Tera Probe

Tera Probe Reports Financial Results for the Third Quarter FY2014

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Tera Probe

Consolidated Financial Results(Japanese Accounting Standards)

for the Third Quarter FY2014(Ended December 31,2014)

Jan 29,2015

Company name Tera Probe, Inc. Stock Exchange listing Tokyo Stock Exchange
Stock code 6627 URL http://www.teraprobe.com/
Representative Yuichiro Watanabe, CEO
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Scheduled date of commencement of dividend payment —
Scheduled date for filing of quarterly report February 13,2015
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 FY2014 (April 1, 2014 – December 31)

(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 2014	15,971	-2.8	832	44.6	826	48.1	-562	-
3Q FY 2013	16,435	0.9	575	315.8	557	-	285	109.5

(Note)Comprehensive income: 450 million yen(-52.0%) for the 3Q FY2014
938 million yen(86.4%) for the 3Q FY2013

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
3Q FY 2014	-60.58	—
3Q FY 2013	30.73	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
3Q FY 2014	35,294	23,270	57.3	2,177.87
FY 2013	33,514	22,671	60.5	2,185.93

(Reference) Shareholders' equity: The 3Q FY2014: 20,215 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	—	0.00	—		
FY 2014(Forecast)				0.00	0.00

3. Consolidated Earnings Forecast for the FY2014 (April 1, 2014-March 31, 2015)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
FY 2014	21,250	-1.9	1,300	55.1	1,250	59.6	-400	-	-43.09

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)	3Q FY 2014	9,282,500 shares	FY 2013	9,282,500 shares
(ii) Number of treasury stock at end of period	3Q FY 2014	104shares	FY 2013	83shares
(iii) Average number of shares outstanding during the period	3Q FY 2014	9,282,412 shares	3Q FY 2013	9,282,444 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 third quarter of the fiscal year under review (As of December 31,2014)
Assets		
Current assets		
Cash and deposits	2,782,585	3,950,738
Notes and accounts receivable-trade	3,708,986	4,693,899
Securities	5,799,587	5,399,463
Finished goods	11,883	30,972
Work in process	250,789	218,736
Raw materials and supplies	125,854	153,942
Others	1,140,810	653,504
Total current assets	13,820,497	15,101,258
Noncurrent assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	12,899,946	12,260,138
Others, net	5,317,528	6,831,469
Total property, plant and equipment	18,217,475	19,091,608
Intangible assets	479,413	434,474
Investments and other assets		
Others	1,227,019	666,908
Allowance for doubtful accounts	(230,007)	(96)
Total Investments and other assets	997,012	666,812
Total noncurrent assets	19,693,901	20,192,894
Total assets	33,514,398	35,294,153
Liabilities		
Current liabilities		
Notes and accounts payable-trade	852,909-	1,780,973
Short-term loans payable	1,895,503-	1,081,518
Lease obligations	2,534,961	2,470,786
Income taxes payable	105,361	165,593
Early retirement obligation	111,740	-
Provision for bonuses	476,122	360,980
Others	1,709,531	2,457,967
Total current liabilities	7,686,128	8,317,819
Noncurrent liabilities		
Long-term loans payable	-	2,039,364
Lease obligations	2,196,232	785,022
Net defined benefit liability	338,580	220,219
Others	621,806	661,513
Total non-current liabilities	3,156,619	3,706,119
Total liabilities	10,842,748	12,023,939

(Thousand yen)

	End of fiscal year (As of March 31,2013)	End of third quarter of the fiscal year under review (As of December31,2014)
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)	(3,411,270)
Treasury shares	(62)	(84)
Total shareholders' equity	20,206,627	19,792,225
Accumulated other comprehensive income		
Foreign currency translation adjustment	122,852	456,551
Remeasurements of defined benefit plans	(38,769)	(32,913)
Total accumulated other comprehensive income	84,083	423,638
Minority interests	2,380,939	3,054,349
Total net assets	22,671,650	23,270,213
Total liabilities and net assets	33,514,398	35,294,153

(2) Quarterly Consolidated Statements of Income and Comprehensive Income

(Thousand yen)

	Nine months ended (December 31,2013)	Nine months ended (December 31,2014)
Net sales	16,435,142	15,971,270
Cost of sales	14,300,838	13,450,083
Gross profit	2,134,303	2,521,186
Selling, general and administrative expenses	1,558,481	1,668,320
Operating income(loss)	575,821	832,866
Non-operating income		
Interest income	4,739	6,547
Rent income on facilities	36,139	44,757
Reversal of allowance of doubtful accounts	59,906	19,793
Foreign exchange gains	40,685	60,177
Other	23,936	32,873
Total non-operating income	165,407	164,149
Non-operating expenses		
Interest expenses	98,295	80,989
Compensation expenses	12,354	56,184
Other	72,830	33,729
Total non-operating expenses	183,480	170,904
Ordinary income(loss)	557,748	826,110
Extraordinary income		
Gain on sales of noncurrent assets	7,465	41,553
Total extraordinary income	7,465	41,553
Extraordinary expenses		
Loss on sales of noncurrent assets	960	-
Loss on retirement of non-current assets	5,977	12,846
Impairment loss	77,291	34,336
Business structure improvement expenses	-	791,426
Total extraordinary losses	84,229	838,609
Income before income taxes and minority interests	480,984	29,054
Income taxes	57,253	238,542
Income (Loss) before minority interests	423,731	(209,487)
Minority interests in income(loss)	138,526	352,796
Net income	285,204	(562,283)
Minority interests in income(loss)	138,526	352,796
Income (Loss) before minority interests	423,731	(209,487)
Other comprehensive income		
Foreign currency translation adjustment	514,649	654,313
Remeasurements of defined benefit plans, net of tax	-	5,855
Total other comprehensive income	514,649	660,169
Comprehensive income	938,380	450,682
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	547,675	(222,727)
Comprehensive income attributable to minority interests	390,704	673,409

(3) Quarterly Consolidated Statements of Cash Flows

(Thousand yen)

	Nine months ended (December 31,2013)	Nine months ended (December 31,2014)
Cash flows from operating activities		
Income(loss) before income taxes and minority interests	480,984	29,054
Depreciation	5,929,987	4,024,657
Impairment loss	77,291	34,336
Business structure improvement expenses	-	791,426
Increase (decrease) in allowance for doubtful accounts	(217,389)	(229,910)
Increase (decrease) in net defined benefit liability	-	29,541
Increase (decrease) in provision	(201,624)	(245,716)
Interest income	(4,739)	(6,547)
Interest expenses	98,295	80,989
Rental	(36,139)	(44,757)
Compensation expenses	12,354	56,184
Loss (gain) on sales and retirement of non-current assets	(527)	(28,707)
Decrease (increase) in notes and accounts receivable-trade	(703,581)	(857,585)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	327,483	636,727
Decrease (increase) in inventories	(89,299)	(9,104)
Increase (decrease) in notes and accounts payable-trade	806,049	518,163
Decrease (increase) in other current assets	(400,659)	(110,421)
Increase (decrease) in other current liabilities	63,250	303,655
Increase (decrease) in other noncurrent liabilities	50,719	(102,075)
Others, net	(24,646)	31,200
Subtotal	6,157,154	4,901,114
Interest income received	4,016	6,537
Interest expenses paid	(98,295)	(79,719)
Proceeds from subsidy income	-	409,711
Compensation for damage paid	(12,354)	(55,893)
Income taxes refund	7,731	1,852
Income taxes paid	(68,930)	(101,132)
Net cash provided by (used in) operating activities	5,999,976	5,082,468

(Thousand yen)

	Nine months ended (December 31,2013)	Nine months ended (December 31,2014)
Net cash provided by (used in) investing activities		
Payments into time deposits	(450,000)	(3,800,000)
Proceeds from withdrawal of time deposits	450,000	2,000,000
Proceeds from sales of securities	-	500,000
Purchase of property, plant and equipment	(2,489,512)	(3,945,966)
Proceeds from sales of property, plant and equipment	16,639	84,409
Purchase of intangible assets	(14,543)	(48,461)
Proceeds from equipment rental income	40,224	38,216
Others, net	913	(12,689)
Net cash provided by (used in) investing activities	(2,446,280)	(5,184,490)
Cash flows from financing activities		
Increase in short-term loans payable	-	211,392
Decrease in short-term loans payable	-	(1,180,185)
Proceeds from long-term loans payable	-	1,893,403
Repayments of lease obligations	(2,103,081)	(1,988,615)
Proceeds from sale and leaseback transaction	150,000	525,229
Net cash provided by (used in) financing activities	(38)	(21)
Purchase of treasury shares	(147,145)	-
Cash dividends paid to minority shareholders	(2,100,265)	(538,796)
Effect of exchange rate change on cash and cash equivalents	98,288	108,684
Net increase (decrease) in cash and cash equivalents	1,551,719	(532,134)
Cash and cash equivalents at beginning of period	6,043,022	7,882,336
Cash and cash equivalents at end of period	7,594,742	7,350,202