

Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

1. Performance for the three months ended June 30, 2005 and 2004

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

(1) Results of Operations	Three months ended Jun. 30,		Variance (%)
	2005	2004	
Net sales	81,777	74,961	9.1
Operating income	25,055	21,081	18.9
Ordinary income	27,465	22,366	22.8
Net income	20,389	16,222	25.7
Net income per share(Yen)	183.02	149.15	

Notes : No changes have been made in accounting policy.

(2) Financial Position	As of Jun. 30,	As of Mar. 31,	As of Jun. 30,
	2005	2005	2004
Total assets	352,588	351,482	293,699
Shareholders' equity	286,827	277,889	230,648
Shareholders' equity ratio	81.3%	79.1%	78.5%
Shareholders' equity per share (Yen)	2,574.53	2,494.37	2,072.58

(3) Conditions of Cash Flows	Three months ended Jun. 30,	
	2005	2004
Net cash provided by operating activities	17,758	10,090
Net cash used in investing activities	-12,504	-8,328
Net cash provided by (used in) financing activities	-9,805	-5,685
Cash and cash equivalents at end of period	106,998	77,158

2. Projected Results for the First Half (Six months ending September 30, 2005)

	Six months ending/ended Sep.30,		Variance(%)
	2005	2004	
Net sales	163,000	153,447	6.2
Operating income	49,000	44,128	11.0
Ordinary income	52,500	46,771	12.2
Net income	38,000	32,894	15.5
Net income per share (Yen)	341.11	298.95	42.16

This report is provided solely for the information of professional analysts who are expected to make their own evaluation of the company. These statements are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

This report contains forward-looking statements that are based on management's assumptions and beliefs in light of the information currently available to it and therefore you should not place undue reliance on them.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.

We accept no liability whatsoever for any direct or consequential loss arising from any use of this report.

1. Business Overview

1. Results of Operations

1) General Overview

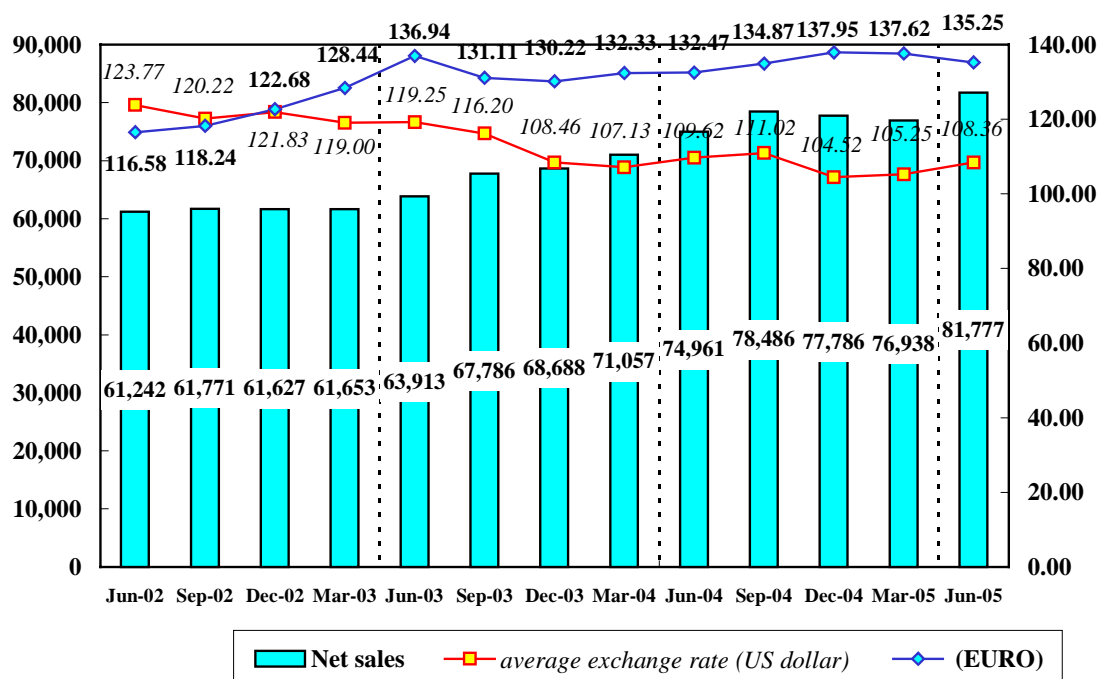
<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Three months ended Jun. 30, 2005</u>
Net sales	81,777
Operating income	25,055
Ordinary income	27,465
Net income	20,389
Net income per share(Yen)	183.02

During the quarter under review, inventory adjustments of digital home appliance related products, the driving force in the economy, steadily progressed, and there was a sign of recovery in production of mainly new products. Plans for corporate capital investments are on an upward trend, and optimism returned to personal consumption resulting from the improvement in employment.

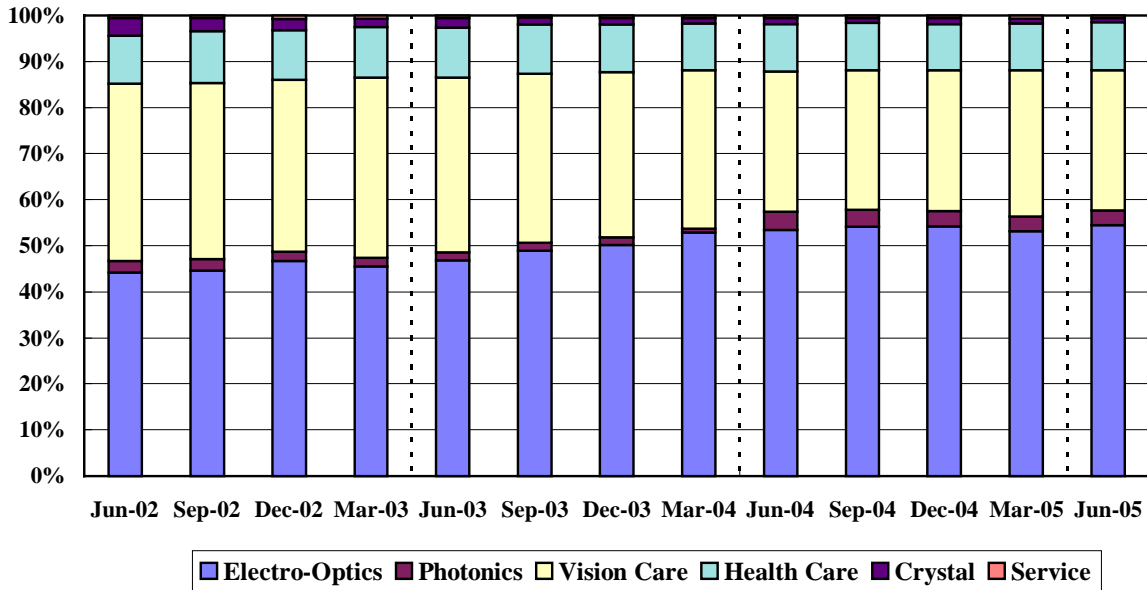
In the currency market during the quarter under review, both the US dollar and Thai baht depreciated by 1.1%, while the euro appreciated by 2.1% all against the yen, on a year-on-year basis.

Within that context, in the HOYA group, although some products came under the influence of inventory adjustments in the market, the Electro-Optics division saw continued demand for high-precision products as clients were active in aggressive production capacity reinforcement and new product development. In the Vision Care division, both domestic and overseas eyeglass lens market enjoyed strong growth. In the Health Care division, sales were strong in high-function products. As a result, consolidated sales during the quarter under review increased 9.1% year-on-year to 81,770 million yen.

Quarterly net sales (Million Yen) and average exchange rate
(Yen/US dollar & EURO)

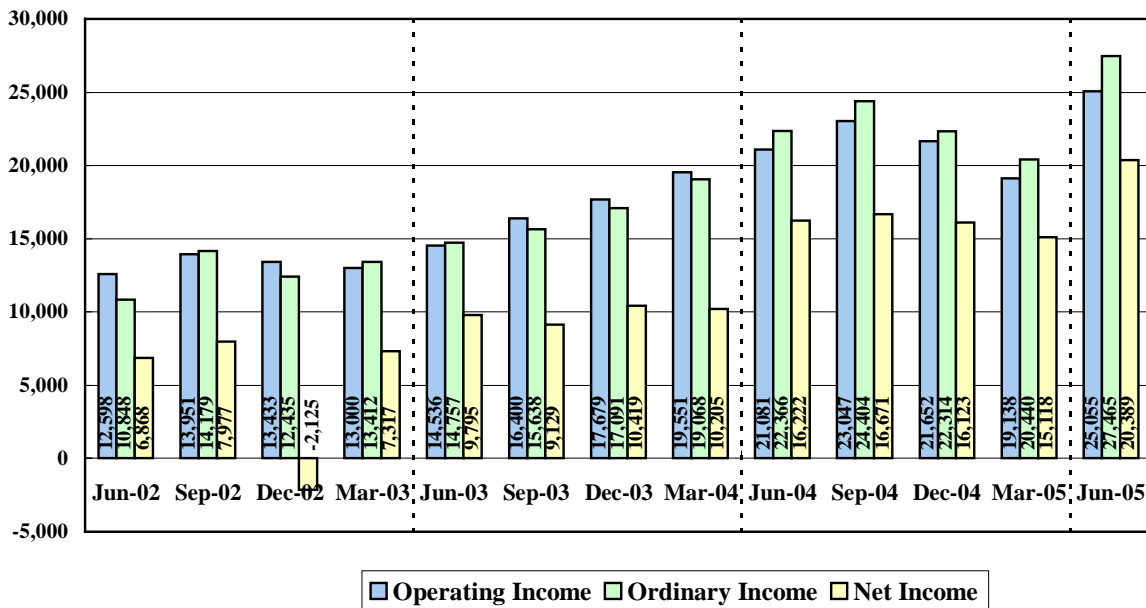


Ratio of Net Sales by Business Segment - Quarterly Transition



During the quarter under review, the Electro-Optics division saws steady orders for high-precision products. In the Eye Care sector, a boost in revenues was achieved through expanded sales of high-value-added products. For the Group overall, operating income, ordinary income and net income for the term increased 18.9%, 22.8% and 25.7%, respectively, on a year-on-year basis. Together with the net sales, all three represented record results for the term. Net income per share for the term increased yen 33.87 year-on-year to yen 183.02.

Quarterly Incomes (Millions of Yen)



* : In the quarter ended Dec. 31, 2002, the Company posted the expenses for dissolution of the employee pension fund for Yen 14,949 million under extra-ordinary loss.

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.

In photomasks for semiconductor production, sales increased year-on-year along with an increase in orders for high-precision products and next-generation products over the same term in the previous year. Though the prices of large LCD masks continued to fall due to expanded LCD panel supply capacity and market conditions are severe, panel manufacturers launched new production lines and the development of new models remained vigorous, resulting in increased sales on a year-on-year basis.

In terms of glass disks for hard disk drives (HDDs), thanks to a steady growth in sales of personal computers as well as to broadened applications, such as for portable music players, demand expanded favorably, the sales increased substantially on a year-on-year basis.

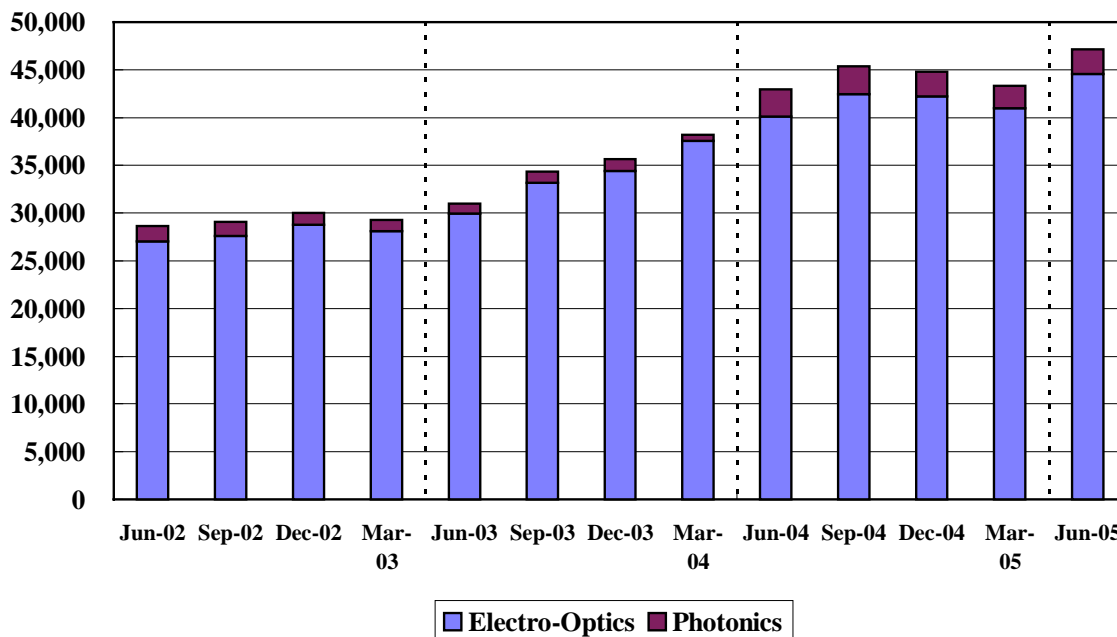
In optical products, as the momentum of digital cameras in the market slowed, and due to strict inventory adjustment, the sales decreased on a year-on-year basis though the Company commenced the shipment of lenses for new applications, such as mobile phones.

Photonics

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

Sales of industrial laser related equipment slowed down in general during the quarter under review, resulting in declined sales, as the same term in the previous year was the peak of investments in new LCD production lines mainly in Taiwan and South Korea.

Quarterly Net Sales of Electro-Optics (Millions of Yen)



2. Eye Care

Vision Care

In the domestic eyeglass market, a moderate recovery has continued. At HOYA, in spite of persistently intense price competition for products in the lower price band, sales grew in the upper price band with the launch of new products onto the market and the addition of higher value to its products centered on progressive lenses. Overall, sales increased on a year-on-year basis.

Overseas, sales growth in the Asia region remained strong reflecting the higher value-added products promoted by HOYA. In the United States and Europe, there was a sign of slow recovery in Germany, Europe's largest market, while other markets showed an indication of growth. HOYA strengthened its sales of progressive lenses, high refractive lenses and other higher value-added product. Aggregate sales in the term in overseas markets increased on a year-on-year basis.

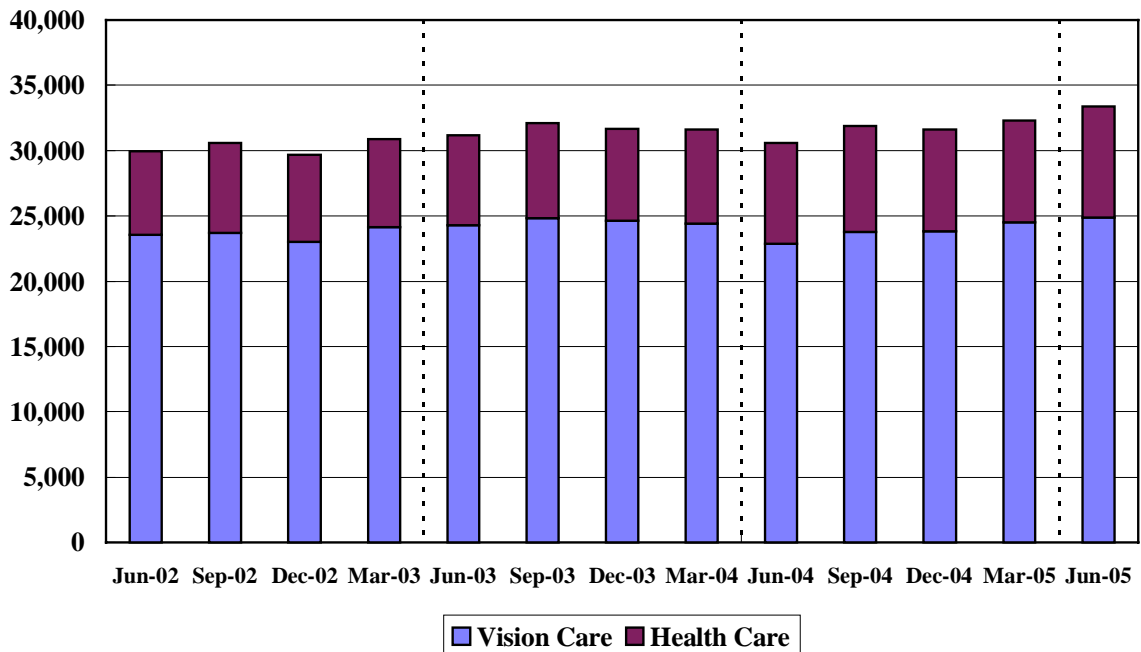
As a result, sales of the Vision Care division as a whole increased on a year-on-year basis.

Health Care

In terms of contact lenses, while price competition in the market intensified among discount retailers, HOYA sought to distinguish itself from the competition by accelerating the establishment of new outlets, by capitalizing on its expertise to improve its face-to-face services to clients, and by promoting sales of high-value-added products such as bifocal lenses, etc., such that sales increased on a year-on-year basis.

Sales of intraocular lenses (IOL) increased on a year-on-year basis as soft intraocular lenses sold well both in Japan and overseas.

Quarterly Net Sales of Eye Care (Millions of Yen)



3. Others

Crystal

In terms of crystal, HOYA cut back on its operations as part of its business restructuring. While a trend towards recovery in personal consumption was observed in the market, corporate demand remained stagnant. As a result, sales decreased on a year-on-year basis.

2. Financial Position

	<u>Millions of Yen</u> <u>As of Jun. 30, 2005</u>
Total assets	352,588
Shareholders' equity	286,827
Shareholders' equity ratio	81.3%

At the end of the quarter under review, the current assets decreased Yen 3,310 million since cash and deposit decreased Yen 5,876 million. Fixed assets increased Yen 4,386 million and total assets increased Yen 1,106 million. Liabilities decreased Yen 7,859 million. Shareholders' equity increased Yen 8,938 million through such factors as Yen 20,389 million of quarterly net income and Yen 10,024 million of payment of dividends. As a result, shareholders' equity ratio increased to 81.3%.

3. Conditions of Cash Flows

	<u>Millions of Yen</u> <u>Three months ended Jun. 30, 2005</u>
Net cash provided by operating activities	17,758
Net cash used in investing activities	-12,504
Net cash provided by (used in) financing activities	-9,805
Cash and cash equivalents at end of period	106,998

In terms of cash flows from operating activities, on the basis of Yen 26,951 million in income before income taxes and Yen 5,398 million in depreciation, net cash provided by operating activities amounted to 17,758 million. The outstanding cash and cash equivalents at the end of the period decreased by Yen 5,875 million in comparison with that of the end of the previous fiscal year.

4. Projected Results for the First Half

(Six months ending Sep. 30, 2005)

	<u>Millions of Yen</u>		variance (%)
	<u>Six months ending/ended</u>		
	Sep.30,2005	Sep.30,2004	
Net sales	163,000	153,447 (	6.2)
Operating income	49,000	44,128 (	11.0)
Ordinary income	52,500	46,771 (	12.2)
Net income	38,000	32,894 (	15.5)
Net income per share (Yen)	341.11	298.95	42.16

RE: To calculate Net income per share, expected Net income is divided by expected mid-term average number of shares.

Ref: for the 2nd quarter

1. Year-on-year comparison	<u>Millions of Yen</u>		variance (%)
	<u>Three months ending/ended</u>		
	Sep.30,2005	Sep.30,2004	
Net sales	81,223	78,486 (	3.5)
Operating income	23,945	23,047 (	3.9)
Ordinary income	25,035	24,404 (	2.6)
Net income	17,611	16,671 (	5.6)
Net income per share (Yen)	158.09	149.78	8.31

2. Quarter-on-quarter comparison	<u>Millions of Yen</u>		variance (%)
	<u>Three months ending/ended</u>		
	Sep.30,2005	Jun.30,2005	
Net sales	81,223	81,777 (	-0.7)
Operating income	23,945	25,055 (	-4.4)
Ordinary income	25,035	27,465 (	-8.8)
Net income	17,611	20,389 (	-13.6)
Net income per share (Yen)	158.09	183.02	-24.93

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from that anticipated in these statements. These factors include changes in economic conditions, trends in our major markets, or currency exchange rates.

(2) Consolidated Financial Statements

1. Quarterly Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Jun.30,2005	Mar.31,2005	Variance	Jun.30,2004
ASSETS				
Current assets	229,561	232,871	-3,310	191,634
Cash and deposits	106,998	112,874	-5,876	77,158
Notes and accounts receivable - trade	75,384	73,619	1,765	69,902
Inventories	37,507	36,165	1,342	34,207
Deferred tax assets	5,407	6,500	-1,093	5,132
Other current assets	5,601	4,947	654	6,651
Allowance for doubtful receivables	-1,337	-1,235	-102	-1,418
Fixed assets	122,674	118,288	4,386	101,841
Tangible fixed assets	99,142	95,158	3,984	82,772
Buildings and structures	24,714	25,114	-400	22,884
Machinery and carriers	46,677	45,016	1,661	34,530
Lands	8,892	8,937	-45	9,275
Other tangible fixed assets	18,857	16,090	2,767	16,081
Intangible fixed assets	5,366	5,489	-123	4,867
Investments and other assets	18,165	17,640	525	14,201
Investment securities	11,546	10,383	1,163	6,963
Deferred tax assets	2,468	3,097	-629	3,008
Other assets	4,458	4,461	-3	4,716
Allowance for doubtful receivables	-307	-301	-6	-485
Deferred charges	352	322	30	224
Total Assets	352,588	351,482	1,106	293,699
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	62,829	70,792	-7,963	60,111
Notes and accounts payable - trade	26,621	24,452	2,169	27,292
Short-term bank loans	199	194	5	233
Income tax payable	4,929	10,022	-5,093	5,461
Accrued bonuses to employees	2,070	3,917	-1,847	1,982
Other current liabilities	29,008	32,204	-3,196	25,141
Long-term liabilities	2,073	1,970	103	2,164
Long-term bank loans	-	-	-	10
Allowance for special repairs	684	542	142	-
Other long-term liabilities	1,389	1,427	-38	2,153
Total Liabilities	64,903	72,762	-7,859	62,276
Minority interest	857	830	27	774
Common stock	6,264	6,264	-	6,264
Additional paid-in capital	15,898	15,898	-	15,898
Retained earnings	278,545	268,255	10,290	227,060
Net unrealized gain (loss) on available - for - sale securities	63	37	26	-28
Foreign currency translation adjustments	-6,293	-4,687	-1,606	-9,893
Treasury stock - at cost	-7,651	-7,878	227	-8,650
Total Shareholders' Equity	286,827	277,889	8,938	230,648
Total	352,588	351,482	1,106	293,699

Notes:

	Millions of Yen		
1. Accumulated depreciation	169,660	166,626	154,725
2. Guarantees of borrowings and lease obligations for customers and Group's employees	1,501	1,369	918
3. Number of shares of treasury stock (stocks)	939,449	967,762	1,063,567

2. Quarterly Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Three months ended				
	Jun.30, 2005	Jun.30, 2004	Variance		Mar.31, 2005
			Value	(%)	
Net sales	81,777	74,961	6,816	9.1	76,938
Cost of sales	40,072	38,067	2,005	5.3	40,692
Gross profit	41,705	36,894	4,811	13.0	36,245
Selling, general and administrative expenses	16,649	15,812	837	5.3	17,106
Operating income	25,055	21,081	3,974	18.9	19,138
Non-operating income	2,822	2,002	820	41.0	1,699
Interest income	417	216	201		320
Foreign exchange gains	575	618	-43		773
Equity in earnings of affiliates	1,131	881	250		403
Others	698	286	412		203
Non-operating expenses	411	718	-307	-42.8	397
Interest expense	66	33	33		1
Sales discount	163	-	163		169
Others	181	570	-389		228
Ordinary income	27,465	22,366	5,099	22.8	20,440
Extra-ordinary gains	69	185	-116	-62.7	270
Gain on sales of property, plant and equipment	18	35	-17		65
Others	50	149	-99		205
Extra-ordinary losses	584	213	371	174.2	3,414
Additional retirement benefits paid to employees	292	41	251		77
Loss on disposal of property, plant and equipment	13	83	-70		276
Loss on impairment	3	30	-27		776
Loss on close of factory	-	-	-		1,263
Maintenance of environment	-	-	-		793
Others	274	56	218		229
Income before income taxes and minority interests	26,951	22,338	4,613	20.7	17,297
Income taxes - Current	4,802	4,115	687	16.7	3,820
Income taxes - Deferred	1,728	1,947	-219	-11.2	-1,619
Minority interests in net income	31	52	-21	-40.4	-22
Net income	20,389	16,222	4,167	25.7	15,118
Net income per share(Yen)	183.02	149.15	33.87		135.18

Notes:

1. Effect of Exchange Rate Change on Net Sales and Incomes ("2005 A" is the actual value of this period. "2005 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year.

	2005 A	2005 B	influences
Net sales	81,777	81,506	271
Operating income	25,055	25,026	29
Ordinary income	27,465	27,420	45
Net income	20,389	20,367	22

2. Average rates of major foreign currencies	Three months ended Jun. 30.		
	2005	2004	Variance(%)
US\$	Yen 108.36	109.62	1.1%
Euro	Yen 135.25	132.47	-2.1%
Thail Baht	Yen 2.68	2.71	1.1%

3. Quarterly Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen			Mar. 31, 2005
	Three months ended			
	Jun. 30, 2005	Jun. 30, 2004	Variance	
Additional Paid-In Capital				
Balance at the beginning of the period	15,898	15,898	-	15,898
Adjustment of retained earnings	-	-	-	-
Appropriations	-	-	-	-
Balance at the end of the period	15,898	15,898	-	15,898
Retained Earnings				
Balance at the beginning of the period	268,255	247,175	21,080	253,154
Adjustment of retained earnings	20,389	16,222	4,167	15,118
Net income	20,389	16,222	4,167	15,118
Appropriations	10,098	36,337	-26,239	17
1. Cash dividends	10,024	5,563	4,461	-
2. Bonuses to directors	65	63	2	-
3. Cancellation of treasury stock	-	30,702	-30,702	-
4. Loss on deposit of treasury stock	8	9	-1	17
Balance at the end of the period	278,545	227,060	51,485	268,255

4. Quarterly Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

	<u>Millions of Yen</u>		variance
	<u>Three months ended Jun.30,</u>		
	2005	2004	
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	26,951	22,338	4,613
Depreciation and amortization	5,398	4,897	501
Loss on impairment of long-lived assets	3	30	-27
Provision for (reversal of) accrued allowances for doubtful receivables	119	57	62
Provision for (reversal of) accrued bonuses to employees	-1,844	-1,738	-106
Provision for (Reversal of) reserve for periodic repairs	141	233	-92
Interest income and dividend receivable	-420	-220	-200
Interest expense payable	66	33	33
Foreign exchange loss (gain)	-194	-154	-40
Equity in earnings of affiliates	-1,131	-881	-250
Gain on sales of property, plant and equipment and investment securities	-18	-35	17
Loss on disposal of property, plant and equipment and investment securities	13	83	-70
Bonus to directors	-65	-63	-2
Other	285	242	43
(Increase) decrease in notes and accounts receivable	-1,894	-2,384	490
(Increase) decrease in inventories	-1,562	-1,225	-337
(Increase) decrease in other current assets	-222	557	-779
Increase (decrease) in notes and accounts payable	2,266	1,493	773
Increase (decrease) in income taxes payable	437	-39	476
Increase (decrease) in other current liabilities	-1,030	-196	-834
Sub total	27,299	23,029	4,270
Interest and dividend receivable	400	220	180
Interest payable	-56	-36	-20
Income taxes - paid	-9,883	-13,123	3,240
Net cash provided by operating activities	17,758	10,090	7,668
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	-12,302	-7,729	-4,573
Proceeds from sales of property, plant and equipment	11	79	-68
Payment for loans	-1	-	-1
Proceeds from loans	48	79	-31
Increase in investments and other assets	-291	-879	588
Decrease in investments and other assets	31	121	-90
Net cash used in investing activities	-12,504	-8,328	-4,176
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	-	-262	262
Increase in treasury stock	-9	-10	1
Decrease in treasury stock	228	151	77
Dividends paid	-10,024	-5,563	-4,461
Net cash used in financing activities	-9,805	-5,685	-4,120
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-1,324	657	-1,981
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	-5,875	-3,267	-2,608
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	112,874	80,425	32,449
CASH AND CASH EQUIVALENTS, END OF PERIOD	106,998	77,158	29,840

Notes:

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

5. Preparation of the Consolidated Financial Statements

Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 60 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 : 5 companies
 Number of affiliates accounted for by the equity method : 1 company, NH TECHNO GLASS CORP. (Japan)

Notes: Changes in Accounting Policies and Others

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

a. Scope of consolidation

In comparison to the same period last year (Jun.30, 2004) : 5 companies increased in total

5 companies increased due to the establishment:

HOYA ELECTRONICS KOREA CO. LTD. (Korea)
 HOYA GLASS DISK VIETNAM LTD. (Vietnam)
 HOYA MEDICAL EUROPE GMBH. (Germany)
 HOYA LENS OF NEW ORLEANS, INC. (USA)
 Other 1 company (overseas)

In comparison to the previous quarter (Mar.31, 2005)

: 2 companies increased in total

2 companies increased due to the establishment:

HOYA MEDICAL EUROPE GMBH. (Germany)
 Other 1 company (overseas)

b. Application of the equity method

In comparison to Jun.30, 2004 : No change

In comparison to Mar.31, 2005 : No change

	as of Jun.30, 2005	as of Jun.30, 2004	variance	as of Mar.31, 2005
Consolidated subsidiaries	60 (do 6, os54)	55 (do 6, os49)	+5 (do-, os+5)	58 (do 6, os52)
Nonconsolidated subsidiaries	- (do -, os -)	- (do -, os -)	- (do -, os -)	- (do -, os -)
Affiliates	5 (do 5, os -)	5 (do 5, os -)	- (do-, os-)	5 (do 5, os -)
(accounted for by the equity method)	(1) (do 1, os -)	(1) (do 1, os -)	(-) (do-, os-)	(1) (do 1, os -)
Total Hoya Group	65	60	+5	63
(accounted for by the equity method)	(1)	(1)	(-)	(1)

(do : domestic, os : overseas)

2. Changes in accounting policy :

None

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>Three months ended</u>		
	<u>Jun. 30,2005</u>	<u>Jun. 30,2004</u>	<u>Mar.31,2005</u>
Cash and deposits	106,998	77,158	112,874
Marketable securities	-	-	-
Total	<u>106,998</u>	<u>77,158</u>	<u>112,874</u>

2. Details of Important Non-financial Trading

Three months ended Jun. 30, 2005 Millions of Yen
None

Three months ended Jun. 30, 2004
Cancellation of treasury stock 30,702
(with effect on June 1, 2004)

Three months ended Mar. 31, 2005
None

Notes Relating to Investment Securities and Derivatives

1. Investment securities with market values:

(Millions of Yen)

	As of								
	<u>Jun.30,2005</u>			<u>Mar.31, 2005</u>			<u>Jun.30, 2004</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale :									
Marketable Equity securities	159	308	148	159	308	148	159	237	77
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	159	308	148	159	308	148	159	237	77

2. Investment securities without market values:

(Millions of Yen)

	As of		
	<u>Jun.30,2005</u>	<u>Mar.31, 2005</u>	<u>Jun.30, 2004</u>
	Non-marketable stock of subsidiaries	10,632	9,486	6,464
Total	10,632	9,486	6,464
Non-marketable equity securities	275	274	262
Others	329	314	-
Total	604	588	262

3. Derivatives

None

Notes Relating to Income Tax

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

	Millions of Yen		
	As of		
	<u>Jun.30, 2005</u>	<u>Mar.31, 2005</u>	<u>Jun.30, 2004</u>
(1) Current deferred tax assets and liabilities			
Deferred tax assets			
Inventories - intercompany unrealized profits	2,163	2,166	1,744
Excess deductible amount of depreciation expenses	287	285	1,217
Amount denied of expenses for accrued bonus	760	1,529	742
Loss on close of factory	510	-	-
Enterprise tax not deductible	249	691	261
Other deferred tax assets	1,436	1,828	1,166
Total amount of deferred tax assets - current	5,407	6,500	5,132
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Excess amount of inclusion in deductible expenses for depreciation	1,800	1,876	1,955
Loss on impairment not deductible	698	861	836
Loss on close of factory	-	510	-
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	114	117	169
Other deferred tax assets	744	681	938
Total amount of deferred tax assets - fixed	3,357	4,047	3,900
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-431	-434	-442
Special depreciation reserve	-255	-313	-283
Difference of evaluation for marketable securities	-35	-35	-
Other deferred tax liabilities	-165	-165	-165
Total amount of deferred tax liabilities - fixed	-889	-949	-891
Net amount of deferred tax assets - fixed	2,468	3,097	3,008

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

	Three months ended		
	<u>Jun.30,2005</u>	<u>Jun.30,2004</u>	<u>Mar.31,2005</u>
Statutory tax rate of the Company	40.4 %	40.4 %	40.4 %
(Adjustment)			
Lower income tax rates applicable to income in certain foreign countries	-15.3	-13.2	-17.4
Non-Deductible expenses such as entertainment expenses	0.4	0.3	1.1
Per capita levy of inhabitants tax and others	0.1	0.1	0.1
Non-taxable dividend income	-6.2	-9.3	-
Intercompany cash dividend	6.2	9.3	-8.4
Equity in earnings of affiliates	-1.7	-	-0.9
Tax credit on experiment and research expenses	-0.4	-0.7	-1.1
Other adjustment	0.7	0.2	-1.1
Effective income tax rate	24.2	27.1	12.7

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. During the first quarter of the previous fiscal year, 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>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Jun.30, 2005</u>	<u>Jun.30, 2004</u>	<u>Mar.31, 2005</u>
Additional retirement benefits paid to employees	292	41	77
Expenses for employees' retirement benefits	292	41	77

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

None

Notes Relating to Impairment of Fixed Assets

Since the quarter ended March 31, 2004, the Company has adopted impairment accounting for fixed assets

1. Crystal Division

(1) Group of assets applied :

Production facilities of crystal glassware at Musashi Factory, Crystal Division

(2) Breakdown of impairment

	<u>Three months ended</u>		
	<u>Jun.30,</u>		<u>Mar.31,</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>
Machinery and others	3	30	9
Total	3	30	9

2. Photonics Division

(1) Group of assets applied :

Production facilities of photonics products at Maebashi Factory, HOYA CANDEO OPTRONICS CORPORATION

(2) Breakdown of impairment

	<u>Three months ended</u>		
	<u>Jun.30,</u>		<u>Mar.31,</u>
	<u>2005</u>	<u>2004</u>	<u>2005</u>
Land	-	-	449
Buildings and Others	-	-	317
Total	-	-	766

(3) Segment Information

HOYA CORPORATION and Consolidated Subsidiaries

1. Industry Segments

for the three months ended June 30, 2005

	Millions of Yen								
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	44,568	2,605	24,850	8,542	760	450	81,777	-	81,777
Intersegment	69	81	5	-	2	1,139	1,298	(1,298)	-
Total	44,637	2,686	24,856	8,542	763	1,589	83,076	(1,298)	81,777
Operating expenses	25,876	2,426	20,415	6,487	854	1,446	57,507	(784)	56,722
Operating income	18,761	259	4,440	2,054	-90	143	25,569	(513)	25,055
Operating margin	42.0%	9.7%	17.9%	24.1%	-11.9%	9.0%	30.8%	-	30.6%
Assets	181,276	7,507	91,614	15,548	1,676	3,100	300,724	51,864	352,588
Depreciation	3,750	24	1,422	173	0	13	5,384	13	5,398
Loss on impairment	-	-	-	-	3	-	3	-	3
Capital Expenditures	7,540	37	1,594	479	3	7	9,663	-	9,663
R&D Expenses	1,943	257	630	179	9	-	3,021	-	3,021
Number of employees (p)	13,836	200	6,714	683	149	252	21,834	56	21,890

for the three months ended June 30, 2004

	Millions of Yen								
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	40,087	2,887	22,862	7,706	1,047	369	74,961	-	74,961
Intersegment	145	53	2	0	19	1,241	1,462	(1,462)	-
Total	40,232	2,940	22,865	7,707	1,066	1,611	76,423	(1,462)	74,961
Operating expenses	24,573	2,540	18,914	5,870	959	1,443	54,302	(422)	53,879
Operating income	15,658	399	3,950	1,836	107	168	22,121	(1,039)	21,081
Operating margin	38.9%	13.6%	17.3%	23.8%	10.0%	10.4%	28.9%	-	28.1%
Assets	137,785	8,024	91,920	18,261	2,504	2,429	260,926	32,773	293,699
Depreciation	3,270	29	1,411	159	-	9	4,880	16	4,897
Loss on impairment	-	-	-	-	30	-	30	-	30
Capital Expenditures	7,695	36	1,603	122	30	122	9,611	179	9,790
R&D Expenses	1,655	216	432	180	6	-	2,491	-	2,491
Number of employees (p)	11,739	224	5,899	559	176	262	18,859	55	18,914

Ref:

Difference between the 1st quarter this year and the same quarter last year

	Millions of Yen								
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	4,481	-282	1,988	836	-287	81	6,816	-	6,816
Variance (%)	11.2%	-9.8%	8.7%	10.8%	-27.4%	22.0%	9.1%	-	9.1%
Intersegment	-76	28	3	0	-17	-102	-164	164	-
Total	4,405	-254	1,991	835	-303	-22	6,653	164	6,816
Operating expenses	1,303	-114	1,501	617	-105	3	3,205	-362	2,843
Operating income	3,103	-140	490	218	-197	-25	3,448	526	3,974
Variance (%)	19.8%	-35.1%	12.4%	11.9%	-	-14.9%	15.6%	-	18.9%
Assets	43,491	-517	-306	-2,713	-828	671	39,798	19,091	58,889
Depreciation	480	-5	11	14	-	4	504	-3	501
Loss on impairment	-	-	-	-	-27	-	-27	-	-27
Capital Expenditures	-155	1	-9	357	-27	-115	52	-179	-127
R&D Expenses	288	41	198	-1	3	-	530	-	530
Number of employees (p)	2,097	-24	815	124	-27	-10	2,975	1	2,976

*Elimi. or corp. : Elimination or corporate

Note:

1. Products and Services of each Business Division:

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.

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 three months ended Jun. 30, 2005 and 2004 are as follows:

	<u>2005</u>		<u>2004</u>
Yen	583 million	Yen	651 million

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 holding companies. Corporate assets as of Jun. 30, 2005 and 2004 are as follows:

	<u>2005</u>		<u>2004</u>
Yen	57,551 million	Yen	44,648 million

2. Geographical Segments

for the three months ended June 30, 2005

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Eliminations or corporate	
Net sales:							
To outside customers	59,948	8,086	9,089	4,653	81,777	-	81,777
Intersegment	5,047	64	116	27,354	32,582	(32,582)	-
Total	64,996	8,150	9,205	32,008	114,360	(32,582)	81,777
Operating expenses	54,502	7,944	7,499	20,446	90,393	(33,670)	56,722
Operating income	10,493	206	1,705	11,561	23,967	1,088	25,055
Operating margin	16.2%	2.5%	18.5%	36.1%	21.0%	-	30.6%
Assets	164,999	18,778	38,158	122,634	344,570	8,017	352,588

for the three months ended June 30, 2004

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Eliminations or corporate	
Net sales:							
To outside customers	55,910	8,106	7,990	2,953	74,961	-	74,961
Intersegment	5,121	14	60	21,072	26,268	(26,268)	-
Total	61,031	8,120	8,051	24,026	101,229	(26,268)	74,961
Operating expenses	48,518	7,931	6,607	16,503	79,561	(25,681)	53,879
Operating income	12,513	188	1,443	7,522	21,668	(586)	21,081
Operating margin	20.5%	2.3%	17.9%	31.3%	21.4%	-	28.1%
Assets	162,497	20,313	28,648	75,572	287,031	6,668	293,699

Ref : Difference between the 1st quarter this year and the same quarter last year

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Eliminations or corporate	
Net sales:							
To outside customers	4,038	-20	1,099	1,700	6,816	-	6,816
Variance (%)	7.2%	-0.2%	13.8%	57.6%	9.1%	-	9.1%
Intersegment	-74	50	56	6,282	6,314	-6,314	-
Total	3,965	30	1,154	7,982	13,131	-6,314	6,816
Operating expenses	5,984	13	892	3,943	10,832	-7,989	2,843
Operating income	-2,020	18	262	4,039	2,299	1,674	3,974
Variance (%)	-16.1%	9.6%	18.2%	53.7%	10.6%	-	18.9%
Assets	2,502	-1,535	9,510	47,062	57,539	1,349	58,889

Notes:

- The Company and 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.
Asia:	Singapore, Republic of Korea, Taiwan, etc.

- 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 three months ended Jun. 30, 2005 and 2004 are as follows:

	<u>2005</u>		<u>2004</u>
	Yen	506 million	Yen
			571 million

- 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 holding companies. Corporate assets as of Jun. 30, 2005 and 2004 are as follows:

	<u>2005</u>		<u>2004</u>
	Yen	55,101 million	Yen
			40,190 million

3. Sales to Foreign Customers

for the three months ended June 30, 2005

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	9,488	9,631	18,947	3	38,069
Total Consolidated Net Sales (B)					81,777
Overseas Sales ratio A/B	11.6%	11.8%	23.2%	0.0%	46.6%
Regional Sales Ratio	24.9%	25.3%	49.8%	0.0%	100.0%

for the three months ended June 30, 2004

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	11,462	8,816	13,314	0	33,593
Total Consolidated Net Sales (B)					74,961
Overseas Sales ratio A/B	15.3%	11.7%	17.8%	0.0%	44.8%
Regional Sales Ratio	34.1%	26.3%	39.6%	0.0%	100.0%

Ref:

Difference between the 1st quarter this year and the same quarter last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	-1,974	815	5,633	3	4,476
Total Consolidated Net Sales (B)					6,816
Variance (%)	-17.2%	9.2%	42.3%	-	13.3%

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.

(4) Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

Business Category Company	Millions of Yen				Three months ended Mar. 31, 2005	
	Three months ended Jun.30, 2005		Three months ended Jun.30, 2004			Variance (%)
Electro-Optics						
Domestic	23,884	(53.6)	21,776	(54.3)	2,108 9.7	20,950 (51.2)
Overseas	20,683	(46.4)	18,310	(45.7)	2,373 13.0	19,987 (48.8)
total	44,568	[54.5]	40,087	[53.5]	4,481 11.2	40,937 [53.2]
Photonics						
Domestic	1,457	(55.9)	1,860	(64.4)	-403 -21.7	1,866 (78.5)
Overseas	1,147	(44.1)	1,026	(35.6)	121 11.8	512 (21.5)
total	2,605	[3.2]	2,887	[3.8]	-282 -9.8	2,378 [3.1]
Electro-Optics						
Domestic	25,342	(53.7)	23,636	(55.0)	1,706 7.2	22,816 (52.7)
Overseas	21,830	(46.3)	19,337	(45.0)	2,493 12.9	20,500 (47.3)
total	47,173	[57.7]	42,974	[57.3]	4,199 9.8	43,316 [56.3]
Vision Care						
Domestic	9,034	(36.4)	8,897	(38.9)	137 1.5	9,040 (36.9)
Overseas	15,815	(63.6)	13,964	(61.1)	1,851 13.3	15,459 (63.1)
total	24,850	[30.4]	22,862	[30.5]	1,988 8.7	24,499 [31.8]
Health Care						
Domestic	8,255	(96.6)	7,530	(97.7)	725 9.6	7,599 (97.3)
Overseas	287	(3.4)	176	(2.3)	111 63.1	212 (2.7)
total	8,542	[10.4]	7,706	[10.3]	836 10.8	7,811 [10.2]
Eye Care						
Domestic	17,290	(51.8)	16,427	(53.7)	863 5.3	16,639 (51.5)
Overseas	16,103	(48.2)	14,140	(46.3)	1,963 13.9	15,672 (48.5)
total	33,393	[40.8]	30,568	[40.8]	2,825 9.2	32,311 [42.0]
Crystal						
Domestic	625	(82.2)	932	(89.0)	-307 -32.9	735 (88.4)
Overseas	135	(17.8)	115	(11.0)	20 17.4	96 (11.6)
total	760	[0.9]	1,047	[1.4]	-287 -27.4	831 [1.1]
Service						
Domestic	450	(100.0)	369	(100.0)	81 22.0	479 (100.0)
Overseas	-	(-)	-	(-)	- -	- (-)
total	450	[0.6]	369	[0.5]	81 22.0	479 [0.6]
Others						
Domestic	1,075	(88.8)	1,302	(91.9)	-227 -17.4	1,215 (92.7)
Overseas	135	(11.2)	115	(8.1)	20 17.4	96 (7.3)
total	1,211	[1.5]	1,417	[1.9]	-206 -14.5	1,311 [1.7]
Total Net Sales						
Domestic	43,708	(53.4)	41,367	(55.2)	2,341 5.7	40,670 (52.9)
Overseas	38,069	(46.6)	33,593	(44.8)	4,476 13.3	36,268 (47.1)
Total	81,777	[100.0]	74,961	[100.0]	6,816 9.1	76,938 [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.