



Interim Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

Performance for the six months ended September 30, 2006 and 2005 (unit:Millions of Yen)

	(Figures less than a million yen are omitted.)			Year ended March 31, 2006
	Six months ended September 30.		variance(%)	
(1)Results of Operations	2006	2005		
Net sales	191,697	166,738	(15.0)	344,228
Operating income	55,366	49,795	(11.2)	101,095
Ordinary income	50,839	54,439	(-6.6)	103,637
Net income	44,398	38,985	(13.9)	75,620
Net income per share(Yen)	103.08	87.47		171.71
Note : No changes have been made in accounting policy.				
(2)Financial Position	As of Sep. 30.	As of Mar. 31.	As of Sep. 30.	
	2006	2006	2005	
Total assets	417,361	361,537	391,768	
Net assets	322,690	279,480	305,191	
Shareholders' equity ratio	76.9%	77.3%	77.9%	
Net assets per share (Yen)	745.06	648.87	684.60	
(3)Conditions of Cash Flows	Six months ended September 30.		Year ended March 31.	
	2006	2005	2006	
Net cash provided by operating activities	49,083	47,561	105,855	
Net cash used in investing activities	-29,567	-20,397	-52,012	
Net cash used in financing activities	-5,001	-9,717	-85,787	
Cash and cash equivalents, end of period	98,685	131,304	83,574	

Ref:Performance of HOYA CORPORATION (non-consolidated)

	Millions of Yen			
	Six months ended September 30.		Year ended March 31.	
	2006	2005	variance(%)	2006
Net sales	138,117	122,137	(13.1)	248,195
Operating income	14,614	16,611	(-12.0)	29,746
Ordinary income	21,494	25,566	(-15.9)	44,788
Net income	19,345	14,152	(36.7)	22,062
Net income per share(Yen)	44.91	31.75		50.14
Total assets	236,504	231,710		219,063
Net assets	102,330	163,994		95,598

Notes :

Hoya Corporation discloses financial reports quarterly on consolidated basis.

The forecast for the fiscal year will be released on consolidated basis when the business results for the third quarter are disclosed.

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.

(1) Global Group Management

The HOYA Group consists of the HOYA CORPORATION (the "Company"), 64 consolidated subsidiaries (5 in Japan and 59 overseas) and four affiliates (4 in Japan). The HOYA Group is engaged in manufacturing, sales and businesses related to mainly Electro-Optics, Photonics, Vision Care and Health Care products. Of the affiliates, one (1 in Japan) is accounted for using the equity method (as of September 30, 2006).

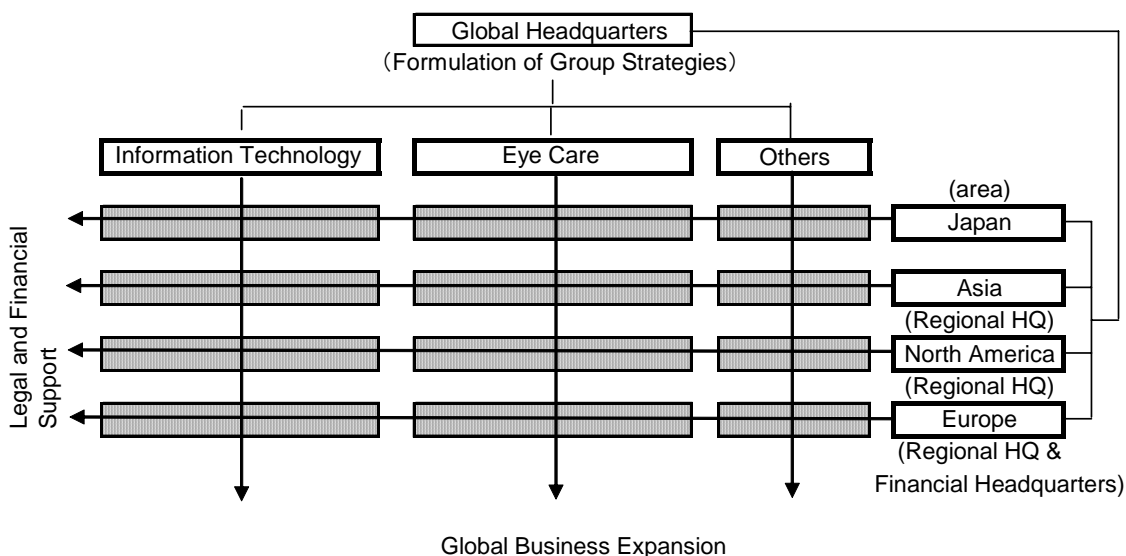
Our products are manufactured by the Company itself and by other companies in the Group both in Japan and abroad. In Japan, most of our products are distributed directly to retailers, specialty stores, assemblers, etc. Some products are exported to various countries abroad through our overseas Group 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 two major business segments such as Information Technology and Eye Care 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, financial management on a regional basis, legal support and internal audits, thereby supporting the promotion of business activities.

In July 2003, the HOYA Group has moved its financial headquarters to HOYA HOLDINGS, N.V. so that the financial headquarters can control global financial matters effectively.

Global Group Management System



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

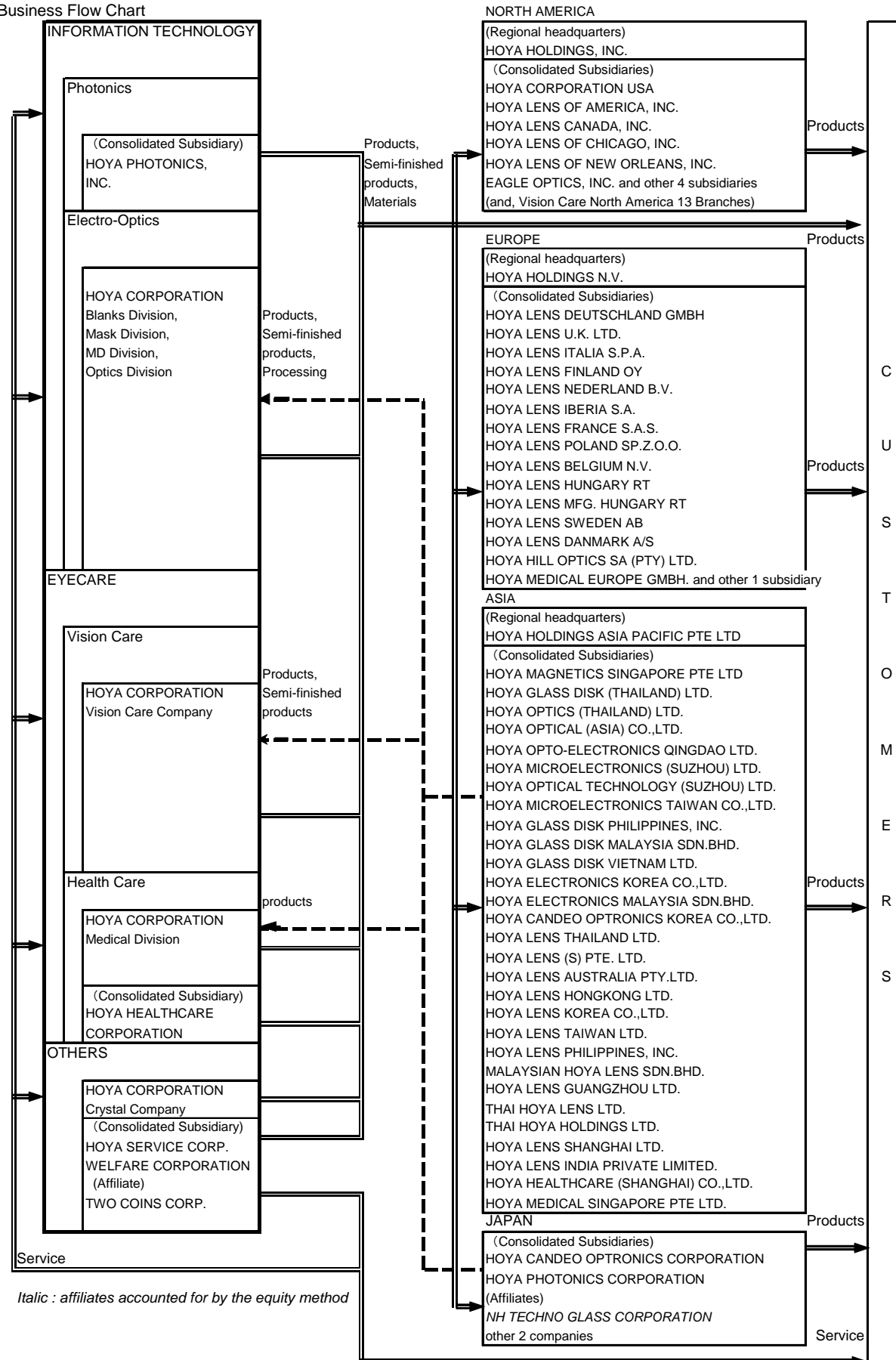
(1) From this fiscal year, the company has changed its segmentation of industry as follows, because the sales and profits for both Crystal and Service declined due to the Company's re-organization and the necessity of classified disclosure has decreased :

Business Categories	Industries	Products and Services	Major Subsidiaries
Information Technologies	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and Devices for LCDs, Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, Optical communication related devices, etc.	HOYA CORP. Blanks Division, Mask Division, MD Division, Optics Division, etc. HOYA CORPORATION USA HOYA MAGNETICS SINGAPORE PTE LTD HOYA GLASS DISK (THAILAND) LTD.
	Photonics	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, etc.	HOYA PHOTONICS, INC. HOYA PHOTONICS CORPORATION HOYA CANDEO OPTRONICS CORPORATION
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, etc.	HOYA CORP. Vision Care Company HOYA LENS DEUTSCHLAND GMBH HOYA LENS U.K. LTD. HOYA LENS OF AMERICA, INC. HOYA LENS THAILAND LTD.
	Health Care	Contact lenses and accessories, Intraocular lenses, etc.	HOYA CORP. Medical Division, HOYA HEALTHCARE CORPORATION, etc.
Others		Crystal glass products ; Design of information systems, outsourcing, etc.	HOYA CORP. Crystal Company HOYA SERVICE CORPORATION

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

Business Categories	Industries	Products and Services	Major Subsidiaries
Information Technologies	Electro-Optics	Photomasks and Maskblanks for semiconductors, Masks and Devices for LCDs, Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, Optical communication related devices, etc.	HOYA CORP. Blanks Division, Mask Division, MD Division, Optics Division, etc. HOYA CORPORATION USA HOYA MAGNETICS SINGAPORE PTE LTD HOYA GLASS DISK (THAILAND) LTD.
	Photonics	Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, etc.	HOYA PHOTONICS, INC. HOYA PHOTONICS CORPORATION HOYA CANDEO OPTRONICS CORPORATION
Eye Care	Vision Care	Eyeglass lenses, eyeglass frames, Ophthalmic equipments, etc.	HOYA CORP. Vision Care Company HOYA LENS DEUTSCHLAND GMBH HOYA LENS U.K. LTD. HOYA LENS OF AMERICA, INC. HOYA LENS THAILAND LTD.
	Health Care	Contact lenses and accessories, Intraocular lenses, etc.	HOYA CORP. Medical Division, HOYA HEALTHCARE CORPORATION, etc.
Others	Crystal	Crystal glass products	HOYA CORP. Crystal Company HOYA CRYSTAL, INC.
	Service	Design of information systems, Placement of temporary staff, outsourcing, etc.	HOYA SERVICE CORPORATION WELFARE CORPRATION

Business Flow Chart



2. Management Policies

An outline of the management policies of the HOYA Group is as follows:

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

1. SVA management

(SVA:Shareholders' Value Added or an increment in shareholder value during one fiscal year)

In order to maximize corporate value, we will streamline our management and carry out SVA management. We are confident that we will be able to respond to the expectations of our shareholders and satisfy all stakeholders with an increase in corporate value by producing profits that exceed capital costs while paying due attention to all expenses.

2. Strategy of "Global Niche"

Applying our original technologies, which have been accumulated over many years, the Company will develop technologies that will prevail in the global marketplace, create new business fields with growth potential to attain the top market shares therein, and develop them into highly profitable businesses.

3. Harmonizing the interests of management, employees and shareholders

In order to improve business results and produce profits for both shareholders and management/employees simultaneously, board members are obliged to own shares in the Company, stock-options and an employee stock ownership plan have been established that allow employees to have a sense of participation in the management of the Company.

The Company has adopted new system that places importance on the employees' abilities regardless of age or sex so that they can work with enthusiasm.

4. Global group management

We will make the best combination of management resources in order to give full play to our competitive edge in a global perspective and strive to increase our share of overseas business.

Measures designed to promote globalization include not only expansion of the worldwide marketing network and transfer of manufacturing overseas, but also employment of locals in the senior management of overseas subsidiaries regardless of race.

5. Middle- to long-term policy on appropriation of retained earnings

The Company carries out its globalized management emphasizing consolidated accounting and its management emphasizing shareholder interests and exerts efforts to increase the enterprise value and shareholder value in response to shareholder expectations.

In terms of the cash dividend, the Company will determine the amount in consideration of the balance among repayment of profit to shareholders, welfare of employees and replenishment of retained earnings for future business development.

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.

6. Policy to the decreasing of investment trading unit

Given the recent trend of the stock price, the Company will carry out the stock split aiming to expand the shareholder base and to increase liquidity of the stock, based on the action plan pronounced by the Tokyo Stock Exchange encouraging listed companies with high prices and large trading units to reduce the investment unit to less than Yen 500,000.

According to the decision of the meeting of Board of Directors held on July 20, 2005, the Company carried out a four-for-one stock split with effect on November 15, 2005. The number of shareholders has jumped up from 7,443 persons as of end of March 31, 2005 to 51,789 persons as of March 31, 2006.

(3) Business Overview

1. Results of Operations

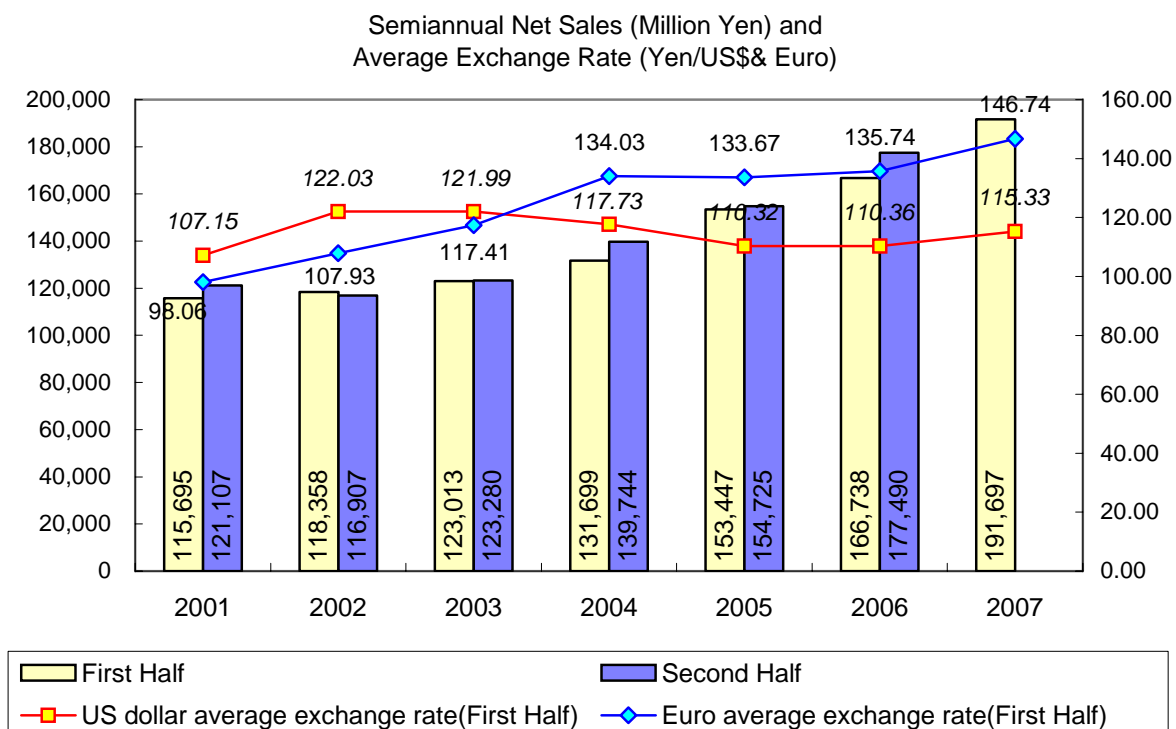
1) General Overview

<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Six months ended Sep. 30, 2006</u>
Net sales	191,697
Operating income	55,366
Ordinary income	50,839
Net income	44,398
Net income per share(Yen)	103.08

Economic conditions during the term under review were marked by a continuing tone of expansion in the business climate with the increase in capital investment spreading from large companies and manufacturing industries to SMEs and non-manufacturing industries. It was also positive factor in the currency market during the term under review, that the major currencies were appreciated all against the yen, on a year-on-year basis. Improvements in corporate performance led to increased employment, improvement in household income and increased expenses, reinforcing the virtuous cycle of further upward growth in corporate capital investment.

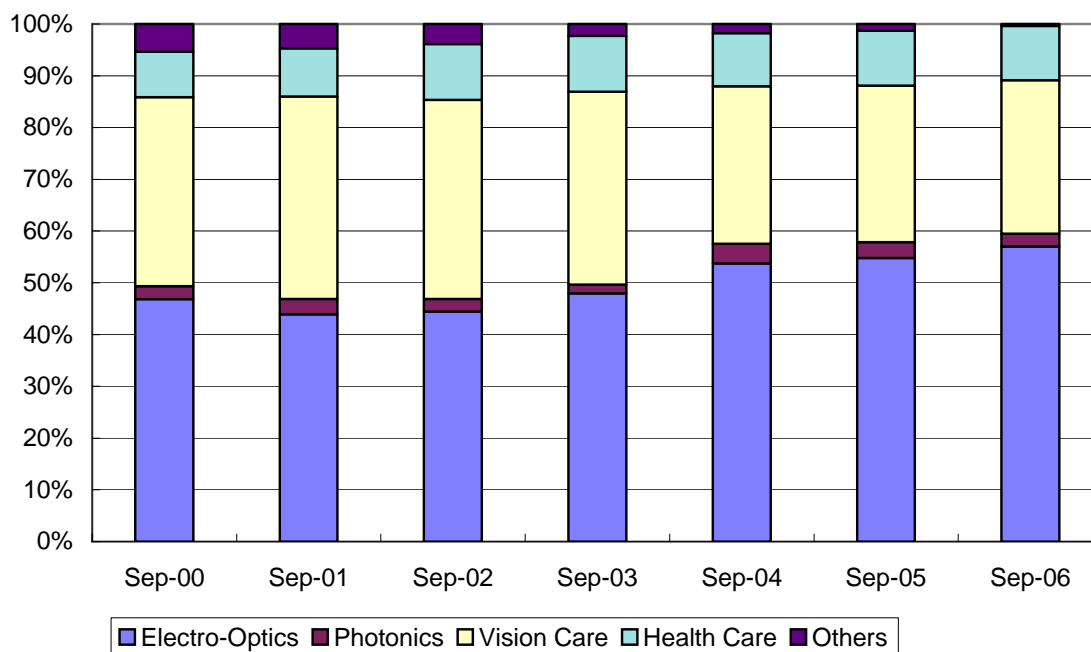
Meanwhile, for the HOYA Group overall, in the Electro-Optics sector, the general proactive reinforcement of production capacity by clients and the development of new products were vigorous, promoting robust demand overall and leading to increased revenues. In Vision-Care division, the market overseas for eyeglass lenses showed an expansion while the Healthcare division also performed well, showing an increase in revenues.

As a result, consolidated net sales, operating profits and net income during the term under review increased year-on-year basis and posted historical records on semiannual basis.



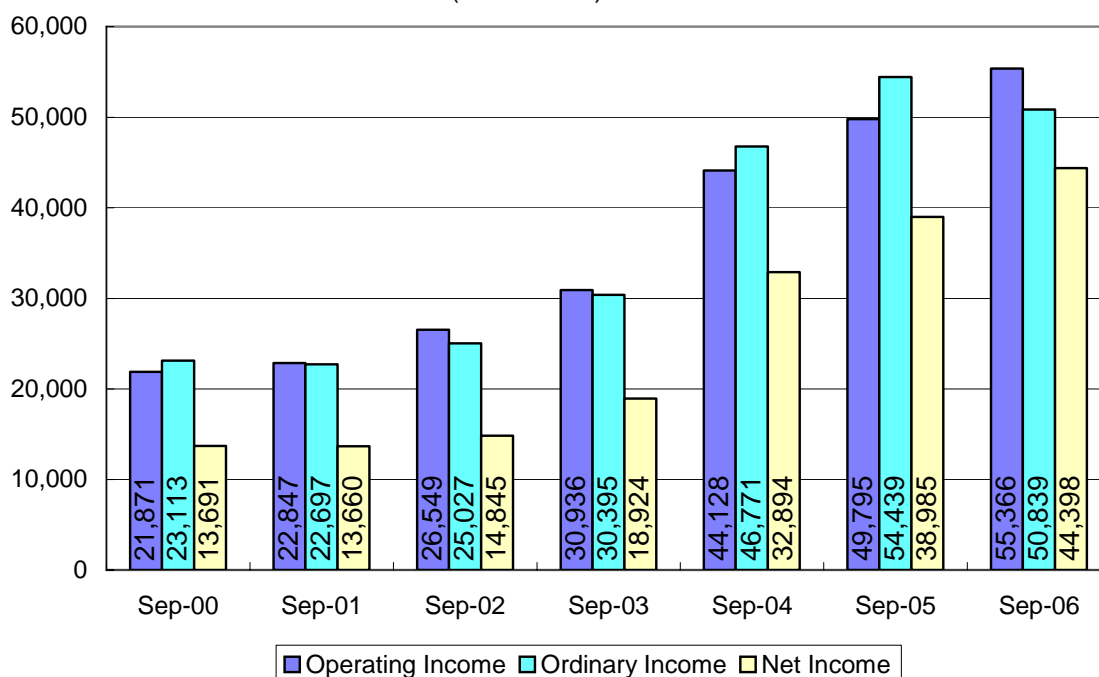
Note: '2007' means the fiscal year ends on March 31, 2007. Therefore, 'First half of 2007' means the six months from April to September 2006 and 'Second Half' means the six months from October 2006 to March 2007.

Ratio of Net Sales by Business Segment - First Half



Net interim dividends per share was Yen 30.00 as same as the previous interim dividends. The Company carried out a four-for one stock split with effect on November 15, 2005. Yen 30.00 per share of the same term in the previous year shown here was already adjusted to reflect the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year.

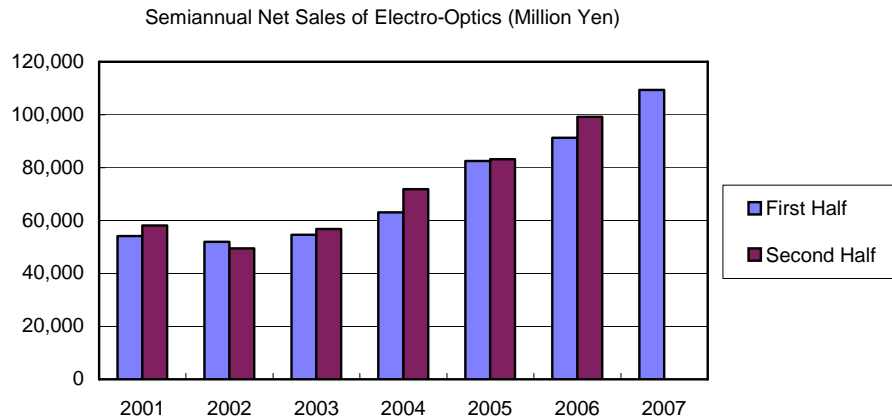
Interim Profits (Million Yen) - First Half



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.

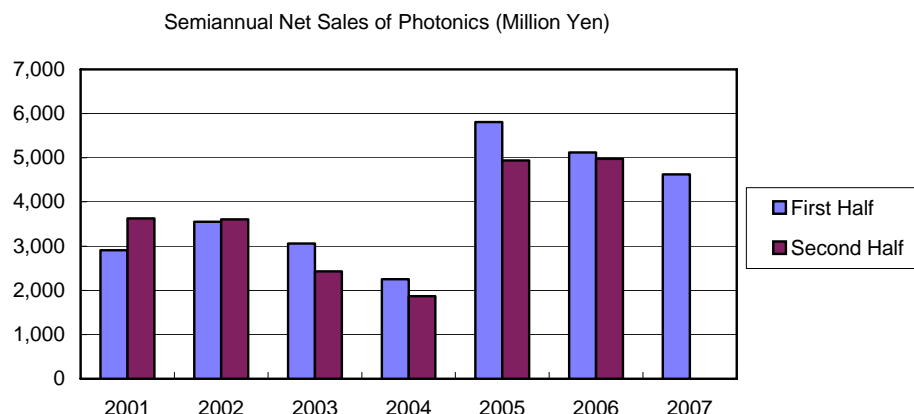
There was also an increase in orders for photomasks for semiconductor production, high precision products and next-generation developed products, leading to higher sales volume year-on-year.

Competition among mask producers for orders in the area of large-size masks for LCD use also intensified due to the broad reduction in panel prices by LCD panel producers. The sales volume declined year-on-year due in part to the especially strong demand for the new production lines of panel producers in the previous year.

In terms of glass disks for hard disk drives (HDDs), the demand remained strong and, thanks to a commencing of shipment from new factory in Vietnam, the sales increased substantially on a year-on-year basis.

In optical lenses, in addition to the reemergence of a trend toward increase in lens shipments for digital cameras, the demand for lenses for mobile telephones equipped with cameras increased broadly, resulting in higher sales year-on-year.

Photonics

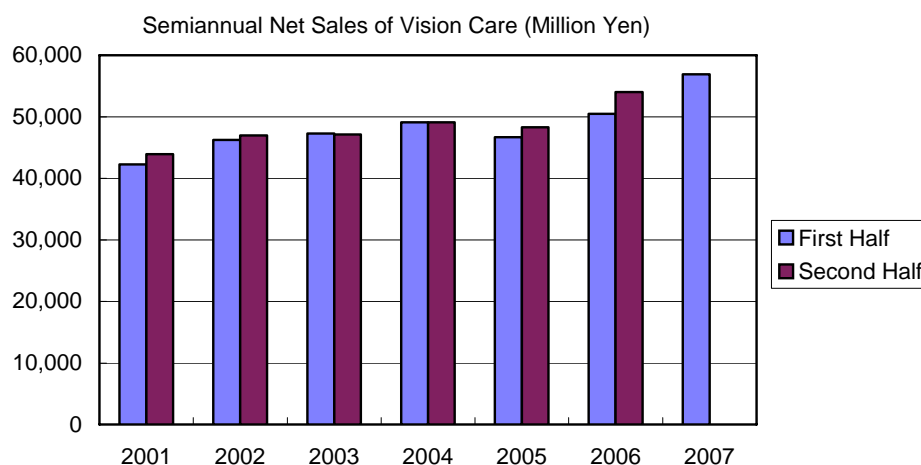


This segment covers laser-related equipment for industrial, dental and medical applications.

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, leading to a decline in sales against the previous year.

2. Eye Care

Vision Care

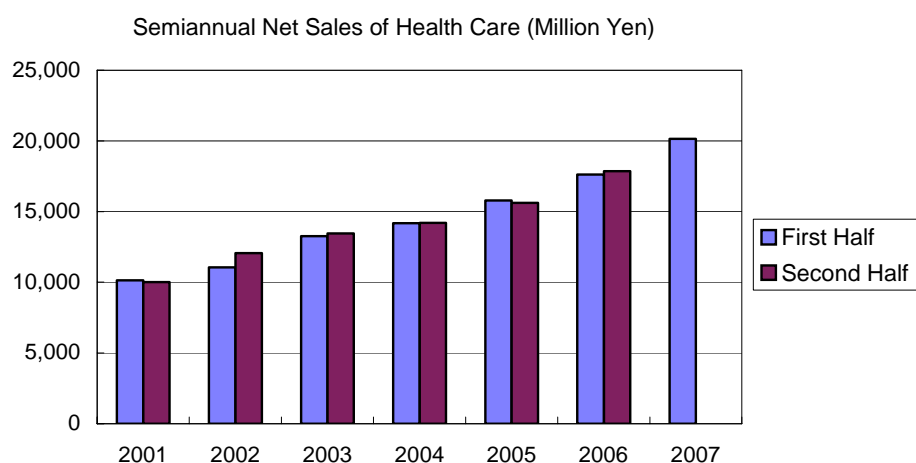


The slump in the domestic market for eyeglass lenses continued as before but HOYA realized growth in the high price bracket through the value-added enhancement of products centered in high-function coatings and newly-designed progressive lenses. In the low price bracket, however, overall sales in the domestic market were at essentially the level as in the previous year 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. In Europe, a recovery in the market became especially apparent centered in Germany, the largest market, and sustained expansion was realized.

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

Health Care



In contact lenses, it will continue to pursue differentiation from competitors through expanded sales in bifocal lenses and other high value added products through the continued establishment of new directly-owned stores and consulting sales taking advantage of specialized knowledge.

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

3. Others

In crystal, the crystal operations were reduced in scale through restructuring and, in services, the spin-off of the temporary staff outplacement service effective March 1, 2006, resulting in a reduction in sales year-on-year in both sectors.

2. Financial Position

	<u>Millions of Yen</u> <u>As of Sep.30, 2006</u>
Total assets	417,361
Net assets	322,690
Shareholders' equity ratio	76.9%

At the end of the term under review, the current assets increased Yen 44,455 million mainly since cash and deposit increased Yen 15,111 million. Fixed assets increased Yen 11,481 million and total assets increased Yen 55,824 million. Liabilities increased Yen 13,534 million due to issuance of commercial paper. Net assets came to Yen 322,690 million through earned surplus increased Yen 31,351 million.

3. Conditions of Cash Flows

	<u>Millions of Yen</u> <u>Six months ended Sep. 30, 2006</u>
Net cash provided by operating activities	49,083
Net cash used in investing activities	-29,567
Net cash used in financing activities	-5,001
Cash and cash equivalents at end of period	98,685

In terms of cash flows from operating activities, on the basis of Yen 57,153 million in income before income taxes and Yen 16,065 million in depreciation, net cash provided by operating activities amounted to 49,083 million. Net cash used in investment activities amounted to Yen 29,567 million in cash payments that were mainly used for investment in order to handle next-generation products. Freecash flow came to Yen 19,516 million and used Yen 12,920 million for payment of dividends. As a result, the term-end balance of cash and cash equivalents increased by Yen 15,111 million in comparison with that of the end of the previous fiscal year.

(4) Consolidated Financial Statements (unaudited)**1. Consolidated Balance Sheets**

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
	Sep.30,2006	Mar.31,2006	Variance	Sep.30,2005
ASSETS				
ASSETS				
Current assets				
Cash and deposits	98,685	83,574	15,111	131,304
Notes and accounts receivable - trade	91,179	78,380	12,799	77,485
Inventories	45,432	41,178	4,254	38,670
Deferred tax assets	7,863	7,407	456	7,961
Other current assets	14,792	3,246	11,546	4,981
Allowance for doubtful receivables	-1,224	-1,512	288	-1,440
Total current assets	256,728	212,273	44,455	258,963
Fixed assets				
Tangible fixed assets				
Buildings and structures	30,611	29,548	1,063	26,321
Machinery and carriers	73,328	58,493	14,835	50,528
Tools, equipment and fixtures	12,103	10,716	1,387	10,032
Lands	8,867	8,648	219	8,874
Construction in progress	9,474	13,196	-3,722	10,873
Total tangible fixed assets	134,386	120,603	13,783	106,630
Intangible fixed assets				
Total intangible fixed assets	5,851	7,424	-1,573	5,701
Investments and other assets				
Investment securities	12,955	14,060	-1,105	12,438
Deferred tax assets	2,991	2,757	234	2,808
Other assets	4,723	4,601	122	4,941
Allowance for doubtful receivables	-274	-295	21	-309
Total investments and other assets	20,395	21,123	-728	19,879
Total fixed assets	160,633	149,152	11,481	132,210
Deferred charges				
Total deferred charges	-	111	-	594
TOTAL ASSETS	417,361	361,537	55,824	391,768

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
LIABILITIES AND NET ASSETS	Sep.30,2006	Mar.31,2006	Variance	Sep.30,2005
LIABILITIES				
Current liabilities				
Notes and accounts payable - trade	30,228	28,070	2,158	27,580
Commercial paper	7,497	—	7,497	—
Income tax payable	15,219	14,342	877	11,937
Accrued bonuses to employees	4,134	4,207	-73	4,072
Other current liabilities	35,654	32,685	2,969	39,908
Total current liabilities	92,734	79,305	13,429	83,499
Long-term liabilities				
Allowance for special repairs	662	619	43	748
Other long-term liabilities	1,274	1,211	63	1,427
Total long-term liabilities	1,936	1,831	105	2,176
Total Liabilities	94,671	81,137	13,534	85,676
NET ASSETS				
Shareholders' equity				
Paid-in capital	6,264	—	—	—
Capital surplus	15,898	—	—	—
Earned surplus	297,696	—	—	—
Treasury stock	-15,521	—	—	—
Advances on subscription to treasury stock	16	—	—	—
Total shareholders' equity	304,353	—	—	—
Valuation and translation adjustments				
Valuation difference on available-for-sale securities	-7	—	—	—
Translation adjustments	16,658	—	—	—
Total valuation and translation adjustments	16,651	—	—	—
Minority interest	1,685	—	—	—
Total Net Assets	322,690	—	—	—
TOTAL LIABILITIES AND NET ASSETS	417,361	—	—	—
MINORITY INTEREST	—	919	—	901
SHAREHOLDERS' EQUITY				
Common stock	—	6,264	—	6,264
Capital surplus	—	15,898	—	15,898
Retained earnings	—	266,345	—	297,127
Net unrealized gain (loss) on available-for-sale securities	—	110	—	71
Foreign currency translation adjustments	—	7,142	—	-6,830
Treasury stock - at cost	—	-16,279	—	-7,340
Total Shareholders' Equity	—	279,480	—	305,191
TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY	—	361,537	—	391,768
Notes:				
	Millions of Yen			
1. Accumulated depreciation	196,198	181,818		175,390
2. Guarantees of borrowings and lease obligations for customers and Group's employees	2,702	2,210		1,640
3. Number of shares of treasury stock (unit : shares)	4,196,357	4,401,607		3,602,420

2. Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Six months ended		Variance		Year ended
	Sep.30,2006	Sep.30,2005	Value	(%)	Mar.31,2006
Net sales	191,697	166,738	24,959	15.0	344,228
Cost of sales	95,656	84,363	11,293	13.4	172,033
Gross profit	96,040	82,374	13,666	16.6	172,194
Selling, general and administrative expenses	40,674	32,579	8,095	24.8	71,098
Operating income	55,366	49,795	5,571	11.2	101,095
Non-operating income	1,989	5,579	-3,590	-64.3	4,869
Interest income	1,219	974	245		1,788
Foreign exchange gains	—	1,766	-1,766		242
Equity in earnings of affiliates	—	1,776	-1,776		1,285
Others	769	1,062	-293		1,552
Non-operating expenses	6,515	934	5,581	597.5	2,327
Interest expense	36	70	-34		142
Sales discount	377	335	42		706
Foreign exchange losses	4,360	—	4,360		—
Equity in losses of affiliates	838	—	838		—
Others	903	529	374		1,478
Ordinary income	50,839	54,439	-3,600	-6.6	103,637
Extra-ordinary gains	10,108	1,484	8,624	581.1	2,389
Gain on sales of property, plant and equipment	9,606	42	9,564		109
Others	502	1,441	-939		2,280
Extra-ordinary losses	3,794	5,478	-1,684	-30.7	8,660
Loss on disposal of property, plant and equipment	2,658	216	2,442		625
Maintenance of environment	740	3,538	-2,798		3,725
Additional retirement benefits paid to employees	99	1,143	-1,044		1,688
Loss on impairment of long-lived assets	81	127	-46		1,232
Others	214	452	-238		1,388
Income before income taxes and other items	57,153	50,445	6,708	13.3	97,367
Income taxes - Current	13,347	12,515	832	6.6	22,249
Income taxes - Deferred	-647	-1,122	475	-42.3	-511
Minority interests in net income	55	68	-13	-19.1	9
Net income	44,398	38,985	5,413	13.9	75,620
Net income per share(Yen)	103.08	87.47	15.61		171.71
Diluted net income per share(Yen)	102.67	87.20	15.47		171.08

Notes:

- With effect on November 15, 2005, HOYA CORPORATION carried out a four-for-one stock split. The per share information for the six months ended Sep. 30, 2005 were adjusted to reflect the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year.
- Effect of Exchange Rate Change on Net Sales and Incomes ("2006 A" is the actual value of this period. "2006 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)

	2006 A	2006 B	influences
Net sales	191,697	188,353	3,344
Operating income	55,366	52,320	3,046
Ordinary income	50,839	47,854	2,985
Net income	44,398	41,747	2,651

		Six months ended		Variance(%)	Year ended
		Sep.30,2006	Sep.30,2005		Mar.31,2006
3. Average rates of major foreign currencies					
US\$	Yen	115.33	110.36	-4.5%	113.93
Euro	Yen	146.74	135.74	-8.1%	138.13
Thai Baht	Yen	3.05	2.69	-13.4%	2.81

3. Quarterly Consolidated Statements of Shareholders' Equity

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			44,398	0		44,398
Appropriations						
Cash dividends			-12,918	0		-12,918
Bonus to directors			-64	0		-64
Loss on deposit of treasury stock			-353	0		-353
Repurchases of treasury stocks			0	-5		-5
Disposal of treasury stocks			0	764		764
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries			290	0		290
Others			0	0	16	16
Net increase / decrease during the term under review except in Shareholders' Equity			31,350	758	16	32,125
Total increase / decrease during the term under review	—	—	31,350	758	16	32,125
BALANCE SEPTEMBER 30, 2006	6,264	15,898	297,696	-15,521	16	304,353

	Millions of Yen				
	Valuation and Translation Adjustments				
	Valuation difference on available-for- sale securities	Translation Adjustments	Total Valuation and Translation Adjustments	Minority Interest	Total Net Assets
BALANCE MARCH 31, 2006	110	7,142	7,252	919	280,399
Net income					44,398
Appropriations					
Cash dividends					-12,918
Bonus to directors					-64
Loss on deposit of treasury stock					-353
Repurchases of treasury stocks					-5
Disposal of treasury stocks					764
Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries					290
Others					16
Net increase / decrease during the term under review except in Shareholders' Equity	-116	9,516	9,400	765	10,165
Total increase / decrease during the term under review	-116	9,516	9,400	765	42,290
BALANCE SEPTEMBER 30, 2006	-7	16,658	16,651	1,685	322,690

Notes:

1. Condition of outstanding 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	1,321	206,571	4,196,357	

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

Increase due to repurchase of treasury stock less than one unit	1,321	shares
Decrease due to sale of treasury stock less than one unit	171	shares
Decrease due to exercise of stock option	206,400	shares

4. Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen		
	<u>Six months ended Sep.30.</u>		
	2006	2005	Variance
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	57,153	50,445	6,708
Depreciation and amortization	16,065	11,326	4,739
Loss on impairment of long-lived assets	81	127	-46
Provision for (reversal of) accrued allowances for doubtful receivables	-341	209	-550
Provision for (reversal of) accrued bonuses to employees	-50	153	-203
Provision for (Reversal of) reserve for periodic repairs	42	206	-164
Interest income and dividend receivable	-1,238	-979	-259
Interest expense payable	36	70	-34
Foreign exchange loss (gain)	3,329	-347	3,676
Equity in earnings of affiliates	838	-1,776	2,614
Gain on sales of property, plant and equipment and investment securities	-9,606	-42	-9,564
Loss on disposal of property, plant and equipment and investment securities	2,658	216	2,442
Losses on write-down of investment securities	7	-	7
Bonus to directors	-64	-65	1
Other	780	-1,898	2,678
(Increase) decrease in notes and accounts receivable	-11,509	-3,738	-7,771
(Increase) decrease in inventories	-3,329	-2,174	-1,155
(Increase) decrease in other current assets	1,392	-681	2,073
Increase (decrease) in notes and accounts payable	1,096	3,728	-2,632
Increase (decrease) in income taxes payable	-289	1,151	-1,440
Increase (decrease) in other current liabilities	1,643	1,355	288
Sub total	58,698	57,286	1,412
Interest and dividend receivable	1,207	1,019	188
Interest payable	-25	-59	34
Income taxes - paid	-10,796	-10,684	-112
Net cash provided by operating activities	49,083	47,561	1,522
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	-27,663	-20,638	-7,025
Proceeds from sales of property, plant and equipment	575	156	419
Purchases of investment securities	-204	-	-204
Proceeds from sales of investment securities	30	-	30
Expenditure for acquisition of subsidiary's stocks for consolidation	-908	-	-
Expenditure for loans	-10	-1	-9
Income from collection of loans	63	60	3
Expenditure for other investments	-1,871	-1,428	-443
Income from other investments	423	54	369
Income from business transfer	-	1,400	-
Net cash used in investing activities	-29,567	-20,397	-9,170
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	7,497	-207	7,704
Increase in treasury stock	-5	-22	17
Decrease in treasury stock	429	538	-109
Dividends paid	-12,920	-10,024	-2,896
Dividends paid for minority shareholders	-2	-1	-1
Net cash used in financing activities	-5,001	-9,717	4,716
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	596	983	-387
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,111	18,430	-3,319
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	83,574	112,874	-29,300
CASH AND CASH EQUIVALENTS, END OF PERIOD	98,685	131,304	-32,619

Notes:

1. Negative figures with "-" (minus) in the above statements indicate net outflow of cash and cash equivalents.
2. The above statements are direct translation from *Kessan Tanshin* made under the Japanese Accounting Standard.

Notes Relating to Stock Split

With effect on November 15, 2005, HOYA CORPORATION "the Company" carried out a four-for-one stock split.

1. Outstanding shares before stock split	112,349,005 shares
2. Increase in shares	337,047,015 shares
3. Outstanding shares after increase	449,396,020 shares

The per share information for the first half ended September 30, 2005 are adjusted to reflect the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year. For your reference, actual per share information which is not adjusted for the same period last year is as follows :

	<u>Six months ended</u>	
	<u>Sep.30,2005</u>	
	<u>not adjusted</u>	<u>adjusted</u>
Shareholders' equity per share (Yen)	2,738.40	684.60
Basic net income per share (Yen)	349.90	87.47
Diluted net income per share (Yen)	348.81	87.20
Interim dividends per share (Yen)	120.00	30.00

Notes Relating to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents at the End of the Period

	<u>Millions of Yen</u>		
	<u>As of</u>		
	<u>Sep.30,2006</u>	<u>Sep.30,2005</u>	<u>Mar.31,2006</u>
Cash and deposits	<u>98,685</u>	<u>131,304</u>	<u>83,574</u>
Total	<u>98,685</u>	<u>131,304</u>	<u>83,574</u>

2. Details of Important Non-financial Trading

Six months ended Sep. 30, 2006

None

Six months ended Sep. 30, 2005

None

Year ended Mar. 31, 2006

	<u>Millions of Yen</u>
Cancellation of treasury stock	53,180
(14,379,000 shares with effect on Feb. 1, 2006, and the number of outstanding shares decreased to 435,017,020 shares.)	

Notes Relating to Investment Securities and Derivatives

1. Investment securities with market values:

(Millions of Yen)

	As of								
	<u>Sep.30, 2006</u>			<u>Mar.31, 2006</u>			<u>Sep.30, 2005</u>		
Available-for-sale	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale :									
Marketable Equity securities	1,692	1,685	-7	1,692	1,874	181	159	327	167
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	364	317	-47
Total	1,692	1,685	-7	1,692	1,874	181	524	644	119

2. Investment securities without market values:

(Millions of Yen)

	As of		
	<u>Sep.30, 2006</u>	<u>Mar.31, 2006</u>	<u>Sep.30, 2005</u>
Non-marketable stock of subsidiaries	10,123	11,104	11,117
Total	10,123	11,104	11,117
Non-marketable equity securities	882	802	261
Others	264	279	414
Total	1,146	1,081	676

3. Derivatives

Significant hedge accounting methods

(1) Hedge accounting methods

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

(2) Hedging methods, items covered by hedging and hedging strategy

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

Notes Relating to Income Tax

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

	Millions of Yen		
	As of		
	<u>Sep.30, 2006</u>	<u>Mar.31, 2006</u>	<u>Sep.30, 2005</u>
(1) Current deferred tax assets and liabilities			
Deferred tax assets			
Inventories - intercompany unrealized profits	1,965	1,692	2,277
Maintenance of environment	1,701	1,474	1,753
Accrued bonuses to employees	1,544	1,601	1,564
Loss on close of factory	404	510	—
Accrued enterprise taxes	950	727	777
Other	1,298	1,400	1,589
Total amount of deferred tax assets - current	<u>7,863</u>	<u>7,407</u>	<u>7,961</u>
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Excess amount of inclusion in deductible expenses for depreciation	1,738	1,962	2,005
Loss on impairment not deductible	619	1,376	748
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	111	105	115
Loss on disposal of fixed assets not deductible	518	—	—
Other	734	258	845
Total amount of deferred tax assets - fixed	<u>3,723</u>	<u>3,702</u>	<u>3,715</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-332	-406	-423
Special depreciation reserve	-233	-298	-277
Net unrealized gain on available-for-sale securities	—	-74	-40
Other	-165	-165	-165
Total amount of deferred tax liabilities - fixed	<u>-732</u>	<u>-945</u>	<u>-906</u>
Net amount of deferred tax assets - fixed	<u>2,991</u>	<u>2,757</u>	<u>2,808</u>

2. The effective income tax rates of the companies differed from the statutory tax rate for the following reasons:

	<u>Six months ended Sep. 30,</u>		<u>Year ended</u>
	<u>2006</u>	<u>2005</u>	<u>Mar.31,2006</u>
	40.4 %	40.4 %	40.4 %
Statutory tax rate of the Company			
(Adjustment)			
Lower income tax rates applicable to income in certain foreign countries	-17.2	-17.1	-18.2
Non-Deductible expenses such as entertainment expenses	0.4	0.3	0.4
Per capita levy of inhabitants tax and others	0.1	0.1	0.1
Non-taxable dividend income	-2.7	-3.5	-1.8
Intercompany cash dividend and transactions	2.7	3.5	1.8
Equity in earnings of affiliates	0.6	-1.4	-0.5
Refund of income tax paid in previous year	-2.4	—	—
Tax credit on experiment and research expenses	-0.3	-0.5	-0.5
Other adjustment	0.6	0.7	0.6
Effective income tax rate	<u>22.2</u>	<u>22.6</u>	<u>22.3</u>

Notes Relating to Employees' Retirement Benefits

1. Systems of employees' retirement benefits the Company adopts

The Company had systems to support lump sum severance pay and an employees' pension fund (Kosei Nenkin Kikin). During the third quarter of the fiscal year ended in March 2003, the system of lump sum severance pay was abolished. The employees' pension fund was dissolved with approval for its dissolution sanctioned by the Minister of Health, Labor and Welfare on January 29, 2003 and this has been in the process of completion. On May 26, 2004, the Company obtained approval from the Minister of Health, Labor and Welfare for the completion of the liquidation thereof.

2. Details of liabilities for employees' retirement benefits

(1) Breakdown of liabilities for employees' retirement benefits

None

(2) Breakdown of expenses for employees' retirement benefits

	<u>Six months ended Sep. 30,</u> <u>2006</u>	<u>2005</u>	<u>Year ended</u> <u>Mar.31,2006</u>
Additional retirement benefits paid to employees	99	1,143	1,688
Total expenses for employees' retirement benefits	<u>99</u>	<u>1,143</u>	<u>1,688</u>

(3) Calculation basis of liabilities for employees' retirement benefits

None

Notes Relating to 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, etc. in the Crystal Division

Location	Akishima-shi, Tokyo, etc
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>Millions of Yen</u>		
	<u>Six months ended</u>		<u>Year ended</u>
	<u>Sep.30, 2006</u>	<u>Sep.30, 2005</u>	<u>Mar.31, 2006</u>
Machinery and others	81	127	864
Total	<u>81</u>	<u>127</u>	<u>864</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) Leased assets of head office

Location	Machida-shi, Tokyo
Use	Leasing
Asset Class	Land

The book value of the leased assets located in Machida City, Tokyo was reduced to the amount of potential recovery because of a decline in market price. The amount of reduction is recorded under extraordinary losses as an asset impairment losses.

	<u>Millions of Yen</u>		
	<u>Six months ended</u>		<u>Year ended</u>
	<u>Sep.30, 2006</u>	<u>Sep.30, 2005</u>	<u>Mar.31, 2006</u>
Land	-	-	368
Total	<u>-</u>	<u>-</u>	<u>368</u>

The recoverable amount for this group of assets is measured based on the posted price.

(5) Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

1. Industry Segments

(Figures less than a million Yen are omitted.)

for the six months ended September 30, 2006

	Millions of Yen							
	Electro- Optics	Photo- nics	Vision Care	Health Care	Others	Total	Elimin. or corp.*	Consolidated
Net sales:								
To outside customers	109,373	4,625	56,911	20,156	631	191,697	—	191,697
Intersegment	207	123	-0	-0	1,373	1,702	-1,702	—
Total	109,580	4,748	56,910	20,156	2,004	193,400	-1,702	191,697
Operating expenses	67,611	4,424	46,487	15,612	2,120	136,256	74	136,331
Operating income	41,969	323	10,422	4,543	-115	57,144	-1,777	55,366
Operating income ratio	38.3%	6.8%	18.3%	22.5%	-5.8%	29.6%	—	28.9%
Assets	250,542	7,802	111,318	19,867	2,719	392,251	25,110	417,361
Depreciation	12,043	57	3,341	525	21	15,989	76	16,065
Loss on impairment	—	—	—	—	81	81	—	81
Capital Expenditures	22,088	98	6,154	919	80	29,341	479	29,820
R&D Expenses	5,252	529	902	612	45	7,342	—	7,342
Number of employees (p)	19,281	204	7,388	815	225	27,913	61	27,974

for the six months ended September 30, 2005

	Millions of Yen							
	Electro- Optics	Photo- nics	Vision Care	Health Care	Others	Total	Elimin. or corp.*	Consolidated
Net sales:								
To outside customers	91,352	5,117	50,457	17,621	2,188	166,738	—	166,738
Intersegment	603	140	4	0	2,372	3,121	-3,121	—
Total	91,956	5,258	50,462	17,621	4,560	169,859	-3,121	166,738
Operating expenses	55,084	4,867	41,008	13,318	4,492	118,772	-1,829	116,942
Operating income	36,872	390	9,453	4,302	68	51,087	-1,292	49,795
Operating income ratio	40.1%	7.4%	18.7%	24.4%	1.5%	30.1%	—	29.9%
Assets	188,839	7,440	93,751	16,514	4,684	311,230	80,537	391,768
Depreciation	7,865	47	2,984	376	26	11,299	26	11,326
Loss on impairment	—	—	—	—	127	127	—	127
Capital Expenditures	17,492	50	3,434	637	145	21,760	27	21,788
R&D Expenses	4,306	518	1,199	446	18	6,488	—	6,488
Number of employees (p)	14,708	192	6,750	699	383	22,732	52	22,784

Ref : Differences between the first half of this year and the same period last year

	Millions of Yen							
	Electro- Optics	Photo- nics	Vision Care	Health Care	Others	Total	Elimin. or corp.*	Consolidated
Net sales:								
To outside customers	18,021	-492	6,454	2,535	-1,557	24,959	-	24,959
Variance(%)	19.7%	-9.6%	12.8%	14.4%	-71.2%	15.0%	-	15.0%
Intersegment	-396	-17	-4	-0	-999	-1,419	1,419	-
Total	17,624	-510	6,448	2,535	-2,556	23,541	1,419	24,959
Operating expenses	12,527	-443	5,479	2,294	-2,372	17,484	1,903	19,389
Operating income	5,097	-67	969	241	-183	6,057	-485	5,571
Variance(%)	13.8%	-17.2%	10.3%	5.6%	-	11.9%	-	11.2%
Assets	61,703	362	17,567	3,353	-1,965	81,021	-55,427	25,593
Depreciation	4,178	10	357	149	-	4,690	50	4,739
Loss on impairment	-	-	-	-	-46	-46	-	-46
Capital Expenditures	4,596	48	2,720	282	-65	7,581	452	8,032
R&D Expenses	946	11	-297	166	27	854	-	854
Number of employees (p)	4,573	12	638	116	-158	5,181	9	5,190

*Elimi. or corp. : Eliminations or corporate

Notes:

1. Products and Services of each Business Division:

(1) From this fiscal year, the company has changed its segmentation of industry as follows, because the necessity of classified disclosure for both Crystal and Service has decreased due to the decline of sales and profits by the Company's re-organization :

Business Category	Division	Products and Services
Information Technologies	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.

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

Business Category	Division	Products and Services
Information Technologies	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, ophthalmic equipments, etc.
	Health Care	Contact lenses and accessories, intraocular lenses, etc.
Others	Crystal	Crystal glass products
	Service	Design of information systems, placement of temporary staff, etc.

(3) The business results for the six months ended Sep. 30, 2005 according to the former business segment are as follows:

	Millions of Yen							Elimin. or corp.*	Consoli -dated
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	91,352	5,117	50,457	17,621	1,240	948	166,738	—	166,738
Intersegment	603	140	4	0	17	2,355	3,121	-3,121	—
Total	91,956	5,258	50,462	17,621	1,257	3,303	169,859	-3,121	166,738
Operating expenses	55,084	4,867	41,008	13,318	1,521	2,971	118,772	-1,829	116,942
Operating income	36,872	390	9,453	4,302	-263	331	51,087	-1,292	49,795
Operating income ratio	40.1%	7.4%	18.7%	24.4%	-21.0%	10.0%	30.1%	—	29.9%
Assets	188,839	7,440	93,751	16,514	1,382	3,302	311,230	80,537	391,768
Depreciation	7,865	47	2,984	376	—	26	11,299	26	11,326
Loss on impairment	—	—	—	—	127	—	127	—	127
Capital Expenditures	17,492	50	3,434	637	127	18	21,760	27	21,788
R&D Expenses	4,306	518	1,199	446	18	—	6,488	—	6,488
Number of employees (p)	14,708	192	6,750	699	129	254	22,732	52	22,784

*Elimi. or corp. : Eliminations or corporate

2. 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 nine months ended Sep. 30, 2006 and 2005 are as follows:

2006 1,702 million Yen 2005 1,340 million Yen

3. 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 Sep. 30, 2006 and 2005 are as follows:

2006 19,253 million Yen 2005 82,641 million Yen

2. Geographical Segments (Figures less than a million Yen are omitted.)

for the six months ended September 30, 2006

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimin or corp.*	
Net sales:							
To outside customers	135,071	18,114	22,720	15,791	191,697	-	191,697
Intersegment	13,707	146	524	78,588	92,966	-92,966	-
Total	148,778	18,260	23,244	94,380	284,664	-92,966	191,697
Operating expenses	128,358	17,823	20,404	64,940	231,526	-95,194	136,331
Operating income	20,420	437	2,840	29,440	53,138	2,228	55,366
Operating income ratio	13.7%	2.4%	12.2%	31.2%	18.7%	-	28.9%
Assets	176,164	13,331	91,006	193,604	474,106	-56,744	417,361

for the six months ended September 30, 2005

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimin or corp.*	
Net sales:							
To outside customers	122,307	16,856	18,263	9,310	166,738	-	166,738
Intersegment	10,820	99	246	55,456	66,622	-66,622	-
Total	133,127	16,956	18,510	64,767	233,360	-66,622	166,738
Operating expenses	111,482	16,360	15,415	42,663	185,922	-68,979	116,942
Operating income	21,644	595	3,094	22,103	47,438	2,356	49,795
Operating income ratio	16.3%	3.5%	16.7%	34.1%	20.3%	-	29.9%
Assets	166,008	18,984	38,340	131,941	355,275	36,493	391,768

Ref : Differences between the first half of this year and the same period last year

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimin or corp.*	
Net sales:							
To outside customers	12,764	1,258	4,457	6,481	24,959	-	24,959
Variance(%)	10.4%	7.5%	24.4%	69.6%	15.0%	-	15.0%
Intersegment	2,887	47	278	23,132	26,344	-26,344	-
Total	15,651	1,304	4,734	29,613	51,304	-26,344	24,959
Operating expenses	16,876	1,463	4,989	22,277	45,604	-26,215	19,389
Operating income	-1,224	-158	-254	7,337	5,700	-128	5,571
Variance(%)	-5.7%	-26.6%	-8.2%	33.2%	12.0%	-	11.2%
Assets	10,156	-5,653	52,666	61,663	118,831	-93,237	25,593

*Elimi. or corp. : Eliminations or corporate

Notes:

- The Company and its subsidiaries are summarized in four segments by geographic area based on the countries where the Group offices are located. The segments consisted of the following countries:
 - North America: United States of America and Canada
 - Europe: Netherlands, Germany, United Kingdom, etc., including South Africa
 - Asia: Singapore, 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 nine months ended Sep. 30, 2006 and 2005 are as follows:
 - 2006 1,521 million Yen
 - 2005 1,188 million Yen
- 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 Sep. 30, 2006 and 2005 are as follows:
 - 2006 16,955 million Yen
 - 2005 80,021 million Yen

3. Sales to Foreign Customers

(Figures less than a million Yen are omitted.)

for the six months ended September 30, 2006

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	22,363	23,809	56,248	5	102,427
Total Consolidated Net Sales (B)					191,697
Overseas Sales ratio A/B	11.7%	12.4%	29.3%	0.0%	53.4%
Regional Sales ratio	21.8%	23.3%	54.9%	0.0%	100.0%

for the six months ended September 30, 2005

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	20,262	19,259	38,821	6	78,350
Total Consolidated Net Sales (B)					166,738
Overseas Sales ratio A/B	12.2%	11.5%	23.3%	0.0%	47.0%
Regional Sales ratio	25.9%	24.6%	49.5%	0.0%	100.0%

Ref : Differences between the first half of this year and the same period last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	2,101	4,550	17,427	-1	24,077
Total Consolidated Net Sales (B)					24,959
Overseas Sales ratio A/B	10.4%	23.6%	44.9%	-16.7%	30.7%

Note: The Company and subsidiaries are summarized in four segments by geographic area based on the countries where the Customers are located. The segments consisted of the following countries:

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

Re: South Africa is included in Europe and Australia is in Asia.

(6) Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries (unaudited)

Business Category Company	Millions of yen [%]					
	Six months ended September 30,		Variance		Year ended March 31,	
	2006	2005	Value	(%)	2006	
Electro-Optics						
Domestic	48,190 (44.1)	48,073 (52.6)	117	0.2	94,448 (49.6)	
Overseas	61,182 (55.9)	43,278 (47.4)	17,904	41.4	96,103 (50.4)	
total	109,373 [57.1]	91,352 [54.8]	18,021	19.7	190,551 [55.4]	
Photonics						
Domestic	2,832 (61.2)	2,743 (53.6)	89	3.2	5,519 (54.7)	
Overseas	1,792 (38.8)	2,374 (46.4)	-582	-24.5	4,573 (45.3)	
total	4,625 [2.4]	5,117 [3.1]	-492	-9.6	10,092 [2.9]	
Information Technology						
Domestic	51,023 (44.8)	50,817 (52.7)	206	0.4	99,967 (49.8)	
Overseas	62,975 (55.2)	45,653 (47.3)	17,322	37.9	100,677 (50.2)	
total	113,998 [59.5]	96,470 [57.9]	17,528	18.2	200,644 [58.3]	
Vision Care						
Domestic	18,250 (32.1)	18,572 (36.8)	-322	-1.7	36,089 (34.5)	
Overseas	38,660 (67.9)	31,884 (63.2)	6,776	21.3	68,367 (65.5)	
total	56,911 [29.7]	50,457 [30.2]	6,454	12.8	104,456 [30.4]	
Health Care						
Domestic	19,442 (96.5)	17,092 (97.0)	2,350	13.7	34,228 (96.5)	
Overseas	714 (3.5)	529 (3.0)	185	35.0	1,254 (3.5)	
total	20,156 [10.5]	17,621 [10.6]	2,535	14.4	35,483 [10.3]	
Eye Care						
Domestic	37,692 (48.9)	35,664 (52.4)	2,028	5.7	70,317 (50.2)	
Overseas	39,375 (51.1)	32,414 (47.6)	6,961	21.5	69,622 (49.8)	
total	77,067 [40.2]	68,079 [40.8]	8,988	13.2	139,940 [40.7]	
Others						
Domestic	555 (87.9)	1,905 (87.1)	-1,350	-70.9	3,220 (88.4)	
Overseas	76 (12.1)	283 (12.9)	-207	-73.1	421 (11.6)	
total	631 [0.3]	2,188 [1.3]	-1,557	-71.2	3,642 [1.0]	
Total Net Sales						
Domestic	89,270 (46.6)	88,387 (53.0)	883	1.0	173,506 (50.4)	
Overseas	102,427 (53.4)	78,350 (47.0)	24,077	30.7	170,722 (49.6)	
total	191,697 [100.0]	166,738 [100.0]	24,959	15.0	344,228 [100.0]	

- 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.

Notes Relating to Material Facts Occurring After the Closing of Accounts

In a meeting of the Board of Directors on October 19, 2006, HOYA CORPORATION "the Company" decided to grant stock options to directors, executive officers and employees of the Company and its subsidiaries.

The terms and conditions of the stock options granted to directors and executive officers of the Company were resolved at the Board of Directors' meeting in accordance with the deliberation of the compensation committee.