NORITAKE CO., LIMITED ANNUAL REPORT 2008 Year Ended March 31, 2008

The Spectrum of Ceramic Technology Inspiring Infinite Possibilities

NORITAKE CO., LIMITED

Noritake Co., Limited has operations in five business groups: Industrial Products, Tabletop, Electronics, Ceramics & Materials, and Environmental Engineering. Registering a fifth consecutive year of increase, consolidated net sales rose to ¥133,368 million in the fiscal year under review, marking the first year of the seventh three-year medium-term management plan. Noritake continues to focus on its business growth to "maximize corporate value" and "the creation of a foundation for next-generation development."

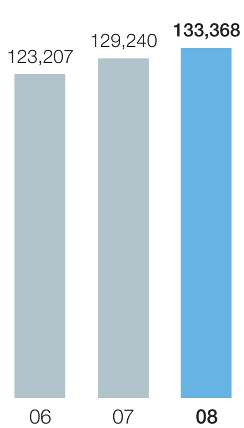
Contents

SIX-YEAR FINANCIAL SUMMARY

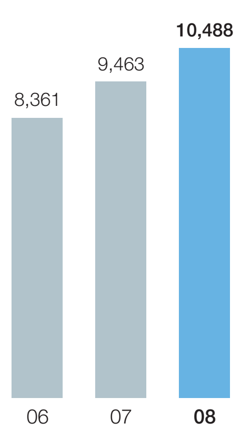
	Millions of yen						Thousands of U.S. dollars
	2008	2007	2006	2005	2004	2003	2008
FOR THE YEAR:							
Net sales	¥133,368	¥129,240	¥123,207	¥118,315	¥112,927	¥110,857	$1,333,680
Operating income	10,488	9,463	8,361	6,927	4,832	2,695	104,880
Income before income taxes and minority interests	10,171	10,398	9,009	6,729	6,145	1,947	101,710
Net income	5,669	5,796	5,031	4,002	3,035	410	56,690
Net income per share (yen/U.S. dollars)	¥ 38.36	¥ 39.20	¥ 33.50	¥ 26.43	¥ 19.65	¥ 2.57	$ 0.38
Capital expenditures	¥ 5,084	¥ 4,080	¥ 3,413	¥ 3,494	¥ 3,072	¥ 2,289	$ 50,840
AT YEAR-END:							
Total assets	¥141,644	¥148,827	¥143,433	¥128,288	¥128,719	¥119,467	$1,416,440
Total shareholders' equity	78,083	79,270	76,025	66,284	64,776	59,378	780,830
Total shareholders' equity ratio (%)	55.1	53.3	53.0	51.7	50.3	49.7	

Note: The U.S. dollar amounts above have been translated at the rate of ¥100 to US$1.

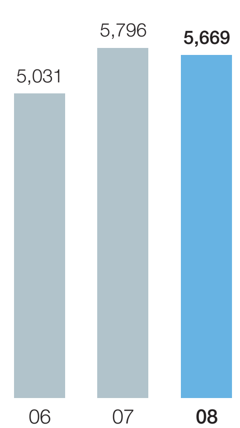
Net Sales
(Millions of yen)



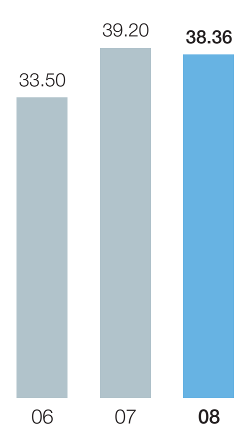
Operating Income
(Millions of yen)



Net Income
(Millions of yen)



Net Income per Share
(Yen)



Noboru Akahane, Chairman and Representative Director (left) and Hitoshi Tanemura, President and Representative Director (right)

The management wishes to sincerely thank all stakeholders of Noritake Co., Limited for their support over the past fiscal year. We would like to take this opportunity to comment on the Group's results for fiscal 2008, ended March 31, 2008. In the first year of the three-year medium-term management plan, we have strived to boost our results to maximize corporate value and create a foundation for next-generation development during the fiscal year under review.

REINFORCEMENT OF CORE TECHNOLOGIES

Noritake has engaged in the establishment of a solid business foundation based on its core ceramic technologies used in the development of tableware to further cultivate its specialty technologies in each of the consumer, industrial and technological goods fields.

FORMULATION OF STRUCTURE TO ENHANCE BUSINESS PERFORMANCE

We have proactively a developed production and sales structure tailored to the five business groups, while making Groupwide efforts to control product quality and reduce costs by focusing our management resources in next-generation growth fields.

STRENGTHENING OF BUSINESS FOUNDATION

Based on the further enhancement of corporate governance functions and the Noritake brand, the Noritake Group increased its centripetal force to enhance corporate value. Together with this, we have made efforts to strengthen our compliance system on the back of increasing corporate social responsibility to contribute to society through our business activities.

As a result, the Noritake Group's consolidated net sales for fiscal 2008, ended March 31, 2008, rose 3.2% year on year to ¥133,368 million. Operating income grew 10.8% to ¥10,488 million, and net income declined 2.2% to ¥5,669 million.

BASIC POLICY REGARDING EARNINGS DISTRIBUTION

Noritake positions profit return to shareholders as a key management policy. Based on this, we place emphasis on stable and sustainable dividend payment. In addition, we make effective use of retained earnings for development investment to create new technologies and products that can become the Noritake Group's future strength, as well as for capital investment for sustainable business development in growth fields. For dividend payment, Noritake plans to distribute ¥4.5 per share for fiscal 2008 as both an interim and a year-end dividend, for a full-year dividend of ¥9.0 per share. Dividend payment for fiscal 2009, ending March 31, 2009, is planned to be ¥9.0 per share.

BUSINESS OUTLOOK

INDUSTRIAL PRODUCTS GROUP

With the aim of forming a robust business structure to prevail in global competition as a grinding and polishing tool manufacture, Noritake will make every effort to tackle various challenges, including the development of new, superior products and technologies, restructuring of the production system and improvement of marketing efficiency. In specific terms, we will steadily promote various plans such as the establishment of a new plant with the most advanced equipment for high-precision processing tools.

TABLETOP GROUP

Noritake's major markets of Japan and the United States are expected to shrink further. Amid such circumstances, we will drastically streamline our sales structure, while placing more emphasis on newly emerging markets such as Russia. On the production front, we will shift our manufacturing function to overseas plants to reduce costs. Furthermore, we will strive to differentiate ourselves from competitors and reinforce our brand power by launching higher-value-added products making use of our sophisticated technique.

ELECTRONICS GROUP

Both in Japan and overseas, Noritake will enhance the sale of high-value-added products such as vacuum fluorescent display tubes with built-in controller, high-resolution graphics modules, information system products and so on. On the development and production fronts, we will strive to introduce new, high-value-added products and environment-friendly products by using lead-free materials. Simultaneously, we will endeavor to secure earnings by streamlining our production division.

CERAMICS & MATERIALS GROUP

For electronic pastes and electronic components, Noritake will engage in the development of products for new applications, including solar batteries, as well as atomization technology to meet the needs of more highly integrated electronic components. In addition, we will strive to expand overseas sales, mainly of dental-related products.

ENVIRONMENTAL ENGINEERING GROUP

In the heating business, which encompasses dryers and kilns, we will concentrate on development activities mainly for the display, electronic, semiconductor and solar battery fields. Noritake will also strive to expand market share for grinding machines for the iron and steel industry by meeting robust capital investment in Japan and East Asia. Together with this, we will aim to increase sales by releasing new products in filtration equipment and carbide tipped circular sawing.

R & D

Based on our efforts in the reinforcement of core technologies, new product development and enhancement of development capabilities, Noritake will aim to introduce new technologies and products. In order to do so, we will actively promote joint research programs and technological exchanges with other companies and research institutes. In the environmental engineering sector, particularly for solar power-related technologies, Noritake will facilitate the development of state-of-the-art techniques in material, processing and firing technologies.

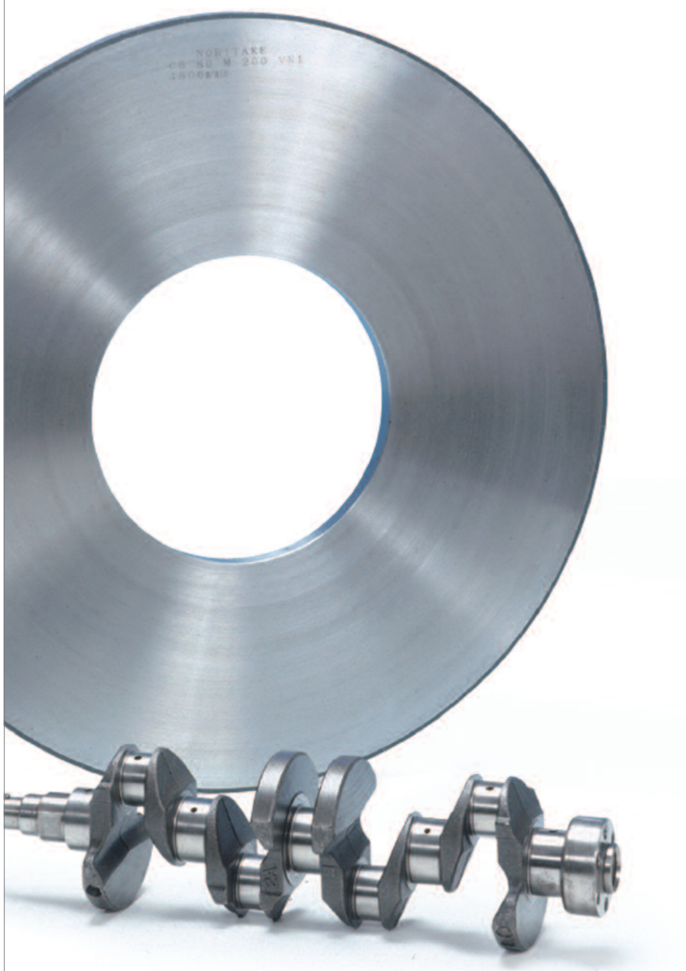
We thank our shareholders for their steadfast support and understanding as we work toward our objectives.

N. Akahane

Chairman and Representative Director
Noboru Akahane

President and Representative Director
Hitoshi Tanemura

Industrial Products
Group



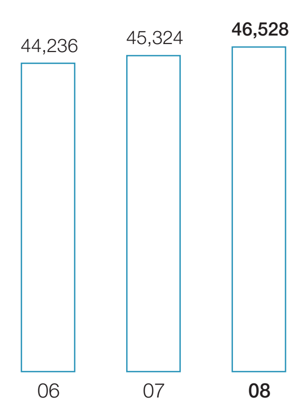
In the first half of fiscal 2008, sales of grinding wheels and CBN tools were stagnant due to production cuts in the automobile industry and certain sectors of the bearing industry. In the second half, however, sales gained upward momentum. Particularly, sales to the steel-making industry increased substantially, reflecting our efforts to expand sales of roll grinding wheels. Despite the impact from the production cut in certain sectors, such as the electronics and semiconductor industries, sales of diamond tools increased due to growth in the production of automobiles for export as well as the sales expansion of new products such as the single-layered, metal bonded diamond wheel “Grit Ace.” Sales of abrasive cloth and paper remained almost same as the previous fiscal year despite harsh competition with low-priced Chinese products both in Japan and overseas.

As a result, consolidated net sales for the Industrial Products Group rose 2.7% year on year to ¥46,528 million.

% of Net Sales

34.9%

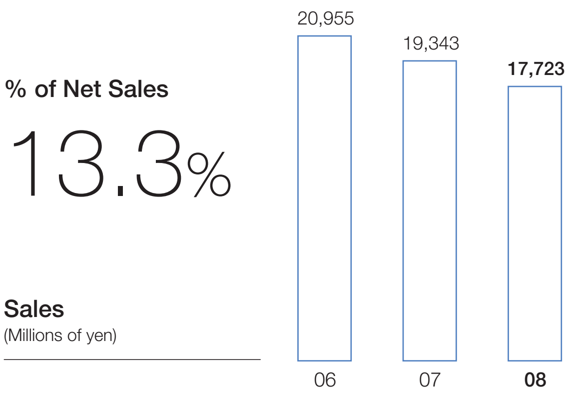
Sales
(Millions of yen)



Tabletop Group

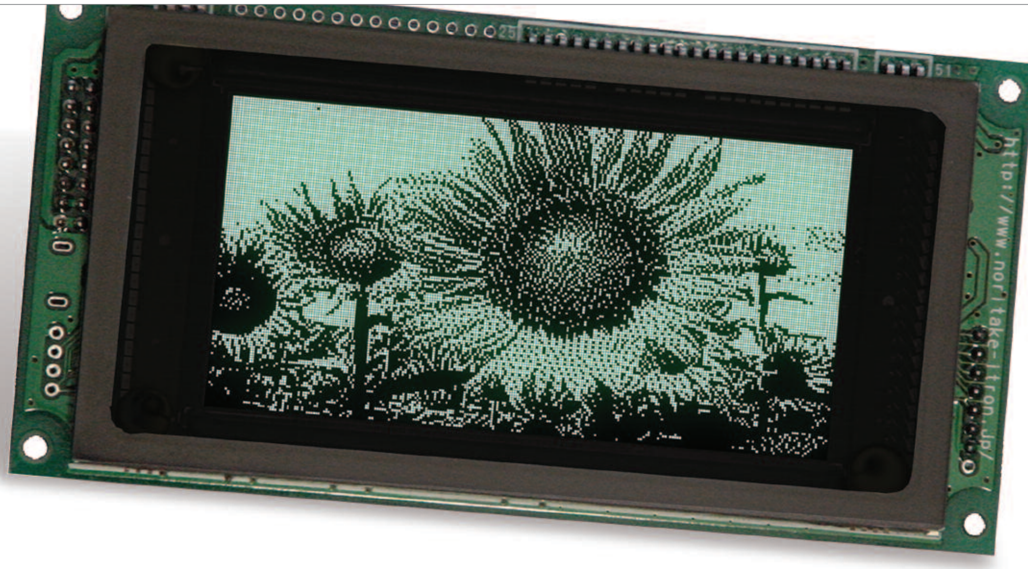
% of Net Sales

13.3%



During the fiscal year under review, Noritake strived to revitalize sales floor operations to secure sales and profits amid the shrinking domestic market. However, the drop in sales at local department stores and specialty stores was notable, resulting in a continuing sales decline. Overseas, sales of tableware to airline companies in the European and Asian markets as well as sales of tableware to newly emerging markets such as Russia were strong. In North America, our largest market after Japan, however, sales at large specialty stores declined while sales at department stores were stagnant.

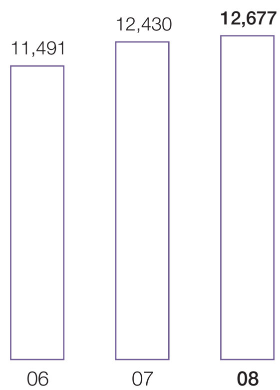
As a result, consolidated net sales for the Tabletop Group decreased 8.4% from the previous fiscal year to ¥17,723 million.



% of Net Sales

9.5%

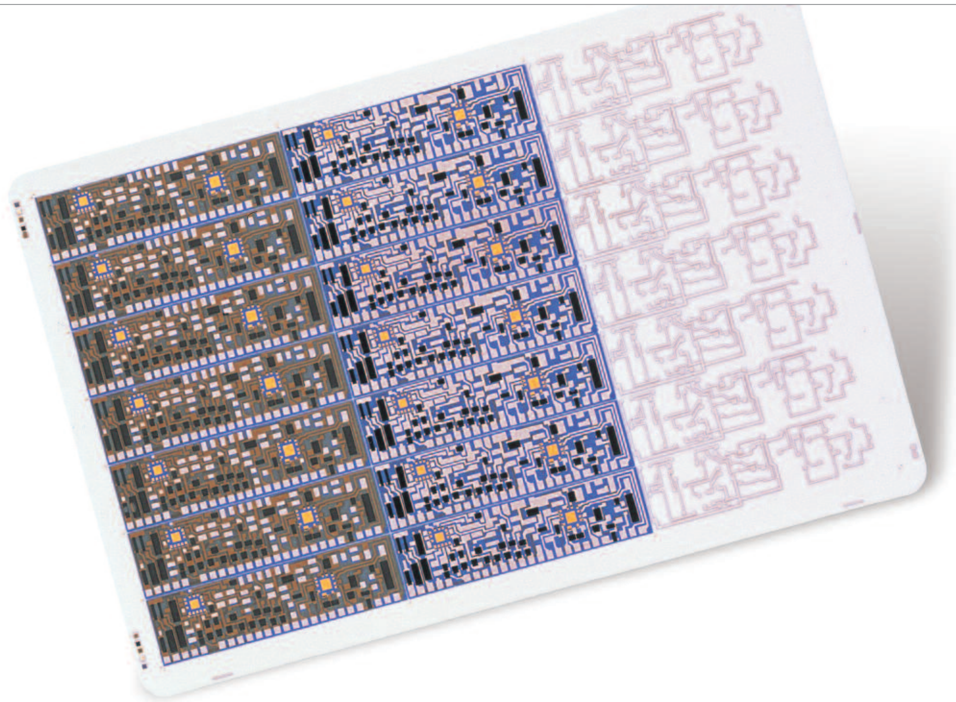
Sales
(Millions of yen)



In the domestic market, sales of vacuum fluorescent display tubes (VFD) and products that make use of thick-film printing technology were weak. Overseas, sales of VFD for industrial cooking devices, gaming machines and automobiles grew in North America, while sales of VFD for audio equipment declined. In addition, VFD sales for industrial cooking devices and gaming machines were brisk in Europe. In Asia, VFD sales for audio, measurement and medical equipment were favorable, while VFD for point-of-sale products decreased.

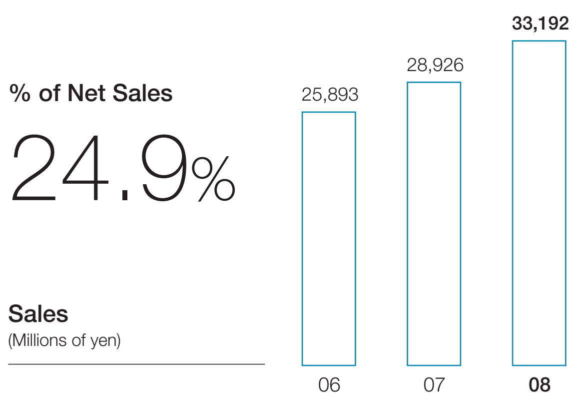
As a result, consolidated net sales for the Electronics Group climbed 2.0% year on year to ¥12,677 million.

Electronics Group



% of Net Sales

24.9%



Sales of pastes for electronic components grew on the back of increased demand for use in new products. Shipments of ceramic materials destined for the flat-screen television market rose, and sales of electronic components were strong. In addition, exports of dental-related products for dental porcelain and increased demand for zirconia-framed CAD/CAM systems contributed to sales growth. Furthermore, sales in the thick-film printed circuit boards and plaster businesses grew.

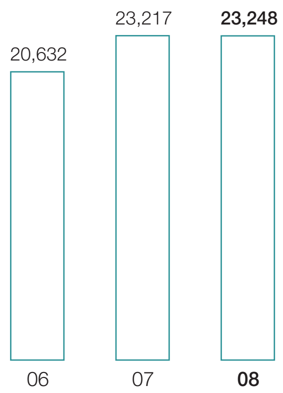
As a result, consolidated net sales for the Ceramics & Materials Group increased 14.7% to ¥33,192 million.

Ceramics & Materials Group

Environmental Engineering Group

% of Net Sales

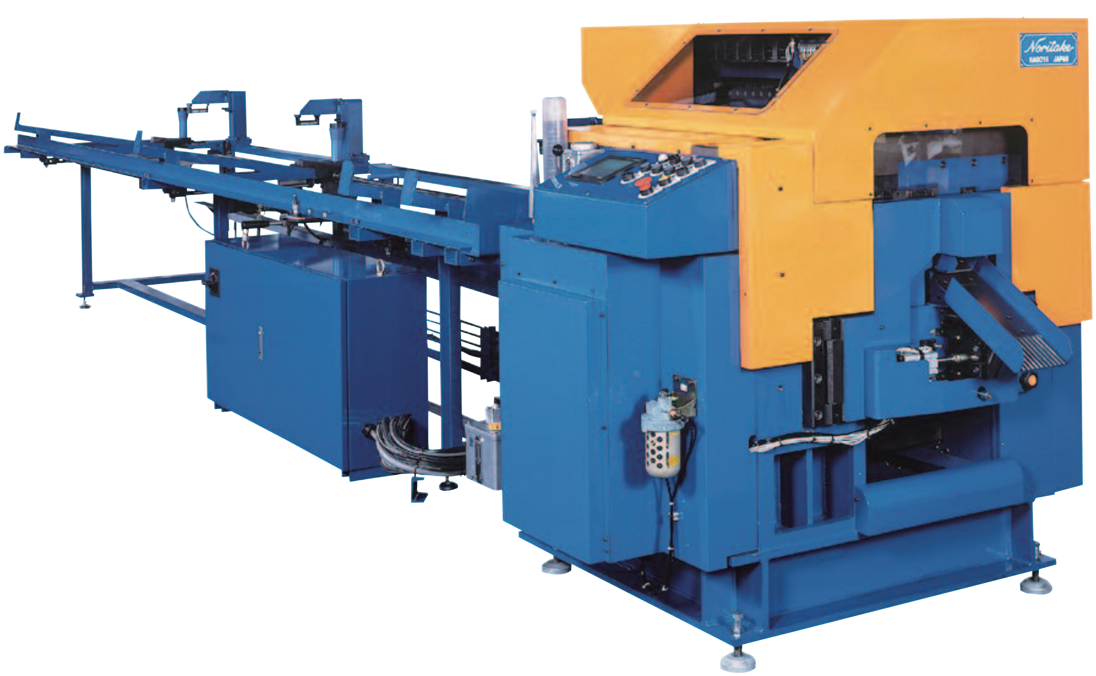
17.4%



Sales
(Millions of yen)

Sales of far-infrared heaters, high-efficiency kilns and controlled-atmosphere furnaces for heat treating use remained strong on the back of brisk capital investment in the display and battery as well as electronic and semiconductor industries. In addition, sales of grinding machines for the iron and steel industry grew in Japan, Taiwan and China, while demand for static mixers and filtration equipment were robust. On the other hand, sales of carbide tipped circular sawing machines declined.

As a result, consolidated net sales for the Environmental Engineering Group edged up 0.1% year on year to ¥23,248 million.



Industrial Products Group

HIGH-COMPOSITE ROLLS FOR DEBURRING PRINTED WIRING BOARDS

In the key automobile, bearing and processing tools fields, Noritake is pursuing the development of products with better quality and efficiency, featuring higher-speed, high-precision processing. In the information-, telecommunication- and clean energy-related fields, Noritake focuses on the development of eco-friendly fixed grinding, grain-processing tools of high grade and high precision. Together with this, we focus on research regarding basic technologies for uniformly porous fixed grinding grain processing tools and high-flattening processing machinery.

The R&D expenditures in this group amounted to ¥513 million in the fiscal year under review.

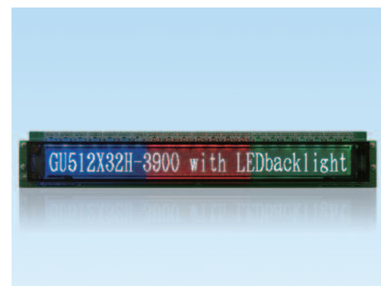
Tabletop Group

"EVENING MAJESTY" HIGH-GRADE BONE CHINA

The Tabletop Group continues to work to develop new decorating technology and enhance the quality of porcelain.

The R&D expenditures in this group totaled ¥81 million in fiscal 2008.

Electronics Group



GRAPHIC DISPLAY MODULE

In the area of elemental technology for VFD (vacuum fluorescent display), Noritake Itron Corporation is developing multiple-function VFDs, featuring higher brightness and gray scale VFD modules. In addition, Noritake is also developing eco-friendly materials such as cadmium-free fluorescent paste and has commenced mass production of cadmium-free VFDs. We continue to make every effort to improve material quality. Beyond that, the Company engages in the development of lead-free glass materials and new lead-free display devices based on VFD technology.

The R&D expenditures in this group totaled ¥627 million.

Ceramics & Materials Group

PASTE FOR ELECTRONICS

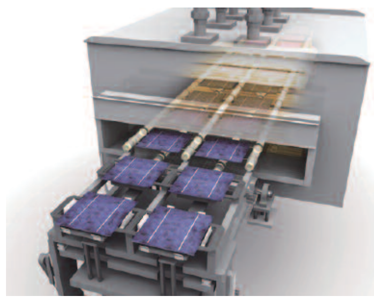
Noritake reinforced its development activities for electric paste to meet high-tech needs in the electronics and environment-related industries as well as in the ceramics-related fields, represented by electronic materials and components.

Noritake Kizai Co., Ltd. is developing various electronics materials, including super-thin-layer electric paste to meet the needs of next-generation electronic components, along with platinum paste and paste for solar batteries.

Noritake Ceramics Co., Ltd. is engaged in the development of high-density, thick-film, multi-layer substrates for automobiles and high-performance ceramic carriers for chemical plants. Noritake's consolidated subsidiary, KCM Corporation, is promoting the microparticulation of barium titanate, compounding electronic components with high-level crystallization characteristics, and the development of low-alkali ceramics for use as electrode bases, compounding materials, and raw materials for high-purity silica.

The R&D expenditures in this group totaled ¥1,431 million.

Environmental Engineering Group



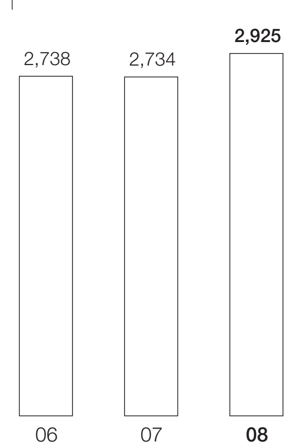
HIGH-PERFORMANCE ELECTRODE FIRING FURNACE

Noritake focuses on R&D activities in the display, battery and semiconductor industries as well as in the solar battery field. The R&D expenditures in this group amounted ¥270 million.

Based on our efforts in the reinforcement of core technologies, new product development and enhancement of development capabilities, Noritake will aim to introduce new technologies and products. In order to do so, we will actively promote joint research programs and technological exchanges with other companies and research institutes. In the environmental engineering sector, particularly for solar power-related technologies, Noritake will facilitate the development of state-of-the-art techniques in material, processing and firing technologies.

Noritake considers the improvement and establishment of basic technologies, new product development, and the enhancement of development capabilities as the pillars of its R&D endeavors. To this end, the Company will aggressively pursue technological exchanges and collaborative research with other companies and research institutions, with a focus on promoting R&D in the environmental and energy fields and on realizing new businesses and products that contribute to society.

R&D Expenditure
(Millions of yen)



OUR FUNDAMENTAL APPROACH TO CORPORATE GOVERNANCE

With the advancing globalization of business, the effects of corporate activities are being held to increasingly strict standards of corporate social responsibility. Each executive and employee of the Noritake Group is heir to the spirit of Noritake's founder, and on this basis we formulated the Noritake Group Statement of Corporate Ethics. In observing these standards and putting them into practice, each member of the Noritake Group personifies the high standards of corporate ethics that bind the Noritake Group. The Group strives to increase candor, honesty, and transparency through measures such as the disclosure of financial data on the Noritake web site.

STATUS OF THE IMPLEMENTATION OF CORPORATE GOVERNANCE MEASURES

1. Status of the Company's decision-making, executive, and oversight structures, and other corporate governance systems:

(1) Functions within the Company

The Board of Directors sets basic management policies and makes decisions with regard to legal requirements imposed on the Company and other important matters. The Board of Directors meets at least once a month. In addition, when there is a need to ensure uniformity of understanding across the entire Group, an extraordinary conference of directors that includes representatives from major Group companies can be convened.

Decisions regarding appropriation of retained earnings and other items stipulated in Article 459-1 of the Corporation Law are addressed as matters for resolution by the Board of Directors, unless otherwise stipulated by law, with the aim of being able to flexibly return profits to shareholders.

The Executive Council meets weekly to make appropriate and prompt business decisions regarding important issues, following prudent deliberation.

The tenure of directors within Noritake and the Noritake Group has been reduced to one year. The purpose of this is to make possible the active building of management systems optimally suited to today's turbulent business environment and to clarify management responsibilities anew with each fiscal year.

Noritake limits the number of directors to 18.

Noritake adopts an executive officer system to delegate business operation authority and clarify responsibilities with the aim of further reinforcing business execution based on decisions made by the Board of Directors.

Directors are elected at the Company's Annual General Meeting of Shareholders, which must be attended by shareholders with exercisable voting rights and whose total voting rights account for one-third or more of all exercisable voting rights. Furthermore, directors can only be elected by a majority vote and not by cumulative voting.

With the aim of effecting smooth operations by reducing the quorum necessary for extraordinary resolutions at the General Meeting of Shareholders, resolutions proposed for approval at the Company's Annual General Meeting of Shareholders, in accordance with the provisions of Article 309-2 of the Corporation Law, must be ratified by a two-thirds majority vote of shareholders in attendance and whose total voting rights account for one-third or more of all exercisable voting rights.

In accordance with Article 426-1 of the Corporation Law, Noritake shall exempt directors and auditors' (including former directors and auditors) from liabilities for damage that may caused by their job execution by a resolution at the Board of Directors' meeting within the limit of laws and regulations with the aim of having them fully play their expected roles.

While the "company with committees" system is recognized, Noritake has decided to use the corporate auditor system.

(2) Status of internal-control and risk-management system implementation

Noritake is working to bolster internal controls through the establishment of a Compliance Committee and other activities, with the goal of ensuring strict observance of laws and regulations. In addition, the Company is deploying risk management systems to address the management risks associated with violations of laws or regulations.

(3) Status of internal audits and audits by corporate and independent auditors

The Audit Office (comprising two personnel) serves as the Company's internal audit department and implements operational and accounting audits. Audit results are reported to the General Manager in charge of business operations, and, in the event that any significant problems are identified, the Audit Office is required to notify the Executive Committee.

The Audit Office, auditors and accounting auditors work in close collaboration to maintain the effectiveness of audit implementation. The Board of Auditors is composed of two full-time corporate auditors and two outside auditors. This board has a mandate to supervise auditors' execution of their duties and the operations and assets of Noritake and its subsidiaries. In addition, the Board of Auditors conducts audits on the basis of information received from the independent auditors regarding the Company's consolidated financial statements and financial statements.

The Company concludes limitation of liability contracts with each outside auditor in accordance with the provisions of Article 423-1 of the Corporation Law. As such, the maximum amount of liability stipulated by the aforementioned contracts is the minimum amount determined by law.

Noritake's independent auditor is KPMG AZSA & Co., as established by contractual ties. For the fiscal year under review, the Company's consolidated and non-consolidated financial statements are audited by CPAs of KPMG AZSA & Co.

Managing partners assigned to Noritake by KPMG AZSA & Co. in fiscal 2008 are as follows.

(Specified employees and managing partners)

CPA Kazunori Tajima
CPA Kanemaru Yasui
CPA Hideki Saito

(Assistants)

Eleven CPAs and eight others

2. Possible conflicts of interest or improper relationships between Noritake and its outside directors and outside auditors:

Noritake has elected no outside directors.

No improper relationships exist between Noritake and its outside auditors.

3. Status of the Company's efforts to improve corporate governance over the past year:

In order to delegate business operation authority and clarify responsibilities with the aim of further reinforcing business execution based on the decisions made by the Board of Directors, Noritake adopted an executive officer system on April 1, 2008.

Based on the Noritake Group Statement of Corporate Ethics that stipulates the basic approach to fulfilling corporate social responsibility, the Noritake Group continued to strengthen its compliance structure through its social education initiatives. Along with these efforts, the Company increased its focus on further ensuring the effectiveness of internal controls and risk management based on legal compliance through the Compliance Committee's activities.

Compensation to Directors

Compensation paid to directors and auditors:

Directors	12	¥361 million	(No outside director appointments exist)
Auditors	5	¥48 million	(Including ¥10 million to two outside auditors)

Note: These figures include compensation to one director and one auditor who retired during the fiscal year under review.

Compensation to Independent Auditors

Service-based compensation in accordance with the provisions of Article 2-1 of the Certified Public Accountants Law (Law No. 103, 1948): ¥34 million

Compensation for services other than the aforementioned, specifically, internal management advisory services related to financial reporting: ¥20 million

DIRECTORS, STATUTORY AUDITORS AND EXECUTIVE OFFICERS

(As of June 27, 2008)

CHAIRMAN

Noboru Akahane*

PRESIDENT

Hitoshi Tanemura*

DIRECTORS

Youichi Yamada
Youichi Suzuki
Kazutaka Nakayama
Minoru Murata
Kouichi Saburi
Tadashi Ogura
Kouzo Yamada
Satoru Shimazaki

*Representative Director

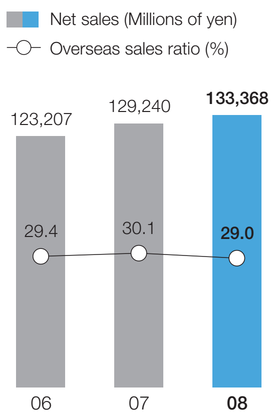
STATUTORY AUDITORS

Hiroyasu Hirozawa
Kazunari Ando
Kazuya Okamoto
Yasuji Moriyama

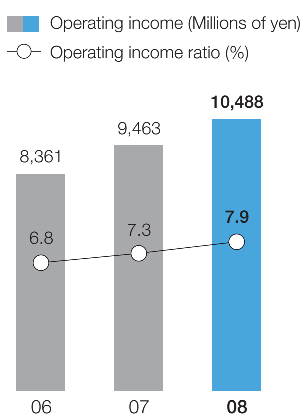
EXECUTIVE OFFICERS

Hitoshi Tanemura
Youichi Yamada
Youichi Suzuki
Kazutaka Nakayama
Minoru Murata
Kouichi Saburi
Tamio Marubayashi
Takashi Horiguchi
Kouzo Yamada
Satoru Shimazaki
Kyouji Saeki
Hisaya Ogura
Kouhei Kato
Kenji Hayasaka
Masahiro Nakagawa
Yoshitaka Mabuchi

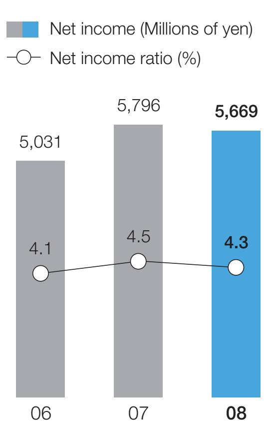
Net Sales & Overseas Sales Ratio



Operating Income & Operating Income Ratio



Net Income & Net Income Ratio



SCOPE OF CONSOLIDATION

Composed of 42 subsidiaries and seven affiliates, the Noritake Group is engaged in the manufacture and sale of products in five business groups—Industrial Products, Tabletop, Electronics, Ceramics & Materials and Environmental Engineering—as well as the provision of services related to these groups.

A brief description of the operations of each of the five business groups follows, and these group descriptions correspond to the five business segments used elsewhere in this report to describe performance.

Notes:

1. On April 1, 2008, Noritake Kizai Co., Ltd. merged with Noritake Gypsum Co., Ltd., a wholly owned subsidiary of Noritake.
2. On April 1, 2008, Noritake Engineering Co., Ltd. merged with Noritake Refractory Co., Ltd., a wholly owned subsidiary of Noritake.

INDUSTRIAL PRODUCTS GROUP

In the Industrial Products Group, grinding wheel manufacturing is performed by Noritake Bonded Abrasive Co., Ltd., four other subsidiaries, and one affiliate, while diamond tool manufacturing is the province of Noritake Super Abrasive Co., Ltd. and another subsidiary. They then supply these products to the Company. Abrasive cloth and papers are produced by subsidiary Noritake Coated Abrasive Co., Ltd. and one affiliate, and a portion of their output comes to the Company.

The Industrial Products Group's domestic and overseas sales are substantially handled by the integrated manufacturing and sales subsidiaries Noritake Bonded Abrasive Co., Ltd. and Noritake Super Abrasive Co., Ltd., with Noritake as the distributor. In addition, Zen Noritake Co., Ltd. conducts sales in the domestic market, and Noritake Co., Inc. of the United States and four other subsidiaries carry out sales in overseas markets. Noritake Coated Abrasive Co., Ltd. conducts direct sales of most of these products both in Japan and overseas.

TABLETOP GROUP

In the Tabletop Group, ceramics and other tableware are manufactured by Noritake China Mfg. Co., Ltd., two other subsidiaries, and two affiliates, who supply these products to the Company.

Noritake Tableware Co., Ltd. and another subsidiary conduct sales for the Tabletop Group in the domestic market. Noritake Co., Inc. of the United States and three other subsidiaries conduct sales in overseas markets, as does integrated manufacturing and sales subsidiary Noritake China Mfg. Co., Ltd., with the Company as the distributor.

ELECTRONICS GROUP

In the Electronics Group, Noritake Itron Corporation manufactures fluorescent display tubes and other products, which it supplies to the Company and its sales subsidiaries.

Sales in Japan and overseas markets are handled by the integrated manufacturing and sales subsidiary, Noritake Itron Corporation, with the Company as the distributor. Noritake Co., Inc. of the United States and five other subsidiaries also conduct sales for the Electronics Group in overseas markets.

CERAMICS & MATERIALS GROUP

Manufacturing in the Ceramics & Materials Group is conducted by Noritake Kizai Co., Ltd., which, together with four other subsidiaries and one affiliate, produces electronics pastes and ceramic materials and supplies them to the Company. In addition, subsidiary KCM Corporation and its subsidiaries produce ceramic materials, a portion of which is supplied to the Company.

Domestic sales are handled by subsidiary Noritake Dental Supply Co., Ltd., together with the integrated manufacturing and sales subsidiary Noritake Kizai Co., Ltd. and two other subsidiaries, with the Company as the distributor. Noritake Co., Inc. of the United States and another subsidiary conduct sales for the Ceramics & Materials Group in overseas markets. Noritake Kizai Co., Ltd. and two other subsidiaries also conduct overseas sales, with the Company as the distributor. KCM Corporation conducts direct sales of most of these products both in Japan and overseas.

ENVIRONMENTAL ENGINEERING GROUP

In the Environmental Engineering Group, Noritake Engineering Co., Ltd. and three other subsidiaries manufacture filtration equipment and supply it to the Company.

The integrated manufacturing and sales subsidiary, Noritake Engineering Co., Ltd., conducts domestic and overseas sales, with the Company as the distributor. Noritake Co., Inc. of the United States conducts sales for the

Environmental Engineering Group in overseas markets.

Service operations for the above are handled by Noritake Information Systems Co., Ltd. and another subsidiary. Two affiliates are also active in this area.

PERFORMANCE ANALYSIS

Consolidated net sales grew 3.2% year on year to ¥133,368 million, mainly due to the Company's robust performance overseas, particularly in Asia.

The cost of goods sold increased 2.4% year on year to ¥94,214 million in accordance with the net sales expansion. Selling, general and administrative expenses totaled ¥28,666 million, a 3.3% increase compared with the previous fiscal year.

Accordingly, operating income expanded 10.8% from the ¥9,463 million recorded in the previous fiscal year to ¥10,488 million.

In other income (expenses), the net financial income (interest and dividend income less interest expense) remained almost unchanged from the previous fiscal year. However, the Company posted an impairment loss on fixed assets and a loss on sales or disposal of property and equipment, which resulted in other expenses amounting to ¥317 million, compared with ¥935 million in other income recorded in the previous fiscal year.

As a result of the aforementioned, income before income taxes and minority interests totaled ¥10,171 million. After accounting for current and deferred income taxes and minority interests, net income dipped 2.2% year on year to ¥5,669 million. Based on these figures, net income per share declined to ¥38.36 from ¥39.20 in the previous fiscal year, for a return on equity of 7.2%, compared with 7.5% in the previous fiscal year.

FINANCIAL POSITION ANALYSIS

Total assets stood at ¥141,644 million, down 4.8% from the previous fiscal year-end. Current assets totaled ¥77,142 million, up 0.8% year on year, while non-current assets amounted to ¥64,502 million, down 10.8%. A major factor for the increase in current assets was an increase in inventories attributable to increased orders for equipment and other related products. The decrease in non-current assets was caused primarily by the deteriorated market value of investment securities in line with across-the-board downgrades in the prices of publicly traded shares.

Total liabilities stood at ¥55,736 million, down 9.7% year on year. Major factors for the decline included a decline in notes and accounts payable as of the end of the fiscal year under review, which is attributable to year-end holiday factors in the previous fiscal year, and a decrease in deferred tax liabilities in line with a drop in unrealized gains on available-for-sale securities.

Net assets totaled ¥85,908 million, down 1.4% year on year. A major factor for the decrease was a decline in unrealized gains on available-for-sale securities.

As a result, shareholders' equity per share stood at ¥528.40, compared with ¥536.24 for the previous fiscal year-end. The shareholders' equity ratio was 55.1%, compared with 53.3% for the previous fiscal year-end.

CASH FLOW ANALYSIS

Cash and cash equivalents on a consolidated basis at the end of the fiscal year under review saw a net decrease of ¥1,272 million to ¥12,168 million. A decrease in the amount of repayment of debt and borrowings (the sum of repayment of long-term debt and net decrease in short-term borrowings) was more than offset by increase in property, plant and equipment, a decrease in trade payables, an increase in inventories and other cash outflows.

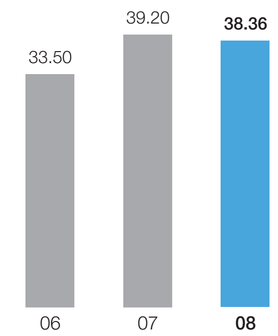
Free cash flows as of the end of the fiscal year under review totaled ¥184 million.

Cash flows and factors that affected them are discussed below.

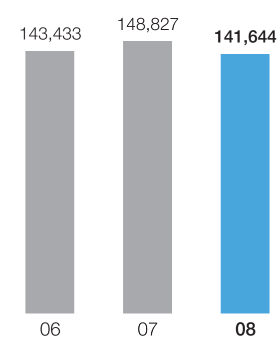
Net cash provided by operating activities decreased ¥2,527 million year on year to ¥5,781 million. Positive factors included a contraction of ¥3,234 million in increase in trade receivables, an improvement of ¥1,091 million in decrease in employee retirement benefit liability and an increase of ¥488 million in depreciation. Negative factors included an expansion of ¥875 million in increase in inventories as well as ¥2,815 million in decrease in trade payables, compared with a ¥5,649 million increase in trade payables recorded due to year-end holiday factors in the previous fiscal year.

Net cash used in investing activities increased ¥3,061 million year on year to ¥5,597 million. Positive factors included a contraction of ¥1,113 million in increase in long-term

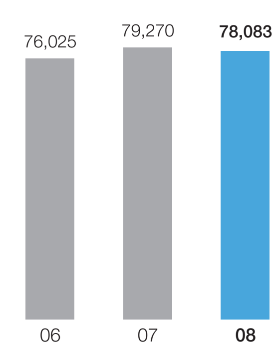
Net Income per Share
(Yen)



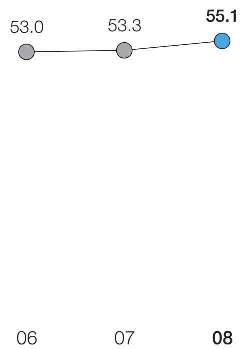
Total Assets
(Millions of yen)



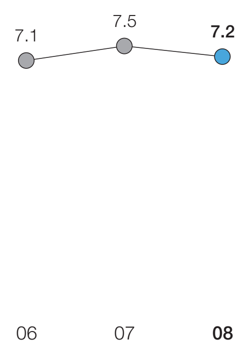
Total Shareholders' Equity
(Millions of yen)



Total Shareholders' Equity Ratio
(%)



Return on Equity
(%)



investments and loans receivable. Negative factors included an expansion of ¥1,023 million in increase in property, plant and equipment.

Net cash used in financing activities decreased ¥2,209 million year on year to ¥1,452 million. A major factor for the decrease was a decline in the amount of repayment of debt and borrowings (the sum of repayment of long-term debt and net decrease in short-term borrowings).

FINANCIAL POLICIES

The Noritake Group, in principle, funds general operations and capital expenditures by using its internal reserves and through borrowings. In particular, working capital for general operations is funded through short-term borrowings with a maturity of one year or less. In Japan, Noritake has adopted a cash management system under which the Company centrally procures funds and then allocates the procured funds to consolidated subsidiaries in need of operating funds. Overseas, individual consolidated subsidiaries adhere to the basic policy of procuring operating funds by themselves in respective local currencies.

As of March 31, 2008, the balance of short-term borrowings totaled ¥9,116 million, most of which has been denominated in yen, with the rest in four other currencies. Noritake, in principle, uses its internal reserves for capital expenditures and other long-term investments with a portion covered by long-term debt. As of March 31, 2008, the balance of long-term debt amounted to ¥6,700 million.

BUSINESS AND OTHER RISKS

Raw Material and Fuel Price Risk

The Noritake Group conducts operations centered on ceramic engineering. Like other industries, the ceramics industry is subject to manufacturing cost increases attributable to the rise in raw material and fuel prices. While continually working to improve productivity and reduce costs, Noritake is strategically implementing upward revisions of its product prices to compensate for such cost increases. However, in the event that the Company cannot carry out effective measures to deal with sudden cost increases, its business performance and financial position may be adversely affected.

Exchange Rate Fluctuation Risk

The export ratios of the Tabletop Group and the Electronics Group are high in comparison to Noritake's other business groups. Accordingly, unfavorable trends in currency exchange rates—more specifically, the yen's rapid appreciation—may negatively impact the performance of these business groups, and consequently the entire Company's performance and financial position.

Disaster Risk

The Noritake Group has a number of business bases in Japan and overseas. In the event that these business bases, particularly manufacturing bases, are damaged by earthquakes, fires and other disasters, their operations may have to be suspended for a certain period of time, and this would adversely affect Noritake's business performance and financial position.

Overseas Affairs Risk

The Noritake Group is actively promoting overseas operations. Deteriorations in public safety and security, coupled with changes in political conditions, in each of the countries where Noritake operates may restrict the Company's operations. In particular, in case of wars, civil disturbances, terrorist attacks and the like, the Company's operations may have to be suspended for a certain period of time. Should this be the case, the Noritake Group's business performance and financial position may be negatively impacted.

Technology-Related Risk

The Noritake Group is increasingly concentrating its management resources in such growth fields as the electronics, semiconductors and energy industries. These industries are characterized by the rapid pace of their technological innovation and dynamic demand fluctuations, which cause participants in these industries to experience technology and product obsolescence at shorter intervals than other industries. Accordingly, in the event that Noritake fails to launch new products in a timely manner, its business performance and financial position may be negatively affected.

Risks and factors that could have adverse effects on the Noritake Group's business performance and financial position are not limited to those described above. The analysis of risks is based on information available to the Company's management as of March 31, 2008.

CONSOLIDATED BALANCE SHEETS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Assets:			
Current assets:			
Cash and cash equivalents	¥ 12,168	¥ 13,440	$ 121,680
Short-term investments (Note 5)	1,136	1,205	11,360
Notes and accounts receivable, net of allowance for doubtful accounts (Note 3)	39,409	39,292	394,090
Inventories (Note 4)	20,176	18,183	201,760
Deferred tax assets (Note 11)	1,539	1,527	15,390
Other current assets	2,714	2,892	27,140
Total current assets	77,142	76,539	771,420
Investments and other assets:			
Investment securities (Note 5)	22,653	31,822	226,530
Investments in unconsolidated subsidiaries and affiliates	623	576	6,230
Deferred tax assets (Note 11)	1,813	1,611	18,130
Other	4,090	3,637	40,900
Total investments and other assets	29,179	37,646	291,790
Property, plant and equipment:			
Land	13,182	13,223	131,820
Buildings and structures	35,728	34,995	357,280
Machinery and equipment	51,661	49,547	516,610
Construction in progress	838	244	8,380
Total property, plant and equipment	101,409	98,009	1,014,090
Less, accumulated depreciation	(66,086)	(63,367)	(660,860)
Net property, plant and equipment	35,323	34,642	353,230
Total assets	¥141,644	¥148,827	$1,416,440
Liabilities:			
Current liabilities:			
Short-term borrowings (Note 7)	¥ 9,117	¥ 9,111	$ 91,170
Current portion of long-term debt (Note 7)	900	—	9,000
Notes and accounts payable (Note 6)	21,693	24,504	216,930
Accrued expenses	2,818	2,898	28,180
Income taxes payable	2,367	2,084	23,670
Other current liabilities	1,584	1,394	15,840
Total current liabilities	38,479	39,991	384,790
Long-term liabilities:			
Long-term debt (Note 7)	6,700	7,600	67,000
Employee retirement benefit liability (Note 8)	4,217	4,233	42,170
Accrued severance indemnities for directors and corporate auditors	877	787	8,770
Deferred tax liabilities (Note 11)	5,282	8,895	52,820
Other non-current liabilities	181	213	1,810
Total long-term liabilities	17,257	21,728	172,570
Total liabilities	55,736	61,719	557,360
Net assets (Note 10):			
Shareholders' equity:			
Common stock: 397,500,000 shares authorized; 158,428,497 shares issued	15,632	15,632	156,320
Capital surplus	18,835	18,835	188,350
Retained earnings	45,521	41,182	455,210
Less, treasury stock, at cost: 10,656,361 shares in 2008; 10,603,735 shares in 2007	(5,170)	(5,142)	(51,700)
Total shareholders' equity	74,818	70,507	748,180
Accumulated gains from valuation and translation adjustments	3,265	8,763	32,650
Minority interests	7,825	7,838	78,250
Total net assets	85,908	87,108	859,080
Total liabilities and net assets	¥141,644	¥148,827	$1,416,440

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Operating revenue:			
Net sales (Note 12)	¥133,368	¥129,240	$1,333,680
Operating costs and expenses (Note 12)**:**			
Cost of goods sold	94,214	92,034	942,140
Selling, general and administrative expenses	28,666	27,743	286,660
	122,880	119,777	1,228,800
Operating income	10,488	9,463	104,880
Other income (expenses):			
Interest and dividend income	522	471	5,220
Interest expense	(183)	(133)	(1,830)
Impairment loss on fixed assets	(336)	—	(3,360)
(Loss) gain on sale or disposal of property and equipment	(177)	827	(1,770)
Extraordinary severance pay to employees under early retirement plan	(156)	(274)	(1,560)
Other, net	13	44	130
	(317)	935	(3,170)
Income before income taxes and minority interests	10,171	10,398	101,710
Income taxes:			
Current	3,811	3,641	38,110
Deferred	70	457	700
Total income taxes	3,881	4,098	38,810
Less, minority interests in net income of consolidated subsidiaries:	621	504	6,210
Net income	¥ 5,669	¥ 5,796	$ 56,690
	Yen		U.S. dollars (Note 1)
Per share:			
Net income	¥ 38.36	¥ 39.20	$ 0.38
Cash dividends	9.00	9.00	0.09

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2008 and 2007

	Number of shares of common stock issued	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
						Millions of yen
Balance at March 31, 2006	158,428,497	¥ 15,632	¥ 18,834	¥ 36,720	¥ (5,101)	¥ 66,085
Net income for the year	—	—	—	5,796	—	5,796
Cash dividends	—	—	—	(1,331)	—	(1,332)
Bonuses to directors	—	—	—	(3)	—	(2)
Fractional shares acquired, net	—	—	1	—	(41)	(40)
Net changes other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2007	158,428,497	15,632	18,835	41,182	(5,142)	70,507
Net income for the year	—	—	—	5,669	—	5,669
Cash dividends	—	—	—	(1,330)	—	(1,330)
Fractional shares acquired, net	—	—	—	—	(28)	(28)
Net changes other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2008	158,428,497	¥ 15,632	¥ 18,835	¥ 45,521	¥ (5,170)	¥ 74,818
						Thousands of U.S. dollars (Note 1)
Balance at March 31, 2007		$156,320	$188,350	$411,820	$(51,420)	$705,070
Net income for the year		—	—	56,690	—	56,690
Cash dividends		—	—	(13,300)	—	(13,300)
Fractional shares acquired, net		—	(0)	—	(280)	(280)
Net changes other than shareholders' equity		—	—	—	—	—
Balance at March 31, 2008		$156,320	$188,350	$455,210	$(51,700)	$748,180

	Accumulated gains from valuation and translation adjustments				
	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustment	Total accumulated gains from valuation and translation adjustments	Minority interests	Total net assets
					Millions of yen
Balance at March 31, 2006	¥ 13,992	¥ (4,052)	¥ 9,940	¥ 7,601	¥ 83,626
Net income for the year	—	—	—	—	5,796
Cash dividends	—	—	—	—	(1,332)
Bonuses to directors	—	—	—	—	(2)
Fractional shares acquired, net	—	—	—	—	(40)
Net changes other than shareholders' equity	(1,647)	470	(1,177)	237	(940)
Balance at March 31, 2007	12,345	(3,582)	8,763	7,838	87,108
Net income for the year	—	—	—	—	5,669
Cash dividends	—	—	—	—	(1,330)
Fractional shares acquired, net	—	—	—	—	(28)
Net changes other than shareholders' equity	(5,429)	(69)	(5,498)	(13)	(5,511)
Balance at March 31, 2008	¥ 6,916	¥ (3,651)	¥ 3,265	¥ 7,825	¥ 85,908
					Thousands of U.S. dollars (Note 1)
Balance at March 31, 2007	$123,450	$(35,820)	$ 87,630	$78,380	$871,080
Net income for the year	—	—	—	—	56,690
Cash dividends	—	—	—	—	(13,300)
Fractional shares acquired, net	—	—	—	—	(280)
Net changes other than shareholders' equity	(54,290)	(690)	(54,980)	(130)	(55,110)
Balance at March 31, 2008	$ 69,160	$(36,510)	$ 32,650	$78,250	$859,080

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2008 and 2007

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes and minority interests	¥10,171	¥10,398	$101,710
Adjustments for:			
Depreciation	3,971	3,483	39,710
Impairment loss on fixed assets	336	—	3,360
Decrease in employee retirement benefit liability	(9)	(1,100)	(90)
Loss (gain) on sales or disposal of property and equipment	177	(827)	1,770
Increase in trade receivables	(210)	(3,444)	(2,100)
Increase in inventories	(2,024)	(1,149)	(20,240)
(Decrease) increase in trade payables	(2,815)	5,649	(28,150)
Other, net	(598)	(2,258)	(5,980)
Sub-total	8,999	10,752	89,990
Interest and dividends received	524	474	5,240
Interest paid	(181)	(120)	(1,810)
Income taxes paid	(3,561)	(2,798)	(35,610)
Net cash provided by operating activities	5,781	8,308	57,810
Cash flows from investing activities:			
Increase in property, plant and equipment	(4,985)	(3,962)	(49,850)
Increase in long-term investments and loans receivable	(507)	(1,620)	(5,070)
Purchase of additional shares of consolidated subsidiaries	(306)	(79)	(3,060)
Decrease in property and long-term investments	80	3,851	800
Decrease (increase) in short-term investments	37	(784)	370
Other, net	84	58	840
Net cash used in investing activities	(5,597)	(2,536)	(55,970)
Cash flows from financing activities:			
Increase in long-term debt	—	4,400	—
Repayment of long-term debt	—	(1,900)	—
Net increase (decrease) in short-term borrowings	6	(4,685)	60
Dividends paid	(1,330)	(1,330)	(13,300)
Purchase of treasury stock and fractional shares	(33)	(47)	(330)
Other, net	(95)	(99)	(950)
Net cash used in financing activities	(1,452)	(3,661)	(14,520)
Effect of exchange rate changes on cash and cash equivalents	(4)	119	(40)
Net (decrease) increase in cash and cash equivalents	(1,272)	2,230	(12,720)
Cash and cash equivalents at beginning of year	13,440	11,210	134,400
Cash and cash equivalents at end of year	¥12,168	¥13,440	$121,680

See accompanying Notes to Consolidated Financial Statements.

NOTE 1. BASIS OF CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements of NORITAKE CO., LIMITED (the "Company") and its consolidated subsidiaries (together with the Company, the "Noritake Group") have been prepared in accordance with the provisions set forth in the Financial Instrument and Exchange Law of Japan and its related accounting regulations and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards.

The accounts of the Company's overseas subsidiaries are based on accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instrument and Exchange Law of Japan. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollar amounts has been included solely for the convenience of readers outside Japan, using the prevailing approximate exchange rate at March 31, 2008, which was ¥100 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and its significant subsidiaries. Investments in significant unconsolidated subsidiaries and affiliates are accounted for by the equity method. Investments in unconsolidated subsidiaries and affiliates not accounted for by the equity method are stated at cost. The differences between the acquisition cost of investments in subsidiaries and the underlying equity in the net assets adjusted based on the fair value at the time of acquisition are principally deferred as goodwill or negative goodwill and amortized over five years on a straight-line basis. All inter-company accounts and transactions have been eliminated on consolidation.

The number of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2008 and 2007 was as follows:

	2008	2007
Consolidated subsidiaries:		
Domestic	24	24
Overseas	14	14
Affiliates, accounted for by the equity method	2	2
Unconsolidated subsidiaries, stated at cost	4	4
Affiliates, stated at cost	5	5

The Company's overseas consolidated subsidiaries close their books on December 31 every year, three months earlier than the Company and the domestic consolidated subsidiaries. The Company has consolidated these subsidiaries' financial statements as of their December 31 year-end, because the difference between this fiscal year-end and that of the Company and the domestic consolidated subsidiaries was not more than three months. Significant transactions during the period between these subsidiaries' year-end and the Company's year-end are adjusted on consolidation.

The overseas consolidated subsidiaries adopt accounting principles generally accepted in their respective countries. No adjustments to conform to accounting principles generally accepted in Japan have been made to their financial statements on consolidation, as there are no significant differences between accounting principles generally accepted in these countries and those accepted in Japan and such accounting treatment is allowed under Japanese GAAP effective at the current fiscal year-end.

(b) Accounting standard for presentation of net assets in the balance sheet

Effective from the year ended March 31, 2007, the Noritake Group adopted the accounting standard, "Accounting Standard for Presentation of Net Assets in the Balance Sheet" (Statement No. 5 issued by the Accounting Standards Board of Japan ("ASBJ")), and the implementation guidance for the accounting standard for presentation of net assets in the balance sheet (ASBJ Guidance No. 8.)

The consolidated balance sheets prepared in accordance with these standards comprise three sections, which are the assets, liabilities and net assets sections. The consolidated balance sheets reported pursuant to the previous presentation rules comprised the assets, liabilities, minority interests and shareholders' equity sections. Under the previous presentation rules, companies were required to present minority interests between the non-current liabilities and the shareholders' equity sections. If the previous accounting method had been applied for the consolidated balance sheet as of March 31, 2007, shareholders' equity would have amounted to ¥79,270 million.

(c) Cash equivalents
The Noritake Group considers cash equivalents to be highly liquid debt instruments purchased with an original maturity of three months or less.

(d) Investments and marketable securities
The Noritake Group classifies certain investments in debt and equity securities as "held-to-maturity," "trading" or "available-for-sale," whose classification determines the respective accounting method as stipulated by the accounting standard for financial instruments. According to the investment policy of the Noritake Group, the Noritake Group's securities portfolio is classified as available-for-sale securities other than trading or held-to-maturity. The accounting standard requires that available-for-sale securities for which market quotations are available at fair value be stated and net unrealized gains or losses on such securities be recorded as a component of net assets, net of applicable income taxes. Gains and losses on the disposition of marketable securities are computed by the moving-average method. Available-for-sale securities that are nonmarketable and without available market quotations are carried at cost determined by the moving-average method. Adjustments in carrying values of individual investment securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(e) Accounting for derivatives
The Noritake Group is a party to derivative instruments such as foreign exchange forward contracts or interest rate swap contracts in the ordinary course of business to reduce its exposure to fluctuations in exchange rates and interest rates for hedge purposes. These transactions include certain anticipated export sales and import purchases for which foreign exchange forward contracts are used and which bank borrowings for interest rate swap contracts are used. The Noritake Group is also exposed to credit loss in the event of nonperformance by the other parties. However, the Noritake Group does not expect such nonperformance by the counterparties, because the Noritake Group enters into derivative transactions only with major banks with relatively high credit ratings.

Foreign exchange forward contracts are accounted for by translating foreign currency denominated assets and liabilities at such contract rates as an interim measure, if certain hedging criteria are met. According to the special treatment permitted by the accounting standard for financial instruments, hedging interest rate swap contracts are accounted for on an accrual basis and recorded net of interest expense generated from borrowings, hedged items, if certain conditions are met. In addition, during the year ended March 31, 2008, the Company entered into a derivative contract to hedge risk associated with the occurrence of an earthquake. As the fair value of such a contract is not considered determinable, that derivative contract has not been accounted for at fair value.

(f) Inventories
Inventories are stated at cost, determined principally by the first-in, first-out method.

(g) Allowance for doubtful accounts
The allowance for doubtful accounts has been provided for in the aggregate amount of estimated credit loss based on the individual financial review approach for doubtful or troubled receivables and a general reserve for other receivables based on the historical loss experience for a certain past period.

(h) Property, plant and equipment and depreciation
Property, plant and equipment, including significant renewals and additions, are stated at cost, and are depreciated principally by the straight-line method for overseas consolidated subsidiaries and by the declining-balance method for the Company and its domestic consolidated subsidiaries at rates based on the estimated useful life of the assets. Buildings of the Company and its domestic consolidated subsidiaries acquired on and after April 1, 1998, however, are depreciated by the straight-line method.

In accordance with the amendment of the Corporation Tax Law of Japan, effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on and after April 1, 2007, to the method provided by the amended Corporation Tax Law of Japan. As a result, operating income and income before income taxes and minority interests decreased by ¥156 million ($1,560 thousand), respectively, for the year ended March 31, 2008, as compared with the previous accounting method.

As for property, plant and equipment acquired before April 1, 2007, the Company and its domestic consolidated subsidiaries previously depreciated up to the depreciable limit of 5% of the acquisition cost in accordance with the Corporation Tax Law of Japan. Effective from the year ended March 31, 2008, the residual value is depreciated over five years using the straight-line method from the fiscal year following the year in which the depreciable limit is reached pursuant to the amended Corporation Tax Law of Japan. As a result, operating income and income before income taxes and minority interests decreased by ¥178 million ($1,780 thousand), respectively, for the year ended March 31, 2008, as compared with the previous accounting method.

Repairs and maintenance expenses are charged to current operations as incurred.

(i) Leases
Where financing leases do not transfer ownership of the leased property to the lessee during the term of the lease, the leased property of the Company and its domestic consolidated subsidiaries is not capitalized and the related rental and lease expenses are charged to income as incurred a method accepted by the "Opinion Concerning Accounting Standard for Leases" issued by the Business Accounting Council of Japan ("BACJ") and the related practical guideline issued by the Japanese Institute of Certified Public Accountants.

(j) Accounting standard for impairment of fixed assets
The Company and its domestic consolidated subsidiaries adopted the "Accounting Standard for Impairment of Fixed Assets" issued by BACJ and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss should be recognized in the income statement by reducing the carrying amount of the impaired asset or a group of assets to the recoverable amount, measured as the higher of the asset's net selling price or value in use. Fixed assets include land, plants, buildings and other forms of property, as well as intangible assets, and are to be grouped at the lowest level for which there are identifiable cash flows from other groups of assets. For the purpose of recognition and measurement of an impairment loss, fixed assets of the Company and its domestic consolidated subsidiaries are principally grouped into cash-generating units based on the business division under the managerial accounting classification. The Noritake Group determines if assets are impaired by comparing their undiscounted expected cash flows to the carrying amounts in the accounting records. An impairment loss is recognized if undiscounted expected cash flows are less than the carrying amount of the asset. Recoverable amounts are measured based on net selling prices primarily from appraisal valuations.

While the Noritake Group recorded no impairment loss for the year ended March 31, 2007, the Noritake Group recognized impairment loss for the year ended March 31, 2008 as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings	¥201	$2,010
Machinery and equipment	27	270
Land	56	560
Other	52	520
	¥336	$3,360

(k) Employee retirement benefits
Employees who terminate their service with the Noritake Group are entitled to retirement benefits generally determined by reference to current basic rates of pay, length of service and the conditions under which the termination occurred. The Company has a lump-sum retirement benefit plan and has also established a defined benefit pension plan, which covers approximately 68 % of retirement benefits for employees of the Company who retire at the compulsory retirement age after five years or more of service. Some of the Company's principal consolidated subsidiaries have similar retirement benefit plans.

The Noritake Group principally recognizes retirement benefits, including pension cost and related liability, based on the actuarial present value of the projected benefit obligation using actuarial appraisal approach and the fair value of pension plan assets available for benefits at the respective fiscal year-ends. Unrecognized actuarial differences as changes in the projected benefit obligation or pension plan assets resulting from the experience different from that assumed and from changes in assumptions are amortized on a straight-line basis over ten years, a period within the average remaining service years of employees, from the next year in which they arise. Past service cost is recognized in a single year as incurred.

(l) Accrued severance indemnities for directors and corporate auditors
The Noritake Group may pay severance indemnities to directors and corporate auditors, subject to the approval of the shareholders. The Noritake Group has provided for this liability at the amount which would be payable assuming all directors and corporate auditors terminated their service at the respective balance sheet dates.

(m) Translation of foreign currency accounts
Receivables, payables and securities, other than stocks of subsidiaries and certain other securities, are translated into Japanese yen at the exchange rate effective at the fiscal year-end. Transactions in foreign currencies are recorded based on the prevailing exchange rate on the transaction date. Resulting translation gains or losses are included in current earnings.

In respect to financial statement items of overseas consolidated subsidiaries, all asset and liability accounts are translated into yen by applying the exchange rate in effect at the fiscal year-end. All income and expense accounts are translated at the average rate of exchange for the fiscal year. Translation differences, after allocating portions attributable to minority interests, are reported as foreign currency translation adjustment in a component of net assets in the accompanying consolidated balance sheets.

(n) Research and development expenses
Expenses related to research and development activities are charged to income as incurred. Such research and development expenses were included in cost of goods sold and selling, general and administrative expenses in the accompanying consolidated statements of income and amounted to ¥2,925 million ($29,250 thousand) and ¥2,734 million for the years ended March 31, 2008 and 2007, respectively.

(o) Enterprise taxes
The Noritake Group calculates and records enterprise taxes based on the "added value" and "capital" amounts when levied as size-based corporate taxes for local government enterprise taxes, and records them in selling, general and administrative expenses.

(p) Income taxes
Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized as the future tax consequences attributable to differences between the carrying amounts of existing assets and liabilities and their respective tax bases and operating loss carryforwards. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of a change in tax rates on deferred tax assets and liabilities is recognized in the period that includes the enactment date.

(q) Accounting standard for directors' bonus
From the year ended March 31, 2008, the Noritake Group adopted the "Accounting Standard for Directors' Bonus (ASBJ Statement No. 4)" issued by ASBJ. The standard requires that the directors' bonuses, including those for corporate auditors, be accounted for as an expense of the accounting period in which the bonuses accrued. Until the year ended March 31, 2007, bonuses to directors were recorded as a part of the appropriation of retained earnings in the fiscal year when proposed appropriation of retained earnings for directors' bonuses was approved by the Board of Directors and/or shareholders. This accounting change resulted in no material effect on the consolidated financial statements.

(r) Appropriation of retained earnings
Cash dividends are recorded in the fiscal year when a proposed appropriation of retained earnings is approved by the Board of Directors and/or shareholders. See Note 2(q) for the accounting for bonuses to directors.

(s) Per share data
Net income per share is computed by dividing income available to common shareholders by the weighted-average number of shares of common stock outstanding during the respective year. Diluted net income per share is not disclosed, as the Noritake Group had no diluted common shares for the years ended March 31, 2008 or 2007. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective year.

NOTE 3. NOTES AND ACCOUNTS RECEIVABLE

As of March 31, 2008 and 2007, notes and accounts receivable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Trade notes receivable	¥ 8,955	¥ 9,061	$ 89,550
Trade accounts receivable	30,150	29,834	301,500
Other	490	602	4,900
Less, allowance for doubtful accounts	(186)	(205)	(1,860)
	¥39,409	¥39,292	$394,090

NOTE 4. INVENTORIES

As of March 31, 2008 and 2007, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Merchandise and finished goods	¥ 9,135	¥ 8,775	$ 91,350
Work-in-process	7,307	6,234	73,070
Raw materials and supplies	3,734	3,174	37,340
	¥20,176	¥18,183	$201,760

NOTE 5. INVESTMENTS

As of March 31, 2008 and 2007, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2008 and 2007, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Marketable securities:			
Equity securities	¥22,113	¥31,271	$221,130
Other nonmarketable securities	540	551	5,400
	¥22,653	¥31,822	$226,530

Marketable securities classified as available-for-sale are stated at fair value with unrealized gains and losses, which are excluded from current earnings and reported as a net amount within the net assets account until realized. As of March 31, 2008 and 2007, gross unrealized gains and losses for marketable securities were summarized as follows:

	Cost	Gross unrealized gains	Gross unrealized losses	Fair and carrying value
				Millions of yen
Available-for-sale equity securities:				
As of March 31, 2008	¥ 10,463	¥ 11,718	¥ (68)	¥ 22,113
As of March 31, 2007	9,999	21,286	(14)	31,271
				Thousands of U.S. dollars
Available-for-sale equity securities:				
As of March 31, 2008	$104,630	$117,180	$(680)	$221,130

The Noritake Group sold available-for-sale securities and recorded net gains of ¥28 million ($280 thousand) and ¥38 million for the years ended March 31, 2008 and 2007, respectively. During the year ended March 31, 2008 and 2007, the Noritake Group recorded a loss on the write-down of available-for-sale securities due to other-than-temporary impairment in value amounting to ¥37 million ($370 thousand) and ¥12 million, respectively.

NOTE 6. NOTES AND ACCOUNTS PAYABLE

As of March 31, 2008 and 2007, notes and accounts payable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Trade notes payable	¥11,599	¥13,640	$115,990
Trade accounts payable	8,849	9,826	88,490
Other	1,245	1,038	12,450
	¥21,693	¥24,504	$216,930

NOTE 7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

As of March 31, 2008 and 2007, short-term borrowings principally consisted of unsecured bank overdrafts and bank loans with interest at rates ranging from 1.127% to 18.00% per annum.

As of March 31, 2008 and 2007, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Unsecured loans from banks and insurance companies due through April 2013 with interest at rates ranging from 0.86% to 1.58% per annum at March 31, 2008	¥7,600	¥7,600	$76,000
Less, current portion	(900)	—	(9,000)
	¥6,700	¥7,600	$67,000

The aggregate annual maturities of long-term debt are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2009	¥ 900	$ 9,000
2010	2,300	23,000
2011	1,400	14,000
2012	—	—
2013	—	—
Thereafter	3,000	30,000
	¥7,600	$76,000

As is customary in Japan, substantially all bank borrowings are subject to general agreements which provide, among other things, that the banks may under certain circumstances request additional security for these loans and may treat any security so furnished, as well as cash deposited with them, as security for all present and future indebtedness. The banks have never requested the Company or its subsidiaries to submit such additional security. Also, as is customary in Japan, the Company and certain of its subsidiaries may have time deposits with the banks from which they have short-term and long-term borrowings. However, there are no agreements with any banks which would require maintaining such deposits.

NOTE 8. EMPLOYEE RETIREMENT BENEFITS

The Noritake Group has defined benefit pension plans and lump-sum retirement benefit plans which substantially cover all employees.

The following table reconciles the benefit liability and net periodic retirement benefit expense as of and for the years ended March 31, 2008 and 2007:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Reconciliation of benefit liability:			
Projected benefit obligation	¥ 22,001	¥ 22,656	$ 220,010
Less, fair value of pension plan assets at end of year	(17,600)	(22,225)	(176,000)
Projected benefit obligation in excess of pension plan assets	4,401	431	44,010
Unrecognized actuarial differences	(2,937)	1,664	(29,370)
	1,464	2,095	14,640
Prepaid pension cost	2,753	2,138	27,530
Balance of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 4,217	¥ 4,233	$ 42,170

Note: 1. The projected benefit obligation of certain subsidiaries with less than 300 employees was calculated using the simplified calculation method permitted by the accounting standard for employee retirement benefits.

2. Some of the Company's consolidated subsidiaries participate in a certain corporate pension plan under a multi-employer pension program established by other employers, together with the subsidiaries. As information regarding whether the pension plan assets have been reasonably calculated based on the proportion of contributions made by the subsidiaries is not available, the Noritake Group records the required contributions as net periodic retirement benefit expense for the period in accordance with the amended accounting standard for employee retirement benefits (ASBJ Statement No. 14). The above table excluded the portion of the pension plan assets under the multi-employer pension program. Information regarding the funded status of the entire corporate pension plan available as of the latest calculation period-end was as follows:

	Millions of yen	Thousands of U.S. dollars
Pension plan assets at March 31, 2007	¥ 132,459	$ 1,324,590
Related benefit obligation under the program	(139,971)	(1,399,710)
Difference, resulting primarily from unamortized past service cost	¥ (7,512)	$ (75,120)
Ratio of subsidiaries' contributions to the total contributions to the entire plan	2.8%	

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Components of net periodic retirement benefit expense:			
Service cost	¥1,108	¥ 998	$11,080
Interest cost	406	420	4,060
Expected return on pension plan assets	(232)	(212)	(2,320)
Amortization of actuarial differences	98	(247)	980
Amortization of past service cost	—	(138)	—
Net periodic retirement benefit expense	¥1,380	¥ 821	$13,800

Major assumptions used in the calculation of the above information for the years ended March 31, 2008 and 2007 were as follows:

	2008	2007
Method attributing the projected benefits to periods of services	Straight-line method	Straight-line method
Discount rate	2.0%	2.0%
Expected rate of return on pension plan assets	2.0%	2.0%
Amortization of actuarial differences	10 years	10 years
Amortization of past service cost	—	1 year

NOTE 9. LEASE COMMITMENTS

As lessee, the Noritake Group has entered into various rental and lease agreements principally for office spaces which are noncancelable or cancelable with a few months' advance notice. The Noritake Group also leases machinery, office equipment, and vehicles under leases which are not usually cancelable as lessee. The aggregate future minimum payments for noncancelable financing leases, including imputed interest, and operating leases as of March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Financing leases:			
Due within one year	¥223	¥308	$2,230
Due after one year	264	343	2,640
	¥487	¥651	$4,870
Operating leases:			
Due within one year	¥147	¥184	$1,470
Due after one year	135	340	1,350
	¥282	¥524	$2,820

The gross rental and lease expenses, consisting of minimum rental payments for all financing leases and operating leases, for the years ended March 31, 2008 and 2007 were ¥1,247 million ($12,470 thousand) and ¥1,343 million, respectively. For the years ended March 31, 2008 and 2007, the lease expenses for noncancelable lease agreements which were categorized as financing leases amounted to ¥315 million ($3,150 thousand) and ¥420 million, respectively.

NOTE 10. NET ASSETS

The Japanese Corporate Law ("the Law") became effective on May 1, 2006, replacing the former Japanese Commercial Code. The Law is generally applicable to events and transactions occurring after April 30, 2006 and for fiscal years ending after that date.

Under Japanese laws and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the issue price of the new shares as additional paid-in capital, which is included in capital surplus.

Under the Law, in cases in which a dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve. Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets. Under the Law, legal earnings reserve and additional paid-in capital can be used to eliminate or reduce a deficit by a resolution of the shareholders' meeting. Additional paid-in capital and legal earnings reserve may not be distributed as dividends. All additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

At March 31, 2008 and 2007, respectively, capital surplus principally consisted of additional paid-in capital. In addition, retained earnings included legal earnings reserve of the Company in the amount of ¥3,480 million ($34,800 thousand) as of March 31, 2008 and 2007, respectively.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with Japanese laws and regulations.

During the year ended March 31, 2008, the Company paid interim dividends of ¥4.50 per share, amounting to ¥665 million ($6,650 thousand.) In addition, on May 9, 2008, the cash dividends for appropriation of retained earnings amounting to ¥664 million ($6,640 thousand, ¥4.50 per share) were resolved by the Board of Directors of the Company. The appropriation was not accrued in the consolidated financial statements as of March 31, 2008. Such appropriations are recognized in the period in which they are approved by the shareholders.

NOTE 11. INCOME TAXES

The tax effects of temporary differences that gave rise to a significant portion of deferred tax assets and liabilities as of March 31, 2008 and 2007, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Inter-company profits on sales	¥ 257	¥ 252	$ 2,570
Inter-company unrealized gains on property	420	420	4,200
Enterprise tax accruals	206	204	2,060
Accrued bonuses to employees	501	537	5,010
Employee retirement benefit liability	4,471	4,857	44,710
Accrued severance indemnities for directors and corporate auditors	363	328	3,630
Inventories	173	139	1,730
Operating loss carryforwards	476	531	4,760
Other	1,986	1,894	19,860
Less, valuation allowance	(1,541)	(1,767)	(15,410)
Total deferred tax assets	7,312	7,395	73,120
Deferred tax liabilities:			
Gain on transfer of investment securities to trusts for retirement benefit plans	3,289	3,289	32,890
Unrealized gains on available-for-sale securities	4,372	8,271	43,720
Other	1,581	1,592	15,810
Total deferred tax liabilities	9,242	13,152	92,420
Net deferred tax liabilities	¥ 1,930	¥ 5,757	$ 19,300

As of March 31, 2008 and 2007, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
Deferred tax assets:			
Current	¥1,539	¥1,527	$15,390
Non-current	1,813	1,611	18,130
Deferred tax liabilities:			
Non-current	5,282	8,895	52,820

In assessing the realizability of deferred tax assets, management of the Noritake Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible. At March 31, 2008 and 2007, a valuation allowance was provided to reduce deferred tax assets to the extent that the management believes that the amount of the deferred tax assets is expected to be realizable.

Reconciliation of the differences between the Japanese statutory effective tax rate and the actual effective income tax rate on pretax income reflected in the accompanying consolidated statements of income for the year ended March 31, 2008 was as follows:

	Percentage of pretax income
Japanese statutory effective tax rate	40.6%
Increase (decrease) due to:	
Permanently non-deductible expenses	0.8
Tax exempt income	(0.8)
Local minimum taxes per capita levy	0.5
Differences between Japanese and foreign tax rates	(0.6)
Changes in valuation allowances	0.6
Tax credit for research and development expenses	(2.4)
Other	(0.5)
Actual effective income tax rate	38.2%

The reconciliation for the year ended March 31, 2007 was not disclosed; because the difference was not material.

NOTE 12. SEGMENT INFORMATION

A summary of information classified by lines of business of the Noritake Group for the years ended March 31, 2008 and 2007 is as follows:

	Industrial Products	Tabletop	Electronics	Ceramics & Materials	Environmental Engineering	Total	Elimination	Consolidated
								Millions of yen
For the year 2008:								
Operating revenue—Net sales:								
External customers	¥ 46,528	¥ 17,723	¥ 12,677	¥ 33,192	¥ 23,248	¥ 133,368	¥ —	¥ 133,368
Inter-segment sales/transfers	32	57	0	1,033	586	1,708	(1,708)	—
	46,560	17,780	12,677	34,225	23,834	135,076	(1,708)	133,368
Operating costs and expenses	40,033	17,251	11,885	29,739	21,379	120,287	2,593	122,880
Operating income	¥ 6,527	¥ 529	¥ 792	¥ 4,486	¥ 2,455	¥ 14,789	¥ (4,301)	¥ 10,488
Identifiable assets	¥ 34,572	¥ 15,489	¥ 9,550	¥ 30,714	¥ 16,273	¥ 106,598	¥ 35,046	¥ 141,644
Depreciation	1,257	691	567	971	213	3,699	272	3,971
Impairment loss on fixed assets	—	280	—	—	—	280	56	336
Capital expenditures	1,503	710	393	1,793	194	4,593	492	5,085
For the year 2007:								
Operating revenue—Net sales:								
External customers	¥ 45,324	¥ 19,343	¥ 12,430	¥ 28,926	¥ 23,217	¥ 129,240	¥ —	¥ 129,240
Inter-segment sales/transfers	41	57	0	1,142	562	1,802	(1,802)	—
	45,365	19,400	12,430	30,068	23,779	131,042	(1,802)	129,240
Operating costs and expenses	38,876	18,681	11,730	26,509	21,832	117,628	2,149	119,777
Operating income	¥ 6,489	¥ 719	¥ 700	¥ 3,559	¥ 1,947	¥ 13,414	¥ (3,951)	¥ 9,463
Identifiable assets	¥ 33,086	¥ 16,651	¥ 9,498	¥ 31,213	¥ 15,008	¥ 105,456	¥ 43,371	¥ 148,827
Depreciation	1,141	552	523	809	171	3,196	287	3,483
Impairment loss on fixed assets	—	—	—	—	—	—	—	—
Capital expenditures	1,138	738	679	679	465	3,699	381	4,080

	Industrial Products	Tabletop	Electronics	Ceramics & Materials	Environmental Engineering	Total	Elimination	Consolidated
								Thousands of U.S. dollars
For the year 2008:								
Operating revenue—Net sales:								
External customers	$465,280	$177,230	$126,770	$331,920	$232,480	$1,333,680	$ —	$1,333,680
Inter-segment sales/transfers	320	570	0	10,330	5,860	17,080	(17,080)	—
	465,600	177,800	126,770	342,250	238,340	1,350,760	(17,080)	1,333,680
Operating costs and expenses	400,330	172,510	118,850	297,390	213,790	1,202,870	25,930	1,228,800
Operating income	$ 65,270	$ 5,290	$ 7,920	$ 44,860	$ 24,550	$ 147,890	$ (43,010)	$ 104,880
Identifiable assets	$345,720	$154,890	$ 95,500	$307,140	$162,730	$1,065,980	$350,460	$1,416,440
Depreciation	12,570	6,910	5,670	9,710	2,130	36,990	2,720	39,710
Impairment loss on fixed assets	—	2,800	—	—	—	2,800	560	3,360
Capital expenditures	15,030	7,100	3,930	17,930	1,940	45,930	4,920	50,850

Notes: 1. Operating costs and expenses in the elimination column represent unallocated corporate operating expenses such as general and administrative expenses of the Company, net of inter-segment transactions.

2. Identifiable assets in the elimination column represent unallocated general corporate items such as cash and short-term and long-term investments in securities, and general managed property, net of inter-segment balances.

3. Accounting changes:

(Accounting change of depreciation method for property, plant and equipment)

As disclosed in Note 2(h), effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 to the method provided by the amended Corporation Tax Law of Japan. As a result, as compared with the previous accounting method, the operating income of the industrial Products segment, Tabletop segment, Electronics segment, Ceramics & Materials segment and Environmental Engineering segment decreased by ¥41 million ($410 thousand), ¥33 million ($330 thousand), ¥23 million ($230 thousand), ¥48 million ($480 thousand) and ¥9 million ($90 thousand), respectively, for the year ended March 31, 2008. In addition, from the year ended March 31, 2008, the residual value of property, plant and equipment acquired before April 1, 2007, is depreciated over five years using the straight-line method from the fiscal year following the year in which the depreciable limit (5% of the acquisition cost) is reached pursuant to the amended Corporation Tax Law of Japan. As a result, the operating income of the Industrial Products segment, Tabletop segment, Electronics segment, Ceramics & Materials segment and Environmental Engineering segment decreased by ¥44 million ($440 thousand), ¥33 million ($330 thousand), ¥23 million ($230 thousand), ¥26 million ($260 thousand) and ¥9 million ($90 thousand), respectively, for the year ended March 31, 2008, as compared with the previous accounting method.

Information summarized by geographic area of the Noritake Group for the years ended March 31, 2008 and 2007 is as follows:

	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
								Millions of yen
For the year 2008:								
Operating revenue—Net sales:								
External customers	¥ 113,599	¥ 13,143	¥ 3,109	¥ 2,846	¥ 671	¥ 133,368	¥ —	¥ 133,368
Inter-segment sales/transfers	12,964	47	139	2,700	5	15,855	(15,855)	—
	126,563	13,190	3,248	5,546	676	149,223	(15,855)	133,368
Operating costs and expenses	116,613	13,006	3,033	5,530	655	138,837	(15,957)	122,880
Operating income	¥ 9,950	¥ 184	¥ 215	¥ 16	¥ 21	¥ 10,386	¥ 102	¥ 10,488
Identifiable assets	¥ 104,124	¥ 6,263	¥ 1,927	¥ 4,286	¥ 600	¥ 117,200	¥ 24,444	¥ 141,644
For the year 2007:								
Operating revenue—Net sales:								
External customers	¥ 110,798	¥ 12,996	¥ 2,721	¥ 2,290	¥ 435	¥ 129,240	¥ —	¥ 129,240
Inter-segment sales/transfers	12,373	66	193	2,652	12	15,296	(15,296)	—
	123,171	13,062	2,914	4,942	447	144,536	(15,296)	129,240
Operating costs and expenses	114,464	12,612	2,773	4,911	431	135,191	(15,414)	119,777
Operating income	¥ 8,707	¥ 450	¥ 141	¥ 31	¥ 16	¥ 9,345	¥ 118	¥ 9,463
Identifiable assets	¥ 103,378	¥ 6,542	¥ 1,698	¥ 3,833	¥ 541	¥ 115,992	¥ 32,835	¥ 148,827
								Thousands of U.S. dollars
For the year 2008:								
Operating revenue—Net sales:								
External customers	$1,135,990	$131,430	$31,090	$28,460	$6,710	$1,333,680	$ —	$1,333,680
Inter-segment sales/transfers	129,640	470	1,390	27,000	50	158,550	(158,550)	—
	1,265,630	131,900	32,480	55,460	6,760	1,492,230	(158,550)	1,333,680
Operating costs and expenses	1,166,130	130,060	30,330	55,300	6,550	1,388,370	(159,570)	1,228,800
Operating income	$ 99,500	$ 1,840	$ 2,150	$ 160	$ 210	$ 103,860	$ 1,020	$ 104,880
Identifiable assets	$1,041,240	$ 62,630	$19,270	$42,860	$6,000	$1,172,000	$ 244,440	$1,416,440

Note: 1. Identifiable assets in the elimination column represent unallocated general corporate items such as cash and short-term and long-term investments in securities, net of inter-segment balances.

2. Accounting changes:

(Accounting change of depreciation method for property, plant and equipment)

As disclosed in Note 2(h), effective from the year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on or after April 1, 2007 to the method provided by the amended Corporation Tax Law of Japan. As a result, as compared with the previous accounting method, operating income of the "Japan" segment decreased by ¥156 million ($1,560 thousand) for the year ended March 31, 2008. In addition, from the year ended March 31, 2008, the residual value of property, plant and equipment acquired before April 1, 2007, is depreciated over five years using the straight-line method from the fiscal year following the year in which the depreciable limit (5% of the acquisition cost) is reached pursuant to the amended Corporation Tax Law of Japan. As a result, operating income of "Japan" segment decreased by ¥178 million ($1,780 thousand) for the year ended March 31, 2008, as compared with the previous accounting method.

For the years ended March 31, 2008 and 2007, overseas sales which included export sales from Japan and net sales of overseas consolidated subsidiaries other than Japan were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2008	2007	2008
North America	¥14,226	¥14,527	$ 142,260
Europe	4,173	3,820	41,730
Asia	19,117	19,601	191,170
Other	1,108	931	11,080
	¥38,624	¥38,879	$ 386,240
Percentage of overseas sales to total consolidated net sales	29.0%	30.1%	

KPMG

Independent Auditors' Report

To the Board of Directors of NORITAKE CO., LIMITED:

We have audited the accompanying consolidated balance sheet of NORITAKE CO., LIMITED and its consolidated subsidiaries (the "Noritake Group") as of March 31, 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the year then ended, all expressed in Japanese yen. These consolidated financial statements are the responsibility of the Noritake Group's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits. The consolidated financial statements of the Noritake Group as of March 31, 2007, were audited by other auditors who have ceased operations and whose report dated June 28, 2007, expressed an unqualified opinion on those statements.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Noritake Group as of March 31, 2008, and the consolidated results of its operations and its cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2008 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

KPMG AZSA & Co.
Nagoya, Japan
June 27, 2008

OVERSEAS NETWORK

(As of June 27, 2008)

INDUSTRIAL PRODUCTS GROUP

NORITAKE CO., INC.
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CINCINNATI, OH 45241, U.S.A.
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FAX: 1-513-605-3618
1-800-321-2062 (TOLL FREE)

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1005C MANSELL ROAD,
ROSWELL, GA 30076, U.S.A.
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NORITAKE EUROPA G.m.b.H.
KURHESSENSTRASSE 3, D-64546
MÖRFELDEN-WALLDORF, GERMANY
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FAX: 49-61-05-2092-99

NORITAKE (AUSTRALIA) PTY. LIMITED
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5 EVERAGE STREET, MOONEE PONDS,
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KHET BANGRAK, BANGKOK 10500, THAILAND
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FAX: 66-2-236-2365

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MOO 4, T. MABYANGPORN, A. PLUAKDAENG,
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NEW YORK, NY 10010, U.S.A.
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230 SPRING STREET, N.W.,
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TEL: 1-404-529-9929 FAX: 1-404-529-9822

DALLAS SHOWROOM
2454 TRADE MART, DALLAS, TX 75207, U.S.A.
TEL: 1-214-742-9389 FAX: 1-214-747-5065

SAVANNAH OFFICE
1000 CROSSGATE ROAD PORT WENTWORTH
GA 31407 USA
TEL: 1-912-401-0248 FAX: 1-912-964-8464

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2635 CLEARBROOK DRIVE,
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NORITAKE CANADA LIMITED
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26 HEATHFIELD, STACEY BUSHES,
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DUBAI REPRESENTATIVE OFFICE
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NORITAKE LANKA PORCELAIN (PRIVATE) LIMITED
COLOMBO OFFICE/SHOW ROOM
NO.580, NEGOMBO ROAD, MABOLE, WATTALA,
SRILANKA
TEL: 94-11-2946149 FAX: 94-11-2946144

MATALE FACTORY
P.O. BOX 30, MATALE, SRI LANKA
TEL: 94-66-2244192 FAX: 94-66-2244132

PANNALA FACTORY
GEN, RANJAN WIJERATHNE MAWATHA,
PANNALA, SRI LANKA
TEL: 94-37-2246007 FAX: 94-37-2246008

ELECTRONICS GROUP

NORITAKE CO., INC.
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ITRON (U.K.) LIMITED
VANTAGE HOUSE, HARFREY'S ROAD,
HARFREY'S INDUSTRIAL ESTATE,
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THAILAND
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FAX: 66-2-236-2365

THE SIAM MOULDING PLASTER CO., LTD.
NO. 32 MOO7 NONGPLAKRADI ROAD,
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KOTA BUKIT INDAH, PURWAKARTA, 41181,
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ENVIRONMENTAL ENGINEERING GROUP

NORITAKE TAIPEI CO., LTD.
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SHINJUNG CITY, TAIPEI, TAIWAN 242, R.O.C.
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CORPORATE DATA

(As of June 27, 2008)

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Fax: +81-52-561-9721

DATE OF ESTABLISHMENT

January 1904

NUMBER OF EMPLOYEES

5,280 (Consolidated)

STOCK EXCHANGE LISTINGS

Tokyo Stock Exchange
Nagoya Stock Exchange

TRANSFER AGENT AND REGISTRAR

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome,
Chiyoda-ku, Tokyo
100-8212, Japan

ANNUAL MEETING OF SHAREHOLDERS

The annual meeting of shareholders of the Company is normally held in June each year in Nagoya, Japan. In addition, the Company may hold an extraordinary meeting of shareholders whenever necessary by giving at least two weeks' advance notice to shareholders.

INDEPENDENT AUDITORS

KPMG AZSA & Co.

HISTORY OF NORITAKE

(As of June 27, 2008)

1876 Ichizaemon Morimura established Morimura-kumi in Tokyo, and Toyo Morimura and others established the Hinode Shokai (Morimura Brothers) in New York

1904 Established Nippon Toki Gomei Kaisha

1907 Began production of grinding wheels for in-house use

1914 Succeeded in production of the first dinner set in Japan

1917 Sanitary ware division spun off to become TOTO Ltd.
Established Nippon Toki Co., Ltd.

1919 Electric insulator division spun off to become NGK Insulators Ltd.

1932 Began production of first bone china in Japan

1939 Began full-scale production of industrial grinding wheels

1943 Tableware production stopped on account of World War II, changed to full production of grinding wheels (only bone china production continued to preserve technique)

1945 Production of tableware resumed

1947 Established Noritake Co., Inc. in the United States

1956 Began production of cutlery

1958 Established Noritake (Australia) Pty. Ltd. in Australia

1960 Began production of resinoid grinding wheels at the Kamori Plant

1961 Began production of crystal glassware
Began production of melamine ware

1962 Began production of grinding machines

1963 Began production of belt and fabric abrasives

1968 Established Noritake Canada Ltd. in Canada

1969 Began production of electronic products

1970 Established Noritake (U.K.) Ltd. in the United Kingdom
Began production of fine ceramic industrial products

1971 Began production of filtration equipment

1972 Established Noritake Lanka Porcelain (Pvt.) Ltd. in Sri Lanka

1973 Began production of diamond tools

1974 Established Noritake Porcelana Mfg., Inc. in the Philippines

1979 Began operation of the Craft Center
Began production of materials and equipment for the ceramics industry

1981 Changed the Company name to Noritake Co., Limited

1987 Established Noritake Europa G.m.b.H. in Germany

1988 Established Noritake Taipei Co., Ltd. in Taiwan

1991 Established Noritake Hong Kong Ltd.

1992 Established Noritake Singapore Pte. Ltd.

1993 Opened the Noritake Gallery

1995 Established Pt. Noritake Indonesia

1996 Established Noritake (Siam) Co., Ltd. in Thailand

1997 Established Itron (U.K.) Ltd. in the United Kingdom

1998 Established Noritake Dental Supply Co., Ltd.

2001 Established Noritake Gypsum Co., Ltd.
Opened the Noritake Garden

2002 Established Noritake Bonded Abrasive Co., Ltd.

2005 Established Noritake Shanghai Trading Co., Ltd.

Noritake

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