



Annual Financial Highlights (unaudited)

April 23, 2007

HOYA CORPORATION and Consolidated Subsidiaries

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Performance for the years ended March 31, 2007 and 2006

(The yen amounts shown therein are rounded down to the nearest million.)

| (1)Results of Operations | Years ended March 31, | | Variance (%) |
|------------------------------------|-----------------------|---------|-----------------|
| | 2007 | 2006 | |
| Net sales | 390,093 | 344,228 | 13.3 |
| Operating income | 107,213 | 101,095 | 6.1 |
| Ordinary income | 102,909 | 103,637 | -0.7 |
| Net income | 83,391 | 75,620 | 10.3 |
| Basic net income per share (Yen) | 193.50 | 171.71 | |
| Diluted net income per share (Yen) | 192.78 | 171.08 | |
| ROE | 25.9% | 27.1% | |
| Ordinary income / total assets | 25.4% | 29.1% | |
| Operating margin | 27.5% | 29.4% | |

Notes : Changes in accounting policy.

From this fiscal year, the company has changed its classification of industry segment.

| (2)Dividends | Years ended March 31, | |
|---------------------------------------|-----------------------|-------|
| | 2007 | 2006 |
| Annual cash dividends per share (Yen) | 65.00 | 60.00 |

| (3)Financial Position | As of March 31, | |
|----------------------------|-----------------|---------|
| | 2007 | 2006 |
| Total assets | 447,644 | 361,537 |
| Net assets | 367,145 | 279,480 |
| Owner's equity ratio | 81.6% | 77.3% |
| Net assets per share (Yen) | 845.98 | 648.87 |

| (4)Conditions of Cash Flow | 2007 | 2006 |
|-----------------------------------------------------|---------|---------|
| Net cash provided by operating activities | 98,793 | 105,855 |
| Net cash used in investing activities | -46,652 | -52,012 |
| Net cash provided by (used in) financing activities | -23,891 | -85,787 |
| Cash and cash equivalents at end of period | 120,621 | 83,574 |

(Note)

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.

Ref:Performance of HOYA CORPORATION for the years ended March 31, 2007 and 2006

| | 2007 | 2006 | Variance(%) |
|------------------------------------|---------|---------|-------------|
| Net sales | 274,961 | 248,195 | 10.8 |
| Operating income | 28,459 | 29,746 | -4.3 |
| Ordinary income | 38,996 | 44,788 | -12.9 |
| Net income | 29,750 | 22,062 | 34.8 |
| Basic net income per share (Yen) | 69.03 | 50.14 | |
| Diluted net income per share (Yen) | 68.77 | 49.96 | |
| Total assets | 227,029 | 219,063 | |
| Net assets | 99,803 | 95,598 | |

(Notes)

1. HOYA CORPORATION "the Company" carried out a four-for-one stock split with effect on November 15, 2005, on the shares of shareholders recorded on September 30, 2005.
2. The per share information for the previous fiscal year reflects the stock split assuming that the above stock split was exercised on the beginning of the previous fiscal year.
3. The dividends per share for the previous fiscal year was Yen 60. The Interim dividend of Yen 30 has already reflect the stock split as well as the Year-end dividend of Yen 30 reflects it. For your reference, the original value of per share dividend for the interim of the year ended March 2006 was Yen 120.

1. Business Overview

(1) Results of Operations

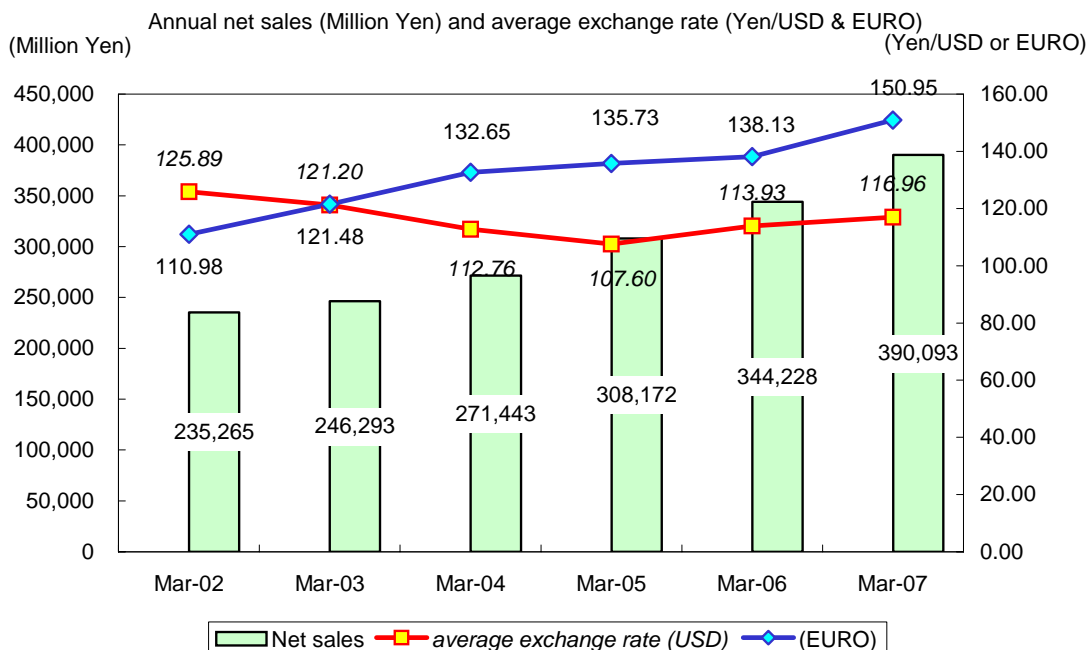
1. General Overview

| Results of Operations | Millions of Yen | Variance (%) |
|-----------------------|--------------------------|--------------|
| | Year ended Mar. 31, 2007 | year-on-year |
| Net sales | 390,093 | (13.3) |
| Operating income | 107,213 | (6.1) |
| Ordinary income | 102,909 | (-0.7) |
| Net income | 83,391 | (10.3) |
| EPS (Yen) | 193.50 | 21.79 |

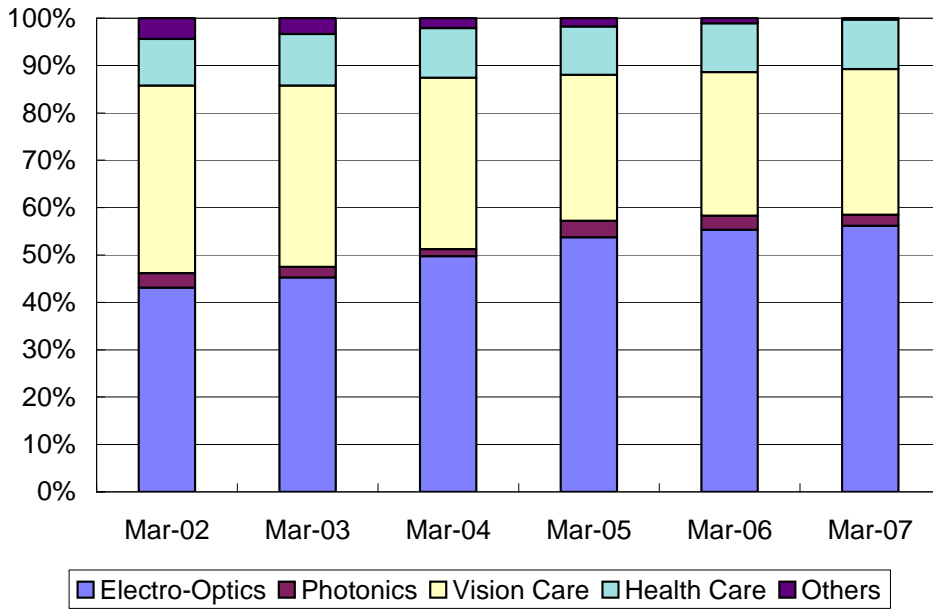
Economic conditions during the term under review were marked by a continuing tone of expansion in the business climate with the increase in capital investment spreading from large companies and manufacturing industries to SMEs and non-manufacturing industries. It was also positive factor in the currency market during the term under review, that the major currencies were appreciated all against the yen, on a year-on-year basis. Improvements in corporate performance led to increased employment, improvement in household income and increased expenses, reinforcing the virtuous cycle of further upward growth in corporate capital investment.

Meanwhile, for the HOYA Group overall, in the Electro-Optics sector, the general proactive reinforcement of production capacity by clients and the development of new products were vigorous, promoting robust demand overall and leading to increased revenues. In Vision-Care division, the market overseas for eyeglass lenses showed an expansion while the Healthcare division also performed well, showing an increase in revenues.

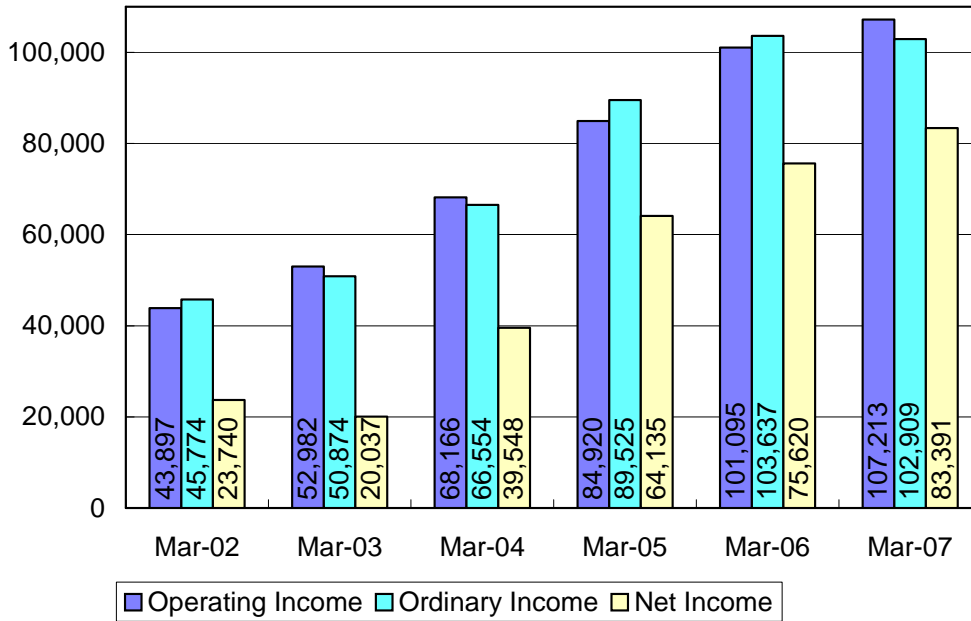
As a result, consolidated net sales, operating profits and net income during the term under review increased year-on-year basis and posted historical records.



Ratio of Net Sales by Business Segment



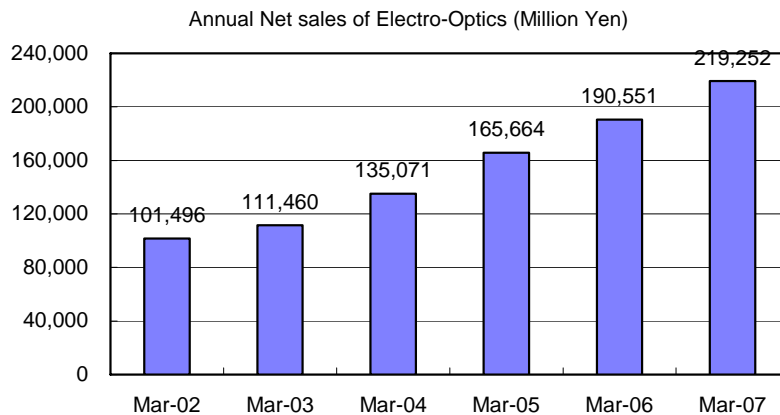
Profits (Million Yen)



2. Segment Overview

1) Information Technology

Electro-Optics



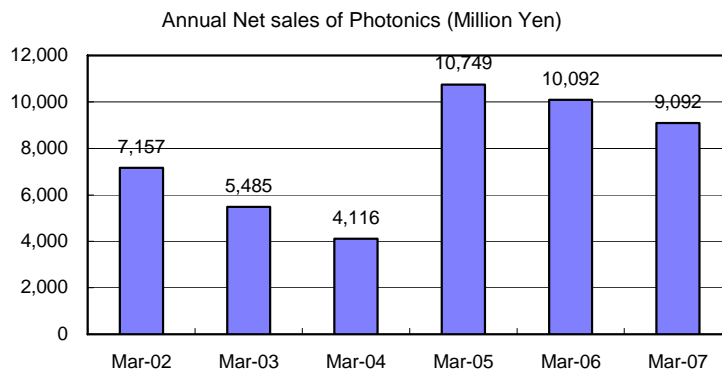
In terms of mask blanks for manufacturing semiconductors, HOYA received a decent volume of orders for such high-precision products as blanks for phase-shift masks, etc., and sales increased on a year-on-year basis.

There was also an increase in orders for photomasks for semiconductor production, high precision products and next-generation developed products, leading to higher sales volume year-on-year. Competition among mask producers for orders in the area of large-size masks for LCD use also intensified due to the broad reduction in panel prices by LCD panel producers. The sales volume declined year-on-year due in part to the especially strong demand for the new production lines of panel producers in the previous year.

In terms of glass disks for hard disk drives (HDDs), the demand remained strong and, thanks to a commencing of shipment from new factory in Vietnam, the sales increased substantially on a year-on-year basis.

In optical lenses, a trend toward increase in lens shipments for digital cameras has supported the overall growth of sales, in addition to the broad increase of demand for lenses for mobile telephones equipped with cameras, resulting in higher sales year-on-year.

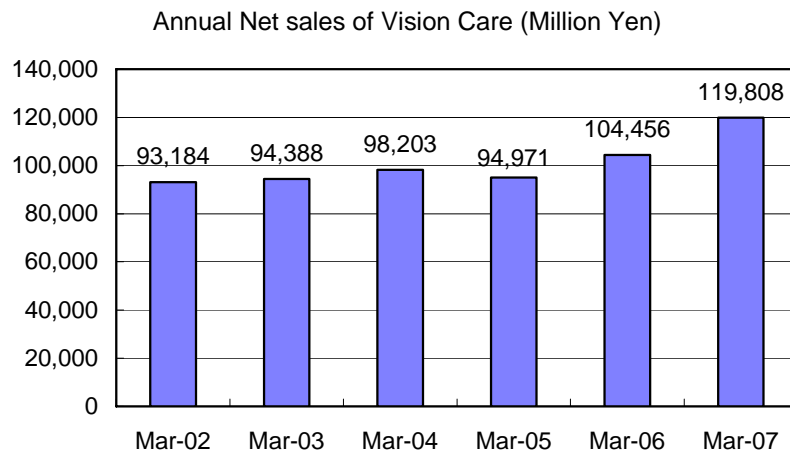
Photonics



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

With laser-equipped industrial and medical equipment as major products, clients in the industrial area include producers of semiconductors, LCD panels, optical devices and so forth. The market has been fraught with intense competition as well as industry restructuring, leading to a decline in sales against the previous year.

2) Eye Care Vision Care

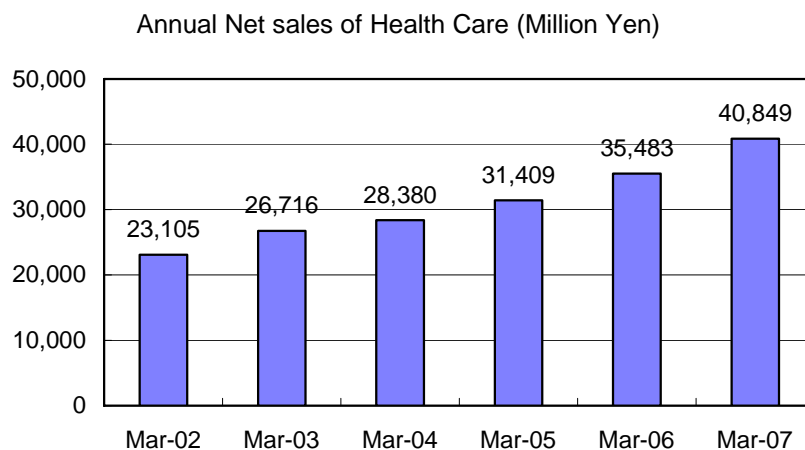


The slump in the domestic market for eyeglass lenses continued as before but HOYA realized growth in the high price bracket through the value-added enhancement of products centered in high-function coatings and newly-designed progressive lenses. In the low price bracket, however, overall sales in the domestic market were at essentially the level as in the previous year due to stiff price competition.

In eyeglass lenses in markets overseas, the expansion continued to advance in sales for newly designed progressive lenses, high refraction lenses and other high value added products in Asia-Oceania, Europe and North America and the markets remained firm. There was an overall increase in the sales volume year-on-year in spite of tough competition due to a price offensive in low-end lenses. In Europe, a recovery in the market became especially apparent centered in Germany, the largest market, and sustained expansion was realized.

As a result, an increase was realized in the sector overall year-on-year.

Health Care



In contact lenses, in addition to the healthy sales results made by the existing directly-owned stores, it will continue to pursue differentiation from competitors through expanded sales in bifocal lenses and other high value added products through the continued establishment of new directly-owned stores and consulting sales taking advantage of specialized knowledge.

In intraocular lenses, flexible (soft) intraocular lenses, especially yellow-lenses, have been demonstrating robust performance in the domestic market, recording an increase in sales volume year-on-year.

3) Others

| | <u>Millions of Yen</u> |
|-----------|---------------------------------|
| | <u>Year ended Mar. 31, 2007</u> |
| Net sales | 1,089 |

In crystal, the crystal operations were reduced in scale through restructuring and, in services, the spin-off of the temporary staff outplacement service effective March 1, 2006, resulting in a reduction in sales year-on-year in both sectors.

(2) Financial Position

1. Assets, Liabilities and Net assets

| | <u>Millions of Yen</u> |
|----------------------|----------------------------|
| | <u>As of Mar. 31, 2007</u> |
| Total assets | 447,644 |
| Net assets | 367,145 |
| Owner's equity ratio | 81.6% |

At the end of the year under review, current assets increased Yen 63,433 million and fixed assets increased Yen 22,785 million against the end of the previous year. As a result, total assets increased Yen 86,107 million. Net assets increased Yen 87,664 million to Yen 367,145 million.

2. Conditions of Cash Flows

| | <u>Millions of Yen</u> |
|-----------------------------------------------------|---------------------------------|
| | <u>Year ended Mar. 31, 2007</u> |
| Net cash provided by operating activities | 98,793 |
| Net cash used in investing activities | -46,652 |
| Net cash provided by (used in) financing activities | -23,891 |
| Cash and cash equivalents at end of period | 120,621 |

Cash flow from operating activities amounted to 98,793 million yen, comprised of 107,132 million yen in income before income taxes and minority interests and 36,338 million yen in depreciation and amortization among others. Cash flow from investment activities amounted to 46,652 million yen in cash payments that were mainly used for investment in order to handle next-generation products. Free cash flow amounted to 52,141 million yen and used 25,810 million yen for payment of dividends. As a result, the term-end balance of cash and cash equivalents increased 37,047 million yen from the end of the previous fiscal year.

(3) Middle- to long-term policy on appropriation of retained earnings and dividends for the year under review

The Company carries out its globalized management emphasizing consolidated accounting and its management emphasizing shareholder interests and exerts efforts to increase the enterprise value and shareholder value in response to shareholder expectations.

In terms of the cash dividend, the Company will determine the amount in consideration of the balance among repayment of profit to shareholders, welfare of employees and replenishment of retained earnings for future business development.

The management at HOYA strives hard to increase shareholder value in response to shareholder expectations. Considering the results of the fiscal year under review, the management proposes that a year-end dividend for the fiscal year be 35 yen per share, up Yen 5.00 per share compared to the same period last year. Consequently, the total dividend for the fiscal year, including an interim dividend of 30 yen per share already paid, will amount to 65 yen per share.

Funds from retained earnings will be appropriated for investments for the Company to establish the HOYA brand, accelerate further growth, enhance competitive edge of its products, and develop next-generation products.

2. Global Group Management

The HOYA Group consists of the HOYA CORPORATION (the "Company"), 67 consolidated subsidiaries (5 in Japan and 62 overseas) and four affiliates (4 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 four affiliates, one (1) company is accounted for using the equity method (as of March 31, 2007).

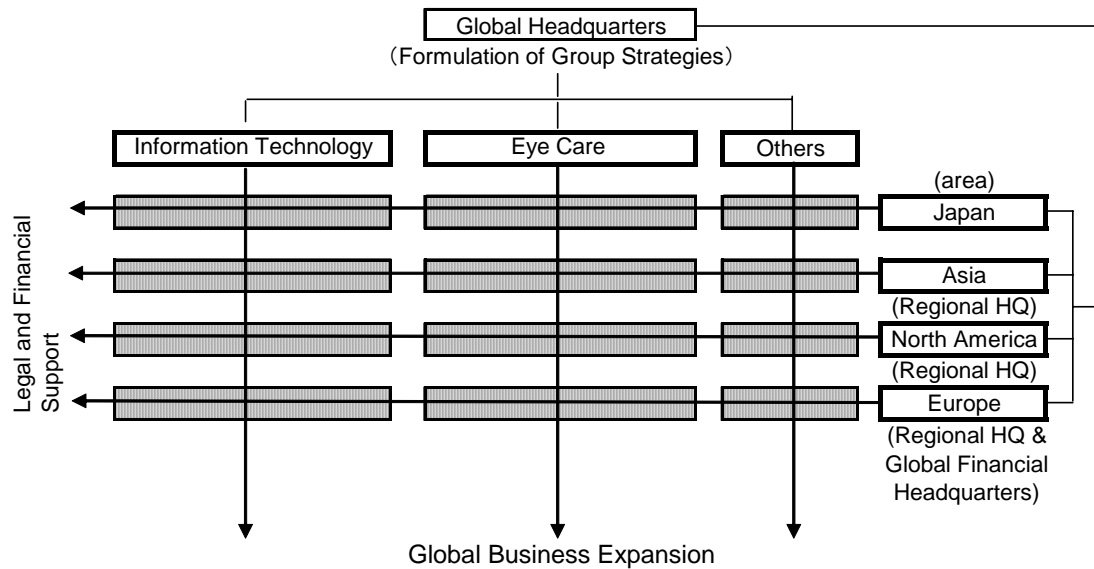
Our products are manufactured by the Company itself and by other companies in the Group both in Japan and abroad. In Japan, most of our products are distributed directly to retailers, specialty stores, assemblers, etc. Some products are exported to various countries abroad through our overseas Group 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 headquarters in North America, Europe and Asia are in charge of reinforcing relationships with the countries and areas in their respective regions, legal support and internal audits, thereby supporting the promotion of business activities.

In July 2003, the HOYA Group has moved its financial headquarters to Europe. This financial headquarters control global financial matters. At this moment this function is settled in the HOYA CORPORATION Netherlands Branch.

Global Group Management System



The Company and its consolidated subsidiaries are engaged mainly in the manufacture and sales of products in four major industries as per below: Electro-Optics, Photonics, Vision Care, Health Care and others.

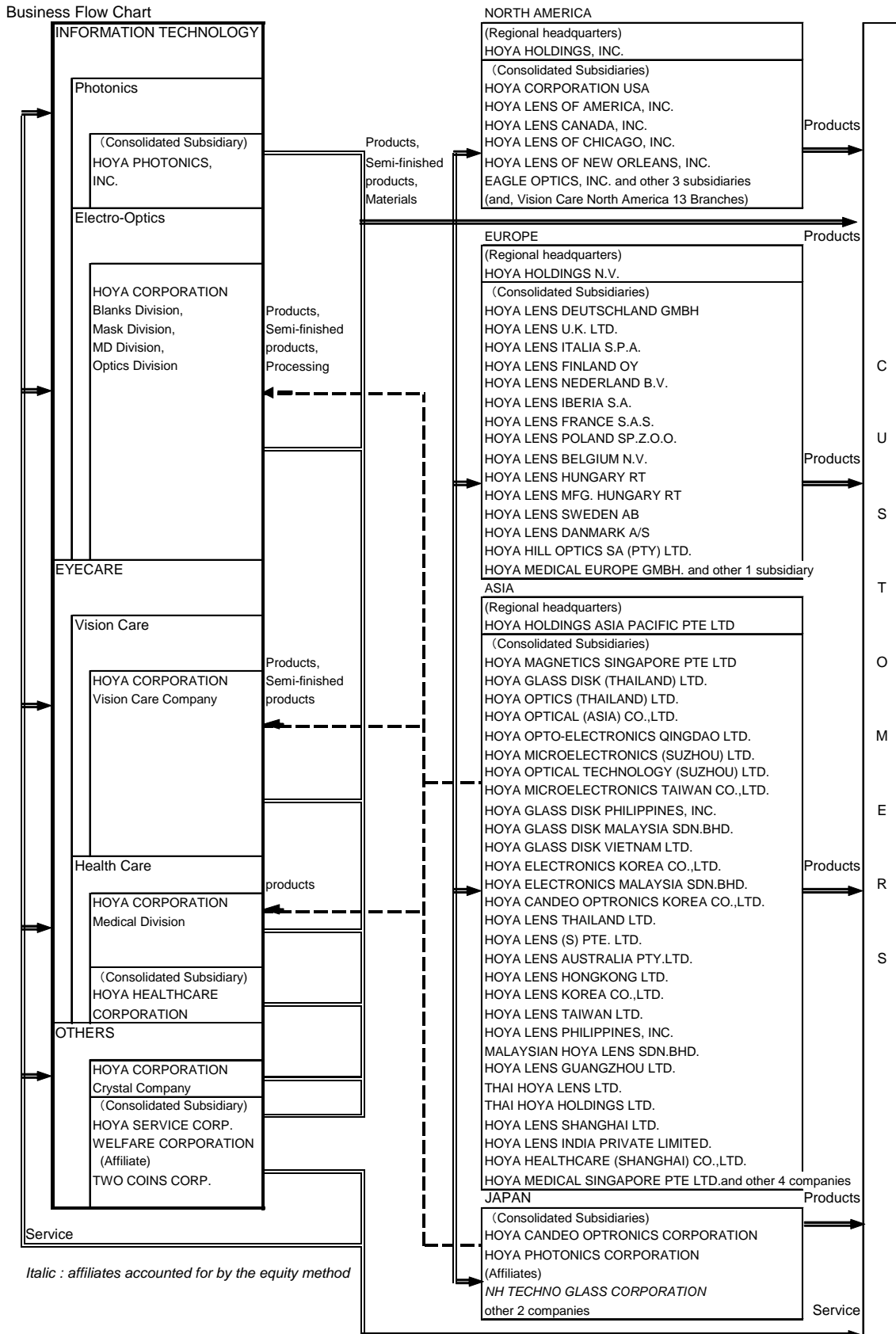
(1) From this fiscal year, the company has changed its segmentation of industry as follows, because the sales and profits for both Crystal and Service declined due to the Company's re-organization and the necessity of classified disclosure has decreased :

| Business Categories | Industries | Products and Services | Major Subsidiaries |
|--------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Information Technologies | Electro-Optics | Photomasks and Maskblanks for semiconductors, Masks and Devices for LCDs, Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, Optical communication related devices, etc. | HOYA CORP. Blanks Division, Mask Division, MD Division, Optics Division, etc. HOYA CORPORATION USA HOYA MAGNETICS SINGAPORE PTE LTD HOYA GLASS DISK (THAILAND) LTD. |
| | Photonics | Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, etc. | HOYA PHOTONICS, INC. HOYA PHOTONICS CORPORATION HOYA CANDEO OPTRONICS CORPORATION |
| Eye Care | Vision Care | Eyeglass lenses, eyeglass frames, etc. | HOYA CORP. Vision Care Company HOYA LENS DEUTSCHLAND GMBH HOYA LENS U.K. LTD. HOYA LENS OF AMERICA, INC. HOYA LENS THAILAND LTD. |
| | Health Care | Contact lenses and accessories, Intraocular lenses, etc. | HOYA CORP. Medical Division, HOYA HEALTHCARE CORPORATION, etc. |
| Others | | Crystal glass products ; Design of information systems, outsourcing, etc. | HOYA CORP. Crystal Company HOYA SERVICE CORPORATION |

(2) Formerly the company's business segment classification was as follows:

| Business Categories | Industries | Products and Services | Major Subsidiaries |
|--------------------------|----------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Information Technologies | Electro-Optics | Photomasks and Maskblanks for semiconductors, Masks and Devices for LCDs, Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, Optical communication related devices, etc. | HOYA CORP. Blanks Division, Mask Division, MD Division, Optics Division, etc. HOYA CORPORATION USA HOYA MAGNETICS SINGAPORE PTE LTD HOYA GLASS DISK (THAILAND) LTD. |
| | Photonics | Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, etc. | HOYA PHOTONICS, INC. HOYA PHOTONICS CORPORATION HOYA CANDEO OPTRONICS CORPORATION |
| Eye Care | Vision Care | 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. |
| | Health Care | Contact lenses and accessories, Intraocular lenses, etc. | HOYA CORP. Medical Division, HOYA HEALTHCARE CORPORATION, etc. |
| Others | Crystal | Crystal glass products | HOYA CORP. Crystal Company HOYA CRYSTAL, INC. |
| | Service | Design of information systems, Placement of temporary staff, outsourcing, etc. | HOYA SERVICE CORPORATION WELFARE CORPRATION |

Business Flow Chart



3. 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 corporate 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. Strategy of "Global Niche"

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.

3. 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, stock-options and an employee stock ownership plan have been established that allow 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.

4. 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.

5. Middle- to long-term policy on appropriation of retained earnings

The Company carries out its globalized management emphasizing consolidated accounting and its management emphasizing shareholder interests and exerts efforts to increase the enterprise value and shareholder value in response to shareholder expectations.

In terms of the cash dividend, the Company will determine the amount in consideration of the balance among repayment of profit to shareholders, welfare of employees and replenishment of retained earnings for future business development.

Funds from retained earnings will be appropriated for investments for the Company to establish the HOYA brand, accelerate further growth, enhance competitive edge of its products, and develop next-generation products.

4. Consolidated Financial Statements (unaudited)

(1) Consolidated Balance Sheets

| HOYA CORPORATION and Consolidated Subsidiaries | Millions of Yen | | |
|------------------------------------------------|-----------------|----------------|--------------|
| | Mar. 31, 2007 | Mar. 31, 2006 | Variance(%) |
| ASSETS | | | |
| Current assets | | | |
| Cash and deposits | 120,621 | 83,574 | |
| Notes and accounts receivable - trade | 94,296 | 78,380 | |
| Inventories | 49,721 | 41,178 | |
| Deferred tax assets | 7,067 | 7,407 | |
| Other current assets | 5,309 | 3,246 | |
| Allowance for doubtful receivables | -1,311 | -1,512 | |
| Total current assets | 275,706 | 212,273 | 29.9 |
| Fixed assets | | | |
| Tangible fixed assets | | | |
| Buildings and structures | 33,871 | 29,548 | |
| Machinery and carriers | 75,961 | 58,493 | |
| Tools, equipment and fixtures | 12,311 | 10,716 | |
| Lands | 9,154 | 8,648 | |
| Construction in progress | 11,918 | 13,196 | |
| Total tangible fixed assets | 143,218 | 120,603 | 18.8 |
| Intangible fixed assets | | | |
| Total intangible fixed assets | 6,248 | 7,424 | -15.8 |
| Investments and other assets | | | |
| Investment securities | 14,575 | 14,060 | |
| Deferred tax assets | 2,723 | 2,757 | |
| Other assets | 5,493 | 4,601 | |
| Allowance for doubtful receivables | -322 | -295 | |
| Total investment and other assets | 22,470 | 21,123 | 6.4 |
| Total fixed assets | 171,937 | 149,152 | 15.3 |
| Deferred charges | | | |
| Total deferred charges | — | 111 | — |
| TOTAL ASSETS | 447,644 | 361,537 | 23.8 |

| HOYA CORPORATION and Consolidated Subsidiaries | Millions of Yen | | |
|---------------------------------------------------------------------------------------|-----------------|----------------|-------------|
| | As of | | |
| LIABILITIES AND NET ASSETS | Mar.31,2007 | Mar.31,2006 | Variance(%) |
| LIABILITIES | | | |
| Current liabilities | | | |
| Notes and accounts payable - trade | 28,779 | 28,070 | |
| Income tax payable | 12,821 | 14,342 | |
| Accrued bonuses to employees | 4,327 | 4,207 | |
| Other current liabilities | 32,252 | 32,685 | |
| Total current liabilities | 78,181 | 79,305 | -1.4 |
| Long-term liabilities | | | |
| Allowance for special repairs | 890 | 619 | |
| Other long-term liabilities | 1,427 | 1,211 | |
| Total long-term liabilities | 2,317 | 1,831 | 26.5 |
| Total Liabilities | 80,499 | 81,137 | -0.8 |
| NET ASSETS | | | |
| Shareholders' equity | | | |
| Paid-in capital | 6,264 | — | |
| Capital surplus | 15,898 | — | |
| Earned surplus | 322,513 | — | |
| Treasury stock | -12,753 | — | |
| Advances on subscription to treasury stock | 1 | — | |
| Total shareholders' equity | 331,924 | — | — |
| Valuation and translation adjustments | | | |
| Valuation difference on available-for-sale securities | -85 | — | |
| Translation adjustments | 33,263 | — | |
| Total valuation and translation adjustments | 33,177 | — | — |
| New share subscription rights | 167 | — | |
| Minority interest | 1,876 | — | |
| Total Net Assets | 367,145 | — | — |
| TOTAL LIABILITIES AND NET ASSETS | 447,644 | — | — |
| MINORITY INTEREST | — | 919 | — |
| SHAREHOLDERS' EQUITY | | | |
| Common stock | — | 6,264 | — |
| Capital surplus | — | 15,898 | — |
| Retained earnings | — | 266,345 | — |
| Net unrealized gain (loss) on available-for-sale securities | — | 110 | — |
| Foreign currency translation adjustments | — | 7,142 | — |
| Treasury stock - at cost | — | -16,279 | — |
| Total Shareholders' Equity | — | 279,480 | — |
| TOTAL LIABILITIES, MINORITY INTERESTS AND SHAREHOLDERS' EQUITY | — | 361,537 | — |
| Notes: | | | |
| | Millions of Yen | | |
| 1. Accumulated depreciation | 223,095 | 181,818 | |
| 2. Guarantees of borrowings and lease obligations for customers and Group's employees | 2,774 | 2,210 | |
| 3. Number of shares of treasury stock (unit : shares) | 3,447,681 | 4,401,607 | |

(2) Consolidated Statements of Income

HOYA CORPORATION and Consolidated Subsidiaries

| | Millions of Yen | | | |
|---------------------------------------------------|----------------------|----------------|--------------|-------------|
| | Years ended Mar. 31, | | Variance | |
| | 2007 | 2006 | Value | (%) |
| Net sales | 390,093 | 344,228 | 45,865 | 13.3 |
| Cost of sales | 197,410 | 172,033 | 25,377 | 14.8 |
| Gross profit | 192,682 | 172,194 | 20,488 | 11.9 |
| Selling, general and administrative expenses | 85,469 | 71,098 | 14,371 | 20.2 |
| Operating income | 107,213 | 101,095 | 6,118 | 6.1 |
| Non-operating income | 5,827 | 4,869 | 958 | 19.7 |
| Interest income | 2,901 | 1,788 | 1,113 | |
| Foreign exchange gains | — | 242 | -242 | |
| Equity in earnings of affiliates | 642 | 1,285 | -643 | |
| Others | 2,283 | 1,552 | 731 | |
| Non-operating expenses | 10,131 | 2,327 | 7,804 | 335.4 |
| Interest expense | 86 | 142 | -56 | |
| Sales Discount | 822 | 706 | 116 | |
| Foreign exchange losses | 6,711 | — | 6,711 | |
| Others | 2,510 | 1,478 | 1,032 | |
| Ordinary income | 102,909 | 103,637 | -728 | -0.7 |
| Extra-ordinary gains | 10,513 | 2,389 | 8,124 | 340.1 |
| Gain on sales of property, plant and equipment | 9,629 | 109 | 9,520 | |
| Others | 884 | 2,280 | -1,396 | |
| Extra-ordinary losses | 6,290 | 8,660 | -2,370 | -27.4 |
| Loss on disposal of property, plant and equipment | 3,327 | 625 | 2,702 | |
| Additional retirement benefits paid to employees | 1,055 | 1,688 | -633 | |
| Maintenance of Environment | 767 | 3,725 | -2,958 | |
| Loss on impairment | 87 | 1,232 | -1,145 | |
| Others | 1,053 | 1,388 | -335 | |
| Income before income taxes and other items | 107,132 | 97,367 | 9,765 | 10.0 |
| Income taxes - Current | 23,491 | 22,249 | 1,242 | 5.6 |
| Income taxes - Deferred | 70 | -511 | 581 | - |
| Minority interests in net income | 178 | 9 | 169 | - |
| Net income | 83,391 | 75,620 | 7,771 | 10.3 |
| Basic net income per share(Yen) | 193.50 | 171.71 | 21.79 | |
| Diluted net income per share(Yen) | 192.78 | 171.08 | 21.70 | |

Notes:

1. Effect of Exchange Rate Change on Net Sales and Incomes ("2007 A" is the actual value of this period. "2007 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)

| | | 2007 A | 2007 B | influences |
|------------------|-------------|---------|---------|------------|
| Net sales | Million Yen | 390,093 | 383,270 | 6,823 |
| Operating income | Million Yen | 107,213 | 101,272 | 5,941 |
| Ordinary income | Million Yen | 102,909 | 96,777 | 6,132 |
| Net income | Million Yen | 83,391 | 77,970 | 5,421 |

2. Average rates of major foreign currencies:
- | | | Years ended Mar. 31, | | |
|------------|-----|----------------------|--------|-------------|
| | | 2007 | 2006 | Variance(%) |
| US Dollar | Yen | 116.96 | 113.93 | -2.7% |
| Euro | Yen | 150.95 | 138.13 | -9.3% |
| Thail Baht | Yen | 3.24 | 2.81 | -15.3% |

(3) Consolidated Statements of Shareholders' Equity

HOYA CORPORATION and Consolidated Subsidiaries

| | Millions of Yen | | | | | |
|------------------------------------------------------------------------------------------------|----------------------|-----------------|----------------|----------------|--------------------------------------------|----------------------------|
| | Shareholders' Equity | | | | | |
| | Paid-in Capital | Capital Surplus | Earned Surplus | Treasury Stock | Advances on subscription to treasury stock | Total Shareholders' Equity |
| BALANCE MARCH 31, 2006 | 6,264 | 15,898 | 266,345 | -16,279 | - | 272,228 |
| Net income | | | 83,391 | | | 83,391 |
| Appropriations | | | | | | |
| Cash dividends | | | -25,843 | | | -25,843 |
| Bonus to directors | | | -64 | | | -64 |
| Repurchase of treasury stocks | | | | -12 | | -12 |
| Disposal of treasury stocks | | | -1,606 | 3,539 | | 1,932 |
| Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries | | | 290 | | | 290 |
| Others | | | | | 1 | 1 |
| Net increase / decrease during the term under review except in Shareholders' Equity | | | 56,167 | 3,526 | 1 | 59,695 |
| Total increase / decrease during the term under review | - | - | 56,167 | 3,526 | 1 | 59,695 |
| BALANCE MARCH 31, 2007 | 6,264 | 15,898 | 322,513 | -12,753 | 1 | 331,924 |

| | Millions of Yen | | | | | |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------|-------------------------|---------------------------------------------|-------------------------------|-------------------|------------------|
| | Valuation and Translation Adjustments | | | | | |
| | Valuation difference on available-for-sale securities | Translation Adjustments | Total Valuation and Translation Adjustments | New Share Subscription Rights | Minority Interest | Total Net Assets |
| BALANCE MARCH 31, 2006 | 110 | 7,142 | 7,252 | - | 919 | 280,400 |
| Net income | | | | | | 83,391 |
| Appropriations | | | | | | |
| Cash dividends | | | | | | -25,843 |
| Bonus to directors | | | | | | -64 |
| Repurchase of treasury stocks | | | | | | -12 |
| Disposal of treasury stocks | | | | | | 1,932 |
| Increase / decrease due to change in accounting standard of overseas consolidated subsidiaries | | | | | | 290 |
| Others | | | | | | 1 |
| Net increase / decrease during the term under review except in Shareholders' Equity | -195 | 26,121 | 25,925 | 167 | 956 | 27,049 |
| Total increase / decrease during the term under review | -195 | 26,121 | 25,925 | 167 | 956 | 86,744 |
| BALANCE MARCH 31, 2007 | -85 | 33,263 | 33,177 | 167 | 1,876 | 367,145 |

Notes:

| | | | | | | |
|--------------------------------|--------------|-------------------------|----------------------------|----------------------------|-------------------|---------------|
| 1. Condition of issued stocks | Common stock | beginning of the period | increase during the period | decrease during the period | end of the period | unit : shares |
| | | 435,017,020 | - | - | 435,017,020 | |
| 2. Condition of treasury stock | Common stock | beginning of the period | increase during the period | decrease during the period | end of the period | unit : shares |
| | | 4,401,607 | 2,861 | 956,787 | 3,447,681 | |

The breakdown of increase/decrease of treasury stock (by reason) is as follows :

| | |
|-----------------------------------------------------------------|----------------|
| Increase due to repurchase of treasury stock less than one unit | 2,861 shares |
| Decrease due to sale of treasury stock less than one unit | 387 shares |
| Decrease due to exercise of stock option | 956,400 shares |

(4) Consolidated Statements of Cash Flows

HOYA CORPORATION and Consolidated Subsidiaries

| | Millions of Yen | | |
|-----------------------------------------------------------------------------|----------------------------|----------------|---------------|
| | <u>Years ended Mar.31,</u> | | Variance |
| | 2007 | 2006 | |
| OPERATING ACTIVITIES: | | | |
| Income before income taxes and minority interests | 107,132 | 97,367 | 9,765 |
| Depreciation and amortization | 36,338 | 26,251 | 10,087 |
| Loss on impairment of long-lived assets | 87 | 1,232 | -1,145 |
| Gain on transfer of businesses | — | -1,783 | 1,783 |
| Provision for (reversal of) accrued allowances for doubtful receivables | -242 | 234 | -476 |
| Provision for (reversal of) accrued bonuses to employees | 154 | 278 | -124 |
| Provision for (Reversal of) reserve for periodic repairs | 267 | 76 | 191 |
| Interest income and dividend receivable | -2,922 | -1,794 | -1,128 |
| Interest expense payable | 86 | 142 | -56 |
| Foreign exchange loss (gain) | 4,782 | -598 | 5,380 |
| Equity in earnings of affiliates | -642 | -1,285 | 643 |
| Gain on sales of property, plant and equipment and investment securities | -9,629 | -109 | -9,520 |
| Loss on disposal of property, plant and equipment and investment securities | 3,327 | 625 | 2,702 |
| Loss on write-down of investment securities | 7 | 13 | -6 |
| Bonus to directors | -64 | -65 | 1 |
| Other | -705 | 204 | -909 |
| (Increase) decrease in notes and accounts receivable | -13,800 | -4,041 | -9,759 |
| (Increase) decrease in inventories | -4,798 | -2,546 | -2,252 |
| (Increase) decrease in other current assets | 2,249 | 2,097 | 152 |
| Increase (decrease) in notes and accounts payable | -1,208 | 3,643 | -4,851 |
| Increase (decrease) in income taxes payable | -1,022 | 662 | -1,684 |
| Increase (decrease) in other current liabilities | 241 | 1,757 | -1,516 |
| Sub total | 119,639 | 122,348 | -2,709 |
| Interest and dividend receivable | 2,556 | 1,865 | 691 |
| Interest payable | -40 | -112 | 72 |
| Income taxes - paid | -23,361 | -18,246 | -5,115 |
| Net cash provided by operating activities | 98,793 | 105,855 | -7,062 |
| INVESTING ACTIVITIES: | | | |
| Purchases of property, plant and equipment | -52,379 | -47,741 | -4,638 |
| Proceeds from sales of property, plant and equipment | 10,217 | 266 | 9,951 |
| Purchases of investment securities | -407 | -2,069 | 1,662 |
| Proceeds from sales of investment securities | 30 | — | 30 |
| Expenditure for acquisition of subsidiary's stocks for consolidation | -908 | -337 | -571 |
| Expenditure for loans | -584 | -2 | -582 |
| Income from collection of loans | 77 | 116 | -39 |
| Expenditure for other investments | -3,274 | -4,630 | 1,356 |
| Income from other investments | 576 | 155 | 421 |
| Proceeds from transfer of businesses | — | 2,230 | -2,230 |
| Net cash used in investing activities | -46,652 | -52,012 | 5,360 |
| FINANCING ACTIVITIES: | | | |
| Net increase (decrease) in short-term bank loans | — | -207 | 207 |
| Payments for purchase of treasury stock | -12 | -64,031 | 64,019 |
| Proceeds from sales of treasury stock | 1,934 | 1,855 | 79 |
| Dividends paid | -25,810 | -23,402 | -2,408 |
| Dividends paid for minority shareholders | -2 | -1 | -1 |
| Net cash used in financing activities | -23,891 | -85,787 | 61,896 |
| EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALE | 8,798 | 2,645 | 6,153 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 37,047 | -29,300 | 66,347 |
| CASH AND CASH EQUIVALENTS, BEGINNING OF THE PERIOD | 83,574 | 112,874 | -29,300 |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | 120,621 | 83,574 | 37,047 |

Notes

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

Cash and deposits

Total

Years ended Mar. 31,2007120,621120,621200683,57483,574

2. Details of Important Non-financial Trading

Year ended Mar.31, 2007

None

Year ended Mar.31, 2006

Cancellation of treasury stock

(with effect on Feb 1, 2006 for 14,379,000 shares)

RE : The number of total issued and outstanding shares after the cancellation was 435,017,020 shares.

Millions of Yen

53,180

(5) Preparation of the Consolidated Financial Statements

Scope of Consolidation and Application of the Equity Method

- Number of consolidated subsidiaries : 67 companies
(Major consolidated subsidiaries :
<overseas> HOYA HOLDINGS, INC., HOYA HOLDINGS N.V.,
HOYA HOLDINGS ASIA PACIFIC PTE LTD., HOYA PHOTONICS, INC.
<domestic> HOYA CANDEO OPTRONICS CORPORATION, HOYA HEALTHCARE CORPORATION)
- Number of unconsolidated subsidiaries : None
- Number of affiliates : 4 companies
(Number of affiliates accounted for by the equity method : 1 company, NH TECHNO GLASS CORPORATION)

Notes: Changes in Accounting Policies and Others

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

(In comparison to March 31, 2006)

1) Scope of consolidation : 5 companies increased in total.

- | | |
|-----------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------|
| 5 companies increased due to the establishment: | HOYA LENS INDIA PRIVATE LIMITED. (India) HOYA LENS VIETNAM LTD. (Vietnam) Other three companies (overseas) |
| 1 company increased due to the acquisition | HOYA HILL OPTICS SA (PTY) LTD. (South Africa) |
| 1 company decreased due to the merger into the other subsidiary | HOYA CRYSTAL, INC. (U.S.A.) * merged into HOYA CORPORATION USA (USA) |

2) Application of the equity method None

| | as of Mar. 31, 2007 | as of Mar. 31, 2006 | variance |
|--------------------------------------|------------------------|------------------------|--------------------|
| Consolidated subsidiaries | 67 (do 5, os62) | 62 (do 5, os57) | +5 (do-, os +5) |
| Nonconsolidated subsidiaries | - (do -, os -) | - (do -, os -) | - (do-, os -) |
| Affiliates | 4 (do 4, os -) | 5 (do 5, os -) | -1 (do-1, os-) |
| (accounted for by the equity method) | (1) (do 1, os -) | (1) (do 1, os -) | (-) (do-, os-) |
| Total Hoya Group | 71 | 67 | +4 |
| (accounted for by the equity method) | (1) | (1) | (-) |

(do : domestic, os : overseas)

- Changes in accounting policy :
From this fiscal year, the company has changed its classification of industry segment.

(6) Notes for Consolidated Financial Statements

Notes Relating to Investment Securities and Derivatives

1. Investment securities with market values:

(Millions of Yen)

| | | As of Mar. 31, | | | | | |
|-----------------------------------------------------|------------------------------|----------------|------------|----------|-------|------------|----------|
| | | 2007 | | | 2006 | | |
| Available-for-sale | | Cost | Fair Value | Variance | Cost | Fair Value | Variance |
| Securities of which fair value exceeds cost | Marketable Equity securities | 159 | 267 | 108 | 1,692 | 1,874 | 181 |
| | Government bonds | - | - | - | - | - | - |
| | Corporate bonds | - | - | - | - | - | - |
| | Others | - | - | - | - | - | - |
| Sub total | | 159 | 267 | 108 | 1,692 | 1,874 | 181 |
| Securities of which fair value does NOT exceed cost | Marketable Equity securities | 1,532 | 1,274 | -258 | - | - | - |
| | Government bonds | - | - | - | - | - | - |
| | Corporate bonds | - | - | - | - | - | - |
| | Others | - | - | - | - | - | - |
| Sub total | | 1,532 | 1,274 | -258 | - | - | - |
| Total | | 1,692 | 1,541 | -150 | 1,692 | 1,874 | 181 |

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

(Millions of Yen)

| | Years ended March 31, | |
|----------------------------|-----------------------|------|
| | 2007 | 2006 |
| Value of sales | — | — |
| Total of gains from sales | — | — |
| Total of losses from sales | — | — |

3. Investment securities of without market values:

(Millions of Yen)

| | As of Mar. 31, | |
|--------------------------------------|----------------|--------|
| | 2007 | 2006 |
| Non-marketable stock of subsidiaries | 11,678 | 11,104 |
| Total | 11,678 | 11,104 |
| Non-marketable equity securities | 1,099 | 802 |
| Others | 256 | 279 |
| Total | 1,355 | 1,081 |

4. Derivatives

Significant hedge accounting methods

(1) Hedge accounting methods

Deferral hedging is applied. Appropriation is adopted for hedging exchange risks when the criteria for appropriation are met.

(2) Hedging methods, items covered by hedging and hedging strategy

Exchange risks are hedged based mainly on the company's "Internal Management Regulations", and the company has adopted a policy of not conducting any speculative derivative trading.

Hedging method: forward exchange contracts

Items hedged: Foreign currency denominated debt

Notes Relating to Income Taxes

1. Breakdown of major factors giving rise to deferred tax assets and liabilities:

| | <u>Millions of Yen</u> | |
|------------------------------------------------------------------------------------------|------------------------|--------------|
| | <u>As of Mar. 31,</u> | |
| | <u>2007</u> | <u>2006</u> |
| (1) Current deferred tax assets and liabilities | | |
| Deferred tax assets | | |
| Inventories - intercompany unrealized profits | 2,647 | 1,692 |
| Accrued bonuses to employees | 1,655 | 1,601 |
| Accrued enterprise taxes | 922 | 727 |
| Inventories - loss on write-down | 78 | 253 |
| Maintenance of environment | — | 1,474 |
| Other | 1,763 | 1,657 |
| Total amount of deferred tax assets - current | <u>7,067</u> | <u>7,407</u> |
| (2) Non-current deferred tax assets and liabilities | | |
| Deferred tax assets | | |
| Excess amount of inclusion in deductible expenses for depreciation | 1,576 | 1,962 |
| Loss on impairment not deductible | 622 | 1,376 |
| Loss on disposal of fixed assets not deductible | 518 | — |
| Excess amount of inclusion in deductible expenses for allowance for doubtful receivables | 110 | 105 |
| Other | 600 | 258 |
| Total amount of deferred tax assets - fixed | <u>3,429</u> | <u>3,702</u> |
| Deferred tax liabilities | | |
| Reserve for deferred income taxes on fixed assets | -307 | -406 |
| Special depreciation reserve | -232 | -298 |
| Net unrealized gain on available-for-sale securities | — | -74 |
| Other | -165 | -165 |
| Total amount of deferred tax liabilities - fixed | <u>-705</u> | <u>-945</u> |
| Net amount of deferred tax assets - fixed | <u>2,723</u> | <u>2,757</u> |

2. The effective income tax rates of the companies differed from the statutory tax rate for the following reasons:

| | <u>Years ended Mar.31,</u> | |
|--------------------------------------------------------------------------|----------------------------|-------------|
| | <u>2007</u> | <u>2006</u> |
| Statutory tax rate of the Company | 40.4 % | 40.4 % |
| (Adjustment) | | |
| Lower income tax rates applicable to income in certain foreign countries | -17.1 | -18.2 |
| Expenses not permanently deductible for income tax purposes | 0.4 | 0.4 |
| Per capita portion | 0.1 | 0.1 |
| Non-taxable dividend income | -1.5 | -1.8 |
| Intercompany cash dividend and transactions | 1.5 | 1.8 |
| Equity in earnings of affiliates | -0.2 | -0.5 |
| Tax credit on experiment and research expenses | -0.7 | -0.5 |
| Other adjustment - net | -0.9 | 0.6 |
| Effective income tax rate | <u>22.0</u> | <u>22.3</u> |

Notes Relating to Employees' Retirement Benefits

1. Systems of employees' retirement benefits the Company adopts

The Company had systems to support lump sum severance pay and an employees' pension fund (Kosei Nenkin Kikin). During the third quarter of the fiscal year ended in March 2003, the system of lump sum severance pay was abolished. The employees' pension fund was dissolved with approval for its dissolution sanctioned by the Minister of Health, Labor and Welfare on January 29, 2003 and this has been in the process of completion. On May 26, 2004, the Company obtained approval from the Minister of Health, Labor and Welfare for the completion of the liquidation thereof.

2. Details of liabilities for employees' retirement benefits

(1) Breakdown of liabilities for employees' retirement benefits

None

Millions of Yen

Years ended Mar.31,

| (2) Breakdown of expenses for employees' retirement benef | 2007 | 2006 |
|-----------------------------------------------------------|--------------|--------------|
| Additional retirement benefits paid to employees | 1,055 | 1,688 |
| Expenses for employees' retirement benefits | <u>1,055</u> | <u>1,688</u> |

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

None

Notes Relating to Impairment of Fixed Assets

(Units : Millions of Yen)

1. Crystal Division

(1) Tokyo Studio, etc. in the Crystal Division

| | |
|-------------|------------------------------------------------------|
| Location | Akishima-shi, Tokyo, etc. |
| Use | Facilities for manufacturing crystal glassware, etc. |
| Asset Class | Machinery and equipment, etc. |

In the Crystal Division, which experienced a substantial decline in demand for personal consumption and for corporate gifts amid the sluggish market, and book value of the asset group relating to this division was decreased to its recoverable amount, and the decrease was posted as impairment loss under extraordinary losses.

(2) Breakdown of impairment

| | Years ended Mar.31, | |
|-----------------|---------------------|------------|
| | 2007 | 2006 |
| Machinery, etc. | 87 | 864 |
| Total | <u>87</u> | <u>864</u> |

The recoverable amount of the asset group was measured in terms of its value in use while its future cash flows were computed by discounting them by 5%.

2. Headquarters

(1) Leased assets of head office

| | |
|-------------|--------------------|
| Location | Machida-shi, Tokyo |
| Use | Leasing |
| Asset Class | Land |

The book value of the leased assets located in Machida City, Tokyo was reduced to the amount of potential recovery because of a decline in market price. The amount of reduction is recorded under extraordinary losses as asset impairment losses.

(2) Breakdown of impairment

| | Years ended Mar.31, | |
|-------|---------------------|------------|
| | 2007 | 2006 |
| Land | - | 368 |
| Total | <u>-</u> | <u>368</u> |

The recoverable amount for this group of assets is measured based on the posted price.

Per Share Information

| | <u>Years ended Mar. 31,</u> | |
|------------------------------------|-----------------------------|--------|
| | 2007 | 2006 |
| Net asset per share (Yen) | 845.98 | 648.87 |
| Basic net income per share (Yen) | 193.50 | 171.71 |
| Diluted net income per share (Yen) | 192.78 | 171.08 |

The basement of the calculation of per share information as follows:

| | <u>Years ended Mar. 31,</u> | |
|----------------------------------------------------------------------------------------|-----------------------------|-------------|
| | 2007 | 2006 |
| <u>Net asset per share (Yen)</u> | | |
| Net assets (Millions of Yen) | 367,145 | 279,480 |
| (Minority interest) (Millions of Yen) | 1,876 | — |
| (Advances on subscription to treasury stock) (Millions of Yen) | 1 | — |
| (New share subscription rights) (Millions of Yen) | 167 | — |
| (Bonus to directors) (Millions of Yen) | — | 65 |
| Net assets on common stock (Millions of Yen) | 365,100 | 279,415 |
| Number of common stocks issued end of the term excluding treasury stocks (unit:shares) | 431,569,339 | 430,615,413 |
| <u>Basic net income per share</u> | | |
| Net income (Millions of Yen) | 83,391 | 75,620 |
| (bonus to directors) (Millions of Yen) | — | 65 |
| Net income on common stock (Millions of Yen) | 83,391 | 75,554 |
| Average number of common stocks (unit:shares) | 430,967,580 | 440,007,888 |
| <u>Diluted net income per share (Yen)</u> | | |
| Net income (Millions of Yen) | 83,391 | 75,620 |
| (bonus to directors) (Millions of Yen) | — | 65 |
| Net income on common stock (Millions of Yen) | 83,391 | 75,554 |
| Number of common stocks increased (unit:shares) | 1,615,517 | 1,624,888 |
| Average number of common stocks (unit:shares) | 432,583,097 | 441,632,776 |

Material facts occurring after the closing of accounts"Regarding Management Integration between HOYA and PENTAX"

HOYA and PENTAX have been carrying out discussions on the merger of the two companies to achieve management integration based on the Basic Understanding for Management Integration signed and released on December 21, 2006. However, HOYA found it difficult to achieve integration through a way of share swap merger.

In order to overcome the above circumstances, HOYA proposed to PENTAX on April 7, 2007, to begin the discussion between the two companies on a takeover offer from HOYA in place of share swap, according to the basic agreement.

At this moment the discussion, including the possibilities of TOB, is continuing. The final target of the integration is increasing corporate value and HOYA is striving to find the best way to achieve this aim.

(7) Segment Information (unaudited)

HOYA CORPORATION and Consolidated Subsidiaries

1. Industry Segments

Annual : for the year ended March 31, 2007

| | Millions of Yen | | | | | | | Consolidated |
|-------------------------|-----------------|------------|-------------|-------------|--------|---------|-------------------|--------------|
| | Electro-Optics | Photo-nics | Vision Care | Health Care | Others | Total | Elimin. or corp.* | |
| Net sales: | | | | | | | | |
| To outside customers | 219,252 | 9,092 | 119,808 | 40,849 | 1,089 | 390,093 | - | 390,093 |
| Intersegment | 413 | 248 | 0 | 0 | 2,765 | 3,427 | -3,427 | - |
| Total | 219,665 | 9,341 | 119,808 | 40,849 | 3,855 | 393,521 | -3,427 | 390,093 |
| Operating expenses | 139,581 | 8,850 | 98,641 | 31,634 | 4,205 | 282,914 | -34 | 282,880 |
| Operating income | 80,084 | 490 | 21,167 | 9,214 | -350 | 110,606 | -3,393 | 107,213 |
| Operating margin | 36.5% | 5.2% | 17.7% | 22.6% | -9.1% | 28.1% | - | 27.5% |
| Assets | 258,746 | 7,760 | 118,228 | 24,410 | 2,518 | 411,664 | 35,979 | 447,644 |
| Depreciation | 27,448 | 125 | 7,405 | 1,169 | 45 | 36,193 | 145 | 36,338 |
| Loss on impairment | - | - | - | - | 87 | 87 | - | 87 |
| Capital Expenditures | 39,899 | 155 | 11,671 | 2,118 | 90 | 53,935 | 496 | 54,432 |
| R&D Expenses | 10,503 | 1,159 | 1,674 | 1,460 | 122 | 14,920 | - | 14,920 |
| Number of employees (p) | 19,570 | 199 | 7,506 | 910 | 198 | 28,383 | 67 | 28,450 |

Annual : for the year ended March 31, 2006

| | Millions of Yen | | | | | | | Consolidated |
|-------------------------|-----------------|------------|-------------|-------------|--------|---------|-------------------|--------------|
| | Electro-Optics | Photo-nics | Vision Care | Health Care | Others | Total | Elimin. or corp.* | |
| Net sales: | | | | | | | | |
| To outside customers | 190,551 | 10,092 | 104,456 | 35,483 | 3,641 | 344,228 | - | 344,228 |
| Intersegment | 744 | 246 | 0 | 0 | 4,366 | 5,357 | -5,357 | - |
| Total | 191,296 | 10,339 | 104,457 | 35,483 | 8,009 | 349,585 | -5,357 | 344,228 |
| Operating expenses | 116,434 | 9,405 | 84,088 | 28,624 | 7,517 | 246,068 | -2,936 | 243,132 |
| Operating income | 74,862 | 933 | 20,369 | 6,859 | 492 | 103,516 | -2,421 | 101,095 |
| Operating margin | 39.1% | 9.0% | 19.5% | 19.3% | 6.1% | 29.6% | - | 29.4% |
| Assets | 204,191 | 7,605 | 98,243 | 19,927 | 4,824 | 334,792 | 26,745 | 361,537 |
| Depreciation | 18,715 | 108 | 6,444 | 855 | 53 | 26,177 | 74 | 26,251 |
| Loss on impairment | - | - | - | - | 864 | 864 | 368 | 1,232 |
| Capital Expenditures | 37,243 | 208 | 7,958 | 2,391 | 921 | 48,722 | 63 | 48,785 |
| R&D Expenses | 8,289 | 1,683 | 2,566 | 1,555 | 39 | 14,134 | - | 14,134 |
| Number of employees (p) | 17,133 | 191 | 6,794 | 733 | 271 | 25,122 | 54 | 25,176 |

Ref : Differences between the years ended Mar.31, 2007 and 2006

| | Millions of Yen | | | | | | | Consolidated |
|-------------------------|-----------------|------------|-------------|-------------|---------|--------|-------------------|--------------|
| | Electro-Optics | Photo-nics | Vision Care | Health Care | Others | Total | Elimin. or corp.* | |
| Net sales: | | | | | | | | |
| To outside customers | 28,701 | -1,000 | 15,352 | 5,366 | -2,552 | 45,865 | - | 45,865 |
| Variance | 15.1% | -9.9% | 14.7% | 15.1% | -70.1% | 13.3% | - | 13.3% |
| Intersegment | -331 | 2 | 0 | 0 | -1,601 | -1,930 | 1,930 | - |
| Total | 28,369 | -998 | 15,351 | 5,366 | -4,154 | 43,936 | 1,930 | 45,865 |
| Operating expenses | 23,147 | -555 | 14,553 | 3,010 | -3,312 | 36,846 | 2,902 | 39,748 |
| Operating income | 5,222 | -443 | 798 | 2,355 | -842 | 7,090 | (972) | 6,118 |
| Variance | 7.0% | -47.5% | 3.9% | 34.3% | -171.1% | 6.8% | - | 6.1% |
| Assets | 54,555 | 155 | 19,985 | 4,483 | -2,306 | 76,872 | 9,234 | 86,107 |
| Depreciation | 8,733 | 17 | 961 | 314 | -8 | 10,016 | 71 | 10,087 |
| Loss on impairment | - | - | - | - | -777 | -777 | -368 | -1,145 |
| Capital Expenditures | 2,656 | -53 | 3,713 | -273 | -831 | 5,213 | 433 | 5,647 |
| R&D Expenses | 2,214 | -524 | -892 | -95 | 83 | 786 | - | 786 |
| Number of employees (p) | 2,437 | 8 | 712 | 177 | -73 | 3,261 | 13 | 3,274 |

*Elimin. or corp. : Eliminations or corporate

Notes:

1. Products and Services of each Business Division:

- (1) From this fiscal year, the company has changed its segmentation of industry as follows, because the necessity of classified disclosure for both Crystal and Service has decreased due to the decline of sales and profits by the Company's re-organization :

| Business Category | Division | Products and Services |
|--------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Information Technologies | Electro-Optics | Photomasks and Maskblanks for semiconductors, Masks and devices for liquid-crystal displays (LCDs), Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc. |
| | Photonics | Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc. |
| Eye Care | Vision Care | Eyeglass lenses, eyeglass frames, etc. |
| | Health Care | Contact lenses and accessories, intraocular lenses, etc. |
| Others | | Crystal glass products; Design of information systems, etc. |

- (2) Formerly the company's business segment classification was as follows:

| Business Category | Division | Products and Services |
|--------------------------|----------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Information Technologies | Electro-Optics | Photomasks and Maskblanks for semiconductors, Masks and devices for liquid-crystal displays (LCDs), Glass disks for hard disk drives (HDDs), Optical lenses, optical glasses, electronic glasses, Optical communication related devices, etc. |
| | Photonics | Lazer equipments for industrial, dental, and medical purposes, Light sources for electronics industry, special optical glasses, etc. |
| Eye Care | Vision Care | Eyeglass lenses, eyeglass frames, ophthalmic equipments, etc. |
| | Health Care | Contact lenses and accessories, intraocular lenses, etc. |
| Others | Crystal | Crystal glass products |
| | Service | Design of information systems, placement of temporary staff, etc. |

- (3) The business results for the year ended Mar. 31, 2006 according to the former business segment are as follows:

| | Millions of Yen | | | | | | | Elimin. or corp.* | Consolidated |
|-------------------------|-----------------|-----------|-------------|-------------|---------|---------|---------|-------------------|--------------|
| | Electro-Optics | Photonics | Vision Care | Health Care | Crystal | Service | Total | | |
| Net sales: | | | | | | | | | |
| To outside customers | 190,551 | 10,092 | 104,456 | 35,483 | 1,864 | 1,777 | 344,228 | — | 344,228 |
| Intersegment | 744 | 246 | 0 | 0 | 33 | 4,333 | 5,357 | (5,357) | — |
| Total | 191,296 | 10,339 | 104,457 | 35,483 | 1,898 | 6,111 | 349,585 | (5,357) | 344,228 |
| Operating expenses | 116,434 | 9,405 | 84,088 | 28,624 | 2,052 | 5,464 | 246,068 | (2,936) | 243,132 |
| Operating income | 74,862 | 933 | 20,369 | 6,859 | -154 | 646 | 103,516 | (2,421) | 101,095 |
| Operating income ratio | 39.1% | 9.0% | 19.5% | 19.3% | -8.2% | 10.6% | 29.6% | — | 29.4% |
| Assets | 204,191 | 7,605 | 98,243 | 19,927 | 840 | 3,984 | 334,792 | 26,745 | 361,537 |
| Depreciation | 18,715 | 108 | 6,444 | 855 | — | 53 | 26,177 | 74 | 26,251 |
| Loss on impairment | — | — | — | — | 864 | — | 864 | 368 | 1,232 |
| Capital Expenditures | 37,243 | 208 | 7,958 | 2,391 | 761 | 159 | 48,722 | 63 | 48,785 |
| R&D Expenses | 8,289 | 1,683 | 2,566 | 1,555 | 39 | — | 14,134 | — | 14,134 |
| Number of employees (p) | 17,133 | 191 | 6,794 | 733 | 86 | 185 | 25,122 | 54 | 25,176 |

*Elimi. or corp. : Eliminations or corporate

2. Amounts and composition of unallocable operating expenses are included in "Eliminations or Corporate".

Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company and the overseas regional headquarters, which are not allocated to each industry segment. Corporate operating expenses for the year ended Mar. 31, 2007 and 2006 are as follows:

2007 3,369 million Yen 2006 2,629 million Yen

3. Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company and the overseas regional headquarters. Corporate assets as of Mar. 31, 2007 and 2006 are as follows:

2007 61,381 million Yen 2006 35,135 million Yen

2. Geographical Segments

Annual : for the year ended March 31, 2007

| Millions of Yen | | | | | | | |
|----------------------|----------------|---------------|----------------|----------------|----------------|-----------------|----------------|
| | Japan | North America | Europe | Asia | Total | Elimi. or corp. | Consolidated |
| Net sales: | | | | | | | |
| To outside customers | 270,373 | 37,455 | 51,336 | 30,927 | 390,093 | - | 390,093 |
| Intersegment | 26,847 | 305 | 812 | 159,124 | 187,089 | -187,089 | - |
| Total | 297,220 | 37,761 | 52,149 | 190,052 | 577,182 | -187,089 | 390,093 |
| Operating expenses | 257,021 | 36,915 | 44,663 | 135,226 | 473,826 | -190,946 | 282,880 |
| Operating income | 40,199 | 845 | 7,485 | 54,825 | 103,355 | 3,857 | 107,213 |
| Operating margin | 13.5% | 2.2% | 14.4% | 28.8% | 17.9% | - | 27.5% |
| Assets | 193,390 | 13,507 | 107,564 | 207,158 | 521,619 | -73,975 | 447,644 |

Annual : for the year ended March 31, 2006

| Millions of Yen | | | | | | | |
|----------------------|----------------|---------------|---------------|----------------|----------------|-----------------|----------------|
| | Japan | North America | Europe | Asia | Total | Elimi. or corp. | Consolidated |
| Net sales: | | | | | | | |
| To outside customers | 244,998 | 35,471 | 39,231 | 24,526 | 344,228 | - | 344,228 |
| Intersegment | 23,900 | 221 | 683 | 120,813 | 145,618 | -145,618 | - |
| Total | 268,898 | 35,692 | 39,914 | 145,340 | 489,846 | -145,618 | 344,228 |
| Operating expenses | 230,413 | 34,606 | 33,366 | 97,225 | 395,612 | -152,479 | 243,132 |
| Operating income | 38,484 | 1,086 | 6,548 | 48,114 | 94,234 | 6,861 | 101,095 |
| Operating margin | 14.3% | 3.0% | 16.4% | 33.1% | 19.2% | - | 29.4% |
| Assets | 163,840 | 22,377 | 63,345 | 149,298 | 398,861 | -37,323 | 361,537 |

Ref : Differences between the years ended Mar.31, 2007 and 2006

| Millions of Yen | | | | | | | |
|----------------------|---------------|---------------|---------------|---------------|----------------|-----------------|---------------|
| | Japan | North America | Europe | Asia | Total | Elimi. or corp. | Consolidated |
| Net sales: | | | | | | | |
| To outside customers | 25,375 | 1,984 | 12,105 | 6,401 | 45,865 | - | 45,865 |
| Variance | 10.4% | 5.6% | 30.9% | 26.1% | 13.3% | - | 13.3% |
| Intersegment | 2,947 | 84 | 129 | 38,311 | 41,471 | -41,471 | - |
| Total | 28,322 | 2,069 | 12,235 | 44,712 | 87,336 | -41,471 | 45,865 |
| Operating expenses | 26,608 | 2,309 | 11,297 | 38,001 | 78,214 | -38,467 | 39,748 |
| Operating income | 1,715 | -241 | 937 | 6,711 | 9,121 | -3,004 | 6,118 |
| Variance | 4.5% | -22.2% | 14.3% | 13.9% | 9.7% | - | 6.1% |
| Assets | 29,550 | -8,870 | 44,219 | 57,860 | 122,758 | -36,652 | 86,107 |

*Elimi. or corp. : Eliminations or corporate

Notes:

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

North America: United States of America, Canada, etc.
 Europe: Netherlands, Germany, United Kingdom, etc., including South Africa
 Asia: Singapore, Thailand, China, Republic of Korea, Taiwan, etc., including Australia

- Amounts and composition of unallocable operating expenses are included in "Eliminations or Corporate". Corporate operating expenses mainly consist of the administration expenses of the headquarters of the Company, which are not allocated to each industry segment. Corporate operating expenses for the years ended Mar. 31, 2007 and 2006 are as follows:

| | | | |
|-------------|-------------------|-------------|-------------------|
| <u>2007</u> | 2,993 Million Yen | <u>2006</u> | 2,317 Million Yen |
|-------------|-------------------|-------------|-------------------|

- Corporate assets included in "Eliminations or Corporate" mainly consist of cash, time deposits, investments securities and administrative assets of the Company. Corporate assets as of Mar. 31, 2007 and 2006 are as follows:

| | | | |
|-------------|--------------------|-------------|--------------------|
| <u>2007</u> | 59,046 Million Yen | <u>2006</u> | 33,958 Million Yen |
|-------------|--------------------|-------------|--------------------|

3. Sales to Foreign Customers

Annual : for the year ended Mar. 31, 2007

| | Millions of Yen | | | | |
|----------------------------------|-----------------|--------|---------|-------|---------|
| | North America | Europe | Asia | Other | Total |
| Overseas Sales (A) | 44,954 | 53,524 | 113,059 | 7 | 211,545 |
| Total Consolidated Net Sales (B) | | | | | 390,093 |
| Overseas Sales ratio A/B | 11.5% | 13.7% | 29.0% | 0.0% | 54.2% |
| Regional Sales ratio | 21.3% | 25.3% | 53.4% | 0.0% | 100.0% |

Annual : for the year ended Mar. 31, 2006

| | Millions of Yen | | | | |
|----------------------------------|-----------------|--------|--------|-------|---------|
| | North America | Europe | Asia | Other | Total |
| Overseas Sales (A) | 42,673 | 41,200 | 85,988 | 859 | 170,722 |
| Total Consolidated Net Sales (B) | | | | | 344,228 |
| Overseas Sales ratio A/B | 12.4% | 12.0% | 25.0% | 0.2% | 49.6% |
| Regional Sales ratio | 25.0% | 24.1% | 50.4% | 0.5% | 100.0% |

Ref: Differences between the years ended Mar.31, 2007 and 2006

| | Millions of Yen | | | | |
|----------------------------------|-----------------|--------|--------|--------|--------|
| | North America | Europe | Asia | Other | Total |
| Overseas Sales (A) | 2,281 | 12,324 | 27,071 | -852 | 40,823 |
| Total Consolidated Net Sales (B) | | | | | 45,865 |
| Variance of Overseas Sales | 5.3% | 29.9% | 31.5% | -99.2% | 23.9% |

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

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

(8) Composition of Net Sales by Business Category

HOYA CORPORATION and Consolidated Subsidiaries (Unaudited)

| Business Category Company | Millions of Yen [%] | | | |
|-------------------------------|-----------------------|-------------------|----------|-------|
| | Years ended March 31, | | Variance | |
| | 2007 | 2006 | Value | % |
| Electro-Optics | | | | |
| Domestic | 97,405 (44.4) | 94,448 (49.6) | 2,957 | 3.1 |
| Overseas | 121,846 (55.6) | 96,103 (50.4) | 25,743 | 26.8 |
| total | 219,252 [56.2] | 190,551 [55.4] | 28,701 | 15.1 |
| Photonics | | | | |
| Domestic | 5,216 (57.4) | 5,519 (54.7) | -303 | -5.5 |
| Overseas | 3,876 (42.6) | 4,573 (45.3) | -697 | -15.2 |
| total | 9,092 [2.3] | 10,092 [2.9] | -1,000 | -9.9 |
| Information Technology | | | | |
| Domestic | 102,622 (44.9) | 99,967 (49.8) | 2,655 | 2.7 |
| Overseas | 125,722 (55.1) | 100,677 (50.2) | 25,045 | 24.9 |
| total | 228,344 [58.5] | 200,644 [58.3] | 27,700 | 13.8 |
| Vision Care | | | | |
| Domestic | 35,635 (29.7) | 36,089 (34.5) | -454 | -1.3 |
| Overseas | 84,173 (70.3) | 68,367 (65.5) | 15,806 | 23.1 |
| total | 119,808 [30.7] | 104,456 [30.4] | 15,352 | 14.7 |
| Health Care | | | | |
| Domestic | 39,287 (96.2) | 34,228 (96.5) | 5,059 | 14.8 |
| Overseas | 1,561 (3.8) | 1,254 (3.5) | 307 | 24.5 |
| total | 40,849 [10.5] | 35,483 [10.3] | 5,366 | 15.1 |
| Eye Care | | | | |
| Domestic | 74,923 (46.6) | 70,317 (50.2) | 4,606 | 6.6 |
| Overseas | 85,735 (53.4) | 69,622 (49.8) | 16,113 | 23.1 |
| total | 160,658 [41.2] | 139,940 [40.7] | 20,718 | 14.8 |
| Others | | | | |
| Domestic | 1,002 (92.0) | 3,220 (88.4) | -2,218 | -68.9 |
| Overseas | 87 (8.0) | 421 (11.6) | -334 | -79.3 |
| total | 1,089 [0.3] | 3,642 [1.0] | -2,553 | -70.1 |
| Total Net Sales | | | | |
| Domestic | 178,547 (45.8) | 173,506 (50.4) | 5,041 | 2.9 |
| Overseas | 211,545 (54.2) | 170,722 (49.6) | 40,823 | 23.9 |
| Total | 390,093 [100.0] | 344,228 [100.0] | 45,865 | 13.3 |

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.