Disclaimer: This is a Japanese-English translation of the summary of financial statements of the Company produced for your convenience. Since no auditor audited this report, officially only the Japanese version is assumed to be the summary of financial statements of the Company. This summary does not constitute any guarantee and will not compensate any losses and/or damage stemming from actions taken based on these statements. In the case that there is any discrepancy between the Japanese and English versions, the Japanese version is assumed to be correct.

Summary of Consolidated Financial Statements for the Interim Period of Fiscal 2006

November 10, 2005

Listed Company Name: Nisshin Seifun Group Inc. Registered on Tokyo Stock Exchange and Osaka Securities Exchange
Securities Code: 2002
URL: http://www.nisshin.com Location of head office: Tokyo
Representative: Hiroshi Hasegawa, President
Contact: Izumi Inagaki, General Manager of Public Communications Group, General Administration Division
Tel.: +81-3-5282-6650
Date of board meeting to approve results: November 10, 2005
U.S. GAAP: Not adopted

1. Consolidated Financial Results for the Interim Period of Fiscal 2006(April 1, 2005 to September 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	%
Interim Fiscal 2006	211,761	3.8	10,259	5.3	11,600	6.3
Interim Fiscal 2005	204,078	(11.1)	9,743	(5.1)	10,913	0.6
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
Interim Fiscal 2006	6,244	13.2	27.10	27.07
Interim Fiscal 2005	5,517	4.7	23.86	23.85
Full Year Fiscal 2005	13,597		58.06	58.00

Notes:
1. Equity in earnings of subsidiaries and affiliated companies: FY2006 Interim: ¥752 million; FY2005 Interim: ¥605 million, FY2005: ¥1,011 million
2. Average number of outstanding shares during the year (consolidated): FY2006 Interim: 230,446,080; FY2005 Interim: 231,212,969, FY2005: 231,210,789
3. Changes in accounting principles: None
4. Percentages for net sales, operating income, ordinary income, and net income represent the changes from the interim period in the previous fiscal year.

(2) Consolidated Financial Position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Millions of yen	Millions of yen	%	Yen
September 30, 2005	381,091	251,244	65.9	1,093.38
September 30, 2004	357,880	231,414	64.7	1,000.71
March 31, 2005	372,968	241,282	64.7	1,042.92

Note: Number of shares outstanding at period-end (consolidated): September 30, 2005: 229,786,634; September 30, 2004: 231,251,504, March 31, 2005: 231,187,493

(3) 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 period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Interim Fiscal 2006	10,822	(13,667)	(4,756)	46,506
Interim Fiscal 2005	7,628	(7,102)	(2,507)	52,218
Full Year Fiscal 2005	21,567	(17,590)	(4,317)	54,047

(4) Scope of Consolidation and Equity Method
Number of consolidated subsidiaries: 40
Number of non-consolidated subsidiaries accounted for by the equity method: 1
Number of affiliates accounted for by the equity method: 8

(5) Changes in the Scope of Consolidation and Equity Method
Newly consolidated subsidiaries: 3 Subsidiaries excluded from the scope of consolidation: None
Companies newly accounted for by the equity method: None Companies excluded from the scope of the equity method: 1

2. 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	429,000	25,500	13,700

Expected net income per share (year-end): ¥53.52

At 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 is calculated based on the number of shares issued and outstanding after the stock split.

Note: Please refer to pages 18-21 of this statement regarding assumptions for the above forecasts and other related subjects.

I. Business Group Performance

Nisshin Seifun Group consists of 49 subsidiaries and 15 affiliates. The following is a description of the businesses of the group and the relationships among the subsidiaries and affiliates within their respective business segments. The business operations are grouped by business segment.

(1) Flour Milling Segment

Nisshin Flour Milling Inc., a consolidated subsidiary, produces flour and bran, a by-product, and sells them through sales agents. Fresh Food Service Co., Ltd., a consolidated subsidiary, primarily sells frozen foods and their ingredients and operates restaurants serving food using flour-based commercial ingredients. It purchases flour and other ingredients from Nisshin Flour Milling. Yamajo Shoji Co., Ltd., a consolidated subsidiary, and Ishikawa Co., Ltd., an affiliate accounted for by the equity method, are Nisshin Flour Milling sales agents. Ishikawa also sells packaging materials to Nisshin Flour Milling.

Rogers Foods Ltd. in Canada and Nisshin-STC Flour Milling Co., Ltd. in Thailand, both consolidated subsidiaries, produce flour and sell it in the North American and Southeast Asian markets, respectively. Four Leaves Pte. Ltd., an affiliate accounted for by the equity method, operates bakeries, primarily in Singapore.

(2) Processed Food Segment

Nisshin Foods Inc., a consolidated subsidiary, produces and sells prepared mix and other processed food products. It sells flour for household use purchased from Nisshin Flour Milling and frozen foods and other processed foods procured from companies outside Nisshin Seifun Group. Ma•Ma-Macaroni Co., Ltd., a consolidated subsidiary, produces pasta whose primary ingredient is flour produced by Nisshin Flour Milling and sells the pasta through Nisshin Foods. SANKO Co., Ltd., a consolidated subsidiary, produces and sells chilled and prepared dishes and also directly operates concessions in department stores. Initio Foods Inc., a consolidated subsidiary, produces and sells prepared dishes and also directly operates stores. On October 1, 2005, Initio Foods took over SANKO through a merger. Daisen Ham Co., Ltd., also a consolidated subsidiary, produces and sells processed meat products.

Medallion Foods Inc., a consolidated subsidiary in the U.S., produces pasta and Thai Nisshin Seifun Co., Ltd., a consolidated subsidiary in Thailand, produces pasta sauce and frozen food products. Nisshin Foods is the primary importer and seller of these products in Japan. Thai Nisshin Technomic Co., Ltd., a consolidated subsidiary, manufactures prepared mix and sells it in Southeast Asia. Qingdao Nisshin Seifun Foods Co., Ltd., a consolidated subsidiary, manufactures and sells prepared mix in mainland China.

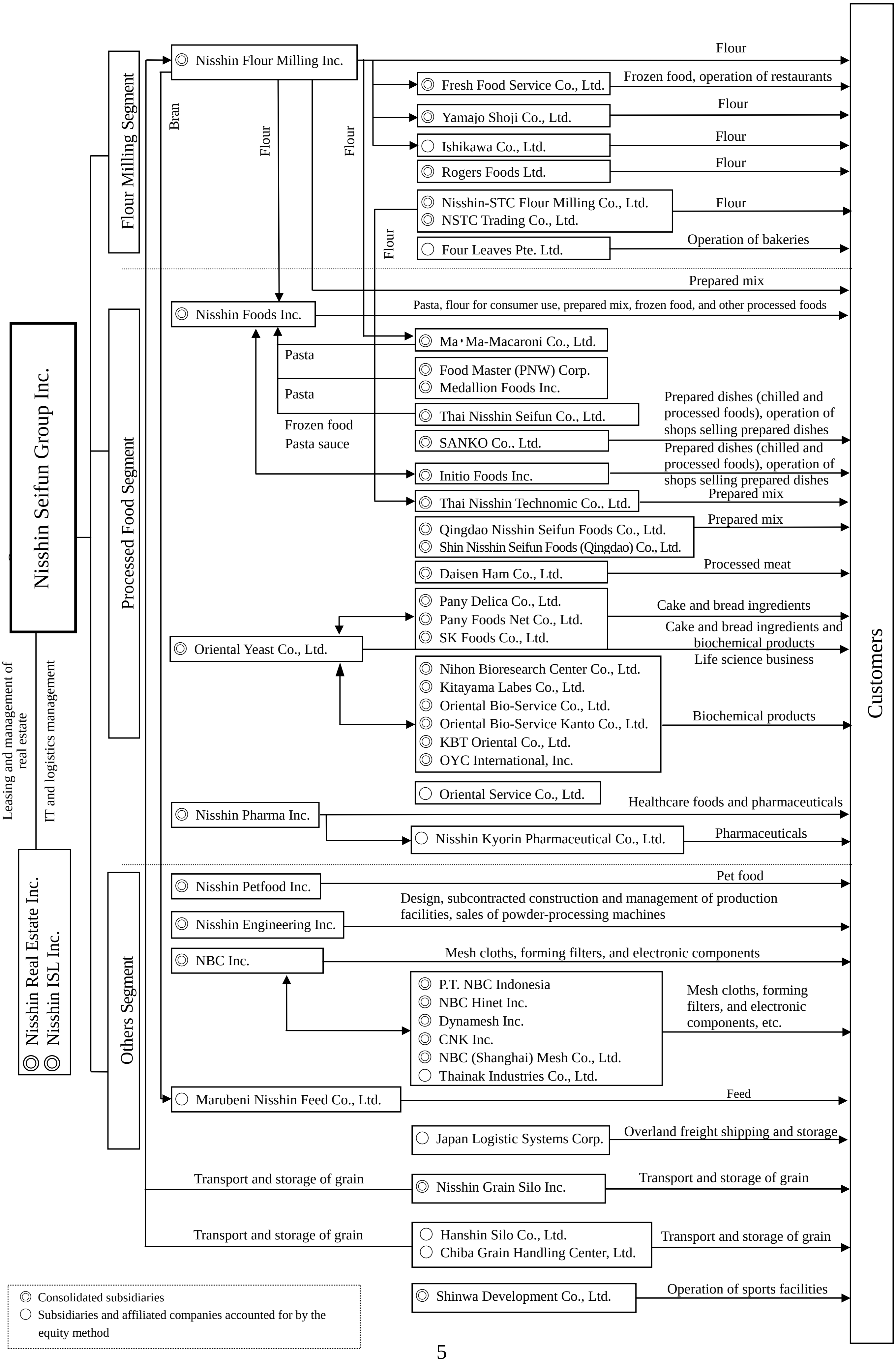
Oriental Yeast Co., Ltd., a consolidated subsidiary, manufactures and sells cake and bread ingredients and biochemical products, as well as operating a life science business.

Nisshin Pharma Inc., a consolidated subsidiary, manufactures and sells healthcare foods and pharmaceuticals. Nisshin Kyorin Pharmaceutical Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells pharmaceuticals.

(3) Others Segment

Nisshin Petfood Inc., a consolidated subsidiary, manufactures and sells pet foods. Nisshin Engineering Inc., a consolidated subsidiary, undertakes design, subcontracted construction and management of production and processing facilities for grain, food products, and chemical products. In addition, it manufactures and sells powder-processing machines and engages in powder-processing, as well as engaging in subcontracted construction for some Nisshin Seifun Group companies. NBC Inc., a consolidated subsidiary, manufactures and sells mesh cloths, forming filters, and electronic components. Marubeni Nisshin Feed Co., Ltd., an affiliate accounted for by the equity method, manufactures and sells compound feed. Japan Logistic Systems Corp., an affiliate accounted for by the equity method, is engaged in overland freight shipping and storage. It ships and stores some of the Group's products. Nisshin Grain Silo Inc., a consolidated subsidiary, and Hanshin Silo Co., Ltd. and Chiba Grain Handling Center, Ltd., affiliates accounted for by the equity method, are engaged in transport and storage operations for grain. Shinwa Development Co., Ltd., a consolidated subsidiary, operates sports facilities.

The diagram on the following page illustrates the structure of the Nisshin Seifun Group


Nisshin Seifun Group Inc.
Flour Milling Segment
Processed Food Segment
Others Segment
Customers
◎ Nisshin Flour Milling Inc.
Bran
Flour
Flour
Flour
Flour
◎ Fresh Food Service Co., Ltd.
Frozen food, operation of restaurants
◎ Yamajo Shoji Co., Ltd.
Flour
○ Ishikawa Co., Ltd.
Flour
◎ Rogers Foods Ltd.
Flour
◎ Nisshin-STC Flour Milling Co., Ltd.
◎ NSTC Trading Co., Ltd.
Flour
○ Four Leaves Pte. Ltd.
Operation of bakeries
Prepared mix
◎ Nisshin Foods Inc.
Pasta, flour for consumer use, prepared mix, frozen food, and other processed foods
◎ Ma･Ma-Macaroni Co., Ltd.
Pasta
◎ Food Master (PNW) Corp.
◎ Medallion Foods Inc.
Pasta
◎ Thai Nisshin Seifun Co., Ltd.
Frozen food
Pasta sauce
◎ SANKO Co., Ltd.
Prepared dishes (chilled and processed foods), operation of shops selling prepared dishes
◎ Initio Foods Inc.
Prepared dishes (chilled and processed foods), operation of shops selling prepared dishes
◎ Thai Nisshin Technomic Co., Ltd.
Prepared mix
◎ Qingdao Nisshin Seifun Foods Co., Ltd.
◎ Shin Nisshin Seifun Foods (Qingdao) Co., Ltd.
Prepared mix
◎ Daisen Ham Co., Ltd.
Processed meat
◎ Pany Delica Co., Ltd.
◎ Pany Foods Net Co., Ltd.
◎ SK Foods Co., Ltd.
Cake and bread ingredients
◎ Oriental Yeast Co., Ltd.
Cake and bread ingredients and biochemical products
Life science business
◎ Nihon Bioresearch Center Co., Ltd.
◎ Kitayama Labes Co., Ltd.
◎ Oriental Bio-Service Co., Ltd.
◎ Oriental Bio-Service Kanto Co., Ltd.
◎ KBT Oriental Co., Ltd.
◎ OYC International, Inc.
Biochemical products
○ Oriental Service Co., Ltd.
◎ Nisshin Pharma Inc.
Healthcare foods and pharmaceuticals
○ Nisshin Kyorin Pharmaceutical Co., Ltd.
Pharmaceuticals
◎ Nisshin Petfood Inc.
Pet food
◎ Nisshin Engineering Inc.
Design, subcontracted construction and management of production facilities, sales of powder-processing machines
◎ NBC Inc.
Mesh cloths, forming filters, and electronic components
◎ P.T. NBC Indonesia
◎ NBC Hinet Inc.
◎ Dynamesh Inc.
◎ CNK Inc.
◎ NBC (Shanghai) Mesh Co., Ltd.
○ Thainak Industries Co., Ltd.
Mesh cloths, forming filters, and electronic components, etc.
○ Marubeni Nisshin Feed Co., Ltd.
Feed
○ Japan Logistic Systems Corp.
Overland freight shipping and storage
Transport and storage of grain
◎ Nisshin Grain Silo Inc.
Transport and storage of grain
Transport and storage of grain
○ Hanshin Silo Co., Ltd.
○ Chiba Grain Handling Center, Ltd.
Transport and storage of grain
◎ Shinwa Development Co., Ltd.
Operation of sports facilities
Leasing and management of real estate
IT and logistics management
◎ Nisshin Real Estate Inc.
◎ Nisshin ISL Inc.
◎ Consolidated subsidiaries
○ Subsidiaries and affiliated companies accounted for by the equity method

Subsidiaries and Affiliates

Name	Location	Paid-in capital	Main business
Consolidated subsidiaries		Millions of yen	
Nisshin Flour Milling Inc.	Chiyoda-ku, Tokyo	13,000	Production and sales of flour and prepared mix
Nisshin Foods Inc.	Chiyoda-ku, Tokyo	5,000	Sales of pasta, flour for consumer use, frozen foods, other products Production and sales of prepared mix
Ma•Ma-Macaroni Co., Ltd.	Utsunomiya-shi, Tochigi	350	Production and sales of pasta
SANKO Co., Ltd.	Higashinari-ku, Osaka	989	Production and sales of chilled and prepared dishes Operation of stores selling chilled and prepared dishes
Initio Foods Inc.	Chiyoda-ku, Tokyo	450	Production and sales of chilled and prepared dishes Operation of stores selling chilled prepared dishes
Oriental Yeast Co., Ltd.	Itabashi-ku, Tokyo	2,617	Production and sales of cake and bread ingredients and biochemical products, life science business
Nisshin Pharma Inc.	Chiyoda-ku, Tokyo	2,550	Production and sales of healthcare foods and pharmaceuticals
Nisshin Petfood Inc.	Chiyoda-ku, Tokyo	1,315	Production and sales of pet foods
Nisshin Engineering Inc.	Chuo-ku, Tokyo	107	Design, subcontracted construction and management of production facilities, sales of powder-processing machines
NBC Inc.	Hino-shi, Tokyo	1,992	Manufacturing and sales of mesh cloths, forming filters, and electronic components
30 other consolidated subsidiaries			
Subsidiaries and affiliated companies accounted for by the equity method			
Marubeni Nisshin Feed Co., Ltd.	Chuo-ku, Tokyo	5,500	Production and sales of feed
Japan Logistic Systems Corp.	Shinagawa-ku, Tokyo	3,145	Freight shipping and storage
7 other companies			

Notes:
1. On October 1, 2005, Initio Foods Inc. took over SANKO Co., Ltd. through a merger.
2. Nisshin Flour Milling, Inc., Nisshin Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma, Inc., NBC Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are special-purpose subsidiaries of Nisshin Seifun Group Inc. Nisshin-STC Flour Milling Co., Ltd. and P.T. NBC Indonesia are included in the 30 other consolidated subsidiaries.
3. The following companies are listed on stock exchanges in Japan:
   Subsidiaries: Oriental Yeast Co., Ltd. (Second Section of the Tokyo Stock Exchange)
   NBC Inc. (Second Section of the Tokyo Stock Exchange)
   Affiliated companies accounted for by the equity method: Japan Logistic Systems Corp. (JASDAQ)

II. Business Policies

(1) Basic Business Policy

In a Japanese economy that has now succeeded in making many of the changes necessary to align itself with global standards, Nisshin Seifun Group Inc. ("the Company") espouses two corporate philosophies: "the basis of business is built on trust" and "in tune with the changing climate." In combination with the principle "to contribute to a healthy and fruitful life for all," these philosophies have formed the foundation for the Company to achieve continued growth and expansion of its businesses. In addition, the Company has adopted "Delivering Good Health and Reliability" as its corporate slogan. This expresses the commitment that every Nisshin Seifun Group member firm should strive to deliver products and services that contribute positively to health and build consumer trust.

Based on this philosophy, in its role as the holding company of the Nisshin Seifun Group, the Company specifies long-term maximization of enterprise value as the key business goal. Group management prioritizes the investment of resources in core operations and businesses with growth potential. At the same time, the Company promotes internal reform so that it can fulfill its corporate social responsibilities in terms of legal and regulatory compliance, food safety and environmental protection. Nisshin Seifun Group is fully committed to gaining the support of all stakeholders, including shareholders, customers, business partners, employees and local communities.

(2) Policy on Profit Distribution

The Company aims to meet the expectations of shareholders to distribute profits, based on the current and future profitability of the business and the financial position. For fiscal 2005, the Company raised the annual dividend by ¥3 to ¥14 per share. In the current fiscal year, the Company intends to raise the annual dividend again by ¥1 to ¥15 per share, constituting the fourth consecutive year of increased dividends. For the period under review, the Company will increase the interim dividend by ¥1.5 per share over the previous fiscal year to ¥7. Moreover, the Company has an ongoing policy of repurchasing treasury stock for retirement and in the interim period under review the Company purchased 2 million of its own shares at a cost of ¥2,296 million. In addition, the Company plans to undertake a 1.1 for 1 common stock split on November 18, 2005.

With the aim of raising future enterprise value, the Company prioritizes the use of retained earnings for strategic investments in areas of growth opportunity so that return on capital is maximized from a long-term perspective. The Company also adopts a dynamic posture on shareholder returns.

Furthermore, the Company also operates a system of special privileges for shareholders designed to increase familiarity with the products of Nisshin Seifun Group growth businesses. Under this system, shareholders may request the delivery of supplement-enhanced foods made by Nisshin Pharma.

(3) Policy on Reduction in Minimum Share-Trading Unit

The Company recognizes that reduction of the minimum investment that is required to trade in its shares is an effective means of boosting liquidity and increasing the number of private investors. Based on an examination of market trends and the current distribution of such units, on May 12, 2005 the Board of Directors reduced the minimum share-trading unit for shares of the Company from 1,000 to 500. This measure became effective on October 3, 2005.

(4) Medium-to-Long-Term Business Strategy and Target Indicators

The Nisshin Seifun Group significantly exceeded the profit targets that the Company had previously established for the year ended March 31, 2005 in its first medium-term business plan. The Company has formulated a second medium-term business plan covering the three fiscal years from April 2005 to March 2008, and has initiated measures to achieve the performance targets established therein.

The core theme of the second medium-term business plan is growth. The aim of the plan is to ensure that all Nisshin Seifun Group businesses are on a sustainable growth trajectory by the end of the three-year period. In terms of basic strategy, the plan calls for feasible measures to be drawn up in each business area from a growth-oriented perspective. In particular, the Company has identified overseas operations as well as prepared dishes and other prepared foods as the main engines of growth. In addition, ahead of the anticipated deregulation of the wheat market, the Company plans to progress with ongoing initiatives to strengthen the base of operations in flour milling and in processed food. The plan envisages more specific linkages between R&D activities and each business so that product innovation becomes the key driving force behind strategic business development. It also specifies the study of new cost-reduction initiatives based on fresh concepts to ensure that the Company is less sensitive to the various risks to growth. Through the implementation of such strategies, the Company aims to achieve sustained growth in earnings per share (EPS) over the long term, while also raising sales, ordinary income, after-tax profit and return on equity (ROE: defined as net income divided by shareholders' equity). In doing so, the Company hopes to maximize the long-term value of the Nisshin Seifun Group. Performance targets for the final year of the plan (to March 2008) are net sales of ¥465.0 billion, ordinary income of ¥29.0 billion, net income of ¥15.0 billion, and ROE of 6.0%.

(5) Prospective Challenges

The Company plans to invest in three areas as core businesses: flour milling ("the best in the world"); processed food ("a growth business"); and healthcare and biotechnology business ("good prospects for the future"). Including other operations, the basic goal remains to ensure the competitive survival of the Nisshin Seifun Group as a whole.

1) Segmental Overview of Business Strategy

The strategy in the flour milling business is to increase market share. To this end, the Company will further enhance relationship marketing and upgrade marketing initiatives to create entirely new market segments, such as by proposing products that accurately reflect customer needs. Furthermore, ahead of the anticipated deregulation of the wheat market, the Company hopes to develop a dominant competitive position in the Japanese market. Plans are in hand to boost production efficiency and to raise manufacturing productivity through the closure of the Kobe Plant and the installation of state-of-the-art flour milling equipment on two new production lines at the Higashinada Plant. These lines are due to commence operations in the spring of 2008.

In the processed food business, the Company continues to enhance its lineup of leading products by developing new products that are genuinely easy to use as well as being healthy. Besides ongoing efforts to bolster the cost-competitiveness of its product ranges, the Company has expanded further into processed food segments spanning all temperature ranges, from frozen foods to chilled foods and other prepared dishes. These efforts are helping drive the growth of the Nisshin Seifun Group as a mealtime solution provider. In the chilled foods sector, the Company plans to accelerate the growth of operations in prepared dishes and other prepared foods through the merger in October 2005 of subsidiaries Initio Foods and SANKO. This move will serve to integrate production, management and sales resources amid a focus on developing a multi-channel approach that targets department stores and large retail chains, in addition to opening stores in roadside locations to sell chilled dishes directly to consumers.

With an aging Japanese society and generally heightened awareness of health issues, the Company continues to channel resources into the development of healthcare and biotechnology business, which possesses considerable growth potential. The goal in this sector is to develop this business to the point where it provides a third source of core earnings, on a par with flour milling and processed food. The two main companies in these operations are Oriental Yeast and Nisshin Pharma.

Oriental Yeast aims to become a leader in the development of original yeast-based technology, an area with almost infinite possibilities. The firm is developing new products and technologies to support enhanced longevity and health. These efforts are also exploiting synergies within the Nisshin Seifun Group, in terms of joint product development and sales initiatives, spanning operations in flour milling, processed food and healthcare foods. In particular, Oriental Yeast forms the nucleus of the Nisshin Seifun Group's biotech research strategy, which is expected to yield results across a variety of fields.

Nisshin Pharma, meanwhile, is a healthcare foods manufacturer distinguished by its emphasis on establishing the scientific basis for products that prevent lifestyle-related diseases. Focusing on research into new ingredients and the development of original products, the firm continues to develop new sales channels and build up its production capabilities to establish an unrivalled position.

In other businesses, which include pet food, engineering and mesh cloths, the Company aims to develop a significant presence within each industry, either through self growth or through a strategy based on internal and external alliances.

2) Global Development Strategy

To accelerate progress and build operational scale as quickly as possible, the Company is focusing international business development efforts primarily in three regions in addition to Japan: the west coast of North America, Southeast Asia, and China. International operations are managed as a single unit to ensure a cohesive Nisshin Seifun Group business strategy across the entire Pacific Rim, utilizing functional divisions between each base to exploit maximum synergy. Steady expansion through increased shipments in North America and the development of operating bases in the Pacific Rim region continued in the year under review as a new flour milling plant owned by Canadian subsidiary Rogers Foods commenced operations in December 2004. To take the initiative in driving forward its strategy for China, which has huge potential as a consumer market, in June 2005 the Company set up its China Business Development Office. Besides working to expand trade between China and Nisshin Seifun Group member firms based in Japan and overseas markets, the Company is pursuing new business opportunities that leverage core strengths in the flour milling and processed food sectors. To develop its Chinese operations, the Company commenced the manufacture and sale of prepared mix in Qingdao, Shandong in 2002, and has been successful in achieving steadily increasing sales. In addition, the Company has decided to construct a new factory in Jimo, Shandong, due to come on stream in December 2006. This investment will double production capacity of prepared mix in China. Meanwhile, in October 2005, a sales subsidiary of NBC started operations and is expanding sales in the Chinese market.

3) R&D Strategy and Total Low-Cost Operations Drive

The development of next-generation products and new business models to complement and drive the growth of existing businesses is another important goal for the Nisshin Seifun Group. Rather than aim just to upgrade products, the ongoing theme of new product development (NPD) programs is to focus maximal effort on developing innovative, high-value-added products to win the support of customers and underpin sustained business expansion. The Company recognizes that such items are the key to generating continuous growth. In healthcare foods operations, in particular, it is accelerating initiatives aimed at efficiently researching new ingredients. Such measures include the October 2005 establishment of an endowed chair at the University of Shizuoka. The endowed position is to be known as the "Nisshin Seifun Group Endowed Chair, Department of Search for Higher Functional Foods." Joint research has already commenced. New products launched in the current fiscal year have made a substantial contribution to growth across all sectors, particularly in the core businesses of flour milling, processed food and healthcare foods.

Besides NPD, another critical objective is to realize low costs throughout the Company's operations, from purchasing and production to sales and distribution, as a fundamental means of increasing profitability. Cost-reduction initiatives are now focused on reviewing processes and systems to engineer reforms across the entire value chain from novel perspectives. The Company also continues to make investments where necessary to boost productivity and efficiency.

4) Wheat Policy Reforms

The outcome of the World Trade Organization (WTO) negotiations on agriculture (framework agreement achieved in July 2004), as well as bilateral free trade agreements (FTAs) and economic partnership agreements (EPAs), could potentially have a significant impact on Nisshin Seifun Group's flour milling and processed foods interests, and on the industry as a whole. In Japan, the Ministry of Agriculture, Forestry and Fisheries continues to review its basic policies on wheat. In view of the substantial premium of the government-controlled selling price over international prices for wheat, Company policy is to support the implementation of successive reductions in this price to reduce the gap on an ongoing basis. At the same time, the Company plans to increase the pace of structural reforms and its global business development program in order to accelerate the evolution of the Nisshin Seifun Group into a strong, globally competitive enterprise.

5) Corporate Social Responsibility (CSR)

Besides making steady progress on these strategic business issues, the Nisshin Seifun Group has been active in fulfilling its responsibilities as a corporate citizen, with the aim of retaining its status as a corporate entity that plays an essential role in society. To this end, the Company established a committee to study and develop Group operating companies' basic attitudes as well as their actions with regard to all their stakeholders. In addition, the Company and all Group operating companies have focused on developing enhanced compliance procedures to ensure all business activities are legal and appropriate. Other specific programs – all of which are ongoing – include the strengthening of quality control systems to improve traceability and quality assurance (QA) procedures from a consumer perspective, alongside a range of environmental protection measures such as reduction of wastes and carbon dioxide emissions. The Nisshin Seifun Group has received plaudits from independent evaluation organizations, media-related institutions and other bodies for the actions taken to fulfill corporate social responsibilities. The Company plans to continue such actions going forward.

(6) Corporate Governance Policies and Implementation Status

(Basic policy on corporate governance)

The Nisshin Seifun Group aims to build and maintain an effective functional management structure that promotes accelerated decision-making. Other goals of corporate governance are to raise operational efficiency while seeking to clarify management responsibilities.

The organizational structure and systems of the Nisshin Seifun Group are designed to strengthen corporate governance functions and promote efficient management. The Company has adopted a holding company structure, under which holding company Nisshin Seifun Group Inc. oversees and evaluates the actions of operating companies with the interests of shareholders in mind. The Board of Directors is organized along functional lines to promote swifter and more effective decision-making. The statutory functions of the auditors have been reinforced and are augmented by systematic, specialized internal audits covering areas such as environmental protection, quality control and facilities.

(Implementation status of corporate governance measures)

1) Corporate governance institutions and internal control systems

The Company has adopted the statutory auditor system specified in the Japanese Commercial Code. Currently, nine directors are appointed, each with tenure of one year. An executive officer system has been adopted for the execution of business functions. Under the auditing system adopted for the Nisshin Seifun Group, the Company assigns auditors to audit the performance of Nisshin Seifun Group operating companies. The results of these audits are reported to the Board of Auditors. The Company has also established internal control systems under which the Internal Auditing Office organizes environmental and other audits in conjunction with specialist personnel. Two of the Company’s four auditors are external auditors. One of the external auditors is an attorney who acts as the Company’s legal counsel.

The current environment is moving toward more stringent evaluation of internal controls over financial reporting by management, combined with increased legislation for internal control and auditing systems by external auditors. Against this backdrop, the Company initiated an overhaul of its internal control system, with the establishment in September 2005 of an Internal Control Preparatory Office. This office is charged with evaluating, reinforcing and reviewing the Group’s internal control system and its operation.

2) Risk management systems

To ensure that the Company fulfills its social responsibilities, the Nisshin Seifun Group has formulated the "Nisshin Seifun Group Corporate Code of Conduct and Employee Action Guidelines." The Company undertakes group-wide training and other educational activities to ensure that all employees understand and abide by this code of conduct. Various specialist audits, such as environmental audits, are undertaken as a further check of the code's effectiveness. The Company has also established a "Compliance Hotline System" that allows employees to make contact directly with external legal counsel or internal departments on compliance-related matters.

Separately, the Nisshin Seifun Group has established the "Nisshin Seifun Group Risk Management Rules" to prevent crisis occurrence and ensure that appropriate actions are taken in the event of any such crisis. The Company has set up the Risk Management Committee, whose job is to identify and clarify potential crises based on a sound grasp of the underlying risks and to formulate suitable crisis-response measures. All Nisshin Seifun Group employees are obliged to report any crisis situation to the Company call center so that the information can be relayed swiftly to senior management. The system aims to ensure that any damage caused is minimal due to prompt initial action.

3) Internal audits, independent financial audits and auditor oversight

Within its internal control systems, the Nisshin Seifun Group has established the Internal Auditing Office to oversee internal audits. Specialist personnel assist with audits covering areas such as quality control, environmental protection and facilities. Currently, the Internal Auditing Office employs four staff and the specialist personnel teams comprise six people for QC audits, seven people for facility audits and four people for environmental audits. In addition, all Nisshin Seifun Group operating companies appoint some of their own personnel to undertake internal QC audits in parallel with the centrally organized QC audits by specialist personnel.

All four auditors sit on the Board of Auditors. In line with auditing plans formulated by the Board of Auditors, auditors attend all meetings of the Board of Directors and other important business meetings. Auditors also maintain separate, regular channels of communication with representative directors. These activities facilitate the general auditing oversight of the business. Two of the auditors are designated full-time auditors, and their duties include acting as auditors for the various Nisshin Seifun Group operating companies. Each operating company also appoints one dedicated full-time auditor to undertake its own auditing.

Company auditors share audit results with the Internal Auditing Office. Operating company auditors and the teams consisting of specialist auditing personnel also report their audit results both to the Internal Auditing Office and to the Company auditors. In addition, the Company auditors and the operating company auditors hold regular separate meetings to review group audit case studies. These meetings provide a forum to exchange opinions and to share and discuss issues, thereby contributing to higher internal audit quality across the Nisshin Seifun Group.

The Company has an independent auditing contract with Ernst & Young ShinNihon. The Company auditors and the operating company auditors hold regular meetings with the independent auditors to review financial audit plans and results. These meetings also provide a forum for any explanations of specific audit items and to exchange information.

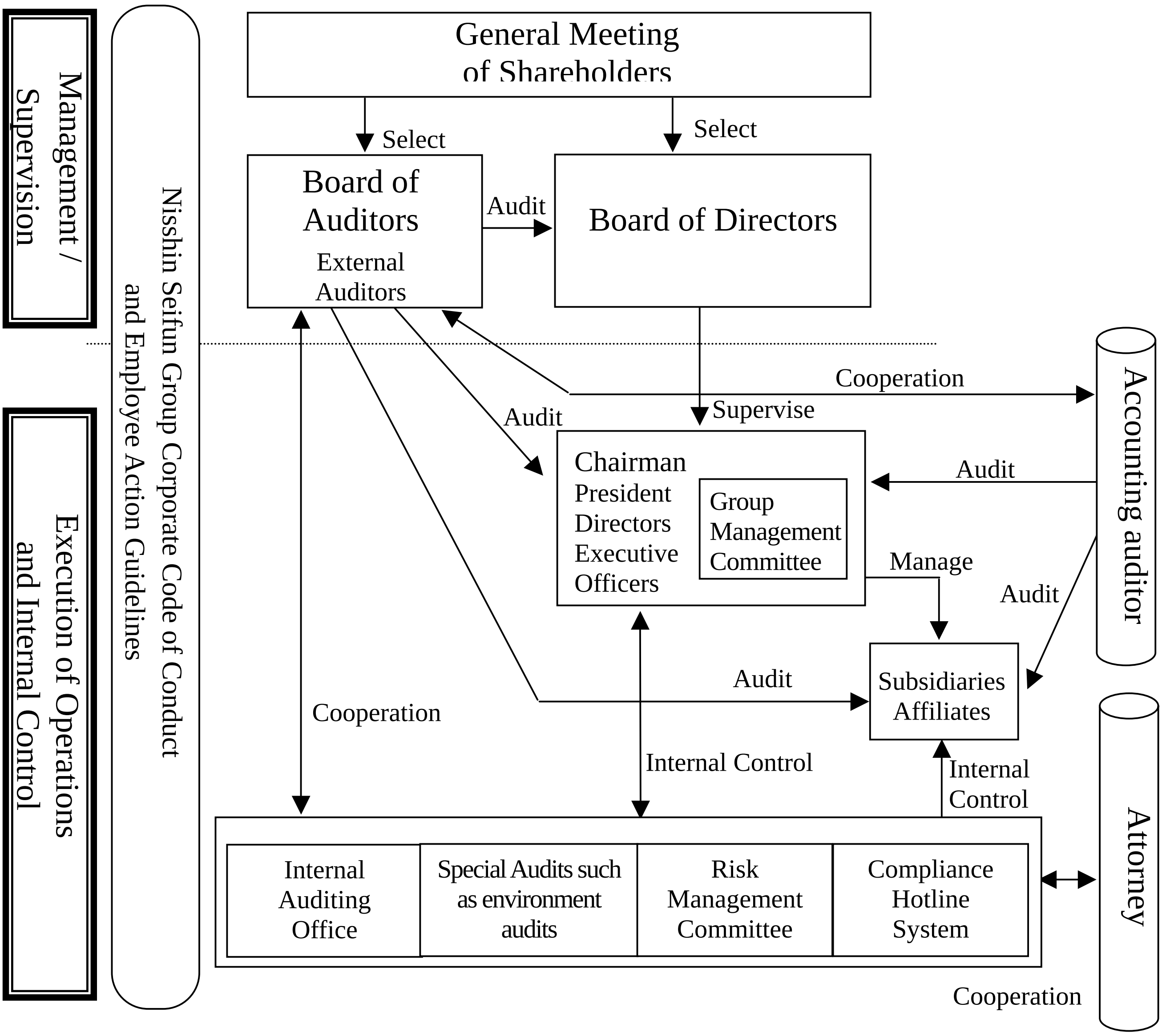
Further details of the independent auditing personnel are given below.

- Certified Public Accountants leading the independent financial audit
  Representative and engagement partner Masato Tsukahara
  Representative and engagement partner Shoji Hoshino
- Independent auditing firm
  Ernst & Young ShinNihon
- Composition of support staff in auditing team (including audits of consolidated subsidiaries)
  CPAs: 11 Assistant accountants: 11

4) Abolition of directors' retirement benefit system

The directors' retirement benefit system was abolished on June 28, 2005, the day of the Ordinary General Meeting of Shareholders. As a corollary to this move, the Company is adopting a directors' remuneration system that is more closely linked to operating results than previously.

The diagram below sets out the supervision and internal control structure of the Nisshin Seifun Group



(7) Matters Concerning the Parent Company

There are no materially significant matters concerning the parent company, therefore this information has been omitted.

III. Review of Operations & Financial Position

A. Review of Operations

1. Business Overview (Interim Period Ended September 30, 2005)

During the interim period under review, the Nisshin Seifun Group launched its second medium-term business plan, focusing primarily on “Growth.” Across all its operations, the Company strove to increase shipments by actively developing new sales channels while launching and promoting new and value-added products anticipating customer needs. Operating results benefited particularly from the significant contributions of Nisshin Pharma and Nisshin Engineering. Nisshin Pharma made further strides in penetrating the market with a water-soluble formulation of coenzyme Q_{10}, both as an ingredient and an end product. Meanwhile, large completed works boosted results at Nisshin Engineering.

Consolidated net sales for the interim period increased 3.8%, compared with the previous year, to ¥211,761 million. On the earnings front, record high levels were achieved again, with ordinary income up 6.3% to ¥11,600 million and net income up 13.2% to ¥6,244 million.

[Business Overview by Segment]

(1) Flour Milling Segment

The business environment in Japan was challenging, with the domestic flour market suffering the effects of fewer children and more elderly people as Japan’s demographics continue to change. As a result, domestic shipments of flour were down on the previous year. However, Nisshin Flour Milling concentrated on expanding sales through relationship-based marketing to existing clients, and invested actively in product promotion, with the result that overall shipments rose year on year. In another initiative, the company worked to expand demand for flour by offering products that provide new added value. One example was the August 2005 launch of *Maison Kayser Traditional*, a premium foodservice-use flour offering an old-fashioned French flavor for the modern-day user.

In flour production and distribution, the company continued to pursue low-cost operations. In addition, it made progress toward ensuring an efficient system for the production of high-quality flour with the commencement of construction work to expand the Higashinada Plant. In quality control, Nisshin Flour Milling further reinforced measures to maintain the safety and reliability of its products at every stage from production to distribution and storage.

In overseas operations, the new flour milling plant completed in December 2004 in Canada is operating smoothly and achieved increased shipments centering on the Vancouver market. Sales have also commenced to the west coast of the U.S.

The price of bran, a by-product of the milling process, was weaker than the previous year.

As a result of factors such as lower bran prices and increased expenditure for sales promotion, segment sales were 0.3% lower than the previous year’s interim figure at ¥76,840 million and operating income was down 6.0% to ¥4,906 million.

(2) Processed Food Segment

Nisshin Foods Inc. marked this year's 50th anniversary of the *Ma•Ma* pasta brand by implementing aggressive marketing and sales promotion activities. These efforts resulted in higher shipments of pasta, pasta sauces, and frozen foods than a year earlier. Meanwhile, domestic sales of prepared mix for tempura and fried chicken coatings, as well as bakery applications, were brisk. Moreover, overseas sales, mainly in Thailand and China, were significantly higher than the previous year. In room-temperature foods for household use, the company launched 27 improved products and 14 brand new products in August this year. These included a fully revamped *Ma-Ma Al Dentino* series of microwave pasta dishes, launched with redesigned packaging and improved texture, and the launch of our innovative *Ma-Ma Packet Pasta* short pasta series. Meanwhile, in household-use frozen foods the company launched nine new products and seven updated products. In prepared dishes and other prepared foods, Initio Foods made further approaches to volume retailers. It also steadily expanded operations with the September completion of its first prepared dish factory in Shiraoka, Saitama, and the opening of one of the "Hakki" chain of directly operated stores in Musashisakai.

At Oriental Yeast, May 2005 saw completion of the P&B Center, which combines R&D functions with facilities for presentations to customers on new products and recipes. Since then, the company has been making good use of the center. In the processed foods division, sales were higher than a year earlier due in part to growth in shipments of bread-making ingredients, including mainstay yeast and flour paste products, as well as mineral yeasts. Another contributor was the start of business at SK Foods Co. Ltd. following the July take over of operations from Sankyo Foods Co., Ltd. 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 offset by sluggish sales of feed products supplied to fish farms.

At Nisshin Pharma, amid continued robust demand for core product coenzyme Q_{10}, the company concentrated on the sale of value-added products, achieving significant sales growth in *Aqua* Q_{10}, its water-soluble formulation of coenzyme Q_{10} for use as an ingredient, as well as end products. The company reinforced its lineup of coenzyme Q_{10} products with initiatives such as the September launch of *Multi V.m.* Q_{10}, and at the same time focused its efforts on the development of new ingredients and products other than coenzyme Q_{10}.

Segment sales rose 1.1% to ¥111,144 million over the previous year's interim period, and operating income increased 4.0% to ¥3,286 million.

(3) Others Segment

Nisshin Petfood pursued aggressive measures to expand sales, posting strong growth in shipments of both cat food and dog food. In April this year, the company launched its *Multi Balance Dogfood*, available only by mail order. The new product line is semi-customized, catering to dogs according to their breed, age and physical condition.

Nisshin Engineering, meanwhile, maintained a high level of orders received, as it benefited from a general willingness among corporations to make capital investments. This, combined with the smooth completion of large-scale construction works, resulted in sales eclipsing those of the previous year. Moreover, in sales of powder-processing equipment and powder-processing services under contract also, the company worked to develop new sales channels, resulting in significantly higher sales.

NBC posted marginally increased sales of its mainstay range of mesh cloths for screen-printing applications, both domestically and overseas. Meanwhile, the company posted steady growth in mesh cloths for industrial use, including those for mobile phones and office printing equipment, as well as forming filters for automotive and home electronics applications. Overall, therefore, sales exceeded those of a year earlier.

Segment sales increased by 39.8% year on year to ¥23,776 million. Operating income also increased by 18.6% to ¥2,456 million.

2. Business Outlook (Fiscal Year Ending March 31, 2006)

To ensure full implementation of the second medium-term business plan initiated in April this year, the Nisshin Seifun Group will redouble efforts to expand sales of its main products and focus resources in growth areas including overseas operations and prepared dishes and other prepared foods. The Company will also push ahead with measures to strengthen the operating base in flour milling, processed food and elsewhere. In addition, Nisshin Seifun will be active in promoting the necessary measures to maintain and reinforce its risk management and compliance frameworks to fulfill its corporate responsibilities to society to an even greater degree.

(1) Flour Milling Segment

Nisshin Flour Milling faces a situation in which expansion of the domestic flour market is unlikely due to slack demand from bread and noodle manufacturers, its main customers. This being the case, the company will strive to further increase its market share and create new markets by stepping up efforts to deepen relationships with its customers. To achieve this, Nisshin Flour Milling will incorporate a rapid and accurate grasp of market trends and customer needs into its product development, as well as make proposals to promote sales.

Bearing in mind the anticipated deregulation of the wheat market, Nisshin Flour Milling is steadily progressing its restructuring measures. Under these measures, the expansion of the Higashinada Plant and closing of the Kobe Plant are due to be completed in the spring of 2008. At the same time, the company will optimize its cost structure not only in production, but in all operational spheres in order to secure a position of unassailable competitive strength within the industry. Quality control initiatives will focus on paying still greater attention to environmental concerns, and implementing measures to ensure safe and reliable products. Overseas, the company will pursue a Pacific Rim strategy focusing on three regions: Japan, the west coast of North America and Thailand.

(2) Processed Food Segment

Nisshin Foods is a mealtime solution provider. Under the “Pleasure to Your Heart & Health to Your Body” corporate slogan, it will continue to develop and bring to market innovative products with an emphasis on good health. Aggressive sales activities will continue, centering on the 50th anniversary campaign for the *Ma•Ma* pasta brand. Furthermore, the company will bolster its quality control through the implementation of measures to ensure safety and reliability, and further pare down costs. In prepared dishes and other prepared foods, Initio Foods and SANKO will accelerate expansion of operations following their merger in October this year. In overseas operations, greatly increased sales of prepared mix in China and Thailand prompted the company to start doubling production capacity in its Chinese prepared mix operations. These and other actions are steadily expanding overseas operations, which are positioned as a primary driver of the growth targeted under the new medium-term business plan.

In the processed food division of Oriental Yeast, the plan is to continue the active development of new products while expanding sales of value-added products that reflect customer needs. In its biotechnology-related division, meanwhile, having acquired certification under ISO13485 quality standards for external diagnostic reagents and medical equipment, the company aims to further expand its research services business and to achieve greater synergies with other group companies through close collaboration.

Following the November 2005 start of operations at its production line for highly concentrated water-soluble coenzyme Q_{10}, Nisshin Pharma will expand sales of its value-added water-soluble ingredient product, *Aqua* Q_{10}. Meanwhile, the company will further raise the profile of its consumer-oriented products by undertaking concerted advertising and sales promotion activities. In addition, the sales area, until now restricted to Tokyo and its immediate vicinity, will be extended for certain products. In conjunction with the above activities, the company will channel resources toward research into new ingredients, primarily those effective against lifestyle-related illnesses, and the development of products utilizing such ingredients.

(3) Others Segment

In an industry where non-Japanese manufacturers dominate, Nisshin Petfood will leverage the advantages of being based in Japan. The company will raise its profile through development and promotion of new products that stand out from the competition in terms of reliability, safety and nutritional value. To this end, the company will work to expand its operations by going all out to forge a new market for premium dog foods, while bolstering its portfolio of core brands and bringing new products to market in existing product categories.

Nisshin Engineering will continue working to secure more orders and actively expand sales by developing new products and technologies in both powder-processing services and sales of related equipment.

NBC will work to increase its market share by targeting continuous growth in the global market. The company will also focus on enhancing the quality of existing products and improving production efficiency to further bolster its cost competitiveness, as well as on developing new technologies.

For the fiscal year ending March 31, 2006, the Company forecasts net sales up 3.1% year on year to ¥429.0 billion. On the earnings front, ordinary income is projected to increase by 1.5% to ¥25.5 billion, achieving a record high for the third year in a row. Net income is expected to rise 0.8% to ¥13.7 billion, a record high for the second consecutive year, with the contribution to earnings from equity-method affiliates helping to offset the effect of tax credits for IT investments in the previous fiscal year.

B. Financial Position

1. Overview (Interim Period Ended September 30, 2005)

Cash flow from operating activities

Net cash provided by operating activities amounted to ¥10,822 million. This represented an increase of ¥3,193 million compared with the previous fiscal year, when operating cash flow equaled ¥7,628 million. The principal contributory factors were an increase in operating income and a decrease in inventories.

Cash flow from investing activities

Net cash used in investing activities amounted to ¥13,667 million, primarily reflecting payments for capital investments and the purchase of marketable securities with maturities exceeding three months. The cash outflow was ¥6,565 million higher than the previous fiscal year's interim period, when net cash used came to ¥7,102 million. The primary component of the additional cash outflow was the increase in purchase of marketable securities with maturities exceeding three months.

Free cash flow, defined as the sum of cash flows provided by operating and investing activities, came to a negative ¥2,844 million for the interim period under review.

Cash flow from financing activities

Net cash used in financing activities came to ¥4,756 million, due mainly to the payment of dividends and the purchase of treasury common stock. This represented an increase of ¥2,248 million over the previous fiscal year's interim cash outflow of ¥2,507 million. The higher outflow primarily reflected increased dividend payments and the purchase of treasury common stock.

As of September 30, 2005, consolidated cash and cash equivalents totaled ¥46,506 million. This was ¥7,540 million lower than the previous fiscal year-end, and ¥5,711 million lower than the previous fiscal year's interim figure. The decrease was mainly due to an increase in returns to shareholders.

2. Outlook (Fiscal Year Ending March 31, 2006)

The Company forecasts net income of ¥13,700 million in the year ending March 31, 2006. However, the Company expects this cash inflow to be offset by outflows including capital spending levels in excess of depreciation and increased returns to shareholders. As a result, consolidated cash and cash equivalents at March 31, 2006 are expected to be lower than cash and cash equivalents at the previous fiscal year-end.

3. Cash-Flow Indicators

The main cash-flow indicators for the Nisshin Seifun Group are shown in the table below.

	Interim period ended Sept. 30, 2004	Interim period ended Sept. 30, 2005	Fiscal year ended March 31, 2004	Fiscal year ended March 31, 2005
Shareholders' equity ratio (%)	64.7	65.9	64.1	64.7
Market value-based shareholders' equity ratio (%)	68.8	73.2	65.4	70.7
Debt repayment period (years)	0.7	0.4	0.5	0.5
Interest coverage ratio (times)	80.6	136.9	84.7	110.1

* Shareholders' equity ratio = Shareholders' equity / Total assets
Market-value-based equity ratio = Market capitalization / Total assets
Debt-repayment period = Interest-bearing debt / Operating cash flow
Debt-repayment period for interim periods = Interest-bearing debt / (Operating cash flow x 2)
Interest coverage ratio = Operating cash flow / Interest expense

1. All of the above cash-flow indicators are calculated on a consolidated basis.
2. Market capitalization is calculated by multiplying the closing share price on the final trading day of the fiscal year by the total number of outstanding shares (excluding treasury common stock) as of the corresponding fiscal year-end. The closing share price on the final trading day of the interim period ended on September 30, 2005 is the ex-rights price, and is therefore calculated according to the stock split ratio.
3. Operating cash flow equals net cash provided by operating activities as stated in the Consolidated Statements of Cash Flows. Interest-bearing debt refers to bonds and debt as stated in the Consolidated Balance Sheets. Interest expense is equal to interest payments as stated in the Consolidated Statements of Cash Flows.

Forward-Looking Statements
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 or related business policies will actually be realized.

IV. Interim Consolidated Financial Statements

(1) Interim Consolidated Balance Sheets—As of September 30, 2005

(Millions of yen)

	Sept. 30, 2004	March 31, 2005	Sept. 30, 2005	Change	
				From previous interim period-end	From previous fiscal year-end
Assets:					
Current assets:					
Cash on hand and in banks	49,237	54,065	50,525	1,288	(3,540)
Notes and accounts receivable	54,383	59,468	56,474	2,090	(2,994)
Marketable securities	5,414	6,783	10,274	4,860	3,490
Inventories	38,079	38,580	36,551	(1,527)	(2,028)
Deferred tax assets	5,371	4,517	4,553	(818)	36
Other current assets	7,100	7,146	7,026	(73)	(119)
Allowance for doubtful accounts	(241)	(211)	(218)	23	(6)
Total current assets	**159,344**	**170,349**	**165,187**	**5,843**	**(5,162)**
Fixed assets:					
Tangible fixed assets					
Buildings and structures	41,585	42,407	42,492	906	85
Machinery and equipment	32,630	32,741	32,414	(215)	(326)
Land	29,234	29,729	30,673	1,439	944
Construction in progress	2,936	1,152	1,868	(1,068)	716
Other tangible fixed assets	2,787	2,830	2,796	8	(34)
	109,174	108,860	110,245	1,070	1,385
Intangible fixed assets	9,121	9,124	8,594	(527)	(529)
Investments and other assets:					
Investment in securities	72,436	77,262	90,103	17,666	12,841
Long-term loans	343	261	158	(184)	(103)
Deferred tax assets	4,416	4,099	4,022	(393)	(76)
Other investments and other assets	3,666	3,641	3,345	(321)	(296)
Allowance for doubtful accounts	(622)	(630)	(565)	57	64
Total investments and other assets	80,240	84,634	97,064	16,823	12,429
Total fixed assets	**198,536**	**202,618**	**215,903**	**17,367**	**13,284**
Total Assets	**357,880**	**372,968**	**381,091**	**23,210**	**8,122**

(Millions of yen)

	Sept. 30, 2004	March 31, 2005	Sept. 30, 2005	Change From previous interim period-end	From previous fiscal year-end
Liabilities:					
Current liabilities:					
Notes and accounts payable	24,190	28,599	25,105	914	(3,493)
Short-term debt	8,338	8,115	8,076	(262)	(38)
Accrued income taxes	4,024	3,956	4,750	726	794
Accrued expenses	14,364	13,623	13,251	(1,113)	(372)
Other current liabilities	12,771	13,085	12,008	(762)	(1,076)
Total current liabilities	**63,690**	**67,380**	**63,193**	**(496)**	**(4,186)**
Non-current liabilities:					
Long-term debt	1,802	1,680	1,612	(189)	(67)
Deferred tax liabilities	11,507	13,014	17,538	6,030	4,524
Allowance for employees' retirement benefits	15,667	14,928	13,724	(1,943)	(1,204)
Allowance for directors' retirement benefits	1,075	1,192	279	(796)	(913)
Allowance for repairs	1,107	893	818	(288)	(74)
Guaranteed deposits received	5,676	5,701	5,443	(233)	(257)
Consolidation adjustments account	151	134	112	(39)	(22)
Other non-current liabilities:	–	–	587	587	587
Total non-current liabilities	**36,989**	**37,545**	**40,116**	**3,127**	**2,571**
Total liabilities	**100,679**	**104,925**	**103,310**	**2,630**	**(1,615)**
Minority interests:					
Minority interests	**25,786**	**26,760**	**26,536**	**750**	**(223)**
Shareholders' Equity:					
Common stock	17,117	17,117	17,117	–	–
Capital surplus	9,449	9,452	9,486	36	34
Retained earnings	183,114	190,699	194,801	11,687	4,102
Unrealized holding gain (loss) on securities	24,153	26,688	33,843	9,690	7,154
Foreign currency translation adjustments	(1,036)	(1,216)	(871)	165	344
Treasury common stock	(1,383)	(1,459)	(3,133)	(1,750)	(1,674)
Total shareholders' equity	**231,414**	**241,282**	**251,244**	**19,829**	**9,961**
Total Liabilities, Minority Interests and Shareholders' Equity	**357,880**	**372,968**	**381,091**	**23,210**	**8,122**

(2) Interim Consolidated Statements of Income—From April 1 to September 30, 2005

(Millions of yen)

	April 1~September 30, 2004	April 1~September 30, 2005	Change
Net sales	204,078	211,761	7,682
Cost of sales	138,855	144,681	5,825
Gross profit	**65,223**	**67,079**	**1,856**
Selling, general and administrative expenses	55,479	56,820	1,340
Operating income	**9,743**	**10,259**	**515**
Non-operating income:	1,777	1,751	(26)
Interest income	42	50	7
Dividend income	424	467	43
Equity in earnings of subsidiaries and affiliated companies	605	752	147
Other income	705	480	(225)
Non-operating expenses:	608	410	(197)
Interest expenses	88	81	(7)
Other expenses	519	329	(189)
Ordinary income	**10,913**	11,600	687
Extraordinary income:	602	340	(262)
Gain on sale of fixed assets	51	139	87
Gain on sale of investments in securities	551	201	(349)
Extraordinary losses:	862	382	(480)
Loss on disposal of fixed assets	609	106	(503)
Loss on disposal of inventories, etc.	253	–	(253)
Office relocation expenses	–	189	189
Other	–	86	86
Income before income taxes and minority interests	**10,653**	**11,558**	**905**
Income taxes – current	4,163	4,470	306
Minority interests	971	843	(128)
Net income	**5,517**	**6,244**	**726**

(3) Interim Consolidated Statements of Retained Earnings—From April 1 to September 30, 2005

(Millions of yen)

	April 1~September 30, 2004	April 1~September 30, 2005	Change
Capital surplus:			
Capital surplus at beginning of the year	9,446	9,452	5
Increase in capital surplus	2	34	31
Proceeds from sale of treasury common stock	2	34	31
Capital surplus at end of the interim period	9,449	9,486	36
Retained earnings:			
Retained earnings at beginning of the year	179,241	190,699	11,457
Increase in retained earnings	5,517	6,244	726
Net income	5,517	6,244	726
Decrease in retained earnings	1,644	2,141	497
Cash dividends paid	1,505	1,968	463
Bonuses to directors	138	172	34
Retained earnings at end of the interim period	183,114	194,801	11,687

(4) Interim Consolidated Statements of Cash Flows—From April 1 to September 30, 2005

(Millions of yen)

	April 1~September 30, 2004	April 1, 2004~March 31, 2005	April 1~September 30, 2005
I. Cash flows from operating activities:			
Income before income taxes and minority interests	10,653	25,062	11,558
Depreciation and amortization	5,482	11,682	5,805
Decrease in allowance for retirement benefits	(444)	(1,067)	(1,204)
Interest and dividends income	(467)	(764)	(518)
Interest expenses	88	197	81
Equity in earnings of subsidiaries and affiliated companies	(605)	(1,011)	(752)
Gain on sales of marketable securities	(656)	(1,542)	(201)
(Increase) decrease in accounts receivable	833	(4,201)	3,533
(Increase) decrease in inventories	(4,237)	(4,740)	2,215
Increase (decrease) in accounts payable	1,393	5,765	(3,975)
Other	627	2,181	(2,545)
Subtotal	12,667	31,563	13,996
Interest and dividends received	550	839	578
Interest paid	(94)	(195)	(79)
Income taxes paid	(5,495)	(10,638)	(3,673)
Net cash provided by operating activities	**7,628**	**21,567**	**10,822**
II. Cash flows from investing activities:			
Payments for time deposits	–	0	(4,018)
Proceeds from repayment of time deposits	0	0	18
Payments for purchase of marketable securities	(2,013)	(7,507)	(4,862)
Proceeds from sales of marketable securities	3,099	4,299	1,400
Payments for purchases of fixed assets	(9,003)	(16,052)	(6,208)
Proceeds from sales of fixed assets	42	44	201
Payments for purchases of investments in marketable securities	(107)	(411)	(462)
Proceeds from sales of investments in marketable securities	734	1,712	238
Payments for long-term loans	(10)	(65)	(2)
Proceeds from collections of long-term loans	52	189	105
Other	102	199	(76)
Net cash used in investing activities	**(7,102)**	**(17,590)**	**(13,667)**
III. Cash flows from financing activities:			
Proceeds from short-term debt	261	248	68
Repayments of short-term debt	(429)	(713)	(225)
Repayments of long-term debt	(379)	(419)	(12)
Proceeds from sale of treasury common stock	73	94	140
Purchase of treasury common stock	(39)	(133)	(2,341)
Cash dividends paid	(1,505)	(2,780)	(1,968)
Other	(488)	(613)	(417)
Net cash used in financing activities	**(2,507)**	**(4,317)**	**(4,756)**
IV. Effect of exchange rate changes on cash and cash equivalents	**45**	**21**	**60**
V. Decrease in cash and cash equivalents	**(1,935)**	**(317)**	**(7,540)**
VI. Cash and cash equivalents at beginning of the year	**54,154**	**54,154**	**54,047**
VII. Increase in cash and cash equivalents due to merger of consolidated subsidiaries	–	**210**	–
VIII. Cash and cash equivalents at end of the fiscal period	**52,218**	**54,047**	**46,506**

Basis of Presentation of Interim Consolidated Financial Statements

1. Scope of consolidation

(1) Consolidated subsidiaries: 40

- Names of principal subsidiaries: Nisshin Flour Milling Inc., Nisshin Foods Inc., Ma•Ma-Macaroni Co., Ltd., SANKO Co., Ltd., Initio Foods Inc., Oriental Yeast Co., Ltd., Nisshin Pharma Inc., Nisshin Petfood Inc., Nisshin Engineering Inc., NBC Inc.
- Of the remaining subsidiaries, Nisshin Managerial Technology Center Co., Ltd. and eight other companies are not consolidated. The assets, net sales, net income and retained earnings of each non-consolidated subsidiary are small, and the aggregate effect on the consolidated financial statements is immaterial.

(2) Changes in the scope of consolidation

Newly consolidated subsidiaries: 3

- Shin Nisshin Seifun Foods (Qingdao) Co., Ltd. and NBC (Shanghai) Mesh Co., Ltd. were established in the interim period ended September 30, 2005 and have been included in the scope of consolidation. Moreover, SK Foods Co., Ltd., which was a non-consolidated equity-method affiliate until the previous fiscal year, has been included in the scope of consolidation from the interim period under review due to an increase in materiality.

2. Scope of the equity method

(1) Equity-method subsidiaries and affiliates: nine (1 non-consolidated subsidiary and eight affiliates)

- Names of principal equity-method subsidiaries and affiliates: Marubeni Nisshin Feed Co., Ltd., Japan Logistic Systems Corp.
- The contributions to consolidated net income and consolidated retained earnings of each of the eight non-consolidated subsidiaries and seven affiliates not accounted for by the equity method are negligible and immaterial in the aggregate.

(2) Changes in the scope of the equity method

Newly excluded affiliate: 1

- SK Foods Co., Ltd. became a consolidated subsidiary, and has therefore been excluded from the scope of the equity method from the interim period under review.

(3) The financial statements for the accounting period of the company concerned are used in the cases of those equity-method subsidiaries and affiliates whose interim accounting period differs from the consolidated interim accounting period.

3. Interim accounting periods of consolidated subsidiaries

The consolidated subsidiaries listed below have interim accounting periods that differ from the consolidated interim accounting period. Since the end of the interim period of each of these companies is within three months of the consolidated interim period-end, the interim financial statements of each consolidated subsidiary are used. However, necessary adjustments are made for material transactions that occurred during the period between the subsidiary's interim period-end and the consolidated interim period-end.

Company name	Interim period-end
Rogers Foods Ltd.	July 31
Thai Nisshin Seifun Co., Ltd. and 11 others	June 30

4. Significant accounting principles

(1) Valuation standards and methodology for material assets

a. Securities

Held-to-maturity debt securities are stated at amortized cost.

Other securities:

Securities with a readily determinable market value are stated at fair market value based on the quoted market price at the interim period-end (with any unrealized gains or losses being reported directly as a component of shareholders' equity and the cost of any securities sold being computed by the moving average method).

Securities with no readily determinable market value are stated at cost, with cost being determined by the moving average method.

b. Derivatives:

Derivative financial instruments are stated at fair market value.

c. Inventories:

Flour and bran are stated at the lower of cost or market, cost being determined by the retail cost method; other products are stated at the lower of cost or market, cost being determined by the periodic average method.

Raw materials are stated at cost, with cost being determined by the moving average method.

(2) Depreciation methods for material depreciable assets

a. Tangible fixed assets

Depreciation on tangible fixed assets owned by the parent company and domestic consolidated subsidiaries is computed principally by the declining balance method. However, the straight-line method is applied for buildings (excluding building fixtures) acquired on or after April 1, 1998. Foreign consolidated subsidiaries generally use the straight-line method.

b. Intangible fixed assets

Depreciation is computed by the straight-line method. Software used in-house is depreciated over its estimated useful life (five years) based on the straight-line method.

(3) Basis of material allowances

a. Allowance for doubtful accounts

The parent company and domestic consolidated subsidiaries provide for possible credit losses stemming from trade notes and accounts receivable. Estimates of irrecoverable amounts are based on historical loan-loss ratios for general receivables, and on a consideration of feasibly recoverable amounts in individual cases of suspected bad debt or other specific dubious accounts. Specific claims are generally deemed irrecoverable in the case of foreign consolidated subsidiaries.

b. Allowance for employees' retirement benefits

The parent company and domestic consolidated subsidiaries provide for employees' retirement benefits based on the estimated amounts of projected benefit obligation and the fair value of the pension plan assets at the consolidated interim period-end. Prior service cost is amortized on a straight-line basis over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end. Actuarial differences are amortized on a straight-line basis from the following fiscal year over a period equaling the average remaining service period of employees expected to receive pension benefits as of the consolidated fiscal year-end.

c. Allowance for directors' retirement benefits

Eight domestic consolidated subsidiaries provide for the payment of retirement benefits to directors in accordance with internal regulations, based on projected benefits as of the end of the interim period.

(Additional information)

During the interim period under review, the parent company and seven consolidated subsidiaries abolished the directors' retirement benefit system. With regard to reappointed directors, it was determined that retirement benefits applicable to the period in office up to the end of the Ordinary General Meeting of Shareholders held in June 2005, would be paid upon retirement. These unpaid retirement benefits have been reclassified under "Others" in the non-current liabilities section of the consolidated balance sheet.

(4) Significant lease transactions

Finance leases other than those that transfer ownership of the leased assets to the lessee are accounted for using the same methods as those used for ordinary lease transactions.

(5) Significant hedging transactions

a. Basis of accounting

Hedging transactions are accounted for on a deferred basis. However, the contracted exchange rates are applied in the case of any financial claims denominated in foreign currencies with assigned foreign currency forwards or other hedging instruments.

b. Hedging methods

The Company uses derivative transactions (including forward exchange contracts and currency call options) to hedge currency risk exposure for all planned trading transactions that are denominated in foreign currencies.

c. Hedging policy

The Company employs derivative financial instruments purely to manage fluctuations in foreign currency exchange rates. Company policy prohibits the use of derivative financial instruments for trading purposes.

d. Hedging evaluation

Since hedging methods and the target of each hedging transaction share the same conditions that apply at the start of hedging activities and throughout subsequent periods, the Company’s hedging approach enables exchange rate fluctuations to be offset completely. Hence, the Company considers its hedging method to be highly effective.

(6) Consumption tax

All accounting transactions are booked exclusive of any national or local consumption taxes.

5. Cash and cash equivalents

Cash and cash equivalents as stated in the Interim Consolidated Statements of Cash Flows consist of cash in hand, readily available deposits, and any short-term liquid investments with a maturity not exceeding three months at the time of purchase whose value is not subject to significant fluctuation risk.

<Change in accounting policy>

(Accounting standards relating to impairment of fixed assets)

From the interim period ended September 30, 2005, the Company adopted the following accounting standards for impairment of fixed assets: “Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets,” (Business Accounting Council, August 9, 2002) and “Implementation Guidance for the Accounting Standard for Impairment of Fixed Assets” (Accounting Standards Board of Japan, October 31, 2003, Financial Accounting Standard Implementation Guidance No. 6). The adoption of these standards had no impact on operating results.

Notes to Consolidated Financial Statements

(Interim Consolidated Balance Sheets)

1. All amounts have been rounded down to the nearest million yen.

2. Accumulated depreciation of tangible fixed assets

	Interim Period FY 2005	FY 2005	Interim Period FY 2006
	¥182,154 million	¥184,991 million	¥188,730 million

3. Value of land acquired through exchange, less accelerated depreciation

	Interim Period FY 2005	FY 2005	Interim Period FY 2006
	¥– million	¥1,156 million	¥– million

4. Accumulated accelerated depreciation of tangible fixed assets purchased with government subsidy

	Interim Period FY 2005	FY 2005	Interim Period FY 2006
Accelerated depreciation of tangible fixed assets acquired during consolidated accounting period	¥– million	¥103 million	¥– million
Accumulated accelerated depreciation of tangible fixed assets	¥161 million	¥264 million	¥264 million

5. Assets pledged as collateral

	Interim Period FY 2005	FY 2005	Interim Period FY 2006
Buildings and structures	¥1,247million	¥1,320 million	¥1,297 million
Machinery and equipment	¥896 million	¥828 million	¥814 million
Land	¥92 million	¥92 million	¥92 million
Investments in securities	¥5 million	¥– million	¥– million

6. Warranty liabilities

	Interim Period FY 2005	FY 2005	Interim Period FY 2006
	¥952 million	¥879 million	¥795 million

(Interim Consolidated Statements of Income)

1. All amounts have been rounded down to the nearest million yen.
2. Tax expenses for the interim period ended September 30, 2005, have been calculated primarily using the simplified method. Accordingly, income taxes-deferred have been included in income taxes-current.

(Interim Consolidated Statements of Cash Flows)

1. All amounts have been rounded down to the nearest million yen.

2. The reconciliation between the balance of cash and cash equivalents at the end of the fiscal periods and amounts stated in the Consolidated Statements of Cash Flows is as follows.

(Millions of yen)

	Interim Period FY 2005	FY 2005	Interim Period FY 2006
Cash on hand and in banks	49,237	54,065	50,525
Marketable securities	5,414	6,783	10,274
Total	54,651	60,849	60,799
Fixed deposits with periods greater than three months	(18)	(18)	(4,018)
Bonds with redemption periods greater than three months at time of purchase	(2,414)	(6,783)	(10,274)
Balance of cash and cash equivalents at end of fiscal period	52,218	54,047	46,506

a. Segment information

(1) Business Segment Information

Interim Period From April 1, 2004 to September 30, 2004

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Eliminations / Corporate	Consolidated
Net Sales						
(1) Net sales to external customers	77,101	109,965	17,012	204,078	(–)	204,078
(2) Internal sales and transfers	9,948	327	896	11,172	(11,172)	–
Total	87,050	110,292	17,909	215,251	(11,172)	204,078
Cost and Expenses	81,832	107,132	15,837	204,802	(10,467)	194,334
Operating Income	5,217	3,159	2,071	10,448	(704)	9,743

Interim Period From April 1, 2005 to September 30, 2005

(Millions of yen)

	Flour Milling	Processed Food	Others	Total	Eliminations / Corporate	Consolidated
Net Sales						
(1) Net sales to external customers	76,840	111,144	23,776	211,761	(–)	211,761
(2) Internal sales and transfers	8,838	495	977	10,311	(10,311)	–
Total	85,679	111,639	24,753	222,072	(10,311)	211,761
Cost and Expenses	80,772	108,353	22,296	211,422	(9,921)	201,501
Operating Income	4,906	3,286	2,456	10,649	(390)	10,259

Year Ended 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, compound feed, transport and storage

(2) Geographical segment information

Because sales of the domestic segment account for more than 90% of the total sales of all segments, geographical segment information is omitted.

(3) Overseas sales

Because overseas sales account for less than 10% of the consolidated net sales, overseas sales are omitted.

b. Securities

1. Held-to-maturity debt securities with readily determinable market value

(Millions of yen)

	As of September 30, 2004			As of March 31, 2005			As of September 30, 2005		
	Carrying amount	Fair market value	Difference	Carrying amount	Fair market value	Difference	Carrying amount	Fair market value	Difference
1. Government and municipal bonds	99	99	(0)	–	–	–	–	–	–
2. Corporate bonds	801	808	7	700	704	4	500	502	2
3. Other	–	–	–	–	–	–	–	–	–
Total	901	908	7	700	704	4	500	502	2

2. Other securities with readily determinable market value

(Millions of yen)

	As of September 30, 2004			As of March 31, 2005			As of September 30, 2005		
	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference	Acquisition cost	Carrying amount	Difference
1. Equity securities	8,306	49,445	41,138	8,342	53,787	45,445	8,389	65,971	57,582
2. Debt securities									
Government and municipal bonds	3,999	3,999	–	–	–	–	–	–	–
Corporate bonds	2,026	2,020	(5)	7,496	7,491	(5)	11,088	11,085	(3)
Other	–	–	–	–	–	–	–	–	–
3. Other	–	–	–	–	–	–	–	–	–
Total	14,332	55,465	41,133	15,839	61,278	45,439	19,477	77,057	57,579

3. Principal securities not carried at market value

(Millions of yen)

	As of September 30, 2004	As of March 31, 2005	As of September 30, 2005
	Carrying amount	Carrying amount	Carrying amount
Other securities:			
Non-listed equity securities (except JASDAQ shares)	5.015	5,210	5,244

c. Per share information

(Yen)

	Interim period ended September 30, 2004	Fiscal year ended March 31, 2005	Interim period ended September 30, 2005
Net assets per share	1,000.71	1,042.92	1,093.38
Net income per share	23.86	58.06	27.10
Fully diluted net income per share	23.85	58.00	27.07

By resolution of the meeting of the Board of Directors held on May 12, 2005, the Company plans to undertake a 1.1 for 1 common stock split on November 18, 2005. Per share information if this stock split had been conducted at the beginning of the interim periods ended September 30, 2005 and 2004, and the fiscal year ended March 31, 2005, is as follows:

(Yen)

	Interim period ended September 30, 2004	Fiscal year ended March 31, 2005	Interim period ended September 30, 2005
Net assets per share	909.73	948.11	993.98
Net income per share	21.69	52.79	24.63
Fully diluted net income per share	21.68	52.73	24.61

(Note) The basis of calculation for net income per share and fully diluted net income per share

Item	Interim period ended September 30, 2004	Fiscal year ended March 31, 2005	Interim period ended September 30, 2005
Net income, as stated on Statements of Income (millions of yen)	5,517	13,597	6,244
Main components of amounts not attributable to owners of common stock (millions of yen) Bonuses to directors	–	172	–
Net income associated with common stock (millions of yen)	5,517	13,425	6,244
Average number of shares of common stock during fiscal year (shares)	231,212,969	231,210,789	230,446,080
Main components of adjustment to net income used in calculation of fully diluted net income per share (millions of yen) Interest income (after relevant deductions of tax)	(1)	(9)	(2)
Adjustment to net income (millions of yen)	(1)	(9)	(2)
Main components of increase in number of shares of common stock used in calculation of fully diluted net income per share (shares) New share subscription rights	77,892	86,901	100,465
Details of shares not included in calculation of fully diluted net income per share due to non-dilutive effect	245 new share subscription rights issued, effective from June 25, 2004, the date of resolution at the general meeting of shareholders	–	–

d. Lease transactions and derivative transactions

Due to prior detailed disclosure using electronic processes, the Company has omitted this information in accordance with the provisions of Article 27, Paragraph 30 (6) of the Securities and Exchange Law.

V. Status of Production, Orders Received and Sales

(1) Production

Production by business segments is as follows.

(Millions of yen)

Name of business segment	April 1~September 30, 2004	April 1~September 30, 2005	Change (%)
Flour Milling	71,784	71,439	(0.5)
Processed Food	53,740	55,125	2.6
Others	6,289	9,052	43.9
Total	131,814	135,617	2.9

Notes:

1. The above monetary values were calculated using average sales values during the period under review. Inter-segment transactions are eliminated.
2. The values listed above do not include consumption taxes.

(2) Orders Received

The Company does not produce a significant volume based on orders and description is omitted.

(3) Sales

Sales by business segment are as follows.

(Millions of yen)

Name of business segment	April 1~September 30, 2004	April 1~September 30, 2005	Change (%)
Flour Milling	77,101	76,840	(0.3)
Processed Food	109,965	111,144	1.1
Others	17,012	23,776	39.8
Total	204,078	211,761	3.8

Notes:

1. Inter-segment transactions are eliminated.
2. The values listed above do not include consumption taxes.