TAMRON

New eyes for industry

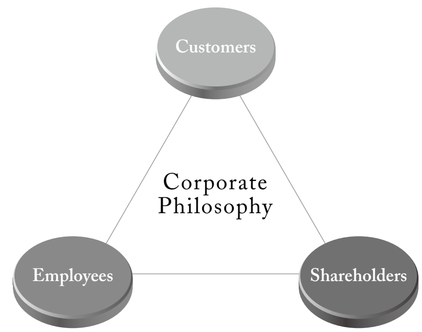
Annual Report 2012

MISSION

We at Tamron are advancing 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 2012 annual report, amounts of less than the unit indicated, for example, one million yen or one thousand dollars, have been omitted.

It is my pleasure to report on our annual business and financial performance. During 2012, we achieved increases in sales and net income while decreased in operating income and ordinary income on a year-on-year basis.

Reflecting global economy throughout 2012, the U.S. economy has maintained a gradual recovery in the household sector; however, prolonged dispute to find out the solution of the "fiscal cliff" has left a sense of uncertainty in the economic outlook. European economy has fallen into downward spiral and the impact of financial deterioration in Southern European countries under fiscal austerity affected even the German economy. Chinese economy showed some signs of stagnation caused by the lingering Euro zone debt crisis.

In Japanese economy, exports and production has dropped dramatically due to the global downturn trend during the second half; however, some positive signs have been seen in the outlook associated with the abrupt depreciation of Japanese yen toward year-end.

As for the digital camera segment that Tamron is involved, compact digital still cameras showed over 20% decrease in annual shipment volume. On the other hand, digital SLR cameras posted an increase of approximately 30% and interchangeable lens approximately 20% respectively.

Under these circumstances, Tamron and group companies increased sales and net income while sustained a decrease in operating income affected by stronger Japanese Yen and delay in launching new products. In the photographic segment, both own brand and OEM lenses achieved the record high sales and operating profit. Compared to the previous year, annual sales increased 10.0% to ¥64,353 million, operating income decreased 3.2% to ¥5,503 million, ordinary income decreased 5.7% to ¥5,377 million and net income increased 2.3% to ¥3,894 million.

The year-end dividend was ¥30 per share. Including the interim dividend of ¥20 per share, the annual dividend amount to ¥50 achieving a payout ratio of 35.2%. In addition, for 2013 annual dividend, we are planning ¥50 per share at the moment.

Year 2013 forecast is ¥73,000 million in sales, 13.4% increase over the preceding year, ¥6,300 million in operating income, 14.5%, ¥6,100 million in ordinary income, 13.4% and ¥4,000 million in net income, 2.7% respectively. The exchange rate is assumed at the rate of US$1 = ¥85 and €1 = ¥115.

Mid-term management goal for Year 2015 is ¥100 billion in sales and ¥10 billion in operating income (operating income ratio 10.0%).

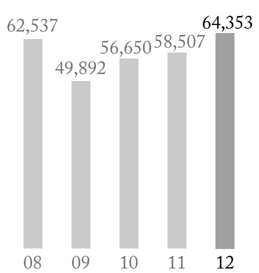
Going forward, we will keep working to provide new eyes for industry. We deeply value your continued support and patronage.

President & CEO
Morio Ono

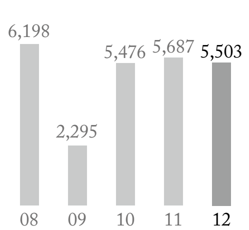
Years ended December 31	Millions of Yen 2012	2011	2010	2009	2008	Thousands of U.S. Dollars 2012
For the Year:						
Net sales	¥ **64,353**	¥ 58,507	¥ 56,650	¥ 49,892	¥ 62,537	**$806,430**
Operating income	**5,503**	5,687	5,476	2,295	6,198	**68,952**
Ordinary income	**5,377**	5,702	5,476	2,263	5,842	**67,382**
Income before income taxes and minority interest	**5,322**	5,427	5,492	1,112	4,337	**66,694**
Net income	**3,894**	3,804	3,689	642	3,029	**48,791**
At Year-End:						
Total assets	¥ **58,058**	¥ 51,898	¥ 50,120	¥ 47,391	¥ 49,176	**$727,460**
Net assets	**40,805**	36,134	33,996	32,929	33,126	**511,288**
Number of employees	**2,295**	6,005	7,198	5,472	5,571	—
Per Share Data (in yen, dollars):						
Net income	¥ **141.86**	¥ 138.61	¥ 134.40	¥ 23.41	¥ 108.41	**$1.77**
Shareholders' equity	**1,486.52**	1,316.33	1,238.45	1,199.58	1,206.77	**18.62**
Cash dividends	**50.00**	50.00	50.00	40.00	50.00	**0.62**
Ratios (%):						
Return on assets (ROA)	**9.8**	11.2	11.2	4.7	11.5	—
Return on equity (ROE)	**10.1**	10.9	11.0	1.9	8.9	—
Equity ratio	**70.3**	69.6	67.8	69.5	67.4	—

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥79.81=US$1.
2. ROA=Ordinary income/Total assets
3. ROE=Net income/Net assets

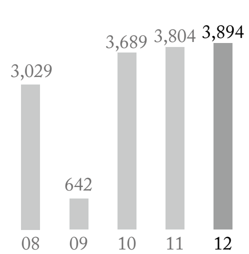
NET SALES
(Millions of Yen)



OPERATING INCOME
(Millions of Yen)



NET INCOME
(Millions of Yen)

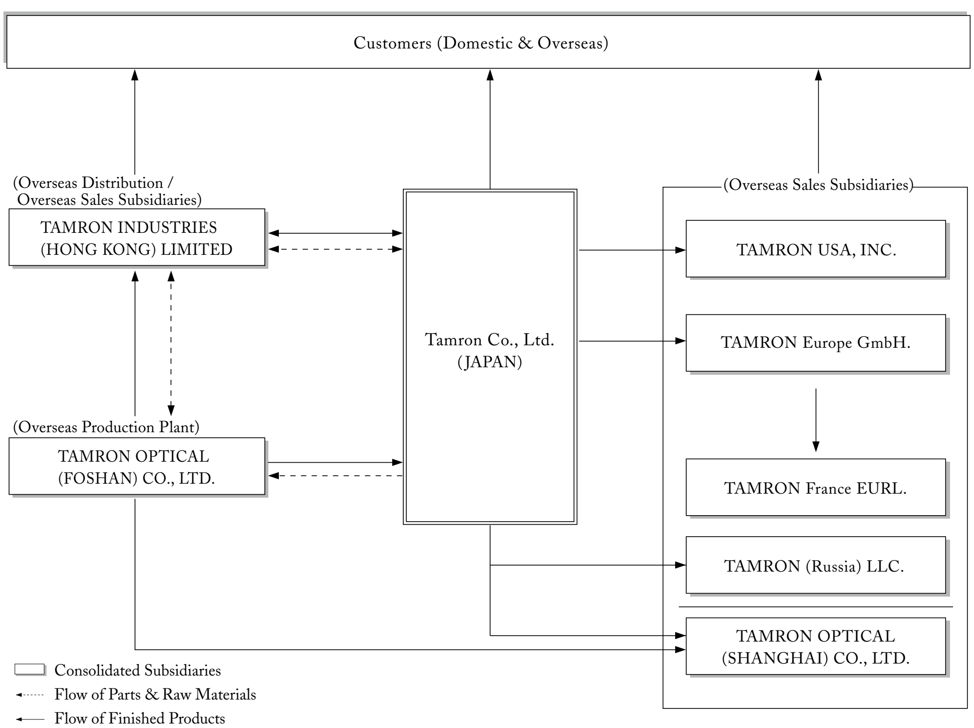


Tamron group comprise Tamron Co., Ltd. (Japan) and eight other subsidiaries. Main business drivers are the following three segments, Photographic Products, Optical Components, and Commercial/Industrial-use Optics.

The details of the business segments are as follows.

Business Segment	Main Business	Related Business Groups
Photographic Products	Interchangeable lenses for 35mm/Digital SLR camera Interchangeable lenses for Non-Reflextype camera	Tamron Co., Ltd. TAMRON USA, INC. TAMRON Europe GmbH. TAMRON France EURL. TAMRON (Russia) LLC. TAMRON INDUSTRIES (HONG KONG) LIMITED TAMRON OPTICAL (FOSHAN) CO., LTD. TAMRON OPTICAL (SHANGHAI) CO., LTD.
Optical Components	Camcorder lenses Digital still camera lenses Optical device units	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 Automotive lenses	Tamron Co., Ltd. TAMRON USA, INC. TAMRON Europe GmbH. TAMRON France EURL. TAMRON (Russia) LLC. 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.

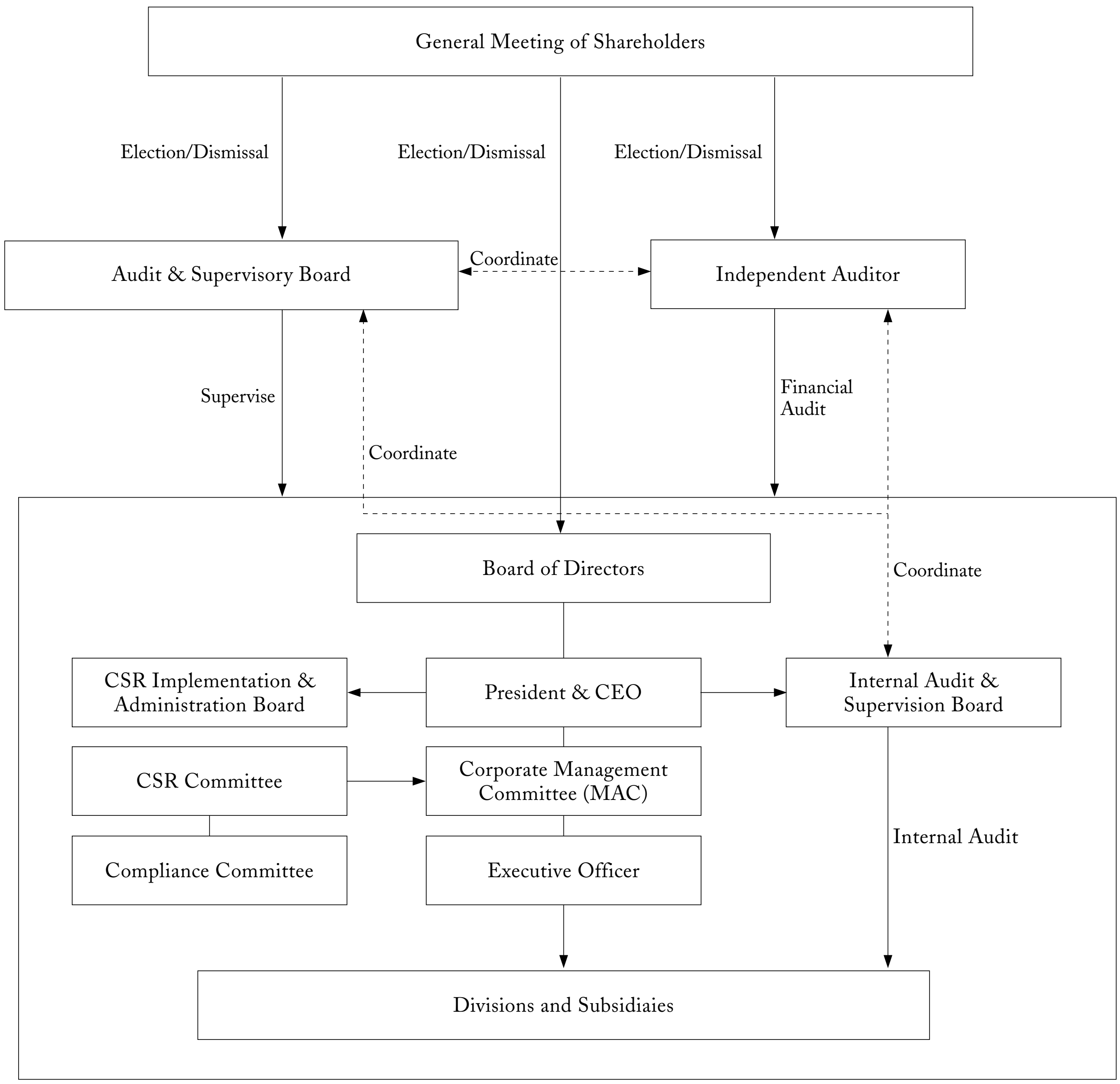


NUMBER OF EMPLOYEES

The total number of employees on consolidated basis at the term end decreased by 3,710 persons to 2,295 persons compared with the previous year. This decrease was attributed to the in change of employment contract in our factory in China. The employees on non-consolidated basis increased 12 persons to 1,079 persons.

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.



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 2012, net sales increased 10.0% to ¥64,353 million, a year-on-year increase of ¥5,846 million led by the sales of Photographic Products segment.

Gross profit increased 4.7% to ¥20,545 million, a year-on-year increase of ¥920 million.

Operating income decreased 3.2% to ¥5,503 million, a year-on-year decrease of ¥184 million affected by stronger Japanese Yen.

Non-operating income decreased by ¥37 million to ¥201 million. Non-operating expenses increased by ¥102 million to ¥326 million.

Income before income tax decreased 1.9% to ¥5,322 million, a year-on-year decrease of ¥105 million mainly due to the ordinary income decreased by ¥84 million.

Net income increased 2.3% to ¥3,894 million due to the income taxes decrease by ¥194 million, a year-on-year increase of ¥90 million.

Cash Flow

Cash and cash equivalents at the term end totaled ¥10,822 million, a year-on-year decrease of ¥1,950 million.

Net cash provided by operating activities totaled ¥3,736 million, a year-on-year decrease of ¥4,295 million consisted of net income before income tax totaling ¥5,322 million, depreciation, amortization totaling ¥3,182 million, ¥1,908 million for receivable, ¥2,488 million for inventories and ¥2,148 million for tax payment, etc.

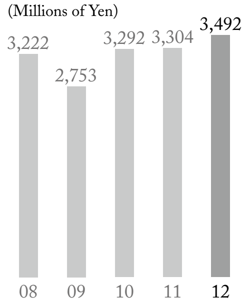
Net cash used in investing activities totaled ¥3,824 million, a year-on-year decrease ¥855 million, mainly due to the purchase of property, plant and equipment amounted to ¥3,384 million.

Net cash outflow from financing activities totaled ¥2,363 million, a year-on-year increase ¥877 million, consisted of proceeds from long-term loans payable totaling ¥800 million, repayment of long-term loans payable totaling ¥1,048 million and the disbursement of dividends of ¥1,372 million.

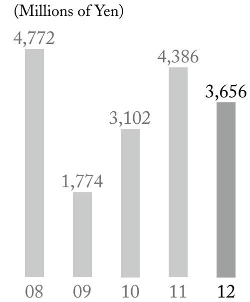
Research and Development

During the term under review total R&D expenses amounted to ¥3,492 million, resulting mainly from development of new interchangeable lenses for digital SLR cameras and new lenses for digital still cameras, camcorders and surveillance camera lenses as well as development of lenses for automotive application and Far-IR camera for future business expansion.

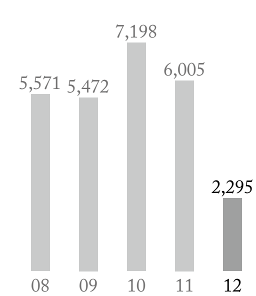
R&D EXPENDITURE
(Millions of Yen)



CAPITAL EXPENDITURE
(Millions of Yen)



NUMBER OF EMPLOYEES



As for Photographic Products business, we proceeded development of the compact full-size, high-speed telephoto zoom lens, SP70-200mm F2.8 VC USD (Model A009) and also, the redesign of legendary 90mm Macro lens, SP90mm F2.8 MACRO 1:1 VC USD (Model F004). As a result, R&D expenses for Photographic Products business totaled ¥2,157 million.

R &D expenses for Optical Component business totaled ¥647 million, mainly used for the development of high power zoom lenses and vibration compensation functions with high megapixel imager.

In Commercial /Industrial-use Optics business, we proceeded development of Mega-Pixel lenses, Panorama Camera 180-View Series with Fish-eye lens, and Traffic Surveillance lens. Also, we launched 2 MP/Full HD Compatible Compact Zoom Lens for Board Camera. As the result, R&D expenses for Commercial/Industrial-use Optics business totaled ¥687 million.

Capital Investment

Consolidated capital investment amounted to ¥3,656 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 investment for Photographic Products business totaled ¥1,949 million, reflecting major investment in injection molds for new interchangeable lenses for digital SLR cameras.

That for Optical Components business totaled ¥329 million, reflecting major investment in injection molds and production equipment for digital still camera lenses.

That for Commercial/Industrial-use Optics business totaled ¥537 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 2012.

Issues on Mid-to Long-Term Management

1. Enhancing corporate governance based on CSR management system coupled with internal control and risk management.
2. Pursuing improved quality assurance reliability and enhancing the quality of customer service aimed at delivering higher customer satisfaction coupled with “Three-Day Turnaround” for repairs.
3. Encouraging sales of our own-branded interchangeable lenses by developing innovative new products, enhancing brand recognition and setting up new subsidiaries in growing markets.
4. Materializing further cost reduction to meet demand increases by establishment of additional production facilities.
5. Promoting of new business development, while pioneering more aspects of “New eyes for industry”
6. Accelerating 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 28, 2013.

1. Reliance on a Few Selected Customers

A high degree of Company’s sales depends on a Sony group company approximately 27% and Nikon corporation approximately 21% (FY2012) of our consolidated net sales. Consequently, in case of a change in the business strategies and directions by the client, it could impact the overall performance of the company.

2. 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.

3. Defective Products

All of the Company's domestic and overseas development and production facilities have obtained ISO9001 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.

4. Risk Surrounding Overseas Subsidiaries

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

In addition, new production base in Vietnam is currently in the middle of construction.

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

5. 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.

6. 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.

7. 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 2003 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.

8. 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.

9. 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.

10. Research and 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.

CONSOLIDATED STATEMENTS OF INCOME

Tamron Co., Ltd. and Consolidated Subsidiaries

Years ended December 31	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars 2012
Net sales	¥64,353	¥58,507	$806,329
Cost of sales	43,807	38,882	548,896
Gross profit	20,545	19,625	257,433
Selling, general and administrative expenses:			
Advertising expenses	1,455	1,125	18,238
Promotion expenses	994	828	12,464
Provision of allowance for doubtful accounts	43	16	543
Salaries and bonuses	3,476	3,114	43,556
Retirement benefit expenses	143	125	1,792
Technical research expenses	3,403	3,241	42,638
Other	5,526	5,485	69,246
Total selling, general and administrative expenses	15,042	13,937	188,481
Operating income	5,503	5,687	68,952
Non-operating income:			
Interest income	26	22	332
Dividends income	32	29	405
Foreign exchange gains	—	83	—
Rent income	32	—	408
Other	109	102	1,373
Total non-operating income	201	238	2,519
Non-operating expenses:			
Interest expenses	108	125	1,357
Foreign exchange losses	113	—	1,425
Loss on retirement of noncurrent assets	80	51	1,007
Other	23	47	298
Total non-operating expense	326	224	4,089
Ordinary income	5,377	5,702	67,382
Extraordinary income:			
Insurance income	—	79	—
Reversal of allowance for doubtful accounts	—	21	—
Total extraordinary income	—	100	—
Extraordinary loss:			
Loss on retirement of noncurrent assets	54	74	688
License fee for prior periods	—	300	—
Total extraordinary loss	54	374	688
Income before income taxes and minority interests	5,322	5,427	66,694
Income taxes–current	1,651	1,855	20,687
Refund of income taxes	—	(2)	—
Income taxes–deferred	(222)	(230)	(2,785)
Total income taxes	1,428	1,622	17,902
Income before minority interests	3,894	3,804	48,791
Net income	¥ 3,894	¥ 3,804	$ 48,791

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Tamron Co., Ltd. and Consolidated Subsidiaries

Years ended December 31	Millions of Yen 2012	Millions of Yen 2011	Thousands of U.S. Dollars 2012
Income before minority interests	¥3,894	¥3,804	$48,792
Other comprehensive income			
Net change in unrealized gain (loss) on investment securities	120	(90)	1,510
Foreign currency translation adjustments	2,029	(203)	25,431
Total other comprehensive income	2,150	(294)	26,941
Comprehensive income	6,044	3,510	75,732
Comprehensive income attributable to owners of the parent	6,044	3,510	75,732

Tamron Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars
As of December 31	**2012**	2011	**2012**
Assets			
Current assets:			
Cash and deposits	**¥10,822**	¥12,773	**$135,609**
Notes and accounts receivable–trade	**15,509**	12,535	**194,331**
Finished goods	**8,144**	5,424	**102,051**
Work in process	**2,842**	2,628	**35,611**
Raw materials and supplies	**1,376**	953	**17,242**
Deferred tax assets	**668**	450	**8,377**
Other	**899**	600	**11,271**
Allowance for doubtful accounts	**(52)**	(35)	**(651)**
Total current assets	**40,211**	35,331	**503,843**
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures	**8,505**	8,379	**106,574**
Accumulated depreciation	**(5,053)**	(4,849)	**(63,317)**
Buildings and structures, net	**3,452**	3,529	**43,257**
Machinery, equipment and vehicles	**15,808**	14,325	**198,078**
Accumulated depreciation	**(9,813)**	(8,608)	**(122,964)**
Machinery, equipment and vehicles, net	**5,994**	5,716	**75,113**
Tools, furniture and fixtures	**16,253**	14,822	**203,654**
Accumulated depreciation	**(13,846)**	(12,539)	**(173,489)**
Tools, furniture and fixtures, net	**2,407**	2,282	**30,165**
Land	**1,004**	987	**12,590**
Construction in progress	**1,554**	851	**19,471**
Total property, plant and equipment	**14,413**	13,367	**180,598**
Intangible assets	**721**	620	**9,036**
Investments and other assets			
Investment securities	**1,649**	1,320	**20,672**
Deferred tax assets	**529**	580	**6,628**
Other	**626**	729	**7,848**
Allowance for doubtful accounts	**(93)**	(51)	**(1,167)**
Total investments and other assets	**2,712**	2,578	**33,982**
Total noncurrent assets	**17,846**	16,566	**223,617**
Total assets	**¥58,058**	¥51,898	**$727,460**

As of December 31	Millions of Yen 2012	2011	Thousands of U.S. Dollars 2012
Liabilities			
Current liabilities:			
Accounts payable–trade	**¥ 5,410**	¥ 3,731	**$ 67,791**
Short-term loans payable	**3,928**	4,493	**49,218**
Income taxes payable	**699**	995	**8,766**
Other	**4,223**	3,316	**52,924**
Total current liabilities	**14,262**	12,536	**178,701**
Noncurrent liabilities:			
Long-term loans payable	**1,547**	1,836	**19,388**
Provision for retirement benefits	**1,154**	1,109	**14,466**
Other	**288**	281	**3,615**
Total noncurrent liabilities	**2,990**	3,227	**37,471**
Total liabilities	**17,252**	15,764	**216,172**
Net assets			
Shareholders' equity:			
Capital stock	**6,923**	6,923	**86,744**
Capital surplus	**7,432**	7,432	**93,124**
Retained earnings	**27,310**	24,788	**342,193**
Treasury stock	**(81)**	(81)	**(1,017)**
Total shareholders' equity	**41,584**	39,063	**521,045**
Accumulated other comprehensive income:			
Unrealized gain (loss) on investment securities	**94**	(25)	**1,188**
Foreign currency translation adjustments	**(873)**	(2,903)	**(10,946)**
Total accumulated other comprehensive income	**(778)**	(2,928)	**(9,757)**
Total net assets	**40,805**	36,134	**511,288**
Total liabilities and net assets	**¥58,058**	¥51,898	**$727,460**

Tamron Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of January 1, 2012	¥6,923	¥7,432	¥24,788	¥(81)	¥39,063
Changes in term					
Dividends from surplus			(1,372)		(1,372)
Net income			3,894		3,894
Purchase of treasury stock					—
Disposal of treasury stock					—
Net change of items other than stockholders' equity					—
Total change in the term	—	—	2,521	—	2,521
Balance of December 31, 2012	**¥6,923**	**¥7,432**	**¥27,310**	**¥(81)**	**¥41,584**

	Millions of Yen			
	Changes in accumulated other comprehensive income			
Year ended December 31	Unrealized gain (loss) on investment securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Total net assets
Balance of January 1, 2012	¥(25)	¥(2,903)	¥(2,928)	¥36,134
Changes in term				
Dividends from surplus				(1,372)
Net income				3,894
Purchase of treasury stock				—
Disposal of treasury stock				—
Net change of items other than stockholders' equity	120	2,029	2,150	2,150
Total change in the term	120	2,029	2,150	4,671
Balance of December 31, 2012	**¥94**	**¥ (873)**	**¥ (778)**	**¥40,805**

	Thousands of U.S. Dollars				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of January 1, 2012	$86,744	$93,125	$310,600	$(1,017)	$489,453
Changes in term					
Dividends from surplus			(17,198)		(17,198)
Net income			48,791		48,791
Purchase of treasury stock					—
Disposal of treasury stock					—
Net change of items other than stockholders' equity					—
Total change in the term	—	—	31,593	—	31,593
Balance of December 31, 2012	**$86,744**	**$93,125**	**$342,193**	**$(1,017)**	**$521,045**

	Thousands of U.S. Dollars			
	Changes in accumulated other comprehensive income			
Year ended December 31	Unrealized gain (loss) on investment securities	Foreign currency translation adjustments	Total accumulated other comprehensive income	Total net assets
Balance of January 1, 2012	$ (321)	$(36,377)	$(36,698)	$452,754
Changes in term				
Dividends from surplus				(17,198)
Net income				48,792
Purchase of treasury stock				(1)
Disposal of treasury stock				—
Net change of items other than stockholders' equity	1,509	25,431	26,940	26,941
Total change in the term	1,509	25,431	26,940	58,534
Balance of December 31, 2012	**$1,188**	**$(10,946)**	**$ (9,757)**	**$511,288**

Tamron Co., Ltd. and Consolidated Subsidiaries

	Millions of Yen		Thousands of U.S. Dollars
Years ended December 31	**2012**	2011	**2012**
Cash flows from operating activities:			
Income before income taxes and minority interests	**¥ 5,322**	¥ 5,427	**$ 66,694**
Depreciation and amortization	**3,182**	3,257	**39,875**
Increase (decrease) in provision for directors' bonuses	**—**	(143)	**—**
Decrease in provision for retirement benefits	**44**	(2)	**554**
Interest and dividend income	**(58)**	(51)	**(738)**
Interest expense	**108**	125	**1,358**
Loss on retirement of property, plant and equipment	**135**	126	**1,696**
Decrease (increase) in notes and accounts receivable–trade	**(1,908)**	1,858	**(23,914)**
Increase in inventories	**(2,488)**	(1,025)	**(31,179)**
Increase (decrease) in notes and accounts payable–trade	**452**	(934)	**5,672**
Other–net	**1,147**	595	**14,374**
Sub total	**5,937**	9,233	**74,393**
Interest and dividend income received	**58**	51	**739**
Interest expenses paid	**(111)**	(125)	**(1,397)**
Income taxes paid	**(2,148)**	(1,128)	**(26,922)**
Net cash provided by operating activities	**3,736**	8,031	**46,813**
Cash flows from investing activities:			
Purchases of property, plant and equipment	**(3,384)**	(4,130)	**(42,411)**
Purchase of intangible assets	**(262)**	(259)	**(3,291)**
Purchase of investment securities	**(132)**	(300)	**(1,665)**
Proceeds from sales of investment securities	**—**	0	**—**
Payments of loans receivable	**(9)**	(4)	**(122)**
Collection of loans receivable	**8**	5	**110**
Other–net	**(43)**	9	**(539)**
Net cash used in investing activities	**(3,824)**	(4,679)	**(47,919)**
Cash flows from financing activities:			
Net decrease in short-term loans payable	**(742)**	(462)	**(9,297)**
Proceeds from long-term loans payable	**800**	1,570	**10,024**
Repayment of long-term loans payable	**(1,048)**	(1,218)	**(13,139)**
Cash dividends paid	**(1,372)**	(1,375)	**(17,195)**
Other–net	**—**	(0)	**—**
Net cash used in financing activities	**(2,363)**	(1,486)	**(29,617)**
Effect of exchange rate changes on cash and cash equivalents	**501**	(88)	**6,286**
Net increase (decrease) in cash and cash equivalents	**(1,950)**	1,776	**(24,434)**
Cash and cash equivalents at beginning of year	**12,773**	10,996	**160,043**
Cash and cash equivalents at the end of year	**¥10,822**	¥12,773	**$135,609**

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The financial statements of Tamron Co., Ltd. (the "Company") and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Financial Instruments and Exchange Law and Corporate Law and in conformity with accounting principles generally accepted in Japan. Therefore, application and disclosure requirements are different from International Financial Reporting Standards in certain respects.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥79.81 = US$1 prevailing on December 31, 2012 has been used in translating the consolidated financial statements expressed in Japanese yen into U.S. dollars. Such translations should not be construed as representations that the Japanese yen amounts could be readily converted, realized or settled in U.S. dollars at this rate.

1. Scope of Consolidation

All subsidiaries are consolidated.
Number of consolidated subsidiaries: 8
TAMRON USA, Inc.
TAMRON Europe GmbH.
TAMRON France EURL.
TAMRON (Russia) LLC.
TAMRON OPTICAL (VIETNAM) CO., LTD.
TAMRON INDUSTRIES (HONG KONG) LIMITED
TAMRON OPTICAL (FOSHAN) CO., LTD.
TAMRON OPTICAL (SHANGHAI) CO., LTD.

TAMRON (Russia) LLC. and TAMRON OPTICAL (VIETNAM) CO., LTD. were newly established and included in the scope of consolidation in the year under review.

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 term 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.

(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

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.

(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 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) Scope of cash and cash equivalents in the statement of cash flows

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

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

Consumption tax:
Consumption tax is not included.

(8) New accounting standards and related guidance not yet adopted.

(a) A revised Accounting Standard for Retirement Benefits (Statement No.26) and its Guidance (Guidance No.25), both are issued by the Accounting Standards Board of Japan(ASBJ) on May 17, 2012, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing consolidated financial statements of the Company.

(b) Above Statements and Guidance are established from the viewpoint of improvements to financial reporting and international convergence, mainly focusing on (i) how actuarial gains and losses and past service costs should be accounted for , (ii) how retirement benefit obligations and current service costs should be determined and (iii) enhancement of disclosures.

(c) Followings are schedule for the adoption of ASBJ Statement No.26 and ASBJ Guidance No.25.

(i) Relating to determination of retirement benefit obligations and current service costs.
On or after January 1, 2015.

(ii) Relating to accounting treatment mainly for actuarial gains and losses and past service costs, and enhancement of disclosures.
At the end of fiscal 2014.

(d) The Company is currently evaluating the effects ASBJ Statement No.26 and ASBJ Guidance No.25 will have on its consolidated financial statements.

ADDITIONAL INFORMATION

(Application of generally accepted accounting principles in japan relating to changes in accounting policies and corrections of prior period errors)
During fiscal 2012, the Company adopted ASBJ Statement No.24, “Accounting Standards for Accounting Changes and Errors Corrections” and related ASBJ Guidance No.24 both were issued on December 4, 2009, for changes in accounting policies and corrections of prior period errors occurring on or after April 1, 2012.

During fiscal 2012, gain on reversal from reserve for bad debts is included in other operating income, previously included in other extraordinary income. This change has been made in accordance with the revised provision in Accounting Principles Committee Statement No.14, ”Practical Guidelines on Accounting Standards for Financial Instruments” which was partially revised on March 29, 2011.

The change in the treatment for bad debts is not retrospectively applied to prior period consolidated financial statements in accordance with the provision in Statement No.14.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(CONSOLIDATED BALANCE SHEETS)

Assets pledged as collateral as of December 31, 2012

(1) Property, plant and equipment

	Millions of Yen
Buildings and structures	¥ 628
Machinery, equipment and vehicles	682
Tools, furniture and fixtures	126
Land	96
Intangible assets	11
Total	¥1,543

(2) Other

	Millions of Yen
Buildings and structures	¥1,178
Land	96
Total	¥1,274

(3) Loans secured by the above assets

	Millions of Yen
Short-term loans payable	¥1,500
Long-term loans payable (including loans due within one year)	1,732
Total	¥3,232

(CONSOLIDATED STATEMENTS OF INCOME)

1. Research and development expenses included in selling, general and administrative expenses and manufacturing costs totaled ¥3,492 million.
2. The ending inventory balance represents after write-down of book value when their carrying amounts become unrecoverable. In fiscal 2012, amount of reversal of 2011 year's reserve for inventory write down exceed the inventory losses originated for fiscal 2012, the net amount of ¥10 million is included to cost of sales.

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

Comprehensive income for the year ended December 31, 2012

Comprehensive income attributable to shareholders of the parent	¥6,044 million
Total	¥6,044 million

(CHANGE IN OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2012)

Valuation difference on available-for-sale securities:	
Newly recognized	¥189 million
Tax effect	¥(69)million
Net	¥120 million
Foreign currency translation adjustments:	
Newly recognized	¥2,029 million
Total	¥2,149 million

(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 December 31, 2008, lease payments are recognized as expenses. Details are as follows.

(1) Acquisition cost, accumulated depreciation and net book value of lease assets

	Millions of Yen		
	Acquisition cost	Accumulated depreciation	Net book value
Machinery, equipment and vehicles	¥17	¥11	¥6
Tools, furniture and fixtures	5	5	0
Total	¥23	¥16	¥6

(2) Obligation under finance leases

	Millions of Yen
Due within one year	¥2
Due after one year	5
Total	¥7

(3) Lease expenses, depreciation and interest expenses

	Millions of Yen
Lease expenses	¥6
Depreciation cost equivalent	6
Interest expenses equivalent	0

(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.

(FINANCIAL INSTRUMENTS)

Year ended December 31, 2012

1. Overview of financial instruments

(1) Policy on the handling of financial instruments

In principle, the Company obtain funds from banks for the capital needed to execute operations. Any temporary surplus is invested in highly secured bank deposits. The Company adheres to a policy under which derivatives are used to avert the risks outlined below and not for speculative purposes.

(2) Financial instruments and inherent risks and its management

Notes and accounts receivable–trade are exposed to customers' credit risks. To reduce customers' credit risks, the Company has established credit policies under which monitoring of, due dates and remaining balance of note and account receivable–trade and of credit condition, by each customer.

Receivables denominated in foreign currencies, which arise in the process of business activities undertaken overseas, are exposed to market risks arising from fluctuations in foreign currency exchange rates. The Company manages these risks by entering into foreign currency exchange forward contracts.

Investments in securities consist mainly of the equity securities of corporations with which the Company has business relations, are exposed to the risk of fluctuations in market prices. The Company manages this risk by periodically examining market prices and the financial condition of the issuing entities.

Accounts payable–trade is all due within one year. Some are denominated in foreign currencies and are therefore exposed to risks arising from changes in foreign currency exchange rates. The Company manages these risks by entering into foreign exchange forward contracts.

The Company execute and manage derivative transactions which are foreign currency forward exchange contracts used to reduce risk exposure arising from which changes in exchange rates applied to foreign-currency-denominated receivables and payables. Accounting policies for hedges, specifically hedge accounting, hedge instruments and assets and liabilities being hedged, hedge transaction policies, assessment of effectiveness of hedging, are described in the section "4. Accounting Policies (5)Hedging."

In the execution and monitoring of derivative transactions, the Company is guided by internal rules. In derivative transactions, the Company only enter into transactions with financial institutions having high credit ratings, thereby significantly mitigating potential losses arising from credit risk.

Accounts payable–trade and loans payable are exposed to liquidity risks. The Company and each of its consolidated subsidiaries, prepares a cash flow plan and keeps its in financially sound conditions.

(3) Additional information for fair values of financial instruments

Fair values of financial instruments are based on fair markets value. If the fair markets value is not available, other rational valuation methods are used instead. These estimates include variable factors, and are subject to fluctuations due to changes in the underlying assumptions.

2. Fair Value of Financial Instruments

Fair value and variances with carrying amounts presented on the balance sheets as of December 31, 2012 are as follows. Fair values that are not readily available are not included in the following table. (Note 2)

			Millions of Yen
	Carrying amounts	Fair value	Difference
(1) Cash and time deposits	¥10,822	¥10,822	¥—
(2) Notes and accounts receivable	15,509	15,509	—
(3) Investment securities:			
Other securities	1,561	1,561	—
Total assets	¥27,894	¥27,894	¥—
(1) Accounts payable	¥ 5,410	¥ 5,410	¥—
(2) Short-term loans payable	3,928	3,928	—
(3) Income taxes payable	699	699	—
(4) Long-term loans payable	1,547	1,549	2
Total liabilities	¥11,585	¥11,587	¥ 2
Derivative instruments	—	—	—

Note 1: Method for calculating the fair value of financial instruments and information about investments in securities and derivative transactions

Assets

(1) Cash and time deposits; (2) Notes and accounts receivable

The carrying amounts approximate fair value because of the short maturity of these instruments.

(3) Investments in securities

Market prices on stock exchanges are used to determine the fair value of these securities. Prices quoted by financial institutions are used to determine the fair value of bonds.

Liabilities

(1) Accounts payable; (2)Short-term loans payable; (3) Income taxes payable

The carrying amounts approximate fair value because of the short maturity of these instruments.

(4) Long-term loans payable

The fair value of long-term loans payable in estimated by discounting future cash flows using rates currently available for loans similar terms and remain maturities.

Derivative instruments

Please refer to (DERIVATIVE TRANSACTIONS) below

Note 2: Carrying amount of financial instruments whose fair values cannot be reliably determined.

	Millions of Yen
	As of December 31, 2012
Unlisted stocks	¥88

Note: Unlisted stocks are not included in investment securities (Note 3), because its extremely difficult to estimates fair value, both, due to their markets prices are not available and to the difficulty in estimating future cash flows.

Note 3: December 31, 2012 the following schedule shows the maturities of financial instruments (assets)

	Millions of Yen	
	Up to 1 year	More than 1 year and up to 5 years
Cash and deposits	¥10,822	¥ —
Notes and accounts receivable	15,509	—
Investment securities:		
Securities with maturity in other investment securities account	—	300
Total	¥26,332	¥300

Note 4: The aggregate annual maturities of long-term borrowings and lease obligations at December 31, 2012.

Please refer to (Schedule of borrowings)

(INVESTMENTS IN SECURITIES)

Millions of Yen

	Type of securities	As of December 31, 2011			**As of December 31, 2012**		
		Carrying amount	Acquisition costs	Difference	Carrying amount	Acquisition costs	Difference
Securities whose carrying amounts on consolidated balance sheets exceed their acquisition costs	(1) Stocks	¥ 574	¥ 454	¥120	**¥ 751**	**¥ 502**	**¥ 249**
	(2) Debt securities	—	—	—	—	—	—
	(3) Others	—	—	—	—	—	—
	Total	574	454	120	**751**	**502**	**249**
Securities whose carrying amounts on consolidated balance sheets does not exceed their acquisition costs	(1) Stocks	444	608	(163)	**511**	**612**	**(101)**
	(2) Debt securities	299	300	(0)	**298**	**300**	**(1)**
	(3) Others	—	—	—	—	—	—
	Total	744	908	(163)	**810**	**912**	**(102)**
Total		¥1,319	¥1,362	¥ (42)	**¥1,561**	**¥1,414**	**¥ 146**

Note: Unlisted stocks (book value on the consolidated balance sheet: ¥999 thousand are not included in investment securities under "Others" as their market prices are not available and it is extremely difficult to calculate the fair value to the difficulty in estimating future cash flows.

(DERIVATIVE TRANSACTIONS)

Derivative transactions to which the hedge accounting method is applied

Currency-related transactions

Year ended December 31, 2012

Millions of Yen

Hedge accounting method	Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value
Designation method for forward foreign exchange contracts	Forward foreign exchange contracts				
	Sell	Accounts receivable			
	U.S. dollar		¥3,349	—	(Note)
	Euro		1,731	—	(Note)
	Hong Kong dollar		60	—	(Note)

Note: For forward foreign exchange contracts, etc., subject to the designation method, because they are recognized together with accounts receivable and accounts payable, which are hedged items, their fair values are included in those of accounts receivable and accounts payable.

(RETIREMENT BENEFITS)

Year ended December 31, 2012

1. Retirement and pension plans

The Company had defined benefit plans that define benefit corporate pension plans and lump-sum retirement benefit plans. The Company also had adopted defined contribution pension plans as well as defined benefit pension plans.

Some overseas consolidated subsidiaries adopt defined contribution pension plans.

2. Retirement benefit obligation

	Millions of Yen
(1) Retirement benefit obligations	¥(2,525)
(2) Plan assets at fair value	1,126
(3) Unfunded retirement benefit obligations (1)+(2)	(1,399)
(4) Unrecognized actuarial gains	244
(5) Net balance sheet amount (3)+(4)	(1,154)
(6) Prepaid pension expense	—
(7) Accrued retirement benefits (5)-(6)	¥(1,154)

3. Retirement benefit expenses

	Millions of Yen
Retirement benefit expenses	¥440
(1) Service expenses	162
(2) Interest expenses	46
(3) Expected return on plan assets	(17)
(4) Amortization of net actuarial difference	93
(5) Other	155

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

(ACCOUNTING FOR DEFERRED INCOME TAX)

Year ended December 31, 2012

1. Breakdown of the major components for deferred tax assets and liabilities

	Millions of Yen
Deferred Tax Assets	
Reserve for doubtful accounts	¥ 36
Unrealized intercompany profits	506
Reserve for employees' retirement benefits	436
Long-term accounts payable	86
Loss on devaluation of inventories	22
Loss on disposal of fixed assets	16
Depreciation and amortization	24
Lump-sum depreciable assets	26
Unrealized loss on investment securities	36
Other	153
Total of deferred tax assets	¥1,346

Deferred Tax Liabilities	Millions of Yen
Deferred Tax Liabilities	
Reserve for deduction entries	¥ (44)
Unrealized gain on investments in securities	(88)
Other	(16)
Total of deferred tax liabilities	(148)
Net deferred tax assets	¥1,197

Note: Net deferred tax assets as of December 31, 2012 are reflected in the following accounts in the consolidated balance sheets.

	Millions of Yen
	2012
Current assets – deferred tax assets	**¥668**
Fixed assets – deferred tax assets	**529**

2. Reconciliation of the statutory tax rate and the effective tax rate

Effective statutory tax rate	40.4%
(Adjustments)	
Entertainment expense and others that are not deductible permanently	0.8
Exclusion of loss related to a donation	0.1
Inhabitant tax on per capita basis	0.4
Provision for directors' bonuses	1.2
Tax credits	(5.0)
Differences of tax rates for overseas consolidated subsidiaries	(15.2)
Dividend income and others that are not taxable permanently	(8.0)
Effect of dividend income eliminated for consolidation	7.8
Special tax rate on retained earnings of family corporation	1.0
International withholding income tax	4.0
Others	(0.7)
Actual tax rate	26.8%

SEGMENT INFORMATION

1. Outline of reporting segments

The Company's reporting segments are business units for which abstracted financial data is available and periodically reviewed by the Board of Directors to determine resource allocation and evaluate business performance. The Company has its business units identified by products. Each business unit plans its comprehensive domestic and overseas strategy for its products and operates its business activities.

Accordingly, Tamron has the following three reportable segments based on these business divisions that are categorized according to products: Photographic Products, Optical Components and Commercial/Industrial-use Optics. The "Photographic Products" manufactures and sells Interchangeable lenses for SLR camera. The "Optical Components" manufactures and sells Camcorder lenses, Digital still camera lenses, and Optical device units. The "Commercial/Industrial-use Optics" manufactures and sells Lenses for CCTV cameras and Automotive lenses.

2. Calculating reporting segment sales, income, assets and other items

Accounting policies used to financial results of reporting segments are the same as those used for the preparation of the Company's consolidated financial statements. Reporting segment income corresponds to operating income.

3. Information on sales, income, assets, liabilities and other items by reporting segment

Millions of Yen

	2012					
	Photographic products	Optical components	Commercial/ Industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to external customers	¥46,920	¥8,275	¥9,157	¥64,353	—	¥64,353
Intersegment sales	—	—	—	—	—	—
Total	46,920	8,275	9,157	64,353	—	64,353
Operating income	¥ 5,958	¥ 452	¥1,595	¥ 8,006	¥(2,503)	¥ 5,503
Assets	¥33,469	¥ 6,992	¥6,960	¥47,423	¥10,635	¥58,058
Depreciation expenses	2,187	468	452	3,109	73	3,182
Capital expenditures	1,949	329	537	2,815	840	3,656

Notes:
1. Adjustments (eliminations and/or corporate) are as follows.
(1) Adjustment of segment profit totaled ¥(2,503) million is due to unallocated operating expenses consisted principally of expenses related to general affairs, accounting and other departments of the Company.
(2) Total assets included in adjustments of segment assets mainly represent cash, long-term investments funds (investments in securities), and assets related to the administration department.
2. Segment profit is adjusted to operating profit of consolidated statements of income.

RELATED INFORMATION

Year ended December 31, 2012

1. Information by geographical area
(1) Sales

Millions of Yen

Japan	North America	Europe	Asia	Other	Total
¥19,196	¥5,272	¥12,347	¥26,668	¥867	¥64,353

Note: Sales are grouped by country or region, based on customer location.

(2) Property and equipment

Millions of Yen

Japan	North America	Europe	Asia	Total
¥6,130	¥223	¥278	¥7,781	¥14,413

2. Information by major customer

Millions of Yen

Name of company	Net sales	Relevant segments
Nikon Corporation	¥13,757	Photographic Products
Sony EMCS Corporation	10,601	Photographic Products Optical Components Commercial/Industrial-use Optics

NOTES TO RELATED PARTY TRANSACTIONS

Year ended December 31, 2012

1. Transactions between the Company and related parties.

Millions of Yen

Name of company	Paid in capital	Transaction	Amount per year	Year end balance
Sony EMCS Corporation	million JPY	Sale of DSC lenses	¥10,601	¥2,977
Sony Digital Products (Wuxi) Co., Ltd.	thousand RMB	Sale of DSC lenses	1,907	292
Shanghai Suoguang Electronics Co., Ltd.	thousand RMB	Sale of DSC lenses	1,153	338
Sony Technology (Thailand) Co., Ltd.	thousand THB	Sale of DSC lenses	2,689	160

Note: Sales prices are based on the arms' length transaction basis.
Consumption tax is not included in the amount of transaction but included in the amount of year-end balance.

2. Transactions between the Company's consolidated subsidiaries and related parties.
Not applicable

NOTES TO PER SHARE INFORMATION

Year ended December 31, 2012

Net assets per share	1,486.52 Yen
Net income per share	141.86 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.

	2011	2012
Net income (Millions of Yen)	¥ 3,804	**¥ 3,894**
Amount not belong to ordinary shareholders (Millions of Yen)	—	—
Net income for ordinary shares (Millions of Yen)	3,804	**3,894**
Average number of shares outstanding during the term (Shares)	27,450,743	**27,450,705**

NOTES TO SUBSEQUENT EVENTS

Not applicable.

CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

(Schedule of borrowings)

Millions of yen

Category	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	3,560	2,929	1.0	—
Current portion of long-term borrowings	933	999	1.4	—
Current portion of lease obligations	0	0	6.0	—
Long-term borrowings (excluding current portion)	1,836	1,547	1.1	2014 to 2017
Lease obligations (excluding current portion)	2	1	6.0	2014 to 2017
Total	6,333	5,478	—	—

Notes:
1. The average interest rate represents the weighted-average rate applicable to the year-end balance.
2. The following table shows the aggregate annual maturities of long-term borrowings (excluding the current portion) and lease obligations (excluding the current portion) for 5 years subsequent to December 31, 2012.

Millions of yen

Category	Due within fiscal 2013	Due within fiscal 2014	Due within fiscal 2015	Due within fiscal 2016
Long-term borrowings	797	467	232	50
Lease obligations	0	0	0	—

(Other)

Quarterly financial information

Millions of yen

	1Q	2Q	3Q	4Q
Net sales	12,280	30,432	46,451	64,353
Income before income taxes and minority interests	816	2,836	4,262	5,322
Net income	563	2,077	3,111	3,894
Earnings per share	20.54	75.68	113.37	141.86

	1Q	2Q	3Q	4Q
Earnings per share	20.54	55.14	37.69	28.49

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

Based on a rule of 1 Clause 2 of Article 193 of Financial Instruments and Exchange Law, we have audited the accompanying consolidated financial statements of Tamron Co., Ltd. and its subsidiaries, which comprise the consolidated balance sheet as at December 31, 2012, and the consolidated statement of income, comprehensive income, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies, other explanatory notes and financial statement schedules.

Management's Responsibility for the Consolidated Financial Statements
Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Tamron Co., and its subsidiaries as at December 31, 2012, and their financial performance and cash flows for the year then ended in accordance 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 the preface at NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Tokyo, Japan
March 20, 2013

Wako Audit Corporation

Wako Audit Corporation

COMPANY PROFILE

Overview (As of December 31, 2012)

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

Employees:
2,295 (Consolidated)

Management (As of March 28, 2013)

Board of Directors

President and CEO
Morio Ono

Corporate Vice Presidents
Shoji Kono
Hitoshi Ohta
Yoshihiro Shirai

Senior Managing Directors
Hisaaki Nagashima
Takashi Kawai
Hiroaki Arai

Managing Directors
Koji Seki
Tadahiro Shimura
Shiro Ajisaka
Hideyo Ohse

Directors
Kenichi Hamada
Hideo Shimizu[1]
Mikio Yokose[1]

Audit and Supervisory Board Member

Standing Corporate Auditors
Yukio Masuko[2]
Shinichi Yasuda

Corporate Auditors
Tadahiro Tone[2]
Yasuhiko Nishimoto[2]

Executive Officers

Senior Executive Officers
Takashi Ichikawa
Masayuki Abo
Shogo Sakuraba
Hiroshi Kawanabe
Yasuki Kitazume

Executive Officers
Kunio Wada
Mitsuharu Takeuchi
Michiko Chiyoda
Masaki Kudo
Tsugio Tsuchiya
Hiroshi Otsuka
Hans Peter Rosenthal
Takashi Inoue
Shenghai Zhang
Koji Masunari
Makoto Otani
Yoshinori Narita
Hideyuki Nonaka
Tomohide Okayasu

Notes: 1. Independent director
2. Independent corporate auditor

STOCK OVERVIEW

Corporate Stock Summary (As of December 31, 2012)

Number of shares issued:
27,500,000 shares

Number of shares per unit:
100 shares

Number of shareholders:
5,648 shareholders

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:
Sumitomo Mitsui Trust Bank, Limited

Principal Shareholders (As of December 31, 2012)

Shareholders	Number of Shares Held (Thousands of Shares)	Percentage of Shares Held
New Well Co., Ltd.	4,898	17.81
Sony Corporation	3,129	11.38
Japan Trustee Services Bank, Ltd. (trust account)	1,752	6.37
Kouyu Kosan Co., Ltd.	1,529	5.56
Saitama Resona Bank Limited.	1,122	4.08
The Master Trust Bank of Japan, Ltd. (trust account)	856	3.11
Goldman Sachs and Company Regular Account	819	2.98
Nippon Life Insurance Company	480	1.74
Tamron Business Partner Stock Holding Plan	449	1.63
State Street Bank and Trust Company	438	1.59

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 disposition of the shares, Sony Corporation reserves the right to instruct pursuant to the provisions of the trust contract between the two parties.

New eyes for industry

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http://www.tamron.co.jp
ISO9001/ISO14001 Certified
ISO/TS16949 Certified

GROUP NETWORK

Production Facilities

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

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

Owani Plant
31-1, Maeda, Hachimandate, Owani-machi,
Minamitsugaru-gun,
Aomori 038-0243 JAPAN
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Fax:+81-172-47-6715

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CHINA
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Fax:+86-757-82203442

TAMRON OPTICAL (VIETNAM) CO., LTD.
LOT NO.69B&70A, Noi Bai Industrial
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District, Hanoi, VIETNAM

Subsidiaries Overseas

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PRINTED IN JAPAN