

**Part.I For the three months ended December 31, 2002**

January 20, 2003

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

HOYA CORPORATION and Consolidated Subsidiaries

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( Figures less than a million yen are omitted.)

**1.Performance for the three months ended Dec. 31, 2002 and 2001**

	Millions of Yen		variance (%)
	Three months ended Dec. 31, 2002	2001	
<b>(1)Results of Operations</b>			
Net sales	61,627	57,088	( 8.0 )
Operating income	13,433	10,068	( 33.4 )
Ordinary income	12,435	11,368	( 9.4 )
Net income	-2,125	5,142	( - )
Net income per share(Yen)	-18.29	44.28	

Notes : No changes have been made in accounting policy.

	Millions of Yen		
	As of Dec. 31, 2002	As of Sep. 30, 2002	As of Dec. 31, 2001
<b>(2)Financial Position</b>			
Total assets	293,641	291,099	268,749
Shareholders' equity	222,735	227,964	213,285
Shareholders' equity ratio	75.9%	78.3%	79.4%
Shareholders' equity per share (Yen)	1,918.30	1,963.19	1,836.71

	Millions of Yen	
	Three months ended Dec. 31, 2002	2001
<b>(3)Conditions of Cash Flow</b>		
Net cash provided by operating activities	6,098	8,398
Net cash used in investing activities	-2,496	-6,002
Net cash provided by (used in) financing activities	-4,049	-3,014
Cash and cash equivalents, end of period	87,434	51,769

	Millions of Yen		variance (%)
	Three months ending/ended Mar.31,2003	Mar.31,2002	
<b>2. Earnings Forecasts for the Fourth Quarter</b>			
Net sales	62,630	59,819	( 4.7 )
Operating income	13,018	10,982	( 18.5 )
Ordinary income	13,138	11,709	( 12.2 )
Net income	7,280	4,938	( 47.4 )
Ref:Expected net income per share (Yen)	62.70	42.53	20.17

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) Business Overview

## 1. Results of Operations

### 1) General Overview

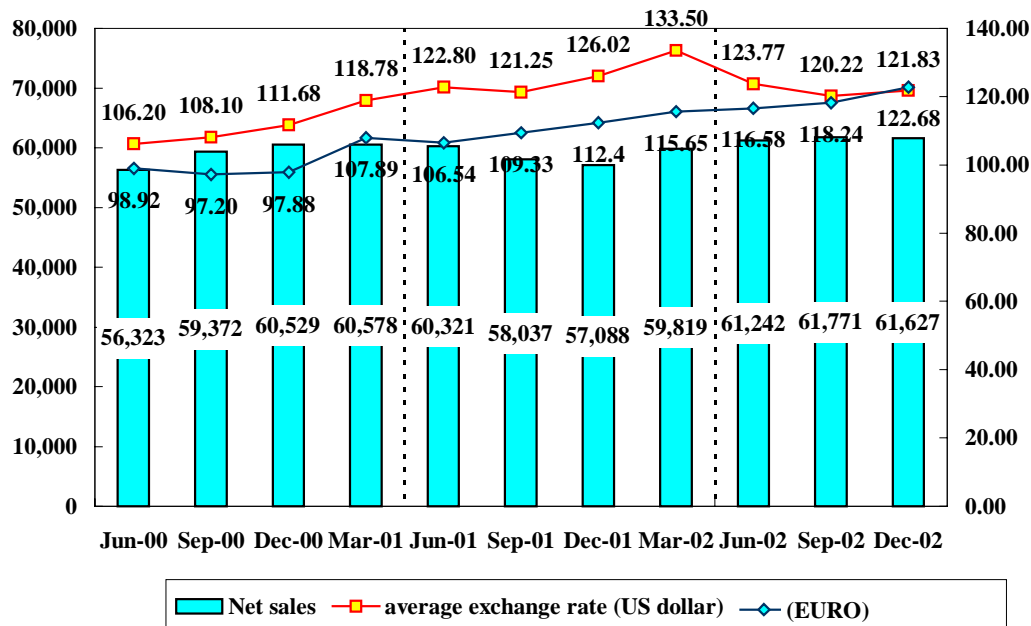
Results of Operations	Millions of Yen
	Three months ended Dec. 31, 2002
Net sales	61,627
Operating income	13,433
Ordinary income	12,435
Net income	-2,125
Net income per share(Yen)	-18.29

In the quarter under review, tension in the Middle East intensified while, in Japan, employment stability was increasingly threatened due to corporate failures and restructuring. Against this background, personal consumption was sluggish across the world and business conditions in Japan remained sluggish because of a lowering of stock prices due to the unwinding of cross-shareholdings.

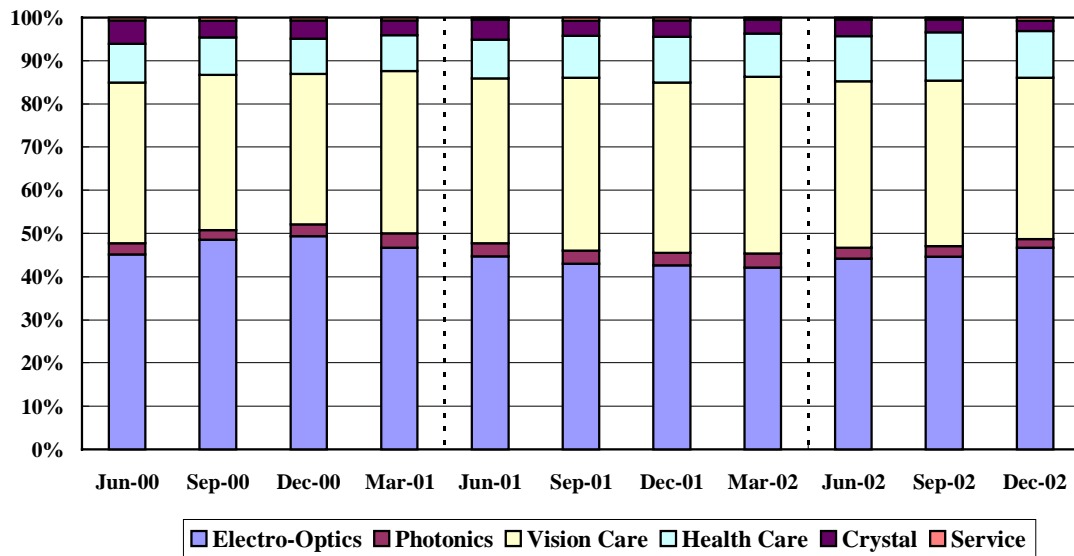
In the currency markets during the same quarter, the US dollar depreciated by 3.3% and the Thai baht depreciated by 1.4% but the euro appreciated by 9.2%, all against the yen, respectively on a year-on-year basis.

In this business environment, in the Electro-Optics segment of the HOYA Group, order volume increased for high precision products. In the Vision Care division, overseas sales of eyeglass lenses were solid, while in the Health Care division, sales of contact lenses and intraocular lenses were solid. As a result, consolidated sales during the quarter increased 8.0% on a year-on-year basis to Yen 61,627 million, which was almost same level as the second quarter recorded historical result.

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



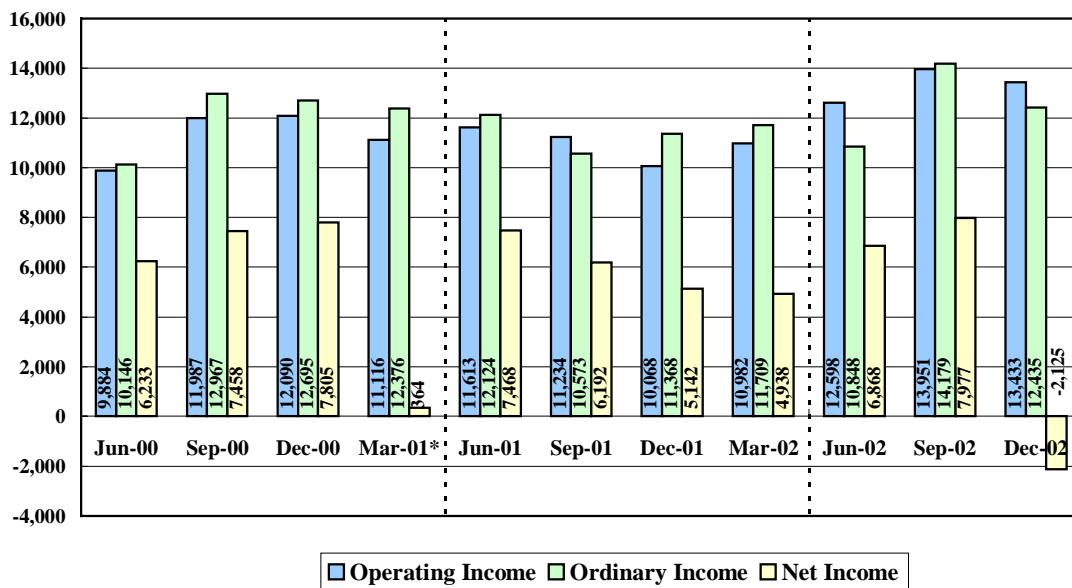
### Ratio of Net Sales by Business Segment - Quarterly Transition



In the quarter under review, Electro-Optics segment received a substantial volume of orders for high precision products and the main factories were fully operational. In the Eye Care segment, too, the Company expanded sales of high-value-added products. Operating profits of both segments increased.

As a result, operating income and ordinary income increased 33.4% and 9.4% respectively for the HOYA Group as a whole. As Yen 15 billion of extraordinary losses for the transactions for dissolution of the employee pension fund and Yen 1.7 billion of additional expenditure for early retirement in connection with the business reform of the Vision Care and Crystal divisions was posted under extraordinary losses, net quarterly income decreased to the loss of Yen 2,125 million.

### Quarterly Incomes (Millions of Yen)



\* : In the quarter ended March 31, 2001, the Company amortized goodwill for Yen 14,347 million and appropriated it into extra-ordinary loss.

## 2) Segment Overview

### 1. Information Technology

#### Electro-Optics

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

Sales of photomasks for manufacturing semiconductors remained almost the same year-on-year as demand did not grow. Sales of photomasks for LCDs increased on a year-on-year basis due to an upsurge in demand for masks as each LCD manufacturer actively began development of new models.

In terms of glass disks for HDDs (Hard Disk Drives), sales of glass substrates (Substrates) decreased due to the effects of sluggish sales of some models of HDDs, while sales of completed products (Media) increased. Overall sales decreased on a year-on-year basis.

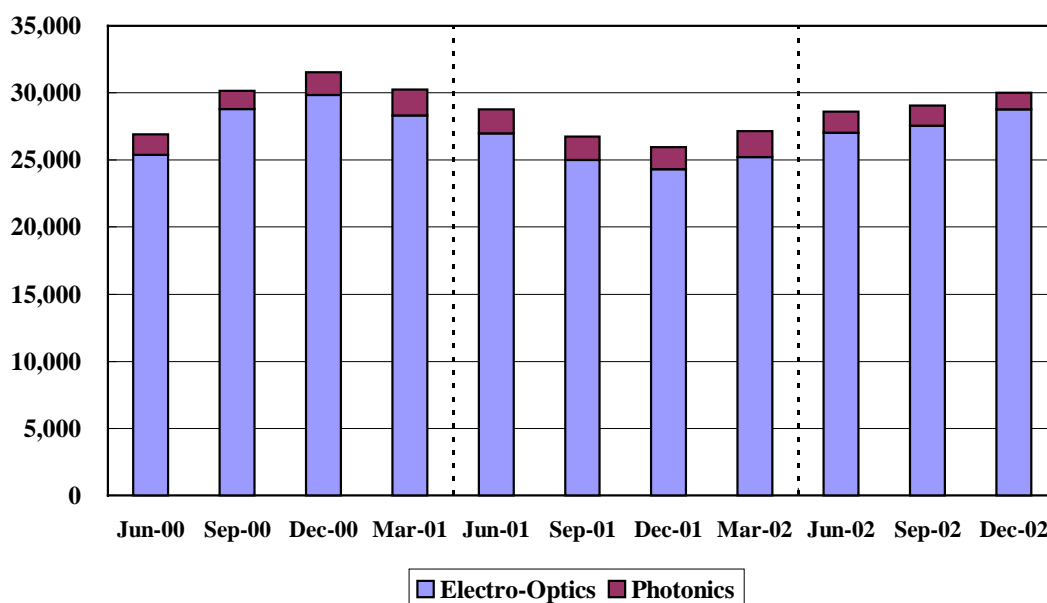
In terms of optical lenses and glasses, sales of lenses recovered as the market in digital still and video cameras grew substantially. Overall sales increased on a year-on-year basis.

#### Photonics

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

In terms of laser-related equipment, as the division handling scientific use was sold off in October as part of the business reform, overall sales decreased on a year-on-year basis.

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



## 2. Eye Care

### Vision Care

In the domestic eyeglass market, tough conditions persisted as unit prices continued to fall due to deflation as well as to the preponderance of discount shops and a trend towards market bipolarization was observed. HOYA introduced new products into the market and further promoted the higher value-addition of products centered on progressive lenses so as to strengthen sales of products in the upper price band. Sales, however, decreased on a year-on-year basis.

In the overseas market, too, a substantial volume of low-priced products was circulating in the market. However, HOYA actively promoted the higher value-addition of its products including progressive and highly refractive lenses across all regions and sales increased on a year-on-year basis.

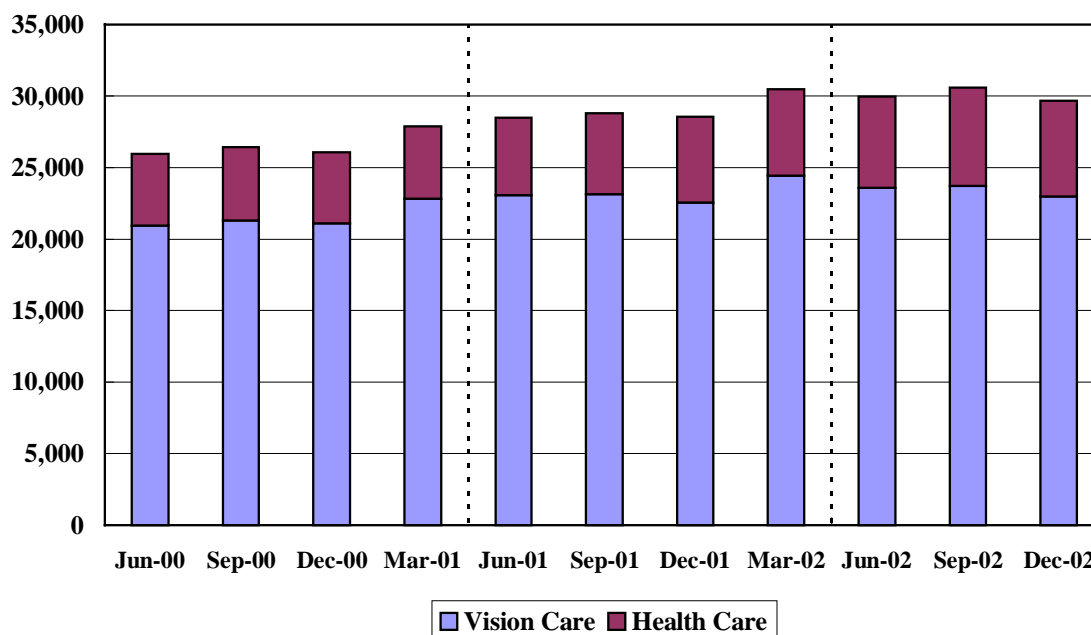
As a result, overall sales of the Vision Care division increased. The sales growth was also helped by a weaker yen against the euro in the currency markets on a year-on-year basis.

### Health Care

Sales of contact lenses increased on a year-on-year basis thanks to the reinforced sales promotion of high-value-added products including lenses for astigmatism and bifocal lenses and of products backed by our *E-System* of lens compensation services as well as to the accelerated establishment of new outlets and to the effects of the Scrapping & Building program for retail outlets.

Sales of intraocular lenses increased substantially on a year-on-year basis thanks to the favorable sales of *Acryfold*, a soft intraocular lens product that had been shipped since 2001.

Quarterly Net Sales of Eye Care (Millions of Yen)

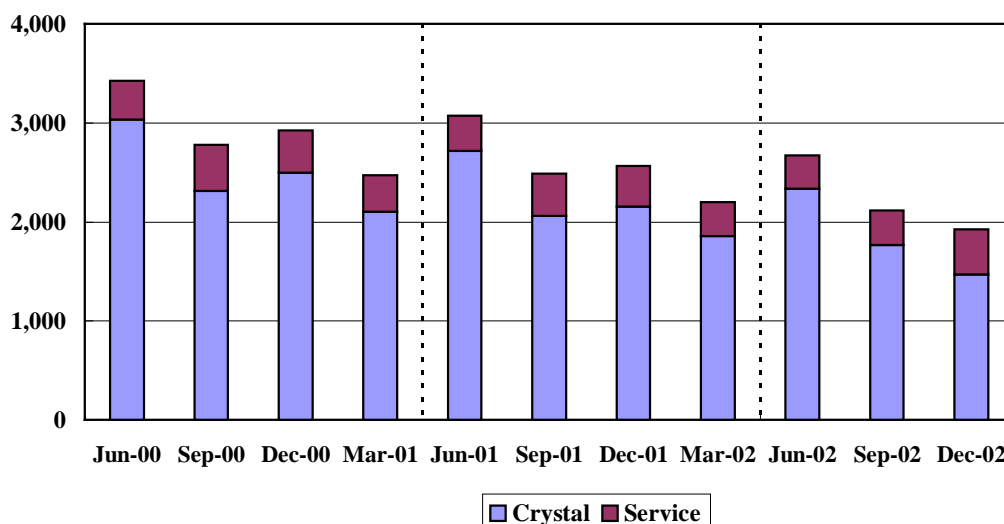


### 3. Lifestyle Refinement

#### Crystal

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

Quarterly Net Sales of lifestyle Refinement (Millions of Yen)



## 2. Financial Position

### 1) Conditions of Assets

	<u>Millions of Yen</u>
	<u>As of Dec. 31, 2002</u>
Total assets	293,641
Shareholders' equity	222,735
Shareholders' equity ratio	75.9%

At the end of the quarter under review, while the current assets increased by Yen 6,739 million in comparison with that of the 2nd quarter of this fiscal year, fixed assets decreased by Yen 4,336 million and total assets increased Yen 2,542 million in comparison with that of the 2nd quarter of this fiscal year. Total shareholders' equity decreased by Yen 5,229 million and ratio of shareholders' equity decreased to 75.9%.

### 2) Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Three months ended Dec. 31, 2002</u>
Net cash provided by operating activities	6,098
Net cash used in investing activities	-2,496
Net cash provided by (used in) financing activities	-4,049
Cash and cash equivalents, end of period	87,434

In terms of cash flows from operating activities, relating to pension fund transactions the Company posted Yen 15,274 million, income before income taxes and minority interests decreased to negative Yen 4,893 million though it was more than Yen 10 billion actually. Depreciation and amortization was Yen 5,020 million. As a result that income tax was paid by Yen 5,172 million, net cash provided by operating activities amounted to Yen 6,098 million.

### 3. Earnings Forecast for the Fourth Quarter

Although business conditions remain tough, there is active demand for our products from each of our customers for their new product development. The decrease in orders due to the inventory adjustment after the year-end sales campaign is not as serious this year. We expect sales of our new products to rise again earlier than usual.

In the Vision Care division, we are in the quarter in which we have the largest overseas sales seasonally.

In the 4th quarter, HOYA expects no remarkable extraordinary losses as the Company posted all of them already in the third quarter.

1. year-on-year comparison	Millions of Yen		variance (%)
	Three months ending/ended		
	Mar.31,2003	Mar.31,2002	
Net sales	62,630	59,819 (	4.7 )
Operating income	13,018	10,982 (	18.5 )
Ordinary income	13,138	11,709 (	12.2 )
Net income	7,280	4,938 (	47.4 )
Net income per share (Yen)	62.70	42.53	20.17

2. Quarter-on-quarter comparison	Millions of Yen		variance (%)
	Three months ending/ended		
	Mar.31,2003	Dec.31,2002	
Net sales	62,630	61,627 (	1.6 )
Operating income	13,018	13,433 (	-3.1 )
Ordinary income	13,138	12,435 (	5.7 )
Net income	7,280	-2,125 (	- )
Net income per share (Yen)	62.70	-18.29	80.99

Ref: Forecast for the Year ending March 31, 2003

	Millions of Yen		variance (%)
	Years ending/ended		
	Mar.31,2003	Mar.31,2002	
Net sales	247,000	235,265 (	5.0 )
Operating income	53,000	43,897 (	20.7 )
Ordinary income	50,600	45,774 (	10.5 )
Net income	20,000	23,740 (	-15.8 )
Net income per share (Yen)	172.24	204.44	-32.20

*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.*

- An apology for the shipping of sub-standard HOYA shock-resistant eyeglass lenses -

It was discovered out that a very small number of sub-standard products had been shipped from HOYA's line of shock-resistant plastic lenses for eyeglasses.

There was no problem with those lenses as far as their basic function as eyeglass lenses was concerned, such as sight correction and durability under ordinary usage, etc., and their shock-resistance remained almost the same as that of ordinary lenses.

We sincerely apologize for having caused considerable trouble and misgivings among all the affected parties. We will make further efforts to improve our quality control in order that such an incident does not reoccur.

## (2) Consolidated Financial Statements (unaudited)

### 1. Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	Dec. 31,2002	Sep. 30, 2002	Variance(%)	Dec. 31,2001
<b>ASSETS</b>				
Current assets	196,095	189,356	3.6	158,041
Cash and deposits	87,434	88,068		51,769
Notes and accounts receivable - trades	60,932	57,212		59,073
Inventories	33,811	35,024		37,085
Refundable income tax - receivable	4,163	-		-
Deferred taxes	4,996	4,354		3,313
Other current assets	6,083	5,925		7,920
Allowance for doubtful receivables	-1,326	-1,229		-1,118
Fixed assets	97,052	101,388	-4.3	110,200
Tangible fixed assets	78,961	80,453	-1.9	87,035
Buildings and structures	23,925	24,733		26,399
Machinery and vehicles	34,275	34,943		36,944
Lands	9,137	9,389		9,411
Other tangible fixed assets	11,623	11,387		14,280
Intangible fixed assets	3,907	4,081	-4.3	4,914
Investments and other assets	14,184	16,853	-15.8	18,250
Investment securities	5,577	5,716		6,427
Long-term deferred taxes	3,972	6,666		7,025
Other investments and other assets	6,028	5,963		6,461
Allowance for doubtful receivables	-1,394	-1,493		-1,663
Deferred charges	492	355	38.6	506
<b>Total Assets</b>	<b>293,641</b>	<b>291,099</b>	<b>0.9</b>	<b>268,749</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	68,720	53,922	27.4	45,615
Notes and accounts payable - trades	20,980	22,087		20,550
Short-term loan payable	2,549	3,264		3,487
Lump-sum retirement benefit payable	7,051	-		-
Coverage to Company's employees pension fund payable	15,274	-		-
Income tax payable	2,038	7,883		1,977
Accrued bonus	1,908	3,602		2,093
Other current liabilities	18,918	17,083		17,505
Long-term liabilities	2,023	9,057	-77.7	9,842
Long-term loan payable	15	417		597
Employees retirement benefits	-	6,898		7,815
Directors retirement benefits	315	293		235
Other long-term liabilities	1,693	1,446		1,194
<b>Total Liabilities</b>	<b>70,743</b>	<b>62,979</b>	<b>12.3</b>	<b>55,458</b>
Minority interest	161	155	3.9	5
Common stock	6,264	6,264	-	6,264
Additional paid-in capital	15,898	15,898	-	15,898
Retained earnings	209,020	214,048	-2.3	197,250
Evaluation difference of investments securitis	9	28	-	126
Foreign currency statement translation adjustments	-8,344	-8,234	-	-6,249
Treasury stock	-113	-40	-	-5
<b>Total Shareholders' Equity</b>	<b>222,735</b>	<b>227,964</b>	<b>-2.3</b>	<b>213,285</b>
<b>Total</b>	<b>293,641</b>	<b>291,099</b>	<b>0.9</b>	<b>268,749</b>
notes:		<u>Millions of Yen</u>		
Accumulated depreciation	146,711	146,623		140,550
Guarantees of borrowings and lease obligations for customers	529	558		450
Number of shares of treasury stock	13,828	4,867		708

## 2. Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Dec. 31, 2002 and 2001)	Millions of Yen			
	Three months ended Dec. 31,		Variance(%)	Three months ended Sep.30, 2002
	2002	2001		
Net sales	61,627	57,088	8.0	61,771
Cost of sales	33,193	32,620	1.8	33,277
Gross profit	28,434	24,468	16.2	28,494
Selling, general and administrative expenses	15,000	14,400	4.2	14,543
Operating income	13,433	10,068	33.4	13,951
Non-operating income	358	1,914	-81.3	1,356
Interest income	134	106		145
Foreign exchange gains	-	665		-
Equity in earnings of associated companies	27	415		-
Others	197	728		512
Non-operating expenses	1,356	615	120.5	1,126
Interest expense	67	142		78
Foreign exchange losses	433	-		-
Others	857	473		1,048
Ordinary income	12,435	11,368	9.4	14,179
Extra-ordinary income	767	25	-	70
Gain on sales of property, plant and equipment	650	18		17
Gain on sales of investment securities	-	-		53
Others	117	7		-
Extra-ordinary losses	18,096	4,145	336.6	1,996
Coverage to Company's employees pension funds	14,949	-		-
Lump-sum retirement benefit paid to employees	351	-		-
Additional retirement benefits paid to employees	1,659	474		1,370
Loss on disposal of property, plant and equipment	539	166		134
Expense on stoppage of operation	-	322		-
Loss on sales of investment securities	-	3,116		-
Others	598	66		492
Income before income taxes and other items	-4,893	7,248	-167.5	12,253
Income taxes - Current	-4,809	1,317	-	5,177
Income taxes - Deferred	2,030	786	158.3	-906
Minority interests in net income	9	1	800.0	7
Net income	-2,125	5,142	-	7,977
Net income per share(Yen)	-18.29	44.28	-62.57	68.70

Notes:

1. Influences of Exchange Currency ("2002 A" is the actual value of this period. "2002 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)

	2002 A	2002 B	influences
Net sales	61,627	61,121	506
Operating income	13,433	13,351	82
Ordinary income	12,435	12,380	55
Net income	-2,125	-2,150	25

2. Average rates of major foreign currencies		Three months ended Dec. 31,		Variance(%)	Three months ended Sep.30, 2002
		2002	2001		
US\$	Yen	121.83	126.02	3.3%	120.22
Euro	Yen	122.68	112.40	-9.2%	118.24
Thail Baht	Yen	2.81	2.85	1.4%	2.82

### 3. Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Dec. 31, 2002 and 2001)

Items	<u>Millions of Yen</u>			<u>Three months ended</u> Sep. 30, 2002
	<u>Three months ended</u> Dec. 31, 2002	<u>Three months ended</u> Dec. 31, 2001	Variance	
<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	214,048	194,550	19,498	206,071
Adjustment of retained earnings	-	5,604	-5,604	7,977
1. Net income	-	5,142	-5,142	7,977
2. for merger of unconsolidated subsidiaries	-	462	-462	-
Appropriations	5,028	2,903	2,125	-
1. Net loss	2,125	-	2,125	-
2. Cash dividends	2,903	-	2,903	-
Balance at the end of the period	209,020	197,250	11,770	214,048

## 4. Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Dec. 31, 2002 and 2001)	<u>Millions of Yen</u>		
	<u>Three months ended Dec.31,</u>		
	2002	2001	variance
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	-4,893	7,248	-12,141
Adjustments for:			
Income taxes - paid	-5,172	-4,677	-495
Depreciation and amortization	5,021	4,932	89
Reversal of accrued bonuses to employees	-1,692	-2,107	415
Reversal of accrued retirement benefits	-6,882	-293	-6,589
Provision for reserve for periodic repairs	-160	61	-221
Equity in earnings of associated companies	-27	-414	387
Foreign exchange gain	228	-260	488
Devaluation losses on investment securities	63	66	-3
Gain on sales of property, plant and equipment and investment securities	-649	-18	-631
Loss on disposal of property, plant and equipment and investment securities	538	3,281	-2,743
Other	115	72	43
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	-3,737	1,483	-5,220
(Increase) decrease in inventories	1,221	476	745
(Increase) decrease in other current assets	-146	370	-516
Increase (decrease) in notes and accounts payable	-1,079	-1,550	471
Increase (decrease) in other current liabilities	1,026	-2,208	3,234
Increase in lump-sum retirement benefits payable	7,051	-	7,051
Increase in coverage to employees pension fund	15,274	-	15,274
<b>Total adjustment</b>			
<b>Net cash provided by operating activities</b>	<b>6,098</b>	<b>8,398</b>	<b>-2,300</b>
<b>INVESTING ACTIVITIES:</b>			
Payment for purchases of property, plant and equipment	-3,504	-4,945	1,441
Proceeds from sales of property, plant and equipment	1,511	73	1,438
Payment for purchases of investment securities	-107	-57	-50
Proceeds from sales of investment securities	-	27	-27
Payments for purchases of affiliates(Sweden) net of cash acquired	-	15	-15
Increase in investments and other assets	-515	-1,223	708
Decrease in investments and other assets	119	106	13
<b>Net cash used in investing activities</b>	<b>-2,496</b>	<b>-6,002</b>	<b>3,506</b>
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term borrowings	-662	-186	-476
Proceeds from long-term bank loans	-	90	-90
Repayments of long term bank loans	-410	-10	-400
Net (increase) decrease in treasury stock	-73	-4	-69
Dividends paid	-2,903	-2,903	0
<b>Net cash used in financing activities</b>	<b>-4,049</b>	<b>-3,014</b>	<b>-1,035</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-447</b>	<b>-618</b>	<b>171</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-186	1,227	-1,413
Cash and cash equivalents of merged non-consolidated subsidiaries, beginning of period	-	34	-34
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD</b>	<b>88,068</b>	<b>51,125</b>	<b>36,943</b>
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>87,434</b>	<b>51,769</b>	<b>35,665</b>

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

1. Number of consolidated subsidiaries : 52 companies  
(Major consolidated subsidiaries :  
<overseas> HOYA HOLDINGS, INC.,HOYA LENS EUROPE N.V.,  
HOYA HOLDINGS ASIA PACIFIC PTE LTD., HOYA PHOTONICS, INC.  
<domestic> HOYA OPTICS CORPORATION, HOYA HEALTHCARE CORPORATION,  
HOYA CRYSTAL CORPORATION)
2. Number of unconsolidated subsidiaries : 3 companies  
(Number of unconsolidated subsidiaries accounted for by the equity method: None)
3. Number of affiliates : 6 companies  
(Number of affiliates accounted for by the equity method :  
2 companies, Major affiliate : NH TECHNO GLASS CORPORATION)

	as of Dec.31, 2002	as of Sep. 30, 2002	variance	as of Dec.31,2001
Consolidated subsidiaries	52 (do 8, os44)	52 (do 8, os44)	- (do-, os -)	48 (do 6, os42)
Nonconsolidated subsidiaries	3 (do 3, os -)	- (do -, os -)	+3 (do+3, os -)	- (do -, os -)
Affiliates	6 (do 6, os -)	6 (do 6, os -)	- (do-, os-)	7 (do 6, os 1)
<b>Total Hoya Group</b>	<b>61</b>	<b>58</b>	<b>+3</b>	<b>55</b>

(do : domestic, os : overseas)

### 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 Sep. 30, 2002 :  
No change
    - b. In comparison to the end of Dec. 31, 2001 : 4 companies increased in total.
      - 2 companies increased due to the establishment:  
THAI HOYA HOLDINGS LTD. (Thailand)  
HOYA ADVANCED SEMICONDUCTOR TECHNOLOGIES CO.,LTD. (Japan)
      - 1 company increased due to the increase of shareholding:  
THAI HOYA LENS LTD. (Thailand)
      - 1 company increased due to the division from another consolidated subsidiary:  
WELFARE CORPORATION (Japan)
      - 1 company increased due to the acquisition:  
EAGLE OPTICS, INC. (USA)
      - 1 company decreased due to the merger between overseas subsidiaries:  
HOYA HOLDINGS BELGIUM N.V. (This company was merged into HOYA LENS EUROPE N.V.)
  - 2) Application of the equity method
    - a. In comparison to the end of Sep. 30, 2002 :  
No change
    - b. In comparison to the end of Dec. 31, 2001: 1 company decreased.
      - 1 company decreased due to the increase of shareholding and changed to consolidated subsidiaries:  
THAI HOYA LENS LTD. (Thailand)
2. Changes in accounting policy :  
None

## Notes Relating to Consolidated Statements of Cash Flows

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

	<u>Millions of Yen</u>		
	<u>Three months ended</u>		
	<u>Dec. 31,2002</u>	<u>Dec. 31,2001</u>	<u>Sep. 30,2002</u>
Cash and deposits	87,434	51,769	88,068
Marketable securities	-	-	-
Total	<u>87,434</u>	<u>51,769</u>	<u>88,068</u>

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

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

None

#### Three months ended Dec.31, 2001

HOYA-OPTIKSLIP AB ( as of Oct. 1, 2001 )

	<u>Millions of Yen</u>
Current assets	561
Fixed assets	190
Current liabilities	-456
Long-term liabilities	-164
Adjustment of consolidation	335
Stock of company of the equity method	<u>-65</u>
Value for acquisition of shares of this subsidiary	400
Cash and cash equivalents possessed by this subsidiary	<u>-15</u>
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>384</u>

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

None

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

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

None

#### Three months ended Dec.31, 2001

WELFARE CORPORATION

( merged into HOYA SERVICE CORPORATION, a consolidated subsidiary on Oct. 1, 2001 )

	<u>Millions of Yen</u>
Current assets	530
Fixed assets	<u>201</u>
Total assets	<u>732</u>
Current liabilities	-100
Long-term liabilities	<u>-26</u>
Total liabilities	<u>-126</u>

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

None

## Notes Relating to Investment Securities and Derivatives

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

(Millions of Yen)

	As of								
	<u>Dec.31, 2002</u>			<u>Sep.30, 2002</u>			<u>Dec.31, 2001</u>		
	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale									
Available-for-sale : Marketable Equity securities	202	161	40	202	251	49	564	780	216
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
Total	202	161	40	202	251	49	564	780	216

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

(Millions of Yen)

	As of		
	<u>Dec.31, 2002</u>	<u>Sep.30, 2002</u>	<u>Dec.31, 2001</u>
	Non-marketable stock of subsidiaries	4,961	5,001
Total	4,961	5,001	4,822
Non-marketable equity securities	453	463	824
Non-marketable corporate bonds	-	-	-
Non-marketable foreign bond	-	-	-
Commercial paper	-	-	-
Total	453	463	824

### 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, 2002</u>	<u>As of Sep.30, 2002</u>	<u>Dec.31, 2001</u>
<b>(1) Current deferred tax assets and liabilities</b>			
Deferred tax assets			
Transferred amount of loss on taxation	2,095	-	-
Excess deductible amount of depreciation expenses	1,264	1,264	1,349
Excess deductible amount of expenses for accrued bonus	607	1,212	556
Inventories - intercompany unrealized profits	779	696	867
Enterprise tax not deductible	-	613	501
Other deferred tax assets	564	638	767
<b>Total amount of deferred tax assets - current</b>	<b>5,311</b>	<b>4,425</b>	<b>4,043</b>
Deferred tax liabilities			
Prepaid pension expenses	-	-71	-614
Other deferred tax liabilities	-314	-	-115
<b>Total amount of deferred tax liabilities - current</b>	<b>-314</b>	<b>-71</b>	<b>-730</b>
<b>Net amount of deferred tax assets - current</b>	<b>4,996</b>	<b>4,354</b>	<b>3,313</b>
<b>(2) Non-current deferred tax assets and liabilities</b>			
Deferred tax assets			
Excess amount of inclusion in deductible expenses for depreciation	1,887	2,147	3,132
Excess amount of inclusion in deductible expenses for reserve for employees' retirement benefits	-	2,613	2,546
Amount denied of evaluation loss of fixed assets	705	657	668
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	279	281	217
Other deferred tax assets	2,222	2,135	1,812
<b>Total amount of deferred tax assets - fixed</b>	<b>5,094</b>	<b>7,835</b>	<b>8,376</b>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-599	-618	-727
Special depreciation reserve	-345	-358	-363
Difference of evaluation of other marketable securities	-6	-20	-
Other deferred tax liabilities	-171	-171	-171
<b>Total amount of deferred tax liabilities - fixed</b>	<b>-1,122</b>	<b>-1,168</b>	<b>-1,351</b>
<b>Net amount of deferred tax assets - fixed</b>	<b>3,972</b>	<b>6,666</b>	<b>7,025</b>

## Notes Relating to Employees' Retirement Benefits

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

The Company adopted Lump-sum retirement benefit plan and multi-employer pension plan grants and of welfare pension. However, in the third quarter the Company abolished Lump-sum retirement benefit plan and is proceeding necessary transactions for dissolution of the employees' pension fund under the advice of the Ministry of Health, Labor and Welfare.

The coverage to employees' pension fund payable was actually paid on January 9, 2003.

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

	<u>Millions of Yen</u>		
	<u>Dec.31, 2002</u>	<u>As of Sep.30, 2002</u>	<u>Dec.31,2001</u>
(1) Breakdown of liabilities for employees' retirement benefits			
Liabilities for employees' retirement benefits	-	67,256	55,255
Pension assets	-	-38,213	-41,914
Accrued liabilities for employees' retirement benefits	-	29,043	13,341
Unappropriated amount of the difference arising from the change in accounting standards	-	2,640	2,797
Unrecognized prior service cost (decrease in liabilities)	-	1,614	1,737
Unrecognized actuarial differences (increase in liabilities)	-	-26,569	-11,537
Prepaid pension expenses	-	169	1,473
Reserve for employees' retirement benefits	-	6,898	7,815
Lump-sum retirement benefit payable	7,051	-	-
Coverage to Company's employees pension fund payable	15,274	-	-
(2) Breakdown of expenses for employees' retirement benefits			
		<u>Three months ended</u>	
	<u>Dec.31, 2002</u>	<u>Dec.31,2001</u>	<u>Sep.30, 2002</u>
Service cost	566	416	565
Interest expenses	411	469	411
Expected return of investments	-507	-548	-508
Difference arising from the change in accounting standards	-52	-52	-52
Prior service cost	-40	-40	-41
Actuarial differences	593	254	594
sub total	969	498	970
Coverage to Company's employees pension fund	14,949	-	-
Lump-sum retirement benefit	351	-	-
Additional retirement benefits paid to employees	1,658	474	1,370
Expenses for employees' retirement benefits	17,928	973	2,340
(3) Calculation basis of liabilities for employees' retirement benefits			
1. Discount rate	2.5%	3.5%	2.5%
2. Expected rate of return of investments	5.5%	5.5%	5.5%
3. Method of periodical allocation of the estimated amount of employees' retirement benefits	pro rata division over the period	pro rata division over the period	pro rata division over the period
4. Number of years over which the difference arising from the change in accounting standards is amortized	15 years	15 years	15 years
5. Number of years over which the prior service cost is amortized	12 years	12 years	12 years
6. Number of years over which the actuarial differences are amortized	12 years	12 years	12 years

### (3) Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

#### 1. Industry Segments

(Figures less than a million Yen are omitted.)

For the three months ended December 31, 2002

	Millions of Yen							Elimi. or corp.*	Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	28,752	1,265	22,993	6,693	1,466	457	61,627	-	61,627
Intersegment	78	-	896	0	16	785	1,775	(1,775)	-
Total	28,829	1,265	23,889	6,693	1,482	1,242	63,401	(1,775)	61,627
Operating expenses	19,382	1,244	20,748	5,447	1,533	1,175	49,529	(1,337)	48,193
Operating income	9,448	21	3,140	1,246	-51	66	13,871	(437)	13,433
Operating income ratio	32.8%	1.7%	13.1%	18.6%	-3.4%	5.3%	21.9%	-	21.8%
Assets	115,198	3,727	95,875	16,389	9,157	3,251	243,600	50,040	293,641
Depreciation	3,367	22	1,403	143	53	8	4,999	21	5,020
Capital Expenditures	2,723	47	1,315	99	563	10	4,759	35	4,794
R&D Expenses	1,359	62	374	162	5	-	1,962	-5	1,957
Number of employees (p)	6,183	147	6,416	624	241	129	13,740	46	13,786

For the three months ended December 31, 2001

	Millions of Yen							Elimi. or corp.*	Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	24,313	1,652	22,534	6,025	2,154	409	57,088	-	57,088
Intersegment	57	0	10	0	10	799	876	(876)	-
Total	24,370	1,652	22,544	6,025	2,164	1,209	57,963	(876)	57,088
Operating expenses	17,926	1,766	19,541	5,062	2,187	1,162	47,644	(625)	47,019
Operating income	6,444	-114	3,003	963	-23	46	10,318	(250)	10,068
Operating income ratio	26.4%	-6.9%	13.3%	16.0%	-1.1%	3.8%	17.8%	-	17.7%
Assets	114,383	4,274	91,462	14,308	9,156	3,768	237,353	31,395	268,749
Depreciation	3,003	36	1,581	141	133	9	4,902	30	4,932
Capital Expenditures	3,116	8	1,582	188	70	0	4,964	46	5,009
R&D Expenses	1,182	122	447	135	17	-	1,904	-	1,904
Number of employees (p)	5,775	234	6,182	628	310	102	13,231	42	13,273

Ref : Differences between the 3rd quarter of this year and the same period last year

	Millions of Yen							Elimi. or corp.*	Consolidated
	Electro-Optics	Photo-nics	Vision Care	Health Care	Crystal	Service	Total		
Net sales:									
To outside customers	4,439	-387	459	668	-688	48	4,539	-	4,539
Variance(%)	18.3%	-23.4%	2.0%	11.1%	-31.9%	11.7%	8.0%	-	8.0%
Intersegment	21	-	886	0	6	-14	899	-899	-
Total	4,459	-387	1,345	668	-682	33	5,438	-899	4,539
Operating expenses	1,456	-522	1,207	385	-654	13	1,885	-712	1,174
Operating income	3,004	135	137	283	-28	20	3,553	-187	3,365
Variance(%)	46.6%	-	4.6%	29.4%	-	43.5%	34.4%	-	33.4%
Assets	815	-547	4,413	2,081	1	-517	6,247	18,645	24,892
Depreciation	364	-14	-178	2	-80	-1	97	-9	88
Capital Expenditures	-393	39	-267	-89	493	10	-205	-11	-215
R&D Expenses	177	-60	-73	27	-12	-	58	-5	53
Number of employees (p)	408	-87	234	-4	-69	27	509	4	513

\*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, hearing aids, etc.
Lifestyle Refinement	Crystal	Crystal glass products
	Service	Design of information systems, placement of temporary staff, etc.

2. Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies in the two geographic areas, which are not allocated to each industry segment. Corporate operating expenses for the three months ended Dec. 31, 2002 and 2001 are as follows:

<u>2002</u>	<u>2001</u>
503 million Yen	484 million Yen

3. Corporate assets mainly consist of cash, time deposits, marketable securities, investments securities and administrative assets of the Company and the overseas regional holding companies in the two geographic areas. Corporate assets as of Dec. 31, 2002 and 2001 are as follows:

<u>2002</u>	<u>2001</u>
61,855 million Yen	39,201 million Yen

## 2. Geographic Segments

(Figures less than a million Yen are omitted.)

For the three months ended December 31, 2002

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	41,906	8,670	8,300	2,750	61,627	-	61,627
Intersegment	4,658	29	553	11,385	16,626	(16,626)	-
<b>Total</b>	<b>46,564</b>	<b>8,699</b>	<b>8,853</b>	<b>14,135</b>	<b>78,252</b>	<b>(16,626)</b>	<b>61,627</b>
Operating expenses	37,688	8,352	7,367	11,320	64,725	(16,532)	48,193
Operating income	8,876	348	1,486	2,816	13,527	(93)	13,433
Operating income ratio	19.1%	4.0%	16.8%	19.9%	17.3%	-	21.8%
Assets	142,995	20,009	33,142	55,114	251,261	42,379	293,641

For the three months ended December 31, 2001

	Millions of Yen						Consolidated
	Japan	North America	Europe	Asia	Total	Elimi. or corp.	
Net sales:							
To outside customers	38,490	8,679	7,558	2,360	57,088	-	57,088
Intersegment	3,639	28	320	10,087	14,074	(14,074)	-
<b>Total</b>	<b>42,128</b>	<b>8,707</b>	<b>7,878</b>	<b>12,447</b>	<b>71,162</b>	<b>(14,074)</b>	<b>57,088</b>
Operating expenses	34,943	8,324	6,798	10,522	60,586	(13,568)	47,019
Operating income	7,186	383	1,080	1,926	10,576	(506)	10,068
Operating income ratio	17.1%	4.4%	13.7%	15.5%	14.9%	-	17.7%
Assets	143,513	21,331	28,749	52,476	246,071	22,677	268,749

Ref:

Differences between the 3rd quarter 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	3,416	-9	742	390	4,539	-	4,539
Variance(%)	8.9%	-0.1%	9.8%	16.5%	8.0%	-	8.0%
Intersegment	1,019	1	233	1,298	2,552	-2,552	-
<b>Total</b>	<b>4,436</b>	<b>-8</b>	<b>975</b>	<b>1,688</b>	<b>7,090</b>	<b>-2,552</b>	<b>4,539</b>
Operating expenses	2,745	28	569	798	4,139	-2,964	1,174
Operating income	1,690	-35	406	890	2,951	413	3,365
Variance(%)	23.5%	-9.1%	37.6%	46.2%	27.9%	-	33.4%
Assets	-518	-1,322	4,393	2,638	5,190	19,702	24,892

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 in the two geographic areas. Corporate operating expenses for the three months ended Dec. 31, 2002 and 2001 are as follows:
 

2002	450 million Yen	2001	437 million Yen
------	-----------------	------	-----------------
- Corporate assets mainly consist of cash, time deposits, marketable securities, investments securities and administrative assets of the Company and the overseas regional holding companies in the two geographic areas. Corporate assets as of Dec. 31, 2002 and 2001 are as follows:
 

2002	56,993 million Yen	2001	38,282 million Yen
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### 3. Sales to Foreign Customers

(Figures less than a million Yen are omitted.)

For the three months ended December 31, 2002

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	8,739	10,125	8,393	-25	27,234
Consolidated Sales (B)					61,627
Overseas Sales ratio A/B	14.2%	16.4%	13.6%	0.0%	44.2%
Regional Sales ratio	32.1%	37.2%	30.8%	-0.1%	100.0%

For the three months ended December 31, 2001

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	8,685	9,517	6,705	-7	24,900
Consolidated Sales (B)					57,088
Overseas Sales ratio A/B	15.2%	16.7%	11.7%	0.0%	43.6%
Regional Sales ratio	34.9%	38.2%	26.9%	0.0%	100.0%

Ref:

Differences between the 3rd quarter of this year and the same period last year

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	54	608	1,688	-18	2,334
Consolidated Sales (B)					4,539
Overseas Sales ratio A/B	0.6%	6.4%	25.2%	—	9.4%

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

(Unaudited)

(Three months ended Dec. 31, 2002 and 2001)

Business Category Company	Millions of yen, (%), [%]					
	Three months ended Dec. 31,		Variance		Three months ended	
	2002	2001	Amount	%	Sep.30, 2002	
<b>Electro-Optics</b>						
Domestic	16,391 ( 57.0 )	13,769 ( 56.6 )	2,622	19.0	16,502 ( 59.8 )	
Overseas	12,361 ( 43.0 )	10,544 ( 43.4 )	1,817	17.2	11,082 ( 40.2 )	
total	28,752 [ 46.7 ]	24,313 [ 42.6 ]	4,439	18.3	27,584 [ 44.7 ]	
<b>Photonics</b>						
Domestic	820 ( 64.8 )	725 ( 43.9 )	95	13.1	863 ( 58.2 )	
Overseas	445 ( 35.2 )	927 ( 56.1 )	-482	-52.0	621 ( 41.8 )	
total	1,265 [ 2.1 ]	1,652 [ 2.9 ]	-387	-23.4	1,484 [ 2.4 ]	
<b>Information Technology</b>						
Domestic	17,211 ( 57.3 )	14,494 ( 55.8 )	2,717	18.7	17,366 ( 59.7 )	
Overseas	12,806 ( 42.7 )	11,471 ( 44.2 )	1,335	11.6	11,702 ( 40.3 )	
total	30,017 [ 48.7 ]	25,965 [ 45.5 ]	4,052	15.6	29,068 [ 47.1 ]	
<b>Vision Care</b>						
Domestic	8,725 ( 37.9 )	9,300 ( 41.3 )	-575	-6.2	9,775 ( 41.3 )	
Overseas	14,268 ( 62.1 )	13,233 ( 58.7 )	1,035	7.8	13,920 ( 58.7 )	
total	22,993 [ 37.3 ]	22,534 [ 39.5 ]	459	2.0	23,694 [ 38.4 ]	
<b>Health Care</b>						
Domestic	6,681 ( 99.8 )	6,003 ( 99.6 )	678	11.3	6,879 ( 99.8 )	
Overseas	13 ( 0.2 )	21 ( 0.4 )	-8	-38.1	14 ( 0.2 )	
total	6,693 [ 10.5 ]	6,025 [ 10.6 ]	668	11.1	6,893 [ 11.2 ]	
<b>Eye Care</b>						
Domestic	15,406 ( 51.9 )	15,304 ( 53.6 )	102	0.7	16,654 ( 54.4 )	
Overseas	14,281 ( 48.1 )	13,254 ( 46.4 )	1,027	7.7	13,933 ( 45.6 )	
total	29,686 [ 48.2 ]	28,559 [ 50.0 ]	1,127	3.9	30,588 [ 49.5 ]	
<b>Crystal</b>						
Domestic	1,319 ( 90.0 )	1,980 ( 91.9 )	-661	-33.4	1,553 ( 87.8 )	
Overseas	147 ( 10.0 )	174 ( 8.1 )	-27	-15.5	216 ( 12.2 )	
total	1,466 [ 4.7 ]	2,154 [ 3.8 ]	-688	-31.9	1,769 [ 2.9 ]	
<b>Service</b>						
Domestic	457 ( 100.0 )	409 ( 100.0 )	48	11.7	347 ( 100.0 )	
Overseas	0 ( 0.0 )	0 ( 0.0 )	0	-	0 ( 0.0 )	
total	457 [ 0.7 ]	409 [ 0.7 ]	48	11.7	347 [ 0.6 ]	
<b>Lifestyle Refinement</b>						
Domestic	1,776 ( 92.4 )	2,390 ( 93.2 )	-614	-25.7	1,900 ( 89.8 )	
Overseas	147 ( 7.6 )	174 ( 6.8 )	-27	-15.5	216 ( 10.2 )	
total	1,923 [ 3.1 ]	2,564 [ 4.5 ]	-641	-25.0	2,116 [ 3.4 ]	
<b>Total Net Sales</b>						
Domestic	34,394 ( 55.8 )	32,187 ( 56.4 )	2,207	6.9	35,918 ( 58.1 )	
Overseas	27,234 ( 44.2 )	24,900 ( 43.6 )	2,334	9.4	25,853 ( 41.9 )	
Total	61,627 [ 100.0 ]	57,088 [ 100.0 ]	4,539	8.0	61,771 [ 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.