Consolidated Financial Statements for the Year Ended December 31, 2007

February 19, 2008

Company name	HORIBA, Ltd.	Stock exchange listings: Tokyo, Osaka
Listing code	6856	URL: http://www.horiba.co.jp
Representative	Atsushi Horiba, Chairman, President and CEO	
Contact	Fumitoshi Sato, Managing Director	TEL: (81)75-313-8121
Scheduled date of the annual shareholders' meeting	March 22, 2008	
Scheduled date of annual securities report submission	March 24, 2008	
Scheduled date of annual payment for cash dividends	March 6, 2008	

(Figures have been rounded down to the nearest million yen.)

1. Consolidated Results for the Year Ended December 31, 2007 (January 1, 2007 - December 31, 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	%
Year ended 12/31/07	144,283	24.3	16,529	41.2	15,949	48.1	8,690	33.5
Year ended 12/31/06	116,099	9.9	11,706	3.8	10,768	(3.8)	6,510	0.6

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended 12/31/07	205.01	204.39	11.4	11.2	11.5
Year ended 12/31/06	154.23	153.70	9.4	8.6	10.1

(Reference) Equity in earnings of affiliates accounted for by the equity method
Year ended Dec. 31, 2007: ¥(2) million; Year ended Dec. 31, 2006: ¥5 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/07	154,367	80,381	52.1	1,892.64
As of 12/31/06	129,236	72,375	56.0	1,710.75

(Reference) Shareholders' equity
As of Dec. 31, 2007: ¥80,377 million; As of Dec. 31, 2006: ¥72,371 million

(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
Year ended 12/31/07	13,581	(16,444)	7,676	20,564
Year ended 12/31/06	3,769	(4,519)	1,315	15,672

2. Dividends

	Dividend per share			Total dividends (Annual)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
(Base date)	Interim	Year-end	Annual			
	Yen	Yen	Yen	Millions of yen	%	%
Year ended 12/31/06	8.00	18.00	26.00	1,099	16.9	1.6
Year ended 12/31/07	10.00	29.00	39.00	1,655	19.0	2.2
Year ending 12/31/08 (Forecast)	15.00	24.00	39.00		20.3	

3. Consolidated Forecast for the Year Ending December 31, 2008 (January 1, 2008 - December 31, 2008)

(Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	67,000	(1.9)	6,100	(22.5)	5,850	(25.5)	3,400	2.8	80.40
Full year	145,000	0.5	14,500	(12.3)	14,000	(12.2)	8,100	(6.8)	191.75

4. Others

(1) Changes in scope of consolidation and application of the equity method during the year ended December 31, 2007: None

(2) Changes in accounting policies, procedures and presentations, etc. for preparation of full consolidated financial statements

1. Changes according to revision of accounting standards, etc.: None
2. Other changes: Yes

(Note) For details, please refer to "Significant Changes on the Basis of Preparation of Full Consolidated Financial Statements" on page 18.

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding as of end of period (including treasury stock)
   As of Dec. 31, 2007: 42,473,752 shares; As of Dec. 31, 2006: 42,314,752 shares
2. Number of treasury stock as of end of period
   As of Dec. 31, 2007: 5,250 shares; As of Dec. 31, 2006: 10,936 shares

(Note) For the average number of shares outstanding on which net income per share was calculated, please refer to "Per Share Data" on page 25.

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Year Ended December 31, 2007 (January 1, 2007 - December 31, 2007)

(1) Non-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	%
Year ended 12/31/07	56,600	42.3	7,379	52.6	9,411	49.2	5,500	50.3
Year ended 12/31/06	39,782	(14.7)	4,836	(17.2)	6,309	(8.5)	3,659	5.6

	Net income per share	Net income per share (diluted)
	Yen	Yen
Year ended 12/31/07	129.76	129.36
Year ended 12/31/06	86.69	86.39

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/07	98,542	62,523	63.4	1,472.22
As of 12/31/06	82,311	58,250	70.8	1,376.96

(Reference) Shareholders' Equity
As of Dec. 31, 2007: ¥62,523 million; As of Dec. 31, 2006: ¥58,250 million

2. Non-Consolidated Forecast for the Year Ending December 31, 2008 (January 1, 2008 - December 31, 2008)

(Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Interim	28,100	0.1	3,300	(14.8)	5,580	(2.5)	3,850	24.3	91.04
Full year	55,800	(1.4)	6,250	(15.3)	8,550	(9.2)	5,500	0.0	130.21

* The forecast was computed based on the information available at February 19, 2008. Numerous uncertainties may cause actual results to be materially different from those forecasted.

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). For the year ended December 31, 2006 (the previous fiscal year), the operating results of the Company and the two consolidated subsidiaries mentioned above for the nine-month period from April through December and the operating results of the other consolidated subsidiaries for the twelve-month period from January through December were consolidated. For the year ended December 31, 2007, the operating results of the Company and all of its consolidated subsidiaries for the twelve-month period from January through December were consolidated.

1. Operating Results and Financial Condition

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). For the year ended December 31, 2006 (the previous fiscal year), the operating results of the Company and the two consolidated subsidiaries mentioned above for the nine-month period from April through December and the operating results of the other consolidated subsidiaries for the twelve-month period from January through December were consolidated. For the year ended December 31, 2007, the operating results of the Company and all of its consolidated subsidiaries for the twelve-month period from January through December were consolidated.

(1) Operating Results Analysis (Please refer to page 27 of financial highlights for the year ended December 31, 2007)

(a) Operating Results for the Year Ended December 31, 2007

During the year ended December 31, 2007, R&D expenditures to develop fuel-efficient engines and economical cars in the automotive industry and private sector capital expenditures in the semiconductor industry (mainly in first half) expanded. The yen depreciated against the U.S. dollar and euro compared with in the previous fiscal year. Under such surrounding circumstances, HORIBA, Ltd. ("the Company") and its consolidated subsidiaries (together "the HORIBA Group" or "HORIBA" as a consolidated group) had net sales of ¥144,283 million, an increase of 24.3%, from the previous fiscal year. As for income, due to an increase in net sales and a week yen, operating income and ordinary income increased by 41.2% to ¥16,529 million and by 48.1% to ¥15,949 million, respectively. With the increase in ordinary income, net income increased by 33.5% to ¥8,690 million, even though we recorded special losses such as the ¥1,041 million provision for possible losses from litigation (*) and the ¥703 million resulting from the recomputation of beginning inventory balances under the new accounting policy for R&D expenses. Below is a review of the operating results by business segment.

* A lawsuit was filed by Micronics Japan Co., Ltd. against the Company seeking compensation for damages related to an agreement to develop and commercialize liquid-crystal related testing equipment. The Company lost the case in the Tokyo District Court on May 22, 2007 and appealed the decision to the Tokyo High Court. From the perspective of financial soundness, the Company set aside a provision for possible losses from litigation in the amount of ¥1,204 million, which includes provision for the payment of damages in the amount of ¥933 million and related costs and interest, and an adjustment for litigation expenses which had accrued in the past. As a result, a special loss of ¥1,041 million was recorded for the year ended December 31, 2007.

(Automotive Test Systems)

Sales of emission measurement systems, our mainstay, continued to show solid growth as a result of developments in energy-saving engines such as clean diesels and hybrids by auto manufacturers. Also, sales in the automotive test systems (DTS) business acquired from Germany's Carl Schenck AG in September, 2005 expanded mainly in the domestic market, taking advantage of the Company's existing networks of sales and services. As a result, sales in this segment increased by 35.7% to ¥51,475 million. Supported by increased sales of emission measurement systems and higher profitability of export operations caused by a weak yen, operating income increased by 83.7% to ¥6,757 million, despite the fact that the DTS business was in the red compared with the previous fiscal year.

(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 U.S. 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 nanotechnology measurement, leveraged its advanced technological capabilities to expand sales in related cutting-edge scientific fields. As a result, sales in this segment increased by 14.2% to ¥40,038 million and operating income increased by 0.1% from the previous fiscal year to ¥2,672 million.

(Medical/Diagnostic Instruments & Systems)

Sales of large 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 increased by 12.4% to ¥25,835 million, while operating income decreased by 12.3% to ¥1,232 million due to the decline in profit of HORIBA ABX S.A.S. in France attributed to the strong euro.

(Semiconductor Instruments & Systems)

In spite of the decreasing demand in the semiconductor market and the falling price of semiconductor products (DRAM, etc.) in the second half of the year, sales of mass flow controllers used in semiconductor manufacturing equipment increased on the back of expanded demand in the semiconductor market in the first half of the year. As a result, sales in this segment increased by 33.9% to ¥26,934 million and operating income increased by 48.4% to ¥5,867 million.

(b) Outlook for the Year Ending December 31, 2008

There will be a slowdown in the U.S. economy stemming from the subprime mortgage crisis and anxiety about its effects on the global economy. Also, there will likely be uncertainties in the automotive and semiconductor markets and the continued trend of a weak yen against the U.S. dollar which could have a material effect on our business. HORIBA, despite such concerns, will continuously make efforts to enhance its corporate value, to maximize profits and to promote activities that contribute to society, building "win-win relationships" with shareholders, investors, customers, employees and all other HORIBA stakeholders under a management policy represented in the slogan, "HORIBA Group is One Company." Accordingly, the outlook for the year ending December 31, 2008 is set forth below.

Net Sales of ¥145,000 million (0.5% increase from the previous fiscal year)

In Automotive Test Systems, in spite of the prospect of deceasing sales of emission measurement systems, our mainstay, the DTS business is expected to have expanded sales. In Analytical Instruments & Systems, more growth in demand in the Chinese and other newly developing markets in environmental technology and advanced science is expected. In Medical/Diagnostic Instruments & Systems, we expect increasing sales of large hematology analyzers, medium-sized clinical chemistry analyzers and testing reagents, reflecting strong growth in the number of analyzers in use. Also, we will promote the expansion of sales of large hematology analyzers and clinical chemistry analyzers despite the difficult circumstance surrounding a strong euro. In Semiconductor Instruments & Systems, we will keep making an effort to increase our share in this market, though we expect sales to decrease and demand to remain stagnant in the semiconductor market through the first half of 2008. Through action plans, net sales are forecasted to increase by ¥716 million to ¥145,000 million.

Operating Income of ¥14,500 million (12.3% decrease from the previous fiscal year)

Though we expect the circumstance of our profitability to grow increasingly severe, such as in the decline of profitability in the Semiconductor Instruments & Systems business segment, the forecast for a strong yen in foreign exchange rates and an increase in depreciation expenses for fixed assets due to a change in accounting policy, we aim to secure an operating ratio of 10% despite decreasing operating income from the previous fiscal year by ¥2,029 million to ¥14,500 million by promoting effectiveness of management, despite increasing sales.

Ordinary Income of ¥14,000 million (12.2% decrease from the previous fiscal year)

We expect a ¥500 million loss in non-operating expense, net of income, almost the same as the previous fiscal year, with foreign exchange losses and other uncertain expenses. Ordinary income is expected to decrease by ¥1,949 million from the previous fiscal year to ¥14,000 million.

Net Income of ¥8,100 million (6.8% decrease from the previous fiscal year)

We expect a ¥700 million loss in special loss, net of income, almost the same as the previous fiscal year, with uncertain loss. Net income is expected to decrease by ¥590 million from the previous fiscal year to ¥8,100 million.

*The forecast was computed based on the information available at February 19, 2008. Numerous uncertainties may cause the actual results to be materially different from those forecasted.

(2) Financial Condition Analysis

(a) Analysis of Assets, Liabilities, Net Assets and Cash Flows

As of December 31, 2007, total assets were ¥154,367 million, up ¥25,131 million from December 31, 2006. The main factors contributing to the rise were trade notes and accounts receivable that increased ¥3,387 million – mainly from higher sales, inventories that increased by ¥2,786 million – reflecting higher procurement levels in response to higher shipment volumes, net property, plant and equipment that increased by ¥2,370 million – due mainly to investment related to the new enterprise resource planning ("ERP") system (server, etc.) and HORIBA ABX S.A.S. (France) acquiring assets for leasing, and intangibles that rose by ¥2,757 million – due mainly to investment related to the new ERP system (software, etc.).

Total liabilities were ¥73,985 million, up ¥17,124 million from December 31, 2006. The main factors in the increase were trade notes and accounts payable that increased ¥1,884 million – reflecting higher procurement levels in response to higher shipment volumes and interest-bearing liabilities that increased by ¥8,953 million – due primarily to the issuance of the third unsecured bond.

Total net assets amounted to ¥80,381 million, up ¥8,006 million from December 31, 2006, due mainly to an increase in retained earnings reflecting net income and other factors, despite a decrease due to the payment of cash dividends.

The cash flow status for the year ended December 31, 2007 is as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to ¥13,581 million (¥3,769 million for the previous fiscal year). This was due mainly to ¥14,105 million in income before income taxes and ¥3,671 million in depreciation, despite ¥5,157 million for income taxes paid and a ¥2,830 million increase in inventories.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥16,444 million (¥4,519 million for the previous fiscal year). This was due primarily to a ¥7,508 million increase in time deposits, a ¥700 million increase in time deposits restricted for use, ¥5,700 million in payments for the purchase of property, plant and equipment – including HORIBA ABX S.A.S. (France) acquiring assets for leasing and the new ERP system (server, etc.), and ¥3,400 million in payments for the purchase of intangibles – including the new ERP system (software, etc.).

(Cash Flows from Financing Activities)

Net cash provided by financing activities amounted to ¥7,676 million (¥1,315 million for the previous fiscal year). This was attributed to ¥9,944 million from proceeds from the issuance of bonds against, a ¥1,192 million outflow for the payment of cash dividends.

As a result, there was a net increase of ¥4,892 million in cash and cash equivalents to ¥20,564 million as of December 31, 2007

(b) Trends in Cash Flow Indexes

	Year ended 3/20/2004	Year ended 3/20/2005	Year ended 3/20/2006	Year ended 12/31/2006	Year ended 12/31/2007
Shareholders' equity ratio (%)	46.8	52.3	54.5	56.0	52.1
Shareholders' equity ratio on a market value basis (%)	47.7	71.8	129.5	144.0	112.8
Number of years for debt redemption (years)	3.7	2.2	1.6	4.3	1.9
Interest coverage ratio	12.9	19.4	26.8	8.4	20.2

(Notes) Shareholders' equity ratio = Shareholders' equity/Total assets

Shareholders' equity ratio on a market value basis = Total market value of shares/Total assets

Number of years for debt redemption = Interest-bearing debt/Operating cash flow

Interest coverage ratio = Operating cash flow/Interest payments

* All indexes are calculated according to consolidated financial values.
* The total market value of shares is calculated using the closing share price at the end of the period multiplied by the total number of shares issued at the end of the period after deduction for treasury stock.
* The value used for the operating cash flow is the cash flow from operating activities shown in the consolidated statements of cash flows. Interest-bearing debt includes all debt in the consolidated balance sheets for which interest is paid. The value used for the interest payments is the amount of the interest paid shown in the consolidated statements of cash flows.

(c) Basic Policy for Profit Distribution and Dividends for the Year Ending December 31, 2007 and 2008

The Company has a 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. In some cases, a portion of extraordinary gains and/or losses may be excluded from the calculation of the payout ratio. The Company receives a certain proportion of the net income of each group company as a dividend, so although dividend payments to shareholders are computed based on the non-consolidated net income of the Company, they are in effect made on consolidated earnings. Concerning the internal reserve for retained earnings, the Company intends to appropriate it as working capital for business expansion, capital expenditures and research and development investments, aiming to improve its corporate value in the long and medium terms.

Under such a basic policy, the Company plans to declare year-end cash dividends of ¥29 per share, up ¥11 from the previous year. Coupled with the ¥10 interim dividend, this will bring total annual dividends to ¥39 per share, a full-year dividend increase of ¥13 from the previous fiscal period.
The dividend for the year ending December 31, 2008 forecasted to be ¥39 per share is the same as the previous fiscal year.

(d) Risks Concerning HORIBA's Businesses

The following are the risks that may significantly affect HORIBA's financial condition and business performance. Please note that matters pertaining to the future described here have been determined by HORIBA as of February 19, 2008.

1. Business Risks

(1) Risks Associated with International Business Activities

HORIBA conducts business activities in many countries around the world including the U.S and countries in Europe and Asia. Major risks associated with the entry into and conducting business in these overseas markets include sudden shifts in economic conditions or in product supply and demand; sudden changes in retail prices due to competition; changes in laws, regulations and tax systems and social disruptions such as terrorism or war. These risks could affect HORIBA's financial position and business results.

Especially for fluctuations in foreign currency exchange rates, HORIBA promotes local production and supply and employs foreign exchange forward contracts within the limits of its balance of foreign currency denominated receivables and payables to import and export transactions to minimize foreign exchange risks. However, fluctuations in foreign exchange rates could have an impact when financial statements prepared in local currencies are translated into Japanese yen for the consolidated financial statements, and a major change in foreign exchange rates beyond our estimates could affect our financial condition and business performance.

(2) Changes in Performance or Financial Position Associated with Acquisitions or Alliances

HORIBA has actively promoted corporate acquisitions and alliances to enhance the efficiency and effectiveness of its business operations. HORIBA conducts complete and diligent investigations when making acquisitions and forming alliances in order to avoid a negative impact on earnings and cash flows. However, it is possible that HORIBA's financial condition and business performance could be affected if an acquisition or alliance did not proceed in accordance with initial plans.

(3) Repairs of Facilities Following Natural Disasters and Associated Delays in Delivery, etc.

HORIBA produces products in Japan, Europe (France, Germany), the U.S., Asia (China, South Korea) and other locations. In the case of a major earthquake or other natural disaster, HORIBA may incur substantial costs for repair of manufacturing facilities, etc., or losses may be incurred due to delays in shipments or other factors. Under such circumstances, there is a possibility of a significant impact on HORIBA's financial condition and business performance.

(4) Risks Associated with Contracts and Transactions

HORIBA concludes various contracts with customers, suppliers and other stakeholders and performs its business activities based on these contracts. Nevertheless, there is a possibility of claims for compensation for damages due to different views of execution and a different understanding of business terms between the parties. It is possible that such circumstances could have a significant impact on HORIBA's financial condition and business performance.

(5) Other Business Risks

In addition to the above mentioned risks, there are risks associated with the breakdown or malfunction of information systems and regulations in the environmental area. These risks could affect HORIBA's financial position and business results.

2. Risks Associated with Development and Production

(1) Compensation for Product Liability

HORIBA conducts optimum quality control for its products and services and strives to maintain the highest standards of reliability. Nevertheless, there is always the possibility of recalls or litigation arising from unforeseen defects. HORIBA carries insurance for product liability compensation, but there can be no guarantee that this insurance would cover the full amount of any unforeseen damages. Such circumstances could have an affect on HORIBA's financial condition and business performance.

(2) Delays in Development of New Products

HORIBA's business field, measuring instruments, is extremely specialized and requires high levels of technical capability. HORIBA, therefore, invests large sums in product development. However, it is possible that expected returns will not be realized due to unforeseen circumstances.

(3) Risks Concerning Intellectual Property Rights

HORIBA possesses a wide range of intellectual property rights related to the products it manufactures, including patents, trademarks and expertise, which give it superiority in terms of competitiveness. HORIBA exercises all possible caution regarding the management of these intellectual property rights, but in the case of infringement by a third party, it is possible that HORIBA will be unable to attain its expected earnings. There is also a possibility of disputes over intellectual property rights with other companies. Such circumstances may significantly affect HORIBA's financial condition and business performance.

3. Financial Risks

(1) Shifts in the Market Price of Securities and Other Assets

HORIBA holds shares in its major alliance partners and other companies as part of its technology and business strategies for the future. Currently, HORIBA's acquisitions and sales of investment securities are carefully investigated by the Board of Directors, the market price of shares is reported to top management on a timely basis and the purpose for holding the investment securities is properly reviewed. Also, HORIBA implemented impairment accounting in the year ended March 31, 2005, before legally required. However, if further declines in the market price or profitability of land, building or other assets occurred in the future, there could be a negative impact on the financial condition and business performance of HORIBA.

(2) Reversal of Deferred Tax Assets Resulting from Changes in Systems or Accounting Policies

HORIBA considers the deferred tax assets recorded at the end of the current period under review to be fully recoverable with future earnings (taxable income), but it is possible that a reversal of a portion of these assets will be required as a result of systemic changes.

4. Risk by Business Segment

HORIBA consists of four business segments: Automotive Test Systems, Analytical Instruments & Systems, Medical/Diagnostic Instruments & Systems, Semiconductor Instruments & Systems. We can achieve balanced growth by overcoming each segment's weakness with complementary strengths among the business segments. Nevertheless, the following are risks, organized by business segment, associated with fluctuations in operating results.

(1) Automotive Test Systems

The main products of emission measurement systems in this segment are used for automobile manufacturers, automotive component manufacturers and government agencies. Thus, the trend of setting legal limits on exhaust emissions affects demand. In such circumstances, it is possible that the financial condition and business performance of HORIBA will be significantly affected by future regulations. Furthermore, with capital expenditures related to shifts in automatization of automotive test systems, there is the possibility of a significant impact on HORIBA's financial condition and business performance.

(2) Analytical Instruments & Systems

Scientific analysis instruments in this segment are used for R&D or product quality testing, and there are risks that demand may be affected by the R&D budgets of government agencies, investments in R&D and the production of private enterprises. Also, the demand for environmental measuring instruments, such as analyzers for air pollution and water quality, may be affected by changes in environmental regulations. It is possible that such circumstances could have a significant impact on HORIBA's financial condition and business performance.

(3) Medical/Diagnostic Instruments & Systems

The main products in this segment are hematology analyzers, which are targeted for the market for small- and medium-sized equipment for small- and medium-sized hospitals and medical practitioners. Price competition beyond our expectations could have a significant impact on HORIBA's financial condition and business performance.

(4) Semiconductor Instruments & Systems

The main products in this segment are fluid control products for semiconductor manufacturing processes and products supporting R&D and product quality testing by semiconductor manufacturers. To minimize fluctuations in the semiconductor market, HORIBA makes efforts to shorten lead time and quickly respond to customers' needs. Nevertheless, sharp fluctuations in the semiconductor market and the investments of semiconductor manufacturers could affect the financial condition and business performance of HORIBA.

2. The Corporate Group of the Company

The corporate group of the Company consists of the Company, 42 consolidated subsidiaries, 1 unconsolidated subsidiary and 7 affiliates (listed below for reference), and the main business is producing and selling analyzers.

Disclosure is omitted as there are no significant changes in the business descriptions (contents of businesses) and the status of the affiliated companies in the latest securities report submitted on March 26, 2007.

(Reference)
(1) Consolidated subsidiaries: 42 companies
Overseas subsidiaries (37 companies)
HORIBA International Corporation (U.S.A.); HORIBA Instruments Incorporated (U.S.A.); HORIBA/STEC Incorporated (U.S.A.); HORIBA Automotive Test Systems, Corp. (U.S.A); HORIBA Automotive Test Systems, Inc. (Canada); HORIBA Europe GmbH (Germany); HORIBA GmbH (Austria); HORIBA France Holding S.a.r.l. (France); HORIBA France S.a.r.l. (France); HORIBA Europe Automation Division GmbH (Germany); HORIBA Instruments Limited (U.K.); HORIBA Automotive Test Systems GmbH (Germany); HORIBA ABX International S.A.S. (France); HORIBA ABX S.A.S. (France); HORIBA ABX Inc. (U.S.A.); HORIBA ABX Hematologia Ltda. (Brazil); HORIBA ABX Diagnostics Polska Sp. zo. o. (Poland); HORIBA Jobin Yvon International S.A.S. (France); HORIBA Jobin Yvon S.A.S. (France); HORIBA Jobin Yvon Inc. (U.S.A.); AD LAB Inc. (U.S.A.); HORIBA Jobin Yvon GmbH (Germany); HORIBA Jobin Yvon Ltd. (U.K.); HORIBA Jobin Yvon S.r.l. (Italy); HORIBA Instruments (Singapore) Pte. Ltd. (Singapore); HORIBA Korea Ltd. (Korea); HORIBA STEC Korea Ltd. (Korea); HORIBA Automotive Test Systems Ltd. (Korea); HORIBA Instruments (Shanghai) Co., Ltd. (China); BioPep S.A.S. (France); HORIBA Jobin Yvon IBH Ltd. (U.K.); SRH Systems Ltd. (U.K.); HORIBA Trading (Shanghai) Co., Ltd. (China); HORIBA ABX (Thailand) Ltd. (Thailand); HORIBA ABX Diagnostics (Thailand) Ltd. (Thailand); HORIBA India Private Limited (India); HORIBA Korea Co., Ltd. (Korea)

Domestic subsidiaries (5 companies)
HORIBA STEC Co., Ltd.; HORIBA ITEC Co., Ltd.; HORIBA Advanced Techno Co., Ltd.; HORIBA TECHNO SERVICE Co., Ltd.; ASEC Inc.

(2) Unconsolidated subsidiaries: 1 company
HORIBA Community Corporation (Japan)

(3) Affiliated companies for which the equity method has been applied: 1 company
TCA/HORIBA SISTEMAS DE TESTES AUTOMOTIVOS (Brazil)

(4) Affiliated companies for which the equity method has not been applied: 6 companies
Chiyoda Assy Inc.; Mec Co., Ltd.; SSERC Co., Ltd.; LABCRAFT S.a.r.l. (France); KORE Technology Inc. (U.K.); YUNO Ltd. (U.K.)

3. Business Policies

(1) Fundamental Business Policies of HORIBA

As a manufacturer of analytical equipment that is developing its business worldwide, the HORIBA Group aims to be a truly global company. Our basic philosophy is to contribute to society by preserving the environment, bringing human health and greater convenience to society and promoting the development of science and technology through our business activities, which focus on analytical technologies and span a variety of industrial fields in the global market. The HORIBA Group has also long placed great importance on its affiliated businesses and is aggressively promoting the strengthening and amalgamation of its alignments that utilize the human and technological resources of its 43 companies throughout the world.

(2) Management Index Targets of HORIBA

With its mid- and long-term plan that was initiated in 2006, the HORIBA Group aims to achieve ¥150 billion in net sales, a operating income ratio of 10% or higher and a ROE of 11% or higher in the year ending December 31, 2010.

(3) Mid- and Long-Term Business Strategies of HORIBA

The HORIBA Group's business consists of four business segments: Automotive Test Systems, Analytical Instruments & Systems, Medical/Diagnostic Instruments & Systems and Semiconductor Instruments & Systems. Each of these segments targets an essentially separate market. Commonalities in fundamental technology and know-how, however, allow us to shift people and resources and to tap combinations among these segments for greater segment strength individually and overall. Our flexible strategic approach enables us to offset weak performance in any one segment with good results in another, to mitigate poor performance in struggling areas and to operate efficiently. We can achieve balanced growth by overcoming each segment's weakness with complementary strengths among all our operating segments.

We also declared a new management policy, "HORIBA Group is One Company", to focus the power of the entire HORIBA Group on generating higher levels of growth. In the past, the HORIBA Group companies conducted their own strategic planning and compiled their own operational performance projections individually. To accelerate the growth of the integrated group, we plan to ignore national boundaries and divisions among HORIBA Group companies. Instead, we will divide the HORIBA Group into four virtual segments. Effective strategic management at the segment level will improve the profitability of the whole group, promote a more global approach to operations and management and, in doing so, raise the overall value of the company.

The following are the primary measures of the mid- and long-term plan from 2006 to 2010:

Primary Measure-1: To be well prepared for the post 2010 stage: "¥200 billion" in net sales

1. Promote a global business strategy based on segment matrix operation
   We strive to increase corporate value of the entire HORIBA Group by utilizing the segment matrix operation implemented in 2004, which allows us to promote our business more actively and efficiently by removing the frame of corporation and national boundaries.
2. Efficient operations by region matrix
   In Japan, the Americas and Europe, we pursue efficient operations by introducing regional shared services in administrative divisions of the HORIBA Group, including accounting and financial, legal affairs, intellectual property and information systems services. This allows us to improve efficiency of asset turnover and returns and to reduce operating costs.
3. Introduction of new ERP
   Making operating decisions based on detailed and timely information is necessary. Accordingly, we will introduce the new Enterprise Resource Planning (ERP), a unified operating system to promote efficient operations by region. The introduction of this system is one of the core investments in our mid- and long-term management plan. In the early stage, we aim to promote the standardization of operating processes by corporation as well as promote changes in the consciousness of all employees.

Primary Measure-2: Enhance well-balanced operations

We will strive to improve business volume and increase profits beyond the Automotive Test Systems segment and promote the well-balanced development of our four segments, including the stable Analytical Instruments & Systems segment. Moreover, our active investments in the Semiconductor Instruments & Systems and Medical/Diagnostic Instruments & Systems segments will begin to reach fruition. We will expand our business in emerging markets, including India and South America, as well as in China's fast growing market.

Primary Measure-3: Value increase in "valuable intangibles"

We will make efforts focused on "valuable intangibles" such as our unique corporate culture, the HORIBA brand value, human resources, technological capabilities, management capabilities and respect for CSR and environmental issues, which aren't shown on the balance sheet. We will continuously aim to make dramatic progress in profitability and investment efficiency by utilizing these valuable intangibles as well as improving their value respectively.

(4) Challenges for HORIBA

We think it is essential to improve investment efficiency and productivity for sustained growth and corporate value and to establish a network system for managing business risks. To achieve this, we must improve the information system that is the basis of business management for all of the HORIBA Group companies. The Company set up the Enterprise Resources Planning office on March 21, 2005 to establish and introduce a unified information system aiming to provide detailed information promptly to top management and investors and to build a managerial environment leading to the targets of the mid- and long-term plan by 2010 (¥150 billion in net sales, an operating income ratio greater than 10% and a ROE of over 11%).

We also believe it important to ensure fairness, transparency and accountability in our day-to-day operations. HORIBA's directors and employees conduct their work based on the principle of "open & fair," which is consistent with the law and the Company's articles of association. To secure fair and effective management, the basic policy concerning the establishment of an internal control system to promote compliance and the risk control was adopted at the Board of Directors meeting held on May 10, 2006. We started a project for internal control and have promoted an internal control system to secure fairness in financial statements and documentation in accordance with the Financial Instrument and Exchange Law, or J-SOX Act (a Japanese version of Sarbanes-Oxley Act), enacted to achieve an appropriate and reliable reporting system for financial statements. Through documentation, we seek to promote the visualization of all details and improve the effectiveness of work.

At the Company's Board of Directors meeting held on August 21, 2007, the basic policy regarding persons who control the Company's decisions on financial and business policies was approved as below.

(Basic Policy Regarding Persons Who Control Company's Decisions on Financial and Business Policies)

The Company is conducting business operations on the basis of mutual relations with a variety of its stakeholders, including shareholders, investors, customers, business partners and employees. Aspiring to be "a first-class global company" as a manufacturer of analytical and measurement equipment doing business all over the world, its mission is to contribute to *the preservation of the earth environment, human health, the improvement of social safety and convenience, the development of scientific technology,* etc. by providing high value-added products, services and analytical technology to the markets of various industrial fields with a view toward fulfilling its corporate social responsibilities to all stakeholders through these contributions.

In addition, the Company is enhancing "invisible values" by fostering human resources, technological potential and the underlying corporate culture as values that generate sustainable revenue and warrant the Company's perpetual existence. We will perform activities to increase the value of the "HORIBA brand" that contains and integrates these values. By promoting these efforts, we will enhance corporate value and build a stronger relationship of trust with all stakeholders.

Considering the fact the Company is a public company, listed on stock exchanges, we believe that the shareholders investing in our company have agreed to our corporate philosophy and management policy and have entrusted its operation to its management at their own discretion. In other words, the Company considers that actions of persons who control the Company's decisions on financial and business policies should be taken according to the will of shareholders. Accordingly, if any act intended to acquire a large amount of the Company's stock is undertaken, we believe that it is our shareholders who should make the final decision whether to accept such an acquirer's demand or not.

We are aware of a growing number of attempts at the large-scale acquisition of company stocks in Japan's recent capital market. These attempts seem to pursue nothing but the acquirer's short-term interests without regard to other shareholders that form the source of corporate value. Should such abusive acts of large-scale acquisition be proposed with respect to the Company's stock, management will consider that it is the management's essential responsibility to thoroughly analyze the contents and conditions of the proposal and disclose the results of our analysis and opinions to other shareholders and investors.

Currently, the Company is building a system to cope with potential abusive proposals for the purchase of its stocks or hostile M&A. As part of the natural duties of management responsible to take due care for the benefit of our shareholders, we will carefully determine the possible impact of any proposed purchase or M&A on the corporate value and the common interests of shareholders and will take appropriate measures based on our determination.

For this purpose, with outside professionals, we will assess the proposal and negotiate with the potential purchaser or acquirer. If the proposal is deemed detrimental to the corporate value and/or the common interests of the shareholders, we will disqualify the proposing party as a person who controls company's decisions on financial and business policies and then determine whether specific countermeasures are necessary. If deemed necessary, as a part of systems we are building, we will take countermeasures.

When formally determined, concrete measures, etc. will be both timely and appropriately disclosed in compliance with laws and regulations.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Accounts	As of December 31, 2006		As of December 31, 2007		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Assets	Millions of yen		Millions of yen		Millions of yen	
Current Assets:	92,759	71.8	113,330	73.4	20,570	22.2
Cash and bank deposits	14,807		22,064		7,257	
Trade notes and accounts receivable	42,484		45,872		3,387	
Marketable securities	868		6,710		5,841	
Inventories	30,947		33,734		2,786	
Deferred tax assets	2,441		2,781		339	
Other current assets	2,132		2,731		599	
Allowance for doubtful receivables	(922)		(564)		358	
Fixed Assets:	36,476	28.2	41,037	26.6	4,560	12.5
Property, Plant and Equipment:	21,700	16.8	24,070	15.6	2,370	10.9
Buildings and structures	8,028		7,903		(125)	
Machinery, equipment, and vehicles	3,866		4,342		476	
Land	6,737		7,525		787	
Construction in progress	620		644		23	
Other property, plant and equipment	2,446		3,654		1,207	
Intangibles:	5,744	4.4	8,502	5.5	2,757	48.0
Goodwill	1,577		1,077		(499)	
Other intangibles	4,167		7,424		3,257	
Investments and Other Non-Current Assets:	9,032	7.0	8,464	5.5	(568)	(6.3)
Investment securities	5,546		4,759		(787)	
Deferred tax assets	886		1,345		459	
Other investments and other assets	2,681		2,678		(2)	
Allowance for doubtful accounts	(81)		(320)		(238)	
Total Assets	129,236	100.0	154,367	100.0	25,131	19.4

Accounts	As of December 31, 2006		As of December 31, 2007		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Liabilities	Millions of yen		Millions of yen		Millions of yen	
Current Liabilities:	45,903	35.5	58,038	37.6	12,134	26.4
Trade notes and accounts payable	14,960		16,845		1,884	
Short-term loans payable	8,846		7,540		(1,306)	
Current maturities of corporate bonds	–		5,000		5,000	
Accounts payable – other	9,087		12,525		3,438	
Accrued income taxes	2,149		3,795		1,646	
Deferred tax liabilities	–		42		42	
Accrued bonuses to employees	1,484		703		(781)	
Accrued bonuses to directors and corporate auditors	300		119		(180)	
Reserve for product warranty	1,161		1,148		(12)	
Provision for possible losses from litigation	–		1,204		1,204	
Other current liabilities	7,913		9,112		1,198	
Non-Current Liabilities:	10,957	8.5	15,947	10.3	4,990	45.5
Corporate bonds	5,000		10,000		5,000	
Long-term debt	2,377		2,637		259	
Deferred tax liabilities	705		205		(499)	
Employees' retirement benefits	1,631		1,813		182	
Directors' and corporate auditors' retirement benefits	659		709		50	
Reserve for loss on guarantees	–		52		52	
Other non-current liabilities	583		529		(54)	
Total Liabilities	56,861	44.0	73,985	47.9	17,124	30.1
Net Assets						
Shareholders' Equity	68,029	52.7	75,967	49.2	7,937	11.7
Common stock	11,738	9.1	11,952	7.7	214	1.8
Capital surplus	18,444	14.3	18,658	12.1	214	1.2
Retained earnings	37,864	29.3	45,365	29.4	7,500	19.8
Treasury stock	(18)	(0.0)	(9)	(0.0)	8	–
Valuation and Translation Adjustments	4,341	3.3	4,410	2.9	68	1.6
Net unrealized holding gains on securities	2,090	1.6	1,621	1.1	(468)	(22.4)
Foreign currency translation adjustments	2,251	1.7	2,788	1.8	537	23.9
Minority Interests in Consolidated Subsidiaries	3	0.0	3	0.0	(0)	(1.2)
Total Net Assets	72,375	56.0	80,381	52.1	8,006	11.1
Total Liabilities and Net Assets	129,236	100.0	154,367	100.0	25,131	19.4

(2) Consolidated Statements of Income

Accounts	Year Ended December 31, 2006		Year Ended December 31, 2007		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
	Millions of yen		Millions of yen		Millions of yen	
Net Sales	116,099	100.0	144,283	100.0	28,183	24.3
Cost of Sales	66,510	57.3	77,364	53.6	10,854	16.3
Gross Income	49,588	42.7	66,918	46.4	17,329	34.9
Selling, General and Administrative Expenses	37,882	32.6	50,388	34.9	12,506	33.0
Operating Income	11,706	10.1	16,529	11.5	4,823	41.2
Other Income	645	0.6	998	0.7	352	54.6
Interest income	136		246		110	
Dividend income	111		85		(26)	
Other	398		666		268	
Other Expenses	1,583	1.4	1,578	1.1	(5)	(0.3)
Interest expense	504		796		291	
Foreign exchange losses	198		320		121	
Loss on write-down of inventories	245		48		(197)	
Loss on disposal of inventories	137		51		(86)	
Other	496		361		(135)	
Ordinary Income	10,768	9.3	15,949	11.1	5,181	48.1
Special Gains	94	0.0	26	0.0	(68)	(72.1)
Gain on sale of property, plant and equipment	75		26		(48)	
Gain on sale of investment securities	19		–		(19)	
Special Losses	275	0.2	1,870	1.3	1,594	579.7
Loss on disposal of property, plant and equipment	33		53		19	
Loss on sale of property, plant and equipment	2		19		17	
Loss on impairment of fixed assets	237		–		(237)	
Retirement benefits to directors and corporate auditors	1		–		(1)	
Provision for possible losses from litigation	–		1,041		1,041	
Loss due to changes in accounting policies	–		703		703	
Reserve for loss on guarantees	–		52		52	
Other	0		0		0	
Income Before Income Taxes	10,588	9.1	14,105	9.8	3,517	33.2
Income taxes (current)	4,050	3.5	6,603	4.6	2,553	63.0
Income taxes (deferred)	(23)	(0.0)	(1,184)	(0.8)	(1,161)	–
Minority interests in earnings of consolidated subsidiaries	50	0.0	(3)	(0.0)	(53)	–
Net Income	6,510	5.6	8,690	6.0	2,180	33.5

(3) Consolidated Statements of Changes in Shareholders' Equity

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 year					
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 year	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 Interests	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 year					
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 year	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.

Year Ended Decmber 31, 2007 (January 1, 2007 - December 31, 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 year					
Issuance of new shares (Exercise of stock aquisition rights)	214	214			428
Cash dividends			(761)		(761)
Cash dividends (Interim dividend)			(423)		(423)
Net income			8,690		8,690
Acquisition of treasury stocks				(1)	(1)
Disposal of treasury stocks			(4)	10	5
Others					
Total changes during the fiscal year	214	214	7,500	8	7,937
Balance at December 31, 2007	11,952	18,658	45,365	(9)	75,967

	Valuation and Translation Adjustments			Minority Interests	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 year					
Issuance of new shares (Exercise of stock acquisition rights)					428
Cash dividends					(761)
Cash dividends (Interim dividend)					(423)
Net income					8,690
Acquisition of treasury stocks					(1)
Disposal of treasury stocks					5
Others	(468)	537	68	(0)	68
Total changes during the fiscal year	(468)	537	68	(0)	8,006
Balance at December 31, 2007	1,621	2,788	4,410	3	80,381

(4) Consolidated Statements of Cash Flows

Accounts	Year Ended December 31, 2006	Year Ended December 31, 2007	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Cash Flows from Operating Activities:			
Income before income taxes	10,588	14,105	3,517
Depreciation (excludes amortization of goodwill)	2,797	3,671	874
Loss on impairment of fixed assets	237	–	(237)
Amortization of goodwill	449	489	40
Decrease in allowance for doubtful receivables	(45)	(163)	(118)
Increase in provision for possible losses from litigation	–	1,204	1,204
Increase in employees' retirement benefits	2	149	146
Increase in directors' and corporate auditors' retirement benefits	53	50	(3)
Increase in reserve for loss on guarantees	–	52	52
Interest and dividend income	(247)	(331)	(83)
Interest expense	504	796	291
Bond issuance costs	–	55	55
Foreign exchange losses	45	65	19
Gain on sale of property, plant and equipment	(75)	(26)	48
Loss on disposal of property, plant and equipment	33	53	19
Loss on sale of property, plant and equipment	2	19	17
Gain on sale of investment securities	(19)	–	19
Retirement benefits to directors and corporate auditors	1	–	(1)
Loss due to changes in accounting policies	–	703	703
Increase in trade notes and accounts receivable	(3,023)	(2,432)	590
Increase in inventories	(2,208)	(2,830)	(621)
Increase in trade notes and accounts payable	985	610	(375)
Bonuses to directors and corporate auditors	(271)	–	271
Other, net	(685)	2,857	3,542
Subtotal	9,126	19,100	9,973
Interest and dividends received	235	312	76
Interest paid	(449)	(672)	(223)
Payment of retirement benefits to directors and corporate auditors	(13)	–	13
Income taxes paid	(5,128)	(5,157)	(28)
Net cash provided by operating activities	3,769	13,581	9,812
Cash Flows from Investing Activities:			
Increase in time deposits	–	(7,508)	(7,508)
Decrease in time deposits	122	1	(121)
Increase in time deposits restricted for use	–	(700)	(700)
Payments for purchase of property, plant and equipment	(3,559)	(5,700)	(2,141)
Proceeds from sale of property, plant and equipment	438	820	381
Payments for purchase of intangibles	(1,452)	(3,400)	(1,947)
Payments for purchase of investment securities	(23)	(14)	9
Proceeds from sale or redemption of investment securities	168	7	(161)
Payments for purchase of investments in a consolidated subsidiary	(202)	–	202
Payments for purchase of investments in newly consolidated subsidiaries	(103)	–	103
Increase in loans receivable	(22)	(17)	5
Decrease in loans receivable	204	81	(122)
Other, net	(88)	(14)	73
Net cash used in investing activities	(4,519)	(16,444)	(11,925)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	689	(1,758)	(2,448)
Increase in long-term debt	1,396	1,015	(381)
Repayment of long-term debt	(630)	(753)	(122)
Proceeds from issuance of bonds	–	9,944	9,944
Proceeds from exercise of stock aquisition rights	337	428	90
Payments for purchase of treasury stock	(0)	(1)	(0)
Proceeds from sale of treasury stock	41	5	(36)
Cash dividends paid	(1,252)	(1,192)	60
Cash dividends paid to minority interests	(30)	–	30
Reimbursement of funds for redemption of convertible bonds	777	–	(777)
Other, net	(13)	(11)	2
Net cash provided by financing activities	1,315	7,676	6,361
Effect of Exchange Rate Changes on Cash and Cash Equivalents	222	78	(144)
Net Increase in Cash and Cash Equivalents	788	4,892	4,104
Cash and Cash Equivalents at Beginning of Period	14,884	15,672	788
Cash and Cash Equivalents at End of Period	15,672	20,564	4,892

(5) Important Items that Form Basis of Preparation of Consolidated Financial Statements

Method of amortization for Deferred Assets:

[Bond issuance costs]

Bond issuance costs are charged to income as incurred.

Accounting Policies for Significant Allowances and Accruals:

[Provision for Possible Losses from Litigation]

Provision for possible losses from litigation is set aside for payments to settle current lawsuits and in preparation for payments that may arise in the future.

A lawsuit was filed by Micronics Japan Co., Ltd. against the Company seeking compensation for damages related to an agreement to develop and commercialize liquid-crystal related testing equipment. The Company lost the case in the Tokyo District Court on May 22, 2007 and appealed the decision to the Tokyo High Court. Taking into account the increased possibility of liability, a provision for loss in the amount of ¥1,204 million, which includes provision for the payment of damages in the amount of ¥933 million and related costs and interest, was set aside. After adjustment of accrued legal fee for the previous year, the Company booked ¥1,041 million as special loss for the year ended December 31, 2007.

[Reserve for Loss on Guarantees]

A reserve for loss on guarantees was provided in an estimated amount for an affiliated company after consideration of the company's financial position, etc.

The disclosure of information other than the above mentioned items has been omitted because no significant changes have been made in the information since its disclosure in the latest annual securities report submitted on March 26, 2007.

(6) Significant Changes in the Basis of Preparation of Interim Consolidated Financial Statements

[Accounting Policies for Research and Development Expenses]

Effective January 1, 2007, HORIBA has changed its accounting policies for research and development expenses unifying the intergroup definition of manufacturing costs in order to calculate the amount of research and development expenses properly and clarify the relationship between net sales and cost of sales. Under the new accounting policy, certain research and development expenses that had been previously accounted for as cost of sales are now included in selling, general and administrative expenses.

For the year ended December 31, 2007, cost of sales was ¥4,808 million less and gross income ¥4,808 million more than what they would have been without the change. However, there was no significant impact on operating income or ordinary income because selling and general and administrative expenses were also ¥4,808 million more. Because of a special loss of ¥703 million resulting from the recomputation of beginning inventory balances, income before income taxes was ¥924 million less.

(7) Notes to Consolidated Financial Statements

[Notes to Consolidated Balance Sheets]

	As of December 31, 2006	As of December 31, 2007
	Millions of yen	Millions of yen
1. Accumulated depreciation for tangible assets	26,560	28,641
2. Pledged assets		
Buildings and structures	65	67
Secured liabilities		
Short-term loans payable	11	12
Long-term debt	35	25
		In addition, time deposits of ¥700 million were pledged for payment guarantee by a financial institution upon a court decree concerning a suit for damages at December 31, 2007.
3. Contingent liabilities for guarantees		
HORIBA Community Corporation	208	196
Chiyoda Assy Inc.	100	48
Employees	14	11
	322	255
4. Notes receivable discounted	4	–
5. Notes receivable matured on December 31, 2007, which was a bank holiday		December 31, 2007, the end of the period, was a bank holiday. Notes receivable maturing on that date were settled on the following business day. Therefore, those notes in the amount of ¥890 million were included in the ending balance at December 31, 2007.

[Note to Consolidated Statements of Income]

	Year ended December 31, 2006	Year ended December 31, 2007
	Millions of yen	Millions of yen
Research and development expenses	6,135	9,473

[Notes to Consolidated Statements of Changes in Shareholders' Equity]

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

1. Type and number of shares outstanding and treasury stock

(Number of shares)

	As of March 20, 2006	Increase	Decrease	As of December 31, 2006
Number of shares issued				
Common stock (Note 1)	42,144,752	170,000	–	42,314,752
Total	42,144,752	170,000	–	42,314,752
Treasury Stock				
Common stock (Notes 2 and 3)	44,699	237	34,000	10,936
Total	44,699	237	34,000	10,936

(Note) 1. The increase in the number of shares of common stock is due to the exercise of stock acquisition rights.
2. The increase in the number of shares of treasury stock is due to the acquisition of shares of less than one unit.
3. The decrease in the number of shares of treasury stock is due to the exercise of stock acquisition rights.

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2. Dividends

(1) Dividend payment

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 17, 2006	Common stock	926	22	March 20, 2006	June 17, 2006
Board of Directors meeting held on November 14, 2006	Common stock	338	8	September 20, 2006	November 28, 2006

(2) Dividends with record date attributable to the end of the current fiscal term but to be effective after the current fiscal term

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on February 21, 2007	Common stock	761	Retained earnings	18	December 31, 2006	March 8, 2007

Year Ended December 31, 2007 (January 1, 2007 – December 31, 2007)

1. Type and number of shares outstanding and treasury stock

(Number of shares)

	As of December 31, 2006	Increase	Decrease	As of December 31, 2007
Number of shares issued				
Common stock (Note 1)	42,314,752	159,000	–	42,473,752
Total	42,314,752	159,000	–	42,473,752
Treasury Stock				
Common stock (Notes 2 and 3)	10,936	314	6,000	5,250
Total	10,936	314	6,000	5,250

(Note) 1. The increase in the number of shares of common stock is due to exercise of stock acquisition rights.

2. The increase in the number of shares of treasury stock is due to acquisition of shares of less than one unit.

3. The decrease in the number of shares of treasury stock is due to exercise of stock acquisition rights.

2. Dividends

(1) Dividend payment

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on February 21, 2007	Common stock	761	18	December 31, 2006	March 8, 2007
Board of Directors meeting held on August 21, 2007	Common stock	423	10	June 30, 2007	September 4, 2007

(2) Dividends with record date attributable to the end of the current fiscal term but to be effective after the current fiscal term

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on February 19, 2008	Common stock	1,231	Retained earnings	29	December 31, 2007	March 6, 2008

[Notes to Consolidated Statements of Cash Flows]

Reconciliation between cash and bank deposits in consolidated balance sheets and cash and cash equivalents at the end of the period in consolidated statements of cash flows:

	As of December 31, 2006	As of December 31, 2007
	Millions of yen	Millions of yen
Cash and bank deposits	14,807	22,064
Time deposits for payment guarantee with use restrictions	–	(700)
Time deposits with maturities exceeding 3 months	(1)	(7,509)
Short-term investments whose expiration or redemption date is within 3 months	866	6,709
Cash and cash equivalents at end of period	15,672	20,564

[Segment Information]

1. Business Segment Information

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
Ⅰ. Net Sales, and Operating Income							
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
Ⅱ. Assets, Depreciation, and Capital Expenditures							
Assets	34,677	30,105	18,634	21,959	105,376	23,859	129,236
Depreciation	887	706	1,100	551	3,246	—	3,246
Capital Expenditures	1,450	1,321	1,764	522	5,059	—	5,059

(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 were ¥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 more than what they would have been before the new standard. Operating income was less by the same amounts accordingly.

Year Ended December 31, 2007 (January 1, 2007 - December 31, 2007)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
Ⅰ. Net Sales and Operating Income							
Net Sales							
(1) Sales to outside customers	51,475	40,038	25,835	26,934	144,283	—	144,283
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	51,475	40,038	25,835	26,934	144,283	—	144,283
Operating Expenses	44,717	37,366	24,603	21,066	127,753	—	127,753
Operating Income	6,757	2,672	1,232	5,867	16,529	—	16,529
Ⅱ. Assets, Depreciation, and Capital Expenditures							
Assets	41,912	32,052	20,357	23,876	118,198	36,168	154,367
Depreciation	1,214	909	1,305	731	4,161	—	4,161
Capital Expenditures	3,376	2,762	2,260	936	9,336	—	9,336

(Reference) 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

2. Geographic Segment Information

Year Ended December 31, 2006 (March 21, 2006 – December 31, 2006) Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Ⅰ. Net Sales, and Operating Income							
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
Ⅱ. Assets	55,987	9,283	37,879	2,226	105,376	23,859	129,236

(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 the year ended Dec. 31, 2006. As a result, operating expenses were ¥300 million more in the Japan segment and operating income ¥300 million less than would have been before the new standard

Year Ended December 31, 2007 (January 1, 2007 – December 31, 2007) Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Ⅰ. Net Sales, and Operating Income							
Net Sales							
(1) Sales to outside customers	61,707	18,556	58,972	5,046	144,283	—	144,283
(2) Intersegment sales and transfers	16,334	858	4,192	2,146	23,531	(23,531)	—
Total	78,042	19,415	63,164	7,192	167,815	(23,531)	144,283
Operating Expenses	65,117	18,355	61,323	6,321	151,117	(23,364)	127,753
Operating Income	12,924	1,060	1,840	871	16,697	(167)	16,529
Ⅱ. Assets	63,937	9,752	41,716	2,791	118,198	36,168	154,367

3. Overseas Sales

Year Ended December 31, 2006 (March 21, 2006 – December 31, 2006) Millions of yen

	Americas	Europe	Asia	Total
Ⅰ. Overseas sales	26,381	35,834	16,551	78,767
Ⅱ. Consolidated sales	—	—	—	116,099
Ⅲ. 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.

Year Ended December 31, 2007 (January 1, 2007 – December 31, 2007) Millions of yen

	Americas	Europe	Asia	Total
Ⅰ. Overseas sales	29,780	41,947	20,585	92,313
Ⅱ. Consolidated sales	—	—	—	144,283
Ⅲ. Ratio of overseas sales to consolidated sales (%)	20.6	29.1	14.3	64.0

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

[Per Share Data]

Year ended December 31, 2006		Year ended December 31, 2007	
	Yen		Yen
Net assets per share	1,710.75	Net assets per share	1,892.64
Net income per share	154.23	Net income per share	205.01
Net income per share (diluted)	153.70	Net income per share (diluted)	204.39

Calculation of net assets per share

	As of December 31, 2006	As of December 31, 2007
Total net assets (millions of yen)	72,375	80,381
Amount deducted from total net assets (millions of yen)	3	3
(Minority interests included in above amount)	(3)	(3)
Net assets from common shares (millions of yen)	72,371	80,377
Number of common shares used to calculate net assets per share (thousands of shares)	42,303	42,468

Calculation of basic and diluted net income per share

	As of December 31, 2006	As of December 31, 2007
Net income per share (basic)		
Net income	6,510	8,690
Amount deducted from total net income (millions of yen)	—	—
Net income from common shares (millions of yen)	6,510	8,690
Average number of common shares (thousands of shares)	42,210	42,390
Net income per share (diluted)		
Amount deducted from total net income (millions of yen)	—	—
Increased number of common shares (thousands of shares)	145	129
(Stock acquisition rights included in increase)	(145)	(129)
Diluted common shares outstanding	—	—

[Subsequent Event]

Year Ended December 31, 2007 (January 1, 2007 – December 31, 2007)
Acquisition of treasury stock

At the Board of Directors meeting held on February 19, 2008, the Company comprehensively resolved to acquire treasury stock in accordance with the Company's Articles of Incorporation applied under Article 459, Section 1 of the Corporation Law.

Purpose of the treasury stock acquisition

To improve capital efficiency and implement flexible capital policies in accordance with the business environment.

Acquisition period	From February 20, 2008 to March 19, 2008
Method of acquisition	Acquisition in the market through a trust bank
Type of shares to be acquired	Common stock
Number of treasury stock	Up to 270,000 shares
Amount of acquisition	Up to 800 million yen

[Omissions from the Disclosed Financial Statement]

Notes with information concerning leases, related party transactions, deferred tax assets and liabilities, securities, derivative transactions, retirement benefits and pension plans and stock options were omitted because disclosure in these financial statements were deemed unnecessary.

5. Others

HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2007

Consolidated

1. Consolidated Financial Results

	12/2007 Result	12/2006 Result	Change from previous year		12/2008 Estimate	Change from previous year	12/2008 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	144,283	116,099	+28,183	+24.3%	145,000	+716	67,000	−1,296
Operating Income	16,529	11,706	+4,823	+41.2%	14,500	−2,029	6,100	−1,769
Operating Income Ratio	*11.5%*	*10.1%*	*+1.4P*		*10.0%*	*−1.5P*	*9.1%*	*−2.4P*
Ordinary Income	15,949	10,768	+5,181	+48.1%	14,000	−1,949	5,850	−2,005
Ordinary Income Ratio	*11.1%*	*9.3%*	*+1.8P*		*9.7%*	*−1.4P*	*8.7%*	*−2.8P*
Net Income	8,690	6,510	+2,180	+33.5%	8,100	−590	3,400	+91
Net Income Ratio	*6.0%*	*5.6%*	*+0.3P*		*5.6%*	*−0.4P*	*5.1%*	*+0.2P*
US$	117.85	116.37	+1.48		105.00	−12.85	105.00	−15.15
Euro	161.31	146.20	+15.11		155.00	−6.31	155.00	−4.68

2. Consolidated Segment Results

Net Sales	12/2007 Result	12/2006 Result	Change from previous year		12/2008 Estimate	Change from previous year	12/2008 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	51,475	37,945	+13,529	+35.7%	53,000	+1,524	24,000	+2,143
Analytical	40,038	35,053	+4,984	+14.2%	42,000	+1,961	20,000	+460
Medical	25,835	22,988	+2,846	+12.4%	28,000	+2,164	13,000	+529
Semiconductor	26,934	20,111	+6,822	+33.9%	22,000	−4,934	10,000	−4,428
Total	144,283	116,099	+28,183	+24.3%	145,000	+716	67,000	−1,296

Operating Income	12/2007 Result	12/2006 Result	Change from previous year		12/2008 Estimate	Change from previous year	12/2008 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	6,757	3,679	+3,078	+83.7%	6,200	−557	2,900	+667
Analytical	2,672	2,668	+3	+0.1%	3,100	+427	1,300	−128
Medical	1,232	1,404	−172	−12.3%	1,700	+467	600	+17
Semiconductor	5,867	3,954	+1,912	+48.4%	3,500	−2,367	1,300	−2,325
Total	16,529	11,706	+4,823	+41.2%	14,500	−2,029	6,100	−1,769

3. Consolidated Segment Sales by Region

	12/2007 Result	12/2006 Result	Change from previous year		12/2008 Estimate	Change from previous year	12/2008 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	51,475	37,945	+13,529	+35.7%	53,000	+1,524	24,000	+2,143
Japan	15,959	10,152	+5,807	+57.2%	16,000	+40	8,500	+665
Asia	8,059	7,248	+810	+11.2%	8,000	−59	3,500	+183
Americas	10,536	7,041	+3,494	+49.6%	8,800	−1,736	4,000	−140
Europe	16,920	13,502	+3,418	+25.3%	20,200	+3,279	8,000	+1,435
Analytical	40,038	35,053	+4,984	+14.2%	42,000	+1,961	20,000	+460
Japan	15,423	12,205	+3,218	+26.4%	17,500	+2,076	8,600	+503
Asia	6,957	5,379	+1,578	+29.3%	7,000	+42	3,400	+39
Americas	6,972	8,701	−1,729	−19.9%	8,000	+1,027	3,500	+196
Europe	10,684	8,768	+1,916	+21.9%	9,500	−1,184	4,500	−279
Medical	25,835	22,988	+2,846	+12.4%	28,000	+2,164	13,000	+529
Japan	4,043	3,439	+604	+17.6%	4,600	+556	2,000	−9
Asia	1,866	1,284	+581	+45.3%	2,300	+433	1,100	+327
Americas	7,033	5,822	+1,210	+20.8%	7,500	+466	3,500	+123
Europe	12,891	12,441	+450	+3.6%	13,600	+708	6,400	+87
Semiconductor	26,934	20,111	+6,822	+33.9%	22,000	−4,934	10,000	−4,428
Japan	16,542	11,534	+5,007	+43.4%	12,500	−4,042	5,600	−3,413
Asia	3,702	2,638	+1,064	+40.3%	3,000	−702	1,300	−542
Americas	5,238	4,815	+422	+8.8%	5,000	−238	2,400	−438
Europe	1,450	1,123	+327	+29.1%	1,500	+49	700	−33
Total	144,283	116,099	+28,183	+24.3%	145,000	+716	67,000	−1,296

4. Consolidated Segment Sales by Geographic Area

	12/2007 Result	12/2006 Result	Change from previous year	
	Full year	Full year	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen	
Automotive	51,475	37,945	+13,529	+35.7%
Japan	21,140	14,150	+6,990	+49.4%
Asia	648	541	+107	+19.8%
Americas	10,246	7,077	+3,169	+44.8%
Europe	19,439	16,176	+3,262	+20.2%
Analytical	40,038	35,053	+4,984	+14.2%
Japan	18,234	14,582	+3,651	+25.0%
Asia	1,782	1,008	+773	+76.7%
Americas	3,053	4,946	−1,892	−38.3%
Europe	16,967	14,516	+2,451	+16.9%
Medical	25,835	22,988	+2,846	+12.4%
Japan	4,114	3,486	+628	+18.0%
Asia	669	335	+334	+99.8%
Americas	−	−	−	−
Europe	21,051	19,166	+1,884	+9.8%
Semiconductor	26,934	20,111	+6,822	+33.9%
Japan	18,218	12,609	+5,608	+44.5%
Asia	1,945	1,594	+351	+22.1%
Americas	5,256	4,722	+533	+11.3%
Europe	1,513	1,185	+328	+27.7%
Total	144,283	116,099	+28,183	+24.3%

5. Consolidated Financial Results (Quarterly Comparison)

	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	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	43,318	28,521	32,100	55,476
Operating Income	4,205	3,663	3,662	4,997	2,812	3,240	5,652
Operating Income Ratio	*12.3%*	*10.7%*	*11.2%*	*11.5%*	*9.9%*	*10.1%*	*10.2%*
Ordinary Income	4,107	3,747	3,410	4,683	2,703	3,092	4,972
Ordinary Income Ratio	*12.0%*	*11.0%*	*10.4%*	*10.8%*	*9.5%*	*9.6%*	*9.0%*
Net Income	1,848	1,459	2,059	3,322	1,418	1,840	3,251
Net Income Ratio	*5.4%*	*4.3%*	*6.3%*	*7.7%*	*5.0%*	*5.7%*	*5.9%*
US$	119.45	120.85	117.93	113.17	116.98	114.48	117.01
Euro	156.46	162.90	161.93	163.95	140.72	143.84	150.12

6. Consolidated Segment Results (Quarterly Comparison)

Net Sales	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	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	10,714	11,142	11,365	18,252	8,668	10,556	18,720
Analytical	10,118	9,421	9,014	11,483	8,784	9,354	16,914
Medical	5,999	6,471	6,062	7,302	5,480	6,113	11,394
Semiconductor	7,281	7,146	6,225	6,279	5,588	6,076	8,446
Total	34,114	34,181	32,668	43,318	28,521	32,100	55,476

Operating Income	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	1Q Result	2Q Result	2H Result
	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	1,189	1,042	1,873	2,652	612	1,262	1,803
Analytical	1,060	368	410	833	706	238	1,723
Medical	143	439	236	412	279	543	581
Semiconductor	1,812	1,813	1,142	1,100	1,214	1,196	1,544
Total	4,205	3,663	3,662	4,997	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 Result	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	12,318	10,246	9,443	19,114
Analytical	10,115	9,348	10,155	11,043	10,059	9,904	14,852
Medical	5,944	6,606	6,248	6,796	6,114	6,015	11,190
Semiconductor	7,964	6,761	5,851	5,621	6,075	6,278	8,096
Total	42,063	34,586	37,351	35,780	32,496	31,641	53,253

Backlog	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	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	26,768	21,638	20,525	20,919
Analytical	8,406	8,333	9,475	9,035	9,901	10,451	8,409
Medical	2,271	2,407	2,592	2,086	2,628	2,531	2,327
Semiconductor	2,636	2,250	1,876	1,218	2,102	2,304	1,953
Total	41,558	41,964	46,646	39,108	36,271	35,813	33,609

8. Capital Expenditures, Depreciation and Research and Development Expenses

	12/2007 Result	12/2006 Result	12/2008 Estimate
	Full year	Full year	Full year
	Millions of yen	Millions of yen	Millions of yen
Capital Expenditures (*)	9,336	5,059	9,200
Depreciation	4,161	3,246	4,800
R&D Expenses	9,473	6,135	10,000

(*) Capital expenditures are investments in tangible and intangible fixed assets.

Non-Consolidated

1. Non-Consolidated Segment Sales (Quarterly Comparison)

Net Sales	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	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	6,844	5,488	6,784	7,401	5,654	4,934	6,627
Analytical	6,007	4,521	4,794	5,116	5,308	4,499	5,589
Medical	1,029	1,213	1,085	1,233	1,069	1,187	1,200
Semiconductor	1,612	1,364	879	1,223	1,259	1,183	1,268
Total	15,494	12,587	13,543	14,975	13,292	11,804	14,685

2. Non-Consolidated Orders and Backlog Information (Quarterly Comparison)

Orders	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	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	8,049	4,295	8,685	5,104	6,174	4,780	6,146
Analytical	5,565	4,438	5,084	5,779	5,100	5,423	4,890
Medical	889	1,406	1,074	1,341	1,164	1,196	1,182
Semiconductor	1,546	1,082	920	1,152	1,302	1,226	1,266
Total	16,051	11,223	15,765	13,377	13,740	12,626	13,486

Backlog	12/2007				12/2006		
	1Q Result	2Q Result	3Q Result	4Q Result	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	5,499	4,305	6,206	3,978	4,929	4,778	4,294
Analytical	2,778	2,686	2,975	3,664	2,977	3,902	3,210
Medical	855	1,049	1,038	1,029	1,006	1,014	995
Semiconductor	802	531	573	524	843	883	879
Total	9,936	8,572	10,794	9,196	9,756	10,578	9,379

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). For the year ended December 31, 2006 (the previous fiscal year), the operating results of the Company and the two consolidated subsidiaries mentioned above for the nine-month period from April through December and the operating results of the other consolidated subsidiaries for the twelve-month period from January through December were consolidated. For the year ended December 31, 2007, the operating results of the Company and all of its consolidated subsidiaries for the twelve-month period from January through December were consolidated.

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