

Consolidated Financial Statements for the Three Months ended June 20, 2006

Company Name	HORIBA, Ltd.	August 1, 2006
Listing Code	6856	Stock Exchange Listings: Tokyo, Osaka
(URL http://www.horiba.co.jp)		Address of Head Office: Kyoto
Representative:	Atsushi Horiba Chairman, President & CEO	
Contact:	Fumitoshi Sato Managing Director	Telephone:(81)75-313-8121

1. Information relating to the preparation of quarterly financial statements

1. Adoption of simplified accounting principles : None
2. Differences in accounting principles applied compared to latest fiscal year : None
3. Changes in the scope of consolidation and application of the equity method : Yes

HORIBA Biotechnology Co., Ltd. and Schenck-TKS Test Systems Ltd. merged with HORIBA, Ltd. and they are excluded from the scope of consolidation.

*Results for the three months ended June 20, 2005 and 2006 were not audited by independent auditors.

2. Results for the Three Months ended June 20, 2006 (March 21, 2006 – June 20, 2006)

(1) Sales and Income

	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
3 months ended 20/6/06	28,521	27.2	2,812	4.1	2,703	0.7
3 months ended 20/6/05	22,418	3.4	2,702	29.1	2,683	31.9
Year ended 20/3/06	105,664	14.2	11,275	20.3	11,197	26.1

	Net income		Net income per share		Net income per share (diluted)	
	¥ million	%	¥		¥	
3 months ended 20/6/06	1,418	35.4	33.66		33.52	
3 months ended 20/6/05	1,047	35.3	27.12		25.01	
Year ended 20/3/06	6,473	83.7	154.27		146.97	

(Note) Percentages represent changes for net sales, operating income, and ordinary income compared to the corresponding period in the previous year.

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of 20/6/06	118,684	65,940	55.4	1,560.05
As of 20/6/05	98,615	55,702	56.5	1,419.62
As of 20/3/06	119,976	65,446	54.5	1,548.08

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
3 months ended 20/6/06	629	(1,494)	884	14,939
3 months ended 20/6/05	1,270	(484)	415	17,278
Year ended 20/3/06	8,672	(10,361)	129	14,884

3. Projected Results for the Term ending December 31, 2006 (March 21, 2006 – December 31, 2006)

	Net sales	Operating income	Ordinary income	Net income
	¥ million	¥ million	¥ million	¥ million
Interim term (note)	55,000	5,000	4,600	2,400
Full term	102,000	9,600	8,800	5,000

Reference: Estimated net income per share (full year) ¥118.55

Note: Interim term will be from March 21, 2006 to September 20, 2006.

(Ref) Projected Results for the Year ending March 20, 2007 (March 21, 2006 – March 20, 2007)

	Net sales	Operating income	Ordinary income	Net income
	¥ million	¥ million	¥ million	¥ million
Year ending March 20, 2007	120,000	12,600	11,800	6,900

* The term ending December 31, 2006 will only be 9 months and 11 days due to the change of the accounting term, except consolidated subsidiaries whose year end is December 31.

The projected results are computed based on information available to us at August 1, 2006, and HORIBA's actual results could materially differ from those contained in these forward-looking statements as a result of numerous factors outside of HORIBA's control. Please refer to page 5 of the attachments with regard to the above projected results.

August 1, 2006

1. Consolidated Financial Results

	06/12 Actual			06/3 Actual			06/12 Estimate	
	1st quarter	Change from previous year		1st quarter	1st Half	Full year	1st Half	Full year
	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	28,521	+6,103	+27.2%	22,418	44,693	105,664	55,000	102,000
Operating Income	2,812	+110	+4.1%	2,702	3,737	11,275	5,000	9,600
Operating Income Ratio	9.9%	-2.2P		12.1%	8.4%	10.7%	9.1%	9.4%
Ordinary Income	2,703	+19	+0.7%	2,683	3,859	11,197	4,600	8,800
Ordinary Income Ratio	9.5%	-2.5P		12.0%	8.6%	10.6%	8.4%	8.6%
Net Income	1,418	+370	+35.4%	1,047	1,651	6,473	2,400	5,000
Net Income Ratio	5.0%	+0.3P		4.7%	3.7%	6.1%	4.4%	4.9%
US\$	116.98	+12.43		104.55	106.16	110.25	110.00	110.00
Euro	140.72	+3.68		137.04	136.25	136.91	130.00	130.00

2. Consolidated Segment Information

Net Sales	06/12 Actual			06/3 Actual			06/12 Estimate	
	1st quarter	Change from previous year		1st quarter	1st Half	Full year	1st Half	Full year
	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	8,668	+2,349	+37.2%	6,318	12,594	34,446	17,000	35,000
Analytical	8,784	+1,677	+23.6%	7,107	14,246	32,671	17,000	29,000
Medical	5,480	+864	+18.7%	4,616	9,348	20,508	10,500	20,500
Semiconductor	5,588	+1,212	+27.7%	4,375	8,505	18,038	10,500	17,500
Total	28,521	+6,103	+27.2%	22,418	44,693	105,664	55,000	102,000

Operating Income	06/12 Actual			06/3 Actual			06/12 Estimate	
	1st quarter	Change from previous year		1st quarter	1st Half	Full year	1st Half	Full year
	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	612	-1,138	-65.0%	1,751	2,552	6,509	1,600	3,600
Analytical	706	+646	+1,086.9%	59	-92	1,322	800	1,700
Medical	279	+160	+135.4%	118	209	952	600	1,600
Semiconductor	1,214	+441	+57.2%	772	1,068	2,490	2,000	2,700
Total	2,812	+110	+4.1%	2,702	3,737	11,275	5,000	9,600

3. Trend of Consolidated Sales by Segment and Area

	06/12 Actual			06/3 Actual			06/12 Estimate	
	1st quarter	Change from previous year		1st quarter	1st Half	Full year	1st Half	Full year
	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	8,668	+2,349	+37.2%	6,318	12,594	34,446	17,000	35,000
Japan + Asia	4,491	-228	-4.8%	4,719	7,700	17,276	7,552	12,396
America	1,704	+1,104	+184.3%	599	2,203	7,324	2,571	6,973
Europe	2,472	+1,473	+147.5%	998	2,689	9,845	6,877	15,631
Analytical	8,784	+1,677	+23.6%	7,107	14,246	32,671	17,000	29,000
Japan + Asia	5,073	+819	+19.3%	4,254	7,902	16,939	8,996	11,973
America	1,152	+627	+119.7%	524	1,283	3,455	2,554	4,942
Europe	2,559	+229	+9.9%	2,329	5,060	12,276	5,450	12,085
Medical	5,480	+864	+18.7%	4,616	9,348	20,508	10,500	20,500
Japan + Asia	1,083	+203	+23.1%	879	1,829	3,887	2,071	3,088
America	-	-	-	-	-	-	-	-
Europe	4,397	+661	+17.7%	3,736	7,518	16,621	8,429	17,412
Semiconductor	5,588	+1,212	+27.7%	4,375	8,505	18,038	10,500	17,500
Japan + Asia	4,241	+632	+17.5%	3,608	6,927	14,481	7,796	12,872
America	1,096	+541	+97.7%	554	1,190	2,615	2,164	3,602
Europe	250	+37	+17.9%	212	387	941	540	1,026
Total	28,521	+6,103	+27.2%	22,418	44,693	105,664	55,000	102,000

(Note) The first half of the term ending December 31, 2006 will be from March 21, 2006 to September 20, 2006.

4. Consolidated Financial Results (Quarterly Comparison)

	12/2006			3/2006			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	28,521	26,478	47,000	22,418	22,275	26,861	34,109
Operating Income	2,812	2,187	4,600	2,702	1,035	3,994	3,543
<i>Operating Income Ratio</i>	<i>9.9%</i>	<i>8.3%</i>	<i>9.8%</i>	<i>12.1%</i>	<i>4.6%</i>	<i>14.9%</i>	<i>10.4%</i>
Ordinary Income	2,703	1,896	4,200	2,683	1,175	3,967	3,371
<i>Ordinary Income Ratio</i>	<i>9.5%</i>	<i>7.2%</i>	<i>8.9%</i>	<i>12.0%</i>	<i>5.3%</i>	<i>14.8%</i>	<i>9.9%</i>
Net Income	1,418	981	2,600	1,047	604	2,559	2,262
<i>Net Income Ratio</i>	<i>5.0%</i>	<i>3.7%</i>	<i>5.5%</i>	<i>4.7%</i>	<i>2.7%</i>	<i>9.5%</i>	<i>6.6%</i>

5. Consolidated Segment Information (Quarterly Comparison)

Net Sales	12/2006			3/2006			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	8,668	8,331	18,000	6,318	6,275	9,734	12,117
Analytical	8,784	8,215	12,000	7,107	7,138	7,579	10,846
Medical	5,480	5,019	10,000	4,616	4,732	5,252	5,907
Semiconductor	5,588	4,911	7,000	4,375	4,129	4,295	5,237
Total	28,521	26,478	47,000	22,418	22,275	26,861	34,109

Operating Income	12/2006			3/2006			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	612	987	2,000	1,751	801	2,696	1,259
Analytical	706	93	900	59	-152	279	1,135
Medical	279	320	1,000	118	91	479	263
Semiconductor	1,214	785	700	772	295	538	883
Total	2,812	2,187	4,600	2,702	1,035	3,994	3,543

6. Consolidated Orders, Backlog Information (Quarterly Comparison)

Orders	12/2006			3/2006			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	10,246	-	-	8,965	5,842	9,935	10,469
Analytical	10,059	-	-	7,936	8,138	8,120	10,464
Medical	6,114	-	-	4,888	5,114	5,575	5,593
Semiconductor	6,075	-	-	4,610	3,988	4,417	5,071
Total	32,496	-	-	26,400	23,084	28,049	31,599

Backlog	12/2006			3/2006			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	21,638	-	-	11,472	11,039	21,707	20,059
Analytical	9,901	-	-	7,466	8,467	9,008	8,627
Medical	2,628	-	-	1,603	1,985	2,309	1,995
Semiconductor	2,102	-	-	1,800	1,659	1,781	1,615
Total	36,271	-	-	22,343	23,152	34,807	32,297

* The segment name of engine measurement instruments & systems was changed to automotive test systems effective March 21, 2006.

Contact

HORIBA Ltd. Corporate Strategy Office, Nobuhiro Tanji
 2, Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan
 TEL (81) 75-313-8121 E-mail nobuhiro.tanji@horiba.com

Operating Results and Financial Condition

1. Operating Results

Net sales for the three months ended June 20, 2006 increased by 27.2% to ¥28,521 million compared with the three months ended June 20, 2005 with the double-digit growth in all four business segments. As for income, operating income increased by 4.1% to ¥2,812 million due to a large increase of profit in three business segments, the Analytical Instruments & Systems, the Medical/Diagnostic Instruments & Systems and the Semiconductor Instruments & Systems, even though there was a temporary decline in profitability in the Automotive Test Systems. Ordinary income increased by 0.7% to ¥2,703 million due to the growth of operating income despite a slight increase in non-operating expense. Net income increased by 35.4% to ¥1,418 million due to a significant decrease in special loss compared with the previous first quarter.

(Automotive Test Systems)

With an increase of sales related to development test systems acquired from Carl Schenck AG at September 30, 2005, sales of this segment increased by 37.2% to ¥8,668 million compared with the previous first quarter. As for income, the profitability of the products for development test systems operation was lower than that for exhaust gas analyzers and start-up cost such as amortization of goodwill and R&D investment in new products lowered the profitability of the segment. Moreover, there were some transactions of which profitability was not high in the main product, motor exhaust gas analyzers. As a result, operating income decreased by 65.0% to ¥612 million.

(Analytical Instruments & Systems)

Due to the growth of sales of X-ray analyzers for Waste Electrical and Electronic Equipment (WEEE) and restriction of the use of certain hazardous substances in Electrical and Electronic Equipment (RoHS) directives in the domestic and Asian markets and high demand for sulfur-in-oil analyzers in the American market and exhaust gas measurement (stack gas) in the domestic market, total segment sales increased by 23.6% to ¥8,784 million relative to the previous first quarter. Operating income increased by 1,086.9% to ¥706 million.

(Medical/Diagnostic Instruments & Systems)

With an increase of sales of large sized hematology analyzers and diagnostic reagents in the European and North American markets, in addition of an increase of sales of automatic blood cell counter plus CRP in the domestic market, total segment sales increased by 18.7% to ¥5,480 million compared with the previous first quarter. Operating income increased by 135.4% to ¥279 million.

(Semiconductor Instruments & Systems)

Due to the growth of sales of mass flow controllers specially in the North American market and the high demand of chemical concentration monitors from the manufacturer of cleaning equipment, total segment sales increased by 27.7% to ¥5,588 million and operating income increased by 57.2% to ¥1,214 million compared with the previous first quarter.

2. Financial Condition

1) Cash Flows

Cash Flows Resulting from Operating Activities

Net cash provided by operating activities amounted to ¥629 million. This was due mainly to ¥2,684 million of income before income taxes and ¥1,591 million for a decrease in trade notes and accounts receivable, even though ¥2,758 million for income tax paid and ¥1,205 million for an increase in inventories.

Cash Flows Resulting from Investing Activities

Net cash used in investing activities totaled ¥1,494 million. This was due primarily to payment of ¥1,128 million for purchase of tangible fixed assets and payment of ¥644 million for purchase of intangible fixed assets, even though ¥200 million for a decrease in loans receivables.

Cash Flows Resulting from Financing Activities

Net cash provided by financing activities amounted to ¥884 million. This was due primarily to ¥1,403 million for an increase in long-term debt and ¥777 million for reimbursement of funds for redemption for convertible bonds, even though ¥835 million of cash dividends paid.

As a result, cash and cash equivalents increased by ¥54 million and cash and cash equivalents at the end of the period amounted to ¥14,939 million.

3. Outlook for the Term Ending December 31, 2006 (March 21, 2006 – December 31, 2006)

Please refer to page 2 with regard to the segment information of net sales and operating income.

Outlook for the first half (six months ending September 20, 2006)

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Net sales	53,000	55,000	+2,000
Operating income	4,400	5,000	+600
Ordinary income	4,000	4,600	+600
Net income	2,000	2,400	+400

By business segment

Net sales

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Automotive	17,000	17,000	±0
Analytical	16,000	17,000	+1,000
Medical	10,000	10,500	+500
Semiconductor	10,000	10,500	+500
Total	53,000	55,000	+2,000

Operating income

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Automotive	2,200	1,600	-600
Analytical	400	800	+400
Medical	500	600	+100
Semiconductor	1,300	2,000	+700
Total	4,400	5,000	+600

In the Automotive Test Systems, the recovery of profitability is expected in and after the second quarter, even though operating income declined in the first quarter. While sales for products related to environmental regulation are continuously expected to increase in the Analytical Instruments & Systems, the growth of sales of hematology analyzer, clinical chemistry analyzer and diagnostic reagents following the increased number of units is forecast in the Medical/Diagnostic Instruments & Systems and the continuous expansion of demand for mass flow controllers and chemical concentration monitors is expected in the Semiconductor Instruments & Systems.

Compared with the previous forecast, sales is forecast to increase by ¥2,000 million to ¥55,000 million (23.1% up compared with the previous first half). As for income, operating income is forecast to increase by ¥600 million to ¥5,000 million (33.8% up), ordinary income by ¥600 million to ¥4,600 million (19.2% up), net income by ¥400 million to ¥2,400 million (45.3% up).

Outlook for the full year (year ending December 31, 2006)

(March 21, 2006 – December 31, 2006)

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Net sales	100,000	102,000	+2,000
Operating income	9,000	9,600	+600
Ordinary income	8,200	8,800	+600
Net income	4,600	5,000	+400

(Ref) 12months ending March 20, 2007 (March 21,2006 – March 20, 2007)

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Net sales	118,000	120,000	+2,000
Operating income	12,000	12,600	+600
Ordinary income	11,200	11,800	+600
Net income	6,500	6,900	+400

By business segment

(March 21, 2006 – December 31, 2006)

Net sales

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Automotive	35,000	35,000	±0
Analytical	28,000	29,000	+1,000
Medical	20,000	20,500	+500
Semiconductor	17,000	17,500	+500
Total	100,000	102,000	+2,000

(Ref) 12months ending March 20, 2007 (March 21,2006 – March 20, 2007)

Net sales

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Automotive	40,000	40,000	±0
Analytical	35,000	36,000	+1,000
Medical	22,500	23,000	+500
Semiconductor	20,500	21,000	+500
Total	118,000	120,000	+2,000

Operating income

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Automotive	4,200	3,600	-600
Analytical	1,300	1,700	+400
Medical	1,500	1,600	+100
Semiconductor	2,000	2,700	+700
Total	9,000	9,600	+600

Operating income

¥ million

	Previous forecast (As of May 10)	Revised forecast (As of August 1)	Changes
Automotive	5,600	5,000	-600
Analytical	1,800	2,200	+400
Medical	1,800	1,900	+100
Semiconductor	2,800	3,500	+700
Total	12,000	12,600	+600

The outlook of the 2nd half has not changed from the previous forecast because of uncertainties such as changes in economic conditions or market situations. The outlook for the full year reflected the same change as seen in the outlook for the 1st half.

(NOTE) The outlook is calculated based on information available to us at August 1, 2006. Uncertainties could cause our actual results to be different from these projections. Of uncertainties, some of the main factors are listed as follows.

Business risks (changes in economic conditions in our market and demand for our products/ fluctuations in market prices affected by competitors/environmental restrictions /delay in launching new products, etc.)
Risks on world-wide activities (fluctuation of exchange rates/changes in laws, rules and taxation/terrorist acts, wars and other social confusions/other risks on economy, social and politics)
Compensation for product liability
Changes in results and financial condition caused by M&A and tie-ups
Changes in a market values of marketable and investment securities and other assets
Reversal of deferred tax assets due to changes in accounting standards and policies
Repairs of facilities damaged by natural disasters and delay in a delivery of products

Consolidated Balance Sheets

Accounts	As of June 20, 2006		As of June 20, 2005		As of March 20, 2006	
	Amount	%	Amount	%	Amount	%
Assets	¥ million		¥ million		¥ million	
Current Assets:	83,701	70.5	71,292	72.3	85,760	71.5
Cash and bank deposits	13,840		16,689		14,612	
Trade notes and accounts receivable	36,092		28,634		37,407	
Marketable securities	1,163		592		394	
Inventories	28,707		22,175		27,272	
Deferred tax assets	2,338		1,547		2,741	
Other current assets	2,438		2,183		4,211	
Allowance for doubtful receivables	(878)		(529)		(880)	
Fixed Assets:	34,983	29.5	27,322	27.7	34,216	28.5
Property, Plant and Equipment:	20,785	17.5	18,409	18.7	20,223	16.9
Buildings and structures	7,986		7,042		8,006	
Machinery, equipment, and vehicles	3,623		2,871		3,316	
Land	6,703		6,570		6,617	
Construction in progress	172		127		87	
Other property, plant and equipment	2,299		1,796		2,195	
Intangibles:	5,912	5.0	2,611	2.6	5,462	4.5
Goodwill	75		74		39	
Consolidation difference	2,198		1,224		2,365	
Other intangibles	3,638		1,312		3,057	
Investments and Other Non-current Assets:	8,285	7.0	6,302	6.4	8,530	7.1
Investment securities	5,038		3,996		5,397	
Deferred tax assets	783		1,084		671	
Other investments and other assets	2,542		1,340		2,544	
Allowance for doubtful accounts	(78)		(119)		(81)	
Total Assets	118,684	100.0	98,615	100.0	119,976	100.0

Consolidated Balance Sheets

Accounts	As of June 20, 2006		As of June 20, 2005		As of March 20, 2006	
	Amount	%	Amount	%	Amount	%
Liabilities	¥ million		¥ million		¥ million	
Current Liabilities:	41,698	35.2	32,772	33.2	44,377	37.0
Trade notes and accounts payable	12,042		8,617		13,061	
Short-term loans payable	6,342		5,653		6,746	
Current portion of long-term debt	585		242		452	
Accounts payable – other	9,685		7,039		8,913	
Accrued income taxes	1,259		1,191		3,121	
Accrued bonuses to employees	1,282		1,627		2,900	
Accrued bonuses to directors	72		–		–	
Reserve for product warranty	1,079		789		1,025	
Current maturities of convertible bonds	–		2,988		–	
Other current liabilities	9,349		4,622		8,156	
Non-Current Liabilities:	11,044	9.3	10,012	10.2	9,992	8.4
Corporate bonds	5,000		5,000		5,000	
Long-term debt	2,942		2,090		1,666	
Employees' retirement benefits	1,425		1,355		1,461	
Directors' and corporate auditors' retirement benefits	686		630		617	
Deferred tax liabilities	384		15		637	
Other non-current liabilities	606		919		607	
Total Liabilities	52,743	44.5	42,785	43.4	54,369	45.4

Consolidated Balance Sheets

Accounts	As of June 20, 2006		As of June 20, 2005		As of March 20, 2006	
	Amount	%	Amount	%	Amount	%
Minority Interests in Consolidated Subsidiaries	-	-	127	0.1	160	0.1
Shareholders' Equity						
Common stock	-	-	10,078	10.2	11,569	9.6
Capital surplus	-	-	16,787	17.0	18,275	15.2
Retained earnings	-	-	27,811	28.3	32,904	27.5
Net unrealized holding gains on securities	-	-	1,108	1.1	1,919	1.6
Foreign currency translation adjustments	-	-	68	0.1	849	0.7
Treasury stock	-	-	(152)	(0.2)	(73)	(0.1)
Shareholders' Equity	-	-	55,702	56.5	65,446	54.5
Total Liabilities, Minority Interests, and Shareholders' Equity	-	-	98,615	100.0	119,976	100.0
Net Assets						
Owners' Equity	63,002	53.1	-	-	-	-
Common stock	11,601	9.8	-	-	-	-
Capital surplus	18,308	15.4	-	-	-	-
Retained earnings	33,110	27.9	-	-	-	-
Treasury stock	(17)	(0.0)	-	-	-	-
Valuation and Translation Adjustments	2,792	2.3	-	-	-	-
Net unrealized holding gains on securities	1,700	1.4	-	-	-	-
Foreign currency translation adjustments	1,092	0.9	-	-	-	-
Minority Interests in Consolidated Subsidiaries	145	0.1	-	-	-	-
Total Net Assets	65,940	55.5	-	-	-	-
Total Liabilities and Net Assets	118,684	100.0	-	-	-	-

Consolidated Statements of Income

Accounts	Three Months ended June 20, 2006		Three Months ended June 20, 2005		Year ended March 20, 2006	
	Amount	%	Amount	%	Amount	%
	¥ million		¥ million		¥ million	
Net Sales	28,521	100.0	22,418	100.0	105,664	100.0
Cost of Sales	16,201	56.8	12,081	53.9	60,739	57.5
Gross Income	12,320	43.2	10,336	46.1	44,925	42.5
Selling, General and Administrative Expenses	9,507	33.3	7,634	34.0	33,650	31.8
Operating Income	2,812	9.9	2,702	12.1	11,275	10.7
<u>Other Income</u>	182	0.6	112	0.5	765	0.7
Interest and dividend income	29	0.1	17	0.1	120	0.1
Foreign exchange gains	-	-	-	-	143	0.1
Other	153	0.5	95	0.4	500	0.5
<u>Other Expenses</u>	292	1.0	130	0.6	842	0.8
Interest expense	111	0.4	76	0.3	333	0.3
Foreign exchange losses	59	0.2	1	0.0	-	-
Other	120	0.4	52	0.3	509	0.5
Ordinary Income	2,703	9.5	2,683	12.0	11,197	10.6
<u>Special Gains</u>	2	0.0	396	1.8	714	0.7
Gain on sale of property, plant and equipment	2	0.0	1	0.0	46	0.0
Gain on sale of investment securities	-	-	394	1.8	394	0.4
Gain on insurance, net of related loss	-	-	-	-	95	0.1
Gain on settlement of license	-	-	-	-	177	0.2
Other	-	-	-	-	0	0.0
<u>Special Losses</u>	20	0.1	789	3.6	1,164	1.1
Loss on disposal of property, plant and equipment	6	0.1	8	0.0	115	0.1
Loss on sale of property, plant and equipment	6	0.0	27	0.2	16	0.0
Retirement benefits to directors	1	0.0	749	3.4	749	0.7
Loss on valuation of investment securities	-	-	4	0.0	12	0.0
Other	6	0.0	-	-	270	0.3
Income Before Income Taxes	2,684	9.4	2,290	10.2	10,747	10.2
Income taxes (Current)	1,098	3.8	923	4.1	4,424	4.2
Income taxes (Deferred)	151	0.5	275	1.2	(210)	(0.2)
Minority interest in earnings of consolidated subsidiaries	16	0.1	44	0.2	60	0.1
Net Income	1,418	5.0	1,047	4.7	6,473	6.1

Consolidated Statements of Shareholders' Equity

Three Months ended June 20, 2006 (March 21, 2006 – June 20, 2006)

	Owners' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Owners' Equity
Balance at March 20, 2006	11,569	18,275	32,904	(73)	¥ million 62,676
Changes in this period					
Issuance of new shares	32	32	—	—	64
Cash dividends	—	—	(926)	—	(926)
Bonus to directoros	—	—	(271)	—	(271)
Net income	—	—	1,418	—	1,418
Disposal of treasury stocks	—	—	(14)	55	41
Others	—	—	—	—	—
Total changes	32	32	205	55	326
Balance at June 20, 2006	11,601	18,308	33,110	(17)	63,002

	Valuation and Translation Adjustments			Minority interest	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
Balance at March 20, 2006	1,919	849	2,769	160	¥ million 65,606
Changes in this period					
Issuance of new shares	—	—	—	—	64
Cash dividends	—	—	—	—	(926)
Bonus to directoros	—	—	—	—	(271)
Net income	—	—	—	—	1,418
Disposal of treasury stocks	—	—	—	—	41
Others	(219)	242	23	(14)	8
Total changes	(219)	242	23	(14)	334
Balance at June 20, 2006	1,700	1,092	2,792	145	65,940

Consolidated Statements of Surplus

Accounts	Three Months ended June 20, 2005	Year ended March 20, 2006
	¥ million	¥ million
(Capital surplus)		
Balance of capital surplus at beginning of period	13,932	13,932
Increase of capital surplus	2,855	4,343
Conversion of convertible bonds	437	1,925
<u>Increase through a stock-for-stock exchange</u>	2,418	2,418
Balance of capital surplus at end of period	16,787	18,275
(Retained earnings)		
Balance of retained earnings at beginning of period	27,422	27,422
Increase of retained earnings	1,047	6,473
<u>Net income</u>	1,047	6,473
Decrease of retained earnings	657	990
Cash dividends	478	722
Bonus to directors and corporate auditors	176	176
Decrease on disposal of treasury stock	3	14
<u>Effect of accounting change in an overseas subsidiary</u>	-	77
Balance of retained earnings at end of period	27,811	32,904

Consolidated Statements of Cash Flows

Accounts	Three Months ended June 20, 2006	Three Months ended June 20, 2005	Year ended March 20, 2006
	¥ million	¥ million	¥ million
Cash Flows from Operating Activities:			
Income before income taxes	2,684	2,290	10,747
Depreciation	716	625	2,781
Amortization of consolidation difference	148	79	391
Loss on disposal of property, plant and equipment	6	8	115
Loss on valuation of investment securities	-	4	12
Increase (decrease) in allowance for doubtful receivables	(19)	25	219
Increase (decrease) in directors' and corporate auditors' retirement benefits	80	(514)	74
Increase (decrease) in employees' retirement benefits	(51)	9	81
Interest and dividend income	(29)	(17)	(120)
Interest expense	111	76	333
Foreign exchange losses	2	0	15
Gain on sale of property, plant and equipment	(2)	(1)	(46)
Loss on sale of property, plant and equipment	6	27	16
Gain on sale of investment securities	-	(394)	(394)
Retirement benefits to directors	1	749	770
Decrease (increase) in trade notes and accounts receivable	1,591	1,777	(4,692)
Increase in inventories	(1,205)	(193)	(673)
Increase (decrease) in trade notes and accounts payable	(1,124)	(2,597)	313
Bonuses to directors and corporate auditors	(58)	(10)	(176)
Other, net	581	543	3,447
Subtotal	3,441	2,489	13,216
Interest and dividends received	30	17	116
Interest paid	(83)	(44)	(324)
Payment of retirement benefits to directors	-	-	(1,341)
Income taxes paid	(2,758)	(1,192)	(2,994)
Net cash provided by operating activities	629	1,270	8,672
Cash Flows from Investing Activities:			
Increase in time deposits	-	(0)	(1,615)
Decrease in time deposits	60	14	22
Payments for purchase of investment securities	(4)	(302)	(349)
Proceeds from sales or redemption of investment securities	0	501	507
Payments for purchase of property, plant and equipment	(1,128)	(555)	(4,019)
Proceeds from sale of property, plant and equipment	20	3	133
Payments for purchase of intangibles	(644)	(134)	(1,765)
Proceeds from sale of intangibles	-	-	2
Payments for purchase of investments in newly consolidated subsidiaries	-	-	(3,269)
Increase in loans receivable	(1)	(5)	(10)
Decrease in loans receivable	200	0	12
Other, net	3	(7)	(7)
Net cash used in investing activities	(1,494)	(484)	(10,361)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	(493)	265	1,253
Increase in long-term debt	1,403	685	684
Repayment of long-term debt	(39)	(48)	(283)
Proceeds from exercise of stock acquisition rights	64	-	-
Payments for purchase of treasury stock	(0)	(22)	(119)
Proceeds from sales of treasury stock	41	21	185
Cash dividends paid	(835)	(430)	(722)
Cash dividends paid to minority interests	(30)	(31)	(31)
Reimbursement of funds for redemption of convertible bonds	777	-	-
Payments of funds for redemption of convertible bonds	-	-	(786)
Other, net	(3)	(22)	(50)
Net cash provided by financing activities	884	415	129
Cash and Cash Equivalents Foreign Currency Translation Adjustments	34	(32)	335
Net Increase (Decrease) in Cash and Cash Equivalents	54	1,169	(1,223)
Cash and Cash Equivalents at Beginning of Period	14,884	16,108	16,108
Cash and Cash Equivalents at End of Period	14,939	17,278	14,884

Business Segment Information

1. Business Segment Information

Results for the Three Months ended June 20, 2006 (March 21, 2006 – June 20, 2006)

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	8,668	8,784	5,480	5,588	28,521	—	28,521
(2) Intersegment sales and transfer	—	—	—	—	—	—	—
Operating expenses	8,055	8,078	5,201	4,373	25,709	—	25,709
Operating Income	612	706	279	1,214	2,812	—	2,812

Results for the Three Months ended June 20, 2005 (March 21, 2005 – June 20, 2005)

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	6,318	7,107	4,616	4,375	22,418	—	22,418
(2) Intersegment sales and transfer	—	—	—	—	—	—	—
Operating expenses	4,567	7,048	4,497	3,603	19,716	—	19,716
Operating Income (Loss)	1,751	59	118	772	2,702	—	2,702

Results for the Year ended March 20, 2006 (March 21, 2005 – March 20, 2006)

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	34,446	32,671	20,508	18,038	105,664	—	105,664
(2) Intersegment sales and transfer	—	—	—	—	—	—	—
Operating expenses	27,936	31,349	19,555	15,547	94,389	—	94,389
Operating Income	6,509	1,322	952	2,490	11,275	—	11,275

Main products of each business segment

Business Segment	Main Products
Automotive Test Systems	Emission Measurement Systems, On-Board Emission Measurement Systems, In-Use Automotive Emission Analyzers, Catalyst Test and Evaluation Systems, Fuel Cell Evaluation Systems, Laboratory Automation Systems, Driveline Test Systems, Vehicle Performance Test Systems, Brake Test Systems, Transportation Management Systems, Driving Recorders
Analytical Instruments & Systems	Particle-size Distribution Analyzers, X-ray Fluorescence Analyzers, Raman Spectrophotometers, ICP Optical Emission Spectrometers, Diffraction Gratings, Water Quality Analysis and Examination, pH Meters, Air Pollution Analyzers, Stack Gas Analysis Systems
Medical/Diagnostic Instruments & Systems	Equipment for blood sample analysis (Hematology Analyzers, Equipment for measuring immunological responses, clinical analyzers, blood sugar measurement systems)
Semiconductor Instruments & Systems	Mass Flow Controllers, Chemical Concentration Monitors, Thin-film analyzers for semiconductors and LCD inspection, Reticle/Mask Particle Detection Systems, Residual Gas Analyzers, Vacuum meters

Note: The segment name of engine measurement instruments & systems was changed to automotive test systems effective March 21, 2006.

Geographical Segment Information

2. Geographical Segment Information

Results for the Three Months ended June 20, 2006 (March 21, 2006 – June 20, 2006)

	Japan	America	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	14,111	3,953	9,679	778	28,521	–	28,521
(2) Intersegment sales and transfers	3,516	187	688	410	4,803	(4,803)	–
Total	17,628	4,141	10,368	1,188	33,325	(4,803)	28,521
Operating expenses	14,363	4,190	11,119	975	30,648	(4,939)	25,709
Operating Income (Loss)	3,264	(49)	(751)	212	2,677	135	2,812

Results for the Three Months ended June 20, 2005 (March 21, 2005 – June 20, 2005)

	Japan	America	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	13,044	1,678	7,277	417	22,418	–	22,418
(2) Intersegment sales and transfers	2,847	78	646	253	3,826	(3,826)	–
Total	15,892	1,757	7,923	670	26,244	(3,826)	22,418
Operating expenses	12,998	1,833	8,234	549	23,616	(3,900)	19,716
Operating Income (Loss)	2,894	(76)	(310)	120	2,628	74	2,702

Results for the Year ended March 20, 2006 (March 21, 2005 – March 20, 2006)

	Japan	America	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	50,502	13,395	39,684	2,081	105,664	–	105,664
(2) Intersegment sales and transfers	11,139	485	2,885	1,028	15,539	(15,539)	–
Total	61,642	13,880	42,570	3,110	121,204	(15,539)	105,664
Operating expenses	52,719	13,122	41,274	2,768	109,884	(15,495)	94,389
Operating Income	8,923	758	1,296	341	11,319	(44)	11,275

3. Overseas Sales

Results for the Three Months ended June 20, 2006 (March 21, 2006 – June 20, 2006)

¥ million

	America	Europe	Asia	Total
Overseas sales	6,014	6,759	3,921	16,695
Consolidated sales	—	—	—	28,521
Overseas sales to consolidated sales (%)	21.1	23.7	13.7	58.5

Results for the Three Months ended June 20, 2005 (March 21, 2005 – June 20, 2005)

¥ million

	America	Europe	Asia	Total
Overseas sales	3,499	5,043	2,785	11,328
Consolidated sales	—	—	—	22,418
Overseas sales to consolidated sales (%)	15.6	22.5	12.4	50.5

Results for the Year ended March 20, 2006 (March 21, 2005 – March 20, 2006)

¥ million

	America	Europe	Asia	Total
Overseas sales	22,555	27,061	13,002	62,619
Consolidated sales	—	—	—	105,664
Overseas sales to consolidated sales (%)	21.4	25.6	12.3	59.3

Note: Overseas sales comprise sales of HORIBA, Ltd and it's subsidiaries in countries or regions other than Japan.

Orders, Backlog

Segment	Three Months ended June 20, 2006		Three Months ended June 20, 2005		Year ended March 20, 2006		
	Amount	%	Amount	%	Amount	%	
	¥ million		¥ million		¥ million		
O r d e r s	Automotive Test Systems	10,246	31.5	8,965	34.0	35,212	32.3
	Analytical Instruments & Systems	10,059	31.0	7,936	30.0	34,660	31.7
	Medical/Diagnostic Instruments & Systems	6,114	18.8	4,888	18.5	21,172	19.4
	Semiconductor Instruments & Systems	6,075	18.7	4,610	17.5	18,087	16.6
	Total	32,496	100.0	26,400	100.0	109,133	100.0
B a c k l o g	Automotive Test Systems	21,638	59.7	11,472	51.3	20,059	62.1
	Analytical Instruments & Systems	9,901	27.3	7,466	33.4	8,627	26.7
	Medical/Diagnostic Instruments & Systems	2,628	7.2	1,603	7.2	1,995	6.2
	Semiconductor Instruments & Systems	2,102	5.8	1,800	8.1	1,615	5.0
	Total	36,271	100.0	22,343	100.0	32,297	100.0

Note: The segment name of engine measurement instruments & systems was changed to automotive test systems effective March 21, 2006.