HORIBA
Explore the future

Consolidated Financial Statements for the Year Ended December 31, 2008

February 17, 2009

Company name	HORIBA, Ltd.	Stock exchange listings: Tokyo, Osaka
Listing code	6856	URL: http://www.horiba.co.jp
Representative	Atsushi Horiba, Chairman, President and CEO	
Contact	Fumitoshi Sato, Managing Director	TEL: (81)75-313-8121
Scheduled date of the annual shareholders' meeting	March 28, 2009	
Scheduled date of annual securities report submission	March 30, 2009	
Scheduled date of annual payment for cash dividends	March 9, 2009	

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

1. Consolidated Results for the Year Ended December 31, 2008 (January 1, 2008 - December 31, 2008)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 12/31/08	134,247	(7.0)	10,957	(33.7)	10,040	(37.0)	6,039	(30.5)
Year ended 12/31/07	144,283	24.3	16,529	41.2	15,949	48.1	8,690	33.5

	Net income per share	Net income per share (diluted)	Return on equity	Ordinary income to total assets	Operating income to net sales
	Yen	Yen	%	%	%
Year ended 12/31/08	142.76	142.71	7.7	7.0	8.2
Year ended 12/31/07	205.01	204.39	11.4	11.2	11.5

(Reference) Equity in earnings of affiliates accounted for by the equity method
Year ended Dec. 31, 2008: ¥6 million; Year ended Dec. 31, 2007: ¥(2) million

(2) Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/08	133,278	76,841	57.6	1,816.96
As of 12/31/07	154,367	80,381	52.1	1,892.64

(Reference) Shareholders' equity
As of Dec. 31, 2008: ¥76,828 million; As of Dec. 31, 2007: ¥80,377 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
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 12/31/08	7,521	490	(3,943)	22,660
Year ended 12/31/07	13,581	(16,444)	7,676	20,564

2. Dividends

	Dividend per share					Total dividends (Annual)	Payout ratio (Consolidated)	Dividends to net assets (Consolidated)
(Base date)	End of first quarter	End of second quarter	End of third quarter	End of year	Annual			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended 12/31/07	—	10.00	—	29.00	39.00	1,655	19.0	2.2
Year ended 12/31/08	—	15.00	—	29.00	44.00	1,860	30.8	2.4
Year ended 12/31/09 (Forecast)	—	6.00	—	9.00	15.00		42.3	

3. Consolidated Forecast for the Year Ending December 31, 2009 (January 1, 2009 - December 31, 2009) *

(Percentages represent changes from the corresponding period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st half	52,000	(19.6)	1,000	(78.6)	800	(82.3)	500	(80.8)	11.82
Full year	110,000	(18.1)	3,500	(68.1)	3,000	(70.1)	1,500	(75.2)	35.47

4. Others

(1) Changes in scope of consolidation and application of the equity method during the year ended December 31, 2008: None

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

1. Changes according to revision of accounting standards, etc.: Yes
2. Other changes: Yes

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

(3) Number of shares outstanding (common shares)

1. Number of shares outstanding as of end of period (including treasury stock)
As of Dec. 31, 2008: 42,528,752 shares; As of Dec. 31, 2007: 42,473,752 shares
2. Number of treasury stock as of end of period
As of Dec. 31, 2008: 244,520 shares; As of Dec. 31, 2007: 5,250 shares

(Note) For the average number of shares outstanding on which net income per share was calculated, please refer to "Per Share Data" on page 28.

(Reference) Summary of Non-Consolidated Results

1. Non-Consolidated Results for the Year Ended December 31, 2008 (January 1, 2008 - December 31, 2008)

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

	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended 12/31/08	54,464	(3.8)	5,399	(26.8)	8,088	(14.1)	6,199	12.7
Year ended 12/31/07	56,600	42.3	7,379	52.6	9,411	49.2	5,500	50.3

	Net income per share	Net income per share (diluted)
	Yen	Yen
Year ended 12/31/08	146.56	146.50
Year ended 12/31/07	129.76	129.36

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Shareholders' equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/08	92,871	65,072	70.1	1,538.93
As of 12/31/07	98,542	62,523	63.4	1,472.22

(Reference) Shareholders' Equity
As of Dec. 31, 2008: ¥65,072 million; As of Dec. 31, 2007: ¥62,523 million

2. Non-Consolidated Forecast for the Year Ending December 31, 2009 (January 1, 2009 - December 31, 2009) *

(Percentages represent changes from the corresponding period in the previous year.)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
1st half	22,750	(19.4)	550	(83.5)	1,370	(76.2)	970	(78.8)	22.94
Full year	47,000	(13.7)	1,760	(67.4)	3,000	(62.9)	2,000	(67.7)	47.30

* Appropriate Use of Earnings Forecasts and Other Important Information
The earnings forecast stated herein are based on information currently available and certain assumptions for factors which may affect business results. Actual results may differ from the forecasts due to a range of factors. For additional information, please refer to "Operating Results and Financial Condition" in page 4 and page 5

1. Operating Results and Financial Condition

(1) Operating Results Analysis (Please refer to page 30 of financial highlights for the year ended December 31, 2008)

(a) Operating Results for the Year Ended December 31, 2008

In the fiscal year ended December 31, 2008, the U.S. and European economies contracted quite significantly. In the midst of financial uncertainties that were caused by such factors as the bankruptcy of a major U.S. investment bank and a sharp drop in the value of securitized products, housing investment collapsed, consumer spending weakened, and employment conditions deteriorated. In Asia, China was affected by the economic slowdown in the U.S. and Europe and its high growth rates began to weaken. Japan's economy also worsened in the second half of the year. Due to the slowdown in the overseas economy and the appreciation of the yen, exports turned downward while corporate earnings deteriorated and led to a decrease in capital spending. Furthermore, the yen strengthened in the second half of the year. The average rate for the whole year was 103.48 yen against the U.S. dollar and 152.65 yen against the euro. The yen appreciated by about 14% and 6%, respectively.

With regard to the operating results of HORIBA, Ltd. ("the Company") and its consolidated subsidiaries (together "the HORIBA Group" or "HORIBA" as a consolidated group), overall demand in the analytical and testing instrument market declined due to the impact of a general decrease in capital spending worldwide, despite the fact that the automotive industry expanded R&D spending aimed at environmental measures and improvements in fuel consumption. In addition to a decline in sales in the analytical and testing instrument market that was caused by the appreciation of the yen, the semiconductor industry, for example, recorded a significant drop in capital spending by semiconductor makers in response to the sluggish memory market. Furthermore, pricing continued to weaken because of intensified competition and other factors. As a result, HORIBA's net sales fell by 7.0% from the previous year to 134,247 million yen. Mainly due to the decline in sales and the appreciation of the yen, operating income decreased by 33.7% to 10,957 million yen and ordinary income decreased by 37.0% to 10,040 million yen. In addition, net income declined by 30.5% to 6,039 million yen because of a decrease in ordinary income, despite extraordinary gains such as the reversal of provision for possible losses from litigation of 1,126 million yen(*).

On a quarterly basis, the economic environment deteriorated sharply while the yen continued to appreciate against other currencies in the fourth quarter (from October 1 through December 31, 2008). Net sales and operating income fell by 19.7% and 44.0%, respectively, compared to the corresponding quarter of the previous year. By business segment, Automotive Test Systems showed relatively small amounts of decline in sales and profit, thanks to steady shipments. In contrast, Semiconductor Instruments and Systems recorded losses on a sales decline, due to a cutback in capital spending on semiconductor manufacturing equipment. Analytical Instruments and Systems as well as Medical/Diagnostic Instruments and Systems recorded approximately 40% year-over-year decreases in operating income stemming from lower sales. Please refer to "Consolidated Financial Results (Quarterly Comparison)" in the "HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2008" on page 31 for further details.

(*) Micronics Japan Co., Ltd. filed a lawsuit against the Company seeking compensation for damages related to an agreement to develop and commercialize liquid-crystal related testing equipment. The Company won the case overall in the Tokyo High Court on December 25, 2008. As a result, the Company recorded an extraordinary gain of 1,126 million yen as the reversal of provision for possible losses from litigation after subtracting attorneys' fees and other related costs from the 1,204 million yen provision for possible losses from litigation that was set aside when the Company lost the case in the Tokyo District Court on May 22, 2007. As stated in the subsequent event, Micronics Japan Co., Ltd. appealed the decision to the Supreme Court on January 8, 2009.

The operating results of each business segment are summarized as follows:

(Automotive Test Systems)

Net sales increased by 5.4% from the previous year to 54,232 million yen, while operating income rose 7.0% y-o-y to 7,231 million yen. The increase in net sales was mainly attributable to favorable sales of emission measurement systems, our mainstay products, in Japan and Europe, thanks to auto manufacturers' accelerated development of energy-saving engines and vehicles in an effort to counter a surge in crude oil prices in the first half of the year and CO_2 regulations around the world. The increase in operating income was mainly due to growth in sales of emission measurement systems, despite the fact that the automotive development test systems (DTS) business, which was acquired from Germany's Carl Schenck AG in September 2005, reported a loss.

(Analytical Instruments & Systems)

This segment recorded net sales of 38,531 million yen, down 3.8% y-o-y, and operating income of 1,827 million yen, down 31.6% y-o-y. The decrease was mainly due to sluggish overall demand and severe price competition. While HORIBA's strong technological capabilities allowed sales to grow in advanced science fields and demand for environmental measurement instruments was steady, capital investment in the private sector decelerated amid the global economic recession.

(Medical/Diagnostic Instruments & Systems)

Net sales amounted to 24,721 million yen, down 4.3% y-o-y, and operating income was 678 million yen, down 45.0%. Sales of testing reagents grew in line with the number of hematology analyzers in use. However, pricing competitiveness and profitability were adversely affected by the significant appreciation of the euro in the first half of the year, as HORIBA ABX S.A.S. (France), a consolidated subsidiary, manufactures most of its analyzers locally.

(Semiconductor Instruments & Systems)

Net sales amounted to 16,762 million yen, down 37.8% y-o-y, and operating income was 1,221 million yen, down 79.2%. Sales of major products, namely, mass flow controllers used in semiconductor manufacturing equipment and chemical concentration monitors used in semiconductor cleaning equipment, declined because of falling prices for DRAM and other semiconductors in a sluggish semiconductor market. In contrast, net sales of mass flow controllers used in solar cell manufacturing equipment increased mainly in the European market.

(b) Outlook for the Year Ending December 31, 2009

On the back of global economic deterioration and the prospects of further appreciation of the yen as well as weakening of the dollar, the HORIBA Group's business is expected to be negatively affected by a decline in demand. Our assumed foreign exchange rates are 90 yen against the U.S. dollar (vs. 103.48 yen in FY2008) and 115 yen against the euro (vs. 152.65 yen in FY2008).
The Company has adopted the following forecasts:

(Net Sales of 110,000 million yen, down 18.1% y-o-y)

Net sales are expected to decrease by 24,247 million yen from the previous year to 110,000 million yen. Sales in Automotive Test Systems are likely to decline, since automakers, our major clients, are projected to reduce capital spending significantly, given the present worldwide sales slump, and the yen is likely to appreciate further. In Analytical Instruments & Systems, the areas of environmental measurement instruments and advanced science fields are projected to remain relatively firm, but sales of various analytical and measurement systems for general industries are likely to decrease. In Medical/Diagnostic Instruments & Systems, there is concern that the strong yen will reduce the value of sales when they are translated into yen, although sales of testing reagents are expected to grow. In Semiconductor Instruments & Systems, a significant drop in sales is likely. There is little prospect of a recovery in demand for semiconductor manufacturing equipment, and this will likely lead to a decline in sales of the segment's main products, namely, mass flow controllers and chemical concentration monitors.

(Operating income of 3,500 million yen, down 68.1%)

Operating income is expected to fall by 7,457 million yen from the previous year to 3,500 million yen. The Medical/Diagnostic Instruments & Systems segment is likely to grow operating income, as demand is less sensitive to economic conditions and its major production base in France is benefiting from the weaker euro. However, the Automotive Test Systems segment and the Semiconductor Instruments & Systems segment are forecasting a significant drop in sales that shall negatively affect profitability of respective segment.

(Ordinary income of 3,000 million yen, down 70.1%)

Ordinary income is expected to decrease by 7,040 million yen from the previous year to 3,000 million yen. A net non-operating loss of 500 million yen has been incorporated in the forecast, based on the assumption of foreign exchange losses and other uncertain non-operating expenses.

(Net income of 1,500 million yen, down 75.2%)

Net income is expected to decrease by 4,539 million yen from the previous year to 1,500 million yen. A net extraordinary loss of 500 million yen has been incorporated in the forecast, based on the assumption that some extraordinary losses will be generated.

*The forecast was computed based on the information available at February 17, 2009. Numerous uncertainties may cause the actual results to be materially different from those forecasted.

(2) Financial Condition Analysis

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

As of December 31, 2008, total assets were 133,278 million yen, down 21,088 million yen from December 31, 2007. Trade notes and accounts receivable decreased by 8,479 million yen, mainly due to the sales decline and the strong yen, which reduced the yen-based value of the accounts receivable of overseas subsidiaries. In addition, inventories decreased by 3,932 million yen mainly due to a reduction in inventories and the strong yen, which reduced the yen-based value of the inventories of overseas subsidiaries.

Total liabilities were 56,437 million yen, down 17,548 million yen from a year ago. Trade notes and accounts payable decreased by 5,742 million yen, mainly due to a decrease in purchases as a result of lower sales and a reduction in inventories, as well as impact of the strong yen, which reduced the yen-based value of the accounts payable of overseas subsidiaries. In addition, current maturities of corporate bonds decreased by 5,000 million yen, due to the redemption of the No. 2 non-collateral corporate bond, and the provision for possible losses from litigation decreased by 1,204 million yen.

Total net assets amounted to 76,841 million yen, down 3,539 million yen from December 31, 2007, due mainly to a decrease of 1,158 million yen in net unrealized holding gains on securities and 5,871 million yen in foreign currency translation adjustments, despite an increase of 4,173 million yen in retained earnings.

The cash flow status for the fiscal year ended December 31, 2008 was as follows.

(Cash Flows from Operating Activities)

Net cash provided by operating activities amounted to 7,521 million yen (compared to 13,581 million yen provided in the previous year). The main attributable factors were income before income taxes of 9,980 million yen and depreciation of 4,501 million yen, which more than offset income taxes paid of 6,496 million yen and a decrease of 2,502 million yen in trade notes and accounts payable.

(Cash Flows from Investing Activities)

Net cash provided by investing activities totaled 490 million yen (compared to 16,444 million yen used in the previous year). Payment amounted to 6,223 million for the purchase of property, plant and equipment and 1,031 million yen for the purchase of investment securities, while proceeds from matured time deposits were 7,512 million yen.

(Cash Flows from Financing Activities)

Net cash used in financing activities amounted to 3,943 million yen (compared to 7,676 million yen provided in the previous year). This was mainly attributable to a payment of 5,000 million yen for the redemption of corporate bonds and an outflow of 1,859 million yen for the payment of cash dividends against an increase of 3,488 million yen in short-term borrowings.

As a result, there was a net increase of 2,095 million yen in cash and cash equivalents to 22,660 million yen as of December 31, 2008

(b) Trends in Cash Flow Indexes

	Year ended 3/20/2005	Year ended 3/20/2006	Year ended 12/31/2006	Year ended 12/31/2007	Year ended 12/31/2008
Shareholders' equity ratio (%)	52.3	54.5	56.0	52.1	57.6
Shareholders' equity ratio on a market value basis (%)	71.8	129.5	144.0	112.8	39.2
Number of years for debt redemption (years)	2.2	1.6	4.3	1.9	2.8
Interest coverage ratio	19.4	26.8	8.4	20.2	8.9

(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

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, 2008 and 2009

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 this basic policy, HORIBA has decided to pay a year-end dividend of 29 yen per share. Combined with the interim dividend that has been paid out, the annual dividend is projected to increase by 5 yen from the previous year to 44 yen. For the coming fiscal year ending December 31, 2009, the annual dividend is projected to be 15 yen, a decrease of 29 yen from this year.

(d) Risks Concerning HORIBA's Businesses

The following are the risks that may significantly affect HORIBA's financial condition and business performance. Please note that matters pertaining to the future described here have been determined by the Company as of February 17, 2009.

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

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

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

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

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

(4) Risks Associated with Contracts and Transactions

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

(5) Other Business Risks

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

2. Risks Associated with Development and Production

(1) Compensation for Product Liability

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

(2) Delays in Development of New Products

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

(3) Risks Concerning Intellectual Property Rights

HORIBA possesses a wide range of intellectual property rights related to the products it manufactures, including patents, trademarks and expertise, which give it superiority in terms of competitiveness. HORIBA exercises all possible caution regarding 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.

(4) Risks Associated with Fluctuation in Raw Material Prices

HORIBA takes into account the risk of fluctuation in purchasing prices and makes arrangements, such as advance purchasing, to manage this risk when it is deemed necessary. However, it may require some time for an increase in purchasing prices to be passed on and reflected in selling prices. Such circumstances may significantly affect Horiba's financial condition and business performance.

3. Financial Risks

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

HORIBA holds shares in its major alliance partners and other companies as part of its technology and business strategies for the future. Currently, HORIBA's acquisitions and sales of investment securities are carefully inspected by the Board of Directors, market prices of the shares are reported to top management on a timely basis and the purpose for holding the investment securities is properly reviewed. If declines in the market price or profitability of land, building or other assets occurred in the future, there could be a negative impact on the financial condition and business performance of HORIBA by application of impairment accounting.

(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. Risks by Business Segment

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

(1) Automotive Test Systems

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

(2) Analytical Instruments & Systems

Scientific analysis instruments in this segment are used for R&D or product quality testing, and there are risks that demand may be affected by the R&D budgets of government agencies, investments in R&D and the production of private enterprises. In addition, 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 target the market for small- and medium-sized equipment used by small- and medium-sized hospitals and medical practitioners. Price competition beyond our expectations could have a significant impact on HORIBA's financial condition and business performance.

(4) Semiconductor Instruments & Systems

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

2. The Corporate Group of the Company

The corporate group of the Company consists of the Company, 40 consolidated subsidiaries, 1 unconsolidated subsidiary and 7 affiliates (listed below for reference), and the main business is producing and selling analyzers.

Disclosure is omitted as there are no significant changes in the business descriptions (contents of businesses) and the status of the affiliated companies in the latest securities report submitted on March 24, 2008.

(Reference)
(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 Jobin Yvon Inc. (U.S.A.); AD LAB Inc. (U.S.A.); HORIBA ABX Inc. (U.S.A.); HORIBA Automotive Test Systems, Inc. (Canada); HORIBA Jobin Yvon IBH Ltd. (U.K.); SRH Systems Ltd. (U.K.); HORIBA Europe Holding (France); HORIBA ABX International S.A.S. (France); HORIBA ABX S.A.S. (France); BioPep S.A.S. (France); HORIBA ABX Diagnostics Polska Sp. zo. o. (Poland); HORIBA ABX Hematologia Ltda. (Brazil); HORIBA ABX (Thailand) Ltd. (Thailand); HORIBA ABX Diagnostics (Thailand) Ltd. (Thailand); HORIBA Jobin Yvon International S.A.S. (France); HORIBA Jobin Yvon S.A.S. (France); HORIBA Jobin Yvon Ltd. (U.K.); HORIBA Jobin Yvon GmbH (Germany); HORIBA Jobin Yvon S.r.l. (Italy); HORIBA Europe GmbH (Germany); HORIBA Europe Automation Division GmbH (Germany); HORIBA Instruments Limited (U.K.); HORIBA GmbH (Austria); HORIBA France Holding S.a.r.l. (France); HORIBA France S.a.r.l. (France); HORIBA India Private Limited (India); 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); HORIBA Trading (Shanghai) Co., Ltd. (China)

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

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

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

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

(Reorganization of U.S. subsidiaries)
During the Year ended December 31, 2008 (January 1, 2008 – December 31, 2008), the Company reorganized its subsidiaries in the U.S, which accounts for 40 percent of the market for measuring instruments to expand its business and increase the efficiency of its operations. On January 2008, HORIBA Jobin Yvon Inc. (U.S.A.) and its 2 subsidiaries were removed from HORIBA Jobin Yvon International S.A.S. (France) group, and since have been subsidiaries of HORIBA International Corporation (U.S.A.), the center of our U.S. business, by a transfer of shares. Also on April 2008, HORIBA ABX Inc. (U.S.A.) was removed from HORIBA ABX International S.A.S. (France) group, and since has been a subsidiary of HORIBA International Corporation (U.S.A.).

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 41 companies throughout the world.

(2) Management Index Targets of HORIBA

With its medium- and long-term business plan that was initiated in 2006, the HORIBA Group aims to achieve 150,000 million yen in net sales, an operating income ratio of 10% or higher and a return on equity (ROE) of 11% or higher in the year ending December 31, 2010.

(3) Medium- 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 others, 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, each of the HORIBA Group companies conducted their strategic planning individually and their operational performance projections were compiled together for the Group. To accelerate growth of the integrated group, we plan to ignore national boundaries and divisions among the HORIBA Group companies. Instead, we will divide the HORIBA Group into four virtual segments. Effective strategic management at the segment level will improve 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 medium- and long-term plan from 2006 to 2010:

Primary Measure-1: To be well prepared for the post 2010 stage: "200,000 million yen" in net sales

1. Promote a global business strategy based on segment matrix operation
   We strive to increase corporate value of the entire HORIBA Group by utilizing the segment matrix operation implemented in 2004, which allows us to promote our business more actively and efficiently by removing the frame of corporation and national boundaries.
2. Efficient operations by region matrix
   In Japan, the Americas and Europe, we pursue efficient operations by introducing regional shared services in administrative divisions of the HORIBA Group, including accounting and financial, legal affairs, intellectual property and information systems services. This allows us to improve efficiency of asset turnover and returns and to reduce operating costs.
3. Introduction of new ERP
   Making operating decisions based on detailed and timely information is necessary. Accordingly, we will introduce the new Enterprise Resource Planning (ERP), a unified operating system to promote efficient operations by region. The introduction of this system is one of the core investments in our medium- and long-term management plan. In the early stage, we aim to promote the standardization of operating processes by corporation as well as promote changes in the mind-set 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 "Invisible Values"
We will make efforts focused on "Invisible Values" such as our unique corporate culture, the HORIBA brand value, human resources, technological capabilities, management capabilities and respect for CSR and environmental issues, which are not shown on the balance sheet. We will continuously aim to make dramatic progress in profitability and investment efficiency by utilizing these invisible values as well as improving their value respectively.

* The Medium- and Long-Term Business Plan
In the Consolidated Financial Statements for the Six Months Ended June 30, 2008, the Company stated that inasmuch as the current Medium- and Long-Term Business Plan was being achieved at a faster rate than had been projected, up to the previous year, a new Plan would be announced in January 2009. However, the outlook for our corporate group's operations plans for the medium term has become less certain, by the recent deterioration of global economic conditions in the wake of the subprime loan problem that emerged in the U.S. and the related sharp fluctuation in the foreign exchange market. Under such a condition we judged that it would be difficult to devise and announce a new Plan that could be acceptable to investors. Having interrupted work on the Plan, we will not make a new announcement at this time.

We are continuing efforts with the objective of achieving the objectives of the current Plan, and we hope that investors will take into account the current operating environment and accept our decision on this matter.

(4) Challenges for HORIBA

Business conditions have deteriorated rapidly at the world level and it is expected that a considerably long period of time will be needed for demand to recover. In view of this, the HORIBA Group will continue to strive at improving profitability by becoming more efficient by raising productivity and other measures. At the same time, the HORIBA Group will continue to make investments that enhance the value of the "Invisible Values," namely human resources and technology that have sustained the group in the past and at present. Our overarching objective is to evolve as a corporate group possessing the power of a truly innovative company, one that will prevail in rigorous competition in the global arena, even in the most difficult of times. With regard to management targets, we are accepting as a challenge the achievement, ahead of the initial schedule, of the quantified goals of the current Plan, namely sales of 150,000 million yen, an operating income ratio of 10% or higher and a return on equity (ROE) of 11% or higher.

Further, we take fairness, transparency, and accountability as extremely important issues for our day to day operations. The HORIBA Group, in compliance with the provisions of the Financial Instruments and Exchange Law (the Japanese version of the Sarbanes-Oxley Act,) has installed an internal control system for the purpose of assuring proper financial reporting, has prepared the required documentation, and has developed the basic principles regarding the creation of an internal control system, for the net effect of creating a system that provides proper and highly reliable financial reporting. On the occasion of building our internal control system, that will utilize suitable documentation, we have sought to "make operations visible," and contribute to higher efficiency in the performance of work.

On November 12, 2008, the Company received a restraining order and was fined by the Japan Fair Trade Commission (JFTC) for having engaged in monopolistic behavior on the occasion of bidding for sale of air pollution analyzers to the national and local governments. Subsequent to the JFTC ruling, at a meeting of the Board of Directors on November 20, 2008, that such behavior had taken place was acknowledged, and it was resolved that such behavior would cease and not take place in the future. Steps were also announced to inform all employees of the resolution. We offer our profound apologies to the corporate owners, our customers, and all parties who were in any way disturbed by such past behavior. The ruling has led us to redouble our efforts at compliance, and to work as an integrated team to prevent a recurrence and regain the trust of those concerned.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Accounts	As of December 31, 2007		As of December 31, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Assets	Millions of yen		Millions of yen		Millions of yen	
Current Assets:	113,330	73.4	94,580	71.0	(18,749)	(16.5)
Cash and bank deposits	22,064		18,267		(3,797)	
Trade notes and accounts receivable	45,872		37,393		(8,479)	
Marketable securities	6,710		5,092		(1,617)	
Inventories	33,734		29,801		(3,932)	
Deferred tax assets	2,781		2,397		(384)	
Other current assets	2,731		2,235		(496)	
Allowance for doubtful receivables	(564)		(607)		(43)	
Fixed Assets:	41,037	26.6	38,698	29.0	(2,338)	(5.7)
Property, Plant and Equipment:	24,070	15.6	23,114	17.3	(955)	(4.0)
Buildings and structures	7,903		7,555		(347)	
Machinery, equipment, and vehicles	4,342		3,659		(682)	
Land	7,525		7,141		(383)	
Construction in progress	644		1,722		1,077	
Other property, plant and equipment	3,654		3,035		(619)	
Intangibles:	8,502	5.5	7,248	5.4	(1,254)	(14.7)
Goodwill	1,077		336		(741)	
Other intangibles	7,424		6,911		(512)	
Investments and Other Non-Current Assets:	8,464	5.5	8,335	6.3	(128)	(1.5)
Investment securities	4,759		3,626		(1,132)	
Deferred tax assets	1,345		2,018		672	
Other investments and other assets	2,678		2,781		102	
Allowance for doubtful accounts	(320)		(91)		228	
Total Assets	154,367	100.0	133,278	100.0	(21,088)	(13.7)

Accounts	As of December 31, 2007		As of December 31, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
Liabilities	Millions of yen		Millions of yen		Millions of yen	
Current Liabilities:	58,038	37.6	41,199	30.9	(16,839)	(29.0)
Trade notes and accounts payable	16,845		11,102		(5,742)	
Short-term loans payable	7,540		8,852		1,311	
Current maturities of corporate bonds	5,000		–		(5,000)	
Accounts payable – other	12,525		10,362		(2,163)	
Accrued income taxes	3,795		1,513		(2,282)	
Deferred tax liabilities	42		9		(32)	
Accrued bonuses to employees	703		744		41	
Accrued bonuses to directors and corporate auditors	119		37		(82)	
Reserve for product warranty	1,148		918		(230)	
Provision for possible losses from litigation	1,204		–		(1,204)	
Other current liabilities	9,112		7,658		(1,454)	
Non-Current Liabilities:	15,947	10.3	15,237	11.4	(709)	(4.4)
Corporate bonds	10,000		10,000		–	
Long-term debt	2,637		2,132		(505)	
Deferred tax liabilities	205		12		(192)	
Employees' retirement benefits	1,813		1,672		(140)	
Directors' and corporate auditors' retirement benefits	709		895		185	
Reserve for loss on guarantees	52		52		–	
Other non-current liabilities	529		472		(56)	
Total Liabilities	73,985	47.9	56,437	42.3	(17,548)	(23.7)
Net Assets						
Shareholders' Equity	75,967	49.2	79,447	59.7	3,480	4.6
Common stock	11,952	7.7	12,006	9.0	54	0.5
Capital surplus	18,658	12.1	18,712	14.1	54	0.3
Retained earnings	45,365	29.4	49,538	37.2	4,173	9.2
Treasury stock	(9)	(0.0)	(810)	(0.6)	(800)	–
Valuation and Translation Adjustments	4,410	2.9	(2,619)	(2.0)	(7,029)	–
Net unrealized holding gains on securities	1,621	1.1	463	0.3	(1,158)	(71.4)
Foreign currency translation adjustments	2,788	1.8	(3,083)	(2.3)	(5,871)	–
Minority Interests in Consolidated Subsidiaries	3	0.0	13	0.0	9	239.1
Total Net Assets	80,381	52.1	76,841	57.7	(3,539)	(4.4)
Total Liabilities and Net Assets	154,367	100.0	133,278	100.0	(21,088)	(13.7)

(2) Consolidated Statements of Income

Accounts	Year Ended December 31, 2007		Year Ended December 31, 2008		Increase (Decrease)	
	Amount	%	Amount	%	Amount	%
	Millions of yen		Millions of yen		Millions of yen	
Net Sales	144,283	100.0	134,247	100.0	(10,035)	(7.0)
Cost of Sales	77,364	53.6	74,673	55.6	(2,691)	(3.5)
Gross Income	66,918	46.4	59,574	44.4	(7,343)	(11.0)
Selling, General and Administrative Expenses	50,388	34.9	48,616	36.2	(1,772)	(3.5)
Operating Income	16,529	11.5	10,957	8.2	(5,571)	(33.7)
Non-Operating Income	998	0.7	965	0.7	(32)	(3.3)
Interest income	246		340		93	
Dividend income	85		105		20	
Other	666		520		(146)	
Non-Operating Expenses	1,578	1.1	1,883	1.4	304	19.3
Interest expense	796		885		89	
Foreign exchange losses	320		394		74	
Loss on write-down of inventories	48		−		(48)	
Loss on disposal of inventories	51		−		(51)	
Other	361		602		241	
Ordinary Income	15,949	11.1	10,040	7.5	(5,908)	(37.0)
Extraordinary Gains	26	0.0	1,423	1.0	1,396	−
Gain on sale of property, plant and equipment	26		36		9	
Reversal of provision for possible losses from litigation	−		1,126		1,126	
Gain on insurance surrender value	−		253		253	
Other	−		6		6	
Extraordinary Losses	1,870	1.3	1,483	1.1	(386)	(20.7)
Loss on sale of property, plant and equipment	19		9		(10)	
Loss on disposal of property, plant and equipment	53		97		44	
Provision for possible losses from litigation	1,041		−		(1,041)	
Loss due to changes in accounting policies	703		−		(703)	
Reserve for loss on guarantees	52		−		(52)	
Loss on impairment of fixed assets	−		461		461	
Loss on restructuring of an affiliated company	−		206		206	
Loss on valuation of investment securities	−		182		182	
Losses due to violation of the antimonopoly law	−		178		178	
Provision for retirement benefits for directors and corporate auditors	−		144		144	
Loss on reorganization of U.S. subsidiaries	−		132		132	
Provision of allowance for doubtful accounts	−		70		70	
Other	0		0		0	
Income Before Income Taxes	14,105	9.8	9,980	7.4	(4,125)	(29.2)
Income taxes (current)	6,603	4.6	4,023	3.0	(2,580)	(39.1)
Income taxes (deferred)	(1,184)	(0.8)	(95)	(0.1)	1,089	−
Minority interests in earnings of consolidated subsidiaries	(3)	(0.0)	12	0.0	16	−
Net Income	8,690	6.0	6,039	4.5	(2,651)	(30.5)

(3) Consolidated Statements of Changes in Shareholders' Equity

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

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2006	11,738	18,444	37,864	(18)	68,029
Changes during the fiscal year					
Issuance of new shares (Exercise of stock acquisition rights)	214	214			428
Cash dividends			(761)		(761)
Cash dividends (Interim dividend)			(423)		(423)
Net income			8,690		8,690
Acquisition of treasury stocks				(1)	(1)
Disposal of treasury stocks			(4)	10	5
Others					
Total changes during the fiscal year	214	214	7,500	8	7,937
Balance at December 31, 2007	11,952	18,658	45,365	(9)	75,967

	Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2006	2,090	2,251	4,341	3	72,375
Changes during the fiscal year					
Issuance of new shares (Exercise of stock acquisition rights)					428
Cash dividends					(761)
Cash dividends (Interim dividend)					(423)
Net income					8,690
Acquisition of treasury stocks					(1)
Disposal of treasury stocks					5
Others	(468)	537	68	(0)	68
Total changes during the fiscal year	(468)	537	68	(0)	8,006
Balance at December 31, 2007	1,621	2,788	4,410	3	80,381

Year Ended Decmber 31, 2008 (January 1, 2008 – December 31, 2008)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2007	11,952	18,658	45,365	(9)	75,967
Changes during the fiscal year					
Issuance of new shares (Exercise of stock aquisition rights)	54	54			108
Cash dividends			(1,231)		(1,231)
Cash dividends (Interim dividend)			(634)		(634)
Net income			6,039		6,039
Acquisition of treasury stocks				(800)	(800)
Others					
Total changes during the fiscal year	54	54	4,173	(800)	3,480
Balance at December 31, 2008	12,006	18,712	49,538	(810)	79,447

	Valuation and Translation Adjustments			Minority Interests	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Total valuation and translation adjustments		
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Balance at December 31, 2007	1,621	2,788	4,410	3	80,381
Changes during the fiscal year					
Issuance of new shares (Exercise of stock acquisition rights)					108
Cash dividends					(1,231)
Cash dividends (Interim dividend)					(634)
Net income					6,039
Acquisition of treasury stocks					(800)
Others	(1,158)	(5,871)	(7,029)	9	(7,020)
Total changes during the fiscal year	(1,158)	(5,871)	(7,029)	9	(3,539)
Balance at December 31, 2008	463	(3,083)	(2,619)	13	76,841

(4) Consolidated Statements of Cash Flows

Accounts	Year Ended December 31, 2007	Year Ended December 31, 2008	Increase (Decrease)
	Millions of yen	Millions of yen	Millions of yen
Cash Flows from Operating Activities:			
Income before income taxes	14,105	9,980	(4,125)
Depreciation (excludes amortization of goodwill)	3,671	4,501	829
Loss on impairment of fixed assets	–	461	461
Amortization of goodwill	489	454	(35)
Increase (decrease) in allowance for doubtful receivables	(163)	(30)	132
Increase (decrease) in provision for possible losses from litigation	1,204	(1,204)	(2,408)
Increase (decrease) in employees' retirement benefits	149	158	9
Increase (decrease) in directors' and corporate auditors' retirement benefits	50	209	159
Increase in reserve for loss on guarantees	52	–	(52)
Interest and dividend income	(331)	(445)	(113)
Interest expense	796	885	89
Bond issuance costs	55	–	(55)
Foreign exchange losses (gains)	65	(15)	(80)
Gain on sale of property, plant and equipment	(26)	(36)	(9)
Loss on disposal of property, plant and equipment	53	97	44
Loss on sale of property, plant and equipment	19	9	(10)
Loss on valuation of investment securities	–	182	182
Loss due to changes in accounting policies	703	–	(703)
Decrease (increase) in trade notes and accounts receivable	(2,432)	2,859	5,292
Decrease (increase) in inventories	(2,830)	(271)	2,558
Increase (decrease) in trade notes and accounts payable	610	(2,502)	(3,112)
Other, net	2,857	(892)	(3,750)
Subtotal	19,100	14,404	(4,695)
Interest and dividends received	312	455	143
Interest paid	(672)	(841)	(168)
Income taxes paid	(5,157)	(6,496)	(1,338)
Net cash provided by operating activities	13,581	7,521	(6,059)
Cash Flows from Investing Activities:			
Increase in time deposits	(7,508)	(4)	7,504
Decrease in time deposits	1	7,512	7,510
Increase in time deposits restricted for use	(700)	–	700
Payments for purchase of property, plant and equipment	(5,700)	(4,797)	903
Proceeds from sale of property, plant and equipment	820	229	(590)
Payments for purchase of intangibles	(3,400)	(1,426)	1,974
Payments for purchase of investment securities	(14)	(1,031)	(1,017)
Proceeds from sale or redemption of investment securities	7	25	17
Increase in loans receivable	(17)	(1)	15
Decrease in loans receivable	81	14	(66)
Other, net	(14)	(29)	(14)
Net cash used in investing activities	(16,444)	490	16,935
Cash Flows from Financing Activities:			
Payment for redemption of corporate bonds	–	(5,000)	(5,000)
Net increase (decrease) in short-term borrowings	(1,758)	3,488	5,246
Increase in long-term debt	1,015	902	(112)
Repayment of long-term debt	(753)	(779)	(25)
Proceeds from issuance of bonds	9,944	–	(9,944)
Proceeds from exercise of stock aquisition rights	428	108	(320)
Payments for purchase of treasury stock	(1)	(800)	(799)
Proceeds from sale of treasury stock	5	–	(5)
Cash dividends paid	(1,192)	(1,859)	(666)
Other, net	(11)	(2)	8
Net cash provided by financing activities	7,676	(3,943)	(11,619)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	78	(1,974)	(2,053)
Net Increase (Decrease) in Cash and Cash Equivalents	4,892	2,095	(2,797)
Cash and Cash Equivalents at Beginning of Period	15,672	20,564	4,892
Cash and Cash Equivalents at End of Period	20,564	22,660	2,095

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

Accounting standard for reserves

(Retirement benefits for directors and corporate auditors)

Retirement benefits for directors and corporate auditors are provided for at an amount based upon internal rules at the balance sheet date.

< Additional information >

The Company has resolved to abolish the retirement benefits plan for directors and corporate auditors at the close of the shareholders meeting scheduled for March 28, 2009. As a result, an additional allowance for retirement benefits for directors and corporate auditor, in a certain percentage of the increment of the retirement allowance corresponding to the term served, was recognized as provision for retirement benefits for directors and corporate auditors in the extraordinary losses.

This matter will be included in the resolution matter for the next general meeting of shareholders.

Actual payments of the retirement benefits to directors and corporate auditor will be made upon retirement from their posts.

Other than the above change, there were no significant changes from what was stated in the most recent Securities Report (submitted March 24, 2008). Thus, their disclosure is omitted.

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

(Depreciation of fixed assets)

Effective January 1, 2008, the Company and its domestic subsidiaries adopted the method of depreciation for fixed assets acquired on or after April 1, 2007 provided by the revised Corporate Tax Law, following the completion of its fixed assets management system. As a result of this change, operating income, ordinary income and income before taxes were 124 million yen less, respectively, than they would have been without the adoption of the new method. Any influence to the segment information is described in the section concerned.

<Additional information>

The Company and its domestic subsidiaries adopted the revised Corporation Tax Law and changed its method of depreciation of tangible fixed assets acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such an asset and the value equivalent to 5% of its acquisition cost, as computed by the previous Corporation Tax Law, is depreciated over a period of five years starting from the year following the year in which the value of the asset falls to 5% of its acquisition cost. The difference is amortized by the straight-line method and is included in depreciation expense. As a result of this change, operating income, ordinary income and income before taxes were 55 million yen less, respectively, than they would have been without the adoption of the new method. Any influence to the segment information is described in the section concerned.

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

Effective January 1, 2008, the Company and certain of its domestic subsidiaries reclassified loss on the disposal of inventories and loss on the write-down of inventories from non-operating expense to cost of sales in connection with changes in management and organizational structure to cope with the increased number of the titles relating to publications and the necessities of cost management. As a result of this change, operating income was 135 million yen less than they would have been without the adoption of the new method. And this change did not have any impact on the results of ordinary income or income before taxes. Any influence to the segment information is described in the section concerned.

(Foreign currency forward contracts)

Prior to January 1, 2008, assets and liabilities denominated in foreign currencies that were hedged by foreign currency forward contracts were translated at the contracted rates if the forward contracts were qualified for hedge accounting. Effective January 1, 2008, the Company and its domestic subsidiaries changed this method of accounting for such hedge activities. Under the new policy, foreign currency forward contracts used to hedge foreign exchange exposure are measured at fair value and the unrealized gains (losses) are recognized in income. This change did not have any impact on the results of operating income and did not have a material impact on ordinary income or income before taxes.

(7) Notes to Consolidated Financial Statements

[Notes to Consolidated Balance Sheets

	As of December 31, 2007	As of December 31, 2008
	Millions of yen	Millions of yen
1. Accumulated depreciation for tangible assets	28,641	26,904
2. Pledged assets		
Buildings and structures	67	52
Secured liabilities		
Short-term loans payable	12	9
Long-term debt	25	9
	In addition, time deposits of 700 million yen were pledged for payment guarantee by a financial institution upon a court decree concerning a suit for damages at December 31, 2007.	In addition, time deposits of 700 million yen were pledged for payment guarantee by a financial institution upon a court decree concerning a suit for damages at December 31, 2008.
3. Contingent liabilities for guarantees		
HORIBA Community Corporation	196	184
Chiyoda Assy Inc.	48	43
Employees	11	71
	255	299
4. Notes receivable matured on December 31, 2007 and December 31, 2008, which were bank holidays	December 31, 2007, the end of the period, was a bank holiday. Notes receivable maturing on that date were settled on the following business day. Therefore, those notes in the amount of 890 million yen were included in the ending balance on December 31, 2007.	December 31, 2008, the end of the period, was a bank holiday. Notes receivable maturing on that date were settled on the following business day. Therefore, those notes in the amount of 782 million yen were included in the ending balance on December 31, 2008.

[Note to Consolidated Statements of Income]

	Year ended December 31, 2007	Year ended December 31, 2008
	Millions of yen	Millions of yen
1. Research and development expenses	9,473	10,662

2. Reversal of provision for possible losses from litigation

Micronics Japan Co., Ltd. filed a lawsuit against the Company seeking compensation for damages related to an agreement to develop and commercialize liquid-crystal related testing equipment. The Company won the case overall in the Tokyo High Court on December 25, 2008. As a result, the Company recorded an extraordinary gain of 1,126 million yen as the reversal of provision for possible losses from litigation after subtracting attorneys' fees and other related costs from the 1,204 million yen provision for possible losses from litigation that was set aside when the Company lost the case in the Tokyo District Court on May 22, 2007. As stated in the subsequent event, Micronics Japan Co., Ltd appealed the decision to the Supreme Court on January 8, 2009.

3. Impairment losses

Impairment losses were recognized by the Company during the current fiscal year for the following asset groups.

Location	Use	Type	Amount
Kyoto City	Idle	Land	196 million yen
Taiwa-cho, Kurokawa-gun, Miyagi Prefecture	Idle	Land ,buildings, etc.	21 million yen
Germany	Other	Goodwill	156 million yen
Japan	Other	Goodwill	87 million yen
		Total	461 million yen

(Background)

Because there are no concrete plans to put to use the idle land owned in Kyoto City and the idle land, buildings, etc. owned in Taiwa-cho, Kurokawa-gun, Miyagi Prefecture, the book value of these assets has been lowered to the level of recoverable value and the resulting impairment has been recognized as an extraordinary loss.

The goodwill in Germany is related to the automotive development test systems (DTS) purchased by the Company's subsidiary in Germany in September 2005 from Carl Schenk AG. HORIBA estimated that a carrying amount of the goodwill for this investment may not be recoverable under the estimated term of future cash flows and recognized an impairment loss for the full amount of the book value.

Regarding the goodwill in Japan, HORIBA estimated that a carrying amount of the goodwill for the investment in ASEC Inc., the Company's subsidiary, may not be recoverable under the estimated term of future cash flows and recognized an impairment loss for the full amount of the book value.

(Method used for grouping)

In connection with the use of impairment accounting, grouping has been done on the industry segment basis. Idle assets bearing no connection to industry segment have been grouped on a property-by-property basis.

(Method of calculating recoverable amounts)

The recoverable amount for idle assets was measured according in terms of an estimated net realizable value and the estimated net realizable value was valued on the basis of publicly announced market values for land.

4. Losses due to violation of the antimonopoly law

In connection with the Company's violation of the Antimonopoly Law in the bidding for supply of air pollution analyzers to public entities, the Japan Fair Trade Commission issued a restraining order and imposed a fine on the Company, on November 12, 2008. The amount of 178 million yen that aggregated the fine of 37 million yen, the estimated amount of damages for breach of contract and other costs were recognized as losses due to violation of the antimonopoly law in the extraordinary losses.

5. Loss on reorganization of U.S. subsidiaries

Breakdown of this loss consists of reserve for product warranty (62 million yen) and loss on write-down of inventories (70 million yen).

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

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

1. Type and number of shares outstanding and treasury stock

(Number of shares)

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

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

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

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

2. Dividends

(1) Dividend payment

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

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

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

Year Ended December 31, 2008 (January 1, 2008 – December 31, 2008)

1. Type and number of shares outstanding and treasury stock

(Number of shares)

	As of December 31, 2007	Increase	Decrease	As of December 31, 2008
Number of shares issued				
Common stock (Note 1)	42,473,752	55,000	–	42,528,752
Total	42,473,752	55,000	–	42,528,752
Treasury Stock				
Common stock (Note 2)	5,250	239,270	–	244,520
Total	5,250	239,270	–	244,520

(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 the acquisition of shares by resolution of Board of Directors meeting and the acquisition of shares of less than one unit.

2. Dividends

(1) Dividend payment

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on February 19, 2008	Common stock	1,231	29	December 31, 2007	March 6, 2008
Board of Directors meeting held on August 18, 2008	Common stock	634	15	June 30, 2008	September 2, 2008

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

Resolution	Type of stock	Total amount of dividends (Millions of yen)	Source of dividends	Dividends per share (Yen)	Record date	Effective date
Board of Directors meeting held on February 17, 2009	Common stock	1,226	Retained earnings	29	December 31, 2008	March 9, 2009

[Notes to Consolidated Statements of Cash Flows]

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

	As of December 31, 2007	As of December 31, 2008
	Millions of yen	Millions of yen
Cash and bank deposits	22,064	18,267
Time deposits for payment guarantee with use restrictions	(700)	(700)
Time deposits with maturities exceeding 3 months	(7,509)	(0)
Short-term investments whose expiration or redemption date is within 3 months	6,709	5,092
Cash and cash equivalents at end of period	20,564	22,660

[Segment Information]

1. Business Segment Information

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

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

Year Ended December 31, 2008 (January 1, 2008 - December 31, 2008) Millions of yen

	Automotive Test Systems	Analytical Instruments & Systems	Medical/Diagnostic Instruments & Systems	Semiconductor Instruments & Systems	Total	Unallocated	Consolidated
Ⅰ. Net Sales and Operating Income							
Net Sales							
(1) Sales to outside customers	54,232	38,531	24,721	16,762	134,247	—	134,247
(2) Intersegment sales and transfers	—	—	—	—	—	—	—
Total	54,232	38,531	24,721	16,762	134,247	—	134,247
Operating Expenses	47,000	36,704	24,043	15,540	123,289	—	123,289
Operating Income	7,231	1,827	678	1,221	10,957	—	10,957
Ⅱ. Assets, Depreciation, Impairment loss and Capital Expenditures							
Assets	38,436	30,364	17,408	17,485	103,694	29,584	133,278
Depreciation	1,605	1,234	1,409	706	4,955	—	4,955
Impairment loss	223	100	11	125	461	—	461
Capital Expenditures	1,951	1,601	2,728	363	6,644	—	6,644

(Note)

(Change in Accounting Standards)

As stated in (6)Significant Changes in the Basis of Preparation of the Consolidated Financial Statements (Depreciation of fixed assets), the Company and its consolidated subsidiaries in Japan adopted the method for depreciation for tangible fixed assets acquired on or after April 1, 2007, in accordance with the method prescribed by the revised Corporate Tax Law. As a result of this change, in comparison to the previous accounting method, operating expenses increased 45 million yen for Automotive Test Systems, 43 million yen for Analytical Instruments & Systems, 6 million yen for Medical/Diagnostic Instruments & Systems, and 29 million for Semiconductor Instruments & Systems, while operating income recorded a decrease of the same amount.

In addition, the Company and its consolidated subsidiaries in Japan adopted the revised Corporate Tax Law and changed its method of depreciation of tangible fixed assets which had been acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such asset and the value equivalent to 5% of its acquired value, as computed by the previous Corporate Tax Law, is depreciated over a period of five years using the average method and is included in depreciation expenses, starting from the year following the year in which the value of the asset falls to 5% of its acquisition cost. As a result, in comparison to the previous accounting method, operating expenses increased 23 million yen for Automotive Test Systems, 20 million yen for Analytical Instruments & Systems, 2 million yen for Medical/Diagnostic Instruments & Systems, and 8 million for Semiconductor Instruments & Systems, while operating income recorded a decrease of the same amount.

As stated in (6)Significant Changes in the Basis of Preparation of the Consolidated Financial Statements (Loss on the disposal of inventories and the write-down of inventories), the Company and some of its consolidated subsidiaries in Japan reclassified loss on the disposal and the write-down of inventories from non-operating expenses to cost of sales. As a result, in comparison to the previous accounting method, operating expenses increased 20 million yen for Automotive Test Systems, 69 million yen for Analytical Instruments & Systems, 19 million yen for Medical/Diagnostic Instruments & Systems, and 25 million for Semiconductor Instruments & Systems, while operating income recorded a decrease of the same amount.

(Reference) Main Products in Each Business Segment

Business Segment	Main Products
Automotive Test Systems	Emission Measurement Systems, In-Use Automotive Emissions Analyzers, On-Board Emission Measurement Systems, 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

2. Geographic Segment Information

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

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

Year Ended December 31, 2008 (January 1, 2008 – December 31, 2008) Millions of yen

	Japan	Americas	Europe	Asia	Total	Elimination and/or unallocated	Consolidated
Ⅰ. Net Sales, and Operating Income							
Net Sales							
(1) Sales to outside customers	54,353	21,356	53,738	4,798	134,247	—	134,247
(2) Intersegment sales and transfers	13,700	1,522	4,764	2,198	22,186	(22,186)	—
Total	68,054	22,878	58,503	6,997	156,434	(22,186)	134,247
Operating Expenses	60,394	22,505	56,709	6,262	145,871	(22,581)	123,289
Operating Income	7,660	373	1,793	735	10,563	394	10,957
Ⅱ. Assets	61,463	10,488	29,480	2,262	103,694	29,584	133,278

(Note)

(Change in Accounting Standards)

As stated in (6)Significant Changes in the Basis of Preparation of the Consolidated Financial Statements (Depreciation of fixed assets), the Company and its consolidated subsidiaries in Japan adopted the method for depreciation for tangible fixed assets acquired on or after April 1, 2007, in accordance with the method prescribed by the revised Corporate Tax Law. As a result of this change, in comparison to the previous accounting method, operating expenses increased 124 million yen in the Japan segment while operating income recorded a decrease of the same amount.

In addition, the Company and its consolidated subsidiaries in Japan adopted the revised Corporate Tax Law and changed its method of depreciation of tangible fixed assets which had been acquired on or before March 31, 2007. Accordingly, the difference between the residual value of such asset and the value equivalent to 5% of its acquired value, as computed by the previous Corporate Tax Law, is depreciated over a period of five years using the average method and is included in depreciation expenses, starting from the year following the year in which the value of the asset falls to 5% of its acquisition cost. As a result, in comparison to the previous accounting method, operating expenses increased 55 million yen in the Japan segment, while operating income recorded a decrease of the same amount.

As stated in (6)Significant Changes in the Basis of Preparation of the Consolidated Financial Statements (Loss on the disposal of inventories and the write-down of inventories), the Company and some of its consolidated subsidiaries in Japan reclassified loss on the disposal and the write-down of inventories from non-operating expenses to cost of sales. As a result, in comparison to the previous accounting method, operating expenses increased 135 million yen in the Japan segment, while operating income recorded a decrease of the same amount.

3. Overseas Sales

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

Millions of yen

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

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

Year Ended December 31, 2008 (January 1, 2008 – December 31, 2008)

Millions of yen

	Americas	Europe	Asia	Total
Ⅰ. Overseas sales	25,410	43,137	19,148	87,697
Ⅱ. Consolidated sales	—	—	—	134,247
Ⅲ. Ratio of overseas sales to consolidated sales (%)	18.9	32.1	14.3	65.3

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

[Per Share Data]

Year ended December 31, 2007		Year ended December 31, 2008	
	Yen		Yen
Net assets per share	1,892.64	Net assets per share	1,816.96
Net income per share	205.01	Net income per share	142.76
Net income per share (diluted)	204.39	Net income per share (diluted)	142.71

Calculation of net assets per share

	As of December 31, 2007	As of December 31, 2008
Total net assets (millions of yen)	80,381	76,841
Amount deducted from total net assets (millions of yen)	3	13
(Minority interests included in above amount)	(3)	(13)
Net assets from common shares (millions of yen)	80,377	76,828
Number of common shares used to calculate net assets per share (thousands of shares)	42,468	42,284

Calculation of basic and diluted net income per share

	As of December 31, 2007	As of December 31, 2008
Net income per share (basic)		
Net income (millions of yen)	8,690	6,039
Amount deducted from total net income (millions of yen)	—	—
Net income from common shares (millions of yen)	8,690	6,039
Average number of common shares (thousands of shares)	42,390	42,303
Net income per share (diluted)		
Amount deducted from total net income (millions of yen)	—	—
Increased number of common shares (thousands of shares)	129	14
(Stock acquisition rights included in increase)	(129)	(14)
Diluted common shares outstanding		

[Subsequent Event]

Micronics Japan Co., Ltd. filed a lawsuit against the Company seeking compensation for damages related to an agreement to develop and commercialize liquid-crystal related testing equipment. The Company won the case overall in the Tokyo High Court on December 25, 2008.
Micronics Japan Co., Ltd. appealed the decision to the Supreme Court on January 8, 2009.

[Omissions from the Disclosed Financial Statement]

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

Changes in Corporate Officers

HORIBA, Ltd. resolved, at a meeting of the Board of Directors held on February 17, 2009, to nominate three non-Japanese as corporate officers. They will become the first non-Japanese to be assigned to these positions since the Company was founded in 1953. Participation of non-Japanese is considered essential in global management at HORIBA, which on a consolidated basis generates 65% of its sales in overseas markets and has 57% of its employees outside of Japan. In appointing them, important criteria were their ability to realize group management in keeping with the business policy of "HORIBA Group is One Company." to exercise global leadership in business operations, and to embody in their work the HORIBA motto, "Joy and Fun" and promote it overseas.

Through this resolution, there will be seven senior corporate officers and six corporate officers. They will be committed to work for further enhancement of global management.

Newly-appointed【as of April 1, 2009】

Name	New title	Current title
Michel MARITON	Senior corporate officer HORIBA Jobin Yvon S.A.S. (France) President	HORIBA Jobin Yvon S.A.S. (France) President
Bertrand DE CASTELNAU	Corporate Officer HORIBA ABX S.A.S. (France) General Manager and COO	HORIBA ABX S.A.S. (France) General Manager and COO
Rex TAPP	Corporate officer HORIBA Instruments Incorporated (U.S.A.) Vice President and General Manager	HORIBA Instruments Incorporated (U.S.A.) Vice President and General Manager

(Note) Family names are capitalized.

5. Others

HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2008

Consolidated

1. Consolidated Financial Results

	12/2008 Result	12/2007 Result	Change from previous year		12/2009 Estimate	Change from previous year	12/2009 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	134,247	144,283	−10,035	−7.0%	110,000	−24,247	52,000	−12,707
Operating Income	10,957	16,529	−5,571	−33.7%	3,500	−7,457	1,000	−3,674
Operating Income Ratio	*8.2%*	*11.5%*	*−3.3P*		*3.2%*	*−5.0P*	*1.9%*	*−5.3P*
Ordinary Income	10,040	15,949	−5,908	−37.0%	3,000	−7,040	800	−3,711
Ordinary Income Ratio	*7.5%*	*11.1%*	*−3.6P*		*2.7%*	*−4.8P*	*1.5%*	*−5.4P*
Net Income	6,039	8,690	−2,651	−30.5%	1,500	−4,539	500	−2,100
Net Income Ratio	*4.5%*	*6.0%*	*−1.5P*		*1.4%*	*−3.1P*	*1.0%*	*−3.1P*
US$	103.48	117.85	−14.37		90.00	−13.48	90.00	−14.89
Euro	152.65	161.31	−8.66		115.00	−37.65	115.00	−45.61

2. Consolidated Segment Results

Net Sales	12/2008 Result	12/2007 Result	Change from previous year		12/2009 Estimate	Change from previous year	12/2009 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	54,232	51,475	+2,756	+5.4%	41,500	−12,732	20,500	−3,643
Analytical	38,531	40,038	−1,506	−3.8%	35,500	−3,031	16,500	−2,471
Medical	24,721	25,835	−1,113	−4.3%	22,000	−2,721	10,000	−2,297
Semiconductor	16,762	26,934	−10,171	−37.8%	11,000	−5,762	5,000	−4,295
Total	134,247	144,283	−10,035	−7.0%	110,000	−24,247	52,000	−12,707

Operating Income	12/2008 Result	12/2007 Result	Change from previous year		12/2009 Estimate	Change from previous year	12/2009 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	7,231	6,757	+473	+7.0%	2,500	−4,731	1,400	−1,136
Analytical	1,827	2,672	−844	−31.6%	1,800	−27	600	−273
Medical	678	1,232	−553	−45.0%	1,200	+521	300	+195
Semiconductor	1,221	5,867	−4,646	−79.2%	−2,000	−3,221	−1,300	−2,460
Total	10,957	16,529	−5,571	−33.7%	3,500	−7,457	1,000	−3,674

3. Consolidated Segment Sales by Region

	12/2008 Result	12/2007 Result	Change from previous year		12/2009 Estimate	Change from previous year	12/2009 Estimate	Change from previous year
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
	Millions of yen	Millions of yen	Millions of yen		Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	54,232	51,475	+2,756	+5.4%	41,500	−12,732	20,500	−3,643
Japan	17,785	15,959	+1,826	+11.4%	14,100	−3,685	7,600	−2,103
Asia	7,937	8,059	−121	−1.5%	6,300	−1,637	3,100	−114
Americas	9,299	10,536	−1,236	−11.7%	8,300	−999	3,900	+122
Europe	19,209	16,920	+2,289	+13.5%	12,800	−6,409	5,900	−1,546
Analytical	38,531	40,038	−1,506	−3.8%	35,500	−3,031	16,500	−2,471
Japan	15,688	15,423	+264	+1.7%	16,500	+811	8,200	−111
Asia	6,359	6,957	−598	−8.6%	4,700	−1,659	2,100	−902
Americas	6,421	6,972	−551	−7.9%	6,300	−121	2,700	−341
Europe	10,062	10,684	−621	−5.8%	8,000	−2,062	3,500	−1,116
Medical	24,721	25,835	−1,113	−4.3%	22,000	−2,721	10,000	−2,297
Japan	3,873	4,043	−169	−4.2%	4,400	+526	2,000	+147
Asia	1,788	1,866	−77	−4.2%	1,600	−188	700	−67
Americas	6,797	7,033	−236	−3.4%	6,100	−697	2,800	−518
Europe	12,262	12,891	−629	−4.9%	9,900	−2,362	4,500	−1,859
Semiconductor	16,762	26,934	−10,171	−37.8%	11,000	−5,762	5,000	−4,295
Japan	9,202	16,542	−7,339	−44.4%	5,500	−3,702	2,500	−2,703
Asia	3,063	3,702	−639	−17.3%	1,800	−1,263	800	−783
Americas	2,892	5,238	−2,345	−44.8%	2,500	−392	1,200	−453
Europe	1,603	1,450	+152	+10.5%	1,200	−403	500	−354
Total	134,247	144,283	−10,035	−7.0%	110,000	−24,247	52,000	−12,707

4. Consolidated Financial Results (Quarterly Comparison)

	12/2008 1Q Result	12/2008 2Q Result	12/2008 3Q Result	12/2008 4Q Result	12/2007 1Q Result	12/2007 2Q Result	12/2007 3Q Result	12/2007 4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Net Sales	30,955	33,751	34,740	34,799	34,114	34,181	32,668	43,318
Operating Income	2,105	2,568	3,486	2,796	4,205	3,663	3,662	4,997
Operating Income Ratio	*6.8%*	*7.6%*	*10.0%*	*8.0%*	*12.3%*	*10.7%*	*11.2%*	*11.5%*
Ordinary Income	1,886	2,624	3,176	2,353	4,107	3,747	3,410	4,683
Ordinary Income Ratio	*6.1%*	*7.8%*	*9.1%*	*6.8%*	*12.0%*	*11.0%*	*10.4%*	*10.8%*
Net Income	1,001	1,599	2,163	1,274	1,848	1,459	2,059	3,322
Net Income Ratio	*3.2%*	*4.7%*	*6.2%*	*3.7%*	*5.4%*	*4.3%*	*6.3%*	*7.7%*
US$	105.25	104.53	107.74	96.40	119.45	120.85	117.93	113.17
Euro	157.63	163.59	162.20	127.18	156.46	162.90	161.93	163.95

5. Consolidated Segment Results (Quarterly Comparison)

Net Sales	12/2008 1Q Result	12/2008 2Q Result	12/2008 3Q Result	12/2008 4Q Result	12/2007 1Q Result	12/2007 2Q Result	12/2007 3Q Result	12/2007 4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	11,305	12,837	14,314	15,774	10,714	11,142	11,365	18,252
Analytical	9,152	9,818	9,366	10,194	10,118	9,421	9,014	11,483
Medical	5,913	6,384	6,557	5,866	5,999	6,471	6,062	7,302
Semiconductor	4,583	4,711	4,503	2,963	7,281	7,146	6,225	6,279
Total	30,955	33,751	34,740	34,799	34,114	34,181	32,668	43,318

Operating Income	12/2008 1Q Result	12/2008 2Q Result	12/2008 3Q Result	12/2008 4Q Result	12/2007 1Q Result	12/2007 2Q Result	12/2007 3Q Result	12/2007 4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	1,231	1,304	2,487	2,207	1,189	1,042	1,873	2,652
Analytical	271	601	473	480	1,060	368	410	833
Medical	−58	162	321	252	143	439	236	412
Semiconductor	660	499	204	−143	1,812	1,813	1,142	1,100
Total	2,105	2,568	3,486	2,796	4,205	3,663	3,662	4,997

6. Consolidated Orders and Backlog Information (Quarterly Comparison)

Orders	12/2008 1Q Result	12/2008 2Q Result	12/2008 3Q Result	12/2008 4Q Result	12/2007 1Q Result	12/2007 2Q Result	12/2007 3Q Result	12/2007 4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	12,070	12,287	16,570	8,805	18,038	11,870	15,096	12,318
Analytical	10,740	10,270	11,082	5,908	10,115	9,348	10,155	11,043
Medical	6,213	6,815	6,296	5,155	5,944	6,606	6,248	6,796
Semiconductor	5,244	4,578	4,472	2,653	7,964	6,761	5,851	5,621
Total	34,269	33,952	38,421	22,523	42,063	34,586	37,351	35,780

Backlog	12/2008 1Q Result	12/2008 2Q Result	12/2008 3Q Result	12/2008 4Q Result	12/2007 1Q Result	12/2007 2Q Result	12/2007 3Q Result	12/2007 4Q Result
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Automotive	27,533	26,983	29,240	22,271	28,244	28,972	32,702	26,768
Analytical	10,623	11,075	12,791	8,506	8,406	8,333	9,475	9,035
Medical	2,385	2,817	2,556	1,844	2,271	2,407	2,592	2,086
Semiconductor	1,879	1,746	1,715	1,405	2,636	2,250	1,876	1,218
Total	42,422	42,622	46,304	34,028	41,558	41,964	46,646	39,108

7. Capital Expenditures, Depreciation and Research and Development Expenses

	12/2008 Result Full year	12/2007 Result Full year	12/2009 Estimate Full year
	Millions of yen	Millions of yen	Millions of yen
Capital Expenditures (*)	6,644	9,336	5,700
Depreciation	4,955	4,161	4,600
R&D Expenses	10,662	9,473	9,500

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

Non-Consolidated

1. Non-Consolidated Segment Sales (Quarterly Comparison)

Net Sales	12/2008				12/2007			
	1Q Result	2Q Result	3Q Result	4Q Result	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	Millions of yen
Automotive	7,531	6,657	6,694	6,753	6,844	5,488	6,784	7,401
Analytical	5,844	4,528	4,729	4,504	6,007	4,521	4,794	5,116
Medical	1,014	992	1,017	1,112	1,029	1,213	1,085	1,233
Semiconductor	712	955	926	486	1,612	1,364	879	1,223
Total	15,103	13,135	13,368	12,856	15,494	12,587	13,543	14,975

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

Orders	12/2008				12/2007			
	1Q Result	2Q Result	3Q Result	4Q Result	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	Millions of yen
Automotive	8,381	5,535	8,412	4,671	8,049	4,295	8,685	5,104
Analytical	4,989	4,878	4,738	4,177	5,565	4,438	5,084	5,779
Medical	1,094	937	1,166	899	889	1,406	1,074	1,341
Semiconductor	1,095	1,152	730	125	1,546	1,082	920	1,152
Total	15,560	12,503	15,048	9,873	16,051	11,223	15,765	13,377

Backlog	12/2008				12/2007			
	1Q Result	2Q Result	3Q Result	4Q Result	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	Millions of yen
Automotive	4,828	3,706	5,424	3,342	5,499	4,305	6,206	3,978
Analytical	2,809	3,158	3,166	2,839	2,778	2,686	2,975	3,664
Medical	1,109	1,053	1,202	989	855	1,049	1,038	1,029
Semiconductor	907	1,104	908	547	802	531	573	524
Total	9,653	9,022	10,702	7,718	9,936	8,572	10,794	9,196

Contact
Nobuhiro Tanji, Investor & Public Relations, Finance & Control Division, HORIBA, Ltd.
2, Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan
E-mail: nobuhiro.tanji@horiba.com