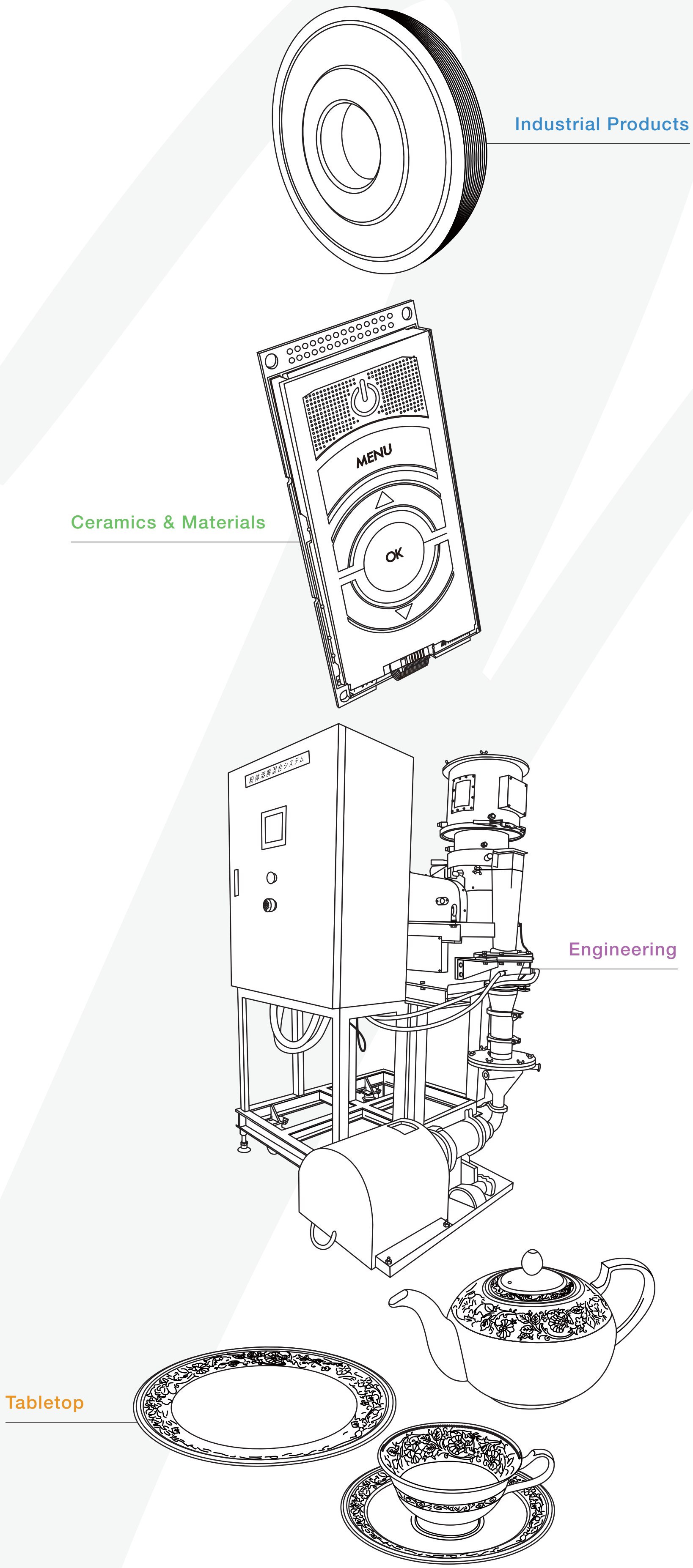
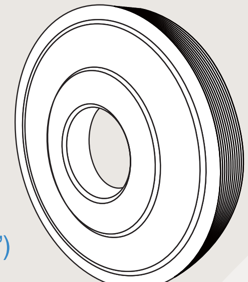
NORITAKE CO., LIMITED

ANNUAL REPORT 2013

Year Ended March 31, 2013



Profile



Noritake Co., Limited, including its subsidiaries and associates
(Hereinafter “The Noritake Group,” “The Group” or simply “Noritake”)
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.

New Mid-term Business Plan

With the government’s recent economic policies, there are positive expectations for the Japanese economy, including a recovery in consumption, a correction in the overvaluation of the yen and an end to deflation. Nevertheless, the business environment is predicted to remain severe due to such concerns as slowing growth in China and other emerging countries, as well as the lingering European debt crisis.

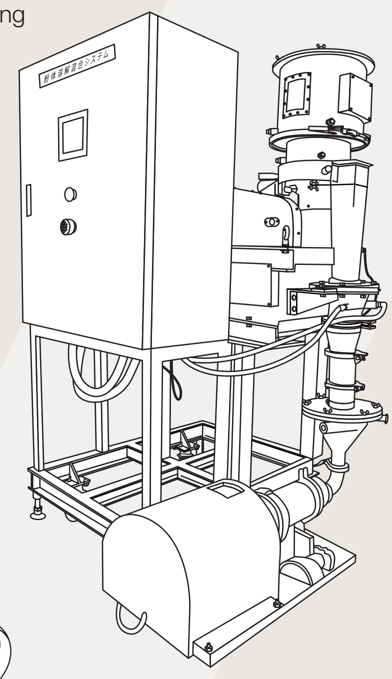
In light of these circumstances, the Group drew up its 9th Mid-term Business Plan, identifying the major business challenges as being able to respond swiftly to market changes, and constructing a business and management structure capable of achieving stable growth amid increasingly intense global competition. We will make every effort to achieve full recovery and improve our business performance.

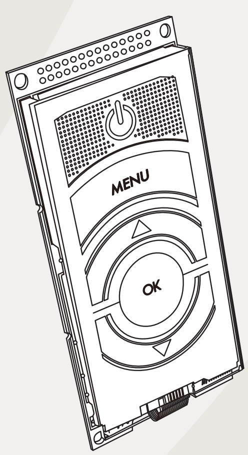
The basic strategies of the 9th Mid-term Business Plan are as follows:

(1) To develop new products and new technology offering price competitiveness, and boost market competitiveness to increase sales.

(2) To proceed with upgrades to overseas production bases, and improve the development and profitability of overseas markets.

(3) To promote an effective, efficient management structure and upgrades to infrastructure.





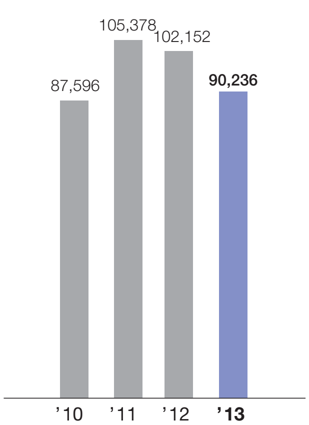
Contents

SIX-YEAR FINANCIAL SUMMARY

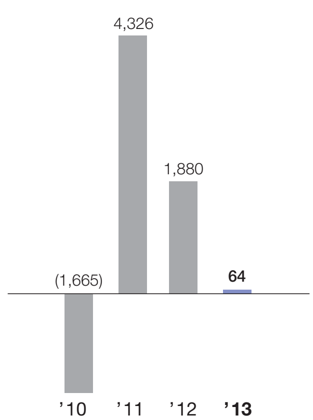
	Millions of yen						Thousands of U.S. dollars
	2013	2012	2011	2010	2009	2008	**2013**
For the year:							
Net sales	**¥ 90,236**	¥102,152	¥105,378	¥ 87,596	¥112,984	¥133,368	**$ 959,957**
Operating income (loss)	**64**	1,880	4,326	(1,665)	808	10,488	**681**
Income (loss) before income taxes and minority interests	**2,693**	5,972	3,703	(3,354)	(3,059)	10,171	**28,649**
Net income (loss)	**1,644**	4,468	1,858	(4,501)	(6,861)	5,669	**17,489**
Net income (loss) per share (yen/U.S. dollars)	**¥ 11.02**	¥ 31.99	¥ 13.16	¥ (31.32)	¥ (46.82)	¥ 38.36	**$ 0.12**
At year-end:							
Total assets	**¥114,419**	¥117,735	¥116,126	¥109,595	¥113,077	¥141,644	**$1,217,223**
Total net assets	**66,580**	68,896	65,429	66,711	69,192	85,908	**708,298**
Capital ratio (%)	**57.7**	51.5	49.5	54.2	55.0	55.1	**57.7**

Note: The U.S. dollar amounts above have been translated at the rate of ¥94 to US$1.

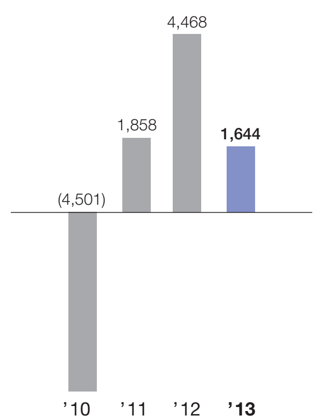
Net Sales
(Millions of yen)



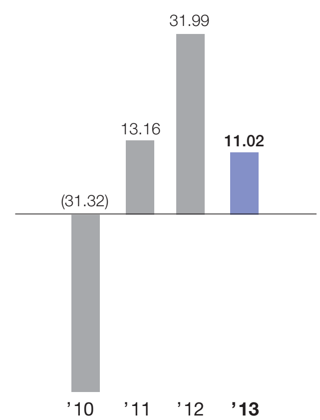
Operating Income (Loss)
(Millions of yen)



Net Income (Loss)
(Millions of yen)



Net Income (Loss) per Share
(Yen)



The management of Noritake Co., Limited wishes to thank all stakeholders for their support over the past fiscal year. In addition, we would like to take this opportunity to comment on the Group's results for fiscal 2013, ended March 31, 2013.

Hitoshi Tanemura
Chairman & Representative Director

Tadashi Ogura
President & Representative Director

Performance Overview for Fiscal 2013

In fiscal 2013, the European economy remained stagnant due to the debt crisis and the U.S. economic recovery stalled, leading to the slowing of economic growth in emerging countries as well. Growing tension between Japan and China over a territorial dispute negatively impacted the economic activities of Japanese companies. In Japan, the slump persisted in exports, as well as in the electronics and semi-conductor industries while manufacturers shifted production overseas at an increasing pace. Although some positives signs, such as the weakening of the yen, emerged after the start of the new government, the effect on this year's operational results was minor.

Despite Noritake's aggressive efforts under these difficult circumstances to develop new products, expand sales and penetrate overseas markets, net sales in the first half of fiscal 2013 were lower than the previous year. A rapid decrease in orders during the second half caused full-year net sales to decrease 11.7% to ¥90,236 million.

Looking at earnings, operating income dropped 96.6% to ¥64 million. This disappointing result was due to the decreased profitability of exports amid the strong yen, increasing energy and raw material costs, in addition to mounting expenditures that included construction of overseas plants and relocating the headquarters' plant. Net income fell 63.2% to ¥1,644 million. This includes gains on bargain purchase from making KCM Corporation a wholly-owned subsidiary.

Amid these operating conditions, Noritake has made every effort to implement its three-year mid–term business plan, which commenced in April 2010.

The following five key initiatives form the core strategies of this plan, which we have done our utmost to achieve:

1. Selecting and concentrating businesses

2. Strengthening new products and technological development

3. Penetrating overseas markets

4. Expanding overseas production

5. Upgrading management infrastructure

In regards to the development of new products and the expansion of sales, the prices of solar cells are collapsing amid overinvestment in the market, raising concerns that manufacturers in advanced nations will pull out of the market and those in emerging nations will fail. These factors seriously hampered sales expansion of electronic paste used as electrodes and wires used in slicing silicon wafers. Additionally, the delay in the proliferation of electric vehicles was a factor in the sluggish sales of kilns and dry furnaces used to manufacture lithium-ion batteries.

In regards to penetrating overseas markets, the strong yen was a major obstacle and the construction of overseas manufacturing bases was slightly delayed for a variety of reasons. In Thailand, the new diamond tool plant and expanded production facilities at the gypsum plant began operations and, in China, the grinding wheel plant is nearing completion. We have decided to invest capital in a Chinese abrasive cloth and paper manufacturer with the aim of seriously developing the abrasive cloth and paper industry in China. And we are currently reorganizing our overseas production framework as production of thick film circuit substrates is shifted to the Indonesian plant and an integrated production system is established for cubic boron nitride (CBN) grinding wheels in the U.S.

In addition, Noritake bolstered and improved the efficiency of its management structure while pursuing across the entire Group stronger manufacturing, compliance, labor health and safety, and environmental management.

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 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 ¥4.0 per share as the fiscal year-end dividend. Combined with the interim dividend, this brought the full-year dividend to ¥8.0 per share.

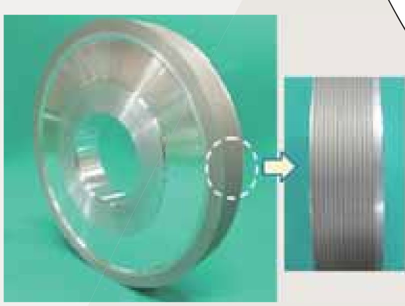
Through the concerted and unified efforts of all executive officers and employees of the Noritake Group to steadily implement the mid-term business plan's core strategies, Noritake aims to establish a growth trajectory responsive to changing times.

We ask for the continued understanding and steadfast support of our shareholders.

Hitoshi Tanemura
Chairman & Representative Director

Tadashi Ogura
President & Representative Director

Industrial Products

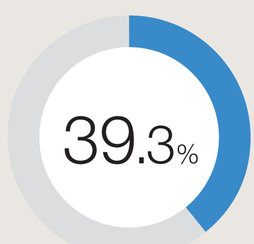


Chamfering Wheel for LCD Glass Panels

Business Status

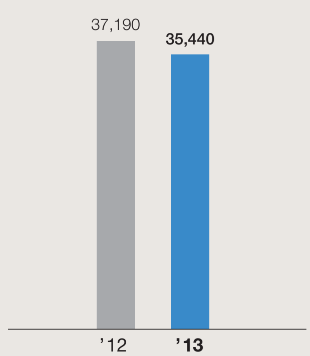
In Japan, sales from major customers in the automobile and steel-making industries remained steady in the first half of the fiscal year. However, sales fell sharply in the second half in line with decreased automobile production due to tension with China and the termination of eco-car subsidies, as production adjustments began in bearings and other related industries. Overseas, sales increased only slightly due to the strong yen, despite continued high levels of steel production in China and steady automobile production in the Americas and South East Asian regions. As a result, consolidated net sales of the Industrial Products Group declined 4.7% year on year to ¥35,440 million and the segment recorded an operating loss of ¥85 million.

Breakdown of Sales



Sales

(Millions of yen)



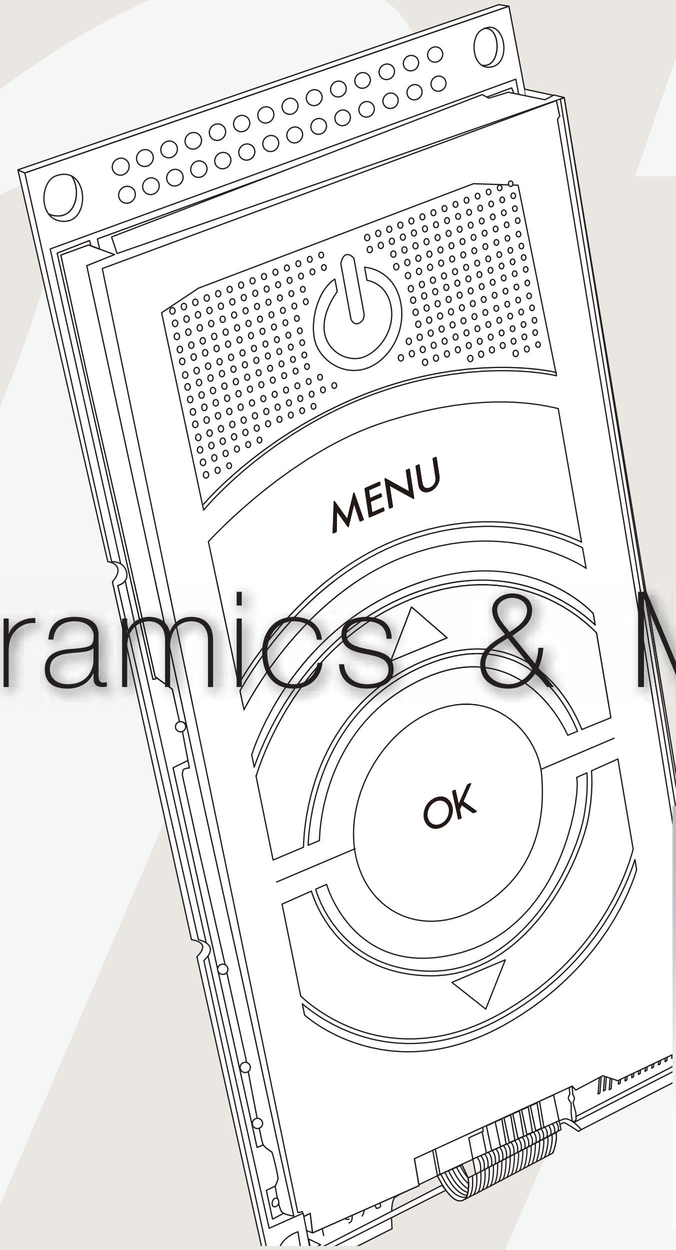
Business Strategy

On the production side, the relocation of Noritake's grinding wheel plant from the headquarters to the Miyoshi Site will raise our competitiveness in regards to product quality, cost and delivery. We will also put production on track as soon as possible at our overseas plants, including those in Thailand and China, in order for us to use them as supply bases for penetrating overseas markets.

On the development side, we are continuing to improve both the performance and cost of diamond wire. We will also endeavor to develop new applications for diamond wire, including those for semiconductor wafers and sapphire glass. By raising the competitiveness of diamond wire, we aim to expand it as one of our core products.

On the sales side, we will strive to further increase our marketing efficiency in Japan and to strengthen and develop overseas channels, especially in Asia.

Ceramics & Materials

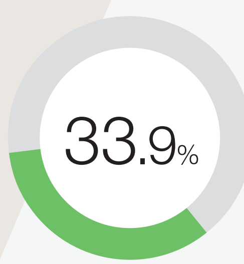


"Touch Switch"

Business Status

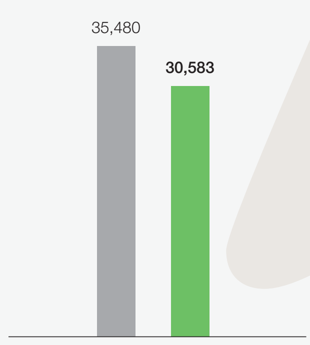
Sales of electronic pastes decreased, as those used in solar cells were affected by market instability and lower silver prices, while those used in multi-layer ceramic capacitors (MLCCs) were affected by the trend towards smaller sizes. Thick film circuit substrates enjoyed higher sales from automobile-related demand, while sales of gypsum, ceramic carriers, cores and other ceramic products decreased amid market stagnation. Sales of vacuum florescent displays (VFDs) decreased as we discontinued glass-only items sales to focus on modules.
At KCM Corporation, sales of glass materials for LCD TVs and materials for MLCCs decreased due to worsening market conditions. As a result, consolidated net sales for the Ceramics & Materials Group fell 13.8% year on year to ¥30,583 million and operating income decreased 66.6% year on year to ¥638 million.

Breakdown of Sales



Sales

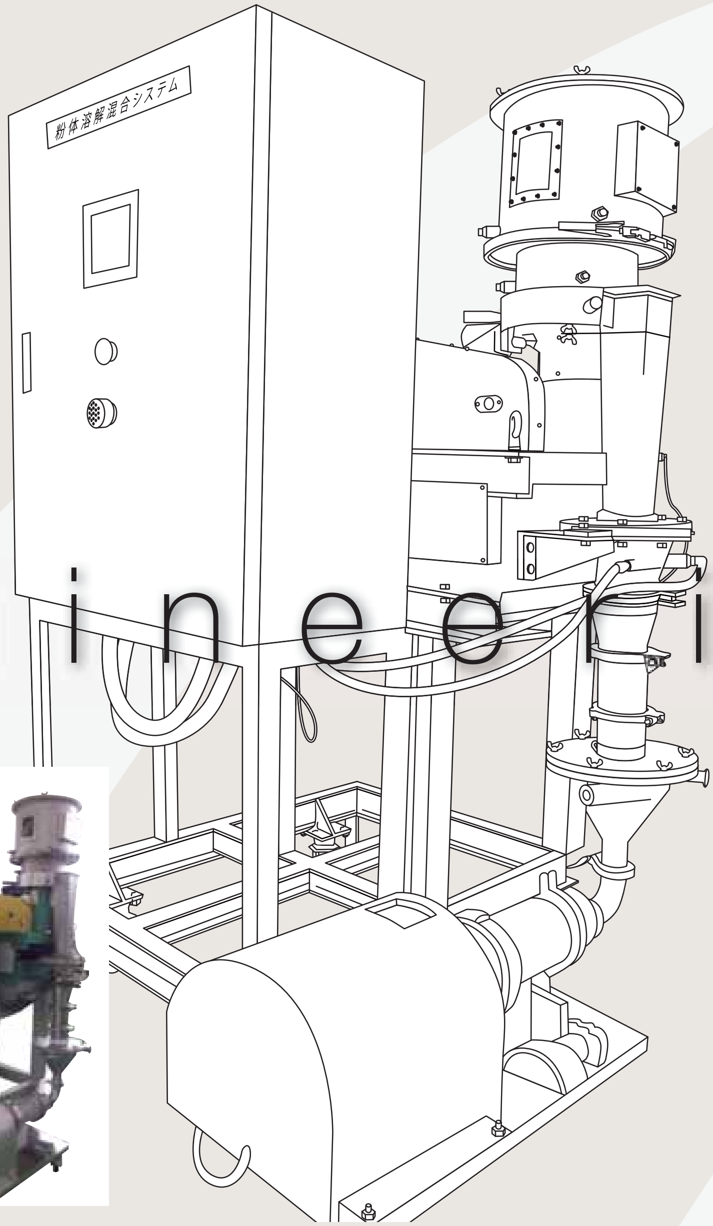
(Millions of yen)



Business Strategy

In regard to electronic pastes, we are developing differentiated products for use in solar cells, as well as lower-priced products for use in multi-layer ceramic capacitors (MLCCs) and products with new applications. We will try to improve price competitiveness and profitability for thick film circuit substrates as we raise our overseas production ratio. As for gypsum, we will strengthen sales in the Asian region, as the expanded Thai factory looks to begin full operations. In regards to ceramic carriers, ceramic cores and vacuum fluorescent displays, we are promoting technological improvements and new product development. Turning to KCM Corporation, it is engaged in the development of products aimed at new applications including those for fuel cells, decorations and dental products in addition to electronic components.

Engineering

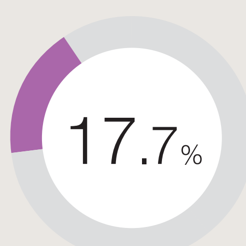


Mixing Equipment
for Powder & Liquid

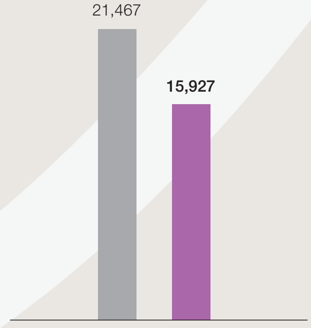
Business Status

Sales of mainstay dry-furnaces and kilns decreased significantly as capital investment in lithium-ion battery manufacturing dried up. Sales of filtration and mixing equipment edged down as demand in Japan decreased, even as Japanese companies increased overseas capital investment and demand rose for individual filtration equipment to be attached to machine tools. Grinding machine sales decreased due to cutbacks in investment in the steel industry. Sales of carbide tipped circular sawing machines increased in emerging countries, but decreased in developed countries. As a result, consolidated net sales for the Engineering Group decreased 25.8% year on year to ¥15,927 million and the segment recorded an operating loss of ¥41 million.

Breakdown of Sales



Sales
(Millions of yen)



Business Strategy

In regard to dry-furnaces and kilns used in making lithium-ion batteries, we will reinforce our price competitiveness through overseas procurement and the development of new applications as we proceed with development of differentiated technologies. For filtration and mixing equipment as well as carbide tipped circular sawing machines, we will endeavor to enhance the functions and performance of our existing products as well as to expand our sales channels in Asian markets.

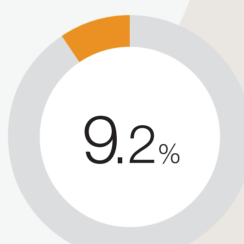
Tabletop

"Acanthus": Noritake Bone China

Business Status

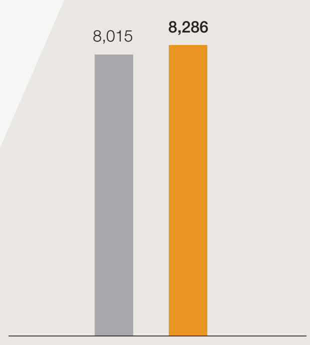
In Japan, despite the continued harsh conditions prevailing at department stores in Japan, sales increased slightly due to a rebound in hotel and restaurant demand and strong demand for the high-quality casual tableware series "cher blanc" launched last spring. Overseas, rising sales at American department stores helped buoy sales despite reduced sales to Asian airlines. As a result, the Tabletop Group posted a year-on-year increase in consolidated net sales of 3.4% to ¥8,286 million and the segment recorded an operating loss of ¥448 million.

Breakdown of Sales



Sales

(Millions of yen)



Business Strategy

In Japan, we are developing new items for the "cher blanc" series and other premium products. We're aiming to strengthen our brand power and increase orders utilizing our flagship shop Noritake Ginza, which opened last year. Overseas, we will endeavor to upgrade our marketing structure and sales networks for the affluent of China, India, the Middle East and elsewhere. On the production side, we are engaged in improving the yield rate and productivity of our factories in Japan and overseas.

1. Noritake Ginza Opens!

On October 11, 2012, Noritake Ginza opened in Tokyo's exclusive Ginza district. The store offers an extensive range of Noritake and Okura Art China products, including fine craftwork, gifts in addition to dinnerware. The Ginza area is replete with famous brand-name stores, and this shop was established to raise brand awareness of Noritake tableware among a larger number of customers.

The inside of the store radiates elegance with its monotone color scheme, displaying our "Masterpiece Collection" and expensive bone china centerpieces. In addition, a corner of the store has been dedicated to the "cher blanc" series, which began sales last February, offering customers new ideas for place settings.

With this new store, we hope to extend the appeal of the Noritake brand and please customers seeking to enrich and enjoy their daily lives. Please be sure to stop by if you visit the Ginza district.

Noritake Ginza

2. Operations Start at the Engineering Group's Test Center

After moving from headquarters to the Komaki Factory, the Engineering Group's test center for heating furnaces, mixers and filtration systems began operations in March 2013. The test center is a facility that conducts verification tests that customers use to determine whether to purchase equipment. The existing building has been renovated and with the addition of a newly constructed building, total floor space now extends to 4,500 square meters.

Going forward, we will continue to meet our customers' expectations by more fully enhancing this facility.

Engineering Group's Test Center

3. Expanded Sales of "Gear Ace" Vitrified-bonded Wheels for Gear Grinding

Sales have been steadily increasing for "Gear Ace" grinding wheels developed to finely grind gears used as mechanical components in automobiles, wind-turbines and other machines.

A higher level of precision is being demanded in the processing of component gears as customers seek reduced noise and vibration, along with improved energy efficiency in applications ranging from wind-turbines to automobiles and motorcycles.

Noritake's Gear Ace series is available in three types of grinding materials; each one designed to meet individual user needs and create very fine gears.

"Gear Ace"

4. Ceramic Cores for Precision Casting "°C Monarc" Begins Sales

Noritake has developed new ceramic cores used in forming precision casting components. "°C Monarc" is able to reduce the number of defects that occur during casting, contributing to improved product quality for the user. As demand is expected to continue growing in fields that use ceramic cores, we will strive to aggressively expand sales of "°C Monarc" with the aim of gaining a larger share of the market.

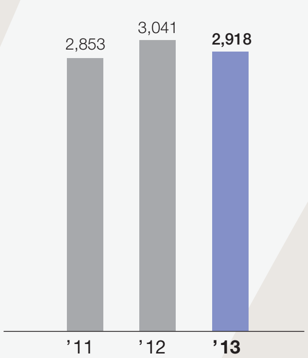
"°C Monarc"

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

The R&D expenditures of the Noritake Group amounted to ¥2,918 million in the fiscal year under review.

R&D activities by business segment were as follows.

R&D Expenditure
(Millions of yen)

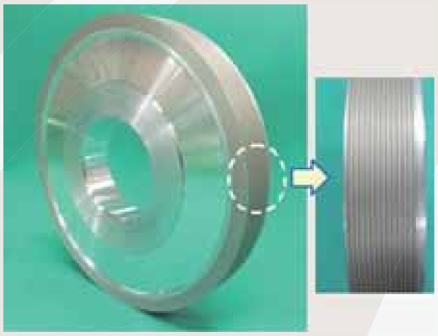


R&D for New Products and Technologies

Noritake focuses on developing new products by utilizing its materials, calcination and fabrication technologies, while augmenting and expanding the applications of such technologies. Noritake actively promotes joint R&D and technological exchanges with outside companies, universities and research institutions. At the same time, we participate in government projects and other related activities. Through these initiatives, each Noritake business segment works in unison to undertake strategic R&D with a long-term perspective.

Core basic R&D expenditures totaled ¥602 million.

Industrial Products



Chamfering Wheel for LCD Glass Panels

To respond to expanding sectors and market changes, Noritake has been focusing its efforts on strengthening its development capabilities by relying on basic technologies and developing differentiated products. Noritake is augmenting the development of ecologically friendly processing tools in such growth areas as solar cells and LEDs. In the transportation equipment field (which includes automobiles, railways and aircraft), and also in the medical field, we are promoting the development of higher performance, lower-cost products with the aim of addressing market changes.

The R&D expenditures in the Industrial Products segment totaled ¥739 million in the fiscal year under review.

Ceramics & Materials

"Touch Switch"

In the Electronic Materials Division, the Ceramics & Materials segment focuses on the development and commercialization of electrode paste for solar cells that feature high-generation efficiency. In addition, we are developing insulating and electrode pastes for ceramic substrates used in LEDs as well as electrode pastes for electronic components installed in smartphones and tablet PCs.

In the Ceramics Division, we promoted the ongoing development of high performance ceramic carriers for chemical plants and thick-film, multi-layer substrates for automobiles. We also developed "°C Monarc", a ceramic core used in precision casting that features superior heat resistance.

KCM Corporation is advancing the development of particulate material compounds for use in the growth field of multilayer ceramic capacitors, zirconium materials, high-purity silica and materials used in fuel cells.

Moreover, Noritake Itron Corporation—a leading manufacturer of VFD tubes and VFD module products—is currently developing a VFD message display, mainly used in stores, information and reception displays in public places, and disaster-related wireless systems.

The R&D expenditures in this segment were ¥1,479 million.

Engineering

Mixing Equipment for Powder & Liquid

The Engineering segment conducts research into products and equipment for future growth fields that include batteries and other energy related products.

The R&D expenditures in this segment amounted to ¥23 million.

Tabletop

"Acanthus": Noritake Bone China

The Tabletop segment continues to work to develop new decorating technology and porcelain materials.

The R&D expenditures in this segment totaled ¥72 million in fiscal 2013.

(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 Company 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 Company 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 Company 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.

As established by contractual ties, Noritake's independent auditor is KPMG AZSA LLC, 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 KPMG AZSA LLC were as follows:

(Specified employees and managing partners)
CPA Kanemaru Yasui
CPA Chika Matsumoto
CPA Satoshi Zengame
(Assistants)
16 CPAs and 8 others

(3) OUTSIDE DIRECTORS AND AUDITORS

Noritake has one outside director and two outside auditors.

No personal, capital or business relationships or other conflicts of interest exist between Noritake, its outside auditors Yasumasa Gomi and Kazutoyo Shinohara, who were in office for the fiscal year under review, and its outside director Kosaku Yamada.

The outside director has a wealth of experience and broad insight regarding business management and was hired to provide thorough counsel on matters spanning the entire business to the Board of Directors in an effort to strengthen oversight and increase transparency in the decision-making process.

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

When the outside director oversees business operations or when the outside auditors conduct operational audits, they may conduct internal and corporate audits as needed in addition to collaborating with accounting auditors and the internal control department through such means as the appropriate sharing of information and exchange of opinions.

Together with the two full-time corporate auditors, the outside auditors are mandated to audit the Board of Directors 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. In addition, working closely with the Audit Office, the outside auditors contribute to efficient internal audits.

The Company appoints outside directors and auditors with the expectation that they will perform their oversight duties and audits in an appropriate and objective manner based on their specialized knowledge. Although the Company's rules and regulations do not stipulate the independence of outside directors and auditors, we appoint them in line with our basic philosophy that they have no conflict of interest with ordinary shareholders.

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

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. The external management oversight function is adequately performed by the system that is in place with the two outside auditors. Noritake has appointed one outside director to further secure the oversight function of the Board of Directors as well as ensure transparency in the decision-making process.

(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	364	255	—	—	108	10
Auditor (excl. outside auditors)	40	32	—	—	8	2
Outside auditor	18	15	—	—	2	3

(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 (Millions of yen)	Compensation Based on Non-Auditing Services (Millions of yen)	Compensation Based on Audit Certification Services (Millions of yen)	Compensation Based on Non-Auditing Services (Millions of yen)
Parent company	55	2	56	—
Consolidated subsidiary	21	—	17	—
Total	76	2	73	—

(ii) Other significant details regarding compensation

Noritake Co., Inc., a Noritake subsidiary, paid compensation based on audit certification services of ¥6 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 ¥18 million.

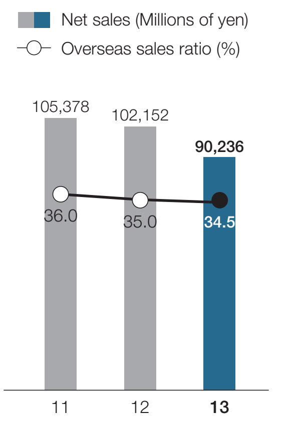
(iii) Details of non-auditing services provided to the Company by the independent auditor

In the year ended March 31, 2013, the Company paid compensation to its CPA for such non-auditing services as advisory services in connection with the introduction of International Financial Reporting Standards (IFRS) and the drawing up of papers, such as letters of comfort on the issuance of corporate bonds.

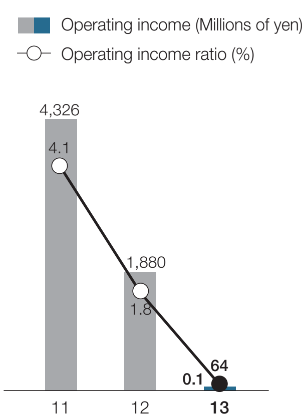
(iv) Policy for determining compensation to independent auditors

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.

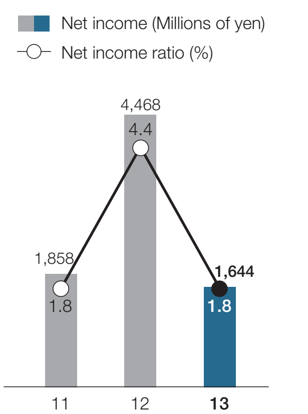
Net Sales & Overseas Sales Ratio



Operating Income & Operating Income Ratio



Net Income & Net Income Ratio



SCOPE OF CONSOLIDATION

Composed of 25 subsidiaries and 9 associates, the Noritake Group is engaged in the manufacture and sale of products in four business segments—Industrial Products, Ceramics & Materials, Engineering, and Tabletop—as well as the provision of services related to these segments.

INDUSTRIAL PRODUCTS SEGMENT

In the Industrial Products Segment, grinding wheel manufacturing and fabrication are performed externally by three subsidiaries and two associates, while diamond tool manufacturing is undertaken externally by one subsidiary. Coated abrasives are produced by the subsidiary Noritake Coated Abrasive Co., Ltd. and one associate; a portion of these items are supplied to the Company.

In addition to the Company's sales activities in Japan and overseas, the Industrial Products Segment's domestic sales are primarily handled by Zen Noritake Co., Ltd. The U.S.-based Noritake Co., Inc. and three other subsidiaries undertake sales in overseas markets. Noritake Coated Abrasive Co., Ltd. conducts direct sales of most of these products both in Japan and overseas.

In addition, the Noritake associate Nippon Resibon Corporation engages in the manufacture and sale of grinding wheels.

CERAMICS & MATERIALS SEGMENT

In the Ceramics & Materials Group, manufacturing of electronic paste and thick film circuit substrates is conducted by the Company. Such activities are bolstered by P.T. Noritake Indonesia along with one subsidiary and two associates. VFD tubes are produced and supplied to the Company by Noritake Itron Corporation. In addition, the subsidiary KCM Corporation and its subsidiaries produce ceramic materials, a portion of which are supplied to the Company.

The Company's sales activities for VFD tubes and the related products, both domestic and overseas, are mainly conducted by the integrated manufacturing and sales subsidiary Noritake Itron Corporation.

In addition, the U.S.-based Noritake Co., Inc. and three other subsidiaries conduct sales for the Ceramics & Materials Group in overseas markets. KCM Corporation undertakes direct sales of most of these products both in Japan and overseas.

Moreover, the Company's associate, Kuraray Noritake Dental Inc., engages in the manufacture and sale of dental-related products.

ENGINEERING SEGMENT

In the Engineering Segment, the Company manufactures segment products. Various types of industrial furnaces are produced and supplied to the Company by the subsidiary Noritake TCF Co., Ltd. The Company's Taiwanese subsidiary Noritake Taipei Co., Ltd. manufactures and supplies to the Company static mixers. Noritake engages in sales activities in Japan and overseas.

In addition to the Company's sales activities in Japan and overseas, the U.S.-based Noritake Co., Inc. conducts sales for the Engineering Segment in overseas markets.

TABLETOP SEGMENT

In the Tabletop Segment, in addition to the Company's production activities, porcelain tableware is manufactured by Noritake Lanka Porcelain (Private) Limited located in Sri Lanka and one associate, which is supplied to the Company.

The Company conducts sales for the Tabletop Segment in the domestic and overseas markets. In addition, the U.S.-based Noritake Co., Inc. and four other subsidiaries undertake sales in overseas markets.

Service operations in other areas are handled by Noritake Garden Co., Ltd and one associate. Thailand-based Noritake (Thailand) Co., Ltd. and two other subsidiaries, which are currently in the process of liquidation, also engage in these operations.

PERFORMANCE ANALYSIS

Consolidated net sales declined ¥11,916 million, or 11.7%, year on year to ¥90,236 million.

Operating income declined ¥1,816 million from the previous fiscal year to ¥64 million due to a decrease in net sales, despite lower selling, general and administrative expenses as well as positive effects from streamlining and improving operations.

In other income, gain on bargain purchase amounted to ¥4,052 million after making KCM Corporation a wholly-owned subsidiary. In other expenses, impairment loss on fixed assets stood at ¥1,370 million and loss on sales or disposals of property and equipment came to ¥905 million.

As a result of the aforementioned, income before income taxes and minority interests for the fiscal year under review fell ¥3,279 million, or 54.9%, compared with the previous fiscal year to ¥2,693 million. After accounting for income taxes and minority interests, net income dropped ¥2,824 million, or 63.2%, to ¥1,644 million.

Additionally, net income per share fell to ¥11.02 and the return on equity dropped to 2.6%.

FINANCIAL POSITION ANALYSIS

Total assets stood at ¥114,419 million, down 2.8%, or ¥3,316 million, from the previous fiscal yearend. Current assets totaled ¥53,104 million, down ¥10,744 million, while non-current assets amounted to ¥61,315 million, up ¥7,428 million. Major factors contributing to the growth of total assets included an increase in property, plant and equipment; the increased value of investment securities due to rising market prices; and increased capital investment, including the relocation of the headquarters' factory, which exceeded both the decrease in cash and cash equivalents and the decline in notes and accounts receivable.

Total liabilities as of March 31, 2013 stood at ¥47,839 million, a decrease of 2.0% year on year, or ¥1,000 million. This change was primarily attributable to a decrease in notes and accounts payable, as well as an increase in deferred tax liabilities due to unrealized gains on available-for-sale securities.

Total net assets at March 31, 2013 amounted to ¥66,580 million, down 3.4% year on year, or ¥2,316 million. Major factors include the reduction in treasury stock and minority interests after KCM Corporation was made a wholly-owned subsidiary, in addition to the payment of cash dividends and the purchase of treasury stock.

As a result, shareholders' equity per share totaled ¥441.05, up ¥6.91 compared with the previous consolidated fiscal year-end. The capital ratio improved to 57.7% from 51.5% at the previous fiscal year-end.

CASH FLOW ANALYSIS

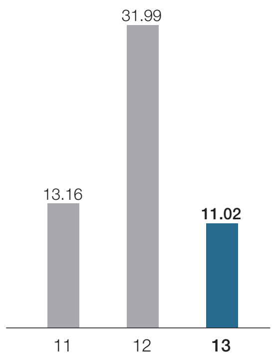
As of March 31, 2013, cash and cash equivalents stood at ¥8,778 million, a year on year decrease of ¥5,035 million. Free cash flows fell to ¥3,024 for the year.

Net cash provided by operating activities increased ¥897 million year on year to ¥4,235 million. Despite a decrease in income before income taxes and minority interests of ¥3,279 million, operating cash flow improved due in part to a decrease in trade receivables of ¥3,897 million, which was a sharp reversal of the ¥1,118 million increase last year.

Net cash used in investing activities increased ¥3,132 million year on year to ¥7,259 million. Moderating factors included proceeds from the withdrawal of time deposits, which increased by ¥2,318 million year on year, and the absence of payments for investments in unconsolidated subsidiaries, which totaled ¥1,256 million in the fiscal year ended March 31, 2012. Contributing factors included an increase in the purchase of tangible and intangible fixed assets of ¥2,817 million and a decrease in the sale of tangible and intangible fixed assets of ¥3,679 million.

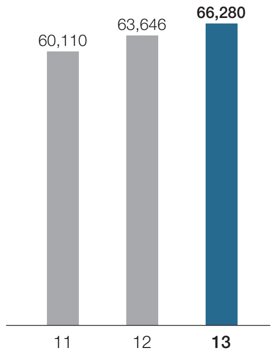
Net cash used in financing activities increased ¥1,345 million year on year to ¥2,378 million. The major contributor was a ¥1,257 million increase in the purchase of treasury stock.

Net Income per Share
(Yen)

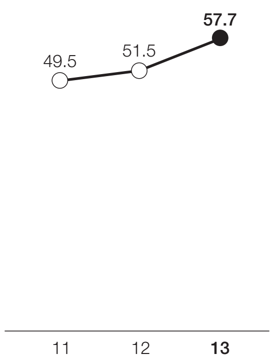


Total Assets
(Millions of yen)

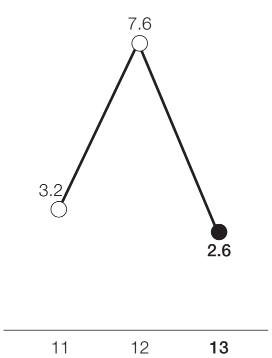
Total Shareholders' Equity
(Millions of yen)



Capital Ratio
(%)



Return on Equity
(%)



FINANCIAL POLICIES

The Noritake Group, in principle, funds general operations and capital expenditures through internal reserves and borrowings or the issue of corporate bonds. 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, 2013, the balance of short-term borrowings totaled ¥1,588 million, most of which is denominated in yen, with the remainder in three 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, 2013, the balance of long-term debt amounted to ¥10,397 million, most of which is denominated in yen, with the remainder in one other currency. Bonds payable stood at ¥10,000 million.

BUSINESS AND OTHER RISKS

Raw Material and Fuel Price Risk

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

Exchange Rate Fluctuation Risk

The export ratios of the Tabletop Group and the Ceramics & Materials Group 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, 2013.

CONSOLIDATED BALANCE SHEETS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Assets:			
Current assets:			
Cash and cash equivalents (Note 3)	¥ 8,778	¥ 13,813	$ 93,383
Short-term investments (Notes 3 and 6)	2,322	2,655	24,702
Notes and accounts receivable, net of allowance for doubtful accounts (Notes 3 and 4)	27,113	30,369	288,436
Inventories (Note 5)	13,340	14,848	141,915
Deferred tax assets (Note 14)	342	315	3,638
Other current assets	1,209	1,848	12,862
Total current assets	53,104	63,848	564,936
Investments and other assets:			
Investment securities (Notes 3 and 6)	18,636	15,881	198,255
Investments in unconsolidated subsidiaries and associates (Note 3)	6,328	5,530	67,319
Deferred tax assets (Note 14)	78	136	830
Other	2,332	2,206	24,809
Total investments and other assets	27,374	23,753	291,213
Property, plant and equipment:			
Land	10,971	11,588	116,713
Buildings and structures	34,607	32,317	368,159
Machinery and equipment	43,154	39,777	459,085
Construction in progress	1,999	1,914	21,266
Total property, plant and equipment	90,731	85,596	965,223
Less accumulated depreciation	(56,790)	(55,462)	(604,149)
Net property, plant and equipment	33,941	30,134	361,074
Total assets	¥114,419	¥117,735	$1,217,223
Liabilities:			
Current liabilities:			
Short-term borrowings (Notes 3 and 8)	¥ 1,588	¥ 1,634	$ 16,894
Current portion of long-term debt (Notes 3 and 8)	5,142	44	54,702
Notes and accounts payable (Notes 3 and 7)	15,604	18,232	166,000
Accrued expenses (Note 3)	3,854	3,237	41,000
Income taxes payable (Note 3)	444	537	4,723
Other current liabilities	860	871	9,149
Total current liabilities	27,492	24,555	292,468
Long-term liabilities:			
Long-term debt (Notes 3 and 8)	15,361	20,290	163,415
Employee retirement benefit liability (Note 9)	1,030	1,193	10,957
Accrued severance indemnities for directors and corporate auditors	805	807	8,564
Deferred tax liabilities (Note 14)	2,956	1,817	31,447
Other noncurrent liabilities	195	177	2,074
Total long-term liabilities	20,347	24,284	216,457
Total liabilities	47,839	48,839	508,925
Net assets (Note 13):			
Shareholders' equity:			
Common stock: 397,500,000 shares authorized and 158,428,497 shares issued	15,632	15,632	166,298
Capital surplus	18,833	18,833	200,351
Retained earnings	34,211	36,815	363,947
Less treasury stock, at cost: 8,769,552 shares in 2013 and 18,827,051 shares in 2012	(2,396)	(7,634)	(25,490)
Total shareholders' equity	66,280	63,646	705,106
Accumulated other comprehensive income	(272)	(3,039)	(2,893)
Minority interests	572	8,289	6,085
Total net assets	66,580	68,896	708,298
Total liabilities and net assets	¥114,419	¥117,735	$1,217,223

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF INCOME

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Operating revenue:			
Net sales (Note 15)	¥90,236	¥102,152	$959,957
Operating costs and expenses:			
Cost of goods sold	68,856	77,983	732,510
Selling, general and administrative expenses	21,316	22,289	226,766
	90,172	100,272	959,276
Operating income	64	1,880	681
Other income (expenses):			
Interest and dividend income	390	386	4,149
Interest expense	(150)	(155)	(1,596)
Impairment loss on fixed assets	(1,370)	(126)	(14,574)
(Loss) gain on sales or disposals of property and equipment	(905)	2,401	(9,628)
Equity in net earnings of associates	338	339	3,596
Gain on changes in equity of associate (Note 2(a))	—	990	—
Gain on bargain purchase	4,052	—	43,106
Other, net	274	257	2,915
	2,629	4,092	27,968
Income before income taxes and minority interests	2,693	5,972	28,649
Income taxes (Note 14):			
Current	744	924	7,915
Deferred	199	73	2,117
Total income taxes	943	997	10,032
Income before minority interests	1,750	4,975	18,617
Less minority interests in net income of consolidated subsidiaries	106	507	1,128
Net income	¥ 1,644	¥ 4,468	$ 17,489
		Yen	U.S. dollars
Per share:			
Net income	¥ 11.02	¥ 31.99	$ 0.12
Cash dividends	8.00	8.00	0.09

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Income before minority interests:	¥1,750	¥4,975	$18,617
Other comprehensive income (Note 17):			
Net changes in unrealized gains on available-for-sale securities	1,795	60	19,096
Net changes in foreign currency translation adjustments	966	(506)	10,276
Share of other comprehensive income of associates accounted for using equity method	37	(47)	394
Total other comprehensive income	2,798	(493)	29,766
Comprehensive income:	¥4,548	¥4,482	$48,383
Comprehensive income attributable to:			
Owners of the parent	¥4,411	¥4,080	$46,926
Minority interests	137	402	1,457
Total comprehensive income:	¥4,548	¥4,482	$48,383

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, 2013 and 2012

		Shareholders' equity				
	Number of shares of common stock issued	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
						Millions of yen
Balance at April 1, 2011	158,428,497	¥15,632	¥18,833	¥33,257	¥(7,612)	¥60,110
Net income for the year	—	—	—	4,468	—	4,468
Cash dividends	—	—	—	(908)	—	(908)
Purchases of treasury stock and fractional shares, net	—	—	—	(2)	(22)	(24)
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2012	158,428,497	15,632	18,833	36,815	(7,634)	63,646
Net income for the year	—	—	—	1,644	—	1,644
Cash dividends	—	—	—	(1,181)	—	(1,181)
Purchases of treasury stock and fractional shares, net	—	—	—	(3,174)	5,238	2,064
Change in scope of consolidation	—	—	—	107	—	107
Net changes in items other than shareholders' equity	—	—	—	—	—	—
Balance at March 31, 2013	158,428,497	¥15,632	¥18,833	¥34,211	¥(2,396)	¥66,280
						Thousands of U.S. dollars (Note 1)
Balance at March 31, 2012		$166,298	$200,351	$391,649	$(81,213)	$677,085
Net income for the year		—	—	17,489	—	17,489
Cash dividends		—	—	(12,564)	—	(12,564)
Purchases of treasury stock and fractional shares, net		—	—	(33,765)	55,723	21,958
Change in scope of consolidation		—	—	1,138	—	1,138
Net changes in items other than shareholders' equity		—	—	—	—	—
Balance at March 31, 2013		$166,298	$200,351	$363,947	$(25,490)	$705,106

	Accumulated other comprehensive income				
	Net unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Minority interests	Total net assets
					Millions of yen
Balance at April 1, 2011	¥2,785	¥(5,437)	¥(2,652)	¥7,971	¥65,429
Net income for the year	—	—	—	—	4,468
Cash dividends	—	—	—	—	(908)
Purchases of treasury stock and fractional shares, net	—	—	—	—	(24)
Net changes in items other than shareholders' equity	105	(492)	(387)	318	(69)
Balance at March 31, 2012	2,890	(5,929)	(3,039)	8,289	68,896
Net income for the year	—	—	—	—	1,644
Cash dividends	—	—	—	—	(1,181)
Purchases of treasury stock and fractional shares, net	—	—	—	—	2,064
Change in scope of consolidation	—	—	—	—	107
Net changes in items other than shareholders' equity	1,847	920	2,767	(7,717)	(4,950)
Balance at March 31, 2013	¥4,737	¥(5,009)	¥ (272)	¥ 572	¥66,580
					Thousands of U.S. dollars (Note 1)
Balance at March 31, 2012	$30,745	$(63,075)	$(32,330)	$88,181	$732,936
Net income for the year	—	—	—	—	17,489
Cash dividends	—	—	—	—	(12,564)
Purchases of treasury stock and fractional shares, net	—	—	—	—	21,958
Change in scope of consolidation	—	—	—	—	1,138
Net changes in items other than shareholders' equity	19,649	9,788	29,437	(82,096)	(52,659)
Balance at March 31, 2013	$50,394	$(53,287)	$ (2,893)	$ 6,085	$708,298

See accompanying Notes to Consolidated Financial Statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

NORITAKE CO., LIMITED and Consolidated Subsidiaries
For the Years Ended March 31, 2013 and 2012

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2013	2012	2013
Cash flows from operating activities:			
Income before income taxes and minority interests	¥ 2,693	¥ 5,972	$ 28,649
Adjustments for:			
Depreciation	3,429	3,460	36,479
Impairment loss on fixed assets	1,370	126	14,574
Gain on bargain purchase	(4,052)	—	(43,106)
Gain on changes in equity of associate	—	(990)	—
Equity in net earnings of associates	(338)	(339)	(3,596)
Loss (gain) on sales or disposals of property and equipment	905	(2,401)	9,628
Decrease in employee retirement benefit liability	(182)	(258)	(1,936)
Decrease (increase) in trade receivables	3,897	(1,118)	41,457
Decrease in inventories	1,847	417	19,649
Decrease in trade payables	(4,293)	(1,472)	(45,670)
Other, net	(441)	807	(4,692)
Subtotal	4,835	4,204	51,436
Interest and dividends received	410	404	4,362
Interest paid	(151)	(151)	(1,607)
Income taxes paid	(859)	(1,119)	(9,138)
Net cash provided by operating activities	4,235	3,338	45,053
Cash flows from investing activities:			
Increase in property, plant and equipment	(6,810)	(3,993)	(72,447)
Increase in long-term investments and loans receivable	(256)	(327)	(2,723)
Purchase of investment in subsidiaries	(947)	(700)	(10,074)
Payments for investments in unconsolidated subsidiaries	—	(1,256)	—
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(27)	—	(287)
Decrease in property and long-term investments	318	3,727	3,383
Decrease (increase) in short-term investments	773	(1,412)	8,223
Other, net	(310)	(166)	(3,298)
Net cash used in investing activities	(7,259)	(4,127)	(77,223)
Cash flows from financing activities:			
Increase in long-term debt	181	—	1,926
Net decrease in short-term borrowings	(52)	(19)	(553)
Dividends paid	(1,181)	(908)	(12,564)
Purchase of treasury stock and fractional shares	(1,282)	(25)	(13,638)
Other, net	(44)	(81)	(469)
Net cash used in financing activities	(2,378)	(1,033)	(25,298)
Effect of exchange rate changes on cash and cash equivalents	258	(130)	2,745
Net decrease in cash and cash equivalents	(5,144)	(1,952)	(54,723)
Cash and cash equivalents at beginning of year	13,813	15,765	146,947
Increase in cash and cash equivalents from newly consolidated subsidiary	109	—	1,159
Cash and cash equivalents at end of year	¥ 8,778	¥13,813	$ 93,383

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 ("IFRS"). 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, 2013, which was ¥94 to U.S. $1.00. The translation should not be construed as a representation that the Japanese yen amounts have been, could have been or could in the future be converted into U.S. dollars at this or any other rate of exchange.

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

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 associates are accounted for by the equity method. Investments in unconsolidated subsidiaries and associates 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. Goodwill is amortized over five years on a straight-line basis. All intercompany accounts and transactions have been eliminated on consolidation.

The number of consolidated subsidiaries, unconsolidated subsidiaries and associates for the years ended March 31, 2013 and 2012 was as follows:

	2013	2012
Consolidated subsidiaries:		
Domestic	8	9
Overseas	11	11
Associates accounted for by the equity method	5	4
Unconsolidated subsidiaries stated at cost	6	8
Associates stated at cost	4	4

From April 1, 2012, one overseas unconsolidated subsidiary was newly included in the scope of consolidation. During the year ended March 31, 2013, one overseas consolidated subsidiary was liquidated. On March 31, 2013, one domestic subsidiary, which had been included in the scope of consolidation, was accounted for by the equity method as the Company's ownership decreased due to sales of stocks.

On May 21, 2012, the Company and its consolidated subsidiary KCM Corporation ("KCM") entered into a stock-for-stock exchange agreement based on a resolution of the respective Boards of Directors of the Company and KCM that made KCM into a wholly-owned subsidiary of the Company. The stock-for-stock exchange transaction became effective August 1, 2012 after obtaining the approval of the annual shareholders meeting of KCM held on June 28, 2012, as it became valid without obtaining approval at the Company's shareholders meeting in accordance with the simplified share exchange procedures set forth in Article 796, Paragraph 3, of the Japanese Corporate Law ("the Law"). In advance of this transaction, the common stock of KCM was delisted from the Nagoya Stock Exchange (the final trading day was July 26, 2012).

KCM is engaged in mining, refining, manufacture, stocking and sale of ceramic industrial materials, and manufacture and sale of ceramic materials for electric components, as a consolidated subsidiary in the "Ceramic and materials" segment of the Noritake Group. This transaction was planned in order to establish a more stable capital relationship, expand operations and create further synergy in the ceramic and materials business of the Noritake Group. In addition, it is expected to make possible the elimination of potential conflicts of interest concerning the publicly listed parent and make a more efficient business structure through reducing the expense of listing a stock.

In accordance with the stock-for-stock exchange agreement, on August 1, 2012, the Company allotted 16,078,296 shares of the Company's common stock at the exchange rate of 1.75 shares of the Company's common stock for one share of common stock of the minority shareholders of KCM based on the stock exchange ratio calculation results determined by independent appraisers of both companies.

This transaction was accounted for using accounting treatment for business combinations under common control in accordance with "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21) and "Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (ASBJ Guidance No. 10). As a result of this transaction, the Company recorded a cost of additional acquisition of shares in subsidiaries of ¥3,364 million ($35,787 thousand) and a gain on bargain purchase of ¥3,952 million ($42,043 thousand) for the year ended March 31, 2013. Gain on bargain purchase was recognized as the amount of minority interests decrease exceeded the amount of the acquisition cost of the common stock of KCM in the stock-for-stock exchange.

During the year ended March 31, 2012, two 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 common control in accordance with ASBJ Statement No. 21 and ASBJ Guidance No. 10.

On April 13, 2011, the Company and Kuraray Co., Ltd. established a joint holding company, Kuraray Noritake Dental Holdings Co., Ltd. ("KNDH"), which owns the entire shares of Kuraray Medical Inc. ("Kuraray Medical") and Noritake Dental Supply Co., Limited ("Noritake Dental Supply"). After the establishment and as the Company owned 33.3% of the issued shares of KNDH, KNDH became an associate of the Company and was accounted for by the equity method. Effective April 1, 2012, KNDH, Kuraray Medical, and Noritake Dental Supply were integrated into one company, Kuraray Noritake Dental Co., Ltd. As a result, Noritake Dental Supply was excluded from consolidation for the year ended March 31, 2012. As this transaction was accounted for using ASBJ Statement No. 7, "Accounting Standard for Business Divestitures," and ASBJ Guidance No. 10, goodwill of ¥845 million resulting from the difference of the Company's investment amount over a total net asset value of KNDH was recognized and a gain on changes in equity in the Company's ownership's interest of ¥990 million was recorded as other income in the accompanying consolidated statements of income for the year ended March 31, 2012.

In addition, during the year ended March 31, 2013, The Siam Moulding Plaster Co., Ltd., which was included in the scope of consolidation, changed its name to Noritake SCG Plaster Co., Ltd., and Kuraray Noritake Dental Holdings Co., Ltd., which was accounted for by the equity method, changed its name to Kuraray Noritake Dental Inc.

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)
The Company has adopted ASBJ Practical Issues Task Force ("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 IFRS or U.S. generally accepted accounting principles ("U.S. GAAP"). In this case, adjustments for the following five 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) Accounting for net income attributable to minority interests

(Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method)
The Company has also adopted ASBJ PITF No. 24, "Practical Solution on Unification of Accounting Policies Applied to Associates Accounted for Using the Equity Method." Under PITF No. 24, a Japanese investment company is not allowed to apply the equity method to its investments in associates using their financial information prepared in accordance with the local GAAP. The financial information of associates outside Japan is required to be prepared in accordance with Japanese GAAP, IFRS or U.S. GAAP. IFRS or U.S. GAAP is allowed only if the five specific adjustments are made for significant differences between Japanese GAAP and IFRS or U.S. GAAP.

(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 standards 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 accumulated other comprehensive income, 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 values 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 for the hedged items if certain conditions are met. In addition, during the years ended March 31, 2013 and 2012, the Company had a derivative contract outstanding to hedge the risks associated with the occurrence of an earthquake. As the fair value of the contract was not considered determinable, that derivative contract was not accounted for at fair value.

(e) Inventories

In accordance with the accounting standard for measurement of inventories, inventories held for sale in the ordinary course of business are stated at the lower of cost or net realizable value. If the net realizable value falls below the cost at the end of the period, the cost basis is reduced to net realizable value and regarded as decreased profitability of inventories. The cost of inventories is determined principally by the first-in, first-out 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 asset. Buildings of the Company and its domestic consolidated subsidiaries acquired on and after April 1, 1998, however, are depreciated by the straight-line method.

In accordance with the amendment of the Corporation Tax Law of Japan, effective from the year ended March 31, 2013, the Company and its domestic consolidated subsidiaries changed the depreciation method for property, plant and equipment acquired on and after April 1, 2012, to the method provided by the amended Corporation Tax Law of Japan. As a result, operating income and income before income taxes and minority interests increased by ¥129 million ($1,372 thousand), respectively, for the year ended March 31, 2013, from the amounts that would have been recorded with the previous accounting method.

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

(h) Leases

The Company and its domestic consolidated subsidiaries capitalize the assets used under finance leases as lessee that commenced on and after April 1, 2008, except for certain immaterial or short-term finance leases accounted for as operating leases in accordance with the current accounting standard. Depreciation of leased assets capitalized in finance lease transactions is computed by the straight-line method over the lease term with the assumption of no residual value. As permitted by the current accounting standard for lease transactions, finance leases as lessee which commenced prior to April 1, 2008 and have been accounted for with accounting treatment similar to that used for operating leases, continue to be accounted for with accounting treatment similar to that used for operating leases with the disclosure of certain “as if capitalized” information. (See also Note 10.)

(i) Impairment of fixed assets

The Company and its domestic consolidated subsidiaries have adopted “Accounting Standard for Impairment of Fixed Assets,” issued by the Business Accounting Council of Japan and 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 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 classifications. 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, 2013 and 2012 as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Buildings	¥ 727	¥126	$ 7,734
Machinery and equipment	11	—	117
Land	632	—	6,723
	¥1,370	¥126	$14,574

(j) Employee retirement benefits

Employees who terminate their service with the Noritake Group are entitled to retirement benefits determined generally 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 recognizes retirement benefits, including pension cost and related liability, based principally 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 projected amounts 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 date.

(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 and 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 respective 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 accumulated other comprehensive income 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 income and amounted to ¥2,918 million ($31,043 thousand) and ¥3,041 million for the years ended March 31, 2013 and 2012, respectively.

(n) Enterprise taxes

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

(o) Income taxes

Income taxes are accounted for by 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 promulgation date.

(p) 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.

(q) Per share data

Net income per share is computed by dividing income available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year. Diluted net income per share is not disclosed as the Noritake Group had no diluted common shares for the years ended March 31, 2013 or 2012.

Cash dividends per share shown for each fiscal year in the accompanying consolidated statements of income represent dividends declared as applicable to the respective year.

(r) New accounting standards adopted in the year ended March 31, 2012
Effective from the year ended March 31, 2012, The Noritake Group has adopted the “Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Statement No. 24, issued on December 4, 2009) and the “Guidance on Accounting Standard for Accounting Changes and Error Corrections” (ASBJ Guidance No. 24, issued on December 4, 2009) for accounting changes and corrections of prior period errors made from the fiscal year beginning on April 1, 2011.

(s) Accounting standards issued but not yet adopted
In May 2012, ASBJ issued the following revised pronouncements:
—Accounting Standard for Retirement Benefits (ASBJ Statement No. 26, May 17, 2012)
—Guidance on Accounting Standard for Retirement Benefits (ASBJ Guidance No. 25, May 17, 2012)

(1) Summary
Under the amended rule, actuarial gains and losses and past service costs that are yet to be recognized in profit or loss would be recognized within the net asset section, after adjusting for tax effects, and the deficit or surplus would be recognized as a liability or asset without any adjustments. For determining the method of attributing expected benefit to periods, the standard now allows the use of a benefit formula basis as well as a straight-line basis. The method for determining discount rate has also been amended.

(2) Effective dates
Amendments other than those relating to the determination of retirement benefit obligations and current service costs are effective for the end of annual periods ending on or after March 31, 2014. Amendments relating to the determination of retirement benefit obligations and current service costs are effective from the beginning of annual periods ending on or after March 31, 2015.

(3) Effect of application of the standard
The Company and its domestic consolidated subsidiaries are currently in the process of determining the effects of this new standard on the consolidated financial statements.

3. FINANCIAL INSTRUMENTS

(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 financing from corresponding banks and from the issuance of bonds 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 regular 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 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 at March 31, 2013 and 2012 of financial instruments other than unlisted equity securities for which the fair value was extremely difficult to determine.

As of March 31, 2013	Carrying values	Fair values	Differences
			Millions of yen
Financial assets:			
Cash and time deposits	¥11,100	¥11,100	¥ —
Trade receivables	26,886	26,886	—
Investment securities:			
Available-for-sale securities	18,119	18,119	—
Investments in associates	1,113	769	(344)
Total	¥57,218	¥56,874	¥(344)
Financial liabilities:			
Trade payables	¥13,889	¥13,889	¥ —
Short-term borrowings	1,588	1,588	—
Payables included in accrued expenses	2,477	2,477	—
Income taxes payable	444	444	—
Bonds payable	10,000	10,095	95
Long-term bank loans, including current portion	10,397	10,409	12
Total	¥38,795	¥38,902	¥ 107
Derivative instruments	¥ —	¥ —	¥ —

As of March 31, 2012	Carrying values	Fair values	Differences
			Millions of yen
Financial assets:			
Cash and time deposits	¥16,447	¥16,447	¥ —
Trade receivables	30,411	30,411	—
Investment securities:			
Available-for-sale securities	15,350	15,350	—
Investments in associates	1,031	733	(298)
Total	¥63,239	¥62,941	¥(298)
Financial liabilities:			
Trade payables	¥17,481	¥17,481	¥ —
Short-term borrowings	1,634	1,634	—
Payables included in accrued expenses	1,751	1,751	—
Income taxes payable	537	537	—
Bonds payable	10,000	10,074	74
Long-term bank loans, including current portion	10,200	10,201	1
Total	¥41,603	¥41,678	¥ 75
Derivative instruments	¥ —	¥ —	¥ —

As of March 31, 2013:	Carrying values	Fair values	Differences
			Thousands of U.S. dollars
Financial assets:			
Cash and time deposits	$118,085	$118,085	$ —
Trade receivables	286,021	286,021	—
Investment securities:			
Available-for-sale securities	192,755	192,755	—
Investments in associates	11,841	8,181	(3,660)
Total	$608,702	$605,042	$(3,660)
Financial liabilities:			
Trade payables	$147,755	$147,755	$ —
Short-term borrowings	16,894	16,894	—
Payables included in accrued expenses	26,352	26,352	—
Income taxes payable	4,723	4,723	—
Bonds payable	106,383	107,393	1,010
Long-term bank loans, including current portion	110,606	110,734	128
Total	$412,713	$413,851	$ 1,138
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 bonds payable is determined by the price presented by the corresponding financial institutions.
(iv) The fair value of long-term interest-bearing bank loans is estimated based on a discounted cash flow analysis using current interest rates considered to be applicable to similar loans.
(v) 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 ¥4,506 million ($47,936 thousand) and ¥3,667 million at March 31, 2013 and 2012, respectively, 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, 2013:

	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	¥11,100	¥—	¥—	¥—
Trade receivables	26,886	—	—	—
Total	¥37,986	¥—	¥—	¥—
				Thousands of U.S. dollars
Financial assets:				
Cash and time deposits	$118,085	$—	$—	$—
Trade receivables	286,021	—	—	—
Total	$404,106	$—	$—	$—

4. NOTES AND ACCOUNTS RECEIVABLE

As of March 31, 2013 and 2012, notes and accounts receivable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Trade notes receivable	¥ 4,845	¥ 5,782	$ 51,542
Trade accounts receivable	22,041	24,629	234,479
Other	261	194	2,777
Less allowance for doubtful accounts	(34)	(236)	(362)
	¥27,113	¥30,369	$288,436

5. INVENTORIES

As of March 31, 2013 and 2012, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Merchandise and finished goods	¥ 5,869	¥ 5,988	$ 62,436
Work-in-process	3,830	4,657	40,745
Raw materials and supplies	3,641	4,203	38,734
	¥13,340	¥14,848	$141,915

A write-down of ¥234 million ($2,489 thousand) and ¥54 million was recognized as costs of goods sold for the year ended March 31, 2013 and 2012, respectively.

6. INVESTMENTS

As of March 31, 2013 and 2012, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2013 and 2012, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Available-for-sale securities with fair values:			
Equity securities	¥18,119	¥15,350	$192,755
Other securities without fair values	517	531	5,500
	¥18,636	¥15,881	$198,255

Available-for-sale securities with fair values are stated at fair value with unrealized gains and losses, which are excluded from current earnings, reported as a net amount within the accumulated other comprehensive income account until realized. As of March 31, 2013 and 2012, 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, 2013	¥11,211	¥7,081	¥(173)	¥18,119
As of March 31, 2012	11,215	4,656	(521)	15,350
	Thousands of U.S. dollars			
Available-for-sale equity securities:				
As of March 31, 2013	$119,266	$75,330	$(1,841)	$192,755

The Noritake Group recorded a loss on the write-down of available-for-sale securities due to other-than-temporary impairment in the amount of ¥35 million ($372 thousand) and ¥19 million for the years ended March 31, 2013 and 2012, respectively.

7. NOTES AND ACCOUNTS PAYABLE

As of March 31, 2013 and 2012, notes and accounts payable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Trade notes payable	¥ 9,915	¥12,003	$105,479
Trade accounts payable	3,974	5,478	42,276
Other	1,715	751	18,245
	¥15,604	¥18,232	$166,000

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings consisted principally of unsecured bank overdrafts and bank loans with interest at average rates of 0.69% and 0.85% per annum for the years ended March 31, 2013 and 2012, respectively.

As of March 31, 2013 and 2012, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unsecured bonds through December 2015 at a rate of 0.658% per annum	¥10,000	¥10,000	$106,383
Unsecured loans from banks and insurance companies due through July 2015 with interest at an average rate of 0.73% per annum at March 31, 2013	10,397	10,200	110,606
Capitalized lease obligations	106	134	1,128
	20,503	20,334	218,117
Less current portion	(5,142)	(44)	(54,702)
	¥15,361	¥20,290	$163,415

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

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2014	¥ 5,142	$ 54,702
2015	4,226	44,957
2016	11,122	118,319
2017	8	85
2018	4	43
Thereafter	1	11
	¥20,503	$218,117

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. Eight domestic consolidated subsidiaries have joined the Company's defined benefit pension plans. A consolidated subsidiary located in the US has a similar defined benefit plan. In addition, one domestic consolidated subsidiary also participated 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, 2013 and 2012:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Reconciliation of benefit liability:			
Projected benefit obligation	¥20,874	¥18,679	$222,064
Less fair value of pension plan assets at end of year	(17,022)	(14,119)	(181,085)
Projected benefit obligation in excess of pension plan assets	3,852	4,560	40,979
Unrecognized actuarial differences	(3,930)	(4,094)	(41,809)
	(78)	466	(830)
Prepaid pension cost	1,108	727	11,787
Balance of employee retirement benefit liability recognized on the consolidated balance sheets	¥ 1,030	¥ 1,193	$ 10,957

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 domestic 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 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-end was as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Latest calculation period-end	March 31, 2012:	March 31, 2011:	
Pension plan assets	¥104,458	¥105,046	$1,111,255
Related benefit obligation under program	(132,613)	(132,730)	(1,410,776)
Difference, resulting primarily from unamortized past service cost	¥ (28,155)	¥ (27,684)	$ (299,521)
Ratio of subsidiaries' contributions to total contributions to entire plan	0.3%	0.3%	

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Components of net periodic retirement benefit expense:			
Service cost	¥ 683	¥ 808	$ 7,266
Interest cost	349	353	3,713
Expected return on pension plan assets	(204)	(190)	(2,170)
Amortization of actuarial differences	348	868	3,702
Net periodic retirement benefit expense	¥1,176	¥1,839	$12,511

Major assumptions used in the calculation of the above information for the years ended March 31, 2013 and 2012 were as follows:

	2013	2012
Method attributing the projected benefits to periods of service	Straight-line method	Straight-line method
Discount rate	1.2%	2.0%
Expected rate of return on pension plan assets	2.0%	2.0%
Amortization of actuarial differences	10 years	10 years

10. LEASE COMMITMENTS

As lessee, the Noritake Group has entered into various rental and lease agreements principally for office space that are non-cancelable 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 and which commenced prior to April 1, 2008 and have been accounted for with accounting treatment similar to that used for operating leases continue to be accounted for with 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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Finance leases:			
Due within one year	¥ 3	¥ 10	$ 32
Due after one year	—	3	—
	¥ 3	¥ 13	$ 32
Operating leases:			
Due within one year	¥ 73	¥ 85	$ 777
Due after one year	99	133	1,053
	¥172	¥218	$1,830

11. CONTINGENT LIABILITIES

There were no contingent liabilities at March 31, 2013 and 2012.

12. DERIVATIVE INSTRUMENTS

At March 31, 2013 and 2012, 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, 2013 and 2012. That derivative contract was not accounted for at fair value because the fair value of the contract was not considered determinable. Derivative financial instruments to which hedge accounting was applied as of March 31, 2013 and 2012 are summarized as follows:

	Notional principal or contract amounts		
	Total	Over 1 year	Fair value
			Millions of yen
At March 31, 2013:			
Foreign currency exchange contracts (*1):			
Forward - selling	¥ 204	¥—	*
Interest rate swap contracts (*2):			
Fixed rate receipt, floating rate payment	3,000	—	*
Floating rate receipt, fixed rate payment	1,200	—	*

	Notional principal or contract amounts		
	Total	Over 1 year	Fair value
			Millions of yen
At March 31, 2012:			
Foreign currency exchange contracts (*1):			
Forward - selling	¥ 529	¥ —	*
Forward - buying	135	—	*
Interest rate swap contracts (*2):			
Fixed rate receipt, floating rate payment	3,000	3,000	*
Floating rate receipt, fixed rate payment	1,200	1,200	*

	Notional principal or contract amounts		
	Total	Over 1 year	Fair value
			Thousands of U.S. dollars
At March 31, 2013:			
Foreign currency exchange contracts (*1):			
Forward - selling	$ 2,170	$—	*
Interest rate swap contracts (*2):			
Fixed rate receipt, floating rate payment	31,915	—	*
Floating rate receipt, fixed rate payment	12,766	—	*

Note: (*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 the related account. (See Note 3.)

(*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.)

(3) The contracts 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.

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 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, 2013 and 2012, 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 ($37,021 thousand).

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

During the year ended March 31, 2013, the Company paid interim dividends of ¥4.00 per share, amounting to ¥623 million ($6,628 thousand). In addition, on May 9, 2013, the Board of Directors of the Company resolved to pay cash dividends as an appropriation of retained earnings in the amount of ¥599 million ($6,372 thousand, ¥4.00 per share) to the shareholders as of March 31, 2013. The appropriation was not accrued in the consolidated financial statements as of March 31, 2013.

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, 2013 and 2012 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Intercompany unrealized gains on property	¥ 54	¥ 56	$ 574
Accrued bonuses to employees	523	564	5,564
Employee retirement benefit liability	3,737	3,909	39,755
Accrued severance indemnities for directors and corporate auditors	287	289	3,053
Inventories	508	450	5,404
Net operating loss carryforwards	4,723	3,375	50,245
Other	1,903	1,976	20,245
Less valuation allowance	(7,682)	(6,398)	(81,723)
Total deferred tax assets	4,053	4,221	43,117
Deferred tax liabilities:			
Gain on transfer of investment securities to trusts for retirement benefit plans	2,866	2,866	30,489
Unrealized gains on available-for-sale securities	2,723	1,742	28,968
Other	1,000	979	10,639
Total deferred tax liabilities	6,589	5,587	70,096
Net deferred tax liabilities	¥2,536	¥1,366	$26,979

As of March 31, 2013 and 2012, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Deferred tax assets:			
Current	¥ 342	¥ 315	$ 3,638
Noncurrent	78	136	830
Deferred tax liabilities:			
Current	—	—	—
Noncurrent	2,956	1,817	31,447

In assessing the realizability of deferred tax assets, management of the Noritake Group considers whether some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. At March 31, 2013 and 2012, a valuation allowance was provided to reduce deferred tax assets to the amount the management believed was realizable.

Reconciliation of the difference between the Japanese statutory tax rate and the effective income tax rate on pretax income reflected in the accompanying consolidated statements of income for the years ended March 31, 2013 and 2012 was as follows:

	Percentage of pretax income	
	2013	2012
Japanese statutory tax rate	37.7%	40.6%
Increase (decrease) due to:		
Permanently non-deductible expenses	2.7	1.4
Tax exempt income	(2.6)	(1.9)
Local minimum taxes per capita levy	2.7	1.2
Differences between Japanese and foreign tax rates	(0.8)	(0.5)
Changes in valuation allowances	55.7	(13.8)
Gain on bargain purchase	(56.7)	—
Tax credit for research and development expenses	0.6	0.4
Equity in net earnings of associates	(4.5)	(2.2)
Gain on change in equity of associate	—	(6.8)
Effect on income tax rate changes	—	(0.2)
Other	0.2	(1.5)
Effective income tax rate	35.0%	16.7%

On December 2, 2011, the "Act for Partial Amendment of the Income Tax Act, etc., for the Purpose of Creating a Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114, 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction Following the Great East Japan Earthquake" (Act No. 117, 2011) were promulgated. Accordingly, the corporate income tax rate has been lowered and a special restoration surtax has been imposed from the fiscal years beginning on or after April 1, 2012. Therefore, the effective statutory tax rates to calculate deferred tax assets and liabilities have been changed from 40.6% to 37.7% for temporary differences which are expected to be reversed during the period from the fiscal year beginning on April 1, 2012 to the fiscal year beginning on April 1, 2014, and to 35.3% for temporary differences which are expected to be reversed from the fiscal years beginning on or after April 1, 2015. As a result of these changes, at March 31, 2012, deferred tax liabilities and net unrealized gains on available-for-sale securities decreased by ¥265 million and ¥188 million, respectively. For the year ended March 31, 2012, deferred income taxes decreased by ¥77 million.

15. SEGMENT INFORMATION

(a) General information about reportable segments:
The Noritake Group defines a reportable segment as a constituent business unit of the Noritake Group for which discrete financial information is available and reviewed regularly by the Board of Directors to determine the best allocation of managerial resources and evaluate business performance. The Noritake Group's reportable segments are determined by products and classified into "Industrial Products," "Ceramics & Materials," "Engineering" and "Tabletop."

(b) Basis of measurement about reportable segments:
The accounting methods used for the reportable segments are consistent with the accounting methods described in Note 2, "Summary of Significant Accounting Policies." The total amount of segment income for each reportable segment is presented on an operating income basis, and intersegment profit is accounted for based on prices of ordinary transactions with independent third parties. Operating expenses not belonging to reportable segments are directly allocated to each reportable segment.

(c) Information about reportable segments:

Information about reportable segment income, segment assets and other items for the years ended March 31, 2013 and 2012 was as follows:

	Reportable segments						
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total	Adjustments	Consolidated
							Millions of yen
For the year 2013:							
Net sales:							
External customers	¥35,440	¥30,583	¥15,927	¥8,286	¥ 90,236	¥ —	¥ 90,236
Segment income (loss)	(85)	638	(41)	(448)	64	—	64
Segment assets	31,744	29,351	9,435	6,524	77,054	37,365	114,419
Other items:							
Intersegment sales and transfers	26	309	133	195	663	(663)	—
Depreciation	1,728	1,070	274	357	3,429	—	3,429
Investments in equity-method associates	1,362	2,258	—	173	3,793	—	3,793
Increases in tangible and intangible fixed assets	¥ 3,242	¥ 1,190	¥ 622	¥ 311	¥ 5,365	¥ 2,963	¥ 8,328
For the year 2012:							
Net sales:							
External customers	¥37,190	¥35,480	¥21,467	¥8,015	¥102,152	¥ —	¥102,152
Segment income (loss)	902	1,911	(267)	(666)	1,880	—	1,880
Segment assets	31,740	35,769	10,669	7,332	85,510	32,225	117,735
Other items:							
Intersegment sales and transfers	34	258	204	222	718	(718)	—
Depreciation	1,564	1,204	292	400	3,460	—	3,460
Investments in equity-method associates	1,239	2,012	—	168	3,419	—	3,419
Increases in tangible and intangible fixed assets	¥ 1,522	¥ 1,191	¥ 334	¥ 341	¥ 3,388	¥ 1,493	¥ 4,881

	Reportable segments						
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total	Adjustments	Consolidated
							Thousands of U.S. dollars
For the year 2013:							
Net sales:							
External customers	$377,021	$325,351	$169,436	$88,149	$959,957	$ —	$ 959,957
Segment income (loss)	(904)	6,787	(436)	(4,766)	681	—	681
Segment assets	337,702	312,245	100,372	69,404	819,723	397,500	1,217,223
Other items:							
Intersegment sales and transfers	277	3,287	1,415	2,074	7,053	(7,053)	—
Depreciation	18,383	11,383	2,915	3,798	36,479	—	36,479
Investments in equity-method associates	14,489	24,021	—	1,841	40,351	—	40,351
Increases in tangible and intangible fixed assets	$ 34,489	$ 12,659	$ 6,617	$ 3,309	$ 57,074	$ 31,522	$ 88,596

Notes: 1. Adjustments column in "Segment assets" denotes unallocated general corporate items which were not assigned to specific segments such as cash, short-term and long-term investments in securities and general managed property.
2. Adjustments column in "Other items: Intersegment sales and transfers" denotes eliminations of intersegment transactions.
3. Adjustments column in "Other items: Increases of tangible fixed assets and intangible fixed assets" denotes capital expenditures of administrative department which were not assigned to specific segments.

(d) Enterprise-wide information:

(1) Information about products and services:

Information for each product and service is not disclosed because similar information is disclosed in the segment information above.

(2) Information about geographic areas:

As of and for the years ended March 31, 2013 and 2012, net sales and tangible fixed assets about geographic areas were summarized as follows:

	Japan	North America	Europe	Asia	Other	Total
						Millions of yen
Net sales:						
For the year 2013	¥59,125	¥7,433	¥1,859	¥21,135	¥684	¥ 90,236
For the year 2012	66,361	8,622	2,332	24,222	615	102,152
Tangible fixed assets:						
At March 31, 2013	¥30,803	¥ 888	¥ 20	¥ 1,985	¥245	¥ 33,941
At March 31, 2012	27,843	620	10	1,441	220	30,134

	Japan	North America	Europe	Asia	Other	Total
						Thousands of U.S. dollars
Net sales for the year 2013	$628,989	$79,074	$19,777	$224,840	$7,277	$959,957
Tangible fixed assets at March 31, 2013	327,691	9,447	213	21,117	2,606	361,074

(3) Information about major customers:

The Noritake Group had no single external customer which accounted for more than 10% of net sales for the year ended March 31, 2013 and 2012.

(e) Information about impairment loss on fixed assets in reportable segments:

For the years ended March 31, 2013 and 2012, impairment loss on fixed assets was summarized as follows:

	Reportable segments						
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total	Adjustments	Consolidated
							Millions of yen
Impairment loss on fixed assets:							
For the year 2013	¥297	¥67	¥25	¥—	¥389	¥981	¥1,370
For the year 2012	—	—	—	—	—	126	126

	Reportable segments						
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total	Adjustments	Consolidated
							Thousands of U.S. dollars
Impairment loss on fixed assets:							
For the year 2013	$3,159	$713	$266	$—	$4,138	$10,436	$14.574

Note: "Adjustments" column denotes impairment losses on fixed assets in the Company's administrative department.

(f) Information about goodwill in reportable segments:

For the years ended March 31, 2013 and 2012, amortization of goodwill and unamortized balance were summarized as follows:

	Reportable segments						
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total	Adjustments	Consolidated
							Millions of yen
As at or for the year 2013:							
Amortization of goodwill	¥—	¥ 1	¥—	¥—	¥ 1	¥—	¥ 1
Unamortized balance	—	—	—	—	—	—	—
As at or for the year 2012:							
Amortization of goodwill	¥—	¥—	¥ 6	¥—	¥ 6	¥—	¥ 6
Unamortized balance	—	—	—	—	—	—	—

	Reportable segments						
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total	Adjustments	Consolidated
						Thousands of U.S. dollars	
As at or for the year 2013:							
Amortization of goodwill	$—	$11	$—	$—	$11	$—	$11
Unamortized balance	—	—	—	—	—	—	—

(g) Information about gain on bargain purchase in reportable segments:

In the "Ceramics & Materials" segment, KCM became a wholly-owned subsidiary through a stock-for-stock exchange on August 1, 2012. Due to the transaction, the Company recorded a gain on bargain purchase of ¥3,952 million ($42,043 thousand) for the year ended March 31, 2013.

16 RELATED PARTY TRANSACTIONS INFORMATION

(a) Related party transactions

There were no significant transactions with related parties for the years ended March 31, 2013 or 2012.

(b) Financial summary of a significant associate of the Company

A financial summary of Kuraray Noritake Dental Inc., which is a significant associate of the Company, as of or for the years ended March 31, 2013 and 2012 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Total current assets	¥4,765	¥5,162	$50,691
Total noncurrent assets	6,028	7,551	64,128
Total current liabilities	1,931	3,842	20,542
Total noncurrent liabilities	3,605	3,378	38,351
Total net assets	5,257	5,493	55,926
Operating revenue	¥8,566	¥8,222	$91,128
Income before income taxes	1,882	2,128	20,021
Net income	1,248	1,275	13,277

Notes: Kuraray Noritake Dental Holdings Co., Ltd., which was accounted for by the equity method, changed its name to Kuraray Noritake Dental Inc.

17. OTHER COMPREHENSIVE INCOME

Amounts reclassified to net income (loss) in the current or previous period that were recognized in other comprehensive income in the current or previous periods and the tax effects for each component of other comprehensive income were as follows:

	Millions of yen		Thousands of U.S. dollars
	2013	2012	2013
Unrealized gains on available-for-sale securities			
Increase (decrease) during the year	¥2,760	¥(233)	$29,362
Reclassification adjustments	19	17	202
Subtotal, before tax	2,779	(216)	29,564
Tax effect	(984)	276	(10,468)
Subtotal, net of tax	1,795	60	19,096
Foreign currency translation adjustments			
Increase (decrease) during the year	966	(506)	10,276
Share of other comprehensive income of associates accounted for using equity method			
Increase (decrease) during the year	37	(48)	394
Reclassification adjustments	—	1	—
Subtotal	37	(47)	394
Total other comprehensive income	¥2,798	¥(493)	$29,766

KPMG

Independent Auditor's Report

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

We have audited the accompanying consolidated financial statements of NORITAKE CO., LIMITED (the "Company") and its consolidated subsidiaries, which comprise the consolidated balance sheets as at March 31, 2013 and 2012, and the consolidated statements of income, statements of comprehensive income, statements of changes in net assets and statements of cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to 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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, while the objective of the financial statement audit is not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company and its consolidated subsidiaries as at March 31, 2013 and 2012, and their financial performance and cash flows for the years then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2013 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 of the Notes to Consolidated Financial Statements.

KPMG AZSA LLC

July 30, 2013
Nagoya, Japan

OVERSEAS NETWORK

(As of June 27, 2013)

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Tel: 49-6105-2092-20 Fax: 49-6105-2092-99

NORITAKE SCG PLASTER CO., LTD.
NO. 32 MOO7 NONGPLAKRADI ROAD,
NONGPLING, NONGKHAE, SARABURI, 18140,
THAILAND
Tel: 66-36-373578 Fax: 66-36-373577

PT. NORITAKE INDONESIA
BLOK A-II NO. 9A, KAWASAN BERIKAT,
KOTA BUKIT INDAH, PURWAKARTA, 41181,
JAWA BARAT, INDONESIA
Tel: 62-264-351311 Fax: 62-264-351314

NORITAKE CO., LIMITED SHANGHAI OFFICE
ROOM 701 AETNA TOWER NO. 107,
ZUN YI ROAD, CHANG NING DISTRICT,
SHANGHAI, 200051 CHINA
Tel: 86-21-6237-5789 Fax: 86-21-6237-5790

NORITAKE CO., LIMITED TAIPEI OFFICE
7F-2, NO.46, SEC.2, CHUNG SHAN N. RD.,
TAIPEI, 104 TAIWAN R.O.C.
Tel: 886-2-2531-9906 Fax: 886-2-2531-9906

ENGINEERING GROUP

NORITAKE TAIPEI CO., LTD.
NO.37 ALLEY 105, LANE 514, ZHONGZHENG RD.,
XINZHUANG DIST., XINBEI CITY 242, TAIWAN,
R.O.C.
Tel: 886-2-2907-1221 Fax: 886-2-2905-1529

NORITAKE CO., LIMITED SHANGHAI OFFICE
ROOM 701 AETNA TOWER NO. 107,
ZUN YI ROAD, CHANG NING DISTRICT,
SHANGHAI, 200051 CHINA
Tel: 86-21-6237-5789 Fax: 86-21-6237-5790

NORITAKE CO., INC.
2635 CLEARBROOK DRIVE,
ARLINGTON HEIGHTS, IL 60005, U.S.A.
Tel: 1-847-439-9020 Fax: 1-847-593-2285

TABLETOP GROUP

NORITAKE CO., INC.
15-22 FAIR LAWN AVENUE,
FAIR LAWN, NJ 07410, U.S.A.
Tel: 1-201-796-2222 Fax: 1-201-796-9155

NORITAKE CANADA LIMITED
90 NUGGET AVENUE, AGINCOURT,
ONTARIO, M1S 3A7, CANADA
Tel: 1-416-291-2946 Fax: 1-416-292-0239

NORITAKE (AUSTRALIA) PTY LIMITED
UNIT 4, 153 BEAUCHAMP ROAD,
MATRAVILLE, N.S.W. 2036, AUSTRALIA
Tel: 61-2-9316-7123 Fax: 61-2-9316-7085

NORITAKE EUROPA GmbH
KURHESSENSTRASSE 3, 64546
MÖRFELDEN-WALLDORF, GERMANY
Tel: 49-6105-2092-18 Fax: 49-6105-2092-99

NORITAKE LANKA PORCELAIN (PRIVATE) LIMITED
WARAKAMURA, MATALE SRI LANKA
TEL: 94-66-2244432 FAX: 94-66-2244132

NORITAKE CO., LIMITED SHANGHAI OFFICE
ROOM 701 AETNA TOWER NO. 107,
ZUN YI ROAD, CHANG NING DISTRICT,
SHANGHAI, 200051 CHINA
Tel: 86-21-6237-5789 Fax: 86-21-6237-5790

DIRECTORS, CORPORATE AUDITORS AND EXECUTIVE OFFICERS

(As of June 27, 2013)

CHAIRMAN
Hitoshi Tanemura*

PRESIDENT
Tadashi Ogura*

DIRECTORS
Kouichi Saburi*
Kazutaka Nakayama
Masahiro Nakagawa
Hisaya Ogura
Yoshitaka Mabuchi
Hiroshi Kato
Kozo Kato
Kosaku Yamada

*Representative Director

CORPORATE AUDITORS
Yasuyuki Mitsukawa
Kiyoshi Yoshida
Yasumasa Gomi
Kazutoyo Shinohara

EXECUTIVE OFFICERS
Tadashi Ogura
Kouichi Saburi
Kazutaka Nakayama
Masahiro Nakagawa
Hisaya Ogura
Kohei Katoh
Kiichi Hirano
Yoshitaka Mabuchi
Hiroshi Kato
Kozo Kato
Kenji Hayasaka
Satoshi Aoki
Kenji Ito
Seiya Ogata
Koji Ogawa

CORPORATE DATA

(As of June 27, 2013)

HEAD OFFICE

3-1-36, Noritake-Shinmachi
Nishi-ku, Nagoya, Aichi
451-8501, Japan
Tel: +81-52-561-7112
Fax: +81-52-561-9721

DATE OF ESTABLISHMENT

January 1904

NUMBER OF EMPLOYEES

4,004 (Consolidated)

STOCK EXCHANGE LISTINGS

Tokyo Stock Exchange
Nagoya Stock Exchange

ADMINISTRATOR OF SHAREHOLDER REGISTRY

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 LLC

HISTORY OF NORITAKE

(As of June 27, 2013)

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.
2009	Made NIPPON RESIBON CORPORATION its associate by acquiring additional shares of the stock of the company. Absorbed Noritake Engineering Co., Ltd., Noritake China Mfg. Co., Limited, Noritake Tableware Co., Ltd. and Tokyo Toishi Co., Ltd.
2010	Absorbed Noritake Kizai Co., Ltd. and Noritake Ceramics Co., Ltd.
2011	Absorbed Noritake Bonded Abrasive Co., Ltd. and Noritake Super Abrasive Co., Ltd.
2012	Made KCM Corporation its wholly-owned subsidiary via a stock swap

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