

Canon Marketing Japan Inc.

Third Quarter FY 2011 Results

October 25, 2011

Yo Shibasaki

Director

Senior Vice President

Canon

Canon Marketing Japan Inc.

1-1. Summary of Results (July 1 ~ September 30)

billions of yen

Three months	3Q 2010	3Q 2011	Changes	
			%	
Net Sales	157.0	156.1	-0.9	-1%
	(34.1%)	(35.6%)	(+1.5%)	
Gross Margin	53.5	55.6	2.1	+4%
	(-)	(0.9%)	(-)	
Operating Income	-0.8	1.4	2.1	(-)
	(-)	(1.0%)	(-)	
Ordinary Income	-0.5	1.5	2.0	(-)
	(-)	(0.3%)	(-)	
Net Income	-1.0	0.5	1.5	(-)

1-2. Consolidated Statements of Income

(July 1 ~ September 30)

Three months	3Q 2010		3Q 2011		billions of yen Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Business Solutions	83.1	0.7	78.4	0.8	-4.7
IT Solutions	30.8	-0.8	30.0	-1.1	-0.8	-0.2
Consumer imaging	47.3	-0.2	45.0	1.8	-2.3	+2.0
Industrial equipment	2.7	-0.3	8.7	0.1	+6.0	+0.3
Other	-6.8	-0.2	-6.0	-0.2	+0.8	-0
Total	157.0	-0.8	156.1	1.4	-0.9	+2.1

1-3. Summary of Results (January 1 ~ September 30)

billions of yen

Nine months Year-to-date	1 Q-3Q 2010	1 Q-3Q 2011	Changes	
			%	
Net Sales	491.2	450.4	-40.8	-8%
	(33.7%)	(35.3%)	(+1.6%)	
Gross Profit	165.5	158.9	-6.6	-4%
	(0.4%)	(0.6%)	(+0.1%)	
Operating Income	2.1	2.6	0.5	+22%
	(0.7%)	(1.0%)	(+0.3%)	
Ordinary Income	3.6	4.4	0.9	+24%
	(0.1%)	(0.5%)	(+0.5%)	
Net Income	0.3	2.4	+2.1	+709%

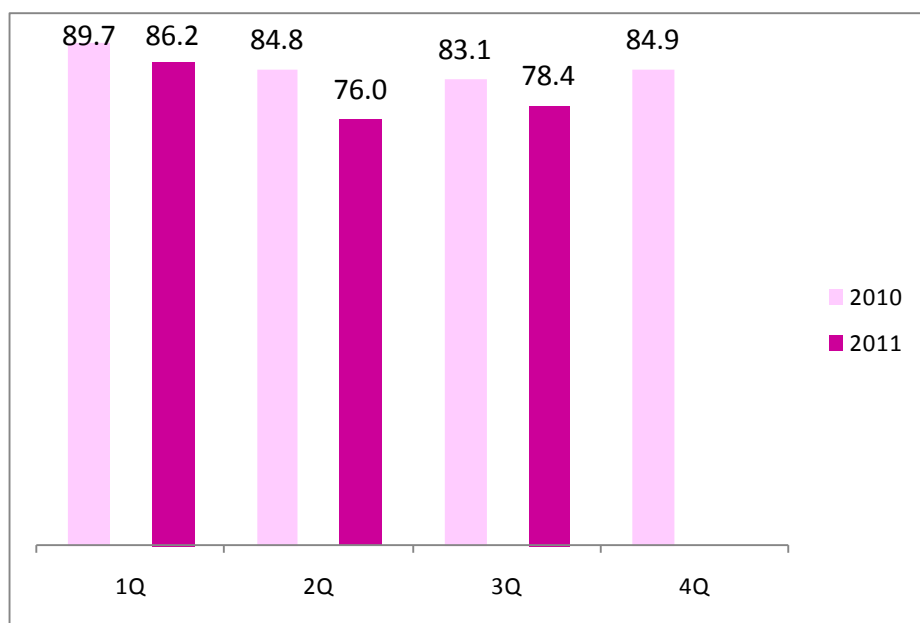
1-4. Consolidated Statements of Income

(January 1 ~ September 30)

Nine months Year-to -date	1Q-3Q 2010		1Q-3Q 2011		billions of yen Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Business Solutions	257.5	1.8	240.6	1.9	-16.9
IT Solutions	102.0	-3.2	93.0	-2.6	-9.1	+0.6
Consumer imaging	144.5	4.2	120.8	3.4	-23.7	-0.8
Industrial equipment	9.4	-0.1	16.2	0	+6.8	+0.1
Other	-22.2	-0.6	-20.1	-0.1	+2.1	+0.4
Total	491.2	2.1	450.4	2.6	-40.8	+0.5

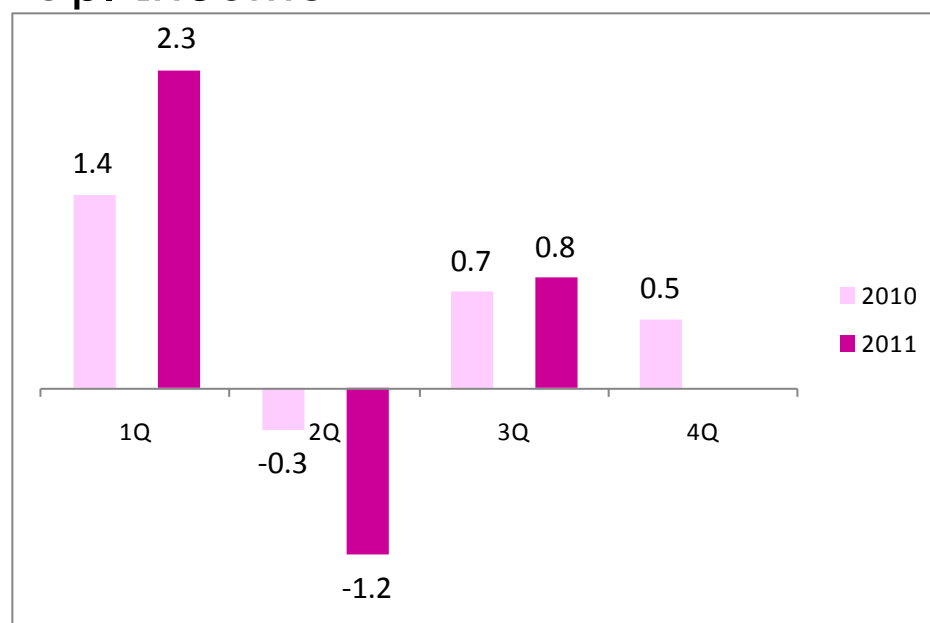
2-1. Segment Information : Business Solutions

Sales



Op. Income

billions of yen

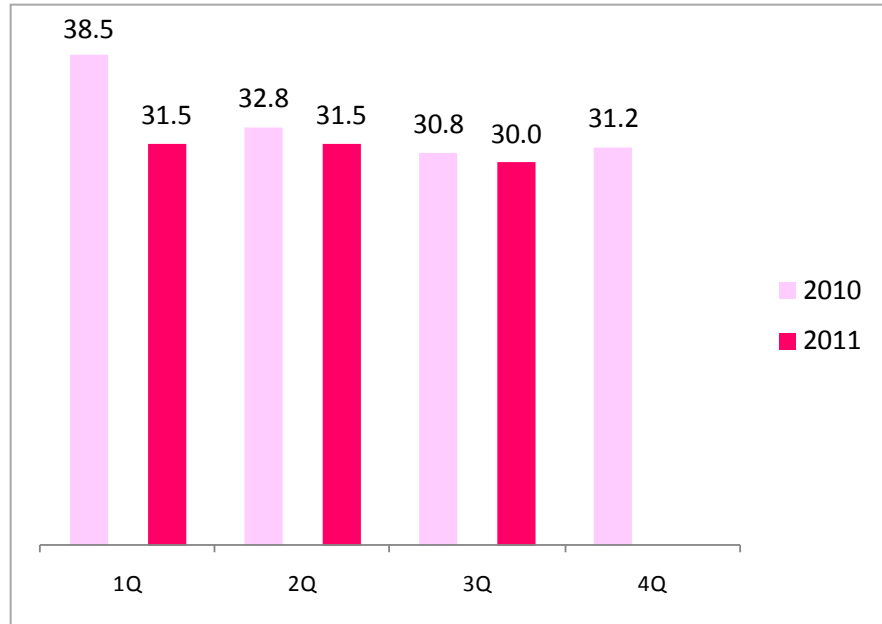


Net Sales	1Q-3Q 2010	1Q-3Q 2011	Change
Total	257.5	240.6	-16.9

Operating Income	1Q-3Q 2010	1Q-3Q 2011	Change
Total	1.8	1.9	+0.1

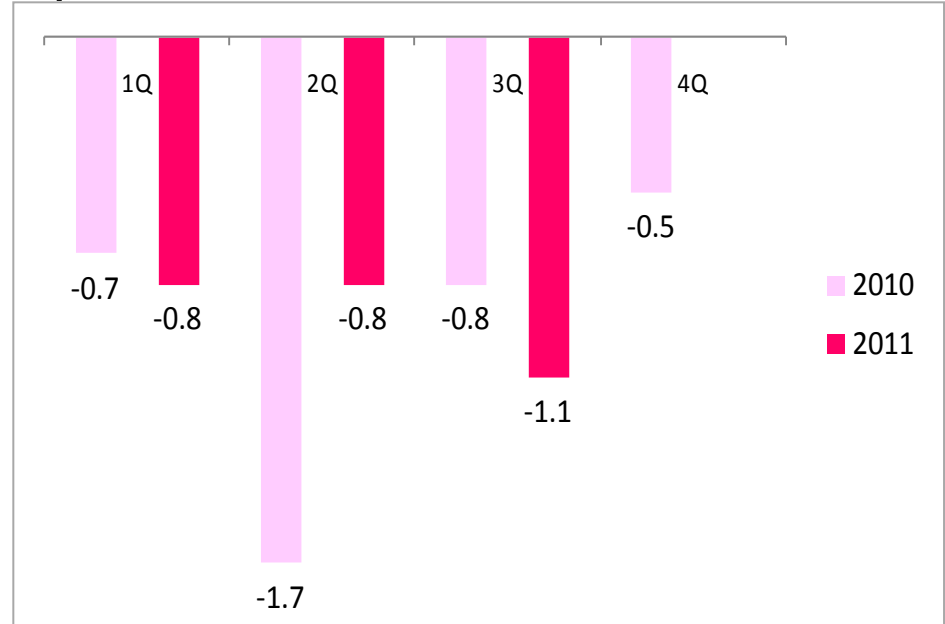
2-2. Segment Information : *IT Solutions*

Sales



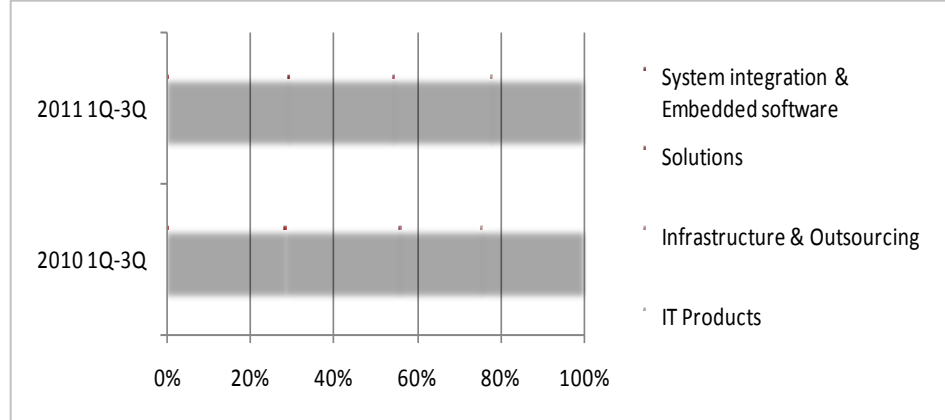
Op. Income

billions of yen



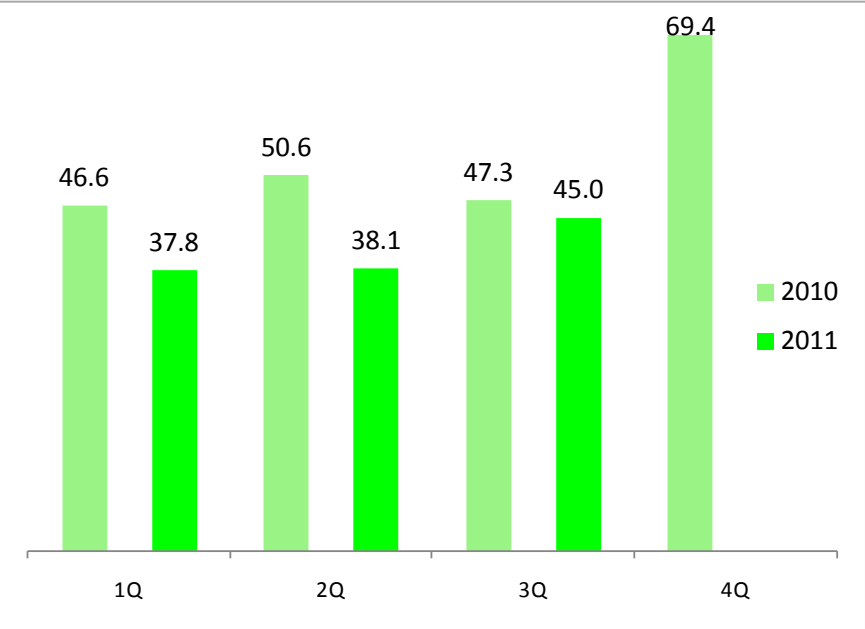
Net Sales	1Q-3Q 2010	1Q-3Q 2011	Change
Total	102.0	93.0	-9.1

Operating Income	1Q-3Q 2010	1Q-3Q 2011	Change
Total	-3.2	-2.6	+0.6



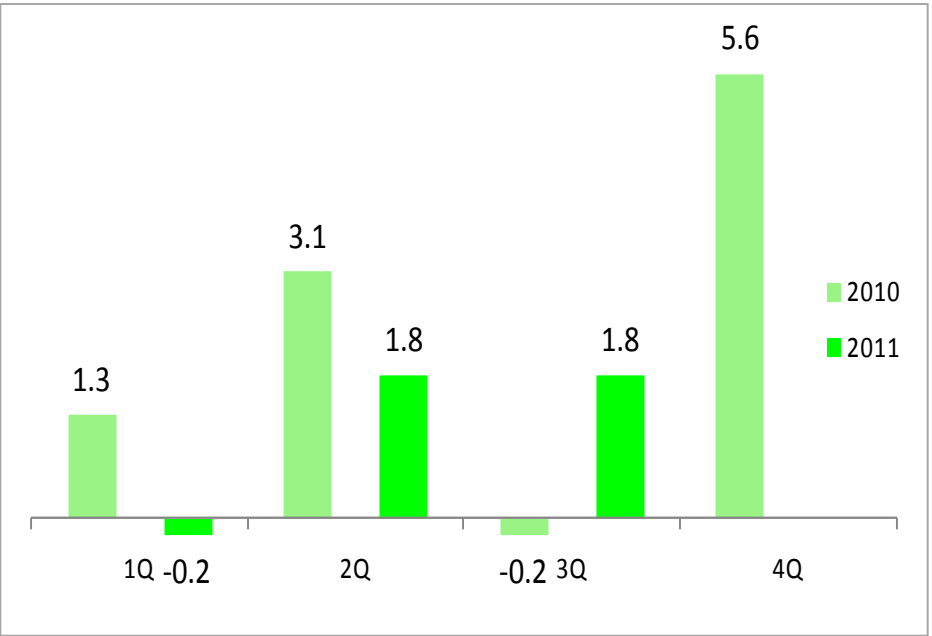
2-4. Segment Information: *Consumer Imaging*

Sales



Op. Income

billions of yen

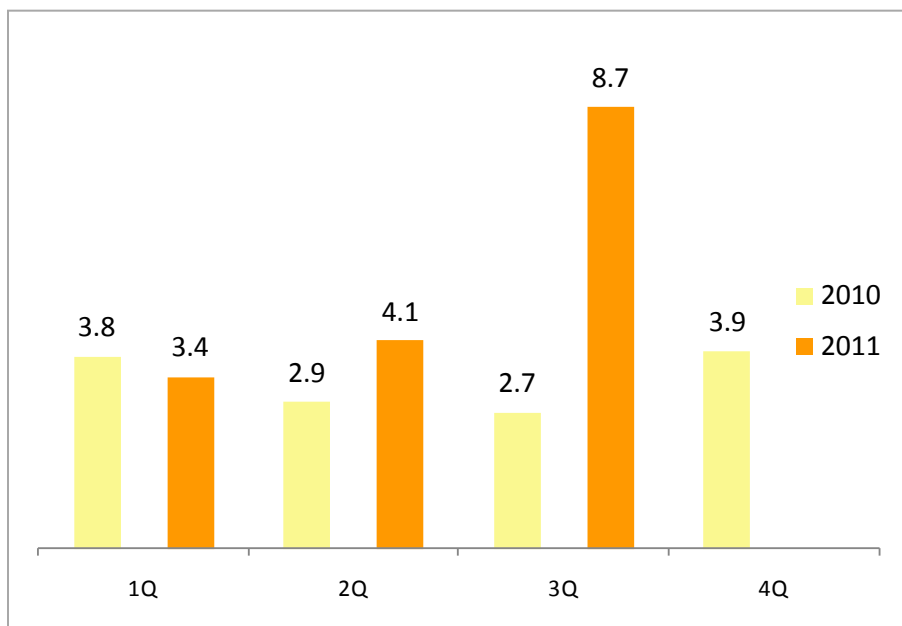


Net Sales	1Q-3Q 2010	1Q-3Q 2011	Change
Total	144.5	120.8	-23.7

Operating Income	1Q-3Q 2010	1Q-3Q 2011	Change
Total	4.2	3.4	-0.8

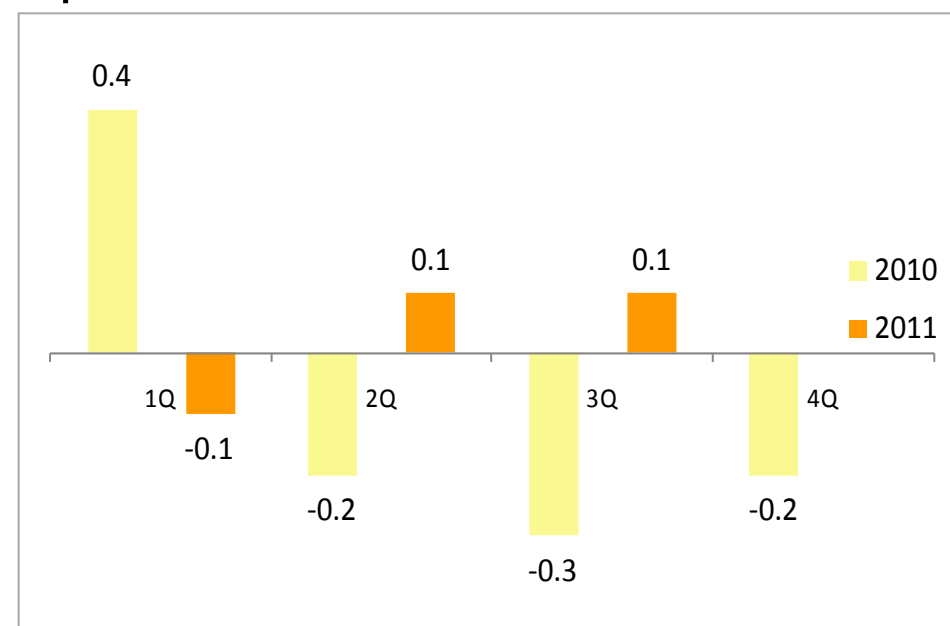
2-5. Segment Information : *Industrial equipment*

Sales



Op. Income

billions of yen



Net Sales	1Q-3Q 2010	1Q-3Q 2011	Change
Total	9.4	16.2	+6.8

Operating Income	1Q-3Q 2010	1Q-3Q 2011	Change
Total	-0.1	0	+0.1

FY 2011 Projections

Canon

Canon Marketing Japan Inc.

1. FY2011 Current Projection

■ This is the same as previous projection.

billions of yen

	FY2010 Result	FY 2011 Projection	Changes	
			Amount	%
Net Sales	674.2	653.0	-21.2	-3%
	(1.1%)	(1.0%)	(-0.2%)	
Operating Income	7.7	6.3	-1.4	-19%
	(1.4%)	(1.3%)	(-0.2%)	
Ordinary Income	9.5	8.2	-1.3	-14%
	(0.6%)	(0.6%)	(-0.0%)	
Net Income	3.7	3.6	-0.1	-3%

2. FY2011 Projection by segment

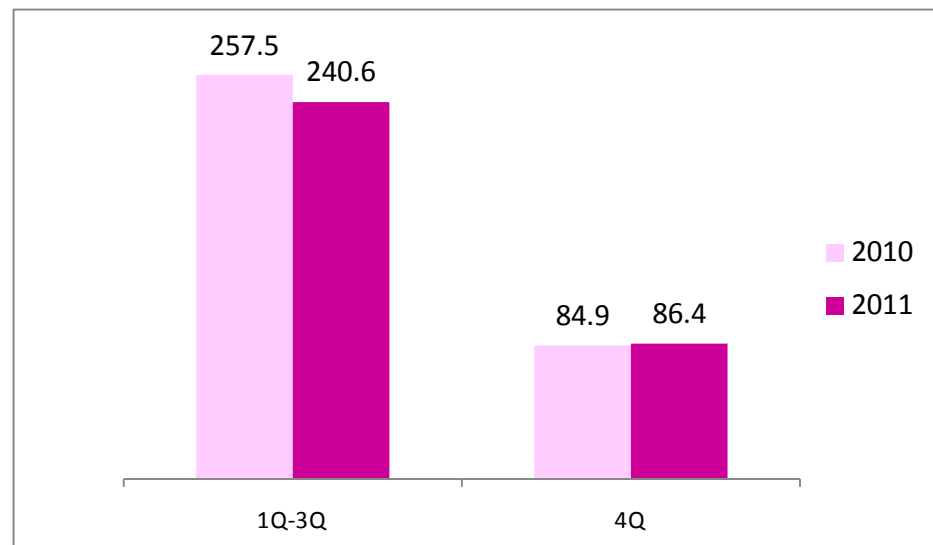
billions of yen

■ This is the same as previous projection.

	FY2010 Result		FY 2011 Projection		Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Business Solutions	342.5	2.3	327.0	1.4	-5%	-0.9
IT Solutions	133.3	-3.7	128.0	-2.2	-4%	+1.5
Consumer imaging	213.8	9.8	192.0	7.0	-10%	-2.8
Industrial equipment	13.4	-0.2	32.2	0.1	+141%	+0.3
Other	-28.7	-0.4	-26.2	0	-9%	+0.4
Total	674.2	7.7	653.0	6.3	-3%	-1.4

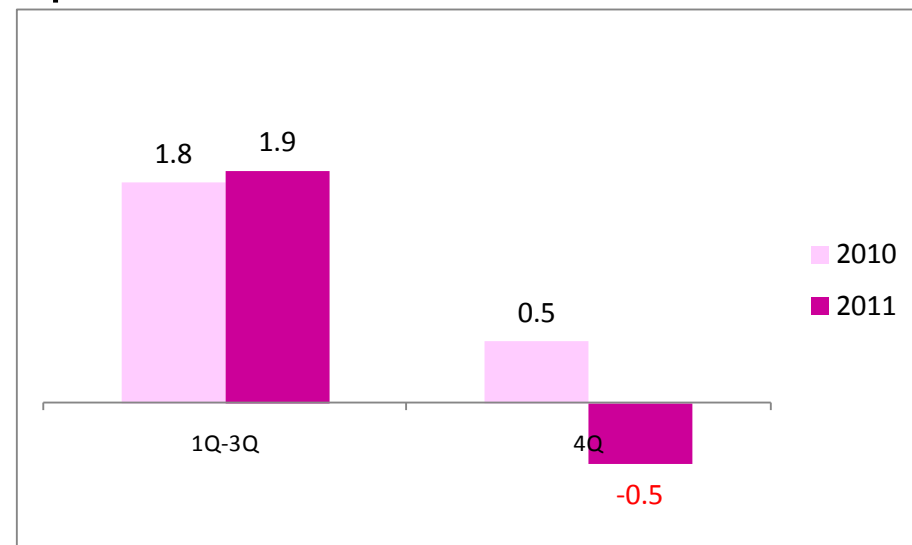
3-1. Segment Information : Business Solutions

Sales



Op. Income

billions of yen

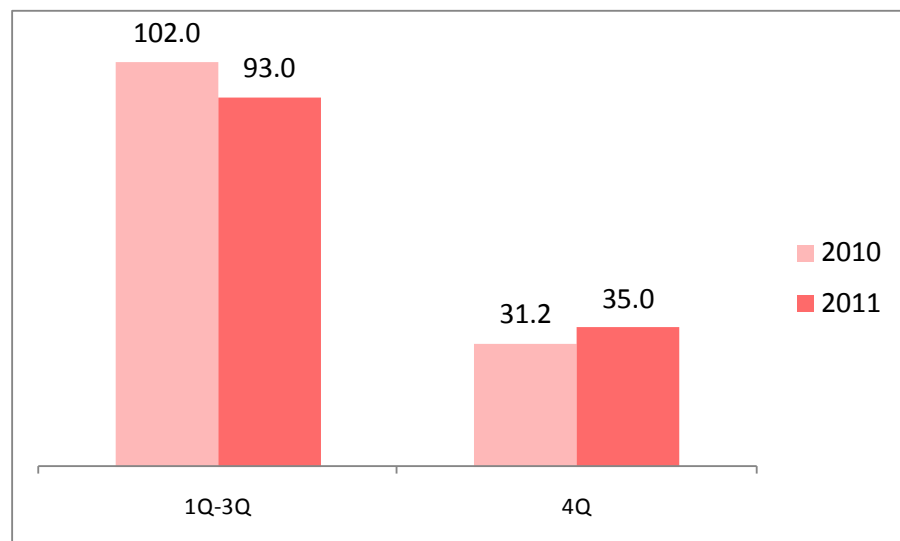


Net Sales	FY2010	FY2011	Change	FY2011 On July 21
Total	342.5	327.0	-15.5	327.0

Operating Income	FY2010	FY2011	Change	FY2011 On July 21
Total	2.3	1.4	-0.9	1.4

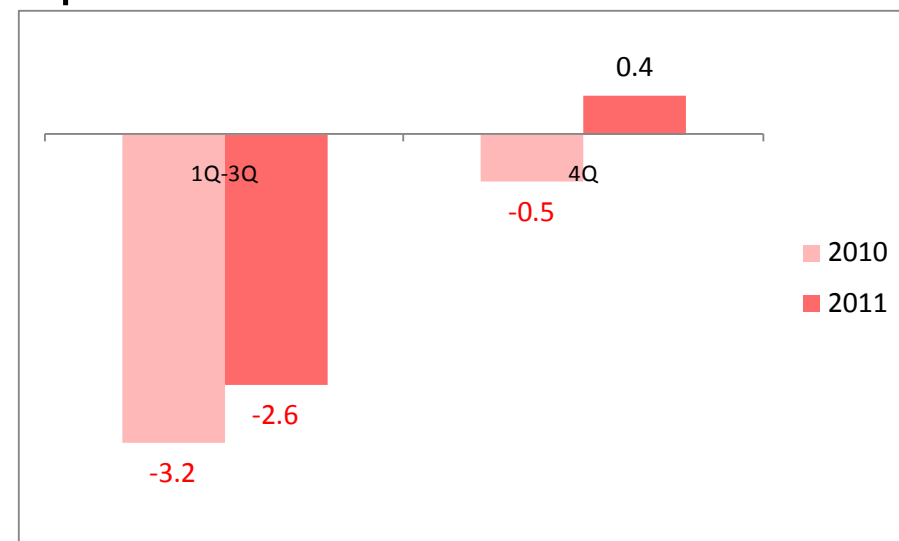
3-1. Segment Information : *IT Solutions*

Sales



Op. Income

billions of yen

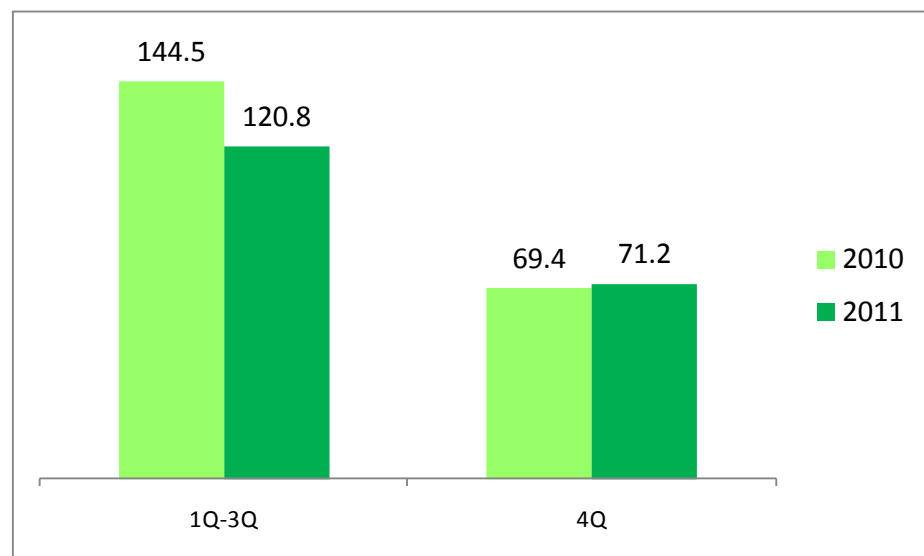


Net Sales	FY2010	FY2011	Change	FY2011 On July 21
Total	133.3	128.0	-5.3	128.0

Operating Income	FY2010	FY2011	Change	FY2011 On July 21
Total	-3.7	-2.2	+1.5	-2.2

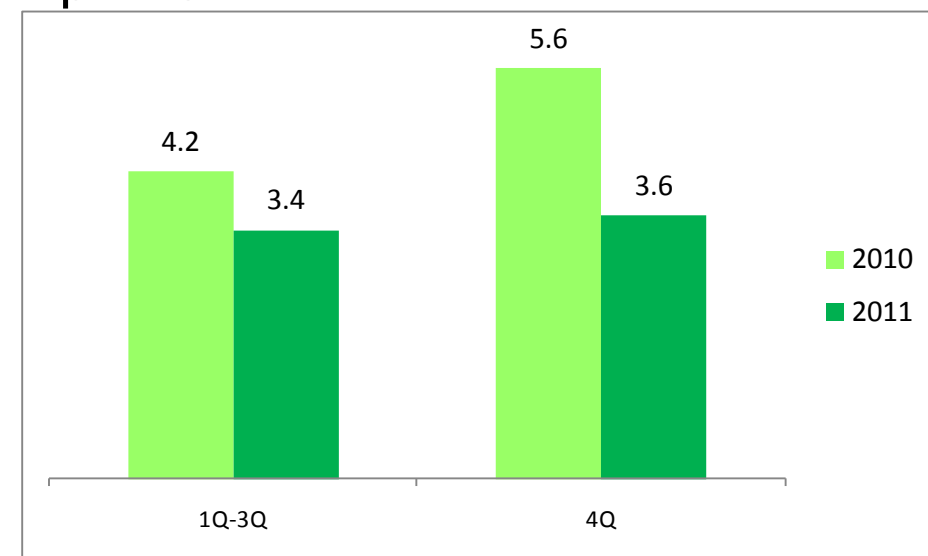
3-1. Segment Information : *Consumer Imaging*

Sales



Op. Income

billions of yen

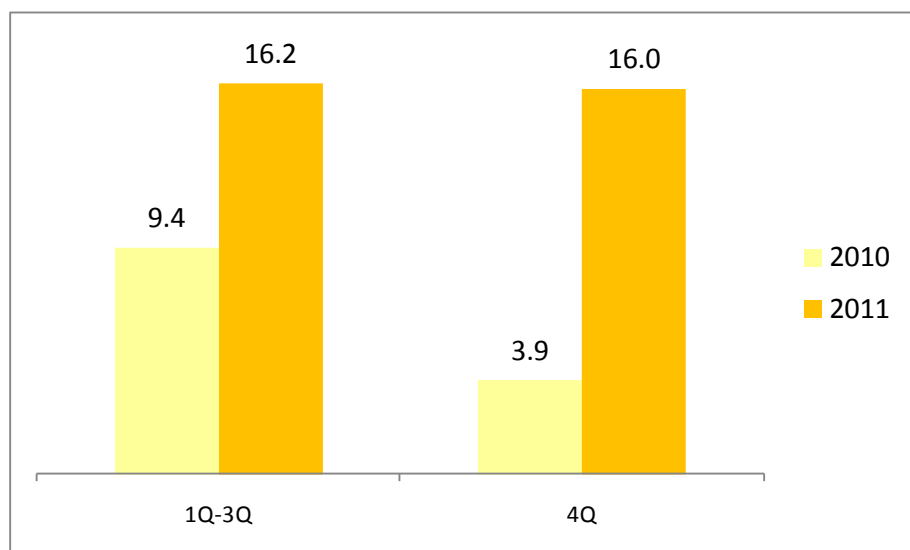


Net Sales	FY2010	FY2011	Change	FY2011 On July 21
Total	213.8	192.0	-21.8	192.0

Operating Income	FY2010	FY2011	Change	FY2011 On July 21
Total	9.8	7.0	-2.8	7.0

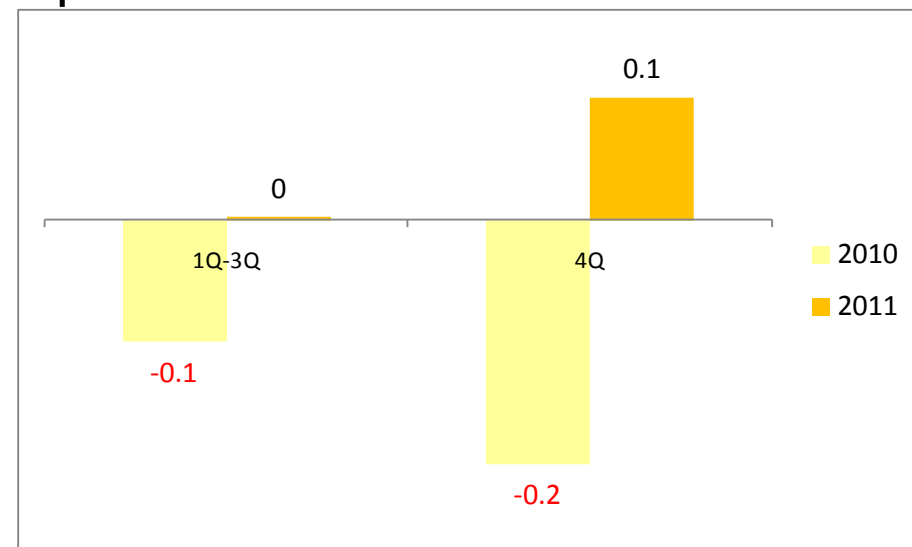
3-1. Segment Information : *Industrial equipment*

Sales



Op. Income

billions of yen



Net Sales	FY2010	FY2011	Change	FY2011 On July 21
Total	13.4	32.2	+18.8	32.2

Operating Income	FY2010	FY2011	Change	FY2011 On July 21
Total	-0.2	0.1	+0.3	0.1

Supplementary information

Canon

Canon Marketing Japan Inc.

1-1. The main consolidated company results (July 1 ~ September 30)

	billions of yen					
	3Q 2010		3Q 2011		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
Business Solutions		(0.6%)		(0.5%)		
Canon System & Support	26.3	0.2	24.6	0.1	-1.7	-0.0
IT Solutions		(0.1%)				
Canon IT Solutions (Consolidated)	17.4	0.0	17.6	-0.4	+0.1	-0.4
Canon Software (Consolidated)	6.2	0.1	6.0	0.3	-0.1	+0.2
IT Solutions TOTAL	23.6	0.1	23.6	-0.1	+0.0	-0.3

1-2. The main consolidated company results **Canon**

(January 1 ~ September 30)

	1Q-3Q 2010		1Q-3Q 2011		billions of yen Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
	Business Solutions		(0.2%)			
Canon System & Support	78.2	+0.2	73.6	-0.8	-4.7	-1.0
IT Solutions						
Canon IT Solutions (Consolidated)	58.4	-0.5	54.9	-0.6	-3.5	-0.1
		(3.1%)		(4.0%)		(0.8%)
Canon Software (Consolidated)	18.9	0.6	18.0	0.7	-1.0	+0.1
		(0.1%)		(0.1%)		(0.1%)
IT Solutions TOTAL	77.3	0.1	72.9	0.1	-4.5	+0.0

2. Selling, general and administrative expenses

billions of yen

	2010		2011		Changes	
	3Q	1Q-3Q	3Q	1Q-3Q	3Q	1Q-3Q
Advertising expenses	3.5	8.8	2.6	6.7	-0.9	-2.1
Promotion expenses	6.6	19.9	5.2	14.1	-1.4	-5.8
Warranty expenses	2.2	7.2	2.3	7.1	+0.1	-0.1
Other direct expenses	3.4	10.8	3.4	10.2	+0.0	-0.6
Personal expenses	29.2	88.6	31.3	91.1	+2.1	+2.5
Depreciation and amortization	0.9	2.8	0.7	2.0	-0.2	-0.7
Rent expenses	1.8	5.5	1.9	5.6	+0.0	+0.1
IT expenses	2.0	6.3	2.2	6.1	+0.2	-0.2
Other selling expenses	4.6	13.6	4.7	13.4	+0.2	-0.2
TOTAL	54.3	163.4	54.2	156.3	-0.0	-7.1

3. Non-operating income & expenses, Extra ordinary income and loss

billions of yen

	2010		2011		Changes	
	3Q	1Q-3Q	3Q	1Q-3Q	3Q	1Q-3Q
Interest & Dividends income	0.1	0.4	0.1	0.4	+0.0	+0.0
Other	0.2	1.4	0.2	1.9	-0.0	+0.5
Total non-operating income	0.3	1.8	0.3	2.3	+0.0	+0.5
Interest expenses	0.0	0.0	0.1	0.1	+0.0	+0.1
Other	0.0	0.3	0.1	0.3	+0.0	+0.0
Total non-operating expenses	0.1	0.3	0.1	0.4	+0.1	+0.1
Gain on negative goodwill	-	-	-	2.4	-	+2.4
Gain on sales of noncurrent assets	-	-	0.0	0.0	+0.0	+0.0
Gain on sales of investment securities	0.0	0.2	-	0.0	-0.0	-0.2
Gain on transfer of business	-	0.4	-	-	-	-0.4
Total extraordinary income	0.0	0.6	0.0	2.4	+0.0	+1.8
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	-	-	1.2	-	+1.2
Loss on disaster	-	-	0.0	1.0	+0.0	+1.0
Loss on valuation of investment securities	0.3	0.4	-0.0	0.3	-0.3	-0.1
Loss on sales and retirement of noncurrent assets	0.2	0.3	0.1	0.3	-0.0	-0.0
Impairment loss	0.0	0.5	0.0	0.2	-0.0	-0.3
Office transfer expenses	0.0	0.0	0.2	0.2	+0.1	+0.1
Other	0.0	0.4	0.0	0.3	+0.0	-0.2
Total extraordinary losses	0.5	1.6	0.3	3.4	-0.2	+1.8

4. Balance sheets

billions of yen

	Dec. 31, 2010	Sept. 30, 2011	changes
Assets			
Current assets	301.7	289.1	-12.6
Cash and deposits	110.6	103.4	-7.2
Notes and accounts receivable-	118.9	106.0	-12.9
Inventories	20.5	28.7	+8.2
Other	51.7	51.0	-0.7
Noncurrent assets	146.9	150.1	+3.2
Property, plant and equipment	86.1	91.2	+5.1
Intangible assets	23.7	21.5	-2.2
Investments and other	37.0	37.3	+0.3
Total assets	448.6	439.2	-9.4

Liabilities			
Current liabilities	157.2	144.2	-13.1
Notes and accounts payable-trade	102.9	91.1	-11.8
Other	54.4	53.1	-1.3
Noncurrent liabilities	44.5	48.3	+3.8
Net Assets			
Shareholders' equity	246.8	246.5	-0.3
Treasury stock	-22.2	-22.2	+0.0
Valuation and translation adjustments	-0.2	-0.2	+0.0
Minority interests	0.2	0.4	+0.2
Total net assets	246.8	246.7	-0.1
Total liabilities and net assets	448.6	439.2	-9.4

Equity ratio 55.0% 56.0% +1.0%

<i>Turnover Date</i>	Inventories	Notes and accounts receivable
FY2007	14	72
FY2008	15	67
FY2009	13	65
FY2010	11	64
3Q2011	18	65

5. Cash flows & Capital Investment

Capital Investment and Depreciation and amortization

billions of yen

■ Investment

	1Q+2Q+3Q Result	4Q Projection	FY
2010	14.6	3.4	18.0
2011	13.0	7.2	20.2

■ Depreciation and amortization

	1Q+2Q+3Q Result	4Q Projection	FY
2010	10.0	3.7	13.7
2011	11.3	3.7	15.1

Cash flow

billions of yen

	1Q+2Q+3Q 2010	1Q+2Q+3Q 2011
Net cash provided by (used in) operating activities	29.3	3.7
Net cash provided by (used in) investing activities	-9.9	-6.7

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.