

Consolidated Earnings Report For Fiscal Year Ended September 20, 2009

(September 21, 2008 – September 20, 2009)

Company name: **FALCO biosystems Ltd.**
 Stock exchange listing: Tokyo Stock Exchange, 1st Section
 Osaka Securities Exchange, 1st Section
 Stock code: 4671
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 Representative: Kenjiro Hirasaki
 Representative Director, President
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 Scheduled date for Ordinary
 General Meeting of
 Shareholders: December 17, 2009
 Scheduled date for
 commencement of dividend
 payment: December 18, 2009
 Scheduled date for submission
 of securities report: December 17, 2009

(Figures less than one million yen are rounded down)

1. Consolidated Business Results for Fiscal Year Ended September 20, 2009 (September 21, 2008 - September 20, 2009)

(1) Business Results

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)
Year ended September 20, 2009	39,458	5.3	1,751	71.6	1,561	83.0	619	435.7
Year ended September 20, 2008	37,461	6.7	1,020	(28.7)	853	(36.3)	115	(83.7)

	Net Income per Share (Basic)	Net Income per Share (Diluted)	ROE	Ratio of Ordinary Income to Total Assets	Ratio of Operating Income to Net Sales
	Yen	Yen	%	%	%
Year ended September 20, 2009	51.59	—	5.4	5.0	4.4
Year ended September 20, 2008	9.47	—	1.0	2.9	2.7

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of September 20, 2009	33,653	11,547	34.3	966.43
As of September 20, 2008	29,257	11,394	38.9	939.79

(For reference) Shareholders' equity:

September 20, 2009: 11,547 million yen

September 20, 2008: 11,394 million yen

(3) Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investing Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Million Yen	Million Yen	Million Yen	Million Yen
Year ended September 20, 2009	3,292	(1,338)	1,882	8,109
Year ended September 20, 2008	2,294	(2,023)	128	4,272

2. Dividends

(Record date)	Dividend per share					Total Annual Cash Dividends	Dividend Payout Ratio (Consolidated)	Ratio of Dividends to Net Assets (Consolidated)
	End 1 st qtr	End 2 nd qtr	End 3 rd qtr	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Million Yen	%	%
Year ended September 20, 2008	—	10.00	—	10.00	20.00	243	211.2	2.1
Year ended September 20, 2009	—	10.00	—	10.00	20.00	238	38.8	2.1
Year ending March 31, 2010 (Forecast)	—	00.00	—	10.00	10.00	—	79.7	—

3. Consolidated Forecasts for Fiscal Year Ending March 31, 2010 (September 21, 2009 – March 31, 2010)

(Each "YoY change" represents the relevant change in percentage 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
2 nd quarter consolidated cumulative period	—	—	—	—	—	—	—	—	—
Full year	20,000	—	650	—	600	—	150	—	12.55

(Note) Because the term ending March 31, 2010 is a transitional period for the change of accounting term (September 21, 2009 to March 31, 2010), no forecast figures are included for the consolidated cumulative results for the second quarter. Further, the change of accounting term is conditional on the approval of the Ordinary General Meeting of Shareholders scheduled to be held on December 17, 2009.

(For reference) Overview of Non-Consolidated Business Results**1. Non-consolidated Business Results for Fiscal Year Ended September 20, 2009 (September 21, 2008 – September 20, 2009)****(1) Business Results**

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

	Net Sales		Operating Income		Ordinary Income		Net Income	
	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)	Million Yen	YoY change (%)
Year ended September 20, 2009	24,559	4.8	672	196.9	758	443.4	31	—
Year ended September 20, 2008	23,440	7.3	226	(67.2)	139	(82.5)	(169)	—

	Net Income per Share (Basic)	Net Income per Share (Diluted)
	Yen	Yen
Year ended September 20, 2009	2.65	—
Year ended September 20, 2008	(13.89)	—

(2) Financial Position

	Total Assets	Net Assets	Equity Ratio	Net Assets per Share
	Million Yen	Million Yen	%	Yen
As of September 20, 2009	27,027	10,192	37.7	852.98
As of September 20, 2008	24,223	10,626	43.9	876.47

(For reference) Shareholders' equity:

September 20, 2009: 10,192 million yen

September 20, 2008: 10,626 million yen

2. Consolidated Forecasts for Fiscal Year Ending March 31, 2010 (September 21, 2009 – March 31, 2010)

(Each “YoY change” represents the relevant change in percentage 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
2 nd quarter consolidated cumulative period	—	—	—	—	—	—	—	—	—
Full year	12,100	—	100	—	200	—	50	—	4.18

(Note) Because the term ending March 31, 2010 is a transitional period for the change of accounting term (September 21, 2009 to March 31, 2010), no forecast figures are included for the consolidated cumulative results for the second quarter. Further, the change of accounting term is conditional on the approval of the Ordinary General Meeting of Shareholders scheduled to be held on December 17, 2009.

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

Forecasts of business results and other forecasts in this release are based on information available and certain assumption judged to be reasonable. Actual results may differ from those forecasted due to a variety of factors.