

Edgar Filing: ADVANTEST CORP - Form 6-K

ADVANTEST CORP
Form 6-K
December 27, 2002

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of December, 2002

Advantest Corporation

(Translation of Registrant's Name Into English)

Shinjuku-NS Building

4-1 Nishi-Shinjuku 2-chome

Shinjuku-ku

Tokyo 163-0880

Japan

(Address of Principal Executive Offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No
--- ---

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):_____)

Materials Contained in this Report:

- (1) Executive summary of the registrant's Japanese-language Interim Securities Report, which was submitted to the Chief of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on December 26, 2002. (All financial information for the current interim period was prepared in accordance with

Edgar Filing: ADVANTEST CORP - Form 6-K

generally accepted accounting principles in the U.S.; however, financial information for the previous fiscal year and interim period were prepared in accordance with generally accepted accounting principles in Japan.)

- (2) English-language translation of the registrant's Interim Consolidated Financial Statements for the six-month period ended September 30, 2002, which was filed with the Chief of the Kanto Local Finance Bureau as part of the registrant's Interim Securities Report. (All financial information for the current interim period was prepared in accordance with generally accepted accounting principles in the U.S.; however, financial information for the previous fiscal year and interim period were prepared in accordance with generally accepted accounting principles in Japan.)

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Advantest Corporation

By: /s/ Hitoshi Owada

Name: Hitoshi Owada
Title: Managing Director and
Senior Vice President,
Administration and Finance Division

Date: December 27, 2002

EXHIBIT I

Japanese Interim Securities Report for the fiscal half-year from April 1, 2002 through September 30, 2002, as submitted to the Chief of the Kanto Local Finance Bureau of the Ministry of Finance of Japan on December 26, 2002, consisting of 73 pages (excluding cover and table of contents), which included the following information:

Part I Company Information

1. Corporate Overview
 - o Significant financial indices
 - o Description of business
 - o Information on subsidiaries and affiliates
 - o Employee information

Edgar Filing: ADVANTEST CORP - Form 6-K

2. Business Information
 - o Summary of business results
 - o Production, orders and sales
 - o Management initiatives
 - o Material agreements (none)
 - o Research and development

3. Capital Assets
 - o Changes in capital assets (none)
 - o Plans for the acquisition and retirement of capital assets

4. Company Data
 - o Share data
 - Total number of shares, etc.
 - Stock options, etc.
 - Total number of outstanding shares, amount of capital, etc.
 - Significant shareholders
 - Shares with voting rights
 - o Movements in share price
 - o Changes in directors

5. Accounting Information
 - o Audited consolidated interim financial statements and notes
 - o Audited unconsolidated interim financial statements and notes

6. Other Filings of the Company

Part II Information on Guarantors (none)

EXHIBIT II

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

1 INTERIM CONSOLIDATED FINANCIAL STATEMENTS

(1) Interim Consolidated Financial Statements (FY2001 Interim and FY2001)

(i) Interim Consolidated Balance Sheets

(In millions of yen)

	FY2001 interim (As of September 30, 2001)		FY2001 Consolidated balance sheet summary (As of March 31, 2002)	
	Amount	Percentage	Amount	Percentage
(Assets)		%		%
I Current assets				
1. Cash and deposits	101,086		105,932	
2. Trade notes and *3 accounts receivable	57,517		33,729	
3. Inventories	81,798		52,887	

Edgar Filing: ADVANTEST CORP - Form 6-K

4. Deferred tax assets			12,406		16,178	
5. Other			2,593		3,098	
Allowance for doubtful accounts			(215)		(533)	
			-----		-----	
Total current assets			255,187	75.5	211,294	69.3
			-----		-----	
II Noncurrent assets						
(1) Property, plant and equipment	*1*2					
1. Buildings and structures			21,797		22,700	
2. Machinery and delivery equipment			6,905		6,734	
3. Tools and furniture			8,440		8,791	
4. Land			18,524		18,500	
5. Construction in progress			2,716		1,491	
			-----		-----	
Total property, plant and equipment			58,384	17.2	58,218	19.1
			-----		-----	
(2) Intangible fixed assets			6,955	2.1	6,789	2.2
			-----		-----	
(3) Investments and other assets						
1. Investment in securities			8,848		8,244	
2. Long-term loans			148		138	
3. Deferred tax assets			5,922		17,693	
4. Other			2,628		2,696	
			-----		-----	
Total investments and other assets			17,548	5.2	28,773	9.4
			-----		-----	
Total noncurrent assets			82,888	24.5	93,780	30.7
			-----		-----	
Total assets			338,076	100.0	305,075	100.0
			=====		=====	

1

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(In millions of yen)

	FY2001 interim		FY2001	
	(As of September 30, 2001)		Consolidated balance sheet summary (As of March 31, 2002)	
	Amount	Percentage	Amount	Percentage
(Liabilities)		%		%

Edgar Filing: ADVANTEST CORP - Form 6-K

I Current liabilities				
1. Notes and accounts payable	10,759		4,441	
2. Income tax payable	1,618		678	
3. Deferred tax liabilities	39		101	
4. Allowance for product warranty	5,529		2,836	
5. Other	12,672		15,064	
	-----		-----	
Total current liabilities	30,620	9.1	23,122	7.6
	-----		-----	
II Noncurrent liabilities				
1. Bonds	26,700		26,700	
2. Long-term borrowings	*2 189		168	
3. Deferred tax liabilities	473		445	
4. Allowance for retirement benefits	9,613		9,322	
5. Allowance for officers' retirement benefits	976		1,083	
6. Consolidation adjustments	25		15	
7. Other	1,118		1,103	
	-----		-----	
Total noncurrent liabilities	39,096	11.5	38,838	12.7
	-----		-----	
Total liabilities	69,716	20.6	61,960	20.3
	-----		-----	
(Minority interests)				
Minority interests	256	0.1	273	0.1
(Stockholders' equity)				
I Common stock	32,362	9.6	32,362	10.6
II Additional paid-in capital	32,973	9.7	32,973	10.8
III Consolidated retained earnings	210,476	62.3	181,246	59.4
IV Net unrealized holding gains on other securities	121	0.0	11	0.0
V Translation adjustments	(5,409)	(1.6)	(1,318)	(0.4)
VI Treasury stock	(2,421)	(0.7)	(2,434)	(0.8)
	-----		-----	
Total stockholders' equity	268,103	79.3	242,841	79.6
	-----		-----	
Total liabilities and stockholders' equity	338,076	100.0	305,075	100.0
	=====		=====	

2

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(ii) Interim Consolidated Statements of Income

(In millions of yen)

	FY2001 interim	FY2001 Consolidated statement of summary
--	----------------	--

Edgar Filing: ADVANTEST CORP - Form 6-K

		(April 1, 2001 through September 30, 2001)		[April 1, 2001 through March 31, 2002]	
		Amount	Percentage	Amount	Percentage
		%			
I	Net sales	65,086	100.0	95,244	100.0
II	Cost of sales	31,668	48.7	76,311	80.0
	Gross profit	33,417	51.3	18,932	19.7
III	Selling, general and administrative expenses	*1 28,939	44.4	55,485	58.2
	Operating income (loss)	4,478	6.9	(36,552)	(38.2)
IV	Non-operating income				
	1. Interest income	353		562	
	2. Dividends income	17		157	
	3. Amortization of consolidation adjustments	8		36	
	4. Miscellaneous income	*2 1,948	3.6	1,587	2.0
V	Non-operating expenses				
	1. Interest expenses	243		516	
	2. Equity in losses of affiliates	280		794	
	3. Miscellaneous expenses	*3 748	2.0	1,274	2.0
	Ordinary income (loss)	5,534	8.5	(36,793)	(38.2)
	Income (loss) before income taxes and minority interests in consolidated subsidiaries	5,534	8.5	(36,793)	(38.2)
	Income taxes	1,464		1,233	
	Income taxes - deferred	225	2.6	(15,158)	(14.8)
	Less: minority interests in consolidated subsidiaries	51	0.1	80	0.1
	Net income (loss)	3,793	5.8	(22,949)	(24.0)

3

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(iii) Interim Consolidated Statements of Retained Earnings (In millions of yen)

FY2001 interim (April 1, 2001 through	FY2001 Consolidated statement of retained earnings (April 1, 2001 through
--	--

Edgar Filing: ADVANTEST CORP - Form 6-K

	September 30, 2001)	March 31, 2002)
	Amount	Amount
I Consolidated retained earnings at beginning of period	209,453	209,453
II Decreases in consolidated retained earnings		
1. Dividends	2,485	4,971
2. Bonuses to directors	270	270
3. Bonuses to corporate auditors	15	5,256
	-----	-----
III Net income (loss)	3,793	(22,949)
	-----	-----
IV Consolidated retained earnings at end of period	210,476	181,246
	=====	=====

4

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(iv) Interim Consolidated Statements of Cash Flows

(In millions of yen)

	FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 Consolidated statement of cash flow summary (April 1, 2001 through March 31, 2002)
	Amount	Amount
I Cash flows from operating activities		
Income (loss) before income taxes and minority interests in consolidated subsidiaries	5,534	(36,793)
Depreciation and amortization	4,832	10,919
Amortization of consolidation adjustments	(8)	(18)
Increase (decrease) in allowance for doubtful accounts	(991)	(673)
Increase (decrease) in allowance for retirement benefits	609	319
Increase (decrease) in allowance for officers' retirement benefits	25	132

Edgar Filing: ADVANTEST CORP - Form 6-K

Interest and dividend income	(370)	(719)
Interest expenses	243	516
Foreign exchange gain or loss	(546)	(810)
Gain (loss) on sale of investment securities	(22)	(22)
Gain (loss) on sale of property, plant and equipment	(3)	(147)
Loss on disposal of property, plant and equipment	118	342
Decrease (increase) in trade accounts receivable	46,595	72,155
Increase (decrease) in inventories	(373)	29,143
Increase (decrease) in trade accounts payable	(27,184)	(34,314)
Decrease (increase) in consumption taxes receivable	284	262
Bonuses to officers	(285)	(285)
Other	(4,114)	(3,771)
Subtotal	24,344	36,236
Interest and dividends received	395	598
Interest paid	(255)	(529)
Income taxes paid	(26,401)	(27,731)
Cash flows from operating activities	(1,917)	8,574

5

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(In millions of yen)

	FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 Consolidated statement of cash flow summary (April 1, 2001 through March 31, 2002)
	Amount	Amount
-----	-----	-----

Edgar Filing: ADVANTEST CORP - Form 6-K

II	Cash flows from investing activities		
	Acquisition of property, plant and equipment	(10,030)	(13,175)
	Proceeds from sale of property, plant and equipment	574	644
	Acquisition of intangible fixed assets	(1,344)	(2,373)
	Acquisition of investment securities	(2,217)	(2,228)
	Proceeds from sale of investment securities	25	38
	Payments for loans	(3)	(4)
	Proceeds from collection of loans	49	59
	Acquisition of equity method affiliates	(1,425)	(1,425)
	Other	188	(122)
	Cash flows from investing activities	(14,183)	(18,586)
III	Cash flows from financing activities		
	Repayments on long-term borrowings	(21)	(43)
	Redemption of bonds	(4,300)	(4,300)
	Proceeds from issuance of shares	307	308
	Acquisition of treasury stock	(30)	(43)
	Proceeds from sale of treasury stock	30	31
	Dividends paid	(2,482)	(4,968)
	Dividends paid to minority shareholders	(1)	(1)
	Cash flows from financing activities	(6,497)	(9,015)
IV	Net effect of exchange rate changes on cash and cash equivalents	142	1,418
V	Net increase (decrease) in cash and cash equivalents	(22,455)	(17,609)
VI	Cash and cash equivalents at beginning of period	123,541	123,541
VII	Cash and cash equivalents at end of period	101,086	105,932

Edgar Filing: ADVANTEST CORP - Form 6-K

6

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements

FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 (April 1, 2001 through March 31, 2002)
<p>1. Scope of Consolidation</p> <p>All 46 subsidiaries of the company are consolidated.</p> <p>Of the consolidated subsidiaries, Advantest Academy, Advantest Taiwan Engineering Inc. and Advantest America Design Center, Inc. are new companies established during the interim period and became consolidated subsidiaries beginning from this consolidated interim period.</p>	<p>1. Scope of Consolidation</p> <p>All 41 subsidiaries of the company are consolidated.</p> <p>Of the consolidated subsidiaries, Advantest Academy, Advantest Taiwan Engineering Inc. and Advantest America Design Center, Inc. are new companies established during the interim period and became consolidated subsidiaries beginning from this consolidated fiscal year. In addition, Advantest Technologies Inc. and Advantest Components Co., Ltd. and Advantest Circuit Testing GmbH terminated during this consolidated fiscal year and thus excluded from the scope of consolidation. Advantest Europe Corporation (Holding Company), Advantest (Europe) GmbH and Advantest Engineering Solutions GmbH were consolidated subsidiaries of Advantest (Europe) GmbH being the consolidated entity.</p>
<p>2. Application of the Equity Method</p> <p>Number of affiliates accounted for under the equity method: 1</p> <p>Name of company: Japan Engineering Co., Ltd.</p> <p>Effective from this consolidated interim period, Japan Engineering Co., Ltd. was accounted for under the equity method as a result of an acquisition of its shares by the company during this interim period.</p>	<p>2. Application of the Equity Method</p> <p>Number of affiliates accounted for under the equity method: 1</p> <p>Name of company: Japan Engineering Co., Ltd.</p> <p>Effective from this consolidated fiscal year, Japan Engineering Co., Ltd. was accounted for under the equity method as a result of an acquisition of its shares by the company during this fiscal year.</p>
<p>3. Interim Period of Consolidated Subsidiaries</p>	<p>3. Fiscal Year of Consolidated Subsidiaries</p>

Edgar Filing: ADVANTEST CORP - Form 6-K

Of the consolidated subsidiaries, the interim period of Advantest (Suzhou) Co., Ltd. ends on June 30. In preparing these interim consolidated financial statements, the company used interim financial statements of the above subsidiary as of that date, and made necessary consolidation adjustments regarding significant transactions between that date and the last day of the consolidated interim period.

Of the consolidated subsidiaries year of Advantest (Suzhou) Co., L December 31. In preparing these financial statements, the company statements of the above subsidiary date, and made necessary consolidation adjustments regarding significant between that date and the last day consolidated fiscal year.

4. Certain Accounting Policies

4. Certain Accounting Policies

(1) Valuation of Assets

(1) Valuation of Assets

(i) Securities

(i) Securities

Other Securities

Other Securities

Securities with fair value

Securities with fair value

Stated at fair value based on market prices at end of interim period. (Unrealized holding gains and losses are accounted for as a component of stockholders' equity; cost of other securities sold is determined using the moving average method.)

Stated at fair value based on prices at end of fiscal year holding gains and losses are accounted for as a component of stockholders' equity; cost of other securities sold is determined using the moving average method.)

Securities not practicable to fair value

Securities not practicable to

Stated at cost using the moving average method.

Same as described on the left

(ii) Derivatives

(ii) Derivatives

Stated at fair value.

Same as described on the left

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 (April 1, 2001 through March 31, 2002)
---	---

(iii) Inventories

(iii) Inventories

Finished products

Same as described on the left

Edgar Filing: ADVANTEST CORP - Form 6-K

Primarily stated at cost using the periodic average method.

Raw material

Primarily stated at lower of cost or market using the periodic average method.

Work in progress

Stated at cost using the periodic average method.

Supplies

Stated at cost using the specific identification method.

(2) Depreciation and Amortization

(i) Depreciation of property, plant and equipment

Primarily computed using the declining balance method

However, buildings (excluding attached improvements) acquired on or after April 1, 1998 are depreciated using the straight line method.

(ii) Amortization of intangible fixed assets

Computed using the straight-line method.

However, software (for internal use) is depreciated using the straight-line method over its estimated useful life of 5 years.

(3) Significant Allowances

(i) Allowance for doubtful accounts

To prepare for credit losses on accounts receivables and loans, etc., allowances equal to the estimated amount of uncollectible receivables is provided for general receivables based on historical write-off ratio, and bad receivables based on case-by-case determination of collectibility.

(Change of accounting policy)

Allowance for doubtful accounts for general receivables was determined in the past using percentages set by the company. After reviewing the status of the company's transactions, the company believes that the risk of credit losses for this category of receivables is low. It has therefore adopted the use of historical write-off ratio for the

(2) Depreciation and Amortization

(i) Depreciation of property, plant

Same as described on the left.

(ii) Amortization of intangible f

Same as described on the left.

(3) Significant Allowances

(i) Allowance for doubtful account

To prepare for credit losses on receivables and loans, etc., a to the estimated amount of uncollectible receivables is provided for general receivables based on historical ratio, and bad receivables based on case-by-case determination of

(Change of accounting policy)

Allowance for doubtful accounts for general receivables was determined in the past using percentages set by the company. After reviewing the status of the company's transactions, the company believes that the risk of credit losses for this category of receivables is low. It has therefore adopted the use of historical write-off

Edgar Filing: ADVANTEST CORP - Form 6-K

determination of the amount of allowance for doubtful accounts to be provided.

The impact of this change on the interim consolidated financial statements is insignificant.

The impact of this change on segment information is described in "Segment Information".

determination of the amount of doubtful accounts to be provided.

The impact of this change on consolidated financial statements is insignificant.

The impact of this change on segment information is described in "Segment Information".

(ii) Allowance for Product Warranty

To reasonably account for repair costs covered under product warranty in the respective period from which they arise, the allowance for a given year is provided in an amount determined based on the ratio of repair costs in that year to net sales in the preceding year.

(ii) Allowance for Product Warranty

To reasonably account for repair costs covered under product warranty in the respective period from which they arise, the allowance for a given year is provided in an amount determined based on the ratio of repair costs in that year to net sales in the preceding fiscal year.

8

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

FY2001 interim
(April 1, 2001 through
September 30, 2001)

FY2001
(April 1, 2001 through
March 31, 2002)

(iii) Allowance for Retirement Benefits

To provide for retirement benefits for domestic employees, an allowance for retirement benefits is provided in the amount deemed to have accrued at the end of the consolidated interim period, determined based on the estimated retirement benefit obligations and pension assets at the end of the consolidated fiscal year.

Any actuarial gains and losses are amortized on a straight line basis over fixed years (17 years) within the average remaining years of service of employees, and the amount is recorded in the consolidated fiscal year subsequent to its occurrence.

(iii) Allowance for Retirement Benefits

To provide for retirement benefits for domestic employees, allowance for retirement benefits is determined based on retirement benefit obligations and pension assets at the end of the consolidated fiscal year.

Unrecognized past service liabilities are amortized on a straight-line basis over the average remaining service years of employees.

Any actuarial gains and losses are amortized on a straight line basis over fixed years (17 years) within the average remaining years of service of employees, and the amount is recorded in the consolidated fiscal year subsequent to its occurrence.

Edgar Filing: ADVANTEST CORP - Form 6-K

(iv) Allowance for Officers' Retirement Benefits

To provide for officers' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the consolidated interim period pursuant to the company's rules on officers' retirement benefits.

(Change in presentation)

Interim consolidated balance sheets

"Allowance for officers' retirement benefits" was previously included in "Other" under "Non-current liabilities", but is now presented as a separate item starting from this consolidated interim period.

Interim consolidated statements of cash flow

"Increase (decrease) in allowance for officers' retirement benefits" was previously included in "Increase (decrease) in allowance for retirement benefits", but is now presented as a separate item starting from this consolidated interim period.

(4) Accounting for Lease Transactions

Finance lease transactions not involving a transfer of title to the lessee are accounted in the same way as usual operating lease transactions.

(5) Accounting for Hedges

Not applicable.

(6) Accounting for Consolidated Overseas Subsidiaries

Consolidated overseas subsidiaries follow accounting principles generally accepted in the country of their domicile. There are no significant differences between accounting principles adopted by these consolidated overseas subsidiaries and those of the parent company.

(7) Accounting of consumption taxes

Consumption tax and local consumption tax are accounted using the net-of-tax method.

(iv) Allowance for Officers' Retirement Benefits

To provide for officers' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the consolidated fiscal year pursuant to the company's rules on officers' retirement benefits.

(4) Accounting for Lease Transactions

Same as described on the left.

(5) Accounting for Hedges

Same as described on the left.

(6) Accounting for Consolidated Overseas Subsidiaries

Same as described on the left.

(7) Accounting of consumption taxes

Same as described on the left.

Edgar Filing: ADVANTEST CORP - Form 6-K

9

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 (April 1, 2001 through March 31, 2002)
---	---

5. Definition of funds on interim consolidated statements of cash flows

Funds (cash and cash equivalents) on the interim consolidated statements of cash flows include cash on hand, immediately accessible bank deposits, and short-term investments with a maturity of under 3 months from the day of acquisition that are easily exchangeable into cash and that bear low fluctuation risks.

5. Definition of funds on consolidated statements of cash flows

Funds (cash and cash equivalents) on the consolidated statements of cash flows include cash on hand, immediately accessible bank deposits, and short-term investments with a maturity of under 3 months from the day of acquisition that are easily exchangeable into cash and that bear low fluctuation risks.

10

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Additional Information

FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 (April 1, 2001 through March 31, 2002)
---	---

(Accounting standards used by consolidated overseas subsidiaries)

Advantest's overseas sales subsidiaries had previously recognized sales upon shipment. Beginning in the second half of the previous fiscal year, sales is now recognized upon completion of installation.

Edgar Filing: ADVANTEST CORP - Form 6-K

The impact of this change on the consolidated financial statements of the previous interim period is not material.

The impact of this change on segment information is described in "Segment Information".

11

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Notes to Interim Consolidated Financial Statements

(Interim consolidated balance sheets)

FY2001 interim (As of September 30, 2001)	FY2001 (As of March 31, 2002)																
<p>*1. Accumulated depreciation of property, plant and equipment</p> <p style="text-align: right;">(Y) 58,964 million</p>	<p>*1. Accumulated depreciation of property, plant and equipment</p> <p style="text-align: right;">(Y) 62,402 million</p>																
<p>*2. Assets pledged as collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="width: 20%; text-align: right;">(Y) 241 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">(Y) 193 million</td> </tr> <tr> <td style="border-top: 1px dashed black;">Total</td> <td style="text-align: right; border-top: 1px dashed black;">(Y) 435 million</td> </tr> </table> <p>Liabilities secured by the above</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Long-term borrowings</td> <td style="width: 20%; text-align: right;">(Y) 74 million</td> </tr> </table>	Buildings	(Y) 241 million	Land	(Y) 193 million	Total	(Y) 435 million	Long-term borrowings	(Y) 74 million	<p>*2. Assets pledged as collateral</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Buildings</td> <td style="width: 20%; text-align: right;">(Y) 234 million</td> </tr> <tr> <td>Land</td> <td style="text-align: right;">(Y) 193 million</td> </tr> <tr> <td style="border-top: 1px dashed black;">Total</td> <td style="text-align: right; border-top: 1px dashed black;">(Y) 428 million</td> </tr> </table> <p>Liabilities secured by the above</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Long-term borrowings</td> <td style="width: 20%; text-align: right;">(Y) 67 million</td> </tr> </table>	Buildings	(Y) 234 million	Land	(Y) 193 million	Total	(Y) 428 million	Long-term borrowings	(Y) 67 million
Buildings	(Y) 241 million																
Land	(Y) 193 million																
Total	(Y) 435 million																
Long-term borrowings	(Y) 74 million																
Buildings	(Y) 234 million																
Land	(Y) 193 million																
Total	(Y) 428 million																
Long-term borrowings	(Y) 67 million																
<p>*3. The settlement of trade notes maturing on the last day of an interim period</p> <p>The settlement of trade notes maturing on the last day of an interim period is accounted on the clearance day. As the last day of this interim period falls on a bank holiday, trade notes maturing on the last day of the interim period, in the following amount, were included in trade notes outstanding at the end of interim period.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Trade notes receivable</td> <td style="width: 20%; text-align: right;">(Y) 248 million</td> </tr> </table>	Trade notes receivable	(Y) 248 million	<p>*3. The settlement of trade notes maturing on the last day of a fiscal year</p> <p>The settlement of trade notes maturing on the last day of a fiscal year is accounted on the clearance day. As the last day of this fiscal year falls on a bank holiday, trade notes maturing on the last day of the fiscal year, in the following amount, were included in trade notes outstanding at the end of fiscal year.</p> <table style="width: 100%; border-collapse: collapse;"> <tr> <td style="width: 80%;">Trade notes receivable</td> <td style="width: 20%; text-align: right;">(Y) 39 million</td> </tr> </table>	Trade notes receivable	(Y) 39 million												
Trade notes receivable	(Y) 248 million																
Trade notes receivable	(Y) 39 million																
<p>4. Liability for guarantees</p> <p>The company committed loan guarantees</p>	<p>4. Liability for guarantees</p> <p>The company committed loan guarantees to</p>																

Edgar Filing: ADVANTEST CORP - Form 6-K

to the following persons:

Loan guarantee commitments

Yokohama Image
Communication Techno
Station, Ltd. (Y)129 million

the following persons:

Loan guarantee commitments

Yokohama Image
Communication Techno Station,
Ltd. (Y)108 mil

12

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(Interim Consolidated Statements of Income)

FY2001 interim
(April 1, 2001 through
September 30, 2001)

FY2001
(April 1, 2001 through
March 31, 2002)

*1. Selling, general and administrative expenses consist primarily of the following components in the following amounts:

Salaries	(Y)3,861 million
Bonuses	(Y)1,144 million
Depreciation and amortization	(Y)1,384 million
Research and development expenses	(Y)13,692 million
Provision for allowance for product warranties	(Y)5,529 million

*1. Selling, general and administrative expenses consist primarily of the following components in the following amounts:

Salaries	(Y)8,020 million
Bonuses	(Y)1,723 million
Depreciation and amortization	(Y)3,011 million
Research and development expenses	(Y)26,739 million
Provision for allowance for product warranties	(Y)2,836 million

*2. Significant components of miscellaneous income

Foreign exchange gain	(Y)736 million
Reversal of allowance for doubtful accounts	(Y)947 million

*2. Significant components of miscellaneous income

Reversal of allowance for doubtful accounts	(Y)714 million
---	----------------

*3. Significant components of miscellaneous expenses

Loss on revaluation of investment securities	(Y)552 million
--	----------------

*3. Significant components of miscellaneous expenses

Loss on revaluation of investment securities	(Y)791 million
--	----------------

Edgar Filing: ADVANTEST CORP - Form 6-K

(Interim Consolidate Statement of Cash Flows)

FY2001 interim (April 1, 2001 through September 30, 2001)		FY2001 (April 1, 2001 through March 31, 2002)	
Reconciliation of cash and cash equivalents on interim consolidated statements of cash flow and accounts on interim consolidated balance sheets at end of period (As of September 30, 2001)		Reconciliation of cash and cash equivalents on interim consolidated statements of cash flow and accounts on consolidated balance sheets at end of period (As of March 31, 2002)	
Cash and deposits	(Y)101,086 million	Cash and deposits	(Y)105,932 million
Time deposits with terms above 3 months	-	Time deposits with terms above 3 months	-
Short-term investment securities	-	Short-term investment securities	-
Cash and cash equivalents	(Y)101,086 million	Cash and cash equivalents	(Y)105,932 million

13

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(Lease Transactions)

FY2001 interim (April 1, 2001 through September 30, 2001)				FY2001 (April 1, 2001 through March 31, 2002)			
1. Leases entered into by Advantest group companies as lessee				1. Leases entered into by Advantest group companies as lessee			
Leases other than those deemed to involve a transfer of title to the lessee				Leases other than those deemed to involve a transfer of title to the lessee			
(1)Equivalents of acquisition costs, accumulated depreciation and net book value				(1)Equivalents of acquisition costs, accumulated depreciation and net book value			
	Tools and furniture	Other	Total		Tools and furniture	Other	Total
Acquisition cost equivalent	(Y)1,362	(Y)692	(Y)2,054	Acquisition cost equivalent	(Y)1,060		(Y)1,060
Accumulated depreciation	961	463	1,425	Accumulated depreciation	798		798

Edgar Filing: ADVANTEST CORP - Form 6-K

equivalent	-----			depreciation equivalent	-----	
Net book value equivalent	400	228	629	Net book value equivalent	261	
<p>(2) Outstanding future lease payments at end of interim period</p>				<p>(2) Outstanding future lease payment fiscal year</p>		
Due within one year	(Y) 369 million			Due within one year	(Y) 267	
Due after one year	(Y) 259 million			Due after one year	(Y) 136	
Total	(Y) 629 million			Total	(Y) 404	
<p>(Note) Acquisition cost equivalent and outstanding future lease payments at end of period were determined using the interest payment inclusive method because the outstanding future lease payments at end of period as a percentage of plant, equipment and property at end of period was small.</p>				<p>(Note) Acquisition cost equivalent and outstanding future lease payments at end of period were determined using the interest payment inclusive method because the outstanding future lease payments at end of period as a percentage of plant, equipment and property at end of period was small.</p>		
<p>(3) Lease payments and depreciation expense equivalent</p>				<p>(3) Lease payments and depreciation expense equivalent</p>		
Lease payments	(Y) 247 million			Lease payments	(Y) 453	
Depreciation expense equivalent	(Y) 247 million			Depreciation expense equivalent	(Y) 453	
<p>(4) Depreciation expense equivalent is calculated by applying the straight-line method with no residual value over the lease term.</p>				<p>(4) Depreciation expense equivalent is calculated by applying the straight-line method with no residual value over the lease term.</p>		
<p>Operating Leases</p>						
<p>Outstanding future lease payments</p>						
Due within one year	(Y) 32 million			Due within one year	(Y) 48	
Due after one year	(Y) 34 million			Due after one year	(Y) 40	
Total	(Y) 66 million			Total	(Y) 89	

14

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

 FY2001 interim
 (April 1, 2001 through
 September 30, 2001)

 FY2001
 (April 1, 2001 through
 March 31, 2002)

Edgar Filing: ADVANTEST CORP - Form 6-K

2. Leases entered into by Advantest group
companies as lessor

Operating Leases

Outstanding future lease income

Due within one year (Y) 928 million

Due after one year (Y) 1,093 million

Total (Y) 2,021 million

2. Leases entered into by Advantest gr
companies as lessor

Operating Leases

Outstanding future lease income

Due within one year

Due after one year

Total

(Securities)
(FY2001 Interim) (As of September 30, 2001)

Securities

1. Other securities with fair value

FY2001 interim (As of September 30, 2001)

	Cost	Carrying amount on interim consolidated balance sheet
(1) Stocks	2,292	2,534
(2) Bonds	-	-
Government and municipal bonds, etc.	-	-
Corporate bonds	-	-
Other	-	-
(3) Other	-	-
Total	2,292	2,534

2. Securities not practicable to fair value

FY2001 interim (As of September 30)

Carrying amount on interim consolidated

Edgar Filing: ADVANTEST CORP - Form 6-K

Other securities
 Unlisted stocks (excluding stocks traded
 over the counter)

(Note) Impairment of other securities is accounted for when the fair value drops below 50% of cost and is therefore deemed to have "dropped significantly".

15

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(FY2001) (As of March 31, 2002)

Securities

1. Other securities with fair value

	FY2001 (As of March 31, 2002)	
	Cost	Carrying amount on interim consolidated balance sheet
(1) Stocks	1,704	1,780
(2) Bonds	-	-
Government and municipal bonds, etc.	-	-
Corporate bonds	-	-
Other	-	-
(3) Other	-	-
Total	1,704	1,780

2. Securities not practicable to fair value

	FY2001 (As of March 31, 2002)
	Carrying amount on interim consolidated

Other securities
 Unlisted stocks (excluding stocks traded
 over the counter)

Edgar Filing: ADVANTEST CORP - Form 6-K

(Note) Impairment of other securities is accounted for when the fair value drops below 50% of cost and is therefore deemed to have "dropped significantly".

(Derivatives)

(FY2001 Interim) (As of September 30, 2001)

Contract amounts, fair value and gain (loss) on revaluation of derivative transactions

(In mil)			
Type of derivative	Nature of transaction	Contract amount	Fair value
Foreign currencies	Forward exchange contracts	-	-

(FY2001) (As of March 31, 2002)

Contract amounts, fair value and gain (loss) on revaluation of derivative transactions

(In mil)			
Type of derivative	Nature of transaction	Contract amount	Fair value
Foreign currencies	Forward exchange contracts	1,845	1,860

16

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(Segment Information)

(Business Segment Information)

FY2001 interim

Edgar Filing: ADVANTEST CORP - Form 6-K

(April 1, 2001 through
September 30, 2001)

	Measuring instrument segment	Automatic test equipment segment	Total	Elimination and corporate
Net sales				
(1) Sales to unaffiliated customers	14,418	50,667	65,086	---
(2) Inter-segment	---	---	---	---
Total	14,418	50,667	65,086	---
Operating expenses	13,262	43,127	56,389	4,217
Operating income	1,156	7,539	8,696	(4,217)

FY2001

(April 1, 2001 through
March 31, 2002)

	Measuring instrument segment	Automatic test equipment segment	Total	Elimination and corporate
Net sales				
(1) Sales to unaffiliated customers	21,038	74,205	95,244	---
(2) Inter-segment	---	---	---	---
Total	21,038	74,205	95,244	---
Operating expenses	28,904	93,721	122,626	9,171
Operating income (loss)	(7,866)	(19,515)	(27,381)	(9,171)

Note 1: Division of segments

Business segments are organized by functional category of products.

Note 2: Unallocated corporate operating expenses included under "Elimination and corporate" were (Y)4,217 million in FY2001 interim and (Y)9,171 in FY2001. They consist primarily of expenses for basic research and costs of the administrative operations of the headquarters.

Note 3: Change of accounting policies

(FY2001 interim)

Edgar Filing: ADVANTEST CORP - Form 6-K

Allowance for doubtful accounts

As described in "Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements", the company changed its accounting policy for allowance for doubtful accounts effective from this consolidated interim period. Previously, allowance for doubtful accounts was provided for each category of receivables based on percentages set by the company for each such category of receivables. After the change, allowance for doubtful accounts for general receivables was determined using historical write-off ratio, while allowance for doubtful accounts for bad receivables was determined based on case-by-case evaluation of collectibility. The impact of this change on each of the business segments is insignificant.

Accounting for overseas consolidated subsidiaries

As described in "Additional Information", the company changed the revenue recognition standard for its overseas sales subsidiaries effective from the second half of the previous consolidated fiscal year. The impact of this change on each of the business segments is insignificant.

17

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(FY2001)

Allowance for doubtful accounts

As described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements", the company changed its accounting policy for allowance for doubtful accounts effective from this consolidated fiscal year. Previously, allowance for doubtful accounts was provided for each category of receivables based on percentages set by the company for each such category of receivables. After the change, allowance for doubtful accounts for general receivables was determined using historical write-off ratio, while allowance for doubtful accounts for bad receivables was determined based on case-by-case evaluation of collectibility. The impact of this change on each of the business segments is insignificant.

(Geographic Segment Information)

						FY2001 interim (April 1, 2001 through September 30, 2001)	
	Japan	North	Europe	Asia	Total	Elimin	

Edgar Filing: ADVANTEST CORP - Form 6-K

	America					an
						corpo
Net sales						
(1) Sales to unaffiliated customers	36,113	13,238	4,443	11,290	65,086	
(2) Inter-segment	18,666	1,420	502	1,719	22,308	(22)
Total	54,780	14,658	4,945	13,010	87,394	(22)
Operating expenses	50,302	14,249	4,904	10,632	80,089	(19)
Operating income	4,477	408	41	2,378	7,305	(2)

	FY2001 (April 1, 2001 through March 31, 2002)					Elimin
	Japan	North America	Europe	Asia	Total	an corpo
Net sales						
(1) Sales to unaffiliated customers	53,137	18,291	8,676	15,138	95,244	
(2) Inter-segment	27,173	2,751	902	2,917	33,744	(33)
Total	80,310	21,043	9,579	18,056	128,989	(33)
Operating expenses	112,450	20,998	9,421	15,869	158,740	(26)
Operating income (loss)	(32,140)	44	157	2,186	(29,751)	(6)

Note 1: Geographical segments are organized by physical proximity of countries or regions.

Note 2: Each of the geographical segments includes primarily the following countries or regions:

- (1) North America.....U.S.
- (2) Europe.....Germany, France, etc.
- (3) Asia.....South Korea, Taiwan, Singapore, etc.

Note 3: Unallocated corporate operating expenses included under "Elimination and corporate" were (Y)4,299 million in FY2001 interim and (Y)9,337 million in FY2001. They consist primarily of expenses for basic research and costs of the administrative operations of the headquarters.

Edgar Filing: ADVANTEST CORP - Form 6-K

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Note 4: Change of accounting policies

(FY2001 interim)

Allowance for doubtful accounts

As described in "Significant Accounting Policies in the Preparation of Interim Consolidated Financial Statements", the company changed its accounting policy for allowance for doubtful accounts effective from this consolidated interim period. Previously, allowance for doubtful accounts was provided for each category of receivables based on percentages set by the company for each such category of receivables. After the change, allowance for doubtful accounts for general receivables was determined using historical write-off ratio, while allowance for doubtful accounts for bad receivables was determined based on case-by-case evaluation of collectibility. The impact of this change on each of the geographical segments is insignificant.

Accounting for overseas consolidated subsidiaries

As described in "Additional Information", the company changed the revenue recognition standard for its overseas sales subsidiaries effective from the second half of the previous consolidated fiscal year. The impact of this change on each of the geographical segments is insignificant.

(FY2001)

Allowance for doubtful accounts

As described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements", the company changed its accounting policy for allowance for doubtful accounts effective from this consolidated fiscal year. Previously, allowance for doubtful accounts was provided for each category of receivables based on percentages set by the company for each such category of receivables. After the change, allowance for doubtful accounts for general receivables was determined using historical write-off ratio, while allowance for doubtful accounts for bad receivables was determined based on case-by-case evaluation of collectibility. The impact of this change on each of the geographical segments is insignificant.

(Overseas Sales)

FY2001 interim (April 1, 2001 through September 30, 2001)		
North	Europe	Asia

Edgar Filing: ADVANTEST CORP - Form 6-K

America

I	Overseas sales	14,030	4,434	20,900
II	Consolidated sales			
III	Overseas sales as a percentage of consolidated sales	21.6%	6.8%	32.1%

(I

FY2001
(April 1, 2001 through
March 31, 2002)

		North America	Europe	Asia
I	Overseas sales	19,143	8,284	30,068
II	Consolidated sales			
III	Overseas sales as a percentage of consolidated sales	20.1%	8.7%	31.6%

Note 1: Geographical segments are organized by physical proximity of countries or regions.

Note 2: Each of the geographical segments includes primarily the following countries or regions:

(1) North America.....U.S., Canada

(2) Europe.....Germany, France, Ireland, etc.

(3) Asia.....South Korea, Taiwan, Singapore, etc.

Note 3: Overseas sales are sales revenues in countries or regions outside Japan by the company or its consolidated subsidiaries.

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Note 4: Change of accounting policies

(FY2001 interim)

Edgar Filing: ADVANTEST CORP - Form 6-K

Accounting for consolidated overseas subsidiaries

As described in "Additional Information", the company changed the revenue recognition standard for its overseas sales subsidiaries effective from the second half of the previous consolidated fiscal year. The impact of this change on overseas sales is insignificant.

(Per Share Data)

	FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 (April 1, 2001 through March 31, 2002)
Net assets per share	(Y)2,695.61	Net assets per share (Y)2,441.65
Basic interim net income per share	(Y)38.15	Basic net loss per share (Y)230.76
Diluted interim net income per share	(Y)38.11	Diluted net income per share is no because net income for the fiscal negative.

(Significant Subsequent Developments)

	FY2001 interim (April 1, 2001 through September 30, 2001)	FY2001 (April 1, 2001 through March 31, 2002)

It was resolved at Advantest's general shareholders' meeting held on June 27, 2001, that Advantest may, in accordance with the provisions of Article 166 of the Commercial Code of Japan, purchase up to 3,000,000 shares of its common stock at a price of (Y)35,000 million anytime after the date of such meeting and the end of the next shareholders' meeting for the next fiscal year.

Edgar Filing: ADVANTEST CORP - Form 6-K

20

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(2) Interim Consolidated Financial Statements (FY2002 Interim)

(i) Interim Consolidated Balance Sheet		(In millions of yen)	

FY2002 interim			
(As of September 30, 2002)			

	Notes	Amount	Percentage

(Assets)			
			%
Cash and cash equivalents		89,480	
Trade accounts receivable, less allowance for doubtful accounts of (Y)476 million		33,620	
Inventories		46,588	
Deferred tax assets		13,065	
Other current assets		2,787	
Total current assets		----- 185,540	64.7
Investment securities	*4, 6	7,882	2.7
Property, plant and equipment, net	*3, 7, 9	57,750	20.2
Deferred tax assets		26,709	9.3
Intangible assets, at cost, less accumulated amortization	*7	6,292	2.2
Other assets		2,471	0.9
Total assets		----- 286,644	100.0

(Liabilities)			
Current installments of long-term debt	*6, 9	43	
Current installments of obligations under capital leases		185	
Trade accounts payable		8,146	

Edgar Filing: ADVANTEST CORP - Form 6-K

Income taxes payable	699	
Deferred tax liabilities	40	
Accrued bonus	1,972	
Accrued expenses	7,195	
Accrued warranty expenses	1,778	

Total current liabilities	20,058	6.9
Long-term debt, excluding current installments *6, 9	26,847	9.4
Obligations under capital leases, excluding current installments	56	0.0
Deferred tax liabilities	616	0.2
Accrued pension and severance cost	14,577	5.1
Other liabilities	2,196	0.8

Total liabilities	64,350	22.4

21

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(In millions of yen)

FY2002 interim

(As of September 30, 2002)

(Minority interests)		
Minority interests	234	0.1
(Stockholders' equity)		
Common stock, Authorized 220,000,000 shares; issued 99,783,385 shares	32,363	11.3
Capital surplus	32,973	11.5
Retained earnings	173,737	60.6
Accumulated other comprehensive income (loss) *4, 10	(3,898)	(1.3)

Edgar Filing: ADVANTEST CORP - Form 6-K

Treasury stock, 1,527,656 shares	(13,115)	(4.6)

Total stockholders' equity	222,060	77.5

Total liabilities and stockholders' equity	286,644	100.0

22

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(ii) Interim Consolidated Statement of Income

(In millions)

		FY2002 interim (April 1, 2002 through September 30, 2002)	
	Notes	Amount	Perco (
Net sales		41,113	
Cost of sales	*2 (g) (h), 8	22,959	
Gross profit		18,154	
Research and development expenses	*2 (g) (h), 8	11,586	
Selling, general and administrative expenses	*2 (g) (h) (j), 8	13,523	
Operating income (loss)		(6,955)	
Other income (expense):			
Interest and dividends income		228	
Interest expense		(247)	
Minority interests		(41)	
Equity in earnings (losses) of affiliates		9	
Other		346	295
Interim income (loss) before income taxes		(6,660)	
Income taxes		(2,891)	

Edgar Filing: ADVANTEST CORP - Form 6-K

Interim net income (loss)

(3,769)

FY2002 interim

(April 1, 2002 through
September 30, 2002)

	Notes	Amount
Interim net income (loss) per share:	*12	
Basic		(38.21)
Diluted		(38.21)

23

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(iii) Interim Consolidated Statement of Stockholders' Equity (In millions of yen)

	Notes	Amount
FY2002 interim		
(April 1, 2002 through September 30, 2002)		
Common stock:		
Balance at beginning of period		32,363
Balance at end of period		32,363
Capital surplus:		
Balance at beginning of period		32,973
Balance at end of period		32,973

Edgar Filing: ADVANTEST CORP - Form 6-K

Retained earnings:		
Balance at beginning of period		178,998
Interim net income (loss)		(3,769)
Cash dividends, (Y)20 per share		(1,492)
Balance at end of period		173,737

Accumulated other comprehensive income (loss):	*4, 10	
Balance at beginning of period		(1,184)
Other comprehensive income (loss), net of tax		(2,714)
Balance at end of period		(3,898)

Treasury stock:		
Balance at beginning of period		(2,434)
Treasury stock purchased		(10,681)
Balance at end of period		(13,115)

Total stockholders' equity		222,060

Disclosure of comprehensive income (loss):		
Interim net income (loss)		(3,769)
Other comprehensive income (loss), net of tax	*10	(2,714)

Total interim comprehensive income (loss)		(6,483)

24

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(iv) Interim Consolidated Statement of Cash Flows	(In millions of yen)

	FY2002 Interim
	(April 1, 2002 through September 30, 2002)

	Notes
	Amount

Edgar Filing: ADVANTEST CORP - Form 6-K

Cash flows from operating activities:

Interim net income (loss)	(3,769)
---------------------------	---------

Adjustments to reconcile net income (loss) to net cash provided by operating activities:

Depreciation and amortization	5,582
Provision for doubtful accounts	(57)
Loss (gain) on sale of non-marketable securities, net	6
Equity in losses (earnings) of affiliates	(9)
Loss (gain) on sale of property, plant and equipment	4
Deferred income taxes (increase)	(3,818)
Decrease (increase) in trade accounts receivable	(1,272)
Decrease (increase) in inventories	5,928
Increase (decrease) in trade accounts payable	4,022
Increase (decrease) in income taxes payable	628
Increase (decrease) in accrued expenses and bonus	(5,623)
Increase (decrease) in accrued warranty expenses	(1,058)
Other	1,341

Net cash provided by operating activities	1,905
---	-------

Cash flows from investing activities:

Proceeds from sale of non-marketable securities	2
Proceeds from sale of property, plant and equipment	83
Purchases of software	(383)
Capital expenditures	(4,276)
Other	(620)

Net cash used in investing activities	(5,194)
---------------------------------------	---------

Cash flows from financing activities:

Principal payments on long-term debt	(21)
Principal payments on obligations under capital leases	(152)
Payments to acquire treasury stock	(10,681)

Edgar Filing: ADVANTEST CORP - Form 6-K

Dividends paid	(1,492)

Net cash used in financing activities	(12,346)

Net effect of exchange rate changes on cash and cash equivalents	(817)

Net change in cash and cash equivalents	(16,452)
Cash and cash equivalents at beginning of period	105,932

Cash and cash equivalents at end of period	89,480

25

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

		(In millions of yen)

		FY2002 Interim
		(April 1, 2002 through September 30, 2002)

	Notes	Amount

Supplemental Data		
Cash paid during the interim period for:		
Income taxes		(118)
Interests		239

26

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Notes to Consolidated Financial Statement

Note 1. Accounting principles, procedures and the presentation of interim consolidated financial statements

Edgar Filing: ADVANTEST CORP - Form 6-K

- (a) Terminology, form and method of preparation of the interim consolidated financial statements

Advantest prepares these interim consolidated financial statements in accordance with the accounting principles, procedures, terminology, form and mode of preparation in the U.S. required in connection with the issuance of American Depository Shares (ARB, APB, SFAS, etc.).

- (b) The preparation of interim 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) through the 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) for FY2001 and FY2002. In connection with the registration on Form 20-F, Advantest prepared consolidated financial statements for the fiscal years 2000, 2001 and 2002 in accordance with U.S. GAAP.

- (c) Scope of consolidation and application of the equity method

	FY2002 Interim (As of September 30, 2002)	FY2001 (As of March 31, 2002)	Increase
Domestic	22	23	
Overseas	19	18	
Consolidated subsidiaries	41	41	
Equity method affiliates	1	1	
Total	42	42	

Changes in consolidated subsidiaries:

Newly included (1): Advantest America Measuring Solutions, Inc.
 Excluded (1): Advantest Business Corporation

- (d) Significant differences from the preparation of financial statements under Japanese GAAP

Of the accounting principles, procedures and mode of presentation adopted by Advantest Corporation and its consolidated subsidiaries (collectively "Advantest"), the followings are the significant differences from the preparation of financial statements using the accounting principles, procedure and mode of presentation under Japanese GAAP:

- (i) Scope of consolidation and application of the equity method

The scope of consolidation and application of the equity method is

Edgar Filing: ADVANTEST CORP - Form 6-K

determined based on percentage of voting rights. There was no difference than if the scope were determined using the control criteria or influence criteria.

(ii) Appropriation of earnings

Earnings appropriated for officers' bonuses are accounted for under selling, general and administrative expenses.

(iii) Accounting for lease transactions

Regarding significant lease transactions, plant, property and equipment and capital lease obligations are recognized if the lease is considered a capital lease under SFAS No. 13, "Accounting for Leases".

(iv) Allowance for compensated absences

In accordance with SFAS No. 43, "Accounting for Compensated Absences", an allowance is provided for the right of employees to receive compensated absences in the future.

27

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(v) Accrued pension and severance cost

Accrued pension and severance cost is accounted for based on SFAS No. 87, "Employers' Accounting for Pensions". The transitional difference on adoption of this standard was retroactively recognized from the effective date of SFAS No. 87 and amortized over 15 years.

(vi) Goodwill

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets", goodwill is no longer amortized, but instead is tested for impairment before impairment is recognized.

Note 2. Significant Accounting Policies

(a) Description of business

Advantest is engaged in the design, manufacture, and sale of automated test equipment for semiconductors. Advantest has a diverse product line that meets the needs of semiconductor manufacturers, as well as assembly and test services companies worldwide, for sophisticated systems that test the operation and performance of different types of semiconductors. Advantest equips its automated test equipment with sophisticated, yet easy-to-use, operating systems and testing software. Advantest supports its products and customers through a worldwide customer service network staffed by trained technical and maintenance personnel.

Edgar Filing: ADVANTEST CORP - Form 6-K

Advantest also designs, manufactures, and sells standard and customized measuring instruments that are used by the communications, electric equipment and systems industries. These instruments are used by Advantest's customers to improve time-to-market, lower costs of manufacturing and improve the quality of their products.

The Company was incorporated on December 2, 1954 under the name of Takeda Riken Industry Co., Ltd. as a limited liability, joint-stock company in Japan under the Commercial Code of Japan. Takeda Riken Industry Co., Ltd. changed its legal name to Advantest Corporation in 1985.

(b) Cash Equivalents

Cash equivalents consist of overnight deposits and certificates of deposit with an initial term of less than three months. For purposes of the statements of cash flows, Advantest considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

(c) Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average method.

(d) Investments in Affiliated Companies

Investments in affiliated companies owned 20% to 50%, where Advantest exercises significant influence, are accounted for on the equity method.

(e) Investment Securities

Investment securities at September 30, 2002 consist of equity securities. Advantest classifies its equity securities in one of two categories: trading or available-for-sale. Trading securities are bought and held principally for the purpose of selling them in the near term. All equity securities not included in trading are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a separate component of other comprehensive income (loss) until realized. Realized gains and losses from sale of available-for-sale securities are determined on a specific-identification basis.

A decline in the fair value of any available-for-sale security below cost that is deemed to be other than temporary results in a reduction in carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. Dividend income is recognized when earned.

As of September 30, 2002, all equity securities held by Advantest are classified as available-for-sale.

Edgar Filing: ADVANTEST CORP - Form 6-K

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(f) Derivative Financial Instruments

Derivative financial instruments are accounted for under SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities, an amendment of FASB Statement No. 133". SFAS No. 133, as amended, standardizes the accounting for derivative instruments, including certain derivative instruments embedded in other contracts. Under SFAS No. 133, as amended, entities are required to carry all derivative instruments in the consolidated balance sheets at fair value. The accounting for changes in the fair value (that is, gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, on the reason for holding it. If certain conditions are met, entities may elect to designate a derivative instrument as a hedge of exposures to changes in fair values, cash flows, or foreign currencies. If the hedged exposure is a fair value exposure, the gain or loss on the derivative instrument is recognized in earnings in the period of change together with the offsetting loss or gain on the hedged item attributable to the risk being hedged. If the hedged exposure is a cash flow exposure, the effective portion of the gain or loss on the derivative instrument is reported initially as a component of other comprehensive income (loss) and subsequently reclassified into earnings when the forecasted transaction affects earnings. Any amounts excluded from the assessment of hedge effectiveness as well as the ineffective portion of the gain or loss are reported in earnings immediately. If the derivative instrument is not designated as a hedge, the gain or loss is recognized in earnings in the period of change.

Advantest regularly enters into foreign exchange forward contracts to manage currency exposure, resulting from changes in foreign currency exchange rates, on trade accounts receivable. However, these contracts do not qualify for hedge accounting since they do not meet the hedging criteria contained in SFAS No. 133.

Foreign exchange forward contracts generally have maturities of less than two months. These contracts are used to reduce Advantest's risk associated with exchange rate movements, as gains and losses on these contracts are intended to offset exchange losses and gains on underlying exposures. Changes in fair value of foreign exchange forward contracts are recognized in earnings under the caption of other income (expense).

Advantest does not, as a matter of policy, enter into derivative transactions for the purpose of currency speculation.

(g) Property, Plant and Equipment

Property, plant and equipment is stated at cost. Equipment under capital leases is stated at the present value of minimum lease payments.

Depreciation is computed principally using the declining-balance method except for buildings and machinery and equipment under capital leases for the Company and its domestic subsidiaries and the straight-line

Edgar Filing: ADVANTEST CORP - Form 6-K

method over estimated useful lives of the assets for foreign subsidiaries. Buildings are principally depreciated using the straight-line method over their estimated useful lives. Depreciation for machinery and equipment under capital leases is computed using the straight-line method over the lease term. The depreciation period ranges from 3 years to 50 years for buildings, 2 years to 10 years for machinery and equipment, and 2 years to 20 years for furniture and fixtures.

Depreciation expense was (Y)4,344 million during this interim period.

(h) Intangible Assets and Other Assets

Intangible assets principally consist of licenses, goodwill and computer software for internal-use, including computer software under capital leases. Other assets consist of investments, security deposits and prepaid expenses, of which no one individual item was material to the consolidated financial statements of Advantest.

Certain costs incurred to purchase or develop software for internal-use during the application development stage are capitalized. With respect to internal-use software costs, Advantest expenses costs incurred during the preliminary project stage which includes costs for making strategic decisions about the project, determining performance and system requirements, and vendor demonstration costs. Advantest also expenses costs incurred for internal-use software in the post-implementation stage such as training and maintenance costs. Costs incurred to establish the technological feasibility of software products to be sold as part of the automated test equipment are recorded as research and development costs in the consolidated statements of income. Costs incurred subsequent to establishing technological

29

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

feasibility with respect to such software have also been expensed by Advantest as such costs have been insignificant.

The cost of software is amortized straight-line over the estimated useful life, which is generally five years. The cost of computer software under capital leases is amortized straight-line over the lease term. Amortization expense was (Y)1,179 million during this interim period.

In June 2001, the Financial Accounting Standards Board issued SFAS No. 141, "Business Combinations", and SFAS No. 142, "Goodwill and Other Intangible Assets". SFAS No. 141 required the use of the purchase method of accounting for business combinations and established certain criteria for the recognition of intangible assets separately from goodwill. Under SFAS No. 142 goodwill is no longer amortized, but instead is tested for impairment at least annually. Intangible assets are amortized over their respective estimated useful lives and reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". Any recognized intangible

Edgar Filing: ADVANTEST CORP - Form 6-K

assets determined to have an indefinite useful life will not be amortized, but instead is tested for impairment until its life is determined to be no longer indefinite.

SFAS No. 141 requires Advantest to evaluate its existing intangible assets and goodwill and to make any necessary reclassifications in order to conform to the new separation requirements at the date of adoption. Upon adoption of SFAS No. 142, Advantest is required to reassess the useful lives and residual values of all intangible assets and make any necessary amortization period adjustments by June 30, 2002. In connection with the transitional impairment evaluation, SFAS No. 142 will require Advantest to perform an assessment of whether there is an indication that goodwill is impaired as of April 1, 2002. To accomplish this, Advantest must (1) identify its reporting units, (2) determine the carrying amount of each reporting units by assigning the assets and liabilities, including the existing goodwill and intangible assets to those reporting units, and (3) determine the fair value of each reporting unit. Advantest has completed the first step of this transitional assessment by September 30, 2002. In the event that the carrying amount of such reporting unit exceeded fair value, Advantest would be required to proceed to the second step to measure the implied fair value of goodwill. However, no material impairment of goodwill was detected at the first step. Advantest does not expect the adoption of SFAS No. 141 and No. 142 to have a material impact on its consolidated financial statements.

(i) Revenue Recognition

Automated test equipment -----

Revenue from sales of automated test equipment which require installation work is recognized when the related installation work is completed and the equipment is accepted by the customer. Revenue from sales of parts for automated test equipment such as backup boards, which do not require installation work by Advantest, is recognized upon shipment if the terms of the sale are free on board ("FOB") shipping point or upon delivery if the terms are FOB destination.

Measuring instruments -----

Revenue from sales of measuring instruments which do not require installation work by Advantest is recognized upon shipment if the terms of the sale are FOB shipping point and upon delivery if the terms are FOB destination. Revenue from sales of measuring instruments which require installation work is recognized when the related installation work is completed and the instrument is accepted by the customer. Advantest utilizes distributors to market certain of its measuring instruments which do not require installation work. Advantest recognizes revenues from sales of measuring instruments to distributors upon shipment or delivery of instruments to the distributors.

Service fee -----

Revenue from fixed-price, long-term service contracts is recognized on the straight-line basis over the contract term.

Operating lease -----

Edgar Filing: ADVANTEST CORP - Form 6-K

Revenue from operating leases is recognized mainly on the straight-line basis over the lease term.

(j) Shipping and Handling Costs

Shipping and handling costs totaled (Y)398 million during this interim period, and are included in selling, general and administrative expenses in the consolidated statements of income.

30

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(k) Accrued Warranty Expenses

Advantest's products are generally subject to warranty, and Advantest provides an allowance for such estimated costs when product revenue is recognized. To prepare for future repairs during warranty periods, estimated repair expenses over the warranty period are accrued based on the historical ratio of actual repair expenses to corresponding sales.

(l) Research and Development

Research and development costs are expensed as incurred.

(m) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(n) Stock-Based Compensation

Advantest applies the intrinsic value-based method of accounting prescribed by APB Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations, in accounting for its stock-based compensation plans. As such, compensation expense would be recorded on the date of grant only if the current market price of the underlying stock exceeded the exercise price.

(o) Accrued Pension and Severance Cost

The Company and certain of its subsidiaries have retirement and severance defined benefit plans covering substantially all of their employees. The benefits are based on years of service and the employee's compensation and vest after one year of service. Prior service cost that results from amendments to the plan is amortized over the average remaining service period of the employees expected to receive benefits. Unrecognized net gain and loss is amortized over the

Edgar Filing: ADVANTEST CORP - Form 6-K

average remaining service life of employees expected to receive benefits.

(p) Use of Estimates

Management of Advantest has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these consolidated financial statements in conformity with accounting principles generally accepted in the United States of America. Actual results could differ from those estimates.

(q) Impairment of Long-Lived Assets and Long-Lived Assets to Be Disposed Of

Advantest accounts for long-lived assets in accordance with the provisions of SFAS No. 144. SFAS No. 144 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

(r) Interim net Income (Loss) per Share

Interim basic net income (loss) per share is calculated by dividing interim net income (loss) by the weighted average number of shares outstanding during the interim period. Interim diluted net income per share is calculated by dividing interim net income by the sum of the weighted average number of shares plus additional shares that would have been outstanding if potential dilutive shares had been issued for granted stock options and warrants.

(s) Segment Information

Advantest discloses information regarding segments in accordance with SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 establishes standards for

31

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

reporting of financial information about operating segments in annual financial statements. In addition, Advantest also discloses geographic segment information regarding the net sales and operating income (loss) of the company and its subsidiaries in consideration of the disclosure requirements under the Securities Exchange Law of Japan.

(t) Translation of Foreign Financial Statements

Foreign currency financial statements have been translated in

Edgar Filing: ADVANTEST CORP - Form 6-K

accordance with SFAS No. 52, "Foreign Currency Translation". Under SFAS No. 52, the balance sheet accounts of non-Japanese subsidiaries, which are denominated in currencies other than the Japanese yen, are translated at rates of exchange prevailing at end of period. Revenue and expense accounts are translated at average rates of exchange in effect during the period. Resulting translation adjustments are included as a separate component of other comprehensive income (loss).

(u) Foreign Currency Transactions

Assets and liabilities denominated in foreign currencies are translated at the applicable current rates on the balance sheet date. All revenue and expenses associated with foreign currencies are converted at the rates of exchange prevailing when such transactions occur. The resulting exchange gains or losses are reflected in other income (expense) in the accompanying consolidated statements of income.

(v) New Accounting Standards

In June 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations". SFAS No. 143 applies to legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and (or) the normal operation of a long-lived assets, except for certain obligations of lessees. SFAS No. 143 requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. The associated asset retirement costs are capitalized as part of the carrying amount of the long-lived asset and subsequently allocated to expense over the asset's useful life. Advantest is required to adopt the provisions of SFAS No. 143 on April 1, 2003. Currently, the effect on Advantest's consolidated financial statements of adopting SFAS No. 143 has not been determined.

In June 2002, the FASB issued SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities". SFAS No. 146 addresses financial accounting and reporting associated with exit or disposal activities and nullifies Emerging Issues Task Force Issue No. 94-3, "Liability Recognition for Certain Employee Termination Benefits and Other Costs to Exit an Activity (including Certain Costs Incurred in a Restructuring)". The principal difference between SFAS No. 146 and EITF Issue 94-3 relates to the recognition of liability for costs associated with an exit or disposal activity. SFAS No. 146 requires a liability be recognized only when its falls within the definition of liability under the basic principles of the FASB. In addition, SFAS No. 146 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured at fair value. Advantest is required to adopt the provisions of SFAS No. 146 for exit or disposal activities initiated after January 1, 2003. Currently, the effect on Advantest's consolidated financial statements of adopting SFAS No. 146 has not been determined.

Note 3. Property, Plant and Equipment

Property, plant and equipment is composed of the following:

	Yen (Millions)

	September 30, 2002

Land	18,480

Edgar Filing: ADVANTEST CORP - Form 6-K

Buildings	50,882
Machinery and equipment	25,757
Furniture and fixtures	27,308
Construction in progress	1,097

	123,524
Less accumulated depreciation	(65,774)

	57,750

Note 4. Investment Securities

32

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Marketable securities consist of equity securities with an aggregate fair value of (Y)1,939 million, gross unrealized gains, which are determined based on the specific-identification method, of (Y)298 million, gross unrealized losses of (Y)265 million, and acquisition cost of (Y)1,906 million as of September 30, 2002. Gross realized losses were (Y)148 million for the interim period.

Advantest maintains long-term investment securities, included in marketable securities and other investments, issued by nonpublic companies, which are recorded at cost. In addition, the fair values of such securities were not readily determinable.

Note 5. Derivative Financial Instruments

Derivative financial instruments are utilized by Advantest primarily to reduce foreign currency exchange risk. Advantest does not hold or issue financial instruments for trading purposes. Advantest generally does not require or place collateral for these financial instruments.

Derivative financial instruments contain an element of risk in the event the counterparties are unable to meet the terms of the agreements. However, Advantest minimizes risk exposure by limiting the counterparties to major international banks and financial institutions meeting established credit guidelines. Management of Advantest does not expect any counterparty to default on its obligations and, therefore, does not expect to incur any losses due to counterparty default on its obligations.

At September 30, 2002, Advantest had foreign exchange forward contracts to receive Japanese yen for U.S. dollars. The notional amounts of these contracts were (Y)714 million at September 30, 2002. The fair values of these contracts at September 30, 2002 are shown in note 6 to the consolidated financial statements. These contracts do not qualify for hedge accounting since they do not meet the hedging criteria contained in SFAS No. 133. Changes in the fair values are recognized in earnings under the caption of other income (expense).

Note 6. Fair Value of Financial Instruments

The following table presents the carrying amounts and estimated fair

Edgar Filing: ADVANTEST CORP - Form 6-K

values of Advantest's financial instruments at September 30, 2002. The fair value of a financial instrument is the amount at which the instrument could be exchanged in a current transaction between willing parties.

	Yen (Millions)	
	September 30, 2002	
	Carrying Amount	Fair Value
	-----	-----
Financial assets:		
Investment securities for which it is:		
Practicable to estimate fair value	1,939	1,939
Not practicable to estimate fair value	5,347	5,347
Financial liabilities:		
Foreign exchange forward contracts	20	20
Long-term debt including current installments	26,890	27,532

The carrying amounts shown in the table are included in the consolidated balance sheets under the indicated captions.

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents, trade accounts receivable, other current assets, trade accounts payable, and accrued expenses (nonderivatives): The carrying amounts approximate fair value because of the short maturity of these instruments.

Investment securities: The fair values of equity investments are based on quoted market prices at the reporting date for those investments. It was not practicable to estimate the fair value of nonpublic companies; those investments are carried at their original cost.

33

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Long-term debt: The fair value of Advantest's long-term debt is estimated by discounting the future cash flows of each instrument at rates currently offered to Advantest for similar debt instruments of comparable maturities by financial institutions.

Note 7. Leases - Lessor

Advantest provides leases that enable its customers to acquire automated test equipment. All leases are classified as operating leases. Lease terms range from 1 year to 5 years, and certain of the lease agreements are cancelable. The gross amount of machinery and equipment and the related accumulated depreciation on operating leases as of September 30, 2002 were as follows:

Edgar Filing: ADVANTEST CORP - Form 6-K

	Yen (Millions)
	----- September 30, 2002 -----
Machinery and equipment	6,851
Less accumulated depreciation	(2,370)
	----- 4,481 -----

Future minimum rental income from equipment on noncancelable operating leases as of September 30, 2002 is as follows:

1 year ending September 30,	Yen (Millions)
-----	-----
2003	1,120
2004	415
2005	79
2006	6
2007	1
Total future minimum rental income	1,621

Note 8. Leases - Lessee

Advantest has several noncancelable operating leases, primarily for computer and office equipment that expire over the next 6 years. Rent expense, including rental payments for cancelable leases, for the interim period was (Y)790 million.

Future minimum lease payments under noncancelable operating leases (with initial or remaining lease terms in excess of one year) as of September 30, 2002 are as follows:

1 year ending September 30,	Yen (Millions)
-----	-----
2003	387
2004	305
2005	281
2006	251
2007	243
Later years	54
Total minimum lease payments	----- 1,521 -----

Note 9. Assets Pledged as Collateral and Secured Liabilities

As of September 30, 2002, property, plant and equipment in the carrying amount of (Y)421 million was pledged as collateral for certain debt obligations in the amount of (Y)60 million.

Edgar Filing: ADVANTEST CORP - Form 6-K

in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Note 10. Other Comprehensive Income (Loss)

The accumulated balances for each classification of other comprehensive income (loss) are as follows:

	Yen (Millions)		
	Foreign currency translation adjustments	Net unrealized gains on securities	Accu comp inco
Balance at March 31, 2002	(1,196)	12	
Change during the interim period	(2,667)	(109)	
Reclassification adjustments for realized portion	-	72	
	(2,677)	(37)	
Balance at September 30, 2002	(3,873)	(25)	

The related tax effects allocated to each component of other comprehensive income (loss) are as follows:

	Yen (Millions)		
	Before-tax amount	Tax (expense) of benefit	Ne
FY2002 Interim:			
Foreign currency translation adjustments	(2,677)	-	
Net unrealized gains on securities			
Net unrealized gains arising during the interim period	(179)	70	
Less reclassification adjustments for net gains realized in earnings	123	(51)	
	(56)	19	
Other comprehensive income (loss)	(2,733)	19	

Edgar Filing: ADVANTEST CORP - Form 6-K

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Note 11. Segment Information

(Operating Segment Information)

In accordance with SFAS No. 131, Advantest has two operating and reportable segments, which are the design, manufacturing, and marketing of automated test equipment and measuring instruments. These operating segments are determined based on the nature of the products and the markets. Automated test equipment is used to confirm that a semiconductor functions properly during the semiconductor manufacturing process at sites of manufactures of semiconductor or test houses. Automated test equipment consists of semiconductor test systems, test handlers or probers, semiconductor device interfaces and software. Test handlers or probers, semiconductor device interfaces and software are always with or incorporated in automated test equipment. Measuring instruments are used primarily by manufacturers of equipment and components and service providers of the fiberoptic communications industry, the wireless communications industry and the electronics industry. Fundamental research and development activities and headquarters functions are represented by Corporate.

	Yen (Millions)		
	Automated test equipment	Measuring instruments	Corporate
FY2002 Interim			
Net sales to unaffiliated customers	35,124	5,989	-
Operating income (loss)	(256)	(3,075)	(3,624)

(Notes) 1. Operating segments are organized by functional category of products

2. Main products of each segment:

Operating segment	Main products
Automated test equipment	SoC test systems, DFT test systems, memory test systems, flash memory test systems, RFIC test systems, image sensor test systems, LCD driver test systems, dynamic test handlers, device interface units, electronic beam lithography equipment.
	Digital multimeters, digital thermometers, voltage/current

Edgar Filing: ADVANTEST CORP - Form 6-K

Measuring
instruments

generators, electrometers, spectrum
analyzers, network analyzers,
signal generators, wireless
equipment testers, power meters,
EMC testers, optical power meters,
optical spectrum analyzers,
coherent OTDR, optical wavelength
meters, laser diode test systems,
optical network analyzers, optical
chirp test sets, polarization
scramblers, error rate test
systems, audio/video testers,
measuring instrument peripherals.

-
3. Adjustments to operating income (loss) in Corporate principally represent corporate general and administrative expenses and research and development expenses related to fundamental research activities that are not allocated to operating segments.

36

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

(Geographic Segment Information)

Net sales to unaffiliated customers for the interim period is as follows:

	Yen (Millions)
	----- FY2002 interim -----
Japan	17,485
North America	4,045
Europe	3,870
Asia	15,713

Total	41,113 -----

- (Notes) 1. Net sales from unaffiliated customers are based on customer's location.
2. Each of the segments include primarily the following countries or regions:
- (1) North America.....U.S., Canada
 - (2) Europe.....Germany, France, Ireland, etc.
 - (3) Asia.....South Korea, Taiwan, Singapore, etc.

The following table sets forth the net sales and operating income in FY2002 interim, classified by location of office from which product was shipped. This

Edgar Filing: ADVANTEST CORP - Form 6-K

information is provided as supplement information in addition to the requirements of SFAS No. 131 in consideration of the disclosure requirements under the Securities Exchange Law of Japan.

	FY2002 interim (April 1, 2002 through September 30, 2002)					
	Japan	North America	Europe	Asia	Total	Elimination and corporate
Net sales						
(1) Sales to unaffiliated customers	23,669	6,501	4,473	6,470	41,113	
(2) Inter-segment	11,177	1,305	203	1,363	14,048	(14,048)
Total	34,846	7,806	4,676	7,833	55,161	(14,048)
Operating expenses	39,890	8,206	4,456	6,818	59,370	(11,384)
Operating income (loss)	(5,044)	(400)	220	1,015	(4,209)	(2,876)

- (Notes) 1. Geographical segments are organized by physical proximity of countries or regions.
2. Each of the geographical segments includes primarily the following countries or regions:
- (1) North America.....U.S.
 - (2) Europe.....Germany, France, etc.
 - (3) Asia.....South Korea, Taiwan, Singapore, etc.
3. General corporate operating expenses included under "Elimination and corporate" were (Y)3,683 million in FY2002 interim. They consist primarily of expenses for basic research and costs of the administrative operations of the headquarters.

37

(All financial information for FY2002 interim was prepared in accordance with U.S. GAAP; however, financial information for FY2001 interim and FY2002 was prepared in accordance with Japanese GAAP.)

Note 12. Interim Basic and Diluted Net Income (Loss) per Share

The following table sets forth the computation of interim basic and diluted net income (loss) per share as of September 30, 2002:

FY2002 interim

Edgar Filing: ADVANTEST CORP - Form 6-K

Numerator:	
Interim net income (loss)	(Y) (3,769) million
-----	-----
Denominator:	
Basic weighted average shares	98,638,828 shares
Dilutive effect of exercise of stock options and warrants	- shares

Diluted weighted average shares	98,638,828 shares
	=====
Interim basic net income (loss) per share	(Y) (38.21)
Interim diluted net income (loss) per share	(Y) (38.21)

(3) Other Information

Not applicable.