

# Consolidated Statements of Cash Flows

Kubota Corporation and Subsidiaries Years Ended March 31, 2007, 2006, and 2005

	Millions of Yen			Thousands of U.S. Dollars (Note 1)
	2007	2006	2005	2007
<b>Operating activities:</b>				
Net income	¥ 76,457	¥ 81,034	¥ 117,901	\$ 647,941
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	27,097	25,821	25,808	229,635
Subsidy from the government	—	—	(58,571)	—
Gain on sales of securities	(1,313)	(4,703)	(1,604)	(11,127)
Gain on nonmonetary exchange of securities	(997)	(15,901)	—	(8,449)
Minority interests in earnings of subsidiaries	6,214	4,938	3,442	52,661
Equity in net income of affiliated companies	(1,353)	(1,633)	(2,324)	(11,466)
Deferred income taxes	953	21,634	13,625	8,076
Change in assets and liabilities, net of effects from sales and transfer of businesses:				
(Increase) decrease in notes and accounts receivable	35	11,099	(19,540)	297
Increase in inventories	(24,255)	(11,736)	(8,129)	(205,551)
Increase in other current assets	(3,935)	(10,559)	(15,159)	(33,347)
Increase (decrease) in trade notes and accounts payable	11,999	(4,060)	22,404	101,686
Increase (decrease) in income taxes payable	11,305	(167)	(3,363)	95,805
Increase in other current liabilities	5,085	4,408	3,151	43,093
Decrease in accrued retirement and pension costs	(10,942)	(12,514)	(7,306)	(92,729)
Other	480	196	(3,427)	4,068
Net cash provided by operating activities	96,830	87,857	66,908	820,593
<b>Investing activities:</b>				
Purchases of fixed assets	(34,286)	(25,680)	(20,818)	(290,559)
Purchases of investments and change in advances	(1,311)	442	(495)	(11,110)
Proceeds from sales of property, plant, and equipment	3,709	5,568	2,769	31,432
Proceeds from sales of investments	2,391	8,499	2,981	20,263
Proceeds from sale of business	—	218	1,117	—
Increase in finance receivables	(190,098)	(142,393)	(119,878)	(1,611,000)
Collection of finance receivables	129,442	80,163	53,575	1,096,966
Sales of finance receivables	—	11,753	5,208	—
Net decrease in short-term investments	—	—	3,001	—
Cash transferred in sale of a business	—	—	(6,048)	—
Other	146	138	360	1,237
Net cash used in investing activities	(90,007)	(61,292)	(78,228)	(762,771)
<b>Financing activities:</b>				
Proceeds from issuance of long-term debt	86,434	88,829	39,582	732,492
Repayments of long-term debt	(73,654)	(71,719)	(39,081)	(624,186)
Net increase (decrease) in short-term borrowings	(5,937)	335	34,453	(50,314)
Cash dividends	(14,274)	(11,769)	(7,989)	(120,967)
Purchases of treasury stock	(8,515)	(14,898)	(21,451)	(72,161)
Other	(889)	(964)	(1,006)	(7,533)
Net cash provided by (used in) financing activities	(16,835)	(10,186)	4,508	(142,669)
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>755</b>	<b>916</b>	<b>154</b>	<b>6,398</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(9,257)</b>	<b>17,295</b>	<b>(6,658)</b>	<b>(78,449)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>91,858</b>	<b>74,563</b>	<b>81,221</b>	<b>778,457</b>
<b>Cash and cash equivalents, end of year</b>	<b>¥ 82,601</b>	<b>¥ 91,858</b>	<b>¥ 74,563</b>	<b>\$ 700,008</b>

See notes to consolidated financial statements.