

# Flash Report for the First Three Quarters Ended December 31, 2008

## (on a consolidated basis)

February 4, 2009

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: February 12, 2009

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

### 1. Results for the First Three Quarters (April 1 to December 31, 2008)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st three quarters ended December 31, 2008	¥69,253	—%	¥4,987	—%	¥4,772	—%
1st three quarters ended December 31, 2007	70,705	7.0	4,719	(9.1)	4,708	(15.9)

  

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st three quarters ended December 31, 2008	¥2,848	—%	¥97.53		¥—	
1st three quarters ended December 31, 2007	2,808	(11.9)	95.19		—	

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

(2) Financial position (¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of December 31, 2008	¥78,117	¥44,998	57.6%	¥1,602.92
As of March 31, 2008	81,632	47,367	58.0	1,613.49

Note: Owners' equity

As of December 31, 2008: ¥44,998 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	¥85,000	(7.6)%	¥5,500	2.1%	¥5,330	6.0%	¥3,000	23.4%	¥102.73

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

2. Revisions to performance forecasts during the reporting period: 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: 2 (Fuji Seal Packaging de Mexico, S.A. de C.V. and Fuji Seal Personnel Services, S.A. de C.V.)

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 December 31, 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 December 31, 2008: 2,008,362 shares      As of March 31, 2008: 724,062 shares

Average number of shares during the period

1st three quarters ended December 31, 2008: 29,203,653 shares

1st three quarters ended December 31, 2007: 29,503,253 shares

## Consolidated Balance Sheets

(¥ million)

	As of December 31, 2008	As of March 31, 2008
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 4,802	¥ 4,958
Notes and accounts receivable	23,379	23,056
Merchandise and finished goods	3,290	3,687
Work in process	1,663	2,125
Raw materials and supplies	2,230	2,000
Other current assets	1,661	2,749
Allowance for doubtful accounts	(63)	(109)
Total current assets	36,964	38,467
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures — net	9,760	9,588
Machinery, equipment and vehicles — net	18,111	19,519
Land	4,604	4,360
Construction in progress	3,390	3,350
Other — net	633	620
Total tangible fixed assets	36,500	37,438
Intangible assets:		
Goodwill	266	480
Other	824	934
Total intangible assets	1,091	1,415
Investments and other assets:		
Investment securities	2,434	2,931
Other	1,339	1,596
Allowance for doubtful accounts	(211)	(217)
Total investments and other assets	3,561	4,310
Total noncurrent assets	41,152	43,164
Total assets	¥78,117	¥81,632

Amounts are rounded down to the nearest million yen.

(¥ million)

As of December 31, 2008      As of March 31, 2008

**Liabilities**

## Current liabilities:

Notes and accounts payable	¥16,558	¥15,273
Short-term borrowings	8,203	9,399
Current portion of long-term debt	924	970
Other accounts payable	1,693	2,756
Income taxes payable	549	387
Accrued bonuses	469	793
Other current liabilities	3,010	2,897
<b>Total current liabilities</b>	<b>31,409</b>	<b>32,478</b>

## Long-term liabilities:

Long-term debt	754	761
Reserve for employees' retirement benefits	755	777
Other	200	247
<b>Total long-term liabilities</b>	<b>1,709</b>	<b>1,786</b>

<b>Total liabilities</b>	<b>33,119</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	37,406	35,611
Treasury stock	(3,982)	(1,981)
<b>Total shareholders' equity</b>	<b>45,647</b>	<b>45,853</b>

## Valuation and translation adjustments:

Unrealized gain on available-for-sale securities	45	156
Adjustments for pension obligations	(450)	(502)
Foreign currency translation adjustments	(244)	1,860
<b>Total valuation and translation adjustments</b>	<b>(649)</b>	<b>1,514</b>

<b>Total net assets</b>	<b>44,998</b>	<b>47,367</b>
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<b>Total liabilities and net assets</b>	<b>¥78,117</b>	<b>¥81,632</b>
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## Consolidated Statement of Income

(¥ million)

	1st three quarters ended December 31, 2008
Net sales	¥69,253
Cost of sales	55,684
Gross profit	13,569
Selling, general and administrative expenses	8,581
Operating income	4,987
Non-operating income:	
Interest income	8
Dividend income	21
Equity in earnings of affiliates	37
Recycling income	88
Other	86
Total non-operating income	242
Non-operating expenses:	
Interest expense	187
Foreign exchange loss	249
Other	21
Total non-operating expenses	458
Ordinary income	4,772
Extraordinary gains:	
Gain on sale of tangible fixed assets	12
Reversal of allowance for doubtful accounts	8
Removal compensation	9
Other	0
Total extraordinary gains	30
Extraordinary losses:	
Loss on sale and disposal of tangible fixed assets	67
Impairment loss	25
Loss on valuation of investment securities	52
Loss on closure of plant	299
Other	1
Total extraordinary losses	455
Income before income taxes	4,358
Income taxes:	
Current	1,388
Deferred	121
Total income taxes	1,510
Net income	¥ 2,848

Amounts are rounded down to the nearest million yen.

## Consolidated Statement of Cash Flows

(¥ million)

1st three quarters ended  
December 31, 2008

<b>Cash flows from operating activities</b>	
Income before income taxes	¥4,358
Depreciation and amortization	3,629
Impairment loss	25
Amortization of goodwill	103
Increase (decrease) in allowance for doubtful accounts	(40)
Increase (decrease) in accrued bonuses	(318)
Increase (decrease) in reserve for employees' retirement benefits	(23)
Equity in earnings of affiliates	(37)
Loss (gain) on sale and disposals of tangible fixed assets	42
Loss (gain) on valuation of investment securities	52
Loss on closure of plant	123
Interest and dividend income	(30)
Interest expenses	187
Foreign exchange loss (gain)	247
Decrease (increase) in notes and accounts receivable	(1,431)
Decrease (increase) in inventories	255
Increase (decrease) in notes and accounts payable	1,991
Increase (decrease) in other accounts payable	(533)
Other	1,028
Subtotal	9,629
Interest and dividends received	28
Interest paid	(186)
Income taxes paid	(1,016)
Net cash provided by operating activities	8,454
<b>Cash flows from investing activities</b>	
Purchase of tangible fixed assets	(5,144)
Proceeds from sale of tangible fixed assets	31
Purchase of intangible assets	(94)
Purchase of investment securities	(15)
Other	120
Net cash used in investing activities	(5,103)
<b>Cash flows from financing activities</b>	
Net increase (decrease) in short-term borrowings	1,101
Increase in long-term debt	621
Repayment of long-term debt	(585)
Purchase of treasury stock	(2,000)
Cash dividends paid	(880)
Other	(21)
Net cash used in financing activities	(1,765)
Effect of exchange rate changes on cash and cash equivalents	92
Net increase (decrease) in cash and cash equivalents	1,679
Cash and cash equivalents at beginning of period	3,079
Cash and cash equivalents at end of period	¥4,758

Amounts are rounded down to the nearest million yen.

## Segment Information

### Segmentation by location (¥ million)

	1st three quarters ended December 31, 2008					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥ 47,784	¥11,282	¥10,186	¥69,253	¥ —	¥69,253
Intersegment	1,142	19	1,132	2,294	(2,294)	—
Total sales	48,927	11,301	11,319	71,548	(2,294)	69,253
Operating income	3,636	708	684	5,029	(41)	4,987

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 three quarters ended December 31, 2008	
	Amount	% of total
Shrink label	¥44,604	64.4%
Tack label	6,996	10.1
Other label	2,348	3.4
Soft pouch	3,096	4.5
Machinery	6,538	9.4
Other	5,669	8.2
Total	¥69,253	100.0%

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.

(Reference materials)

## Consolidated Statement of Income

(¥ million)

	1st three quarters ended December 31, 2007
Net sales	¥70,705
Cost of sales	56,799
Gross profit	13,906
Selling, general and administrative expenses	9,186
Operating income	4,719
Non-operating income:	
Interest income	8
Dividend income	15
Foreign exchange gain	8
Equity in earnings of affiliates	97
Other	113
Total non-operating income	243
Non-operating expenses:	
Interest expenses	242
Other	11
Total non-operating expenses	254
Ordinary income	4,708
Extraordinary gains:	
Gain on sale of tangible fixed assets	1
Reversal of allowance for doubtful accounts	3
Total extraordinary gains	4
Extraordinary losses:	
Loss on sale and disposal of tangible fixed assets	10
Additional early retirement benefits	75
Amortization of overseas employees' prior services	113
Loss on closure of plant	22
Other	0
Total extraordinary losses	223
Income before income taxes	4,489
Income taxes:	
Current	1,358
Deferred	321
Total income taxes	1,680
Net income	¥ 2,808

Amounts are rounded down to the nearest million yen.

(Reference materials)

## Consolidated Statement of Cash Flows

(¥ million)

1st three quarters ended  
December 31, 2007

<b>Cash flows from operating activities</b>	
Income before income taxes	¥4,489
Depreciation and amortization	3,459
Amortization of goodwill	180
Increase (decrease) in allowance for doubtful accounts	(75)
Increase (decrease) in accrued bonuses	(365)
Increase (decrease) in reserve for employees' retirement benefits	(332)
Equity in earnings of affiliates	(97)
Gain on sale of tangible fixed assets	(1)
Loss on sale and disposal of tangible fixed assets	10
Interest and dividend income	(23)
Interest expenses	242
Foreign exchange loss (gain)	(17)
Decrease (increase) in notes and accounts receivable	(1,572)
Decrease (increase) in inventories	(463)
Increase (decrease) in notes and accounts payable	1,414
Increase (decrease) in other accounts payable	641
Increase (decrease) in consumption taxes payable	57
Other	586
Subtotal	8,132
Interest and dividends received	24
Interest paid	(235)
Income taxes paid	(3,082)
Net cash provided by operating activities	4,838
<b>Cash flows from investing activities</b>	
Purchase of investment securities	(14)
Purchase of tangible fixed assets	(4,402)
Proceeds from sale of tangible fixed assets	7
Increase in loans receivable	(27)
Proceeds from collection of loans	133
Purchase of intangible assets	(339)
Increase in long-term prepaid expenses	(6)
Acquisition of goodwill	(856)
Other	133
Net cash provided by (used in) investing activities	(5,372)
<b>Cash flows from financing activities</b>	
Increase in short-term borrowings	2,989
Repayment of short-term borrowings	(653)
Increase in long-term debt	900
Repayment of long-term debt	(987)
Purchase of treasury stock	(1,902)
Repayment of finance lease obligations	(12)
Cash dividends paid	(891)
Net cash provided by (used in) financing activities	(558)
Effect of exchange rate changes on cash and cash equivalents	44
Net increase (decrease) in cash and cash equivalents	(1,047)
Cash and cash equivalents at beginning of period	2,720
Cash and cash equivalents at end of period	¥1,673

Amounts are rounded down to the nearest million yen.

(Reference materials)

## Segment Information

### Segmentation by location

(¥ million)

	1st three quarters ended December 31, 2007					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥47,776	¥11,596	¥11,333	¥70,705	¥ —	¥70,705
Intersegment	860	35	836	1,733	(1,733)	—
Total sales	48,636	11,632	12,170	72,439	(1,733)	70,705
Operating expenses	44,794	10,722	12,209	67,726	(1,739)	65,986
Operating income (loss)	¥ 3,842	¥ 910	¥ (39)	¥ 4,713	¥ 6	¥ 4,719

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 three quarters ended December 31, 2007	
	Amount	% of total
Shrink label	¥45,438	64.3%
Tack label	6,649	9.4
Other label	2,976	4.2
Soft pouch	2,675	3.8
Machinery	7,467	10.6
Other	5,498	7.7
Total	¥70,705	100.0%