

Consolidated Financial Statements for the Three Months Ended March 31, 2008

May 13, 2008

Company name **HORIBA, Ltd.**

Stock exchange listings: Tokyo, Osaka

Listing code 6856

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

1. Consolidated Results for the Three Months Ended March 31, 2008 (January 1, 2008 – March 31, 2008)

(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	%
Three months ended 3/31/08	30,955	(9.3)	2,105	(49.9)	1,886	(54.1)	1,001	(45.8)
Three months ended 3/31/07	34,114	19.6	4,205	49.5	4,107	51.9	1,848	30.3
Year ended 12/31/07	144,283		16,529		15,949		8,690	

	Net income per share	Net income per share (diluted)
	Yen	Yen
Three months ended 3/31/08	23.63	23.60
Three months ended 3/31/07	43.66	43.54
Year ended 12/31/07	205.01	204.39

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 3/31/08	145,608	77,050	52.9	1,823.94
As of 3/31/07	131,642	73,524	55.9	1,735.79
As of 12/31/07	154,367	80,381	52.1	1,892.64

(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
Three months ended 3/31/08	(236)	608	(688)	19,736
Three months ended 3/31/07	1,994	(3,209)	97	14,502
Year ended 12/31/07	13,581	(16,444)	7,676	20,564

2. Dividends

	Dividend per share		
	Interim	Year-end	Annual
(Base date)	Yen	Yen	Yen
Year ended 12/31/07	10.00	29.00	39.00
Year ending 12/31/08 (Forecast)	15.00	24.00	39.00

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

(Percentages represent changes from the corresponding period in 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	63,000	(7.8)	5,100	(35.2)	4,850	(38.3)	2,900	(12.3)	68.54
Full year	141,000	(2.3)	13,500	(18.3)	13,000	(18.5)	7,600	(12.5)	179.78

4. Others

(1) Changes in scope of consolidation and application of the equity method during the three months ended March 31, 2008: 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 6.

* Taking into the current business performance, HORIBA, Ltd. revised the consolidated forecast of net sales, operating income, ordinary income and net income for the year ending December 31, 2008 announced on February 19, 2008, but the forecast of dividends was not changed. Please refer to "3. Outlook for the six months ending June 30, 2008 and the year ending December 31, 2008" on page 4. The forecast was computed based on the information available at May 13, 2008. Numerous uncertainties may cause the actual results to be materially different from the forecast.

1. Operating Results (Please refer to page 15 of financial highlights for the three months ended March 31, 2008)

During the three months ended March 31, 2008 (the first quarter), HORIBA, Ltd., (“the Company”) and its consolidated subsidiaries (together “the HORIBA Group” or “HORIBA” as a consolidated group) had net sales of ¥30,955 million, a decrease of 9.3% from the previous first quarter. The decrease of sales were due to the sales of the semiconductor instruments and systems business segment sharply decreased because of the deceleration of demand of the semiconductor manufacturing equipment for the falling price of semiconductor products (DRAM, etc.). Moreover, overseas sales wholly decreased under the influence of the strong yen against the U.S. dollar. As for income, operating income and ordinary income decreased by 49.9% to ¥2,105 million and by 54.1% to ¥1,886 million respectively due to the decrease in sales and the aggravation of the profitability in U.S. market under the declining of U.S. dollar against the yen and euro, and the fact of that the depreciation of the new enterprise resource planning (“ERP”) system had increased. As for net income, despite of the decrease of special losses, it decreased by 45.8% to ¥1,001 million.

Below is a review of the operating results by business segment.

(Automotive Test Systems)

Sales of emission measurement systems, our mainstay remained strong, especially in the domestic market, thanks to accelerative developments in energy-saving engines by auto manufacturers for measures of high oil prices and CO₂-reduction. Also, sales in the automotive test systems (DTS) business acquired from Germany’s Carl Schenck AG on September 30, 2005 expanded taking advantage of the Company’s existing networks of sales and services. As a result, sales in this segment were ¥11,305 million, increase of 5.5% from the previous first quarter. Operating income was ¥1,231 million, increase of 3.5% supported by increased sales of emission measurement systems, despite the fact that the DTS business results were in the red.

(Analytical Instruments & Systems)

Sales of scientific analysis instruments business segment were slowdown due to the deceleration of capital investment in private sector under the global economic recession. As a result, sales in this segment were ¥9,152 million, a decrease of 9.5% from the previous first quarter and operating income was ¥271 million, a decrease of 74.4%.

(Medical/Diagnostic Instruments & Systems)

Sales of testing reagents expanded thanks to growth in the number of analyzers in use. However sales of small sized hematology analyzers, mainly manufactured in France, decreased in the American and Asian markets, and the profitability of them aggravated under the influence of the strong euro against the U.S. dollar. As a result, sales in this segment were ¥5,913 million, a decrease of 1.4% from the previous first quarter, and operating loss was ¥58 million.

(Semiconductor Instruments & Systems)

Sales of mass flow controllers, used in solar cells manufacturing equipment were increased. However sales of mass flow controllers, used in semiconductors manufacturing equipment and chemical concentration monitors, used in semiconductor cleaning equipment, sharply decreased affected by the sluggish semiconductor markets. As a result, sales in this segment were ¥4,583 million, a decrease of 37.1% from the previous first quarter and operating income was ¥660 million, a decrease of 63.5%.

2. Financial Condition

As of March 31, 2008, total assets were ¥145,608 million, a down of ¥8,759 million from total assets as of December 31, 2007. The main factors contributing to the decrease were a ¥1,731 million decrease in cash and bank deposits and a ¥5,971 million decrease in trade notes and accounts receivable.

Total liabilities were ¥68,558 million, a decrease of ¥5,427 million from December 31, 2007. The main factors in the decrease were that trade notes and accounts payable decreased by ¥3,448 million and accrued income taxes by ¥2,274 million.

Total net assets amounted to ¥77,050 million, down ¥3,331 million from December 31, 2007 due mainly to an increase in retained earnings reflecting net income and other factors, despite a decrease due to the payment of cash dividends and decrease of foreign currency translation adjustments.

The cash flow status for the three months ended March 31, 2008 is as follows.

Net cash used by operating activities amounted to ¥236 million. This was due mainly to ¥3,538 million for income taxes paid, ¥2,615 million decrease in trade notes and accounts payable, and ¥1,676 million increase in inventories despite ¥4,263 million decrease in trade notes and accounts receivable, ¥2,142 million in income before income taxes and ¥1,038 million in depreciation.

Net cash provided in investing activities totaled ¥608 million. This was due primarily to a ¥2,500 million decrease in time deposits despite ¥1,118 million in payments for the purchase of property, plant and equipment, ¥504 million in payments for the purchase of Investment securities.

Net cash used by financing activities amounted to ¥688 million. This was attributed to a ¥1,210 million outflow for the payment of cash dividends and ¥800 million in payments for the purchase of treasury stock against ¥1,089 million from increase in short-term borrowings.

As a result, there was a net decrease of ¥828 million in cash and cash equivalents to ¥19,736 million as of March 31, 2008.

3. Outlook for the six months ending June 30, 2008 and the year ending December 31, 2008

Outlook for the six months ending June 30, 2008

(Unit: millions of yen)

	Previous forecast (As of Feb. 19)	Revised forecast (As of May 13)	Changes
Net sales	67,000	63,000	-4,000
Operating income	6,100	5,100	-1,000
Ordinary income	5,850	4,850	-1,000
Net income	3,400	2,900	-500

By business segment

Net sales (Unit: millions of yen)

	Previous forecast (As of Feb. 19)	Revised forecast (As of May 13)	Changes
Automotive	24,000	24,000	±0
Analytical	20,000	18,000	-2,000
Medical	13,000	12,000	-1,000
Semiconductor	10,000	9,000	-1,000
Total	67,000	63,000	-4,000

Operating income (Unit: millions of yen)

	Previous forecast (As of Feb. 19)	Revised forecast (As of May 13)	Changes
Automotive	2,900	2,900	±0
Analytical	1,300	900	-400
Medical	600	300	-300
Semiconductor	1,300	1,000	-300
Total	6,100	5,100	-1,000

Taking into consideration the business performance during the first quarter and the demand situation of the business during the second quarter, the forecasts of sales, operating income, ordinary income, and net income are expected to decrease by ¥4,000 million, by ¥1,000 million, by ¥1,000 million, and by ¥500 million respectively compared with the previous forecast.

By business segment, sales and operating income in the Analytical Instruments & Systems segment are revised to be down ¥2,000 million and ¥400 million, respectively. The sales and operating income of the Medical/Diagnostic Instruments & Systems segments and the Semiconductor Instruments & Systems segment are expected to decrease by ¥1,000 million and by ¥300 million respectively. There is no change in the previous forecast of the Automotive Test Systems segment due to the fact of that the business performance has currently been solid.

Outlook for the year ending December 31, 2008

(Unit: millions of yen)

	Previous forecast (As of Feb. 19)	Revised forecast (As of May 13)	Changes
Net sales	145,000	141,000	-4,000
Operating income	14,500	13,500	-1,000
Ordinary income	14,000	13,000	-1,000
Net income	8,100	7,600	-500

By business segment

Net sales (Unit: millions of yen)

	Previous forecast (As of Feb. 19)	Revised forecast (As of May 13)	Changes
Automotive	53,000	53,000	±0
Analytical	42,000	40,000	-2,000
Medical	28,000	27,000	-1,000
Semiconductor	22,000	21,000	-1,000
Total	145,000	141,000	-4,000

Operating income (Unit: millions of yen)

	Previous forecast (As of Feb. 19)	Revised forecast (As of May 13)	Changes
Automotive	6,200	6,200	±0
Analytical	3,100	2,700	-400
Medical	1,700	1,400	-300
Semiconductor	3,500	3,200	-300
Total	14,500	13,500	-1,000

The outlook for the second half has not been revised from the previous forecast as of February 19, 2008 because of high-level order backlog at the end of the first quarter and the expectation that the Semiconductor market will upturn from the second half year. The outlook for the year ending December 31, 2008 has been revised with the same changes in net sales, operating income, ordinary income and net income as seen in the outlook for the first half.

There is no change in the non-consolidated previous forecast. 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, so there is no change in the previous forecast of the dividend (announced on Feb. 19, 2008) for the year ending December 31, 2008.

*The forecast was computed based on the information available at May 13, 2008. 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, risks concerning fluctuation in raw material prices

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 three months ended March 31, 2008:

None

(2) Adoption of simplified methods in accounting policies:

None

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

(Depreciation of fixed assets)

Effective January 1, 2008, the Company and certain of its domestic subsidiaries aligned the method of depreciation of fixed assets, which were acquired on or after April 1, 2007 with the method under revision of the Corporate Tax Law following the completion of fixed assets management system adapting to.

<Additional information>

The Company and certain of its domestic subsidiaries adopted the revised Corporation Tax Law and changed its method of depreciation of tangible fixed assets acquired on or before December 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of an asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in the depreciation expense.

(Loss on disposal of inventories and write-down of inventories)

Effective January 1, 2008, the Company and certain of its domestic subsidiaries reclassified loss on disposal of inventories and loss on write-down of inventories from non-operating expense to cost of sales in connection with changes in management and organizational structure to cope with increased number of the title relating to the publication and necessity of cost management.

(Foreign currency forward contracts)

Prior to January 1, 2008, assets and liabilities denominated in foreign currencies that hedged by foreign currency forward contracts were translated at the contracted rates, if the forward contracts qualified for hedge accounting. Effective January 1, 2008, the Company and its domestic subsidiaries changed their method of accounting for such hedge activities. Under new policy, foreign currency forward contracts applied to hedge foreign exchange exposures are measured at fair value and the unrealized gains (losses) are recognized in income.

5. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Accounts	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)		As of December 31, 2007	
	Amount	%	Amount	%	Amount	%	Amount	%
Assets	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Current Assets:	92,673	70.4	105,178	72.2	12,504	13.5	113,330	73.4
Cash and bank deposits	13,222		20,332		7,110		22,064	
Trade notes and accounts receivable	43,469		39,900		(3,568)		45,872	
Marketable securities	1,283		5,116		3,833		6,710	
Inventories	30,973		34,036		3,062		33,734	
Deferred tax assets	2,669		2,854		185		2,781	
Other current assets	1,989		3,436		1,446		2,731	
Allowance for doubtful receivables	(933)		(499)		434		(564)	
Fixed Assets:	38,968	29.6	40,430	27.8	1,462	3.8	41,037	26.6
Property, Plant and Equipment:	23,076	17.5	23,582	16.2	505	2.2	24,070	15.6
Buildings and structures	7,915		7,520		(394)		7,903	
Machinery, equipment, and vehicles	4,027		4,240		213		4,342	
Land	7,484		7,456		(28)		7,525	
Construction in progress	1,185		952		(233)		644	
Other property, plant and equipment	2,464		3,412		947		3,654	
Intangibles:	6,873	5.2	8,130	5.6	1,256	18.3	8,502	5.5
Goodwill	1,456		978		(478)		1,077	
Other intangibles	5,417		7,151		1,734		7,424	
Investments and Other Non-Current Assets:	9,017	6.9	8,717	6.0	(299)	(3.3)	8,464	5.5
Investment securities	5,434		4,448		(986)		4,759	
Deferred tax assets	981		1,936		955		1,345	
Other investments and other assets	2,676		2,653		(23)		2,678	
Allowance for doubtful accounts	(75)		(320)		(245)		(320)	
Total Assets	131,642	100.0	145,608	100.0	13,966	10.6	154,367	100.0

Accounts	As of March 31, 2007		As of March 31, 2008		Increase (Decrease)		As of December 31, 2007	
	Amount	%	Amount	%	Amount	%	Amount	%
Liabilities	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Current Liabilities:	47,323	35.9	53,129	36.5	5,805	12.3	58,038	37.6
Trade notes and accounts payable	14,172		13,396		(776)		16,845	
Short-term loans payable	9,735		8,550		(1,184)		7,540	
Current maturities of corporate bonds	–		5,000		5,000		5,000	
Accounts payable – other	9,621		10,742		1,120		12,525	
Accrued income taxes	1,765		1,521		(243)		3,795	
Deferred tax liabilities	–		0		0		42	
Accrued bonuses to employees	1,386		1,584		198		703	
Accrued bonuses to directors and corporate auditors	181		193		12		119	
Reserve for product warranty	1,157		1,156		(0)		1,148	
Provision for possible losses from litigation	–		1,204		1,204		1,204	
Other current liabilities	9,303		9,777		474		9,112	
Non-Current Liabilities:	10,794	8.2	15,429	10.6	4,635	42.9	15,947	10.3
Corporate bonds	5,000		10,000		5,000		10,000	
Long-term debt	2,264		2,293		29		2,637	
Deferred tax liabilities	659		190		(468)		205	
Employees' retirement benefits	1,614		1,636		21		1,813	
Directors' and corporate auditors' retirement benefits	657		725		68		709	
Reserve for loss on guarantees	–		52		52		52	
Other non-current liabilities	598		530		(67)		529	
Total Liabilities	58,117	44.1	68,558	47.1	10,440	18.0	73,985	47.9
Net Assets								
Shareholders' Equity	69,231	52.7	74,960	51.5	5,729	8.3	75,967	49.2
Common stock	11,795	9.0	11,964	8.2	168	1.4	11,952	7.7
Capital surplus	18,502	14.1	18,670	12.9	168	0.9	18,658	12.1
Retained earnings	38,951	29.6	45,135	31.0	6,183	15.9	45,365	29.4
Treasury stock	(18)	(0.0)	(809)	(0.6)	(791)	–	(9)	(0.0)
Valuation and Translation Adjustments	4,293	3.2	2,081	1.4	(2,211)	(51.5)	4,410	2.9
Net unrealized holding gains on securities	2,012	1.5	1,137	0.8	(874)	(43.5)	1,621	1.1
Foreign currency translation adjustments	2,280	1.7	944	0.6	(1,336)	(58.6)	2,788	1.8
Minority Interests in Consolidated Subsidiaries	0	0.0	7	0.0	7	–	3	0.0
Total Net Assets	73,524	55.9	77,050	52.9	3,525	4.8	80,381	52.1
Total Liabilities and Net Assets	131,642	100.0	145,608	100.0	13,966	10.6	154,367	100.0

(2) Consolidated Statements of Income

Accounts	Three Months Ended March 31, 2007		Three Months Ended March 31, 2008		Increase (Decrease)		Year Ended December 31, 2007	
	Amount	%	Amount	%	Amount	%	Amount	%
	Millions of yen		Millions of yen		Millions of yen		Millions of yen	
Net Sales	34,114	100.0	30,955	100.0	(3,158)	(9.3)	144,283	100.0
Cost of Sales	18,360	53.8	16,582	53.6	(1,777)	(9.7)	77,364	53.6
Gross Income	15,753	46.2	14,372	46.4	(1,381)	(8.8)	66,918	46.4
Selling, General and Administrative Expenses	11,548	33.9	12,267	39.6	719	6.2	50,388	34.9
Operating Income	4,205	12.3	2,105	6.8	(2,100)	(49.9)	16,529	11.5
Other Income	190	0.5	216	0.7	26	13.7	998	0.7
Interest income	41		95		54		246	
Dividend income	1		2		0		85	
Other	147		119		(28)		666	
Other Expenses	289	0.8	435	1.4	146	50.8	1,578	1.1
Interest expense	146		214		67		796	
Foreign exchange losses	34		101		67		320	
Loss on write-down of inventories	39		–		(39)		48	
Loss on disposal of inventories	0		–		(0)		51	
Other	67		119		52		361	
Ordinary Income	4,107	12.0	1,886	6.1	(2,221)	(54.1)	15,949	11.1
Special Gains	0	0.0	267	0.9	266	–	26	0.0
Gain on sale of property, plant and equipment	0		9		9		26	
Gain on insurance surrender value	–		253		253		–	
Other	–		4		4		–	
Special Losses	716	2.1	10	0.1	(705)	(98.5)	1,870	1.3
Loss on disposal of property, plant and equipment	12		9		(3)		53	
Loss on sale of property, plant and equipment	–		1		1		19	
Provision for possible losses from litigation	–		–		–		1,041	
Loss due to changes in accounting policies	703		–		(703)		703	
Reserve for loss on guarantees	–		–		–		52	
Other	–		–		–		0	
Income Before Income Taxes	3,391	9.9	2,142	6.9	(1,248)	(36.8)	14,105	9.8
Income taxes (current)	1,850	5.4	1,592	5.2	(257)	(13.9)	6,603	4.6
Income taxes (deferred)	(303)	(0.9)	(455)	(1.5)	(152)	–	(1,184)	(0.8)
Minority interests in earnings of consolidated subsidiaries	(3)	(0.0)	4	0.0	8	–	(3)	(0.0)
Net Income	1,848	5.4	1,001	3.2	(847)	(45.8)	8,690	6.0

(3) Consolidated Statements of Changes in Shareholders' Equity

Three Months Ended March 31, 2007 (January 1, 2007 – March 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 period					
Issuance of new shares (Exercise of stock acquisition rights)	57	57			114
Cash dividends			(761)		(761)
Net income			1,848		1,848
Acquisition of treasury stocks				(0)	(0)
Others					
Total changes during the fiscal period	57	57	1,086	(0)	1,201
Balance at March 31, 2007	11,795	18,502	38,951	(18)	69,231

	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 period					
Issuance of new shares (Exercise of stock acquisition rights)					114
Cash dividends					(761)
Net income					1,848
Acquisition of treasury stocks					(0)
Others	(78)	29	(48)	(3)	(52)
Total changes during the fiscal period	(78)	29	(48)	(3)	1,149
Balance at March 31, 2007	2,012	2,280	4,293	0	73,524

Three Months Ended March 31, 2008 (January 1, 2008 – March 31, 2008)

	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, 2007	11,952	18,658	45,365	(9)	75,967
Changes during the fiscal period					
Issuance of new shares (Exercise of stock acquisition rights)	11	11			23
Cash dividends			(1,231)		(1,231)
Net income			1,001		1,001
Acquisition of treasury stocks				(800)	(800)
Others					
Total changes during the fiscal period	11	11	(230)	(800)	(1,006)
Balance at March 31, 2008	11,964	18,670	45,135	(809)	74,960

	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, 2007	1,621	2,788	4,410	3	80,381
Changes during the fiscal period					
Issuance of new shares (Exercise of stock acquisition rights)					23
Cash dividends					(1,231)
Net income					1,001
Acquisition of treasury stocks					(800)
Others	(484)	(1,844)	(2,328)	4	(2,324)
Total changes during the fiscal period	(484)	(1,844)	(2,328)	4	(3,331)
Balance at March 31, 2008	1,137	944	2,081	7	77,050

Year Ended December 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 acquisition 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	Three Months Ended March 31, 2007	Three Months Ended March 31, 2008	Year Ended December 31, 2007
	Millions of yen	Millions of yen	Millions of yen
Cash Flows from Operating Activities:			
Income before income taxes	3,391	2,142	14,105
Depreciation (excludes amortization of goodwill)	776	1,038	3,671
Amortization of goodwill	124	123	489
Increase (decrease) in allowance for doubtful receivables	1	(21)	(163)
Increase in provision for possible losses from litigation	-	-	1,204
Increase (decrease) in employees' retirement benefits	(14)	(90)	149
Increase (decrease) in directors' and corporate auditors' retirement benefits	16	16	50
Increase in reserve for loss on guarantees	-	-	52
Interest and dividend income	(43)	(97)	(331)
Interest expense	146	214	796
Bond issuance costs	-	-	55
Foreign exchange losses (gains)	48	(53)	65
Gain on sale of property, plant and equipment	(0)	(9)	(26)
Loss on disposal of property, plant and equipment	12	9	53
Loss on sale of property, plant and equipment	-	1	19
Loss due to changes in accounting policies	703	-	703
Decrease (increase) in trade notes and accounts receivable	(934)	4,263	(2,432)
Decrease (increase) in inventories	(703)	(1,676)	(2,830)
Increase (decrease) in trade notes and accounts payable	(821)	(2,615)	610
Other, net	1,553	210	2,857
Subtotal	4,258	3,456	19,100
Interest and dividends received	52	119	312
Interest paid	(156)	(274)	(672)
Income taxes paid	(2,159)	(3,538)	(5,157)
Net cash provided by operating activities	1,994	(236)	13,581
Cash Flows from Investing Activities:			
Increase in time deposits	-	(5)	(7,508)
Decrease in time deposits	-	2,500	1
Increase in time deposits restricted for use	-	-	(700)
Payments for purchase of property, plant and equipment	(1,870)	(1,118)	(5,700)
Proceeds from sale of property, plant and equipment	24	39	820
Payments for purchase of intangibles	(1,363)	(303)	(3,400)
Payments for purchase of investment securities	(2)	(504)	(14)
Proceeds from sale or redemption of investment securities	-	-	7
Increase in loans receivable	-	-	(17)
Decrease in loans receivable	22	2	81
Other, net	(20)	(1)	(14)
Net cash used in investing activities	(3,209)	608	(16,444)
Cash Flows from Financing Activities:			
Net increase (decrease) in short-term borrowings	862	1,089	(1,758)
Increase in long-term debt	-	331	1,015
Repayment of long-term debt	(119)	(123)	(753)
Proceeds from issuance of bonds	-	-	9,944
Proceeds from exercise of stock acquisition rights	114	23	428
Payments for purchase of treasury stock	(0)	(800)	(1)
Proceeds from sale of treasury stock	-	-	5
Cash dividends paid	(757)	(1,210)	(1,192)
Other, net	(2)	(0)	(11)
Net cash provided by financing activities	97	(688)	7,676
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(52)	(511)	78
Net Increase (Decrease) in Cash and Cash Equivalents	(1,169)	(828)	4,892
Cash and Cash Equivalents at Beginning of Period	15,672	20,564	15,672
Cash and Cash Equivalents at End of Period	14,502	19,736	20,564

5. Segment Information

[Business Segment Information]

Three Months Ended March 31, 2007 (January 1, 2007 – March 31, 2007)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	10,714	10,118	5,999	7,281	34,114	—	34,114
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	10,714	10,118	5,999	7,281	34,114	—	34,114
Operating Expenses	9,524	9,058	5,856	5,469	29,908	—	29,908
Operating Income	1,189	1,060	143	1,812	4,205	—	4,205

Three Months Ended March 31, 2008 (January 1, 2008 – March 31, 2008)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	11,305	9,152	5,913	4,583	30,955	—	30,955
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	11,305	9,152	5,913	4,583	30,955	—	30,955
Operating Expenses	10,073	8,881	5,972	3,922	28,850	—	28,850
Operating Income (Loss)	1,231	271	(58)	660	2,105	—	2,105

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	Elimination and/or unallocated	Consolidated
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

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

[Geographic Segment Information]

Three Months Ended March 31, 2007 (January 1, 2007 – March 31, 2007)

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	17,514	3,836	11,697	1,066	34,114	—	34,114
(2) Intersegment sales and transfers	3,582	138	1,164	379	5,265	(5,265)	—
Total	21,097	3,974	12,862	1,445	39,379	(5,265)	34,114
Operating Expenses	16,641	3,973	13,109	1,273	34,998	(5,089)	29,908
Operating Income (Loss)	4,456	0	(247)	171	4,381	(175)	4,205

Three Months Ended March 31, 2008 (January 1, 2008 – March 31, 2008)

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	15,338	3,963	10,812	841	30,955	—	30,955
(2) Intersegment sales and transfers	3,254	427	823	369	4,875	(4,875)	—
Total	18,593	4,391	11,635	1,210	35,831	(4,875)	30,955
Operating Expenses	15,667	4,642	12,363	1,230	33,904	(5,054)	28,850
Operating Income (Loss)	2,925	(250)	(728)	(20)	1,926	178	2,105

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

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
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

[Overseas Sales]

Three Months Ended March 31, 2007 (January 1, 2007 – March 31, 2007)

Millions of yen

	Americas	Europe	Asia	Total
Overseas sales	6,416	7,947	4,908	19,273
Consolidated sales	—	—	—	34,114
Ratio of overseas sales to consolidated sales (%)	18.8	23.3	14.4	56.5

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

Three Months Ended March 31, 2008 (January 1, 2008 – March 31, 2008)

Millions of yen

	Americas	Europe	Asia	Total
Overseas sales	5,208	7,996	3,539	16,743
Consolidated sales	—	—	—	30,955
Ratio of overseas sales to consolidated sales (%)	16.8	25.9	11.4	54.1

(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
Overseas sales	29,780	41,947	20,585	92,313
Consolidated sales	—	—	—	144,283
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.

6. Others

HORIBA, Ltd. Financial Highlights for the Three Months Ended March 31, 2008

1. Consolidated Financial Results

	12/2008 Result		12/2007 Result		Changes		12/2008 Estimate		12/2007 Result	
	1Q(3 months)	1Q(3 months)	Amount	Ratio	1st half	Full year	1st half	Full year		
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Net Sales	30,955	34,114	-3,158	-9.3%	63,000	141,000	68,296	144,283		
Operating Income	2,105	4,205	-2,100	-49.9%	5,100	13,500	7,869	16,529		
<i>Operating Income Ratio</i>	<i>6.8%</i>	<i>12.3%</i>	<i>-5.5P</i>		<i>8.1%</i>	<i>9.6%</i>	<i>11.5%</i>	<i>11.5%</i>		
Ordinary Income	1,886	4,107	-2,221	-54.1%	4,850	13,000	7,855	15,949		
<i>Ordinary Income Ratio</i>	<i>6.1%</i>	<i>12.0%</i>	<i>-5.9P</i>		<i>7.7%</i>	<i>9.2%</i>	<i>11.5%</i>	<i>11.1%</i>		
Net Income	1,001	1,848	-847	-45.8%	2,900	7,600	3,308	8,690		
<i>Net Income Ratio</i>	<i>3.2%</i>	<i>5.4%</i>	<i>-2.2P</i>		<i>4.6%</i>	<i>5.4%</i>	<i>4.8%</i>	<i>6.0%</i>		
US\$	105.25	119.45	-14.20		105.00	105.00	120.15	117.85		
Euro	157.63	156.46	+1.17		155.00	155.00	159.68	161.31		

2. Consolidated Segment Results

Net Sales	12/2008 Result		12/2007 Result		Changes		12/2008 Estimate		12/2007 Result	
	1Q(3 months)	1Q(3 months)	Amount	Ratio	1st half	Full year	1st half	Full year		
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Automotive	11,305	10,714	+591	+5.5%	24,000	53,000	21,856	51,475		
Analytical	9,152	10,118	-965	-9.5%	18,000	40,000	19,539	40,038		
Medical	5,913	5,999	-86	-1.4%	12,000	27,000	12,470	25,835		
Semiconductor	4,583	7,281	-2,698	-37.1%	9,000	21,000	14,428	26,934		
Total	30,955	34,114	-3,158	-9.3%	63,000	141,000	68,296	144,283		

Operating Income	12/2008 Result		12/2007 Result		Changes		12/2008 Estimate		12/2007 Result	
	1Q(3 months)	1Q(3 months)	Amount	Ratio	1st half	Full year	1st half	Full year		
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Automotive	1,231	1,189	+42	+3.5%	2,900	6,200	2,232	6,757		
Analytical	271	1,060	-789	-74.4%	900	2,700	1,428	2,672		
Medical	-58	143	-201	-	300	1,400	582	1,232		
Semiconductor	660	1,812	-1,151	-63.5%	1,000	3,200	3,625	5,867		
Total	2,105	4,205	-2,100	-49.9%	5,100	13,500	7,869	16,529		

3. Consolidated Segment Sales by Region

	12/2008 Result		12/2007 Result		Changes		12/2008 Estimate		12/2007 Result	
	1Q(3 months)	1Q(3 months)	Amount	Ratio	1st half	Full year	1st half	Full year		
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen		
Automotive	11,305	10,714	+591	+5.5%	24,000	53,000	21,856	51,475		
Japan	5,956	4,745	+1,211	+25.5%	9,000	16,500	7,834	15,959		
Asia	1,310	1,849	-538	-29.1%	3,500	8,000	3,316	8,059		
Americas	1,655	1,774	-118	-6.7%	4,000	8,800	4,140	10,536		
Europe	2,383	2,345	+38	+1.6%	7,500	19,700	6,564	16,920		
Analytical	9,152	10,118	-965	-9.5%	18,000	40,000	19,539	40,038		
Japan	4,863	4,709	+154	+3.3%	7,500	16,400	8,096	15,423		
Asia	1,113	1,734	-621	-35.8%	3,000	6,600	3,360	6,957		
Americas	1,181	1,584	-403	-25.5%	3,000	7,500	3,303	6,972		
Europe	1,993	2,090	-96	-4.6%	4,500	9,500	4,779	10,684		
Medical	5,913	5,999	-86	-1.4%	12,000	27,000	12,470	25,835		
Japan	881	918	-37	-4.1%	1,900	4,500	2,009	4,043		
Asia	303	389	-85	-22.0%	900	2,100	772	1,866		
Americas	1,529	1,528	+1	+0.1%	3,000	7,000	3,376	7,033		
Europe	3,199	3,163	+35	+1.1%	6,200	13,400	6,312	12,891		
Semiconductor	4,583	7,281	-2,698	-37.1%	9,000	21,000	14,428	26,934		
Japan	2,509	4,467	-1,957	-43.8%	5,000	11,900	9,013	16,542		
Asia	811	935	-124	-13.3%	1,200	2,900	1,842	3,702		
Americas	841	1,529	-687	-45.0%	2,000	4,600	2,838	5,238		
Europe	420	348	+71	+20.5%	800	1,600	733	1,450		
Total	30,955	34,114	-3,158	-9.3%	63,000	141,000	68,296	144,283		

4. Consolidated Financial Results (Quarterly Comparison)

	12/2008			12/2007			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	30,955	32,044	78,000	34,114	34,181	32,668	43,318
Operating Income	2,105	2,994	8,400	4,205	3,663	3,662	4,997
<i>Operating Income Ratio</i>	<i>6.8%</i>	<i>9.3%</i>	<i>10.8%</i>	<i>12.3%</i>	<i>10.7%</i>	<i>11.2%</i>	<i>11.5%</i>
Ordinary Income	1,886	2,963	8,150	4,107	3,747	3,410	4,683
<i>Ordinary Income Ratio</i>	<i>6.1%</i>	<i>9.2%</i>	<i>10.4%</i>	<i>12.0%</i>	<i>11.0%</i>	<i>10.4%</i>	<i>10.8%</i>
Net Income	1,001	1,898	4,700	1,848	1,459	2,059	3,322
<i>Net Income Ratio</i>	<i>3.2%</i>	<i>5.9%</i>	<i>6.0%</i>	<i>5.4%</i>	<i>4.3%</i>	<i>6.3%</i>	<i>7.7%</i>
US\$	105.25	104.75	105.00	119.45	120.85	117.93	113.17
Euro	157.63	152.37	155.00	156.46	162.90	161.93	163.95

5. Consolidated Segment Results (Quarterly Comparison)

	12/2008			12/2007			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	11,305	12,694	29,000	10,714	11,142	11,365	18,252
Automotive	9,152	8,847	22,000	10,118	9,421	9,014	11,483
Analytical	5,913	6,086	15,000	5,999	6,471	6,062	7,302
Medical	4,583	4,416	12,000	7,281	7,146	6,225	6,279
Semiconductor	30,955	32,044	78,000	34,114	34,181	32,668	43,318
Total							
Operating Income	1,231	1,668	3,300	1,189	1,042	1,873	2,652
Automotive	271	628	1,800	1,060	368	410	833
Analytical	-58	358	1,100	143	439	236	412
Medical	660	339	2,200	1,812	1,813	1,142	1,100
Semiconductor	2,105	2,994	8,400	4,205	3,663	3,662	4,997
Total							

6. Consolidated Orders and Backlog Information (Quarterly Comparison)

	12/2008			12/2007			
	1Q Result	2Q Estimate	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Orders	12,070	-	-	18,038	11,870	15,096	12,318
Automotive	10,740	-	-	10,115	9,348	10,155	11,043
Analytical	6,213	-	-	5,944	6,606	6,248	6,796
Medical	5,244	-	-	7,964	6,761	5,851	5,621
Semiconductor	34,269	-	-	42,063	34,586	37,351	35,780
Total							
Backlog	27,533	-	-	28,244	28,972	32,702	26,768
Automotive	10,623	-	-	8,406	8,333	9,475	9,035
Analytical	2,385	-	-	2,271	2,407	2,592	2,086
Medical	1,879	-	-	2,636	2,250	1,876	1,218
Semiconductor	42,422	-	-	41,558	41,964	46,646	39,108
Total							

7. Capital expenditures, Depreciation and Research and Development Expenses

	12/2008		12/2007	
	1Q Result	Full-year Estimate	1Q Result	Full-year Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Capital Expenditures (*)	1,133	8,400	3,225	9,336
Depreciation	1,162	4,800	901	4,161
R&D Expenses	2,465	10,000	2,048	9,473

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

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