

Announcement on Changes in Financial Forecast

Considering the recent business environment, our financial forecast announced on August 14, 2015 is revised as follows:

1. Revision of consolidated financial forecast for Fiscal year ending June 30, 2016

(1) Revision of consolidated financial forecast for first 6 months

(July 1, 2015 to December 31, 2015)

(unit: million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	2,600	△70	△100	△115	△5.85 yen
Revised forecast (B)	2,348	△254	△288	△261	△13.30 yen
Difference (B-A) Amount	△252	△184	△188	△146	—
Difference (B-A) %	△9.7%	—%	—%	—%	—
(cf) Previous fiscal year result	2,459	△289	△208	△219	△12.01 yen

(2) Revision of consolidated financial forecast for full fiscal year

(July 1, 2015 to June 30, 2016)

(unit: million yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share
Previous forecast (A)	5,790	100	60	25	1.24 yen
Revised forecast (B)	5,100	△300	△340	△360	△17.82 yen
Difference (B-A) Amount	△690	△400	△400	△385	—
Difference (B-A) %	△11.9%	—%	—%	—%	—
(cf) Previous fiscal year result	5,143	△320	△172	△215	△11.79 yen

2. Reasons of revision of financial forecast

(1) Reason of revision of financial forecast for the first 6 months

(Net sales)

As for instrument sales, although there is some fluctuation depending on customers, mostly it has resulted in as forecasted. Due to slight delay in commercialization process of PSS own brand products, as a whole, instrument sales is expected a short of the budget set at beginning of the fiscal year.

As for reagent and consumables, sales to ABBOTT was planned to expand rapidly. The sales recorded the increase compared to previous year, yet, it was short of the plan.

As a result, overall reagent and consumables sales would be less than the budget at beginning of the fiscal year.

Mostly due to above mentioned reasons, net sales forecast is revised to 2,348 million yen, 9.7% short of original forecast.

(Profit)

According to downward revision of sales forecast, gross margin will decrease. As for selling, general and administrative expenses, it was planned to largely reduce as controlling development expenses. Although it is expected to reduce compared to the previous year, it could be difficult to control as planned due to unexpected expenses for development of geneLEAD next version, etc.

As a result, forecast of operating loss is revised to 254 million yen (expanded by 184 million yen compared to original forecast), while forecast of ordinary loss and net loss attributable to parent company shareholders are revised, accordingly.

(2) Reason of revision of financial forecast for full fiscal year

(Net sales)

Starting up of supplying InGenius, fully automated genetic diagnostic system (geneLEAD of PSS), to ELITech Group is successful and the sales for the full fiscal year is expected larger than planned at the beginning of the fiscal year. As geneLEAD series are viewed well accepted in the market, PSS is to focus on the products as main business area.

As for the sample preparation instruments to Abbott as OEM products for their breakthrough pathogen-identification system since late 2014 (press release dated Nov. 14, 2014), PSS successfully launched and supplied; however, it is learned that the sales pace would be largely slower in the second half of fiscal year.

As for OEM product to ROKA Bioscience (press release dated Aug. 8, 2014), certain

development sales was planned in the second half of fiscal year. The project was suspended at the customer's request.

Combining above reasons, the sales forecast for full year is revised to 5,100 million yen (11.9% less compared to the original forecast.)

(Profit)

According to downward revision in sales forecast, gross margin will reduce. Further, as for selling, general and administrative expenses, forecast for full fiscal year is revised based on its revision for first six months. As a result, forecast of operating loss for full fiscal year is revised to 300 million yen, while forecast of ordinary loss and net loss attributable to parent company shareholders are revised, accordingly.

As for foreign exchange rate, we estimate as 1USD =120YEN and 1EURO = 130yen.

3. Business prospect

Our sales mainly comes from OEM products, which, we think, is a rational business strategy to grow for a venture company, managed and operated by small number of people. However, there is a higher risk that business forecast would fluctuate depending on the conditions in OEM partners.

To minimize this risk factor, we will expand sales of our own products, such as, MagLEAD series (for automated sample preparation), geneLEAD series (for fully automated gene diagnostic) as core products, together with DNA extraction reagent (Diagnostic reagents would be launched in the future) through our sales distributors.

And we will try to decrease the production cost in the collaboration with NPS, our manufacturing subsidiary, Odate Reagent Center and other manufacturing partners.

Through these activities, we will concentrate on narrowing loss that we forecast for the current fiscal year and recovering profitability in the next fiscal year.

*This financial forecast is prepared based on the information available as of the announcement date and the final result is subject to change due to various factors to arise from now on.

(End)