



Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

Performance for the three months ended September 30, 2004 and 2003 (Second Quarter)

(Figures less than a million yen are omitted.)

(1)Results of Operations	<u>Millions of Yen</u>			
	<u>Three months ended</u>			<u>Jun.30, 2004</u>
	<u>Sep.30, 2004</u>	<u>Sep.30, 2003</u>	<u>change(%)</u>	
Net sales	78,486	67,786	(15.8)	74,961
Operating income	23,047	16,400	(40.5)	21,081
Ordinary income	24,404	15,638	(56.1)	22,366
Net income	16,671	9,129	(82.6)	16,222
Net income per share(Yen)	149.78	81.12		149.15
Ordinary income / net sales	31.1%	23.1%		29.8%

Notes : No changes have been made in accounting policy.

(2)Financial Position	<u>Millions of Yen</u>		
	<u>As of</u>		
	<u>Sep.30, 2004</u>	<u>Jun.30, 2004</u>	<u>Sep.30, 2003</u>
Total assets	319,944	293,699	265,734
Shareholders' equity	250,696	230,648	205,213
Shareholders' equity ratio	78.4%	78.5%	77.2%
Shareholders' equity per share (Yen)	2,252.35	2,072.58	1,845.23

(3)Conditions of Cash Flows	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Sep.30, 2004</u>	<u>Sep.30, 2003</u>	<u>Jun.30, 2004</u>
Net cash provided by operating activities	25,522	23,171	10,090
Net cash used in investing activities	-9,863	-6,229	-8,328
Net cash provided (used in) financing activities	45	-33,094	-5,685
Cash and cash equivalents, end of period	94,660	62,895	77,158

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. Business Overview

1. Results of Operations

1) General Overview

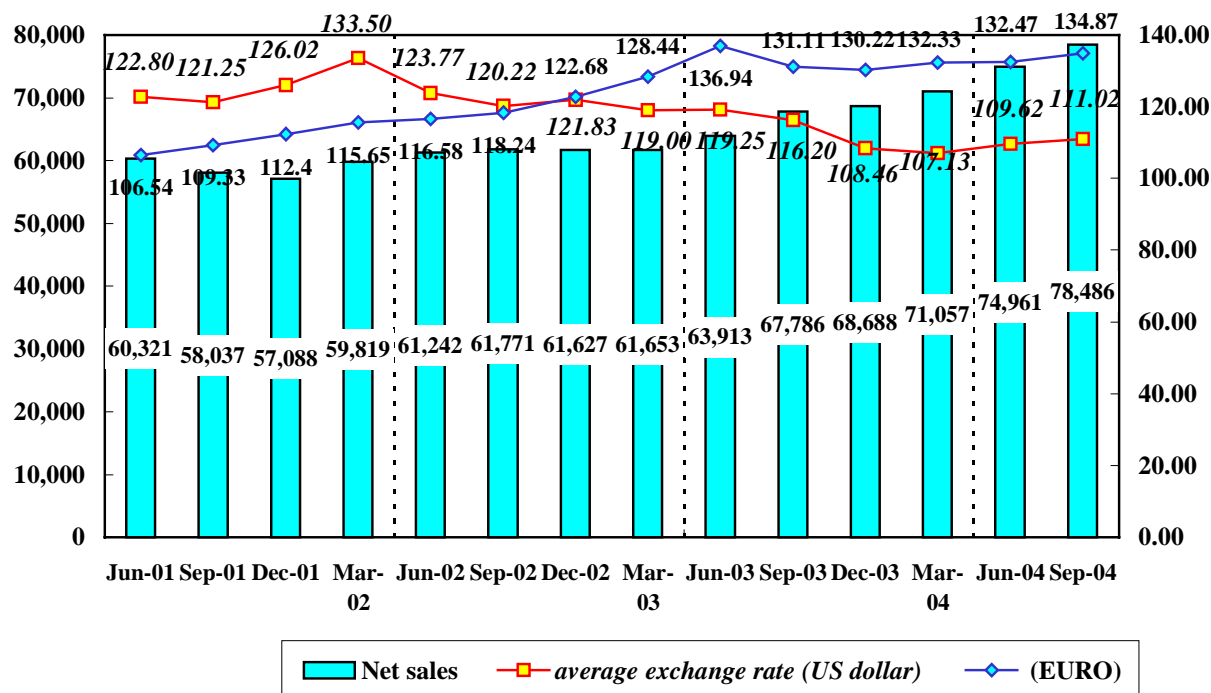
<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Three months ended Sep. 30, 2004</u>
Net sales	78,486
Operating income	23,047
Ordinary income	24,404
Net income	16,671
Net income per share(Yen)	149.78

During the quarter under review, along with continued robust conditions carried over from the 1st quarter when the business climate of manufacturing industries improved sparked by brisk sales of digital home appliances improvement, positive prospects outlook were also evident in personal consumption as the driving force in home appliance sales as the result of unusually hot weather and the Athens Olympics.

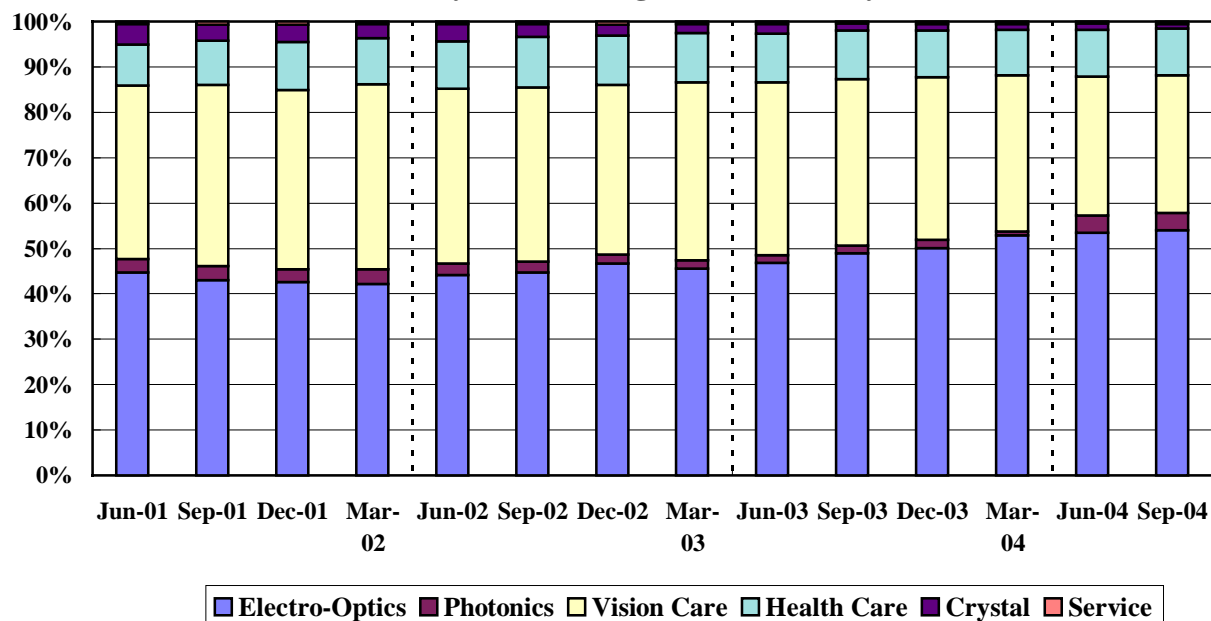
In quarterly averaged exchange rates in the foreign currency market, the US dollar, Thai baht and euro depreciated by 4.5%, 5.7% and 2.9%, respectively, all against the yen on a year-on-year basis.

Within that context, in the HOYA Group, the Electro-Optics sector saw continued demand for high-precision products driven by favorable sales of digital home appliances. In the Vision Care division, the prolonged slump in the domestic market appeared to have hit the bottom. A slump was felt in eyeglass lenses in reaction to the good conditions of the previous year. In the Health Care division, sales were firm both in contact lenses and intraocular lenses as well as other high-function products. As a result, consolidated sales during the quarter under review increased 15.8% year-on-year to Yen 78,486 million.

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

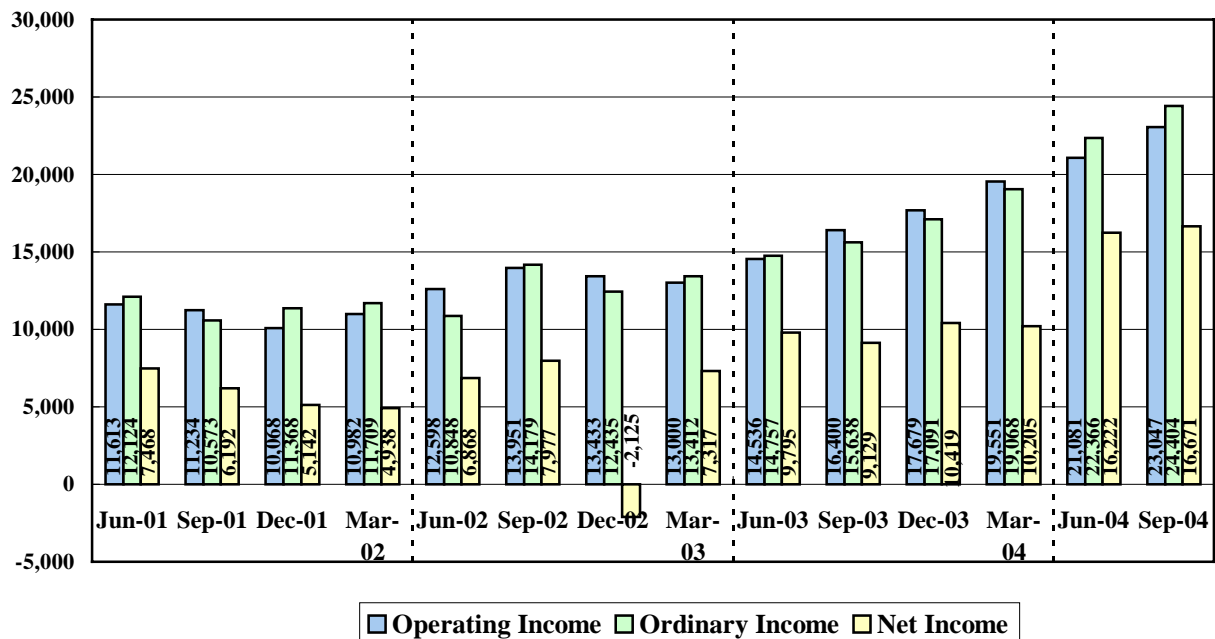


Ratio of Net Sales by Business Segment - Quarterly Transition



In the term under review, the Electro-Optics sector saw persisting orders for its high precision products and major plants continued in full production. The Eye Care sector, a boost in revenues was achieved through the effects of the integration of commercial production plants and processing operations. As a result, for the Group overall, operating income, ordinary income and net income for the term increased 40.5%, 56.1% and 82.6% 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 Yen68.66 year-on-year to Yen 149.78.

Quarterly Incomes (Millions of Yen)



Note:

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 mask blanks for semiconductor production, there was an increase in orders for phase shift mask blanks and other high-precision products 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 over the same term in the previous year. In spite of talk of deterioration in market conditions for large-size LCD masks due to expanded LCD panel supply capacity, panel manufacturers launched new production lines, the development of new models remained vigorous and demand was as strong as before, resulting in increased sales on a year-on-year basis.

In glass disks for hard disk drives (HDDs), an expansion in HDD applications to portable music players and other devices stimulated a favorable expansion in demand. Furthermore, the sales of the Nippon Sheet Glass Co.,Ltd. sector transferred to HOYA in the 4th quarter of the previous fiscal year were included beginning in the 1st quarter, resulting in a broad increase in sales on a year-on-year basis.

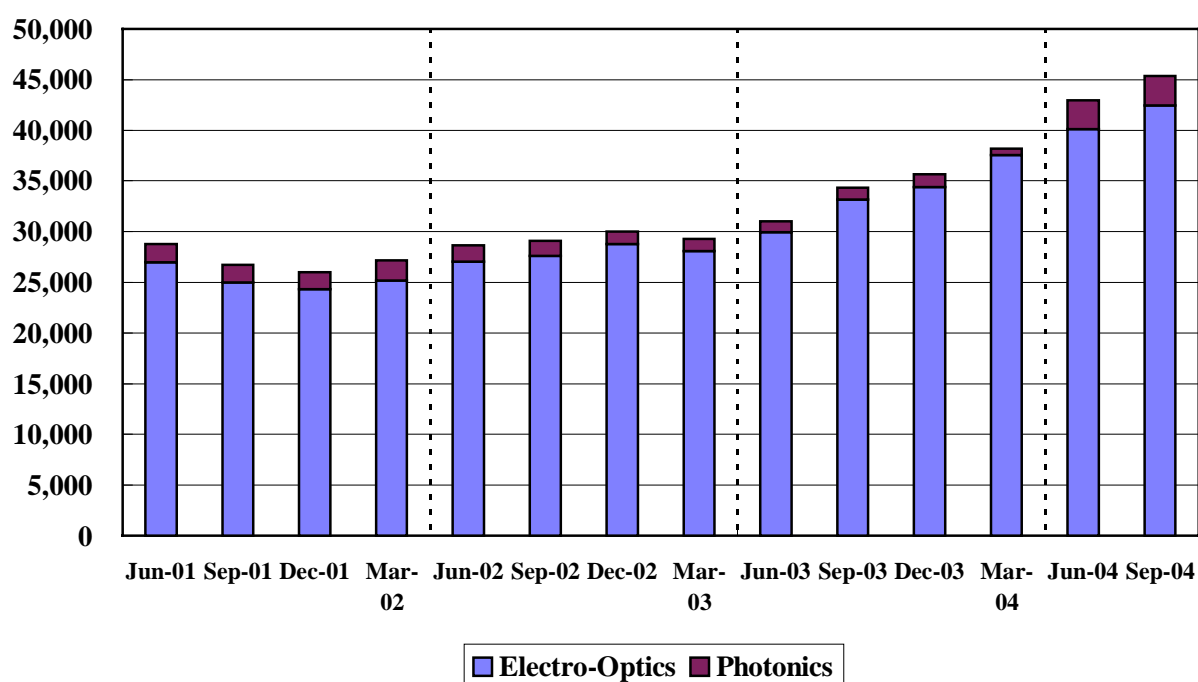
In optical products, though the momentum of digital cameras in the market slowed, growth still continued, resulting in increased sales on a year-on-year basis.

Photonics

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

The sales of HOYA CANDEO OPTRONICS (former HOYA-SCHOTT Corp.) were posted to the Electro-Optics sector until the end of the previous fiscal year but have now been transferred to this sector beginning in the present term, which brought a significant increase over the same term in the previous year. The former HOYA-SCHOTT Corp. was converted from an affiliated company to which the equity method applies to a consolidated subsidiary effective as of end of the 1st quarter last year.

Quarterly Net Sales of Information Technology (Millions of Yen)



2. Eye Care

Vision Care

In the domestic eyeglass lens market, the prolonged stagnation seems to have bottomed out, and a moderate recovery is becoming apparent. At HOYA, in spite of persistently intense price competition for products in the lower price range, sales grew in the upper price range through the market introduction of new products and the value-added enhancement of progressive lenses and other products. Overall, sales increased on a year-on-year basis.

In overseas markets, sales in the Asia-Oceania region, where HOYA promoted the value-added enhancement of its products, remained solid. In the United States and Europe, we continued to reinforce efforts to realize the value-added enhancement of progressive, high-refraction and other lenses, though, in Germany, Europe's largest market, however, sales decreased in reaction to increased demand stimulated by the reform to the health insurance system during the previous fiscal year. As a result, there was a decline in aggregate sales in overseas markets on a year-on-year basis.

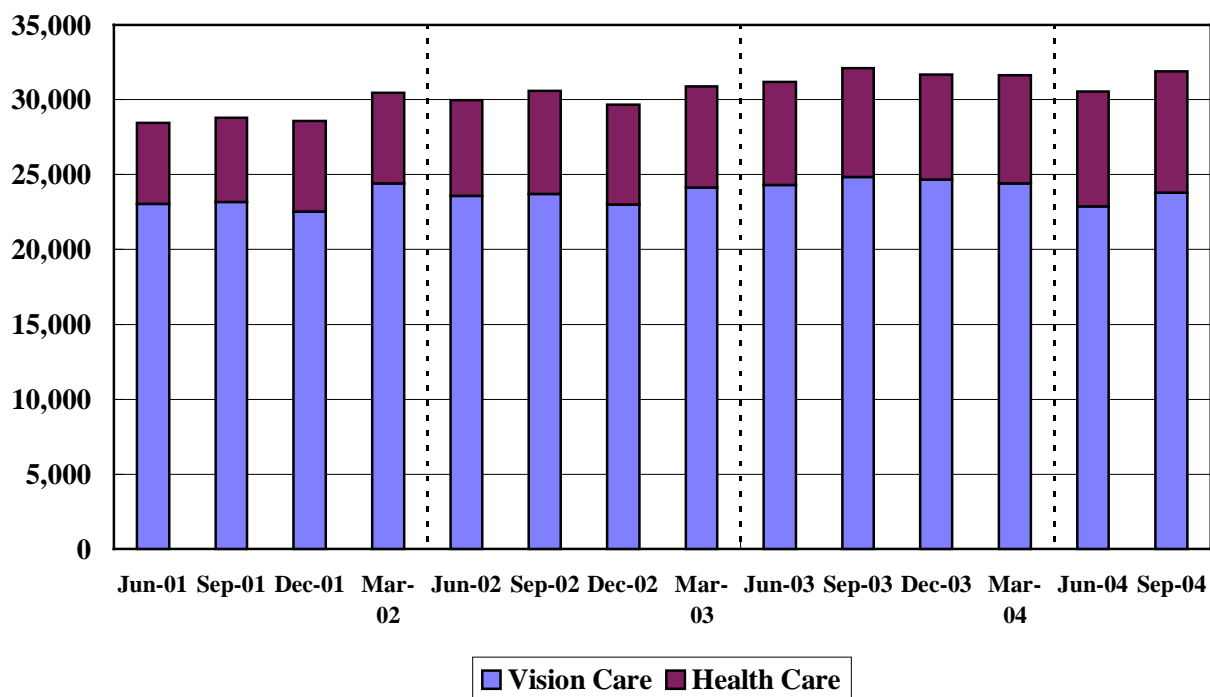
As a result, revenues of the Vision Care division as a whole decreased on a year-on-year basis.

Health Care

In contact lenses, while price competition in the market intensified among discount retailers, HOYA sought to differentiate itself from its competitors by continuing with the systematic establishment of new retail stores, taking advantage of its professional expertise to improve face-to-face customer services and promoting sales of, multifocal lenses and other high value-added products, thereby boosting sales on a year-on-year basis.

Sales of intraocular lenses (IOL) increased on a year-on-year basis due to favorable sales of soft intraocular lenses both in Japan and overseas.

Quarterly Net Sales of Eye Care (Millions of Yen)

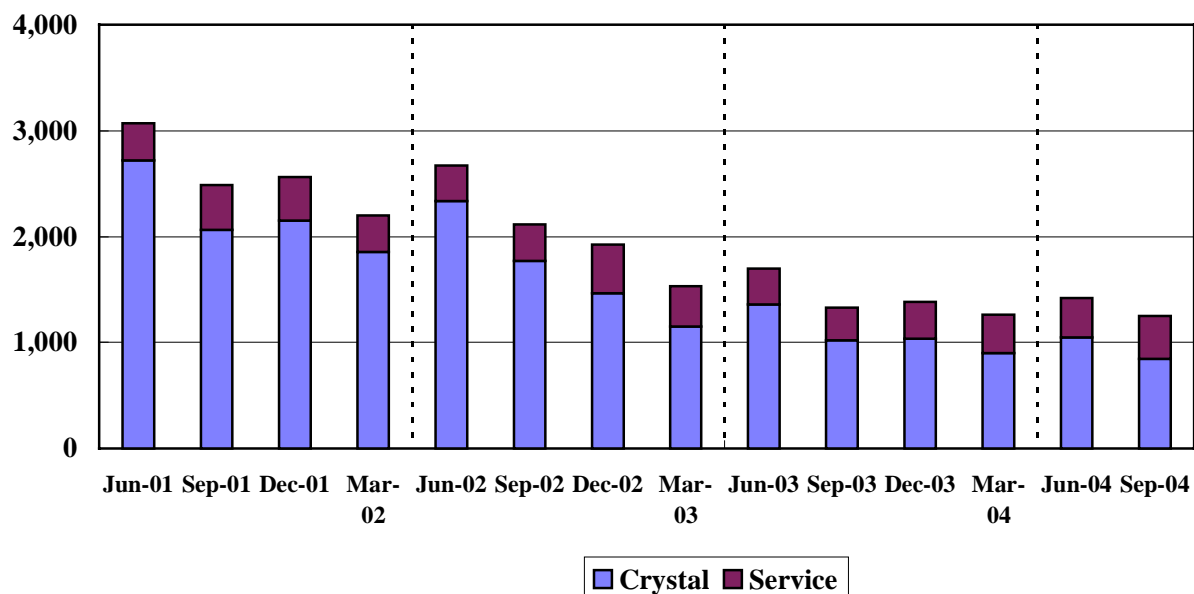


3. Lifestyle Refinement

Crystal

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

Quarterly Net Sales of Lifestyle Refinement (Millions of Yen)



2. Financial Position

	<u>Millions of Yen</u>
	<u>As of Sep. 30, 2004</u>
Total assets	319,944
Shareholders' equity	250,696
Shareholders' equity ratio	78.4%

At the end of the quarter under review, current assets increased Yen 22,163 million and fixed assets also increased Yen 4,066 million against the end of the previous quarter. As a result, total assets increased Yen 26,245 million. Shareholders' equity increased Yen 20,048 million due to increase of Yen 16,662 in retained earnings.

3. Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Three months ended Sep. 30, 2004</u>
Net cash provided by operating activities	25,522
Net cash used in investing activities	-9,863
Net cash provided by (used in) financing activities	45
Cash and cash equivalents, end of period	94,660

Cash flow from operating activities during the quarter under review amounted to Yen 25,522 million, which included Yen 22,282 million in quarterly income before income taxes and minority interests and Yen 5,225 in depreciation and amortization among others. Free cash flow amounted to Yen 15,659 million. The term-end balance of cash and cash equivalents increased Yen 17,501 million from the previous quarter.

(2) Consolidated Financial Statements (unaudited)

1. Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
	Sep.30,2004	Jun.30,2004	Variance	Sep.30,2003
ASSETS				
Current assets	213,797	191,634	22,163	171,642
Cash and deposits	94,660	77,158	17,502	62,895
Notes and accounts receivable - trades	73,042	69,902	3,140	63,420
Inventories	35,307	34,207	1,100	33,360
Deferred tax assets	6,649	5,132	1,517	5,517
Other current assets	5,591	6,651	-1,060	7,952
Allowance for doubtful receivables	-1,453	-1,418	-35	-1,504
Fixed assets	105,907	101,841	4,066	93,589
Tangible fixed assets	85,515	82,772	2,743	76,866
Buildings and structures	24,172	22,884	1,288	22,766
Machinery and vehicles	36,848	34,530	2,318	33,788
Lands	9,333	9,275	58	9,284
Other tangible fixed assets	15,161	16,081	-920	11,027
Intangible fixed assets	4,888	4,867	21	4,895
Investments and other assets	15,503	14,201	1,302	11,826
Investment securities	8,183	6,963	1,220	5,265
Deferred tax assets	2,859	3,008	-149	2,030
Other assets	4,901	4,716	185	6,071
Allowance for doubtful receivables	-441	-485	44	-1,540
Deferred charges	239	224	15	503
Total Assets	319,944	293,699	26,245	265,734
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	66,381	60,111	6,270	57,501
Notes and accounts payable - trades	27,415	27,292	123	23,974
Short-term bank loans	150	233	-83	2,050
Income tax payable	11,885	5,461	6,424	8,094
Accrued bonus to employees	3,835	1,982	1,853	3,746
Other current liabilities	23,094	25,141	-2,047	19,635
Long-term liabilities	2,039	2,164	-125	1,947
Long-term bank loans	-	10	-10	150
Other long-term liabilities	2,039	2,153	-114	1,796
Total Liabilities	68,420	62,276	6,144	59,449
Minority interest	827	774	53	1,070
Common stock	6,264	6,264	-	6,264
Capital surplus	15,898	15,898	-	15,898
Retained earnings	243,722	227,060	16,662	232,147
Net unrealized gain (loss) on available-for-sale securities	23	-28	51	-3
Foreign currency translation adjustments	-6,714	-9,893	3,179	-9,154
Treasury stock-at cost	-8,498	-8,650	152	-39,938
Total Shareholders' Equity	250,696	230,648	20,048	205,213
Total	319,944	293,699	26,245	265,734
Notes:	Millions of Yen			
Accumulated depreciation	159,519	154,725		155,408
Guarantees of borrowings and lease obligations for customers	1,089	918		669
Number of shares of treasury stock (unit : stocks)	1,044,621	1,063,567		4,911,680

2. Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

Three months ended

	Sep.30,2004	Sep.30,2003	Variance		Jun.30,2004
			Value	(%)	
Net sales	78,486	67,786	10,700	15.8	74,961
Cost of sales	39,772	36,302	3,470	9.6	38,067
Gross profit	38,713	31,484	7,229	23.0	36,894
Selling, general and administrative expenses	15,666	15,084	582	3.9	15,812
Operating income	23,047	16,400	6,647	40.5	21,081
Non-operating income	1,723	946	777	82.1	2,002
Interest income	212	150	62		216
Foreign exchange gains	114	-	114		618
Equity in earnings of associated companies	1,118	230	888		881
Others	276	565	-289		286
Non-operating expenses	365	1,708	-1,343	-78.6	718
Interest expense	28	50	-22		33
Sales discount	144	157	-13		113
Foreign exchange losses	-	1,227	-1,227		-
Others	192	274	-82		572
Ordinary income	24,404	15,638	8,766	56.1	22,366
Extra-ordinary income	161	588	-427	-72.6	185
Gain on sales of property, plant and equipment	49	476	-427		35
Gain on sales of investment securities	-	51	-51		-
Others	112	61	51		149
Extra-ordinary losses	2,283	3,054	-771	-25.2	213
Maintenance of environment	1,101	-	1,101		-
Additional retirement benefits paid to employees	684	82	602		41
Loss on disposal of property, plant and equipment	279	924	-645		83
Loss on impairment of long-lived assets	26	-	26		30
Additional expense incurred to dissolve the contributory funded pension plan	-	879	-879		-
Loss on write-down of investment securities	-	228	-228		-
Others	192	940	-748		56
Income before income taxes and other items	22,282	13,173	9,109	69.1	22,338
Income taxes - Current	6,866	5,421	1,445	26.7	4,115
Income taxes - Deferred	-1,302	-1,390	88	-6.3	1,947
Minority interests in net income	47	14	33	235.7	52
Net income	16,671	9,129	7,542	82.6	16,222
Net income per share(Yen)	149.78	81.12	68.66		149.15

Notes:

1. Influences of Exchange Currency ("2004 A" is the actual value of this period. "2004 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)

	2004 A	2004 B	influences
Net sales	78,486	78,663	-177
Operating income	23,047	23,443	-396
Ordinary income	24,404	24,842	-438
Net income	16,671	17,133	-462

		Three months ended			
		Sep.30,2004	Sep.30,2003	Variance(%)	Jun.30,2004
2. Average rates of major foreign currencies					
US\$	Yen	111.02	116.20	4.5%	109.62
Euro	Yen	134.87	131.11	-2.9%	132.47
Thail Baht	Yen	2.67	2.83	5.7%	2.71

3. Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

Items	<u>Millions of Yen</u>			
	Three months ended			
	Sep. 30, 2004	Sep. 30, 2003	Variance	Jun. 30, 2004
Capital Retained Earnings				
Balance at the beginning of the period	15,898	15,898	-	15,898
Adjustment of retained earnings	-	0	0	-
Appropriations	-	-	-	-
Balance at the end of the period	15,898	15,898	-	15,898
Profit Retained Earnings				
Balance at the beginning of the period	227,060	223,018	4,042	247,175
Adjustment of retained earnings	16,671	9,129	7,542	16,222
Net income	16,671	9,129	7,542	16,222
Appropriations	9	-	9	36,337
1. Cash dividends	-	-	-	5,563
2. Bonuses to directors	-	-	-	63
3. Cancellation of treasury stock	-	-	-	30,702
4. Loss on deposit of treasury stock	9	-	9	9
Balance at the end of the period	243,722	232,147	11,575	227,060

4. Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

Three months ended Sep.30,

	2004	2003	Variance
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	22,282	13,172	9,110
Adjustments for:			
Income taxes - paid	-590	-1,796	1,206
Depreciation and amortization	5,225	5,017	208
Loss on impairment of long-lived assets	26	-	26
Provision for (reversal of) accrued bonuses to employees	1,851	1,861	-10
Reversal of accrued retirement benefits	-	-56	56
Provision for (Reversal of) reserve for periodic repairs	-95	30	-125
Equity in loss earnings of associated companies	-1,118	-230	-888
Foreign exchange loss	-100	726	-826
Devaluation losses on investment securities	-	228	-228
Gain on sales of property, plant and equipment and investment securities	-49	-527	478
Loss on disposal of property, plant and equipment and investment securities	279	923	-644
Other	6	73	-67
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	-2,652	-1,742	-910
(Increase) decrease in inventories	-624	559	-1,183
(Increase) decrease in other current assets	732	3,584	-2,852
Increase (decrease) in notes and accounts payable	30	1,431	-1,401
Increase (Decrease) in other current liabilities	319	-84	403
Total adjustment			
Net cash provided by operating activities	25,522	23,171	2,351
INVESTING ACTIVITIES:			
Payment for purchases of property, plant and equipment	-9,336	-6,367	-2,969
Proceeds from sales of property, plant and equipment	6	600	-594
Payment for purchases of investment securities	-10	-116	106
Proceeds from sales of investment securities	-	88	-88
Increase in investments and other assets	-516	-610	94
Decrease in investments and other assets	44	175	-131
Payments for loans	-64	-2,407	2,343
Proceeds from loans	14	-	14
Net cash used in investing activities	-9,863	-6,229	-3,634
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings	-85	13	-98
Repayments of long-term bank loans	-11	-0	-11
Increase in treasury stock	-5	0	-5
Decrease in treasury stock	149	-32,897	33,046
Dividends paid	-	-210	210
Net cash used in financing activities	45	-33,094	33,139
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,705	-16,152	31,857
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,796	-2,449	4,245
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	77,158	81,498	-4,340
CASH AND CASH EQUIVALENTS, END OF PERIOD	94,660	62,895	31,765

5. Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 56 companies
(Major companies: <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 CORPORATION)

Notes: Changes in Accounting Policies and Others

1. Changes in scope of consolidation and application of the equity method:
 - A. Scope of consolidation
 - a) In comparison to the end of previous first half (Sep. 30, 2003) : 1company decreased in total.
2 companies increased due to the establishment: HOYA MICROELECTRONICS TAIWAN CO.,LTD. (Taiwan)
HOYA ELECTRONICS KOREA CO., LTD. (Korea)

3 companies increased due to the acquisition: HOYA GLASS DISK PHILIPPINES, INC. (Philippines)
HOYA GLASS DISK MALAYSIA SDN.BHD. (Malaysia)
RADIANT IMAGES, INC. (USA)

1 company decreased due to the merger with
the parent company : HOYA OPTICS CORPORATION (Japan)

4 companies decreased due to the closing: HOYA PHOTONICS SINGAPORE PTE LTD. (Singapore)
CONTINUUM ELECTRO-OPTICS GMBH (Germany)
HOYA OPTICAL TAIWAN CO., LTD. (Taiwan)
KOREA OPTICAL GLASS CO., LTD. (Korea)

1 company decreased due to the disposal: NEW CHROMEX, INC. (USA)
 - b) In comparison to the end of previous quarter (June 30, 2004) : 1company increased in total.
1company increased due to the establishment: HOYA ELECTRONICS KOREA CO., LTD. (Korea)
 - B. Application of the equity method
 - a) In comparison to the end of previous first half (Sep. 30, 2003) :
No change
 - b) In comparison to the end of previous quarter (June 30, 2004) :
No change

	as of Sep. 30, 2004	as of Jun. 30, 2004	variance	as of Sep. 30,2003
Consolidated subsidiaries	56 (do 6, os50)	55 (do 6, os49)	+1 (do-, os +1)	57 (do 7, os50)
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	61	60	+1	62
(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>As of</u>		
	<u>Sep.30,2004</u>	<u>Sep.30,2003</u>	<u>Jun.30,2004</u>
Cash and deposits	94,660	62,895	77,158
Marketable securities	-	-	-
Total	<u>94,660</u>	<u>62,895</u>	<u>77,158</u>

2. Details of Important Non-financial Trading

Three months ended Sep. 30, 2004 Millions of Yen
None

Three months ended Sep. 30, 2003
None

Three months ended Jun. 30, 2004
Cancellation of treasury stock 30,702

Notes Relating to Investment Securities and Derivatives

1. Investment securities of current market values:

(Millions of Yen)

	As of								
	<u>Sep.30, 2004</u>			<u>Jun.30, 2004</u>			<u>Sep.30, 2003</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale :									
Marketable Equity securities	159	270	110	159	237	77	102	119	17
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	159	270	110	159	237	77	102	119	17

2. Investment securities of non-current market values:

(Millions of Yen)

	As of		
	<u>Sep.30, 2004</u>	<u>Jun.30, 2004</u>	<u>Sep.30, 2003</u>
	Non-marketable stock of subsidiaries	7,636	6,464
Total	7,636	6,464	4,495
Non-marketable equity securities	275	262	650
Total	275	262	650

3. Derivatives

None

Notes Relating to Tax Effect Accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause of accrual:

	Millions of Yen		
	As of		
	<u>Sep.30, 2004</u>	<u>Jun.30, 2004</u>	<u>Sep.30, 2003</u>
(1) Current deferred tax assets and liabilities			
Deferred tax assets			
Accrued bonus to employees	1,494	742	1,482
Amortization of goodwill	906	1,217	1,245
Inventories - intercompany unrealized profits	1,808	1,744	916
Accrued enterprise taxes	737	261	643
Other	1,702	1,166	1,229
Total amount of deferred tax assets - current	6,649	5,132	5,517
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Amortization of goodwill and property, plant and equipment	1,926	1,955	1,731
Allowance for doubtful receivables	153	169	364
Loss on impairment of long-lived assets	847	836	-
Other	807	938	974
Total amount of deferred tax assets - fixed	3,735	3,900	3,070
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-431	-442	-537
Special depreciation reserve	-278	-283	-337
Other	-165	-165	-165
Total amount of deferred tax liabilities - fixed	-875	-891	-1,040
Net amount of deferred tax assets - fixed	2,859	3,008	2,030

2. Reconciliation of the difference between statutory income tax rate and actual tax rate:

	Three months ended		
	<u>Sep.30,2004</u>	<u>Sep.30,2003</u>	<u>Jun.30,2004</u>
Statutory tax rate of the Company	40.4 %	41.7 %	40.4 %
(Adjustment)			
Lower income tax rates applicable to income in certain foreign countries	-11.8	-9.4	-13.2
Expenses not permanently deductible for income tax purposes	0.2	0.3	0.3
Per capita portion	0.1	0.2	0.1
Non-taxable dividend income	-	-	-9.3
Intercompany cash dividend and transactions	-	-	9.3
Equity in earnings of associated companies	-2.0	-0.7	-1.6
Special tax credit on experiment and research expenses	-0.6	-	-0.7
Other - net	-1.3	-1.5	1.8
Effective income tax rate	25.0	30.6	27.1

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. During the first quarter under review, on May 26, 2004, HOYA 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

	<u>Three months ended</u>		
	<u>Sep.30, 2004</u>	<u>Sep.30, 2003</u>	<u>Jun. 30, 2004</u>
(2) Breakdown of expenses for employees' retirement benefits			
Additional expense incurred to dissolve the contributory funded pension plan	-	879	-
Additional retirement benefits paid to employees	<u>684</u>	<u>82</u>	<u>41</u>
Expenses for employees' retirement benefits	<u><u>684</u></u>	<u><u>961</u></u>	<u><u>41</u></u>

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

None

Notes Relating to Impairment on Fixed Assets

Since the 4th quarter of the last fiscal year (three months ended March 31, 2004), the Company has applied impairment accounting on fixed assets :

(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>Sep.30, 2004</u>	<u>Sep.30, 2003</u>	<u>Jun. 30, 2004</u>
Buildings	-	-	-
Machinery	0	-	10
Furniture and equipment	16	-	8
Assets on lease	-	-	-
Others	<u>9</u>	<u>-</u>	<u>12</u>
Total	<u><u>26</u></u>	<u><u>-</u></u>	<u><u>30</u></u>

(3) Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

1. Industry Segments

(Figures less than a million Yen are omitted.)

for the three months ended September 30, 2004

	Millions of Yen							Elimin. or corp.*	Consolidated
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	42,424	2,924	23,803	8,084	844	407	78,486	-	78,486
Intersegment	155	42	-1	0	7	1,267	1,470	(1,470)	-
Total	42,580	2,967	23,801	8,083	851	1,674	79,956	(1,470)	78,486
Operating expenses	25,327	2,605	19,663	6,097	931	1,524	56,147	(709)	55,439
Operating income	17,253	362	4,138	1,986	-80	150	23,808	(761)	23,047
Operating income ratio	40.5%	12.2%	17.4%	24.6%	-9.4%	9.0%	29.8%	-	29.4%
Assets	148,813	8,170	92,124	20,882	2,466	2,496	274,953	44,990	319,944
Depreciation	3,577	30	1,425	163	-	12	5,209	16	5,225
Loss on impairment	-	-	-	-	26	-	26	-	26
Capital Expenditures	5,349	13	1,452	213	26	46	7,102	1	7,103
R&D Expenses	1,847	207	275	272	5	-	2,609	-	2,609
Number of employees (p)	12,589	82	6,143	565	177	262	19,818	54	19,872

for the three months ended September 30, 2003

	Millions of Yen							Elimin. or corp.*	Consolidated
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	33,198	1,155	24,828	7,277	1,021	307	67,786	-	67,786
Intersegment	12	-	4	0	7	1,566	1,590	(1,590)	-
Total	33,211	1,155	24,833	7,277	1,027	1,872	69,375	(1,590)	67,786
Operating expenses	22,368	1,189	20,604	5,589	1,165	1,746	52,663	(1,278)	51,385
Operating income	10,842	-35	4,228	1,688	-138	127	16,712	(312)	16,400
Operating income ratio	32.6%	-0.1%	17.0%	23.2%	-13.4%	6.8%	24.1%	-	24.2%
Assets	123,731	2,418	93,047	15,944	4,835	2,977	242,955	22,779	265,734
Depreciation	3,394	16	1,362	129	88	8	4,998	19	5,018
Capital Expenditures	2,818	11	1,440	230	50	2	4,550	6	4,557
R&D Expenses	1,842	64	340	222	7	-	2,478	-16	2,461
Number of employees (p)	7,721	133	5,812	565	174	359	14,764	48	14,812

Ref:

Differences between the second quarter of this year and the same period last year

Millions of Yen

	Millions of Yen							Elimin. or corp.*	Consolidated
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	9,226	1,769	-1,025	807	-177	100	10,700	-	10,700
Variance(%)	27.8%	153.2%	-4.1%	11.1%	-17.3%	32.6%	15.8%	-	15.8%
Intersegment	143	42	-5	0	0	-299	-120	120	-
Total	9,369	1,812	-1,032	806	-176	-198	10,581	120	10,700
Operating expenses	2,959	1,416	-941	508	-234	-222	3,484	569	4,054
Operating income	6,411	397	-90	298	58	23	7,096	(449)	6,647
Variance(%)	59.1%	-	-2.1%	17.7%	-	18.1%	42.5%	-	40.5%
Assets	25,082	5,752	-923	4,938	-2,369	-481	31,998	22,211	54,210
Depreciation	183	14	63	34	-88	4	211	-3	207
Loss on impairment	-	-	-	-	26	-	26	-	26
Capital Expenditures	2,531	2	12	-17	-24	44	2,552	-5	2,546
R&D Expenses	5	143	-65	50	-2	-	131	16	148
Number of employees (p)	4,868	-51	331	0	3	-97	5,054	6	5,060

*Elimi. or corp. : Eliminations or corporate

Note:

1. The Business Categories and Industries over the three months ended September 30, 2003 are as follows:

Business Category	Industries	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	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, intraocular lenses, etc.
Lifestyle Refinement	Crystal	Crystal glass products
	Service	Design of information systems, placement of temporary staff, etc.

In terms of the Photonics business, HOYA CANDEO OPTRONICS CORP. (formerly HOYA-SCHOTT CORP.) which has belonged to Electro-Optics segment until the previous fiscal year moved to Photonics segment in the 1st quarter this fiscal year. As a result, sales of this segment increased drastically. HOYA CANDEO OPTRONICS CORP. changed to consolidated from equity-method affiliate as of the end of the 1st quarter last year.

2. Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies, which are not allocated to each industry segment. Corporate operating expenses for the three months ended Sep. 30, 2004 and 2003 are as follows:

2004	754 million Yen
2003	459 million Yen

3. Corporate assets mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional holding companies. Corporate assets as of Sep. 30, 2004 and 2003 are as follows:

2004	59,745 million Yen
2003	35,650 million Yen

2. Geographical Segments

(Figures less than a million Yen are omitted.)

for the three months ended September 30, 2004

	Millions of Yen						Elimination s or	Consolidated
	Japan	North America	Europe	Asia	Total			
Net sales:								
To outside customers	59,873	7,682	7,967	2,965	78,486	-		78,486
Intersegment	4,548	45	67	22,247	26,908	(26,908)		-
Total	64,422	7,727	8,034	25,212	105,395	(26,908)		78,486
Operating expenses	51,550	7,548	6,897	17,314	83,309	(27,870)		55,439
Operating income	12,871	179	1,137	7,898	22,086	960		23,047
Operating income ratio	20.0%	2.3%	14.2%	31.3%	21.0%	-		29.4%
Assets	168,718	20,035	30,728	90,716	310,199	9,745		319,944

for the three months ended September 30, 2003

	Millions of Yen						Elimination s or	Consolidated
	Japan	North America	Europe	Asia	Total			
Net sales:								
To outside customers	46,861	8,763	8,991	3,170	67,786	-		67,786
Intersegment	4,087	27	230	14,549	18,894	(18,894)		-
Total	50,948	8,791	9,222	17,720	86,680	(18,894)		67,786
Operating expenses	41,182	8,353	7,253	14,304	71,092	(19,707)		51,385
Operating income	9,765	439	1,970	3,415	15,589	811		16,400
Operating income ratio	19.2%	5.0%	21.4%	19.3%	18.0%	-		24.2%
Assets	149,644	19,264	49,142	60,495	278,547	-12,813		265,734

Ref : Differences between the second quarter of this year and the same period last year

	Millions of Yen						Elimination s or	Consolidated
	Japan	North America	Europe	Asia	Total			
Net sales:								
To outside customers	13,012	-1,081	-1,024	-205	10,700	-		10,700
Variance(%)	27.8%	-12.3%	-11.4%	-6.5%	15.8%	-		15.8%
Intersegment	461	18	-163	7,698	8,014	(8,014)		-
Total	13,474	-1,064	-1,188	7,492	18,715	(8,014)		10,700
Operating expenses	10,368	-805	-356	3,010	12,217	(8,163)		4,054
Operating income	3,106	-260	-833	4,483	6,497	149		6,647
Variance(%)	31.8%	-59.2%	-42.3%	131.3%	41.7%	-		40.5%
Assets	19,074	771	-18,414	30,221	31,652	22,558		54,210

Notes:

- The Company and its consolidated subsidiaries are summarized in four segments by geographic area based on the countries where the Companies 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.

- Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies. Corporate operating expenses for the three months ended Sep. 30, 2004 and 2003 are as follows:

2004 680 million Yen
 2003 358 million Yen

- Corporate assets mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional holding companies. Corporate assets as of Sep. 30, 2004 and 2003 are as follows:

2004 55,875 million Yen
 2003 19,993 million Yen

3. Sales to Foreign Customers

(Figures less than a million Yen are omitted.)

for the three months ended September 30, 2004

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	11,440	8,736	15,778	2	35,956
Consolidated Sales (B)					78,486
Overseas Sales ratio A/B	14.6%	11.1%	20.1%	0.0%	45.8%
Regional Sales ratio	31.8%	24.3%	43.9%	0.0%	100.0%

for the three months ended September 30, 2003

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	9,657	9,709	10,680	1	30,047
Consolidated Sales (B)					67,786
Overseas Sales ratio A/B	14.2%	14.3%	15.8%	0.0%	44.3%
Regional Sales ratio	32.1%	32.3%	35.6%	0.0%	100.0%

Ref:

Differences between the second quarter of this year and the same period last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	1,783	-973	5,098	1	5,909
Consolidated Sales (B)					10,700
Variance(%)	18.5%	-10.0%	47.7%	100.0%	19.7%

Note: The Company and consolidated subsidiaries are summarized in four segments by geographic area based on the countries where the Companies 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	
	Sep.30, 2004	Sep.30, 2003	Value	(%)	Jun.30, 2004	
Electro-Optics						
Domestic	21,907 (51.6)	19,215 (57.9)	2,692	14.0	21,776 (54.3)	
Overseas	20,517 (48.4)	13,983 (42.1)	6,534	46.7	18,310 (45.7)	
total	42,424 [54.1]	33,198 [49.0]	9,226	27.8	40,087 [53.5]	
Photonics						
Domestic	1,984 (67.9)	852 (73.8)	1,132	132.9	1,860 (64.4)	
Overseas	940 (32.1)	302 (26.2)	638	211.3	1,026 (35.6)	
total	2,924 [3.7]	1,155 [1.7]	1,769	153.2	2,887 [3.8]	
Information Technology						
Domestic	23,891 (52.7)	20,068 (58.4)	3,823	19.1	23,636 (55.0)	
Overseas	21,457 (47.3)	14,285 (41.6)	7,172	50.2	19,337 (45.0)	
total	45,348 [57.8]	34,353 [50.7]	10,995	32.0	42,974 [57.3]	
Vision Care						
Domestic	9,590 (40.3)	9,247 (37.2)	343	3.7	8,897 (38.9)	
Overseas	14,213 (59.7)	15,581 (62.8)	-1,368	-8.8	13,964 (61.1)	
total	23,803 [30.3]	24,828 [36.6]	-1,025	-4.1	22,862 [30.5]	
Health Care						
Domestic	7,940 (98.2)	7,220 (99.2)	720	10.0	7,530 (97.7)	
Overseas	143 (1.8)	58 (0.8)	85	146.6	176 (2.3)	
total	8,084 [10.3]	7,277 [10.7]	807	11.1	7,706 [10.3]	
Eye Care						
Domestic	17,531 (55.0)	16,467 (51.3)	1,064	6.5	16,427 (53.7)	
Overseas	14,356 (45.0)	15,639 (48.7)	-1,283	-8.2	14,140 (46.3)	
total	31,887 [40.6]	32,106 [47.4]	-219	-0.7	30,568 [40.8]	
Crystal						
Domestic	701 (83.1)	899 (88.1)	-198	-22.0	932 (89.0)	
Overseas	142 (16.9)	122 (11.9)	20	16.4	115 (11.0)	
total	844 [1.1]	1,021 [1.5]	-177	-17.3	1,047 [1.4]	
Service						
Domestic	407 (100.0)	307 (100.0)	100	32.6	369 (100.0)	
Overseas	- (-)	0 (0.0)	-	-	0 (0.0)	
total	407 [0.5]	307 [0.5]	100	32.6	369 [0.5]	
Lifestyle Refinement						
Domestic	1,108 (88.6)	1,205 (90.8)	-97	-8.0	1,302 (91.9)	
Overseas	142 (11.4)	122 (9.2)	20	16.4	115 (8.1)	
total	1,251 [1.6]	1,327 [1.9]	-76	-5.7	1,417 [1.9]	
Total Net Sales						
Domestic	42,530 (54.2)	37,739 (55.7)	4,791	12.7	41,367 (55.2)	
Overseas	35,956 (45.8)	30,047 (44.3)	5,909	19.7	33,593 (44.8)	
total	78,486 [100.0]	67,786 [100.0]	10,700	15.8	74,961 [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.