HOYA

Notice of the 78th Ordinary General Meeting of Shareholders

Information for the meeting

Date and time of meeting:

June 21 (Tuesday), 2016

Start accepting 9:00 a.m.

Opening of the meeting 10:00 a.m.

Location

Nakano Sunplaza (Nakano Sunplaza Hall)

4-1-1 Nakano, Nakano-ku,

Tokyo, Japan

We will no longer distribute any gifts which were customarily distributed on the day of the General Meeting of Shareholders. Thank you for your understanding.

HOYA CORPORATION

Security Code: 7741

Message from President & CEO

Dear Shareholders,

I would like to express my thanks for your continued patronage.

I am delighted to present this convocation notice of the 78th Ordinary General Meeting of Shareholders of HOYA CORPORATION to be convened on Tuesday, June 21.

The HOYA Group is working toward sustainable growth as a company by optimally allocating its investments in accordance with the needs of the age and swiftly changing business contents, based on the concept of "Portfolio Management."

The Life Care business, which we have positioned as a growing business, is expected to grow steadily owing to the progress in aging in developed countries and expansion of opportunities to access health care in developing countries. Although HOYA has some businesses that win large market shares in Japan, there are larger opportunities in overseas markets, so we promote our businesses, aiming to win market shares in developed countries and expand our presence in developing countries.

In the Information Technology business, we strive to maintain current large shares and further improve the profitability. We continually work on the enhancement of technological capabilities in cutting-edge areas, cost reduction and other tasks so as to maintain our strong cash generating capability.

The HOYA Group continually works to diversify its portfolio and improve its corporate value.

I sincerely ask for your continued support.

Hiroshi Suzuki
President & CEO

Corporate Mission

"Dedicated to innovation in
information technology,
lifestyles and culture,
HOYA envisions a world
where all can enjoy the good life,
living in harmony with nature."

INDEX

HOYA Group's Businesses

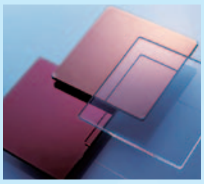
Based on the concept of "Portfolio Management," HOYA has developed businesses focused on two segments, Information Technology and Life Care, utilizing optical and precision processing technologies it has nurtured.

Information Technology

The HOYA Group contributes to the realization of an affluent society with its overwhelming technological capabilities.

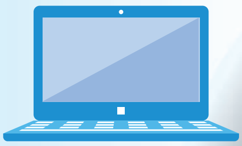
35%

Electronics


Mask blanks for semiconductor manufacturing

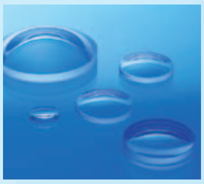

Glass disks for HDDs

Deals in glass-made components and materials essential for manufacturing semiconductors, LCD panels and HDDs.



- Mask blanks and photomasks for semiconductor manufacturing
- Photomasks for LCD panel manufacturing
- Glass disks for HDDs

Imaging


Optical lenses


Lens modules for compact cameras

Deals in optical lenses, optical glasses and lens modules for cameras, etc.

- Optical lenses and optical glasses
- Lens modules
- Plastic lenses
- Laser related equipment

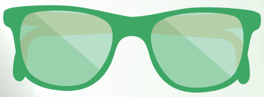
The market for the Life Care segment is expected to expand on a long-term basis thanks to the aging of world population and improvement in living standards in emerging markets, and the Information Technology segment responds with its overwhelming technological capabilities and competitiveness to the innovation in the digital society. Positioning the Life Care segment as a growing business and the Information Technology segment as a business with stable earnings, the HOYA Group strives to maximize its corporate value and achieve sustainable corporate growth by efficiently investing in both segments.

64% Life Care

Focusing on eye care, the HOYA Group aims to improve QOL (quality of life) of people around the world.

Composition

Health Care



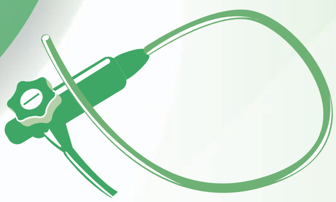
Engages in manufacturing and sales of eyeglass lenses and operation of "Eyecity," contact lens specialty stores.

- Eyeglass lenses
- Contact lenses
- "Eyecity," contact lens specialty stores

Eyeglass lenses

"Eyecity" store

Medical



Main products are medical endoscopes, intraocular lenses for cataracts, apatite products that are prosthetic fillers for bone defects, etc.

- Medical endoscopes
- Intraocular lenses for cataracts
- Artificial bones/metallic orthopedic implants

Medical endoscope

Metallic orthopedic implants

Note: As we execute consolidated group management, the term "HOYA" herein refers to "HOYA Group" in reference to its history, activities, operating results, etc. In particular, statements concerning HOYA on a nonconsolidated basis are written in the form of "HOYA Corporation" or "HOYA Corp."

Security Code: 7741
May 31, 2016

Notice of the 78th Ordinary General Meeting of Shareholders

Dear Shareholders:

Notice is hereby given that the 78th Ordinary General Meeting of Shareholders of HOYA CORPORATION ("the Company") will be held as set forth below and you are cordially invited to be present at such meeting.

Since voting rights can be exercised in writing or via the Internet even if you are not present at the meeting, please go over the information set forth in the accompanying Reference Materials for the General Meeting of Shareholders and, following the "Information on exercising the voting rights" on pages 7–8 cast your vote, either by sending back the enclosed voting form indicating your approval or disapproval of the Proposals, or entering your approval or disapproval of the Proposals from the voting site designated by the Company (http://www.evote.jp/) no later than 5:45 p.m. on Monday, June 20, 2016 to exercise your voting rights.

Yours very truly,

HOYA CORPORATION
6-10-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo, Japan
Hiroshi Suzuki
Director, President & CEO

Description

1. Date and time of meeting: 10:00 a.m., Tuesday, June 21, 2016

2. Location: Nakano Sunplaza Hall
4-1-1, Nakano, Nakano-ku, Tokyo, Japan
(Please note that the meeting place has changed from the previous meeting held last year.)

3. Agenda:

Matters to be reported:

1) Reports on the Business Report and the Consolidated Financial Statements for the 78th fiscal year (from April 1, 2015 to March 31, 2016) and the Audit Reports of the Consolidated Financial Statements for the fiscal year by the Accounting Auditor and the Audit Committee.

2) Reports on the Non-consolidated Financial Statements for the 78th fiscal year (from April 1, 2015 to March 31, 2016).

Matter to be resolved:

Proposal : Election of Six (6) Directors

For an outline of the proposal, please refer to the accompanying Reference Material for the General Meeting of Shareholders.

[Matters published on the Internet]

(1) Of the matters to be included in this notice pursuant to laws and regulations and provisions of Article 16 of the Articles of Incorporation of the Company, Notes to the Consolidated Financial Statements and Notes to the Non-consolidated Financial Statements are disclosed on our website (http://www.hoya.com/) instead of being included in this Notice. Therefore, the documents attached to this Notice constitute a part of the Consolidated Financial Statements and the Non-consolidated Financial Statements audited by the accounting auditor in preparing its Audit Report.
(2) If any revision takes places in the accompanying Reference Materials for the General Meeting of Shareholders, the Business Report, the Consolidated Financial Statements or the Non-consolidated Financial Statements, it will be published at the Company's website on the Internet (http://www.hoya.com/).

[Precautions for exercising the voting rights by proxy]

If attending the meeting by proxy, the proxy must present to the receptionist at the meeting an item showing authority to act as proxy, with a signature or name and seal of the shareholder who entrusted the service as proxy, together with the voting form of the said shareholder or a copy of a form of ID (seal registration certificate, driver's license, etc.). The proxy must be another shareholder of the Company having voting rights as provided under the Articles of Incorporation of the Company.

Information on exercising the voting rights

As the exercise of voting rights in the Ordinary General Meeting of Shareholders is the important right of all shareholders with votes, please go over the information set forth in the accompanying Reference Materials for the General Meeting of Shareholders and exercise your voting rights.
The exercise of voting rights is subject to the following three ways:

1. If you attend the meeting

If you are attending the meeting, please present the enclosed voting form to the receptionist at the meeting.

2. If you are exercising your voting rights in writing

If you are exercising your voting rights in writing, please indicate your approval or disapproval of the proposals on the enclosed voting form and send us by post so that the Company can receive your form by **no later than 5:45 p.m. on Monday, June 20, 2016**. Please refer to **[Handling of voting rights]** when indicating your approval or disapproval of the Proposal on the voting form.

3. If you are exercising your voting rights via the Internet

If you are exercising your voting rights via the Internet, please confirm the following precautions before exercising the rights.

Exercising of the voting rights via the Internet is accepted **until 5:45 p.m. on Monday, June 20, 2016**, however, please exercise your rights at the earliest possible time, and if you have any questions concerning how to use the system please contact the help desk below.

Contact Information:
Mitsubishi UFJ Trust and Banking Corporation, Corporate Agency Division (Help Desk)
Tel: **0120-173-027** (Office hours: from 9:00 a.m. to 9:00 p.m., toll free)

1) About the voting rights exercising site

- The voting rights can be exercised via the Internet by a personal computer, a smart phone or a mobile phone (i-mode, EZweb, Yahoo!Keitai) (Note) only by accessing the voting rights exercising site designated by the Company (http://www.evote.jp/). (However, the service is suspended from 2:00 a.m. to 5:00 a.m. every day.)
  (Note) "i-mode," "EZweb" and "Yahoo!" are trademarks or registered trademarks of NTT DOCOMO, Inc., KDDI Corporation and Yahoo! Inc. in the United States, respectively.
- It may not be possible to exercise the voting rights from a personal computer or a smartphone depending on the Internet environment of the shareholder in case firewalls or anti-virus software are set up on the personal computer, or a proxy server is used, or not designating a TLS encrypted communications, etc.
- When you exercise your voting rights from a mobile phone, please use one of the following mobile phone services: i-mode, EZweb or Yahoo!Keitai. For security purposes, mobile phones that are not able to handle TLS encrypted communications and to transmit terminal ID information are not supported.

2) How to exercise the voting rights via the Internet

- On the voting website (http://www.evote.jp/), please enter the "Login ID" and "temporary password" which are stated on your voting form, and follow instructions on screen to enter your approval or disapproval.
- In order to prevent unauthorized access by third parties other than shareholders (so-called "spoofing") and to prevent tampering with the content of the voting, please note that shareholders who use this function will be asked to change the "temporary password" on the voting website.

3) Costs incurred when accessing the voting website

Costs incurred when accessing the voting website (such as Internet connection charges and phone charges) are to be borne by the shareholders. When a smart phone or a mobile phone is used, packet communication fees and other smart phone or mobile phone usage fees are incurred, and these are also to be borne by the shareholders.

[Handling of voting rights]

- **If you indicate neither your approval nor disapproval of a proposal on the voting form, your answer will be deemed to be approval.**
- **If you exercise your voting rights redundantly via the Internet and by mail, the voting rights exercised via the Internet shall be treated as valid.**
- **If you exercise your voting rights more than once via the Internet and by mail, the Company will regard the content of the last exercise as valid. Similarly, when you exercise your voting rights redundantly via a personal computer, a smart phone and a mobile phone, the Company will regard the content of the last exercise as valid.**

- End -

Reference Material for the General Meeting of Shareholders

Proposal Election of Six (6) Directors

The term of office of all of the six Directors will expire at the close of this Ordinary General Meeting of Shareholders. It is therefore proposed that six Directors be elected in accordance with the decision made by the Nomination Committee.

The Nomination Committee has reported that according to the "Basis for Election of Candidates for Directors" established by the committee, each candidate for Director does not fall under any reason for disqualification and all candidates for both Inside Director and Independent Directors meet the requirements for such candidates.

The candidates for Directors are as follows:

No	Name	Current positions and assignments at the Company	
1	Itaru Koeda	Director, Chairperson of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Independent
2	Yukako Uchinaga	Director, Chairperson of the Audit Committee Member of the Nomination Committee Member of the Compensation Committee	Independent
3	Mitsudo Urano	Director, Chairperson of the Compensation Committee Member of the Nomination Committee Member of the Audit Committee	Independent
4	Takeo Takasu	Director, Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Independent
5	Shuzo Kaihori	Director, Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Independent
6	Hiroshi Suzuki	Director, Representative Executive Officer President & CEO	

(Note) Mr. Itaru Koeda, Ms. Yukako Uchinaga, Mr. Mitsudo Urano, Mr. Takeo Takasu and Mr. Shuzo Kaihori are candidates for the posts of Independent Directors. The Company has provided notice to the Tokyo Stock Exchange of Mr. Itaru Koeda, Ms. Yukako Uchinaga, Mr. Mitsudo Urano, Mr. Takeo Takasu and Mr. Shuzo Kaihori as being Independent Directors appointed by the Company, in accordance with the Tokyo Stock Exchange's rules and regulations.

No	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
1	 **Itaru Koeda** (Born on Aug. 25, 1941) Candidate for Independent Director [Number of years in office of the Director of the Company] 7 Years [Number of shares of the Company held] 5,000 Shares [Number of attendances to the board meetings] 10/10 times (100%)	Apr. 1965 Joined Nissan Motor Co., Ltd. Jun. 1993 Director of Nissan Motor Co., Ltd. May 1998 Managing Director of Nissan Motor Co., Ltd. May 1999 Executive Vice President of Nissan Motor Co., Ltd. Apr. 2003 Representative Director of Nissan Motor Co., Ltd. Jun. 2003 Co-Chairman of Nissan Motor Co., Ltd. Jun. 2003 Chairman of the Board of Calsonic Kansei Corporation Jul. 2003 Director of Renault S.A. Mar. 2005 Chairman of JATCO Ltd. Jun. 2008 Executive Advisor and Honorary Chairman of Nissan Motor Co., Ltd. Jun. 2009 Director of the Company (present post) Apr. 2015 Senior Advisor of Nissan Motor Co., Ltd. (present post) **(Important positions of other companies concurrently held)** Senior Advisor of Nissan Motor Co., Ltd.

Reason for the Selection of Candidate for Director

The above candidate has been engaged in the management of Nissan Motor Co., Ltd. for many years, during which period he had the valuable experience of promoting a joint venture with Renault S.A. He has also made substantial contributions to the Board of Directors of the Company with his deep knowledge of the management of the Company as a manufacturer, based on his management experience in the manufacturing division for many years. The Nomination Committee has nominated him as a candidate for Director again this year, since it believes that he will give advice and execute supervision with respect to the management of the Company based on his achievements as Director and chairperson of the Nomination Committee to date, and his deep understanding of market demands considering his experience in dialogue with global stock markets over many years. Moreover, nothing between the HOYA Group and Nissan Motor Group, which the candidate comes from, exists that violates the independence requirements for a Director candidate provided for in the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

We are experiencing rapid changes, which can be said as instabilities, in various aspects such as politics, economics and technology. Customer needs are increasingly diversifying across countries and regions. Under such circumstances, maintaining harmony as a whole company, the Company promotes operations by business unit that conform to various regions of the world. As an Independent Director, I sincerely intend to fulfill my duties so that the management of the Company by Executive Officers can adapt to accelerating global changes and the Company can enhance its corporate value and continue to grow in the mid- and long-term.

No	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
2	 **Yukako Uchinaga** (Born on Jul. 5, 1946) Candidate for Independent Director [Number of years in office of the Director of the Company] 3 Years [Number of shares of the Company held] 1,000 Shares [Number of attendances to the board meetings] 10/10 times (100%)	Jul. 1971 Joined IBM Japan, Ltd. Apr. 1995 Director in charge of Asia Pacific Products of IBM Japan, Ltd. Apr. 2000 Managing Director and Head of Tokyo Software Development Laboratory of IBM Japan, Ltd. Apr. 2004 Director and Senior Executive Officer in charge of Development & Manufacturing of IBM Japan, Ltd. Apr. 2007 Technical Advisor of IBM Japan, Ltd. Apr. 2007 President of Japan Women's Innovative Network (J-WIN) (present post) Jun. 2007 Director of Benesse Corporation Apr. 2008 Director and Vice Chairman of Benesse Corporation Apr. 2008 Representative Director, Chairman of the Board, President & CEO of Berlitz Corporation Oct. 2009 Director and Executive Vice President of Benesse Holdings, Inc. Apr. 2013 Honorary Chairman of Berlitz Corporation Jun. 2013 Director of the Company (present post) Sep. 2013 President & CEO of Globalization Research Institute Co., Ltd. (present post) Apr. 2014 Board Chair of Japan Diversity Network Association (present post) **(Important positions of other companies concurrently held)** President of J-WIN, Non-Profit Organization Outside Director of Aeon Co., Ltd. Outside Director of DIC Corporation Board Chair of Japan Diversity Network Association

Reason for the Selection of Candidate for Director

The above candidate is a pioneer of female executive officer as she was promoted to the first female director and later senior managing director of IBM Japan, Ltd. She then moved to CEO of Berlitz Corporation under Benesse Holdings, Inc., established a brand of a "global human resource development enterprise" and achieved superior results as the English language school at which Japanese management personnel are educated and trained so as to survive global economic competitions. In addition, for many years, she has devoted herself to activities for promoting the utilization of women by corporations, and the Company's Nomination Committee believes she will greatly contribute to the globalization of human resources and diversity management including women in the Company, so it has nominated her as a candidate for Director again this year. There were transactions in the fiscal year 2015 between the HOYA Group and both Benesse Group and IBM Japan, which the candidate comes from, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party. Furthermore, there were transactions amounted to 5 hundred thousand yen between the HOYA Group and Globalization Research Institute Co., Ltd., for which the candidate serves as a representative, in the fiscal year 2015. For all the transactions, nothing in connection with the candidate exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

I believe that the Company's strength is, while timely restructuring its business amidst global expansion, to powerfully exercise its market leadership with its competitive edge. I intend to contribute to the Company in areas of clarification of strategies to further promote innovation, and utilization of global personnel in company operations. I would like to further contribute to the Company particularly in areas of strategic utilization of IT, which supports the basis of the global company, and promotion of diversity as a first step to utilize the talent of female employees in terms of human resources.

No	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
3	 **Mitsudo Urano** (Born on Mar. 20, 1948) Candidate for Independent Director [Number of years in office of the Director of the Company] 3 Years [Number of shares of the Company held] 5,000 Shares [Number of attendances to the board meetings] 9/10 times (90%)	Apr. 1971 Joined Nippon Reizo Kabushiki Kaisha (present Nichirei Corporation) Jun. 1999 Director and General Manager, Strategic Planning Division of Nichirei Corporation Jun. 2001 Representative Director and President of Nichirei Corporation Jan. 2005 Representative Director and President of Nichirei Corporation, and Representative Director and President of Nichirei Foods Inc. Apr. 2007 Representative Director and President of Nichirei Corporation, and Director and Chairman of Nichirei Foods Inc. Jun. 2007 Representative Director and Chairman of Nichirei Corporation, and Director and Chairman of Nichirei Foods Inc. Jun. 2013 Advisor of Nichirei Corporation (present post) Jun. 2013 Director of the Company (present post) **(Important positions of other companies concurrently held)** Outside Director of Yokogawa Electric Corporation Outside Director of Resona Holdings, Inc. Outside Director of Hitachi Transport System, Ltd. Advisor of Nichirei Corporation President of AgriFuture Japan, General Incorporated Foundation Chairman of Nippon Omni-Management Association, General Incorporated Foundation

Reason for the Selection of Candidate for Director

The above candidate focused on capital efficiency from the early stage in Nichirei Corporation, a leading Japanese frozen food manufacturer, and developed efficient management through company split-ups and informatization. He particularly has extensive experience and solid achievements on management informatization. The Nomination Committee has nominated him as a candidate for Director again this year, since, in addition to the achievements in Nichirei Corporation, it believes that he will make a great contribution to enhance management efficiency and transparency through giving advice and proposals on overall company management with his deep insight and extensive experience as management having served as an outside director and outside corporate auditor in other companies listed on the First Section of the Tokyo Stock Exchange. Moreover, nothing between the HOYA Group and Nichirei Group, which the candidate comes from, exists that violates the independence requirements for a Director candidate provided for in the “Basis for Election of Candidates for Directors” set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

I am proud to be one of the members of the Board of Directors of the Company since, at the meetings of the Board of Directors, there are lively discussions in a positive mood, problems are pointed out and proposals are made from a variety of perspectives, and the PDCA cycle is extremely quick. The Company’s strength is that it can adequately respond to drastically changing business environments by making decisions quickly. I believe that the role of an Independent Director is to provide general and objective supervision for corporate management by Executive Officers from the perspective of improving corporate value. I will strive to contribute to the management in a way that enhances the brand power of the Company.

No	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
4	 **Takeo Takasu** (Born on Jun. 24, 1945) Candidate for Independent Director [Number of years in office of the Director of the Company] 2 Years [Number of shares of the Company held] 0 Share [Number of attendances to the board meetings] 10/10 times (100%)	Apr. 1968 Joined The Sanwa Bank, Ltd. (Present The Bank of Tokyo-Mitsubishi UFJ, Ltd.) Oct. 1993 Branch Manager, Los Angeles Branch of Sanwa Bank Apr. 1996 Member, Management Planning Department of Bandai Co., Ltd. Jun. 1996 Representative Director of Bandai Holdings Corporation in U. S. Mar. 1999 President and Representative Director of Bandai Co., Ltd. Jun. 2005 Chairman and Representative Director of Bandai Co., Ltd. Sep. 2005 President and Representative Director of Bandai Namco Holdings Inc. Apr. 2009 Chairman and Representative Director of Bandai Namco Holdings Inc. Feb. 2010 Chairman and Director of Bandai Namco Holdings Inc. Jun. 2011 Advisor and Director of Bandai Namco Holdings Inc. Jun. 2014 Director of the Company (present post) (Important positions of other companies concurrently held) Outside Director of Bell-Park Co., Ltd. Outside Director of KADOKAWA CORPORATION Outside Director of Cool Japan Fund Inc.

Reason for the Selection of Candidate for Director

After first serving at the former Sanwa Bank, Ltd., the candidate accumulated experience in various industries including a Malaysian securities firm and DDI Corporation (Present KDDI Corporation) soon after its establishment. He then moved to Bandai Co., Ltd. (Present Bandai Namco Holdings Inc.) where he improved the company's performance by heightening the unification of employees through his fast decision-making and strong explanatory capability as president. He also demonstrated management abilities in the successful business integration with Namco Limited. The Company's Nomination Committee has judged that he will make proposals from different perspectives through insights developed in the banking industry and management experience in the toy industry with different characteristics from that of the Company, in addition to his achievements as an outside director of other companies, so it has nominated him as a candidate for Director again this year. Moreover, nothing between the HOYA Group and the Bandai Namco Holdings Group, which the candidate comes from, exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

Strengthening corporate governance is critical to corporate management. I believe that the Company's Board of Directors is an outstanding system for that purpose and is operated with full of tension in terms of content. In order for Executive Officers to work toward the enhancement of corporate value, I hope to be fully helpful to the corporate management with other Independent Directors by expressing objective, and fair and impartial opinions at the Board of Directors.

No	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
5	 **Shuzo Kaihori** (Born on Jan. 31, 1948) Candidate for Independent Director [Number of years in office of the Director of the Company] 1 Year [Number of shares of the Company held] 1,000 Shares [Number of attendances to the board meetings] 8/8 times (100%)	Apr. 1973 Joined Yokogawa Electric Works Ltd. (Present Yokogawa Electric Corporation) Apr. 2005 Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation Apr. 2006 Senior Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation Jun. 2006 Director and Senior Vice President, Head of IA Business Headquarters of Yokogawa Electric Corporation Apr. 2007 Representative Director, President and Chief Executive Officer of Yokogawa Electric Corporation Apr. 2013 Representative Director, Chairman and Chief Executive Officer of Yokogawa Electric Corporation Apr. 2015 Director, Chairman of Yokogawa Electric Corporation (present post) Jun. 2015 President of Business Ethics Research Center (present post) Jun. 2015 Director of the Company (present post) **(Important positions of other companies concurrently held)** Director, Chairman of Yokogawa Electric Corporation President of Business Ethics Research Center

Reason for the Selection of Candidate for Director

The above candidate assumed the presidency of Yokogawa Electric Corporation, which operates a test and measurement business and industrial automation and control business, in 2007 when the company faced difficult business conditions, then was committed to turning around the company and achieved a surplus by changing the business model from hardware to software and promoting the globalization. The Company's Nomination Committee has decided that he will contribute greatly to the Company's management from his performance that he boldly responded to changes in the business environment and achieved results and by giving advice on strengthening of software business, which is a challenge for the Life Care Segment, an area expected to grow, based on his extensive experience, so it has nominated him as a candidate for Director again this year. There were transactions in the fiscal year 2015 between the HOYA Group and Yokogawa Electric Group, which the candidate comes from, but the amount involved in the transactions represents less than 0.1% of the consolidated net sales of each party, and nothing in connection with the candidate exists that violates the independence requirements for a Director candidate provided for in the "Basis for Election of Candidates for Directors" set forth by the Nomination Committee of the Company.

Message to Shareholders from Candidate

While the Company has made achievements by the management strategy, be "a big fish in a small pond," every field has become globally affected by a new business structure that utilizes information and communication. In order for the Company to increase fields in which it becomes "a big fish in a small pond" and achieve further development by establishing new business structures and entering new fields based on its values and strengths, I intend to contribute through activities at the Board of Directors.

No	Name	Brief history, positions and assignments at the Company, and important positions of other companies concurrently held
6	 **Hiroshi Suzuki** (Born on Aug. 31, 1958) [Number of years in office of the Director of the Company] 23 Years [Number of shares of the Company held] 942,080 Shares [Number of attendances to the board meetings] 10/10 times (100%)	Apr. 1985 Joined the Company Jun. 1993 Director of the Company Jun. 1997 Managing Director of the Company Apr. 1999 Managing Director of the Company, President of Electro Optics Company Jun. 1999 Executive Managing Director of the Company Jun. 2000 Representative Director, President & CEO of the Company Jun. 2003 Director, Representative Executive Officer President & CEO of the Company (present post) Dec. 2011 Chief Representative of Singapore Branch of the Company (present post)

Reason for the Selection of Candidate for Director

The above candidate serves as the driving force of the management of the HOYA Group as Director and Representative Executive Officer President & CEO, and gives appropriate explanations and reports on strategies based on portfolio management at the meetings of the Board of Directors. He also supervises the execution of operations by other Executive Officers and adequately fulfills his role as Executive Officer and Director. The Nomination Committee has nominated him as a candidate for Director again this year, in consideration of his achievements as Director to date.

Message to Shareholders from Candidate

The Company is managed based on a mechanism in which each Strategic Business Unit (SBU) formulates and executes its own business strategies. Accordingly, it is my understanding that the role of CEO is to execute portfolio management of the HOYA Group as a whole in view of the continuity of the company as a matter of top priority. Continuing to position the Life Care segment, which has accounted for more than half of consolidated sales, as a growth segment, I strive to promote growth in this field as well as to maintain revenues in the Information Technology segment, and I am committed to steering the Company to attain long-term growth amid the dramatic changes in the global situation by creating an execution structure that can withstand the changes.

(Notes) 1. No candidate has any special interest in the Company.

2. Reasons for the selection of candidates for Independent Director
In 2003, the Company became a company-with-nomination committees, etc. The Company set up three committees, namely the Nomination Committee, Compensation Committee and Audit Committee, with the aim of securing management transparency and fairness and reinforcing supervisory functions. At the same time, the Company established a system that enables speedy and efficient management by Executive Officers by a substantial transfer of authority from the Board of Directors to Executive Officers. Independent Directors must comprise a majority at each of the three committees. The Articles of Incorporation of the Company prescribe that half or more of its Directors must be Independent Directors, for the purpose of ensuring fairness. At present, five of the six Directors of the Company are Independent Directors. The reason for the selection of a candidate for Independent Director is described separately for each candidate.

3. The number of years in office of Independent Director (up to the close of this General Meeting of Shareholders) is described separately for each candidate.

4. The Company and each of the five candidates for reappointment as Independent Director have concluded an agreement that limits liabilities for damages in Paragraph (1), Article 423 of the Companies Act to the higher of 10 million yen or the amount provided by Paragraph (1), Article 425 of the Companies Act. When the reappointment of each person is approved and passed, the above liability limitation agreement will be continued.

5. The candidates for Independent Director not only meet the requirements for outside directors stipulated by the Companies Act but also meet the “Basis for Election of Candidates for Directors” that the Nomination Committee has set out as requirements to ensure the independence of candidates for Independent Director. Therefore, the Nomination Committee has determined that the candidates sufficiently secure independence as Independent Directors.

(Reference)

Outline of matters that violate requirements for independence of candidates for Independent Director

<Those who related to the HOYA Group>
- Those who previously worked for the HOYA Group
- Those who have a family member (spouse, child or relatives by blood or by affinity within the second degree) who have held the position of Director, Executive Officer, Corporate Auditor or top management in the past five years

<Major shareholders>
- Those who are major shareholders (10% or more) of the HOYA Group, or those who are directors, executive officers, corporate auditors or employees of companies that are major shareholders of the HOYA Group or those who have a family member who is a top management of such companies
- Those who executes operations of a company of which a major shareholder is the HOYA Group

<Those who related to big business partners>
- Those who are operating directors, executive officers or employees of any important business partner, either for the HOYA Group or the corporate groups which the candidates come from, the sales to which business partner comprises 2% or more of the consolidated net sales of the HOYA Group or the company groups for either of the past three years, or those who have a family member who is a top management of such business partner

<Those who provide professional services (lawyers, certified public accountants, certified tax accountants, patent attorneys, judicial scriveners, etc.)>
- Those who have received remuneration of 5 million yen or more per year or those who have a family member who have received remuneration of 5 million yen or more per year, from the HOYA Group in the past three years
- When the organization that the candidate belongs to, such as a company and association, has received cash, etc. from the HOYA Group, the amount of which exceeds 100 million yen per year or 2% of consolidated net sales of the said organization, whichever is higher

<Donation, etc.>
- When the association or organization which the candidate belongs to as director or operating officer has received donations or grants in the past three years, the amount of which exceeds 10 million yen per year or 30% of the said organization’s average annual total costs, whichever is higher, or when the association or organization which the candidate’s family member belongs to has received donations or grants equivalent to the aforementioned amount

<Others>
- When directors are exchanged
- When the candidate has any other important interest in the HOYA Group

Business Report An attachment to the Notice of the 78th Ordinary General Meeting of Shareholders (From April 1, 2015 to March 31, 2016)

Matters Relating to the Present State of the HOYA Group

Business Development and Results

Progression and result of businesses

■ **General Overview:**

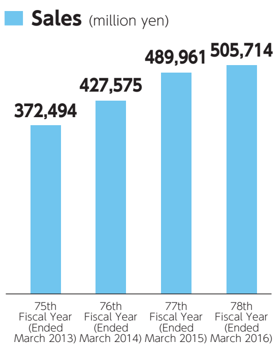
As of March 31, 2016, the HOYA Group consisted of the HOYA CORPORATION, 119 consolidated subsidiaries (11 of which are domestic and 108 overseas) and 9 affiliates (4 of which are domestic and the other 5 overseas).

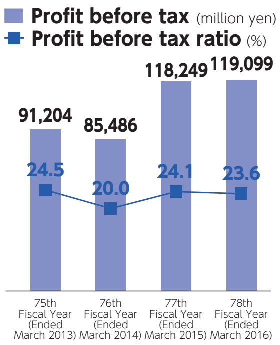
The HOYA Group has adopted a business management structure where the Information Technology and Life Care business segments control subsidiaries around the world based on their respective responsibilities. Regional headquarters in the Americas, Europe and Asia support business operations by strengthening relationships with countries and areas in the respective regions, such as by providing legal support and conducting internal audits. The HOYA Group has its Financial Head Quarters (FHQ) at its Europe Regional Headquarters (Netherlands).

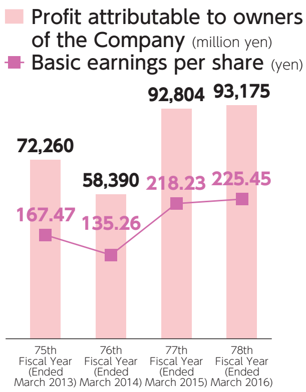
<Adoption of the International Financial Reporting Standards>

Beginning with the 73rd fiscal year, the HOYA Group prepares its consolidated financial statements and other documents in compliance with the International Financial Reporting Standards (IFRS) pursuant to the paragraph (1), Article 120 of the Ordinance on Company Accounting. With respect to reportable segments presented in the overview of operation by business category, the HOYA Group divides its business into three reportable segments, based on IFRS. These segments are Information Technology, Life Care, and Other Businesses.

The Information Technology segment handles electronics related products used for the production of semiconductors, liquid crystals and hard disk drives (HDDs), and imaging related products such as digital camera lenses. The Life Care segment deals in health care related products such as eyeglass lenses and contact lenses, as well as medical related products such as intraocular lenses and endoscopes. The Other Businesses segment offers mainly information system services.







<Sales>

During the consolidated fiscal year ended March 2016, the global economy remained unstable as a whole owing to the growing geopolitical risks in Europe and Middle East, sluggish Japanese economy due to the ongoing appreciating yen, downturn in Chinese economy and economic slowdown in emerging countries due to the decline in resource prices despite the continued mild economic recovery in the U.S. where interest rates were raised.

Under these circumstances, in the Information Technology business of the HOYA Group, demand for communication devices, including smartphones, remained strong, and sales of semiconductor and LCD related products increased. Sales of glass substrates for hard disk drives, meanwhile, decreased compared to the preceding consolidated fiscal year under the influence of the sluggish personal computer market in spite of increasing demand for those for servers. Sales of imaging related products remained unchanged from the preceding consolidated fiscal year thanks to efforts on increasing sales for applications such as for security cameras excluding digital cameras in addition to the impact of the depreciation of the yen while the digital camera market continued to shrink.

In the Life Care business, thanks to sales expansion in overseas markets, sales of eyeglass lenses continued to be strong. Sales of contact lenses increased significantly compared to the preceding consolidated fiscal year which was affected by the decreased demand in reaction to the last-minute demand brought by the raised consumption tax. As to medical related products, sales of endoscopes were stagnant, but business performance of intraocular lenses for cataracts grew significantly. Accordingly, the business as a whole remained robust, and sales increased over the preceding consolidated fiscal year.

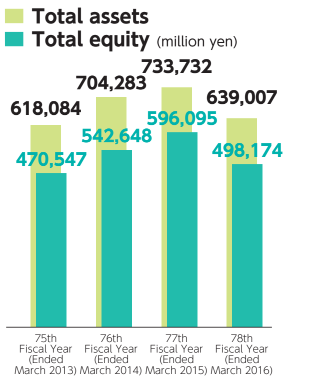
As a result, sales of continuing operations for the consolidated fiscal year ended March 2016 amounted to 505,714 million yen, a 3.2% increase year on year.

<Profit>

While the foreign exchange gain amounted to 11,800 million yen was recorded for the preceding consolidated fiscal year, the foreign exchange loss amounted to 2,600 million yen was recorded for the fiscal year ended March 2016, so profit before tax and profit for the year increased, compared to the preceding fiscal year, by 0.7% to 119,099 million yen and 0.4% to 93,317 million yen, respectively.

The profit before tax ratio was 23.6%, a 0.5 percentage point decrease from 24.1% in the preceding consolidated fiscal year.

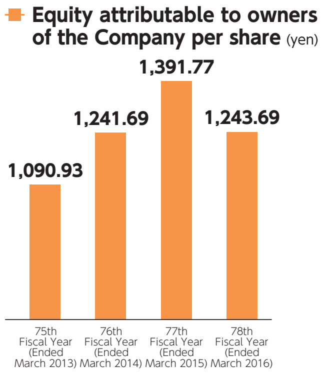
There were no discontinued operations in the consolidated fiscal year ended March 2016 and the preceding consolidated fiscal year. Therefore, all numerical values and percentage changes herein are based on the continuing operations.



<Financial Position>

Total assets at March 31, 2016 decreased by 94,724 million yen from the end of the preceding consolidated fiscal year to 639,007 million yen.

Non-current assets decreased by 15,080 million yen to 165,086 million yen. This is primarily due to decreases in property, plant and equipment-net by 19,440 million yen because of depreciation, a decrease in the Japanese yen equivalent amount resulting from the appreciation of the yen, and other reasons and in intangible assets by 3,344 million yen.



Current assets decreased by 79,644 million yen to reach 473,922 million yen. This is primarily due to a decrease in cash and cash equivalents by 62,527 million yen such as by payment of dividends and share repurchases.

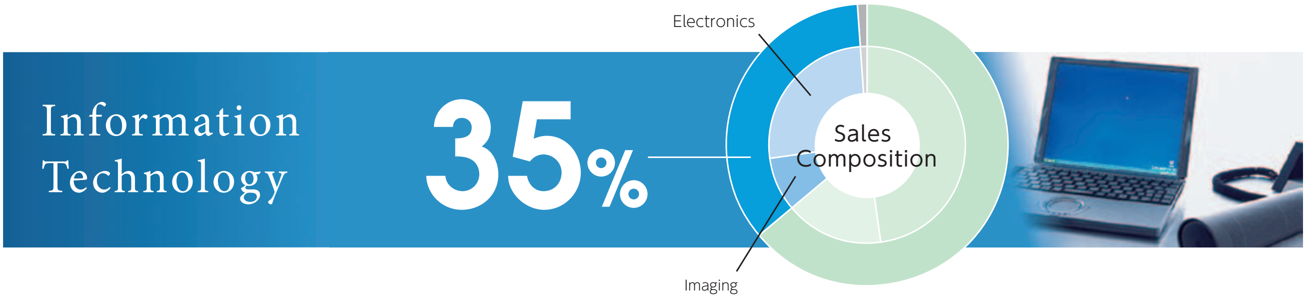
Total equity decreased by 97,921 million yen to 498,174 million yen. This is primarily due to an increase in treasury shares, a deduction item from equity, by 28,701 million yen and decreases in retained earnings by 36,375 million yen and accumulated other comprehensive income by 30,453 million yen.

Equity attributable to owners of the Company decreased by 96,749 million yen to 493,265 million yen.

Liabilities increased by 3,196 million yen to 140,834 million yen.

The ratio of equity attributable to owners of the Company to total assets at March 31, 2016 decreased by 3.2 percent points from the end of the preceding consolidated fiscal year and reached to 77.2%, which was 80.4% in the preceding consolidated fiscal year.

The breakdown of changes in retained earnings is as presented later in this report in the section for Consolidated Statement of Changes in Equity.



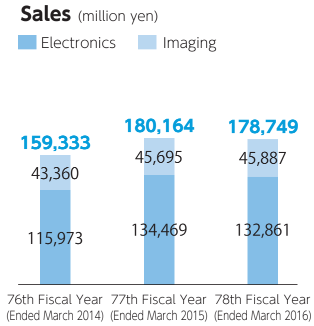
Outline of consolidated results by business segment

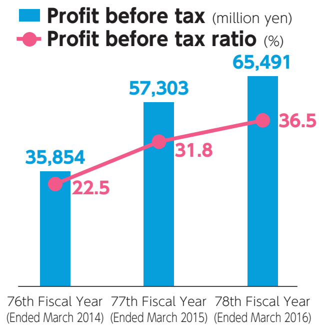
Electronics related products

Sales of semiconductor related products increased over the preceding consolidated fiscal year since sales of leading-edge and middle/low-end products mainly for smartphones remained robust mostly in the first half of the consolidated fiscal year ended March 2016 in addition to the impact of the depreciation of the yen.

Sales of LCD related products grew over the preceding consolidated fiscal year since demand for small and medium-sized high-precision, high-resolution masks mainly for smartphones remained strong and demand for large masks for 4K and large screen TVs was robust.

As for glass substrates for hard disk drives, sales decreased compared to the preceding consolidated fiscal year since smartphones and other devices continued to erode the market for personal computers, although demand for those for servers increased.

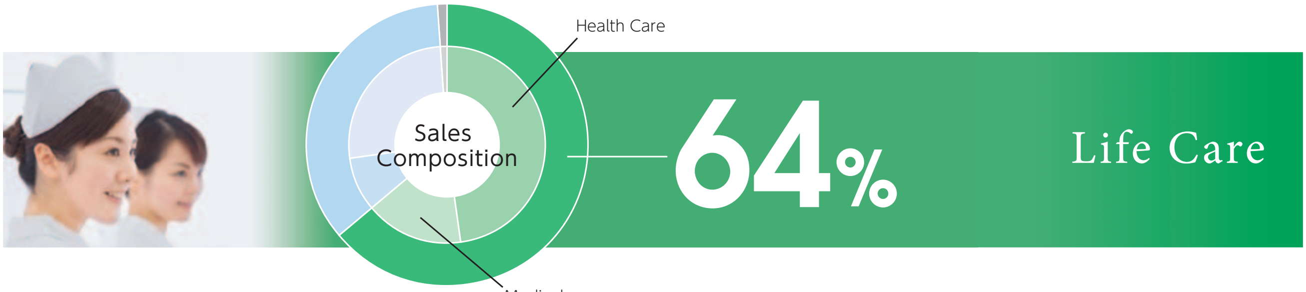




Imaging related products

The digital camera market including compact digital cameras and interchangeable lens cameras continued to shrink due to smartphones encroaching on the market. Under such conditions, owing to efforts to expand sales of products for new applications such as for security cameras as well as the impact of the depreciation of the yen, overall sales of imaging related products remained unchanged from the preceding consolidated fiscal year.

As a result, sales of the Information Technology segment decreased by 0.8% from the preceding consolidated fiscal year to 178,749 million yen, and segment profit increased by 14.3% from the preceding consolidated fiscal year to 65,491 million yen due to the gain on sales of property, plant and equipment for the consolidated fiscal year ended March 2016 as well as the impact of loss etc. from the liquidation of subsidiaries in the preceding consolidated fiscal year.

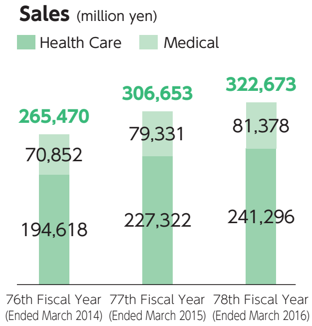


Outline of consolidated results by business segment

Health Care related products

The eyeglass lenses market in Japan continued to shrink mainly affected by population decline and increased competition, and the Company's sales continued to grow sluggishly. In overseas markets, measures such as for acquiring new customers and entering into new markets worked well, and sales increased. Sales of Seiko Optical Products Group, which had been incorporated into the Company's consolidated sales in the preceding consolidated fiscal year, grew steadily mostly in Europe, and overall sales increased compared to the preceding consolidated fiscal year.

As to contact lenses, the HOYA Group continued to work on opening new stores of "Eyecity," and enhancing promotion in existing stores, so sales of contact lenses significantly increased compared to the preceding consolidated fiscal year which was affected by the decreased demand in reaction to the last-minute demand brought by the consumption tax raised in April 2014.

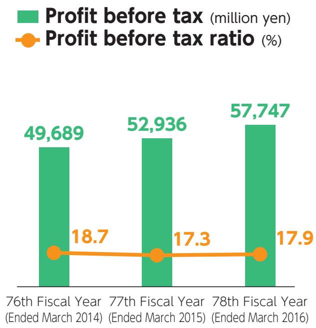


Medical related products

Sales of medical endoscopes in the North American, European and Japanese markets decreased over the preceding consolidated fiscal year because of continuing conditions such as intensified competitive environments and delays in placing new products on the markets. In Asia and Oceania, meanwhile, sales grew as a result of sales increases not only in China but also in ASEAN countries, South Asia and Oceania. However, overall sales of medical endoscopes decreased.

Overall sales of intraocular lenses for cataracts grew and significantly increased over the preceding consolidated fiscal year since the HOYA Group resumed regular sales activities in the Japanese market in August 2014 after voluntary recalls in 2013 and new products took off.

In consequence, sales of the Life Care segment increased by 5.2% from the preceding consolidated fiscal year to 322,673 million yen, and segment profit increased by 9.1% from the preceding consolidated fiscal year to 57,747 million yen.



View of Capital Expenditures

The total capital expenditures of all operations of the HOYA Group amounted to 20,328 million yen during the consolidated fiscal year ended March 2016, an increase of 144 million yen over the preceding consolidated fiscal year.

In the consolidated fiscal year ended March 2016, investment in the Information Technology business amounted to 9,358 million yen and investment in the Life Care business amounted to 10,756 million yen, which account for 46.0% and 52.9%, respectively, of the total capital expenditures by the Group.

The investment was covered by internally generated funds.

During the consolidated fiscal year ended March 2016, in the Information Technology business, the HOYA Group invested in production facilities for high-value added products and invested for improving productivity.

In the Life Care business, for eyeglass lenses seeking rapid growth in global markets, the HOYA Group invested in increasing capacity and optimization in production plants and for expanding business in new countries. For intraocular lenses for cataracts, since sales of new products, which had been placed on markets at the beginning of the consolidated fiscal year ended March 2016, increased, the HOYA Group invested in increasing production capacity to meet the growing demand.

Category	76th Fiscal Year (Ended March 2014)	77th Fiscal Year (Ended March 2015)	78th Fiscal Year (Ended March 2016)
Capital expenditures (million yen)	16,838	20,184	20,328

As a result of the 2016 Kumamoto Earthquake, which has occurred frequent aftershocks since April 14, 2016, facilities and equipment, etc. of the Masks Division’s Kumamoto Factory (for manufacturing large masks for LCD panels manufacturing and masks for semiconductor manufacturing) and stores of the Eye Care Division (retail of contact lenses) have been damaged. Since the next fiscal year (ending March 31, 2017), capital expenditures and repair expenses will be incurred for restoration of the devastated facilities and equipment, etc. but the Company expects the amount of the effect on consolidated earnings to be slight.

Financing

There are no relevant items.

Important Corporate Reorganizations, etc.

There are no relevant items.

Management Issues Requiring Actions

The HOYA Group globally promotes the operation of a number of businesses in “Information Technology” and “Life Care” in order to achieve sustainable growth and maximize its corporate value. While operating diverse range of businesses, the HOYA Group maximizes its competitiveness by optimally allocating management resources and endeavors to improve results.

Management issues at the HOYA Group are as follows:

(1) Speedy and flexible response to changes in the market and efficient utilization of management resources
In the manifold business areas of the HOYA Group, we will accurately identify customers’ needs in the market and devise strategies ahead of the competition to respond quickly and flexibly to each of the market trends. We will allocate management resources of the Group appropriately and will make timely decisions regarding plant and equipment investment, business alliances, mergers and acquisitions, withdrawal from or reduction in business operations, etc.

(2) Creation of new business and technologies
To secure corporate earnings and continue to grow, we realize that it is critical to develop our own technologies and create new businesses in growth areas different from the existing ones, in addition to expanding our existing businesses.
We will devote even greater resources to developing world-class technologies and products that have a significant competitive advantage; to exploring and creating new businesses; and to training personnel able to support our next generation business. For these purposes, we think it is important not only to utilize internal resources but to actively incorporate external resources, so we will pursue all possibilities including business partnerships and M&A.

(3) Business expansion in the Life Care business
The reduction of burden and shortening of time for medical treatment are the demands of both physicians and patients, and minimally invasive treatment has been spreading at an accelerated pace. The HOYA Group will position the Life Care business fields (health care related products, such as eyeglass lenses and contact lenses, and medical related products, including endoscopes for medical treatment), where knowledge and experience in optics are applied, as a strategic growth area. We will devote management resources preferentially to these fields and work toward increasing our shares in developed countries and expanding our coverage by emerging countries.

(4) Securing stable earnings in the Information Technology business
The market is becoming matured in the Information Technology business. We will develop technologies by strengthening collaboration with customers, expand the product line of high-value added products and develop new uses of our products so that the business can become an area capable of maintaining stable profitability. At the same time, we will endeavor to reduce costs by streamlining production facilities and by innovating production technologies. We will reduce the range of fluctuation of the HOYA Group’s operating results caused by market conditions and strengthen the business structure to be less affected by business environments. This will be accomplished by maintaining a balance between the Life Care and Information Technology business areas.

(5) Energy conservation measures, risk dispersion and emergency preparedness
The HOYA Group has worked on environmental conservation including energy conservation and worked toward diversifying manufacturing bases including overseas transfer from the perspective of risk management. As a member of society as well as in terms of responsibilities of a supplier, the HOYA Group proactively continues to work on energy conservation measures, risk diversification and risk management.

(6) Promoting diversity
In the HOYA Group as a whole, the proportion of women in managerial positions is approximately 30%, but the same proportion in the HOYA Group in Japan is 4.1%, which is considerably lower than that of the HOYA Group as a whole. We will strive to ensure diversity of values and work patterns to secure excellent human resources and contribute to enhancing corporate value from more effective and multidimensional perspectives.

Changes in the State of Assets, Profits and Losses

Overview of Assets, Profits and Losses of the HOYA Group

Classification		75th Fiscal Year (Ended March 2013) [IFRS]	76th Fiscal Year (Ended March 2014) [IFRS]	77th Fiscal Year (Ended March 2015) [IFRS]	78th Fiscal Year (Current fiscal year) (Ended March 2016) [IFRS]
Sales	**(million yen)**	372,494	427,575	489,961	505,714
Profit before tax	**(million yen)**	91,204	85,486	118,249	119,099
Profit for the year	**(million yen)**	72,403	60,140	92,941	93,317
Profit attributable to owners of the Company	**(million yen)**	72,260	58,390	92,804	93,175
Basic earnings per share	**(yen)**	167.47	135.26	218.23	225.45
Total assets	**(million yen)**	618,084	704,283	733,732	639,007
Total equity	**(million yen)**	470,547	542,648	596,095	498,174
Equity attributable to owners of the Company per share	**(yen)**	1,090.93	1,241.69	1,391.77	1,243.69

(Notes)
1. Starting with the 73rd fiscal year, the HOYA Group prepares its consolidated financial statements in accordance with the International Financial Reporting Standards pursuant to the paragraph (1), Article 120 of the Ordinance on Company Accounting.
2. The amounts of sales and profit before tax present only the amounts for continuing operations. The amount of profit for the year presents the amount of all operations including discontinued operations.
3. Basic earnings per share is computed, based on the average of the total number of the outstanding shares during the consolidated fiscal year. Equity attributable to owners of the Company per share is computed, based on the total number of shares outstanding as of the end of consolidated fiscal year. The figures for the total number of outstanding shares exclude treasury shares.
4. The HOYA Group changed its accounting policy in line with the revisions to IAS 19 "Employee Benefits" during the 76th fiscal year. The figures for the 75th fiscal year shown here are the values that were changed retrospectively to reflect these changes in the HOYA accounting policy. Further, the cumulative impact that occurs through the 74th fiscal year has been reflected in the amount of net assets at the beginning of the 75th fiscal year.
5. The overview of the 78th fiscal year (consolidated fiscal year ended March 2016) is provided in the above section of this report titled "Business Development and Results."

Important Subsidiaries

Company name	Capital stock	Voting rights owned by the Company	Main business
HOYA HOLDINGS, INC. (USA)	5,493 thousands of U.S. dollar	100.0%	Regional headquarters in America
HOYA HOLDINGS N.V. (The Netherlands)	9,930 thousands of euro	100.0%	Holding company in Europe, controlling the distribution and sale of eyeglass lenses in Europe
HOYA HOLDINGS (ASIA) B.V. (The Netherlands)	19 thousands of euro	100.0%	Holding company for the region of Asia
HOYA HOLDINGS ASIA PACIFIC PTE LTD (Singapore)	54,326 thousands of U.S. dollar	100.0% (100.0%)	Regional headquarters in Asia and Oceania

(Note) The figure appearing in a bracket in the column entitled "Voting rights owned by the Company" represents indirect ownership.

Major Businesses (as of March 31, 2016)

The HOYA Group has established two business domains in its management principle. They are "Information Technology" and "Life and Culture." In order to realize a continuous increase in the corporate value in each of the business domains, the Group makes decisions on management resource allocations and carries out businesses. The major businesses of the HOYA Group can thus be broken down roughly to Information Technology business and Life Care business.

Diverse and varied application product groups that evolved as the result of the digitalization of information and emergence of Internet are the areas in which the Information Technology segment conducts business. The Group manufactures and sells a wide range of input/output (I/O) related devices, in the Information Technology field. Included are electronics related products that are indispensable for today's digital information and communication technology, and imaging related products that use optics technology and are necessary to capture images as digital data.

The Life Care segment manufactures and sells health care related products that are used routinely in medical treatment and health maintenance fields, and medical related products that include medical equipment and medical supplies used in medical treatment. Some unique features of this business segment are that government approvals and permits are required pursuant to the Pharmaceutical Affairs Law and that advanced technological strength and reliable quality control systems are the key requirements.

The major products and services handled by each division are as follows:

Business segment	Business category	Major products and services
Information Technology	**Electronics related products**	**Photomasks and Maskblanks for semiconductors, Masks and Devices for liquid-crystal displays (LCDs) Glass disk for hard disk drives (HDDs)**
	Imaging related products	**Optical lenses, Optical glasses, Digital camera modules, Laser equipment**
Life Care	**Health care related products**	**Eyeglass lenses, Contact lenses**
	Medical related products	**Endoscopes, Medical accessories, Intraocular lenses, Artificial bone, Metallic implant for orthopedics**
Other		**Design of information systems, outsourced works**

Head Office, Principal Places of Business and Plants (as of March 31, 2016)

(1) HOYA CORPORATION

Division	Name	Location
Corporate	Group Headquarters	Shinjuku-ku, Tokyo
	Netherlands Branch	The Netherlands
	Singapore Branch	Singapore
Information Technology	Blanks Division and other Divisions' Sales Departments	Shinjuku-ku, Tokyo
	Nagasaka Office	Hokuto-shi, Yamanashi
	Hachioji Factory	Hachioji-shi, Tokyo
	Kumamoto Factory	Ozu-machi, Kumamoto
	Akishima Factory	Akishima-shi, Tokyo
Life Care	Vision Care Company, Japan Headquarters	Nakano-ku, Tokyo
	Eye Care Division	Nakano-ku, Tokyo
	Medical Division, Japan Headquarters	Nakano-ku, Tokyo
	Showa-no-mori Office	Akishima-shi, Tokyo

(2) Subsidiaries

Segment	Name	Location
Information Technology	HOYA CORPORATION USA	USA
	HOYA ELECTRONICS SINGAPORE PTE.LTD.	Singapore
	HOYA GLASS DISK VIETNAM LTD.	Vietnam
	HOYA OPTICAL TECHNOLOGY (WEIHAI) CO., LTD.	China
	HOYA CANDEO OPTRONICS CORPORATION	Toda-shi, Saitama, Japan
	PENTAX CEBU PHILIPPINES CORPORATION	The Philippines
Life Care	HOYA LENS DEUTSCHLAND GMBH	Germany
	HOYA OPTICAL LABS OF AMERICA, INC.	USA
	HOYA LENS THAILAND LTD.	Thailand
	HOYA MEDICAL SINGAPORE PTE, LTD.	Singapore
	PENTAX OF AMERICA INC.	USA
	PENTAX EUROPE GMBH	Germany
Other	HOYA SERVICE CORPORATION	Nakano-ku, Tokyo, Japan
Corporate	HOYA HOLDINGS, INC.	USA
	HOYA HOLDINGS N. V.	The Netherlands
	HOYA HOLDINGS (ASIA) B. V.	The Netherlands
	HOYA HOLDINGS ASIA PACIFIC PTE LTD	Singapore

Employees (as of March 31, 2016)

(1) By segment

Segment	Number of employees	Year-on-year comparison at year end
Information Technology	**18,315**	**down 1,063**
Life Care	**15,670**	**up 792**
Other	**292**	**up 11**
Corporate	**85**	**down 13**
Total	**34,362**	**down 273**

(2) Changes in the number of employees

Category	75th Fiscal Year (Ended March 2013)	76th Fiscal Year (Ended March 2014)	77th Fiscal Year (Ended March 2015)	78th Fiscal Year (Ended March 2016)
Overseas	**31,503**	**32,728**	**30,904**	**30,591**
Japan	**3,627**	**3,877**	**3,731**	**3,771**

(Notes)
1. The number of employees represents regular employees of all operations. Temporary and contract workers are excluded.
2. The Corporate figure represents the number of employees in the Group Headquarters and overseas regional headquarters and branches.
3. Employees at HOYA CORPORATION numbered 2,952 (up 23 YOY). Their ages and service periods averaged 43.8 and 18.3 years, respectively.

Major Lenders (as of March 31, 2016)

Lender	Loans payable
Seiko Holdings Corporation	**1,653 million yen**

Other Important Matters concerning the HOYA Group

The Company relocated its headquarters to 6-10-1 Nishi-Shinjuku, Shinjuku-ku, Tokyo on April 1, 2016.

Current State of the Company

State of Shares (as of March 31, 2016)

(1) Total number of shares the Company authorized:	Common share 1,250,519,400 shares	
(2) Total number of issued shares:	Common share 404,607,520 shares	
(3) Number of shareholders:	37,490	(Down 5,504 YOY)
(4) Number of shares constituting one unit:	100 shares	

(5) Principal shareholders: (Top 10 shareholders)

Rank	Name	Number of shares	Percentage of investment
		(Hundred shares)	%
1	State Street Bank and Trust Company	252,199	6.36
2	Japan Trustee Services Bank, Ltd. (Trust Account)	251,247	6.33
3	The Master Trust Bank of Japan, Ltd. (Trust Account)	143,390	3.61
4	The Chase Manhattan Bank 385036	105,213	2.65
5	Mamoru Yamanaka	90,204	2.27
6	State Street Bank and Trust Company 505225	68,569	1.72
7	JP Morgan Chase Bank 385632	67,582	1.70
8	State Street Bank West Client - Treaty 505234	65,928	1.66
9	JPMC Oppenheimer JASDEC Lending Account	61,152	1.54
10	Japan Trustee Services Bank, Ltd. (Trust Account 7)	59,886	1.51

(Notes)
1. In consideration of the number of voting rights, the numbers of shares are stated in units of one hundred shares and the shares that do not constitute one trading unit are rounded down.
2. The percentage of investment is calculated by excluding treasury shares (7,992,337 shares).

State of Stock Acquisition Rights, etc.

(1) Stock acquisition rights owned by Directors and Executive Officers of the Company that have been issued as compensation for their execution of duties as of the end of the fiscal year

Issue (Date of resolution)	6th issue of stock acquisition rights (October 19, 2006)	7th issue of stock acquisition rights (October 29, 2007)	8th issue of stock acquisition rights (November 10, 2008)	10th issue of stock acquisition rights (November 19, 2009)	11th issue of stock acquisition rights (November 18, 2010)	12th issue of stock acquisition rights (December 22, 2011)	13th issue of stock acquisition rights (December 20, 2012)	14th issue of stock acquisition rights (December 19, 2013)	15th issue of stock acquisition rights (December 18, 2014)	16th issue of stock acquisition rights (December 17, 2015)
Number of stock acquisition rights	82	82	92	92	86	120	147	862	571	313
Type and number of shares to be issued on exercise of stock acquisition rights	32,800 common share	32,800 common share	36,800 common share	36,800 common share	34,400 common share	48,000 common share	58,800 common share	344,800 common share	228,400 common share	125,200 common share
Exercise price per share	4,750 yen	4,230 yen	1,556 yen	2,215 yen	1,947 yen	1,616 yen	1,648 yen	2,846 yen	3,972.5 yen	4,928 yen
Contribution of stock acquisition right	No contribution is required in exchange for a stock acquisition right.									
Exercise period	October 1, 2007 – September 30, 2016	October 1, 2008 – September 30, 2017	October 1, 2009 – September 30, 2018	October 1, 2010 – September 30, 2019	October 1, 2011 – September 30, 2020	October 1, 2012 – September 30, 2021	October 1, 2013 – September 30, 2022	October 1, 2014 – September 30, 2023	October 1, 2015 – September 30, 2024	October 1, 2016 – September 30, 2025
Outline of terms and conditions for the exercise of stock acquisition rights	-Exercise of stock acquisition rights is permitted under certain conditions even after retiring from the post due to the expiration of term of office or mandatory retirement age. -Inheritance or transfer of the stock acquisition rights, creation of a pledge concerning the rights, etc. are not permitted.									
	Number of owners/[Number of stock acquisition rights]									
State of ownership: Directors (excluding Independent Directors) and Executive Officers	1 [82]	1 [82]	2 [92]	2 [92]	2 [86]	3 [110]	4 [137]	4 [764]	5 [491]	5 [223]
State of ownership: Independent Directors	0 [0]	0 [0]	0 [0]	0 [0]	0 [0]	1 [10]	1 [10]	3 [98]	4 [80]	5 [90]

(Note) No stock acquisition rights were granted to Directors and Executive Officers of the Company in the ninth issue of stock acquisition rights resolved at the meeting of the Board of Directors held on February 5, 2009.

(2) Conditions of stock acquisition rights granted to employees, etc. as compensation for the fulfillment of duties during the fiscal year

Issue (Date of the resolution)		16th issue of stock acquisition rights (December 17, 2015)
Number of stock acquisition rights		838 rights
Type and number of shares to be issued on exercise of stock acquisition rights		335,200 common shares
Exercise price per share		4,928 yen
Contribution of stock acquisition right		No contribution is required in exchange for stock acquisition right.
Exercise period		October 1, 2016 – September 30, 2025
Outline of terms and conditions for the exercise of stock acquisition rights		-Exercise of stock acquisition rights is permitted under certain conditions even after retiring from the post due to the expiration of term of office or mandatory retirement age. -Inheritance or transfer of the stock acquisition rights, creation of a pledge concerning the rights, etc. are not permitted.
State of grant	**Employees of the Company**	Number of owners: 28 Number of stock acquisition rights: 250
	Directors and employees of subsidiaries of the Company	Number of owners: 59 Number of stock acquisition rights: 588

Directors of the Company

(1) Directors and Executive Officers

Name	Position and role at the Company	Important positions of other organization concurrently held
Itaru Koeda	Director Chairperson of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Senior Advisor of Nissan Motor Co., Ltd.
Yukako Uchinaga	Director Chairperson of the Audit Committee Member of the Nomination Committee Member of the Compensation Committee	President of J-WIN, Non-Profit organization Outside Director of Aeon Co., Ltd. Outside Director of DIC Corporation Board Chair of Japan Diversity Network Association
Mitsudo Urano	Director Chairperson of the Compensation Committee Member of the Nomination Committee Member of the Audit Committee	Outside Director of Yokogawa Electric Corporation Outside Director of Resona Holdings, Inc. Outside Director of Hitachi Transport System, Ltd. Advisor of Nichirei Corporation President of AgriFuture Japan, General Incorporated Foundation Chairman of Nippon Omni-Management Association, General Incorporated Foundation
Takeo Takasu	Director Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Outside Director of Bell-Park Co., Ltd. Outside Director of KADOKAWA CORPORATION Outside Director of Cool Japan Fund Inc.
Shuzo Kaihori	Director Member of the Nomination Committee Member of the Compensation Committee Member of the Audit Committee	Director, Chairman of Yokogawa Electric Corporation President of Business Ethics Research Center
Hiroshi Suzuki	Director, Representative Executive Officer President & CEO	
Ryo Hirooka	Representative Executive Officer & CFO	
Eiichiro Ikeda	Executive Officer & COO, Information Technology and Chief Technology Officer (CTO)	
Girts Cimermans	Executive Officer, Vision Care Company President	
Augustine Yee	Executive Officer, Chief Legal Officer and Head of Corporate Development and Affairs	

(Notes)

1. Directors Mr. Itaru Koeda, Ms. Yukako Uchinaga, Mr. Mitsudo Urano, Mr. Takeo Takasu and Mr. Shuzo Kaihori are all outside directors as designated in item (15), Article 2 of the Companies Act.
2. Members of the Audit Committee have more than sufficient experience in either finance or accounting having served for several years as company leaders. In particular, Director Mr. Takasu possesses long-standing experience working in a bank.
3. At the Company, the Audit Committee Office, which supports the Audit Committee, was established; under that the Internal Audit Department was established, and staff is assigned to both. Because the Company believes that the Audit Committee adequately fulfills its responsibilities by receiving regular reports from the Internal Audit Department, through the Audit Committee Office, putting effort into information gathering, and so forth, we do not have a full-time Audit Committee.

(2) Independent Directors as stipulated at Tokyo Stock Exchange

The Company provided notice on Mr. Itaru Koeda, Ms. Yukako Uchinaga, Mr. Mitsudo Urano, Mr. Takeo Takasu and Mr. Shuzo Kaihori to the Tokyo Stock Exchange as being independent directors appointed by the Company, in accordance with the Tokyo Stock Exchanges rules and regulations.

(3) Independent Directors

(i) Important positions and roles concurrently held by the Company's Independent Directors at other organization and their relationship with the Company is shown in "(1) Directors and Executive Officers" above. There is no important business transactions relationship between the Company and each of any other organization.

(ii) Attendance at Board of Directors Meetings and other Committee Meetings (Number of meetings attended/Number of meetings held)

Name	Board of Directors Meeting	Nomination Committee	Compensation Committee	Audit Committee
Itaru Koeda	10/10 (100%)	7/7 (100%)	7/7 (100%)	10/10 (100%)
Yukako Uchinaga	10/10 (100%)	6/7 (86%)	6/7 (86%)	9/10 (90%)
Mitsudo Urano	9/10 (90%)	5/7 (71%)	5/7 (71%)	8/10 (80%)
Takeo Takasu	10/10 (100%)	7/7 (100%)	7/7 (100%)	10/10 (100%)
Shuzo Kaihori	8/8 (100%)	5/5 (100%)	5/5 (100%)	8/8 (100%)

(iii) Major activities at the Board of Directors Meetings and other Committee Meetings during the Fiscal Year

Name	Major activities
Itaru Koeda	Mr. Koeda made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, Mr. Koeda provided advice on the competitive environment facing the HOYA Group, and as the Chairperson of the Nomination Committee, led the discussion of propositions for decisions by the Committee concerning the appointment of Directors and Executive Officers, etc. Furthermore, he led discussions at meetings attended only by Independent Directors (executive sessions), serving as the Lead Independent Director.
Yukako Uchinaga	Ms. Uchinaga made useful contributions to the discussion of items on the agenda, based on her substantial management experience and expertise. As an Independent Director, she made remarks from an objective and impartial position as the occasion required, and fulfilled her role in terms of management supervision. In particular, she proactively provided advice on securing diversity in the Company and supported education thereon for employees, and actively expressed her opinions concerning improvement of the Company's IT environment based on her experience in the IT field. Furthermore, as the Chairperson of the Audit Committee, she led discussions of propositions to make decisions of the Committee concerning verification of financial statements, monitoring of internal control systems, and auditing of operations and assets.
Mitsudo Urano	Mr. Urano made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, Mr. Urano has provided advice in terms of corporate governance and proactively expressed opinions on new product development and business models. Furthermore, as the Chairperson of the Compensation Committee, he led discussions of propositions to make decisions of the Committee concerning the remuneration system for Directors, construction of a remuneration system that raises Executive Officers' incentives and fair and appropriate performance evaluation.
Takeo Takasu	Mr. Takasu made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, he actively expressed his opinions about roles of the Board of Directors and supervision of Executive Officers.
Shuzo Kaihori	Mr. Kaihori made useful contributions to the discussion of items on the agenda, based on his substantial management experience and expertise. As an Independent Director, he made remarks from an objective and impartial position as the occasion required, and fulfilled his role in terms of management supervision. In particular, he actively asked questions in terms of positioning of the Company's businesses in industries and provided advice from the standpoint of compliance.

(iv) Overview of liability limitation contract

The Company and its Independent Directors have concluded an agreement that limits possible future liabilities of the latter prescribed in paragraph (1), Article 423 of the Companies Act to the higher of 10 million yen or the amount prescribed by the paragraph (1), Article 425 of the Act.

Remuneration etc. for the Directors and Executive Officers of the Company

(1) Policy of the Compensation Committee for determining the amount of remuneration and other benefits received by Directors and Executive Officers and details of the policy

(i) Basic policy

The Company has established the Compensation Committee with the objective of "contributing to improvement of results of the Company by constructing a remuneration system that raises motivation among Directors and Executive Officers and by appraising their performance appropriately." The Committee is made up of all of 5 Independent Directors who are not Executive Officers of the Company.

(ii) Policy concerning remuneration for Directors

The remuneration of Directors consists of a fixed salary and stock options.

The fixed salaries consist of a basic compensation and compensation for being a member or a chairperson of the Nomination, Compensation or Audit Committee. The compensation levels are set appropriately by taking into consideration such factors as the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

(iii) Policy concerning remuneration for Executive Officers

The remuneration of Executive Officers consists of a fixed salary, performance-based remuneration and stock options.

Fixed salaries are set appropriately according to the office and responsibility of each Executive Officer (President, CFO, etc.) and by taking into consideration such factors as the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

Performance-based remuneration is determined by both financial performance, measured as the percentage of targets met with respect to indicators corresponding to sales, operating profit, net profit and earnings per share according to Japanese GAAP, which is given an up to 80% weight, and the degree of achievement with respect to management measures set at the beginning of the fiscal year, which is given an up to 20% weight. Remuneration typically consists of 50% fixed salary and 50% performance-based pay. The performance-based portion, however, can fluctuate widely, depending on the Company's performance.

Benefits granted to expatriates (such as housing) are also set at appropriate levels in consideration of the Company's business environment and the levels set by other companies as determined by a survey conducted by an outside professional organization.

(iv) Stock options

In order for newly-appointed Directors and Executive Officers to share the same perspective as shareholders in regards to share price, and for re-appointed to share common interest with shareholders on long-term basis, commensurate stock options, which are a certain percentage of the granted shares when newly-appointed, are granted continuously every year in consideration of the exercise price at the time of granting (a market price one day prior to a Board of Directors resolution regarding stock option grants), fluctuations in the share price during the exercise period and fixed annual salaries.

Based on the above, fixed number of stock options are granted to Independent Directors each year, whereas the number of stock options granted to Executive Officers is based on Company performance and individuals' evaluations, subject to deliberation by the Compensation Committee and decided by the Board of Directors. After a waiting period of approximately one year, the exercisable portion of the stock options in each of the years following thereafter will be 25% of the total number granted. The period during which the stock options may be exercised is 10 years.

Retirement benefits for Directors were eliminated in 2003 as it was determined that these benefits were essentially a service pay for many years of service and had little to do with Company's performance or shareholder returns, and as such are not appropriate as a component of the Directors compensation scheme.

(2) Total amount of remuneration, etc. of Directors and Executive Officers for the fiscal year

Classification		Number of payees	Total amount of remuneration, etc.	Total amount of remuneration by type		
				Fixed salary	Performance-based remuneration	Stock options
Directors	Independent	7 persons	72 million yen	53 million yen	—	19 million yen
	Internal	1 person	8 million yen	8 million yen	—	—
	Total	8 persons	80 million yen	61 million yen	—	19 million yen
Executive Officers		5 persons	539 million yen	254 million yen	128 million yen	157 million yen
Total		12 persons	620 million yen	315 million yen	128 million yen	176 million yen

(Notes)

1. At the end of the fiscal year, there were six Directors and five Executive Officers. One of the five Executive Officers served concurrently as Internal Director.
2. The total amount of remuneration includes remuneration paid to two Independent Directors who retired as of the conclusion of the 77th Ordinary General Meeting of Shareholders.
3. Fixed salary for Executive Officers includes oversea Executive Officer's benefit as expatriate of 93 million yen.
4. For the stock options, fair values of stock acquisition rights were calculated and the table above shows amounts to be recorded as expenses for the fiscal year.
5. Separate from the above, the Company is paying 63 million yen in employee salaries (including bonuses) for one Executive Officer serving as an employee.

(3) Amount of consolidated remuneration for each Director and Executive Officer (CEO and those with remuneration totaling 100 million yen or more)

(i) The remuneration of the Chief Executive Officer (CEO) for the 78th fiscal year is as follows.

Name	Total amount	Fixed salary	Performance-based remuneration	Stock options
Hiroshi Suzuki, Representative Executive Officer President & CEO	179 million yen	106 million yen	48 million yen	26 million yen

(ii) Other Director/Executive Officer other than the above whose consolidated remuneration totaled 100 million yen or more during the consolidated fiscal year are as follows.

Name	Total amount	Fixed salary	Performance-based remuneration	Stock options
Eiichiro Ikeda, Executive Officer, COO and Chief Technology Officer	105 million yen	52 million yen	26 million yen	27 million yen
Girts Cimermans, Executive Officer, Vision Care Company President	41 million yen	10 million yen	3 million yen	28 million yen
Augustine Yee, Executive Officer, Chief Legal Officer and Head of Corporate Development and Affairs	128 million yen	55 million yen	24 million yen	49 million yen

(Note) Separate from the above, the Company is paying 63 million yen in employee salaries (including bonuses) for Girts Cimermans, who is serving both as an Executive Officer and as an employee.

Accounting Auditors

(1) Name Deloitte Touche Tohmatsu LLC

(2) Amount of remuneration, etc.

Classification	Amount of payment
Amount of remuneration, etc. paid to accounting auditors regarding the fiscal year	167 million yen
Aggregate amount of monetary and other asset gains the Company and its subsidiaries owe to independent auditors	179 million yen

(Notes)

1. The audit agreement between the Company and its accounting auditors makes no clear distinction between the amount of audit fees based on the Companies Act and the audit fee based on the Financial Instruments and Exchange Act. For this reason, the total amount of remuneration, etc. paid to the accounting auditors is stated as the amount of remuneration, etc. for the fiscal year.
2. The member firms of Deloitte Touche Tohmatsu Limited and Ernst & Young Global Limited provide audit services to the Company's major subsidiaries overseas.
3. The Audit Committee gave consent on the remuneration, etc. for Accounting Auditors as a result of confirmation and consideration of matters including the audit planning by the Accounting Auditors, status of implementation of the audit and calculation basis for the estimate of the remuneration, in light of the "Guidelines for Cooperation with Accounting Auditors" issued by Japan Audit & Supervisory Board Members Association.

(3) Policy on dismissal of accounting auditors or decision against reappointment

When a condition that corresponds to any of the reasons for dismissal prescribed in the items of paragraph (1), Article 340 of the Companies Act exists, and dismissal is deemed to be reasonable, the Audit Committee shall dismiss the accounting auditors with the agreement of all members of the Audit Committee. In this case, a member of the Audit Committee appointed by the Audit Committee shall report the dismissal of the accounting auditors and the reason for the dismissal at the first General Meeting of Shareholders following the dismissal.

The Audit Committee shall also examine the potential for reappointment by taking into consideration the term of office of accounting auditors, the status of prior audit execution, the presence or absence of any serious reason that causes accounting auditors to lose credibility, and other circumstances, and, when reappointment is not considered reasonable, shall place "no reappointment of accounting auditors" on the agenda for discussion at a General Meeting of Shareholders on the regulations of the Audit Committee.

[Notes]

1. Yen amounts shown were obtained by rounding fractions to the closest stated units. Percentage figures shown were also obtained by rounding fractions to the lowest place shown. Numbers of shares shown were obtained by rounding down fractions less than the stated units.
2. Sales and other figures do not include consumption tax or local consumption tax.

Frameworks and Policies of the Company

1. Frameworks and Policies Concerning Internal Control Systems

The HOYA Group shall operate businesses of different products and markets based on a business division system. Each division shall carry out business in Japan and overseas under the management of the person responsible for that business using an appropriately assigned group of human resources, and possess the responsibility for management and profitable operations of the business including the subsidiaries belonging to that division. Group Headquarters shall be structured to cooperate with the functional departments of each business, specifically with respect to the functions of strategy, legal affairs, finance, and human resources, and assist and promote the business execution at each business division based on the HOYA Group's management policies.

1) Matters Decided on Systems to Ensure Adequacy of Operations and Operation Status Thereof

Contents of the resolutions the Board of Directors of the Company made with regard to internal control systems set out in (b) and (e) of item (i), paragraph (1), Article 416 of the Companies Act and Article 112 of the Ordinance for Enforcement of the Companies Act and a summary of the operation status thereof are as follows:

(1) Important matters in the execution of duties by the Audit Committee

(i) Matters concerning Directors and employees assisting the Audit Committee in its duties
The Audit Committee Office shall be established to assist the Audit Committee in its duties.

(ii) Matters concerning independence from the Executive Officers of Directors and employees stated in the above item and matters on securing effectiveness of instructions to Directors, etc. stated in the above item
The Audit Committee has the power to appoint and dismiss staff members of the Audit Committee Office.
Executive Officers shall not give directions to staff members of the Audit Committee Office.

(iii) Systems required for reports to the Audit Committee by Executive Officers and employees of the Company, systems required for reports to the Audit Committee by Executive Officers and employees, etc. of subsidiaries, and systems required to ensure a person who reports to the Audit Committee does not receive unfair treatment.
The Board of Directors Regulations was amended to require reporting of all important matters to the Board of Directors, where Independent Directors comprise the majority of Board members. As a result, reports to the Board of Directors began to cover all important matters. For this reason, no special stipulations are established regarding matters that need to be reported to the Audit Committee.
The person responsible for the management of each respective business division shall swiftly report information being stored or managed in each organization inside the HOYA Group including subsidiaries operating within the business division as requested by the Audit Committee or the Internal Audit Department.
A department for receiving internal reporting shall be established under the Audit Committee, and this department shall serve as a point to receive reporting of conduct, etc. that is in violation of laws and regulations, the Company's Articles of Incorporation, internal regulations or socially accepted conventions, or to provide advice thereof. Any unfair treatment of the person reporting or the person seeking advice (including any retaliatory measures such as dismissal, salary reduction, transfer, or harassment) is prohibited.

(iv) Matters regarding procedures for advanced payment or reimbursement of costs arising through execution of duties at Audit Committee, or other costs or obligations arising through execution of other duties for members of the Audit Committee
Concerning claims for costs arising through execution of duties at the Audit Committee for members of the Audit Committee, when there are claims from each member of the Audit Committee, appropriate processing of relevant costs or obligations will be performed expeditiously under deliberation by departments and divisions concerned, except in cases when the costs relating to the relevant claims were not necessary for the execution of the relevant duties.

(v) Other systems to ensure the effectiveness of audits by the Audit Committee
The Internal Audit Department shall conduct audits focusing on onsite audits of each place of business inside the HOYA Group, including subsidiaries, according to the audit policies and plans adopted by the Audit Committee, and shall report to the Audit Committee as the occasion demands.
The rules of the Audit Committee stipulates the details and ensures the effectiveness thereof.

[Operation Status]

The Audit Committee Office has been established to assist the Audit Committee in its duties.
The Internal Audit Department and department for receiving internal reporting have been established under the Audit Committee Office, and staff members have been assigned thereto. The Audit Committee Office, and Internal Audit Department and department for receiving internal reporting are organizations fully independent from executive departments. In the fiscal year, staff members of the Audit Committee Office were appointed and dismissed by resolutions of the Audit Committee based on the above policies.
The Internal Audit Department conducted audits of each business place of the HOYA Group, including overseas subsidiaries, according to the audit policies and plans adopted by the Audit Committee and based on the cost budget to implement them.
The department for receiving internal reporting received reports and consultation requests from employees of the HOYA Group, and dealt with them and took corrective measures. In addition, the department for receiving internal reporting strictly observed the prohibition of unfair treatment to the person reporting or the person seeking advice as well as continued to communicate use rules of the internal reporting system, including the prohibition of

unfair treatment to the person reporting or the person seeking advice, throughout the HOYA Group.
The Audit Committee periodically received reports on the statuses of implementation of internal audits and of response to internal reporting and consultation requests and provided advice when needed.

(2) Matters required for ensuring the adequacy of operations

(i) Systems concerning the storage and management of information about the execution of duties by Executive Officers
Efforts shall be made to adequately store and manage important matters, including documents, records and minutes relating to applications for approval within the HOYA Group, in accordance with laws, regulations and other standards.

(ii) Regulations and other systems concerning the management of the risk of loss of the HOYA Group
Each business division (including the subsidiaries operating inside the respective business division) and organization shall try to identify and manage risks, and shall aim for improvements as the occasion demands, taking into consideration the instructions, etc. of the Internal Audit Department.
If a serious crisis occurs, a crisis management headquarters shall be swiftly established under the direct management of the CEO, and efforts shall be focused on response, and settlement of the situation.

(iii) Systems for ensuring the efficiency of duty performance by Executive Officers of the Company and each business division
Each division shall carry out its operations according to the annual plan and the quarterly budget adopted at meetings of the Board of Directors. The HOYA Group shall ensure the efficiency of Group management by evaluating the levels of target achievement every quarter and working to make improvements as the occasion demands.
Executive Officers shall be timely and precise in performing their duties based on the decision-making system for their execution of duties, which covers their standards for approving important matters.
Efficient procurement of funds shall be conducted in accordance with a common cash management system shared by the HOYA Group.
Efficient accounting management shall be carried out in accordance with a common accounting management system shared by the HOYA Group.

(iv) Systems for ensuring compliance with laws, regulations and the Articles of Incorporation of the way duties are performed by Executive Officers of the Company, Directors etc. of subsidiaries, and employees of the HOYA Group
The HOYA Group shall observe across its organization the HOYA Business Conduct Guidelines established based on the Management Policy and Management Principles of the Group, and shall undertake educational activities as required. The HOYA Group will reinforce the effectiveness of such activities with the HOYA Help Line, an intra-Group system for reporting and counseling. The Group shall operate this system to ensure the soundness of Group activities.

(v) Systems for reporting matters concerning performance of duties of employees of the HOYA Group and Directors, etc. of the Company's subsidiaries
The performance of duties for each business division shall be reported at the regularly held Business Report Meetings and Budgetary Meetings.
The occurrence of important matters as provided for by the internal rules of the HOYA Group shall be reported by each business division (including the subsidiaries operating inside the respective business division) to the Group Headquarters and the Company's Executive Officers.

[Operation Status]
In the fiscal year, decisions were made on important matters in businesses and Group Headquarters in accordance with the Rule of HOYA Group headquarters approval process based on the above policies from perspectives of improving efficiency and value of the entire HOYA Group.
At the Budgetary Meetings held quarterly, risks and opportunities in each business environment were discussed, policies and measures were developed and results thereof were verified, and these were reported to the Board of Directors.
The HOYA Business Conduct Guidelines, which is a code of ethics based on HOYA's Management Policy and Principle, were distributed to all employees of the HOYA Group for them to understand the Group's mission and compliance policies and to act accordingly in everyday life. In Japan, employees annually reread the HOYA Business Conduct Guidelines at their respective workplaces to increase understanding thereof, and sign and submit a confirmation document, by which they express their intension to act accordingly, to their respective companies. Regional versions of the HOYA Business Conduct Guidelines were prepared in conformity with laws and regulations and customs of various countries in their respective languages and distributed to overseas employees, who understand the Guidelines and act accordingly in everyday life.
Executive Officers signed and submitted a confirmation document to the Chairperson of the Audit Committee after confirming the Guidelines.
The HOYA Help Line, which receives reports and consultation requests from employees of the HOYA Group, has been established since 2003. If there is any act that violates laws and regulations or the HOYA Business Conduct Guidelines, the HOYA Help Line, while protecting the informer, deals with it quickly and appropriately,

recognizing the problem early and making the relevant organization to exert a self-corrective function, and responds to it to ensure the soundness of the Group as a whole. Up to the end of the consolidated fiscal year ended March 2016, the system was introduced into Japan, North America (U.S. and Canada), Thailand, the European region, Philippines, Singapore, Australia, Malaysia, Korea, Vietnam, Brazil, Taiwan and South Africa and is operated in conformity with business customs and laws and regulations of the country or region.

(3) System for ensuring reliability of financial reporting

The HOYA Group shall establish and manage a system of internal controls for financial reporting and build a system for evaluating its financial reporting to ensure the reliability of its financial reporting and valid, appropriate submission of internal control reports as prescribed in the Financial Instruments and Exchange Act.

[Operation Status]

The department in charge of internal controls placed in the Group Headquarters conducted hearing of reports from each business division's manager responsible for supervising the establishment and operation of the respective division's internal control system. These were conducted on a regular basis on matters concerning confirmation of the PDCA cycle of the respective system, and on an as-needed basis on matters concerning any change in systems or environments, understanding of any problem or issue, or occurrence of any event that may cast doubt on effectiveness of any internal control system. The results of the aforementioned were reported to the CFO, who is responsible for supervising internal controls, and the CEO, who is ultimately responsible for the Audit Committee and internal controls.

2) Basic Policy for Eliminating Antisocial Forces

A meeting of the Board of Directors resolved to adopt the following basic policy for the elimination of antisocial forces. We shall have no association whatsoever with antisocial forces, and deal with undue claims made by such forces resolutely as an organization in cooperation with specialized external agencies.

[Operation Status]

Preventive measures, including a credit investigation at the time of conclusion of a transaction agreement and steps taken in the agreement, have been taken. The Company has assigned persons in charge to the Group Headquarters and made them known as the point of contact in case of any problem throughout the Company and established a system through which it can respond as an organization, strengthening linkage with the police and lawyers.

2. Basic Policy on Parties that Control Decisions Concerning Corporate Finance and Business Policies

The Company does not have a specific basic policy in this regard. However, the Company's basic view is as follows:

The Company takes the view that judgment should ultimately lie with shareholders when an acquisition proposal and the like is made with the transfer of management control as its objective. Currently no concrete threat regarding acquisition emerges. The Company has no intention to fix concrete arrangements (so-called "countermeasures against takeovers) before the emergence of any such proposal. The responsibility of management is not to take unnecessary actions to defend companies from takeovers. As an entity that operates for the benefit of its shareholders, the Company considers it crucial to increase the return of profit to shareholders and increase its corporate value by constantly monitoring transactions of its shares and changes to its shareholders, to improve its business performance and increase its financial strength with the greater objective of achieving further growth.

If an acquisition or similar proposal is made, the Company considers it important to provide the information shareholders require to make a judgment based on an examination of the proposal made by the proposer. If the Company believes that the proposal will not increase the corporate value of the Company and benefit the common interest of its shareholders, it will clearly explain to the shareholders the reasons that form the background to its position, and try to obtain the understanding of shareholders.

3. Policy Concerning Decisions on Appropriation of Retained Earnings, etc.

The Company aims to maximize the HOYA Group's corporate value by developing businesses globally and changing the business portfolio to conform to the changing times and environments.
With respect to capital policy, the Company's basic policy is to adopt decisions that strike the optimum balance between ensuring internal reserves for the future growth of the HOYA Group and returning profits to shareholders, while pursuing the optimum capital structure for the Company that includes financial soundness and capital efficiency.
In addition, by promoting management that gives priority to capital efficiency by realizing maximum profitability from the assets entrusted to the Company by the shareholders, and taking further steps toward management that gives priority to SVA (Shareholder Value Added), which is measured as the profit generated by the Company's operating activities minus the cost of capital, i.e. the profit expected by shareholders, the Company aim for "Maximization of Corporate Value."

With respect to internal reserves for future growth, resources will be preferentially appropriated to investment in the Life Care segment, which we have positioned as a growth business, for market share expansion, entry into untapped markets, and nurturing and obtaining new technologies. In addition to growth of existing businesses, the Company will also proactively pursue possibilities including mergers and acquisitions to further enrich our business portfolio. As for the Information Technology segment, which has been positioned as a steady earnings business, we will continue to make capital investment that further reinforce the technological abilities that become the source of competitiveness, and development investment that will contribute to developing next-generation technologies and new products.

With respect to returning profit to shareholders, the Company's policy is to proactively return profit to shareholders through using surplus funds for dividends and the share repurchases while giving comprehensive consideration to the operating performance of the current term, level of internal reserves, and the medium to long term capital demands and capital structure, among other factors.

Coupled with the interim dividend of 30 yen per share already paid, the annual dividend will be 75 yen per share. The consolidated dividend payout ratio was 33.3%.

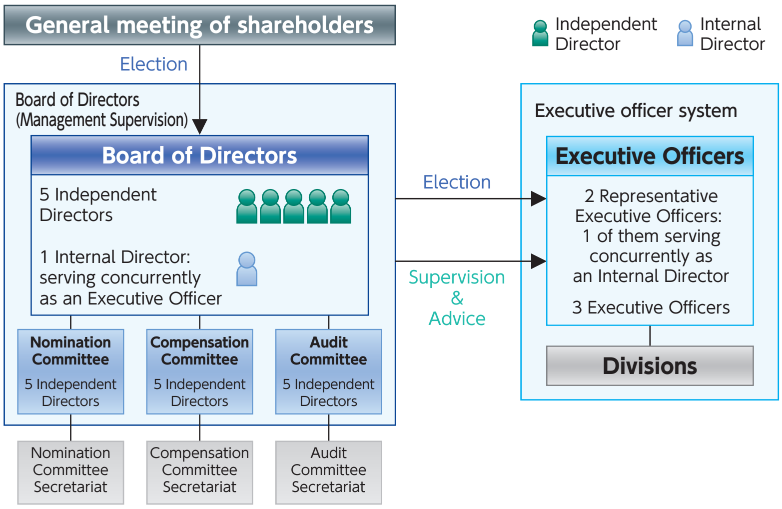
Based on the aforementioned policy, the Company resolved to repurchase its shares at the price equal to 135,000 million yen in this consolidated fiscal year.

* Under a February 16th, 2016 Board of Directors resolution, the Company completed share repurchases totalling ¥25,016 million during the fiscal year ended March 31, 2016, and ¥4,984 million during the period of April 1, 2016 to April 8, 2016. The decision to make the share repurchases was based on the Company's understanding that it in fact had a sufficient amount of substantive financial resources at the time of the decision to undertake such share repurchases. After completing the share repurchases, however, it was determined that it had exceeded its Distributable Amount, as defined and calculated in accordance with the Companies Act and Ordinance on Company Accounting, by ¥18,640 million used for the repurchases through the end of fiscal year ended March 31, 2016 and ¥4,984 million used for the repurchases during April 1 to 8, 2016.
The Company has promptly established an Independent Investigation Committee comprised of outside legal and accounting experts, to objectively establish the facts surrounding the incident, investigate the cause and provide preventative recommendations for the future. Regardless of this incident the full ¥25,016 million of repurchased shares made during the fiscal year ended March 31, 2016 are included in the Company's annual consolidated and non-consolidated financial statements for fiscal year ended March 31, 2016, and our external auditors have issued their unqualified closing opinion on the Company's financials and condition.

Corporate Governance

The Company promotes management with the aim of maximizing its corporate value based on the recognition that corporate governance is a matter of utmost importance for management.

Corporate Governance Structure



As of March 31, 2016

As the basis of taking a fair approach to stakeholders, we have adopted a "company with Nomination Committees, etc." structure simultaneously with the revision of the Companies Act, which enables us to better distinguish the execution and supervision of management to prevent management from being conducted based solely on in-house logic. We have also set forth in the Articles of Incorporation that the majority of Directors consist of Independent Directors, who actively supervise management by Executive Officers and provide advice in order to improve corporate value from an objective and broad perspective.

The Company also gives Executive Officers the authority and responsibility for the execution of operations, in order to accelerate decision making and improve management efficiency.

The Company has established HOYA Corporate Governance Guidelines at the meeting of the Board of Directors, and intends to enhance corporate governance structure and to introduce better governance systems by revising the guidelines.

Please see the HOYA Corporate Governance Guidelines at
http://www.hoya.com/csr/governance.html

Board of Directors

The Company's Board of Directors, in which Independent Directors comprise the majority of Board members (6 Directors, consisting of 5 Independent Directors and 1 Internal Director as of March 31, 2016), convene regular Board meetings 10 times a year as a general rule.

Each meeting of the Board of Directors involves lively discussions and deliberations in a solemn atmosphere, with globally-minded Independent Directors with a wealth of management experience supervising the execution of operations by Executive Officers and providing them with inquiries and advices from various angles. The Board of Directors also works to obtain information as necessary on trends in legal changes and corporate governance by holding lectures by outside experts and through other means. The Board of Directors also conducts self-assessment where a survey of the management by the Board of Directors is conducted once annually.

Executive Officers

At the Company, as of March 31, 2016, five persons - namely, the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Chief Operating Officer (COO) in charge of Information Technology and Chief Technology Officer (CTO) in charge of Technology, Executive Officer and President of Vision Care Company, and Chief Legal Officer (CLO) and Head of Corporate Development and Affairs were nominated by the Nomination Committee as candidates for Executive Officers and elected at the meeting of the Board of Directors (CEO concurrently serves as Internal Director). Each of them oversees the execution of operations in their respective jurisdictions determined by the Board of Directors, and carries out decision-making in a speedy fashion. The Executive Officers instruct the Group Headquarters and the person responsible for the business divisions to establish and carry out specific measures based on the management policy determined by the Board of Directors. The Executive Officer responsible for the business segments receives progress reports from the person responsible for each business division at Business Reporting Meetings held roughly on a monthly basis. The Executive Officer then gives reports and makes proposals on the segments he oversees at a meeting of the Board of Directors based on the progress reports he received. In addition to CEO who concurrently serves as Director, CFO and CLO attend each meeting of the Board of Directors.

Committees

The Board of Directors has internal organizations, namely, “Nomination Committee,” “Compensation Committee” and “Audit Committee,” each of which consists solely of Independent Directors.

Nomination Committee

The Nomination Committee, which is comprised of 5 Independent Directors, selects candidates for Directors based on the “Basis for Election of Candidates for Directors” and proposes the candidates to the General Meeting of Shareholders for voting. It also selects candidates for Executive Officers and the Representative Executive Officer, and proposes the candidates to the Board of Directors for voting. As necessary, it makes decisions to propose the dismissal of Directors to the General Meeting of Shareholders and the dismissal of Executive Officers to the Board of Directors for voting. The Committee sets out the criteria for independence of candidates for Directors, which is stricter than the rules by Tokyo Stock Exchange so that a function of overseeing Executive Officers required to Independent Directors is secured. The requirements for the independence of candidates for Independent Directors are described on the page 16 of the Reference Material.

Compensation Committee

The Compensation Committee, which is comprised of 5 Independent Directors, builds a remuneration structure that gives more incentives to Directors and Executive Officers and assesses their work in an appropriate manner, with the aim to help improve the Company’s business performance. The Compensation Committee determines the remuneration of Directors and Executive Officers on an individual basis. The policy of Compensation Committee is shown in page 34.

Audit Committee

The Audit Committee, which is comprised of 5 Independent Directors, formulates the audit policies and audit plans for each fiscal year, and verifies financial statements, etc. based on the quarterly reports and year-end reports received from the Accounting Auditor according to such policies and plans. It also interviews the Internal Audit Department to obtain the results of operational audits, and verifies the soundness, legality, efficiency, etc. of management. All important matters are reported to the Board of Directors, and countermeasures are taken as necessary.

Consolidated Statement of Financial Position

(As of March 31, 2016)

(Millions of yen)

Item	Amount
ASSETS	
Non-current assets:	**165,086**
Property, plant and equipment–net	108,751
Goodwill	9,502
Intangible assets	16,317
Investments in associates	182
Long-term financial assets	15,820
Other non-current assets	3,283
Deferred tax assets	11,231
Current assets:	**473,922**
Inventories	66,408
Trade and other receivables	92,887
Other short-term financial assets	10,984
Income tax receivables	587
Other current assets	16,764
Cash and cash equivalents	286,292
Total assets	**639,007**

Item	Amount
EQUITY AND LIABILITIES	
EQUITY	
Equity attributable to owners of the Company:	**493,265**
Share capital	6,264
Capital reserves	15,899
Treasury shares	(34,633)
Other capital reserves	(4,956)
Retained earnings	510,787
Accumulated other comprehensive income	(96)
Non-controlling interests	**4,909**
Total equity	**498,174**
LIABILITIES	
Non-current liabilities:	**45,419**
Interest-bearing long-term debt	35,404
Other long-term financial liabilities	3,110
Retirement benefits liabilities	1,859
Provisions	2,335
Other non-current liabilities	808
Deferred tax liabilities	1,902
Current liabilities:	**95,415**
Interest-bearing short-term debt	1,924
Trade and other payables	41,407
Other short-term financial liabilities	311
Income tax payables	13,243
Provisions	1,284
Other current liabilities	37,247
Total liabilities	**140,834**
Total equity and liabilities	**639,007**

Consolidated Statement of Comprehensive Income (From April 1, 2015, to March 31, 2016)

(Millions of yen)

Item	Amount	
Continuing operations		
Revenue:		
Sales	505,714	
Finance income	1,721	
Share of profit of associates	3	
Other income	7,747	**515,186**
Expenses:		
Changes in inventories of goods, products and work in progress	(4,108)	
Raw materials and consumables used	94,136	
Employee benefits expense	118,222	
Depreciation and amortization	33,524	
Subcontracting cost	5,808	
Advertising and promotion expense	13,077	
Commission expense	27,132	
Impairment losses	981	
Finance costs	976	
Foreign exchange (gain)/loss	2,567	
Other expenses	103,773	**396,086**
Profit before tax		**119,099**
Income tax expense		25,782
Profit for the year from continuing operations		**93,317**
Profit for the year		**93,317**
Other comprehensive income/(loss):		
Items that will not be reclassified subsequently to profit or loss:		
Remeasurements of the net defined benefit liability (asset)	152	
Income tax relating to components of other comprehensive income	11	**163**
Items that may be reclassified subsequently to profit or loss:		
Net gain/(loss) on revaluation of available-for-sale financial assets	(20)	
Exchange differences on translation of foreign operations	(30,558)	
Share of other comprehensive income of associates	(24)	
Income tax relating to components of other comprehensive income	(68)	**(30,670)**
Other comprehensive income/(loss)		**(30,507)**
Total comprehensive income for the year		**62,810**
Profit attributable to:		
Owners of the Company	93,175	
Non-controlling interests	142	**93,317**
Total comprehensive income attributable to:		
Owners of the Company	62,885	
Non-controlling interests	(75)	**62,810**

Consolidated Statement of Changes in Equity (From April 1, 2015, to March 31, 2016)

(Millions of yen)

	Share capital	Capital reserves	Treasury shares	Other capital reserves	Retained earnings
Balance at April 1, 2015	6,264	15,899	(5,932)	(3,736)	547,162
Comprehensive income/(loss) for the year					
Profit for the year					93,175
Other comprehensive income/(loss)					
Total comprehensive income/(loss) for the year					93,175
Transactions with owners					
Contributions by and distributions to owners					
Acquisition of treasury shares			(130,021)	(130)	
Disposal of treasury shares			3,134	(1,153)	
Cancellation of treasury shares			98,186		(98,186)
Dividends, 75 yen per share					(31,527)
Change in non-controlling interests				(361)	
Share-based payments (stock option)				425	
Transfer to retained earnings					163
Total contributions by and distributions to owners	—	—	(28,701)	(1,220)	(129,550)
Total transactions with owners	—	—	(28,701)	(1,220)	(129,550)
Balance at March 31, 2016	6,264	15,899	(34,633)	(4,956)	510,787

	Net gain/(loss) on revaluation of available-for-sale financial assets	Exchange differences on translation of foreign operation	Remeasurements of the net defined benefit liability (asset)	Share of other comprehensive income of associates	Accumulated other comprehensive income/(loss)	Equity attributable to owners of the Company	Non-controlling interests	Total equity
Balance at April 1, 2015	(7)	32,298	—	(1,934)	30,357	590,014	6,081	596,095
Comprehensive income/(loss) for the year								
Profit for the year						93,175	142	93,317
Other comprehensive income/(loss)	(12)	(30,416)	163	(24)	(30,290)	(30,290)	(217)	(30,507)
Total comprehensive income/(loss) for the year	(12)	(30,416)	163	(24)	(30,290)	62,885	(75)	62,810
Transactions with owners								
Contributions by and distributions to owners								
Acquisition of treasury shares						(130,151)		(130,151)
Disposal of treasury shares						1,981		1,981
Cancellation of treasury shares						—		—
Dividends, 75 yen per share						(31,527)	(626)	(32,153)
Change in non-controlling interests						(361)	(471)	(832)
Share-based payments (stock option)						425		425
Transfer to retained earnings			(163)		(163)	—		—
Total contributions by and distributions to owners	—	—	(163)	—	(163)	(159,634)	(1,097)	(160,730)
Total transactions with owners	—	—	(163)	—	(163)	(159,634)	(1,097)	(160,730)
Balance at March 31, 2016	(20)	1,882	—	(1,958)	(96)	493,265	4,909	498,174

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2016

To the Board of Directors of
HOYA CORPORATION:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Takashi Nagata

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Toshiharu Matsuura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koji Inoue

Pursuant to the fourth paragraph of Article 444 of the Companies Act, we have audited the consolidated financial statements, namely, the consolidated statement of financial position as of March 31, 2016 of HOYA CORPORATION (the "Company") and its consolidated subsidiaries, and the related consolidated statements of comprehensive income and changes in equity for the fiscal year from April 1, 2015 to March 31, 2016, and the related notes.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting which allows companies to prepare consolidated financial statements with the omission of a part of the disclosures required under International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures

in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the consolidated financial statements referred to above, prepared with the omission of a part of the disclosures required under International Financial Reporting Standards pursuant to the provisions of the second sentence of the first paragraph of Article 120 of the Ordinance on Company Accounting, present fairly, in all material respects, the financial position of HOYA CORPORATION and its consolidated subsidiaries as of March 31, 2016, and the results of their operations for the year then ended.

Emphasis of Matter

As explained in the Notes to the consolidated statement of changes in equity, it was confirmed that treasury shares in the amount of ¥18,640 million repurchased as of March 31, 2016 and ¥4,984 million repurchased from April 1, 2016 to April 8, 2016, based on the resolution of the Company's Board of Directors on February 16, 2016, exceeded the distributable amount determined by the Companies Act and the Ordinance on Companies Accounting. Of these amounts, the treasury shares repurchased as of March 31, 2016, are included in "Acquisition of treasury shares" and "Balance at March 31, 2016" in the consolidated statement of changes in equity.

Our opinion is not modified in respect of this matter.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language.

****

Non-consolidated Balance Sheet

(As of March 31, 2016)

(Millions of yen)

Item	Amount	Item	Amount
ASSETS		LIABILITIES	
Current assets	**96,233**	**Current liabilities**	**50,978**
Cash and deposits	38,512	Notes payable - trade	38
Notes receivable - trade	2,369	Electronically recorded obligations - operating	5,545
Accounts receivable - trade	27,609	Accounts payable - trade	14,169
Merchandise and finished products	9,229	Accounts payable - other	5,918
Work in process	2,710	Accrued expenses	4,188
Raw materials and supplies	3,233	Accrued income taxes	7,929
Deferred tax assets	3,464	Advances received	775
Short-term loans to subsidiaries and affiliates	2,243	Deposits received	4,126
Accounts receivable - other	4,677	Accrued bonuses to employees	3,862
Others	2,410	Warranties provision	119
Allowance for doubtful accounts	(223)	Others	4,309
Non-current assets	**123,355**	**Long-term liabilities**	**39,677**
Property, plant and equipment	**24,894**	Bonds	34,999
Buildings	6,338	Asset retirement obligations	1,249
Structures	256	Reserve for periodic repairs	654
Melting furnaces	130	Others	2,775
Machinery and equipment	2,413	**Total liabilities**	**90,654**
Vehicles	10	NET ASSETS	
Tools, equipment and fixtures	8,248	**Shareholders' equity:**	**127,049**
Land	5,103	**Share capital**	**6,264**
Construction in progress	2,397	**Capital reserve**	**15,899**
Intangible assets	**2,243**	Additional paid-in capital	15,899
Patents	12	**Retained earnings**	**139,519**
Software	1,310	Legal reserve	1,566
Technology	734	Other retained earnings	137,953
Others	188	Reserve for advanced depreciation of fixed assets	154
Investments and other assets	**96,217**	Unappropriated retained earnings	137,799
Investment securities	822	**Treasury shares - at cost**	**(34,633)**
Equity securities of subsidiaries and affiliates	74,475	**Valuation and translation adjustments**	**(17)**
Investments in capital	2	Unrealized gain on available-for-sale securities	(17)
Investments in subsidiaries and affiliates	6,546	**Stock acquisition rights**	**1,901**
Long-term loans to subsidiaries and affiliates	8,622		
Long-term prepaid expenses	512		
Claims in bankruptcy	415		
Deferred tax assets	848		
Others	4,382		
Allowance for doubtful accounts	(408)	**Total net assets**	**128,933**
Total assets	**219,588**	**Total liabilities and net assets**	**219,588**

Non-consolidated Statement of income

(From April 1, 2015, to March 31, 2016)

(Millions of yen)

Item	Amount	
Net sales		**178,860**
Cost of sales		**97,913**
Gross profit		**80,948**
Selling, general and administrative expenses		**58,453**
Operating income		**22,494**
Non-operating income		
Interest income	367	
Dividend income	100,352	
Commission received	10,119	
Others	455	**111,292**
Non-operating expenses		
Interest expense	47	
Interest on bonds	676	
Foreign exchange loss	1,638	
Others	169	**2,529**
Ordinary income		**131,258**
Extraordinary income		
Gain on sales of property, plant and equipment	3,511	
Gain on reversal of stock acquisition rights	53	
Others	47	**3,612**
Extraordinary losses		
Loss on sales of fixed assets	10	
Loss on disposal of fixed assets	219	
Severance payments	653	
Impairment losses	668	
Others	250	**1,800**
Profit before income taxes		**133,069**
Income taxes - current	12,390	
Income taxes - deferred	996	**13,387**
Profit for the year		**119,682**

Non-consolidated Statement of Changes in Net Assets

(From April 1, 2015, to March 31, 2016)

(Millions of yen)

	Shareholders' equity							
	Share capital	Capital reserve		Retained earnings				
		Additional paid-in capital	Total capital surplus	Legal reserve	Other retained earnings			Total retained earnings
					Reserve for special depreciation	Reserve for advanced depreciation of fixed assets	Unappropriated retained earnings	
Balance at April 1, 2015	6,264	15,899	15,899	1,566	0	163	148,684	150,413
Changes during the current fiscal year								
Reversal of reserve for special depreciation					(0)		0	—
Reversal of reserve for advanced depreciation of fixed assets						(12)	12	—
Increase in reserve for advanced depreciation of fixed assets due to tax rate change						3	(3)	—
Dividends from retained earnings							(31,527)	(31,527)
Profit for the year							119,682	119,682
Acquisition of treasury shares								
Disposal of treasury shares							(864)	(864)
Cancellation of treasury shares							(98,186)	(98,186)
Changes in items other than shareholders' equity during the current fiscal year - net								
Total changes during the current fiscal year	—	—	—	—	(0)	(9)	(10,885)	(10,894)
Balance at March 31, 2016	6,264	15,899	15,899	1,566	—	154	137,799	139,519

	Shareholders' equity		Valuation and translation adjustments		Stock acquisition rights	Total net assets
	Treasury shares - at cost	Total shareholders' equity	Unrealized gain/(loss) on available-for-sale securities	Total valuation and translation adjustments		
Balance at April 1, 2015	(5,932)	166,644	(8)	(8)	1,819	168,455
Changes during the current fiscal year						
Reversal of reserve for special depreciation		—				—
Reversal of reserve for advanced depreciation of fixed assets		—				—
Increase in reserve for advanced depreciation of fixed assets due to tax rate change		—				—
Dividends from retained earnings		(31,527)				(31,527)
Profit for the year		119,682				119,682
Acquisition of treasury shares	(130,021)	(130,021)				(130,021)
Disposal of treasury shares	3,134	2,270				2,270
Cancellation of treasury shares	98,186	—				—
Changes in items other than shareholders' equity during the current fiscal year - net			(9)	(9)	82	73
Total changes during the current fiscal year	(28,701)	(39,595)	(9)	(9)	82	(39,522)
Balance at March 31, 2016	(34,633)	127,049	(17)	(17)	1,901	128,933

(TRANSLATION)

INDEPENDENT AUDITOR'S REPORT

May 13, 2016

To the Board of Directors of
HOYA CORPORATION:

Deloitte Touche Tohmatsu LLC

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Takashi Nagata

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Toshiharu Matsuura

Designated Unlimited Liability Partner,
Engagement Partner,
Certified Public Accountant:

Koji Inoue

Pursuant to the first item, second paragraph of Article 436 of the Companies Act, we have audited the non-consolidated financial statements, namely, the non-consolidated balance sheet as of March 31, 2016 of HOYA CORPORATION (the "Company"), and the related non-consolidated statements of income and changes in net assets for the 78th fiscal year from April 1, 2015 to March 31, 2016, and the related notes and the accompanying supplemental schedules.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these non-consolidated financial statements and the accompanying supplemental schedules in conformity with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of non-consolidated financial statements and the accompanying supplemental schedules that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these non-consolidated financial statements and the accompanying supplemental schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the non-consolidated financial statements and the accompanying supplemental schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the non-consolidated financial statements and the accompanying supplemental schedules. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the non-consolidated financial statements and the accompanying supplemental schedules, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the non-consolidated financial statements and the accompanying supplemental schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the non-consolidated financial statements and the accompanying supplemental schedules.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, the non-consolidated financial statements and the accompanying supplemental schedules referred to above present fairly, in all material respects, the financial position of HOYA CORPORATION as of March 31, 2016, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

As explained in the Notes to the non-consolidated statement of changes in net assets, it was confirmed that treasury shares in the amount of ¥18,640 million repurchased as of March 31, 2016 and ¥4,984 million repurchased from April 1, 2016 to April 8, 2016, based on the resolution of the Company's Board of Directors on February 16, 2016, exceeded the distributable amount determined by the Companies Act and the Ordinance on Companies Accounting. Of these amounts, the treasury shares repurchased as of March 31, 2016, are included in "Acquisition of treasury shares" and "Balance at March 31, 2016" in the non-consolidated statement of changes in net assets.

Our opinion is not modified in respect of this matter.

Interest

Our firm and the engagement partners do not have any interest in the Company for which disclosure is required under the provisions of the Certified Public Accountants Act.

The above represents a translation, for convenience only, of the original report issued in the Japanese language and "the accompanying supplemental schedules" referred to in this report are not included in the attached financial documents.

****

AUDIT REPORT

The members of the Audit Committee of the Company audited the performance of the Directors and Executive Officers of their duties during the 78th fiscal year from April 1, 2015 to March 31, 2016. We hereby report the method and results thereof:

1. AUDIT METHOD AND ITS CONTENTS

We received periodic reports from the Directors, Executive Officers and others concerning the state of construction and management of the system (internal control system) established in accordance with the resolutions of the Board of Directors concerning matters provided for in (b) and (e) of item (1), paragraph (1), Article 416 of the Companies Act, requested explanations and expressed its opinions as necessary. In addition, we attended important meetings, received reports from Directors, Executive Officers and others on matters concerning the performance of their duties, requested explanations whenever necessary, inspected documentation of important decisions, etc. and investigated the state of activities and assets at the head office and major business offices of the Company in accordance with the audit policy and the assignment of duties, etc. established by the Audit Committee and in collaboration with the audit department of the Company.

Regarding internal controls over financial reports, we received reports on the evaluation of the internal controls and the state of audits from Executive Officers and others, as well as Deloitte Touche Tohmatsu LLC, and requested explanations as necessary.

With respect to subsidiaries, we communicated and exchanged information with directors and auditors thereof, and received business reports from the subsidiaries whenever necessary.

We also monitored the Company's Independent Auditors to verify that they maintained a position of independence and conducted proper audits. We received reports from the Independent Auditors on the state of execution of their duties, and asked them for explanations whenever necessary. Additionally, we received from the Independent Auditors a letter that they were taking steps to build the System for Ensuring Adequate Execution of Duties (pursuant to the items of Article 131 of the Ordinance on Company Accounting) in accordance with the Standards for Quality Control of Audit (Business Accounting Council, October 28, 2005), and asked the Independent Auditors for explanations whenever necessary.

Based on the method described above, we examined the business report, financial statements (consisting of the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in net assets, and notes to the non-consolidated financial statements), their supplementary schedules, and consolidated financial statements (consisting of the consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity, and notes to the consolidated financial statements, prepared by omitting certain items required to be disclosed by the International Financial Reporting Standards and pursuant to the provisions of the latter part of paragraph (1), Article 120 of the Ordinance on Company Accounting) for the current fiscal year.

2. AUDIT RESULTS

(1) Results of the audit of the business report, etc.

A. We are of the opinion that the business report and its supplementary schedules fairly present the state of the Company in accordance with laws, ordinances and the Articles of Incorporation

B. We are of the opinion that, in connection with the performance by the Directors or Executive Officers of their duties, no dishonest act or material fact of violation of laws, ordinances or the Articles of Incorporation exists.

C. We are of the opinion that the resolution of the Board of Directors concerning the internal control system was reasonable. Concerning relevant matters, it has been found that, as a result of share repurchases based on a resolution of the Company's Board of Directors made on February 16, 2016, the Company had exceeded its Distributable Amount calculated in accordance with the Companies Act, and the Ordinance on Company Accounting. We have confirmed that after the related facts were uncovered, the Company has been sincerely addressing the situation by instigating an investigation involving fact finding, investigation of cause, and review of future measures, as well as verifying the establishment and operational status of the systems related to the internal control system, and in particular, working to prevent recurrence by thoroughly strengthening internal controls related to decision making on the calculation of Distributable Amount and decision making on distribution. The Audit Committee will continue to carefully watch the status of this progress. Aside from this, we are of the opinion that, in connection with the descriptions in the Business Report or the performance by the Directors or Executive Officers of their duties concerning said internal control system, no matter that needs to be pointed out exists.

(2) Results of the audit of the financial statements and their supplementary schedules

We are of the opinion that the method and results of the audit made by Deloitte Touche Tohmatsu LLC, the Company's Independent Auditors, are in order.

(3) Results of the audit of the consolidated financial statements

We are of the opinion that the method and results of the audit made by Deloitte Touche Tohmatsu LLC, the Company's Independent Auditors, are in order.

May 19, 2016

Audit Committee
HOYA CORPORATION

Yukako Uchinaga	Member of the Audit Committee
Itaru Koeda	Member of the Audit Committee
Mitsudo Urano	Member of the Audit Committee
Takeo Takasu	Member of the Audit Committee
Shuzo Kaihori	Member of the Audit Committee

Note: The Members of the Audit Committee, Yukako Uchinaga, Itaru Koeda, Mitsudo Urano, Takeo Takasu and Shuzo Kaihori are outside directors as provided in the item (15), Article 2 and paragraph (3), Article 400 of the Companies Act.

Notice

Notice concerning online disclosure of HOYA Report

In order for shareholders to better understand our business activities, HOYA CORPORATION discloses the HOYA Report online.
The HOYA Report (Business Review 2016) will be available at our website around September. We hope you will find the Report useful.

Notice concerning report of resolutions and results of exercise of voting rights at the Ordinary General Meeting of Shareholders

The Company will disclose the resolutions along with the results of exercise of voting rights on our website.
Our Website: http://www.hoya.co.jp/english/

Shareholders' Memo

Business year:	From April 1 every year to March 31 of the following year	
Date to determine shareholders who are entitled to receive year-end dividend payments:	March 31	
Date to determine shareholders who are entitled to receive interim dividend payments:	September 30	
Ordinary General Meetings of Shareholders:	June every year	
Transfer agent Account management institution for the special accounts:	Mitsubishi UFJ Trust and Banking Corporation	
Contact:	Corporate Agency Division Mitsubishi UFJ Trust and Banking Corporation 7-10-11 Higashisuna, Koto-ku, Tokyo 137-8081, Japan Toll free phone: 0120-232-711	
Market:	The Tokyo Stock Exchange	
Method for public notice:	Electronic Public Notice URL for the notice: http://www.hoya.co.jp/ (However, if the Company is unable to publish public notices by electronic means because of an accident or any other unavoidable event, public notices shall be published in the *Nihon Keizai Shimbun*.)	

Internet Disclosure Accompanying the Notice of the 78th Ordinary General Meeting of Shareholders

Consolidated Statement of Cash Flows (Reference information, Unaudited)

Notes to the Consolidated Financial Statements

Notes to the Non-consolidated Financial Statements

(From April 1, 2015 to March 31, 2016)

(Reference information) **Consolidated Statement of Cash Flows (Unaudited)**

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Amount
Cash flows from operating activities	
Profit before tax	119,099
Depreciation and amortization	33,524
Impairment losses	981
Finance income	(1,721)
Finance costs	976
Share of profit of associates	(3)
Gain on sales of property, plant and equipment	(842)
Loss on disposal of property, plant and equipment	400
Foreign exchange loss	2,946
Others	(2,040)
Cash generated from operations (before movements in working capital)	**153,319**
Movements in working capital	
Increase in inventories	(2,758)
Decrease in trade and other receivables	2,741
Increase in trade and other payables	355
Increase in retirement benefits liabilities and provisions	267
Subtotal	153,924
Interests received	1,699
Dividends received	8
Interests paid	(878)
Income taxes paid	(23,206)
Income taxes refunded	342
Net cash generated by operating activities	**131,889**
Cash flows from investing activities	
Withdrawals of time deposit	11,909
Payments for time deposit	(12,115)
Proceeds from sales of property, plant and equipment	2,746
Payments for acquisition of property, plant and equipment	(18,184)
Proceeds from sales of investment	128
Payments for acquisition of investment	(391)
Proceeds from sales of subsidiaries	0
Payments for acquisition of subsidiaries	(1,792)
Payments to non-controlling interests upon merger	(2)
Payments for business transfer	(111)
Other proceeds	4,903
Other payments	(2,254)
Net cash used in investing activities	**(15,161)**
Cash flows from financing activities	
Dividends paid to owners of the Company	(31,496)
Dividends paid to non-controlling interests	(625)
Decrease in short-term debt	(94)
Repayments of long-term borrowings	(279)
Payments for redemption of bonds	(21)
Proceeds from disposal of treasury shares	0
Payments for purchase of treasury shares	(130,151)
Proceeds from exercise of stock options	1,980
Payments for acquisition of non-controlling interests	(832)
Net cash used in financing activities	**(161,519)**
Net increase/(decrease) in cash and cash equivalents	**(44,791)**
Cash and cash equivalents at the beginning of the year	**348,819**
Effects of exchange rate changes on the balance of cash and cash equivalents in foreign currencies	**(17,737)**
Cash and cash equivalents at the end of the year	**286,292**

(Notes)

1. Numbers in parentheses ( ) in the consolidated statement of cash flows are outflows of cash and cash equivalents.
2. Figures above are rounded off to the nearest unit.

Notes to the Consolidated Financial Statements

Important items for the preparation of the consolidated financial statements

1. Preparation of consolidated financial statements

The consolidated financial statements are prepared in accordance with International Financial Reporting Standards with some omissions of a part of disclosures pursuant to the second sentence of the first paragraph of Article 120 of the Ordinance on Companies Accounting.

2. Basis of consolidation

Number of consolidated subsidiaries	119 companies
Names of major consolidated subsidiaries	HOYA HOLDINGS, INC.
	HOYA HOLDINGS N.V.
	HOYA HOLDINGS (ASIA) B.V.
	HOYA HOLDINGS ASIA PACIFIC PTE LTD
	During the fiscal year, three companies were newly established and seven companies were acquired, while two companies were decreased through sales, five companies were decreased through mergers and two companies were liquidated or dissolved. As a consequence, the number of consolidated companies increased by one.

3. Application of the equity method

Number of associates accounted for by the equity method	3 companies
Name of major associates	AvanStrate Inc.

4. Items related to accounting policies

(1) Basis and method of evaluation of financial assets

Financial assets are classified into "financial assets at fair value through profit or loss ("FVTPL")," "held-to-maturity investments," "loans and receivables," or "available-for-sale financial assets." However, HOYA Corporation (the "Company") and its subsidiaries (collectively, the "Group") do not hold financial assets classified as "held-to-maturity investments."

1) Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contract is entered into and are subsequently remeasured at their fair value at the end of each reporting period.

The Group uses forward exchange contracts to manage the foreign exchange exposure of recognized financial assets or liabilities, or future firm transactions. Hedge accounting does not apply to these derivative transactions. Accordingly, derivative financial instruments are classified as FVTPL.

2) Financial assets other than derivative financial instruments

A. Loans and receivables

Trade receivables, loans, and other receivables that are not quoted in an active market are classified as loans and receivables. Loans and receivables are measured at amortized cost using the effective interest method, less any impairment losses. Principally interest income is recognized by applying the effective interest rate.

B. Available-for-sale financial assets

Financial assets other than derivatives, either designated as available-for-sale financial assets or not classified as at FVTPL, held-to-maturity investments or loans and receivables, are classified as available-for-sale financial assets. Listed available-for-sale equity investments that are traded in an active market are classified as available-for-sale financial assets and are stated at fair value. The Group also has investments in unlisted equity investments that are not traded in an active market but are also classified as available-for-sale financial assets and stated at fair value using valuation techniques. Gains and losses arising from changes in fair value are recognized in other comprehensive income with the exception of impairment losses and foreign exchange gains and losses on monetary assets being recognized in profit or loss.

3) Impairment of financial assets

Financial assets, other than at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For listed and unlisted equity investments classified as available-for-sale financial assets, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, including redeemable notes classified as available-for-sale financial assets and finance lease receivables, objective evidence of impairment could include:

(a) significant financial difficulties of the debtor;
(b) default or delinquency in interest or principal payments; or
(c) a high probability that the borrower will go into bankruptcy or financial re-organization.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days to 120 days, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate. The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable, including past-due receivable, is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss. With the exception of available-for-sale financial assets (equity instruments), if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment after the impairment is reversed does not exceed the amount the amortized cost would have been had the impairment not been recognized.

In respect of available-for-sale financial assets (equity instruments), impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to impairment is recognized in other comprehensive income.

(2) Basis and method of evaluation of inventories

Inventories are measured at the lower of cost and net realizable value. Net realizable value represents the estimated selling price for the inventories in the ordinary course of business, less all estimated costs of completion and costs necessary to make the sale. Costs, including purchase costs, process costs, storage costs and all other costs incurred in bringing the inventories to present location and condition, are assigned to inventories mainly by the average method. The production costs include an appropriate portion of fixed and variable overhead expenses.

(3) Basis and method of evaluation of property, plant and equipment and intangible assets (other than goodwill); depreciation and amortization

1) Property, plant and equipment

The Group applies the cost model for measuring property, plant and equipment.

Property, plant and equipment are stated at cost, net of accumulated depreciation and impairment losses. Properties in the course of construction for production, supply or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognized impairment losses. Cost includes the expenses directly attributable to the assets, the initial estimated costs relating to scrap, removal and retirement, and, for qualifying assets, the borrowing cost for long-term project. Depreciation of these assets commences when the assets are available for their intended use.

When significant components of property, plant and equipment are required to be replaced periodically, the Group recognizes such parts as individual assets to be depreciated with specific useful lives. All other repair and maintenance costs are recognized in profit or loss as incurred.

Property, plant and equipment other than land and construction in progress are depreciated mainly on a straight-line basis over the following estimated useful lives. The estimated useful lives, residual values and depreciation method are reviewed at each year-end, with the effect of any changes in estimate being accounted for on a prospective basis.

Buildings and structures	3-50 years
Machinery and carriers	2-10 years
Tools, equipment and fixtures	2-10 years

Leased assets are depreciated over their estimated useful lives where the transfer of the title of the assets is certain by the end of the lease term. Leased assets where the transfer of the title of the assets is not certain by the end of the lease term are depreciated over the shorter of their estimated useful lives or their lease terms.

2) Intangible assets

The Group uses the cost model for measuring intangible assets. Intangible assets are carried at cost, less accumulated amortization and impairment losses.

A. Intangible assets acquired separately and/or acquired in a business combination

Intangible assets acquired separately are carried at cost at the initial recognition. Intangible assets acquired in a business combination are recognized separately from goodwill at their fair value at the acquisition date, when they are satisfied with the definition of intangible assets, identifiable, and their fair value is reasonably measured.

B. Internally-generated intangible assets - research and development expenses

Expenditures on research activities are recognized as expense in the period in which they are incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) the intention to complete the intangible asset and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) how the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenses incurred from the date when the intangible assets first meet all of the recognition criteria listed above. The assets are amortized over the estimated period in which the development costs are expected to be recovered. If no future economic benefit is expected before the end of the life of assets, the residual book value is expensed. Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortization and impairment losses. Where no internally-generated intangible asset can be recognized, development costs are recognized as expense in the period in which they are incurred.

C. Amortization of intangible assets

Amortization is recognized on a straight-line basis over the estimated useful lives below. The Group does not have any intangible assets with indefinite useful lives.

Patents	7-12 years
Technology	10-20 years
Customer related assets	5-15 years
Software	3-5 years

3) Impairment of property, plant and equipment and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there are any indications that those assets have suffered impairment losses. If any indications exist, the recoverable amount of the cash-generating unit to which the asset belongs is estimated in order to determine the extent of the impairment losses (if any).

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount.

(4) Goodwill

Goodwill arising in an acquisition of business is recognized as an asset at the date that control is acquired (i.e., the acquisition date). Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the acquisition-date amounts of the net fair value of the identifiable assets acquired and liabilities assumed. Goodwill is not amortized but is reviewed for impairment at least annually. Goodwill is recorded at cost, less accumulated impairment losses in the consolidated statement of financial position.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that are expected to benefit from the synergies of the combination. Cash-generating units to which goodwill has been allocated are tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment losses are allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro-rata on the basis of the carrying amount of each asset in the unit. Impairment losses recognized for goodwill are not reversed in subsequent periods. On disposal of a cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

(5) Method of accounting for significant provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation by outflow of resources embodying economic benefits, and a reliable estimate can be made of the amount of the obligation. The amount recognized as provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period (i.e., future cash outflow), taking into account the risks and uncertainties surrounding the obligation.

Where the time value of money is material, a provision is measured by its present value to which estimated future cash flows are discounted using a pre-tax discount rate that reflects the risks specific to the obligation. Interest cost associated with the passage of time is recognized as finance cost.

The types of provisions are as follows:

1) Asset retirement obligation

The Group recognizes provisions for an asset retirement obligation reserve for estimated costs arising from a contractual obligation to a landlord to dismantle and remove leasehold improvements from a leased office at the end of the lease contract, and estimated costs to decontaminate certain fixed assets. An asset retirement obligation is provided based on past experience of actual cost and each asset is considered individually. The discount rate depends on the useful life of the corresponding assets and the country in which such assets are located. Future expected timing of outflow of economic benefits is mainly more than one year from each reporting period.

2) Warranties provision

Warranties provision is estimated and recognized based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period. Expected outflow of economic benefits in the future is within one year from each reporting period.

3) Contingent liabilities assumed in a business combination

Contingent liabilities resulting from a business combination are initially measured at fair value at the date of acquisition. Subsequent to initial recognition, such contingent liabilities are remeasured considering expected future payments, possible occurrence and timing of payments at each reporting period.

(6) Method of accounting for retirement benefits

For defined benefit plans, the cost of providing retirement benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (other than interest), is reflected immediately in the consolidated statement of financial position with a charge or credit recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Past service cost is recognized in profit or loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorized as follows:

Service cost, including current service cost, past service cost, as well as gains or losses on curtailments and settlements;

Net interest expense or income; and

Remeasurement.

The Group presents the first two components of defined benefit cost in profit or loss as "Employee benefits expense" or "Finance cost."

The retirement benefit obligation recognized in the consolidated statement of financial position represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service to the Group.

(7) Basis for translation of assets and liabilities denominated in foreign currencies

1) Foreign currency transactions

The individual financial statements of each group entity are presented in the currency of the primary economic environment in which the entity operates (i.e., its functional currency). For the purpose of the consolidated financial statements, the financial results, financial position and cash flows of each group entity are presented in Japanese yen, which is the functional currency of the Company and the presentation currency for the consolidated financial statements. In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are translated at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are translated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences are recognized in profit or loss during the period.

2) Financial statements of foreign operations

The assets and liabilities of foreign operations are translated into Japanese yen at the foreign exchange rates prevailing at the end of reporting period. The revenues and expenses of foreign operations are translated into Japanese yen at the average rates of exchange for the year. Where there are material fluctuations in exchange rates, the exchange rate at the transaction date is used. Foreign exchange differences arising from translation are initially recognized as exchange differences on translation of foreign operations in other comprehensive income and accumulated in "accumulated other comprehensive income," which are reclassified from equity to profit or loss on disposal of the net investment and included in "other expenses" in the consolidated statement of comprehensive income.

(8) Method of accounting for national and local consumption tax

The tax-excluded method is applied, and non-deductible tax is recognized as an expense.

Notes to the Consolidated Statement of Financial Position

1. Assets provided as collateral and related liabilities

Assets provided as collateral	
Buildings	¥33 million
Machinery and carriers	¥11 million
Related liabilities	
Interest-bearing short-term debt	¥4 million
Interest-bearing long-term debt	¥23 million

In addition to the above, buildings in the amount of ¥30 million and land in the amount of ¥1 million were provided as collateral for the conditional obligation in the amount of ¥85 million associated with the government grant.

2. Allowance for doubtful accounts directly deducted from assets

Trade and other receivables	¥2,348 million
Long-term financial assets	¥783 million

3. Accumulated depreciation of property, plant and equipment

Property, plant and equipment - net	¥341,157 million

Accumulated depreciation includes impairment losses of property, plant and equipment.

4. Contingent liabilities

The Group provides guarantees on borrowings of business partners from financial institutions.

Guarantee liabilities	¥53 million

5. Other current assets

On June 26, 2013, the Company received a reassessment notice for additional tax on the transfer pricing taxation in transactions with overseas subsidiaries that develop and manufacture electronics related products, for the five financial years ended March 31, 2007 to March 31, 2011 from the Tokyo Regional Taxation Bureau (“TRTB”). The additional tax assessment was ¥8,419 million. The Company was required to pay ¥3,309 million due to the existence of net operating losses carried forward with respect to the indicated financial years and paid it in the year ended March 31, 2014. The Company has lodged an objection with TRTB seeking withdrawal of the assessment in accordance with the relevant law. Consequently, ¥8,419 million is included in “Other current assets” as suspense payment.

Notes to the Consolidated Statement of Comprehensive Income

Reclassification adjustments and tax effects related to other comprehensive income/ (loss)

(1) Remeasurements of the net defined benefit liability (asset)	
Gains arising during the year	¥ 152 million
Tax-effect adjustment	¥ 11 million
Total	¥ 163 million
(2) Net gains or losses on revaluation of available-for-sale financial assets	
Gains/ (loss) arising during the year	¥ (24) million
Reclassification adjustments	¥ 4 million
Total amount before tax-effect adjustment	¥ (20) million
Tax-effect adjustment	¥ 4 million
Total	¥ (16) million
(3) Exchange differences on translation of foreign operations	
Gains/ (loss) arising during the year	¥ (30,915) million
Reclassification adjustments	¥ 357 million
Total amount before tax-effect adjustment	¥ (30,558) million
Tax-effect adjustment	¥ (72) million
Total	¥ (30,630) million
(4) Share of other comprehensive income of associates	
Gains/ (loss) arising during the year	¥ (24) million
Total	¥ (24) million
Total other comprehensive income/ (loss)	¥ (30,507) million

Notes to the Consolidated Statement of Changes in Equity

1. Type and number of issued shares as at March 31, 2016

Ordinary shares	404,607,520 shares

2. Matters relating to treasury shares

It was confirmed that treasury shares in the amount of ¥18,640 million repurchased as of March 31, 2016 and ¥4,984 million repurchased from April 1, 2016 to April 8, 2016, based on the resolution of the Company's Board of Directors on February 16, 2016, exceeded the distributable amount determined by the Companies Act and the Ordinance on Company Accounting. Of these amounts, the treasury shares repurchased as of March 31, 2016, are included in "Acquisition of treasury shares" and "Balance at March 31, 2016" in the consolidated statement of changes in equity.

3. Dividend-related items

(1) Dividends paid

1) Dividends resolved by the Board of Directors on May 21, 2015

・Total dividends	¥19,077 million
・Dividends per share	¥45
・Record date	March 31, 2015
・Effective date	June 1, 2015

2) Dividends resolved by the Board of Directors on October 29, 2015

・Total dividends	¥12,450 million
・Dividends per share	¥30
・Record date	September 30, 2015
・Effective date	November 27, 2015

(2) Dividends whose record date belongs to this fiscal year but effective date belongs to the next fiscal year

Dividends resolved by the Board of Directors on May 20, 2016

・Total dividends	¥17,848 million
・Source of payment	Retained earnings
・Dividends per share	¥45
・Record date	March 31, 2016
・Effective date	June 1, 2016

4. Type and equivalent number of shares resulting from the potential exercise of stock acquisition rights outstanding at the end of the fiscal year (excluding the rights whose exercise period has not yet commenced)

Ordinary shares	1,924,600 shares

Notes concerning financial instruments

1. Items concerning financial instruments

(1) Market risks

1) Foreign currency risk

The Group intends to marry major currencies the Group uses (Euro, US dollar and Japanese yen) in settlements of receivables/payables resulting from operating activities. Specifically, the subsidiaries that continuously conduct import or export transactions retain foreign currencies obtained from exports of goods for payables on imported supplies. This enables the Group to mitigate foreign currency risk. On the other hand, the Company having multiple strategic business units ("SBUs") and conducting finance and dividend, and holding companies receiving dividends from their subsidiaries and distributing them to the Company and/or other group companies, sometimes fall into disparity of foreign currency debt-credit balances in receivables, liabilities and/or bank deposits. This might cause significant gains or losses on foreign exchange differences when the Japanese yen appreciates or depreciates against the US dollar or the Euro, or when the Euro appreciates or depreciates against the US dollar.

The Group's policy generally does not permit the use of derivative instruments such as forward foreign exchange contracts. However, in certain circumstances in which the use of such derivatives is determined to be beneficial, the Group can enter into contracts upon obtaining a formal approval from the Chief Financial Officer ("CFO") of the Group in accordance with its group headquarters approval process. For instance, in order to economically hedge foreign currency exposures on intercompany receivables, payables and dividends, the Company occasionally enters into forward foreign exchange contracts.

2) Interest rate risk

The majority of the interest-bearing debt consists of bonds with fixed interest rates.

3) Price risk in equity instruments

The Group is exposed to equity price risks arising from equity instruments (i.e., listed shares). These investments are held from a viewpoint of business strategy, not for short-term trading purposes. The Group does not sell these investments frequently and the Group periodically reviews the fair value of these instruments as well as the financial condition of investees.

(2) Credit and liquidity risks

The Group manages its credit risk by setting credit limits that are approved by the authorized personnel of each SBU.

Ultimate responsibility for liquidity risk management rests with the CFO of the Group who is appointed by the Board of Directors. Based on the instructions from the CFO, the financial headquarters of the Group mainly manages the Group's liquidity risk by maintaining an appropriate level of retained earnings and credit facilities, and monitors the actual cash flows and forecasted cash flows. Temporary cash shortages due to dividends or bonus payments are funded through the issuance of commercial paper, etc.

2. Notes concerning fair value of financial instruments

As of March 31, 2016 (the end of the fiscal year), the carrying amount of financial instruments in the consolidated statement of financial position, the fair values of those instruments, and the differences were as follows.

(Millions of yen)

	Carrying amount in the consolidated statement of financial position*	Fair value*	Difference
(1) FVTPL financial assets (derivative instruments)			
Other financial assets	115	115	–
(2) Loans and receivables			
Trade and other receivables	92,887	92,887	–
Other financial assets	25,508	25,505	(3)
(3) Available-for-sale financial assets			
Other financial assets	1,182	1,182	–
(4) Cash and cash equivalents	286,292	286,292	–
Total assets	405,983	405,980	(3)
(5) FVTPL financial liabilities (derivative instruments)			
Other financial liabilities	(484)	(484)	–
(6) Financial liabilities measured at amortized cost			
Trade and other payables	(41,407)	(41,407)	–
Interest-bearing debt	(37,328)	(38,392)	(1,065)
Other financial liabilities	(2,937)	(2,937)	–
Total liabilities	(82,156)	(83,220)	(1,065)

* The balances of liabilities are presented as the numbers in parentheses.

(Note) Items related to the methods of calculating the fair value of financial instruments, together with securities and derivative transactions

(1) and (5) FVTPL financial assets and liabilities (derivative instruments)

The fair values of forward foreign exchange contracts at the end of each reporting period were determined based on the forward exchange rate at market.

(2) Loans and receivables

The fair values of loans and receivables were determined by discounting future net cash flows using rates taking into account the estimated timing of payments and credit risk.

Because trade and other receivables have short settlement periods and estimated fair values that are virtually the same as the carrying value, the carrying amount has been used as fair value.

(3) Available-for-sale financial assets

The fair values of listed shares included in available-for-sale financial assets were determined based on quoted market prices at the end of each reporting period. The fair values of unlisted shares included in available-for-sale financial assets were calculated by using a reasonable method.

(4) Cash and cash equivalents

Cash and cash equivalents have short settlement periods and estimated fair values that are virtually the same as the carrying amount.

(6) Financial liabilities measured at amortized cost

The fair values of long-term loans, bonds and finance lease obligations were determined by discounting future cash flows using rates taking into account the estimated timing of payments and credit risk.

Trade and other payables and interest-bearing short-term debt have short settlement periods and estimated fair values that are virtually the same as the carrying amount.

Notes to per share information

(1) Equity per share attributable to owners of the Company ¥1,243.69

(2) Basic earnings per share ¥225.45

Notes concerning significant subsequent events

There are no relevant items.

~~~~~~

(Note) Figures in the consolidated financial statements and related notes are rounded off to the nearest unit.
~~~~~~

Notes to the Non-consolidated Financial Statements

Significant accounting policies

1. Basis and methods for evaluation of marketable and investment securities

Investment securities in subsidiaries and affiliates:	Cost determined by the moving-average method
Available-for-sale securities:	
Marketable securities:	Fair value, with unrealized gains and losses, net of applicable taxes, reported in a separate component of equity
Non-marketable securities:	Cost determined by the moving-average method

2. Basis and methods for evaluation of derivatives: Fair value

3. Basis and methods for evaluation of inventories: Primarily the lower of cost determined by the average method and net realizable value

4. Methods of depreciation of fixed assets:

Property, plant and equipment (excluding leased assets)	Depreciation is computed by the declining-balance method while the straight-line method is applied to buildings acquired on or after April 1, 1998. The range of useful lives is principally from 15 to 50 years for buildings, from 4 to 15 years for machinery and equipment, and 2 to 15 years for tools, equipment and fixture.
Intangible fixed assets (excluding leased assets)	The straight-line method is applied. The period of amortization is 8 years for patents, 10 years for technology and 5 years for software.
Leased assets	The straight-line method over the lease terms with no residual value is applied for leases that do not transfer ownership of the leased assets to the lessee.

5. Basis for the conversion of foreign currency assets and liabilities

All short-term and long-term monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the non-consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized in the non-consolidated statement of income.

6. Allowance, reserves, and provisions

(i) Allowance for doubtful accounts	The allowance for doubtful accounts is provided based on the Company's past experience of credit loss and an evaluation of the financial position of borrowers.
(ii) Accrued bonuses to employees	Accrued bonuses are provided at the year-end to which such bonuses are attributable in the current year.
(iii) Warranty provisions	Accrued warranty cost is estimated and recognized based on past experience of the occurrence of defective goods and the expected after service costs in the warranty period.
(iv) Reserve for periodic repairs	Reserve for periodic repairs is provided based on the actual expenses for the latest repairs for melting furnaces.

7. Method of accounting for national and local consumption taxes

The tax-excluded method is applied, and non-deductible tax is recognized as an expense.

8. Notes to changes in presentation of non-consolidated financial statements

(Non-consolidated statement of income)

Because the amounts have been immaterial, gain on sales of investment securities of ¥1 million in the year ended March 31, 2016, is included in "Others" in extraordinary income, and building dismantlement expenses of ¥23 million in the year ended March 31, 2016, are included in "Others" in extraordinary losses.

Notes to Non-consolidated Balance sheet

1. Accumulated depreciation of property, plant and equipment	¥122,098 million
The accumulated depreciation includes the accumulated impairment losses.	
2. Contingent liabilities	¥155 million
Guarantees for lease payments of the following company	
PENTAX U.K. LTD.	¥155 million
3. Monetary receivables from and payables to subsidiaries and affiliates (excluding classified items in the non-consolidated balance sheet)	
(1) Short-term receivables	¥13,268 million
(2) Short-term payables	¥11,450 million

Notes to Non-consolidated Statement of income

Transactions with subsidiaries and affiliates	
(1) Sales	¥44,657 million
(2) Purchases including commissions	¥42,891 million
(3) Non-operating transactions	¥110,387 million

Notes to Non-consolidated Statement of Changes in Net Assets

Matters relating to the number of treasury shares

Share class	Balance at April 1, 2015	Increase	Decrease	Balance at March 31, 2016
Ordinary shares	1,851,943 shares	28,063,038 shares	21,922,644 shares	7,992,337 shares

(Note)

1. Details of the increase and decrease in the number of treasury shares are as follows:

Increase due to repurchase of treasury shares:	28,061,900 shares
Increase due to repurchase of odd-lot shares:	1,138 shares
Decrease on cancellation of treasury shares:	21,175,400 shares
Decrease on exercise of stock options:	747,200 shares
Decrease due to disposal of odd-lot shares:	44 shares

2. It was confirmed that treasury shares in the amount of ¥18,640 million repurchased as of March 31, 2016 and ¥4,984 million repurchased from April 1, 2016 to April 8, 2016, based on the resolution of the Company's Board of Directors on February 16, 2016, exceeded the distributable amount determined by the Companies Act and the Ordinance on Company Accounting. Of these amounts, the treasury shares repurchased as of March 31, 2016, are included in "Acquisition of treasury shares" and "Balance at March 31, 2016" in the non-consolidated statement of changes in net assets.

Notes relating to tax effect accounting

1. Breakdown of deferred tax assets and deferred tax liabilities by major cause of accrual (As of March 31, 2016)

(1) Current

Deferred tax assets	
Accrued bonuses	¥1,178 million
Enterprise tax payable	522
Valuation loss on inventories	424
Excess of allowance for doubtful accounts	68
Severance payments	33
Others	1,481
Deferred tax assets – subtotal	3,707
Valuation allowance	(243)
Net amount of deferred tax assets – current	¥3,464

(2) Non-current

Deferred tax assets	
Write down of investment in subsidiaries and affiliates	¥3,198 million
Write down of investment securities	704
Stock options	580
Impairment losses	502
Excess of depreciation	368
Asset retirement obligation	295
Reserve for periodic repairs	200
Excess of allowance for doubtful accounts	131
Others	343
Deferred tax assets – subtotal	6,321
Valuation allowance	(5,300)
Total amount of deferred tax assets – non-current	1,020
Deferred tax liabilities	
Expenses related to disposal of asset retirement obligations	(79)
Reserve for advanced depreciation of fixed assets	(68)
Tax goodwill	(25)
Total amount of deferred tax liabilities – non-current	(172)
Net amount of deferred tax assets – non-current	¥848

2. Adjustments to deferred tax assets and liabilities due to the change of the corporate tax rate

On March 29, 2016, the "Act for partial Revision of the Income Tax Act" (Act No. 15, 2016) and the "Act for partial Revision of the Local Tax Act" (Act No. 13, 2016) were enacted, and the corporate tax was lowered from the year beginning April 1, 2016. As a result of the changes, the statutory income tax rates used to calculate deferred tax assets and liabilities for temporary differences expected to reverse in the fiscal years beginning on and after April 1, 2016, were reduced to 30.5%, from the previous rate of 32.0%. The effect of this change was to decrease deferred tax assets in the non-consolidated balance sheet as of March 31, 2016, by ¥213 million and to increase income taxes-deferred in the non-consolidated statement of income for the year then ended by ¥213 million.

Notes concerning transactions with related parties

1. Subsidiaries and affiliates

Type	Name of the related parties	Ratio of the voting rights	Relationship with related parties	Transaction details (Note 5)	Transaction amount (Millions of yen) (Note 1)	Item	Balances due to or from the related parties (Millions of yen)
Subsidiary	HOYA ELECTRONICS SINGAPORE PTE. LTD.	Direct ownership of 100.00%	Supplier Concurrent post of directors (Note 2)	Purchase of products	13,951	Accounts payable- trade	3,507
				Partial redemption of preferred shares	2,850	–	–
Subsidiary	PENTAX EUROPE GMBH	Indirect ownership of 100.00%	Customer Concurrent post of directors (Note 3)	Sale of products	8,710	Accounts receivable- trade	2,378
Subsidiary	HOYA TECHNOSURGICAL CORPORATION	Direct ownership of 100.00%	Entrustment of cash management Concurrent post of directors (Note 2)	Loan or borrowing of funds through cash pooling	2,348	Deposit	2,325
Affiliate	AvanStrate, Inc.	Direct ownership of 46.57%	Loans of funds Concurrent post of auditors (Note 4)	Repayment of loans Interest received Advance paid	275 233 988	Long-term loans to subsidiaries and affiliates Accrued revenue –	8,225 97 –

(Note) Terms and conditions of transactions and the policy for determining them:

1. Transaction amounts above do not include consumption tax and other taxes.
   Transaction amount of loan or borrowing of funds through cash pooling is stated in the average amount of the term.
2. Employees of the Company concurrently serve as directors of the subsidiaries.
3. Representative executive officers of the Company concurrently serve as directors of the subsidiaries.
4. Employees of the Company concurrently serve as auditors of the affiliate.
5. Purchase price is determined by negotiation considering market prices and other factors.
   Sales price is determined by contracts considering the cost of the Company and market prices.
   Interest rates on deposit or borrowing of funds through cash pooling are determined considering market rates.
   Interest rates on loans are determined considering market rates.
   The term of repayment is October 31, 2017 by batch payment.
   The platinum owned by a subsidiary of the affiliate is pledged as collateral.
   The Company temporarily pays some expenses at cost on behalf of the affiliate.

2. Directors, officers and major individual shareholders

Type	Name of the related parties	Ratio of the voting rights	Relationship with related parties	Transaction details (Note 2)	Transaction amount (Millions of yen) (Note 1)	Item	Balances due to or from the related parties (Millions of yen)
Directors and officers	Itaru Koeda	(Held) Direct ownership of 0.00%	Outside director of the Company	Exercises of stock options	8	–	–
Directors and officers	Hiroshi Suzuki	(Held) Direct ownership of 0.23%	Director and representative executive officer of the Company	Exercises of stock options	91	–	–
Directors and officers	Eiichiro Ikeda	(Held) Direct ownership of 0.00%	Executive officer of the Company	Exercises of stock options	69	–	–

(Note) Terms and conditions of transactions and the policy for determining them:

1. Transaction amounts above do not include consumption tax and other taxes.
2. Stock options were exercised in accordance with the contracts at the date of options granted.

Notes to per share information

(1) Net assets per share ¥320.29
(2) Basic earnings per share ¥289.59

Notes concerning significant subsequent events

There are no relevant items.

(Note) Figures in the non-consolidated financial statements and notes are rounded off to the nearest unit.