

Summary Report of Consolidated Financial Results

For the fiscal year ended December 31, 2010

Registered Company Name:	Canon Marketing Japan Inc.	Stock Listing:	Tokyo Stock Exchange, First Section
Code No.:	8060	Headquarters:	Tokyo
URL:	http://cweb.canon.jp/eng/ir		
Representative Director:	Masami Kawasaki, President		
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U.S. Accounting Standards Applied:	No		

1. Business Performance (From January 1, 2010 to December 31, 2010)**(1) Results of Operations**

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

Years ended Dec. 31	Net Sales	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
Full term 2010	674,159	(1.8)%	7,735	22.8%	9,480	15.3 %	3,724	-
Full term 2009	686,614	(17.0)%	6,297	(75.2)%	8,222	(68.3)%	(4,343)	-

Years ended Dec. 31	Net Income per Share (Yen)	Diluted Net Income per Share	Net Income to Stockholders' Equity Ratio	Ordinary Income to Total Assets Ratio	Operating Income to Net Sales Ratio
Full term 2010	26.70	-	1.5 %	2.1%	1.1%
Full term 2009	(31.62)	-	(1.7) %	1.8%	0.9%

(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 2010	448,592	246,846	55.0%	1,798.16
Full term 2009	449,607	250,875	54.9%	1,797.31

Note

Stockholders' Equity Full term 2010:246,679millions of yen / Full term 2009:246,829millions 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 2010	35,186	(13,011)	(8,171)	109,575
Full term 2009	18,145	(25,834)	(4,324)	95,575

2. Dividends

(Yen, %)

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 2009	10.00	10.00	20.00	2,746 million	-	1.1%
Full term 2010	10.00	10.00	20.00	2,787 million	74.9%	1.1%
Full term 2011 (Target)	10.00	10.00	20.00		68.6%	

3. Earnings Outlook (For the Fiscal year ending December 31, 2011)

(Millions of yen truncated to the nearest million)

Years ended Dec. 31	Net Sales	Change	Operating Income	Change	Ordinary Income	Change	Net Income	Change
Interim 2011	-	-	-	-	-	-	-	-
Full term 2011	685,000	1.6%	9,000	16.3%	10,000	5.5%	4,000	7.4%

Years ended Dec. 31	Net Income per Share (Yen)
Interim 2011	-
Full term 2011	29.16

Note

Earnings Outlook of the Interim 2011 is not be disclosed.

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. Yes
- (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 2010 151,079,972 shares
- Full term 2009 151,079,972 shares
- (ii) Number of treasury stocks at the end of the period
- Full term 2010 13,895,647 shares
- Full term 2009 13,747,552 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, 2010 and 2009

(Millions of yen truncated to the nearest million)

ASSETS	December 31, 2009	December 31, 2010
Current assets:		
Cash and deposits	17,676	15,975
Notes and accounts receivable—trade	125,738	118,886
Short-term investment securities	78,120	94,599
Merchandise and finished goods	22,027	19,005
Work in process	3,213	1,115
Raw materials and supplies	545	410
Deferred tax assets	4,360	4,930
Short-term loans receivable	40,000	40,000
Other	10,714	7,278
Allowance for doubtful accounts	(567)	(509)
Total current assets	301,828	301,693
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	40,908	38,738
Machinery, equipment and vehicles, net	3	1
Tools, furniture and fixtures, net	4,216	3,395
Rental assets, net	6,809	7,073
Land	31,629	35,083
Lease assets, net	622	1,330
Construction in progress	—	504
Total property, plant and equipment	84,189	86,127
Intangible assets:		
Goodwill	2,335	1,429
Software	21,637	21,857
Lease assets	26	55
Right of using facilities	288	288
Other	103	105
Total intangible assets	24,392	23,736
Investments and other assets:		
Investment securities	5,154	4,133
Long-term loans receivable	21	15
Deferred tax assets	21,236	20,874
Guarantee deposits	9,016	8,624
Other	5,300	3,716
Allowance for doubtful accounts	(1,532)	(329)
Total investments and other assets	39,196	37,035
Total noncurrent assets	147,778	146,899
Total assets	449,607	448,592

Consolidated Balance Sheets

As of December 31, 2010 and 2009

(Millions of yen truncated to the nearest million)

LIABILITIES	December 31, 2009	December 31, 2010
Current liabilities:		
Notes and accounts payable-trade	106,443	102,849
Lease obligations	189	431
Accrued expenses	22,902	24,389
Income taxes payable	697	5,055
Accrued consumption taxes	2,268	2,607
Deferred tax liabilities	8	-
Provision for bonuses	3,138	2,888
Provision for directors' bonuses	26	55
Provision for product warranties	878	803
Provision for loss on order received	130	526
Other	17,025	17,641
Total current liabilities	153,709	157,247
Noncurrent liabilities:		
Lease obligations	502	1,069
Deferred tax liabilities	2,078	2,021
Provision for retirement benefits	37,538	36,506
Provision for directors' retirement benefits	844	801
Accrued long service rewards for employees	1,007	915
Other	3,050	3,184
Total noncurrent liabilities	45,022	44,498
Total liabilities	198,731	201,745
Shareholders' equity:		
Capital stock	73,303	73,303
Capital surplus	83,288	82,819
Retained earnings	115,152	112,914
Treasury stock	(24,758)	(22,191)
Total shareholders' equity	246,985	246,845
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	(116)	(47)
Foreign currency translation adjustments	(39)	(118)
Total valuation and translation adjustments	(156)	(165)
Minority interests	4,046	166
Total net assets	250,875	246,846
Total liabilities and net assets	449,607	448,592

Consolidated Statements of Income

For the Full term ended December 31, 2010 and 2009

From January 1 to December 31

(Millions of yen truncated to the nearest million)

	Full term 2009	Full term 2010
Net sales	686,614	674,159
Cost of sales	453,556	446,615
Gross profit	233,058	227,543
Selling, general and administrative expenses	226,760	219,807
Operating income	6,297	7,735
Non-operating income		
Interest income	627	396
Dividends income	85	69
Insurance income	544	597
Other	1,132	1,072
Total non-operating income	2,388	2,135
Non-operating expenses:		
Interest expenses	87	35
Other	376	355
Total non-operating expenses	464	391
Ordinary income	8,222	9,480
Extraordinary income:		
Gain on sales of noncurrent assets	5,595	4
Gain on transfer of business	–	400
Gain on sales of investment securities	0	211
Other	166	–
Total extraordinary income	5,762	615
Extraordinary loss:		
Loss on sales and retirement of noncurrent assets	593	455
Impairment loss	10,768	493
Loss on cancellation of lease contracts	–	206
Loss on valuation of investment securities	1,103	45
Loss on valuation of golf club membership	15	32
Expenses related to changing in business name	5	12
Loss on adjustment for changes of accounting standard for measurement of inventories	1,299	–
Expenses related to restructuring of consolidated subsidiaries	65	–
Other	727	266
Total extraordinary losses	14,579	1,512
Income (loss) before income taxes and minority interests	(595)	8,584
Income taxes—current	1,476	5,096
Income taxes—deferred	1,925	(325)
Total income taxes	3,402	4,770
Minority interests in income	345	89
Net income (loss)	(4,343)	3,724

Consolidated Statements of changes in net assets

For the Full term ended December 31, 2010 and 2009

From January 1 to December 31

(Millions of yen truncated to the nearest million)

	Full term 2009	Full term 2010
Shareholders' equity		
Capital stock		
Balance at the end of previous period	73,303	73,303
Changes of items during the period		
Total changes of items during the period	—	—
Balance at the end of current period	73,303	73,303
Capital surplus		
Balance at the end of previous period	83,289	83,288
Changes of items during the period		
Disposal of treasury stock	(0)	(0)
Changes by share exchange	—	(468)
Changes by sales of subsidiaries' stocks	(0)	—
Total changes of items during the period	(0)	(468)
Balance at the end of current period	83,288	82,819
Retained earnings		
Balance at the end of previous period	123,616	115,152
Changes of items during the period		
Dividends from surplus	(4,120)	(2,788)
Net income (loss)	(4,343)	3,724
Disposal of treasury stock	—	(0)
Contributions to employee welfare pension fund	(0)	(0)
Changes by share exchange	—	(3,173)
Total changes of items during the period	(8,463)	(2,238)
Balance at the end of current period	115,152	112,914
Treasury stock		
Balance at the end of previous period	(24,730)	(24,758)
Changes of items during the period		
Purchase of treasury stock	(3)	(5,002)
Disposal of treasury stock	1	2
Changes by share exchange	—	7,567
Changes by sales of subsidiaries' stocks	(25)	—
Total changes of items during the period	(27)	2,566
Balance at the end of current period	(24,758)	(22,191)

Consolidated Statements of changes in net assets

For the Full term ended December 31, 2010 and 2009

From January 1 to December 31

(Millions of yen truncated to the nearest million)

	Full term 2009	Full term 2010
Total shareholders' equity		
Balance at the end of previous period	255,477	246,985
Changes of items during the period		
Dividends from surplus	(4,120)	(2,788)
Net income (loss)	(4,343)	3,724
Purchase of treasury stock	(3)	(5,002)
Disposal of treasury stock	1	1
Changes by sales of subsidiaries' stocks	(25)	-
Contributions to employee welfare pension fund	(0)	(0)
Changes by share exchange	-	3,925
Total changes of items during the period	(8,491)	(140)
Balance at the end of current period	246,985	246,845
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the end of previous period	(212)	(116)
Changes of items during the period		
Net changes of items other than shareholders' equity	95	69
Total changes of items during the period	95	69
Balance at the end of current period	(116)	(47)
Foreign currency translation adjustment		
Balance at the end of previous period	(45)	(39)
Changes of items during the period		
Net changes of items other than shareholders' equity	5	(78)
Total changes of items during the period	5	(78)
Balance at the end of current period	(39)	(118)
Total valuation and translation adjustments		
Balance at the end of previous period	(257)	(156)
Changes of items during the period		
Net changes of items other than shareholders' equity	100	(9)
Total changes of items during the period	100	(9)
Balance at the end of current period	(156)	(165)
Minority interests		
Balance at the end of previous period	3,822	4,046
Changes of items during the period		
Changes by share exchange	-	(3,925)
Net changes of items other than shareholders' equity	223	45
Total changes of items during the period	223	(3,879)
Balance at the end of current period	4,046	166

Consolidated Statements of changes in net assets

For the Full term ended December 31, 2010 and 2009

From January 1 to December 31

(Millions of yen truncated to the nearest million)

	Full term 2009	Full term 2010
Total net assets		
Balance at the end of previous period	259,043	250,875
Changes of items during the period		
Dividends from surplus	(4,120)	(2,788)
Net income (loss)	(4,343)	3,724
Purchase of treasury stock	(3)	(5,002)
Disposal of treasury stock	1	1
Changes by sales of subsidiaries' stocks	(25)	-
Contributions to employee welfare pension fund	(0)	(0)
Net changes of items other than shareholders' equity	324	36
Total changes of items during the period	(8,167)	(4,028)
Balance at the end of current period	250,875	246,846

Consolidated Statements of Cash Flows

For the Full term ended December 31, 2010 and 2009

From January 1 to December 31

(Millions of yen truncated to the nearest million)

	Full term 2009	Full term 2010
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	(595)	8,584
Depreciation and amortization	12,356	13,739
Impairment loss	10,768	493
Amortization of goodwill	849	904
Increase (decrease) in allowance for doubtful accounts	509	(221)
Increase (decrease) in provision for retirement benefits	845	(326)
Increase (decrease) in provision for directors' retirement benefits	40	(43)
Interest and dividends income	(712)	(466)
Interest expenses	87	35
Loss (gain) on sales and retirement of property, plant and equipment	(5,181)	308
Loss (gain) on transfer of business	-	(400)
Loss (gain) on sales of investment securities	7	(211)
Decrease (increase) in notes and accounts receivable-trade	23,281	6,901
Decrease (increase) in inventories	8,634	3,926
Increase (decrease) in notes and accounts payable-trade	(16,828)	(3,593)
Other, net	(6,145)	2,639
Subtotal	27,918	32,269
Interest and dividends income received	736	477
Interest expenses paid	(87)	(35)
Income taxes (paid) refund	(10,422)	2,474
Net cash provided by (used in) operating activities	18,145	35,186
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,957)	(11,488)
Proceeds from sales of property, plant and equipment	6,204	645
Purchase of intangible assets	(9,590)	(5,237)
Purchase of investment securities	(8)	(231)
Proceeds from sales of investment securities	16	519
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(396)	-
Payments for sales of investments in subsidiaries resulting in change in scope of consolidation	(188)	-
Net decrease (increase) in short-term loans receivable	(19,999)	(0)
Net decrease (increase) in time deposits	5,010	-
Proceeds from transfer of business	-	1,776
Other, net	76	1,003
Net cash provided by (used in) investing activities	(25,834)	(13,011)
Net cash provided by (used in) financing activities		
Repayments of finance lease obligations	(77)	(313)
Purchase of treasury stock	(3)	(5,002)
Cash dividends paid	(4,121)	(2,791)
Cash dividends paid to minority shareholders	(121)	(64)
Other, net	1	1
Net cash provided by (used in) financing activities	(4,324)	(8,171)
Effect of exchange rate change on cash and cash equivalents	(0)	(3)
Net increase (decrease) in cash and cash equivalents	(12,013)	13,999
Cash and cash equivalents at beginning of period	107,588	95,575
Cash and cash equivalents at end of period	95,575	109,575

Consolidated Business Segment Information

For the Full term ended December 31, 2010 and 2009

From January 1 to December 31

Full term 2009

(Millions of yen truncated to the nearest million)

	Business Solutions	Consumer Equipment	Industrial Equipment	Total	Corporate and eliminations	Consolidated
Net sales:						
Unaffiliated customers	438,738	222,227	25,649	686,614	-	686,614
Intersegment	-	-	-	-	(-)	-
Total	438,738	222,227	25,649	686,614	(-)	686,614
Operating expenses	441,759	211,798	26,759	680,317	(-)	680,317
Operating income (loss)	(3,021)	10,428	(1,109)	6,297	(-)	6,297
Total assets, Depreciation and amortization, Impairment loss, Capital expenditure						
Total assets	204,953	76,401	17,495	298,851	150,756	449,607
Depreciation and amortization	10,580	1,234	540	12,356	-	12,356
Impairment loss	700	150	9,918	10,768	-	10,768
Capital expenditure	12,726	3,196	1,116	17,039	-	17,039

Full term 2010

(Millions of yen truncated to the nearest million)

	Business Solutions	Consumer Equipment	Industrial Equipment	Total	Corporate and eliminations	Consolidated
Net sales:						
Unaffiliated customers	440,732	219,780	13,646	674,159	-	674,159
Intersegment	-	-	-	-	(-)	-
Total	440,732	219,780	13,646	674,159	(-)	674,159
Operating expenses	441,599	210,597	14,226	666,423	(-)	666,423
Operating income (loss)	(866)	9,183	(580)	7,735	(-)	7,735
Total assets, Depreciation and amortization, Impairment loss, Capital expenditure						
Total assets	205,158	74,126	8,688	287,973	160,619	448,592
Depreciation and amortization	11,462	1,921	354	13,739	-	13,739
Impairment loss	493	-	-	-	-	493
Capital expenditure	16,315	1,457	224	17,996	-	17,996

Notes:

1. Organization of Segments

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

2. Main Products & Services

Segment	Main Products / Services
Business Solutions	Business-use multifunctional products, print-on-demand (POD) digital presses, personal-use plain-paper copiers, laser printers, large format ink-jet printers, office-use facsimiles, liquid crystal projectors, document scanners, color card printers, color label printers, teleconference system, network cameras, service and support, system integration, embedded software, infrastructure&operation, solution&software products, computer devices, network devices
Consumer Equipment	Digital cameras, interchangeable lenses, digital video cameras, ink-jet printers, compact photo printers, personal-use scanners, electronic dictionaries, calculators
Industrial Equipment	Lithography equipment for semiconductor manufactures and other semiconductor manufacturing equipment, lithography equipment for LCD manufactures, medical equipment (digital X-ray cameras, ophthalmic equipment), broadcasting equipment