HORIBA
Explore the future

Consolidated Financial Statements for the Six Months ended September 20, 2006

Company Name	HORIBA, Ltd.	November 14, 2006
Listing Code	6856	Stock Exchange Listings: Tokyo, Osaka
(URL http://www.horiba.co.jp)		Address of Head Office: Kyoto
Representative:	Atsushi Horiba Chairman, President & CEO	
Contact:	Fumitoshi Sato Managing Director	Telephone: (81)75-313-8121
Board of Directors meeting:	November 14, 2006	
U.S. accounting standards used:	No	

1. Results for the Six Months ended September 20, 2006 (March 21, 2006 – September 20, 2006)

(1) Sales and Income — Note: Figures have been rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	¥ million	%	¥ million	%	¥ million	%
Six months ended 9/20/06	60,622	35.6	6,053	62.0	5,796	50.2
Six months ended 9/20/05	44,693	6.0	3,737	5.8	3,859	16.3
Year ended 3/20/06	105,664	14.2	11,275	20.3	11,197	26.1

	Net income		Net income per share	Net income per share (diluted)
	¥ million	%	¥	¥
Six months ended 9/20/06	3,258	97.3	77.27	76.98
Six months ended 9/20/05	1,651	102.4	42.01	39.31
Year ended 3/20/06	6,473	83.7	154.27	146.97

Notes:
1. Equity in earnings of affiliates: Six months ended Sept. 20, 2006: ¥ – million
   Six months ended Sept. 20, 2005: ¥ – million Year ended Mar. 20, 2006: ¥ – million
2. Average number of shares outstanding (consolidated): Six months ended Sept. 20, 2006: 42,174,034 shares
   Six months ended Sept. 20, 2005: 39,308,911 shares Year ended Mar. 20, 2006: 40,199,849 shares
3. Changes in accounting principles: None
4. Percentages represent changes in net sales, operating income, ordinary income and net income compared with the corresponding period in the previous year.

(2) Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	¥ million	¥ million	%	¥
As of 9/20/06	122,939	68,121	55.3	1,608.04
As of 9/20/05	99,525	57,967	58.2	1,426.73
As of 3/20/06	119,976	65,446	54.5	1,548.08

Note: Number of shares outstanding at end of period (consolidated): Sept. 20, 2006: 42,253,869 shares;
Sept. 20, 2005: 40,629,597 shares; Mar. 20, 2006: 42,100,053 shares

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	¥ million	¥ million	¥ million	¥ million
Six months ended 9/20/06	2,788	(2,306)	1,507	16,945
Six months ended 9/20/05	3,937	(1,592)	419	18,763
Year ended 3/20/06	8,672	(10,361)	129	14,884

(4) Scope of consolidation and application of the equity method
Consolidated subsidiaries: 40 companies Unconsolidated subsidiaries accounted for by the equity method: None
Affiliated companies accounted for by the equity method: None

(5) Changes in scope of consolidation and application of the equity method
Consolidation: (New) None; (Eliminated) 4 companies Equity method: (New) None; (Eliminated) None

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

	Net sales	Operating income	Ordinary income	Net income
	¥ million	¥ million	¥ million	¥ million
Full term	110,000	10,700	10,200	5,600

Reference: Estimated net income per share (full year) ¥132.53

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

	Net sales	Operating income	Ordinary income	Net income
	¥ million	¥ million	¥ million	¥ million
Year ending 3/20/06	128,000	13,700	13,200	7,500

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

The projected results are computed based on information available to us at November 14, 2006. HORIBA's actual results could materially differ from those contained in these forward-looking statements as a result of numerous factors outside of HORIBA's control. Please refer to page 9 of the attachments with regard to the above projected results.

HORIBA, Ltd. Financial Highlights for the Six Months ended September 20, 2006

November 14, 2006

1. Consolidated Financial Results

	12/2006 Result 1st Half	3/2006 Result 1st Half	Change from previous year Amount	Change from previous year Ratio	12/2006 Estimate Full year	3/2006 Result Full year	Change from previous year Amount	Change from previous year Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Net Sales	60,622	44,693	+15,928	+35.6%	110,000	105,664	+4,335	+4.1%
Operating Income	6,053	3,737	+2,316	+62.0%	10,700	11,275	−575	−5.1%
Operating Income Ratio	*10.0%*	*8.4%*	*+1.6P*		*9.7%*	*10.7%*	*−1.0P*	
Ordinary Income	5,796	3,859	+1,937	+50.2%	10,200	11,197	−997	−8.9%
Ordinary Income Ratio	*9.5%*	*8.6%*	*+0.9P*		*9.3%*	*10.6%*	*−1.3P*	
Net Income	3,258	1,651	+1,607	+97.3%	5,600	6,473	−873	−13.5%
Net Income Ratio	*5.4%*	*3.7%*	*+1.7P*		*5.1%*	*6.1%*	*−1.0P*	
US$	115.73	106.16	+9.57		115.00	110.25	+4.75	
Euro	142.28	136.25	+6.03		144.00	136.91	+7.09	

2. Consolidated Segment Information

Net Sales	12/2006 Result 1st Half	3/2006 Result 1st Half	Change from previous year Amount	Change from previous year Ratio	12/2006 Estimate Full year	3/2006 Result Full year	Change from previous year Amount	Change from previous year Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive*	19,224	12,594	+6,630	+52.6%	37,000	34,446	+2,553	+7.4%
Analytical	18,139	14,246	+3,893	+27.3%	32,000	32,671	−671	−2.1%
Medical	11,594	9,348	+2,245	+24.0%	22,000	20,508	+1,491	+7.3%
Semiconductor	11,664	8,505	+3,159	+37.1%	19,000	18,038	+961	+5.3%
Total	60,622	44,693	+15,928	+35.6%	110,000	105,664	+4,335	+4.1%

Operating Income	12/2006 Result 1st Half	3/2006 Result 1st Half	Change from previous year Amount	Change from previous year Ratio	12/2006 Estimate Full year	3/2006 Result Full year	Change from previous year Amount	Change from previous year Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive*	1,875	2,552	−677	−26.5%	3,600	6,509	−2,909	−44.7%
Analytical	944	−92	+1,037	−	2,100	1,322	+777	+58.8%
Medical	823	209	+613	+292.2%	1,600	952	+647	+67.9%
Semiconductor	2,410	1,068	+1,342	+125.7%	3,400	2,490	+909	+36.5%
Total	6,053	3,737	+2,316	+62.0%	10,700	11,275	−575	−5.1%

3. Trend of Consolidated Sales by Segment and Area

	12/2006 Result 1st Half	3/2006 Result 1st Half	Change from previous year Amount	Change from previous year Ratio	12/2006 Estimate Full year	3/2006 Result Full year	Change from previous year Amount	Change from previous year Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive*	19,224	12,594	+6,630	+52.6%	37,000	34,446	+2,553	+7.4%
Japan + Asia	8,807	7,700	+1,106	+14.4%	13,918	17,276	−3,358	−19.4%
America	3,132	2,203	+929	+42.2%	6,975	7,324	−349	−4.8%
Europe	7,284	2,689	+4,594	+170.8%	16,107	9,845	+6,261	+63.6%
Analytical	18,139	14,246	+3,893	+27.3%	32,000	32,671	−671	−2.1%
Japan + Asia	9,468	7,902	+1,565	+19.8%	13,269	16,939	−3,670	−21.7%
America	2,599	1,283	+1,316	+102.6%	5,100	3,455	+1,644	+47.6%
Europe	6,071	5,060	+1,011	+20.0%	13,631	12,276	+1,354	+11.0%
Medical	11,594	9,348	+2,245	+24.0%	22,000	20,508	+1,491	+7.3%
Japan + Asia	2,209	1,829	+380	+20.8%	3,179	3,887	−708	−18.2%
America	−	−	−	−	−	−	−	−
Europe	9,384	7,518	+1,865	+24.8%	18,822	16,621	+2,200	+13.2%
Semiconductor	11,664	8,505	+3,159	+37.1%	19,000	18,038	+961	+5.3%
Japan + Asia	8,763	6,927	+1,836	+26.5%	13,207	14,481	−1,274	−8.8%
America	2,376	1,190	+1,185	+99.6%	4,553	2,615	+1,937	+74.1%
Europe	524	387	+137	+35.5%	1,240	941	+297	+31.6%
Total	60,622	44,693	+15,928	+35.6%	110,000	105,664	+4,335	+4.1%

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

4. Consolidated Financial Results (Quarterly Comparison)

	12/2006			3/2006			
	1Q Result	2Q Result	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	28,521	32,100	49,377	22,418	22,275	26,861	34,109
Operating Income	2,812	3,240	4,646	2,702	1,035	3,994	3,543
Operating Income Ratio	*9.9%*	*10.1%*	*9.4%*	*12.1%*	*4.6%*	*14.9%*	*10.4%*
Ordinary Income	2,703	3,092	4,403	2,683	1,175	3,967	3,371
Ordinary Income Ratio	*9.5%*	*9.6%*	*8.9%*	*12.0%*	*5.3%*	*14.8%*	*9.9%*
Net Income	1,418	1,840	2,341	1,047	604	2,559	2,262
Net Income Ratio	*5.0%*	*5.7%*	*4.7%*	*4.7%*	*2.7%*	*9.5%*	*6.6%*

5. Consolidated Segment Information (Quarterly Comparison)

Net Sales	12/2006			3/2006			
	1Q Result	2Q Result	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	8,668	10,556	17,775	6,318	6,275	9,734	12,117
Analytical	8,784	9,354	13,860	7,107	7,138	7,579	10,846
Medical	5,480	6,113	10,405	4,616	4,732	5,252	5,907
Semiconductor	5,588	6,076	7,335	4,375	4,129	4,295	5,237
Total	28,521	32,100	49,377	22,418	22,275	26,861	34,109

Operating Income	12/2006			3/2006			
	1Q Result	2Q Result	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	612	1,262	1,724	1,751	801	2,696	1,259
Analytical	706	238	1,155	59	−152	279	1,135
Medical	279	543	776	118	91	479	263
Semiconductor	1,214	1,196	989	772	295	538	883
Total	2,812	3,240	4,646	2,702	1,035	3,994	3,543

6. Consolidated Orders and Backlog Information (Quarterly Comparison)

Orders	12/2006			3/2006			
	1Q Result	2Q Result	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	10,246	9,443	−	8,965	5,842	9,935	10,469
Analytical	10,059	9,904	−	7,936	8,138	8,120	10,464
Medical	6,114	6,015	−	4,888	5,114	5,575	5,593
Semiconductor	6,075	6,278	−	4,610	3,988	4,417	5,071
Total	32,496	31,641	−	26,400	23,084	28,049	31,599

Backlog	12/2006			3/2006			
	1Q Result	2Q Result	2H Estimate	1Q Result	2Q Result	3Q Result	4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive*	21,638	20,525	−	11,472	11,039	21,707	20,059
Analytical	9,901	10,451	−	7,466	8,467	9,008	8,627
Medical	2,628	2,531	−	1,603	1,985	2,309	1,995
Semiconductor	2,102	2,304	−	1,800	1,659	1,781	1,615
Total	36,271	35,813	−	22,343	23,152	34,807	32,297

* The segment name for Engine Measurement Instruments & Systems was changed to Automotive Test Systems effective March 21, 2006.

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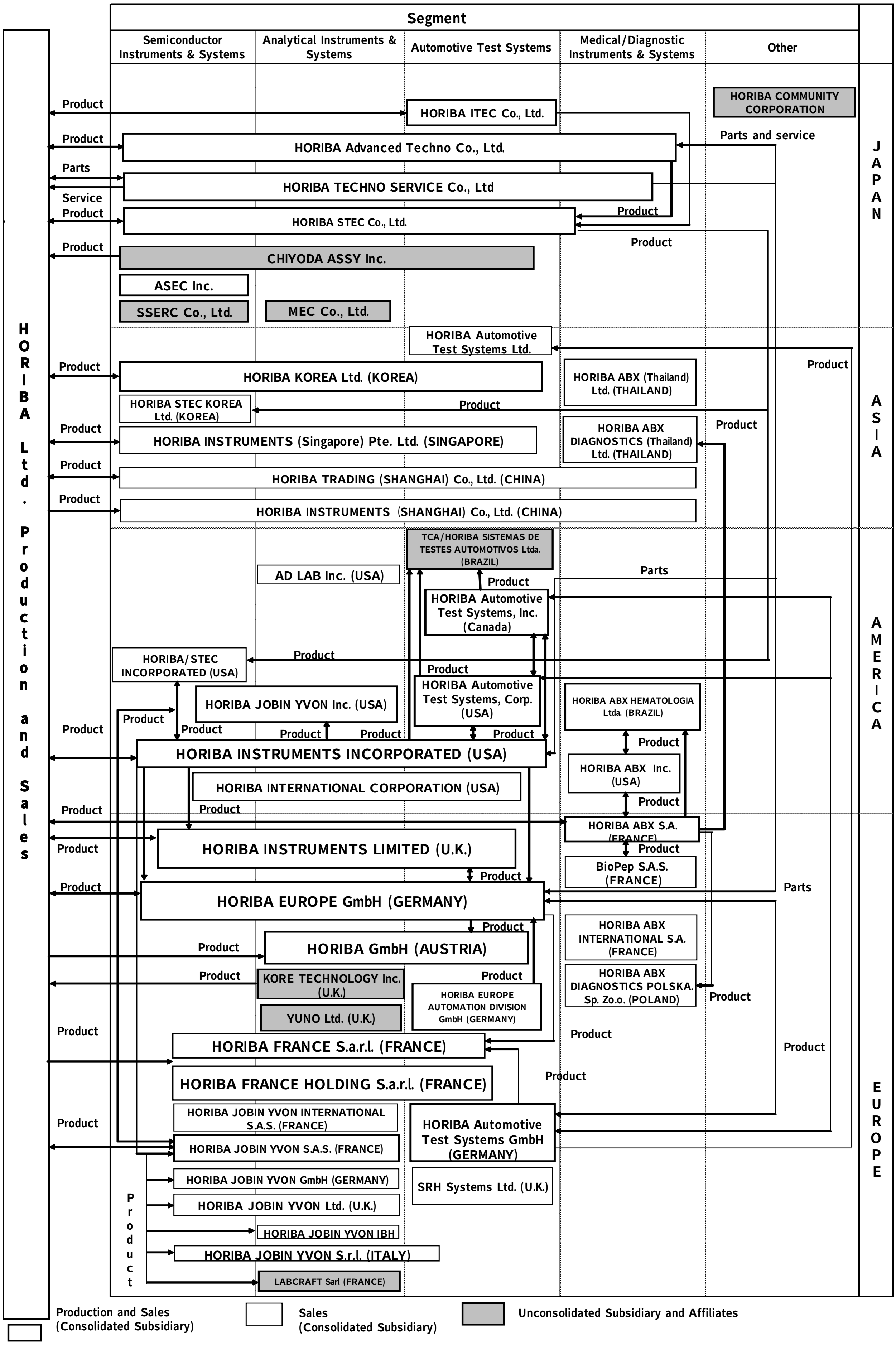
The HORIBA Group

The HORIBA Group consists of 40 consolidated subsidiaries, 1 unconsolidated subsidiary and 7 affiliates, producing and selling analyzers. The HORIBA Group consists of the following divisions: Automotive Test Systems, Analytical Instruments & Systems, Medical/Diagnostic Instruments & Systems and Semiconductor Instruments & Systems. The following shows the main products and main companies for each segment.

	Main products	Main companies
Automotive Test Systems	Emission Measurement Systems, In-Use Automotive Emission Analyzers, On-Board Emissions Measurement Systems, Fuel Cell Evaluation Systems, Driveline Test Systems, Engine Test Systems, Brake Test Systems, Drive Recorders	HORIBA, Ltd., HORIBA INSTRUMENTS INCORPORATED (USA), HORIBA AUTOMOTIVE TEST SYSTEMS, Corp. (USA), HORIBA EUROPE GmbH (GERMANY), HORIBA INSTRUMENTS LIMITED (U.K.), HORIBA EUROPE AUTOMATION DIVISION GmbH (GERMANY), HORIBA AUTOMOTIVE TEST SYSTEMS GmbH (GERMANY), HORIBA KOREA Ltd. (KOREA), HORIBA INSTRUMENTS (Singapore) Pte. Ltd. (SINGAPORE), 16 other companies (Total 25 companies)
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	HORIBA, Ltd., HORIBA JOBIN YVON S.A.S. (FRANCE), HORIBA JOBIN YVON Inc. (USA), HORIBA JOBIN YVON GmbH (GERMANY), HORIBA INSTRUMENTS INCORPORATED (USA), HORIBA EUROPE GmbH (GERMANY), HORIBA INSTRUMENTS LIMITED (U.K.), HORIBA Advanced Techno Co., Ltd. 20 other companies (Total 28 companies)
Medical/ Diagnostic Instruments & Systems	Equipment for Blood Sample Analysis Hematology Analyzers Equipment for Measuring Immunological Responses Clinical Chemistry Analyzers Blood Sugar Measurement Systems	HORIBA, Ltd., HORIBA ABX S.A.S.(FRANCE), HORIBA ABX DIAGNOSTICS POLSKA. Sp. Zo.o. (POLAND), HORIBA ABX Inc. (USA), HORIBA ABX HEMATOLOGIA Ltda. (BRAZIL) 9 other companies (Total 14 companies)
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	HORIBA, Ltd., HORIBA STEC Co., Ltd., HORIBA JOBIN YVON S.A.S. (FRANCE), HORIBA INSTRUMENTS INCORPORATED (USA), HORIBA EUROPE GmbH (GERMANY), HORIBA INSTRUMENTS LIMITED (U.K.), HORIBA INSTRUMENTS (Singapore) Pte. Ltd. (SINGAPORE), HORIBA STEC KOREA Ltd. (KOREA) 17 other companies (Total 25 companies)
Employee Welfare	Employee Welfare	HORIBA COMMUNITY CORPORATION (Total 1 company)

* The segment name for Engine Measurement Instruments & Systems was changed to Automotive Test Systems effective March 21, 2006.

A brief overview is as follows.



Business Policies

1. Fundamental Business Policies of HORIBA

As a manufacturer of analytical equipment that is developing its business worldwide, the HORIBA Group ("HORIBA") 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 which 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 41 companies throughout the world.

2. Fundamental Profit Sharing Policies of HORIBA

The HORIBA Group is working to strengthen its profit structure through efforts such as those to increase productivity, while striving to make dividend payments for HORIBA, Ltd. ("the Company") at a dividend payment ratio of 30%. (In some cases, special gains and losses may be excluded when computing the dividend payment ratio.) The dividend payment includes dividend income from subsidiaries and actually reflects the Company's consolidated results. Regarding the reserve for retained capital, HORIBA intends to appropriate this reserve as operating capital for business expansion and as basic capital for facility, research and development investments and for strengthening the financial position.

3. Concepts and Policies on Reduction of Investment Unit

The Company revised the number of shares in a minimum trading unit, reducing it from 1,000 to 100 shares as of January 4, 2006. We aim to make share transactions easier to ensure the liquidity of the stock and to promote investment participation from a wider range of investors.

4. 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.

5. 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 weaknesses with complementary strengths among all our operating segments. We also declared a new management policy, "The 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 between 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 Measures

(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 ERP/SAP

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-long term management plan. In the early-stage, we aim to promote standardization of operating processes by corporation as well as promote changes in the consciousness of all employees.

(2) Enhance the 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 China's fast growing market.

(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.

6. Challenges of 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 target of the mid- and long-term plan from 2006 to 2010 (¥150 billion in net sales, an operating income ratio greater than 10% and a ROE of over 11%).

7. Matters Concerning the Parent Company

The Company has no parent company.

Operating Results and Financial Condition

1. Operating Results

Net sales for the six months ended September 20, 2006 increased by 35.6% to ¥60,622 million compared with the six months ended September 20, 2005, with double-digit growth in all four business segments. Operating income increased by 62.0% to ¥6,053 million due to a large increase in profit resulting from increased sales and improvement in profitability in three business segments, the Analytical Instruments & Systems, the Medical/Diagnostic Instruments & Systems and the Semiconductor Instruments & Systems segments, even though there was a temporary decline in profitability in the Automotive Test Systems segment due to the business acquisition in the previous fiscal year. Ordinary income increased by 50.2% to ¥5,796 million due to an increase in operating income, despite a slight increase in non-operating expense. Net income increased by 97.3% to ¥3,258 million due to a significant decrease in special loss compared with the previous first half.

(Automotive Test Systems)

With an increase in sales related to the development test systems acquired from Carl Schenck AG on September 30, 2005, sales in this segment increased by 52.6% to ¥19,224 million compared with the previous first half. As for income, the profitability of products for the development test systems was lower than that for exhaust gas analyzers, and start-up costs such as amortization of goodwill, R&D investment in new products and sales expenses lowered the profitability of the segment. Moreover, there were some transactions for which profitability was not high for the main product, motor exhaust gas analyzers, at the beginning of this period. As a result, operating income decreased by 26.5% to ¥1,875 million.

(Analytical Instruments & Systems)

Due to an increase in sales of X-ray analyzers for Waste Electrical and Electronic Equipment (WEEE) and directives restricting on the use of certain hazardous substances in Electrical and Electronic Equipment (RoHS) in the domestic and Asian markets and the high demand for sulfur-in-oil analyzers in the American market and exhaust gas measurement (stack gas) in the domestic market, total segment sales increased by 27.3% to ¥18,139 million relative to the previous first half. Operating income became profitable, reaching ¥944 million after an operating loss of ¥92 million in the previous first half.

(Medical/Diagnostic Instruments & Systems)

With an increase in sales of large sized hematology analyzers and diagnostic reagents in the European and American markets, in addition to an increase in sales of automatic blood cell counter plus CRP in the domestic market, total segment sales increased by 24.0% to ¥11,594 million compared with the previous first half. Operating income increased by 292.2% to ¥823 million.

(Semiconductor Instruments & Systems)

Due to an increase in sales of the main product, mass flow controllers, in the domestic and North America markets resulting from a boom of the semiconductor market and a greater market share and the high demand of chemical concentration monitors from the manufacturers of cleaning equipment, total segment sales increased by 37.1% to ¥11,664 million and operating income increased by 125.7% to ¥2,410 million compared with the previous first half.

2. Financial Condition

(1) Cash Flows

Cash Flows Resulting from Operating Activities

Net cash provided by operating activities amounted to ¥2,788 million. This was due mainly to ¥5,824 million in income before income taxes, ¥1,440 million for an increase in trade notes and accounts payable and ¥1,245 million for a decrease in trade notes and accounts receivable despite ¥3,032 million for income tax paid and ¥1,769 million for an increase in inventories.

Cash Flows Resulting from Investing Activities

Net cash used in investing activities totaled ¥2,306 million. This was due primarily to the payment of ¥1,918 million for the purchase of tangible fixed assets and the payment of ¥764 million for the purchase of intangible fixed assets.

Cash Flows Resulting from Financing Activities

Net cash provided by financing activities amounted to ¥1,507 million. This was due primarily to ¥1,388 million for an increase in long-term debt and ¥777 million for the reimbursement of funds for the redemption of convertible bonds, even though ¥922 million of cash dividends were paid.

As a result, cash and cash equivalents decreased by ¥2,061 million, and cash and cash equivalents at the end of the interim period amounted to ¥16,945 million.

(2) Trends in Cash Flow Indexes

	Six months ended September 20, 2006	Six months ended September 20, 2005	Year ended March 20, 2006
Shareholders' Equity Ratio(%)	55.3	58.2	54.5
Shareholders' Equity Ratio on a Market Value Basis(%)	121.3	114.3	129.5
Number of Years for Debt Redemption(Years)	2.8	1.8	1.6
Interest Coverage Ratio	13.8	29.9	26.8

(Note) 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

(For the six months ended September 20, 2006 and 2005: Number of Years for Debt Redemption = Interest-Bearing Debt/Operating Cash Flow/2)

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 term multiplied by the total number of shares issued at the end of the term after deduction for treasury stock.

* The value used for the operating cash flow is the "cash flow resulting from operating activities" shown in the consolidated statements of cash flows. Interest-bearing debt includes all debt in the consolidated balance sheet for which interest is paid. The value used for the interest paid is the amount of payments for interest shown in the consolidated statement of cash flows.

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

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

The term ending December 31, 2006 will only be 9 months and 11 days (from March 21, 2006 to December 31, 2006) for the Company and HORIBA Advanced Techno Co., Ltd. and 9 months (from April 1, 2006 to December 31, 2006) for HORIBA STEC Co., Ltd.

There will be a slowdown in the U.S. economy and uncertainties in the world economy in the term ending December 31, 2006. 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 relationship" with company owners, investors, customers, employees and all other HORIBA stakeholders under a management policy represented in the slogan, "HORIBA Group is One Company." In consideration of the actual results for the first half and the most updated prospect for the second half, HORIBA will revise the previous forecast for the term ending December 31, 2006 announced on August 1, 2006 as follows;

Net Sales of ¥110,000 million (4.1% increase from the previous fiscal year)

With a large backlog of orders at the end of the interim period, which totaled ¥35,813 million, up ¥12,660 million compared with the end of the previous corresponding period, and the stable demand expected in the Semiconductor Instruments & Systems segment, net sales for the second half is forecast to be favorable. Net sales is expected to increase by ¥8,000 million to ¥110,000 million compared with the previous forecast and by ¥4,300 million compared with the previous fiscal year, even after the effect of shortening the fiscal term due to the change of accounting term.

Operating Income of ¥10,700 million (5.1% decrease from the previous fiscal year)

As a result of an increase in net sales, operating income is expected to increase by ¥1,100 million to ¥10,700 million compared with the previous forecast.

Ordinary Income of ¥10,200 million (8.9% decrease from the previous fiscal year)

Ordinary income is expected to increase by ¥1,400 million to ¥10,200 million compared with the previous forecast, with non-operating income and expenses improved by ¥300 million.

Net Income of ¥5,600 million (13.5% decrease from the previous fiscal year)

As a result of an increase in ordinary income, net income is expected to increase by ¥600 million to ¥5,600 million compared with the previous forecast.

For reference, the outlook for the year ending March 20, 2007 without the change of the accounting term is mentioned in the table on the right.

(March 21, 2006 – December 31, 2006)

¥ million

	Previous forecast (As of Aug. 1)	Revised forecast (As of Nov. 14)	Changes
Net sales	102,000	110,000	+8,000
Operating income	9,600	10,700	+1,100
Ordinary income	8,800	10,200	+1,400
Net income	5,000	5,600	+600

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

¥ million

	Previous forecast (As of Aug. 1)	Revised forecast (As of Nov. 14)	Changes
Net sales	120,000	128,000	+8,000
Operating income	12,600	13,700	+1,100
Ordinary income	11,800	13,200	+1,400
Net income	6,900	7,500	+600

By business segment

(March 21, 2006 – December 31, 2006)

Net sales ¥ million

	Previous forecast (As of Aug. 1)	Revised forecast (As of Nov. 14)	Changes
Automotive	35,000	37,000	+2,000
Analytical	29,000	32,000	+3,000
Medical	20,500	22,000	+1,500
Semiconductor	17,500	19,000	+1,500
Total	102,000	110,000	+8,000

Operating income ¥ million

	Previous forecast (As of Aug. 1)	Revised forecast (As of Nov. 14)	Changes
Automotive	3,600	3,600	±0
Analytical	1,700	2,100	+400
Medical	1,600	1,600	±0
Semiconductor	2,700	3,400	+700
Total	9,600	10,700	+1,100

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

Net sales ¥ million

	Previous forecast (As of Aug. 1)	Revised forecast (As of Nov. 14)	Changes
Automotive	40,000	42,000	+2,000
Analytical	36,000	39,000	+3,000
Medical	23,000	24,500	+1,500
Semiconductor	21,000	22,500	+1,500
Total	120,000	128,000	+8,000

Operating income ¥ million

	Previous forecast (As of Aug. 1)	Revised forecast (As of Nov. 14)	Changes
Automotive	5,000	5,000	±0
Analytical	2,200	2,600	+400
Medical	1,900	1,900	±0
Semiconductor	3,500	4,200	+700
Total	12,600	13,700	+1,100

(Note) The outlook is calculated based on information available to us at November 14, 2006. Uncertainties could cause our actual results to be different from these projections.

4. 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 November 14, 2006.

(1) Risks Associated with International Business Activities

HORIBA conducts business activities in the U.S., Europe, Asia and many countries around the world. Major risks associated with the entry into these overseas markets are:

a. Business Risks

Risks include sudden shifts in economic conditions or in product supply and demand, sudden changes in retail prices due to competition, regulatory trends in the environmental field, delays in development of new products, etc.

b. Risks Associated with International Business Activities

Risks include wide fluctuations in foreign exchange rates, changes in laws, regulations or tax systems, social disruptions such as terrorism or war and other economic, social or political risks.

Especially for fluctuations in foreign exchange rates, HORIBA promotes local production and supply and employs foreign exchange forward contracts within the limits of the balance of foreign currency denominated receivables and payables, aiming to minimize foreign exchange risks. However, sharp fluctuations in foreign exchange rates beyond our estimates could affect financial conditions and business performance, not only when the financial statements prepared in local currencies are translated into Japanese yen for the consolidated financial statements.

(2) Compensation for Product Liability

HORIBA conducts optimum quality control for its products and services and strives to maintain the highest standard of reliability, nevertheless there is always a 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.

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

HORIBA has promoted proactive corporate acquisitions and alliances to enhance the efficiency 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 or cash flow. However, it is possible that HORIBA's financial condition and business performance could be significantly affected if an acquisition or alliance did not proceed in accordance with initial plans.

(4) Shifts in the Market Price of Securities Holdings or Other Assets

HORIBA holds shares in its major alliance partners and other companies as part of its technology and business strategies for the future. In recent years, HORIBA recorded losses on the valuation of investment securities due to the value of shares declining as a result of a downturn in the performance of the companies. In consideration of such circumstances, HORIBA's acquisitions and sales of investment securities are carefully investigated by the Board of Directors, the market price of shares are timely reported to top management and the purpose for holding the investment securities are properly reviewed. Also, HORIBA implemented impairment accounting in the year ended March 31, 2005, before legally required, but if further declines in the market price or profitability of land, building or other assets occur in the future, there may be a significant impact on the financial condition and business performance of HORIBA.

(5) 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 interim period under review to be fully recoverable as 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.

(6) Delays in Delivery, etc., Associated with Repair of Facilities Following Natural Disasters

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

(7) 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.

(8) 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.

(9) Risk by Business Segment

The HORIBA Group 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 weaknesses with complementary strengths among the business segments, but we have the following risks, organized by business segment, associated with fluctuations in operating results.

a. 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 the fluctuations in 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 a shift in automatization of automotive test systems, there is a possibility of a significant impact on HORIBA's financial condition and business performance.

b. 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.

c. 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. If the price competition is beyond our expectations, there is a possibility of a significant impact on HORIBA's financial condition and business performance.

d. Semiconductor Instruments & Systems

The main products in this segment are fluid control products for semiconductor manufacturing processes and products supporting R&D and the product quality testing of 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 may affect the financial condition and business performance of HORIBA.

Consolidated Balance Sheets

Accounts	As of September 20, 2006		As of September 20, 2005		As of March 20, 2006	
	Amount	%	Amount	%	Amount	%
Assets	¥ million		¥ million		¥ million	
Current Assets:	87,842	71.5	72,138	72.5	85,760	71.5
Cash and bank deposits	16,383		18,517		14,612	
Trade notes and accounts receivable	36,748		26,120		37,407	
Marketable securities	627		250		394	
Inventories	29,429		23,231		27,272	
Deferred tax assets	2,723		2,286		2,741	
Other current assets	2,733		2,242		4,211	
Allowance for doubtful receivables	(803)		(510)		(880)	
Fixed Assets:	35,096	28.5	27,386	27.5	34,216	28.5
Property, Plant and Equipment:	20,956	17.0	18,573	18.6	20,223	16.9
Buildings and structures	7,937		6,921		8,006	
Machinery, equipment, and vehicles	3,667		2,971		3,316	
Land	6,700		6,568		6,617	
Construction in progress	185		290		87	
Other property, plant and equipment	2,466		1,821		2,195	
Intangibles:	5,760	4.7	2,654	2.7	5,462	4.5
Goodwill	2,138		70		39	
Consolidation difference	–		1,145		2,365	
Other intangibles	3,621		1,439		3,057	
Investments and Other Non-Current Assets:	8,380	6.8	6,158	6.2	8,530	7.1
Investment securities	5,046		4,469		5,397	
Deferred tax assets	813		439		671	
Other investments and other assets	2,598		1,366		2,544	
Allowance for doubtful accounts	(78)		(118)		(81)	
Total Assets	122,939	100.0	99,525	100.0	119,976	100.0

Consolidated Balance Sheets

Accounts	As of September 20, 2006		As of September 20, 2005		As of March 20, 2006	
	Amount	%	Amount	%	Amount	%
Liabilities	¥ million		¥ million		¥ million	
Current Liabilities:	44,143	35.9	31,759	31.9	44,377	37.0
Trade notes and accounts payable	14,733		9,190		13,061	
Short-term loans payable	7,286		5,631		6,746	
Current portion of long-term debt	635		355		452	
Accounts payable - other	8,018		5,953		8,913	
Accrued income taxes	2,755		1,477		3,121	
Accrued bonuses to employees	2,283		2,244		2,900	
Accrued bonuses to directors	228		–		–	
Reserve for product warranty	997		736		1,025	
Deferred tax liabilities	10		5		–	
Current maturities of convertible bonds	–		1,528		–	
Other current liabilities	7,193		4,637		8,156	
Non-Current Liabilities:	10,674	8.7	9,659	9.7	9,992	8.4
Corporate bonds	5,000		5,000		5,000	
Long-term debt	2,633		1,805		1,666	
Employees' retirement benefits	1,474		1,327		1,461	
Directors' and corporate auditors' retirement benefits	640		580		617	
Deferred tax liabilities	459		341		637	
Other non-current liabilities	466		605		607	
Total Liabilities	54,818	44.6	41,419	41.6	54,369	45.4

Consolidated Balance Sheets

Accounts	As of September 20, 2006		As of September 20, 2005		As of March 20, 2006	
	Amount	%	Amount	%	Amount	%
	¥ million		¥ million		¥ million	
Minority Interests in Consolidated Subsidiaries	–	–	138	0.2	160	0.1
Shareholders' Equity						
Common stock	–	–	10,809	10.9	11,569	9.6
Capital surplus	–	–	17,526	17.6	18,275	15.2
Retained earnings	–	–	28,419	28.5	32,904	27.5
Net unrealized holding gains on securities	–	–	1,366	1.3	1,919	1.6
Foreign currency translation adjustments	–	–	(23)	(0.0)	849	0.7
Treasury stock	–	–	(130)	(0.1)	(73)	(0.1)
Shareholders' Equity	–	–	57,967	58.2	65,446	54.5
Total Liabilities, Minority Interests, and Shareholders' Equity	–	–	99,525	100.0	119,976	100.0
Net Assets						
Shareholders' Equity	65,008	52.9	–	–	–	–
Common stock	11,684	9.5	–	–	–	–
Capital surplus	18,390	15.0	–	–	–	–
Retained earnings	34,951	28.4	–	–	–	–
Treasury stock	(18)	(0.0)	–	–	–	–
Valuation and Translation Adjustments	2,937	2.4	–	–	–	–
Net unrealized holding gains on securities	1,772	1.4	–	–	–	–
Foreign currency translation adjustments	1,164	1.0	–	–	–	–
Minority Interests in Consolidated Subsidiaries	175	0.1	–	–	–	–
Total Net Assets	68,121	55.4	–	–	–	–
Total Liabilities and Net Assets	122,939	100.0	–	–	–	–

Consolidated Statements of Income

Accounts	Six Months ended September 20, 2006		Six Months ended September 20, 2005		Year ended March 20, 2006	
	Amount	%	Amount	%	Amount	%
	¥ million		¥ million		¥ million	
Net Sales	60,622	100.0	44,693	100.0	105,664	100.0
Cost of Sales	34,640	57.1	25,382	56.8	60,739	57.5
Gross Income	25,982	42.9	19,311	43.2	44,925	42.5
Selling, General and Administrative Expenses	19,928	32.9	15,573	34.8	33,650	31.8
Operating Income	6,053	10.0	3,737	8.4	11,275	10.7
Other Income	445	0.7	446	1.0	765	0.7
Interest and dividend income	155	0.2	68	0.2	120	0.1
Foreign exchange gains	–	–	105	0.2	143	0.1
Other	290	0.5	272	0.6	500	0.5
Other Expenses	702	1.2	324	0.8	842	0.8
Interest expense	227	0.4	142	0.4	333	0.3
Foreign exchange losses	108	0.2	–	–	–	–
Other	367	0.6	182	0.4	509	0.5
Ordinary Income	5,796	9.5	3,859	8.6	11,197	10.6
Special Gains	49	0.1	494	1.1	714	0.7
Gain on sale of property, plant and equipment	49	0.1	4	0.0	46	0.0
Gain on sale of investment securities	–	–	394	0.9	394	0.4
Gain on insurance, net of related loss	–	–	95	0.2	95	0.1
Gain on settlement of license	–	–	–	–	177	0.2
Other	–	–	–	–	0	0.0
Special Losses	21	0.0	874	1.9	1,164	1.1
Loss on disposal of property, plant and equipment	19	0.0	27	0.0	115	0.1
Loss on sale of property, plant and equipment	0	0.0	14	0.0	16	0.0
Retirement benefits to directors	1	0.0	749	1.7	749	0.7
Loss on valuation of investment securities	–	–	4	0.0	12	0.0
Other	0	0.0	77	0.2	270	0.3
Income Before Income Taxes	5,824	9.6	3,479	7.8	10,747	10.2
Income taxes (Current)	2,742	4.5	1,436	3.2	4,424	4.2
Income taxes (Deferred)	(218)	(0.4)	337	0.8	(210)	(0.2)
Minority interest in earnings of consolidated subsidiaries	41	0.1	53	0.1	60	0.1
Net Income	3,258	5.4	1,651	3.7	6,473	6.1

Consolidated Statements of Changes in Shareholders' Equity

Six Months ended September 20, 2006 (March 21, 2006 – September 20, 2006)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
	¥ million	¥ million	¥ million	¥ million	¥ million
Balance at March 20, 2006	11,569	18,275	32,904	(73)	62,676
Changes during the interim period					
Issuance of new shares (Exercise of stock aquisition rights)	115	115			230
Cash dividends *			(926)		(926)
Bonus to directors *			(271)		(271)
Net income			3,258		3,258
Acquisition of treasury stocks				(0)	(0)
Disposal of treasury stocks			(14)	56	41
Others					
Total changes during the interim period	115	115	2,046	55	2,332
Balance at September 20, 2006	11,684	18,390	34,951	(18)	65,008

	Valuation and Translation Adjustments			Minority interests	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
	¥ million	¥ million	¥ million	¥ million	¥ million
Balance at March 20, 2006	1,919	849	2,769	160	65,606
Changes during the interim period					
Issuance of new shares (Exercise of stock aquisition rights)					230
Cash dividends *					(926)
Bonus to directors *					(271)
Net income					3,258
Acquisition of treasury stocks					(0)
Disposal of treasury stocks					41
Others	(147)	314	167	15	182
Total changes during the interim period	(147)	314	167	15	2,514
Balance at September 20, 2006	1,772	1,164	2,937	175	68,121

* The figures are based on profit distribution for the year ended March 20, 2006 decided at the general meeting of shareholders in June, 2006.

Consolidated Statements of Surplus

Accounts	Six Months ended September 20, 2005	Year ended March 20, 2006
	¥ million	¥ million
Capital surplus		
Balance of capital surplus at beginning of period	13,932	13,932
Increase in capital surplus	3,593	4,343
Conversion of convertible bonds	1,166	1,925
Increase through a stock-for-stock exchange	2,418	2,418
Increase on disposal of treasury stock	9	−
Balance of capital surplus at end of period	17,526	18,275
Retained earnings		
Balance of retained earnings at beginning of period	27,422	27,422
Increase in retained earnings	1,651	6,473
Net income	1,651	6,473
Decrease in retained earnings	654	990
Cash dividends	478	722
Bonus to directors and statutory auditors	176	176
Decrease on disposal of treasury stock	−	14
Effect of accounting change in an overseas subsidiary	−	77
Balance of retained earnings at end of period	28,419	32,904

Consolidated Statements of Cash Flows

Accounts	Six Months ended September 20, 2006	Six Months ended September 20, 2005	Year ended March 20, 2006
	¥ million	¥ million	¥ million
Cash Flows from Operating Activities:			
Income before income taxes	5,824	3,479	10,747
Depreciation (excludes amortization of goodwill)	1,499	1,267	2,720
Amortization of consolidation difference	–	159	391
Amortization of goodwill	301	8	60
Loss on disposal of property, plant and equipment	19	27	115
Loss on valuation of investment securities	–	4	12
Increase (decrease) in allowance for doubtful receivables	(108)	22	219
Increase in directors' and corporate auditors' retirement benefits	35	37	74
Increase (decrease) in employees' retirement benefits	(14)	(4)	81
Interest and dividend income	(155)	(68)	(120)
Interest expense	227	142	333
Foreign exchange losses	4	5	15
Gain on sale of property, plant and equipment	(49)	(4)	(46)
Loss on sale of property, plant and equipment	0	14	16
Gain on sale of investment securities	–	(394)	(394)
Retirement benefits to directors	1	770	770
Decrease (increase) in trade notes and accounts receivable	1,245	3,976	(4,692)
Increase in inventories	(1,769)	(1,460)	(673)
Increase (decrease) in trade notes and accounts payable	1,440	(1,915)	313
Bonuses to directors and statutory auditors	(271)	(176)	(176)
Other, net	(2,331)	933	3,447
Subtotal	5,898	6,826	13,216
Interest and dividends received	138	68	116
Interest paid	(202)	(131)	(324)
Payment of retirement benefits to directors	(13)	(1,341)	(1,341)
Income taxes paid	(3,032)	(1,484)	(2,994)
Net cash provided by operating activities	2,788	3,937	8,672
Cash Flows from Investing Activities:			
Increase in time deposits	–	(0)	(1,615)
Decrease in time deposits	60	14	22
Payments for purchase of investment securities	(15)	(316)	(349)
Proceeds from sale or redemption of investment securities	94	502	507
Payments for purchase of property, plant and equipment	(1,918)	(1,457)	(4,019)
Proceeds from sale of property, plant and equipment	65	51	133
Payments for purchase of intangibles	(764)	(337)	(1,765)
Proceeds from sale of intangibles	–	–	2
Payments for purchase of investments in newly consolidated subsidiaries	–	–	(3,269)
Increase in loans receivable	(2)	(6)	(10)
Decrease in loans receivable	202	6	12
Other, net	(28)	(50)	(7)
Net cash used in investing activities	(2,306)	(1,592)	(10,361)
Cash Flows from Financing Activities:			
Net increase in short-term borrowings	337	404	1,253
Increase in long-term debt	1,388	681	684
Repayment of long-term debt	(307)	(150)	(283)
Proceeds from exercise of stock aquisition rights	230	–	–
Payments for purchase of treasury stock	(0)	(61)	(119)
Proceeds from sale of treasury stock	41	94	185
Cash dividends paid	(922)	(478)	(722)
Cash dividends paid to minority interests	(30)	(31)	(31)
Reimbursement of funds for redemption of convertible bonds	777	–	–
Payments for redemption of convertible bonds	–	–	(786)
Other, net	(7)	(39)	(50)
Net cash provided by financing activities	1,507	419	129
Cash and Cash Equivalents Foreign Currency Translation Adjustments	71	(108)	335
Net Increase (Decrease) in Cash and Cash Equivalents	2,061	2,655	(1,223)
Cash and Cash Equivalents at Beginning of Period	14,884	16,108	16,108
Cash and Cash Equivalents at End of Period	16,945	18,763	14,884

Important Items That Form the Basis for Preparation of Interim Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 40 companies

Overseas subsidiaries (35 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)

Domestic subsidiaries (5 companies)

HORIBA STEC Co., Ltd.; HORIBA ITEC Co., Ltd.; HORIBA Advanced Techno Co., Ltd.; HORIBA TECHNO SERVICE Co., Ltd.; ASEC Inc.;

In the six months ended September 20, 2006, Schenck Canada Inc. (Canada) was merged with HORIBA Automotive Test Systems, Inc. (Canada), HORIBA Biotechnology Co., Ltd. and Schenck-TKS Test Systems Ltd. were merged with the Company, and Jobin Yvon International Inc. (U.S.A.) was liquidated. The four subsidiaries were all excluded from the scope of consolidation.

(2) Unconsolidated subsidiary companies: 1 company

HORIBA Community Corporation (Japan)

This unconsolidated subsidiary, either small in scale or having immaterial effects on total assets, net sales, net income and retained earnings (proportionate amount of ownership), is not included in the interim consolidated financial statements.

2. Application of the equity method

(1) Unconsolidated companies for which the equity method has not been applied: 1 company

HORIBA Community Corporation (Japan)

(2) Affiliated companies for which the equity method has not been applied: 7 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.); TCA/HORIBA SISTEMAS FR TESTES AUTOMOTIVOS (Brazil)

Since the companies for which the equity method has not been applied have insignificant effects upon interim consolidated net income and retained earnings and are immaterial as a whole, they are excluded from the application of the equity method.

3. The end of the interim period for consolidated subsidiaries

The end of the interim period is June 30 for HORIBA ITEC Co., Ltd., HORIBA TECHNO SERVICE Co., Ltd., ASEC Inc. and the overseas subsidiaries. It is September 20 for HORIBA Advanced Techno Co., Ltd. and September 31 for HORIBA STEC Co., Ltd.

The accounts of these subsidiaries at the respective ends of their interim periods are used in preparing the interim consolidated financial statements. With respect to significant transactions which occurred after those subsidiaries' interim periods ended, necessary adjustments have been made in the interim consolidated financial statements.

4. Accounting policies

(1) Valuation of marketable securities

Available-for-sale securities

- With available fair market values: Fair market value based on market prices, etc. at the balance sheet date

  (Unrealized gains and losses, net of tax are reported as a separate component of net assets. Cost of sales is calculated using the moving-average method.)
- Without available fair market values: Primarily at cost using the moving-average method

(2) Derivatives

Market value method

(3) Valuation of inventories

a. Finished goods and goods in process: Estimated primarily at cost using the weighted-average method

b. Materials: Valued primarily at cost using the moving-average method

(4) Depreciation methods of depreciable assets

a. Property, plant and equipment

- The Company and its domestic subsidiaries use the declining balance method. (However, buildings, excluding the accompanying facilities, acquired on or after April 1, 1998 are depreciated using the straight-line method.) Overseas subsidiaries use the straight-line method.
- Estimated useful lives of the assets are mainly as follows:

  Buildings and structures: 3-60 years

  Machinery, equipment and vehicles: 2-17 years

b. Intangible assets

- The straight-line method is used.
- With respect to internal use software, depreciation is computed on the straight-line method over the estimated useful life of 5 years.

(5) Allowance and accruals

a. Allowance for doubtful receivables

- The Company and its domestic subsidiaries

  In order to provide for losses from uncollectible trade notes, accounts receivable and loans, the Company and its domestic subsidiaries provide for doubtful accounts principally at an amount computed based on the ratio of actual bad debts in the past plus the estimated uncollectible amounts based on the analysis of certain individual receivables.
- Overseas subsidiaries

  In order to provide for losses from uncollectible accounts receivable and so on, the overseas subsidiaries provide for doubtful accounts based on estimates by management.

b. Accrued bonuses to employees

Accrued bonuses to employees are provided for the expected payment of employee bonuses for the current interim period to those employees serving based on the applicable period.

c. Accrued bonuses to directors

- Accrued bonuses to directors are provided for the expected payment of director bonuses for the current interim period to those directors serving at the end of the fiscal year.

  (Change in Accounting Standards)

  Effective from the six months ended September 20, 2006, the Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonuses" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005). The effect of the adoption of this new accounting standard on operating income, ordinary income and income before income taxes is ¥228 million. The effect by segment is described in the accompanying segment information.

d. Reserve for product warranty

A reserve for product warranty is provided for warranty expenses for products of the Company and certain subsidiaries.

e. Employees' retirement benefits

The Company and certain subsidiaries provide for employees' severance and retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of plan assets. Actuarial gains or losses are recognized in expenses using the straight-line method over fixed years (5 years) within the average of the estimated remaining service years commencing with the following period. In the Company, prior service costs are recognized in expenses using the straight-line method over fixed years (10 years) within the average of the estimated remaining service years commencing in the period they arise. In certain subsidiaries, they are expensed in the period they arise.

f. Retirement benefits for directors and corporate auditors

To cover payment of retirement benefits for directors and corporate auditors, the Company and certain domestic subsidiaries provide for the amount to be required at the end of the current interim period based upon internal rules.

(6) Foreign currency translation

Assets and liabilities in foreign currencies are converted to Japanese yen using the market rate at the balance sheet date, and differences in the translation are recorded in the interim consolidated statements of income. In addition, the assets and liabilities of overseas subsidiaries are converted to Japanese yen on the basis of the exchange rate at the balance sheet date, while income and expenses are converted to Japanese yen based on the average exchange rate during the period. Differences in translation are included in the interim consolidated financial statements under minority interest and foreign currency translation adjustments in net assets.

(7) Lease transactions

Finance leases that do not transfer ownership or that do not have bargain purchase option provisions are accounted for in the same manner as operating leases in accordance with Japanese GAAP.

(8) Hedge accounting

a. Hedge accounting method

Foreign exchange contracts that fulfill certain requirements are accounted for as hedges.

b. Hedge instruments and hedged items

Hedge instruments	Hedged items
Foreign exchange contracts	Foreign currency trade receivables

c. Hedge policy

With respect to such things as foreign currency trade receivables, the Company enters into foreign exchange contracts within the limits of the balance for foreign currency trade receivables and payables. The execution and management of these transactions are carried out by the Corporate Strategy Office, and the results of the transactions are reported to the members of the Board of Directors that is responsible for accounting.

d. Methods for evaluating hedge effectiveness

Hedge effectiveness is evaluated by verifying the currency type, term, and identity of the hedged item and the hedging instrument.

(9) Accounting for consumption tax

The net of tax method is used.

(10) Tax effect accounting

The calculation of deferred income taxes and income tax payables for the current interim period includes estimated amounts of addition and reversal of reserve for deferral of capital on property which will be made at the end of the fiscal year.

5. Cash and cash equivalents

Cash and cash equivalents in the interim consolidated cash flow statements include cash on hand, readily available bank deposits and short-term highly liquid investments, with maturity periods of three months or less from the date of acquisition, that are readily convertible into cash and present insignificant risk of change in value.

Changes in Accounting Standards:

(Accounting standard for presentation of net assets in the balance sheet)

Effective from the six months ended September 20, 2006, the Company adopted "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Statement No.5 issued on December 9, 2005) and "Guidance on Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Accounting Standards Board of Japan Guidance No.8 issued on December 9, 2005). The amount corresponding to conventional "Shareholders' equity" in the balance sheet is ¥67,945 million. "Net assets" in the balance sheet as of September 20, 2006 is on the basis of revised consolidated financial statement regulations.

(Accounting standard for business combinations)

Effective from the six months ended September 20, 2006, the Company adopted "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003), "Accounting Standard for Business Divestitures and the related Implementation Guidance" (Accounting Standards Board of Japan Statement No.7 issued on December 27, 2005) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Accounting Standards Board of Japan Guidance No.10 issued on December 27, 2005).

Changes in Presentations:

(Consolidated balance sheet at September 20, 2006)

Effective from the six months ended September 20, 2006, the Company adopted early the revision of "Regulations Concerning the Terminology, Forms and Preparation Methods of Interim Financial Statements" (Cabinet Office Ordinance No.56 issued on April 26, 2006) and presented consolidation differences and goodwill as "Goodwill."

(Consolidated statement of cash flows for the six months ended September 20, 2006)

Effective from the six months ended September 20, 2006, amortization of consolidation differences and amortization of goodwill were presented as "Amortization of Goodwill" of cash flows from operating activities due to the change in presentation in the consolidated balance sheet.

Notes:

(Consolidated balance sheet)

	As of September 20, 2006	As of September 20, 2005	As of March 20, 2006
	¥ million	¥ million	¥ million
1. Accumulated depreciation for tangible assets	25,172	22,549	24,167
2. Pledged assets			
Buildings and structures	143	156	140
3. Secured liabilities			
Current portion of long-term debt	14	2	4
Long-term debt	74	90	94
4. Contingent liabilities for guarantees	324	373	330
5. Notes receivable discounted	39	20	34

(Consolidated statement of income)

	Six months ended September 20, 2006	Six months ended September 20, 2005	Year ended March 20, 2006
	¥ million	¥ million	¥ million
Research and development expenses	3,056	2,677	6,552

(Consolidated statement of changes in shareholders' equity)

1. Type and number of shares outstanding and treasury stock

(Number of shares)

	As of March 20, 2006	Increase	Decrease	As of September 20, 2006
Number of shares issued				
Common stock (note 1)	42,144,752	120,000	−	42,264,752
Total	42,144,752	120,000	−	42,264,752
Treasury Stock				
Common stock (note 2,3)	44,699	184	34,000	10,883
Total	44,699	184	34,000	10,883

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

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

(Note 3) The increase 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)	Dividend per share (yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 27, 2006	Common stock	926	22	March 20, 2006	June 17, 2006

(2) Dividend whose record date is attributable to the current interim period but to be effective after the current interim period

Resolution	Type of stock	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
Board of Directors meeting held on November 14, 2006	Common stock	338	Retained earnings	8	September 20, 2006	November 28, 2006

(Consolidated statement of cash flows)

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

	As of September 20, 2006	As of September 20, 2005	As of March 20, 2006
	¥ million	¥ million	¥ million
Cash and bank deposits	16,383	18,517	14,612
Time deposits with maturities exceeding 3 months	(65)	(4)	(122)
Short-term investments whose expiration or redemption date is within 3 months	627	250	394
Cash and cash equivalents at end of period	16,945	18,763	14,884

Business Segment Information

1. Business Segment Information

Results for the Six Months ended September 20, 2006 (March 21, 2006 - September 20, 2006)

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	19,224	18,139	11,594	11,664	60,622	—	60,622
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Operating expenses	17,349	17,194	10,770	9,253	54,568	—	54,568
Operating Income	1,875	944	823	2,410	6,053	—	6,053

Results for the Six Months ended September 20, 2005 (March 21, 2005 - September 20, 2005)

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	12,594	14,246	9,348	8,505	44,693	—	44,693
(2) Intersegment sales and transfers	—	-	—	—	—	-	—
Operating expenses	10,041	14,339	9,138	7,436	40,956	—	40,956
Operating Income (Loss)	2,552	(92)	209	1,068	3,737	—	3,737

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

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

Main products 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

Notes:

1. The segment name for Engine Measurement Instruments & Systems was changed to Automotive Test Systems effective March 21, 2006.
2. (Change in Accounting Standards)
   As shown in 4. (5) c. of "Important Items That Form the Basis for Preparation of Interim Consolidated Financial Statements," the Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonuses" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005) effective from the six months ended September 20, 2006. As a result, operating expenses increased by ¥66 million in the Automotive Test Systems, ¥77 million in the Analytical Instruments & Systems, ¥21 million in the Medical/Diagnostic Instruments & Systems and ¥62 million in the Semiconductor Instruments & Systems, respectively. Operating income decreased by the same amounts accordingly.

Geographical Segment Information

2. Geographical Segment Information

Results for the Six Months ended September 20, 2006 (March 21, 2006 – September 20, 2006)

	Japan	America	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	27,727	8,108	23,265	1,521	60,622	–	60,622
(2) Intersegment sales and transfers	6,349	350	1,218	899	8,817	(8,817)	–
Total	34,076	8,458	24,484	2,420	69,439	(8,817)	60,622
Operating expenses	28,743	7,931	24,799	2,014	63,489	(8,920)	54,568
Operating Income (Loss)	5,332	527	(315)	406	5,950	103	6,053

Results for the Six Months ended September 20, 2005 (March 21, 2005 – September 20, 2005)

	Japan	America	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million	¥ million
Net Sales							
(1) Sales to outside customers	23,526	4,677	15,656	833	44,693	–	44,693
(2) Intersegment sales and transfers	5,229	216	1,034	426	6,906	(6,906)	–
Total	28,755	4,893	16,690	1,260	51,600	(6,906)	44,693
Operating expenses	24,933	4,837	17,008	1,071	47,851	(6,895)	40,956
Operating Income (Loss)	3,822	56	(318)	188	3,748	(11)	3,737

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

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

Note: (Change in Accounting Standards)

As shown in 4. (5) c. of "Important Items That Form the Basis for Preparation of Interim Consolidated Financial Statements," the Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonuses" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005) effective from the six months ended September 20, 2006. As a result, operating expenses increased by ¥228 million in the Japan segment and operating income decreased by the same amount accordingly.

3. Overseas Sales

Results for the Six Months ended September 20, 2006 (March 21, 2006 – September 20, 2006) ¥ million

	America	Europe	Asia	Total
Overseas sales	12,603	16,444	8,511	37,558
Consolidated sales	—	—	—	60,622
Ratio of overseas sales to consolidated sales (%)	20.8	27.1	14.1	62.0

Results for the Six Months ended September 20, 2005 (March 21, 2005 – September 20, 2005) ¥ million

	America	Europe	Asia	Total
Overseas sales	8,501	10,921	5,295	24,718
Consolidated sales	—	—	—	44,693
Ratio of overseas sales to consolidated sales (%)	19.0	24.4	11.9	55.3

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

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

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

Orders, Backlog

Segment		Six Months ended September 20, 2006		Six Months ended September 20, 2005		Year ended March 20, 2006	
		Amount	%	Amount	%	Amount	%
Orders		¥ million		¥ million		¥ million	
	Automotive Test Systems	19,690	30.7	14,807	29.9	35,212	32.3
	Analytical Instruments & Systems	19,964	31.1	16,075	32.5	34,660	31.7
	Medical/Diagnostic Instruments & Systems	12,129	18.9	10,003	20.2	21,172	19.4
	Semiconductor Instruments & Systems	12,353	19.3	8,598	17.4	18,087	16.6
	Total	64,138	100.0	49,484	100.0	109,133	100.0
Backlog	Automotive Test Systems	20,525	57.3	11,039	47.7	20,059	62.1
	Analytical Instruments & Systems	10,451	29.2	8,467	36.6	8,627	26.7
	Medical/Diagnostic Instruments & Systems	2,531	7.1	1,985	8.6	1,995	6.2
	Semiconductor Instruments & Systems	2,304	6.4	1,659	7.1	1,615	5.0
	Total	35,813	100.0	23,152	100.0	32,297	100.0

Note: The segment name for Engine Measurement Instruments & Systems was changed to Automotive Test Systems effective March 21, 2006.

Securities

As of September 20, 2006

1. Available-for-sale securities with available fair values at September 20, 2006 ¥ million

	Acquisition cost	Book (fair) value	Difference
Equity securities	1,653	4,622	2,968
Bonds:			
Government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	63	76	12
Total	1,717	4,698	2,981

2. Securities with no available fair values ¥ million

	Book value
Available-for-sale securities	
Non-listed foreign investment trusts	627
Non-listed equity securities	210
Limited partnerships for investment	29

As of September 20, 2005

1. Available-for-sale securities with available fair values at September 20, 2005 ¥ million

	Acquisition cost	Book (fair) value	Difference
Equity securities	1,646	3,944	2,297
Bonds:			
Government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	152	171	19
Total	1,798	4,115	2,317

2. Securities with no available fair values ¥ million

	Book value
Available-for-sale securities	
Non-listed foreign investment trusts	218
Non-listed equity securities	243
Limited partnerships for investment	47

As of March 20, 2006

1. Available-for-sale securities with available fair values at March 20, 2006 ¥ million

	Acquisition cost	Book (fair) value	Difference
Securities with book values exceeding acquisition costs:			
Equity securities	1,630	4,865	3,234
Bonds:			
Government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	119	141	21
Subtotal	1,750	5,006	3,255
Securities with book values not exceeding acquisition costs:			
Equity securities	17	15	(2)
Bonds:			
Government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Other	11	10	(0)
Subtotal	28	26	(2)
Total	1,778	5,032	3,253

2. Available-for-sale securities sold for the year ended March 20, 2006

Total sales of available-for-sale securities	Related gains	Related losses
501	394	–

3. Securities with no available fair values ¥ million

	Book value
Available-for-sale securities	
Non-listed foreign investment trusts	394
Non-listed equity securities	207
Limited partnerships for investment	32

4. Available-for-sale securities with maturities at March 20, 2006 ¥ million

	Within 1 year	Over 1 year but within 5 years	Over 5 years but within 10 years	Over 10 years
Bonds:				
Government bonds	0	2	0	–
Corporate bonds	–	–	–	–
Other	–	–	–	–
Total	0	2	0	–

Lease Transactions

Omitted due to disclosure on EDINET.

Derivative Transactions

Omitted due to disclosure on EDINET.

Stock Options

Omitted due to disclosure on EDINET.