

February 20, 2015

Itoham Foods Inc.
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Securities Code: 2284
(Tokyo Stock Exchange)
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Notice of Purchase of Additional Shares in ANZCO Foods Limited and Change of Subsidiary

The Board of Directors of Itoham Foods Inc. (hereinafter the “Company”) resolved on February 20, 2015 to purchase additional shares in ANZCO Foods Limited (hereinafter “ANZCO”) increasing the investment ratio from 48.28% to 65%. The Company also announced that ANZCO is to become a consolidated subsidiary of the Company as the result of the purchase.

Details are as below:

1. Reasons for the Purchase of Shares

Now in the fourth year of the Middle-term Management plan (CNV2015) the Company has shifted its emphasis to growth strategy. The whole Company is thriving to achieve the goals set for the final year of the CNV2015, to readily adjust to the changing markets, to strengthen our corporate brand and product brands, to improve our cost competitiveness and to solidify our position as a National Brand manufacturer.

Looking at the global business environment, the demand for meat is expected to increase with the growing world population, particularly the middle income group, and the guarantee of safe and secure food becoming the keyword.

With the demand for meat increasing especially in Asia, and the need to provide safe and secure meat, affiliation of ANZCO and utilizing its sound customer base, outstanding manufacture techniques, high level of hygiene/quality control and future business development would greatly reduce time and cost compared to acquisition of a business with similar scale and increase the Company’s enterprise value as an overseas business base, thus advancing the Company’s management vision of “to become the most trusted manufacturer of processed meat in Asia.”

2. Method of Purchase

The Company will purchase 9,882,113 shares of ANZCO stock with cash payment. ANZCO will become a consolidated subsidiary of the Company. The Company’s funds on hand will be used for the purchase.

3. Outline of the Changing Company (ANZCO)

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|---|--|---|------------------------|
| (1) Company Name | ANZCO Foods Limited | | |
| (2) Head Office | Unit 2, 49 Sir William Pickering Drive, Christchurch, New Zealand | | |
| (3) Name and Title of Representative | MARK ERIC CLARKSON, Managing Director | | |
| (4) Main Business | Production and sales of meat and processed meat products | | |
| (5) Capital | NZ\$59,364,000 | | |
| (6) Established | August 17, 1995 | | |
| (7) Major Shareholders and Ownership Ratio | Itoham Foods Inc. | 48.28 % | |
| | Nippon Suisan Kaisha, Ltd. | 25.17 % | |
| | GRAEME THOMAS HARRISON | 12.56 % | |
| | JANZ INVESTMENTS LIMITED | 11.75 % | |
| (8) Relationship of Listed Company to ANZCO | Capital Relationship | The Company owns 48.28 % of the total number of issued shares | |
| | Personnel Relationship | Two directors of the Company serve as directors of ANZCO | |
| | Business Relationship | The Company has product trading relationship with ANZCO | |
| (9) ANZCO's consolidated business performance and consolidated financial condition for the three most recent fiscal years | 1,000 NZ\$ (1,000,000 JPY) | | |
| Fiscal Year Ended | September 2012 | September 2013 | September 2014 |
| Consolidated net assets | 211,344 (18,598) | 216,881 (19,085) | 217,849 (19,170) |
| Consolidated total assets | 481,247 (42,349) | 462,865 (40,732) | 506,273 (44,552) |
| Consolidated net sales | 1,207,422 (106,253) | 1,274,761 (112,178) | 1,250,171 (110,015) |
| Consolidated operating income | -14,633 (-1,287) | 19,976 (1,757) | 7,191 (632) |
| Consolidated ordinary income | -25,623 (-2,254) | 12,608 (1,109) | 7,127 (627) |
| Consolidated net income | -19,183 (-1,688) | 12,220 (1,075) | 6,016 (529) |

* Exchange rate 1NZ\$=88JPY

4. Outline of the Entities from whom the Shares will be Purchased

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| (1) Name | Nippon Suisan Kaisha, Ltd. | |
| (2) Address | Nishi-Shimbashi Square, 1-3-1, nishi-shimbashi, minato-ku, Tokyo 105-8676 Japan | |
| (3) Name and Title of Representative | NORIO HOSOMI, President & CEO | |
| (4) Main Business | Marine Products, Food Products, Fine Chemical, General Distribution | |
| (5) Capital | 23,729 million JPY (as of March 31, 2014) | |
| (6) Established | March 31, 1943 | |
| (7) Net Assets | 83,732 million JPY (as of March 31, 2014) | |
| (8) Total Assets | 431,643 million JPY (as of March 31, 2014) | |
| (9) Major Shareholders and Ownership Ratio | The Master Trust Bank of Japan, Ltd (6.07 %), Japan Trustee Services Bank, Ltd. (5.25 %), Mizuho Bank, Ltd. (3.84 %), Mochida Pharmaceutical Co., Ltd. (2.88 %), Northern Trust Company (AVFC) (2.06 %) | |
| (10) Relationship of Listed Company | Capital Relationship | None |
| | Personnel Relationship | None |
| | Business Relationship | None |
| | Related Party Status | None |

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| (1) Name | JANZ INVESTMENTS LIMITED | |
| (2) Address | Unit 2/49 Sir William Pickering Drive, Harewood, Christchurch, 8053 New Zealand | |
| (3) Name and Title of Representative | GRAEME THOMAS HARRISON | |
| (4) Main Business | Holding Company | |
| (5) Capital | 13,681 Ordinary Shares (6,727 outstanding), 5,000,000 Redeemable Preference shares | |
| (6) Established | April 4, 2001 | |
| (7) Net Assets | NZ\$ 13,205,907 (as of March 31, 2014) | |
| (8) Total Assets | NZ\$ 13,210,219 (as of March 31, 2014) | |
| (9) Major Shareholders and Ownership Ratio | JANZ INVESTMENTS NO.2 LIMITED (50.8 %), GRAEME THOMAS HARRISON (32.7 %) MARK ERIC CLARKSON (7.7 %) | |
| (10) Relationship of Listed Company | Capital Relationship | None |
| | Personnel Relationship | None |
| | Business Relationship | None |
| | Related Party Status | None |

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|--------------------------|------------------------|
| (1) Name | GRAEME THOMAS HARRISON |
| (2) Address | METHVEN, NEW ZEALAND |
| (3) Related Party Status | None |

5. Number of Shares Purchased, Purchase Price and Status of Shares Owned Before and After the Purchase

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|--|--|
| (1) Number of Shares Owned Before the Change | 28,541,197 shares (Number of voting rights : 28,541,197) (Voting Rights Ownership ratio : 48.28 %) |
| (2) Number of Shares Purchased | 9,882,113 shares (Number of voting rights : 9,882,113) |
| (3) Purchase Price | Ordinary Shares (approx.) JPY 3,522 million (NZ\$ 40 million) Advisory Fees (approx.) JPY 33 million Total (approx.) JPY 3,555 million |
| (4) Number of Shares Owned After the Change | 38,423,310 shares (Number of voting rights : 38,423,310) (Voting Rights Ownership ratio : 65.00 %) |

* Exchange rate 1NZ\$=88JPY

6. Date of Change (Scheduled)

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|----------------------------|----------------------------|
| (1) Board Resolution | February 20, 2015 |
| (2) Execution of Agreement | March 6, 2015 (scheduled) |
| (3) Transfer of Shares | March 27, 2015 (scheduled) |

7. Future Outlook

The Company expects to record an extraordinary profit of 5,952 million yen (exchange rate 1NZ\$=88JPY) for the current financial year (year ending March 2015) as a result of this acquisition. In the following years, it is expected to benefit the consolidated results through the business year as it will be treated as a consolidated subsidiary from the beginning of the year.

Please refer to the “Notice Regarding Revision of Earnings Forecasts” announced February 20, 2015, for the consolidated forecast for the year ending March 2015 taking the above into account.

(Reference)

Consolidated Operating Forecast for Current Financial Year (Announced February 20, 2015) and Previous Year’s Results

| | 1 million JPY | | | |
|--|---------------|------------------|-----------------|------------|
| | Net Sales | Operating Income | Ordinary Income | Net Income |
| Current Period Forecast (announced February 20, 2015) | 481,000 | 4,000 | 6,800 | 11,000 |
| Previous Period Results (year ended March 2014) | 463,395 | 4,900 | 5,888 | 4,810 |