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Summary of Consolidated Financial Statements for the Third Quarter of Fiscal 2006

January 30, 2006

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
 Securities Code: 2002 and Osaka Securities Exchange
 URL: <http://www.nisshin.com> Location of head office: Tokyo
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1. Notes on the Preparation of Quarterly Financial Information and Other Matters

(1) Adoption of simplified accounting methods: Yes

- Since the impact of fixed asset depreciation is minimal, the simplified method of accounting has been used.

(2) Changes in accounting standards of financial accounts since the most recent fiscal year: None

(3) Changes in the scope of consolidation and equity method: Yes

- Newly consolidated subsidiaries: 3 Subsidiaries excluded from consolidation: 1
- New equity-method affiliates: 0 Companies excluded from scope of equity method: 1

2. Consolidated Financial Results for the Third Quarter of Fiscal 2006 (April 1, 2005 to December 31, 2005)

Figures shown are rounded down to the nearest million yen.

(1) Consolidated Business Results

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q Fiscal 2006	317,977	2.1	16,095	(4.4)	18,237	(0.4)
3Q Fiscal 2005	311,499	(6.8)	16,841	1.1	18,307	3.6
Full Year Fiscal 2005	416,222		22,896		25,120	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
3Q Fiscal 2006	9,888	1.0	39.04	39.02
3Q Fiscal 2005	9,790	9.6	42.34	42.32
Full Year Fiscal 2005	13,597		58.06	58.00

Notes: 1. On November 18, 2005, a 1.1 for 1 common stock split was undertaken.
 2. Assuming that the stock split took place at the beginning of fiscal 2005, the third quarter and full-year net income per share figures for fiscal 2005 would be ¥38.49 and ¥52.79, respectively.
 3. Assuming that the stock split took place at the beginning of fiscal 2005, the third quarter and full-year diluted net income per share figures for fiscal 2005 would be ¥38.48 and ¥52.73, respectively.

Consolidated Business Progress Review: Qualitative Information

(April-December 2005)

In the first three quarters of the fiscal year ending March 31, 2006, the Company faced challenging business conditions characterized by slack demand due to unseasonable weather and other factors, as well as a continuing tendency toward low prices throughout the food industry. However, the Company targeted higher shipments across all its businesses by undertaking aggressive sales promotion activities and developing new sales channels.

Consolidated net sales for April 1 to December 31, 2005 increased 2.1% compared with the previous year to ¥317,977 million. Ordinary income fell 0.4% year on year to ¥18,237 million and net income was ¥9,888 million, an increase of 1.0%.

[Business Overview by Segment]

(1) Flour Milling Segment

Nisshin Flour Milling Inc. worked to expand demand for flour by continuing to promote relationship-based marketing with trusted business partners. In addition, its *Maison Kayser Traditional* premium flour for manufacturing use, launched in August 2005, continued to steadily penetrate the market. However, with the domestic flour market underperforming compared with the previous year as demand stagnated, shipments were largely unchanged from the third quarter of fiscal 2005.

Meanwhile, Nisshin Flour Milling took steps to improve its overall cost structure. In addition to ongoing cost-cutting measures, it started expansion work at the Higashinada Plant, a project slated for completion in 2008. The new production capacity is expected to further bolster international competitiveness.

The price of bran, a by-product of the milling process, remained strong due to tight supplies for animal feed products within Japan.

In overseas operations, the capacity utilization rate increased steadily at Rogers Foods Ltd.'s new flour milling plant in Canada. While working to increase overall flour shipments, the plant has also commenced sales to the U.S. west coast.

(2) Processed Food Segment

During the period under review, demand throughout the processed food industry was exceptionally sluggish, while prices were persistently low. Against this backdrop, Nisshin Foods Inc. implemented aggressive marketing and sales promotion activities centering on the campaign marking the 50th anniversary of the *Ma•Ma pasta* brand. As a result, shipments of pasta, pasta sauces, prepared mix and frozen foods were all higher than a year earlier. However, shipments of flour for consumer use and dried noodles were down.

In prepared dishes and other prepared foods, September 2005 saw the completion of a new manufacturing plant for prepared dishes in Shiraoka, Saitama. The following month saw the merger of subsidiaries Initio Foods Inc. and SANKO Co. Ltd. While designed to bolster the operational base and management structure, these and other measures have yet to achieve the progress initially envisaged.

In overseas operations, sales were up year on year in North America, Thailand and China. The Chinese prepared mix business started work to double manufacturing capacity in light of its strong performance.

Oriental Yeast's processed food business achieved higher year-on-year shipments of yeast, flour paste and similar products by pursuing dynamic sales initiatives such as new product trials. This growth, together with the July 2005 commencement of business at S K Foods Co., Ltd., a company manufacturing and selling yeast and a range of food additives, lifted overall sales in the processed food business year on year. In the company's biotechnology-related division, sales were roughly on a par with the previous year, with steady growth in shipments of bionutritional products negated by sluggish performances in feed products supplied to fish farms and other feed contracts.

Nisshin Pharma Inc. concentrated resources on extending market penetration of its high value-added water-soluble formulation of mainstay product coenzyme Q₁₀. It focused on bolstering the lineup of end products for the retail market and undertook promotional activities through various media, successfully increasing consumer awareness of water-soluble coenzyme Q₁₀ products.

(3) Others Segment

Nisshin Petfood Inc. undertook aggressive sales promotion activities. In cat food, it posted significantly higher sales, particularly of mixed-type dried products and retort pouch products. Dog food sales also rose.

Nisshin Engineering Inc. benefited from the continuing recovery in capital expenditures accompanying the expansionary trend in the Japanese economy. Sales grew sharply with the successful completion of large contracts in the plant engineering division.

NBC Inc. recorded growth in sales of mainstay mesh cloths for screen-printing applications, due to increased shipments of ultra-fine mesh cloths combined with gains in market share. Meanwhile, sales of industrial-use mesh cloths and chemical products also posted steady increases. In November 2005, NBC established a new plant in Kikugawa, Shizuoka prefecture, as part of plans to expand and upgrade production facilities.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2005	398,891	259,283	65.0	1,025.91
December 31, 2004	372,230	236,737	63.6	1,023.94
March 31, 2005	372,968	241,282	64.7	1,042.92

Figures shown are rounded down to the nearest million yen

Consolidated Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of term
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
3Q Fiscal 2006	15,622	(20,141)	(6,814)	42,847
3Q Fiscal 2005	14,724	(11,951)	(3,971)	53,255
Full Year Fiscal 2005	21,567	(17,590)	(4,317)	54,047

Figures shown are rounded down to the nearest million yen

Note: Assuming that the stock split took place at the beginning of fiscal 2005, the third quarter and full-year shareholders' equity per share figures for fiscal 2005 would be ¥930.85 and ¥948.11, respectively.

Changes in Consolidated Financial Condition: Qualitative Information

Net cash provided by operating activities during the first to third quarters was ¥15,622 million. In investing activities, ¥9,299 million was used for capital expenditures such as for increasing production capacity, including the expansion of the Higashinada Plant. In financing activities, increased dividend payments (reflecting higher returns to shareholders) and acquisitions of treasury stock used net cash of ¥5,982 million, ¥3,095 million more than in the previous year. Meanwhile, the Company invested ¥11,140 million in financial instruments including marketable securities with maturities of three months or longer. The aim of this investment was to increase returns on cash-on-hand kept as a contingency fund to cover future strategic investments.

As of December 31, 2005, consolidated cash and cash equivalents totaled ¥42,847 million, a fall of ¥11,199 million compared with March 31, 2005.

Reference Materials consist of the following:

Summary of Consolidated Balance Sheets, Summary of Consolidated Statements of Income, Summary of Consolidated Cash Flows and Segment Information

(Reference)

Forecasts of Consolidated Business Results for the Year Ending March 31, 2006

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full year	422,000	24,700	13,200

(Reference) Expected net income per share (full year): ¥51.55 (based on the number of common shares (consolidated) issued and outstanding at December 31, 2005).

Performance Forecasts: Qualitative Information

Reason for revision of performance forecasts

The Company has revised its full-year performance forecasts for the fiscal year ending March 31, 2006. This revision is based on harsh business conditions, defined by lackluster demand for core products including flour and dry processed foods, and a persistent tendency toward low prices. It also takes into account lower-than-projected growth in sales of prepared dishes and other prepared foods.

Note: The statements contained in this document are based on various assumptions and do not constitute any guarantee or definite promise that projections of future performance will actually be realized.

(1) Summary of Consolidated Balance Sheets

(Millions of yen)

	December 31, 2004	December 31, 2005	Change	March 31, 2005		December 31, 2004	December 31, 2005	Change	March 31, 2005
Assets:					Liabilities:				
Current assets:					Current liabilities:				
Cash on hand and in banks	53,273	50,935	(2,338)	54,065	Notes and accounts payable	30,638	29,898	(740)	28,599
Notes and accounts receivable	63,784	63,879	94	59,468	Short-term debt	8,350	8,077	(272)	8,115
Marketable securities	3,943	10,150	6,207	6,783	Accrued expenses	12,616	12,896	280	13,623
Inventories	37,379	37,268	(111)	38,580	Other current liabilities	19,611	19,325	(285)	17,041
Other current assets	12,900	12,113	(787)	11,663	Total current liabilities	71,216	70,198	(1,018)	67,380
Allowance for doubtful accounts	(241)	(208)	33	(211)	Non-current liabilities:				
Total current assets	171,039	174,137	3,098	170,349	Long-term debt	1,779	1,685	(93)	1,680
Fixed assets:					Deferred tax liabilities	12,362	20,488	8,125	13,014
Tangible fixed assets					Allowance for employees' retirement benefits	15,564	13,285	(2,279)	14,928
Buildings and structures	41,848	42,559	710	42,407	Other non-current liabilities	8,126	7,232	(893)	7,921
Machinery and equipment	31,905	32,013	107	32,741	Total non-current liabilities	37,832	42,691	4,859	37,545
Land	29,245	30,699	1,454	29,729	Total liabilities	109,049	112,890	3,840	104,925
Other tangible fixed assets	6,185	5,389	(795)	3,982	Minority interests:				
	109,185	110,662	1,477	108,860	Minority interests	26,443	26,717	274	26,760
Intangible fixed assets	9,307	8,313	(993)	9,124	Shareholders' Equity:				
Investments and other assets:					Common stock	17,117	17,117	–	17,117
Investment in securities	75,068	100,242	25,173	77,262	Capital surplus	9,451	9,485	34	9,452
Other investments and other assets	8,260	5,981	(2,278)	8,002	Retained earnings	186,887	196,834	9,946	190,699
Allowance for doubtful accounts	(629)	(445)	184	(630)	Unrealized holding gain on securities	25,543	39,628	14,085	26,688
	82,698	105,778	23,079	84,634	Foreign currency translation adjustments	(823)	(613)	210	(1,216)
Total fixed assets	201,190	224,754	23,563	202,618	Treasury common stock	(1,438)	(3,168)	(1,730)	(1,459)
Total Assets	372,230	398,891	26,661	372,968	Total shareholders' equity	236,737	259,283	22,545	241,282
					Total Liabilities, Minority Interests and Shareholders' Equity	372,230	398,891	26,661	372,968

Figures shown are rounded down to the nearest million yen

(2) Summary of Consolidated Statements of Income

(Millions of yen)

	Fiscal 2005 Third Quarter April 1 to December 31, 2004	Fiscal 2006 Third Quarter April 1 to December 31, 2005	Change	Fiscal 2005 April 1, 2004 to March 31, 2005
Net sales	311,499	317,977	6,477	416,222
Cost of sales	211,051	215,570	4,518	283,455
Gross profit	100,448	102,406	1,958	132,766
Selling, general and administrative expenses	83,606	86,311	2,705	109,870
Operating income	16,841	16,095	(746)	22,896
Non-operating income:	2,298	2,704	406	3,358
Interest income	39	66	27	58
Dividend income	544	695	150	705
Equity in earnings of subsidiaries and affiliated companies	860	1,204	344	1,011
Other income	853	737	(115)	1,582
Non-operating expenses:	832	561	(270)	1,134
Interest expenses	143	116	(27)	197
Other expenses	688	445	(242)	937
Ordinary income	18,307	18,237	(70)	25,120
Extraordinary income:	742	578	(164)	1,397
Gain on sale of fixed assets	87	227	139	120
Gain on sale of investment in securities	551	242	(308)	1,277
Other	103	107	4	–
Extraordinary losses:	998	495	(502)	1,455
Loss on disposal of fixed assets	621	127	(494)	1,185
Office relocation expenses	–	274	274	–
Other	376	93	(283)	269
Income before income taxes and minority interests	18,051	18,320	268	25,062
Income taxes – current	6,635	7,027	392	8,525
Income taxes – deferred	–	–	–	890
Minority interests	1,626	1,404	(222)	2,048
Net income	9,790	9,888	98	13,597

Figures shown are rounded down to the nearest million yen

(3) Summary of Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2005 Third Quarter April 1 to December 31, 2004	Fiscal 2006 Third Quarter April 1 to December 31, 2005	Fiscal 2005 April 1, 2004 to March 31, 2005
I. Cash flows from operating activities:			
Income before income taxes and minority interests	18,051	18,320	25,062
Depreciation and amortization	8,642	8,966	11,682
Interest balance and dividends income	(440)	(646)	(566)
Equity in earnings of subsidiaries and affiliated companies	(860)	(1,204)	(1,011)
Increase in accounts receivable	(8,442)	(3,840)	(4,201)
Decrease (increase) in inventories	(3,476)	1,559	(4,740)
Increase in accounts payable	7,771	791	5,765
(Decrease) increase in payments received for construction in process	3,682	(1,357)	2,651
Other	(670)	27	(3,078)
Subtotal	24,258	22,616	31,563
Interest and dividends received	676	840	839
Interest paid	(152)	(111)	(195)
Income taxes paid	(10,058)	(7,723)	(10,638)
Net cash provided by operating activities	14,724	15,622	21,567
II. Cash flows from investing activities:			
Refund of (payments for) time deposits	0	(8,067)	0
Payments for purchases of marketable securities	(348)	(3,073)	(3,207)
Payments for purchases of fixed assets	(12,457)	(9,299)	(16,052)
Sales (purchases) of investment in marketable securities	570	(401)	1,301
Other	284	699	369
Net cash used in investing activities	(11,951)	(20,141)	(17,590)
III. Cash flows from financing activities:			
Decrease in debt	(576)	(149)	(884)
Purchase of treasury common stock	(107)	(2,402)	(133)
Cash dividends paid	(2,780)	(3,580)	(2,780)
Other	(507)	(681)	(519)
Net cash used in financing activities	(3,971)	(6,814)	(4,317)
IV. Effect of exchange rate changes on cash and cash equivalents	88	133	21
V. Decrease in cash and cash equivalents	(1,110)	(11,199)	(317)
VI. Cash and cash equivalents at beginning of the year	54,154	54,047	54,154
VII. Increase in cash and cash equivalents due to merger of consolidated subsidiaries	210	–	210
VIII. Cash and cash equivalents at end of the term	53,255	42,847	54,047

Figures shown are rounded down to the nearest million yen

(4) Segment information

Business Segment Information

Third Quarter of Fiscal 2006 (April 1, 2005 to December 31, 2005)

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
Net sales						
(1) Net sales to external customers	115,470	169,296	33,209	317,977	(-)	317,977
(2) Internal sales and transfers	13,649	710	1,477	15,838	(15,838)	-
Total	129,120	170,007	34,687	333,815	(15,838)	317,977
Cost and Expenses	121,592	164,299	31,230	317,123	(15,241)	301,882
Operating Income	7,527	5,707	3,456	16,692	(597)	16,095

Third Quarter of Fiscal 2005 (April 1, 2004 to December 31, 2004)

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
Net sales						
(1) Net sales to external customers	116,761	167,023	27,714	311,499	(-)	311,499
(2) Internal sales and transfers	15,226	569	1,444	17,240	(17,240)	-
Total	131,988	167,592	29,159	328,740	(17,240)	311,499
Cost and Expenses	123,870	161,448	25,577	310,896	(16,238)	294,657
Operating Income	8,118	6,144	3,582	17,844	(1,002)	16,841

Year Ended March 31, 2005 (April 1, 2004 to March 31, 2005)

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
Net sales						
(1) Net sales to external customers	154,888	218,529	42,804	416,222	(-)	416,222
(2) Internal sales and transfers	19,211	764	2,326	22,301	(22,301)	-
Total	174,099	219,294	45,130	438,524	(22,301)	416,222
Cost and Expenses	163,127	211,311	40,096	414,535	(21,209)	393,326
Operating Income	10,972	7,982	5,034	23,988	(1,092)	22,896

Notes:

1. Business segments were determined by considering similarities between product types.

2. Primary products for each business segment:

Flour milling: Flour, bran

Processed food: Prepared mix, flour for consumer use, pasta, pasta sauce, frozen food, chilled food, cake and bread ingredients, biochemical products, life science business, healthcare foods

Others: Pet food, engineering, mesh cloths, transport and storage