

Announcement on Changes in Financial Forecast

Considering the recent business environment, our financial forecast announced on February 5, 2016 is revised as follows:

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

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	Quarter net income attributable to parent company shareholders	Net income per share
Previous forecast (A)	5,100	△300	△340	△360	△17.82 yen
Revised forecast (B)	4,450	△580	△640	△610	△30.19 yen
Difference (B-A) Amount	△650	△280	△300	△250	—
Difference (B-A) %	△12.7%	—%	—%	—%	—
(cf) Previous fiscal year result	5,143	△320	△172	△215	△11.79 yen

2. Reason of financial forecast revision for full fiscal year

(Net sales)

As to the sales of instruments, the sales of our own brand are estimated much short of previous forecast in this fiscal year. The sales of “MagLEAD 6GC/12GC” (Automated DNA extraction instrument) which have been launched from February 2016, will be much slower than we expect for product development delays.

The sales of “geneLEADXII ” (Automated nucleic acid diagnosis instrument) that have been launched as mass production will be also slower by prioritizing the OEM supply for

ELITech Group to stabilize mass production process .

As to the sales of PSS brand, we did not revise last financial forecast announced on February 5, 2016, as we estimated catching up the delayed sales target. However, we must revise the sales of PSS brand forecast considering current results and progress. Combining above reasons and previous forecast, the sales of instruments will decrease 13.5% to 2,414 million yen. The sales of reagent and consumable that we expect to grow in accordance with cumulative sales quantity of PSS instruments, will decrease 19.1% to 1,201 million yen for revising the sales of instruments.

The sales forecast for full year is revised to 4,450 million yen (Δ 12.7% compared to our previous forecast).

(Profit)

According to downward revision in sales forecast, gross margin will decrease 15.9% to 1,480 million yen. While, as for selling, general and administrative expense will be the same 2,060 million yen. As a result, forecast of operating loss for fully fiscal year is revised to Δ 580 million yen (Δ 300 million yen in our previous forecast). And considering Foreign exchange loss and Loss attributable to non-controlling interests, the forecast of ordinary loss and net loss attributable to parent company shareholders are revised, accordingly to Δ 640 million yen (Δ 340 million yen in our previous forecast) and Δ 610 million yen (Δ 360 million yen in our previous forecast).

As for foreign exchange rated, we estimate as 1USD =112.69JPY and 1EURO = 127.57JPY as of March 31, 2016.

3. Our financial forecast

Although our business forecast depend too much on the each status of OEM partners, we will emphasize on selling our own products which are MagLEAD series (for automated sample preparation), geneLEAD series (for fully automated gene diagnostic) with DNA extraction reagent (Diagnostic reagent will be launched in the future) by collaborated with our sales distributors.

And we will decrease the manufacturing cost collaborated with our manufacturing companies; NPS, Odate reagent center and manufacturing partners.

These business actions will improve our business profitability and become profitable business in the next fiscal year, although our business forecast is not positive figure in this 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)