



Annual Financial Highlights (unaudited)

May 16, 2008

HOYA CORPORATION and Consolidated Subsidiaries

<Correction>

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Performance for the years ended March 31, 2008 and 2007

(The yen amounts shown therein are rounded down to the nearest million.)

	Years ended March 31,		Variance (%)
	2008	2007	
(1)Results of Operations			
Net sales	481,631	390,093	23.5
Operating income	<u>95,073</u>	107,213	-11.3
Ordinary income	<u>100,175</u>	102,909	<u>-2.7</u>
Net income	<u>81,725</u>	83,391	<u>-2.0</u>
Net income per share (Yen)	<u>189.01</u>	193.50	
Net income per share after adjustment of potential shares (Yen)	<u>188.78</u>	192.78	
ROE	<u>21.6%</u>	25.9%	
Ordinary income / total assets	<u>17.6%</u>	25.4%	
Operating margin	<u>19.7%</u>	27.5%	

Notes : Canges in accounting policy.

Because of acquisition of PENTAX Corporation, the company has changed its classification of industry segment. For more information, refer to Page 29.

	Years ended March 31,	
	2008	2007
(2)Dividends		
Annual cash dividends per share (Yen)	65.00	65.00

	As of March 31,	
	2008	2007
(3)Financial Position		
Total assets	<u>689,443</u>	447,644
Net assets	<u>394,625</u>	367,145
Owner's equity ratio	<u>56.7%</u>	81.6%
Net assets per share (Yen)	<u>903.49</u>	845.98

	2008	2007
(4)Conditions of Cash Flow		
Net cash provided by operating activities	119,809	98,793
Net cash used in investing activities	-113,036	-46,652
Net cash provided by (used in) financing activities	68,252	-23,891
Cash and cash equivalents at end of period	181,335	120,621

Ref:Performance of HOYA CORPORATION for the years ended March 31, 2008 and 2007
(unconsolidated)

	2008	2007	Variance(%)
Net sales	258,008	274,961	-6.2
Operating income	19,289	28,459	-32.2
Ordinary income	35,439	38,996	-9.1
Net income	<u>31,546</u>	29,750	<u>6.0</u>
Net income per share (Yen)	<u>72.96</u>	69.03	
Net income per share after adjustment of potential shares (Yen)	<u>72.87</u>	68.77	
Total assets	<u>431,958</u>	227,029	
Net assets	<u>105,482</u>	99,803	

Notes:

- 1 HOYA Corporation does not guarantee the accuracy or completeness of the information herein. Unless otherwise stated estimates or forecasts are solely those of our company and subject to change without notice. Hoya Corporation accepts no liability whatsoever for any direct or consequential loss arising from any use of this report.
- 2 During the period under review, HOYA Corporation ("HOYA") conducted the tender offer for the common stock of PENTAX Corporation ("PENTAX") and PENTAX became a consolidated subsidiary of HOYA as of August 14, 2007.

Since PENTAX and its subsidiaries were consolidated to HOYA during the period under review, balance sheets of PENTAX and its subsidiaries have been combined into the consolidated financial statements of HOYA Group as of September 30, 2007. Profit and loss of PENTAX and its subsidiaries are combined into the consolidated statement of income from October 1, 2007 and the statement of income includes PENTAX and its subsidiaries' profit and loss only for six months ended March 31, 2008.

For more information, refer to Page 24 "Notes relating to Business Merger".

After the acquisition and consolidation, HOYA finally merged with PENTAX on March 31, 2008. For more information, refer to Page 26 "Notes relating to Business Merger - 2".

[Business Overview and Financial Statements]

1. Results of Operations

(1) Results of Operations

1. General Overview

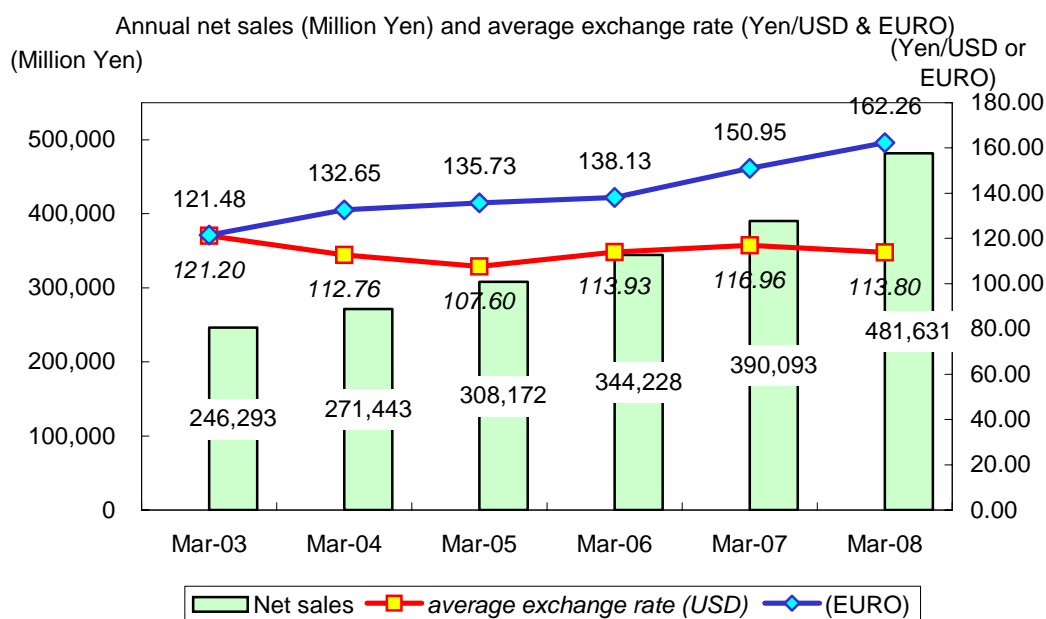
<u>Results of Operations</u>	<u>Millions of Yen</u>	<u>Variance (%)</u>
	<u>Year ended Mar. 31, 2008</u>	<u>year-on-year</u>
Net sales	481,631	(23.5)
Operating income	95,073	(-11.3)
Ordinary income	100,175	(-2.7)
Net income	81,725	(-2.0)
EPS (Yen)	189.01	

Economic conditions during the term under review made brisk improvements in corporate performance and led to keep high level of capital investments and expansion of employment. On the other hand, however, financial crisis caused by subprime loan problems in the United States made a negative impact not only on the United States but also Europe and Japan, and, together with rising cost of low materials and crude oil, increased economic uncertainty in the future.

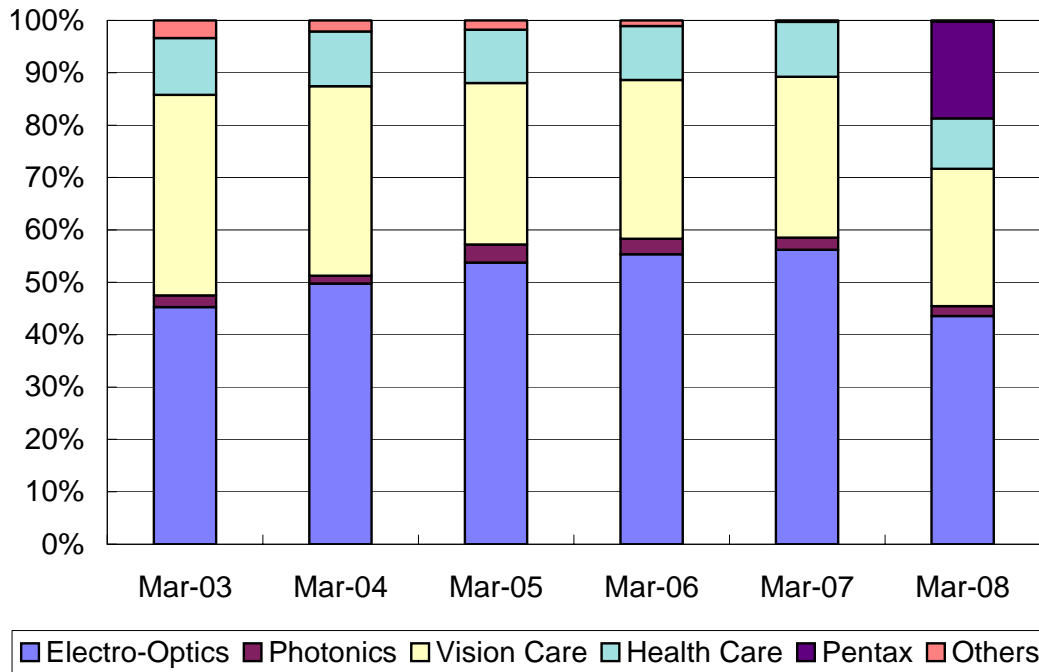
Meanwhile, for the HOYA Group, in the Electro-Optics sector, sales went down in some products because of price decline, and delay in commencement of production of new items. Though, in other products, the developments of new products by clients were vigorous, promoting robust demand, the whole of the sector showed a decline in revenues and profit.

In Vision-Care division, the market overseas for eyeglass lenses showed an expansion, leading to increased revenues. Healthcare division performed well, showing an increase in revenues and profit. Moreover, the sales of newly consolidated Pentax Corporation and its subsidiaries for the six months from October 1, 2007 to March 31, 2008 have been combined.

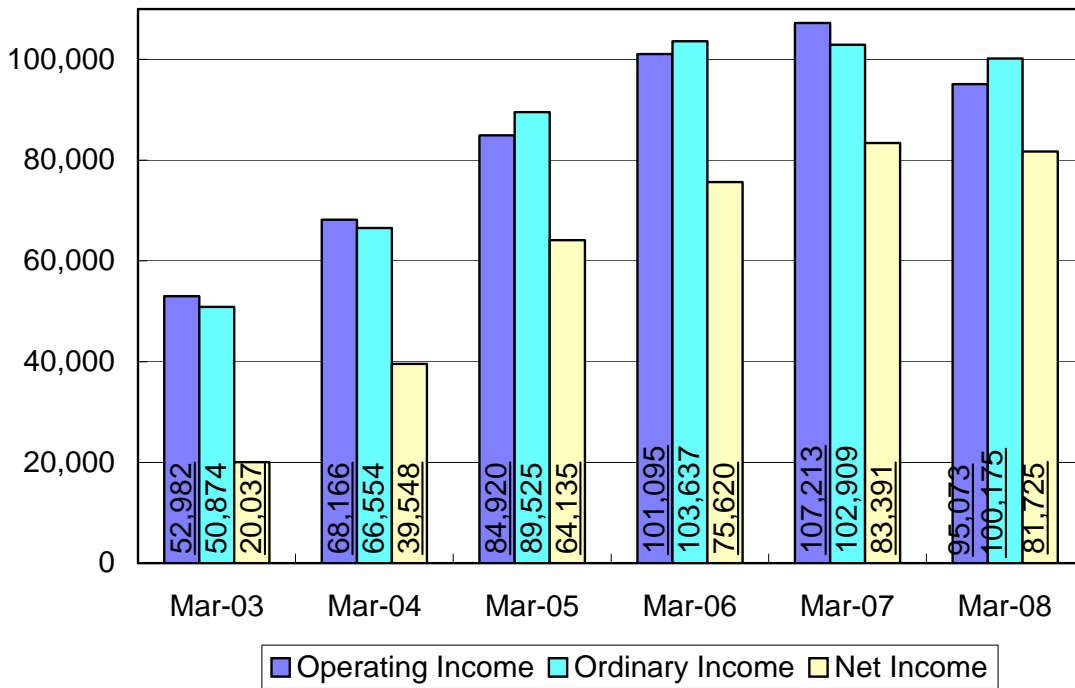
As a result, during the term under review consolidated net sales increased year-on-year basis and posted historical record on annual basis. However operating income showed a decline year-on-year basis, mainly because of decline in revenues and profit in the Electro-Optics sector. Goodwill on the acquisition of Pentax has been amortized from the latter half of this term. Though ordinary income also decreased, earnings of equity method affiliates made significant growth. Net income showed a decline because there was a gain from sales of land last year (2006).



Breakdown of Net Sales by Business Segment



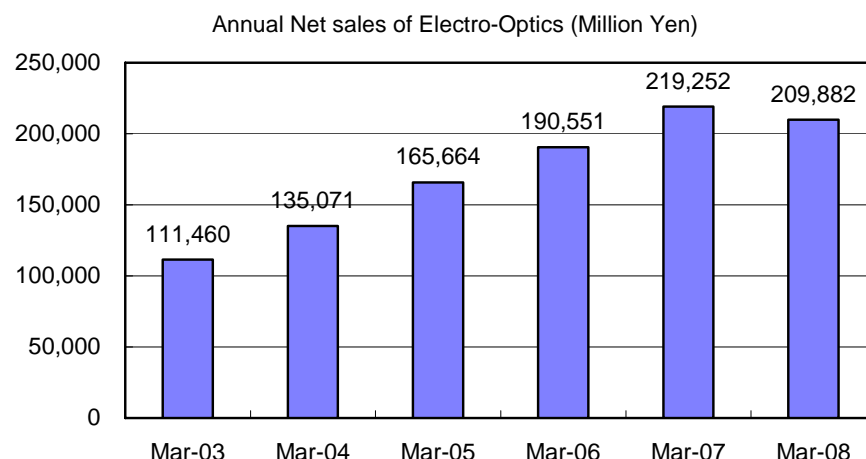
Profits (Million Yen)



2. Segment Overview

1) Information Technology

Electro-Optics



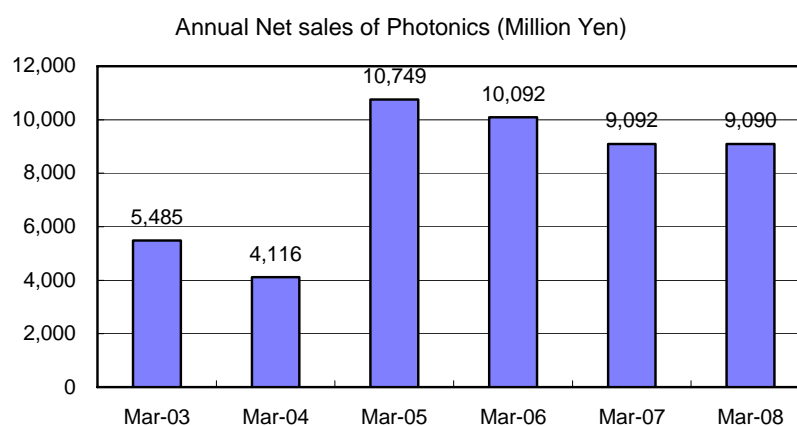
In terms of mask blanks for manufacturing semiconductors, HOYA received a decent volume of orders for such high-precision products as blanks for phase-shift masks, etc., and sales increased on a year-on-year basis.

There was a decrease in the market wholly in orders and prices for below the middle class photomasks for semiconductor production, particularly within the borders. And there were large orders in the fourth quarter last year by development for digital appliance related products. As a result, they lead to lower sales volume year-on-year. Demand for large-size masks for LCD hit wall, because LCD panel producers gave priority to commercial production at the upturn in demand of panels, and competition among mask producers for orders in the area of large-size masks for LCD was in a severe condition, sales of large-size masks decreased year-on-year.

In terms of glass disks for hard disk drives (HDDs), sales decreased on a year-on-year basis mainly due to taking time for correspondence to customers' demand in commencing of production with perpendicular recording method during the first quarter and the decline of production volume of glass media after adopting the new method.

In optical lenses, the markets of digital still cameras and video cameras have expanded globally and the demand for our aspherical lenses or polished lenses has made a healthy increase accordingly during the first half. Though there was a rapid production adjustment over the market in the latter half, in addition, because of decrease in the shipment of lenses for mobile telephones, the net sales increased on a year-on-year basis.

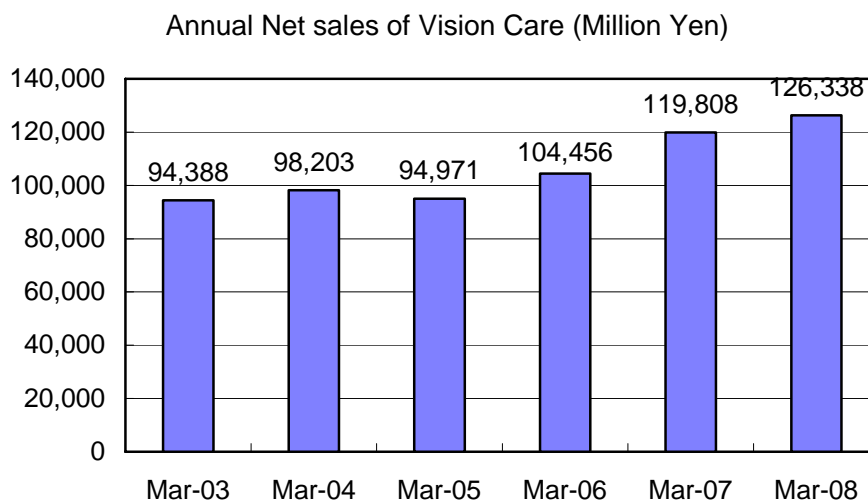
Photonics



With laser-equipped industrial and medical equipment as major products, clients in the industrial area include producers of semiconductors, LCD panels, optical devices and so forth. The market has been fraught with intense competition as well as industry restructuring. The sales of this sector remained flat a year-on-year basis.

2) Eye Care

Vision Care

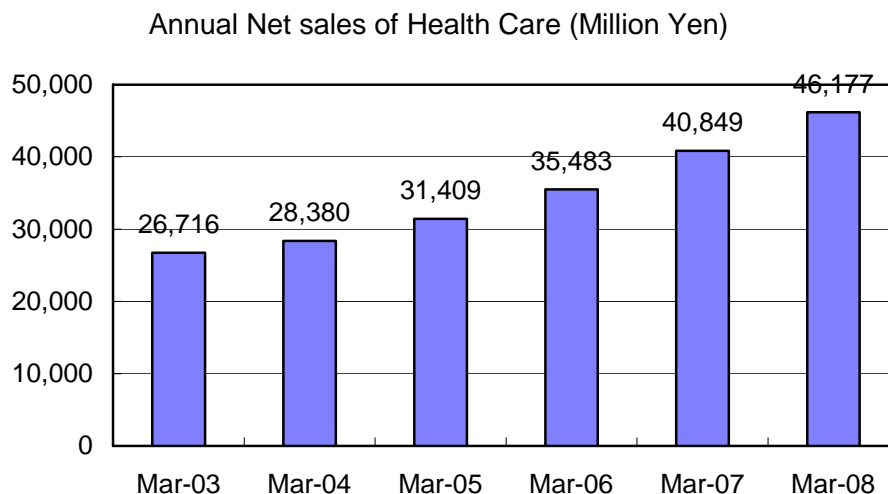


The slump in the domestic market for eyeglass lenses continued as before but HOYA realized growth in the high price bracket through the value-added enhancement of products centered in high-function coatings and newly-designed progressive lenses. In the low price bracket, however, overall sales in the domestic market decreased on a year-on-year basis due to stiff price competition.

In eyeglass lenses in markets overseas, the expansion continued to advance in sales for newly designed progressive lenses, high refraction lenses and other high value added products in Asia-Oceania, Europe and North America and the markets remained firm. There was an overall increase in the sales volume year-on-year in spite of tough competition due to a price offensive in low-end lenses.

As a result, an increase was realized in the sector overall year-on-year.

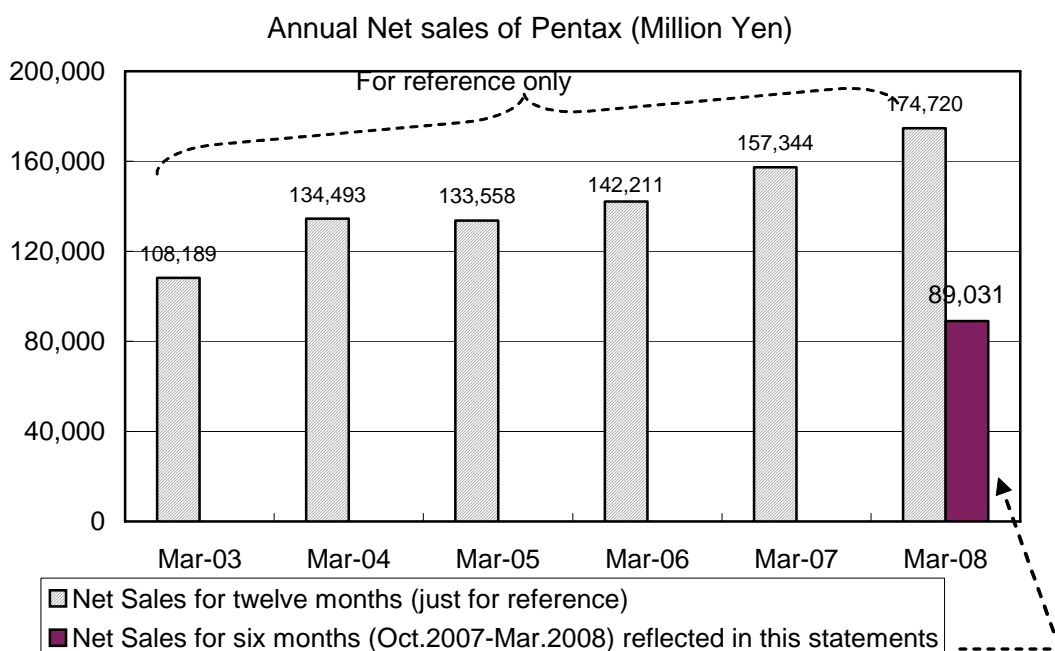
Health Care



In contact lenses, the Company continued to pursue differentiation from competitors through the consulting sales taking advantage of specialized knowledge and to expand sales in bifocal lenses and other high value added products. As a result, total net sales increased steadily year-on-year basis.

In intraocular lenses, flexible (soft) intraocular lenses, especially yellow-lenses, have been demonstrating robust performance in the market, recording an increase in sales volume year-on-year.

3) Pentax



Life Care Business

In the medical endoscope field, we promoted region-by-region marketing strategies that meet market needs such as the intensive sale of high cost-performance models in the European market. In May 2007, we started sales to the U.S. of our new endoscope system "i" series well compatible with megapixel images, which has been highly evaluated.

As a result, the net sales of this business as a whole increased year-on-year basis.

Imaging System Business

In the single-lens reflex digital camera field, the "K10D" middle-class digital single-lens reflex camera that was put on sale in November 2006 contributed to the sales as it has been highly valued both at home and abroad and it received Japan and European camera prizes. In the period under review, we started selling the "K100D Super" new standard-class digital single-lens reflex camera, and "K20D and "K200D". We also introduced several types of new interchangeable lenses on the market, and actively promoted the sales of such new products.

In the field of compact digital cameras, on the contrary, decline of sales volume and unit selling price resulted in the decrease of net sales.

As a result, the net sales of this business as a whole increased slightly year-on-year basis.

Optical Component Business

In the digital camera module field, we developed and started selling new products of low-profile high-functionality types, which efficiently employ the characteristics of sliding lens systems, as well as of popular types, and we also made efforts to find new customers and significantly increased sales.

In the microlens field, falling market prices and withdrawal of HD DVD forced us to reduce the total net sales.

As a result, the net sales of this business as a whole increased year-on-year basis.

4) Others

	<u>Millions of Yen</u>
	<u>Year ended Mar. 31, 2008</u>
Net sales	1,111

In crystal, the crystal operations were reduced in scale through restructuring.

(2) Financial Position

1. Assets, Liabilities and Net assets

	<u>Millions of Yen</u>
	<u>As of Mar. 31, 2008</u>
Total assets	<u>689,443</u>
Net assets	<u>394,625</u>
Owner's equity ratio	<u>56.7%</u>

Since Pentax and its subsidiaries were consolidated from the term under review, both assets and liabilities increased significantly compared to the end of the previous fiscal year. The current assets increased Yen 134,566 million mainly since cash and deposit increased Yen 60,846 million. Fixed assets increased Yen 107,233 million due to increase of goodwill. As a result, total assets increased Yen 241,799 million compared to the end of the previous fiscal year. Liabilities increased Yen 214,319 million mainly due to issuance of Yen 99,966 million of corporate bonds to fund Pentax Tender Offer. Net assets increased Yen 27,479 million and came to Yen 394,625 million.

2. Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Year ended Mar. 31, 2008</u>
Net cash provided by operating activities	119,809
Net cash used in investing activities	-113,036
Net cash provided by (used in) financing activities	68,252
Cash and cash equivalents at end of period	181,335

In terms of cash flows from operating activities, on the basis of cash increase of Yen 94,552 million in income before income taxes and Yen 44,876 million in depreciation and cash decrease of Yen 24,960 million as payment of income taxes, net cash provided by operating activities increased by Yen 21,016 million compared to the last year and came to Yen 119,809 million. Net cash used in investment activities increased by Yen 66,384 million to Yen 113,036 million, mainly used for Yen 72,462 million of Pentax Tender Offer and Yen 38,888 million of investment in order to handle next-generation products. Net cash provided by financing activities increased Yen 92,143 million and came to Yen 68,252 million, because of the proceed of Yen 99,803 million by issuing corporate bonds to fund Pentax Tender Offer, and payment of Yen 28,075 million for dividends. As a result, the term-end balance of cash and cash equivalents amounted to Yen 181,335 million, increased by Yen 60,713 million in comparison with that of the end of the previous fiscal year.

(3) Basic policy on appropriation of retained earnings and dividends for the year under review

The management at HOYA strives hard to increase shareholder value in response to shareholder expectations. Considering the results of the fiscal year under review, the management proposes that a year-end dividend for the fiscal year be 35 yen per share, same as the last year. Consequently, the total dividend for the fiscal year, including an interim dividend of 30 yen per share already paid, will amount to 65 yen per share.

Funds from retained earnings will be appropriated for investments for the Company to establish the HOYA brand, accelerate further growth, enhance competitive edge of its products, and develop next-generation products.

2.Global Group Management

The HOYA Group consists of the HOYA CORPORATION (the "Company"), 100 consolidated subsidiaries (7 in Japan and 93 overseas) and 11 affiliates (5 in Japan and 6 overseas). The HOYA Group is engaged in manufacturing, sales and businesses related to Electro-Optics, Photonics, Vision Care, Health Care and PENTAX products. Of the 11 affiliates, 8 companies are accounted for using the equity method (as of March 31, 2008).

Since PENTAX and its subsidiaries were consolidated to the Company on August 14, 2007, assets and liabilities of PENTAX and its subsidiaries are already combined into the Consolidated Balance Sheets of HOYA Group at the end of Sep. 30, 2007. The Consolidated Statement of Income are combined from October 1, 2007. This report presented herein include Income Statements of PENTAX, but only for six months from October 1, 2007 to Mar. 31, 2008.

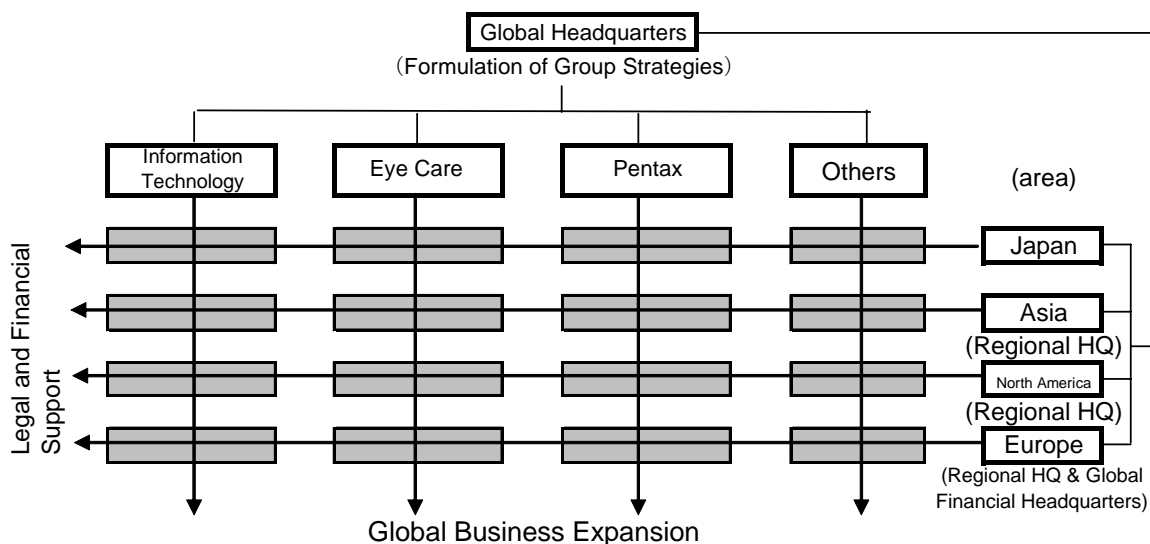
Our products are manufactured by the Company itself and by other companies in the Group both in Japan and abroad. In Japan, most of our products are distributed directly to retailers, specialty stores, assemblers, etc. Some products are exported to various countries abroad through our overseas Group companies.

The HOYA Group has adopted a global group management system. Global Headquarters at the HOYA CORPORATION formulate management strategies, which are enacted on a global basis by the three major business segments such as Information Technology, Eye Care and Pentax in line with their respective business responsibilities.

By area, regional headquarters in North America, Europe and Asia are in charge of reinforcing relationships with the countries and areas in their respective regions, legal support and internal audits, thereby supporting the promotion of business activities.

In July 2003, the HOYA Group has moved its financial headquarters to Europe. This financial headquarters control global financial matters. At this moment this function is settled in the HOYA CORPORATION Netherlands Branch.

Global Group Management System



The Company and its consolidated subsidiaries are engaged mainly in the manufacture and sales of products in six major industries as per below: Electro-Optics, Photonics, Vision Care, Health Care, PENTAX and others.

- (1) Since PENTAX and its subsidiaries were consolidated to HOYA Corporation during the period under review, the segmentation of business category, products and services are reclassified as per below. Although PENTAX and its subsidiaries operate several businesses classified into mainly three segments, they are presented as one segment of "PENTAX" in this report.

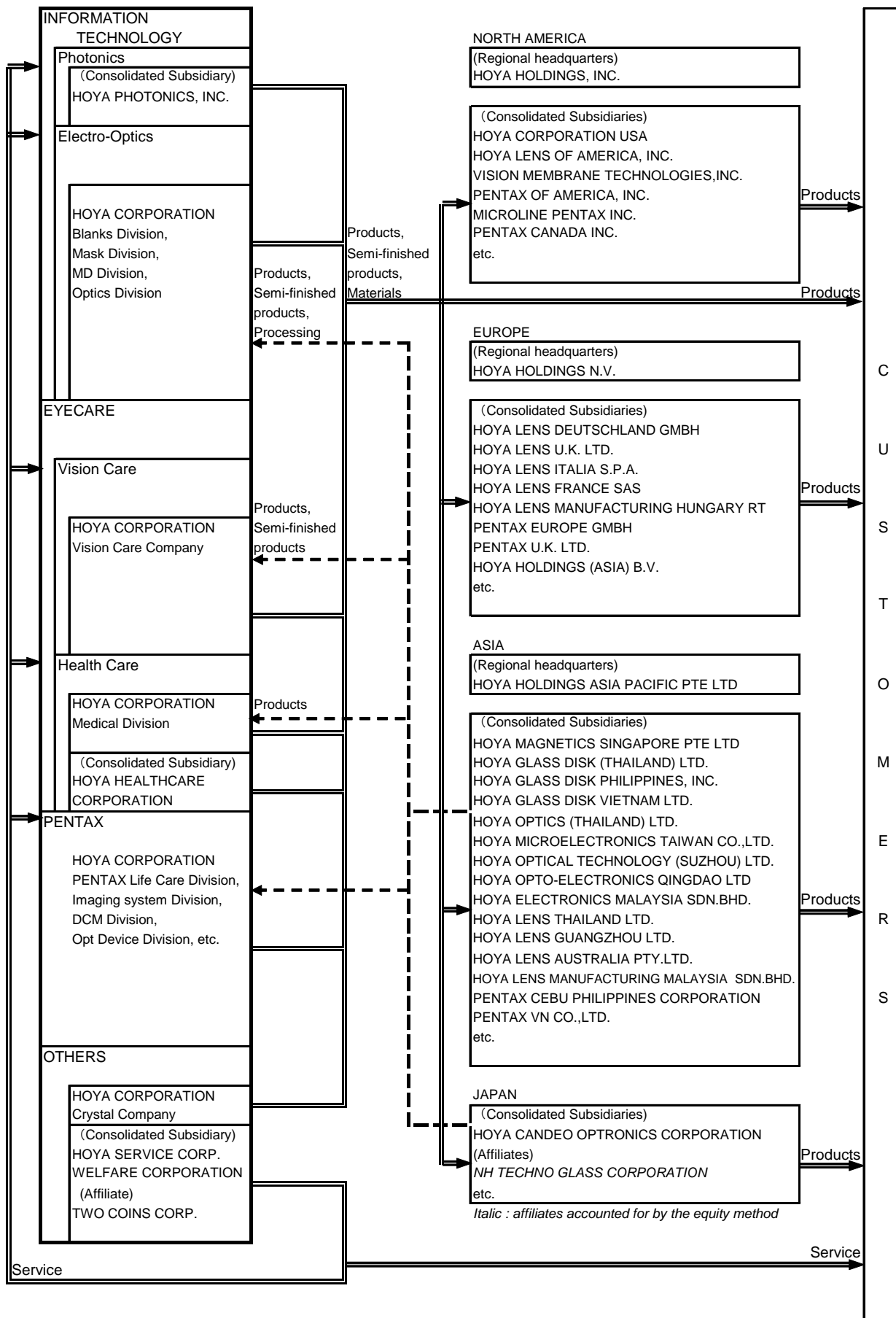
Profit and loss of PENTAX and its subsidiaries are combined into the consolidated statement of income from October 1, 2007 and the statement of income includes PENTAX and its subsidiaries' profit and loss only for six months ended March 31, 2008.

Business Category	Division	Products and Services
Information Technology	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc.
	Photonics	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc.
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, etc.
	Health Care	Contact lenses and accessories, intraocular lenses, etc.
Pentax		(Lifecare) Endoscopes, Medical Accessories, APACERAM bone prosthesis, CHT Ceramic Hydroxyapatite, etc.
		(Imaging System) Digital cameras, Interchangeable lenses, CCTV lenses, etc.
		(Optical Components) Digital camera modules, Micro lenses, etc.
Others		Crystal glass products; Design of information systems, etc.

- (2) Formerly the company's business segment classification was as follows:

Business Category	Division	Products and Services
Information Technology	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc.
	Photonics	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc.
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, etc.
	Health Care	Contact lenses and accessories, intraocular lenses, etc.
Others		Crystal glass products; Design of information systems, etc.

Business Flow Chart



3. Management Policies

Top Priority Policy of the Management "Maximization of Corporate Value"

The principal policy of HOYA Group is to maximize corporate value and to manage the Group with a global perspective, with the aim of acquiring a leading share in the world market. We are endeavoring to improve results in our diverse range of business operations by finding the right combination of our management resources that brings out the full potential of our competitive edge.

Management issues at the HOYA Group are as follows:

(1) Flexible Response to Changing Markets and Efficient Implementation of Management Resources

In the manifold business areas of the HOYA Group, we will accurately identify the needs of our customers and devise strategies in advance of the competition to respond quickly and flexibly to market trends. We will allocate management resources of the Group appropriately and will make timely decisions regarding plant and equipment investment, business alliances, mergers and acquisitions, withdrawal from or reduction in business operations, etc.

(2) Creation of New Business and Technologies

We realize that, to secure corporate earnings and maintain our growth, building growth segments that differ from existing segments by developing technologies other companies cannot imitate and creating new businesses is critical, in addition to expanding our existing businesses.

We will devote greater resources to developing technologies that will have global applications and products that have a significant competitive advantage; to exploring and creating new businesses; and to acquiring and training personnel able to support our next generation business.

(3) Management Integration with Pentax Corporation

HOYA Corporation, in accordance with a decision of the representative executive officer dated July 2, 2007, commenced the tender offer for the common stock of PENTAX Corporation on July 3, 2007, and completed on August 6, 2007. As a result of the tender offer, HOYA acquired more than 90% of the common stock of PENTAX, and PENTAX became a subsidiary of HOYA as of August 14, 2007. Finally HOYA merged with PENTAX on March 31, 2008.

HOYA and PENTAX aim to establish a solid management foundation by leveraging managerial resources of the two parties in a mutually complementary manner and to enhance corporate value by utilizing the two parties' strength in optical and precision processing technologies to develop appealing products and provide them to a broader customer base.

PENTAX brand will be maintained in their respective business divisions even after the integration.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	As of		
	Mar.31,2008	Mar.31,2007	Variance(%)
ASSETS			
Current assets			
Cash and deposits	181,467	120,621	
Notes and accounts receivable - trade	120,521	94,296	
Inventories	82,822	49,721	
Deferred tax assets	<u>10,867</u>	7,067	
Other current assets	<u>16,982</u>	5,309	
Allowance for doubtful receivables	<u>-2,388</u>	-1,311	
Total current assets	<u>410,272</u>	275,706	<u>48.8</u>
Fixed assets			
Tangible fixed assets			
Buildings and structures	40,636	33,871	
Machinery and carriers	67,264	75,961	
Tools, equipment and fixtures	17,202	12,311	
Lands	16,887	9,154	
Construction in progress	10,211	11,918	
Total tangible fixed assets	<u>152,202</u>	143,218	6.3
Intangible fixed assets			
Goodwill	<u>32,680</u>	—	
Other intangible fixed assets	<u>23,624</u>	6,248	
Total intangible fixed assets	<u>56,304</u>	6,248	<u>801.2</u>
Investments and other assets			
Investment securities	22,202	14,575	
Deferred tax assets	<u>41,159</u>	2,723	
Other assets	7,626	5,493	
Allowance for doubtful receivables	<u>-325</u>	-322	
Total investment and other assets	<u>70,663</u>	22,470	<u>214.5</u>
Total fixed assets	<u>279,170</u>	171,937	<u>62.4</u>
TOTAL ASSETS	<u>689,443</u>	447,644	<u>54.0</u>

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

LIABILITIES AND NET ASSETS	As of		
	Mar.31,2008	Mar.31,2007	Variance(%)
LIABILITIES			
Current liabilities			
Notes and accounts payable - trade	55,539	28,779	
Short-term bank loans	6,465	—	
Long-term bank loans matured within a year	8,749	—	
Commercial paper	6,191	—	
Income tax payable	30,793	12,821	
Accrued expenses	22,514	—	
Accrued bonuses to employees	7,452	4,327	
Other current liabilities	<u>31,149</u>	<u>32,252</u>	
Total current liabilities	<u>168,855</u>	<u>78,181</u>	<u>116.0</u>
Long-term liabilities			
Corporate bonds	99,966	—	
Long-term bank loans	13,268	—	
Deferred tax liabilities	<u>185</u>	—	
Accrued retirement benefits	<u>10,210</u>	—	
Allowance for special repairs	1,017	890	
Other long-term liabilities	<u>1,314</u>	<u>1,427</u>	
Total long-term liabilities	<u>125,962</u>	<u>2,317</u>	<u>—</u>
Total Liabilities	<u>294,818</u>	<u>80,499</u>	<u>266.2</u>
NET ASSETS			
Shareholders' equity			
Paid-in capital	6,264	6,264	
Capital surplus	15,898	15,898	
Earned surplus	<u>373,887</u>	<u>322,513</u>	
Treasury stock	-7,984	-12,753	
Advances on subscription to treasury stock	—	1	
Total shareholders' equity	<u>388,066</u>	<u>331,924</u>	<u>16.9</u>
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	<u>-834</u>	<u>-85</u>	
Translation adjustments	<u>3,851</u>	<u>33,263</u>	
Total valuation and translation adjustments	<u>3,016</u>	<u>33,177</u>	<u>-90.9</u>
New share subscription rights	632	167	278.4
Minority interest	2,909	1,876	55.1
Total Net Assets	<u>394,625</u>	<u>367,145</u>	<u>7.5</u>
TOTAL LIABILITIES AND NET ASSETS	<u>689,443</u>	<u>447,644</u>	<u>54.0</u>
Notes:			
	Millions of Yen		
1. Accumulated depreciation	238,399	223,095	
2. Guarantees of borrowings and lease obligations for customers and Group's employees	2,072	2,774	
3. Value of discount on notes receivable	<u>1,551</u>	—	
4. Number of shares of treasury stock (unit : shares)	2,158,291	3,447,681	

(2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen			
	Years ended Mar. 31,		Variance	
	2008	2007	Value	(%)
Net sales	481,631	390,093	91,538	23.5
Cost of sales	262,944	197,410	65,534	33.2
Gross profit	218,686	192,682	26,004	13.5
Selling, general and administrative expenses	123,612	85,469	38,143	44.6
Operating income	95,073	107,213	-12,140	-11.3
Non-operating income	16,567	5,827	10,740	184.3
Interest income	4,566	2,901	1,665	
Equity in earnings of affiliates	5,925	642	5,283	
Others	6,075	2,283	3,792	
Non-operating expenses	11,466	10,131	1,335	13.2
Interest expense	1,451	86	1,365	
Sales discount	943	822	121	
Foreign exchange losses	5,446	6,711	-1,265	
Others	3,624	2,510	1,114	
Ordinary income	100,175	102,909	-2,734	-2.7
Extra-ordinary gains	825	10,513	-9,688	-92.2
Gain on sales of property, plant and equipment	519	9,629	-9,110	
Others	306	884	-578	
Extra-ordinary losses	6,448	6,290	158	2.5
Additional retirement benefits paid to employees	1,920	1,055	865	
Maintenance of environment	1,612	767	845	
Loss on disposal of property, plant and equipment	1,125	3,327	-2,202	
Loss on impairment of long-lived assets	581	87	494	
Others	1,208	1,053	155	
Income before income taxes and other items	94,552	107,132	-12,580	-11.7
Income taxes - Current	34,549	23,491	11,058	47.1
Income taxes - Deferred	-20,082	70	-20,152	-
Minority interests in net income	-1,639	178	-1,817	-
Net income	81,725	83,391	-1,666	-2.0
Net income per share(Yen)	189.01	193.50	-4.49	
Net income per share after adjustment of potential shares (Yen)	188.78	192.78	-4.00	

Notes:

- Effect of Exchange Rate Change on Net Sales and Incomes ("2008 A" is the actual value of this period. "2008 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

		2008 A	2008 B	influences
Net sales	Million Yen	481,631	478,796	2,835
Operating income	Million Yen	95,073	91,025	4,048
Ordinary income	Million Yen	100,175	95,255	4,920
Net income	Million Yen	81,725	77,334	4,391

		Years ended Mar. 31,		Variance
		2008	2007	
2. Average rates of major foreign currencies:				
US Dollar	Yen	113.80	116.96	2.7%
Euro	Yen	162.26	150.95	-7.5%
Thai Baht	Yen	3.65	3.24	-12.7%

(3) Consolidated Statements of Changes in Net Assets

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen					
	Shareholders' Equity					
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Advances on subscription to treasury stock	Total Shareholders' Equity
BALANCE MARCH 31, 2007	6,264	15,898	322,513	-12,753	1	331,924
Net income			<u>81,725</u>			<u>81,725</u>
Appropriations						
Cash dividends			-28,089			-28,089
Bonus to directors						
Loss on disposal of treasury stock						
Repurchase of treasury stocks				-12		-12
Disposal of treasury stocks			-2,261	4,782	-1	2,519
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries						
Others						
Net increase / decrease during the term under review except in Shareholders' Equity			<u>51,374</u>	4,769	-1	<u>56,142</u>
Total increase / decrease during the term under review	—	—	<u>51,374</u>	4,769	-1	<u>56,142</u>
BALANCE MARCH 31, 2008	6,264	15,898	<u>373,887</u>	-7,984	—	<u>388,066</u>

	Millions of Yen					
	Valuation and Translation Adjustments					
	Valuation difference on available-for-sale securities	Translation Adjustments	Total Valuation and Translation Adjustments	New Share Subscription Rights	Minority Interest	Total Net Assets
BALANCE MARCH 31, 2007	-85	33,263	33,177	167	1,876	367,145
Net income						<u>81,725</u>
Appropriations						
Cash dividends						-28,089
Bonus to directors						
Loss on disposal of treasury stock						
Repurchase of treasury stocks						-12
Disposal of treasury stocks						2,519
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries						
Others						
Net increase / decrease during the term under review except in Shareholders' Equity	<u>-749</u>	<u>-29,411</u>	<u>-30,161</u>	465	1,033	<u>-28,662</u>
Total increase / decrease during the term under review	<u>-749</u>	<u>-29,411</u>	<u>-30,161</u>	465	1,033	<u>27,479</u>
BALANCE MARCH 31, 2008	-834	3,851	3,016	632	2,909	<u>394,625</u>

Notes:

1. Condition of issued stocks	Common stock	beginning of the period	increase during the period	decrease during the period	end of the period	unit : shares
		435,017,020	—	—	435,017,020	
2. Condition of treasury stock	Common stock	beginning of the period	increase during the period	decrease during the period	end of the period	unit : shares
		3,447,681	3,407	1,292,797	2,158,291	

The breakdown of increase/decrease of treasury stock (by reason) is as follows :

Increase due to repurchase of treasury stock less than one unit	3,407 shares
Decrease due to sale of treasury stock less than one unit	397 shares
Decrease due to exercise of stock option	1,292,400 shares

<Previous fiscal year>

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen					
	Shareholders' Equity					
	Paid-in Capital	Capital Surplus	Earned Surplus	Treasury Stock	Advances on subscription to treasury stock	Total Shareholders' Equity
BALANCE MARCH 31, 2006	6,264	15,898	266,345	-16,279	-	272,228
Net income			83,391			83,391
Appropriations						
Cash dividends			-25,843			-25,843
Bonus to directors			-64			-64
Repurchase of treasury stocks				-12		-12
Disposal of treasury stocks			-1,606	3,539		1,932
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries			290			290
Others					1	1
Net increase / decrease during the term under review except in Shareholders' Equity			56,167	3,526	1	59,695
Total increase / decrease during the term under review	-	-	56,167	3,526	1	59,695
BALANCE MARCH 31, 2007	6,264	15,898	322,513	-12,753	1	331,924

	Millions of Yen					
	Valuation and Translation Adjustments					
	Valuation difference on available-for-sale securities	Translation Adjustments	Total Valuation and Translation Adjustments	New Share Subscription Rights	Minority Interest	Total Net Assets
BALANCE MARCH 31, 2006	110	7,142	7,252	-	919	280,400
Net income						83,391
Appropriations						
Cash dividends						-25,843
Bonus to directors						-64
Repurchase of treasury stocks						-12
Disposal of treasury stocks						1,932
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries						290
Others						1
Net increase / decrease during the term under review except in Shareholders' Equity	-195	26,121	25,925	167	956	27,049
Total increase / decrease during the term under review	-195	26,121	25,925	167	956	86,744
BALANCE MARCH 31, 2007	-85	33,263	33,177	167	1,876	367,145

Notes:

1. Condition of issued stocks	Common stock	beginning of the period	increase during the period	decrease during the period	end of the period	unit : shares
		435,017,020	—	—	435,017,020	
2. Condition of treasury stock	Common stock	beginning of the period	increase during the period	decrease during the period	end of the period	unit : shares
		4,401,607	2,861	956,787	3,447,681	

The breakdown of increase/decrease of treasury stock (by reason) is as follows :

Increase due to repurchase of treasury stock less than one unit	2,861 shares
Decrease due to sale of treasury stock less than one unit	387 shares
Decrease due to exercise of stock option	956,400 shares

(4) Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Years ended Mar.31,		Variance
	2008	2007	
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	<u>94,552</u>	107,132	<u>-12,580</u>
Depreciation and amortization	<u>44,876</u>	36,338	<u>8,538</u>
Loss on impairment of long-lived assets	581	87	494
Provision for (reversal of) accrued allowances for doubtful receivables	<u>557</u>	-242	<u>799</u>
Provision for (reversal of) accrued bonuses to employees	1,132	154	978
Provision for (Reversal of) reserve for periodic repairs	125	267	-142
Interest income and dividend receivable	-4,595	-2,922	-1,673
Interest expense payable	1,451	86	1,365
Foreign exchange loss (gain)	-2,121	4,782	-6,903
Equity in earnings of affiliates	-5,925	-642	-5,283
Gain on sales of property, plant and equipment and investment securities	-519	-9,629	9,110
Loss on disposal of property, plant and equipment and investment securities	1,125	3,327	-2,202
Loss on write-down of investment securities	871	7	864
Bonus to directors	-	-64	64
Other	<u>12,078</u>	-705	<u>12,783</u>
(Increase) decrease in notes and accounts receivable	6,254	-13,800	20,054
(Increase) decrease in inventories	-7,163	-4,798	-2,365
(Increase) decrease in other current assets	1,039	2,249	-1,210
Increase (decrease) in notes and accounts payable	-3,169	-1,208	-1,961
Increase (decrease) in income taxes payable	42	-1,022	1,064
Increase (decrease) in other current liabilities	874	241	633
Sub total	<u>142,068</u>	<u>119,639</u>	<u>22,429</u>
Interest and dividend receivable	4,419	2,556	1,863
Interest payable	-1,397	-40	-1,357
Legal settlement paid	-321	-	-321
Income taxes - paid	-24,960	-23,361	-1,599
Net cash provided by operating activities	<u>119,809</u>	<u>98,793</u>	<u>21,016</u>
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	-38,888	-52,379	13,491
Proceeds from sales of property, plant and equipment	1,215	10,217	-9,002
Purchases of investment securities	-	-407	407
Proceeds from sales of investment securities	26	30	-4
Expenditure for acquisition of subsidiary's stocks for consolidation	-72,462	-908	-71,554
Expenditure for loans	-181	-584	403
Income from collection of loans	101	77	24
Expenditure for other investments	-3,225	-3,274	49
Income from other investments	376	576	-200
Net cash used in investing activities	<u>-113,036</u>	<u>-46,652</u>	<u>-66,384</u>
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	-3,881	-	-3,881
Proceeds from long-term bank loans and issuance of corporate bonds	99,803	-	99,803
Repayments of long-term debt	-1,866	-	-1,866
Payments for purchase of treasury stock	-29	-12	-17
Proceeds from sales of treasury stock	2,518	1,934	584
Dividends paid	-28,075	-25,810	-2,265
Dividends paid for minority shareholders	-215	-2	-213
Net cash provided by (used in) financing activities	<u>68,252</u>	<u>-23,891</u>	<u>92,143</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALE	-14,311	8,798	-23,109
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	60,713	37,047	23,666
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	120,621	83,574	37,047
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>181,335</u>	<u>120,621</u>	<u>60,714</u>

Notes: 1. Negative figures with "-" (minus) in the above statements indicate net

2. The above statements are direct translation from *Kessan Tanshin* made under the Japanese Accounting Standard.

3. Cash and cash equivalents at the end of the period

	<u>Mar.31,2008</u>	<u>Mar.31,2007</u>
Cash and deposits	181,467	120,621
Time deposit over three months	-131	-
Total	<u>181,335</u>	<u>120,621</u>

(5) Preparation of the Consolidated Financial Statements

Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 100 companies
(Major consolidated subsidiaries :
<overseas> HOYA HOLDINGS, INC., HOYA HOLDINGS N.V.,
HOYA HOLDINGS ASIA PACIFIC PTE LTD., HOYA PHOTONICS, INC.
<domestic> HOYA CANDEO OPTRONICS CORPORATION, HOYA HEALTHCARE CORPORATION
2. Number of unconsolidated subsidiaries : None
3. Number of affiliates : 11 companies
(Number of affiliates accounted for by the equity method : 8 companies,
Major affiliates accounted for by the equity method : NH TECHNO GLASS CORPORATION)

4. Changes in scope of consolidation and application of the equity method:

A. Scope of consolidation

In comparison to the end of previous fiscal year (Mar. 31, 2007) : 33 companies increased in total.

5 companies increased due to the establishment: HOYA HOLDINGS (ASIA) B.V. (The Netherlands)
HOEV CO.,LTD. (Vietnam)
HOYA LENS NORWAY S.A. (Norway)
HOYA SURGICAL OPTICS, INC. (USA.)
PENTAX MEDICAL SINGAPORE PTE.LTD. (Singapore)

36 companies increased due to the acquisition: PENTAX CORPORATION (Japan)
and its consolidated subsidiaries (Japan 7, overseas 26)
MORGAN OPTICAL, INC. (USA)
FOCUS PREFERENCE SDN BHD (Malaysia)

5 companies decreased due to the merger among subsidiaries : PENTAX's 5 subsidiaries were merged into PENTAX CORPORATION on March 30, 2008

1 company decreased due to the merger into the parent company (HOYA): PENTAX CORPORATION was merged into HOYA CORPORATION on March 31, 2008

2 companies decreased due to the closing:

B. Application of the equity method

In comparison to the end the previous fiscal year (March 31, 2007) : 7 companies increased in total.

3 companies increased : Overseas subsidiaries of NH TECHNOGLASS CORP.

4 companies increased due to the acquisition: PENTAX group companies (1 in Japan , 3 overseas)

Since PENTAX and its subsidiaries were consolidated to HOYA Corporation on August 14, 2007, assets and liabilities of PENTAX and its subsidiaries were already combined into the Consolidated Balance Sheets of HOYA Group at the end of Sep. 30, 2007. The Consolidated Statement of Income were combined from October 1, 2007. This report presented herein include Income Statements of PENTAX, but only for six months ended Mar. 31, 2008.

	as of Mar. 31, 2008	as of Mar. 31, 2007	variance
Consolidated subsidiaries	100 (jp 7, os 93)	67 (jp 5, os 62)	33 (jp 2, os 31)
Affiliates	11 (jp 5, os 6)	4 (jp 4, os -)	7 (jp 1, os 6)
(accounted for by the equity method)	(8) (jp 2, os 6)	(1) (jp 1, os -)	(7) (jp 1, os 6)
Total Hoya Group	111	71	40
(accounted for by the equity method)	(8)	(1)	(7)

(jp : Japan domestic, os : overseas)

5. Changes in accounting policy :
From this fiscal year, the company has changed its classification of industry segment.

(6) Notes for Consolidated Financial Statements

Notes Relating to Investment Securities and Derivatives

1. Investment securities with market values:

(Millions of Yen)

		As of Mar. 31,					
		2008			2007		
Available-for-sale		Cost	Fair Value	Variance	Cost	Fair Value	Variance
Securities of which fair value exceeds cost	Marketable Equity securities	541	785	244	159	267	108
	Government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	35	35	0	-	-	-
Sub total		577	821	244	159	267	108
Securities of which fair value does NOT exceed cost	Marketable Equity securities	4,100	2,794	-1,305	1,532	1,274	-258
	Government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
Sub total		4,100	2,794	-1,305	1,532	1,274	-258
Total		4,677	3,616	-1,060	1,692	1,541	-150

2. Condition of sales of marketable securities market during this fiscal year:

(Millions of Yen)

	Years ended March 31,	
	2008	2007
Value of sales	—	—
Total of gains from sales	—	—
Total of losses from sales	—	—

3. Investment securities of without market values:

(Millions of Yen)

	As of Mar. 31,	
	2008	2007
Non-marketable stock of subsidiaries	17,279	11,678
Total	17,279	11,678
Non-marketable equity securities	1,059	1,099
Others	248	256
Total	1,307	1,355

4. Derivatives and Hedging Activities

(1) Conditions of transactions

The HOYA Group uses derivative financial instruments to manage its exposures to fluctuations in foreign currency exchange rates. Foreign exchange forward contracts are utilized by the Group to reduce foreign currency exchange risks. The Group does not enter into derivatives for trade or speculative purposes.

Hedge accounting methods

Deferral hedging is applied. Appropriation is adopted for hedging exchange risks when the criteria for appropriation are met.

Hedging methods and hedged items

Exchange risks are hedged based mainly on the company's "Internal Management Regulations", and the company has adopted a policy of not conducting any speculative derivative trading.

Hedging method: forward exchange contracts

Items hedged: Foreign currency denominated debt

(2) Fair Value of Transactions

Currency-related transactions

(Millions of Yen)

Items	Contract Value	Contract over One Year	Market Value	Unrealized gain (loss)
Forward foreign exchange contracts :				
Sell USD	7,625	—	587	587
EURO	10,140	—	111	111
Buy USD	100	—	5	5
EURO	1,777	—	104	104
Option				
Buy				
Call				
USD	321	—	15	15

Notes : 1. Calculation of Market Value :

(1) Forward foreign exchange contract : Translated by forward exchange rates.

(2) Currency option contracts : Calculation of market value is based on the prices provided by the financial institutions the Company has business connection with.

2. Transactions which are translated at the contracted forward rates are excluded.

Interest Rate Swap

(Millions of Yen)

Items	Contract Value	Contract over One Year	Market Value	Unrealized gain (loss)
Interest rate swap :				
Receive floating pay fixed	11,010	8,710	-82	-22

Notes : 1. The principal amount regarding the interest rate swap is notional. The figures do not indicate market risks relating to the derivative transactions.

2. Calculation of market value is based on the prices provided by the financial institutions the Company entered into the interest rate swap contracts with.

Notes Relating to Income Taxes

Breakdown of major factors giving rise to deferred tax assets and liabilities:

	Millions of Yen	
	As of Mar. 31,	
	<u>2008</u>	<u>2007</u>
(1) Current deferred tax assets and liabilities		
Deferred tax assets		
Inventories - loss on write-down	5,120	78
Accrued bonuses to employees	2,834	1,655
Inventories - intercompany unrealized profits	2,001	2,647
Accrued enterprise taxes	1,591	922
Maintenance of environment	601	—
Other	4,552	1,763
Sub total amount of deferred tax assets - current	<u>16,702</u>	<u>7,067</u>
Valuation reserve	-1,589	—
Total amount of deferred tax assets - current	<u>15,113</u>	<u>7,067</u>
<u>Deferred tax liabilities</u>		
Retained earnings of equity method affiliates	-2,600	—
Other	-1,749	—
Total amount of deferred tax liabilities - fixed	<u>-4,349</u>	<u>—</u>
<u>Net amount of deferred tax assets - fixed</u>	<u>10,764</u>	<u>7,067</u>
(2) Non-current deferred tax assets and liabilities		
Deferred tax assets		
Loss carryforwards	20,161	—
Asset account adjustment	20,012	—
Valuation reserve for investment securities not deductible	2,569	—
Excess amount of inclusion in deductible expenses for depreciation	1,016	1,576
Loss on impairment not deductible	531	622
Loss on disposal of fixed assets not deductible	518	518
Excess amount of inclusion in deductible expenses for	131	110
Other	1,782	600
Sub total amount of deferred tax assets - fixed	<u>46,723</u>	<u>3,429</u>
Valuation reserve	-4,804	—
Total amount of deferred tax assets - fixed	<u>41,918</u>	<u>3,429</u>
Deferred tax liabilities		
Depreciation	-292	—
Special depreciation reserve	-289	-232
Reserve for deferred income taxes on fixed assets	-197	-307
Other	-165	-165
Total amount of deferred tax liabilities - fixed	<u>-944</u>	<u>-705</u>
<u>Net amount of deferred tax assets - fixed</u>	<u>40,973</u>	<u>2,723</u>

Notes Relating to Loss on Impairment of Fixed Assets

The company, which groups its assets in terms of its business units, accounted for impairment for the following groups of assets during the terms under review.

1. Tokyo Studio in the Crystal Division

Location	Akishima-shi, Tokyo
Use	Facilities for manufacturing crystal glassware, etc.
Asset Class	Machinery and equipment, etc.

In the Crystal Division, which experienced a substantial decline in demand for personal consumption and for corporate gifts amid the sluggish market, and book value of the asset group relating to this division was decreased to its recoverable amount, and the decrease was posted as impairment loss under extraordinary losses.

	<u>Years ended Mar.31.</u>	
	<u>2008</u>	<u>2007</u>
Machinery and others	129	87
Total	<u>129</u>	<u>87</u>

The recoverable amount of the asset group was measured in terms of its value in use while its future cash flows were computed by discounting them by 5%.

2. Rights in the Health Care Division

Location	San Diego, U.S.A.
Use	Research of Health Care products
Asset Class	Intangible fixed assets

Since there was a possibility for the non-competition provision, a basis of the rights that have been posted as intangible fixed assets, to be cancelled during the term under review, book value of the asset was decreased to its recoverable amount, and the decrease was posted as impairment loss under extraordinary losses.

	<u>2008</u>	<u>2007</u>
Intangible fixed assets	211	—
Total	<u>211</u>	<u>—</u>

The recoverable amount of the asset was measured in terms of its value in use while its future cash flows were computed by discounting them by 5%.

3. Assets for the surveying instruments business in the Pentax Division

Location	Ogawa-cho, Saitama
Use	Assets for the surveying instruments business
Asset Class	Buildings and structures

In the Pentax Division, which experienced a substantial decline in demand for surveying instruments business, and book value of the asset group relating to this business was reduced to its recoverable amount, and the amount of reduction was posted as impairment loss under extraordinary losses.

	<u>2008</u>	<u>2007</u>
Buildings and structures	73	—
Tools, equipment and fixtures	64	—
Other assets	11	—
Total	<u>149</u>	<u>—</u>

4. Idle assets

Location	Mullheim, Germany	Itabashi-ku, Tokyo
Use	Idle assets	Idle assets
Asset Class	Buildings	Machinery and equipment

Since there was no usage plan for the above idle assets and the market price of the assets was declined compared to the book value, the book value of the assets was reduced to the amount of potential recovery and the amount of reduction was posted as impairment loss under extraordinary losses.

	<u>2008</u>	<u>2007</u>
Buildings and structures	61	—
Machinery, equipment and carriers	29	—
Total	<u>91</u>	<u>—</u>

The recoverable amount of the asset was measured in terms of its actual selling price.

Notes Relating to Business Merger - 1 Acquisition of PENTAX Corporation

1. Name and description of business operations of the acquired company, reasons for the business merger, business merger date, legal configuration of the business merger, company name subsequent to the merger and ratio of acquired voting rights.

(1) Name and description of business operations of the acquired company

Acquired company:	PENTAX Corporation
Description of business operations:	Life care, imaging systems, optical components and other product manufacturing, marketing, etc.

(2) Major reasons for the business merger

HOYA and PENTAX aim to establish a solid management foundation by leveraging managerial resources of the two companies in a mutually complementary manner and to enhance corporate value by utilizing the two companies' strength in optical and precision processing technologies to develop appealing products and provide them to a broader customer base.

Subsequent to the business merger, HOYA and PENTAX shall aim for the optimization of the business portfolio and a further reinforcement of competitive strength.

(3) Business merger date August 14, 2007

(4) Legal configuration of the business merger Acquisition of stock

(5) Name of the company subsequent to the merger PENTAX Corporation

(6) Acquired voting rights 90.58%
(With effect on March 31, 2008, HOYA merged with PENTAX. For more information, please refer to the following notes "Business relationship under common control".)

2. Term of business performance of the acquired company included in consolidated financial statements

The term from October 1, 2007 to March 31, 2008 are consolidated.

3. Acquisition cost of the acquired company and breakdown

Cost of stock acquisition	94,482 millions of Yen
Disbursement directly required for the acquisition of stock	296
Cost of acquisition	94,778

4. Amount of goodwill or negative goodwill, reason for occurrence and depreciation method and term

(1) Goodwill amount 27,225 millions of Yen

(2) Cause for occurrence Since current net asset value at the time of the business merger was lower than the acquisition cost, the difference is recognized as goodwill.

(3) Depreciation method and term 10-year term, straight line method

5. Assets and liabilities acquired as of the business merger date and breakdown of major items

Current assets	<u>100,132</u> millions of Yen
Fixed assets	<u>74,056</u>
Total assets	<u>174,188</u>
Current liabilities	67,822 millions of Yen
Fixed liabilities	<u>30,375</u>
Total liabilities	<u>98,197</u>

Notes Relating to Business Merger - 2

Business relationship under common control

<Outline of the deal>

PENTAX Corporation, HOYA' s consolidated subsidiary, merged its five subsidiaries such as PENTAX Optotech Co.,Ltd., PENTAX Tohoku Co.,Ltd., PENTAX Fukushima Co.,Ltd., PENTAX Service Co.,Ltd. and PENTAX Incubation Co.,Ltd. on March 30, 2008. After that, HOYA CORPORATION merged PENTAX Corporation on March 31, 2008.

<Reasons for the business merger>

HOYA and PENTAX entered into a Basic Understanding Regarding Merger, in order to build a firm business structure by leveraging the managerial resources of the two companies in a mutually complementary manner, and to create synergies and accelerate business growth for the future. Based on the above-mentioned agreement, HOYA conducted the Tender Offer. As a result, HOYA held majority of the total outstanding shares of PENTAX and consolidated.

However, we thought that it would be significant to demonstrate the mobility and flexibility of the management in order to strengthen the principle businesses of PENTAX. It is desirable for each business unit of PENTAX to be enabled to make management decisions and to take actions as promptly as the business units of HOYA do, and to appropriately allocate the management resources within the HOYA group taken as a whole, not within the small framework of a subsidiary. To that end, we reached a conclusion that the management integration through a merger as initially contemplated would be most appropriate. If PENTAX ceases to be a subsidiary of HOYA and is merged into HOYA, each business unit of PENTAX will become a part of HOYA' s main body and we will be a flat organization. We believe that this will enable us to make flexible and prompt management decisions and to further growth in new areas through the appropriate allocation of resources.

1. Merger of six consolidated subsidiaries such as PENTAX Corporation, PENTAX Optotech Co.,Ltd., PENTAX Tohoku Co.,Ltd., PENTAX Fukushima Co.,Ltd., PENTAX Service Co.,Ltd., PENTAX Incubation Co.,Ltd.

- (1) Names of the companies involved in the merger, descriptions of their businesses, date of the merger, legal form of the merger, and name of the company after the merger

- 1) Names of the companies involved in the merger and descriptions of their businesses

Absorbing company:	PENTAX Corporation
Description of business:	Manufacturing and sales, etc. of life care products, imaging systems and optical components
Absorbed company:	PENTAX Optotech Co.,Ltd.
Description of business:	Manufacturing and sales of optical components, precision components and machinery and appliances
Absorbed company:	PENTAX Tohoku Co.,Ltd.
Description of business:	Manufacturing of medical equipment
Absorbed company:	PENTAX Fukushima Co.,Ltd.
Description of business:	Manufacturing of optical components
Absorbed company:	PENTAX Service Co.,Ltd.
Description of business:	Repairs of optical equipment
Absorbed company:	PENTAX Incubation Co.,Ltd.
Description of business:	Medical equipments research and development, etc.

- 2) Date of the merger March 30, 2008

- 3) Legal form of the merger and name of the company after the merger

This is a merger with Pentax Corporation remaining as the surviving company, and the name of the company after the merger is Pentax Corporation. There shall be no issuance of new shares or capital increase as a result of the merger.

- (2) Outline of accounting procedure taken

As the above-mentioned merger is classified as a transaction under common control, all transactions relating to the merger have been deleted as they are deemed internal transactions. Therefore this accounting procedure has no effect on our consolidated financial statements.

Notes Relating to Business Merger - 2

2. Merger of PENTAX Corporation

(1) Names of the companies involved in the merger, descriptions of their businesses, date of the merger, legal form of the merger, and name of the company after the merger

1) Names of the companies involved in the merger and descriptions of their businesses

Absorbing company:	HOYA CORPORATION (The Company)
Description of business:	Manufacturing and sales, etc. of Electro-Optics, Vision Care, Health Care and other products
Absorbed company:	PENTAX Corporation
Description of business:	Manufacturing and sales, etc. of life care products, imaging systems and optical components

2) Date of the merger March 31, 2008

3) Legal form of the merger and name of the company after the merger

This is a merger with our company remaining as the surviving company and Pentax Corporation as the absorbed company, and the name of the company after the merger is HOYA Corporation. There shall be no issuance of new shares or capital increase as a result of the merger.

(2) Outline of accounting procedure taken

In accordance with "Accounting Standard for Corporate Mergers" (Business Accounting Council, dated October 31, 2003) and "Application Guidelines for Accounting Standards for Corporate Mergers and Accounting Standards for Corporate Splits" (Corporate Accounting Standard Application Guideline No. 10, dated December 27, 2005), we processed the merger as a transaction under common control. The assets and liabilities we took over from the absorbed company have been recorded at appropriate book values given the day before the merger date, unless otherwise recorded at revised appropriate book values if revised in the process of compilation of the consolidated financial statements after the merger date.

(3) Items regarding a further acquisition of shares in the subsidiary

1) Acquisition cost of the acquired company and breakdown

Cost of stock acquisition	9,756 millions of Yen
Disbursement directly required for the acquisition of stock	— millions of Yen
<u>Cost of acquisition</u>	<u>9,756 millions of Yen</u>

2) Money paid in exchange for shares and the method of calculating the amount

a) Price for shares

Yen 770 per share

b) Method of calculating

We calculated the price in a comprehensive manner based on calculations by a third-party institution.

c) Number of shares acquired and appraisal value for the shares

Common stock	12,671,186 shares
Appraisal value	9,756 millions of Yen

3) Amount of goodwill or negative goodwill, reason for occurrence and depreciation method and term

a) Goodwill amount 4,506 millions of Yen

b) Cause for occurrence

Goodwill was generated because the acquisition cost of Pentax shares that we further acquired exceeded the value of shares held by minority shareholders which decreased as a result of the further acquisition.

c) Depreciation method and term 10-year term, straight line method

For more information, please visit the following websites to get the news release dated October 29, 2007, "Notice of Merger Agreement between HOYA and PENTAX".

The Tokyo Stock Exchange

<http://www.tse.or.jp/listing/compsearch/index.html> (Japanese only)

HOYA corporate website (English is available)

http://www.hoya.co.jp/HOYA_DYNAMIC/index.cfm?fuseaction=investor.news_e

Per Share Information

	<u>Years ended Mar. 31,</u>	
	<u>2008</u>	<u>2007</u>
Net assets per share (Yen)	<u>903.49</u>	845.98
Net income per share (Yen)	<u>189.01</u>	193.50
Net income per share after adjustment of potential shares (Yen)	<u>188.78</u>	192.78

The basement of the calculation of per share information are as follows:

	<u>Years ended Mar. 31,</u>	
	<u>2008</u>	<u>2007</u>
Net assets per share		
Total of net assets in consolidated balance sheets (Millions of Yen)	<u>394,625</u>	367,145
Amount not imputed to common shareholders (Millions of Yen)	3,541	2,044
breakdown: (Minority interest)	2,909	1,876
(Advances on subscription to treasury stock)	—	1
(New share subscription rights)	632	167
Net assets related to common stock (Millions of Yen)	<u>391,083</u>	365,100
Number of common stocks issued at end of the term excluding treasury stocks (unit:shares)	432,858,729	431,569,339
Net income per share		
Net income (Millions of Yen)	<u>81,725</u>	83,391
Amount not imputed to common shareholders (Millions of Yen)	—	—
Net income related to common stock (Millions of Yen)	<u>81,725</u>	83,391
Average number of common stocks in the term (unit:shares)	432,383,301	430,967,580
Net income per share after adjustment of potential shares		
Net income (Millions of Yen)	<u>81,725</u>	83,391
Amount not imputed to common shareholders (Millions of Yen)	—	—
Net income related to common stock (Millions of Yen)	<u>81,725</u>	83,391
Number of increase in common stocks (unit:shares)	521,965	1,615,517
Average number of common stocks after adjustment of potential shares in the term (unit:shares)	432,905,266	432,583,097

Material facts occurring after the closing of accounts

HOYA CORPORATION decided and signed the agreement on May 9, 2008 on the partial sale of its shareholding in its affiliate (consolidated by equity method accounting), NH TECHNO GLASS CORPORATION. As a result, we will recognize an extra-ordinary gain on a consolidated and a non-consolidated basis in the fiscal year ending March 31, 2009 as below:

1. Details of transfer

- (1) Number of shares held before transfer: 30,000 shares (50%)
- (2) Number of shares transferred: 12,921 shares (Proceeds: JPY17.4 billion)
- (3) Number of shares held after transfer: 17,079 shares (28.5%)

The Company will sell 21.5% of its shareholdings out of 50% in NH Techno Glass to The Carlyle Group, however, will eventually hold 47.4% shares of NH Techno Glass after processing changes of capital structure, reorganizations and so on. The Company will co-work with The Carlyle Group as one of the main shareholders of NH Techno Glass.

2. Impact on the Group's operation

It is estimated that the Company will recognize an extra-ordinary gain on a consolidated basis of JPY 10.4 billion at its result of the first quarter for the fiscal year to March 2009.

The above transaction, namely the transfer of the shares, will become officially effective when its closing conditions are met. It is expected the closing will be done four or five weeks after the execution of the share purchase agreement.

For more information, please visit the following websites to get the news release dated May 9, 2008, "Recognition of an extra-ordinary gain - partial sale of shares in NH TECHNO GLASS".

The Tokyo Stock Exchange : <http://www.tse.or.jp/listing/compsearch/index.html> (Japanese only)

HOYA corporate website (English is available)

http://www.hoya.co.jp/HOYA_DYNAMIC/index.cfm?fuseaction=investor.news_e

(7) Segment Information

HOYA CORPORATION and Consolidated Subsidiaries

1. Industry Segments

Annual : for the year ended March 31, 2008

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Pentax	Others	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	209,882	9,090	126,338	46,177	89,031	1,111	481,631	—	481,631
Intersegment	382	245	-2	—	1	2,761	3,390	-3,390	—
Total	210,265	9,335	126,336	46,177	89,033	3,872	485,021	-3,390	481,631
Operating expenses	142,802	8,511	105,682	36,011	89,168	4,227	386,403	153	386,557
Operating income (-loss)	67,463	824	20,653	10,166	-134	-354	98,617	-3,544	95,073
Operating margin	32.1%	8.8%	16.4%	22.0%	-0.2%	-9.2%	20.3%	—	19.7%
Assets	210,007	8,036	112,379	24,415	204,853	2,817	562,510	126,933	689,443
Depreciation	27,653	137	7,727	1,310	7,855	47	44,732	143	44,876
Loss on impairment	—	—	61	211	179	129	581	—	581
Capital Expenditures	24,430	141	9,434	847	4,454	145	39,455	10	39,465
R&D Expenses	9,876	1,118	1,408	1,497	3,497	14	17,412	—	17,412
Number of employees (p)	20,682	185	7,547	970	5,885	215	35,484	61	35,545

Annual : for the year ended March 31, 2007

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Pentax	Others	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	219,252	9,092	119,808	40,849	—	1,089	390,093	—	390,093
Intersegment	413	248	0	0	—	2,765	3,427	-3,427	—
Total	219,665	9,341	119,808	40,849	—	3,855	393,521	-3,427	390,093
Operating expenses	139,581	8,850	98,641	31,634	—	4,205	282,914	-34	282,880
Operating income (-loss)	80,084	490	21,167	9,214	—	-350	110,606	-3,393	107,213
Operating margin	36.5%	5.2%	17.7%	22.6%	—	-9.1%	28.1%	—	27.5%
Assets	258,746	7,760	118,228	24,410	—	2,518	411,664	35,979	447,644
Depreciation	27,448	125	7,405	1,169	—	45	36,193	145	36,338
Loss on impairment	—	—	—	—	—	87	87	—	87
Capital Expenditures	39,899	155	11,671	2,118	—	90	53,935	496	54,432
R&D Expenses	10,503	1,159	1,674	1,460	—	122	14,920	—	14,920
Number of employees (p)	19,570	199	7,506	910	—	198	28,383	67	28,450

Ref : Differences between the years ended Mar.31, 2008 and 2007

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Pentax	Others	Total	Elimi. or corp.*	Consolidated
Net sales:									
To outside customers	-9,370	-2	6,530	5,328	89,031	22	91,538	—	91,538
Variance	-4.3%	0.0%	5.5%	13.0%	—	2.0%	23.5%	—	23.5%
Intersegment	-31	-3	-2	0	1	-4	-37	37	—
Total	-9,400	-6	6,528	5,328	89,033	17	91,500	37	91,538
Operating expenses	3,221	-339	7,041	4,377	89,168	22	103,489	187	103,677
Operating income (-loss)	-12,621	334	-514	952	-134	-4	-11,989	-151	-12,140
Variance	-15.8%	68.2%	-2.4%	10.3%	—	1.1%	-10.8%	—	-11.3%
Assets	-48,739	276	-5,849	5	204,853	299	150,846	90,954	241,799
Depreciation	205	12	322	141	7,855	2	8,539	-2	8,538
Loss on impairment	—	—	61	211	179	42	494	—	494
Capital Expenditures	-15,469	-14	-2,237	-1,271	4,454	55	-14,480	-486	-14,967
R&D Expenses	-627	-41	-266	37	3,497	-108	2,492	—	2,492
Number of employees (p)	1,112	-14	41	60	5,885	17	7,101	-6	7,095

*Elimi. or corp. : Eliminations or corporate

Notes:

1. The business divisions are classified by the similarities in products, such as types, characters, etc.
2. Products and Services of each Business Division:
 - (1) Since PENTAX and its subsidiaries were consolidated to HOYA Corporation during the period under review, the segmentation of business category, products and services are reclassified as per below. Although PENTAX and its subsidiaries operate several businesses classified into mainly three segments, they are presented as one segment of "PENTAX" in this report.

Profit and loss of PENTAX and its subsidiaries are combined into the consolidated statement of income from October 1, 2007 and the statement of income includes PENTAX and its subsidiaries' profit and loss only for six months ended March 31, 2008.

Business Category	Division	Products and Services
Information Technology	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs), Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc.
	Photonics	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc.
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, etc.
	Health Care	Contact lenses and accessories, intraocular lenses, etc.
Pentax		(Lifecare) Endoscopes, Medical Accessories, APACERAM bone prosthesis, CHT Ceramic Hydroxyapatite, etc.
		(Imaging System) Digital cameras, Interchangeable lenses, CCTV lenses, etc.
		(Optical Components) Digital camera modules, Micro lenses, etc.
Others		Crystal glass products; Design of information systems, etc.

- (2) Formerly the company's business segment classification was as follows:

Business Category	Division	Products and Services
Information Technology	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs), Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc.
	Photonics	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc.
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, etc.
	Health Care	Contact lenses and accessories, intraocular lenses, etc.
Others		Crystal glass products; Design of information systems, etc.

3. Amounts and composition of unallocable operating expenses are included in "Eliminations or Corporate". Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional headquarters, which are not allocated to each industry segment. Corporate operating expenses for the twelve months ended Mar. 31, 2008 and 2007 are as follows:

2008	6,288 million Yen	2007	3,369 million Yen
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4. Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional headquarters. Corporate assets as of March. 31, 2008 and 2007 are as follows:

2008	<u>153,256</u> million Yen	2007	61,381 million Yen
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2. Geographical Segments

Annual : for the year ended March 31, 2008

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	291,565	56,680	89,419	43,965	481,631	—	481,631
Intersegment	54,012	373	756	157,230	212,372	-212,372	—
Total	345,578	57,054	90,176	201,195	694,003	-212,372	481,631
Operating expenses	315,420	51,788	83,359	157,359	607,928	-221,371	386,557
Operating income	30,157	5,265	6,816	43,835	86,075	8,998	95,073
Operating margin	8.7%	9.2%	7.6%	21.8%	12.4%	—	19.7%
Assets	333,039	37,722	66,642	228,174	665,578	23,865	689,443

Annual : for the year ended March 31, 2007

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	270,373	37,455	51,336	30,927	390,093	—	390,093
Intersegment	26,847	305	812	159,124	187,089	-187,089	—
Total	297,220	37,761	52,149	190,052	577,182	-187,089	390,093
Operating expenses	257,021	36,915	44,663	135,226	473,826	-190,946	282,880
Operating income	40,199	845	7,485	54,825	103,355	3,857	107,213
Operating margin	13.5%	2.2%	14.4%	28.8%	17.9%	—	27.5%
Assets	193,390	13,507	107,564	207,158	521,619	-73,975	447,644

Ref : Differences between the years ended Mar.31, 2008 and 2007

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	21,192	19,225	38,083	13,038	91,538	—	91,538
Variance	7.8%	51.3%	74.2%	42.2%	23.5%	—	23.5%
Intersegment	27,165	68	-56	-1,894	25,283	-25,283	—
Total	48,358	19,293	38,027	11,143	116,821	-25,283	91,538
Operating expenses	58,399	14,873	38,696	22,133	134,102	-30,425	103,677
Operating income	-10,042	4,420	-669	-10,990	-17,280	5,141	-12,140
Variance	-25.0%	523.1%	-8.9%	-20.0%	-16.7%	—	-11.3%
Assets	139,649	24,215	-40,922	21,016	143,959	97,840	241,799

*Elimi. or corp. : Eliminations or corporate

Notes:

- Profit and loss of PENTAX and its subsidiaries are combined into the consolidated statement of income from October 1, 2007 and the statement of income includes PENTAX and its subsidiaries' profit and loss only for six months ended March 31, 2008.
- Countries and regions are classified by geographical proximity, and the Company and subsidiaries are summarized in four areas based on the countries where the *Group offices* are located. The major countries and regions that belong to the classification other than Japan are as follows:
 - North America: United States of America, Canada, etc.
 - Europe: Netherlands, Germany, United Kingdom, etc., including South Africa
 - Asia: Singapore, Thailand, China, Republic of Korea, Taiwan, etc., including Australia
- Amounts and composition of unallocable operating expenses are included in "Eliminations or Corporate". Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional headquarters, which are not allocated to each industry segment. Corporate operating expenses for the twelve months ended Mar. 31, 2008 and 2007 are as follows:

2008	4,142 million Yen	2007	2,993 million Yen
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- Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional headquarters. Corporate assets as of Dec. 31, 2007 and 2006 are as follows:

2008	115,499 million Yen	2007	59,046 million Yen
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3. Overseas Sales

Annual : for the year ended Mar. 31, 2008

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	59,294	92,116	140,432	1,268	293,110
Total Consolidated Net Sales (B)					481,631
Overseas Sales ratio A/B	12.3%	19.1%	29.2%	0.3%	60.9%
Regional breakdown	20.2%	31.4%	47.9%	0.5%	100.0%

Annual : for the year ended Mar. 31, 2007

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	44,954	53,524	113,059	7	211,545
Total Consolidated Net Sales (B)					390,093
Overseas Sales ratio A/B	11.5%	13.7%	29.0%	0.0%	54.2%
Regional breakdown	21.3%	25.3%	53.4%	0.0%	100.0%

Ref: Differences between the years ended Mar.31, 2008 and 2007

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	14,340	38,592	27,373	1,261	81,565
Total Consolidated Net Sales (B)					91,538
Variance of Overseas Sales	31.9%	72.1%	24.2%	-	38.6%

- Notes: 1. The overseas sales represent the sales of the Company and subsidiaries in countries and regions other than Japan.
2. Countries and regions are classified by geographical proximity, and the overseas sales are summarized in four areas based on the countries where the Customers are located. The major countries and regions that belong to the classification other than Japan are as follows:

North America: United States of America, Canada, etc.
 Europe: Netherlands, Germany, United Kingdom, etc., including South Africa
 Asia: Singapore, Thailand, Republic of Korea, Taiwan, etc., including Australia
 Other: Saudi Arabia, Brazil, etc.

(8) Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

Business Category Company	Millions of Yen [%]			
	Years ended March 31,		Variance	
	2008	2007	Value	%
Electro-Optics				
Domestic	88,760 (42.3)	97,405 (44.4)	-8,645	-8.9
Overseas	121,121 (57.7)	121,846 (55.6)	-725	-0.6
total	209,882 [43.6]	219,252 [56.2]	-9,370	-4.3
Photonics				
Domestic	4,406 (48.5)	5,216 (57.4)	-810	-15.5
Overseas	4,683 (51.5)	3,876 (42.6)	807	20.8
total	9,090 [1.9]	9,092 [2.3]	-2	0.0
Information Technology				
Domestic	93,167 (42.5)	102,622 (44.9)	-9,455	-9.2
Overseas	125,805 (57.5)	125,722 (55.1)	83	0.1
total	218,972 [45.5]	228,344 [58.5]	-9,372	-4.1
Vision Care				
Domestic	33,424 (26.5)	35,635 (29.7)	-2,211	-6.2
Overseas	92,913 (73.5)	84,173 (70.3)	8,740	10.4
total	126,338 [26.2]	119,808 [30.7]	6,530	5.5
Health Care				
Domestic	44,372 (96.1)	39,287 (96.2)	5,085	12.9
Overseas	1,804 (3.9)	1,561 (3.8)	243	15.6
total	46,177 [9.6]	40,849 [10.5]	5,328	13.0
Eye Care				
Domestic	77,797 (45.1)	74,923 (46.6)	2,874	3.8
Overseas	94,718 (54.9)	85,735 (53.4)	8,983	10.5
total	172,515 [35.8]	160,658 [41.2]	11,857	7.4
Pentax				
Domestic	16,444 (18.5)	- (-)	16,444	-
Overseas	72,587 (81.5)	- (-)	72,587	-
total	89,031 [18.5]	- [-]	89,031	-
Others				
Domestic	1,111 (100.0)	1,002 (92.0)	109	10.9
Overseas	0 (0.0)	87 (8.0)	-87	-
total	1,111 [0.2]	1,089 [0.3]	22	2.0
Total Net Sales				
Domestic	188,520 (39.1)	178,547 (45.8)	9,973	5.6
Overseas	293,110 (60.9)	211,545 (54.2)	81,565	38.6
Total	481,631 [100.0]	390,093 [100.0]	91,538	23.5

Notes: 1. Figures of less than a million yen are omitted.

2. Figures in () are percentages of business category sales.

3. Figures in [] are percentages of total net sales.

4. Profit and loss of PENTAX and its subsidiaries are combined into the consolidated statement of income from October 1, 2007 and the statement of income includes PENTAX and its subsidiaries' profit and loss only for six months ended March 31, 2008.

5.Changes in Directors and Officers of HOYA CORP.

(With effect on June 18, 2008)

1. Change in Representative Directors

No change

2. Change in the Other Directors

1) Candidates for New Directors

Director	Hiroshi Hamada	Presently Chief Operating Officer of the Company
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Note: It is subject to the election (as a Director) at the 70th Ordinary General Meeting of Shareholders of the Company scheduled for June 18, 2008.

3. Scheduled Date of Newly Appointment

June 18, 2008