporation and subsidiaries (hereinafter, “the Company”) reported decreased revenue and profit in the year ended March 31, 2009. In Asia outside Japan, the Company sustained favorable revenues against a background of robust demand. However, revenues in North America and Europe stagnated because of weakness in the real economy accompanying the financial crisis. Domestic revenues also stagnated due to substantial declines in demand, which resulted from decreasing overall levels of production and sharp drops in exports.

For the year ended March 31, 2009, revenues of the Company decreased ¥47.1 billion (4.1%) from the prior year, to ¥1,107.5 billion. Increased revenues in Asia outside Japan were not sufficient to compensate for declining revenues in North America, Europe, and Japan. The ratio of overseas revenues to consolidated revenues for the fiscal year was 50.4%, the same ratio as in the prior year.

Operating income decreased ¥34.1 billion (24.9%), to ¥102.8 billion, from the prior year. Operating income in Internal Combustion Engine and Machinery declined, mainly due to lower demand, the appreciation of the yen, and increases in material costs. Operating income in Pipes, Valves, and Industrial Castings was down as a result of losses recorded in connection with the Anti-Monopoly Law. The operating loss in Environmental Engineering improved, while operating income in Other decreased due to lower sales of vending machines.

Income from continuing operations before income taxes, minority interests in earnings of subsidiaries, and equity in net income of affiliated companies decreased ¥39.3 billion (32.1%), to ¥83.3 billion. This was due to lower operating income and an increase in other expenses resulting from

higher foreign exchange losses and valuation losses on other investments.

Income taxes were ¥28.7 billion (representing an effective tax rate of 34.5%), which reflected the reversal of a part of deferred tax liabilities because of tax law revisions related to the taxation of dividends from overseas subsidiaries. The net amount of minority interests in earnings of subsidiaries and equity in net income of affiliated companies to be deducted was ¥6.4 billion. As a result, net income was ¥48.1 billion, ¥20.0 billion (29.3%) lower than for the prior year.

The world economy is facing a crisis of historic proportions, and the business environment for the Company’s operations is unprecedentedly severe. It will not be easy to overcome these harsh operating conditions, but the Company will aim to surmount the current difficulties, increase its corporate value, and attain long-term growth and development by steadily implementing the following strategic measures. Management will:

- Conduct its business operations while focusing on technology and manufacturing capabilities as a manufacturer,
- Enhance capabilities for responding to fluctuations in the global economy, and
- Promote globalization.

We thank you, our shareholders, for your investment in Kubota and look forward to your continuing support in the years to come.

Yasuo Masumoto
Representative Director, President & CEO