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

July 26, 2005

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
 Representative: Hiroshi Hasegawa, President
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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 in the most recent fiscal year: None

(3) Changes in the scope of consolidation and equity method: None

2. Consolidated Financial Results for the First Quarter of Fiscal 2006 (April 1, 2005 to June 30, 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	%
1Q Fiscal 2006	105,124	3.0	4,874	(8.6)	5,668	(7.0)
1Q Fiscal 2005	102,043	(11.5)	5,330	11.0	6,097	11.7
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
1Q Fiscal 2006	2,930	(4.1)	12.68	12.64
1Q Fiscal 2005	3,055	22.4	13.22	13.21
Full Year Fiscal 2005	13,597		58.06	58.00

Consolidated Business Progress Review: Qualitative Information (April–June 2005)

The first quarter of the fiscal year ending March 2006 marked the start of the Nisshin Seifun Group's second medium-term business plan. Led by core operations in flour milling and processed foods, the Company targeted higher shipments by undertaking aggressive sales promotion activities and by developing new sales channels. Overall performance exceeded forecasts. Particularly noteworthy results included expanded sales of a water-soluble formulation of coenzyme Q₁₀ by Nisshin Pharma Inc. and a high level of sales revenues from completed works at Nisshin Engineering Inc. Both these companies exceeded income projections for the quarter.

Consolidated net sales for the April–June quarter increased 3.0% compared with the previous year to ¥105,124 million. Due to higher expenditures associated with aggressive sales promotion activities, ordinary income fell 7.0% year-on-year to ¥5,668 million. Net income for the quarter amounted to ¥2,930 million, a decline of 4.1% compared with April–June 2004.

[Business Overview by Segment]

(1) Flour Milling Division

Successful relationship marketing activities based on strong links with trusted business partners enabled Nisshin Flour Milling Inc. to post a higher level of shipments than in April–June 2004, despite harsh conditions in the Japanese flour market that resulted in an overall year-on-year contraction in volume.

Nisshin Flour Milling reinforced measures to improve product safety and reliability through an ongoing campaign that emphasizes cleanliness and safety in all quality assurance activities, not only in flour manufacturing but also across distribution and transport functions (in-house and outsourced).

The price of bran, a by-product of the milling process, softened slightly during the quarter.

In overseas operations, the new state-of-the-art flour milling plant near Vancouver that was completed in December 2004 posted a modest rise in capacity utilization. While working to increase flour shipments in the local market, this plant has also begun to supply other parts of the U.S. west coast.

(2) Processed Food Division

Although sales competition remained fierce, Nisshin Foods Inc. focused on developing aggressive sales and promotional activities around the central theme of a 50th anniversary campaign for the *Ma Ma* pasta brand. Shipments of pasta, pasta sauces and frozen foods posted good growth. Shipments of prepared mix products grew modestly in Japan, Thailand, China and other overseas markets. In prepared dishes and other prepared foods, Nisshin Foods achieved steady growth through the development of stores in urban roadside locations and initiatives targeting large retail chains.

In May 2005, Oriental Yeast Co., Ltd. completed a new facility (the “P&B Center”) that combines R&D functions with presentational functions to allow consumers to sample new products and menus. Oriental Yeast’s processed foods division posted strong growth in sales of flour paste and other raw materials for commercial baking as well as mineral yeasts. Although the biotechnology-related division recorded modest growth in shipments of diagnostic reagents and cell-culture products, lower revenues from contract services and a downturn in sales of feed products supplied to fish farms resulted in flat sales overall.

Nisshin Pharma Inc. recorded higher sales of coenzyme Q₁₀, its mainstay product, as demand in Japan continued to rise. Sales of end products for the retail market benefited from the April 2005 launch of a water-soluble formulation of coenzyme Q₁₀ sold under the *Q10 Life* brand together with a continued rise in brand awareness among consumers.

(3) Other Divisions

Nisshin Petfood Inc. undertook aggressive sales promotion activities and posted higher shipment levels, led by dried cat foods. Exclusive mail-order sales of premium dog foods began in April 2005, contributing to improved results through the use of new sales channels.

Nisshin Engineering Inc. maintained high levels of orders received. Sales revenues increased significantly compared with April–June 2004 due to the completion of a large contract. Nisshin Engineering also continued work on developing new sales channels for powder-processing services and related equipment.

NBC Inc. achieved modest growth in shipments of industrial mesh cloths for mobile phone and filtration applications, and also growth in shipments of forming filters such as automobile filters. Sales for the quarter were higher than in April–June 2004.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
June 30, 2005	371,461	241,470	65.0	1,046.06
June 30, 2004	357,572	230,972	64.6	999.06
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 year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
1Q Fiscal 2006	5,648	(4,674)	(3,223)	51,869
1Q Fiscal 2005	3,486	(2,826)	(2,664)	52,124
Full Year Fiscal 2005	21,567	(17,590)	(4,317)	54,047

Figures shown are rounded down to the nearest million yen

Changes in Consolidated Financial Condition: Qualitative Information

Reflecting steady performance, net cash provided by operating activities during the quarter was ¥5,648 million. Net cash used in capital spending and other investing activities amounted to ¥4,674 million. Increased dividend payments (reflecting higher returns to shareholders), acquisitions of treasury stock and other financing activities absorbed a net total of ¥3,223 million.

As of June 30, 2005, consolidated cash and cash equivalents totaled ¥51,869 million, a fall of ¥2,177 million compared with the previous fiscal year-end (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
Mid-term	210,000	11,000	5,600
Full year	435,000	25,500	13,300

(Reference) Expected net income per share (year-end): ¥51.70

In the meeting of the Board of Directors held on May 12, 2005, it was decided to undertake a 1.1 for 1 common stock split on November 18, 2005 (the dividend settlement date will be October 1, 2005).

The expected net income per share above is calculated based on the number of shares issued and outstanding after the stock split.

Performance Forecasts: Qualitative Information

Performance to date is in line with initial projections. The Company leaves its forecasts for the fiscal year ending March 2006 unchanged.

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)

	June 30, 2004	June 30, 2005	Change	March 31, 2005		June 30, 2004	June 30, 2005	Change	March 31, 2005
Assets:					Liabilities:				
Current assets:					Current liabilities:				
Cash on hand and in banks	26,143	51,888	25,744	54,065	Notes and accounts payable	23,773	28,182	4,408	28,599
Notes and accounts receivable	53,447	55,468	2,020	59,468	Short-term debt	8,184	7,697	(486)	8,115
Marketable securities	27,401	9,596	(17,805)	6,783	Accrued expenses	13,247	12,192	(1,054)	13,623
Inventories	34,773	38,580	3,807	38,580	Other current liabilities	17,461	19,359	1,897	17,041
Other current assets	14,915	14,765	(149)	11,663	Total current liabilities	62,667	67,432	4,764	67,380
Allowance for doubtful accounts	(253)	(210)	42	(211)	Non-current liabilities:				
Total current assets	156,428	170,088	13,660	170,349	Long-term debt	1,816	1,658	(158)	1,680
Fixed assets:					Deferred tax liabilities	12,735	12,762	27	13,014
Tangible fixed assets					Allowance for employees' retirement benefits	15,845	14,399	(1,446)	14,928
Buildings and structures	42,017	42,525	507	42,407	Other non-current liabilities	8,073	6,832	(1,240)	7,921
Machinery and equipment	32,344	32,236	(108)	32,741	Total non-current liabilities	38,471	35,652	(2,818)	37,545
Land	29,239	29,759	519	29,729	Total liabilities	101,138	103,085	1,946	104,925
Other tangible fixed assets	5,241	4,033	(1,208)	3,982	Minority interests:				
	108,843	108,554	(288)	108,860	Minority interests	25,461	26,906	1,445	26,760
Intangible fixed assets	8,792	8,889	96	9,124	Shareholders' Equity:				
Investments and other assets:					Common stock	17,117	17,117	-	17,117
Investment in securities	75,861	76,645	784	77,262	Capital surplus	9,447	9,453	5	9,452
Other investments and other assets	8,210	7,906	(303)	8,002	Retained earnings	180,652	191,487	10,835	190,699
Allowance for doubtful accounts	(563)	(622)	(59)	(630)	Unrealized holding gain on securities	26,255	26,252	(3)	26,688
	83,508	83,929	421	84,634	Foreign currency translation adjustments	(1,070)	(997)	73	(1,216)
Total fixed assets	201,143	201,372	229	202,618	Treasury common stock	(1,429)	(1,843)	(413)	(1,459)
Total Assets	357,572	371,461	13,889	372,968	Total shareholders' equity	230,972	241,470	10,497	241,282
					Total Liabilities, Minority Interests and Shareholders' Equity	357,572	371,461	13,889	372,968

Figures shown are rounded down to the nearest million yen

(2) Summary of Consolidated Statements of Income

(Millions of yen)

	Fiscal 2005 First Quarter April 1, 2004 to June 30, 2004	Fiscal 2006 First Quarter April 1, 2005 to June 30, 2005	Change	Fiscal 2005 April 1, 2004 to March 31, 2005
Net sales	102,043	105,124	3,081	416,222
Cost of sales	69,078	71,681	2,603	283,455
Gross profit	32,964	33,442	477	132,766
Selling, general and administrative expenses	27,633	28,567	933	109,870
Operating income	5,330	4,874	(456)	22,896
Non-operating income:	931	969	38	3,358
Interest income	25	14	(11)	58
Dividend income	409	439	30	705
Equity in earnings of subsidiaries and affiliated companies	273	295	21	1,011
Other income	221	219	(2)	1,582
Non-operating expenses:	164	175	10	1,134
Interest expenses	51	35	(16)	197
Other expenses	113	140	26	937
Ordinary income	6,097	5,668	(428)	25,120
Extraordinary income:	27	33	5	1,397
Extraordinary losses:	68	13	(54)	1,455
Income before income taxes and minority interests	6,056	5,687	(368)	25,062
Income taxes – current	2,438	2,236	(202)	8,525
Income taxes – deferred	-	-	-	890
Minority interests	561	520	(41)	2,048
Net income	3,055	2,930	(125)	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 First Quarter April 1, 2004 to June 30, 2004	Fiscal 2006 First Quarter April 1, 2005 to June 30, 2005	Fiscal 2005 April 1, 2004 to March 31, 2005
I. Cash flows from operating activities:			
Income before income taxes and minority interests	6,056	5,687	25,062
Depreciation and amortization	2,733	2,912	11,682
Interest balance and dividends income	(384)	(419)	(566)
Equity in earnings of subsidiaries and affiliated companies	(273)	(295)	(1,011)
Decrease (increase) in accounts receivable	1,769	4,046	(4,201)
Decrease (increase) in inventories	(936)	54	(4,740)
(Decrease) increase in accounts payable	983	(443)	5,765
Other	(1,746)	(2,856)	(427)
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Subtotal	8,200	8,686	31,563
Interest and dividends received	500	519	839
Interest paid	(39)	(40)	(195)
Income taxes paid	(5,174)	(3,516)	(10,638)
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Net cash provided by operating activities	3,486	5,648	21,567
II. Cash flows from investing activities:			
(Purchases) sales of marketable securities	1,999	(2,742)	(3,207)
Payments for purchases of fixed assets	(4,842)	(2,059)	(16,052)
Sales of investments in marketable securities	9	7	1,301
Other	6	119	369
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Net cash used in investing activities	(2,826)	(4,674)	(17,590)
III. Cash flows from financing activities:			
Decrease in debt	(653)	(451)	(884)
Purchase of treasury common stock	(17)	(387)	(133)
Cash dividends paid	(1,505)	(1,968)	(2,780)
Other	(487)	(415)	(519)
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Net cash used in financing activities	(2,664)	(3,223)	(4,317)
IV. Effect of exchange rate changes on cash and cash equivalents	(24)	71	21
V. Decrease in cash and cash equivalents	(2,029)	(2,177)	(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
VIII. Cash and cash equivalents at end of the year	52,124	51,869	54,047

Figures shown are rounded down to the nearest million yen

(4) Segment information

Business Segment Information

First Quarter of Fiscal 2006 (April 1, 2005 to June 30, 2005)

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
Net sales						
(1) Net sales to external customers	37,947	56,132	11,043	105,124	(-)	105,124
(2) Internal sales and transfers	4,476	221	318	5,015	(5,015)	-
Total	42,423	56,353	11,362	110,140	(5,015)	105,124
Cost and Expenses	40,098	54,459	10,349	104,907	(4,658)	100,249
Operating Income	2,325	1,894	1,012	5,232	(357)	4,874

First Quarter of Fiscal 2005 (April 1, 2004 to June 30, 2004)

(Millions of yen)

	Flour milling	Processed food	Others	Total	Eliminations / corporate	Consolidated
Net sales						
(1) Net sales to external customers	38,230	55,651	8,161	102,043	(-)	102,043
(2) Internal sales and transfers	5,024	157	336	5,518	(5,518)	-
Total	43,254	55,808	8,497	107,561	(5,518)	102,043
Cost and Expenses	40,526	53,955	7,567	102,049	(5,337)	96,712
Operating Income	2,728	1,853	929	5,511	(181)	5,330

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