



April 20, 2005

## Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

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### Performance for the fourth quarter (three months ended March 31, 2005 and 2004)

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

(1)Results of Operations	Three months ended March 31,		Variance
	2005	2004	(%)
Net sales	76,938	71,057	8.3
Operating income	19,138	19,551	-2.1
Ordinary income	20,440	19,068	7.2
Net income	15,118	10,205	48.1
Basic net income per share(Yen)	135.18	91.28	

Notes : No changes have been made in accounting policy.

(2)Financial Position	As of Mar. 31,	As of Dec. 31,	As of Mar. 31,
	2005	2004	2004
Total assets	351,482	329,739	289,887
Shareholders' equity	277,889	260,157	218,978
Shareholders' equity ratio	79.1%	78.9%	75.5%
Shareholders' equity per share (Yen)	2,494.37	2,336.53	1,967.60

(3)Conditions of Cash Flow	Three months ended March 31,	
	2005	2004
Net cash provided by operating activities	27,784	23,968
Net cash used in investing activities	-7,047	-8,078
Net cash provided by (used in) financing activities	483	-595
Cash and cash equivalents at end of period	112,874	80,425

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# 1. Business Overview

## 1. Results of Operations

### 1) General Overview

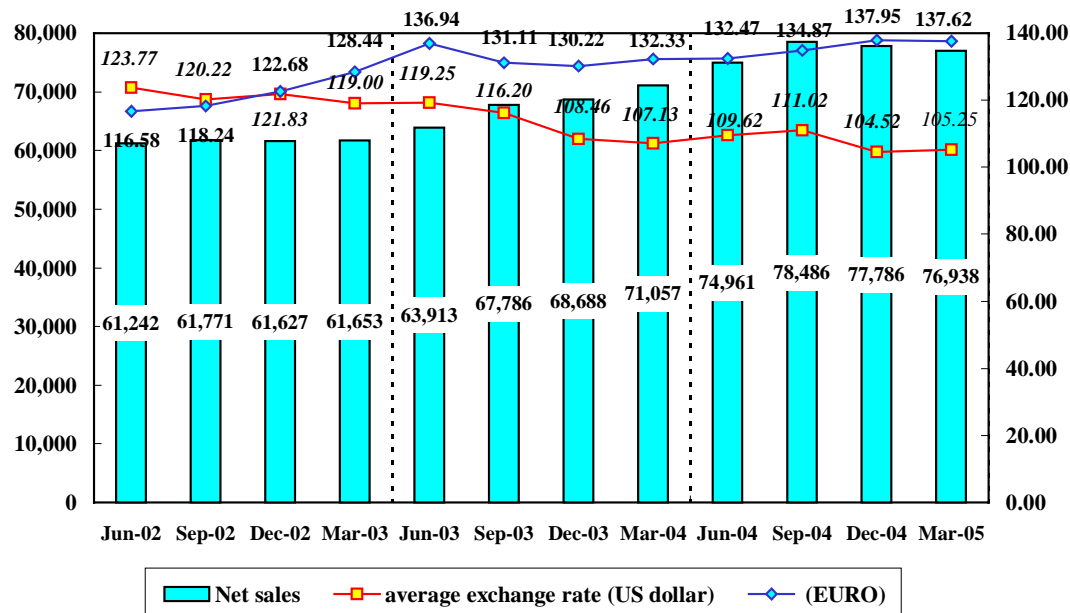
<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Three months ended Mar. 31, 2005</u>
Net sales	76,938
Operating income	19,138
Ordinary income	20,440
Net income	15,118
Net income per share(Yen)	135.18

During the quarter under review, while continuing capital investments for the future and the development of new products in digital home appliance related products, the driving force in the economy, production adjustments due to the downturn in growth in demand for some products and price reductions resulting from reinforced production capacity were evident in the market, bringing a deterioration in business confidence.

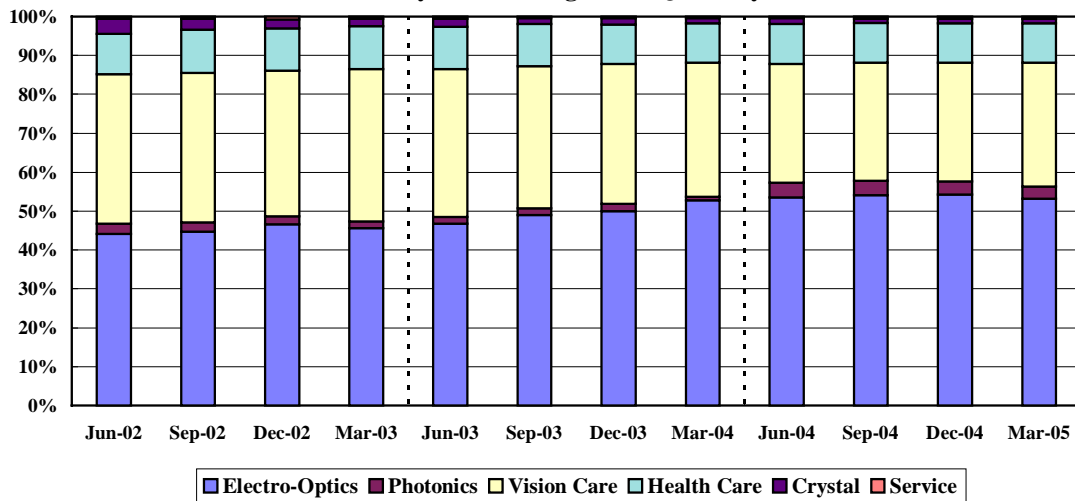
In the currency market during the quarter under review, the US dollar depreciated by 1.8%, while the euro appreciated by 3.0%, all against the yen, on a year-on-year basis.

Within that context, in the HOYA Group, the Electro-Optics sector saw continued demand for high-precision products due to the effects of the active reinforcement of production capacity by clients and new product development. In the Vision Care division, though conditions were tough in markets in Europe, moderate growth was achieved in the other markets. In the Health Care division, sales were firm in high-function products. As a result, consolidated sales during the quarter under review increased 8.3% year-on-year to 76,938 million yen.

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

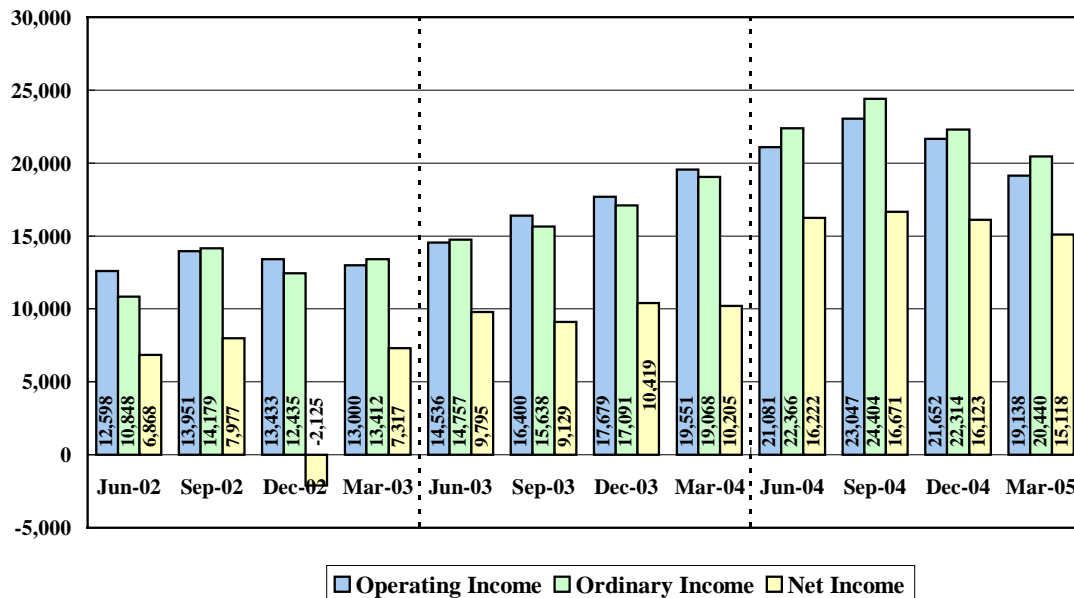


Ratio of Net Sales by Business Segment - Quarterly Transition



In the quarter under review, orders for high-precision products remained firm in the Electro-Optics sector and operating income increased in spite of negative influences from restriction of production or inventory adjustment. In the Eye Care sector, operating income decreased on a year-on-year basis as there was a special large order in the same period last year. For the Group overall, operating income for the quarter decreased 2.1% on a year-on-year basis. On the contrary, ordinary income and net income for the quarter increased 7.2% and 48.1% respectively on a year-on-year basis. Net income per share for the quarter increased 43.90 yen year-on-year to 135.18 yen.

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 a negative market trend as inventory adjustment and the sales decreased 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 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 and the sales increased broadly. 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 increase in sales on a year-on-year basis.

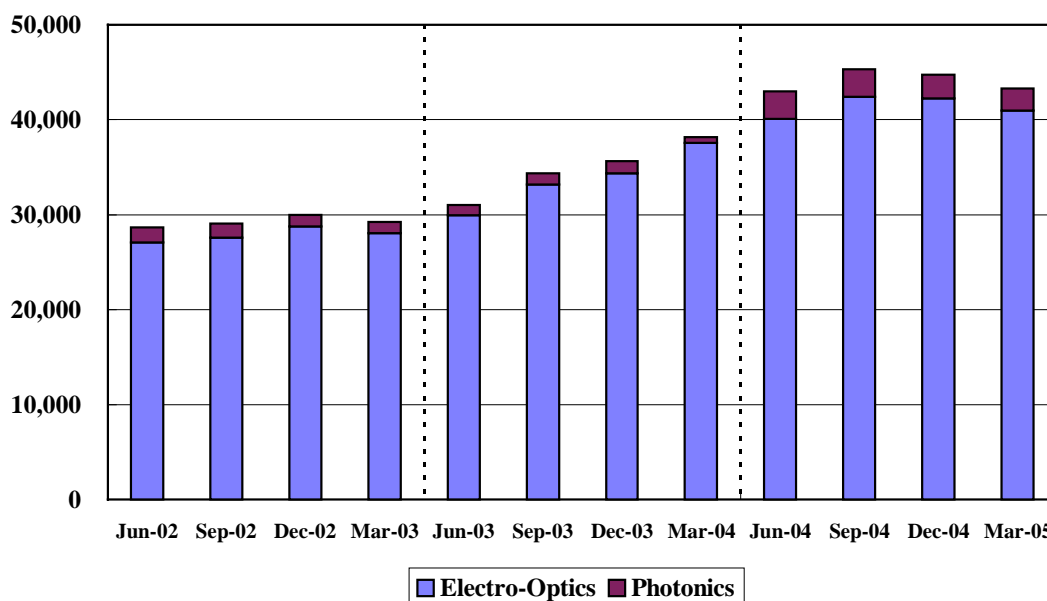
In optical products, as the momentum of digital cameras in the market slowed, and due to strict inventory adjustment, the sales decreased on a year-on-year basis.

#### 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 of previous fiscal year.

Quarterly Net Sales of Information Technology (Millions of Yen)



## 2. Eye Care

### Vision Care

Moderate recovery continues in the domestic eyeglass lens market. At HOYA, sales grew 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 same quarter in the previous fiscal year. As a result, there was a decline in aggregate sales in overseas markets on a year-on-year basis.

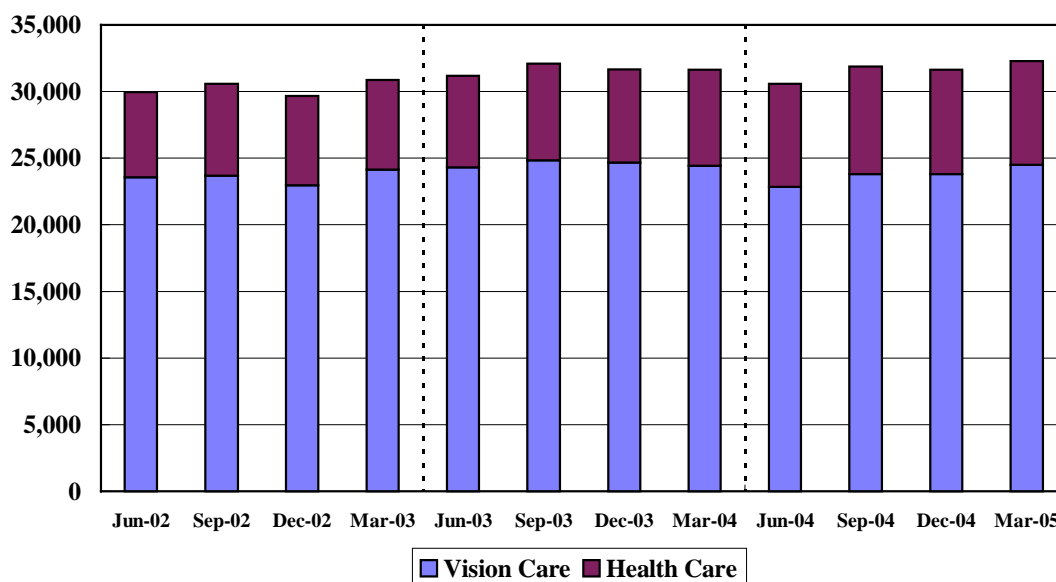
As a result, the overall sales of the division were recovered to the same level as the same period last year.

### Health Care

In contact lenses, amidst continued price competition in the market among discount retailers, HOYA sought to differentiate itself from its competitors by improving face-to-face customer services and expanding sales high value-added products with an added contribution to growth through an increase in customers of newly established retail stores, 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.

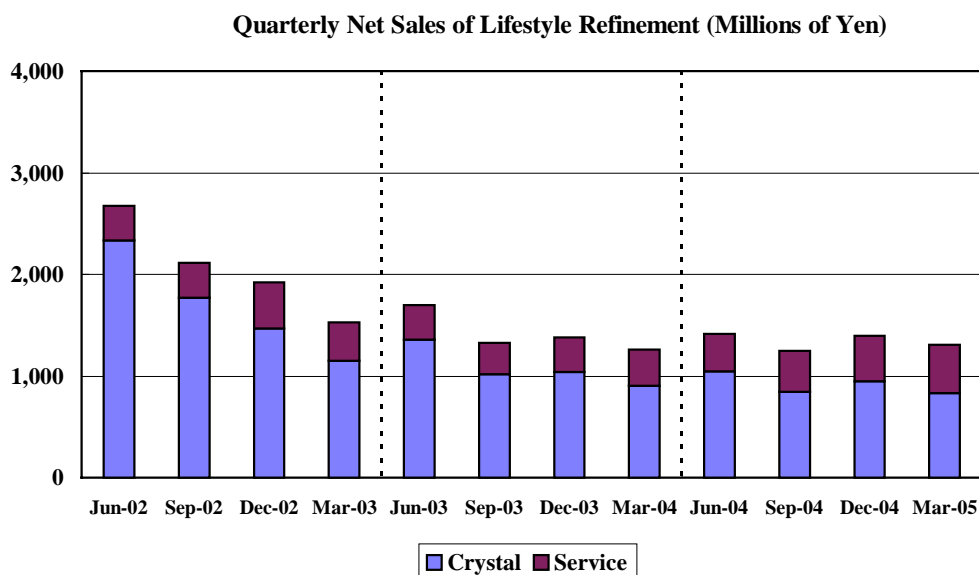
Quarterly Net Sales of Eye Care (Millions of Yen)



### 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.



### 2. Financial Position

	<u>Millions of Yen</u>
	<u>As of Mar. 31, 2005</u>
Total assets	351,482
Shareholders' equity	277,889
Shareholders' equity ratio	79.1%

At the end of the quarter under review, current assets increased Yen 18,332 million and fixed assets also increased Yen 3,317 million against the end of the previous quarter. As a result, total assets increased Yen 21,743 million. Shareholders' equity increased Yen 17,732 million due to increase of retained earnings.

### 3. Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Three months ended Mar. 31, 2005</u>
Net cash provided by operating activities	27,784
Net cash used in investing activities	-7,047
Net cash provided by (used in) financing activities	483
Cash and cash equivalents at end of period	112,874

Cash flow from operating activities during the quarter under review amounted to 27,784 million yen, comprised of 17,296 million yen in quarterly income before income taxes and minority interests and 6,196 million yen in depreciation and amortization among others. Free cash flow amounted to 20,737 million yen. As a result, the term-end balance of cash and cash equivalents increased 21,949 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.31,2005	Dec.31,2004	Variance(%)	Mar.31,2004
<b>ASSETS</b>				
Current assets	232,871	214,539	8.5	193,279
Cash and deposits	112,874	90,925		80,425
Notes and accounts receivable - trade	73,619	77,180		67,274
Inventories	36,165	36,869		32,877
Deferred tax assets	6,500	5,232		7,066
Other current assets	4,947	5,775		6,982
Allowance for doubtful receivables	-1,235	-1,443		-1,347
Fixed assets	118,288	114,971	2.9	96,445
Tangible fixed assets	95,158	92,954	2.4	78,318
Buildings and structures	25,114	23,605		22,855
Machinery and carriers	45,016	37,486		33,076
Lands	8,937	9,319		9,218
Other tangible fixed assets	16,090	22,542		13,167
Intangible fixed assets	5,489	5,242	4.7	4,556
Investments and other assets	17,640	16,775	5.2	13,570
Investment securities	10,383	9,776		6,537
Deferred tax assets	3,097	2,719		3,012
Other assets	4,461	4,718		4,509
Allowance for doubtful receivables	-301	-438		-487
Deferred charges	322	228	41.2	162
<b>Total Assets</b>	<b>351,482</b>	<b>329,739</b>	<b>6.6</b>	<b>289,887</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	70,792	66,600	6.3	68,252
Notes and accounts payable - trade	24,452	28,634		25,770
Short-term bank loans	194	-		486
Income taxes payable	10,022	8,143		14,398
Accrued bonuses to employees	3,917	1,996		3,722
Other current liabilities	32,204	27,825		23,874
Long-term liabilities	1,970	2,127	-7.4	1,934
Reserve for periodic repairs	542	562		357
Other long-term liabilities	1,427	1,564		1,576
<b>Total Liabilities</b>	<b>72,762</b>	<b>68,727</b>	<b>5.9</b>	<b>70,187</b>
Minority interest	830	855	-2.9	721
Common stock	6,264	6,264	-	6,264
Additional paid-in capital	15,898	15,898	-	15,898
Retained earnings	268,255	253,154	6.0	247,175
Net unrealized gain on available-for-sale securities	37	41	-9.8	-30
Foreign currency translation adjustments	-4,687	-7,012	-33.2	-10,825
Treasury stock - at cost	-7,878	-8,189	-3.8	-39,504
<b>Total Shareholders' Equity</b>	<b>277,889</b>	<b>260,157</b>	<b>6.8</b>	<b>218,978</b>
<b>Total</b>	<b>351,482</b>	<b>329,739</b>	<b>6.6</b>	<b>289,887</b>
notes:				
Accumulated depreciation	166,626	162,795	(Million Yen)	150,826
Guarantees of borrowings and lease obligations for customers	1,369	1,230	(Million Yen)	883
Number of shares of treasury stock	967,762	1,006,092	(stocks)	4,857,867

## (2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Mar. 31, 2004 and 2003)

Millions of Yen

Three months ended

	Mar.31,2005	Mar.31,2004	Variance		Dec.31,2004
			Value	(%)	
Net sales	76,938	71,057	5,881	8.3	77,786
Cost of sales	40,692	36,877	3,815	10.3	39,491
Gross profit	36,245	34,180	2,065	6.0	38,295
Selling, general and administrative expenses	17,106	14,629	2,477	16.9	16,643
<b>Operating income</b>	<b>19,138</b>	<b>19,551</b>	<b>-413</b>	<b>-2.1</b>	<b>21,652</b>
Non-operating income	1,699	1,290	409	31.7	1,828
Interest income	320	114	206		264
Foreign exchange gains	773	-	773		-
Equity in earnings of affiliates	403	799	-396		1,304
Others	203	376	-173		260
Non-operating expenses	397	1,772	-1,375	-77.6	1,166
Interest expense	1	20	-19		23
Sales Discount	169	-	169		126
Foreign exchange losses	-	623	-623		630
Others	228	1,130	-902		387
<b>Ordinary income</b>	<b>20,440</b>	<b>19,068</b>	<b>1,372</b>	<b>7.2</b>	<b>22,314</b>
Extra-ordinary gains	270	147	123	83.7	103
Gain on sales of property, plant and equipment	65	-	65		45
Others	205	145	60		57
Extra-ordinary losses	3,414	7,291	-3,877	-53.2	869
Loss on close of factory	1,263	-	1,263		-
Maintenance of Environment	793	-	793		86
Loss on impairment	776	2,040	-1,264		26
Loss on disposal of property, plant and equipment	276	513	-237		310
Additional retirement benefits paid to employees	77	238	-161		40
Amortization of goodwill	-	3,300	-3,300		-
Loss on write-down of investment securities	-	149	-149		-
Others	229	1,050	-821		407
<b>Income before income taxes and other items</b>	<b>17,297</b>	<b>11,924</b>	<b>5,373</b>	<b>45.1</b>	<b>21,548</b>
Income taxes - Current	3,820	5,191	-1,371	-26.4	3,888
Income taxes - Deferred	-1,619	-3,492	1,873	-53.6	1,506
Minority interests in net income	-22	21	-43	-	30
<b>Net income</b>	<b>15,118</b>	<b>10,205</b>	<b>4,913</b>	<b>48.1</b>	<b>16,123</b>
Net income per share(Yen)	135.18	91.28	43.90		144.82

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. unit : millions of Yen)

		2005 A	2005 B	influences
Net sales	Million Yen	76,938	76,612	326
Operating income	Million Yen	19,138	19,041	97
Ordinary income	Million Yen	20,440	20,320	120
Net income	Million Yen	15,118	15,021	97

2. Average rates of major foreign currencies		Three months ended			Dec.31,2004
		Mar.31,2005	Mar.31,2004	Variance(%)	
US\$	Yen	105.25	107.13	1.8%	104.52
Euro	Yen	137.62	132.33	-4.0%	137.95
Thail Baht	Yen	2.72	2.72	0.0%	2.62

### (3) Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Mar. 31, 2005 and 2004)

	Millions of Yen			
	<u>Mar.31,</u> 2005	<u>Mar.31,</u> 2004	<u>Three months ended,</u> variance	<u>Dec.31,</u> 2004
<b>Additional Paid-In Capital</b>				
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
<b>Retained Earnings</b>				
Balance at the beginning of the period	253,154	236,995	16,159	243,722
Adjustment of retained earnings	15,118	10,205	4,913	16,123
Net income	15,118	10,205	4,913	16,123
Appropriations	17	24	-7	6,693
1. Cash dividends	-	-	-	6,678
2. Loss on deposit of treasury stock	17	24	-7	14
Balance at the end of the period	268,255	247,175	21,080	253,154

## (4) Consolidated Statements of Cash Flows (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Mar. 31, 2005 and 2004)	<u>Millions of Yen</u>		
	<u>Three months ended Mar.31,</u>		variance
	2005	2004	
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	17,296	11,923	5,373
Adjustments for:			
Income taxes - paid	-1,964	-1,111	-853
Depreciation and amortization	6,196	5,298	898
Loss on impairment of long-lived assets	775	2,040	-1,265
Amortization of Goodwill	-	3,300	-3,300
Reversal of accrued bonuses to employees	1,919	1,846	73
Provision for (Reversal of ) reserve for periodic repairs	-20	-85	65
Equity in earnings of affiliates	-402	-799	397
Foreign exchange gain (loss)	-147	77	-224
Loss on write-down of investment securities	-	149	-149
Gain on sales of property, plant and equipment and inv. securities	-65	-	-65
Loss on disposal of property, plant and equipment and inv. securities	275	512	-237
Other	215	262	-47
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	3,404	1,577	1,827
(Increase) decrease in inventories	1,062	1,327	-265
(Increase) decrease in other current assets	795	-329	1,124
Increase (decrease) in notes and accounts payable	-4,351	-1,004	-3,347
Increase (decrease) in other current liabilities	2,796	-1,017	3,813
<b>Total adjustment</b>			
<b>Net cash provided by operating activities</b>	<b>27,784</b>	<b>23,968</b>	<b>3,816</b>
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	-6,964	-5,923	-1,041
Proceeds from sales of property, plant and equipment	368	38	330
Purchases of investment securities	-	-12	12
Purchase of goodwill	-	-3,300	3,300
Increase in investments and other assets	-573	-1,076	503
Decrease in investments and other assets	75	70	5
Payment for loans	0	-44	44
Payment from loans	46	2,168	-2,122
<b>Net cash used in investing activities</b>	<b>-7,047</b>	<b>-8,078</b>	<b>1,031</b>
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term bank loans	190	-811	1,001
Net (increase) decrease in treasury stock	293	217	76
<b>Net cash used in financing activities</b>	<b>483</b>	<b>-595</b>	<b>1,078</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>21,220</b>	<b>15,294</b>	<b>5,926</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	728	-994	1,722
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>90,924</b>	<b>66,125</b>	<b>24,799</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>112,874</b>	<b>80,425</b>	<b>32,449</b>

Note:

Cash and Cash Equivalents at the End of the Period

	<u>Millions of Yen</u>	
	<u>As of Mar. 31,</u>	
	2005	2004
Cash and deposits	112,874	80,425
Marketable securities	-	-
<b>Total</b>	<b>112,874</b>	<b>80,425</b>

## (5) Preparation of the Consolidated Financial Statements

### Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 58 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, 2004 : 3 companies increased in total

3 companies increased due to the establishment: HOYA ELECTRONICS KOREA CO. LTD. (Korea)  
HOYA GLASS DISK VIETNAM LTD. (Vietnam)  
HOYA LENS OF NEW ORLEANS, INC. (USA)

1company increased due to the acquisition : RADIANT IMAGES, INC. (USA)

1company decreased due to the closing: KOREA OPTICAL GLASS CO., LTD. (Korea)

In comparison to Dec.31, 2004 : 1 company increased in total

1company increased due to the establishment: HOYA LENS OF NEW ORLEANS, INC. (USA)

###### b. Application of the equity method

In comparison to Mar.31, 2004 :No change

In comparison to Dec.31, 2004 :No change

	as of Mar. 31, 2005	as of Mar. 31, 2004	variance	as of Dec. 31, 2004
Consolidated subsidiaries	58 (do 6, os52)	55 (do 6, os49)	+3 (do-, os +3)	57 (do 6, os51)
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	63	60	+3	62
(accounted for by the equity method)	(1)	(1)	(-)	(1)

(do : domestic, os : overseas)

##### 2. Changes in accounting policies

None

## Notes Relating to Investment Securities and Derivatives

### 1. Investment securities with market values:

(Millions of Yen)

	As of								
	<u>Mar.31, 2005</u>			<u>Dec.31, 2004</u>			<u>Mar.31, 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	290	131	159	230	70
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	159	308	148	159	290	131	159	230	70

### 2. Investment securities without market values:

(Millions of Yen)

	As of		
	<u>Mar.31, 2005</u>	<u>Dec.31, 2004</u>	<u>Mar.31, 2004</u>
	Non-marketable stock of subsidiaries	9,486	8,881
Total	9,486	8,881	5,689
Non-marketable equity securities	588	604	617
Total	588	604	617

### 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>		
	As of		
	<u>Mar. 31,</u> <u>2005</u>	<u>Dec.31,</u> <u>2004</u>	<u>Mar.31,</u> <u>2004</u>
(1) Current deferred tax assets and liabilities			
Deferred tax assets			
Inventories - intercompany unrealized profits	2,166	1,952	1,604
Accrued bonuses to employees	1,529	778	1,409
Accrued enterprise taxes	691	391	1,200
Amortization of goodwill	285	595	1,493
Other	1,828	1,513	1,358
Total amount of deferred tax assets - current	<u>6,500</u>	<u>5,232</u>	<u>7,066</u>
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Amortization of goodwill and property, plant and equipment	1,876	1,927	2,069
Loss on impairment of long lived assets	861	858	824
Loss on close of factory	510	-	-
Allowance for doubtful receivables	117	153	181
Other deferred tax assets	681	727	859
Total amount of deferred tax assets - fixed	<u>4,047</u>	<u>3,666</u>	<u>3,934</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-434	-445	-467
Special depreciation reserve	-313	-308	-289
Net unrealized gain on available-for-sale securities	-35	-27	-
Other	-165	-165	-165
Total amount of deferred tax liabilities - fixed	<u>-949</u>	<u>-947</u>	<u>-922</u>
Net amount of deferred tax assets - fixed	<u>3,097</u>	<u>2,719</u>	<u>3,012</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.31,2005</u>	<u>Mar.31,2004</u>	<u>Dec.31,2004</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	-17.4	-22.0	-14.0
Expenses not permanently deductible for income tax purposes	1.1	0.9	0.3
Per capita portion	0.1	0.3	0.1
Non-taxable dividend income	-	-	-0.3
Intercompany cash dividend and transactions	-8.4	-	0.3
Equity in earnings of affiliates	-0.9	-	-2.4
Tax credit on experiment and research expenses	-1.1	-5.3	-0.8
Other adjustment - net	-1.1	-1.4	1.4
Effective income tax rate	<u>12.7</u>	<u>14.2</u>	<u>25.0</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. During the first quarter of the fiscal year under review, 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>Mar.31,</u> <u>2005</u>	<u>2004</u>	<u>Dec.31,</u> <u>2004</u>
Additional expense incurred to dissolved contributory funded pension plan	-	-	-
Additional retirement benefits paid to employees	77	238	40
Expenses for employees' retirement benefits	<u>77</u>	<u>238</u>	<u>40</u>

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

None

## Notes Relating to Impairment of Fixed Assets

Since the 4th quarter of the last fiscal year (three months 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>Dec.31,</u> <u>2004</u>
	<u>Mar.31,</u>		
	<u>2005</u>	<u>2004</u>	
Buildings	-	1,004	-
Machinery	6	461	12
Furniture and equipment	2	67	9
Assets on lease	-	276	-
Others	1	230	5
<b>Total</b>	<b>9</b>	<b>2,040</b>	<b>26</b>

### 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>Dec.31,</u> <u>2004</u>
	<u>Mar.31,</u>		
	<u>2005</u>	<u>2004</u>	
Land	449	-	-
Buildings and Others	317	-	-
<b>Total</b>	<b>766</b>	<b>-</b>	<b>-</b>

### 3.Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

#### (1) Industry Segments

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

Fourth quarter : for the three months ended March 31, 2004

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	37,545	627	24,428	7,194	902	361	71,057	-	71,057
Intersegment	36	0	8	0	8	1,324	1,376	(1,376)	-
Total	37,581	627	24,435	7,195	911	1,686	72,433	(1,376)	71,057
Operating expenses	25,015	677	19,231	5,465	1,265	1,522	53,177	(1,672)	51,506
Operating income	12,565	-50	5,203	1,729	-355	163	19,256	295	19,551
Operating margin	33.4%	-8.0%	21.3%	24.0%	-39.0%	9.7%	26.6%	-	27.5%
Assets	132,240	1,747	92,082	18,872	2,805	2,797	250,544	39,342	289,887
Depreciation	3,553	8	1,485	133	93	6	5,280	19	5,298
Loss on impairment	-	-	-	-	2,040	-	2,040	-	2,040
Capital Expenditures	9,773	1	1,774	248	72	0	11,867	1	11,868
R&D Expenses	1,929	47	326	211	9	-	2,524	79	2,603
Number of employees (p)	11,039	76	5,944	556	169	258	18,042	50	18,092

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	3,392	1,751	71	617	-71	118	5,881	-	5,881
Variance	9.0%	279.3%	0.3%	8.6%	-7.9%	32.7%	8.3%	-	8.3%
Intersegment	22	67	-7	0	-2	-83	-1	1	-
Total	3,415	1,819	65	616	-74	35	5,880	1	5,881
Operating expenses	1,410	1,804	1,054	737	-109	44	4,941	1,354	6,293
Operating income	2,006	15	-988	-121	37	-9	939	-1,351	-413
Variance	16.0%	-	-19.0%	-7.0%	-	-5.5%	4.9%	-	-2.1%
Assets	30,398	5,901	-1,317	-543	-906	418	33,953	27,643	61,595
Depreciation	737	22	146	47	-	41	902	-5	898
Loss on impairment	-	766	-	-	-2,031	-	-1,264	-	-1,264
Capital Expenditures	-3,011	86	105	-112	-64	-	-2,944	-1	-2,945
R&D Expenses	-186	205	-45	-24	-2	-	-50	-79	-129
Number of employees (p)	2,423	150	520	45	-1	-2	3,135	7	3,142

\*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, 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.

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 the Photonics sector beginning in the present term. 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 of the previous fiscal year.

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 holding companies, which are not allocated to each industry segment. Corporate operating expenses for the years ended Mar. 31, 2005 and 2004 are as follows:

<u>2005</u>	837 Million Yen
<u>2004</u>	932 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 holding companies. Corporate assets as of Mar. 31, 2005 and 2004 are as follows:

<u>2005</u>	75,075 Million Yen
<u>2004</u>	52,594 Million Yen

## (2) Geographical Segments

### 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)	-
<b>Total</b>	<b>61,501</b>	<b>7,386</b>	<b>8,960</b>	<b>27,054</b>	<b>104,903</b>	<b>(27,965)</b>	<b>76,938</b>
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

### Fourth quarter : for the three months ended March 31, 2004

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	50,656	7,718	9,353	3,330	71,057	-	71,057
Intersegment	4,195	22	13	16,705	20,936	(20,936)	-
<b>Total</b>	<b>54,851</b>	<b>7,740</b>	<b>9,365</b>	<b>20,035</b>	<b>91,992</b>	<b>(20,936)</b>	<b>71,057</b>
Operating expenses	45,845	6,985	7,027	13,706	73,563	(22,058)	51,506
Operating income	9,006	755	2,339	6,329	18,429	1,123	19,551
Operating margin	16.4%	9.8%	25.0%	31.6%	20.0%	-	27.5%
Assets	161,335	19,058	26,691	66,337	273,423	16,464	289,887

### 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	6,378	-445	-459	406	5,881	-	5,881
Variance	12.6%	-5.8%	-4.9%	12.2%	8.3%	-	8.3%
Intersegment	272	90	53	6,613	7,029	-7,029	-
<b>Total</b>	<b>6,650</b>	<b>-354</b>	<b>-405</b>	<b>7,019</b>	<b>12,911</b>	<b>-7,029</b>	<b>5,881</b>
Operating expenses	6,277	569	530	5,681	13,058	-6,764	6,293
Operating income	372	-922	-936	1,338	-148	-266	-413
Variance	4.1%	-	-40.0%	21.1%	-0.8%	-	-2.1%
Assets	4,603	-1,930	6,236	37,854	46,762	14,833	61,595

\*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 and the overseas regional holding companies, which are not allocated to each industry segment. Corporate operating expenses for the years ended Mar. 31, 2005 and 2004 are as follows:
 

<u>2005</u>	845 Million Yen	<u>2004</u>	778 Million Yen
-------------	-----------------	-------------	-----------------
- Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional holding companies. Corporate assets as of Mar. 31, 2005 and 2004 are as follows:
 

<u>2005</u>	72,840 Million Yen	<u>2004</u>	47,511 Million Yen
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### (3) Sales to Foreign Customers

#### 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
<b>Total Consolidated Net Sales (B)</b>					<b>76,938</b>
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%

#### Fourth quarter : for the three months ended March 31, 2004

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	10,268	10,052	12,789	6	33,115
<b>Total Consolidated Net Sales (B)</b>					<b>71,057</b>
Overseas Sales ratio A/B	14.5%	14.1%	18.0%	0.0%	46.6%
Regional Sales ratio	31.0%	30.4%	38.6%	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)	-584	-637	4,374	0	3,153
<b>Total Consolidated Net Sales (B)</b>					<b>5,881</b>
Variance of Overseas Sales	-5.7%	-6.3%	34.2%	0.0%	9.5%

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)

(Three months ended March 31, 2005 and 2004)

Business Category Company	Three months ended		Variance		Three months ended
	Mar.31,2005	Mar.31,2004	Value	%	Dec.31, 2004
Millions of Yen [%]					
<b>Electro-Optics</b>					
Domestic	20,950 ( 51.2 )	20,848 ( 55.5 )	102	0.5	22,329 ( 52.9 )
Overseas	19,987 ( 48.8 )	16,696 ( 44.5 )	3,291	19.7	19,885 ( 47.1 )
total	40,937 [ 53.2 ]	37,545 [ 52.8 ]	3,392	9.0	42,214 [ 54.3 ]
<b>Photonics</b>					
Domestic	1,866 ( 78.5 )	194 ( 30.9 )	1,672	861.9	1,581 ( 61.8 )
Overseas	512 ( 21.5 )	432 ( 69.1 )	80	18.5	977 ( 38.2 )
total	2,378 [ 3.1 ]	627 [ 0.9 ]	1,751	279.3	2,558 [ 3.3 ]
<b>Information Technology</b>					
Domestic	22,816 ( 52.7 )	21,043 ( 55.1 )	1,773	8.4	23,911 ( 53.4 )
Overseas	20,500 ( 47.3 )	17,129 ( 44.9 )	3,371	19.7	20,862 ( 46.6 )
total	43,316 [ 56.3 ]	38,171 [ 53.7 ]	5,145	13.5	44,773 [ 57.6 ]
<b>Vision Care</b>					
Domestic	9,040 ( 36.9 )	8,663 ( 35.5 )	377	4.4	9,074 ( 38.1 )
Overseas	15,459 ( 63.1 )	15,766 ( 64.5 )	-307	-1.9	14,732 ( 61.9 )
total	24,499 [ 31.8 ]	24,428 [ 34.4 ]	71	0.3	23,806 [ 30.6 ]
<b>Health Care</b>					
Domestic	7,599 ( 97.3 )	7,100 ( 98.7 )	499	7.0	7,622 ( 97.6 )
Overseas	212 ( 2.7 )	94 ( 1.3 )	118	125.5	185 ( 2.4 )
total	7,811 [ 10.2 ]	7,194 [ 10.1 ]	617	8.6	7,807 [ 10.0 ]
<b>Eye Care</b>					
Domestic	16,639 ( 51.5 )	15,763 ( 49.8 )	876	5.6	16,696 ( 52.8 )
Overseas	15,672 ( 48.5 )	15,860 ( 50.2 )	-188	-1.2	14,917 ( 47.2 )
total	32,311 [ 42.0 ]	31,623 [ 44.5 ]	688	2.2	31,614 [ 40.6 ]
<b>Crystal</b>					
Domestic	735 ( 88.4 )	775 ( 85.9 )	-40	-5.2	789 ( 83.1 )
Overseas	96 ( 11.6 )	127 ( 14.1 )	-31	-24.4	161 ( 16.9 )
total	831 [ 1.1 ]	902 [ 1.3 ]	-71	-7.9	950 [ 1.2 ]
<b>Service</b>					
Domestic	479 ( 100.0 )	361 ( 100.0 )	118	32.7	449 ( 100.0 )
Overseas	- ( - )	- ( - )	-	-	- ( - )
total	479 [ 0.6 ]	361 [ 0.5 ]	118	32.7	449 [ 0.6 ]
<b>Lifestyle Refinement</b>					
Domestic	1,215 ( 92.7 )	1,137 ( 90.0 )	78	6.9	1,238 ( 88.5 )
Overseas	96 ( 7.3 )	127 ( 10.0 )	-31	-24.4	161 ( 11.5 )
total	1,311 [ 1.7 ]	1,263 [ 1.8 ]	48	3.8	1,399 [ 1.8 ]
<b>Total Net Sales</b>					
Domestic	40,670 ( 52.9 )	37,942 ( 53.4 )	2,728	7.2	41,846 ( 53.8 )
Overseas	36,268 ( 47.1 )	33,115 ( 46.6 )	3,153	9.5	35,940 ( 46.2 )
Total	76,938 [ 100.0 ]	71,057 [ 100.0 ]	5,881	8.3	77,786 [ 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.