

## FY2015 Third Quarter Consolidated Financial Results

(Advantest's consolidated financial statements are prepared in accordance with U.S. GAAP)

(Period ended December 31, 2015)

(Unaudited)

January 27, 2016

Company name : **Advantest Corporation**  
 (URL <http://www.advantest.com/US/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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Quarterly Report Filing Date (as planned) : February 12, 2016

Quarterly Results Supplemental Materials : Yes

Quarterly Results Presentation Meeting : Yes

(Rounded to the nearest million yen)

### 1. Consolidated Results of FY2015 Q3 (April 1, 2015 through December 31, 2015)

#### (1) Consolidated Financial Results (Accumulated)

(% changes as compared with the corresponding period of the previous fiscal year)

|                  | Net sales      |                       | Operating income |                       | Income before income taxes |                       | Net income   |                       |
|------------------|----------------|-----------------------|------------------|-----------------------|----------------------------|-----------------------|--------------|-----------------------|
|                  | Million yen    | % increase (decrease) | Million yen      | % increase (decrease) | Million yen                | % increase (decrease) | Million yen  | % increase (decrease) |
| <b>FY2015 Q3</b> | <b>116,648</b> | <b>(2.7)</b>          | <b>6,162</b>     | <b>(37.2)</b>         | <b>6,465</b>               | <b>(51.4)</b>         | <b>3,624</b> | <b>(60.8)</b>         |
| FY2014 Q3        | 119,902        | 51.3                  | 9,811            | —                     | 13,305                     | —                     | 9,241        | —                     |

(Note) Quarterly comprehensive income (loss): FY2015 Q3 (Y) 4,819 million (82.9%); FY2014 Q3 (Y) 28,163 million -%

|                  | Net income per share-basic | Net income per share-diluted |
|------------------|----------------------------|------------------------------|
|                  | Yen                        | Yen                          |
| <b>FY2015 Q3</b> | <b>20.76</b>               | <b>18.73</b>                 |
| FY2014 Q3        | 53.05                      | 47.96                        |

#### (2) Consolidated Financial Position

|                  | Total assets   | Net assets     | Stockholders' Equity | Equity-to-assets ratio |
|------------------|----------------|----------------|----------------------|------------------------|
|                  | Million yen    | Million yen    | Million yen          | %                      |
| <b>FY2015 Q3</b> | <b>251,985</b> | <b>142,298</b> | <b>142,298</b>       | <b>56.5</b>            |
| FY2014           | 273,041        | 140,938        | 140,938              | 51.6                   |

### 2. Dividends

| (Record Date)     | Dividend per share |                    |                   |          |              |
|-------------------|--------------------|--------------------|-------------------|----------|--------------|
|                   | First quarter end  | Second quarter end | Third quarter end | Year end | Annual total |
|                   | yen                | yen                | yen               | yen      | yen          |
| FY2014            | —                  | 5.00               | —                 | 10.00    | 15.00        |
| FY2015            | —                  | 10.00              | —                 | N/A      | N/A          |
| FY2015 (forecast) | N/A                | N/A                | N/A               | 10.00    | 20.00        |

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

**3. Projected Results for FY2015 (April 1, 2015 through March 31, 2016)**

(% changes as compared with the corresponding period of the previous fiscal year)

|        | Net sales   |       | Operating income |        | Income before income taxes |        | Net income  |        | Net income per share |
|--------|-------------|-------|------------------|--------|----------------------------|--------|-------------|--------|----------------------|
|        | Million yen | %     | Million yen      | %      | Million yen                | %      | Million yen | %      | Yen                  |
| FY2015 | 160,000     | (2.0) | 10,500           | (28.2) | 10,800                     | (42.7) | 6,700       | (48.3) | 38.38                |

(Note) Revision of projected results for this period: Yes

Please see “(3) Prospects for the Current Fiscal Year” on page 6 for details.

**4. Others**

- (1) Material changes in subsidiaries during this period (changes in scope of consolidation resulting from changes in subsidiaries): No
- (2) Use of simplified accounting method and special accounting policy for quarterly consolidated financial statements: Yes  
(Note) Please see “2. Others” on page 7 for details.
- (3) Accounting changes:  
1) Changes based on revisions of accounting standard: No  
2) Changes other than 1) above: No
- (4) Number of issued and outstanding stock (common stock):  
1) Number of issued and outstanding stock at the end of each fiscal period (including treasury stock):  
FY2015 Q3 199,566,770 shares; FY2014 199,566,770 shares.  
2) Number of treasury stock at the end of each fiscal period:  
FY2015 Q3 24,993,916 shares; FY2014 25,020,294 shares.  
3) Average number of outstanding stock for each period (cumulative term):  
FY2015 Q3 174,568,038 shares; FY2014 Q3 174,199,488 shares.

**Status of Quarterly Review Procedures**

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

**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. A discussion of these and other factors which may affect Advantest’s actual results, levels of activities, performance or achievements is contained in the “Operating and Financial Review and Prospects”, “Key Information - Risk Factors” and “Information on the Company” sections and elsewhere in Advantest’s annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.

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## 1. Business Results

## (1) Analysis of Business Results

Consolidated Financial Results of FY2015 Q3 (April 1, 2015 through December 31, 2015)

(in billion yen)

|                            | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 | As compared to the<br>corresponding period of<br>the previous<br>fiscal year<br>increase (decrease) |
|----------------------------|--|--|---|
| Orders received            | 126.1                                  | 110.9                                  | (12.0%)   |
| Net sales                  | 119.9                                  | 116.6                                  | (2.7%)  |
| Operating income           | 9.8                                    | 6.2                                    | (37.2%)   |
| Income before income taxes | 13.3                                   | 6.5                                    | (51.4%)   |
| Net income                 | 9.2                                    | 3.6                                    | (60.8%)   |

During the nine-month period ended December 31, 2015, the global economy maintained its trend of overall growth, supported by the continuing solid economic growth and job creation in the U.S. However, due to an economic slowdown in China and other emerging economies, overall growth was moderate and less than initially anticipated.

The semiconductor-related markets saw robust investments in leading-edge technology equipment, particularly for memory semiconductors, in the first half of 2015. However, against the backdrop of worsening macroeconomic visibility, semiconductor manufacturers sought to adjust inventory and limit capital spending starting in the latter half of 2015 as growth in the semiconductor-related markets slowed due to demand for electronic devices, including smartphones, failing to grow as initially anticipated.

Amid this increasing slowdown in the business environment, Advantest focused on promoting sales of semiconductor and component test systems and sought to expand its other businesses, including ATE peripherals. As a result of these efforts, orders received – a leading indicator of operating results – in the third quarter of FY2015 exceeded that of the corresponding period of the previous fiscal year and that of the second quarter of FY2015. However, net sales in the third quarter stagnated due to a downturn in orders received in the second quarter.

As a result, for the nine-month period ended December 31, 2015, orders received were (Y) 110.9 billion (12.0% decrease in comparison to the corresponding period of the previous fiscal year) and net sales were (Y) 116.6 billion (2.7% decrease in comparison to the corresponding period of the previous fiscal year). Operating income was (Y) 6.2 billion (37.2% decrease in comparison to the corresponding period of the previous fiscal year), income before income taxes was (Y) 6.5 billion (51.4% decrease in comparison to the corresponding period of the previous fiscal year) and net income was (Y) 3.6 billion (60.8% decrease in comparison to the corresponding period of the previous fiscal year). The percentage of net sales to overseas customers was (Y) 92.7% (91.7% in the corresponding period of the previous fiscal year).

Conditions of business segments are described below.

## &lt;Semiconductor and Component Test System Segment&gt;

(in billion yen)

|                  | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 | As compared to the<br>corresponding period of<br>the previous<br>fiscal year<br>increase (decrease) |
|------------------|--|--|---|
| Orders received  | 87.8                                   | 65.3                                   | (25.6%)   |
| Net sales        | 80.1                                   | 69.4                                   | (13.3%)   |
| Operating income | 10.3                                   | 2.4                                    | (76.1%)   |

Due to the slowdown in the semiconductor market, the Semiconductor and Component Test System Segment continued to see demand for non-memory test systems that was lower than the corresponding period of the previous fiscal year, but orders received recovered significantly in the third quarter of FY2015 as customers regained interest in capital investment. Memory test systems continued to post solid sales despite being impacted by revisions to capital expenditure plans of certain customers.

As a result of the above, orders received were (Y) 65.3 billion (25.6% decrease in comparison to the corresponding period of the previous fiscal year), net sales were (Y) 69.4 billion (13.3% decrease in comparison to the corresponding period of the previous fiscal year), and operating income was (Y) 2.4 billion (76.1% decrease in comparison to the corresponding period of the previous fiscal year).

## &lt; Mechatronics System Segment &gt;

(in billion yen)

|                  | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 | As compared to the<br>corresponding period of<br>the previous<br>fiscal year<br>increase (decrease) |
|------------------|--|--|---|
| Orders received  | 20.5                                   | 23.9                                   | 16.9%   |
| Net sales        | 20.2                                   | 24.9                                   | 23.0%   |
| Operating income | 2.6                                    | 4.0                                    | 53.7%   |

The Mechatronics System Segment was impacted by the capital expenditure cycle of certain customers in the third quarter of FY2015, but Advantest sought to continue the profit expansion initiatives, such as expanding sales of device interfaces for non-memory semiconductors, that it commenced in the beginning of the period.

As a result of the above, orders received were (Y) 23.9 billion (16.9% increase in comparison to the corresponding period of the previous fiscal year), net sales were (Y) 24.9 billion (23.0% increase in comparison to the corresponding period of the previous fiscal year), and operating income was (Y) 4.0 billion (53.7% increase in comparison to the corresponding period of the previous fiscal year).

## &lt;Services, Support and Others Segment&gt;

(in billion yen)

|                  | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 | As compared to the<br>corresponding period of<br>the previous<br>fiscal year<br>increase (decrease) |
|------------------|--|--|---|
| Orders received  | 17.9                                   | 21.7                                   | 21.1%   |
| Net sales        | 19.7                                   | 22.4                                   | 13.8%   |
| Operating income | 2.4                                    | 3.9                                    | 60.3%   |

In the Services, Support and Others Segment, profit expansion initiatives in the field services business, such as increasing the number of annual maintenance contracts, progressed and SSD test systems, a new business,

attracted growing customer interest.

As a result of the above, orders received were (Y) 21.7 billion (21.1% increase in comparison to the corresponding period of the previous fiscal year), net sales were (Y) 22.4 billion (13.8% increase in comparison to the corresponding period of the previous fiscal year), and operating income was (Y) 3.9 billion (60.3% increase in comparison to the corresponding period of the previous fiscal year).

## (2) Analysis of Financial Condition

Total assets at December 31, 2015 amounted to (Y) 252.0 billion, a decrease of (Y) 21.1 billion compared to March 31, 2015, primarily due to a decrease of (Y) 16.6 billion and (Y) 2.2 billion in cash and cash equivalents and property, plant and equipment, respectively. The amount of total liabilities was (Y) 109.7 billion, a decrease of (Y) 22.4 billion compared to March 31, 2015, primarily due to a redemption of (Y) 10.0 billion in corporate bonds and a decrease of (Y) 8.0 billion in trade accounts payable. Stockholders' equity was (Y) 142.3 billion. Equity to assets ratio was 56.5%, an increase of 4.9 percentage points from March 31, 2015.

### (Cash Flow Condition)

Cash and cash equivalents held at December 31, 2015 were (Y) 80.9 billion, a decrease of (Y) 16.6 billion from March 31, 2015. Significant cash flows during the nine-month period of this fiscal year and their causes are described below.

Net cash used in operating activities was (Y) 2.1 billion (net cash inflow of (Y) 12.5 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to a decrease of (Y) 7.8 billion and (Y) 5.2 billion in trade accounts payable and accrued expenses, respectively, and adjustments of non cash items such as depreciation and amortization in addition to the net income of (Y) 3.6 billion.

Net cash used in investing activities was (Y) 1.9 billion (net cash outflow of (Y) 0.9 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to payments for acquisition of tangible fixed assets in the amount of (Y) 2.2 billion.

Net cash used in financing activities was (Y) 13.4 billion (net cash outflow of (Y) 1.6 billion in the corresponding period of the previous fiscal year). This amount was primarily attributable to redemption of corporate bonds (Y) 10.0 billion and dividends paid of (Y) 3.3 billion.

## (3) Prospects for the Current Fiscal Year

Advantest expects that the trend for a society with greater safety and comfort, as embodied in the global adoption of smartphones and acceleration of computerization of automobiles, will drive future growth in the semiconductor industry and related markets.

Regarding the business environment in the current fiscal year, Advantest saw difficult conditions after the summer of 2015 due to a slowdown in the global semiconductor market. However, starting in the third quarter of FY2015, it began to see a recovery in interest in capital investment from non-memory test system customers, and it also expects to see more robust customer interest in memory test systems going forward since memory semiconductor manufacturers are planning to expand their production of high-speed DRAM for smartphones.

Additionally, in the Mechatronics System Segment and the Services, Support and Others Segment, Advantest anticipates steady progress with the profit expansion initiatives that it is currently undertaking.

As a result, Advantest revises its consolidated results forecast for the full FY2015 as follows. Figures in brackets are those announced in October 2015. Based on recent business conditions, Advantest's orders received and sales forecast remains unchanged from those announced in October 2015. Regarding profit and loss, based on the ratio of sales of higher-margin products in the fourth quarter that is expected to be higher than initially anticipated as well as other income recorded to date, Advantest now expects operating income of (Y) 10.5 billion ((Y) 10.0 billion) and income before income taxes of (Y) 10.8 billion ((Y) 9.5 billion). Advantest's net income forecast of (Y) 6.7 billion remains unchanged, taking into account increase in tax expenses associated with

income from overseas subsidiaries. These fourth quarter forecasts are based on foreign exchange rates of 120 JPY to 1 USD and 130 JPY to 1 Euro.

## 2. Others

### (1) Use of Simplified Accounting Method and Special Accounting Policy for Quarterly Consolidated Financial Statements

Tax expense is measured using an estimated annual effective tax rate. Advantest makes, at the end of the cumulative third quarter, its best estimate of the annual effective tax rate for the full fiscal year and uses that rate to provide for income taxes on a current year-to-date basis. The estimated effective tax rate includes the deferred tax effects of expected year-end temporary differences and carryforwards, and the effects of valuation allowances for deferred tax assets.

## 3. Consolidated Financial Statements

## (1) Consolidated Balance Sheets (Unaudited)

| Assets                             | Yen (Millions) |                   |
|------------------------------------|----------------|-------------------|
|                                    | March 31, 2015 | December 31, 2015 |
| Current assets:                    |                |                   |
| Cash and cash equivalents          | ¥ 97,574       | 80,929            |
| Trade receivables, net             | 24,960         | 21,703            |
| Inventories                        | 37,210         | 37,347            |
| Other current assets               | 5,057          | 6,595             |
| Total current assets               | 164,801        | 146,574           |
| Investment securities              | 2,249          | 2,273             |
| Property, plant and equipment, net | 38,480         | 36,293            |
| Intangible assets, net             | 4,085          | 3,501             |
| Goodwill                           | 54,590         | 54,747            |
| Other assets                       | 8,836          | 8,597             |
| Total assets                       | ¥ 273,041      | 251,985           |



| Liabilities and Stockholders' Equity       | Yen (Millions) |                   |
|--|----------------|-------------------|
|  | March 31, 2015 | December 31, 2015 |
| Current liabilities:                       |                |                   |
| Trade accounts payable                     | ¥ 18,101       | 10,103            |
| Accrued expenses                           | 10,482         | 5,364             |
| Income taxes payable                       | 2,106          | 2,419             |
| Accrued warranty expenses                  | 1,525          | 1,721             |
| Corporate bonds - current portion          | 10,000         | —                 |
| Customer prepayments                       | 4,900          | 3,561             |
| Other current liabilities                  | 2,572          | 3,541             |
| Total current liabilities                  | 49,686         | 26,709            |
| Corporate bonds                            | 15,000         | 15,000            |
| Convertible bonds                          | 30,119         | 30,096            |
| Accrued pension and severance costs        | 35,034         | 35,919            |
| Other liabilities                          | 2,264          | 1,963             |
| Total liabilities                          | 132,103        | 109,687           |
| Commitments and contingent liabilities     |                |                   |
| Stockholders' equity:                      |                |                   |
| Common stock                               | 32,363         | 32,363            |
| Capital surplus                            | 43,770         | 43,761            |
| Retained earnings                          | 141,104        | 141,177           |
| Accumulated other comprehensive income     | 18,387         | 19,582            |
| Treasury stock                             | (94,686)       | (94,585)          |
| Total stockholders' equity                 | 140,938        | 142,298           |
| Total liabilities and stockholders' equity | ¥ 273,041      | 251,985           |

## (2) Consolidated Statements of Operations (Unaudited)

|  | Yen (Millions)                         |  |
|--|--|--|
|  | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 |
| Net sales                                    | ¥ 119,902                              | 116,648                                |
| Cost of sales                                | 53,342                                 | 51,694                                 |
| Gross profit                                 | 66,560                                 | 64,954                                 |
| Research and development expenses            | 22,814                                 | 23,396                                 |
| Selling, general and administrative expenses | 33,724                                 | 35,396                                 |
| Impairment charge                            | 211                                    | —                                      |
| Operating income                             | 9,811                                  | 6,162                                  |
| Other income (expense):                      |  |  |
| Interest and dividend income                 | 150                                    | 245                                    |
| Interest expense                             | (103)                                  | (79)                                   |
| Gain on sale of investment securities        | 677                                    | 22                                     |
| Other, net                                   | 2,770                                  | 115                                    |
| Total other income (expense)                 | 3,494                                  | 303                                    |
| Income before income taxes                   | 13,305                                 | 6,465                                  |
| Income taxes (benefit)                       | 4,064                                  | 2,841                                  |
| Net income                                   | ¥ 9,241                                | 3,624                                  |
|  | Yen                                    |  |
|  | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 |
| Net income per share:                        |  |  |
| Basic  | ¥ 53.05                                | 20.76                                  |
| Diluted                                      | 47.96                                  | 18.73                                  |

|  | <b>Yen (Millions)</b>                           |   |
|--|---|---|
|  | <b>Three months ended<br/>December 31, 2014</b> | <b>Three months ended<br/>December 31, 2015</b> |
| Net sales                                    | ¥ 40,959  | 29,983  |
| Cost of sales                                | 17,645  | 11,979  |
| Gross profit                                 | 23,314  | 18,004  |
| Research and development expenses            | 7,792   | 7,418   |
| Selling, general and administrative expenses | 11,892  | 11,172  |
| Impairment charge                            | 211   | —   |
| Operating income (loss)                      | 3,419   | (586)   |
| Other income (expense):                      |   |   |
| Interest and dividend income                 | 62  | 91  |
| Interest expense                             | (35)  | (24)  |
| Gain on sale of investment securities        | 118   | 22  |
| Other, net                                   | 1,724   | 657   |
| Total other income (expense)                 | 1,869   | 746   |
| Income before income taxes                   | 5,288   | 160   |
| Income taxes (benefit)                       | 632   | 967   |
| Net income (loss)                            | ¥ 4,656   | (807)   |

|                              | <b>Yen</b>                                      |   |
|------------------------------|---|---|
|                              | <b>Three months ended<br/>December 31, 2014</b> | <b>Three months ended<br/>December 31, 2015</b> |
| Net income (loss) per share: |   |   |
| Basic                        | ¥ 26.73   | (4.63)  |
| Diluted                      | 24.15   | (4.63)  |

## (3) Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

|  | Yen (Millions)                         |  |
|--|--|--|
|  | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 |
| Comprehensive income (loss)                            |  |  |
| Net income   | ¥ 9,241                                | 3,624                                  |
| Other comprehensive income (loss), net of tax          |  |  |
| Foreign currency translation adjustments               | 18,440                                 | 51                                     |
| Net unrealized gains (losses) on investment securities | (302)                                  | 38                                     |
| Pension related adjustments                            | 784                                    | 1,106                                  |
| Total other comprehensive income (loss)                | 18,922                                 | 1,195                                  |
| Total comprehensive income (loss)                      | ¥ 28,163                               | 4,819                                  |

|  | Yen (Millions)                          |   |
|--|---|---|
|  | Three months ended<br>December 31, 2014 | Three months ended<br>December 31, 2015 |
| Comprehensive income (loss)                              |   |   |
| Net income (loss)  | ¥ 4,656                                 | (807)                                   |
| Other comprehensive income (loss), net of tax            |   |   |
| Foreign currency translation adjustments                 | 11,779                                  | 605                                     |
| Net unrealized gains (losses) on investment securities : | 69                                      | 159                                     |
| Pension related adjustments                              | 252                                     | 368                                     |
| Total other comprehensive income (loss)                  | 12,100                                  | 1,132                                   |
| Total comprehensive income (loss)                        | ¥ 16,756                                | 325                                     |

## (4) Consolidated Statements of Cash Flows (Unaudited)

|   | Yen (Millions)                         |  |
|---|--|--|
|   | Nine months ended<br>December 31, 2014 | Nine months ended<br>December 31, 2015 |
| Cash flows from operating activities:   |  |  |
| Net income  | ¥ 9,241                                | 3,624                                  |
| Adjustments to reconcile net income to net cash provided by (used in) operating activities: |  |  |
| Depreciation and amortization   | 3,769                                  | 3,968                                  |
| Deferred income taxes   | (75)                                   | 435                                    |
| Gain on sale of investment securities   | (677)                                  | (22)                                   |
| Changes in assets and liabilities:  |  |  |
| Trade receivables   | (5,617)                                | 2,897                                  |
| Inventories   | (1,551)                                | (130)                                  |
| Trade accounts payable  | 718                                    | (7,753)                                |
| Other account payable   | 953                                    | (125)                                  |
| Accrued expenses  | 1,096                                  | (5,172)                                |
| Income taxes payable  | 3,208                                  | 288                                    |
| Accrued warranty expenses   | (216)                                  | 188                                    |
| Customer prepayments  | 493                                    | (1,502)                                |
| Accrued pension and severance costs   | 323                                    | 2,022                                  |
| Other   | 810                                    | (854)                                  |
| Net cash provided by (used in) operating activities   | <u>12,475</u>                          | <u>(2,136)</u>                         |
| Cash flows from investing activities:   |  |  |
| Proceeds from sale of available-for-sale securities   | 1,806                                  | 54                                     |
| Proceeds from sale of property, plant and equipment   | 59                                     | 509                                    |
| Purchases of property, plant and equipment  | (2,486)                                | (2,151)                                |
| Purchases of intangible assets  | (307)                                  | (292)                                  |
| Other   | 27                                     | (51)                                   |
| Net cash provided by (used in) investing activities   | <u>(901)</u>                           | <u>(1,931)</u>                         |
| Cash flows from financing activities:   |  |  |
| Redemption of corporate bonds   | —                                      | (10,000)                               |
| Dividends paid  | (1,666)                                | (3,339)                                |
| Other   | 114                                    | (22)                                   |
| Net cash provided by (used in) financing activities   | <u>(1,552)</u>                         | <u>(13,361)</u>                        |
| Net effect of exchange rate changes on cash and cash equivalents                            | <u>6,126</u>                           | <u>783</u>                             |
| Net change in cash and cash equivalents   | <u>16,148</u>                          | <u>(16,645)</u>                        |
| Cash and cash equivalents at beginning of period  | <u>68,997</u>                          | <u>97,574</u>                          |
| Cash and cash equivalents at end of period  | <u>¥ 85,145</u>                        | <u>80,929</u>                          |

## (5)Notes to Consolidated Financial Statements

(Notes on Going Concern): None

(Notes on Significant Changes to Stockholders' Equity): None

(Segment Information)

| <b>Yen (Millions)</b>   |  |                                    |                                    |                                 |              |
|---|--|------------------------------------|------------------------------------|---------------------------------|--------------|
| <b>Nine months ended December 31, 2014</b>                          |  |                                    |                                    |                                 |              |
|   | Semiconductor<br>and<br>Component<br>Test System<br>Business | Mechatronics<br>System<br>Business | Services,<br>Support and<br>Others | Elimination<br>and<br>Corporate | Total        |
| Net sales to unaffiliated customers                                 | ¥ 79,972   | 20,217                             | 19,713                             | —                               | 119,902      |
| Inter-segment sales   | 80   | —                                  | —                                  | (80)                            | —            |
| Net sales   | 80,052   | 20,217                             | 19,713                             | (80)                            | 119,902      |
| Operating income (loss) before stock<br>option compensation expense | 10,255   | 2,620                              | 2,440                              | (5,504)                         | 9,811        |
| Adjustment:   |  |                                    |                                    |                                 |              |
| Stock option compensation expense                                   |  |                                    |                                    |                                 | —            |
| Operating income  |  |                                    |                                    | ¥                               | <u>9,811</u> |

| <b>Yen (Millions)</b>   |  |                                    |                                    |                                 |              |
|---|--|------------------------------------|------------------------------------|---------------------------------|--------------|
| <b>Nine months ended December 31, 2015</b>                          |  |                                    |                                    |                                 |              |
|   | Semiconductor<br>and<br>Component<br>Test System<br>Business | Mechatronics<br>System<br>Business | Services,<br>Support and<br>Others | Elimination<br>and<br>Corporate | Total        |
| Net sales to unaffiliated customers                                 | ¥ 69,344   | 24,865                             | 22,439                             | —                               | 116,648      |
| Inter-segment sales   | 40   | —                                  | —                                  | (40)                            | —            |
| Net sales   | 69,384   | 24,865                             | 22,439                             | (40)                            | 116,648      |
| Operating income (loss) before stock<br>option compensation expense | 2,450  | 4,026                              | 3,911                              | (4,225)                         | 6,162        |
| Adjustment:   |  |                                    |                                    |                                 |              |
| Stock option compensation expense                                   |  |                                    |                                    |                                 | —            |
| Operating income  |  |                                    |                                    | ¥                               | <u>6,162</u> |

## Yen (Millions)

| Three months ended December 31, 2014                                |  |                                    |                                    |                                 |              |
|---|--|------------------------------------|------------------------------------|---------------------------------|--------------|
|   | Semiconductor<br>and<br>Component<br>Test System<br>Business | Mechatronics<br>System<br>Business | Services,<br>Support and<br>Others | Elimination<br>and<br>Corporate | Total        |
| Net sales to unaffiliated customers                                 | ¥ 25,047   | 9,117                              | 6,795                              | —                               | 40,959       |
| Inter-segment sales   | 14   | —                                  | —                                  | (14)                            | —            |
| Net sales   | 25,061   | 9,117                              | 6,795                              | (14)                            | 40,959       |
| Operating income (loss) before stock<br>option compensation expense | 2,351  | 1,906                              | 872                                | (1,710)                         | 3,419        |
| Adjustment:   |  |                                    |                                    |                                 |              |
| Stock option compensation expense                                   |  |                                    |                                    |                                 | —            |
| Operating income (loss)   |  |                                    |                                    | ¥                               | <u>3,419</u> |

## Yen (Millions)

| Three months ended December 31, 2015                                |  |                                    |                                    |                                 |              |
|---|--|------------------------------------|------------------------------------|---------------------------------|--------------|
|   | Semiconductor<br>and<br>Component<br>Test System<br>Business | Mechatronics<br>System<br>Business | Services,<br>Support and<br>Others | Elimination<br>and<br>Corporate | Total        |
| Net sales to unaffiliated customers                                 | ¥ 18,176   | 4,607                              | 7,200                              | —                               | 29,983       |
| Inter-segment sales   | 16   | —                                  | —                                  | (16)                            | —            |
| Net sales   | 18,192   | 4,607                              | 7,200                              | (16)                            | 29,983       |
| Operating income (loss) before stock<br>option compensation expense | (329)  | (483)                              | 1,580                              | (1,354)                         | (586)        |
| Adjustment:   |  |                                    |                                    |                                 |              |
| Stock option compensation expense                                   |  |                                    |                                    |                                 | —            |
| Operating income (loss)   |  |                                    |                                    | ¥                               | <u>(586)</u> |

(Notes)

- Adjustments to operating income (loss) 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.
- Advantest uses the operating income (loss) before stock option compensation expense for management's analysis of business segment results.