

**TeraProbe Reports Financial Results
for the Year Ended March 31,2014**

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Consolidated Financial Results(Japanese Accounting Standards) for the FY2013(Ended March,31)

May 9,2014

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 ordinary shareholders' meeting	June 24,2014		
Scheduled date of commencement of dividend payment	—		
Scheduled date for filing of annual securities report	June 25,2014		
Supplementary documents	: Yes		
Financial results briefing	: Yes (for analysts and institutional investors)		

(Amounts of less than one million yen are truncated less than one million yen)

1. Consolidated Financial Results for the Fiscal Year Ended March 31, 2014(April 1, 2013 – March 31, 2014)

(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	%
FY2013	21,668	1.7	837	—	783	673.8	61	(87.8)
FY2012	21,306	(11.9)	(42)	—	101	(95.8)	500	—

(Note)Comprehensive income: 619million yen(-42.5%) for year ended March 31,2014
1,078million yen(-%) for year ended March 31,2013

	Net income per share(basic)	Net income per share(diluted)	Return on equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
	Yen	Yen	%	%	%
FY2013	6.59	—	0.3	2.3	3.9
FY2012	53.87	—	2.5	0.3	(0.2)

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2013	33,514	22,671	60.5	2,185.93
FY2012	35,542	22,237	56.6	2,165.57

(Reference) Shareholders' equity Year ended March 31,2014 : 20,290 million yen
Year ended March 31, 2013 : 20,101 million yen

(3) Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows financing activities	Cash and cash equivalents at end of FY
	Million yen	Million yen	Million yen	Million yen
FY2013	8,178	(3,653)	(2,757)	7,882
FY2012	7,543	(2,896)	(4,260)	6,043

2. Dividends

	Dividend per share					Total dividends	Payout ratio	Ratio of dividends to net assets
	1Q	2Q	3Q	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
FY2013	—	0.00	—	0.00	0.00	0	—	—
FY2012	—	0.00	—	0.00	0.00	0	—	—

3. Consolidated Earnings Forecast for the First Quarter of FY2014(April 1, 2014-June 30, 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 Quarter of FY2014 is as follows:

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
1Q/FY2014	5,000	(1.8)	50	—	20	—	(100)	—	(10.77)

Notes

- (1) Changes of important subsidiaries during the period(changes of specific in accordance with changes in the scope of consolidation : Yes

Consolidated Duration 1 Teramikros, Inc.

- (2) 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: | Yes |
| (iv) Restatement: | None |

- (3) Number of shares outstanding (common stock):

(i) Number of shares outstanding at end of period(including treasury stock)	FY2013	9,282,500 shares	FY2012	9,282,500 shares
(ii) Number of treasury stock at end of period	FY2013	83shares	FY2012	41shares
(iii) Average number of shares outstanding during the period	FY2013	9,282,438 shares	FY2012	9,282,481 shares

*Reference

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2014(April 1, 2013 – March 31, 2014)

(1) Non-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	%
FY2013	16,802	10.4	614	(15.7)	731	(21.2)	(148)	—
FY2012	15,213	(20.3)	729	(72.4)	928	(59.6)	1,114	—

	Net income per share(basic)	Net income per share(diluted)
	Yen	Yen
FY2013	(16.05)	—
FY2012	120.03	—

The results of FY2013 is included the second half performance of Teramikros.

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2013	27,658	19,469	70.4	2,097.45
FY2012	28,775	19,618	68.2	2,113.49

(Reference) Shareholders' equity Year ended March 31,2014 : 19,469 million yen

Year ended March 31, 2013 : 19,618 million yen

The Financial Position of FY2013 is included the asset of Teramikros.

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousand yen)

	End of previous fiscal year (As of March 31, 2013)	End of fiscal year under review (As of March 31, 2014)
Assets		
Current assets		
Cash and deposits	6,243,022	2,782,585
Notes and accounts receivable-trade	3,639,766	3,708,986
Securities	—	5,799,587
Finished goods	23,683	11,883
Work in process	189,668	250,789
Raw materials and supplies	87,069	125,854
Deferred tax assets	238,742	222,011
Accounts receivable-other	492,018	798,820
Others	109,199	119,978
Allowance for doubtful accounts	(332)	—
Total current assets	11,022,838	13,820,497
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,118,103	2,942,517
Machinery, equipment and vehicles, net	16,987,072	12,899,946
Land	947,124	790,007
Construction in progress	969,413	1,165,564
Others, net	874,090	419,438
Total property, plant and equipment	22,895,804	18,217,475
Intangible assets	600,011	479,413
Investments and other assets		
Claims provable in bankruptcy, claims provable in rehabilitation and other	964,440	636,957
Others	506,546	590,062
Allowance for doubtful accounts	(447,063)	(230,007)
Total Investments and other assets	1,023,923	997,012
Total noncurrent assets	24,519,738	19,693,901
Total assets	35,542,576	33,514,398
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,144,937	852,909
Short-term loans payable	1,764,461	1,895,503
Lease obligations	2,729,360	2,534,961
Accounts payable-other	842,470	1,117,166
Income taxes payable	40,353	105,361
Provision for bonuses	453,511	476,122
Notes payable-facilities	158,504	—
Provision for Early retirement	—	111,740
Others	627,208	592,364
Total current liabilities	7,760,807	7,686,128

(Thousand yen)

	End of previous fiscal year (As of March 31,2013)	End of fiscal year under review (As of March 31,2014)
Noncurrent liabilities		
Lease obligations	4,529,671	2,196,232
Deferred tax liabilities	456,139	322,062
Provision for retirement liabilities	—	338,580
Provision for retirement benefits	228,461	—
Provision for directors' retirement benefits	68,543	—
Asset retirement obligations	23,136	23,633
Long-term notes payable-facilities	—	—
Others	238,213	276,110
Total noncurrent liabilities	5,544,164	3,156,619
Total liabilities	13,304,971	10,842,748
Net assets		
Shareholders' equity		
Capital Stock	11,823,312	11,823,312
Additional paid-in capital	11,380,267	11,380,267
Retained earnings	(3,058,084)	(2,996,890)
Own shares	(24)	(62)
Total shareholders' equity	20,145,471	20,206,627
Accumulated other comprehensive income		
Foreign currency translation adjustment	(43,651)	122,852
Remeasurements of defined benefit plans	—	(38,769)
Total accumulated other comprehensive income	(43,651)	84,083
Minority interests	2,135,785	2,380,939
Total net assets	22,237,605	22,671,650
Total liabilities and net assets	35,542,576	33,514,398

(2) Consolidated Statements of Income and Comprehensive Income

(Thousand yen)

	End of previous fiscal year (April 1,2012 - March 31,2013)	End of fiscal year under review (April 1,2013 - March 31,2014)
Net sales	21,306,278	21,668,747
Cost of sales	19,119,045	18,732,778
Gross profit	2,187,232	2,935,969
Selling, general and administrative expenses	2,229,584	2,098,051
Operating profit	(42,351)	837,917
Non-operating income		
Interest income	3,068	6,443
Rent income on facilities	41,149	50,403
Insurance income	3,220	11,148
Foreign exchange gains	22,831	31,115
Reversal of allowance for doubtful accounts	471,449	59,906
Other	36,226	15,476
Total non-operating income	577,945	174,494
Non-operating expenses		
Interest expenses	178,691	126,199
Depreciation of assets for rent	15,629	15,695
Depreciation of inactive noncurrent assets	213,688	60,748
Other	26,350	26,419
Total non-operating expenses	434,359	229,062
Ordinary profit	101,234	783,349
Extraordinary income		
Gain on sales of noncurrent assets	210,166	14,354
Local government subsidy	50,000	475,454
Total extraordinary income	260,166	489,808
Extraordinary loss		
Loss on sales of noncurrent assets	1,820	960
Loss on retirement of noncurrent assets	2,467	5,977
Impairment loss	—	842,291
Provision of allowance for doubtful accounts	—	111,740
Total extraordinary loss	4,288	960,970
Income before income taxes or (Loss) before income taxes	357,111	312,187
Income taxes-current	67,407	137,026
Income Taxes Deferred	(288,976)	(118,359)
Total income taxes-current	(221,569)	18,667

	End of previous fiscal year (April 1,2012 - March 31,2013)	End of fiscal year under review (April 1,2013 – March 31,2014)
Income before minority interests or (Loss) before minority interests	578,680	293,520
Minority interests in income	78,613	232,325
Net income or (Net loss)	500,067	61,194
Minority interests in income	78,613	232,325
Income before minority interests or (Loss) before minority interests	578,680	293,520
Other comprehensive income		
Foreign currency translation adjustment	499,999	326,478
Total other comprehensive income	499,999	326,478
Comprehensive income	1,078,679	619,998
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	755,066	227,698
Comprehensive income attributable to minority interests	323,612	392,300

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	End of previous fiscal year (April 1,2012 - March 31,2013)	End of year under review (April 1,2013 – March 31,2014)
Shareholders' equity		
Capital Stock		
Balance at the beginning of current period	11,823,312	11,823,312
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	11,823,312	11,823,312
Additional paid-in capital		
Balance at the beginning of current period	11,380,267	11,380,267
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	11,380,267	11,380,267
Retained earnings		
Balance at the beginning of current period	(3,558,151)	(3,058,084)
Changes of items during the period		
Net income or (Net loss)	500,067	61,194
Total changes of items during the period	500,067	61,194
Balance at the end of current period	(3,058,084)	(2,996,890)
Own Shares		
Balance at the beginning of current period	—	(24)
Changes of items during the period		
Purchase of own shares	(24)	(38)
Total changes of items during the period	(24)	(38)
Balance at the end of current period	(24)	(62)
Total shareholders' equity		
Balance at the beginning of current period	19,645,428	20,145,471
Changes of items during the period		
Net income or (Net loss)	500,067	61,194
Own shares	(24)	(38)
Total changes of items during the period	500,042	61,156
Balance at the end of current period	20,145,471	20,206,627
Valuation and translation adjustments		
Foreign currency translation adjustment		
Balance at the beginning of current period	(298,651)	(43,651)
Changes of items during the period		
Net changes of items other than shareholders' equity	254,999	166,504
Total changes of items during the period	254,999	166,504
Balance at the end of current period	(43,651)	122,852
Total adjustments for retirement liabilities		
Balance at the beginning of current period	—	—
Net changes of items other than shareholders' equity	—	(38,769)
Total changes of items during the period	—	(38,769)
Balance at the end of current period	—	(38,769)

	End of previous fiscal year (April 1,2012 - March 31,2013)	End of fiscal year under review (April 1,2013 – March 31,2014)
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Total valuation and translation adjustments		
Balance at the beginning of current period	(298,651)	(43,651)
Changes of items during the period		
Net changes of items other than shareholders' equity	254,999	127,735
Total changes of items during the period	254,999	127,735
Balance at the end of current period	(43,651)	84,083
Minority interests		
Balance at the beginning of current period	1,851,236	2,135,785
Changes of items during the period		
Net changes of items other than shareholders' equity	284,549	245,154
Total changes of items during the period	284,549	245,154
Balance at the end of current period	2,135,785	2,380,939
Total net assets		
Balance at the beginning of current period	21,198,013	22,237,605
Changes of items during the period		
Net income or Net loss(Δ)	500,067	61,194
Own shares	(24)	(38)
Net changes of items other than shareholders' equity	539,548	372,889
Total changes of items during the period	1,039,591	434,045
Balance at the end of current period	22,237,605	22,671,650

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	End of previous fiscal year (April 1,2012 - March 31,2013)	End of fiscal year under review (April 1,2013 – March 31,2014)
Net cash provided by (used in) operating activities		
Income before income taxes or (loss) before income taxes	357,111	312,187
Depreciation and amortization	8,367,550	7,569,956
Impairment loss	—	842,291
Increase (decrease) in allowance for doubtful accounts	(2,254,059)	(217,389)
Increase (decrease) in early retirement liabilities	—	111,740
Increase (decrease) in allowance for retirement liabilities	73,180	(228,461)
Increase(decrease) in retirement liabilities	—	299,811
Increase(decrease) in allowance	(60,073)	(51,092)
Interest income received	(3,068)	(6,443)
Interest expenses paid	178,691	126,199
Rent income on facilities	(41,149)	(50,403)
Compensation income	—	(11,148)
Loss, Gain on Sales of Property plant and equipment	(205,877)	(7,415)
Local government subsidy	(50,000)	(475,454)
Decrease (increase) in notes and accounts receivable-trade	(35,985)	(25,454)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	2,156,398	327,483
Decrease (increase) in inventories	77,247	(84,554)
Increase (decrease) in notes and accounts payable-trade	(29,593)	(292,497)
Decrease (increase) in other current assets	(383,458)	329,179
Increase (decrease) in other current liabilities	(642,116)	(166,163)
Increase (decrease) in other noncurrent liabilities	(16,061)	44,204
Others, net	(17,211)	1,347
Subtotal	7,471,524	8,347,923
Interest income	3,051	6,396
Interest expenses	(178,691)	(126,199)
Proceeds from subsidy	50,000	—
Compensation for damage paid	—	11,148
Income taxes refund	346,008	7,731
Income taxes paid	(148,353)	(68,495)
Net cash provided by (used in) operating activities	7,543,539	8,178,504

	End of previous fiscal year (April 1,2012 - March 31,2013)	End of fiscal year under review (April 1,2013 – March 31,2014)
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Net cash provided by (used in) investing activities		
Payments for time deposits	(650,000)	(600,000)
Proceeds from time deposits	450,000	600,000
Purchase of securities	—	(499,752)
Purchase of property, plant and equipment	(3,037,169)	(3,189,346)
Proceeds from sales of property, plant and equipment	319,825	23,527
Purchase of intangible assets	(35,371)	(43,386)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	—
Proceeds from rent income on facilities	35,699	54,348
Payments for lease and guarantee deposits	(1,976)	(236)
Proceeds from collection of lease and guarantee deposits	21,290	1,445
Others, net	800	(360)
Net cash provided by (used in) investing activities	(2,896,902)	(3,653,759)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(300,000)	—
Repayment of long-term loans payable	(300,000)	—
Repayments of lease obligations	(4,034,903)	(2,759,933)
Proceeds from sale and leaseback transaction	413,679	150,000
Proceeds from issuance of common stock	(24)	(38)
Proceeds from exercise of stock option	(39,063)	(147,145)
Net increase (decrease) in cash and cash equivalents	(4,260,312)	(2,757,118)
Effect of exchange rate change on cash and cash equivalents	99,035	71,687
Net increase (decrease) in cash and cash equivalents	485,359	1,839,314
Cash and cash equivalents	5,557,662	6,043,022
Cash and cash equivalents at end of period	6,043,022	7,882,336