

FY2018 First Quarter Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)
(Period ended June 30, 2018)

July 25, 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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Quarterly Report Filing Date (as planned) : August 13, 2018

Dividend Payable Date (as planned) : —

Quarterly Results Supplemental Materials : Yes

Quarterly Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

1. Consolidated Results of FY2018 Q1 (April 1, 2018 through June 30, 2018)

(1) Consolidated Financial Results (Accumulated)

(% changes as compared to the corresponding period of 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)
FY2018 Q1	70,931	74.3	15,818	610.5	16,537	955.0	13,892	1,301.9	13,892	1,301.9	15,772	1,311.0
FY2017 Q1	40,697	0.1	2,226	(61.2)	1,567	(74.6)	991	(80.1)	991	(80.1)	1,117	—

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
FY2018 Q1	76.99	70.17
FY2017 Q1	5.60	5.21

(2) Consolidated Financial Position

	Total assets	Total equity	Equity attributable to owners of the parent	Ratio of equity attributable to owners of the parent
	Million yen	Million yen	Million yen	%
FY2018 Q1	271,793	142,536	142,536	52.4
FY2017	254,559	124,610	124,610	49.0

2. Dividends

	Dividend per share				
	First quarter end	Second quarter end	Third quarter end	Year end	Annual total
	Yen	Yen	Yen	Yen	Yen
FY2017	—	9.00	—	23.00	32.00
FY2018	—	N/A	N/A	N/A	N/A
FY2018 (forecast)	N/A	—	—	—	—

(Note) Revision of dividends forecast for this period: **No**

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

(Note) Revision of dividends forecast for this period: **No****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: Yes
 - 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):
FY2018 Q1 199,566,770 shares; FY2017 199,566,770 shares.
 - 2) Number of treasury share at the end of each fiscal period:
FY2018 Q1 17,172,473 shares; FY2017 20,539,246 shares.
 - 3) Average number of outstanding share for each period:
FY2018 Q1 180,438,062 shares; FY2017 Q1 177,012,805 shares.

Status of Audit Procedures

This quarterly financial results report is not subject to quarterly review 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

Consolidated Financial Results of FY2018 Q1 (April 1, 2018 through June 30, 2018)

(in billion yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	49.4	70.6	43.0%
Net sales	40.7	70.9	74.3%
Operating income	2.2	15.8	7.1 times
Income before income taxes	1.6	16.5	10.6 times
Net income	1.0	13.9	14.0 times

During Advantest's first quarter, despite fears of the spread of trade friction among countries and regions, the global economy grew steadily overall. The US economy was strong, and the economic recovery trend was also maintained in Europe and Japan. Emerging countries such as China also sustained their existing growth trajectory.

Overall growth also continued in semiconductor-related markets. Apart from the abundant demand for memory for servers due to the increased demand for data center capacity, there was also steady demand for semiconductors used in automobiles and industrial equipment. In addition, the Chinese smartphone market saw a shift to higher performance and a recovery in unit sales, which revived demand for various semiconductors used in smartphones. Due to these trends in the semiconductor market, semiconductor manufacturers also maintained their proactive capex stance.

Average currency exchange rates for this quarter were 1 USD to 108 JPY (112 JPY in the corresponding period of the previous fiscal year) and 1 EUR to 131 JPY (121 JPY in the corresponding period of the previous fiscal year).

As a result, orders received were (Y) 70.6 billion (43.0% increase in comparison to the corresponding period in the previous fiscal year) and net sales were (Y) 70.9 billion (74.3% increase in comparison to the corresponding period in the previous fiscal year). As mentioned above, both orders received and net sales grew substantially from the corresponding period in the previous fiscal year. While there was a large increase in net sales, a moderate increase in selling, general and administrative expenses and the improved product mix led to operating income of (Y) 15.8 billion (7.1 times increase in comparison to the corresponding period in the previous fiscal year). Income before income taxes was (Y) 16.5 billion (10.6 times increase in comparison to the corresponding period in the previous fiscal year), and net income was (Y) 13.9 billion (14.0 times increase in comparison to the corresponding period in the previous fiscal year). Advantest's percentage of net sales to overseas customers was 93.5% (91.1% in the corresponding period in the previous fiscal year).

Conditions of business segments are described below.

<Semiconductor and Component Test System Segment>

(in billion yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	31.6	53.6	69.4%
Net sales	26.7	51.0	91.2%
Segment income	2.6	15.5	6.1 times

In the Semiconductor & Component Test System Segment, demand for application processor test grew due to the recovery in sales and higher performance of Chinese smartphones. Demand for test of high-end logic ICs used in areas such as AI also grew. The trend towards enhanced display driver IC test capability to handle the increasing functionality of these devices, for instance with the incorporation of touch sensors in them, also continued. In memory test systems, there was also increased demand for high-speed DRAM test, reflecting the growth in demand for DRAM for servers as well as investment in test capacity expansion in response to the growth of three-dimensional NAND flash memory.

As a result of the above, orders received were (Y) 53.6 billion (69.4% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 51.0 billion (91.2% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 15.5 billion (6.1 times increase in comparison to the corresponding period in the previous fiscal year).

< Mechatronics System Segment >

(in billion yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	10.8	9.4	(13.2%)
Net sales	7.2	11.1	54.1%
Segment income	(0.1)	0.4	—

In the Mechatronics System Segment, sales of device interfaces and test handlers, which correlate highly with memory test system demand, increased as demand grew for memory test systems. On the other hand, there was a lack of growth in new demand for nanotechnology products due to lumpiness in customers' schedules for investment in process shrinks.

As a result of the above, orders received were (Y) 9.4 billion (13.2% decrease in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 11.1 billion (54.1% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 0.4 billion ((Y) 0.5 billion improvement in comparison to the corresponding period in the previous fiscal year).

<Services, Support and Others Segment>

(in billion yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018	As compared to the corresponding period of the previous fiscal year increase (decrease)
Orders received	7.0	7.7	10.5%
Net sales	6.9	8.9	29.5%
Segment income	0.7	1.9	170.2%

In the Services, Support and Others Segment, demand for test system maintenance services stayed steady given the overall activity in the semiconductor market. Apart from this, demand for SSD test systems grew with the ongoing adoption of SSDs (solid-state drives).

As a result of the above, orders received were (Y) 7.7 billion (10.5% increase in comparison to the corresponding period in the previous fiscal year), net sales were (Y) 8.9 billion (29.5% increase in comparison to the corresponding period in the previous fiscal year), and segment income was (Y) 1.9 billion (170.2% increase in comparison to the corresponding period in the previous fiscal year).

(2) Overview of Financial Condition

Total assets at June 30, 2018 amounted to (Y) 271.8 billion, an increase of (Y) 17.2 billion compared to March 31, 2018, primarily due to an increase of (Y) 11.6 billion in trade and other receivables, and (Y) 2.5 billion in cash and cash equivalents. The amount of total liabilities was (Y) 129.3 billion, a decrease of (Y) 0.7 billion compared to March 31, 2018, primarily due to a decrease of (Y) 5.2 billion in conversion to shares of corporate bonds, offset by an increase of (Y) 2.4 billion in other financial liabilities due to an increase of deposits received. Total Equity was (Y) 142.5 billion. Ratio of equity attributable to owners of the parent was 52.4%, an increase of 3.4 percentage points from March 31, 2018.

(3) Overview of Cash Flows

Cash and cash equivalents held at June 30, 2018 were (Y) 106.4 billion, an increase of (Y) 2.5 billion from March 31, 2018. Significant cash flows during the three-month period of this fiscal year and their causes are described below.

Net cash provided by operating activities was (Y) 6.5 billion (net cash inflow of (Y) 3.1 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to an increase of (Y) 11.6 billion in trade and other receivables, an increase of (Y) 2.0 billion in advance receipt and adjustments of non-cash items such as depreciation and amortization in addition to the income before income taxes of (Y) 16.5 billion.

Net cash used in investing activities was (Y) 1.4 billion (net cash inflow of (Y) 0.2 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to purchases of property, plant and equipment in the amount of (Y) 1.4 billion.

Net cash used in financing activities was (Y) 3.7 billion (net cash outflow of (Y) 16.2 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to dividends paid of (Y) 3.9 billion.

(4) Near-term Prospects

Advantest's outlook for FY2018 business conditions in the SoC test system market forecasts an increase in investment in test systems for high-end logic ICs, driven by the spread of new technologies such as AI and blockchain. In addition, increased demand for test of application processors and various sensors, due to the improved performance of smartphones, is expected to continue. Strong demand for display driver IC test is also expected to continue. In the memory test system market, the high level of investment in test systems is anticipated to continue, driven by increased production of faster and larger-capacity memory devices.

As described above, our outlook for business conditions is favorable, but growing concerns about a rise in protectionist trade policies have exacerbated recent uncertainty about the global economic outlook. Our forecast for FY2018 consolidated results, based on the state of the global economy, is unchanged from our forecast published in April 2018. Our forecast 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 EUR to 135 JPY, which is also unchanged.

In response to current medium- to long-term trends in the semiconductor test market, Advantest implemented a global integration of our semiconductor test system business in June 2018. This is intended to build a foundation for achieving the goal stated in our "Grand Design", which was announced as a 10-year vision in April 2018: to become the No. 1 provider of test and measurement solutions. Through this organizational integration, we will concentrate development know-how, flexibly allocate resources, and provide customers with high added value, competitive test solutions.

Advantest will continue to implement various growth measures designed to realize our medium-to long-term vision and achieve our goals.

2. Condensed Consolidated Financial Statements

(1) Condensed Consolidated Statements of Financial Position

	Millions of Yen	
	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and cash equivalents	103,973	106,444
Trade and other receivables	37,929	49,514
Inventories	49,627	51,452
Other current assets	4,784	5,305
Subtotal	196,313	212,715
Assets held for sale	830	830
Total current assets	197,143	213,545
Non-current assets		
Property, plant and equipment, net	29,232	29,115
Goodwill and intangible assets, net	15,287	15,765
Other financial assets	2,414	2,494
Deferred tax assets	10,127	10,335
Other non-current assets	356	539
Total non-current assets	57,416	58,248
Total assets	254,559	271,793

Millions of Yen

	As of March 31, 2018	As of June 30, 2018
Liabilities and Equity		
Liabilities		
Current liabilities		
Trade and other payables	43,258	42,246
Bonds	29,872	24,701
Income tax payables	4,247	4,476
Provisions	3,042	3,387
Other financial liabilities	554	2,945
Other current liabilities	6,224	8,268
Total current liabilities	<u>87,197</u>	<u>86,023</u>
Non-current liabilities		
Retirement benefit liabilities	40,353	40,403
Deferred tax liabilities	1,099	1,517
Other non-current liabilities	1,300	1,314
Total non-current liabilities	<u>42,752</u>	<u>43,234</u>
Total liabilities	<u>129,949</u>	<u>129,257</u>
Equity		
Share capital	32,363	32,363
Share premium	43,466	43,348
Treasury shares	(77,724)	(64,984)
Retained earnings	125,204	128,628
Other components of equity	1,301	3,181
Total equity attributable to owners of the parent	<u>124,610</u>	<u>142,536</u>
Total equity	<u>124,610</u>	<u>142,536</u>
Total liabilities and equity	<u><u>254,559</u></u>	<u><u>271,793</u></u>

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

Condensed Consolidated Statements of Profit or Loss

	Millions of Yen	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Net sales	40,697	70,931
Cost of sales	(20,117)	(32,733)
Gross profit	20,580	38,198
Selling, general and administrative expenses	(18,415)	(22,450)
Other income	81	93
Other expenses	(20)	(23)
Operating income	2,226	15,818
Financial income	454	752
Financial expenses	(1,113)	(33)
Income before income taxes	1,567	16,537
Income taxes	(576)	(2,645)
Net income	991	13,892
Net income attributable to:		
Owners of the parent	991	13,892
Earnings per share:		Yen
Basic	5.60	76.99
Diluted	5.21	70.17

Condensed Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Net income	991	13,892
Other comprehensive income (loss), net of tax		
Items that will not be reclassified to profit or loss		
Net change in fair value measurements of financial assets at fair value through other comprehensive income	—	37
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	698	1,843
Net change in fair values of available-for-sale financial assets	(572)	—
Total other comprehensive income (loss)	<u>126</u>	<u>1,880</u>
Total comprehensive income for the period	<u><u>1,117</u></u>	<u><u>15,772</u></u>
Comprehensive income attributable to:		
Owners of the parent	1,117	15,772

(3) Condensed Consolidated Statements of Changes in Equity

Three months ended June 30, 2017

	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, 2017	32,363	44,319	(86,039)	113,676	5,198	109,517	109,517
Net income				991		991	991
Other comprehensive income					126	126	126
Total comprehensive income for the period	—	—	—	991	126	1,117	1,117
Purchase of treasury shares			(1)			(1)	(1)
Disposal of treasury shares		(216)	2,033	(1,011)		806	806
Dividends				(2,122)		(2,122)	(2,122)
Total transactions with the owners	—	(216)	2,032	(3,133)	—	(1,317)	(1,317)
Balance at June 30, 2017	<u>32,363</u>	<u>44,103</u>	<u>(84,007)</u>	<u>111,534</u>	<u>5,324</u>	<u>109,317</u>	<u>109,317</u>

Three months ended June 30, 2018

	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, 2018	32,363	43,466	(77,724)	125,204	1,301	124,610	124,610
Impact of change in accounting policy				788		788	788
Beginning balance after retrospective restatement	32,363	43,466	(77,724)	125,992	1,301	125,398	125,398
Net income				13,892		13,892	13,892
Other comprehensive income					1,880	1,880	1,880
Total comprehensive income for the period	—	—	—	13,892	1,880	15,772	15,772
Purchase of treasury shares			(0)			(0)	(0)
Disposal of treasury shares		(57)	594	(320)		217	217
Conversion of convertible bonds		(125)	12,146	(6,818)		5,203	5,203
Dividends				(4,118)		(4,118)	(4,118)
Share-based payments		64				64	64
Total transactions with the owners	—	(118)	12,740	(11,256)	—	1,366	1,366
Balance at June 30, 2018	<u>32,363</u>	<u>43,348</u>	<u>(64,984)</u>	<u>128,628</u>	<u>3,181</u>	<u>142,536</u>	<u>142,536</u>

(4) Condensed Consolidated Statements of Cash Flows

	Millions of Yen	
	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities:		
Income before income taxes	1,567	16,537
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,166	1,232
Gain on sales of available-for-sale financial assets	(349)	—
Changes in assets and liabilities:		
Trade and other receivables	2,314	(11,574)
Inventories	(192)	(1,855)
Trade and other payables	(2,145)	(853)
Warranty provisions	(18)	346
Deposits received	1,102	1,868
Advance receipt	872	2,040
Retirement benefit liabilities	581	437
Other	(1,098)	602
Subtotal	<u>3,800</u>	<u>8,780</u>
Interest and dividends received	110	187
Interest paid	(48)	(2)
Income taxes paid	<u>(800)</u>	<u>(2,497)</u>
Net cash provided by (used in) operating activities	<u>3,062</u>	<u>6,468</u>
Cash flows from investing activities:		
Proceeds from sale of available-for-sale financial assets	851	—
Purchases of property, plant and equipment	(556)	(1,399)
Purchases of intangible assets	(106)	(59)
Other	53	9
Net cash provided by (used in) investing activities	<u>242</u>	<u>(1,449)</u>
Cash flows from financing activities:		
Proceeds from disposal of treasury shares	811	217
Redemption of bonds	(15,000)	—
Dividends paid	(1,977)	(3,943)
Other	(4)	0
Net cash provided by (used in) financing activities	<u>(16,170)</u>	<u>(3,726)</u>
Net effect of exchange rate changes on cash and cash equivalents	<u>389</u>	<u>1,178</u>
Net change in cash and cash equivalents	<u>(12,477)</u>	<u>2,471</u>
Cash and cash equivalents at beginning of period	<u>95,324</u>	<u>103,973</u>
Cash and cash equivalents at end of period	<u><u>82,847</u></u>	<u><u>106,444</u></u>

(5) Notes to the Condensed Consolidated Financial Statements

(Notes on Going Concern): None

(Changes in Accounting Policies)

IFRS 9: Financial Instruments

Advantest adopted IFRS 9 Financial Instruments from this quarter. This new standard is the replacement of IAS 39 Financial Instruments: Recognition and Measurement. This standard indicates a new model of hedge accounting which considers the classification of financial instruments, recognition and measurement (impairment included).

The adoption of the standard did not have an impact on Advantest consolidated results of operations and financial condition.

IFRS 15: Revenue from Contracts with Customers

Advantest adopted IFRS 15 Revenue from Contracts with Customers from this quarter.

To apply IFRS 15, Advantest used the cumulative effect transition method which is recognizing the cumulative effect of applying the new standard at the beginning of the year of initial application.

In accordance with the adoption of IFRS 15, Advantest recognizes revenue based on the five-step model.

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations (accounting treatment for goods or services separately)

Step 3: Determine the transaction price (amount of consideration)

Step 4: Allocate the transaction price to the performance obligations

Step 5: Recognize revenue when the entity satisfies a performance obligation

As a result of identifying the contracts with customers and the performance obligations in the contracts and calculating the value of the transactions based on the five-step model indicated above, revenue is recognized upon satisfaction of each performance obligation for those which product and installation are identified as a separate performance obligation compared to the revenue which had been recognized upon installation for the products which require installation based on the previous accounting standard. Consequently, the beginning balance of retained earnings for the fiscal year ending March 2019 increased (Y) 1.1 billion.

Additionally, there is a difference in identifying a performance obligation for services in accordance with the new standard compared with the previous accounting standard. As a result, the beginning balance of retained earnings for the fiscal year ending March 2019 decreased (Y) 0.3 billion.

Moreover, in the Condensed Consolidated Statements of Profit or Loss for the three months ended June 30, 2018, net sales decreased approximately (Y) 1.7 billion.

(Segment Information)

Three months ended June 30, 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	26,657	7,188	6,852	—	40,697
Inter-segment sales	—	—	—	—	—
Total	26,657	7,188	6,852	—	40,697
Segment income (loss) (operating income (loss) before share option compensation expense)	2,558	(80)	704	(956)	2,226
Adjustment:					
Share option compensation expense	—	—	—	—	—
Operating income	—	—	—	—	2,226
Financial income	—	—	—	—	454
Financial expenses	—	—	—	—	(1,113)
Income before income taxes	—	—	—	—	1,567

Three months ended June 30, 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	50,979	11,078	8,874	—	70,931
Inter-segment sales	—	—	—	—	—
Total	50,979	11,078	8,874	—	70,931
Segment income (loss) (operating income (loss) before share option compensation expense)	15,497	441	1,902	(1,958)	15,882
Adjustment:					
Share option compensation expense	—	—	—	—	(64)
Operating income	—	—	—	—	15,818
Financial income	—	—	—	—	752
Financial expenses	—	—	—	—	(33)
Income before income taxes	—	—	—	—	16,537

(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.

FY2018 First Quarter Consolidated Financial Results Overview

1. Orders received • Backlog

(in billion yen)

	FY2017				FY2018			FY2018 Forecast	
	1Q	2Q	3Q	4Q	1Q	vs.FY2017 1Q increase (decrease)	vs.FY2017 4Q increase (decrease)	Annual total	vs. FY2017 increase (decrease)
Orders received	49.4	56.2	56.8	85.4	70.6	43.0%	(17.3%)	220.0 220.0	(11.2%)
Backlog	50.9	59.4	65.3	82.8	79.5 ^(3.0)	56.2%	(4.0%)	72.8 69.8	(15.7%)

1. Upper data is the forecast amount released on Apr 26, 2018 and there will be no changes made this time.

2. Due to the adoption of IFRS 15, backlog at the beginning of FY2018 was adjusted with a negative amount of 3.0 billion yen.

2. Profit or Loss

(in billion yen)

	FY2017				FY2018			FY2018 Forecast	
	1Q	2Q	3Q	4Q	1Q	vs.FY2017 1Q increase (decrease)	vs.FY2017 4Q increase (decrease)	Annual total	vs. FY2017 increase (decrease)
Net sales	40.7	47.7	50.9	67.9	70.9	74.3%	4.4%	230.0 230.0	11.0%
Cost of sales	(20.1)	(22.8)	(27.7)	(30.0)	(32.7)	62.7%	8.8%	-	-
Selling, general and administrative expenses	(18.5)	(20.1)	(20.1)	(23.9)	(22.5)	21.9%	(6.1%)	-	-
Other income	0.1	0.4	0.2	0.1	0.1	14.8%	43.1%	-	-
Other expenses	(0.0)	(0.0)	(0.1)	(0.2)	(0.0)	15.0%	(85.1%)	-	-
Operating income	2.2	5.2	3.2	13.9	15.8	7.1 times	14.3%	34.5 34.5	40.9%
Sales ratio	5.5%	10.9%	6.4%	20.4%	22.3%	-	-	15.0%	-
Financial income - expenses	(0.6)	(0.4)	0.2	0.6	0.7	-	7.5%	-	-
Income before income taxes	1.6	4.8	3.4	14.5	16.5	10.6 times	14.0%	34.8 34.8	43.2%
Sales ratio	3.9%	10.1%	6.7%	21.4%	23.3%	-	-	15.1%	-
Income taxes	(0.6)	(0.9)	(0.8)	(3.9)	(2.6)	359.2%	(31.8%)	-	-
Net income	1.0	3.9	2.6	10.6	13.9	14.0 times	30.7%	27.8 27.8	53.6%
Sales ratio	2.4%	8.2%	5.0%	15.6%	19.6%	-	-	12.1%	-

Upper data is the forecast amount released on Apr 26, 2018 and there will be no changes made this time.

3. Financial Condition

(in billion yen)

	FY2017				FY2018	
	1Q End	2Q End	3Q End	4Q End	1Q End	vs.FY2017 4Q increase (decrease)
Total assets	217.5	228.7	234.4	254.6	271.8	6.8%
Equity attributable to owners of the parent	109.3	113.9	117.2	124.6	142.5	14.4%
Ratio of equity attributable to owners of the parent	50.3%	49.8%	50.0%	49.0%	52.4%	-

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

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