

**Tera Probe Reports Financial Results
for the Third Quarter FY2013**

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**Consolidated Financial Results(Japanese Accounting Standards)
for the Third Quarter FY2013(Ended December 31,2013)**

January 30,2014

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			February 14,2014
Supplementary documents	: Yes		
Financial results briefing	: None		

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

1. Consolidated Financial Results for the Third Quarter of FY2013 (April 1, 2013 – December 31,2013)

(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	%
3Q FY 2013	16,435	0.9	575	315.8	557	—	285	109.5
3Q FY 2012	16,282	-9.4	138	-94.3	-130	—	136	-89.7

(Note)Comprehensive income: 938 million yen(86.4%) for the 3Q FY2013

503 million yen(-55.7%) for the 3Q FY2012

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
3Q FY 2013	30.73	—
3Q FY 2012	14.67	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY 2013	35,071	23,028	58.9	2,224.58
FY 2012	35,542	22,237	56.6	2,165.57

(Reference) Shareholders' equity : The 3Q FY 2013: 20,649 million yen

The FY 2012: 20,101 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 2012	—	0.00	—	0.00	0.00
FY 2013	—	0.00	—	—	—
FY2013 Forecast				0.00	0.00

3. Consolidated Earnings Forecast for the FY2013 (April 1, 2013-March 30, 2014)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
FY 2013	21,800	2.3	750	—	700	591.5	350	-30.0	37.71

Notes

(1) Changes of important subsidiaries during the quarter(changes involving particular subsidiaries in accordance with changes in the scope of consolidation) : Yes

Exclusion :Teramikros Co.,Ltd.

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

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

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|--|------|
| (i) Changes in accounting policies caused by revision of accounting standards: | None |
| (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)	3Q FY 2013	9,282,500 shares	FY 2012	9,282,500 shares
(ii) Number of treasury stock at end of period	3Q FY 2013	83shares	FY 2012	41shares
(iii) Average number of shares outstanding during the period	3Q FY 2013	9,282,444 shares	3Q FY 2012	9,282,488 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.

Quarterly Consolidated Financial Statements
(1) Quarterly Consolidated Balance Sheets

(Thousand yen)

	End of previous fiscal year (As of March 31,2013)	End of Third quarter of the fiscal year under review (As of December 31,2013)
Assets		
Current assets		
Cash and deposits	6,243,022	7,794,742
Notes and accounts receivable-trade	3,639,766	4,424,664
Finished goods	23,683	11,335
Work in process	189,668	277,024
Raw materials and supplies	87,069	107,008
Other	839,960	1,228,337
Allowance for doubtful accounts	(332)	—
Total current assets	11,022,838	13,843,112
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	16,987,072	14,477,323
Other, net	5,908,731	5,240,076
Total property, plant and equipment	22,895,804	19,717,399
Intangible assets	600,011	559,234
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	964,440	636,957
Other	506,546	544,687
Allowance for doubtful accounts	(447,063)	(230,007)
Total investments and other assets	1,023,923	951,637
Total noncurrent assets	24,519,738	21,228,272
Total assets	35,542,576	35,071,384
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,144,937	1,952,736
Short-term loans payable	1,764,461	1,969,038
Lease obligations	2,729,360	2,556,626
Income taxes payable	40,353	36,683
Provision for bonuses	453,511	279,035
Other	1,628,183	1,466,887
Total current liabilities	7,760,807	8,261,008
Noncurrent liabilities		
Lease obligations	4,529,671	2,767,939
Provision	297,004	277,987
Other	717,488	735,648
Total noncurrent liabilities	5,544,164	3,781,575
Total liabilities	13,304,971	12,042,583
Net assets		
Shareholders' equity		
Capital stock	11,823,312	11,823,312
Capital surplus	11,380,267	11,380,267
Retained earnings	(3,058,084)	(2,772,880)
Treasury stock	(24)	(62)
Total shareholders' equity	20,145,471	20,430,637
Accumulated other comprehensive income		
Foreign currency translation adjustment	(43,651)	218,819
Total accumulated other comprehensive income	(43,651)	218,819
Minority interests	2,135,785	2,379,344
Total net assets	22,237,605	23,028,801
Total liabilities and net assets	35,542,576	35,071,384

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

(Thousand yen)

	First nine-month period of previous fiscal year (April 1,2012 - December 31,2012)	First nine-month period of the fiscal year under review (April 1,2013 - December 31,2013)
Net sales	16,282,195	16,435,142
Cost of sales	14,459,516	14,300,838
Gross profit	1,822,678	2,134,303
Selling, general and administrative expenses	1,684,194	1,558,481
Operating income	138,483	575,821
Non-operating income		
Interest income	1,691	4,739
Rent income on facilities	29,095	36,139
Interest on refund	8,593	—
Reversal of allowance for doubtful accounts	—	59,906
Foreign exchange gains	2,116	40,685
Other	17,847	23,936
Total non-operating income	59,343	165,407
Non-operating expenses		
Interest expenses	140,035	98,295
Depreciation of inactive noncurrent assets	158,707	49,305
Other	29,894	35,879
Total non-operating expenses	328,636	183,480
Ordinary income	(130,809)	557,748
Extraordinary income		
Gain on sales of noncurrent assets	197,094	7,465
Local government subsidy	50,000	—
Total extraordinary income	247,094	7,465
Extraordinary loss		
Loss on sales of noncurrent assets	627	960
Loss on retirement of noncurrent assets	597	5,977
Impairment loss	—	77,291
Total extraordinary losses	1,224	84,229
Income before income taxes and minority interests	115,059	480,984
Income taxes	(108,043)	57,253
Income before minority interests	223,103	423,731
Minority interests in income	86,973	138,526
Net income	136,129	285,204
Minority interests in income	86,973	138,526
Income before minority interests	223,103	423,731
Other comprehensive income		
Foreign currency translation adjustment	280,267	514,649
Total other comprehensive income	280,267	514,649
Comprehensive income	503,371	938,380
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	279,066	547,675
Comprehensive income attributable to minority interests	224,304	390,704

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	First nine-month period of previous fiscal year (April 1,2012 – December 31,2012)	First nine-month period of the fiscal year under review (April 1,2013 – December 31,2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	115,059	480,984
Depreciation and amortization	6,264,116	5,929,987
Impairment loss	—	77,291
Increase (decrease) in allowance for doubtful accounts	8,180	(217,389)
Increase (decrease) in provision	(181,748)	(201,624)
Interest income	(1,691)	(4,739)
Interest expenses	140,035	98,295
Equipment rent income on facilities	(29,095)	(36,139)
Insurance income	—	(10,654)
Interest on refund	(8,593)	—
Loss (gain) on sales and retirement of noncurrent assets	(195,869)	(527)
Local government subsidy	(50,000)	—
Increase (decrease) in notes and accounts receivable-trade	73,883	(703,581)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	(8,733)	327,483
Decrease (increase) in inventories	56,073	(89,299)
Increase (decrease) in notes and accounts payable-trade	(318,646)	806,049
Decrease (increase) in other current assets	(81,501)	(400,659)
Increase (decrease) in other current liabilities	(186,983)	63,250
Increase (decrease) in other noncurrent liabilities	(6,821)	50,719
Other, net	(13,771)	(24,646)
Subtotal	5,573,894	6,144,799
Interest income received	1,655	4,016
Interest expenses paid	(139,241)	(98,295)
Proceeds from subsidy income	50,000	—
Proceeds from insurance income	—	10,654
Income taxes refund	346,008	7,731
Income taxes paid	(136,976)	(68,930)
Net cash provided by (used in) operating activities	5,695,340	5,999,976
Net cash provided by (used in) investing activities		
Payments into time deposits	(500,000)	(450,000)
Proceeds from withdrawal of time deposits	300,000	450,000
Purchase of property, plant and equipment	(2,444,936)	(2,489,512)
Proceeds from sales of property, plant and equipment	281,397	16,639
Purchase of intangible assets	(30,809)	(14,543)
Proceeds from rent income on facilities	20590	40,224
Other, net	(989)	913
Net cash provided by (used in) investing activities	(2,374,747)	(2,446,280)
Net cash provided by (used in) financing activities		
Decrease in short-term loans payable	(300,000)	—
Repayment of long-term loans payable	(150,000)	—
Repayments of lease obligations	(3,305,171)	(2,103,081)
Proceeds from sale-leaseback transaction	413,679	150,000
Purchase of treasury stock	(24)	(38)
Cash dividends paid to minority shareholders	(39,063)	(147,145)
Net cash provided by (used in) financing activities	(3,380,580)	(2,100,265)
Effect of exchange rate change on cash and cash equivalents	32,348	98,288
Net increase (decrease) in cash and cash equivalents	(27,638)	1,551,719
Cash and cash equivalents at beginning of period	5,557,662	6,043,022
Cash and cash equivalents at end of period	5,530,024	7,594,742