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**Itoham Foods Inc.**

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**Itoham To Build New Processing Complex in New Zealand**

Itoham Foods Inc. today announced it would begin construction of a processing plant in New Zealand to produce hamburger patties and steaks for the food service sector, as well as salami, beef jerky, sausages, and other products. The new plant is scheduled to come on stream in September 2004.

To realize this aim, Itoham will form a 50/50 joint venture with New Zealand's ANZCO FOODS Ltd., called Itoham New Zealand (capitalized at NZ\$13 million). The new plant will be built on the five-hectare site of a former meat processing factory in Waitara on New Zealand's North Island. The new joint venture company will begin construction of a 3,000m<sup>2</sup> facility in April this year, with investment totaling ¥1.3 billion.

ANZCO FOODS Ltd. (Head office: Christchurch; Chairman: Graeme Harrison) was established in 1984 with investment from a New Zealand state-run meat company. Following its privatization, Itoham took a 48.2% stake in the company to become its largest shareholder. In 2003, the company posted net sales of ¥61.0 billion, making it New Zealand's 26<sup>th</sup> largest corporation by sales.

In an EU study, New Zealand beef was designated the safest in the world. Underpinned by this reputation, the new complex will primarily source young bull beef—low-cost, high-quality beef—from ANZCO Group companies, with the aim of becoming the world's most competitive

manufacturer of processed beef products.

In the past, the majority of New Zealand's beef for use in processed products was exported to the United States. However, with limits on how much could be exported to this country, New Zealand producers needed to break into other markets to sell their surplus supply. Itoham, with its new plant in the country, will soon be able to efficiently tap some of this low-cost, excess supply for its own processing activities.

Itoham's new complex will have an annual production capacity of 30,000 tons and will primarily produce hamburger patties and steaks for the food service sector, as well as salami, beef jerky, sausages, and other products. Net sales and output are expected to reach ¥1.4 billion and 3,500 tons, respectively, in the first year of operations (Sep. ~ Dec. 2004); ¥7.0 billion and 20,000 tons in the second year (Jan. ~ Dec. 2005); and ¥9.0 billion and 23,000 tons in the third year (Jan. ~ Dec. 2006). The workforce will total 60, with around 10 employees dispatched from Japan.