



Financial Results FY2006

Results Briefing on February 15, 2007
Tamron Co., Ltd. (Code:7740)

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I . Financial Results Briefing

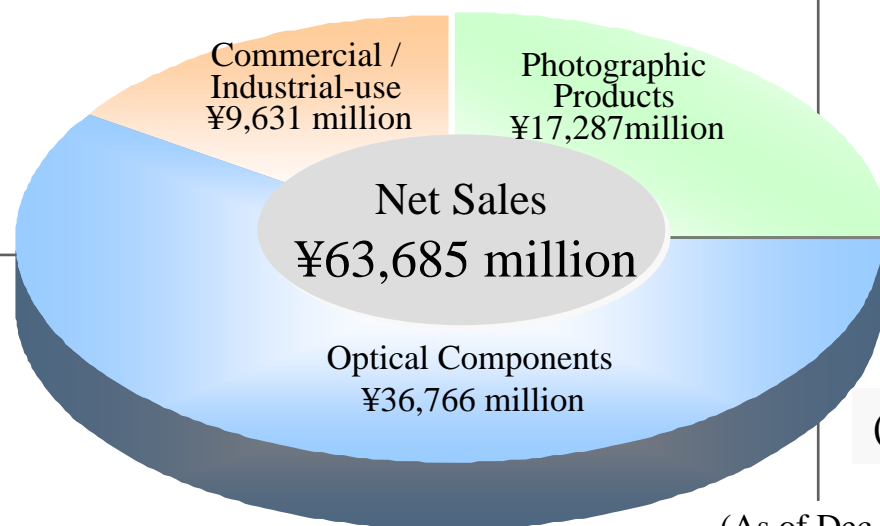
I - 1. Business Briefing

Company Profile

- ❖ Total Subsidiaries Overseas : 6
- ❖ Domestic Offices : 4 / Sales Offices : 7
- ❖ ISO 9001, ISO 14001 Certified
- ❖ Consolidated Net Sales : ¥63,685 million
(As of Dec 31, 06)
- ❖ Consolidated Number of Employees : 5,024
(As of Dec 31, 06)
- ❖ Consolidated Total Assets : ¥49,528 million
(As of Dec 31, 06)

Business Segment

- ❖ Photographic Products
 - ❖ Interchangeable lenses for 35mm / Digital SLR camera
- ❖ Optical Components
 - ❖ Camcorder lenses
 - ❖ Digital still camera Lenses
 - ❖ Cellular phone camera lenses
- ❖ Commercial / Industrial-use Optics
 - ❖ CCTV camera lenses
 - ❖ Projector lenses
 - ❖ Injection molds, parts & components
 - ❖ Optical devices



(Business Segment Net Sales)

(As of Dec 31, 2006)

I - 2. Financial Results FY 2006

(millions of yen)

	Actual FY 2005 (a)	Forecast FY 2006 (b)	Actual FY 2006 (c)	Change (Actual FY 2005/ Actual FY 2006)		Change (Forecast FY 2006 / Actual FY 2006)	
				¥(c)-(a)	%	¥(c)-(b)	%
Net Sales	59,607	61,000	63,685	4,078	106.8%	2,685	104.4%
Operating Income	4,803	5,800	6,625	1,821	137.9%	825	114.2%
Ordinary Income	4,225	5,000	5,608	1,383	132.7%	608	112.2%
Net Income	3,343	3,500	4,028	685	120.5%	528	115.1%
Net Income Per Share (Yen)	* 117.48	124.07	142.82	25.34	-	18.75	-

* Accounting for the two-for-one stock split in August 19, 2005

I - 3. Business Segment Financial Results

(millions of yen)

		Actual FY2005	Forecast FY2006	Actual FY2006	Change (Actual FY2005/ Actual FY2006)	Change (Forecast FY2006 / Actual FY2006)
Photographic Products	Net Sales	14,912	15,600	17,287	115.9%	110.8%
	Operating Profit	1,788	2,300	2,792	156.1%	121.4%
	Operating Profit Ratio	12.0%	14.7%	16.2%	-	-
Expansion of the digital SLR market and introduction of new products						
Optical Components	Net Sales	33,800	35,600	36,766	108.8%	103.3%
	Operating Profit	4,418	4,800	5,254	118.9%	109.5%
	Operating Profit Ratio	13.1%	13.5%	14.3%	-	-
Expansion of DSC market						
Commercial / Industrial-use Optics	Net Sales	10,894	9,800	9,631	88.4%	98.3%
	Operating Profit	649	600	505	78.0%	84.2%
	Operating Profit Ratio	6.0%	6.1%	5.3%	-	-
Decline of RPTV market						
Elimination and/or Corporate		(2,052)	(1,900)	(1,927)	93.9%	101.4%
Total	Net Sales	59,607	61,000	63,685	106.8%	104.4%
	Operating Profit	4,803	5,800	6,625	137.9%	114.2%

I - 4. Financial Summary

(millions of yen)

	Actual FY 2005 (a)	Actual FY 2006 (b)	Change (Actual FY2005/ Actual FY2006) (b)-(a)	Main Factor for Change
Cash and Cash Equivalents	11,496	13,409	1,912	Increase of net income and inventory reduction
Notes and Accounts Receivable, trade	7,360	11,006	3,645	Increased sales
Inventories	8,026	7,045	(981)	Inventory reduction
Other Current Assets	1,663	1,011	(651)	Decrease of accrued revenue
Fixed Assets	15,534	17,056	1,521	Software investments and increase of injection molds
Total Assets	44,081	49,528	5,447	
Current Liabilities	11,544	14,076	2,532	Increased accounts payable and income taxes payable
Total Long-Term Liabilities	4,195	3,926	(269)	Decreased long-term liabilities
Total Liabilities	15,740	18,002	2,262	
Total Shareholders' Equity	28,341	31,525	3,184	Increased retained earnings
Total Liabilities and Shareholders' Equity	44,081	49,528	5,447	

I - 5. Cash Flow Statement

(millions of yen)

	Actual FY 2005	Actual FY 2006	Remarks
Cash Flow from Operating Activities	6,707	7,328	Capitalization of income before tax increased depreciation and decreased inventory
Cash Flow from Investing Activities	(5,120)	(4,405)	Acquisition of intangible fixed assets in relation to ERP system investment
Free Cash Flow	1,586	2,923	
Cash Flow from Financing Activities	(1,500)	(1,175)	Cash dividends
Cash and Cash Equivalents at Year End	11,496	13,409	Increase of ¥1,912 million compared to FY 2005

I - 6. Capital Expenditure, Depreciation, R&D Costs

(millions of yen)

	Actual FY 2005 (a)	Actual FY 2006 (b)	Change (Actual FY2005/ Actual FY2006) (b)-(a)	Remarks
Capital Expenditure	6,017	3,816	(2,201)	
Depreciation	2,210	2,620	409	
R & D Costs	2,590	2,583	(7)	

I - 7. Liabilities with Interests / Inventories

(millions of yen)

	Actual FY 2003	Actual FY 2004	Actual FY 2005	Actual FY 2006
Liability with Interest	8,877	8,029	7,439	7,326
Loan-to-Asset	27.1%	19.7%	16.9%	14.8%
Inventories	8,087	8,593	8,026	7,045
Inventory Turnover	1.8 months	1.6 months	1.6 months	1.3 months



II. Forecast FY 2007

II - 1. Forecast FY 2007

(The following forecasts are based on the exchange rate of US\$1= ¥115 , Euro= ¥150)

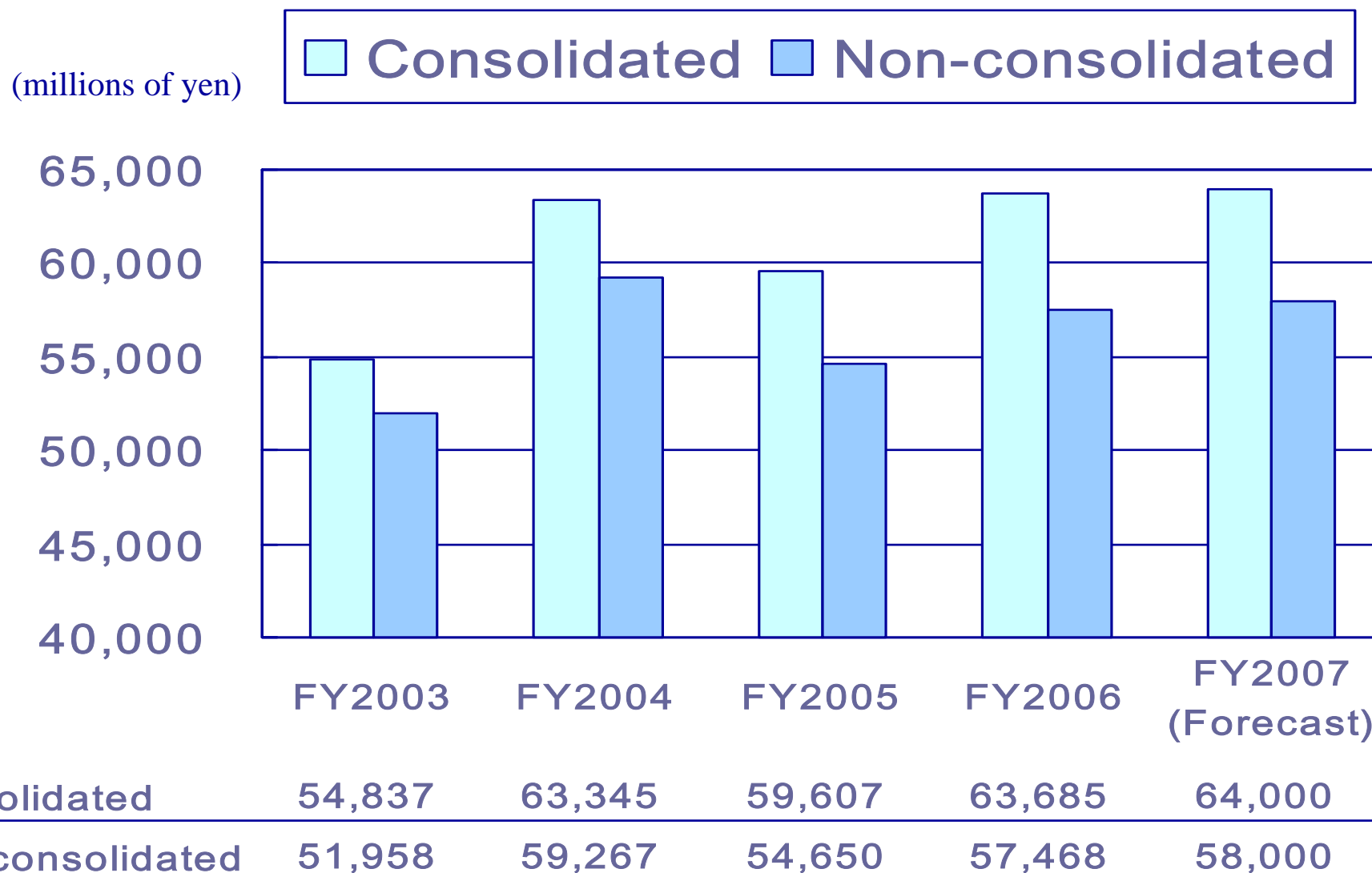
(millions of yen)

	Actual FY 2006 (a)	Forecast Interim FY 2007	Forecast FY 2007 (b)	Change (Actual FY 2006/ Forecast FY 2007)	
				¥(b)-(a)	%
Net Sales	63,685	30,000	64,000	315	100.5%
Operating Profit	6,625	2,550	6,640	15	100.2%
Ordinary Income	5,608	2,300	5,800	192	103.4%
Net Income	4,028	1,600	4,100	72	101.8%
Net Income Per Share (Yen)	142.82	56.72	145.34	-	-

II - 2. Forecast FY 2007 - Business Segment

(millions of yen)		Actual FY2006	Forecast FY 2007	Change (Actual FY2006/ Forecast FY2007)	Change (Actual FY2006/ Forecast FY2007)
Photographic Products	Net Sales	17,287	22,740	5,453	131.5%
	Operating Income	2,792	3,810	1,018	136.5%
	Operating Income Ratio	16.2%	16.8%	0.6%	-
Expansion of the digital SLR market and introduction of new products					
Optical Components	Net Sales	36,766	33,770	(2,996)	91.9%
	Operating Income	5,254	4,330	(924)	82.4%
	Operating Income Ratio	14.3%	12.8%	(1.5%)	-
Due to serve price competition in the DSC market					
Commercial / Industrial-use Optics	Net Sales	9,631	7,490	(2,141)	77.8%
	Operating Income	505	260	(245)	51.5%
	Operating Income Ratio	5.3%	3.5%	(1.8%)	-
Decline of RPTV market					
Elimination and/or Corporate		(1,927)	(1,760)	(167)	-
Total	Net Sales	63,685	64,000	315	100.5%
	Operating Income	6,625	6,640	15	100.2%

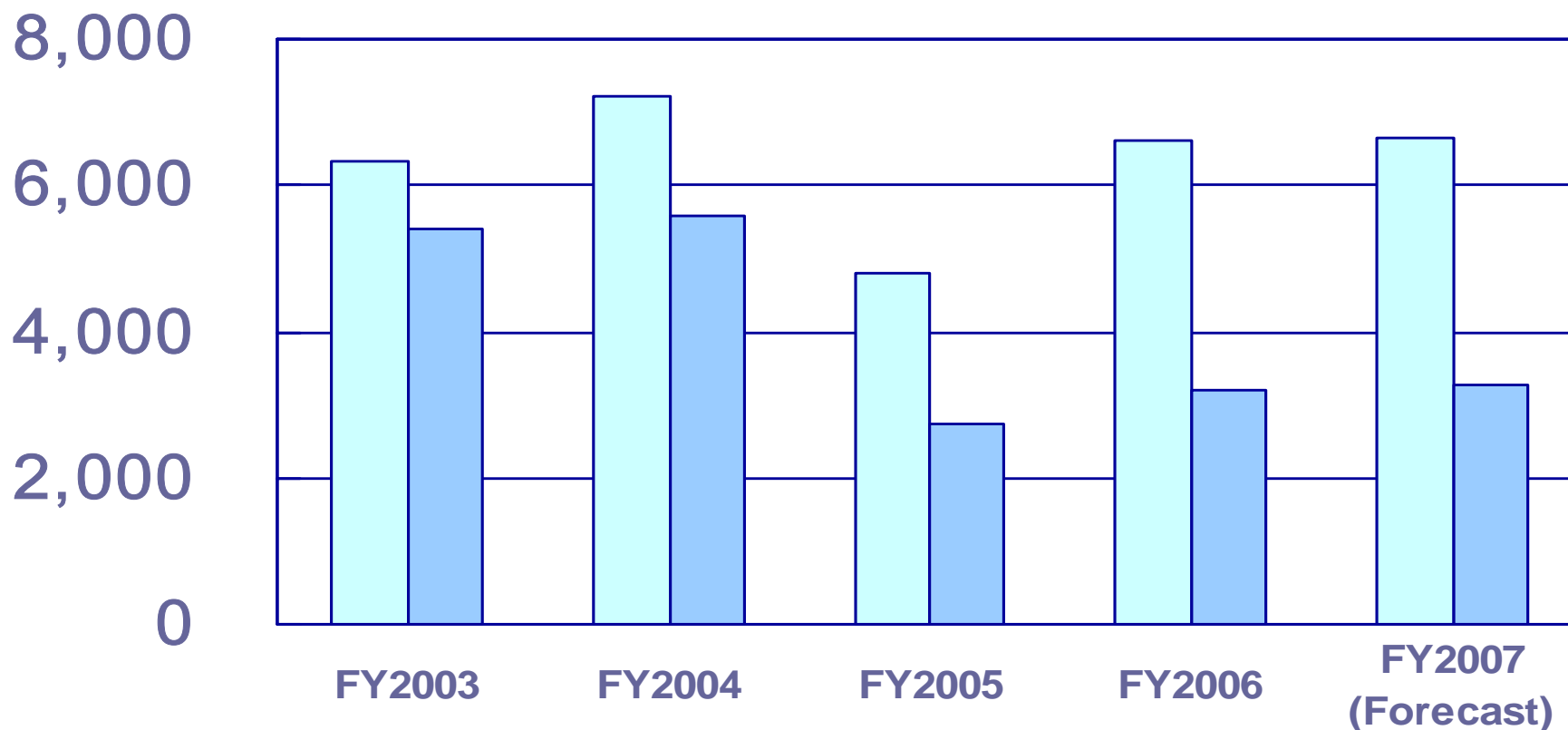
II -3 . Net Sales



II -4 . Operating Income

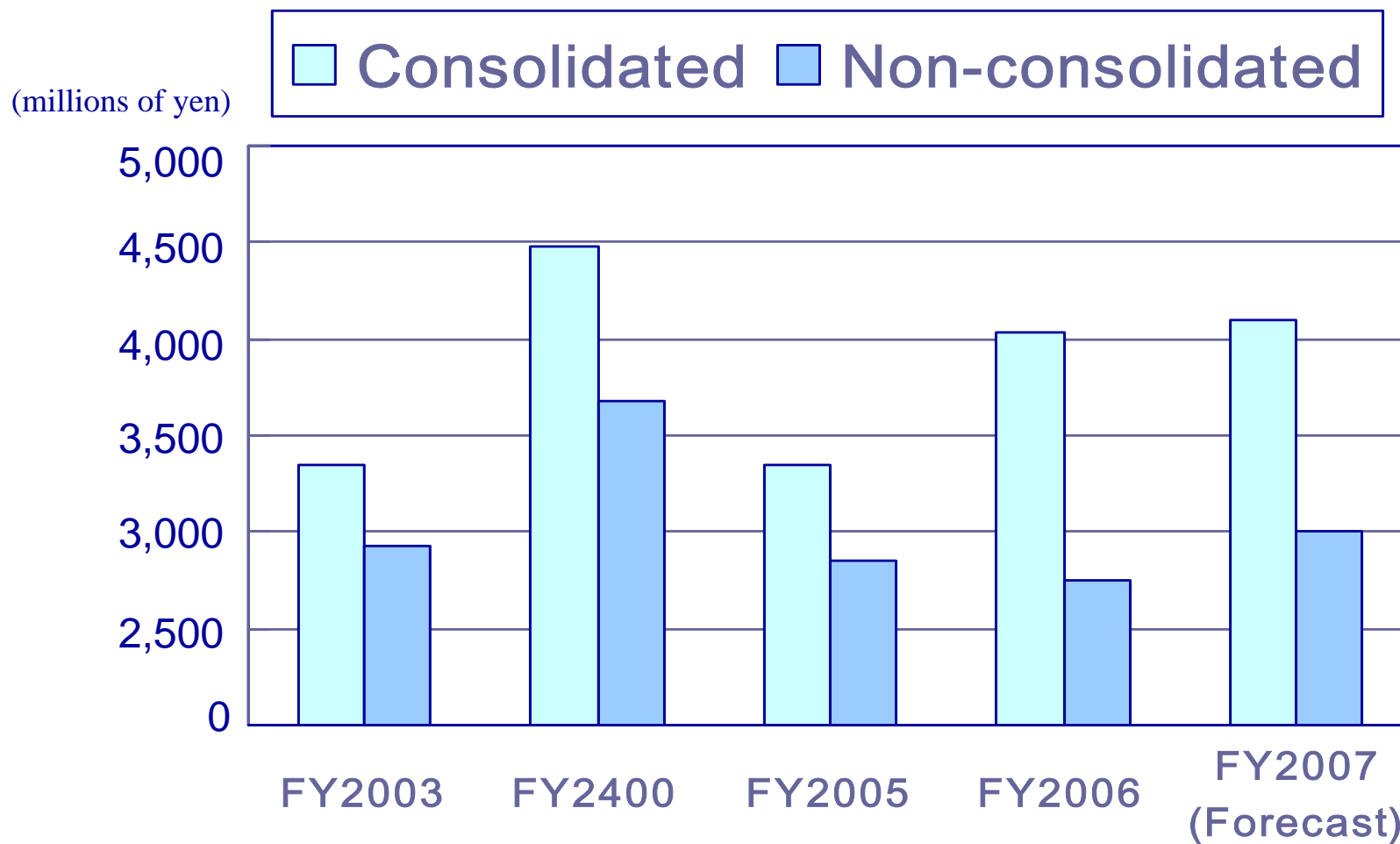
(millions of yen)

Consolidated Non-Consolidated



Consolidated	6,341	7,223	4,803	6,625	6,640
Non-Consolidated	5,404	5,582	2,746	3,183	3,260

II -5 . Net Income

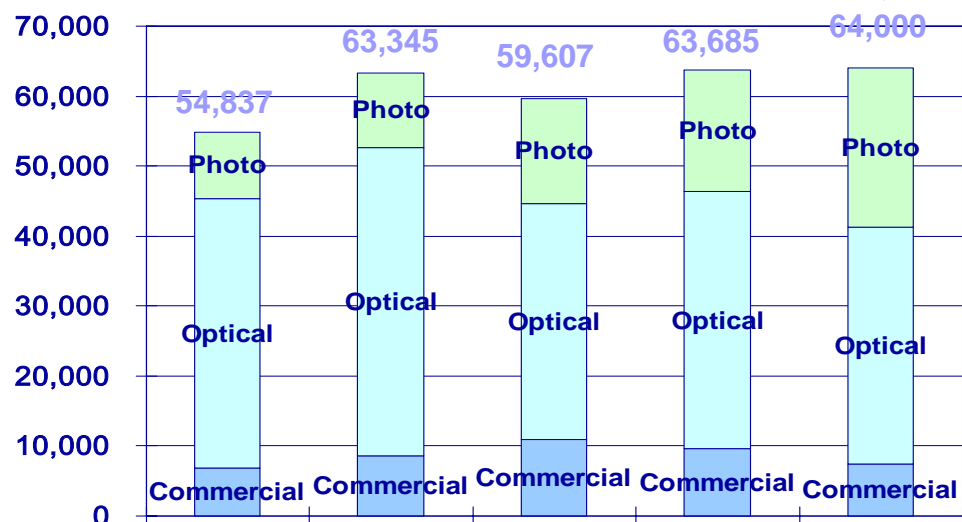


Consolidated	3,347	4,474	3,343	4,028	4,100
Non-consolidated	2,932	3,679	2,858	2,744	3,000

II -6 . Forecast FY 2007 – Business Segment

Net Sales

(millions of yen)

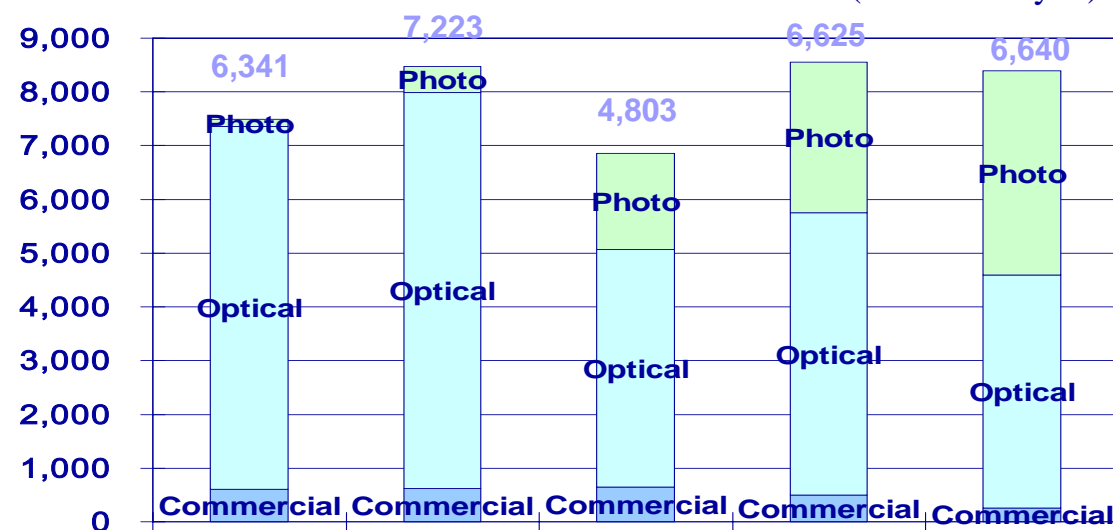


FY2003(A) FY2004(A) FY2005(A) FY2006(A) FY2007(F)

Photo	9,468	10,765	14,912	17,287	22,740
Optical	38,519	43,980	33,800	36,766	33,770
Commercial	6,849	8,599	10,894	9,631	7,490
Total	54,837	63,345	59,607	63,685	64,000
Change	131.9%	115.5%	94.1%	106.8%	100.5%

Operating Income

(millions of yen)



FY2003(A) FY2004(A) FY2005(A) FY2006(A) FY2007(F)

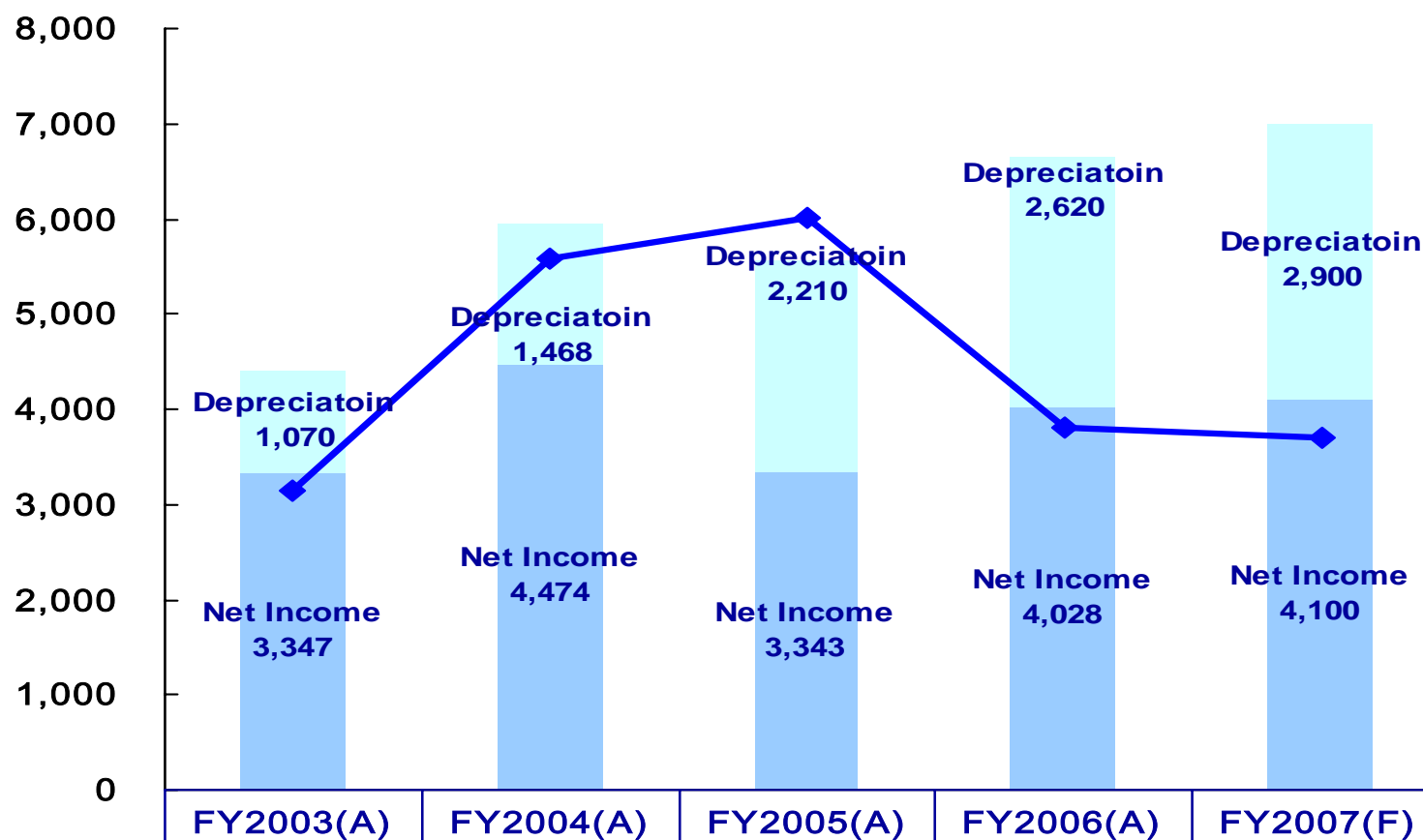
Photo	137	492	1,788	2,792	3,810
Optical	6,741	7,363	4,418	5,254	4,330
Commercial	610	620	649	505	260
Elimination and/or corporate	(1,147)	(1,253)	(2,052)	(1,927)	(1,760)
Total	6,341	7,223	4,803	6,625	6,640
Change	172.1%	113.9%	66.5%	137.9%	100.2%

*(A) : Actual

*(F) : Forecast

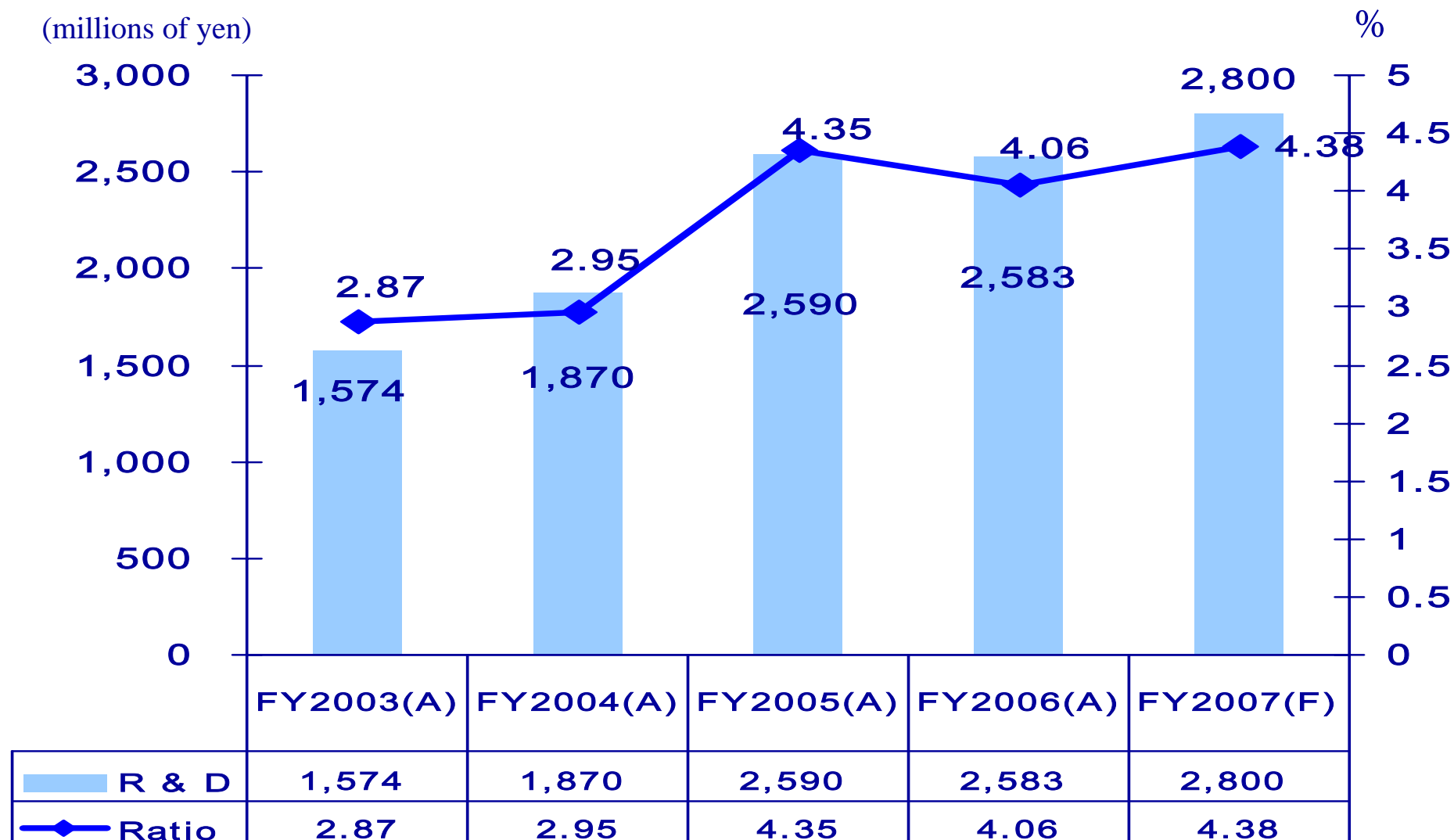
II -7. Capital Expenditure & Depreciation Costs

(millions of yen)



Depreciatoin	1,070	1,468	2,210	2,620	2,900
Net Income	3,347	4,474	3,343	4,028	4,100
Capital Expenditure	3,142	5,587	6,017	3,816	3,700

II -8 . Research & Development Cost



*R&D cost / Net sales ratio

II -9 . Outlook for Cash Dividends

	Before stock split		After stock split		
	Actual FY2003	Actual FY2004	Actual FY2005	Actual FY2006	Forecast FY2007
Interim	—	7.50	* 1) 12.50	15.00	15.00
Year End	10.00	12.50	20.00	* 2) 25.00	20.00
Total	10.00	20.00	32.50	40.00	35.00
Dividend Payout Ratio	7.8%	12.4%	27.7%	28.0%	24.1%

* 1) Accounting for the two-for-one stock split in August 19, 2005

* 2) Including ¥5 commemorative dividend



III. Mid - Term Strategy

III - 1. Corporate Tagline



New eyes for industry

III- 2. Mid - Term Management Goals for FY 2009

Net Sales:¥70,000 million

Operating Income:¥7,500 million

(10% or higher operating income ratio)

III -3. Segment 2009 Strategy

1) Photographic Products

2009
Mid-Term
Target

Net Sales : ¥25,760 million

- ❖ Actively invest in the fast growing digital SLR camera lens market
- ❖ Concentrate on strengthening OEM business



Designed exclusively for APSC sized Digital SLRs

Di II *Series*

- SP AF11-18mm F/4.5-5.6 Di II (Model A13)
- SP AF17-50mm F/2.8 XR Di II (Model A16)
- AF 18-200mm F/3.5-6.3 XR Di II (Model A14)
- AF 18-250mm F/3.5-6.3 Di II (Model A18)
- AF 55-200mm F/4-5.6 Di II (Model A15)

III -3. Segment 2009 Strategy

2) Optical Components

Net Sales : ¥ 33,240 million

2009
Mid-Term
Target

- ❖ Secure sales volume and profit margin by increasing cost competitiveness in DSC and DVC market by shifting to overseas production
- ❖ To introduce cellular phone camera lenses aimed for high mega pixel application with zoom capabilities
- ❖ To maintain our status as an attractive supplier, we will continue to add value to our products through continuous technological innovation



Digital Still Camera Lens



Cellular Phone Camera Lens

III -3. Segment 2009 Strategy

3) Commercial / Industrial-use Optics

Net Sales: ¥ 11,000 million

2009
Mid-Term
Target

- ❖ Expand the range of products for CCTV segment and increase market share
- ❖ Automotive application / iris identification / robotic application are fields we will expand market demand for “New eyes”
- ❖ To establish technological foundation and to restructure the projector optical segment into a profitable business



CCTV Lens



Optical Devices

III -4. Pressing Issues

1. Establishment of internal control system, risk management system and improvement of corporate governance framework
2. Timely launch of attractive new products by all three business segment pursuant to our corporate tagline “New eyes for industry”
3. Expansion of the cellular phone camera lens business and further promotion of automotive application business
4. Research & development of core technologies surrounding optics and corporate-wide campaign drive of augmenting intellectual property strategy
5. Accelerating further cost reduction by improvement in overseas and domestic production and procurement systems
6. Speeding up new-product development by virtue of innovation in injection mold process
7. Improvement in profit structure by solidifying group company management system
8. Utilization of ERP system to promote corporate-wide business process innovation and optimization of inventory management
9. Further improvement of cash flow management and consolidated balance sheet
10. Improvement and maintenance of ISO9001 & 14001, introduction of TS16949(quality management standard for automotive industry) and further strengthening our CSR activities

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2. This material and the information provided verbally in our presentation are based on the data that are obtainable at the time of the presentation in compliance with our management policies and certain premises that are deemed reasonable by us.
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