

Selected Financial Data

Japanese GAAP Selected Consolidated Financial Data

The following selected financial data have been derived from Advantest's consolidated financial statements that were prepared under Japanese GAAP and were included in its Japanese Securities Reports filed with Director of the Kanto Local Finance Bureau.

The differences between Japanese GAAP and U.S.GAAP applicable to Advantest primarily relate to the accounting for investment securities, income taxes, translation of foreign currency, accrued compensated

absences, bonuses to directors and corporate auditors, employee retirement and severance benefits, leases, derivative financial instruments and revenue recognition and the presentation of statement of cash flows and comprehensive income. In addition, under Japanese GAAP, a restatement of prior year financial statements reflecting the effect of a change in accounting principles is not permitted.

Consolidated Statement of Income Data:

	Year ended March 31					2001 <i>(in thousands, except per share data)</i>
	1997	1998 ⁽⁵⁾	1999	2000 ⁽³⁾	2001 ⁽¹⁾⁽²⁾⁽⁵⁾⁽⁶⁾	
	<i>(in million, except per share data)</i>					
Automated Test Equipment:						
Net Sales	¥139,684	¥233,313	¥119,976	¥144,273	¥227,201	\$1,833,745
Operating income.....	53,180	99,004	36,138	47,969	76,589	618,152
Measuring Instruments:						
Net sales.....	21,534	24,105	21,738	22,849	35,012	282,583
Operating income.....	2,617	3,236	213	720	6,592	53,204
Total Company:						
Net sales.....	161,219	257,418	141,714	167,123	262,214	2,116,336
Operating income.....	44,860	86,616	30,170	41,672	72,613	586,061
Income before income taxes and extraordinary items.....	45,082	85,859	32,636	41,272	74,373	600,266
Net income	24,716	43,521	18,851	22,359	47,073	379,927
Net income per share:						
Basic.....	301.65	482.87	190.43	225.28	473.60	3.82
Diluted	301.65	482.00	190.27	224.60	472.54	3.81

Consolidated Balance Sheet Data:

	As of March 31					2001 <i>(in thousands)</i>
	1997	1998	1999	2000 ⁽³⁾	2001 ⁽²⁾⁽⁴⁾	
	<i>(in millions)</i>					
Total assets:						
Automated test equipment	¥109,654	¥196,418	¥151,244	¥174,212	¥227,371	\$1,835,117
Measuring instruments	16,923	24,180	21,828	21,843	33,958	274,076
Corporate.....	84,961	78,248	112,094	135,863	142,420	1,149,475
Current installments of long-term debt	59	69	3,069	10,000	4,342	35,044
Long-term debt, less current installments.....	10,448	14,690	34,621	26,821	26,911	217,199
Stockholders' equity	144,907	185,523	199,242	229,364	269,588	2,175,851

Other Data:

	Year ended March 31					2001
	1997	1998 ⁽⁵⁾	1999	2000 ⁽³⁾	2001 ⁽¹⁾⁽²⁾⁽⁵⁾⁽⁶⁾	
	(in millions, except percentages)					(in thousands)
Capital expenditures	¥10,467	¥11,892	¥8,366	¥9,232	¥16,181	\$130,597
Research ad development expenses	16,170	21,207	22,111	23,153	28,585	230,710
EBITDA ⁽⁷⁾	—	—	—	46,104	85,386	689,153
Cash flows from operating activities	—	—	—	21,089	29,177	235,488
Cash flows investing activities.....	—	—	—	(9,080)	(16,301)	(131,566)
Cash flows form financing activities.....	—	—	—	(1,157)	(9,675)	(78,087)
EBITDA margin ⁽⁸⁾	—	—	—	27.59 %	32.56%	
Operating margin ⁽⁹⁾	27.83 %	33.65 %	21.29 %	24.93	27.69	
Net income margin ⁽¹⁰⁾	15.33	16.91	13.30	13.38	17.95	
Return on equity ⁽¹¹⁾	18.52	26.34	9.80	10.43	18.87	
Return on assets ⁽¹²⁾	12.25	17.05	6.46	7.25	12.80	

- (1) Effective April 1, 2000, Advantest changed its accounting policy for revenue recognition. Prior to the change, sales to overseas customers were recognized upon shipment. Under the new policy, the sale of equipment which requires installation work is recognized when the related installation work is completed and the equipment is accepted by the customer. Because Japanese GAAP does not allow a restatement of financial statements to reflect a change in accounting policy, net sales for the year ended March 31, 2001 includes the cumulative effect of the change in the amount of ¥14,298 million. If this new policy had been applied from April 1, 1999, net sales for the years ended March 31, 2000 and 2001 would have been ¥158,578 million and ¥276,512 million, respectively.
- (2) Effective April 1, 2000, the accounting for investment securities under Japanese GAAP was changed. Under the new accounting standard, which is similar to U.S. GAAP accounting for investment securities, all of Advantest's securities were classified as available-for-sale securities. These securities are reported at fair value and related unrealized gains or losses, net of taxes, are included in stockholders' equity. The change resulted in a decrease in stockholders' equity of ¥415 million as of March 31, 2001.
- (3) Effective April 1, 1999, the accounting for income taxes under Japanese GAAP was changed to the liability method where income taxes are recognized for temporary differences between the financial statement carrying amounts and tax bases of assets and liabilities. The change resulted in an increase of net deferred tax assets and net income in the amount ¥8,459 million and ¥359 million, respectively, for the year ended March 31, 2000.
- (4) Effective April 1, 2000, the presentation of unrealized gains or losses on foreign currency translations in the balance sheet changed under Japanese GAAP. Prior to the change, net gains or losses were included in assets or liabilities. Under the new presentation method, net gains or losses are included as a component of stockholders' equity. The change resulted in a decrease in stockholders' equity of ¥2,782 million as of March 31, 2001.
- (5) On April 1, 1997, Advantest changed its accounting policy for retirement benefit costs. Under this policy, Advantest recognized benefit costs based on the present value of expected future payments. The change resulted in a decrease in income before income taxes of ¥2,013 million for the year ended March 31, 1998. Effective April 1, 2000, a new accounting standard was established under Japanese GAAP. Under the new standard, Advantest recognizes retirement benefit costs based upon an actuarially determined present value of benefit obligations. The effect of the accounting change, net of a one-time transition gain of ¥1,565 million, was an increase in income before income taxes in the amount of ¥950 million in the year ended March 31, 2001.
- (6) Effective April 1, 2000, a new accounting standard for derivative financial instruments was adopted under Japanese GAAP. The adoption of the new accounting standard had no material effect on Advantest's financial statements in the year ended March 31, 2001.
- (7) EBITDA represents net income plus minority interests, interest expense (net), income taxes, depreciation and amortization. EBITDA is provided because it is a measure commonly used by investors to analyze and compare companies on the basis of operating performance. EBITDA is not a measurement of financial performance under Japanese GAAP and should not be construed as a substitute for operating income, net income or cash flows from operating activities for purposes of analyzing Advantest's operating performance, financial position and cash flows. Advantest's EBITDA is not necessarily comparable with similarly titled measures for other companies.
- (8) EBITDA as a percentage of net sales.
- (9) Operating income as a percentage of net sales.
- (10) Net income as a percentage of net sales.
- (11) Net income as a percentage of average stockholders' equity.
- (12) Net income as a percentage of average total assets.

U.S. GAAP Selected Consolidated Financial Data

The following selected financial data have been derived from Advantest's audited consolidated financial statements included in this registration statement. These financial statements were prepared under U.S. GAAP.

Consolidated Statement of Income Data:

	Year ended March 31		
	2000	2001	2001
	(in millions, except per share and share data)		(in thousands, except per share and share data)
Automated Test Equipment:			
Net sales.....	¥135,728	¥241,499	<i>\$1,949,144</i>
Operating income.....	40,723	86,413	<i>697,441</i>
Measuring Instruments:			
Net sales.....	22,850	35,013	<i>282,591</i>
Operating income (loss).....	(68)	6,672	<i>53,850</i>
Total Company:			
Net sales.....	158,578	276,512	<i>2,231,735</i>
Operating income.....	34,802	84,905	<i>685,270</i>
Income before income taxes.....	33,494	86,333	<i>696,796</i>
Net income.....	20,905	53,121	<i>428,741</i>
Net income per share:			
Basic.....	210.63	534.44	<i>4.31</i>
Diluted.....	209.99	533.24	<i>4.30</i>
Basic weighted average shares.....	99,249,719	99,394,909	<i>99,394,909</i>
Diluted weighted average shares.....	99,553,269	99,618,561	<i>99,618,561</i>

Consolidated Balance Sheet Data:

	As of March 31		
	2000	2001	2001
	(in millions)		(in thousands)
Total assets:			
Automated test equipment.....	¥163,215	¥230,389	<i>\$1,859,476</i>
Measuring instruments.....	21,730	34,528	<i>278,676</i>
Corporate.....	135,947	142,514	<i>1,150,234</i>
Current installments of long-term debt.....	10,000	4,343	<i>35,052</i>
Long-term debt, less current instruments.....	26,822	26,911	<i>217,199</i>
Stockholders' equity.....	214,594	267,929	<i>2,162,462</i>

Other data:

	Year ended March 31		
	2000	2001	2001
	(in millions, except percentages)		(in thousands)
Capital expenditures.....	¥6,469	¥12,280	<i>\$99,112</i>
Research and development expenses.....	23,481	28,541	<i>230,355</i>
EBITDA ⁽¹⁾	42,628	96,336	<i>777,530</i>
Cash flow from operating activities.....	21,707	29,597	<i>238,878</i>
Cash flow from investing activities.....	(9,080)	(16,130)	<i>(130,186)</i>
Cash flow from financing activities.....	(1,775)	(10,266)	<i>(82,856)</i>
EBITDA margin ⁽²⁾	26.88%	34.84%	
Operating margin ⁽³⁾	21.95	30.71	
Net income margin ⁽⁴⁾	13.18	19.21	
Return on equity ⁽⁵⁾	10.17	22.02	
Return on assets ⁽⁶⁾	—	14.59	

(1) EBITDA represents net income plus minority interests, interest expense (net), income taxes, depreciation and amortization. EBITDA is provided

because it is a measure commonly used by investors to analyze and compare companies on the basis of operating performance. EBITDA is

not a measurement of financial performance under U.S. GAAP and should not be construed as a substitute for operating income, net income or cash flows from operating activities for purposes of analyzing Advantest's operating performance, financial position and cash flows. Advantest's EBITDA is not necessarily comparable with similarly titled measures for other companies.

- (2) EBITDA as a percentage of net sales.
- (3) Operating income as a percentage of net sales.
- (4) Net income as a percentage of net sales.
- (5) Net income as a percentage of average stockholders' equity.
- (6) Net income as a percentage of average total assets.

《Dividends》

Advantest normally pays cash dividends twice per year. Advantest's board of directors recommends dividends to be paid following the end of each fiscal year. This recommended dividend must then be approved by shareholders at the ordinary general meeting of shareholders usually held in June of each year. Immediately following approval of the dividend at the shareholders' meeting, Advantest pays the dividend to holders of record at the preceding March 31. In addition to these year-end dividends, Advantest may pay interim dividends in the form of cash distributions from its retained earnings to its shareholders of record as of

September 30 in each year by resolution of its board of directors and without shareholder approval. Advantest normally pays interim dividends in December.

The following table sets forth the dividends paid by Advantest for each of the periods shown. The periods shown are the six months ended on that date. The U.S. dollar equivalents for the dividends shown are based on the exchange rate in Japan on the date of the dividend payment.

Six months ended/Record date

September 30, 1996.....	¥10	\$0.09
March 31, 1997.....	14	0.12
September 30, 1997.....	17	0.14
March 31, 1998.....	17	0.14
September 30, 1998.....	17	0.13
March 31, 1999.....	17	0.13
September 30, 1999.....	17	0.15
March 31, 2000.....	20	0.15
September 30, 2000.....	25	0.18
March 31, 2001.....	25	0.23

Dividend per Share	
Yen	Dollars
¥10	\$0.09
14	0.12
17	0.14
17	0.14
17	0.13
17	0.13
17	0.15
20	0.15
25	0.18
25	0.23

The payment and the amount of any future dividends are subject to the level of Advantest's future earnings, its financial condition and other

factors, including statutory restrictions on the payment of dividends.

《Exchange Rates》

In parts of this registration statement, yen amounts have been translated into U.S. dollars for the convenience of investors. Unless otherwise noted, the rate used for the translation was \$1.00 = ¥123.90. This was the approximate exchange rate in Japan on March 31, 2001.

The following table sets forth, for the periods and dates indicated, information concerning the noon buying rate for Japanese yen,

announced by the Federal Reserve Bank of New York, expressed in Japanese yen per \$1.00. The noon buying rate on August 31, 2001 was \$1.00 = ¥118.75. Advantest does not intend to imply that the Japanese yen or U.S. dollar amounts referred to in this registration statement could have been or could be converted into U.S. dollars or Japanese yen, as the case may be, at any particular rate, or at all.

Fiscal year ended/ending March 31,

1997.....	¥123.72
1998.....	133.29
1999.....	118.43
2000.....	102.73
2001.....	125.54
2001 (through August 31, 2001).....	118.75

At end of period	Average (of month-end rates)	High	Low
	(¥ per \$1.00)		
¥123.72	¥113.21	¥124.54	¥104.49
133.29	123.57	133.99	111.42
118.43	128.10	147.14	108.83
102.73	110.02	124.45	101.53
125.54	111.65	125.54	104.19
118.75	122.19	126.75	118.75

Month ended

March 31, 2001.....		High	Low
April 30, 2001.....		(¥ per \$1.00)	
May 31, 2001.....		¥125.54	¥117.33
June 30, 2001.....		126.75	121.68
July 31, 2001.....		123.67	118.88
August 31, 2001.....		124.73	119.13
		125.85	122.85
		124.87	118.75