HORIBA
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Summary of Consolidated Financial Statements for the Six Months Ended June 30, 2016 (Japanese GAAP)

August 3, 2016

Company name	**HORIBA, Ltd.**	Listed stock exchanges: Tokyo
Listing code	6856	URL: http://www.horiba.com
Representative	Atsushi Horiba, Chairman, President and CEO	TEL: (81)75-313-8121
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Scheduled date of start of interim dividend payment: August 31, 2016

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

1. Consolidated Results for the Six Months Ended June 30, 2016 (January 1, 2016 - June 30, 2016)

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

	Net Sales		Operating Income		Ordinary Income		Net income attributable to Owners of Parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended 6/30/16	79,984	-1.4	7,778	-29.4	7,597	-29.1	4,128	-37.1
Six months ended 6/30/15	81,084	—	11,018	—	10,716	—	6,566	—

(Note) Comprehensive Income: FY2016Q2 -4,243 million yen (-%), FY2015Q2 5,875 million yen (-%)

	Net Income per Share	Net Income per Share (Diluted)
	Yen	Yen
Six months ended 6/30/16	98.03	97.60
Six months ended 6/30/15	155.68	155.01

(Note) The Company and its domestic consolidated subsidiaries had formerly recognized revenue mainly on a shipping basis. However, starting from the fiscal year 2016, the Company and its domestic consolidated subsidiaries have changed to revenue recognition method on a completion date of installation or a delivery date basis under the terms and conditions of contracts. Accordingly, retrospective restatement is applied. The percentage of change for the six months ended June 30, 2015 versus the same period of previous year is not released because retrospective restatement is not applied for the six months ended June 30, 2014.

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio
	Millions of yen	Millions of yen	%
As of 6/30/16	215,022	121,354	56.2
As of 12/31/15	232,121	127,243	54.6

(Reference) Net assets excluding subscription rights to shares and non-controlling interests:
As of June 30, 2016: 120,845 million yen; As of December 31, 2015: 126,774 million yen

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended 12/31/15	—	28.00	—	42.00	70.00
Year ending 12/31/16	—	30.00			
Year ending 12/31/16 (Forecast)			—	45.00	75.00

(Note) Changes in the latest dividend forecasts released: None

3. Consolidated Forecast for the Year Ending December 31, 2016 (January 1, 2016 - December 31, 2016)

(Percentages represent changes from the previous fiscal year)

	Net Sales		Operating Income		Ordinary Income		Net income attributable to Owners of Parent		Net Income per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	170,000	-1.1	17,500	-13.1	17,000	-13.4	10,800	-18.7	256.40

(Note) Changes in the latest business forecasts released: Yes

Notes

(1) Changes in significant subsidiaries during the period
(Changes in specified subsidiaries that caused a change in the scope of consolidation): None

(2) Application of the accounting method specific to quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and retrospective restatement
① Changes in accounting policies associated with revision of accounting standards: Yes
② Changes in accounting policies arising from other than the above: Yes
③ Changes in accounting estimates: None
④ Retrospective restatement: None
(Note) Please see "2.Items Concerning Summary Information (Notes)" on page 5 for further details.

(4) Number of shares outstanding (common stock)

	June 30,2016	December 31, 2015
① Shares issued (including treasury stock)	42,532,752	42,532,752
② Treasury stock	402,921	439,021
	Jan. - Jun. 2016	Jan. - Jun. 2015
③ The average number of outstanding shares during the six months ended FY2016 and FY2015	42,112,644	42,179,324

Note 1. Indication regarding implementation status of quarterly review procedures

These quarterly financial statements have not been prepared for the purpose of quarterly review procedures pursuant to the Financial Instruments and Exchange Act (FIEA). Review procedures for quarterly financial statements were in the process of being implemented as of the release of these quarterly financial statements. The consolidated operating results and consolidated financial position are calculated based on the retrospectively-restated amounts of fiscal year 2015. Those retrospectively-restated amounts are unaudited and are subject to change.

Note 2. Appropriate use of business forecasts and other important information

The business forecasts stated herein are based on information currently available and certain assumptions for factors which may affect business results. We do not warrant that these forecasts will be achieved. Actual results may differ from the forecasts due to a range of factors. For additional information, please see page 4, "1. (2) Information Concerning Consolidated Earnings Forecasts for FY2016".

1. Qualitative Information Concerning Consolidated Results

(1) Information Concerning Consolidated Operating Results

During the six months ended June 30, 2016 (the first half year), with regard to the global economy, the United States continued its economic recovery due to an increase in consumption supported by an improvement in the employment environment and other factors. In Europe, a gradual economic recovery is evident mainly in Germany but the U.K.'s decision to leave the EU (Brexit) has led to increasing uncertainty over the future outlook. China and other Asian emerging countries and commodity exporting countries experienced an economic slowdown, while Russia and South American countries continued to face harsh economic conditions due to local currency's weakness and other factors. In Japan, the economy continued its moderate recovery trend with a rise in corporate capital investment and a steady improvement in the employment and wage environment.

The average exchange rates for the six months from January to June 2016 were 111.70 yen against the U.S. dollar and 124.52 yen against the euro, marking appreciation of 7.7% against the U.S. dollar and the euro respectively, compared to the same period of last year.

Under these conditions, HORIBA, Ltd. ("the Company") and its consolidated subsidiaries (together "the HORIBA Group" or "HORIBA" as a consolidated group) recorded sales of 79,984 million yen, down 1.4% year-on-year, mainly because the Automotive Test Systems segment increased sales due to the sales contribution of HORIBA MIRA Ltd. (U.K.), which was acquired in July 2015, but all other segments decreased sales.

In terms of profits, mainly due to the impacts of the appreciation of the yen against the U.S. dollar, and profit decline in the Automotive Test Systems segment mainly because of MCT (Mechatronics) business sales decline, overall operating income decreased by 29.4% year-on-year to 7,778 million yen and ordinary income decreased by 29.1% to 7,597 million yen. Net income attributable to owners of parent decreased by 37.1% to 4,128 million yen, not only due to the fact that ordinary profit decrease, but also because of extraordinary losses resulted from the severe earthquakes occurred in Kumamoto Prefecture and surrounding regions in Japan.

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

(Automotive Test Systems)

Segment sales increased by 5.4% year-on-year to 28,128 million yen, mainly due to the sales contribution of HORIBA MIRA Ltd. (U.K.), which was acquired in July 2015. However, operating income declined by 81.5% to 554 million yen, due to the sales decline in MCT business and the increase in fixed expense and the incur of one-time moving expense related to the full-scale operation of HORIBA BIWAKO E-HARBOR, the new factory in Shiga prefecture Japan.

(Process & Environmental Instruments & Systems)

Sales in the Americas, primarily to companies in the petrochemical industry, were robust, but there was a decline in the sales of stack gas analyzers and water quality analyzers in Asia including China and South Korea. As a result, segment sales were 7,798 million yen, down 5.1% year-on-year, and operating income decreased by 8.5% to 867 million yen.

(Medical-Diagnostic Instruments & Systems)

A decrease in the amount of European sales expressed in yen, stemming from the yen's appreciation against the euro, and other factors, caused segment sales decline by 1.1% year-on-year to 13,800 million yen. In terms of profits, sales of the Hematology and C-Reactive Protein (CRP) analyzers, which was launched in Japan last year, and the sales in Asia were robust. Consequently, segment operating income increased by 21.7% to 1,593 million yen.

(Semiconductor Instruments & Systems)

As semiconductor manufacturers temporarily reduced capital investment from the end of 2015 to the beginning of 2016, sales to semiconductor production equipment manufacturers decreased year-on-year although they reached a high level. Owning to that factor as well as the yen's appreciation against the dollar, segment sales decreased by 6.3% year-on-year to 17,895 million yen and operating income decreased by 13.2% to 4,483 million yen.

(Scientific Instruments & Systems)

The yen's appreciation against the dollar and the euro resulted in a decrease in sales in Europe and the Americas in yen terms, and sales to universities and other customers decreased in the Americas. Consequently, segment sales decreased by 5.8% year-on-year to 12,361 million yen and operating income decreased by 53.6% to 280 million yen.

(2) Information Concerning Consolidated Earnings Forecasts for FY2016

After taking into account the recent trend in orders, the foreign exchange rate and other factors, consolidated earnings forecasts for the current fiscal year have been revised as follows. Assuming exchange rates of 105 yen against the U.S. dollar and 115 yen against the Euro for the second half of the year, the full-year exchange rate forecasts have been changed from 115 yen to 108 yen against the U.S. dollar and from 125 yen to 120 yen against the Euro.

Consolidated forecast for the full FY2016

(Amount: millions of yen)

	Previous Forecast (As of May 11)	Revised Forecast (As of Aug. 3)	Changes
Net sales	175,000	170,000	-5,000
Operating income	17,500	17,500	-
Ordinary income	16,500	17,000	+500
Net income attributable to owners of parent	10,800	10,800	-

Consolidated forecast for the full FY2016 by segment

Net sales (Amount: millions of yen)

	Previous Forecast (As of May 11)	Revised Forecast (As of Aug. 3)	Changes
Automotive	70,000	65,000	-5,000
Process & Environmental	18,000	16,500	-1,500
Medical	28,000	26,500	-1,500
Semiconductor	31,000	35,000	+4,000
Scientific	28,000	27,000	-1,000
Total	175,000	170,000	-5,000

Operating income (Amount: millions of yen)

	Previous Forecast (As of May 11)	Revised Forecast (As of Aug. 3)	Changes
Automotive	5,000	4,000	-1,000
Process & Environmental	1,500	1,300	-200
Medical	2,000	2,500	+500
Semiconductor	7,500	8,700	+1,200
Scientific	1,500	1,000	-500
Total	17,500	17,500	-

By business segment, HORIBA has revised down its forecast for the Automotive Test Systems segment by 5,000 million yen in sales and 1,000 million yen in operating income, given the trend in orders received in the MCT business, despite steady sales of HORIBA's core products - emission measurement systems.
For the Semiconductor Instruments & Systems segment, sales and operating income forecasts have been revised up by 4,000 million yen and 1,200 million yen respectively, based on the assumption that capital investment by semiconductor manufacturers will remain solid after the third quarter of the year.
For the Medical-Diagnostic Instruments & Systems segment, as the appreciation of the yen reduces the amount of sales in Europe and the United State expressed in yen, a downward revision of 1,500 million yen in sales has been made. However, thanks to favorable sales in Japan, the operating income forecast has been revised upward by 500 million yen.
The Process & Environmental Instruments & Systems segment and the Scientific Instruments & Systems segment have also made downward revisions, given the business performance up to the second quarter and the trend of orders received. The Process & Environmental Instruments & Systems segment has revised downward its forecasts by 1,500 million yen in sales and 200 million yen in operating income, and the Scientific Instruments & Systems segment has revised forecasts downward by 1,000 million yen in sales and 500 million yen in operating income.
After taking into account of the progress of non-operating income and loss up to the second quarter, the ordinary income forecast has been revised upward by 500 million yen. However, considering the impact associated with the damage resulted from the Kumamoto Earthquakes, net income attributable to owners of parent remains unchanged.
As a result, HORIBA's overall full-year forecasts are 170,000 million yen in sales, 17,500 million yen in operating income, 17,000 million yen in ordinary income, and 10,800 million yen in net income attributable to owners of parent.

The dividend forecast for the fiscal year has remained unchanged at 75 yen per share because no change was made to net income attributable to owners of parent.

(Note) The forecasts of dividend amount and business performance have been made based on information available as of August 3, 2016. However, due to the existence of various uncertainties, it is possible that actual performance would vary considerably from the forecasts. The major risk factors are as follows, but are not limited to these.

Business risks:
Risks associated with international business activities including a loss from fluctuation of currency exchange rates; changes in performance or financial position associated with acquisitions or alliances; repairs of buildings and facilities following natural disasters and associated delays in delivery; risks associated with contracts and transactions; laws and regulations; and other business risks

Risks associated with development and production:
Compensation for product liability; delays in development of new products; risks concerning intellectual property right; and risks concerning fluctuation in raw material prices

Financial risks:
Impairment loss on securities and fixed assets; reversal of deferred tax assets resulting from changes in systems or accounting policies; and fluctuations in the estimated loss at the time of employees' local pension fund dissolution

2. Items Concerning Summary Information (Notes)

(1) Changes in Accounting Policies

(Change in revenue recognition standard)

The Company and its domestic consolidated subsidiaries had formerly recognized revenue mainly on a shipping basis. However, starting from the three months ended March 31, 2016, the Company and its domestic consolidated subsidiaries have changed to revenue recognition method on a completion date of installation or a delivery date basis under the terms and conditions of contracts.
HORIBA's overseas consolidated subsidiaries, pursuant to IFRS and US GAAP, had recognized revenue on an installation completion date or a delivery date basis under the terms and conditions of contracts. In addition, sales of products that require a long time for installation have been increasing. Consequently, HORIBA has decided to make a change to more adequately reflecting revenue status, upon introduction of a new operating system.

This change in accounting policy has been retrospectively applied to the consolidated financial statements for the quarter and full-year period of fiscal year 2015.
As a result, net sales for the first half of fiscal year 2015 increased by 3,467 million yen, and operating income increased by 1,959 million yen, ordinary income and income before income taxes increased by 1,979 million yen, respectively, as compared with the figures prior to the retrospective application. The net assets at the beginning of the previous fiscal year have reflected the cumulative effects, which resulted in a decrease by 3,223 million yen in retained earnings at the beginning of the previous fiscal year.

(Adoption of Revised Accounting Standard for Business Combinations, etc.)
"Revised Accounting Standard for Business Combinations" (ASBJ Statement No. 21, released on Sep. 13, 2013, hereinafter the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22, released on Sep. 13, 2013, hereinafter the "Consolidated Accounting Standard"), "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No. 7, released on Sep. 13, 2013, hereinafter the "Accounting Standard for Business Divestitures") and others have been adopted effective from the beginning of the first quarter of the fiscal year ending March 31, 2016. As a result, any change resulting from the Company's ownership interests in its subsidiary when the Company retains control over the subsidiary is accounted for as capital surplus, and acquisition related costs are expensed in the year in which the costs are incurred. For any business combinations on or after the beginning of the first quarter, subsequent measurement of the provisional amount recognized based on the purchase price allocation due to the completion of accounting for the business combination are reflected in the quarterly consolidated financial statements for the period to which the date of that business combination occurs. In addition, the presentation method of net income was amended as well as "minority interests in consolidated subsidiaries" to "non-controlling interests." To reflect these changes in presentation, adjustments have been made to the consolidated financial statements for the prior first half and the prior fiscal year presented herein. The aforementioned accounting standards are adopted as of the beginning of the first quarter and thereafter, according to the transitional treatment provided for in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Consolidated Accounting Standard and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures. There is no impact of these changes on profit and loss.

(2) Change in Method of Presentation
(Consolidated Balance Sheets)
In fiscal 2015, "Advances received" was included in "Other current liabilities". However, due to an increased significance in amount, it is independently stated from the three months ended March 31, 2016. To reflect this change in presentation method, the consolidated financial statements for fiscal 2015 have been restated.
As a result, "Other current liabilities" of 14,460 million yen in the consolidated balance sheets for fiscal 2015 is restated as "Advances received" of 10,831 million yen and "Other current liabilities" of 3,628 million yen.

(3) Additional Information
(Revision of Amount of Deferred Tax Assets and Deferred Tax Liabilities due to Change in Rate of Corporate and Other Income Taxes)
Following the promulgation of the Act for Partial Amendment of the Income Tax Act (Act No. 15 of 2016) and the Act for Partial Amendment of the Local Tax Act (Act No. 13 of 2016) on March 31, 2016, the statutory effective tax rate for the consolidated fiscal year on and after April 1, 2016 was reduced. Following the Act, the statutory effective tax rate used to calculate deferred tax assets and deferred tax liabilities was changed from 32.2% to 30.8% for temporary differences expected to be reversed in the fiscal year beginning on January 1, 2017 and 2018, and to 30.5% for temporary differences expected to be reversed in the fiscal year beginning on January 1, 2019.
Due to such change in tax rate, the amount of deferred tax assets (netted with deferred tax liabilities) decreased by 22 million yen, while income taxes (deferred), net unrealized holding gains on securities, and remeasurements of defined benefit plans increased by 66 million yen, 39 million yen, and 4 million yen, respectively.

(Transfer of the water quality and liquid analysis instruments and systems business through simplified absorption-type corporate split)

The Company decided, at the Board of Directors meeting held on May 19, 2016, to have HORIBA Advanced Techno, a wholly owned subsidiary of the Company, take over its water quality and liquid analysis instruments and systems business (hereinafter the “water measurement business”) through absorption-type corporate split approach, effective January 1, 2017, and entered into an absorption-type corporate split agreement on June 20, 2016.

The absorption-type corporate split is summarized as follows.

(1) Purpose of the corporate split

The HORIBA Group’s water measurement business, represented by pH meters, the Group’s mainstay product since the foundation of the Company, has been promoted jointly by the Company and HORIBA Advanced Techno up to the moment. With the aim of business expansion in the water measurement area, as one of the priority initiatives in the HORIBA Mid-Long Term Management Plan, the Company will separate its water measurement business division and integrate it with HORIBA Advanced Techno in order to develop more market-oriented products, improve customer satisfaction, and enhance market competitiveness and earnings power.

(2) Corporate split method

This corporate split is an absorption-type corporate split in which HORIBA Advanced Techno will be the succeeding company.

(3) Corporate split schedule (Effective date)

January 1, 2017

(4) Details of allotments relating to the corporate split

The Company owns all shares of HORIBA Advanced Techno and there will be no consideration such as allotment of shares or payment of cash due to this corporate split.

(5) Calculation of allotments relating to the corporate split

There are no allotments of shares or other assets due to this corporate split.

(6) Rights and obligations to be succeeded by the successor company

In accordance with the absorption-type corporate split agreement, HORIBA Advanced Techno shall succeed to assets, liabilities, other rights and obligations, and contractual status that are considered necessary to carry out the business.

(7) Outline of the successor company

Capital: 250 million yen

Business: Development, manufacturing, sales and services of measurement equipment

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Amount: millions of yen

	FY2015 (As of December 31, 2015)	FY2016 first half (As of June 30, 2016)
Assets		
Current Assets:		
Cash and bank deposits	43,922	48,374
Trade notes and accounts receivable	50,128	42,307
Marketable securities	6,927	1,264
Merchandise and finished goods	15,696	14,327
Work in process	13,707	13,589
Raw materials and supplies	10,786	10,301
Deferred tax assets	5,140	3,691
Other current assets	6,584	7,197
Allowance for doubtful accounts	(789)	(640)
Total Current Assets	152,104	140,414
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	31,288	28,733
Machinery, equipment and vehicles, net	6,468	6,219
Land	10,647	11,369
Construction in progress	4,739	5,268
Other property, plant and equipment, net	3,834	3,422
Total Property, Plant and Equipment	56,978	55,013
Intangibles:		
Goodwill	576	436
Software	4,851	4,415
Other intangibles	4,870	3,539
Total Intangibles	10,298	8,391
Investments and Other Non-Current Assets:		
Investment securities	8,335	7,046
Deferred tax assets	1,671	1,453
Other investments and other assets	2,783	2,746
Allowance for doubtful accounts	(50)	(44)
Total Investments and Other Non-Current Assets	12,739	11,202
Total Fixed Assets	80,017	74,607
Total Assets	232,121	215,022

Amount: millions of yen

	FY2015 (As of December 31, 2015)	FY2016 first half (As of June 30, 2016)
Liabilities		
Current Liabilities:		
Trade notes and accounts payable	17,675	15,220
Short-term loans payable	12,879	11,992
Accounts payable - other	14,759	11,287
Accrued income taxes	3,796	1,558
Advances Received	10,831	9,384
Deferred tax liabilities	91	67
Accrued bonuses to employees	948	511
Accrued bonuses to directors and corporate auditors	63	274
Reserve for product warranty	1,651	1,537
Provision for loss on disaster	-	484
Other current liabilities	3,628	3,646
Total Current Liabilities	66,325	55,965
Non-Current Liabilities:		
Corporate bonds	15,000	15,000
Long-term loans payable	16,826	17,432
Deferred tax liabilities	1,181	705
Net defined benefit liability	1,947	1,674
Provision for loss on dissolution of the employees' pension fund	1,267	1,172
Other non-current liabilities	2,329	1,717
Total Non-Current Liabilities	38,552	37,701
Total Liabilities	104,878	93,667
Net Assets		
Shareholders' Equity		
Common stock	12,011	12,011
Capital surplus	18,717	18,717
Retained earnings	93,232	95,534
Treasury stock	(1,730)	(1,588)
Total Shareholders' Equity	122,230	124,674
Accumulated Other Comprehensive Income		
Net unrealized holding gains on securities	2,624	1,793
Deferred gains or losses on hedges	(0)	(6)
Foreign currency translation adjustments	1,852	(5,694)
Remeasurements of defined benefit plans	66	77
Total Accumulated Other Comprehensive Income	4,543	(3,829)
Subscription Rights to Shares	469	466
Non-controlling Interests	0	43
Total Net Assets	127,243	121,354
Total Liabilities and Net Assets	232,121	215,022

(2) Consolidated Statements of Income and Consolidated Comprehensive Income Statements

(Consolidated Statements of Income)

Amount: millions of yen

	FY2015 first half (Six months ended June 30, 2015)	FY2016 first half (Six months ended June 30, 2016)
Net Sales	81,084	79,984
Cost of Sales	45,259	46,414
Gross Income	35,825	33,569
Selling, General and Administrative Expenses	24,806	25,791
Operating Income	11,018	7,778
Non-Operating Income		
Interest income	156	81
Dividend income	88	84
Subsidy income	13	79
Other	111	96
Total non-operating income	369	342
Non-Operating Expense		
Interest expense	392	273
Foreign exchange losses	188	215
Other	90	33
Total non-operating expense	671	523
Ordinary Income	10,716	7,597
Extraordinary Gain		
Gain on sales of fixed assets	10	2
Reversal of provision for compensation losses	2	-
Total extraordinary gain	13	2
Extraordinary Loss		
Loss on sales of fixed assets	6	0
Loss on disposal of fixed assets	3	160
Impairment loss	93	-
Business structure improvement expenses	113	-
Loss on disaster	-	925
Total extraordinary loss	217	1,085
Income before Income Taxes	10,512	6,514
Income taxes (current)	3,294	932
Income taxes (deferred)	651	1,452
Total income taxes	3,946	2,385
Net Income	6,566	4,129
Profit attributable to non-controlling interests	-	0
Net Income attributable to Owners of Parent	6,566	4,128

(Consolidated Statements of Comprehensive Income)

Amount: millions of yen

	FY2015 first half (Six months ended June 30, 2015)	FY2016 first half (Six months ended June 30, 2016)
Net Income	6,566	4,129
Other Comprehensive Income		
Net unrealized holding gains on securities	709	(830)
Deferred gains or losses on hedges	(17)	(5)
Foreign currency translation adjustments	(1,385)	(7,547)
Remeasurements of defined benefit plans	3	10
Total other comprehensive income	(690)	(8,373)
Comprehensive Income	5,875	(4,243)
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	5,875	(4,244)
Comprehensive income attributable to non-controlling interests	0	0

(3) Consolidated Statements of Cash Flows

Amount: millions of yen

	FY2015 first half (Six months ended June 30, 2015)	FY2016 first half (Six months ended June 30, 2016)
Cash Flows from Operating Activities:		
Income before income taxes	10,512	6,514
Depreciation expense	2,637	3,215
Loss on impairment of fixed assets	93	―
Amortization of goodwill	57	71
Increase (decrease) in allowance for doubtful accounts	(214)	(47)
Increase (decrease) in net defined benefit liability	(43)	(44)
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	(57)	(94)
Interest and dividend income	(244)	(166)
Interest expense	392	273
Foreign exchange losses (gains)	15	30
Loss (gain) on sales of fixed assets	(4)	(2)
Loss on disposal of fixed assets	3	160
Decrease (increase) in trade notes and accounts receivable	5,287	3,457
Decrease (increase) in inventories	(782)	(1,830)
Increase (decrease) in trade notes and accounts payable	672	(481)
Other, net	(3,031)	(1,341)
Subtotal	15,293	9,713
Interest and dividends received	245	167
Interest paid	(347)	(261)
Income taxes (paid) refund	(5,088)	(3,632)
Net Cash Provided by (used in) Operating Activities	10,103	5,987
Cash Flows from Investing Activities:		
Increase in time deposits	(1,634)	(1,829)
Decrease in time deposits	1,718	1,613
Decrease in time deposits restricted for use	32	32
Payments for purchase of marketable securities	(1,000)	(101)
Proceeds from sales or redemption of marketable securities	1,902	1,212
Payments for purchase of property, plant and equipment	(7,832)	(5,802)
Proceeds from sales of property, plant and equipment	42	5
Payments for purchase of intangibles	(630)	(162)
Payments for purchase of investment securities	(590)	(9)
Proceeds from sales or redemption of investment securities	0	1
Payments of loans receivable	(7)	(16)
Collection of loans receivable	26	13
Other, net	(3)	(28)
Net Cash Provided by (used in) Investing Activities	(7,974)	(5,071)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	726	364
Increase in long-term debt	276	1,964
Repayments of long-term debt	(454)	(500)
Repayments on finance lease obligations	(87)	(107)
Proceeds from share issuance to non-controlling shareholders	―	60
Net decrease (increase) of treasury stock	(999)	0
Cash dividends paid	(1,775)	(1,721)
Net Cash Provided by (used in) Financing Activities	(2,313)	59
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(325)	(1,115)
Net Increase (Decrease) in Cash and Cash Equivalents	(508)	(139)
Cash and Cash Equivalents at Beginning of Period	51,109	47,859
Increase (Decrease) in Cash and Cash Equivalents Resulting from Change of Scope of Consolidation	446	―
Cash and Cash Equivalents at End of Period	51,047	47,719

4. Supplemental Information

HORIBA, Ltd. Financial Highlights for the Six Months Ended June 30, 2016

1. Consolidated Financial Results

Amount: millions of yen

	12/2016 Result	12/2015 Result	Changes		**12/2016 Forecast**	12/2015 Result	Changes	
	1st half	1st half	Amount	Ratio	**Full year**	Full year	Amount	Ratio
Net Sales	**79,984**	81,084	-1,100	-1.4%	**170,000**	171,916	-1,916	-1.1%
Operating Income	**7,778**	11,018	-3,239	-29.4%	**17,500**	20,142	-2,642	-13.1%
Operating Income Ratio	***9.7%***	*13.6%*	*-3.9P*		***10.3%***	*11.7%*	*-1.4P*	
Ordinary Income	**7,597**	10,716	-3,119	-29.1%	**17,000**	19,639	-2,639	-13.4%
Ordinary Income Ratio	***9.5%***	*13.2%*	*-3.7P*		***10.0%***	*11.4%*	*-1.4P*	
Net Income attributable to Owners of Parent	**4,128**	6,566	-2,438	-37.1%	**10,800**	13,282	-2,482	-18.7%
Net Income Ratio	***5.2%***	*8.1%*	*-2.9P*		***6.4%***	*7.7%*	*-1.3P*	
US$	**111.70**	120.30	-8.60		**108.00**	121.10	-13.10	
Euro	**124.52**	134.10	-9.58		**120.00**	134.31	-14.31	

2. Consolidated Segment Results

Amount: millions of yen

Net Sales	**12/2016 Result**	12/2015 Result	Changes		**12/2016 Forecast**	12/2015 Result	Changes	
	1st half	1st half	Amount	Ratio	**Full year**	Full year	Amount	Ratio
Automotive	**28,128**	26,689	+1,439	+5.4%	**65,000**	65,436	-436	-0.7%
Process&Environmental	**7,798**	8,218	-419	-5.1%	**16,500**	16,708	-208	-1.2%
Medical	**13,800**	13,953	-153	-1.1%	**26,500**	27,669	-1,169	-4.2%
Semiconductor	**17,895**	19,101	-1,205	-6.3%	**35,000**	35,353	-353	-1.0%
Scientific	**12,361**	13,122	-760	-5.8%	**27,000**	26,748	+251	+0.9%
Total	**79,984**	81,084	-1,100	-1.4%	**170,000**	171,916	-1,916	-1.1%

Operating Income	**12/2016 Result**	12/2015 Result	Changes		**12/2016 Forecast**	12/2015 Result	Changes	
	1st half	1st half	Amount	Ratio	**Full year**	Full year	Amount	Ratio
Automotive	**554**	2,990	-2,436	-81.5%	**4,000**	5,200	-1,200	-23.1%
Process&Environmental	**867**	947	-80	-8.5%	**1,300**	1,756	-456	-26.0%
Medical	**1,593**	1,309	+284	+21.7%	**2,500**	2,558	-58	-2.3%
Semiconductor	**4,483**	5,166	-683	-13.2%	**8,700**	9,429	-729	-7.7%
Scientific	**280**	603	-323	-53.6%	**1,000**	1,197	-197	-16.5%
Total	**7,778**	11,018	-3,239	-29.4%	**17,500**	20,142	-2,642	-13.1%

(Note) The Company and its domestic consolidated subsidiaries had formerly recognized revenue mainly on a shipping basis. However, starting from the fiscal year 2016, the Company and its domestic consolidated subsidiaries have changed to revenue recognition method on a completion date of installation or a delivery date basis under the terms and conditions of contracts. Accordingly the amounts of fiscal year ended December 31, 2015 are calculated based on the retrospectively-restated amounts.

3. Consolidated Segment Sales by Destination

Amount: millions of yen

	12/2016 Result	12/2015 Result	Changes		12/2016 Forecast	12/2015 Result	Changes	
	1st half	1st half	Amount	Ratio	Full year	Full year	Amount	Ratio
Automotive	**28,128**	26,689	+1,439	+5.4%	**65,000**	65,436	-436	-0.7%
Japan	**10,987**	9,971	+1,015	+10.2%	**18,800**	17,782	+1,017	+5.7%
Asia	**5,959**	7,577	-1,618	-21.4%	**15,300**	17,371	-2,071	-11.9%
Americas(*)	**3,755**	4,058	-302	-7.5%	**9,300**	10,477	-1,177	-11.2%
Europe	**7,426**	5,081	+2,344	+46.1%	**21,600**	19,805	+1,794	+9.1%
Process&Environmental	**7,798**	8,218	-419	-5.1%	**16,500**	16,708	-208	-1.2%
Japan	**4,478**	4,401	+77	+1.8%	**9,000**	8,352	+647	+7.7%
Asia	**965**	1,646	-680	-41.3%	**2,700**	3,517	-817	-23.2%
Americas(*)	**1,471**	1,184	+286	+24.2%	**3,000**	2,567	+432	+16.8%
Europe	**883**	986	-102	-10.4%	**1,800**	2,270	-470	-20.7%
Medical	**13,800**	13,953	-153	-1.1%	**26,500**	27,669	-1,169	-4.2%
Japan	**2,991**	3,078	-87	-2.8%	**5,800**	5,950	-150	-2.5%
Asia	**2,593**	2,147	+445	+20.7%	**4,900**	4,326	+573	+13.2%
Americas(*)	**3,229**	3,416	-187	-5.5%	**6,200**	6,813	-613	-9.0%
Europe	**4,986**	5,310	-324	-6.1%	**9,600**	10,578	-978	-9.2%
Semiconductor	**17,895**	19,101	-1,205	-6.3%	**35,000**	35,353	-353	-1.0%
Japan	**6,814**	6,819	-4	-0.1%	**13,500**	13,071	+428	+3.3%
Asia	**7,323**	7,866	-542	-6.9%	**11,600**	14,147	-2,547	-18.0%
Americas(*)	**2,810**	3,435	-625	-18.2%	**8,400**	6,368	+2,031	+31.9%
Europe	**946**	979	-33	-3.4%	**1,500**	1,766	-266	-15.1%
Scientific	**12,361**	13,122	-760	-5.8%	**27,000**	26,748	+251	+0.9%
Japan	**3,670**	3,617	+52	+1.5%	**8,000**	6,992	+1,007	+14.4%
Asia	**3,079**	2,980	+99	+3.3%	**6,200**	6,207	-7	-0.1%
Americas(*)	**2,955**	3,321	-366	-11.0%	**6,600**	7,048	-448	-6.4%
Europe	**2,655**	3,202	-546	-17.1%	**6,200**	6,499	-299	-4.6%
Total	**79,984**	81,084	-1,100	-1.4%	**170,000**	171,916	-1,916	-1.1%
Japan	**28,943**	27,889	+1,053	+3.8%	**55,100**	52,148	+2,951	+5.7%
Asia	**19,920**	22,218	-2,297	-10.3%	**40,700**	45,571	-4,871	-10.7%
Americas(*)	**14,221**	15,417	-1,195	-7.8%	**33,500**	33,276	+223	+0.7%
Europe	**16,898**	15,560	+1,338	+8.6%	**40,700**	40,919	-219	-0.5%

(Note) Americas includes all countries in North America and South America.

4. Capital Expenditures, Depreciation and R&D Expenses

Amount: millions of yen

	12/2016		12/2015	
	1st half Result	Full-year Forecast	1st half Result	Full-year Result
Capital Expenditures (*)	5,798	16,000	7,486	16,309
Depreciation	3,287	6,500	2,695	6,110
R&D Expenses	6,320	13,000	5,907	12,341

(Note) Capital Expenditures are investments in tangible and intangible fixed assets.

5. Consolidated Financial Results (Quarterly Comparison)

Amount: millions of yen

	12/2016			12/2015 Result			
	1Q Result	2Q Result	2H Forecast	1Q	2Q	3Q	4Q
Net Sales	41,270	38,713	90,015	43,049	38,034	39,277	51,554
Operating Income	5,172	2,606	9,721	6,982	4,035	2,869	6,254
Operating Income Ratio	*12.5%*	*6.7%*	*10.8%*	*16.2%*	*10.6%*	*7.3%*	*12.1%*
Ordinary Income	5,100	2,496	9,402	6,666	4,050	2,736	6,186
Ordinary Income Ratio	*12.4%*	*6.4%*	*10.4%*	*15.5%*	*10.6%*	*7.0%*	*12.0%*
Net Income attributable to Owners of Parent	3,181	946	6,671	4,078	2,487	2,133	4,582
Net Income Ratio	*7.7%*	*2.4%*	*7.4%*	*9.5%*	*6.5%*	*5.4%*	*8.9%*
US$	115.35	108.05	105.00	119.16	121.44	122.34	121.46
Euro	127.15	121.89	115.00	134.00	134.20	136.02	133.02

6. Consolidated Segment Results (Quarterly Comparison)

Amount: millions of yen

Net Sales	12/2016			12/2015 Result			
	1Q Result	2Q Result	2H Forecast	1Q	2Q	3Q	4Q
Automotive	14,964	13,164	36,871	14,177	12,511	14,040	24,707
Process&Environmental	4,157	3,641	8,701	4,291	3,926	3,685	4,804
Medical	6,939	6,860	12,699	7,283	6,670	6,823	6,891
Semiconductor	8,689	9,205	17,104	10,307	8,794	8,618	7,633
Scientific	6,519	5,841	14,638	6,989	6,132	6,109	7,517
Total	41,270	38,713	90,015	43,049	38,034	39,277	51,554

Operating Income	12/2016			12/2015 Result			
	1Q Result	2Q Result	2H Forecast	1Q	2Q	3Q	4Q
Automotive	1,124	(570)	3,445	2,227	762	(552)	2,762
Process&Environmental	666	200	432	652	295	215	593
Medical	828	764	906	820	489	717	532
Semiconductor	2,329	2,153	4,216	2,752	2,414	2,454	1,808
Scientific	222	57	719	530	73	35	557
Total	5,172	2,606	9,721	6,982	4,035	2,869	6,254

7. Consolidated Orders and Backlog Information (Quarterly Comparison)

Amount: millions of yen

Orders	12/2016			12/2015 Result			
	1Q Result	2Q Result	2H Forecast	1Q	2Q	3Q	4Q
Automotive	12,316	14,777	-	13,006	15,383	16,254	16,246
Process&Environmental	3,447	4,111	-	4,028	4,829	3,594	4,159
Medical	7,654	6,465	-	7,468	7,904	6,260	7,170
Semiconductor	9,563	9,659	-	9,670	9,203	7,865	6,999
Scientific	5,623	5,358	-	5,740	6,519	6,709	7,517
Total	38,605	40,372	-	39,914	43,840	40,684	42,093

Backlog	12/2016			12/2015 Result			
	1Q Result	2Q Result	2H Forecast	1Q	2Q	3Q	4Q
Automotive	40,566	42,180	-	41,231	44,103	51,675	43,215
Process&Environmental	4,106	4,576	-	4,648	5,551	5,460	4,815
Medical	4,353	3,958	-	2,688	3,922	3,359	3,638
Semiconductor	4,018	4,467	-	4,119	4,528	3,775	3,140
Scientific	8,343	7,863	-	8,255	8,641	9,242	9,243
Total	61,387	63,046	-	60,942	66,747	73,513	64,052

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