

Flash Report for the First Quarter Ended June 30, 2007 (Consolidated basis)

August 7, 2007

Name of the listed company: **Fuji Seal International, Inc.**

Code No.: 7864 Stock exchange: TSE (1st section)

URL: <http://www.fujiseal.co.jp>

Representative: President and COO Ken Takeda

Contact: Director and CFO Hiroo Okazaki

* All amounts are rounded down to the nearest million yen.

1. Results for the First Quarter (April 1 to June 30, 2007)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st quarter ended June 30, 2007	¥24,259	3.3%	¥2,174	(10.3)%	¥2,327	(3.4)%
1st quarter ended June 30, 2006	23,487	0.3	2,423	2.8	2,409	(0.4)
Previous year ended March 31, 2007	88,204	1.5	6,313	(12.1)	6,699	(8.1)

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st quarter ended June 30, 2007	¥1,380	3.8%	¥46.31		¥46.31	
1st quarter ended June 30, 2006	1,330	5.5	44.27		44.26	
Previous year ended March 31, 2007	3,540	(4.8)	117.81		117.80	

Note: Percentage figures for sales, operating income, ordinary income and net income are year-on-year changes (minus figures are shown in parentheses)

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of June 30, 2007	¥85,330	¥46,421	54.4%	¥1,581.27
As of June 30, 2006	80,380	44,248	55.0	1,472.11
As of March 31, 2007	78,301	47,531	60.7	1,581.37

(3) Cash flows (¥ million)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
1st quarter ended June 30, 2007	¥1,166	¥(1,267)	¥2,516	¥5,143
1st quarter ended June 30, 2006	390	(1,700)	4,875	9,025
Previous year ended March 31, 2007	5,248	(9,530)	1,321	2,720

2. Dividends

	Annual dividends per share (¥)		
	Interim	Year-end	Annual
Year ended March 31, 2007	¥15.00	¥15.00	¥30.00
Year ending March 31, 2008 (forecast)	15.00	15.00	30.00

Dividend forecast is unchanged from the forecast released with the FY2007 accounts settlement on May 9, 2007.

3. Business Forecast for the Year Ending March 31, 2008 (April 1, 2007 to March 31, 2008)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)
First-half period	¥48,440	4.4%	¥4,930	6.5%	¥5,010	0.7%	¥2,680	(10.4)%	¥ 91.29
Full term	93,000	5.4	8,000	26.7	8,150	21.7	4,500	27.1	153.28

Note: Percentage figures represent year-on-year comparisons.

Business performance forecasts for the first-half period and the full term are unchanged from the forecasts released with the FY2007 accounts settlement on May 9, 2007.

Forecast for earnings per share for the current term is made based on the number of ordinary shares outstanding (i.e. number of issued shares after deduction of number of shares in treasury at the end of the reporting period).

4. Others

- (1) Changes in the scope of consolidation: None
- (2) Significant methods applied for accounting: Not applied
- (3) Change made in accounting methods used since most recent fiscal year: Applicable

* The above forecasts are based on data available as of the date of release of this document as well as assumptions based on uncertain factors, which might have a material effect on the Company's performance in the future. Readers are advised that actual results may differ substantially from the above forecasts due to various unforeseeable factors.

Consolidated Balance Sheets

	(¥ million)				
	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount
Assets					
Current assets:					
Cash and deposits	¥ 9,177		¥ 5,813		¥ 3,145
Notes and accounts receivable	25,683		26,899		23,545
Inventories	6,652		7,778		7,178
Deferred tax assets	450		306		521
Advance payments	242		106		—
Prepaid expenses	408		375		209
Other current assets	1,803		2,663		2,021
Allowance for doubtful accounts	(97)		(89)		(106)
Total current assets	44,320	55.1%	43,853	51.4%	36,515
Noncurrent assets:					
Tangible fixed assets:					
Buildings and structures	5,950		8,573		8,460
Machinery, equipment and vehicles	15,628		20,486		20,768
Land	3,834		4,706		4,709
Construction in progress	4,498		1,176		1,397
Other	580		643		590
Total tangible fixed assets	30,493	37.9	35,586	41.7	35,926
Intangible assets:					
Consolidation adjustment	466		267		317
Other	725		691		710
Total intangible assets	1,191	1.5	958	1.1	1,027
Investments and other assets:					
Investment securities	2,658		3,435		3,267
Long-term loans	48		31		34
Deferred tax assets	406		401		389
Other	1,440		1,222		1,321
Allowance for doubtful accounts	(179)		(160)		(182)
Total investments and other assets	4,374	5.5	4,931	5.8	4,831
Total noncurrent assets	36,059	44.9	41,476	48.6	41,785
Total assets	¥80,380	100.0%	¥85,330	100.0%	¥78,301

Amounts are rounded down to the nearest million yen.

(¥ million)

	As of June 30, 2006		As of June 30, 2007		As of March 31, 2007
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount
Liabilities					
Current liabilities:					
Notes and accounts payable	¥ 17,012		¥17,447		¥15,020
Short-term borrowings	7,721		9,463		5,006
Current portion of long-term debt	832		1,384		1,213
Income taxes payable	882		628		1,496
Accrued bonuses	1,219		1,224		803
Other current liabilities	5,949		6,315		4,879
Total current liabilities	33,617	41.8%	36,463	42.7%	28,420
Long-term liabilities:					
Long-term debt	1,293		1,544		1,007
Reserve for employees' retirement benefits	1,049		681		1,046
Other	170		218		224
Total long-term liabilities	2,514	3.2	2,444	2.9	2,348
Total liabilities	36,131	45.0	38,908	45.6	30,769
Net assets					
Shareholders' equity:					
Common stock	5,990	7.4	5,990	7.0	5,990
Capital surplus	6,233	7.8	6,233	7.3	6,233
Retained earnings	32,310	40.2	34,999	41.0	34,069
Treasury stock	(77)	(0.1)	(1,980)	(2.3)	(79)
Total shareholders' equity	44,456	55.3	45,241	53.0	46,213
Valuation and translation adjustments:					
Unrealized gain on available-for-sale securities	273	0.3	286	0.4	292
Adjustment for minimum pension liability	(406)	(0.1)	(478)	(0.6)	(483)
Foreign currency translation adjustments	(74)	(0.5)	1,372	1.6	1,508
Total valuation and translation adjustments	(208)	(0.3)	1,180	1.4	1,317
Total net assets	44,248	55.0	46,421	54.4	47,531
Total liabilities and net assets	¥80,380	100.0%	¥85,330	100.0%	¥78,301

Consolidated Statements of Income

(¥ million)

	1st quarter ended June 30, 2005		1st quarter ended June 30, 2006		Year ended March 31, 2007
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount
Net sales	¥23,487	100.0%	¥24,259	100.0%	¥88,204
Cost of sales	18,309	78.0	19,122	78.8	70,259
Gross profit	5,178	22.0	5,137	21.2	17,945
Selling, general and administrative expenses	2,754	11.7	2,962	12.2	11,632
Operating income	2,423	10.3	2,174	9.0	6,313
Non-operating income					
Interest income	2		4		20
Dividend income	7		9		15
Foreign exchange gain	—		134		349
Equity in earnings of affiliates	79		57		236
Other	29		35		145
Total non-operating income	119	0.5	242	1.0	766
Non-operating expenses					
Interest expense	57		79		231
Foreign exchange loss	37		—		—
Amortization of preoperating cost	34		—		89
Other	4		8		59
Total non-operating expenses	133	0.6	88	0.4	380
Ordinary income	2,409	10.2	2,327	9.6	6,699
Extraordinary gains					
Gain on sale of tangible fixed assets	—		0		8
Gain on sale of investment securities	46		—		46
Reversal of allowance for doubtful accounts	—		4		27
Government subsidies	—		—		78
Total extraordinary gains	46	0.2	5	0.0	161
Extraordinary losses					
Loss on sale and disposal of tangible fixed assets	7		6		40
Surcharge levied by U.S. authorities	—		—		61
Additional early retirement benefits	—		55		54
Loss on valuation of golf club memberships	—		0		—
Total extraordinary losses	7	0.0	61	0.2	156
Income before income taxes	2,448	10.4	2,271	9.4	6,703
Income taxes - current	939	4.0	683	2.8	3,045
Income taxes - deferred	178	0.7	208	0.9	117
Net income	¥ 1,330	5.7%	¥ 1,380	5.7%	¥ 3,540

Amounts are rounded down to the nearest million yen.

Consolidated Statements of Changes in Net Assets

(¥ million)

	Shareholders' equity					Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
1st quarter ended June 30, 2006							
Balance at March 31, 2006	¥5,990	¥6,233	¥31,280	¥(77)	¥43,426	¥(272)	¥43,153
Changes during term:							
Cash dividends*			(300)		(300)		(300)
Net income			1,330		1,330		1,330
Purchase of own shares				(0)	(0)		(0)
Net changes of items other than shareholders' equity						64	64
Total changes during term	—	—	1,030	(0)	1,029	64	1,094
Balance at June 30, 2006	¥5,990	¥6,233	¥32,310	¥(77)	¥44,456	¥(208)	¥44,248

* Appropriation of retained earnings approved at the Board of Directors' meeting held on May 26, 2006.

	Shareholders' equity					Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
1st quarter ended June 30, 2007							
Balance at March 31, 2007	¥5,990	¥6,233	¥34,069	¥ (79)	¥46,213	¥1,317	¥47,531
Changes during term:							
Cash dividends*			(450)		(450)		(450)
Net income			1,380		1,380		1,380
Purchase of own shares				(1,901)	(1,901)		(1,901)
Net changes of items other than shareholders' equity						(137)	(137)
Total changes during term	—	—	929	(1,901)	(972)	(137)	(1,110)
Balance at June 30, 2007	¥5,990	¥6,233	¥34,999	(1,980)	¥45,241	¥1,180	¥46,421

* Appropriation of retained earnings approved at the Board of Directors' meeting held on May 25, 2007.

	Shareholders' equity					Valuation and translation adjustments	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity		
Year ended March 31, 2007							
Balance at March 31, 2006	¥5,990	¥6,233	¥31,280	¥(77)	¥43,426	¥ (272)	¥43,153
Changes during year:							
Cash dividends*			(300)		(300)		(300)
Cash dividends**			(450)		(450)		(450)
Net income			3,540		3,540		3,540
Purchase of own shares				(2)	(2)		(2)
Net changes of items other than shareholders' equity						1,590	1,590
Total changes during year	—	—	2,789	(2)	2,787	1,590	4,378
Balance at March 31, 2007	¥5,990	¥6,233	¥34,069	¥(79)	¥46,213	¥1,317	¥47,531

* Appropriation of retained earnings approved at the Board of Directors' meeting held on May 26, 2006.

** The dividend of retained earnings approved at the Board of Directors' meeting held on November 8, 2006.

Consolidated Statements of Cash Flows

(¥ million)

	1st quarter ended June 30, 2006	1st quarter ended June 30, 2007	Year ended March 31, 2007
Cash flows from operating activities			
Income before income taxes and minority interests	¥2,448	¥2,271	¥6,703
Depreciation and amortization	824	1,082	3,878
Amortization of consolidation adjustments	49	49	198
Decrease in allowance for doubtful accounts	(8)	(37)	(3)
Increase in accrued bonuses	447	421	30
Increase (decrease) in reserve for employees' retirement benefits	13	(359)	(86)
Equity in earnings of affiliates	(79)	(57)	(236)
Gain on sale of tangible fixed assets	—	(0)	(8)
Loss on sale and disposals of tangible fixed assets	7	6	40
Interest and dividend income	(10)	(13)	(35)
Interest expenses	57	79	231
Foreign exchange gain	(20)	(116)	(102)
Increase in notes and accounts receivable	(3,062)	(3,373)	(553)
Decrease (increase) in inventories	331	(625)	(9)
Increase (decrease) in notes and accounts payable	1,531	2,709	(900)
Decrease in other accounts payable	(1,144)	(152)	(535)
Increase (decrease) in consumption taxes payable	39	80	(108)
Other	1,051	1,397	(317)
Subtotal	2,475	3,361	8,187
Interest and dividends received	10	13	35
Interest paid	(52)	(78)	(234)
Income taxes paid	(2,043)	(2,130)	(2,740)
Net cash provided by operating activities	390	1,166	5,248
Cash flows from investing activities			
Purchase of investment securities	(4)	(4)	(122)
Proceeds from sale of investment securities	67	—	67
Purchase of tangible fixed assets	(1,664)	(1,310)	(9,200)
Proceeds from sale of tangible fixed assets	—	18	29
Increase in loans receivable	(0)	(16)	(106)
Proceeds from collection of loans	4	3	23
Purchase of intangible assets	(84)	(5)	(162)
Increase in long-term prepaid expenses	(57)	(2)	(155)
Other	39	48	96
Net cash used in investing activities	(1,700)	(1,267)	(9,530)
Cash flows from financing activities			
Increase in short-term borrowings	5,692	4,272	6,994
Repayment of short-term borrowings	(338)	(46)	(4,790)
Increase in long-term debt	—	900	900
Repayment of long-term debt	(176)	(253)	(1,010)
Purchase own shares	—	(1,901)	—
Repayment of finance lease obligations	(1)	(3)	(18)
Cash dividends paid	(300)	(450)	(751)
Other	(0)	—	(2)
Net cash provided by financing activities	4,875	2,516	1,321
Effect of exchange rate changes on cash and cash equivalents	9	7	230
Net increase (decrease) in cash and cash equivalents	3,574	2,422	(2,730)
Cash and cash equivalents at beginning of term	5,451	2,720	5,451
Cash and cash equivalents at end of term	¥9,025	¥5,143	¥2,720

Amounts are rounded down to the nearest million yen.

Segment information

Segmentation by location

(¥ million)

	1st quarter ended June 30, 2006					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥17,564	¥3,543	¥ 2,379	¥23,487	¥ —	¥23,487
Intersegment	270	94	141	506	(506)	—
Total sales	17,835	3,638	2,520	23,993	(506)	23,487
Operating expenses	15,303	3,512	2,762	21,578	(514)	21,063
Operating income (loss)	¥ 2,532	¥ 125	¥ (242)	¥ 2,415	¥ 8	¥ 2,423

	1st quarter ended June 30, 2007					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥17,194	¥4,066	¥2,997	¥24,259	¥ —	¥24,259
Intersegment	330	7	275	613	(613)	—
Total sales	17,525	4,074	3,273	24,872	(613)	24,259
Operating expenses	15,529	3,638	3,496	22,664	(580)	22,084
Operating income (loss)	¥ 1,995	¥ 435	¥ (223)	¥ 2,207	¥ (33)	¥ 2,174

	Year ended March 31, 2007					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥61,900	¥14,924	¥11,380	¥88,204	¥ —	¥88,204
Intersegment	1,189	216	1,456	2,862	(2,862)	—
Total sales	63,089	15,140	12,837	91,067	(2,862)	88,204
Operating expenses	56,476	14,391	13,922	84,790	(2,899)	81,891
Operating income (loss)	¥ 6,612	¥ 749	¥(1,085)	¥ 6,276	¥ 36	¥ 6,313

Amounts are rounded down to the nearest million yen.

Sales by segment

(¥ million)

	1st quarter ended June 30, 2006		1st quarter ended June 30, 2007		Year ended March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	% of total
Shrink label	¥14,923	63.6%	¥15,423	63.6%	¥55,531	62.9%
Tack label	2,198	9.4	2,501	10.3	8,543	9.7
Other label	1,222	5.2	1,118	4.6	4,488	5.1
Contract packaging	828	3.5	615	2.5	2,977	3.4
Machinery	1,908	8.1	2,459	10.2	8,613	9.8
Other	2,406	10.2	2,140	8.8	8,050	9.1
Total	¥23,487	100.0%	¥24,259	100.0%	¥88,204	100.0%

Amounts are rounded down to the nearest million yen.