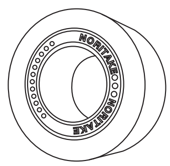
NORITAKE CO., LIMITED

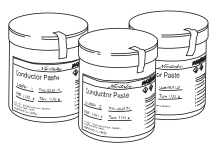
ANNUAL REPORT 2010

Year Ended March 31, 2010

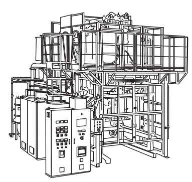
INDUSTRIAL PRODUCTS



CERAMICS & MATERIALS

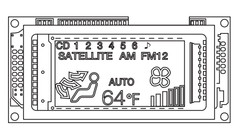


ENGINEERING



TABLETOP

ELECTRONICS



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.

MEDIUM-TERM BUSINESS PLAN

Since the worldwide economic recession, the business environment has enormously changed. Demand is shifting to emerging countries and environmental problems are seriously worsening. Confronted with this situation, Noritake formulated a new medium-term business plan, which started in April 2010.

The fundamental points of this plan are:

1. **Focusing management resources on growing business areas**
2. **Enhancing unique technologies and new product development to create competitive advantages**
3. **Developing new markets mainly in emerging countries to raise overseas sales**
4. **Reducing cost by raising the proportion of overseas production**
5. **Streamlining management systems and enhancing management structure**

Through the above actions, the Noritake Group is taking steps to secure greater corporate value.

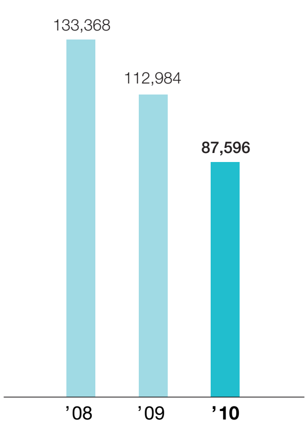
CONTENTS

SIX-YEAR FINANCIAL SUMMARY

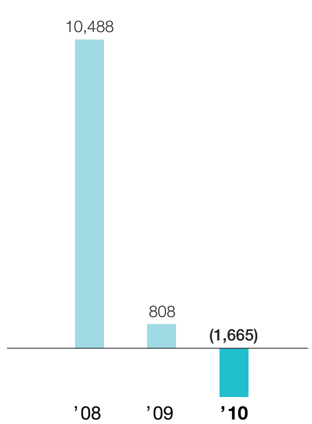
	Millions of yen						Thousands of U.S. dollars
	2010	2009	2008	2007	2006	2005	**2010**
For the year:							
Net sales	**¥ 87,596**	¥112,984	¥133,368	¥129,240	¥123,207	¥118,315	**$ 941,892**
Operating (loss) income	**(1,665)**	808	10,488	9,463	8,361	6,927	**(17,904)**
(Loss) income before income taxes and minority interests	**(3,354)**	(3,059)	10,171	10,398	9,009	6,729	**(36,065)**
Net (loss) income	**(4,501)**	(6,861)	5,669	5,796	5,031	4,002	**(48,398)**
Net (loss) income per share (yen/U.S. dollars)	**¥ (31.32)**	¥ (46.82)	¥ 38.36	¥ 39.20	¥ 33.50	¥ 26.43	**$ (0.34)**
Capital expenditures	**¥ 2,907**	¥ 5,122	¥ 5,084	¥ 4,080	¥ 3,413	¥ 3,494	**$ 31,258**
At year-end:							
Total assets	**¥109,595**	¥113,077	¥141,644	¥148,827	¥143,433	¥128,288	**$1,178,441**
Total shareholders' equity	**59,398**	62,163	78,083	79,270	76,025	66,284	**638,689**
Total shareholders' equity ratio (%)	**54.2**	55.0	55.1	53.3	53.0	51.7	

Note: The U.S. dollar amounts above have been translated at the rate of ¥93 to US$1.

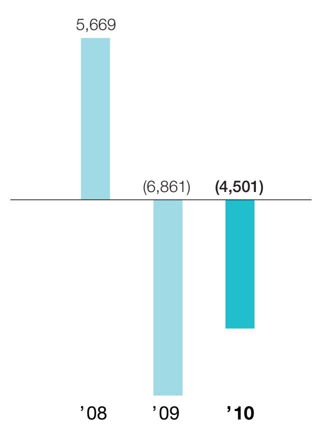
Net Sales
(Millions of yen)



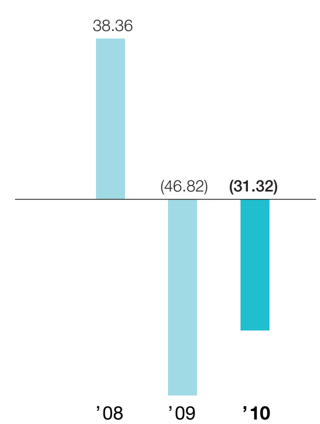
Operating (Loss) Income
(Millions of yen)



Net (Loss) Income
(Millions of yen)



Net (Loss) Income per Share
(Yen)



Noboru Akahane
Chairman and Representative Director

Hitoshi Tanemura
President and Representative Director

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 2010, ended March 31, 2010.

Performance Overview for Fiscal 2010

The business environment in fiscal 2010 was characterized by a deepening of the global recession of the previous year, with dire conditions continuing through to the end of the first half. In the second half, however, the economy began on a course of gradual recovery, spurred on by government spending worldwide as well as economic development in China and other emerging nations.

The Noritake Group was shaken severely by the global downturn in market conditions. Consolidated net sales fell substantially in the first half, almost 40% compared with the same period of the previous fiscal year. In the second half, even though traces of economic recovery could be seen, a drop of over 30% was unavoidable.

As a consequence, factory operation rates in the Industrial Products and other groups fell sharply and performance deteriorated significantly. The appreciation of the yen and persistently high raw materials prices were other factors that applied downward pressure to profitability.

To address these harsh conditions, we took the initiative to move forward, taking further steps to restructure the Tabletop and Electronics business groups, measures that had been in motion since the previous year. In tandem with this, we endeavored to promote streamlined manufacturing and marketing in Industrial Products and Ceramics & Materials so as to improve performance.

We also worked to bring about a more efficient management structure by taking a new look at our current framework of autonomous Group members, and streamlined management by conducting mergers to absorb principal Group companies.

As initiatives in regions worldwide and new growth markets, we made all-out efforts to develop and expand sales of new products and new technologies. For example, in the solar cell field we are developing electronic paste for use as electrodes on solar cells and diamond wire to slice silicon ingot as well as dry furnaces and kilns for the manufacture of lithium-ion batteries.

As a result of the aforementioned factors, although great efforts were made, in the period under review the Noritake Group posted a decline of 22.5% in consolidated net sales, to ¥87,596 million, and a net loss of ¥4,501 million.

Issues to Be Addressed

The economic climate that surrounds Noritake is emerging from one of the worst periods of worldwide recession, and signs of recovery are appearing regularly. Even so, it is impossible to be wholly optimistic about the future.

In confronting these conditions, we at the Noritake Group formulated a medium-term, three-year business plan that commenced from April 1, 2010. Together with an early return to profitable business results, we are endeavoring to build a new business foundation.

1. Development of Overseas Business

Looking to the future, expectations are for reductions in the scale of the Japanese and other developed markets around the world, which means we must undertake the urgent mission of addressing the needs of emerging economies experiencing surging growth. We at Noritake will work to raise competitiveness by securing, as well as building and utilizing, overseas production sites in Asia and other regions while aggressively moving forward on expansion into new markets.

2. Development of New Products

We must seize the opportunities presented by new and growing demand from emerging markets and environment-related fields and strengthen the development of unique new technologies and products. The solar cell field is an area of particular interest, and we will make concerted efforts to further develop our diamond wire for cutting silicon ingots, electronic paste, and dry furnaces and kilns used to manufacture lithium-ion batteries.

3. Enhancement of Management Structure

We are moving forward with absorption-type mergers with principal Group companies, aiming to enhance structural and operational efficiency under a unified Noritake framework. At the same time, we are taking steps to strengthen management infrastructure by reinforcing information and management systems as well as other efforts.

4. Compliance

Based on the Noritake Group's "Code of Ethics," the Compliance Committee takes the lead in conducting activities and working to strengthen the Group's internal control.

Basic Policy Regarding Earnings Distribution

Noritake has positioned returning profit 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 aimed at creating 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. With regard to dividend payments, Noritake distributed ¥2.5 per share as the fiscal year-end dividend, which, when added to the interim dividend already paid, made for a full-year dividend of ¥5.0 per share.

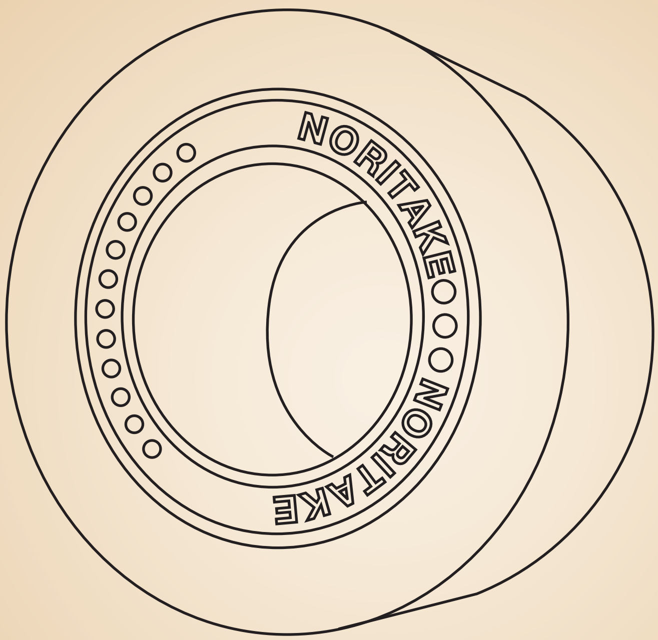
We sincerely regret the concern caused by the worsening business results. In order to prevail in these difficult times, all employees and officers of the Noritake Group will work in unison, making all-out efforts to improve corporate performance. We ask for your continued understanding and steadfast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

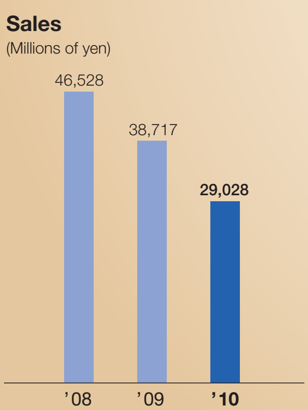
N. Akahane

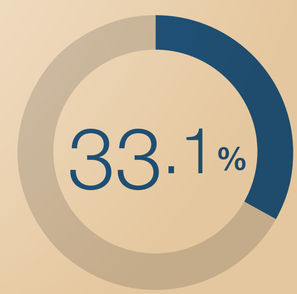
Noboru Akahane
Chairman and Representative Director

Hitoshi Tanemura
President and Representative Director

INDUSTRIAL PRODUCTS







Fiscal 2010 Conditions

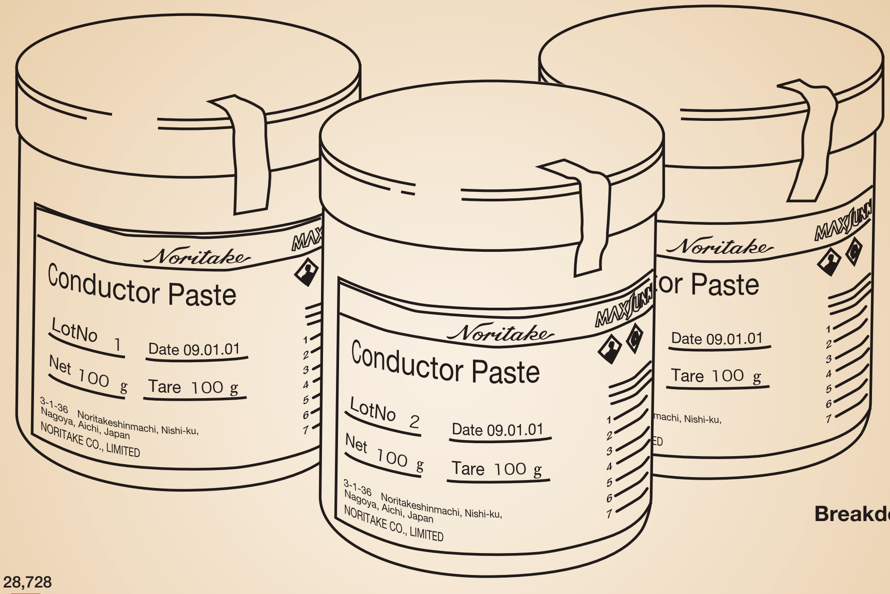
Demand for grinding wheels and cubic boron nitride (CBN) tools from principal customers in the automobile, steel-making and bearing industries was sluggish. From mid fiscal 2010, however, although signs of a rebound could be seen, no significant recovery was attained. Also, sales of diamond tools also declined even though demand in the electronics and semiconductor industries rallied, as this recovery did not extend to other industries. Both domestic and export sales of abrasive cloth and paper fell due to ongoing logistics-linked inventory adjustments. Even the development of diamond wire for slicing silicon ingot, which has applications in the growth market of solar cell materials, did not sufficiently boost sales in the fiscal year under review.

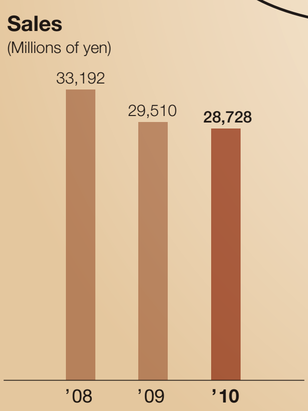
As a result, consolidated net sales of the Industrial Products Segment tumbled 25.0% year on year to ¥29,028 million. Operating income dropped 100.0% to zero million yen.

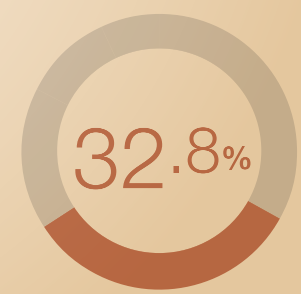
Business Strategy

In Japan, the primary market for grinding tools, automobile-industry-related demand is expected to decline. Therefore, Noritake is working to develop new technologies and products and step up its forays into ever-expanding emerging markets and environment-related fields. Specifically, Noritake is looking to build manufacturing bases in Asia and other regions, develop high profit margin products, and to further develop and expand sales of such distinctive products as its diamond wire.

CERAMICS & MATERIALS







Fiscal 2010 Conditions

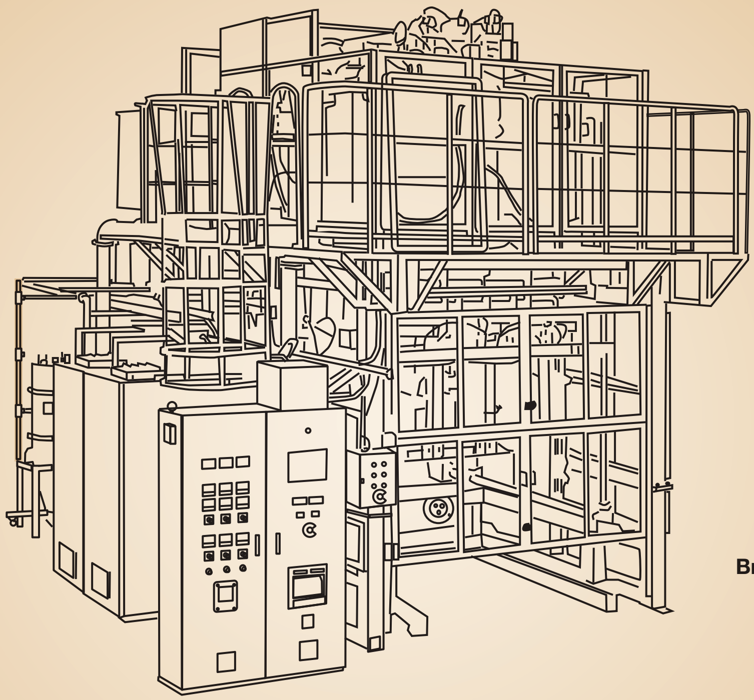
Sales of electronic pastes were mostly on par with those of the previous fiscal year. In addition to recovery in demand for ceramic capacitors, sales of new products in the solar cell field increased, offsetting declining demand for glass paste for FPD TVs. Ceramic materials sales increased on the back of recovery of demand for ceramic capacitors and glass substrates. In Japan, Regional demand was sluggish for thick-film printed circuit boards for automobiles, dental-related products, catalyst carriers and other ceramic components and materials.

As a result, consolidated net sales for the Ceramics & Materials Group decreased 2.6% to ¥28,728 million. Operating income was down 9.6% year on year to ¥2,941 million.

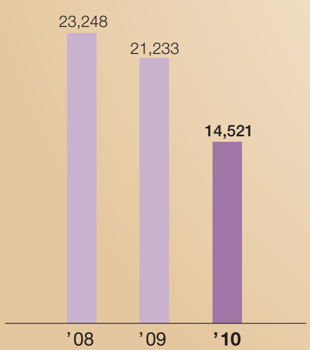
Business Strategy

Noritake will endeavor to develop and market new technologies and products that address needs related to solar cells, electronics components and other growth markets. The Company will also seek to cut costs by upgrading and utilizing overseas production bases in Indonesia and other locations, strengthening international competitiveness. Having consolidated the Electronics Group into Ceramics & Materials in April 2010, Noritake will thoroughly implement standardized production and concentrate on high-value-added markets to improve profitability.

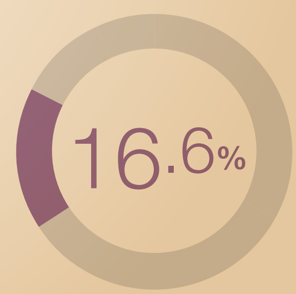
ENGINEERING



Sales
(Millions of yen)



Breakdown of Sales



Fiscal 2010 Conditions

In the heating business, while sales of large mainstay dry furnaces and kilns continued in the first half, there was an overall decline for the year due to customer cutbacks in capital investment. Sales of such machinery as grinding and thin cut master machines as well as filtration equipment for machine tool oil use were sluggish on the back of reduced capital investments in principal industries.

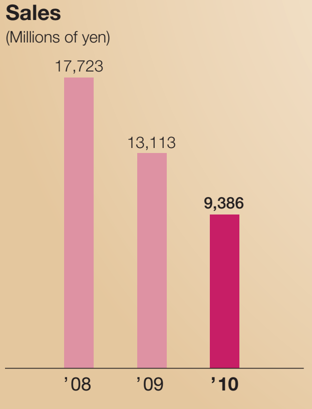
As a result, consolidated net sales for the Engineering Group fell 31.6% year on year to ¥14,521 million. Operating income declined 77.1% to ¥420 million.

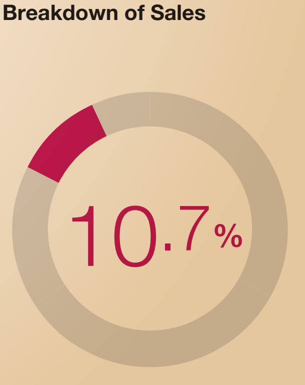
Business Strategy

In the area of kilns and dry furnaces, Noritake will advance the development and expansion of sales related to the lithium ion battery and solar cell fields. The Company will also take steps to standardize filtration equipment and grinding machines, reduce costs through overseas production and expand its share of overseas markets.

As of October 1, 2009, this group's name was changed from the Environmental Engineering Group to the Engineering Group.

TABLETOP





Fiscal 2010 Conditions

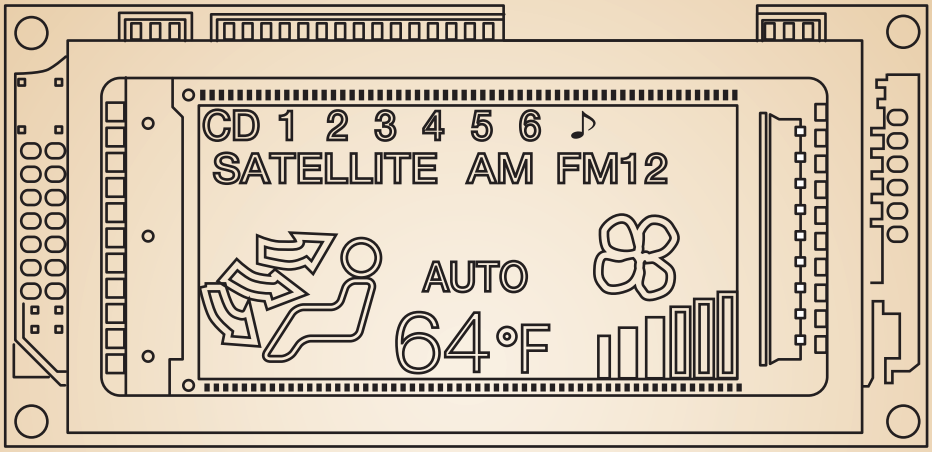
Economic stagnation in both the domestic and overseas markets led to overall anemic demand, and even in emerging markets where growth had been anticipated, demand from wealthy customers slackened. Other factors included the reorganization of tableware sales with regard to underperforming airlines.

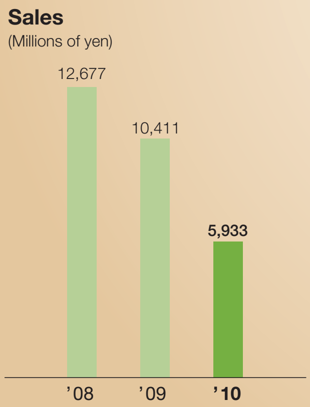
As a result, the Tabletop Group posted a decline in consolidated net sales of 28.4% to ¥9,386 million, while the operating loss was ¥376 million.

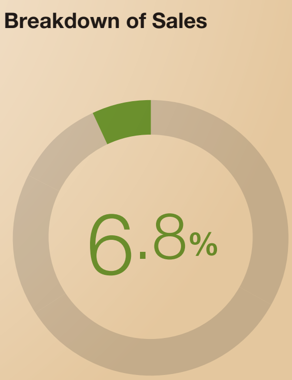
Business Strategy

While markets shrink worldwide and fierce competition continues, new demand is arising from emerging economies. In addition to improving profitability by thoroughly streamlining business operations, Noritake aims to open up new markets by developing and introducing everyday items, luxury goods and other new products.

ELECTRONICS







Fiscal 2010 Conditions

In the domestic market, sales and orders declined, reflecting the impact of the sluggish economy as well as a reorganization of the product lineup to eliminate underperforming items and concomitant concentration on products with a high added value. Overseas, we withdrew from the production of automobile-use vacuum fluorescent displays (VFDs), and sales fell across the board for medical equipment, consumer appliances and audio equipment.

As a result, consolidated net sales for the Electronics Group dropped 43.0% year on year to ¥5,933 million. Operating income declined 51.3% to ¥221 million.

Business Strategy

From April 2010, the Electronics Group was consolidated into the Ceramics & Materials Group.

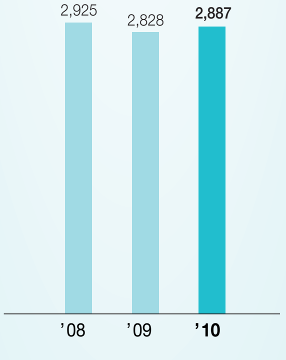
The R&D activities of the Noritake Group primarily revolve around the Research and Development Center, which is principally involved in basic research, and the Strategy Development Center, which promotes the commercialization of projects that are directly connected to the business divisions. Noritake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

The R&D expenditures of the Noritake Group amounted to ¥2,887 million in the fiscal year under review.

For basic research, Noritake is engaged in elemental technological research into mesoporous and fuel cell materials.

Core basic R&D expenditures amounted to ¥393 million.

R&D Expenditure
(Millions of yen)



INDUSTRIAL PRODUCTS

Mega-life wheel

To increase market competitiveness, Noritake has been focusing its efforts on strengthening its development capabilities by relying on basic technologies and developing differentiated products. Particularly in the areas of solar cells and energy-saving semiconductors, both promising growth fields, Noritake is vigorously pushing the development of ecologically 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 the Industrial Products segment amounted to ¥603 million in the fiscal year under review.

CERAMICS & MATERIALS

Electronic paste

The Ceramic and Materials Group stepped up its efforts in the development of electronic paste to meet the high-tech needs of the electronic device and environmental energy fields as well as its activities in related fields that utilize ceramic technology.

Noritake Kizai Co., Ltd. developed various electronics materials, including super-thin-layer electronic paste to meet the needs of next-generation electronic components, along with paste for solar cells aimed at high conversion efficiency. Noritake Ceramics Co., Ltd. developed high-performance ceramic catalyst carriers for chemical plants and thick-film, multi-layer substrates for automobiles. Noritake Dental Supply Co., Limited. is developing CAD/CAM system products for manufacturing ceramic frames, including those for which dental porcelain is used, as well as products in response to the increasing prevalence of ceramics in dental materials.

KCM Corporation is developing particulate material compounds for use in the growth field of multilayer ceramic capacitors (MLCCs), as well as materials for fiber optic communication components.

The R&D expenditures in this segment totaled ¥1,623 million.

ENGINEERING

RHK Simulator

The Engineering Group carries out research into facilities and equipment, focusing primarily on energy-related fields, such as lithium-ion batteries and solar cells, and the electronics and semiconductor industries.

The R&D expenditures in this segment amounted ¥143 million.

TABLETOP

"Imperial Suite"
Noritake 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 segment totaled ¥64 million in fiscal 2010.

ELECTRONICS

Dot character VFD module with brightness gradation

Noritake Itron Corporation is continuing its research into vacuum fluorescent display (VFD) tubes and VFD module products. Its research into assembly and system products based on VFD modules resulted in the commercialization of a VFD message display that utilizes LED back lights for use in stores as well as for information and reception displays in public places. In the development of products featuring low environmental impact, Noritake Itron is developing fluorescent materials that contain no environmentally harmful materials and is continuing to improve their properties.

The R&D expenditures in the Electronics Segment totaled ¥58 million.

(1) CORPORATE GOVERNANCE STRUCTURE

(i) Overview of corporate governance structure

Comprising its corporate governance structure, Noritake has positioned the Board of Directors as the body that decides on important matters, including those stipulated by management's basic policy and the law. Noritake has also introduced an executive officer system to clarify executive responsibilities and to delegate authority with the objective of further reinforcing the execution of business based on decisions made by the Board of Directors. In addition to executive officers involved in business operations, the Board of Directors meets, in principle, once a month to ensure uniformity of understanding across the entire Group. Furthermore, such matters as surplus dividends and 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.

With regard to important management matters, Noritake has established a structure to perform accurate and quick decisions after careful deliberation at the Executive Council, which meets weekly, in principle.

Directors are elected at the Company's Annual General Meeting of Shareholders, which is attended by at least one-third of the shareholders with exercisable voting rights, and after a majority of said voting rights is obtained, although not by cumulative voting. Noritake limits the number of directors to 18. The tenure of directors at Noritake and the Group has been set at one year. The purpose of this system is to make possible the active building of a management structure optimally suited to today's turbulent business environment and to clarify management responsibilities anew with each fiscal year.

In accordance with Article 426-1 of the Corporation Law and by Board of Directors' meeting resolution, Noritake decided that it would be able to exempt directors and auditors (including former directors and auditors) from liabilities for damages incurred as a result of the execution of their duties, within the limit of laws and regulations, with the aim of having them fully perform the roles expected of them by the Board of Directors and auditors.

Noritake aims to affect 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.

Although the establishment of a "company with committees" is recognized, Noritake decided to use a corporate auditor system.

(ii) Reasons for applying corporate governance system

With the advancing globalization of business, the effects of corporate activities are being held to increasingly strict standards of corporate social responsibility. Each Group executive and employee is heir to the spirit of Noritake's founder, on which basis the Noritake Group Statement of Corporate Ethics was formulated. In observing and putting that statement into practice, they apply this corporate governance structure to realize a Noritake Group with even higher standards of corporate ethics.

(iii) Status of internal control system upgrades

Since fiscal 2007, the Noritake Group has been working to build and maintain a framework in which it forms project-based structures, advances the documentation of adherence to rules and operational processes and addresses the systemization of internal controls related to financial reporting. Furthermore, with regard to the stipulation of internal control rules, and the status of their maintenance and implementation, Noritake conducts monitoring from the perspective of the risk of material misstatements related to financial reporting, among other measures, as it strives to preserve and improve its internal control system.

Through the Compliance Committee and the activities of persons appointed to have compliance responsibilities under the committee's authority, the Company is working to bolster its internal controls system from the compliance standpoint.

(iv) Status of risk management system upgrades

Strengthening the ongoing compliance structure of the Group as a whole, Noritake works to maintain risk management systems to prevent the Group from entering into a crisis situation due to misconduct associated with the violation of the law.

Should the Group be faced with any risk that might damage its corporate value, such as a case of misconduct, an accident or disaster, "Risk Management Regulations" have been formulated to minimize losses and to enable operations to continue with minimal disruption. In the event that a crisis does arise, a task force will be established in immediate response.

(2) STATUS OF INTERNAL AUDITS AND AUDITS BY CORPORATE AUDITORS AND INDEPENDENT AUDITORS

The Audit Office (comprising four personnel) serves as the Company's internal audit department and implements operational and accounting audits. Audit results are reported to the divisional head and 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 Board of Auditors is composed of two full-time corporate auditors and two outside auditors. Besides stipulating such matters as audit guidelines and the division of duties, the Board of Auditors receives reports from each auditor providing the actual audit status and results and expedites the flow of information between the Board of Directors and the Audit Office, which serves as the internal audit department. In addition to working to gather information, auditors attend meetings of the Board of Directors and Executive Council as well as other important meetings, where they receive status reports on the execution of executives' duties and ask for explanations when the need arises. Furthermore, Noritake's accounting auditors maintain their independence and confirm the implementation of appropriate audits. The Board of Auditors receives status reports from the accounting auditors on the execution of duties and requests explanations when the need arises.

In the Audit Office, auditors and accounting auditors work in close collaboration to maintain the effectiveness of internal audit implementation.

Noritake's independent auditor is KPMG AZSA LLC (name changed from KPMG AZSA & Co. as of July 1, 2010), as established by contractual ties, which assigns managing partners to Noritake to implement audits from an independent perspective.

In the fiscal year under review, the managing partners assigned to Noritake by the then KPMG AZSA & Co. were as follows:

(Specified employees and managing partners)
CPA Kanemaru Yasui
CPA Chika Matsumoto
CPA Hideki Saito
(Assistants)
Five CPAs and 18 others

(3) OUTSIDE DIRECTORS AND AUDITORS

Noritake has two outside auditors.

No personal, capital or business relationships or other conflicts of interest exist between Noritake and its outside auditors Kazuya Okamoto and Yasuji Moriyama, who were in office for the fiscal year under review.

Furthermore, they reflect their wealth of experience and broad insight as business managers in Noritake audits.

Together with the two full-time corporate auditors, the outside auditors are mandated to audit the Board of Auditors in the execution of its duties and the operations and assets of Noritake and its subsidiaries. In addition, the outside auditors conduct audits based on reports received from the independent accounting auditors regarding the Company's consolidated financial statements and financial statements. In addition, working closely with the Audit Office, the outside auditors contribute to efficient internal audits.

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.

The outside auditors, Kazuya Okamoto and Yasuji Moriyama, stepped down from their posts at the 129th Annual General Meeting of Shareholders, which was held on June 29, 2010. On the same day, Yasumasa Gomi and Mitsuo Kinoshita were newly appointed as outside auditors.

With regard to management and decision-making functions as well as its Board of Directors, which fulfills the management oversight function in terms of the business execution of its directors, Noritake strengthens management oversight by having two of four auditors from outside the Company. In corporate governance, Noritake places the utmost importance on external, objective and neutral management oversight functions. On the grounds that audits are implemented by two outside auditors, Noritake has not elected any outside directors as the external management oversight function is adequately performed by the system that is in place.

(4) COMPENSATION TO DIRECTORS AND AUDITORS

(i) Total executive compensation by executive officer category, total compensation by type, and number of officers eligible

Executive Officer Category	Compensation Amount (Millions of yen)	Total Compensation by Type (Millions of yen)				No. of Officers Eligible
		Basic Compensation	Stock Options	Contribution	Retirement Benefits	
Director	347	255	—	—	91	10
Auditor (excl. outside auditors)	52	37	—	—	15	3
Outside auditor	10	10	—	—	—	2

(ii) Policy details and decision-making process with regard to executive compensation and its methods of calculation

At the 109th Annual General Meeting of Shareholders, which was held on June 28, 1990, the decision was taken to limit Noritake's total executive compensation to ¥40 million or less per month for directors and ¥6 million or less per month for auditors.

(5) DETAILS OF COMPENSATION PAID TO INDEPENDENT AUDITOR, ETC.

(i) Details of independent auditor compensation, etc.

Category	Previous Consolidated Accounting Year		Consolidated Accounting Year under Review	
	Compensation Based on Audit Certification Services (Yen)	Compensation Based on Non-Auditing Services (Yen)	Compensation Based on Audit Certification Services (Yen)	Compensation Based on Non-Auditing Services (Yen)
Parent company	57,000,000	—	57,000,000	—
Consolidated subsidiary	21,000,000	—	21,000,000	—
Total	78,000,000	—	78,000,000	—

(ii) Other significant details regarding compensation

Noritake Co., Inc., a Noritake subsidiary, paid compensation based on audit certification services of ¥21 million to KPMG LLP, which belongs to the same corporate network as the Company's independent auditor, in the consolidated accounting year under review. In the previous consolidated accounting year, the amount for such services had totaled ¥24 million.

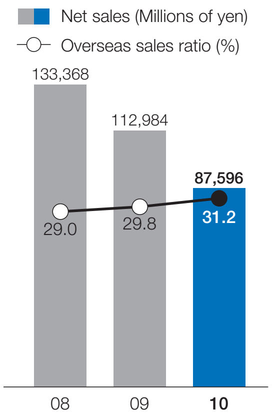
(iii) Details of non-auditing services provided to the Company by the independent auditor

No applicable items

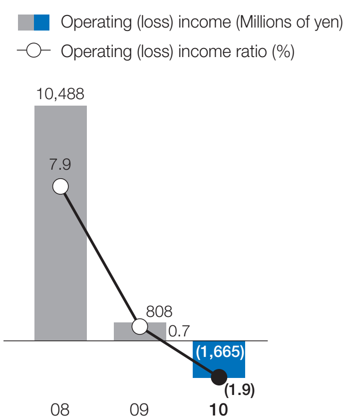
(iv) Policy for determining compensation to independent auditors

The Company calculates compensation to be paid to its CPAs, etc. taking into account such factors as the number of days of the audit and the special characteristics of Noritake's size and operational characteristics.

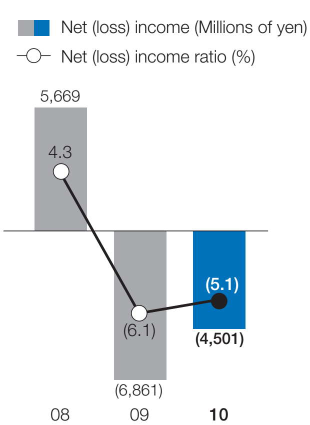
Net Sales & Overseas Sales Ratio



Operating (Loss) Income & Operating (Loss) Income Ratio



Net (Loss) Income & Net (Loss) Income Ratio



SCOPE OF CONSOLIDATION

Composed of 34 subsidiaries and 8 affiliates, the Noritake Group is engaged in the manufacture and sale of products in five business segments—Industrial Products, Ceramics & Materials, Engineering, Tabletop and Electronics—as well as the provision of services related to these segments.

INDUSTRIAL PRODUCTS SEGMENT

In the Industrial Products Segment, 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 the subsidiary Noritake Coated Abrasive Co., Ltd. and one affiliate, and a portion of their output comes to the Company.

The Industrial Products Segment'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 the Company 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.

CERAMICS & MATERIALS SEGMENT

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, the subsidiary KCM Corporation and its subsidiaries produce ceramic materials, a portion of which is supplied to the Company.

Domestic sales are handled by the subsidiary Noritake Dental Supply Co., Limited, 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.

ENGINEERING SEGMENT

In the Engineering Segment, 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 Engineering Segment in overseas markets.

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

TABLETOP SEGMENT

In the Tabletop Segment, porcelain tableware is 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 Segment 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 SEGMENT

In the Electronics Segment, 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 undertake sales for the Electronics Segment in overseas markets.

PERFORMANCE ANALYSIS

Consolidated net sales fell 22.5% year on year to ¥87,596 million, mainly due to ongoing harsh economic conditions that led to dramatic cutbacks in production in customer industries and worsened segment performance across the board.

The cost of goods sold declined 21.9% year on year to ¥65,658 million in line with the reduction in net sales. Selling, general and administrative expenses fell 16.0% year on year to ¥23,603 million. As a result, operating income plummeted from ¥808 million in the previous fiscal year to an operating loss of ¥1,665 million.

Other income (expenses) amounted to expenses of ¥1,689 million, a ¥2,178 million improvement from the previous fiscal year. Major contributing factors included the absence of a loss relating to foreign currency translation adjustments recorded in the previous year and a significant fall in severance pay to employees under an early retirement plan.

As a result of the aforementioned, loss before income taxes and minority interests amounted to ¥3,354 million. After accounting for income taxes and minority interests, net loss totaled ¥4,501 million, a 34.4% improvement that, in turn, raised return on equity from negative 9.8% in the previous fiscal year to negative 7.4%. Net loss per share amounted to ¥31.32.

FINANCIAL POSITION ANALYSIS

Total assets stood at ¥109,595 million, down 3.1%, or ¥3,482 million, from the previous fiscal year-end. Current assets totaled ¥56,352 million, down ¥3,127 million, while non-current assets amounted to ¥53,243 million, down ¥355 million. A major factor contributing to the decrease in current assets was a fall in inventories. The decrease in non-current assets was caused primarily by a decline in property, plant and equipment following the sale, disposal and amortization of assets.

Total liabilities as of the end of the consolidated fiscal year under review stood at ¥42,884 million, down 2.3% year on year, or ¥1,001 million. The major factor contributing to the decline was a drop in the employee retirement benefit liability.

Net assets as of the end of the consolidated fiscal year under review amounted to ¥66,711 million, down 3.6% year on year, or ¥2,481 million. A major factor for the decrease was a decline in retained earnings.

As a result, shareholders' equity per share totaled ¥413.33, down ¥19.16 compared with the previous consolidated fiscal year-end. The shareholders' equity ratio declined to 54.2% from the 55.0% of the previous fiscal year-end.

CASH FLOW ANALYSIS

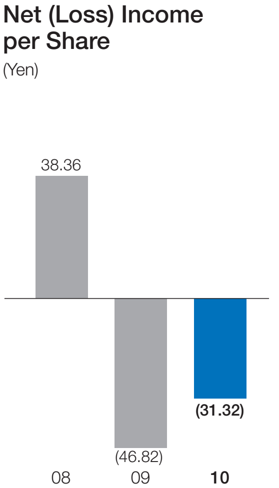
Cash and cash equivalents on a consolidated basis at the end of the fiscal year under review showed a net increase of ¥265 million to ¥11,834 million. Contributing factors included a decrease in inventories and an increase in trade payables.

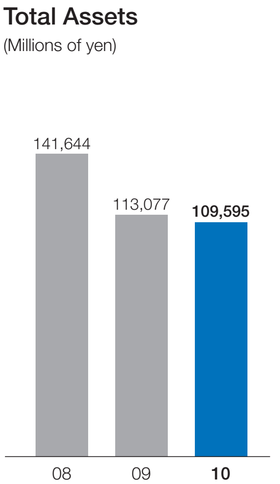
Free cash flows as of the end of the consolidated fiscal year under review totaled ¥932 million.

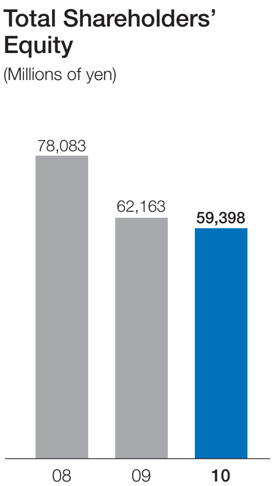
Net cash provided by operating activities decreased ¥353 million year on year to ¥5,335 million. Contributing factors included a turnaround from a ¥7,779 million decrease in trade payables during the previous fiscal year to an increase of ¥844 million, as well as reversal from income taxes paid of ¥4,556 million in the previous fiscal year to a reimbursement of ¥312 million. On the other hand, the Company recorded a ¥2,114 million increase in trade receivables compared to a decrease of ¥12,871 in the previous fiscal year as well as a higher decrease in employee retirement benefit liability, which grew ¥1,073 million.

Net cash used in investing activities decreased ¥973 million year on year to ¥4,403 million. The decrease was due mainly to the net increase in property, plant and equipment totaling ¥3,140 as well as a ¥1,038 million increase in short-term investments.

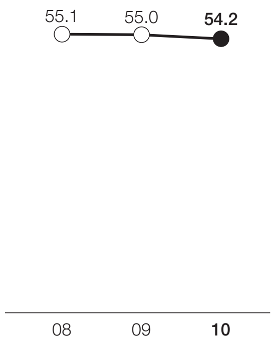
Net cash used in financing activities amounted to ¥825 million compared with ¥9 million provided by financing activities in the previous fiscal year. Contributing factors included the recording of a ¥9 million net decrease in short-term loans compared with a net increase of ¥1,978 million in the previous year and a ¥900 million retreat in the increase in long-term debt that helped to offset a ¥1,329 million decrease in purchase of treasury stock and fractional shares.



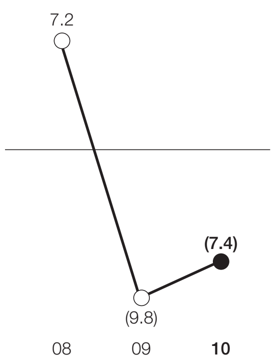




Total Shareholders' Equity Ratio
(%)



Return on Equity
(%)



FINANCIAL POLICIES

The Noritake Group, in principle, funds general operations and capital expenditures through internal reserves and borrowings. In particular, working capital for general operations is provided by 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 a basic policy of procuring operating funds themselves in their respective local currencies.

As of March 31, 2010, the balance of short-term borrowings totaled ¥11,084 million, most of which is denominated in yen, with the remainder 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, 2010, the balance of long-term debt amounted to ¥7,169 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 Segment and the Electronics Segment are high in comparison to Noritake's other business segments. Accordingly, unfavorable trends in currency exchange rates—more specifically, the yen's rapid appreciation—may negatively impact the performance of these business segments, 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 earthquake, fire or other disaster, 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 one of the countries where Noritake operates may restrict the Company's operations. In particular, in the case of war, civil disturbance, terrorist attack 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, semiconductor and energy industries. These industries are characterized by the rapid pace of their technological innovation and dynamic demand fluctuations, which cause participants 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, 2010.

CONSOLIDATED BALANCE SHEETS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	¥ 11,834	¥ 11,569	$ 127,247
Short-term investments (Notes 3 and 6)	1,917	884	20,612
Notes and accounts receivable, net of allowance for doubtful accounts (Notes 3 and 4)	27,561	25,713	296,355
Inventories (Note 5)	12,451	15,893	133,882
Deferred tax assets (Note 14)	433	511	4,656
Other current assets	2,156	4,909	23,183
Total current assets	56,352	59,479	605,935
Investments and other assets:			
Investment securities (Notes 3 and 6)	17,331	13,999	186,355
Investments in unconsolidated subsidiaries and affiliates (Note 3)	1,526	561	16,409
Deferred tax assets (Note 14)	491	1,272	5,280
Other	2,828	4,058	30,408
Total investments and other assets	22,176	19,890	238,452
Property, plant and equipment:			
Land	11,891	12,199	127,860
Buildings and structures	32,837	33,451	353,086
Machinery and equipment	39,720	39,064	427,097
Construction in progress	674	1,318	7,247
Total property, plant and equipment	85,122	86,032	915,290
Less accumulated depreciation	(54,055)	(52,324)	(581,236)
Net property, plant and equipment	31,067	33,708	334,054
Total assets	¥109,595	¥113,077	$1,178,441
Liabilities:			
Current liabilities:			
Short-term borrowings (Notes 3 and 8)	¥ 11,084	¥ 11,104	$ 119,183
Current portion of long-term debt (Notes 3 and 8)	1,445	1,134	15,538
Notes and accounts payable (Notes 3 and 7)	13,561	13,279	145,817
Accrued expenses (Note 3)	2,360	2,455	25,376
Income taxes payable (Note 3)	447	323	4,806
Deferred tax liabilities (Note 14)	—	33	—
Other current liabilities	1,249	1,258	13,430
Total current liabilities	30,146	29,586	324,150
Long-term liabilities:			
Long-term debt (Notes 3 and 8)	7,169	7,448	77,086
Employee retirement benefit liability (Note 9)	1,772	3,491	19,054
Accrued severance indemnities for directors and corporate auditors	694	827	7,462
Deferred tax liabilities (Note 14)	3,075	2,324	33,065
Other noncurrent liabilities	28	209	301
Total long-term liabilities	12,738	14,299	136,968
Total liabilities	42,884	43,885	461,118
Net assets (Note 13):			
Shareholders' equity:			
Common stock: 397,500,000 shares authorized and 158,428,497 shares issued	15,632	15,632	168,086
Capital surplus	18,833	18,833	202,505
Retained earnings	32,109	37,329	345,258
Less treasury stock, at cost: 14,723,582 shares in 2010 and 14,696,939 shares in 2009	(6,504)	(6,497)	(69,935)
Total shareholders' equity	60,070	65,297	645,914
Accumulated losses from valuation and translation adjustments	(672)	(3,134)	(7,225)
Minority interests	7,313	7,029	78,634
Total net assets	66,711	69,192	717,323
Total liabilities and net assets	¥109,595	¥113,077	$1,178,441

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF OPERATIONS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Operating revenue:			
Net sales (Note 15)	¥87,596	¥112,984	$941,892
Operating costs and expenses (Note 15):			
Cost of goods sold	65,658	84,076	706,000
Selling, general and administrative expenses	23,603	28,100	253,796
	89,261	112,176	959,796
Operating (loss) income	(1,665)	808	(17,904)
Other income (expenses):			
Interest and dividend income	312	488	3,355
Interest expense	(192)	(200)	(2,064)
Gain on sales of marketable securities	—	216	—
Impairment loss on fixed assets	(210)	(955)	(2,258)
Loss on sales and disposals of property and equipment	(782)	(131)	(8,409)
Extraordinary severance pay to employees under early retirement plan	(96)	(1,458)	(1,032)
Loss relating to foreign currency translation adjustments	—	(1,436)	—
Loss from misappropriation	(373)	—	(4,011)
Other, net	(348)	(391)	(3,742)
	(1,689)	(3,867)	(18,161)
Loss before income taxes and minority interests	(3,354)	(3,059)	(36,065)
Income taxes:			
Current	733	1,390	7,882
Deferred	184	2,198	1,978
Total income taxes	917	3,588	9,860
Less minority interests in net income of consolidated subsidiaries	230	214	2,473
Net loss	¥ (4,501)	¥ (6,861)	$ (48,398)
	Yen		U.S. dollars (Note 1)
Per share:			
Net loss	¥ (31.32)	¥ (46.82)	$ (0.34)
Cash dividends	5.00	7.00	0.05

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, 2010 and 2009

	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		Shareholders' equity				
						Millions of yen
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 in items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2009	158,428,497	15,632	18,833	37,329	(6,497)	65,297
Net loss for the year	—	—	—	(4,501)	—	(4,501)
Cash dividends	—	—	—	(719)	—	(719)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(7)	(7)
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2010	158,428,497	¥15,632	¥18,833	¥32,109	¥(6,504)	¥60,070

	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
					Thousands of U.S. dollars (Note 1)
Balance at March 31, 2009	$168,086	$202,505	$401,387	$(69,860)	$702,118
Net loss for the year	—	—	(48,398)	—	(48,398)
Cash dividends	—	—	(7,731)	—	(7,731)
Purchases of treasury stock and fractional shares, net	—	—	—	(75)	(75)
Net changes in items other than shareholders' equity	—	—	—	—	—
Balance at March 31, 2010	$168,086	$202,505	$345,258	$(69,935)	$645,914

	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
	Accumulated (losses) gains from valuation and translation adjustments				
					Millions of yen
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 in items 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 loss for the year	—	—	—	—	(4,501)
Cash dividends	—	—	—	—	(719)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(7)
Net changes in items other than shareholders' equity	1,927	535	2,462	284	2,746
Balance at March 31, 2010	¥3,819	¥(4,491)	¥(672)	¥7,313	¥66,711

	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, 2009	$20,344	$(54,043)	$(33,699)	$75,581	$744,000
Net loss for the year	—	—	—	—	(48,398)
Cash dividends	—	—	—	—	(7,731)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(75)
Net changes in items other than shareholders' equity	20,721	5,753	26,474	3,053	29,527
Balance at March 31, 2010	$41,065	$(48,290)	$(7,225)	$78,634	$717,303

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2010	2009	2010
Cash flows from operating activities:			
Loss before income taxes and minority interests	¥ (3,354)	¥ (3,059)	$ (36,065)
Adjustments for:			
Depreciation	3,861	4,215	41,516
Impairment loss on fixed assets	210	955	2,258
Loss from misappropriation	373	—	4,011
Loss relating to foreign currency translation adjustments	—	1,436	—
Gain on sales of marketable securities	—	(216)	—
Loss on sales and disposals of property and equipment	782	131	8,409
Decrease in employee retirement benefit liability	(1,727)	(654)	(18,570)
(Increase) decrease in trade receivables	(2,114)	12,871	(22,731)
Decrease in inventories	3,537	3,351	38,032
Increase (decrease) in trade payables	844	(7,779)	9,075
Other, net	2,487	(1,300)	26,742
Subtotal	4,899	9,951	52,677
Interest and dividends received	321	490	3,452
Interest paid	(197)	(197)	(2,118)
Income taxes refunded (paid)	312	(4,556)	3,355
Net cash provided by operating activities	5,335	5,688	57,366
Cash flows from investing activities:			
Increase in property, plant and equipment	(3,140)	(5,438)	(33,763)
Increase in long-term investments and loans receivable	(923)	(837)	(9,925)
Purchase of additional shares of consolidated subsidiaries	—	(503)	—
Decrease in property and long-term investments	769	1,370	8,269
(Increase) decrease in short-term investments	(1,038)	116	(11,161)
Other, net	(71)	(84)	(764)
Net cash used in investing activities	(4,403)	(5,376)	(47,344)
Cash flows from financing activities:			
Increase in long-term debt	1,100	2,000	11,828
Repayment of long-term debt	(1,100)	(1,200)	(11,828)
Net (decrease) increase in short-term borrowings	(23)	1,978	(247)
Dividends paid	(719)	(1,330)	(7,731)
Purchase of treasury stock and fractional shares	(9)	(1,338)	(97)
Other, net	(74)	(101)	(796)
Net cash (used in) provided by financing activities	(825)	9	(8,871)
Effect of exchange rate changes on cash and cash equivalents	158	(920)	1,698
Net increase (decrease) in cash and cash equivalents	265	(599)	2,849
Cash and cash equivalents at beginning of year	11,569	12,168	124,398
Cash and cash equivalents at end of year	¥11,834	¥11,569	$127,247

See accompanying Notes to Consolidated Financial Statements.

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, 2010, which was ¥93 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, 2010 and 2009 were as follows:

	2010	2009
Consolidated subsidiaries:		
Domestic	15	22
Overseas	13	14
Affiliates accounted for by the equity method	3	2
Unconsolidated subsidiaries stated at cost	6	6
Affiliates stated at cost	5	5

During the year ended March 31, 2010, four domestic wholly owned consolidated subsidiaries were merged into the Company in order to concentrate management resources and make the structure of the Noritake Group more efficient. This transaction was accounted for using accounting treatment for business combinations under the common control in accordance with "Accounting Standard for Business Combinations," issued by the Business Accounting Council of Japan ("BAC") on October 31, 2003, and "Implementation Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures," Accounting Standards Board of Japan ("ASBJ") Guidance No. 1, revised on November 15, 2007. In addition, three domestic consolidated subsidiaries were merged into other domestic consolidated subsidiaries and one overseas consolidated subsidiary was liquidated during the year ended March 31, 2010.

The Company's overseas consolidated subsidiaries close their books on December 31, three months earlier than the Company and the domestic consolidated subsidiaries. The Company has consolidated these subsidiaries' financial statements as of their December 31 year-end because the difference between 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 applied 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, ASBJ issued Practical Issues Task Force No. 18 ("PITF No. 18") "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements." 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 effective from the year ended March 31, 2009. The adoption of PITF No. 18, however, had no material effect 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." The 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 consists of available-for-sale securities other than trading or held-to-maturity. The accounting standard requires that available-for-sale securities for which fair value is available be stated at fair value 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 available-for-sale securities are computed by the moving average method. Available-for-sale securities without available fair value 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 currency forward exchange contracts and interest rate swap contracts in the ordinary course of business for hedging purposes to reduce its exposure to fluctuations in exchange rates and interest rates. Foreign currency forward exchange contracts are accounted for by translating foreign currency denominated assets and liabilities at the contract rate 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 on the hedged items if certain conditions are met. In addition, during the years ended March 31, 2010 and 2009, the Company had a derivative contract outstanding to hedge the risks associated with the occurrence of an earthquake. As the fair value of such a contract was not considered determinable, that derivative contract was not accounted for at fair value.

(e) Inventories
Effective April 1, 2008, the Company and its domestic consolidated subsidiaries have adopted ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories," issued 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 was 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 and loss before income taxes and minority interests increased by ¥140 million 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 an individual financial review approach for certain 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.

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 and loss before income taxes and minority interests increased by ¥104 million 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" (ASBJ Guidance No. 16), originally issued by BAC on June 17, 1993 and by the Japanese Institute of Certified Public Accountants on January 18, 1994, respectively, and both revised by ASBJ on March 30, 2007. The revised 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 an 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 an amount 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 revised 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 an accounting treatment similar to that used for operating leases with disclosure of certain "as if capitalized" information. (See also Note 10.) The adoption of the revised standard had no material effect 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 BAC and the related practical guidance issued by ASBJ. The standard requires that fixed assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss should be recognized in the income statement by reducing the carrying amount of the impaired asset or a group of assets to the recoverable amount, measured as the higher of the asset's net selling price or value in use. Fixed assets include intangible assets, as well as land, plants, buildings and other forms of property, and are to be grouped at the lowest level for which there are identifiable cash flows separate from those of 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 years ended March 31, 2010 and 2009 as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Buildings	¥129	¥240	$1,387
Machinery and equipment	70	434	753
Other	11	281	118
	¥210	¥955	$2,258

(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, length of service and the conditions under which the termination occurred.

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 from changes in the projected benefit obligation or value of pension plan assets resulting from actual amounts being different from the projected amount and from changes in assumptions upon which the projected amounts were based are amortized principally 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 have been payable assuming all directors and corporate auditors had 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 ¥2,887 million ($31,043 thousand) and ¥2,828 million for the years ended March 31, 2010 and 2009, 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 ASBJ Statement No. 4, “Accounting Standard for Directors’ Bonuses.” 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 per share is computed by dividing loss available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year. 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. FINANCIAL INSTRUMENTS

Effective from the year ended March 31, 2010, the Company has adopted ASBJ statement No. 10, “Accounting Standard for Financial Instruments,” revised on March 10, 2008, and ASBJ Guidance No. 19, “Guidance on Disclosures about Fair Value of Financial Instruments,” revised on March 10, 2008.

(a) Qualitative information on financial instruments
The Noritake Group does not permit the investment of surplus funds in transactions other than short-term bank deposits and uses indirect financing from corresponding banks to satisfy short-term and long-term funding requirements.

The Noritake Group is exposed to credit risk primarily with respect to trade receivables. In order to reduce the credit risk of these receivables, the Noritake Group performs credit management on a customer by customer basis, including the monitoring of credit balances of major customers on a semi-annual basis and reviewing the credit capacity of customers on a timely basis.

The Noritake Group holds investments in equity securities which have market risk. However, the fair values of such equity securities, whose issuers principally have a business relationship with the Company, are monitored on a quarterly basis.

Although trade payables and bank borrowings have a liquidity risk, the Noritake Group performs effective cash flow management.

The Noritake Group is a party to derivative instruments such as foreign currency forward exchange contracts and interest rate swap agreements in the normal course of business principally for hedging purposes in order to reduce its own exposure to fluctuations in exchange rates and interest rates. These transactions include certain anticipated export sales and import purchases for which foreign exchange forward contracts are used and bank borrowings for which interest rate swap contracts are used. The Noritake Group does not hold or issue derivative financial instruments for trading purposes. Pursuant to the Noritake Group’s financial management policies, contract balances of currency derivatives are limited to certain anticipated export sales or import purchases and interest rate swap transactions are matched with the cash flows of the related bank borrowings. The Noritake Group is also exposed to credit risk in the event of nonperformance by counterparties. However, the Noritake Group does not expect nonperformance by counterparties because the counterparties to the derivative transactions are limited to major banks with relatively high credit ratings.

(b) Fair values of financial instruments

The following table is a summary of the carrying values and fair values of financial instruments, other than unlisted equity securities for which the fair value is extremely difficult to determine, at March 31, 2010:

	Carrying values	Fair values	Differences
			Millions of yen
Financial assets:			
Cash and time deposits	¥13,730	¥13,730	¥ —
Trade receivables	27,436	27,436	—
Investment securities:			
Available-for-sale securities	16,768	16,768	—
Investments in affiliates	884	804	(80)
Total	¥58,818	¥58,738	¥(80)
Financial liabilities:			
Trade payables	¥12,918	¥12,918	¥ —
Short-term borrowings	11,084	11,084	—
Payables included in accrued expenses	1,364	1,364	—
Income taxes payable	447	447	—
Long-term bank loans, including current portion	8,400	8,429	29
Total	¥34,213	¥34,242	¥ 29
Derivative instruments	—	—	—

	Carrying values	Fair values	Differences
			Thousands of U.S. dollars
Financial assets:			
Cash and time deposits	$147,634	$147,634	$ —
Trade receivables	295,011	295,011	—
Investment securities:			
Available-for-sale securities	180,301	180,301	—
Investments in affiliates	9,506	8,645	(861)
Total	$632,452	$631,591	$(861)
Financial liabilities:			
Trade payables	$138,903	$138,903	$ —
Short-term borrowings	119,183	119,183	—
Payables included in accrued expenses	14,667	14,667	—
Income taxes payable	4,806	4,806	—
Long-term bank loans, including current portion	90,323	90,635	312
Total	$367,882	$368,194	$ 312
Derivative instruments	—	—	—

Notes: 1. Details of the methods and assumptions used to estimate fair value of financial instruments are summarized below

The fair values of financial instruments include the values based on quoted market prices, or values based on reasonable estimates and assumptions if quoted market prices are not available. Actual results could differ from these estimates.

(i) The fair value of cash and time deposits, trade receivables, trade payables, short-term borrowings, payables included in accrued expenses and income taxes payable are approximately equal to their carrying value due to their short-term maturities.

(ii) The fair value of equity securities is based on quoted market prices in active markets.

(iii) The fair value of long-term interest-bearing bank loans is estimated based on discounted cash flow analysis using current interest rates considered to be applicable to similar loans.

(iv) See Note 12 for the calculation method for the fair value of derivative instruments such as interest rate swaps or foreign currency forward exchange contracts.

2. Unlisted equity securities of ¥1,096 million ($11,785 thousand) were not included in the table above because they had no quoted market price on securities exchanges and their fair values were considered extremely difficult to determine.

3. Contractual maturities of financial instruments

The following table presents the contractual maturities of the Noritake Group's financial instruments at March 31, 2010:

	Due in 1 year or less	Due after 1 year through 5 years	Due after 5 years through 10 years	Due after 10 years
				Millions of yen
Financial assets:				
Cash and time deposits	¥13,730	¥—	¥—	¥—
Trade receivables	27,436	—	—	—
Total	¥41,166	¥—	¥—	¥—
				Thousands of U.S. dollars
Financial assets:				
Cash and time deposits	$147,634	$—	$—	$—
Trade receivables	295,011	—	—	—
Total	$442,645	$—	$—	$—

4. NOTES AND ACCOUNTS RECEIVABLE

As of March 31, 2010 and 2009, notes and accounts receivable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Trade notes receivable	¥ 5,812	¥ 6,640	$ 62,495
Trade accounts receivable	21,624	18,986	232,516
Other	309	202	3,323
Less allowance for doubtful accounts	(184)	(115)	(1,979)
	¥27,561	¥25,713	$296,355

5. INVENTORIES

As of March 31, 2010 and 2009, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Merchandise and finished goods	¥ 5,875	¥ 8,198	$ 63,172
Work in process	3,713	4,618	39,925
Raw materials and supplies	2,863	3,077	30,785
	¥12,451	¥15,893	$133,882

6. INVESTMENTS

As of March 31, 2010 and 2009, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2010 and 2009, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Available-for-sale securities with fair values:			
Equity securities	¥16,768	¥13,463	$180,301
Other securities without fair values	563	536	6,054
	¥17,331	¥13,999	$186,355

Available-for-sale securities with fair values 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, 2010 and 2009, gross unrealized gains and losses for available-for-sale securities with fair value 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, 2010	¥10,561	¥6,717	¥ (510)	¥16,768
As of March 31, 2009	10,686	4,669	(1,892)	13,463
				Thousands of U.S. dollars
Available-for-sale equity securities:				
As of March 31, 2010	$113,559	$72,226	$(5,484)	$180,301

The Noritake Group sold available-for-sale securities and recorded a net loss of ¥18 million ($194 thousand) for the year ended March 31, 2010 and a net gain of ¥216 million for the year ended March 31, 2009. The Noritake Group recorded a loss on the write-down of available-for-sale securities in the amount of ¥83 million ($892 thousand) and ¥25 million due to other-than-temporary impairment for the years ended March 31, 2010 and 2009, respectively.

7. NOTES AND ACCOUNTS PAYABLE

As of March 31, 2010 and 2009, notes and accounts payable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Trade notes payable	¥ 6,471	¥ 7,290	$ 69,580
Trade accounts payable	6,447	4,892	69,323
Other	643	1,097	6,914
	¥13,561	¥13,279	$145,817

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

As of March 31, 2010 and 2009, short-term borrowings consisted principally of unsecured bank overdrafts and bank loans with interest at average rates of 0.91% and 1.20% per annum, respectively.

As of March 31, 2010 and 2009, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Unsecured loans from banks and insurance companies due through November 2014 with interest at average rate of 1.04% per annum at March 31, 2010	¥8,400	¥8,400	$90,323
Capitalized lease obligations	214	182	2,301
	8,614	8,582	92,624
Less current portion	(1,445)	(1,134)	(15,538)
	¥7,169	¥7,448	$77,086

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

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥1,445	$15,538
2012	43	462
2013	43	462
2014	5,939	63,861
2015	1,124	12,086
Thereafter	20	215
	¥8,614	$92,624

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.

9. EMPLOYEE RETIREMENT BENEFITS

The Noritake Group has defined benefit pension plans and lump-sum retirement benefit plans which substantially cover all employees. Thirteen domestic consolidated subsidiaries have joined the Company's defined benefit pension plans. A consolidated subsidiary located in the United States has a similar defined benefit plan. Four domestic consolidated subsidiaries also participate in a certain corporate pension plan under a multi-employer pension program (see note below).

The following table reconciles the benefit liability and net periodic retirement benefit expense as of and for the years ended March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Reconciliation of benefit liability:			
Projected benefit obligation	¥18,980	¥19,627	$204,086
Less fair value of pension plan assets at end of year	(13,102)	(12,392)	(140,882)
Projected benefit obligation in excess of pension plan assets	5,878	7,235	63,204
Unrecognized actuarial differences	(5,591)	(6,842)	(60,118)
	287	393	3,086
Prepaid pension cost	1,485	3,098	15,968
Balance of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 1,772	¥ 3,491	$ 19,054

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 the subsidiaries together with other employers. 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 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Latest calculation period-end	March 31, 2009:	March 31, 2008:	
Pension plan assets	¥ 93,998	¥116,373	$1,010,731
Related benefit obligation under the program	(148,469)	(147,188)	(1,596,441)
Difference, resulting primarily from unamortized past service cost	¥ (54,471)	¥ (30,815)	$ (585,710)
Ratio of subsidiaries' contributions to the total contributions to the entire plan	3.1%	2.9%	

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Components of net periodic retirement benefit expense:			
Service cost	¥1,345	¥1,415	$14,462
Interest cost	317	387	3,409
Expected return on pension plan assets	(135)	(205)	(1,452)
Amortization of actuarial differences	1,106	730	11,893
Amortization of past service cost	(45)	(39)	(484)
Net periodic retirement benefit expense	¥2,588	¥2,288	$27,828

Major assumptions used in the calculation of the above information for the years ended March 31, 2010 and 2009 were as follows:

	2010	2009
Method attributing the projected benefits to periods of service	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	1 year

10. 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, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Finance leases:			
Due within one year	¥ 66	¥130	$ 710
Due after one year	64	131	688
	¥130	¥261	$1,398
Operating leases:			
Due within one year	¥ 94	¥105	$1,001
Due after one year	139	167	1,494
	¥233	¥272	$2,505

11. CONTINGENT LIABILITIES

There were no contingent liabilities at March 31, 2010 and 2009.

12. DERIVATIVE INSTRUMENTS

At March 31, 2010 and 2009, all derivative instruments, except for one, were accounted for by hedge accounting. The one exception was a derivative contract of the Company to hedge the risks associated with the occurrence of an earthquake that was outstanding at March 31, 2010 and 2009. That derivative contract was not accounted for at fair value because the fair value of such contracts was not considered determinable. Derivative financial instruments to which hedge accounting was applied as of March 31, 2010 are summarized as follows:

	Notional principal or contract amounts (Note 3)		
	Total	Over 1 year	Fair value
			Millions of yen
At March 31, 2010:			
Foreign currency exchange contracts (Note 1):			
Forward - Selling	¥ 252	¥ —	*
Forward - Buying	2	—	*
Interest rate swap contracts (Note 2):			
Fixed rate receipt, floating rate payment	3,000	3,000	*
Floating rate receipt, fixed rate payment	1,200	1,200	*
			Thousands of U.S. dollars
At March 31, 2010:			
Foreign exchange contracts (Note 1):			
Forward - selling	$ 2,710	$ —	*
Forward - buying	22	—	*
Interest rate swap contracts (Note 2):			
Fixed rate receipt, floating rate payment	32,258	32,258	*
Floating rate receipt, fixed rate payment	12,903	12,903	*

Notes: 1. As derivative instruments, foreign currency forward exchange contracts are accounted for by hedge accounting such that the derivative instruments are not separated from the hedged receivables or payables. Therefore, the fair value of such derivative instruments is reflected in the calculation of the fair value of related account. (See Note 3 below.)

2. As derivative instruments, interest rate swap contracts are accounted for by hedge accounting such that the derivative instruments are not separated from the hedged bank loans. Therefore, the fair value of such derivative instruments is reflected in the calculation of the fair value of related bank loan. (See Note 3 below.)

3. The contract amounts of derivatives which are shown in the table above do not represent the amounts exchanged by the parties and do not measure the Company's exposure to credit and market risk.

At March 31, 2009, information on derivative financial instruments to which hedge accounting was applied was not required to be disclosed under the previous disclosure requirements.

13. 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 both March 31, 2010 and 2009, capital surplus principally consisted of additional paid-in capital, and retained earnings included legal earnings reserve of the Company in the amount of ¥3,480 million ($37,826 thousand).

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, 2010, the Company paid interim dividends of ¥2.50 per share, amounting to ¥359 million ($3,860 thousand.) In addition, on May 10, 2010, the Board of Directors of the Company resolved to pay cash dividends as an appropriation of retained earnings amounting to ¥359 million ($3,860 thousand, ¥2.50 per share) to the shareholders as of March 31, 2010. The appropriation was not accrued in the consolidated financial statements as of March 31, 2010.

14. 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, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Intercompany unrealized gains on property	¥ 200	¥ 420	$ 2,151
Accrued bonuses to employees	398	485	4,280
Employee retirement benefit liability	4,242	4,275	45,613
Accrued severance indemnities for directors and corporate auditors	281	333	3,021
Inventories	590	366	6,344
Net operating loss carryforwards	5,419	2,662	58,269
Other	1,964	2,392	21,118
Less valuation allowance	(8,238)	(5,889)	(88,581)
Total deferred tax assets	4,856	5,044	52,215
Deferred tax liabilities:			
Gain on transfer of investment securities to trusts for retirement benefit plans	3,289	3,289	35,366
Unrealized gains on available-for-sale securities	2,147	755	23,086
Other	1,571	1,574	16,892
Total deferred tax liabilities	7,007	5,618	75,344
Net deferred tax liabilities	¥2,151	¥ 574	$23,129

As of March 31, 2010 and 2009, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Current	¥ 433	¥ 511	$ 4,656
Noncurrent	491	1,272	5,280
Deferred tax liabilities:			
Current	—	33	—
Noncurrent	3,075	2,324	33,065

In assessing the realizability of deferred tax assets, the 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, 2010 and 2009, a valuation allowance was provided to reduce deferred tax assets to the amount the management believed was realizable.

For the years ended March 31, 2010 and 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 a loss before income taxes and minority interests was recorded.

15. SEGMENT INFORMATION

A summary of information classified by the lines of business of the Noritake Group for the years ended March 31, 2010 and 2009 is as follows:

	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Electronics	Total	Elimination	Consolidated
								Millions of yen
For the year 2010:								
Operating revenue—net sales:								
External customers	¥29,028	¥28,728	¥14,521	¥9,386	¥5,933	¥87,596	¥ —	¥ 87,596
Intersegment sales/transfers	27	313	538	26	2	906	(906)	—
	29,055	29,041	15,059	9,412	5,935	88,502	(906)	87,596
Operating costs and expenses	29,055	26,100	14,639	9,788	5,714	85,296	3,965	89,261
Operating income (loss)	¥ 0	¥ 2,941	¥ 420	¥ (376)	¥ 221	¥ 3,206	¥ (4,871)	¥ (1,665)
Identifiable assets	¥27,400	¥30,206	¥ 8,035	¥8,883	¥5,205	¥79,729	¥29,866	¥109,595
Depreciation	1,362	1,122	311	430	215	3,440	421	3,861
Impairment loss on fixed assets	48	—	—	—	162	210	—	210
Capital expenditures	1,031	1,046	203	354	35	2,669	238	2,907
For the year 2009:								
Operating revenue—net sales:								
External customers	¥38,717	¥29,510	¥21,233	¥13,113	¥10,411	¥112,984	¥ —	¥112,984
Intersegment sales/transfers	36	759	1,066	39	0	1,900	(1,900)	—
	38,753	30,269	22,299	13,152	10,411	114,884	(1,900)	112,984
Operating costs and expenses	36,941	27,017	20,469	14,739	9,958	109,124	3,052	112,176
Operating income (loss)	¥ 1,812	¥ 3,252	¥ 1,830	¥ (1,587)	¥ 453	¥ 5,760	¥ (4,952)	¥ 808
Identifiable assets	¥28,326	¥26,325	¥13,361	¥11,898	¥ 6,168	¥ 86,078	¥26,999	¥113,077
Depreciation	1,491	1,152	272	593	400	3,908	307	4,215
Impairment loss on fixed assets	139	—	5	338	473	955	—	955
Capital expenditures	2,240	1,375	434	343	167	4,559	564	5,123
								Thousands of U.S. dollars
For the year 2010:								
Operating revenue—net sales:								
External customers	$312,129	$308,903	$156,140	$100,924	$63,796	$941,892	$ —	$ 941,892
Intersegment sales/transfers	290	3,366	5,785	280	21	9,742	(9,742)	—
	312,419	312,269	161,925	101,204	63,817	951,634	(9,742)	941,892
Operating costs and expenses	312,419	280,645	157,409	105,247	61,441	917,161	42,635	959,796
Operating income (loss)	$ 0	$ 31,624	$ 4,516	$ (4,043)	$ 2,376	$ 34,473	$ (52,377)	$ (17,904)
Identifiable assets	$294,623	$324,796	$ 86,398	$ 95,516	$55,968	$857,301	$321,140	$1,178,441
Depreciation	14,645	12,064	3,344	4,624	2,312	36,989	4,527	41,516
Impairment loss on fixed assets	516	—	—	—	1,742	2,258	—	2,258
Capital expenditures	11,086	11,247	2,183	3,807	376	28,699	2,559	31,258

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 intersegment balances.

Information summarized by the geographic segments of the Noritake Group for the years ended March 31, 2010 and 2009 is as follows:

	Japan	North America	Europe	Asia	Other	Total	Elimination	Consolidated
								Millions of yen
For the year 2010:								
Operating revenue—net sales:								
External customers	¥78,031	¥6,373	¥1,560	¥1,312	¥320	¥87,596	¥ —	¥ 87,596
Intersegment sales/transfers	5,955	68	60	1,761	6	7,850	(7,850)	—
	83,986	6,441	1,620	3,073	326	95,446	(7,850)	87,596
Operating costs and expenses	85,681	6,604	1,555	2,962	323	97,125	(7,864)	89,261
Operating income (loss)	¥ (1,695)	¥ (163)	¥ 65	¥ 111	¥ 3	¥ (1,679)	¥ 14	¥ (1,665)
Identifiable assets	¥80,072	¥4,646	¥1,222	¥2,689	¥497	¥89,126	¥20,469	¥109,595
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
								Thousands of U.S. dollars
For the year 2010:								
Operating revenue—net sales:								
External customers	$839,043	$68,527	$16,774	$14,108	$3,440	$ 941,892	$ —	$ 941,892
Intersegment sales/transfers	64,032	731	645	18,936	65	84,409	(84,409)	—
	903,075	69,258	17,419	33,044	3,505	1,026,301	(84,409)	941,892
Operating costs and expenses	921,301	71,011	16,720	31,850	3,473	1,044,355	(84,559)	959,796
Operating income (loss)	$ (18,226)	$ (1,753)	$ 699	$ 1,194	$ 32	$ (18,054)	$ 150	$ (17,904)
Identifiable assets	$860,989	$49,957	$13,140	$28,914	$5,344	$ 958,344	$220,097	$1,178,441

Note: 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.

For the years ended March 31, 2010 and 2009, overseas sales, which included export sales from Japan and net sales of overseas consolidated subsidiaries in countries other than Japan, were summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
North America	¥ 6,770	¥10,840	$ 72,796
Europe	2,060	3,399	22,151
Asia	18,013	18,667	193,688
Other	467	790	5,021
	¥27,310	¥33,696	$293,656
Percentage of overseas sales to total consolidated net sales	31.2%	29.8%	

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, 2010 and 2009, 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, 2010 and 2009, and the results of its operations and its cash flows for the years then ended, in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2010 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, the translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA & Co.

KPMG AZSA & Co.
Nagoya, Japan
June 29, 2010

OVERSEAS NETWORK
(As of June 29, 2010)

INDUSTRIAL PRODUCTS GROUP

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ZUN YI ROAD, CHANG NING DISTRICT,
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1096 NEW ROAD, KWAENG BANGRAK,
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Fax: 66-2-236-2365

SIAM COATED ABRASIVE CO., LTD.
AMATA CITY INDUSTRIAL ESTATE 7-126
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Tel: 66-3-865-0150 Fax: 66-3-865-0158

TABLETOP GROUP

NORITAKE CO., INC.
15-22 FAIR LAWN AVENUE,
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ONTARIO, M1S 3A7, CANADA
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NORITAKE LANKA PORCELAIN (PRIVATE) LIMITED
COLOMBO OFFICE/SHOW ROOM
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SRI LANKA
Tel: 94-11-2946149 Fax: 94-11-2946144

CERAMICS & MATERIALS GROUP

NORITAKE CO., INC.
2635 CLEARBROOK DRIVE,
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Tel: 1-847-439-9020 Fax: 1-847-593-2285

ITRON (U.K.) LIMITED
VANTAGE HOUSE, HARFREY'S ROAD,
HARFREY'S INDUSTRIAL ESTATE,
GREAT YARMOUTH, NORFOLK NR31 0LS,
UNITED KINGDOM
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THE SIAM MOULDING PLASTER CO., LTD.
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Tel: 66-36-373578 Fax: 66-36-373577

PT. NORITAKE INDONESIA
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KOTA BUKIT INDAH, PURWAKARTA, 41181,
JAWA BARAT, INDONESIA
Tel: 62-264-351311 Fax: 62-264-351314

ENGINEERING GROUP

NORITAKE TAIPEI CO., LTD.
NO. 37, ALLEY 105, LANE 514, JUNGJENG RD.,
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Tel: 86-21-6237-5789 Fax: 86-21-6237-5790

DIRECTORS AND OFFICERS
(As of June 29, 2010)

CHAIRMAN
Noboru Akahane*

PRESIDENT
Hitoshi Tanemura*

DIRECTORS
Kouichi Saburi
Minoru Murata
Tadashi Ogura
Kazutaka Nakayama
Satoru Shimazaki
Hisaya Ogura
Masahiro Nakagawa

*Representative Director

STATUTORY AUDITORS
Kazunari Ando
Masatoshi Fujii
Yasumasa Gomi
Mitsuo Kinoshita

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

CORPORATE DATA

(As of June 29, 2010)

HEAD OFFICE

1-36, Noritake-Shinmachi
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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

4,176 (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 29, 2010)

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., Limited.

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

2002 Established Noritake Bonded Abrasive Co., Ltd.

2005 Established Noritake Shanghai Trading Co., Ltd.

Caution with respect to forward-looking statements

This annual report includes forward-looking statements pertaining to expectations, plans, strategies, management goals, future performance, expenses, revenues, income and other forecasts formulated on past experiences. Forward-looking statements necessarily entail some degree of uncertainty, and the content conveyed in the results as well as underlying factors identified in the report may differ materially from actual results depending on changes in those factors.

Noritake

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