

CONSOLIDATED FINANCIAL SUMMARY **FOR THE FIRST QUARTER ENDED JUNE 30, 2018** **(IFRS)**

July 30, 2018

Company Name: **ANRITSU CORPORATION**

Stock exchange listings: Tokyo

Securities code: 6754 URL: <https://www.anritsu.com>

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Quarterly statement filing date (as planned): August 13, 2018

Dividend payable date (as planned): -

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 first quarter ended June 30, 2018

(From April 1, 2018 to June 30, 2018)

(1) Consolidated Operating Results

(Note) Percentage figures indicate change from the same quarter a year ago.

	Revenue		Operating profit (loss)		Profit (loss) before tax		Profit (loss)		Profit (loss) attributable to owners of parent		Total comprehensive income	
For the three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June, 2018	20,964	7.9	1,630	-	1,752	-	1,699	-	1,690	-	2,097	745.0
June, 2017	19,424	-4.2	(162)	-	(163)	-	(210)	-	(222)	-	248	-

	Basic earnings per share	Diluted earnings per share
For the three months ended	Yen	Yen
June, 2018	12.31	12.30
June, 2017	(1.62)	(1.62)

(2) Consolidated Financial Positions

	Total assets	Total equity	Equity attributable to owners of parent	Equity attributable to owners of parent to total assets ratio
For the three months ended	Millions of yen	Millions of yen	Millions of yen	%
June, 2018	122,871	79,574	79,483	64.7
For the year ended March, 2018	121,190	78,313	78,230	64.6

2. Dividends

	Annual dividend				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
For the year ended	Yen	Yen	Yen	Yen	Yen
March, 2018	—	7.50	—	7.50	15.00
For the year ending March, 2019	—				
For the year ending March, 2019 (Forecast)		8.50	—	8.50	17.00

(Note) Correction of dividend forecast from the most recent dividend forecast: No

3. Consolidated Forecast for the year ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(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
Annual	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
	92,000	7.0	6,600	34.4	6,600	43.4	5,000	72.5	5,000	73.6	36.40

(Note) Correction of financial forecast from the most recent financial forecast: No

※ 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 : Yes

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)

Q1FY2018 (Jun. 30, 2018)	138,137,794	shares	FY2017 (Mar. 31, 2018)	138,134,794	shares
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2. Total number of treasury stock at the period end

Q1FY2018 (Jun. 30, 2018)	751,652	shares	FY2017 (Mar. 31, 2018)	777,659	shares
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3. Average number of issued shares during the period (quarterly period-YTD)

Q1FY2018 (Jun. 30, 2018)	137,364,340	shares	Q1FY2017 (Jun. 30, 2017)	137,316,081	shares
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This financial summary is not subject to audit by a certified public accountant or an audit corporation.

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. Consolidated Financial Results (3) Outlook for the Fiscal Year Ending March 31, 2019 at page 5.

•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 July 31, 2018.

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1. Consolidated Financial Results

(1) Operating Results

1) General Overview

	Three Months Ended June 30,		(Millions of yen)	
	2017	2018	Change	
Orders	20,159	22,595	2,435	12.1%
Backlog	18,837	22,689	3,852	20.4%
Revenue	19,424	20,964	1,539	7.9%
Operating profit (loss)	(162)	1,630	1,793	-
Profit (loss) before tax	(163)	1,752	1,915	-
Profit (loss)	(210)	1,699	1,910	-
Profit (loss) attributable to owners of parent	(222)	1,690	1,913	-

During the first-quarter of the fiscal year ending March 31, 2019, the global economy continued the expansion primarily in advanced countries, and Japan's economy showed a recovery buoyed by corporate profits and improvement in the employment situation. On the other hand, uncertainties increased due to confrontations of US-China trade friction and trade protectionism.

In the field of information and communication, mobile broadband services are growing both in terms of quality and quantity, and the volume of mobile data transmission is increasing rapidly, which is compelling the network infrastructure. In order to solve these issues, 4G mobile communications system is evolving continually to become LTE (Long-Term Evolution) and LTE-Advanced, and then LTE-Advanced Pro (Gigabit LTE). In addition, specification development of the next-generation 5G communications system is proceeding in 3GPP. The standardization of 5G NSA-NR finished in December, 2017 and the one of 5G SA-NR finished in June, 2018. All specifications of 5G main functions are set. As a result, major carriers worldwide have created a concrete roadmap for 5G commercialization. Accordingly, R&D investment of communication based semi-conductors for 5G commercialization is being set up. Amid such environment, the Measurement Business Group has focused on solution development for the 5G early stage investment demand as well as organizational infrastructure.

In the field of PQA (Product Quality Assurance), automation investment on processed foods production lines is underway, and demand is growing steadily for contaminant inspection using X-rays and quality guarantee toward packaging. Amid such environment, the PQA Group has worked to reinforce the competitiveness of its solutions focused on X-rays, as well as enhance and expand its global sales structure.

As a result, orders increased 12.1 percent compared with the same period of the previous fiscal year to 22,595 million yen, and revenue increased 7.9 percent to 20,964 million yen. Operating profit was 1,630 million yen, compared with operating loss of 162 million yen in the same period of the previous fiscal year, profit before tax was 1,752 million yen, compared with loss before tax of 163 million yen in the same period of the previous fiscal year. Profit was 1,699 million yen, compared with loss of 210 million yen in the same period of the previous fiscal year, profit attributable to owners of parent was 1,690 million yen, compared with loss attribute to owners of parent of 222 million yen in the same period of the previous fiscal year.

Also, due to revision of income tax payables related to the uncertainty of income taxes, income tax expense of our US subsidiaries decreased by approximately 500 million yen. As a result, income tax

expense for the cumulative first-quarter of the fiscal year ending March 31, 2019 increased 11.5 percent compared with the same period of the previous fiscal year to 52 million yen.

2) Overview by Segment

In order to evaluate each business segment more appropriately, headquarter administrative expenses that were included in general and administrative expenses for each business segment have been shifted to be included in company-wide expenses starting from the fiscal year ending March 31, 2019. These expenses from the previous fiscal year have been restated.

1. Test and Measurement

	Three Months Ended June 30,		(Millions of yen)	
	2017	2018	Change	
Revenue	13,050	14,388	1,338	10.3%
Operating profit (loss)	(487)	1,516	2,004	-

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 first-quarter of the fiscal year ending March 31, 2019, initial demand for measuring instruments for research and development of 5G with LTE-Advanced Pro related R&D investment has been picked up in the mobile market. Consequently, segment revenue increased 10.3 percent compared with the same period of the previous fiscal year to 14,388 million yen and operating profit was 1,516 million yen, compared with operating loss of 487 million yen in the same period of the previous fiscal year.

2. Products Quality Assurance

	Three Months Ended June 30,		(Millions of yen)	
	2017	2018	Change	
Revenue	4,678	4,898	220	4.7%
Operating profit (loss)	316	150	(165)	-52.5%

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.

In the cumulative first-quarter of the fiscal year ending March 31, 2019, against a backdrop of rising needs for automation due to the labor shortage, we are steadily continuing capital investment with the purpose of automating and strengthening quality assurance processes in the food product market both in Japan and overseas. Also investment was made for enhancing the overseas market expansion. As a result, segment revenue increased 4.7 percent compared with the same period of the previous fiscal year to 4,898 million yen and operating profit decreased 52.5 percent compared with the same period of the previous fiscal year to 150 million yen.

3. Others

	Three Months Ended June 30,		(Millions of yen)	
	2017	2018	Change	
Revenue	1,696	1,676	(19)	-1.1%
Operating profit (loss)	142	103	(38)	-27.2%

Information and Communications, Devices, Logistics, Welfare-related service, Leases on real estate, Corporate administration, Parts manufacturing and others. During the cumulative first-quarter of the fiscal year ending March 31, 2019, profit of device segment decreased compared with the same period of previous fiscal year. As a result, segment revenue decreased 1.1 percent compared with the same period of the previous fiscal year to 1,676 million yen, and operating profit decreased 27.2 percent compared with the same period of the previous fiscal year to 103 million yen.

(2) Financial Position

1) Assets, Liabilities and Equity

	(Millions of yen)		
	March 31, 2018	June 30, 2018	Change
Assets	121,190	122,871	1,681
Liabilities	42,876	43,296	420
Equity	78,313	79,574	1,261
<i>Interest-bearing debt</i>	15,944	16,460	515

Assets, liabilities and equity at the end of the first quarter were as follows.

1. Asset

Assets increased 1,681 million yen compared with the end of the previous fiscal year to 122,871 million yen. This was mainly due to increase of cash and cash equivalents, while decrease of trade and other receivables.

2. Liabilities

Total liabilities increased 420 million yen compared with the end of the previous fiscal year to 43,296 million yen. This was mainly due to increase of other payables in current liabilities, while decrease of employee benefits and income tax payables in current liabilities.

3. Equity

Equity increased 1,261 million yen compared with the end of the previous fiscal year to 79,574 million yen. This was mainly due to increase of retained earnings and other components of equity.

As a result, the equity attributable to owners of parent to total assets ratio was 64.7 percent, compared with 64.6 percent at the end of the previous fiscal year.

Interest-bearing debt, excluding lease obligations, was 16,460 million yen, compared with 15,944 million yen at the end of the previous fiscal year. The debt-to-equity ratio was 0.21, compared with 0.20 at the end of the previous fiscal year.

(Notes)

Equity attributable to owners of parent to total assets ratio: Equity attributable to owners of parent / Total asset

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

2) Summarized Cash Flows

	Three Months Ended June 30,		(Millions of yen)
	2017	2018	Change
Cash flows from operating activities	5,006	5,046	40
Cash flows from investing activities	(779)	(634)	145
Cash flows from financing activities	(1,045)	(523)	521
Cash and cash equivalents at end of period	43,051	39,408	(3,642)
<i>Free cash flow</i>	4,226	4,412	185

In the first quarter of the fiscal year ending March 31, 2019, cash and cash equivalents (hereafter, “net cash”) increased 3,955 million yen compared with the end of the previous fiscal year to 39,408 million yen.

Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was positive 4,412 million yen (compared with positive 4,226 million yen in the same period of the previous fiscal year).

Conditions and factors for each category of cash flow for the first quarter period were as follows.

1. *Cash Flows from Operating Activities*

Net cash provided by operating activities was 5,046 million yen (in the same period of the previous fiscal year, operating activities provided net cash of 5,006 million yen).

The cash increase was mainly due to reporting of profit before tax and decrease of trade and other receivables.

Depreciation and amortization was 1,066 million yen (increase of 6 million yen compared with the same period of the previous fiscal year).

2. *Cash Flows from Investing Activities*

Net cash used in investing activities was 634 million yen (in the same period of the previous fiscal year, investing activities used net cash of 779 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 523 million yen (in the same period of the previous fiscal year, financing activities provided net cash of 1,045 million yen). The cash decrease was due to the payment of cash dividends totaling 1,030 million yen (in the same period of the previous fiscal year, cash dividends was 1,029 million yen), on the other hand, the cash increase was due to the increase in short-term borrowings.

(3) Outlook for the Fiscal Year Ending March 31, 2019

The Anritsu Group has not changed the performance forecasts announced on April 26, 2018.

BUSINESS FORECAST FOR THE FISCAL YEAR ENDING MARCH 31, 2019

	(Millions of yen)
	FY2018
Revenue	92,000
Operating profit (loss)	6,600
Profit (loss) before tax	6,600
Profit (loss)	5,000
Profit (loss) attributable to owners of parent	5,000

Assumed annual exchange rate : 1US\$=105Yen

(Reference)

FORECAST OF SEGMENT INFORMATION

(Millions of yen)

	FY2017 From Apr. 1, 2017 To Mar. 31, 2018	FY2018 From Apr. 1, 2018 To Mar. 31, 2019	
			Change
Revenue by Segment			
Revenue	85,967	92,000	7.0%
Test and Measurement	54,433	60,000	10.2%
PQA	22,549	23,500	4.2%
Others	8,984	8,500	-5.4%
Operating Profit by Segment			
Operating Profit	4,912	6,600	34.4%
Test and Measurement	2,147	3,500	63.0%
PQA	1,969	2,000	1.5%
Others	795	1,100	38.3%
Revenue by Region			
Revenue	85,967	92,000	7.0%
Japan	29,753	31,500	5.9%
Overseas	56,213	60,500	7.6%
Americas	17,419	20,000	14.8%
EMEA	12,781	13,000	1.7%
Asia and Others	26,012	27,500	5.7%

(Notes)

PQA: Products Quality Assurance

EMEA: Europe, Middle East and Africa

Others contains "Others" and "Adjustment" of segment information.

Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

(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.

2. Condensed Quarterly Consolidated Financial Statements

(1) Condensed Quarterly Consolidated Statement of Financial Position

(Millions of yen)

	End of FY2017 as of 3.31.18 (A)	Q1 FY2018 as of 6.30.18 (B)	Change (B) - (A)
Assets			
Current assets			
Cash and cash equivalents	35,452	39,408	3,955
Trade and other receivables	21,474	19,872	(1,601)
Other financial assets	1,164	1,151	(13)
Inventories	18,236	18,861	625
Income tax receivables	128	168	40
Other assets	3,120	2,217	(903)
Total current assets	79,576	81,680	2,103
Non-current assets			
Property, plant and equipment	25,947	25,710	(237)
Goodwill and intangible assets	3,993	3,888	(104)
Investment property	1,463	1,422	(41)
Trade and other receivables	326	299	(27)
Other financial assets	2,747	2,971	224
Deferred tax assets	7,125	6,851	(273)
Other assets	9	47	37
Total non-current assets	41,613	41,191	(422)
Total assets	121,190	122,871	1,681

	(Millions of yen)		
	End of FY2017 as of 3.31.18 (A)	Q1 FY2018 as of 6.30.18 (B)	Change (B) - (A)
Liabilities and equity			
Liabilities			
Current liabilities			
Trade and other payables	7,998	7,440	(558)
Bonds and borrowings	4,467	4,979	512
Other financial liabilities	73	81	8
Income tax payables	2,352	1,370	(981)
Employee benefits	5,254	3,499	(1,755)
Provisions	323	383	60
Other liabilities	6,333	9,516	3,182
Total current liabilities	26,803	27,271	468
Non-current liabilities			
Trade and other payables	500	408	(91)
Bonds and borrowings	11,477	11,480	2
Other financial liabilities	153	151	(1)
Employee benefits	2,247	2,398	151
Provisions	108	108	0
Deferred tax liabilities	185	205	20
Other liabilities	1,400	1,271	(128)
Total non-current liabilities	16,073	16,025	(47)
Total liabilities	42,876	43,296	420
Equity			
Common stock	19,064	19,065	1
Additional paid-in capital	28,137	28,104	(33)
Retained earnings	26,254	27,118	863
Treasury stock	(987)	(964)	22
Other components of equity	5,761	6,159	398
Total equity attributable to owners of parent	78,230	79,483	1,252
Non-controlling interests	83	91	8
Total equity	78,313	79,574	1,261
Total liabilities and equity	121,190	122,871	1,681

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

(Millions of yen)

	FY2017 (3 months) From April 1, 2017 to June 30, 2017 (A)		FY2018 (3 months) From April 1, 2018 to June 30, 2018 (B)		Change (B) - (A)	
		%		%		%
Revenue	19,424	100.0	20,964	100.0	1,539	7.9
Cost of sales	10,303	53.0	10,171	48.5	(131)	-1.3
Gross profit	9,121	47.0	10,793	51.5	1,671	18.3
Other revenue and expenses						
Selling, general and administrative expenses	6,810	35.1	6,708	32.0	(101)	-1.5
Research and development expense	2,554	13.2	2,481	11.8	(72)	-2.8
Other income	93	0.5	47	0.2	(46)	-49.4
Other expenses	13	0.1	19	0.1	5	45.0
Operating profit (loss)	(162)	-0.8	1,630	7.8	1,793	-
Finance income	95	0.5	224	1.1	129	136.3
Finance expenses	96	0.5	103	0.5	7	7.8
Profit (loss) before tax	(163)	-0.8	1,752	8.4	1,915	-
Income tax expense	47	0.2	52	0.3	5	11.5
Profit (loss)	(210)	-1.1	1,699	8.1	1,910	-
Other comprehensive income						
Items that will not be reclassified to profit or loss						
Change of financial assets measured at fair value	176		155		(20)	
Total	176		155		(20)	
Items that may be reclassified subsequently to profit or loss						
Exchange differences on translation	282		242		(40)	
Total	282		242		(40)	
Total of other comprehensive income	458	2.4	398	1.9	(60)	-13.3
Comprehensive income	248	1.3	2,097	10.0	1,849	745.0
Profit (loss), attributable to :						
Owners of parent	(222)		1,690		1,913	
Non-controlling interests	11		8		(2)	
Total	(210)		1,699		1,910	
Comprehensive income attributable to :						
Owners of parent	236		2,088		1,852	
Non-controlling interests	11		8		(2)	
Total	248		2,097		1,849	
Earnings per share						
Basic earnings per share (Yen)	(1.62)		12.31		13.93	
Diluted earnings per share (Yen)	(1.62)		12.30		13.92	

(3) Condensed Quarterly Consolidated Statements of Changes in Equity

Three months ended June 30, 2017 (From April 1, 2017 to June 30, 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, 2017	19,052	28,169	24,394	(1,012)	5,794	76,398	87	76,485
Profit (loss)	—	—	(222)	—	—	(222)	11	(210)
Other comprehensive income	—	—	—	—	458	458	—	458
Total comprehensive income	—	—	(222)	—	458	236	11	248
Share-based payments	—	(15)	2	25	—	12	—	12
Dividends paid	—	—	(1,029)	—	—	(1,029)	—	(1,029)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Total transactions with owners and other transactions	—	(15)	(1,027)	25	—	(1,017)	(0)	(1,018)
Balance at June 30, 2017	19,052	28,153	23,144	(986)	6,253	75,617	97	75,715

Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(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, 2018	19,064	28,137	26,254	(987)	5,761	78,230	83	78,313
Adjustments due to changes in accounting policies	—	—	183	—	—	183	—	183
Balance at April 1, 2018 (restated)	19,064	28,137	26,438	(987)	5,761	78,414	83	78,497
Profit (loss)	—	—	1,690	—	—	1,690	8	1,699
Other comprehensive income	—	—	—	—	398	398	—	398
Total comprehensive income	—	—	1,690	—	398	2,088	8	2,097
Share-based payments	1	(33)	19	23	—	10	—	10
Dividends paid	—	—	(1,030)	—	—	(1,030)	—	(1,030)
Purchase of treasury stock	—	—	—	(0)	—	(0)	—	(0)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Total transactions with owners and other transactions	1	(33)	(1,011)	22	—	(1,019)	(0)	(1,020)
Balance at June 30, 2018	19,065	28,104	27,118	(964)	6,159	79,483	91	79,574

(4) Condensed Quarterly Consolidated Statements of Cash Flows

(Millions of yen)

	FY2017 (3 months) From April 1, 2017 to June 30, 2017 (A)	FY2018 (3 months) From April 1, 2018 to June 30, 2018 (B)	Change (B) - (A)
Cash flows from (used in) operating activities			
Profit (Loss) before tax	(163)	1,752	1,915
Depreciation and amortization expense	1,059	1,066	6
Interest and dividends income	(81)	(98)	(16)
Interest expenses	38	26	(12)
Loss (Gain) on disposal of property, plant and equipment	6	3	(2)
Decrease (Increase) in trade and other receivables	3,183	1,823	(1,359)
Decrease (Increase) in inventories	(1,139)	(383)	755
Increase (Decrease) in trade and other payables	311	(876)	(1,187)
Increase (Decrease) in employee benefits	(1,929)	(1,651)	278
Other, net	3,867	4,139	271
Sub Total	5,152	5,801	649
Interest received	37	52	14
Dividends received	43	46	2
Interest paid	(23)	(25)	(1)
Income taxes paid	(206)	(828)	(621)
Income taxes refund	2	0	(2)
Net cash flows from (used in) operating activities	5,006	5,046	40
Cash flows from (used in) investing activities			
Payments into time deposits	(37)	(38)	(0)
Proceeds from withdrawal of time deposits	37	37	0
Purchase of property, plant and equipment	(477)	(393)	83
Proceeds from sale of property, plant and equipment	0	10	9
Purchase of other financial assets	(0)	(0)	(0)
Proceeds from sale of other financial assets	0	0	0
Other, net	(302)	(249)	53
Net cash flows from (used in) investing activities	(779)	(634)	145
Cash flows from (used in) financing activities			
Net increase (decrease) in short-term borrowings	—	520	520
Dividends paid	(1,029)	(1,030)	(0)
Other, net	(15)	(13)	1
Net cash flows from (used in) financing activities	(1,045)	(523)	521
Effect of exchange rate change on cash and cash equivalents	187	67	(120)
Net increase (decrease) in cash and cash equivalents	3,368	3,955	587
Cash and cash equivalents at beginning of period	39,682	35,452	(4,229)
Cash and cash equivalents at end of period	43,051	39,408	(3,642)

(5) Notes to the Condensed Quarterly Consolidated Financial Statements

(Notes regarding Going Concern)

None

(Changes in Accounting Policies)

Significant accounting policies that the Group adopted in the condensed quarterly consolidated financial statements under review are the same as those that were adopted in the consolidated financial statements for the fiscal year ended March 31, 2018 except the followings.

Income tax expenses for the first-quarter of the fiscal year ending March 31, 2019 were determined using the estimated average annual effective income tax rate.

The Anritsu Group has adopted the following IFRSs from the fiscal year ending March 31, 2019.

Standard	Title	Subject of new standards/amendment
IFRS 9 (July 2014 revision)	Financial Instruments	Limited changes of classification of financial assets and introduction of an expected credit loss impairment model
IFRS 15	Revenue from Contracts with Customers	Provision of principles and guidance along with the expansion of disclosure items in respect of revenues from contracts with customers as well as associated issues

In accordance with the application of IFRS 9 (July 2014 revision), the Anritsu Group has changed its method to recognizing allowance for doubtful accounts by the expected credit loss model for recognition of impairment of financial assets measured at amortized cost.

This change has no significant impact on Anritsu Group's performance and financial conditions.

In accordance with IFRS 15, except for revenue including interest and dividends income, etc. under IFRS9 "Financial Instruments," revenue is recognized based on the following five-step approach.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when the entity satisfies a performance obligation

The Anritsu Group mainly sells products and software, and provides repair and support services incidental to those products and software in two businesses. In the Test and Measurement business, this includes measuring instruments and systems for communications applications, and service assurance. In the PQA business, this includes precision, high-speed auto checkweighers, automatic combination weighers and metal detectors, for the food, pharmaceutical and cosmetics industries.

We deem our performance obligations to be satisfied and recognize revenue from the sale of these products and software when the significant risks and economic value associated with the possession of goods have been transferred to the customer, because in the absence of ongoing involvement in the management of the goods, the customer acquires control over the goods.

The timing of the transfer of the risks and rewards of ownership of the goods varies according to the terms of individual sales agreements, and revenue is normally recognized at the time of delivery to the customer or on the shipment date.

We recognize revenue of repair and support service that came with the sales of products and software at the time or when the service is rendered over a period of time to customer.

For multiple element transactions in which we provide multiple deliverables such as products, software, or support services, if the respective components are identified as having separate performance obligations, we allocate the transaction price proportionally based on the standalone selling price, and recognize revenue for each performance obligation.

Because we allocated multiple element transactions according to the residual method in the previous accounting standards, there are differences in the recognition of revenue for some transactions.

Anritsu Group recognizes the cumulative effect of applying the new standard at the date of initial application, with no restatement of the comparative periods presented. It records the cumulative effect, the amount of 183 million yen as an adjustment to the opening balance of retained earnings at the date of initial application. Except for this adjustment, there is no material impact on the Group's performance from the application of this standard.

(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.

Inter segment revenue is measured based on market price.

In order to evaluate each business segment more appropriately, headquarter administrative expenses that were included in general and administrative expenses for each business segment have been shifted to be included in company-wide expenses starting from the fiscal year ending March 31, 2019. These expenses from previous fiscal year have been restated.

Three months ended June 30, 2017 (From April 1, 2017 to June 30, 2017)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 2)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	13,050	4,678	17,728	1,696	19,424	—	19,424
Inter segment	16	0	17	1,145	1,162	(1,162)	—
Total	13,066	4,679	17,746	2,841	20,587	(1,162)	19,424
Cost of sales, Other revenue and expenses	(13,554)	(4,363)	(17,917)	(2,698)	(20,616)	1,028	(19,587)
Operating profit (loss)	(487)	316	(171)	143	(28)	(134)	(162)
Finance income	—	—	—	—	—	—	95
Finance expenses	—	—	—	—	—	—	96
Profit (loss) before tax	—	—	—	—	—	—	(163)
Income tax expense	—	—	—	—	—	—	47
Profit (loss)	—	—	—	—	—	—	(210)

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

(Notes 2) : Adjustment of operating profit includes elimination of inter-segment transactions (9 million yen) and company-wide expenses not allocated to business segments (-143 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.

Three months ended June 30, 2018 (From April 1, 2018 to June 30, 2018)

(Millions of yen)

	Reportable segment			Others (Notes 1)	Total	Adjustment (Notes 2)	Consolidated
	Test and Measurement	PQA	Subtotal				
Revenue :							
External customers	14,388	4,898	19,287	1,676	20,964	—	20,964
Inter segment	26	0	27	955	982	(982)	—
Total	14,415	4,899	19,315	2,632	21,947	(982)	20,964
Cost of sales, Other revenue and expenses	(12,898)	(4,749)	(17,647)	(2,528)	(20,175)	842	(19,333)
Operating profit (loss)	1,516	150	1,667	103	1,771	(140)	1,630
Finance income	—	—	—	—	—	—	224
Finance expenses	—	—	—	—	—	—	103
Profit (loss) before tax	—	—	—	—	—	—	1,752
Income tax expense	—	—	—	—	—	—	52
Profit (loss)	—	—	—	—	—	—	1,699

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

(Notes 2) : Adjustment of operating profit includes elimination of inter-segment transactions (8 million yen) and company-wide expenses not allocated to business segments (-148 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.

3. Revenue by Region

(Millions of yen)

	FY2017 (3 months) From April 1, 2017 to June 30, 2017	FY2018 (3 months) From April 1, 2018 to June 30, 2018
Japan	5,495	5,685
Americas	4,382	6,046
<i>(United States)</i>	3,249	4,648
EMEA	3,127	2,920
Asia and Others	6,420	6,312
<i>(China)</i>	2,849	2,215
Total	19,424	20,964

(Notes 1) : Sales information is based on the geographical location of the customers, and it is classified by country or region.

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

3. Reference Information

Consolidated Quarterly Financial Highlights

Year ended March 31, 2018

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	19,424	21,265	21,568	23,709
Gross profit	9,121	10,337	11,102	11,382
Operating profit (loss)	(162)	736	2,093	2,245
Quarterly profit (loss) before tax	(163)	641	2,159	1,964
Quarterly profit (loss)	(210)	410	1,276	1,422
Quarterly profit (loss) attributable to owners of parent	(222)	415	1,271	1,415
Quarterly comprehensive income	248	954	1,789	862
				(Yen)
Quarterly basic earnings per share	(1.62)	3.03	9.26	10.31
Quarterly diluted earnings per share	(1.62)	3.03	9.26	10.30
				(Millions of yen)
Total assets	125,729	121,036	120,928	121,190
Total equity	75,715	76,675	77,426	78,313
				(Yen)
Equity attributable to owners of parent per share	550.59	557.62	563.20	569.54
				(Millions of yen)
Cash flows from operating activities	5,006	970	(1,817)	3,787
Cash flows from investing activities	(779)	(718)	(707)	(1,726)
Cash flows from financing activities	(1,045)	(6,014)	(1,038)	(102)
Net increase (decrease) in cash and cash equivalents	3,368	(5,525)	(3,317)	1,244
Cash and cash equivalents at end of period	43,051	37,525	34,208	35,452

Year ending March 31, 2019

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
				(Millions of yen)
Revenue	20,964	—	—	—
Gross profit	10,793	—	—	—
Operating profit (loss)	1,630	—	—	—
Quarterly profit (loss) before tax	1,752	—	—	—
Quarterly profit (loss)	1,699	—	—	—
Quarterly profit (loss) attributable to owners of parent	1,690	—	—	—
Quarterly comprehensive income	2,097	—	—	—
				(Yen)
Quarterly basic earnings per share	12.31	—	—	—
Quarterly diluted earnings per share	12.30	—	—	—
				(Millions of yen)
Total assets	122,871	—	—	—
Total equity	79,574	—	—	—
				(Yen)
Equity attributable to owners of parent per share	578.54	—	—	—
				(Millions of yen)
Cash flows from operating activities	5,046	—	—	—
Cash flows from investing activities	(634)	—	—	—
Cash flows from financing activities	(523)	—	—	—
Net increase (decrease) in cash and cash equivalents	3,955	—	—	—
Cash and cash equivalents at end of period	39,408	—	—	—

Consolidated Quarterly Financial Position

Year ended March 31, 2018

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	125,729	121,036	120,928	121,190
Current assets	83,033	78,406	78,920	79,576
Non-current assets	42,695	42,630	42,008	41,613
Property, plant and equipment	26,221	25,958	25,498	25,947
Goodwill and intangible assets	3,814	3,953	3,954	3,993
Investment property	1,622	1,547	1,505	1,463
Other non-current assets	11,036	11,170	11,048	10,208
Liabilities	50,014	44,361	43,502	42,876
Current liabilities	29,687	26,965	25,753	26,803
Non-current liabilities	20,326	17,395	17,748	16,073
Equity	75,715	76,675	77,426	78,313
Common stock	19,052	19,053	19,054	19,064
Additional paid-in capital	28,153	28,110	28,122	28,137
Retained earnings	23,144	23,608	23,850	26,254
Treasury stock	(986)	(986)	(987)	(987)
Other component of equity	6,253	6,797	7,309	5,761
Non-controlling interests	97	92	76	83
Supplemental information: Interest-bearing debt	22,032	16,037	16,041	15,944

Year ending March 31, 2019

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Assets	122,871	—	—	—
Current assets	81,680	—	—	—
Non-current assets	41,191	—	—	—
Property, plant and equipment	25,710	—	—	—
Goodwill and intangible assets	3,888	—	—	—
Investment property	1,422	—	—	—
Other non-current assets	10,169	—	—	—
Liabilities	43,296	—	—	—
Current liabilities	27,271	—	—	—
Non-current liabilities	16,025	—	—	—
Equity	79,574	—	—	—
Common stock	19,065	—	—	—
Additional paid-in capital	28,104	—	—	—
Retained earnings	27,118	—	—	—
Treasury stock	(964)	—	—	—
Other component of equity	6,159	—	—	—
Non-controlling interests	91	—	—	—
Supplemental information: Interest-bearing debt	16,460	—	—	—

Consolidated Quarterly Segment Information

Year ended March 31, 2018

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by Segment	20,159	22,542	21,512	24,328
Test and Measurement	12,400	14,175	13,416	16,647
PQA	5,397	6,146	5,621	5,590
Others	2,361	2,220	2,474	2,090
Backlog by Segment	18,837	20,198	20,465	21,130
Test and Measurement	12,477	13,398	13,423	15,931
PQA	4,842	4,966	5,198	4,270
Others	1,518	1,834	1,843	928
Revenue by Segment	19,424	21,265	21,568	23,709
Test and Measurement	13,050	13,329	13,736	14,317
PQA	4,678	6,030	5,393	6,447
Others	1,696	1,906	2,438	2,943
Operating profit (loss) by Segment	(162)	736	2,093	2,245
Test and Measurement	(487)	48	1,330	1,256
PQA	316	595	425	632
Others	142	227	518	569
Adjustment	(134)	(134)	(181)	(213)
Revenue by Region	19,424	21,265	21,568	23,709
Japan	5,495	7,778	6,341	10,139
Americas	4,382	4,025	5,085	3,925
EMEA	3,127	3,168	3,244	3,241
Asia and Others	6,420	6,291	6,897	6,403

Year ending March 31, 2019

(Millions of yen)

	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Orders by Segment	22,595	—	—	—
Test and Measurement	14,579	—	—	—
PQA	5,726	—	—	—
Others	2,289	—	—	—
Backlog by Segment	22,689	—	—	—
Test and Measurement	15,964	—	—	—
PQA	5,147	—	—	—
Others	1,577	—	—	—
Revenue by Segment	20,964	—	—	—
Test and Measurement	14,388	—	—	—
PQA	4,898	—	—	—
Others	1,676	—	—	—
Operating profit (loss) by Segment	1,630	—	—	—
Test and Measurement	1,516	—	—	—
PQA	150	—	—	—
Others	103	—	—	—
Adjustment	(140)	—	—	—
Revenue by Region	20,964	—	—	—
Japan	5,685	—	—	—
Americas	6,046	—	—	—
EMEA	2,920	—	—	—
Asia and Others	6,312	—	—	—

(*1) PQA : Products Quality Assurance

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

(*3) Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

Anritsu Corporation Supplement

1. Supplement of Trend of Results

(Millions of yen)

	Actual					Forecast
	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Revenue	101,853	98,839	95,532	87,638	85,967	92,000
Change %	7.6%	-3.0%	-3.3%	-8.3%	-1.9%	7.0%
Operating profit (loss)	14,123	10,882	5,897	4,234	4,912	6,600
Change %	-10.1%	-22.9%	-45.8%	-28.2%	16.0%	34.4%
as % of Revenue	13.9%	11.0%	6.2%	4.8%	5.7%	7.2%
Profit (loss) before taxes	14,239	11,591	5,434	3,628	4,602	6,600
Change %	-11.8%	-18.6%	-53.1%	-33.2%	26.8%	43.4%
as % of Revenue	14.0%	11.7%	5.7%	4.1%	5.4%	7.2%
Profit (loss)	9,318	7,874	3,767	2,734	2,898	5,000
Change %	-32.9%	-15.5%	-52.2%	-27.4%	6.0%	72.5%
as % of Revenue	9.1%	8.0%	3.9%	3.1%	3.4%	5.4%
Basic earnings per share	¥64.93	¥55.72	¥27.38	¥19.65	¥20.97	¥36.40
Orders	103,864	101,084	94,589	88,934	88,542	92,000
Change %	8.2%	-2.7%	-6.4%	-6.0%	-0.4%	3.9%
Cash flows from operating activities	13,792	7,582	10,195	9,246	7,946	12,100
Change %	17.2%	-45.0%	34.5%	-9.3%	-14.1%	52.3%
Free cash flows	8,480	1,533	1,153	5,581	4,014	8,300
Change %	25.8%	-81.9%	-24.8%	384.0%	-28.1%	106.8%
Capital expenditures (* 1)	5,355	9,612	5,399	2,588	3,430	3,500
Change %	17.4%	79.5%	-43.8%	-52.1%	32.5%	2.0%
Depreciation (* 2)	2,863	3,186	3,736	3,935	3,964	4,100
Change %	11.8%	11.3%	17.3%	5.3%	0.7%	3.4%
R&D expenses (* 3)	12,488	13,366	13,089	11,212	10,556	11,400
Change %	21.0%	7.0%	-2.1%	-14.3%	-5.9%	8.0%
as % of Revenue	12.3%	13.5%	13.7%	12.8%	12.3%	12.4%
Number of Employees	3,880	3,926	3,846	3,788	3,717	-

(* 1) Capitalized development cost booked as intangible asset 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.

2. Supplement of Quarterly Results

(Millions of yen)

	2017/Q1	2017/Q2	2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Revenue	19,424	21,265	21,568	23,709	20,964	—	—	—
Y o Y	-4.2%	1.7%	2.4%	-6.6%	7.9%	-	-	-
Operating profit	(162)	736	2,093	2,245	1,630	—	—	—
Y o Y	-	418.6%	161.9%	-12.4%	-	-	-	-
as % of Revenue	-0.8%	3.5%	9.7%	9.5%	7.8%	-	-	-
Profit before tax	(163)	641	2,159	1,964	1,752	—	—	—
Y o Y	-	-	86.5%	-18.7%	-	-	-	-
as % of Revenue	-0.8%	3.0%	10.0%	8.3%	8.4%	-	-	-
Profit	(210)	410	1,276	1,422	1,699	—	—	—
Y o Y	-	-	61.0%	-29.6%	-	-	-	-
as % of Revenue	-1.1%	1.9%	5.9%	6.0%	8.1%	-	-	-

(Millions of yen)

Upper : Revenue	2017/Q1	2017/Q2	2017/Q3	2017/Q4	2018/Q1	2018/Q2	2018/Q3	2018/Q4
Lower : Operating profit								
Test and Measurement	13,050	13,329	13,736	14,317	14,388	—	—	—
	(487)	48	1,330	1,256	1,516	—	—	—
PQA	4,678	6,030	5,393	6,447	4,898	—	—	—
	316	595	425	632	150	—	—	—
Others	1,696	1,906	2,438	2,943	1,676	—	—	—
	8	92	337	356	(36)	—	—	—
Total revenue	19,424	21,265	21,568	23,709	20,964	—	—	—
Total operating profit	(162)	736	2,093	2,245	1,630	—	—	—

(* 1) PQA : Products Quality Assurance

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

(* 3) Way to allot headquarter administrative expenses to each business segment changed from the year ending March 31, 2019 and figures of operating profit for the year ended March 31, 2018 are restated.

3. Supplement of Segment Information

(1) Revenue by Segment

(Millions of yen)

	Actual					Forecast
	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Test and Measurement	75,962	73,443	67,729	59,333	54,433	60,000
Y o Y	6.6%	-3.3%	-7.8%	-12.4%	-8.3%	10.2%
PQA	16,919	16,198	18,891	19,588	22,549	23,500
Y o Y	17.2%	-4.3%	16.6%	3.7%	15.1%	4.2%
Others	8,970	9,198	8,910	8,716	8,984	8,500
Y o Y	-0.5%	2.5%	-3.1%	-2.2%	3.1%	-5.4%
Total	101,853	98,839	95,532	87,638	85,967	92,000
Y o Y	7.6%	-3.0%	-3.3%	-8.3%	-1.9%	7.0%

(*) 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					Forecast
	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Test and Measurement	13,011	8,943	4,706	2,130	2,147	3,500
Y o Y	-13.2%	-31.3%	-47.4%	-54.7%	0.8%	63.0%
PQA	1,208	824	1,194	1,302	1,969	2,000
Y o Y	48.3%	-31.8%	45.0%	9.0%	51.2%	1.5%
Others	(96)	1,115	(3)	801	795	1,100
Y o Y	-	-	-	-	-0.8%	38.3%
Total	14,123	10,882	5,897	4,234	4,912	6,600
Y o Y	-10.1%	-22.9%	-45.8%	-28.2%	16.0%	34.4%

Assumed annual exchange rate : 1US\$=105 Yen

(3) Revenue by Region

(Millions of yen)

	Actual					Forecast
	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3
Japan	30,133	27,116	28,565	29,338	29,753	31,500
Y o Y	-14.6%	-10.0%	5.3%	2.7%	1.4%	5.9%
Overseas	71,720	71,723	66,966	58,299	56,213	60,500
Y o Y	20.8%	0.0%	-6.6%	-12.9%	-3.6%	7.6%
Americas	28,858	24,367	23,246	19,633	17,419	20,000
Y o Y	27.3%	-15.6%	-4.6%	-15.5%	-11.3%	14.8%
EMEA	14,601	15,885	13,537	12,520	12,781	13,000
Y o Y	15.7%	8.8%	-14.8%	-7.5%	2.1%	1.7%
Asia and Others	28,260	31,470	30,182	26,145	26,012	27,500
Y o Y	17.2%	11.4%	-4.1%	-13.4%	-0.5%	5.7%
Total	101,853	98,839	95,532	87,638	85,967	92,000
Y o Y	7.6%	-3.0%	-3.3%	-8.3%	-1.9%	7.0%

(*) EMEA : Europe, Middle East and Africa