

# Flash Report for the First-Half Period Ended September 30, 2009

## (on a consolidated basis)

November 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 Interim Securities Report: November 10, 2009  
 Date for initiation of dividend payments (subject to change): December 1, 2009

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

### 1. Results for the First-Half Period (April 1 to September 30, 2009)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st half ended September 30, 2009	¥45,693	(7.6)%	¥5,040	21.9%	¥5,030	21.8%
1st half ended September 30, 2008	49,432	—	4,134	—	4,129	—

  

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st half ended September 30, 2009	¥3,100	15.4%	¥110.45		¥—	
1st half ended September 30, 2008	2,687	—	91.54		—	

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, 2009	¥79,557	¥44,638	56.1%	¥1,590.11
As of March 31, 2009	73,840	41,055	55.6	1,462.48

Note: Owners' equity

As of September 30, 2009: ¥44,638 million    As of March 31, 2009: ¥41,055 million

### 2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2009	¥—	¥15.00	¥—	¥15.00	¥30.00
Year ending March 31, 2010	—	15.00			
Year ending March 31, 2010 (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, 2010

(April 1, 2009 to March 31, 2010)

	(¥ million)									
	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)	
Full term	¥87,000	1.1%	¥7,100	19.2%	¥7,100	17.3%	¥4,300	22.8%	¥153.17	

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

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

Other: not applicable

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

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

Number of shares in treasury at the end of the period

As of September 30, 2009: 2,008,522 shares As of March 31, 2009: 2,008,422 shares

Average number of shares during the period

1st half ended September 30, 2009: 28,072,536 shares 1st half ended September 30, 2008: 29,356,823 shares

#### 5. Explanation of Business Performance Outlook for the Current Term

We have revised our forecasts for the current term (ending March 31, 2010) on a consolidated basis, taking into account the continued weakness of consumer spending, which is likely to have an adverse impact on our sales. Nonetheless, we expect to make further progress in achieving closer integration of our sales, manufacturing and development processes. These moves should enable us to speed up the differentiation of our products and services from those of our rivals, and shorten lead times and to offer our customers ways for achieving overall cost reductions.

We will continue implementing cost reductions through closer collaboration between the manufacturing and sales departments, while simultaneously promoting improvements in productivity through organizational reforms, so as to realize higher profit margins.

Taking these factors into consideration, we have revised the full-term performance figures released on May 13, 2009 in the following manner.

	(¥ million)				
	Net sales	Operating income	Ordinary income	Net income	Earnings per share (¥)
Previous forecast (A)	¥90,000	¥6,600	¥6,550	¥3,900	¥138.93
Revised forecast (B)	87,000	7,100	7,100	4,300	153.17
Increase (decrease) (B-A)	(3,000)	500	550	400	—
Percentage change	(3.3)%	7.6%	8.4%	10.3%	—
Figure for previous term (Year ended March 31, 2009)	86,045	5,957	6,055	3,502	121.10

Note: The earnings per share figure has been calculated using the average number of outstanding shares in the first-half period of the current term, ending March 31, 2010.

## Consolidated Balance Sheets

(¥ million)

	As of September 30, 2009	As of March 31, 2009
<b>Assets</b>		
Current assets:		
Cash and deposits	¥ 7,115	¥ 5,968
Notes and accounts receivable	24,345	21,078
Merchandise and finished products	2,902	3,227
Work in process	2,154	1,634
Raw materials and supplies	1,909	2,007
Deferred tax assets	521	452
Prepaid expenses	315	214
Other current assets	1,150	1,189
Allowance for doubtful accounts	(82)	(92)
Total current assets	40,333	35,680
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures – net	8,800	8,694
Machinery, equipment and vehicles – net	17,682	16,478
Land	4,587	4,545
Lease assets – net	126	99
Construction in progress	2,715	3,289
Other – net	457	462
Total tangible fixed assets	34,370	33,570
Intangible assets:		
Goodwill	162	231
Lease assets	0	0
Other	760	836
Total intangible assets	924	1,069
Investments and other assets:		
Investment securities	2,746	2,495
Deferred tax assets	555	422
Other	764	716
Allowance for doubtful accounts	(137)	(115)
Total investments and other assets	3,929	3,519
Total noncurrent assets	39,224	38,159
Total assets	¥79,557	¥73,840

Amounts are rounded down to the nearest million yen.

(¥ million)

As of September 30, 2009      As of March 31, 2009

**Liabilities**

## Current liabilities:

Notes and accounts payable	¥16,691	¥15,214
Short-term borrowings	7,393	7,765
Current portion of long-term debt	722	736
Lease obligations	43	34
Other accounts payable	1,911	1,873
Income taxes payable	1,627	1,074
Deferred tax liabilities	0	0
Accrued bonuses	777	816
Other current liabilities	2,625	2,350
<b>Total current liabilities</b>	<b>31,794</b>	<b>29,867</b>

## Long-term liabilities:

Long-term debt	1,278	1,567
Lease obligations	89	71
Deferred tax liabilities	187	98
Reserve for employees' retirement benefits	1,512	1,154
Other	55	25
<b>Total long-term liabilities</b>	<b>3,124</b>	<b>2,917</b>
<b>Total liabilities</b>	<b>34,919</b>	<b>32,784</b>

**Net assets**

## Shareholders' equity:

Common stock	5,990	5,990
Capital surplus	6,233	6,233
Retained earnings	40,740	38,060
Treasury stock	(3,982)	(3,982)
<b>Total shareholders' equity</b>	<b>48,981</b>	<b>46,301</b>

## Valuation and translation adjustments:

Unrealized gain on available-for-sale securities	113	0
Adjustments for pension liability	(900)	(841)
Foreign currency translation adjustments	(3,555)	(4,405)
<b>Total valuation and translation adjustments</b>	<b>(4,342)</b>	<b>(5,246)</b>

<b>Total net assets</b>	<b>44,638</b>	<b>41,055</b>
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<b>Total liabilities and net assets</b>	<b>¥79,557</b>	<b>¥73,840</b>
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## Consolidated Statements of Income

(¥ million)

	1st half ended September 30, 2009	1st half ended September 30, 2008
Net sales	¥45,693	¥49,432
Cost of sales	35,067	39,415
Gross profit	10,625	10,017
Selling, general and administrative expenses	5,585	5,883
Operating income	5,040	4,134
Non-operating income:		
Interest income	1	1
Dividend income	15	16
Foreign exchange gain	—	20
Equity in earnings of affiliates	106	—
Recycling income	—	68
Other	84	43
Total non-operating income	208	151
Non-operating expenses:		
Interest expense	97	135
Foreign exchange loss	108	—
Equity in loss of affiliates	—	9
Other	11	10
Total non-operating expenses	218	156
Ordinary income	5,030	4,129
Extraordinary gains:		
Gain on sale of tangible fixed assets	10	11
Reversal of allowance for doubtful accounts	—	0
Removal compensation	—	9
Other	4	0
Total extraordinary gains	15	21
Extraordinary losses:		
Loss on sale and disposal of tangible fixed assets	58	36
Impairment loss	66	10
Employees' retirement benefit expenses	353	—
Other	18	3
Total extraordinary losses	497	51
Income before income taxes	4,548	4,100
Income taxes:		
Current	1,627	1,560
Deferred	(179)	(147)
Total income taxes	1,447	1,412
Net income	¥ 3,100	¥ 2,687

Amounts are rounded down to the nearest million yen.

## Consolidated Statements of Cash Flows

(¥ million)

	1st half ended September 30, 2009	1st half ended September 30, 2008
<b>Cash flows from operating activities</b>		
Income before income taxes	¥4,548	¥4,100
Depreciation and amortization	2,172	2,451
Impairment loss	66	10
Amortization of goodwill	68	68
Increase (decrease) in allowance for doubtful accounts	5	(4)
Increase (decrease) in accrued bonuses	(46)	96
Increase (decrease) in reserve for employees' retirement benefits	298	(53)
Equity in loss (earnings) of affiliates	(106)	9
Loss on sale and disposal of tangible fixed assets	48	25
Interest and dividend income	(17)	(18)
Interest expense	97	135
Foreign exchange loss	65	26
Increase in notes and accounts receivable	(2,944)	(2,632)
Decrease in inventories	70	17
Increase in notes and accounts payable	1,321	3,100
Increase (decrease) in other accounts payable	236	(475)
Other	113	172
Subtotal	5,999	7,029
Interest and dividends received	17	17
Interest paid	(114)	(151)
Income taxes paid	(1,037)	(210)
Net cash provided by operating activities	4,865	6,685
<b>Cash flows from investing activities</b>		
Purchase of tangible fixed assets	(2,264)	(3,754)
Proceeds from sale of tangible fixed assets	33	12
Purchase of intangible assets	(51)	(55)
Purchase of investment securities	(10)	(10)
Other	(38)	71
Net cash used in investing activities	(2,330)	(3,735)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	(784)	73
Proceeds from long-term debt	—	638
Repayment of long-term debt	(417)	(472)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(421)	(440)
Other	(21)	(12)
Net cash used in financing activities	(1,645)	(213)
Effect of exchange rate changes on cash and cash equivalents	12	74
Net increase in cash and cash equivalents	901	2,810
Cash and cash equivalents at beginning of period	5,537	3,079
Cash and cash equivalents at end of period	¥6,439	¥5,889

Amounts are rounded down to the nearest million yen.

## Segment Information

### Segmentation by location

(¥ million)

	1st half ended September 30, 2009					
	Japan	North & Central America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥33,177	¥6,855	¥5,660	¥45,693	¥ —	¥45,693
Intersegment	730	6	716	1,454	(1,454)	—
Total sales	33,908	6,862	6,376	47,147	(1,454)	45,693
Operating income	3,850	570	619	5,040	(0)	5,040

	1st half ended September 30, 2008					
	Japan	North & Central 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 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 & Central America: United States of America, Mexico

Europe: United Kingdom, the Netherlands, France, Poland

### Sales by segment

(¥ million)

	1st half ended September 30, 2009		1st half ended September 30, 2008	
	Amount	% of total	Amount	% of total
Shrink label	¥30,065	65.8%	¥32,485	65.7%
Tack label	4,798	10.5	4,554	9.2
Other label	1,248	2.7	1,726	3.5
Soft pouch	2,124	4.6	2,396	4.9
Machinery	3,465	7.6	4,519	9.1
Other	3,990	8.8	3,750	7.6
Total	¥45,693	100.0%	¥49,432	100.0%

#### Remark:

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.