Consolidated Financial Statements for the Six Months Ended June 30, 2007

August 21, 2007

Company Name HORIBA, Ltd. Stock Exchange Listings: Tokyo, Osaka
Listing Code 6856 URL: http://www.horiba.co.jp
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Scheduled date of semi-annual securities report submission September 26, 2007
Scheduled date of interim dividend payment September 4, 2007

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

1. Consolidated Results for the Six Months Ended June 30, 2007 (January 1, 2007 - June 30, 2007)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended 6/30/07	68,296	12.7	7,869	30.0	7,855	35.5	3,308	1.5
Six months ended 9/20/06	60,622	35.6	6,053	62.0	5,796	50.2	3,258	97.3
Year ended 12/31/06	116,099	9.9	11,706	3.8	10,768	(3.8)	6,510	0.6

	Net income per share	Net income per share (diluted)
	Yen	Yen
Six months ended 6/30/07	78.10	77.86
Six months ended 9/20/06	77.27	76.98
Year ended 12/31/06	154.23	153.70

(Reference) Equity in earnings of affiliates accounted for by the equity method
Six months ended Jun. 30, 2007: ¥(12) million; Six months ended Sept. 20, 2006: ¥ - million; Year ended Dec. 31, 2006: ¥5 million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 6/30/07	137,452	76,253	55.5	1,798.78
As of 9/20/06	122,939	68,121	55.3	1,608.04
As of 12/31/06	129,236	72,375	56.0	1,710.75

(Reference) Shareholders' equity
As of Jun. 30, 2007: ¥76,253 million; As of Sept. 20, 2006: ¥67,945 million; As of Dec. 31, 2006: ¥72,371 million

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Six months ended 6/30/07	5,510	(5,396)	4	15,905
Six months ended 9/20/06	2,788	(2,306)	1,507	16,945
Year ended 12/31/06	3,769	(4,519)	1,315	15,672

2. Dividends

	Dividend per share		
(Base date)	Interim	Year-end	Annual
	Yen	Yen	Yen
Year ended 12/31/06	8.00	18.00	26.00
Year ending 12/31/07	10.00		32.00
Year ending 12/31/07 (Forecast)		22.00	

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

(Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending 12/31/07	138,000	18.9	15,000	28.1	14,700	36.5	7,600	16.7	179.35

4. Others

(1) Changes in scope of consolidation and application of the equity method during the six months ended June 30, 2007: None

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

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

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

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding as of end of period (including treasury stock)
   As of Jun. 30, 2007: 42,396,752 shares; As of Sept. 20, 2006: 42,264,752 shares; As of Dec. 31, 2006: 42,314,752 shares
2. Number of treasury stock as of end of period
   As of Jun. 30, 2007: 5,024 shares; As of Sept. 20, 2006: 10,883 shares; As of Dec. 31, 2006: 10,936 shares

(Note) For average number of shares outstanding on which net income per share is calculated, please refer to "Per Share Data" on page 26.

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Six Months Ended June 30, 2007 (January 1, 2007 - June 30, 2007)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended 6/30/07	28,081	11.9	3,872	31.6	5,720	28.2	3,096	10.5
Six months ended 9/20/06	25,097	14.8	2,942	19.1	4,460	30.1	2,801	41.3
Year ended 12/31/06	39,782	(14.7)	4,836	(17.2)	6,309	(8.5)	3,659	5.6

	Net income per share
	Yen
Six months ended 6/30/07	73.11
Six months ended 9/20/06	66.44
Year ended 12/31/06	86.69

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 6/30/07	86,589	60,831	70.3	1,434.98
As of 9/20/06	81,816	57,299	70.0	1,356.08
As of 12/31/06	82,311	58,250	70.8	1,376.96

(Reference) Shareholders' equity

As of Jun. 30, 2007: ¥60,831 million; As of Sept. 20, 2006: ¥57,299 million; As of Dec. 31, 2006: ¥58,250 million

2. Non-Consolidated Forecast for the Year Ending December 31, 2007 (January 1, 2007 - December 31, 2007)

(Percentages represent changes from the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Year ending 12/31/07	54,000	35.7	6,800	40.6	8,700	37.9	4,500	23.0	106.20

* Taking into account the current business performance, the Company revised the forecast for the year ending December 31, 2007 announced on May 14, 2007. Please refer to page 4 with regard to the details of the consolidated forecast. The forecast was computed based on the information available at August 21, 2007. Numerous uncertainties may cause the actual results to be materially different from the forecast.

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). For the six months ended September 20, 2006 (the previous first half), the operating results of the Company and the two consolidated subsidiaries mentioned above for the six-month period from April through September and the operating results of the other consolidated subsidiaries for the six-month period from January through June were consolidated. For the six months ended June 30, 2007, the operating results of the Company and all of its consolidated subsidiaries for the six-month period from January through June were consolidated.

1. Operating Results and Financial Condition

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006 (the previous fiscal year). For the six months ended September 20, 2006 (the previous first half), the operating results of the Company and the two consolidated subsidiaries mentioned above for the six-month period from April through September and the operating results of the other consolidated subsidiaries for the six-month period from January through June were consolidated. For the six months ended June 30, 2007, the operating results of the Company and all of its consolidated subsidiaries for the six-month period from January through June were consolidated.

(1) Operating Results Analysis (Please refer to page 27 of financial highlights for the six months ended June 30, 2007)

(a) Operating Results for the Six Months Ended June 30, 2007

During the six months ended June 30, 2007, R&D expenditures in the automotive industry and private sector capital expenditures in the semiconductor industry expanded. The Yen depreciated against the U.S. Dollar and Euro compared with the previous first half. Under such surrounding circumstances, HORIBA, Ltd. ("the Company") and its consolidated subsidiaries ("the HORIBA Group" or "HORIBA" as a consolidated group) had net sales of ¥68,296 million, an increase of 12.7%, compared with the previous first half, resulting from increased sales in all its business segments. As for income, due to an increase in net sales and a week Yen, operating income and ordinary income increased by 30.0% to ¥7,869 million and by 35.5% to ¥7,855 million, respectively. With the increase in ordinary income, net income increased by 1.5% to ¥3,308 million, even though we recorded special losses such as the ¥1,041 million of provision for possible losses from litigation (*) and the ¥703 million resulting from the recomputation of beginning inventory balances under the new accounting policy for R&D expenses. The following is a review of operating results by business segment.

* A lawsuit was filed by Micronics Japan Co., Ltd. against the Company seeking compensation for damages related to an agreement to develop and commercialize liquid-crystal related testing equipment. The Company lost the case in the Tokyo District Court on May 22, 2007 and appealed the decision to the Tokyo High Court. From the perspective of financial soundness, the Company set aside a provision for possible losses from litigation in the amount of ¥1,204 million, which includes the payment of damages in the amount of ¥933 million, related costs and interest, and an adjustment for litigation expenses which had been accrued in the past. As a result, a special loss of ¥1,041 million was recorded for the six months ended June 30, 2007.

(Automotive Test Systems)

Sales of emission measurement systems, our mainstay, and products for the automotive test systems (DTS) business acquired from Germany's Carl Schenck AG on September 30, 2005 were buoyant in Japan. As a result, sales in this segment increased by 13.7% to ¥21,856 million and operating income increased by 19.0% to ¥2,232 million, despite the fact that the DTS business results were in the red, compared with the previous first half.

(Analytical Instruments & Systems)

Although a slowdown was seen in the demand for X-ray analyzers for Waste Electrical and Electronic Equipment (WEEE) and Restriction of Hazardous Substances (RoHS) directives and sulfur-in-oil analyzers in the American market, sales of analytical and measurement equipment for environmental regulation related business in areas, such as air pollution and water quality, were brisk, and HORIBA Jobin Yvon S.A.S. in France, a company with considerable expertise in the nanotechnology measurement, leveraged its advanced technological capabilities to expand sales in related cutting-edge scientific fields. As a result, sales in this segment increased by 7.7% to ¥19,539 million and operating income increased by 51.2% to ¥1,428 million compared with the previous first half.

(Medical/Diagnostic Instruments & Systems)

Sales of large sized hematology analyzers and medium sized clinical chemistry analyzers increased in the European and American markets and sales of testing reagents expanded, reflecting strong growth in the number of analyzers in use. As a result, sales in this segment increased by 7.6% to ¥12,470 million compared with the previous first half, while operating income decreased by 29.2% to ¥582 million due to the decline in profit of HORIBA ABX S.A.S. in France attributed to the strong Euro.

(Semiconductor Instruments & Systems)

Sales of the segment's mainstay mass flow controllers, used in semiconductor manufacturing equipment, increased in Japan and North America on the back of expanded demand in a buoyant semiconductor market and a greater market share. Moreover, sales of chemical concentration monitors increased due to flourishing demand from manufacturers of cleaning equipment. As a result, sales in this segment increased by 23.7% to ¥14,428 million and operating income increased by 50.4% to ¥3,625 million compared with the previous first half.

(b) Outlook for the Year Ending December 31, 2007

Outlook for the year ending December 31, 2007

(Unit: millions of yen)

	Previous forecast (As of May 14)	Revised forecast (As of Aug. 21)	Changes
Net sales	132,500	138,000	+5,500
Operating income	14,000	15,000	+1,000
Ordinary income	13,400	14,700	+1,300
Net income	7,400	7,600	+200

By business segment

Net sales (Unit: millions of yen)

	Previous forecast (As of May 14)	Revised forecast (As of Aug. 21)	Changes
Automotive	43,000	47,000	+4,000
Analytical	37,500	38,500	+1,000
Medical	25,000	25,000	±0
Semiconductor	27,000	27,500	+500
Total	132,500	138,000	+5,500

Operating income (Unit: millions of yen)

	Previous forecast (As of May 14)	Revised forecast (As of Aug. 21)	Changes
Automotive	4,500	5,000	+500
Analytical	2,900	2,900	±0
Medical	1,400	1,400	±0
Semiconductor	5,200	5,700	+500
Total	14,000	15,000	+1,000

As stated above, the forecast for the year ending December 31, 2007 announced on May 14, 2007 was changed because the actual results of net sales, operating income, ordinary income and net income for the six months ended June 30, 2007 exceeded the previous forecast announced on May 14, 2007 and the forecast for the second half of 2007 was revised in consideration of the current business performance.

Also, net sales and operating income by business segment were changed as stated above since the actual results in the all business segments for the six months ended June 30, 2007 were more than what we expected at May 14, 2007 due to a brisk demand in Japan and Asian countries in Automotive Test Systems, etc.

*The forecast computed based on the information available at August 21, 2007. Numerous uncertainties may cause the actual results to be materially different from the forecast.

(2) Financial Condition Analysis

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

As of June 30, 2007, total assets were ¥137,452 million, up ¥8,215 million from December 31, 2006. The main factors contributing to the rise are that inventories increased by ¥2,406 million reflecting higher procurement levels in response to higher shipment volumes, that net property, plan and equipment increased by ¥2,182 million due mainly to investment related to the new enterprise resource planning ("ERP") system (server, etc.) and that intangibles rose by ¥1,490 million due mainly to investment related to the new ERP system (software, etc.).

Total liabilities were ¥61,198 million, up ¥4,337 million from December 31, 2006. The main factors in the increase are that interest-bearing liabilities increased by ¥1,200 million due primarily to additional borrowing from financial institutions by subsidiaries in Europe and that provision for possible losses in connection with litigation increased by ¥1,204 million.

Total net assets amounted to ¥76,253 million, up ¥3,878 million from December 31, 2006 due mainly to an increase in retained earnings reflecting net income and other factors, despite a decrease due to payment of cash dividends.

The cash flow status for the six months ended June 30, 2007 is as follows.

(Cash Flows from Operating Activities)
Net cash provided by operating activities amounted to ¥5,510 million (¥2,788 million provided for the previous first half). This is due mainly to ¥6,029 million in income before income taxes and ¥1,594 million in depreciation, despite ¥2,218 million for income taxes paid and a ¥2,137 million increase in inventories.

(Cash Flows from Investing Activities)
Net cash used in investing activities totaled ¥5,396 million (¥2,306 million used for the previous first half). This is due primarily to a ¥700 million increase in time deposits restricted for use, ¥3,488 million in payments for the purchase of property, plant and equipment including the new ERP system (server, etc.) and ¥1,612 million in payments for the purchase of intangibles including the new ERP system (software, etc.).

(Cash Flows from Financing Activities)
Net cash provided by financing activities amounted to ¥4 million (¥1,507 million provided for the previous first half). This is attributed to ¥581 million from an increase in short-term borrowings, against a ¥768 million outflow for the payment of cash dividends.

As a result, there was a net increase of ¥233 million in cash and cash equivalents to ¥15,905 million as of June 30, 2007

(b) Trends in Cash Flow Indexes

	Year Ended 3/20/2004	Year Ended 3/20/2005	Year Ended 3/20/2006	Year Ended 12/31/2006	Six Months Ended 6/30/2007
Shareholders' equity ratio (%)	46.8	52.3	54.5	56.0	55.5
Shareholders' equity ratio on a market value basis (%)	47.7	71.8	129.5	144.0	155.7
Number of years for debt redemption (years)	3.7	2.2	1.6	4.3	1.6
Interest coverage ratio	12.9	19.4	26.8	8.4	15.9

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

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

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

(Dept redemption period for the six-month period is calculated on an annualized basis using operating cash flow multiplied by two.)

Interest coverage ratio = Operating cash flow/Interest payments

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

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

The Company has a policy of maintaining a standard payout ratio in which the total dividend payment amount is equal to 30% of the non-consolidated net income of the Company. In some cases, a portion of extraordinary gains and/or losses may be excluded from the calculation of the payout ratio. The Company receives a certain proportion of the net income of each group company as a dividend, so although dividend payments to shareholders are computed based on the non-consolidated net income of the Company, they are in effect made on consolidated earnings. Concerning the internal reserve for retained earnings, the Company intends to appropriate it as working capital for business expansion, capital expenditures and research and development investments, aiming to improve its corporate value in the long and medium terms.

Under such a basic policy, the dividend for the year ending December 31, 2007 is forecast to be ¥32 per share (interim: ¥10, year-end: ¥22), which is calculated based on the 30% non-consolidated net income in the most updated forecast.

(d) Risks Concerning HORIBA's Businesses

The following are the risks that may significantly affect HORIBA's financial condition and business performance. Please note that matters pertaining to the future described here have been determined by HORIBA as of August 21, 2007.

1. Business Risks

(1) Risks Associated with International Business Activities

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

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

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

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

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

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

(4) Risks Associated with Contract and Transaction

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

(5) Other Business Risks

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

2. Risks Associated with Development and Production

(1) Compensation for Product Liability

HORIBA conducts optimum quality control for its products and services and strives to maintain the highest 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.

(2) Delays in Development of New Products

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

(3) Risks Concerning Intellectual Property Rights

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

3. Financial Risks

(1) Shifts in the Market Price of Securities 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. Currently, HORIBA's acquisitions and sales of investment securities are carefully investigated by the Board of Directors, the market price of shares is reported to top management on a timely basis and the purpose for holding the investment securities is properly reviewed. Also, HORIBA implemented impairment accounting in the year ended March 31, 2005, before legally required. However, if further declines in the market price or profitability of land, building or other assets occur in the future, there may be a negative impact on the financial condition and business performance of HORIBA.

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

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

4. Risk by Business Segment

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

(1) Automotive Test Systems

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

(2) Analytical Instruments & Systems

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

(3) Medical/Diagnostic Instruments & Systems

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

(4) Semiconductor Instruments & Systems

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

2. The Corporate Group of the Company

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

Disclosure is omitted as there is no significant change in the chart of the business description (content of business) and the status of the affiliated companies in the latest securities report submitted on March 26, 2007.

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

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

(2) Unconsolidated subsidiary companies: 1 company
HORIBA Community Corporation (Japan)

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

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

3. Business Policies

(1) Fundamental Business Policies of HORIBA

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

(2) Management Index Targets of HORIBA

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

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

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

We also declared a new management policy, "HORIBA Group is One Company" to focus the power of the entire HORIBA Group on generating higher levels of growth. In the past, the HORIBA Group companies conducted their own strategic planning and compiled their own operational performance projections individually. To accelerate the growth of the integrated group, we plan to ignore national boundaries and divisions 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 Measure-1: To be well prepared for the post 2010 stage: "¥200 billion" in net sales

1. Promote a global business strategy based on segment matrix operation
   We strive to increase corporate value of the entire HORIBA Group by utilizing the segment matrix operation implemented in 2004, which allows us to promote our business more actively and efficiently by removing the frame of corporation and national boundaries.
2. Efficient operations by region matrix
   In Japan, the Americas and Europe, we pursue efficient operations by introducing regional shared services in administrative divisions of the HORIBA Group, including accounting and financial, legal affairs, intellectual property and information systems services. This allows us to improve efficiency of asset turnover and returns and to reduce operating costs.
3. Introduction of 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- and 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.

Primary Measure-2: Enhance well-balanced operations

We will strive to improve business volume and increase profits beyond the Automotive Test Systems segment and promote the well balanced development of our four segments, including the stable Analytical Instruments & Systems segment. Moreover, our active investments in the Semiconductor Instruments & Systems and

Medical/Diagnostic Instruments & Systems segments will begin to reach fruition. We will expand our business in emerging markets, including India and South America, as well as in China's fast growing market.

Primary Measure-3: Value increase in "Valuable Intangibles"

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

(4) Challenges for HORIBA

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

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

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

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

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

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

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

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

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

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

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

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Accounts	As of September 20, 2006		As of June 30, 2007		As of December 31, 2006	
	Amount	%	Amount	%	Amount	%
Assets	Millions of yen		Millions of yen		Millions of yen	
Current Assets:	87,842	71.5	96,943	70.5	92,759	71.8
Cash and bank deposits	16,383		14,525		14,807	
Trade notes and accounts receivable	36,748		43,380		42,484	
Marketable securities	627		2,081		868	
Inventories	29,429		33,354		30,947	
Deferred tax assets	2,723		2,467		2,441	
Other current assets	2,733		2,152		2,132	
Allowance for doubtful receivables	(803)		(1,018)		(922)	
Fixed Assets:	35,096	28.5	40,508	29.5	36,476	28.2
Property, Plant and Equipment:	20,956	17.0	23,883	17.4	21,700	16.8
Buildings and structures	7,937		8,118		8,028	
Machinery, equipment, and vehicles	3,667		4,336		3,866	
Land	6,700		7,508		6,737	
Construction in progress	185		1,409		620	
Other property, plant and equipment	2,466		2,509		2,446	
Intangibles:	5,760	4.7	7,235	5.3	5,744	4.4
Goodwill	2,138		1,373		1,577	
Other intangibles	3,621		5,861		4,167	
Investments and Other Non-Current Assets:	8,380	6.8	9,390	6.8	9,032	7.0
Investment securities	5,046		5,686		5,546	
Deferred tax assets	813		1,092		886	
Other investments and other assets	2,598		2,698		2,681	
Allowance for doubtful accounts	(78)		(86)		(81)	
Total Assets	122,939	100.0	137,452	100.0	129,236	100.0

Accounts	As of September 20, 2006		As of June 30, 2007		As of December 31, 2006	
	Amount	%	Amount	%	Amount	%
Liabilities	Millions of yen		Millions of yen		Millions of yen	
Current Liabilities:	44,143	35.9	50,409	36.7	45,903	35.5
Trade notes and accounts payable	14,733		15,055		14,960	
Short-term loans payable	7,922		9,915		8,846	
Accounts payable - other	8,018		10,087		9,087	
Accrued income taxes	2,755		3,251		2,149	
Deferred tax liabilities	10		1		-	
Accrued bonuses to employees	2,283		470		1,484	
Accrued bonuses to directors and corporate auditors	228		257		300	
Reserve for product warranty	997		1,118		1,161	
Provision for possible losses from litigation	-		1,204		-	
Other current liabilities	7,193		9,046		7,913	
Non-Current Liabilities:	10,674	8.7	10,789	7.8	10,957	8.5
Corporate bonds	5,000		5,000		5,000	
Long-term debt	2,633		2,509		2,377	
Deferred tax liabilities	459		194		705	
Employees' retirement benefits	1,474		1,726		1,631	
Directors' and corporate auditors' retirement benefits	640		675		659	
Reserve for loss on guarantees	-		52		-	
Other non-current liabilities	466		630		583	
Total Liabilities	54,818	44.6	61,198	44.5	56,861	44.0
Net Assets						
Shareholders' Equity	65,008	52.9	70,754	51.5	68,029	52.7
Common stock	11,684	9.5	11,824	8.6	11,738	9.1
Capital surplus	18,390	15.0	18,531	13.5	18,444	14.3
Retained earnings	34,951	28.4	40,406	29.4	37,864	29.3
Treasury stock	(18)	(0.0)	(8)	(0.0)	(18)	(0.0)
Valuation and Translation Adjustments	2,937	2.4	5,499	4.0	4,341	3.3
Net unrealized holding gains on securities	1,772	1.4	2,168	1.6	2,090	1.6
Foreign currency translation adjustments	1,164	1.0	3,330	2.4	2,251	1.7
Minority Interests in Consolidated Subsidiaries	175	0.1	0	0.0	3	0.0
Total Net Assets	68,121	55.4	76,253	55.5	72,375	56.0
Total Liabilities and Net Assets	122,939	100.0	137,452	100.0	129,236	100.0

(2) Consolidated Statements of Income

Accounts	Six Months Ended September 20, 2006		Six Months Ended June 30, 2007		Year Ended December 31, 2006	
	Amount	%	Amount	%	Amount	%
	Millions of yen		Millions of yen		Millions of yen	
Net Sales	60,622	100.0	68,296	100.0	116,099	100.0
Cost of Sales	34,640	57.1	36,585	53.6	66,510	57.3
Gross Income	25,982	42.9	31,710	46.4	49,588	42.7
Selling, General and Administrative Expenses	19,928	32.9	23,840	34.9	37,882	32.6
Operating Income	6,053	10.0	7,869	11.5	11,706	10.1
Other Income	445	0.7	448	0.7	645	0.6
Interest income	69		91		136	
Dividend income	85		50		111	
Other	290		306		398	
Other Expenses	702	1.2	462	0.7	1,583	1.4
Interest expense	227		322		504	
Foreign exchange losses	108		5		198	
Loss on write-down of inventories	122		39		245	
Loss on disposal of inventories	67		12		137	
Other	176		82		496	
Ordinary Income	5,796	9.5	7,855	11.5	10,768	9.3
Special Gains	49	0.1	10	0.0	94	0.0
Gain on sale of property, plant and equipment	49		10		75	
Gain on sale of investment securities	–		–		19	
Special Losses	21	0.0	1,836	2.7	275	0.2
Loss on disposal of property, plant and equipment	19		28		33	
Loss on sale of property, plant and equipment	0		11		2	
Loss on impairment of fixed assets	–		–		237	
Retirement benefits to directors and corporate auditors	1		–		1	
Provision for possible losses from litigation	–		1,041		–	
Loss due to changes in accounting policies	–		703		–	
Reserve for loss on guarantees	–		52		–	
Other	0		0		0	
Income Before Income Taxes	5,824	9.6	6,029	8.8	10,588	9.1
Income taxes (current)	2,742	4.5	3,405	5.0	4,050	3.5
Income taxes (deferred)	(218)	(0.4)	(680)	(1.0)	(23)	(0.0)
Minority interest in earnings of consolidated subsidiaries	41	0.1	(3)	(0.0)	50	0.0
Net Income	3,258	5.4	3,308	4.8	6,510	5.6

(3) 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 of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 20, 2006	11,569	18,275	32,904	(73)	62,676
Changes during the interim period					
Issuance of new shares (Exercise of stock aquisition rights)	115	115			230
Cash dividends *			(926)		(926)
Bonus to directoros and corporate auditors *			(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 Interest	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at March 20, 2006	1,919	849	2,769	160	65,606
Changes during the interim period					
Issuance of new shares (Exercise of stock acquisition rights)					230
Cash dividends *					(926)
Bonus to directoros and corporate auditors *					(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 by HORIBA, Ltd. and certain subsidiaries for the previous fiscal year decided at the general meetings of shareholders.

Six Months Ended June 30, 2007 (January 1, 2007 - June 30, 2007)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2006	11,738	18,444	37,864	(18)	68,029
Changes during the interim period					
Issuance of new shares (Exercise of stock aquisition rights)	86	86			172
Cash dividends			(761)		(761)
Net income			3,308		3,308
Acquisition of treasury stocks				(0)	(0)
Disposal of treasury stocks			(4)	10	5
Others					
Total changes during the interim period	86	86	2,542	9	2,724
Balance at June 30, 2007	11,824	18,531	40,406	(8)	70,754

	Valuation and Translation Adjustments			Minority Interest	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total Valuation and Translation Adjustments		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2006	2,090	2,251	4,341	3	72,375
Changes during the interim period					
Issuance of new shares (Exercise of stock acquisition rights)					172
Cash dividends					(761)
Net income					3,308
Acquisition of treasury stocks					(0)
Disposal of treasury stocks					5
Others	77	1,079	1,157	(3)	1,153
Total changes during the interim period	77	1,079	1,157	(3)	3,878
Balance at June 30, 2007	2,168	3,330	5,499	0	76,253

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

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

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

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

(4) Consolidated Statements of Cash Flows

Accounts	Six Months Ended September 20, 2006	Six Months Ended June 30, 2007	Year Ended December 31, 2006
	Millions of yen	Millions of yen	Millions of yen
Cash Flows from Operating Activities:			
Income before income taxes	5,824	6,029	10,588
Depreciation (excludes amortization of goodwill)	1,499	1,594	2,797
Loss on impairment of fixed assets	–	–	237
Amortization of goodwill	301	252	449
Increase (decrease) in allowance for doubtful receivables	(108)	49	(45)
Increase in provision for possible losses from litigation	–	1,204	–
Increase (decrease) in employees' retirement benefits	(14)	41	2
Increase in directors' and corporate auditors' retirement benefits	35	16	53
Increase in reserve for loss on guarantees	–	52	–
Interest and dividend income	(155)	(142)	(247)
Interest expense	227	322	504
Foreign exchange losses	4	61	45
Gain on sale of property, plant and equipment	(49)	(10)	(75)
Loss on disposal of property, plant and equipment	19	27	33
Loss on sale of property, plant and equipment	0	11	2
Gain on sale of investment securities	–	–	(19)
Retirement benefits to directors and corporate auditors	1	–	1
Loss due to changes in accounting policies	–	703	–
Decrease (increase) in trade notes and accounts receivable	1,245	297	(3,023)
Increase in inventories	(1,769)	(2,137)	(2,208)
Increase (decrease) in trade notes and accounts payable	1,440	(808)	985
Bonuses to directors and corporate auditors	(271)	–	(271)
Other, net	(2,331)	371	(685)
Subtotal	5,898	7,936	9,126
Interest and dividends received	138	139	235
Interest paid	(202)	(346)	(449)
Payment of retirement benefits to directors and corporate auditors	(13)	–	(13)
Income taxes paid	(3,032)	(2,218)	(5,128)
Net cash provided by operating activities	2,788	5,510	3,769
Cash Flows from Investing Activities:			
Decrease in time deposits	60	1	122
Increase in time deposits restricted for use	–	(700)	–
Payments for purchase of property, plant and equipment	(1,918)	(3,488)	(3,559)
Proceeds from sale of property, plant and equipment	65	409	438
Payments for purchase of intangibles	(764)	(1,612)	(1,452)
Payments for purchase of investment securities	(15)	(7)	(23)
Proceeds from sale or redemption of investment securities	94	5	168
Payments for purchase of investments in a consolidated subsidiary	–	–	(202)
Payments for purchase of investments in newly consolidated subsidiaries	–	–	(103)
Increase in loans receivable	(2)	(8)	(22)
Decrease in loans receivable	202	27	204
Other, net	(28)	(23)	(88)
Net cash used in investing activities	(2,306)	(5,396)	(4,519)
Cash Flows from Financing Activities:			
Net increase in short-term borrowings	337	581	689
Increase in long-term debt	1,388	479	1,396
Repayment of long-term debt	(307)	(459)	(630)
Proceeds from exercise of stock aquisition rights	230	172	337
Payments for purchase of treasury stock	(0)	(0)	(0)
Proceeds from sale of treasury stock	41	5	41
Cash dividends paid	(922)	(768)	(1,252)
Cash dividends paid to minority interests	(30)	–	(30)
Reimbursement of funds for redemption of convertible bonds	777	–	777
Other, net	(7)	(5)	(13)
Net cash provided by financing activities	1,507	4	1,315
Effect of Exchange Rate Changes on Cash and Cash Equivalents	71	114	222
Net Increase in Cash and Cash Equivalents	2,061	233	788
Cash and Cash Equivalents at Beginning of Period	14,884	15,672	14,884
Cash and Cash Equivalents at End of Period	16,945	15,905	15,672

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

Accounting Policies for Significant Allowances and Accruals:

[Provision for Possible Losses from Litigation]

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

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

[Reserve for Loss on Guarantees]

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

The disclosure of information other than the above mentioned items has been omitted because no significant changes have been made in the information since its disclosure in the latest semi-annual securities report (submitted on December 18, 2006).

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

[Accounting Policies for Research and Development Expenses]

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

For the six months ended June 30, 2007, cost of sales was ¥2,367 million less and gross income ¥2,367 million more than what they would have been without the change. However, there was no significant impact on operating income and ordinary income because selling and general and administrative expenses also were ¥2,367 million more. Because of a special loss of ¥703 million resulting from the recomputation of beginning inventory balances, income before income taxes decreased by the same amount.

(7) Notes to Consolidated Financial Statements

[Notes to Consolidated Balance Sheets]

	As of September 20, 2006	As of June 30, 2007	As of December 31, 2006
	Millions of yen	Millions of yen	Millions of yen
1. Accumulated depreciation for tangible assets	25,172	28,363	26,560
2. Pledged assets			
Buildings and structures	143	68	65
Secured liabilities			
Short-term loans payable	14	12	11
Long-term debt	74	25	35
		In addition, time deposits of ¥700 million were pledged for payment guarantee by a financial institution upon a court decree concerning a suit for damages at June 30, 2007.	
3. Contingent liabilities for . guarantees			
HORIBA Community Corporation	211	302	208
Chiyoda Assy Inc.	100	48	100
Employees	13	13	14
	324	363	322
4. Notes receivable discounted	39	180	4
5. Notes receivable matured on June 30, 2007, which was a bank holiday		June 30, 2007, the end of the interim period, was a bank holiday. Notes receivable maturing on that date were settled on the following business day. Therefore, those notes in the amount of ¥1,015 million were included in the ending balance at June 30, 2007.	

[Note to Consolidated Statements of Income]

	Six Months Ended September 20, 2006	Six Months Ended June 30, 2007	Year Ended December 31, 2006
	Millions of yen	Millions of yen	Millions of yen
Research and development expenses	3,056	4,672	6,135

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

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

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 (Notes 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.

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

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

2. Dividends

(1) Dividend payment

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 17, 2006	Common stock	926	22	March 20, 2006	June 17, 2006

(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

Six Months Ended June 30, 2007 (January 1, 2007 – June 30, 2007)

1. Type and number of shares outstanding and treasury stock

(Number of shares)

	As of December 31, 2007	Increase	Decrease	As of June 30, 2007
Number of shares issued				
Common stock (Note 1)	42,314,752	82,000	–	42,396,752
Total	42,314,752	82,000	–	42,396,752
Treasury Stock				
Common stock (Notes 2,3)	10,936	88	6,000	5,024
Total	10,936	88	6,000	5,024

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

2. Dividends

(1) Dividend payment

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

(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 August 21, 2006	Common stock	423	Retained earnings	10	June 30, 2007	September 4, 2007

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

1. Type and number of shares outstanding and treasury stock

(Number of shares)

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

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

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 17, 2006	Common stock	926	22	March 20, 2006	June 17, 2006
Board of Directors meeting held on November 14, 2006	Common stock	338	8	September 20, 2006	November 28, 2006

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

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

[Notes to Consolidated Statements of Cash Flows]

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

	As of September 20, 2006	As of June 30, 2007	As of December 31, 2006
	Millions of yen	Millions of yen	Millions of yen
Cash and bank deposits	16,383	14,525	14,807
Time deposits for payment guarantee with use restrictions	–	(700)	–
Time deposits with maturities exceeding 3 months	(65)	–	(1)
Short-term investments whose expiration or redemption date is within 3 months	627	2,079	866
Cash and cash equivalents at end of period	16,945	15,905	15,672

[Segment Information]

1. Business Segment Information

Six Months Ended September 20, 2006 (March 21, 2006 - September 20, 2006)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	19,224	18,139	11,594	11,664	60,622	—	60,622
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	19,224	18,139	11,594	11,664	60,622	—	60,622
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

(Note) The Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005) effective from the six months ended September 20, 2006. As a result, operating expenses increased by ¥66 million in Automotive Test Systems, ¥77 million in Analytical Instruments & Systems, ¥21 million in Medical/Diagnostic Instruments & Systems and ¥62 million in Semiconductor Instruments & Systems, respectively. Operating income decreased by the same amounts accordingly.

Six Months Ended June 30, 2007 (January 1, 2007 - June 30, 2007)

Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	21,856	19,539	12,470	14,428	68,296	—	68,296
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	21,856	19,539	12,470	14,428	68,296	—	68,296
Operating expenses	19,624	18,110	11,888	10,803	60,426	—	60,426
Operating Income (Loss)	2,232	1,428	582	3,625	7,869	—	7,869

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

Millions of yen

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

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

Main products in each business segment

Business Segment	Main Products
Automotive Test Systems	Emission Measurement Systems, In-Use Automotive Emissions Analyzers, On-Board Emission Measurement Systems, Fuel Cell Evaluation Systems, Driveline Test Systems, Engine Test Systems, Brake Test Systems, Drive Recorders
Analytical Instruments & Systems	Scientific Analysis Instruments (Particle-Size Distribution Analyzers, X-Ray Fluorescence Analyzers, Raman Spectrophotometers, Diffraction Gratings) Environmental Measuring Instruments (pH Meters, Stack Gas Analyzers, Water Quality Analysis and Examination Systems, Air Pollution Analyzers)
Medical/Diagnostic Instruments & Systems	Equipment for Blood Sample Analysis (Hematology Analyzers, Equipment for Measuring Immunological Responses, Clinical Chemistry Analyzers, Blood Sugar Measurement Systems)
Semiconductor Instruments & Systems	Mass Flow Controllers, Chemical Concentration Monitors, Thin-film Analyzers for Semiconductors and LCD Inspection, Reticle/Mask Particle Detection Systems, Residual Gas Analyzers, Vacuum Meters

2. Geographic Segment Information

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

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
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

(Note) The Company and its domestic subsidiaries adopted "Accounting Standard for Directors' Bonus" (Accounting Standards Board of Japan Statement No.4 issued on November 29, 2005) effective from the 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.

Six Months Ended June 30, 2007 (January 1, 2007 – June 30, 2007)

Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Net Sales							
(1) Sales to outside customers	31,717	8,161	26,119	2,297	68,296	—	68,296
(2) Intersegment sales and transfers	7,569	352	2,236	962	11,120	(11,120)	—
Total	39,286	8,514	28,356	3,259	79,416	(11,120)	68,296
Operating expenses	31,744	8,289	28,415	2,837	71,286	(10,860)	60,426
Operating Income (Loss)	7,542	225	(59)	421	8,129	(260)	7,869

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

Millions of yen

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

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

3. Overseas Sales

Six Months Ended September 20, 2006 (March 21, 2006 – September 20, 2006) Millions of yen

	Americas	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

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

Six Months Ended June 30, 2007 (January 1, 2007 – June 30, 2007) Millions of yen

	Americas	Europe	Asia	Total
Overseas sales	13,659	18,389	9,292	41,342
Consolidated sales	—	—	—	68,296
Ratio of overseas sales to consolidated sales (%)	20.0	26.9	13.6	60.5

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

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

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

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

[Per Share Data]

Six Months Ended September 20, 2006		Six Months Ended June 30, 2007		Year Ended December 31, 2006	
	Yen		Yen		Yen
Net assets per share	1,608.04	Net assets per share	1,798.78	Net assets per share	1,710.75
Net income per share	77.27	Net income per share	78.10	Net income per share	154.23
Net income per share (diluted)	76.98	Net income per share (diluted)	77.86	Net income per share (diluted)	153.70

Calculation of net assets per share

	As of September 20, 2006	As of June 30, 2007	As of December 31, 2006
Total net assets (millions of yen)	68,121	76,253	72,375
Amount deducted from total net assets (millions of yen)	175	0	3
(Minority interests included in above amount)	(175)	(0)	(3)
Net assets from common shares (millions of yen)	67,945	76,253	72,371
Number of common shares used to calculate net assets per share (thousands of shares)	42,253	42,391	42,303

Calculation of basic and diluted net income per share

	Six Months Ended September 20, 2006	Six Months Ended June 30, 2007	Year Ended December 31, 2006
Net income per share (basic)			
Net income	3,258	3,308	6,510
Amount deducted from total net income (millions of yen)	—	—	—
Net income from common shares (millions of yen)	3,258	3,308	6,510
Average number of common shares (thousands of shares)	42,174	42,356	42,210
Net income per share (diluted)			
Amount deducted from total net income (millions of yen)	—	—	—
Increased number of common shares (thousands of shares)	159	131	145
(Stock acquisition rights included in increase)	(159)	(131)	(145)
Diluted common shares outstanding	—	—	—

[Subsequent Event]

Six Months Ended June 30, 2007 (January 1, 2007 – June 30, 2007)

At the Board of Directors meeting held on June 20, 2007, the Company comprehensively resolved to issue up to ¥10,000 million of unsecured bonds by the end of July in 2007. Based on this comprehensive resolution, the Company resolved to issue "The 3rd unsecured bonds" on June 26, 2007 and issued these bonds on July 6, 2007, as follows:

The 3rd unsecured bonds

Issue amount	¥10,000 million
Issue price	¥100 per each ¥100 bond
Interest rate	1.98% per annum
Date of redemption	July 7, 2014
Application of funds	For capital expenditures, working capital and repayment of bonds

[Omission from the Disclosed Financial Statement]

Notes with information concerning leases, securities, derivative transactions and stock options are omitted because disclosure in these interim financial statements is deemed unnecessary.

5. Others

HORIBA, Ltd. Financial Highlights for the Six Months Ended June 30, 2007

Consolidated

1. Consolidated Financial Results

	12/2007 Result	12/2006 Result	Change from previous year		12/2007 Estimate	12/2006 Result	Change from previous year	
	1st Half	1st Half	Amount	Ratio	Full year	Full year	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Net Sales	68,296	60,622	+7,673	+12.7%	138,000	116,099	+21,900	+18.9%
Operating Income	7,869	6,053	+1,815	+30.0%	15,000	11,706	+3,293	+28.1%
Operating Income Ratio	*11.5%*	*10.0%*	*+1.5P*		*10.9%*	*10.1%*	*+0.8P*	
Ordinary Income	7,855	5,796	+2,059	+35.5%	14,700	10,768	+3,931	+36.5%
Ordinary Income Ratio	*11.5%*	*9.5%*	*+2.0P*		*10.7%*	*9.3%*	*+1.4P*	
Net Income	3,308	3,258	+49	+1.5%	7,600	6,510	+1,089	+16.7%
Net Income Ratio	*4.8%*	*5.4%*	*−0.6P*		*5.5%*	*5.6%*	*−0.1P*	
US$	120.15	115.73	+4.42		118.00	116.37	+1.63	
Euro	159.68	142.28	+17.40		156.00	146.20	+9.80	

2. Consolidated Segment Results

Net Sales	12/2007 Result	12/2006 Result	Change from previous year		12/2007 Estimate	12/2006 Result	Change from previous year	
	1st Half	1st Half	Amount	Ratio	Full year	Full year	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive	21,856	19,224	+2,632	+13.7%	47,000	37,945	+9,054	+23.9%
Analytical	19,539	18,139	+1,400	+7.7%	38,500	35,053	+3,446	+9.8%
Medical	12,470	11,594	+876	+7.6%	25,000	22,988	+2,011	+8.7%
Semiconductor	14,428	11,664	+2,764	+23.7%	27,500	20,111	+7,388	+36.7%
Total	68,296	60,622	+7,673	+12.7%	138,000	116,099	+21,900	+18.9%

Operating Income	12/2007 Result	12/2006 Result	Change from previous year		12/2007 Estimate	12/2006 Result	Change from previous year	
	1st Half	1st Half	Amount	Ratio	Full year	Full year	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive	2,232	1,875	+357	+19.0%	5,000	3,679	+1,320	+35.9%
Analytical	1,428	944	+484	+51.2%	2,900	2,668	+231	+8.7%
Medical	582	823	−240	−29.2%	1,400	1,404	−4	−0.3%
Semiconductor	3,625	2,410	+1,214	+50.4%	5,700	3,954	+1,745	+44.1%
Total	7,869	6,053	+1,815	+30.0%	15,000	11,706	+3,293	+28.1%

3. Consolidated Segment Sales by Region (note)

	12/2007 Result	12/2006 Result	Change from previous year		12/2007 Estimate	12/2006 Result	Change from previous year	
	1st Half	1st Half	Amount	Ratio	Full year	Full year	Amount	Ratio
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	
Automotive	21,856	19,224	+2,632	+13.7%	47,000	37,945	+9,054	+23.9%
Japan	7,834	6,354	+1,480	+23.3%	15,500	10,152	+5,347	+52.7%
Asia	3,316	3,446	−130	−3.8%	8,500	7,248	+1,251	+17.3%
Americas	4,140	3,119	+1,021	+32.8%	8,500	7,041	+1,458	+20.7%
Europe	6,564	6,304	+260	+4.1%	14,500	13,502	+997	+7.4%
Analytical	19,539	18,139	+1,400	+7.7%	38,500	35,053	+3,446	+9.8%
Japan	8,096	7,535	+560	+7.4%	16,500	12,205	+4,294	+35.2%
Asia	3,360	2,868	+492	+17.2%	6,000	5,379	+620	+11.5%
Americas	3,303	4,194	−891	−21.2%	7,000	8,701	−1,701	−19.6%
Europe	4,779	3,541	+1,237	+34.9%	9,000	8,768	+231	+2.6%
Medical	12,470	11,594	+876	+7.6%	25,000	22,988	+2,011	+8.7%
Japan	2,009	2,041	−31	−1.6%	4,400	3,439	+960	+27.9%
Asia	772	576	+196	+34.1%	1,600	1,284	+315	+24.5%
Americas	3,376	2,865	+511	+17.8%	6,500	5,822	+677	+11.6%
Europe	6,312	6,111	+200	+3.3%	12,500	12,441	+58	+0.5%
Semiconductor	14,428	11,664	+2,764	+23.7%	27,500	20,111	+7,388	+36.7%
Japan	9,013	7,133	+1,880	+26.4%	16,000	11,534	+4,465	+38.7%
Asia	1,842	1,620	+222	+13.7%	4,500	2,638	+1,861	+70.6%
Americas	2,838	2,424	+414	+17.1%	5,800	4,815	+984	+20.4%
Europe	733	487	+246	+50.6%	1,200	1,123	+76	+6.9%
Total	68,296	60,622	+7,673	+12.7%	138,000	116,099	+21,900	+18.9%

(Note) In addition to sales by geographic area, the 6/30/07 financial report discloses sales by region. Sales by region are computed on where the buyer locates, while sales by geographic area are computed on where the seller locates.

4. Consolidated Segment Sales by Geographic Area

	12/2007 Result 1st Half	12/2006 Result 1st Half	Change from previous year Amount	Change from previous year Ratio	12/2007 Estimate Full year	12/2006 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	21,856	19,224	+2,632	+13.7%	47,000	37,945	+9,054	+23.9%
Japan	10,107	8,659	+1,448	+16.7%	18,016	14,150	+3,865	+27.3%
Asia	226	147	+79	+54.1%	361	541	−180	−33.4%
Americas	4,027	3,132	+894	+28.6%	9,220	7,077	+2,142	+30.3%
Europe	7,494	7,284	+209	+2.9%	19,404	16,176	+3,227	+20.0%
Analytical	19,539	18,139	+1,400	+7.7%	38,500	35,053	+3,446	+9.8%
Japan	9,618	9,057	+561	+6.2%	18,715	14,582	+4,131	+28.3%
Asia	813	410	+403	+98.2%	1,321	1,008	+312	+31.0%
Americas	1,443	2,599	−1,156	−44.5%	3,184	4,946	−1,762	−35.6%
Europe	7,663	6,071	+1,591	+26.2%	15,280	14,516	+763	+5.3%
Medical	12,470	11,594	+876	+7.6%	25,000	22,988	+2,011	+8.7%
Japan	2,039	2,067	−28	−1.4%	2,987	3,486	−499	−14.3%
Asia	230	142	+88	+62.0%	659	335	+323	+96.6%
Americas	−	−	−	−	−	−	−	−
Europe	10,201	9,384	+817	+8.7%	21,354	19,166	+2,186	+11.4%
Semiconductor	14,428	11,664	+2,764	+23.7%	27,500	20,111	+7,388	+36.7%
Japan	9,951	7,942	+2,009	+25.3%	18,829	12,609	+6,220	+49.3%
Asia	1,026	821	+204	+24.9%	1,773	1,594	+179	+11.2%
Americas	2,691	2,376	+315	+13.3%	5,179	4,722	+456	+9.7%
Europe	759	524	+234	+44.8%	1,719	1,185	+533	+45.0%
Total	68,296	60,622	+7,673	+12.7%	138,000	116,099	+21,900	+18.9%

5. Consolidated Financial Results (Quarterly Comparison)

	12/2007 1Q Result	12/2007 2Q Result	12/2007 2H Estimate	12/2006 1Q Result	12/2006 2Q Result	12/2006 2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	34,114	34,181	69,703	28,521	32,100	55,476
Operating Income	4,205	3,663	7,130	2,812	3,240	5,652
Operating Income Ratio	*12.3%*	*10.7%*	*10.2%*	*9.9%*	*10.1%*	*10.2%*
Ordinary Income	4,107	3,747	6,844	2,703	3,092	4,972
Ordinary Income Ratio	*12.0%*	*11.0%*	*9.8%*	*9.5%*	*9.6%*	*9.0%*
Net Income	1,848	1,459	4,291	1,418	1,840	3,251
Net Income Ratio	*5.4%*	*4.3%*	*6.2%*	*5.0%*	*5.7%*	*5.9%*
US$	119.45	120.85	115.85	116.98	114.48	117.01
Euro	156.46	162.90	152.32	140.72	143.84	150.12

6. Consolidated Segment Results (Quarterly Comparison)

Net Sales	12/2007 1Q Result	12/2007 2Q Result	12/2007 2H Estimate	12/2006 1Q Result	12/2006 2Q Result	12/2006 2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	10,714	11,142	25,143	8,668	10,556	18,720
Analytical	10,118	9,421	18,960	8,784	9,354	16,914
Medical	5,999	6,471	12,529	5,480	6,113	11,394
Semiconductor	7,281	7,146	13,071	5,588	6,076	8,446
Total	34,114	34,181	69,703	28,521	32,100	55,476

Operating Income	12/2007 1Q Result	12/2007 2Q Result	12/2007 2H Estimate	12/2006 1Q Result	12/2006 2Q Result	12/2006 2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	1,189	1,042	2,767	612	1,262	1,803
Analytical	1,060	368	1,471	706	238	1,723
Medical	143	439	817	279	543	581
Semiconductor	1,812	1,813	2,074	1,214	1,196	1,544
Total	4,205	3,663	7,130	2,812	3,240	5,652

7. Consolidated Orders and Backlog Information (Quarterly Comparison)

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

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

8. Capital expenditures, Depreciation and Research and Development Expenses

	12/2007 1H Result	12/2007 Full-year Estimate	12/2006 1H Result	12/2006 Full-year Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Capital Expenditures (*)	5,314	10,300	2,763	5,059
Depreciation	1,846	4,300	1,801	3,246
R&D Expenses	4,672	9,600	3,056	6,135

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

Non-Consolidated

1. Non-Consolidated Segment Sales (Quarterly Comparison)

Net Sales	12/2007 1Q Result	12/2007 2Q Result	12/2007 2H Estimate	12/2006 1Q Result	12/2006 2Q Result	12/2006 2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	6,844	5,488	10,795	5,654	4,934	6,627
Analytical	6,007	4,521	9,701	5,308	4,499	5,589
Medical	1,029	1,213	3,071	1,069	1,187	1,200
Semiconductor	1,612	1,364	2,350	1,259	1,183	1,268
Total	15,494	12,587	25,918	13,292	11,804	14,685

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

Orders	12/2007 1Q Result	12/2007 2Q Result	12/2007 2H Estimate	12/2006 1Q Result	12/2006 2Q Result	12/2006 2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	8,049	4,295	−	6,174	4,780	6,146
Analytical	5,565	4,438	−	5,100	5,423	4,890
Medical	889	1,406	−	1,164	1,196	1,182
Semiconductor	1,546	1,082	−	1,302	1,226	1,266
Total	16,051	11,223	−	13,740	12,626	13,486

Backlog	12/2007 1Q Result	12/2007 2Q Result	12/2007 2H Estimate	12/2006 1Q Result	12/2006 2Q Result	12/2006 2H Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	5,499	4,305	−	4,929	4,778	4,294
Analytical	2,778	2,686	−	2,977	3,902	3,210
Medical	855	1,049	−	1,006	1,014	995
Semiconductor	802	531	−	843	883	879
Total	9,936	8,572	−	9,756	10,578	9,379

As a result of a change in the fiscal year-end from March 20 to December 31, the accounting term for the Company and HORIBA Advanced Techno Co., Ltd. was only 9 months and 11 days and that for HORIBA STEC, Co., Ltd. was only 9 months for the year ended December 31, 2006. For the first half of the year ended December 31, 2006, the operating results of the Company and the above mentioned subsidiaries from April to September were consolidated with the operating results of the other consolidated subsidiaries for the months of January to June. For the second half of the year ended December 31, 2006, the operating results of the Company and the above mentioned subsidiaries from October to December were consolidated with the operating results of the other consolidated subsidiaries for the months of July to December. For the year endind December 31, 2007, the operating results of the Company and all of its consolidated subsidiaries for the months of January to June have been consolidated for the first half of the fiscal year and the operating results for the Company and all of its consolidated subsidiaries for the months of July to December will also be consolidated for the second half of the fiscal year.

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