

Financial Report for the nine months ended Dec. 31, 2003



January 21, 2004

**Financial Highlights for the Nine Months (unaudited)**

HOYA CORPORATION and Consolidated Subsidiaries

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**1. Performance for the nine months ended Dec. 31, 2003 and 2002**

( Figures less than a million yen are omitted.)

(1)Results of Operations	Millions of Yen		variance (%)
	Nine months ended Dec. 31,		
	2003	2002	
Net sales	200,386	184,640	( 8.5 )
Operating income	48,615	39,982	( 21.6 )
Ordinary income	47,486	37,462	( 26.8 )
Net income	29,343	12,720	( 130.7 )
Basic net income per share(Yen)	259.73	109.55	
Diluted net income per share(Yen)	259.51	109.53	

Notes : No changes have been made in accounting policy.

(2)Financial Position	Millions of Yen		
	As of Dec. 31,	As of March 31,	As of Dec. 31,
	2003	2003	2002
Total assets	275,251	274,288	293,641
Shareholders' equity	209,967	224,218	222,735
Shareholders' equity ratio	76.3%	81.7%	75.9%
Shareholders' equity per share (Yen)	1,887.57	1,945.16	1,918.30

(3)Conditions of Cash Flow	Millions of Yen	
	Nine months ended Dec. 31,	
	2003	2002
Net cash provided by operating activities	54,775	38,469
Net cash used in investing activities	-20,260	-8,875
Net cash provided by (used in) financing activities	-42,258	-7,210
Cash and cash equivalents, end of period	66,125	87,434

2. Earnings Forecasts (Year ending March 31, 2004)	Year ending/ended March 31,		variance (%)
	2004	2003	
	Net sales	269,000	
Operating income	65,500	52,982	( 23.6 )
Ordinary income	64,100	50,874	( 26.0 )
Net income	37,000	20,037	( 84.7 )
Ref:Expected net income per share (Yen)	327.26	171.10	156.16

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# (1) Business Overview

## 1.Results of Operations

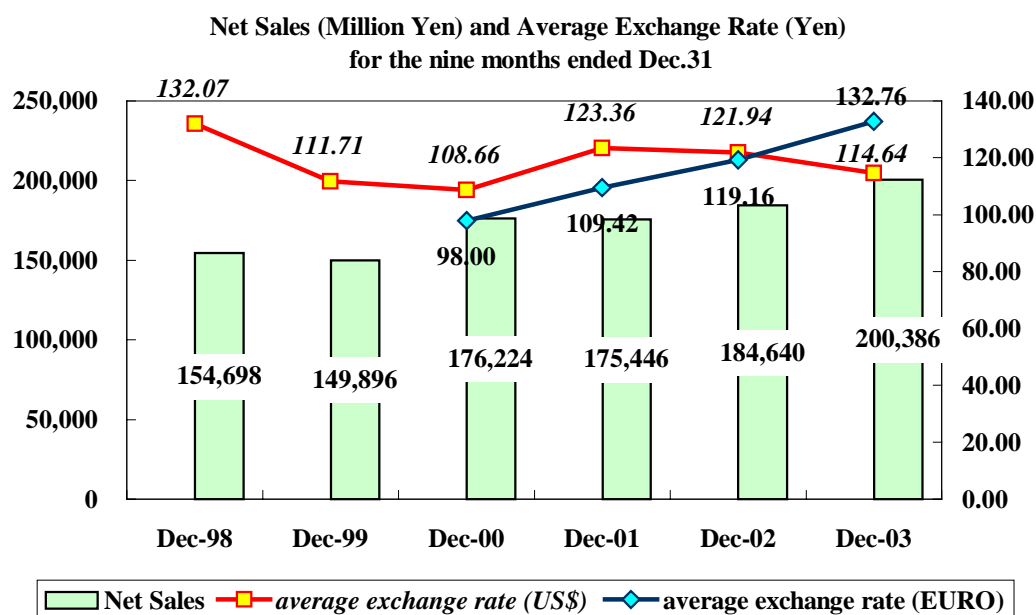
### 1) General Overview

<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Nine months ended Dec. 31, 2003</u>
Net sales	200,386
Operating income	48,615
Ordinary income	47,486
Net income	29,343
Net income per share(Yen)	259.73

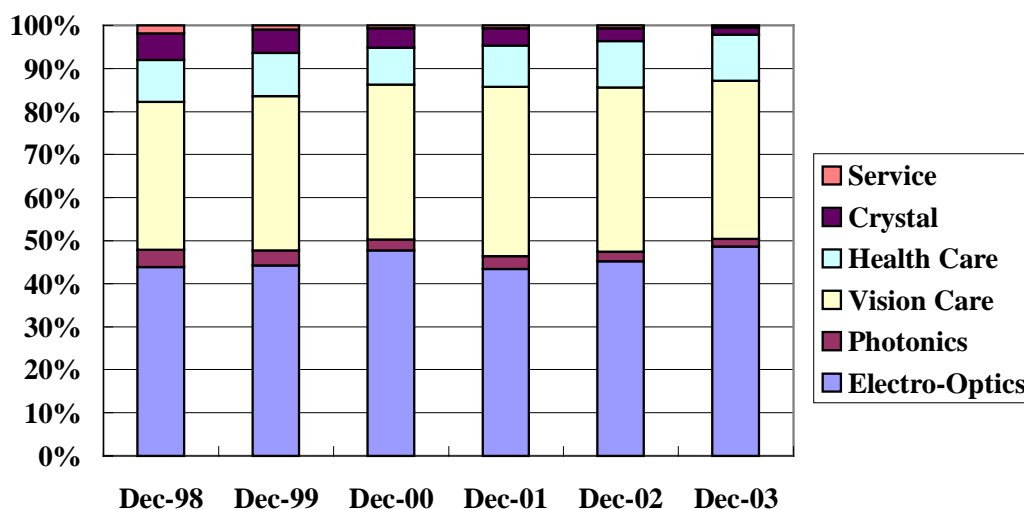
During the 9-month period under review, a trend towards economic recovery became more evident centered on the semiconductor and electronic component industries, while plant and equipment investment by IT-related industries experienced a worldwide boom. In Japan, with the digital home appliances acting as the 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 9-month period under review, the exchange rate of the US Dollar against the Japanese Yen depreciated by 6.0%, while that of the Thai bath fell 2.1%, respectively. On the other hand, the Euro appreciated by 11.4% against the Japanese Yen.

Under the above business environment, sales increased at the Electro-Optics segment of the HOYA Group, which benefited from increased shipments of digital home appliances to the market, the enhanced high precision of our products in response to client demand for development of new models, as well as increased orders from those clients who began operation of next-generation production lines. In the Eye Care segment, sales increased as such mainstay products as eyeglass lenses, contact lenses and intraocular lenses, etc. sold solidly. As a result, consolidated sales over the 9-month period under review increased 8.5% year-on-year to 200,386 million yen.



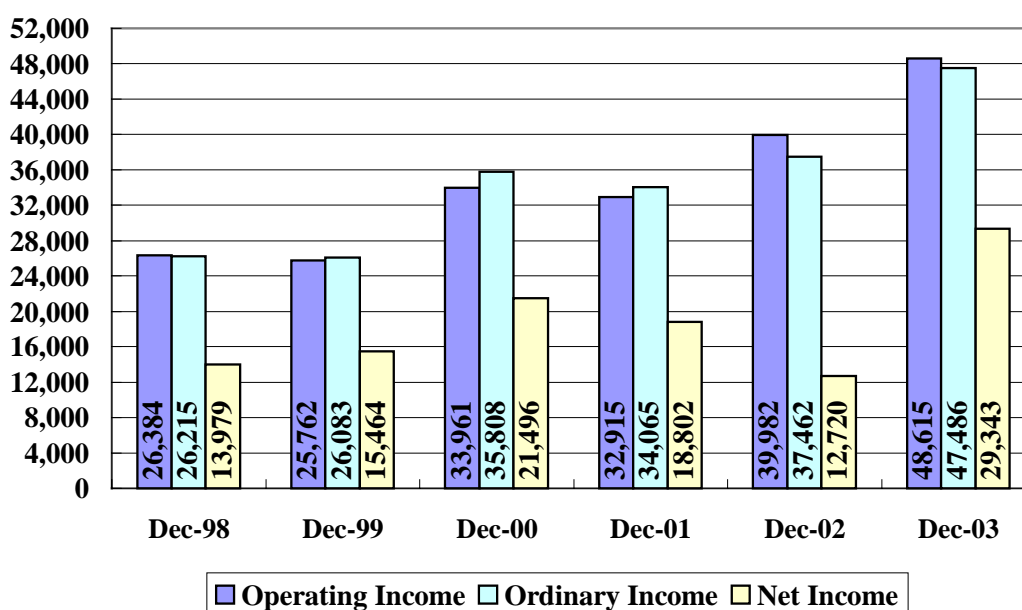
Ratio of Net Sales by Business Segment - Nine months ended Dec.31



During the 9-month period under review, in the Electro-Optics segment, HOYA received an increased volume of orders for high-precision products, the main factories were kept fully operational, and earnings increased. In the Eye Care segment, while some eyeglass lenses endured a trend towards lowered prices, HOYA expanded sales of high-value-added products, such that earnings increased. As a result, on a Group basis, operating income and ordinary income increased 21.6% and 26.8% respectively on a year-on-year basis. Consequent to the posting of approximately 20 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 3.1 billion yen as lump sum severance pay in connection with business reforms, etc., net income increased substantially by 130.7% year-on-year. The respective income as well as sales represented record 9-month results respectively.

Net income per share for the 9-month period was 259.73 yen, an increase of 150.18 yen on a year-on-year basis.

Profits (Million Yen) - Nine Months ended Dec.31

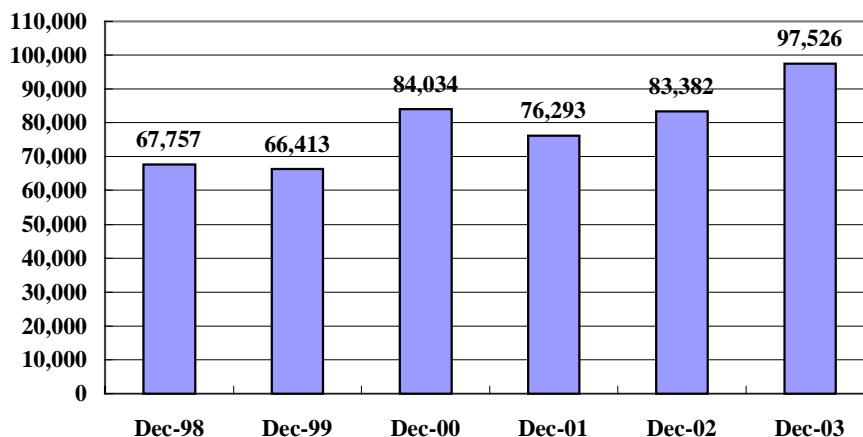


## 2) Segment Overview

### 1. Information Technology

#### Electro-Optics

Net sales of Electro-Optics (Million Yen) for nine months ended Dec.31



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 phase-shift masks, etc., and sales increased on a year-on-year basis.

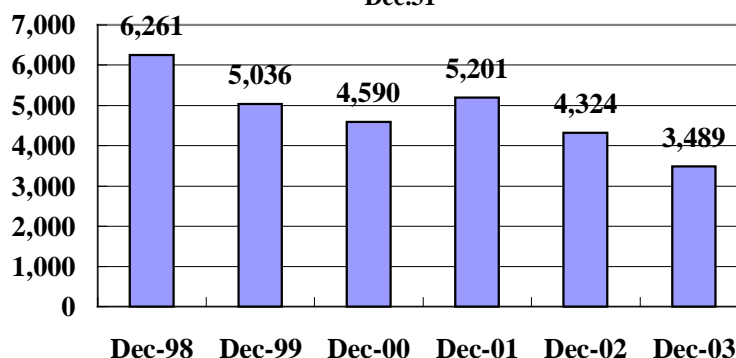
In terms of photomasks for manufacturing semiconductors, the semiconductor market fared well with digital home appliances acting as its engine for growth. In terms of large-sized masks for LCDs, HOYA benefited from strong demand for masks as consumer demand for LCD televisions expanded and LCD panel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

In terms of glass disks for HDDs (Hard Disk Drives), thanks to a recovery in sales of personal computers, 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

Net sales of Photonics (Million Yen) for nine months ended Dec.31

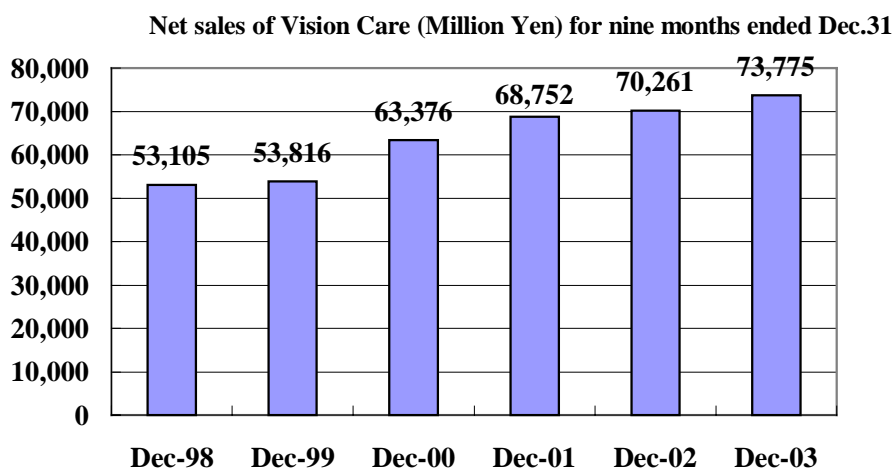


This segment covers laser-related equipment for industrial, dental and medical applications.

In terms of laser-related equipment (Photonics), sales of laser-related products for industrial and medical uses increased year-on-year, but not enough to offset the sales of the division handling physicochemical use that was sold off in October 2002. Accordingly, overall sales decreased on a year-on-year basis.

## 2. Eye Care

### Vision Care



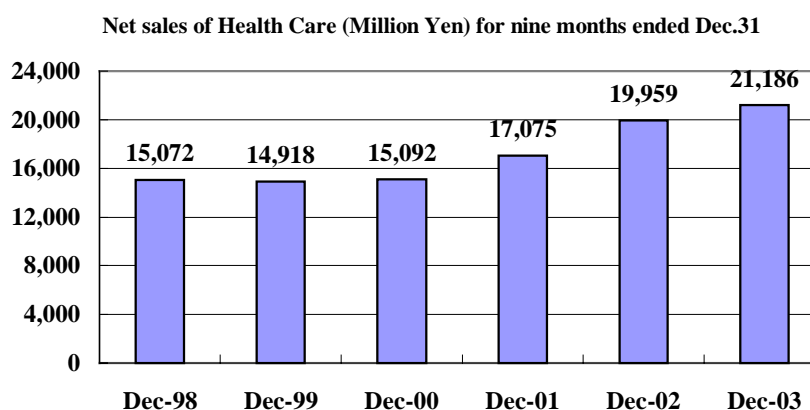
In the domestic eyeglass market, in spite of a moderate recovery, tough conditions persisted as the market continued to gravitate towards low-priced products. HOYA promoted sales of its high-value-added products, such as newly designed progressive lenses, etc., and secured sales of products in the upper-price 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, 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



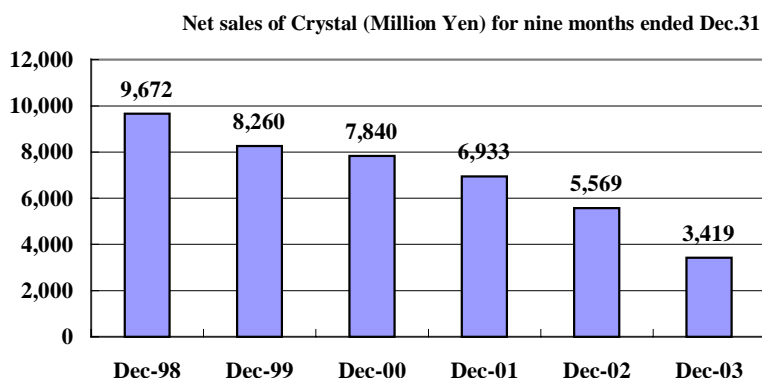
In terms of contact lenses, while price competition in the market intensified among discount retailers, HOYA tried to distinguish itself from the competition by promoting sales of high-value-added products and products backed by its E-system of lens compensation services and by improving its face-to-face 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 well-received 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.



## **2. Financial Position**

	<u>Millions of Yen</u> <u>As of Dec. 31, 2003</u>
Total assets	275,251
Shareholders' equity	209,967
Shareholders' equity ratio	76.3%

At the end of the nine months under review, total assets increased Yen 963 million as current assets increased Yen 2,104 million while fixed assets decreased Yen 1,163 million from the end of the previous fiscal year. Shareholders' equity decreased Yen 14,251 million due to increase of treasury stock as a negative factor of Yen 32,693 million in spite of increase of retained earnings.

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

	<u>Millions of Yen</u> <u>Nine months ended Dec. 31, 2003</u>
Net cash provided by operating activities	54,775
Net cash used in investing activities	-20,260
Net cash provided by (used in) financing activities	-42,258
Cash and cash equivalents, end of period	66,125

Cash flow from operating activities amounted to 54,775 million yen, comprised of 43,572 million yen in income before income taxes and minority interests and 14,690 million yen in depreciation and amortization among others. Cash flow from investment activities amounted to 20,260 million yen in cash payments that were mainly used for investment in order to handle next-generation products. Free cash flow amounted to 34,515 million yen, while payment of 32,910 million yen was made for the acquisition of treasury stock. As a result, the term-end balance of cash and cash equivalents decreased 9,569 million yen from the end of the previous fiscal year.

## 4. Earnings Forecast for the Year ending March 31, 2004

Signs of economic recovery are being observed across the world and the semiconductor and electronic component industries, mainly in respect of their high precision products, are thriving. On the other hand, with the situation remaining tense in Iraq and fears of another bout of SARS, for example, we still need to keep a close watch on developments around the world. Furthermore, the on-going appreciation of the yen harbors some major concerns ahead for the domestic manufacturing sectors, whose recovery has been underpinned precisely on the premise of export markets.

In this environment, HOYA is benefiting from the booming digital appliances market and has the prospect of steady growth in the sector covering consumables, such as eyeglasses and contact lenses, etc., primarily in terms of their high-value-added products and new models. Paying all due attention to the afore-mentioned world affairs and currency situations, we at HOYA will strengthen development and sales of high precision products to meet customer needs, strive to reduce costs and position ourselves for steady growth.

With respect to net income for the current fiscal year, a substantial increase is expected on a year-on-year basis following the posting of approximately 24 billion yen under extraordinary losses during the previous fiscal year to cover the amount required in connection with the dissolution process of the Company's employee pension fund.

	<u>Millions of Yen</u>		variance (%)
	<u>Years ending/ended</u>		
	Mar.31,2004	Mar.31,2003	
Net sales	269,000	246,293 (	9.2 )
Operating income	65,500	52,982 (	23.6 )
Ordinary income	64,100	50,874 (	26.0 )
Net income	37,000	20,037 (	84.7 )
Net income per share (Yen)	327.26	171.10	156.16 Yen

Ref:Forecast for the 4th quarter

	<u>Millions of Yen</u>		variance (%)
	<u>Three months ending/ended</u>		
	Mar.31,2004	Mar.31,2003	
Net sales	68,614	61,653 (	11.3 )
Operating income	16,885	13,000 (	29.9 )
Ordinary income	16,614	13,412 (	23.9 )
Net income	7,657	7,317 (	4.6 )
Net income per share (Yen)	67.30	61.62	5.68 Yen

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

## (2) Consolidated Financial Statements (unaudited)

### 1. Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Dec. 31,2003	Mar. 31, 2003	Variance(%)	Dec. 31,2002
<b>ASSETS</b>				
Current assets	180,257	178,153	1.2	196,095
Cash and deposits	66,125	75,694		87,434
Notes and accounts receivable - trades	68,010	58,945		60,932
Inventories	33,804	32,360		33,811
Income taxes refund receivable	-	3,899		4,163
Deferred tax assets	5,283	3,969		4,996
Other current assets	8,398	4,583		6,083
Allowance for doubtful receivables	-1,365	-1,299		-1,326
Fixed assets	94,560	95,723	-1.2	97,052
Tangible fixed assets	78,539	77,237	1.7	78,961
Buildings and structures	22,463	23,539		23,925
Machinery and vehicles	32,497	33,203		34,275
Land	9,294	9,326		9,137
Other tangible fixed assets	14,284	11,167		11,623
Intangible fixed assets	4,747	5,106	-7.0	3,907
Investments and other assets	11,273	13,379	-15.7	14,184
Investment securities	5,380	5,739		5,577
Deferred tax assets	1,559	3,210		3,972
Other assets	4,853	6,140		6,028
Allowance for doubtful receivables	-519	-1,711		-1,394
Deferred charges	433	411	5.4	492
<b>Total Assets</b>	<b>275,251</b>	<b>274,288</b>	<b>0.4</b>	<b>293,641</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	62,496	47,889	30.5	68,720
Notes and accounts payable - trades	26,849	20,405		20,980
Short-term bank loans	1,297	2,284		2,549
Additional expense incurred to discontinued unfunded retirement benefit plan - payable	-	-		7,051
Additional expense incurred to discontinued contributory funded pension plan - payable	-	-		15,274
Income taxes payable	10,590	2,609		2,038
Accrued bonus to employees	1,876	3,512		1,908
Other current liabilities	21,882	19,077		18,918
Long-term liabilities	1,847	1,996	-7.5	2,023
Long-term bank loans	0	7		15
Liability for directors retirement benefits	-	316		315
Other long-term liabilities	1,846	1,673		1,693
<b>Total Liabilities</b>	<b>64,343</b>	<b>49,886</b>	<b>29.0</b>	<b>70,743</b>
<b>Minority interests</b>	<b>940</b>	<b>183</b>	<b>413.7</b>	<b>161</b>
Common stock	6,264	6,264	-	6,264
Capital surplus	15,898	15,898	-	15,898
Retained earnings	236,995	216,271	9.6	209,020
Net unrealized gain on available-for-sale securities	-77	15	-	9
Foreign currency translation adjustments	-9,367	-7,178	-	-8,344
Treasury stock - at cost	-39,745	-7,052	-	-113
<b>Total Shareholders' Equity</b>	<b>209,967</b>	<b>224,218</b>	<b>-6.4</b>	<b>222,735</b>
<b>Total</b>	<b>275,251</b>	<b>274,288</b>	<b>0.4</b>	<b>293,641</b>
notes:		<u>Millions of Yen</u>		
Accumulated depreciation	158,237	148,647		146,711
Guarantees of borrowings and lease obligations for customers	746	486		529
Number of shares of treasury stock	4,887,862	951,050		13,828

## 2. Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

(Nine months ended Dec. 31, 2003 and 2002)	Millions of Yen			
	Nine months ended Dec. 31,			Year ended
	2003	2002	Variance(%)	Mar.31, 2003
Net sales	200,386	184,640	8.5	246,293
Cost of sales	105,806	99,989	5.8	133,274
Gross profit	94,580	84,650	11.7	113,018
Selling, general and administrative expenses	45,965	44,667	2.9	60,035
<b>Operating income</b>	<b>48,615</b>	<b>39,982</b>	<b>21.6</b>	<b>52,982</b>
Non-operating income	2,539	1,881	35.0	3,038
Interest income	439	406		580
Equity in earnings of associated companies	900	352		417
Others	1,200	1,122		2,040
Non-operating expenses	3,669	4,401	-16.6	5,146
Interest expense	169	290		374
Foreign exchange losses	2,277	1,297		1,251
Others	1,222	2,813		3,520
<b>Ordinary income</b>	<b>47,486</b>	<b>37,462</b>	<b>26.8</b>	<b>50,874</b>
Extra-ordinary income	842	951	-11.5	1,469
Gain on sales of property, plant and equipment	522	725		725
Gain on sales of investment securities	59	109		109
Others	261	117		634
Extra-ordinary losses	4,756	20,369	-76.7	23,600
Loss on disposal of property, plant and equipment	1,386	878		1,946
Additional expense incurred to discontinued contributory funded pension plan	887	14,949		14,949
Additional retirement benefits paid to employees	851	3,080		3,691
Loss on write-down of investment securities	469	95		110
Others	1,160	1,366		2,901
<b>Income before income taxes and other items</b>	<b>43,572</b>	<b>18,045</b>	<b>141.5</b>	<b>28,742</b>
Income taxes - Current	13,382	3,308	304.5	5,648
Income taxes - Deferred	718	1,995	-64.0	3,028
Minority interests in net income	127	20	535.0	28
<b>Net income</b>	<b>29,343</b>	<b>12,720</b>	<b>130.7</b>	<b>20,037</b>
Basic net income per share(Yen)	259.73	109.55	150.18	171.10
Diluted net income per share(Yen)	259.51	109.53	149.98	171.08

Notes:

- Influences of Exchange Currency ("2003 A" is the actual value of this period. "2003 B" is the nominal value of this period which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2003 A	2003 B	influences
Net sales	200,386	199,564	822
Operating income	48,615	48,371	244
Ordinary income	47,486	47,237	249
Net income	29,343	29,231	112

2. Average rates of major foreign currencies:		Nine months ended Dec. 31,			Year ended
		2003	2002	Variance(%)	Mar.31, 2003
US\$	Yen	114.64	121.94	6.0%	121.20
Euro	Yen	132.76	119.16	-11.4%	121.48
Thail Baht	Yen	2.79	2.85	2.1%	2.83

### 3. Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

Items	Millions of Yen			Year ended Mar. 31, 2003
	Nine months ended		Variance	
	Dec.31,2003	Dec.31,2002		
<b>Capital Retained Earnings</b>				
Balance at the beginning of the period	15,898	15,898	-	15,898
Adjustment of retained earnings	-	-	-	-
Appropriations	-	-	-	-
Balance at the end of the period	15,898	15,898	-	15,898
<b>Profit Retained Earnings</b>				
Balance at the beginning of the period	216,271	202,255	14,016	202,255
Adjustment of retained earnings	29,343	12,720	16,623	20,037
Net income	29,343	12,720	16,623	20,037
Appropriations	8,620	5,955	2,665	6,021
1. Cash dividends	8,439	5,806	2,633	5,806
2. Bonuses to directors	169	149	20	149
3. Loss on disposal of treasury stock	11	-	11	-
4. for merger of unconsolidated subsidiaries	-	-	-	65
Balance at the end of the period	236,995	209,020	27,975	216,271

## 4. Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

	<u>Millions of Yen</u>		
	<u>Nine months ended Dec.31,</u>		
(Nine months ended Dec. 31, 2003 and 2002)	2003	2002	variance
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	43,572	18,045	25,527
Adjustments for:			
Income taxes - paid	-1,869	-10,176	8,307
Depreciation and amortization	14,690	14,731	-41
Provision for (reversal of) accrued bonuses to employees	-1,655	-1,962	307
Provision for (reversal of) accrued retirement benefits	-292	-7,257	6,965
Provision for (reversal of) reserve for periodic repairs	178	-243	421
Equity in loss (earnings) of associated companies	-900	-352	-548
Foreign exchange loss (gain)	1,131	718	413
Bonus to directors	-169	-149	-20
Devaluation losses on investment securities	469	95	374
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	1,386	878	508
Other	303	370	-67
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	-7,743	-2,103	-5,640
(Increase) decrease in inventories	-1,105	1,429	-2,534
(Increase) decrease in other current assets	-1,530	179	-1,709
Increase (decrease) in notes and accounts payable	6,120	1,347	4,773
Increase (decrease) in other current liabilities	2,771	1,431	1,340
Increase in additional expense incurred to discontinued unfunded retirement benefit plan payable	-	7,051	-7,051
Increase in additional expense incurred to discontinued contributory funded pension plan payable	-	15,274	-15,274
Total adjustment			
Net cash provided by operating activities	54,775	38,469	16,306
<b>INVESTING ACTIVITIES:</b>			
Payment for purchases of property, plant and equipment	-17,288	-10,311	-6,977
Proceeds from sales of property, plant and equipment	775	2,068	-1,293
Payment for purchases of investment securities	-365	-107	-258
Proceeds from sales of investment securities	102	307	-205
Payments for loans	-2,430	-203	-
Increase in investments and other assets	-1,642	-1,147	-495
Decrease in investments and other assets	589	518	71
Net cash used in investing activities	-20,260	-8,875	-11,385
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term borrowings	-926	-919	-7
Repayments of long term bank loans	-43	-426	383
Net (increase) decrease in treasury stock	-32,719	-97	-32,622
Dividends paid	-8,433	-5,767	-2,666
Dividends paid for minority shareholders	-155	-	-155
Proceeds from minority shareholders	19	-	19
Net cash used in financing activities	-42,258	-7,210	-35,048
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-7,742</b>	<b>22,383</b>	<b>-30,125</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-2,203	-1,270	-933
Cash and cash equivalents of merged non-consolidated subsidiaries, beginning of period	377	-	377
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>75,694</b>	<b>66,321</b>	<b>9,373</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>66,125</b>	<b>87,434</b>	<b>-21,309</b>

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

1. Number of consolidated subsidiaries : 56 companies  
(Major consolidated subsidiaries :  
<overseas> HOYA HOLDINGS, INC.,HOYA HOLDINGS N.V., HOYA HOLDINGS ASIA PACIFIC PTE LTD.  
<domestic> HOYA HEALTHCARE CORPORATION
2. Number of unconsolidated subsidiaries : None
3. Number of affiliates : 5 companies  
(Number of affiliates accounted for by the equity method : 1 company, NH TECHNO GLASS CORPORATION)

### Notes: Changes in Accounting Policies and Others

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

##### 1) Scope of consolidation

##### a) In comparison to the end of March 31, 2003 : 4 companies increased.

- 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)
- 1 company increased due to the transfer to the consolidated subsidiary : HOYA CANDEO OPTRONICS CORPORATION (Japan)  
(changed its corporate name from HOYA SCHOTT CORP.)
- 2 companies decreased due to the closing: HOYA PHOTONICS SINGAPORE PTE LTD. (Singapore)  
CONTINUUM ELECTRO-OPTICS GMBH (Germany)

##### b) In comparison to the end of Dec. 31, 2002 : 4 companies increased in total.

- 6 companies increased due to the establishment: HOYA HEALTHCARE SINGAPORE PTE LTD. (Singapore)  
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)
- 1 company increased due to the acquisition: HOYA LENS OF CHICAGO, INC. (USA)
- 1 company increased due to the transfer to the consolidated subsidiary : HOYA CANDEO OPTRONICS CORPORATION (Japan)
- 2 companies decreased due to the merger with the parent company : HOYA CRYSTAL CORPORATION (Japan)  
HOYA CRYSTALSHOP CORPORATION (Japan)
- 2 companies decreased due to the closing: HOYA PHOTONICS SINGAPORE PTE LTD. (Singapore)  
CONTINUUM ELECTRO-OPTICS GMBH (Germany)

##### 2) Application of the equity method

##### a) In comparison to the end of March 31, 2003 : 1 company decreased.

- 1 company decreased due to the transfer to the consolidated subsidiary : HOYA CANDEO OPTRONICS CORPORATION (Japan)

##### b) In comparison to the end of Dec. 31, 2002 : 1 company decreased.

- Same as the above : HOYA CANDEO OPTORONICS CORPORATION (Japan)

	as of Dec.31, 2003	as of Mar. 31, 2003	variance	as of Dec.31,2002
Consolidated subsidiaries	56 (do 7, os49)	52 (do 6, os46)	+4 (do+1, os+3)	52 (do 8, os44)
Nonconsolidated subsidiaries	- (do -, os -)	- (do -, os -)	- (do -, os -)	3 (do 3, os -)
Affiliates	5 (do 5, os -)	6 (do 6, os -)	-1 (do-1, os-)	6 (do 6, os -)
(accounted for by the equity method)	(1) (do 1, os -)	(2) (do 2, os -)	(-1) (do-1, os-)	(2) (do 2, os -)
Total Hoya Group	61	58	+3	61
(accounted for by the equity method)	(1)	(2)	(-1)	(2)

(do : domestic, os : overseas)

2. Changes in accounting policy :  
None

## Notes Relating to Consolidated Statements of Cash Flows

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

	<u>Millions of Yen</u>		
	<u>Nine months ended Dec.31,</u>	<u>2002</u>	<u>Year ended</u>
	<u>2003</u>		<u>Mar.31,2003</u>
Cash and deposits	66,125	87,434	75,694
Marketable securities	-	-	-
Total	<u>66,125</u>	<u>87,434</u>	<u>75,694</u>

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

#### Nine months ended Dec. 31, 2003

None

#### Nine months ended Dec. 31, 2002

None

#### Year ended Mar. 31, 2003

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

	<u>Millions of Yen</u>
Current assets	226
Goodwill	1,132
Fixed assets	82
Current liabilities	-93
Long-term liabilities	-
Value for acquisition of shares of this subsidiary	1,348
Cash and cash equivalents possessed by this subsidiary	47
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>1,301</u>

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

#### Nine months ended Dec. 31, 2003

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

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

#### Nine months ended Dec. 31, 2002

None

#### 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	0
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:**

**Nine months ended Dec. 31, 2003**

None

**Nine months ended Dec. 31, 2002**

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	324
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)

	As of								
	<u>Dec.31, 2003</u>			<u>Mar.31, 2003</u>			<u>Dec.31, 2002</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale :									
Marketable Equity securities	102	109	6	145	170	25	202	161	-40
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>102</b>	<b>109</b>	<b>6</b>	<b>145</b>	<b>170</b>	<b>25</b>	<b>202</b>	<b>161</b>	<b>-40</b>

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

(Millions of Yen)

	As of		
	<u>Dec.31, 2003</u>	<u>Mar.31, 2003</u>	<u>Dec.31, 2002</u>
	Non-marketable stock of subsidiaries	4,852	4,953
<b>Total</b>	<b>4,852</b>	<b>4,953</b>	<b>4,961</b>
Non-marketable equity securities	418	615	453
<b>Total</b>	<b>418</b>	<b>615</b>	<b>453</b>

### 3. Derivatives

None

## Notes Relating to Tax Effect Accounting

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

	<u>Millions of Yen</u>		
	<u>Dec.31, 2003</u>	<u>As of Mar.31, 2003</u>	<u>Dec.31, 2002</u>
<b>(1) Current deferred tax assets and liabilities</b>			
Deferred tax assets			
Excess deductible amount of depreciation expenses	1,238	1,264	1,264
Inventories - intercompany unrealized profits	1,053	829	779
Enterprise tax not deductible	811	76	-
Excess deductible amount of expenses for accrued bonus	747	1,361	607
Transferred amount of loss on taxation	-	-	2,095
Other deferred tax assets	1,433	772	564
Total amount of deferred tax assets - current	<u>5,283</u>	<u>4,304</u>	<u>5,311</u>
Deferred tax liabilities			
Prepaid pension expenses	-	-334	-314
Total amount of deferred tax liabilities - current	<u>-</u>	<u>-334</u>	<u>-314</u>
Net amount of deferred tax assets - current	<u>5,283</u>	<u>3,969</u>	<u>4,996</u>
<b>(2) Non-current deferred tax assets and liabilities</b>			
Deferred tax assets			
Amount denied of evaluation loss of fixed assets	990	913	705
Excess amount of inclusion in deductible expenses for depreciation	325	1,589	1,887
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	176	401	279
Other deferred tax assets	1,075	1,382	2,222
Total amount of deferred tax assets - fixed	<u>2,567</u>	<u>4,286</u>	<u>5,094</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-521	-582	-599
Special depreciation reserve	-314	-312	-345
Difference of evaluation of other marketable securities	-	-10	-6
Other deferred tax liabilities	-171	-171	-171
Total amount of deferred tax liabilities - fixed	<u>-1,007</u>	<u>-1,076</u>	<u>-1,122</u>
Net amount of deferred tax assets - fixed	<u>1,559</u>	<u>3,210</u>	<u>3,972</u>

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

	<u>Nine months ended Dec. 31,</u>		<u>Year ended</u>
	<u>2003</u>	<u>2002</u>	<u>Mar.31,2003</u>
Statutory tax rate of the Company	41.7 %	41.7 %	41.7 %
(Adjustment)			
Lower income tax rates applicable to income in certain foreign countries	-9.8	-15.6	-13.5
Non-Deductible expenses such as entertainment expenses	0.6	0.9	0.6
Per capita levy of inhabitants tax and others	0.2	0.5	0.4
Non-taxable income such as dividend received	-2.6	-3.3	-2.1
Intercompany cash dividend	2.0	3.3	2.1
Correction of deferred tax assets due to change of tax rate	-	-	0.3
Other adjustment	-0.3	1.9	0.7
Effective income tax rate	<u>32.4</u>	<u>29.4</u>	<u>30.2</u>



### (3) Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

#### 1. Industry Segments

(Figures less than a million Yen are omitted.)

For the nine months ended December 31, 2003

	Millions of Yen								Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimi. or corp.*	
Net sales:									
To outside customers	97,526	3,489	73,775	21,186	3,419	989	200,386	-	200,386
Intersegment	44	-	10	0	53	4,479	4,588	(4,588)	-
Total	97,571	3,489	73,786	21,186	3,472	5,468	204,975	(4,588)	200,386
Operating expenses	64,967	3,515	61,493	16,643	3,614	5,024	155,257	(3,485)	151,771
Operating income	32,604	-25	12,293	4,543	-141	444	49,717	(1,102)	48,615
Operating income ratio	33.4%	-0.7%	16.7%	21.4%	-4.1%	8.1%	24.3%	-	24.3%
Assets	131,907	2,275	96,217	16,569	4,930	2,798	254,700	20,550	275,251
Depreciation	9,652	50	4,250	399	258	23	14,633	56	14,690
Capital Expenditures	12,474	35	5,141	953	152	14	18,772	19	18,791
R&D Expenses	5,447	195	1,015	643	20	-	7,322	-79	7,243
Number of employees (p)	8,438	135	5,874	562	175	355	15,539	50	15,589

For the nine months ended December 31, 2002

	Millions of Yen								Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total	Elimi. or corp.*	
Net sales:									
To outside customers	83,382	4,324	70,261	19,959	5,569	1,142	184,640	-	184,640
Intersegment	194	0	910	0	27	2,192	3,325	(3,325)	-
Total	83,576	4,324	71,172	19,959	5,597	3,334	187,965	(3,325)	184,640
Operating expenses	57,425	4,772	59,803	16,196	5,447	3,147	146,792	(2,135)	144,657
Operating income	26,151	-447	11,368	3,763	149	186	41,172	(1,189)	39,982
Operating income ratio	31.3%	-10.4%	16.0%	18.9%	2.7%	5.6%	21.9%	-	21.7%
Assets	115,198	3,727	95,875	16,389	9,157	3,251	243,600	50,040	293,641
Depreciation	9,776	65	4,152	424	211	24	14,656	75	14,731
Capital Expenditures	7,668	85	2,827	332	621	12	11,548	45	11,593
R&D Expenses	4,181	313	1,162	505	21	-	6,184	-	6,157
Number of employees (p)	6,183	147	6,416	624	241	129	13,740	46	13,786

Ref : Differences between the nine 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	Elimi. or corp.*	
Net sales:									
To outside customers	14,144	-835	3,514	1,227	-2,150	-153	15,746	-	15,746
Variance(%)	17.0%	-19.3%	5.0%	6.1%	-38.6%	-13.4%	8.5%	-	8.5%
Intersegment	-150	0	-900	0	26	2,287	1,263	-1,263	-
Total	13,995	-835	2,614	1,227	-2,125	2,134	17,010	-1,263	15,746
Operating expenses	7,542	-1,257	1,690	447	-1,833	1,877	8,465	-1,350	7,114
Operating income	6,453	422	925	780	-290	258	8,545	87	8,633
Variance(%)	24.7%	-	8.1%	20.7%	-	138.7%	20.8%	-	21.6%
Assets	16,709	-1,452	342	180	-4,227	-453	11,100	-29,490	-18,390
Depreciation	-124	-15	98	-25	47	-1	-23	-19	-41
Capital Expenditures	4,806	-50	2,314	621	-469	2	7,224	-26	7,198
R&D Expenses	1,266	-118	-147	138	-1	-	1,138	-79	1,086
Number of employees (p)	2,255	-12	-542	-62	-66	226	1,799	4	1,803

\*Elimi. 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, research & laboratory, 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 nine months ended Dec. 31, 2003 and 2002 are as follows:

<u>2003</u>	<u>2002</u>
1,491 million Yen	1,474 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 Dec. 31, 2003 and 2002 are as follows:

<u>2003</u>	<u>2002</u>
35,776 million Yen	61,855 million Yen

## 2. Geographical Segments

(Figures less than a million Yen are omitted.)

For the nine months ended December 31, 2003

	Millions of Yen						
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	Consolidated
Net sales:							
To outside customers	137,785	25,394	28,132	9,074	200,386	-	200,386
Intersegment	12,594	69	836	43,490	56,990	(56,990)	-
<b>Total</b>	<b>150,380</b>	<b>25,463</b>	<b>28,969</b>	<b>52,564</b>	<b>257,377</b>	<b>(56,990)</b>	<b>200,386</b>
Operating expenses	121,823	24,405	22,266	40,987	209,482	(57,710)	151,771
Operating income	28,556	1,058	6,702	11,577	47,895	719	48,615
Operating income ratio	19.0%	4.2%	23.1%	22.0%	18.6%	-	24.3%
Assets	152,407	18,267	28,952	66,239	265,868	9,383	275,251

For the nine months ended December 31, 2002

	Millions of Yen						
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	Consolidated
Net sales:							
To outside customers	125,142	27,144	23,608	8,744	184,640	-	184,640
Intersegment	13,374	53	1,395	32,813	47,637	(47,637)	-
<b>Total</b>	<b>138,516</b>	<b>27,197</b>	<b>25,003</b>	<b>41,558</b>	<b>232,277</b>	<b>(47,637)</b>	<b>184,640</b>
Operating expenses	111,615	26,409	20,982	33,673	192,679	(48,022)	144,657
Operating income	26,901	788	4,021	7,885	39,597	385	39,982
Operating income ratio	19.4%	2.9%	16.1%	19.0%	17.0%	-	21.7%
Assets	142,995	20,009	33,142	55,114	251,261	42,379	293,641

Ref:

Differences between the nine months of this year and the same period last year

	Millions of Yen						
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	Consolidated
Net sales:							
To outside customers	12,643	-1,750	4,524	330	15,746	-	15,746
Variance(%)	10.1%	-6.4%	19.2%	3.8%	8.5%	-	8.5%
Intersegment	-780	16	-559	10,677	9,353	-9,353	-
<b>Total</b>	<b>11,864</b>	<b>-1,734</b>	<b>3,966</b>	<b>11,006</b>	<b>25,100</b>	<b>-9,353</b>	<b>15,746</b>
Operating expenses	10,208	-2,004	1,284	7,314	16,803	-9,688	7,114
Operating income	1,655	270	2,681	3,692	8,298	334	8,633
Variance(%)	6.2%	34.3%	66.7%	46.8%	21.0%	-	21.6%
Assets	9,412	-1,742	-4,190	11,125	14,607	-32,996	-18,390

Notes:

1. Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company.

Corporate operating expenses for the nine months ended Dec. 31, 2003 and 2002 are as follows:

<u>2003</u>	1,296 million Yen	<u>2002</u>	1,307 million Yen
-------------	-------------------	-------------	-------------------

2. Corporate assets mainly consist of cash, time deposits, investments securities and administrative assets of the Company. Corporate assets as of Dec. 31, 2003 and 2002 are as follows:

<u>2003</u>	30,499 million Yen	<u>2002</u>	56,993 million Yen
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### 3. Sales to Foreign Customers

(Figures less than a million Yen are omitted.)

<u>For the nine months ended December 31, 2003</u>					
	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	28,014	30,116	31,866	5	90,003
Consolidated Sales (B)					200,386
Overseas Sales ratio A/B	14.0%	15.0%	15.9%	0.0%	44.9%
Regional Sales ratio	31.1%	33.5%	35.4%	0.0%	100.0%

<u>For the nine months ended December 31, 2002</u>					
	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	27,685	29,092	23,777	31	80,588
Consolidated Sales (B)					184,640
Overseas Sales ratio A/B	15.0%	15.7%	12.9%	0.0%	43.6%
Regional Sales ratio	34.4%	36.1%	29.5%	0.0%	100.0%

**Ref:**

Differences between the nine months of this year and the same period last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	329	1,024	8,089	-26	9,415
Consolidated Sales (B)					15,746
Overseas Sales ratio A/B	1.2%	3.5%	34.0%	-83.9%	11.7%

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

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

## (4) Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

(Nine months ended Dec. 31, 2003 and 2002)

Business Category Company	Millions of yen , (%), [%]					
	Nine months ended Dec. 31,		Variance		Year ended March 31,	
	2003	2002	Amount	%	2003	
<b>Electro-Optics</b>						
Domestic	56,496 ( 57.9 )	47,847 ( 57.4 )	8,649	18.1	64,273 ( 57.7 )	
Overseas	41,030 ( 42.1 )	35,534 ( 42.6 )	5,496	15.5	47,186 ( 42.3 )	
total	97,526 [ 48.7 ]	83,382 [ 45.2 ]	14,144	17.0	111,460 [ 45.3 ]	
<b>Photonics</b>						
Domestic	2,200 ( 63.1 )	2,515 ( 58.2 )	-315	-12.5	3,296 ( 60.1 )	
Overseas	1,289 ( 36.9 )	1,809 ( 41.8 )	-520	-28.7	2,188 ( 39.9 )	
total	3,489 [ 1.7 ]	4,324 [ 2.3 ]	-835	-19.3	5,485 [ 3.1 ]	
<b>Information Technology</b>						
Domestic	58,696 ( 58.1 )	50,363 ( 57.4 )	8,333	16.5	67,570 ( 57.8 )	
Overseas	42,319 ( 41.9 )	37,343 ( 42.6 )	4,976	13.3	49,375 ( 42.2 )	
total	101,016 [ 50.4 ]	87,707 [ 47.5 ]	13,309	15.2	116,946 [ 47.5 ]	
<b>Vision Care</b>						
Domestic	26,588 ( 36.0 )	27,589 ( 39.3 )	-1,001	-3.6	36,160 ( 38.3 )	
Overseas	47,186 ( 64.0 )	42,672 ( 60.7 )	4,514	10.6	58,227 ( 61.7 )	
total	73,775 [ 36.8 ]	70,261 [ 38.1 ]	3,514	5.0	94,388 [ 38.3 ]	
<b>Health Care</b>						
Domestic	21,042 ( 99.3 )	19,916 ( 99.8 )	1,126	5.7	26,655 ( 99.8 )	
Overseas	144 ( 0.7 )	43 ( 0.2 )	101	234.9	61 ( 0.2 )	
total	21,186 [ 10.6 ]	19,959 [ 10.8 ]	1,227	6.1	26,716 [ 10.8 ]	
<b>Eye Care</b>						
Domestic	47,630 ( 50.2 )	47,506 ( 52.7 )	124	0.3	62,816 ( 51.9 )	
Overseas	47,330 ( 49.8 )	42,715 ( 47.3 )	4,615	10.8	58,288 ( 48.1 )	
total	94,961 [ 47.4 ]	90,221 [ 48.9 ]	4,740	5.3	121,105 [ 49.2 ]	
<b>Crystal</b>						
Domestic	3,066 ( 89.7 )	5,040 ( 90.5 )	-1,974	-39.2	6,096 ( 90.7 )	
Overseas	353 ( 10.3 )	528 ( 9.5 )	-175	-33.1	622 ( 9.3 )	
total	3,419 [ 1.7 ]	5,569 [ 3.0 ]	-2,150	-38.6	6,719 [ 2.7 ]	
<b>Service</b>						
Domestic	989 ( 100.0 )	1,142 ( 100.0 )	-153	-13.4	1,522 ( 100.0 )	
Overseas	0 ( 0.0 )	0 ( 0.0 )	0	-	0 ( 0.0 )	
total	989 [ 0.5 ]	1,142 [ 0.6 ]	-153	-13.4	1,522 [ 0.6 ]	
<b>Lifestyle Refinement</b>						
Domestic	4,055 ( 92.0 )	6,182 ( 92.1 )	-2,127	-34.4	7,619 ( 92.5 )	
Overseas	353 ( 8.0 )	528 ( 7.9 )	-175	-33.1	622 ( 7.5 )	
total	4,409 [ 2.2 ]	6,711 [ 3.6 ]	-2,302	-34.3	8,241 [ 3.3 ]	
<b>Total Net Sales</b>						
Domestic	110,383 ( 55.1 )	104,052 ( 56.4 )	6,331	6.1	138,006 ( 56.0 )	
Overseas	90,003 ( 44.9 )	80,588 ( 43.6 )	9,415	11.7	108,286 ( 44.0 )	
Total	200,386 [ 100.0 ]	184,640 [ 100.0 ]	15,746	8.5	246,293 [ 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.