



Interim Financial Results FY2005

Results Briefing on August 10, 2005

Tamron Co., Ltd (Code: 7740)

Contents

I. Interim Financial Results Briefing / Forecast

1. Business Briefing
2. Interim Financial Results
3. Business Segment Interim Financial Results
4. Financial Summary
5. Cash Flow
6. Liabilities with Interest / Inventories
7. Forecast FY2005
8. Forecast FY2005 – Business Segment
9. Forecast FY2005 – Capital Expenditure / R&D Expenditure
10. Cash Dividends per Share

II. Mid-Term Strategy

1. Our New Corporate Tagline
2. Mid-Term Management Goal
3. Mid-Term Forecast
4. Mid-Term Strategy – Business segment
 - a) Photo Division
 - b) Optical Component Division
 - c) Commercial / Industrial-Use Optics
5. Pressing Issues



I . Interim Financial Results Briefing / Forecast

TAMRON
New eyes for industry



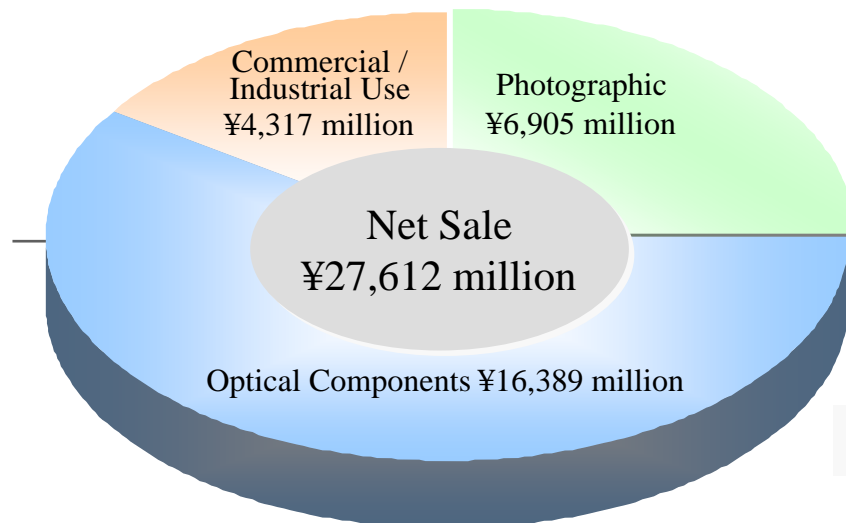
I-1. Business Briefing

Company Profile

- ❖ Total Subsidiaries Overseas: 5
- ❖ Domestic offices: 4 / Sales offices: 5
- ❖ ISO 9001, ISO 14001 Certified
- ❖ Consolidated Sales: ¥27,612 million
(As of June, 05)
- ❖ Consolidated Number of Employees: 3,525
(As of June 30, 05)
- ❖ Total Assets : ¥41,985 million
(As of June, 05)

Business Segment

- ❖ Photographic Products Division
 - ❖ Interchangeable lenses for 35mm SLR camera
 - ❖ Medium-format cameras and interchangeable lenses and camera accessories
- ❖ Optical Components Division
 - ❖ Camcorder lenses
 - ❖ Digital still camera lenses
 - ❖ Cellular phone camera lenses
- ❖ Commercial / Industrial-use Optics
 - ❖ CCTV camera lenses
 - ❖ Projector lenses
 - ❖ Injection molds, parts & components
 - ❖ Optical devices



(Business Segment Net Sales)

(As of June, 2005)

I-2. Interim Financial Results FY 2005

(millions of yen)

	June 30, 2004 (a)	Forecast June 30, 2005 (b)	June 30, 2005 (c)	Change (Interim 2004/2005)		Change (Forecast June 30, 2005)	
				¥	% (c)/(a)	¥	%(c)/(b)
Net Sales	30,732	27,500	27,612	(3,120)	89.8%	112	100.4%
Ordinary Profit	3,415	1,900	2,336	(1,079)	68.4%	436	122.9%
Ordinary Profit Ratio	11.1%	6.9%	8.5%	(2.6)	-	1.6%	-
Net Income	2,226	1,200	1,643	(583)	73.8%	443	136.9%
Net Income Per Share (Yen)	167.25	85.1	116.54	(50.71)	69.7%	31.44	136.9%

I-3. Business Segment Interim Financial Results

(millions of yen)

		June 30, 2004 (a)	Forecast June 30, 2005 (b)	June 30, 2005 (c)	Change (Interim 2004/2005)		Change (Forecast June 30, 2005)	
					¥	%(c)/(a)	¥	%(c)/(b)
Photographic Products Division	Net Sales	4,698	5,683	6,905	2,207	147.0%	1,222	121.5%
	Operating Income	141	233	828	687	587.2%	595	355.4%
Increased sales in interchangeable lenses for digital SLR cameras.								
Optical Components Division	Net Sales	21,686	17,129	16,389	(5,297)	75.6%	(740)	95.7%
	Operating Income	3,746	2,026	2,514	(1,232)	67.1%	488	124.1 %
Decrease in sales units. Improved profit margin due to reduced raw material costs.								
Commercial / Industrial-use Optics Division	Net Sales	4,347	4,688	4,317	(30)	99.3%	(371)	92.1%
	Operating Income	219	197	100	(119)	45.7%	(97)	50.8%
Declined sale price and increased R&D cost in rear projection TV business								

I-4. Financial Summary

(millions of yen)

	June 30, 2004	December 31, 2004 (a)	June 30, 2005 (b)	Change (December 31, 2004) (b)-(a)	Main Factors for Change
Cash and Cash Equivalents	10,322	11,144	9,343	(1,801)	Purchase of fixed assets
Notes and Accounts Receivable –trade	10,379	7,857	9,209	1,352	Increased accounts receivable
Inventories	10,054	8,593	9,160	567	Increased inventory of unfinished digital camera and projector lenses at China factory
Other Current Assets	1,367	1,558	1,136	(422)	Decreased deferred tax assets
Fixed Assets	8,465	9,681	10,886	1,205	Investment of injection molding plant equipment
Intangible Assets	193	863	1,033	170	Increased computer software investment
Investments and Other Assets	1,105	1,158	1,215	57	
Total Assets	41,887	40,857	41,985	1,128	
Current Liabilities	13,706	11,825	11,803	(22)	
Total Long-Term Liabilities	5,174	4,140	3,776	(364)	Repayment of long-term loans
Total Liabilities	18,880	15,965	15,580	(385)	
Total Shareholder's Equity	23,007	24,891	26,404	1,513	Increased retained earnings
Total Liabilities and Shareholder's Equity	41,887	40,857	41,985	1,128	

I-5. Cash Flow Statement

(millions of yen)

	June 30, 2004	December 31, 2004	June 30, 2005	Main Factors for Change
Cash Flow from Operating Activities	566	5,257	1,375	Increase in income before income tax amount
Cash Flow from Investing Activities	(1,979)	(4,909)	(2,357)	Purchase of lens and prism processing equipment and equipment for high-precision injection mold plant
Free Cash Flow	(1,413)	347	(982)	
Cash Flow from Financing Activities	5,720	4,900	(923)	Increased expenditure required for repayment of long-term loans and cash dividends
Cash and Cash Equivalents at Year End	10,322	11,144	9,343	Decrease of ¥1,801 million compared to the year end of FY2004

I-6. Liabilities with Interest / Inventories

(millions of yen)

Liabilities with Interest	June 30, 2004	December 31, 2004	June 30, 2005
Loans Payable	8,705	8,029	7,549
Loan-to-Asset	20.8%	19.7%	18.0%

(millions of yen)

Inventories	June 30, 2004	December 31, 2004	June 30, 2005
Inventories	10,054	8,593	9,160
Inventory Turnover	2.0 months	1.6 months	2.0 months

I-7. Forecast - FY2005

(The following forecasts are based on the exchange rate of US\$1=¥108, Euro=¥136)

(millions of yen)

	FY2004 (a)	Original Forecast FY2005 (b)	Adjusted Forecast FY2005 (c)	Change (FY2004)		Change (Original Forecast FY2005)	
				¥	%(c)/(a)	¥	%(c)/(b)
Net Sales	63,345	70,000	58,000	(5,345)	91.6%	(12,000)	82.9%
Gross Profit	15,597	16,270	14,400	(1,197)	92.3%	(1,870)	88.5%
Gross Profit Ratio	24.6%	23.2%	24.8%	0.2%	-	1.6%	-
Sales Management Costs	8,374	8,970	10,000	1,626	119.4%	1,030	111.5%
Operating Income	7,223	7,300	4,400	(2,823)	60.9%	(2,900)	60.3%
Ordinary Profit	6,589	7,000	3,600	(2,989)	54.6%	(3,400)	51.4%
Net Income	4,474	4,800	2,800	(1,674)	62.6%	(2,000)	58.3%

I-8. Forecast FY2005 – Business Segment

(millions of yen)

	FY2004 (a)	Original Forecast FY2005 (b)	Change (Original Forecast FY 2005) (c)	Change (FY2004)		Change (Original Forecast FY 2005)		
				¥	%(c)/(a)	¥	%(c)/(b)	
Photographic Products Division	Net Sales	10,765	12,514	14,651	3,886	136.1%	2,137	117.1%
	Operating Income	492	1,064	1,842	1,350	374.4%	778	173.1%
	Operating Income Ratio	4.6%	8.5%	12.6%	8.0%	-	4.1%	-
Increased sales in interchangeable lenses for digital SLR cameras								
Optical Components Division	Net Sales	43,980	44,484	32,579	(11,401)	74.1%	(11,905)	73.2%
	Operating Income	7,363	6,581	4,205	(3,158)	57.1%	(2,376)	63.9%
	Operating Income Ratio	16.7%	14.8%	12.9%	(3.8%)	-	(1.9%)	-
Decreases profit margin due to increased pricing competition in the compact digital camera sector								
Commercial / Industrial-use Optics Division	Net Sales	8,600	13,002	10,770	2,170	125.2%	(2,232)	82.8%
	Operating Income	620	1,162	262	(358)	42.3%	(900)	22.5%
	Operating Income Ratio	7.2%	8.9%	2.4%	(4.8%)	-	(6.5%)	-
Declined sale price and increased R&D cost in rear projection TV business								
Write-down or Consolidated		(1,253)	(1,540)	(1,909)	656	152.4%	369	124.0%
Total	Net Sale	63,345	70,000	58,000	(5,345)	91.6%	(12,000)	82.9%
	Operating Income	7,223	7,300	4,400	(2,823)	60.9%	(2,900)	60.3%

I-9. Capital Expenditure / R&D Expenditure

(millions of yen)

	December 31, 2004 (a)	June 30, 2005	Forecast July 1 to Dec.31, 2005	Forecast Dec 31, 2005 (b)	Change (December 31, 2004)		Details
					¥	%(b)/(a)	
Capital Expenditure	5,587	2,147	5,340	7,487	1,900	134.0%	<ul style="list-style-type: none"> ■ New high-precision injection mold plant ■ Investment in Foshon factory in China ■ High-precision injection mold processing equipment ■ Automated assembly line for cellular phone lens unit ■ Investment in IT system
R&D Expenditure	1,865	1,162	1,138	2,300	435	123.3%	<ul style="list-style-type: none"> ■ Projector lens R&D costs ■ Aspherical glass mold lens R&D costs ■ Digital-related products R&D costs

I-10. Cash Dividends per Share

(yen)

	FY2002	FY2003	FY2004	Forecast FY 2005	Adjusted Forecast FY 2005
Interim	-	-	15.00	25.00	25.00
Year End	12.50	20.00	25.00	20.00	20.00 x 2 (Due to two-for-one stock split)
Total	12.50	20.00	40.00	45.00	65.00

Note: After reflecting the effect of stock-split, the adjusted forecast of FY2005 will be a ¥25 increase compared to FY2004, making the total annual dividend ¥65.



II. Mid-Term Strategy



TAMRON
New eyes for industry



II-1. Our New Corporate Tagline

New eyes for industry

II-2. Mid-Term Management Goals for FY 2007

Net Sales : ¥66,000 Million

Operating Income : ¥5,600 Million
(8.5% or higher operating income ratio)

II-3. Mid-Term Forecast

(millions of yen)

	FY2005	FY2006	FY2007
Net Sales	58,000	61,000	66,000
Operating Income	4,400	4,900	5,600
Operating Income Ratio	7.6%	8.0%	8.5%
Ordinary Income	3,600	4,100	4,600
Ordinary Income Ratio	6.2%	6.7%	7.0%

II-4. Segment Mid-Term Strategy

Photographic Products Division

2007
Mid-Term
Target

Net Sales : ¥15,800 million

- ❖ Provide a comprehensive range of models for the fast growing digital SLR camera lens market
- ❖ Concentrate on strengthening OEM business



SP AF18-200mm F/3.5-6.3 XR
Di II LD Aspherical [IF]
MACRO
〔 Model A14 〕



SP AF11-18mm F/4.5-5.6
Di II LD Aspherical [IF]
〔 Model A13 〕

II-4. Segment Mid-Term Strategy

Optical Components Division

Net Sales : ¥39,600 million

2007
Mid-Term
Target

- ❖ Secure sales volume and profit margin by increasing cost competitiveness in the DSC and DVC market
- ❖ Increase sales by adding value to our products thorough continuous technological innovations



DSC (Digital still camera) Lens



DVC (Digital video camera) Lens

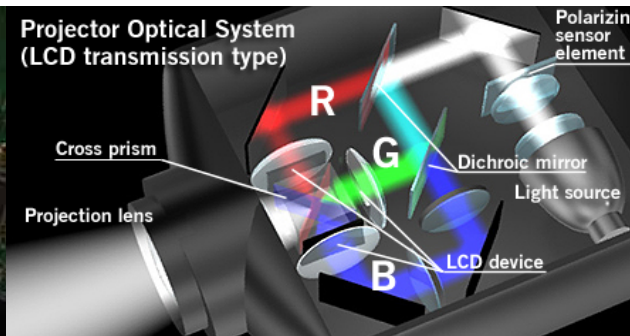
II-4. Segment Mid-Term Strategy

Commercial / Industrial-use Optics Division

Net Sales : ¥10,600 million

2007
Mid-Term
Target

- ❖ Strengthen overseas sales of CCTV segment and enhance sale and maximize profit
- ❖ Expand market demand for “New eyes” for various industries such as, iris identification, automotives, and robot applications
- ❖ Restructure and improve profit of the projector optical segment and to establish technological foundation for further growth



II-5. Pressing Issues

1. Timely launch of attractive new products by all three business segments along with our renewed corporate tagline “New eyes for industry”.
2. Launch of well distinguished new interchangeable lenses for digital SLR cameras.
3. Expansion of cellular phone camera lens and optical components for projection engine segments.
4. Reduction in time to the market for new products by virtue of setting up all new injection mold processing factories.
5. Development of core technologies surrounding optics and corporate-wide campaign drive of augmenting intellectual property strategy.
6. Structural improvement in overseas production network associated with procurement system as well as those of domestic facilities to accelerate efficient cost reduction.
7. Improvement in profit structure by solidifying group company management system and improvement of social compliance philosophy.
8. Fundamental restructuring of operations by implementing global management information system aimed at achieving optimum inventory management.
9. Further improvement of cash flow management and consolidated balance sheet.
10. Corporate-wide promotion of environmental preservation and protection effectively linked with quality management system inline with ISO activities.

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