

Consolidated Financial Statements for the Nine Months Ended September 30, 2007

Company Name **HORIBA, Ltd.**
 Listing Code 6856
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 Stock Exchange Listings: Tokyo, Osaka
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(Figures have been rounded down to the nearest million yen.)

1. Consolidated Results for the Nine Months Ended September 30, 2007 (January 1, 2007 – September 30, 2007)

(1) Consolidated Operating Results (Percentages represent changes from the corresponding period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Nine months ended 9/30/07	100,964	–	11,531	–	11,265	–	5,367	–
Year ended 12/31/06	116,099		11,706		10,768		6,510	

	Net income per share	Net income per share (diluted)
	Yen	Yen
Nine months ended 9/30/07	126.68	126.29
Year ended 12/31/06	154.23	153.70

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 9/30/07	149,057	76,877	51.6	1,812.21
As of 12/31/06	129,236	72,375	56.0	1,710.75

(3) Consolidated 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Nine months ended 9/30/07	7,194	(12,226)	10,305	20,964
Year ended 12/31/06	3,769	(4,519)	1,315	15,672

2. Dividends *

(Base date)	Dividend per share		
	Interim	Year-end	Annual
Year ended 12/31/06	8.00 Yen	18.00 Yen	26.00 Yen
Year ending 12/31/07	10.00		
Year ending 12/31/07 (Forecast)		25.00	35.00

3. Consolidated Forecast for the Year Ending December 31, 2007 (January 1, 2007 – December 31, 2007) *

(Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
Year ending 12/31/07	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	142,000	22.3	16,000	36.7	14,900	38.4	7,800	19.8	184.03

4. Others

- (1) Changes in scope of consolidation and application of the equity method during the nine months ended September 30, 2007: None
- (2) Adoption of simplified methods in accounting policies: None
- (3) Changes in accounting policies from the latest fiscal year: Yes

(Note) For details, please refer to "4. Others" on page 5.

- * Taking into account the current business performance, the Company revised the forecast for the year ending December 31, 2007 announced on August 21, 2007. Please refer to page 4 with regard to the details of the consolidated forecast. The forecast was computed based on the information available at November 13, 2007. Numerous uncertainties may cause the actual results to be materially different from the forecast.

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period and year-to-year comparisons were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, no year-to-year comparisons were made. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

1. Operating Results (Please refer to page 13 of financial highlights for the nine months ended September 30, 2007)

During the nine months ended September 30, 2007 (the third quarter), research and development expenditures for new environmental-oriented cars and engines continued to be brisk in the automotive industry, while the demand in the semiconductor industry slowed down in the second half of this year due to a price decline in semiconductor products such as DRAM. Under such surrounding circumstances, HORIBA, Ltd. ("the Company") and its consolidated subsidiaries ("HORIBA" as a consolidated group) had net sales of ¥100,964 million. As for income, operating income and ordinary income amounted to ¥11,531 million and ¥11,265 million, respectively, due to volume efficiency with increased sales and continued depreciation of the Yen. The ratio of operating income of 11.4% exceeded 10%, a target of the Mid-Long Term Management Plan. With the increase in ordinary income, net income amounted to ¥5,367 million, even though we recorded special losses such as the ¥1,041 million of provision for possible losses from litigation and the ¥703 million resulting from the recomputation of beginning inventory balances under the new accounting policy for research and development expenses. As mentioned above, no year-to-year comparisons were made, however, the operating results for the third quarter showed a favorable progress to the forecast which was previously made and announced on August 21, 2007 (the previous forecast). Please refer to page 14 with regard to the operating results for the three-month period from July through September.

(Automotive Test Systems)

Sales of emission measurement systems, our mainstay, continued to show buoyant growth, which resulted from active developments in energy-saving engine by auto manufacturers and increased research and development investments by auto parts manufacturers. Also, sales of the automotive test systems (DTS) business acquired from Germany's Carl Schenck AG on September 30, 2005 expanded mainly in a domestic market, taking advantage of the Company's existing networks of sales and services. As a result, sales in this segment were ¥33,222 million. Operating income was ¥4,105 million supported by increased sales of emission measurement systems, despite the fact that the DTS business results were in the red.

(Analytical Instruments & Systems)

Although a slowdown was seen in the demand for X-ray analyzers for Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances (RoHS) directives and sulfur-in-oil analyzers in the American market, sales of analytical and measurement equipment for environmental regulation related business in areas, such as air pollution and water quality, were brisk, and HORIBA Jobin Yvon S.A.S. in France, a company with considerable expertise in the nanotechnology measurement, leveraged its advanced technological capabilities to expand sales in related cutting-edge scientific fields. As a result, sales in this segment were ¥28,554 million and operating income was ¥1,838 million.

(Medical/Diagnostic Instruments & Systems)

Sales of large sized hematology analyzers and medium sized clinical chemistry analyzers increased in the European and American markets and sales of testing reagents expanded, reflecting strong growth in the number of analyzers in use. As a result, sales in this segment were ¥18,533 million, while operating income was ¥819 million due to the decline in profit of HORIBA ABX S.A.S. in France attributed to the strong Euro.

(Semiconductor Instruments & Systems)

The growth of sales of mass flow controllers, used in semiconductor manufacturing equipment, and chemical concentration monitors, used in semiconductor cleaning equipment, slowed down in the second half affected by the sluggish semiconductor market. As a result, sales in this segment were ¥20,654 million and operating income was ¥4,767 million.

2. Financial Condition

As of September 30, 2007, total assets were ¥149,057 million, up ¥19,820 million from December 31, 2006. The main factors contributing to the rise are a ¥8,427 million increase in cash and bank deposits, a ¥4,380 million increase in inventories, a ¥2,027 million increase in property, plant and equipment and a ¥2,387 million increase in intangibles.

Total liabilities were ¥72,179 million, up ¥15,318 million from December 31, 2006. The main factors in the increase are that interest-bearing liabilities increased by ¥11,621 million and that provision for possible losses from litigation increased by ¥1,204 million.

Total net assets amounted to ¥76,877 million, up ¥4,502 million from December 31, 2006 due mainly to an increase in retained earnings reflecting net income and other factors, despite a decrease due to payment of cash dividends.

The cash flow status for the nine months ended September 30, 2007 is as follows.

Net cash provided by operating activities amounted to ¥7,194 million. This is due mainly to ¥9,442 million in income before income taxes and ¥2,479 million in depreciation, despite ¥4,394 million for income taxes paid and a ¥4,623 million increase in inventories.

Net cash used in investing activities totaled ¥12,226 million. This is due primarily to a ¥5,000 million increase in time deposits, ¥4,503 million in payments for the purchase of property, plant and equipment and ¥2,472 million in payments for the purchase of intangibles.

Net cash provided by financing activities amounted to ¥10,305 million. This is attributed to ¥9,944 million in proceeds from issuance of bonds and ¥1,054 million from an increase in short-term borrowings, against a ¥1,189 million outflow for the payment of cash dividends.

As a result, there was a net increase of ¥5,291 million in cash and cash equivalents to ¥20,964 million as of September 30, 2007.

3. Outlook for the Year Ending December 31, 2007

Outlook for the year ending December 31, 2007

(Unit: millions of yen)

	Previous forecast (As of Aug. 21)	Revised forecast (As of Nov. 13)	Changes
Net sales	138,000	142,000	+4,000
Operating income	15,000	16,000	+1,000
Ordinary income	14,700	14,900	+200
Net income	7,600	7,800	+200

By business segment

Net sales (Unit: millions of yen)

	Previous forecast (As of Aug. 21)	Revised forecast (As of Nov. 13)	Changes
Automotive	47,000	50,000	+3,000
Analytical	38,500	39,000	+500
Medical	25,000	25,500	+500
Semiconductor	27,500	27,500	±0
Total	138,000	142,000	+4,000

Operating income (Unit: millions of yen)

	Previous forecast (As of Aug. 21)	Revised forecast (As of Nov. 13)	Changes
Automotive	5,000	6,000	+1,000
Analytical	2,900	2,900	±0
Medical	1,400	1,400	±0
Semiconductor	5,700	5,700	±0
Total	15,000	16,000	+1,000

Taking into consideration the fact that the business performance during the third quarter was stronger than the previous forecast, in addition to high-level order backlog at the end of the third quarter and the current trend of exchange rates, the forecasts of sales and operating income are expected to increase by ¥4,000 million and by ¥1,000 million, respectively compared with the previous forecast. Accordingly, both ordinary income and net income are revised to increase by ¥200 million. By business segment, sales and operating income in the Automotive Test Systems segment are revised to be up ¥3,000 million and ¥1,000 million, respectively. Sales in the Analytical Instruments & Systems and the Medical/Diagnostic Instruments & Systems segments are expected to increase by ¥500 million, reflecting the current trend of exchange rates. There has been no change in the previous forecast of the Semiconductor Instruments & Systems segment due to its uncertain outlook in the semiconductor market, though the business performance has currently been solid.

Under such an upward momentum, the dividend for the year ending December 31, 2007 is forecast to increase by ¥3 to ¥35 per share (interim result: ¥10, year-end forecast: ¥25) compared with the previous forecast, which is on a basic policy of maintaining a standard payout ratio in which the total dividend payment amount is equal to 30% of the non-consolidated net income of the Company. (Please see "2. Dividends" on page 2 for reference.)

*The forecast was computed based on the information available at November 13, 2007. Numerous uncertainties may cause the actual results to be materially different from the forecast. Of uncertainties, some of the main factors are listed as follows.

Business risks:

risks associated with international business activities, changes in performance or financial position associated with acquisitions or alliances, repairs of facilities following natural disasters and associated delays in delivery, etc., risks associated with contract and transaction, other business risks

Risks associated with development and production:

compensation for product liability, delays in development of new products, risks concerning intellectual property rights

Financial risks:

shifts in the market price of securities holding or other assets, reversal of deferred tax assets resulting from changes in systems or accounting policies

4. Others

(1) Changes in scope of consolidation and application of the equity method during the nine months ended September 30, 2007:

None

(2) Adoption of simplified methods in accounting policies:

None

(3) Changes in accounting policies from the latest fiscal year:

Effective January 1, 2007, HORIBA has changed its accounting policies for research and development expenses. Under the new accounting policy, certain research and development expenses that had been previously accounted for as cost of sales are included in selling, general and administrative expenses. By this change, HORIBA recorded a special loss of ¥703 million resulting from the recomputation of the beginning inventory balances.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Accounts	As of September 30, 2007		As of December 31, 2006	
	Amount	%	Amount	%
Assets	Millions of yen		Millions of yen	
Current Assets:	108,344	72.7	92,759	71.8
Cash and bank deposits	23,235		14,807	
Trade notes and accounts receivable	41,774		42,484	
Marketable securities	3,430		868	
Inventories	35,327		30,947	
Deferred tax assets	2,737		2,441	
Other current assets	2,852		2,132	
Allowance for doubtful receivables	(1,014)		(922)	
Fixed Assets:	40,712	27.3	36,476	28.2
Property, Plant and Equipment:	23,727	15.9	21,700	16.8
Buildings and structures	7,952		8,028	
Machinery, equipment, and vehicles	4,279		3,866	
Land	7,478		6,737	
Construction in progress	1,551		620	
Other property, plant and equipment	2,465		2,446	
Intangibles:	8,132	5.5	5,744	4.4
Goodwill	1,223		1,577	
Other intangibles	6,908		4,167	
Investments and Other Non-Current Assets:	8,852	5.9	9,032	7.0
Investment securities	5,035		5,546	
Deferred tax assets	1,198		886	
Other investments and other assets	2,704		2,681	
Allowance for doubtful accounts	(86)		(81)	
Total Assets	149,057	100.0	129,236	100.0

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period and year-to-year comparisons were not tabulated. For the third quarter of this year, the balance sheets of the Company and all of its consolidated subsidiaries at September 30, 2007 were consolidated.

Accounts	As of September 30, 2007		As of December 31, 2006	
	Amount	%	Amount	%
Liabilities	Millions of yen		Millions of yen	
Current Liabilities:	56,574	37.9	45,903	35.5
Trade notes and accounts payable	15,444		14,960	
Short-term loans payable	10,261		8,846	
Current maturities of corporate bonds	5,000		–	
Accounts payable – other	10,444		9,087	
Accrued income taxes	2,817		2,149	
Deferred tax liabilities	1		–	
Accrued bonuses to employees	1,537		1,484	
Accrued bonuses to directors and corporate auditors	362		300	
Reserve for product warranty	1,103		1,161	
Provision for possible losses from litigation	1,204		–	
Other current liabilities	8,397		7,913	
Non-Current Liabilities:	15,604	10.5	10,957	8.5
Corporate bonds	10,000		5,000	
Long-term debt	2,584		2,377	
Deferred tax liabilities	0		705	
Employees' retirement benefits	1,680		1,631	
Directors' and corporate auditors' retirement benefits	691		659	
Reserve for loss on guarantees	52		–	
Other non-current liabilities	596		583	
Total Liabilities	72,179	48.4	56,861	44.0
Net Assets				
Shareholders' Equity	72,484	48.6	68,029	52.7
Common stock	11,872	8.0	11,738	9.1
Capital surplus	18,578	12.4	18,444	14.3
Retained earnings	42,042	28.2	37,864	29.3
Treasury stock	(9)	(0.0)	(18)	(0.0)
Valuation and Translation Adjustments	4,390	3.0	4,341	3.3
Net unrealized holding gains on securities	1,780	1.2	2,090	1.6
Foreign currency translation adjustments	2,610	1.8	2,251	1.7
Minority Interests in Consolidated Subsidiaries	2	0.0	3	0.0
Total Net Assets	76,877	51.6	72,375	56.0
Total Liabilities and Net Assets	149,057	100.0	129,236	100.0

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period and year-to-year comparisons were not tabulated. For the third quarter of this year, the balance sheets of the Company and all of its consolidated subsidiaries at September 30, 2007 were consolidated.

(2) Consolidated Statements of Income

Accounts	Nine Months Ended September 30, 2007		Year Ended December 31, 2006	
	Amount	%	Amount	%
	Millions of yen		Millions of yen	
Net Sales	100,964	100.0	116,099	100.0
Cost of Sales	53,475	53.0	66,510	57.3
Gross Income	47,489	47.0	49,588	42.7
Selling, General and Administrative Expenses	35,958	35.6	37,882	32.6
Operating Income	11,531	11.4	11,706	10.1
Other Income	760	0.8	645	0.6
Interest income	168		136	
Dividend income	53		111	
Other	537		398	
Other Expenses	1,026	1.0	1,583	1.4
Interest expense	563		504	
Foreign exchange losses	241		198	
Loss on write-down of inventories	40		245	
Loss on disposal of inventories	13		137	
Other	166		496	
Ordinary Income	11,265	11.2	10,768	9.3
Special Gains	20	0.0	94	0.0
Gain on sale of property, plant and equipment	20		75	
Gain on sale of investment securities	-		19	
Special Losses	1,843	1.8	275	0.2
Loss on disposal of property, plant and equipment	35		33	
Loss on sale of property, plant and equipment	12		2	
Loss on impairment of fixed assets	-		237	
Retirement benefits to directors and corporate auditors	-		1	
Provision for possible losses from litigation	1,041		-	
Loss due to changes in accounting policies	703		-	
Reserve for loss on guarantees	52		-	
Other	0		0	
Income Before Income Taxes	9,442	9.4	10,588	9.1
Income taxes (current)	5,121	5.1	4,050	3.5
Income taxes (deferred)	(1,045)	(1.0)	(23)	(0.0)
Minority interest in earnings of consolidated subsidiaries	(1)	(0.0)	50	0.0
Net Income	5,367	5.3	6,510	5.6

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period and year-to-year comparisons were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

(3) Consolidated Statements of Changes in Shareholders' Equity

Nine Months Ended September 30, 2007 (January 1, 2007 – September 30, 2007)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2006	11,738	18,444	37,864	(18)	68,029
Changes during the fiscal period					
Issuance of new shares (Exercise of stock acquisition rights)	133	133			267
Cash dividends			(1,185)		(1,185)
Net income			5,367		5,367
Acquisition of treasury stocks				(1)	(1)
Disposal of treasury stocks			(4)	10	5
Others					
Total changes during the fiscal period	133	133	4,178	8	4,454
Balance at September 30, 2007	11,872	18,578	42,042	(9)	72,484

	Valuation and Translation Adjustments			Minority Interest	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2006	2,090	2,251	4,341	3	72,375
Changes during the fiscal period					
Issuance of new shares (Exercise of stock acquisition rights)					267
Cash dividends					(1,185)
Net income					5,367
Acquisition of treasury stocks					(1)
Disposal of treasury stocks					5
Others	(310)	359	49	(1)	47
Total changes during the fiscal period	(310)	359	49	(1)	4,502
Balance at September 30, 2007	1,780	2,610	4,390	2	76,877

Year Ended December 31, 2006 (March 21, 2006 – December 31, 2006)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 20, 2006	11,569	18,275	32,904	(73)	62,676
Changes during the fiscal period					
Issuance of new shares (Exercise of stock acquisition rights)	169	168			337
Cash dividends *			(926)		(926)
Cash dividends (Interim dividend)			(338)		(338)
Bonus to directors and corporate auditors *			(271)		(271)
Net income			6,510		6,510
Acquisition of treasury stocks				(0)	(0)
Disposal of treasury stocks			(14)	56	41
Others					
Total changes during the fiscal period	169	168	4,959	55	5,353
Balance at December 31, 2006	11,738	18,444	37,864	(18)	68,029

	Valuation and Translation Adjustments			Minority Interest	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 20, 2006	1,919	849	2,769	160	65,606
Changes during the fiscal period					
Issuance of new shares (Exercise of stock acquisition rights)					337
Cash dividends *					(926)
Cash dividends (Interim dividend)					(338)
Bonus to directors and corporate auditors *					(271)
Net income					6,510
Acquisition of treasury stocks					(0)
Disposal of treasury stocks					41
Others	170	1,401	1,572	(156)	1,415
Total changes during the fiscal period	170	1,401	1,572	(156)	6,769
Balance at December 31, 2006	2,090	2,251	4,341	3	72,375

* The figures are based on profit distribution by HORIBA, Ltd. and certain subsidiaries for the previous fiscal year decided at the general meetings of shareholders.

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

(4) Consolidated Statements of Cash Flows

Accounts	Nine Months Ended September 30, 2007	Year Ended December 31, 2006
	Millions of yen	Millions of yen
Cash Flows from Operating Activities:		
Income before income taxes	9,442	10,588
Depreciation (excludes amortization of goodwill)	2,479	2,797
Loss on impairment of fixed assets	-	237
Amortization of goodwill	379	449
Increase (decrease) in allowance for doubtful receivables	62	(45)
Increase in provision for possible losses from litigation	1,204	-
Increase in employees' retirement benefits	25	2
Increase in directors' and corporate auditors' retirement benefits	32	53
Increase in reserve for loss on guarantees	52	-
Interest and dividend income	(222)	(247)
Interest expense	563	504
Bonds issuance costs	55	-
Foreign exchange losses	36	45
Gain on sale of property, plant and equipment	(20)	(75)
Loss on disposal of property, plant and equipment	34	33
Loss on sale of property, plant and equipment	12	2
Gain on sale of investment securities	-	(19)
Retirement benefits to directors and corporate auditors	-	1
Loss due to changes in accounting policies	703	-
Decrease (increase) in trade notes and accounts receivable	1,320	(3,023)
Increase in inventories	(4,623)	(2,208)
Increase (decrease) in trade notes and accounts payable	(179)	985
Bonuses to directors and corporate auditors	-	(271)
Other, net	544	(685)
Subtotal	11,902	9,126
Interest and dividends received	230	235
Interest paid	(543)	(449)
Payment of retirement benefits to directors and corporate auditors	-	(13)
Income taxes paid	(4,394)	(5,128)
Net cash provided by operating activities	7,194	3,769
Cash Flows from Investing Activities:		
Increase in time deposits	(5,000)	-
Decrease in time deposits	1	122
Increase in time deposits restricted for use	(700)	-
Payments for purchase of property, plant and equipment	(4,503)	(3,559)
Proceeds from sale of property, plant and equipment	635	438
Payments for purchase of intangibles	(2,472)	(1,452)
Payments for purchase of investment securities	(10)	(23)
Proceeds from sale or redemption of investment securities	6	168
Payments for purchase of investments in a consolidated subsidiary	-	(202)
Payments for purchase of investments in newly consolidated subsidiaries	-	(103)
Increase in loans receivable	(182)	(22)
Decrease in loans receivable	38	204
Other, net	(39)	(88)
Net cash used in investing activities	(12,226)	(4,519)
Cash Flows from Financing Activities:		
Net increase in short-term borrowings	1,054	689
Increase in long-term debt	802	1,396
Repayment of long-term debt	(569)	(630)
Proceeds from issuance of bonds	9,944	-
Proceeds from exercise of stock acquisition rights	267	337
Payments for purchase of treasury stock	(1)	(0)
Proceeds from sale of treasury stock	5	41
Cash dividends paid	(1,189)	(1,252)
Cash dividends paid to minority interests	-	(30)
Reimbursement of funds for redemption of convertible bonds	-	777
Other, net	(8)	(13)
Net cash provided by financing activities	10,305	1,315
Effect of Exchange Rate Changes on Cash and Cash Equivalents	18	222
Net Increase in Cash and Cash Equivalents	5,291	788
Cash and Cash Equivalents at Beginning of Period	15,672	14,884
Cash and Cash Equivalents at End of Period	20,964	15,672

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

5. Segment Information

[Business Segment Information]

Nine Months Ended September 30, 2007 (January 1, 2007 – September 30, 2007)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	33,222	28,554	18,533	20,654	100,964	—	100,964
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	33,222	28,554	18,533	20,654	100,964	—	100,964
Operating expenses	29,117	26,715	17,713	15,886	89,433	—	89,433
Operating Income	4,105	1,838	819	4,767	11,531	—	11,531

Year Ended December 31, 2006 (March 21, 2006 – December 31, 2006)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	37,945	35,053	22,988	20,111	116,099	—	116,099
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	37,945	35,053	22,988	20,111	116,099	—	116,099
Operating expenses	34,265	32,385	21,584	16,156	104,392	—	104,392
Operating Income	3,679	2,668	1,404	3,954	11,706	—	11,706

(Note) The Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005) effective from the year ended Dec. 31, 2006. As a result, operating expenses increased by ¥81 million in Automotive Test Systems, ¥97 million in Analytical Instruments & Systems, ¥26 million in Medical/Diagnostic Instruments & Systems and ¥94 million in Semiconductor Instruments & Systems. Operating income decreased by the same amounts accordingly.

Main products in each business segment

Business Segment	Main Products
Automotive Test Systems	Emission Measurement Systems, In-Use Automotive Emissions Analyzers, On-Board Emission Measurement Systems, Fuel Cell Evaluation Systems, Driveline Test Systems, Engine Test Systems, Brake Test Systems, Drive Recorders
Analytical Instruments & Systems	Scientific Analysis Instruments (Particle-Size Distribution Analyzers, X-Ray Fluorescence Analyzers, Raman Spectrophotometers, Diffraction Gratings) Environmental Measuring Instruments (pH Meters, Stack Gas Analyzers, Water Quality Analysis and Examination Systems, Air Pollution Analyzers)
Medical/Diagnostic Instruments & Systems	Equipment for Blood Sample Analysis (Hematology Analyzers, Equipment for Measuring Immunological Responses, Clinical Chemistry 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

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

[Geographic Segment Information]

Nine Months Ended September 30, 2007 (January 1, 2007 – September 30, 2007)

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	46,043	12,581	38,712	3,627	100,964	—	100,964
(2) Intersegment sales and transfers	11,911	577	3,235	1,455	17,179	(17,179)	—
Total	57,955	13,159	41,947	5,082	118,144	(17,179)	100,964
Operating expenses	47,117	12,893	41,939	4,445	106,396	(16,962)	89,433
Operating Income	10,837	265	8	637	11,748	(216)	11,531

Year Ended December 31, 2006 (March 21, 2006 – December 31, 2006)

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	44,829	16,746	51,044	3,479	116,099	—	116,099
(2) Intersegment sales and transfers	10,347	870	2,907	1,838	15,963	(15,963)	—
Total	55,176	17,616	53,952	5,317	132,062	(15,963)	116,099
Operating expenses	46,352	16,415	52,768	4,733	120,269	(15,876)	104,392
Operating Income	8,823	1,201	1,184	584	11,793	(86)	11,706

(Note) The Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No. 4 issued on November 29, 2005) effective from the year ended Dec. 31, 2006. As a result, operating expenses increased by ¥300 million in the Japan segment, and operating income decreased by the same amount accordingly.

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

[Overseas Sales]

Nine Months Ended September 30, 2007 (January 1, 2007 – September 30, 2007)

Millions of yen

	Americas	Europe	Asia	Total
Overseas sales	20,655	27,395	13,809	61,860
Consolidated sales	—	—	—	100,964
Ratio of overseas sales to consolidated sales (%)	20.5	27.1	13.7	61.3

(Note) Overseas sales comprise sales of the Company and its subsidiaries in countries or regions other than Japan.

Year Ended December 31, 2006 (March 21, 2006 – December 31, 2006)

Millions of yen

	Americas	Europe	Asia	Total
Overseas sales	26,381	35,834	16,551	78,767
Consolidated sales	—	—	—	116,099
Ratio of overseas sales to consolidated sales (%)	22.7	30.9	14.2	67.8

(Note) Overseas sales comprise sales of the Company and its subsidiaries in countries or regions other than Japan.

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

6. Others

HORIBA, Ltd. Financial Highlights for the Nine Months Ended September 30, 2007

1. Consolidated Financial Results

	12/2006 Result		12/2007 Result		Change from previous year		12/2006 Result		12/2007 Estimate		Change from previous year	
	3Q(9 months)	3Q(9 months)	Amount	Ratio	Amount	Ratio	Full year	Full year	Amount	Ratio	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen		Millions of yen	Millions of yen	Millions of yen		Millions of yen	
Net Sales	-	100,964	-	-	-	-	116,099	142,000	+25,900	+22.3%	-	-
Operating Income	-	11,531	-	-	-	-	11,706	16,000	+4,293	+36.7%	-	-
Operating Income Ratio	-	11.4%	-	-	-	-	10.1%	11.3%	+1.2P		-	-
Ordinary Income	-	11,265	-	-	-	-	10,768	14,900	+4,131	+38.4%	-	-
Ordinary Income Ratio	-	11.2%	-	-	-	-	9.3%	10.5%	+1.2P		-	-
Net Income	-	5,367	-	-	-	-	6,510	7,800	+1,289	+19.8%	-	-
Net Income Ratio	-	5.3%	-	-	-	-	5.6%	5.5%	-0.1P		-	-
US\$	-	119.41	-	-	-	-	116.37	118.00	+1.63		-	-
Euro	-	160.43	-	-	-	-	146.20	160.00	+13.80		-	-

2. Consolidated Segment Results

	12/2006 Result		12/2007 Result		Change from previous year		12/2006 Result		12/2007 Estimate		Change from previous year	
	3Q(9 months)	3Q(9 months)	Amount	Ratio	Amount	Ratio	Full year	Full year	Amount	Ratio	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen		Millions of yen	Millions of yen	Millions of yen		Millions of yen	
Net Sales	-	33,222	-	-	-	-	37,945	50,000	+12,054	+31.8%	-	-
Automotive	-	33,222	-	-	-	-	37,945	50,000	+12,054	+31.8%	-	-
Analytical	-	28,554	-	-	-	-	35,053	39,000	+3,946	+11.3%	-	-
Medical	-	18,533	-	-	-	-	22,988	25,500	+2,511	+10.9%	-	-
Semiconductor	-	20,654	-	-	-	-	20,111	27,500	+7,388	+36.7%	-	-
Total	-	100,964	-	-	-	-	116,099	142,000	+25,900	+22.3%	-	-
Operating Income	-	4,105	-	-	-	-	3,679	6,000	+2,320	+63.1%	-	-
Automotive	-	4,105	-	-	-	-	3,679	6,000	+2,320	+63.1%	-	-
Analytical	-	1,838	-	-	-	-	2,668	2,900	+231	+8.7%	-	-
Medical	-	819	-	-	-	-	1,404	1,400	-4	-0.3%	-	-
Semiconductor	-	4,767	-	-	-	-	3,954	5,700	+1,745	+44.1%	-	-
Total	-	11,531	-	-	-	-	11,706	16,000	+4,293	+36.7%	-	-

3. Consolidated Segment Sales by Region ^(note)

	12/2006 Result		12/2007 Result		Change from previous year		12/2006 Result		12/2007 Estimate		Change from previous year	
	3Q(9 months)	3Q(9 months)	Amount	Ratio	Amount	Ratio	Full year	Full year	Amount	Ratio	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen		Millions of yen	Millions of yen	Millions of yen		Millions of yen	
Automotive	-	33,222	-	-	-	-	37,945	50,000	+12,054	+31.8%	-	-
Japan	-	11,688	-	-	-	-	10,152	16,000	+5,847	+57.6%	-	-
Asia	-	5,003	-	-	-	-	7,248	8,000	+751	+10.4%	-	-
Americas	-	6,531	-	-	-	-	7,041	9,500	+2,458	+34.9%	-	-
Europe	-	9,998	-	-	-	-	13,502	16,500	+2,997	+22.2%	-	-
Analytical	-	28,554	-	-	-	-	35,053	39,000	+3,946	+11.3%	-	-
Japan	-	11,706	-	-	-	-	12,205	16,500	+4,294	+35.2%	-	-
Asia	-	4,809	-	-	-	-	5,379	6,000	+620	+11.5%	-	-
Americas	-	4,957	-	-	-	-	8,701	7,000	-1,701	-19.6%	-	-
Europe	-	7,081	-	-	-	-	8,768	9,500	+731	+8.3%	-	-
Medical	-	18,533	-	-	-	-	22,988	25,500	+2,511	+10.9%	-	-
Japan	-	2,942	-	-	-	-	3,439	4,000	+560	+16.3%	-	-
Asia	-	1,282	-	-	-	-	1,284	1,800	+515	+40.1%	-	-
Americas	-	5,026	-	-	-	-	5,822	6,700	+877	+15.1%	-	-
Europe	-	9,281	-	-	-	-	12,441	13,000	+558	+4.5%	-	-
Semiconductor	-	20,654	-	-	-	-	20,111	27,500	+7,388	+36.7%	-	-
Japan	-	12,766	-	-	-	-	11,534	16,500	+4,965	+43.0%	-	-
Asia	-	2,713	-	-	-	-	2,638	4,000	+1,361	+51.6%	-	-
Americas	-	4,139	-	-	-	-	4,815	5,600	+784	+16.3%	-	-
Europe	-	1,034	-	-	-	-	1,123	1,400	+276	+24.7%	-	-
Total	-	100,964	-	-	-	-	116,099	142,000	+25,900	+22.3%	-	-

(Note) Sales by region are computed on where the buyer locates, while sales by geographic area are computed on where the seller locates.

4. Consolidated Segment Sales by Geographic Area

	12/2006 Result	12/2007 Result	Change from previous year		12/2006 Result	12/2007 Estimate	Change from previous year	
	3Q(9 months)	3Q(9 months)	Amount	Ratio	Full year	Full year	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive	-	33,222	-	-	37,945	50,000	+12,054	+31.8%
Japan	-	15,231	-	-	14,150	19,376	+5,225	+36.9%
Asia	-	441	-	-	541	664	+122	+22.6%
Americas	-	6,356	-	-	7,077	9,770	+2,692	+38.1%
Europe	-	11,193	-	-	16,176	20,191	+4,014	+24.8%
Analytical	-	28,554	-	-	35,053	39,000	+3,946	+11.3%
Japan	-	13,845	-	-	14,582	18,239	+3,656	+25.1%
Asia	-	1,250	-	-	1,008	1,569	+560	+55.5%
Americas	-	2,140	-	-	4,946	3,118	-1,828	-37.0%
Europe	-	11,318	-	-	14,516	16,074	+1,557	+10.7%
Medical	-	18,533	-	-	22,988	25,500	+2,511	+10.9%
Japan	-	2,988	-	-	3,486	4,110	+623	+17.9%
Asia	-	404	-	-	335	681	+346	+103.3%
Americas	-	-	-	-	-	-	-	-
Europe	-	15,139	-	-	19,166	20,709	+1,541	+8.0%
Semiconductor	-	20,654	-	-	20,111	27,500	+7,388	+36.7%
Japan	-	13,978	-	-	12,609	18,835	+6,225	+49.4%
Asia	-	1,531	-	-	1,594	2,015	+420	+26.4%
Americas	-	4,085	-	-	4,722	5,182	+458	+9.7%
Europe	-	1,059	-	-	1,185	1,469	+283	+23.9%
Total	-	100,964	-	-	116,099	142,000	+25,900	+22.3%

5. Consolidated Financial Results (Quarterly Comparison)

	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Estimate	1Q Result	2Q Result	2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	34,114	34,181	32,668	41,035	28,521	32,100	55,476
Operating Income	4,205	3,663	3,662	4,468	2,812	3,240	5,652
<i>Operating Income Ratio</i>	12.3%	10.7%	11.2%	10.9%	9.9%	10.1%	10.2%
Ordinary Income	4,107	3,747	3,410	3,634	2,703	3,092	4,972
<i>Ordinary Income Ratio</i>	12.0%	11.0%	10.4%	8.9%	9.5%	9.6%	9.0%
Net Income	1,848	1,459	2,059	2,432	1,418	1,840	3,251
<i>Net Income Ratio</i>	5.4%	4.3%	6.3%	5.9%	5.0%	5.7%	5.9%
US\$	119.45	120.85	117.93	113.77	116.98	114.48	117.01
Euro	156.46	162.90	161.93	158.71	140.72	143.84	150.12

6. Consolidated Segment Results (Quarterly Comparison)

	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Estimate	1Q Result	2Q Result	2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales							
Automotive	10,714	11,142	11,365	16,777	8,668	10,556	18,720
Analytical	10,118	9,421	9,014	10,445	8,784	9,354	16,914
Medical	5,999	6,471	6,062	6,966	5,480	6,113	11,394
Semiconductor	7,281	7,146	6,225	6,845	5,588	6,076	8,446
Total	34,114	34,181	32,668	41,035	28,521	32,100	55,476
Operating Income							
Automotive	1,189	1,042	1,873	1,894	612	1,262	1,803
Analytical	1,060	368	410	1,061	706	238	1,723
Medical	143	439	236	580	279	543	581
Semiconductor	1,812	1,813	1,142	932	1,214	1,196	1,544
Total	4,205	3,663	3,662	4,468	2,812	3,240	5,652

7. Consolidated Orders and Backlog Information (Quarterly Comparison)

Orders	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Estimate	1Q Result	2Q Result	2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	18,038	11,870	15,096	—	10,246	9,443	19,114
Analytical	10,115	9,348	10,155	—	10,059	9,904	14,852
Medical	5,944	6,606	6,248	—	6,114	6,015	11,190
Semiconductor	7,964	6,761	5,851	—	6,075	6,278	8,096
Total	42,063	34,586	37,351	—	32,496	31,641	53,253

Backlog	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Estimate	1Q Result	2Q Result	2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	28,244	28,972	32,702	—	21,638	20,525	20,919
Analytical	8,406	8,333	9,475	—	9,901	10,451	8,409
Medical	2,271	2,407	2,592	—	2,628	2,531	2,327
Semiconductor	2,636	2,250	1,876	—	2,102	2,304	1,953
Total	41,558	41,964	46,646	—	36,271	35,813	33,609

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). Since the consolidated results for the previous third quarter were not announced, the financial figures for that period and year-to-year comparisons were not tabulated. For the third quarter of this year, the operating results of the Company and all of its consolidated subsidiaries for the nine-month period from January through September were consolidated.

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