

Tera Probe, Inc.

**Annual Financial Results
for the Year Ended March 31, 2016**

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**Consolidated Financial Results (Japanese Accounting Standards)
for the FY2015 (Ended March 31, 2016)**

May 13, 2016

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: +81-45-476-5711	
Scheduled date of ordinary shareholders' meeting	June 29, 2016		
Scheduled date of commencement of dividend payment	-		
Scheduled date for filing of annual securities report	June 29, 2016		
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, 2016 (April 1, 2015 – March 31, 2016)

(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	%
FY2015	22,731	6.7	2,783	109.4	2,555	95.7	465	-
FY2014	21,303	(1.7)	1,329	58.7	1,306	66.7	(477)	-

(Note) Comprehensive income: Year ended March 31, 2016 : 215 million yen (-72.1%)

Year ended March 31, 2015 : 772 million yen (24.6%)

	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	%	%	%
FY2015	50.19	-	2.3	7.2	12.2
FY2014	(51.42)	-	(2.3)	3.8	6.2

(Reference) Share of profit(loss) of entities accounted for using equity method

Year ended March 31, 2016 : (6) million yen

Year ended March 31, 2015 : -

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	35,834	23,653	57.0	2,200.08
FY2014	35,324	23,591	57.7	2,193.96

(Reference) Shareholders' equity Year ended March 31, 2016 : 20,421 million yen

Year ended March 31, 2015 : 20,365 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
FY2015	6,616	(7,091)	772	7,073
FY2014	6,238	(6,597)	(783)	6,880

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	%	%
FY2015	-	0.00	-	0.00	0.00	0	-	-
FY2014	-	0.00	-	0.00	0.00	0	-	-

3. Consolidated Earnings Forecast for the First Quarter of FY2016 (April 1, 2016 - June 30, 2016)

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.

Because of a difficulty of full-term forecast, a dividend forecast has been omitted, but we'll announce it timely when we can.

The forecast for the First Quarter of FY2016 is as follows. (Percentages show year-on year changes)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	yen
1Q/FY2016	4,200	(27.5)	150	(78.5)	170	(75.6)	(50)	-	(5.39)

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 : None
- (iv) Restatement : None

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

(v) Number of shares outstanding at end of period(including treasury stock)	FY2015	9,282,500 shares	FY2014	9,282,500 shares
(vi) Number of treasury stock at end of period	FY2015	145 shares	FY2014	104 shares
(vii) Average number of shares outstanding during the period	FY2015	9,282,358 shares	FY2014	9,282,408 shares

*Reference

Non-Consolidated Financial Results for the Fiscal Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(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	%
FY2015	17,251	3.7	1,496	-	1,504	-	296	-
FY2014	16,632	(1.0)	96	(84.2)	60	(91.7)	(686)	-

	Net income per share(basic)	Net income per share(diluted)
	Yen	Yen
FY2015	31.92	-
FY2014	(73.92)	-

(2) Non-Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
FY2015	25,652	19,262	75.0	2,071.38
FY2014	26,286	18,931	72.0	2,039.46

(Reference) Shareholders' equity

Year ended March 31, 2016 : 19,227 million yen

Year ended March 31, 2015 : 18,931 million yen

Consolidated Financial Statements
(1) Consolidated Balance Sheets

(Thousand yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Assets		
Current assets		
Cash and deposits	3,980,411	6,573,604
Notes and accounts receivable-trade	4,407,704	5,158,753
Securities	4,899,601	4,000,000
Finished goods	36,093	25,325
Work in process	209,823	231,006
Raw materials and supplies	135,390	184,295
Deferred tax assets	131,734	197,677
Accounts receivable-other	430,131	406,828
Others	135,713	295,930
Total current assets	14,366,604	17,073,422
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	3,687,131	3,167,994
Machinery, equipment and vehicles, net	11,728,421	10,579,059
Land	851,369	629,950
Construction in progress	3,113,587	2,272,639
Others, net	561,679	940,359
Total property, plant and equipment	19,942,189	17,590,002
Intangible assets	424,875	284,793
Investments and other assets		
Shares of subsidiaries and associates	-	24,791
Claims provable in bankruptcy, claims provable in rehabilitation and other	230	214
Deferred tax assets	-	546
Others	590,885	860,434
Allowance for doubtful accounts	(96)	(91)
Total Investments and other assets	591,019	885,895
Total non-current assets	20,958,085	18,760,691
Total assets	35,324,689	35,834,113
Liabilities		
Current liabilities		
Notes and accounts payable-trade	1,448,554	1,369,777
Short-term loans payable	1,097,535	987,037
Current portion of long-term loans payable	-	40,000
Lease obligations	2,200,501	800,737
Accounts payable-other	1,782,227	1,444,437
Income taxes payable	225,464	382,099
Provision for bonuses	510,974	484,546
Provision for early retirement	-	175,408
Others	693,942	708,428
Total current liabilities	7,959,200	6,392,473

(Thousand yen)

	FY2014 (As of March 31, 2015)	FY2015 (As of March 31, 2016)
Noncurrent liabilities		
Long-term loans payable	2,067,973	4,109,817
Lease obligations	867,399	842,667
Deferred tax liabilities	380,796	289,048
Provision for retirement liabilities	194,042	232,556
Asset retirement obligations	24,142	28,679
Others	239,241	285,099
Total noncurrent liabilities	3,773,596	5,787,868
Total liabilities	11,732,796	12,180,341
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)	(2,860,414)
Treasury stock	(84)	(128)
Total shareholders' equity	19,877,171	20,343,037
Accumulated other comprehensive income		
Foreign currency translation adjustment	506,103	192,241
Remeasurements of defined benefit plans	(18,070)	(113,375)
Total accumulated other comprehensive income	488,032	78,866
Subscription rights to shares	-	35,608
Non-controlling interests	3,226,688	3,196,260
Total net assets	23,591,892	23,653,772
Total liabilities and net assets	35,324,689	35,834,113

(2) Consolidated Statements of Income and Comprehensive Income

(Thousand yen)

	FY2014 (April 1, 2014 - March 31, 2015)	FY2015 (April 1, 2015 - March 31, 2016)
Net sales	21,303,665	22,731,110
Cost of sales	17,676,180	17,594,426
Gross profit	3,627,484	5,136,684
Selling, general and administrative expenses	2,297,908	2,353,214
Operating profit	1,329,576	2,783,469
Non-operating income		
Interest income	8,425	7,572
Rent income on facilities	60,289	68,247
Foreign exchange gains	54,495	-
Other	56,723	58,014
Total non-operating income	179,934	133,834
Non-operating expenses		
Interest expenses	105,291	94,232
Share of loss of entities accounted for using equity	-	6,708
Compensation expenses	56,890	142,540
Foreign exchange losses	-	43,636
Other	41,314	74,793
Total non-operating expenses	203,495	361,912
Ordinary profit	1,306,015	2,555,391
Extraordinary income		
Gain on sales of non-current assets	48,157	97,640
Local government subsidies	5,215	2,841
Total extraordinary income	53,372	100,481
Extraordinary loss		
Loss on sales of non-current assets	-	95,980
Loss on retirement of non-current assets	16,119	25,144
Impairment loss	34,336	1,137,087
Business structure improvement expenses	951,523	-
Provision for early retirement	-	178,208
Retirement benefit expenses	-	3,663
Total extraordinary loss	1,001,980	1,440,084
Income before income taxes	357,407	1,215,787
Income taxes-current	206,726	447,308
Income Taxes Deferred	150,491	(157,778)
Total income taxes	357,217	289,530

(Thousand yen)

	FY2014 (April 1, 2014 - March 31, 2015)	FY2015 (April 1, 2015 - March 31, 2016)
Profit	189	926,257
(Profit attributable to)		
Profit (loss) attributable to owners of parent	(477,337)	465,909
Profit attributable to non-controlling interests	477,527	460,347
Other comprehensive income		
Foreign currency translation adjustment	751,472	(615,414)
Remeasurements of defined benefit plans, net of tax	20,698	(95,304)
Total other comprehensive income	772,171	(710,719)
Comprehensive income	772,360	215,538
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	(73,387)	56,743
Comprehensive income attributable to minority interests	845,748	158,794

(3) Consolidated Statements of Changes in Net Assets

(Thousand yen)

	FY2014 (April 1, 2014 - March 31, 2015)	FY2015 (April 1, 2015 - March 31, 2016)
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	(2,996,890)	(3,326,324)
Changes of items during the period		
Cumulative effects of changes in accounting policies	147,902	-
Profit (loss) attributable to owners of parent	(477,337)	465,909
Total changes of items during the period	(477,337)	465,909
Balance at the end of current period	(3,326,324)	(2,860,414)
Treasury stocks		
Balance at the beginning of current period	(62)	(84)
Changes of items during the period		
Purchase of treasury stocks	(21)	(84)
Total changes of items during the period	(21)	(43)
Balance at the end of current period	(84)	(128)
Total shareholders' equity		
Balance at the beginning of current period	20,206,627	19,877,171
Cumulative effects of changes in accounting policies	147,902	-
Changes of items during the period		
Net income or (Net loss)	(477,337)	465,909
Treasury stocks	(21)	(43)
Total changes of items during the period	(477,358)	465,866
Balance at the end of current period	19,877,171	20,343,037
Valuation and translation adjustments		
Foreign currency translation adjustment		
Balance at the beginning of current period	122,852	506,103
Changes of items during the period		
Net changes of items other than shareholders' equity	383,251	(313,861)
Total changes of items during the period	383,251	(313,861)
Balance at the end of current period	506,103	192,241
Total adjustments for retirement liabilities		
Balance at the beginning of current period	(38,769)	(18,070)
Net changes of items other than shareholders' equity	20,698	(95,304)
Total changes of items during the period	20,698	(95,304)
Balance at the end of current period	(18,070)	(113,375)

(Thousand yen)

	FY2014 (April 1, 2014 - March 31, 2015)	FY2015 (April 1, 2015 - March 31, 2016)
Total valuation and translation adjustments		
Balance at the beginning of current period	84,083	488,032
Changes of items during the period		
Net changes of items other than shareholders' equity	403,949	(409,166)
Total changes of items during the period	403,949	(409,166)
Balance at the end of current period	488,032	78,866
Minority interests		
Balance at the beginning of current period	2,380,939	3,226,688
Changes of items during the period		
Net changes of items other than shareholders' equity	845,748	(30,428)
Total changes of items during the period	845,748	(30,428)
Balance at the end of current period	3,226,688	3,196,260
Total net assets		
Balance at the beginning of current period	22,671,650	23,591,892
Cumulative effects of changes in accounting policies	147,902	-
Changes of items during the period		
Net income or Net loss(Δ)	(477,337)	465,909
Treasury stocks	(21)	(43)
Net changes of items other than shareholders' equity	1,249,698	(403,986)
Total changes of items during the period	772,339	61,879
Balance at the end of current period	23,591,892	23,653,772

(4) Consolidated Statements of Cash Flows

(Thousand yen)

	FY2014 (April 1, 2014 - March 31, 2015)	FY2015 (April 1, 2015 - March 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes or (loss) before income taxes	357,407	1,215,787
Depreciation and amortization	5,299,421	5,220,608
Impairment loss	34,336	1,137,087
Business structure improvement expenses	951,523	-
Share-based compensation expenses	-	35,608
Increase (decrease) in allowance for doubtful accounts	(229,910)	(5)
Increase (decrease) in provision for early retirement	(111,740)	-
Increase(decrease) in retirement liabilities	24,063	(56,791)
Increase (decrease) in provision for business transfer	-	175,408
Increase(decrease) in allowance	12,587	(4,317)
Interest income received	(8,425)	(7,572)
Interest expenses paid	105,291	94,232
Share of (profit) loss of entities accounted for using equity method	-	6,708
Rent income on facilities	(60,289)	(68,247)
Compensation income	56,890	142,540
Interest on refund	-	(524)
Loss, (Gain) on Sales of Property plant and equipment	(32,037)	23,484
Local government subsidies	(5,215)	(2,841)
Decrease (increase) in notes and accounts receivable-trade	(555,619)	(873,459)
Decrease (increase) in claims provable in bankruptcy, claims provable in rehabilitation	636,727	15
Decrease (increase) in inventories	15,317	(67,189)
Increase (decrease) in notes and accounts payable-trade	205,060	305,651
Decrease (increase) in other current assets	(164,702)	(128,118)
Increase (decrease) in other current liabilities	39,639	199,470
Increase (decrease) in other noncurrent liabilities	(30,561)	52,166
Others, net	(74,319)	60,829
Subtotal	6,465,443	7,460,444
Interest income	8,022	7,579
Interest expenses	(104,371)	(95,101)
Proceeds from subsidies	409,711	61,758
Compensation for damage paid	(56,890)	(94,143)
Income taxes refund	1,885	15,164
Income taxes paid	(102,191)	(327,226)
Business structure improvement expenses paid	(383,394)	(411,935)
Net cash provided by (used in) operating activities	6,238,215	6,616,539

(Thousand yen)

	FY2014 (April 1, 2014 - March 31, 2015)	FY2015 (April 1, 2015 - March 31, 2016)
Net cash provided by (used in) investing activities		
Payments for time deposits	(3,800,000)	(5,500,000)
Proceeds from time deposits	2,000,000	4,000,000
Proceeds from redemption of securities	500,000	-
Purchase of property, plant and equipment	(5,382,153)	(5,908,850)
Proceeds from sales of property, plant and equipment	97,695	457,091
Purchase of intangible assets	(58,428)	(33,891)
Proceeds from equipment rental	58,609	60,435
Purchase of shares of subsidiaries and associates	-	(31,500)
Payments of loans receivable from subsidiaries and associates	-	(126,000)
Others, net	(12,876)	(8,575)
Net cash provided by (used in) investing activities	(6,597,153)	(7,091,290)
Cash flows from financing activities		
Proceeds from short-term loans payable	215,208	1,874,520
Repayments of short-term loans payable	(1,201,489)	(1,909,040)
Proceeds from long-term loans payable	1,918,849	5,304,145
Repayments of long-term loans payable	-	(2,885,046)
Repayments of lease obligations	(2,694,104)	(2,410,987)
Proceeds Gain from Sale and Lease-back	977,811	988,400
Purchase of treasury shares	(21)	(43)
Dividends paid to minority interests	-	(189,222)
Net cash provided by (used in) financing activities	(783,745)	772,726
Effect of exchange rate change on cash and cash equivalents	140,360	(104,383)
Net increase (decrease) in cash and cash equivalents	(1,002,323)	193,591
Cash and cash equivalents at beginning of period	7,882,336	6,880,013
Cash and cash equivalents at end of period	6,880,013	7,073,604