



April 21, 2003

## Quarterly Financial Highlights (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

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### Performance for the fourth quarter (three months ended March 31, 2003 and 2002)

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

(1)Results of Operations	Three months ended March 31,		Variance
	2003	2002	(%)
Net sales	61,653	59,819	3.1
Operating income	13,000	10,982	18.4
Ordinary income	13,412	11,709	14.5
Net income	7,317	4,938	48.2
Net income per share(Yen)	61.62	42.53	

Notes : No changes have been made in accounting policy.

(2)Financial Position	As of Mar. 31,	As of Dec. 31,	As of Mar. 31,
	2003	2002	2002
Total assets	274,288	293,641	278,067
Shareholders' equity	224,218	222,735	219,180
Shareholders' equity ratio	81.7%	75.9%	78.8%
Shareholders' equity per share (Yen)	1,946.79	1,918.30	1,887.50

(3)Conditions of Cash Flow	Three months ended March 31,	
	2003	2002
Net cash provided by operating activities	-79	17,497
Net cash used in investing activities	-4,707	-2,907
Net cash provided by (used in) financing activities	-7,337	-250
Cash and cash equivalents, end of period	75,694	66,321

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# 1. Business Overview

## 1-1. Results of Operations

### 1) General Overview

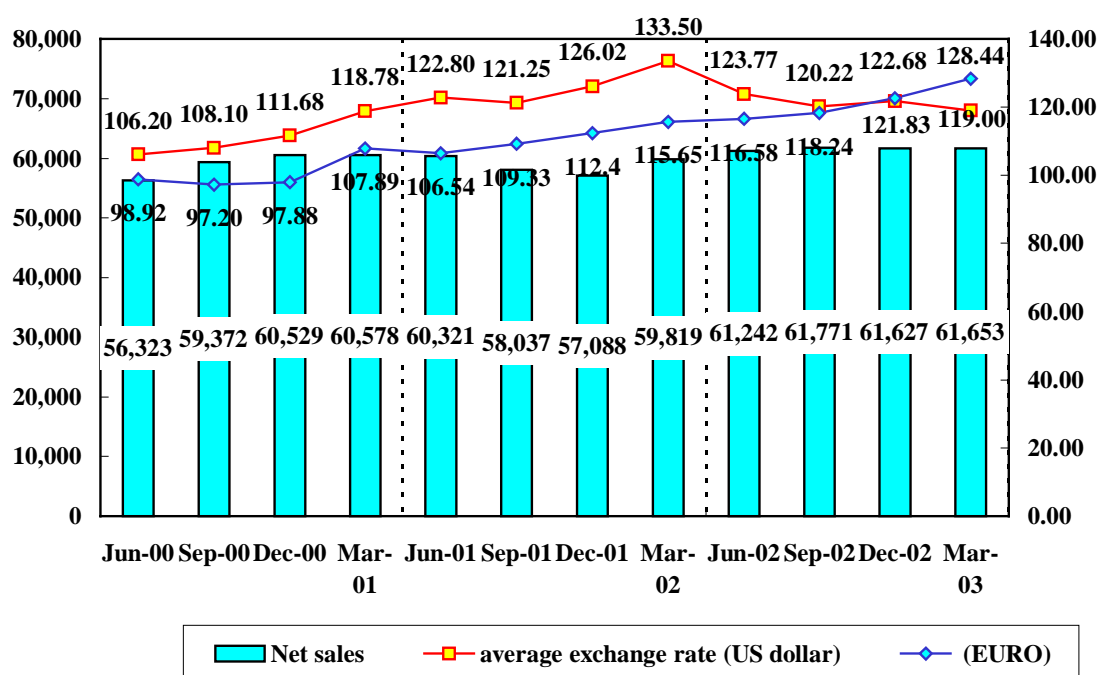
<u>Results of Operations</u>	<u>Millions of Yen</u>
	<u>Three months ended Mar. 31, 2003</u>
Net sales	61,653
Operating income	13,000
Ordinary income	13,412
Net income	7,317
Net income per share(Yen)	61.62

In the quarter under review, the situation overseas turned extremely unstable as the war in Iraq started and a new type of pneumonia began to spread in Asia, etc. In Japan, the lowering of stock prices intensified, weak personal consumption persisted, and business conditions remained sluggish.

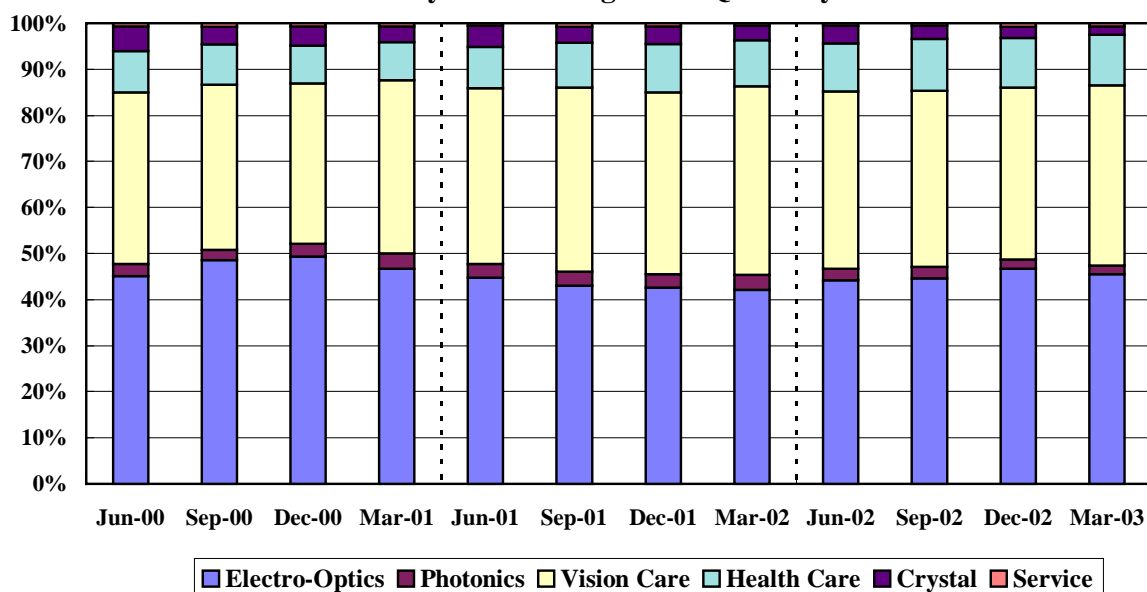
In the currency markets during the same quarter, the US dollar depreciated by 10.9% and the Thai baht depreciated by 8.9%, but the euro appreciated by 11.1%, all against the yen, respectively on a year-on-year basis.

In this business environment, in the Electro-Optics segment of the HOYA Group, demand for high precision products continues to be favorable. In the Vision Care division, overseas sales of eyeglass lenses were solid, while in the Health Care division, sales of contact lenses and intraocular lenses were also solid. Those high function products sold well in each division and sales increased. As a result, consolidated sales during the quarter increased 3.1% on a year-on-year basis to Yen 61,653 million, almost to the same level as that of the 2nd quarter of Fiscal 2002, which was itself a record quarterly result.

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

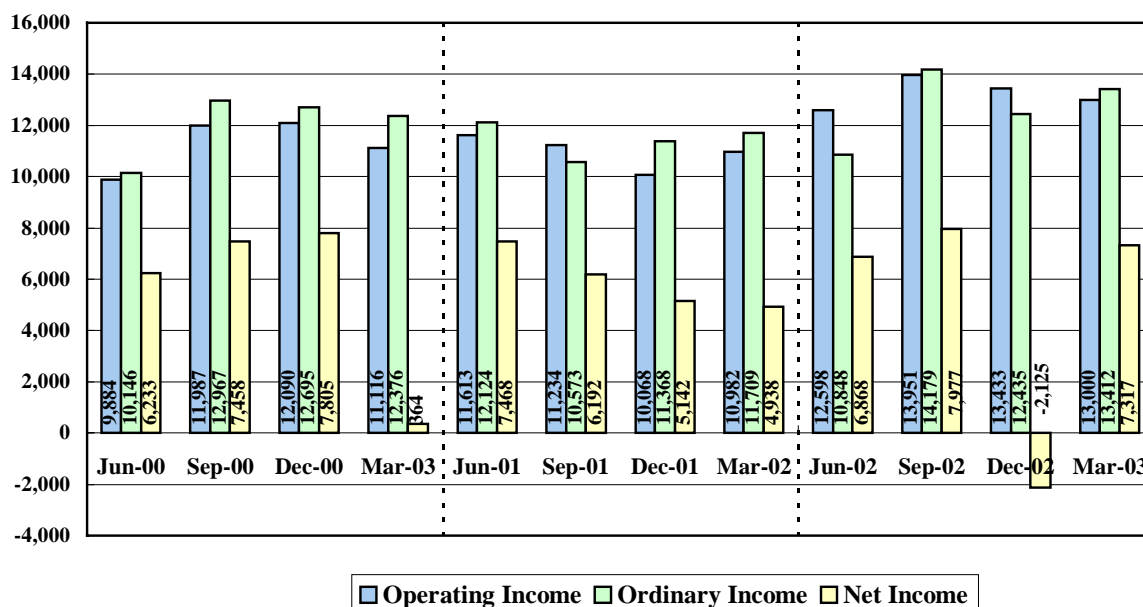


### Ratio of Net Sales by Business Segment - Quarterly Transition



In the quarter under review, in the Electro-Optics segment of the HOYA Group, we received a persistent volume of orders for high precision products and the main factories were kept fully operational. In the Eye Care segment, too, we expanded sales of high-value-added products, such that sales of both segments increased. On a Group basis, operating income, ordinary income and net income for the 4th quarter increased 18.4%, 14.5% and 48.2% respectively on a year-on-year basis.

### Quarterly Incomes (Millions of Yen)



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

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

## 2) Segment Overview

### 1. Information Technology

#### Electro-Optics

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

Sales of photomasks for manufacturing semiconductors increased on a year-on-year basis as demand for masks to develop new products increased. Sales of photomasks for LCDs also increased on a year-on-year basis due to robust demand for masks as individual LCD manufacturers actively started operation of new production lines and began development of new models.

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

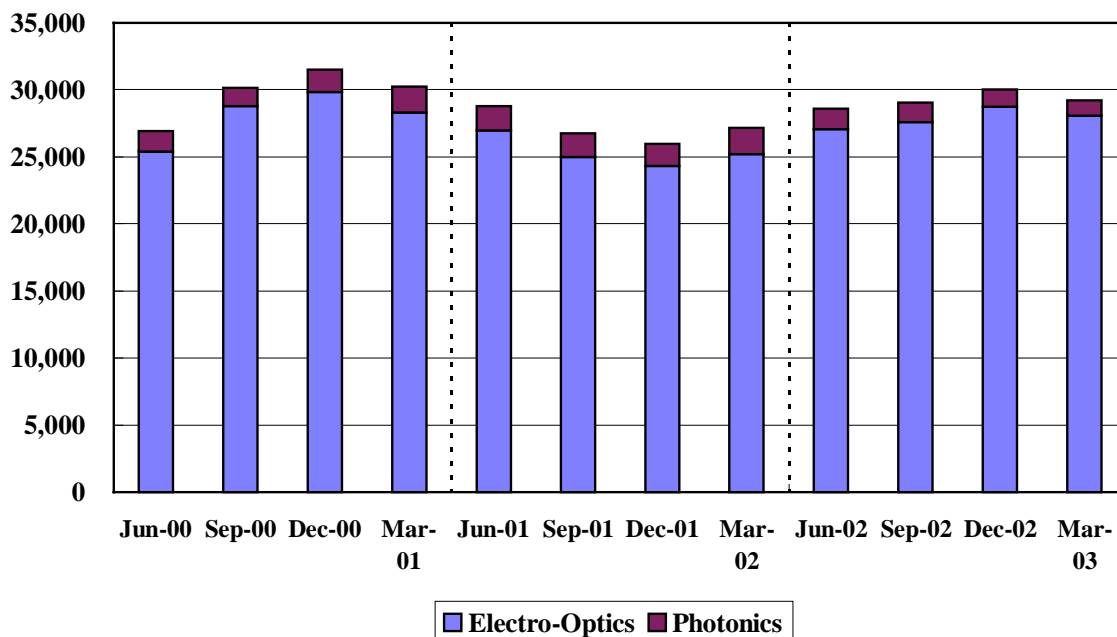
In terms of optical lenses and glasses, sales of lenses grew substantially as the market in digital still and video cameras recovered substantially. Overall sales increased on a year-on-year basis.

#### Photonics

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

As the division handling laser-related equipment for scientific use was sold off in October, 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. The sales growth was also helped by a weaker yen against the euro in the currency markets on a year-on-year basis.

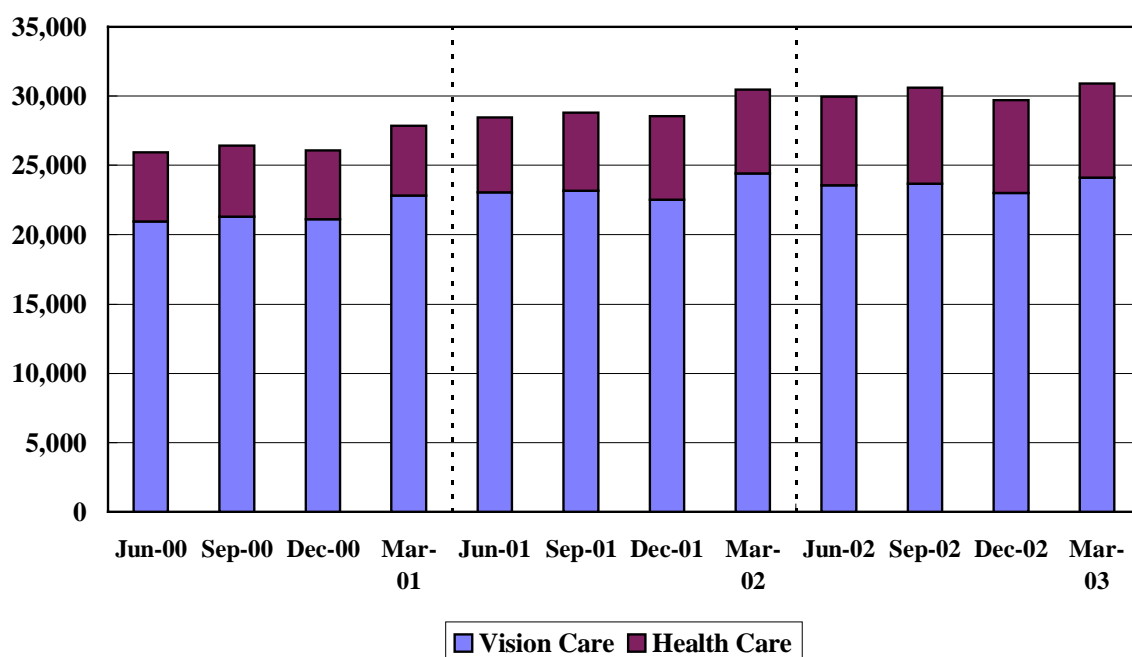
As a result, overall sales of the Vision Care division decreased.

### 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 establishment of new outlets and to the effects of the Scrapping & Building program for retail outlets.

Sales of intraocular lenses increased on a year-on-year basis thanks to the favorable sales of *Acryfold*, a soft intraocular lens product, which was well received.

Quarterly Net Sales of Eye Care (Millions of Yen)

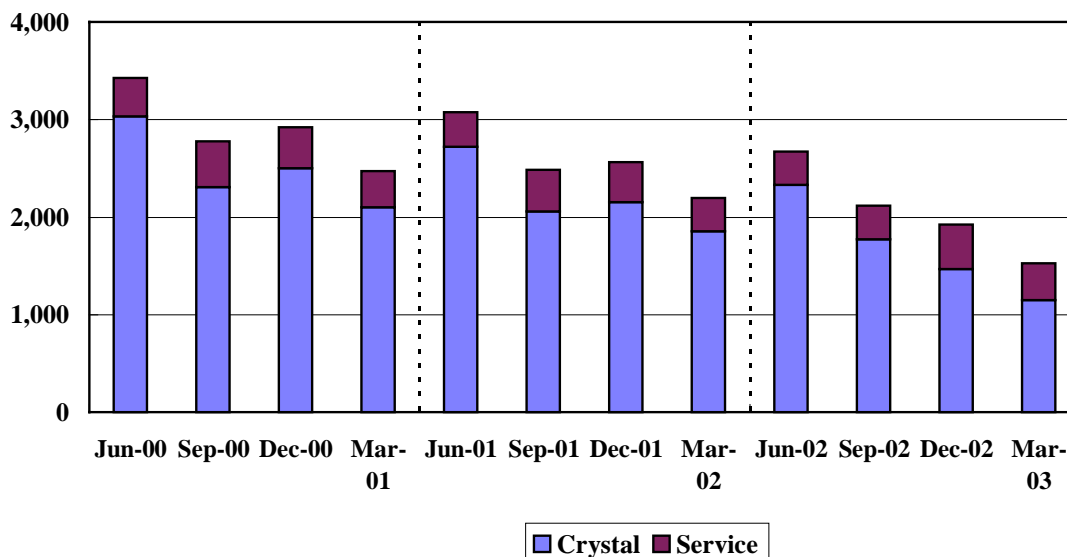


### 3. Lifestyle Refinement

#### Crystal

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

Quarterly Net Sales of lifestyle Refinement (Millions of Yen)



## 1-2. Financial Position

### 1) Conditions of Assets

	<u>Millions of Yen</u>
	<u>As of Mar. 31, 2003</u>
Total assets	274,288
Shareholders' equity	224,218
Shareholders' equity ratio	81.7%

At the end of the quarter under review, the current assets decreased by Yen 17,942 million since the Company paid Yen 15,274 for the dissolution of the employees pension funds. Fixed assets decreased by Yen 1,329 million and total assets decreased Yen 19,353 million.

### 2) Conditions of Cash Flows

	<u>Millions of Yen</u>
	<u>Three months ended Mar. 31, 2003</u>
Net cash provided by operating activities	-79
Net cash used in investing activities	-4,707
Net cash provided by (used in) financing activities	-7,337
Cash and cash equivalents, end of period	75,694

In terms of cash flows from operating activities, relating to pension fund transactions the Company paid Yen 15,274 million and Yen 7,051 million of lump-sum retirement benefit, decreased to Yen 79 million negative.

## 2. Consolidated Financial Statements (unaudited)

### (1) Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of			
	Mar.31,2003	Dec.31,2002	Variance(%)	Mar.31,2002
<b>ASSETS</b>				
Current assets	178,153	196,095	-9.1	169,587
Cash and deposits	75,694	87,434		66,321
Notes and accounts receivable - trades	58,945	60,932		59,095
Inventories	32,360	33,811		35,595
Refundable income tax - receivable	3,899	4,163		-
Deferred taxes	3,969	4,996		3,615
Other current assets	4,583	6,083		6,352
Allowance for doubtful receivables	-1,299	-1,326		-1,392
Fixed assets	95,723	97,052	-1.4	108,051
Tangible fixed assets	77,237	78,961	-2.2	85,272
Buildings and structures	23,539	23,925		26,272
Machinery and vehicles	33,203	34,275		37,447
Lands	9,326	9,137		9,445
Other tangible fixed assets	11,167	11,623		12,107
Intangible fixed assets	5,106	3,907	30.7	4,754
Investments and other assets	13,379	14,184	-5.7	18,025
Investment securities	5,739	5,577		5,816
Long-term deferred taxes	3,210	3,972		7,411
Other investments and other assets	6,140	6,028		6,378
Allowance for doubtful receivables	-1,711	-1,394		-1,580
Deferred charges	411	492	-16.5	429
<b>Total Assets</b>	<b>274,288</b>	<b>293,641</b>	<b>-6.6</b>	<b>278,067</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	47,889	68,720	-30.3	49,113
Notes and accounts payable - trades	20,405	20,980		19,918
Short-term loan payable	2,284	2,549		3,378
Income tax payable	2,609	2,038		4,867
Accrued bonus	3,512	1,908		3,881
Other current liabilities	19,077	18,918		17,066
Long-term liabilities	1,996	2,023	-1.3	9,617
Long-term loan payable	7	15		569
Employees retirement benefits	-	-		7,311
Directors retirement benefits	316	315		254
Other long-term liabilities	1,673	1,693		1,482
<b>Total Liabilities</b>	<b>49,886</b>	<b>70,743</b>	<b>-29.5</b>	<b>58,731</b>
Minority interest	183	161	13.7	155
Common stock	6,264	6,264	-	6,264
Additional paid-in capital	15,898	15,898	-	15,898
Retained earnings	216,271	209,020	3.5	202,255
Evaluation difference of investments securitis	15	9	66.7	-
Foreign currency statement translation adjustments	-7,178	-8,344	-14.0	-5,331
Treasury stock, at cost	-7,052	-113	-	-16
<b>Total Shareholders' Equity</b>	<b>224,218</b>	<b>222,735</b>	<b>0.7</b>	<b>219,180</b>
<b>Total</b>	<b>274,288</b>	<b>293,641</b>	<b>-6.6</b>	<b>278,067</b>
notes:				
Accumulated depreciation	148,647	146,711	(Million Yen)	141,232
Guarantees of borrowings and lease obligations for customers	496	529	(Million Yen)	570
Number of shares of treasury stock	951,050	13,828	(stocks)	2,059

## (2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Mar. 31, 2003 and 2002)

	<u>Millions of Yen</u>				
	<u>Three months ended</u>				
	<u>Mar. 31,</u> 2003	2002	<u>Variance</u>		<u>Dec.31,</u> 2002
			Value	(%)	
Net sales	61,653	59,819	1,834	3.1	61,627
Cost of sales	33,285	33,820	-535	-1.6	33,193
Gross profit	28,368	25,999	2,369	9.1	28,434
Selling, general and administrative expenses	15,368	15,016	352	2.3	15,000
<b>Operating income</b>	<b>13,000</b>	<b>10,982</b>	<b>2,018</b>	<b>18.4</b>	<b>13,433</b>
Non-operating income	1,203	1,424	-221	-15.5	358
Interest income	174	141	33		134
Foreign exchange gains	46	408	-362		-
Equity in earnings of associated companies	65	51	14		27
Others	918	824	94		197
Non-operating expenses	791	697	94	13.5	1,356
Interest expense	84	163	-79		67
Foreign exchange losses	-	-	-		433
Others	707	534	173		857
<b>Ordinary income</b>	<b>13,412</b>	<b>11,709</b>	<b>1,703</b>	<b>14.5</b>	<b>12,435</b>
Extra-ordinary income	517	215	302	140.5	767
Gain on sales of investment securities	-	135	-135		650
Gain on sales of property, plant and equipment	-	45	-45		-
Others	517	-	517		117
Extra-ordinary losses	3,232	3,778	-546	-14.5	18,096
Coverage to Company's employees pension funds	-	-	-		14,949
Lump-sum retirement benefit paid to employees	-	-	-		351
Additional retirement benefits paid to employees	611	1,126	-515		1,659
Loss on disposal of property, plant and equipment	1,068	1,165	-97		539
Expense on stoppage of operation	462	455	7		-
Loss on sales of investment securities	6	-	6		-
Others	1,082	1,032	50		598
<b>Income before income taxes and other items</b>	<b>10,697</b>	<b>8,145</b>	<b>2,552</b>	<b>31.3</b>	<b>-4,893</b>
Income taxes - Current	2,340	3,613	-1,273	-35.2	-4,809
Income taxes - Deferred	1,033	-409	1,442	-	2,030
Minority interests in net income	8	3	5	166.7	9
<b>Net income</b>	<b>7,317</b>	<b>4,938</b>	<b>2,379</b>	<b>48.2</b>	<b>-2,125</b>
Net income per share(Yen)	61.62	42.53	19.09		-18.29

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	Million Yen	61,653	62,208	-555
Operating income	Million Yen	13,000	13,100	-100
Ordinary income	Million Yen	13,412	13,547	-135
Net income	Million Yen	7,317	7,492	-175

		<u>Three months ended Mar. 31</u>		
		2003	2002	Variance(%)
2. Average rates of major foreign currencies				
US\$	Yen	119.00	133.50	10.9%
Euro	Yen	128.44	115.65	-11.1%
Thail Baht	Yen	2.78	3.05	8.9%

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

### (3) Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

(Three months ended Mar. 31, 2003 and 2002)

Items	Millions of Yen			
	<u>Three months ended,</u>		<u>Three months ended,</u>	
	<u>Mar.31,</u>	<u>Mar.31,</u>		<u>Dec.31,</u>
	2003	2002	variance	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	209,020	197,250	11,770	214,048
Adjustment of retained earnings	7,317	5,003	2,314	-
1. Net income	7,317	4,938	2,379	-
2. for merger of unconsolidated subsidiaries	-	-	-	-
3. for accounting changes at foreign subsidiaries	-	65	-65	-
Appropriations	65	-	65	5,028
1. Net loss	-	-	-	2,125
2. Cash dividends	-	-	-	2,903
3. Bonuses to directors	-	-	-	-
4. for merger of unconsolidated subsidiaries	65	-	65	-
Balance at the end of the period	216,271	202,255	14,016	209,020

## (4) Consolidated Statements of Cash Flows (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

	<u>Millions of Yen</u>		
	<u>Three months ended Mar.31,</u>		
(Three months ended Mar. 31, 2003 and 2002)	2003	2002	variance
<b>OPERATING ACTIVITIES:</b>			
Income before income taxes and minority interests	10,697	8,145	2,552
Adjustments for:			
Income taxes - paid	-1,331	-2,557	1,226
Depreciation and amortization	5,061	5,550	-489
Amortization of Goodwill	-	469	-469
Reversal of accrued bonuses to employees	1,602	1,782	-180
Reversal of accrued retirement benefits	1	-491	492
Provision for (Reversal of ) reserve for periodic repairs	-122	29	-151
Equity in earnings of associated companies	-64	-51	-13
Foreign exchange gain	-12	-110	98
Devaluation losses on non-current marketable securities	15	281	-266
Gain on sales of property, plant and equipment and inv. securities	-	-181	181
Loss on disposal of property, plant and equipment and inv. securities	1,075	1,166	-91
Gain on transfer of businesses	-488	-	-488
Other	471	114	357
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	2,725	395	2,330
(Increase) decrease in inventories	1,778	1,820	-42
(Increase) decrease in other current assets	1,800	420	1,380
Increase (decrease) in notes and accounts payable	-792	-738	-54
Increase (decrease) in other current liabilities	-172	1,454	-1,626
Payment of retire benefit payable	-22,325	-	-22,325
<b>Total adjustment</b>			
<b>Net cash provided by operating activities</b>	<b>-79</b>	<b>17,497</b>	<b>-17,576</b>
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	-3,901	-3,788	-113
Proceeds from sales of property, plant and equipment	186	124	62
Purchases of investment securities	-238	0	-238
Proceeds from sales of investment securities	13	1,601	-1,588
Payments for purchases of consolidated subsidiaries, net of cash acquired	-1,301	-400	-901
Increase in investments and other assets	-404	-674	270
Decrease in investments and other assets	44	230	-186
Proceeds from transfer of business	893	-	893
<b>Net cash used in investing activities</b>	<b>-4,707</b>	<b>-2,907</b>	<b>-1,800</b>
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term borrowings	-344	-153	-191
Repayment of long term bank loans	-7	-85	78
Net (increase) decrease in treasury stock	-6,939	-11	-6,928
Dividends paid	-45	-	-45
<b>Net cash used in financing activities</b>	<b>-7,337</b>	<b>-250</b>	<b>-7,087</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>-12,124</b>	<b>14,339</b>	<b>-26,463</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	-11,781	212	-11,993
Cash and cash equivalents of merged unconsolidated subsidiaries, beginning of y	41	-	41
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<b>87,434</b>	<b>51,769</b>	<b>35,665</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>75,694</b>	<b>66,321</b>	<b>9,373</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
2. Number of unconsolidated subsidiaries : None
3. Number of affiliates : 6 companies  
(Number of affiliates accounted for by the equity method : 2 companies;  
Major affiliate : NH TECHNO GLASS CORPORATION)

### 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, 2002 :No change in the number of subsidiaries in total.

1 company increased due to the establishment:

HOYA HEALTHCARE SINGAPORE PTE LTD. (Singapore)

1 company increased due to the acquisition:

HOYA LENS OF CHICAGO, INC. (USA)

2 companies decreased due to the merger:

HOYA CRYSTAL CORPORATION (Japan)

HOYA CRYSTAL SHOP CORPORATION (Japan)

(The above two companies were merged into HOYA CORPORATION.)

In comparison to Mar. 31, 2002 :1company increased in total.

2 companies increased due to the establishment:

HOYA ADVANCED SEMICONDUCTOR TECHNOLOGIES CORPORATION (Japan)

HOYA HEALTHCARE SINGAPORE PTE LTD. (Singapore)

1 company increased due to the acquisition:

HOYA LENS OF CHICAGO, INC. (USA)

2 companies decreased due to the merger:

HOYA CRYSTAL CORPORATION (Japan)

HOYA CRYSTAL SHOP CORPORATION (Japan)

(The above two companies were merged into HOYA CORPORATION.)

##### b. Application of the equity method :No change

#### 2. Changes in accounting policy :

None

	as of Mar. 31, 2003	as of Dec. 31, 2002	variance	as of Mar. 31, 2002
Consolidated subsidiaries	52 (do 6, os46)	52 (do 8, os44)	- (do-2, os +2)	51 (do 7, os44)
Nonconsolidated subsidiaries	- (do -, os -)	3 (do 3, os -)	-3 (do-3, os -)	- (do -, os -)
Affiliates	6 (do 6, os -)	6 (do 6, os -)	- (do-, os-)	6 (do 6, os -)
<b>Total Hoya Group</b>	<b>58</b>	<b>61</b>	<b>-3</b>	<b>57</b>

(do : domestic, os : overseas)

## Notes Relating to Consolidated Statements of Cash Flows

1. Cash and Cash Equivalents at the End of the Period	Millions of Yen		
	As of Mar. 31,		As of Dec. 31,
	2003	2002	2002
Cash and deposits	75,694	66,321	87,434
Marketable securities	-	-	-
Total	<u>75,694</u>	<u>66,321</u>	<u>87,434</u>

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

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

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

	Millions of Yen
Current assets	309
Goodwill	1,132
Fixed assets	-
Current liabilities	93
Long-term liabilities	-
Value for acquisition of shares of this subsidiary	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>

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

EAGLE OPTICS, INC. ( as of Feb. 1, 2002 )

Current assets	76
Goodwill	469
Fixed assets	61
Current liabilities	-72
Long-term liabilities	-52
Value for acquisition of shares of this subsidiary	480
Cash and cash equivalents possessed by this subsidiary	-6
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>474</u>

THAI HOYA LENS LTD. ( as of Mar. 31, 2002 )

Current assets	411
Fixed assets	64
Current liabilities	-54
Long-term liabilities	-4
Adjustment of consolidation	-147
Stock of company of the equity method	-212
Value for acquisition of shares of this subsidiary	58
Cash and cash equivalents possessed by this subsidiary	-132
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>-73</u>

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

None

## Notes Relating to Consolidated Statements of Cash Flows 2

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

<u>Three months ended Mar. 31, 2003</u>	<u>Millions of Yen</u>
<b>HOYA CUSTOMER SERVICE CORPORATION ( as of Mar. 1, 2003 )</b>	
Current assets	22
Fixed assets	<u>0</u>
Total assets	<u>22</u>
Current liabilities	6
Long-term liabilities	<u>-</u>
Total liabilities	<u>6</u>
<b>HOYA TECHNO-PROCESS CORPORATION (as of Mar. 1, 2003)</b>	
Current assets	41
Fixed assets	<u>0</u>
Total assets	<u>41</u>
Current liabilities	26
Long-term liabilities	<u>-</u>
Total liabilities	<u>26</u>
<b>H.C.S.NISHI-NIHON CORPORATION ( as of Mar. 1, 2003 )</b>	
Current assets	18
Fixed assets	<u>-</u>
Total assets	<u>18</u>
Current liabilities	4
Long-term liabilities	<u>-</u>
Total liabilities	<u>4</u>
<u>Three months ended Mar. 31, 2002</u>	
None	
<u>Three months ended Dec. 31, 2002</u>	
None	

## Notes Relating to Investment Securities and Derivatives

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

( Millions of Yen )

	As of								
	<u>Mar.31, 2003</u>			<u>Dec.31, 2002</u>			<u>Mar.31, 2002</u>		
Available-for-sale	Cost	Fair Value	Variance	Cost	Fair Value	Variance	Cost	Fair Value	Variance
Available-for-sale :									
Marketable Equity securities	145	170	25	202	161	40	399	589	189
Government bonds	-	-	-	-	-	-	-	-	-
Corporate bonds	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>145</b>	<b>170</b>	<b>25</b>	<b>202</b>	<b>161</b>	<b>40</b>	<b>399</b>	<b>589</b>	<b>189</b>

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

( Millions of Yen )

	As of		
	<u>Mar.31, 2003</u>	<u>Dec.31, 2002</u>	<u>Mar.31, 2002</u>
Non-marketable stock of subsidiaries	4,911	4,961	4,760
<b>Total</b>	<b>4,911</b>	<b>4,961</b>	<b>4,760</b>
Non-marketable equity securities	657	453	466
Non-marketable corporate bonds	-	-	-
Non-marketable foreign bond	-	-	-
Commercial paper	-	-	-
<b>Total</b>	<b>657</b>	<b>453</b>	<b>466</b>

### 3. Derivatives

None

## Notes Relating to Tax Effect Accounting

(As of Mar.31, 2003, Dec.31, 2002 and Mar.31, 2002)

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

	<u>Millions of Yen</u>		
	<u>As of</u>		
	<u>Mar. 31,</u>	<u>Dec.31,</u>	<u>Mar.31,</u>
	<u>2003</u>	<u>2002</u>	<u>2002</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	1,266
Excess deductible amount of expenses for accrued bonus	1,361	607	1,089
Inventories - intercompany unrealized profits	829	779	921
Enterprise tax not deductible	76	-	351
Other deferred tax assets	772	564	622
Total amount of deferred tax assets - current	<u>4,304</u>	<u>5,311</u>	<u>4,250</u>
Deferred tax liabilities			
Prepaid pension expenses	-	-	-518
Other deferred tax liabilities	-334	-314	-116
Total amount of deferred tax liabilities - current	<u>-334</u>	<u>-314</u>	<u>-635</u>
Net amount of deferred tax assets - current	<u>3,969</u>	<u>4,996</u>	<u>3,615</u>
<b>(2) Non-current deferred tax assets and liabilities</b>			
Deferred tax assets			
Excess amount of inclusion in deductible expenses for depreciator	1,589	1,887	2,910
Excess amount of inclusion in deductible expenses for reserve for employees' retirement benefits	-	-	2,548
Amount denied of evaluation loss of fixed assets	913	705	677
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	401	279	246
Other deferred tax assets	1,382	2,222	2,253
Total amount of deferred tax assets - fixed	<u>4,286</u>	<u>5,094</u>	<u>8,635</u>
Deferred tax liabilities			
Reserve for deferred income taxes on fixed assets	-582	-599	-656
Special depreciation reserve	-312	-345	-344
Difference of evaluation of other marketable securities	-10	-6	-78
Other deferred tax liabilities	-171	-171	-145
Total amount of deferred tax liabilities - fixed	<u>-1,076</u>	<u>-1,122</u>	<u>-1,224</u>
Net amount of deferred tax assets - fixed	<u>3,210</u>	<u>3,972</u>	<u>7,411</u>

## Notes Relating to Employees' Retirement Benefits

(Three months ended Mar. 31, 2003 and 2002)

### 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.

	<u>Millions of Yen</u>		
	<u>As of</u>		
	<u>Mar.31,</u>	<u>Dec.31,</u>	<u>Mar.31,</u>
	<u>2003</u>	<u>2002</u>	<u>2002</u>
2. <u>Details of liabilities for employees' retirement benefits</u>			
(1) Breakdown of liabilities for employees' retirement benefits			
Liabilities for employees' retirement benefits	-	-	66,510
Pension assets	-	-	-37,126
Accrued liabilities for employees' retirement benefits	-	-	29,383
Unappropriated amount of the difference arising from the change in accounting standards	-	-	2,745
Unrecognized prior service cost (decrease in liabilities)	-	-	1,696
Unrecognized actuarial differences (increase in liabilities)	-	-	-27,756
Prepaid pension expenses	-	-	1,243
Reserve for employees' retirement benefits	-	-	7,311
Lump-sum retirement benefit payable	-	7,051	-
Coverage to Company's employees pension fund payable	-	15,274	-

	<u>Three months ended</u>		
	<u>Mar.31,</u>	<u>Dec.31,</u>	<u>Dec.31,</u>
	<u>2003</u>	<u>2002</u>	<u>2002</u>
(2) Breakdown of expenses for employees' retirement benefits			
Service cost	-	419	566
Interest expenses	-	470	411
Expected return of investments	-	-549	-507
Difference arising from the change in accounting standards	-	-53	-52
Prior service cost	-	-41	-40
Actuarial differences	-	257	593
sub total	-	504	969
Coverage to Company's employees pension fund	-	-	14,949
Lump-sum retirement benefit	-	-	351
Additional retirement benefits paid to employees	611	1,126	1,658
Expenses for employees' retirement benefits	611	1,630	17,928

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

### 3. Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

#### (1) Industry Segments

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

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
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)	-
<b>Total</b>	<b>28,091</b>	<b>1,161</b>	<b>25,204</b>	<b>6,757</b>	<b>1,157</b>	<b>1,214</b>	<b>63,583</b>	<b>(1,930)</b>	<b>61,653</b>
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	4,354
R&D Expenses	1,675	60	541	267	-18	-	2,525	-1	2,524
Number of employees (p)	6,509	135	6,321	617	201	129	13,912	47	13,959

**Fourth quarter : for the three months ended March 31, 2002**

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	25,203	1,956	24,432	6,030	1,855	345	59,819	-	59,819
Intersegment	55	-	5	0	4	919	984	(984)	-
<b>Total</b>	<b>25,258</b>	<b>1,956</b>	<b>24,437</b>	<b>6,030</b>	<b>1,858</b>	<b>1,263</b>	<b>60,803</b>	<b>(984)</b>	<b>59,819</b>
Operating expenses	18,638	2,113	20,069	5,207	1,956	1,244	49,227	(391)	48,837
Operating income	6,619	-157	4,368	823	-97	20	11,576	(593)	10,982
Operating margin	26.2%	-8.0%	17.9%	13.6%	-5.2%	1.6%	19.0%	-	18.4%
Assets	111,805	4,515	92,309	15,815	8,683	3,444	236,575	41,492	278,067
Depreciation	3,884	37	1,321	142	128	8	5,520	30	5,550
Capital Expenditures	2,866	18	1,293	112	8	-	4,296	0	4,297
R&D Expenses	1,307	141	401	161	9	-	2,022	0	2,022
Number of employees (p)	5,671	235	6,311	624	303	123	13,267	44	13,311

Ref:

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

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimi. or corp.*	Consolidated
Net sales:									
To outside customers	2,875	-795	-305	727	-705	35	1,834	-	1,834
Variance	11.4%	-40.6%	-1.2%	12.1%	-38.0%	10.1%	3.1%	-	3.1%
Intersegment	-43	-	1,072	0	4	-86	946	-946	-
<b>Total</b>	<b>2,833</b>	<b>-795</b>	<b>767</b>	<b>727</b>	<b>-701</b>	<b>-49</b>	<b>2,780</b>	<b>-946</b>	<b>1,834</b>
Operating expenses	1,190	-812	1,105	225	-637	-83	989	-1,172	-184
Operating income	1,644	16	-338	502	-63	33	1,791	225	2,018
Variance	24.8%	-	-7.7%	61.0%	-	165.0%	15.5%	-	18.4%
Assets	3,072	-1,818	5,768	631	-274	-1,012	6,365	-10,144	-3,779
Depreciation	-532	-19	105	4	-37	0	-479	-10	-489
Capital Expenditures	-91	48	-186	-18	147	-	-100	158	57
R&D Expenses	368	-81	140	106	-27	-	503	-1	502
Number of employees (p)	838	-100	10	-7	-102	6	645	3	648

\*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	Lazer 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.

Business of hearing aids in Healthcare segment was sold to the Harmony Corporation (Japan) with effect on Mar.31, 2003.

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 Mar. 31, 2003 and 2002 are as follows:

<u>2003</u>	<u>2002</u>
578 Million Yen	650 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 Mar. 31, 2003 and 2002 are as follows:

<u>2003</u>	<u>2002</u>
51,570 Million Yen	51,631 Million Yen



### (3) Sales to Foreign Customers

#### 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	27,699
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%

#### Fourth quarter : for the three months ended March 31, 2002

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	11,146	10,596	6,468	23	28,233
Consolidated Sales (B)					59,819
Overseas Sales ratio A/B	18.7%	17.7%	10.8%	0.0%	47.2%
Regional Sales ratio	39.5%	37.5%	22.9%	0.1%	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)	-2,139	-900	2,527	-21	-534
Consolidated Sales (B)					1,834
Variance of Overseas Sales	-19.2%	-8.5%	39.1%	-91.3%	-1.9%

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, 2003 and 2002)

Business Category Company	Millions of Yen [%]				
	Three months ended Mar. 31,		Variance		Three months ended
	2003	2002	Value	%	Dec.31, 2002
<b>Electro-Optics</b>					
Domestic	16,426 ( 58.5 )	13,206 ( 52.4 )	3,220	24.4	16,391 ( 57.0 )
Overseas	11,652 ( 41.5 )	11,996 ( 47.6 )	-344	-2.9	12,361 ( 43.0 )
total	28,078 [ 45.5 ]	25,203 [ 42.1 ]	2,875	11.4	28,752 [ 46.7 ]
<b>Photonics</b>					
Domestic	781 ( 67.3 )	1,168 ( 59.7 )	-387	-33.1	820 ( 64.8 )
Overseas	379 ( 32.7 )	788 ( 40.3 )	-409	-51.9	445 ( 35.2 )
total	1,161 [ 1.9 ]	1,956 [ 3.3 ]	-795	-40.6	1,265 [ 2.1 ]
<b>Information Technology</b>					
Domestic	17,207 ( 58.8 )	14,373 ( 52.9 )	2,834	19.7	17,211 ( 57.3 )
Overseas	12,032 ( 41.2 )	12,785 ( 47.1 )	-753	-5.9	12,806 ( 42.7 )
total	29,239 [ 47.4 ]	27,158 [ 45.4 ]	2,081	7.7	30,017 [ 48.7 ]
<b>Vision Care</b>					
Domestic	8,571 ( 35.5 )	9,207 ( 37.7 )	-636	-6.9	8,725 ( 37.9 )
Overseas	15,555 ( 64.5 )	15,225 ( 62.3 )	330	2.2	14,268 ( 62.1 )
total	24,127 [ 39.1 ]	24,432 [ 40.8 ]	-305	-1.2	22,993 [ 37.3 ]
<b>Health Care</b>					
Domestic	6,739 ( 99.7 )	6,012 ( 99.7 )	727	12.1	6,681 ( 99.8 )
Overseas	18 ( 0.3 )	18 ( 0.3 )	0	0.0	13 ( 0.2 )
total	6,757 [ 11.0 ]	6,030 [ 10.1 ]	727	12.1	6,693 [ 10.9 ]
<b>Eye Care</b>					
Domestic	15,310 ( 49.6 )	15,219 ( 50.0 )	91	0.6	15,406 ( 51.9 )
Overseas	15,573 ( 50.4 )	15,244 ( 50.0 )	329	2.2	14,281 ( 48.1 )
total	30,884 [ 50.1 ]	30,462 [ 50.9 ]	422	1.4	29,686 [ 48.2 ]
<b>Crystal</b>					
Domestic	1,056 ( 91.8 )	1,649 ( 88.9 )	-593	-36.0	1,319 ( 90.0 )
Overseas	94 ( 8.2 )	205 ( 11.1 )	-111	-54.1	147 ( 10.0 )
total	1,150 [ 1.9 ]	1,855 [ 3.1 ]	-705	-38.0	1,466 [ 2.4 ]
<b>Service</b>					
Domestic	380 ( 100.0 )	344 ( 99.7 )	36	10.5	457 ( 100.0 )
Overseas	0 ( - )	0 ( 0.3 )	0	-	0 ( - )
total	380 [ 0.6 ]	345 [ 0.6 ]	35	10.1	457 [ 0.7 ]
<b>Lifestyle Refinement</b>					
Domestic	1,437 ( 93.9 )	1,993 ( 90.6 )	-556	-27.9	1,776 ( 92.4 )
Overseas	94 ( 6.1 )	205 ( 9.4 )	-111	-54.1	147 ( 7.6 )
total	1,530 [ 2.5 ]	2,199 [ 3.7 ]	-669	-30.4	1,923 [ 3.1 ]
<b>Total Net Sales</b>					
Domestic	33,954 ( 55.1 )	31,587 ( 52.8 )	2,367	7.5	34,394 ( 55.8 )
Overseas	27,698 ( 44.9 )	28,233 ( 47.2 )	-535	-1.9	27,234 ( 44.2 )
Total	61,653 [ 100.0 ]	59,819 [ 100.0 ]	1,834	3.1	61,627 [ 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.