

Flash Report for the First-Half Period Ended September 30, 2008

(on a consolidated basis)

November 5, 2008

Name of the listed company: **Fuji Seal International, Inc.**
 Code No.: 7864 Stock exchange: TSE (1st 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 Interim Securities Report: November 12, 2008
 Date for initiation of dividend payments (subject to change): December 1, 2008

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

1. Results for the First-Half Period (April 1 to September 30, 2008)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st half ended September 30, 2008	¥49,432	—%	¥4,134	—%	¥4,129	—%
1st half ended September 30, 2007	49,467	6.6	3,978	(14.1)	3,997	(19.6)

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st half ended September 30, 2008	¥2,687	—%	¥91.54		¥—	
1st half ended September 30, 2007	2,340	(21.8)	79.02		—	

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 September 30, 2008	¥85,606	¥49,238	57.5%	¥1,677.24
As of March 31, 2008	81,632	47,367	58.0	1,613.49

Note: Owners' equity

As of September 30, 2008: ¥49,238 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	—	15.00			
Year ending March 31, 2009 (forecast)			—	15.00	30.00

Note: Revisions to dividend payment forecasts during the reporting period: 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 (¥)
Full term	¥95,000	3.3%	¥6,500	20.7%	¥6,500	29.3%	¥4,000	64.5%	¥143.59

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

2. Revisions to performance forecasts during the reporting period: not applicable

3. The EPS forecast is adjusted for the effect of a decrease in outstanding shares resulting from the planned acquisition of own shares as per a Board decision on November 5, 2008.

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 period, 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 September 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 September 30, 2008: 724,362 shares As of March 31, 2008: 724,062 shares

Average number of shares during the period

1st half ended September 30, 2008: 29,356,823 shares 1st half ended September 30, 2007: 29,799,232 shares

Consolidated Balance Sheets

(¥ million)

	As of September 30, 2008	As of March 31, 2008
Assets		
Current assets:		
Cash and deposits	¥ 6,075	¥ 4,958
Notes and accounts receivable	25,506	23,056
Merchandise and finished goods	3,859	3,687
Raw materials and supplies	2,292	2,000
Work in process	1,514	2,125
Other current assets	2,955	2,749
Allowance for doubtful accounts	(70)	(109)
Total current assets	42,132	38,467
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures — net	10,437	9,588
Machinery, equipment and vehicles — net	19,859	19,519
Land	4,665	4,360
Construction in progress	2,612	3,350
Other — net	674	620
Total tangible fixed assets	38,248	37,438
Intangible assets:		
Goodwill	300	480
Other	879	934
Total intangible assets	1,180	1,415
Investments and other assets:		
Investment securities	2,836	2,931
Other	1,454	1,596
Allowance for doubtful accounts	(246)	(217)
Total investments and other assets	4,044	4,310
Total noncurrent assets	43,473	43,164
Total assets	¥85,606	¥81,632

Amounts are rounded down to the nearest million yen.

(¥ million)

As of September 30, 2008 As of March 31, 2008

Liabilities

Current liabilities:

Notes and accounts payable	¥18,310	¥15,273
Short-term borrowings	7,617	9,399
Current portion of long-term debt	923	970
Other accounts payable	2,005	2,756
Income taxes payable	1,390	387
Accrued bonuses	888	793
Other current liabilities	3,273	2,897
Total current liabilities	34,409	32,478

Long-term liabilities:

Long-term debt	928	761
Reserve for employees' retirement benefits	765	777
Other	264	247
Total long-term liabilities	1,958	1,786

Total liabilities	36,368	34,265
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Net assets

Shareholders' equity:

Common stock	5,990	5,990
Capital surplus	6,233	6,233
Retained earnings	37,685	35,611
Treasury stock	(1,982)	(1,981)
Total shareholders' equity	47,926	45,853

Valuation and translation adjustments:

Unrealized gain on available-for-sale securities	147	156
Adjustments for pension obligations	(464)	(502)
Foreign currency translation adjustments	1,627	1,860
Total valuation and translation adjustments	1,311	1,514

Total net assets	49,238	47,367
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Total liabilities and net assets	¥85,606	¥81,632
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Consolidated Statement of Income

(¥ million)

1st half ended September 30, 2008

Net sales	¥49,432
Cost of sales	39,415
Gross profit	10,017
Selling, general and administrative expenses	5,883
Operating income	4,134
Non-operating income:	
Interest income	1
Dividend income	16
Foreign exchange gain	20
Recycling income	68
Other	43
Total non-operating income	151
Non-operating expenses:	
Interest expense	135
Equity in loss of affiliates	9
Other	10
Total non-operating expenses	156
Ordinary income	4,129
Extraordinary gains:	
Gain on sale of tangible fixed assets	11
Reversal of allowance for doubtful accounts	0
Removal compensation	9
Other	0
Total extraordinary gains	21
Extraordinary losses:	
Loss on sale and disposal of tangible fixed assets	36
Impairment loss	10
Other	3
Total extraordinary losses	51
Income before income taxes	4,100
Income taxes:	
Current	1,560
Deferred	(147)
Total income taxes	1,412
Net income	¥ 2,687

Amounts are rounded down to the nearest million yen.

Consolidated Statement of Cash Flows

(¥ million)

1st half ended September 30, 2008

Cash flows from operating activities	
Income before income taxes	¥4,100
Depreciation and amortization	2,451
Impairment loss	10
Amortization of goodwill	68
Increase (decrease) in allowance for doubtful accounts	(4)
Increase (decrease) in accrued bonuses	96
Increase (decrease) in reserve for employees' retirement benefits	(53)
Equity in loss (gain) of affiliates	9
Loss (gain) on sale and disposals of tangible fixed assets	25
Interest and dividend income	(18)
Interest expenses	135
Foreign exchange loss (gain)	26
Decrease (increase) in notes and accounts receivable	(2,632)
Decrease (increase) in inventories	17
Increase (decrease) in notes and accounts payable	3,100
Increase (decrease) in other accounts payable	(475)
Other	172
Subtotal	7,029
Interest and dividends received	17
Interest paid	(151)
Income taxes paid	(210)
Net cash provided by operating activities	6,685
Cash flows from investing activities	
Purchase of tangible fixed assets	(3,754)
Proceeds from sale of tangible fixed assets	12
Purchase of intangible assets	(55)
Purchase of investment securities	(10)
Other	71
Net cash used in investing activities	(3,735)
Cash flows from financing activities	
Increase in short-term borrowings	499
Repayment of short-term borrowings	(425)
Increase in long-term debt	638
Repayment of long-term debt	(472)
Purchase of treasury stock	(0)
Cash dividends paid	(440)
Other	(12)
Net cash used in financing activities	(213)
Effect of exchange rate changes on cash and cash equivalents	74
Net increase (decrease) in cash and cash equivalents	2,810
Cash and cash equivalents at beginning of period	3,079
Cash and cash equivalents at end of period	¥5,889

Amounts are rounded down to the nearest million yen.

Segment Information

Segmentation by location (¥ million)

	1st half ended September 30, 2008					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥34,136	¥7,654	¥7,641	¥49,432	¥ —	¥49,432
Intersegment	905	14	598	1,518	(1,518)	—
Total sales	35,041	7,669	8,240	50,950	(1,518)	49,432
Operating expenses	31,961	7,131	7,726	46,819	(1,521)	45,298
Operating income	¥ 3,080	¥ 537	¥ 513	¥ 4,131	¥ 2	¥ 4,134

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 half ended September 30, 2008	
	Amount	% of total
Shrink label	¥32,485	65.7%
Tack label	4,554	9.2
Other label	1,726	3.5
Soft pouch	2,396	4.9
Machinery	4,519	9.1
Other	3,750	7.6
Total	¥49,432	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 half ended September 30, 2007

Net sales	¥49,467
Cost of sales	39,303
Gross profit	10,163
Selling, general and administrative expenses	6,185
Operating income	3,978
Non-operating income:	
Interest income	9
Dividend income	12
Foreign exchange gain	14
Equity in earnings of affiliates	67
Other	85
Total non-operating income	189
Non-operating expenses:	
Interest expenses	159
Other	10
Total non-operating expenses	169
Ordinary income	3,997
Extraordinary gains:	
Gain on sale of tangible fixed assets	1
Total extraordinary gains	1
Extraordinary losses:	
Loss on sale and disposal of tangible fixed assets	6
Additional early retirement benefits	58
Amortization of overseas employees' prior services	115
Other	0
Total extraordinary losses	180
Income before income taxes	3,818
Income taxes:	
Current	1,479
Deferred	(1)
Net income	¥ 2,340

Amounts are rounded down to the nearest million yen.

(Reference materials)

Consolidated Statement of Cash Flows

(¥ million)

1st half ended September 30, 2007

Cash flows from operating activities	
Income before income taxes	¥3,818
Depreciation and amortization	2,319
Amortization of goodwill	115
Decrease in allowance for doubtful accounts	(62)
Increase in accrued bonuses	76
Decrease in reserve for employees' retirement benefits	(346)
Equity in earnings of affiliates	(67)
Gain on sale of tangible fixed assets	(1)
Loss on sale and disposal of tangible fixed assets	6
Interest and dividend income	(21)
Interest expenses	159
Foreign exchange gain	(20)
Increase in notes and accounts receivable	(3,632)
Increase in inventories	(519)
Increase in notes and accounts payable	2,911
Increase in other accounts payable	270
Increase in consumption taxes payable	80
Other	418
Subtotal	5,506
Interest and dividends received	21
Interest paid	(159)
Income taxes paid	(1,751)
Net cash provided by operating activities	3,617
Cash flows from investing activities	
Purchase of investment securities	(9)
Purchase of tangible fixed assets	(2,877)
Proceeds from sale of tangible fixed assets	7
Increase in loans receivable	(24)
Proceeds from collection of loans	126
Purchase of intangible assets	(45)
Increase in long-term prepaid expenses	(4)
Acquisition of goodwill	(811)
Other	109
Net cash used in investing activities	(3,529)
Cash flows from financing activities	
Increase in short-term borrowings	875
Repayment of short-term borrowings	(24)
Increase in long-term debt	900
Repayment of long-term debt	(671)
Purchase of treasury stock	(1,902)
Repayment of finance lease obligations	(8)
Cash dividends paid	(450)
Net cash used in financing activities	(1,281)
Effect of exchange rate changes on cash and cash equivalents	45
Net increase in cash and cash equivalents	(1,148)
Cash and cash equivalents at beginning of period	2,720
Cash and cash equivalents at end of period	¥1,572

Amounts are rounded down to the nearest million yen.

(Reference materials)

Segment Information

Segmentation by location

(¥ million)

	1st half 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

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 half ended September 30, 2007	
	Amount	% of total
Shrink label	¥31,567	63.8%
Tack label	4,667	9.4
Other label	2,199	4.5
Soft pouch	2,040	4.1
Machinery	5,532	11.2
Other	3,459	7.0
Total	¥49,467	100.0%