



Consolidated Earnings Report for the Three Months Ended December 20, 2009

(September 21, 2009 – December 20, 2009)

January 27, 2010

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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 Scheduled filing date for quarterly reports: February 2, 2010

(Figures less than one million yen are rounded down)

1. Consolidated Business Results for the Three Months Ended December 20, 2009

(September 21, 2009 - December 20, 2009)

(1) Business Results (Cumulative)

(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 | |
|--------------------------------------|-------------|----------------|------------------|----------------|-----------------|----------------|-------------|----------------|
| | Million Yen | YoY change (%) | Million Yen | YoY change (%) | Million Yen | YoY change (%) | Million Yen | YoY change (%) |
| Three months ended December 20, 2009 | 9,753 | (0.9) | 395 | (13.4) | 355 | (12.6) | 79 | — |
| Three months ended December 20, 2008 | 9,840 | — | 456 | — | 406 | — | (100) | — |

| | Net Income per Share (Basic) | Net Income per Share (Diluted) |
|--------------------------------------|------------------------------|--------------------------------|
| | Yen | Yen |
| Three months ended December 20, 2009 | 6.67 | — |
| Three months ended December 20, 2008 | (8.30) | — |

(2) Financial Position

| | Total Assets | Net Assets | Equity Ratio | Net Assets per Share |
|--------------------------|--------------|-------------|--------------|----------------------|
| | Million Yen | Million Yen | % | Yen |
| As of December 20, 2009 | 32,624 | 11,493 | 35.2 | 961.88 |
| As of September 20, 2009 | 33,653 | 11,547 | 34.3 | 966.43 |

(Reference) Equity capital As of ended December 20, 2009 ¥11,493 million
 As of September 20, 2009 ¥11,547 million

2. Dividends

| (Record date) | Dividend per share | | | | |
|--|--------------------|--------|--------|----------|--------|
| | End Q1 | End Q2 | End Q3 | Year-end | Annual |
| | Yen | Yen | Yen | Yen | Yen |
| Year ended September 20, 2009 | — | 10.00 | — | 10.00 | 20.00 |
| Year ending March 31, 2010 | — | — | — | — | — |
| Year ending March 31, 2010 (Forecast) | — | 00.00 | — | 10.00 | 10.00 |

(Note) Revisions to dividend forecast in current quarter: None

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 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 |
| Full year | 20,000 | — | 650 | — | 600 | — | 150 | — | 12.55 |

(Note) Revisions to consolidated forecast figures in current quarter: None

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 for the consolidated cumulative results for the second quarter and YoY change for the full year are included.

4. Other

(1) Number of shares outstanding (common stock)

1) Number of shares outstanding at term-end (including treasury stock)

Three months ended December 20, 2009 12,356,177 shares

Year ended September 20, 2009 12,356,177 shares

2) Number of treasury shares at term-end

Three months ended December 20, 2009 407,327 shares

Year ended September 20, 2009 407,237 shares

3) Average number of shares through accounting period (quarterly consolidated accumulative period)

Three months ended December 20, 2009 11,948,872 shares

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

Note: Explanations regarding the appropriate use of earnings forecasts and other special note

All matters contained in these materials regarding future developments, such as earnings forecasts, are recorded based on information currently held by the company and certain assumptions considered to be rational at the time, but there is the possibility of large variations with outcomes due to a variety of factors, including business results.