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FALCO biosystems Ltd.

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**Notice of Revision to Operating Results Forecasts for the Interim Fiscal Year
(Consolidated and non-consolidated basis)**

FALCO biosystems Ltd. announces the following revisions to consolidated and non-consolidated operating results forecasts for the first half of the fiscal year ending September 2005 (September 21, 2004 – September 20, 2005) which was announced on November 5, 2004.

1. Revised forecast of consolidated operating results for the first half of fiscal year ending September 2005 (September 21, 2004 – March 20, 2005)

(Unit: Million Yen, %)

	Sales	Ordinary Income	Net Income
Previous forecast announced on November 5, 2004 (A)	13,100	500	220
Revised forecast (B)	13,400	680	320
Difference (B–A)	300	180	100
Difference ratio (%)	2.3	36.0	45.5
First half ended September 2004	11,088	646	259

2. Reason for the consolidated forecast revisions

We slightly raise our interim sales forecast due to the capture of firm new outsourcing orders from national hospitals, opening of new pharmacies, and better than expected pollen-allergy-related orders.

We raise our interim ordinary income forecast by 180 million yen to 680 million yen, and our net income forecast by 100 million yen to 320 million yen on lower than budget personnel and other SG&A costs due to cost-reduction efforts, and greater than expected pollen-allergy-related order growth.

3. Revised forecast of non-consolidated operating results for the first half of fiscal year ending September 2005 (September 21, 2004 – March 20, 2005)

(Unit: Million Yen, %)

	Sales	Ordinary Income	Net Income
Previous forecast announced on November 5, 2004 (A)	9,000	350	170
Revised forecast (B)	9,150	540	270
Difference (B–A)	150	190	100
Difference ratio (%)	1.7	54.3	58.8
First half ended September 2004	8,744	519	225

4. Reason for the non-consolidated forecast revisions

We slightly raise our interim sales forecast due to the capture of firm new outsourcing orders from national hospitals, and better than expected pollen allergy testing orders.

We raise our interim ordinary income forecast by 190 million yen to 540 million yen, and our net income forecast by 100 million yen to 270 million yen on lower than budget personnel and other SG&A costs due to cost-reduction efforts, and greater than expected hay fever testing order growth.

5. Consolidated and non-consolidated forecasts for fiscal year ending September 2005 (September 21, 2004 – September 20, 2005)

We announced on January 24, 2005 that we would make Hida Clinical Testing Center Ltd. a subsidiary, and announced on February 28, 2005 that we would make the three Pharma Plot group companies subsidiaries. We are currently examining the impact of these moves, and the better than expected pollen-allergy-related orders, on full fiscal year forecasts. We will announce revised full fiscal year forecasts when we announce interim results.