

FY2017 Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)
(Year ended March 31, 2018)

April 26, 2018

Company Name : **Advantest Corporation**
(URL <https://www.advantest.com/investors>)

Stock Exchange on which shares are listed : First section of the Tokyo Stock Exchange

Stock Code Number : 6857

Company Representative : Yoshiaki Yoshida, Representative Director, President and CEO

Contact Person : Atsushi Fujita, Managing Executive Officer and Executive Vice President, Corporate Administration Group
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Date of General Shareholders' Meeting (as planned) : June 27, 2018

Dividend Payable Date (as planned) : June 4, 2018

Annual Report Filing Date (as planned) : June 28, 2018

Financial Results Supplemental Materials : Yes

Financial Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2017 (April 1, 2017 through March 31, 2018)

(1) Consolidated Financial Results

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent		Total comprehensive income for the year	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2017	207,223	32.9	24,487	76.1	24,282	61.6	18,103	27.5	18,103	27.5	15,230	(5.7)
FY2016	155,916	(3.8)	13,905	10.4	15,022	27.7	14,201	112.1	14,201	112.1	16,144	—

	Basic earnings per share	Diluted earnings per share	Return on equity attributable to owners of the parent	Ratio of income before taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2017	101.94	92.69	15.5	10.0	11.8
FY2016	81.07	73.95	14.0	6.8	8.9

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent	Equity attributable to owners of the parent per share
	Million yen	Million yen	Million yen	%	Yen
FY2017	254,559	124,610	124,610	49.0	696.04
FY2016	231,603	109,517	109,517	47.3	619.33

(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 year
	Million yen	Million yen	Million yen	Million yen
FY2017	28,254	(2,329)	(15,237)	103,973
FY2016	15,833	(3,521)	(1,002)	95,324

2. Dividends

	Dividend per share					Total dividend paid (annual)	Payout ratio (consolidated)	Cash dividend rate for equity attributable to owners of the parent (consolidated)
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2016	—	13.00	—	12.00	25.00	4,399	30.8	4.3
FY2017	—	9.00	—	23.00	32.00	5,715	31.4	4.9
FY2018 (forecast)	—	—	—	—	—	N/A	—	N/A

3. Projected Results for FY2018 (April 1, 2018 through March 31, 2019)

(% changes as compared to the previous fiscal year)

	Net sales		Operating income		Income before income taxes		Net income		Net income attributable to owners of the parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%
FY2018	230,000	11.0	34,500	40.9	34,760	43.2	27,800	53.6	27,800	53.6

4. Others

(1) Material changes in subsidiaries during this period (changes in scope of consolidation resulting from changes in subsidiaries): None

(2) Changes in accounting policies and accounting estimates
 1) Changes in accounting policies required by IFRS: None
 2) Changes arising from factors other than 1: None
 3) Changes in accounting estimates: None

(3) Number of issued and outstanding share (ordinary share):
 1) Number of issued and outstanding share at the end of each fiscal period (including treasury share):
 FY2017 199,566,770 shares; FY2016 199,566,770 shares.
 2) Number of treasury share at the end of each fiscal period:
 FY2017 20,539,246 shares; FY2016 22,736,166 shares.
 3) Average number of outstanding share for each period:
 FY2017 177,580,557 shares; FY2016 175,180,404 shares.

(Reference) Non-Consolidated Results of FY2017 (April 1, 2017 through March 31, 2018)

(1) Non-Consolidated Financial Results

(% changes as compared to the previous fiscal year)

	Net sales		Operating income (loss)		Ordinary income		Net income	
	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)	Million yen	% increase (decrease)
FY2017	181,830	26.7	10,058	118.3	26,709	171.1	26,302	72.6
FY2016	143,559	16.1	4,607	—	9,851	68.3	15,238	115.5

	Net income per share - basic	Net income per share - diluted
	Yen	Yen
FY2017	148.11	133.57
FY2016	86.98	78.49

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity-to-assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2017	291,126	155,528	53.2	865.73
FY2016	270,123	130,031	47.6	727.40

(Reference) Shareholders' Equity at the end of each fiscal period: FY2017 (Y) 154,990 million; FY2016 (Y) 128,627 million

Status of Audit Procedures

This consolidated financial results report is not subject to audit procedures by independent auditors.

Explanation on the Appropriate Use of Future Earnings Projections and Other Special Instructions

This document contains "forward-looking statements" that are based on Advantest's current expectations, estimates and projections. These forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause Advantest's actual results, levels of activities, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These factors include: (i) changes in demand for the products and services produced and offered by Advantest's customers, including semiconductors, communications services and electronic goods; (ii) circumstances relating to Advantest's investment in technology, including its ability to timely develop products that meet the changing needs of semiconductor manufacturers, communications network equipment and components makers and service providers; (iii) significant changes in the competitive environment in the major markets where Advantest purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; and (iv) changes in economic conditions, currency exchange rates or political stability in the major markets where Advantest procures materials, components and supplies for the production of its principal products or where its products are produced, distributed or sold.

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1. Overview of Business Results

(1) Overview of Business Results for FY2017

1) Consolidated Financial Results of FY2017 (April 1, 2017 through March 31, 2018)

(in billion yen)

	FY2016	FY2017	As compared to the previous fiscal year increase (decrease)
Orders received	164.7	247.8	50.5%
Net sales	155.9	207.2	32.9%
Operating income	13.9	24.5	76.1%
Income before income taxes	15.0	24.3	61.6%
Net income	14.2	18.1	27.5%

During Advantest's FY2017, the global economy continued its overall recovery trend. In developed countries, in addition to the strong US economy, the pace of recovery was seen to be accelerating in Europe and Japan as well. Growth continued in emerging countries such as China.

In semiconductor-related markets, there was generally a slump in capex for semiconductors used in smartphones due to prolonged Chinese smartphone inventory adjustments. However, there was solid growth in demand for automotive semiconductors and sensors amid the development of advances in automotive electronics. Moreover, vigorous growth in demand for data center-related semiconductors continued, especially for 3D NAND flash memory and DRAM, causing memory semiconductor manufacturers to actively invest in expanding production capacity.

Average currency exchange rates in the current fiscal year were 1 USD to 111 JPY (108 JPY in the previous fiscal year) and 1 EUR to 129 JPY (119 JPY in the previous fiscal year).

In this business environment, Advantest worked to capture demand for test equipment for memory semiconductors and automotive semiconductors, both of which have shown remarkable growth, as well as to boost sales of peripheral devices for semiconductor testing. Advantest also took steps to increase production capacity in order to keep up with the steep increase in demand.

As a result, orders received were (Y) 247.8 billion (50.5% increase in comparison to the previous fiscal year), and net sales were (Y) 207.2 billion (32.9% increase in comparison to the previous fiscal year). Both showed their highest level of performance in 11 years, since FY2006. Gross margin was below that of the last fiscal year due to factors such as a lower proportion of highly profitable products in our product mix, and the recording of write-down to inventories in nanotechnology. Nonetheless, our all-out efforts to improve operational efficiency led to operating income reaching (Y) 24.5 billion (76.1% increase in comparison to the previous fiscal year). Income before income taxes was (Y) 24.3 billion (61.6% increase in comparison to the previous fiscal year), and net income was (Y) 18.1 billion (27.5% increase in comparison to the previous fiscal year). The percentage of net sales to overseas customers was 93.2% (88.2% in the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	FY2016	FY2017	As compared to the previous fiscal year increase (decrease)
Orders received	106.2	169.7	59.8%
Net sales	101.3	140.9	39.2%
Segment income	16.7	28.9	73.7%

In the Semiconductor & Component Test System segment, Advantest's non-memory semiconductor test system business saw continued strong demand for products for use in automotive semiconductors, OLED display drivers, and LCD display drivers. Demand for smartphone-related semiconductor test equipment had been stagnant since the beginning of the fiscal year, but began to recover at the end of 2017. In our memory semiconductor test system business, both orders received and sales grew in comparison to the previous fiscal year due to the vigorous growth in capex by semiconductor manufacturer customers and Advantest's increase in market share.

As a result of the above, orders received were (Y) 169.7 billion (59.8% increase in comparison to the previous fiscal year), net sales were (Y) 140.9 billion (39.2% increase in comparison to the previous fiscal year), and segment income was (Y) 28.9 billion (73.7% increase in comparison to the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	FY2016	FY2017	As compared to the previous fiscal year increase (decrease)
Orders received	26.9	44.0	63.5%
Net sales	25.2	35.9	42.5%
Segment income	(1.5)	(2.7)	—

In the Mechatronics System Segment, sales of device interfaces, which correlate highly with memory semiconductor test system demand, increased due to the active investment of memory semiconductor manufacturers in capacity expansion. As investment for mass production of automotive semiconductors expanded, the demand for test handlers grew as well. However, our nanotechnology business recorded a loss of (Y) 3.3 billion in write-down to inventories during the third quarter related to our decision to cancel some projects.

As a result of the above, orders received were (Y) 44.0 billion (63.5% increase in comparison to the previous fiscal year), net sales were (Y) 35.9 billion (42.5% increase in comparison to the previous fiscal year), and segment loss was (Y) 2.7 billion ((Y) 1.2 billion declines in comparison to the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	FY2016	FY2017	As compared to the previous fiscal year increase (decrease)
Orders received	31.5	34.1	8.1%
Net sales	29.5	30.5	3.3%
Segment income	4.8	4.2	(12.9%)

The Services Support and Others Segment saw stable demand for maintenance services, supported by an environment of increased semiconductor production. Moreover, inquiries for SSD testers increased as well, driven by strong growth in investment related to data centers. At the same time, the field service business and SSD tester business saw an increase in resources for the future expansion of our business.

As a result of the above, orders received were (Y) 34.1 billion (8.1% increase in comparison to the previous fiscal year), net sales were (Y) 30.5 billion (3.3% increase in comparison to the previous fiscal year), and segment income was (Y) 4.2 billion (12.9% decrease in comparison to the previous fiscal year).

2) Overview of Non-Consolidated Financial Results for FY2017

During FY2017, as a result of the solid growth in demand for automotive semiconductors and sensors due to the development of advances in automotive electronics, and the active investment in expanding production capacity by memory semiconductor manufacturers, net sales were (Y) 181.8 billion (26.7% increase in comparison to the previous fiscal year). Despite the recording of write-down to inventories in nanotechnology, operating income was (Y) 10.1 billion (118.3% increase in comparison to the previous fiscal year) due to the increase in sales and the improvement in business efficiency. As a result of dividend income from consolidated subsidiaries, ordinary income was (Y) 26.7 billion (171.1% increase in comparison to the previous fiscal year). Net income was (Y) 26.3 billion (72.6% increase in comparison to the previous fiscal year).

(2) Overview of Financial Condition for FY2017

Total assets at the end of FY2017 amounted to (Y) 254.6 billion, an increase of (Y) 23.0 billion compared to the previous fiscal year, primarily due to an increase of (Y) 10.5 billion, (Y) 8.6 billion and (Y) 5.5 billion in inventories, cash and cash equivalents, and trade and other receivables, respectively. The amount of total liabilities was (Y) 129.9 billion, an increase of (Y) 7.9 billion compared to the previous fiscal year, primarily due to a decrease of (Y) 15.0 billion in redemption of corporate bonds, offset by an increase of (Y) 14.8 billion in trade and other payables, (Y) 2.5 billion in other current liabilities mainly due to advance receipt, and (Y) 2.3 billion in income tax payables, respectively. Total Equity was (Y) 124.6 billion. Ratio of equity attributable to owners of the parent was 49.0%, an increase of 1.7 percentage points from March 31, 2017.

(3) Overview of Cash Flows for FY2017

Cash and cash equivalents held at the end of FY2017 were (Y) 104.0 billion, an increase of (Y) 8.6 billion from the previous fiscal year.

Significant cash flows during this fiscal year and their causes are described below.

Net cash provided by operating activities was (Y) 28.3 billion (net cash inflow of (Y) 15.8 billion in FY2016). This amount was primarily attributable to an increase of (Y) 14.5 billion in trade and other payables, an increase of (Y) 10.5 billion in inventories and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 24.3 billion.

Net cash used in investing activities was (Y) 2.3 billion (net cash outflow of (Y) 3.5 billion in FY2016). This amount was primarily attributable to purchases of property, plant and equipment in the amount of (Y) 4.1 billion and proceeds from sale of property, plant and equipment in the amount of (Y) 1.9 billion.

Net cash used in financing activities was (Y) 15.2 billion (net cash outflow of (Y) 1.0 billion in FY2016). This amount was primarily attributable to redemption of corporate bonds of (Y) 15.0 billion, dividends paid of (Y) 3.7 billion and disposal of treasury shares of (Y) 3.5 billion.

(4) Near-term Prospects

The outlook for conditions in FY2018 in the non-memory test system market forecasts an increase in investment in high-speed logic IC, driven by the spread of new technologies such as AI and blockchain. The strong demand for automotive semiconductors and display drivers in FY2017 is also expected to continue into FY2018. In the memory semiconductor test systems market, the high level of demand for new test equipment is expected to continue, driven by further expansion of production of higher-speed, higher-capacity DRAM and other memory semiconductors.

Based on these forecasts, Advantest will endeavor to boost profits further by measures such as the expansion of our share of the semiconductor test equipment market and the appropriate allocation of resources.

Our forecast for FY2018 consolidated results, based on our near-term outlook for each business segment and the foreign exchange trends, calls for net sales of (Y) 230.0 billion, operating income of (Y) 34.5 billion, income before income taxes of (Y) 34.8 billion, and net income of (Y) 27.8 billion. This forecast is based on foreign exchange rates of 1 USD to 105 JPY and 1 Euro to 135 JPY.

2. Basic Approach to the Selection of Accounting Standards

Advantest adopted International Financial Reporting Standards (“IFRS”) for the improvement of international comparability of its financial information in the capital markets as well as homogenization and efficiency of its financial information of its group companies.

3. Consolidated Financial Statements and Main Notes
 (1) Consolidated Statements of Financial Position

	Millions of Yen	
	As of March 31, 2017	As of March 31, 2018
Assets		
Current assets		
Cash and cash equivalents	95,324	103,973
Trade and other receivables	32,451	37,929
Inventories	39,093	49,627
Other current assets	2,976	4,784
Subtotal	<u>169,844</u>	<u>196,313</u>
Assets held for sale	1,295	830
Total current assets	<u>171,139</u>	<u>197,143</u>
Non-current assets		
Property, plant and equipment, net	29,915	29,232
Goodwill and intangible assets	16,479	15,287
Other financial assets	3,625	2,414
Deferred tax assets	10,282	10,127
Other non-current assets	163	356
Total non-current assets	<u>60,464</u>	<u>57,416</u>
Total assets	<u><u>231,603</u></u>	<u><u>254,559</u></u>

Millions of Yen

	As of March 31, 2017	As of March 31, 2018
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	28,489	43,258
Bonds	15,000	29,872
Income tax payables	1,927	4,247
Provisions	1,643	3,042
Other financial liabilities	626	554
Other current liabilities	3,749	6,224
Total current liabilities	<u>51,434</u>	<u>87,197</u>
Non-current liabilities		
Bonds	29,745	—
Other financial liabilities	39	—
Retirement benefit liabilities	38,865	40,353
Deferred tax liabilities	420	1,099
Other non-current liabilities	1,583	1,300
Total non-current liabilities	<u>70,652</u>	<u>42,752</u>
Total liabilities	<u>122,086</u>	<u>129,949</u>
Equity		
Share capital	32,363	32,363
Share premium	44,319	43,466
Treasury shares	(86,039)	(77,724)
Retained earnings	113,676	125,204
Other components of equity	5,198	1,301
Total equity attributable to owners of the parent	<u>109,517</u>	<u>124,610</u>
Total equity	<u>109,517</u>	<u>124,610</u>
Total liabilities and equity	<u><u>231,603</u></u>	<u><u>254,559</u></u>

(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income

Consolidated Statements of Profit or Loss

	Millions of Yen	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net sales	155,916	207,223
Cost of sales	<u>(66,176)</u>	<u>(100,635)</u>
Gross profit	89,740	106,588
Selling, general and administrative expenses	(76,174)	(82,645)
Other income	501	621
Other expenses	<u>(162)</u>	<u>(77)</u>
Operating income	13,905	24,487
Financial income	1,344	975
Financial expenses	<u>(227)</u>	<u>(1,180)</u>
Income before income taxes	15,022	24,282
Income taxes	<u>(821)</u>	<u>(6,179)</u>
Net income	<u>14,201</u>	<u>18,103</u>
Net income attributable to:		
Owners of the parent	14,201	18,103
Earnings per share:		Yen
Basic	<u>81.07</u>	101.94
Diluted	73.95	92.69

Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income	14,201	18,103
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	2,918	1,024
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	(1,381)	(3,257)
Net change in fair values of available-for-sale financial assets	406	(640)
Total other comprehensive income (loss)	<u>1,943</u>	<u>(2,873)</u>
Total comprehensive income for the year	<u>16,144</u>	<u>15,230</u>
Comprehensive income attributable to:		
Owners of the parent	16,144	15,230

(3) Consolidated Statements of Changes in Equity

	Millions of Yen						
	Equity attributable to owners of the parent					Total	Total Equity
	Share capital	Share premium	Treasury shares	Retained earnings	Other components of equity		
Balance at April 1, 2016	32,363	44,478	(94,585)	105,190	6,173	93,619	93,619
Net income				14,201		14,201	14,201
Other comprehensive income (loss), net of tax					1,943	1,943	1,943
Total comprehensive income for the year	—	—	—	14,201	1,943	16,144	16,144
Purchase of treasury shares			(2)			(2)	(2)
Disposal of treasury shares		(868)	8,548	(4,611)		3,069	3,069
Dividends				(4,022)		(4,022)	(4,022)
Share-based payments		682				682	682
Other		27				27	27
Transfer from other components of equity to retained earnings				2,918	(2,918)	—	—
Total transactions with the owners	—	(159)	8,546	(5,715)	(2,918)	(246)	(246)
Balance at March 31, 2017	32,363	44,319	(86,039)	113,676	5,198	109,517	109,517
Net income				18,103		18,103	18,103
Other comprehensive income (loss), net of tax					(2,873)	(2,873)	(2,873)
Total comprehensive income for the year	—	—	—	18,103	(2,873)	15,230	15,230
Purchase of treasury shares			(2)			(2)	(2)
Disposal of treasury shares		(950)	8,317	(3,880)		3,487	3,487
Dividends				(3,719)		(3,719)	(3,719)
Share-based payments		85				85	85
Other		12				12	12
Transfer from other components of equity to retained earnings				1,024	(1,024)	—	—
Total transactions with the owners	—	(853)	8,315	(6,575)	(1,024)	(137)	(137)
Balance at March 31, 2018	<u>32,363</u>	<u>43,466</u>	<u>(77,724)</u>	<u>125,204</u>	<u>1,301</u>	<u>124,610</u>	<u>124,610</u>

(4) Consolidated Statements of Cash Flows

	Millions of Yen	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Cash flows from operating activities:		
Income before income taxes	15,022	24,282
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	5,158	5,024
Shared-based payment expense	682	85
Gain on sales of available-for-sale financial assets	(250)	(519)
Changes in assets and liabilities:		
Trade and other receivables	(4,618)	(5,937)
Inventories	(5,268)	(10,479)
Trade and other payables	6,403	14,486
Warranty provisions	(67)	1,400
Retirement benefit liabilities	1,491	1,553
Other	(36)	1,233
Subtotal	<u>18,517</u>	<u>31,128</u>
Interest and dividends received	267	497
Interest paid	(95)	(48)
Income taxes paid	<u>(2,856)</u>	<u>(3,323)</u>
Net cash provided by (used in) operating activities	<u>15,833</u>	<u>28,254</u>
Cash flows from investing activities:		
Proceeds from sale of available-for-sale financial assets	653	883
Purchases of available-for-sale financial assets	—	(216)
Proceeds from sale of property, plant and equipment	190	1,882
Purchases of property, plant and equipment	(4,018)	(4,121)
Purchases of intangible assets	(391)	(607)
Other	45	(150)
Net cash provided by (used in) investing activities	<u>(3,521)</u>	<u>(2,329)</u>
Cash flows from financing activities:		
Proceeds from disposal of treasury shares	3,063	3,493
Redemption of bonds	—	(15,000)
Dividends paid	(4,016)	(3,718)
Other	(49)	(12)
Net cash provided by (used in) financing activities	<u>(1,002)</u>	<u>(15,237)</u>
Net effect of exchange rate changes on cash and cash equivalents	<u>(1,416)</u>	<u>(2,039)</u>
Net change in cash and cash equivalents	<u>9,894</u>	<u>8,649</u>
Cash and cash equivalents at beginning of period	<u>85,430</u>	<u>95,324</u>
Cash and cash equivalents at end of period	<u><u>95,324</u></u>	<u><u>103,973</u></u>

(5) Notes to the Consolidated Financial Statements

(Notes on Going Concern): None

(Segment Information)

1. Operating Segment Information

Fiscal year ended March 31, 2017					Millions of Yen
	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	101,262	25,158	29,496	—	155,916
Inter-segment sales	4	34	—	(38)	—
Total	101,266	25,192	29,496	(38)	155,916
Segment income (loss) (operating income (loss) before share option compensation expense)	16,652	(1,529)	4,817	(5,353)	14,587
Adjustment:					
Share option compensation expense	—	—	—	—	(682)
Operating income	—	—	—	—	13,905
Financial income	—	—	—	—	1,344
Financial expenses	—	—	—	—	(227)
Income before income taxes	—	—	—	—	15,022

Fiscal year ended March 31, 2018					Millions of Yen
	Semiconductor and Component Test System Business	Mechatronics System Business	Services, Support and Others	Elimination and Corporate	Consolidated
Net sales					
Net sales to unaffiliated customers	140,864	35,893	30,466	—	207,223
Inter-segment sales	66	—	—	(66)	—
Total	140,930	35,893	30,466	(66)	207,223
Segment income (loss) (operating income (loss) before share option compensation expense)	28,917	(2,738)	4,197	(5,804)	24,572
Adjustment:					
Share option compensation expense	—	—	—	—	(85)
Operating income	—	—	—	—	24,487
Financial income	—	—	—	—	975
Financial expenses	—	—	—	—	(1,180)
Income before income taxes	—	—	—	—	24,282

(Notes)

1. Advantest uses the operating income (loss) before share option compensation expense for management's analysis of business segment results.
2. Segment income (loss) is presented on the basis of operating income (loss) before share option compensation expense.
3. Inter-segment sales are based on market prices.
4. Adjustments to segment income in Corporate principally represent corporate general and administrative expenses and research and development expenses related to fundamental research activities that are not allocated to operating segments.

2. Consolidated Net Sales by Geographical Areas

	Millions of Yen	
	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Japan	18,443	14,182
Americas	14,840	11,290
Europe	8,510	7,689
Asia	114,123	174,062
Total	155,916	207,223

(Notes)

1. Net sales to unaffiliated customers are based on the customer's location.
2. Each of the segment includes primarily the following countries or regions:
 - (1) Americas U.S.A., Canada
 - (2) Europe Germany, France
 - (3) Asia Taiwan, South Korea, China, Philippines

(Per Share Information)

The basis of calculation of basic earnings per share and diluted earnings per share were as follows:

	Fiscal year ended March 31, 2017	Fiscal year ended March 31, 2018
Net income attributable to owners of the parent (Millions of Yen)	14,201	18,103
Net income not attributable to owners of the parent (Millions of Yen)	—	—
Net income to calculate basic earnings per share (Millions of Yen)	14,201	18,103
Dilutive effect of exercise of convertible bonds (Millions of Yen)	127	127
Net income to calculate diluted earnings per share (Millions of Yen)	14,328	18,230
Weighted average number of ordinary shares—basic	175,180,404	177,580,557
Dilutive effect of exercise of share options	368,002	803,645
Dilutive effect of exercise of convertible bonds	18,213,830	18,304,961
Weighted average number of ordinary shares—diluted	193,762,236	196,689,163
Basic earnings per share (Yen)	81.07	101.94
Diluted earnings per share (Yen)	73.95	92.69
Financial Instruments not included in the calculation of diluted earnings per share because they have anti-dilutive effect	Certain share options	Certain share options

(Significant Subsequent Events): None

Change in Directors and Executive Officers
(To be effective on June 27, 2018)

1. Nominees for Directors (excluding Directors who are Audit and Supervisory Committee members)

Director	Yoshiaki Yoshida
Director	Osamu Karatsu
Director	Seiichi Yoshikawa
Director	Sae Bum Myung
Director	Hans-Juergen Wagner
Director	Soichi Tsukakoshi

Mr. Yoshida is to be elected as Representative Director at the extraordinary meeting of the board of directors meeting to be held on June 27, 2018 after the 76th ordinary general meeting of shareholders of Advantest Corporation.

2. Nominee for Director who is an Audit and Supervisory Committee member

Director who is an Audit and Supervisory Committee member Tsuneko Murata
(to be newly elected)

Mr. Hagio is to resign after the 76th ordinary general meeting of shareholders of Advantest Corporation.

3. Nominees for Executive Officers

President and CEO	Yoshiaki Yoshida	
Corporate Vice President	Sae Bum Myung	
Manage Executive Officer	Hans-Juergen Wagner	
Manage Executive Officer	Soichi Tsukakoshi	
Manage Executive Officer	Satoru Nagumo	
Manage Executive Officer	Koichi Tsukui	
Manage Executive Officer	Keith Hardwick	
Manage Executive Officer	Douglas Lefever	
Manage Executive Officer	Shunsuke Kato	
Manage Executive Officer	Atsushi Fujita	
Executive Officer	Toshiyuki Okayasu	
Executive Officer	CH Wu	
Executive Officer	Kazuhiro Yamashita	
Executive Officer	Isao Sasaki	
Executive Officer	Kimiya Sakamoto	
Executive Officer	Yong Xu	
Executive Officer	Michael Stichlmair	
Executive Officer	Juergen Serrer	
Executive Officer	Toshio Goto	
Executive Officer	Jinhee Lee	
Executive Officer	Suan Seng Sim (Ricky Sim)	
Executive Officer	Yasuo Mihashi	
Executive Officer	Akira Ono	(to be newly elected)
Executive Officer	Sanjeev Mohan	(to be newly elected)

4. Expiration of term of office of Executive Officers

Executive Officer Masuhiro Yamada (to be elected as Adviser)

Nominee for New Director who is an Audit and Supervisory Committee member (Biography)

Tsuneko Murata (Date of Birth: September 27, 1958)

Mar. 1982 Graduated from School of Law, Kyoto University
Apr. 1982 Joined Matsushita Electric Industrial Company, Ltd.
 (MEI; currently Panasonic Corporation)
May. 2005 General Manager, Legal Affairs Department of Panasonic System Solutions
 Company of MEI
Apr. 2007 Senior Councilor & General Manager, Legal Affairs & CSR Department of Home
 Appliances Company of MEI
Jun. 2008 Board of Director, Panasonic Appliances Safety Service Co., Ltd.
 (retired on Jan. 2010)
Feb. 2010 Director for Lifelong Learning Policy, Ministry of Education, Culture, Sports,
 Science & Technology Japan (retired on Mar. 2012)
Jul. 2013 Senior Councilor, Corporate Legal Affairs Division of Panasonic Corporation
 (retired on Sep. 2013)
Jan. 2014 Executive Director, Japan Pension Service (retired on Dec. 2015)
Jan. 2016 Auditor, Japan Pension Service (retired on Dec. 2017)

Nominees for New Executive Officers (Biography)

Akira Ono (Date of Birth: June 29, 1961)

Mar. 1985 Graduated from School of Economics, Rikkyo University
Apr. 1985 Joined Advantest Corporation
Jun. 2007 Senior Vice President, Corporate Relation Group
Oct. 2009 Manager, Operation Department, Design Management Division
May. 2012 Manager, Sales Administration & Business Support Division
Jun. 2015 Senior Vice President, Production Group
Jun. 2017 Manager, Human Resource Department, Corporate Administration Group
 (present position)

Sanjeev Mohan (Date of Birth: January 12, 1973)

Jul. 1994 Graduated from Department of Electrical Engineer,
 The University of Texas at Austin
Jan. 1998 Joined Hewlett-Packard Company
Jun. 2014 Sales & Support SVP, Advantest America, Inc. (present position)

FY2017 Consolidated Financial Results Overview

1. Orders received • Backlog

(in billion yen)

	FY2016	FY2017					vs. FY2016 increase (decrease)		FY2018 Forecast		
		1Q	2Q	3Q	4Q			Annual total	vs. FY2017 increase (decrease)		
Orders received	164.7	49.4	56.2	56.8	85.4	220.0	247.8	83.1	50.5%	220.0	(11.2%)
Backlog	42.2	50.9	59.4	65.3	82.8	67.2	82.8	40.6	96.1%	72.8	(12.1%)

Upper data is the forecast amount released on Jan 30, 2018.

2. Profit or Loss

(in billion yen)

	FY2016	FY2017					vs. FY2016 increase (decrease)		FY2018 Forecast		
		1Q	2Q	3Q	4Q			Annual total	vs. FY2017 increase (decrease)		
Net sales	155.9	40.7	47.7	50.9	67.9	195.0	207.2	51.3	32.9%	230.0	11.0%
Cost of sales	(66.2)	(20.1)	(22.8)	(27.7)	(30.0)	(100.6)	(34.5)	(34.5)	52.1%	-	-
Selling, general and administrative expenses	(76.1)	(18.5)	(20.1)	(20.1)	(23.9)	(82.6)	(6.5)	(6.5)	8.5%	-	-
Other income	0.5	0.1	0.4	0.2	0.1	0.6	0.1	0.1	24.0%	-	-
Other expenses	(0.2)	(0.0)	(0.0)	(0.1)	(0.2)	(0.1)	0.1	0.1	(52.5%)	-	-
Operating income	13.9	2.2	5.2	3.2	13.9	20.0	24.5	10.6	76.1%	34.5	40.9%
Sales ratio	8.9%	5.5%	10.9%	6.4%	20.4%	11.8%				15.0%	
Financial income - expenses	1.1	(0.6)	(0.4)	0.2	0.6	(0.2)	(0.2)	(1.3)	-	-	-
Income before income taxes	15.0	1.6	4.8	3.4	14.5	19.0	24.3	9.3	61.6%	34.8	43.2%
Sales ratio	9.6%	3.9%	10.1%	6.7%	21.4%	11.7%				15.1%	
Income taxes	(0.8)	(0.6)	(0.9)	(0.8)	(3.9)	(6.2)	(6.2)	(5.4)	652.6%	-	-
Net income	14.2	1.0	3.9	2.6	10.6	15.0	18.1	3.9	27.5%	27.8	53.6%
Sales ratio	9.1%	2.4%	8.2%	5.0%	15.6%	8.7%				12.1%	

Upper data is the forecast amount released on Jan 30, 2018.

3. Financial Condition

(in billion yen)

	FY2016	FY2017					vs. FY2016 increase (decrease)
		4Q End	1Q End	2Q End	3Q End	4Q End	
Total assets	231.6	217.5	228.7	234.4	254.6	9.9%	
Equity attributable to owners of the parent	109.5	109.3	113.9	117.2	124.6	13.8%	
Ratio of equity attributable to owners of the parent	47.3%	50.3%	49.8%	50.0%	49.0%	-	

4. Dividends

(in yen)

(Record Date)	FY2017			FY2018 Forecast		
	Interim	Year end	Annual total	Interim	Year end	Annual total
Dividend per share	9.00	23.00	32.00	N/A	N/A	N/A

1. Upper data is the forecast amount released on Jan 30, 2018.

2. The dividends forecast for FY2018 hasn't been decided. We will disclose promptly after considering the results based on the business performance.