

**Summary of Consolidated Financial Statements for the Year Ended December 31, 2017
(Japanese GAAP)**

February 13, 2018

Company name **HORIBA, Ltd.** Listed stock exchanges: Tokyo
 Listing code 6856 URL: <http://www.horiba.com>
 Representative Atsushi Horiba, Chairman & Group CEO TEL: (81)75-313-8121
 Contact Junichi Tajika, Department Manager, General Administration Division, Accounting Dept.
 Scheduled date of start of dividend payment: March 5, 2018

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

1. Consolidated Results for the Year Ended December 31, 2017 (January 1, 2017 - December 31, 2017)

(1) Consolidated Operating Results (Percentages represent changes from 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	%
Year ended 12/31/17	195,399	14.9	26,834	45.1	26,608	45.6	16,281	25.6
Year ended 12/31/16	170,093	-1.1	18,499	-8.2	18,279	-6.9	12,962	-2.4

(Note) Comprehensive Income: FY2017 21,589 million yen 144.6%, FY2016 8,826 million yen -12.6%

	Net Income attributable to Owners of Parent per Share	Net Income attributable to Owners of Parent per Share (Diluted)	Return on Equity	Ordinary Income to Total Assets	Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended 12/31/17	386.30	384.67	11.5	10.5	13.7
Year ended 12/31/16	307.74	306.38	10.0	7.7	10.9

(Reference) Equity in earnings of affiliates: FY2017 - million yen, FY2016 - million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Millions of yen	Millions of yen	%	Yen
As of 12/31/17	265,920	150,866	56.5	3,565.00
As of 12/31/16	239,657	133,191	55.4	3,148.70

(Reference) Net assets excluding subscription rights to shares and non-controlling interests:

As of December 31, 2017: 150,282million yen; As of December 31, 2016: 132,654 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended 12/31/17	28,287	(13,167)	(9,044)	58,333
Year ended 12/31/16	15,871	(10,427)	(451)	51,940

2. Dividends

	Dividend per share					Total Dividends (Annual)	Payout Ratio (Consolidated)	Dividends to Net Assets (Consolidated)
	First quarter	Second quarter	Third quarter	Year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended 12/31/16	-	30.00	-	55.00	85.00	3,581	27.6	2.7
Year ended 12/31/17	-	40.00	-	76.00	116.00	4,889	30.0	3.5
Year ending 12/31/18 (Forecast)	-	50.00	-	70.00	120.00		26.6	

3. Consolidated Forecast for the Year Ending December 31, 2018 (January 1, 2018 - December 31, 2018)

(Percentages represent changes from the same period in the previous year)

	Net Sales		Operating Income		Ordinary Income		Net Income attributable to Owners of Parent		Net Income attributable to Owners of Parent per Share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
First half	96,000	9.9	11,800	21.6	11,500	20.2	7,700	19.2	182.66
Full year	210,000	7.5	29,000	8.1	28,400	6.7	19,000	16.7	450.72

Notes

(1) Changes in significant subsidiaries during the period

(Changes in specified subsidiaries that caused a change in the scope of consolidation): Yes

New One company (Company name: HORIBA Americas Holding Incorporated)

Excluded One company (Company name: HORIBA International Corporation)

(2) Changes in accounting policies, accounting estimates and retrospective restatement

① Changes in accounting policies associated with revision of accounting standards: None

② Changes in accounting policies arising from other than the above: None

③ Changes in accounting estimates: None

④ Retrospective restatement: None

(3) Number of shares outstanding (common stock)

	<u>December 31, 2017</u>	<u>December 31, 2016</u>
① Shares issued (including treasury stock)	42,532,752	42,532,752
② Treasury stock	377,723	402,986
③ The average number of outstanding shares during Jan. - Dec. in FY2017 and FY2016	42,149,032	42,121,274

Note 1. This consolidated financial report is not subject to audit procedures.

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.

1. Qualitative Information Concerning Consolidated Results

(1) Information Concerning Consolidated Operating Results

(For details, see page 15, “5. Supplemental Information - HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2017”)

With regard to the global economy in the fiscal year ended December 31, 2017, the United States continued its economic recovery, on the back of an improvement in the employment environment. In Europe, a modest economic recovery was sustained despite some impacts from geopolitical risks and uncertainties over policies. Among emerging countries, China's economy is improved with support by various government policies, and India's economy is improved as well by domestic demand.

In Japan, a corporate earnings upswing combined with a better employment environment and healthier consumer spending status contributed to a moderate economic recovery trend.

The annual average exchange rates for 2017 were 112.16 yen against the U.S. dollar and 126.70 yen against the euro, representing year-on-year depreciation of 3.0% against the U.S. dollar and depreciation of 5.1% against the euro.

In the analytical and measurement equipment industry, investment by semiconductor manufactures remained at a high level throughout the year, following the trend in fiscal 2016, and demand for semiconductor production equipment expanded, on the back of an increase in demand for semiconductors such as memory stemming from the increasing data processed in data center and the spread of AI and IoT.

In the automotive industry, against the backdrop of the introduction of new emission gas regulations in Europe and the planned introduction of new regulations in Japan in 2018, demand for emission measurement systems has expanded. In addition, there were rising expectations for next-generation mobility incorporating vehicle electrification, as exemplified by hybrid and electric vehicles, and automatic driving technology. This has led automakers and related institutions to be more aggressive in their capital expenditure and R&D investment.

In the scientific analysis equipment industry, demand in general was sluggish but demand for leading-edge scientific analysis equipment was at a high level in China. At the same time, demand improved somewhat in the second half of 2017, mainly in Europe and the United States.

Under such business environment, HORIBA, Ltd. (“the Company”) and its consolidated subsidiaries (together “the HORIBA Group” or “HORIBA” as a consolidated group), implemented the following measures to strengthen each segment in the current fiscal year.

In the Automotive Test Systems segment, we invested aggressively in the ECT (Engineering Consultancy & Testing) business, which we acquired from MIRA Ltd. (U.K.) in 2015 with the aim of expanding into business fields such as the development of next-generation mobility, including self-driving technology. HORIBA MIRA, Ltd. (“HORIBA MIRA”) began operation of its AETC (Advanced Emissions Test Centre) to cope with the introduction of emission gas regulations in real-driving testing. Moreover, HORIBA BIWAKO E-HARBOR, the Biwako factory in Japan which began full operation in 2016, addressed the growing demand driven by emission gas regulations, by raising its productive efficiency.

In the Process & Environmental Instruments & Systems segment, HORIBA Instruments Incorporated (U.S.) moved and expanded its Houston plant for process measurement equipment business in Texas in the U.S., with the aim of increasing business in the oil refining market. Targeting for business expansion in Asia, we enhanced our capability to propose analytical and measurement solutions that contribute to enhanced environmental regulations and better local environment in each region.

In the Medical-Diagnostic Instruments & Systems segment, we launched new products which we developed in France and Japan in the hematology sector. At the same time, we entered into a business alliance with Siemens Healthcare Diagnostics Inc. as a foothold into a new market, thereby accelerating our business expansion strategy in the hematology field.

In the Semiconductor Instruments & Systems segment, HORIBA STEC, Co., Ltd. completed the construction of the Aso Factory aimed at capacity expansion, in order to respond to an increase in demand for semiconductor production equipment, and prepared for increased production of mass flow controllers, one of the segment's major products. HORIBA STEC KOREA, Ltd. also moved and expanded its head office to enhance the customer support and service organization.

In the Scientific Instruments & Systems segment, we strengthened the sales organization for products such as Raman spectrometers used in universities and academic institutions in China. In addition, we applied existing technology to the development of business in new markets. The segment sought to mutually utilize its technology resources and customer networks with other business segments and focused on growing its customer base.

Furthermore, in order to strengthen the water measurement-related business, which has been promoted as one of the priority initiatives in the Company's Mid-Long Term Management Plan "MLMAP2020," development and production resources which had been dispersed in the Company and HORIBA Advanced Techno have been integrated into HORIBA Advanced Techno. We will seek to grow this business and strengthen its brand power globally. In addition, with the aim at accelerating business growth and improving asset efficiency at the same time, HORIBA's management indices to measure asset efficiency were introduced and have been thoroughly implemented by all Group companies.

Due to those measures and as a result of sales efforts, HORIBA increased net sales of 195,399 million yen (up 14.9% y-o-y), operating income of 26,834 million yen (up 45.1%), ordinary income of 26,608 million yen (up 45.6%), and net income attributable to owners of parent of 16,281 million yen (up 25.6%).

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

(Automotive Test Systems)

Sales of emission measurement systems and the MCT (Mechatronics) sales increased. As a result, segment sales increased by 17.9% y-o-y to 73,360 million yen and operating income surged by 117.6% to 7,680 million yen.

(Process & Environmental Instruments & Systems)

While the process measurement equipment business in the Americas was sluggish, sales of stack gas analyzers to power plants and factories were robust in Japan and China. As a result, segment sales increased by 4.1% y-o-y to 17,433 million yen. Operating income, however, decreased by 29.0% to 1,094 million yen due to a decrease in sales in the process measurement equipment business in the Americas, and other factors.

(Medical-Diagnostic Instruments & Systems)

Sales were sluggish in the Americas. Consequently, segment sales decreased by 5.2% y-o-y to 25,187 million yen, and operating income was down 31.6% to 1,918 million yen.

(Semiconductor Instruments & Systems)

Along with the high-level capital investment by semiconductor manufacturers, sales to semiconductor production equipment manufacturers increased significantly. As a result, segment sales increased by 37.3% y-o-y to 53,300 million yen and operating income surged by 61.1% to 15,642 million yen.

(Scientific Instruments & Systems)

While sales in Japan and Europe were sluggish, sales in Asia and the Americas were solid. Consequently, segment sales increased by 1.5% y-o-y to 26,117 million yen but operating income decreased by 47.2% to 498 million yen, due to an increase in R&D expenses.

(2) Information Concerning Consolidated Earnings Forecasts for FY2018

Regarding the global economic outlook for the next fiscal year, the United States is expected to continue its steady economic recovery, although caution is warranted concerning future policy direction and impact. In Europe, while uncertainties over the U.K.'s decision to leave the EU (Brexit) and uncertainty of other policies may have some impacts, the moderate economic recovery is likely to continue. In China and other emerging economies, we will keep an eye on the potential impact of uncertainties over policies and fluctuation in the financial and capital markets.

In Japan, the economy is likely to recover moderately, driven by a continued improvement in the employment and income environment. However, caution is again required concerning overseas economic uncertainties and the potential impact of fluctuation in the financial and capital markets.

Based on such economic outlook, HORIBA's forecasts for fiscal 2018 are shown as below.

Our assumed foreign exchange rates are 110 yen against the U.S. dollar (vs. 112.16 yen in fiscal 2017) and 130 yen against the euro (vs. 126.70 yen in fiscal 2017).

Net sales of 210,000 million yen (up 7.5% y-o-y)

In the Automotive Test Systems segment, along with tighter emission gas regulations, sales of emission measurement systems are likely to be firm, while sales in the ECT business are also projected to increase in the next-generation mobility development field.

In the Semiconductor Instruments & Systems segment, demand for semiconductor production equipment is projected to remain at a high level, while sales are also projected to increase for the year.

In the Medical-Diagnostic Instruments & Systems segment, the launch of new products is expected to contribute to steady sales for the year.

In the Process & Environmental Instruments & Systems segment and the Scientific Instruments & Systems segment, demand is expected to recover in the Americas for the former segment and mainly in Japan for the latter segment.

As a result, we forecast an increase by 14,600 million yen in net sales from the fiscal 2017 to 210,000 million yen.

Operating income of 29,000 million yen (up 8.1% y-o-y)

In the Automotive Test Systems segment, we expect segment operating income to increase, contributed by sales growth of the ECT business.

The Semiconductor Instruments & Systems segment is also expected to increase operating income thanks to sales gain in products such as mass flow controllers for semiconductor production equipment. As a result, operating income is expected to increase by 2,165 million yen from the fiscal 2017 to 29,000 million yen.

Ordinary income of 28,400 million yen (up 6.7% y-o-y)

HORIBA's forecasts incorporate a net non-operating loss of 600 million yen (compared to a net non-operating loss of 225 million yen in fiscal 2017), assuming foreign exchange losses and some uncertain non-operating expenses. As a result, ordinary income is expected to increase by 1,791 million yen from the fiscal 2017 to 28,400 million yen.

Net income attributable to owners of parent of 19,000 million yen (up 16.7% y-o-y)

In addition to an increase in ordinary income, net extraordinary loss of 200 million yen (compared to a net extraordinary loss of 2,223 million yen in fiscal 2017) is expected by assuming the generation of some extraordinary losses. As a result, net income attributable to owners of parent is forecast to increase by 2,718 million yen from the fiscal 2017 to 19,000 million yen.

Note: 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.

(3) Basic Policy for Profit Distribution and Dividends for the Year Ended December 31, 2017 and the Year Ending December 31, 2018

HORIBA's shareholder return policy is to set the total returns to shareholders (the combined amount of dividend payments and share buybacks) at approximately 30% of consolidated net income attributable to owners of parent.

With regard to the dividends for the year ended December 31, 2017, we have decided to pay a year-end dividend of 76 yen per share. Combined with the interim dividend that has been paid out, the annual dividend is 116 yen.

As regards the dividend forecast for the fiscal year ending December 31, 2018, we expect to increase the annual dividend by 4 yen from the fiscal 2017 to 120 yen (Interim dividend is 50 yen).

The Company will continue to focus on improving corporate value through profit growth by investing internal reserves in growth areas in an effective manner, and it will make profit returns to shareholders that are linked to consolidated earnings.

2. Basic policy on selection of accounting standard

The HORIBA Group prepares its consolidated financial statements in accordance with General Accepted Accounting Principles in Japan ("JGAAP"), as it allows comparison between different periods and companies. Concerning adoption of the International Financial Reporting Standards (IFRS), HORIBA intends to appropriately respond with due consideration to various circumstances in Japan and abroad and expected clerical costs.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

Amount: millions of yen

	FY2016 (As of December 31, 2016)	FY2017 (As of December 31, 2017)
Assets		
Current Assets:		
Cash and bank deposits	52,272	58,995
Trade notes and accounts receivable	53,724	60,152
Marketable securities	1,178	1,902
Merchandise and finished goods	15,118	16,512
Work in process	14,543	16,396
Raw materials and supplies	10,626	12,665
Deferred tax assets	4,160	4,331
Other current assets	6,029	7,321
Allowance for doubtful accounts	(842)	(788)
Total Current Assets	156,812	177,487
Fixed Assets:		
Property, Plant and Equipment:		
Buildings and structures, net	32,966	36,900
Machinery, equipment and vehicles, net	8,837	10,776
Land	13,065	13,736
Construction in progress	3,453	3,468
Other property, plant and equipment, net	3,654	3,818
Total Property, Plant and Equipment	61,977	68,701
Intangibles:		
Goodwill	387	194
Software	4,082	3,298
Other intangibles	3,453	904
Total Intangibles	7,923	4,397
Investments and Other Non-Current Assets:		
Investment securities	8,519	11,000
Deferred tax assets	1,726	1,549
Other investments and other assets	2,764	2,861
Allowance for doubtful accounts	(66)	(77)
Total Investments and Other Non-Current Assets	12,943	15,334
Total Fixed Assets	82,844	88,432
Total Assets	239,657	265,920

Amount: millions of yen

	FY2016 (As of December 31, 2016)	FY2017 (As of December 31, 2017)
Liabilities		
Current Liabilities:		
Trade notes and accounts payable	20,013	23,272
Short-term loans payable	12,463	8,352
Accounts payable - other	14,041	14,888
Accrued income taxes	1,838	6,277
Advances Received	10,162	13,519
Deferred tax liabilities	76	61
Accrued bonuses to employees	914	1,464
Accrued bonuses to directors and corporate auditors	58	63
Reserve for product warranty	1,672	1,932
Provision for loss on disaster	227	49
Other current liabilities	4,607	4,496
Total Current Liabilities	66,076	74,378
Non-Current Liabilities:		
Corporate bonds	15,000	15,000
Long-term loans payable	19,255	18,704
Deferred tax liabilities	931	2,036
Net defined benefit liability	2,191	2,145
Provision for loss on dissolution of the employees' pension fund	1,247	640
Other non-current liabilities	1,763	2,149
Total Non-Current Liabilities	40,389	40,675
Total Liabilities	106,466	115,054
Net Assets		
Shareholders' Equity		
Common stock	12,011	12,011
Capital surplus	18,717	18,717
Retained earnings	103,104	115,345
Treasury stock	(1,588)	(1,488)
Total Shareholders' Equity	132,244	144,585
Accumulated Other Comprehensive Income		
Net unrealized holding gains on securities	2,928	4,636
Foreign currency translation adjustments	(2,297)	1,151
Remeasurements of defined benefit plans	(221)	(90)
Total Accumulated Other Comprehensive Income	409	5,697
Subscription Rights to Shares	466	492
Non-controlling Interests	71	90
Total Net Assets	133,191	150,866
Total Liabilities and Net Assets	239,657	265,920

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

Amount: millions of yen

	FY2016 (For the year ended December 31, 2016)	FY2017 (For the year ended December 31, 2017)
Net Sales	170,093	195,399
Cost of Sales	100,339	112,107
Gross Income	69,754	83,291
Selling, General and Administrative Expenses	51,254	56,457
Operating Income	18,499	26,834
Non-Operating Income		
Interest income	144	104
Dividend income	150	176
Subsidy income	149	81
Other	211	242
Total non-operating income	655	604
Non-Operating Expense		
Interest expense	574	428
Foreign exchange losses	206	296
Other	95	104
Total non-operating expense	875	829
Ordinary Income	18,279	26,608
Extraordinary Gain		
Gain on sales of fixed assets	33	58
Gain on sales of investment securities	0	0
Gain on sales of subsidiaries and affiliates' stocks	240	-
Reversal of provision for loss on dissolution of the employees' pension fund	-	455
Reversal of foreign currency translation adjustment	113	-
Insurance income	139	-
Total extraordinary gain	527	514
Extraordinary Loss		
Loss on sales of fixed assets	0	2
Loss on disposal of fixed assets	219	199
Impairment loss	-	2,526
Loss on valuation of investment securities	68	9
Provision for loss on dissolution of the employees' pension fund	177	-
Loss on disaster	1,098	-
Total extraordinary loss	1,563	2,738
Income before Income Taxes	17,243	24,385
Income taxes (current)	3,372	7,647
Income taxes (deferred)	906	439
Total income taxes	4,278	8,086
Net Income	12,964	16,298
Profit attributable to non-controlling interests	1	16
Net Income attributable to Owners of Parent	12,962	16,281

(Consolidated Statements of Comprehensive Income)

Amount: millions of yen

	FY2016 (For the year ended December 31, 2016)	FY2017 (For the year ended December 31, 2017)
Net Income	12,964	16,298
Other Comprehensive Income		
Net unrealized holding gains on securities	304	1,708
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustments	(4,153)	3,452
Remeasurements of defined benefit plans	(288)	130
Total other comprehensive income	(4,137)	5,291
Comprehensive Income	8,826	21,589
(Breakdown of comprehensive income)		
Comprehensive income attributable to owners of parent	8,828	21,570
Comprehensive income attributable to non-controlling interests	(1)	19

(3) Consolidated Statements of Changes in Net Assets

FY2016 (For the year ended December 31, 2016)

Amount: Millions of yen

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	12,011	18,717	93,232	(1,730)	122,230
Changes during the period					
Dividend from earnings			(3,031)		(3,031)
Net Income attributable to Owners of Parent			12,962		12,962
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(58)	142	83
Others					
Total changes during the period	-	-	9,871	141	10,013
Ending balance	12,011	18,717	103,104	(1,588)	132,244

	Accumulated Other Comprehensive Income					Subscription Rights to Shares	Non-controlling Interests	Total Net Assets
	Net unrealized holding gains on securities	Deferred gains or losses on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Beginning balance	2,624	(0)	1,852	66	4,543	469	0	127,243
Changes during the period								
Dividend from earnings								(3,031)
Net Income attributable to Owners of Parent								12,962
Purchase of treasury stock								(0)
Disposal of treasury stock								83
Others	304	0	(4,150)	(288)	(4,134)	(2)	71	(4,066)
Total changes during the period	304	0	(4,150)	(288)	(4,134)	(2)	71	5,947
Ending balance	2,928	-	(2,297)	(221)	409	466	71	133,191

FY2017 (For the year ended December 31, 2017)

Amount: Millions of yen

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' Equity
Beginning balance	12,011	18,717	103,104	(1,588)	132,244
Changes during the period					
Dividend from earnings			(4,003)		(4,003)
Net Income attributable to Owners of Parent			16,281		16,281
Purchase of treasury stock				(0)	(0)
Disposal of treasury stock			(37)	99	62
Others					
Total changes during the period	-	-	12,240	99	12,340
Ending balance	12,011	18,717	115,345	(1,488)	144,585

	Accumulated Other Comprehensive Income				Subscription Rights to Shares	Non-controlling Interests	Total Net Assets
	Net unrealized holding gains on securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total Accumulated Other Comprehensive Income			
Beginning balance	2,928	(2,297)	(221)	409	466	71	133,191
Changes during the period							
Dividend from earnings							(4,003)
Net Income attributable to Owners of Parent							16,281
Purchase of treasury stock							(0)
Disposal of treasury stock							62
Others	1,708	3,449	130	5,288	26	19	5,334
Total changes during the period	1,708	3,449	130	5,288	26	19	17,674
Ending balance	4,636	1,151	(90)	5,697	492	90	150,866

(4) Consolidated Statements of Cash Flows

Amount: millions of yen

	FY2016 (For the year ended December 31, 2016)	FY2017 (For the year ended December 31, 2017)
Cash Flows from Operating Activities:		
Income before income taxes	17,243	24,385
Depreciation expense	6,676	7,387
Loss on impairment of fixed assets	-	2,526
Amortization of goodwill	139	146
Increase (decrease) in allowance for doubtful accounts	110	(75)
Increase (decrease) in net defined benefit liability	349	(190)
Increase (decrease) in provision for loss on dissolution of the employees' pension fund	(19)	(607)
Interest and dividend income	(294)	(280)
Interest expense	574	428
Foreign exchange losses (gains)	42	79
Loss (gain) on sales of fixed assets	(32)	(56)
Loss on disposal of fixed assets	219	199
Loss (gain) on valuation of investment securities	68	9
Loss (gain) on sales of investment securities	(0)	(0)
Decrease (increase) in trade notes and accounts receivable	(5,454)	(4,514)
Decrease (increase) in inventories	(1,461)	(3,633)
Increase (decrease) in trade notes and accounts payable	3,333	2,588
Other, net	837	3,601
Subtotal	22,330	31,996
Interest and dividends received	298	279
Interest paid	(569)	(466)
Income taxes (paid) refund	(6,187)	(3,521)
Net Cash Provided by (used in) Operating Activities	15,871	28,287
Cash Flows from Investing Activities:		
Increase in time deposits	(2,857)	(1,197)
Decrease in time deposits	3,014	1,395
Decrease in time deposits restricted for use	32	32
Payments for purchase of marketable securities	(103)	(1,901)
Proceeds from sales or redemption of marketable securities	1,414	701
Payments for purchase of property, plant and equipment	(13,001)	(11,664)
Proceeds from sales of property, plant and equipment	53	266
Payments for purchase of intangibles	(373)	(354)
Payments for purchase of investment securities	(48)	(22)
Proceeds from sales or redemption of investment securities	4	3
Proceeds from sales or redemption of stocks of subsidiaries and affiliates	256	-
Payments of loans receivable	(27)	(60)
Collection of loans receivable	23	25
Other, net	1,184	(393)
Net Cash Provided by (used in) Investing Activities	(10,427)	(13,167)
Cash Flows from Financing Activities:		
Net increase (decrease) in short-term borrowings	130	(3,839)
Increase in long-term debt	3,690	-
Repayments of long-term debt	(1,078)	(1,039)
Repayments on finance lease obligations	(195)	(163)
Proceeds from share issuance to non-controlling shareholders	60	-
Net decrease (increase) of treasury stock	(0)	(0)
Cash dividends paid	(3,058)	(4,002)
Net Cash Provided by (used in) Financing Activities	(451)	(9,044)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(911)	317
Net Increase (Decrease) in Cash and Cash Equivalents	4,081	6,393
Cash and Cash Equivalents at Beginning of Period	47,859	51,940
Cash and Cash Equivalents at End of Period	51,940	58,333

4. Notes to Consolidated Financial Statements

(1) Significant Items That Form the Basis for Preparation of Consolidated Financial Statements

(Significant Change in Scope of Consolidation)

From the first quarter of fiscal 2017, newly-established HORIBA Americas Holding Incorporated (U.S.) has been included in the scope of consolidation.

On December 31, 2017, HORIBA International Corporation (U.S.) was merged into HORIBA Instruments Incorporated (U.S.). As a result, HORIBA International Corporation (U.S.) was excluded from the scope of consolidation.

(2) Business combination

(Transactions under common control and others)

HORIBA Advanced Techno, a wholly owned subsidiary of the Company, which took over the water quality and liquid analysis instruments and systems business of the company (hereinafter the "water measurement business"), through absorption-type company split approach, since January 1, 2017.

The absorption-type company split was summarized as follows.

(1) Purpose of the company split

The HORIBA Group's water measurement business, represented by pH meters, the Group's mainstay product since the foundation of the Company, had been promoted jointly by the Company and HORIBA Advanced Techno. 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 split its water measurement business and integrated it with HORIBA Advanced Techno in order to develop more market-oriented products, improve customer satisfaction, and enhance market competitiveness and earnings power.

(2) Legal method of business combination

This company split was an absorption-type company split in which HORIBA Advanced Techno was the succeeding company.

(3) Date of business combination

January 1, 2017

(4) Details of allotments relating to the company split

The company owned all shares of HORIBA Advanced Techno and there was no consideration such as allotment of shares or payment of cash due to this company split.

(5) Calculation of allotments relating to the company split

There were no allotments of shares or other assets due to this company split.

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

In accordance with the absorption-type company split agreement, HORIBA Advanced Techno had took over assets, liabilities, other rights and obligations, and contractual status that were 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

(8) Outline of accounting treatment to be applied

Based on the "Accounting Standard for Business Combinations" and the "Guidelines on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," this transfer had been treated as a transaction under common control.

5. Supplemental Information

HORIBA, Ltd. Financial Highlights for the Year Ended December 31, 2017

1. Consolidated Financial Results		Amount: millions of yen							
	12/2016 Result	12/2017 Result	Changes		12/2018 Forecast	Changes	12/2018 Forecast	Changes	
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount	
Net Sales	170,093	195,399	+25,305	+14.9%	210,000	+14,600	96,000	+8,671	
Operating Income	18,499	26,834	+8,334	+45.1%	29,000	+2,165	11,800	+2,098	
<i>Operating Income Ratio</i>	10.9%	13.7%	+2.8P		13.8%	+0.1P	12.3%	+1.2P	
Ordinary Income	18,279	26,608	+8,329	+45.6%	28,400	+1,791	11,500	+1,930	
<i>Ordinary Income Ratio</i>	10.7%	13.6%	+2.9P		13.5%	-0.0P	12.0%	+1.0P	
Net Income attributable to Owners of Parent	12,962	16,281	+3,319	+25.6%	19,000	+2,718	7,700	+1,240	
<i>Net Income Ratio</i>	7.6%	8.3%	+0.7P		9.0%	+0.7P	8.0%	+0.6P	
US\$	108.78	112.16	+3.38		110.00	-2.16	110.00	-2.34	
Euro	120.26	126.70	+6.44		130.00	+3.30	130.00	+8.34	

2. Consolidated Segment Results		Amount: millions of yen							
	12/2016 Result	12/2017 Result	Changes		12/2018 Forecast	Changes	12/2018 Forecast	Changes	
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount	
Net Sales									
Automotive	62,207	73,360	+11,152	+17.9%	79,000	+5,639	33,000	+2,372	
Process&Environmental	16,753	17,433	+680	+4.1%	19,000	+1,566	8,000	-79	
Medical	26,564	25,187	-1,377	-5.2%	26,000	+812	13,000	+650	
Semiconductor	38,828	53,300	+14,471	+37.3%	58,000	+4,699	29,000	+4,241	
Scientific	25,738	26,117	+378	+1.5%	28,000	+1,882	13,000	+1,486	
Total	170,093	195,399	+25,305	+14.9%	210,000	+14,600	96,000	+8,671	
Operating Income									
Automotive	3,529	7,680	+4,150	+117.6%	8,000	+319	2,200	+30	
Process&Environmental	1,540	1,094	-446	-29.0%	1,400	+305	300	-21	
Medical	2,806	1,918	-887	-31.6%	2,000	+81	800	-52	
Semiconductor	9,678	15,642	+5,963	+61.6%	17,000	+1,357	8,500	+1,701	
Scientific	944	498	-445	-47.2%	600	+101	-	+440	
Total	18,499	26,834	+8,334	+45.1%	29,000	+2,165	11,800	+2,098	

3. Consolidated Segment Sales by Destination

Amount: millions of yen

	12/2016		12/2017		12/2018		12/2018	
	Result	Result	Changes		Forecast	Changes	Forecast	Changes
	Full year	Full year	Amount	Ratio	Full year	Amount	1st half	Amount
Automotive	62,207	73,360	+11,152	+17.9%	79,000	+5,639	33,000	+2,372
Japan	19,063	24,561	+5,497	+28.8%	21,500	-3,061	11,500	-1,932
Asia	14,310	16,209	+1,899	+13.3%	19,500	+3,290	6,500	+1,182
Americas(*)	9,192	10,431	+1,239	+13.5%	11,000	+568	4,500	+394
Europe	19,642	22,158	+2,516	+12.8%	27,000	+4,841	10,500	+2,728
Process&Environmental	16,753	17,433	+680	+4.1%	19,000	+1,566	8,000	-79
Japan	9,067	9,387	+320	+3.5%	10,000	+612	4,500	-410
Asia	2,748	3,792	+1,043	+38.0%	4,000	+207	1,500	+129
Americas(*)	2,935	2,058	-876	-29.9%	3,000	+941	1,000	+76
Europe	2,001	2,194	+193	+9.7%	2,000	-194	1,000	+125
Medical	26,564	25,187	-1,377	-5.2%	26,000	+812	13,000	+650
Japan	5,877	5,700	-177	-3.0%	6,000	+299	3,000	+247
Asia	4,852	4,891	+39	+0.8%	5,000	+108	2,500	+46
Americas(*)	6,599	5,510	-1,088	-16.5%	5,500	-10	3,000	+241
Europe	9,235	9,084	-151	-1.6%	9,500	+415	4,500	+114
Semiconductor	38,828	53,300	+14,471	+37.3%	58,000	+4,699	29,000	+4,241
Japan	15,004	18,955	+3,950	+26.3%	21,000	+2,044	10,500	+1,694
Asia	16,969	24,786	+7,817	+46.1%	27,000	+2,213	13,500	+1,848
Americas(*)	4,980	6,896	+1,916	+38.5%	7,000	+103	3,500	+274
Europe	1,874	2,661	+786	+42.0%	3,000	+338	1,500	+424
Scientific	25,738	26,117	+378	+1.5%	28,000	+1,882	13,000	+1,486
Japan	7,509	6,471	-1,037	-13.8%	7,500	+1,028	4,000	+987
Asia	6,082	7,312	+1,230	+20.2%	7,500	+187	3,000	-117
Americas(*)	6,562	7,244	+682	+10.4%	7,500	+255	3,500	+417
Europe	5,584	5,088	-495	-8.9%	5,500	+411	2,500	+198
Total	170,093	195,399	+25,305	+14.9%	210,000	+14,600	96,000	+8,671
Japan	56,522	65,075	+8,553	+15.1%	66,000	+924	33,500	+586
Asia	44,963	56,993	+12,030	+26.8%	63,000	+6,006	27,000	+3,089
Americas(*)	30,270	32,142	+1,872	+6.2%	34,000	+1,857	15,500	+1,404
Europe	38,337	41,187	+2,849	+7.4%	47,000	+5,812	20,000	+3,590

(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		12/2017		12/2018	
	Result	Result	Result	Result	Forecast	Forecast
Capital Expenditures (*)	13,796	11,639	11,639	11,639	16,000	16,000
Depreciation	6,816	7,534	7,534	7,534	7,500	7,500
R&D Expenses	12,933	13,911	13,911	13,911	15,500	15,500

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

5. Consolidated Financial Results (Quarterly Comparison)

Amount: millions of yen

	12/2016 Result				12/2017 Result			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	41,270	38,713	36,917	53,191	45,668	41,660	44,961	63,109
Operating Income	5,172	2,606	2,880	7,840	6,185	3,516	4,911	12,221
<i>Operating Income Ratio</i>	12.5%	6.7%	7.8%	14.7%	13.5%	8.4%	10.9%	19.4%
Ordinary Income	5,100	2,496	2,744	7,937	6,041	3,528	4,780	12,258
<i>Ordinary Income Ratio</i>	12.4%	6.4%	7.4%	14.9%	13.2%	8.5%	10.6%	19.4%
Net Income attributable to Owners of Parent	3,181	946	3,153	5,680	3,778	2,681	4,325	5,496
<i>Net Income Ratio</i>	7.7%	2.4%	8.5%	10.7%	8.3%	6.4%	9.6%	8.7%
US\$	115.35	108.05	102.31	109.41	113.60	111.08	110.99	112.97
Euro	127.15	121.89	114.14	117.86	121.05	122.27	130.42	133.06

6. Consolidated Segment Results (Quarterly Comparison)

Amount: millions of yen

	12/2016 Result				12/2017 Result			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales								
Automotive	14,964	13,164	11,298	22,781	17,317	13,309	14,736	27,996
Process&Environmental	4,157	3,641	4,010	4,943	4,194	3,884	3,955	5,398
Medical	6,939	6,860	5,975	6,789	6,049	6,299	6,170	6,666
Semiconductor	8,689	9,205	9,865	11,068	12,261	12,497	13,837	14,703
Scientific	6,519	5,841	5,767	7,609	5,845	5,668	6,260	8,343
Total	41,270	38,713	36,917	53,191	45,668	41,660	44,961	63,109
Operating Income								
Automotive	1,124	(570)	(490)	3,466	2,103	65	114	5,396
Process&Environmental	666	200	254	418	173	147	100	672
Medical	828	764	628	584	469	383	383	682
Semiconductor	2,329	2,153	2,666	2,528	3,499	3,299	4,364	4,479
Scientific	222	57	(177)	841	(61)	(379)	(51)	991
Total	5,172	2,606	2,880	7,840	6,185	3,516	4,911	12,221

7. Consolidated Orders and Backlog Information (Quarterly Comparison)

Amount: millions of yen

	12/2016 Result				12/2017 Result			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Orders								
Automotive	12,316	14,777	18,638	22,199	17,338	19,589	22,284	23,085
Process&Environmental	3,447	4,111	3,684	5,016	3,741	4,505	5,013	4,954
Medical	7,654	6,465	5,600	6,632	6,669	6,284	6,077	6,870
Semiconductor	9,563	9,659	10,477	11,867	14,461	12,755	13,136	17,772
Scientific	5,623	5,358	5,858	8,673	5,153	6,023	7,545	8,516
Total	38,605	40,372	44,259	54,389	47,365	49,158	54,058	61,199
Backlog								
Automotive	40,566	42,180	49,520	48,938	48,959	55,239	62,787	57,876
Process&Environmental	4,106	4,576	4,249	4,323	3,870	4,491	5,549	5,105
Medical	4,353	3,958	3,583	3,426	4,046	4,031	3,938	4,141
Semiconductor	4,018	4,467	5,080	5,879	8,079	8,337	7,636	10,705
Scientific	8,343	7,863	7,955	9,018	8,326	8,681	9,966	10,139
Total	61,387	63,046	70,388	71,586	73,282	80,781	89,878	87,968

Contact

Eita Uesugi, General Administration Division, HORIBA, Ltd.
 2, Miyanohigashi-cho, Kisshoin, Minami-ku, Kyoto 601-8510, Japan
 E-mail: eita.uesugi@horiba.com