



Canon Electronics Inc.

Semi-Annual Report 2018(Unaudited)

Consolidated Financial Highlights

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

	Six months of FY2017 (from January 1, 2017 to June 30, 2017)	Six months of FY2018 (from January 1, 2018 to June 30, 2018)
Net sales		
Component	22,932	25,313
Electronic Information Appliance	13,455	15,358
Other	4,654	5,126
Total	41,042	45,797
Profit attributable to owners of parent	3,981	4,018

	Six months of FY2017 (from January 1, 2017 to June 30, 2017)	Six months of FY2018 (from January 1, 2018 to June 30, 2018)
Basic earnings per share	97.55 yen	98.45 yen
Diluted earnings per share	—	—

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

	As of December 31, 2017	As of June 30, 2018
Total assets	108,221	111,158
Net assets	87,985	91,869

Consolidated Quarterly Balance Sheets

Millions of yen

(Amounts less than one million yen are truncated)

	As of December 31, 2017	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	26,434	21,461
Notes and accounts receivable - trade	23,393	25,162
Lease investment assets	227	173
Merchandise and finished goods	969	1,567
Work in process	3,028	3,319
Raw materials and supplies	86	88
Short-term loans receivable	15,000	20,000
Deferred tax assets	297	275
Other	1,261	1,470
Total current assets	<u>70,698</u>	<u>73,520</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	11,337	11,226
Machinery, equipment and vehicles, net	3,767	3,483
Tools, furniture and fixtures, net	2,964	2,998
Land	14,620	14,703
Construction in progress	71	293
Total property, plant and equipment	<u>32,761</u>	<u>32,705</u>
Intangible assets	<u>1,493</u>	<u>1,523</u>
Investments and other assets		
Investment securities	1,041	1,568
Deferred tax assets	1,406	1,120
Other	820	719
Allowance for doubtful accounts	△0	△0
Total investments and other assets	<u>3,267</u>	<u>3,408</u>
Total non-current assets	<u>37,522</u>	<u>37,637</u>
Total assets	<u>108,221</u>	<u>111,158</u>

Consolidated Quarterly Balance Sheets

Millions of yen

(Amounts less than one million yen are truncated)

	As of December 31, 2017	As of June 30, 2018
Liabilities		
Current liabilities		
Accounts payable - trade	10,947	12,129
Electronically recorded obligations - operating	2,006	588
Lease obligations	102	84
Accrued expenses	1,330	1,243
Income taxes payable	1,260	1,441
Provision for bonuses	352	406
Provision for directors' bonuses	32	12
Provision for loss on order received	11	7
Other	1,377	1,441
Total current liabilities	<u>17,420</u>	<u>17,354</u>
Non-current liabilities		
Provision for directors' retirement benefits	221	221
Net defined benefit liability	2,421	1,567
Deferred tax liabilities	19	33
Other	152	111
Total non-current liabilities	<u>2,815</u>	<u>1,934</u>
Total liabilities	<u>20,235</u>	<u>19,288</u>
Net assets		
Shareholders' equity		
Capital stock	4,969	4,969
Capital surplus	9,595	9,602
Retained earnings	76,519	78,905
Treasury shares	<u>△2,580</u>	<u>△2,581</u>
Total shareholders' equity	<u>88,503</u>	<u>90,895</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	348	366
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	524	389
Remeasurements of defined benefit plans	<u>△1,520</u>	<u>△1,268</u>
Total accumulated other comprehensive income	<u>△648</u>	<u>△511</u>
Non-controlling interests	<u>129</u>	<u>1,485</u>
Total net assets	<u>87,985</u>	<u>91,869</u>
Total liabilities and net assets	<u>108,221</u>	<u>111,158</u>

Consolidated Quarterly Statements of Income

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

	Six months of FY2017 (from January 1, 2017 to June 30, 2017)	Six months of FY2018 (from January 1, 2018 to June 30, 2018)
Net sales	41,042	45,797
Cost of sales	30,264	34,920
Gross profit	10,778	10,876
Selling, general and administrative expenses	5,537	5,306
Operating profit	5,240	5,570
Non-operating income		
Interest and dividend income	39	38
Subsidy income	3	20
Other	19	28
Total non-operating income	62	88
Non-operating expenses		
Foreign exchange losses	30	135
Other	7	2
Total non-operating expenses	37	137
Ordinary profit	5,265	5,520
Extraordinary income		
Gain on sales of non-current assets	17	14
Gain on sales of investment securities	7	-
Total extraordinary income	25	14
Extraordinary losses		
Loss on sales and retirement of non-current assets	6	1
Total extraordinary losses	6	1
Profit before income taxes	5,284	5,534
Income taxes - current	1,278	1,313
Income taxes - deferred	20	205
Total income taxes	1,299	1,518
Profit	3,984	4,015
Profit (loss) attributable to non-controlling interests	3	△2
Profit attributable to owners of parent	3,981	4,018

Consolidated Quarterly Statements of Comprehensive Income

	Millions of yen (Amounts less than one million yen are truncated)	
	Six months of FY2017 (from January 1, 2017 to June 30, 2017)	Six months of FY2018 (from January 1, 2018 to June 30, 2018)
Profit	3,984	4,015
Other comprehensive income		
Valuation difference on available-for-sale securities	69	18
Deferred gains or losses on hedges	40	0
Foreign currency translation adjustment	△245	△134
Remeasurements of defined benefit plans, net of tax	255	251
Total other comprehensive income	120	136
Comprehensive income	4,105	4,152
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,102	4,154
Comprehensive income attributable to non-controlling interests	3	△2

Consolidated Quarterly Statements of Cash Flows

	Millions of yen (Amounts less than one million yen are truncated)	
	Six months of FY2017 (from January 1, 2017 to June 30, 2017)	Six months of FY2018 (from January 1, 2018 to June 30, 2018)
Cash flows from operating activities		
Profit before income taxes	5,284	5,534
Depreciation	1,601	1,345
Increase (decrease) in provision for bonuses	5	54
Increase (decrease) in provision for directors' bonuses	△14	△20
Increase (decrease) in provision for loss on order received	21	△4
Increase (decrease) in net defined benefit liability	△790	△853
Interest and dividend income	△39	△38
Loss (gain) on sales and retirement of property, plant and equipment	△11	△13
Loss (gain) on sales and valuation of investment securities	△7	-
Decrease (increase) in notes and accounts receivable - trade	△307	△1,810
Decrease (increase) in inventories	△702	△892
Increase (decrease) in notes and accounts payable - trade	961	△206
Other, net	147	133
Subtotal	<u>6,148</u>	<u>3,228</u>
Interest and dividend income received	40	38
Income taxes paid	<u>△521</u>	<u>△1,077</u>
Net cash provided by (used in) operating activities	<u>5,667</u>	<u>2,189</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	△770	△1,311
Proceeds from sales of property, plant and equipment	78	44
Purchase of intangible assets	△111	△142
Purchase of investment securities	△0	△500
Proceeds from sales of investment securities	7	-
Payments of loans receivable	-	△5,000
Other, net	△98	92
Net cash provided by (used in) investing activities	<u>△895</u>	<u>△6,818</u>
Cash flows from financing activities		
Cash dividends paid	△1,225	△1,633
Proceeds from share issuance to non-controlling shareholders	-	1,365
Other, net	△0	△0
Net cash provided by (used in) financing activities	<u>△1,226</u>	<u>△269</u>
Effect of exchange rate change on cash and cash equivalents	<u>△117</u>	<u>△74</u>
Net increase (decrease) in cash and cash equivalents	<u>3,428</u>	<u>△4,972</u>
Cash and cash equivalents at beginning of period	<u>16,040</u>	<u>26,134</u>
Cash and cash equivalents at end of period	<u>19,469</u>	<u>21,161</u>