


CANON ELECTRONICS INC.
SEMI-ANNUAL REPORT 2016(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.			
	2016	2015	2016	2015
	¥	¥	\$	\$
Net sales				
Component	21,692	26,030	210,603	252,721
Electronic Information Appliance	14,648	16,207	142,217	157,349
Other	4,505	4,501	43,744	43,706
Total	40,846	46,739	396,565	453,777
Profit (loss) attributable to owners of parent	2,428	4,213	23,580	40,903
Profit (loss) attributable to owners of parent per common share assuming no dilution	59.51	103.21	0.58	1.00
assuming full dilution	-	-	-	-

	Millions of yen		Thousands of U.S. dollars	
	For the six-month periods ended June 30.			
	2016	2015	2016	2015
	¥	¥	\$	\$
Total assets	101,934	101,780	989,657	988,160
Net assets	78,885	78,539	765,877	762,520

CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen		Thousands of U.S. dollars	
	For the six-month periods ended June 30.			
	2016	2015	2016	2015
	¥	¥	\$	\$
Net sales	40,846	46,739	396,565	453,777
Cost of sales	31,336	35,270	304,235	342,432
Gross profit (loss)	9,510	11,468	92,330	111,345
Selling, general and administrative expenses	4,973	5,238	48,287	50,861
Operating income (loss)	4,536	6,229	44,042	60,483
Other income				
Interest and dividend income	44	37	434	364
Foreign exchange gains	-	113	-	1,105
Gain on sales of non-current assets	0	0	2	5
Gain on sales of investment securities	47	-	456	-
Other	16	62	164	603
	107	213	1,057	2,079
Other expenses				
Foreign exchange losses	1,052	-	10,223	-
Loss on sales and retirement of non-current assets	0	5	2	53
Loss on valuation of investment securities	-	6	-	67
Other	40	3	397	33
	1,094	14	10,623	154
Profit (loss) before income taxes	3,551	6,428	34,476	62,407
Income taxes	1,118	2,212	10,862	21,482
Profit (loss)	¥ 2,432	¥ 4,215	\$ 23,613	\$ 40,925
Profit (loss) attributable to non-controlling interests	3	2	33	22
Profit (loss) attributable to owners of parent	2,428	4,213	23,580	40,903

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥103=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2016.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Millions of yen		Thousands of U.S. dollars	
	For the six-month periods ended June 30.			
	2016	2015	2016	2015
	¥	¥	\$	\$
Profit (loss)	2,432	4,215	23,613	40,925
Other comprehensive income				
Valuation difference on available-for-sale securities	(137)	105	(1,332)	1,019
Foreign currency translation adjustment	(863)	(40)	(8,384)	(396)
Remeasurements of defined benefit plans, net of tax	139	34	1,350	336
	(861)	98	(8,366)	959
Comprehensive income	¥ 1,570	¥ 4,314	\$ 15,247	\$ 41,885
Profit attributable to				
Comprehensive income attributable to owners of parent	1,567	4,311	15,214	41,862
Comprehensive income attributable to non-controlling interests	3	2	33	22

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥103=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 30, 2016.

CONSOLIDATED STATEMENTS OF CASH FLOW

	Millions of yen		Thousands of U.S. dollars	
	2016	2015	2016	2015
	¥	¥	\$	\$
Profit (loss)	2,432	4,215	23,613	40,925
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation	1,539	1,590	14,941	15,445
Increase (decrease) in provision for bonuses	25	34	249	337
Increase (decrease) in provision for directors' bonuses	(21)	(18)	(203)	(180)
Increase (decrease) in provision for loss on order received	80	7	784	76
Increase (decrease) in net defined benefit liability	(745)	(497)	(7,233)	(4,827)
Loss (gain) on sales and valuation of investment securities	(47)	6	(456)	67
Decrease (increase) in notes and accounts receivable - trade	(491)	292	(4,771)	2,842
Decrease (increase) in inventories	(608)	(239)	(5,911)	(2,324)
Increase (decrease) in notes and accounts payable - trade	1,307	(347)	12,695	(3,378)
Other, net	(163)	(201)	(1,588)	(1,957)
Net cash provided by (used in) operating activities	3,308	4,843	32,118	47,026
Cash flows from investing activities				
Purchase of property, plant and equipment	(1,546)	(829)	(15,010)	(8,055)
Proceeds from sales of property, plant and equipment	0	0	4	7
Purchase of intangible assets	(204)	(111)	(1,986)	(1,086)
Purchase of investment securities	(0)	(2)	(5)	(21)
Proceeds from sales of investment securities	150	-	1,465	-
Payments of loans receivable	(5,000)	(15,000)	(48,543)	(145,631)
Other, net	(285)	(595)	(2,776)	(5,784)
Net cash provided by (used in) investing activities	(6,885)	(16,538)	(66,853)	(160,572)
Cash flows from financing activities				
Cash dividends paid	(1,223)	(1,223)	(11,879)	(11,876)
Other, net	(0)	(2)	(2)	(23)
Net cash provided by (used in) financing activities	(1,223)	(1,225)	(11,881)	(11,900)
Effect of exchange rate change on cash and cash equivalents	(187)	(60)	(1,818)	(586)
Net increase (decrease) in cash and cash equivalents	(4,988)	(12,981)	(48,435)	(126,032)
Cash and cash equivalents at beginning of period	19,189	29,476	186,303	286,182
Cash and cash equivalents at end of period	14,200	16,495	137,868	160,149

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CONSOLIDATED BALANCE SHEETS

Assets	Millions of yen		Thousands of U.S. dollars	
	June 30, 2016	December 31, 2015	June 30, 2016	December 31, 2015
Current assets	¥	¥	\$	\$
Cash and deposits	14,970	19,729	145,344	191,546
Notes and accounts receivable - trade	21,866	21,488	212,292	208,625
Lease investment assets	267	314	2,601	3,053
Merchandise and finished goods	1,424	1,068	13,827	10,369
Work in process	2,319	2,039	22,516	19,799
Raw materials and supplies	63	90	617	880
Short-term loans receivable	20,000	15,000	194,174	145,631
Deferred tax assets	271	314	2,634	3,057
Other	1,799	1,912	17,469	18,570
Allowance for doubtful accounts	(0)	(0)	(1)	(3)
Total current assets	62,982	61,957	611,477	601,530
Property, plant and equipment				
Buildings and structures, net	11,974	12,708	116,254	123,383
Machinery, equipment and vehicles, net	4,081	4,212	39,628	40,895
Tools, furniture and fixtures, net	3,022	2,858	29,344	27,752
Land	14,493	14,493	140,709	140,709
Accumulated depreciation	675	356	6,555	3,457
Total property, plant and equipment	34,246	34,628	332,492	336,198
Intangible assets	1,281	1,221	12,443	11,863
Investments and other assets				
Investment securities	455	763	4,427	7,412
Deferred tax assets	2,122	2,408	20,607	23,380
Other	845	800	8,209	7,776
Allowance for doubtful accounts	(0)	(0)	(0)	(0)
Total investments and other assets	3,424	3,972	33,243	38,568
Total assets	¥ 101,934	¥ 101,780	\$ 989,657	\$ 988,160
Liabilities and Net assets				
Current liabilities	¥	¥	\$	\$
Notes and accounts payable - trade	13,264	12,014	128,779	116,647
Lease obligations	97	104	944	1,015
Accrued expenses	1,085	1,324	10,539	12,858
Income taxes payable	953	1,480	9,256	14,369
Provision for bonuses	393	373	3,816	3,624
Provision for directors' bonuses	12	33	116	320
Provision for loss on order received	145	65	1,416	632
Other	1,388	1,326	13,485	12,879
Total current liabilities	17,340	16,721	168,353	162,348
Non-current liabilities				
Provision for directors' retirement benefits	230	247	2,238	2,402
Net defined benefit liability	5,231	5,979	50,789	58,053
Deferred tax liabilities	54	61	526	601
Other	192	230	1,871	2,235
Total Non-current liabilities	5,708	6,519	55,426	63,292
Total liabilities	23,049	23,240	223,780	225,640
Net assets				
Shareholders' equity				
Capital stock	4,969	4,969	48,244	48,244
Capital surplus	9,595	9,595	93,159	93,159
Retained earnings	69,329	68,125	673,102	661,410
Treasury shares	(2,578)	(2,578)	(25,036)	(25,034)
Total shareholders' equity	81,315	80,111	789,469	777,778
Accumulated other comprehensive income				
Valuation difference on available-for-sale securities	126	264	1,230	2,563
Foreign currency translation adjustment	(31)	832	(303)	8,081
Remeasurements of defined benefit plans	(2,584)	(2,723)	(25,092)	(26,442)
Total accumulated other comprehensive income	(2,489)	(1,627)	(24,165)	(15,798)
Non-controlling interests	59	55	573	540
Total net assets	78,885	78,539	765,877	762,520
Total liabilities and net assets	¥ 101,934	¥ 101,780	\$ 989,657	\$ 988,160

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