

## 1st Quarter of FY2012 Financial Results Q&A Summary

### 【Business conditions】

**Q: How were the actual Q1 results in contrast with the planned results?**

**A:** Q1 saw the overseas markets perform well, especially in Asia, in addition to stronger-than-expected demand in smartphone-related investment in the Japanese market. Although Q1 results rose in the short run, we expect the full-year forecast to be on track with the initial plan.

**Q: Please tell us about the 3G/LTE composition ratio and proportion for applications in development/manufacturing within the Mobile Measurement Business.**

**A:** About 50% of the T&M Business Q1 sales are for the mobile market; within that, the proportion for development applications and manufacturing applications is roughly about half each. While development applications are centered on LTE, 3G is at the core of manufacturing applications, which also partly include LTE.

### 【Current outlook】

**Q: Are there any changes in the trends for Q2 business orders?**

**A:** There are no major changes we've noted in July for Q1 business orders, and we are likely to see orders settle from August onwards by various factors including seasonality and others.

**Q: Will production capacity be able to cope with any rise in orders?**

**A:** At this point, we don't think there will be any problem keeping up with an increase in orders.

**Q: How will you look at quarterly operating margin based on IFRS standards from Q2 onwards?**

**A:** We are setting our targets on a full-year base rather than a quarterly one, and have set a goal of 20% operating margin for the T&M Business.

### 【Business environment/Market trends】

**Q: Could you explain about the global development in LTE and outlook for the LTE Measurement Business?**

**A:** The number of telecommunications carriers that are commercializing LTE is increasing, and in addition to FDD-LTE, we believe that the introduction of TDD-LTE will begin in earnest from hereon. As such, we can expect mid- to long-term growth in the LTE-related measurement business. Meanwhile, we don't foresee there to be any major changes in the overall scale of business, as the shift from 3G to LTE is also moving ahead.

**Q: Please elaborate on the current state and outlook for LTE Advanced.**

**A:** Development has started, and we are proceeding ahead while sharing a development roadmap with our customers. Inquiries are starting to increase compared to a year ago; we can expect to see the emergence of full-fledged demand from next year onwards.

**Q: It seems that competitors are starting to enter the LTE development market; are you seeing any changes in the competitive environment as a result of this?**

**A:** At present we haven't noticed any sudden changes in the competitive environment, but we are keeping a close eye on the movements of our competitors.

**Q: Could you explain about the growth capacity of the tester used for developing smartphone applications and any entry barriers against competitors?**

The tester used for developing applications is a measurement device to test various aspects of smartphones, such as battery consumption and data throughput. We are receiving a healthy number of inquiries mainly from the Japanese market, and will develop the tester as one of our main instruments going forward. While it is possible that competitors may also be able to produce the same type of instruments in terms of technology, it's important to build customer relations by providing support in areas such as proposal capability in making the testing environment more efficient. We think Anritsu leads the other companies on that point.

**【Others】**

**Q: As cash continues to accumulate, please tell us the Company's stance on returns to shareholders.**

Our dividend policy is based on raising the Dividend on Equity (DOE) rate. Although applying IFRS means that net assets will fall, we are targeting a level of around 4-5%.  
As for cash, we will allocate funds towards strengthening our business infrastructure by investing to enhance production capacity as well as in other areas, and reducing the amount of interest-bearing debt.

**Q: Did seasonal factors play a part in the low Q4 profit rate last year on an IFRS base? (refer to slide 9 of the presentation)**

The extraordinary loss of approximately 2.2 billion yen in Japanese standards in Q4 last year was included in an operating expense on an IFRS base, and this was a factor in pushing down operating income. We don't expect to post such an expense in the current period.