

## 2nd Quarter of FY2013 Financial Results Q&A Summary

### [FY2013 Q2 results and full year outlook]

**Q: Although the Company leaves the full year outlook unchanged, what's the background to the forecast of a substantial rise in profit in H2?**

We are strongly anticipating mobile R&D-related demand, primarily in North America, as there are numerous development areas such as the full-fledged development of TD-LTE and LTE-

**A:** Advanced, etc. Even though there is some risk from the capital investment trends of customers, we are expecting improvement in profitability based on expanding revenue and our product mix.

**Q: The Company has been strategically increasing its number of customer support staff since last year; do you forecast this to continue in the future?**

**A:** We intend to strengthen support for projects that can lead to mid-to-long term business expansion.

**Q: Did the contraction in the Japanese market bottom out in H1? Do you anticipate a recovery in H2?**

Although we consider H1 levels in the Japanese market to be at the bottom, we don't assume

**A:** a rapid recovery. There is some risk from the capital investment trends of customers, but we expect H1 trends to continue into Q3.

**Q: The Company's gross margin improved in Q2; can we expect the same level to continue into H2 as well?**

Improved gross profit in Q2 from business expansion in the network infrastructure field and mobile R&D field in North America contributed to our operating profit.

**A:** However, competition is intensifying with price pressure from customers and a growing need for labor-saving in T&M. Although it won't be easy to maintain the gross margin, we forecast numerous business projects in H2 and so we are expecting improved profit through the effect of number of orders.

**Q: What is the Company's view on the risks associated with a possible delay in TD-LTE license approval in China, which is anticipated to be completed in H2?**

**A:** A delay in license approval may impact our businesses, mainly in mobile manufacturing business. However, TD-LTE is expected to expand globally, not only in China. Therefore, it is difficult to assume a sudden stall in customer development and any major impact on the demand for mobile development due to a delay in obtaining approval in China.