

## Summary Report of Consolidated Financial Results

For the fiscal year ended December 31, 2008

<b>Registered Company Name:</b>	Canon Marketing Japan Inc.	<b>Stock Listing:</b>	Tokyo Stock Exchange, First Section
<b>Code No.:</b>	8060	<b>Headquarters:</b>	Tokyo
<b>URL:</b>	http://cweb.canon.jp/co-profile/ir-e		
<b>Representative Director:</b>	Haruo Murase, President and CEO		
<b>Contact:</b>	Masami Kawasaki, Senior Managing Director, Head of Administrative Department	<b>Telephone:</b>	+81-3-6719-9071
<b>U.S. Accounting Standards Applied:</b>	No		

### 1. Business Performance (From January 1, 2008 to December 31, 2008)

#### (1) Results of Operations

(Millions of yen truncated to the nearest million, %)

Years ended Dec. 31	Net Sales	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change
Full term 2008	¥827,486	(8.6)%	¥25,415	(31.1)%	¥25,943	(29.7)%
Full term 2007	¥905,136	+4.4 %	¥36,886	+8.7 %	¥36,895	+8.5 %

Years ended Dec. 31	Net Income	Percentage Change	Net Income per Share (Yen)	Diluted Net Income per Share
Full term 2008	¥11,185	(44.2)%	¥78.63	-
Full term 2007	¥20,033	+6.5 %	¥134.84	-

Years ended Dec. 31	Return On Equity (Net Income)	Return on Assets (Ordinary Income)	Operating income ratio
Full term 2008	4.3%	5.1%	3.1%
Full term 2007	7.6%	7.0%	4.1%

#### (2) Financial Position

(Millions of yen truncated to the nearest million, %)

Years ended Dec. 31	Total Assets	Total Net Assets	Stockholders' Equity Ratio	Stockholders' Equity per Share (Yen)
Full term 2008	¥484,936	¥259,043	52.6%	¥1,858.39
Full term 2007	¥526,124	¥269,568	50.6%	¥1,817.59

Note

Net assets Full term 2008:155,220millions of yen / Full term 2007:266,086 millions of yen

#### (3) Cash Flows

(Millions of yen truncated to the nearest million)

Years ended Dec. 31	Net Cash Provided by Operating Activities	Net Cash Used in Investing Activities	Net Cash Used in Financing Activities	Cash and Cash Equivalents at End of Period
Full term 2008	¥ 41,122	¥(28,967)	¥(21,738)	¥107,588
Full term 2007	¥ 47,214	¥(21,911)	¥(16,344)	¥117,206

## 2. Dividends

Dividend per share	The end of Interim	The end of a term	Annual	Total Dividends for full term	Dividend ratio	Dividend to total assets
Full term 2007	¥18.00	¥18.00	¥36.00	¥5,388 million	28.7%	2.1%
Full term 2008	¥20.00	¥20.00	¥40.00	¥5,619 million	50.9%	2.2%
Full term 2009 (Target)	-	-	-		-	

The Dividend per share of FY2009 have not decided yet. (As Jan,27, 2009)

## 3. Earnings Outlook (For the fiscal year ending December 31, 2009)

(Millions of yen truncated to the nearest million, %)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (yen)
Full term 2008	¥814,000	¥21,000	¥23,000	¥10,000	¥72.82
Percentage Change	(1.6)%	(17.4)%	(11.3)%	(5.2)%	

We don't have Earnings Outlook for the 1<sup>st</sup> half of FY 2009.

## 4. Notes

- (1) Significant changes in subsidiaries during the period    No
- (2) Changes in accounting principles and procedures and presentation methods, etc. related to the preparation of consolidated financial statements
  - (i) Changes associated with the revision of accounting standards, etc.    No
  - (ii) Changes other than (i)    Yes
- (3) Number of shares issued (common shares)
  - (i) Number of shares issued at the end of the period (including treasury stocks)
 

Full term 2008	151,079,972 shares
Full term 2007	151,079,972shares
  - (ii) Number of treasury stocks at the end of the period
 

Full term 2008	13,745,742 shares
Full term 2007	4,684,846 shares

### Disclaimer:

Projections made in this report are based on information available at the time of publication. Owing to various factors, actual results may differ from these projections.

# Consolidated Balance Sheets

## As of December 31, 2008 and 2007

(Millions of yen truncated to the nearest million)

ASSETS	December 31, 2008	December 31, 2007	Change
<b>Current assets:</b>			
Cash and cash deposit	¥24,501	¥41,014	¥(16,512)
Notes and accounts receivable	149,548	189,551	(40,003)
Marketable securities	88,096	86,491	1,604
Inventories	34,143	37,691	(3,548)
Deferred tax assets	5,388	6,056	(667)
Short-term loans receivable	20,000	–	20,000
Other current assets	6,473	8,158	(1,685)
Allowance for doubtful receivables	(460)	(310)	(149)
	<b>327,692</b>	<b>368,653</b>	<b>(40,960)</b>
<b>Property and equipment:</b>			
Buildings and structures	44,105	45,492	(1,387)
Machinery and vehicles	30	54	(24)
Furniture and fixtures	4,455	5,011	(555)
Rental assets	7,659	7,236	423
Land	41,739	41,865	(126)
	<b>97,989</b>	<b>99,659</b>	<b>(1,670)</b>
<b>Intangible assets:</b>			
Goodwill	2,925	3,772	(846)
Software	15,598	9,396	6,201
Utilization rights	389	393	(4)
Other assets	116	44	71
	<b>19,028</b>	<b>13,606</b>	<b>5,422</b>
<b>Investments and other assets:</b>			
Investments in securities	6,420	12,369	(5,949)
Long-term loans receivable	25	29	(3)
Deferred tax assets	20,326	19,262	1,064
Lease deposits	8,791	8,627	164
Other investments	5,829	4,936	893
Allowance for doubtful receivables	(1,168)	(1,020)	(148)
	<b>40,225</b>	<b>44,205</b>	<b>(3,979)</b>
<b>Total fixed assets</b>	<b>157,243</b>	<b>157,471</b>	<b>(227)</b>
<b>Total assets</b>	<b>¥484,936</b>	<b>¥526,124</b>	<b>¥(41,188)</b>

(Millions of yen truncated to the nearest million)

LIABILITIES AND NET ASSETS	December 31, 2008	December 31, 2007	Change
<b>Current liabilities:</b>			
Notes and accounts payable	123,896	148,329	(24,433)
Short-term bank loans	–	343	(343)
Accrued expenses	28,137	30,167	(2,029)
Accrued income taxes	6,085	8,682	(2,597)
Accrued consumption taxes payable	2,280	3,360	(1,079)
Deferred tax liabilities	7	12	(4)
Reserves	4,595	5,386	(790)
Other current liabilities	18,736	17,677	1,058
	183,739	213,959	(30,216)
<b>Long-term liabilities:</b>			
Long-term bank loans	–	130	(130)
Deferred tax liabilities	279	338	(58)
Liability for employees' retirement benefits	37,122	38,577	(1,455)
Liability for directors' and corporate auditors' retirement bene	804	738	66
Negative Goodwill	937	–	937
Other long-term liabilities	3,010	2,812	197
	42,153	42,597	(443)
<b>Total liabilities</b>	<b>225,893</b>	<b>256,556</b>	<b>(30,663)</b>
<b>Stockholders' equity:</b>			
Common stock	73,303	73,303	–
Capital surplus	83,289	83,296	(6)
Retained earnings	123,616	118,527	5,088
Treasury stock	(24,730)	(9,694)	(15,036)
	255,477	265,432	(9,954)
<b>Valuation and translation adjustments</b>			
Net unrealized gain on available-for-sale securities	(212)	639	(852)
Foreign currency translation adjustments	(45)	14	(59)
	(257)	654	(911)
<b>Minority interests</b>	<b>3,822</b>	<b>3,481</b>	<b>341</b>
<b>Total net assets</b>	<b>259,043</b>	<b>269,568</b>	<b>(10,525)</b>
<b>Total liabilities and net assets</b>	<b>484,936</b>	<b>526,124</b>	<b>(41,188)</b>

## Consolidated Statements of Income

For the Full term ended December 31, 2008 and 2007

From January 1, 2007 to December 31, 2008

(Millions of yen truncated to the nearest million, %)

	Full term 2008		Full term 2006		Change
		% of Net Sales		% of Net Sales	
Net sales	¥827,486	100.0	¥905,136	100.0	¥(77,649)
Cost of sales	554,467	67.0	615,389	68.0	(60,922)
Gross profit	273,019	33.0	289,746	32.0	(16,727)
Selling, general and administrative expenses	247,603	29.9	252,860	27.9	(5,256)
Operating income	25,415	3.1	36,886	4.1	(11,470)
Other income:					
Interest and dividend income	969		911		58
Amortization of negative goodwill	–		61		(61)
Others	1,587		1,428		159
	2,557	0.3	2,400	0.3	156
Other expenses:					
Interest expense	67		66		0
Loss on disposal and devaluation of inventories	1,613		1,901		(287)
Others	349		423		(74)
	2,029	0.3	2,391	0.3	(362)
Ordinary income	25,943	3.1	36,895	4.1	(10,952)
Extraordinary gains:					
Gain on sales of fixed assets	0		15		(15)
Gain on sales of investments in securities	0		805		(805)
Gain on sales of affiliate companies	–		459		(459)
Others	25		33		(8)
	25	0.0	1,313	0.1	(1,288)
Extraordinary losses:					
Loss on sales and disposal of fixed assets	604		558		46
Loss due to impairment	144		94		49
Loss on revaluation of investments in securities	1,124		1,235		(110)
Provision of liability for deferment continuous service's reword	929		–		929
Expenses related to relocation of restructuring of consolidated subsidiaries	592		–		592
Expenses related to relocation of headquarters of affiliated companies	142		–		142
Expenses related to changing in business name	138		20		117
Loss on revaluation of golf club membership	27		2		25
Loss on sales of affiliate companies	–		269		(269)
Expenses related to relocation of Warehouse	–		226		(226)
Loss on change in equity	–		130		(130)
Others	36		219		(182)
	3,740	0.4	2,757	0.3	983
Income before income taxes and minority interests	22,228	2.7	35,452	3.9	(13,223)
Current income taxes	10,336	1.2	14,469	1.6	(4,133)
Deferred income taxes	238	0.0	278	0.0	(39)
Minority interests	468	0.1	670	0.1	(202)
Net income	¥11,185	1.4	¥20,033	2.2	¥(8,847)

## Consolidated Statements of Changes in Net Assets

For the Full term ended December 31, 2007 and 2006

(Millions of yen truncated to the nearest million)

	Stockholders' equity					Valuation and translation adjustments			Minority interests	Total net assets
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total stockholders' equity	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total valuation and translation adjustments		
Balance at December 31, 2006	73,303	82,529	104,076	(1,235)	258,673	1,676	17	1,693	3,100	263,467
Cash dividends	-	-	(5,575)	-	(5,575)	-	-	-	-	(5,575)
Net income	-	-	20,033	-	20,033	-	-	-	-	20,033
Stock exchange	-	766	-	1,562	2,329	-	-	-	-	2,329
Purchases of treasury stock	-	-	-	(10,025)	(10,025)	-	-	-	-	(10,025)
Disposition of treasury stock	-	1	-	3	4	-	-	-	-	4
Acquisition by the parent company of parent company stock held by consolidated subsidiaries	-	(1)	-	-	(1)	-	-	-	-	(1)
Contributions to employee welfare pension fund	-	-	(6)	-	(6)	-	-	-	-	(6)
Other, Net	-	-	-	-	-	(1,036)	(2)	(1,039)	380	(658)
Change in the term	-	766	14,451	(8,458)	6,758	(1,036)	(2)	(1,039)	380	6,100
Balance at December 31, 2007	73,303	83,296	118,527	(9,694)	265,432	639	14	654	3,481	269,568
Balance at December 31, 2007	73,303	83,296	118,527	(9,694)	265,432	639	14	654	3,481	269,568
Cash dividends	-	-	(6,093)	-	(6,093)	-	-	-	-	(6,093)
Net income	-	-	11,185	-	11,185	-	-	-	-	11,185
Purchases of treasury stock	-	-	-	(15,066)	(15,066)	-	-	-	-	(15,066)
Disposition of treasury stock	-	(6)	-	30	23	-	-	-	-	23
Contributions to employee welfare pension fund	-	-	(3)	-	(3)	-	-	-	-	(3)
Other, Net	-	-	-	-	-	(852)	(59)	(911)	341	(570)
Change in the term	-	(6)	5,088	(15,036)	(9,954)	(852)	(59)	(911)	341	(10,525)
Balance at December 31, 2008	73,303	83,289	123,616	(24,730)	255,477	(212)	(45)	(257)	3,822	259,043

## Consolidated Statements of Cash Flows

For the Full term ended December 31, 2008 and 2007

(Millions of yen truncated to the nearest million)

	Full term 2008	Full term 2007	Change
Cash flows from operating activities:			
Income before income taxes and minority interests	¥22,228	¥35,452	¥(13,223)
Depreciation and amortization	12,059	11,968	90
Loss on impairment of fixed assets	144	94	49
Amortization of goodwill (negative goodwill)	833	(61)	895
(Decrease) increase in allowance for doubtful receivables	323	(251)	574
Reversal of employees' retirement benefits	(1,515)	(1,658)	142
(Reversal of) provision for directors' and corporate auditors' retirement benefits	50	(10)	61
Interest and dividend income	(969)	(911)	(58)
Interest expense	67	66	0
Loss on sales and disposal of property and equipment, net	577	424	153
Gains on sales of investment in securities	0	(805)	805
Loss on sales of affiliate companies	-	(189)	189
Decrease in notes and accounts receivable	38,789	10,798	27,990
Decrease in inventories	3,577	14,606	(11,029)
Decrease in notes and accounts payable	(24,449)	(10,371)	(14,078)
Other	1,452	1,256	195
	53,168	60,410	(7,241)
Interest and dividends received	976	881	95
Interest paid	(85)	(48)	(36)
Income taxes paid	(12,937)	(14,028)	1,091
<b>Net cash provided by operating activities</b>	<b>41,122</b>	<b>47,214</b>	<b>(6,092)</b>
Cash flows from investing activities:			
Proceeds from sale of investments in securities	-	220	(220)
Payments for purchases of property and equipment	(9,046)	(7,270)	(1,776)
Payments for purchases of intangible assets	(8,579)	(5,771)	(2,808)
Payments for purchases of investments in securities	(816)	(963)	147
Proceeds from sales of investments in securities	4,075	3,188	886
Payments for purchases of investments in subsidiaries	(18)	(343)	325
Payments for purchases of investments in subsidiaries accompanying changes in the scope of consolidation	-	(9,439)	9,439
Proceeds from purchases of investments in subsidiaries accompanying changes in the scope of consolidation	32	-	32
Proceeds from sale of affiliate companies	-	4,167	(4,167)
Increase in short-term loans receivable	(19,993)	-	(19,993)
Proceeds from deposit to long-lived time deposit	-	(1,000)	1,000
Payments for deposit to long-term time deposit	-	100	100
Increase in time deposits	5,300	(4,995)	10,295
Other	79	195	(115)
<b>Net cash used in investing activities</b>	<b>(28,967)</b>	<b>(21,911)</b>	<b>(7,055)</b>
Cash flows from financing activities:			
Decrease in short-term bank loans	(473)	(587)	113
Payments for purchases of treasury stock	(15,066)	(10,019)	(5,047)
Dividends paid by the Company	(6,097)	(5,383)	(713)
Dividends paid to minority interests in	(124)	(331)	207
Other	23	(22)	46
<b>Net cash used in financing activities</b>	<b>(21,738)</b>	<b>(16,344)</b>	<b>(5,393)</b>
Effect of exchange rate changes on cash and cash equivalents	(34)	0	(34)
<b>Net Increase (decrease) in cash and cash equivalents</b>	<b>(9,617)</b>	<b>8,958</b>	<b>(18,576)</b>
Cash and cash equivalents at beginning of period	117,206	108,247	8,958
<b>Cash and cash equivalents at end of period</b>	<b>¥107,588</b>	<b>¥117,206</b>	<b>¥(9,617)</b>

## Consolidated Segment Information

For the Full term ended December 31, 2008 and 2007

(Millions of yen truncated to the nearest million)

Full term <b>2008</b> (From January 1 to December 31)	Business Solutions	Consumer Equipment	Industrial Equipment	TOTAL	Corporate and elimination	Consolidated
<i>Net sales</i>						
Unaffiliated customers	¥495,943	¥265,827	¥65,715	¥827,486	¥ -	¥827,486
Intersegment	-	-	-	-	(-)	-
Total	495,943	265,827	65,715	827,486	(-)	827,486
Operating expenses	482,587	255,583	63,900	802,071	(-)	802,071
Operating income	¥13,356	¥10,243	¥1,815	¥25,415	(-)	¥25,415
<i>Assets</i>						
Assets	¥208,180	¥86,654	¥48,008	¥342,843	¥142,092	¥484,936
Depreciation and amortization	10,478	1,012	568	12,059	-	12,059
Loss on impairment of fixed assets	144	-	-	144	-	144
Capital expenditures	13,702	3,018	1,060	17,781	-	17,781

(Millions of yen truncated to the nearest million)

Full term <b>2007</b> (From January 1 to December 31)	Business Solutions	Consumer Equipment	Industrial Equipment	TOTAL	Corporate and elimination	Consolidated
<i>Net sales:</i>						
Unaffiliated customers	¥516,719	¥284,375	¥104,041	¥905,136	-	¥905,136
Intersegment	-	-	-	-	(-)	-
Total	516,719	284,375	104,041	905,136	(-)	905,136
Operating expenses	499,496	270,041	98,712	868,250	(-)	868,250
Operating income	¥17,223	¥14,334	¥5,328	¥36,886	¥(-)	¥36,886
<i>Assets</i>						
Assets	¥217,682	¥92,508	¥80,208	¥390,399	¥135,725	¥526,124
Depreciation and amortization	10,125	1,118	724	11,968	-	11,968
Loss on impairment of fixed assets	94	-	-	94	-	94
Capital expenditures	9,750	1,939	1,073	12,762	-	12,762

### Notes:

#### 1.Organization of Segments

The Canon Marketing Japan Group has organized segments according to product and market characteristics

#### 2.Main Products in Each Segment

Segment	Main Products / Service
Business Solutions	Business-use multifunctional products, print-on-demand (POD) digital presses, laser-beam printers, large format ink-jet printers, office-use facsimiles, liquid crystal projectors, document scanners, color card printers, color label printers, microfilm equipment, computer products, network equipment, software, service and support, IT service
Consumer Equipment	Digital cameras, film cameras, interchangeable lenses, digital video cameras, ink-jet printers, compact photo printers, personal-use plain-paper copiers, personal-use facsimiles, personal-use scanners, electronic dictionaries, calculators
Industrial Equipment	Lithography equipment for semiconductor manufactures and other semiconductor manufacturing equipment, Lithography equipment for LCD manufactures, optical metrology equipment, television camera lenses, surveillance camera lenses, medical equipment (digital X-ray cameras, ophthalmic equipment, intraocular lenses (IOLs)), high-speed optical wireless transceiver systems