

Consolidated Earnings Report for the Three Months Ended December 20, 2008

(September 21, 2008 – December 20, 2008)

Company name: **FALCO biosystems Ltd.**
 Stock exchange listing: Tokyo Stock Exchange, 1st Section
 Osaka Securities Exchange, 1st Section
 Stock code: 4671
 URL: <http://www.falco.co.jp>
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 Scheduled date for submission of the quarterly report February 3, 2009

(Figures less than one million yen are rounded down)

1. Consolidated Business Results for the Three Months Ended December 20, 2008

(September 21, 2008 - December 20, 2008)

(1) Business Results (Cumulative)

(Each “YoY change” represents the relevant change in percentage relative to the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Quarterly Net Income	
	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)
Three months ended December 20, 2008	9,840	—	456	—	406	—	(100)	—
Three months ended December 20, 2007	9,297	8.1	513	(0.7)	471	(7.1)	188	(7.3)

	Quarterly Net Income per Share (Basic)	Quarterly Net Income per Share (Diluted)
	Yen	Yen
Three months ended December 20, 2008	(8.30)	—
Three months ended December 20, 2007	15.32	—

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of December 20, 2008	30,312	11,204	37.0	926.45
As of September 20, 2008	29,257	11,394	38.9	939.79

(Reference) Shareholders' equity As of December 20, 2008 ¥11,204 million
 As of September 20, 2008 ¥11,394 million

2. Dividends

(Record date)	Dividend per share				
	End 1 st quarter	End 2 nd quarter	End 3 rd quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended September 20, 2008	—	10.00	—	10.00	20.00
Year ending September 20, 2009	—	—	—	—	20.00
Year ending September 20, 2009 (forecast)	—	10.00	—	10.00	

(Note) Revisions of the dividend forecast during the period under review: None

3. Consolidated Forecasts for the Fiscal Year Ending September 20, 2009 (September 21, 2008 - September 20, 2009)

(Each “YoY change” represents the relevant change in percentage figures relative to the same period of the previous year.)

	Net Sales		Operating Income		Ordinary Income		Net Income		Net Income per Share (Basic)
	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Yen
First Half	18,800	4.1	190	(53.4)	140	(55.2)	20	(20.6)	1.65
Full year	39,700	6.0	940	(7.9)	840	(1.6)	320	176.6	26.39

(Note) Revisions of consolidated forecasts during the period under review: None

4. Other

(1) Number of Outstanding Shares (Common Shares)

(i) Number of outstanding shares at the end of the period (Including treasury stock)

Three months ended December 20, 2008 12,356,177 shares

Year ended September 20, 2008 12,356,177 shares

(ii) Quantity of treasury stock

Three months ended December 20, 2008 262,397 shares

Year ended September 20, 2008 231,627 shares

(iii) Average number of shares during the period (Quarterly consolidated period (cumulative basis))

Three months ended December 20, 2008 12,110,794 shares

Three months ended December 20, 2007 12,305,918 shares

* Explanation regarding the appropriate use of earnings forecasts and other special note

- All future-related statements such as earnings forecasts given above are based on the information available at the time of release and reasonable, fixed assumptions. Actual results may differ significantly from those forecasted due to a variety of factors.
- From this consolidated accounting year, the company is applying the “Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.12) and the “Guideline for Application of the Accounting Standard for Quarterly Financial Reporting” (ASBJ Statement No.14). In addition, the company is preparing quarterly consolidated financial statements in accordance with the “Regulations for Quarterly Consolidated Financial Statements.”