

**Tera Probe, Inc.**

**Annual Financial Results  
for the Year Ended March 31,2015**

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## Consolidated Financial Results(Japanese Accounting Standards) for the FY2014(Ended March,31,2015)

May 15,2015

Company name	Tera Probe, Inc.	Stock Exchange listing	Tokyo Stock Exchange
Stock code	6627	URL	<a href="http://www.teraprobe.com/">http://www.teraprobe.com/</a>
Representative	Yuichiro Watanabe, CEO		
Contact	Kazuhito Kanbe, CFO	(TEL) 045(476)5711	
Scheduled date of ordinary shareholders' meeting	June 26,2015		
Scheduled date of commencement of dividend payment	—		
Scheduled date for filing of annual securities report	June 26,2015		
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, 2015(April 1, 2014 – March 31, 2015)

#### (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	%
FY2014	21,303	(1.7)	1,329	58.7	1,306	66.7	(477)	—
FY2013	21,668	1.7	837	—	783	673.8	61	(87.8)

(Note)Comprehensive income: 772million yen(24.6%) for year ended March 31,2015  
619million yen(-42.5%) for year ended March 31,2014

	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	%	%	%
FY2014	(51.42)	—	(2.3)	3.8	6.2
FY2013	6.59	—	0.3	2.3	3.9

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2014	35,324	23,591	57.7	2,193.96
FY2013	33,514	22,671	60.5	2,185.93

(Reference) Shareholders' equity Year ended March 31,2015 : 20,365 million yen  
Year ended March 31,2014 : 20,290 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
FY2014	6,238	(6,597)	(783)	6,880
FY2013	8,178	(3,653)	(2,757)	7,882

### 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	%	%
FY2014	—	0.00	—	0.00	0.00	0	—	—
FY2013	—	0.00	—	0.00	0.00	0	—	—

### 3. Consolidated Earnings Forecast for the First Quarter of FY2015(April 1, 2015-June 30, 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 First Quarter of FY2015 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/FY2015	5,600	11.4	500	1408.1	490	1635.1	300	—	32.32

## Notes

(1) Changes of important subsidiaries during the period(changes of specific in accordance with changes in the scope of consolidation : None

(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)	FY2014	9,282,500 shares	FY2013	9,282,500 shares
(ii) Number of treasury stock at end of period	FY2014	104shares	FY2013	83shares
(iii) Average number of shares outstanding during the period	FY2014	9,282,408 shares	FY2013	9,282,438 shares

### \*Reference

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2015(April 1, 2014 – March 31, 2015)

(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	%
FY2014	16,632	(1.0)	96	(84.2)	60	(91.7)	(686)	—
FY2013	16,802	10.4	614	(15.7)	731	(21.2)	(148)	—

	Net income per share(basic)	Net income per share(diluted)
	Yen	Yen
FY2014	(73.92)	—
FY2013	(16.05)	—

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
FY2014	26,286	18,931	72.0	2,039.46
FY2013	27,658	19,469	70.4	2,097.45

(Reference) Shareholders' equity Year ended March 31, 2015 : 18,931 million yen

Year ended March 31, 2014 : 19,469 million yen

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

Consolidated Financial Statements  
(1) Consolidated Balance Sheets

(Thousand yen)

	FY2013 (As of March 31, 2014)	FY2014 (As of March 31, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	2,782,585	3,980,411
Notes and accounts receivable-trade	3,708,986	4,407,704
Securities	5,799,587	4,899,601
Finished goods	11,883	36,093
Work in process	250,789	209,823
Raw materials and supplies	125,854	135,390
Deferred tax assets	222,011	131,734
Accounts receivable-other	798,820	430,131
Others	119,978	135,713
<b>Total current assets</b>	<b>13,820,497</b>	<b>14,366,604</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings and structures, net	2,942,517	3,687,131
Machinery, equipment and vehicles, net	12,899,946	11,728,421
Land	790,007	851,369
Construction in progress	1,165,564	3,113,587
Others, net	419,438	561,679
<b>Total property, plant and equipment</b>	<b>18,217,475</b>	<b>19,942,189</b>
<b>Intangible assets</b>	<b>479,413</b>	<b>424,875</b>
<b>Investments and other assets</b>		
Claims provable in bankruptcy, claims provable in rehabilitation and other	636,957	230
Others	590,062	590,885
Allowance for doubtful accounts	(230,007)	(96)
<b>Total Investments and other assets</b>	<b>997,012</b>	<b>591,019</b>
<b>Total non-current assets</b>	<b>19,693,901</b>	<b>20,958,085</b>
<b>Total assets</b>	<b>33,514,398</b>	<b>35,324,689</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	852,909	1,448,554
Short-term loans payable	1,895,503	1,097,535
Lease obligations	2,534,961	2,200,501
Accounts payable-other	1,117,166	1,782,227
Income taxes payable	105,361	225,464
Provision for bonuses	476,122	510,974
Provision for early retirement	111,740	—
Others	592,364	693,942
<b>Total current liabilities</b>	<b>7,686,128</b>	<b>7,959,200</b>

(Thousand yen)

	FY2013 (As of March 31,2014)	FY2014 (As of March 31,2015)
Noncurrent liabilities		
Long-term loans payable	—	2,067,973
Lease obligations	2,196,232	867,399
Deferred tax liabilities	322,062	380,796
Provision for retirement liabilities	338,580	194,042
Asset retirement obligations	23,633	24,142
Others	276,110	239,241
Total noncurrent liabilities	3,156,619	3,773,596
Total liabilities	10,842,748	11,732,796
Net assets		
Shareholders' equity		
Capital Stock	11,823,312	11,823,312
Additional paid-in capital	11,380,267	11,380,267
Retained earnings	(2,996,890)	(3,326,324)
Treasury stock	(62)	(84)
Total shareholders' equity	20,206,627	19,877,171
Accumulated other comprehensive income		
Foreign currency translation adjustment	122,852	506,103
Remeasurements of defined benefit plans	(38,769)	(18,070)
Total accumulated other comprehensive income	84,083	488,032
Minority interests	2,380,939	3,226,688
Total net assets	22,671,650	23,591,892
Total liabilities and net assets	33,514,398	35,324,689

(2) Consolidated Statements of Income and Comprehensive Income

(Thousand yen)

	FY3013 (April 1,2013 - March 31,2014)	FY2014 (April 1,2014 - March 31,2015)
Net sales	21,668,747	21,303,665
Cost of sales	18,732,778	17,676,180
Gross profit	2,935,969	3,627,484
Selling, general and administrative expenses	2,098,051	2,297,908
Operating profit	837,917	1,329,576
Non-operating income		
Interest income	6,443	8,425
Rent income on facilities	50,403	60,289
Foreign exchange gains	31,115	54,495
Reversal of allowance for doubtful accounts	59,906	19,793
Other	15,476	36,929
Total non-operating income	174,494	179,934
Non-operating expenses		
Interest expenses	126,199	105,291
Compensation expenses	12,959	56,890
Other	89,903	41,314
Total non-operating expenses	229,062	203,495
Ordinary profit	783,349	1,306,015
Extraordinary income		
Gain on sales of non-current assets	14,354	48,157
Local government subsidies	475,454	5,215
Total extraordinary income	489,808	53,372
Extraordinary loss		
Loss on sales of non-current assets	960	—
Loss on retirement of non-current assets	5,977	16,119
Impairment loss	842,291	34,336
Business structure improvement expenses	—	951,523
Provision for early retirement	111,740	—
Total extraordinary loss	960,970	1,001,980
Income before income taxes	312,187	357,407
Income taxes-current	137,026	206,726
Income Taxes Deferred	(118,359)	150,491
Total income taxes	18,667	357,217

	FY2013 (April 1,2012 - March 31,2013)	FY2014 (April 1,2013 – March 31,2014)
Income before minority interests or (Loss) before minority interests	293,520	189
Minority interests in income	232,325	477,527
Net income or (Net loss)	61,194	(477,337)
Minority interests in income	232,325	477,527
Income before minority interests or (Loss) before minority interests	293,520	189
Other comprehensive income		
Foreign currency translation adjustment	326,478	751,472
Remeasurements of defined benefit plans, net of tax	—	20,698
Total other comprehensive income	326,478	772,171
Comprehensive income	619,998	772,360
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	227,698	(73,387)
Comprehensive income attributable to minority interests	392,300	845,748

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	FY2013 (April 1,2013 - March 31,2014)	FY2014 (April 1,2014 – March 31,2015)
<b>Shareholders' equity</b>		
<b>Capital Stock</b>		
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
<b>Additional paid-in capital</b>		
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
<b>Retained earnings</b>		
Balance at the beginning of current period	(3,058,084)	(2,996,890)
Changes of items during the period		
Cumulative effects of changes in accounting policies		147,902
Net income or (Net loss)	61,194	(477,337)
Total changes of items during the period	61,194	(477,337)
Balance at the end of current period	(2,996,890)	(3,326,324)
<b>Treasury stocks</b>		
Balance at the beginning of current period	(24)	(62)
Changes of items during the period		
Purchase of treasury stocks	(38)	(21)
Total changes of items during the period	(38)	(21)
Balance at the end of current period	(62)	(84)
<b>Total shareholders' equity</b>		
Balance at the beginning of current period	20,145,471	20,206,627
Cumulative effects of changes in accounting policies		147,902
Changes of items during the period		
Net income or (Net loss)	61,194	(477,337)
Treasury stocks	(38)	(21)
Total changes of items during the period	61,156	(477,358)
Balance at the end of current period	20,206,627	19,877,171
<b>Valuation and translation adjustments</b>		
<b>Foreign currency translation adjustment</b>		
Balance at the beginning of current period	(43,651)	122,852
Changes of items during the period		
Net changes of items other than shareholders' equity	166,504	383,251
Total changes of items during the period	166,504	383,251
Balance at the end of current period	122,852	506,103
<b>Total adjustments for retirement liabilities</b>		
Balance at the beginning of current period	—	(38,769)
Net changes of items other than shareholders' equity	(38,769)	20,698
Total changes of items during the period	(38,769)	20,698
Balance at the end of current period	(38,769)	(18,070)



	FY2013 (April 1,2013 - March 31,2014)	FY2014 (April 1,2014 – March 31,2015)
<b>Total valuation and translation adjustments</b>		
Balance at the beginning of current period	(43,651)	84,083
Changes of items during the period		
Net changes of items other than shareholders' equity	127,735	403,949
Total changes of items during the period	127,735	403,949
Balance at the end of current period	84,083	488,032
<b>Minority interests</b>		
Balance at the beginning of current period	2,135,785	2,380,939
Changes of items during the period		
Net changes of items other than shareholders' equity	245,154	845,748
Total changes of items during the period	245,154	845,748
Balance at the end of current period	2,380,939	3,226,688
<b>Total net assets</b>		
Balance at the beginning of current period	22,237,605	22,671,650
Cumulative effects of changes in accounting policies		147,902
Changes of items during the period	22,237,605	22,819,553
Net income or Net loss(Δ)	61,194	(477,337)
Treasury stocks	(38)	(21)
Net changes of items other than shareholders' equity	372,889	1,249,698
Total changes of items during the period	434,045	772,339
Balance at the end of current period	22,671,650	23,591,892

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY2013 (April 1,2013 - March 31,2014)	FY2014 (April 1,2014 – March 31,2015)
Net cash provided by (used in) operating activities		
Income before income taxes or (loss) before income taxes	312,187	357,407
Depreciation and amortization	7,569,956	5,299,421
Impairment loss	842,291	34,336
Business structure improvement expenses	—	951,523
Increase (decrease) in allowance for doubtful accounts	(217,389)	(229,910)
Increase (decrease) in provision for early retirement	111,740	(111,740)
Increase (decrease) in allowance for retirement liabilities	(228,461)	—
Increase(decrease) in retirement liabilities	299,811	24,063
Increase(decrease) in allowance	(51,092)	12,587
Interest income received	(6,443)	(8,425)
Interest expenses paid	126,199	105,291
Rent income on facilities	(50,403)	(60,289)
Compensation income	(11,148)	56,890
Loss, (Gain) on Sales of Property plant and equipment	(7,415)	(32,037)
Local government subsidies	(475,454)	(5,215)
Decrease (increase) in notes and accounts receivable-trade	(25,454)	(555,619)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	327,483	636,727
Decrease (increase) in inventories	(84,554)	15,317
Increase (decrease) in notes and accounts payable-trade	(292,497)	205,060
Decrease (increase) in other current assets	329,179	(164,702)
Increase (decrease) in other current liabilities	(166,163)	39,639
Increase (decrease) in other noncurrent liabilities	44,204	(106,199)
Others, net	1,347	1,318
Subtotal	8,347,923	6,465,443
Interest income	6,396	8,022
Interest expenses	(126,199)	(104,371)
Proceeds from subsidies	—	409,711
Compensation for damage paid	(12,959)	(56,890)
Income taxes refund	7,731	1,885
Income taxes paid	(68,495)	(102,191)
Business structure improvement expenses paid	—	(383,394)
Net cash provided by (used in) operating activities	8,178,504	6,238,215

	FY2013 (April 1,2013 - March 31,2014)	FY2014 (April 1,2014 - March 31,2015)
Net cash provided by (used in) investing activities		
Payments for time deposits	(600,000)	(3,800,000)
Proceeds from time deposits	600,000	2,000,000
Purchase of securities	(499,752)	—
Proceeds from redemption of securities	—	500,000
Purchase of property, plant and equipment	(3,189,346)	(5,382,153)
Proceeds from sales of property, plant and equipment	23,527	97,695
Purchase of intangible assets	(43,386)	(58,428)
Proceeds from equipment rental	54,348	58,609
Others, net	848	(12,876)
Net cash provided by (used in) investing activities	(3,653,759)	(6,597,153)
Cash flows from financing activities		
Proceeds from short-term loans payable	—	215,208
Repayments of short-term loans payable	—	(1,201,489)
Proceeds from long-term loans payable	—	1,918,849
Repayments of lease obligations	(2,759,933)	(2,694,104)
Proceeds Gain from Sale and Lease-back	150,000	977,811
Purchase of treasury shares	(38)	(21)
Dividends paid to minority interests	(147,145)	—
Net cash provided by (used in) financing activities	(2,757,118)	(783,745)
Effect of exchange rate change on cash and cash equivalents	71,687	140,360
Net increase (decrease) in cash and cash equivalents	1,839,314	(1,002,323)
Cash and cash equivalents at beginning of period	6,043,022	7,882,336
Cash and cash equivalents at end of period	7,882,336	6,880,013