

FY2005 Consolidated Financial Results
(Prepared in accordance with U.S. GAAP)
 (Year ended March 31, 2006)

April 26, 2006

Company name : **Advantest Corporation**
 (URL <http://www.advantest.co.jp/investors/>)
 Stock exchanges on which shares are listed : Tokyo Stock Exchange
 Stock code number : 6857
 Location of head office : Tokyo Prefecture
 Company representative : Toshio Maruyama, Representative Board Director, President and CEO
 Contact person : Hiroshi Nakamura, Manager, Accounting Department
 (03) 3214-7500
 Date of Board meeting to approve the financial results : April 26, 2006
 Adoption of U.S. GAAP : Yes

1. Consolidated Results of FY2005 (April 1, 2005 through March 31, 2006)

(1) Consolidated Financial Results

	Net sales		Operating income		Income before income taxes	
	Million yen	% increase	Million yen	% increase	Million yen	% increase
FY2005	253,922	6.0	64,458	6.2	67,454	9.1
FY2004	239,439	37.4	60,719	96.1	61,808	114.0

	Net income		Net income per share (basic)	Net income per share (diluted)	Return on equity	Ratio of income before income taxes to total assets	Ratio of income before income taxes to net sales
	Million yen	% increase	Yen	Yen	%	%	%
FY2005	41,374	8.7	446.34	443.96	17.8	20.8	26.6
FY2004	38,078	119.7	389.54	388.51	17.8	19.7	25.8

Note 1: There were no investments in affiliates that have been accounted for under the equity method in FY2005 and FY2004, respectively.

Note 2: No change in accounting policies during FY2005.

Note 3: Average number of shares outstanding on a consolidated basis was 92,694,513 shares during FY2005 and 97,750,345 shares during FY2004.

Note 4: The percentages shown in the above items including net sales and operating income are changes in comparison to the corresponding period of the previous fiscal year. The multiples shown for operating income, income before income taxes and net income are changes in comparison to the corresponding period of the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Stockholders' equity	Equity-to-assets ratio	Stockholders' equity per share
	Million yen	Million yen	%	Yen
FY2005	350,776	257,927	73.5	2,763.71
FY2004	296,769	206,749	69.7	2,236.97

Note: Outstanding number of shares on a consolidated basis at year end was 93,326,649 shares in FY2005 and 92,423,615 shares in FY2004.

(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 period
	Million yen	Million yen	Million yen	Million yen
FY2005	59,480	(8,542)	(18,336)	157,925
FY2004	90,327	(8,250)	(63,036)	120,986

- (4) Scope of Consolidation and Equity Method
 Number of consolidated subsidiaries: 40 companies
 Number of unconsolidated subsidiaries: none
 Number of affiliates accounted for under the equity method: none
- (5) Changes in Scope of Consolidation and Equity Method
 Consolidated subsidiaries
 (Newly included) 1 company
 (Excluded) none
 Affiliates accounted for under the equity method
 (Newly included) none
 (Excluded) none

2. Projected Results for FY2006 (April 1, 2006 through March 31, 2007)

	Net sales	Income before income taxes	Net income
	Million yen	Million yen	Million yen
FY2006 interim	130,000	35,000	21,000
FY2006	265,000	72,000	44,000

(Reference) Projected net income per share for the fiscal year: ¥471.46

Figures presented in this Earning Digest have been rounded to the nearest million yen.

For a discussion of the assumptions and other factors upon which these projections are based, please refer to “Prospects for the Fiscal Year” appearing elsewhere in the document.

Cautionary Statement with Respect to Forward-Looking Statements

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 activity, 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 and 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 activity, 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.

1. Management Policy

Advantest's Basic Management Policy

Advantest believes that its philosophy of management is to support leading-edge technology at its forefront. Its basic management policy consists of the following elements: increasing corporate value, improving shareholder and customer satisfaction and achieving excellence.

Business Strategy

While maintaining "Measurements" as our core competence, Advantest intends to improve its corporate value by establishing an operation and finance structure that responds timely to changes in the global market, and also aims to increase market share by introducing fine products that will inspire the market demands of the next generation. To achieve these objectives, Advantest is driven to further strengthen its product development operations and improve production efficiency by selectively focusing on certain businesses, while strengthening its overseas operations and support system in the U.S., Europe and Asia.

Further, Advantest seeks to increase the level of customer satisfaction by maximizing the functions of our test systems by providing them with a solution for businesses to improve business efficiency.

On October 1, 2005, Advantest launched a company-wide initiative called "Activate 21". Not only does this initiative, which is set to end with FY2008, continue with the improvements and reforms initiated with "Initiative 21", which ended with the previous fiscal year, but also implements reforms that emphasizes cost and efficiency from a global perspective.

Target Financial Index

Advantest applies the "AVA" (Advantest Value Added), a financial index incorporating the concept of EVA[®] (Economic Value Added) *1, as a significant performance indicator, along with profit margin, ROE and cash flows, to measure its business performance. Specifically, Advantest will continue to set the minimum return-on-investment ratio ("hurdle rate") for evaluating AVA at 8% and a mid-term target at 12% with an aim to increase corporate value and shareholder value.

*1"EVA[®]" is a registered trademark of Stern Stewart & Co.

Basic Policy on Distribution of Profits

Advantest believes that shareholder value is premised on the realization of long-term and continued growth in corporate value.

With respect to the distribution of profits, Advantest has adopted a policy of maintaining consistent dividend payouts after taking into consideration of business performance and financial condition.

In response to the new Company Law coming into effect on May 1, 2006, Advantest does not intend to revise its dividend distribution policies and plans to continually distribute dividends twice a year, in accordance with the ordinary practice, on the ending dates of the interim period and the fiscal year. Pursuant to Paragraph 1, Article 459 of the Company Law, Advantest plans to submit, to the ordinary general shareholders' meeting to be held at the end of June 2006, a resolution to amend its Articles of Incorporation. This resolution aims to make a resolution by the Board of Directors on dividend matters possible.

Retained profits will be utilized for research and development, streamlining efforts, overseas expansion and investing in new businesses to enable the strengthening of its business position and creation of corporate value.

Advantest's Views and Policies on Lowering its Investment Unit

As part of its capital policy, Advantest has long recognized the importance of increasing the market liquidity of its shares, promoting long-term and stable holding of its shares among investors and expanding its investor base. Accordingly, Advantest introduced the minimum investment unit of 100 shares.

As Advantest considers the current liquidity level of its shares to be sufficient and expects any further reduction of investment unit to require significant costs, it is cautious about implementing any

further reductions and will do so only after careful consideration of prevailing market conditions, business performance, share prices and other factors.

Matters Relating to Parent Companies

Advantest does not have a parent company as of the end of this fiscal year.

2. Business Results and Financial Condition

(1) Business Results

Fiscal Year Results

During the fiscal year, Advantest's operating environment was very favorable, as stimulated by increased demand for consumer digital products, including portable audio players, and flat screen televisions and personal computers (particularly notebooks computers), and due to an increase in capital expenditures by the semiconductor industry that intended to increase the semiconductor production. In addition, the trend towards a weaker yen in currency exchange was a positive factor.

Under this environment, Advantest made concentrated efforts to increase orders input received and expand sales with a focus on the introduction of new products for next generation semiconductors that meet customers' demands. Advantest continued to make efforts to implement a thorough inventory control and lead time reduction based on the just-in-time production system, to improve the quality of products and to reduce costs.

As a result of the above, as compared to the previous fiscal year, orders input received increased by 14.0% to (Y)259.4 billion, net sales increased by 6.0% to (Y)253.9 billion, net income before income taxes for the fiscal year increased by 9.1% to (Y)67.5 billion, and net income for the fiscal year increased by 8.7% to (Y)41.4 billion. Overseas sales as a percentage of total sales were 68.0%, as compared with 74.9% in the previous fiscal year.

<Condition of Business by Segment>

(Semiconductor and Component Test System Segment)

In this segment, as inventory adjustment by IT related industries has rapidly completed from the second half of the previous fiscal year, and thereafter, due to increased demand for consumer digital products, demand for new test systems greatly increased in connection with the increased production of semiconductors.

In the memory test system market, due to market expansion of NAND type flash memory semiconductors used in products such as portable audio players, sales in test systems for flash memory semiconductors remained strong domestically and overseas. With respect to test systems for DRAM semiconductor, sales remained strong throughout the fiscal year in terms of test systems for DRAM used in consumer digital products and personal computers. Especially, demand for test systems for high-speed memory semiconductors increased domestically and in Taiwan. Each of semiconductor manufacturers implemented, in the second half of the fiscal year, a full scale production of DDR2 semiconductors for DRAM (next generation DRAM) that is high-speed and high-efficiency.

In the market of non-memory semiconductor test system, stimulated by strong sales in personal computers, sales of the T2000, a test system compatible with OPENSTAR[®]*2, continually remained strong from the previous fiscal year. In addition, sales in SoC semiconductor test systems for devices used in consumer digital products and test systems for car IC increased. Due to an increase in demand for personal computer monitors and flat screen televisions, sales in non-memory test systems for LCD Driver IC greatly increased domestically and in Taiwan.

As a result of the above, orders input received was (Y)195.6 billion (14.3% increase in comparison to the previous fiscal year), sales was (Y)191.4 billion (5.9% increase) and operating income was (Y)57.5 billion (13.6% increase).

(Mechatronics System Segment)

Stimulated by the positive sales of T2000 and test systems for digital consumer products, sales in non-memory semiconductor test handlers remained steady. Sales of memory test handlers was weaker in the first half of the fiscal year, especially due to a delay in the demand for DDR2 to pick up. However, the sales of memory test handlers resulted positive due to an increase in sales of DRAM test

systems. Furthermore, sales of device interface products was steady, due to an increase in demand for flash memory semiconductors and semiconductors for SoC.

As a result, orders input received was (Y)49.5 billion (12.9% increase in comparison with the previous fiscal year), sales was (Y)48.3 billion (4.0% increase) and operating income was (Y)12.0 billion (12.4% decrease).

(Services, Support and Others Segment)

In this segment, orders input received was (Y)19.3 billion (0.7% increase in comparison with the previous fiscal year), sales was (Y)19.1 billion (3.1% decrease) and operating income was (Y)3.9 billion (13.2% increase).

*2OPENSTAR®: The name of an open architecture standard published by the STC (Semiconductor Testing Consortium, Inc.). OPENSTAR® is a registered trademark or a trademark of STC in the United States, Japan and other countries.

<Distribution of Profits>

As described above, due to the increase in capital expenditures by the semiconductor industry, sales in the fiscal year achieved an increase in revenues and profits compared to the previous fiscal year. Although there are potential uncertainties affecting its operating environment, Advantest decided, pursuant to its profit distribution policy described above, to distribute a year end dividend of (Y)45 per share consistent with the revised forecast announced on March 7, 2006. Since Advantest has paid an interim dividend of (Y)25, the total dividend for the fiscal year is expected to be (Y)70 ((Y)50 for the previous fiscal year). Advantest will propose this upward revision at its Sixty-Fourth Ordinary General Meeting of Shareholders.

Prospects for the Upcoming Fiscal Year

With respect to its operating environment in the upcoming fiscal year, Advantest expects to see expanded volume and application of flash memory used for digital consumer products, including mobile telephones, portable audio players and flat screen televisions, and a continuing increase in the demand for non-memory semiconductors. With respect to DRAM semiconductors, Advantest expects a rapid shift to DDR2-type DRAM. Advantest expects an increase in demand for such DRAM, anticipating that computers with a new operation system requiring more memory and game devices will be introduced in the second half of the upcoming fiscal year. Furthermore, continued capital expenditures relating to 300mm wafers by the semiconductor manufactures and foundries are expected.

On the other hand, restrained capital expenditures as a result of poor supply and demand balance, an issue unique to the semiconductor market, increased prices of raw materials such as oil, currency risk attributable to a strong yen, and strengthened downward pressure on prices as a result of the above-mentioned factors may affect our results.

In order to respond to these conditions, Advantest plans to continue its efforts to increase orders input received and expand sales through the timely introduction of new products that meets customers' needs by strengthening marketing and development structure. To further strengthen its cost competitiveness, Advantest will make continued efforts to improve profitability by reviewing its operational process company wide and improving manufacturing efficiency.

As a result of the above, Advantest's current business outlook for the upcoming fiscal year are described below.

Net sales is expected to increase by 4.4% to 265.0 billion yen; net income before income tax for this fiscal year is expected to increase by 6.7% to 72.0 billion yen; and net income is expected to increase by 6.3% to 44.0 billion yen, each as compared with the current fiscal year.

<Profit Distribution Forecast>

Based on the prospects for the upcoming fiscal year and the profit distribution policy described above, Advantest expects to distribute an annual dividend of (Y)70 per share ((Y)35 per share as an interim dividend).

(2) Financial Condition

Total assets at the end fiscal year end is (Y)350.8 billion, an increase of (Y)54.0 billion compared to the previous fiscal year, due primarily to an increase of (Y)36.9 billion in cash and cash equivalents and (Y)12.9 billion in account receivable compared to the previous fiscal year. Total liabilities are (Y)92.8 billion, an increase of (Y)2.8 billion compared to the previous fiscal year. Shareholders' equity is (Y)257.9 billion after an increase of (Y)41.4 billion in the net profit for the fiscal year. Equity to Assets ratio is 73.5%, an increase by 3.8 point.

(Cash Flow Condition)

Cash and cash equivalents held at March 31, 2006 were (Y)157.9 billion, an increase of (Y)36.9 billion from March 31, 2005.

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

Net cash provided by operating activities was (Y)59.5 billion. This amount was primarily attributable to a net income of (Y)41.4 billion and an increase in income tax payable by (Y)12.5 billion.

Net cash used in investment activities was an outflow of (Y)8.5 billion. This amount was primarily attributable to capital expenditures of (Y)7.1 billion, including capital expenditures related to equipment for leasing.

Net cash used in financing activities was an outflow of (Y)18.3 billion. This amount was primarily attributable to redemption of corporate bonds in the amount of (Y)20.0 billion, dividend payments in the amount of (Y)4.6 billion offset by proceeds from sale of treasury stock in the amount of (Y)6.4 billion.

The following table illustrates the historical movements of certain cash flow indexes:

	Year ended March 31,				
	2002	2003	2004	2005	2006
Stockholders' equity ratio (%)	78.3	74.9	67.0	69.7	73.5
Stockholders' equity ratio based on market prices (%)	311.4	147.4	253.4	256.0	373.3
Debt to annual cash flow ratio	3.0	5.4	0.9	0.2	0.0
Interest coverage ratio	1,703.0	1,013.7	5,965.1	20,210.9	14,845.3

Stockholders' equity ratio: stockholders' equity / total assets

Stockholders' equity ratio based on market prices: market capitalization / total assets

Debt to annual cash flow ratio: interest-bearing liabilities / operating cash flows

Interest coverage ratio: operating cash flows / interest payments

(Notes) 1. These indexes are calculated using U.S. GAAP figures.

2. Operating cash flows are the cash flows provided by operating activities on the consolidated statements of cash flows.

3. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interests.

Consolidated Financial Statements and other information

Consolidated Balance Sheets

	Notes	FY2004 (As of March 31, 2005)		FY2005 (As of March 31, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
(Assets)					
Cash and cash equivalents		120,986		157,925	
Trade accounts receivable, less allowance for doubtful accounts	*1	56,702		69,567	
Inventories		29,585		29,911	
Deferred tax assets		13,673		13,708	
Other current assets		2,985		4,522	
Total current assets		223,931	75.5	275,633	78.6
Investment securities		7,772	2.6	12,273	3.5
Property, plant and equipment, net	*2	51,364	17.3	50,793	14.5
Deferred tax assets		8,438	2.9	7,378	2.1
Intangible assets, at cost, less accumulated amortization		3,090	1.0	2,858	0.8
Other assets		2,174	0.7	1,841	0.5
Total assets		296,769	100.0	350,776	100.0
(Liabilities)					
Current portion of long-term debt		20,043		30	
Trade accounts payable		23,196		32,584	
Income taxes payable		7,278		19,970	
Accrued expenses		13,865		12,781	
Accrued warranty expenses		4,090		4,776	
Deferred revenue		2,220		2,979	
Other current liabilities		3,302		3,625	
Total current liabilities		73,994	24.9	76,745	21.9
Long-term debt, excluding current portion	*3	40	0.0	10	0.0
Accrued pension and severance cost		12,605	4.3	12,292	3.5
Other liabilities		3,381	1.1	3,802	1.1
Total liabilities		90,020	30.3	92,849	26.5

	Notes	FY2004 (As of March 31, 2005)		FY2005 (As of March 31, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
(Stockholders' equity)					
Common stock		32,363	10.9	32,363	9.2
Capital surplus		35,263	11.9	37,147	10.6
Retained earnings		210,121	70.8	245,090	69.9
Accumulated other comprehensive income (loss)	*4	(4,878)	(1.6)	1,344	0.3
Treasury stock		(66,120)	(22.3)	(58,017)	(16.5)
Total stockholders' equity		206,749	69.7	257,927	73.5
Total liabilities and stockholders' equity		296,769	100.0	350,776	100.0

(Notes)

	FY2004 (As of March 31, 2005)	FY2005 (As of March 31, 2006)
	Amount (in million yen)	Amount (in million yen)
*1. Allowance for doubtful accounts	2,174	2,117
*2. Accumulated depreciation on property, plant and equipment	67,914	72,131
*3. Collateralized assets and secured obligations		
Property, plant and equipment	393	-
Obligations secured by the above	24	-
*4. Accumulated other comprehensive income (loss)		
Foreign currency translation adjustments	(6,452)	(1,378)
Net unrealized gain (loss) on available-for-sale securities	1,574	2,722
5. Net assets per share (in yen)	2,236.97	2,763.71

Consolidated Statements of Income

	FY2004 (April 1, 2004 through March 31, 2005)		FY2005 (April 1, 2005 through March 31, 2006)	
	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
Net sales	239,439	100.0	253,922	100.0
Cost of sales	115,994	48.4	121,429	47.8
Gross profit	123,445	51.6	132,493	52.2
Research and development expenses	26,280	11.0	26,927	10.6
Selling, general and administrative expenses	36,446	15.2	41,108	16.2
Operating income (loss)	60,719	25.4	64,458	25.4
Other income (expense):				
Interest and dividend income	597		1,760	
Interest expense	(441)		(290)	
Minority interests (losses)	(84)		-	
Other	1,017	0.4	1,526	1.2
Income (loss) before income taxes	61,808	25.8	67,454	26.6
Income taxes	23,730	9.9	26,080	10.3
Net income (loss)	38,078	15.9	41,374	16.3

	FY2004 (April 1, 2004 through March 31, 2005)	FY2005 (April 1, 2005 through March 31, 2006)
	Amount (in yen)	Amount (in yen)
Net income per share (Net loss per share)		
Basic	389.54	446.34
Diluted	388.51	443.96

Consolidated Statements of Stockholders' Equity

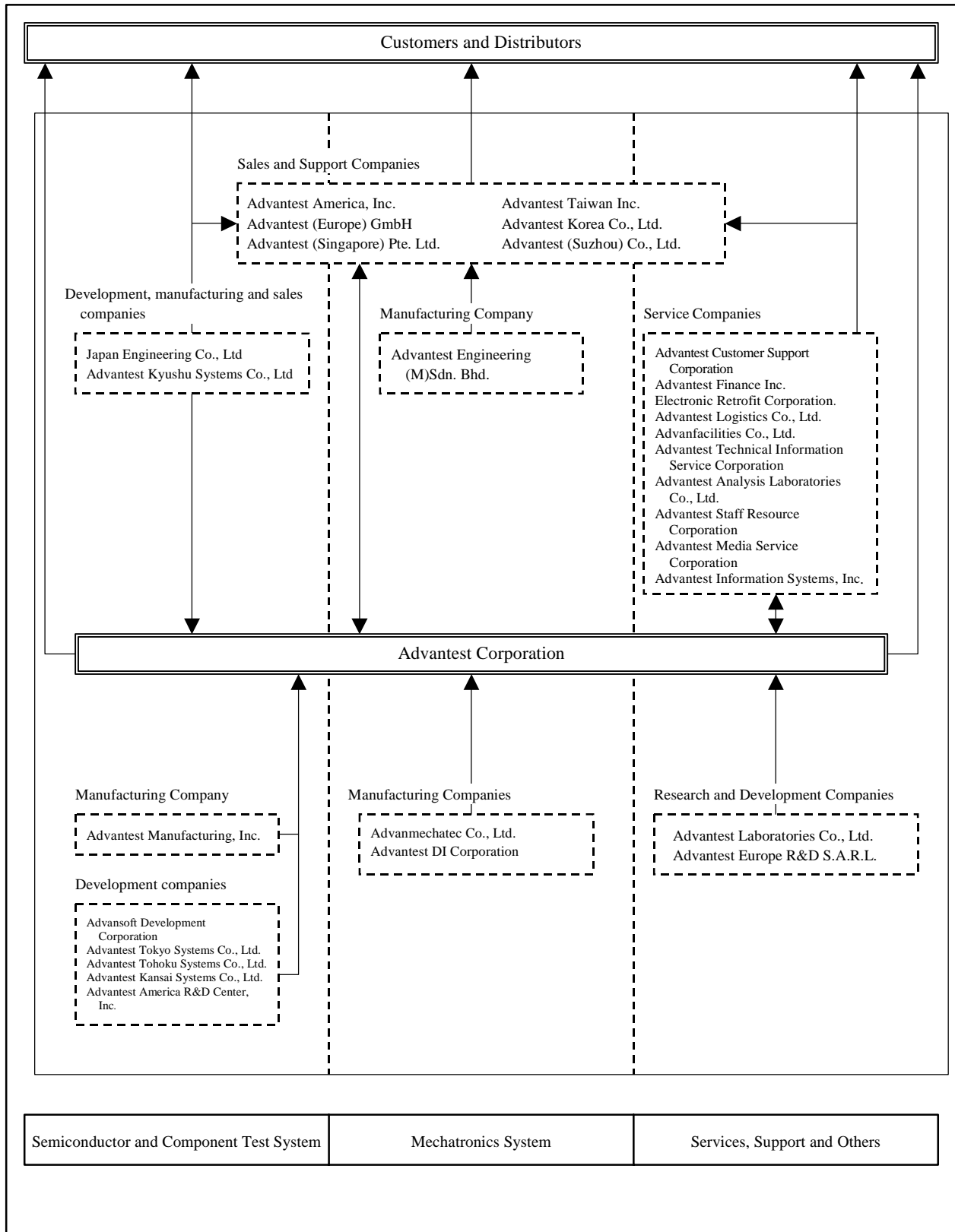
	FY2004 (April 1, 2004 through March 31, 2005)	FY2005 (April 1, 2005 through March 31, 2006)
	Amount (in million yen)	Amount (in million yen)
Common stock :		
Balance at beginning of year	32,363	32,363
Balance at end of year	32,363	32,363
Capital surplus :		
Balance at beginning of year	32,973	35,263
Stock option compensation expense	2,290	1,884
Balance at end of year	35,263	37,147
Retained earnings :		
Balance at beginning of year	177,404	210,121
Net income (loss)	38,078	41,374
Cash dividends	(4,915)	(4,625)
Loss on disposal of treasury stock	(446)	(1,780)
Balance at end of year	210,121	245,090
Accumulated other comprehensive income (loss) :		
Balance at beginning of year	(8,061)	(4,878)
Other comprehensive income (loss), net of tax	3,183	6,222
Balance at end of year	(4,878)	1,344
Treasury stock :		
Balance at beginning of year	(12,911)	(66,120)
Treasury stock purchased	(54,513)	(55)
Exercise of stock options	1,302	8,157
Treasury stock sold	2	1
Balance at end of year	(66,120)	(58,017)
Total stockholders' equity	206,749	257,927
Disclosure of comprehensive income (loss) :		
Net income (loss)	38,078	41,374
Other comprehensive income (loss), net of tax	3,183	6,222
Total comprehensive income (loss)	41,261	47,596

Consolidated Statements of Cash Flows

	FY2004 (April 1, 2004 through March 31, 2005)	FY2005 (April 1, 2005 through March 31, 2006)
	Amount (in million yen)	Amount (in million yen)
I Cash flows from operating activities:		
Net income (loss)	38,078	41,374
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	8,285	8,275
Deferred income taxes	13,540	1,005
Stock option compensation expense	2,290	1,884
Decrease (increase) in trade accounts receivable	20,953	(11,072)
Decrease (increase) in inventories	20,218	108
Increase (decrease) in trade accounts payable	(16,375)	7,627
Increase (decrease) in income taxes payable	3,311	12,506
Increase (decrease) in accrued expenses	4,445	(1,261)
Increase (decrease) in accrued warranty expenses	969	610
Increase (decrease) in deferred revenue	(2,456)	548
Increase (decrease) in accrued pension and severance cost	(3,409)	(329)
Other	478	(1,795)
Net cash provided by operating activities	90,327	59,480
II Cash flows from investing activities:		
Proceeds from sale of marketable securities (available-for-sale securities)	1,428	2,977
Proceeds from sale of non-marketable securities	50	-
Purchases of marketable securities	-	(2,256)
Purchases of non-marketable securities	-	(1,900)
Proceeds from sale of property, plant and equipment	132	258
Purchases of intangible assets	(470)	(523)
Purchases of property, plant and equipment	(8,738)	(7,071)
Other	(652)	(27)
Net cash used in investing activities	(8,250)	(8,542)
III Cash flows from financing activities:		
Principal payments on long-term debt	(4,543)	(20,043)
Proceeds from sales of treasury stock	939	6,378
Payments to acquire treasury stock	(54,511)	(57)
Dividends paid	(4,907)	(4,622)
Other	(14)	8
Net cash used in financing activities	(63,036)	(18,336)
IV Net effect of exchange rate changes on cash and cash equivalents	799	4,337
V Net change in cash and cash equivalents	19,840	36,939
VI Cash and cash equivalents at beginning of year	101,146	120,986
VII Cash and cash equivalents at end of year	120,986	157,925

Organization of the Advantest Group

The following diagram shows the business relationships among the major affiliated companies of the Advantest Group.



There are 11 other consolidated subsidiaries in addition to those mentioned in the above diagram.

Consolidated subsidiaries (23 domestic; 17 overseas; 40 total)

← : Main flow of products and services

Notes to the Consolidated Financial Statements

(Note 1) Accounting Principles, Procedures and the Presentation of the Consolidated Financial Statements

(a) Terminology, Form and Method of Preparation of the Consolidated Financial Statements

Advantest prepares these consolidated financial statements in accordance with the accounting principles, procedures, terminology, form and mode of preparation required in the United States of America in connection with its issuance of American Depository Shares as established under Accounting Research Bulletins ("ARB"), Accounting Principles Board ("APB") statements, Statements of Financial Accounting Standards ("SFAS") and other relevant sources (collectively "U.S. GAAP"). However, Advantest Corporation and its consolidated subsidiaries prepare their unconsolidated financial statements in accordance with accounting principles generally accepted in the country of their domicile. Certain adjustments and reclassifications have been incorporated in the accompanying consolidated financial statements to present them in conformity with accounting principles generally accepted in the United States of America.

(b) The Preparation of Consolidated Financial Statements and Registration with the U.S. Securities and Exchange Commission

Advantest Corporation began listing on the New York Stock Exchange on September 17, 2001 (local time) by means of an issuance of American Depository Shares, and is registered with the U.S. Securities and Exchange Commission on Form 20-F (equivalent to the Annual Securities Report in Japan) since FY2001. In connection with the registration on Form 20-F, Advantest prepares its consolidated financial statements in accordance with U.S. GAAP.

(c) Scope of Consolidation and Application of the Equity Method

Advantest's consolidated financial statements include financial statements of Advantest Corporation and its majority-owned subsidiaries. Advantest does not have any variable interest entities as provided in the U.S. Financial Accounting Standards Board's Interpretation No. 46 (Revised December 2003)- "Consolidation of Variable Interest Entities". Thus, Advantest does not include any such entity in its consolidated financial statements. All significant intercompany balances and transactions have been eliminated in consolidation.

The following table sets forth the number of consolidated subsidiaries and equity method affiliates of Advantest:

		FY 2004 (As of March 31, 2005)	FY 2005 (As of March 31, 2006)	Increase (decrease)
	Domestic	22	23	1
	Overseas	17	17	0
Consolidated subsidiaries		39	40	1
Equity method affiliates		-	-	-
Total		39	40	1

Changes in the scope of consolidation:

Newly included (1): Advantest Technology Solutions Corporation *1

*1 Advantest Technology Solutions Corporation was established on July 1, 2005 as a subsidiary to conduct semiconductor design validation system business.

(Note 2) Summary of Significant Accounting Policies and Practices

There was no change in accounting policies and practices.

For details regarding the accounting practices, please see the note "Business Contents and Significant Accounting Policies" to the Consolidated Financial statements on the Yuka Shoken Hokokusho from the previous fiscal year.

(Note 3) Investment Securities

Investment securities at March 31, 2005 and 2006 consist of marketable and non-marketable equity securities. Advantest classifies its marketable equity securities as available-for-sale. The acquisition cost, gross unrealized gains, gross unrealized losses and fair value at March 31, 2005 and 2006 were as follows:

	<u>Million Yen</u>			<u>Fair value</u>
	<u>March 31, 2005</u>			
	<u>Acquisition</u>	<u>Gross</u>	<u>Gross</u>	
	<u>cost</u>	<u>unrealized</u>	<u>unrealized</u>	
		<u>Gains</u>	<u>Losses</u>	
Noncurrent:				
Available-for-sale:				
Equity securities	3,803	2,516	-	6,328

	<u>Million Yen</u>			<u>Fair value</u>
	<u>March 31, 2006</u>			
	<u>Acquisition</u>	<u>Gross</u>	<u>Gross</u>	
	<u>cost</u>	<u>unrealized</u>	<u>unrealized</u>	
		<u>Gains</u>	<u>Losses</u>	
Noncurrent:				
Available-for-sale:				
Equity securities	4,424	4,559	8	8,975

Gross realized gains and losses on available-for-sales equity securities for the years ended March 31, 2005 and 2006 were as follows:

	<u>Million Yen</u>			
	<u>March 31, 2005</u>		<u>March 31, 2006</u>	
	<u>Gross</u>	<u>Gross</u>	<u>Gross</u>	<u>Gross</u>
	<u>realized</u>	<u>realized</u>	<u>realized</u>	<u>realized</u>
	<u>Gains</u>	<u>Losses</u>	<u>Gains</u>	<u>Losses</u>
Noncurrent:				
Available-for-sale:				
Equity securities	934	-	1,040	-

Gross realized gains and losses based on the averaged cost method are included in "other income (expense)" in the consolidated statements of operations, and "other" in net cash provided by operating activities in the consolidated statements of cash flows.

Non-marketable investment securities are carried at cost. On a periodic basis, Advantest evaluates the investments for the possible impairment. If the fair value of the investment securities is estimated to have declined and such decline is judged to be other than temporary, Advantest recognizes the impairment of the investment and the carrying value is reduced to its fair value. The impairment is charged to earnings and a new cost basis for the security is established.

(Note 4) Basic and diluted net income (loss) per share

Basic and diluted net income (loss) per share was computed as follows:

	<u>FY2004</u>	<u>FY2005</u>
Numerator:		
Net income	<u>38,078</u> million	<u>41,374</u> million
Denominator		
Basic weighted average shares	97,750,345 shares	92,694,513 shares
Dilutive effect of exercise of stock option and warrants	<u>260,394</u> shares	<u>497,027</u> shares
Diluted weighted average shares	<u>98,010,739</u> shares	<u>93,191,540</u> shares

At March 31, 2005 and 2006, stock options and warrants representing, upon exercise, 7,000 shares and 2,000 shares, respectively, were outstanding but were not included in the computation for net income per share (diluted) because the foregoing did not have any dilutive effect.

(Segment Information)

1. Business Segment Information

		FY2004 (April 1, 2004 through March 31, 2005)		FY2005 (April 1, 2005 through March 31, 2006)	
		Amount (million)	Percentage (%)	Amount (million)	Percentage (%)
Semi-conductor and Component Test System	Net sales to unaffiliated customers	173,938	96.3	187,136	97.8
	Intersegment sales	6,747	3.7	4,279	2.2
	Net sales	180,685	100.0	191,415	100.0
	Operating expenses	130,061	72.0	133,898	70.0
	Operating income (loss)	50,624	28.0	57,517	30.0
	Expenditures for additions to long-lived assets	2,431		2,649	
	Depreciation and amortization	3,225		2,993	
	Total assets	86,104		94,745	
Mechatronics System	Net sales to unaffiliated customers	45,821	98.8	47,724	98.9
	Intersegment sales	574	1.2	536	1.1
	Net sales	46,395	100.0	48,260	100.0
	Operating expenses	32,733	70.6	36,294	75.2
	Operating income (loss)	13,662	29.4	11,966	24.8
	Expenditures for additions to long-lived assets	654		1,177	
	Depreciation and amortization	1,220		1,058	
	Total assets	22,587		27,444	
Services, Support and Others	Net sales to unaffiliated customers	19,680	100.0	19,062	100.0
	Intersegment sales	-	-	-	-
	Net sales	19,680	100.0	19,062	100.0
	Operating expenses	16,278	82.7	15,209	79.8
	Operating income (loss)	3,402	17.3	3,853	20.2
	Expenditures for additions to long-lived assets	5,709		4,203	
	Depreciation and amortization	3,361		3,680	
	Total assets	16,197		16,722	
Elimination and Corporate	Net sales to unaffiliated customers	-	-	-	-
	Intersegment sales	(7,321)	100.0	(4,815)	100.0
	Net sales	(7,321)	100.0	(4,815)	100.0
	Operating expenses	675	-	2,179	-
	Operating income (loss)	(7,996)	-	(6,994)	-
	Expenditures for additions to long-lived assets	554		294	
	Depreciation and amortization	479		544	
	Total assets	171,881		211,865	
Consolidated	Net sales to unaffiliated customers	239,439	100.0	253,922	100.0
	Intersegment sales	-	-	-	-
	Net sales	239,439	100.0	253,922	100.0
	Operating expenses	179,747	75.1	187,580	73.9
	Operating income (loss)	59,692	24.9	66,342	26.1
	Expenditures for additions to long-lived assets	9,348		8,323	
	Depreciation and amortization	8,285		8,275	
	Total assets	296,769		350,776	

- (Notes)
- Adjustments included in Corporate mainly consist of research and development expenses for basic research activities, which are not allocated to corporate general administrative expenses and segment by business sector.
 - The operating profit in the business segment information for the previous fiscal year and in the consolidated income statement do not match with the operating income in the consolidated income statement as the business segment information does not include the temporary profit of (Y)3,317 million and the stock option cost of (Y)2,290 million. Also, the operating profit for this fiscal year in the consolidated income statement does not include the stock option cost of (Y) 1,884 million. Profit and loss from these are not included in management's analysis of results.
 - Total assets included in Corporate primarily consist of the parent company's cash and cash equivalents, assets for general corporate use and assets used for fundamental research activities.

2. Geographic Segment Information

Net sales to unaffiliated customers

		FY2004		FY2005	
		(April 1, 2004 through March 31, 2005)		(April 1, 2005 through March 31, 2006)	
Net sales to unaffiliated customers		Amount (million)	Percentage (%)	Amount (million)	Percentage (%)
Americas		23,024	9.6	25,516	10.0
Europe		12,270	5.1	14,558	5.7
Asia		144,120	60.2	132,708	52.3
Total Overseas		179,414	74.9	172,782	68.0
Japan		60,025	25.1	81,140	32.0
Consolidated		239,439	100.0	253,922	100.0

(Cautionary Statement Regarding the Presentation of Notes)

In order to enable timely disclosure of business results, certain notes have been omitted.

These notes will be presented as a "Supplement to the Earnings Release" as soon as they become available.

Supplemental Information to the FY2005 Earnings Digest

*All consolidated figures were prepared in accordance with U.S. GAAP.

1. Summary of FY2005 Results (April 1, 2005 through March 31, 2006)

(Consolidated)	(Rounded to the nearest million yen)			
	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Net sales	239,439	253,922	14,483	6.0
Operating income (loss)	60,719	64,458	3,739	6.2
Income (loss) before income taxes	61,808	67,454	5,646	9.1
Net income (loss)	38,078	41,374	3,296	8.7
Total assets	296,769	350,776	54,007	18.2
Stockholders' equity	206,749	257,927	51,178	24.8
Net income (loss) per share (basic) (in yen)	389.54	446.34	56.80	14.6
Net income (loss) per share (diluted) (in yen)	388.51	443.96	55.45	14.3
Stockholders' equity per share (in yen)	2,236.97	2,763.71	526.74	23.5
Net interest expense	156	1,470	1,314	839.4
ROE(%)	17.8	17.8	-	-

(Non-Consolidated) (Parent Company only, Japanese GAAP)	(Truncated after the million yen)			
	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Net sales	203,315	217,688	14,373	7.1
Operating income (loss)	41,910	49,746	7,836	18.7
Income (loss) before income taxes	43,365	53,878	10,512	24.2
Net income (loss)	28,421	35,273	6,851	24.1
Total assets	238,109	274,538	36,428	15.3
Stockholders' equity	159,074	197,226	38,151	24.0
Net income (loss) per share (in yen)	288.68	378.34	89.66	31.1
Fully diluted net income per share (in yen)	287.91	376.33	88.42	30.7
Stockholders' equity per share (in yen)	1,718.95	2,111.11	392.16	22.8
Dividends per share (in yen)	50.00	70.00	20.00	40.0

2. Consolidated Net Sales by Business and Geographic Segment

		(Rounded to the nearest million yen)			
By Business Segment		FY2004	FY2005	Increase/Decrease	Percentage change (%)
	Semiconductor and Component Test System	180,685	191,415	10,730	5.9
	Mechatronics System	46,395	48,260	1,865	4.0
	Services, Support and Others	19,680	19,062	(618)	(3.1)
	Intercompany transactions elimination	(7,321)	(4,815)	2,506	-
Total net sales		239,439	253,922	14,483	6.0
By Geographic Segment		FY2004	FY2005	Increase/Decrease	Percentage change (%)
Japan		60,025	81,140	21,115	35.2
	Americas	23,024	25,516	2,492	10.8
	Europe	12,270	14,558	2,288	18.6
	Asia	144,120	132,708	(11,412)	(7.9)
Total overseas		179,414	172,782	(6,632)	(3.7)

3. Consolidated Orders input received and Orders backlog by Business Segment (Rounded to the nearest million yen)

Orders input received	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Semiconductor and Component Test System	171,079	195,585	24,506	14.3
Mechatronics System	43,833	49,491	5,658	12.9
Services, Support and Others	19,117	19,251	134	0.7
Intercompany transactions elimination	(6,547)	(4,892)	1,655	-
Total orders input received	227,482	259,435	31,953	14.0

Orders backlog	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Semiconductor and Component Test System	32,046	36,215	4,169	13.0
Mechatronics System	6,660	7,891	1,231	18.5
Services, Support and Others	848	1,038	190	22.3
Intercompany transactions elimination	(16)	(93)	(77)	-
Total orders backlog	39,538	45,051	5,513	13.9

(Note) The amount of orders input received for any given period consists of the sum of the revenues for such period and the amount of orders backlog at the end of such period less the orders backlog at the beginning of such period. Orders input received are recorded upon receipt of a written customer order.

4. Consolidated Cash Flows (Rounded to the nearest million yen)

	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Operating activities	90,327	59,480	(30,847)	(34.2)
Investing activities	(8,250)	(8,542)	(292)	-
(Free cash flows)	82,077	50,938	(31,139)	(37.9)
Financing activities	(63,036)	(18,336)	44,700	-
Total cash flows	19,041	32,602	13,561	71.2
Cash and cash equivalents at end of period	120,986	157,925	36,939	30.5

5. Consolidated Outstanding Interest-bearing liabilities (Rounded to the nearest million yen)

	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Bonds and warrant bonds	20,000	-	(20,000)	-
Loans and lease obligations	97	64	(33)	(34.1)
Total interest-bearing liabilities	20,097	64	(20,033)	(99.7)

6. Consolidated Capital Expenditure, Depreciation and Amortization and Research and Development Expenses

(Rounded to the nearest million yen)

	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Capital expenditures	9,348	8,323	(1,025)	(11.0)
Depreciation and amortization	8,285	8,275	(10)	(0.1)
Research and development expenses	26,280	26,927	647	2.5

7. Number of Employees (Advantest Corporation and Consolidated Subsidiaries) (Persons)

	FY2004	FY2005	Increase/Decrease	Percentage change (%)
Non-Consolidated (Parent Company only)	1,433	1,445	12	0.8
Domestic	1,350	1,355	5	0.4
Overseas	782	795	13	1.7
Consolidated Subsidiaries total	2,132	2,150	18	0.8
Consolidated full-time employee total	3,565	3,595	30	0.8

8 . Supplemental Segment Information

Segment information by geographic area

(Rounded to the nearest million yen)

		FY2004		FY2005	
		(April 1, 2004 through March 31, 2005)	Percentage (%)	(April 1, 2005 through March 31, 2006)	Percentage (%)
Japan	Net sales to unaffiliated customers	110,095	-	119,996	-
	Intersegment sales	101,609	-	111,958	-
	Net sales	211,704	100.0	231,954	100.0
	Operating expenses	160,283	75.7	169,426	73.0
	Operating income (loss)	51,421	24.3	62,528	27.0
	Total assets	157,726		180,431	
Americas	Net sales to unaffiliated customers	55,877	-	53,834	-
	Intersegment sales	2,601	-	3,605	-
	Net sales	58,478	100.0	57,439	100.0
	Operating expenses	54,388	93.0	54,399	94.7
	Operating income (loss)	4,090	7.0	3,040	5.3
	Total assets	27,074		31,353	
Europe	Net sales to unaffiliated customers	16,307	-	18,505	-
	Intersegment sales	934	-	1,312	-
	Net sales	17,241	100.0	19,817	100.0
	Operating expenses	15,333	88.9	17,810	89.9
	Operating income (loss)	1,908	11.1	2,007	10.1
	Total assets	13,082		14,990	
Asia	Net sales to unaffiliated customers	57,160	-	61,587	-
	Intersegment sales	7,523	-	7,000	-
	Net sales	64,683	100.0	68,587	100.0
	Operating expenses	56,621	87.5	62,691	91.4
	Operating income (loss)	8,062	12.5	5,896	8.6
	Total assets	48,214		65,372	
Elimination and Corporate	Net sales to unaffiliated customers	-	-	-	-
	Intersegment sales	(112,667)	-	(123,875)	-
	Net sales	(112,667)	-	(123,875)	-
	Operating expenses	(107,905)	-	(114,862)	-
	Operating income (loss)	(4,762)	-	(9,013)	-
	Total assets	50,673		58,630	
Consolidated	Net sales to unaffiliated customers	239,439	-	253,922	-
	Intersegment sales	-	-	-	-
	Net sales	239,439	100.0	253,922	100.0
	Operating expenses	178,720	74.6	189,464	74.6
	Operating income (loss)	60,719	25.4	64,458	25.4
	Total assets	296,769		350,776	

- (Notes) 1. Adjustments to operating income (loss) included in Corporate mainly consist of research and development expenses for basic research activities, which are not allocated to corporate general administrative expense and segment by geographic area. Stock option compensation expense of (Y) 1,884 million in this consolidated fiscal year is included in Corporate operating cost. Furthermore, temporary profit of (Y) 3,317 million from the return of substitutional portion of its Employee's Pension Fund plans and stock option compensation expense of (Y) 2,290 million in the previous consolidated financial year are included in Corporate operating costs.
2. Total assets included in Corporate primarily consist of the parent company's cash and cash equivalents, assets for general corporate use and assets used for fundamental research activities.

(All non-consolidated financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

FY2005 Selected Non-Consolidated Financial Data
(Year ended March 31, 2006)

April 26, 2006

Company name : **Advantest Corporation**
(URL <http://www.advantest.co.jp/investors/>)

Stock exchanges on which shares are listed : Tokyo Stock Exchange

Stock code number : 6857

Location of head office : Tokyo Prefecture

Company representative : Toshio Maruyama, Representative Board Director, President and CEO

Contact person : Hiroshi Nakamura, Manager, Accounting Department
(03) 3214-7500

Date of Board meeting to approve the financial results : April 26, 2006

Payment of interim dividend : Yes

Expected commencement date of dividend payment: June 28, 2006

Date of general shareholders meeting : June 27, 2006

Adoption of the unit share (*tangenkabu*) system : Yes (each unit comprises 100 shares)

1. Results of FY2005 (April 1, 2005 through March 31, 2006)

(1) Financial Results

	Net sales		Operating income		Ordinary income	
	Million yen	% increase	Million yen	% increase	Million yen	% increase
FY2005	217,688	7.1	49,746	18.7	53,878	24.2
FY2004	203,315	35.0	41,910	76.3	43,365	80.4

	Net income		Net income per share	Fully diluted net income per share	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	Million yen	% increase	yen	yen	%	%	%
FY2005	35,273	24.1	378.34	376.33	19.8	21.0	24.8
FY2004	28,421	137.7	288.68	287.91	16.3	16.8	21.3

Note 1: Average number of shares outstanding was 92,694,513 shares during FY2005 and 97,750,345 shares during FY2004.

Note 2: No changes in accounting policies have been made during these periods.

Note 3: The percentages shown for net sales, operating income, ordinary income and net income are changes from the previous year.

(2) Dividends

	Annual dividend per share			Total dividend paid	Payout ratio	Dividend on equity
	Interim	Year end	Year end			
	Yen	Yen	Yen	Million yen	%	%
FY2005	70.00	25.00	45.00	6,513	18.5	3.3
FY2004	50.00	25.00	25.00	4,768	16.8	3.0

(3) Financial Position

	Total assets	Stockholders' equity	Equity-to-assets ratio	Stockholders' equity per share
	Million yen	Million yen	%	Yen
FY2005	274,538	197,226	71.8	2,111.11
FY2004	238,109	159,074	66.8	1,718.95

Note 1: Number of shares outstanding at year end was 93,326,649 shares in FY2005 and 92,423,615 shares in FY2004.

Note 2: Number of shares held as treasury stock at year end was 6,456,736 shares in FY2005 and 7,359,770 shares in FY2004.

(All non-consolidated financial information has been prepared in accordance with accounting principles generally accepted in Japan.)

2. Projected Results for FY2006 (April 1, 2006 through March 31, 2007)

	Net sales	Ordinary income	Net income	Annual dividend per share		
				Interim	Year end	
	Million yen	Million yen	Million yen	Yen	Yen	Yen
FY2006 Interim	113,000	28,000	18,500	35.00	-	-
FY2006	230,000	56,000	36,000	-	35.00	70.00

(Reference) Projected net income per share for the fiscal year: ¥ 385.74

Figures presented in this Earning Digest have been truncated after the million yen.

For a discussion of the assumptions and other factors upon which these projections are based, please refer to “Prospects for the Upcoming Fiscal Year” appearing elsewhere in this document.

(All non-consolidated financial information has been prepared in accordance
with accounting principles generally accepted in Japan.)

Advantest Corporation – non-consolidated (FY2005)

(Non-Consolidated Financial Statements)

(Balance Sheets)

	FY2004 (As of March 31, 2005)		FY2005 (As of March 31, 2006)	
	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
(Assets)				
I Current Assets				
1. Cash and deposits		68,676		86,669
2. Trade notes receivables		12,418		1,001
3. Accounts receivable		43,564		71,892
4. Finished goods		4,371		3,571
5. Raw materials		3,627		4,774
6. Work in process		14,520		13,085
7. Supplies		67		177
8. Short-term loans receivable		6,876		5,917
9. Other receivable		1,168		1,962
10. Deferred tax assets		10,032		9,514
11. Other		727		1,307
12. Allowance for doubtful accounts		(0)		
Total current assets		166,050	69.7	199,872
II Noncurrent assets				
(1) Property, plant and equipment				
1. Buildings	43,495		42,922	
Accumulated depreciation	28,122	15,372	28,758	14,163
2. Structures	4,100		3,994	
Accumulated depreciation	3,154	945	3,162	831
3. Machinery and equipment	17,651		18,387	
Accumulated depreciation	14,350	3,301	14,746	3,640
4. Vehicles and delivery equipment	30		40	
Accumulated depreciation	7	22	16	24
5. Tools and furniture	13,753		12,861	
Accumulated depreciation	11,833	1,920	10,689	2,171
6. Land		18,141		17,915
7. Construction in progress		74		33
Total property, plant and equipment		39,778	16.7	38,781

*Accumulated depreciation includes the accumulated impairment losses.

	FY2004 (As of March 31, 2005)		FY2005 (As of March 31, 2006)	
	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
(2) Intangible fixed assets				
1. Patent rights	187		136	
2. Leasehold rights	173		173	
3. Telephone rights	39		39	
4. Utility rights	84		12	
5. Software	914		816	
6. Other	38		54	
Total intangible fixed assets	1,437	0.6	1,233	0.5
(3) Investments and other assets				
1. Investment securities	7,430		12,228	
2. Investment in associated companies	16,390		16,470	
3. Long-term loans receivable	22		28	
4. Long-term loans to associated companies	1,050		1,050	
5. Long-term prepaid expenses	588		426	
6. Deferred tax assets	4,137		3,482	
7. Other	1,223		965	
Total investment and other assets	30,842	13.0	34,650	12.6
Total noncurrent assets	72,058	30.3	74,665	27.2
Total assets	238,109	100.0	274,538	100.0
(Liabilities)				
I Current liabilities				
1. Trade accounts payable	22,642		30,476	
2. Current installments of bonds	20,000			
3. Other accounts payable	2,037		2,419	
4. Accrued expenses	10,230		9,054	
5. Income tax payable	4,116		16,315	
6. Advance received	284		122	
7. Deposits received	5,660		4,677	
8. Allowance for product warranty	4,345		4,877	
9. Other	178		177	
Total current liabilities	69,495	29.2	68,120	24.8

(All non-consolidated financial information has been prepared in accordance
with accounting principles generally accepted in Japan.)

Advantest Corporation – non-consolidated (FY2005)

	FY2004 (As of March 31, 2005)		FY2005 (As of March 31, 2006)	
	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
II Noncurrent liabilities				
1. Long-term borrowings		40		10
2. Allowance for retirement benefits		7,100		6,970
3. Allowance for officers' retirement benefits		1,509		1,681
4. Other		888		529
Total noncurrent liabilities		9,539		9,191
Total liabilities		79,034		77,311
(Stockholders' equity)				
I Common stock		32,362		32,362
II Capital surplus				
1. Additional paid-in capital	32,973	32,973	32,973	32,973
Total capital surplus		32,973		32,973
III Retained earnings				
1. Legal reserve		3,083		3,083
2. Voluntary reserve				
(1) Reserve for losses in foreign investments	27,062		27,062	
(2) General reserve	99,880	126,942	121,880	148,942
3. Unappropriated earnings at end of year		28,538		35,204
Total retained earnings		158,563		187,229
IV Net unrealized holding gains on other securities		1,294		2,677
V Treasury stock		(66,119)		(58,017)
Total stockholders' equity		159,074		197,226
Total liabilities and stockholders' equity		238,109		274,538

(All non-consolidated financial information has been prepared in accordance
with accounting principles generally accepted in Japan.)

Advantest Corporation – non-consolidated (FY2005)

(Statements of Income)

	FY2004 (April 1, 2004 through March 31, 2005)			FY2005 (April 1, 2005 through March 31, 2006)		
	Amount (in million yen)		Percentage (%)	Amount (in million yen)		Percentage (%)
I Net sales						
1. Net product sales	203,315	203,315	100.0	217,688	217,688	100.0
II Cost of sales						
1. Inventory of finished goods at beginning of year	8,154			4,371		
2. Cost of manufactured goods	104,942			113,665		
Total	113,097			118,037		
3. Transfers to other accounts	1,658			859		
4. Inventory of finished goods at end of year	4,371			3,571		
Balance of cost of sales	107,067	107,067	52.7	113,606	113,606	52.2
Gross profit		96,247	47.3		104,082	47.8
III Selling, general and administrative expenses		54,337	26.7		54,335	25.0
Operating income (loss)		41,910	20.6		49,746	22.8
IV Non-operating income						
1. Interest income	116			139		
2. Dividends income	1,824			2,465		
3. Lease income	2,015			2,085		
4. Miscellaneous income	666	4,622	2.3	1,743	6,433	3.0
V Non-operating expenses						
1. Interest expenses	29			23		
2. Bond interests	409			265		
3. Expenses related to leased equipment	1,516			1,598		
4. Miscellaneous expenses	1,211	3,167	1.6	414	2,301	1.0
Ordinary income (loss)		43,365	21.3		53,878	24.8
VI Extraordinary gain						
1. Gain on return of substitutional portion of the Employees' Pension Fund	2,503	2,503	1.3	-	-	-
Income (loss) before income taxes		45,868	22.6		53,878	24.8
Income taxes	4,141			18,364		
Income taxes - deferred	13,305	17,446	8.6	239	18,604	8.6
Net income (loss)		28,421	14.0		35,273	16.2
Retained earnings brought forward		3,020			4,024	
Loss from disposition of treasury stock		446			1,780	
Interim dividend		2,457			2,313	
Unappropriated earnings at end of year		28,538			35,204	

(All non-consolidated financial information has been prepared in accordance
with accounting principles generally accepted in Japan.)

Advantest Corporation – non-consolidated (FY2005)

(Proposed Appropriation of Retained Earnings)

	FY2004 (April 1, 2004 through March 31, 2005)		FY2005 (April 1, 2005 through March 31, 2006)	
	Amount (in million yen)		Amount (in million yen)	
Unappropriated earnings at end of year		28,538		35,204
Appropriation of earnings				
1. Dividends	2,310 (¥25 per share)		4,199 (¥45 per share)	
2. Director's bonus	180		180	
3. Corporate auditor's bonus	23		23	
4. Voluntary reserve General reserve	22,000	24,513	25,000	29,402
Unappropriated earnings carried forward		4,024		5,801

(Note) Interim dividends paid were as follows:

	FY2004	FY2005
Date of dividend payment	December 1, 2004	December 1, 2005
Interim dividend amount	¥2,457 million (¥25 per share)	¥2,313 million (¥25 per share)

(Significant Accounting Policies)

There were no changes in accounting policies.

(Cautionary Statement Regarding the Presentation of Notes)

In order to enable timely disclosure of business results, certain notes have been omitted. These notes will be presented as a "Supplement to the Earnings Release" as soon as they become available.

Changes in Board of Directors, Auditors and Executive Officers
(To be effective on June 27, 2006)

(1) Nominees for the Board of Directors

Director of the Board Naoyuki Akikusa (to be newly elected)
Corporate Auditor of Advantest Corporation, Representative
Director and Chairman of the Board of Fujitsu Limited

Director of the Board Yasushige Hagio (to be newly elected)
Attorney-at-Law, Partner of Seiwa Patent and Law

(2) Nominee for Corporate Auditor

Corporate Auditor Megumi Yamamuro (to be newly elected)
Professor
The University of Tokyo Graduate School for Law and Politics

(3) Nominees for Executive Officers

President and CEO Toshio Maruyama
Senior Executive Officer Junji Nishiura
Senior Executive Officer Hiroji Agata
Senior Executive Officer Takashi Tokuno (to be promoted)
Managing Executive Officer Hitoshi Owada
Managing Executive Officer Yuri Morita
Managing Executive Officer Jiro Katoh
Managing Executive Officer Takao Tadokoro
Managing Executive Officer Hiroyasu Sawai
Managing Executive Officer Hiroshi Tsukahara
Executive Officer Masao Shimizu
Executive Officer Masao Araki
Executive Officer Yuichi Kurita
Executive Officer Yoshiro Yagi
Executive Officer Hideaki Imada
Executive Officer Shinichiro Umeda
Executive Officer Akira Hatakeyama
Executive Officer Yasuhiro Kawata
Executive Officer Takashi Sugiura
Executive Officer Shinichiro Kuroe
Executive Officer Takashi Sekino (to be newly elected)
Executive Officer Hiroshi Nakamura (to be newly elected)
Executive Officer Yoshiaki Yoshida (to be newly elected)

Resignation from Corporate Auditor :

Naoyuki Akikusa, Corporate Auditor —
To be elected as Member of the Board of Directors

Other change :

Kenichi Mitsuoka, Managing Executive Officer —
To be elected as President of Advantest DI Corporation

Nominees for the Board of Directors (Biography)

Naoyuki Akikusa (Date of Birth: December 12, 1938)

Mar. 1961 Graduated from Waseda University, Faculty of Political Science and Economics

Apr. 1961 Joined Fujitsu Limited

Jun. 1988 Member of the Board, Fujitsu Limited

Jun. 1991 Managing Director, Fujitsu Limited

Jun. 1992 Executive Director, Fujitsu Limited

Jun. 1998 Representative Director and President, Fujitsu Limited

Jun. 2003 Representative Director and Chairman, Fujitsu Limited (Current Position)

Jun. 2005 Corporate Auditor, Advantest Corporation (Current Position)

Yasushige Hagio (Date of Birth: November 24, 1947)

Mar. 1970 Graduated from University of Tokyo, Faculty of Law

Apr. 1972 Assistant Judge, Tokyo District Court

Apr. 1982 District Court Judge, Tokyo District Court

Apr. 1998 Instructor, Legal Training and Research Institute

Dec. 2003 President of Shizuoka District Court

Jun. 2004 Attorney-at-Law, Partner of Seiwa Patent and Law (Current Position)

Nominee for Corporate Auditor (Biography)

Megumi Yamamuro (Date of Birth: March 8, 1948)

Mar. 1972 Graduated from University of Tokyo, Faculty of Law

Apr. 1974 Assistant Judge, Tokyo District Court

Apr. 1984 District Court Judge, Tokyo District Court

Apr. 1988 Instructor, Legal Training and Research Institute

Apr. 1997 High Court Judge, Tokyo High Court

Jul. 2004 Attorney-at-Law, CAST Itoga Law P.C. (Current Position)

Oct. 2004 Professor, The University of Tokyo Graduate School for Law and Politics
(Current Position)

Nominees for New Executive Officers (Biography)

Takashi Sekino (Date of Birth: May 30, 1957)

Mar. 1982 Graduated from Gunma University, Graduate School of Engineering

Apr. 1982 Joined Advantest Corporation

Apr. 2005 General Manager, 1st Technology Division, Technology Development Group
(Current Position)

Hiroshi Nakamura (Date of Birth: December 4, 1957)

Mar. 1981 Graduated from Kanazawa University, Faculty of Law and Literature

Apr. 1981 Joined Advantest Corporation

Jun. 2002 Manager, Accounting Department, Corporate Affairs Group
(Current Position)

Yoshiaki Yoshida (Date of Birth: February 8, 1958)

Mar. 1980 Graduated from Yokohama National University, Management Department

Apr. 1980 Joined Nihon Lease Corporation

Apr. 1999 Joined Advantest Corporation

Apr. 2000 Representative Board Director, Advantest Finance Inc.
(Current Position)
