


**CANON ELECTRONICS INC.**
**SEMI-ANNUAL REPORT 2002 (Unaudited)**
CONSOLIDATED FINANCIAL HIGHLIGHTS

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
	¥	¥	\$	\$
Net sales				
Business Machines	28,153	40,927	234,616	341,060
Others	8,223	10,155	68,527	84,629
<b>Total</b>	<b>36,377</b>	<b>51,082</b>	<b>303,143</b>	<b>425,690</b>
Net Income	817	(610)	6,810	(5,089)
Net income per common share				
assuming no dilution	29.56	(22.09)	0.25	(0.18)
assuming full dilution	-	-	-	-

	Millions of yen		Thousands of U.S. dollars	
	June 30, 2002	December 31, 2001	June 30, 2002	December 31, 2001
	¥	¥	\$	\$
Total assets	44,968	49,262	374,733	410,522
Stockholders' equity	17,243	18,017	143,695	150,146

CONSOLIDATED STATEMENT OF INCOME

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
	¥	¥	\$	\$
Net sales	36,377	51,082	303,143	425,690
Cost of sales	30,667	45,273	255,559	377,280
Gross profit	5,710	5,809	47,584	48,409
Selling, general and administrative expenses	4,264	3,506	35,534	29,221
Operating profit	1,445	2,302	12,049	19,187
Other income				
Interest and dividends	3	26	31	220
Exchange gains	-	136	-	1,139
Other	64	155	537	1,296
	68	318	569	2,656
Other expenses				
Interest	17	36	147	305
Exchange loss	135	-	1,125	-
Reserve for employees' retirement benefits	-	3,288	-	27,402
Other	151	277	1,266	2,312
	304	3,602	2,539	30,020
Income before income taxes and minority interests	1,209	(981)	10,079	(8,176)
Income taxes	392	(370)	3,268	(3,086)
Net income	¥ 817	¥ (610)	\$ 6,810	\$ (5,089)

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥120=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 28, 2002.

CONSOLIDATED STATEMENT OF CASH FLOW

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
Net income	¥ 817	¥ (610)	\$ 6,810	\$ (5,089)
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	1,440	1,571	12,003	13,096
Discrepancy due to change to retirement benefit accounting	180	1,911	1,505	15,932
Loss on disposal of property and equipment	21	173	182	1,447
Decrease (increase) in trade receivables	(1,511)	1,120	(12,598)	9,335
Decrease (increase) in inventories	280	333	2,339	2,776
Increase (decrease) in trade payables	1,214	(664)	10,119	(5,539)
Other, net	413	425	3,447	3,548
Net cash provided by operating activities	2,857	4,260	23,810	35,506
Cash flows from investing activities				
Payment for purchase of property , plant and equipment	(984)	(3,805)	(8,202)	(31,712)
Other	21	(63)	182	(527)
Net cash used in investing activities	(962)	(3,868)	(8,020)	(32,239)
Cash flows from financing activities				
Repayment of long-term debt	(2)	(2)	(16)	(19)
Increase (decrease) in short-term loans	(3)	(157)	(33)	(1,311)
Dividends paid	(152)	(167)	(1,267)	(1,397)
Other	(1)	(1)	(13)	(8)
Net cash used in financing activities	(159)	(328)	(1,330)	(2,737)
Effect of exchange rate changes on cash and cash equivalents	(43)	36	(358)	307
Net change in cash and cash equivalents	1,692	100	14,100	836
Cash and cash equivalents at beginning of year	4,794	6,520	39,950	54,336
Cash and cash equivalents at end of year	6,486	6,620	54,051	55,172

Notes: U.S. Dollar amounts are translated from yen at the rate of ¥120=U.S.1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of June 28, 2002.

