

## FY2015 Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with IFRS)  
(Year ended March 31, 2016)

June 29, 2016

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 : Shinichiro Kuroe, Representative Director, President and CEO

Contact person : Hiroshi Nakamura, Director, Managing Executive Officer and Executive Vice President, Corporate Administration Group  
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(Rounded to the nearest million yen)

### 1. Consolidated Results of FY2015 (April 1, 2015 through March 31, 2016)

#### (1) Consolidated Financial Results

(% changes as compared with 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)
<b>FY2015</b>	<b>162,111</b>	<b>(1.0)</b>	<b>12,597</b>	<b>(25.3)</b>	<b>11,767</b>	<b>(43.3)</b>	<b>6,694</b>	<b>(60.0)</b>	<b>6,694</b>	<b>(60.0)</b>	<b>(4,732)</b>	—
FY2014	163,803	—	16,858	—	20,767	—	16,753	—	16,753	—	23,541	—

	Basic earnings per share	Diluted earnings per share	Return on net income attributable to owners of the parent	Ratio of income before taxes to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
<b>FY2015</b>	<b>38.35</b>	<b>35.38</b>	<b>6.9</b>	<b>5.3</b>	<b>7.8</b>
FY2014	96.15	87.67	18.5	9.8	10.3

#### (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
<b>FY2015</b>	<b>210,451</b>	<b>93,619</b>	<b>93,619</b>	<b>44.5</b>	<b>536.28</b>
FY2014	233,237	101,810	101,810	43.7	583.28

#### (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
<b>FY2015</b>	<b>7,728</b>	<b>(2,395)</b>	<b>(13,531)</b>	<b>85,430</b>
FY2014	24,481	(1,310)	(1,298)	97,574

**2. Dividends**

(Record Date)	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	%	%
FY2014	—	5.00	—	10.00	15.00	2,616	15.6	2.9
FY2015	—	10.00	—	10.00	20.00	3,491	52.2	3.6
FY2016 (forecast)	—	—	—	—	—	N/A	—	N/A

**3. Projected Results for FY2016 (April 1, 2016 through March 31, 2017)**

(% changes as compared with 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		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Million yen	%	
FY2016	156,000	(3.8)	10,000	(20.6)	10,000	(15.0)	7,500	12.0	7,500	12.0	42.96

**Status of Audit Procedures**

This consolidated financial results report is not subject to audit procedures by independent auditors under Japan's Financial Instruments and Exchange Law. At the time of release of this report, audit procedures under the Financial Instruments and Exchange Law have been completed.

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

Advantest Corporation adopted International Financial Reporting Standards ("IFRS") for the consolidated financial statements starting with its annual securities report with respect to the fiscal year ended March 31, 2016. This report is voluntary disclosure that provides selected IFRS financial data. Please note that Advantest previously reported consolidated financial results based on U.S. GAAP for the year ended March 31, 2016 on April 27, 2016.

This document contains "forward-looking statements" that are based on Advantest's expectations, estimates and projections based on information available to Advantest as of April 27, 2016. 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.

**Contents**

1. Consolidated Financial Statements .....	P.4
(1) Consolidated Statements of Financial Position .....	P.4
(2) Consolidated Statements of Profit or Loss and Consolidated Statements of Comprehensive Income .....	P.6
(3) Consolidated Statements of Changes in Equity .....	P.8
(4) Consolidated Statements of Cash Flows .....	P.9
(5) Notes to the Consolidated Financial Statements .....	P.10
(Note 1) Segment Information .....	P.10
(Note 2) Per Share Information .....	P.12
(Note 3) Significant Subsequent Events .....	P.12
2. IFRS Transition Disclosure .....	P.13

## 1. Consolidated Financial Statements

## (1) Consolidated Statements of Financial Position

	Millions of Yen		
	Date of Transition April 1, 2014	As of March 31, 2015	As of March 31, 2016
<b>Assets</b>			
Current assets			
Cash and cash equivalents	68,997	97,574	85,430
Trade and other receivables	21,775	26,478	28,005
Inventories	30,457	38,159	33,912
Other current assets	2,427	2,430	3,049
Total current assets	<u>123,656</u>	<u>164,641</u>	<u>150,396</u>
Non-current assets			
Property, plant and equipment, net	35,677	34,216	31,451
Goodwill and intangible assets	15,400	18,175	16,726
Other financial assets	6,518	4,677	3,542
Deferred tax assets	10,763	11,180	8,038
Other non-current assets	292	348	298
Total non-current assets	<u>68,650</u>	<u>68,596</u>	<u>60,055</u>
Total assets	<u><u>192,306</u></u>	<u><u>233,237</u></u>	<u><u>210,451</u></u>

	Millions of Yen		
	Date of Transition April 1, 2014	As of March 31, 2015	As of March 31, 2016
<b>Liabilities and Equity</b>			
Liabilities			
Current liabilities			
Trade and other payables	19,559	29,671	22,101
Bonds	—	10,000	—
Income tax payables	1,097	2,119	1,548
Provisions	1,589	1,525	1,709
Other financial liabilities	328	271	487
Other current liabilities	3,785	5,752	3,589
Total current liabilities	<u>26,358</u>	<u>49,338</u>	<u>29,434</u>
Non-current liabilities			
Bonds	54,366	44,492	44,618
Other financial liabilities	152	159	65
Retirement benefit liabilities	28,855	35,395	41,076
Deferred tax liabilities	779	389	358
Other non-current liabilities	2,204	1,654	1,281
Total non-current liabilities	<u>86,356</u>	<u>82,089</u>	<u>87,398</u>
Total liabilities	<u>112,714</u>	<u>131,427</u>	<u>116,832</u>
Equity			
Share capital	32,363	32,363	32,363
Share premium	44,623	44,487	44,478
Treasury shares	(96,083)	(94,686)	(94,585)
Retained earnings	97,398	106,916	105,190
Other components of equity	1,291	12,730	6,173
Total equity attributable to owners of the parent	<u>79,592</u>	<u>101,810</u>	<u>93,619</u>
Total equity	<u>79,592</u>	<u>101,810</u>	<u>93,619</u>
Total liabilities and equity	<u><u>192,306</u></u>	<u><u>233,237</u></u>	<u><u>210,451</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, 2015	Fiscal year ended March 31, 2016
Net sales	163,803	162,111
Cost of sales	(72,048)	(70,636)
Gross profit	91,755	91,475
Selling, general and administrative expenses	(75,086)	(79,109)
Other income	566	630
Other expenses	(377)	(399)
Operating income	16,858	12,597
Financial income	4,158	475
Financial expenses	(249)	(1,305)
Income before income taxes	20,767	11,767
Income taxes	(4,014)	(5,073)
Net income	16,753	6,694
Net income attributable to:		
Owners of the parent	16,753	6,694
Earnings per share:		
Basic (Yen)	96.15	38.35
Diluted (Yen)	87.67	35.38

## Consolidated Statements of Comprehensive Income

	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income	16,753	6,694
Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit pension plans	(4,651)	(4,869)
Items that may be subsequently reclassified to profit or loss		
Exchange differences on translation of foreign operations	11,674	(6,002)
Net change in fair values of available-for-sale financial assets	(235)	(555)
Total other comprehensive income	<u>6,788</u>	<u>(11,426)</u>
Total comprehensive income for the year	<u>23,541</u>	<u>(4,732)</u>
Comprehensive income attributable to:		
Owners of the parent	23,541	(4,732)

## (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 1,2014	32,363	44,623	(96,083)	97,398	1,291	79,592	79,592
Net income				16,753		16,753	16,753
Other comprehensive income					6,788	6,788	6,788
Total comprehensive income for the year	—	—	—	16,753	6,788	23,541	23,541
Purchase of treasury shares			(33)			(33)	(33)
Disposal of treasury shares		(136)	1,430	(842)		452	452
Dividends				(1,742)		(1,742)	(1,742)
Transfer from other components of equity to retained earnings				(4,651)	4,651	—	—
Total transactions with the owners	—	(136)	1,397	(7,235)	4,651	(1,323)	(1,323)
Balance at March 31,2015	32,363	44,487	(94,686)	106,916	12,730	101,810	101,810
Net income				6,694		6,694	6,694
Other comprehensive income					(11,426)	(11,426)	(11,426)
Total comprehensive income for the year	—	—	—	6,694	(11,426)	(4,732)	(4,732)
Purchase of treasury shares			(1)			(1)	(1)
Disposal of treasury shares		(9)	102	(60)		33	33
Dividends				(3,491)		(3,491)	(3,491)
Transfer from other components of equity to retained earnings				(4,869)	4,869	—	—
Total transactions with the owners	—	(9)	101	(8,420)	4,869	(3,459)	(3,459)
Balance at March 31,2016	<u>32,363</u>	<u>44,478</u>	<u>(94,585)</u>	<u>105,190</u>	<u>6,173</u>	<u>93,619</u>	<u>93,619</u>



## (4) Consolidated Statements of Cash Flows

	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Cash flows from operating activities:		
Income before income taxes	20,767	11,767
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities:		
Depreciation and amortization	4,730	4,965
Gain on sales of available-for-sale financial assets	(750)	(174)
Impairment losses	211	—
Changes in assets and liabilities:		
Trade and other receivables	(1,274)	(2,726)
Inventories	(5,786)	3,621
Trade and other payable	9,052	(6,784)
Warranty provisions	(135)	189
Retirement benefit liabilities	714	864
Other	(1,629)	(152)
Subtotal	25,900	11,570
Interest and dividends received	204	303
Interest paid	(137)	(117)
Income taxes paid	(1,486)	(4,028)
Net cash provided by (used in) operating activities	24,481	7,728
Cash flows from investing activities:		
Proceeds from sale of available-for-sale financial assets	2,132	503
Proceeds from sale of property, plant and equipment	99	509
Purchases of property, plant and equipment	(3,230)	(3,116)
Purchases of intangible assets	(477)	(449)
Other	166	158
Net cash provided by (used in) investing activities	(1,310)	(2,395)
Cash flows from financing activities:		
Redemption of bonds	—	(10,000)
Dividends paid	(1,742)	(3,488)
Other	444	(43)
Net cash provided by (used in) financing activities	(1,298)	(13,531)
Net effect of exchange rate changes on cash and cash equivalents	6,704	(3,946)
Net change in cash and cash equivalents	28,577	(12,144)
Cash and cash equivalents at beginning of year	68,997	97,574
Cash and cash equivalents at end of year	97,574	85,430

## (5) Notes to the Consolidated Financial Statements

## (Note 1) Segment Information

## 1. Operating Segment Information

Fiscal year ended March 31, 2015		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	108,596	28,461	26,746	—	163,803
Inter-segment sales	90	—	—	(90)	—
Total	108,686	28,461	26,746	(90)	163,803
Segment income	15,955	4,288	3,452	(6,837)	16,858
Financial income	—	—	—	—	4,158
Financial expenses	—	—	—	—	(249)
Income before income taxes	—	—	—	—	20,767
(Other profit and loss items)					
Depreciation and amortization	1,560	717	2,244	209	4,730
Impairment losses	—	—	—	211	211
Segment assets	64,758	24,866	41,660	101,953	233,237
(Other assets item)					
Capital expenditures	2,051	716	1,428	51	4,246

Fiscal year ended March 31, 2016		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	100,706	31,482	29,923	—	162,111
Inter-segment sales	56	—	—	(56)	—
Total	100,762	31,482	29,923	(56)	162,111
Segment income	10,514	2,599	4,944	(5,460)	12,597
Financial income	—	—	—	—	475
Financial expenses	—	—	—	—	(1,305)
Income before income taxes (Other profit and loss items)	—	—	—	—	11,767
Depreciation and amortization	2,027	710	1,960	268	4,965
Segment assets (Other assets item)	60,295	23,338	40,598	86,220	210,451
Capital expenditures	1,970	898	1,089	19	3,976

## (Notes)

1. Advantest uses the operating income (loss) before stock 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 stock 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.
5. Segment assets included in Corporate consist of cash and cash equivalents, assets for general corporate use and assets used for fundamental research activities, which are not allocated to reportable segments.
6. Capital expenditures included in Corporate consist of purchases of software and fixed assets for general corporate use.

## 2. Consolidated Net Sales by Geographical Areas

	Millions of Yen	
	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Japan	13,112	12,979
Americas	27,783	29,551
Europe	9,077	6,181
Asia	113,831	113,400
Total	<u>163,803</u>	<u>162,111</u>

## (Notes)

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

## (Note 2) Per Share Information

The following table sets forth the computation of basic and diluted net income per share for the fiscal years ended March 31:

	Fiscal year ended March 31, 2015	Fiscal year ended March 31, 2016
Net income attributable to owners of the parent (Millions of Yen)	16,753	6,694
Dilutive effect of exercise of convertible bonds (Millions of Yen)	<u>126</u>	<u>126</u>
Net income to calculate diluted earnings per share (Millions of Yen)	<u>16,879</u>	<u>6,820</u>
Weighted average number of ordinary shares—basic	174,244,799	174,569,193
Dilutive effect of exercise of stock options	163,433	61,173
Dilutive effect of exercise of convertible bonds	<u>18,126,888</u>	<u>18,126,888</u>
Weighted average number of ordinary shares—diluted	<u>192,535,120</u>	<u>192,757,254</u>
Basic earnings per share (Yen)	96.15	38.35
Diluted earnings per share (Yen)	<u>87.67</u>	<u>35.38</u>

(Note 3) Significant Subsequent Events: None

## 2. IFRS Transition Disclosure

The consolidated financial statements are the first consolidated financial statements that Advantest has prepared in accordance with IFRS.

### (1) IFRS 1 Exemptions

IFRS 1 requires that companies adopting IFRS for the first time (“first-time adopters”) apply IFRS retrospectively, although there are some areas for which first-time adopters can choose whether to apply IFRS retrospectively, and there are also certain exceptions for which retrospective application is prohibited. IFRS 1 exemptions, which Advantest has applied, are as follows.

#### (a) Business Combinations

Under IFRS 1, an entity may elect not to apply IFRS 3 “Business Combinations” retrospectively to business combinations that occurred before the transition date. Advantest has elected not to apply IFRS 3 retrospectively to business combinations that occurred before the transition date. As a result, goodwill arising from business combinations prior to the Date of Transition is recognized at its carrying amount under U.S. GAAP. Such goodwill was tested for impairment at the transition date, irrespective of whether or not there was any indication that the goodwill may be impaired.

#### (b) Exchange Differences on Translation of Foreign Operations

Under IFRS 1, an entity may elect not to apply IAS 21 “The Effects of Changes in Foreign Exchange Rates” retrospectively to cumulative exchange differences on translation of foreign operations at the Date of Transition. Advantest has elected to deem the cumulative exchange differences on translation of foreign operations at the Date of Transition to be zero.

#### (c) Deemed Cost

Under IFRS 1, an entity is permitted to use the fair value of an item of property, plant and equipment at the Date of Transition to IFRS as the deemed cost as of the Date of Transition. For certain property, plant and equipment, Advantest uses its fair value as of the Date of Transition as its deemed cost as of the Date of Transition.

### (2) Mandatory Exception to Retrospective Application of IFRS 1

IFRS 1 prohibits the retrospective application of IFRS to “estimates”, “derecognition of financial assets and financial liabilities” and “classification and measurement of financial assets”. Advantest applies IFRS to these items prospectively from the Date of Transition.

### (3) Reconciliation from U.S. GAAP to IFRS

Upon preparing the consolidated statement of financial position at the Date of Transition, Advantest has made adjustments to the amounts in the consolidated financial statements prepared in accordance with U.S. GAAP. The impact of the transition from U.S. GAAP to IFRS on Advantest’s consolidated financial position, results of operations and cash flows is as follows.

## Adjustment to equity as of the Date of Transition April 1, 2014

Millions of Yen

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Note	Presentation under IFRS
Assets						Assets
Cash and cash equivalents	68,997			68,997		Cash and cash equivalents
Trade receivables, net	20,404	970	401	21,775		Trade and other receivables
Inventories	30,200		257	30,457		Inventories
Other current assets	5,218	(2,797)	6	2,427		Other current assets
Total current assets	124,819	(1,827)	664	123,656		Total current assets
Investment securities	3,741	(3,741)		—		
Property, plant and equipment, net	39,925		(4,248)	35,677	B	Property, plant and equipment, net
Intangible assets, net	3,545	46,846	(34,991)	15,400	A	Goodwill and intangible assets
Goodwill	46,846	(46,846)		—		
	—	5,947	571	6,518	F	Other financial assets
	—	10,273	490	10,763	E,F	Deferred tax assets
Other assets	10,980	(10,652)	(36)	292		Other non-current assets
Total non-current assets	105,037	1,827	(38,214)	68,650		Total non-current assets
Total assets	229,856	—	(37,550)	192,306		Total assets
Liabilities:						Liabilities and Equity
Trade accounts payable	12,353	7,206		19,559		Liabilities
Accrued expenses	6,775	(6,775)		—		Trade and other payables
Income taxes payable	1,089		8	1,097		Income tax payables
Accrued warranty expenses	1,589			1,589		Provisions
	—	328		328	F	Other financial liabilities
Customer prepayments	2,488	(2,488)		—		
Other current liabilities	2,313	1,472		3,785		Other current liabilities
Total current liabilities	26,607	(257)	8	26,358		Total current liabilities
Corporate bonds	25,000	30,149	(783)	54,366		Bonds
Convertible bonds	30,149	(30,149)		—		
	—	152		152		Other financial liabilities
Accrued pension and severance costs	28,641	214		28,855	C	Retirement benefit liabilities
	—	894	(115)	779	F	Deferred tax liabilities
Other liabilities	3,207	(1,003)		2,204		Other non-current liabilities
Total non-current liabilities	86,997	257	(898)	86,356		Total non-current liabilities
Total liabilities	113,604	—	(890)	112,714		Total liabilities
Stockholders' equity:						Equity
Common stock	32,363			32,363		Share capital
Capital surplus	43,906		717	44,623		Share premium
Treasury stock	(96,083)			(96,083)		Treasury shares
Retained earnings	130,740		(33,342)	97,398		Retained earnings
Accumulated other comprehensive income	5,326		(4,035)	1,291	C,D	Other components of equity
	—	—	(36,660)	79,592		Total equity attributable to owners of the parent
Total stockholders' equity	116,252	—	(36,660)	79,592		Total equity
Total liabilities and stockholders' equity	229,856	—	(37,550)	192,306		Total liabilities and equity

## Adjustment to equity as of March 31, 2015

Millions of Yen

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Note	Presentation under IFRS
<b>Assets</b>						<b>Assets</b>
Cash and cash equivalents	97,574			97,574		Cash and cash equivalents
Trade receivables, net	24,960	643	875	26,478		Trade and other receivables
Inventories	37,210		949	38,159		Inventories
Other current assets	5,057	(2,633)	6	2,430		Other current assets
Total current assets	164,801	(1,990)	1,830	164,641		Total current assets
Investment securities	2,249	(2,249)		—		
Property, plant and equipment, net	38,480		(4,264)	34,216	B	Property, plant and equipment, net
Intangible assets, net	4,085	54,590	(40,500)	18,175	A	Goodwill and intangible assets
Goodwill	54,590	(54,590)		—		
	—	4,059	618	4,677	F	Other financial assets
	—	8,641	2,539	11,180	E,F	Deferred tax assets
Other assets	8,836	(8,461)	(27)	348		Other non-current assets
Total non-current assets	108,240	1,990	(41,634)	68,596		Total non-current assets
<b>Total assets</b>	<b>273,041</b>	<b>—</b>	<b>(39,804)</b>	<b>233,237</b>		<b>Total assets</b>
<b>Liabilities:</b>						<b>Liabilities and Equity</b>
Trade accounts payable	18,101	11,570		29,671		Liabilities
	—	10,000		10,000		Trade and other payables
Accrued expenses	10,482	(10,482)		—		Bonds
Income taxes payable	2,106		13	2,119		Income tax payables
Accrued warranty expenses	1,525			1,525		Provisions
	—	271		271	F	Other financial liabilities
Corporate bonds - current portion	10,000	(10,000)		—		
Customer prepayments	4,900	(4,900)		—		
Other current liabilities	2,572	3,180		5,752		Other current liabilities
Total current liabilities	49,686	(361)	13	49,338		Total current liabilities
Corporate bonds	15,000	30,119	(627)	44,492		Bonds
Convertible bonds	30,119	(30,119)		—		
	—	159		159		Other financial liabilities
Accrued pension and severance costs	35,034	361		35,395	C	Retirement benefit liabilities
	—	451	(62)	389	F	Deferred tax liabilities
Other liabilities	2,264	(610)		1,654		Other non-current liabilities
Total non-current liabilities	82,417	361	(689)	82,089		Total non-current liabilities
<b>Total liabilities</b>	<b>132,103</b>	<b>—</b>	<b>(676)</b>	<b>131,427</b>		<b>Total liabilities</b>
<b>Stockholders' equity:</b>						<b>Equity</b>
Common stock	32,363			32,363		Share capital
Capital surplus	43,770		717	44,487		Share premium
Treasury stock	(94,686)			(94,686)		Treasury shares
Retained earnings	141,104		(34,188)	106,916		Retained earnings
Accumulated other comprehensive income	18,387		(5,657)	12,730		Other components of equity
	—	—	(39,128)	101,810	C,D	Total equity attributable to owners of the parent
Total stockholders' equity	140,938	—	(39,128)	101,810		Total equity
<b>Total liabilities and stockholders' equity</b>	<b>273,041</b>	<b>—</b>	<b>(39,804)</b>	<b>233,237</b>		<b>Total liabilities and equity</b>

## Adjustment to net profit and comprehensive income for the fiscal year ended March 31, 2015

Millions of Yen

Presentation under U.S. GAAP	U.S. GAAP	Reclassification	Difference in recognition and measurement	IFRS	Note	Presentation under IFRS
Net sales	163,329		474	163,803		Net sales
Cost of sales	(72,903)		855	(72,048)		Cost of sales
Gross profit	90,426	—	1,329	91,755		Gross profit
Research and development expenses	(29,876)	29,876		—		
Selling, general and administrative expenses	(45,931)	(29,876)	721	(75,086)		Selling, general and administrative expenses
	—	566		566		Other income
	—	(377)		(377)		Other expenses
Operating income (loss)	14,619	189	2,050	16,858		Operating income
	—	4,188	(30)	4,158	G	Financial income
	—	(137)	(112)	(249)	G	Financial expenses
Interest and dividend income	203	(203)		—		
Interest expense	(137)	137		—		
Gain on sale of investment securities	750	(750)		—		
Other, net	3,424	(3,424)		—		
Total other income (expense)	4,240			—		
Income (loss) before income taxes and equity in earnings (loss) of affiliated company	18,859	—	1,908	20,767		Income before income taxes
Income tax expense	(5,911)		1,897	(4,014)	E	Income taxes
Net income (loss)	12,948	—	3,805	16,753		Net income
	—			16,753		Net income attributable to: Owners of the parent
Net income (loss)	12,948	—	3,805	16,753		Net income
Other comprehensive income (loss), net of tax						Other comprehensive income
Pension related adjustments	(4,147)		(504)	(4,651)		Items that will not be reclassified to profit or loss Remeasurements of defined benefit pension plans
Foreign currency translation adjustments	17,474		(5,800)	11,674		Items that may be subsequently reclassified to profit or loss Exchange differences on translation of foreign operations
Net unrealized gains (losses) on investment securities	(266)		31	(235)		Net change in fair values of available-for-sale financial assets
Total other comprehensive income	13,061	—	(6,273)	6,788		Total other comprehensive income
Total comprehensive income (loss)	26,009	—	(2,468)	23,541		Total comprehensive income for the year
				23,541		Comprehensive income attributable to: Owners of the parent



## (4) Notes on Adjustments to Equity and Comprehensive Income and Loss

The impact of the transition from U.S. GAAP to IFRS on the above Adjustment is as follows:

## A. Impairment of Goodwill

Under U.S. GAAP, the fair value of a reporting unit and its carrying amount including goodwill is compared, and if the fair value of the reporting unit is below its carrying amount, the fair value of the goodwill is calculated, and then when the fair value of the goodwill calculated is below its carrying amount, the difference is recognized as an impairment loss of the goodwill.

Under IFRS, if the carrying amount of CGU or CGU group including goodwill exceeds its recoverable amount, the excess is recognized as an impairment loss.

As a result of goodwill impairment test at the Date of Transition, impairment loss of ¥19,153 million and ¥14,000 million respectively was recorded for the goodwill allocated to the CGU groups of “Semiconductor and Component Test System Business” and “Services, Support and Others” in Japan, since future cash flows that had been projected in the initial business plan were no longer expected to be generated. Total impairment loss of ¥33,153 million was charged to “retained earnings” at the Date of Transition. The recoverable amount of CGU groups was calculated based on the value in use. The value in use of a CGU group was calculated using 12.0% of the pre-tax discount rates.

## B. Deemed Cost

At the Date of Transition, the previous carrying amount of certain items of “property, plant and equipment” to which the deemed cost election was applied was ¥14,979 million, and the fair value was ¥10,731 million.

As a result, at the Date of Transition, “property, plant and equipment” decreased by ¥4,248 million, and the adjustment difference, net of ¥163 million adjustments of deferred taxes, is included in “retained earnings”.

## C. Employee Benefits

Under U.S. GAAP, actuarial gains and losses and past service cost which were incurred from defined benefit plans but not recognized in profit or loss as component of pension costs during reporting period, are recognized in accumulated other comprehensive income and amortized from accumulated other comprehensive income into profit or loss over a certain period of future years.

Under IFRS, past service cost is recognized in profit or loss. Actuarial gains and losses arising from defined benefit plans are recognized in other comprehensive income and reclassified directly from other components of equity to retained earnings when they are incurred.

As a result, ¥12,070 million of actuarial losses and past service cost at the Date of Transition were reclassified to “retained earnings”, and cost of sales and selling, general and administrative expense decreased by ¥86 million and ¥528 million, respectively, in the consolidated statements of profit or loss for the year ended March 31, 2015.

## D. Exchange Differences on Translation of Foreign Operations

Under IFRS, first-time adopters can choose to deem the cumulative exchange differences on translation of foreign operations at the Date of Transition to be zero.

As a result, the cumulative amounts of exchange differences on translation of foreign operations of ¥16,489 million at the Date of Transition were entirely reclassified to “retained earnings”.

## E. Income Taxes

With respect to the tax effects arising from elimination of intercompany unrealized gains, under U.S. GAAP, income tax expenses are deferred based on the sellers’ tax amounts.

Under IFRS, intercompany unrealized gains are treated as temporary differences associated with the purchasers’ assets and the tax effects are recognized as deferred tax assets using the purchasers’ tax rates after an assessment of the recoverability of the deferred tax assets.

As a result, “deferred tax assets” and “retained earnings” at the Date of Transition, and March 31, 2015 increased by ¥420 million, and ¥2,596 million, respectively.

## F. Reclassification of the Consolidated Statements of Financial Position

The accompanying consolidated statements of financial position has been reclassified in conformity to IFRS requirements, but the Consolidated Statements of Profit or Loss, the consolidated statements of comprehensive income and retained earnings have not been affected. The principal reclassifications made in the consolidated statements of financial position are follows:

- (i) Under U.S. GAAP, the deferred tax assets/liabilities are classified as current and non-current assets/liabilities. However, under IFRS, deferred tax assets and liabilities are not permitted to be presented as current assets and liabilities, and they have been reclassified to non-current assets and liabilities.
- (ii) Under IFRS, financial assets and financial liabilities are separately presented.

G. Reclassification of the Consolidated Statements of Profit or Loss

The accompanying consolidated statements of profit or loss has been reclassified in conformity to IFRS but retained earnings have not been affected. The principal reclassification made in the consolidated statements of profit or loss is following:

(i) Under IFRS, financial income and financial expenses are separately presented.

(5) Adjustment Items of Consolidated Statement of Cash Flows for the year fiscal ended March 31, 2015

There is no significant difference in the consolidated statements of cash flows of IFRS and consolidated statements of cash flows of U.S. GAAP.