


CANON ELECTRONICS INC.
SEMI-ANNUAL REPORT 2003 (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.			
	2003	2002	2003	2002
	¥	¥	\$	\$
Net sales				
Business Machines	28,079	28,154	233,988	234,616
Others	10,285	8,223	85,708	68,527
Total	38,364	36,377	319,696	303,143
Net Income	2,634	817	21,951	6,811
Net income per common share				
assuming no dilution	95.36	29.56	0.79	0.25
assuming full dilution	-	-	-	-

	Millions of yen		Thousands of U.S. dollars	
	June 30, 2003	December 31, 2002	June 30, 2003	December 31, 2002
	¥	¥	\$	\$
Total assets	45,605	44,968	380,044	374,733
Stockholders' equity	20,696	17,243	172,467	143,695

CONSOLIDATED STATEMENT OF INCOME

	Millions of yen		Thousands of U.S. dollars	
	For the six-month periods ended June 30.			
	2003	2002	2003	2002
	¥	¥	\$	\$
Net sales	38,364	36,377	319,696	303,143
Cost of sales	31,505	30,667	262,539	255,559
Gross profit	6,859	5,710	57,157	47,584
Selling, general and administrative expenses	4,269	4,264	35,571	35,535
Operating profit	2,590	1,446	21,586	12,049
Other income				
Interest and dividends	4	4	36	32
Exchange gains	29	-	240	-
Gain on return of substituted portion of the governmental welfare pension program	1,962	-	16,350	-
Other	69	64	570	538
	2,064	68	17,196	570
Other expenses				
Interest	4	18	35	147
Exchange loss	-	135	-	1,126
Other	136	151	1,130	1,266
	140	304	1,165	2,539
Income before income taxes and minority interests	4,514	1,210	37,617	10,080
Income taxes	1,880	393	15,666	3,269
Net income	¥ 2,634	817	21,951	6,811

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 30, 2003.

CONSOLIDATED STATEMENT OF CASH FLOW

	Millions of yen		Thousands of U.S. dollars	
	2003	2002	2003	2002
Net income	¥ 2,634	¥ 817	\$ 21,951	\$ 6,811
Adjustment to reconcile net income to net cash provided by operating activities				
Depreciation and amortization	1,049	1,440	8,745	12,003
Discrepancy due to change to retirement benefit accounting	(1,829)	181	(15,241)	1,505
Loss on disposal of property and equipment	53	22	440	183
Decrease (increase) in trade receivables	(1,101)	(1,512)	(9,174)	(12,598)
Decrease (increase) in inventories	(216)	281	(1,799)	2,340
Increase (decrease) in trade payables	2,257	1,214	18,811	10,119
Other, net	2,052	414	17,089	3,447
Net cash provided by operating activities	4,899	2,857	40,822	23,810
Cash flows from investing activities				
Payment for purchase of property , plant and equipment	(952)	(984)	(7,937)	(8,203)
Other	(162)	22	(1,350)	182
Net cash used in investing activities	(1,114)	(962)	(9,287)	(8,021)
Cash flows from financing activities				
Repayment of long-term debt	-	(2)	-	(17)
Increase (decrease) in short-term loans	(2,421)	(4)	(20,176)	(33)
Dividends paid	(138)	(152)	(1,154)	(1,267)
Other	(10)	(2)	(83)	(13)
Net cash used in financing activities	(2,569)	(160)	(21,413)	(1,330)
Effect of exchange rate changes on cash and cash equivalents	(14)	(43)	(108)	(359)
Net change in cash and cash equivalents	1,202	1,692	10,014	14,100
Cash and cash equivalents at beginning of year	6,550	4,794	54,583	39,951
Cash and cash equivalents at end of year	7,752	6,486	64,597	54,051

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 30, 2003.

