

Canon
Canon Electronics Inc.
Annual Report 2018(Unaudited)
Consolidated Financial Highlights

Millions of yen
(Amounts less than one million yen are truncated)

	FY2017 (from January 1, 2017 to December 31, 2017)	FY2018 (from January 1, 2018 to December 31, 2018)
Net sales		
Component	47,650	51,075
Electronic Information Appliance	26,495	29,488
Other	9,623	10,203
Total	83,769	90,767
Profit attributable to owners of parent	7,739	7,106

	FY2017 (from January 1, 2017 to December 31, 2017)	FY2018 (from January 1, 2018 to December 31, 2018)
Basic earnings per share	189.61 yen	174.12 yen
Diluted earnings per share	—	—

Millions of yen
(Amounts less than one million yen are truncated)

	As of December 31, 2017	As of December 31, 2018
Total assets	108,221	112,999
Net assets	87,985	91,591

Consolidated Balance Sheets

Millions of yen
(Amounts less than one million yen are truncated)

	As of December 31, 2017	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	26,434	19,043
Notes and accounts receivable - trade	23,393	23,328
Lease investment assets	227	270
Merchandise and finished goods	969	1,292
Work in process	3,028	4,099
Raw materials and supplies	86	103
Short-term loans receivable	15,000	25,000
Deferred tax assets	297	283
Other	1,261	1,797
Total current assets	<u>70,698</u>	<u>75,218</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures	31,714	31,988
Accumulated depreciation	<u>△20,377</u>	<u>△21,063</u>
Buildings and structures, net	<u>11,337</u>	<u>10,925</u>
Machinery, equipment and vehicles	22,951	22,019
Accumulated depreciation	<u>△19,183</u>	<u>△19,525</u>
Machinery, equipment and vehicles, net	<u>3,767</u>	<u>2,494</u>
Tools, furniture and fixtures	18,613	18,611
Accumulated depreciation	<u>△15,649</u>	<u>△15,519</u>
Tools, furniture and fixtures, net	<u>2,964</u>	<u>3,091</u>
Land	14,620	15,094
Construction in progress	71	621
Total property, plant and equipment	<u>32,761</u>	<u>32,226</u>
Intangible assets	<u>1,493</u>	<u>1,589</u>
Investments and other assets		
Investment securities	1,041	1,421
Deferred tax assets	1,406	1,869
Other	820	674
Allowance for doubtful accounts	<u>△0</u>	<u>△0</u>
Total investments and other assets	<u>3,267</u>	<u>3,965</u>
Total non-current assets	<u>37,522</u>	<u>37,781</u>
Total assets	<u>108,221</u>	<u>112,999</u>

Consolidated Balance Sheets

Millions of yen
(Amounts less than one million yen are truncated)

	As of December 31, 2017	As of December 31, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	10,947	11,473
Electronically recorded obligations - operating	2,006	544
Lease obligations	102	92
Accrued expenses	1,330	1,384
Income taxes payable	1,260	1,436
Provision for bonuses	352	378
Provision for directors' bonuses	32	29
Provision for loss on order received	11	264
Other	1,377	1,402
Total current liabilities	<u>17,420</u>	<u>17,008</u>
Non-current liabilities		
Provision for directors' retirement benefits	221	221
Net defined benefit liability	2,421	3,970
Deferred tax liabilities	19	32
Other	152	175
Total non-current liabilities	<u>2,815</u>	<u>4,400</u>
Total liabilities	<u>20,235</u>	<u>21,408</u>
Net assets		
Shareholders' equity		
Capital stock	4,969	4,969
Capital surplus	9,595	9,602
Retained earnings	76,519	80,361
Treasury shares	△2,580	△2,582
Total shareholders' equity	<u>88,503</u>	<u>92,350</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	348	262
Foreign currency translation adjustment	524	413
Remeasurements of defined benefit plans	△1,520	△2,858
Total accumulated other comprehensive income	<u>△648</u>	<u>△2,181</u>
Non-controlling interests	129	1,421
Total net assets	<u>87,985</u>	<u>91,591</u>
Total liabilities and net assets	<u>108,221</u>	<u>112,999</u>

Consolidated Statements of Income

	Millions of yen (Amounts less than one million yen are truncated)	
	FY2017 (from January 1, 2017 to December 31, 2017)	FY2018 (from January 1, 2018 to December 31, 2018)
Net sales	83,769	90,767
Cost of sales	62,732	70,345
Gross profit	21,036	20,422
Selling, general and administrative expenses	11,430	10,916
Operating profit	9,605	9,505
Non-operating income		
Interest and dividend income	74	78
Subsidy income	7	26
Foreign exchange gains	170	-
Other	38	51
Total non-operating income	291	155
Non-operating expenses		
Foreign exchange losses	-	152
Other	10	6
Total non-operating expenses	10	159
Ordinary profit	9,886	9,502
Extraordinary income		
Gain on sales of non-current assets	20	16
Gain on sales of shares of subsidiaries	-	75
Gain on sales of investment securities	7	8
Total extraordinary income	28	100
Extraordinary losses		
Loss on sales and retirement of non-current assets	15	15
Total extraordinary losses	15	15
Profit before income taxes	9,899	9,587
Income taxes - current	2,073	2,373
Income taxes - deferred	80	172
Total income taxes	2,154	2,546
Profit	7,745	7,041
Profit (loss) attributable to non-controlling interests	6	△65
Profit attributable to owners of parent	7,739	7,106

Consolidated Statements of Comprehensive Income

Millions of yen
(Amounts less than one million yen are truncated)

	FY2017 (from January 1, 2017 to December 31, 2017)	FY2018 (from January 1, 2018 to December 31, 2018)
Profit	7,745	7,041
Other comprehensive income		
Valuation difference on available-for-sale securities	144	△85
Deferred gains or losses on hedges	40	-
Foreign currency translation adjustment	△195	△110
Remeasurements of defined benefit plans, net of tax	1,125	△1,338
Total other comprehensive income	1,114	△1,533
Comprehensive income	8,860	5,507
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	8,853	5,573
Comprehensive income attributable to non-controlling interests	6	△65

Consolidated Statements of Shareholders' Equity

FY2017 (from January 1, 2017 to December 31, 2017)

Millions of yen

(Amounts less than one million yen are truncated)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,969	9,595	71,229	△2,579	83,215
Changes of items during period					
Dividends of surplus			△2,448		△2,448
Profit attributable to owners of parent			7,739		7,739
Purchase of treasury shares				△1	△1
Disposal of treasury shares		0		0	0
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	0	5,290	△1	5,288
Balance at end of current period	4,969	9,595	76,519	△2,580	88,503

	Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	203	△40	719	△2,645	△1,762	63	81,515
Changes of items during period							
Dividends of surplus					—		△2,448
Profit attributable to owners of parent					—		7,739
Purchase of treasury shares					—		△1
Disposal of treasury shares					—		0
Net changes of items other than shareholders' equity	144	40	△195	1,125	1,114	66	1,180
Total changes of items during period	144	40	△195	1,125	1,114	66	6,469
Balance at end of current period	348	—	524	△1,520	△648	129	87,985

Consolidated Statements of Shareholders' Equity

FY2018 (from January 1, 2018 to December 31, 2018)

Millions of yen

(Amounts less than one million yen are truncated)

	Shareholders' Equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	4,969	9,595	76,519	△2,580	88,503
Changes of items during period					
Dividends of surplus			△3,265		△3,265
Profit attributable to owners of parent			7,106		7,106
Purchase of treasury shares				△1	△1
Capital increase of consolidated subsidiaries		7			7
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	7	3,841	△1	3,847
Balance at end of current period	4,969	9,602	80,361	△2,582	92,350

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	348	524	△1,520	△648	129	87,985
Changes of items during period						
Dividends of surplus				—		△3,265
Profit attributable to owners of parent				—		7,106
Purchase of treasury shares				—		△1
Capital increase of consolidated subsidiaries				—		7
Net changes of items other than shareholders' equity	△85	△110	△1,338	△1,533	1,292	△241
Total changes of items during period	△85	△110	△1,338	△1,533	1,292	3,605
Balance at end of current period	262	413	△2,858	△2,181	1,421	91,591

Consolidated Statements of Cash Flows

	Millions of yen (Amounts less than one million yen are truncated)	
	FY2017 (from January 1, 2017 to December 31, 2017)	FY2018 (from January 1, 2018 to December 31, 2018)
Cash flows from operating activities		
Profit before income taxes	9,899	9,587
Depreciation	3,317	2,751
Increase (decrease) in provision for bonuses	△23	26
Increase (decrease) in provision for directors' bonuses	5	△3
Increase (decrease) in provision for loss on order received	△176	253
Increase (decrease) in net defined benefit liability	△2,188	△1,084
Interest and dividend income	△74	△78
Loss (gain) on sales and retirement of property, plant and equipment	△5	△0
Loss (gain) on sales and valuation of investment securities	△7	△8
Loss (gain) on sales of shares of subsidiaries	-	△75
Decrease (increase) in notes and accounts receivable - trade	△1,039	17
Decrease (increase) in inventories	△798	△1,410
Increase (decrease) in notes and accounts payable - trade	876	△912
Other, net	1,359	192
Subtotal	11,143	9,254
Interest and dividend income received	76	77
Income taxes paid	△1,540	△2,139
Net cash provided by (used in) operating activities	9,679	7,192
Cash flows from investing activities		
Purchase of property, plant and equipment	△1,583	△2,770
Proceeds from sales of property, plant and equipment	86	46
Purchase of intangible assets	△212	△327
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	-	104
Purchase of investment securities	△266	△502
Proceeds from sales of investment securities	7	8
Payments of loans receivable	-	△10,000
Collection of loans receivable	5,000	735
Other, net	△136	144
Net cash provided by (used in) investing activities	2,895	△12,560
Cash flows from financing activities		
Cash dividends paid	△2,449	△3,269
Proceeds from share issuance to non-controlling shareholders	-	1,365
Other, net	58	△1
Net cash provided by (used in) financing activities	△2,391	△1,905
Effect of exchange rate change on cash and cash equivalents	△90	△86
Net increase (decrease) in cash and cash equivalents	10,093	△7,360
Cash and cash equivalents at beginning of period	16,040	26,134
Cash and cash equivalents at end of period	26,134	18,773