

CONSOLIDATED FINANCIAL SUMMARY FOR THE YEAR ENDED MARCH 31, 2017 (IFRS)

April 27, 2017

Company Name: ANRITSU CORPORATION

Stock exchange listings: Tokyo

Securities code: 6754

URL: <http://www.anritsu.com/>

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Date of general shareholders' meeting (as planned): June 28, 2017

Dividend payable date (as planned): June 29, 2017

Annual securities report filing date (as planned): June 28, 2017

Supplemental material of quarterly results: Yes

Convening briefing of quarterly results: Yes (for financial analysts and institutional investors)

(Millions of yen, round down)

1. Consolidated financial results of the year ended March 31, 2017

(From April 1, 2016 to March 31, 2017)

(1) Consolidated Operating Results

(Note) Percentage figures indicate change from the previous period.

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss)		Profit (loss) attributable to owners of parent		Total comprehensive income (loss)	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
For the year ended March, 2017	87,638	-8.3	4,234	-28.2	3,628	-33.2	2,734	-27.4	2,698	-28.3	3,274	416.8
March, 2016	95,532	-3.3	5,897	-45.8	5,434	-53.1	3,767	-52.2	3,760	-52.1	633	-94.7

	Basic earnings per share	Diluted earnings per share	Profit to equity attributable to owners of parent ratio	Profit before tax to total assets ratio	Operating profit to revenue ratio
	Yen	Yen	%	%	%
For the year ended March, 2017	19.65	19.65	3.5	2.9	4.8
March, 2016	27.38	27.38	4.9	4.3	6.2

(Reference) Investments accounted for using equity method

FY2016 (March 31, 2017) : —million yen

FY2015 (March 31, 2016) : (87)million yen

(2) Consolidated Financial Positions

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets ratio	Equity attributable to owners of parent per share
	Millions of yen	Millions of yen	Millions of yen	%	Yen
For the year ended March, 2017	125,054	76,485	76,398	61.1	556.40
March, 2016	124,624	75,862	75,811	60.8	552.26

(3) Cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents, end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
For the year ended March, 2017	9,246	-3,665	-2,758	39,682
March, 2016	10,195	-9,042	2,450	37,391

2. Dividends

	Annual dividend					Total Dividends	Payout ratio (Consolidated)	Ratio of total amount of dividends to equity attributable to owners of parent (Consolidated)
	First quarter	Second quarter	Third quarter	Fiscal year end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of Yen	%	%
For the year ended March, 2016	—	12.00	—	12.00	24.00	3,299	87.7	4.3
For the year ended March, 2017	—	7.50	—	7.50	15.00	2,062	76.3	2.7
For the year ending March, 2018 (Forecast)	—	7.50	—	7.50	15.00		68.7	

3. Consolidated Forecast for the year ending March 31, 2018 (From April 1, 2017 to March 31, 2018)

(Note) Percentage figures indicate change from the previous period.

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss)		Profit (loss) attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Annual	91,000	3.8	4,400	3.9	4,200	15.7	3,000	9.7	3,000	11.2	21.85

※ Others

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change in subsidiaries) : None

Number of subsidiaries newly consolidated : -

Number of subsidiaries excluded from consolidation : -

(2) Changes in accounting policies and accounting estimates

1. Changes in accounting policies required by IFRS : None

2. Changes in accounting policies other than IFRS requirements : None

3. Changes in accounting estimates : None

(3) The number of issued shares

1. Number of issued shares at the period end (including treasury stock)

FY2016 (March 31 2017)	138,115,294 shares	FY2015 (Mar. 31 2016)	138,115,294 shares
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2. Total number of treasury stock at the period end

FY2016 (March 31 2017)	806,552 shares	FY2015 (Mar. 31 2016)	838,609 shares
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3. Average number of issued shares during the period

FY2016 (March 31 2017)	137,301,414 shares	FY2015 (Mar. 31 2016)	137,349,163 shares
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(Reference) Non-consolidated financial results

1. Financial results of the year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(1) Operating results

(Note) Percentage figures indicate change from the previous period.

	Net sales		Operating income (loss)		Ordinary income (loss)		Net income (loss)	
For the year ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
March, 2017	40,333	-14.1	1,306	-54.0	1,053	-69.0	965	-65.6
March, 2016	46,939	-5.9	2,841	-36.6	3,394	-42.9	2,807	-35.2

	Basic net income (loss) per share	Diluted net income (loss) per share
For the year ended	Yen	Yen
March, 2017	7.03	7.03
March, 2016	20.44	20.44

(2) Financial positions

	Total assets	Net assets	Ratio of equity capital	Net assets per share
For the year ended	Millions of yen	Millions of yen	%	Yen
March, 2017	121,758	75,431	61.8	548.30
March, 2016	122,297	77,161	62.9	560.60

(Reference) Equity capital

FY2016 (March 31, 2017) : 75,286million yen

FY2015 (March 31, 2016) : 76,957million yen

This financial summary is out of scope of audit.

Notes for using forecasted information and others

- As the business forecast mentioned above are based on the recent information, actual results may vary substantially from projections above due to known or unknown risks, changes relating to uncertainties, and others. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors.
- With regard to notes for utilizing preconditions of outlook and business forecast, please refer to 1. Overview of Operating Results, etc. (3) Business Forecast at page 8.
- Additional supplemental material related to the financial statements will be available at Anritsu's web site since the results briefing session to be held on April 28, 2017.

INDEX

1. Overview of Operating Results, etc.	2
(1) Overview of Operating Results for the Fiscal Year Ended March 31, 2017	2
(2) Overview of Financial Position for the Year Ended March 31, 2017	6
(3) Business Forecast	8
(4) Profit Distribution Policy and Dividends for the Years Ended/Ending March 31, 2017 and March 31, 2018	11
(5) Risk Information	11
2. Management Policies	13
(1) Basic Policy	13
(2) Management Targets	14
(3) Medium- and Long-Term Management Strategy and Issues to be Dealt with	14
3. Basic Policy regarding Adoption of Accounting Standards	15
4. Consolidated Financial Statements	14
(1) Consolidated Statement of Financial Position	16
(2) Consolidated Statement of Profit or Loss and Other Comprehensive Income	18
(3) Consolidated Statements of Changes in Equity	19
(4) Consolidated Statements of Cash Flows	20
(5) Notes to the Consolidated Financial Statements	21
5. Non-Consolidated Financial Statements	24
(1) Non-Consolidated Balance Sheets	24
(2) Non-Consolidated Statements of Income	26
(3) Non-Consolidated Statements of Changes in Net Assets	27
6. Others	29
(1) Executive Personnel Changes Expected on June 28, 2017	29
(2) Reference Information	31
Consolidated Quarterly Financial Highlights	31
Consolidated Quarterly Financial Position	32
Consolidated Quarterly Segment Information	33
Anritsu Corporation Supplement	34

1. Overview of Operating Results, etc.

(1) Overview of Operating Results for the Fiscal Year Ending March 31, 2017

1) General Overview

	Fiscal Year		(Millions of yen)	
	2015	2016	Change	
Orders	94,589	88,934	(5,654)	-6.0%
Backlog	17,810	18,216	405	2.3%
Revenue	95,532	87,638	(7,893)	-8.3%
Operating profit (loss)	5,897	4,234	(1,663)	-28.2%
Profit (loss) before tax	5,434	3,628	(1,805)	-33.2%
Profit (loss)	3,767	2,734	(1,032)	-27.4%
Profit (loss) attributable to owners of parent	3,760	2,698	(1,062)	-28.3%

During the fiscal year ended March 31, 2017, the U.S. economy continued its recovery trend, although the outlook for the global economy remained uncertain due to adverse elements including the U.K.'s withdrawal from the EU, the decelerating economic growth in China, and the increasingly tense situations in East Asia. In Japan, despite the continuation of economic stimulus measures through monetary/fiscal policies, including postponement of the planned consumption tax increase, concerns about economic prospects have been mounting mainly due to increasing global risks and rapid exchange rate fluctuations.

In the field of communication networks, as represented by smartphone applications that utilize the VR (Virtual Reality), various mobile broadband services are growing. In order to cope with rapid increase in the volume of mobile data transmission and also to solve the issues of network environment, LTE (Long-Term Evolution) and LTE-Advanced (a further expanded LTE), have been developed and they are going into full-scale use as the mobile communications system. However, the ownership of smartphones has reached to a saturated level in the market and as a result of that, the overall smartphone-related market has been shrinking. Consequently, investments planned by our customers have been altered, as well as the plans of restructurings. In addition, regarding the current smartphone-related market, while active moves are seen in some emerging markets, restrained investments by customers are continuing overall due to the delay of introducing 3CA (3-Band Carrier Aggregation) in China or so on.

On the other hand, standardization has been moved ahead of expectations with respect to the 5G mobile system, the next-generation communications system which is expected to provide the infrastructure to a wide range of mobile broadband services, and accordingly, the commercialization of 5G is beginning to materialize, as major domestic and overseas operators are announcing plans for verification tests of 5G. Furthermore, as the automated driving projects in the automotive industry are well known, a wide range of industries are making full-fledged effort to expand investment plans toward new societal innovation which utilize IoT (Internet of Things) and these moves actualize new business opportunities such as demand for development of new wireless communications technology which are needed in most-advanced markets.

Amid such business environment, the Anritsu Group has acquired Azimuth Systems, Inc. in the U.S. in September, 2016 and has worked to build up a platform for business expansion by carrying out strategic investments mainly in the areas of growing market and enhancing competitiveness in the offering of solutions. In addition, company-wide efforts are being made to streamline the organization and reduce costs to further improve the profit structure.

During the fiscal year ended March 31, 2017, in the Test and Measurement business, while demand for measuring instruments for optical/digital device was strong, restrained investments by major players in the smartphone development and manufacturing market in North America and Asia continued. Consequently, revenue and profit in the Test and Measurement business decreased compared with the previous fiscal year. In the Products Quality Assurance business, revenue and profit increased compared with the previous fiscal year mainly due to growth in sales in Japan and overseas market. Foreign exchange losses (including fair value of foreign exchange contracts) of 529 million yen for trade receivables in foreign currency were recorded in finance income and expenses.

As a result, orders decreased 6.0 percent compared with the previous fiscal year to 88,934 million yen, and revenue decreased 8.3 percent to 87,638 million yen. Operating profit decreased 28.2 percent compared with the previous fiscal year to 4,234 million yen, profit before tax decreased 33.2 percent compared with the previous fiscal year to 3,628 million yen. Profit decreased 27.4 percent compared with the previous fiscal year to 2,734 million yen, profit attributable to owners of parent decreased 28.3 percent compared with the previous fiscal year to 2,698 million yen.

2) Overview by Segment

1. Test and Measurement

	Fiscal Year		(Millions of yen)	
	2015	2016	Change	
Revenue	67,729	59,333	(8,395)	-12.4%
Operating profit (loss)	4,706	2,130	(2,575)	-54.7%

This segment develops, manufactures and sells measuring instruments and systems for a variety of communications applications, and service assurance, to telecom operators, manufacturers of related equipment, and maintenance and installation companies around the world.

During the fiscal year ended March 31, 2017, while demand for measuring instruments for optical/digital device was strong, in the mobile market, restrained investment by customers continued, thereby revenue in the Test and Measurement business decreased compared with the previous fiscal year. Consequently, segment revenue decreased 12.4 percent compared with the previous fiscal year to 59,333 million yen, operating profit decreased 54.7 percent to 2,130 million yen and adjusted operating profit decreased 53.6 percent to 2,504 million yen.

(Note) Adjusted operating profit is Anritsu's original profit indicator to measure results of its recurring business by excluding profit and loss items with a transient nature from operating profit.

(Unaudited information)

Table of adjustment from operating profit (loss) to adjusted operating profit (loss)

	Fiscal Year		(Millions of yen)	
	2015	2016	Change	
Operating profit (loss)	4,706	2,130	(2,575)	-54.7%
Adjustment items				
Business structure improvement expenses	697	235	(462)	
M&A related costs	—	139	139	
Adjusted operating profit (loss)	5,403	2,504	(2,899)	-53.6%

2. Products Quality Assurance

	Fiscal Year		(Millions of yen)	
	2015	2016	Change	
Revenue	18,891	19,588	696	3.7%
Operating profit (loss)	1,194	1,302	107	9.0%

This segment develops, manufactures and sells production management and quality management systems, including precision, high-speed auto checkweighers, automatic combination weighers and metal detectors, for the food, pharmaceutical and cosmetics industries.

During the fiscal year ended March 31, 2017, revenue in the Products Quality Assurance business increased in both Japan and overseas market. Also the Anritsu Group engaged in research and development and sales promotion for enhancing the global competitiveness. As a result, segment revenue increased 3.7 percent compared with the previous fiscal year to 19,588 million yen and operating profit increased 9.0 percent compared with the previous fiscal year to 1,302 million yen.

3. Others

	Fiscal Year		(Millions of yen)	
	2015	2016	Change	
Revenue	8,910	8,716	(193)	-2.2%
Operating profit (loss)	575	992	416	72.5%

This segment comprises Information and Communications, Devices, Logistics, Welfare services, Real estate leasing and other businesses.

During the fiscal year ended March 31, 2017, profit for the Information and Communications business improved compared with the previous fiscal year. As a result, segment revenue decreased 2.2 percent compared with the previous fiscal year to 8,716 million yen, and operating profit increased 72.5 percent compared with the previous fiscal year to 992 million yen.

3) Analysis of Operating Results

1. Test and Measurement

The Test and Measurement business, which accounts for 68 percent of the Anritsu Group's revenue, is divided into the following 3 sub-segments.

(1) Mobile

The Mobile sub-segment includes measuring instruments for mobile phone acceptance testing by mobile phone service operators, and for design, production, function and performance verification, and maintenance of mobile phone handsets by manufacturers of mobile phones including smartphones, IC chipsets and relevant components.

Demand in this sub-segment tends to be influenced by factors including the technological innovations in mobile phone services, market penetration, number of new subscribers as well as new entries in and withdrawals from the market by mobile phone and chipset manufacturers, and the number of models and shipments of mobile phones and chipsets.

Currently a variety of mobile broadband services offered through mobile phones that support LTE are deployed in various countries around the world. Leading mobile phone and chipset manufacturers and telecom operators continue to pursue development and service deployment of LTE-Advanced, with the aim of providing more sophisticated high-quality services. However, the growth rate of the total shipment

of smartphones has reached a saturated level in the market, and as a result, investment continued to be restrained in the mobile phone-related market. Against the backdrop of such market changes, while a cautious stance was seen in LTE-Advanced related investments in the mobile phone development-related market, in the mobile phone manufacturing market, there was an increase in demand for more efficient measuring instruments for device manufacturing due to intensified competitions between mobile phone manufacturers.

Meanwhile, the standardization and commercialization of the 5G mobile system, the next-generation communications system which is expected to provide the infrastructure to a wide range of mobile broadband services, is beginning to materialize and demand for test and measurement is emerging in basic research and development of 5G. In addition, in the IoT field, which is driven by telecom operators, and the automated driving and in-vehicle telecom field in the automobile industry, the development of mobile communications technology to realize new services is also actualizing as a business opportunity.

Anritsu will continue to develop and launch competitive leading-edge measuring solutions, as well as accurately conduct development portfolio management, to strengthen the revenue base.

(2) Network Infrastructure

The Network Infrastructure sub-segment includes network construction maintenance, monitoring and service quality assurance solutions for wireline and wireless service providers, and solutions for communication equipment manufacturer in areas including design, production and testing.

In this sub-segment, data traffic is expanding rapidly due to sophisticated cloud computing services and the spread of mobile broadband services. Therefore, telecom operators and equipment manufacturers that are pursuing higher-speed networks are concentrating on the commercialization of 100Gbps services and research and development in 400Gbps network equipment. Moreover, in order to improve mobile phone connectivity, progress is being made towards the efficient densification of base station networks by integrating wired and wireless network technologies. Along with the change of market trend, demand is growing for measuring solutions that optimize wireline and wireless technology depending on the intended use. Furthermore, mainly owing to the increase in data centers supporting cloud services, the market for high-speed data communication equipment is expanding. Along with this, research and development and manufacturing market of high-speed optical communications modules are active, creating additional demand for related measuring solutions.

Anritsu is working to expand business by providing comprehensive solutions from constructing and monitoring communications infrastructure to ensuring service quality in addition to research and development solutions for telecommunications equipment.

(3) Electronics

The Electronics sub-segment includes measuring instruments widely used in the electronics industry, particularly for design, production and evaluation of electronic devices used in telecommunications network-related communications equipment and other electronic equipment.

Demand in this sub-segment tends to be impacted by the scale of production of electronic components and products used in telecommunications equipment, intelligent home appliances and automobiles.

Expansion of mobile broadband services and the use of the IoT (Internet of Things), such as smart meters, are driving growth in demand for measuring solutions for development and manufacturing of wireless modules for a broad array of applications. Furthermore, various wireless systems have been digitalized for effective use of frequency resources. Demand for measuring solutions for manufacturing and maintenance of new systems is also steadily growing.

Anritsu will work to further expand the business in this sub-segment by offering a wider range of solutions for the electronics market.

2. Products Quality Assurance

The Products Quality Assurance business accounts for 22 percent of Anritsu Group's revenue. Since more than 80 percent of segment revenue is made of food manufacturers, this segment is substantially influenced by the impact of economic growth rate and changes in consumer spending which would affect results on food manufacturers' business.

Core products include highly precise checkweighers for high-speed food processing lines, as well as X-ray and other inspection systems that detect and remove metal fragments, stones and other alien materials in the food processing process with high precision. In the Japanese market, capital investment for automation and manpower reduction in food production lines has steadily increased, against a backdrop of the customer concerns regarding contamination and rising needs for automation due to the labor shortage. In the overseas markets, progress was made in the cultivation of major customers who are operating their businesses globally in regions such as the Americas, Europe, and China and the overseas sales ratio of this business is roughly 40 percent.

Demand for quality control inspection solutions is expected to remain firm in every region of the world, as interest among food manufacturers remains high. To meet this demand, Anritsu will develop and deliver new products and quality assurance solutions, and will optimize its supply chain including overseas production in order to expand the business and increase profitability.

(2) Overview of Financial Position for the Year Ended March 31, 2017

1) Assets, Liabilities and Equity

	Ended March 31,		(Millions of yen)
	2016	2017	Change
Assets	124,624	125,054	429
Liabilities	48,761	48,568	(192)
Equity	75,862	76,485	622
<i>Interest-bearing debt</i>	22,024	22,026	2

Assets, liabilities and equity as of March 31, 2017 were as follows.

1. Assets

Total assets increased 429 million yen compared with the end of the previous fiscal year to 125,054 million yen. While cash and cash equivalents and trade and other receivables increased, inventories and property, plant and equipment decreased.

2. Liabilities

Total liabilities decreased 192 million yen compared with the end of the previous fiscal year to 48,568 million yen. This was mainly due to decrease of employee benefits in non-current liabilities, while increase of other payables in current liabilities.

3. Equity

Equity increased 622 million yen compared with the end of the previous fiscal year to 76,485 million yen. This was mainly due to increase of retained earnings while decrease of other components of equity.

As a result, the equity attributable to owners of parent to total assets ratio was 61.1 percent, compared with 60.8 percent at the end of the previous fiscal year.

Interest-bearing debt, excluding lease obligations, was 22,026 million yen, compared with 22,024 million yen at the end of the previous fiscal year.

The debt-to-equity ratio was 0.29, compared with 0.29 at the end of the previous fiscal year.

2) Summarized Cash Flows

	Fiscal Year		(Millions of yen)
	2015	2016	Change
Cash flows from operating activities	10,195	9,246	(948)
Cash flows from investing activities	(9,042)	(3,665)	5,377
Cash flows from financing activities	2,450	(2,758)	(5,209)
Cash and cash equivalents at end of period	37,391	39,682	2,290
<i>Free cash flow</i>	1,153	5,581	4,428

In the fiscal year ended March 31, 2017, cash and cash equivalents (hereafter, "net cash") increased 2,290 million yen compared with the end of the previous fiscal year to 39,682 million yen.

Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was positive 5,581 million yen (compared with positive 1,153 million yen in the previous fiscal year).

Conditions and factors for each category of cash flow for the fiscal year were as follows.

1. Cash Flows from Operating Activities

Net cash provided by operating activities was 9,246 million yen (in the previous fiscal year, operating activities provided net cash of 10,195 million yen). The cash increase was mainly due to reporting of profit before tax, recording depreciation and amortization, and decrease of inventories.

Depreciation and amortization was 4,197 million yen, an increase of 227 million yen compared with the previous fiscal year.

2. Cash Flows from Investing Activities

Net cash used in investing activities was 3,665 million yen (in the previous fiscal year, investing activities used net cash of 9,042 million yen). This was primarily due to acquisition of property, plant and equipment.

3. Cash Flows from Financing Activities

Net cash used in financing activities was 2,758 million yen (in the previous fiscal year, financing activities provided net cash of 2,450 million yen). The primary reason was payment of cash dividends totaling 2,677 million yen (in the previous fiscal year, cash dividends was 3,296 million yen).

3) Analysis of Financial Position

The Anritsu Group's funding requirements are mainly for working capital to purchase materials and cover expenses incurred in the manufacturing, sales and marketing of products; for capital investments; and for research and development expenses. The Group secures sufficient funding to cover these requirements from retained earnings, bank borrowings, and capital market funding. To ensure stability in funding, the Anritsu Group arranged for a commitment line of 7.5 billion yen in March 2017, which is effective through March 2020. Looking forward, while preparing for unforeseen financial risks, both domestic and overseas, in a dramatically changing market environment, the Anritsu Group will swiftly and flexibly meet its capital requirements for working capital, regular repayment of long-term borrowings and business growth.

As of March 31, 2017, the balance of interest-bearing debt (excluding lease payable) was 22.0 billion yen (compared with 22.0 billion yen at the end of the previous fiscal year) and the debt-to-equity ratio was 0.29 (compared with 0.29 at the end of the previous fiscal year). And the net debt-to-equity ratio was negative 0.23 (compared with negative 0.20 at the end of the previous fiscal year). In addition, the average turnover ratio on the end-of-period balance of inventories to revenue was 5.0 times.

The Company will utilize increased cash flow generated by improvements in ACE (achievement of net operating profit after tax less an adjustment for the cost of capital) and CCC as well as enhanced capital efficiency resulting from measures including an internal group cash management system to make further reductions in interest-bearing debt, improve the debt-to-equity ratio, enhancing shareholders' equity and fortify its financial structure.

At the end of March 2017, Rating and Investment Information, Inc. (R&I) has rated Anritsu's short-term debt a-1, and its long-term debt A-. Anritsu will continue working to enhance its financial stability in order to improve its debt rating.

(Note)

ACE (Anritsu Capital-cost Evaluation): Net operating profit after tax – Cost of capital

Debt-to-equity ratio: Interest-bearing debt / Equity attributable to owners of parent

Net debt-to-equity ratio: (Interest-bearing debt- Cash and cash equivalent) / Equity attributable to owners of parent

CCC: Cash Conversion Cycle

4) Indicator Trend of Consolidated Cash Flows

	Year Ended March 31, 2015	Year Ended March 31, 2016	Year Ended March 31, 2017
Equity attributable to owners of parent / Total assets (%)	62.0	60.8	61.1
Market capitalization / Total assets (%)	90.9	68.2	92.5
Interest bearing debt / Operating cash flows (years)	2.1	2.2	2.4
Operating cash flows / Interest expense (times)	41.7	52.0	68.4

(Notes)

1. All indicators are calculated on a consolidated basis.

2. Market capitalization is calculated by multiplying the total number of shares outstanding at the end of the period (excluding treasury stock) by the closing share price at the end of the period.

3. Operating cash flows and Interest expense are as reported in the consolidated statement of cash flows.

(3) Business Forecast

Looking ahead, although the global economy is expected to recover in the U.S., growing uncertainties over European political and economic confusion represented by the U.K.'s withdrawal from the EU, increased geopolitical risk in the Korean Peninsula, and macro trends in the Chinese economy have resulted in an increase in instability and an unpredictable future. In addition, there is a need for constant and appropriate responses to technological innovations, changes in the market environment and competitive relationships, and trends in the financial situation.

In this market environment, the Anritsu Group will undertake the following measures.

In the core Test and Measurement business, the Anritsu Group will strive to achieve the full-year forecast by actively investing in the next-generation 5G/IoT business and strengthening its foundation for a new revenue base in the mobile market, while expanding sales in the network infrastructure market.

1) Outlook for the Fiscal Year Ending March 31, 2018

In the mobile market, the Anritsu Group will continue to provide solutions for an acceleration of LTE-Advanced (CA: Carrier Aggregation, MIMO: Multiple-Input and Multiple-Output, etc.) and strengthen the development of emerging markets in an effort to secure revenue, while delivering new products compatible with next-generation 5G/IoT in a timely manner. In the network infrastructure market, in order to acquire the network reshaping market which is expanding due to the explosive increase in demand for data traffic and data centers as a result of expansion of service, we will reinforce competitiveness.

The Products Quality Assurance business will maintain a stable revenue base in the Japanese market as a market leader and strive to expand market share in the growing overseas markets. In order to reinforce competitiveness in the overseas markets, we will enhance and expand the global supply chain system.

The Anritsu Group is planning on growth in revenue in the Test and Measurement business mainly in overseas market. In the Products Quality Assurance business, revenue are expected to increase in both Japan and overseas markets. The outlook for operating profit and profit shows increases from the fiscal year ended March 31, 2017.

2) Cash Flow Outlook for the Year Ending March 31, 2018

1. Cash Flows from Operating Activities

The Anritsu Group expects cash flows from operating activities to be positive, mainly due to reporting of profit before tax. The Anritsu Group will aim to improve its cash conversion cycle to make more effective use of operating assets such as trade receivables and inventories.

2. Cash Flows from Investing Activities

The Anritsu Group expects cash flows from investing activities to be negative due to capital expenditure. Capital expenditures will include regular investments to strengthen the foundation of its product development environment, as well as strategic investments in global information system.

3. Cash Flows from Financing Activities

The Anritsu Group expects cash flows from financing activities to be negative, mainly due to payment of dividends.

BUSINESS FORECAST FOR THE FISCAL YEAR ENDING MARCH 31, 2018

	(Millions of yen)
	FY2017
Revenue	91,000
Operating profit (loss)	4,400
Profit (loss) before tax	4,200
Profit (loss)	3,000
Profit (loss) attributable to owners of parent	3,000

Assumed annual exchange rate : 1US\$=110Yen

(Reference)

FORECAST OF SEGMENT INFORMATION

(Millions of yen)

	FY2015 From Apr. 1, 2015 To Mar. 31, 2016	FY2016 From Apr. 1, 2016 To Mar. 31, 2017		FY2017(Forecast) From Apr. 1, 2017 To Mar. 31, 2018	
			Change		Change
Revenue by Segment					
Revenue	95,532	87,638	-8.3%	91,000	3.8%
Test and Measurement	67,729	59,333	-12.4%	61,000	2.8%
PQA	18,891	19,588	3.7%	21,500	9.8%
Others	8,910	8,716	-2.2%	8,500	-2.5%
Operating Profit by Segment					
Operating Profit	5,897	4,234	-28.2%	4,400	3.9%
Test and Measurement	4,706	2,130	-54.7%	2,200	3.3%
PQA	1,194	1,302	9.0%	1,500	15.2%
Others	-3	801	-	700	-12.6%
Revenue by Markets					
Revenue	95,532	87,638	-8.3%	91,000	3.8%
Japan	95,532	87,638	-8.3%	30,000	2.3%
Overseas	28,565	29,338	2.7%	61,000	4.6%
Americas	66,966	58,299	-12.9%	21,500	9.5%
EMEA	23,246	19,633	-15.5%	11,500	-8.1%
Asia and Others	13,537	12,520	-7.5%	28,000	7.1%

(Notes)

PQA: Products Quality Assurance

EMEA: Europe, Middle East and Africa

(Note)

Statements made in these materials with respect to Anritsu's current plans, strategies and beliefs that are not historical fact are forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. These descriptions are based on assumptions and judgments made by Anritsu's management from information currently available, and include certain risks and uncertain factors. Actual business results are the outcome of a number of unknown variables, and may substantially differ from the figures projected herein. Furthermore, Anritsu disclaims any obligation, unless required by law, to update or revise any forward-looking statements as a result of new information, future events or otherwise.

Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas where Anritsu conducts business, including but not limited to Japan, Americas, Europe, and Asia, pressure on prices due to trends in demand for Anritsu's products and services or to increased competition, Anritsu's ability to continue supplying products and services that are accepted by customers in a highly competitive market environment, and currency exchange rates.

(4) Profit Distribution Policy and Dividends for the Years Ended/Ending March 31, 2017 and March 31, 2018

The Company's basic policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance and by taking into account the total return ratio.

With regard to dividends, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 30 percent or more. The Company's basic policy is to make distributions of dividends, twice a year, consisting of a fiscal year-end dividend and an interim dividend by resolution of the General Meeting of Shareholders and by approval of the Board of Directors.

The Company intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment.

The Company's basic policy is to apply retained earnings to research and development and capital investment in order to respond to rapid technological advances and changes in the market structure.

Anritsu plans to pay a year-end dividend of 7.5 yen per share as initially scheduled, and total dividends for the fiscal year will be 15.0 yen per share for the fiscal year ended March 31, 2017.

For the fiscal year ending March 31, 2018, Anritsu plans to pay cash dividends of 15.0 yen per share (including an interim dividend of 7.5 yen per share), assuming achievement of the business forecast on page 9.

(5) Risk Information

1) Inherent Risks in the Anritsu Group's Technology and Marketing Strategies

The Anritsu Group works to deploy its well-developed technological capabilities to promptly provide cutting-edge products and services that offer value to customers. However, the rapid pace of technological innovation in the Anritsu Group's core information and communication markets and the Anritsu Group's ability to deliver products and services in a timely manner to meet the needs and wants of customers are factors that have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

2) Market Fluctuation Risk

External factors including changes in the economy or market conditions and technological innovation affect the profitability of product lines the Group develops and have the potential to exert a significant material impact on the Anritsu Group's financial condition and operating results.

Because a high percentage of Test and Measurement segment revenue is in the telecommunications market, capital investment trends among telecom operators, telecommunications equipment manufacturers and electronic component manufacturers have the potential to exert a material effect on business results. Telecom operators are progressively adopting technologies to handle rapid increases in data traffic even as they curtail capital investment. However, they are also increasingly adopting shared open network use in order to increase service development efficiency. Moreover, business results for the mobile communications measuring instrument field, the cornerstone of earnings for the Anritsu Group, are affected by changes in technological innovation in mobile phone services, the number of subscribers and the replacement ratio for mobile phones. Business results are also affected by factors such as changes in development methods as seen in the shift to mobile phone software platforms and response to intensifying price competition in measuring instruments used in handset production.

In the Products Quality Assurance business, sales to food manufacturers constitute more than 80 percent of revenue. Economic growth rates, consumer spending and raw material price trends have the potential to impact performance, capital investment and other issues among food manufacturers and materially influence its performance.

3) Global Business Development Risk

The Anritsu Group markets its products globally, and conducts business in the Americas, Europe, Asia and elsewhere. In particular, the overseas sales ratio including both the Test and Measurement business and the Products Quality Assurance business is 67 percent, and many customers likewise operate on a global scale. As a result, economic trends in countries worldwide, changes in international conditions, compliance with required laws and regulations and progress in the Anritsu Group's global strategy have a potential to exert a material impact on the Group's financial position and results of operations. In addition, global-scale mergers, acquisitions and realignment in the telecommunications industry are changing the competitive landscape. Significant changes in capital investment trends that result have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

4) Foreign Exchange Risk

The Anritsu Group's sales outside Japan account for 67 percent of consolidated revenue. The Anritsu Group hedges foreign exchange risk using instruments including forward foreign exchange contracts for foreign exchange transactions that occur upon collection of accounts receivable and other events. However, rapid changes in foreign exchange rates have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

5) Long-term Inventory Obsolescence Risk

The Anritsu Group works to provide products and services that precisely meet customer needs and wants. However, particularly in the test and measuring instruments market, product lines are subject to rapid change in technology, which can easily result in obsolescence of products and parts, and cause inventory held for long periods to lose its value. These factors have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

6) Risk Related to Deferred Tax Assets

The Anritsu Group applies deferred tax accounting and recognizes deferred tax assets. Calculation of deferred tax assets is based on projections that include estimates of future taxable profit, and the actual benefit may differ from the projection. If the tax benefits based on the estimate of future taxable profit are judged to be unavailable, these deferred tax assets are written down, which has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

7) Risk related to Defined-Benefit Pension Plan

The amounts of retirement benefit payments and obligations incurred in connection with employee defined-benefit pension plans of the parent company and certain of its subsidiaries are calculated based on assumptions, including discount rates, made for actuarial calculations. If the discount rates and other assumptions, which were made for the actuarial calculations of the expected amount of obligations under these defined-benefit pension plans undergo change, this has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

8) Impact of Revisions, Etc., in Accounting Standards

The Anritsu Group voluntarily adopted its financial statements in conformity with IFRS. However, if, in the future, new accounting principles, tax laws, etc., are applied and/or changes are made in such regulations, this has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

9) Risk of Natural Disasters and Other Unexpected Events

The Anritsu Group operates production and sales activities globally. Consequently, the occurrence of major earthquakes or other natural disaster, fire, war, acts of terrorism or violence could exert a material impact on the Anritsu group's financial condition and operating results by disrupting the business activities of the Anritsu Group or its suppliers and customers due to damage to key facilities, or by causing political or economic instability.

2. Management Policies

(1) Basic Policy

The Company Philosophy of Anritsu Corporation is to contribute to creating an affluent safe and secure global society by providing "Original & High Level" products and services with sincerity, harmony and enthusiasm. Based on the Company Vision "Achieve continuous growth with sustainable superior profits through innovation using all knowledge of all parties", the Anritsu's Company Policy is 1) to make energetic organization synthesizing the knowledge of all employees, 2) to capture growth drivers through innovation, 3) to be a leader in the global market and 4) to contribute to the creation of a society that is friendly to people and the Earth as a good corporate citizen.

The Anritsu Group has built a solid base of customer trust with its portfolio of communications, test and measurement and inspection technologies that it has built up for 120 years since its founding. These core technologies support the Group's current businesses, including Test and Measurement, Products Quality Assurance, and other businesses, and are a source of its corporate value. Strong relationships with suppliers and good labor-management relationships based on trust are also key management resources and further sources of corporate value.

The Anritsu Group conveys its brand statement, "envision: ensure," for an "advanced and trustworthy corporate brand," which can be said to be testimony of the company's 120 years, as we work on a strategy to make our brand more global. Embedded in the statement "envision:ensure." is the intention, "We will share dreams with customers, create a vision together, and develop this vision into tangible solutions that exceed our customers' expectations through innovation." The Anritsu Group will continue working to raise corporate value by making the most of these management resources while contributing to the realization of an affluent, safe and secure global society.

(2) Management Targets

Anritsu aims to maximize corporate value by managing its operations with a focus on cash flow. In addition, to evaluate the added value generated by capital invested, Anritsu uses an original metric, ACE (Anritsu Capital-cost Evaluation), for evaluating the results of each business. A target for ROE is also set as an indicator of the efficiency of capital invested.

To attain its management vision of “continuous growth with sustainable superior profits,” the Anritsu Group had prepared its ANRITSU 2020 VISION, which has a time horizon of 10 years, and established a medium-term milestone plan entitled the Mid-term Business Plan GLP2017 (a three-year plan that ends in FY2017), which is based on the ANRITSU 2020 VISION. However, with structural changes in the smartphone market as a backdrop, the operating environment has changed substantially over the last few years, and GLP2017 is not expected to be achieved.

As countermeasures for the FY2016 and FY2017 market transition periods, the Group as a whole will work on measures to reform the management structure (business selection and concentration, strengthening of the profit structure, and business process reform).

In the current fiscal year, towards the formulation of GLP2020, which is a three-year plan starting in FY2018, the Group will capture growth drivers to restore growth potential and strive to consolidate our foundation for building a robust profit structure.

ACE : Net operating profit after tax – Cost of capital

(3) Medium- and Long-Term Management Strategy and Issues to be Dealt with

The core Test and Measurement business of the Anritsu Group involve information and communication technology (ICT) services. In the ICT field, global mobile broadband services and the creation of new social value by IoT are driving growth and innovation of communication system which aims to enhance user experience in the medium- to long-term will be platform for the growth driver. In order to enable this innovation, continuous development of mobile telecommunication technology from LTE and LTE-Advanced which support broadband, and beyond to 5G will be promoted, as well as the network reshaping through measures, as represented by increased density of the base station network, which is indispensable for enhancing connectivity. In addition, the standardization and commercialization of the 5G mobile system, the next-generation communications system which is expected to provide the infrastructure to a wide range of mobile broadband services, is beginning to materialize ahead of expectation. From basic social infrastructure to the creation of new value through IoT, safe and secure networks that are easy to connect to anytime and anywhere are vital to a sustainable society. As an advanced measurement company covering both wireline and wireless telecommunication areas, Anritsu provides network solutions for its customers and for society.

The growth driver for the Products Quality Assurance business is “increasing safety, security, and health.” As a long-term goal, with the food product and pharmaceutical-related markets as our focus, the Anritsu Group will aim to expand its business by raising the overseas revenue ratio to 50 percent. The Anritsu Group will work to enhance overseas resources to accelerate business development mainly in North American and Asian markets.

Steady implementation of these strategies requires appropriately managing and reducing risks and transforming them from impediments into a source of competitive advantage. For this reason, Anritsu will improve the risk management system through further strengthening of established ties among the Group companies in Japan and overseas via upgrades to the internal control system. Anritsu also aims to realize better corporate governance within the Group by establishing the “Anritsu Corporation Basic Policy on Corporate Governance.” Anritsu has transmitted to a “Company with an Audit Committee,”

established a nomination committee, a compensation committee, and an independent committee chaired by independent outside directors, and carries out performance assessments for the Board of Directors, starting from this fiscal year, in order to reinforce the audit and supervisory functions of the Board. The Anritsu Group will continue working to conduct business management with greater transparency from a global perspective.

The Anritsu Group believes that contribution to solving social issues through honest business practices enhance corporate value, and will continue to actively conduct corporate social responsibility (CSR) activities. Anritsu considers contributing to the realization of a safe, secure, and comfortable society through its products and services to be its primary CSR activity, and will fulfill its role required as an entity in all areas including compliance, customer satisfaction, supply chain management, environmental protection, respect of diversity (great success of female and foreign-registered employees), human rights and occupational health and safety.

Through the activities mentioned above, Anritsu will seek to achieve the goals “to be a global market leader” and “to create new businesses by emerging business” set out in “2020 VISION,” which expresses what Anritsu hopes to achieve by 2020, as well as continue to enhance corporate value.

3. Basic Policy regarding Adoption of Accounting Standards

The Anritsu Group is involved in global business development, as approximately 70 percent of its consolidated revenues are generated outside of Japan and it has research and development bases in Japan, the U.S. and Europe. In light of these circumstances, the Anritsu Group has voluntarily applied the International Financial Reporting Standards (IFRS) from the fiscal year ended March 31, 2013. in an effort to reinforce its management base through improvement of its internal decision-making process, while at the same time diversifying its means of financing by enhancing the comparability of its financial information on a global basis.

4. Consolidated Financial Statements

(1) Consolidated Statement of Financial Position

	(Millions of yen)		
	End of FY2015 as of 3.31.16 (A)	End of FY2016 as of 3.31.17 (B)	Change (B) - (A)
Assets			
Current assets			
Cash and cash equivalents	37,391	39,682	2,290
Trade and other receivables	19,738	21,561	1,822
Other financial assets	1,163	1,152	(11)
Inventories	18,376	16,606	(1,770)
Income tax receivables	171	459	288
Other assets	3,699	2,960	(738)
Total current assets	80,541	82,421	1,879
Non-current assets			
Property, plant and equipment	27,738	26,441	(1,296)
Goodwill and intangible assets	3,209	3,721	512
Investment property	1,830	1,664	(166)
Trade and other receivables	339	330	(9)
Other financial assets	2,395	2,481	86
Deferred tax assets	8,545	7,979	(566)
Other assets	24	14	(9)
Total non-current assets	44,082	42,632	(1,450)
Total assets	124,624	125,054	429

	(Millions of yen)		
	End of FY2015 as of 3.31.16 (A)	End of FY2016 as of 3.31.17 (B)	Change (B) - (A)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	7,133	7,060	(73)
Bonds and borrowings	1,590	7,565	5,975
Other financial liabilities	60	73	12
Income tax payables	1,230	1,608	378
Employee benefits	5,606	5,427	(178)
Provisions	254	273	18
Other liabilities	5,674	6,385	711
Total current liabilities	21,550	28,394	6,843
Non-current liabilities			
Trade and other payables	359	465	105
Bonds and borrowings	20,434	14,460	(5,973)
Other financial liabilities	81	142	60
Employee benefits	4,290	3,188	(1,102)
Provisions	108	106	(2)
Deferred tax liabilities	302	256	(46)
Other liabilities	1,633	1,554	(78)
Total non-current liabilities	27,211	20,174	(7,036)
Total liabilities	48,761	48,568	(192)
Equity			
Common stock	19,052	19,052	—
Additional paid-in capital	28,220	28,169	(51)
Retained earnings	23,193	24,394	1,200
Treasury stock	(1,040)	(1,012)	28
Other components of equity	6,385	5,794	(591)
Total equity attributable to owners of parent	75,811	76,398	586
Non-controlling interests	51	87	36
Total equity	75,862	76,485	622
Total liabilities and equity	124,624	125,054	429

(2) Consolidated Statement of Profit or Loss and Other Comprehensive Income

(Millions of yen)

	FY2015		FY2016		Change	
	From April 1, 2015 to March 31, 2016 (A)	%	From April 1, 2016 to March 31, 2017 (B)	%	(B) - (A)	%
Revenue	95,532	100.0	87,638	100.0	(7,893)	-8.3
Cost of sales	46,557	48.7	45,168	51.5	(1,388)	-3.0
Gross profit	48,974	51.3	42,469	48.5	(6,505)	-13.3
Other revenue and expenses						
Selling, general and administrative expenses	29,621	31.0	27,198	31.0	(2,423)	-8.2
Research and development expense	12,820	13.4	10,906	12.4	(1,913)	-14.9
Other income	241	0.3	205	0.2	(35)	-14.8
Other expenses	876	0.9	336	0.4	(540)	-61.7
Operating profit (loss)	5,897	6.2	4,234	4.8	(1,663)	-28.2
Finance income	240	0.3	193	0.2	(47)	-19.7
Finance expenses	616	0.6	798	0.9	181	29.5
Share of profit (loss) of associates and joint ventures accounted for using equity method	(87)	-0.1	—	-	87	-
Profit (loss) before tax	5,434	5.7	3,628	4.1	(1,805)	-33.2
Income tax expense	1,667	1.7	893	1.0	(773)	-46.4
Profit (loss)	3,767	3.9	2,734	3.1	(1,032)	-27.4
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Change of financial assets measured at fair value	251		63		(188)	
Remeasurements of defined benefit plans	(1,556)		1,129		2,686	
Total	(1,305)		1,192		2,497	
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation	(1,829)		(653)		1,175	
Total	(1,829)		(653)		1,175	
Total of other comprehensive income	(3,134)	-3.3	539	0.6	3,673	-
Comprehensive income (loss)	633	0.7	3,274	3.7	2,640	416.8
Profit (loss) attributable to :						
Owners of parent	3,760		2,698		(1,062)	
Non-controlling interests	7		36		29	
Total	3,767		2,734		(1,032)	
Comprehensive income (loss) attributable to :						
Owners of parent	626		3,237		2,610	
Non-controlling interests	7		36		29	
Total	633		3,274		2,640	
Earnings per share						
Basic earnings per share (Yen)	27.38		19.65		(7.73)	
Diluted earnings per share (Yen)	27.38		19.65		(7.73)	

(3) Consolidated Statements of Changes in Equity

Year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2015	19,052	28,217	24,565	(869)	7,673	78,639	26	78,665
Profit (loss)	—	—	3,760	—	—	3,760	7	3,767
Other comprehensive income	—	—	(1,556)	—	(1,577)	(3,134)	—	(3,134)
Total comprehensive income (loss)	—	—	2,203	—	(1,577)	626	7	633
Share-based payments	—	3	11	28	—	43	—	43
Dividends paid	—	—	(3,296)	—	—	(3,296)	—	(3,296)
Purchase of treasury stock	—	—	—	(200)	—	(200)	—	(200)
Acquisition of subsidiary with non-controlling interests	—	—	—	—	—	—	18	18
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	(289)	—	289	—	—	—
Total transactions with owners and other transactions	—	3	(3,575)	(171)	289	(3,453)	17	(3,436)
Balance at March 31, 2016	19,052	28,220	23,193	(1,040)	6,385	75,811	51	75,862

Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2016	19,052	28,220	23,193	(1,040)	6,385	75,811	51	75,862
Profit (loss)	—	—	2,698	—	—	2,698	36	2,734
Other comprehensive income	—	—	1,129	—	(590)	539	—	539
Total comprehensive income (loss)	—	—	3,827	—	(590)	3,237	36	3,274
Share-based payments	—	(51)	49	28	—	26	—	26
Dividends paid	—	—	(2,677)	—	—	(2,677)	—	(2,677)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Transfer from other components of equity to retained earnings	—	—	1	—	(1)	—	—	—
Total transactions with owners and other transactions	—	(51)	(2,626)	28	(1)	(2,650)	(0)	(2,651)
Balance at March 31, 2017	19,052	28,169	24,394	(1,012)	5,794	76,398	87	76,485

(4) Consolidated Statements of Cash Flows

(Millions of yen)

	FY2015 From April 1, 2015 to March 31, 2016 (A)	FY2016 From April 1, 2016 to March 31, 2017 (B)	Change (B) - (A)
Cash flows from (used in) operating activities			
Profit (Loss) before tax	5,434	3,628	(1,805)
Depreciation and amortization expense	3,969	4,197	227
Interest and dividends income	(218)	(188)	29
Interest expenses	166	158	(8)
Loss (Gain) on disposal of property, plant and equipment	31	18	(12)
Decrease (Increase) in trade and other receivables	4,754	(1,932)	(6,687)
Decrease (Increase) in inventories	255	1,775	1,519
Increase (Decrease) in trade and other payables	(483)	503	986
Increase (Decrease) in employee benefits	(104)	401	505
Other, net	(1,874)	1,501	3,375
Sub Total	11,932	10,063	(1,868)
Interest received	120	136	16
Dividends received	98	52	(46)
Interest paid	(196)	(135)	60
Income taxes paid	(1,780)	(1,169)	611
Income taxes refund	21	298	276
Net cash flows from (used in) operating activities	10,195	9,246	(948)
Cash flows from (used in) investing activities			
Payments into time deposits	(1,210)	(1,100)	109
Proceeds from withdrawal of time deposits	1,203	1,108	(95)
Purchase of property, plant and equipment	(7,665)	(2,042)	5,623
Proceeds from sale of property, plant and equipment	10	27	17
Purchase of other financial assets	(5)	(2)	2
Proceeds from sale of other financial assets	137	7	(130)
Other, net	(1,511)	(1,663)	(151)
Net cash flows from (used in) investing activities	(9,042)	(3,665)	5,377
Cash flows from (used in) financing activities			
Net increase (decrease) in short-term borrowings	—	(20)	(20)
Proceeds from long-term borrowings	3,000	—	(3,000)
Repayments of long-term borrowings	(5,000)	—	5,000
Proceeds from issuing bonds	8,000	—	(8,000)
Purchase of treasury stock	(200)	(0)	200
Dividends paid	(3,296)	(2,677)	619
Other, net	(51)	(61)	(9)
Net cash flows from (used in) financing activities	2,450	(2,758)	(5,209)
Effect of exchange rate change on cash and cash equivalents	(1,128)	(532)	596
Net increase (decrease) in cash and cash equivalents	2,475	2,290	(185)
Cash and cash equivalents at beginning of period	34,916	37,391	2,475
Cash and cash equivalents at end of period	37,391	39,682	2,290

(5) Notes to the Consolidated Financial Statements

(Notes regarding Going Concern)

None

(Segment Information)

1. Outline of reportable segment

The reportable segments of the Anritsu group are business segments which are classified based on products and services.

Each business segment operates its business activities with a comprehensive strategic business plans for domestic and overseas.

The board of directors meeting periodically makes decision of allocation of operating resources and evaluates business performance based on segment financial information.

The Anritsu group's reportable segments are composed of "Test and Measurement" and "PQA (Products Quality Assurance)".

Main Products and services by segment are as follows;

Test and Measurement	Measuring instruments for Digital communications and IP network, Optical communications equipment, Mobile communications equipment, RF / microwave and millimeter wave communications equipment / systems, Service assurance
PQA	Checkweighers, Automatic combination weighers, Inspection equipment, Comprehensive production management system

2. Revenue and profit (loss) by reportable segment

Reportable segment information of the Anritsu Group is included below.

Accounting policies for each reportable segment are same as the accounting policies for the Anritsu group.

Year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 3,4)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	67,729	18,891	86,621	8,910	95,532	—	95,532
Inter segment (Notes 2)	72	3	76	4,454	4,530	(4,530)	—
Total	67,802	18,895	86,697	13,364	100,062	(4,530)	95,532
Cost of sales, Other revenue and expenses	(63,096)	(17,700)	(80,796)	(12,789)	(93,586)	3,951	(89,634)
Operating profit (loss)	4,706	1,194	5,900	575	6,476	(578)	5,897
Finance income	—	—	—	—	—	—	240
Finance expenses	—	—	—	—	—	—	616
Share of profit (loss) of associates and joint ventures accounted for using equity method	—	—	—	—	—	—	(87)
Profit (loss) before tax	—	—	—	—	—	—	5,434
Income tax expense	—	—	—	—	—	—	1,667
Profit (loss)	—	—	—	—	—	—	3,767
Assets	89,386	16,196	105,582	11,900	117,482	7,141	124,624
Capital expenditures	5,046	360	5,406	359	5,765	(14)	5,751
Depreciation and amortization	3,256	244	3,500	480	3,980	(10)	3,969

(Notes 1) : OthersInformation and Communications, Devices, Logistics, Welfare related service,
Lease on real estate, Corporate administration, Parts manufacturing and others

(Notes 2) : Inter segment revenue is measured based on market price.

(Notes 3) : Adjustment of operating profit (-578 million yen) includes elimination of inter-segment transactions (-8 million yen) and company-wide expenses not allocated to business segments (-570 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

(Notes 4) : Adjustment of segment assets (7,141 million yen) includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and assets related to basic research.

Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 3,4)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	59,333	19,588	78,921	8,716	87,638	—	87,638
Inter segment (Notes 2)	58	3	61	4,295	4,356	(4,356)	—
Total	59,391	19,591	78,982	13,012	91,995	(4,356)	87,638
Cost of sales, Other revenue and expenses	(57,261)	(18,288)	(75,550)	(12,020)	(87,570)	4,165	(83,404)
Operating profit (loss)	2,130	1,302	3,432	992	4,425	(190)	4,234
Finance income	—	—	—	—	—	—	193
Finance expenses	—	—	—	—	—	—	798
Profit (loss) before tax	—	—	—	—	—	—	3,628
Income tax expense	—	—	—	—	—	—	893
Profit (loss)	—	—	—	—	—	—	2,734
Assets	89,651	16,822	106,473	11,674	118,147	6,906	125,054
Capital expenditures	2,207	273	2,481	416	2,897	(3)	2,894
Depreciation and amortization	3,445	235	3,681	527	4,209	(11)	4,197

(Notes 1) : OthersInformation and Communications, Devices, Logistics, Welfare related service,
Lease on real estate, Corporate administration, Parts manufacturing and others

(Notes 2) : Inter segment revenue is measured based on market price.

(Notes 3) : Adjustment of operating profit (-190 million yen) includes elimination of inter-segment transactions (11 million yen) and company-wide expenses not allocated to business segments (-202 million yen). Company-wide expenses are mainly composed of basic research expense as well as selling, general and administrative expenses not attributable to business segments.

(Notes 4) : Adjustment of segment assets (6,906 million yen) includes excess investment capital not attributable to business segments (cash and cash equivalents), long-term investment capital (other financial assets (non-current assets)), and assets related to basic research.

(Earnings Per Share)

Earnings per share (attributable to owners of parent)

	FY2015 From April 1, 2015 to March 31, 2016	FY2016 From April 1, 2016 to March 31, 2017
Profit attributable to owners of parent	3,760 Million yen	2,698 Million yen
Adjusted profit used for diluted earnings per share	— Million yen	— Million yen
Profit used in calculation of diluted earnings per share	3,760 Million yen	2,698 Million yen
Weighted average number of issued and outstanding shares	137,349,163 shares	137,301,414 shares
Increased number of shares used in the calculation of diluted earnings per share		
Increase by stock options	— shares	— shares
Weighted average number of issued and outstanding shares used in the calculation of diluted earnings per share	137,349,163 shares	137,301,414 shares
Basic earnings per share	27.38 yen	19.65 yen
Diluted earnings per share	27.38 yen	19.65 yen

(Significant Subsequent Events)

None

5. Non-Consolidated Financial Statements

(1) Non-Consolidated Balance Sheets

	(Millions of yen)		
	End of FY2015 as of 3.31.16 (A)	End of FY2016 as of 3.31.17 (B)	Change (B) - (A)
Assets			
Current assets			
Cash and deposits	16,976	19,585	2,608
Notes receivable-trade	406	405	(0)
Accounts receivable-trade	11,725	10,961	(764)
Finished goods	2,549	2,201	(347)
Work in process	51	31	(19)
Raw materials	3,199	2,844	(355)
Prepaid expenses	122	86	(35)
Deferred tax assets	982	1,013	30
Other	6,082	5,971	(110)
Allowance for doubtful accounts	(95)	(88)	6
Total current assets	42,002	43,013	1,011
Non-current assets			
Property, plant and equipment			
Buildings	14,337	14,144	(193)
Structures	290	257	(32)
Machinery and equipment	137	112	(25)
Vehicles	0	0	—
Tools, furniture and fixtures	2,542	2,228	(314)
Land	2,010	2,010	—
Construction in progress	133	—	(133)
Total property, plant and equipment	19,452	18,753	(699)
Intangible assets			
Software	1,657	1,628	(29)
Other	26	0	(25)
Total intangible assets	1,684	1,628	(55)
Investments and other assets			
Investment securities	1,104	1,130	26
Shares of subsidiaries and associates	46,280	46,280	—
Long-term loans receivable	5,651	5,651	—
Prepaid pension cost	3,173	2,699	(474)
Deferred tax assets	2,861	2,522	(339)
Other	87	79	(7)
Total investments and other assets	59,157	58,363	(794)
Total non-current assets	80,295	78,745	(1,550)
Total assets	122,297	121,758	(538)

	(Millions of yen)		
	End of FY2015 as of 3.31.16 (A)	End of FY2016 as of 3.31.17 (B)	Change (B) - (A)
Liabilities			
Current liabilities			
Accounts payable-trade	4,921	4,768	(153)
Short-term loans payable	1,190	1,190	—
Current portion of bonds	—	6,000	6,000
Lease obligations	5	3	(1)
Accounts payable-other	2,404	1,837	(566)
Accrued expenses	1,263	1,058	(204)
Income taxes payable	253	131	(121)
Advances received	1,063	908	(154)
Deposits received	13,132	15,453	2,321
Provision for product warranties	30	40	9
Provision for directors' bonuses	30	25	(5)
Provision for products purchase guarantee agreement	22	84	62
Other	24	24	(0)
Total current liabilities	24,340	31,526	7,186
Non-current liabilities			
Bonds payable	14,000	8,000	(6,000)
Long-term loans payable	6,500	6,500	—
Lease obligations	6	2	(3)
Provision for directors' retirement benefits	5	5	—
Other	283	291	8
Total non-current liabilities	20,796	14,800	(5,995)
Total liabilities	45,136	46,326	1,190
Net assets			
Shareholders' equity			
Capital stock	19,052	19,052	—
Capital surplus			
Legal capital surplus	28,002	28,002	—
Capital surplus	28,002	28,002	—
Retained earnings			
Legal retained earnings	2,468	2,468	—
Other retained earnings	27,918	26,203	(1,715)
General reserve	21,719	21,719	—
Retained earnings brought forward	6,199	4,484	(1,715)
Total retained earnings	30,386	28,671	(1,715)
Treasury stock	(1,040)	(1,012)	28
Shareholders' equity	76,400	74,713	(1,686)
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	557	572	15
Total valuation and translation adjustments	557	572	15
Subscription rights to shares	203	145	(58)
Total net assets	77,161	75,431	(1,729)
Total liabilities and net assets	122,297	121,758	(538)

(2) Non-Consolidated Statements of Income

(Millions of yen)

	FY2015		FY2016		Change	
	From April 1, 2015 to March 31, 2016 (A)	%	From April 1, 2016 to March 31, 2017 (B)	%	(B) - (A)	%
Net sales	46,939	100.0	40,333	100.0	(6,605)	-14.1
Cost of sales	26,987	57.5	24,433	60.6	(2,554)	-9.5
Gross profit	19,951	42.5	15,900	39.4	(4,051)	-20.3
Selling, general and administrative expenses	17,110	36.4	14,593	36.2	(2,516)	-14.7
Operating income (loss)	2,841	6.1	1,306	3.2	(1,534)	-54.0
Non-operating income						
Interest and dividend income	1,359		442		(917)	
Other	175		162		(12)	
Total non-operating income	1,535	3.3	604	1.5	(930)	-60.6
Non-operating expenses						
Interest expenses	140		127		(13)	
Other	840		730		(110)	
Total non-operating expenses	981	2.1	857	2.1	(123)	-12.6
Ordinary income (loss)	3,394	7.2	1,053	2.6	(2,341)	-69.0
Extraordinary income						
Gain on reversal of subscription rights to shares	11		58		47	
Gain on sales of investment securities	98		—		(98)	
Total extraordinary income	109	0.2	58	0.1	(50)	-46.5
Profit (loss) before income taxes	3,503	7.5	1,111	2.8	(2,392)	-68.3
Income taxes - current	627		(153)		(780)	
Income taxes - deferred	69		299		229	
Total income taxes	696	1.5	145	0.4	(550)	-79.1
Net income (loss)	2,807	6.0	965	2.4	(1,841)	-65.6

(3) Non-Consolidated Statements of Changes in Net Assets

Year ended March 31, 2016 (From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury stock	Total shareholder s' equity
		Legal capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at the beginning of current period	19,052	28,002	28,002	2,468	21,719	6,691	30,878	(869)	77,063
Changes of items during the period									
Share-based payment								28	28
Dividends paid						(3,299)	(3,299)		(3,299)
Net income (loss)						2,807	2,807		2,807
Purchase of treasury stock								(200)	(200)
Net changes of items other than shareholders' equity									—
Total changes of items during the period	—	—	—	—	—	(491)	(491)	(171)	(663)
Balance at the end of current period	19,052	28,002	28,002	2,468	21,719	6,199	30,386	(1,040)	76,400

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	395	395	214	77,673
Changes of items during the period				
Share-based payment				28
Dividends paid				(3,299)
Net income (loss)				2,807
Purchase of treasury stock				(200)
Net changes of items other than shareholders' equity	161	161	(11)	150
Total changes of items during the period	161	161	(11)	(512)
Balance at the end of current period	557	557	203	77,161

Year ended March 31, 2017 (From April 1, 2016 to March 31, 2017)

(Millions of yen)

	Shareholders' equity								
	Capital stock	Capital surplus		Retained earnings				Treasury stock	Total shareholder s' equity
		Legal capital surplus	Total Capital surplus	Legal retained earnings	Other retained earnings		Total retained earnings		
					General reserve	Retained earnings brought forward			
Balance at the beginning of current period	19,052	28,002	28,002	2,468	21,719	6,199	30,386	(1,040)	76,400
Changes of items during the period									
Share-based payment								28	28
Dividends paid						(2,680)	(2,680)		(2,680)
Net income (loss)						965	965		965
Purchase of treasury stock								(0)	(0)
Net changes of items other than shareholders' equity									
Total changes of items during the period	—	—	—	—	—	(1,715)	(1,715)	28	(1,686)
Balance at the end of current period	19,052	28,002	28,002	2,468	21,719	4,484	28,671	(1,012)	74,713

	Valuation and translation adjustments		Subscription rights to shares	Total net assets
	Valuation difference on available -for-sale securities	Total valuation and translation adjustments		
Balance at the beginning of current period	557	557	203	77,161
Changes of items during the period				
Share-based payment				28
Dividends paid				(2,680)
Net income (loss)				965
Purchase of treasury stock				(0)
Net changes of items other than shareholders' equity	15	15	(58)	(42)
Total changes of items during the period	15	15	(58)	(1,729)
Balance at the end of current period	572	572	145	75,431

6. Others

(1) Executive Personnel Changes Expected on June 28, 2017

1) Change of Representative Director

None

2) Other Changes

1. New Appointing Directors

Name (Current Title)	New Title
Hirokazu Hamada (Executive Vice President, Measurement Business Group President, General Manager of Measurement Business Div. of the Company)	Director
Yuji Inoue (Director(Audit Committee Member) (Outside Director) of the Company / Outside Corporate Auditor of Ryohin Keikaku Co.,Ltd.)	Director (Outside Director)

2. New Appointing Directors elected as Audit Committee Member

Name (Current Title)	New Title
Norio Igarashi (Certified Public Accountant / Visiting Professor of Yokohama National University, Center for Economic Growth Strategy / Director(Audit Committee Member) (Outside Director) of Mitsubishi UFJ Securities Holdings)	Director (Audit Committee Member) (Outside Director)
Osamu Nagata (Senior Executive Officer, General Manager of Management Audit Dept. of the Company)	Director (Full-time Audit Committee Member)

3. Retiring Director

Name	Current Title
Teruaki Aoki	Director (Outside Director)
Sachiko Ichikawa	Director (Outside Director)
Yuji Inoue	Director (Audit Committee Member) (Outside Director)
Tomoyuki Kikugawa	Director (Full-time Audit Committee Member)

3) Expected New Order of Executive Personnel after Shareholder's Meeting:

1. Directors and Audit Committee Members

Representative Director, President	Hirokazu Hashimoto
Director	Toshisumi Taniai
Director	Akifumi Kubota
Director	Hirokazu Hamada
Director(Outside Director)	Takashi Sano
Director(Outside Director)	Yuji Inoue
Director(Audit Committee Member) (Outside Director)	Takaya Seki
Director(Audit Committee Member) (Outside Director)	Norio Igarashi
Director(Full-time Audit Committee Member)	Osamu Nagata

2. Executive Officers

President	Hirokazu Hashimoto (*)	Group CEO
Executive Vice President	Toshisumi Taniai (*)	Chief Corporate Officer, General Manager of Management Strategy Center, General Manager of Appliance Business Dept. Legal Dept., Infrastructure Business Dept.
Executive Vice President	Hirokazu Hamada (*)	Measurement Business Group President , General Manager of Measurement Business Div.
Senior Vice President	Takashi Seike	Chief Measurement Business Strategy Officer, Assistant General Manager of Measurement Business Div. General Manager of Measurement Business Strategy Div.
Senior Vice President	Akifumi Kubota (*)	Chief Financial Officer, Chief Information Officer, Accounting and Control Dept. Management Information System Dept. Corporate Communication Dept. Investor Relations Dept. Global Audit Dept.
Senior Vice President	Gerald Ostheimer	Measurement Business Group Vice President , Chief SA Business Officer, Chief EMEA Sales Officer, Managing Director of Anritsu EMEA Ltd. (U.K.), CEO & President of Anritsu A/S (Denmark)
Vice President	Yasunobu Hashimoto	Chief Japan Sales Officer, General Manager of Measurement Solution Sales Div.
Vice President	Wade Hulon	Chief Americas Business Officer, President & Treasurer of Anritsu U.S. Holding Inc. (U.S.A.), President of Anritsu Company (U.S.A.) General Manager of Service Infrastructure Solution. (U.S.A.)
Vice President	Toru Wakinaga	Chief APAC Sales Officer, General Manager of APAC Sales Center
Vice President	Yukihiro Takahashi	Chief Technology Officer, Chief New Business Development Officer, General Manager of Technical Headquarters. Business Originating Center
Vice President	Akio Takagi	Chief Environmental and Quality Officer, Chief Device Business Officer, General Manager of Device Development Center, Environment and Quality Promotion Dept., Device Sales Dept.
Vice President	Masumi Niimi	Products Quality Assurance Business Group President
Vice President	Ichiro Takeuchi	Chief Human Resource and Administration Officer, General Manager of Human Resource and Administration Dept. Trade Control Dept. Real Estate Administration.
Vice President	Hiroyuki Fujikake	Chief SCM Officer, General Manager of SCM Div., General Manager of Koriyama Business Office, Global Procurement and Logistics Div.
Vice President	Takeshi Shima	Chief Global Sales Officer, General Manager of Global Sales Center. General Manager of Global Business Development Dept. Global Operation Center.

(Note) Names marked as (*): Board Member

(2) Reference Information
Consolidated Quarterly Financial Highlights
Year ended March 31, 2016

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	23,647	25,372	23,177	23,334
Gross profit	12,676	13,093	12,170	11,034
Operating profit (loss)	1,530	1,706	1,939	721
Quarterly profit (loss) before tax	1,673	1,538	1,900	322
Quarterly profit (loss)	1,147	1,214	1,559	(153)
Quarterly profit (loss) attributable to owners of parent	1,143	1,214	1,554	(151)
Quarterly comprehensive income (loss)	2,533	(49)	1,727	(3,578)
				(Yen)
Quarterly basic earnings per share	8.32	8.84	11.32	(1.10)
Quarterly diluted earnings per share	8.32	8.84	11.32	(1.10)
				(Millions of yen)
Total assets	132,064	129,375	127,584	124,624
Total equity	79,549	79,329	79,421	75,862
				(Yen)
Equity attributable to owners of parent per share	578.44	577.65	578.29	552.26
				(Millions of yen)
Cash flows from operating activities	6,647	(190)	118	3,620
Cash flows from investing activities	(5,254)	(781)	(1,203)	(1,802)
Cash flows from financing activities	6,330	(2,218)	(1,664)	2
Net increase (decrease) in cash and cash equivalents	8,384	(3,859)	(2,744)	694
Cash and cash equivalents at end of period	43,300	39,441	36,697	37,391

Year ended March 31, 2017

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	20,283	20,911	21,068	25,374
Gross profit	10,214	9,444	10,324	12,486
Operating profit (loss)	727	141	799	2,564
Quarterly profit (loss) before tax	7	48	1,158	2,414
Quarterly profit (loss)	25	(104)	792	2,021
Quarterly profit (loss) attributable to owners of parent	6	(103)	795	1,999
Quarterly comprehensive income (loss)	(2,785)	(421)	4,056	2,423
				(Yen)
Quarterly basic earnings per share	0.04	(0.75)	5.80	14.56
Quarterly diluted earnings per share	0.04	(0.75)	5.80	14.56
				(Millions of yen)
Total assets	120,819	120,097	124,098	125,054
Total equity	71,438	71,020	74,052	76,485
				(Yen)
Equity attributable to owners of parent per share	519.77	516.73	538.83	556.40
				(Millions of yen)
Cash flows from operating activities	4,787	1,877	(313)	2,894
Cash flows from investing activities	(963)	(1,375)	(548)	(778)
Cash flows from financing activities	(1,663)	(14)	(1,044)	(35)
Net increase (decrease) in cash and cash equivalents	389	226	(43)	1,717
Cash and cash equivalents at end of period	37,781	38,008	37,964	39,682

Consolidated Quarterly Financial Position

Year ended March 31, 2016

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	132,064	129,375	127,584	124,624
Current assets	87,888	85,310	83,378	80,541
Non-current assets	44,176	44,064	44,205	44,082
Property, plant and equipment	27,658	27,981	27,888	27,738
Goodwill and intangible assets	2,814	2,943	3,111	3,209
Investment property	1,955	1,914	1,872	1,830
Other non-current assets	11,747	11,225	11,333	11,304
Liabilities	52,515	50,046	48,163	48,761
Current liabilities	30,623	25,067	23,102	21,550
Non-current liabilities	21,891	24,978	25,060	27,211
Equity	79,549	79,329	79,421	75,862
Common stock	19,052	19,052	19,052	19,052
Additional paid-in capital	28,217	28,206	28,218	28,220
Retained earnings	24,059	25,008	24,915	23,193
Treasury stock	(869)	(1,040)	(1,040)	(1,040)
Other components of equity	9,059	8,071	8,240	6,385
Non-controlling interests	30	30	35	51
Supplemental information: Interest-bearing debt	24,019	22,012	22,018	22,024

Year ended March 31, 2017

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	120,819	120,097	124,098	125,054
Current assets	77,478	76,301	80,108	82,421
Non-current assets	43,341	43,795	43,989	42,632
Property, plant and equipment	27,261	27,108	27,063	26,441
Goodwill and intangible assets	3,161	3,710	3,832	3,721
Investment property	1,789	1,747	1,705	1,664
Other non-current assets	11,129	11,229	11,387	10,805
Liabilities	49,380	49,076	50,045	48,568
Current liabilities	21,958	27,521	28,148	28,394
Non-current liabilities	27,422	21,554	21,897	20,174
Equity	71,438	71,020	74,052	76,485
Common stock	19,052	19,052	19,052	19,052
Additional paid-in capital	28,210	28,158	28,163	28,169
Retained earnings	21,544	21,495	21,262	24,394
Treasury stock	(1,012)	(1,012)	(1,012)	(1,012)
Other components of equity	3,574	3,256	6,520	5,794
Non-controlling interests	69	69	66	87
Supplemental information: Interest-bearing debt	22,030	22,035	22,041	22,026

Consolidated Quarterly Segment Information

Year ended March 31, 2016

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by segment	23,983	23,857	22,088	24,659
Test and Measurement	17,278	16,491	15,443	17,729
PQA	4,930	4,605	4,619	4,958
Others	1,774	2,761	2,024	1,971
Backlog by segment	20,020	18,505	17,417	17,810
Test and Measurement	14,707	13,404	12,013	13,787
PQA	4,230	3,240	3,472	3,181
Others	1,083	1,861	1,930	841
Revenue by segment	23,647	25,372	23,177	23,334
Test and Measurement	18,070	17,794	16,834	15,030
PQA	3,683	5,595	4,387	5,226
Others	1,893	1,982	1,955	3,078
Operating profit (loss) by segment	1,530	1,706	1,939	721
Test and Measurement	1,824	1,326	1,607	(52)
PQA	(3)	579	292	327
Others	(54)	33	93	502
Adjustment	(235)	(233)	(54)	(55)
Revenue by market	23,647	25,372	23,177	23,334
Japan	5,080	8,015	5,712	9,756
Americas	6,957	6,053	5,455	4,778
EMEA	3,635	3,432	3,976	2,493
Asia and Others	7,973	7,870	8,032	6,305

Year ended March 31, 2017

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by segment	20,945	20,722	21,957	25,309
Test and Measurement	14,504	12,755	14,927	17,253
PQA	4,502	5,245	4,765	6,108
Others	1,938	2,721	2,264	1,946
Backlog by segment	17,313	17,212	18,889	18,216
Test and Measurement	12,547	11,335	13,044	13,216
PQA	3,555	3,862	3,820	4,095
Others	1,211	2,014	2,024	904
Revenue by segment	20,283	20,911	21,068	25,374
Test and Measurement	14,632	13,836	14,177	16,686
PQA	4,106	5,129	4,624	5,727
Others	1,544	1,945	2,266	2,959
Operating profit (loss) by segment	727	141	799	2,564
Test and Measurement	733	(263)	278	1,382
PQA	133	385	113	670
Others	(109)	64	456	580
Adjustment	(29)	(44)	(48)	(68)
Revenue by market	20,283	20,911	21,068	25,374
Japan	5,272	7,439	6,720	9,906
Americas	5,113	4,596	5,045	4,877
EMEA	3,177	2,750	3,164	3,428
Asia and Others	6,719	6,125	6,138	7,162

(*1) PQA : Products Quality Assurance

(*2) EMEA : Europe, Middle East and Africa

Anritsu Corporation Supplement

1. Supplement of Trend of Results

(Millions of yen)

	Actual					Estimate
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Revenue	94,685	101,853	98,839	95,532	87,638	91,000
Change %	1.1%	7.6%	-3.0%	-3.3%	-8.3%	3.8%
Operating Profit (loss)	15,714	14,123	10,882	5,897	4,234	4,400
Change %	12.2%	-10.1%	-22.9%	-45.8%	-28.2%	3.9%
as % of Revenue	16.6%	13.9%	11.0%	6.2%	4.8%	4.8%
Profit (loss) before Taxes	16,139	14,239	11,591	5,434	3,628	4,200
Change %	23.3%	-11.8%	-18.6%	-53.1%	-33.2%	15.7%
as % of Revenue	17.0%	14.0%	11.7%	5.7%	4.1%	4.6%
Profit (loss)	13,888	9,318	7,874	3,767	2,734	3,000
Change %	74.2%	-32.9%	-15.5%	-52.2%	-27.4%	9.7%
as % of Revenue	14.7%	9.1%	8.0%	3.9%	3.1%	3.3%
Basic earnings per share	¥98.41	¥64.93	¥55.72	¥27.38	¥19.65	¥21.85
Orders	96,037	103,864	101,084	94,589	88,934	91,000
Change %	6.3%	8.2%	-2.7%	-6.4%	-6.0%	2.3%
Cash Flows from Operating Activities	11,771	13,792	7,582	10,195	9,246	9,500
Change %	-27.1%	17.2%	-45.0%	34.5%	-9.3%	2.7%
Free Cash Flows	6,740	8,480	1,533	1,153	5,581	6,000
Change %	-51.7%	25.8%	-81.9%	-24.8%	384.0%	7.5%
Capital Expenditures (* 1)	4,562	5,355	9,612	5,399	2,588	3,200
Change %	42.5%	17.4%	79.5%	-43.8%	-52.1%	23.6%
Depreciation (* 2)	2,562	2,863	3,186	3,736	3,935	4,200
Change %	3.8%	11.8%	11.3%	17.3%	5.3%	6.7%
R&D Expenses (* 3)	10,323	12,488	13,366	13,089	11,212	12,000
Change %	4.9%	21.0%	7.0%	-2.1%	-14.3%	7.0%
as % of Revenue	10.9%	12.3%	13.5%	13.7%	12.8%	13.2%
Number of Employees	3,771	3,880	3,926	3,846	3,788	-

(* 1) Capitalized development cost booked as intangible asset for the fiscal year is not included.

(* 2) Amortization of capitalized development cost is not included.

(* 3) R&D expenses are amounts of R&D investment including capitalized development cost.

Thus, these amounts do not agree the R&D expense booked on the consolidated statement of profit or loss and other comprehensive income.

(* 4) With an amendment of IAS19, FY2012 actual has been restated based on the revised accounting policies retrospectively.

2. Supplement of Quarterly Results

(Millions of yen)

	2015/Q1	2015/Q2	2015/Q3	2015/Q4	2016/Q1	2016/Q2	2016/Q3	2016/Q4
Revenue	23,647	25,372	23,177	23,334	20,283	20,911	21,068	25,374
Y o Y	6.7%	-1.8%	-2.8%	-13.6%	-14.2%	-17.6%	-9.1%	8.7%
Operating Profit	1,530	1,706	1,939	721	727	141	799	2,564
Y o Y	7.6%	-46.7%	-27.0%	-80.0%	-52.4%	-91.7%	-58.8%	255.5%
as % of Revenue	6.5%	6.7%	8.4%	3.1%	3.6%	0.7%	3.8%	10.1%
Profit before Tax	1,673	1,538	1,900	322	7	48	1,158	2,414
Y o Y	23.9%	-58.0%	-36.5%	-91.0%	-99.6%	-96.8%	-39.1%	649.2%
as % of Revenue	7.1%	6.1%	8.2%	1.4%	0.0%	0.2%	5.5%	9.5%
Profit	1,147	1,214	1,559	(153)	25	(104)	792	2,021
Y o Y	40.7%	-54.6%	-24.9%	-	-97.8%	-	-49.1%	-
as % of Revenue	4.9%	4.8%	6.7%	-0.7%	0.1%	-0.5%	3.8%	8.0%

(Millions of yen)

Upper : Revenue	2015/Q1	2015/Q2	2015/Q3	2015/Q4	2016/Q1	2016/Q2	2016/Q3	2016/Q4
Lower : Operating Profit								
Test and Measurement	18,070	17,794	16,834	15,030	14,632	13,836	14,177	16,686
	1,824	1,326	1,607	(52)	733	(263)	278	1,382
PQA	3,683	5,595	4,387	5,226	4,106	5,129	4,624	5,727
	(3)	579	292	327	133	385	113	670
Others	1,893	1,982	1,955	3,078	1,544	1,945	2,266	2,959
	(290)	(199)	39	447	(138)	20	408	511
Total Revenue	23,647	25,372	23,177	23,334	20,283	20,911	21,068	25,374
Total Operating Profit	1,530	1,706	1,939	721	727	141	799	2,564

(* 1) PQA : Products Quality Assurance

(* 2) "Others" contains "Others" and "Adjustment" of segment information.

3. Supplement of Segment Information

(1) Revenue by Segment

(Millions of yen)

	Actual					Estimate
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Test and Measurement	71,232	75,962	73,443	67,729	59,333	61,000
Y o Y	1.0%	6.6%	-3.3%	-7.8%	-12.4%	2.8%
PQA	14,439	16,919	16,198	18,891	19,588	21,500
Y o Y	1.7%	17.2%	-4.3%	16.6%	3.7%	9.8%
Others	9,014	8,970	9,198	8,910	8,716	8,500
Y o Y	1.7%	-0.5%	2.5%	-3.1%	-2.2%	-2.5%
Total	94,685	101,853	98,839	95,532	87,638	91,000
Y o Y	1.1%	7.6%	-3.0%	-3.3%	-8.3%	3.8%

(*) The name "PQA" has been changed from "Industrial Automation" since April 1, 2015 and it is also restated for the past fiscal years.

(2) Operating Profit by Segment

(Millions of yen)

	Actual					Estimate
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Test and Measurement	14,985	13,011	8,943	4,706	2,130	2,200
Y o Y	8.3%	-13.2%	-31.3%	-47.4%	-54.7%	3.3%
PQA	814	1,208	824	1,194	1,302	1,500
Y o Y	42.9%	48.3%	-31.8%	45.0%	9.0%	15.2%
Others	(86)	(96)	1,115	(3)	801	700
Y o Y	-	-	-	-	-	-12.6%
Total	15,714	14,123	10,882	5,897	4,234	4,400
Y o Y	12.2%	-10.1%	-22.9%	-45.8%	-28.2%	3.9%

(*) "Others" contains "Others" and "Adjustment" of segment information.

The name "PQA" has been changed from "Industrial Automation" since April 1, 2015 and it is also restated for the past fiscal years.

(*) With an amendment of IAS19, FY2012 actual has been restated based on the revised accounting policies retrospectively.

Assumed annual exchange rate: 1US\$=110 Yen

(3) Revenue by Markets

(Millions of yen)

	Actual					Estimate
	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
Japan	35,293	30,133	27,116	28,565	29,338	30,000
Y o Y	-4.4%	-14.6%	-10.0%	5.3%	2.7%	2.3%
Overseas	59,391	71,720	71,723	66,966	58,299	61,000
Y o Y	4.8%	20.8%	0.0%	-6.6%	-12.9%	4.6%
Americas	22,667	28,858	24,367	23,246	19,633	21,500
Y o Y	14.0%	27.3%	-15.6%	-4.6%	-15.5%	9.5%
EMEA	12,615	14,601	15,885	13,537	12,520	11,500
Y o Y	0.5%	15.7%	8.8%	-14.8%	-7.5%	-8.1%
Asia and others	24,107	28,260	31,470	30,182	26,145	28,000
Y o Y	-0.6%	17.2%	11.4%	-4.1%	-13.4%	7.1%
Total	94,685	101,853	98,839	95,532	87,638	91,000
Y o Y	1.1%	7.6%	-3.0%	-3.3%	-8.3%	3.8%

(*) EMEA : Europe, Middle East and Africa