NORITAKE CO., LIMITED

ANNUAL REPORT 2009 Year Ended March 31, 2009

INDUSTRIAL PRODUCTS GROUP

TABLETOP GROUP

ELECTRONICS GROUP

CERAMICS & MATERIALS GROUP

ENVIRONMENTAL ENGINEERING GROUP

PROFILE

Noritake Co., Limited has developed technologies acquired from ceramics manufacturing expertise and has expanded its business into such fields as grinding and polishing tools, electronic component materials and manufacturing equipment. With a focus on developing new products and technologies for energy-related industries—including solar cells, an area of promising growth—Noritake seeks to create new value for customers and society.

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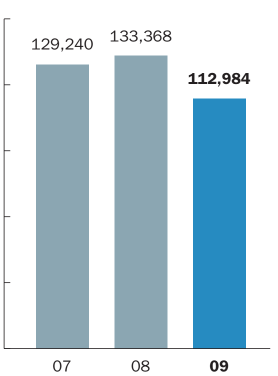
SIX-YEAR FINANCIAL SUMMARY

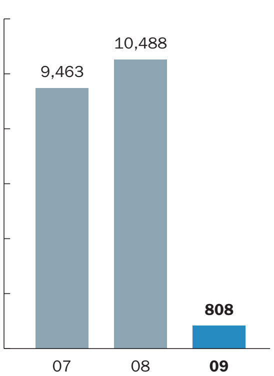
	Millions of yen						Thousands of U.S. dollars
	2009	2008	2007	2006	2005	2004	**2009**
For the year:							
Net sales	**¥112,984**	¥133,368	¥129,240	¥123,207	¥118,315	¥112,927	**$1,152,898**
Operating income	**808**	10,488	9,463	8,361	6,927	4,832	**8,245**
(Loss) income before income taxes and minority interests	**(3,059)**	10,171	10,398	9,009	6,729	6,145	**(31,214)**
Net (loss) income	**(6,861)**	5,669	5,796	5,031	4,002	3,035	**(70.010)**
Net (loss) income per share (yen/U.S. dollars)	**¥ (46.82)**	¥ 38.36	¥ 39.20	¥ 33.50	¥ 26.43	¥ 19.65	**$ (0.48)**
Capital expenditures	**¥ 5,122**	¥ 5,084	¥ 4,080	¥ 3,413	¥ 3,494	¥ 3,072	**$ 501,956**
At year-end:							
Total assets	**¥113,077**	¥141,644	¥148,827	¥143,433	¥128,288	¥128,719	**$1,153,847**
Total shareholders' equity	**62,163**	78,083	79,270	76,025	66,284	64,776	**634,316**
Total shareholders' equity ratio (%)	**55.0**	55.1	53.3	53.0	51.7	50.3	

Note: The U.S. dollar amounts above have been translated at the rate of ¥98 to US$1.

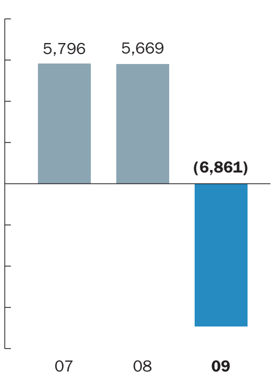
Net Sales
(Millions of yen)



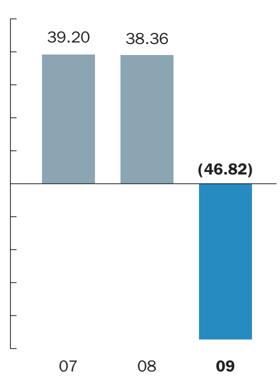
Operating Income
(Millions of yen)



Net (Loss) Income
(Millions of yen)



Net (Loss) Income per Share
(Millions of yen)



The management wishes to sincerely thank all stakeholders of Noritake Co., Limited for their continuous support. We would like to take this opportunity to comment on the Group's results for fiscal 2009, ended March 31, 2009.

Performance Overview for Fiscal 2009

The business environment during the first half of fiscal 2009 was characterized by the continued appreciation of the yen and a sharp increase in raw material and fuel costs. During the second half, the collapse of a major U.S.-based securities company triggered the spread of the global financial crisis. This crisis had an adverse impact on the market economy as a whole, and from autumn, automobile, consumer electronics and other product sales in the United States, Western Europe and Japan spiraled downward.

Noritake was no exception in terms of the impact that these deteriorating market conditions exerted. In addition to falling profit margins in the Tabletop and Electronics business groups, each of the Industrial Products, Ceramics & Materials and Environmental Engineering groups saw significant and unavoidable declines in sales as a result of major cutbacks in production in their customers' industries. Consequently, Noritake implemented restructuring as a necessary response to these abrupt and severe changes in the economic environment. Principal measures taken to restructure are as follows.

- In the Tabletop Group, in tandem with the closure of our plant in the Philippines, we concentrated the overseas production of tableware in Sri Lanka and cut back production at the Imari Plant in Saga Prefecture, Japan.
- In the Electronics Group, we reorganized underperforming sales items and concentrated efforts on high-value-added products. In addition, we suspended production at the Yasu Plant in Fukuoka Prefecture and integrated those operations with production at the Omiya plant in Mie Prefecture.
- In the Industrial Products Group, we discontinued production at a plant that specialized in general-purpose grinding wheels and decided to work toward consolidation of production bases. We also suspended

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

production in addition to an existing holiday and set up a production system compatible with order volume.

In addition, anticipatory investments were made to proactively move forward on business expansion.

- In the Industrial Products Group, to save on labor costs and reduce delivery times, we initiated a new comprehensive production line in Miyoshi, Aichi Prefecture.
- Noritake also focused on the development of diamond wire, electronic paste and the Carbonless Polycrystalline Si Fusion Furnace, among the new products intended for the solar cell manufacturing field.

As a result of the aforementioned factors, in the period under review the Noritake Group posted a decline of 15.3% in consolidated net sales, to ¥112,984 million, operating income that plummeted 92.3%, to ¥808 million, and a net loss of ¥6,861 million.

Issues to Be Addressed

Given the impact of the major contraction in the global economy, the harsh economic climate that surrounds us is expected to continue. In confronting these conditions, we at the Noritake Group are working to bolster our management foundation and surmount these economically difficult times, while at the same time aiming to create a foundation that achieves development into the next generation.

1. Efforts to Strengthen Noritake's Management Foundation

(I) Improvement of Financial Structure

Business development requires ongoing investments that will support the growth of future operations. Also to this end, Noritake is working to improve cash flows through activities such as shrinking current assets so as to enable the flexibility to make effective investments.

(II) Structural Reforms

Noritake will review its Group structure, and together with actions taken to develop an organization with enhanced efficiency, it will develop a structure for manufacturing and marketing commensurate with market scale. In addition, it will strive to expand sales that promote the construction of new production bases in the Asian region so as to strengthen its business in overseas markets.

(III) Improvements to Profit Capabilities

Even though we are faced with dire economic conditions, we are reviewing production processes so as to enable profits to be secured, and we are working determinedly to curtail costs. Moreover, we are striving to raise the level of our technology and heighten the rate of return by focusing on the development of products with high added value—products that hold a top position within the industry.

2. Development of New Products

Noritake makes concerted efforts to develop its technology while striving to develop and expand sales of new products in fields of anticipated future growth. This is particularly true in the energy-related field, where solar cells are the focus of projects that harness the concentrated technology and know-how available across Noritake's business groups to develop new products. This capability is represented by the Industrial Products Group, which has developed diamond wire to slice silicon ingot, the Ceramic & Materials Group, where electronic paste was developed for solar cells, and the Environmental Engineering Group, where the carbonless polycrystalline Si fusion furnace and other developments continue to be made.

3. Compliance

Based on the Noritake Group's "Code of Ethics", the Compliance Committee takes the lead in working to strengthen the Group's management structure for compliance.

BUSINESS OUTLOOK

Industrial Products Group

With the aim of forming a robust business structure that will prevail in global competition, and as a leading grinding and polishing tool manufacturer, Noritake will make every effort to tackle various challenges, including the development of new, superior products and technologies, the restructuring of its production system and the improvement of marketing efficiency. We will promote product development that places emphasis on products such as the diamond wire used in the solar cell manufacturing process. Furthermore, we will move forward on the construction of new plants in Southeast Asia to expand our overseas business operations.

Tabletop Group

Noritake's major markets of Japan and the United States are expected to shrink further. Given this situation, we will further promote the creation of a manufacturing and marketing structure that suitably matches market scale. In Noritake's main overseas plant in Sri Lanka, in addition to reviewing production processes with the objective of improving on already high quality and lowering costs, we will work to boost competitiveness by further raising technical capabilities.

Furthermore, we will strive to differentiate ourselves from competitors and reinforce our brand power by launching higher-value-added products that make use of our sophisticated technological capabilities.

Electronics Group

Noritake will advance its development and marketing activities by concentrating on high-intensity, high-performance, high-value-added products that use the unique character of vacuum fluorescent displays. At the same time, the Company will build a business structure commensurate with market scale. Having promoted rationalization by reducing the scale of production, Noritake will also work to streamline its sales operations by further reviewing marketing bases.

Ceramics & Materials Group

For the development of advanced electronic pastes and electronic materials, Noritake will engage in formulating novel technologies to meet the growing demand of highly integrated electronic devices, and it will also continue its efforts to expand the product development technologies and sales to attain the high-level market growth of advanced devices such as solar cells. Furthermore, we will advance overseas development with the creation of overseas production bases for electronic paste, as well as strive to expand overseas sales, mainly of dental-related products.

Environmental Engineering Group

In the heating business, with its mainstay drying furnaces and kilns, Noritake will work to expand market share by concentrating development in the battery material and solar cell fields. We will strengthen sales of grinding machines for the iron and steel industry to BRICs countries and other emerging markets. In addition to this, we aim to increase sales by releasing new filtration equipment products.

R&D

Noritake's R&D efforts are segmented into a three-part organization comprising the Strategic Development Projects Center, the Research and Development Center and the Production Engineering Center. The Strategic Development Projects Center conducts the development of new products that are directly related to business. The Research and Development Center promotes the development of new technologies from a medium- to long-term perspective. The Production Engineering Center supports activities that raise the productivity of each business group. Each of these organizations will utilize proprietary Noritake technology to further promote development.

Basic Policy Regarding Earnings Distribution

Noritake positions profit return to shareholders as a key management policy. Based on this policy, we place emphasis on stable dividend payments over the long term and the distribution of earnings by comprehensively taking into consideration factors that include performance results, financial conditions and future business development. In addition, we make effective use of retained earnings for development investment to create new technologies and products that can become a foundation for the Noritake Group's future strength, as well as for capital investment for sustainable business development in growth fields. For dividend payments, Noritake distributed ¥2.5 per share for the fiscal year end, which, when added to the interim dividend already paid, made for a full-year dividend of ¥7.0 per share. Dividend payments for the fiscal year, ending March 31, 2010, are at present undecided.

We sincerely regret the concern caused by the worsening business results. In order to overcome these difficult times, all employees and officers of the Noritake Group will work in unison, making all-out efforts to improve corporate performance. We ask for your continued understanding and steadfast support.

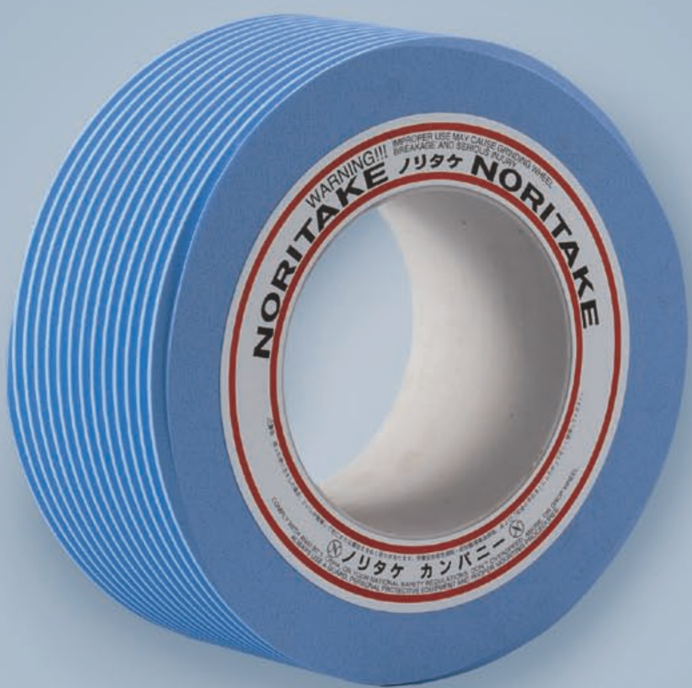
Chairman and Representative Director
Noboru Akahane

President and Representative Director
Hitoshi Tanemura

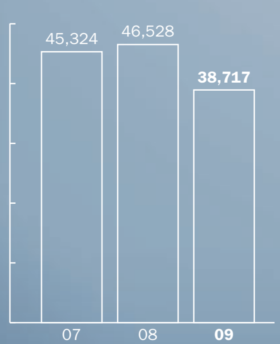
REVIEW OF OPERATIONS

INDUSTRIAL PRODUCTS GROUP

34.3% of net sales



Sales
(Millions of yen)



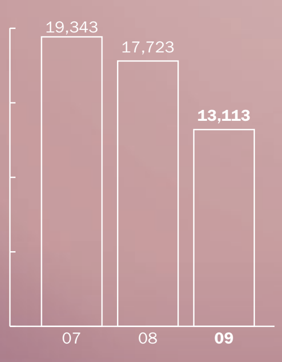
In the first half of fiscal 2009, sales of grinding wheels and cubic boron nitride (CBN) tools to the steel-making and bearing industries were brisk. In the second half, however, because production for many customers declined, including those in the automobile industry, sales decreased. Sales of diamond tools declined sharply owing to a downward trend in sales in the first half following production adjustments in the electronics and semiconductor industries and a further decrease in the second half. Sales of abrasive cloth and paper dropped due to an onslaught of low-cost products from China and a sluggish economy.

As a result, consolidated net sales of the Industrial Products Group tumbled 16.8% year on year to ¥38,717 million.

TABLETOP GROUP

11.6% of net sales

Sales
(Millions of yen)

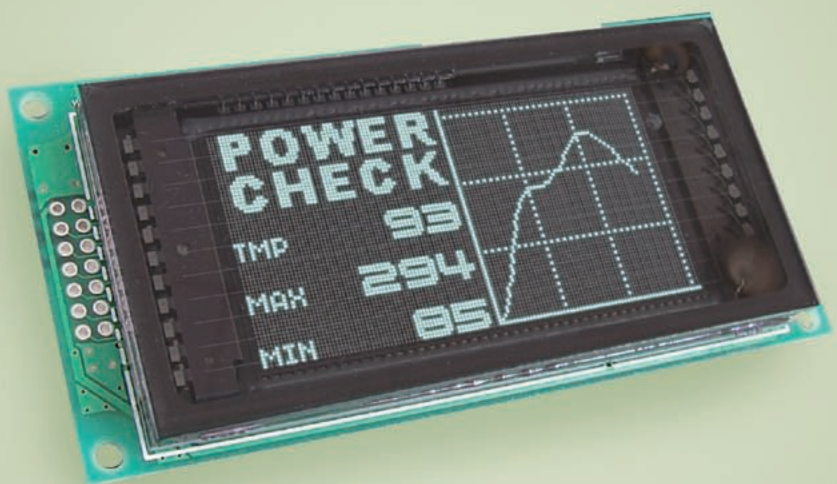


In Japan, sales decreased due to sluggish performance for hotels, restaurants, specialty stores and department stores. Overseas, sales also declined on the back of slumping demand at department stores and large specialty stores in North America and the effects of the foreign currency exchange rate in Europe. In addition, sales of tableware to airline companies, which had been relatively strong, declined.

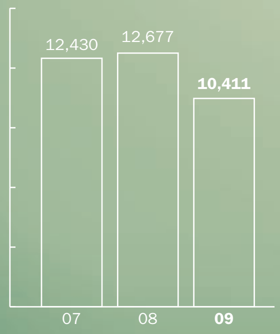
As a result, consolidated net sales for the Tabletop Group decreased 26.0% from the previous fiscal year to ¥13,113 million.

ELECTRONICS GROUP

9.2% of net sales



Sales
(Millions of yen)

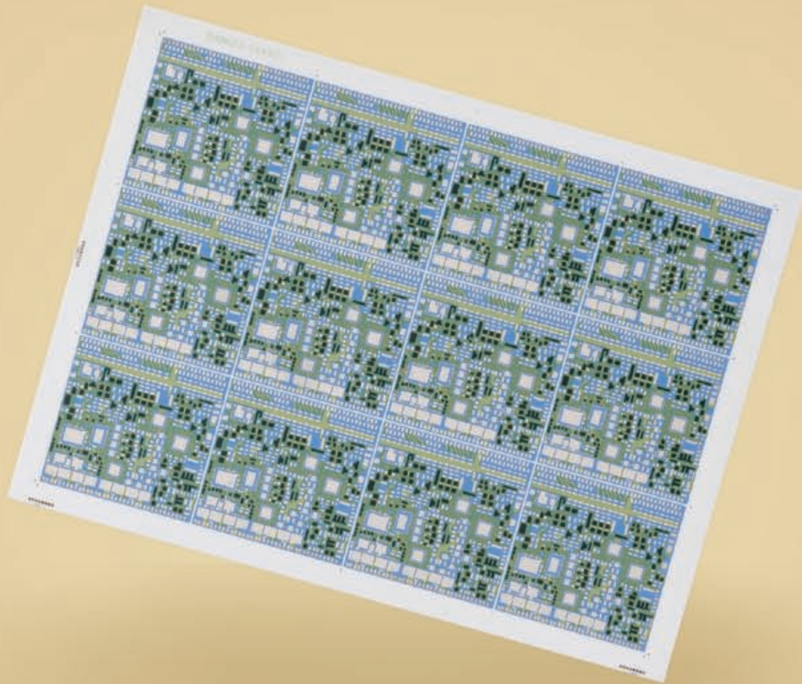


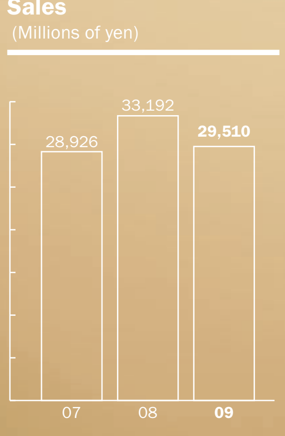
In the domestic market, sales of vacuum fluorescent display (VFD) for hot-water supply systems (boilers) were down. Overseas, VFD sales for consumer electronics and medical equipment increased but declined for audio and automobiles. Although VFDs for industrial cooking devices (ovens) in Europe and some specific VFD & VFD modules for Asia also fared well, overseas sales generally decreased.

As a result, consolidated net sales for the Electronics Group dropped 17.9% year on year to ¥10,411 million.

CERAMICS & MATERIALS
GROUP

26.1%
of net sales





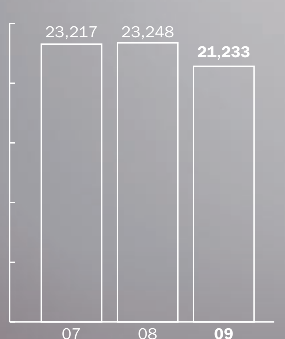
While sales of electronic pastes were strong in the first half, they plunged in the second half and declined overall. Sales were down due to a fall in shipments of ceramic materials and electronic components destined for the electronic components industry. Sales of thick-film printed circuit boards also dropped in the wake of production reductions in the automobile industry. Sales of dental-related products and ceramic components increased thanks to effective expansion efforts.

As a result, consolidated net sales for the Ceramics & Materials Group decreased 11.1% to ¥29,510 million.

ENVIRONMENTAL ENGINEERING GROUP

18.8% of net sales

Sales
(Millions of yen)



While sales of mainstay far-infrared heaters and high-efficiency kilns remained high in the first half for TV and battery material use, they declined in the second half and were nearly flat for the full fiscal year. Sales of grinding machines for the steel industry remained strong, buoyed by renewed demand for these machines. Filtration equipment for machine tool oil use decreased on the back of reduced capital investments due to the flagging economy.

As a result, consolidated net sales for the Environmental Engineering Group fell 8.7% year on year to ¥21,233 million.

INDUSTRIAL PRODUCTS GROUP

Diamond wire

To increase market competitiveness, Noritake has focused its efforts on strengthening its development capabilities by relying on basic technologies and developing differentiated products. Particularly in the area of solar cells, a promising growth field, Noritake is vigorously pushing the development of eco-friendly, high-quality, high-performance products. In the key automobile and bearing fields, we have developed products that respond very precisely to customer needs with high-quality processing and lower cost.

The R&D expenditures in this group amounted to ¥467 million in the fiscal year under review.

TABLETOP GROUP

“Hana Gin-sai Yuri” 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 ¥60 million in fiscal 2009.

ELECTRONICS GROUP

Dot character VFD module with brightness gradation

Noritake Itron Corporation has developed high-precision vacuum fluorescent displays (VFDs) featuring superior brightness and gray scale functions, and VFDs with a new structure. The development of high-value-added assembly products based on VFD modules resulted in the commercialization of a message display for factory automation equipment, disaster prevention and other applications. We continue to develop eco-friendly products, including new fluorescent materials, and to incorporate them in products while making improvements by adding more features. The Company has developed lead-free glass materials that are nearly at the stage of commercial viability.

The R&D expenditures in this group totaled ¥430 million.

CERAMICS & MATERIALS GROUP

Electronic paste

Noritake stepped up its efforts and development activities in ceramic technology-related fields with the development of electronic paste to meet the high-tech needs of the electronics and environment-related industries, and it also worked on advances in electronic components.

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

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, while Noritake Dental Supply Co., Ltd. is developing CAD/CAM system products for manufacturing ceramic frames for use as dental plaster, investment material and tooth crown material.
Noritake's consolidated subsidiary, KCM Corporation, is developing high-quality raw materials including material microparticulation for multilayer ceramic capacitors, compounding electronic components with high-level crystallization characteristics, low-alkali ceramics for use as electrode bases and high-purity silica.

The R&D expenditures in this group totaled ¥1,241 million.

ENVIRONMENTAL ENGINEERING GROUP

Carbonless polycrystalline Si fusion furnace

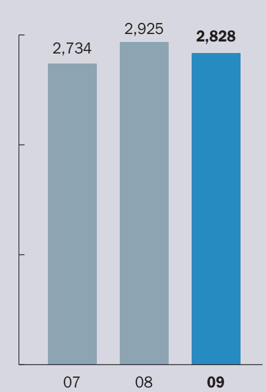
Noritake focuses on R&D activities in the display, electronic and semiconductor industries as well as energy-related fields. The R&D expenditures in this group amounted ¥265 million.

The R&D activities of the Noritake Group primarily revolve around the Research and Development Center, which is principally involved in basic research, and the Strategic Development Projects Center, which promotes the commercialization of projects that are directly connected to the business divisions. Noritake carries out product development for new technologies and new fields in collaboration with Group companies.

The R&D expenditures of the Noritake Group amounted to ¥2,828 million in the fiscal year under review.

Noritake is engaged in basic research that involves gas separation membranes and fuel cell materials. The R&D expenditures in this group amounted ¥361 million.

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 it is on this basis that we formulated the Noritake Group's"Code of 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 executive officers who execute duties in attendance.
- 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 at Noritake and the Noritake Group has been set at one year. The purpose of this system 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 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, by a resolution at the Board of Directors' meeting, shall exempt directors and auditors (including former directors and auditors) from liabilities for damage that may caused by their job execution, within the limit of laws and regulations, with the aim of having them fully perform 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 prevent the outbreak of a crisis due to misconduct associated with the violation of laws or regulations.

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

The Audit Office (comprising three 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 Council.

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 based on 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 2009 are as follows.

(Specified employees and managing partners)

(Specified employees and managing partners)
CPA Kazunori Tajima
CPA Kanemaru Yasui
CPA Hideki Saito
(Assistants)
Six CPAs and 13 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 Company efforts to improve corporate governance over the past year:

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.

Compliance officers have been appointed with the objective of more precisely understanding the status of compliance at the department and Group company level and to streamline response capabilities.

Compensation to Directors

Compensation paid to directors and auditors:

Directors	13	¥397 million (No outside director appointments exist)
Auditors	4	¥48 million (Including ¥10 million to two outside auditors)

Compensation to Auditors

Compensation to CPAs
Compensation for audit certification services: ¥78 million
(Company supplying CPAs: ¥57 million; Consolidated subsidiaries: ¥21 million)

Other Important Compensation

Noritake Co., Inc., a consolidated subsidiary of Noritake, paid ¥24 million in compensation for audit certification services to KPMG LLP, which belongs to the same network as the CPAs of Noritake.

Non-auditing services to the company supplying the CPAs: None

Auditor Compensation Policy

Compensation to the CPAs of Noritake is determined taking into account such factors as the number of days of the audit and Noritake's size and operational characteristics.

DIRECTORS, STATUTORY AUDITORS AND EXECUTIVE OFFICERS

(As of June 26, 2009)

CHAIRMAN
Noboru Akahane*

PRESIDENT
Hitoshi Tanemura*

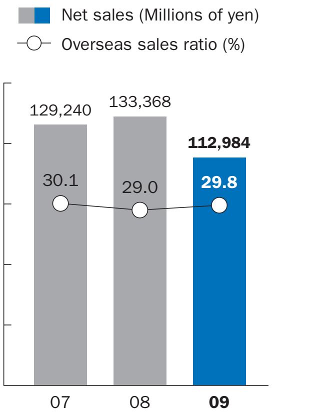
DIRECTORS
Kouichi Saburi
Minoru Murata
Kazutaka Nakayama
Tadashi Ogura
Kouzo Yamada
Satoru Shimazaki

*Representative Director

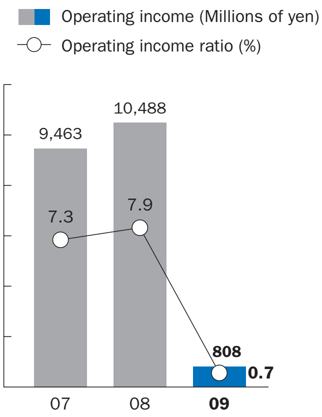
STATUTORY AUDITORS
Kazunari Ando
Masatoshi Fujii
Kazuya Okamoto
Yasuji Moriyama

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

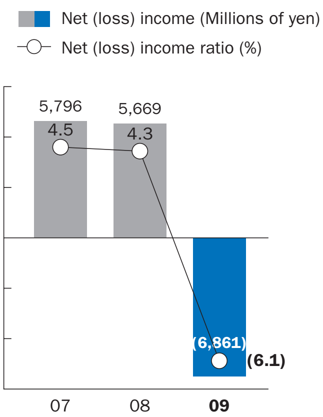
Net Sales & Overseas Sales Ratio



Operating Income & Operating Income Ratio



Net (Loss) Income & Net (Loss) 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.

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 primarily 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, porcelain 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 vacuum 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 undertake 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 three other subsidiaries and two affiliates, 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 one other subsidiary, 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 another subsidiary 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 two 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 fell 15.3% year on year to ¥112,984 million, mainly due to the impact of deteriorating economic conditions which worsened the performance of the Tabletop and Electronics business groups. In addition, the Industrial Products, Ceramics & Materials and Environmental Engineering business groups—each of which had previously recorded healthy results—also witnessed a significant decline in sales due to dramatic cutbacks in production in their customers' industries.

The cost of goods sold declined 10.8% year on year to ¥84,076 million in line with the reduction in net sales. Selling, general and administrative expenses fell 2.0% year on year to ¥28,100 million.

Accordingly, operating income plummeted 92.3% to ¥808 million, year on year.

In other income, Noritake posted a loss of ¥3,867 million compared with ¥317 million in other expenses recorded in the previous fiscal year. Contributing factors included the posting of business structure improvement expenses.

As a result of the aforementioned, the loss before income taxes and minority interests amounted to ¥3,059 million. After income and other taxes and minority interests, net loss totaled ¥6,861 million. Net loss per share amounted to ¥46.82, for a return on equity that fell from 7.2% in the previous fiscal year to negative 9.8%.

FINANCIAL POSITION ANALYSIS

Total assets stood at ¥113,077 million, down 20.2%, or ¥28,566 million, from the previous fiscal year-end. Current assets totaled ¥59,479 million, down ¥17,663 million, while non-current assets amounted to ¥53,598 million, down ¥10,902 million. A major factor for the decrease in current assets was a decrease in trade receivables and a decrease in inventories. The decrease in non-current assets was caused primarily by the deteriorated market value of investment securities in line with downgrades in the prices of publicly traded shares.

Total liabilities stood at ¥43,885 million, down 21.3% year on year, or ¥11,850 million. Major factors for the decline included a decline in notes and accounts payable and a decrease in deferred tax liabilities in line with a drop in unrealized gains on available-for-sale securities.

Net assets totaled ¥69,192 million, down 19.5% year on year, or ¥16,715 million. Major factors for the decrease were declines in retained earnings and in unrealized gains on available-for-sale securities.

As a result, shareholders' equity per share stood at ¥432.49, a decline of ¥95.91 compared with the previous fiscal year-end. The shareholders' equity ratio edged down to 55.0% from the 55.1% of 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 decrease of ¥598 million to ¥11,569 million. Contributing factors included a decrease in trade payables and the purchase of property, plant and equipment and intangible assets.

Free cash flows as of the end of the fiscal year under review totaled ¥311 million.

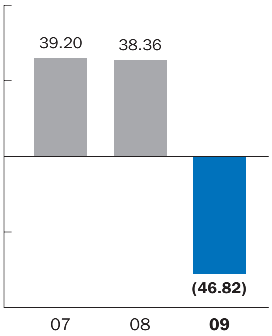
Cash flows and factors that affected them are discussed below.

Net cash provided by operating activities decreased ¥92 million year on year to ¥5,688 million. Contributing factors included a decline of ¥13,230 million in income before income taxes and minority interests compared to the previous fiscal year, which was in addition to the amount of decrease in trade payables, which grew by ¥4,963 million. On the other hand, there was a decrease in trade receivables of ¥12,871 million compared to the increase of ¥210 million in the previous fiscal year and a decrease in inventories of 3,351 million compared to the increase of ¥2,024 million in the previous fiscal year.

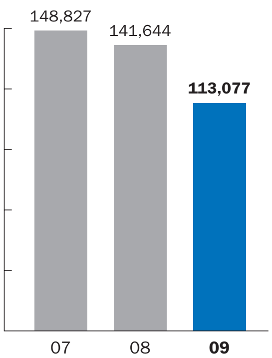
Net cash used in investing activities increased ¥220 million year on year to ¥5,376 million. Contributing factors included an increase of ¥453 million for the purchase of property, plant and equipment and intangible assets, which was in addition to an increase of ¥583 million in payment for loans receivable, although proceeds from sales of property, plant and equipment and intangible assets amounted to an increase of ¥1,070 million.

Net cash provided by financing activities amounted to ¥9.0 million, against the ¥1,452 million in net cash used in the previous fiscal year. Contributing factors included a net increase in short-term borrowings of ¥1,972 million, which more than offset an increase of ¥1,305 million used in the purchase of treasury stock and fractional shares.

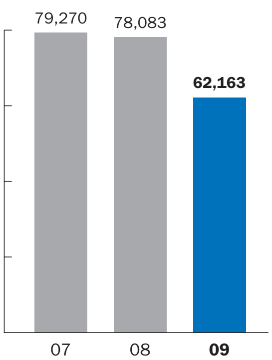
Net (Loss) Income per Share
(Yen)



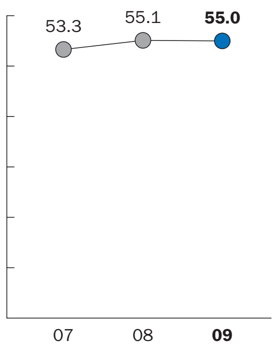
Total Assets
(Millions of yen)



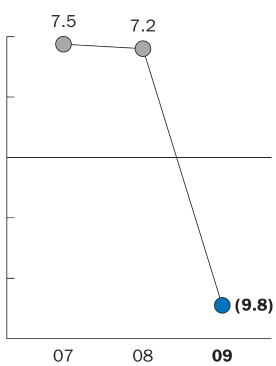
Total Shareholders' Equity
(Millions of yen)



Total Shareholders' Equity Ratio
(%)



Return on Equity
(%)



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, 2009, the balance of short-term borrowings totaled ¥11,104 million, most of which has been denominated in yen, with the rest in five 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, 2009, the balance of long-term debt amounted to ¥8,400 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, 2009.

CONSOLIDATED BALANCE SHEETS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Assets:			
Current assets:			
Cash and cash equivalents	**¥ 11,569**	¥ 12,168	**$ 118,051**
Short-term investments (Note 5)	**884**	1,136	**9,021**
Notes and accounts receivable, net of allowance for doubtful accounts (Note 3)	**25,713**	39,409	**262,378**
Inventories (Note 4)	**15,893**	20,176	**162,173**
Deferred tax assets (Note 12)	**511**	1,539	**5,214**
Other current assets	**4,909**	2,714	**50,092**
Total current assets	**59,479**	77,142	**606,929**
Investments and other assets:			
Investment securities (Note 5)	**13,999**	22,653	**142,847**
Investments in unconsolidated subsidiaries and affiliates	**561**	623	**5,724**
Deferred tax assets (Note 12)	**1,272**	1,813	**12,980**
Other	**4,058**	4,090	**41,408**
Total investments and other assets	**19,890**	29,179	**202,959**
Property, plant and equipment:			
Land	**12,199**	13,182	**124,480**
Buildings and structures	**33,451**	35,728	**341,337**
Machinery and equipment	**39,064**	51,661	**398,612**
Construction in progress	**1,318**	838	**13,449**
Total property, plant and equipment	**86,032**	101,409	**877,878**
Less accumulated depreciation	**(52,324)**	(66,086)	**(533,919)**
Net property, plant and equipment	**33,708**	35,323	**343,959**
Total assets	**¥113,077**	¥ 141,644	**$1,153,847**
Liabilities:			
Current liabilities:			
Short-term borrowings (Note 7)	**¥ 11,104**	¥ 9,117	**$ 113,306**
Current portion of long-term debt (Note 7)	**1,134**	900	**11,571**
Notes and accounts payable (Note 6)	**13,279**	21,693	**135,500**
Accrued expenses	**2,455**	2,818	**25,051**
Income taxes payable	**323**	2,367	**3,296**
Deferred tax liabilities (Note 12)	**33**	—	**337**
Other current liabilities	**1,258**	1,584	**12,837**
Total current liabilities	**29,586**	38,479	**301,898**
Long-term liabilities:			
Long-term debt (Note 7)	**7,448**	6,700	**76,000**
Employee retirement benefit liability (Note 8)	**3,491**	4,217	**35,622**
Accrued severance indemnities for directors and corporate auditors	**827**	877	**8,439**
Deferred tax liabilities (Note 12)	**2,324**	5,282	**23,714**
Other noncurrent liabilities	**209**	181	**2,133**
Total long-term liabilities	**14,299**	17,257	**145,908**
Total liabilities	**43,885**	55,736	**447,806**
Net assets (Note 11)**:**			
Shareholders' equity:			
Common stock: 397,500,000 shares authorized and 158,428,497 shares issued	**15,632**	15,632	**159,510**
Capital surplus	**18,833**	18,835	**192,174**
Retained earnings	**37,329**	45,521	**380,908**
Less treasury stock, at cost: 14,696,939 shares in 2009 and 10,656,361 shares in 2008	**(6,497)**	(5,170)	**(66,296)**
Total shareholders' equity	**65,297**	74,818	**666,296**
Accumulated (losses) gains from valuation and translation adjustments	**(3,134)**	3,265	**(31,980)**
Minority interests	**7,029**	7,825	**71,725**
Total net assets	**69,192**	85,908	**706,041**
Total liabilities and net assets	**¥113,077**	¥ 141,644	**$1,153,847**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Operating revenue:			
Net sales (Note 13)	**¥112,984**	¥ 133,368	**$1,152,898**
Operating costs and expenses (Note 13)**:**			
Cost of goods sold	**84,076**	94,214	**857,918**
Selling, general and administrative expenses	**28,100**	28,666	**286,735**
	112,176	122,880	**1,144,653**
Operating income	**808**	10,488	**8,245**
Other income (expenses):			
Interest and dividend income	**488**	522	**4,980**
Interest expense	**(200)**	(183)	**(2,041)**
Gain on sales of marketable securities	**216**	28	**2,204**
Impairment loss on fixed assets	**(955)**	(336)	**(9,745)**
Loss on sales and disposals of property and equipment	**(131)**	(177)	**(1,337)**
Extraordinary severance pay to employees under early retirement plan	**(1,458)**	(156)	**(14,877)**
Loss relating to foreign currency translation adjustments	**(1,436)**	—	**(14,653)**
Other, net	**(391)**	(15)	**(3,990)**
	(3,867)	(317)	**(39,459)**
(Loss) income before income taxes and minority interests	**(3,059)**	10,171	**(31,214)**
Income taxes:			
Current	**1,390**	3,811	**14,184**
Deferred	**2,198**	70	**22,428**
Total income taxes	**3,588**	3,881	**36,612**
Less minority interests in net income of consolidated subsidiaries	**214**	621	**2,184**
Net (loss) income	**¥ (6,861)**	¥ 5,669	**$ (70,010)**
		Yen	U.S. dollars (Note 1)
Per share:			
Net (loss) income	**¥ (46.82)**	¥ 38.36	**$ (0.48)**
Cash dividends	**7.00**	9.00	**0.07**

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, 2009 and 2008

	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, 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
Net loss for the year	**—**	**—**	**—**	**(6,861)**	**—**	**(6,861)**
Cash dividends	**—**	**—**	**—**	**(1,330)**	**—**	**(1,330)**
Purchases of treasury stock and fractional shares, net	**—**	**—**	**(2)**	**(1)**	**(1,327)**	**(1,330)**
Net changes other than shareholders' equity	**—**	**—**	**—**	**—**	**—**	**—**
Balance at March 31, 2009	**158,428,497**	**¥15,632**	**¥18,833**	**¥37,329**	**¥(6,497)**	**¥65,297**

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
	Thousands of U.S. dollars (Note 1)				
Balance at March 31, 2008	$ 159,510	$ 192,194	$ 464,500	$ (52,755)	$ 763,449
Net loss for the year	**—**	**—**	**(70,010)**	**—**	**(70,010)**
Cash dividends	**—**	**—**	**(13,572)**	**—**	**(13,572)**
Purchases of treasury stock and fractional shares, net	**—**	**(20)**	**(10)**	**(13,541)**	**(13,571)**
Net changes other than shareholders' equity	**—**	**—**	**—**	**—**	**—**
Balance at March 31, 2009	**$159,510**	**$192,174**	**$380,908**	**$(66,296)**	**$666,296**

	Accumulated (losses) gains from valuation and translation adjustments: Net unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Total accumulated (losses) gains from valuation and translation adjustments	Minority interests	Total net assets
	Millions of yen				
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
Net loss for the year	**—**	**—**	**—**	**—**	**(6,861)**
Cash dividends	**—**	**—**	**—**	**—**	**(1,330)**
Purchases of treasury stock and fractional shares, net	**—**	**—**	**—**	**—**	**(1,330)**
Net changes other than shareholders' equity	**(5,024)**	**(1,375)**	**(6,399)**	**(796)**	**(7,195)**
Balance at March 31, 2009	**¥ 1,892**	**¥(5,026)**	**¥(3,134)**	**¥7,029**	**¥69,192**

	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Total accumulated (losses) gains from valuation and translation adjustments	Minority interests	Total net assets
	Thousands of U.S. dollars (Note 1)				
Balance at March 31, 2008	$ 70,571	$ (37,255)	$ 33,316	$ 79,847	$ 876,612
Net loss for the year	**—**	**—**	**—**	**—**	**(70,010)**
Cash dividends	**—**	**—**	**—**	**—**	**(13,572)**
Purchases of treasury stock and fractional shares, net	**—**	**—**	**—**	**—**	**(13,571)**
Net changes other than shareholders' equity	**(51,265)**	**(14,031)**	**(65,296)**	**(8,122)**	**(73,418)**
Balance at March 31, 2009	**$ 19,306**	**$(51,286)**	**$(31,980)**	**$71,725**	**$706,041**

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	**2009**
Cash flows from operating activities:			
(Loss) income before income taxes and minority interests	**¥ (3,059)**	¥ 10,171	**$ (31,214)**
Adjustments for:			
Depreciation	**4,215**	3,971	**43,010**
Impairment loss on fixed assets	**955**	336	**9,745**
Loss relating to foreign currency translation adjustments	**1,436**	—	**14,653**
Gain on sales of marketable securities	**(216)**	28	**(2,204)**
Loss on sales and disposals of property and equipment	**131**	177	**1,337**
Decrease in employee retirement benefit liability	**(654)**	(9)	**(6,673)**
Decrease (increase) in trade receivables	**12,871**	(210)	**131,337**
Decrease (increase) in inventories	**3,351**	(2,024)	**34,194**
Decrease in trade payables	**(7,779)**	(2,815)	**(79,378)**
Other, net	**(1,300)**	(626)	**(13,266)**
Subtotal	**9,951**	8,999	**101,541**
Interest and dividends received	**490**	524	**5,000**
Interest paid	**(197)**	(181)	**(2,010)**
Income taxes paid	**(4,556)**	(3,561)	**(46,490)**
Net cash provided by operating activities	**5,688**	5,781	**58,041**
Cash flows from investing activities:			
Increase in property, plant and equipment	**(5,438)**	(4,985)	**(55,490)**
Increase in long-term investments and loans receivable	**(837)**	(507)	**(8,541)**
Purchase of additional shares of consolidated subsidiaries	**(503)**	(306)	**(5,133)**
Decrease in property and long-term investments	**1,370**	80	**13,980**
Decrease in short-term investments	**116**	37	**1,184**
Other, net	**(84)**	84	**(857)**
Net cash used in investing activities	**(5,376)**	(5,597)	**(54,857)**
Cash flows from financing activities:			
Increase in long-term debt	**2,000**	—	**20,408**
Repayment of long-term debt	**(1,200)**	—	**(12,245)**
Net increase in short-term borrowings	**1,978**	6	**20,184**
Dividends paid	**(1,330)**	(1,330)	**(13,572)**
Purchase of treasury stock and fractional shares	**(1,338)**	(33)	**(13,653)**
Other, net	**(101)**	(95)	**(1,030)**
Net cash provided by (used in) financing activities	**9**	(1,452)	**92**
Effect of exchange rate changes on cash and cash equivalents	**(920)**	(4)	**(9,388)**
Net decrease in cash and cash equivalents	**(599)**	(1,272)	**(6,112)**
Cash and cash equivalents at beginning of year	**12,168**	13,440	**124,163**
Cash and cash equivalents at end of year	**¥11,569**	¥ 12,168	**$118,051**

See accompanying Notes to Consolidated Financial Statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NORITAKE CO., LIMITED and Consolidated Subsidiaries

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 accompanying consolidated financial statements have been reformatted and translated into English, with some expanded descriptions, 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 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, 2009, which was ¥98 to U.S. $1. 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.

Certain comparative figures have been reclassified to conform to the current year's presentations.

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 intercompany accounts and transactions have been eliminated on consolidation.

The numbers of consolidated subsidiaries, unconsolidated subsidiaries and affiliates for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Consolidated subsidiaries:		
Domestic	22	24
Overseas	14	14
Affiliates accounted for by the equity method	2	2
Unconsolidated subsidiaries stated at cost	6	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 that of 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 their 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 for on consolidation.

(Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements)

Until the year ended March 31, 2008, the overseas consolidated subsidiaries adopted accounting principles generally accepted in their respective countries, and no adjustments to conform to accounting principles generally accepted in Japan were made to their financial statements on consolidation, as allowed under previous accounting principles and practices generally accepted in Japan. On March 17, 2006, the Accounting Standards Board of Japan ("ASBJ") issued Practical Issues Task Force No. 18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that the accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using its foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that the impact on net income is accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subject to amortization
(b) Actuarial gains and losses of defined-benefit retirement plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

The Noritake Group has adopted PITF No. 18 from the year ended March 31, 2009. The adoption of PITF No. 18, however, had no material effects on the consolidated financial statements for the year ended March 31, 2009.

(b) Cash equivalents

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

(c) 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, its 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 that net unrealized gains and 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 non-marketable and without available market quotations are carried at cost determined by the moving average method. Adjustments in the carrying values of individual investment securities are charged to income through write-downs, when a decline in value is deemed other than temporary.

(d) Accounting for derivatives

The Noritake Group is a party to derivative instruments such as foreign exchange forward contracts and interest rate swap contracts in the ordinary course of business to reduce its exposure to fluctuations in exchange rates and interest rates for hedging 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, 2009 and 2008, the Company had a derivative contract outstanding 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.

(e) Inventories

Effective April 1, 2008, the Company and its domestic consolidated subsidiaries adopted ASBJ Statement No. 9, “Accounting Standard for Measurement of Inventories” issued by the ASBJ on July 5, 2006. As permitted under the previous accounting standard and practices, until March 31, 2008, the Noritake Group stated inventories at cost determined principally by the first-in, first-out method, unless the market value of inventories declined significantly and were deemed not recoverable. In such cases, costs were reduced to recoverable amounts. The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value. If the net realizable value falls below cost at the end of the period, the cost basis is reduced to net realizable value and is regarded as decreased profitability of inventories. As a result of the adoption of this new accounting standard, operating income decreased by ¥140 million ($1,429 thousand) and loss before income taxes and minority interests increased by ¥140 million ($1,429 thousand) for the year ended March 31, 2009, from the amounts that would have been recorded with the previous accounting method.

(f) 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.

(g) Property, plant and equipment and depreciation

Property, plant and equipment, including significant renewals and additions, are stated at cost and 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, respectively, for the year ended March 31, 2008, from the amounts that would have been recorded with the previous accounting method.

In accordance with the Corporation Tax Law of Japan, the Company and its domestic consolidated subsidiaries previously depreciated property, plant and equipment acquired before April 1, 2007 up to the depreciable limit of 5% of the acquisition cost. Pursuant to the amended 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. As a result, operating income and income before income taxes and minority interests decreased by ¥178 million, respectively, for the year ended March 31, 2008, from the amounts that would have been recorded with the previous accounting method.

Effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries also have reassessed and changed the estimated useful lives of equipment in accordance with the amended Corporation Tax Law of Japan. As a result, for the year ended March 31, 2009, operating income decreased by ¥104 million ($1,061 thousand) and loss before income taxes and minority interests increased by ¥104 million ($1,061 thousand), from the amounts that would have been recorded with the previous accounting method.

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

(h) Leases

Effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Guidance on Accounting Standard for Lease Transactions" (Guidance No. 16), originally issued by the Business Accounting Counsel of Japan on June 17, 1993 and by the Japanese Institute of Certified Public Accountants on January 18, 1994, respectively, and both revised by the ASBJ on March 30, 2007. The new accounting standards require that all finance lease transactions be accounted for in a manner similar to that used for ordinary sale or purchase transactions. Prior to April 1, 2008, finance leases which did not transfer ownership of the leased assets to the lessee were accounted for by the accounting treatment similar to that used for operating leases, as permitted by the previous accounting standard. From the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries capitalize the assets used under finance leases commenced on or after April 1, 2008 as lessee at amounts equivalent to total lease payments, except for the certain immaterial or short-term finance leases which are accounted for as operating leases in accordance with the revised standard. Depreciation of the leased assets is calculated using the straight-line method over the lease term with the assumption of no residual value. As permitted by the new standard, finance leases as lessee which commenced prior to April 1, 2008 and have been accounted for with the accounting treatment similar to that used for operating leases, continue to be accounted for with the accounting treatment similar to that used for operating leases with disclosure of certain "as if capitalized" information. (See also Note 9.) The adoption of the new standard had no material effects for the year ended March 31, 2009.

(i) Impairment of fixed assets

The Company and its domestic consolidated subsidiaries have adopted "Accounting Standard for Impairment of Fixed Assets" issued by the Business Accounting Council of Japan and 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 grouped principally into cash-generating units based on the business division under 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 the 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.

The Noritake Group recognized impairment loss for the year ended March 31, 2009 and 2008 as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Buildings	**¥240**	¥201	**$2,449**
Machinery and equipment	**434**	27	**4,429**
Land	**—**	56	**—**
Other	**281**	52	**2,867**
	¥955	¥336	**$9,745**

(j) Employee retirement benefits

Employees who terminate their service with the Noritake Group are entitled to retirement benefits generally determined by reference to basic rates of pay at the time of retirement, lengths of service and the conditions under which termination occurs. The Company has a lump-sum retirement benefit plan and has also established a defined benefit pension plan, which covers approximately 68% of the retirement benefits for employees of the Company who retire at the compulsory retirement age after five or more years 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 the actuarial appraisal approach and the fair value of pension plan assets available for benefits at the fiscal year-end. Unrecognized actuarial differences as changes in the projected benefit obligation or value of 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 year following the year in which they arise. Past service cost is recognized in a single year as incurred.

(k) 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.

(l) 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 adjustments in a component of net assets in the accompanying consolidated balance sheets.

(m) 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 operations and amounted to ¥2,828 million ($28,857 thousand) and ¥2,925 million for the years ended March 31, 2009 and 2008, respectively.

(n) Enterprise taxes

When levied as size-based corporate taxes for local government enterprise taxes, the enterprise taxes are calculated based on the "added value" and "capital" amounts and are recorded in selling, general and administrative expenses.

(o) Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for 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 the 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.

(p) Directors' bonuses

The Noritake Group has adopted the "Accounting Standard for Directors' Bonuses (ASBJ Statement No. 4)". Under the standard, the directors' bonuses, including those for corporate auditors, are accounted for as an expense of the accounting period in which the bonuses accrued.

(q) 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.

(r) Per share data

Net (loss) income per share is computed by dividing (loss) 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 was not disclosed, as the Noritake Group had no diluted common shares for the years ended March 31, 2009 or 2008. Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of operations represent dividends declared as applicable to the respective year.

3. NOTES AND ACCOUNTS RECEIVABLE

As of March 31, 2009 and 2008, notes and accounts receivable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Trade notes receivable	**¥ 6,640**	¥ 8,955	**$ 67,755**
Trade accounts receivable	**18,986**	30,150	**193,735**
Other	**202**	490	**2,061**
Less allowance for doubtful accounts	**(115)**	(186)	**(1,173)**
	¥25,713	¥39,409	**$262,378**

4. INVENTORIES

As of March 31, 2009 and 2008, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Merchandise and finished goods	**¥ 8,198**	¥ 9,135	**$ 83,653**
Work in process	**4,618**	7,307	**47,122**
Raw materials and supplies	**3,077**	3,734	**31,398**
	¥15,893	¥ 20,176	**$162,173**

5. INVESTMENTS

As of March 31, 2009 and 2008, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2009 and 2008, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Marketable securities:			
Equity securities	**¥13,463**	¥ 22,113	**$137,378**
Other nonmarketable securities	**536**	540	**5,469**
	¥13,999	¥ 22,653	**$142,847**

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, 2009 and 2008, gross unrealized gains and losses for available-for-sale 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, 2009	**¥10,686**	**¥ 4,669**	**¥(1,892)**	**¥13,463**
As of March 31, 2008	10,463	11,718	(68)	22,113
				Thousands of U.S. dollars
Available-for-sale equity securities:				
As of March 31, 2009	**$109,041**	**$47,643**	**$(19,306)**	**$137,378**

The Noritake Group sold available-for-sale securities and recorded net gains of ¥216 million ($2,204 thousand) and ¥28 million for the years ended March 31, 2009 and 2008, respectively. For the years ended March 31, 2009 and 2008, 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 ¥25 million ($255 thousand) and ¥37 million, respectively.

6. NOTES AND ACCOUNTS PAYABLE

As of March 31, 2009 and 2008, notes and accounts payable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Trade notes payable	**¥ 7,290**	¥ 11,599	**$ 74,388**
Trade accounts payable	**4,892**	8,849	**49,918**
Other	**1,097**	1,245	**11,194**
	¥13,279	¥ 21,693	**$135,500**

7. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

As of March 31, 2009 and 2008, short-term borrowings consisted principally of unsecured bank overdrafts and bank loans with interest at rates ranging from 1.16% to 18.40% per annum.

As of March 31, 2009 and 2008, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Unsecured loans from banks and insurance companies due through March 2014 with interest at rates ranging from 0.74% to 1.65% per annum at March 31, 2009	**¥ 8,400**	¥ 7,600	**$ 85,714**
Capitalized lease obligations	**182**	—	**1,857**
Less current portion	**(1,134)**	(900)	**(11,571)**
	¥ 7,448	¥ 6,700	**$ 76,000**

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

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 1,134	$ 11,571
2011	1,434	14,633
2012	31	316
2013	30	306
2014	5,928	60,490
Thereafter	25	255
	¥8,582	$ 87,571

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.

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, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Reconciliation of benefit liability:			
Projected benefit obligation	**¥ 19,627**	¥ 22,001	**$ 200,275**
Less fair value of pension plan assets at end of year	**(12,392)**	(17,600)	**(126,449)**
Projected benefit obligation in excess of pension plan assets	**7,235**	4,401	**73,826**
Unrecognized actuarial differences	**(6,842)**	(2,937)	**(69,816)**
	393	1,464	**4,010**
Prepaid pension cost	**3,098**	2,753	**31,612**
Balance of employee retirement benefit liability recognized on the consolidated balance sheets	**¥ 3,491**	¥ 4,217	**$ 35,622**

Notes: 1. The projected benefit obligation of certain consolidated 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 that would allow a determination of whether the value of the pension plan assets has been reasonably calculated in the proportion to the 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-ends was as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Latest calculation period-end	March 31, 2008:	March 31, 2007:	
Pension plan assets	**¥ 116,373**	¥ 132,459	**$ 1,187,479**
Related benefit obligation under the program	**(147,188)**	(139,971)	**(1,501,918)**
Difference, resulting primarily from unamortized past service cost	**¥ (30,815)**	¥ (7,512)	**$ (314,439)**
Ratio of subsidiaries' contributions to the total contributions to the entire plan	**2.9%**	2.8%	

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Components of net periodic retirement benefit expense:			
Service cost	**¥1,415**	¥ 1,108	**$14,439**
Interest cost	**387**	406	**3,949**
Expected return on pension plan assets	**(205)**	(232)	**(2,092)**
Amortization of actuarial differences	**730**	98	**7,449**
Amortization of past service cost	**(39)**	—	**(398)**
Net periodic retirement benefit expense	**¥2,288**	¥ 1,380	**$23,347**

Major assumptions used in the calculation of the above information for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
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**	—

9. LEASE COMMITMENTS

As lessee, the Noritake Group has entered into various rental and lease agreements, principally for office spaces, that are noncancelable or cancelable with a few months' advance notice. A lessee, the Noritake Group also leases machinery, office equipment, and vehicles under leases which are not usually cancelable. As disclosed in Note 2(h), finance leases that do not transfer ownership of the leased assets to the lessee which commenced prior to April 1, 2008 and have been accounted for with the accounting treatment similar to that used for operating leases continue to be accounted for with the accounting treatment similar to that used for operating leases, with disclosure of certain "as if capitalized" information, and are not capitalized. The aggregate future minimum payments under such finance leases, including imputed interest, and operating leases as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Finance leases:			
Due within one year	**¥130**	¥223	**$1,327**
Due after one year	**131**	264	**1,337**
	¥261	¥487	**$2,664**
Operating leases:			
Due within one year	**¥105**	¥147	**$1,071**
Due after one year	**167**	135	**1,704**
	¥272	¥282	**$2,775**

10. CONTINGENT LIABILITIES

There were no contingent liabilities at March 31, 2009 and 2008.

11. NET ASSETS

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 Japanese Corporate Law ("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, 2009 and 2008, 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 ($35,510 thousand) as of March 31, 2009 and 2008, respectively.

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

During the year ended March 31, 2009, the Company paid interim dividends of ¥4.50 per share, amounting to ¥665 million ($6,786 thousand.) In addition, on May 11, 2009, the Board of Directors of the Company resolved to pay cash dividends from an appropriation of retained earnings amounting to ¥359 million ($3,663 thousand, ¥2.50 per share) to the shareholders as of March 31, 2009. The appropriation was not accrued in the consolidated financial statements as of March 31, 2009.

12. 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, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Intercompany profits on sales	**¥ 17**	¥ 257	**$ 174**
Intercompany unrealized gains on property	**420**	420	**4,286**
Enterprise tax accruals	**21**	206	**214**
Accrued bonuses to employees	**485**	501	**4,949**
Employee retirement benefit liability	**4,275**	4,471	**43,622**
Accrued severance indemnities for directors and corporate auditors	**333**	363	**3,398**
Inventories	**366**	173	**3,735**
Net operating loss carryforwards	**2,662**	476	**27,163**
Other	**2,354**	1,986	**24,020**
Less valuation allowance	**(5,889)**	(1,541)	**(60,092)**
Total deferred tax assets	**5,044**	7,312	**51,469**
Deferred tax liabilities:			
Gain on transfer of investment securities to trusts for retirement benefit plans	**3,289**	3,289	**33,561**
Unrealized gains on available-for-sale securities	**755**	4,372	**7,704**
Other	**1,574**	1,581	**16,061**
Total deferred tax liabilities	**5,618**	9,242	**57,326**
Net deferred tax liabilities	**¥ 574**	¥ 1,930	**$ 5,857**

As of March 31, 2009 and 2008, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Deferred tax assets:			
Current	**¥ 511**	¥ 1,539	**$ 5,214**
Noncurrent	**1,272**	1,813	**12,980**
Deferred tax liabilities:			
Current	**33**	—	**337**
Noncurrent	**2,324**	5,282	**23,714**

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 the temporary differences become deductible. At March 31, 2009 and 2008, a valuation allowance was provided to reduce deferred tax assets to the amount the management believed was realizable.

For the year ended March 31, 2009, the reconciliation of the differences between the Japanese statutory effective tax rate and the actual effective income tax rate on pretax income was not disclosed as recording a loss before income taxes and minority interests. For the year ended March 31, 2008, the reconciliation was as follows:

	Percentage of pretax income
Japanese statutory effective tax rate	40.6%
Increase (decrease) due to:	
Permanently nondeductible 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%

13. SEGMENT INFORMATION

A summary of information classified by the lines of business of the Noritake Group for the years ended March 31, 2009 and 2008 is as follows:

	Industrial Products	Tabletop	Electronics	Ceramics & Materials	Environmental Engineering	Total	Elimination	Consolidated
								Millions of yen
For the year 2009:								
Operating revenue—net sales:								
External customers	¥38,717	¥13,113	¥10,411	¥29,510	¥21,233	¥112,984	¥ —	¥112,984
Intersegment sales/transfers	36	39	0	759	1,066	1,900	(1,900)	—
	38,753	13,152	10,411	30,269	22,299	114,884	(1,900)	112,984
Operating costs and expenses	36,941	14,739	9,958	27,017	20,469	109,124	3,052	112,176
Operating income (loss)	¥ 1,812	¥ (1,587)	¥ 453	¥ 3,252	¥ 1,830	¥ 5,760	¥ (4,952)	¥ 808
Identifiable assets	¥28,326	¥11,898	¥ 6,168	¥26,325	¥13,361	¥ 86,078	¥26,999	¥113,077
Depreciation	1,491	593	400	1,152	272	3,908	307	4,215
Impairment loss on fixed assets	139	338	473	—	5	955	—	955
Capital expenditures	2,240	343	167	1,375	434	4,559	564	5,123
For the year 2008:								
Operating revenue—net sales:								
External customers	¥46,528	¥17,723	¥12,677	¥33,192	¥23,248	¥133,368	¥ —	¥133,368
Intersegment 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
								Thousands of U.S. dollars
For the year 2009:								
Operating revenue—net sales:								
External customers	$395,072	$133,806	$106,235	$301,122	$216,663	$1,152,898	$ —	$1,152,898
Intersegment sales/transfers	367	398	0	7,745	10,878	19,388	(19,388)	—
	395,439	134,204	106,235	308,867	227,541	1,172,286	(19,388)	1,152,898
Operating costs and expenses	376,949	150,398	101,612	275,684	208,867	1,113,510	31,143	1,144,653
Operating income (loss)	$ 18,490	$ (16,194)	$ 4,623	$ 33,183	$ 18,674	$ 58,776	$ (50,531)	$ 8,245
Identifiable assets	$289,041	$121,408	$ 62,939	$268,622	$136,337	$ 878,347	$275,500	$1,153,847
Depreciation	15,214	6,051	4,082	11,755	2,775	39,877	3,133	43,010
Impairment loss on fixed assets	1,418	3,449	4,827	—	51	9,745	—	9,745
Capital expenditures	22,857	3,500	1,704	14,031	4,429	46,521	5,755	52,276

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 intersegment 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. Changes of accounting method or estimates:
   (The adoption of Accounting Standard for Measurement of Inventories)
   As described in Note 2(e), the Company and its domestic consolidated subsidiaries adopted "Accounting Standard for Measurement of Inventories" from the year ended March 31, 2009. As a result, for the year ended March 31, 2009, operating income in the "industrial products" segment, "electronics" segment, "ceramics & materials" segment and "environmental engineering" segment decreased by ¥49 million ($500 thousand), ¥20 million ($204 thousand), ¥14 million ($143 thousand) and ¥34 million ($347 thousand), respectively, and operating loss in the "tabletop" segment increased by ¥23 million ($235 thousand), from the amounts that would have been recorded with the previous accounting method.
   (Change of useful lives of equipment for depreciation)
   As disclosed in Note 2(g), effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries reassessed and changed the estimated useful lives of equipment in accordance with the amended Corporation Tax Law of Japan. As a result, operating income in the "industrial products" segment and "ceramics & materials" segment decreased by ¥62 million ($632 thousand) and ¥42 million ($429 thousand), respectively, for the year ended March 31, 2009, from the amounts that would have been recorded with the previous accounting method.

Information summarized by the geographic segments of the Noritake Group for the years ended March 31, 2009 and 2008 is as follows:

	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
								Millions of yen
For the year 2009:								
Operating revenue—net sales:								
External customers	**¥ 97,630**	**¥ 9,657**	**¥2,550**	**¥2,729**	**¥418**	**¥112,984**	**¥ —**	**¥112,984**
Intersegment sales/transfers	**9,195**	**57**	**121**	**2,492**	**11**	**11,876**	**(11,876)**	**—**
	106,825	**9,714**	**2,671**	**5,221**	**429**	**124,860**	**(11,876)**	**112,984**
Operating costs and expenses	**105,712**	**9,759**	**2,639**	**5,733**	**417**	**124,260**	**(12,084)**	**112,176**
Operating income (loss)	**¥ 1,113**	**¥ (45)**	**¥ 32**	**¥ (512)**	**¥ 12**	**¥ 600**	**¥ 208**	**¥ 808**
Identifiable assets	**¥ 84,957**	**¥ 4,651**	**¥1,090**	**¥2,496**	**¥390**	**¥ 93,584**	**¥ 19,493**	**¥113,077**
For the year 2008:								
Operating revenue—net sales:								
External customers	¥ 113,599	¥ 13,143	¥ 3,109	¥ 2,846	¥671	¥ 133,368	¥ —	¥ 133,368
Intersegment 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
								Thousands of U.S. dollars
For the year 2009:								
Operating revenue—net sales:								
External customers	**$ 996,224**	**$98,541**	**$26,020**	**$27,847**	**$4,266**	**$1,152,898**	**$ —**	**$1,152,898**
Intersegment sales/transfers	**93,827**	**581**	**1,235**	**25,429**	**112**	**121,184**	**(121,184)**	**—**
	1,090,051	**99,122**	**27,255**	**53,276**	**4,378**	**1,274,082**	**(121,184)**	**1,152,898**
Operating costs and expenses	**1,078,694**	**99,581**	**26,928**	**58,500**	**4,256**	**1,267,959**	**(123,306)**	**1,144,653**
Operating income (loss)	**$ 11,357**	**$ (459)**	**$ 327**	**$ (5,224)**	**$ 122**	**$ 6,123**	**$ 2,122**	**$ 8,245**
Identifiable assets	**$ 866,908**	**$47,459**	**$11,123**	**$25,469**	**$3,980**	**$ 954,939**	**$ 198,908**	**$1,153,847**

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 intersegment balances.

2. Changes of accounting method or estimates:
(The adoption of Accounting Standard for Measurement of Inventories)
As described in Note 2(e), the Company and its domestic consolidated subsidiaries adopted “Accounting Standard for Measurement of Inventories” from the year ended March 31, 2009. As a result, operating income of the “Japan” segment decreased by ¥140 million ($1,429 thousand) for the year ended March 31, 2009, from the amounts that would have been recorded with the previous accounting method.
(Change of useful lives of equipment for depreciation)
As disclosed in Note 2(g), effective from the year ended March 31, 2009, the Company and its domestic consolidated subsidiaries reassessed and changed the estimated useful lives of equipment in accordance with the amended Corporation Tax Law of Japan. As a result, operating income in the “Japan” segment decreased by ¥104 million ($1,061 thousand) for the year ended March 31, 2009, from the amount that would have been recorded with the previous accounting method.

For the years ended March 31, 2009 and 2008, 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
	2009	2008	**2009**
North America	**¥10,840**	¥ 14,226	**$110,612**
Europe	**3,399**	4,173	**34,684**
Asia	**18,667**	19,117	**190,480**
Other	**790**	1,108	**8,061**
	¥33,696	¥ 38,624	**$343,837**
Percentage of overseas sales to total consolidated net sales	**29.8%**	29.0%	

KPMG

Independent Auditors' Report

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

We have audited the accompanying consolidated balance sheets of NORITAKE CO., LIMITED and its consolidated subsidiaries (the "Noritake Group") as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets, and cash flows for the years 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.

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 financial position of the Noritake Group as of March 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following:
As discussed in Note 2(e) to the consolidated financial statements, the Company and its domestic consolidated subsidiaries have adopted a new accounting standard for measurement of inventories effective from the year ended March 31, 2009.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 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 26, 2009

OVERSEAS NETWORK

(As of June 26, 2009)

INDUSTRIAL PRODUCTS GROUP

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SIAM COATED ABRASIVE CO., LTD.
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TABLETOP GROUP

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ARLINGTON HEIGHTS, IL 60005, U.S.A.
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ITRON (U.K.) LIMITED
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HARFREY'S INDUSTRIAL ESTATE,
GREAT YARMOUTH, NR31 OLS,
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PT. NORITAKE INDONESIA
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JAWA BARAT, INDONESIA
Tel: 62-264-351311 Fax: 62-264-351314

ENVIRONMENTAL ENGINEERING GROUP

NORITAKE TAIPEI CO., LTD.
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NORITAKE CO., LIMITED
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CORPORATE DATA

(As of June 26, 2009)

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451-8501, Japan
Tel: +81-52-561-7112
Fax: +81-52-561-9721

DATE OF ESTABLISHMENT

January 1904

NUMBER OF EMPLOYEES

4,454 (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 26, 2009)

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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