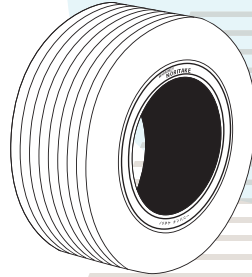
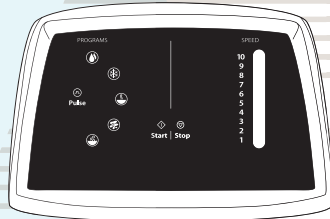


# *Annual Report 2016*

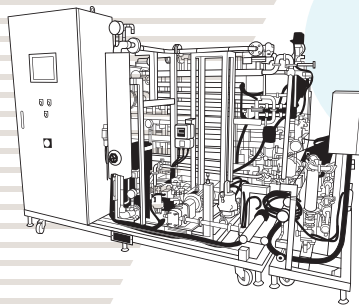
Year Ended March 31, 2016



**Industrial Products**



**Ceramics & Materials**



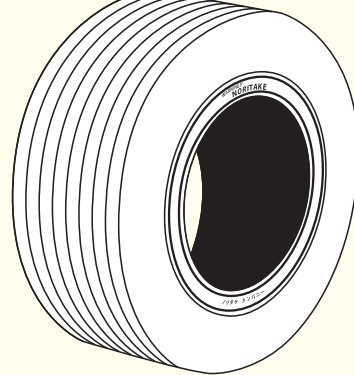
**Engineering**



**Tabletop**

## 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

Slowing growth in China and other emerging economies has become more pronounced since 2015. Many developed economies, including Japan, are trending downward, and the business environment is forecast to remain severe. Amid these circumstances, the Group launched its 10th Mid-term Business Plan and will continue working diligently to ensure its successful implementation.

#### Management Issues:

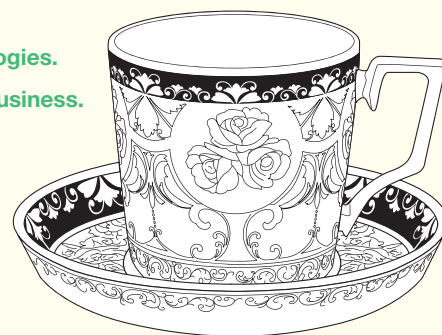
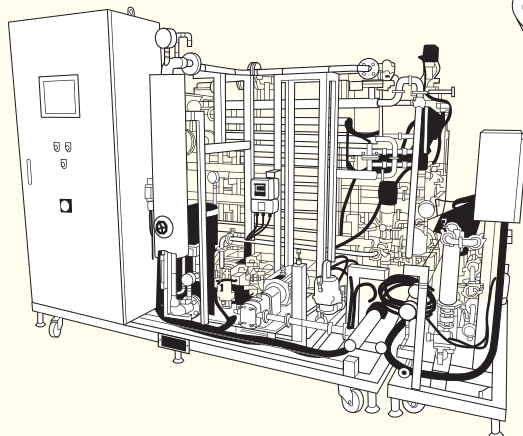
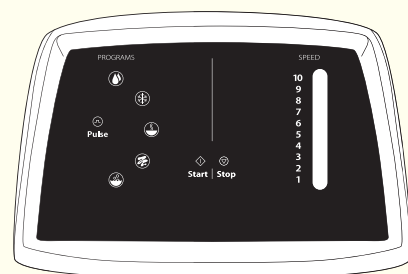
In the rapidly changing and increasingly competitive global market, we aim to establish a business and management infrastructure that will safeguard stable earnings and growth.

#### Management Goals:

Over the long term, we aim to maintain sales growth of 5% per year; operating margin of 5%; overseas sales ratio of 50%; ROE of at least 5%; and a capital ratio of at least 50%.

#### Basic Strategies:

- (1) Expand market share and break into new markets by promoting sales activities that unite manufacturing, sales and technology.
- (2) Enhance competitiveness and expand sales by developing new products and technologies.
- (3) Penetrate overseas markets and upgrade overseas manufacturing bases to expand business.
- (4) Promote an efficient management structure and upgrade infrastructure.



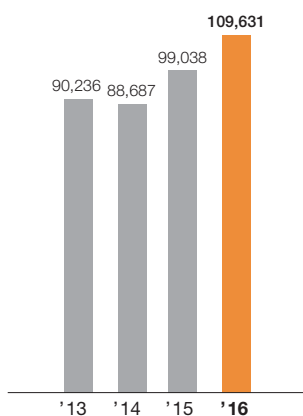
## Contents

1	Six-Year Financial Summary	2	Message from the Management	5	Review of Operations	9	Topics	10	Research & Development
12	Corporate Governance	14	Consolidated Financial Review	17	Report of Independent Auditors	18	Consolidated Balance Sheets		
20	Consolidated Statements of Income / Consolidated Statements of Comprehensive Income	22	Consolidated Statements of Changes in Net Assets						
24	Consolidated Statements of Cash Flows	26	Notes to Consolidated Financial Statements						
58	Overseas Network / Members of the Board, Audit & Supervisory Board Members and Executive Officers	59	Corporate Data / History of Noritake						

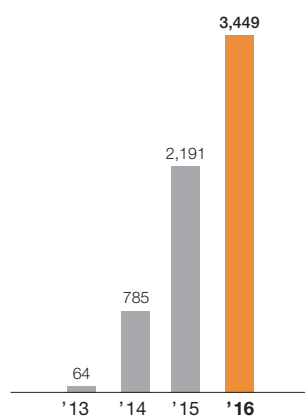
	Millions of yen						Thousands of U.S. dollars
	2016	2015	2014	2013	2012	2011	2016
<b>For the year:</b>							
Net sales	<b>¥109,631</b>	¥ 99,038	¥ 88,687	¥ 90,235	¥102,152	¥105,378	<b>\$ 978,848</b>
Operating income	<b>3,449</b>	2,191	785	64	1,880	4,326	<b>30,795</b>
Income before income taxes and minority interests	<b>5,684</b>	3,100	2,485	2,693	5,972	3,703	<b>50,750</b>
Profit attributable to owners of the parent	<b>4,413</b>	2,060	1,313	1,644	4,468	1,858	<b>39,402</b>
Net income per share (yen/U.S. dollars)	<b>¥ 30.73</b>	¥ 14.34	¥ 8.91	¥ 11.02	¥ 31.99	¥ 13.16	<b>\$ 0.27</b>
<b>At year-end:</b>							
Total assets	<b>¥135,932</b>	¥145,837	¥118,774	¥114,419	¥117,735	¥116,126	<b>\$ 1,213,679</b>
Total net assets	<b>79,766</b>	82,817	69,217	66,580	68,896	65,429	<b>712,196</b>
Capital ratio (%)	<b>56.5</b>	54.1	57.8	57.7	51.5	49.5	<b>56.5</b>

Note: The U.S. dollar amounts above have been translated at the rate of ¥112 to US\$1.

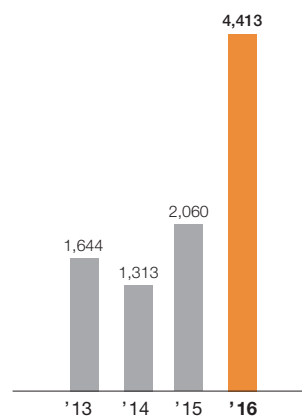
**Net Sales**  
(Millions of yen)



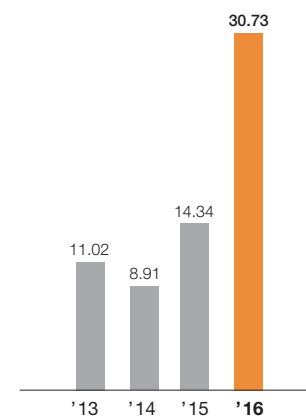
**Operating Income**  
(Millions of yen)



**Profit Attributable to Owners of the Parent**  
(Millions of yen)



**Net Income per Share**  
(Yen)



*The management of Noritake Co., Limited wishes to express its gratitude to all stakeholders for their continued support. We would like to take this opportunity to comment on the Group's results for fiscal 2016, ended March 31, 2016.*



**Hitoshi Tanemura**  
Chairman &  
Representative Director

**Tadashi Ogura**  
President &  
Representative Director

## Performance Overview for Fiscal 2016

In fiscal 2016, the Japanese economy became a bit weaker. Although non-manufacturing industries remained strong due to an increase in foreign visitors, manufacturing industries were impacted by the slowdown in the Chinese economy.

Overseas, the U.S. economy stayed firm as sales of automobiles increased, but the global economy overall faced sluggish economic growth and stagnation with Europe's economy stalling and China and other emerging economies growing at a slower pace.

Amid this economic environment, the Noritake Group as a whole continued to focus its efforts on the key initiatives outlined in the 9th Mid-term Business Plan during its final year: developing new technologies and products, penetrating overseas markets and upgrading overseas manufacturing bases, and promoting an efficient management structure and upgrading infrastructure.

As a result, net sales rose 10.7% year on year to ¥109,631 million thanks in part to the contribution of Nippon Resibon Corporation, which was made a consolidated subsidiary in the second half of fiscal 2015. Looking at earnings, operating income rose to ¥3,449 million and ordinary income amounted to ¥4,780 million on the back of brisk sales of general-purpose grinding wheels and products related to electronic ceramic materials.

In regards to penetrating overseas markets and upgrading overseas manufacturing bases, the cubic boron nitride (CBN) grinding wheel plant in North America is still raising its competitiveness and steadily boosting net sales thanks to its shift to integrated production. Achieving further localized production readiness, the grinding wheel plant in China had steadily raised its utilization rate, but production did not increase due to the recent downturn in the Chinese steel industry, and we expect it to take over another year for the plant to go in the black. In Thailand, sales of electroplated tools were weak due to market conditions, but we were able to continue moving production of CBN grinding wheels from Japan to the plant in Thailand according to plan. Conditions at the gypsum plant remained favorable: the utilization rate has stabilized, exports of gypsum for hygienic porcelain were strong, and sales of new products for construction materials gradually increased.

In regards to enhancing management infrastructure, we worked to strengthen manufacturing at production sites and began efforts to improve operational quality at back-office sections. We also pursued activities related to labor health and safety; compliance; and environmental management across the entire Group. In regard to using and redeveloping the former site of the headquarters' plant, on February 29, 2016, we submitted a city planning proposal to the city of Nagoya with the concept of creating a city with a superbly pleasant atmosphere springing outward from Noritake Garden. We are currently making steady progress on this redevelopment plan.

### 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 investment for sustainable business development in growth fields. With regard to dividend payments, Noritake distributed ¥3.0 per share as the fiscal year-end dividend. Combined with the interim dividend, this brought the full-year dividend to ¥6.0 per share.

With regard to dividend payments for the next fiscal year, in light of the performance outlook and the planned 1-for-10 reverse stock split with an effective date of October 1, 2016, Noritake plans to distribute ¥3.0 per share as the interim dividend and ¥30.0 per share as the fiscal year-end dividend. If the reverse stock split were not taken into consideration, the fiscal year-end dividend would be ¥3.0.

Through the concerted and unified efforts of the Noritake Group to swiftly implement the 10th 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 stakeholders.

A handwritten signature in black ink, appearing to read 'H. Tanemura', followed by a long horizontal stroke.

Hitoshi Tanemura

Chairman & Representative Director

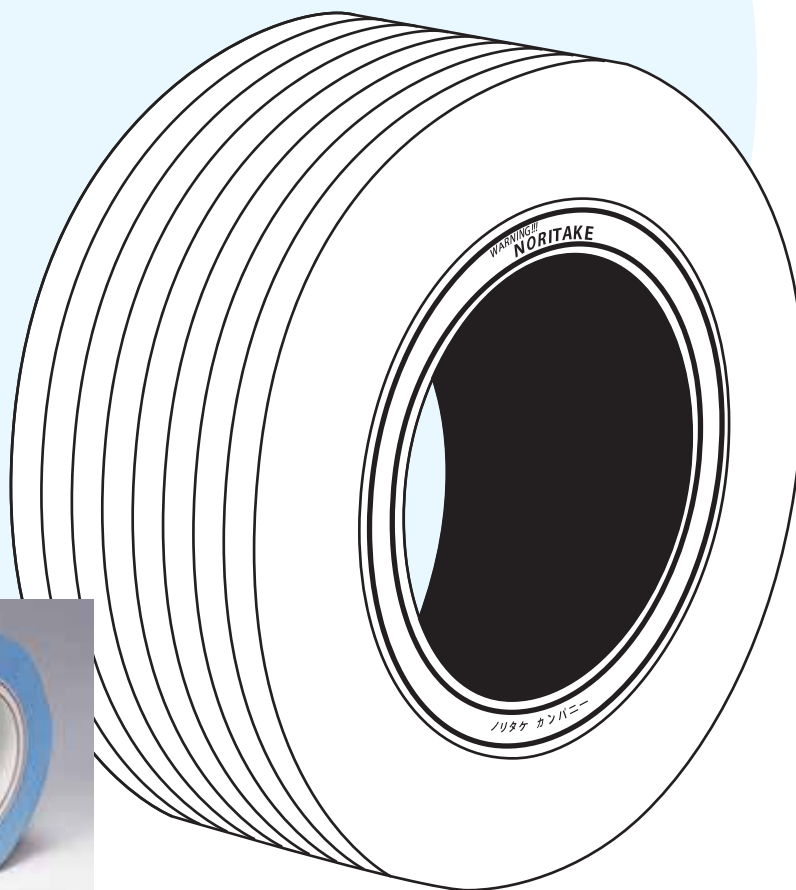
A handwritten signature in blue ink, appearing to read 'T. Ogura', followed by a long horizontal stroke.

Tadashi Ogura

President & Representative Director



Vitrified bonded wheel for gear grinding "Gear Ace"

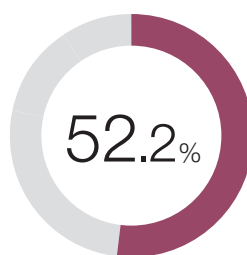


## Business Status

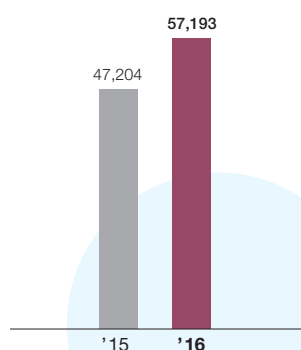
In the domestic market, sales were slightly down. While there were signs of recovery in automobile production—one of our major client industries—recovery was delayed for steel, bearing, electronics and semiconductor industries. Overseas in China, where economic growth has clearly been slowing, demand from steel stalled due to production adjustments. The Thai market also remained weak. In the United States and Mexico, automobile production remained strong and, with a boost from the depreciation of the yen, sales increased. As for Nippon Resibon Corporation, demand from Indonesia recovered and demand mainly from overseas remained firm.

As a result, consolidated net sales of the Industrial Products Group grew 21.2% year on year to ¥57,193 million.

## Breakdown of Sales



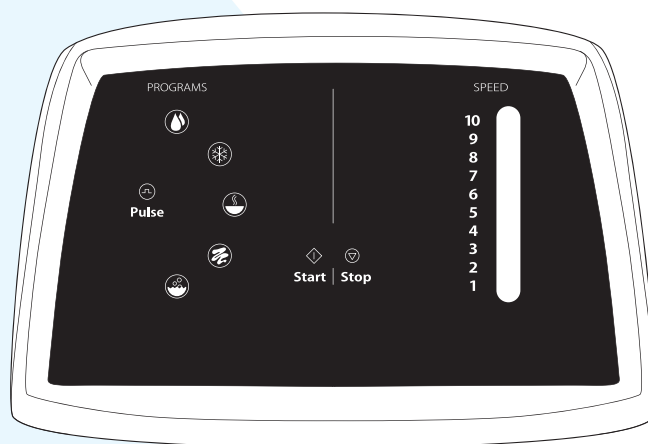
**Sales**  
(Millions of yen)



## Business Strategy

We aim to increase our market share in each application, field and region by quickly advancing development of new products for automobiles, energy, information devices, and medical equipment while strengthening our services framework in Japan and overseas. In addition, we will establish a global business promotion structure by upgrading our manufacturing and sales bases in each region.

# Ceramics & Materials

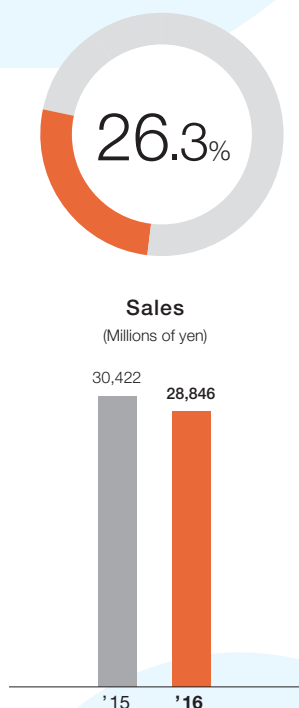


GLASS CAPACITIVE TOUCH SWITCH MODULE

## Business Status

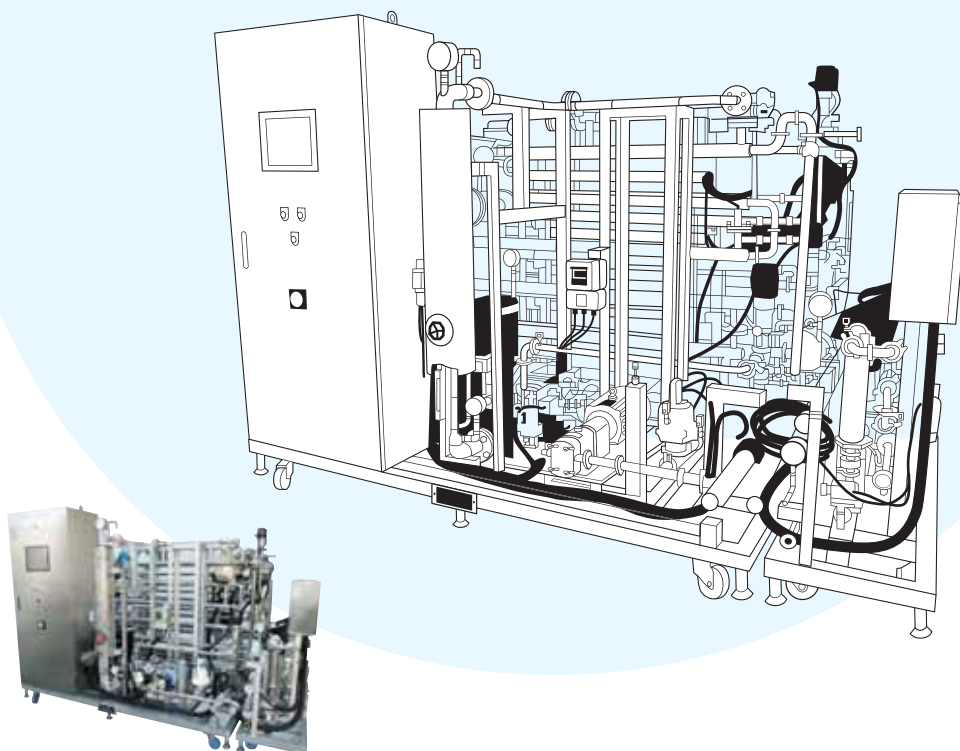
Sales of electronic pastes for use in solar cells declined sharply but remained firm in Japan for use in multilayer ceramic capacitors. Sales of gypsum remained strong in shipments to Southeast Asia while sales of thick film circuit substrates fell significantly due to waning demand from our mainstay field of automobiles. Sales of vacuum fluorescent displays (VFDs) remained on par with the previous year as orders declined in Japan and Asia but grew slightly in the United States and Europe, buoyed by the weak yen. KCM Corporation's sales increased with healthy exports of electronic ceramic materials and the same level of sales for ceramic materials as the previous year. As a result, consolidated net sales of the Ceramics & Materials Group declined 5.2% year on year to ¥28,846 million.

## Breakdown of Sales



## Business Strategy

In regard to electronic pastes, we are working to develop new products and foster new demand in the field of electronics, including multilayer ceramic capacitors for automobiles and inductors. As for ceramic products, we will work to expand sales of gypsum used in construction materials in Southeast Asia, develop next-generation catalyst supports, and develop new products and markets for touch panels and other electronic display products. KCM Corporation is working hard to expand its market-share of materials for use in multilayer ceramic capacitors and to develop products aimed at new applications, including those for fuel cells.

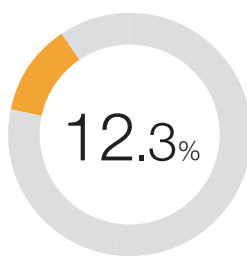


High Concentration Carbonation System

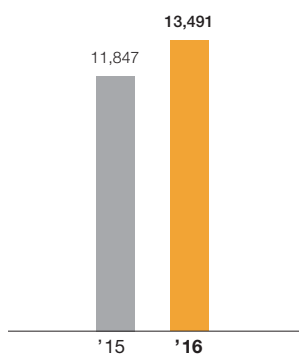
## Business Status

Sales of mainstay dry-furnaces and kilns increased due to strong sales for use in electronic components and a rise in some customers' capital investment for lithium-ion batteries. While sales of filtration equipment for use in machine tools and Chinese bearings fell, sales of mixing equipment increased due to concerted market development efforts, including winning over customers in new fields. Sales of carbide tipped circular sawing machines fell sharply due to weak demand in Japan. As a result, consolidated net sales of the Engineering Group rose 13.9% year on year to ¥13,491 million.

## Breakdown of Sales



Sales  
(Millions of yen)



## Business Strategy

We are working to develop new products and cultivate new applications in fields related to automobiles and electronic materials while striving to expand sales. In addition, we aim to establish an overseas sales system and expand business.

# Tabletop

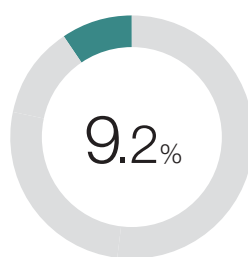


THE HOMAGE COLLECTION

## Business Status

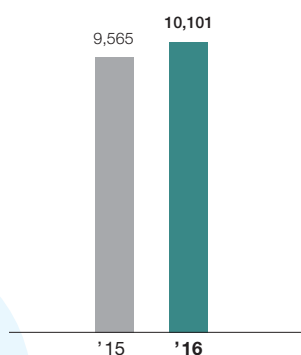
In Japan, sales increased due to strong sales to foreign visitors to Japan, hotels and restaurants despite continued stagnation at department stores. Turning overseas to the United States, sales were weak due to the inventory adjustments of our main customers. In Europe, sales also declined considerably. In Asia, sales rose on firm orders from general consumers and airlines. As a result, consolidated net sales of the Tabletop Group rose 5.6% year on year to ¥10,101 million.

## Breakdown of Sales



## Sales

(Millions of yen)



## Business Strategy

In Japan and the United States, we will expand our lineup of high-quality, elegant products and strive to expand sales and enhance our ability to make optimal proposals. In Asia and the Middle East, we will enhance our sales structure and promote market development. We are working to improve the speed of new product development and raise the efficiency of our production system.

## 1. Began Sales of a Glass Capacitive Touch Switch Module

We began sales of a new product featuring capacitive touch switch module, using thin film technology, on to vacuum florescent displays (VFDs), which are bright, easy to view and resistant to temperature changes.

Standard touch switches do not respond unless the user's bare hand makes contact. And standard switches may not work properly if there are water droplets on it. Using its proprietary, highly sensitive touch technology, Noritake has now developed a touch switch that can be operated while wearing gloves and even if there are water droplets on the surface. Leveraging these characteristics, we are currently promoting applications for these revolutionary switches in industrial equipment, kitchen instruments and other products as we work to expand sales.



Glass Capacitive Touch Switch Module DSC06745

## 2. Began Sales of the Homage Collection

The essential quality of beauty does not change. Elegant, gorgeous, refined. No matter the era, there is always a reason something stimulates people's hearts.

European coloring and design was paired with Japan's unique elegance and sense of beauty to give rise to Old Noritake. In the design for the Homage Collection, we added an interpretation of modernity and refined it to create a coffee cup that naturally fits in modern interiors. We used a three dimensional technique to incorporate depth into the design. These cups are not just for decoration or to look at; the more you use them, the fonder you'll grow of them.



THE HOMAGE COLLECTION

## 3. Developed a Thermosetting Electronic Paste Suited to Lines 20 Micrometers Wide

We developed a thermosetting electronic paste capable of forming lines just 20 micrometers (0.02 millimeters) wide for use in smartphones, electronic components and other products.

Electronic pastes are mainly used in electronic components to form electrodes. They are comprised of a mixture of metallic powder and resin solvents, which can be printed or spread onto circuit boards then thermoset or calcined to create circuits.

Before the development of the current paste, Noritake had only sold calcinable electronic pastes. The new paste can be shaped into electrodes at temperatures of as low as 110 to 130 degrees Celsius enabling lines 20 micrometers wide. In an industry that seeks ever smaller devices and ever thinner electrodes, this paste provides a breakthrough in miniaturization.



Thermosetting electronic paste

## 4. Began Sales of Spread Blade, a Diamond Blade for Road Construction

We began sales of a new diamond blade to cut concrete for use in cutting into roads, structural renovation and building demolition.

To lower construction costs and improve operational efficiency, customers are looking for higher performance diamond blades. To meet this demand, we began development of a blade to cut concrete. By improving the wear mode of the diamond chips that make contact with the concrete, the blade became 40% sharper and vastly improved in operational efficiency. Furthermore, by reducing wear on the diamond chip side, the blade lasts 80% longer and stably cuts until the end of the product's life.

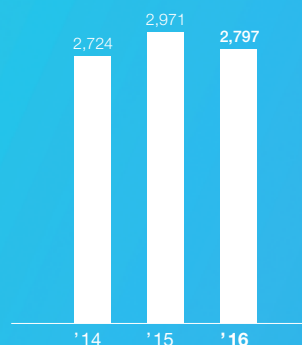


Diamond Blade for Cutting Concrete

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 Products Development Center, which promotes the commercialization of projects that are directly connected to the business divisions. Noritake carries out product development for new technologies and new fields in collaboration with each business division and Group company.

The R&D expenditures of the Noritake Group amounted to ¥2,797 million in the fiscal year under review.

R&D Expenditure  
(Millions of yen)

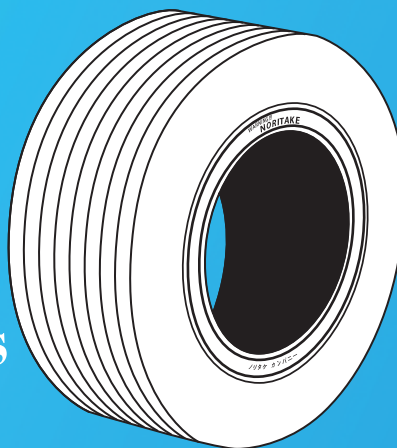


## R&D for New Products and Technologies

Noritake focuses on developing new products by utilizing its powder synthesis, formation, 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 ¥690 million.

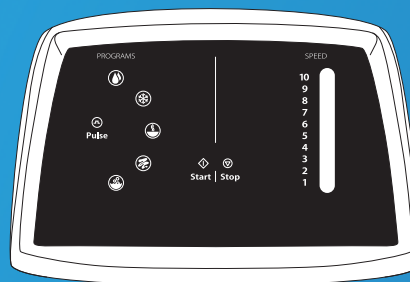
## Industrial Products



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 ¥626 million in the fiscal year under review.

# Ceramics & Materials

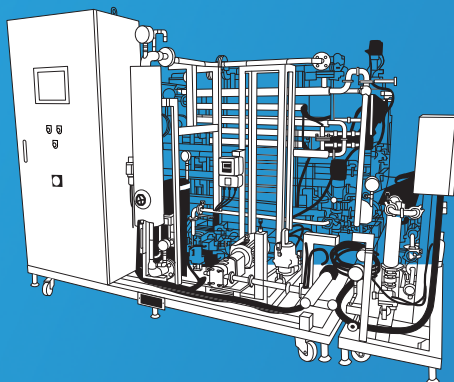


In electronic materials, the Ceramics & Materials segment is developing insulating and electrode pastes mainly for ceramic substrates used in LEDs, electrode pastes for touch panels, and electrode pastes for electronic components installed in smartphones and tablet PCs.

In ceramics, we developed and promoted the ongoing marketing of high performance ceramic catalyst carriers for chemical plants and thick-film, multi-layer substrates for automobiles and LEDs. 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 and materials used in fuel cells. Moreover, in VFD tubes and VFD module products, we are currently developing VFD message displays, mainly used in stores, information and reception displays in public places, and disaster-related wireless systems.

The R&D expenditures in this segment were ¥1,341 million.



# Engineering

The Engineering segment conducts research into products and equipment for future growth fields that include semiconductors, electronics and automotive products.

The R&D expenditures in this segment amounted to ¥63 million.



# Tabletop

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

The R&D expenditures in this segment totaled ¥74 million.

## **(1) CORPORATE GOVERNANCE STRUCTURE**

### **(i) Overview of corporate governance structure**

Comprising its corporate governance structure, Noritake has positioned the Board of Directors as the body that decides on important matters, including those stipulated by management's basic policy and the law. Noritake has also introduced an executive officer system to clarify executive responsibilities and to delegate authority with the objective of further reinforcing the execution of business based on decisions made by the Board of Directors. In addition to executive officers involved in business operations, the Board of Directors meets, in principle, once a month to ensure uniformity of understanding across the entire Group. Furthermore, such matters as surplus dividends and items stipulated in Article 459-1 of the 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, Noritake decided that it would be able to exempt directors and Audit & Supervisory Board Members (including former directors and Audit & Supervisory Board Members) by Board of Directors' meeting resolution, 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.

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 other governance structures (e.g. "company with committees" and "company with a Supervisory & Audit Committee") is recognized, Noritake decided to use Audit & Supervisory Board 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 2008, 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.

Furthermore, at the Board of Directors' meeting held on May 12, 2015, Noritake resolved to revise its basic policy on establishing an internal controls system. The main revisions were to adopt clear, concrete terms in describing the system to ensure the appropriateness of the Group's operations and audit system, in line with a reassessment of the Group's current needs, as well as revisions to laws and regulations.

### **(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 AUDIT & SUPERVISORY BOARD MEMBERS AND INDEPENDENT AUDITORS**

The Audit Office 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 Audit & Supervisory Board is composed of two full-time Audit & Supervisory Board Members and two outside Audit & Supervisory Board Members. Besides stipulating such matters as audit guidelines and the division of duties, the Audit & Supervisory Board receives reports from each Audit & Supervisory Board Member providing the actual audit status and results, and expedites the flow of information between the Board of Directors and the Audit Office. In addition to working to gather information, Audit & Supervisory Board Members 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, the Audit & Supervisory Board, in addition to confirming that Noritake's accounting auditors maintain their independence and implement the appropriate audits, receives status reports from the accounting auditors on the execution of duties and requests explanations when the need arises.

The Audit Office works in close collaboration with Audit & Supervisory Board Members and accounting auditors 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 Yasushi Yokoi
  - CPA Chika Matsumoto
  - CPA Satoshi Zengame
- Assistants
  - 15 CPAs and 13 others

### (3) OUTSIDE DIRECTORS AND AUDIT & SUPERVISORY BOARD MEMBERS

Noritake has two outside directors and two outside Audit & Supervisory Board Members.

No personal, capital or business relationships or other conflicts of interest exist between the Company and its outside Audit & Supervisory Board Members Ryuichi Murata and Tatsuhiko Saruwatari, and its outside directors Kosaku Yamada and Tetsuo Komori, respectively.

The outside directors bring a wealth of experience and broad insight regarding business management. They were 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 Audit & Supervisory Board Members reflect their wealth of experience and broad insight as business managers in Noritake audits.

When outside directors oversee business operations or when the outside Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, the outside Audit & Supervisory Board Members are mandated to audit the directors in the execution of their duties and the operations and assets of Noritake and its subsidiaries. In addition, the outside Audit & Supervisory Board Members 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 Audit & Supervisory Board Members contribute to efficient internal audits.

The Company appoints outside directors and Audit & Supervisory Board Members 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 Audit & Supervisory Board Members, 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members 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 Audit & Supervisory Board Members. Noritake has appointed two outside directors 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 AUDIT & SUPERVISORY BOARD MEMBERS

#### (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 (excl. outside director)	336	313	—	—	23	8
Audit & Supervisory Board Members (excl. outside Audit & Supervisory Board Members)	40	38	—	—	2	3
Outside director and Audit & Supervisory Board Members	33	33	—	—	0	4

#### (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 Audit & Supervisory Board Members.

### (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	59	—	70	—
Consolidated subsidiary	23	—	17	—
Total	82	—	87	—

#### (ii) Other significant details regarding compensation

Noritake Co., Inc., a Noritake subsidiary, paid compensation based on audit certification services of ¥9 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 ¥8 million.

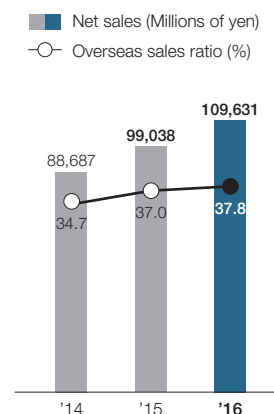
#### (iii) Details of non-auditing services provided to the Company by the independent auditor

In the year ended March 31, 2016, there were no relevant items.

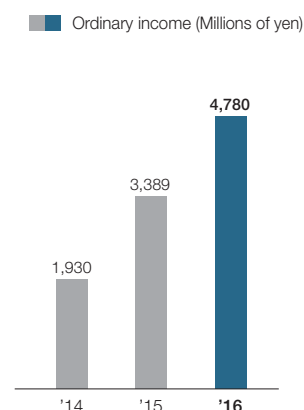
#### (iv) Policy for determining compensation to independent auditors

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

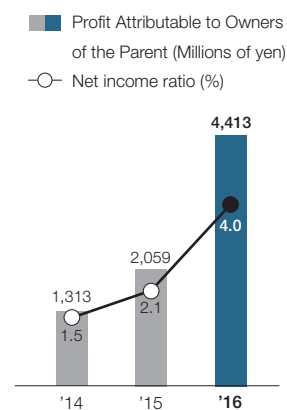
## Net Sales & Overseas Sales Ratio



## Ordinary Income



## Profit Attributable to Owners of the Parent & Net Income Ratio



## SCOPE OF CONSOLIDATION

Composed of 25 subsidiaries and 7 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 by five subsidiaries and two associates in addition to the Company, while diamond tool manufacturing is undertaken by one subsidiary in addition to the Company. 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 sales activities of the Company and one subsidiary in Japan and overseas, the Industrial Products Segment's domestic sales are handled by Zen Noritake Co., Ltd. and one other subsidiary. 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.

## 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 one associate. VFD tubes are produced and supplied to the Company by the subsidiary Noritake Itron Corporation. In addition, the subsidiary KCM Corporation and its subsidiaries produce ceramic raw materials, a portion of which are supplied to the Company.

In addition to the Company's own sales activities for electronic paste and other ceramic products of the Ceramics & Materials Group, sales activities for VFD tubes and 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 its own 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.

Sales activities in Japan and overseas are undertaken by the Company and one of its subsidiaries. In addition, the U.S.-based Noritake Co., Inc. and another subsidiary conduct 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., Limited and one associate.

## PERFORMANCE ANALYSIS

Consolidated net sales grew ¥10,592 million, or 10.7%, year on year to ¥109,631 million.

Ordinary income increased ¥1,390 million from the previous fiscal year to ¥4,780 million mostly due to the depreciation of the yen.

Other income totaled ¥1,493 million, with gain on sales of property and equipment amounting to ¥1,470 million. Other expenses came to ¥589 million, with an impairment loss totaling ¥357 million.

As a result of the aforementioned, income before income taxes and minority interests for the fiscal year under review amounted to ¥5,684 million. After accounting for income taxes and profit attributable to non-controlling interests, profit attributable to owners of the parent totaled ¥4,413 million.

Additionally, net income per share increased to ¥30.73 and the return on equity rose from 2.8% in the previous consolidated fiscal year to 5.7%.

## FINANCIAL POSITION ANALYSIS

In regard to working capital and capital investment, the Group currently procures funding through loans from financial institutions and the issuance of bonds. The Group currently procures some of its working capital through short-term loans. In Japan, Noritake procures all funding through its cash management system and distributes necessary funds to each of its consolidated subsidiaries. Overseas, in principle each consolidated subsidiary procures funding in the local currency for use as working capital.

As of March 31, 2016, the balance of short-term borrowings totaled ¥12,731 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, 2016, the balance of unsecured long-term loans amounted to ¥15,486 million, most of which is denominated in yen, with the remainder in two other currencies.

## CASH FLOW ANALYSIS

As of March 31, 2016, cash and cash equivalents stood at ¥8,584 million, a year on year decrease of ¥2,002 million, mainly due to the

repayment of bonds. For the year, negative free cash flows amounted to ¥2,085 million.

Net cash provided by operating activities increased ¥1,047 million year on year to ¥6,114 million. Notes and accounts receivable marked an increase of ¥1,720 million in fiscal 2016. Despite this, operating cash flow improved as we recorded ¥5,684 million in income before income taxes and minority interests and ¥4,147 million in depreciation.

Net cash used in investing activities decreased ¥2,252 million year on year to ¥4,029 million. Factors included ¥4,714 million in purchase of property, plant and equipment and intangible assets despite ¥1,547 million in proceeds from sales of property, plant and equipment and intangible assets.

While net cash provided by financing activities totaled ¥2,720 million in the previous fiscal year, net cash used in financing activities came to ¥3,908 million in fiscal 2016. Cash flows provided by financing worsened due to bond redemptions totaling ¥10,000 million and expenditures of ¥1,345 million for the acquisition of shares of subsidiaries that did not result in a change in the scope of consolidation. This came despite a net increase in short-term borrowings of ¥9,383 million.

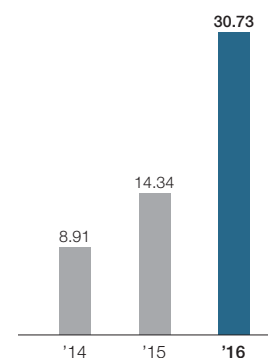
## FINANCIAL POLICIES

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, 2016, the balance of short-term borrowings totaled ¥12,731 million, most of which is denominated in yen, with the remainder

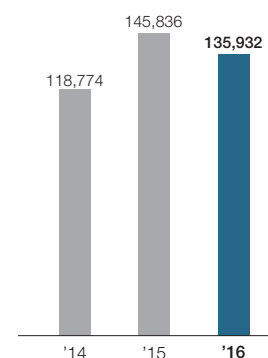
## Net Income per Share

(Yen)



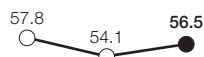
## Total Assets

(Millions of yen)



## Capital Ratio

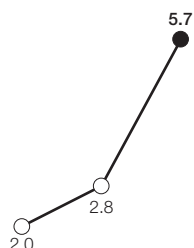
(%)



'14 '15 '16

## Return on Equity

(%)



'14 '15 '16

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, 2016, the balance of unsecured long-term loans amounted to ¥15,486 million, most of which is denominated in yen, with the remainder in two other currencies.

## BUSINESS AND OTHER RISKS

### Raw Material and Fuel Price Risk

The Noritake Group conducts operations centered on the ceramic manufacturing industry. 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 Ceramics & Materials Group and the Tabletop 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 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 any of the Noritake's main products becomes obsolete, or 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, 2016.



**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, 2016 and 2015, 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, 2016 and 2015, 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, 2016 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 29, 2016  
Nagoya, Japan

KPMG AZSA LLC, a limited liability audit corporation incorporated under the Japanese Certified Public Accountants Law and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

**NORITAKE CO., LIMITED and Consolidated Subsidiaries**  
**Consolidated Balance Sheets**  
March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Assets:</b>			
<b>Current assets:</b>			
Cash and cash equivalents (Note 3)	¥ 8,584	¥ 10,586	\$ 76,643
Short-term investments (Notes 3 and 6)	2,137	1,945	19,080
Notes and accounts receivable, net of allowance for doubtful accounts (Notes 3 and 4)	30,941	29,485	276,259
Inventories (Note 5)	16,594	17,055	148,161
Deferred tax assets (Note 15)	608	484	5,429
Other current assets	1,539	1,799	13,741
Total current assets	60,403	61,354	539,313
<b>Investments and other assets:</b>			
Investment securities (Notes 3 and 6)	26,006	31,342	232,196
Investments in unconsolidated subsidiaries and associates (Note 3)	3,179	2,886	28,384
Net defined benefit asset (Note 10)	123	2,481	1,098
Deferred tax assets (Note 15)	331	122	2,955
Other	1,944	2,141	17,358
Total investments and other assets	31,583	38,972	281,991
<b>Property, plant and equipment:</b>			
Land	13,508	13,646	120,607
Buildings and structures	41,363	41,548	369,313
Machinery and equipment	51,776	52,182	462,286
Construction in progress	717	292	6,402
Total property, plant and equipment	107,364	107,668	958,608
Less accumulated depreciation	(63,418)	(62,157)	(566,233)
Net property, plant and equipment	43,946	45,511	392,375
Total assets	¥ 135,932	¥ 145,837	\$ 1,213,679

See accompanying Notes to Consolidated Financial Statements.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Liabilities:</b>			
<b>Current liabilities:</b>			
Short-term borrowings (Notes 3 and 8)	¥ 12,731	¥ 3,400	\$ 113,670
Current portion of long-term debt (Notes 3 and 8)	2,032	11,693	18,143
Notes and accounts payable (Notes 3 and 7)	14,849	15,754	132,580
Accrued expenses (Note 3)	3,306	3,981	29,518
Income taxes payable (Note 3)	700	695	6,250
Other current liabilities	1,037	1,462	9,259
Total current liabilities	34,655	36,985	309,420
<b>Long-term liabilities:</b>			
Long-term debt (Notes 3 and 8)	13,501	15,317	120,545
Net defined benefit liability (Note 10)	2,065	2,083	18,438
Accrued severance indemnities for directors and corporate auditors	276	833	2,464
Deferred tax liabilities (Note 15)	4,890	7,488	43,661
Other non-current liabilities	779	314	6,955
Total long-term liabilities	21,511	26,035	192,063
Total liabilities	56,166	63,020	501,483
<b>Net assets (Note 14):</b>			
Shareholders' equity:			
Common stock: 397,500,000 shares authorized and 158,428,497 shares issued	15,632	15,632	139,571
Capital surplus	18,784	18,833	167,714
Retained earnings	39,287	35,735	350,777
Less treasury stock, at cost: 14,843,978 shares in 2016 and 14,821,960 shares in 2015	(3,991)	(3,985)	(35,634)
Total shareholders' equity	69,712	66,215	622,428
Accumulated other comprehensive income	7,038	12,709	62,839
Non-controlling interests	3,016	3,893	26,929
Total net assets	79,766	82,817	712,196
Total liabilities and net assets	¥ 135,932	¥ 145,837	\$ 1,213,679

**NORITAKE CO., LIMITED and Consolidated Subsidiaries**  
**Consolidated Statements of Income**  
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Operating revenue:</b>			
Net sales (Note 17)	¥ 109,631	¥ 99,038	\$ 978,848
<b>Operating costs and expenses:</b>			
Cost of goods sold	80,385	72,857	717,723
Selling, general and administrative expenses	25,797	23,990	230,330
	<u>106,182</u>	<u>96,847</u>	<u>948,053</u>
Operating income	3,449	2,191	30,795
<b>Other income (expenses):</b>			
Interest and dividend income	640	541	5,714
Interest expense	(146)	(161)	(1,304)
Impairment loss on fixed assets	(357)	(71)	(3,188)
Gain on sales of investment securities	23	-	205
Gain (loss) on sales or disposals of property and equipment	1,238	(333)	11,054
Equity in net earnings of associates	492	298	4,393
Gain on step acquisitions (Note 16)	-	77	-
Gain on bargain purchase (Note 16)	-	39	-
Other, net	345	519	3,081
	<u>2,235</u>	<u>909</u>	<u>19,955</u>
Profit before income taxes	5,684	3,100	50,750
<b>Income taxes (Note 15):</b>			
Current	1,394	1,094	12,446
Deferred	(404)	(100)	(3,607)
Total income taxes	<u>990</u>	<u>994</u>	<u>8,839</u>
Profit	4,694	2,106	41,911
<b>Profit attributable to non-controlling interests</b>	<u>281</u>	<u>46</u>	<u>2,509</u>
Profit attributable to owners of the parent	<u>¥ 4,413</u>	<u>¥ 2,060</u>	<u>\$ 39,402</u>
	Yen		U.S. dollars
<b>Per share:</b>			
Profit attributable to owners of the parent	¥ 30.73	¥ 14.34	\$ 0.27
Cash dividends	6.00	6.00	0.05

See accompanying Notes to Consolidated Financial Statements.

**NORITAKE CO., LIMITED and Consolidated Subsidiaries**  
**Consolidated Statements of Comprehensive Income**  
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Profit:</b>	¥ 4,694	¥ 2,106	\$ 41,911
<b>Other comprehensive income (Note 19):</b>			
Unrealized gains on available-for-sale securities	(3,421)	4,783	(30,545)
Foreign currency translation adjustments	(1,034)	2,771	(9,232)
Remeasurements of defined benefit plans, net of tax	(1,382)	1,896	(12,340)
Share of other comprehensive income of associates accounted for using equity method	(26)	(12)	(232)
Total other comprehensive income	(5,863)	9,438	(52,349)
<b>Comprehensive income:</b>	<u>¥ (1,169)</u>	<u>¥ 11,544</u>	<u>\$ (10,438)</u>
<b>Comprehensive income attributable to:</b>			
Owners of the parent	¥ (1,258)	¥ 10,961	\$ (11,232)
Non-controlling interests	89	583	794
Total comprehensive income:	<u>¥ (1,169)</u>	<u>¥ 11,544</u>	<u>\$ (10,438)</u>

See accompanying Notes to Consolidated Financial Statements.

**NORITAKE CO., LIMITED and Consolidated Subsidiaries**  
**Consolidated Statements of Changes in Net Assets**  
For the Years Ended March 31, 2016 and 2015

	Number of shares of common stock issued	Shareholders' equity				
		Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
		Millions of yen				
<b>Balance at April 1, 2014</b>	158,428,497	¥ 15,632	¥ 18,833	¥ 34,310	¥ (3,979)	¥ 64,796
Cumulative effects of changes in accounting policies (Note 2(j))				445		445
Restated balance	158,428,497	15,632	18,833	34,755	(3,979)	65,241
Profit attributable to owners of the parent	-	-	-	2,060	-	2,060
Cash dividends	-	-	-	(862)	-	(862)
Purchases of treasury stock and fractional shares, net	-	-	-	-	(6)	(6)
Change in scope of consolidation	-	-	-	(218)	-	(218)
Net changes in items other than shareholders' equity	-	-	-	-	-	-
<b>Balance at March 31, 2015</b>	158,428,497	15,632	18,833	35,735	(3,985)	66,215
Profit attributable to owners of the parent	-	-	-	4,413	-	4,413
Cash dividends	-	-	-	(861)	-	(861)
Purchases of treasury stock and fractional shares, net	-	-	-	-	(6)	(6)
Purchase of shares of consolidated subsidiaries	-	-	(30)	-	-	(30)
Sales of shares of consolidated subsidiaries	-	-	(19)	-	-	(19)
Net changes in items other than shareholders' equity	-	-	-	-	-	-
<b>Balance at March 31, 2016</b>	158,428,497	¥ 15,632	¥ 18,784	¥ 39,287	¥ (3,991)	¥ 69,712

Thousands of U.S. dollars (Note 1)

<b>Balance at March 31, 2015</b>	\$ 139,571	\$ 168,152	\$ 319,063	\$ (35,580)	\$ 591,206
Profit attributable to owners of the parent	-	-	39,402	-	39,402
Cash dividends	-	-	(7,688)	-	(7,688)
Purchases of treasury stock and fractional shares, net	-	-	-	(54)	(54)
Purchase of shares of consolidated subsidiaries	-	(268)	-	-	(268)
Sales of shares of consolidated subsidiaries	-	(170)	-	-	(170)
Net changes in items other than shareholders' equity	-	-	-	-	-
<b>Balance at March 31, 2016</b>	\$ 139,571	\$ 167,714	\$ 350,777	\$ (35,634)	\$ 622,428

	Accumulated other comprehensive income						
	Unrealized gains on available-for-sale securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets	
	Millions of yen						
Balance at April 1, 2014	¥ 8,759	¥ (2,980)	¥ (1,972)	¥ 3,807	¥ 614	¥ 69,217	
Cumulative effects of changes in accounting policies (Note 2(j))						445	
Restated balance	8,759	(2,980)	(1,972)	3,807	614	69,662	
Profit attributable to owners of the parent	-	-	-	-	-	2,060	
Cash dividends	-	-	-	-	-	(862)	
Purchases of treasury stock and fractional shares, net	-	-	-	-	-	(6)	
Change in scope of consolidation	-	-	-	-	-	(218)	
Net changes in items other than shareholders' equity	4,758	2,220	1,924	8,902	3,279	12,181	
Balance at March 31, 2015	13,517	(760)	(48)	12,709	3,893	82,817	
Profit attributable to owners of the parent	-	-	-	-	-	4,413	
Cash dividends	-	-	-	-	-	(861)	
Purchases of treasury stock and fractional shares, net	-	-	-	-	-	(6)	
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	(30)	
Sales of shares of consolidated subsidiaries	-	-	-	-	-	(19)	
Net changes in items other than shareholders' equity	(3,411)	(900)	(1,360)	(5,671)	(877)	(6,548)	
Balance at March 31, 2016	¥ 10,106	¥ (1,660)	¥ (1,408)	¥ 7,038	¥ 3,016	¥ 79,766	
	Thousands of U.S. dollars (Note 1)						
Balance at March 31, 2015	\$ 120,688	\$ (6,786)	\$ (429)	\$ 113,473	\$ 34,759	\$ 739,438	
Profit attributable to owners of the parent	-	-	-	-	-	39,402	
Cash dividends	-	-	-	-	-	(7,688)	
Purchases of treasury stock and fractional shares, net	-	-	-	-	-	(54)	
Purchase of shares of consolidated subsidiaries	-	-	-	-	-	(268)	
Sales of shares of consolidated subsidiaries	-	-	-	-	-	(170)	
Net changes in items other than shareholders' equity	(30,455)	(8,036)	(12,143)	(50,634)	(7,830)	(58,464)	
Balance at March 31, 2016	\$ 90,233	\$ (14,822)	\$ (12,572)	\$ 62,839	\$ 26,929	\$ 712,196	

See accompanying Notes to Consolidated Financial Statements.

**NORITAKE CO., LIMITED and Consolidated Subsidiaries**  
**Consolidated Statements of Cash Flows**  
For the Years Ended March 31, 2016 and 2015

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Cash flows from operating activities:</b>			
Profit before income taxes	¥ 5,684	¥ 3,100	\$ 50,750
Adjustments for:			
Depreciation	4,147	3,673	37,027
Impairment loss on fixed assets	357	71	3,188
Gain on step acquisitions	-	(77)	-
Gain on bargain purchase	-	(39)	-
Equity in net earnings of associates	(492)	(298)	(4,393)
Gain on sales of investment securities	(23)	-	(205)
Loss (gain) on sales or disposals of property and equipment	(1,238)	333	(11,054)
Increase (decrease) in net defined benefit liability and asset	397	568	3,545
Decrease (increase) in trade receivables	(1,720)	49	(15,358)
Decrease (increase) in inventories	210	(1,485)	1,875
Increase (decrease) in trade payables	154	(81)	1,375
Other, net	(816)	(150)	(7,286)
Subtotal	6,660	5,664	59,464
Interest and dividends received	813	767	7,259
Interest paid	(169)	(159)	(1,509)
Income taxes paid	(1,190)	(1,206)	(10,625)
Net cash provided by operating activities	6,114	5,066	54,589
<b>Cash flows from investing activities:</b>			
Increase in property, plant and equipment	(4,714)	(4,742)	(42,089)
Increase in long-term investments and loans receivable	(52)	(267)	(464)
Purchase of shares of subsidiaries resulting in change in scope of consolidation (Note 20)	-	(1,683)	-
Collection of investments in capital	-	491	-
Decrease in property and long-term investments	1,662	182	14,839
Increase in short-term investments	(218)	(83)	(1,946)
Other, net	(707)	(180)	(6,313)
Net cash used in investing activities	(4,029)	(6,282)	(35,973)

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2016	2015	2016
<b>Cash flows from financing activities:</b>			
Increase in long-term debt	250	11,700	2,232
Repayments of long-term debt	(1,663)	(4,486)	(14,848)
Net increase (decrease) in short-term borrowings	9,383	(3,569)	83,777
Redemption of bonds	(10,000)	-	(89,285)
Dividends paid	(861)	(862)	(7,688)
Purchase of treasury stock and fractional shares	(6)	(6)	(54)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	(1,345)	-	(12,009)
Proceeds from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	334	-	2,982
Other, net	-	(57)	-
Net cash provided by (used in) financing activities	(3,908)	2,720	(34,893)
Effect of exchange rate changes on cash and cash equivalents	(179)	305	(1,598)
Net increase (decrease) in cash and cash equivalents	(2,002)	1,809	(17,875)
Cash and cash equivalents at beginning of year	10,586	8,671	94,518
Increase in cash and cash equivalents from newly consolidated subsidiary	-	106	-
Cash and cash equivalents at end of year	<u>¥ 8,584</u>	<u>¥ 10,586</u>	<u>\$ 76,643</u>

See accompanying Notes to Consolidated Financial Statements.

**NORITAKE CO., LIMITED and Consolidated Subsidiaries**  
**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, 2016, which was ¥112 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, 2016 and 2015 was as follows:

	2016	2015
Consolidated subsidiaries:		
Domestic	10	10
Overseas	13	13
Associates accounted for by the equity method	4	4
Unconsolidated subsidiaries stated at cost	2	2
Associates stated at cost	3	3

From April 1, 2014, one overseas unconsolidated subsidiary was newly included in the scope of consolidation. On October 1, 2014, one domestic subsidiary, which had been accounted for by the equity method, was included in the scope of consolidation, in addition to two subsidiaries, as the Company's ownership increased due to purchase of stocks.

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 four 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

**(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, and interest rate and currency 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 as permitted by the accounting standard for financial instruments, hedging interest rate swap contracts, and interest rate and currency swap contracts are accounted for on an accrual basis and recorded net of interest expense generated from the hedged borrowings if certain conditions are met. Furthermore, interest rate and currency swap contracts are accounted for on an accrual basis through translating foreign currency denominated liabilities at such contracts rates as an interim measure if certain hedging criteria are met. In addition, during the years ended March 31, 2016 and 2015, 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 based on the estimated useful life of the asset.

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, 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. (See also Note 11.)

**(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. Net selling prices of the assets which are difficult to sell or convert to other uses are estimated as nil.

The Noritake Group recognized impairment loss for the years ended March 31, 2016 and 2015 as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Machinery and equipment	¥ 357	¥ 69	\$ 3,188
Other	0	2	0
	¥ 357	¥ 71	\$ 3,188

#### (j) Employee retirement benefits

The difference between retirement benefit obligations and plan assets has been recognized as net defined benefit liability and net defined benefit asset. To calculate the retirement benefit obligations, the method of allocation of estimated retirement benefits is the benefit formula basis. Actuarial gains and losses that are yet to be recognized 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 costs is recognized in a single year as incurred. Net defined benefit liability, net defined benefit asset and retirement benefit expense of certain consolidated subsidiaries are calculated using the simplified method as permitted by the accounting standard for retirement benefits.

#### (Changes in accounting policies for retirement benefits)

The Company and its consolidated domestic subsidiaries adopted the Article 35 of the “Accounting Standard for Retirement Benefits” (ASBJ Statement No. 26, May 17, 2012 (hereinafter, “Statement No. 26”)) and the Article 67 of the “Guidance on Accounting Standard for Retirement Benefits” (ASBJ Guidance No. 25, March 26, 2015 (hereinafter, “Guidance No. 25”)) from the fiscal year ended March 31, 2015 and have changed the determination of retirement benefit obligations and current service costs. In addition, the Company and its consolidated domestic subsidiaries have changed the method of attributing expected benefit to periods from a straight-line basis to a benefit formula basis and have changed the method of determining the discount rate based on the estimated average remaining years of service of the employees to a discount rate based on a single weighted average. In accordance with the Article 37 of Statement No. 26, the effect of changing the determination of retirement benefit obligations and current service costs has been recognized in retained earnings at the beginning of the fiscal year ended March 31, 2015. As a result of the application, the liability for retirement benefits obligation decreased by ¥764 million and retained earnings increased by ¥445 million at the beginning of the fiscal year ended March 31, 2015. In addition, the effect on profit and loss is not material.

#### (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.

**(Additional information)**

The Company resolved to make a lump sum payment equivalent to retirement allowance, due to the abolition of the officer retirement program, based on the resolution at the ordinary general meeting of shareholders' held on June 26, 2015. Accordingly, accrued severance indemnities for directors and corporate auditors was reversed and recorded in "Other non-current liabilities".

**(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 non-controlling 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 ¥2,797 million (\$24,973 thousand) and ¥2,971 million for the years ended March 31, 2016 and 2015, 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 enactment date and the promulgation date for the fiscal year ended March 31, 2016 and 2015, respectively.

**(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**

Profit attributable to owners of the parent per share is computed by dividing profit attributable to owners of the parent available to common shareholders by the weighted average number of shares of common stock outstanding during the respective year. Diluted profit attributable to owners of the parent per share is not

disclosed as the Noritake Group had no diluted common shares for the years ended March 31, 2016 or 2015.

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) Changes in accounting policies for business combinations**

The Company and its domestic subsidiaries adopted “Revised Accounting Standard for Business Combinations” (ASBJ Statement No. 21, September 13, 2013 (hereinafter, “Statement No. 21”)), “Revised Accounting Standard for Consolidated Financial Statements” (ASBJ Statement No. 22, September 13, 2013 (hereinafter, “Statement No. 22”)) and “Revised Accounting Standard for Business Divestitures” (ASBJ Statement No. 7, September 13, 2013 (hereinafter, “Statement No. 7”)) (together, the “Business Combination Accounting Standards”) from the fiscal year ended March 31, 2016. As a result, the Company changed its accounting policies to recognize in capital surplus the differences arising from the changes in the Company’s ownership interest of subsidiaries over which the Company continues to maintain control and to record acquisition related costs as expenses in the fiscal year in which the costs are incurred. In addition, the Company changed its accounting policy for the reallocation of acquisition costs due to the completion following provisional accounting to reflect such reallocation in the consolidated financial statements for the fiscal year in which the business combination took place. The Company also changed the presentation of net income and the term “non-controlling interests” is used instead of “minority interests”. Certain amounts in the prior year comparative information were reclassified to conform to such changes in the current year presentation.

In the consolidated statement of cash flows, cash flows from acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in “Cash flows from financing activities” and cash flows from acquisition related costs for shares of subsidiaries with changes in the scope of consolidation or costs related to acquisition or disposal of shares of subsidiaries with no changes in the scope of consolidation are included in “Cash flows from operating activities”.

With regard to the application of the Business Combination Accounting Standards, the Company followed the provisional treatments in Article 58-2 (4) of Statement No. 21, Article 44-5 (4) of Statement No. 22 and Article 57-4 (4) of Statement No. 7 with application from the beginning of the current fiscal year prospectively.

As a result, capital surplus as of the fiscal year ended March 31, 2016 decreased by ¥49 million (\$438 thousand). In addition, the effect on profit and loss is not material.

**(s) Accounting standards issued but not yet adopted**

-Implementation Guidance on Recoverability of Deferred Tax Assets (ASBJ Guidance No. 26, March 28, 2016)

**(1) Summary**

The practical guidance on accounting standards and auditing standards (where it is related to the accounting treatment) for tax effect accounting, issued by the Japanese Institute of Certified Public Accountants (JICPA), is to be transferred to the Accounting Standards Board of Japan (ASBJ). In connection with this transfer, “Implementation Guidance on Recoverability of Deferred Tax Assets (Implementation Guidance)” has been issued by ASBJ, based, in principle, on the framework used in the “Audit Treatment of Judgments with Regard to Recoverability of Deferred Tax Assets” (Report No. 66, the audit committee of the JICPA), in which the recoverability is assessed in accordance with the 5 categories of a corporate entity. The Implementation Guidance made certain necessary changes in the criteria for these categories and also in the treatment of the amount of deferred tax assets. The Implementation Guidance thereby provides the guidelines in applying the “Accounting Standards for Tax Effect Accounting,” by the Business Accounting Council, in view of the recoverability of deferred tax assets.

- (2) Effective date  
Effective from the beginning of the fiscal year ending March 31, 2017.
- (3) Effects of the application of the standards  
The Company and its consolidated domestic subsidiaries are currently in the process of determining the effects of these new standards 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 and interest rate and currency 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 and interest rate and currency 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 and interest rate and currency 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, 2016 and 2015 of financial instruments other than unlisted equity securities for which the fair value was extremely difficult to determine.

	Carrying values	Fair values	Differences
		Millions of yen	
As of March 31, 2016:			
Financial assets:			
Cash and time deposits	¥ 10,721	¥ 10,721	¥ -
Trade receivables	30,820	30,820	-
Investment securities:			
Available-for-sale securities	25,434	25,434	-
Total	¥ 66,975	¥ 66,975	¥ -
Financial liabilities:			
Trade payables	¥ 14,014	¥ 14,014	¥ -
Short-term borrowings	12,731	12,731	-
Payables included in accrued expenses	1,841	1,841	-
Income taxes payable	700	700	-
Long-term bank loans, including current portion	15,486	15,441	(45)
Total	¥ 44,772	¥ 44,727	¥ (45)
Derivative instruments	¥ -	¥ -	¥ -
	Carrying values	Fair values	Differences
		Millions of yen	
As of March 31, 2015:			
Financial assets:			
Cash and time deposits	¥ 12,531	¥ 12,531	¥ -
Trade receivables	29,291	29,291	-
Investment securities:			
Available-for-sale securities	30,773	30,773	-
Total	¥ 72,595	¥ 72,595	¥ -
Financial liabilities:			
Trade payables	¥ 14,321	¥ 14,321	¥ -
Short-term borrowings	3,400	3,400	-
Current portion of bonds	10,000	10,028	28
Payables included in accrued expenses	2,559	2,559	-
Income taxes payable	695	695	-
Long-term bank loans, including current portion	16,938	16,786	(152)
Total	¥ 47,913	¥ 47,789	¥ (124)
Derivative instruments	¥ -	¥ -	¥ -

	Thousands of U.S. dollars		
As of March 31, 2016:			
Financial assets:			
Cash and time deposits	\$ 95,723	\$ 95,723	\$ -
Trade receivables	275,179	275,179	-
Investment securities:			
Available-for-sale securities	227,089	227,089	-
Total	<u>\$ 597,991</u>	<u>\$ 597,991</u>	<u>\$ -</u>
Financial liabilities:			
Trade payables	\$ 125,125	\$ 125,125	\$ -
Short-term borrowings	113,670	113,670	-
Payables included in accrued expenses	16,437	16,437	-
Income taxes payable	6,250	6,250	-
Long-term bank loans, including current portion	138,268	137,866	(402)
Total	<u>\$ 399,750</u>	<u>\$ 399,348</u>	<u>\$ (402)</u>
Derivative instruments	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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 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 13 for the calculation method for the fair value of derivative instruments such as interest rate and currency swaps or foreign currency forward exchange contracts.
- (2) Unlisted equity securities of ¥3,751 million (\$33,491 thousand) and ¥3,455 million at March 31, 2016 and 2015, 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, 2016:

	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	¥ 10,721	¥ -	¥ -	¥ -
Trade receivables	30,820	-	-	-
Total	<u>¥ 41,541</u>	<u>¥ -</u>	<u>¥ -</u>	<u>¥ -</u>
	Thousands of U.S. dollars			
Financial assets:				
Cash and time deposits	\$ 95,723	\$ -	\$ -	\$ -
Trade receivables	275,179	-	-	-
Total	<u>\$ 370,902</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### 4. Notes and Accounts Receivable

As of March 31, 2016 and 2015, notes and accounts receivable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Trade notes receivable	¥ 7,873	¥ 7,470	\$ 70,295
Trade accounts receivable	22,947	21,821	204,884
Other	151	216	1,348
Less allowance for doubtful accounts	(30)	(22)	(268)
	<u>¥ 30,941</u>	<u>¥ 29,485</u>	<u>\$ 276,259</u>

#### 5. Inventories

As of March 31, 2016 and 2015, inventories consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Merchandise and finished goods	¥ 8,428	¥ 8,644	\$ 75,250
Work-in-process	3,778	3,829	33,732
Raw materials and supplies	4,388	4,582	39,179
	<u>¥ 16,594</u>	<u>¥ 17,055</u>	<u>\$ 148,161</u>

A write-down of ¥94 million (\$839 thousand) and a reversal of write-down of ¥258 million was recognized as costs of goods sold for the years ended March 31, 2016 and 2015, respectively.

## 6. Investments

As of March 31, 2016 and 2015, short-term investments consisted of time deposits with an original maturity of more than three months.

At March 31, 2016 and 2015, investment securities consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Available-for-sale securities with fair values:			
Equity securities	¥ 25,434	¥ 30,773	\$ 227,089
Other securities without fair values	572	569	5,107
	<u>¥ 26,006</u>	<u>¥ 31,342</u>	<u>\$ 232,196</u>

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, 2016 and 2015, 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, 2016	¥ 10,910	¥ 14,809	¥ (285)	¥ 25,434
As of March 31, 2015	10,893	19,920	(40)	30,773
	Thousands of U.S. dollars			
Available-for-sale equity securities:				
As of March 31, 2016	\$ 97,411	\$ 132,223	\$ (2,545)	\$ 227,089

The Noritake Group sold available-for-sale securities and recorded net gains of ¥23 million (\$205 thousand) for the year ended March 31, 2016.

## 7. Notes and Accounts Payable

As of March 31, 2016 and 2015, notes and accounts payable consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Trade notes payable	¥ 8,068	¥ 8,127	\$ 72,036
Trade accounts payable	5,946	6,194	53,089
Other	835	1,433	7,455
	<u>¥ 14,849</u>	<u>¥ 15,754</u>	<u>\$ 132,580</u>

## 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 0.44% and 0.74% per annum for the years ended March 31, 2016 and 2015, respectively.

As of March 31, 2016 and 2015, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Unsecured bonds through December 2015 at a rate of 0.658% per annum	¥ -	¥ 10,000	\$ -
Unsecured loans from banks and insurance companies due through February 2020 with interest at an average rate of 0.44% per annum at March 31, 2016	15,486	16,938	138,268
Capitalized lease obligations	47	72	420
	15,533	27,010	138,688
Less current portion	(2,032)	(11,693)	(18,143)
	¥ 13,501	¥ 15,317	\$ 120,545

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

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2017	¥ 2,032	\$ 18,143
2018	468	4,179
2019	12,709	113,473
2020	323	2,884
2021	1	9
Thereafter	-	-
	¥ 15,533	\$ 138,688

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. Collateral Assets and Liabilities of the Collateral

Assets and liabilities with collateral pledged as collateral in consolidated subsidiaries (NIPPON RESIBON CORPORATION and its subsidiary) are as follows.

### (1) Collateral assets (carrying values)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Buildings and structures	¥ -	¥ 397	\$ -
Land	-	1,152	-
	¥ -	¥ 1,549	\$ -

### (2) Liabilities of the collateral

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Short-term borrowings	¥ -	¥ 840	\$ -
Current portion of long-term debt	-	174	-
Long-term debt	-	293	-
	¥ -	¥ 1,307	\$ -

## 10. Employee Retirement Benefits

The Company and its consolidated subsidiaries have adopted a defined benefit pension plans and lump-sum retirement benefit plans. The Company has contributed certain available-for-sale securities to the employee retirement benefit trust under the defined benefit plans. Certain overseas consolidated subsidiaries have adopted a defined contribution plans. Net defined benefit liability, net defined benefit asset and retirement benefit expense of certain consolidated subsidiaries are calculated using the simplified method as permitted by the accounting standard for retirement benefits. In addition, certain domestic consolidated subsidiaries also participated in a certain corporate pension plan under a multi-employer pension program.

Information about employee retirement benefits for the year ended March 31, 2016 and 2015 was as follows:

### Defined benefit plan

#### (1) Movement in retirement benefit obligations, except plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of current period	¥ 20,178	¥ 19,118	\$ 180,161
Cumulative effects of changes in accounting policies	-	(764)	-
Restated balance	20,178	18,354	180,161
Service cost	901	851	8,045
Interest cost	206	194	1,839
Actuarial loss	52	331	464
Benefits paid	(1,144)	(927)	(10,214)
Other	(15)	1,375	(134)
Balance at end of current period	¥ 20,178	¥ 20,178	\$ 180,161

(2) Movements in plan assets, except plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of current period	¥ 20,767	¥ 17,617	\$ 185,420
Expected return on plan assets	336	290	3,000
Actuarial gain	(2,158)	2,770	(19,268)
Contributions paid by the employer	302	258	2,697
Benefits paid	(774)	(682)	(6,911)
Other	0	514	0
Balance at end of current period	¥ 18,473	¥ 20,767	\$ 164,938

(3) Movement in net defined benefit liability and net defined benefit asset of defined benefit plans applying the simplified method

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Balance at beginning of current period	¥ 191	¥ 379	\$ 1,705
Retirement benefit expense	266	-	2,375
Benefits paid	(148)	(156)	(1,321)
Contributions paid by the employer	(69)	(36)	(616)
Other	(3)	4	(26)
Balance at end of current period	¥ 237	¥ 191	\$ 2,117

(4) Reconciliation from retirement benefit obligations and plan assets to net defined benefit liability and net defined benefit asset, including plans applied simplified method

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Funded retirement benefit obligations	¥ 21,410	¥ 21,417	\$ 191,161
Plan assets	(20,330)	(22,590)	(181,518)
	1,080	(1,173)	9,643
Unfunded retirement benefit obligations	862	775	7,697
Total net defined benefit liability (asset) at end of current period	1,942	(398)	17,340
Net defined benefit liability	2,065	2,083	18,438
Net defined benefit asset	(123)	(2,481)	(1,098)
Total net defined benefit liability (asset) at end of current period	¥ 1,942	¥ (398)	\$ 17,340

(5) Retirement benefit expense

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Service cost	¥ 901	¥ 851	\$ 8,045
Interest cost	206	194	1,839
Expected return on plan assets	(336)	(290)	(3,000)
Net actuarial loss amortization	244	514	2,178
Retirement benefit expense based on the simplified method	265	-	2,367
Total retirement benefit expense for the fiscal year	¥ 1,280	¥ 1,269	\$ 11,429

(6) Remeasurements of defined benefit plans, before tax

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Actuarial gains and losses	¥ (1,968)	¥ 2,901	\$ (17,571)

(7) Remeasurements of defined benefit plans (before adjusting for tax effects)

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Actuarial gains and losses that are yet to be recognized	¥ 2,040	¥ 73	\$ 18,214

(8) Plan assets

(i) Plan assets comprise:

	2016	2015
Bonds	11%	12%
Equity securities	40%	51%
General accounts of life insurance	35%	28%
Other	14%	9%
Total	100%	100%

*Note: 22% and 29% of plan assets are contributed to the employee retirement benefit trust under the defined benefit plans at March 31, 2016 and 2015, respectively.*

(ii) Long-term expected rate of return

Current and target asset allocations, historical and expected returns on various categories of plan assets have been considered in determining the long-term expected rate of return.

(9) Actuarial assumptions

The principal actuarial assumptions at March 31, 2016 and 2015 are as follows:

	2016	2015
Discount rates	0.8%	0.8%
Long-term expected rate of return	2.0%	2.0%

**Defined contribution plan**

The amount of the required contribution to defined contribution plans of the consolidated subsidiaries was ¥82 million (\$732 thousand) and ¥68 million for the years ended March 31, 2016 and 2015, respectively.

**Multi-employer pension program**

The amount of the required contribution to multi-employer pension program of the certain domestic consolidated subsidiaries was ¥83 million (\$741 thousand) and ¥63 million for the year ended March 31, 2016 and 2015, respectively.

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
	2016	2015	2016
Latest calculation period-end	March 31, 2015:	March 31, 2014:	
Plan assets	¥ 141,420	¥ 126,998	\$ 1,262,679
Total of actuarial obligation and minimum liability reserve under program	(157,294)	(146,473)	(1,404,411)
Difference, resulting primarily from unamortized past service cost	¥ (15,874)	¥ (19,475)	\$ (141,732)
Ratio of subsidiaries' contributions to total contributions to entire plan	1.57%	1.68%	

**11. 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. The aggregate future minimum payments under such finance leases, including imputed interest, and operating leases as of March 31, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Operating leases:			
Due within one year	¥ 106	¥ 114	\$ 946
Due after one year	117	124	1,045
	¥ 223	¥ 238	\$ 1,991

**12. Contingent Liabilities**

There were no contingent liabilities at March 31, 2016 and 2015.

### 13. Derivative Instruments

At March 31, 2016 and 2015, 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, 2016 and 2015. 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, 2016 and 2015 are summarized as follows:

	Notional principal or contract amounts		
	Total	Over 1 year	Fair value
	Millions of yen		
At March 31, 2016:			
Foreign currency exchange contracts (*1):			
Forward - selling	¥ 346	¥ -	*
Interest rate and currency swap contracts (*2):			
Floating rate receipt, fixed rate payment	1,200	1,200	*
U.S.Dollars receipt, Japanese Yen payment			
	Millions of yen		
At March 31, 2015:			
Foreign currency exchange contracts (*1):			
Forward - selling	¥ 339	¥ -	*
Interest rate swap contracts (*2):			
Floating rate receipt, fixed rate payment	40	-	*
Interest rate and currency swap contracts (*2):			
Floating rate receipt, fixed rate payment	1,200	1,200	*
U.S.Dollars receipt, Japanese Yen payment			
	Thousands of U.S. dollars		
At March 31, 2016:			
Foreign currency exchange contracts (*1):			
Forward - selling	\$ 3,089	\$ -	*
Interest rate and currency swap contracts (*2):			
Floating rate receipt, fixed rate payment	10,714	10,714	*
U.S.Dollars receipt, Japanese Yen payment			

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 and currency swap or 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.

#### 14. 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, 2016 and 2015, 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 (\$31,071 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, 2016, the Company paid interim dividends of ¥3.00 per share, amounting to ¥431 million (\$3,848 thousand). In addition, on May 12, 2016, the Board of Directors of the Company resolved to pay cash dividends as an appropriation of retained earnings in the amount of ¥431 million (\$3,848 thousand, ¥3.00 per share) to the shareholders as of March 31, 2016. The appropriation was not accrued in the consolidated financial statements as of March 31, 2016.

## 15. 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, 2016 and 2015 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Intercompany unrealized gains on property	¥ 49	¥ 51	\$ 438
Accrued bonuses to employees	447	470	3,991
Net defined benefit liability and asset	3,508	3,054	31,321
Accrued severance indemnities for directors and corporate auditors	217	267	1,937
Inventories	364	353	3,250
Net operating loss carryforwards	5,000	5,505	44,643
Other	1,953	1,786	17,437
Less valuation allowance	(7,359)	(7,926)	(65,705)
Total deferred tax assets	4,179	3,560	37,312
Deferred tax liabilities:			
Gain on transfer of investment securities to trusts for retirement benefit plans	2,472	2,600	22,071
Unrealized gains on available-for-sale securities	4,589	6,540	40,973
Other	1,069	1,302	9,545
Total deferred tax liabilities	8,130	10,442	72,589
Net deferred tax liabilities	¥ 3,951	¥ 6,882	\$ 35,277

As of March 31, 2016 and 2015, deferred tax assets and liabilities were recorded as follows:

	Millions of yen		Thousands of U.S. dollars
	2016	2015	2016
Deferred tax assets:			
Current	¥ 608	¥ 484	\$ 5,429
Noncurrent	331	122	2,955
Deferred tax liabilities:			
Current	-	-	-
Noncurrent	4,890	7,488	43,661

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, 2016 and 2015, 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, 2016 and 2015 was as follows:

	Percentage of pretax income	
	2016	2015
Japanese statutory tax rate	32.8 %	35.3 %
Increase (decrease) due to:		
Permanently non-deductible expenses	1.1	2.0
Tax exempt income	(1.3)	(5.7)
Local minimum taxes per capita levy	1.5	2.6
Differences between Japanese and foreign tax rates	(4.3)	1.9
Changes in valuation allowances	(4.4)	(0.4)
Gain on step acquisitions	-	(0.9)
Gain on bargain purchase	-	(0.4)
Tax credit for research and development expenses	(1.0)	(2.0)
Equity in net earnings of associates	(1.8)	(0.8)
Effect on income tax rate changes	(0.1)	(0.9)
Other	(5.1)	1.4
Effective income tax rate	17.4 %	32.1 %

“Act on Partial Amendment to the Income Tax Act, etc” (Act No. 15, 2016) and “Act on Partial Amendment to the Local Tax Act, etc” (Act No. 13, 2016) were enacted on March 29, 2016, and accordingly, the corporate tax rate and other rates have been lowered from the fiscal year beginning on or after April 1, 2016. Due to this change, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been revised from the previous rate of 32.1%. The rate of 30.7% has been applied to the temporary differences, expected to be either deductible, taxable or expired in the fiscal year beginning on April 1, 2016 and in the fiscal year beginning on April 1, 2017, while the rate of 30.5% has been applied to the temporary differences, expected to be either deductible, taxable, or expired in or after the fiscal year beginning on April 1, 2018. As a result of this change in tax rate, at March 31, 2016, deferred tax liabilities decreased by ¥218 million (\$1,946 thousand), deferred income taxes decreased by ¥23 million (\$205 thousand), unrealized gains on available-for-sale securities increased by ¥225 million (\$2,009 thousand), and remeasurements of defined benefit plans decreased by ¥29 million (\$259 thousand).

“Act on Partial Amendment to the Income Tax Act, etc” (Act No. 9, 2015) and “Act on Partial Amendment to the Local Tax Act, etc” (Act No. 2, 2015) were promulgated on March 31, 2015, and accordingly, the corporate tax rate and other rates have been lowered from the fiscal year beginning on or after April 1, 2015. Due to this change, the effective statutory tax rate used for the calculation of deferred tax assets and deferred tax liabilities has been revised from the previous rate of 35.3%. The rate of 32.8% has been applied to the temporary differences, expected to be either deductible, taxable or expired in the fiscal year beginning on April 1, 2015, while the rate of 32.1% has been applied to the temporary differences, expected to be either deductible, taxable, or expired in or after the fiscal year beginning on April 1, 2016. As a result of this change in tax rate, at March 31, 2015, deferred tax liabilities decreased by ¥702 million, deferred income taxes decreased by ¥61 million, unrealized gains on available-for-sale securities increased by ¥636 million, and remeasurements of defined benefit plans increased by 6 million.

## 16. Business Combinations

### Business combinations due to acquisition

#### 1. Outline of business combination

##### (1) Name and business description of the acquired company

Name of the acquired company: NIPPON RESIBON CORPORATION

Business description: Manufacturing & Sales of Resin-bonded Abrasive Products, Sales of Machinery Tools

##### (2) Principal reasons for carrying out the business combination

To survive the global competition and build a strong position in the abrasive products industry, it is necessary to cooperate closely between NIPPON RESIBON CORPORATION (NIPPON RESIBON) and the Company, such as in bringing together the infrastructure and resources of NIPPON RESIBON and the Company's abrasive products business. It was concluded that by closing the shares it is the best to build a stronger partnership between both companies under a stable capital relationship, promote faster decision and flexible and strategic business operations, use both company's management resources each other and strengthen the management foundation of the entire group.

##### (3) Date of business combination

December 26, 2014

##### (4) Legal form of business combination

Share acquisition by tender offer

##### (5) Name of company after the business combination

There is no change.

##### (6) Share of the voting rights acquired

Voting rights before the business combination: 21.72%

Voting rights additionally acquired on the business combination: 54.10%

Voting rights after the business combinations: 75.82%

##### (7) Main reason determining the acquiring companies

The shares were acquired by the company using cash consideration.

#### 2. Period of operations of the acquired company is included in the consolidated financial statements

From October 1, 2014 to March 31, 2015

#### 3. Acquisition cost and breakdown of the acquired company

	Millions of yen
Fair value of the shares held immediately before the additional acquisition as of the date of business combination	¥ 1,309
Consideration for acquisition	
Cash and deposits	3,260
Expenses directly required for the acquisition	118
Acquisition cost	¥ 4,687

#### 4. Difference between the acquisition cost of the acquired company and the total amount of the acquisition cost arising from transactions

Gain on step acquisitions ¥77 million

5. Amount of gain on bargain purchase and reason for recognition

(1) Amount of gain on bargain purchase ¥39 million

(2) Reason for recognition

The fair value of the net assets of the acquired company at the time of the business combination exceeded the acquisition cost, and the difference between these values is recognized as gain on bargain purchase.

6. The major assets and liabilities of the acquired companies as of the date of the business combination

	Millions of yen
Current assets	¥ 7,730
Non-current assets	6,343
Total assets	14,073
Current liabilities	4,883
Non-current liabilities	2,099
Total liabilities	6,982

7. Estimated impact on the consolidated statements of income result if the business combination had been completed at the beginning of the fiscal year ended March 31, 2015

	Millions of yen
Net sales	¥ 7,532
Operating income	238
Ordinary income	185
Profit before income taxes	188
Profit attributable to owners of the parent	80

	yen
Profit attributable to owners of the parent per share	¥ 0.56

(Calculation method for the estimated amount)

The difference between the information about sales and profit/loss which were calculated on the assumption that the business combination was completed at the beginning of the fiscal year and these in the consolidated statements of income is used as the estimated amount of effect. In addition, there is no audit certification regarding the estimated effect.

## 17. 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 reported segments:**

Information about reported segment income, segment assets and other items for the years ended March 31, 2016 and 2015 was as follows:

	Reported segments				
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total
	Millions of yen				
For the year 2016:					
Net sales:					
External customers	¥ 57,193	¥ 28,846	¥ 13,491	¥ 10,101	¥ 109,631
Segment income (loss)	1,717	1,606	474	(348)	3,449
Segment assets	50,426	29,916	8,567	8,588	97,497
Other items:					
Intersegment sales and transfers	17	66	146	243	472
Depreciation	2,572	963	236	376	4,147
Investments in equity-method associates	298	2,714	-	120	3,132
Increases in tangible and intangible fixed assets	¥ 1,458	¥ 782	¥ 87	¥ 366	¥ 2,693

	Adjustments	Consolidated
	Millions of yen	
For the year 2016:		
Net sales:		
External customers	¥ -	¥ 109,631
Segment income (loss)	-	3,449
Segment assets	38,435	135,932
Other items:		
Intersegment sales and transfers	(472)	-
Depreciation	-	4,147
Investments in equity-method associates	-	3,132
Increases in tangible and intangible fixed assets	¥ 1,032	¥ 3,725

	Reported segments				
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total
	Millions of yen				
For the year 2015:					
Net sales:					
External customers	¥ 47,204	¥ 30,422	¥ 11,847	¥ 9,565	¥ 99,038
Segment income (loss)	900	1,544	276	(529)	2,191
Segment assets	52,202	31,026	6,711	8,919	98,858
Other items:					
Intersegment sales and transfers	25	205	144	233	607
Depreciation	2,227	893	196	357	3,673
Investments in equity-method associates	307	2,432	-	99	2,838
Increases in tangible and intangible fixed assets	¥ 1,125	¥ 931	¥ 154	¥ 368	¥ 2,578

	Adjustments	Consolidated
	Millions of yen	
For the year 2015:		
Net sales:		
External customers	¥ -	¥ 99,038
Segment income (loss)	-	2,191
Segment assets	46,979	145,837
Other items:		
Intersegment sales and transfers	(607)	-
Depreciation	-	3,673
Investments in equity-method associates	-	2,838
Increases in tangible and intangible fixed assets	¥ 1,914	¥ 4,492

	Reported segments				
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total
	Thousands of U.S. dollars				
For the year 2016:					
Net sales:					
External customers	\$ 510,652	\$ 257,554	\$ 120,455	\$ 90,187	\$ 978,848
Segment income (loss)	15,331	14,339	4,232	(3,107)	30,795
Segment assets	450,232	267,107	76,491	76,679	870,509
Other items:					
Intersegment sales and transfers	152	589	1,303	2,170	4,214
Depreciation	22,965	8,598	2,107	3,357	37,027
Investments in equity-method associates	2,661	24,232	-	1,071	27,964
Increases in tangible and intangible fixed assets	\$ 13,018	\$ 6,982	\$ 777	\$ 3,268	\$ 24,045

	Adjustments	Consolidated
	Thousands of U.S. dollars	
For the year 2016:		
Net sales:		
External customers	\$ -	\$ 978,848
Segment income (loss)	-	30,795
Segment assets	343,170	1,213,679
Other items:		
Intersegment sales and transfers	(4,214)	-
Depreciation	-	37,027
Investments in equity-method associates	-	27,964
Increases in tangible and intangible fixed assets	\$ 9,214	\$ 33,259

Note: (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 in tangible 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, 2016 and 2015, net sales and tangible fixed assets about geographic areas were summarized as follows:

	Japan	North America	Europe
	Millions of yen		
Net sales:			
For the year 2016	¥ 68,224	¥ 11,207	¥ 2,229
For the year 2015	62,384	9,401	1,971

Thousands of U.S. dollars

Net sales for the year 2016	\$ 609,143	\$ 100,062	\$ 19,902
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	Asia	Other	Total
	Millions of yen		
Net sales:			
For the year 2016	¥ 26,922	¥ 1,049	¥ 109,631
For the year 2015	24,567	715	99,038

Thousands of U.S. dollars

Net sales for the year 2016	\$ 240,375	\$ 9,366	\$ 978,848
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	Japan	North America	Europe
	Millions of yen		
Tangible fixed assets :			
At March 31, 2016	¥ 36,072	¥ 1,031	¥ 20
At March 31, 2015	36,589	1,118	17

Thousands of U.S. dollars

Tangible fixed assets at March 31, 2016	\$ 322,071	\$ 9,205	\$ 179
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	Asia	Other	Total
	Thailand	Other	
	Millions of yen		
Tangible fixed assets :			
At March 31, 2016	¥ 4,647	¥ 1,950	¥ 226
At March 31, 2015	5,424	2,107	256

Thousands of U.S. dollars

Tangible fixed assets at March 31, 2016	\$ 41,491	\$ 17,411	\$ 2,018	\$ 392,375
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**(3) Information about major customers:**

The Noritake Group had no single external customer which accounted for more than 10% of net sales for the years ended March 31, 2016 and 2015.

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

For the years ended March 31, 2016 and 2015, impairment loss on fixed assets was summarized as follows:

	Reported segments				
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total
	Millions of yen				
Impairment loss on fixed assets:					
For the year 2016	¥ 357	-	-	-	357
For the year 2015	65	4	-	-	69
	Thousands of U.S. dollars				
Impairment loss on fixed assets:					
For the year 2016	\$ 3,188	\$ -	\$ -	\$ -	\$ 3,188
	Thousands of U.S. dollars				
	Adjustments	Consolidated			
	Millions of yen				
Impairment loss on fixed assets:					
For the year 2016	¥ -	¥ 357			
For the year 2015	2	71			
	Thousands of U.S. dollars				
Impairment loss on fixed assets:					
For the year 2016	\$ -	\$ 3,188			

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

**(f) Information about goodwill in reportable segments:**

For the year ended March 31, 2016 and 2015, amortization of goodwill and unamortized balance were summarized as follows:

	Reported segments				
	Industrial Products	Ceramics & Materials	Engineering	Tabletop	Total
	Millions of yen				
As at or for the year 2016:					
Amortization of goodwill	¥ 17	¥ -	¥ -	¥ -	¥ 17
Unamortized balance	25	-	-	-	25
As at or for the year 2015:					
Amortization of goodwill	¥ 15	¥ -	¥ -	¥ -	¥ 15
Unamortized balance	33	-	-	-	33
	Thousands of U.S. dollars				
As at or for the year 2016:					
Amortization of goodwill	\$ 152	\$ -	\$ -	\$ -	\$ 152
Unamortized balance	223	-	-	-	223
	Adjustments	Consolidated			
	Millions of yen				
As at or for the year 2016:					
Amortization of goodwill	¥ -	¥ 17			
Unamortized balance	-	25			
As at or for the year 2015:					
Amortization of goodwill	¥ -	¥ 15			
Unamortized balance	-	33			
	Thousands of U.S. dollars				
As at or for the year 2016:					
Amortization of goodwill	\$ -	\$ 152			
Unamortized balance	-	223			

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

In the “Industrial Products” segment, NIPPON RESIBON CORPORATION became a consolidated subsidiary by the acquisition of additional shares. Due to the transaction, the Company recorded a gain on bargain purchase of ¥39 million for the year ended March 31, 2015.

## 18. Related Party Transactions Information

### (a) Related party transactions

There were no significant transactions with related parties for the years ended March 31, 2016 or 2015.

### (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, 2016 and 2015 is as follows:

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	
Total current assets	¥ 7,057	¥ 5,712	\$ 63,009	
Total non-current assets	5,631	6,168	50,277	
Total current liabilities	2,281	2,208	20,366	
Total non-current liabilities	2,259	2,875	20,170	
Total net assets	8,148	6,797	72,750	
Operating revenue	¥ 10,659	¥ 9,961	\$ 95,170	
Profit before income taxes	2,823	2,081	25,205	
Profit	1,869	1,370	16,688	

## 19. Other Comprehensive Income

Amounts reclassified to profit 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
	2016	2015	2016
Unrealized gains on available-for-sale securities			
Increase (decrease) during the year	¥ (5,357)	¥ 6,409	\$ (47,830)
Subtotal, before tax	(5,357)	6,409	(47,830)
Tax effect	1,936	(1,626)	17,285
Subtotal, net of tax	(3,421)	4,783	(30,545)
Foreign currency translation adjustments			
Increase (decrease) during the year	(1,034)	2,771	(9,232)
Remeasurements of defined benefit plans, net of tax			
Increase (decrease) during the year	¥ (2,211)	¥ 2,388	\$ (19,741)
Reclassification adjustments	244	513	2,178
Subtotal, before tax	(1,967)	2,901	(17,563)
Tax effect	585	(1,005)	5,223
Subtotal, net of tax	(1,382)	1,896	(12,340)
Share of other comprehensive income of associates accounted for using equity method			
Increase (decrease) during the year	(26)	(12)	(232)
Subtotal	(26)	(12)	(232)
Total other comprehensive income	¥ (5,863)	¥ 9,438	\$ (52,349)

## 20. Cash Flow Statement

Acquisition cost and net payments for assets and liabilities of NIPPON RESIBON and its two subsidiaries, newly consolidated subsidiaries acquired through stock purchase, for the year ended March 31, 2015 were as follows:

	Millions of yen
Current assets	¥ 7,730
Non-current assets	6,343
Current liabilities	(4,883)
Non-current liabilities	(2,099)
Non-controlling interests	(2,365)
Valuation under the equity method prior to acquisition	(1,232)
Gain on bargain purchase	(39)
Gain on step acquisitions	(77)
Additional purchase cost of shares	3,378
Amount unpaid	(22)
Cash and cash equivalents of the newly consolidated subsidiary	(1,673)
Difference: Expenses from the purchase of shares of the consolidated subsidiary	¥ 1,683

## 21. Subsequent events

Consolidation of shares and change in the number of shares per share unit

The Company resolved at the Board of Directors meeting held on May 12, 2016 to submit a proposal for the consolidation of shares and a change in the number of shares per share unit to the 135th ordinary general meeting of shareholders. The proposal was approved at the general meeting of shareholders' held on June 29, 2016.

The Company will change the trading unit of its stock from 1,000 shares to 100 shares and consolidate its shares (10 shares into 1 share) to maintain the level of investment unit considered desirable by the stock exchanges (50,000 yen or more and less than 500,000 yen) on October 1, 2016.

Per share information for the year ended March 31, 2016 and 2015 on the assumption that the consolidation of shares had been implemented as of April 1, 2014 is as follows:

	Yen		U.S. dollars
	2016	2015	2016
Net assets per share	¥ 5,345.27	¥ 5,495.89	\$ 47.73
Profit attributable to owners of the parent per share	307.32	143.40	2.74

*Note: Diluted profit attributable to owners of the parent per share is not disclosed because no residual shares exist.*

## OVERSEAS NETWORK

(As of June 29, 2016)

### INDUSTRIAL PRODUCTS GROUP

#### NORITAKE CO., INC.

4990 ALLIANCE DR., MASON, OH 45040, U.S.A.

Tel: 1-513-234-0770

#### (ATLANTA BRANCH)

490 Sun Valley Drive, Suite #102, Roswell,

GA 30076 U.S.A.

Tel: 1-770-518-8233

#### NORITAKE EUROPA GmbH

KURHESSENSTRASSE 3, D-64546

MOERFELDEN-WALLDORF, GERMANY

Tel: 49-6105-2092-44

#### NORITAKE SHANGHAI TRADING CO., LTD.

ROOM 701 AETNA TOWER NO. 107,

ZUN YI ROAD, CHANG NING DISTRICT,

SHANGHAI, 200051, CHINA

Tel: 86-21-6237-5667

#### (GUANGZHOU BRANCH)

2510, GOLDLION DIGITAL NETWORK CENTER,

138 TIYU ROAD EAST,

GUANGZHOU 510620, CHINA

Tel: 86-20-3877-2253

#### (DALIAN BRANCH)

22K, INTERNATIONAL FINANCE BUILDING, No.15

RENMIN ROAD ZHONGSHAN DIST. DALIAN

116001, CHINA

Tel: 86-411-825-06065

#### NORITAKE SA (THAILAND) CO., LTD.

##### (BANGKOK OFFICE)

222 VORAVIT BUILDING 9TH FL., UNIT B

SURAWONG ROAD, SIPRAYA, BANGRAK,

BANGKOK 10500, THAILAND

Tel: 66-2-235-1688

#### DIA RESIBON (THAILAND) CO., LTD.

1/1 Moo 5, Rojana Industrial Park, Zone E,

Tambol U-Thai Amphur U-Thai,

Ayutthaya 13210, THAILAND

Tel: 66-35-741-660-5

#### SIAM COATED ABRASIVE CO., LTD.

AMATA CITY INDUSTRIAL ESTATE 7-126 MOO4,

T. MABYANGPORN, A. PLUAKDAENG,

RAYONG 21140, THAILAND

Tel: 66-3-865-0150

### CERAMICS & MATERIALS GROUP

#### NORITAKE CO., INC.

2635 CLEARBROOK DRIVE,

ARLINGTON HEIGHTS, IL 60005, U.S.A.

Tel: 1-847-439-9020

#### (NEW JERSEY BRANCH)

15-22 FAIR LAWN AVENUE, FAIR LAWN,

NJ 07410, U.S.A.

Tel: 1-201-475-5200

#### (LOS ANGELES BRANCH)

21081 SOUTH WESTERN AVE.,

SUITE 180 TORRANCE, CA 90501, U.S.A.

Tel: 1-310-320-1700

#### NORITAKE SCG PLASTER CO., LTD.

NO. 32 MOO7 NONGPLAKRADI ROAD,

NONGPLING, NONGKHA-E,

SARABURI, 18140, THAILAND

Tel: 66-36-373578

#### PT. NORITAKE INDONESIA

BLOK A-II NO. 9A, KAWASAN BERIKAT,

KOTA BUKIT INDAH, PURWAKARTA 41181,

JAWA BARAT, INDONESIA

Tel: 62-264-351311

#### 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

#### 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

#### ITRON (U.K.) LIMITED

VANTAGE HOUSE, HARFREYS ROAD,

HARFREYS INDUSTRIAL ESTATE,

GREAT YARMOUTH, NORFOLK, NR31 0LS,

UNITED KINGDOM

Tel: 44-1493-601144

#### NORITAKE EUROPA GmbH

KURHESSENSTRASSE 3, D-64546

MOERFELDEN-WALLDORF, GERMANY

Tel: 49-6105-2092-0

### ENGINEERING GROUP

#### NORITAKE CO., INC.

2635 CLEARBROOK DRIVE,

ARLINGTON HEIGHTS, IL 60005, U.S.A.

Tel: 1-847-439-9020

#### 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

#### 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

### TABLETOP GROUP

#### NORITAKE CO., INC.

15-22 FAIR LAWN AVENUE,

FAIR LAWN, NJ 07410, U.S.A.

Tel: 1-201-796-2222

#### NORITAKE EUROPA GmbH

KURHESSEN STRASSE 3, D-64546

MOERFELDEN-WALLDORF, GERMANY

Tel: 49-6105-2092-18

#### NORITAKE LANKA PORCELAIN (PRIVATE)

##### LIMITED

WARAKAMURA, MATALE, SRI LANKA

Tel: 94-66-2244130

#### (SHOWROOM)

77, DHARMAPALA MAWATHA,

COLOMBO 7, SRI LANKA

Tel: 94-11-2301334

#### NORITAKE (AUSTRALIA) PTY LIMITED

UNIT 4, 153 BEAUCHAMP ROAD,

MATRAVILLE, N.S.W. 2036, AUSTRALIA

Tel: 61-2-9316-7123

#### 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

## MEMBERS OF THE BOARD, AUDIT & SUPERVISORY BOARD MEMBERS AND EXECUTIVE OFFICERS

(As of June 29, 2016)

### MEMBERS OF THE BOARD

#### CHAIRMAN &

#### REPRESENTATIVE DIRECTOR

Hitoshi Tanemura

#### PRESIDENT &

#### REPRESENTATIVE DIRECTOR

Tadashi Ogura

#### DIRECTORS

Masahiro Nakagawa

Hisaya Ogura

Yoshitaka Mabuchi

Hiroshi Kato

Kozo Kato

Kosaku Yamada

Tetsuo Komori

### AUDIT & SUPERVISORY

#### BOARD MEMBERS

Kiyoshi Yoshida

Satoshi Aoki

Ryuichi Murata

Tatsuhiko Saruwatari

### EXECUTIVE OFFICERS

Tadashi Ogura\*

Masahiro Nakagawa\*

Hisaya Ogura\*

Kiichi Hirano

Yoshitaka Mabuchi\*

Hiroshi Kato\*

Kozo Kato\*

Kenichi Horaguchi

Kenji Ito

Seiya Ogata

Koji Ogawa

Koji Sato

Akira Higashiyama

Seiji Ishida

Akira Nagata

Masahiko Horie

\* Also hold the position of director

## CORPORATE DATA

(As of June 29, 2016)

### 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

5,054 (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 29, 2016)

- 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 cutleryware
- 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 (Private) 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.  
Established Noritake SA (Thailand) Co., Ltd. in Thailand
- 2012** Made KCM Corporation its wholly-owned subsidiary via a stock swap  
Established Noritake Abrasives (Suzhou) Co., Ltd. in China
- 2014** Made Nippon Resibon Corporation its consolidated subsidiary by acquiring additional shares through a tender offer

#### Caution with respect to forward-looking statements

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

*Noritake*