

# Flash Report for the First-Quarter Period Ended June 30, 2008

## (on a consolidated basis)

August 5, 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 CEO

Contact: Noriyuki Kino, Executive Officer, Corporate Planning

Scheduled date for submission of Quarterly Report: August 12, 2008

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

### 1. Results for the First-Quarter Period (April 1 to June 30, 2008)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st quarter ended June 30, 2008	¥24,014	%	¥1,973	%	¥2,098	%
1st quarter ended June 30, 2007	24,259	3.3	2,174	(10.3)	2,327	(3.4)

  

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st quarter ended June 30, 2008	¥1,309	%	¥44.62		¥ —	
1st quarter ended June 30, 2007	1,380	3.8	46.31		46.31	

Note: Percentage figures for net sales, operating income, ordinary income and net income are year-on-year comparisons.

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of June 30, 2008	¥82,887	¥46,206	55.7%	¥1,573.97
As of March 31, 2008	81,632	47,367	58.0	1,613.49

Note: Owners' equity

As of June 30, 2008: ¥46,206 million    As of March 31, 2008: ¥47,367 million

### 2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2008	¥—	¥15.00	¥—	¥15.00	¥30.00
Year ending March 31, 2009	—				
Year ending March 31, 2009 (forecast)		15.00	—	15.00	30.00

Note: Revisions to dividend payment forecasts during the reporting quarter: not applicable

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

(April 1, 2008 to March 31, 2009)

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

Notes: 1. Percentage figures represent year-on-year comparisons.

2. Revisions to performance forecasts during the reporting quarter: not 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.

#### 4. Others

(1) Changes in the scope of consolidation

Inclusion: none

Exclusion: none

(2) Significant methods applied for accounting: applicable

(3) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: applicable

Effective from the reporting quarter, the company has applied Accounting Standards for the Preparation of Quarterly Financial Statements and Application Guidelines for Accounting Standards for the Preparation of Quarterly Financial Statements. In addition, our quarterly financial statements have been prepared in accordance with "Regulations governing the preparation of consolidated quarterly financial statements."

(4) Number of ordinary shares issued at the end of the period

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

Number of shares in treasury at the end of the period

As of June 30, 2008: 724,122 shares      As of March 31, 2008: 724,062 shares

Average number of shares during the period

1st quarter ended June 30, 2008: 29,356,907 shares      1st quarter ended June 30, 2007: 29,799,232 shares

## Consolidated Balance Sheets

(¥ million)

	As of June 30, 2008	As of March 31, 2008
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 4,943	¥ 4,958
Notes and accounts receivable	25,494	23,056
Finished goods	3,573	3,687
Raw materials	2,000	1,914
Work in process	1,458	2,125
Supplies	49	86
Other current assets	3,409	2,749
Allowance for doubtful accounts	(76)	(109)
Total current assets	40,852	38,467
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures	10,235	9,588
Machinery, equipment and vehicles	19,023	19,519
Land	4,323	4,360
Construction in progress	2,468	3,350
Other	639	620
Total tangible fixed assets	36,691	37,438
Intangible assets:		
Goodwill	335	480
Other	871	934
Total intangible assets	1,206	1,415
Investments and other assets:		
Investment securities	2,910	2,931
Other	1,446	1,596
Allowance for doubtful accounts	(220)	(217)
Total investments and other assets	4,137	4,310
Total noncurrent assets	42,034	43,164
Total assets	¥82,887	¥81,632

Amounts are rounded down to the nearest million yen.

(¥ million)

As of June 30, 2008      As of March 31, 2008

**Liabilities**

## Current liabilities:

Notes and accounts payable	¥16,845	¥15,273
Short-term borrowings	8,577	9,399
Current portion of long-term debt	925	970
Other accounts payable	2,836	2,756
Income taxes payable	857	387
Accrued bonuses	1,183	793
Other current liabilities	3,355	2,897
<b>Total current liabilities</b>	<b>24,581</b>	<b>32,478</b>

## Long-term liabilities:

Long-term debt	1,127	761
Reserve for employees' retirement benefits	730	777
Other	241	247
<b>Total long-term liabilities</b>	<b>2,099</b>	<b>1,786</b>

<b>Total liabilities</b>	<b>36,680</b>	<b>34,265</b>
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**Net assets**

## Shareholders' equity:

Common stock	5,990	5,990
Capital surplus	6,233	6,233
Retained earnings	36,308	35,611
Treasury stock	(1,981)	(1,981)
<b>Total shareholders' equity</b>	<b>46,549</b>	<b>45,853</b>

## Valuation and translation adjustments:

Unrealized gain on available-for-sale securities	149	156
Adjustments for pension liability	(433)	(502)
Foreign currency translation adjustments	(58)	1,860
<b>Total valuation and translation adjustments</b>	<b>(343)</b>	<b>1,514</b>

<b>Total net assets</b>	<b>46,206</b>	<b>47,367</b>
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<b>Total liabilities and net assets</b>	<b>¥82,887</b>	<b>¥81,632</b>
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## Consolidated Statement of Income

(¥ million)

1st quarter ended June 30, 2008

Net sales	¥24,014
Cost of sales	19,221
Gross profit	4,792
Selling, general and administrative expenses	2,819
Operating income	1,973
Non-operating income:	
Interest income	0
Dividend income	12
Foreign exchange gain	164
Other	47
Total non-operating income	224
Non-operating expenses:	
Interest expense	87
Equity in loss of affiliates	9
Other	3
Total non-operating expenses	99
Ordinary income	2,098
Extraordinary gains:	
Reversal of allowance for doubtful accounts	0
Removal compensation	9
Total extraordinary gains	9
Extraordinary losses:	
Loss on sale and disposal of tangible fixed assets	6
Total extraordinary losses	6
Income before income taxes	2,102
Income taxes:	
Current	937
Deferred	(181)
Total income taxes	792
Net income	¥ 1,309

Amounts are rounded down to the nearest million yen.

# Consolidated Statement of Cash Flows

(¥ million)

1st quarter ended June 30, 2008

<b>Cash flows from operating activities</b>	
Income before income taxes	¥2,102
Depreciation and amortization	1,138
Amortization of goodwill	34
Decrease in allowance for doubtful accounts	(19)
Increase in provision for bonuses	394
Decrease in provision for employees' retirement benefits	(54)
Equity in loss of affiliates	9
Loss on sale and disposals of tangible fixed assets	6
Interest and dividend income	(12)
Interest expenses	87
Foreign exchange gain	(90)
Increase in notes and accounts receivable	(3,221)
Decrease in inventories	425
Increase in notes and accounts payable	2,009
Decrease in accounts payable other	(157)
Other	582
Subtotal	3,232
Interest and dividends received	12
Interest paid	(94)
Income taxes paid	(837)
Net cash provided by operating activities	2,313
<b>Cash flows from investing activities</b>	
Purchase of tangible fixed assets	(1,915)
Proceeds from sale of tangible fixed assets	0
Purchase of intangible assets	(18)
Purchase of investment securities	(5)
Other	25
Net cash used in investing activities	(1,913)
<b>Cash flows from financing activities</b>	
Increase in short-term borrowings	1,508
Repayment of short-term borrowings	(342)
Increase in long-term debt	601
Repayment of long-term debt	(197)
Purchase of treasury stock	(0)
Cash dividends paid	(440)
Other	(4)
Net cash provided by financing activities	1,124
Effect of exchange rate changes on cash and cash equivalents	74
Net increase in cash and cash equivalents	1,599
Cash and cash equivalents at beginning of period	3,079
Cash and cash equivalents at end of period	¥4,678

Amounts are rounded down to the nearest million yen.

## Segment Information

### Segmentation by location (¥ million)

	1st quarter ended June 30, 2008					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥17,139	¥3,502	¥ 3,371	¥24,014	¥ —	¥24,014
Intersegment	458	6	403	869	(869)	—
Total sales	17,598	3,509	3,775	24,883	(869)	24,014
Operating expenses	16,016	3,241	3,607	22,865	(824)	22,041
Operating income	¥ 1,581	¥ 268	¥ 167	¥ 2,017	¥ (44)	¥ 1,973

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

### Sales by segment (¥ million)

	1st quarter ended June 30, 2008	
	Amount	% of total
Shrink label	¥15,969	66.5%
Tack label	2,114	8.8
Other label	811	3.4
Soft pouch	1,254	5.2
Machinery	2,083	8.7
Others	1,782	7.4
Total	¥24,014	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.

(Reference materials)

## Consolidated Statement of Income

(¥ million)

1st quarter ended June 30, 2007

Net sales	¥24,259
Cost of sales	19,122
Gross profit	5,137
Selling, general and administrative expenses	2,962
Operating income	2,174
Non-operating income:	
Interest income	4
Dividend income	9
Foreign exchange gain	134
Equity in earnings of affiliates	57
Other	35
Total non-operating income	242
Non-operating expenses:	
Interest expenses	79
Other	8
Total non-operating expenses	88
Ordinary income	2,327
Extraordinary gains:	
Gain on sale of tangible fixed assets	0
Reversal of allowance for doubtful accounts	4
Total extraordinary gains	5
Extraordinary losses:	
Loss on sale and disposal of tangible fixed assets	6
Additional early retirement benefits	55
Loss on valuation of golf club memberships	0
Total extraordinary losses	61
Income before income taxes	2,271
Income taxes:	
Currentt	683
Deferred	208
Net income	¥ 1,380

Amounts are rounded down to the nearest million yen.

(Reference materials)

## Consolidated Statement of Cash Flows

(¥ million)

1st quarter ended June 30, 2007

<b>Cash flows from operating activities</b>	
Income before income taxes	¥2,271
Depreciation and amortization	1,082
Amortization of goodwill	49
Decrease in allowance for doubtful accounts	(37)
Increase in provision for bonuses	421
Decrease in provision for employees' retirement benefits	(359)
Equity in earnings of affiliates	(57)
Gain on sale of tangible fixed assets	(0)
Loss on sale and disposal of tangible fixed assets	6
Interest and dividend income	(13)
Interest expenses	79
Foreign exchange gain	(116)
Increase in notes and accounts receivable	(3,373)
Increase in inventories	(625)
Increase in notes and accounts payable	2,709
Decrease in accounts payable other	(152)
Increase in accrued consumption taxes payable	80
Other	1,397
Subtotal	3,361
Interest and dividends received	13
Interest paid	(78)
Income taxes paid	(2,130)
Net cash provided by operating activities	1,166
<b>Cash flows from investing activities</b>	
Purchase of investment securities	(4)
Purchase of tangible fixed assets	(1,310)
Proceeds from sale of tangible fixed assets	18
Increase in loans receivable	(16)
Proceeds from collection of loans	3
Purchase of intangible assets	(5)
Increase in long-term prepaid expenses	(2)
Other	48
Net cash used in investing activities	(1,267)
<b>Cash flows from financing activities</b>	
Increase in short-term borrowings	4,272
Repayment of short-term borrowings	(46)
Increase in long-term debt	900
Repayment of long-term debt	(253)
Purchase of treasury stock	(1,901)
Repayment of finance lease obligations	(3)
Cash dividends paid	(450)
Net cash provided by financing activities	2,516
Effect of exchange rate changes on cash and cash equivalents	7
Net increase in cash and cash equivalents	2,422
Cash and cash equivalents at beginning of period	2,720
Cash and cash equivalents at end of period	¥5,143

Amounts are rounded down to the nearest million yen.

(Reference materials)

## Segment Information

### Segmentation by location

(¥ million)

	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

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

### Sales by segment

(¥ million)

	1st quarter ended June 30, 2007	
	Amount	% of total
Shrink label	¥15,423	63.6%
Tack label	2,501	10.3
Other label	1,118	4.6
Soft pouch	1,101	4.5
Machinery	2,459	10.2
Others	1,654	6.8
Total	¥24,259	100.0%