



## Annual Financial Highlights (unaudited)

April 22, 2002

HOYA CORPORATION and Consolidated Subsidiaries

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### Performance for the years ended March 31, 2002 and 2001

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

	Years ended March 31,		Variance (%)
	2002	2001	
<b>(1) Results of Operations</b>			
Net sales	¥235,265	¥236,802	-0.6
Operating income	43,897	45,127	-2.7
Ordinary income	45,774	48,184	-5.0
Net income	23,740	21,860	8.6
Net income per share (Yen)	¥204.44	¥188.25	
ROE	11.5%	11.8%	
Ordinary income / total assets	16.8%	19.0%	
Ordinary income / net sales	19.5%	20.3%	

Notes : No changes have been made in accounting policy.

	Years ended March 31,	
	2002	2001
<b>(2) Dividends</b>		
Annual cash dividends per share (Yen)	¥50.00	¥50.00

	As of March 31,	
	2002	2001
<b>(3) Financial Position</b>		
Total assets	¥278,067	¥267,610
Shareholders' equity	219,180	195,333
Shareholders' equity ratio	78.8%	73.0%
Shareholders' equity per share (Yen)	¥1,887.50	¥1,682.10

	Years ended March 31,	
	2002	2001
<b>(4) Conditions of Cash Flow</b>		
Net cash provided by operating activities	¥41,023	¥42,737
Net cash used in investing activities	-19,653	-39,465
Net cash provided by (used in) financing activities	-8,186	-4,563
Cash and cash equivalents, end of period	¥66,321	¥51,697

### Ref: Performance of HOYA CORPORATION for the years ended March 31, 2002 and 2001

	2002	2001	Variance(%)
Net sales	¥151,789	¥151,166	0.4
Operating income	23,985	29,852	-19.7
Ordinary income	30,169	35,945	-16.1
Net income	15,333	12,283	24.8
Net income per share (Yen)	¥132.04	¥105.78	
Total assets	217,074	217,967	
Shareholders' equity	¥171,933	¥162,102	

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## 2.Global Group Management

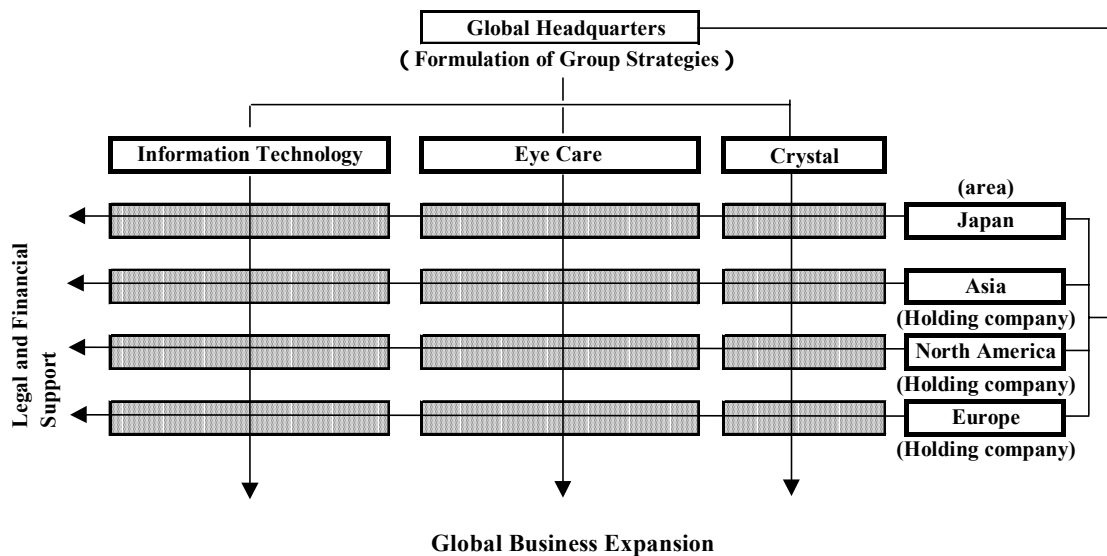
The HOYA Group consists of the HOYA CORPORATION (the "Company"), 51 consolidated subsidiaries (7 in Japan and 44 overseas) and six affiliates (6 in Japan). The HOYA Group is engaged in manufacturing, sales and businesses related to Electro-Optics, Photonics, Vision Care, Health Care and Crystal products. Of the six affiliates, two (2 in Japan) are accounted for using the equity method (as of March 31, 2002).

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

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

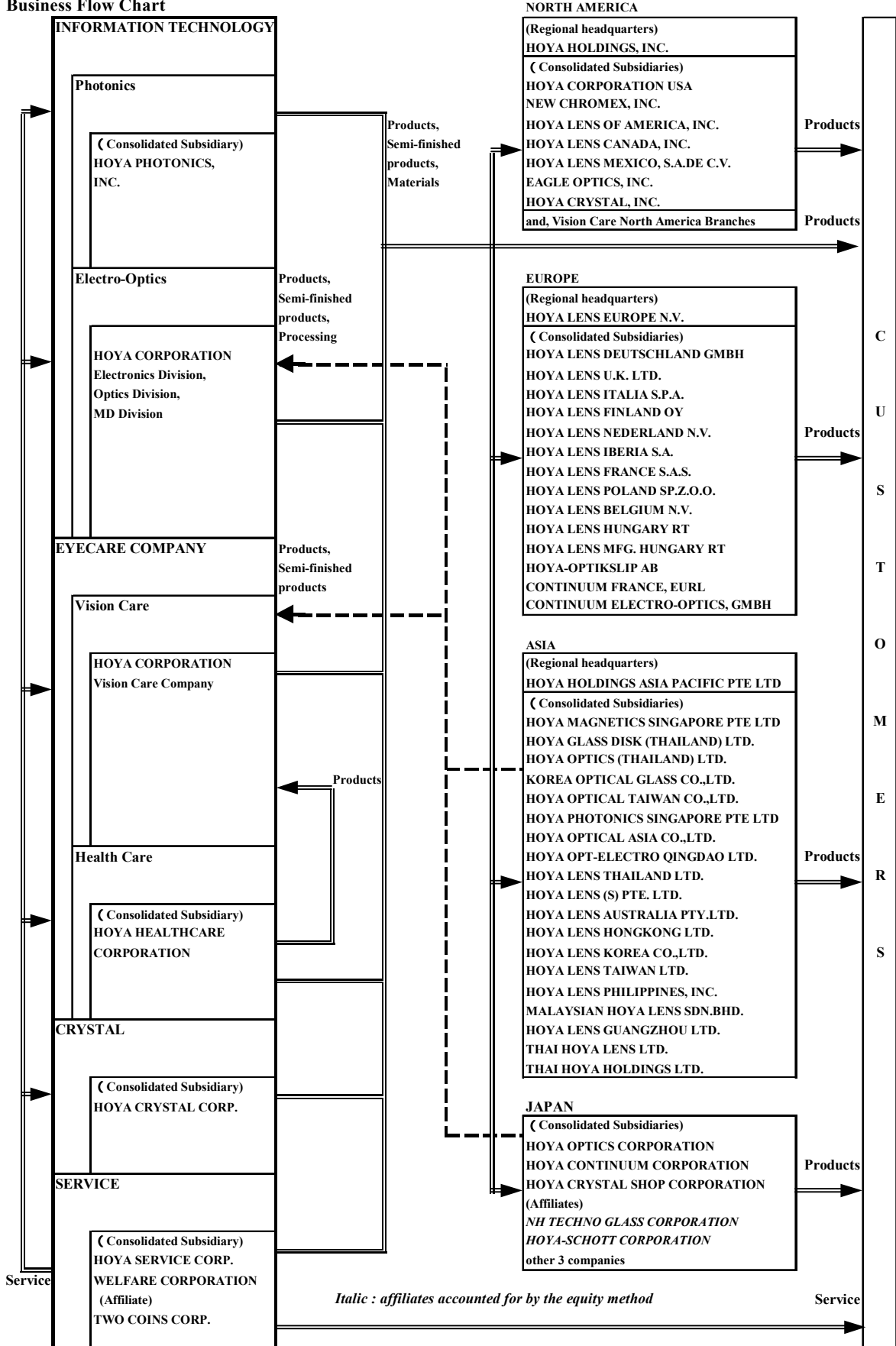
By area, regional holding companies in North America, Europe and Asia are in charge of reinforcing relationships with the countries and areas in their respective regions, financial management on a regional basis, legal support and internal audits, thereby supporting the promotion of business activities.

### Global Group Management System



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

**Business Flow Chart**



## **2. Management Policies**

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

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

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

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

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

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

We believe that a business should be managed so as to maximize shareholder value. With a view to ensuring that the board of directors adequately represents the shareholders' interests, the Company has co-opted three external directors (half of numbers of board members) to supervise and advise the senior management.

#### **3. Strategy of "Being a big fish in a small pond"**

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

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

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

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

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

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

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

### 3. Business Overview

#### 3-1. Results of Operations

##### (1) General Overview

<u>Results of Operations</u>	<u>Millions of Yen</u> <u>Year ended Mar. 31, 2002</u>
Net sales	¥235,265
Operating income	43,897
Ordinary income	45,774
Net income	¥23,740
Net income per share(Yen)	¥204.44

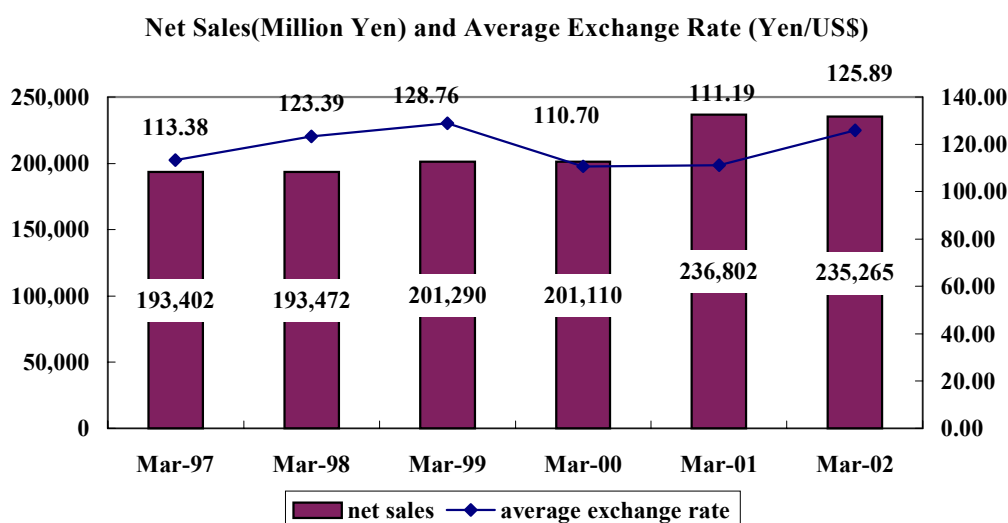
In the fiscal year under review (the “Fiscal Year” ended in March 31, 2002), the depression carried over from the previous period led by the IT (information technology) industry deteriorated further. Business for semi-conductors and electronic components crumbled. Inventory adjustment, depressed plant and equipment investment and production adjustment persisted. The terrorist attacks in the United States in September 2001 had a weighty impact in Japan, too, and the unclear business outlook stiffened. Concern over employment was further aggravated amid the failure of large firms and personnel layoffs.

At the start of the year 2002, some signs of recovery in the IT-led industry were observed in the United States and production centers in Asia have been hankering for plant and equipment investment, but they are not stable yet. Solid recovery of business conditions has yet to come fully into sight.

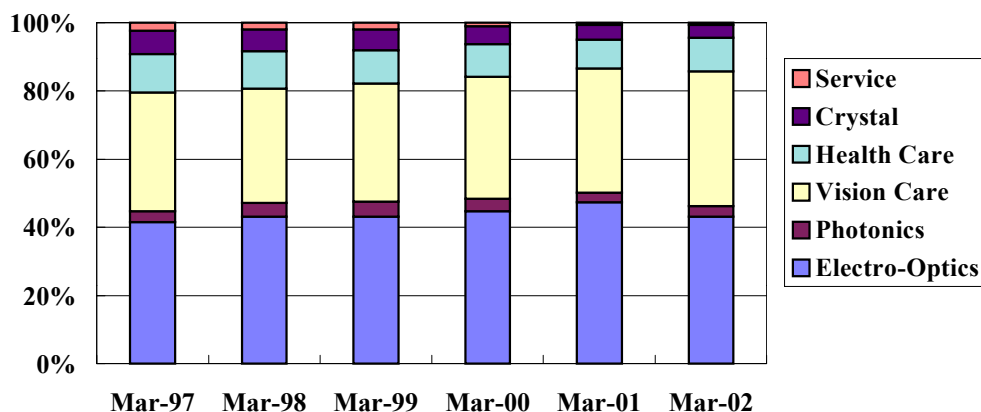
In the currency markets, the US dollar appreciated by 13.2%, the Euro by 10.5%, and the Thai baht by 6.8%, all against the yen, respectively on a year-on-year basis.

In this business environment, HOYA Group made forecasts, at the beginning of Fiscal 2001, of difficult conditions in the Electro-Optics segment. HOYA implemented policies to tide over this depression period by developing the Eye Care segment, in which significant investments had been made in the previous fiscal year, so as to make up for a decline in the Electro-Optics. As a result, sales of the Electro-Optics segment decreased 9.7% while Eye-Care sales increased 9.4%, respectively, on a year-on-year basis. Sales of the HOYA Group as a whole decreased merely 0.6% on a year-on-year basis.

In Fiscal 2001, sales in Japan decreased 3.6% while sales overseas increased 3.4%, respectively, on a year-on-year basis. The proportion of domestic to overseas sales was 56 versus 44.



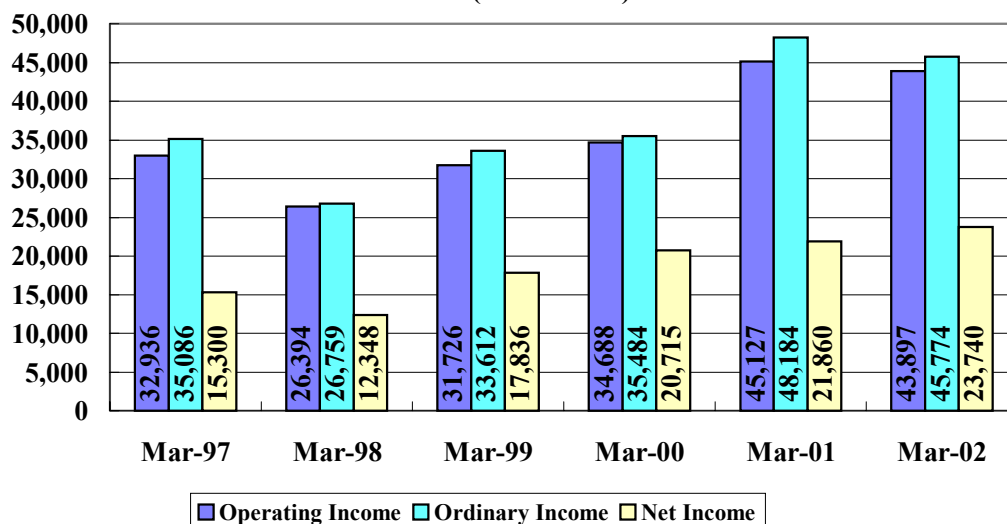
Ratio of Net Sales by Business Segment



In Fiscal 2001, sales of the Electro-Optics segment decreased on a year-on-year basis as the impact of the IT-led depression became more obvious since the second quarter. To counterbalance this, the Group made cost-control efforts through structural reform including the transfer overseas of production facilities. Sales and profits of the Vision Care segment increased resulting from increased sales at the newly established laboratories and acquired companies and from high-value-added products. Sales and profits of the Health Care segment also increased resulting from the launch of new products. However, the Company was not able to offset sales decline of Electro-Optics. Operating income and ordinary income decreased 2.7% and 5.0% on a year-on-year basis respectively during Fiscal 2001.

During Fiscal 2001, extraordinary losses such as from the sale of investment securities, additional expenditure for early retirement resulting from structural reform, and losses on disposal of fixed assets, etc. Consequently, extraordinary losses amounted to Yen 8,700 million. During the previous fiscal year, the amortization of goodwill of subsidiaries in the United States had been accounted for as a Yen 14,347 million extraordinary loss. As a result, net income increased 8.6% on a year-on-year basis. EPS was Yen204.44, an increase of Yen16.19 compared to that of the previous fiscal year.

Profits (Million Yen)

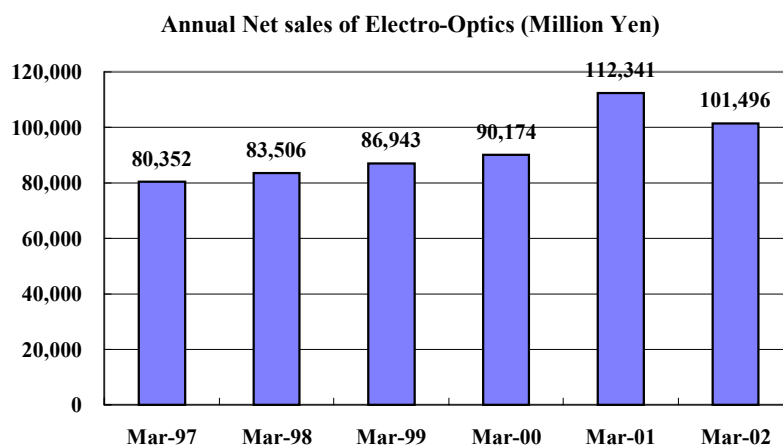


HOYA continually strives to increase our shareholder value to meet the expectations of our shareholders. For the dividends of Fiscal 2001, we plan to pay a year-end dividend of Yen 25 per share in consideration of the results. Combined with the interim dividend of Yen 25 per share (paid), the annual dividend per share will be Yen 50, remaining the same as that of the previous year.

## (2) Segment Overview

### 1) Information Technology

#### Electro-Optics



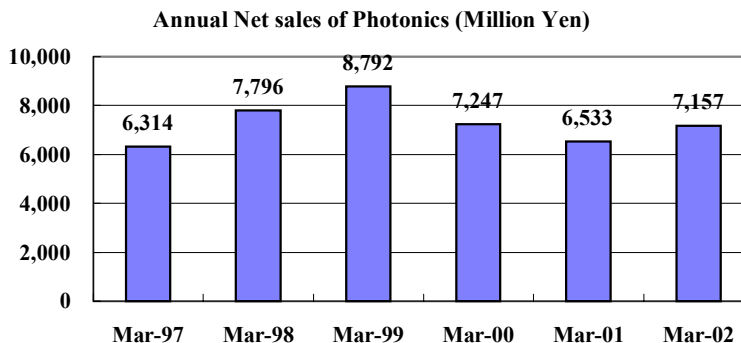
Business in mask blanks for manufacturing semiconductors was affected by the sluggish market and inventory adjustments by our clients, especially in the American and European markets. Demand in Asian markets including South Korea and Taiwan were relatively stable centered on high-precision products and in the American and European markets, too, some recovery of demand was observed in the latter half of Fiscal 2001. Sales, however, decreased on a year-on-year basis. Sales of photomasks for manufacturing semiconductors decreased due to a decline in the operating ratios of major semiconductor manufacturers and a decrease in the quantity of masks used for manufacturing. Sales of photomasks for LCDs, on the other hand, increased on a year-on-year basis as demand for large-sized masks was maintained in South Korea and Taiwan and for high-precision ones in Japan.

In terms of glass disks for HDDs (Hard Disk Drives), while sales of glass substrates (“Substrates”) was favorable and increased on a year-on-year basis, sales of coated products (“Media”) decreased substantially due to production and inventory adjustments by HDD manufacturers. Sales of glass disks for HDDs as a whole decreased on a year-on-year basis.

Sales of optical glass materials declined substantially due to the prolonged inventory adjustment in the market. Sales of aspheric molded and polished lenses for digital still and video cameras were also sluggish as a result of the market and decreased on a year-on-year basis.

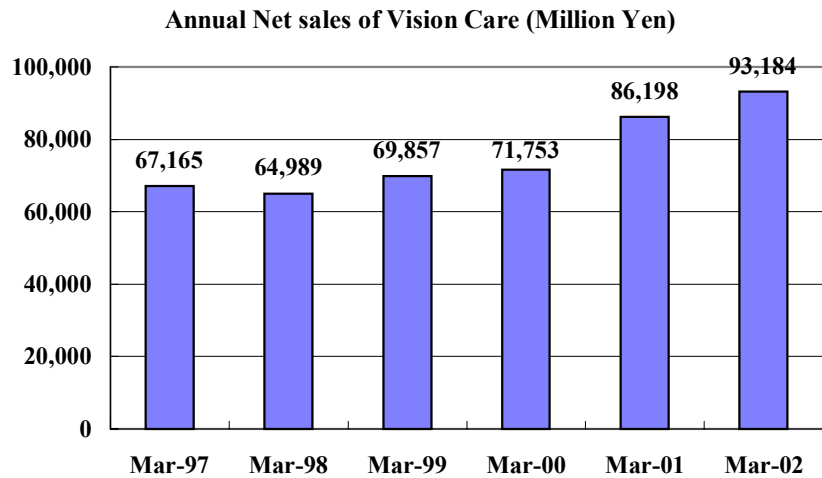
Sales of optical-communication-related products decreased substantially on a year-on-year basis as markets in North America cooled down.

#### Photonics



In terms of laser-related equipment, sales of equipment for medical use in the United States, that for scientific use in Europe and that for industrial use (related to semiconductor and liquid crystal), in Japan, etc., were favorable and overall sales increased on a year-on-year basis.

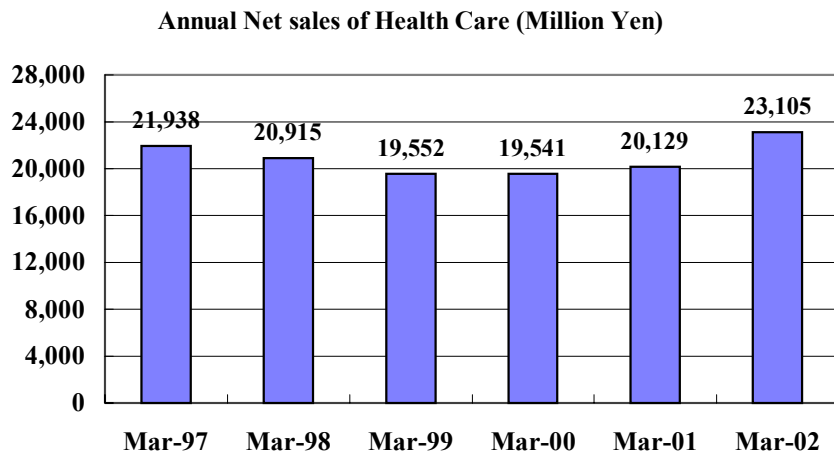
## 2) Eye Care Vision Care



Conditions in the domestic market for eyeglass lenses remained tough as the unit price fell due to the sluggish economy and to the recent preponderance of discount shops. HOYA developed various proactive sales promotion measures in line with the introduction of new products so as to strengthen the HOYA brand and further promoted added value of products centered on progressive lenses. As a result, sales remained at the same level as that in the previous year.

Overseas, HOYA promoted its added value and improvements in the progression ratio of lenses in particular. In Asia and Europe, sales of such high-value-added products as progressive and highly refractive lenses, etc. increased. In the United States, too, sales increased as business grew steadily at laboratories of the North American branch (formerly "Hoya Optical Laboratories, Inc.", a group company) of the HOYA Corporation. The sales growth was also helped by a weak yen against the US dollar and Euro in the currency markets on a year-on-year basis.

## Health Care

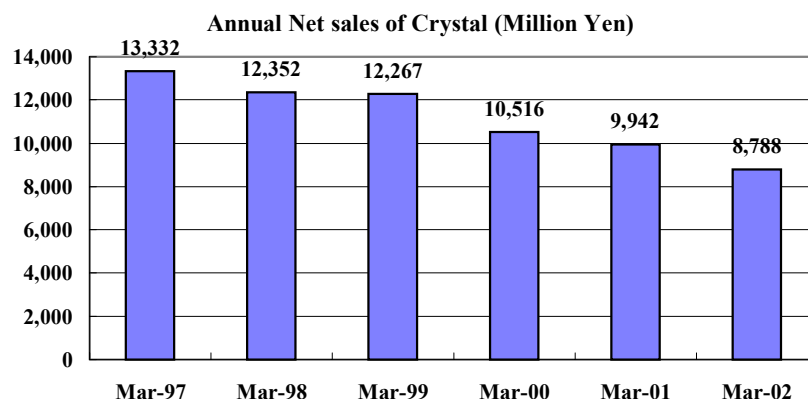


Sales of contact lenses increased on a year-on-year basis thanks to the reinforced sales promotion of high-value-added products including lenses for astigmatic eyes and bifocal lenses and of products backed by our "E-System" of lens compensation services. It was also helped by the effects of the Scrapping & Building of retail outlets.

Sales of intraocular lenses increased on a year-on-year basis as shipment of "Acryfold," a new soft lens product, commenced following the acquisition at the end of October of approval for manufacturing the product. Sales of hearing aids decreased slightly on a year-on-year basis despite of proactive sales promotions and advertising focused on important areas and to a sales promotion centered on high-performance models.

### 3) Lifestyle Refinement

#### Crystal



Sales of crystal decreased on a year-on-year basis as corporate and ceremonial demand for gifts declined substantially amid the sluggish economy.

### **(3) Special Note Regarding NH Techno Glass Corporation**

At the plant of NH Techno Glass Corporation, a LCD glass substrate manufacturer and a joint venture company of the HOYA Corporation and Nippon Sheet Glass Co., Ltd., an accident took place in the end of last year in which powdery dust containing arsenite was mistakenly scattered outside of the plant. HOYA sincerely apologizes for causing considerable trouble in the neighborhood.

After the accident, the plant shut down all of its operations and implemented measures to prevent the recurrence of such accidents. It restarted operations in those sections whose safety had been confirmed. In terms of the impact of this accident on the results of Fiscal 2001, approximately Yen 200 million is accounted for under "Equity in earnings of associated companies" in the non-operating income.

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

### **(1) Conditions of Assets**

	<u>Millions of Yen</u>
	<u>As of Mar. 31, 2002</u>
Total assets	¥278,067
Shareholders' equity	¥219,180
Shareholders' equity ratio	78.8%

At the end of Fiscal 2001, the outstanding balance of cash and deposits increased by Yen 21.6 billion, while Yen 7 billion in marketable securities and Yen 3.9 billion of investment securities decreased. Total Assets, therefore, increased by Yen 10.5 billion. Liabilities decreased by Yen 12.9 billion. Shareholders' Equity increased by Yen 23.8 billion as the surplus increased.

### **(2) Conditions of Cash Flows**

	<u>Millions of Yen</u>
	<u>Year ended Mar. 31, 2002</u>
Net cash provided by operating activities	¥41,023
Net cash used in investing activities	-19,653
Net cash provided by (used in) financing activities	-8,186
Cash and cash equivalents, end of period	¥66,321

In terms of Cash flows from operating activities, on the basis of Yen 23.7 billion in Net Income, Yen 19.6 billion of Depreciation and amortization, Net cash provided by operating activities amounted to Yen 41 billion. Net cash used in investing activities amounted to Yen 19.7 billion centered mainly on the reinforcement of plant and equipment for Electro-ptics segment. Free cash flow amounted to Yen 21.4 billion and was apportioned to repayments of loans, payments of dividends, etc. Amount of Cash and cash equivalent increased by Yen 14.6 billion in comparison to that of the beginning of the fiscal year.

## **3-3. Business Plans for the Year Ending March 31, 2003**

### **1) Market Environment**

In the last quarter of Fiscal 2001, production and inventory adjustments forged in the IT-related industries mainly in the United States and Europe and a certain amount of optimism returned. Signs of a recovery in business conditions reappeared as indicated by a proactive increase in plant and equipment investment by IT-related companies in Asia, mainly in South Korea and Taiwan.

Such signs, however, are still limited. As outlook for the coming fiscal year 2002, first half would be steady while market condition in the latter half might be quite uncertain in worldwide basis. On the other hand, personal consumption remains sluggish amid prolonged instability of employment and price cuts, etc. Tough conditions surrounding demand for consumption goods are expected to stay.

### **2) Issues for Management**

In this business environment, we at HOYA Group will concentrate our efforts and resources on those business operations in which we will be able to create a competitive advantage in global markets and will enhance our technological advantage so as to gain the strong support of our customers.

At the same time, we will continue our research and development efforts with a futuristic view. We will continuously bring about new businesses, new products and new markets for this era centered on such areas as optical communication and medical care, etc., in which we expect to be able to implement our advantage.

### **3) Issues for Business**

In the information and telecommunications area, we will reinforce sales centered on high precision products and will make efforts to further reduce costs. We will secure our competitive advantage in such products as mask blanks for manufacturing semiconductors, photomasks for manufacturing semiconductors, aspheric molded lenses, etc., of which we have the top shares in terms of sales, and will strengthen the relationship of trust with our customers. For other products, we will bring about stable supply with reconstruction of business structures and/or reinforcement of production bases so as to broaden our customers' support.

In terms of the Vision Care segment, there is concern over sluggish personal consumption and the fall in unit prices in Japan. We will reconstruct our business structures including realignment of production bases to meet the changes in these markets. At the same time, we will supply products including new products for which customers' support will be gained. Overseas, we will utilize our laboratories in every region efficiently and will engage in expanding our area-based high-added-value strategy.

With regard to contact lenses, we will strengthen our sales through new openings and the Scrapping & Building program for retail outlets to meet consumption trends and by extending our product line. For intraocular lenses, we will engage in expanding sales of soft lens, a new product.

With regard to unprofitable lines of business, we will bring forth improvement of profitability by implementing such measures as reviewing the size of production and streamlining of sales systems, etc. together with reducing the size of operations.

In terms of plant and equipment investment, we will prioritize improvements in the operating ratios of existing production facilities and that of yield. We will also strengthen our plants and equipments proactively to meet technological progress so as to secure our competitive advantage.

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## 4. Consolidated Financial Statements (unaudited)

### (1) Consolidated Balance Sheets

HOYA CORPORATION and Consolidated Subsidiaries	Millions of Yen			
	As of Mar.31,		Variance	
	2002	2001	Value	(%)
<b>ASSETS</b>				
Current assets	¥169,587	¥154,763	¥14,824	9.6
Cash and deposits	66,321	44,697	21,624	
Notes and accounts receivable - trades	59,095	55,143	3,952	
Marketable securities	-	7,000	-7,000	
Inventories	35,595	36,506	-911	
Deferred taxes	3,615	4,499	-884	
Other current assets	6,352	7,975	-1,623	
Allowance for doubtful receivables	-1,392	-1,059	-333	
Fixed assets	108,051	112,361	-4,310	-3.8
Tangible fixed assets	85,272	84,479	793	0.9
Buildings and structures	26,272	25,604	668	
Machinery and vehicles	37,447	38,041	-594	
Lands	9,445	9,032	413	
Other tangible fixed assets	12,107	11,800	307	
Intangible fixed assets	4,754	4,413	341	7.7
Investments and other assets	18,025	23,468	-5,443	-23.2
Investment securities	5,816	9,741	-3,925	
Long-term deferred taxes	7,411	8,654	-1,243	
Other investments and other assets	6,378	8,429	-2,051	
Allowance for doubtful receivables	-1,580	-3,357	1,777	
Deferred charges	429	485	-56	-11.5
<b>Total Assets</b>	<b>278,067</b>	<b>267,610</b>	<b>10,457</b>	<b>3.9</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Current liabilities	49,113	61,640	-12,527	-20.3
Notes and accounts payable - trades	19,918	23,610	-3,692	
Short-term loan payable	3,378	4,630	-1,252	
Income tax payable	4,867	9,679	-4,812	
Accrued bonus	3,881	4,022	-141	
Other current liabilities	17,066	19,697	-2,631	
Long-term liabilities	9,617	10,003	-386	-3.9
Long-term loan payable	569	424	145	
Employees retirement benefits	7,311	8,360	-1,049	
Directors retirement benefits	254	343	-89	
Other long-term liabilities	1,482	875	607	
<b>Total Liabilities</b>	<b>58,731</b>	<b>71,643</b>	<b>-12,912</b>	<b>-18.0</b>
Minority interest	155	633	-478	-75.5
Common stock	6,264	6,264	0	-
Additional paid-in capital	15,898	15,898	0	-
Retained earnings	202,255	184,361	17,894	9.7
Evaluation difference of investments securities	110	-515	625	-
Foreign currency statement translation adjustments	-5,331	-10,675	5,344	-50.1
Treasury stock, at cost	-16	0	-16	-
<b>Total Shareholders' Equity</b>	<b>219,180</b>	<b>195,333</b>	<b>23,847</b>	<b>12.2</b>
<b>Total</b>	<b>¥278,067</b>	<b>¥267,610</b>	<b>10,457</b>	<b>3.9</b>
notes:				
Accumulated depreciation	¥141,431	¥128,850		
Sales of trade notes receivable for trust	-	10,356		
Guarantees of borrowings and lease obligations for customers	¥570	¥332		
Number of shares of treasury stock	2,059	30		

## (2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

	Millions of Yen			
	Years ended Mar. 31,		Variance	
	2002	2001	Value	(%)
Net sales	¥235,265	¥236,802	¥-1,537	-0.6
Cost of sales	134,258	135,318	-1,060	-0.8
Gross profit	101,006	101,483	-477	-0.5
Selling, general and administrative expenses	57,108	56,355	753	1.3
Operating income	43,897	45,127	-1,230	-2.7
Non-operating income	4,966	5,810	-844	-14.5
Interest income	476	557	-81	
Foreign exchange gains	1,033	680	353	
Equity in earnings of associated companies	533	1,864	-1,331	
Others	2,923	2,707	216	
Non-operating expenses	3,090	2,753	337	12.2
Interest expense	616	926	-310	
Others	2,473	1,827	646	
Ordinary income	45,774	48,184	-2,410	-5.0
Extra-ordinary income	513	411	102	24.8
Gain on sales of property, plant and equipment	335	268	67	
Others	178	142	36	
Extra-ordinary losses	8,700	17,087	-8,387	-49.1
Loss on sales of investment securities	3,118	363	2,755	
Additional retirement benefits paid to employees	1,995	176	1,819	
Loss on disposal of property, plant and equipment	1,528	986	542	
Expense on stoppage of operation	777	-	777	
Amortization of goodwill	469	14,347	-13,878	
Loss on evaluation of investment securities	811	1,214	-403	
Income before income taxes and other items	37,587	31,507	6,080	19.3
Income taxes - Current	12,001	14,720	-2,719	-18.5
Income taxes - Deferred	1,745	-5,169	6,914	-
Minority interests in net income	99	97	2	2.1
Net income	¥23,740	¥21,860	¥1,880	8.6
Net income per share(Yen)	¥204.44	¥188.25	¥16.19	8.6

### Notes:

- Influences of Exchange Currency ("2002 A" is the actual value of this year. "2002 B" is the nominal value of this year which temporarily exchanged by the currency rate of the same period last year. unit : millions of Yen)

	2002 A	2002 B	influences
Net sales	¥235,265	¥229,255	¥6,010
Operating income	43,897	42,889	1,008
Ordinary income	45,774	44,769	1,005
Net income	¥23,740	¥23,183	¥557

- Average rates of major foreign currencies:

	Years ended Mar. 31,		
	2002	2001	Variance(%)
US\$	¥125.89	¥111.19	-13.2%
Euro	¥110.98	¥100.47	-10.5%
Thail Baht	¥2.83	¥2.65	-6.8%

- Due to the reorganization, approx. Yen 14,347 million was amortized at once and appropriated into the extra-ordinary loss in the fourth quarter of the PREVIOUS fiscal year.

### (3) Consolidated Statements of Retained Earnings

HOYA CORPORATION and Consolidated Subsidiaries

Items	Millions of Yen		
	Years ended Mar. 31,		Variance
	2002	2001	
Balance at the beginning of the period	¥184,361	¥168,106	¥16,255
Adjustment of retained earnings	732	-	732
for the merged non-consolidated subsidiaries	667	-	667
Others	65	-	65
Appropriations	6,579	5,605	974
1. Cash dividends	6,386	4,528	1,858
2. Bonuses to directors	192	248	-56
3. Transfer of retained earnings of the subsidiary reorganized to branch	-	820	-820
4. Transfer of retained earnings of the merged subsidiary to additional paid-in capital	-	7	-7
Net income	23,740	21,860	¥1,880
Balance at the end of the period	¥202,255	¥184,361	¥17,894

## (4) Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

Millions of Yen

	Years ended Mar.31,		Variance
	2002	2001	
<b>OPERATING ACTIVITIES:</b>			
Net Income	¥23,740	¥21,860	¥1,880
Adjustments for:			
Depreciation and amortization	19,635	17,790	1,845
Amortization of Goodwill	469	14,347	-13,878
Reversal of accrued retirement benefits	-1,192	-797	-395
Provision for (Reversal of) reserve for periodic repairs	243	-59	302
Accumulation of consolidation account adjustment	-171	-	
Equity in earnings of associated companies	-533	-1,864	1,331
Minority interest in net income	99	97	2
Foreign exchange gain	-305	-752	447
Bonus to directors	-194	-250	56
Devaluation losses on investment securities	479	1,214	-735
Gain on sales of property, plant and equipment and investment securities	-472	-394	-78
Loss on disposal of property, plant and equipment and investment securities	4,646	1,353	3,293
Other	803	359	444
<i>Changes in assets and liabilities:</i>			
(Increase) decrease in notes and accounts receivable	-2,445	-5,540	3,095
(Increase) decrease in inventories	2,860	-1,749	4,609
(Increase) decrease in other current assets	465	-47	512
Increase (decrease) in notes and accounts payable	-4,180	1,544	-5,724
Increase (decrease) in income taxes payable	-1,647	-3,870	2,223
Increase (decrease) in other current liabilities	-1,278	-501	-777
<b>Total adjustment</b>			
<b>Net cash provided by operating activities</b>	<b>41,023</b>	<b>42,737</b>	<b>-1,714</b>
<b>INVESTING ACTIVITIES:</b>			
Purchases of property, plant and equipment	-19,000	-21,588	2,588
Proceeds from sales of property, plant and equipment	479	695	-216
Purchases of investment securities	-118	-	-118
Proceeds from sales of investment securities	1,631	-	1,631
Payments for purchases of affiliates (Sweden), etc. net of cash acquired	-785	-16,409	15,624
Increase in investments and other assets	-2,416	-5,380	2,964
Decrease in investments and other assets	557	3,218	-2,661
<b>Net cash used in investing activities</b>	<b>-19,653</b>	<b>-39,465</b>	<b>19,812</b>
<b>FINANCING ACTIVITIES:</b>			
Net increase (decrease) in short-term borrowings	-1,722	-82	-1,640
Proceeds from long-term bank loans	90	307	-217
Repayment of long term bank loans	-126	-221	95
Net (increase) decrease in treasury stock	-16	15	-31
Dividends paid	-6,412	-4,581	-1,831
<b>Net cash used in financing activities</b>	<b>-8,186</b>	<b>-4,563</b>	<b>-3,623</b>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>13,183</b>	<b>-1,292</b>	<b>14,475</b>
Effect of Exchange Rate Changes on Cash and Cash Equivalents	1,149	1,298	-149
Cash and cash equivalents of merged unconsolidated subsidiaries, beginning of year	290	-	290
Cash and cash equivalents of newly consolidated subsidiaries, beginning of year	-	36	-36
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR</b>	<b>51,697</b>	<b>51,654</b>	<b>43</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>¥66,321</b>	<b>¥51,697</b>	<b>¥14,624</b>

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

1. Number of consolidated subsidiaries : 51 companies  
(Major consolidated subsidiaries :  
<overseas> HOYA HOLDINGS, INC.,HOYA LENS EUROPE N.V.,  
HOYA HOLDINGS ASIA PACIFIC PTE LTD., HOYA PHOTONICS, INC.  
<domestic> HOYA HEALTHCARE CORPORATION, HOYA CRYSTAL CORPORATION,  
HOYA OPTICS CORPORATION, HOYA SERVICE 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)

	as of Mar. 31,	as of Mar. 31,	variance
Consolidated subsidiaries	51 (do 7, os44)	46 (do 6, os40)	+5 (do+1, os +4)
Nonconsolidated subsidiaries	- (do -, os -)	2 (do 2, os -)	-2 (do-2, os -)
Affiliates	6 (do 6, os -)	8 (do 6, os 2)	-2 (do-, os-2)
Total Hoya Group	57	56	+1

(do : domestic, os : overseas)

### 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 the end of March 31, 2001.....5 companies increased in total.

##### 3 companies increased due to the establishment:

HOYA OPTICAL ASIA CO.,LTD. (Hong Kong)  
HOYA OPTO-ELECTRO QINGDAO LTD. (P.R.China)  
THAI HOYA HOLDINGS LTD. (Thailand)

##### 2 companies increased due to the increase of shareholding:

HOYA-OPTIKSLIP AB (Sweden)  
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)

##### 2 companies decreased due to the merger:

HOYA LENS FRANCE S.A.  
(BUCHMANN FRANCE SAS merged HOYA LENS FRANCE S.A. and changed its corporate name to  
HOYA LENS FRANCE SAS)  
HOYA HOLDINGS BELGIUM N.V. (This company was merged into HOYA LENS EUROPE N.V.)

##### b. Application of the equity method

In comparison to the end of March 31, 2001.....2 companies decreased.

##### 2 companies decreased due to the increase of shareholding and changed to consolidated subsidiaries:

HOYA-OPTIKSLIP AB (Sweden)  
THAI HOYA LENS LTD. (Thailand)

#### 2. Changes in accounting policy :

None

## Notes Relating to Consolidated Statements of Cash Flows

	<u>Millions of Yen</u>	
	<u>As of Mar. 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>1. Cash and Cash Equivalents at the End of the Period</b>		
Cash and deposits	¥66,321	¥44,697
Marketable securities	-	7,000
Total	<u>¥66,321</u>	<u>¥51,697</u>
<b>2. Details of Assets and Liabilities of the Newly Consolidated Subsidiaries by Acquisition of Shares</b>		
<u>Year ended Mar. 31, 2002</u>		
HOYA-OPTIKSLIP AB ( as of Oct. 1, 2001 )		
Current assets	¥561	
Fixed assets	190	
Current liabilities	-456	
Long-term liabilities	-164	
Adjustment of consolidation	335	
Stock of company of the equity method	-65	
Value for acquisition of shares of this subsidiary	400	
Cash and cash equivalents possessed by this subsidiary	-15	
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>¥384</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>	
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>	

## Notes Relating to Consolidated Statements of Cash Flows.....2

Millions of Yen

### Year ended Mar. 31, 2001

Eleven (11) subsidiaries of ORI group ( as of April 1, 2000 )

Current assets	¥2,504
Goodwill	13,698
Fixed assets	1,353
Current liabilities	-1,407
Long-term liabilities	-74
Value for acquisition of shares of these subsidiaries	16,074
Cash and cash equivalents possessed by these subsidiaries	-179
Balance : Payments for purchases of these subsidiaries net of cash acquired	<u>¥15,895</u>

MIDWEST OPTICAL LABORATORIES, INC. ( as of Oct. 31, 2000 )

Current assets	¥184
Goodwill	486
Fixed assets	48
Current liabilities	-73
Long-term liabilities	-68
Value for acquisition of shares of this subsidiary	577
Cash and cash equivalents possessed by this subsidiary	-64
Balance : Payments for purchases of this subsidiary net of cash acquired	<u>¥513</u>

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

#### Year ended Mar. 31, 2002

HOYA FIBER-PHOTONICS CORPORATION ( as of July 1, 2001 )

Current assets	¥388
Fixed assets	46
Total assets	<u>434</u>
Current liabilities	66
Long-term liabilities	3
Total liabilities	<u>¥69</u>

WELFARE CORPORATION

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

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

(Note: This company was reborn as a consolidated subsidiary divided from HOYA SERVICE CORP. on Jan.1, 2002

#### Year ended Mar. 31, 2001

HOYA CRYSTAL SHOP CORPORATION ( as of April 1, 2000 )

Current assets	¥174
Fixed assets	277
Total assets	<u>451</u>
Current liabilities	368
Long-term liabilities	55
Total liabilities	<u>¥423</u>

### 4. Stop of Sales of Trade Notes Receivable for Trust

Since May 2001, the Company stopped the sales of trade notes receivable for trust. As a result, net cash provided by operating activities decreased approx. Yen 10.4 billion for the year ended Mar. 31, 2002.

## Notes Relating to Investment Securities and Derivatives

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

( Millions of Yen )

		<u>As of</u>					
		<u>Mar.31, 2002</u>			<u>Mar.31, 2001</u>		
Available-for-sale		Cost	Fair Value	Variance	Cost	Fair Value	Variance
Securities of which <i>fair value</i> exceeds <i>cost</i>	Marketable Equity securities	¥299	¥503	¥203	¥590	¥693	¥102
	Government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Sub total	¥299	¥503	¥203	¥590	¥693	¥102
Securities of which <i>fair value</i> does NOT exceed <i>cost</i>	Marketable Equity securities	¥99	¥86	¥-13	¥2,743	¥1,756	¥-986
	Government bonds	-	-	-	-	-	-
	Corporate bonds	-	-	-	-	-	-
	Others	-	-	-	-	-	-
	Sub total	¥99	¥86	¥-13	¥2,743	¥1,756	¥-986
Total		¥399	¥589	¥189	¥3,334	¥2,449	¥-884

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

( Millions of Yen )

	<u>Years ended March 31,</u>	
	<u>2002</u>	<u>2001</u>
Value of sales	¥1,631	¥1,971
Total of gains from sales	136	125
Total of losses from sales	¥3,118	¥363

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

( Millions of Yen )

	<u>As of</u>	
	<u>Mar.31, 2002</u>	<u>Mar.31, 2001</u>
Non-marketable equity securities	¥5,226	¥5,640
Non-marketable corporate bonds	-	1,650
Commercial paper	-	¥7,000

### 4. Derivatives

None

## Notes Relating to Tax Effect Accounting

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

	<u>Millions of Yen</u>	
	<u>As of Mar. 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>(1) Current deferred tax assets and liabilities</b>		
Deferred tax assets		
Excess deductible amount of depreciation expenses	¥1,266	¥1,264
Excess deductible amount of expenses for accrued bonus	921	870
Inventories - intercompany unrealized profits	1,089	1,068
Enterprise tax not deductible	351	737
Other deferred tax assets	<u>381</u>	<u>1,173</u>
Total amount of deferred tax assets - current	<u>4,010</u>	<u>5,113</u>
Deferred tax liabilities		
Prepaid pension expenses	-341	-487
Other deferred tax liabilities	-53	-126
Total amount of deferred tax liabilities - current	<u>-395</u>	<u>-614</u>
Net amount of deferred tax assets - current	<u>¥3,615</u>	<u>¥4,499</u>
<b>(2) Non-current deferred tax assets and liabilities</b>		
Deferred tax assets		
Excess amount of inclusion in deductible expenses for depreciation	¥2,910	¥4,327
Excess amount of inclusion in deductible expenses for reserve for employees' retirement benefits	2,548	2,386
Amount denied of evaluation loss of fixed assets	677	640
Excess amount of inclusion in deductible expenses for allowance for doubtful receivables	246	626
Other deferred tax assets	<u>2,200</u>	<u>1,863</u>
Total amount of deferred tax assets - fixed	<u>8,582</u>	<u>9,844</u>
Deferred tax liabilities		
Reserve for deferred income taxes on fixed assets	-656	-664
Special depreciation reserve	-344	-354
Other deferred tax liabilities	-171	-171
Total amount of deferred tax liabilities - fixed	<u>-1,171</u>	<u>-1,190</u>
Net amount of deferred tax assets - fixed	<u>¥7,411</u>	<u>¥8,654</u>

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

	<u>Years ended Mar.31,</u>	
	<u>2002</u>	<u>2001</u>
Statutory tax rate of the Company	41.7 %	41.7 %
(Adjustment)		
Lower income tax rates applicable to income in certain foreign countries	-5.2	-12.1
Non-Deductible expenses such as entertainment expenses	0.5	0.8
Per capita levy of inhabitants tax and others	0.3	0.4
Non-taxable income such as dividend received	-3.9	-3.8
Intercompany cash dividend	3.8	3.8
Other adjustment	<u>-0.6</u>	<u>-0.5</u>
Effective income tax rate	<u>36.6</u>	<u>30.3</u>

## Notes Relating to Employees' Retirement Benefits

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

Lump-sum retirement benefit plan and multi-employer pension plan grants and of welfare pension

	<u>Millions of Yen</u>	
	<u>As of Mar. 31,</u>	
	<u>2002</u>	<u>2001</u>
<b>2. <u>Details of liabilities for employees' retirement benefits</u></b>		
<b>(1) Breakdown of liabilities for employees' retirement benefits</b>		
Liabilities for employees' retirement benefits	¥66,510	¥54,237
Pension assets	-37,126	-40,107
Accrued liabilities for employees' retirement benefits	29,383	14,130
Unappropriated amount of the difference arising from the change in accounting standards	2,745	2,955
Unrecognized prior service cost (decrease in liabilities)	1,696	1,858
Unrecognized actuarial differences (increase in liabilities)	-27,756	-12,300
Prepaid pension expenses	1,243	1,716
Reserve for employees' retirement benefits	<u>¥7,311</u>	<u>¥8,360</u>
<b>(2) Breakdown of expenses for employees' retirement benefits</b>		
Service cost	¥1,667	¥1,798
Interest expenses	1,879	1,809
Expected return of investments	-2,194	-2,567
Difference arising from the change in accounting standards	-210	-210
Prior service cost	-162	-82
Actuarial differences	1,020	-
sub total	<u>2,000</u>	<u>746</u>
Additional retirement benefits paid to employees	1,995	176
Expenses for employees' retirement benefits	<u>¥3,996</u>	<u>¥923</u>
<b>(3) Calculation basis of liabilities for employees' retirement benefits</b>		
1. Discount rate	2.5%	3.5%
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

## 5. Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

### (1) Operations in Different Industries

(Figures less than a million Yen are omitted.)

**Annual : for the year 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	¥101,496	¥7,157	¥93,184	¥23,105	¥8,788	¥1,534	¥235,265	-	¥235,265
Intersegment	481	-	28	811	34	3,109	4,465	(¥4,465)	-
<b>Total</b>	<b>101,977</b>	<b>7,157</b>	<b>93,212</b>	<b>23,916</b>	<b>8,822</b>	<b>4,643</b>	<b>239,730</b>	<b>(4,465)</b>	<b>235,265</b>
Operating expenses	74,188	7,623	78,798	20,487	8,824	4,392	194,314	(2,947)	191,367
Operating income	¥27,788	¥-466	¥14,414	¥3,429	¥-1	¥251	¥45,415	(¥1,517)	¥43,897
Operating profit ratio	27.3%	-6.5%	15.5%	14.3%	-0.0%	5.4%	18.9%	-	18.7%
Assets	¥111,805	¥4,515	¥92,309	¥15,815	¥8,683	¥3,444	¥236,575	¥41,492	¥278,067
Depreciation	12,687	227	5,515	554	497	36	19,518	117	19,635
Capital Expenditures	¥13,279	¥53	¥5,259	¥686	¥254	¥1	¥19,534	¥50	¥19,585

\*Elimi. or corp. : Elimination or corporate

**Annual : for the year ended March 31, 2001**

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimin. or corp.*	Consolidated
Net sales:									
To outside customers	¥112,341	¥6,533	¥86,198	¥20,129	¥9,942	¥1,657	¥236,802	-	¥236,802
Intersegment	584	-	27	1,498	33	3,126	5,271	(¥5,271)	-
<b>Total</b>	<b>112,926</b>	<b>6,533</b>	<b>86,225</b>	<b>21,628</b>	<b>9,976</b>	<b>4,783</b>	<b>242,073</b>	<b>(5,271)</b>	<b>236,802</b>
Operating expenses	78,110	7,422	75,623	19,223	9,691	4,632	194,704	(3,029)	191,674
Operating income	¥34,815	¥-888	¥10,601	¥2,405	¥284	¥150	¥47,369	(¥2,241)	¥45,127
Operating profit ratio	30.8%	-13.6%	12.3%	11.1%	2.9%	3.2%	19.6%	-	19.1%
Assets	¥112,256	¥4,941	¥83,343	¥13,366	¥9,828	¥4,906	¥228,642	¥38,968	¥267,610
Depreciation	10,298	290	5,986	479	551	59	17,666	123	17,790
Capital Expenditures	¥15,229	¥218	¥22,287	¥1,138	¥609	¥34	¥39,517	¥155	¥39,672

\*Elimi. or corp. : Elimination or corporate

Ref:

Differences between the years ended Mar.31, 2002 and 2001

	Millions of Yen								
	Electro- Optics	Photo- nics	Vision Care	Health Care	Crystal	Service	Total	Elimi. or corp.*	Consolidated
Net sales:									
To outside customers	¥-10,845	¥624	¥6,986	¥2,976	¥-1,154	¥-123	¥-1,537	-	¥-1,537
Variance(%)	-9.7%	9.6%	8.1%	14.8%	-11.6%	-7.4%	-0.6%	-	-0.6%
Intersegment	¥-103	-	¥1	¥-687	¥1	¥-17	¥-806	¥806	-
<b>Total</b>	<b>-10,949</b>	<b>624</b>	<b>6,987</b>	<b>2,288</b>	<b>-1,154</b>	<b>-140</b>	<b>-2,343</b>	<b>806</b>	<b>-1,537</b>
Operating expenses	-3,922	201	3,175	1,264	-867	-240	-390	82	-307
Operating income	¥-7,027	¥422	¥3,813	¥1,024	¥-285	¥101	¥-1,954	¥724	¥-1,230
Variance(%)	-20.2%	-	36.0%	42.6%	-	67.3%	-4.1%	-	-2.7%
Assets	¥-451	¥-426	¥8,966	¥2,449	¥-1,145	¥-1,462	¥7,933	¥2,524	¥10,457
Depreciation	2,389	-63	-471	75	-54	-23	1,852	-6	1,845
Capital Expenditures	¥-1,950	¥-165	¥-17,028	¥-452	¥-355	¥-33	¥-19,983	¥-105	¥-20,087

\*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 years ended Mar. 31, 2002 and 2001 are as follows:

<u>2002</u>	<u>2001</u>
¥1,980 million	¥2,328 million

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, 2002 and 2001 are as follows:

<u>2002</u>	<u>2001</u>
¥51,631 million	¥47,210 million

## (2) Geographic Segments

(Figures less than a million Yen are omitted.)

### Annual : for the year ended March 31, 2002

	Millions of Yen						Eliminations or corporate	Consolidated
	Japan	North America	Europe	Asia	Total			
Net sales:								
To outside customers	¥159,368	¥36,984	¥28,964	¥9,948	¥235,265	-		¥235,265
Intersegment	14,963	113	1,195	40,329	56,602	(¥56,602)		-
Total	174,332	37,098	30,159	50,277	291,868	(56,602)		235,265
Operating expenses	143,426	35,139	25,918	43,108	247,592	(56,225)		191,367
Operating income	¥30,906	¥1,958	¥4,241	¥7,168	¥44,275	(¥377)		¥43,897
Operating income ratio	17.7%	5.3%	14.1%	14.3%	15.2%	-		18.7%
Assets	¥138,962	¥21,000	¥30,356	¥55,412	¥245,730	¥32,336		¥278,067

### Annual : for the year ended March 31, 2001

	Millions of Yen						Eliminations or corporate	Consolidated
	Japan	North America	Europe	Asia	Total			
Net sales:								
To outside customers	¥168,855	¥34,209	¥24,944	¥8,792	¥236,802	-		¥236,802
Intersegment	17,927	547	893	39,236	58,605	(¥58,605)		-
Total	186,783	34,757	25,837	48,028	295,407	(58,605)		236,802
Operating expenses	150,990	34,294	22,811	41,130	249,227	(57,553)		191,674
Operating income	¥35,793	¥462	¥3,025	¥6,898	¥46,179	(¥1,052)		¥45,127
Operating income ratio	19.2%	1.3%	11.7%	14.4%	15.6%	-		19.1%
Assets	¥139,320	¥21,072	¥26,999	¥48,143	¥235,536	¥32,074		¥267,610

Ref:

Differences between the years ended Mar.31, 2002 and 2001

	Millions of Yen						Elimi. or corp.	Consolidated
	Japan	North America	Europe	Asia	Total			
Net sales:								
To outside customers	¥-9,487	¥2,775	¥4,020	¥1,156	¥-1,537	-		¥-1,537
Variance(%)	-5.6%	8.1%	16.1%	13.1%	-0.6%	-		-0.6%
Intersegment	¥-2,964	¥-434	¥302	¥1,093	¥-2,003	¥2,003		-
Total	-12,451	2,341	4,322	2,249	-3,539	2,003		-1,537
Operating expenses	-7,564	845	3,107	1,978	-1,635	1,328		-307
Operating income	¥-4,887	¥1,496	¥1,216	¥270	¥-1,904	¥675		¥-1,230
Variance(%)	-13.7%	323.8%	40.2%	3.9%	-4.1%	-		-2.7%
Assets	¥-358	¥-72	¥3,357	¥7,269	¥10,194	¥262		¥10,457

Notes:

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

North America:	United States of America and Canada
Europe:	Netherlands, Germany, United Kingdom, etc.
Asia:	Singapore, Republic of Korea, Taiwan, etc.
- Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional holding companies in the two geographic areas. Corporate operating expenses for the years ended Mar. 31, 2002 and 2001 are as follows:
 

<u>2002</u>	¥1,770 million	<u>2001</u>	¥2,149 million
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- 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, 2002 and 2001 are as follows:
 

<u>2002</u>	¥48,341 million	<u>2001</u>	¥44,663 million
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### (3) Sales to Foreign Customers

(Figures less than a million Yen are omitted)

#### Annual : for the year ended Mar. 31, 2002

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	¥39,746	¥38,143	¥25,079	¥47	¥103,017
Consolidated Sales (B)					¥235,265
Overseas Sales ratio A/B	16.9%	16.2%	10.7%	0.0%	43.8%
Regional Sales ratio	38.6%	37.0%	24.4%	0.0%	100.0%

#### Annual : for the year ended Mar. 31, 2001

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	¥36,184	¥35,870	¥27,491	¥44	¥99,590
Consolidated Sales (B)					¥236,802
Overseas Sales ratio A/B	15.3%	15.2%	11.6%	0.0%	42.1%
Regional Sales ratio	36.3%	36.0%	27.6%	0.1%	100.0%

Ref:

Differences between the years ended Mar.31, 2002 and 2001

	Millions of Yen				
	North America	Europe	Asia	Other	Total
Overseas Sales (A)	¥3,562	¥2,273	¥-2,412	¥3	¥3,427
Consolidated Sales (B)					¥-1,537
Variance of Overseas Sales	9.8%	6.3%	-8.8%	6.8%	3.4%

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.

## 6. Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries

(Unaudited)

Business Category Company	Millions of Yen [%]			
	Years ended March 31,		Variance	
	2002	2001	Value	%
<b>Electro-Optics</b>				
Domestic	¥56,383 ( 55.6 )	¥61,492 ( 54.7 )	¥-5,109	-8.3
Overseas	45,112 ( 44.4 )	50,848 ( 45.3 )	-5,736	-11.3
total	101,496 [ 43.1 ]	112,341 [ 47.4 ]	-10,845	-9.7
<b>Photonics</b>				
Domestic	3,630 ( 50.7 )	3,880 ( 59.4 )	-250	-6.4
Overseas	3,526 ( 49.3 )	2,652 ( 40.6 )	874	33.0
total	7,157 [ 3.0 ]	6,533 [ 2.8 ]	624	9.6
<b>Information Technology</b>				
Domestic	60,013 ( 55.2 )	65,373 ( 55.0 )	-5,360	-8.2
Overseas	48,639 ( 44.8 )	53,501 ( 45.0 )	-4,862	-9.1
total	108,653 [ 46.2 ]	118,875 [ 50.2 ]	-10,222	-8.6
<b>Vision Care</b>				
Domestic	39,715 ( 42.6 )	41,083 ( 47.7 )	-1,368	-3.3
Overseas	53,468 ( 57.4 )	45,114 ( 52.3 )	8,354	18.5
total	93,184 [ 39.6 ]	86,198 [ 36.4 ]	6,986	8.1
<b>Health Care</b>				
Domestic	23,013 ( 99.6 )	20,029 ( 99.5 )	2,984	14.9
Overseas	91 ( 0.4 )	99 ( 0.5 )	-8	-8.1
total	23,105 [ 9.8 ]	20,129 [ 8.5 ]	2,976	14.8
<b>Eye Care</b>				
Domestic	62,729 ( 53.9 )	61,113 ( 57.5 )	1,616	2.6
Overseas	53,560 ( 46.1 )	45,214 ( 42.5 )	8,346	18.5
total	116,289 [ 49.4 ]	106,327 [ 44.9 ]	9,962	9.4
<b>Crystal</b>				
Domestic	7,975 ( 90.8 )	9,067 ( 91.2 )	-1,092	-12.0
Overseas	812 ( 9.2 )	874 ( 8.8 )	-62	-7.1
total	8,788 [ 3.7 ]	9,942 [ 4.2 ]	-1,154	-11.6
<b>Service</b>				
Domestic	1,528 ( 99.6 )	1,657 ( 100.0 )	-129	-7.8
Overseas	5 ( 0.4 )	- ( 0.0 )	5	0.0
total	1,534 [ 0.7 ]	1,657 [ 0.7 ]	-123	-7.4
<b>Lifestyle Refinement</b>				
Domestic	9,504 ( 92.1 )	10,724 ( 92.5 )	-1,220	-11.4
Overseas	817 ( 7.9 )	874 ( 7.5 )	-57	-6.5
total	10,322 [ 4.4 ]	11,599 [ 4.9 ]	-1,277	-11.0
<b>Total Net Sales</b>				
Domestic	¥132,248 ( 56.2 )	¥137,211 ( 57.9 )	¥-4,963	-3.6
Overseas	103,017 ( 43.8 )	99,590 ( 42.1 )	3,427	3.4
Total	¥235,265 [ 100.0 ]	¥236,802 [ 100.0 ]	¥-1,537	-0.6

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.