


**CANON ELECTRONICS INC.**
**SEMI-ANNUAL REPORT 2015(Unaudited)**
**CONSOLIDATED FINANCIAL HIGHLIGHTS**

	Millions of yen (except per share amounts)		Thousands of U.S. dollars (except per share amounts)	
	For the six-month periods ended June 30.			
	2015	2014	2015	2014
	¥	¥	\$	\$
Net sales				
Component	26,030	25,037	213,363	205,229
Electronic Information Appliance	16,207	16,467	132,844	134,981
Other	4,501	5,200	36,899	42,631
<b>Total</b>	<b>46,739</b>	<b>46,706</b>	<b>383,107</b>	<b>382,841</b>
Net Income	4,213	3,315	34,532	27,178
Net income per common share				
assuming no dilution	103.21	79.80	0.85	0.65
assuming full dilution	-	-	-	-

	Millions of yen		Thousands of U.S. dollars	
	For the six-month periods ended June 30.			
	2015	2014	2015	2014
	¥	¥	\$	\$
Total assets	103,770	101,542	850,577	832,316
Net assets	78,615	75,996	644,387	622,924

**CONSOLIDATED STATEMENTS OF INCOME**

	Millions of yen		Thousands of U.S. dollars	
	For the six-month periods ended June 30.			
	2015	2014	2015	2014
	¥	¥	\$	\$
Net sales	46,739	46,706	383,107	382,841
Cost of sales	35,270	36,762	289,103	301,335
Gross profit (loss)	11,468	9,943	94,004	81,506
Selling, general and administrative expenses	5,238	5,456	42,940	44,725
Operating income (loss)	6,229	4,487	51,063	36,781
Other income				
Interest and dividend income	37	25	307	205
Foreign exchange gains	113	-	933	-
Gain on sales of non-current assets	0	0	4	1
Gain on reversal of subscription rights to shares	-	225	-	1,849
Other	62	55	509	457
	214	306	1,755	2,512
Other expenses				
Foreign exchange losses	-	357	-	2,930
Loss on sales and retirement of non-current assets	5	11	44	90
Loss on valuation of investment securities	6	47	57	391
Other	3	25	28	212
	15	442	130	3,624
Income before income taxes and minority interests	6,428	4,351	52,688	35,668
Income taxes	2,212	1,035	18,136	8,485
Minority interests in income	2	0	19	4
<b>Net income</b>	<b>¥ 4,213</b>	<b>3,315</b>	<b>34,532</b>	<b>27,178</b>

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥122=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2015.

## CONSOLIDATED STATEMENTS OF CASH FLOW

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	Millions of yen		Thousands of U.S. dollars	
	2015	2014	2015	2014
Net income	¥ 6,428	¥ 4,351	\$ 52,688	\$ 35,668
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation	1,590	1,997	13,040	16,370
Increase (decrease) in provision for bonuses	34	24	285	204
Increase (decrease) in provision for directors' bonuses	(18)	(28)	(152)	(229)
Increase (decrease) in provision for loss on order received	7	2	64	16
Increase (decrease) in provision for retirement benefits	-	(144)	-	(1,187)
Increase (decrease) in net defined benefit liability	(497)	-	(4,075)	-
Loss (gain) on sales and valuation of investment securities	6	47	57	391
Decrease (increase) in notes and accounts receivable - trade	292	(892)	2,399	(7,318)
Decrease (increase) in inventories	(239)	(107)	(1,962)	(880)
Increase (decrease) in notes and accounts payable - trade	(347)	1,773	(2,852)	14,538
Other, net	(106)	(861)	(876)	(7,060)
Subtotal	7,151	6,162	58,615	50,514
Interest and dividend income received	34	25	279	205
Income taxes paid	(2,341)	(2,560)	(19,192)	(20,989)
Net cash provided by (used in) operating activities	4,843	3,627	39,702	29,730
Cash flows from investing activities				
Purchase of property, plant and equipment	(829)	(2,283)	(6,801)	(18,720)
Proceeds from sales of property, plant and equipment	0	0	6	3
Purchase of intangible assets	(111)	(37)	(917)	(309)
Purchase of investment securities	(2)	(85)	(18)	(703)
Payments of loans receivable	(15,000)	-	(122,950)	-
Other, net	(595)	(20)	(4,883)	(170)
Net cash provided by (used in) investing activities	(16,538)	(2,427)	(135,565)	(19,900)
Cash flows from financing activities				
Cash dividends paid	(1,223)	(1,245)	(10,027)	(10,212)
Purchase of treasury shares	-	(434)	-	(3,563)
Other, net	(2)	(1)	(19)	(13)
Net cash provided by (used in) financing activities	(1,225)	(1,682)	(10,046)	(13,789)
Effect of exchange rate change on cash and cash equivalents	(60)	(166)	(494)	(1,360)
Net increase (decrease) in cash and cash equivalents	(12,981)	(649)	(106,404)	(5,320)
Cash and cash equivalents at beginning of period	29,476	27,326	241,612	223,984
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	-	(104)	-	(853)
Cash and cash equivalents at end of period	16,495	26,572	135,208	217,810

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥122=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2015.

**CONSOLIDATED BALANCE SHEETS**

<b>Assets</b>	Millions of yen		Thousands of U.S. dollars	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Current assets	¥	¥	\$	\$
Cash and deposits	17,335	29,716	142,093	243,580
Notes and accounts receivable - trade	25,259	25,592	207,045	209,771
Lease investment assets	329	270	2,700	2,219
Merchandise and finished goods	1,442	1,258	11,827	10,315
Work in process	2,394	2,339	19,629	19,172
Raw materials and supplies	92	92	755	761
Short-term loans receivable	15,000	-	122,950	-
Deferred tax assets	378	398	3,103	3,262
Other	1,503	1,500	12,323	12,302
Allowance for doubtful accounts	(0)	(0)	(3)	(7)
<b>Total current assets</b>	<b>63,736</b>	<b>61,168</b>	<b>522,427</b>	<b>501,377</b>
Property, plant and equipment				
Buildings and structures, net	13,278	13,815	108,836	113,245
Machinery, equipment and vehicles, net	4,225	3,042	34,633	24,939
Tools, furniture and fixtures, net	2,833	2,868	23,221	23,508
Land	14,486	14,486	118,739	118,739
Construction in progress	527	1,334	4,323	10,935
<b>Total property, plant and equipment</b>	<b>35,350</b>	<b>35,546</b>	<b>289,754</b>	<b>291,367</b>
<b>Intangible assets</b>	<b>1,094</b>	<b>1,035</b>	<b>8,968</b>	<b>8,486</b>
Investments and other assets				
Investment securities	865	734	7,096	6,023
Deferred tax assets	1,934	2,260	15,854	18,532
Other	790	796	6,475	6,528
Allowance for doubtful accounts	(0)	(0)	(0)	(0)
<b>Total investments and other assets</b>	<b>3,590</b>	<b>3,792</b>	<b>29,426</b>	<b>31,084</b>
<b>Total assets</b>	<b>¥ 103,770</b>	<b>¥ 101,542</b>	<b>\$ 850,577</b>	<b>\$ 832,316</b>

<b>Liabilities and Net assets</b>	Millions of yen		Thousands of U.S. dollars	
	June 30, 2015	December 31, 2014	June 30, 2015	December 31, 2014
Current liabilities	¥	¥	\$	\$
Notes and accounts payable - trade	14,106	14,504	115,627	118,887
Lease obligations	99	74	813	612
Accrued expenses	1,328	1,434	10,893	11,759
Income taxes payable	1,835	2,335	15,044	19,145
Provision for bonuses	402	367	3,301	3,012
Provision for directors' bonuses	15	33	122	275
Provision for loss on order received	33	25	274	209
Other	2,156	1,632	17,676	13,384
<b>Total current liabilities</b>	<b>19,978</b>	<b>20,409</b>	<b>163,755</b>	<b>167,287</b>
Non-current liabilities				
Net defined benefit liability	4,665	4,659	38,244	38,189
Provision for directors' retirement benefits	247	247	2,028	2,028
Deferred tax liabilities	26	27	216	228
Other	237	202	1,946	1,658
<b>Total Non-current liabilities</b>	<b>5,177</b>	<b>5,136</b>	<b>42,435</b>	<b>42,104</b>
<b>Total liabilities</b>	<b>25,155</b>	<b>25,545</b>	<b>206,190</b>	<b>209,391</b>
Net assets				
Shareholders' equity				
Capital stock	4,969	4,969	40,730	40,730
Capital surplus	9,595	9,595	78,650	78,650
Retained earnings	66,969	64,450	548,932	528,279
Treasury shares	(2,577)	(2,574)	(21,124)	(21,104)
<b>Total shareholders' equity</b>	<b>78,957</b>	<b>76,439</b>	<b>647,189</b>	<b>626,556</b>
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	300	195	2,466	1,605
Foreign currency translation adjustment	1,165	1,206	9,555	9,889
Remeasurements of defined benefit plans	(1,860)	(1,895)	(15,251)	(15,535)
<b>Total accumulated other comprehensive income</b>	<b>(394)</b>	<b>(492)</b>	<b>(3,230)</b>	<b>(4,040)</b>
Minority interests	52	49	428	409
<b>Total net assets</b>	<b>78,615</b>	<b>75,996</b>	<b>644,387</b>	<b>622,924</b>
<b>Total liabilities and net assets</b>	<b>¥ 103,770</b>	<b>¥ 101,542</b>	<b>\$ 850,577</b>	<b>\$ 832,316</b>

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