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**FALCO biosystems Ltd.**

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**Announcement of a Revision of the Earnings Forecast  
(Consolidated and Non-Consolidated)**

We hereby announce that based on recent trends in business results, etc., the company has changed its full term earnings forecast (consolidated and non-consolidated) for the period ending September 2008 (September 21, 2007 - September 20, 2008), which was announced on May 8, 2008.

1. Consolidated earnings forecast and non-consolidated earnings forecast for the period ending September 2008 (September 21, 2007 - September 20, 2008)

Consolidated earnings forecast

(Unit: ¥ million)

	Sales	Operating profit	Ordinary profit	Net profit	Net profit per share
Previously announced forecast (A)	37,100	1,200	1,100	370	¥30.37
Currently revised forecast (B)	37,461	1,020	853	115	¥9.47
Change in value (B-A)	361	-179	-246	-254	-
Rate of change (%)	1.0	-14.9	-22.4	-68.7	-
(Reference) Result for the previous term (Term ending September 2007)	35,092	1,432	1,340	709	¥57.87

Non-consolidated earnings forecast

(Unit: ¥ million)

	Sales	Operating profit	Ordinary profit	Net profit	Net profit per share
Previously announced forecast (A)	23,000	400	340	10	¥0.82
Currently revised forecast (B)	23,440	226	139	-169	-¥13.89
Change in value (B-A)	440	-174	-200	-179	-
Rate of change (%)	1.9	-43.5	-58.9	-1,796.1	-
(Reference) Result for the previous term (Term ending September 2007)	21,848	690	798	431	¥35.24

## 2. Reason for the revision

Consolidated and non-consolidated sales in clinical testing business and dispensing pharmacy business are expected to surpass the previously announced figures as the number of test specimens has increased due to an increase in new transaction partners and prescriptions are strong at pharmacies newly opened in the last term and existing stores. On the other hand, operating profit, ordinary profit and net profit are expected to fall below the previous forecast in both consolidated and non-consolidated business. This is due to a decline in the profit ratio due to cost increases, costs associated with anticipatory investment in IT business exceeding the company's initial forecast and, in addition, the posting of an appraisal loss associated with the slide of market prices for investment securities.

(Note) The earnings forecasts above were prepared based on the information available on the date this data was announced. Actual earnings may differ from the forecast figures due to various factors arising in the future.