

February 21, 2005

FALCO biosystems Ltd.

Chairman and President: Hiroharu Akazawa

(Code 4671, Second Section, Tokyo Stock Exchange and Osaka Securities Exchange)

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Notice of a commemorative dividend and revision of our full-year dividend forecast

We announce that our Board of Directors resolved on February 21, 2005 to provide commemorative dividend, and to revise this fiscal year's interim and year-end dividend forecast per share.

1. Reason for commemorative dividend and revision of to our full-year dividend forecast

Our company listed on the Second Section of the Tokyo Stock Exchange on October 29, 2004. We are grateful to our shareholders and other parties for their understanding and support of this listing.

To express our gratitude to our shareholders for their unwavering support, we plan to issue a commemorative dividend of 2 yen in the interim period of the current fiscal year, in addition to an ordinary dividend of 8 yen. The total interim dividend will therefore be 10 yen per share.

We also plan to increase our year-end dividend by 2 yen over our initial forecast, to 10 yen per share, as we want to raise the payout ratio to win our shareholders' continued support.

These revisions will increase our full-year dividend by 4 yen over our initial forecast, to 20 yen per share. We will endeavor to improve earnings in order to maintain the dividend we plan to issue for the current fiscal year in the next fiscal year and beyond.

2. Revised dividend figures

FY9/2005 (from September 21, 2004 to September 20, 2005) dividend forecasts

	Interim	Year-end	Full-year
Previous forecast announced on November 5, 2004	Ordinary dividend: 8 yen	Ordinary dividend: 8 yen	Ordinary dividend: 16 yen
Revised forecast	Ordinary dividend: 8 yen Commemorative dividend: 2 yen	Ordinary dividend: 10 yen	Ordinary dividend: 18 yen Commemorative dividend: 2 yen Total: 20 yen
(For reference) Year ended Sep. 2004	-	Ordinary dividend: 15 yen	Ordinary dividend: 15 yen