

Canon Marketing Japan Inc.

2Q FY 2009 Results

July 24, 2009

Yo Shibasaki

Managing Director

Canon

1-1. Consolidated Statements of Income

(Apr.-Jun. 2009)

billions of yen

	2Q 2008	2Q 2009	Changes	
				%
Net Sales	206.6	166.4	-40.2	-19%
(%)	(33.3%)	(35.9%)	(+2.5%)	
Gross Margin	68.9	59.7	-9.2	-13%
(%)	(3.2%)	(2.4%)	(-0.8%)	
Operating Income	6.6	4.0	-2.6	-39%
(%)	(3.3%)	(2.9%)	(-0.5%)	
Ordinary Income	6.9	4.8	-2.1	-30%
Income before income taxes	5.4	-0.6	-6.0	-
(%)	(1.4%)	(0.0%)	(-1.4%)	
Net Income	2.8	0.0	-2.8	-

1-2. Consolidated Statements of Income

(Jan.-Jun. 2009)

	1H 2008	1H 2009	Changes	
				%
Net Sales	418.6	336.2	-82.4	-20%
(%)	(32.6%)	(34.4%)	(+1.7%)	
Gross Margin	136.6	115.5	-21.1	-15%
(%)	(3.4%)	(1.1%)	(-2.3%)	
Operating Income	14.3	3.7	-10.6	-
(%)	(3.5%)	(1.4%)	(-2.1%)	
Ordinary Income	14.8	4.7	-10.1	-
Income before income taxes	12.6	-3.0	-15.6	-
(%)	(1.6%)	(-1.4%)	(-2.9%)	
Net Income	6.5	-4.6	-11.1	-
EPS (Yen)	44.79	-33.3		

1-3. Consolidated Segment information

(Apr.- Jun.2009)

billions of yen

		2Q 2008		2Q 2009		Changes	
		Net Sales	%	Net Sales	%		%
Document Business		(82.4)	(40%)	(69.8)	(42%)	(-12.6)	(-15%)
	IT Solution	(43.4)	(21%)	(35.4)	(21%)	(-8.)	(-18%)
Business Solutions		125.8	61%	105.2	63%	-20.6	-16%
Consumer equipment		63.2	31%	56.7	34%	-6.5	-10%
Industrial equipment		17.6	9%	4.5	4%	-13.1	-74%
Total		206.6	100%	166.4	100%	-40.2	-19%

1-4. Consolidated Segment information

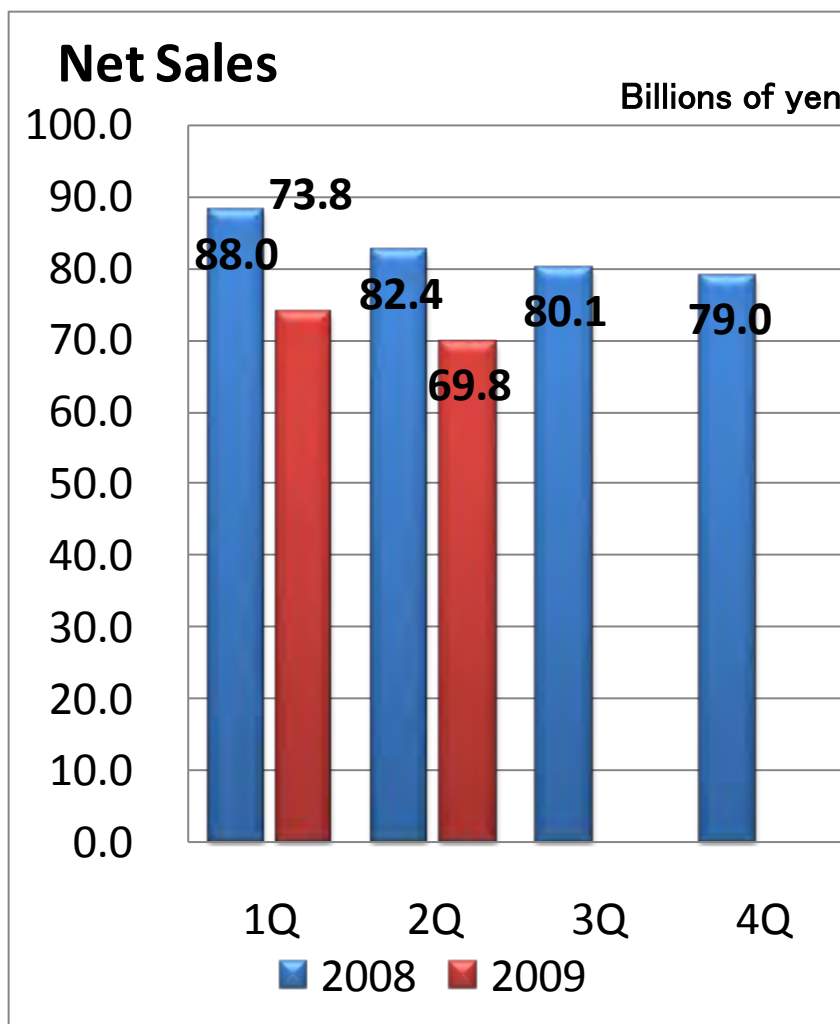


(Jan. - Jun. 2009)

billions of yen

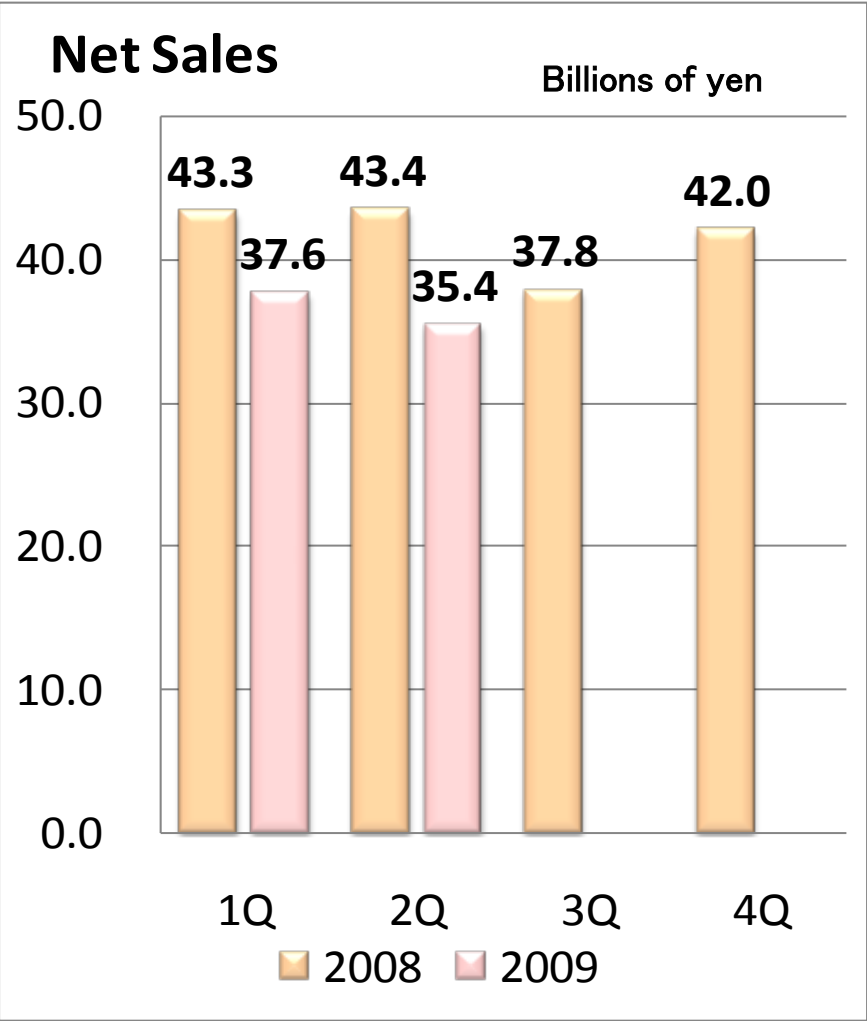
		2H 2008		2H 2009		Changes	
		Net Sales	%	Net Sales	%		%
Business Solutions	Document Business	(170.4)	(41%)	(143.6)	(43%)	(-26.8)	(-16%)
	IT Solution	(86.7)	(21%)	(73.0)	(22%)	(-13.7)	(-16%)
Business Solutions		257.1	61%	216.6	64%	-40.5	-16%
Consumer equipment		123.7	30%	106.8	32%	-16.9	-14%
Industrial equipment		37.8	9%	12.8	4%	-25.	-66%
Total		418.6	100%	336.2	100%	-82.4	-20%

2-1. Segment Information (Document Business)



<i>Growth rate y/y</i>		1Q	2Q	3Q	4Q	FY
Business equipment	2008	-4%	-8%	-10%	-14%	-9%
	2009	-23%	-21%			
Service & support	2008	+2%	+1%	0%	-4%	0%
	2009	-8%	-10%			
Document Business TOTAL	2008	-1%	-3%	-5%	-9%	-5%
	2009	-16%	-15%			

2-2. Segment Information (IT Solutions)

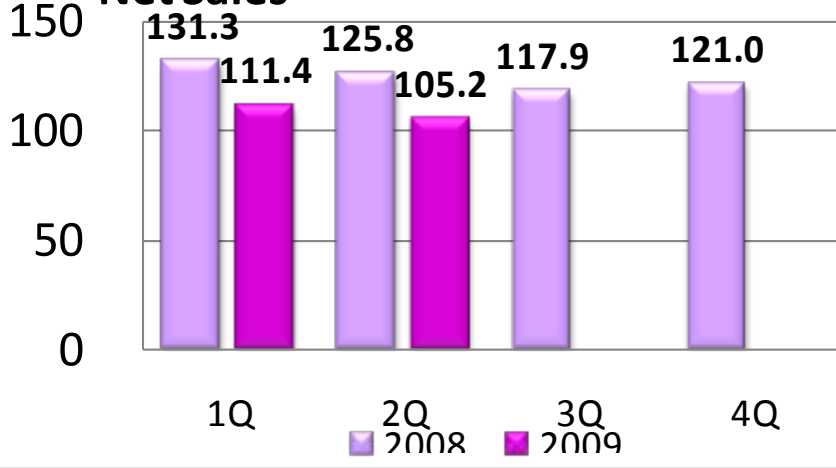


<i>Growth rate y/y</i>		1Q	2Q	3Q	4Q	FY
IT Solution	2008	+24%	+12%	-8%	-25%	-3%
TOTAL	2009	-13%	-18%			

2-3. Segment Information (Business Solutions)

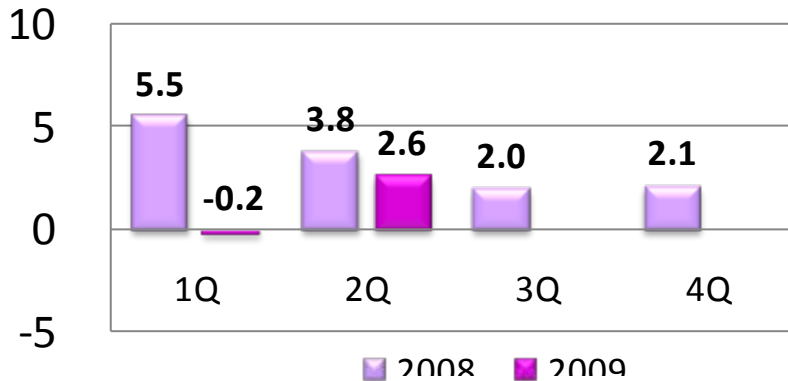
Billions of yen

Net Sales



<i>Growth rate y/y</i>		1Q	2Q	3Q	4Q	FY
Business Solutions Total	2008	+6%	+1%	-6%	-15%	-4%
	2009	-15%	-16%			

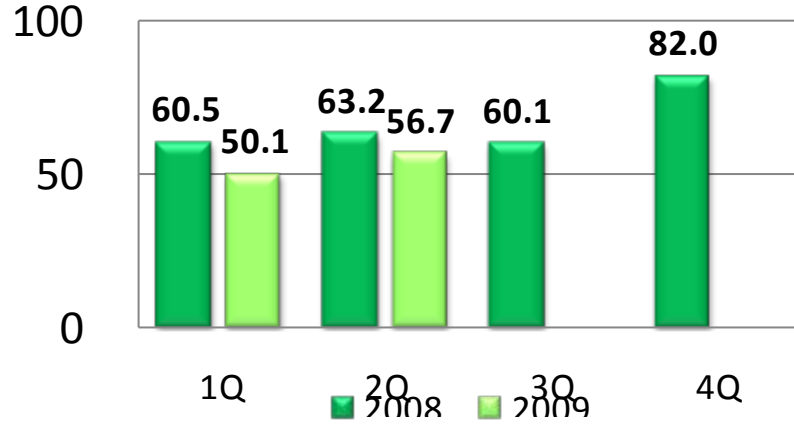
Operating income



2-4. Segment Information (Consumer equipment)

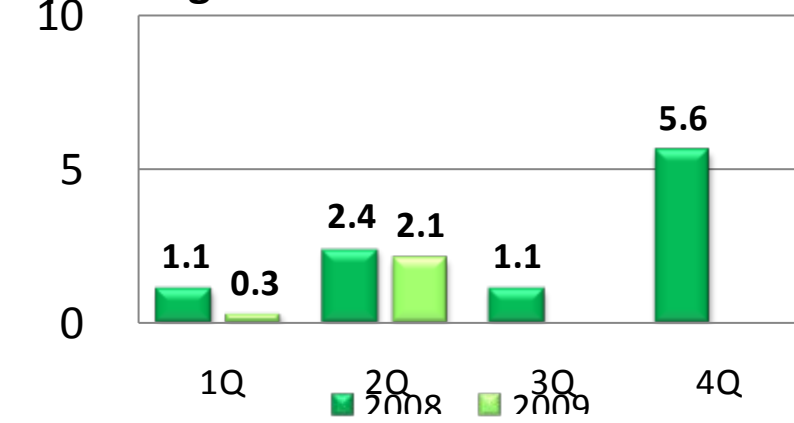
Billions of yen

Net Sales



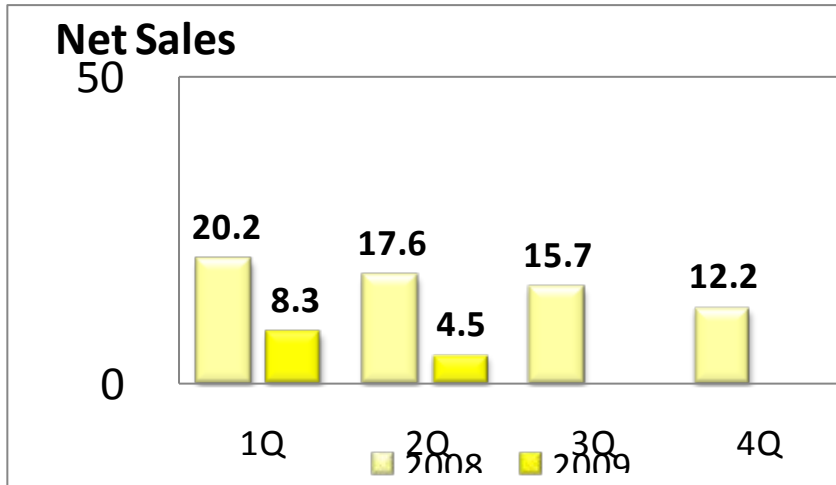
<i>Growth rate y/y</i>		1Q	2Q	3Q	4Q	FY
Consumer equipment	2008	-4%	-2%	-6%	-12%	-7%
TOTAL	2009	-17%	-10%			

Operating income

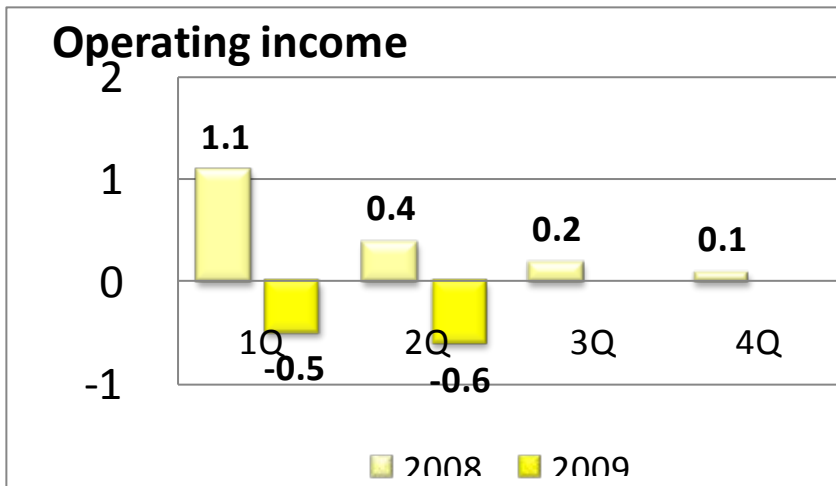


2-5. Segment Information (Industrial equipment)

Billions of yen



<i>Growth rate y/y</i>		1Q	2Q	3Q	4Q	FY
Industrial equipment TOTAL	2008	-23%	-31%	-34%	-57%	-37%
	2009	-59%	-74%			



FY 2009 Projections

Canon

3-1. FY2009 Current Projection

	FY2009 Projection	FY2009 Projection (previous)	Changes	FY2008 Actual	Changes
Net sales	705.0	725.0	-20.0	827.5	-122.5
(%)	(0.8%)	(0.8%)	(+0.0%)	(3.1%)	(-2.3%)
Operating income	5.5	5.5	+0.0	25.4	-19.9
(%)	(1.0%)	(1.0%)	(+0.1%)	(3.1%)	(-2.0%)
Ordinary income	7.0	7.0	+0.0	25.9	-18.9
Income before income taxes	-1.4	-2.5	+1.1	22.2	-23.6
(%)				(1.4%)	
Net income	-5.0	-6.3	+1.3	11.2	-16.2
EPS(Yen)	-36.41	-45.87			

3-2. FY2009 Current Projection by segment

Billions of yen

Net Sales	FY2009 Projection	FY2009 Projection (previous)	Changes	FY2008 Actual	Changes
Document Business	286.0	289.0	-3.0	329.5	-43.5
IT Solutions	149.0	161.0	-12.0	166.5	-17.5
Business Solutions	435.0	450.0	-15.0	496.0	-61.0
Consumer equipment	245.0	247.0	-2.0	265.8	-20.8
Industrial equipment	25.0	28.0	-3.0	65.7	-40.7
TOTAL	705.0	725.0	-20.0	827.5	-122.5

3-3. FY2009 Current Projection by segment

Billions of yen

Operating income	FY2009 Projection	FY2009 Projection (previous)	Changes	FY2008 Actual	Changes
Business Solutions	2.5	2.5	+0.0	13.4	-10.9
Consumer equipment	7.0	7.0	+0.0	10.2	-3.2
Industrial equipment	-4.0	-4.0	+0.0	1.8	-5.8
TOTAL	5.5	5.5	+0.0	25.4	-19.9

Supplementary information

Canon

4-1. The main consolidated company results

billions of yen

	2Q 2008		2Q 2009		Changes	
	Net sales	O.P.	Net sales	O.P.	Net sales	O.P.
<Document Business>		(0.3%)		(0.2%)		(-0.1%)
Canon System & Support	30.6	0.1	24.8	0.1	-5.8	-0.1
<IT Solutions>		(9.6%)		(7.6%)		(-2.0%)
Consolidated Canon Software	7.5	0.7	7.0	0.5	-0.5	-0.2
Consolidated Canon IT Solutions	20.9	1.4	18.4	0.3	-2.5	-1.1
S.Total	28.4	2.1	25.4	0.8	-3.0	-1.3
Consolidated Canon Business Support	6.4	0.0	5.9	-0.1	-0.5	-0.1

4-2. The main consolidated company results

billions of yen

	1H 2008		1H 2009		Changes	
	Net sales	O.P.	Net sales	O.P.	Net sales	O.P.
<Document Business>		(1.3%)		(-)		(-)
Canon System & Support	63.0	0.8	51.5	-1.1	-11.5	-1.9
<IT Solutions>		(7.1%)		(6.1%)		(-1.0%)
Consolidated Canon Software	12.3	0.9	12.3	0.8	+0.0	-0.1
Consolidated Canon IT Solutions	43.1	3.2	38.8	1.0	-4.3	-2.1
S.Total	55.4	4.0	51.1	1.8	-4.3	-2.2
Consolidated Canon Business Support	13.2	0.2	11.9	-0.4	-1.3	-0.5

4-3. Selling, general and administrative expenses

Billions of yen

	2Q 2008	2Q 2009	Changes
Advertising expenses	3.6	2.6	-1.0
Promotion expenses	7.8	6.9	-0.9
Waranty expenses	3.4	2.8	-0.6
Other direct expenses	4.1	3.8	-0.3
Personal expenses	32.3	29.7	-2.6
Depreciation and amortizatio	1.1	1.0	-0.1
Rent expenses	2.1	2.1	+0.0
IT expenses	1.5	1.8	+0.3
Other selling expenses	6.4	4.9	-1.5
TOTAL	62.3	55.6	-6.7

4-4. Non-operating income & expenses

Extra ordinary income and loss

	Billions of yen		
	2Q 2008	2Q 2009	Changes
[Non-operating income]			
Interest and dividend income	0.2	0.2	+0.0
Other	0.7	0.2	-0.5
TOTAL	0.9	0.4	-0.5
[Non-operating expenses]			
TOTAL	0.7	0.1	-0.6
[Extraordinary income]			
TOTAL	0.0	0.0	+0.0
[Extraordinary loss]			
Impairment loss	-	10.6	+10.6
Other	1.5	0.5	-1.0
TOTAL	1.5	11.1	+9.6

4-5. Balance sheets

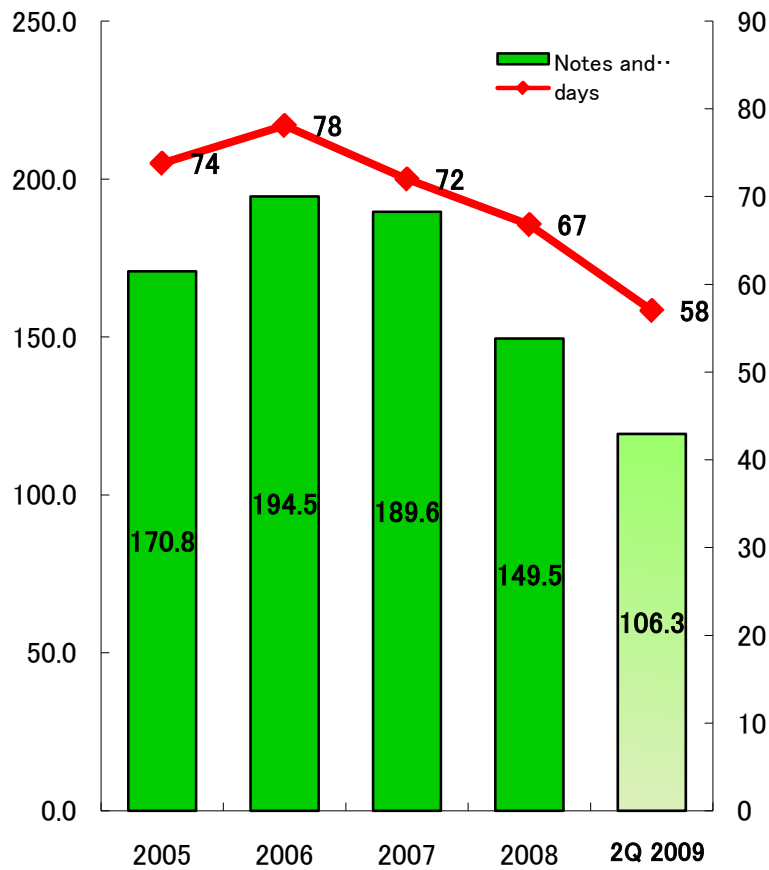
billions of yen

	Dec. 31, 2008	Mar. 31, 2009	change		Dec. 31, 2008	Mar. 31, 2009	change
Current assets	327.7	287.6	-40.1	Current liabilities	183.7	140.5	-43.2
Cash and cash deposit	112.6	99.8	-12.8	Notes and accounts payable	123.9	90.9	-33.0
Notes and accounts receivable	149.5	106.3	-43.2	Other	59.8	49.6	+7.0
Inventories	34.1	26.7	-7.4				
Other	31.5	54.8	+23.3				
Fixed assets	157.2	146.9	-10.3	Long-term liabilities	42.2	42.0	-0.2
Property and equipment	98.0	86.4	-11.6	Stockholders' equity	255.5	248.1	-7.4
Intangible assets	19.0	22.9	+3.9	treasury stock	-24.7	-24.8	-0.1
Other	40.2	37.6	-2.6	Valuation and translation adjustments	-0.3	0.0	+0.3
				Minority interests	3.8	3.9	+0.1
				Total net assets	259.0	252.0	-7.0
Total assets	484.9	434.5	-50.4	Total liabilities and net assets	484.9	434.5	-50.4

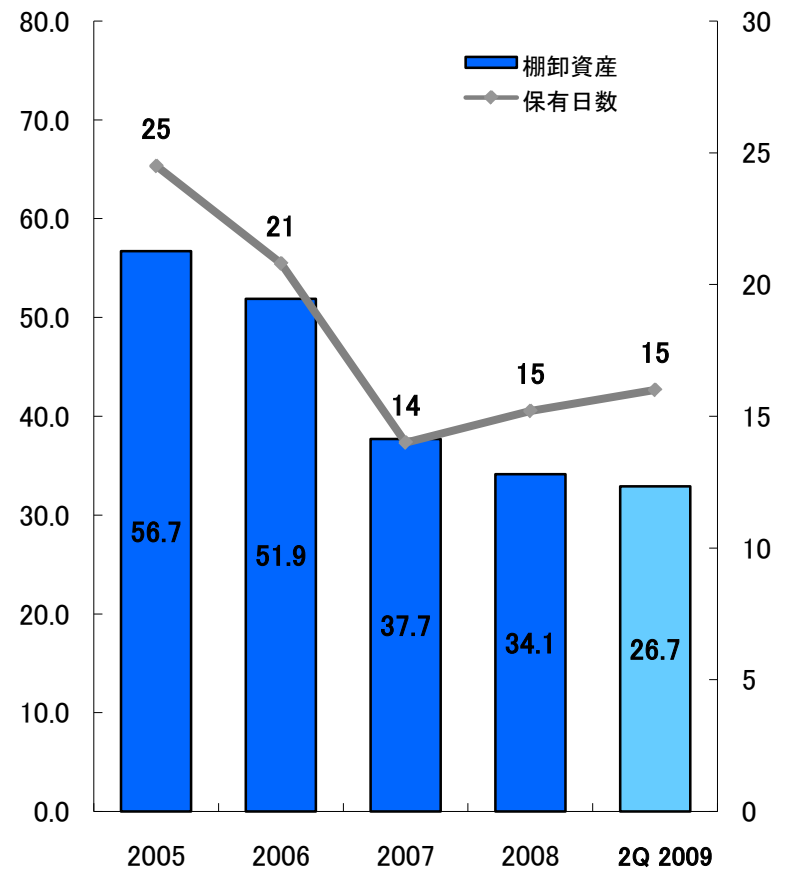
Stockholders' equity ratio 52.6% 57.1% +4.5%

4-6. Current Assets

Notes and accounts receivable



Inventories



4-7. Statements of cash flows

	2Q 2008	2Q 2009	billions of yen Changes
Cash flows from operating activities			
Income before income taxes and minority interests	12.6	-3.0	-15.7
Depreciation and amortization	6.1	5.7	-0.4
Decrease in notes and accounts receivable	44.5	42.7	-1.8
Decrease in inventories	-0.1	76.9	+77.0
(Decrease) in notes and accounts payable	-27.4	-32.4	-5.0
Income taxes paid	-9.0	-6.1	+2.9
Other	-3.8	-69.5	-65.6
TOTAL	22.9	14.3	-8.6
Cash flows from investing activities	-25.4	-19.3	+6.1
Free Cash flows	-2.5	-5.0	-2.5
Cash flows from financing activities	-8.8	-2.8	+6.0
Cash and cash equivalents at beginning of period	117.2	107.6	-9.6
Cash and cash equivalents at end of period	105.9	99.8	-6.1

7. *Capital Investment , Depreciation and amortization*

	1 Q+2 Q 2008	1 Q+2 Q 2009
Investment	9.0	9.8
Depreciation and amortization	6.1	5.7

Forward-looking statements, including results forecasts on this web site, are based on management's assumption in light of current information available and therefore contain inherent risks and uncertainties. As a consequence, a range of variable factors may cause actual results to differ materially from forecasts.