TAMRON

New eyes for industry

Annual Report 2009

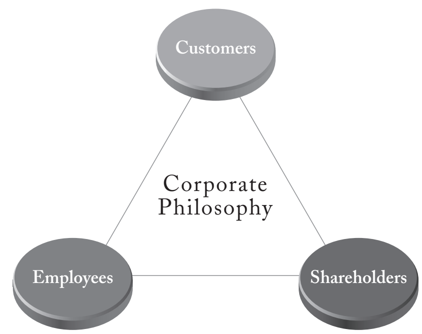
Mission

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 2009 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

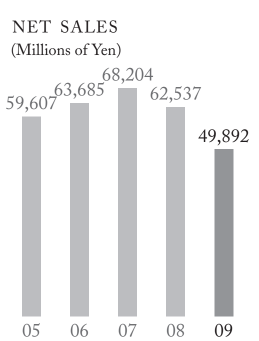
Years ended December 31	2009	2008	2007	2006	2005	2009
	Millions of Yen					Thousands of U.S. Dollars (Note 1)
For the Year:						
Net sales	¥ 49,892	¥ 62,537	¥ 68,204	¥ 63,685	¥ 59,607	$541,899
Operating income	2,295	6,198	8,788	6,625	4,803	24,928
Income before income taxes	1,112	4,337	7,642	5,610	4,431	12,083
Net income	642	3,029	4,772	4,028	3,343	6,978
At Year-End:						
Total assets	¥ 47,391	¥ 49,176	¥ 52,151	¥ 49,528	¥ 44,081	$514,738
Net assets	32,929	33,126	35,261	31,525	28,341	357,655
Number of employees	5,472	5,571	5,064	5,024	3,672	—
	Yen					U.S. Dollars (Note 1)
Per Share Data:						
Net income	¥ 23.41	¥ 108.41	¥ 169.19	¥ 142.82	¥ 117.48	$ 0.25
Shareholders' equity	1,199.58	1,206.77	1,250.02	1,117.59	1,003.63	13.03
Cash dividends	40.00	50.00	50.00	40.00	45.00	0.43

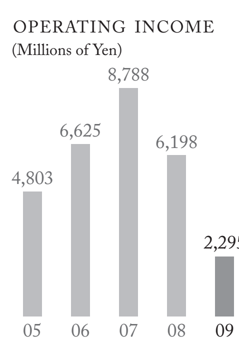
Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥92.07=U.S.$1.

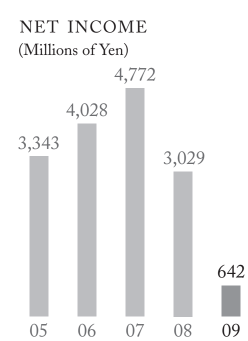
2. Net income per share is computed based on the weighted-average number of shares of common stock outstanding during each year.

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.







It is my pleasure to present a report on our business and financial performance for the fiscal year ended December 31, 2009.

During the term under review, the global economy was gradually pulling out of the wide-spread recessions triggered by the financial crisis, posting negative growths in most countries around the world.

Japanese economy remained sluggish with capital investment and employment situation remained at a low level and consumer confidence continued to be stagnant. In addition Yen appreciated over US Dollar and Euro compared with the previous year.

Under those negative circumstances, the performance of Tamron and group companies improved gradually after bottoming out in the 1st quarter and saw a sharp upturn in the 4th quarter attributable to substantial growth in Photographic business segment. Annual sales, however, declined 20.2% year-on-year to ¥49,892 million due to notable decline in mid to high-end digital still camera segments coupled with the said Yen appreciation over other currencies during the year. As for the profits, despite our efforts to reduce production costs and general and administrative expenses, decrease in gross profits caused by the decreased sales revenues resulted in an operating income of ¥2,295 million and an ordinary income of ¥2,263 million, a decrease of 63.0% and 61.3% year-on-year respectively. Net income after tax stood at ¥642 million, a decrease of 78.8% year-on-year due to the extraordinary loss of ¥1,130 million attributable to the withdrawal from the Pension Fund.

In line with our fundamental management policy to ensue a steady return to our shareholders, we maintained year-end dividend of ¥25 per share keeping annualized ¥40 per share of the preceding year. At a result, a dividend pay out ratio reached 170.9%.

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 2009, net sales decreased 20.2% to 49,892 million, a year-on-year decline of ¥12,645 million attributable mainly to the appreciation of the yen over the US dollar compared with the previous term and slump of mid to high-end digital still camera market.

Gross profit decreased 24.4% to ¥14,255 million, a year-on-year decline of ¥4,605 million mainly due to the drop in net sales.

Operating income decreased 63.0% to ¥2,295 million, a year-on-year decline of ¥3,903 million mainly due to the decrease in gross profit. Selling and general expenses decreased by ¥702 million.

Non-operating income decreased by ¥78 million to ¥182 million. Non-operating expenses decreased by ¥403 million to ¥213 million thanks to the decrease in loss on disposal of inventories and foreign exchange.

Income before income tax also decreased 74.4% to ¥1,112 million, a year-on-year decrease of ¥3,225 million due to the decrease in ordinary profit, although special loss decreased by ¥351 million. As a result, net income was down 78.8% to ¥642 million, a decrease of ¥2,386 million compared with the previous year.

Cash Flow

Cash and cash equivalents at the term end totaled ¥11,887 million, a year-on-year increase of ¥1,134 million, despite the special payment of ¥2,280 million attributable to the withdrawal from the Pension Fund.

Net cash provided by operating activities decreased 46.4% year-on-year to ¥3,727 million, consisted of net income before income tax totaling ¥1,112 million, depreciation and amortization totaling ¥3,963 million, a decrease in inventory totaling ¥970 million, and a decrease of ¥1,149 million for reserve for loss on withdrawal from pension fund, and income tax payment totaling ¥1,584 million.

Net cash used in investing activities decreased 68.3% year-on-year to ¥1,829 million, mainly due to the purchase of property, plant and equipment amounted to ¥1,715 million.

Net cash outflow from financing activities totaled ¥801 million, a year-on-year decrease of 74.1%, consisted of net increase in short-term loans payable totaling ¥630 million, proceeds from long-term loans payable totaling ¥1,000 million, repayment of long-term loans payable totaling ¥1,330, and the disbursement of dividends of ¥1,100 million.

Capital Expenditure

Consolidated capital expenditure amounted to ¥1,774 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 ¥1,115 million, reflecting major investment in injection molds for new interchangeable lenses for digital SLR cameras.

Capital expenditure for Optical Components business totaled ¥446 million, reflecting major investment in production equipment for digital still camera lenses and lens processing.

Capital expenditure for Commercial/Industrial-use Optics business totaled ¥191 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 great importance in fiscal year 2009.

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.

During the term under review total R&D expenses amounted to ¥2,753 million, resulting from development of new interchangeable lenses for digital SLR cameras, new lenses for digital still cameras and camcorders and CCTV camera lenses as well as development of lenses for automotive vision system aiming at future expansion of business.

As for Photographic Products business, we launched two new interchangeable lenses for digital SLR cameras, which were SP AF60mm F/2.0 Di II (Model G005) that offers a fast maximum aperture of F/2.0 and a new high-speed standard zoom lens SP AF17-50mm F/2.8 XR Di II VC (Model B005) featuring Tamron's proprietary tri-axial Vibration Compensation (VC) mechanism. As a result, R&D expenses for Photographic Products business totaled ¥1,272 million.

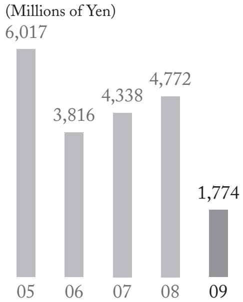
R&D expenses for Optical Component business totaled ¥1,046 million, mainly used for the development of high power zoom lenses for digital still cameras with high mega-pixel imager and lenses for high-definition camcorders.

In Commercial/industrial-use Optics business, we launched indoor-use mini-dome camera with a built-in high-quality vari-focal lens in line with the expansion of the integrated camera market, also promoted development of lenses for automotive vision system application. As a result, R&D expenses for Commercial/industrial-use Optics business amounted to ¥433 million.

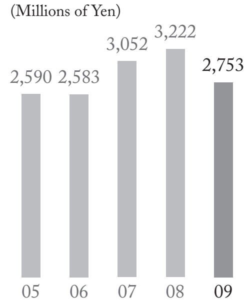
Number of Employees

The number of employees on a consolidated basis was 5,472 as of December 31, 2009 a decrease of 99 from the end of the previous year. On non-consolidated basis, the number of employees was 1,048, an increase of 47 from the end of the previous year.

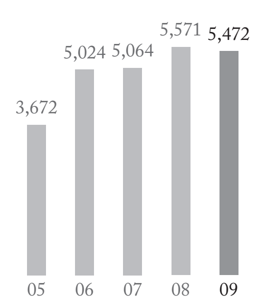
CAPITAL EXPENDITURE
(Millions of Yen)



R&D EXPENDITURE
(Millions of Yen)



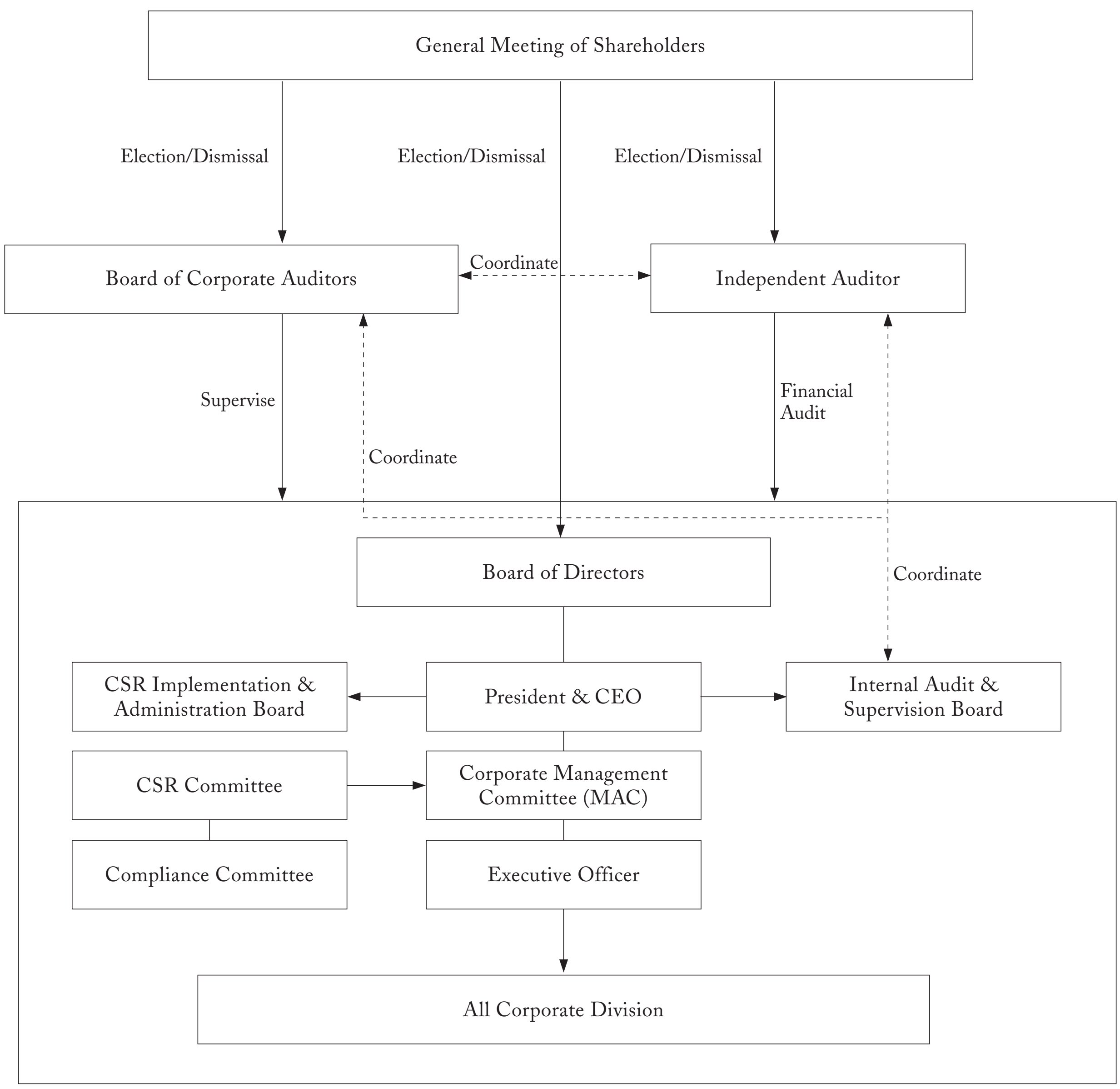
NUMBER OF EMPLOYEES



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, 2009)



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. Innovating product development process for further improvement in quality management 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. Solidifying foundations for new business segments revolving around mobile phone, automotive and far infrared security/surveillance cameras.
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 as of March 30, 2010.

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 26.0% 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), 16.5% (FY2009) 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

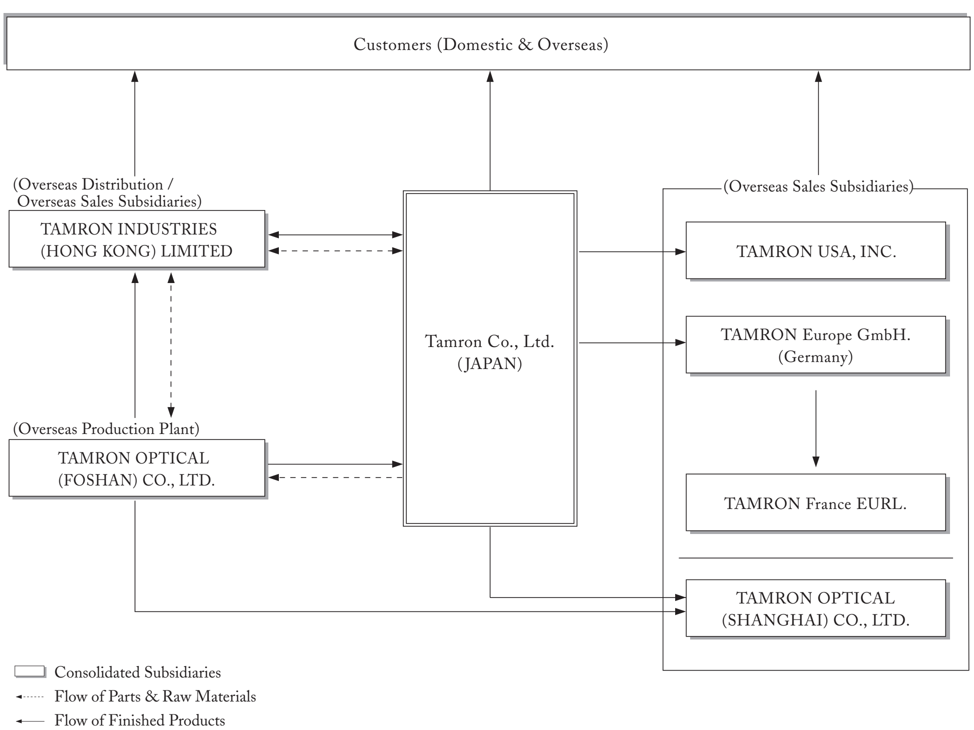
The Company is investing in new technology for further expansion of our business and we will continue to invest in R&D. However, some R&D projects may not progress as planned, or the Company's new technology may be eclipsed by some other technology introduced by our competitors in the market. In such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

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 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.



Tamron Co., Ltd. and Consolidated Subsidiaries

	Thousands of Yen		Thousands of U.S. Dollars
December 31	**2009**	2008	**2009**
ASSETS			
Current assets:			
Cash and deposits	**¥11,887,019**	¥10,752,065	**$129,108**
Notes and accounts receivable-trade	**9,566,922**	9,499,434	**103,909**
Inventories	**—**	7,959,494	**—**
Finished goods	**4,323,744**	—	**46,961**
Work in process	**1,248,922**	—	**13,564**
Raw materials and supplies	**1,479,295**	—	**16,067**
Deferred tax assets	**916,514**	830,972	**9,954**
Other current assets	**1,165,739**	1,093,531	**12,661**
Allowance for doubtful accounts	**(57,496)**	(71,949)	**(624)**
Total current assets	**30,530,662**	30,063,549	**331,602**
Fixed assets:			
Tangible fixed assets			
Buildings and structures	**4,061,964**	4,227,128	**44,118**
Machinery, equipment and vehicles	**5,324,832**	6,365,041	**57,834**
Tools, furniture and fixtures	**2,226,463**	2,562,490	**24,182**
Land	**775,852**	754,947	**8,426**
Other	**283,524**	432,503	**3,079**
Total tangible fixed assets	**12,672,637**	14,342,112	**137,641**
Intangible fixed assets	**1,156,808**	1,687,809	**12,564**
Investments and other assets			
Investment securities	**1,190,926**	1,066,642	**12,935**
Deferred tax assets	**701,044**	640,190	**7,614**
Other	**1,209,123**	1,383,277	**13,132**
Allowance for doubtful accounts	**(69,271)**	(7,110)	**(752)**
Total investments and other assets	**3,031,822**	3,083,000	**32,929**
Total fixed assets	**16,861,268**	19,112,922	**183,135**
Total assets	**¥47,391,931**	¥49,176,471	**$514,738**

The accompanying notes are an integral part of these statements.

December 31	Thousands of Yen 2009	2008	Thousands of U.S. Dollars 2009
LIABILITIES AND NET ASSETS			
Current liabilities:			
Accounts payable-trade	**¥ 3,736,609**	¥ 3,694,320	**$ 40,584**
Short-term loans payable	**5,315,065**	4,781,966	**57,728**
Income taxes payable	**103,370**	708,100	**1,122**
Provision for directors' bonuses	**10,300**	69,000	**111**
Provision for loss on withdrawal from Pension Fund	**—**	1,149,664	**—**
Other current liabilities	**2,738,806**	2,966,113	**29,746**
Total current liabilities	**11,904,151**	13,369,164	**129,294**
Long-term liabilities:			
Long-term loans payable	**1,081,580**	1,274,848	**11,747**
Reserve for retirement benefits	**1,203,497**	1,134,728	**13,071**
Other long-term liabilities	**273,347**	270,819	**2,968**
Total long-term liabilities	**2,558,425**	2,680,395	**27,787**
Total liabilities	**14,462,576**	16,049,560	**157,082**
NET ASSETS			
Shareholders' equity:			
Capital stock	**6,923,075**	6,923,075	**75,193**
Capital surplus	**7,440,327**	7,440,327	**80,811**
Retained earnings	**21,334,711**	21,790,201	**231,722**
Treasury stock	**(1,521,304)**	(1,521,227)	**(16,523)**
Total shareholders' equity	**34,176,809**	34,632,377	**371,204**
Valuation and translation adjustments:			
Valuation difference on available-for-sale securities	**77,121**	(9,455)	**837**
Foreign currency translation adjustments	**(1,324,576)**	(1,496,010)	**(14,386)**
Total valuation and translation adjustments	**(1,247,455)**	(1,505,465)	**(13,548)**
Total net assets	**32,929,354**	33,126,911	**357,655**
Total liabilities and net assets	**¥47,391,931**	¥49,176,471	**$514,738**

Tamron Co., Ltd. and Consolidated Subsidiaries

	Thousands of Yen		Thousands of U.S. Dollars
Years ended December 31	2009	2008	2009
Net sales	¥49,892,645	¥62,537,972	$541,899
Cost of sales	35,637,382	43,676,836	387,068
Gross profit	14,255,262	18,861,136	154,830
Selling, general and administrative expenses:			
Advertising expenses	764,998	1,038,066	8,308
Promotion expenses	596,426	434,881	6,477
Provision of allowance for doubtful accounts	57,993	11,114	629
Salaries and bonuses	2,971,627	2,878,826	32,275
Provision for directors' bonuses	10,300	69,000	111
Retirement benefit expenses	106,485	110,747	1,156
Technical research expenses	2,713,834	3,135,621	29,475
Other expenses	4,738,439	4,984,464	51,465
Total selling, general and administrative expenses	11,960,105	12,662,722	129,902
Operating income	2,295,157	6,198,413	24,928
Non-operating income:			
Interest income	29,037	79,561	315
Gain on sale of investment securities	—	14	—
Insurance income	—	34,525	—
Other	153,006	146,160	1,661
Total non-operating income	182,043	260,261	1,977
Non-operating expenses:			
Interest expenses	120,067	161,098	1,304
Foreign exchange losses	—	137,885	—
Loss on abandonment of inventories	—	226,384	—
Loss on retirement of fixed assets	13,783	38,312	149
Product compensation expenses	35,534	—	385
Other	44,066	52,855	478
Total non-operating expense	213,451	616,536	2,318
Ordinary income	2,263,749	5,842,137	24,587
Extraordinary income:			
Reversal of allowance for doubtful accounts	1,800	—	19
Total extraordinary income	1,800	—	19
Extraordinary loss:			
Provision of reserve for loss on withdrawal from Pension Fund	—	1,149,664	—
Loss on valuation of investment securities	22,223	354,819	241
Loss on withdrawal from Pension Fund	1,130,776	—	12,281
Total extraordinary loss	1,153,000	1,504,483	12,523
Income before income taxes	1,112,549	4,337,653	12,083
Income taxes—current	674,150	1,833,548	7,322
Income taxes—deferred	(204,145)	(525,155)	(2,217)
Net income	¥642,545	¥3,029,260	$6,978
Net income per share (in yen and U.S. dollars)	¥23.41	¥ 108.41	$0.25

The accompanying notes are an integral part of these statements.

	Thousands of Yen				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of December 31, 2008	¥6,923,075	¥7,440,327	¥21,790,201	¥(1,521,227)	¥34,632,377
Changes in term					
Dividends from surplus			(1,098,035)		(1,098,035)
Net income			642,545		642,545
Purchase of treasury stock				(77)	(77)
Net change of items other than stockholders' equity					
Total change in term	—	—	(455,490)	(77)	(455,567)
Balance of December 31, 2009	**¥6,923,075**	**¥7,440,327**	**¥21,334,711**	**¥(1,521,304)**	**¥34,176,809**

	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, 2008	¥ (9,455)	¥(1,496,010)	¥(1,505,465)	¥33,126,911
Changes in term				
Dividends from surplus				(1,098,035)
Net income				642,545
Purchase of treasury stock				(77)
Net change of items other than stockholders' equity	86,577	171,433	258,010	258,101
Total change in term	86,577	171,433	258,010	(197,556)
Balance of December 31, 2009	**¥ 77,121**	**¥(1,324,576)**	**¥(1,247,455)**	**¥32,929,354**

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	**2009**	2008	**2009**
Cash flows from operating activities:			
Income before income taxes	**¥1,112,549**	¥ 4,337,653	**$12,083**
Depreciation and amortization	**3,963,323**	4,100,322	**43,046**
Increase (decrease) in provision for directors' bonuses	**(58,700)**	(2,000)	**(637)**
Increase (decrease) in reserve for loss on withdrawal from Pension Fund	**(1,149,664)**	1,149,664	**(12,486)**
Increase (decrease) in provision for retirement benefits	**68,805**	30,226	**747**
Interest and dividend income	**(45,978)**	(93,020)	**(499)**
Interest expense	**120,067**	161,098	**1,304**
Loss on retirement of property, plant and equipment	**13,783**	38,312	**149**
Loss (gain) on sale of investment securities	**—**	(14)	**—**
Loss (gain) on valuation of investment securities	**22,223**	354,819	**241**
Decrease (increase) in notes and accounts receivable-trade	**(24,147)**	1,124,436	**(262)**
Decrease (increase) in inventories	**970,277**	(1,611,123)	**10,538**
Increase (decrease) in notes and accounts payable-trade	**7,388**	(319,769)	**80**
Other—net	**389,369**	(81,966)	**4,229**
Sub total	**5,389,296**	9,188,640	**58,534**
Interest and dividend received	**44,652**	92,820	**484**
Interest expenses paid	**(122,650)**	(167,886)	**(1,332)**
Income taxes paid	**(1,584,244)**	(2,165,954)	**(17,206)**
Net cash provided by (used in) operating activities	**3,727,055**	6,947,620	**40,480**
Cash flows from investing activities:			
Purchases of tangible fixed assets	**(1,715,380)**	(4,600,303)	**(18,631)**
Purchase of intangible fixed assets	**(131,788)**	(350,941)	**(1,431)**
Purchase of investment securities	**(301,243)**	(780,942)	**(3,271)**
Proceeds from sale of investment securities	**300,000**	37	**3,258**
Payments of loan receivable	**(20,608)**	(7,700)	**(223)**
Collection of loans receivable	**23,509**	19,160	**255**
Other—net	**16,218**	(52,329)	**176**
Net cash provided by (used in) investing activities	**(1,829,293)**	(5,773,020)	**(19,868)**
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	**630,101**	388,687	**6,843**
Proceeds from long term-loans payable	**1,000,000**	1,200,000	**10,861**
Repayment of long-term loans payable	**(1,330,327)**	(1,494,802)	**(14,449)**
Purchases of treasury stock	**(77)**	(1,500,185)	**—**
Cash dividends paid	**(1,100,266)**	(1,693,166)	**(11,950)**
Other—net	**(1,380)**	(1,111)	**(14)**
Net cash provided by (used in) financing activities	**(801,949)**	(3,100,578)	**(8,710)**
Effect of exchange rate changes on cash and cash equivalents	**39,141**	(842,896)	**425**
Net increase (decrease) in cash and cash equivalents	**1,134,954**	(2,768,875)	**12,327**
Cash and cash equivalents at the beginning of the year	**10,752,065**	13,520,940	**116,781**
Cash and cash equivalents at the end of the year	**¥11,887,019**	¥10,752,065	**$129,108**

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, 2009, ¥92.07 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. Derivatives

Derivatives financial positions are stated at fair value.

c. Inventories

Inventories of the Company and its consolidated subsidiaries are valued at cost, as determined mainly by the monthly moving-average method, with balance sheet inventory amounts calculated using lowered book values, reflecting a potential decline in profitability.

(Accounting Change)
Until fiscal year 2008, inventories of the Company are valued at cost, as determined mainly by the monthly moving-average method and at its consolidated subsidiary as valued at the lower of cost, or market principally using the first-in first-out method.

From fiscal year 2009, inventories of the Company and its consolidated subsidiary are valued at cost, as determined mainly by the monthly moving-method reflecting a potential decline in profitability.

Above change in accounting policy is due to the adoption of the "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) No. 9, July 5, 2006).

By the adoption of above Accounting Standard, expense for loss on abandonment of inventories are included in cost of sales, in prior year are included in non-operating expenses. Due to the change in fiscal year 2009, the operating income, the ordinary income and income before income taxes were decreased by ¥321,852 thousand, ¥133,425 thousand, and ¥133,425 thousand, respectively.

The effect on "Segment Information" is described on related section.

(2) Depreciation of fixed assets

a. Tangible assets (excluding leased 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)
In the year ended December 31, 2009, the Company reassessed the useful lives of its machinery and equipment concurrent with a review of depreciation methods implemented as a result of revisions to Corporate Tax Law in year 2008. As a consequence, the useful lives of machinery and equipment are different effective from the year ended December 31, 2009. Impact of the change was not material for the year ended December 31, 2009.

b. Intangible assets (excluding leased 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.

c. *Leased assets*
Depreciation is based on the straight-line method over the lease period and the residual value as zero. Regarding finance lease that do not transfer ownership, for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as expenses.

(Accounting Change)
Until fiscal year 2008, finance lease that do not transfer ownership, lessee payments are recognized as expenses. From fiscal year 2009, leases recognized as finance leases are stated at an amount equal to the lower of their fair value or the present value of the minimum lease payments at inception of the leases, less accumulated depreciation. The future lease payments are recorded as financial obligations.

Above change in accounting policy is due to the adoption of the "Accounting Standard for Leases" (ASBJ No. 13, June 17, 1993) and "Practical Application Rules for Leases" (JICPA No. 16, January 18, 1994). Impact of above the accounting change was not material for fiscal year 2009.

(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.

(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) 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.

(6) 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, 2009

(1) Property, plant and equipment

	Thousands of Yen
Buildings and structures	¥ 820,731
Machinery, equipment and vehicles	1,275,177
Tools, furniture and fixtures	222,508
Land	96,179
Other	11,049
Total	¥2,425,645

(2) Other

	Thousands of Yen
Buildings and structures	¥1,401,606
Land	96,043
Total	¥1,479,650

(3) Loans secured by the above assets

	Thousands of Yen
Short-term loans payable	¥1,900,000
Long-term loans payable (including loans due within one year)	1,609,848
Total	¥3,509,848

2. Accounting for notes matured at end of fiscal year

The end of 2009 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 ¥3,242 thousand

NOTES TO CONSOLIDATED STATEMENTS OF INCOME

1. Research and development expenses included in selling, general and administrative expenses and manufacturing costs totaled ¥2,753,163 thousand.
2. The ending inventory balance represents after write-down of book value when their carrying amounts become unrecoverable, the following loss on write-down of inventories is recognized at cost of sales.
   Loss on write-down of inventories ¥143,460 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, 2009, is as follows:

Cash and cash equivalents on the statement of cash flows	¥11,887,019 thousand
Cash on hand and in banks at the end of the year	¥11,887,019 thousand

I. NOTES TO LEASES

Finance lease that do not transfer ownership

1. Leased assets
   Mainly a lens production facility
2. Depreciation method for leased assets
   It is described in “Basis of Presenting Consolidated Financial Statements” (4. Accounting Policies, (2) Depreciation of fixed assets, c. Leased assets).

Regarding finance lease that do not transfer ownership, for which the starting date for the lease transaction is prior to March 31, 2008, lease payments are recognized as expenses. Details are as follows.

(1) Acquisition cost, accumulated depreciation and net book value of lease assets as of December 31, 2009

			Thousands of Yen
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥477,100	¥402,124	¥ 74,975
Tools, furniture and fixtures	60,702	40,068	20,633
Software	66,713	45,873	20,840
Total	¥604,515	¥488,066	¥116,449

(2) Obligation under finance leases as of December 31, 2009

	Thousands of Yen
Due within one year	¥ 82,174
Due after one year	42,440
Total	¥124,615

(3) Lease expenses, depreciation and interest expenses for the year ended December 31, 2009

	Thousands of Yen
Lease expenses	¥111,917
Depreciation cost equivalent	101,416
Interest expenses equivalent	5,502

(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 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.

(Additional Information)

From fiscal year 2009, the Company adopts "Accounting Standard for Related Party Transactions (ASBJ No. 11, October 17, 2006) and "Practical Application Rules for Related Party Transactions (JICPA No. 13, October 17, 2006). By the adoption, information for related party transactions between consolidated subsidiaries and related parties are additionally disclosed.

Transactions between the Company and related parties excluding transactions with consolidated subsidiaries.

Fiscal period 2009 — 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	8,219,336	561,640
Sony Digital Products (Wuxi) Co., Ltd.	485,584 thousand RMB	Sale of DSC lenses	4,660,828	910,751
Shanghai Suoguang Electronics Co., Ltd.	118,696 thousand RMB	Sale of DSC lenses	2,001,227	508,818

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

Transactions between the Company and its consolidated subsidiaries.

Fiscal period 2009 — Thousands of Yen

Name of company	Paid in capital	Transaction	Amount per year	Year end balance
Sony Digital Products (Wuxi) Co., Ltd.	485,584 thousand RMB	Sale of DSC lenses	93,973	61,210

III. NOTES TO INVESTMENTS IN SECURITIES

1. With quoted market value

Thousands of Yen

	Type of securities	As of December 31, 2008			**As of December 31, 2009**		
		Acquisition costs	Carrying amount	Difference	Acquisition costs	Carrying amount	Difference
Securities whose carrying amounts on consolidated balance sheets exceed their acquisition costs	(1) Stocks	¥ 108,867	¥ 175,617	¥ 66,749	**¥ 511,865**	**¥ 709,925**	**¥198,060**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Total	108,867	175,617	66,749	**511,865**	**709,925**	**198,060**
Securities whose carrying amounts on consolidated balance sheets does not exceed their acquisition costs	(1) Stocks	672,930	597,994	(74,935)	**248,952**	**184,040**	**(64,912)**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	300,000	292,320	(7,680)	**300,000**	**296,250**	**(3,750)**
	Total	972,930	890,314	(82,615)	**548,952**	**480,290**	**(68,662)**
Total		¥1,081,797	¥1,065,931	¥(15,865)	**¥1,060,817**	**¥1,190,215**	**¥129,397**

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 2009, the Company made write-down of ¥22,223 thousand on investment securities.

2. Other Securities sold

Fiscal period 2008

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

Fiscal period 2009

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, 2008	**As of December 31, 2009**
	Carrying amount	Carrying amount
Other type of securities		
Non-listed 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, 2009

1. Retirement and pension plans

The Company had withdrawn from multi-employer type Social Welfare Pension Fund of Saitama Machine Industry in the end of June 2009, and converted from a defined benefit plan to a defined contribution plan. The Company may pay additional benefit when employees retire.

Some overseas consolidated subsidiaries adopt defined-contribution pension plans.

2. Retirement benefit obligation

	Thousands of Yen
(1) Retirement benefit obligations	¥(2,128,756)
(2) Plan assets at fair value	807,194
(3) Unfunded retirement benefit obligations (1)+(2)	(1,321,562)
(4) Unrecognized actuarial loss	177,851
(5) Net balance sheet amount (3)+(4)	(1,143,711)
(6) Prepaid pension expense	59,786
(7) Accrued retirement benefits (5)-(6)	¥(1,203,497)

3. Retirement benefit expenses for fiscal year 2009

	Thousands of Yen
(1) Service expenses	¥255,453
(2) Interest expenses	41,474
(3) Expected return on plan assets	(11,894)
(4) Amortization of net actuarial difference	36,431
(5) Other	16,065
(6) Retirement benefit expenses (1) + (2) + (3) + (4) + (5)	¥337,529

Notes: 1. A contribution amount of ¥120,333 thousand to the multi-employer type pension fund is included in service expenses.
2. "Other" in the above table represents contributions to the defined contribution retirement benefit plans.
3. In addition to the retirement benefit expenses referred to above, associated with the withdrawal from Pension Fund expenses of ¥1,130,776 thousand were accounted for as a special loss.

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, 2009

Deferred Tax Assets

	Thousands of Yen
Reserve for doubtful accounts	¥ 32,903
Unrealized intercompany profits	34,915
Reserve for employees' retirement benefits	495,537
Tax loss carryforwards	964,567
Long-term accounts payable	101,581
Loss on devaluation of inventories	46,219
Depreciation and amortization	42,909
Unrealized loss on investment securities	27,739
Other	68,190
Subtotal	1,814,564
Valuation allowance assets	(11,736)
Total of deferred tax assets	¥1,802,827

Deferred Tax Liabilities

	Thousands of Yen
Reserve for deduction entries	¥ (54,531)
Unrealized gain on investments in securities	(80,016)
Suspense paid enterprise tax	(50,721)
Total of deferred tax liabilities	(185,269)
Net deferred tax assets	¥1,617,558

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

Since the difference between the statutory tax rate and the effective tax rate is less than 5%, a reconciliation of these two rates is not presented.

VII. NOTES TO SEGMENT INFORMATION

Business segment information

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

Thousands of Yen

	2009					
	Photographic products	Optical components	Commercial/ industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to outside customers	**¥29,422,071**	**¥12,956,926**	**¥7,513,646**	**¥49,892,645**	**—**	**¥49,892,645**
Intersegment sales or transfer	**—**	**—**	**—**	**—**	**—**	**—**
Total	**29,422,071**	**12,956,926**	**7,513,646**	**49,892,645**	**—**	**49,892,645**
Operating expenses	**25,993,369**	**12,919,885**	**6,787,306**	**45,700,560**	**1,896,926**	**47,597,487**
Operating income	**¥ 3,428,702**	**¥ 37,041**	**¥ 726,340**	**¥ 4,192,084**	**¥(1,896,926)**	**¥ 2,295,157**
Assets	**¥21,581,327**	**¥ 7,522,329**	**¥6,587,879**	**¥35,691,536**	**¥11,700,394**	**¥47,391,931**
Depreciation expenses	**2,038,237**	**1,287,899**	**586,247**	**3,912,384**	**50,938**	**3,963,323**
Capital expenditures	**1,115,130**	**446,783**	**191,646**	**1,753,560**	**20,740**	**1,774,301**

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, automotive lenses, injection-molded parts & components, test plates, optical device units

2. 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. Unallocated operating expenses included in "Eliminations and/or corporate" totaled ¥1,896,926 thousand for fiscal year ended December 31, 2009. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
3. 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. As of December 31, 2009, total assets included in "Eliminations and/or corporate" of ¥11,700,394 thousand, mainly represent cash, long-term investments funds (investments in securities), and assets related to the administration department.
4. The Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ No.9, July 5, 2006) from the current fiscal year. Due to the change, the operating income of Photographic products business segment, Optical components business segment and Commercial/industrial-use optics business segment decreased by ¥95,085 thousand, ¥87,806 thousand and ¥138,960 thousand, respectively.

Geographical segment information

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

Thousands of Yen

	2009						
	Japan	North America	Europe	Asia	Total	Eliminations and/or corporate	Consolidated
Net sales:							
Sales to outside customers	**¥33,808,280**	**¥4,385,561**	**¥8,647,392**	**¥ 3,051,410**	**¥49,892,645**	**—**	**¥49,892,645**
Intersegment sales or transfer	**11,561,606**	**3,210**	**713**	**22,545,423**	**34,110,953**	**(34,110,953)**	**—**
Total	**45,369,887**	**4,388,771**	**8,648,106**	**25,596,833**	**84,003,599**	**(34,110,953)**	**49,892,645**
Operating expenses	**43,893,504**	**4,213,704**	**7,916,626**	**23,833,464**	**79,857,298**	**(32,259,811)**	**47,597,487**
Operating income	**¥ 1,476,383**	**¥ 175,067**	**¥ 731,480**	**¥ 1,763,369**	**¥ 4,146,300**	**¥ (1,851,142)**	**¥ 2,295,157**
Assets	**¥21,624,538**	**¥2,445,710**	**¥4,323,018**	**¥11,196,545**	**¥39,589,812**	**¥ 7,802,118**	**¥47,391,931**

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 ¥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. Unallocated operating expenses included in "Eliminations and/or corporate" totaled ¥1,896,926 thousand for fiscal year ended December 31, 2009. These expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
4. 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. As of December 31, 2009, total assets included in "Eliminations and/or corporate" of ¥11,700,394 thousand, mainly represent cash, long-term investment funds (investments in securities), and assets related to the administration department.
5. The Company has adopted the "Accounting Standard for Measurement of Inventories" (ASBJ No.9, July 5, 2006) from the current fiscal year. Due to the change, the operating income of Japan, Europe and Asia decreased by ¥294,393 thousand, ¥1,577 thousand and ¥25,880 thousand, respectively.

Overseas sales

	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

	Thousands of Yen			
	2009			
	North America	Europe	Asia	Total
I Overseas sales	¥5,508,091	¥9,189,973	¥19,278,497	¥33,976,561
II Consolidated sales				49,892,645
III Percentage of consolidated sales (%)	11.0	18.4	38.7	68.1

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, 2008:

Net assets per share	1,199.58 Yen
Net income per share	23.41 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.

	2008	**2009**
Net income (Thousands of Yen)	¥ 3,029,260	**¥ 642,545**
Amount not belong to ordinary shareholders (Thousands of Yen)	—	—
Net income for ordinary shares (Thousands of Yen)	3,029,260	**642,545**
Average number of shares outstanding during the term (Shares)	27,942,758	**27,450,875**

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, 2009, 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, 2009, 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, 2010

Wako Audit Corporation

Wako Audit Corporation

MANAGEMENT

(As of March 30, 2010)

BOARD OF DIRECTORS

President & CEO
Morio Ono

Corporate Vice President
Shoji Kono

Corporate Vice President
Hitoshi Ohta

Corporate Vice President
Yoshihiro Shirai

Senior Managing Director
Hisaaki Nagashima

Senior Managing Director
Takashi Kawai

Managing Director
Koji Seki

Managing Director
Hiroaki Arai

Director
Tadahiro Shimura

Director
Shiro Ajisaka

Director
Hideyo Ohse

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
Shoei Kawamura

Senior Executive Officer
Takashi Ichikawa

Senior Executive Officer
Masayuki Abo

Senior Executive Officer
Shogo Sakuraba

Senior Executive Officer
Hiroshi Kawanabe

Senior Executive Officer
Yasuki Kitazume

Executive Officer
Kunio Wada

Executive Officer
Satoshi Hasegawa

Executive Officer
Mitsuharu Takeuchi

Executive Officer
Kaoru Nagano

Executive Officer
Michiko Chiyoda

Executive Officer
Masaki Kudoh

Executive Officer
Tsugio Tsuchiya

Executive Officer
Hiroshi Otsuka

Executive Officer
Hans Peter Rosenthal

Executive Officer
Takashi Inoue

Executive Officer
Zhixing Ma

Executive Officer
Shenghai Zhang

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:
5,472 (Consolidated) (As of December 31, 2009)

Principal Shareholders (As of December 31, 2009)

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
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)	1,032	3.65
State Street Bank and Trust Company	995	3.52
The Master Trust Bank of Japan, Ltd. (trust account)	553	1.96
Tamron Business Partner Stock Holding Plan	460	1.63
The Chase Manhattan Bank NA London SL Omnibus Account	438	1.55

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 just 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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