

## FINANCIAL REPORT 2004

For the year ended March 31, 2004

### Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

Annual Financial Highlights : page.1

(Appendixes) 1.Global Group Management : page.2

2.Management Policies : page.5

3. Business Overview

3-1. Results of Operations : page.6

3-2. Financial Position : page.10

3-3. Conditions of Cash Flows : page.10

3-4. Business Plans for the year ending March 31,2005 : page.11

4. Consolidated Financial Statements

(1) Consolidated Balance Sheets : page.12

(2) Consolidated Statements of Income : page.13

(3) Consolidated Statements of Retained Earnings : page.14

(4) Consolidated Statements of Cash Flows : page.15

(5) Scope of Consolidation and Application of the Equity Method : page.16

Notes Relating to Consolidated Statements of Cash Flows : page.17

Notes Relating to Investment Securities and Derivatives : page.19

Notes Relating to Tax Effect Accounting : page.20

Notes Relating to Employees' Retirement Benefits : page.21

5. Segment Information

(1) Industry Segments : page.22

(2) Geographic Segments : page.24

(3) Sales to Foreign Customers : page.25

6. Composition of Net Sales by Business Category : page.26

(unaudited)

Notes:

1.HOYA's fiscal year (FY) : from April 1 to March 31 of the following year.

2.Data used in the year ended March 31, 2004 are unaudited.

3.This report is just translation of Japanese "Kessan Tanshin " for the references of foreign investors.

## HOYA CORPORATION

This report is provided solely for the information of the investors who are expected to make their own evaluation of the company at their own risks. We do 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.

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



## Annual Financial Highlights (unaudited)

April 21, 2004

HOYA CORPORATION and Consolidated Subsidiaries

Contact:Naoji Ito, Manager of Investor Relations Tel:03(3952)1160 Fax:03(3952)0726 E-mail:naoji.ito@mb.hoya.co.jp

### Performance for the years ended March 31, 2004 and 2003

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

(1)Results of Operations	Years ended March 31,		Variance
	2004	2003	(%)
Net sales	271,443	246,293	10.2
Operating income	68,166	52,982	28.7
Ordinary income	66,554	50,874	30.8
Net income	39,548	20,037	97.4
Basic net income per share (Yen)	350.96	171.10	
Diluted net income per share (Yen)	350.56	171.08	
ROE	17.8%	9.0%	
Ordinary income / total assets	23.6%	18.4%	
Ordinary income / net sales	24.5%	20.7%	

Notes : No changes have been made in accounting policy.

(2)Dividends	Years ended March 31,	
	2004	2003
Annual cash dividends per share (Yen)	100.00	50.00

(3)Financial Position	As of March 31,	
	2004	2003
Total assets	289,887	274,288
Shareholders' equity	218,978	224,218
Shareholders' equity ratio	75.5%	81.7%
Shareholders' equity per share (Yen)	1,967.60	1,945.16

(4)Conditions of Cash Flow	2004	2003
Net cash provided by operating activities	78,743	38,390
Net cash used in investing activities	-28,338	-13,583
Net cash provided by (used in) financing activities	-42,853	-14,547
Cash and cash equivalents, end of period	80,425	75,694

### Ref:Performance of HOYA CORPORATION for the years ended March 31, 2004 and 2003

	2004	2003	Variance(%)
Net sales	183,771	159,432	15.3
Operating income	28,341	26,536	6.8
Ordinary income	33,610	29,460	14.1
Net income	15,558	8,852	75.8
EPS (Yen)	138.24	75.27	
Total assets	209,673	209,387	
Shareholders' equity	143,617	166,374	

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.Global Group Management

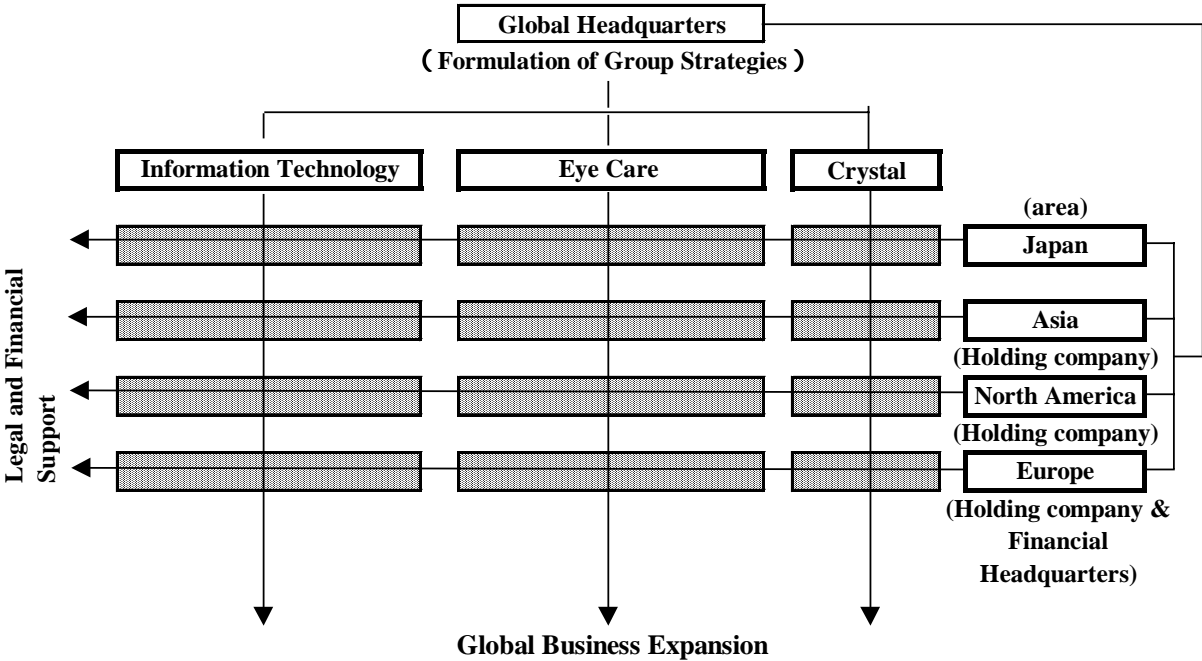
The HOYA Group consists of the HOYA CORPORATION (the "Company"), 55 consolidated subsidiaries (6 in Japan and 49 overseas) and five affiliates (5 in Japan). The HOYA Group is engaged in manufacturing, sales and businesses related to Electro-Optics, Photonics, Vision Care, Health Care and Crystal products. Of the five affiliates, one (1in Japan) is accounted for using the equity method (as of March 31, 2004).

Our products are manufactured by the Company itself and by other companies in the Group both in Japan and abroad. In Japan, most of our products are distributed directly to retailers, specialty stores, assemblers, etc. Some products are exported to various countries abroad through our overseas Group companies.

The HOYA Group has adopted a global group management system. Global Headquarters at the HOYA CORPORATION formulate management strategies, which are enacted on a global basis by the two major business segments such as Information Technology and Eye Care in line with their respective business responsibilities.

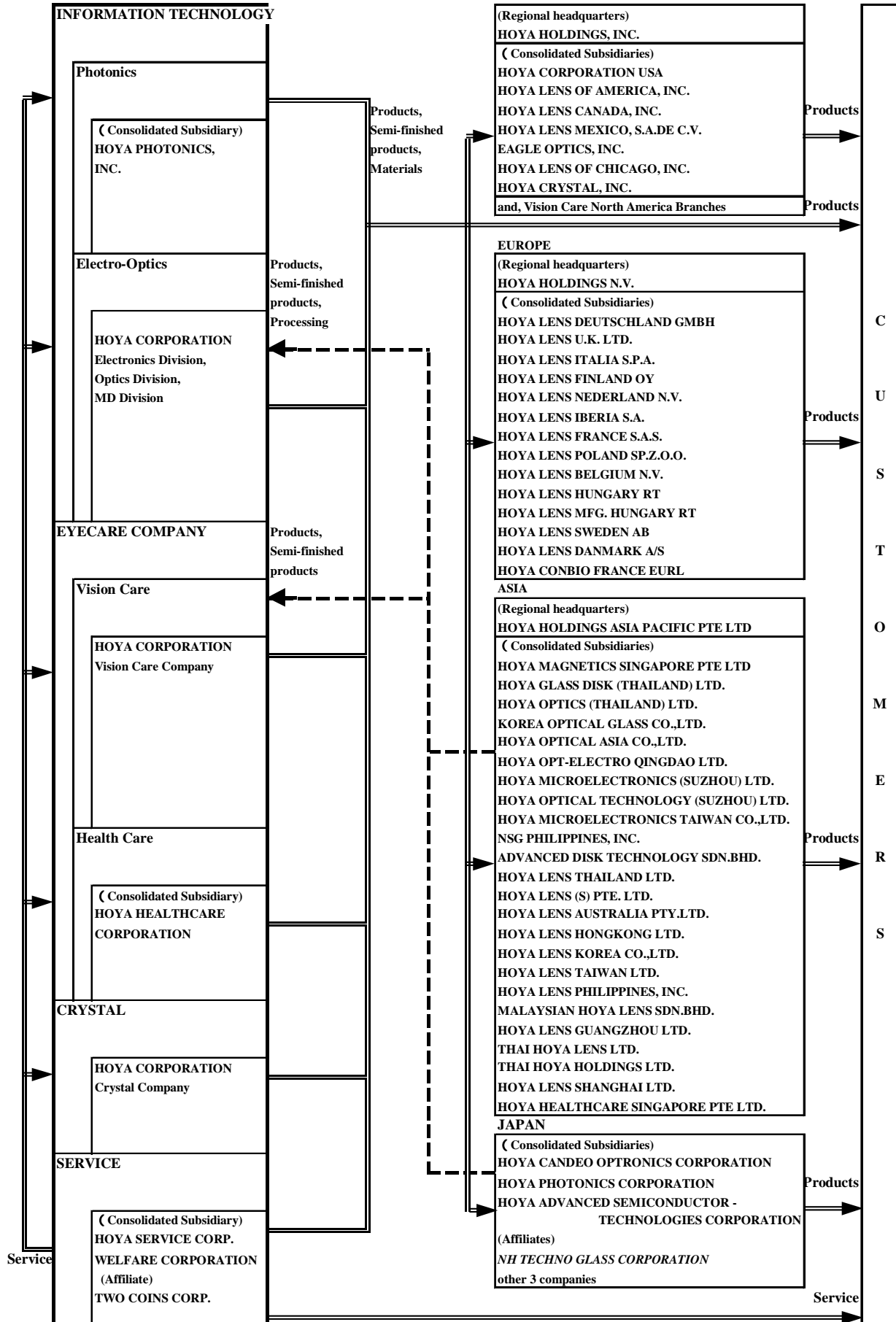
By area, regional holding companies in North America, Europe and Asia are in charge of reinforcing relationships with the countries and areas in their respective regions, financial management on a regional basis, legal support and internal audits, thereby supporting the promotion of business activities.

## Global Group Management System



<b>Business Categories</b>	<b>Industries</b>	<b>Products and Services</b>	<b>Major Subsidiaries and Affiliates</b>
<b>Information Technology</b>	<b>Electro-Optics</b>	Photomasks and Maskblanks for semiconductors, Masks and Devices for LCDs; Glass disks for hard disk drives (HDDs); Optical lenses, Optical glasses, Electronic glass, Optical communication related devices, etc.	HOYA CORP. Electronics; Optics; MD Divisions HOYA CORPORATION USA HOYA MAGNETICS SINGAPORE PTE LTD HOYA GLASS DISK (THAILAND) LTD. HOYA CANDEO OPTRONICS CORPORATION
	<b>Photonics</b>	Lazer equipments for industrial, and medical purposes	HOYA PHOTONICS, INC. HOYA PHOTONICS CORPORATION
<b>Eye Care</b>	<b>Vision Care</b>	Eyeglass lenses, Eyeglass frames, Ophthalmic equipments, etc.	HOYA CORP. Vision Care Company HOYA LENS DEUTSCHLAND GMBH HOYA LENS U.K. LTD. HOYA LENS OF AMERICA, INC. HOYA LENS THAILAND LTD.
	<b>Health Care</b>	Contact lenses and accessories, Intraocular lenses, etc.	HOYA HEALTHCARE CORPORATION
<b>Lifestyle Refinement</b>	<b>Crystal</b>	Crystal glass products	HOYA CORP. Crystal Company HOYA CRYSTAL, INC.
	<b>Service</b>	Design of information systems, Placement of temporary staff, etc.	HOYA SERVICE CORPORATION WELFARE CORPORATION

**Business Flow Chart**



*Italic : affiliates accounted for by the equity method*

## **2. Management Policies**

An outline of the management policies of the HOYA Group is as follows:

### **Top Priority Policy of the Management "Maximization of Corporate Value"**

#### **1. SVA management**

(SVA:Shareholders' Value Added or an increment in shareholder value during one fiscal year)

In order to maximize corporate value, we will streamline our management and carry out SVA management. We are confident that we will be able to respond to the expectations of our shareholders and satisfy all stakeholders with an increase in corporate value by producing profits that exceed capital costs while paying due attention to all expenses.

#### **2. Corporate Governance (Outside board members)**

We believe a business should be run so as to maximize its shareholder value. At HOYA, in order for the board of directors - as representatives of the shareholders' interests - to be fully functional, outside directors have long been invited to participate therein to provide oversight and advice. As of June 2003, the number of outside directors has been increased to five, comprising a majority of the board.

Simultaneously in June 2003, in order to separate the monitoring of management from the execution of business operations, the Company has shifted to a committee establishing company. All the three committees, being the Nomination, Remuneration and Audit Committees, are composed solely of outside directors so as to strengthen the Company's monitoring function under their fair judgment.

#### **3. Strategy of "Global Niche"**

Applying our original technologies, which have been accumulated over many years, the Company will develop technologies that will prevail in the global marketplace, create new business fields with growth potential to attain the top market shares therein, and develop them into highly profitable businesses.

#### **4. Harmonizing the interests of management, employees and shareholders**

In order to improve business results and produce profits for both shareholders and management/employees simultaneously, board members are obliged to own shares in the Company, stock-options and an employee stock ownership plan have been established that allow employees to have a sense of participation in the management of the Company.

The Company has adopted new system that places importance on the employees' abilities regardless of age or sex so that they can work with enthusiasm.

#### **5. Global group management**

We will make the best combination of management resources in order to give full play to our competitive edge in a global perspective and strive to increase our share of overseas business.

Measures designed to promote globalization include not only expansion of the worldwide marketing network and transfer of manufacturing overseas, but also employment of locals in the senior management of overseas subsidiaries regardless of race.

### 3. Business Overview

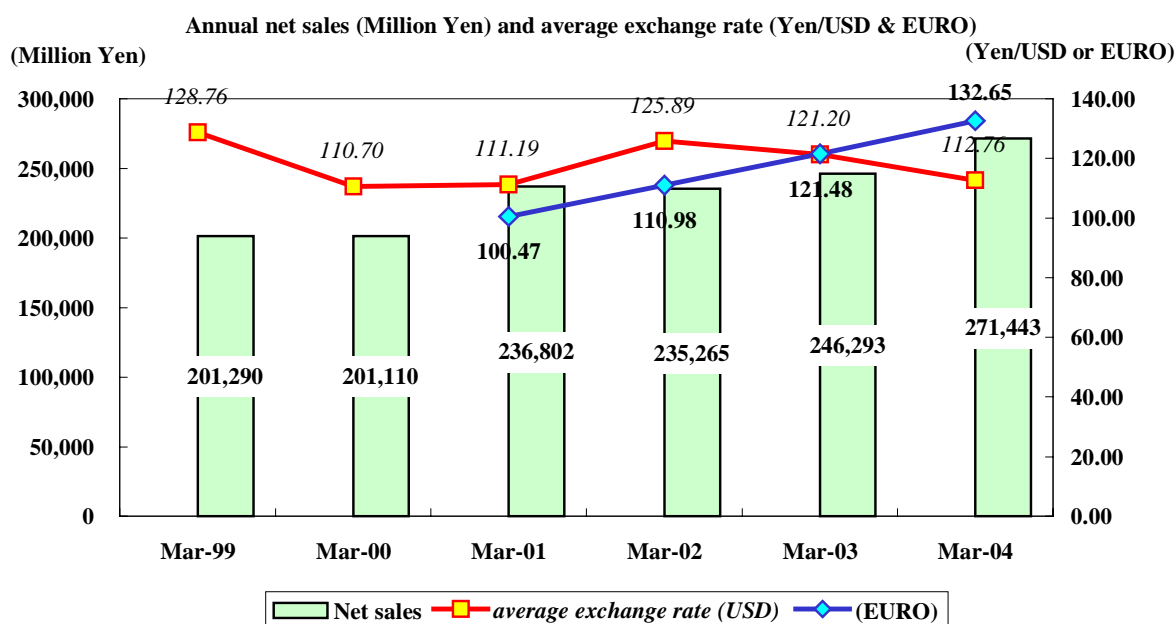
#### 3-1. Results of Operations

##### (1) General Overview

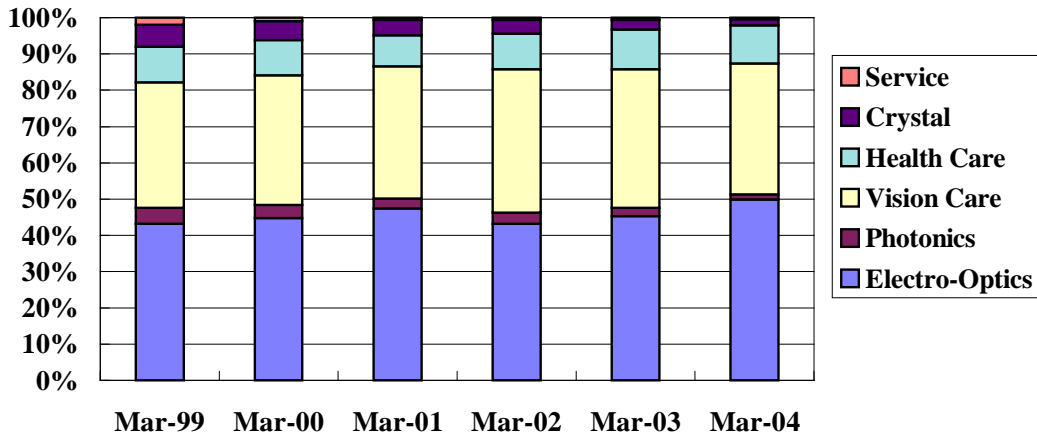
<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Year ended Mar. 31, 2004</u>
Net sales	271,443
Operating income	68,166
Ordinary income	66,554
Net income	39,548
EPS (Yen)	350.96

During the fiscal year under review, a trend towards economic recovery became more evident centered on the semiconductor and electronic component industries, while plant and equipment investment by IT-related industries experienced a worldwide boom. In Japan, with digital home appliances acting as an engine for market growth, coupled with a recovery in exports by the manufacturing sectors, corporate earnings showed an upward trend on the back of beneficial effects from on-going corporate restructuring. However, in the non-manufacturing sector, a gap in domestic demand and a deflationary trend seemed to have dulled expectations of economic recovery, thus personal consumption has remained stagnant, being unable to shake off the negative influence of uncertainties in terms of employment and future income. On the currency market, during the fiscal year under review, the exchange rate of the US dollar depreciated by 7.0%, while that of the Thai baht fell 2.1%, respectively against the Japanese yen. On the other hand, the euro appreciated by 9.2% against the Japanese yen.

Under the above business environment, in the Electro-Optics segment of the HOYA Group, orders for high precision products increased on the back of enhanced needs among clients for development of new products. In the Vision Care division, the overseas market for eyeglass lenses was solid, while, in the Health Care division, contact lenses and intraocular lenses sold solidly. As a result, consolidated sales over the fiscal year under review increased 10.2% year-on-year to a record high.



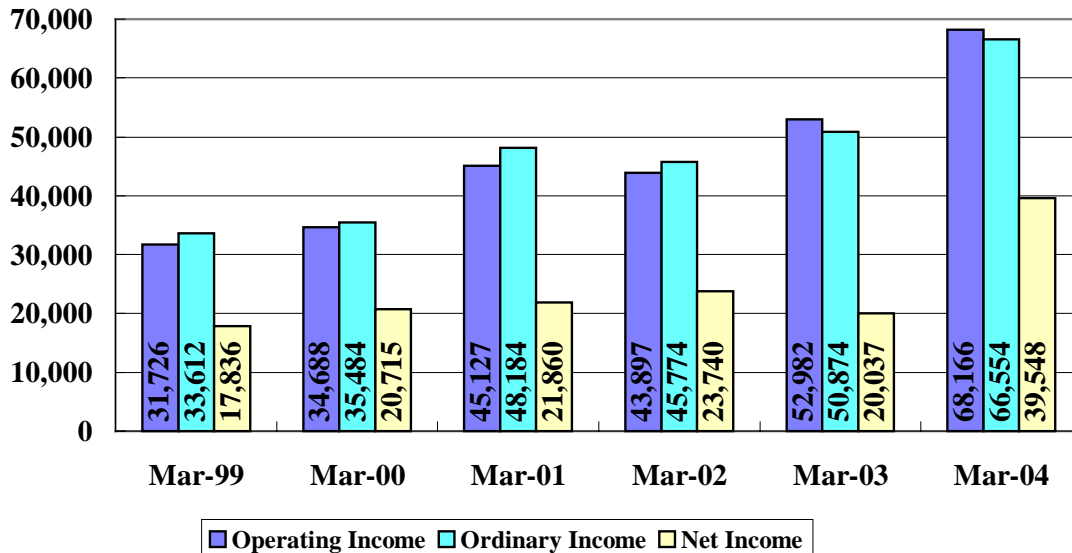
Ratio of Net Sales by Business Segment



During the fiscal year under review, in the Electro-Optics segment, HOYA received an increased volume of orders for high-precision products and the main factories were kept fully operational. In the Eye Care segment, while some eyeglass lenses endured a trend towards lowered prices, HOYA secured profitability by reinforcing sales of high-value-added products. In the Health Care division, too, HOYA continued sales of high-value-added products. As a result, on a Group basis, operating income and ordinary income increased 28.7% and 30.8% respectively on a year-on-year basis.

Consequent to the posting of approximately 24 billion yen under extraordinary losses during the same period of the previous year that included approximately 15 billion yen to cover the amount required in connection with the dissolution process of the Company's employee pension fund as well as approximately 3.7 billion yen as lump sum severance pay in connection with business reforms, etc., net income increased substantially by 97.4% year-on-year. Net income per share increased 179.86 yen year-on-year. The respective income as well as sales represented record annual results respectively.

Profits (Million Yen)



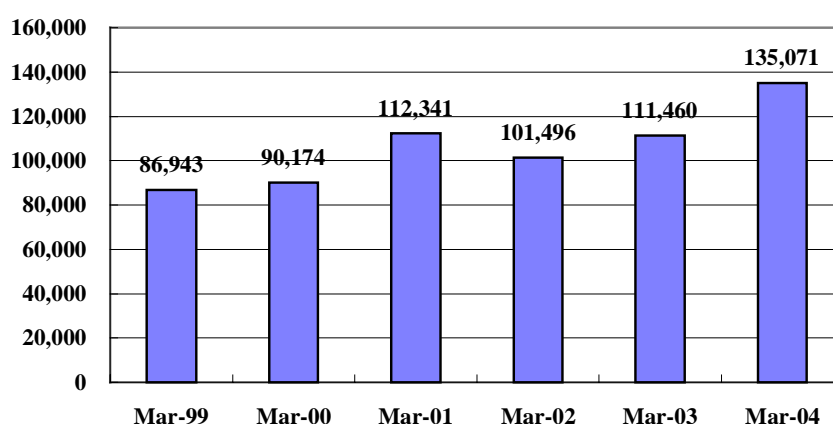
The management at HOYA strives hard to increase shareholder value in response to shareholder expectations. Considering the results of the fiscal year under review, the management proposes that a year-end dividend for the fiscal year be 50 yen per share. Consequently, the total dividend for the fiscal year, including an interim dividend of 50 yen per share already paid, will amount to 100 yen per share, an increase of 50 yen per share on a year-on-year basis.

## (2) Segment Overview

### 1) Information Technology

#### Electro-Optics

Annual Net sales of Electro-Optics (Million Yen)



In terms of mask blanks for manufacturing semiconductors, as the precision of semiconductors traded on the market was steadily enhanced, HOYA benefited from strong demand for such high-precision products as blanks for state-of-the-art phase-shift masks, etc., and sales increased on a year-on-year basis.

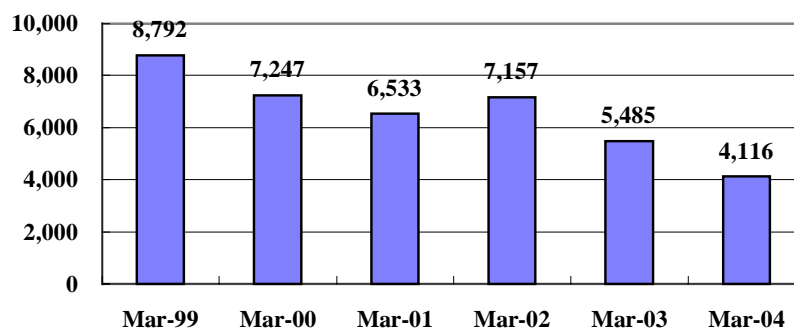
In terms of photomasks for manufacturing semiconductors, the semiconductor market fared well with digital home appliances acting as its engine for growth. In terms of large-sized masks for LCDs, HOYA benefited from strong demand for masks as consumer demand for LCD televisions expanded and LCD panel manufacturers initiated new production lines. Sales of both products increased on a year-on-year basis.

In terms of glass disks for hard disk drives (HDDs), thanks to a recovery in sales of personal computers, and to a growth of the market of such small-caliber products as 1.0 inch and 1.8 inch disks, etc., demand expanded favorably and sales increased on a year-on-year basis.

In terms of optical lenses and glasses, sales of digital products such as digital cameras, etc. grew substantially in the market, and sales of our optical lenses such as molded aspheric lenses, etc. fared well. Sales increased on a year-on-year basis.

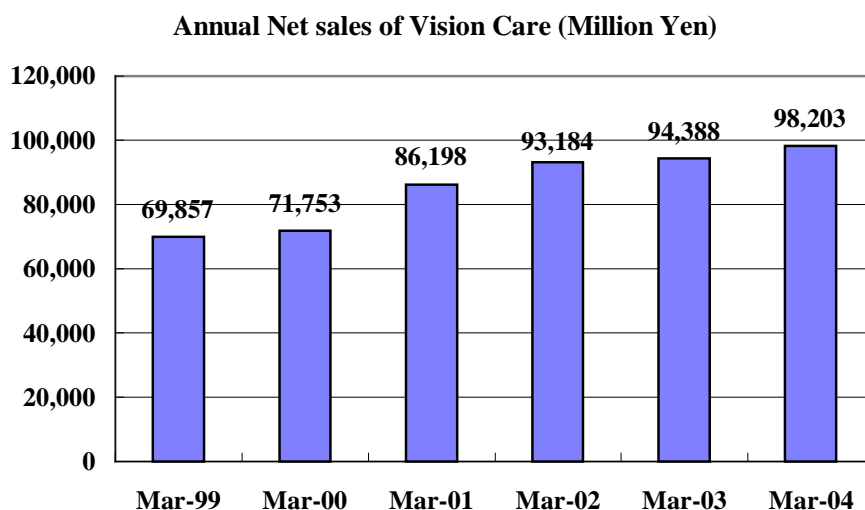
#### Photonics

Annual Net sales of Photonics (Million Yen)



In terms of laser-related equipment, sales of products for industrial use decreased slightly due to a pause in plant and equipment investment by flat panel manufacturers in the first half of the fiscal year. As a result, overall sales decreased on a year-on-year basis.

## **2) Eye Care** **Vision Care**



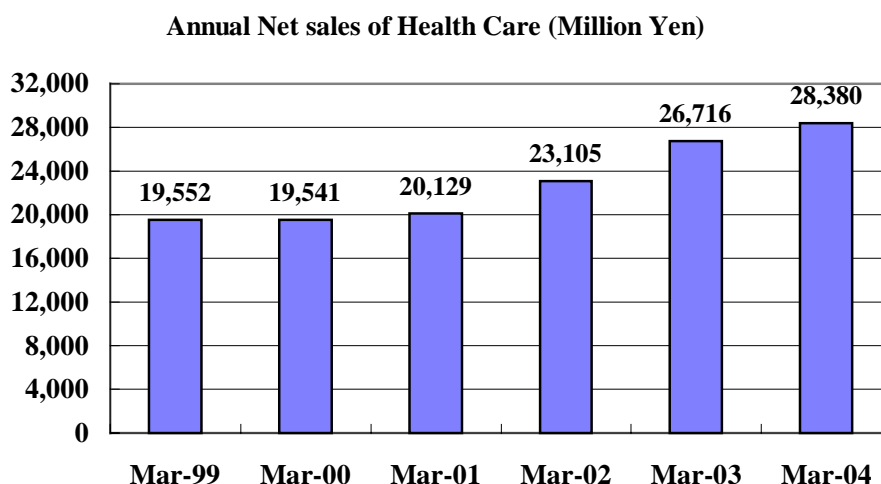
In the domestic eyeglass market, in spite of a moderate recovery, tough conditions persisted as the market continued to gravitate towards low-priced products. HOYA promoted sales of its high-value-added products, such as newly designed progressive lenses and newly introduced coated products, etc., and secured sales of products in the upper-price band but sales quantity of ordinary products decreased. Overall, sales decreased on a year-on-year basis.

Overseas, a considerable volume of low-priced products circulated in the market and the price competition for generic products intensified. HOYA, however, strengthened its sales of high-value-added products, including progressive and highly refractive lenses, etc., which resulted in an increase in the average unit price of all such products, and sales increased on a year-on-year basis.

As a result, the overall sales of the division increased on a year-on-year basis.

This sales growth was also helped by a weaker yen against the euro in spite of a stronger yen against the US dollar in the currency market on a year-on-year basis.

## **Health Care**

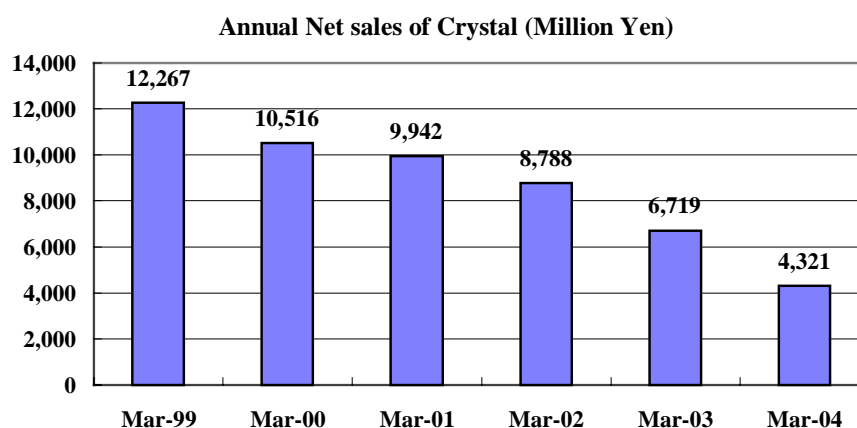


In terms of contact lenses, while price competition in the market intensified among discount retailers, HOYA tried to distinguish itself from the competition by promoting sales of high-value-added products and products backed by its E-system of lens compensation services and by improving its face-to-face services to clients by capitalizing on its expertise. Sales increased on a year-on-year basis.

Sales of intraocular lenses increased on a year-on-year basis thanks to continued strong sales of popular soft intraocular lenses.

### **3) Lifestyle Refinement**

#### **Crystal**



Sales of crystal decreased on a year-on-year basis due to stagnant corporate demand and personal consumption as well as to implementation of reforms and downsizing in business in order to reconstruct the brand.

### **3-2. Financial Position**

	<u>Millions of Yen</u>
	<u>As of Mar. 31, 2004</u>
Total assets	289,887
Shareholders' equity	218,978
Shareholders' equity ratio	75.5%

At the end of the year under review, current assets increased Yen 15,126 million and also fixed assets increased Yen 722 million against the end of the previous year. As a result, total assets increased Yen 15,599 million. Shareholders' equity decreased Yen 5,240 million due to increase of treasury stock as a negative factor of Yen 32,452 million in spite of increase of retained earnings.

### **3-3. Conditions of Cash Flows**

	<u>Millions of Yen</u>
	<u>Year ended Mar. 31, 2004</u>
Net cash provided by operating activities	78,743
Net cash used in investing activities	-28,338
Net cash provided by (used in) financing activities	-42,853
Cash and cash equivalents, end of period	80,425

In terms of Cash flows from operating activities, on the basis of Yen 55.4 billion in Income before income taxes and minority interests, Yen 19.9 billion of Depreciation and amortization, Net cash provided by operating activities amounted to Yen 78.7 billion. Net cash used in investing activities amounted to Yen 28.3 billion centered mainly on the reinforcement of plant and equipment for Electro-optics segment. Free cash flow amounted to Yen 50.4 billion, while the Company paid Yen 32.9 billion for purchase of treasury stock. Amount of Cash and cash equivalent increased by Yen 4.7 billion in comparison to that of the beginning of the fiscal year.

## **3-4. Business Plans for the Year Ending March 31, 2005**

### **1) Environment across the world**

In the succeeding fiscal year, with the scheduled Olympic Games in Athens, it is expected that the movement of people, goods and money will become more active, consumption will be stimulated, and the market in the first half of the term will keep growing steadily continuing the favorable conditions of the fiscal year under review. The economy in the United States backed by robust consumption is expected to drive business around the world. On the other hand, with the situation getting tenser in Iraq, if there was a substantial change in policy after the presidential election in the coming autumn, business conditions could worsen. In the event that such deterioration was acute, economies in Asia including Japan and China, etc. would be affected substantially.

In Europe, the economy is expected to grow steadily with increased exports notwithstanding a strong euro. In Asia, the Chinese economy is expected to record strong growth. However, in the event of a substantial cyclical adjustment set therein due to its sharp growth, Japan, which has increased investment in and trade with China, would be affected substantially.

In Japan, corporate restructuring is almost complete and its economy is expected to grow moderately driven by robust business among large manufacturing companies. Large companies have reinforced the durability of their businesses against a strong yen. However, if the US dollar weakens further, export companies would be affected substantially.

### **2) Market Environment**

Markets related to the electronics sector are expected to continue expanding driven by the boom in digital home appliances. It is expected that new device products featuring semiconductors of various sorts will be mass-produced and trial manufacture of next-generation products be started; plant and equipment investment for large-sized LCD panels continued; demand for HDDs grow sharply due to a market shift towards notebook PCs and to more widespread uses of HDDs; along with growth in the market for digital cameras and functionality of cell phones; etc.

In the domestic eyeglass market, it seems the market gravitation towards low-priced products has bottomed out and the market is expected to recover moderately centered on high-value-added products. In the United States and Europe, too, while prices for popular products are tending to fall mainly among chain stores, a market shift towards high-value-added products presses on simultaneously. In Asia, the market inclination for consumption is improving.

### **3) Issues for the Company**

In the Electro-Optics segment, we will develop technologies in collaboration with our customers, strengthening sales of our high-precision products, and reinforce production capacity. In particular, we will stringently set up operations of our new plants overseas, secure a stable supply ahead of schedule, and strengthen our competitive edge.

In the Vision Care division, In Japan, we will capitalize on the benefits of the transfer abroad of our mass-production and processing facilities and, at the same time, strengthen sales of high-value-added products including new products, thus secure profitability. Overseas, we will efficiently make use of our laboratories in various locations and continue to strengthen our area-based strategy of high-value addition.

In the Health Care division, with respect to contact lenses, while improving customer satisfaction at our existing retail outlets so as to expand and stabilize our clientele, we will proactively establish new retail outlets. With respect to intraocular lenses (IOLs), we will expand the domestic market share of, and global development of, our soft IOLs.

In terms of research and development, targeted at development of new products and new businesses on which the future of HOYA Group depends, we will focus on those businesses that will bring forth synergistic effects with our existing businesses while exploring the possibilities of mergers and acquisitions. In terms of plant and equipment investment, in order to secure our competitive advantage, we will proactively reinforce our equipment to meet technological progress.

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.

## 4. Consolidated Financial Statements (unaudited)

### (1) Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of Mar.31,		Variance	
	2004	2003	Value	(%)
<b>ASSETS</b>				
Current assets	193,279	178,153	15,126	8.5
Cash and deposits	80,425	75,694	4,731	
Notes and accounts receivable - trades	67,274	58,945	8,329	
Inventories	32,877	32,360	517	
Income taxes refund receivable	-	3,899	-3,899	
Deferred tax assets	7,066	3,969	3,097	
Other current assets	6,982	4,583	2,399	
Allowance for doubtful receivables	-1,347	-1,299	-48	
Fixed assets	96,445	95,723	722	0.8
Tangible fixed assets	78,318	77,237	1,081	1.4
Buildings and structures	22,855	23,539	-684	
Machinery and vehicles	32,396	33,203	-807	
Land	9,218	9,326	-108	
Other tangible fixed assets	13,847	11,167	2,680	
Intangible fixed assets	4,556	5,106	-550	-10.8
Investments and other assets	13,570	13,379	191	1.4
Investment securities	6,193	5,739	454	
Deferred tax assets	3,012	3,210	-198	
Other assets	4,853	6,140	-1,287	
Allowance for doubtful receivables	-487	-1,711	1,224	
Deferred charges	162	411	-249	-60.6
<b>Total Assets</b>	<b>289,887</b>	<b>274,288</b>	<b>15,599</b>	<b>5.7</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	68,252	47,889	20,363	42.5
Notes and accounts payable - trades	25,770	20,405	5,365	
Short-term bank loans	486	2,284	-1,798	
Income taxes payable	14,398	2,609	11,789	
Accrued bonus to employees	3,722	3,512	210	
Other current liabilities	23,874	19,077	4,797	
Long-term liabilities	1,934	1,996	-62	-3.1
Long-term bank loans	-	7	-7	
Liability for directors retirement benefits	-	316	-316	
Other long-term liabilities	1,934	1,673	261	
<b>Total Liabilities</b>	<b>70,187</b>	<b>49,886</b>	<b>20,301</b>	<b>40.7</b>
Minority interest	721	183	538	294.0
Common stock	6,264	6,264	-	-
Capital surplus	15,898	15,898	-	-
Retained earnings	247,175	216,271	30,904	14.3
Net unrealized gain on available-for-sale securities	-30	15	-45	-
Foreign currency translation adjustments	-10,825	-7,178	-3,647	50.8
Treasury stock - at cost	-39,504	-7,052	-32,452	460.2
<b>Total Shareholders' Equity</b>	<b>218,978</b>	<b>224,218</b>	<b>-5,240</b>	<b>-2.3</b>
<b>Total</b>	<b>289,887</b>	<b>274,288</b>	<b>15,599</b>	<b>5.7</b>
notes:				
Accumulated depreciation	144,646	148,647	(Million Yen)	
Guarantees of borrowings and lease obligations for customers	883	486	(Million Yen)	
Number of shares of treasury stock	4,857,867	951,050	(stocks)	

## (2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen			
	Years ended Mar. 31,		Variance	
	2004	2003	Value	(%)
Net sales	271,443	246,293	25,150	10.2
Cost of sales	142,683	133,274	9,409	7.1
Gross profit	128,760	113,018	15,742	13.9
Selling, general and administrative expenses	60,594	60,035	559	0.9
<b>Operating income</b>	<b>68,166</b>	<b>52,982</b>	<b>15,184</b>	<b>28.7</b>
Non-operating income	3,829	3,038	791	26.0
Interest income	553	580	-27	
Equity in earnings of associated companies	1,699	417	1,282	
Others	1,576	2,040	-464	
Non-operating expenses	5,441	5,146	295	5.7
Interest expense	189	374	-185	
Foreign exchange losses	2,900	1,251	1,649	
Others	2,352	3,520	-1,168	
<b>Ordinary income</b>	<b>66,554</b>	<b>50,874</b>	<b>15,680</b>	<b>30.8</b>
Extra-ordinary income	989	1,469	-480	-32.7
Gain on sales of property, plant and equipment	522	725	-203	
Gain on sales of investment securities	59	109	-50	
Others	406	634	-228	
Extra-ordinary losses	12,047	23,600	-11,553	-49.0
Amortization of goodwill	3,300	-	3,300	
Loss on impairment	2,040	-	2,040	
Loss on disposal of property, plant and equipment	1,899	1,946	-47	
Additional retirement benefits paid to employees	1,089	3,691	-2,602	
Additional expense incurred to discontinued contributory funded pension plan	887	14,949	-14,062	
Loss on write-down of investment securities	618	110	508	
Others	2,210	2,901	-691	
<b>Income before income taxes and other items</b>	<b>55,496</b>	<b>28,742</b>	<b>26,754</b>	<b>93.1</b>
Income taxes - Current	18,573	5,648	12,925	228.8
Income taxes - Deferred	-2,774	3,028	-5,802	-191.6
Minority interests in net income	148	28	120	428.6
<b>Net income</b>	<b>39,548</b>	<b>20,037</b>	<b>19,511</b>	<b>97.4</b>
Basic net income per share(Yen)	350.96	171.10	179.86	
Diluted net income per share(Yen)	350.56	171.08	179.48	

Notes:

- Influences of Exchange Currency ("2004 A" is the actual value of this year. "2004 B" is the nominal value of this year which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

		2004 A	2004 B	influences
Net sales	Million Yen	271,443	271,346	97
Operating income	Million Yen	68,166	68,382	-216
Ordinary income	Million Yen	66,554	66,599	-45
Net income	Million Yen	39,548	39,677	-129

- Average rates of major foreign currencies:

		Years ended Mar. 31,		Variance(%)
		2004	2003	
US Dollar	Yen	112.76	121.20	7.0%
Euro	Yen	132.65	121.48	-9.2%
Thail Baht	Yen	2.77	2.83	2.1%

### (3) Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

Items	Millions of Yen		
	Years ended Mar. 31,		Variance
	2004	2003	
<b>Capital Retained Earnings</b>			
Balance at the beginning of the period	15,898	15,898	-
Adjustment of retained earnings	-	-	-
Appropriations	-	-	-
Balance at the end of the period	15,898	15,898	-
<b>Profit Retained Earnings</b>			
Balance at the beginning of the period	216,271	202,255	14,016
Adjustment of retained earnings	39,548	20,037	19,511
Net income	39,548	20,037	19,511
Appropriations	8,644	6,021	2,623
1. Cash dividends	8,439	5,806	2,633
2. Bonuses to directors	169	149	20
3. Loss on deposit of treasury stock	35	-	35
4. Decrease by merger of unconsolidated subsidiaries	-	65	-65
Balance at the end of the period	247,175	216,271	30,904

## (4) Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Years ended Mar.31,		Variance
	2004	2003	
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	55,496	28,742	26,754
Adjustments for:			
Income taxes - paid	-2,980	-11,508	8,528
Depreciation and amortization	19,988	19,792	196
Loss on impairment	2,040	-	2,040
Amortization of goodwill	3,300	-	3,300
Reversal of accrued bonuses to employees	191	-359	550
Reversal of accrued retirement benefits	-292	-7,255	6,963
Provision for (Reversal of) reserve for periodic repairs	93	-366	459
Accumulation of consolidation account adjustment	-	-	-
Equity in earnings of associated companies	-1,699	-417	-1,282
Foreign exchange loss (gain)	1,209	705	504
Bonus to directors	-169	-149	-20
Devaluation losses on investment securities	618	110	508
Gain on sales of property, plant and equipment and investment securities	-581	-834	253
Loss on disposal of property, plant and equipment and investment securities	1,899	1,953	-54
Gain on transfer of businesses	-	-488	488
Other	565	841	-276
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	-6,166	622	-6,788
(Increase) decrease in inventories	222	3,207	-2,985
(Increase) decrease in other current assets	-1,860	1,979	-3,839
Increase (decrease) in notes and accounts payable	5,115	554	4,561
Increase (decrease) in other current liabilities	1,753	1,259	494
Retire benefit payable	-	22,325	-22,325
Payment of retire benefit payable	-	-22,325	22,325
<b>Total adjustment</b>			
<b>Net cash provided by operating activities</b>	<b>78,743</b>	<b>38,390</b>	<b>40,353</b>
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	-23,211	-14,212	-8,999
Proceeds from sales of property, plant and equipment	813	2,254	-1,441
Purchases of investment securities	-378	-345	-33
Proceeds from sales of investment securities	102	321	-219
Purchases of goodwill	-3,300	-	-3,300
Increase in investments and other assets	-2,718	-2,840	122
Decrease in investments and other assets	660	451	209
Payment for loans	-2,474	-216	-2,258
Payment from loans	2,168	110	2,058
<b>Net cash used in investing activities</b>	<b>-28,338</b>	<b>-13,583</b>	<b>-14,755</b>
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term borrowings	-1,738	-1,264	-474
Proceeds from long-term bank loans	-	-	-
Repayment of long term bank loans	43	-434	477
Net (increase) decrease in treasury stock	-32,503	-7,036	-25,467
Dividends paid	-8,433	-5,813	-2,620
Dividends paid for minority shareholders	-155	-	-155
Proceeds from minority interests	19	-	19
<b>Net cash used in financing activities</b>	<b>-42,853</b>	<b>-14,547</b>	<b>-28,306</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>7,552</b>	<b>10,259</b>	<b>-2,707</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-3,198	-927	-2,271
Cash and cash equivalents of merged unconsolidated subsidiaries, beginning of year	-	41	-41
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	377	-	377
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<b>75,694</b>	<b>66,321</b>	<b>9,373</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>80,425</b>	<b>75,694</b>	<b>4,731</b>

## (5) Scope of Consolidation and Application of the Equity Method

1. Number of consolidated subsidiaries : 55 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 CORPORATION)

### Notes: Changes in Accounting Policies and Others

#### 1. Changes in scope of consolidation and application of the equity met (In comparison to March 31, 2003)

##### 1) Scope of consolidation : 3 companies increased in total.

5 companies increased due to the establishment:	HOYA MICROELECTRONICS (SUZHOU) LTD. (China) HOYA OPTICAL TECHNOLOGY (SUZHOU) LTD. (China) HOYA LENS DANMARK A/S (Denmark) HOYA LENS SHANGHAI LTD. (China) HOYA MICROELECTRONICS TAIWAN CO.,LTD. (Taiwan)
2 companies increased due to the acquisition :	NSG PHILIPPINES, INC. (Philippines) (HOYA GLASS DISK PHILIPPINES, INC. after April '04) ADVANCED DISK TECHNOLOGY SDN.BHD. (Malaysia) (HOYA GLASS DISK MALAYSIA SDN.BHD. after April '04)
1 company increased due to the transfer to the consolidated subsidiary :	HOYA CANDEO OPTRONICS CORPORATION (Japan) (changed its corporate name from HOYA SCHOTT CORP.)
1 company decreased due to the merger into the parent company:	HOYA OPTICS CORPORATION (Japan)
3 companies decreased due to the closing:	HOYA PHOTONICS SINGAPORE PTE LTD. (Singapore) CONTINUUM ELECTRO-OPTICS GMBH (Germany) HOYA OPTICAL TAIWAN CO.,LTD. (Taiwan)
1 company decreased due to the disposal:	NEW CHROMEX, INC. (USA)

##### 2) Application of the equity method : 1company decreased in total.

1 company decreased due to the transfer to the consolidated subsidiary :	HOYA CANDEO OPTRONICS CORPORATION (Japan) (changed its corporate name from HOYA SCHOTT CORP.)
--------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------

#### 2. Changes in accounting policy :

The impairment accounting system was applied on fixed assets

	as of Mar. 31, 2004	as of Mar. 31, 2003	variance
<b>Consolidated subsidiaries</b>	55 (do 6, os49)	52 (do 6, os46)	+3 (do-, os +3)
<b>Nonconsolidated subsidiaries</b>	- (do -, os -)	- (do -, os -)	- (do-, os -)
<b>Affiliates</b>	5 (do 5, os -)	6 (do 6, os -)	-1 (do-1, os-)
(accounted for by the equity method)	(1) (do 1, os -)	(2) (do 2, os -)	(-1) (do-1, os-)
<b>Total Hoya Group</b>	60	58	+2
(accounted for by the equity method)	(1)	(2)	(-1)

(do : domestic, os : overseas)

## Notes Relating to Consolidated Statements of Cash Flows

	<u>Millions of Yen</u>	
	<u>Years ended Mar. 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>1. Cash and Cash Equivalents at the End of the Period</b>		
Cash and deposits	80,425	75,694
Marketable securities	-	-
Total	<u>80,425</u>	<u>75,694</u>

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

#### Year ended Mar. 31, 2004

None

#### Year ended Mar. 31, 2003

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

Millions of Yen

Current assets	226
Goodwill	1,132
Fixed assets	82
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	1,301

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

#### Year ended Mar. 31, 2004

HOYA-SCHOTT CORPORATION (as of June 30, 2003)

(changed its corporate name to HOYA CANDEO OPTRONICS CORPORATION)

	<u>Millions of Yen</u>
Current assets	2,052
Fixed assets	<u>554</u>
Total assets	<u>2,607</u>
Current liabilities	701
Long-term liabilities	<u>168</u>
Total liabilities	<u>870</u>

#### Year 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	<u>0</u>
Total assets	<u>82</u>
Current liabilities	37
Long-term liabilities	-
Total liabilities	<u>37</u>

**4. Details of Assets and Liabilities Decreased by the Sale of Business:**

**Year ended Mar. 31, 2004**

None

**Year ended Mar. 31, 2003**

**A part of Hearing aids business in Health Care segment**

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

## Notes Relating to Investment Securities and Derivatives

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

( Millions of Yen )

		<u>As of Mar. 31,</u>					
		2004			2003		
Available-for-sale		Cost	Fair Value	Variance	Cost	Fair Value	Variance
Securities of which <i>fair value</i> exceeds <i>cost</i>	Marketable Equity securities	159	230	70	51	90	38
	Government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
Sub total		159	230	70	51	90	38
Securities of which <i>fair value</i> does NOT exceed <i>cost</i>	Marketable Equity securities	-	-	-	93	80	-13
	Government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
Sub total		-	-	-	93	80	-13
Total		159	230	70	145	170	25

### 2. Condition of sales of marketable securities market during this fiscal year:

( Millions of Yen )

	<u>Years ended March 31,</u>	
	2004	2003
Value of sales	102	321
Total of gains from sales	60	109
Total of losses from sales	0	6

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

( Millions of Yen )

	<u>As of Mar. 31,</u>	
	2004	2003
Non-marketable stock of subsidiaries	5,689	4,953
Non-marketable equity securities	273	615

### 4. Derivatives

None

## Notes Relating to Tax Effect Accounting

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

	<u>Millions of Yen</u>	
	<u>As of Mar. 31,</u>	
	<u>2004</u>	<u>2003</u>
<b>(1) Current deferred tax assets and liabilities</b>		
Deferred tax assets		
Inventories - intercompany unrealized profits	1,604	829
Excess deductible amount of depreciation expenses	1,493	1,264
Excess deductible amount of expenses for accrued bonus	1,409	1,361
Enterprise tax not deductible	1,200	76
Other deferred tax assets	1,358	772
<b>Total amount of deferred tax assets - current</b>	<b>7,066</b>	<b>4,304</b>
Deferred tax liabilities		
Enterprise taxes refund receivable	-	-334
<b>Total amount of deferred tax liabilities - current</b>	<b>-</b>	<b>-334</b>
<b>Net amount of deferred tax assets - current</b>	<b>7,066</b>	<b>3,969</b>
<b>(2) Non-current deferred tax assets and liabilities</b>		
Deferred tax assets		
Excess amount of inclusion in deductible expenses for depreciation	2,069	1,589
Loss on impairment not deductible	824	-
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	181	401
Amount denied of loss on write-down of fixed assets	-	913
Other deferred tax assets	859	1,382
<b>Total amount of deferred tax assets - fixed</b>	<b>3,934</b>	<b>4,286</b>
Deferred tax liabilities		
Reserve for deferred income taxes on fixed assets	-467	-582
Special depreciation reserve	-289	-312
Difference of evaluation for marketable securities	-	-10
Other deferred tax liabilities	-165	-171
<b>Total amount of deferred tax liabilities - fixed</b>	<b>-922</b>	<b>-1,076</b>
<b>Net amount of deferred tax assets - fixed</b>	<b>3,012</b>	<b>3,210</b>

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

	<u>Years ended Mar.31,</u>	
	<u>2004</u>	<u>2003</u>
Statutory tax rate of the Company	41.7 %	41.7 %
(Adjustment)		
Lower income tax rates applicable to income in certain foreign countries	-12.4	-13.5
Non-Deductible expenses such as entertainment expenses	0.7	0.6
Per capita levy of inhabitants tax and others	0.2	0.4
Non-taxable income such as dividend received	-2.1	-2.1
Intercompany cash dividend	1.6	2.1
Extra tax deduction on expenses for research	-1.1	-
Correction of decrease of deferred tax assets due to change of tax rate	0.0	0.3
Other adjustment	-0.1	0.7
<b>Effective income tax rate</b>	<b>28.5</b>	<b>30.2</b>

## 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 date.

### 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>Years ended Mar.31,</u>	
	<u>2004</u>	<u>2003</u>
Service cost	-	1,695
Interest expenses	-	1,234
Expected return of investments	-	-1,522
Difference arising from the change in accounting standards	-	-156
Prior service cost	-	-122
Actuarial differences	-	-
sub total	-	2,908
Additional expense incurred to discontinued contributory funded pension plan	887	14,949
Additional expense incurred to discontinued unfunded retirement benefit plan	-	351
Additional retirement benefits paid to employees	<u>1,089</u>	<u>3,691</u>
Expenses for employees' retirement benefits	<u>1,977</u>	<u>21,899</u>

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

	<u>Years ended Mar.31,</u>	
	<u>2004</u>	<u>2003</u>
1. Discount rate	-	-
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
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

## Notes Relating to Impairment on Fixed Assets

From this fiscal year, 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>Millions of Yen</u>
Buildings	1,004
Machinery	438
Assets on lease	276
Others	<u>320</u>
Total	<u>2,040</u>

## 5. Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

### (1) Industry Segments

(Figures less than a million Yen are omitted.)

Annual : for the year ended March 31, 2004

	Millions of Yen								Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	
Net sales:									
To outside customers	135,071	4,116	98,203	28,380	4,321	1,350	271,443	-	271,443
Intersegment	80	-	18	0	61	5,803	5,964	(5,964)	-
<b>Total</b>	<b>135,152</b>	<b>4,116</b>	<b>98,221</b>	<b>28,381</b>	<b>4,383</b>	<b>7,154</b>	<b>277,408</b>	<b>(5,964)</b>	<b>271,443</b>
Operating expenses	89,982	4,192	80,724	22,108	4,879	6,546	208,434	(5,157)	203,277
Operating income	45,169	-76	17,496	6,272	-496	607	68,973	(807)	68,166
Operating margin	33.4%	-1.9%	17.8%	22.1%	-11.3%	8.5%	24.9%	-	25.1%
Assets	132,240	1,747	92,082	18,872	2,805	2,797	250,544	39,342	289,887
Depreciation	13,205	58	5,735	532	351	29	19,913	75	19,988
Capital Expenditures	22,246	36	6,915	1,201	224	14	30,638	20	30,659
Loss on impairment	-	-	-	-	2,040	-	2,040	-	2,040
R&D Expenses	7,376	243	1,342	855	29	-	9,846	0	9,847
Number of employees (p)	11,039	76	5,944	556	169	258	18,042	50	18,092

Annual : for the year ended March 31, 2003

	Millions of Yen								Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	
Net sales:									
To outside customers	111,460	5,485	94,388	26,716	6,719	1,522	246,293	-	246,293
Intersegment	206	0	1,987	0	35	3,025	5,255	(5,255)	-
<b>Total</b>	<b>111,667</b>	<b>5,485</b>	<b>96,376</b>	<b>26,716</b>	<b>6,754</b>	<b>4,548</b>	<b>251,548</b>	<b>(5,255)</b>	<b>246,293</b>
Operating expenses	77,253	6,073	80,977	21,628	6,766	4,308	197,008	(3,698)	193,310
Operating income	34,414	-588	15,398	5,088	-11	239	54,539	(1,557)	52,982
Operating margin	30.8%	-10.7%	16.0%	19.0%	-0.2%	5.3%	21.7%	-	21.5%
Assets	114,877	2,697	98,077	16,446	8,409	2,432	242,940	31,348	274,288
Depreciation	13,128	83	5,578	570	302	32	19,697	95	19,792
Capital Expenditures	10,443	151	3,934	426	776	12	15,744	203	15,948
R&D Expenses	5,857	373	1,704	773	2	-	8,710	-29	8,681
Number of employees (p)	6,509	135	6,385	617	201	129	13,976	47	14,023

Ref : Differences between the years ended Mar.31, 2004 and 2003

	Millions of Yen								Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	
Net sales:									
To outside customers	23,611	-1,369	3,815	1,664	-2,398	-172	25,150	-	25,150
Variance	21.2%	-25.0%	4.0%	6.2%	-35.7%	-11.3%	10.2%	-	10.2%
Intersegment	-126	-	-1,969	0	26	2,778	709	(709)	-
<b>Total</b>	<b>23,485</b>	<b>-1,369</b>	<b>1,845</b>	<b>1,665</b>	<b>-2,371</b>	<b>2,606</b>	<b>25,860</b>	<b>(709)</b>	<b>25,150</b>
Operating expenses	12,729	-1,881	-253	480	-1,887	2,238	11,426	(1,459)	9,967
Operating income	10,755	512	2,098	1,184	-485	368	14,434	750	15,184
Variance	31.3%	-87.1%	13.6%	23.3%	-	154.0%	26.5%	-	28.7%
Assets	17,363	-950	-5,995	2,426	-5,604	365	7,604	7,994	15,599
Depreciation	77	-25	157	-38	49	-3	216	-20	196
Capital Expenditures	11,803	-115	2,981	775	-552	2	14,894	-183	14,711
Loss on impairment	-	-	-	-	2,040	-	2,040	-	2,040
R&D Expenses	1,519	-130	-362	82	27	-	1,136	29	1,166
Number of employees (p)	4,530	-59	-441	-61	-32	129	4,066	3	4,069

\*Elimin. or corp. : Eliminations or corporate

Notes:

1. The Business Categories and Industries 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	Laser equipments for industrial, and medical purposes, 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.

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 years ended Mar. 31, 2004 and 2003 are as follows:

<u>2004</u>	<u>2003</u>
2,423 Million Yen	2,052 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 Mar. 31, 2004 and 2003 are as follows:

<u>2004</u>	<u>2003</u>
52,594 Million Yen	51,570 Million Yen

## (2) Geographic Segments

(Figures less than a million Yen are omitted.)

### Annual : for the year ended March 31, 2004

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	188,441	33,112	37,485	12,404	271,443	-	271,443
Intersegment	16,789	91	849	60,195	77,926	(77,926)	-
Total	205,231	33,203	38,334	72,599	349,369	(77,926)	271,443
Operating expenses	167,668	31,390	29,293	54,693	283,045	(79,768)	203,277
Operating income	37,562	1,813	9,041	17,906	66,324	1,842	68,166
Operating margin	18.3%	5.5%	23.6%	24.7%	19.0%	-	25.1%
Assets	161,335	19,058	26,691	66,337	273,423	16,463	289,887

### Annual : for the year ended March 31, 2003

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	166,178	35,770	32,639	11,704	246,293	-	246,293
Intersegment	17,343	73	1,890	44,513	63,820	(63,820)	-
Total	183,521	35,844	34,529	56,218	310,113	(63,820)	246,293
Operating expenses	148,960	34,898	28,411	45,281	257,551	(64,241)	193,310
Operating income	34,560	945	6,118	10,937	52,562	420	52,982
Operating margin	18.8%	2.6%	17.7%	19.5%	16.9%	-	21.5%
Assets	139,012	19,505	34,970	59,155	252,643	21,645	274,288

### Ref : Differences between the years ended Mar.31, 2004 and 2003

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	22,263	-2,658	4,846	700	25,150	-	25,150
Variance	13.4%	-7.4%	14.8%	6.0%	10.2%	-	10.2%
Intersegment	-554	18	-1,041	15,682	14,106	-14,106	-
Total	21,710	-2,641	3,805	16,381	39,256	-14,106	25,150
Operating expenses	18,708	-3,508	882	9,412	25,494	-15,527	9,967
Operating income	3,002	868	2,923	6,969	13,762	1,422	15,184
Variance	8.7%	91.9%	47.8%	63.7%	26.2%	-	28.7%
Assets	22,323	-447	-8,279	7,182	20,780	-5,182	15,599

\*Elimi. or corp. : Eliminations or corporate

#### Notes:

- 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 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 years ended Mar. 31, 2004 and 2003 are as follows:

<u>2004</u>	2,074 Million Yen	<u>2003</u>	1,812 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 Mar. 31, 2004 and 2003 are as follows:

<u>2004</u>	47,511 Million Yen	<u>2003</u>	40,279 Million Yen
-------------	--------------------	-------------	--------------------

### (3) Sales to Foreign Customers

(Figures less than a million Yen are omitted.)

#### Annual : for the year ended Mar. 31, 2004

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	38,282	40,168	44,656	11	123,118
Consolidated Sales (B)					271,443
Overseas Sales ratio A/B	14.1%	14.8%	16.5%	0.0%	45.4%
Regional Sales ratio	31.1%	32.6%	36.3%	0.0%	100.0%

#### Annual : for the year ended Mar. 31, 2003

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	36,692	38,788	32,772	33	108,286
Consolidated Sales (B)					246,293
Overseas Sales ratio A/B	14.9%	15.8%	13.3%	0.0%	44.0%
Regional Sales ratio	33.9%	35.8%	30.3%	0.0%	100.0%

#### **Ref: Differences between the years ended Mar.31, 2004 and 2003**

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	1,590	1,380	11,884	-22	14,832
Consolidated Sales (B)					25,150
Variance of Overseas Sales	4.3%	3.6%	36.3%	-66.7%	13.7%

**Note:** The sales to foreign customers are divided 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.

## 6. Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

(Unaudited)

Business Category Company	Millions of Yen [%]			
	Years ended March 31,		Variance	
	2004	2003	Value	%
<b>Electro-Optics</b>				
Domestic	77,344 ( 57.3 )	64,273 ( 57.7 )	13,071	20.3
Overseas	57,726 ( 42.7 )	47,186 ( 42.3 )	10,540	22.3
total	135,071 [ 49.8 ]	111,460 [ 45.3 ]	23,611	21.2
<b>Photonics</b>				
Domestic	2,394 ( 58.2 )	3,296 ( 60.1 )	-902	-27.4
Overseas	1,721 ( 41.8 )	2,188 ( 39.9 )	-467	-21.3
total	4,116 [ 1.5 ]	5,485 [ 2.2 ]	-1,369	-25.0
<b>Information Technology</b>				
Domestic	79,739 ( 57.3 )	67,570 ( 57.8 )	12,169	18.0
Overseas	59,448 ( 42.7 )	49,375 ( 42.2 )	10,073	20.4
total	139,187 [ 51.3 ]	116,946 [ 47.5 ]	22,241	19.0
<b>Vision Care</b>				
Domestic	35,251 ( 35.9 )	36,160 ( 38.3 )	-909	-2.5
Overseas	62,952 ( 64.1 )	58,227 ( 61.7 )	4,725	8.1
total	98,203 [ 36.2 ]	94,388 [ 38.3 ]	3,815	4.0
<b>Health Care</b>				
Domestic	28,142 ( 99.2 )	26,655 ( 99.8 )	1,487	5.6
Overseas	238 ( 0.8 )	61 ( 0.2 )	177	290.2
total	28,380 [ 10.5 ]	26,716 [ 10.8 ]	1,664	6.2
<b>Eye Care</b>				
Domestic	63,393 ( 50.1 )	62,816 ( 51.9 )	577	0.9
Overseas	63,190 ( 49.9 )	58,288 ( 48.1 )	4,902	8.4
total	126,584 [ 46.6 ]	121,105 [ 49.2 ]	5,479	4.5
<b>Crystal</b>				
Domestic	3,841 ( 88.9 )	6,096 ( 90.7 )	-2,255	-37.0
Overseas	480 ( 11.1 )	622 ( 9.3 )	-142	-22.8
total	4,321 [ 1.6 ]	6,719 [ 2.7 ]	-2,398	-35.7
<b>Service</b>				
Domestic	1,350 ( 100.0 )	1,522 ( 100.0 )	-172	-11.3
Overseas	0 ( 0.0 )	0 ( 0.0 )	0	0.0
total	1,350 [ 0.5 ]	1,522 [ 0.6 ]	-172	-11.3
<b>Lifestyle Refinement</b>				
Domestic	5,192 ( 91.5 )	7,619 ( 92.5 )	-2,427	-31.9
Overseas	480 ( 8.5 )	622 ( 7.5 )	-142	-22.8
total	5,672 [ 2.1 ]	8,241 [ 3.3 ]	-2,569	-31.2
<b>Total Net Sales</b>				
Domestic	148,325 ( 54.6 )	138,006 ( 56.0 )	10,319	7.5
Overseas	123,118 ( 45.4 )	108,286 ( 44.0 )	14,832	13.7
Total	271,443 [ 100.0 ]	246,293 [ 100.0 ]	25,150	10.2

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.