

Summary Report of Consolidated Financial Results

For the Second quarter ended June 30, 2011

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, 2011 to June 30, 2011)

(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
Second quarter 2011	294,328	(11.9) %	1,230	(57.2)%	2,920	(28.7)%
Second quarter 2010	334,194	(0.6) %	2,873	(21.5)%	4,096	(12.4)%

Years ended Dec. 31	Net Income	Change	Net Income per Share (Yen)	Diluted Net Income per Share
Second quarter 2011	1,905	42.8%	13.89	-
Second quarter 2010	1,333	-	9.62	-

(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)
Second quarter 2011	421,593	247,749	58.7%	1,803.16
Full term 2010	448,592	246,846	55.0%	1,798.16

【Reference】 Stockholder's Equity: Second quarter 2011 247,365 / Full term 2010 246,679

2. Dividends

(Yen)

Dividend per share	The end of the First quarter	The end of the Second quarter	The end of the third quarter	The end of a term	Annual
Full term 2010	-	10.00	-	10.00	20.00
Full term 2011	-	10.00			
Full term 2011 (Target)			-	10.00	20.00

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

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

	Net Sales	Operating Income	Ordinary Income	Net Income	Net Income per share (Yen)
Full term 2011	653,000	6,300	8,200	3,600	26.24
Percentage Change	(3.1)%	(18.6)%	(13.5)%	(3.3)%	

4. Notes

(1) Significant changes in subsidiaries during the period : No

(2) Use of simplified accounting procedures : Yes

(3) 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): No

(4) Number of shares issued (common shares)

(i) Number of shares issued at the end of the period (including treasury stocks)

the second quarter 2011	151,079,972 shares
Full term 2010	151,079,972 shares

(ii) Number of treasury stocks at the end of the period

the second quarter 2011	13,895,451 shares
Full term 2010	13,895,647 shares

(iii) Number of shares during the period (first three months)

the second quarter 2011	137,184,290 shares
the second quarter 2010	138,732,306 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 June 30, 2011 and December 31, 2010

(Millions of yen truncated to the nearest million)

ASSETS	December 31, 2010	June 30, 2011
Current assets:		
Cash and deposits	15,975	21,991
Notes and accounts receivable—trade	118,886	98,216
Short-term investment securities	94,599	77,000
Merchandise and finished goods	19,005	20,732
Work in process	1,115	1,264
Raw materials and supplies	410	721
Deferred tax assets	4,930	5,320
Short-term loans receivable	40,000	40,018
Other	7,278	5,738
Allowance for doubtful accounts	(509)	(349)
Total current assets	301,693	270,654
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures, net	38,738	39,297
Machinery, equipment and vehicles, net	1	12
Tools, furniture and fixtures, net	3,395	3,746
Rental assets, net	7,073	6,705
Land	35,083	37,542
Lease assets, net	1,330	1,482
Construction in progress	504	3,920
Total property, plant and equipment	86,127	92,708
Intangible assets:		
Goodwill	1,429	978
Software	21,857	20,555
Lease assets	55	407
Right of using facilities	288	309
Other	105	96
Total intangible assets	23,736	22,346
Investments and other assets:		
Investment securities	4,133	4,322
Long-term loans receivable	15	40
Deferred tax assets	20,874	20,765
Deferred tax assets for land revaluation	—	831
Guarantee deposits	8,624	7,495
Other	3,716	2,858
Allowance for doubtful accounts	(329)	(429)
Total investments and other assets	37,035	35,884
Total noncurrent assets	146,899	150,939
Total assets	448,592	421,593

Consolidated Balance Sheets

As of June 30, 2011 and December 31, 2010

(Millions of yen truncated to the nearest million)

LIABILITIES	December 31, 2010	June 30, 2011
Current liabilities:		
Notes and accounts payable-trade	102,849	76,490
Short-term loans payable	-	405
Lease obligations	431	614
Accrued expenses	24,389	17,831
Income taxes payable	5,055	1,273
Accrued consumption taxes	2,607	1,426
Provision for bonuses	2,888	3,190
Provision for directors' bonuses	55	27
Provision for product warranties	803	765
Provision for loss on order received	526	476
Other	17,641	22,500
Total current liabilities	157,247	125,004
Noncurrent liabilities:		
Bonds payable	-	1,127
Long-term loans payable	-	513
Lease obligations	1,069	1,433
Deferred tax liabilities	2,021	3,366
Provision for retirement benefits	36,506	37,032
Provision for directors' retirement benefits	801	737
Accrued long service rewards for employees	915	1,011
Other	3,184	3,617
Total noncurrent liabilities	44,498	48,839
Total liabilities	201,745	173,844
Shareholders' equity:		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	112,914	113,447
Treasury stock	(22,191)	(22,190)
Total shareholders' equity	246,845	247,379
Valuation and translation adjustments:		
Valuation difference on available-for-sale securities	(47)	106
Foreign currency translation adjustments	(118)	(120)
Total valuation and translation adjustments	(165)	(14)
Minority interests	166	384
Total net assets	246,846	247,749
Total liabilities and net assets	448,592	421,593

Consolidated Statements of Income

For the Second quarter ended June 30, 2011 and 2010

(Millions of yen truncated to the nearest million)

	The Second quarter of 2010	The Second quarter of 2011
Net sales	334,194	294,328
Cost of sales	222,175	191,013
Gross profit	112,019	103,315
Selling, general and administrative expenses	109,145	102,084
Operating income	2,873	1,230
Non-operating income:		
Interest income	214	199
Dividends income	52	60
Insurance income	546	570
Gain on bad debts recovered	–	475
Other	657	637
Total non-operating income	1,471	1,943
Non-operating expenses:		
Interest expenses	16	55
Other	231	197
Total non-operating expenses	248	253
Ordinary income	4,096	2,920
Extraordinary income:		
Gain on sales of noncurrent assets	0	0
Gain on negative goodwill	–	2,393
Gain on sales of investment securities	210	0
Gain on transfer of business	400	–
Other	–	–
Total extraordinary income	611	2,393
Extraordinary loss:		
Loss on sales and retirement of noncurrent assets	174	165
Impairment loss	450	203
Loss on disaster	–	950
Loss on adjustment for changes of accounting standard for asset	–	1,173
Loss on cancellation of lease contracts	206	34
Other	269	506
Total extraordinary losses	1,101	3,033
Income before income taxes and minority interests	3,606	2,280
Income taxes	2,201	365
Income before minority interests	–	1,915
Minority interests in income	71	10
Net income	1,333	1,905

Consolidated Statements of Cash Flows

For the Second quarter ended June 30, 2011 and 2010

(Millions of yen truncated to the nearest million)

	The Second quarter of 2010	The Second quarter of 2011
Net cash provided by (used in) operating activities		
Income (loss) before income taxes and minority interests	3,606	2,280
Depreciation and amortization	6,340	7,236
Impairment loss	450	203
Amortization of goodwill	451	456
Gain on negative goodwill	—	(2,393)
Increase(decrease)in allowance for doubtful accounts	(168)	(170)
Increase(decrease)in provision for retirement benefits	437	(333)
Increase(decrease)in provision for directors' retirement benefits	(150)	(126)
Interest and dividends income	(267)	(260)
Interest expenses	16	55
Loss(gain) on sales and retirement of property, plant and equipment	163	126
Loss on disaster	—	950
Loss(gain) on transfer of business	(400)	—
Decrease(increase) in notes and accounts receivable—trade	23,802	26,737
Decrease(increase) in inventories	3,130	(574)
Increase(decrease) in notes and accounts payable—trade	(17,148)	(31,831)
Other, net	2,275	(3,243)
Subtotal	22,541	(887)
Interest and dividends income received	277	268
Interest expenses paid	(16)	(55)
Income taxes (paid) refund	2,920	(4,451)
Net cash provided by (used in) operating activities	25,772	(5,125)
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	—	1,000
Purchase of property, plant and equipment	(8,315)	(4,282)
Proceeds from sales of property, plant and equipment	438	1
Purchase of intangible assets	(2,870)	(1,745)
Purchase of investment securities	(40)	(5)
Proceeds from sales of investment securities	515	164
Purchase of investments in subsidiaries resulting in change in scope of consolidation	—	(290)
Decrease(Increase) in time deposits	—	1,000
Proceeds from transfer of business	1,776	—
Other, net	638	210
Net cash provided by (used in) investing activities	(7,858)	(3,946)
Net cash provided by (used in) financing activities		
Repayments of finance lease obligations	(117)	(227)
Purchase of treasury stock	(1)	(0)
Cash dividends paid	(1,378)	(1,376)
Cash dividends paid to minority shareholders	(64)	(7)
Other, net	1	1
Net cash provided by (used in) financing activities	(1,562)	(1,611)
Effect of exchange rate change on cash and cash equivalents	(7)	0
Net increase(decrease) in cash and cash equivalents	16,294	(10,683)
Cash and cash equivalents at beginning of period	95,575	109,575
Cash and cash equivalents at end of period	111,870	98,891

Consolidated Segment Information

For the Second quarter ended June 30, 2011

Main Company and Organization in Each Segment

Segment	Main Company / Organization
Business Solutions	Canon Marketing Japan Inc. Business Solutions Company Canon System & Support Inc. Océ Japan Corporation Canon Print Square Inc.
IT Solutions	Canon Marketing Japan Inc. IT Product Promotion Headquarters Canon MJ IT Group Holdings Canon IT Solutions Inc. Canon Software Inc. Edifist Learning Inc. Other 9 companies
Consumer Imaging	Canon Marketing Japan Inc. Consumer Imaging Company Canon Customer Support Inc. Canon Field Assist Inc. withPhoto Inc.
Industrial Equipment	Canon Marketing Japan Inc. Industrial Equipment Sales Headquarters ELK Corporation Other 2 companies

Main Products in Each Segment

Segment	Main Products / Service
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,
IT Solutions	System integration, embedded software, infrastructure&operation, solution&software products, computer devices, network devices
Consumer Imaging	Digital cameras, interchangeable lenses, digital video cameras, ink-jet printers, compact photo printers, personal-use scanners, electronic dictionaries, calculators
Industrial Equipment	Semiconductor manufacturing equipment, medical equipment (digital X-ray cameras, ophthalmic equipment), medical system ,healthcare related product, broadcasting equipment

(Millions of yen truncated to the nearest million)

the Second quarter ended June 30, (From January 1 to June 30)	Business Solutions	IT Solutions	Consumer Imaging	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales:								
Unaffiliated customers	162,184	48,744	75,838	7,449	111	294,328	-	294,328
Intersegment	-	14,222	-	-	-	14,222	(14,222)	-
Total	162,184	62,966	75,838	7,449	111	308,551	(14,222)	294,328
Operating income	1,120	(1,554)	1,623	(14)	56	1,230	-	1,230