

Flash Report for the First Three Quarters Ended December 31, 2009

(on a consolidated basis)

February 3, 2010

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 Quarterly Report: February 10, 2010
 Date for initiation of dividend payments: not applicable

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

1. Results for the First Three Quarters (April 1 to December 31, 2009)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st three quarters ended December 31, 2009	¥64,852	(6.4)%	¥6,484	30.0%	¥6,422	34.6%
1st three quarters ended December 31, 2008	69,253	—	4,987	—	4,772	—

	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st three quarters ended December 31, 2009	¥4,039	41.8%	¥143.91		¥—	
1st three quarters ended December 31, 2008	2,848	—	97.53		—	

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, 2009	¥75,379	¥44,474	59.0%	¥1,584.29
As of March 31, 2009	73,840	41,055	55.6	1,462.48

Note: Owners' equity

As of December 31, 2009: ¥44,474 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: 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: not applicable

Other: not applicable

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

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

Average number of shares during the period

1st three quarters ended December 31, 2009: 28,072,509 shares

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

Consolidated Balance Sheets

(¥ million)

	As of December 31, 2009	As of March 31, 2009
Assets		
Current assets:		
Cash and deposits	¥ 5,748	¥ 5,968
Notes and accounts receivable	22,612	21,078
Merchandise and finished products	3,047	3,227
Work in process	1,976	1,634
Raw materials and supplies	1,951	2,007
Deferred tax assets	261	452
Prepaid expenses	206	214
Other current assets	1,049	1,189
Allowance for doubtful accounts	(76)	(92)
Total current assets	36,777	35,680
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures – net	8,582	8,694
Machinery, equipment and vehicles – net	18,150	16,478
Land	4,557	4,545
Lease assets – net	132	99
Construction in progress	1,854	3,289
Other – net	428	462
Total tangible fixed assets	33,705	33,570
Intangible assets:		
Goodwill	148	231
Lease assets	0	0
Other	765	836
Total intangible assets	914	1,069
Investments and other assets:		
Investment securities	2,805	2,495
Deferred tax assets	551	422
Other	762	716
Allowance for doubtful accounts	(136)	(115)
Total investments and other assets	3,983	3,519
Total noncurrent assets	38,602	38,159
Total assets	¥75,379	¥73,840

Amounts are rounded down to the nearest million yen.

(¥ million)

As of December 31, 2009 As of March 31, 2009

Liabilities

Current liabilities:

Notes and accounts payable	¥14,371	¥15,214
Short-term borrowings	6,905	7,765
Current portion of long-term debt	687	736
Lease obligations	41	34
Other accounts payable	2,251	1,873
Income taxes payable	961	1,074
Deferred tax liabilities	7	0
Accrued bonuses	402	816
Other current liabilities	2,415	2,350
Total current liabilities	28,045	29,867

Long-term liabilities:

Long-term debt	1,065	1,567
Lease obligations	94	71
Deferred tax liabilities	173	98
Reserve for employees' retirement benefits	1,470	1,154
Other	55	25
Total long-term liabilities	2,859	2,917
Total liabilities	30,904	32,784

Net assets

Shareholders' equity:

Common stock	5,990	5,990
Capital surplus	6,233	6,233
Retained earnings	41,258	38,060
Treasury stock	(3,982)	(3,982)
Total shareholders' equity	49,499	46,301

Valuation and translation adjustments:

Unrealized gain on available-for-sale securities	89	0
Adjustments for pension liability	(846)	(841)
Foreign currency translation adjustments	(4,267)	(4,405)
Total valuation and translation adjustments	(5,024)	(5,246)

Total net assets	44,474	41,055
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Total liabilities and net assets	¥75,379	¥73,840
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Consolidated Statements of Income

(¥ million)

	1st three quarters ended December 31, 2009	1st three quarters ended December 31, 2008
Net sales	¥64,852	¥69,253
Cost of sales	50,205	55,684
Gross profit	14,647	13,569
Selling, general and administrative expenses	8,162	8,581
Operating income	6,484	4,987
Non-operating income:		
Interest income	2	8
Dividend income	19	21
Equity in earnings of affiliates	154	37
Recycling income	—	88
Other	106	86
Total non-operating income	283	242
Non-operating expenses:		
Interest expense	131	187
Foreign exchange loss	196	249
Other	17	21
Total non-operating expenses	345	458
Ordinary income	6,422	4,772
Extraordinary gains:		
Gain on sale of tangible fixed assets	20	12
Reversal of allowance for doubtful accounts	—	8
Removal compensation	—	9
Other	10	0
Total extraordinary gains	31	30
Extraordinary losses:		
Loss on sale and disposal of tangible fixed assets	59	67
Impairment loss	66	25
Employees' retirement benefit expenses	353	—
Loss on valuation of investment securities	—	52
Loss on closure of plant	—	299
Other	19	1
Total extraordinary losses	499	445
Income before income taxes	5,954	4,358
Income taxes:		
Current	1,826	1,388
Deferred	88	121
Total income taxes	1,914	1,510
Net income	¥ 4,039	¥ 2,848

Amounts are rounded down to the nearest million yen.

Consolidated Statements of Cash Flows

(¥ million)

	1st three quarters ended December 31, 2009	1st three quarters ended December 31, 2008
Cash flows from operating activities		
Income before income taxes	¥5,954	¥4,358
Depreciation and amortization	3,249	3,629
Impairment loss	66	25
Amortization of goodwill	83	103
Increase (decrease) in allowance for doubtful accounts	2	(40)
Decrease in accrued bonuses	(415)	(318)
Increase (decrease) in reserve for employees' retirement benefits	301	(23)
Equity in earnings of affiliates	(154)	(37)
Loss on sale and disposal of tangible fixed assets	39	42
Loss on valuation of investment securities	—	52
Loss on closure of plant	—	123
Interest and dividend income	(22)	(30)
Interest expense	131	187
Foreign exchange loss	44	247
Increase in notes and accounts receivable	(1,434)	(1,431)
Decrease (increase) in inventories	(64)	255
Increase (decrease) in notes and accounts payable	(900)	1,991
Increase (decrease) in other accounts payable	30	(533)
Other	215	1,028
Subtotal	7,126	9,629
Interest and dividends received	22	28
Interest paid	(137)	(186)
Income taxes paid	(1,924)	(1,016)
Net cash provided by operating activities	5,087	8,454
Cash flows from investing activities		
Purchase of tangible fixed assets	(2,856)	(5,144)
Proceeds from sale of tangible fixed assets	52	31
Purchase of intangible assets	(85)	(94)
Purchase of investment securities	(15)	(15)
Other	(61)	120
Net cash used in investing activities	(2,966)	(5,103)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(1,244)	1,101
Proceeds from long-term debt	—	621
Repayment of long-term debt	(543)	(585)
Purchase of treasury stock	(0)	(2,000)
Cash dividends paid	(842)	(880)
Other	(36)	(21)
Net cash used in financing activities	(2,666)	(1,765)
Effect of exchange rate changes on cash and cash equivalents	(10)	92
Net increase (decrease) in cash and cash equivalents	(554)	1,679
Cash and cash equivalents at beginning of period	5,537	3,079
Cash and cash equivalents at end of period	¥4,982	¥4,758

Amounts are rounded down to the nearest million yen.

Segment Information

Segmentation by location

(¥ million)

	1st three quarters ended December 31, 2009					
	Japan	North & Central America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥46,623	¥10,071	¥8,157	¥64,852	¥ —	¥64,852
Intersegment	925	7	947	1,880	(1,880)	—
Total sales	47,549	10,078	9,105	66,733	(1,880)	64,852
Operating income	4,827	829	778	6,435	49	6,484

	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 & Central America: United States of America, Mexico

Europe: United Kingdom, the Netherlands, France, Poland

Sales by segment

(¥ million)

	1st three quarters ended December 31, 2009		1st three quarters ended December 31, 2008	
	Amount	% of total	Amount	% of total
Shrink label	¥42,442	65.4%	¥44,604	64.4%
Tack label	7,004	10.8	6,996	10.1
Other label	1,662	2.6	2,348	3.4
Soft pouch	2,935	4.5	3,096	4.5
Machinery	4,704	7.3	6,538	9.4
Other	6,103	9.4	5,669	8.2
Total	¥64,852	100.0%	¥69,253	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.