

## Overview of FY2006 third Quarter Financial Results (Consolidated)

(Prepared in accordance with U.S. GAAP)

January 26, 2007

Company name **Advantest Corporation** (Stock code number: 6857, TSE 1<sup>st</sup> Section)  
 (URL <http://www.advantest.co.jp/investors/>) (Ticker Symbol: ATE, NYSE)  
 Company representative: Toshio Maruyama, Representative Board Director, President and CEO  
 Contact person: Hiroshi Nakamura, Executive Officer, Vice President of the Corporate Affairs Group

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### 1. Notes to the Quarterly Financial Results:

- (1) Use of simplified accounting method: Yes  
 Simplified tax effect accounting is used for the calculation of tax expenses for the purpose of the quarterly financial results.
- (2) Changes in accounting method from the most recent fiscal year: No
- (3) Changes in scope of consolidation and equity method (as compared to March 31, 2006): Yes  
 Number of consolidated subsidiaries: 40  
     (Newly included) 0  
     (Excluded) 0  
 Number of unconsolidated subsidiaries: 0  
 Number of affiliates accounted for under the equity method: 1  
     (Newly included) 1  
     (Excluded) 0
- (4) Advantest's independent outside auditor has not been involved in the preparation of these consolidated quarterly financial statements.

### 2. Consolidated Financial Results of FY2006 3Q (April 1, 2006 through December 31, 2006)

#### (1) Consolidated Financial Results

	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>FY2006 Q3</b>	<b>166,222</b>	<b>(5.0)</b>	<b>40,100</b>	<b>(0.9)</b>	<b>43,309</b>	<b>0.6</b>	<b>27,791</b>	<b>7.1</b>
FY2005 Q3	174,906	(7.6)	40,453	(21.9)	43,065	(18.6)	25,941	(18.9)
(For reference) FY2005	253,922		64,458		67,454		41,374	

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
<b>FY2006 Q3</b>	<b>148.62</b>	<b>147.66</b>
FY2005 Q3	140.17	139.59
(For reference) FY2005	223.17	221.98

(Notes)

- 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.
- On October 1, 2006, a one to two stock split was made to shares of the common stock in respect of shareholders recorded in the register as of September 30, 2006. Basic net income per share and diluted net income per share for this third quarter were calculated based on the number of issued and outstanding shares after such stock split. Accordingly, per share information for the third quarter ended March 31, 2006 and for the fiscal year ended March 31, 2006 have been recalculated for adjustment.

#### (Qualitative Information Regarding Consolidated Financial Results)

During this third quarter (a period of nine months from April 1, 2006 to December 31, 2006), although there were inventory adjustment of LCD panels and reduction of capital expenditures by some semiconductor manufactures, Advantest's operating environment remained steady, as supported by capital expenditures for personal computers and digital consumer devices. During the first half of this fiscal period, capital expenditures for digital consumer devices such as flat-panel TVs and game players were favorable, and capital expenditures increased for DRAM semiconductors used in personal computers for a new operating system during the latter half of this fiscal period.

Under this environment, Advantest made concentrated effort to increase order input received and expand sales with a focus of providing overall test solutions with the best products and services that meet various customers' demands. In addition, Advantest continued to make efforts to improve the quality of products and to reduce costs by promoting further the just-in-time production system in its manufacturing process. As a result of the above, in the third quarter, orders input received was (Y) 173.1 billion (12.2% decrease in comparison to the corresponding third quarter of the previous fiscal year), sales was (Y) 166.2 billion (0.5% decrease), net income before income taxes was (Y) 43.3 billion (0.6% increase), and net income was 27.8 billion (7.1% increase). Overseas sales as a percentage of total sales was 63.9%, as compared with 68.9% in the corresponding third quarter of the previous fiscal year.

#### (Results by Business Segment)

With respect to the semiconductor and component test system segment, in the memory semiconductor test system market, demand for test systems for DRAM semiconductors was positive because the price of DRAM semiconductors was stable and investment in DDR2-DRAM semiconductors used in personal computers for a new operating system increased rapidly in Korea and Taiwan, among other countries from the latter half of this fiscal period. Demand for test systems for flash memory semiconductors, however, was low

due to restrained capital expenditures resulting from a significant price decline of flash memory semiconductors. In the market of non-memory semiconductor test system, sales of the SOC semiconductor test systems for devices used in consumer digital products was steady in Japan. However, capital expenditures were low with respect to the test systems for non-memory semiconductors used in MPU or LCD driver IC. As a result of the above, orders input received was (Y) 121.5 billion, sales was (Y) 117.3 billion and operating income was (Y) 34.6 billion. In the mechatronics system segment, due to a strong demand especially for handlers for DRAM semiconductors and device interface products, orders input received was (Y) 42.6 billion, sales was (Y) 37.9 billion and operating income was (Y) 10.0 billion. In the services, support and others segment, orders input received was (Y) 13.7 billion, sales was (Y) 13.8 billion and operating income was (Y) 1.7 billion.

(2) Changes in Consolidated Financial Position

	Total assets	Net assets	Equity-to-assets ratio	Net assets per share
	Million yen	Million yen	%	Yen
<b>FY2006 Q3</b>	<b>348,293</b>	<b>283,224</b>	<b>81.3</b>	<b>1,512.13</b>
FY2005 Q3	323,901	238,324	73.6	1,282.07
(For reference) FY2005	350,776	257,927	73.5	1,381.85

(Note) On October 1, 2006, a one to two stock split was made to shares of the common stock in respect of shareholders recorded in the register as of September 30, 2006. Net assets per share for this third quarter was calculated based on the number of issued and outstanding shares after such stock split. Accordingly, net assets per share for the third quarter ended March 31, 2006 and for the fiscal year ended March 31, 2006 have been recalculated for adjustment.

(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
<b>FY2006 Q3</b>	<b>29,251</b>	<b>(6,214)</b>	<b>(4,839)</b>	<b>178,043</b>
FY2005 Q3	30,009	(6,217)	(21,001)	127,851
(For reference) FY2005	59,480	(8,542)	(18,336)	157,925

(Qualitative Information Regarding Changes in Consolidated Financial Position)

At the end of this third quarter, total assets decreased by (Y) 2.5 billion from the end of the previous fiscal year to (Y) 348.3 billion, mainly due to the decrease of trade accounts receivable by (Y) 24.2 billion despite the increase of cash and cash equivalents by (Y) 20.1 billion. Total liabilities decreased by (Y) 27.8 billion from the end of the previous fiscal year to (Y) 65.1 billion, mainly due to the decrease of accounts payable by (Y) 6.4 billion and other current liabilities by (Y) 20.0 billion as a result of the payment of corporate tax, among other things. Net assets was (Y) 283.2 billion and equity-to-assets ratio increased by 7.8 percentage points from the end of the previous fiscal year to 81.3%.

(Cash Flow Statements)

Cash and cash equivalents at the end of this third quarter increased by (Y) 20.1 billion from the end of the previous fiscal year to (Y) 178.0 billion. Significant cash flows during this third quarter and their causes are described below.

Cash flows from operating activities was an inflow of (Y) 29.3 billion, which consisted primarily of proceeds from a decrease of trade accounts receivable ((Y) 24.7 billion) and an expenditure due to a decrease of income taxes payable ((Y) 14.7 billion), in addition to the net income for this quarter period of (Y) 27.8 billion.

Cash flows from investing activities was an outflow of (Y) 6.2 billion, which consisted primarily of capital expenditures on tangible fixed assets including lease assets ((Y) 5.7 billion).

Cash flows from financing activities was an outflow of (Y) 4.8 billion, which consisted primarily of dividends paid ((Y) 7.3 billion) and proceeds from sales of treasury shares ((Y) 2.5 billion).

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

With respect to its earnings forecast for the fourth quarter and beyond, Advantest anticipates that investment in DDR2-DRAM semiconductors used in personal computers for a new operating system will increase. Advantest also anticipates that capital expenditures on digital consumer devices including flat-panel TVs will remain steady. On the other hand, it is Advantest's concern that capital expenditures of some flash memory semiconductor manufacturers will remain low, due to a decline in the price of flash memory semiconductors. In addition, some MPU manufacturers are behind in making recoveries with respect to their capital expenditures, and capital expenditures for LCD driver IC have not been fully recovered due to a declined demand resulting from an inventory adjustment of LCD panels. Accordingly, Advantest projects that it will be difficult to achieve its previous earnings forecast for the fiscal year ending March 31, 2007 that was released on October 27, 2006, and therefore hereby revise the forecast, as below.

[Consolidated]

	Net sales	Income before income taxes	Net income
Previous forecast (A) (As of October 27, 2006)	Million yen 255,000	Million yen 68,000	Million yen 43,000
Revised forecast (B)	240,000	64,000	41,000
Difference (B)-(A)	(15,000)	(4,000)	(2,000)

[Non-Consolidated] (Parent Company only)

	Net sales	Income before income taxes	Net income
Previous forecast (A) (As of October 27, 2006)	Million yen 215,000	Million yen 49,000	Million yen 33,000
Revised forecast (B)	205,000	46,000	31,000
Difference (B)-(A)	(10,000)	(3,000)	(2,000)

(Note) Figures presented in the Quarterly Financial Results have been rounded to the nearest million yen.

### 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. Quarterly Consolidated Balance Sheets (Summary)

Item	Notes	Q3 of FY2006 (As of December 31, 2006)		FY2005 (As of March 31, 2006)		Increase (Decrease)	Q3 of FY2005 (As of December 31, 2005)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Amount (in million yen)	Percentage (%)
<b>(Assets)</b>								
Cash and cash equivalents		178,043		157,925		20,118	127,851	
Trade accounts receivable, less allowance for doubtful accounts	*1	45,337		69,567		(24,230)	64,815	
Inventories		35,820		29,911		5,909	37,574	
Other current assets		16,572		18,230		(1,658)	20,865	
Total current assets		275,772	79.2	275,633	78.6	139	251,105	77.5
Investment securities		11,342	3.3	12,273	3.5	(931)	10,803	3.3
Property, plant and equipment, net	*2	49,482	14.2	50,793	14.5	(1,311)	50,298	15.5
Intangible assets, at cost, less accumulated amortization		2,890	0.8	2,858	0.8	32	2,796	0.9
Other assets		8,807	2.5	9,219	2.6	(412)	8,899	2.8
Total assets		348,293	100.0	350,776	100.0	(2,483)	323,901	100.0
<b>(Liabilities)</b>								
Current portion of long-term debt		10		30		(20)	47	
Trade accounts payable		26,145		32,584		(6,439)	31,940	
Other current liabilities		24,143		44,131		(19,988)	37,520	
Total current liabilities		50,298	14.5	76,745	21.9	(26,447)	69,507	21.5
Long-term debt, excluding current portion		5	0.0	10	0.0	(5)	15	0.0
Accrued pension and severance cost		11,193	3.2	12,292	3.5	(1,099)	12,440	3.8
Other liabilities		3,573	1.0	3,802	1.1	(229)	3,615	1.1
Total liabilities		65,069	18.7	92,849	26.5	(27,780)	85,577	26.4
<b>(Stockholders' equity)</b>								
Common stock		32,363	9.3	32,363	9.2	-	32,363	10.0
Capital surplus		38,303	11.0	37,147	10.6	1,156	36,769	11.4
Retained earnings		265,126	76.1	245,090	69.9	20,036	230,255	71.1
Accumulated other comprehensive income (loss)	*3	2,549	0.7	1,344	0.3	1,205	380	0.1
Treasury stock		(55,117)	(15.8)	(58,017)	(16.5)	2,900	(61,443)	(19.0)
Total stockholders' equity		283,224	81.3	257,927	73.5	25,297	238,324	73.6
Total liabilities and stockholders' equity		348,293	100.0	350,776	100.0	(2,483)	323,901	100.0

## (Notes)

1. Allowance for doubtful accounts	2,028	2,117	(89)	2,184
2. Accumulated depreciation on property, plant and equipment	75,394	72,131	3,263	72,729
3. Accumulated other comprehensive income (loss)				
Foreign currency translation adjustment	239	(1,378)	1,617	(1,563)
Net unrealized gain(loss) on securities	2,310	2,722	(412)	1,943

## 2. Quarterly Consolidated Statements of Income (Summary)

Item	Q3 of FY2006 (April 1, 2006 through December 31, 2006)		Q3 of FY2005 (April 1, 2005 through December 31, 2005)		Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)					
	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Amount (in million yen)	Percentage (%)				
Net sales		166,222	100.0		174,906	100.0	(8,684)		253,922	100.0	
Cost of sales		75,822	45.6		83,980	48.0	(8,158)		121,429	47.8	
Gross profit		90,400	54.4		90,926	52.0	(526)		132,493	52.2	
Research and development expenses		21,984	13.2		20,014	11.4	1,970		26,927	10.6	
Selling, general and administrative expenses		28,316	17.1		30,459	17.5	(2,143)		41,108	16.2	
Operating income		40,100	24.1		40,453	23.1	(353)		64,458	25.4	
Other income (expense):											
Interest and dividend income	2,178			1,185			993		1,760		
Interest expense	(12)			(288)			276		(290)		
Other	1,043	3,209	1.9	1,715	2,612	1.5	(672)	597	1,526	2,996	1.2
Income before income taxes		43,309	26.0		43,065	24.6		244		67,454	26.6
Income taxes		15,513	9.3		17,124	9.8		(1,611)		26,080	10.3
Equity in net income(loss) of an affiliated company		(5)	0.0		-	-		(5)		-	-
Net income		27,791	16.7		25,941	14.8		1,850		41,374	16.3

Item	Q3 of FY2006 (April 1, 2006 through December 31, 2006)		Q3 of FY2005 (April 1, 2005 through December 31, 2005)		Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)	
	Amount (in yen)	Amount (in yen)	Amount (in yen)	Amount (in yen)	Amount (in yen)	Amount (in yen)	Amount (in yen)
Net income per share							
Basic		148.62		140.17		8.45	223.17
Diluted		147.66		139.59		8.07	221.98

## 3. Quarterly Consolidated Statements of Cash Flows (Summary)

Item	Q3 of FY2006 (April 1, 2006 through December 31, 2006)	Q3 of FY2005 (April 1, 2005 through December 31, 2005)	FY2005 (April 1, 2005 through March 31, 2006)
	Amount (in million yen)	Amount (in million yen)	Amount (in million yen)
Cash flows from operating activities:			
Net income	27,791	25,941	41,374
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	6,105	6,158	8,275
Changes in assets and liabilities:			
Trade accounts receivable	24,686	(6,298)	(11,072)
Inventories	(5,906)	(7,362)	108
Trade accounts payable	(6,621)	7,001	7,627
Income taxes payable	(14,699)	4,997	12,506
Other	(2,105)	(428)	662
Net cash provided by operating activities	29,251	30,009	59,480
Cash flows from investing activities:			
Purchases of property, plant and equipment	(5,666)	(4,952)	(7,071)
Other	(548)	(1,265)	(1,471)
Net cash used in investing activities	(6,214)	(6,217)	(8,542)
Cash flows from financing activities:			
Principal payments on long-term debt	(25)	(20,021)	(20,043)
Dividends paid	(7,300)	(4,499)	(4,622)
Other	2,486	3,519	6,329
Net cash used in financing activities	(4,839)	(21,001)	(18,336)
Net effect of exchange rate changes on cash and cash equivalents	1,920	4,074	4,337
Net change in cash and cash equivalents	20,118	6,865	36,939
Cash and cash equivalents at beginning of period	157,925	120,986	120,986
Cash and cash equivalents at end of period	178,043	127,851	157,925

## 1. Business Segment Operating Income

(Rounded to the nearest million yen)

		Q3 of FY2006 (April 1, 2006 through December 31, 2006)		Q3 of FY2005 (April 1, 2005 through December 31, 2005)		Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount	Amount (in million yen)	Percentage (%)
Semiconductor and Component Test System	Sales to unaffiliated customers	114,736	97.8	127,868	97.8	(13,132)	187,136	97.8
	Intersegment sales	2,609	2.2	2,926	2.2	(317)	4,279	2.2
	Net sales	117,345	100.0	130,794	100.0	(13,449)	191,415	100.0
	Operating expenses	82,789	70.6	93,172	71.2	(10,383)	133,898	70.0
	Operating income	34,556	29.4	37,622	28.8	(3,066)	57,517	30.0
Mechatronics System	Sales to unaffiliated customers	37,688	99.5	32,479	99.5	5,209	47,724	98.9
	Intersegment sales	201	0.5	164	0.5	37	536	1.1
	Net sales	37,889	100.0	32,643	100.0	5,246	48,260	100.0
	Operating expenses	27,859	73.5	24,959	76.5	2,900	36,294	75.2
	Operating income	10,030	26.5	7,684	23.5	2,346	11,966	24.8
Services, Support and Others	Sales to unaffiliated customers	13,798	100.0	14,559	100.0	(761)	19,062	100.0
	Intersegment sales	-	-	-	-	-	-	-
	Net sales	13,798	100.0	14,559	100.0	(761)	19,062	100.0
	Operating expenses	12,107	87.7	11,726	80.5	381	15,209	79.8
	Operating income	1,691	12.3	2,833	19.5	(1,142)	3,853	20.2
Elimination and Corporate	Sales to unaffiliated customers	-	-	-	-	-	-	-
	Intersegment sales	(2,810)	100.0	(3,090)	100.0	280	(4,815)	100.0
	Net sales	(2,810)	100.0	(3,090)	100.0	280	(4,815)	100.0
	Operating expenses	2,068	-	3,090	-	(1,022)	2,179	-
	Operating income (loss)	(4,878)	-	(6,180)	-	1,302	(6,994)	-
Consolidated	Sales to unaffiliated customers	166,222	100.0	174,906	100.0	(8,684)	253,922	100.0
	Intersegment sales	-	-	-	-	-	-	-
	Net sales	166,222	100.0	174,906	100.0	(8,684)	253,922	100.0
	Operating expenses	124,823	75.1	132,947	76.0	(8,124)	187,580	73.9
	Operating income	41,399	24.9	41,959	24.0	(560)	66,342	26.1

- (Notes)
- 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 expenses and segment by business sector.
  - Stock option compensation expense of (Y)1,299 million, (Y)1,506 million and (Y)1,884 million in this third quarter, the third quarter of FY2005 and FY 2005, respectively are not included in operating income in the business segment information. Therefore, these operating income do not match with the operating income in the consolidated statements of income. Such exclusion was made since such items are not included in the performance review of each business segment by management.

## 2. Geographic Segment Net Sales

Net sales to unaffiliated customers

(Rounded to the nearest million yen)

		Q3 of FY2006 (April 1, 2006 through December 31, 2006)		Q3 of FY2005 (April 1, 2005 through December 31, 2005)		Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)	
		Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount	Amount (in million yen)	Percentage (%)
	Americas	8,439	5.1	18,223	10.4	(9,784)	25,516	10.0
	Europe	7,905	4.8	10,166	5.8	(2,261)	14,558	5.7
	Asia	89,912	54.0	92,195	52.7	(2,283)	132,708	52.3
	Total Overseas	106,256	63.9	120,584	68.9	(14,328)	172,782	68.0
	Japan	59,966	36.1	54,322	31.1	5,644	81,140	32.0
	Consolidated	166,222	100.0	174,906	100.0	(8,684)	253,922	100.0

## 3. Consolidated Net Sales by Business Segment

(Rounded to the nearest million yen)

	Q3 of FY2006 (April 1, 2006 through December 31, 2006)	Q3 of FY2005 (April 1, 2005 through December 31, 2005)	Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)
Semiconductor and Component Test System	117,345	130,794	(13,449)	191,415
Mechatronics System	37,889	32,643	5,246	48,260
Services, Support and Others	13,798	14,559	(761)	19,062
Intercompany transactions elimination	(2,810)	(3,090)	280	(4,815)
Total net sales	166,222	174,906	(8,684)	253,922

## 4. Consolidated Orders input received and Orders Backlog by Business Segment

(Rounded to the nearest million yen)

	Q3 of FY2006 (April 1, 2006 through December 31, 2006)	Q3 of FY2005 (April 1, 2005 through December 31, 2005)	Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)
Semiconductor and Component Test System	121,540	149,689	(28,149)	195,585
Mechatronics System	42,585	36,026	6,559	49,491
Services, Support and Others	13,739	15,658	(1,919)	19,251
Intercompany transactions elimination	(4,718)	(4,101)	(617)	(4,892)
Total orders input received	173,146	197,272	(24,126)	259,435

	Q3 of FY2006 (As of December 31, 2006)	Q3 of FY2005 (As of December 31, 2005)	Increase (Decrease)	FY2005 (As of March 31, 2006)
Semiconductor and Component Test System	40,410	50,941	(10,531)	36,215
Mechatronics System	12,588	10,044	2,544	7,891
Services, Support and Others	979	1,948	(969)	1,038
Intercompany transactions elimination	(2,002)	(1,028)	(974)	(93)
Total orders backlog	51,975	61,905	(9,930)	45,051

(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 end of the previous fiscal year. Orders input received are recorded upon receipt of a written customer order.

## 5. Consolidated Cash Flows

(Rounded to the nearest million yen)

	Q3 of FY2006 (April 1, 2006 through December 31, 2006)	Q3 of FY2005 (April 1, 2005 through December 31, 2005)	FY2005 (April 1, 2005 through March 31, 2006)
Operating activities	29,251	30,009	59,480
Investing activities	(6,214)	(6,217)	(8,542)
(Free cash flows)	23,037	23,792	50,938
Financing activities	(4,839)	(21,001)	(18,336)
Total cash flows	18,198	2,791	32,602
Cash and cash equivalents at end of period	178,043	127,851	157,925

## 6. Consolidated Capital Expenditures, Depreciation and Amortization and Research and Development Expenses

(Rounded to the nearest million yen)

	Q3 of FY2006 (April 1, 2006 through December 31, 2006)	Q3 of FY2005 (April 1, 2005 through December 31, 2005)	Increase (Decrease)	FY2005 (April 1, 2005 through March 31, 2006)
Capital expenditures	5,257	5,195	62	8,323
Depreciation and amortization	6,105	6,158	(53)	8,275
Research and development expenses	21,984	20,014	1,970	26,927

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

(Persons)

	Q3 of FY2006 (As of December 31, 2006)	FY2005 (As of March 31, 2006)	Increase (Decrease)	Q3 of FY2005 (As of December 31, 2005)
Non-Consolidated (Parent Company only)	1,466	1,445	21	1,445
Consolidated subsidiaries	2,178	2,150	28	2,146
Consolidated full-time employee total	3,644	3,595	49	3,591