

Flash Report for the Year Ended March 31, 2009

(on a consolidated basis)

May 13, 2009

Name of the listed company: Fuji Seal International, Inc.
 Code No.: 7864 Stock exchange: TSE (1st section)
 URL: <http://www.fujiseal.co.jp>
 Representative: Shigeo Okazaki, President and CEO
 Contact: Noriyuki Kino, Executive Officer, Corporate Planning
 Scheduled date for annual general meeting of shareholders: June 24, 2009
 Date for initiation of dividend payments (subject to change): June 4, 2009
 Scheduled date for submission of Securities Report: June 24, 2009

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

1. Consolidated Results for the Year Ended March 31, 2009 (April 1, 2008 to March 31, 2009)

(1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income		Net income	
Year ended March 31, 2009	¥86,045	(6.4)%	¥5,957	10.6%	¥6,055	20.4%	¥3,502	44.0%
Year ended March 31, 2008	91,967	4.3	5,385	(14.7)	5,028	(24.9)	2,432	(31.3)

	Earnings per share (¥)		Return on equity	Ordinary income to total assets	Operating income to net sales
	Basic	Diluted			
Year ended March 31, 2009	¥121.10	¥—	7.9%	7.8%	6.9%
Year ended March 31, 2008	82.56	—	5.1	6.3	5.9

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, 2009: ¥108 million Year ended March 31, 2008: ¥34 million

(2) Financial position

(¥ million)

	Total assets	Net assets	Equity ratio	Net assets per share (¥)
As of March 31, 2009	¥73,840	¥41,055	55.6%	¥1,462.48
As of March 31, 2008	81,632	47,367	58.0	1,613.49

Note: Owners' equity

As of March 31, 2009: ¥41,055 million As of March 31, 2008: ¥47,367 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, 2009	¥10,046	¥(6,472)	¥(1,173)	¥5,537
Year ended March 31, 2008	7,333	(6,567)	(376)	3,079

2. Dividends

	Cash dividends per share (¥)					Total dividends (full term) (¥ million)	Payout ratio (consolidated)	Dividends to net assets (consolidated)
	Quarter-end							
	1st	2nd	3rd	Year-end	Annual			
Year ended March 31, 2008	—	¥15.00	—	¥15.00	¥30.00	¥880	36.3%	1.9%
Year ended March 31, 2009	—	15.00	—	15.00	30.00	861	24.8	2.0
Year ending March 31, 2010 (forecast)	—	15.00	—	15.00	30.00		21.6	

3. Business Performance Forecasts for the Year Ending March 31, 2010

(April 1, 2009 to March 31, 2010)

(¥ million)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)
First-half period	¥46,500	(5.9)%	¥4,000	(3.2)%	¥4,000	(3.1)%	¥2,500	(7.0)%	¥ 89.05
Full term	90,000	4.6	6,600	10.8	6,550	8.2	3,900	11.4	138.93

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: 2 (Fuji Seal Pakaging de Mexico, S.A. de C.V. and Fuji Seal Personnel Services, S.A. de C.V.)

Exclusion: none

(2) Changes in significant accounting policies

Changes in accounting standard: applicable

Other: applicable

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

As of March 31, 2009: 30,080,978 shares As of March 31, 2008: 30,080,978 shares

Number of shares in treasury at the end of the year

As of March 31, 2009: 2,008,422 shares As of March 31, 2008: 724,062 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, 2009 (April 1, 2008 to March 31, 2009)

(1) Operating results

(¥ million)

	Net sales		Operating income		Ordinary income	
Year ended March 31, 2009	¥4,085	(21.3)%	¥3,038	(25.4)%	¥2,858	(27.6)%
Year ended March 31, 2008	5,187	7.1	4,074	12.6	3,947	(4.2)

	Net income		Earnings per share (¥)	
			Basic	Diluted
Year ended March 31, 2009	¥2,569	(33.3)%	¥ 88.82	¥—
Year ended March 31, 2008	3,852	3.8	130.74	—

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, 2009	¥50,757	¥39,814	78.4%	¥1,418.27
As of March 31, 2008	49,152	40,281	82.0	1,372.15

Note: Owners' equity

As of March 31, 2009: ¥39,814 million As of March 31, 2008: ¥40,281 million

Forecasts for the Company's performance on a non-consolidated basis are omitted for the current term (ending March 31, 2010), as their effect on investors' judgments is deemed to be immaterial.

Consolidated Balance Sheets

(¥ million)

	As of March 31, 2008	As of March 31, 2009
Assets		
Current assets:		
Cash and deposits	¥ 4,958	¥ 5,968
Notes and accounts receivable	23,056	21,078
Inventories	7,813	—
Merchandise and finished products	—	3,227
Work in process	—	1,634
Raw materials and supplies	—	2,007
Deferred tax assets	382	452
Prepaid expenses	197	214
Other current assets	2,169	1,189
Allowance for doubtful accounts	(109)	(92)
Total current assets	38,467	35,680
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures	15,652	14,481
Accumulated depreciation	(6,063)	(5,786)
Net buildings and structures	9,588	8,694
Machinery, equipment and vehicles	44,059	39,332
Accumulated depreciation	(24,540)	(22,853)
Net machinery, equipment and vehicles	19,519	16,478
Land	4,360	4,545
Lease assets	—	149
Accumulated depreciation	—	(49)
Net lease assets	—	99
Construction in progress	3,350	3,289
Other	2,552	2,289
Accumulated depreciation	(1,932)	(1,827)
Net other	620	462
Total tangible fixed assets	37,438	33,570
Intangible assets:		
Goodwill	480	231
Lease assets	—	0
Other	934	836
Total intangible assets	1,415	1,069
Investments and other assets:		
Investment securities	2,931	2,495
Long-term loans	27	25
Deferred tax assets	448	422
Other	1,120	691
Allowance for doubtful accounts	(217)	(115)
Total investments and other assets	4,310	3,519
Total noncurrent assets	43,164	38,159
Total assets	¥81,632	¥73,840

Amounts are rounded down to the nearest million yen.

(¥ million)

As of March 31, 2008 As of March 31, 2009

Liabilities

Current liabilities:

Notes and accounts payable	¥15,273	¥15,214
Short-term borrowings	9,399	7,765
Current portion of long-term debt	970	736
Other accounts payable	2,756	1,873
Lease obligations	—	34
Income taxes payable	387	1,074
Deferred tax liabilities	16	0
Accrued bonuses	793	816
Other current liabilities	2,881	2,350
Total current liabilities	32,478	29,867

Long-term liabilities:

Long-term debt	761	1,567
Lease obligations	—	71
Deferred tax liabilities	201	98
Reserve for employees' retirement benefits	777	1,154
Other	45	25

Total long-term liabilities	1,786	2,917
Total liabilities	34,265	32,784

Net assets

Shareholders' equity:

Common stock	5,990	5,990
Capital surplus	6,233	6,233
Retained earnings	35,611	38,060
Treasury stock	(1,981)	(3,982)
Total shareholders' equity	45,853	46,301

Valuation and translation adjustments

Unrealized gain on available-for-sale securities	156	0
Adjustments for pension liability	(502)	(841)
Foreign currency translation adjustments	1,860	(4,405)
Total valuation and translation adjustments	1,514	(5,246)

Total net assets	47,367	41,055
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Total liabilities and net assets	¥81,632	¥73,840
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Consolidated Statements of Income

(¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Net sales	¥91,967	¥86,045
Cost of sales	74,483	69,429
Gross profit	17,484	16,615
Selling, general and administrative expenses	12,098	10,658
Operating income	5,385	5,957
Non-operating income:		
Interest income	23	15
Dividend income	17	23
Equity in earnings of affiliates	34	108
Recycling income	93	95
Other	45	116
Total non-operating income	213	359
Non-operating expenses:		
Interest expenses	313	162
Foreign exchange loss	240	79
Other	16	19
Total non-operating expenses	570	262
Ordinary income	5,028	6,055
Extraordinary gains:		
Gain on sale of tangible fixed assets	525	17
Reversal of allowance for doubtful accounts	2	—
Government subsidies	—	13
Other	—	0
Total extraordinary gains	528	31
Extraordinary losses:		
Loss on sale and disposal of tangible fixed assets	403	119
Impairment loss	—	25
Loss on valuation of investment securities	—	76
Loss on closure of plant	321	400
Additional early retirement benefits	87	—
Amortization of overseas employees' prior services	116	—
Provision for allowance for doubtful accounts	89	—
Other	66	9
Total extraordinary losses	1,084	630
Income before income taxes	4,471	5,455
Income taxes:		
Current	1,815	2,027
Deferred	223	(75)
Total income taxes	2,038	1,952
Net income	¥ 2,432	¥ 3,502

Amounts are rounded down to the nearest million yen.

Consolidated Statements of Changes in Net Assets

(¥ 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.

(¥ million)

Year ended March 31, 2009	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
Balance at March 31, 2008	¥5,990	¥6,233	¥35,611	¥(1,981)	¥45,853
Decrease due to change in accounting procedures for overseas subsidiaries			(172)		(172)
Changes during year:					
Cash dividends			(880)		(880)
Net income			3,502		3,502
Purchase of treasury stock				(2,000)	(2,000)
Net changes in items other than shareholders' equity					
Total changes during year	—	—	2,622	(2,000)	621
Balance at March 31, 2009	¥5,990	¥6,233	¥38,060	¥(3,982)	¥46,301

Year ended March 31, 2009	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, 2008	¥156	¥ —	¥(502)	¥ 1,860	¥ 1,514	¥47,367
Decrease due to change in accounting procedures for overseas subsidiaries						(172)
Changes during year:						
Cash dividends						(880)
Net income						3,502
Purchase of treasury stock						(2,000)
Net changes in items other than shareholders' equity	(155)	—	(339)	(6,265)	(6,760)	(6,760)
Total changes during year	(155)	—	(339)	(6,265)	(6,760)	(6,139)
Balance at March 31, 2009	¥ 0	¥ —	¥(841)	¥(4,405)	¥(5,246)	¥41,055

Amounts are rounded down to the nearest million yen.

Consolidated Statements of Cash Flows

(¥ million)

	Year ended March 31, 2008	Year ended March 31, 2009
Cash flows from operating activities		
Income before income taxes	¥ 4,471	¥ 5,455
Depreciation and amortization	4,618	4,448
Impairment loss	—	25
Amortization of goodwill	245	137
Increase (decrease) in allowance for doubtful accounts	40	(94)
Increase (decrease) in accrued bonuses	(10)	36
Decrease in reserve for employees' retirement benefits	(297)	(6)
Equity in earnings of affiliates	(34)	(108)
Gain on sale of tangible fixed assets	(525)	(17)
Loss on sale and disposal of tangible fixed assets	403	102
Loss on valuation of investment securities	—	76
Loss on closure of plant	258	123
Interest and dividend income	(40)	(38)
Interest expenses	313	162
Foreign exchange loss	149	167
Decrease (increase) in notes and accounts receivable	608	(657)
Decrease (increase) in inventories	(568)	26
Increase in notes and accounts payable	301	1,564
Increase (decrease) in other accounts payable	330	(627)
Increase (decrease) in consumption taxes payable	(26)	80
Other	529	410
Subtotal	10,768	11,268
Interest and dividends received	40	38
Interest paid	(307)	(158)
Income taxes paid	(3,167)	(1,102)
Net cash provided by operating activities	7,333	10,046
Cash flows from investing activities		
Purchase of tangible fixed assets	(6,219)	(6,659)
Proceeds from sale of tangible fixed assets	982	159
Purchase of intangible assets	(499)	(185)
Purchase of investment securities	(118)	(19)
Proceeds from sale of investment securities	—	0
Increase in loans receivable	(30)	(8)
Proceeds from collection of loans	140	20
Increase in long-term prepaid expenses	(33)	(9)
Acquisition of goodwill	(856)	—
Other	68	229
Net cash used in investing activities	(6,567)	(6,472)
Cash flows from financing activities		
Net increase in short-term borrowings	—	955
Increase in short-term borrowings	3,669	—
Repayment of short-term borrowings	(712)	—
Increase in long-term debt	900	1,638
Repayment of long-term debt	(1,421)	(861)
Purchase of treasury stock	(1,902)	(2,000)
Repayment of lease obligations	—	(25)
Repayment of finance lease obligations	(18)	—
Cash dividends paid	(891)	(880)
Net cash used in financing activities	(376)	(1,173)
Effect of exchange rate changes on cash and cash equivalents	(30)	57
Net increase in cash and cash equivalents	358	2,457
Cash and cash equivalents at beginning of year	2,720	3,079
Cash and cash equivalents at end of year	¥ 3,079	¥ 5,537

Amounts are rounded down to the nearest million yen.

Segment Information

Segmentation by location (¥ million)

	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

	Year ended March 31, 2009					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥61,935	¥12,804	¥11,305	¥86,045	¥ —	¥86,045
Intersegment	1,349	25	1,256	2,632	(2,632)	—
Total sales	63,285	12,830	12,561	88,677	(2,632)	86,045
Operating expenses	58,423	12,128	12,122	82,675	(2,587)	80,087
Operating income	4,861	701	438	6,002	(44)	5,957
Assets	¥73,423	¥12,983	¥12,125	¥98,533	¥(24,693)	¥73,840

- 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, Mexico
 Europe: United Kingdom, the Netherlands, France, Poland
 3. Year-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 and ¥34 million on March 31, 2008 and 2009, respectively.

Sales by segment (¥ million)

	Year ended March 31, 2008		Year ended March 31, 2009	
	Amount	% of total	Amount	% of total
Shrink label	¥58,340	63.4%	¥54,348	63.2%
Tack label	8,656	9.4	9,079	10.6
Other label	3,829	4.2	2,635	3.1
Soft pouch	3,534	3.8	3,888	4.5
Machinery	10,574	11.5	8,621	10.0
Other	7,032	7.7	7,473	8.6
Total	¥91,967	100.0%	¥86,045	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.