

QUARTERLY REPORT

4th Quarter : for the three months ended March 31, 2004

Consolidated (HOYA CORPORATION and Consolidated Subsidiaries)

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(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 excerpt 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.

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Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

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Performance for the fourth quarter (three months ended March 31, 2004 and 2003)

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

(1)Results of Operations	<u>Three months ended March 31,</u>		Variance (%)
	2004	2003	
Net sales	71,057	61,653	15.3
Operating income	19,551	13,000	50.4
Ordinary income	19,068	13,412	42.2
Net income	10,205	7,317	39.5
Basic net income per share(Yen)	91.28	61.62	
Diluted net income per share(Yen)	91.09	61.60	

Notes : No changes have been made in accounting policy.

(2)Financial Position	<u>As of Mar. 31,</u>	<u>As of Dec. 31,</u>	<u>As of Mar. 31,</u>
	2004	2003	2003
Total assets	289,887	275,251	274,288
Shareholders' equity	218,978	209,967	224,218
Shareholders' equity ratio	75.5%	76.3%	81.7%
Shareholders' equity per share (Yen)	1,967.60	1,887.57	1,945.16

(3)Conditions of Cash Flow	<u>Three months ended March 31,</u>	
	2004	2003
Net cash provided by operating activities	23,968	-79
Net cash used in investing activities	-8,078	-4,707
Net cash provided by (used in) financing activities	-595	-7,337
Cash and cash equivalents, end of period	80,425	75,694

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1. Business Overview

1. Results of Operations

1) General Overview

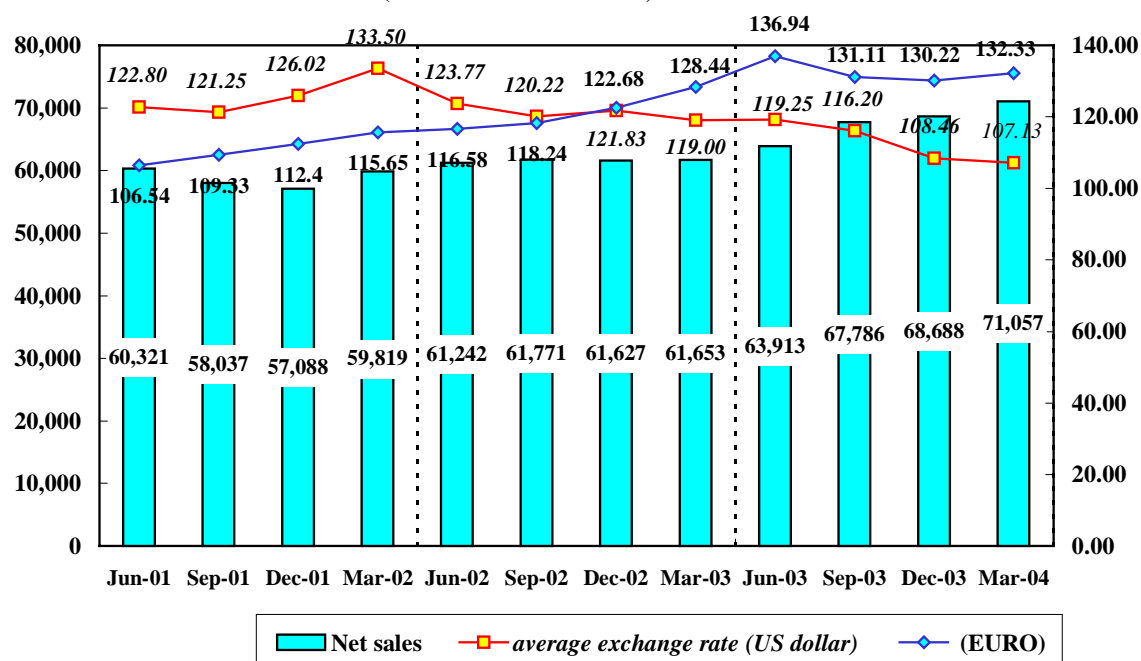
<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Three months ended Mar. 31, 2004</u>
Net sales	71,057
Operating income	19,551
Ordinary income	19,068
Net income	10,205
Net income per share(Yen)	91.28

During the quarter under review, a trend towards economic recovery became more evident around the world centered on the semiconductor and electronic component industries. In Japan, with digital home appliances acting as an engine for market growth, exports by the manufacturing sectors, which expanded their plant and equipment investment, increased.

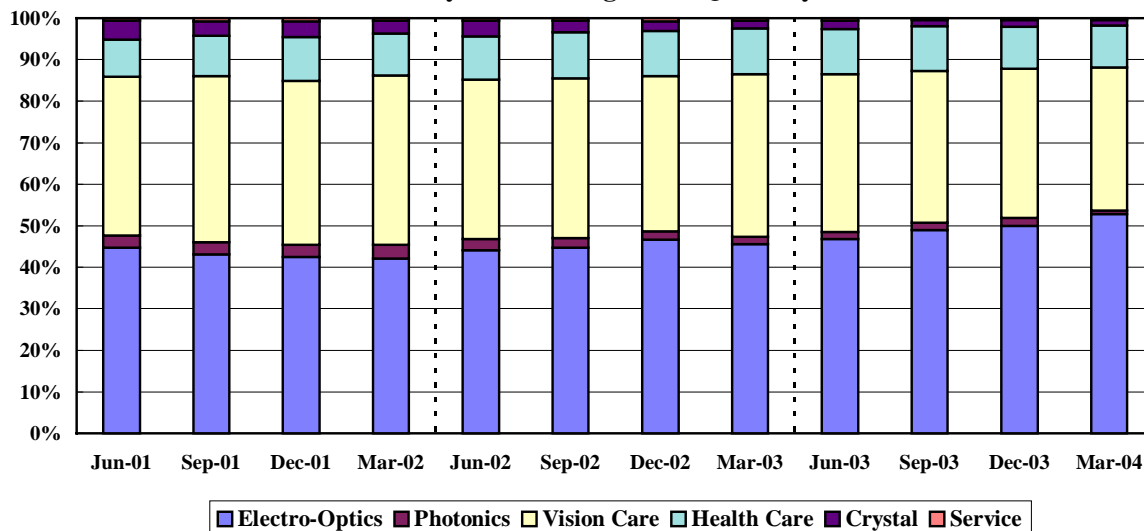
On the currency market, during the quarter under review, in terms of the quarterly averaged exchange rates, the US dollar depreciated by 10.0% and the Thai baht depreciated by 2.2%, whereas the euro appreciated by 3.0% all against the yen on a year-on-year basis.

At HOYA Group under this business environment, the Electro-Optics segment saw a general increase in shipments of its popular high precision products, the Vision Care division fared favorably overseas, and the Health Care division performed well to increase its sales. As a result, consolidated sales during the quarter under review increased 15.3% year-on-year to 71,057 million yen.

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

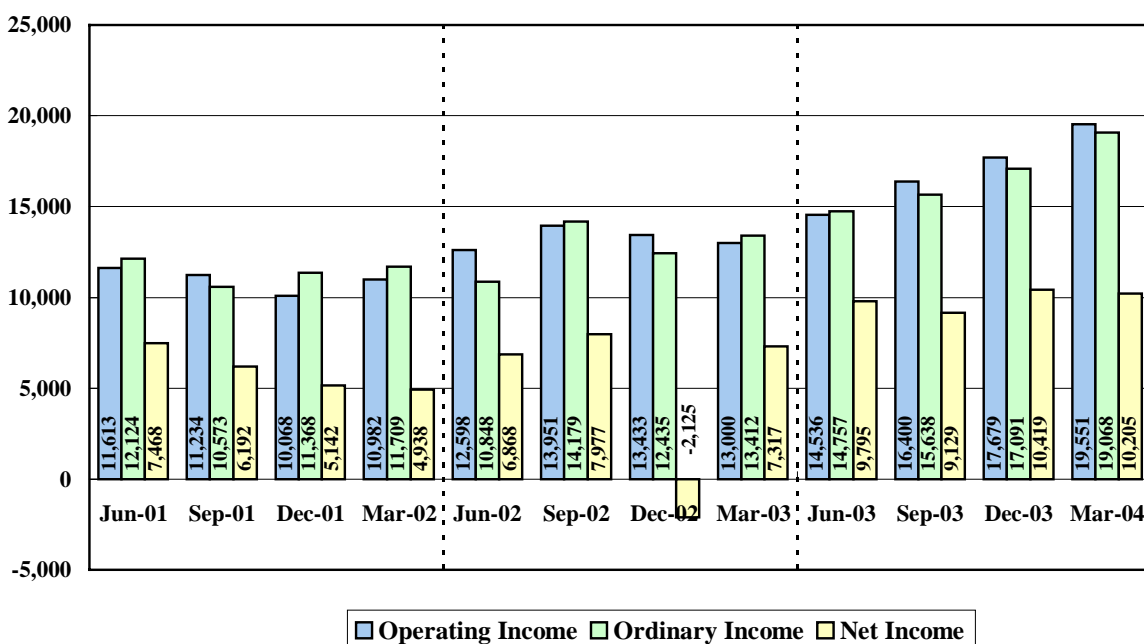


Ratio of Net Sales by Business Segment - Quarterly Transition



In the quarter under review, the Electro-Optics segment maintained a high level of shipments following on from the 3rd quarter in terms of its high precision products, and the main factories were kept fully operational, while the Eye Care segment expanded sales of high-value-added products, such that earnings of both segments increased. On a Group basis, operating income and ordinary income increased 50.4% and 42.2% respectively on a year-on-year basis, represented record quarterly results. Net income increased 39.5% to 10,205 million yen and net income per share for the quarter amounted to 91.28 yen as the nearly same level as the third quarter in this fiscal year, which represented record quarterly results.

Quarterly Incomes (Millions of Yen)



Note : In the quarter ended Dec. 31, 2002, the Company posted the expenses for dissolution of the employee pension fund for Yen 14,949 million under extra-ordinary loss.

2) Segment Overview

1.Information Technology

Electro-Optics

In terms of mask blanks for manufacturing semiconductors, HOYA received a decent volume of orders for such high-precision products as blanks for state-of-the-art phase-shift masks, etc., although those products destined for the US market were adversely affected by the exchange rate. Consequently, 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 began operation of 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 as well as to broadened applications such as for portable music players, demand expanded favorably and sales increased on a year-on-year basis.

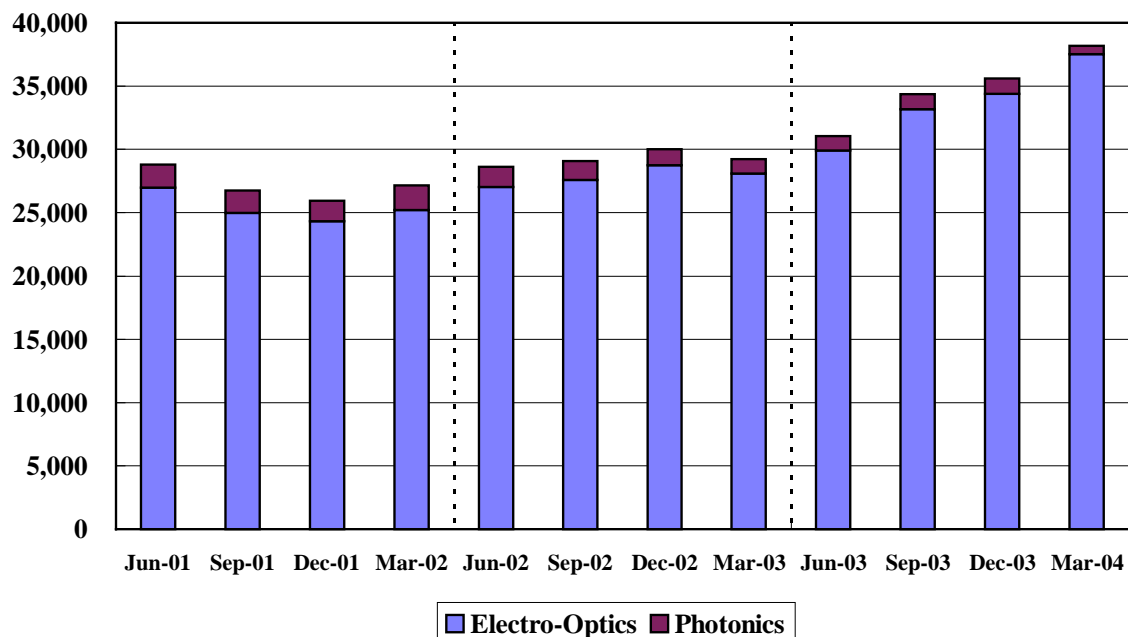
In terms of optical lenses and glasses, sales of digital products, such as digital cameras, continued to grow substantially in the market, and sales of our optical lenses, such as molded aspheric lenses, fared well. Sales increased on a year-on-year basis.

Photonics

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

In terms of laser-related products, sales of those for industrial use decreased as demand from our existing customers entered a cyclical trough, while sales of those for medical use increased fractionally. Overall sales decreased on a year-on-year basis.

Quarterly Net Sales of Information Technology (Millions of Yen)



2. Eye Care

Vision Care

In the domestic eyeglass market, which seems to have bottomed out, business at major chain stores was recovering but intense price competition persisted in terms of low-priced products. HOYA promoted sales of its high-value-added products, such as newly designed progressive lenses, and secured sales of products in the upper-price band but the sales quantity of ordinary products decreased. Overall, sales decreased fractionally 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, and sales increased on a year-on-year basis. In Europe, although sales decreased in Germany with the amendments to the health insurance system, sales in other countries fared well.

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

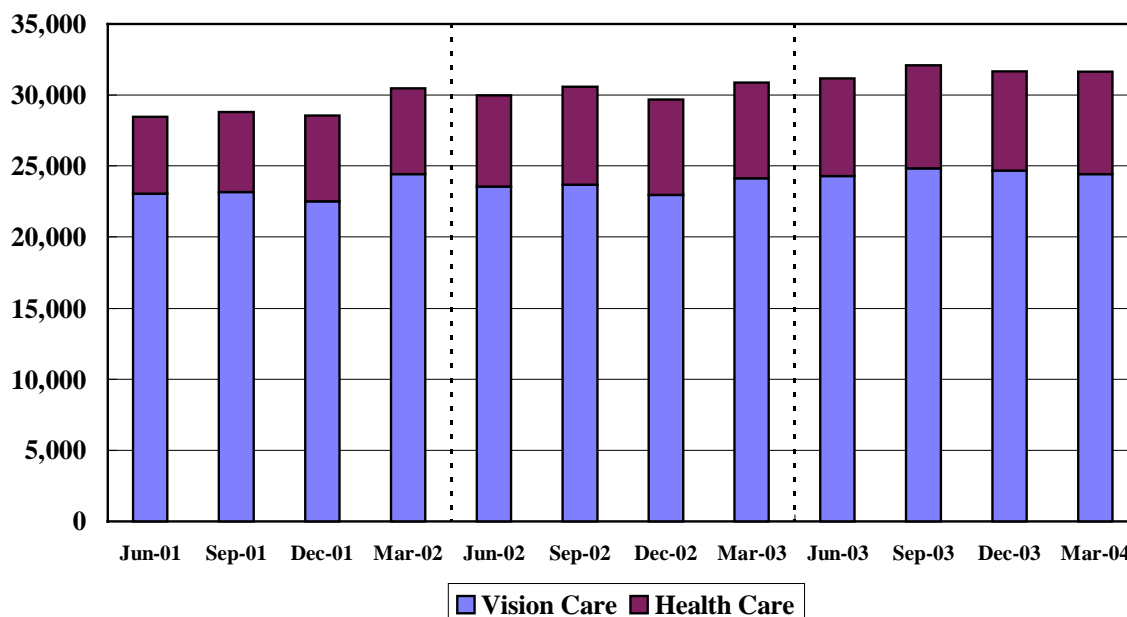
This sales growth was also helped by a weaker yen against the euro in spite of a stronger yen against the US dollar in the currency market on a year-on-year basis.

Health Care

In terms of contact lenses, while price competition in the market intensified, 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 at newly established retail outlets fared well, too. Overall, sales increased on a year-on-year basis.

Sales of intraocular lenses (IOL) increased substantially on a year-on-year basis as soft intraocular lenses were well received by the market.

Quarterly Net Sales of Eye Care (Millions of Yen)

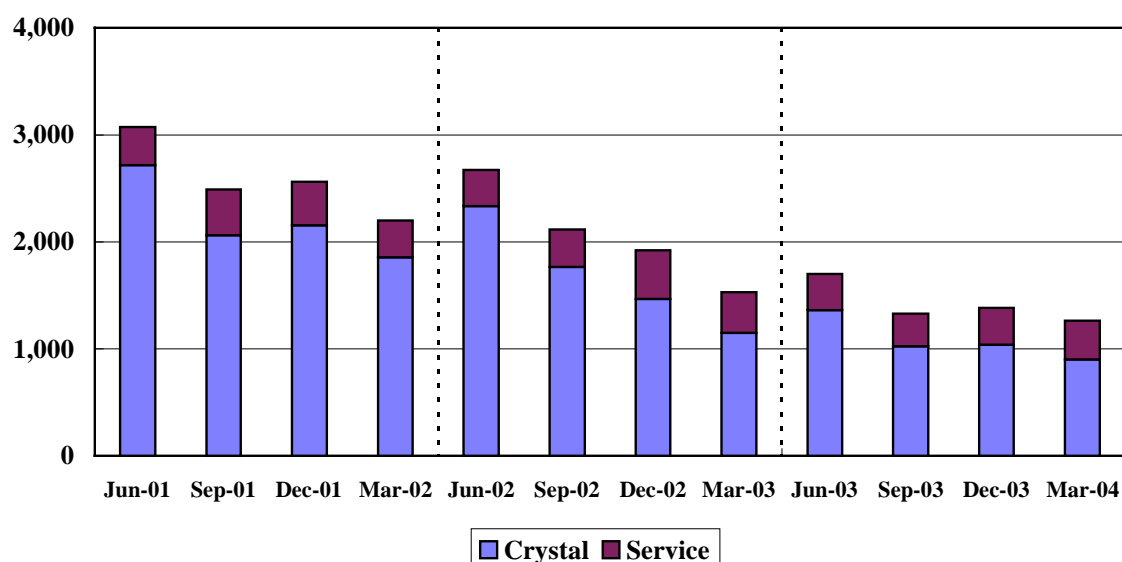


3. Lifestyle Refinement

Crystal

Sales of crystal decreased on a year-on-year basis as HOYA carried out business reform to reconstruct and diminish its operations, in addition to the stagnant personal demand amid the sluggish economy.

Quarterly Net Sales of Lifestyle Refinement (Millions of Yen)



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 quarter under review, current assets increased Yen 13,022 million and fixed assets also increased Yen 1,885 million against the end of the previous quarter. As a result, total assets increased Yen 14,636 million. Shareholders' equity increased Yen 9,011million due to increase of retained earnings.

3. Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Three months ended Mar. 31, 2004</u>
Net cash provided by operating activities	23,968
Net cash used in investing activities	-8,078
Net cash provided by (used in) financing activities	-595
Cash and cash equivalents, end of period	80,425

Cash flow from operating activities during the quarter under review amounted to 23,968 million yen, comprised of 11,923 million yen in quarterly income before income taxes and minority interests and 5,298 million yen in depreciation and amortization among others. Free cash flow amounted to 15,890 million yen. As a result, the term-end balance of cash and cash equivalents increased 14,300 million yen from the end of the third quarter.

2. Consolidated Financial Statements (unaudited)

(1) Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
	Mar.31,2004	Dec.31,2003	Variance(%)	Mar.31,2003
ASSETS				
Current assets	193,279	180,257	7.2	178,153
Cash and deposits	80,425	66,125		75,694
Notes and accounts receivable - trades	67,274	68,010		58,945
Inventories	32,877	33,804		32,360
Income taxes refund receivable	-	-		3,899
Deferred tax assets	7,066	5,283		3,969
Other current assets	6,982	8,398		4,583
Allowance for doubtful receivables	-1,347	-1,365		-1,299
Fixed asstes	96,445	94,560	2.0	95,723
Tangible fixed assets	78,318	78,539	-0.3	77,237
Buildings and structures	22,855	22,463		23,539
Machinery and vehicles	32,396	32,497		33,203
Lands	9,218	9,294		9,326
Other tangible fixed assets	13,847	14,284		11,167
Intangible fixed assets	4,556	4,747	-4.0	5,106
Investments and other assets	13,570	11,273	20.4	13,379
Investment securities	6,193	5,380		5,739
Deferred tax assets	3,012	1,559		3,210
Other assets	4,853	4,853		6,140
Allowance for doubtful receivables	-487	-519		-1,711
Deferred charges	162	433	-62.6	411
Total Assets	289,887	275,251	5.3	274,288
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current liabilities	68,252	62,496	9.2	47,889
Notes and accounts payable - trades	25,770	26,849		20,405
Short-term bank loans	486	1,297		2,284
Income taxes payable	14,398	10,590		2,609
Accrued bonus to employees	3,722	1,876		3,512
Other current liabilities	23,874	21,882		19,077
Long-term liabilities	1,934	1,847	4.7	1,996
Long-term bank loans	-	0		7
Liability for directors retirement benefits	-	-		316
Other long-term liabilities	1,934	1,846		1,673
Total Liabilities	70,187	64,343	9.1	49,886
Minority interest	721	940	-23.3	183
Common stock	6,264	6,264	-	6,264
Capital surplus	15,898	15,898	-	15,898
Retained earnings	247,175	236,995	4.3	216,271
Net unrealized gain on available-for-sale securitis	-30	-77	-61.0	15
Foreign currency translation adjustments	-10,825	-9,367	15.6	-7,178
Treasury stock - at cost	-39,504	-39,745	-0.6	-7,052
Total Shareholders' Equity	218,978	209,967	4.3	224,218
Total	289,887	275,251	5.3	274,288
notes:				
Accumulated depreciation	144,646	158,237	(Million Yen)	148,647
Guarantees of borrowings and lease obligations for customers	883	746	(Million Yen)	486
Number of shares of treasury stock	4,857,867	4,887,862	(stocks)	951,050

(2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

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

Millions of Yen

Three months ended

	Mar.31,2004	Mar.31,2003	Variance		Dec.31,2003
			Value	(%)	
Net sales	71,057	61,653	9,404	15.3	68,688
Cost of sales	36,877	33,285	3,592	10.8	35,439
Gross profit	34,180	28,368	5,812	20.5	33,249
Selling, general and administrative expenses	14,629	15,368	-739	-4.8	15,570
Operating income	19,551	13,000	6,551	50.4	17,679
Non-operating income	1,290	1,203	87	7.2	627
Interest income	114	174	-60		136
Equity in earnings of associated companies	799	65	734		275
Others	376	918	-542		218
Non-operating expenses	1,772	791	981	124.0	1,216
Interest expense	20	84	-64		41
Foreign exchange losses	623	-	623		809
Others	1,130	707	423		365
Ordinary income	19,068	13,412	5,656	42.2	17,091
Extra-ordinary income	147	517	-370	-71.6	85
Gain on sales of investment securities	0	-	0		-
Gain on sales of property, plant and equipment	-	-	-		9
Others	145	517	-372		76
Extra-ordinary losses	7,291	3,232	4,059	125.6	1,472
Amortization of goodwill	3,300	-	3,300		-
Loss on impairment	2,040	-	2,040		-
Loss on disposal of property, plant and equipment	513	1,068	-555		357
Additional retirement benefits paid to employees	238	611	-373		703
Loss on write-down of investment securities	149	15	134		241
Additional expense incurred to discontinued contributory funded pension plan	-	-	-		8
Others	1,050	1,535	-485		162
Income before income taxes and other items	11,924	10,697	1,227	11.5	15,704
Income taxes - Current	5,191	2,340	2,851	121.8	4,167
Income taxes - Deferred	-3,492	1,033	-4,525	-	1,012
Minority interests in net income	21	8	13	162.5	104
Net income	10,205	7,317	2,888	39.5	10,419
Net income per share(Yen)	91.28	61.62	29.66		93.68

Notes:

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

		2004 A	2004 B	influences
Net sales	Million Yen	71,057	71,782	-725
Operating income	Million Yen	19,551	20,011	-460
Ordinary income	Million Yen	19,068	19,362	-294
Net income	Million Yen	10,205	10,446	-241

		Three months ended Mar. 31		
		2004	2003	Variance(%)
2. Average rates of major foreign currencies				
US\$	Yen	107.13	119.00	10.0%
Euro	Yen	132.33	128.44	-3.0%
Thail Baht	Yen	2.72	2.78	2.2%

- Due to the dissolution of the employee pension fund, Yen 14,949 million was posted under extra-ordinary loss in the third quarter of the year ended March 31, 2003.

(3) Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

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

Items	Millions of Yen			
	Three months ended,		Three months ended,	
	Mar.31, 2004	Mar.31, 2003	variance	Dec.31, 2003
Capital Retained Earnings				
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
Profit Retained Earnings				
Balance at the beginning of the period	236,995	209,020	27,975	232,147
Adjustment of retained earnings	10,205	7,317	2,888	10,419
Net income	10,205	7,317	2,888	10,419
Appropriations	24	65	-41	5,572
1. Cash dividends	-	-	-	5,560
2. Loss on deposit of treasury stock	24	-	24	11
3. Decrease by merger of unconsolidated subsidiarie	-	65	-65	-
Balance at the end of the period	247,175	216,271	30,904	236,995

(4) Consolidated Statements of Cash Flows (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

	<u>Millions of Yen</u>		
	<u>Three months ended Mar.31,</u>		
	2004	2003	variance
OPERATING ACTIVITIES:			
Income before income taxes and minority interests	11,923	10,697	1,226
Adjustments for:			
Income taxes - paid	-1,111	-1,331	220
Depreciation and amortization	5,298	5,061	237
Loss on impairment	2,040	-	2,040
Amortization of Goodwill	3,300	-	3,300
Reversal of accrued bonuses to employees	1,846	1,602	244
Reversal of accrued retirement benefits	-	1	-1
Provision for (Reversal of) reserve for periodic repairs	-85	-122	37
Equity in earnings of associated companies	-799	-64	-735
Foreign exchange gain	77	-12	89
Devaluation losses on non-current marketable securities	149	15	134
Gain on sales of property, plant and equipment and inv. securities	-	-	-
Loss on disposal of property, plant and equipment and inv. securities	512	1,075	-563
Gain on transfer of businesses	-	-488	488
Other	262	471	-209
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	1,577	2,725	-1,148
(Increase) decrease in inventories	1,327	1,778	-451
(Increase) decrease in other current assets	-329	1,800	-2,129
Increase (decrease) in notes and accounts payable	-1,004	-792	-212
Increase (decrease) in other current liabilities	-1,017	-172	-845
Payment of retire benefit payable	-	-22,325	22,325
Total adjustment			
Net cash provided by operating activities	23,968	-79	24,047
INVESTING ACTIVITIES:			
Purchases of property, plant and equipment	-5,923	-3,901	-2,022
Proceeds from sales of property, plant and equipment	38	186	-148
Purchases of investment securities	-12	-238	226
Proceeds from sales of investment securities	0	13	-13
Purchase of goodwill	-3,300	-	-3,300
Increase in investments and other assets	-1,076	-404	-672
Decrease in investments and other assets	70	-1,257	1,327
Payment for loans	-44	-	-44
Payment from loans	2,168	-	2,168
Proceeds from transfer of business	-	893	-893
Net cash used in investing activities	-8,078	-4,707	-3,371
FINANCING ACTIVITIES:			
Net increase (decrease) in short-term borrowings	-811	-344	-467
Repayment of long term bank loans	0	-7	7
Net (increase) decrease in treasury stock	217	-6,939	7,156
Dividends paid	-	-45	45
Net cash used in financing activities	-595	-7,337	6,742
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	15,294	-12,124	27,418
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-994	-11,781	10,787
Cash and cash equivalents of merged unconsolidated subsidiaries, beginning of period	-	41	-41
CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD	66,125	87,434	-21,309
CASH AND CASH EQUIVALENTS, END OF PERIOD	80,425	75,694	4,731

(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 CORP. (Japan)

Notes: Changes in Accounting Policies and Others

1. Changes in scope of consolidation and application of the equity method:

a. Scope of consolidation

In comparison to Dec.31, 2003 : 1 company decreased in total

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 decreased due to the merger into the parent company:	HOYA OPTICS CORPORATION (Japan)
1 company decreased due to the closing:	HOYA OPTICAL TAIWAN CO., LTD. (Taiwan)
1 company decreased due to the disposal:	NEW CHROMEX, INC. (USA)

In comparison to Mar.31, 2003 : 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 :	HOYA GLASS DISK PHILIPPINES, INC. (Philippines) HOYA GLASS DISK MALAYSIA SDN.BHD. (Malaysia)
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)

b. Application of the equity method

In comparison to Dec.31, 2003 :No change

In comparison to Dec.31, 2003 : 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.)
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2. Changes in accounting policy :

The impairment accounting system was applied on fixed assets

	as of Mar. 31, 2004	as of Dec. 31, 2003	variance	as of Mar. 31, 2003
Consolidated subsidiaries	55 (do 6, os49)	56 (do 7, os49)	-1 (do-1, os -)	52 (do 6, os46)
Nonconsolidated subsidiaries	- (do -, os -)	- (do -, os -)	- (do -, os -)	- (do -, os -)
Affiliates	5 (do 5, os -)	5 (do 5, os -)	- (do-, os-)	6 (do 6, os -)
(accounted for by the equity method)	(1) (do 1, os -)	(1) (do 1, os -)	(-) (do-, os-)	(2) (do 2, os -)
Total Hoya Group	60	61	-1	58
(accounted for by the equity method)	(1)	(1)	(-)	(2)

(do : domestic, os : overseas)

Notes Relating to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents at the End of the Period	<u>Millions of Yen</u>		
	<u>As of Mar. 31,</u>	<u>As of Dec. 31,</u>	
	<u>2004</u>	<u>2003</u>	<u>2003</u>
Cash and deposits	80,425	75,694	66,125
Marketable securities	-	-	-
Total	<u>80,425</u>	<u>75,694</u>	<u>66,125</u>

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

Three months ended Mar. 31, 2004

None

Three months ended Mar. 31, 2003

Millions of Yen

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

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	<u>1,301</u>

Three months ended Dec. 31, 2003

None

3. Details of Assets and Liabilities of the Newly Consolidated Subsidiary

Three months ended Mar. 31, 2004

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

Three months ended Dec. 31, 2003

None

Notes Relating to Investment Securities and Derivatives

1. Investment securities of current market values:

(Millions of Yen)

	As of								
	<u>Mar.31, 2004</u>			<u>Dec.31, 2003</u>			<u>Mar.31, 2003</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale :									
Marketable Equity securities	159	230	70	102	109	6	145	170	25
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	159	230	70	102	109	6	145	170	25

2. Investment securities of non-current market values:

(Millions of Yen)

	As of		
	<u>Mar.31, 2004</u>	<u>Dec.31, 2003</u>	<u>Mar.31, 2003</u>
	Non-marketable stock of subsidiaries	5,689	4,852
Total	5,689	4,852	4,953
Non-marketable equity securities	273	418	615
Total	273	418	615

3. Derivatives

None

Notes Relating to Tax Effect Accounting

(As of Mar.31, 2004, Dec.31, 2003 and Mar.31, 2003)

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

	Millions of Yen		
	As of		
	<u>Mar. 31,</u>	<u>Dec.31,</u>	<u>Mar.31,</u>
	<u>2004</u>	<u>2003</u>	<u>2003</u>
(1) Current deferred tax assets and liabilities			
Deferred tax assets			
Inventories - intercompany unrealized profits	1,604	1,053	829
Excess deductible amount of depreciation expenses	1,493	1,238	1,264
Excess deductible amount of expenses for accrued bonus	1,409	747	1,361
Enterprise tax not deductible	1,200	811	76
Other deferred tax assets	1,358	1,433	772
Total amount of deferred tax assets - current	<u>7,066</u>	<u>5,283</u>	<u>4,304</u>
Deferred tax liabilities			
Enterprise taxes refund receivable	-	-	-334
Total amount of deferred tax liabilities - current	-	-	-334
Net amount of deferred tax assets - current	<u>7,066</u>	<u>5,283</u>	<u>3,969</u>
(2) Non-current deferred tax assets and liabilities			
Deferred tax assets			
Excess amount of inclusion in deductible expenses for depreciation	2,069	325	1,589
Loss on impairment not deductible	824	-	-
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	181	176	401
Amount denied of loss on write-down of fixed assets	-	990	913
Other deferred tax assets	859	1,075	1,382
Total amount of deferred tax assets - fixed	<u>3,934</u>	<u>2,567</u>	<u>4,286</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-467	-521	-582
Special depreciation reserve	-289	-314	-312
Difference of evaluation of other marketable securities	-	-	-10
Other deferred tax liabilities	-165	-171	-171
Total amount of deferred tax liabilities - fixed	<u>-922</u>	<u>-1,007</u>	<u>-1,076</u>
Net amount of deferred tax assets - fixed	<u>3,012</u>	<u>1,559</u>	<u>3,210</u>

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

	Three months ended		
	<u>Mar.31,2004</u>	<u>Mar.31,2003</u>	<u>Dec.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	-22.0	-10.1	-11.4
Non-Deductible expenses such as entertainment expenses	0.9	0.2	1.0
Per capita levy of inhabitants tax and others	0.3	0.2	0.1
Non-taxable income such as dividend received	-	-	0.0
Intercompany cash dividend	-	-	-
Extra tax deduction on expenses for research	-5.3	-	-
Correction of decrease of deferred tax assets due to change of tax rate	-	0.9	-
Other adjustment	-1.4	-1.4	1.6
Effective income tax rate	<u>14.2</u>	<u>31.5</u>	<u>33.0</u>

Notes Relating to Employees' Retirement Benefits

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

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

Additional expense incurred to discontinued contributory funded pension plan

Additional expense incurred to discontinued unfunded retirement benefit plan

Additional retirement benefits paid to employees

Expenses for employees' retirement benefits

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Mar.31,</u>		<u>Dec.31,</u>
	<u>2003</u>	<u>2002</u>	<u>2002</u>
	-	-	8
	-	-	-
	<u>238</u>	<u>611</u>	<u>703</u>
	<u>238</u>	<u>611</u>	<u>712</u>

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

None

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	320
<u>Total</u>	<u>2,040</u>

3. Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

(1) Industry Segments

Fourth quarter : for the three months 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	37,545	627	24,428	7,194	902	361	71,057	-	71,057
Intersegment	36	0	8	0	8	1,324	1,376	(1,376)	-
Total	37,581	627	24,435	7,195	911	1,686	72,433	(1,376)	71,057
Operating expenses	25,015	677	19,231	5,465	1,265	1,522	53,177	(1,672)	51,506
Operating income	12,565	-50	5,203	1,729	-355	163	19,256	295	19,551
Operating margin	33.4%	-8.0%	21.3%	24.0%	-39.0%	9.7%	26.6%	-	27.5%
Assets	132,240	1,747	92,082	18,872	2,805	2,797	250,544	39,342	289,887
Depreciation	3,553	8	1,485	133	93	6	5,280	19	5,298
Capital Expenditures	9,772	1	1,774	248	72	0	11,866	1	11,868
Loss on impairment	-	-	-	-	2,040	-	2,040	-	2,040
R&D Expenses	1,929	47	326	211	9	-	2,524	79	2,603
Number of employees (p)	11,039	76	5,944	556	169	258	18,042	50	18,092

Fourth quarter : for the three months 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	28,078	1,161	24,127	6,757	1,150	380	61,653	-	61,653
Intersegment	12	0	1,077	0	8	833	1,930	(1,930)	-
Total	28,091	1,161	25,204	6,757	1,157	1,214	63,583	(1,930)	61,653
Operating expenses	19,828	1,301	21,174	5,432	1,319	1,161	50,216	(1,563)	48,653
Operating income	8,263	-141	4,030	1,325	-160	53	13,367	(368)	13,000
Operating margin	29.4%	-12.1%	16.0%	19.6%	-13.8%	4.4%	21.0%	-	21.1%
Assets	114,877	2,697	98,077	16,446	8,409	2,432	242,940	31,348	274,288
Depreciation	3,352	18	1,426	146	91	8	5,041	20	5,061
Capital Expenditures	2,775	66	1,107	94	155	0	4,196	158	4,355
R&D Expenses	1,675	60	541	267	-18	-	2,525	-1	2,524
Number of employees (p)	6,509	135	6,385	617	201	129	13,976	47	14,023

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

	Millions of Yen								Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	
Net sales:									
To outside customers	9,467	-534	301	437	-248	-19	9,404	-	9,404
Variance	33.7%	-46.0%	1.2%	6.5%	-21.6%	-5.0%	15.3%	-	15.3%
Intersegment	24	-	-1,069	0	0	491	-554	554	-
Total	9,490	-534	-769	438	-246	472	8,850	554	9,404
Operating expenses	5,187	-624	-1,943	33	-54	361	2,961	-109	2,853
Operating income	4,302	91	1,173	404	-195	110	5,889	663	6,551
Variance	52.1%	-	29.1%	30.5%	-	207.5%	44.1%	-	50.4%
Assets	17,363	-950	-5,995	2,426	-5,604	365	7,604	7,994	15,599
Depreciation	201	-10	59	-13	2	-2	239	-1	237
Capital Expenditures	6,997	-65	667	154	-83	-	7,670	-157	7,513
Loss on impairment	-	-	-	-	2,040	-	2,040	-	2,040
R&D Expenses	254	-13	-215	-56	27	-	-1	80	79
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	Lazer 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 three months ended Mar. 31, 2004 and 2003 are as follows:

<u>2004</u>	<u>2003</u>
932 Million Yen	578 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) Geographical Segments

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

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	50,656	7,718	9,353	3,330	71,057	-	71,057
Intersegment	4,195	22	13	16,705	20,936	(20,936)	-
Total	54,851	7,740	9,365	20,035	91,992	(20,936)	71,057
Operating expenses	45,845	6,985	7,027	13,706	73,563	(22,058)	51,506
Operating income	9,006	755	2,339	6,329	18,429	1,123	19,551
Operating margin	16.4%	9.8%	25.0%	31.6%	20.0%	-	27.5%
Assets	161,335	19,058	26,691	66,337	273,423	16,463	289,887

Fourth quarter : for the three months ended March 31, 2003

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	41,036	8,626	9,031	2,960	61,653	-	61,653
Intersegment	3,969	20	495	11,700	16,183	(16,183)	-
Total	45,005	8,647	9,526	14,660	77,836	(16,183)	61,653
Operating expenses	37,345	8,489	7,429	11,608	64,872	(16,219)	48,653
Operating income	7,659	157	2,097	3,052	12,965	35	13,000
Operating margin	17.0%	1.8%	22.0%	20.8%	16.7%	-	21.1%
Assets	139,012	19,505	34,970	59,155	252,643	21,645	274,288

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

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	9,620	-908	322	370	9,404	-	9,404
Variance	23.4%	-10.5%	3.6%	12.5%	15.3%	-	15.3%
Intersegment	226	2	-482	5,005	4,753	-4,753	-
Total	9,846	-907	-161	5,375	14,156	-4,753	9,404
Operating expenses	8,500	-1,504	-402	2,098	8,691	-5,839	2,853
Operating income	1,347	598	242	3,277	5,464	1,088	6,551
Variance	17.6%	380.9%	11.5%	107.4%	42.1%	-	50.4%
Assets	22,323	-447	-8,279	7,182	20,780	-5,182	15,599

*Elimi. or corp. : Eliminations or corporate

Notes:

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

North America: United States of America and Canada
 Europe: Netherlands, Germany, United Kingdom, etc.
 Asia: Singapore, Republic of Korea, Taiwan, etc.

- Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies. Corporate operating expenses for the three months ended Mar. 31, 2004 and 2003 are as follows:

2004 778 Million Yen 2003 505 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:

2004 47,511 Million Yen 2003 40,279 Million Yen

(3) Sales to Foreign Customers

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

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	10,268	10,052	12,789	6	33,115
Consolidated Sales (B)					71,057
Overseas Sales ratio A/B	14.5%	14.1%	18.0%	0.0%	46.6%
Regional Sales ratio	31.0%	30.4%	38.6%	0.0%	100.0%

Fourth quarter : for the three months ended March 31, 2003

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	9,007	9,696	8,995	2	27,698
Consolidated Sales (B)					61,653
Overseas Sales ratio A/B	14.6%	15.7%	14.6%	0.0%	44.9%
Regional Sales ratio	32.5%	35.0%	32.5%	0.0%	100.0%

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

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	1,261	356	3,794	4	5,417
Consolidated Sales (B)					9,404
Variance of Overseas Sales	14.0%	3.7%	42.2%	200.0%	19.6%

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

North America:	United States of America, Canada, etc.
Europe:	Netherlands, Germany, United Kingdom, etc.
Asia:	Singapore, Republic of Korea, Taiwan, etc.
Other:	Saudi Arabia, Brazil, etc.

4. Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

(Unaudited)

(Three months ended March 31, 2004 and 2003)

Business Category Company	Millions of Yen [%]					
	Three months ended		Variance		Three months ended	
	Mar.31,2004	Mar.31,2003	Value	%	Dec.31, 2003	
Electro-Optics						
Domestic	20,848 (55.5)	16,426 (58.5)	4,422	26.9	20,017 (58.2)	
Overseas	16,696 (44.5)	11,652 (41.5)	5,044	43.3	14,374 (41.8)	
total	37,545 [52.8]	28,078 [45.5]	9,467	33.7	34,391 [50.1]	
Photonics						
Domestic	194 (31.0)	781 (67.3)	-587	-75.2	654 (52.7)	
Overseas	432 (69.0)	379 (32.7)	53	14.0	588 (47.3)	
total	627 [0.9]	1,161 [1.9]	-534	-46.0	1,241 [1.8]	
Information Technology						
Domestic	21,043 (55.1)	17,207 (58.8)	3,836	22.3	20,670 (58.0)	
Overseas	17,129 (44.9)	12,032 (41.2)	5,097	42.4	14,962 (42.0)	
total	38,172 [53.7]	29,239 [47.4]	8,933	30.6	35,632 [51.9]	
Vision Care						
Domestic	8,663 (35.5)	8,571 (35.5)	92	1.1	8,616 (34.9)	
Overseas	15,766 (64.5)	15,555 (64.5)	211	1.4	16,046 (65.1)	
total	24,428 [34.4]	24,127 [39.1]	301	1.2	24,663 [35.9]	
Health Care						
Domestic	7,100 (98.7)	6,739 (99.7)	361	5.4	6,938 (99.0)	
Overseas	94 (1.3)	18 (0.3)	76	422.2	73 (1.0)	
total	7,194 [10.1]	6,757 [11.0]	437	6.5	7,011 [10.2]	
Eye Care						
Domestic	15,763 (49.8)	15,310 (49.6)	453	3.0	15,554 (49.1)	
Overseas	15,860 (50.2)	15,573 (50.4)	287	1.8	16,119 (50.9)	
total	31,623 [44.5]	30,884 [50.1]	739	2.4	31,674 [46.1]	
Crystal						
Domestic	775 (85.9)	1,056 (91.8)	-281	-26.6	923 (88.8)	
Overseas	127 (14.1)	94 (8.2)	33	35.1	117 (11.2)	
total	902 [1.3]	1,150 [1.9]	-248	-21.6	1,039 [1.5]	
Service						
Domestic	361 (100.0)	380 (100.0)	-19	-5.0	343 (100.0)	
Overseas	0 (0.0)	0 (0.0)	0	-	0 (-)	
total	361 [0.5]	380 [0.6]	-19	-5.0	343 [0.5]	
Lifestyle Refinement						
Domestic	1,137 (90.0)	1,437 (93.9)	-300	-20.9	1,266 (91.5)	
Overseas	127 (10.0)	94 (6.1)	33	35.1	117 (8.5)	
total	1,263 [1.8]	1,530 [2.5]	-267	-17.5	1,383 [2.0]	
Total Net Sales						
Domestic	37,942 (53.4)	33,954 (55.1)	3,988	11.7	37,491 (54.6)	
Overseas	33,115 (46.6)	27,698 (44.9)	5,417	19.6	31,197 (45.4)	
Total	71,057 [100.0]	61,653 [100.0]	9,404	15.3	68,688 [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.