

**Tera Probe Reports Financial Results
for the First Quarter FY2014**

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**Consolidated Financial Results(Japanese Accounting Standards)
for the First Quarter FY2014(Ended June 30,2014)**

Jul 29,2014

Company name	Tera Probe, Inc.	Stock Exchange listing	Tokyo Stock Exchange
Stock code	6627	URL	http://www.teraprobe.com/
Representative	Yuichiro Watanabe, CEO		
Contact	Kazuhito Kanbe, CFO	(TEL)	045(476)5711
Scheduled date of commencement of dividend payment			—
Scheduled date for filing of quarterly report			August 8,2014
Supplementary documents	: Yes		
Financial results briefing:	None		

(Amounts less than one million yen are rounded down to zero)

1. Consolidated Financial Results for the First Quarter of FY2014 (April 1, 2014 – June 30)

(1) Consolidated Results of Operations

(Percentages show year-on year changes)

	Net sales		Operating income		Ordinary income		Net income	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1Q FY 2014	5,028	-1.3	33	-	28	-	-106	-
1Q FY 2013	5,092	-16.8	-207	-	-257	-	-202	-

(Note)Comprehensive income: 14 million yen(-%) for the 1Q FY2014
-7 million yen(-%) for the 1Q FY2013

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
1Q FY 2014	-11.44	—
1Q FY 2013	-21.76	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1Q FY 2014	33,566	22,834	60.6	2,192.09
FY 2013	33,514	22,671	60.5	2,185.93

(Reference) Shareholders' equity: The 1Q FY2014: 20,347 million yen
The FY2013: 20,290 million yen

2. Dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY 2013	—	0.00	—	0.00	0.00
FY 2014	—				

3. Consolidated Earnings Forecast for the First Half of FY2014 (April 1, 2014-September 31, 2014)

The market environment in the semiconductor industry is characterized by short-term changes, which makes creation of a one-year business earnings forecast difficult. Therefore, in regard to Tera Probe's consolidated business outlook the company is only making available a forecast for the following quarter.

Since creation of a full-term forecast is also difficult Tera Probe has omitted a dividend forecast.

The forecast for the First Half of FY 2014 is as follows:

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
1H FY 2014	10,400	-3.6	350	400.0	330	573.5	50	47.1	5.39

Notes

(1) Changes of important subsidiaries during the quarter(changes involving particular subsidiaries in accordance with changes in the scope of consolidation) : None

(2) Quarterly consolidated financial statements created using special accounting methods: : Yes

(3) Changes in accounting policies, changes in accounting estimates, restatements

- (i) Changes in accounting policies caused by revision of accounting standards: Yes
- (ii) Changes in accounting policies other than (i): None
- (iii) Changes in accounting estimates: None
- (iv) Restatement: None

(4) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period(including treasury stock)	1Q FY 2014	9,282,500 shares	FY 2013	9,282,500 shares
(ii) Number of treasury stock at end of period	1Q FY 2014	83shares	FY 2013	83shares
(iii) Average number of shares outstanding during the period	1Q FY 2014	9,282,417 shares	1Q FY 2013	9,282,459 shares

***Notice concerning implementation of quarterly reviewing procedures**

This quarterly earnings report is outside the jurisdiction of reviewing procedures outlined in the Financial Instruments and Exchange Law. The Law's reviewing procedures remained incomplete at the time this report was announced.

***Explanations and other special notes concerning the appropriate use of business results forecasts**

Forward-looking statements such as business result forecasts included in this document are based on information available to Tera Probe at the time of the announcement of this document and on certain assumptions considered reasonable and do not represent promises made by the company. Actual results may differ materially from those expressed herein.

1. Quarterly Consolidated Financial Statements
 (1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	End of previous fiscal year (As of March 31, 2013)	End of first quarter of the fiscal year under review (As of June 30, 2014)
Assets		
Current assets		
Cash and deposits	2,782,585	4,596,289
Notes and accounts receivable-trade	3,708,986	3,900,952
Securities	5,799,587	4,899,709
Finished goods	11,883	17,699
Work in process	250,789	253,056
Raw materials and supplies	125,854	123,322
Others	1,140,810	528,705
Total current assets	13,820,497	14,319,736
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	12,899,946	12,007,781
Others, net	5,317,528	6,181,298
Total property, plant and equipment	18,217,475	18,189,080
Intangible assets	479,413	458,836
Investments and other assets		
Others	1,227,019	599,007
Allowance for doubtful accounts	(230,007)	(103)
Total Investments and other assets	997,012	598,904
Total noncurrent assets	19,693,901	19,246,821
Total assets	33,514,398	33,566,557
Liabilities		
Current liabilities		
Notes and accounts payable-trade	852,909-	838,416
Short-term loans payable	1,895,503-	967,660
Lease obligations	2,534,961	2,638,888
Income taxes payable	105,361	118,513
Provision	587,863	427,360
Others	1,709,531	1,351,214
Total current liabilities	7,686,128	6,342,054
Noncurrent liabilities		
Long-term loans payable	-	1,817,505
Lease obligations	2,196,232	1,793,629
Net defined benefit liability	338,580	205,684
Others	621,806	573,398
Total non-current liabilities	3,156,619	4,390,217
Total liabilities	10,842,748	10,732,271

(Thousand yen)

	End of fiscal year (As of March 31,2013)	End of first quarter of the fiscal year under review (As of June 30,2014)
Net assets		
Shareholders' equity		
Capital stock	11,823,312	11,823,312
Capital surplus	11,380,267	11,380,267
Retained earnings	(2,996,890)	(2,955,142)
Treasury shares	(62)	(62)
Total shareholders' equity	20,206,627	20,248,375
Accumulated other comprehensive income		
Foreign currency translation adjustment	122,852	135,021
Remeasurements of defined benefit plans	(38,769)	(35,520)
Total accumulated other comprehensive income	84,083	99,501
Minority interests	2,380,939	2,486,408
Total net assets	22,671,650	22,834,285
Total liabilities and net assets	33,514,398	33,566,557

(2) Quarterly Consolidated Statements of Income and Comprehensive Income
(First three-months period)

(Thousand yen)

	First three-month period of previous fiscal year (April 1,2013 - June 30,2013)	First three-month period of the fiscal year under review (April 1,2014 - June 30,2014)
Net sales	5,092,640	5,028,873
Cost of sales	4,783,010	4,463,033
Gross profit	309,630	565,840
Selling, general and administrative expenses	517,407	532,685
Operating income(loss)	(207,776)	33,154
Non-operating income		
Interest income	1,813	1,956
Foreign exchange gains	4,172	4,993
Rent income on facilities	9,024	14,388
Reversal of allowance of doubtful accounts	-	19,787
Other	4,213	4,935
Total non-operating income	19,224	46,060
Non-operating expenses		
Interest expenses	35,243	27,741
Other	33,759	23,239
Total non-operating expenses	69,003	50,980
Ordinary income(loss)	(257,555)	28,234
Extraordinary income		
Gain on sales of noncurrent assets	388	2,368
Total extraordinary income	388	2,368
Extraordinary expenses		
Loss on sales of noncurrent assets	960	-
Loss on retirement of non-current assets	-	367
Total extraordinary losses	960	367
Income(loss) before income taxes and minority interests	(258,127)	30,236
Income taxes	(38,784)	42,614
Loss before minority interests	(219,343)	(12,378)
Minority interests in income(loss)	(17,339)	93,776
Net income	(202,004)	(106,154)
Minority interests in income(loss)	(17,339)	93,776
Loss before minority interests	(219,343)	(12,378)
Other comprehensive income		
Foreign currency translation adjustment	212,281	23,862
Remeasurements of defined benefit plans, net of tax	-	3,248
Total other comprehensive income	212,281	27,111
Comprehensive income	(7,062)	14,732
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(93,741)	(90,736)
Comprehensive income attributable to minority interests	86,678	105,468

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	First three-month period of previous fiscal year (April 1,2013 – June 30,2013)	First three-month period of the fiscal year under review (April 1,2014 – June 30,2014)
Cash flows from operating activities		
Income(loss) before income taxes and minority interests	(258,127)	30,236
Depreciation	2,137,949	1,514,264
Increase (decrease) in allowance for doubtful accounts	(23)	(229,903)
Increase (decrease) in net defined benefit liability	-	15,006
Increase (decrease) in provision	(164,279)	(160,971)
Interest income	(1,813)	(1,956)
Interest expenses	35,243	27,741
Rental	(9,024)	(14,388)
Loss (gain) on sales and retirement of non- current assets	572	(2,001)
Decrease (increase) in notes and accounts receivable-trade	(14,303)	(186,848)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	-	636,709
Decrease (increase) in inventories	2,132	(5,329)
Increase (decrease) in notes and accounts payable-trade	1,005,422	(14,593)
Decrease (increase) in other current assets	(759,839)	(42,367)
Increase (decrease) in other current liabilities	83,914	254,574
Increase (decrease) in other noncurrent liabilities	(697)	(59,106)
Others, net	(19,649)	21,200
Subtotal	2,037,474	1,782,266
Interest income received	1,807	1,954
Interest expenses paid	(35,243)	(27,741)
Proceeds from subsidy income	-	409,711
Income taxes paid	(9,348)	(38,044)
Net cash provided by (used in) operating activities	1,994,690	2,128,146

(Thousand yen)

	First three-month period of previous fiscal year (April 1,2013 – June 30,2013)	First three-month period of the fiscal year under review (April 1,2014 – June 30,2014)
Net cash provided by (used in) investing activities		
Payments into time deposits	(150,000)	(1,800,000)
Proceeds from withdrawal of time deposits	150,000	150,000
Purchase of property, plant and equipment	(848,081)	(1,800,865)
Proceeds from sales of property, plant and equipment	5,129	14,872
Purchase of intangible assets	(1,129)	(28,318)
Proceeds from rent income on facilities	11,638	11,359
Others, net	(110)	819
Net cash provided by (used in) investing activities	(832,553)	(3,452,133)
Cash flows from financing activities		
Increase in short-term loans payable	—	203,766
Decrease in short-term loans payable	—	(1,137,609)
Proceeds from long-term loans payable	—	1,816,829
Repayments of lease obligations	(711,010)	(672,625)
Proceeds from sale and leaseback transaction	—	373,950
Net cash provided by (used in) financing activities	(711,010)	584,310
Effect of exchange rate change on cash and cash equivalents	54,381	3,380
Net increase (decrease) in cash and cash equivalents	505,507	(736,296)
Cash and cash equivalents at beginning of period	6,043,022	7,882,336
Cash and cash equivalents at end of period	6,548,530	7,146,040