At a Glance

Note: All years referred to in this fact book are fiscal years. For example, 2004 refers to the fiscal year ended March 31, 2004.

Net Sales by Segment

Operating Income and Operating Income to Net Sales

Net Income and Return on Shareholders' Equity (ROE)

Total Assets and Return on Assets (ROA)
## Consolidated Balance Sheets

**HORIBA, Ltd. and Consolidated Subsidiaries**

### Assets

<table>
<thead>
<tr>
<th>Current assets</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>¥ 15,750</td>
<td>¥ 10,681</td>
</tr>
<tr>
<td>Trade notes and accounts receivable</td>
<td>20,799</td>
<td>26,717</td>
</tr>
<tr>
<td>Allowance for doubtful receivables</td>
<td>(316)</td>
<td>(686)</td>
</tr>
<tr>
<td>Marketable securities</td>
<td>3,084</td>
<td>3,085</td>
</tr>
<tr>
<td>Inventories</td>
<td>16,985</td>
<td>22,175</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,775</td>
<td>4,178</td>
</tr>
<tr>
<td><strong>Total current assets</strong></td>
<td>59,077</td>
<td>66,150</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Property, plant and equipment</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>6,475</td>
<td>6,472</td>
</tr>
<tr>
<td>Building and structures</td>
<td>7,478</td>
<td>10,879</td>
</tr>
<tr>
<td>Machinery, equipment and vehicles</td>
<td>2,933</td>
<td>4,340</td>
</tr>
<tr>
<td>Construction in progress</td>
<td>1,772</td>
<td>719</td>
</tr>
<tr>
<td>Other property, plant and equipment</td>
<td>5,811</td>
<td>6,667</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>24,469</td>
<td>29,077</td>
</tr>
<tr>
<td>Accumulated depreciation</td>
<td>(10,325)</td>
<td>(12,527)</td>
</tr>
<tr>
<td><strong>Net property, plant and equipment</strong></td>
<td>14,144</td>
<td>16,550</td>
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<table>
<thead>
<tr>
<th>Investments and other non-current assets:</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment securities</td>
<td>1,510</td>
<td>1,469</td>
</tr>
<tr>
<td>Investments in non-consolidated subsidiaries and affiliates</td>
<td>53</td>
<td>50</td>
</tr>
<tr>
<td>Deferred tax assets</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Allowance for doubtful accounts</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Other investments and other assets</td>
<td>1,977</td>
<td>1,746</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>3,539</td>
<td>3,264</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Intangibles</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goodwill</td>
<td>28</td>
<td>22</td>
</tr>
<tr>
<td>Consolidation difference</td>
<td>337</td>
<td>2,292</td>
</tr>
<tr>
<td>Other intangibles</td>
<td>67</td>
<td>67</td>
</tr>
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<td><strong>Total</strong></td>
<td>424</td>
<td>2,381</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Foreign currency transaction adjustments</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total assets</strong></td>
<td>630</td>
<td>–</td>
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</table>

### Liabilities, minority interests and shareholders’ equity

<table>
<thead>
<tr>
<th>Current liabilities</th>
<th>1997</th>
<th>1998</th>
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<tbody>
<tr>
<td>Short-term loans payable</td>
<td>¥ 5,222</td>
<td>¥ 5,715</td>
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<tr>
<td>Current portion of long-term debt</td>
<td>146</td>
<td>6,884</td>
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<tr>
<td>Trade notes and accounts payable</td>
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<td>1,783</td>
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<tr>
<td>Affiliated companies</td>
<td>328</td>
<td>489</td>
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<tr>
<td>Others</td>
<td>3,522</td>
<td>11,253</td>
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<tr>
<td>Accrued income taxes</td>
<td>7,667</td>
<td>8,606</td>
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<tr>
<td>Accrued enterprise tax</td>
<td>424</td>
<td>67</td>
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<tr>
<td>Accrued bonuses to employees</td>
<td>59</td>
<td>67</td>
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<tr>
<td>Reserve for product warranty</td>
<td>667</td>
<td>746</td>
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<tr>
<td>Other current liabilities</td>
<td>5,766</td>
<td>6,780</td>
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<tr>
<td><strong>Total current liabilities</strong></td>
<td>20,465</td>
<td>33,696</td>
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<thead>
<tr>
<th>Long-term debt</th>
<th>1997</th>
<th>1998</th>
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<tr>
<td>Employees’ retirements benefits</td>
<td>1,791</td>
<td>1,773</td>
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<tr>
<td>Deferred tax liabilities</td>
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<td>–</td>
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<tr>
<td>Other non-current liabilities</td>
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<td><strong>Total liabilities</strong></td>
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<table>
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<tr>
<th>Foreign currency transaction adjustments</th>
<th>1997</th>
<th>1998</th>
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</thead>
<tbody>
<tr>
<td>Minority interests in consolidated subsidiaries</td>
<td>–</td>
<td>66</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Shareholders’ equity</th>
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<th>1998</th>
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<tbody>
<tr>
<td>Common stock</td>
<td>6,569</td>
<td>6,570</td>
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<tr>
<td>Authorized — 100,000,000 Shares</td>
<td>10,867</td>
<td>10,867</td>
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<tr>
<td>Issued and outstanding — 30,964,333 Shares (excluded treasury stock) in 2003</td>
<td>19,631</td>
<td>20,963</td>
</tr>
<tr>
<td>Issued and outstanding — 32,026,494 Shares (excluded treasury stock) in 2004</td>
<td>(287,659 shares in 2003 and 308,272 shares in 2004)</td>
<td>(30)</td>
</tr>
<tr>
<td>Capital surplus</td>
<td>37,037</td>
<td>38,359</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Net unrealized holding gains on securities</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Foreign currency transaction adjustments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Treasury stock</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Total shareholders’ equity</strong></td>
<td>77,814</td>
<td>88,345</td>
</tr>
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</table>

<table>
<thead>
<tr>
<th>Total liabilities, minority interests and shareholders’ equity</th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total liabilities, minority interests and shareholders’ equity</strong></td>
<td>¥ 77,814</td>
<td>¥ 88,345</td>
</tr>
<tr>
<td>1999</td>
<td>2000</td>
<td>2001</td>
</tr>
<tr>
<td>-------</td>
<td>-------</td>
<td>-------</td>
</tr>
<tr>
<td>¥ 16,388</td>
<td>¥ 15,264</td>
<td>¥ 17,443</td>
</tr>
<tr>
<td>24,427</td>
<td>27,387</td>
<td>31,960</td>
</tr>
<tr>
<td>(941)</td>
<td>(513)</td>
<td>(617)</td>
</tr>
<tr>
<td>1,538</td>
<td>3,049</td>
<td>2,688</td>
</tr>
<tr>
<td>18,829</td>
<td>16,207</td>
<td>19,503</td>
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<tr>
<td>–</td>
<td>896</td>
<td>2,035</td>
</tr>
<tr>
<td>3,695</td>
<td>2,503</td>
<td>2,340</td>
</tr>
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<td>63,936</td>
<td>64,793</td>
<td>75,352</td>
</tr>
<tr>
<td>7,477</td>
<td>7,431</td>
<td>7,534</td>
</tr>
<tr>
<td>12,065</td>
<td>11,784</td>
<td>13,565</td>
</tr>
<tr>
<td>5,785</td>
<td>5,786</td>
<td>6,246</td>
</tr>
<tr>
<td>740</td>
<td>50</td>
<td>68</td>
</tr>
<tr>
<td>6,791</td>
<td>7,244</td>
<td>7,574</td>
</tr>
<tr>
<td>32,858</td>
<td>32,295</td>
<td>34,987</td>
</tr>
<tr>
<td>(13,767)</td>
<td>(14,573)</td>
<td>(16,446)</td>
</tr>
<tr>
<td>19,091</td>
<td>17,722</td>
<td>18,541</td>
</tr>
<tr>
<td>1,165</td>
<td>1,732</td>
<td>1,861</td>
</tr>
<tr>
<td>51</td>
<td>128</td>
<td>141</td>
</tr>
<tr>
<td>–</td>
<td>338</td>
<td>1,399</td>
</tr>
<tr>
<td>(1)</td>
<td>–</td>
<td>(81)</td>
</tr>
<tr>
<td>2,185</td>
<td>1,772</td>
<td>1,655</td>
</tr>
<tr>
<td>3,400</td>
<td>3,970</td>
<td>4,975</td>
</tr>
<tr>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>1,894</td>
<td>1,196</td>
<td>644</td>
</tr>
<tr>
<td>1,186</td>
<td>1,323</td>
<td>1,494</td>
</tr>
<tr>
<td>3,080</td>
<td>2,519</td>
<td>2,138</td>
</tr>
<tr>
<td>869</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>¥ 90,376</td>
<td>¥ 89,004</td>
<td>¥ 101,006</td>
</tr>
</tbody>
</table>

| ¥ 8,793 | ¥ 6,021 | ¥ 7,465 | ¥ 7,942 | ¥ 6,715 | ¥ 6,352 |
| 262 | 218 | 567 | 906 | 9,684 | 641 |
| 38 | 55 | 79 | 43 | 51 | 58 |
| 7,562 | 10,073 | 12,081 | 7,887 | 9,147 | 8,700 |
| 519 | 1,193 | 2,919 | 619 | 2,079 | 2,053 |
| 296 | – | – | 1,067 | 2,013 | 2,095 |
| 629 | 580 | 737 | 795 | 936 | 886 |
| 7,875 | 7,144 | 7,485 | 6,811 | 7,336 | 8,586 |
| 25,976 | 25,284 | 31,333 | 26,070 | 37,961 | 29,371 |
| 19,999 | 20,572 | 22,513 | 26,140 | 16,819 | 14,466 |
| 1,638 | 1,631 | 2,421 | 2,389 | 2,235 | 1,109 |
| 1,997 | 1,743 | 1,827 | 1,169 | 801 | 2,002 |
| 49,610 | 49,230 | 58,124 | 55,788 | 57,838 | 46,969 |
| – | – | – | – | – | – |
| 2,371 | 2,560 | 3,086 | 2,915 | 2,560 | 2,340 |
| 6,578 | 6,578 | 6,578 | 6,578 | 6,578 | 7,160 |
| 10,875 | 10,875 | 10,875 | 10,875 | 10,875 | 11,457 |
| 21,205 | 21,989 | 23,924 | 22,480 | 22,937 | 24,341 |
| – | – | – | 608 | 406 | 1,100 |
| (263) | (1,187) | (1,187) | (1,187) | (1,187) | (1,187) |
| 38,395 | 37,214 | 39,796 | 40,063 | 40,114 | 43,348 |
| ¥ 90,376 | ¥ 89,004 | ¥ 101,006 | ¥ 98,766 | ¥ 100,542 | ¥ 92,657 |
### Consolidated Statements of Operations
HORIBA, Ltd. and Consolidated Subsidiaries

<table>
<thead>
<tr>
<th></th>
<th>1997</th>
<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net sales</strong></td>
<td>¥ 50,315</td>
<td>¥ 62,426</td>
</tr>
<tr>
<td><strong>Operating costs and expenses</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>33,927</td>
<td>38,695</td>
</tr>
<tr>
<td>Selling, general and administrative</td>
<td>12,771</td>
<td>18,829</td>
</tr>
<tr>
<td>Total operating costs and expenses</td>
<td>46,698</td>
<td>57,524</td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td>3,617</td>
<td>4,902</td>
</tr>
<tr>
<td><strong>Other income (expenses)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest and dividend income</td>
<td>220</td>
<td>281</td>
</tr>
<tr>
<td>Interest expense</td>
<td>(485)</td>
<td>(638)</td>
</tr>
<tr>
<td>Foreign exchange gains (losses), net</td>
<td>213</td>
<td>300</td>
</tr>
<tr>
<td>Commission</td>
<td>(284)</td>
<td>(1)</td>
</tr>
<tr>
<td>Gain on discharge of indebtedness</td>
<td>712</td>
<td>–</td>
</tr>
<tr>
<td>Amortization of goodwill</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Reversal of reserve for product warranty</td>
<td>–</td>
<td>–</td>
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<tr>
<td>Casually insurance premium income</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Gain on transfer of WDM business</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Gain on sales of property, plant and equipment</td>
<td>–</td>
<td>9</td>
</tr>
<tr>
<td>Loss on disposal of property, plant and equipment</td>
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<td>–</td>
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<tr>
<td>Loss on sales of property, plant and equipment</td>
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<td>–</td>
</tr>
<tr>
<td>Retirement benefits to directors</td>
<td>(64)</td>
<td>(185)</td>
</tr>
<tr>
<td>Loss on disposal of inventories</td>
<td>–</td>
<td>(169)</td>
</tr>
<tr>
<td>Loss on valuation of investment securities</td>
<td>(74)</td>
<td>(50)</td>
</tr>
<tr>
<td>Gain on change in subsidiary’s retirement benefits plan</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss on change of retirement benefits plan</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss on write-down of fund trust investments</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Effect of change of accounting for pension plan</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss on write-down of inventories</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Loss on valuation of property, plant and equipment</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other, net</td>
<td>29</td>
<td>(47)</td>
</tr>
<tr>
<td><strong>Total other expenses, net</strong></td>
<td>267</td>
<td>(500)</td>
</tr>
<tr>
<td><strong>Income before income taxes</strong></td>
<td>3,884</td>
<td>4,402</td>
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<tr>
<td><strong>Income taxes</strong></td>
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<tr>
<td>Current</td>
<td>1,941</td>
<td>2,808</td>
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<tr>
<td>Deferred</td>
<td>(46)</td>
<td>(397)</td>
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<td><strong>Total income taxes</strong></td>
<td>1,895</td>
<td>2,411</td>
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<td><strong>Minority interests in earnings of consolidated subsidiaries</strong></td>
<td>396</td>
<td>379</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>¥ 1,593</td>
<td>¥ 1,612</td>
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<table>
<thead>
<tr>
<th></th>
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<th>1998</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Per share information</strong></td>
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<tr>
<td>Net income (loss) - basic</td>
<td>¥ 51.03</td>
<td>¥ 51.63</td>
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<tr>
<td>Net income - diluted</td>
<td>44.95</td>
<td>40.80</td>
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<tr>
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<td>7.00</td>
<td>10.50</td>
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<tr>
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<td>1999</td>
<td>2000</td>
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<tr>
<td>-----------</td>
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</tr>
<tr>
<td>Millions of yen</td>
<td></td>
<td></td>
</tr>
<tr>
<td>¥ 67,597</td>
<td>¥ 71,030</td>
<td>¥ 77,873</td>
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<td>41,191</td>
<td>44,353</td>
<td>50,185</td>
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<td>22,860</td>
<td>22,938</td>
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<td>65,304</td>
<td>67,213</td>
<td>73,123</td>
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<tr>
<td>2,293</td>
<td>3,817</td>
<td>4,750</td>
</tr>
<tr>
<td>(351)</td>
<td>210</td>
<td>208</td>
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<td>(815)</td>
<td>(713)</td>
<td>(838)</td>
</tr>
<tr>
<td>(184)</td>
<td>(237)</td>
<td>390</td>
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<tr>
<td>11</td>
<td>155</td>
<td>10</td>
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<td>(123)</td>
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<td>(39)</td>
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<tr>
<td>–</td>
<td>(177)</td>
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<td>(124)</td>
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</tr>
<tr>
<td>496</td>
<td>417</td>
<td>(200)</td>
</tr>
<tr>
<td>(388)</td>
<td>(948)</td>
<td>299</td>
</tr>
<tr>
<td>1,905</td>
<td>2,869</td>
<td>5,049</td>
</tr>
<tr>
<td>802</td>
<td>1,302</td>
<td>4,184</td>
</tr>
<tr>
<td>243</td>
<td>112</td>
<td>(1,151)</td>
</tr>
<tr>
<td>1,045</td>
<td>1,414</td>
<td>3,033</td>
</tr>
<tr>
<td>283</td>
<td>355</td>
<td>573</td>
</tr>
<tr>
<td>¥ 577</td>
<td>¥ 1,100</td>
<td>¥ 1,443</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Millions of yen</th>
<th>1999</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>¥ 18.56</td>
<td>¥ 35.39</td>
<td>¥ 46.43</td>
<td>¥ (34.47)</td>
<td>¥ 22.21</td>
<td>¥ 62.90</td>
<td></td>
</tr>
<tr>
<td>15.38</td>
<td>29.72</td>
<td>38.75</td>
<td>–</td>
<td>18.31</td>
<td>50.10</td>
<td></td>
</tr>
<tr>
<td>11.00</td>
<td>6.00</td>
<td>8.50</td>
<td>8.50</td>
<td>14.50</td>
<td>10.00</td>
<td></td>
</tr>
</tbody>
</table>
### Consolidated Statements of Cash Flows
**HORIBA, Ltd. and Consolidated Subsidiaries**

#### Cash flows from operating activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income before income taxes</td>
<td>¥ 5,049</td>
<td>¥ 464</td>
<td>¥ 3,119</td>
<td>¥ 4,780</td>
</tr>
</tbody>
</table>
| Adjustments to reconcile income before income taxes to net cash provided by operating activities:
  | Depréciation and amortization                                                 | 3,276    | 3,381    | 2,915    | 3,037    |
  | Loss on valuation of investment securities                                   | 84       | 717      | 320      | 136      |
  | Loss on disposal of inventories                                              | 261      | 209      | 24       | –        |
  | Loss on disposal of property, plant and equipment                            | –        | 102      | 91       | 57       |
  | Gain on change in subsidiary’s retirement benefits plan                      | –        | –        | (132)    | –        |
  | Gain on sale of property, plant and equipment                                | (10)     | –        | –        | (121)    |
  | Loss on valuation of property, plant and equipment                           | –        | –        | –        | 134      |
  | Increase (decrease) in allowance for doubtful receivables                   | 152      | (222)    | 54       | 11       |
  | Increase (decrease) in employees’ retirement benefits                       | 782      | (32)     | (36)     | (1,138)  |
  | Interest and dividend income                                                 | (208)    | (143)    | (122)    | (85)     |
  | Interest expense                                                             | 838      | 890      | 685      | 449      |
  | Foreign exchange losses (gains)                                              | (44)     | (25)     | 5        | (12)     |
  | Loss on sale of property, plant and equipment                               | 315      | 21       | 203      | 26       |
  | Gain on transfer of WDM business                                             | (1,302)  | –        | –        | –        |
  | Casualty insurance premium income                                            | (228)    | –        | –        | –        |
  | Retirement benefits to directors                                             | 39       | 256      | 133      | –        |
  | Decrease (increase) in trade notes and accounts receivable                  | (3,384)  | 3,631    | 397      | 689      |
  | Decrease (increase) in inventories                                          | (3,099)  | 1,204    | 813      | (881)    |
  | Increase (decrease) in trade notes and accounts payable                     | 1,349    | (4,951)  | 1,216    | (358)    |
  | Bonuses to directors and statutory auditors                                 | (68)     | (109)    | (66)     | (98)     |
  | Other, net                                                                   | 650      | (779)    | 863      | 2,615    |
| **Subtotal**                                                                | 4,452    | 4,614    | 10,482   | 9,241    |
| Interest and dividends received                                              | 209      | 164      | 124      | 85       |
| Interest paid                                                                | (837)    | (836)    | (685)    | (519)    |
| Casualty insurance premium received                                          | 228      | –        | –        | –        |
| Payment of retirement benefits to directors                                  | (39)     | (256)    | (81)     | (30)     |
| Income taxes paid                                                            | (2,547)  | (3,376)  | (879)    | (2,987)  |
| **Net cash provided by operating activities**                                | 1,466    | 310      | 8,961    | 5,790    |

#### Cash flows from investing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decrease (increase) in time deposits with maturities longer than three months</td>
<td>(262)</td>
<td>(9)</td>
<td>241</td>
<td>2</td>
</tr>
<tr>
<td>Payment for purchase of marketable securities</td>
<td>(1,738)</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Proceeds from sale of marketable securities</td>
<td>2,041</td>
<td>318</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Payments for purchase of investment securities</td>
<td>(233)</td>
<td>(1,877)</td>
<td>(337)</td>
<td>(412)</td>
</tr>
<tr>
<td>Proceeds from sale of investment securities</td>
<td>18</td>
<td>53</td>
<td>1,933</td>
<td>451</td>
</tr>
<tr>
<td>Payments for purchase of investments in a consolidated subsidiary</td>
<td>–</td>
<td>–</td>
<td>(453)</td>
<td>(169)</td>
</tr>
<tr>
<td>Payments for purchase of investments in newly consolidated subsidiaries</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(273)</td>
</tr>
<tr>
<td>Payments for purchase of property, plant and equipment</td>
<td>(2,521)</td>
<td>(2,308)</td>
<td>(2,639)</td>
<td>(2,622)</td>
</tr>
<tr>
<td>Proceeds from sale of property, plant and equipment</td>
<td>230</td>
<td>120</td>
<td>365</td>
<td>261</td>
</tr>
<tr>
<td>Increase in intangibles</td>
<td>–</td>
<td>(420)</td>
<td>(305)</td>
<td>(419)</td>
</tr>
<tr>
<td>Proceeds from sale of WDM business</td>
<td>1,290</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other, net</td>
<td>(762)</td>
<td>(1)</td>
<td>(142)</td>
<td>415</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(1,937)</td>
<td>(4,124)</td>
<td>(1,337)</td>
<td>(2,766)</td>
</tr>
</tbody>
</table>

#### Cash flows from financing activities:

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Proceeds from issuance of bonds</td>
<td>–</td>
<td>5,000</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Payment for redemption of corporate bonds</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(9,000)</td>
</tr>
<tr>
<td>Net increase (decrease) in short-term borrowings</td>
<td>1,154</td>
<td>(800)</td>
<td>(1,389)</td>
<td>(589)</td>
</tr>
<tr>
<td>Increase in long-term debt</td>
<td>2,481</td>
<td>300</td>
<td>446</td>
<td>248</td>
</tr>
<tr>
<td>Repayment of long-term debt</td>
<td>(786)</td>
<td>(1,058)</td>
<td>(1,006)</td>
<td>(1,618)</td>
</tr>
<tr>
<td>Cash dividends paid</td>
<td>(217)</td>
<td>(263)</td>
<td>(264)</td>
<td>(450)</td>
</tr>
<tr>
<td>Other, net</td>
<td>(144)</td>
<td>(456)</td>
<td>(142)</td>
<td>(188)</td>
</tr>
<tr>
<td><strong>Net cash provided by (used in) financing activities</strong></td>
<td>2,488</td>
<td>2,723</td>
<td>(2,355)</td>
<td>(11,597)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents foreign currency translation adjustments</td>
<td>129</td>
<td>273</td>
<td>167</td>
<td>115</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net increase (decrease) in cash and cash equivalents</td>
<td>2,146</td>
<td>(818)</td>
<td>5,436</td>
<td>(8,458)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>15,264</td>
<td>17,443</td>
<td>16,625</td>
<td>22,061</td>
</tr>
<tr>
<td>Cash and cash equivalents of newly consolidated subsidiaries</td>
<td>33</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents at end of year</strong></td>
<td>¥ 17,443</td>
<td>¥ 16,625</td>
<td>¥ 22,061</td>
<td>¥ 13,603</td>
</tr>
</tbody>
</table>
## Major Group Companies

<table>
<thead>
<tr>
<th>Company Name</th>
<th>Location</th>
<th>Capital (Thousand)</th>
<th>Ownership (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA STEC Co., Ltd.</td>
<td>Kyoto</td>
<td>¥ 1,478,000</td>
<td>78.47%</td>
</tr>
<tr>
<td>Operations: STEC is a leading manufacturer of gas, liquid and other types of regulation devices, and boasts a top share of the global market for mass flow controllers.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA Advanced Techno Co., Ltd.</td>
<td>Kyoto</td>
<td>¥ 250,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: A manufacturer of specializing in water quality analysis and environment-related equipment.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA ITEC Co., Ltd.</td>
<td>Tokyo</td>
<td>¥ 250,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: HORIBA ITEC develops a variety of software products, including a truck transport scheduling and monitoring program, used in HORIBA products.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA TECHNO SERVICE Co., Ltd</td>
<td>Kyoto</td>
<td>¥ 250,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: HORIBA TECHNO SERVICE is a service company for products of HORIBA Group companies.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA Biotechnology Co., Ltd.</td>
<td>Kyoto</td>
<td>¥ 50,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Development, manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>America</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JOBIN YVON Inc.</td>
<td>U.S.A.</td>
<td>US$6,241</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABX Inc.</td>
<td>U.S.A.</td>
<td>US$22,501</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture sales and measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA/STEC INCORPORATED</td>
<td>U.S.A.</td>
<td>US$4,071</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA INSTRUMENTS Incorporated</td>
<td>U.S.A.</td>
<td>US$7,500</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABX Ltda.</td>
<td>Brazil</td>
<td>BRL15,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>JOBIN YVON S.A.</td>
<td>France</td>
<td>€7,075</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: One of the world’s top manufactures of optical equipment, JOBIN YVON enjoys a solid reputation with the National Aeronautics and Space Administration (NASA) and leading research organizations worldwide. The JOBIN YVON Group boasts an exclusive marketing network that covers 50 countries. JOBIN YVON’s technologies in the UV to visible light spectrum complement HORIBA’s expertise in X-ray and infrared light, generating considerable synergies.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABX S.A.</td>
<td>France</td>
<td>€44,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: A leading manufacturer of hematology analyzers and the central company in HORIBA’s Medical Systems segment, ABX was acquired in 1996.</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA FRANCE</td>
<td>France</td>
<td>€724</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA INSTRUMENTS LIMITED</td>
<td>U.K.</td>
<td>£1,100</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture/assembling and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA EUROPE GmbH</td>
<td>Germany</td>
<td>€4,602</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture/assembling and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA EUROPE AUTOMATION DIVISION GmbH</td>
<td>Germany</td>
<td>€128</td>
<td>80%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA GmbH</td>
<td>Austria</td>
<td>€363</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABX Diagnostics Polska. Sp. Zo.o.</td>
<td>Poland</td>
<td>PLN4,000</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Asia</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA INSTRUMENTS Pte. Ltd.</td>
<td>Singapore</td>
<td>S$1,500</td>
<td>90%</td>
</tr>
<tr>
<td>Operations: Sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA KOREA Ltd.</td>
<td>Korea</td>
<td>W770,000</td>
<td>70.10%</td>
</tr>
<tr>
<td>Operations: Manufacture and sales of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>HORIBA INSTRUMENTS (SHANGHAI) Co., Ltd.</td>
<td>China</td>
<td>¥ 98,654</td>
<td>100%</td>
</tr>
<tr>
<td>Operations: Manufacture, sales and services of measuring devices</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Operational Review

Engine Measurement Instruments & Systems

● Portion of Net Sales

27.7%

● Sales and Operating Profit Ratio

Sales
Operating Profit Ratio

2000 2001 2002 2003 2004

Million of yen

19,987 17,983 20,349 21,131 23,582

10.0% 5.2% 9.3% 14.9% 14.8%

% 0 5 10 15

● Main Products

Motor Exhaust Gas Analyzers
In addition to simultaneously and continuously measuring CO, CO₂, T/HC, CH₄, NOx and O₂ concentrations in engine emissions, these analyzers offer outstanding flexibility, making them adaptable to a wide range of needs.

Automatic Engine Measurement Control Systems
Designed for engine performance testing and on-chassis testing, these systems offer a broad range of features, including automated operation, data collection and computation.

Automotive Emissions Analyzers
These analyzers are designed to measure the level of CO, HC and other gases found in automobile engine exhaust for engine tuning and inspection purposes, and are used widely in garages and service stations.

On-Board Emissions Measurement Systems
In addition to continuously measuring the CO, CO₂, HC, NOx and A/F produced by a moving vehicle, the OBS-1000 system can also calculate the weight of exhaust gas generated per unit of distance and the fuel consumption rate. It also includes position data and a comprehensive overview of the driving environment in real time.

Super Low Mass PM Measurement Systems
This analyzer can measure super low particulate matter mass weight emitted by diesel engine in short time. When it comes to PM analysis this analyzer simplifies the procedure and increases work efficiency.

Fuel Cell Evaluation System
The system designed for Fuel Cell evaluation actualizes performance test of single cell or short-stack with its functions such as gas feeder, pressurization and humidification. In addition, with data analysis capability, the system enhances Fuel Cell development study and efficiency.
Analytical Instruments & Systems

● Portion of Net Sales

● Main Products

pH Meters
HORIBA’s pH meters feature a glass electrode, enabling high-precision measurement of pH, linked to a second electrode, which facilitates measurement of conductivity and dissolved O₂.

Water Quality Monitor for Total Nitrogen/Phosphorus
These minimal-maintenance, low-cost devices continuously measure total nitrogen and total phosphorus in drain water and environmental water.

Stack Gas Analysis Systems
HORIBA’s advanced technology makes it possible to use a single analyzer unit to measure up to five critical components with high sensitivity and high accuracy—NOₓ, SO₂, CO, CO₂, and O₂. In boilers and combustion furnaces in thermal power plants, ENDA-625 (CO/O₂) is very useful in preventing dioxin generation and is, therefore, used as a suitable combustion control in waste combustion plants.

Particle Size Distribution Analyzers
This instrument has the capacity of analyzing particles with a wide range of diameters (0.02 to 2,000 µm). And this is the first instrument in the world to guarantee accuracy of ±0.6 % for the powders, which contain particles in a variety of sizes.

X-Ray Analytical Microscopes
This newly developed X-ray microscope makes it possible to analyze the elemental distribution and transmission X-ray image at atmospheric pressure. It is possible with the invention of the X-ray guide tube which beam has a diameter in less than 10 µm. Now we have the X-ray Analytical Microscopes for WEEE/RoHS/ELV regulations.

Monochromator/Grating
Monochromators are instruments for resolving lights and recording as spectrum. JOBIN YVON’s monochromators and CCD detectors are used in a broad range of areas including plasma emission spectroscopy, fluorescence spectra measurements, and image spectroscopy, as well as quality control and production management, responding to various user needs. Gratings are main parts of monochromators and JOBIN YVON is the only manufacturer capable of manufacturing gratings ranging from extreme ultraviolet to far-infrared.

ICP Optical Emission Spectrometer
These optical emission spectrometers combine JOBAN YVON optical technologies and HORIBA experience in manufacturing quality instruments, and facilitate the analysis of trace elements in materials. In addition to applications in basic research, these spectrometers can be used in elemental analysis in a wide range of fields, from steel, aluminum and other metal materials to tap water and food products.

Raman Spectrophotometer
Raman spectroscopy has been drawing much attention in recent years, particularly in high-technology research areas such as nanotechnology analysis, as an effective means of identifying the chemical composition of substances and analyzing molecular structures.
Operational Review

Medical/Diagnostic Instruments & Systems

Portion of Net Sales

Sales and Operating Profit Ratio

Main Products

Hematology Analyzers
Used in clinical diagnostics, these analyzers are capable of high-precision, automatic measurement of red and white blood cell counts (4.5 million and between 5,000 and 7,000, respectively, per cubic millimeter), platelets counts and hemoglobin concentration.

Hematology Analyzers Plus CRP
This is the first analyzer in the world to allow simultaneous measurement of blood cell counts and C-reactive protein (CRP), which the body produces in case of inflammation, thus facilitating swifter and more accurate diagnosis.

Theophylline Meters
Theophylline is a therapeutic drug for asthma. When theophylline is prescribed, it is essential to monitor its concentration in the blood to determine the optimum dosage. These theophylline meters facilitate easy and quick measurement, thus ensuring safe and effective dosage.

Blood Glucose Analyzers
Blood glucose analyzers are indispensable to the diagnosis and measurement of diabetes, the prevalence of which is rising rapidly. In Japan, the HORIBA Group’s blood glucose meter is the smallest model currently available to physicians, who demand a high level of precision. The unit has earned praise for its ability to provide quick and accurate results, and is used widely in hospital rooms, consultation rooms, ICUs and other locations.
Semiconductor Instruments & Systems

● Portion of Net Sales

● Sales and Operating Profit Ratio

● Referential Indicator for the Segment

Global Sales of Semiconductor fabrication Equipment and HORIBA Semiconductor Segment Sales

Million of yen

<table>
<thead>
<tr>
<th>Year</th>
<th>Global Sales of Semiconductor fabrication Equipment</th>
<th>Sales of HORIBA Semiconductor Segment</th>
</tr>
</thead>
<tbody>
<tr>
<td>1997</td>
<td>2,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>1998</td>
<td>2,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>1999</td>
<td>4,000,000</td>
<td>20,000</td>
</tr>
<tr>
<td>2000</td>
<td>6,000,000</td>
<td>30,000</td>
</tr>
<tr>
<td>2001</td>
<td>2,000,000</td>
<td>10,000</td>
</tr>
<tr>
<td>2002</td>
<td>2,000,000</td>
<td>10,000</td>
</tr>
</tbody>
</table>

Source: Semiconductor Equipment Association of Japan

HORIBA’s Market Share

Mass Flow Controllers

Chemical Monitors

Digital Mass Flow Controllers

Used to precisely regulate the supply of gas and liquid in semiconductor processes, these devices block the impact of pressure and temperature changes on the line, permitting stable control of flow. The HORIBA Group is the first to commercialize high-performance, multifunctional digital mass flow controllers with built-in CPUs.

Chemical Monitors

These compact units are used in semiconductor manufacturing to monitor liquid chemicals used in cleaning, eliminating waste of SC-1, SC-2, SPM, FRM, fluorine and other liquid chemicals and optimizing the cleaning process.

Ultra Thin Film Analyzers

This fully automated measuring system was developed for ultra-thin film used in the manufacture of semiconductor devices. It is used in the spectroscopic ellipsometers made by JOBIN YVON S.A. These advanced devices facilitate measurements of ultra-thin SiO₂ layers or multilayers used in the most advanced CPUs and flash memories.

Film Thickness Analyzers for FPDs

This system facilitates automated film thickness analysis in flat panel display production processes using spectroscopic ellipsometers.

Reticle/Mask Particle Detection Systems

The reticle/mask particle detection systems combine optical technology and an innovative detection system. On reticles and masks, it can detect 0.35 µm particles and minimize detection errors with the ability to resolve 1.5 µm line width and 1.5 µm line spacing. The system is very useful for controlling particles in a lithography semiconductor device manufacturing process.
Stock Price and Convertible Bond Data

**Stock Price Index**

![Graph showing stock price index over time with specific years and values marked.]

**HORIBA Stock Price Index**

<table>
<thead>
<tr>
<th>Year</th>
<th>Start</th>
<th>High</th>
<th>Low</th>
<th>Close</th>
</tr>
</thead>
<tbody>
<tr>
<td>1998</td>
<td>Jan-Mar.</td>
<td>1,320</td>
<td>1,590</td>
<td>1,280</td>
</tr>
<tr>
<td>4-6</td>
<td>Apr-Jun.</td>
<td>1,440</td>
<td>1,580</td>
<td>1,400</td>
</tr>
<tr>
<td>7-9</td>
<td>Jul-Sep.</td>
<td>1,450</td>
<td>1,500</td>
<td>1,170</td>
</tr>
<tr>
<td>10-12</td>
<td>Oct-Dec.</td>
<td>1,250</td>
<td>1,396</td>
<td>1,050</td>
</tr>
<tr>
<td>1999</td>
<td>Jan-Mar.</td>
<td>1,108</td>
<td>1,297</td>
<td>1,090</td>
</tr>
<tr>
<td>4-6</td>
<td>Apr-Jun.</td>
<td>1,295</td>
<td>1,490</td>
<td>1,200</td>
</tr>
<tr>
<td>7-9</td>
<td>Jul-Sep.</td>
<td>1,360</td>
<td>1,500</td>
<td>1,200</td>
</tr>
<tr>
<td>10-12</td>
<td>Oct-Dec.</td>
<td>1,283</td>
<td>1,306</td>
<td>900</td>
</tr>
<tr>
<td>2000</td>
<td>Jan-Mar.</td>
<td>923</td>
<td>980</td>
<td>749</td>
</tr>
<tr>
<td>4-6</td>
<td>Apr-Jun.</td>
<td>830</td>
<td>1,280</td>
<td>820</td>
</tr>
<tr>
<td>7-9</td>
<td>Jul-Sep.</td>
<td>1,200</td>
<td>1,310</td>
<td>1,015</td>
</tr>
<tr>
<td>10-12</td>
<td>Oct-Dec.</td>
<td>1,080</td>
<td>1,080</td>
<td>845</td>
</tr>
<tr>
<td>2001</td>
<td>Jan-Mar.</td>
<td>855</td>
<td>920</td>
<td>802</td>
</tr>
<tr>
<td>4-6</td>
<td>Apr-Jun.</td>
<td>892</td>
<td>1,200</td>
<td>865</td>
</tr>
<tr>
<td>7-9</td>
<td>Jul-Sep.</td>
<td>1,100</td>
<td>1,101</td>
<td>830</td>
</tr>
<tr>
<td>10-12</td>
<td>Oct-Dec.</td>
<td>892</td>
<td>970</td>
<td>840</td>
</tr>
</tbody>
</table>

**Convertible Bonds**

<table>
<thead>
<tr>
<th>Type</th>
<th>Rating (R&amp;I)</th>
<th>Amount</th>
<th>Balance</th>
<th>Maturity Data</th>
<th>Coupon Rate</th>
<th>Conversion Price</th>
<th>Potential Shares</th>
</tr>
</thead>
<tbody>
<tr>
<td>No.2 unsecured CB</td>
<td>BBB+</td>
<td>¥10,000 million</td>
<td>¥8,819 million</td>
<td>March 17, 2006</td>
<td>0.85%</td>
<td>¥1,075</td>
<td>25.62%</td>
</tr>
</tbody>
</table>

Notes:
1. Potential Shares = (Balance / Conversion Price) / Number of shares outstanding
2. HORIBA acquired a A- rating to senior debt from JCR (Japan Credit Rating Agency, Ltd.).

As of March 20, 2004
Corporate Data

As of March 20, 2004

Head Office 2, Miyanohigashi-cho, Kishshoin, Minami-ku, Kyoto 601-8510, Japan

Founded October 17, 1945

Incorporated January 26, 1953

Annual Meeting of Shareholders Held in June

Transfer Agent and Registrar The Chuo Mitsui Trust and Banking Co., Ltd.

Independent Auditors KPMG AZSA & Co.

Stock Listings Tokyo Stock Exchange, First Section

Osaka Securities Exchange, First Section

Top 10 Shareholders

<table>
<thead>
<tr>
<th>Name of shareholder</th>
<th>Shares (thousands)</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Japan Trustee Service Bank, Ltd.</td>
<td>5,721,500</td>
<td>17.69</td>
</tr>
<tr>
<td>The Master Trust Bank of Japan, Ltd.</td>
<td>3,350,000</td>
<td>10.36</td>
</tr>
<tr>
<td>Masao Horiba</td>
<td>2,000,790</td>
<td>6.18</td>
</tr>
<tr>
<td>Mitsui Asset Trust and Banking Company, Limited</td>
<td>1,091,000</td>
<td>3.37</td>
</tr>
<tr>
<td>Mizuho Corporate Bank, Ltd.</td>
<td>798,755</td>
<td>2.47</td>
</tr>
<tr>
<td>HORIBA RAKU-RAKU-KAI</td>
<td>794,193</td>
<td>2.45</td>
</tr>
<tr>
<td>The Bank of Kyoto, Ltd.</td>
<td>791,000</td>
<td>2.44</td>
</tr>
<tr>
<td>MIXX</td>
<td>650,000</td>
<td>2.01</td>
</tr>
<tr>
<td>Kyoto Chuo Shinkin Bank</td>
<td>645,000</td>
<td>1.99</td>
</tr>
<tr>
<td>HORIBA employee stock ownership association</td>
<td>634,183</td>
<td>1.96</td>
</tr>
</tbody>
</table>

Information Available to Stockholders and Investors

Annual Report
Fact Book
Kessan Tanshin (Japanese Summary Financial Report)
Corporate Brochure
HIP HORIBA Information Press
Corporate Web Site http://www.horiba.co.jp

Contact Details

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E-mail address nobuhiro.tanji@horiba.com
Contact Nobuhiro Tanji (Corporate Strategy Office)