


CANON ELECTRONICS INC.
ANNUAL REPORT 2014(Unaudited)
CONSOLIDATED FINANCIAL HIGHLIGHTS

	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)	
	2014	2013	2014	2013
Net sales	¥	¥	\$	\$
Component	51,537	54,362	425,929	449,280
Electronic Information Appliance	34,033	33,014	281,269	272,849
Other	9,911	10,638	81,913	87,921
Total	95,482	98,016	789,112	810,051
Net Income	7,377	7,249	60,971	59,910
Net income per common share assuming no dilution	178.77	174.26	1.48	1.44
assuming full dilution	-	-	-	-

	Millions of yen		Thousands of U.S. dollars	
	2014	2013	2014	2013
Total assets	¥ 101,542	¥ 96,013	\$ 839,195	\$ 793,497
Net assets	75,996	73,953	628,073	611,183

CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen		Thousands of U.S. dollars	
	2014	2013	2014	2013
Net sales	¥ 95,482	¥ 98,016	\$ 789,112	\$ 810,051
Cost of sales	75,523	77,046	624,157	636,749
Gross profit	19,959	20,969	164,954	173,302
Selling, general and administrative expenses	11,162	11,098	92,249	91,724
Operating profit	8,797	9,870	72,704	81,577
Other income				
Foreign exchange gains	1,585	1,574	13,102	13,010
Gain on sales of investment securities	-	913	-	7,550
Gain on reversal of subscription rights to shares	225	9	1,864	74
Gain on bargain purchase	-	14	-	122
Other	179	239	1,482	1,975
	1,990	2,750	16,449	22,732
Other expenses				
Provision of allowance for doubtful receivables	-	734	-	6,069
Loss on sales and retirement of non-current assets	14	4	120	36
Loss on valuation of investment securities	47	1	394	15
Other	36	32	305	265
	99	772	819	6,387
Income before income taxes and minority interests	10,688	11,848	88,333	97,922
Income taxes	3,310	4,590	27,357	37,938
Minority interests	0	8	5	73
Net income	¥ 7,377	¥ 7,249	\$ 60,971	\$ 59,910

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥121=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2014.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Millions of yen		Thousands of U.S. dollars	
	2014	2013	2014	2013
Net income	¥ 7,377	¥ 7,249	\$ 60,971	\$ 59,910
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation	3,995	4,412	33,019	36,467
Amortization of goodwill	-	185	-	1,530
Increase (decrease) in provision for bonuses	(2)	9	(19)	76
Increase (decrease) in provision for directors' bonuses	(6)	(10)	(52)	(86)
Increase (decrease) in provision for loss on order received	(8)	(12)	(66)	(100)
Increase (decrease) in provision for retirement benefits	(309)	(198)	(2,558)	(1,644)
Interest and dividends income	(51)	(48)	(425)	(396)
Loss (gain) on sales and retirement of property, plant and equipment	14	3	120	31
Loss (gain) on sales and valuation of investments in securities	47	(911)	394	(7,534)
Decrease (increase) in notes and accounts receivable	(1,701)	(6,807)	(14,062)	(56,256)
Decrease (increase) in inventories	447	429	3,695	3,550
Increase (decrease) in notes and accounts payable	1,123	(1,550)	9,281	(12,817)
Other, net	(766)	1,696	(6,333)	14,019
Net cash provided by operating activities	10,159	4,446	83,962	36,747
Cash flows from investing activities				
Purchase of property, plant and equipment	(3,811)	(4,398)	(31,500)	(36,352)
Proceeds from sales of property, plant and equipment	1	12	16	106
Purchase of intangible assets	(222)	(129)	(1,835)	(1,067)
Purchase of investment securities	(86)	(76)	(714)	(632)
Proceeds from sales of investment securities	-	1,854	-	15,329
Payments of loans receivable	-	(200)	-	(1,652)
Collection of loans receivable	-	0	-	0
Other, net	(98)	(163)	(816)	(1,354)
Net cash used in investing activities	(4,217)	(3,100)	(34,851)	(25,623)
Cash flows from financing activities				
Cash dividends paid	(2,486)	(2,491)	(20,550)	(20,589)
Purchase of treasury shares	(1,499)	-	(12,395)	-
Other, net	(3)	(1)	(25)	(13)
Net cash used in financing activities	(3,989)	(2,492)	(32,971)	(20,603)
Effect of exchange rate changes on cash and cash equivalents	301	(16)	2,494	(137)
Net change in cash and cash equivalents	2,254	(1,163)	18,634	(9,616)
Cash and cash equivalents at beginning of period	27,326	28,489	225,835	235,451
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(104)	-	(860)	-
Cash and cash equivalents at end of period	29,476	27,326	243,609	225,835

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥121=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2014.

CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS

	Millions of yen											
	Shareholders' equity					Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at December 31, 2013	¥ 4,969	¥ 9,595	¥ 59,561	¥ (1,071)	¥ 73,054	¥ 221	¥ 403		¥ 624	¥ 225	¥ 49	¥ 73,953
Cash dividends			(2,488)		(2,488)				-	-	-	(2,488)
Net income			7,377		7,377				-	-	-	7,377
Purchases of treasury stock		0		(1,503)	(1,503)				-	-	-	(1,503)
Disposition of treasury stock				0	0				-	-	-	0
Other, net					-	(25)	803	(1,895)	(1,117)	(225)	0	(1,342)
Balance at December 31, 2014	¥ 4,969	¥ 9,595	¥ 64,450	¥ (2,574)	¥ 76,439	¥ 195	¥ 1,206	¥ (1,895)	¥ (492)	-	¥ 49	¥ 75,996

	Thousands of U.S. dollars											
	Shareholders' equity					Accumulated other comprehensive income				Subscription rights to shares	Minority interests	Total net assets
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total Shareholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at December 31, 2013	\$ 41,067	\$ 79,300	\$ 492,242	\$ (8,857)	\$ 603,752	\$ 1,827	\$ 3,330		\$ 5,157	\$ 1,864	\$ 407	\$ 611,180
Cash dividends			(20,568)		(20,568)				-	-	-	(20,568)
Net income			60,971		60,971				-	-	-	60,971
Purchases of treasury stock		0		(12,423)	(12,423)				-	-	-	(12,423)
Disposition of treasury stock				2	2				-	-	-	2
Other, net					-	(209)	6,640	(15,663)	(9,232)	(1,864)	4	(11,092)
Balance at December 31, 2014	\$ 41,067	\$ 79,300	\$ 532,645	\$ (21,279)	\$ 631,734	\$ 1,618	\$ 9,971	\$ (15,663)	\$ (4,074)	-	\$ 412	\$ 628,073

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥121=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of December 30, 2014.