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**FALCO biosystems Ltd.**

346 Shimizu-cho, Nijo-agaru Kawaramachi-dori, Nakagyo-ku, Kyoto 604-0911 Japan

Representative Director, President: Kenjiro Hirasaki

(Stock code: 4671, First Section, Tokyo Stock Exchange and Osaka Securities Exchange)

Contact: Tadashi Yasuda, Executive Director, Division Director of Corporate Planning Division

Telephone: +81-75-257-8500

### **Announcement Concerning a Change of Business Name and Accounting Term and Partial Changes to the Company's Articles of Incorporation**

FALCO biosystems Ltd. hereby announces that its Board of Directors passed a resolution at a meeting held today to raise the matter of "Partial changes to the Articles of Incorporation", including a "Change of business name" and "Change of accounting term", at the Ordinary General Meeting of Shareholders to be held on December 17, 2009 (hereinafter referred to as "this Meeting of Shareholders").

As announced in the news release "Announcement Concerning Entry into a Share Swap Agreement between FALCO biosystems Ltd. and SIMENO DRUG Co., Ltd. and Entry into an Agreement with FALCO Communications Ltd. on an Absorption-Type Split", issued today, FALCO biosystems Ltd. has today entered into [1] an agreement for an absorption-type split with FALCO biosystems as the splitting company and FALCO Communications as the successor company (hereinafter referred to as "this Absorption-type Split"); and [2] an agreement for a share swap making FALCO biosystems a 100% parent company and SIMENO DRUG Co., Ltd. (hereinafter referred to as "SIMENO DRUG") a 100% subsidiary (hereinafter referred to as the "Share Swap").

The Board of Directors passed a resolution in regard to the matters described above at the meeting held today to raise in combination at this Meeting of Shareholders a motion for approval of this Absorption-type Split (hereinafter referred to as "this Absorption-type Split motion"), a motion for approval of this Share Swap and a motion concerning "Partial changes to the Articles of Incorporation", including a "Change of business name" and a "Change of accounting term".

#### **I. Change of business name**

##### **1. Reason for the change**

FALCO biosystems plans to implement a business merger with SIMENO DRUG and becomes a holding company based on this Absorption-type Split and Share Swap.

"FALCO SD HOLDINGS", which will be the new business name created by this change, is derived from the present business name, "FALCO", and an acronym of SIMENO DRUG, "SD".

Under this new name, we will aim for further business expansion based on the business merger of the companies.

2. New business name  
FALCO SD HOLDINGS Co., Ltd.
3. Date of implementation of the change of business name  
The effective date of the change of business name would be March 21, 2010, on the condition that this Absorption-type Split motion is approved at this Meeting of Shareholders.

## **II. Change of accounting term**

1. Reason for the change  
Unifying the accounting term with the timing of revisions of treatment fees paid to medical institutions under the medical insurance system, etc, will increase convenience for the formulation of business plans. Consequently, this measure will change to an accounting term making the final date of the Company's accounting year March 31.
2. Details of change of accounting term  
Current final date: September 20 each year  
After the change: March 31 each year  
As for the Company's 23<sup>rd</sup> term of business, which would be the transitional period after the change of accounting term, the settlement of accounts is planned for the period of 6 months and 11 days from September 21, 2009 to March 31, 2010.

## **III. Partial changes to the Articles of Incorporation**

1. Reasons for changes to the Articles of Incorporation
  - (1) This measure would change the current Article 1 (Business Name) and make changes and additions to Article 2 (Purpose) in association with the transition of a company group to a holding company system based on this Absorption-type Split and Share Swap.
  - (2) This measure would add a Director and Vice-Chairman as an executive director to the current Article 23 (Representative Directors and Executive Directors) in order to strengthen and enhance the company's management foundations.
  - (3) This measure would change the current Article 39 (Business Year) due to the change of accounting term described in section II above. In addition, the required changes would also be made to the current Article 13 (Timing of Convocation of General Meetings of Shareholders), Article 15 (Reference Date for the Ordinary General Meeting of Shareholders) and Article 40 (Dividends of Surplus Funds) in association with the change of business year.
  - (4) The "Act for Partial amendment of the Act on Transfer of Bonds, etc. for the Purpose of Rationalizing Settlement Related to Transactions of Stocks, etc." (Law No.88, 2004) was enforced on January 5, 2009 and the stocks of all listed companies were transferred to a new share transfer system (computerization of shares). In association with this development, this measure would delete or make the required changes to the text or wording of provisions within the current Articles of Incorporation that assume the existence of share certificates, provisions concerning beneficial shareholders and the list of beneficial shareholders and other related provisions.
  - (5) This measure would change the numbers of articles and make other revisions to the wording of provisions in association with the changes described above. In addition, this measure would provide the provisions required in the supplementary provisions to establish arrangements for the transitional period.

2. Details of the changes to the Articles of Incorporation

The details of the changes are as follows.

(Underlining indicates the areas to be changed.)

Current Articles of Incorporation	Draft changes
(Business Name)	(Business Name)
Article 1 The company is named <u>FALCO biosystems Ltd.</u> , represented in English as <u>FALCO biosystems Ltd.</u>	Article 1 The company is named <u>FALCO SD HOLDINGS Co., Ltd.</u> , represented in English as <u>FALCO SD HOLDINGS Co., Ltd.</u>
(Purpose)	(Purpose)
Article 2 The purpose of the company is to manage the following business.	Article 2 The purpose of the company is to <u>own shares or equity in companies that manage the following business and overseas companies that manage equivalent business and by doing so to control/ manage the business activities of said companies and</u> manage the following business.
<ul style="list-style-type: none"> <li>(1) Commissioned clinical testing</li> <li>(2) Commissioned analysis and testing of food constituents and safety</li> <li>(3) Commissioned work related to environmental measurement and the analysis and measurement of chemical substances</li> <li>(4) Commissioned environmental analysis surveys</li> <li>(5) Business related to the control of harmful birds, animals and insects, plants, microorganisms, etc, in order for environmental hygiene</li> <li>(6) Commissioned experiments related to medical drugs and clinical testing</li> <li>(7) Research and development of testing related to genetic analysis, other physical and chemical analysis and medicine</li> <li>(8) Work related to the manufacture and sale of chemical dispersing equipment, for the extermination of harmful insects, etc</li> <li>(9) Work related to the import, manufacture and sale of medical supplies, medical drugs, quasi drugs, reagents, clinical test agents, chemical agents, and industrial chemicals</li> </ul>	<ul style="list-style-type: none"> <li>(1) (As at present)</li> <li>(2) (As at present)</li> <li>(3) (As at present)</li> <li>(4) (As at present)</li> <li>(5) (As at present)</li> <li>(6) (As at present)</li> <li>(7) (As at present)</li> <li>(8) (As at present)</li> <li>(9) Work related to the <u>export</u>, import, manufacture and sale of medical supplies, medical drugs, quasi drugs, <u>cosmetics, veterinary drugs, agricultural chemicals,</u> reagents, clinical test agents, <u>other</u> chemical agents, and industrial chemicals</li> </ul>

Current Articles of Incorporation	Draft changes
<p>(10) Work related to the sale, sale on order and management of chemical agents such as poisons and deleterious substances and industrial chemicals (New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p>	<p>(10) (As at present)</p> <p>(11) <u>Manufacture and sale of cultures for use in clinical/ food hygiene testing</u></p> <p>(12) <u>Sale, export and import of food, food additives, drinks, perfume, animal feed and animal feed additives</u></p> <p>(13) <u>Sale, export and import of miscellaneous daily goods, sanitary goods, toys and clothing</u></p> <p>(14) <u>Sale of alcohol and tobacco products</u></p> <p>(15) (As at present)</p>
<p>(11) Work related to the manufacture, sale, rental and management of medical devices, equipment and materials, etc</p>	<p>(16) (As at present)</p>
<p>(12) Work related to the sale, rental and management of medical supplies and consumables (New establishment)</p> <p>(New establishment)</p>	<p>(17) <u>Contracting of the cleaning of consumables used in clinical testing</u></p> <p>(18) <u>Research and development, commissioned research and development and sales of patents of developmental technique of medical drugs, quasi drugs and diagnostic agents</u></p>
<p>(13) Storage of samples (blood, spinal fluid, urine and other samples taken from human bodies)</p>	<p>(19) (As at present)</p>
<p>(14) Management of pharmacies <u>and drug shops</u> (New establishment) (New establishment) (New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p>	<p>(20) Management of <u>dispensing pharmacies</u></p> <p>(21) <u>Management of drug stores</u></p> <p>(22) <u>Management of convenience stores</u></p> <p>(23) <u>Management of dispensing pharmacies, drug stores and convenience stores based on franchise chain systems and guidance and cultivation of franchise stores</u></p> <p>(24) <u>Training of medical invoicing work personnel and commissioned medical invoicing work</u></p> <p>(25) <u>Consultant work related to the management of pharmacies</u></p>
<p>(15) <u>Lease and sale of nursing care equipment and materials</u> (New establishment)</p>	<p>(26) <u>Sale and lease of nursing care materials and equipment, and welfare equipment</u></p> <p>(27) <u>Visiting nursing care</u></p>

Current Articles of Incorporation	Draft changes
(New establishment)	
(16) Consulting related to home-based nursing care	(28) <u>Rental of welfare equipment, rental of welfare equipment for preventing future long-term nursing care, sale of specified welfare equipment for preventing future long-term nursing care and home-based services for home-based medical treatment management and guidance based on the Long-Term Care Insurance Act</u>
(17) Work related to the information processing services and development, sale and maintenance of computer hardware and software	(29) <u>Consultant work related to home-based nursing care</u>
(New establishment)	(30) <u>Consultant work related to various types of information processing systems, contracting of work related to the information processing services and development, design, production, sale and maintenance of computer hardware and software</u>
(New establishment)	(31) <u>Sale of equipment, materials and parts and wiring/ tubing construction work related to various types of information processing systems</u>
(New establishment)	(32) <u>Commissioning of operation and management work for various types of information processing</u>
(New establishment)	(33) <u>Consultant work related to the new construction and expansion, etc, of hospitals and nursing care facilities, etc</u>
(18) Provision of information and consulting related to business management	(34) <u>Provision of information and consultant work related to business management</u>
(New establishment)	(35) <u>Acquisition, maintenance, management, licensing and transfer of intellectual property</u>
(New establishment)	(36) <u>Lending of money, fund procurement, fund management and other proxy work related to the business of group companies</u>
(19) Non-life insurance agency work	(37) (As at present)
(20) Life insurance agency work	(38) (As at present)
(21) General worker dispatch based on the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers	(39) (As at present)

Current Articles of Incorporation	Draft changes
<p>(22) Specific worker dispatch based on the Act for Securing the Proper Operation of Worker Dispatching Undertakings and Improved Working Conditions for Dispatched Workers (New establishment)</p> <p>(New establishment)</p> <p>(23) Collection and transport of medical industry waste</p> <p>(24) Collection and transport of industry waste</p> <p>(25) Rental, trade and management of real estate (New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(26) All work incidental to the business described in the preceding items</p>	<p>(40) (As at present)</p> <p>(41) <u>Paid-for employment placement based on the Employment Security Act</u></p> <p>(42) <u>General freight automotive transport</u></p> <p>(43) (As at present)</p> <p>(44) (As at present)</p> <p>(45) Rental, trade, management <u>and brokerage</u> of real estate</p> <p>(46) <u>Agency and consultant work related to personnel, general affairs, accounting and legal affairs</u></p> <p>(47) <u>Commissioning of work related to accounting and finance</u></p> <p>(48) <u>Commissioning of work related to salary calculation and payment</u></p> <p>(49) <u>Commissioning of work related to the management of fixed assets and lease assets</u></p> <p>(50) <u>Commissioning of work related to the storage and management of documents, etc.</u></p> <p>(51) <u>Commissioned sale and payment of lottery tickets</u></p> <p>(52) All work incidental to <u>or related to</u> the business described in the preceding items</p>
<p><u>(Issue of Share Certificates)</u>  <u>Article 7 The company shall issue certificates related to shares.</u></p>	<p>(Delete)</p>
<p><u>(Number of Shares in a Share Unit and the Non-Issue of Certificates for Fractional Share Units)</u></p>	<p>(Number of Shares in a Share Unit)</p>
<p>Article 8 The number of shares in a share unit shall be 100 shares.</p> <p>2. <u>Notwithstanding the provisions of the preceding article, the company shall not issue certificates for fractional share units. However, this shall not apply to cases provided for in the share handling regulations.</u></p>	<p>Article 7 (As at present)</p> <p>(Delete)</p>

Current Articles of Incorporation	Draft changes
<p>(Rights Pertaining to Fractional Share Units)  Article <u>9</u> The shareholders of the company <u>(including beneficial shareholders; same hereinafter)</u> may not exercise any rights other than those described below in regard to fractional share units.</p> <ol style="list-style-type: none"> <li>(1) The rights described in Article 189.2 of the Companies Act</li> <li>(2) The right to make a claim in accordance with the provisions of Article 166.1 of the Companies Act</li> <li>(3) The right to receive an allotment of subscription shares and subscription share warrants in accordance with the number of shares that the shareholder possesses</li> <li>(4) The right to make a claim as provided for in the next article</li> </ol> <p>Article <u>10</u> (Text of article omitted)  (Manager of the Register of Shareholders)  Article <u>11</u> The company shall appoint a manager of the register of shareholders.</p> <ol style="list-style-type: none"> <li>2. The manager of the register of shareholders and the location of the office of that manager shall be determined by a resolution of a meeting of the Board of Directors and shall be announced publicly.</li> <li>3. The creation and maintenance of the company's register of shareholders, <u>(including the register of beneficial shareholders; same hereinafter)</u>, share warrant register <u>and lost share certificate register</u> and other work related to the register of shareholders, share warrant register <u>and lost share certificate register</u> shall be consigned to the manager of the register of shareholders and shall not be handled at the company.</li> </ol> <p>Article <u>12</u> (Text of article omitted)</p>	<p>(Rights Pertaining to Fractional Share Units)  Article <u>8</u> The shareholders of the company may not exercise any rights other than those described below in regard to fractional share units.</p> <ol style="list-style-type: none"> <li>(1) (As at present)</li> <li>(2) (As at present)</li> <li>(3) (As at present)</li> <li>(4) (As at present)</li> </ol> <p>Article <u>9</u> (As at present)  (Manager of the Register of Shareholders)  Article <u>10</u> (As at present)</p> <ol style="list-style-type: none"> <li>2. (As at present)</li> <li>3. The creation and maintenance of the company's register of shareholders <u>and</u> share warrant register and other work related to the register of shareholders <u>and</u> share warrant register shall be consigned to the manager of the register of shareholders and shall not be handled at the company.</li> </ol> <p>Article <u>11</u> (As at present)</p>

Current Articles of Incorporation	Draft changes
<p>(Timing of Convocation of General Meetings of Shareholders)</p> <p>Article <u>13</u> The company's Ordinary General Meeting of Shareholders shall be convened <u>within 3 months from the day following the end of each business year</u>. An Extraordinary General Meeting of Shareholders shall be convened as necessary.</p> <p>Article <u>14</u> (Text of article omitted) (Reference Date for the Ordinary General Meeting of Shareholders)</p> <p>Article <u>15</u> The company shall regard shareholders entered or registered in the register of shareholders as of the end of <u>the last day of each business year</u> as those shareholders who may exercise rights at the relevant Ordinary General Meeting of Shareholders.</p> <p>Article <u>16</u> - Article <u>22</u> (Text of articles omitted) (Representative Directors and Executive Directors)</p> <p>Article <u>23</u> The Board of Directors shall select a small number of representative directors by resolution.</p> <p>2. The Board of Directors may select 1 Chairman, 1 President and a small number of Vice Presidents, Executive Directors and Managing Directors.</p> <p>Article <u>24</u> - Article <u>38</u> (Text of articles omitted) (Business Year)</p> <p>Article <u>39</u> The business year of the company shall be the 1-year period from <u>September 21</u> each year to <u>September 20</u> the following year.</p> <p>(Dividends of Surplus Funds)</p> <p>Article <u>40</u> Year-end dividends may be paid to shareholders or registered share pledgees entered or registered in the register of shareholders as of the end of <u>the last day of each business year</u> based on a resolution adopted by a General Meeting of Shareholders.</p>	<p>(Timing of Convocation of General Meetings of Shareholders)</p> <p>Article <u>12</u> The company's Ordinary General Meeting of Shareholders shall be convened in <u>June each year</u>. An Extraordinary General Meeting of Shareholders shall be convened as necessary.</p> <p>Article <u>13</u> (As at present) (Reference Date for the Ordinary General Meeting of Shareholders)</p> <p>Article <u>14</u> The company shall regard shareholders entered or registered in the register of shareholders as of the end of <u>March 31 each year</u> as those shareholders who may exercise rights at the relevant Ordinary General Meeting of Shareholders.</p> <p>Article <u>15</u> - Article <u>21</u> (As at present) (Representative Directors and Executive Directors)</p> <p>Article <u>22</u> (As at present)</p> <p>2. The Board of Directors may select 1 Chairman, <u>1 Vice-Chairman</u> and 1 President and a small number of Vice Presidents, Executive Directors and Managing Directors.</p> <p>Article <u>23</u> - Article <u>37</u> (As at present) (Business Year)</p> <p>Article <u>38</u> The business year of the company shall be the 1-year period from <u>April 1</u> each year to <u>March 31</u> the following year.</p> <p>(Dividends of Surplus Funds)</p> <p>Article <u>39</u> Year-end dividends may be paid to shareholders or registered share pledgees entered or registered in the register of shareholders as of the end of <u>March 31 each year</u> based on a resolution adopted by a General Meeting of Shareholders.</p>

Current Articles of Incorporation	Draft changes
<p>2. Aside from the dividends of the preceding paragraph, interim dividends may be paid to shareholders or registered share pledgees entered or registered in the register of shareholders as of the end of <u>March 20</u> each year based on a resolution adopted by a General Meeting of Shareholders.</p> <p>Article <u>41</u> - Article <u>42</u> (Text of articles omitted)  (New establishment)  (New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p> <p>(New establishment)</p>	<p>2. Aside from the dividends of the preceding paragraph, interim dividends may be paid to shareholders or registered share pledgees entered or registered in the register of shareholders as of the end of <u>September 30</u> each year based on a resolution adopted by a General Meeting of Shareholders.</p> <p>Article <u>40</u> - Article <u>41</u> (As at present)  <u>Supplementary Provisions</u>  <u>Supplementary Article 1</u> <u>The creation and maintenance of the company's lost share certificate register and other work related to the lost share certificate register shall be consigned to the register of shareholders and shall not be handled at the company.</u></p> <p><u>Supplementary Article 2</u> <u>The preceding article and this article shall be effective until January 5, 2010 and the preceding article and this article shall be deleted as of January 6, 2010.</u></p> <p><u>Supplementary Article 3</u> <u>Article 1 (Business Name) and Article 2 (Purpose) shall take effect as of March 21, 2010.</u></p> <p><u>Supplementary Article 4</u> <u>The preceding article and this article shall be deleted as of March 21, 2010, the date of effect of Article 1 (Business Name) and Article 2 (Purpose).</u></p> <p><u>Supplementary Article 5</u> <u>Notwithstanding the provisions of Article 38 (Business Year), the 23<sup>rd</sup> term of business starting September 21, 2009 shall last for the 6-month, 11-day period to March 31, 2010.</u></p> <p><u>Supplementary Article 6</u> <u>The preceding article and this article shall be deleted as of the completion of the 23<sup>rd</sup> term of business.</u></p>

3. **Effective date of the changes to the Articles of Incorporation**

The changes to the Articles of Incorporation described in section 1. (1) above shall be effective as of March 21, 2010 on the condition that this Absorption-type Split motion is approved at this Meeting of Shareholders.

**IV. Future outlook**

The results forecast for the 23<sup>rd</sup> term of business (September 21, 2009 to March 31, 2010) following the change of accounting term (final day of the business term) is presented in the "Summary of results for the period ending September 2009", announced today.