

Flash Report for the First-Half Period Ended September 30, 2007 (Consolidated basis)

November 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

Scheduled date for submission of Interim Securities Report: December 20, 2007

Date for initiation of dividend payments (subject to change): December 3, 2007

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

1. Results for the First-Half Period (April 1 to September 30, 2007)

(1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income	
1st half ended September 30, 2007	¥49,467	6.6%	¥3,978	(14.1)%	¥3,997	(19.6)%
1st half ended September 30, 2006	46,407	1.4	4,631	5.1	4,973	10.0
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 half ended September 30, 2007	¥2,340	(21.8)%	¥79.02	¥—
1st half ended September 30, 2006	2,992	15.6	99.57	99.54
Previous year ended March 31, 2007	3,540	(4.8)	117.81	117.80

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income are year-on-year changes (minus figures are shown in parentheses)

2. Earning from investments in equity-method affiliates

1st half ended September 30, 2007: ¥67 million Year ended March 31, 2007: ¥236 million

1st half ended September 30, 2006: ¥140 million

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of September 30, 2007	¥85,132	¥48,538	57.0%	¥1,653.37
As of September 30, 2006	80,645	45,659	56.6	1,519.04
As of March 31, 2007	78,301	47,531	60.7	1,581.37

Note: Owners' equity

As of September 30, 2007: ¥48,538 million As of March 31, 2007: ¥47,531 million

As of September 30, 2006: ¥45,659 million

(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 half ended September 30, 2007	¥3,617	¥(3,529)	¥(1,281)	¥1,572
1st half ended September 30, 2006	1,988	(5,253)	3,259	5,445
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	15.00	—	30.00
Year ending March 31, 2008 (forecast)	—	15.00	

3. Business Performance Forecasts for the Year Ending March 31, 2008

(April 1, 2007 to March 31, 2008)

	(¥ million)									
	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)	
Full term	¥92,000	4.3%	¥6,830	8.2%	¥6,810	1.7%	¥4,100	15.8%	¥139.66	

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

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.

4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: none

(3) Number of ordinary shares issued at the end of the term

As of September 30, 2007: 30,080,978 shares As of March 31, 2007: 30,080,978 shares

As of September 30, 2006: 30,080,978 shares

Number of shares in treasury at the end of the term

As of September 30, 2007: 724,022 shares As of March 31, 2007: 23,502 shares

As of September 30, 2006: 23,112 shares

5. Non-Consolidated Results for the First-Half Period (April 1, to September 30, 2007)

(1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income	
1st half ended September 30, 2007	¥4,321	8.5%	¥3,785	11.9%	¥3,844	2.8%
1st half ended September 30, 2006	3,984	80.2	3,383	102.1	3,739	107.5
Previous year ended March 31, 2007	4,845	59.0	3,617	97.6	4,121	98.4

	Net income		Earnings per share (¥)	
1st half ended September 30, 2007	¥3,638	4.5%	¥122.82	
1st half ended September 30, 2006	3,482	120.9	115.85	
Previous year ended March 31, 2007	3,711	111.3	123.49	

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

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of September 30, 2007	¥48,468	¥40,580	83.7%	¥1,382.30
As of September 30, 2006	48,206	39,561	82.1	1,316.19
As of March 31, 2007	46,597	39,357	84.5	1,309.40

Note: Owners' equity

As of September 30, 2007: ¥40,580 million As of March 31, 2007: ¥39,357 million

As of September 30, 2006: ¥39,561 million

Forecasts for the Company's performance on a non-consolidated basis are omitted for the current term (ending March 31, 2008), as their effect on investors' judgments is deemed to be immaterial.

Consolidated Balance Sheets

	(¥ million)				
	As of September 30, 2006		As of September 30, 2007		As of March 31, 2007
	Amount	Ratio to total assets	Amount	Ratio to total assets	Amount
Assets					
Current assets:					
Cash and deposits	¥ 5,594		¥ 2,602		¥ 3,145
Notes and accounts receivable	26,767		27,581		23,545
Inventories	6,979		7,889		7,178
Deferred tax assets	701		508		521
Advance payments	—		250		—
Prepaid expenses	349		316		209
Other current assets	1,534		2,444		2,021
Allowance for doubtful accounts	(62)		(99)		(106)
Total current assets	41,865	51.9%	41,493	48.7%	36,515
Noncurrent assets:					
Tangible fixed assets:					
Buildings and structures	6,143		9,180		8,460
Machinery, equipment and vehicles	16,949		21,215		20,768
Land	4,686		4,812		4,709
Construction in progress	4,817		1,604		1,397
Other	560		663		590
Total tangible fixed assets	33,158		37,475		35,926
Intangible assets:					
Goodwill	416		620		317
Other	710		859		710
Total intangible assets	1,127		1,479		1,027
Investments and other assets:					
Investment securities	2,783		3,238		3,267
Long-term loans	83		31		34
Deferred tax assets	413		415		389
Other	1,393		1,128		1,321
Allowance for doubtful accounts	(179)		(131)		(182)
Total investments and other assets	4,494		4,683		4,831
Total non-current assets	38,780	48.1	43,638	51.3	41,785
Total assets	¥80,645	100.0%	¥85,132	100.0%	¥78,301

Amounts are rounded down to the nearest million yen.

(¥ million)

	As of September 30, 2006		As of September 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	¥16,775		¥17,993		¥15,020
Short-term borrowings	5,448		6,613		5,006
Current portion of long-term debt	1,147		1,283		1,213
Income taxes payable	1,939		1,400		1,496
Accrued bonuses	837		882		803
Other current liabilities	6,031		6,225		4,879
Total current liabilities	32,179	39.9%	34,397	40.4%	28,420
Long-term liabilities:					
Long-term debt	1,647		1,287		1,077
Reserve for employees' retirement benefits	980		733		1,046
Other	179		176		224
Total long-term liabilities	2,807	3.5	2,196	2.6	2,348
Total liabilities	34,986	43.4	36,594	43.0	30,769
Net assets					
Shareholders' equity:					
Common stock	5,990	7.4	5,990	7.0	5,990
Capital surplus	6,233	7.7	6,233	7.3	6,233
Retained earnings	33,972	42.2	35,959	42.3	34,069
Treasury stock	(78)	(0.1)	(1,981)	(2.3)	(79)
Total shareholders' equity	46,117	57.2	46,201	54.3	46,213
Valuation and translation adjustments:					
Unrealized gain on available-for-sale securities	275	0.3	229	0.3	292
Adjustments for minimum pension liability	(397)	(0.5)	—	—	(483)
Adjustments for pension liability	—	—	(502)	(0.6)	—
Foreign currency translation adjustments	(336)	(0.4)	2,608	3.0	1,508
Total valuation and translation adjustments	(458)	(0.6)	2,336	2.7	1,317
Total net assets	45,659	56.6	48,538	57.0	47,531
Total liabilities and net assets	¥80,645	100.0%	¥85,132	100.0%	¥78,301

Consolidated Statements of Income

	(¥ million)				
	6 months ended September 30, 2006		6 months ended September 30, 2007		Year ended March 31, 2007
	Amount	Ratio to net sales	Amount	Ratio to net sales	Amount
Net sales	¥46,407	100.0%	¥49,467	100.0%	¥88,204
Cost of sales	36,150	77.9	39,303	79.5	70,259
Gross profit	10,256	22.1	10,163	20.5	17,945
Selling, general and administrative expenses	5,624	12.1	6,185	12.5	11,632
Operating income	4,631	10.0	3,978	8.0	6,313
Non-operating income					
Interest income	6		9		20
Dividend income	10		12		15
Foreign exchange gain	286		14		349
Equity in earnings of affiliates	140		67		236
Other	76		85		145
Total non-operating income	520	1.1	189	0.4	766
Non-operating expenses					
Interest expense	119		159		231
Amortization of preoperating cost	36		—		89
Other	23		10		59
Total non-operating expenses	178	0.4	169	0.3	380
Ordinary income	4,973	10.7	3,997	8.1	6,699
Extraordinary gains					
Gain on sale of tangible fixed assets	4		1		8
Gain on sale of investment securities	46		—		46
Reversal of allowance for doubtful accounts	54		—		27
Government subsidies	12		—		78
Total extraordinary gains	118	0.3	1	0.0	161
Extraordinary losses					
Loss on sale and disposal of tangible fixed assets	13		6		40
Surcharge levied by U.S. authorities	59		—		61
Additional early retirement benefits	—		58		54
Amortization of overseas employees' prior services	—		115		—
Other	—		0		—
Total extraordinary losses	72	0.2	180	0.4	156
Income before income taxes	5,019	10.8	3,818	7.7	6,703
Income taxes - current	2,111		1,479		3,045
Income taxes - deferred	(84)		(1)		117
Net income	¥ 2,992	6.4%	¥ 2,340	4.7%	¥ 3,540

Amounts are rounded down to the nearest million yen.

Consolidated Statements of Changes in Net Assets

(¥ million)

	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
6 months ended September 30, 2006					
Balance at March 31, 2006	¥5,990	¥6,233	¥31,280	¥(77)	¥43,426
Changes during term:					
Cash dividends*			(300)		(300)
Net income			2,992		2,992
Purchase of treasury stock				(1)	(1)
Net changes in items other than shareholders' equity					
Total changes during term	—	—	2,692	(1)	2,691
Balance at September 30, 2006	¥5,990	¥6,233	¥33,972	¥(78)	¥46,117
	Valuation and translation adjustments				
	Unrealized gain on available-for-sale securities	Adjustments to minimum pension liability	Foreign currency translation adjustments	Total valuation and translation adjustments	Total net assets
Balance at March 31, 2006	¥276	¥(408)	¥(140)	¥(272)	¥43,153
Changes during term:					
Cash dividends*					(300)
Net income					2,992
Purchase of treasury stock					(1)
Net changes in items other than shareholders' equity	(0)	11	(196)	(185)	(185)
Total changes during term	(0)	11	(196)	(185)	2,505
Balance at September 30, 2006	¥275	¥(397)	¥(336)	¥(458)	¥45,659

Amounts are rounded down to the nearest million yen.

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

(¥ million)

6 months ended September 30, 2007	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2007	¥5,990	¥6,233	¥34,069	¥ (79)	¥46,213
Changes during term:					
Cash dividends*			(450)		(450)
Net income			2,340		2,340
Purchase of treasury stock				(1,902)	(1,902)
Net changes in items other than shareholders' equity					
Total changes during term	—	—	1,889	(1,902)	(12)
Balance at September 30, 2007	¥5,990	¥6,233	¥35,959	¥(1,981)	¥46,201

6 months ended September 30, 2007	Valuation and translation adjustments					Total net assets
	Unrealized gain on available-for-sale securities	Adjustments to minimum pension liability	Adjustments to pension liability	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance at March 31, 2007	¥292	¥(483)	¥ —	¥1,508	¥1,317	¥47,531
Changes during term:						
Cash dividends*						(450)
Net income						2,340
Purchase of treasury stock						(1,902)
Net changes in items other than shareholders' equity	(62)	483	(502)	1,100	1,018	1,018
Total changes during term	(62)	483	(502)	1,100	1,018	1,006
Balance at September 30, 2007	¥229	¥ —	¥(502)	¥2,608	¥2,336	¥48,538

Amounts are rounded down to the nearest million yen.

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

(¥ million)

Year ended March 31, 2007	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2006	¥5,990	¥6,233	¥31,280	¥(77)	¥43,426
Changes during year:					
Cash dividends*			(300)		(300)
Cash dividends**			(450)		(450)
Net income			3,540		3,540
Purchase of treasury stock				(2)	(2)
Net changes in items other than shareholders' equity					
Total changes during year	—	—	2,789	(2)	2,787
Balance at March 31, 2007	¥5,990	¥6,233	¥34,069	¥(79)	¥46,213

Year ended March 31, 2007	Valuation and translation adjustments				Total net assets
	Unrealized gain on available-for-sale securities	Adjustments to minimum pension liability	Foreign currency translation adjustments	Total valuation and translation adjustments	
Balance at March 31, 2006	¥276	¥(408)	¥(140)	¥(272)	¥43,153
Changes during year:					
Cash dividends*					(300)
Cash dividends**					(450)
Net income					3,540
Purchase of treasury stock					(2)
Net changes in items other than shareholders' equity	16	(74)	1,649	1,590	1,590
Total changes during year	16	(74)	1,649	1,590	4,378
Balance at March 31, 2007	¥292	¥(483)	¥1,508	¥1,317	¥47,531

Amounts are rounded down to the nearest million yen.

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

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

Consolidated Statements of Cash Flows

	(¥ million)		
	6 months ended September 30, 2006	6 months ended September 30, 2007	Year ended March 31, 2007
Cash flows from operating activities			
Income before income taxes and minority interests	¥5,019	¥3,818	¥6,703
Depreciation and amortization	1,707	2,319	3,878
Amortization of goodwill	99	115	198
Decrease in allowance for doubtful accounts	(44)	(62)	(3)
Increase in accrued bonuses	65	76	30
Decrease in reserve for employees' retirement benefits	(46)	(346)	(86)
Equity in earnings of affiliates	(140)	(67)	(236)
Gain on sale of tangible fixed assets	(4)	(1)	(8)
Loss on sale and disposals of tangible fixed assets	13	6	40
Interest and dividend income	(17)	(21)	(35)
Interest expenses	119	159	231
Foreign exchange gain	(225)	(20)	(102)
Increase in notes and accounts receivable	(4,107)	(3,632)	(553)
Decrease (increase) in inventories	42	(519)	(9)
Increase (decrease) in notes and accounts payable	1,305	2,911	(900)
Increase (decrease) in other accounts payable	(926)	270	(535)
Increase (decrease) in consumption taxes payable	(51)	80	(108)
Other	660	418	(317)
Subtotal	3,469	5,506	8,187
Interest and dividends received	17	21	35
Interest paid	(116)	(159)	(234)
Income taxes paid	(1,381)	(1,751)	(2,740)
Net cash provided by operating activities	1,988	3,617	5,248
Cash flows from investing activities			
Purchase of investment securities	(9)	(9)	(122)
Proceeds from sale of investment securities	67	—	67
Purchase of tangible fixed assets	(5,083)	(2,877)	(9,200)
Proceeds from sale of tangible fixed assets	—	7	29
Increase in loans receivable	(103)	(24)	(106)
Proceeds from collection of loans	11	126	23
Purchase of intangible assets	(112)	(45)	(162)
Increase in long-term prepaid expenses	(90)	(4)	(155)
Acquisition of goodwill	—	(811)	—
Other	67	109	96
Net cash used in investing activities	(5,253)	(3,529)	(9,530)
Cash flows from financing activities			
Increase in short-term borrowings	6,255	875	6,994
Repayment of short-term borrowings	(3,182)	(24)	(4,790)
Increase in long-term debt	900	900	900
Repayment of long-term debt	(409)	(671)	(1,010)
Purchase of treasury stock	(1)	(1,902)	(2)
Repayment of finance lease obligations	(2)	(8)	(18)
Cash dividends paid	(300)	(450)	(751)
Net cash provided by financing activities	3,259	(1,281)	1,321
Effect of exchange rate changes on cash and cash equivalents	(0)	45	230
Net increase (decrease) in cash and cash equivalents	(5)	(1,148)	(2,730)
Cash and cash equivalents at beginning of term	5,451	2,720	5,451
Cash and cash equivalents at end of term	¥5,445	¥1,572	¥2,720

Amounts are rounded down to the nearest million yen.

Segment information

Segmentation by location

(¥ million)

6 months ended September 30, 2006						
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥34,180	¥6,974	¥5,252	¥46,407	¥ —	¥46,407
Intersegment	458	143	685	1,287	(1,287)	—
Total sales	34,638	7,118	5,937	47,694	(1,287)	46,407
Operating expenses	30,133	6,761	6,145	43,040	(1,265)	41,775
Operating income (loss)	¥ 4,504	¥ 357	¥ (208)	¥ 4,653	¥ (21)	¥ 4,631
6 months ended September 30, 2007						
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥33,846	¥8,288	¥7,332	¥49,467	¥ —	¥49,467
Intersegment	646	29	617	1,292	(1,292)	—
Total sales	34,492	8,317	7,949	50,759	(1,292)	49,467
Operating expenses	31,143	7,594	8,035	46,773	(1,284)	45,489
Operating income (loss)	¥ 3,348	¥ 722	¥ (86)	¥ 3,985	¥ (7)	¥ 3,978
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.

These countries are classified as follows:

North America: U.S.A.

Europe: U.K., the Netherlands, France, Poland

Overseas sales (¥ million)

	6 months ended September 30, 2006			
	North America	Europe	Other area	Total
Overseas sales	¥6,975	¥5,252	¥977	¥13,204
Ratio to consolidated sales	15.0%	11.3%	2.1%	28.4%
Consolidated sales				¥46,407

	6 months ended September 30, 2007			
	North America	Europe	Other area	Total
Overseas sales	¥8,289	¥7,225	¥805	¥16,320
Ratio to consolidated sales	16.8%	14.6%	1.6%	33.0%
Consolidated sales				¥49,467

	Year ended March 31, 2007			
	North America	Europe	Other area	Total
Overseas sales	¥14,925	¥11,380	¥1,463	¥27,768
Ratio to consolidated sales	16.9%	12.9%	1.7%	31.5%
Consolidated sales				¥88,204

Amounts are rounded down to the nearest million yen.

These countries are classified as follows:

North America: U.S.A., Canada, Mexico

Europe: EU zone

Other area: Southeast Asia, India, Australia, etc.

Overseas sales consist of sales of the Company and its consolidated subsidiaries outside Japan.

Sales by segment (¥ million)

	6 months ended September 30, 2006		6 months ended September 30, 2007		Year ended March 31, 2007	
	Amount	% of total	Amount	% of total	Amount	% of total
Shrink label	¥29,861	64.4%	¥31,567	63.8%	¥55,531	62.9%
Tack label	4,384	9.5	4,667	9.4	8,543	9.7
Other label	2,325	5.0	2,199	4.5	4,488	5.1
Contract packaging	1,639	3.5	1,585	3.2	2,977	3.4
Machinery	3,678	7.9	5,532	11.2	8,613	9.8
Other	4,517	9.7	3,915	7.9	8,050	9.1
Total	¥46,407	100.0%	¥49,467	100.0%	¥88,204	100.0%

Amounts are rounded down to the nearest million yen.

Note:

Description of performance by business segment is omitted as our business activities—ranging from manufacturing and sale of shrink labels and tuck labels, processing and sale of various packaging materials, and manufacturing and sale of packaging machinery—are so closely interconnected that they constitute, in effect, only one segment. We position ourselves as a packaging system provider and assess earnings performance of the total operations as a whole.