

Tera Probe, Inc.

Financial Results

for the First Quarter FY2015

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Consolidated Financial Results(Japanese Accounting Standards) for the First Quarter FY2015(Ended June 30,2015)

July 30,2015

Company name	Tera Probe, Inc.	Stock Exchange listing	Tokyo Stock Exchange
Stock code	6627	URL	http://www.teraprobe.com/
Representative	Yuichiro Watanabe, CEO		
Contact	Kazuhiro Kanbe, CFO	(TEL)	045(476)5711
Scheduled date of commencement of dividend payment	—		
Scheduled date for filing of annual securities report	August 7,2015		
Supplementary documents	: Yes		
Financial results briefing	: None		

(Amounts of less than one million yen are truncated)

1. Consolidated Financial Results for the First Quarter of FY2015(April 1, 2015 – June 30, 2015)

(1) Consolidated Results of Operations (Percentages show year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
1QFY2015	5,752	14.4	697	2,004.4	698	2,372.5	465	—
1QFY2014	5,028	(1.3)	33	—	28	—	(106)	—

(Note)Comprehensive income: 799million yen(5,326.1%) for the 1Q FY2015
-14million yen(-%) for the 1Q FY2014

	Net income per share(basic)	Net income per share(diluted)
	Yen	Yen
1QFY2015	50.13	—
1QFY2014	(11.44)	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
1QFY2015	35,921	24,210	58.3	2,255.45
FY2014	35,324	23,591	57.7	2,193.96

(Reference) Shareholders' equity : The 1Q FY2015 : 20,935 million yen
The FY2014 : 20,365 million yen

2. Dividends

	Dividend per share				
	1Q	2Q	3Q	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
FY2014	—	0.00	—	0.00	0.00
FY2015	—	—	—	—	—

3. Consolidated Earnings Forecast for the Second Quarter of FY2015 (April 1, 2015 - September 31, 2015)

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 Second Quarter of FY2015 is as follows:

	Net sales		Operating income		Ordinary income		Net income attributable to owners of the parent company		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
2QFY2015	11,450	7.4	1,250	131.1	1,240	120.1	780	—	84.03

Notes

- (1) Changes of important subsidiaries during the period (changes specific 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 and changes or restatement of accounting estimates
 - (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 FY2015	9,282,500 shares	FY2014	9,282,500 shares
(ii) Number of treasury stock at end of period	1Q FY2015	145shares	FY2014	104shares
(iii) Average number of shares outstanding during the period	1Q FY2015	9,282,367 shares	1QFY2014	9,282,417 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.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousand yen)

	End of previous fiscal year (As of March 31, 2015)	Three months ended (As of June 30, 2015)
Assets		
Current assets		
Cash and deposits	3,980,411	4,206,239
Notes and accounts receivable-trade	4,407,704	4,905,493
Securities	4,899,601	4,499,609
Finished goods	36,093	26,142
Work in process	209,823	287,629
Raw materials and supplies	135,390	161,259
Others	697,579	868,455
Total current assets	14,366,604	14,954,830
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,687,131	3,709,262
Machinery, equipment and vehicles, net	11,728,421	12,721,584
Others, net	4,526,636	3,535,627
Total property, plant and equipment	19,942,189	19,966,474
Intangible assets	424,875	401,780
Investments and other assets		
Others	591,116	598,953
Allowance for doubtful accounts	(96)	(96)
Total Investments and other assets	591,019	598,857
Total non-current assets	20,958,085	20,967,112
Total assets	35,324,689	35,921,942
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,448,554	1,404,380
Short-term loans payable	1,097,535	1,290,253
Lease obligations	2,200,501	1,958,278
Income taxes payable	225,464	171,848
Provision for bonuses	510,974	397,714
Others	2,476,170	1,549,871
Total current liabilities	7,959,200	6,772,346

(Thousand yen)

	End of previous fiscal year (As of March 31,2015)	Three months ended (As of June 30,2015)
Noncurrent liabilities		
Long-term loans payable	2,067,973	2,895,034
Lease obligations	867,399	1,287,744
Provision for retirement liabilities	194,042	172,952
Others	644,180	583,711
Total noncurrent liabilities	3,773,596	4,939,443
Total liabilities	11,732,796	11,711,789
Net assets		
Shareholders' equity		
Capital Stock	11,823,312	11,823,312
Additional paid-in capital	11,380,267	11,380,267
Retained earnings	(3,326,324)	(2,861,027)
Treasury stock	(84)	(128)
Total shareholders' equity	19,877,171	20,342,424
Accumulated other comprehensive income		
Foreign currency translation adjustment	506,103	610,479
Remeasurements of defined benefit plans	(18,070)	(17,009)
Total accumulated other comprehensive income	488,032	593,470
Subscription rights to shares	-	8,127
Minority interests	3,226,688	3,266,130
Total net assets	23,591,892	24,210,152
Total liabilities and net assets	35,324,689	35,921,942

(2) Consolidated Statements of Income and Comprehensive Income

(Thousand yen)

	Three months ended (April 1,2014 - June 30,2014)	Three months ended (April 1,2015 - June 30,2015)
Net sales	5,028,873	5,752,110
Cost of sales	4,463,033	4,404,284
Gross profit	565,840	1,347,825
Selling, general and administrative expenses	532,685	650,110
Operating profit	33,154	697,715
Non-operating income		
Interest income	1,956	2,068
Rent income on facilities	14,388	15,919
Reversal of allowance for doubtful accounts	19,787	-
Other	9,928	18,681
Total non-operating income	46,060	36,670
Non-operating expenses		
Interest expenses	27,741	25,136
Other	23,239	11,140
Total non-operating expenses	50,980	36,277
Ordinary profit	28,234	698,107
Extraordinary income		
Gain on sales of non-current assets	2,368	43,371
Total extraordinary income	2,368	43,371
Extraordinary loss		
Loss on sales of non-current assets	367	1,901
Impairment loss	—	22,367
Total extraordinary loss	367	24,269
Income before income taxes	30,236	717,209
Income taxes-current	42,614	123,531
Profit(loss)	(12,378)	593,678

	Three months ended (April 1,2014 - June 30,2014)	Three months ended (April 1,2015 - June 30,2015)
Profit (loss)		
Profit (loss) attributable to owners of parent	(106,154)	465,296
Profit attributable to non-controlling interests	93,776	128,381
Other comprehensive income		
Foreign currency translation adjustment	23,862	204,659
Remeasurements of defined benefit plans, net of tax	3,248	1,061
Total other comprehensive income	27,111	205,721
Comprehensive income	14,732	799,399
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(90,736)	570,735
Comprehensive income attributable to minority interests	105,468	228,664

(3) Consolidated Statements of Cash Flows

(Thousand yen)

	Three months ended (April 1,2014 - June 30,2014)	Three months ended (April 1,2015 - June 30,2015)
Net cash provided by (used in) operating activities		
Income before income taxes or (loss) before income taxes	30,236	717,209
Depreciation and amortization	1,514,264	1,341,172
Impairment loss	—	22,367
Business structure improvement expenses	—	8,127
Increase (decrease) in allowance for doubtful accounts	(229,903)	-
Increase(decrease) in retirement liabilities	15,006	(21,089)
Increase(decrease) in allowance	(160,971)	(120,383)
Interest income received	(1,956)	(2,068)
Interest expenses paid	27,741	25,136
Rent income on facilities	(14,388)	(15,919)
Loss, (Gain) on Sales of Property plant and equipment	(2,001)	(41,469)
Decrease (increase) in notes and accounts receivable-trade	(186,848)	(462,751)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	636,709	-
Decrease (increase) in inventories	(5,329)	(91,378)
Increase (decrease) in notes and accounts payable-trade	(14,593)	235,006
Decrease (increase) in other current assets	(42,367)	(149,180)
Increase (decrease) in other current liabilities	254,574	189,531
Increase (decrease) in other noncurrent liabilities	(59,106)	(3,608)
Others, net	21,200	20,766
Subtotal	1,782,266	1,651,468
Interest income	1,954	2,472
Interest expenses	(27,741)	(25,475)
Proceeds from subsidies	409,711	5,215
Income taxes paid	(38,044)	(280,331)
Business structure improvement expenses paid	—	(307,149)
Net cash provided by (used in) operating activities	2,128,146	1,046,198

	Three months ended (April 1,2014 - June 30,2014)	Three months ended (April 1,2015 - June 30,2015)
Net cash provided by (used in) investing activities		
Payments for time deposits	(1,800,000)	(2,000,000)
Proceeds from time deposits	150,000	2,000,000
Purchase of property, plant and equipment	(1,800,865)	(2,407,434)
Proceeds from sales of property, plant and equipment	14,872	167,462
Purchase of intangible assets	(28,318)	(14,893)
Proceeds from equipment rental	11,359	19,103
Others, net	819	(128)
Net cash provided by (used in) investing activities	(3,452,133)	(2,235,889)
Cash flows from financing activities		
Proceeds from short-term loans payable	203,766	200,000
Repayments of short-term loans payable	(1,137,609)	(40,000)
Proceeds from long-term loans payable	1,816,829	2,876,127
Repayments of long-term loans payable	—	(2,115,712)
Purchase of treasury shares	—	(43)
Repayments of lease obligations	(672,625)	(734,278)
Proceeds from Sale and Lease-back	373,950	965,400
Dividends paid to minority interests	—	(189,222)
Net cash provided by (used in) financing activities	584,310	962,269
Effect of exchange rate change on cash and cash equivalents	3,380	53,256
Net increase (decrease) in cash and cash equivalents	(736,296)	(174,164)
Cash and cash equivalents at beginning of period	7,882,336	6,880,013
Cash and cash equivalents at end of period	7,146,040	6,705,849