

HOYA CORPORATION QUARTERLY REPORT

1<sup>st</sup> quarter : for the three months ended June 30, 2003

## Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

### 1. Performance for the three months ended June 30, 2003 and 2002

(Unit: Millions of Yen, figures less than a million yen are omitted.)

(1) Results of Operations	Three months ended Jun. 30.		Variance
	2003	2002	(%)
Net sales	63,913	61,242	4.4
Operating income	14,536	12,598	15.4
Ordinary income	14,757	10,848	36.0
Net income	9,795	6,868	42.6
Net income per share (Yen)	85.05	59.15	

Notes : No changes have been made in accounting policy.

(2) Financial Position	As of Jun. 30.	As of Mar. 31.	As of Jun. 30.
	2003	2003	2002
Total assets	290,686	274,288	277,988
Shareholders' equity	233,082	224,218	219,695
Shareholders' equity ratio	80.2%	81.7%	79.0%
Shareholders' equity per share (Yen)	2,023.76	1,945.16	1,891.96

(3) Conditions of Cash Flows	Three months ended Jun. 30.	
	2003	2002
Net cash provided by operating activities	14,358	12,161
Net cash used in investing activities	-6,925	-2,250
Net cash provided by (used in ) financing activities	-2,723	-2,765
Cash and cash equivalents, end of period	81,498	71,941

### 2. Earnings Forecasts (First Half : Six months ending September 30, 2003)

	Six months ending/ended Sep. 30.		
	2003	2002	Variance(%)
Net sales	128,000	123,013	4.1
Operating income	29,000	26,549	9.2
Ordinary income	29,500	25,027	17.9
Net income	17,500	14,845	17.9
Net income per share (Yen)	153.73	127.84	25.89

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

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

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

# 1. Business Overview

## 1. Results of Operations

### 1) General Overview

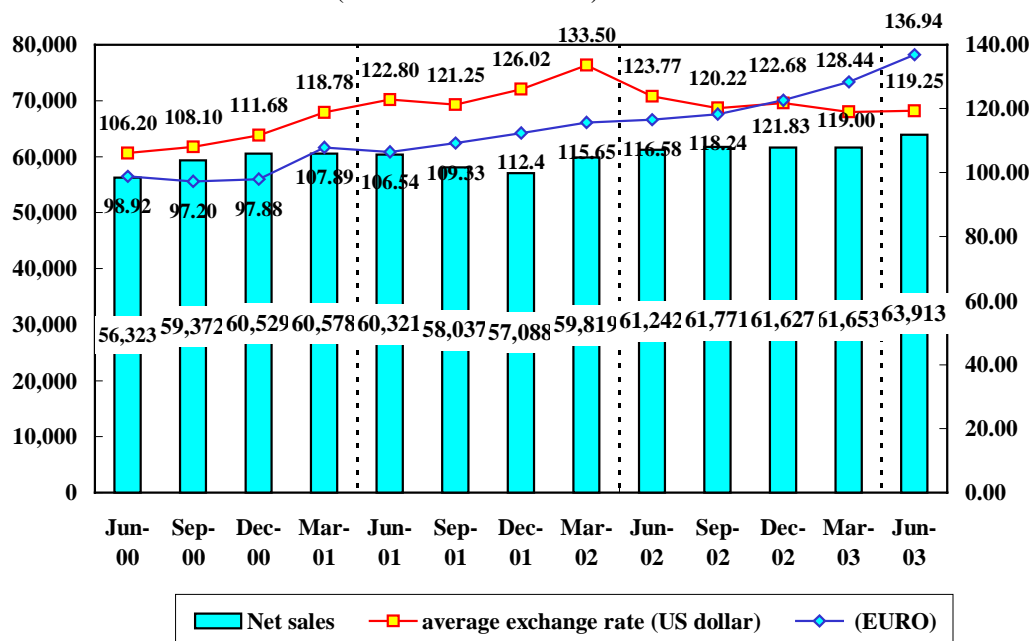
Results of Operations	Millions of Yen
	Three months ended Jun. 30, 2003
Net sales	63,913
Operating income	14,536
Ordinary income	14,757
Net income	9,795
Net income per share(Yen)	85.05

In the quarter under review, although the war in Iraq ended relatively quickly, there was no subsequent sign of an economic recovery in America and Europe; while in Asia, the economy and physical distribution stagnated due to the spread of SARS, a new type of pneumonia. In Japan, the deflationary trend remained and personal consumption was sluggish; though towards the latter half of the quarter, however, there were signs of an upsurge in stock prices.

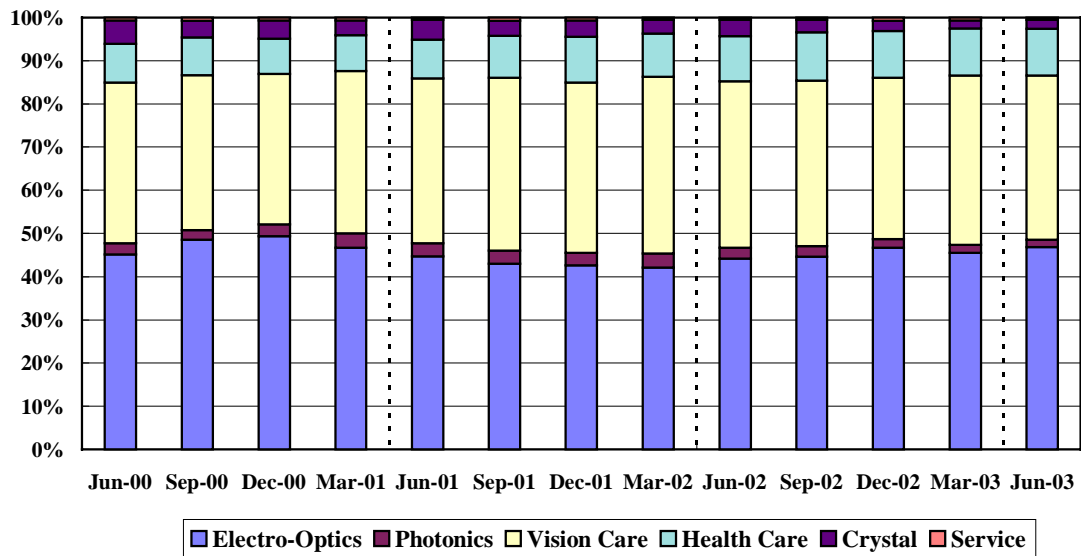
In the currency markets and with respect to the average exchange rates during the same quarter, the US dollar depreciated by 3.7% and the Thai baht depreciated by 3.4%, but the euro appreciated by 17.5%, all against the yen, respectively on a year-on-year basis.

In this business environment, in the Electro-Optics segment of the HOYA Group, demand for high precision products continues to be favorable. In the Vision Care division, while the domestic market remained tough, overseas markets were favorable. In the Health Care division, high function models were well received both in terms of contact lenses and intraocular lenses, and sales increased. As a result, consolidated sales during the quarter increased 4.4% on a year-on-year basis to Yen 63,913 million, which was a record quarterly result.

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

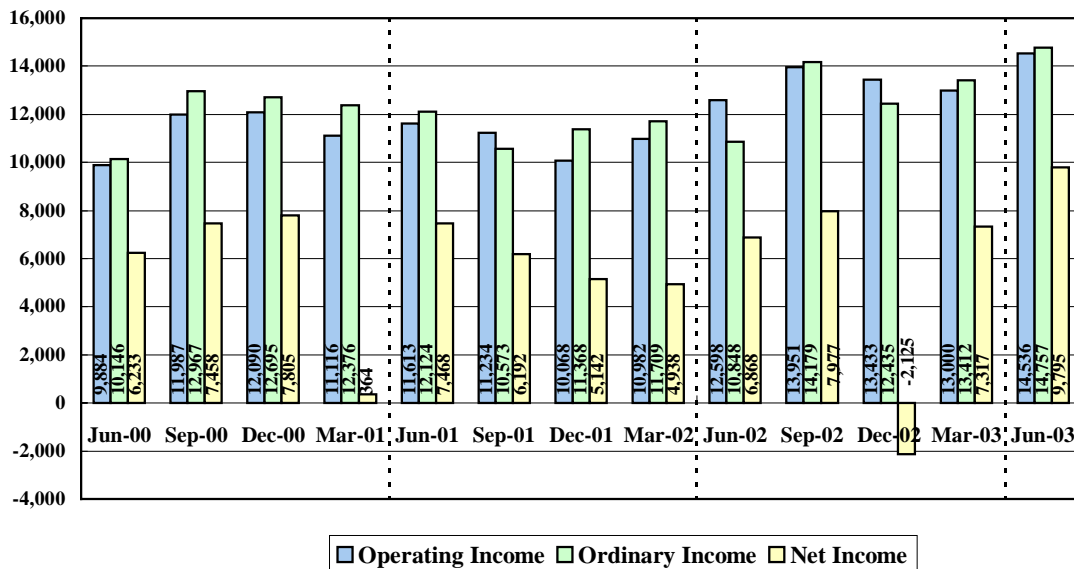


### Ratio of Net Sales by Business Segment - Quarterly Transition



In the quarter under review, in the Electro-Optics segment, we received a persistent volume of orders for high precision products and the main factories were kept fully operational. In the Eye Care segment, too, we expanded sales of high-value-added products, such that sales of both segments increased. On a Group basis, operating income, ordinary income and net income for the 1st quarter increased 15.4%, 36.0% and 42.6% respectively on a year-on-year basis, which recorded quarterly results. Net income per share for the 1st quarter was Yen 85.05, an increase of Yen 25.90 on a year-on-year basis.

### Quarterly Incomes (Millions of Yen)



\* : In the quarter ended March 31, 2001, the Company amortized goodwill for Yen 14,347 million and appropriated it into extra-ordinary loss.  
 \* : In the quarter ended Dec. 31, 2002, the Company posted the expenses for dissolution of the employee pension fund for Yen 14,949 million under extra-ordinary loss.

## 2) Segment Overview

### 1.Information Technology

#### Electro-Optics

In terms of mask blanks for manufacturing semiconductors, orders for high precision products increased including blanks for phase-shift masks, etc. and sales increased on a year-on-year basis.

Sales of photomasks for manufacturing semiconductors increased on a year-on-year basis thanks to the advanced precision of our products. Sales of large masks for LCDs also increased on a year-on-year basis due to robust demand for masks as individual LCD panel manufacturers actively began operation of new production lines and development of new models.

In terms of glass disks for HDDs (Hard Disk Drives), sales of complete media increased on a year-on-year basis while sales of glass substrates decreased as shipments of those designed for desktop model PCs decreased. Overall sales decreased on a year-on-year basis.

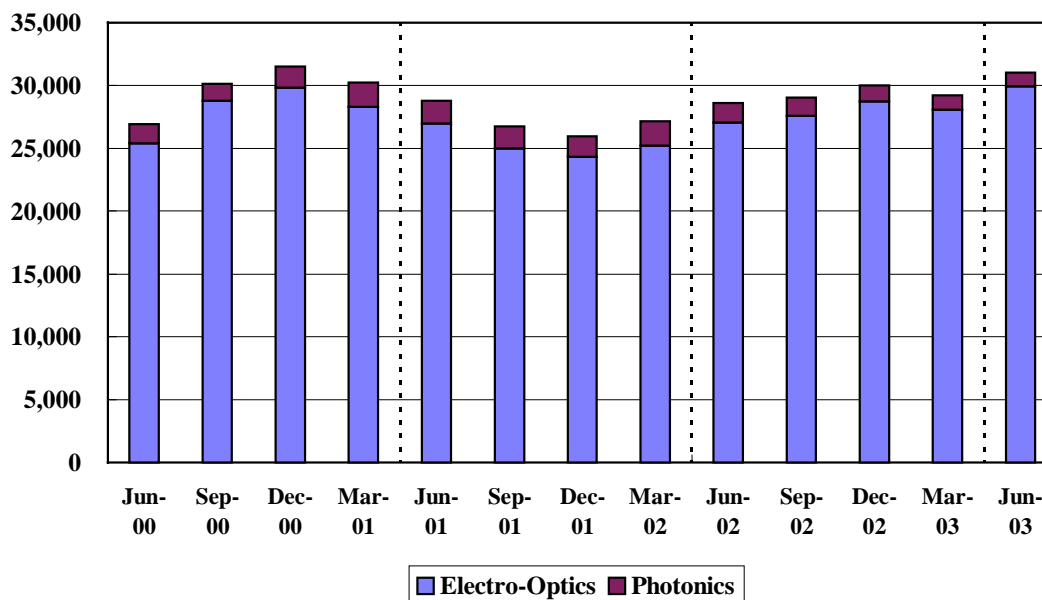
In terms of optical lenses and glasses, the market in digital still and video cameras continued to be favorable, and we received a number of enquiries about our molded aspheric lenses and other optical lenses. Overall sales increased on a year-on-year basis.

#### Photonics

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

In terms of the Photonics business, as the division handling laser-related equipment for physicochemical use was sold off in October, sales decreased on a year-on-year basis.

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



## 2. Eye Care

### Vision Care

In the domestic eyeglass market, tough conditions persisted as the market continued to gravitate towards low-priced products due to sluggish consumption. HOYA introduced new products onto the market, further promoted the higher value-addition of products centered on progressive lenses, and thus secured sales growth of products in the upper price band. Overall sales, however, decreased on a year-on-year basis.

Looking at the overseas market, in Asia, HOYA promoted the higher value-addition of products in Asia but sales decreased on a year-on-year basis due to the influence of SARS. In Europe and North America, HOYA continued to promote the higher value-addition of progressive and highly refractive lenses, etc. with vigor and sales increased on a year-on-year basis.

As a result, overall sales of the Vision Care division increased.

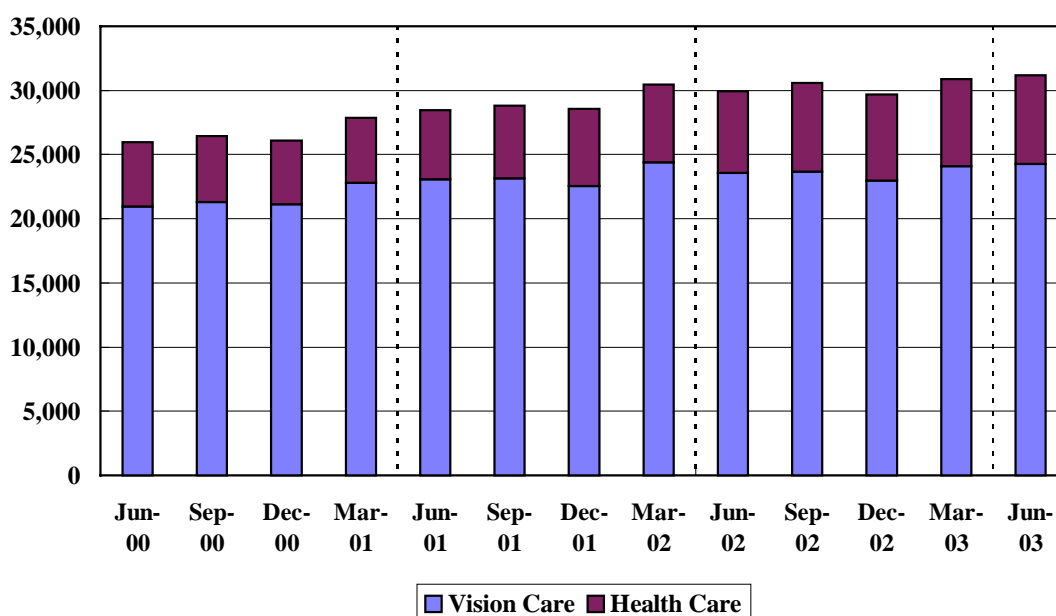
In Europe, sales growth was also helped by a weaker yen against the euro in the currency markets on a year-on-year basis.

### Health Care

In terms of contact lenses, while price competition among discounters intensified in the market, HOYA strove to distinguish itself from the competition by reinforcing sales promotion of high-value-added products and of products backed by our *E-System* of lens compensation services, as well as by improving face-to-face services for clients by making use of our technical expertise. As a result, sales increased on a year-on-year basis.

Sales of intraocular lenses increased substantially on a year-on-year basis thanks to the favorable sales of well-received soft intraocular lenses.

Quarterly Net Sales of Eye Care (Millions of Yen)

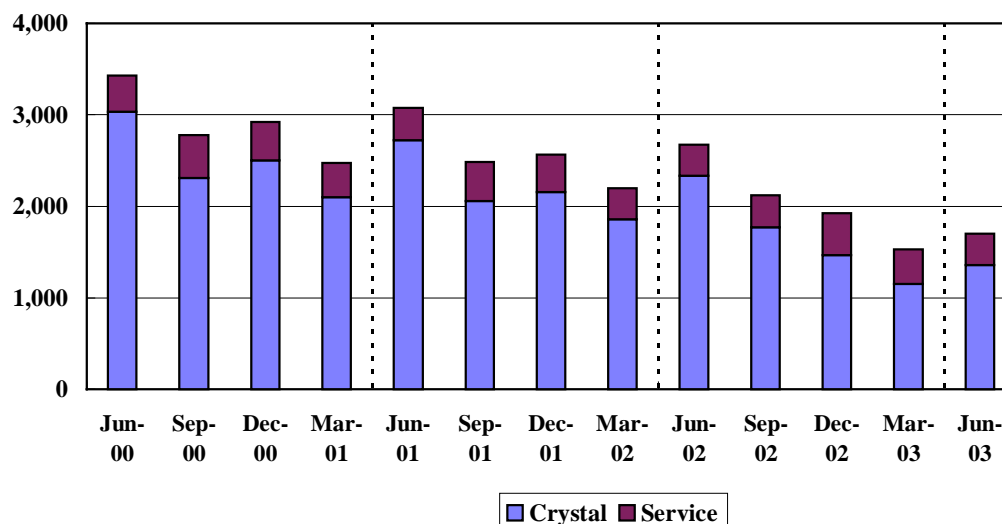


### 3. Lifestyle Refinement

#### Crystal

Sales of crystal decreased on a year-on-year basis due to the dampened personal consumption amid sluggish economic conditions as well as to our downsizing as part of the business reform in order to reconstruct business operations.

Quarterly Net Sales of lifestyle Refinement (Millions of Yen)



### 2. Financial Position

	<u>Millions of Yen</u>
	<u>As of Jun. 30, 2003</u>
Total assets	290,686
Shareholders' equity	233,082
Shareholders' equity ratio	80.2%

At the end of the quarter under review, the current assets increased by Yen 14,317 million since Cash and deposit and Notes and accounts receivable increased by Yen 5,804 million and Yen 3,448 million respectively. Fixed assets also increased by Yen 2,082 million and total assets increased Yen 16,398 million. Liabilities increased by Yen 6,654 million and shareholders' equity ratio declined to 80.2%.

### 3. Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Three months ended Jun. 30, 2003</u>
Net cash provided by operating activities	14,358
Net cash used in investing activities	-6,925
Net cash provided by (used in) financing activities	-2,723
Cash and cash equivalents, end of period	81,498

In terms of cash flows from operating activities, on the basis of Yen 14,695 million in income before income taxes and Yen 4,645 million in depreciation, net cash provided by operating activities amounted to 14,358 million. The outstanding cash and cash equivalents at the end of the period increased by Yen 5,804 million in comparison with that of the end of the previous fiscal year.

## 4. Earnings Forecast for the First Half

(Six months ending Sep. 30, 2003)

As the war in Iraq was effectively quite short and the spread of SARS, a new type of pneumonia, was curbed, major anxieties over business conditions evaporated. Economies in America and Europe are expected to regain vigor and those in Asia to recover from the influence of SARS. Stock prices centered on high-tech companies have been rising. However, deflationary pressure in Japan remains considerable and anxiety over employment and income due to restructuring and hollowing out persists.

In terms of the economic environment surrounding HOYA, demand for high precision products for semi-conductors is expected to remain strong, and the market for LCDs is expected to expand by the establishment of production lines of new generation. Sales of digital cameras and cell phones are expected to grow favorably. With respect to eyeglass lenses, the future of the market in Japan is uncertain, while the market for high value-added products is expected to expand overseas. The market for intraocular lenses is also expected to expand due to the aging of society.

In such an environment, we at HOYA Group will carry out our business operations with the goal of maximizing our corporate value under the new management system of the committee establishing company with the expectation of year-on-year increases in sales and profits for the first six months of the fiscal year.

	<u>Millions of Yen</u>		variance (%)
	<u>Six months ending/ended</u>		
	Sep.30,2003	Sep.30,2002	
Net sales	128,000	123,013	( 4.1 )
Operating income	29,000	26,549	( 9.2 )
Ordinary income	29,500	25,027	( 17.9 )
Net income	17,500	14,845	( 17.9 )
Net income per share (Yen)	153.73	127.84	25.89

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

Ref: Forecast for the 2nd quarter

1. Year-on-year comparison	<u>Millions of Yen</u>		variance (%)
	<u>Three months ending/ended</u>		
	Sep.30,2003	Sep.30,2002	
Net sales	64,087	61,771	( 3.7 )
Operating income	14,464	13,951	( 3.7 )
Ordinary income	14,743	14,179	( 4.0 )
Net income	7,705	7,977	( -3.4 )
Net income per share (Yen)	68.49	68.70	-0.21

2. Quarter-on-quarter comparison	<u>Millions of Yen</u>		variance (%)
	<u>Three months ending/ended</u>		
	Sep.30,2003	Jun.30,2003	
Net sales	64,087	63,913	( 0.3 )
Operating income	14,464	14,536	( -0.5 )
Ordinary income	14,743	14,757	( -0.1 )
Net income	7,705	9,795	( -21.3 )
Net income per share (Yen)	68.49	85.05	-16.56

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

## (2) Consolidated Financial Statements

### 1. Quarterly Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	Jun.30,2003	Mar.31,2003	Variance	Jun.30,2002
<b>ASSETS</b>				
Current assets	192,470	178,153	14,317	175,247
Cash and deposits	81,498	75,694	5,804	71,941
Notes and accounts receivable - trades	62,393	58,945	3,448	59,414
Inventories	34,437	32,360	2,077	35,895
Refundable income tax - receivable	3,899	3,899	-	-
Deferred taxes	3,481	3,969	-488	3,495
Other current assets	8,336	4,583	3,753	5,730
Allowance for doubtful receivables	-1,576	-1,299	-277	-1,229
Fixed assets	97,805	95,723	2,082	102,303
Tangible fixed assets	80,072	77,237	2,835	80,657
Buildings and structures	23,800	23,539	261	25,134
Machinery and vehicles	35,441	33,203	2,238	35,490
Lands	9,403	9,326	77	9,375
Other tangible fixed assets	11,427	11,167	260	10,657
Intangible fixed assets	5,047	5,106	-59	4,410
Investments and other assets	12,686	13,379	-693	17,235
Investment securities	5,444	5,739	-295	5,720
Long-term deferred taxes	2,646	3,210	-564	6,785
Other investments and other assets	6,307	6,140	167	6,363
Allowance for doubtful receivables	-1,712	-1,711	-1	-1,634
Deferred charges	411	411	0	437
<b>Total Assets</b>	<b>290,686</b>	<b>274,288</b>	<b>16,398</b>	<b>277,988</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	54,561	47,889	6,672	48,719
Notes and accounts payable - trades	22,779	20,405	2,374	21,789
Short-term loan payable	2,201	2,284	-83	3,098
Income tax payable	4,877	2,609	2,268	4,275
Accrued bonus	1,889	3,512	-1,623	2,045
Other current liabilities	22,813	19,077	3,736	17,510
Long-term liabilities	1,979	1,996	-17	9,421
Long-term loan payable	150	7	143	569
Employees retirement benefits	-	-	-	7,273
Directors retirement benefits	117	316	-199	273
Other long-term liabilities	1,711	1,673	38	1,305
<b>Total Liabilities</b>	<b>56,540</b>	<b>49,886</b>	<b>6,654</b>	<b>58,141</b>
<b>Minority interest</b>	<b>1,063</b>	<b>183</b>	<b>880</b>	<b>151</b>
Common stock	6,264	6,264	-	6,264
Capital retained earnings	15,898	15,898	-	15,898
Profit retained earnings	223,018	216,271	6,747	206,071
Net unrealized gain (loss) on available - for - sale securities	77	15	62	93
Foreign currency translation adjustments	-5,119	-7,178	2,059	-8,602
Treasury stock, at cost	-7,056	-7,052	-4	-28
<b>Total Shareholders' Equity</b>	<b>233,082</b>	<b>224,218</b>	<b>8,864</b>	<b>219,695</b>
<b>Total</b>	<b>290,686</b>	<b>274,288</b>	<b>16,398</b>	<b>277,988</b>
Notes:	Millions of Yen			
1. Accumulated depreciation	154,394	148,647		143,012
2. Guarantees of borrowings and lease obligations for customers and Group's employees	537	486		546
3. Number of shares of treasury stock (stocks)	951,597	951,050		3,394

## 2. Quarterly Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Three months ended		Variance		Mar.31, 2003
	Jun.30, 2003	Jun.30, 2002	Value	(%)	
Net sales	63,913	61,242	2,671	4.4	61,653
Cost of sales	34,065	33,519	546	1.6	33,285
Gross profit	29,847	27,722	2,125	7.7	28,368
Selling, general and administrative expenses	15,311	15,124	187	1.2	15,368
<b>Operating income</b>	<b>14,536</b>	<b>12,598</b>	<b>1,938</b>	<b>15.4</b>	<b>13,000</b>
Non-operating income	966	737	229	31.1	1,203
Interest income	153	127	26		174
Foreign exchange gains	-	-	-		46
Equity in earnings of associated companies	395	196	199		65
Others	417	413	4		918
Non-operating expenses	745	2,487	-1,742	-70.0	791
Interest expense	78	145	-67		84
Foreign exchange losses	240	1,434	-1,194		-
Others	426	908	-482		707
<b>Ordinary income</b>	<b>14,757</b>	<b>10,848</b>	<b>3,909</b>	<b>36.0</b>	<b>13,412</b>
Extra-ordinary income	169	117	52	44.4	517
Gain on sales of property, plant and equipment	37	22	15		-
Gain on sales of investment securities	8	92	-84		-
Others	123	3	120		517
Extra-ordinary losses	230	280	-50	-17.9	3,232
Loss on disposal of property, plant and equipment	105	205	-100		1,068
Additional retirement benefits paid to employees	66	51	15		611
Temporary plant closure expenses	-	-	-		462
Others	58	23	35		1,088
<b>Income before income taxes and minority interests</b>	<b>14,695</b>	<b>10,685</b>	<b>4,010</b>	<b>37.5</b>	<b>10,697</b>
Income taxes - Current	3,794	2,940	854	29.0	2,340
Income taxes - Deferred	1,096	871	225	25.8	1,033
Minority interests in net income	9	4	5	125.0	8
<b>Net income</b>	<b>9,795</b>	<b>6,868</b>	<b>2,927</b>	<b>42.6</b>	<b>7,317</b>
<b>Net income per share(Yen)</b>	<b>85.05</b>	<b>59.15</b>	<b>25.90</b>		<b>61.62</b>

Notes:

- Influences of Exchange Currency ("2003 A" is the actual value of this period. "2003 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)

	2003 A	2003 B	influences
Net sales	63,913	63,011	902
Operating income	14,536	14,384	152
Ordinary income	14,757	14,617	140
Net income	9,795	9,702	93

- Average rates of major foreign currencies

	Three months ended Jun. 30,		
	2003	2002	Variance(%)
US\$	Yen 119.25	123.77	3.7%
Euro	Yen 136.94	116.58	-17.5%
Thail Baht	Yen 2.82	2.92	3.4%

### 3. Quarterly Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

Items	Millions of Yen			
	Jun. 30, 2003	Jun. 30, 2002	Variance	Mar. 31, 2003
<b>Capital Retained Earnings</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>Profit Retained Earnings</b>				
Balance at the beginning of the period	216,271	202,255	14,016	209,020
Adjustment of retained earnings	9,795	6,868	2,927	7,317
Net income	9,795	6,868	2,927	7,317
Appropriations	3,048	3,052	-4	65
1. Cash dividends	2,879	2,903	-24	-
2. Bonuses to directors	169	149	20	-
3. for merger of unconsolidated subsidiaries	-	-	-	65
Balance at the end of the period	223,018	206,071	16,947	216,271

## 4. Quarterly Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

	<u>Millions of Yen</u>		
	<u>Three months ended Jun.30,</u>		
	2003	2002	variance
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	14,695	10,685	4,010
Adjustments for:			
Income taxes - paid	-1,837	-3,622	1,785
Depreciation and amortization	4,645	4,823	-178
Provision for (reversal of ) accrued bonuses to employees	-1,649	-1,829	180
Reversal of accrued retirement benefits	-236	-19	-217
Provision for (Reversal of ) reserve for periodic repairs	64	-108	172
Equity in earnings of associated companies	-395	-196	-199
Foreign exchange loss (gain)	46	634	-588
Bonus to directors	-169	-149	-20
Devaluation losses on investment securities	0	6	-6
Gain on sales of property, plant and equipment and investment securities	-45	-114	69
Loss on disposal of property, plant and equipment and investment securities	105	205	-100
Other	141	105	36
<i>Changes in assets and liabilities:</i>			0
(Increase) decrease in notes and accounts receivable	-1,499	-770	-729
(Increase) decrease in inventories	-1,175	-675	-500
(Increase) decrease in other current assets	-1,150	601	-1,751
Increase (decrease) in notes and accounts payable	1,685	2,175	-490
Increase (decrease) in other current liabilities	1,130	407	723
<b>Total adjustment</b>			<b>0</b>
<b>Net cash provided by operating activities</b>	<b>14,358</b>	<b>12,161</b>	<b>2,197</b>
<b>INVESTING ACTIVITIES:</b>			
			<b>0</b>
Purchases of property, plant and equipment	-4,019	-2,753	-1,266
Proceeds from sales of property, plant and equipment	54	528	-474
Purchases of investment securities	-178	0	-178
Proceeds from sales of investment securities	14	248	-234
Increase in investments and other assets	-598	-310	-288
Decrease in investments and other assets	210	154	56
Payment for loans	-2,407	-117	-2,290
<b>Net cash used in investing activities</b>	<b>-6,925</b>	<b>-2,250</b>	<b>-4,675</b>
<b>FINANCING ACTIVITIES:</b>			
			<b>0</b>
Net increase (decrease) in short-term borrowings	-89	-212	123
Repayment of long term bank loans	-42	-8	-34
Net (increase) decrease in treasury stock	-4	-12	8
Dividends paid	-2,606	-2,532	-74
Proceed from minority interests	19	-	19
<b>Net cash used in financing activities</b>	<b>-2,723</b>	<b>-2,765</b>	<b>42</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>4,709</b>	<b>7,145</b>	<b>-2,436</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	716	-1,524	2,240
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>75,694</b>	<b>66,321</b>	<b>9,373</b>
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	377	-	377
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>81,498</b>	<b>71,941</b>	<b>9,557</b>

Note: Negative figures with - (minus) in the consolidated statements of cash flows indicate net outflow of cash and cash equivalents.

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

1. Number of consolidated subsidiaries : 56 companies  
(Major companies: <overseas> HOYA HOLDINGS, INC., HOYA LENS EUROPE N.V.,  
HOYA HOLDINGS ASIA PACIFIC PTE. LTD., HOYA PHOTONICS, INC.  
<domestic> HOYA HEALTHCARE CORPORATION,  
HOYA OPTICS 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)

	as of June 30,	as of Mar. 31,	variance	as of June 30, 2002
Consolidated subsidiaries	56 (do 7, os 49)	52 (do 6, os 46)	+4 (do+1, os+3)	52 (do 8, os 44)
Nonconsolidated subsidiaries	- (do -, os -)	- (do -, os -)	- (do-, os -)	- (do -, os -)
Affiliates	5 (do 5, os -)	6 (do 6, os -)	-1 (do-1, os -)	6 (do 6, os -)
(accounted for by the equity method)	(1) (do 1, os -)	(2) (do 2, os -)	(-1) (do-1, os-)	(2) (do 2, os -)
Total Hoya Group	61	58	+3	58
(accounted for by the equity method)	(1)	(2)	(-1)	(2)

(do : domestic, os : overseas)

### Notes: Changes in Accounting Policies and Others

1. Changes in scope of consolidation and application of the equity method:
  - a. Scope of consolidation
    - 1) In comparison to the end of March 31, 2003 c c 4 companies increased.  
3 companies increased due to the establishment:  
HOYA MICROELECTRONICS (SUZHOU) LTD. (China)  
HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD. (China)  
HOYA LENS DANMARK A/S (Denmark)  
1 company increased due to the transfer to the consolidated subsidiary:  
HOYA-SCHOTT CORPORATION (Japan)
    - 2) In comparison to the end of June 30, 2002 c c 4 companies increased in total.  
in addition to the above, there were following changes:  
1 company increased due to the establishment:  
HOYA HEALTHCARE SINGAPORE PTE.LTD. (Singapore)  
1 company increased due to the acquisition:  
HOYA LENS OF CHICAGO, INC. (USA)  
2 companies decreased due to the merger with the parent company:  
HOYA CRYSTAL CORPORATION (Japan).  
HOYA CRYSTAL SHOP CORPORATION (Japan)
  - b. Application of the equity method
    - 1) In comparison to the end of March 31, 2003 c c 1 company decreased.  
1 company decreased due to the transfer to the consolidated subsidiary:  
HOYA-SCHOTT CORPORATION (Japan)
    - 2) In comparison to the end of June 30, 2002 c c 1 company decreased.  
Same as the above
2. Changes in accounting policy :  
None

## Notes Relating to Consolidated Statements of Cash Flows

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

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Jun. 30,2003</u>	<u>Jun. 30,2002</u>	<u>Mar.31,2003</u>
Cash and deposits	81,498	71,941	75,694
Marketable securities	-	-	-
Total	<u>81,498</u>	<u>71,941</u>	<u>75,694</u>

### 2. Details of Assets and Liabilities of the Newly Consolidated Subsidiaries by Acquisition of Shares

#### Three months ended Jun. 30, 2003

None

#### Three months ended Jun. 30, 2002

None

#### Three months ended Mar. 31, 2003

HOYA LENS OF CHICAGO, INC. (as of Mar. 1, 2003 )

Millions of Yen

Current assets	309
Goodwill	1,132
Fixed assets	-
Current liabilities	93
Long-term liabilities	-
Value for acquisition of shares of this subsidiary	<u>1,348</u>
Cash and cash equivalents possessed by this subsidiary	<u>47</u>
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>1,301</u>

### 3. Details of Assets and Liabilities of the Newly Consolidated Subsidiaries by Merger to HOYA CORPORATION or Increase of Proxy Rights:

#### Three months ended Jun. 30, 2003

HOYA-SCHOTT CORPORATION

	<u>Millions of Yen</u>
Current assets	0
Fixed assets	0
Total assets	<u>2,607</u>
Current liabilities	701
Long-term liabilities	168
Total liabilities	<u>870</u>

#### Three months ended Jun. 30, 2002

None

#### Three months ended Mar. 31, 2003

HOYA TECHNO-PROCESS CORPORATION and other 2 companies

(merged with HOYA CORPORATION : as of Mar. 1,2003)

	<u>Millions of Yen</u>
Current assets	82
Fixed assets	0
Total assets	<u>82</u>
Current liabilities	37
Long-term liabilities	-
Total liabilities	<u>37</u>

**Notes Relating to Consolidated Statements of Cash Flows**

**4. Details of Assets and Liabilities decreased by the sale of business:**

**Three months ended Jun. 30, 2003**

None

**Three months ended Jun. 30, 2002**

None

**Three months ended Mar. 31, 2003**

**A part of Hearing aids business**

	<u>Millions of Yen</u>
Current assets	109
Fixed assets	<u>324</u>
Total assets	<u>433</u>
Current liabilities	28
Long-term liabilities	<u>-</u>
Total liabilities	<u>28</u>

## Notes Relating to Investment Securities and Derivatives

### 1. Investment securities of current market values:

(Millions of Yen)

	As of								
	<u>Jun.30,2003</u>			<u>Mar.31, 2003</u>			<u>Jun.30, 2002</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale :									
Marketable Equity securities	139	207	67	145	170	25	243	403	160
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>139</b>	<b>207</b>	<b>67</b>	<b>145</b>	<b>170</b>	<b>25</b>	<b>243</b>	<b>403</b>	<b>160</b>

### 2. Investment securities of non-current market values:

(Millions of Yen)

	As of		
	<u>Jun.30,2003</u>	<u>Mar.31, 2003</u>	<u>Jun.30, 2002</u>
	Non-marketable stock of subsidiaries	4,442	4,953
<b>Total</b>	<b>4,442</b>	<b>4,953</b>	<b>4,870</b>
Non-marketable equity securities	794	615	445
Non-marketable corporate bonds	-	-	-
Non-marketable foreign bond	-	-	-
Commercial paper	-	-	-
<b>Total</b>	<b>794</b>	<b>615</b>	<b>445</b>

### 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>Jun.30, 2003</u>	<u>Mar.31, 2003</u>	<u>Jun.30, 2002</u>
<b>(1) Current deferred tax assets and liabilities</b>			
Deferred tax assets			
Excess deductible amount of depreciation expenses	1,264	1,264	1,264
Inventories - intercompany unrealized profits	1,065	829	872
Excess deductible amount of expenses for accrued bonus	712	1,361	655
Enterprise tax not deductible	266	76	207
Other deferred tax assets	507	772	895
Total amount of deferred tax assets - current	<u>3,816</u>	<u>4,304</u>	<u>3,896</u>
Deferred tax liabilities			
Refundable income tax - receivable	-334	-334	-
Prepaid pension expenses	-	-	-295
Other deferred tax liabilities	-	-	-104
Total amount of deferred tax liabilities - current	<u>-334</u>	<u>-334</u>	<u>-400</u>
Net amount of deferred tax assets - current	<u>3,481</u>	<u>3,969</u>	<u>3,495</u>
<b>(2) Non-current deferred tax assets and liabilities</b>			
Deferred tax assets			
Excess in inclusion into tax-deductible depreciation	1,114	1,589	2,485
Amount denied of evaluation loss of fixed assets	856	913	746
Excess in inclusion into tax-deductible allowance for doubtful receivables	402	401	279
Excess in inclusion into tax-deductible reserve for employees' retirement benefits	-	-	2,586
Other deferred tax assets	1,347	1,382	1,918
Total amount of deferred tax assets - fixed	<u>3,720</u>	<u>4,286</u>	<u>8,016</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-552	-582	-637
Special depreciation reserve	-302	-312	-366
Difference of evaluation of other marketable securities	-52	-10	-
Other deferred tax liabilities	-165	-171	-160
Total amount of deferred tax liabilities - fixed	<u>-1,073</u>	<u>-1,076</u>	<u>-1,231</u>
Net amount of deferred tax assets - fixed	<u>2,646</u>	<u>3,210</u>	<u>6,785</u>

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

	Three months ended		
	<u>Jun.30,2003</u>	<u>Jun.30,2002</u>	<u>Mar.31,2003</u>
Statutory tax rate of the Company	41.7 %	41.7 %	41.7 %
(Adjustment)			
Lower income tax rates applicable to income in certain foreign countries	-8.4	-7.1	-10.1
Non-Deductible expenses such as entertainment expenses	0.3	0.6	0.2
Per capita levy of inhabitants tax and others	0.2	0.3	0.2
Non-taxable income such as dividend received	-7.7	-5.6	-
Intercompany cash dividend	6.0	5.6	-
Correction of deferred tax assets due to change of tax rate	-	-	0.9
Other adjustment	1.2	0.2	-1.4
Effective income tax rate	<u>33.3</u>	<u>35.7</u>	<u>31.5</u>

## Notes Relating to Employees' Retirement Benefits

### 1. Systems of employees' retirement benefits the Company adopts

HOYA had systems to support lump sum severance pay and an employees' pension fund. In the 3rd quarter of Fiscal 2002, the system of lump sum severance pay was abolished. The employees' pension fund was dissolved on January 29, 2003 once the Minister of Health, Labor and Welfare sanctioned approval of its dissolution on that

### 2. Details of liabilities for employees' retirement benefits

#### (1) Breakdown of liabilities for employees' retirement benefits

	<u>Millions of Yen</u>		
	<u>As of</u>		
	<u>Jun.30, 2003</u>	<u>Mar.31, 2003</u>	<u>Jun.30, 2002</u>
Liabilities for employees' retirement benefits	-	-	66,956
Pension assets	-	-	-37,576
Accrued liabilities for employees' retirement benefits	-	-	29,380
Unappropriated amount of the difference arising from the change in accounting standards	-	-	2,692
Unrecognized prior service cost (decrease in liabilities)	-	-	1,655
Unrecognized actuarial differences (increase in liabilities)	-	-	-27,163
Prepaid pension expenses	-	-	708
Reserve for employees' retirement benefits	-	-	7,273

#### (2) Breakdown of expenses for employees' retirement benefits

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Jun.30, 2003</u>	<u>Jun.30, 2002</u>	<u>Mar.31, 2003</u>
Service cost	-	564	-
Interest expenses	-	411	-
Expected return of investments	-	-507	-
Difference arising from the change in accounting standards	-	-52	-
Prior service cost	-	-40	-
Actuarial differences	-	593	-
sub total	-	968	-
Additional retirement benefits paid to employees	66	51	611
Expenses for employees' retirement benefits	66	1,020	611

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

	<u>Three months ended</u>		
	<u>Jun.30, 2003</u>	<u>Jun.30, 2002</u>	<u>Mar.31, 2003</u>
1. Discount rate	-	2.5%	-
2. Expected rate of return of investments	-	5.5%	-
3. Method of periodical allocation of the estimated amount of employees' retirement benefits	-	pro rata division over the period	-
4. Number of years over which the difference arising from the change in accounting standards is amortized	-	15 years	-
5. Number of years over which the prior service cost is amortized	-	12 years	-
6. Number of years over which the actuarial differences are amortized	-	12 years	-

### (3) Segment Information

HOYA CORPORATION and Consolidated Subsidiaries

#### 1. Industry Segments

for the three months ended June 30, 2003

	Millions of Yen								
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	29,937	1,093	24,284	6,898	1,359	339	63,913	-	63,913
Intersegment	18	-	2	0	13	1,436	1,470	(1,470)	-
Total	29,955	1,093	24,286	6,898	1,373	1,776	65,384	(1,470)	63,913
Operating expenses	20,137	1,111	20,696	5,387	1,325	1,667	50,324	(947)	49,377
Operating income	9,818	-17	3,590	1,510	48	108	15,059	(523)	14,536
Operating margin	32.8%	-1.6%	14.8%	21.9%	3.5%	6.1%	23.0%	-	22.7%
Assets	121,972	2,522	95,741	14,286	5,239	2,733	242,496	48,190	290,686
Depreciation	2,938	16	1,448	135	80	8	4,627	18	4,645
Capital Expenditures	4,802	19	1,123	230	69	12	6,258	11	6,269
R&D Expenses	1,602	65	353	198	4	-	2,224	(14)	2,210
Number of employees (p)	6,932	135	6,094	568	179	368	14,276	44	14,320

for the three months ended June 30, 2002

	Millions of Yen								
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	27,046	1,575	23,574	6,373	2,334	338	61,242	-	61,242
Intersegment	59	-	2	0	8	724	794	(794)	-
Total	27,105	1,575	23,576	6,373	2,342	1,062	62,037	(794)	61,242
Operating expenses	19,199	1,821	19,618	5,319	2,136	995	49,091	(447)	48,643
Operating income	7,905	-246	3,958	1,054	206	66	12,945	(347)	12,598
Operating margin	29.2%	-15.6%	16.8%	16.5%	8.8%	6.3%	20.9%	-	20.6%
Assets	113,979	4,223	92,993	14,268	9,005	2,945	237,415	40,573	277,988
Depreciation	3,146	20	1,390	142	87	7	4,796	26	4,823
Capital Expenditures	1,778	20	692	137	26	1	2,657	7	2,664
R&D Expenses	1,420	125	419	163	10	-	2,137	(12)	2,125
Number of employees (p)	5,683	231	6,394	628	297	130	13,363	43	13,406

Ref:

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

	Millions of Yen								
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	2,891	-482	710	525	-975	1	2,671	-	2,671
Variance (%)	10.7%	-30.6%	3.0%	8.2%	-41.8%	0.3%	4.4%	-	4.4%
Intersegment	-41	-	0	0	5	712	676	-676	-
Total	2,850	-482	710	525	-969	714	3,347	-676	2,671
Operating expenses	938	-710	1,078	68	-811	672	1,233	-500	734
Operating income	1,913	229	-368	456	-158	42	2,114	-176	1,938
Variance (%)	24.2%	-	-9.3%	43.3%	-76.7%	63.6%	16.3%	-	15.4%
Assets	7,993	-1,701	2,748	18	-3,766	-212	5,081	7,617	12,698
Depreciation	-208	-4	58	-7	-7	1	-169	-8	-178
Capital Expenditures	3,024	-1	431	93	43	11	3,601	4	3,605
R&D Expenses	182	-60	-66	35	-6	-	87	-2	85
Number of employees (p)	1,249	-96	-300	-60	-118	238	913	1	914

\*Elimi. or corp. : Elimination or corporate

Note:

The Business Categories and Industries over the reviewing periods are as follows:

Business Category	Industries	Products and Services
Information Technologies	(Electro-Optics)	Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc.
	(Photonics)	Lazer equipments for industrial, dental, and medical purposes, etc.
Eye Care	(Vision Care)	Eyeglass lenses, eyeglass frames, ophthalmic equipments, etc.
	(Health Care)	Contact lenses and accessories, intraocular lenses, etc.
Lifestyle Refinement	(Crystal)	Crystal glass products
	(Service)	Design of information systems, placement of temporary staff, etc.

2. Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies in the two geographic areas, which are not allocated to each industry segment. Corporate operating expenses for the three months ended Jun. 30, 2003 and 2002 are as follows:

	<u>2003</u>		<u>2002</u>
Yen	637 million	Yen	480 million

3. Corporate assets mainly consist of cash and time deposits, investments securities and administrative assets of the Company and the overseas regional holding companies in the two geographic areas. Corporate assets as of Jun. 30, 2003 and 2002 are as follows:

	<u>2003</u>		<u>2002</u>
Yen	59,899 million	Yen	49,042 million

## 2. Geographical Segments

(Figures less than a million Yen are omitted.)

for the three months ended June 30, 2003							
Millions of Yen							
	Japan	North America	Europe	Asia	Total	Eliminations or corporate	Consolidated
Net sales:							
To outside customers	43,124	8,839	8,986	2,963	63,913	-	63,913
Intersegment	4,473	18	564	13,114	18,170	(18,170)	-
<b>Total</b>	<b>47,597</b>	<b>8,857</b>	<b>9,550</b>	<b>16,077</b>	<b>82,083</b>	<b>(18,170)</b>	<b>63,913</b>
Operating expenses	38,176	8,378	7,621	12,890	67,067	(17,690)	49,377
Operating income	9,421	478	1,928	3,187	15,015	(479)	14,536
Operating margin	19.8%	5.4%	20.2%	19.8%	18.3%	-	22.7%
Assets	131,203	20,927	41,926	59,767	253,824	36,862	290,686

for the three months ended June 30, 2002							
Millions of Yen							
	Japan	North America	Europe	Asia	Total	Eliminations or corporate	Consolidated
Net sales:							
To outside customers	41,030	9,485	7,776	2,950	61,242	-	61,242
Intersegment	4,848	9	375	11,112	16,345	(16,345)	-
<b>Total</b>	<b>45,878</b>	<b>9,494</b>	<b>8,151</b>	<b>14,062</b>	<b>77,588</b>	<b>(16,345)</b>	<b>61,242</b>
Operating expenses	37,347	9,314	6,788	11,562	65,013	(16,369)	48,643
Operating income	8,531	180	1,363	2,499	12,575	23	12,598
Operating margin	18.6%	1.9%	16.7%	17.8%	16.2%	-	20.6%
Assets	143,145	20,064	30,068	53,809	247,088	30,899	277,988

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

Millions of Yen							
	Japan	North America	Europe	Asia	Total	Eliminations or corporate	Consolidated
Net sales:							
To outside customers	2,094	-646	1,210	13	2,671	-	2,671
Variance (%)	5.1%	-6.8%	15.6%	0.4%	4.4%	-	4.4%
Intersegment	-375	9	189	2,002	1,825	-1,825	-
<b>Total</b>	<b>1,719</b>	<b>-637</b>	<b>1,399</b>	<b>2,015</b>	<b>4,495</b>	<b>-1,825</b>	<b>2,671</b>
Operating expenses	829	-936	833	1,328	2,054	-1,321	734
Operating income	890	298	565	688	2,440	-502	1,938
Variance (%)	10.4%	165.6%	41.5%	27.5%	19.4%	-	15.4%
Assets	-11,942	863	11,858	5,958	6,736	5,963	12,698

Notes:

- Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies in the two geographic areas. Corporate operating expenses for the three months ended Jun. 30, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Yen	562 million	418 million

- Corporate assets mainly consist of cash and time deposits, investments securities and administrative assets of the Company and the overseas regional holding companies in the two geographic areas. Corporate assets as of Jun. 30, 2003 and 2002 are as follows:

	<u>2003</u>	<u>2002</u>
Yen	55,145 million	46,123 million

### 3. Sales to Foreign Customers

(Figures less than a million Yen are omitted.)

for the three months ended June 30, 2003

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	9,565	9,585	9,608	0	28,759
Consolidated Sales (B)					63,913
Overseas Sales ratio A/B	15.0%	15.0%	15.0%	0.0%	45.0%
Regional Sales Ratio	33.3%	33.3%	33.4%	0.0%	100.0%

for the three months ended June 30, 2002

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	9,956	9,970	7,544	29	27,501
Consolidated Sales (B)					61,242
Overseas Sales ratio A/B	16.3%	16.3%	12.3%	0.0%	44.9%
Regional Sales Ratio	36.2%	36.3%	27.4%	0.1%	100.0%

Ref:

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

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	-391	-385	2,064	-29	1,258
Consolidated Sales (B)					2,671
Variance (%)	-3.9%	-3.9%	27.4%	-100.0%	4.6%

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

Business Category Company	Millions of Yen				Three months ended Mar. 31, 2003	
	Three months ended Jun.30, 2003		Three months ended Jun.30, 2002			Variance (%)
<b>Electro-Optics</b>						
Domestic	17,264	( 57.7 )	14,954	( 55.3 )	2,310 15.4	16,426 ( 58.5 )
Overseas	12,673	( 42.3 )	12,091	( 44.7 )	582 4.8	11,652 ( 41.5 )
total	29,937	[ 46.8 ]	27,046	[ 44.2 ]	2,891 10.7	28,078 [ 45.5 ]
<b>Photonics</b>						
Domestic	694	( 63.5 )	832	( 52.8 )	-138 -16.6	781 ( 67.3 )
Overseas	399	( 36.5 )	743	( 47.2 )	-344 -46.3	379 ( 32.7 )
total	1,093	[ 1.7 ]	1,575	[ 2.5 ]	-482 -30.6	1,161 [ 1.9 ]
<b>Electro-Optics</b>						
Domestic	17,958	( 57.9 )	15,786	( 55.2 )	2,172 13.8	17,207 ( 58.8 )
Overseas	13,072	( 42.1 )	12,835	( 44.8 )	237 1.8	12,032 ( 41.2 )
total	31,031	[ 48.5 ]	28,622	[ 46.7 ]	2,409 8.4	29,239 [ 47.4 ]
<b>Vision Care</b>						
Domestic	8,725	( 35.9 )	9,089	( 38.6 )	-364 -4.0	8,571 ( 35.5 )
Overseas	15,559	( 64.1 )	14,484	( 61.4 )	1,075 7.4	15,555 ( 64.5 )
total	24,284	[ 38.0 ]	23,574	[ 38.5 ]	710 3.0	24,127 [ 39.1 ]
<b>Health Care</b>						
Domestic	6,884	( 99.8 )	6,356	( 99.7 )	528 8.3	6,739 ( 99.7 )
Overseas	13	( 0.2 )	16	( 0.3 )	-3 -18.8	18 ( 0.3 )
total	6,898	[ 10.8 ]	6,373	[ 10.4 ]	525 8.2	6,757 [ 11.0 ]
<b>Eye Care</b>						
Domestic	15,609	( 50.1 )	15,446	( 51.6 )	163 1.1	15,310 ( 49.6 )
Overseas	15,572	( 49.9 )	14,501	( 48.4 )	1,071 7.4	15,573 ( 50.4 )
total	31,182	[ 48.8 ]	29,947	[ 48.9 ]	1,235 4.1	30,884 [ 50.1 ]
<b>Crystal</b>						
Domestic	1,244	( 91.6 )	2,168	( 92.9 )	-924 -42.6	1,056 ( 91.8 )
Overseas	114	( 8.4 )	165	( 7.1 )	-51 -30.9	94 ( 8.2 )
total	1,359	[ 2.1 ]	2,334	[ 3.8 ]	-975 -41.8	1,150 [ 1.9 ]
<b>Service</b>						
Domestic	339	( 100.0 )	338	( 100.0 )	1 0.3	380 ( 100.0 )
Overseas	0	( 0.0 )	0	( 0.0 )	0 -	0 ( 0.0 )
total	339	[ 0.6 ]	338	[ 0.6 ]	1 0.3	380 [ 0.6 ]
<b>Lifestyle Refinement</b>						
Domestic	1,584	( 93.3 )	2,506	( 93.8 )	-922 -36.8	1,437 ( 93.9 )
Overseas	114	( 6.7 )	165	( 6.2 )	-51 -30.9	94 ( 6.1 )
total	1,699	[ 2.7 ]	2,672	[ 4.4 ]	-973 -36.4	1,530 [ 2.5 ]
<b>Total Net Sales</b>						
Domestic	35,153	( 55.0 )	33,740	( 55.1 )	1,413 4.2	33,954 ( 55.1 )
Overseas	28,759	( 45.0 )	27,501	( 44.9 )	1,258 4.6	27,698 ( 44.9 )
Total	63,913	[ 100.0 ]	61,242	[ 100.0 ]	2,671 4.4	61,653 [ 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.