TAMRON

New eyes for industry

Annual Report 2008

CORPORATE PROFILE

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.

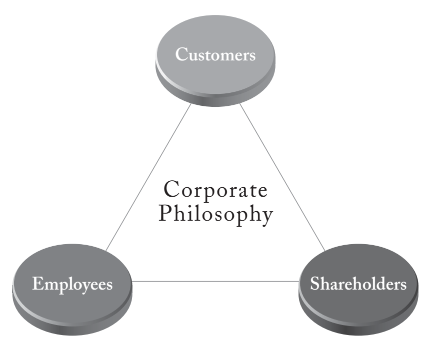
Mission

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 2008 annual report, amounts of less than the unit indicated, for example, one million yen, one thousand yen or one thousand dollars, have been omitted.

FINANCIAL HIGHLIGHTS

Tamron Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen					Thousands of U.S. Dollars (Note 1)
Years ended December 31	**2008**	2007	2006	2005	2004	**2008**
For the Year:						
Net sales	**¥ 62,537**	¥ 68,204	¥ 63,685	¥ 59,607	¥ 63,345	**$687,219**
Operating income	**6,198**	8,788	6,625	4,803	7,223	**68,114**
Income before income taxes	**4,337**	7,642	5,610	4,431	6,589	**47,666**
Net income	**3,029**	4,772	4,028	3,343	4,474	**33,288**
At Year-End:						
Total assets	**¥ 49,176**	¥ 52,151	¥ 49,528	¥ 44,081	¥ 40,857	**$540,400**
Net assets	**33,126**	35,261	31,525	28,341	24,891	**364,031**
Number of employees	**5,571**	5,064	5,024	3,672	3,232	—

	Yen					U.S. Dollars (Note 1)
Per Share Data:						
Net income	**¥ 108.41**	¥ 169.19	¥ 142.82	¥ 117.48	¥ 323.52	**$ 1.19**
Shareholders' equity	**1,206.77**	1,250.02	1,117.59	1,003.63	1,761.96	**13.26**
Cash dividends	**50.00**	50.00	40.00	45.00	40.00	**0.55**

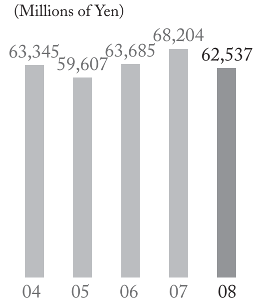
Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥91=U.S.$1.

2. Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.

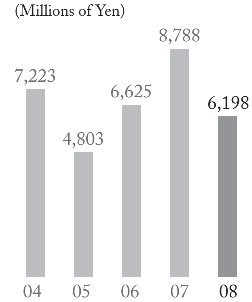
3. Net income per share for FY2005 is calculated accounting for the two-for-one stock split on August 19, 2005.

4. Cash dividend for FY2006 includes a commemorative dividend of ¥5 per share for listing on the 1st section of the Tokyo Stock Exchange

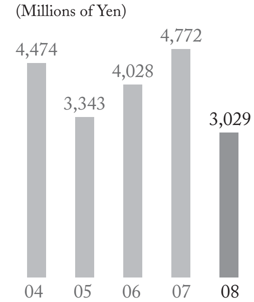
NET SALES
(Millions of Yen)



OPERATING INCOME
(Millions of Yen)



NET INCOME
(Millions of Yen)



It is my pleasure to present a report on our business and financial performance for fiscal year ended December 31, 2008.

During the term under review, the global economy made a drastic downturn and the recession was officially acknowledged in the US as well as in the major European countries. A credit crunch intensified after the collapse of Lehman Brothers made a negative impact to corporate earnings and employment, leading to a deterioration of personal consumption especially in the US.

Japanese economy, being affected by a worldwide economic downturn as well as a steep appreciation in the yen value along with a meltdown of stock market, was doomed to lower corporate earnings, a substantial decline in industrial production and a sharp deterioration of employment.

As for the market segments in which Tamron and group companies are involved, digital still cameras experienced a sharp decline in prices and shipments in the 4th quarter affected by an economic downswing although the total shipment for the year posted a slight year-on-year increase.

Under those negative circumstances, sales of Tamron and group companies increased both in Photographic and Industrial-commercial Optics business segments but decreased in Optical Components segment mainly due to the yen appreciation compared with the previous year. As a result, consolidated net sales for fiscal year recorded ¥62,537 million, a decrease of 8.3% year on year. As for the profits, a decrease in gross profit attributable to the sales decline and an increase in the expenses for sales and general administration, resulted in an operating income of ¥6,198 million and an ordinary income of ¥5,842 million, a decrease of 29.5% and 24.2% over the same period of last year respectively. Net income after tax and special items stood at ¥3,029 million, a decrease of 36.5% year on year, accounted for the reserve for a special loss on the withdrawal from the Pension Fund along with a valuation loss on the marketable securities.

In line with our fundamental philosophy to ensue a steady return to our shareholders, we have decided to reward ¥50 per share for full-year cash dividend (interim dividend of ¥25 per share and year-end dividend of ¥25 per share), the same amount per share as the previous year, achieving a payout ratio of 46.1%.

I would appreciate your continued support and encouragement 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 2008, net sales of Optical Component business decreased by ¥10,042 million mainly due to the appreciation of the yen against the US dollar compared with the previous year along with a sharp decline in sales price and market demand, although net sales of Photographic business increased by ¥3,592 million. As a result, net sales decreased 8.3% to ¥62,537 million, a decrease of ¥5,666 million compared with the previous year.

Operating income decreased 29.5% to ¥6,198 million and ordinary income decreased 24.2% to ¥5,842 million, a decrease of ¥2,590 million and ¥1,869 million compared with the previous year respectively.

Income before income tax also decreased 43.2% to ¥4,337 million accounted for the reserve for a special loss on the withdrawal from the Pension Fund along with a valuation loss on the marketable securities. As a result, net income recorded a year-on year decrease of 36.5% to ¥3,029 million.

Cash Flow

Cash and cash equivalents at the end of fiscal year 2008 totaled ¥10,752 million, a year-on-year decrease of ¥2,768 million.

Net cash from operating activities amounted to ¥6,947 million, a year-on-year increase of 3.7%, mainly associated with net income before income tax totaling ¥4,337 million, depreciation and amortization totaling ¥4,100 million, increase in inventory totaling ¥1,611 million and income tax payment totaling ¥2,165 million.

Net cash used in investing activities totaled ¥5,773 million, a year-on-year increase of 31.5% mainly due to the acquisition of tangible fixed assets amounted to ¥4,600 million.

Net cash outflow from financing activities totaled ¥3,100 million, a year-on-year increase of 41.4%, mainly due to the purchase of treasury stock totaling ¥1,500 million and the disbursement of dividends of ¥1,693 million.

Capital Expenditure

Total capital expenditure amounted to ¥4,772 million mainly due to the acquisition of machining equipment to enhance in-house production of key parts and components in TAMRON OPTICAL (FOSHAN) CO., LTD in China as well as an increase in the production of injection molds to support new product development.

Capital expenditure for Photographic Products business totaled ¥2,064 million, reflecting major investment in injection molds production for new product of interchangeable lenses for digital SLR cameras.

Capital expenditure for Optical Components business totaled ¥1,980 million, reflecting major investment in production equipment for digital still camera lenses and lens processing.

Capital expenditure for Commercial/Industrial-use Optics business totaled ¥659 million reflecting mainly investment in injection molds to support new product development for CCTV camera lenses in line with the expansion of security and surveillance market.

There is no sale or retirement of assets of great importance in fiscal year 2008.

Research and Development

Tamron conducts research for core technologies through its Optical Design & Engineering R&D Unit, Core Technology & Engineering R&D Unit and Integrated Core Technology R&D Unit and for product development through Design & Engineering Department of respective business units.

In fiscal year 2008 total R&D expenses amounted to ¥3,222 million, resulting from development of new interchangeable lenses for digital SLR cameras, new lenses for digital still cameras and camcorders, CCTV camera lenses for mega-pixel camera applications as well as development of ultra compact zoom lens for mobile phone camera and lenses for automotive vision system aiming at future expansion of business.

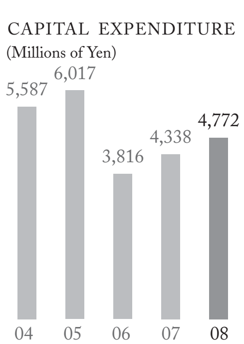
As for Photographic Products business, we launched three new interchangeable lenses for digital SLR cameras, which were new high-speed zoom lens 70-200mm F/2.8 Di (Model A001), world's first 15X all-in-one zoom lens with built-in Vibration Compensation AF18-270mm F/3.5-6.3 Di II VC and new ultra-wide-angle zoom lens SP AF 10-24mm F/3.5-4.5 Di II. As a result, R&D expenses for Photographic Products business totaled ¥1,270 million.

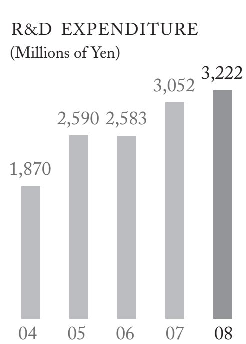
R&D expenses for Optical Component business totaled ¥1,463 million, mainly used for the development of high power zoom lenses for digital still cameras with high mega-pixel imager, lenses for high-definition camcorders and ultra-compact 3X optical zoom lens for mobile phone camera with 8MP imager.

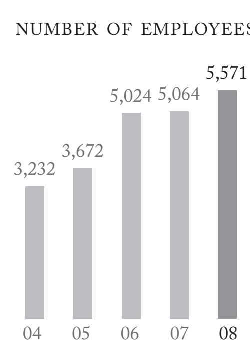
In Commercial/industrial-use Optics business, we launched vari-focal lenses for high mega-pixel CCTV camera application and mini-dome camera with built-in high magnification zoom lens, also promoted development of lenses for automotive vision system application. As a result, R&D expenses for Commercial/industrial-use Optics business amounted to ¥488 million.

Number of Employees

The number of employees on a consolidated basis was 5,571 as of December 31, 2008 an increase of 507 from the end of the previous year. On non-consolidated basis, the number of employees was 1,001, an increase of 86 from the end of the previous year.



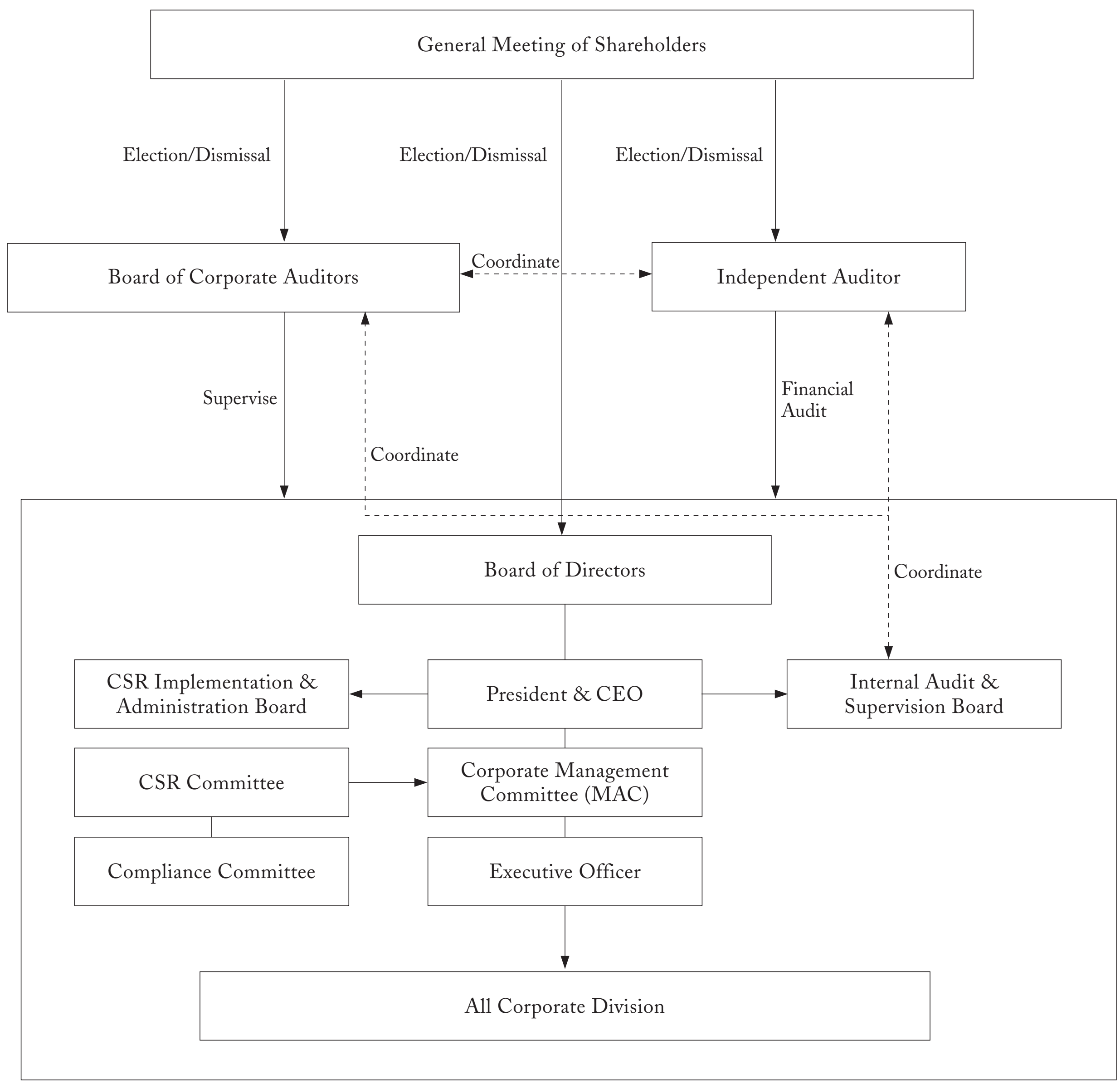




Corporate Governance

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, 2008)



Long-Term Management Goals

1. Enhancing corporate governance based on CSR management system coupled with internal control and risk management.
2. Implementing management streamline with speedy response and actions with process innovation across the company.
3. Strengthening company-wide resource investment focused on boosting sales of Tamron-brand interchangeable lenses for DSLR.
4. Strengthening quality assurance system, further improving product quality and reliability.
5. Achieving further reduction in cost by means of enhancing in-house production ratio of critical parts and components while deploying strategic logistics.
6. Expansion in mobile phone camera lens, and automotive vision system segments, and development of new business potentials.
7. Enhancement in R & D activities in core technology development revolving around optics and taking proactive stance in IP strategy.

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 27, 2009.

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 40.0% 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), 27.9% (FY2008) 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 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.

Regarding the ground contamination found during the voluntary investigation conducted December 2005 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. 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.

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 IMPACT OF WITHDRAWAL FROM SOCIAL WELFARE PENSION FUND OF SAITAMA MACHINE INDUSTRY

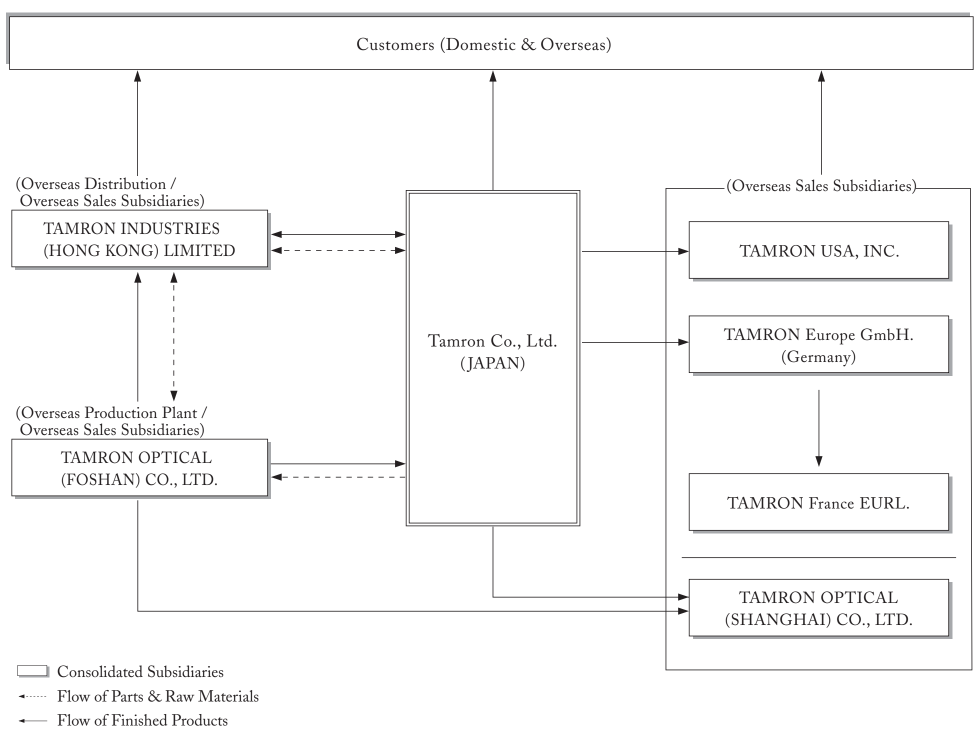
The Company having participated in the multiemployer pension plan managed by Social Welfare Pension Fund of Saitama Machine Industry, informed the Fund of its withdrawal from the plan by the end of March, 2009 and provided for the payment of special contributions in conjunction with the withdrawal amounted to ¥1,149 million as an extraordinary loss for fiscal year 2008. However, the withdrawal is subject to the approval of Representative Board of the Fund and the Ministry of Health, Labour and Welfare. In addition, the aforementioned special contributions may be raised depending on the circumstances. In such cases the Company's result may be affected.

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 2008	Thousands of Yen 2007	Thousands of U.S. Dollars 2008
ASSETS			
Current assets:			
Cash and cash equivalents	**¥10,752,065**	¥13,520,940	**$118,154**
Notes and accounts receivable-trade	**9,499,434**	11,353,082	**104,389**
Inventories	**7,959,494**	7,065,004	**87,466**
Deferred tax assets	**830,972**	314,517	**9,131**
Other current assets	**1,093,531**	750,259	**12,016**
Reserve for doubtful accounts	**(71,949)**	(78,611)	**(790)**
Total current assets	**30,063,549**	32,925,193	**330,368**
Fixed assets:			
Tangible fixed assets			
Buildings and structures	**4,227,128**	4,709,603	**46,451**
Machinery, equipment and vehicles	**6,365,041**	6,126,219	**69,945**
Tools, furniture and fixtures	**2,562,490**	2,218,078	**28,159**
Land	**754,947**	801,659	**8,296**
Other	**432,503**	728,458	**4,752**
Total tangible fixed assets	**14,342,112**	14,584,019	**157,605**
Intangible fixed assets	**1,687,809**	1,922,814	**18,547**
Investments and other assets			
Investment securities	**1,066,642**	853,662	**11,721**
Deferred tax assets	**640,190**	566,164	**7,035**
Other	**1,383,277**	1,308,802	**15,200**
Reserve for doubtful accounts	**(7,110)**	(9,362)	**(78)**
Total investments and other assets	**3,083,000**	2,719,266	**33,879**
Total fixed assets	**19,112,922**	19,226,100	**210,032**
Total assets	**¥49,176,471**	¥52,151,293	**$540,400**

The accompanying notes are an integral part of these statements.

December 31	Thousands of Yen 2008	Thousands of Yen 2007	Thousands of U.S. Dollars 2008
LIABILITIES AND NET ASSETS			
Current liabilities:			
Notes and accounts payable-trade	**¥ 3,694,320**	¥ 4,627,409	**$ 40,596**
Short-term loans payable	**4,781,966**	4,850,172	**52,549**
Income taxes payable	**708,100**	1,096,856	**7,781**
Accrued directors' bonuses	**69,000**	71,000	**758**
Reserve for loss on withdrawal from Pension Fund	**1,149,664**	—	**12,633**
Other current liabilities	**2,966,113**	3,413,373	**32,594**
Total current liabilities	**13,369,164**	14,058,812	**146,913**
Long-term liabilities:			
Long-term loans payable	**1,274,848**	1,461,220	**14,009**
Reserve for employees' retirement benefits	**1,134,728**	1,104,502	**12,469**
Reserve for directors' retirement benefits	**—**	251,271	**—**
Other long-term liabilities	**270,819**	14,100	**2,976**
Total long-term liabilities	**2,680,395**	2,831,093	**29,454**
Total liabilities	**16,049,560**	16,889,905	**176,368**
NET ASSETS			
Shareholders' equity:			
Common stock	**6,923,075**	6,923,075	**76,077**
Capital surplus	**7,440,327**	7,440,327	**81,761**
Retained earnings	**21,790,201**	20,453,466	**239,452**
Treasury stock, at cost	**(1,521,227)**	(21,042)	**(16,716)**
Total shareholders' equity	**34,632,377**	34,795,826	**380,575**
Unrealized gains and adjustments:			
Net unrealized gains (loss) on investment securities	**(9,455)**	117,563	**(103)**
Foreign currency translation adjustments	**(1,496,010)**	347,997	**(16,439)**
Total unrealized gains and adjustments	**(1,505,465)**	465,560	**(16,543)**
Total net assets	**33,126,911**	35,261,387	**364,031**
Total liabilities and net assets	**¥49,176,471**	¥52,151,293	**$540,400**

CONSOLIDATED STATEMENTS OF INCOME

Tamron Co., Ltd. and Consolidated Subsidiaries

	Thousands of Yen		Thousands of U.S. Dollars
Years ended December 31	**2008**	2007	**2008**
Net sales	**¥62,537,972**	¥68,204,841	**$687,230**
Cost of sales	**43,676,836**	47,353,316	**479,965**
Gross profit	**18,861,136**	20,851,524	**207,265**
Selling, general and administrative expenses:			
Advertising expenses	**1,038,066**	1,041,905	**11,407**
Sales promotion expenses	**434,881**	440,466	**4,778**
Provision for doubtful accounts	**11,114**	10,775	**122**
Employees' salaries, wages and bonuses	**2,878,826**	2,708,803	**31,635**
Provision for directors' bonuses	**69,000**	71,000	**758**
Employees' retirement benefit expenses	**110,747**	115,927	**1,217**
Provision for directors' retirement benefits	**—**	56,537	**—**
Research and development expenses	**3,135,621**	2,990,032	**34,457**
Other expenses	**4,984,464**	4,627,116	**54,774**
Total selling, general and administrative expenses	**12,662,722**	12,062,564	**139,150**
Operating income	**6,198,413**	8,788,960	**68,114**
Non-operating income:			
Interest and dividend income	**79,561**	83,558	**874**
Gain on sales of investment securities	**14**	31,702	**0**
Insurance income	**34,525**	—	**379**
Other	**146,160**	198,797	**1,606**
Total non-operating income	**260,261**	314,058	**2,860**
Non-operating expenses:			
Interest expenses	**161,098**	246,512	**1,770**
Loss on foreign exchange	**137,885**	87,780	**1,515**
Loss on disposal of inventories	**226,384**	753,746	**2,487**
Loss on disposal of fixed assets	**38,312**	232,755	**421**
Other	**52,855**	70,140	**580**
Total non-operating expense	**616,536**	1,390,934	**6,775**
Ordinary income	**5,842,137**	7,712,084	**64,199**
Extraordinary income:			
Reversal of reserve for doubtful accounts	**—**	3,793	**—**
Total extraordinary income	**—**	3,793	**—**
Extraordinary loss:			
License fee for prior periods	**—**	73,160	**—**
Reserve for loss on withdrawal from Pension Fund	**1,149,664**	—	**12,633**
Loss on valuation of investment securities	**354,819**	—	**3,899**
Total extraordinary loss	**1,504,483**	73,160	**16,532**
Income before income taxes	**4,337,653**	7,642,718	**47,666**
Income taxes	**1,833,548**	2,342,728	**20,148**
Additional income taxes for prior periods	**—**	713,790	**—**
Tax refund	**—**	(64,995)	**—**
Income tax—deferred	**(525,155)**	(121,362)	**(5,770)**
Net income	**¥3,029,260**	¥4,772,557	**$33,288**
Net income per share (in yen and U.S. dollars)	**¥ 108.41**	¥ 169.19	**$ 1.19**

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

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, 2007	¥6,923,075	¥7,440,327	¥20,453,466	¥ (21,042)	¥34,795,826
Changes in term					
Dividends from surplus			(1,692,525)		(1,692,525)
Net income			3,029,260		3,029,260
Purchase of treasury stock				(1,500,185)	(1,500,185)
Total change in term	—	—	1,336,735	(1,500,185)	(163,449)
Balance of December 31, 2008	**¥6,923,075**	**¥7,440,327**	**¥21,790,201**	**¥(1,521,227)**	**¥34,632,377**

	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, 2007	¥117,563	¥ 347,997	¥ 465,560	¥35,261,387
Changes in term				
Dividends from surplus				(1,692,525)
Net income				3,029,260
Purchase of treasury stock				(1,500,185)
Net change of items other than stockholders' equity	(127,019)	(1,844,007)	(1,971,026)	(1,971,026)
Total change in term	(127,019)	(1,844,007)	(1,971,026)	(2,134,476)
Balance of December 31, 2008	**¥ (9,455)**	**¥(1,496,010)**	**¥(1,505,465)**	**¥33,126,911**

The accompanying notes are an integral part of these statements.

Tamron Co., Ltd. and Consolidated Subsidiaries

	Thousands of Yen		Thousands of U.S. Dollars
Years ended December 31	2008	2007	2008
Cash flows from operating activities:			
Income before income taxes	¥ 4,337,653	¥ 7,642,718	$ 47,666
Depreciation and amortization	4,100,322	3,106,615	45,058
Increase in reserve for directors' bonuses	(2,000)	19,400	(21)
Increase in reserve for loss on withdrawal from Pension Fund	1,149,664	—	12,633
Increase in reserve for employees' retirement benefits	30,226	91,497	332
Interest and dividend income	(93,020)	(88,350)	(1,022)
Interest expense	161,098	246,512	1,770
Loss on disposal of fixed assets	38,312	232,755	421
Gain on sale of investment securities	(14)	(31,702)	—
Loss on valuation of investment securities	354,819	—	3,899
Increase in trade receivables	1,124,436	(362,515)	12,356
Decrease in inventories	(1,611,123)	38,655	(17,704)
Increase (decrease) in trade payables	(319,769)	(846,082)	(3,513)
Other—net	(81,966)	(115,735)	(900)
Sub total	9,188,640	9,933,767	100,974
Interest and dividend received	92,820	88,350	1,020
Interest paid	(167,866)	(246,007)	(1,844)
Income taxes paid	(2,165,954)	(3,143,682)	(23,801)
Income taxes refunded	—	64,995	—
Net cash provided by operating activities	6,947,620	6,697,424	76,347
Cash flows from investing activities:			
Purchases of tangible fixed assets	(4,600,303)	(3,915,102)	(50,552)
Purchase of intangible fixed assets	(350,941)	(205,369)	(3,856)
Purchase of investment securities	(780,942)	(502,562)	(8,581)
Proceeds from sale of investment securities	37	230,692	—
Increase in loans receivable	(7,700)	(16,565)	(84)
Proceeds from collection of loans receivable	19,160	7,994	210
Other—net	(52,329)	11,373	(575)
Net cash used for investing activities	(5,773,020)	(4,389,540)	(63,439)
Cash flows from financing activities:			
Net increase in short-term loans	388,687	719,254	4,271
Proceeds from long term-loans	1,200,000	150,000	13,186
Repayment of long-term loans	(1,494,802)	(1,933,417)	(16,426)
Purchases of treasury stock	(1,500,185)	(579)	(16,485)
Dividends paid	(1,693,166)	(1,128,634)	(18,606)
Other—net	(1,111)	—	(12)
Net cash used for financing activities	(3,100,578)	(2,193,376)	(34,072)
Effect of exchange rate changes on cash and cash equivalents	(842,896)	(2,909)	(9,262)
Net increase in cash and cash equivalents	(2,768,875)	111,598	(30,427)
Cash and cash equivalents at the beginning of the year	13,520,940	13,409,342	148,581
Cash and cash equivalents at the end of the year	¥10,752,065	¥13,520,940	$118,154

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, 2008, ¥91 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. Tangible assets

The Company: depreciation of depreciable assets other than buildings (excluding facilities attached) 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.

(Additional Information)
Following the revised corporation tax law regarding to tangible fixed assets acquired on or before March 31, 2007, the difference between the residual value of 5% and memorandum value which is ordinary 1 Yen, is amortized using a straight line method over five years starting from the next fiscal year following fiscal year in which book value of each asset equals to the 5% residual value. Impact of the change was not material for the year ended December 31, 2008.

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 provided 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

(Additional Information)

Until fiscal year 2007, the Company had accrued for the retirement benefits for directors and corporate auditors, an amount deemed necessary at the term-end, in line with in-house regulations. However, at the general shareholders' meeting held on March 28, 2008, the abolishment of such retirement plan was resolved. Accordingly the Company reclassified the outstanding balance of "Reserve for Directors' Retirement Benefit" at the end of the previous fiscal year as "Other" in long-term liabilities for fiscal year 2008.

e. Reserve for loss on withdrawal from Pension Fund

The Company provided for the projected amount of special contributions to be expended as a special loss in conjunction with the withdrawal from Pension Fund, which described bellow.

(Additional Information)

At the Board of Directors' meeting held on December 25, 2008, the Company had resolved to withdraw from Social Welfare Pension Fund of Saitama Machine Industry, and provided for the projected amount of special contributions in conjunction with the withdrawal.

As a result, income before income taxes decreased by ¥1,149,664 thousand.

(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.

NOTES TO CONSOLIDATED BALANCE SHEETS

1. Assets pledged as collateral as of December 31, 2008

(1) Property, plant and equipment

	Thousands of Yen
Buildings and structures	¥ 862,112
Machinery, equipment and vehicles	1,677,986
Tools, furniture and fixtures	207,780
Land	96,179
Other	11,049
Total	¥2,855,108

(2) Other

	Thousands of Yen
Buildings and structures	¥1,497,288
Land	96,043
Total	¥1,593,332

(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)	1,785,216
Total	¥2,785,216

2. Accounting for notes matured at end of fiscal year

The end of 2008 fiscal year coincided with a bank holiday, and the following notes that matured at the end of fiscal year were accounted for as if they were settled on their date of maturity.

Notes receivable ¥13,491 thousand

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

1. Research and development expenses included in selling, general and administrative expenses and manufacturing costs totaled ¥3,222,195 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, 2008, is as follows:

Cash and cash equivalents on the statement of cash flows	¥10,752,065 thousand
Cash on hand and in banks at the end of the year	¥10,752,065 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, 2008

Thousands of Yen

	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥620,725	¥470,725	¥149,999
Tools, furniture and fixtures	96,135	62,821	33,314
Software	77,783	43,231	34,552
Total	¥794,644	¥576,778	¥217,866

2. Obligation under finance leases as of December 31, 2008

	Thousands of Yen
Due within one year	¥106,415
Due after one year	124,615
Total	¥231,030

3. Lease expenses, depreciation and interest expenses for the year ended December 31, 2008

	Thousands of Yen
Lease expenses	¥163,490
Depreciation cost equivalent	148,294
Interest expenses equivalent	9,457

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 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.

Fiscal period 2008				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	17,444,268	1,237,334
Sony Digital Products (Wuxi) Co., Ltd.	485,584 thousand RMB	Sale of DSC lenses	8,875,963	1,248,435

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, 2007			**As of December 31, 2008**		
		Acquisition costs	Carrying amount	Difference	Acquisition costs	Carrying amount	Difference
Securities whose carrying amounts on consolidated balance sheets exceed their acquisition costs	(1) Stocks	¥611,453	¥809,872	¥198,419	**¥ 108,867**	**¥ 175,617**	**¥ 66,749**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Total	611,453	809,872	198,419	**108,867**	**175,617**	**66,749**
Securities whose carrying amounts on consolidated balance sheets does not exceed their acquisition costs	(1) Stocks	44,244	43,079	(1,164)	**672,930**	**597,994**	**(74,935)**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	—	—	—	**300,000**	**292,320**	**(7,680)**
	Total	44,244	43,079	(1,164)	**972,930**	**890,314**	**(82,615)**
Total		¥655,697	¥852,951	¥197,254	**¥1,081,797**	**¥1,065,931**	**¥(15,865)**

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. Based on the above policy, in fiscal year 2008, the Company made write-down of ¥354,819 thousand on investment securities.

2. Other Securities sold

Fiscal period 2007	Thousands of Yen
Amount of other securities sold	¥230,692
Gains	31,702
Losses	—

Fiscal period 2008

Disclosure is omitted as there were no significant gains/losses on sale of other securities.

3. Without quoted market value

Thousands of Yen

	As of December 31, 2007	**As of December 31, 2008**
	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, 2008

1. Retirement and pension plans

The Company has defined benefit pension plans comprising a welfare pension fund plan, a qualified pension plan and a lump-sum retirement pension plan. The Company may pay additional benefit when employees retire.

Some overseas consolidated subsidiaries adopt defined-contribution pension plans.

In addition, the Company recognizes required contributions to a multi-employer pension plan as retirement benefit expenses. Details are as follows.

(1) Financial status of the multi-employer pension plan in which the Company participated

	Thousands of Yen
Asset	¥74,388,811
Actuarial valuation of benefit obligation	¥91,420,959
Difference	(¥17,032,147)

(2) The Company's current share of the contribution in the plan

Based on the contribution of March 2009 6.29%

(3) Supplementary information

The aforementioned difference resulted mainly from the actuarial balance of the past service liabilities of ¥15,415,299 thousand. The plan adopted a level payment method over 20 years for the amortization of past service liabilities. The Company, however, expensed ¥91,595 thousand for special contribution related to the past service obligation in the current consolidated financial statements. The share stated in the above (2) does not correspond to the actual obligation share of the Company in the plan.

2. Retirement benefit obligation

	Thousands of Yen
(1) Retirement benefit obligations	¥(2,073,678)
(2) Plan assets at fair value	686,272
(3) Unfunded retirement benefit obligations (1)+(2)	(1,387,406)
(4) Unrecognized actuarial loss	330,373
(5) Net balance sheet amount (3)+(4)	(1,057,032)
(6) Prepaid pension expense	77,696
(7) Accrued retirement benefits (5)-(6)	¥(1,134,728)

3. Retirement benefit expenses for fiscal year 2008

	Thousands of Yen
(1) Service expenses	¥374,737
(2) Interest expenses	39,350
(3) Expected return on plan assets	(15,861)
(4) Amortization of net actuarial difference	(32,194)
(5) Retirement benefit expenses (1) + (2) + (3) + (4)	¥366,032

Note: A contribution amount of ¥247,813 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

(Additional Information)

The Company adopted the Accounting Standard - ASBJ Statement No. 14 Partial Amendments to Accounting Standard for Retirement Benefits (Part2).starting from this fiscal year 2008.

VI. NOTES TO ACCOUNTING FOR DEFERRED INCOME TAX

(1) Breakdown of the major components for deferred tax assets and liabilities as of December 31, 2008

Deferred Tax Assets

	Thousands of Yen
Accrued enterprise tax	¥ 62,207
Reserve for doubtful accounts	18,062
Unrealized intercompany profits	214,112
Reserve for employees' retirement benefits	463,838
Reserve for loss on withdrawal from Pension Fund	464,464
Subsidiaries' net operating tax loss carryforwards	26,905
Long-term accounts payable	101,581
Loss on devaluation of inventories	41,496
Depreciation and amortization	66,072
Unrealized loss on investment securities	33,376
Other	88,890
Subtotal	1,581,009
Valuation allowance assets	(26,905)
Total of deferred tax assets	¥1,554,103

Deferred Tax Liabilities

	Thousands of Yen
Reserve for deduction entries	¥ (55,973)
Unrealized gain on investments in securities	(26,966)
Total of deferred tax liabilities	(82,940)
Net deferred tax assets	¥1,471,163

(2) Reconciliation of the statutory tax rate and the effective tax rate

Statutory tax rate	40.4%
(Adjustments)	
Permanent non-deductible expenses (entertainment expenses)	0.7
Non-deductible donations	0.4
Per capita tax	0.4
Directors' bonuses	0.6
Tax deductions	(12.8)
Difference in tax rates applicable to overseas subsidiaries	(14.6)
Elimination of dividend income	15.7
Taxable revenues of certain foreign subsidiaries	(1.2)
Other	0.6
Effective tax rate	30.2%

VII. NOTES TO SEGMENT INFORMATION

Business segment information

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

Thousands of Yen

	2008					
	Photographic products	Optical components	Commercial/ industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to outside customers	**¥28,938,045**	**¥25,014,188**	**¥8,585,739**	**¥62,537,972**	**—**	**¥62,537,972**
Intersegment sales or transfer	**—**	**—**	**—**	**—**	**—**	**—**
Total	**28,938,045**	**25,014,188**	**8,585,739**	**62,537,972**	**—**	**62,537,972**
Operating expenses	**25,437,241**	**21,507,571**	**7,241,603**	**54,186,416**	**2,153,142**	**56,339,559**
Operating income	**¥ 3,500,803**	**¥ 3,506,617**	**¥1,344,135**	**¥ 8,351,555**	**¥(2,153,142)**	**¥ 6,198,413**
Assets	**¥21,040,153**	**¥11,407,163**	**¥6,046,199**	**¥38,493,516**	**¥10,682,954**	**¥49,176,471**
Depreciation expenses	**1,937,033**	**1,469,319**	**649,342**	**4,055,696**	**44,625**	**4,100,322**
Capital expenditures	**2,064,894**	**1,980,768**	**659,087**	**4,704,751**	**67,511**	**4,772,262**

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 ¥1,839,017 thousand for fiscal year ended December 31, 2007. 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 ¥2,153,142 thousand for fiscal year ended December 31, 2008. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
3. 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. As of December 31, 2008, total assets included in "Eliminations and/or corporate" of ¥10,682,954 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 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

	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

Thousands of Yen

	2008						
	Japan	North America	Europe	Asia	Total	Eliminations and/or corporate	Consolidated
Net sales:							
Sales to outside customers	**¥47,896,732**	**¥4,784,994**	**¥7,399,399**	**¥ 2,456,846**	**¥ 62,537,972**	**—**	**¥62,537,972**
Intersegment sales or transfer	**10,517,635**	**—**	**140**	**29,188,411**	**39,706,186**	**(39,706,186)**	**—**
Total	**58,414,367**	**4,784,994**	**7,399,540**	**31,645,257**	**102,244,159**	**(39,706,186)**	**62,537,972**
Operating expenses	**53,223,128**	**4,533,916**	**6,569,057**	**29,389,919**	**93,716,022**	**(37,376,462)**	**56,339,559**
Operating income	**¥ 5,191,238**	**¥ 251,077**	**¥ 830,482**	**¥ 2,255,377**	**¥ 8,528,137**	**¥ (2,329,724)**	**¥ 6,198,413**
Assets	**¥25,177,386**	**¥2,347,242**	**¥3,247,497**	**¥11,613,911**	**¥ 42,386,038**	**¥ 6,790,433**	**¥49,176,471**

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 ¥1,839,017 thousand for fiscal year ended December 31, 2007. 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 ¥2,153,142 thousand for fiscal year ended December 31, 2008. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
4. 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. As of December 31, 2008, total assets included in "Eliminations and/or corporate" of ¥10,682,954 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 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

	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

Thousands of Yen

	2008			
	North America	Europe	Asia	Total
I Overseas sales	¥5,246,528	¥8,580,864	¥22,903,418	¥36,730,811
II Consolidated sales				62,537,972
III Percentage of consolidated sales (%)	8.4	13.7	36.6	58.7

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, 2008:

Net assets per share	1,206.77 Yen
Net income per share	108.41 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.

	2007	2008
Net income (Thousands of Yen)	¥ 4,772,557	**¥ 3,029,260**
Amount not belong to ordinary shareholders (Thousands of Yen)	—	—
Net income for ordinary shares (Thousands of Yen)	4,772,557	**3,029,260**
Average number of shares outstanding during the term (Shares)	28,208,891	**27,942,758**

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, 2008, 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, 2008, and the result of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in Japan.

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 23, 2009

Wako Audit Corporation

Wako Audit Corporation

MANAGEMENT

(As of March 27, 2009)

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

Director
Tadahiro Shimura

CORPORATE AUDITORS (Note)

Standing Corporate Auditor
Kiyoshi Okawa

Standing Corporate Auditor
Yukio Masuko

Corporate Auditor
Norio Tomiyoshi

Corporate Auditor
Yasuhiko Nishimoto

EXECUTIVE OFFICERS

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
Masayuki Abo

Senior Executive Officer
Shiro Ajisaka

Senior Executive Officer
Shogo Sakuraba

Senior Executive Officer
Yoshiyuki Shirai

Executive Officer
Hiroshi Kawanabe

Executive Officer
Kunio Wada

Executive Officer
Yasuki Kitazume

Executive Officer
Satoshi Hasegawa

Executive Officer
Miharu Takeuchi

Executive Officer
Kaoru Nagano

Executive Officer
Michiko Chiyoda

Executive Officer
Masaki Kudoh

Note: 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."

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:
5,571 (Consolidated) (As of December 31, 2008)

Principal Shareholders (As of December 31, 2008)

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
Kouyu Kosan Co., Ltd.	1,529	5.41
State Street Bank and Trust Comapny	1,361	4.82
Saitama Resona Bank Limited	1,122	3.97
The Chase Manhattan Bank N.A., London	1,079	3.82
Japan Trustee Services Bank, Ltd. (trust account 4G)	936	3.31
Japan Trustee Services Bank, Ltd. (trust account)	797	2.82
The Master Trust Bank of Japan, Ltd. (trust account)	509	1.80
Tamron Business Partner Stock Holding Plan	434	1.53

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.

Tamron Co., Ltd. owns 784 thousand (2.77%) shares of treasury stock (excluded from the table above).

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

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