TAMRON

New eyes for industry

Annual Report 2007

Preface

50 Years in Pursuit of "Light"

We at Tamron are pursuing a dream.

For the 50 years that Tamron has been supported by its product users throughout the world, we have pursued many dreams and challenged the unknown in a spirit of creativity and faith in ourselves. To fulfill these dreams, we have created products and markets that did not previously exist, and strode forward to meet the new world of the future strengthened by the ideas of each of us at Tamron raised in the fields of development, sales and production.

Tamron..."New eyes for industry"

The new challenge starts now as a comprehensive optical manufacturer capable of integrating digital technologies with optics.

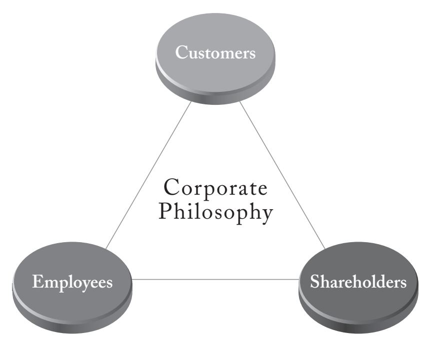
Mission

We at Tamron are advancing into the 21st century with our corporate philosophy to guide our mission.

Corporate Philosophy

With its firm commitment to developing high-quality, innovative and technologically advanced products that satisfy customer needs, Tamron is securing a leading position in the worldwide optical industry.

Our primary objective is to sustain strong corporate growth based on a high level of customer satisfaction achieved by providing superior products at the right price, thus also contributing to the prosperity of our shareholders and employees.



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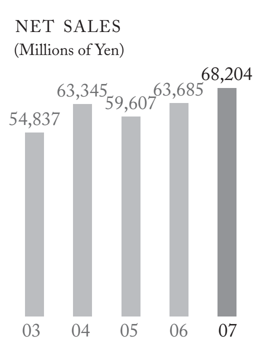
Note: In the 2007 annual report, amounts of less than the unit indicated, for example, one million yen, one thousand yen or one thousand dollars, have been omitted.

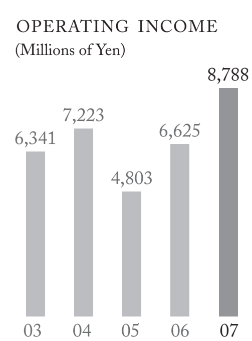
Tamron Co., Ltd. and Consolidated Subsidiaries

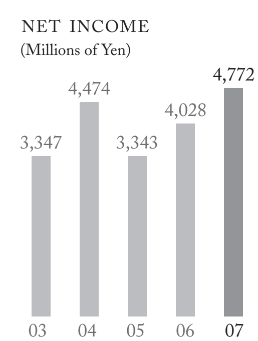
	Millions of Yen					Thousands of U.S. Dollars (Note 1)
Years ended December 31	**2007**	2006	2005	2004	2003	**2007**
For the Year:						
Net sales	**¥ 68,204**	¥ 63,685	¥ 59,607	¥ 63,345	¥ 54,837	**$598,280**
Operating income	**8,788**	6,625	4,803	7,223	6,341	**77,087**
Income before income taxes	**7,642**	5,610	4,431	6,589	5,027	**67,035**
Net income	**4,772**	4,028	3,343	4,474	3,347	**41,859**
At Year-End:						
Total assets	**¥ 52,151**	¥ 49,528	¥ 44,081	¥ 40,857	¥ 32,709	**$457,464**
Net assets	**35,261**	31,525	28,341	24,891	14,809	**309,307**
Number of employees	**5,064**	5,024	3,672	3,232	2,497	—

	Yen					U.S. Dollars (Note 1)
Per Share Data:						
Net income	**¥ 169.19**	¥ 142.82	¥ 117.48	¥ 323.52	¥ 257.75	**$ 1.48**
Shareholders' equity	**1,250.02**	1,117.59	1,003.63	1,761.96	1,148.83	**10.96**
Cash dividends	**50.00**	40.00	45.00	40.00	20.00	**0.43**

Notes:
1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥114=U.S.$1.
2. Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.
3. Net income per share for FY2005 is calculated accounting for the two-for-one stock split in August 19, 2005.
4. Cash dividend for FY2006 includes a commemorative dividend of ¥5 per share for listing on the 1st section of the Tokyo Stock Exchange.







In fiscal year 2007, the world economy expanded moderately, driven by a steady growth in Europe and continued expansion of Chinese economy fueled by fixed-assets investment, although there are uncertainties because of the steep rise in raw materials and oil prices and a slowdown in the U.S. economy due to the sub-prime loan problems.

Japanese economy, on the other hand, started to show a hint of faltering affected by the weakening U.S. economy, despite the steady improvement in performance of corporate sector.

In the digital camera market, where Tamon and its group companies focused on, the digital SLR camera market boomed with the continuous launch of new models, and the compact digital camera market also showed a strong growth with the introduction of cameras with advanced features such as face detection auto focus function or high-power zoom lenses.

Under these circumstances, Tamron and its group companies launched three new interchangeable lenses for digital SLR cameras to meet growing market demands and increased sales.

As a result, Tamron and its group companies marked a record-high sales and profits. Consolidated net sales for fiscal year 2007 recorded ¥68,204 million, an increase of 7.1% over the previous fiscal year. As for profits, with cost reduction efforts in both domestic and overseas plant and increased sales of Tamron brand interchangeable lenses for digital SLR cameras, operating income recorded ¥8,788 million, ordinary income ¥7,712 million and net income ¥4,772 million, an increase of 32.7%, 37.5% and 18.5% over the previous fiscal year respectively.

Photographic Products Business Segment

Our new and world's first 13.9x high-power zoom lens for digital SLR camera, AF18-250mm F3.5-6.3Di II (Model A18), awarded prestigious European Consumer Lens of the Year 2007-2008(EISA), and our new high-power zoom lens with VC (Vibration Compensation), AF28-300 F3.5-6.3 XR Di VC(Model A20) contributed to increase sales. We also launched AF18-250mm F/3.5-6.3 Di II with a built-in motor for Nikon (Model A18N II) at the year end. As a result, the Photographic Products business segment recorded sales ¥25,345 million and operating income ¥4,988 million, an increase of 46.6% and 78.6% year on year respectively.

Optical Components Business Segment

In the Optical Component business segment, an increasing pressure on the unit sales price due to the severe competition prompted sales to decrease, although shipments grew both in camcorder lenses and digital still camera lenses. The cellular phone camera lenses decreased both in sales and shipments. As a result, the Optical Components business segment recorded sales ¥35,056 million and operating income ¥4,887 million, a decrease of 4.7% and 7.0% year on year respectively.

Commercial/Industrial-use Optics Business Segment

With increased demands in security related equipment, CCTV camera lens sales and profit increased. However projector lenses decreased both sales and profit due to the quick shrink of RPTV market. As a result, the Commercial/Industrial-use Optics business segment sales decreased 19.0% to ¥7,802 million while operating income increased 48.7% to ¥752 million year on year.

Cash Dividend Strategy

Tamron aspires to maintain a stable profit distribution policy on a long-term basis, rationally reflecting the business performance with consideration given to profitability, corporate management strategy, R&D costs for new business opportunities and capital investments. As a specific target for our shareholders, we plan to maintain a dividend payout ratio of around 30% (consolidated) on a mid-term basis.

The annual dividend increased to ¥50 per share (¥15 for interim and ¥35 for year-end), an increase of ¥10 per share compared to the previous year, achieving payout ratio of 29.6%.

We look forward to your continuing support in the future.

President & CEO
Morio Ono

In this Annual Report, "Tamron," "the Company," "we," "us," "our" or "ours" mean Tamron Co., Ltd. and consolidated subsidiaries unless otherwise specified.

Operating Result

Term Overview

In fiscal year 2007, net sales of the Photographic Products business segment increased by ¥8,058 million in line with the expansion of digital SLR camera market. As a result, net sales increased 7.1% to ¥68,204 million, an increase of ¥4,519 million compared to the previous year.

Gross profit increased 19.3% to ¥20,851 million. Gross profit ratio was increased by 3.2% to 30.6% compared to the previous fiscal year mainly due to the increased sale of highly profitable Tamron brand interchangeable lenses for the digital SLR cameras and cost reduction efforts in both domestic and overseas operation.

Operating income rose 32.7% to ¥8,788 million, an increase of ¥2,163 million compared to the previous fiscal year.

Non-operating income increased by ¥125 million to ¥314 million compared to the previous fiscal year mainly due to the increase of interest income and gain from the sale of investment securities. Non-operating expense increased by ¥185 million to ¥1,390 million compared to the previous fiscal year mainly due to the increase of interest expense and loss on disposal of inventory.

Income before income taxes rose 36.2% to ¥7,642 million, an increase of ¥2,031 million over the previous fiscal year.

Net income increased by ¥743 million to ¥4,772 million, an increase of 18.5% year on year.

Cash Flows

Cash and cash equivalents at the year-end of fiscal year 2007 totaled ¥13,520 million, an increase of ¥111 million compared to the previous fiscal year-end.

Income before income tax of ¥7,642 million, depreciation and amortization of ¥3,106 million, increase of ¥362 million in trade receivables, decrease of ¥846 million in trade payables and others after deducting income tax paid of ¥3,143 million totaled to ¥6,697 million for the net cash provided by operating activities, a decrease of ¥631 million compared to the previous fiscal year.

Net cash used in investing activities totaled ¥4,389 million mainly attributed to the purchase of fixed assets of ¥3,915 million.

Due to the repayment of long-term loans of ¥1,933 million and dividend paid of ¥1,128 million, net cash used in financing activities totaled ¥2,193 million, an increase of ¥1,017 million over previous fiscal year.

Capital Expenditure

Total capital investment in the fiscal 2007 amounted to ¥4,338 million, with major investment in the related area of rapidly growing interchangeable lenses for digital SLR cameras, and the construction of the new production plant of TAMRON OPTICAL (FOSHAN) CO., LTD. in China.

Capital expenditure for Photographic Products business segment totaled ¥1,638 million with major investment in molds for new interchangeable lenses for digital SLR cameras.

Capital expenditure for Optical Components business segment totaled ¥1,808 million with major investment in the production equipment for digital still camera lenses and lens processing.

Capital expenditure for Commercial/Industrial-use Optics business segment totaled ¥779 million with major investment in molds for new CCTV camera lenses in line with the expansion of security related market.

There was no sale or retirement of assets of great importance in the fiscal year 2007.

Research and Development

Tamron conducts research for core technologies through its Optical Design & Engineering R&D Unit, Core Technology & Engineering R&D Unit and Core Technology & Engineering R&D Unit, for products development through design department of respective business unit.

Total R&D expense for the fiscal year 2007 amounted to ¥3,052 million mainly used for developing new lenses for digital still cameras, new interchangeable lenses for rapidly growing digital SLR cameras, new CCTV camera lenses for mega-pixel applications, camera lenses for automotive applications and new optical zoom lenses for mobile phone.

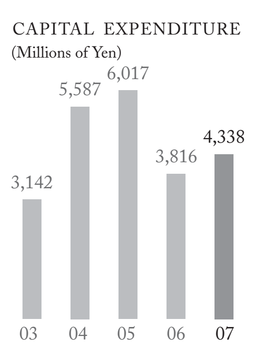
R&D expense for Photographic Products business segment totaled ¥832 million, mainly used for the development of world's first 13.9x high-power zoom lens for digital SLR camera, AF18-250mm F3.5-6.3Di II (Model A18), awarded prestigious European Consumer Lens of the Year 2007-2008(EISA), our new high-power zoom lens with VC (Vibration Compensation), AF28-300 F3.5-6.3 XR Di VC(Model A20), and new fast telephoto zoom lens SP AF70-250mm F2.8 Di(Model A001).

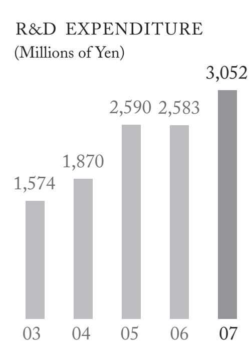
R&D expense for Optical Components business segment totaled ¥1,611 million, mainly used for the development of ultra-slim digital still camera lens with image stabilizer for high mega-pixel applications, new lenses for high definition camcorder, and fixed focal length and zoom lenses for high mega-pixel cellular phone camera.

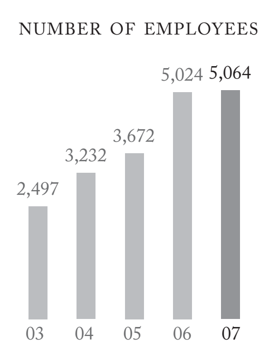
R&D expense for Commercial/Industrial-use optics totaled ¥608 million, mainly used for the development of varifocal CCTV camera lens for mega-pixel applications, high resolution lenses for machine vision and factory automation applications, mini-dome camera with built-in high-magnification zoom lens, and camera lenses for automotive applications.

Number of Employees

The number of employees on a consolidated basis was 5,064 as of December 31, 2007, an increase of 40 from the end of the previous fiscal year. On non-consolidated basis, the number of employees was 915, an increase of 40 from the end of the previous fiscal year.



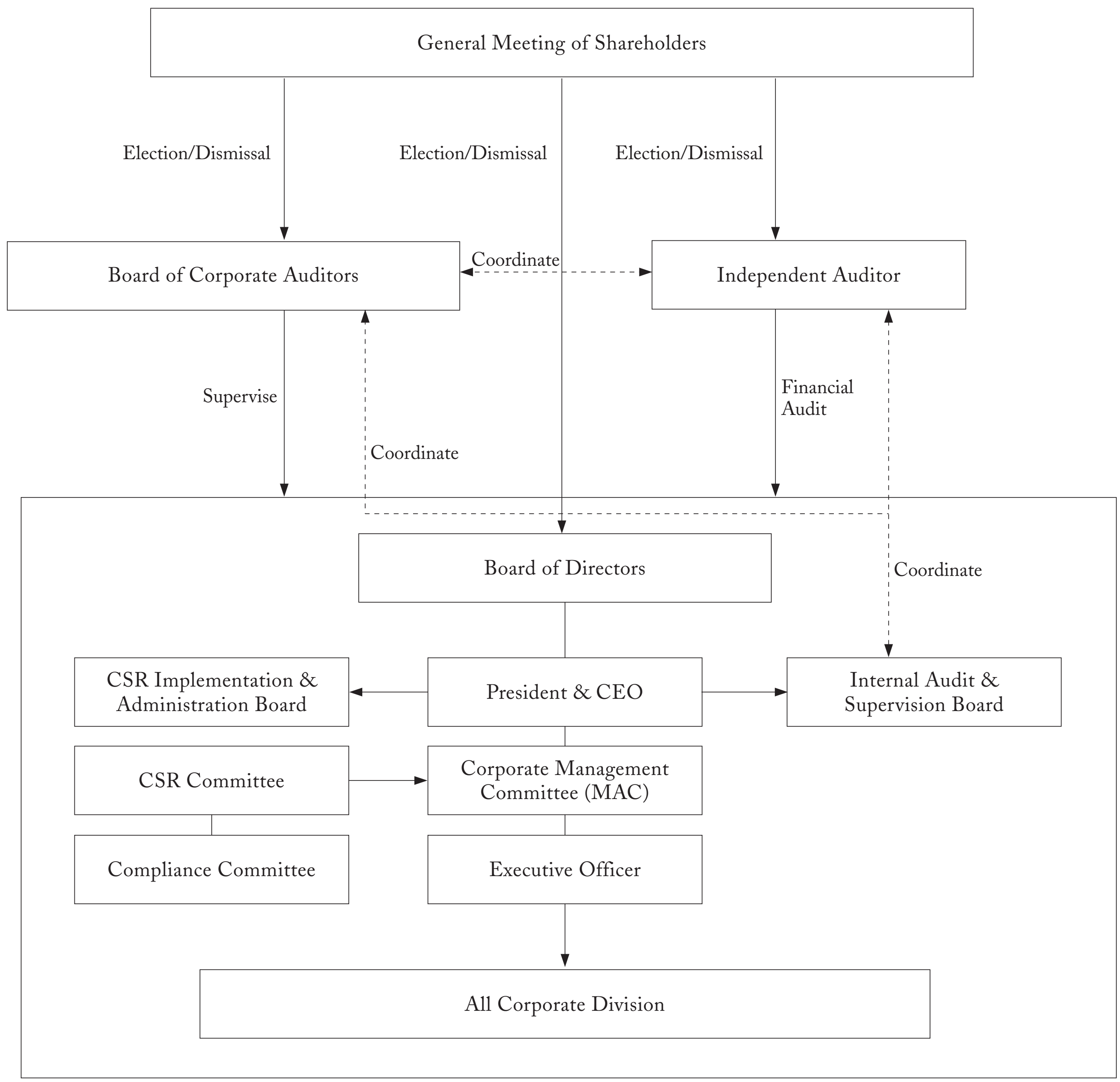




Corporate Governance

We, at Tamron upholding our corporate brand message of “New Eyes for Industry” and pursuing our corporate philosophy, are committed to respecting the rights and equality of shareholders, and maintaining good relationship with all stakeholders through fair and transparent management.

Corporate Governance structure is as illustrated below. (As of December 31, 2007)



Long-Term Management Goals

1. Continued improvement in corporate governance system in line with implementation of CSR management system coupled with instituting internal control and risk management.
2. Dramatic reduction in product development lead time by virtue of innovation in mold fabrication technologies.
3. Expansion in component business for mobile phone camera applications, and breaking ground for automotive vision system segment.
4. Enhancement in R&D activities in core technology development revolving around optics and taking proactive stance in IP strategy.
5. Realignment of production system, expanding production capacities overseas geared toward higher internal supply ratio of critical parts, and strengthening domestic facilities as a base for production engineering development.
6. Further reduction in cost structure by means of expanding procurement network overseas efficiently linked with strategic innovation in logistics.

Business & Other Risks

Items listed in this Annual Report regarding business and financial conditions that may potentially impact investor decisions are including but not limited to the following risk factors. Forward-looking statements contained herein are based upon judgments made by the Company at the time of this document's release, March 31, 2008.

1. RELIANCE ON SPECIFIC BUSINESS SEGMENT AND PRODUCTS

The Company's sales by business segment and the composition thereof reveals a high ratio of sales concentrated in lens-related products having reached 51.4% of our net sales (consolidated), particularly in the digital camera-related fields. Accordingly, trends in overall market demand for the aforementioned products, or changes in customers' strategies or sales results may in turn impact the Company's fiscal results.

2. RELIANCE ON A FEW KEY CUSTOMERS

A high degree of Company's sales depends on a Sony EMCS Corporation (100% owned subsidiary by Sony Corporation), 20.9% (FY2007) of our net sales (consolidated) are sales to Sony EMCS Corporation. As a result, in cases where the aforementioned customer implement changes in strategy and direction, or chooses to alter their business relationship with the Company, fiscal results may be affected.

3. EXPANDING BUSINESS SEGMENTS AND ENTERING NEW BUSINESSES

The company plans to increase the scope of its operations by expanding its cellular phone camera lens business in the optical components business segment, and by entering the market for automotive application in the Commercial/Industrial-use Optics business segment. Because the market demand for these products is projected to grow, the number of companies entering these fields is high. Therefore, severe price competition, continuous pressure for technological innovation, and rapid changes in market needs are expected. In addition, finished product specifications may or may not be well rated in the marketplace, and newly developed products do not always directly generate sales. Due to these factors, it is difficult to predict rapid changes in the operating environments of the business that the Company plans to expand or enter into, and in some cases the Company results may be affected thereby.

4. PROCUREMENT OF RAW AND OTHER MATERIALS

While the Company has numerous sources from which to procure most of the necessary raw materials and parts it requires, in the case of glass materials, the Company relies on a limited number of suppliers. As a results, if for various reasons raw materials and other parts cannot be obtained according to plans regarding volume or price, the Company may have difficulty achieving its planned production volume. In such cases, the Company may not be able to fulfill delivery obligations to its customers, which in turn may affect results.

5. DEFECTIVE PRODUCTS

All of the Company's domestic and overseas development and production facilities have obtained ISO19001 certification for quality management system and ISO14001 certification for environmental management systems, indicating the Company's excellent framework regarding quality assurance. However, the Company cannot fully guarantee that no product may at some future point be subject to a recall or product liability case. In the event that the defective product is the object of a large-scale recall or product liability case, significant expenses could be incurred, or serious damage could be done to the Company's credibility. In such case, the Company results may be affected.

6. RISK SURROUNDING OVERSEAS SUBSIDIARIES

The Company owns sales outlets in the United Sates, Germany, France, and in Shanghai (China). A distribution and sales company in Hong Kong, and a production and sales company in Foshan, China.

Following is a list of several inherent risks arising from the Company's activities in overseas markets. In cases where such events occur, the Company results may be affected thereby.

1. Unexpected changes to laws and regulations
2. Unexpected and unfavorable changes in political or economic conditions
3. Unfavorable changes in tax policies or tax rates
4. Terrorism, war, natural disaster, epidemics or other factors contributing to social upheaval

7. CONCENTRATION OF DOMESTIC PRODUCTION FACILITIES IN AOMORI PREFECTURE

The Company's three production facilities in Japan are concentrated in the Tsugaru region of Aomori Prefecture. In the event of an earthquake or other natural disaster, the Company's production facilities could be damaged, and production operations may be severely impacted.

8. INTELLECTUAL PROPERTY

In order to avoid difficulties surrounding intellectual property, the Company conducts surveys and negotiations, and actively applies for intellectual property rights. At present, there are no instances in which the Company is thought to be in violation of another party's intellectual property rights. However, this does not indicate that the risk of being caught up in litigations at some future point is nonexistent. In the event of unfavorable litigation, fiscal results may be affected.

9. ENVIRONMENTAL REGULATIONS

The Company has implemented an environmental management system that conforms to ISO environmental standards, and is working actively to implement environmental reforms. However, as environmental laws and regulations are revised, the Company may discover instances of violations under new regulations. In such cases, Company results may be affected by related clean-up costs.

Regarding the ground contamination found during the voluntary investigation conducted December 2004 at the Company's head office, the Company completed the construction which it proposed to Saitama City in its "Plan to Halt the Spread of Groundwater Contamination."

The company conducted survey at other domestic facilities such as Hirosaki plant, Namioka plant, and Owani plant has been confirmed that all domestic facility environment is accordance with environmental regulation levels.

10. DISPOSAL OF INVENTORIES AND VALUATION LOSS

The Company makes every effort to be thorough in quality control of products and parts, compliance with environmental standards, and inventory management. However, changes in environmental standards, market and technology trends, rapid transitions in product life cycles and other factors may lead to unavoidable variations in the valuation of products and partially finished goods. As a result, the Company may need to dispose of inventories, expense valuation losses to income, and adopt other measures. In such cases, the Company's results may be affected.

11. IMPACT OF CURRENCY EXCHANGE FLUCTUATION

Transactions between the Company and its overseas subsidiaries and with certain domestic and overseas customers are conducted either in full or in part in foreign currencies. Fluctuations in currency exchange rates affect the competitiveness of the Company's products in foreign markets and the profitability of its exports. Accordingly, the Company's results may be affected.

12. RESEARCH & DEVELOPMENT COSTS

The Company is investing in new technology for further expansion of our business and we will continue to invest in R&D. However, some R&D projects may not progress as planned, or the Company's new technology may be eclipsed by some other technology introduced by our competitors in the market. In such cases, recovering the investment may pose a problem, consequently affecting the Company results.

13. EMPLOYEE PENSION FUND/CORPORATE PENSION FUND SCHEME

The Company is a member of "The pension fund of SAITAMA KIKAI KOGYO," a general-type fund. Due to unfavorable operational environment the fund is facing financial difficulties. In fiscal 2006, the pension benefit level was lowered due to the lower benefit levels financial condition of the fund is recovering. However, the Company recognizes the risks listed below.

1. Risk when the pension yield is lower than original plan

Originally the funds yield rate was set at 5.5%, if the rate is substantially lower the members are subject to cover the deficit. There are no plans for covering the deficit, but we recognize such possibility as a risk that may affect our Company results, due to forces out side the Company's direct control.

2. Increased numbers of withdrawing from the fund

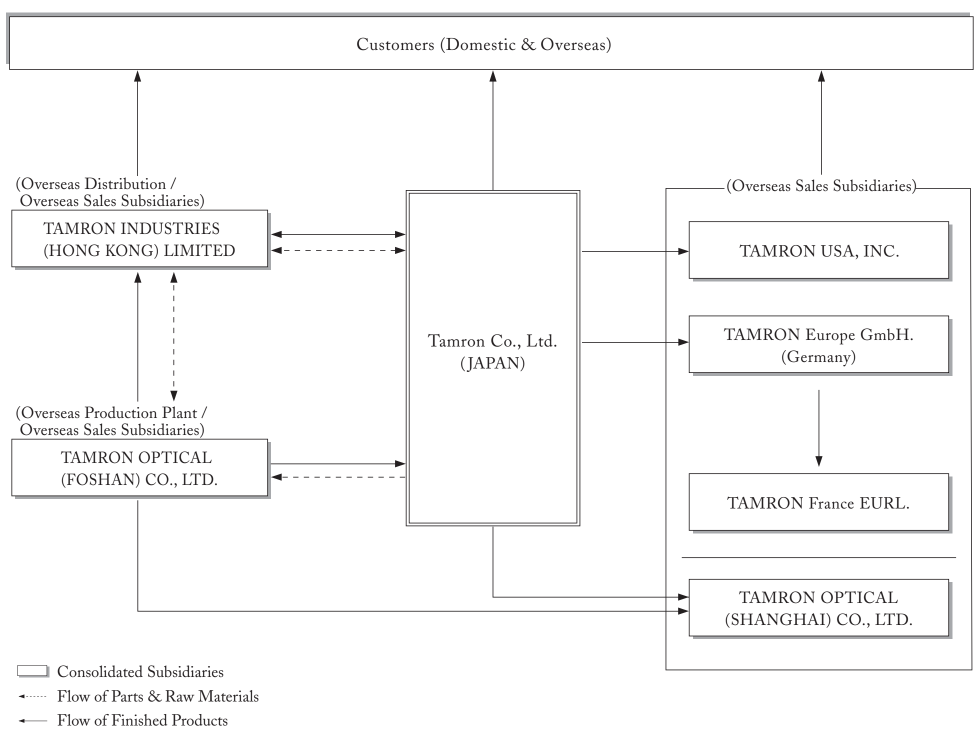
If a number of members of the funds withdraw from the fund, because the fund promises to pay pension to past members, it may cause the residing members to increase their burden share. Accordingly, affecting the Company results.

Tamron group comprise Tamron Co., Ltd. (Japan) and six other subsidiaries. Main business drivers are the following three segments, Photographic Products, Optical Components, and Commercial/Industrial-use Optics.

The details of the business segments are as follows.

Business Segment	Main Business	Related Business Groups
Photographic Products	Interchangeable lenses for SLR camera	Tamron Co., Ltd. TAMRON USA, INC. TAMRON Europe GmbH. TAMRON France EURL. TAMRON INDUSTRIES (HONG KONG) LIMITED TAMRON OPTICAL (FOSHAN) CO., LTD. TAMRON OPTICAL (SHANGHAI) CO., LTD.
Optical Components	Camcorder lenses Digital still camera lenses Cellular phone camera lenses	Tamron Co., Ltd. TAMRON INDUSTRIES (HONG KONG) LIMITED TAMRON OPTICAL (FOSHAN) CO., LTD. TAMRON OPTICAL (SHANGHAI) CO., LTD.
Commercial/Industrial-use Optics	Lenses for CCTV cameras Projection lenses High-precision molds Injection-molded parts & components Optical device units	Tamron Co., Ltd. TAMRON USA, INC. TAMRON Europe GmbH. TAMRON INDUSTRIES (HONG KONG) LIMITED TAMRON OPTICAL (FOSHAN) CO., LTD. TAMRON OPTICAL (SHANGHAI) CO., LTD.

Overview of the relationships and the flow of products, and parts & raw materials are as illustrated below.



CONSOLIDATED BALANCE SHEETS

Tamron Co., Ltd. and Consolidated Subsidiaries

December 31	Thousands of Yen 2007	Thousands of Yen 2006	Thousands of U.S. Dollars 2007
ASSETS			
Current assets:			
Cash and cash equivalents	**¥13,520,940**	¥ 13,409,342	**$118,604**
Notes and accounts receivable-trade	**11,353,082**	11,006,080	**99,588**
Inventories	**7,065,004**	7,045,424	**61,973**
Deferred tax assets	**314,517**	303,428	**2,758**
Other current assets	**750,259**	780,189	**6,581**
Reserve for doubtful accounts	**(78,611)**	(72,459)	**(689)**
Total current assets	**32,925,193**	32,472,005	**288,817**
Fixed assets:			
Tangible fixed assets			
Buildings and structures	**4,709,603**	3,737,839	**41,312**
Machinery, equipment and vehicles	**6,126,219**	6,214,466	**53,738**
Tools, furniture and fixtures	**2,218,078**	2,102,752	**19,456**
Land	**801,659**	804,415	**7,032**
Other	**728,458**	309,105	**6,389**
Total tangible fixed assets	**14,584,019**	13,168,579	**127,929**
Intangible fixed assets	**1,922,814**	2,283,702	**16,866**
Investments and other assets			
Investment securities	**853,662**	666,609	**7,488**
Deferred tax assets	**566,164**	412,907	**4,966**
Other	**1,308,802**	534,339	**11,480**
Reserve for doubtful accounts	**(9,362)**	(9,363)	**(82)**
Total investments and other assets	**2,719,266**	1,604,491	**23,853**
Total fixed assets	**19,226,100**	17,056,773	**168,650**
Total assets	**¥52,151,293**	¥ 49,528,778	**$457,467**

The accompanying notes are an integral part of these statements.

December 31	Thousands of Yen 2007	2006	Thousands of U.S. Dollars 2007
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable-trade	**¥ 4,627,409**	¥ 5,569,882	**$ 40,591**
Short-term loans payable	**4,850,172**	4,631,503	**42,545**
Income taxes payable	**1,096,856**	1,063,820	**9,621**
Accrued directors' bonuses	**71,000**	51,600	**622**
Other current liabilities	**3,413,373**	2,760,042	**29,941**
Total current liabilities	**14,058,812**	14,076,849	**123,322**
Long-term liabilities:			
Long-term loans payable	**1,461,220**	2,694,797	**12,817**
Reserve for employees' retirement benefits	**1,104,502**	1,013,004	**9,688**
Reserve for directors' retirement benefits	**251,271**	218,244	**2,204**
Other long-term liabilities	**14,100**	—	**123**
Total long-term liabilities	**2,831,093**	3,926,045	**24,834**
Total liabilities	**16,889,905**	18,002,895	**148,157**
NET ASSETS			
Shareholders' equity:			
Common stock	**6,923,075**	6,923,075	**60,728**
Capital surplus	**7,440,327**	7,440,327	**65,266**
Retained earnings	**20,453,466**	16,809,265	**179,416**
Treasury stock, at cost	**(21,042)**	(20,462)	**(184)**
Total shareholders' equity	**34,795,826**	31,152,205	**305,226**
Unrealized gains and adjustments:			
Net unrealized gains on securities	**117,563**	187,009	**1,031**
Foreign currency translation adjustments	**347,997**	186,668	**3,052**
Total unrealized gains and adjustments	**465,560**	373,678	**4,083**
Total net assets	**35,261,387**	31,525,883	**309,310**
Total liabilities and net assets	**¥52,151,293**	¥ 49,528,778	**$457,467**

Tamron Co., Ltd. and Consolidated Subsidiaries

	Thousands of Yen		Thousands of U.S. Dollars
Years ended December 31	2007	2006	2007
Net sales	¥68,204,841	¥63,685,668	$598,288
Cost of sales	47,353,316	46,209,060	415,379
Gross profit	20,851,524	17,476,607	182,908
Selling, general and administrative expenses:			
Advertising expenses	1,041,905	948,554	9,139
Sales promotion expenses	440,466	561,856	3,863
Provision for doubtful accounts	10,775	10,008	94
Employees' salaries, wages and bonuses	2,708,803	2,494,939	23,761
Provision for directors' bonuses	71,000	51,600	622
Employees' retirement benefit expenses	115,927	136,731	1,016
Provision for directors' retirement benefits	56,537	61,877	495
Research and development expenses	2,990,032	2,540,809	26,228
Other expenses	4,627,116	4,044,733	40,588
Total selling, general and administrative expenses	12,062,564	10,851,110	105,811
Operating income	8,788,960	6,625,497	77,096
Non-operating income:			
Interest and dividend income	83,558	23,622	732
Gain on sales of investment securities	31,702	—	278
Other	198,797	165,000	1,743
Total non-operating income	314,058	188,623	2,754
Non-operating expenses:			
Interest expenses	246,512	198,160	2,162
Loss on foreign exchange	87,780	87,349	770
Loss on disposal of inventories	753,746	372,446	6,611
Loss on disposal of fixed assets	232,755	502,099	2,041
Other	70,140	45,602	615
Total non-operating expense	1,390,934	1,205,660	12,201
Ordinary income	7,712,084	5,608,460	67,649
Extraordinary income:			
Reversal of reserve for doubtful accounts	3,793	—	33
Gain on sale of investment securities	—	2,342	—
Total extraordinary income	3,793	2,342	33
Extraordinary loss:			
License fee for prior periods	73,160	—	641
Total extraordinary loss	73,160	—	641
Income before income taxes	7,642,718	5,610,803	67,041
Income taxes	2,342,728	1,709,338	20,550
Additional income taxes for prior periods	713,790	—	6,261
Tax refund	(64,995)	(22,913)	(570)
Income tax—deferred	(121,362)	(104,510)	(1,064)
Net income	¥ 4,772,557	¥ 4,028,889	$ 41,864
Net income per share (in yen and U.S. dollars)	¥ 169.19	¥ 142.82	$ 1.48

Note: A two-for-one stock split was put in effect on August 19, 2006.

The accompanying notes are an integral part of these statements.

Tamron Co., Ltd. and Consolidated Subsidiaries

	Thousands of Yen				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of December 31, 2006	¥6,923,075	¥7,440,327	¥16,809,265	¥(20,462)	¥31,152,205
Changes in term					
Dividends from surplus			(1,128,356)		(1,128,356)
Net income			4,772,557		4,772,557
Purchase of treasury stock				(579)	(579)
Total change in term	—	—	3,644,200	(579)	3,643,621
Balance of December 31, 2007	**¥6,923,075**	**¥7,440,327**	**¥20,453,466**	**¥(21,042)**	**¥34,795,826**

	Thousands of Yen			
	Changes in unrealized gain and translation adjustments			
Year ended December 31	Net unrealized gain on marketable investment securities	Foreign currency translation adjustments	Total unrealized gain and translation adjustments	Total net assets
Balance of December 31, 2006	¥187,009	¥ 186,668	¥ 373,678	¥ 31,525,883
Changes in term				
Dividends from surplus				(1,128,356)
Net income				4,772,557
Purchase of treasury stock				(579)
Net change of items other than stockholders' equity	(69,445)	161,328	91,882	91,882
Total change in term	(69,445)	161,328	91,882	3,735,504
Balance of December 31, 2007	**¥117,563**	**¥ 347,997**	**¥ 465,560**	**¥ 35,261,387**

The accompanying notes are an integral part of these statements.

Tamron Co., Ltd. and Consolidated Subsidiaries

Years ended December 31	Thousands of Yen 2007	Thousands of Yen 2006	Thousands of U.S. Dollars 2007
Cash flows from operating activities:			
Income before income taxes	¥ 7,642,718	¥ 5,610,803	$ 67,041
Depreciation and amortization	3,106,615	2,620,680	27,251
Increase in reserve for directors' bonuses	19,400	51,600	170
Increase in reserve for employees' retirement benefits	91,497	104,938	802
Interest and dividend income	(88,350)	(26,371)	(775)
Interest expense	246,512	198,160	2,162
Loss on disposal of fixed assets	232,755	502,099	2,041
Gain on sale of investment securities	(31,702)	(2,342)	(278)
Increase in trade receivables	(362,515)	(3,468,378)	(3,179)
Decrease in inventories	38,655	1,134,377	339
Increase (decrease) in trade payables	(846,082)	1,524,442	(7,421)
Other—net	(115,735)	7,235	(1,015)
Sub total	9,933,767	8,257,245	87,138
Interest and dividend received	88,350	26,371	775
Interest paid	(246,007)	(195,268)	(2,157)
Income taxes paid	(3,143,682)	(1,032,831)	(27,576)
Income taxes refunded	64,995	273,454	570
Net cash provided by operating activities	6,697,424	7,328,971	58,749
Cash flows from investing activities:			
Purchases of tangible fixed assets	(3,915,102)	(3,098,616)	(34,343)
Proceeds from sale of tangible fixed assets	—	12,567	—
Purchase of intangible fixed assets	(205,369)	(1,152,711)	(1,801)
Purchase of investment securities	(502,562)	(199,804)	(4,408)
Proceeds from sale of investment securities	230,692	2,784	2,023
Increase in loans receivable	(16,565)	(76,950)	(145)
Proceeds from collection of loans receivable	7,994	74,517	70
Other—net	11,373	32,723	99
Net cash used for investing activities	(4,389,540)	(4,405,490)	(38,504)
Cash flows from financing activities:			
Net increase in short-term loans	719,254	84,560	6,309
Proceeds from long term-loans	150,000	1,799,096	1,315
Repayment of long-term loans	(1,933,417)	(2,073,993)	(16,959)
Purchases of treasury stock	(579)	(184)	(5)
Dividends paid	(1,128,634)	(985,406)	(9,900)
Net cash used for financing activities	(2,193,376)	(1,175,926)	(19,240)
Effect of exchange rate changes on cash and cash equivalents	(2,909)	165,252	(25)
Net increase in cash and cash equivalents	111,598	1,912,807	978
Cash and cash equivalents at the beginning of the year	13,409,342	11,496,535	117,625
Cash and cash equivalents at the end of the year	¥13,520,940	¥13,409,342	$118,604

The accompanying notes are an integral part of these statements.

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Tamron Co., Ltd. (the Company) maintains its accounts and records in accordance with the provisions set forth in Japanese Commercial Code and the Financial Instruments and Exchange Law of Japan, and in conformity with accounting principles and practices generally accepted in Japan (Japanese GAAP). The accounts of overseas-consolidated subsidiaries are based on accounting records maintained in conformity with generally accepted accounting principles and practices prevailing in the countries of domicile. Certain accounting principles and practices generally accepted in Japan are different from International Accounting Standards and standards in other countries, particularly in respect to application and disclosure requirements; accordingly, the accompanying financial statements are intended for use by those who are informed about Japanese accounting principles and practices.

The accompanying consolidated financial statements are a translation of the audited consolidated financial statements of the Company, which were prepared in accordance with Japanese GAAP, and were filed with the appropriate Local Finance Bureau of the Ministry of Finance, as required by the Financial Instruments and Exchange Law of Japan.

The translation of Japanese yen amounts into U.S. dollars is included solely for the convenience of readers; the prevailing exchange rate on December 31, 2007, ¥114 per U.S. $1.00, was used. The translations should not be construed as representations of Japanese yen that have been, could have been, or could be converted into U.S. dollars in the future, at this rate or any other rate of exchange.

1. Scope of Consolidation

All subsidiaries are consolidated.
Number of consolidated subsidiaries: 6
TAMRON USA, Inc.
TAMRON Europe GmbH.
TAMRON France EURL.
TAMRON INDUSTRIES (HONG KONG) LIMITED
TAMRON OPTICAL (FOSHAN) CO., LTD.
TAMRON OPTICAL (SHANGHAI) CO., LTD.

2. Application of the Equity Method

The Company does not have any unconsolidated or affiliated companies, accordingly, the equity method is not applied.

3. Fiscal Term

The fiscal terms of each consolidated subsidiary are the same as the terms of the Company.

4. Accounting Policies

(1) Methods for valuation of significant assets

a. Investments in securities

With market quotations: stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the net assets. Realized gains and losses on the sale of such securities are computed using the moving-average cost.

Without market quotations: stated at cost using the moving-average method.

b. Inventories

The Company: valued at cost using the monthly moving-average method.

Consolidated subsidiaries: stated at the lower of cost, or market, principally using the first-in first-out method.

c. Derivatives

Derivatives financial positions are stated at fair value.

(2) Depreciation of fixed assets

a. Property, plant and equipment

The Company: depreciation of property, plant and equipment of the Company is principally computed using the declining-balance method, while the straight-line method is applied for buildings (excluding facilities attached) acquired on or after April 1, 1998.

The estimated useful lives are as follows:

Buildings and structures	10 to 40 years
Machinery and equipment	5 to 10 years

Consolidated subsidiaries: Computed by the straight-line method.

(Change of Accounting Method)
In accordance with the revision of the Corporate Tax Law, the depreciation method of tangible fixed assets acquired after April 1, 2007 was aligned with the method under revised Corporate Tax Law. As a result, operating income, ordinary income and income before income taxes decreased by ¥100,898 thousand respectively. Regarding the effect to the segment information, please refer to VII Notes to Segment Information.

b. Intangible assets

Depreciation of intangible assets is computed by the straight-line method. In-house use software is amortized over a five-year period based on the assumed useful life.

(3) Reserves

a. Reserves for doubtful accounts

Reserves for doubtful accounts are generally provided based on actual collection losses incurred in the past. Additionally, for accounts receivable considered at risk (bankruptcy, companies under rehabilitation plan), an allowance is booked based on an estimation of the uncollectible amount, on a case-by-case basis.

b. Reserve for directors' bonuses

The amount reported on the balance sheet is based on the projected bonus amount.

c. Reserve for employees' retirement benefits

In order to provide for retirement benefits to be paid to employees, the amount considered to have accrued, as at the end of the term, is stated, based on the estimated amount of retirement benefit obligations and pension plan assets, as at the end of the term. The actuarial gains (losses) will be recognized in expenses (income), in equal amounts, over a five-year period, which is shorter than the average remaining service years of eligible employees, commencing with the next year of the accrual.

d. Reserve for directors' retirement benefits

The Company provides the reserve for directors' retirement benefits with an amount deemed necessary at the term-end, in line with in-house regulations.

(4) Foreign currency translation of significant assets and liabilities

Foreign currency-denominated assets and liabilities held by the Company are translated into Japanese yen using exchange rates prevailing on the balance sheet date; and gains and losses on translation are charged to income. Relevant assets and liabilities held by subsidiaries are translated into Japanese yen using exchange rates prevailing on the balance sheet date; and revenues and expenses are translated using the average exchange rates during the term. Gains and losses on translation are charged to net assets under "Foreign currency translation adjustments."

(5) Lease transactions

Finance lease transactions, excluding leases where the ownership of leased objects are deemed to be transferred to the lessee, were accounted for in the same manner as operating leases.

(6) Hedging

a. Hedge accounting

Derivative financial instruments are stated at fair value and changes in the fair value are recognized as gains or losses, unless derivative financial instruments are used for hedging purposes. If derivative financial instruments are used as hedges and meet certain hedging criteria, the Company defers recognition of gains or losses, resulting from changes in fair value of derivative financial instruments, until the related losses or gains on the hedged items are recognized.

b. Hedge instruments and assets and liabilities being hedged

Hedge instruments are foreign exchange forward contracts. Assets and liabilities being hedged are foreign currency receivables and payables.

c. Hedge transaction policies

The Company engages in derivative transactions with the aim of hedging risk on foreign exchange fluctuations in accordance with in-house regulations.

d. Assessment of effectiveness of hedging

The Company has realized a high correlation coefficient between market fluctuations and cash flows (assets and liabilities being hedged) and hedge instruments: it thereby highly evaluates the effectiveness of the derivatives transactions in question.

(7) Other significant accounting policies for preparing consolidated financial statements

Consumption tax

Consumption tax is not included.

5. Assets and Liabilities of Consolidated Subsidiaries

Assets and liabilities of consolidated subsidiaries were valued at the fair value.

6. Scope of Cash and Cash Equivalents in the Statements of Cash Flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits, and short-term highly liquid investments, with maturity not exceeding three months at the time of purchase, are considered to be cash and cash equivalents.

Additional Information

(Loan Participation)

Based on the "Standard and Accounting Treatment of Loan Participation" in Accounting Standards Committee Report No. 3 (June 1, 1995, The Japanese Institute of Certified Public Accountants), the total outstanding principal on accounts receivable recognized as sold to participants was ¥333,270 thousand as of December 31, 2007.

NOTES TO CONSOLIDATED BALANCE SHEETS

1. Assets pledged as collateral as of December 31, 2007

(1) Property, plant and equipment

	Thousands of Yen
Buildings and structures	¥ 741,888
Machinery, equipment and vehicles	1,132,358
Tools, furniture and fixtures	135,520
Land	96,179
Other	11,049
Total	¥2,116,996

(2) Other

	Thousands of Yen
Buildings and structures	¥1,612,443
Land	96,043
Total	¥1,708,487

(3) Loans secured by the above assets

	Thousands of Yen
Short-term loans payable	¥1,000,000
Long-term loans payable (including loans due within one year)	1,727,170
Total	¥2,727,170

2. Accounting for notes matured at end of fiscal year

The end of the 2007 fiscal year coincided with a bank holiday, and the following notes that matured at the end of the fiscal year were accounted for as if they were settled on their date of maturity.

Notes receivable	¥89,361 thousand

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

1. Research and development expenses included in selling, general and administrative expenses and manufacturing costs totaled ¥3,052,351 thousand.

NOTES TO CONSOLIDATED STATEMENTS OF CASH FLOWS

Reconciliation between amounts shown in cash and cash equivalents at the end of the year on the statements of cash flows, and in cash and cash equivalents on the consolidated balance sheets, as of December 31, 2007, is not required, and is as follows:

Cash and cash equivalents on the statement of cash flows	¥13,520,940 thousand
Cash on hand and in banks at the end of the year	¥13,520,940 thousand

I. NOTES TO LEASES

Finance leases are accounted for in the same manner as operating leases.

1. Acquisition cost, accumulated depreciation and net book value of lease assets as of December 31, 2007

Thousands of Yen

	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥ 759,345	¥ 504,953	¥ 254,391
Tools, furniture and fixtures	184,650	131,885	52,764
Software	123,156	69,732	53,424
Total	¥ 1,067,152	¥ 706,571	¥ 360,581

2. Obligation under finance leases as of December 31, 2007

	Thousands of Yen
Due within one year	¥153,231
Due after one year	226,253
Total	¥379,484

3. Lease expenses, depreciation and interest expenses for the year ended December 31, 2007

	Thousands of Yen
Lease expenses	¥232,958
Depreciation cost equivalent	210,901
Interest expenses equivalent	14,609

4. Method of calculating depreciation

Depreciation expense on leased assets is calculated by using the straight-line method, over the lease period and has a residual value of zero.

5. Method of calculating interest expense

The difference between total lease expense and acquisition cost of leased assets, is considered as the interest portion, and the allocation of this interest is calculated by the interest method.

II. NOTES TO RELATED PARTY TRANSACTION

Fiscal period 2006 — Thousands of Yen

Name of company	Paid in capital	Transaction	Amount per year	Year end balance
Sony EMCS Corporation	6,741,000	Sale of DSC lenses	16,184,894	739,326
Sony Electronics (Wuxi) Co., Ltd.	US$50,430 thousand	Sale of DSC lenses	9,611,230	1,823,518

Notes: Sales prices are based on the arms' length transaction basis.

Fiscal period 2007 — Thousands of Yen

Name of company	Paid in capital	Transaction	Amount per year	Year end balance
Sony EMCS Corporation	6,741,000	Sale of DSC lenses	14,254,146	2,171,027
Sony Digital Products (Wuxi) Co., Ltd.	US$30,470 thousand	Sale of DSC lenses	12,189,059	1,353,491

Notes: Sales prices are based on the arms' length transaction basis.

III. NOTES TO INVESTMENTS IN SECURITIES

1. With quoted market value

Thousands of Yen

	Type of securities	As of December 31, 2006			**As of December 31, 2007**		
		Acquisition costs	Carrying amount	Difference	Acquisition costs	Carrying amount	Difference
Securities whose carrying amounts on consolidated balance sheets exceed their acquisition costs	(1) Stocks	¥152,613	¥465,975	¥313,361	**¥611,453**	**¥809,872**	**¥198,419**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	198,989	199,551	562	—	—	—
	Total	351,603	665,527	313,923	**611,453**	**809,872**	**198,419**
Securities whose carrying amounts on consolidated balance sheets does not exceed their acquisition costs	(1) Stocks	520	371	(149)	**44,244**	**43,079**	**(1,164)**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Total	520	371	(149)	**44,244**	**43,079**	**(1,164)**
Total		¥352,124	¥665,898	¥313,774	**¥655,697**	**¥852,951**	**¥197,254**

Notes:

The Company shall write down the stocks, whose fair market values fall below 50% or more of acquisition costs; and for those securities, whose fair market values fall between 30% or more and 50% or less, and whose fair market values were not judged to recover, a write down for those securities will also be made.

2. Other Securities sold during the fiscal year 2007

	Thousands of Yen
Amount of other securities sold	¥230,692
Gains	31,702
Losses	—

3. Without quoted market value

Thousands of Yen

	As of December 31, 2006	**As of December 31, 2007**
	Carrying amount	Carrying amount
Other type of securities		
Non-listed securities (excluding OTC securities)	¥710	**¥710**

IV. NOTES TO DERIVATIVES

Current transactions

(1) Derivative financial instruments

Derivative financial instruments utilized by the Company are comprised principally of foreign exchange forward contracts and currency options. Consolidated subsidiaries do not utilize derivative financial instruments.

(2) Policy relating to derivative financial instruments

The Company is exposed to market risks from changes in foreign currency exchange rates and interest rates, and enters into financial instruments and derivative financial instruments for the purpose of reducing such risks. The Company does not hold or issue derivative financial instruments for speculation.

(3) Objectives

The Company utilizes derivative transactions to secure stable profits by hedging against those risks arising from changes in foreign exchange rates in connection with its foreign currency assets and liabilities. The Company adopts hedge accounting in connection to the application of derivative transactions.

Hedge Accounting Methodology

The Company applies the deferral hedge method in hedge accounting, if certain hedging criteria are met. Foreign exchange forward contracts are accounted for by using the appropriated method for contracts that fulfill requirements for appropriated method hedge accounting.

Hedging Instruments and Coverage

The Company uses foreign exchange forward contracts and currency option transactions as hedging instruments. Hedging covers foreign-currency-denominated receivables and payables, as well as scheduled transactions in foreign currency.

Hedging Method
Based on internal rules for derivative transactions, the Company hedges against the risk of fluctuations in foreign currency exchange rates.
Evaluation of Hedging Effectiveness
The Company evaluates the effectiveness of hedging based on the strong correlation between changes in market rates under hedging coverage, cash flow, and hedging instruments.

(4) Transaction risk
Foreign exchange forward contracts and other transactions carry the risk of changes in exchange rates. However, derivative transactions conducted by the Company are entirely for the purpose of hedging, and the Company does not engage in transactions that may have a significant impact on management. In addition, transactions are conducted with financial institutions with high credit ratings. As a result, there is minimal credit risk.

(5) Transaction risk management structure
The Company has rules for transaction management that determine a maximum limit and authority on derivative transactions. Based on these rules, the accounting department administers the transactions and risk management with the approval of the management.

Market value of transactions
All derivative transactions fall under hedge accounting, accordingly the market value information is not required.

V. NOTES TO RETIREMENT BENEFITS AS OF DECEMBER 31, 2007

1. Retirement benefit system used
The Company has a defined benefit plan comprising a welfare pension fund plan, a qualified pension plan, and a lump-sum retirement payment plan. For the retirement of employees, the Company may pay additional retirement benefits.

2. Retirement benefit obligation

	Thousands of Yen
(1) Retirement benefit obligations	¥(1,967,481)
(2) Plan assets at fair value	1,071,317
(3) Unfunded retirement benefit obligations (1)+(2)	(896,163)
(4) Unrecognized actual loss	(170,434)
(5) Net balance sheet amount (3)+(4)	(1,066,597)
(6) Prepaid pension expense	37,905
(7) Accrued retirement benefits (5)-(6)	¥(1,104,502)

Note: Welfare pension fund plan assets totaling ¥5,197,295 thousand are not included in the aforementioned breakdown of retirement benefit obligation.

3. Retirement benefit expenses

	Thousands of Yen
(1) Service expenses	¥352,210
(2) Interest expenses	37,968
(3) Expected return on plan assets	(15,641)
(4) Amortization of net actuarial difference	10,869
(5) Retirement benefit expenses (1) + (2) + (3) + (4)	¥385,406

Note: A contribution amount of ¥230,685 thousand to the welfare pension fund is included in service expenses.

4. Basis for calculation of retirement benefit obligation

(1) Periodic allocation method for projected benefits	Straight-line method
(2) Discount rate	2.0%
(3) Expected rate of return on plan assets	2.0%
(4) Amortization period for net actuarial difference	5 years

VI. NOTES TO ACCOUNTING FOR DEFERRED INCOME TAX

(1) Breakdown of the major components for deferred tax assets and liabilities as of December 31, 2007

Deferred Tax Assets

	Thousands of Yen
Accrued enterprise tax	¥ 73,784
Reserve for doubtful accounts	16,429
Unrealized intercompany profits	149,418
Reserve for employees' retirement benefits	467,703
Subsidiaries' net operating tax loss carryforwards	36,838
Reserve for directors' retirement benefits	101,513
Loss on devaluation of inventories	37,897
Depreciation and amortization	89,618
Other	81,894
Subtotal	1,055,097
Valuation allowance assets	(36,838)
Net deferred tax assets	¥1,018,259

Deferred Tax Liabilities

	Thousands of Yen
Reserve for deduction entries	¥ (57,416)
Unrealized gain on investments in securities	(80,161)
Deferred tax liabilities	(137,577)
Net deferred tax assets	¥ 880,681

(2) Breakdown of the major differences between the statutory tax rate and the effective tax rate after adoption of tax effect accounting

Statutory tax rate	40.4%
(Adjustments)	
Permanent non-deductible expenses (entertainment expenses)	0.3
Non-deductible donations	0.4
Per capita tax	0.3
Directors' bonuses	0.4
Tax deductions	(7.4)
Additional income taxes for prior periods	9.3
Currently deductible items for prior periods	(2.5)
Difference in tax rates applicable to overseas subsidiaries	(9.1)
Elimination of dividend	5.1
Income taxes—refund	(0.9)
Taxable revenues of certain foreign subsidiaries	0.7
Other	0.6
Effective tax rate after adoption of tax effect accounting	37.6%

VII. NOTES TO SEGMENT INFORMATION

Business segment information

Thousands of Yen

	2006					
	Photographic products	Optical components	Commercial/ industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to outside customers	¥17,287,172	¥36,766,496	¥ 9,631,999	¥63,685,668	—	¥63,685,668
Intersegment sales or transfer	—	—	—	—	—	—
Total	17,287,172	36,766,496	9,631,999	63,685,668	—	63,685,668
Operating expenses	14,494,672	31,511,805	9,126,016	55,132,494	1,927,676	57,060,171
Operating income	¥ 2,792,499	¥ 5,254,691	¥ 505,982	¥ 8,553,173	¥ (1,927,676)	¥ 6,625,497
Assets	¥13,307,160	¥16,852,190	¥ 8,230,987	¥38,390,338	¥11,138,440	¥49,528,778
Depreciation expenses	790,500	855,615	933,933	2,580,049	40,631	2,620,680
Capital expenditures	1,122,613	1,172,255	1,351,171	3,646,040	169,961	3,816,001

Thousands of Yen

	2007					
	Photographic products	Optical components	Commercial/ industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to outside customers	**¥25,345,885**	**¥35,056,243**	**¥ 7,802,713**	**¥68,204,841**	**—**	**¥68,204,841**
Intersegment sales or transfer	**—**	**—**	**—**	**—**	**—**	**—**
Total	**25,345,885**	**35,056,243**	**7,802,713**	**68,204,841**	**—**	**68,204,841**
Operating expenses	**20,357,647**	**30,168,864**	**7,050,351**	**57,576,863**	**1,839,017**	**59,415,880**
Operating income	**¥ 4,988,238**	**¥ 4,887,378**	**¥ 752,362**	**¥10,627,978**	**¥ (1,839,017)**	**¥ 8,788,960**
Assets	**¥17,347,209**	**¥17,231,136**	**¥ 7,620,069**	**¥42,198,414**	**¥ 9,952,878**	**¥52,151,293**
Depreciation expenses	**1,129,455**	**932,239**	**956,350**	**3,018,046**	**88,568**	**3,106,615**
Capital expenditures	**1,638,712**	**1,808,999**	**779,172**	**4,226,884**	**111,432**	**4,338,317**

Notes:

1. Business segmentation
   Main products by business segment are as follows:
   (1) Photographic products
   Interchangeable lenses for SLR camera
   (2) Optical components
   Camcorder lenses, digital still camera lenses, cellular phone camera lenses
   (3) Commercial/industrial-use optics
   Lenses for CCTV cameras, projection lenses, high-precision molds, injection-molded parts & components, optical device units
2. Unallocated operating expenses included in "Eliminations and/or corporate" totaled ¥1,927,676 thousand for the fiscal year ended December 31, 2006. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company. Unallocated operating expenses included in "Eliminations and/or corporate" totaled ¥1,839,017 thousand for the fiscal year ended December 31, 2007. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
3. As of December 31, 2006, total assets included in "Eliminations and/or corporate" of ¥11,138,440 thousand, mainly represent cash, long-term investment funds (investments in securities), and assets related to the administration department. As of December 31, 2007, total assets included in "Eliminations and/or corporate" of ¥9,952,878 thousand, mainly represent cash, long-term investments funds (investments in securities), and assets related to the administration department.
4. As stated in "Basis of Presenting Consolidated Financial Statements," effective from the previous fiscal year, "Accounting standard related to the directors" has been applied. Due to the change, the operating income of "Eliminations and/or corporate" decreased by ¥51,600 thousand in the previous fiscal year.
5. As stated in "Basis of Presenting Consolidated Financial Statements," effective from this fiscal year 2007, the depreciation method of tangible fixed assets acquired after April 1, 2007 was aligned with the method under revised Corporate Tax Law. Due to the change, the operating income of Photographic products business segment, Optical components business segment, Commercial/industrial-use optics business segment and "Eliminations and/or corporate" decreased by ¥59,209 thousand, ¥11,063 thousand, ¥27,928 thousand and ¥2,697 thousand respectively.

Geographical segment information

Thousands of Yen

	2006						
	Japan	North America	Europe	Asia	Total	Eliminations and/or corporate	Consolidated
Net sales:							
Sales to outside customers	¥50,339,853	¥5,375,735	¥4,252,739	¥ 3,717,339	¥63,685,668	—	¥63,685,668
Intersegment sales or transfer	7,128,630	—	—	27,395,936	34,524,566	(34,524,566)	—
Total	57,468,484	5,375,735	4,252,739	31,113,275	98,210,235	(34,524,566)	63,685,668
Operating expenses	52,357,052	4,800,278	3,825,542	28,715,304	89,698,178	(32,638,006)	57,060,171
Operating income	¥ 5,111,432	¥ 575,457	¥ 427,197	¥ 2,397,970	¥ 8,512,057	¥ (1,886,559)	¥ 6,625,497
Assets	¥26,638,102	¥2,077,387	¥2,164,937	¥13,344,976	¥44,225,404	¥ 5,303,374	¥49,528,778

Thousands of Yen

	2007						
	Japan	North America	Europe	Asia	Total	Eliminations and/or corporate	Consolidated
Net sales:							
Sales to outside customers	**¥52,861,298**	**¥5,325,024**	**¥6,563,280**	**¥ 3,455,238**	**¥ 68,204,841**	**—**	**¥68,204,841**
Intersegment sales or transfer	**9,588,668**	**—**	**—**	**35,951,141**	**45,539,809**	**(45,539,809)**	**—**
Total	**62,449,966**	**5,325,024**	**6,563,280**	**39,406,380**	**113,744,651**	**(45,539,809)**	**68,204,841**
Operating expenses	**56,089,637**	**4,758,330**	**5,532,341**	**36,516,104**	**102,896,414**	**(43,480,533)**	**59,415,880**
Operating income	**¥ 6,360,328**	**¥ 566,693**	**¥1,030,938**	**¥ 2,890,275**	**¥ 10,848,236**	**¥ (2,059,275)**	**¥ 8,788,960**
Assets	**¥26,970,478**	**¥2,193,438**	**¥2,869,685**	**¥13,490,102**	**¥ 45,523,705**	**¥ 6,627,588**	**¥52,151,293**

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal markets in the above designated areas:
   (1) North America: U.S.A.
   (2) Europe: Germany, France
   (3) Asia: Hong Kong, China
3. Unallocated operating expenses included in “Eliminations and/or corporate” totaled ¥1,927,676 thousand for the fiscal year ended December 31, 2006. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company. Unallocated operating expenses included in “Eliminations and/or corporate” totaled ¥1,839,017 thousand for the fiscal year ended December 31, 2007. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
4. As of December 31, 2006, total assets included in “Eliminations and/or corporate” of ¥11,138,440 thousand, mainly represent cash, long-term investment funds (investments in securities), and assets related to the administration department. As of December 31, 2007, total assets included in “Eliminations and/or corporate” of ¥9,952,878 thousand, mainly represent cash, long-term investment funds (investments in securities), and assets related to the administration department.
5. As stated in “Basis of Presenting Consolidated Financial Statements,” effective from the previous fiscal year, “Accounting standard related to the directors” has been applied. Due to the change, the operating income of “Eliminations and/or corporate” decreased by ¥51,600 thousand in the previous fiscal year.
6. As stated in “Basis of Presenting Consolidated Financial Statements,” effective from this fiscal year 2007, the depreciation method of tangible fixed assets acquired after April 1, 2007 was aligned with the method under revised Corporate Tax Law. Due to the change, the operating income of Japan and “Eliminations and/or corporate” decreased by ¥98,200 thousand and ¥2,697 thousand respectively.

Overseas sales

	Thousands of Yen			
	2006			
	North America	Europe	Asia	Total
I Overseas sales	¥5,565,776	¥5,319,492	¥24,744,479	¥35,629,749
II Consolidated sales				63,685,668
III Percentage of consolidated sales (%)	8.7	8.3	38.9	55.9

	Thousands of Yen			
	2007			
	North America	Europe	Asia	Total
I Overseas sales	¥5,664,636	¥7,825,259	¥28,879,882	¥42,369,779
II Consolidated sales				68,204,841
III Percentage of consolidated sales (%)	8.3	11.5	42.3	62.1

Notes:

1. Country and regional segments are classified on the basis of geographic proximity.
2. Principal markets in the above designated areas:
   (1) North America: U.S.A., Canada
   (2) Europe: Germany, U.K., France, Northern Europe and other European countries
   (3) Asia: Hong Kong, China and other Asian countries
3. Overseas sales represent those of Tamron Co., Ltd. and consolidated companies in countries and regions other than Japan.

VIII. NOTES TO PER SHARE INFORMATION

Year ended December 31, 2007:

Net assets per share	1,250.02 Yen
Net income per share	169.19 Yen

Information for diluted net income per share is omitted because potentially dilutive securities are not issued.

Note: The basis for calculating net income per share is as follows.

	2006	**2007**
Net income (Thousands of Yen)	¥ 4,028,889	**¥ 4,772,557**
Amount not belong to ordinary shareholders (Thousands of Yen)	—	—
Net income for ordinary shares (Thousands of Yen)	4,028,889	**4,772,557**
Average number of shares outstanding during the term (Shares)	28,208,973	**28,208,891**

IX. NOTES TO SUBSEQUENT EVENTS

Not applicable.

To the Board of Directors of
Tamron Co., Ltd.

We have audited the accompanying consolidated balance sheet of Tamron Co., Ltd. and its subsidiaries as of December 31, 2007, and the related consolidated statement of income, net assets, and cash flows for the year then ended. These consolidated financial statements are the responsibility of the Company's management. 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 plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Tamron Co., Ltd. and its subsidiaries as of December 31, 2007, and the result of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

Additional information

In accordance with the revision of the Corporate Tax Law, the depreciation method of tangible assets acquired after April 1, 2007 aligned was aligned with the method under the revised Corporate Tax Law.

The United States dollar amounts shown in the consolidated financial statements have been translated solely for convenience. We have reviewed this translation and, in our opinion, the consolidated financial statements expressed in Japanese Yen have been translated into United States dollars on the basis described in Note 1.

Tokyo, Japan
March 31, 2008

Wako Audit Corporation

Wako Audit Corporation

MANAGEMENT

(As of March 29, 2008)

BOARD OF DIRECTORS

President & CEO
Morio Ono

Corporate Vice President
Shoji Kono

Corporate Vice President
Hitoshi Ohta

Senior Managing Director
Yoshihiro Shirai

Senior Managing Director
Hisaaki Nagashima

Managing Director
Takashi Kawai

Director
Koji Seki

Director
Hiroaki Arai

CORPORATE AUDITORS (Note 1)

Standing Corporate Auditor
Kiyoshi Okawa

Standing Corporate Auditor
Yukio Masuko

Corporate Auditor
Norio Tomiyoshi

Corporate Auditor
Yasuhiko Nishimoto

EXECUTIVE OFFICERS (Note 2)

Senior Executive Officer
Shinichi Yasuda

Senior Executive Officer
Shoei Kawamura

Senior Executive Officer
Takashi Ichikawa

Senior Executive Officer
Kaoru Takahashi

Senior Executive Officer
Hideyo Ohse

Senior Executive Officer
Tadahiro Shimura

Senior Executive Officer
Masayuki Abo

Senior Executive Officer
Shiro Ajisaka

Senior Executive Officer
Shogo Sakuraba

Executive Officer
Yoshiyuki Shirai

Executive Officer
Hiroshi Kawanabe

Executive Officer
Kunio Wada

Executive Officer
Yasuki Kitazume

Executive Officer
Satoshi Hasegawa

Executive Officer
Miharu Takeuchi

Notes: 1. Mr. Masuko, Mr. Tomiyoshi, and Mr. Nishimoto are external corporate auditors as per Article 18.1 of the "Law for Special Exceptions to the Commercial Code Concerning Audit, etc. of Kabushiki-Kaisha."
2. Instituted Executive Officer System as of January 1, 2006 to strengthen corporate governance structure.

INVESTOR INFORMATION

Company Profile

Company Name:
Tamron Co., Ltd.

Established:
November 1, 1950

Incorporated:
October 27, 1952

Headquarters:
1385, Hasunuma, Minuma-ku, Saitama-shi, Saitama 337-8556 JAPAN

Capital:
¥6,923 million

Fiscal Year-End:
End of December

Employees:
5,064 (Consolidated) (As of December 31, 2007)

Principal Shareholders (As of December 31, 2007)

Shareholders	Number of Shares Held (Thousands of Shares)	Percentage of Shares Held
New Well Co., Ltd.	4,898	17.34
Sony Corporation	3,129	11.08
The Chase Manhattan Bank N.A., London	1,952	6.91
The Master Trust Bank of Japan, Ltd.	1,546	5.47
Kouyu Kosan Co., Ltd.	1,529	5.41
Japan Trustee Services Bank, Ltd.	1,437	5.09
Saitama Resona Bank Limited	1,122	3.97
State Street Bank and Trust Comapny 505019	431	1.52
State Street Bank and Trust Comapny	426	1.51
NIPPONKOA Insurance Co., Ltd.	411	1.45

Note: The 3,129 thousand shares owned by Sony Corporation are fiduciary assets trusted to Mizuho Trust & Banking Co., Ltd. In regard to the execution of voting rights and jus disposition of the shares, Sony Corporation reserves the right to instruct pursuant to the provisions of the trust contract between the two parties.

Shareholders' Memo

Balance date:
December 31

Scheduled Annual Shareholders Meeting:
March

Eligibility date for year-end dividend payments:
December 31

Eligibility date for interim dividend payments:
June 30

Transfer Agent:
33-1 Shiba 3-chome, Minato-ku, Tokyo, Japan
The Chuo Mitsui Trust and Banking Company, Limited

Stock trading unit:
100 shares

Announcements:
Nihon Keizai Shimbun

New eyes for industry

Tamron Co., Ltd.
1385, Hasunuma, Minuma-ku, Saitama-shi,
Saitama 337-8556 JAPAN
Tel: +81-48-684-9111
Fax: +81-48-683-8289
http://www.tamron.co.jp
ISO9001/ISO14001 Certified

GROUP NETWORK

Hirosaki Plant
3-2, Shimizu 3-chome, Hirosaki-shi,
Aomori 036-8254 JAPAN
Tel:+81-172-34-1144
Fax:+81-172-33-2340
ISO9001/ISO14001 Certified

Namioka Plant
64-1, Shimoshimada, Kitanakano,
Namioka, Aomori-shi,
Aomori 038-1325 JAPAN
Tel:+81-172-62-9555
Fax:+81-172-62-9302
ISO9001/ISO14001 Certified

Owani Plant
31-1, Maeda, Hachimandate, Owani-machi,
Minamitsugaru-gun,
Aomori 038-0243 JAPAN
Tel:+81-172-47-6713
Fax:+81-172-47-6715
ISO9001/ISO14001 Certified

TAMRON OPTICAL (FOSHAN) CO., LTD.
West of Langbao Road City-West Industrial Development Zone Foshan, Guangdong,
CHINA
Tel:+86-757-82982222
Fax:+86-757-82203442
http://www.tamron.com.cn
ISO9001/ISO14001 Certified

TAMRON USA, INC.
10 Austin Boulevard, Commack, NY 11725 USA
Tel:+1-631-858-8400
Fax:+1-631-543-3963
http://www.tamron.com

TAMRON Europe GmbH.
Robert Bosch-Str. 9, 50769 Cologne,
GERMANY
Tel:+49-221-970325-0
Fax:+49-221-970325-4
http://www.tamron.de

TAMRON France EURL.
5, avenue Georges Bataille, F-60330
Le Plessis-Belleville Boite postale 31, FRANCE
Tel:+33-3-44-60-73-00
Fax:+33-3-44-60-23-34
http://www.tamron.de

TAMRON INDUSTRIES (HONG KONG) LIMITED
Units 25&27&29&31, 9th Floor, Hong Kong International Trade & Exhibition Center, 1 Trademart Drive, Kowloon Bay,
Hong Kong
Tel:+852-2721-7797
Fax:+852-2620-1631
http://www.tamron.com.hk

TAMRON OPTICAL (SHANGHAI) CO., LTD.
Room 1707,
Ruijin Building,
No. 205, Maoming South Road,
Shanghai 200020
CHINA
Tel:+86-21-5102-8880
Fax:+86-21-5466-0229
http://www.tamron.com.cn

Tokyo Sales Office
5th Floor, 14, Kandahigashimatsushita-cho,
Chiyoda-ku, Tokyo 101-0042 JAPAN
Tel:+81-3-3251-3856 Fax:+81-3-3251-3857

Osaka Sales Office
6th Floor, 4-1, Minamisenba 2-chome, Chuo-ku,
Osaka-shi, Osaka 542-0081 JAPAN
Tel:+81-6-6271-4281 Fax:+81-6-6271-4283

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