



CANON ELECTRONICS INC.

ANNUAL REPORT 2002 (Unaudited)

CONSOLIDATED FINANCIAL HIGHLIGHTS

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
Net sales	¥	¥	\$	\$
Business Machines	55,488	72,159	462,402	601,329
Others	17,908	18,932	149,233	157,767
Total	73,396	91,091	611,636	759,096
Net Income	1,938	(1,859)	16,152	(15,496)
Net income per common share				
assuming no dilution	70.12	(67.26)	0.58	(0.56)
assuming full dilution	-	-	-	-

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
Total assets	¥	¥	\$	\$
	44,027	43,014	366,893	358,456
Stockholders' equity	18,200	16,664	151,668	138,869

CONSOLIDATED STATEMENT OF INCOME

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
Net sales	¥	¥	\$	\$
	73,396	91,091	611,636	759,096
Cost of sales	61,297	80,088	510,809	667,406
Gross profit	12,099	11,002	100,826	91,690
Selling, general and administrative expenses	8,513	7,517	70,948	62,644
Operating profit	3,585	3,485	29,878	29,045
Other income				
Interest and dividends	8	33	71	279
Exchange gains	-	166	-	1,385
Other	201	228	1,675	1,908
	209	428	1,746	3,573
Other expenses				
Interest	10	66	87	551
Exchange losses	124	-	1,040	-
Reserve for employees' retirement benefits	-	6,592	-	54,933
Other	499	450	4,161	3,750
	634	7,108	5,290	59,235
Income before income taxes and minority interests	3,160	(3,194)	26,335	(26,617)
Income taxes	1,221	(1,334)	10,182	(11,120)
Net income	¥	¥	\$	\$
	1,938	(1,859)	16,152	(15,496)

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 December 30, 2002.

CONSOLIDATED STATEMENT OF CASH FLOW

	Millions of yen		Thousands of U.S. dollars	
	2002	2001	2002	2001
Net income	¥ 1,938	¥ (1,859)	\$ 16,152	\$ (15,496)
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	2,980	3,392	24,836	28,269
Increase(decrease)in reserve for employees' retirement benefits	283	6,507	2,366	54,226
Loss on disposal of property and equipment	179	273	1,495	2,280
Decrease (increase) in trade receivables	(1,565)	5,859	(13,047)	48,830
Decrease (increase) in inventories	325	1,280	2,712	10,671
Increase (decrease) in trade payables	866	(7,424)	7,216	(61,867)
Other, net	753	(2,662)	6,275	(22,187)
Net cash provided by operating activities	5,761	5,367	48,008	44,727
Cash flows from investing activities				
Payment for purchase of property , plant and equipment	(1,432)	(5,241)	(11,938)	(43,678)
Other	(97)	(473)	(812)	(3,944)
Net cash used in investing activities	(1,530)	(5,714)	(12,750)	(47,623)
Cash flows from financing activities				
Repayment of long-term debt	(2)	(2,004)	(16)	(16,702)
Bonds	(2,000)	-	(16,666)	-
Increase (decrease) in short-term loans	(123)	833	(1,032)	6,944
Dividends paid	(290)	(290)	(2,417)	(2,419)
Other	(14)	(0)	(118)	(2)
Net cash used in financing activities	(2,430)	(1,461)	(20,251)	(12,179)
Effect of exchange rate changes on cash and cash equivalents	(44)	82	(374)	690
Net change in cash and cash equivalents	1,755	(1,726)	14,631	(14,385)
Cash and cash equivalents at beginning of year	4,794	6,520	39,950	54,336
Cash and cash equivalents at end of year	6,549	4,794	54,582	39,950

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 December 30,2002.

