

Flash Report for the First-Quarter Period Ended June 30, 2010 (based on Japan GAAP) (on a consolidated basis)

August 4, 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: August 12, 2010
 Date for initiation of dividend payments (subject to change): not applicable
 Prepared supplementary presentation material on quarterly results: No
 Held quarterly results briefing: No

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

1. Results for the First-Quarter Period (April 1 to June 30, 2010)

(1) Operating results (¥ million)

	Net sales		Operating income		Ordinary income	
1st quarters ended June 30, 2010	¥23,191	2.0%	¥2,486	(6.7)%	¥2,521	(10.4)%
1st quarters ended June 30, 2009	22,742	(5.3)	2,665	35.1	2,813	34.1
	Net income		Earnings per share (¥)		Diluted EPS (¥)	
1st quarters ended June 30, 2010	¥1,708	(10.2)%	¥60.85		¥—	
1st quarters ended June 30, 2009	1,902	45.2	67.78		—	

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 June 30, 2010	¥80,344	¥47,136	58.7%	¥1,678.78
As of March 31, 2010	75,026	46,031	61.4	1,639.76

Note: Owners' equity

As of June 30, 2010: ¥47,136 million As of March 31, 2010: ¥46,031 million

2. Dividends

	Cash dividends per share (¥)				
	Quarter-end			Year-end	Annual
	1st	2nd	3rd		
Year ended March 31, 2010	¥—	¥15.00	¥—	¥15.00	¥30.00
Year ending March 31, 2011	—				
Year ending March 31, 2011 (forecast)		15.00	—	20.00	35.00

Note: Revisions to dividend payment forecasts during the reporting quarter: not applicable

3. Business Performance Forecasts for the Year Ending March 31, 2011

(April 1, 2010 to March 31, 2011)

	Net sales		Operating income		Ordinary income		Net income		Earnings per share (¥)
First-half period	¥46,300	1.3%	¥5,000	(0.8)%	¥5,130	2.0%	¥3,400	9.7%	¥119.77
Full term	90,000	4.2	7,730	(1.1)	7,960	4.1	5,100	0.2	179.65

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

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

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: not applicable

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

As of June 30, 2010: 30,080,978 shares As of March 31, 2010: 30,080,978 shares

Number of shares in treasury at the end of the period

As of June 30, 2010: 2,002,921 shares As of March 31, 2010: 2,008,662 shares

Average number of shares during the period

As of June 30, 2010: 28,072,523 shares As of June 30, 2009: 28,072,541 shares

Presentation of quarterly review implementation status

The quarterly earnings summary is subject to a quarterly financial report review based on the Financial Instruments and Exchange Law, and said review based on said law has been completed as of the disclosure date.

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.

Consolidated Balance Sheets

(¥ million)

	As of June 30, 2010	As of March 31, 2010
Assets		
Current assets:		
Cash and deposits	¥ 6,134	¥ 5,454
Notes and accounts receivable	25,365	22,181
Merchandise and finished products	2,865	2,923
Work in process	1,464	1,282
Raw materials and supplies	2,156	2,049
Deferred tax assets	916	745
Other current assets	2,144	1,216
Allowance for doubtful accounts	(59)	(77)
Total current assets	40,987	35,776
Noncurrent assets:		
Tangible fixed assets:		
Buildings and structures – net	8,369	8,403
Machinery, equipment and vehicles – net	17,433	17,959
Land	4,557	4,571
Lease assets – net	140	143
Construction in progress	3,290	2,468
Other – net	469	442
Total tangible fixed assets	34,260	33,990
Intangible assets:		
Goodwill	118	133
Lease assets	0	0
Other	725	772
Total intangible assets	844	906
Investments and other assets:		
Investment securities	2,870	2,970
Deferred tax assets	692	699
Other	718	715
Allowance for doubtful accounts	(29)	(30)
Total investments and other assets	4,252	4,354
Total noncurrent assets	39,356	39,250
Total assets	¥80,344	¥75,026

Amounts are rounded down to the nearest million yen.

(¥ million)

	As of June 30, 2010	As of March 31, 2010
Liabilities		
Current liabilities:		
Notes and accounts payable	¥16,870	¥14,534
Short-term borrowings	4,046	4,230
Current portion of long-term debt	679	635
Lease obligations	50	48
Other accounts payable	2,661	2,559
Income taxes payable	922	1,428
Deferred tax liabilities		1
Accrued bonuses	1,159	781
Other current liabilities	2,748	2,027
Total current liabilities	29,138	26,247
Long-term liabilities:		
Long-term debt	2,199	949
Lease obligations	97	102
Deferred tax liabilities	186	202
Reserve for employees' retirement benefits	1,495	1,442
Asset retirement obligations	48	
Other	42	50
Total long-term liabilities	4,068	2,747
Total liabilities	33,207	28,995
Net assets		
Shareholders' equity:		
Common stock	5,990	5,990
Capital surplus	6,207	6,233
Retained earnings	43,572	42,311
Treasury stock	(3,945)	(3,982)
Total shareholders' equity	51,824	50,551
Valuation and translation adjustments:		
Unrealized gain on available-for-sale securities	42	73
Adjustments for pension liability	(832)	(824)
Foreign currency translation adjustments	(3,896)	(3,768)
Total valuation and translation adjustments	(4,687)	(4,519)
Total net assets	47,136	46,031
Total liabilities and net assets	¥80,344	¥75,026

Consolidated Statement of Income

(¥ million)

	1st quarter ended June 30, 2009	1st quarter ended June 30, 2010
Net sales	¥22,742	¥23,191
Cost of sales	17,337	17,737
Gross profit	5,404	5,454
Selling, general and administrative expenses	2,739	2,967
Operating income	2,665	2,486
Non-operating income:		
Interest income	0	9
Dividend income	12	13
Equity in earnings of affiliates	71	62
Foreign exchange gain	67	
Office relocation expenses		32
Other	54	25
Total non-operating income	206	142
Non-operating expenses:		
Interest expenses	52	31
Foreign exchange loss		75
Other	5	1
Total non-operating expenses	58	108
Ordinary income	2,813	2,521
Extraordinary gains:		
Gain on sale of tangible fixed assets	9	0
Other	1	—
Total extraordinary gains	11	0
Extraordinary losses:		
Loss on sale and disposal of tangible fixed assets	51	53
Loss on adjustment for changes of accounting standard for asset retirement obligations		16
Total extraordinary losses	51	70
Income before income taxes	2,773	2,451
Income taxes:		
Current	977	914
Deferred	(106)	(171)
Total income taxes	870	743
Income before minority interests		1,708
Net income	¥ 1,902	¥ 1,708

Amounts are rounded down to the nearest million yen.

Consolidated Statement of Cash Flows

(¥ million)

	1st quarter ended June 30, 2009	1st quarter ended June 30, 2010
Cash flows from operating activities		
Income before income taxes	¥2,773	¥2,451
Depreciation and amortization	1,039	1,032
Amortization of goodwill	34	14
Loss on adjustment for changes of accounting standard for asset retirement obligations		16
Increase (decrease) in allowance for doubtful accounts	4	(15)
Increase in accrued bonuses	350	378
Increase (decrease) in reserve for employees' retirement benefits	(87)	59
Equity in earnings of affiliates	(71)	(62)
Loss on sale and disposal of tangible fixed assets	42	53
Interest and dividend income	(13)	(22)
Interest expenses	52	31
Foreign exchange loss	1	10
Increase in notes and accounts receivable	(3,013)	(3,352)
Decrease (increase) in inventories	90	(246)
Increase in notes and accounts payable	1,488	2,406
Increase (decrease) in other accounts payable	163	(34)
Other	568	242
Subtotal	3,423	2,964
Interest and dividends received	13	21
Interest paid	(58)	(34)
Income taxes paid	(1,455)	(1,914)
Net cash provided by operating activities	1,923	1,037
Cash flows from investing activities		
Purchase of tangible fixed assets	(1,029)	(1,052)
Proceeds from sale of tangible fixed assets	13	5
Purchase of intangible assets	(21)	(38)
Purchase of investment securities	(5)	(5)
Proceeds from sale of investment securities	9	—
Other	(18)	(28)
Net cash used in investing activities	(1,052)	(1,119)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	322	(402)
Proceeds from long-term debt	—	1,499
Repayment of long-term debt	(196)	(221)
Purchase of treasury stock	(0)	(0)
Proceeds from sales of treasury stock		11
Cash dividends paid	(421)	(421)
Other	(9)	(12)
Net cash provided by (used in) financing activities	(304)	453
Effect of exchange rate changes on cash and cash equivalents	42	46
Net increase in cash and cash equivalents	608	418
Cash and cash equivalents at beginning of period	5,537	4,846
Cash and cash equivalents at end of period	¥6,145	¥5,265

Amounts are rounded down to the nearest million yen.

Segment Information

Segmentation by location

(¥ million)

	1st quarter ended June 30, 2009					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥16,913	¥3,336	¥2,492	¥22,742	¥ —	¥22,742
Intersegment	539	4	523	1,067	(1,067)	—
Total sales	17,453	3,340	3,015	23,809	(1,067)	22,742
Operating income	2,169	295	225	2,690	(24)	2,665

	1st quarter ended June 30, 2010					
	Japan	North America	Europe	Total	Eliminations/ Corporate	Consolidated amount
Sales:						
Customers	¥16,677	¥3,812	¥2,701	¥23,191	¥ —	¥23,191
Intersegment	183	4	223	411	(411)	—
Total sales	16,861	3,816	2,925	23,603	(411)	23,191
Operating income	1,852	446	211	2,510	(23)	2,486

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

Sales by segment

(¥ million)

	1st quarter ended June 30, 2009		1st quarter ended June 30, 2010	
	Amount	% of total	Amount	% of total
Shrink label	¥15,091	66.4%	¥15,239	65.7%
Tack label	2,392	10.5	2,490	10.7
Other label	655	2.9	565	2.4
Soft pouch	1,210	5.3	1,137	4.9
Machinery	1,428	6.3	1,625	7.0
Other	1,963	8.6	2,133	9.3
Total	¥22,742	100.0%	¥23,191	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.