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Summary of Consolidated Financial Statements for the Third Quarter of Fiscal 2007

January 30, 2007

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange
 Securities Code: 2002 and Osaka Securities Exchange
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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: 0 Subsidiaries excluded from consolidation: 1
- New equity-method affiliates: 0 Companies excluded from scope of equity method: 0

2. Consolidated Financial Results for the Third Quarter of Fiscal 2007 (April 1, 2006 to December 31, 2006)

(1) Consolidated Business Results

Figures shown are rounded down to the nearest million yen.

	Net sales		Operating income		Ordinary income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
3Q Fiscal 2007	316,632	(0.4)	14,181	(11.9)	16,884	(7.4)
3Q Fiscal 2006	317,977	2.1	16,095	(4.4)	18,237	(0.4)
Full Year Fiscal 2006	421,359		22,169		24,774	

	Net income		Net income per share	Diluted net income per share
	Millions of yen	%	Yen	Yen
3Q Fiscal 2007	8,532	(13.7)	33.75	33.73
3Q Fiscal 2006	9,888	1.0	39.04	39.02
Full Year Fiscal 2006	13,541		52.80	52.77

Consolidated Business Progress Review: Qualitative Information

(April-December 2006)

In the first three quarters of the fiscal year ending March 31, 2007, business conditions for the food industry remained challenging, with slack demand and a continuing tendency for consumers to purchase lower-priced products. Against this backdrop, the Nisshin Seifun Group worked across all its operations to conduct aggressive promotional activities and develop markets by launching new products. Despite these efforts, however, consolidated operating results for the nine-month period were lower year on year. This was largely attributable to disappointing results at Nisshin Pharma Inc., where a slowdown in the boom for coenzyme Q₁₀, its mainstay product, combined with changes in the supply-demand balance to produce a significant reduction in sales and earnings. Consolidated net sales for April 1 to December 31, 2006 decreased 0.4% compared with the previous year to ¥316,632 million. Ordinary income fell 7.4% year on year to ¥16,884 million and net income was ¥8,532 million, a decrease of 13.7%.

[Business Overview by Segment]

(1) Flour Milling Segment

Nisshin Flour Milling Inc. worked to expand demand for flour by vigorously pursuing relationship marketing to cultivate new demand, and overhauling So Shoku Club, its tool for promoting two-way communication with customers. In combination with proactive investment in sales promotion, these measures resulted in higher shipments than a year earlier. In production and distribution, Nisshin Flour Milling strove to improve its cost structure by pursuing increased operational efficiency. A notable achievement in this regard was construction of the automatic rack warehouse at the Higashinada Plant, completed in May 2006. At the same time, the company took measures to ensure the reliability and safety of its products by conducting rigorous quality assurance at every stage of the process from product development to manufacturing, warehousing and distribution.

The price of bran, a by-product of the milling process, recorded a steady increase compared to the previous fiscal year on the back of surging grain prices in overseas markets.

In overseas operations, Rogers Foods Ltd. in Canada steadily increased shipments by improving its capacity utilization rate. Meanwhile, implementation of dynamic marketing strategies also resulted in higher shipments in Thailand.

(2) Processed Food Segment

During the period under review, the business environment throughout the processed food industry was harsh, characterized by continuing slack demand and a persistent tendency for consumers to purchase lower-priced products. Against this backdrop, Nisshin Foods Inc. implemented aggressive sales promotion activities, resulting in a year-on-year increase in shipments of pasta, pasta sauces, flour for *okonomi-yaki* (an omelet-like dish), pancake mix and frozen foods. However, shipments of flour for consumer use and dried noodles were slightly lower than in the previous year. In prepared dishes and other prepared foods, the current fiscal year has seen Initio Foods Inc. begin to implement measures to improve its performance. The company has been upgrading operations at its manufacturing plants and, in a new initiative, is opening stores under the “Hyakuwan” trading name which sell gourmet Japanese-style prepared dishes featuring carefully selected ingredients such as JAS-certified organic vegetables. However, progress with these initiatives has been somewhat slower than expected. Meanwhile, the company has been addressing the issue of food safety by further reinforcing its quality control provisions in response to the May 2006 introduction of the positive list system for agricultural chemical residues in foods. Overseas, a new prepared mix factory in China commenced operations in December 2006, and robust performance yielded higher sales year on year in all three overseas bases—North America, Thailand and China.

Oriental Yeast Co., Ltd. made good use of the P&B Center in its processed food division to pursue aggressive marketing strategies through means such as new product proposals. As a result, shipments were strong for yeast, for ingredients for manufacturing bread-based products such as mayonnaise and, pre-prepared fillings, and for mineral yeasts and other products for the healthcare foods market. Consequently, sales in the processed food business for the first three quarters of fiscal 2007 were higher year on year. In the company’s biotechnology-related division, shipments of biochemical and immunochemical products, as well as bionutritional products, were lower than a year earlier, but robust performances in research support services such as contract testing and contracted animal breeding ensured that overall division sales were higher year on year.

At Nisshin Pharma Inc., sales were substantially lower year on year for mainstay product coenzyme Q₁₀, both as an ingredient and in end products for the retail market. This reflected a slowdown in booming demand for the product, as well as changes in the supply-demand balance. In this context, the company sought to generate higher earnings by initiating a drive to create new businesses aimed at the retail market. As part of this drive, October 2006 saw the company commence sales to drug stores of a supplement for working women called *Rifreline*. This was followed in December 2006 by the launch of a new diet food brand, *rachic Diet*, available only through mail order.

(3) Others Segment

Nisshin Petfood Inc. launched new products during 2006, including the *Carat Watashi-wa* cat food series and *Healthy Label* dog food. Together with aggressive sales promotion activities, this resulted in healthy shipments of both cat and dog food products, outpacing the previous year's performance. Meanwhile, the *JP-Style* premium dog food range was the focus of efforts to raise product awareness through proactive advertising initiatives.

At Nisshin Engineering Inc. sales were substantially lower than in the previous year, reflecting a decline in the number of large-scale construction projects due to a lull in the high levels of capital expenditure in related industries which had been experienced a year earlier.

NBC Inc. recorded slightly lower shipments of mainstay mesh cloths for screen-printing applications, due to heightened competition overseas and a decrease in single-sided substrate manufacturing in Japan. However, industrial-use mesh cloths and forming filters both posted strong shipment gains, and overall sales were higher year on year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
December 31, 2006	405,125	295,565	65.9	1,056.78
December 31, 2005	398,891	259,283	65.0	1,025.91
March 31, 2006	399,899	264,535	66.2	1,046.00

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 2007	15,931	(6,640)	(5,914)	46,370
3Q Fiscal 2006	15,622	(20,141)	(6,814)	42,847
Full Year Fiscal 2006	21,054	(25,297)	(7,274)	42,803

Figures shown are rounded down to the nearest million yen

Note: With regard to the figures for the third quarter of fiscal 2006 (or December 31, 2005) and the fiscal 2006 full year (or March 31, 2006), the following changes in classification have been made: figures previously stated under "shareholders' equity" have been stated under "net assets;" figures previously stated under "shareholders' equity ratio" have been stated under "equity ratio;" and figures previously stated under "shareholders' equity per share" have been stated under "net assets per share." Figures for December 31, 2006 calculated according to the previous classification would be as follows: net assets ¥267,025 million; equity ratio 65.9%; net assets per share ¥1,056.26.

Changes in Consolidated Financial Condition: Qualitative Information

Net cash provided by operating activities during the first to third quarters was ¥15,931 million. Of this amount, ¥11,238 million was used for strategic capital expenditures such as for increases of production capacity. Meanwhile, increased dividend payments (reflecting higher returns to shareholders) used net cash of ¥5,065 million. In order to increase efficiency in the utilization of funds earmarked for future strategic investments and other uses, these funds were invested in financial instruments including time deposits with terms exceeding three months and marketable securities. During the first three quarters of fiscal 2007 the number of financial instruments that reached maturity, or were redeemed, was greater than the number newly deposited or acquired. Therefore cash on hand increased by ¥3,967 million.

As of December 31, 2006, consolidated cash and cash equivalents totaled ¥46,370 million, an increase of ¥3,567 million compared with March 31, 2006.

Reference Materials consist of the following:

Summary of Consolidated Balance Sheets, Summary of Consolidated Statements of Income, Consolidated Statements of Changes in Shareholders' Equity, Summary of Consolidated Statements of Cash Flows and Segment Information

(REFERENCE)

Forecasts of Consolidated Business Results for the Year Ending March 31, 2007

	Net sales	Ordinary income	Net income
	Millions of yen	Millions of yen	Millions of yen
Full year	420,000	23,100	12,500

(Reference) Expected net income per share (full year): ¥49.45 (based on the number of common shares (consolidated) issued and outstanding at December 31, 2006).

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, 2007. This revision reflects further deterioration in the market for coenzyme Q₁₀ and delayed progress with implementing measures to bolster operations in prepared dishes and other prepared foods. These factors are compounded by harsh market conditions—defined by both lackluster demand and low prices—for the Company's core products including flour and dry processed 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.

(Reference Materials)

(1) Summary of Consolidated Balance Sheets

(Millions of yen)

	December 31, 2005	December 31, 2006	Change	March 31, 2006		December 31, 2005	December 31, 2006	Change	March 31, 2006
Assets:					Liabilities:				
Current assets:					Current liabilities:				
Cash on hand and in banks	50,935	39,398	(11,537)	50,111	Notes and accounts payable	29,898	30,258	360	25,819
Notes and accounts receivable	63,879	63,781	(97)	57,678	Short-term debt	8,077	7,607	(470)	7,754
Marketable securities	10,150	24,614	14,463	14,339	Accrued expenses	12,896	11,913	(982)	13,410
Inventories	37,268	38,721	1,453	39,601	Other current liabilities	19,325	19,246	(79)	17,546
Other current assets	12,113	12,783	670	11,366	Total current liabilities	70,198	69,026	(1,171)	64,530
Allowance for doubtful accounts	(208)	(241)	(33)	(227)	Non-current liabilities:				
Total current assets	174,137	179,056	4,919	172,870	Long-term debt	1,685	1,440	(245)	1,609
Fixed assets:					Deferred tax liabilities	20,488	21,103	615	21,708
Tangible fixed assets					Allowance for employees' retirement benefits	13,285	10,562	(2,722)	12,614
Buildings and structures	42,559	43,897	1,337	42,866	Other non-current liabilities	7,232	7,425	192	7,403
Machinery and equipment	32,013	33,447	1,434	32,243	Total non-current liabilities	42,691	40,532	(2,159)	43,334
Land	30,699	30,786	86	30,726	Total liabilities	112,890	109,559	(3,331)	107,865
Other tangible fixed assets	5,389	5,643	253	6,595	Minority Interests:				
Total tangible fixed assets	110,662	113,773	3,111	112,432	Minority interests	26,717	-	-	27,498
Intangible fixed assets	8,313	6,850	(1,463)	7,977	Shareholders' Equity:				
Investments and other assets:					Common stock	17,117	-	-	17,117
Investment in securities	100,242	99,804	(437)	101,369	Capital surplus	9,485	-	-	9,483
Other investments and other assets	5,981	5,917	(63)	5,646	Retained earnings	196,834	-	-	200,487
Allowance for doubtful accounts	(445)	(277)	167	(397)	Unrealized holding gain on securities	39,628	-	-	40,835
Total investments and other assets	105,778	105,444	(333)	106,619	Foreign currency translation adjustments	(613)	-	-	(212)
Total fixed assets	224,754	226,068	1,314	227,029	Treasury common stock	(3,168)	-	-	(3,176)
					Total shareholders' equity	259,283	-	-	264,535
					Total Liabilities, Minority Interests and Shareholders' Equity	398,891	-	-	399,899
					Net Assets:				
					Shareholders' equity:		227,273		
					Common stock	-	17,117	-	-
					Capital surplus	-	9,475	-	-
					Retained earnings	-	203,778	-	-
					Treasury common stock	-	(3,098)	-	-
					Valuation and translation adjustments		39,883		
					Unrealized holding gain on securities	-	39,672	-	-
					Deferred gains on hedging transactions	-	131	-	-
					Foreign currency translation adjustments	-	79	-	-
					Minority interests		28,408		
					Total net assets		295,565		
Total Assets	398,891	405,125	6,233	399,899	Total net assets and liabilities	-	405,125	-	-

Figures shown are rounded down to the nearest million yen

(2) Summary of Consolidated Statements of Income

(Millions of yen)

	Fiscal 2006 Third Quarter April 1 to December 31, 2005	Fiscal 2007 Third Quarter April 1 to December 31, 2006	Change	Fiscal 2006 April 1, 2005 to March 31, 2006
Net sales	317,977	316,632	(1,344)	421,359
Cost of sales	215,570	215,661	91	285,910
Gross profit	102,406	100,970	(1,436)	135,449
Selling, general and administrative expenses	86,311	86,788	476	113,279
Operating income	16,095	14,181	(1,913)	22,169
Non-operating income:	2,704	3,187	483	3,437
Interest income	66	168	101	99
Dividend income	695	974	279	853
Equity in earnings of subsidiaries and affiliated companies	1,204	1,096	(107)	1,505
Other income	737	947	209	978
Non-operating expenses:	561	485	(76)	833
Interest expenses	116	129	13	160
Other expenses	445	355	(90)	672
Ordinary income	18,237	16,884	(1,353)	24,774
Extraordinary income:	578	203	(374)	1,224
Gain on sale of fixed assets	227	137	(90)	448
Gain on sale of investment in securities	242	43	(199)	568
Other	107	22	(84)	207
Extraordinary losses:	495	644	149	898
Loss on disposal of fixed assets	127	644	517	306
Office relocation expenses	274	–	(274)	478
Other	93	–	(93)	113
Income before income taxes and minority interests	18,320	16,442	(1,877)	25,101
Income taxes – current	7,027	6,362	(664)	8,869
Income taxes – deferred	–	–	–	676
Minority interests	1,404	1,548	143	2,014
Net income	9,888	8,532	(1,356)	13,541

Figures shown are rounded down to the nearest million yen

(3) Consolidated Statements of Changes in Shareholders' Equity —From April 1 to December 31, 2006

(Millions of yen)

	Shareholders' Equity				
	Common stock	Capital surplus	Retained earnings	Treasury common stock	Total shareholders' equity
Balances as of March 31, 2006	17,117	9,483	200,487	(3,176)	223,912
Changes in the first three quarters					
Dividends from retained earnings*			(2,785)		(2,785)
Interim dividends from retained earnings			(2,279)		(2,279)
Directors' bonuses*			(175)		(175)
Net income			8,532		8,532
Purchases of treasury common stock				(69)	(69)
Disposal of treasury common stock		(8)		147	139
Net change in non-shareholders' equity items for the first three quarters					
Total change for the first three quarters	–	(8)	3,291	77	3,361
Balances as of December 31, 2006	17,117	9,475	203,778	(3,098)	227,273

	Valuation and translation adjustments				Minority interests	Total net assets
	Unrealized holding gain (loss) on securities	Deferred gains on hedging transactions	Foreign currency translation adjustments	Total valuation and translation adjustments		
Balances as of March 31, 2006	40,835	–	(212)	40,622	27,498	292,033
Changes in the first three quarters						
Dividends from retained earnings*						(2,785)
Interim dividends from retained earnings						(2,279)
Directors' bonuses*						(175)
Net income						8,532
Purchases of treasury common stock						(69)
Disposal of treasury common stock						139
Net change in non-shareholders' equity items for the first three quarters	(1,163)	131	292	(739)	910	170
Total change for the first three quarters	(1,163)	131	292	(739)	910	3,532
Balances as of December 31, 2006	39,672	131	79	39,883	28,408	295,565

* Items marked with an asterisk were approved for allocation of retained earnings at the Ordinary General Meeting of Shareholders held in June 2006.

(4) Summary of Consolidated Statements of Cash Flows

(Millions of yen)

	Fiscal 2006 Third Quarter April 1 to December 31, 2005	Fiscal 2007 Third Quarter April 1 to December 31, 2006	Fiscal 2006 April 1, 2005 to March 31, 2006
I. Cash flows from operating activities:			
Income before income taxes and minority interests	18,320	16,442	25,101
Depreciation and amortization	8,966	9,289	11,993
Interest balance and dividends income	(646)	(1,013)	(792)
Equity in earnings of subsidiaries and affiliated companies	(1,204)	(1,096)	(1,505)
Decrease (increase) in accounts receivable	(3,840)	(6,009)	2,469
Decrease (increase) in inventories	1,559	1,010	(668)
Increase (decrease) in accounts payable	791	4,262	(3,323)
Increase (decrease) in payments received for construction in process	(1,357)	1,132	(2,228)
Other	27	(619)	(3,142)
Subtotal	22,616	23,398	27,902
Interest and dividends received	840	1,753	1,257
Interest paid	(111)	(115)	(164)
Income taxes paid	(7,723)	(9,104)	(7,939)
Net cash provided by operating activities	15,622	15,931	21,054
II. Cash flows from investing activities:			
Repayment of (payments for) time deposits	(8,067)	7,301	(8,271)
Payments for purchases of marketable securities	(3,073)	(3,333)	(6,308)
Payments for purchases of fixed assets	(9,299)	(11,238)	(12,362)
Sales (purchases) of investments in marketable securities	(401)	331	823
Other	699	299	822
Net cash used in investing activities	(20,141)	(6,640)	(25,297)
III. Cash flows from financing activities:			
Decrease in debt	(149)	(330)	(585)
Purchase of treasury common stock	(2,402)	(66)	(2,430)
Cash dividends paid	(3,580)	(5,065)	(3,580)
Other	(681)	(451)	(678)
Net cash used in financing activities	(6,814)	(5,914)	(7,274)
IV. Effect of exchange rate changes on cash and cash equivalents	133	190	272
V. Increase (decrease) in cash and cash equivalents	(11,199)	3,567	(11,244)
VI. Cash and cash equivalents at beginning of the year	54,047	42,803	54,047
VII. Cash and cash equivalents at end of the term	42,847	46,370	42,803

Figures shown are rounded down to the nearest million yen

(5) Segment Information

Business Segment Information

Third Quarter of Fiscal 2007 (April 1, 2006 to December 31, 2006)

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Eliminations / Corporate	Consolidated
Net sales						
(1) Net sales to external customers	116,335	168,746	31,549	316,632	–	316,632
(2) Internal sales and transfers	13,002	629	3,059	16,691	(16,691)	–
Total	129,338	169,376	34,609	333,323	(16,691)	316,632
Cost and Expenses	121,923	165,295	31,413	318,632	(16,182)	302,450
Operating Income	7,414	4,080	3,196	14,691	(509)	14,181

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

Year Ended March 31, 2006 (April 1, 2005 to March 31, 2006)

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Eliminations / Corporate	Consolidated
Net sales						
(1) Net sales to external customers	153,850	221,571	45,938	421,359	–	421,359
(2) Internal sales and transfers	17,984	908	2,514	21,407	(21,407)	–
Total	171,834	222,479	48,452	442,767	(21,407)	421,359
Cost and Expenses	161,073	215,127	43,545	419,746	(20,556)	399,189
Operating Income	10,760	7,352	4,907	23,020	(850)	22,169

Notes:

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