TAMRON

Annual Report 2016

Corporate Philosophy

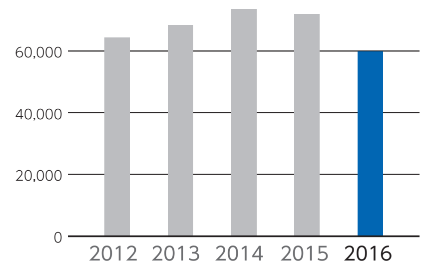
We at Tamron are advancing with our corporate philosophy to guide our mission.

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.

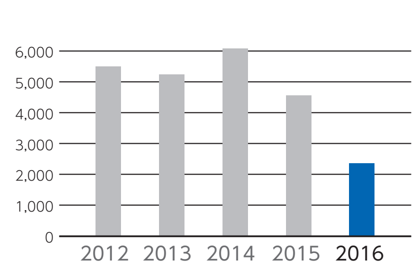
	Millions of Yen					Thousands of U.S. Dollars
Years ended December 31	2016	2015	2014	2013	2012	2016
For the Year:						
Net sales	¥ 59,903	¥ 71,946	¥ 73,621	¥ 68,452	¥ 64,353	$550,630
Operating income	2,361	4,554	6,076	5,233	5,503	21,702
Operating income ratio	3.9%	6.3%	8.3%	7.6%	8.6%	—
Ordinary income	2,855	5,140	6,200	5,196	5,377	26,243
Ordinary income ratio	4.8%	7.1%	8.4%	7.6%	8.4%	—
Net income attributable to equities of parent	1,482	4,048	3,846	3,197	3,894	13,623
At Year-End:						
Total assets	¥ 60,910	¥ 66,035	¥ 69,906	¥ 64,704	¥ 58,058	$559,886
Net assets	47,321	49,001	51,995	47,087	40,805	434,976
Number of employees	4,728	5,829	2,694	2,545	2,295	—
Per Share Data:						
Net income attributable to equities of parent	¥ 57.19	¥ 153.98	¥ 140.14	¥ 116.48	¥ 141.86	—
Shareholders' equity	1,825.62	1,890.45	1,894.14	1,715.37	1,486.52	—
Cash dividends	55.00	60.00	50.00	50.00	50.00	—
Ratios (%):						
Return on assets (ROA)	4.5	7.6	9.2	8.5	9.8	—
Return on equity (ROE)	3.1	8.0	7.8	7.3	10.1	—
Equity ratio	77.7	74.2	74.4	72.8	70.3	—

Notes: 1. U.S. dollar amounts are translated from yen, for convenience only, at the rate of ¥108.79=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
ATTRIBUTABLE TO EQUITIES OF PARENT
(Millions of Yen)

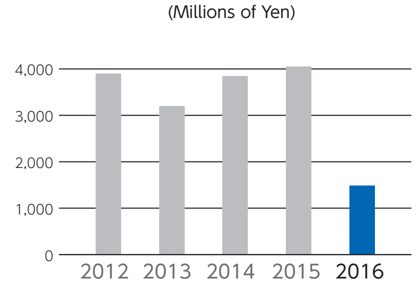


TABLE OF CONTENTS

Note: In the 2016 annual report, amounts of less than the unit indicated, for example, one million yen or one thousand dollars, have been omitted.

President & CEO
Tamron Co., Ltd.
Shiro Ajisaka

The overview of our consolidated operating results for the 70th term (January 1, 2016 to December 31, 2016) is as follows.

Business conditions for the Tamron Group were difficult in the fiscal year under review. Compared to the previous fiscal year, the yen appreciated more than 10 yen against both the U.S. dollar and the euro. In addition, in the digital camera market where the Tamron Group operates, both the volume and value of digital SLR cameras and interchangeable lenses shipped fell more than 10% compared to previous year, reflecting adverse factors such as part supply delays caused by the Kumamoto Earthquake.

Under these conditions, the Tamron Group posted the following operating results in the fiscal year under review. Consolidated net sales came to 59.903 billion yen (decrease by 16.7% compared to previous year), reflecting influences including the negative effect of exchange rate fluctuations of the strong yen and the effects of poor business performance in the digital SLR camera market. The Group worked hard to decrease expenses, but consolidated operating profit came to 2.361 billion yen (down 48.2% compared to previous year), consolidated ordinary profit came to 2.855 billion yen (down by 44.4% compared to previous year), and consolidated net profit attributable to owners of parent came to 1.482 billion yen (down 63.4% compared to previous year).

Business environment for the Tamron Group appears to be uncertain. In spite of that, the Group aims to incrementally increase both revenue and profit through such methods as the development of existing businesses with the aggressive introduction of new house-brand interchangeable lenses and entries into new business fields.

Mid-Term Management Goals

Improve Profitability through Well-Balanced Business Portfolio

Mid-Term Management Goal toward FY2019

Net Sales	¥76.0 billion
Operating Income	¥7.0 billion
(% Sales)	9.2%
ROE	10% or more

Assumed exchange rate: ¥105=US$1, ¥113=€1

Agendas for Transformation

Agenda	Direction	Action Plan
Reinforce Sales & Marketing	• Enhance Marketing Functions • Proposal-Based Sales Activities	• Enhance proposal-based sales activities • Create pull-demands and increase repeat customer rate
Customer Values	• Innovative & Exciting Product Planning	• Reinforce functions of Product Planning Dept. (from product planning to launch) • Establish mechanism to feed market needs to product planning
Globalization of Sales, Production, & R&D	• Re-Organize Sales Network • Re-Organize Manufacturing Process	• Expand territories covered by US subsidiary • Realignment of sales network in Asia • Initiate R&D for CCTV Lens in China factory • Optimize use of 3 factories (JPN/CHN/VNM)
Re-Building of R&D Process	• R&D Investment in Future Business • Shorten R&D L/T	• Start full-scale operation of Opto-Science R&D Center • Increase efficiency in R&D process
New Business Development	• Operational & Capital Partnership with External Organization	• Build partnership with external organization • Selection and concentration of resources • Leverage alliances and M&A
Corporate Management	• Organizational & HR System Restructuring • Enhance Corp. Governance	• Flatter & slimmer organization structure (integration of Imaging Products Biz. Unit) • Review HR evaluation system • Build suitable corporate governance system • Efforts to improve productivity in each dept.

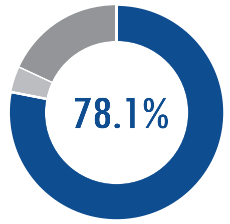
Main Products | Business Segment Overview | Composition of Sales | Net Sales (Millions of Yen)

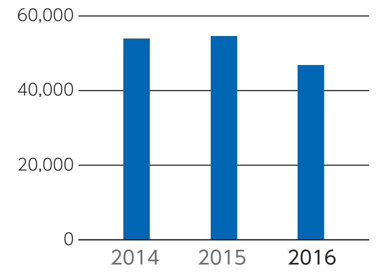
Photographic Products

- Interchangeable lenses for 35mm/Digital SLR cameras
- Interchangeable lenses for mirrorless interchangeable lens cameras

The market introduction of the SP series of new products, pursuing high performance with advanced specifications and designs, such as macro lens SP 90mm F/2.8 VC USD (Model F017), single-focus semi-telephoto lens SP 85mm F/1.8 VC USD (Model F016) and the latest ultra-telephoto zoom lens with substantially enhanced functions, SP 150-600mm VC USD G2 (Model A022), contributed our operating performance together with the sales growth in China. However, our sales declined mainly due to the continued stagnation of the market for digital SLR cameras and interchangeable lenses. Revenue from OEM products also fell slightly.

As a result, net sales for the Photographic Products business came to 46.805 billion yen (decrease by 14.2% compared to previous fiscal year). Operating profit was negatively affected by exchange rate fluctuations of the strong yen against the euro, dropping to 4.034 billion yen (decrease by 26.6% compared to previous year).



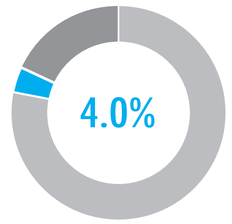


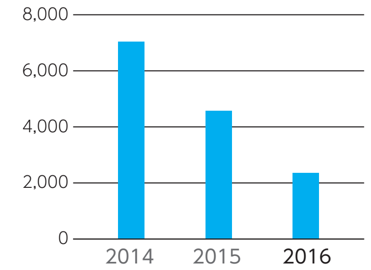
Optical Components

- Camcorder lenses
- Digital still camera lenses
- Optical device units

Sales rose for lenses for long wavelength infrared cameras. However, for compact digital camera lenses and digital video camera lenses sales fell sharply under adverse factors, such as substantial market contraction and the Kumamoto Earthquake.

As a result, net sales for the Optical Components business came to 2.358 billion yen (decrease by 48.4% compared to previous year). Operating profit dropped to 0.075 billion yen (decrease by 67.1% compared to previous year).



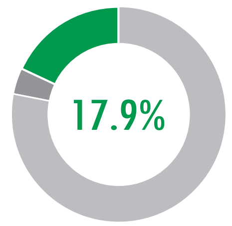


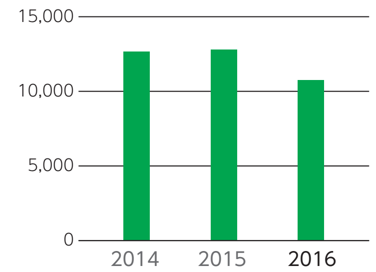
Commercial/ Industrial-use Optics

- Lenses for CCTV cameras
- Automotive lenses

In the Commercial/Industrial-use Optics business, sales rose sharply for lenses for automotive applications thanks to efforts to boost operations in anticipation of the growth of the vehicle-mounted camera market. However, sales fell for surveillance cameras under the negative effects of market share fluctuations mainly resulting from greater competition among lens manufacturers and the rise of camera manufacturers in China.

As a result, net sales for the Commercial/Industrial-use Optics business came to 10.739 billion yen (decrease by 16.1% compared to previous year). Operating profit plunged to 0.733 billion yen (decrease by 48.0% compared to previous year), reflecting the commitment to developing new products in the security field, which is predicted to continue growing stably, and burdens created by prior investment in camera modules, a new business.





FINANCIAL SUMMARY

Current assets

The balance of current assets at the end of the consolidated fiscal year under review stood at 41.590 billion yen, down 3.330 billion yen compared to the level of the end of the previous consolidated fiscal year. The result primarily reflected declines in notes and accounts receivable of 2.385 billion yen, declines in finished goods of 1.147 billion yen and increases in cash and deposits of 1.837 billion yen.

Noncurrent assets

The balance of noncurrent assets at the end of the consolidated fiscal year stood at 19.320 billion yen, a decrease of 1.794 billion yen compared to the level at the end of the previous fiscal year. This was mainly because of a decline in property, plant and equipment of 1.670 billion yen.

Current liabilities

The balance of current liabilities at the end of the consolidated fiscal year stood at 11.388 billion yen, down 3.206 billion yen compared to the level at the end of the previous consolidated fiscal year. This was mainly because of an increase in short-term borrowings of 0.172 billion yen, a decrease in accounts payable of 2.217 billion yen and a fall in accrued expenses of 0.931 billion yen.

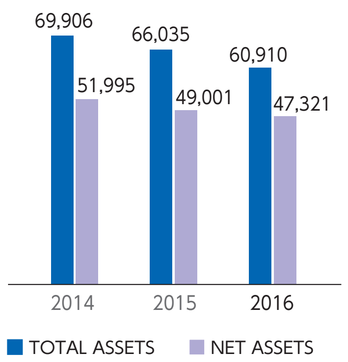
Noncurrent liabilities

The balance of noncurrent liabilities at the end of the consolidated fiscal year stood at 2.2 billion yen, down 0.238 billion yen compared to the level at the end of the previous consolidated fiscal year. This was chiefly because of a decrease in long-term borrowings of 0.145 billion yen.

Net assets

The net balance of assets at the end of the consolidated fiscal year came to 47.321 billion yen, a decrease of 1.680 billion yen compared to the level at the end of the previous consolidated fiscal year. This mainly reflected decreases in retained earnings of 0.072 billion yen and in foreign currency translation adjustments of 1.784 billion yen.

TOTAL ASSETS/NET ASSETS
(Millions of Yen)



CASH FLOWS

For the consolidated fiscal year, cash and cash equivalents at the end of the year increased by 1.837 billion yen compared to the level at the end of the previous consolidated fiscal year, to 16.030 billion yen.

What follow are cash flows through different activities during the consolidated fiscal year.

Cash flows through operating activities

Income before income taxes and minority interests stood at 2.742 billion yen, with 3.365 billion yen for depreciation and amortization expenses. Inventories decreased 2.263 billion yen. At the same time, the decline in notes and accounts payable-trade stood at 1.331 billion yen, and the income taxes paid came to 1.079 billion yen. Because of these and other factors, cash flows through the operating activities resulted in an income of 6.537 billion yen (compared to an income of 6.214 billion yen for the previous consolidated fiscal year).

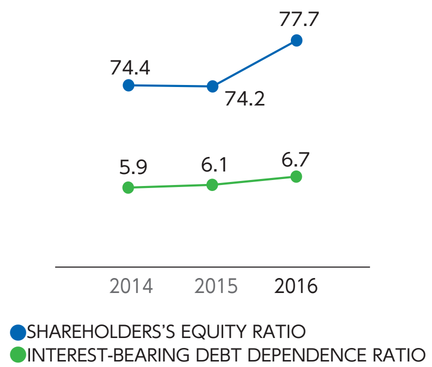
Cash flows through investing activities

With expenses of 2.286 billion yen for property, plant and equipment, etc., cash flows through investing activities resulted in a disbursement of 2.540 billion yen (compared to 2.552 billion yen in the previous consolidated fiscal year).

Cash flows through financing activities

While there was a net increase of 0.308 billion yen for short-term borrowings and the proceeds from long-term borrowings came to 0.7 billion yen, repayment of long-term borrowings of 0.977 billion yen and the dividend payments of 1.554 billion yen, among other items resulted in a disbursement of 1.524 billion yen for cash flows through financing activities (compared to 5.219 billion yen in the previous consolidated fiscal year).

SHAREHOLDERS'S EQUITY RATIO/
INTEREST-BEARING DEBT DEPENDENCE RATIO
(%)



RESEARCH AND DEVELOPMENT

With regard to the R&D activities of the Tamron Group, the Opto-Science R&D Center is responsible for research and development from a long-term perspective. The Optical Design & Engineering R&D Unit, the Core Technology & Engineering R&D Unit, the Integrated Core Technology R&D Unit, and the Process Technology & Engineering Unit are responsible for the development of underlying individual technologies that form the basis of products, in such areas as optics, production engineering and electronics. The technical department in each Business Unit is responsible for the development of products.

As for R&D activities during the consolidated fiscal year, we developed new products centering on the interchangeable lens products for digital SLR cameras, our main business area, as well as surveillance camera lenses . With future business expansion in view, we also concentrated on the development of lenses for long wavelength infrared cameras and lenses for automotive applications. The activities led to total R&D expenses of 4.002 billion yen for the consolidated fiscal year, with results of the R&D activities in each segment described below.

Photographic Products business

In the Photographic Products business, we have launched such products as the SP series of new house-brand interchangeable lenses pursuing high performance with high specifications and designs, such as macro lens SP 90mm F/2.8 VC USD (Model F017), single-focus semi-telephoto lens SP 85mm F/1.8 VC USD (Model F016) and latest ultra-telephoto lens with substantially enhanced functions SP 150-600mm VC USD G2 (Model A022). As a result, R&D expenses related to the Photographic Products business came to 2.653 billion yen.

Optical Components

In the Optical Components business, we have developed lenses for digital cameras with high value added and the lenses for far infrared cameras. As a result, R&D expenses pertaining to the Optical Components business came to 0.154 billion yen.

Commercial/Industrial-use Optics

In the Commercial/Industrial-use Optics business, with the growth of the security market and expansion of applications in view, we have developed wide-ranging new products to satisfy needs for higher pixel counts in various conditions, for surveillance at day and night, surveillance of conditions in an urban environment, traffic surveillance, machine vision systems, etc. Moreover, for sustaining further growth, we have advanced the development of products, such as vehicle-mounted camera lenses and the first subminiature camera module in the industry mounted with an optical vibration-proof device. As a result, R&D expenses pertaining to the Commercial/Industrial-use Optics business totaled 1.194 billion yen.

CAPITAL INVESTMENT

The Tamron Group made total capital investments of 2.484 billion yen (an increase of 0.2% compared to the previous year), centering on investments in machining equipment at Tamron Optical (Foshan) Co., Ltd. in order to manufacture key components internally, and the investments in metal molds related to new models.

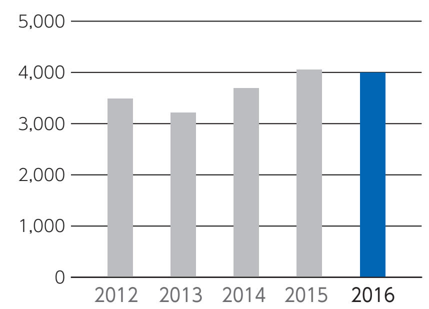
In the Photographic Products business, we made capital investments of 1.840 billion yen, mainly centered on investments in metal molds related to new models for the interchangeable lens products for digital SLR cameras.

In the Optical Components business, we made capital investments of 0.091 billion yen, mainly as investments in the metal molds concerning new models of the lenses for compact digital cameras and in lens production facilities.

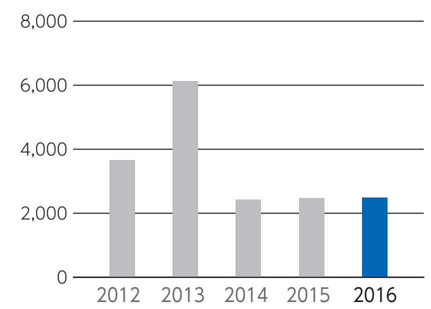
In the Commercial / Industrial-use Optics business, we made capital investments of 0.526 billion yen, mainly centered on investments in metal molds related to new models for the lens units for surveillance cameras.

Additionally, we did not eliminate, sell or otherwise dispose of any important facility during the consolidated fiscal year.

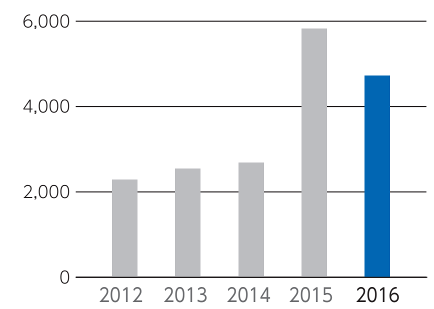
R&D EXPENSES
(Millions of Yen)



CAPITAL INVESTMENT
(Millions of Yen)



NUMBER OF EMPLOYEES



We are committed to fair and transparent management practices as well as enhancing corporate value, which is achieved by strengthening corporate governance to build up trust with shareholders and investors.

1. Basic Policy

We at Tamron have constantly pursued fair and transparent management practices under our management philosophy as well as by respecting the rights and equality of our shareholders and working diligently to maintain a sound relationship with all stakeholders.

2. Corporate Governance System Overview

Tamron has employed the Executive Officer System to speed up decision making and improve efficiencies, which has enabled it to establish a management structure capable of making accurate and strategic decisions. Independent Directors with expertise in their respective fields carefully monitor and advise the Company regarding its execution of operations from an independent and fair standpoint. At the same time, Independent Corporate Auditors with expert knowledge of finance, accounting and legal affairs as well as Corporate Auditors well versed in Tamron's operations work together with the External Auditor and Audit & Supervision Board to carry out rigorous audit programs. Tamron appoints 15 Directors, of which 2 are Independent Directors, and 4 Corporate Auditors, of which 3 are Independent Corporate Auditors.

(1) Board of Directors

Meetings of the Board of Directors are held twice a month, in principle, attended by all Directors and Corporate Auditors, for reviewing the execution of duties by the Directors and deciding on important issues as set forth in the basic policy of the Company and related laws and regulations.

(2) Audit & Supervisory Board

The Audit & Supervisory Board audits the processes of decision making by the Board of Directors and the execution of duties of Directors by attending the Board of Director meetings and checking approval documents. The Audit & Supervisory Board meets monthly, in principle.

(3) Nomination Committee and Compensation Committee

The Company has established the Nomination Committee and Compensation Committee to enhance the independence and objectivity of the functions of the Board of Directors on the appointment, dismissal and remuneration of directors.

The chairpersons of each committee are Independent Directors, and more than half of the committees are Independent Directors (Independent Directors/Independent Corporate Auditors).

(4) Executive Officer System

Tamron has employed the Executive Officer System to ensure separation between management and the execution of operations. Executive Officers carry out their duties and responsibilities following the basic policy determined by the Board of Directors.

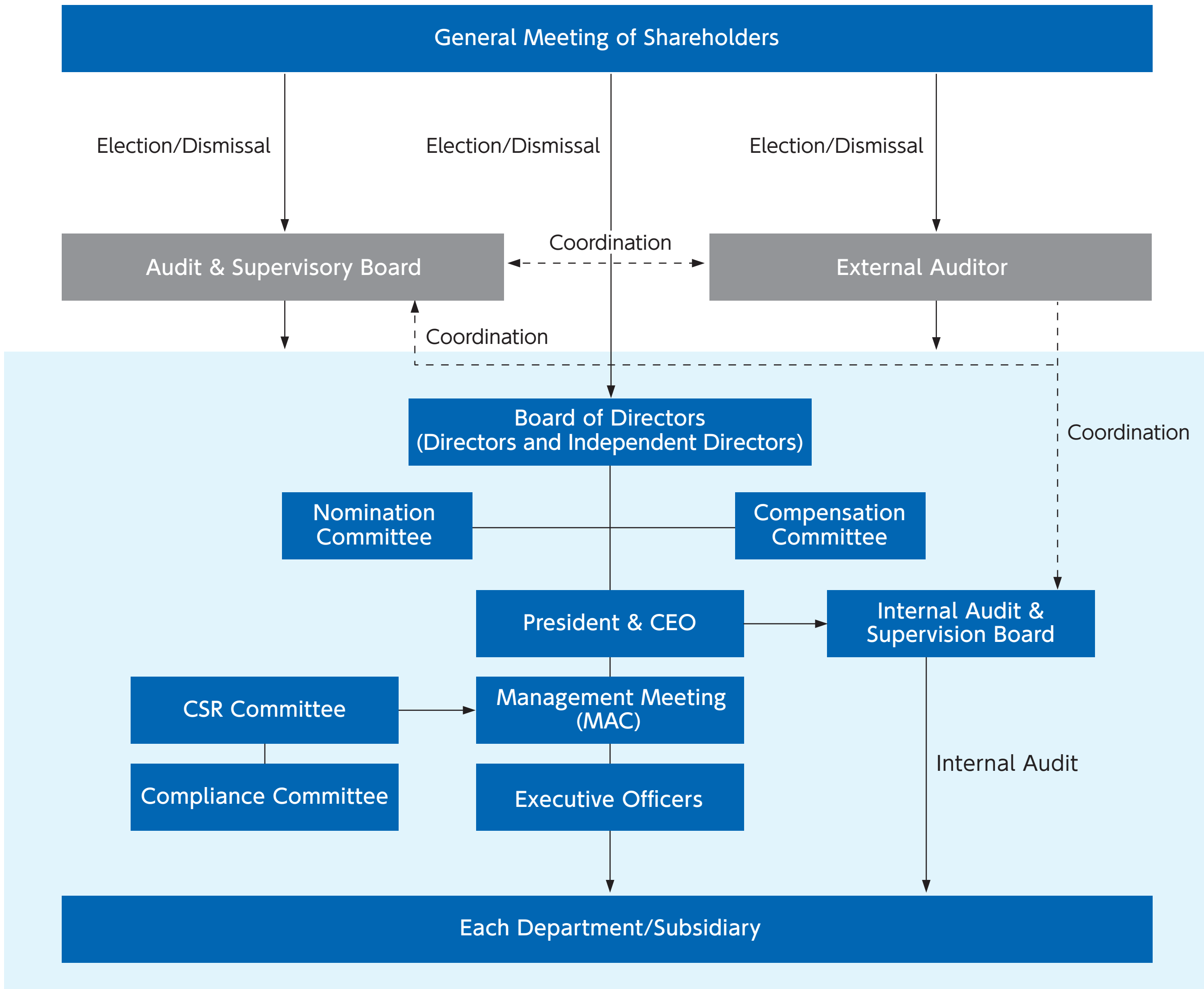
(5) Management Meeting

We regularly hold monthly management meetings (MAC) attended by all Directors, Full-Time Corporate Auditors and Executive Officers to discuss management issues and respond to the fast-changing management environment.

(6) External Auditor

Tamron has concluded an auditing agreement with Wako Audit Corporation and receives audit from this firm in its capacity as an external auditor.

Corporate Governance Structure



Management (As of December 31, 2016)

Board of Directors

President & CEO
Shiro Ajisaka

Corporate Vice Presidents
Hiroaki Arai
Tadahiro Shimura
Shogo Sakuraba

Senior Managing Directors
Hideyo Ose
Kenichi Hamada
Masayuki Abo

Managing Directors
Takashi Ichikawa
Hiroshi Kawanabe
Koji Masunari

Directors
Yasuki Kitazume
Hiroshi Otsuka
Shenghai Zhang
Hideo Shimizu[1]
Mikio Yokose[1]

Audit & Supervisory Board Member

Full-Time Corporate Auditors
Tsugio Tsuchiya
Takayuki Namiki[2]

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

Notes: 1. Independent Director
2. Independent Corporate Auditor

Executive Officers

Senior Executive Officers
Michiko Chiyoda
Hans Peter Rosenthal
Makoto Otani
Hideyuki Nonaka
Tomohide Okayasu
Takao Yamamoto

Executive Officers
Kunio Wada
Yoshinori Narita
Tsutomu Tezuka
Chaitang Ho
Jie Chen
Emiko Ushida
Toshikuni Tateno
Masato Naraoka
Mikio Kimura

The following section provides an overview of the issues related to the business results and financial position of the Group that may have a material effect on the decisions of investors.

The forward-looking statements in this text represent the judgment of management as of March 29, 2017.

1. Dependence on specific customers

Sales to Sony Corporation's group companies and Nikon Corporation's group companies comprise approximately 20% and 16% of the Group's sales, respectively (both figures are for the fiscal year ended December 31, 2016). As a result, changes in the strategies and policies and business relationships of these two companies may significantly affect the Group's business results.

2. New businesses

It is the Group's policy to foster and expand new businesses. In the event that the Group decides to scale back or withdraw from a new business due to intensifying price competition, rapid technological innovation, drastic changes in market needs and so forth, the Group's business results may be significantly affected.

3. Dependence on specific suppliers

The Group procures raw materials, components, etc. from numerous external suppliers. For the procurement of glass materials, in particular, it relies on limited supply sources.

If these raw materials, components, etc. are not available in the quantity or price that the Group has planned for any reason, and the Group is unable to produce the products in the planned quantity, etc., it will fail to carry out its responsibility of delivery to customers, and this may significantly affect its business results.

4. Product defects

The Group has developed advanced quality assurance systems. In the unlikely event of the occurrence of a defect in its products that may lead to large-scale product liability, the Group may incur significant expense or lose public confidence, etc., any of which may significantly affect its business results.

5. Intellectual property rights

The Group undertakes investigations, negotiations and applications, and also takes other necessary steps to protect its rights related to intellectual property rights and avoid any related issues. In the event of a dispute over intellectual properties occurring between the Group and a third party, the Group's business results may be significantly affected.

6. Laws and regulations

The Group strives to comply with international and domestic laws and regulations, government permits, licenses, regulations and so forth that are relevant to the Group's businesses. In the event of a violation of laws or regulations or the filing of a suit due to unintended reasons, the Group's business results may be significantly affected.

7. Impairment loss

In cases where the market value of the Group's assets declines significantly or where the profitability of its business deteriorates, impairment loss will be recorded according to the accounting standards for impairment of assets, and this may significantly affect the Group's business results.

8. Effects of exchange rate fluctuations

The Group conducts transactions with overseas subsidiaries in foreign currencies, and some of the transactions with international and domestic business partners in foreign currencies. Accordingly, fluctuations in exchange rates may significantly affect the competitiveness of the Group's products in overseas markets, its export profit, business results, etc.

9. Other risks

In addition to the above, if there arise unanticipated political or economic factors, changes in tax systems or tax rates that have adverse effects, or events of social turmoil, etc. due to acts of terrorism, wars, natural disasters, contagious diseases or other factors in the countries or regions where the Group conducts business, this may significantly affect the Group's business results.

As of December 31	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars 2016
Assets			
Current assets:			
Cash and deposits	¥16,030	¥14,192	$147,348
Notes and accounts receivable–trade	13,419	15,804	123,348
Finished goods	7,023	8,170	64,556
Work in process	2,201	3,209	20,232
Raw materials and supplies	875	1,495	8,043
Deferred income taxes	442	656	4,063
Other	1,630	1,422	14,983
Allowance for doubtful accounts	(32)	(31)	(294)
Total current assets	41,590	44,920	382,296
Noncurrent assets:			
Property, plant and equipment			
Buildings and structures	13,200	13,529	121,335
Accumulated depreciation	(7,088)	(6,754)	(65,153)
Buildings and structures, net	6,112	6,774	56,182
Machinery, equipment and vehicles	19,195	20,050	176,441
Accumulated depreciation	(13,682)	(13,726)	(125,765)
Machinery, equipment and vehicles, net	5,513	6,324	50,676
Tools, furniture and fixtures	19,289	18,806	177,305
Accumulated depreciation	(17,056)	(16,464)	(156,779)
Tools, furniture and fixtures, net	2,232	2,342	20,517
Land	1,012	1,057	9,302
Construction in progress	668	711	6,140
Total property, plant and equipment	15,539	17,209	142,835
Intangible assets	787	804	7,234
Investments and other assets			
Investment securities	2,303	2,330	21,169
Deferred income taxes	340	435	3,125
Other	437	406	4,017
Allowance for doubtful accounts	(88)	(72)	(809)
Total investments and other assets	2,993	3,100	27,512
Total noncurrent assets	19,320	21,114	177,590
Total assets	¥60,910	¥66,035	$559,886

As of December 31	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars 2016
Liabilities			
Current liabilities:			
Accounts payable–trade	¥ 3,068	¥ 5,285	$ 28,201
Short-term loans payable	3,327	3,154	30,582
Accrued expenses	2,826	3,757	25,977
Income taxes payable	371	603	3,410
Other	1,794	1,793	16,490
Total current liabilities	11,388	14,594	104,679
Noncurrent liabilities:			
Long-term loans payable	736	881	6,765
Net defined benefit liability	1,403	1,495	12,896
Other	60	62	552
Total noncurrent liabilities	2,200	2,439	20,222
Total liabilities	13,589	17,033	124,910
Net assets			
Shareholders' equity:			
Capital stock	6,923	6,923	63,636
Capital surplus	7,432	7,432	68,315
Retained earnings	30,114	30,187	276,809
Treasury stock	(53)	(53)	(489)
Total shareholders' equity	44,416	44,489	408,273
Accumulated other comprehensive income:			
Unrealized gain on investment securities	498	445	4,578
Foreign currency translation adjustments	2,475	4,260	22,750
Remeasurements of defined benefit plans	(69)	(194)	(634)
Total accumulated other comprehensive income	2,905	4,512	26,703
Total net assets	47,321	49,001	434,976
Total liabilities and net assets	¥60,910	¥66,035	$559,886

CONSOLIDATED STATEMENTS OF INCOME

Years ended December 31	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars 2016
Net sales	¥59,903	¥71,946	$550,630
Cost of sales	41,001	49,303	376,882
Gross profit	18,901	22,642	173,738
Selling, general and administrative expenses:			
Advertising expenses	1,174	1,455	10,791
Promotion expenses	853	962	7,841
Provision of allowance for doubtful accounts	29	4	267
Salaries and bonuses	4,261	4,653	39,167
Retirement benefit expenses	147	136	1,351
Technical research expenses	3,946	3,986	36,272
Other	6,126	6,887	56,310
Total selling, general and administrative expenses	16,539	18,087	152,027
Operating income	2,361	4,554	21,702
Non-operating income:			
Interest income	34	32	313
Dividends income	61	51	561
Foreign exchange gains	348	387	3,199
Rent income	20	20	184
Subsidy income	38	103	349
Other	206	209	1,894
Total non-operating income	709	804	6,517
Non-operating expenses:			
Interest expenses	42	45	386
Loss on retirement of non-current assets	88	112	809
Loss on abandonment of inventories	15	38	138
Other	69	21	634
Total non-operating expenses	215	218	1,976
Ordinary income	2,855	5,140	26,243
Extraordinary income			
Insurance income	—	99	—
Gain on bargain purchase	—	653	—
Total extraordinary income	—	753	—
Extraordinary loss:			
Loss on valuation of investment securities	77	—	708
Impairment loss	35	—	322
Total extraordinary loss	113	—	1,039
Income before income taxes and minority interests	2,742	5,893	25,205
Income taxes-current	987	1,926	9,073
Income taxes-deferred	273	(81)	2,509
Total income taxes	1,260	1,845	11,582
Net income	1,482	4,048	13,623
Net income attributable to equities of parent	¥1,482	¥4,048	$13,623

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Years ended December 31	Millions of Yen 2016	Millions of Yen 2015	Thousands of U.S. Dollars 2016
Income before minority interests	¥1,482	¥4,048	$13,623
Other comprehensive income			
Unrealized gain (loss) on investment securities	52	(20)	478
Foreign currency translation adjustments	(1,784)	(1,536)	(16,399)
Remeasurements of defined benefit plans	124	(41)	1,140
Total other comprehensive income	(1,607)	(1,598)	(14,772)
Comprehensive income	(125)	2,449	(1,149)
Comprehensive income attributable to owners of parent	(125)	2,449	(1,149)

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

Millions of Yen

	2015				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of January 1, 2015	¥6,923	¥7,432	¥31,609	¥(81)	¥45,883
Cumulative effects of changes in accounting policies			(13)		(13)
Restated balance	6,923	7,432	31,595	(81)	45,869
Changes in the term					
Dividends from surplus			(1,471)		(1,471)
Net income attributable to equities of parent			4,048		4,048
Purchase of treasury shares				(3,957)	(3,957)
Retirement of treasury shares			(3,985)	3,985	—
Net changes of items other than shareholders' equity					
Total changes in the term	—	—	(1,408)	27	(1,380)
Balance of December 31, 2015	6,923	7,432	30,187	(53)	44,489

Millions of Yen

	Changes in accumulated other comprehensive income				
Year ended December 31	Unrealized gain (loss) on investment securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance of January 1, 2015	¥466	¥5,797	¥(152)	¥6,111	¥51,995
Cumulative effects of changes in accounting policies					(13)
Restated balance	466	5,797	(152)	6,111	51,981
Changes in the term					
Dividends from surplus				—	(1,471)
Net income attributable to equities of parent				—	4,048
Purchase of treasury shares				—	(3,957)
Retirement of treasury shares				—	—
Net changes of items other than shareholders' equity	(20)	(1,536)	(41)	(1,598)	(1,598)
Total changes in the term	(20)	(1,536)	(41)	(1,598)	(2,979)
Balance of December 31, 2015	445	4,260	(194)	4,512	49,001

Millions of Yen

	2016				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of January 1, 2016	¥6,923	¥7,432	¥30,187	¥(53)	¥44,489
Changes in the term					
Dividends from surplus			(1,555)		(1,555)
Net income attributable to equities of parent			1,482		1,482
Total changes in the term	—	—	(72)	—	(72)
Balance of December 31, 2016	6,923	7,432	30,114	(53)	44,416

Millions of Yen

	Changes in accumulated other comprehensive income				
Year ended December 31	Unrealized gain (loss) on investment securities	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance of January 1, 2016	¥445	¥4,260	¥(194)	¥4,512	¥49,001
Changes in the term					
Dividends from surplus					(1,555)
Net income attributable to equities of parent					1,482
Net changes of items other than shareholders' equity	52	(1,784)	124	(1,607)	(1,607)
Total changes in the term	52	(1,784)	124	(1,607)	(1,680)
Balance of December 31, 2016	498	2,475	(69)	2,905	47,321

	Thousands of U.S. Dollars				
	2016				
	Stockholders' equity				
Year ended December 31	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance of January 1, 2016	$63,636	$68,315	$277,480	$ (487)	$408,944
Changes in the term					
Dividends from surplus			(14,294)		(14,294)
Net income attributable to equities of parent			13,623		13,623
Total changes in the term	—	—	(662)		(662)
Balance of December 31, 2016	63,636	68,315	276,809	(487)	408,273

	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	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Total net assets
Balance of January 1, 2016	$4,090	$39,158	$(1,783)	$41,474	$450,418
Changes in the term					
Dividends from surplus					(14,294)
Net income attributable to equities of parent					13,623
Net changes of items other than shareholders' equity	478	(16,399)	1,140	(14,772)	(14,772)
Total changes in the term	478	(16,399)	1,140	(14,772)	(15,443)
Balance of December 31, 2016	4,578	22,750	(634)	26,703	434,976

	Millions of Yen		Thousands of U.S. Dollars
Years ended December 31	2016	2015	2016
Cash flows from operating activities:			
Income before income taxes and minority interests	¥2,742	¥5,893	$25,205
Depreciation and amortization	3,365	3,654	30,931
Decrease in provision for retirement benefits	95	102	873
Interest and dividend income	(96)	(83)	(882)
Interest expense	42	45	386
Loss on retirement of property, plant and equipment	88	112	809
Proceeds from insurance income	—	(99)	—
Gain on bargain purchase	—	(653)	—
Impairment loss	35	—	322
Loss on valuation of investment securities	77	—	708
Decrease in notes and accounts receivable–trade	1,260	2,264	11,582
Increase (decrease) in inventories	2,263	(2,737)	20,802
Decrease in accounts payable–trade	(1,331)	(62)	(12,235)
Increase (decrease) in accrued expenses	(787)	440	(7,234)
Other–net	(193)	(463)	(1,774)
Sub total	7,564	8,412	69,528
Interest and dividend income received	96	83	882
Interest expenses paid	(43)	(46)	(395)
Proceeds from insurance income	—	99	—
Income taxes paid	(1,079)	(2,335)	(9,918)
Net cash provided by operating activities	6,537	6,214	60,088
Cash flows from investing activities:			
Purchases of property, plant and equipment	(2,286)	(2,400)	(21,013)
Purchase of intangible assets	(204)	(130)	(1,875)
Purchase of investment securities	(1)	(1)	(9)
Payments of loans receivable	(10)	(7)	(92)
Collection of loans receivable	13	26	119
Other–net	(49)	(40)	(450)
Net cash used in investing activities	(2,540)	(2,552)	(23,348)
Cash flows from financing activities:			
Net increase (decrease) in short-term loans payable	308	1,132	2,831
Proceeds from long-term loans payable	700	—	6,434
Repayment of long-term loans payable	(977)	(1,185)	(8,981)
Purchase of treasury shares	—	(3,693)	—
Cash dividends paid	(1,554)	(1,471)	(14,284)
Other–net	(1)	(1)	(9)
Net cash used in financing activities	(1,524)	(5,219)	(14,009)
Effect of exchange rate changes on cash and cash equivalents	(635)	(561)	(5,837)
Net increase (decrease) in cash and cash equivalents	1,837	(2,118)	16,886
Cash and cash equivalents at beginning of year	14,192	15,915	130,453
Increase (decrease) in cash and cash equivalents resulting from merger of a subsidiary	—	394	—
Cash and cash equivalents at the end of year	¥16,030	¥14,192	$147,348

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

Tamron Co., Ltd. (the "Company") maintain its books of account in conformity with accounting principles generally accepted in Japan, and its overseas consolidated subsidiaries maintain their books of account in conformity with those of their respective countries of domicile.

The accompanying consolidated financial statements are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and have been compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

Certain reclassifications of previously reported amounts have been made to the consolidated financial statements for fiscal 2015 to conform them to 2016 presentation. Such reclassifications had no effect on consolidated net income or net assets.

Amounts in U.S. dollars are included solely for the convenience of the reader. The rate of ¥108.79 = US$1 prevailing on December 31, 2016 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: 9
TAMRON USA, Inc.
TAMRON Europe GmbH.
TAMRON France EURL.
Tamron (Russia) LLC.
TAMRON OPTICAL (VIETNAM) CO., LTD.
TAMRON INDIA PRIVATE LIMITED
TAMRON INDUSTRIES (HONG KONG) LIMITED
TAMRON OPTICAL (FOSHAN) CO., LTD.
TAMRON OPTICAL (SHANGHAI) CO., LTD.

2. Application of the Equity Method

Investment in an affiliated company KOEISHA Corporation is stated at cost, due to immateriality in terms of net income and retained earnings, and accounting for above affiliated company under equity method would not give significant influences on the Company's consolidated financial statements, as a whole.

3. Fiscal Term

The fiscal year end of TAMRON INDIA PRIVATE LIMITED is March 31, and those of other consolidated subsidiaries are the same as the fiscal year end of the Company. In the preparation of consolidated financial statements, financial statements of TAMRON INDIA PRIVATE LIMITED as of the said date was used, and with respects to significant transaction that occurred between the said date and the consolidated book-closing, adjustments necessary for consolidation are made.

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 and facilities attached to buildings and structures acquired on or after April 1, 2016.

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

The Company uses the straight-line method over the terms of their respective leases with a zero residual value. Finance lease transactions not involving t and transfer of ownership commencing on or before December 31, 2008 are accounted for based on methods applicable to ordinary rental transactions.

(3) Reserves

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.

(4) Employee Retirement and Severance Benefits

a. Imputation method for retirement bene t estimates

The attribution of expected benefits to periods up to the fiscal year under review, upon calculating retirement benefit obligations, is done on the benefits formula basis.

b. Method for the recognition of a portion of its actuarial gains and losses as income or expense

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.

c. Accounting treatment for unrecognized actuarial gains and losses

Unrecognized actuarial gains and losses are recognized in remeasurements of defined benefit plans in accumulated other comprehensive income under the net assets section, net of deferred taxes.

(5) 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."

(6) Hedging

a. Hedge accounting

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

b. Hedge instruments and assets and liabilities being hedged

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

c. Hedge transaction policies

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

d. Assessment of effectiveness of hedging

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

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

In preparing the consolidated statements of cashflows, 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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

Consumption tax: Consumption tax is not included.

[Changes in Accounting Policies]

The application of the Accounting Standard for Business Combinations, etc.

Standards such as the Accounting Standard for Business Combinations (ASBJ Statement No.21), the Accounting Standard for Consolidated Financial Statement No.7) have been applied from the consolidated fiscal year under review. The purpose for applying these standards was to change the method for recording the difference from changes in the Company's equity in its subsidiaries that remain controlled by the Company as capital surplus and as an expense in the consolidated fiscal year in which expenses related to acquisition are incurred. For business combinations implemented after the beginning of the consolidated fiscal year under review, the method will be changed to one that reflects the revision of distributed amounts of acquisition costs by determining provisional accounting treatment in the consolidated financial statements for the consolidated accounting period to which the date of business combination belongs. In addition, the Company has changed the presentation of net profit and other items and the presentation of minority interests to non-controlling interests. To reflect this change, the Company reclassified its consolidated financial statements for the previous fiscal year. The application of the Accounting Standard for Business Combinations and the other standards follows the transitional treatment specified in Article 58-2 (4) of the Accounting Standard for Business Combinations, Article 44-5 (4) of the Accounting Standard for Consolidated Financial Statement, and Article 57-4 (4) of the Accounting Standard for Business Divestiture. The application of these standards has been under way since the beginning of the consolidated fiscal year under review, and will continue to be applied going forward.

These adoptions did not have material effects on the Company's consolidated financial statements.

The application of the Practical Solution on a change in depreciation method due to Tax Reform 2016.

In association with the revision of the Corporation Tax Act, the Company has applied the "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No.32) from this fiscal year, and changed the depreciation method for facilities attached to buildings and structures that were acquired on or after April 1, 2016 from the declining-balance method to the straight-line method. The effect of this change on the Company's consolidated financial statements is immaterial.

[Unapplied Accounting Standards]

("Guidance on Recoverability of deferred tax assets")
(ASBJ Guidance No.26, December 28, 2015)

(1) Overview

On December 28, 2015, the ASBJ issued ASBJ Guidance No.26, "Guidance on Recoverability of Deferred Tax Assets," which included certain revisions of the previous accounting and auditing guidance issued by the Japanese Institute of Certified Public Accountants. While the new guidance continues to follow the basic framework of the previous guidance, it provides new guidance for the application of judgment in assessing the recoverability of deferred tax assets. The previous guidance provided a basic framework which included certain specific restrictions on recognizing deferred tax assets depending on the Company's classification in respect of its profitability, taxable profit and temporary differences, etc. The new guidance does not change such basic framework but, in limited cases, allows companies to recognize deferred tax assets even for a deductible temporary difference for which it was specifically prohibited to recognize a deferred tax asset under the previous guidance, if the Company can justify, with reasonable grounds, that it is probable that the deductible temporary difference will be utilized against future taxable profit in some future period.

(2) Scheduled Date of Adoption

The Company expects to adopt the revised guidance from the beginning of the year ending December 31, 2017.

(3) Impact of Adopting Revised Guidance

The impact of adopting the revised guidance on consolidated financial statements is currently under evaluation.

(CONSOLIDATED BALANCE SHEETS)

Assets pledged as collateral as of December 31, 2016 and 2015

(1) Property, plant and equipment

Millions of Yen

	2015	2016
Buildings and structures	¥639	¥618
Machinery, equipment and vehicles	592	620
Tools, furniture and fixtures	245	171
Land	96	96
Total	¥1,573	¥1,507

(2) Other

Millions of Yen

	2015	2016
Buildings and structures	¥2,930	¥2,753
Land	96	96
Total	¥3,026	¥2,849

(3) Loans secured by the above assets

Millions of Yen

	2015	2016
Short-term loans payable	¥1,664	¥1,632
Long-term loans payable (including loans due within one year)	1,276	1,104
Total	¥2,941	¥2,736

(CONSOLIDATED STATEMENTS OF INCOME)

1. Research and development expenses included in selling, general and administrative expenses and manufacturing costs for fiscal 2016 and 2015 are as follows:

Millions of Yen

2015	2016
¥4,052	¥4,002

2. The ending inventory balance represents after write-down of book value when their carrying amounts become unrecoverable. The inventory write-down of book value, net of reversal of the balance of reserve at end of previous year for fiscal 2016 and 2015 is as follows:

Millions of Yen

2015	2016
¥14	¥36

3. Impairment loss

The Company and its consolidated subsidiaries (The Companies) recorded an impairment loss of 35 million of yen for the idle land located at Noda-city, Chiba prefecture. The Company categorize assets for business mainly based on business segments, however, idle assets are grouped on an individual basis. Above impairment loss was recorded because they did not expect to use in future and above loss was recorded as an extraordinary loss by reducing the net book value to the recoverable value of the idle land. The recoverable amount of idle land was measured at the net selling price, estimated based on appraisal value.

(CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME)

(Changes in reclassification adjustments and those tax effects for the year ended December 31, 2016 and 2015)

Millions of Yen

	2015	2016
Unrealized gain (loss) on available securities		
Gain (loss) arising during the year	¥(65)	¥53
Reclassification adjustments	—	—
Amount before income tax	(65)	53
Tax effect	44	—
Net	(20)	52
Foreign currency translation adjustments		
Translation adjustments arising during the year	(1,536)	(1,784)
Adjustments for retirement benefit obligations		
Unrecognized actuarial loss arising during the year	(118)	98
Reclassification adjustments	68	88
Amount before income tax effect	(49)	186
Income tax effect	8	(62)
Reclassification adjustments for retirement benefit obligations	(41)	124
Total other comprehensive income	¥(1,598)	¥(1,607)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY)

1. Type and number of shares outstanding and of treasury stock

	2015			
	Number of shares at the beginning of the period	Increase during the period	Decrease during the period	Number of shares at the end of the period
Shares outstanding				
Common stock	27,500,000	—	1,550,000	25,950,000
Total	27,500,000	—	1,550,000	25,950,000
Treasury stock				
Common stock	49,364	1,529,880	1,550,000	29,244
Total	49,364	1,529,880	1,550,000	29,244

Notes:
1. The decrease of 1,550,000 shares in common stock represents cancellation of treasury stock.
2. The increase of 1,529,880 shares in treasury stock (shares of common stock) consists of a increase of 1,529,826 shares from the making Kouyukosan Co., Ltd. a wholly-owned subsidiary and 54 shares from the purchase demands for less than one unit.

2. Dividends

(1) Dividends paid

	2015				
Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders held on March 27, 2015	Common stock	823	30	December 31, 2014	March 30, 2015
The board of directors' meeting held on August 4, 2015	Common stock	648	25	June 30, 2015	September 8, 2015

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

	2015					
Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders held on March 30, 2016	Common stock	907	Retained earnings	35	December 31, 2015	March 31, 2016

1. Type and number of shares outstanding and of treasury stock

	2016			
	Number of shares at the beginning of the period	Increase during the period	Decrease during the period	Number of shares at the end of the period
Shares outstanding				
Common stock	25,950,000	—	—	25,950,000
Total	25,950,000	—	—	25,950,000
Treasury stock				
Common stock	29,244	—	—	29,244
Total	29,244	—	—	29,244

2. Dividends

(1) Dividends paid

	2016				
Resolution	Type of shares	Total amount of dividends (millions of yen)	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders held on March 30, 2016	Common stock	907	35	December 31, 2015	March 31, 2016
The board of directors' meeting held on August 4, 2016	Common stock	648	25	June 30, 2016	September 8, 2016

(2) Of dividends recorded in the current fiscal year, dividends effective in the following fiscal year

	2016					
Resolution	Type of shares	Total amount of dividends (millions of yen)	Source of dividends	Dividend per share (yen)	Record date	Effective date
General meeting of shareholders held on March 29, 2017	Common stock	777	Retained earnings	30	December 31, 2016	March 29, 2017

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(CONSOLIDATED STATEMENTS OF CASH FLOWS)
Year ended December 31, 2016 and 2015

		Millions of Yen
	2015	2016
Cash and deposits	¥14,192	¥16,030
Cash and cash equivalents	14,192	16,030

(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).

(FINANCIAL INSTRUMENTS)
Year ended December 31, 2016 and 2015
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 (6) 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 as of December 31, 2016 and 2015 are as follows:
Investment securities those fair values can not be measured reliably, are not included in the following table. (Refer to Note 2 below)

						Millions of Yen
	2015			2016		
	Carrying amounts	Fair value	Difference	Carrying amounts	Fair value	Difference
(1) Cash and time deposits	¥14,192	¥14,192	¥ —	¥16,030	¥16,030	¥ —
(2) Notes and accounts receivable	15,804	15,804	—	13,419	13,419	—
(3) Investment securities:						
Other securities	2,117	2,117	—	2,172	2,172	—
Total assets	¥32,114	¥32,114	¥ —	¥31,622	¥31,622	¥ —
(1) Accounts payable	¥5,285	¥5,285	¥ —	¥3,068	¥3,068	¥ —
(2) Short-term loans payable	3,154	3,154	—	3,327	3,327	—
(3) Income taxes payable	603	603	—	371	371	—
(4) Long-term loans payable	881	881	0	736	736	0
Total liabilities	¥9,924	¥9,924	¥0	¥7,503	¥7,503	¥0
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 1: Carrying amount of financial instruments those fair values cannot be reliably determined as of December 31, 2016 and 2015

Millions of Yen

	2015	2016
Unlisted stocks	¥212	¥131

Unlisted stocks are not included in investment securities (Note 1-(3) above), because its extremely difficult to estimates those fair values, both, due to their markets prices are not available and to the difficulty in estimating future cash flows relating to the stocks.

Note 2: The following schedule shows the maturities of financial instruments (assets) as of December 31, 2016 and 2015

Millions of Yen

	2015		2016	
	Up to 1 year	More than 1 year and up to 5 years	Up to 1 year	More than 1 year and up to 5 years
Cash and deposits	¥14,192	¥ —	¥16,030	¥ —
Notes and accounts receivable	15,804	—	13,419	—
Investment securities:				
Securities with maturity in other investment securities account	—	300	—	300
Total	¥29,997	¥300	¥29,449	¥300

Note 3: The aggregate annual maturities of short and long-term loans payable, lease obligations as of December 31, 2016 and 2015
Please refer to (Schedule of borrowings)

Millions of Yen

	2015				
	Up to 1 year	More than 1 year and up to 2 years	More than 2 year and up to 3 years	More than 3 year and up to 4 years	More than 4 year and up to 5 years
Short-term loans payable	¥2,264	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	889	605	241	35	—
Lease obligations	1	1	1	0	—
Total	¥3,155	¥606	¥242	¥35	¥ —

Millions of Yen

	2016				
	Up to 1 year	More than 1 year and up to 2 years	More than 2 year and up to 3 years	More than 3 year and up to 4 years	More than 4 year and up to 5 years
Short-term loans payable	¥2,582	¥ —	¥ —	¥ —	¥ —
Long-term loans payable	745	381	175	140	40
Lease obligations	1	1	0	—	—
Total	¥3,328	¥382	¥175	¥140	¥40

(INVESTMENTS IN SECURITIES)

Millions of Yen

	Type of securities	2015		
		Carrying amount	Acquisition costs	Difference
Securities whose carrying amounts on consolidated balance sheets exceed their acquisition costs	(1) Stocks	¥1,852	¥1,161	¥691
	(2) Debt securities	—	—	—
	(3) Others	—	—	—
	Total	1,852	1,161	691
Securities whose carrying amounts on consolidated balance sheets does not exceed their acquisition costs	(1) Stocks	—	—	—
	(2) Debt securities	264	300	(35)
	(3) Others	—	—	—
	Total	264	300	(35)
Total		¥2,117	¥1,461	¥656

Millions of Yen

	Type of securities	2016		
		Carrying amount	Acquisition costs	Difference
Securities whose carrying amounts on consolidated balance sheets exceed their acquisition costs	(1) Stocks	¥1,915	¥1,162	¥752
	(2) Debt securities	—	—	—
	(3) Others	—	—	—
	Total	1,915	1,162	752
Securities whose carrying amounts on consolidated balance sheets does not exceed their acquisition costs	(1) Stocks	—	—	—
	(2) Debt securities	257	300	(42)
	(3) Others	—	—	—
	Total	257	300	(42)
Total		¥2,172	¥1,462	¥709

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(DERIVATIVE TRANSACTIONS)
Derivative transactions with the hedge accounting is applied
Currency-related transactions
Year ended December 31, 2016 and 2015

Millions of Yen

			2015		
Hedge accounting method	Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value
Designation method	Forward foreign exchange contracts				
	Sell	Accounts receivable			
	U.S. dollar		¥1,041	—	(See Note)
	Euro		1,612	—	(See Note)
	Ruble		98	—	(See Note)
	Buy	Accounts payable			
	U.S. dollar		¥ 602	—	(See Note)

Note: Under Japanese GAAP, forward foreign exchange contracts as a derivative financial instrument and accounts receivable as hedged items are considered as a pair of transaction and if hedge accounting such as the designation method is applied to derivative financial instruments, fair valuation of such derivative financial instruments itself, is not required.

Millions of Yen

			2016		
Hedge accounting method	Type of transactions	Primary hedged items	Contract amount, etc.	Portion with maturity over one year	Fair value
Designation method	Forward foreign exchange contracts				
	Sell	Accounts receivable			
	U.S. dollar		¥3,504	—	(See Note)
	Euro		574	—	(See Note)
	Ruble		45	—	(See Note)
	Buy	Accounts payable			
	U.S. dollar		—	—	(See Note)

Note: Under Japanese GAAP, forward foreign exchange contracts as a derivative financial instrument and accounts receivable as hedged items are considered as a pair of transaction and if hedge accounting such as the designation method is applied to derivative financial instruments, fair valuation of such derivative financial instruments itself, is not required.

(RETIREMENT BENEFITS)
Year ended December 31, 2016 and 2015

1. Outline of retirement and severance benefit plans adopted

The Company and certain consolidated subsidiaries have defined benefit pension plans and lump-sum payment plans as well as defined contribution pension plans. There are occasions where officers other than directors receive special lump-sum payments at retirement.

2. Defined benefit plans

(1) Reconciliation of beginning and ending balances of the benefit obligations

Millions of Yen

	2015	2016
Benefit obligations at beginning of year	¥2,961	¥3,126
Cumulative effects of changes in accounting policies	21	—
Restated balance	2,982	3,126
Service cost	196	201
Interest cost	25	26
Actuarial gain	69	(30)
Benefits paid	(142)	(181)
Other	(4)	0
Benefit obligations at end of year	¥3,126	¥3,142

(2) Reconciliation of beginning and ending balances of the plan assets

Millions of Yen

	2015	2016
Plan assets at beginning of year	¥1,618	¥1,631
Actual return on plan assets	29	29
Actuarial (loss) gain	(48)	67
Plan participants' contribution	116	118
Benefits paid	(84)	(108)
Plan assets at end of year	¥1,631	¥1,738

(3) Reconciliation of year-end balance of benefit obligations and plan assets to net benefit obligation in the consolidated balance sheet

Millions of Yen

	2015	2016
Benefit obligations on the funded defined benefit plan	¥3,104	¥3,117
Plan assets	(1,631)	1,738
Net of above	1,472	1,379
Unfunded defined benefit obligations	22	24
Net benefit obligation in the consolidated balance sheet	¥1,495	¥1,403
Liability for retirement benefits	¥1,495	¥1,403
Net amount of liabilities and assets recognized in the consolidated balance sheet	¥1,495	¥1,403

(4) Components of net periodic benefits expenses

Millions of Yen

	2015	2016
Service cost	¥196	¥201
Interest cost	25	26
Expected return on plan assets	(29)	(29)
Recognized actuarial differences	68	88
Net periodic benefits expenses	¥259	¥286

Note: Benefits expenses of consolidated subsidiaries which adopt simplified method are included in the service cost.

(5) Reclassification adjustments (before deduction of tax effect) recognized in other comprehensive income

Millions of Yen

	2015	2016
Actuarial loss	¥(49)	¥186

(6) Remeasurements recognized in accumulated other comprehensive income before deduction of tax effect at end of year

Millions of Yen

	2015	2016
Unrecognized actuarial loss	¥285	¥99

(7) Information relating to plan assets
①The percentage that each major category constitutes of the total plan assets at end of year.

	2015	2016
Asset category		
Debt securities	64%	64%
Stocks	23%	24%
Cash and deposits	12%	11%
Other	1%	1%
Total plan assets	100%	100%

Note: Above total plan assets includes 9% of pension trust fund for the defined benefit plans.

②The method for estimation of the expected long-term rate of return.
The expected return on assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

(8) Main actuarial assumptions used at end of the year

	2015	2016
Discount rate	0.846%	0.846%
Expected long-term rate of return	2.00%	2.00%

3. The contributions for defined contribution plans.

The contributions for defined contribution plans of the Company and its subsidiaries were ¥173 million and ¥171 million for fiscal 2016 and 2015, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

(ACCOUNTING FOR DEFERRED INCOME TAXES)
Year ended December 31, 2016 and 2015

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

Millions of Yen

	2015	2016
Deferred Tax Assets		
Accrued expenses, currently not deductible	¥62	¥48
Net defined benefit liability	501	437
Provision for product warranties	29	10
Long-term accounts payable	46	0
Denial of patentability	54	36
Excess of depreciation	60	41
Unrealized gain	418	292
Loss carried forward	—	109
Other	206	218
Total of deferred tax assets	¥1,379	¥1,196

Millions of Yen

	2015	2016
Deferred Tax Liabilities		
Reserve for deduction entries	¥(36)	¥(32)
Unrealized gain on investments in securities	(221)	(223)
Undistributed retained earnings of foreign subsidiaries	(29)	(215)
Total of deferred tax liabilities	(287)	(472)
Net of deferred tax assets and liabilities	¥1,092	¥724

Note: Net of deferred tax assets and liabilities as of December 31, 2016 are reflected in the following accounts in the consolidated balance sheets.

Millions of Yen

	2015	2016
Current assets - deferred income taxes	¥656	¥442
Noncurrent assets - deferred income taxes	435	340
Current liabilities - other	—	¥58

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

	2015	2016
Effective statutory tax rate	35.4%	32.8%
(Adjustments)		
Entertainment expense and others that are not deductible permanently	0.6	1.3
Exclusion of loss related to a donation	0.1	0.1
Inhabitant tax on per capita basis	0.3	0.7
Provision for directors' bonuses	1.1	2.2
Tax credits	(4.0)	—
Differences of tax rates for overseas consolidated subsidiaries	(4.7)	(10.3)
Dividend income and others that are not taxable permanently	(12.6)	(31.0)
Effect of dividend income eliminated for consolidation	12.5	30.9
Special tax rate on retained earnings of family corporation	1.1	1.4
International withholding income tax	3.1	9.9
Retained profits of dividends from subsidiary companies	—	6.4
Gain on negative goodwill	(3.9)	—
Effect of changes in the rate of corporation tax	1.2	1.1
Others	1.1	0.4
Actual tax rate	31.3%	46.0%

3. Revisions to deferred tax assets and liabilities following corporate tax rate changes

The "Act to partially revise the Income Tax Act and Others" and the "Act to partially revise the Local Tax Act and Others" were enacted on March 29, 2016. As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 32.06% to 29.97% for the temporary differences expected to be realized or settled in the period from January 1, 2017 to December 31, 2018 and 29.74% for the temporary differences expected to be realized or settled on or after April 1, 2019. The effect of these tax-rate changes had no effect on the deferred tax assets and liabilities and the temporary differences.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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 cameras. 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 for fiscal 2016 and 2015

	Millions of Yen					
	2015					
	Photographic products	Optical components	Commercial/ Industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to external customers	¥54,578	¥4,567	¥12,800	¥71,946	¥ —	¥71,946
Intersegment sales	—	—	—	—	—	—
Total	¥54,578	¥4,567	¥12,800	¥71,946	¥ —	¥71,946
Operating income	¥5,498	¥228	¥1,411	¥7,139	¥(2,584)	¥4,554
Assets	44,228	2,825	10,127	57,181	8,854	66,035
Depreciation expenses	2,653	168	568	3,390	263	3,654
Capital expenditures	1,927	92	395	2,415	62	2,478

	Millions of Yen					
	2016					
	Photographic products	Optical components	Commercial/ Industrial-use optics	Total	Eliminations and/or corporate	Consolidated
Net sales:						
Sales to external customers	¥46,805	¥2,358	¥10,739	¥59,903	¥ —	¥59,903
Intersegment sales	—	—	—	—	—	—
Total	¥46,805	¥2,358	¥10,739	¥59,903	¥ —	¥59,903
Operating income	¥4,034	¥75	¥733	¥4,843	¥(2,482)	¥2,361
Assets	39,567	1,944	8,600	50,112	10,797	60,910
Depreciation expenses	2,497	167	470	3,135	229	3,365
Accumulated Impairment loss	—	—	—	—	35	35
Capital expenditures	1,840	91	526	2,458	25	2,484

Notes:
1. Adjustments (eliminations and/or corporate) are as follows:
(1) Adjustment of segment profit totaled ¥(2,482) million is due to unallocated operating expenses consisted principally of expenses related to general affairs and accounting departments of the Company.
(2) Total assets included in adjustments of segment assets mainly represent cash and deposits, 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, 2016 and 2015

1. Information by geographical area

(1) Sales

Millions of Yen

	Japan	North America	Europe	Asia	Other	Total
2015	¥16,642	¥9,725	¥16,455	¥26,656	¥2,466	¥71,946
2016	¥16,152	¥7,759	¥14,194	¥20,301	¥1,495	¥59,903

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
2015	¥7,355	¥285	¥307	¥9,261	¥17,209
2016	¥7,172	¥260	¥277	¥7,829	¥15,539

2. Information by major customer

	Millions of Yen		
Name of company	Net sales		Relevant segments
	2015	2016	
Nikon Corporation	¥11,859	¥9,585	Photographic Products
Sony Global Manufacturing & Operations Corporation	7,289	7,439	Photographic Products Optical Components Commercial / Industrial-use Optics

RELATED PARTY TRANSACTIONS

Year ended December 31, 2016 and 2015

1. Transactions between the Company and related parties.

			Millions of Yen	
			2015	
Name of company	Paid in capital	Transaction	Amount per year	Year end balance
Sony Global Manufacturing & Operations Corporation	100 million JPY	Sale of DSC lenses	¥7,289	¥1,989
Sony Digital Products (Wuxi) Co., Ltd.	485,584 thousand RMB	Sale of DSC lenses	3,198	355
Shanghai Suoguang Electronics Co., Ltd.	118,696 thousand RMB	Sale of DSC lenses	1,621	463
Sony Technology (Thailand) Co., Ltd.	570,880 thousand THB	Sale of DSC lenses	877	179

			Millions of Yen	
			2016	
Name of company	Paid in capital	Transaction	Amount per year	Year end balance
Sony Global Manufacturing & Operations Corporation	100 million JPY	Sale of DSC lenses	¥7,439	¥1,562
Sony Digital Products (Wuxi) Co., Ltd.	485,584 thousand RMB	Sale of DSC lenses	1,545	441
Shanghai Suoguang Electronics Co., Ltd.	118,696 thousand RMB	Sale of DSC lenses	1,676	545
Sony Technology (Thailand) Co., Ltd.	570,880 thousand THB	Sale of DSC lenses	975	147

Notes: 1. Sales prices are based on the arms' length transaction basis.
2. Consumption tax is not included in the amount of transaction but included in the amount of year-end balance.

PER SHARE INFORMATION

Year ended December 31, 2016 and 2015

	2015	2016
Net assets per share	1,890.45 Yen	1,825.62 Yen
Net income per share	153.98 Yen	57.19 Yen

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

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

	2015	2016
Net income (Millions of Yen)	¥4,048	¥1,482
Amount not belong to ordinary shareholders (Millions of Yen)	—	—
Net income for ordinary shares (Millions of Yen)	4,048	1,482
Average number of shares outstanding during the term (Shares)	26,293,826	25,920,756

CONSOLIDATED FINANCIAL STATEMENT SCHEDULES

(Schedule of borrowings)

Year ended December 31, 2016

	Millions of yen			
Category	Balance at end of prior year	Balance at end of current year	Average interest rate (%)	Maturity
Short-term borrowings	2,264	2,582	1.4	
Current portion of long-term borrowings	889	745	0.8	
Current portion of lease obligations	1	1	6.0	
Long-term borrowings (excluding current portion)	881	736	0.7	2018 to 2021
Lease obligations (excluding current portion)	3	1	6.0	2019 to 2020
Debt with interest	—	—	—	—
Total	4,040	4,066	—	

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, 2017.

	Millions of yen			
Category	Due within fiscal 2017	Due within fiscal 2018	Due within fiscal 2019	Due within fiscal 2020
Long-term borrowings	381	175	140	40
Lease obligations	1	0	—	—

(Other)

Quarterly financial information for the year ended December 31, 2016

	Millions of yen, excluding earnings per share			
	1Q	2Q	3Q	For the year ended December 31, 2016
Net sales	¥13,806	¥30,499	¥43,876	¥59,903
Income before income taxes and minority interests	47	1,409	1,756	2,742
Net income	(152)	934	1,139	1,482
Earnings per share	(5.88)	36.04	43.97	57.19

Note: Amount per each quarter is accumulated amount.

	Yen			
	1Q	2Q	3Q	4Q
Earnings per share	¥(5.88)	¥41.93	¥7.92	¥13.22

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

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, 2016, 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 and other explanatory information, all presented in Japanese yen.

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 consolidated subsidiaries as at December 31, 2016, and their financial performance and cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Convenience Translation

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 BASIS OF PRESENTING FINANCIAL STATEMENTS.

Tokyo, Japan March 29, 2017

Wako Audit Corporation

Wako Audit Corporation

COMPANY PROFILE
(As of December 31, 2016)

Overview

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

STOCK OVERVIEW
(As of December 31, 2016)

Number of shares issued:
25,950,000 shares

Number of shares per unit:
100 shares

Number of shareholders:
5,862 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

Top10 Shareholders

No	Name	Number of Shares (Thousands)	%
1	New Well Co., Ltd.	4,898	18.87
2	Sony Corporation	3,129	12.06
3	BNP PARIBAS SEC SERVICES LUXEMBOURG/ JASDEC/ ABERDEEN GLOBAL CLIENT ASSETS	1,139	4.38
4	Saitama Resona Bank Limited.	1,122	4.32
5	NORTHERN TRUST CO. (AVFC) RE NVI01	1,088	4.19
6	THE HONGKONG AND SHANGHAI BANKING CORPORATION LTD - HONG KONG PRIVATE BANKING DIVISION-CLIENT ACCOUNT	986	3.80
7	Japan Trustee Services Bank, Ltd. (trust account)	922	3.55
8	Nippon Life Insurance Company	580	2.23
9	Japan Trustee Services Bank, Ltd. (trust account 9)	550	2.12
10	The Master Trust Bank of Japan ,Ltd. (trust account)	364	1.40
	Total	14,782	56.96

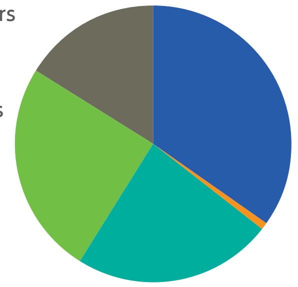
Note: The 3,129 thousand shares owned by Sony Corporation are fiduciary assets trusted to Mizuho Trust & Banking Co., Ltd. In regard to the execution of voting rights and jus disposition of the shares, Sony Corporation reserves the right to instruct pursuant to the provisions of the trust contract between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

Composition of Shareholders

Note: Excluding odd lot.

Individuals and Others
16.08%

Foreign Shareholders
25.01%



Financial Institution
34.75%

Securities Firm
0.86%

Other Corporation
23.30%

TAMRON

Tel:+81-48-684-9111
Fax:+81-48-683-8289
http://www.tamron.co.jp

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
Tel:+81-172-47-6713
Fax:+81-172-47-6715

TAMRON OPTICAL (FOSHAN) CO., LTD.
No. 76 West of Langbao Road, Changcheng District, Foshan, Guangdong,
CHINA
Tel:+86-757-82982222
Fax:+86-757-82203443

TAMRON OPTICAL (VIETNAM) CO., LTD.
Plot No. 69B&70A, Noi Bai Industrial Zone, Mai Dinh Commune, Soc Son District, Hanoi,
VIETNAM
Tel:+84-43762-1759
Fax:+84-43762-1758

Subsidiaries Overseas

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

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

TAMRON France EURL.
5, avenue Georges Bataille, F-60330
Le Plessis-Belleville,
FRANCE
Tel:+33-3-44-60-73-00
Fax:+33-3-44-60-23-34

TAMRON INDUSTRIES (HONG KONG) LIMITED
Unit 908, 9/F, Elite Center, 22 Hung To Road, Kwun Tong, Kowloon,
HONG KONG
Tel:+852-2721-7797
Fax:+852-2620-1631

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

Tamron (Russia) LLC.
Unikon Business Center 5F No. 9, Plekhanova Street 4a, Moscow, 111123,
RUSSIAN FEDERATION
Tel:+7-495-970-0112
Fax:+7-495-970-0112

TAMRON INDIA PRIVATE LIMITED
801, 8th Floor, Time Tower, M.G Road, Sector-28, Gurgaon-122002, Haryana,
INDIA
Tel:+91-124-41-168-12
Fax:+91-124-40-822-72