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## FALCO biosystems Ltd.

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## Announcement of the Posting of an Appraisal Loss on Investment Securities

FALCO biosystems Ltd. hereby announces that it has become necessary for the company to post a loss from revaluation of investment securities due to impairment accounting at the end of the 1<sup>st</sup> quarter of the period ending September 2009 in regard to those of the company's securities classified under "Other Securities" for which the market price has fallen markedly and price recovery is acknowledged to be difficult.

In regard to impairment accounting for investment securities at the end of the quarterly consolidated accounting year and at the end of the quarterly business year, the value of any loss from revaluation of investment securities may fluctuate or the company may not post a loss from revaluation of securities due to the market price at the end of the term ending September 2009.

### 1. Total value of loss from revaluation of investment securities at the end of the 1<sup>st</sup> quarter of the term ending September 2009

	Consolidated	Non-consolidated
(A) Total value of loss from revaluation of investment securities at the end of the 1 <sup>st</sup> quarter of the term ending September 2009	¥328 million	¥328 million
(B) Value of net assets in the term ended September 2008 (A/B*100)	¥11,394 million (2.9%)	¥10,626 million (3.1%)
(C) Average value of ordinary income in the 5 most recent consolidated accounting years and 5 most recent business years (A/C*100)	¥1,395 million (23.5%)	¥957 million (34.3%)
(D) Average value of current net income in the 5 most recent consolidated accounting years and 5 most recent business years (A/D*100)	¥527 million (62.2%)	¥393 million (83.5%)

(Reference: The date of the end of the 1<sup>st</sup> quarter at the company is December 20.)

### 2. Future outlook

The impact on the results for the consolidated accounting year ending September 2009 and the business year ending September 2009 is currently under detailed investigation. If any corrections are required in the forecast of results, the Company will promptly make a public announcement.