



HOYA's QUARTERLY REPORT for the three months ended March 31, 2006

April 20, 2006

Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

(Revised on May 12, 2006)

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Performance for the fourth quarter (three months ended March 31, 2006 and 2005)

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

(1)Results of Operations	Three months ended March 31,		Variance
	2006	2005	(%)
Net sales	90,204	76,938	17.2
Operating income	24,043	19,138	25.6
Ordinary income	22,036	20,440	7.8
Net income	16,514	15,118	9.2
Basic net income per share(Yen)	38.21	135.18	

Notes : No changes have been made in accounting policy.

(2)Financial Position	As of Mar. 31,	As of Dec. 31,	As of Mar. 31,
	2006	2005	2005
Total assets	361,537	356,966	351,482
Shareholders' equity	279,480	259,926	277,889
Shareholders' equity ratio	77.3%	72.8%	79.1%
Shareholders' equity per share (Yen)	648.87	604.09	2,494.37

(3)Conditions of Cash Flow	Three months ended March 31,	
	2006	2005
Net cash provided by operating activities	41,269	27,784
Net cash used in investing activities	-11,896	-7,047
Net cash provided by (used in) financing activities	-19,304	483
Cash and cash equivalents at end of period	83,574	112,874

With effect on November 15, 2005, HOYA CORPORATION carried out a four-for-one stock split. The per share information for the term under review and previous quarter reflects the stock split assuming that the above stock split was exercised on the beginning of the term under review. The per share information for the previous fiscal year is actual result and not adjusted.

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. Business Overview

1. Results of Operations

1) General Overview

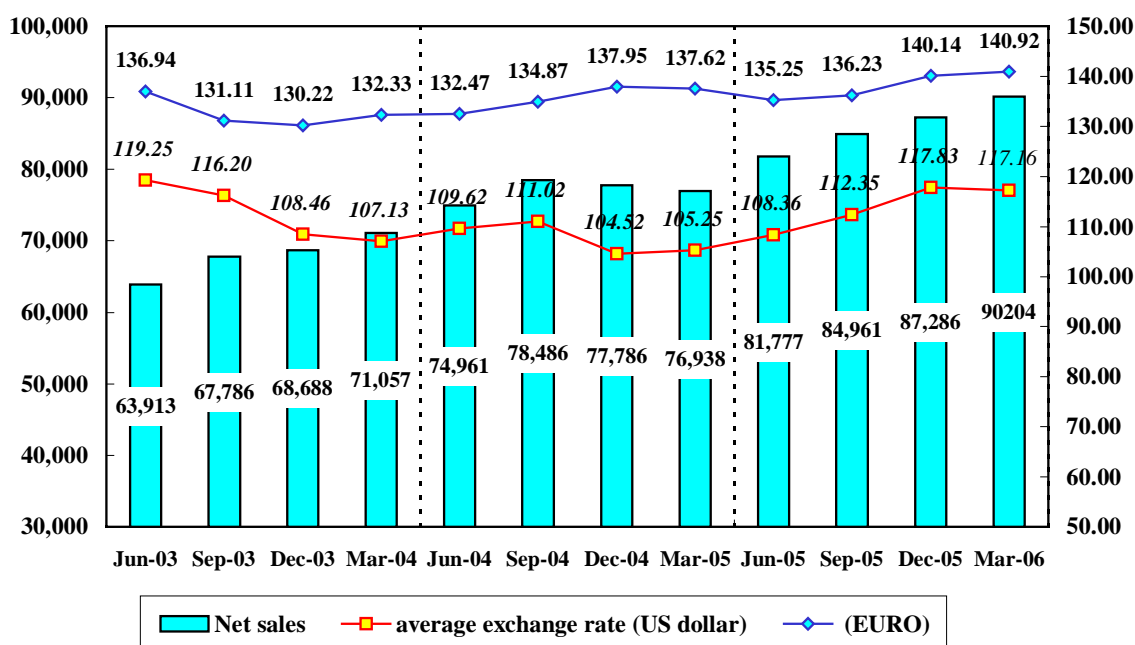
<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Three months ended Mar. 31, 2006</u>
Net sales	90,204
Operating income	24,043
Ordinary income	22,036
Net income	16,514
Net income per share(Yen)	38.21

During the quarter, private sector performance remained strong driven by buoyant sales of digital appliance related products and company production and investment plans were also promoted vigorously in preparation for future market expansion coupled with signs of confidence in personal consumption.

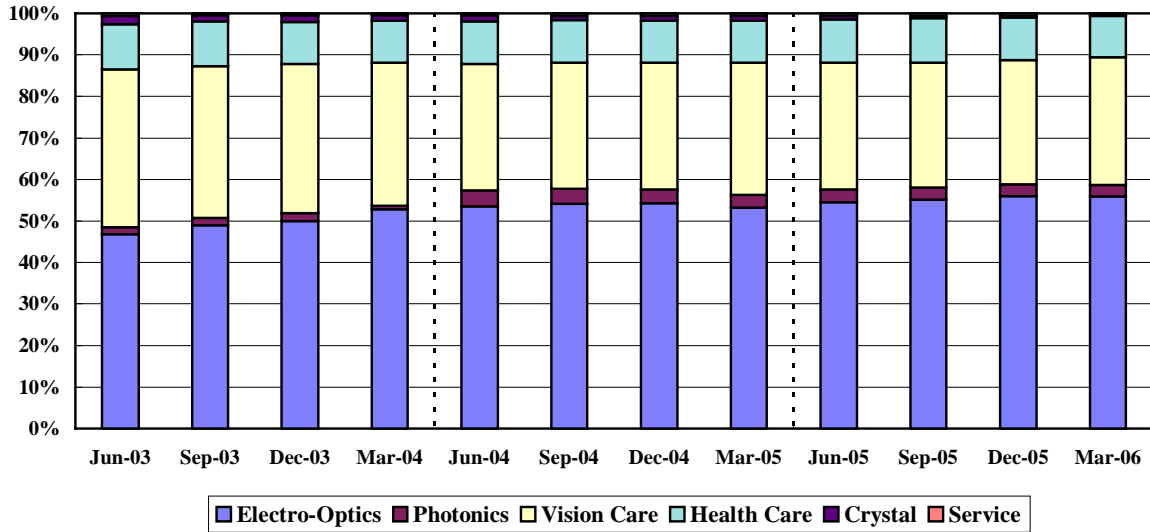
In the currency market during the quarter under review, the US dollar, euro and Thai baht appreciated by 11.3%, 2.4% and 10.3% respectively all against the yen on a year-on-year basis.

Within that context, in the HOYA group, 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, especially 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 17.2% year-on-year to 90,204 million yen, and achieved record results for the term.

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



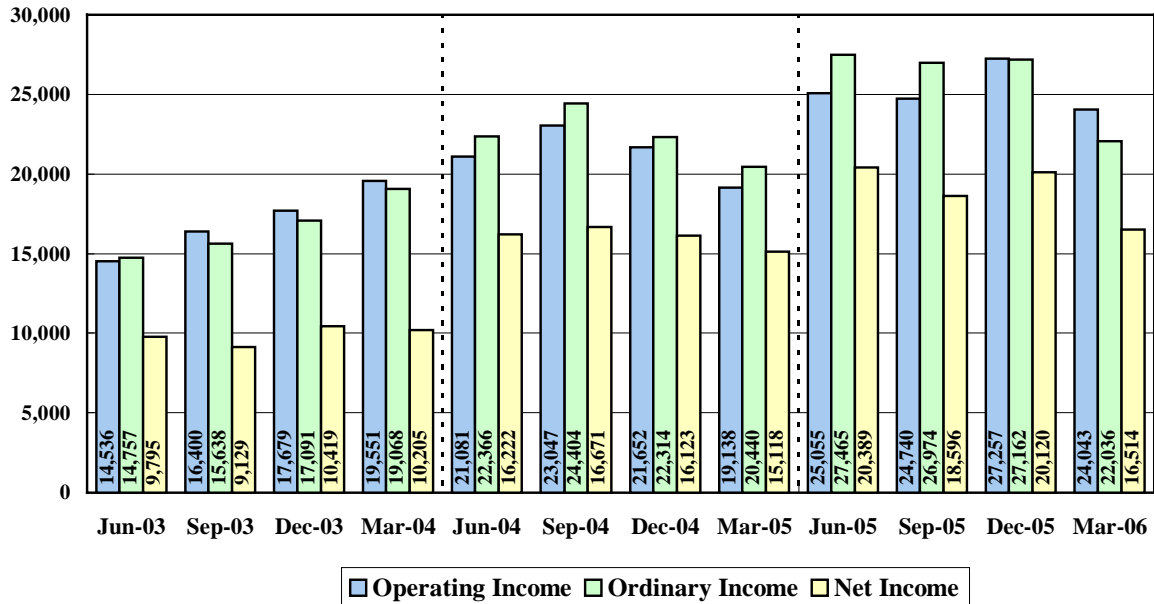
Ratio of Net Sales by Business Segment - Quarterly Transition



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 25.6%, 7.8% and 9.2%, respectively, on a year-on-year basis.

Net income per share for quarter under review was 38.21yen. The Company carried out a four-for-one stock split on November 15, 2005 based on the decision in a meeting of the Board of Directors held on July 20, 2005, (For details, please refer to the Notes in this report).

Quarterly Incomes (Millions of 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.

In photomasks for semiconductor production, sales remained flat year-on-year as there was a large orders by special reason for volume products last year, while in the quarter under review there was an increase in orders from overseas market and for next-generation products such as masks for 65nm level semiconductors. In terms of LCD masks, the demand for LCD television grew steadily, while the price competition was getting severe due to the increase of production capacity by LCD mask makers, resulting in increased sales on a year-on-year basis.

Sales of 2.5-inch glass disks for use in hard disks remained strong due to the continued upward growth of notebook PCs, the primary use, posting an increase in sales against the same term in the previous year.

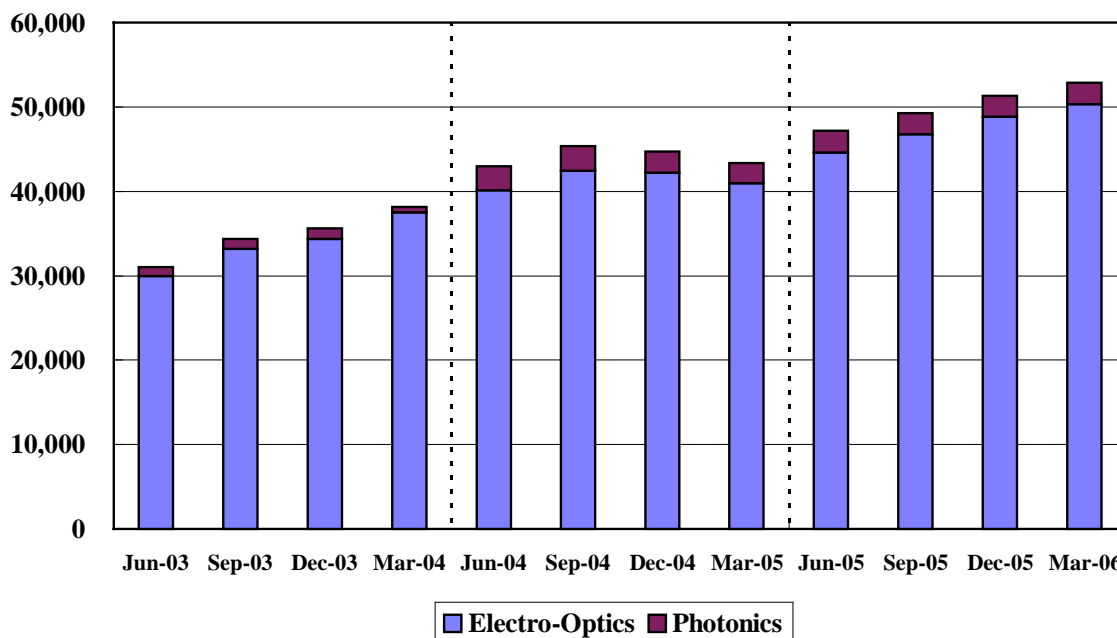
Significant growth in the major project aspherical molded lenses for camera-equipped mobile telephones stimulated a moderate recovery in the digital camera and VTR area, leading to an overall increase in sales year-on-year.

Photonics

This segment covers laser-related equipment for industrial, dental and medical applications, light sources for electronics industry or special optical glasses, etc.

The reason why the sales of this segment have increased since the first quarter ended June 30, 2004 is because that some businesses was transferred from Electro-Optics to this segment as part of its corporate restructuring initiatives.

Quarterly Net Sales of Information Technology (Millions of Yen)



2. Eye Care

Vision Care

In spite of a slowdown in the domestic market for eyeglass lenses, HOYA demonstrated growth in the high-end price range through the market introduction of new products and value-added enhancements of progressive lenses and other products. Sales overall, however, slightly decreased compared to the same period last year due to intense price competition in the low-price range.

Overseas, sales growth in all region such as Asia and Oceania, the United States and Europe, remained strong reflecting the higher value-added products promoted by HOYA. Especially there was a sign of recovery in Germany, Europe's largest market, while other markets showed an indication of growth. Aggregate sales in the term in overseas markets increased on a year-on-year basis.

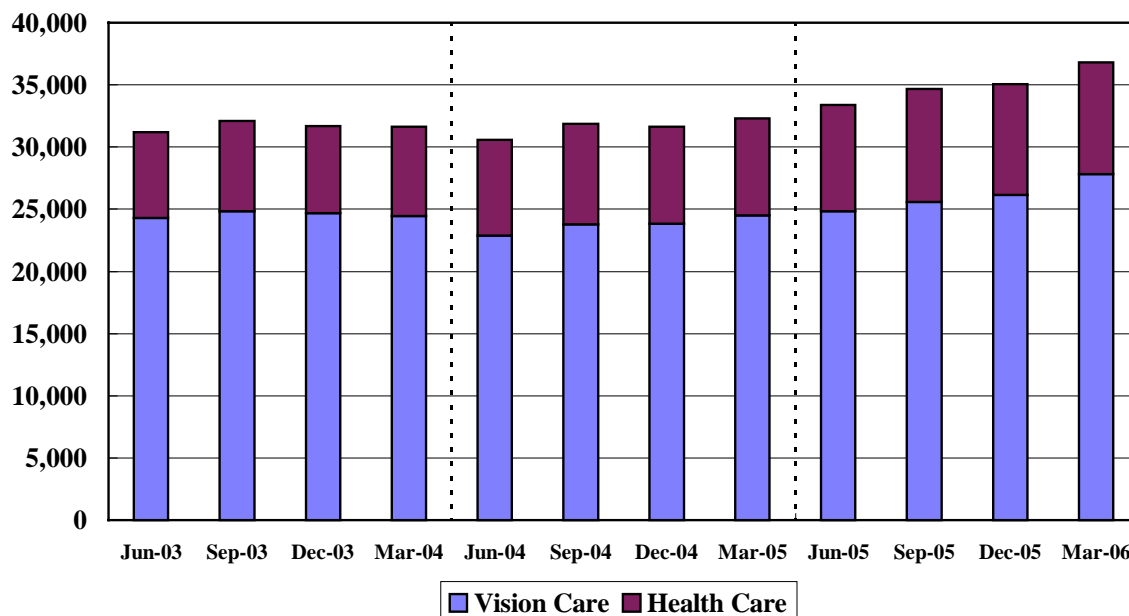
As a result, revenues of the Vision Care division as a whole increased on a year-on-year basis.

Health Care

In the area of contact lenses, within the context of persistent price competition by discount shops in the market, HOYA boosted sales year-on-year through the establishment of new retail stores and expanded sales of multifocal lenses and other high value-added products through consulting sales capitalizing on its specialized knowledge.

Sales of intraocular lenses (IOL) increased on a year-on-year basis due to favorable sales of soft intraocular lenses, especially yellow-lens, during the term both in Japan and overseas.

Quarterly Net Sales of Eye Care (Millions of Yen)



3. Others

Crystal

In terms of crystal, HOYA is reducing the scale of its operations in this sector as part of its business restructuring initiatives and sales decreased on a year-on-year basis.

2. Financial Position

	<u>Millions of Yen</u> <u>As of Mar. 31, 2006</u>
Total assets	361,537
Shareholders' equity	279,480
Shareholders' equity ratio	77.3%

At the end of the quarter under review, current assets increased Yen 2,038 million and fixed assets also increased Yen 2,495 million against the end of the previous quarter. As a result, total assets increased Yen 4,571 million. Shareholders' equity increased Yen 19,554 million on a year-on-year basis.

3. Conditions of Cash Flows

	<u>Millions of Yen</u> <u>Three months ended Mar. 31, 2006</u>
Net cash provided by operating activities	41,269
Net cash used in investing activities	-11,896
Net cash provided by (used in) financing activities	-19,304
Cash and cash equivalents at end of period	83,574

Cash flow from operating activities during the quarter under review amounted to 41,269 million yen, comprised of 20,958 million yen in quarterly income before income taxes and minority interests and 7,821 million yen in depreciation and amortization among others. Free cash flow amounted to 29,373 million yen. As a result, the term-end balance of cash and cash equivalents increased 9,115 million yen from the end of the 3rd quarter.

2. Consolidated Financial Statements (unaudited)

(1) Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
	Mar.31,2006	Dec.31,2005	Variance(%)	Mar.31,2005
ASSETS				
Current assets	212,273	210,235	1.0	232,871
Cash and deposits	83,574	74,458		112,874
Notes and accounts receivable - trade	78,380	83,759		73,619
Inventories	41,178	41,700		36,165
Deferred tax assets	7,407	6,249		6,500
Other current assets	3,246	5,534		4,947
Allowance for doubtful receivables	-1,512	-1,467		-1,235
Fixed assets	149,152	146,657	1.7	118,288
Tangible fixed assets	120,603	116,385	3.6	95,158
Buildings and structures	29,548	28,895		25,114
Machinery and carriers	58,493	58,181		45,016
Lands	8,648	8,948		8,937
Other tangible fixed assets	23,912	20,359		16,090
Intangible fixed assets	7,424	7,266	2.2	5,489
Investments and other assets	21,123	23,005	-8.2	17,640
Investment securities	14,060	14,813		10,383
Deferred tax assets	2,757	3,293		3,097
Other assets	4,601	5,203		4,461
Allowance for doubtful receivables	-295	-306		-301
Deferred charges	111	74	50.0	322
Total Assets	361,537	356,966	1.3	351,482
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	79,305	93,834	-15.5	70,792
Notes and accounts payable - trade	28,070	28,174		24,452
Short-term bank loans	-	-		194
Commercial Paper	-	20,000		-
Income taxes payable	14,342	10,256		10,022
Accrued bonuses to employees	4,207	2,085		3,917
Other current liabilities	32,685	33,317		32,204
Long-term liabilities	1,831	2,250	-18.6	1,970
Reserve for periodic repairs	619	757		542
Other long-term liabilities	1,211	1,493		1,427
Total Liabilities	81,137	96,085	-15.6	72,762
Minority interest	919	954	-3.7	830
Common stock	6,264	6,264	-	6,264
Additional paid-in capital	15,898	15,898	-	15,898
Retained earnings	266,345	303,597	-12.3	268,255
Net unrealized gain on available-for-sale securities	110	82	34.1	37
Foreign currency translation adjustments	7,142	4,812	48.4	-4,687
Treasury stock - at cost	-16,279	-70,727	-77.0	-7,878
Total Shareholders' Equity	279,480	259,926	7.5	277,889
Total	361,537	356,966	1.3	351,482
notes:				
Accumulated depreciation	181,818	176,548	(Million Yen)	166,344
Guarantees of borrowings and lease obligations for customers	2,206	2,209	(Million Yen)	1,369
Number of shares of treasury stock	4,401,607	19,123,407	(stocks)	967,762

(2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Three months ended				
			Variance		Dec.31,2005
	Mar.31,2006	Mar.31,2005	Value	(%)	
Net sales	90,204	76,938	13,266	17.2	87,286
Cost of sales	46,839	40,692	6,147	15.1	40,830
Gross profit	43,364	36,245	7,119	19.6	46,456
Selling, general and administrative expenses	19,321	17,106	2,215	12.9	19,198
Operating income	24,043	19,138	4,905	25.6	27,257
Non-operating income	655	1,699	-1,044	-61.4	759
Interest income	332	320	12		482
Foreign exchange gains	-	773	-773		-
Equity in earnings of affiliates	-	403	-403		110
Others	322	203	119		167
Non-operating expenses	2,663	397	2,266	570.8	855
Interest expense	40	1	39		31
Sales Discount	193	169	24		177
Foreign exchange losses	1,235	-	1,235		288
Equity in losses of affiliates	601	-	601		-
Others	591	228	363		358
Ordinary income	22,036	20,440	1,596	7.8	27,162
Extra-ordinary gains	585	270	315	116.7	319
Gain on sales of property, plant and equipment	52	65	-13		15
Others	533	205	328		305
Extra-ordinary losses	1,663	3,414	-1,751	-51.3	1,518
Maintenance of Environment	140	793	-653		47
Additional retirement benefits paid to employees	162	77	85		383
Loss on impairment	785	776	9		320
Loss on disposal of property, plant and equipment	231	276	-45		178
Loss on close of factory	-	1,263	-1,263		-
Others	344	229	115		591
Income before income taxes and other items	20,958	17,297	3,661	21.2	25,963
Income taxes - Current	5,312	3,820	1,492	39.1	4,422
Income taxes - Deferred	-778	-1,619	841	-51.9	1,388
Minority interests in net income	-89	-22	-67	-	30
Net income	16,514	15,118	1,396	9.2	20,120
Net income per share(Yen)	38.21	135.18	-96.97		46.20

Notes:

- Net income per share for the term under review decreased drastically on year-on-year bases as the company carried out a four-for-one stock split on November 15, 2005 and the number of outstanding shares increased four times. For details, please refer to the Notes at the next page.
- 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	Million Yen	90,204	88,097	2,107
Operating income	Million Yen	24,043	22,829	1,214
Ordinary income	Million Yen	22,036	20,846	1,190
Net income	Million Yen	16,514	15,353	1,161

- Average rates of major foreign currencies

		Three months ended		
		Mar.31,2006	Mar.31,2005	Variance(%)
US\$	Yen	117.16	105.25	-11.3%
Euro	Yen	140.92	137.62	-2.4%
Thail Baht	Yen	3.00	2.72	-10.3%

Notes Relating to Stock Split

In a meeting of the Board of Directors held on July 20, 2005, HOYA CORPORATION "the Company" decided to carry out a four-for-one stock split. The details are as follows:

1. Number of shares to be increased

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

2. Method

With effect on November 15, 2005, the shares of shareholders recorded on September 30, 2005 will be split four for one.

3. Date entitled to dividend

October 1, 2005

The per share information for the same period last year is actual result and not adjusted. For your reference, per share information for the same period last year which is re-calculated assuming that the above stock split was exercised on the beginning of the term is as follows :

	<u>Three months ended Mar. 31,</u>		Variance	<u>Three months ended</u>
	2006	2005		Dec.31,2005
Shareholders' equity per share (Yen)	648.87	623.59	25.28	604.09
Basic net income per share (Yen)	38.21	33.79	4.42	46.20
Diluted net income per share (Yen)	38.03	33.71	4.32	46.01

Notes Relating to Purchase of Treasury Stock

HOYA CORPORATION has completed the acquisition of the Treasury Stock, resolved at the Board of Directors meeting held on October 20, 2005 in accordance with Article 211-3, Section 1-2 of the Commercial Code of Japan.

1. Period of the purchase From November 15, 2005 to December 1, 2005
2. Total number of shares purchased 15,686,800 shares
3. Total cost of acquisition 63,999,973,000 Yen
4. Method of the purchase Purchase on the Tokyo Stock Exchange

(Note)

Decision of the Board of Directors meeting held on October 20, 2005 is as follows:

Type of shares to be purchased:	Common shares of the Company
Number of shares to be purchased:	16,000,000 shares (Maximum)
Value of the purchase:	64,000 million yen (Maximum)
Period of the purchase:	From October 21, 2005 to December 20, 2005

Notes Relating to Cancellation of Treasury Stock

HOYA CORPORATION has completed the cancellation of the Treasury Stock, resolved at the Board of Directors meeting held on January 20, 2006 in accordance with Article 212 of the Commercial Code of Japan.

1. Purpose of the cancellation In order to improve capital efficiency as well as to enhance returns to shareholders by decreasing issued and outstanding shares.
2. Class of shares cancelled Common stock
3. Number of shares cancelled 14,379,000 shares
(3.2% of total issued and outstanding shares)
4. Date of cancellation February 1, 2006
5. Number of total issued and outstanding shares after cancellation 435,017,020 shares

(3) Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen			
	<u>Three months ended,</u>			<u>Dec.31,</u>
	<u>Mar.31,</u>	<u>Mar.31,</u>	variance	
	2006	2005		2005
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	303,597	253,154	50,443	297,127
Adjustment of retained earnings	16,514	15,118	1,396	20,120
Net income	16,514	15,118	1,396	20,120
Appropriations	53,766	17	53,749	13,651
1. Cash dividends	-	-	-	13,374
2. Cancellation of treasury stock	53,180	-	53,180	-
3. Loss on deposit of treasury stock	571	17	554	278
4. Others	13	-	13	-
Balance at the end of the period	266,345	268,255	-1,910	303,597

(4) Consolidated Statements of Cash Flows (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

	<u>Millions of Yen</u>		
	<u>Three months ended Mar.31,</u>		
	2006	2005	variance
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	20,958	17,296	3,662
Depreciation and amortization	7,821	6,196	1,625
Loss on impairment of long-lived assets	785	775	10
Gain on transfer of businesses	-594	-	-594
Provision for (reversal of) accrued allowances for doubtful receivables	24	-339	363
Provision for (reversal of) accrued bonuses to employees	2,120	1,919	201
Provision for (Reversal of) reserve for periodic repairs	-137	-20	-117
Interest income and dividend receivable	-332	-320	-12
Interest expense payable	40	0	40
Foreign exchange loss (gain)	72	-147	219
Equity in earnings of affiliates	601	-402	1,003
Gain on sales of property, plant and equipment and investment securities	-52	-65	13
Loss on disposal of property, plant and equipment and investment securities	231	275	-44
Other	1,177	215	962
(Increase) decrease in notes and accounts receivable	5,415	3,743	1,672
(Increase) decrease in inventories	1,215	1,062	153
(Increase) decrease in other current assets	3,714	838	2,876
Increase (decrease) in notes and accounts payable	-349	-4,351	4,002
Increase (decrease) in income taxes payable	-253	-280	27
Increase (decrease) in other current liabilities	-214	3,086	-3,300
Sub total	42,245	29,483	12,762
Interest and dividend receivable	339	277	62
Interest payable	-41	-11	-30
Income taxes - paid	-1,273	-1,964	691
Net cash provided by operating activities	41,269	27,784	13,485
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	-10,609	-6,964	-3,645
Proceeds from sales of property, plant and equipment	45	368	-323
Purchases of investment securities	-536	-	-536
Purchase of stocks of subsidiary for consolidation	-337	-	-337
Proceeds from loans	22	46	-24
Increase in investments and other assets	-1,382	-573	-809
Decrease in investments and other assets	72	75	-3
Proceeds from transfer of businesses	830	-	830
Net cash used in investing activities	-11,896	-7,047	-4,849
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term bank loans	-20,000	190	-20,190
Payments for purchase of treasury stock	-3	-5	2
Proceeds from sales of treasury stock	698	298	400
Net cash used in financing activities	-19,304	483	-19,787
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	-952	728	-1,680
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	9,115	21,949	-12,834
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	74,458	90,925	-16,467
CASH AND CASH EQUIVALENTS, END OF PERIOD	83,574	112,874	-29,300

(5) Preparation of the Consolidated Financial Statements

Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 62 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 : 1company, 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 Mar.31, 2005 : 4 companies increased in total

5 companies increased due to the establishment: HOYA MEDICAL EUROPE GMBH. (Germany)
HOYA HEALTHCARE (SHANGHAI) CO., LTD. (China)
HOYA CANDEO OPTRONICS KOREA CO., LTD. (Korea)
VISION MEMBRANE TECHNOLOGIES, INC. (U.S.A.)
Other one company (overseas)

1 company increased due to the transfer to the consolidated subsidiary: QSTREAMS NETWORKS, INC. (U.S.A.)

1 company decreased due to the merger into the parent company: HOYA ADVANCED SEMICONDUCTOR TECHNOLOGIES CO.,LTD. (Japan)

1 company decreased due to the closing: HOYA LENS MEXICO, SA.DE.CV. (Mexico)

In comparison to Dec.31, 2005 : 1 company decreased in total

1 company increased due to the transfer to the consolidated subsidiary: QSTREAMS NETWORKS, INC. (U.S.A.)

1 company decreased due to the merger into the parent company: HOYA ADVANCED SEMICONDUCTOR TECHNOLOGIES CO.,LTD. (Japan)

1 company decreased due to the closing: HOYA LENS MEXICO, SA.DE.CV. (Mexico)

b. Application of the equity method

In comparison to Mar.31, 2005 :No change

In comparison to Dec.31, 2005 :No change

	as of Mar. 31, 2006	as of Mar. 31, 2005	variance	as of Dec. 31, 2005
Consolidated subsidiaries	62 (do 5, os57)	58 (do 6, os52)	+4 (do-1, os +5)	63 (do 6, os57)
Nonconsolidated subsidiaries	- (do -, os -)	- (do -, os -)	- (do -, os -)	- (do -, os -)
Affiliates	5 (do 5, os -)	5 (do 5, os -)	- (do-, os-)	6 (do 5, os 1)
(accounted for by the equity method)	(1) (do 1, os -)	(1) (do 1, os -)	(-) (do-, os-)	(1) (do 1, os -)
Total Hoya Group	67	63	+4	69
(accounted for by the equity method)	(1)	(1)	(-)	(1)

(do : domestic, os : overseas)

2. Changes in accounting policies

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>As of Mar. 31,</u>		<u>As of Dec. 31,</u>
	<u>2004</u>	<u>2003</u>	<u>2003</u>
Cash and deposits	<u>83,574</u>	<u>112,874</u>	<u>74,458</u>
Total	<u>83,574</u>	<u>112,874</u>	<u>74,458</u>

2. Details of Important Non-financial Trading

<u>Three months ended Mar.31, 2006</u>	<u>Millions of Yen</u>
Cancellation of treasury stock (with effect on Feb 1, 2006 for 14,379,000 shares)	53,180

Three months ended Mar.31, 2005
None

Three months ended Dec.31, 2005
None

Notes Relating to Investment Securities and Derivatives

1. Investment securities with market values:

(Millions of Yen)

	As of								
	<u>Mar.31, 2006</u>			<u>Dec.31, 2005</u>			<u>Mar.31, 2005</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale : Marketable Equity securities	1,692	1,874	181	1,692	1,870	177	159	308	148
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	1,692	1,874	181	1,692	1,870	177	159	308	148

2. Investment securities without market values:

(Millions of Yen)

	As of		
	<u>Mar.31, 2006</u>	<u>Dec.31, 2005</u>	<u>Mar.31, 2005</u>
	Non-marketable stock of subsidiaries	11,104	11,650
Total	11,104	11,650	9,486
Non-marketable equity securities	802	1,016	274
Others	279	276	314
Total	1,081	1,292	588

3. Derivatives

None

Notes Relating to Income Taxes

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

	<u>Millions of Yen</u>		
	<u>As of</u>		
	<u>Mar. 31,</u>	<u>Dec.31,</u>	<u>Mar.31,</u>
(1) Current deferred tax assets and liabilities	<u>2006</u>	<u>2005</u>	<u>2005</u>
Deferred tax assets			
Inventories - intercompany unrealized profits	1,692	2,049	2,166
Maintenance of environment	1,474	1,414	323
Accrued bonuses to employees	1,601	801	1,529
Accrued enterprise taxes	727	418	691
Amortization of goodwill	-	-	285
Other	1,911	1,564	1,505
Total amount of deferred tax assets - current	<u>7,407</u>	<u>6,249</u>	<u>6,500</u>
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Amortization of goodwill and property, plant and equipment	1,962	1,938	1,876
Loss on impairment of long lived assets	556	877	861
Allowance for doubtful receivables	105	109	117
Loss on close of factory	-	-	510
Other deferred tax assets	1,078	1,275	681
Total amount of deferred tax assets - fixed	<u>3,702</u>	<u>4,201</u>	<u>4,047</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-406	-415	-434
Special depreciation reserve	-298	-293	-313
Net unrealized gain on available-for-sale securities	-74	-33	-35
Other	-165	-165	-165
Total amount of deferred tax liabilities - fixed	<u>-945</u>	<u>-907</u>	<u>-949</u>
Net amount of deferred tax assets - fixed	<u>2,757</u>	<u>3,293</u>	<u>3,097</u>

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

	<u>Three months ended</u>		
	<u>Mar.31,2006</u>	<u>Mar.31,2005</u>	<u>Dec.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	-21.0	-17.4	-18.0
Expenses not permanently deductible for income tax purposes	0.7	1.1	0.3
Per capita portion	0.1	0.1	0.1
Non-taxable dividend income	-	-	0.0
Intercompany cash dividend and transactions	-	-8.4	0.0
Equity in earnings of affiliates	1.2	-0.9	-0.2
Tax credit on experiment and research expenses	-0.6	-1.1	-0.4
Other adjustment - net	0.8	-1.1	0.2
Effective income tax rate	<u>21.6</u>	<u>12.7</u>	<u>22.4</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

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Mar.31,</u>	<u>Dec.31,</u>	
(1) Breakdown of liabilities for employees' retirement benefits	<u>2006</u>	<u>2005</u>	<u>2005</u>
None			
(2) Breakdown of expenses for employees' retirement benefits			
Additional retirement benefits paid to employees	162	77	383
Expenses for employees' retirement benefits	162	77	383
(3) Calculation basis of liabilities for employees' retirement benefits			
None			

Notes Relating to Impairment of Fixed Assets

1. Crystal Division

(1) Group of assets applied :

Production facilities of crystal glassware at mainly Tokyo Studio, Crystal Division in Akishima Factory

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Mar.31,</u>		<u>Dec.31,</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
Machinery, etc.	<u>417</u>	<u>9</u>	<u>320</u>
Total	<u>417</u>	<u>9</u>	<u>320</u>

2. Photonics Division

(1) Group of assets applied :

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

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Mar.31,</u>		<u>Dec.31,</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
Land	-	449	-
Buildings and Others	-	317	-
Total	-	<u>766</u>	-

3. Headquarters

(1) Group of assets applied :

Land for lease at Machida-city, Tokyo

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Mar.31,</u>		<u>Dec.31,</u>
	<u>2006</u>	<u>2005</u>	<u>2005</u>
Land	<u>368</u>	-	-
Total	<u>368</u>	-	-

3.Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

(1) Industry Segments

Fourth quarter : for the three months ended March 31, 2006

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	50,357	2,524	27,844	8,946	181	349	90,204	-	90,204
Intersegment	67	47	-1	0	6	945	1,062	(1,062)	-
Total	50,425	2,571	27,843	8,947	187	1,294	91,266	(1,062)	90,204
Operating expenses	31,879	2,329	22,647	8,266	357	1,154	66,630	(470)	66,161
Operating income	18,546	241	5,197	681	-169	140	24,636	(593)	24,043
Operating margin	36.8%	9.4%	18.7%	7.6%	-90.4%	10.8%	27.0%	-	26.7%
Assets	204,191	7,605	98,243	19,927	840	3,984	334,792	26,745	361,537
Depreciation	5,679	33	1,805	253	-	13	7,786	35	7,821
Loss on impairment	-	-	-	-	417	-	417	368	785
Capital Expenditures	8,364	68	2,015	957	340	137	11,884	35	11,919
R&D Expenses	1,874	902	696	852	18	-	4,344	-	4,344
Number of employees (p)	17,133	191	6,794	733	86	185	25,122	54	25,176

Fourth quarter : for the three months ended March 31, 2005

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	40,937	2,378	24,499	7,811	831	479	76,938	-	76,938
Intersegment	58	67	1	0	6	1,241	1,375	(1,375)	-
Total	40,996	2,446	24,500	7,811	837	1,721	78,313	(1,375)	76,938
Operating expenses	26,425	2,481	20,285	6,202	1,156	1,566	58,118	(318)	57,799
Operating income	14,571	-35	4,215	1,608	-318	154	20,195	(1,056)	19,138
Operating margin	35.5%	-1.5%	17.2%	20.6%	-38.0%	9.0%	25.8%	-	24.9%
Assets	162,638	7,648	90,765	18,329	1,899	3,215	284,497	66,985	351,482
Depreciation	4,290	30	1,631	180	-	47	6,182	14	6,196
Loss on impairment	-	766	-	-	9	-	776	-	776
Capital Expenditures	6,762	87	1,879	136	8	49	8,923	0	8,923
R&D Expenses	1,743	252	281	187	7	-	2,474	-	2,474
Number of employees (p)	13,462	226	6,464	601	168	256	21,177	57	21,234

Ref : Differences between the three months of this year and the same period last year

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimi. or corp.*	Consolidated
Net sales:									
To outside customers	9,420	146	3,345	1,135	-650	-130	13,266	-	13,266
Variance	23.0%	6.1%	13.7%	14.5%	-78.2%	-27.1%	17.2%	-	17.2%
Intersegment	9	-20	-2	0	0	-296	-313	313	-
Total	9,429	125	3,343	1,136	-650	-427	12,953	313	13,266
Operating expenses	5,454	-152	2,362	2,064	-799	-412	8,512	-152	8,362
Operating income	3,975	276	982	-927	149	-14	4,441	463	4,905
Variance	27.3%	-788.6%	23.3%	-57.6%	-46.9%	-9.1%	22.0%	-	25.6%
Assets	41,553	-43	7,478	1,598	-1,059	769	50,295	-40,240	10,055
Depreciation	1,389	3	174	73	-	-34	1,604	21	1,625
Loss on impairment	-	-766	-	-	408	-	-359	368	9
Capital Expenditures	1,602	-19	136	821	332	88	2,961	35	2,996
R&D Expenses	131	650	415	665	11	-	1,870	-	1,870
Number of employees (p)	3,671	-35	330	132	-82	-71	3,945	-3	3,942

*Elimi. or corp. : Eliminations or corporate

Notes:

1. Products and Services of each Business Division:

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 Communication, Optical lenses, Optical glasses, Electronic glasses, etc.
	Photonics	Laser 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, Intraocular lenses, etc.
Lifestyle Refinement	Crystal	Crystal glass products
	Service	Design of information systems, Outsourcing, 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 Mar. 31, 2006 and 2005 are as follows:

<u>2006</u>	452 Million Yen
<u>2005</u>	837 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 Mar. 31, 2006 and 2005 are as follows:

<u>2006</u>	34,912 Million Yen
<u>2005</u>	75,075 Million Yen

(2) Geographical Segments

Fourth quarter : for the three months ended March 31, 2006

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	61,365	9,590	10,725	8,524	90,204	-	90,204
Intersegment	6,149	31	264	32,123	38,566	(38,566)	-
Total	67,514	9,621	10,988	40,647	128,770	(38,566)	90,204
Operating expenses	60,256	9,743	9,102	28,269	107,370	(41,209)	66,161
Operating income	7,258	-122	1,886	12,378	21,400	2,643	24,043
Operating margin	10.8%	-1.3%	17.2%	30.5%	16.6%	-	26.7%
Assets	163,840	22,377	63,345	149,298	398,861	-37,323	361,537

Fourth quarter : for the three months ended March 31, 2005

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	57,034	7,273	8,894	3,736	76,938	-	76,938
Intersegment	4,467	112	66	23,318	27,965	(27,965)	-
Total	61,501	7,386	8,960	27,054	104,903	(27,965)	76,938
Operating expenses	52,122	7,554	7,557	19,387	86,621	(28,822)	57,799
Operating income	9,378	-167	1,403	7,667	18,281	857	19,138
Operating margin	15.3%	-2.3%	15.7%	28.3%	17.4%	-	24.9%
Assets	165,938	17,128	32,927	104,191	320,185	31,297	351,482

Ref : Differences between the three months of this year and the same period last year

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	4,331	2,317	1,831	4,788	13,266	-	13,266
Variance	7.6%	31.9%	20.6%	128.2%	17.2%	-	17.2%
Intersegment	1,682	-81	198	8,805	10,601	-10,601	-
Total	6,013	2,235	2,028	13,593	23,867	-10,601	13,266
Operating expenses	8,134	2,189	1,545	8,882	20,749	-12,387	8,362
Operating income	-2,120	45	483	4,711	3,119	1,786	4,905
Variance	-22.6%	-26.9%	34.4%	61.4%	17.1%	-	25.6%
Assets	-2,098	5,249	30,418	45,107	78,676	-68,620	10,055

*Elimi. or corp. : Eliminations or corporate

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, which are not allocated to each industry segment. Corporate operating expenses for the three months ended Mar. 31, 2006 and 2005 are as follows:

2006 674 Million Yen 2005 845 Million Yen

- Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company. Corporate assets as of Mar. 31, 2006 and 2005 are as follows:

2006 33,958 Million Yen 2005 72,840 Million Yen

(3) Sales to Foreign Customers

Fourth quarter : for the three months ended March 31, 2006

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	12,386	11,194	23,665	851	48,096
Total Consolidated Net Sales (B)					90,204
Overseas Sales ratio A/B	13.7%	12.4%	26.2%	1.0%	53.3%
Regional Sales ratio	25.7%	23.3%	49.2%	1.8%	100.0%

Fourth quarter : for the three months ended March 31, 2005

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	9,684	9,415	17,163	6	36,268
Total Consolidated Net Sales (B)					76,938
Overseas Sales ratio A/B	12.6%	12.2%	22.3%	0.0%	47.1%
Regional Sales ratio	26.7%	26.0%	47.3%	0.0%	100.0%

Ref : Differences between the three months of this year and the same period last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	2,702	1,779	6,502	845	11,828
Total Consolidated Net Sales (B)					13,266
Variance of Overseas Sales	27.9%	18.9%	37.9%	-	32.6%

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

(Unaudited)

Business Category Company	Millions of Yen [%]					
	Three months ended		Variance		Three months ended	
	Mar.31,2006	Mar.31,2005	Value	%	Dec.31, 2005	
Electro-Optics						
Domestic	22,982 (45.6)	20,950 (51.2)	2,032	9.7	23,393 (47.9)	
Overseas	27,375 (54.4)	19,987 (48.8)	7,388	37.0	25,449 (52.1)	
total	50,357 [55.8]	40,937 [53.2]	9,420	23.0	48,842 [56.0]	
Photonics						
Domestic	1,376 (54.5)	1,866 (78.5)	-490	-26.3	1,400 (57.1)	
Overseas	1,148 (45.5)	512 (21.5)	636	124.2	1,051 (42.9)	
total	2,524 [2.8]	2,378 [3.1]	146	6.1	2,451 [2.8]	
Information Technology						
Domestic	24,358 (46.1)	22,816 (52.7)	1,542	6.8	24,792 (48.3)	
Overseas	28,524 (53.9)	20,500 (47.3)	8,024	39.1	26,500 (51.7)	
total	52,882 [58.6]	43,316 [56.3]	9,566	22.1	51,293 [58.8]	
Vision Care						
Domestic	8,705 (31.3)	9,040 (36.9)	-335	-3.7	8,811 (33.7)	
Overseas	19,139 (68.7)	15,459 (63.1)	3,680	23.8	17,344 (66.3)	
total	27,844 [30.9]	24,499 [31.8]	3,345	13.7	26,155 [30.0]	
Health Care						
Domestic	8,571 (95.8)	7,599 (97.3)	972	12.8	8,565 (96.1)	
Overseas	375 (4.2)	212 (2.7)	163	76.9	350 (3.9)	
total	8,946 [9.9]	7,811 [10.2]	1,135	14.5	8,916 [10.2]	
Eye Care						
Domestic	17,276 (47.0)	16,639 (51.5)	637	3.8	17,377 (49.5)	
Overseas	19,515 (53.0)	15,672 (48.5)	3,843	24.5	17,693 (50.5)	
total	36,791 [40.8]	32,311 [42.0]	4,480	13.9	35,070 [40.2]	
Crystal						
Domestic	124 (68.5)	735 (88.4)	-611	-83.1	361 (81.5)	
Overseas	57 (31.5)	96 (11.6)	-39	-40.6	81 (18.5)	
total	181 [0.2]	831 [1.1]	-650	-78.2	443 [0.5]	
Service						
Domestic	349 (100.0)	479 (100.0)	-130	-27.1	480 (100.0)	
Overseas	- (-)	- (-)	-	-	- (-)	
total	349 [0.4]	479 [0.6]	-130	-27.1	480 [0.5]	
Lifestyle Refinement						
Domestic	473 (89.1)	1,215 (92.7)	-742	-61.1	842 (91.2)	
Overseas	57 (10.9)	96 (7.3)	-39	-40.6	81 (8.8)	
total	531 [0.6]	1,311 [1.7]	-780	-59.5	923 [1.1]	
Total Net Sales						
Domestic	42,108 (46.7)	40,670 (52.9)	1,438	3.5	43,011 (49.3)	
Overseas	48,096 (53.3)	36,268 (47.1)	11,828	32.6	44,275 (50.7)	
Total	90,204 [100.0]	76,938 [100.0]	13,266	17.2	87,286 [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.