

# Outline of Consolidated Financial Statements for the Year Ended March 31, 2008

May 14, 2008

Name of the listed company: Fuji Seal International, Inc.  
 Code No.: 7864 Stock exchange: TSE (1<sup>st</sup> section)  
 URL: <http://www.fujiseal.co.jp/>  
 Representative: Shigeko Okazaki, President and COO  
 Contact: Noriyuki Kino, Deputy General Manager of FSI Corporate Planning  
 Scheduled date for annual general meeting of shareholders: June 25, 2008  
 Date for initiation of dividend payments (subject to change): June 5, 2008  
 Scheduled date for submission of Securities Report: June 25, 2008

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

## 1. Consolidated Results for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

### (1) Operating results

(¥ million)

	Net sales		Operating income	Ordinary income	Net income	
	Amount	Change (%)			Amount	Change (%)
Year ended March 31, 2008	¥91,967	4.3%	¥5,385 (14.7)%	¥5,028 (24.9)%	¥2,432 (31.3)%	
Year ended March 31, 2007	88,204	1.5	6,313 (12.1)	6,699 (8.1)	3,540 (4.8)	

  

	Earnings per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2008	¥ 82.56	¥ —	5.1%	6.3%	5.9%
Year ended March 31, 2007	117.81	117.80	7.8	8.9	7.2

Notes: 1. Percentage figures for net sales, operating income, ordinary income and net income represent year-on-year comparisons.

2. Earnings from investments in equity-method affiliates  
 Year ended March 31, 2008: ¥34 million Year ended March 31, 2007: ¥236 million

### (2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2008	¥81,632	¥47,367	58.0%	¥1,613.49
As of March 31, 2007	78,301	47,531	60.7	1,581.37

Note: Owners' equity

As of March 31, 2008: ¥47,367 million As of March 31, 2007: ¥47,531 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 year-end
Year ended March 31, 2008	¥7,333	¥(6,567)	¥ (376)	¥3,079
Year ended March 31, 2007	5,248	(9,530)	1,321	2,720

## 2. Dividends

	Annual dividends per share (¥)			Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends as a percentage of net assets (consolidated)
	Interim	Year-end	Annual			
Year ended March 31, 2008	¥15.00	¥15.00	¥30.00	¥880	36.3%	1.9%
Year ended March 31, 2007	15.00	15.00	30.00	901	25.5	2.0
Year ending March 31, 2009 (forecast)	15.00	15.00	30.00	—	22.0	—

### 3. Business Performance Forecasts for the Year Ending March 31, 2009

(April 1, 2008 to March 31, 2009)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)
First-half period	¥49,500	0.1%	¥4,200	5.6%	¥4,200	5.1%	¥2,600	11.1%	¥ 88.57
Full term	95,000	3.3	6,500	20.7	6,500	29.3	4,000	64.5	136.25

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: 1 (Fuji Nextec, Inc.)

#### (2) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: none

#### (3) Number of ordinary shares issued at the end of the year

As of March 31, 2008: 30,080,978 shares As of March 31, 2007: 30,080,978 shares

Number of shares in treasury at the end of the year

As of March 31, 2008: 724,062 shares As of March 31, 2007: 23,502 shares

Note: 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 term).

### 5. Non-Consolidated Results for the Year Ended March 31, 2008 (April 1, 2007 to March 31, 2008)

#### (1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income	
Year ended March 31, 2008	¥5,187	7.1%	¥4,074	12.6%	¥3,947	(4.2)%
Year ended March 31, 2007	4,845	59.0	3,617	97.6	4,121	98.4

  

	Net income		Earnings per share (¥)	
			Basic	Diluted
Year ended March 31, 2008	¥3,852	3.8%	¥130.74	¥ —
Year ended March 31, 2007	3,711	111.3	123.49	123.48

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

#### (2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2008	¥49,152	¥40,281	82.0%	¥1,372.15
As of March 31, 2007	46,597	39,357	84.5	1,309.40

Note: Owners' equity

As of March 31, 2008: ¥40,281 million As of March 31, 2007: ¥39,357 million

Forecasts for the Company's performance on a non-consolidated basis are omitted for the current term (ending March 31, 2009), as their effect on investors' judgments is deemed to be immaterial.

## Consolidated Balance Sheets

(¥ million)

	As of March 31, 2007		As of March 31, 2008		Increase (decrease)
	Amount	Ratio to total assets	Amount	Ratio to total assets	
<b>Assets</b>					
Current assets:					
Cash and deposits	¥ 3,145		¥ 4,958		
Notes and accounts receivable	23,545		23,056		
Inventories	7,178		7,813		
Deferred tax assets	521		382		
Prepaid expenses	209		197		
Other current assets	2,021		2,169		
Allowance for doubtful accounts	(106)		(109)		
Total current assets	36,515	46.6%	38,467	47.1%	¥1,952
Noncurrent assets:					
Tangible fixed assets:					
Buildings and structures	8,460		9,588		
Machinery, equipment and vehicles	20,768		19,519		
Land	4,709		4,360		
Construction in progress	1,397		3,350		
Other	590		620		
Total tangible fixed assets	35,926	45.9	37,438	45.9	1,512
Intangible assets:					
Goodwill	317		480		
Other	710		934		
Total intangible assets	1,027	1.3	1,415	1.7	387
Investments and other assets:					
Investment securities	3,267		2,931		
Long-term loans	34		27		
Deferred tax assets	389		448		
Other	1,321		1,120		
Allowance for doubtful accounts	(182)		(217)		
Total investments and other assets	4,831	6.2	4,310	5.3	(520)
Total noncurrent assets	41,785	53.4	43,164	52.9	1,379
Total assets	¥78,301	100.0%	¥81,632	100.0%	¥3,331

Amounts are rounded down to the nearest million yen.

(¥ million)

	As of March 31, 2007		As of March 31, 2008		Increase (decrease)
	Amount	Ratio to total assets	Amount	Ratio to total assets	
<b>Liabilities</b>					
Current liabilities:					
Notes and accounts payable	¥15,020		¥15,273		
Short-term borrowings	5,006		9,399		
Current portion of long-term debt	1,213		970		
Other accounts payable	2,536		2,756		
Income taxes payable	1,496		387		
Deferred tax liabilities	15		16		
Accrued bonuses	803		793		
Other current liabilities	2,326		2,881		
Total current liabilities	28,420	36.3%	32,478	39.8%	¥4,057
Long-term liabilities:					
Long-term debt	1,077		761		
Deferred tax liabilities	152		201		
Reserve for employees' retirement benefits	1,046		777		
Other	72		45		
Total long-term liabilities	2,348	3.0	1,786	2.2	(561)
Total liabilities	30,769	39.3	34,265	42.0	3,496
<b>Net assets</b>					
Shareholders' equity:					
Common stock	5,990	7.6	5,990	7.3	—
Capital surplus	6,233	8.0	6,233	7.6	—
Retained earnings	34,069	43.5	35,611	43.6	1,541
Treasury stock	(79)	(0.1)	(1,981)	(2.4)	(1,902)
Total shareholders' equity	46,213	59.0	45,853	56.1	(360)
Valuation and translation adjustments					
Unrealized gain on available-for-sale securities	292	0.4	156	0.2	(136)
Adjustments for minimum pension liability	(483)	(0.6)	—	—	483
Adjustments for pension liability	—	—	(502)	(0.6)	(502)
Foreign currency translation adjustments	1,508	1.9	1,860	2.3	351
Total valuation and translation adjustments	1,317	1.7	1,514	1.9	196
Total net assets	47,531	60.7	47,367	58.0	(164)
Total liabilities and net assets	¥78,301	100.0%	¥81,632	100.0%	¥3,331

## Consolidated Statements of Income

(¥ million)

	Year ended March 31, 2007		Year ended March 31, 2008		Increase (decrease)
	Amount	Ratio to net sales	Amount	Ratio to net sales	
Net sales	¥88,204	100.0%	¥91,967	100.0%	¥ 3,763
Cost of sales	70,259	79.6	74,483	81.0	4,224
Gross profit	17,945	20.4	17,484	19.0	(460)
Selling, general and administrative expenses	11,632	13.2	12,098	13.1	466
Operating income	6,313	7.2	5,385	5.9	(927)
Non-operating income:					
Interest income	20		23		
Dividend income	15		17		
Foreign exchange gain	349		—		
Equity in earnings of affiliates	236		34		
Other	145		138		
Total non-operating income	766	0.9	213	0.2	(553)
Non-operating expenses:					
Interest expenses	231		313		
Foreign exchange loss	—		240		
Amortization of preoperating cost	89		—		
Other	59		16		
Total non-operating expenses	380	0.4	570	0.6	190
Ordinary income	6,699	7.6	5,028	5.5	(1,671)
Extraordinary gains:					
Gain on sale of tangible fixed assets	8		525		
Gain on sale of investment securities	46		—		
Reversal of allowance for doubtful accounts	27		2		
Government subsidies	78		—		
Total extraordinary gains	161	0.2	528	0.6	366
Extraordinary losses:					
Loss on sale and disposal of tangible fixed assets	40		403		
Loss on closure of plant	—		321		
Surcharge levied by U.S. authorities	61		—		
Additional early retirement benefits	54		87		
Amortization of overseas employees' prior services	—		116		
Provision for allowance for doubtful accounts	—		89		
Other	—		66		
Total extraordinary losses	156	0.2	1,084	1.2	927
Income before income taxes	6,703	7.6	4,471	4.9	(2,232)
Income taxes:					
Current	3,045		1,815		
Deferred	117		223		
Total income taxes	3,162	3.6	2,038	2.2	(1,123)
Net income	¥ 3,540	4.0%	¥ 2,432	2.7%	¥(1,108)

Amounts are rounded down to the nearest million yen.

## Consolidated Statements of Changes in Net Assets

(¥ million)

Year ended March 31, 2007	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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				
	Unrealized gain on available-for-sale securities	Adjustments for 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 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.

(¥ million)

Year ended March 31, 2008	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 year:					
Cash dividends*			(450)		(450)
Cash dividends**			(440)		(440)
Net income			2,432		2,432
Purchase of treasury stock				(1,902)	(1,902)
Net changes in items other than shareholders' equity					
Total changes during year	—	—	1,541	(1,902)	(360)
Balance at March 31, 2008	¥5,990	¥6,233	¥35,611	¥(1,981)	¥45,853

Year ended March 31, 2008	Valuation and translation adjustments					Total net assets
	Unrealized gain on available-for-sale securities	Adjustments for minimum pension liability	Adjustments for 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 year:						
Cash dividends*						(450)
Cash dividends**						(440)
Net income						2,432
Purchase of treasury stock						(1,902)
Net changes in items other than shareholders' equity	(136)	483	(502)	351	196	196
Total changes during year	(136)	483	(502)	351	196	(164)
Balance at March 31, 2008	¥156	¥ —	¥(502)	¥1,860	¥1,514	¥47,367

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.

\*\* Appropriation of retained earnings approved at the Board of Directors' meeting held on November 7, 2007.

## Consolidated Statements of Cash Flows

(¥ million)

	Year ended March 31, 2007	Year ended March 31, 2008	Increase (decrease)
<b>Cash flows from operating activities</b>			
Income before income taxes			
Depreciation and amortization	¥6,703	¥4,471	¥(2,232)
Amortization of goodwill	3,878	4,618	740
Increase (decrease) in allowance for doubtful accounts	198	245	46
Increase (decrease) in accrued bonuses	(3)	40	44
Increase (decrease) in reserve for employees' retirement benefits	30	(10)	(41)
Equity in earnings of affiliates	(86)	(297)	(211)
Gain on sale of tangible fixed assets	(236)	(34)	201
Gain on sale of tangible fixed assets	(8)	(525)	(516)
Loss on sale and disposal of tangible fixed assets	40	403	362
Loss on closure of plant	—	258	258
Interest and dividend income	(35)	(40)	(4)
Interest expenses	231	313	81
Foreign exchange (gain) loss	(102)	149	252
Decrease (increase) in notes and accounts receivable	(553)	608	1,162
Decrease (increase) in inventories	(9)	(568)	(559)
Increase (decrease) in notes and accounts payable	(900)	301	1,201
Increase (decrease) in other accounts payable	(535)	330	866
Increase (decrease) in consumption taxes payable	(108)	(26)	81
Other	(317)	529	846
Subtotal	8,187	10,768	2,581
Interest and dividends received	35	40	4
Interest paid	(234)	(307)	(73)
Income taxes paid	(2,740)	(3,167)	(427)
Net cash provided by operating activities	5,248	7,333	2,085
<b>Cash flows from investing activities</b>			
Purchase of investment securities	(122)	(118)	4
Proceeds from sale of investment securities	67	—	(67)
Purchase of tangible fixed assets	(9,200)	(6,219)	2,980
Proceeds from sale of tangible fixed assets	29	982	952
Increase in loans receivable	(106)	(30)	76
Proceeds from collection of loans	23	140	116
Purchase of intangible assets	(162)	(499)	(337)
Increase in long-term prepaid expenses	(155)	(33)	122
Acquisition of goodwill	—	(856)	(856)
Other	96	68	(27)
Net cash used in investing activities	(9,530)	(6,567)	2,963
<b>Cash flows from financing activities</b>			
Increase in short-term borrowings	6,994	3,669	(3,325)
Repayment of short-term borrowings	(4,790)	(712)	4,078
Increase in long-term debt	900	900	—
Repayment of long-term debt	(1,010)	(1,421)	(411)
Purchase of treasury stock	—	(1,902)	(1,902)
Repayment of finance lease obligations	(18)	(18)	(0)
Cash dividends paid	(751)	(891)	(139)
Other	(2)	—	2
Net cash provided by (used in) financing activities	1,321	(376)	(1,698)
Effect of exchange rate changes on cash and cash equivalents	230	(30)	(261)
Net increase (decrease) in cash and cash equivalents	(2,730)	358	3,089
Cash and cash equivalents at beginning of year	5,451	2,720	(2,730)
Cash and cash equivalents at end of year	¥2,720	¥3,079	¥ 358

Amounts are rounded down to the nearest million yen.

## Segment Information

### Segmentation by location (¥ million)

	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
Assets	¥70,368	¥12,902	¥18,424	¥101,694	¥(23,393)	¥78,301

	Year ended March 31, 2008					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥62,184	¥15,093	¥14,690	¥ 91,967	¥ —	¥91,967
Intersegment	1,220	47	1,044	2,312	(2,312)	—
Total sales	63,405	15,141	15,734	94,280	(2,312)	91,967
Operating expenses	58,651	14,115	16,151	88,918	(2,336)	86,582
Operating income (loss)	4,753	1,025	(416)	5,362	23	5,385
Assets	¥72,787	¥13,068	¥19,985	¥105,841	¥(24,208)	¥81,632

- Notes: 1. Geographical segmentation is made by grouping countries that are in close proximity to one another.  
2. The Company's geographical segments are as follows.  
North America: United States of America  
Europe: United Kingdom, the Netherlands, France, Poland  
3. Term-end amounts of assets posted under Eliminations/Corporate, mainly consisting of long-term investments (investments in securities) by the parent company, stood at ¥100 million on March 31, 2007 and 2008.

### Sales by segment (¥ million)

	Year ended March 31, 2007		Year ended March 31, 2008	
	Amount	% of total	Amount	% of total
Shrink label	¥55,531	62.9%	¥58,340	63.4%
Tack label	8,543	9.7	8,656	9.4
Other label	4,488	5.1	3,829	4.2
Soft pouch	3,565	4.0	3,534	3.8
Machinery	8,613	9.8	10,574	11.5
Other	7,462	8.5	7,032	7.7
Total	¥88,204	100.0%	¥91,967	100.0%

Note:

Description of performance by business segment is omitted as our business activities—ranging from manufacturing and sale of shrink labels and tack 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.