

Summary Report of Consolidated Financial Results

for the fiscal year ended December 31, 2011

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, First Section
 Code number: 8060
 URL: <http://cweb.canon.jp/eng/ir>
 Representative director: Masami Kawasaki, President
 Contact: Yo Shibasaki, Director Senior Vice President
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Scheduled date of ordinary shareholders' meeting: March 28, 2012
 Scheduled date for commencement of dividend payment: March 29, 2012
 U.S. Accounting Standards Applied: No

1. Consolidated business results for the year ended December 31, 2011 (From January 1, 2011 to December 31, 2011)

(1) Consolidated Results of Operations (Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31-Dec-11	632,418	△ 6.2	8,441	9.1	10,668	12.5	6,763	81.6
31-Dec-10	674,159	△ 1.8	7,735	22.8	9,480	15.3	3,724	-

[Note] Comprehensive Income: Year ended December 31, 2011 : 6,732 (77.2%) / Year ended December 31, 2010 : 3,799 (-%)

Year ended	Net income per share	Diluted net income per share	Net income to stock holders' equity ratio	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
31-Dec-11	49.30	-	2.7	2.4	1.3
31-Dec-10	26.70	-	1.5	2.1	1.1

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
Year ended December 31, 2011	447,765	251,307	56.0	1,827.25
Year ended December 31, 2010	448,592	246,846	55.0	1,798.16

[Reference] Shareholders' equity: Year ended December 31, 2011 : 250,670 / Year ended December 31, 2010 : 246,679

(3) Cash Flows

(Amounts less than one million yen are truncated)

Year ended	Net cash provided by operating activities	Net cash provided by investing activities	Net cash provided by financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended December 31, 2011	8,715	(12,107)	(3,811)	102,372
Year ended December 31, 2010	35,186	(13,011)	(8,171)	109,575

2. Dividends

Dividend per share	Dividend per share							
	First quarter -end	Second quarter -end	Third quarter -end	Year-end	Annual	Total dividends (annual)	Payout ratio	Ratio of dividends to net assets
	Yen	Yen	Yen	Yen	Yen	Yen	%	%
Year ended December 31, 2010	-	10.00	-	10.00	20.00	2,787	74.9	1.1
Year ended December 31, 2011	-	10.00	-	10.00	20.00	2,743	40.6	1.1
Year ending December 31, 2012 (forecast)	-	10.00	-	10.00	20.00		39.2	

3. Consolidated financial forecast for the fiscal year ending December 31, 2012

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen	
Six months ending June 30, 2012	-	-	-	-	-	-	-	-	-	
Full year	717,000	13.4	12,000	42.2	13,100	22.8	7,000	3.5	51.03	

[Note] Consolidated financial forecast of the Interim 2012 is not be disclosed

4.Others

(1) Changes in significant subsidiaries during the period : None

*This refers to changes in specified subsidiaries resulting in change of scope of consolidation.

(2) Changes in accounting principles, procedures and presentation methods, etc. related to the preparation of consolidated financial statements :

(i) Changes in accounting policies with revision of accounting standards : Yes

(ii) Changes in accounting policies other than (i) : None

(3) Number of shares issued (common stock)

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

As of December 31, 2011 : 151,079,972

As of December 31, 2010 : 151,079,972

(ii) Number of treasury stock at the end of the period :

As of December 31, 2011 : 13,895,071

As of December 31, 2010 : 13,895,647

(iii) Average number of shares during the period

Year ended December 31, 2011 : 137,184,507

Year ended December 31, 2010 : 139,504,341

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2011 (From January 1, 2011 to December 31, 2011)

(1) Non-Consolidated Results of Operations

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Year ended	Net sales		Operating income		Ordinary income		Net income	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
31-Dec-11	510,905	Δ 9.4	8,655	12.3	11,431	10.8	4,691	Δ 19.5
31-Dec-10	563,714	Δ 3.3	7,706	11.6	10,320	Δ 2.6	5,828	-

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
31-Dec-11	34.20	-
31-Dec-10	41.78	-

(2) Non-Consolidated Financial Position

(Amounts less than one million yen are truncated)

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
Year ended December 31, 2011	440,151	249,642	56.7	1,819.75
Year ended December 31, 2010	457,894	247,691	54.1	1,805.54

[Reference] Shareholders' equity: Year ended December 31, 2011 : 249,642 / Year ended December 31, 2010 : 247,691

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

(Amounts less than one million yen are truncated)

	As of December 31, 2010	As of December 31, 2011
Assets		
Current assets		
Cash and deposits	15,975	19,303
Notes and accounts receivable-trade	118,886	123,027
Short-term investment securities	94,599	83,219
Merchandise and finished goods	19,005	24,701
Work in process	1,115	438
Raw materials and supplies	410	1,193
Deferred tax assets	4,930	4,410
Short-term loans receivable	40,000	40,028
Other	7,278	5,770
Allowance for doubtful accounts	(509)	(215)
Total current assets	<u>301,693</u>	<u>301,878</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	38,738	40,233
Machinery, equipment and vehicles, net	1	11
Tools, furniture and fixtures, net	3,395	3,831
Rental assets, net	7,073	6,963
Land	35,083	36,832
Lease assets, net	1,330	1,255
Construction in progress	504	2,799
Total property, plant and equipment	<u>86,127</u>	<u>91,928</u>
Intangible assets		
Goodwill	1,429	524
Software	21,857	19,257
Lease assets	55	253
Right of using facilities	288	317
Other	105	82
Total intangible assets	<u>23,736</u>	<u>20,435</u>
Investments and other assets		
Investment securities	4,133	4,084
Long-term loans receivable	15	30
Deferred tax assets	20,874	19,020
Guarantee deposits	8,624	7,857
Other	3,716	2,977
Allowance for doubtful accounts	(329)	(446)
Total investments and other assets	<u>37,035</u>	<u>33,523</u>
Total noncurrent assets	<u>146,899</u>	<u>145,886</u>
Total assets	<u>448,592</u>	<u>447,765</u>

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2010	As of December 31, 2011
Liabilities		
Current liabilities		
Notes and accounts payable-trade	102,849	100,046
Short-term loans payable	-	1,616
Current portion of bonds	-	1,115
Lease obligations	431	604
Accrued expenses	24,389	21,469
Income taxes payable	5,055	1,685
Accrued consumption taxes	2,607	2,208
Provision for bonuses	2,888	3,365
Provision for directors' bonuses	55	37
Provision for product warranties	803	726
Provision for loss on order received	526	255
Other	17,641	17,958
Total current liabilities	<u>157,247</u>	<u>151,090</u>
Noncurrent liabilities		
Bonds payable	-	60
Long-term loans payable	-	564
Lease obligations	1,069	1,152
Deferred tax liabilities	2,021	639
Deferred tax liabilities for land revaluation	-	31
Provision for retirement benefits	36,506	37,259
Provision for directors' retirement benefits	801	906
Accrued long service rewards for employees	915	918
Other	3,184	3,835
Total noncurrent liabilities	<u>44,498</u>	<u>45,367</u>
Total liabilities	<u>201,745</u>	<u>196,457</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	112,914	116,933
Treasury stock	(22,191)	(22,189)
Total shareholders' equity	<u>246,845</u>	<u>250,866</u>
Valuation and translation adjustments		
Valuation difference on available- for-sale securities	(47)	(61)
Foreign currency translation adjustments	(118)	(133)
Total valuation and translation adjustments	<u>(165)</u>	<u>(195)</u>
Minority interests	166	636
Total net assets	<u>246,846</u>	<u>251,307</u>
Total liabilities and net assets	<u>448,592</u>	<u>447,765</u>

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2010 (from January 1, 2010 to December 31, 2010)	FY2011 (from January 1, 2011 to December 31, 2011)
Net sales	674,159	632,418
Cost of sales	446,615	409,526
Gross profit	227,543	222,892
Selling, general and administrative expenses	219,807	214,450
Operating income	7,735	8,441
Non-operating income		
Interest income	396	332
Dividends income	69	88
Insurance income	597	622
Gain on bad debts recovered	-	475
Other	1,072	1,204
Total non-operating income	2,135	2,722
Non-operating expenses		
Interest expenses	35	89
Other	355	406
Total non-operating expenses	391	495
Ordinary income	9,480	10,668
Extraordinary income		
Gain on sales of noncurrent assets	4	1
Gain on negative goodwill	-	4,491
Gain on sales of investment securities	211	11
Gain on transfer of business	400	-
Other	-	1
Total extraordinary income	615	4,507
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	455	425
Impairment loss	493	484
Loss on disaster	-	991
Loss on adjustment for changes of accounting standard for asset retirement obligation	-	1,173
Office transfer expenses	-	503
Loss on valuation of investment securities	45	285
Loss on cancellation of lease contracts	206	35
Loss on valuation of golf club membership	32	13
Expenses related to changing in business name	12	-
Other	266	291
Total extraordinary losses	1,512	4,203
Income before income taxes and minority interests	8,584	10,972
Income taxes-current	5,096	3,234
Income taxes-deferred	(325)	970
Total income taxes	4,770	4,204
Income before minority interests	-	6,767
Minority interests in income	89	3
Net income	3,724	6,763

Consolidated Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	FY2010 (from January 1, 2010 to December 31, 2010)	FY2011 (from January 1, 2011 to December 31, 2011)
Income before minority interests	-	6,767
Other comprehensive income		
Valuation difference on available-for-sale-securities	-	(17)
Deferred gains or losses on hedges	-	(0)
Foreign currency translation adjustment	-	(17)
Total other comprehensive income	-	(34)
Comprehensive income	-	6,732
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	-	6,734
Comprehensive income attributable to minority interests	-	(1)

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2010 (from January 1, 2010 to December 31, 2010)	FY2011 (from January 1, 2011 to December 31, 2011)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,584	10,972
Depreciation and amortization	13,739	15,331
Impairment loss	493	484
Amortization of goodwill	904	905
Gain on negative goodwill	-	(4,491)
Increase (decrease) in allowance for doubtful accounts	(221)	(335)
Increase (decrease) in provision for retirement benefits	(326)	(651)
Increase (decrease) in provision for directors' retirement benefits	(43)	(63)
Interest and dividends income	(466)	(420)
Interest expenses	35	89
Loss (gain) on sales and retirement of property, plant and equipment	308	293
Loss on disaster	-	991
Loss (gain) on transfer of business	(400)	-
Loss (gain) on sales of investment securities	(211)	181
Decrease (increase) in notes and accounts receivable-trade	6,901	4,983
Decrease (increase) in inventories	3,926	(2,164)
Increase (decrease) in notes and accounts payable-trade	(3,593)	(9,781)
Other, net	2,639	(1,356)
Subtotal	32,269	14,967
Interest and dividends income received	477	429
Interest expenses paid	(35)	(89)
Income taxes (paid) refund	2,474	(6,592)
Net cash provided by (used in) operating activities	35,186	8,715
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	386	1,000
Purchase of property, plant and equipment	(11,488)	(11,976)
Proceeds from sales of property, plant and equipment	645	1,600
Purchase of intangible assets	(5,237)	(3,625)
Purchase of investment securities	(231)	(19)
Proceeds from sales of investment securities	519	317
Purchase of investments in subsidiaries resulting in change in scope of consolidation	-	(417)
Decrease (increase) in short-term loans receivable	(0)	13
Decrease (increase) in time deposits	-	1,000
Proceeds from transfer of business	1,776	-
Other, net	617	0
Net cash provided by (used in) investing activities	(13,011)	(12,107)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	(350)
Repayments of finance lease obligations	(313)	(603)
Purchase of treasury stock	(5,002)	(1)
Cash dividends paid	(2,791)	(2,745)
Cash dividends paid to minority shareholders	(64)	(64)
Other, net	1	(46)
Net cash provided by (used in) financing activities	(8,171)	(3,811)
Effect of exchange rate change on cash and cash equivalents	(3)	0
Net increase (decrease) in cash and cash equivalents	13,999	(7,202)
Cash and cash equivalents at beginning of period	95,575	109,575
Cash and cash equivalents at end of period	109,575	102,372

Consolidated Segment Information

FY2011 (from January 1, 2011 to December 31, 2011)

Major companies and organizations in each segment

Segment	Major companies / organizations
Business Solutions	Canon Marketing Japan Inc. Business Solutions Company Canon System & Support Inc. Showa Information Systems Co., Ltd. Océ-Japan Corporation Canon Print Square Inc.
IT Solutions	Canon Marketing Japan Inc. IT Product Promotion Headquarters Canon MJ IT Group Holdings Inc. 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

Major products in each segment

Segment	Major 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
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

Information on net sales and income (loss) by reported segment.

(Amounts less than one million yen are truncated)

	Business Solutions	IT Solutions	Consumer Imaging	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales								
Sales - outside customers	325,136	97,941	179,503	29,610	226	632,418	-	632,418
Sales - intersegment	-	26,530	-	-	-	26,530	(26,530)	-
Total	325,136	124,472	179,503	29,610	226	658,949	(26,530)	632,418
Operating income (loss)	3,488	(3,072)	8,387	(245)	(116)	8,441	-	8,441
Assets	147,928	55,294	62,556	23,544	12,299	301,623	146,141	447,765
Other								
Depreciation	9,842	2,626	2,104	574	183	15,331	-	15,331
Amortization of goodwill	7	898	-	-	-	905	-	905
Increase in Property, plant and equipment and Intangible assets	6,766	5,258	1,584	471	2,103	16,184	-	16,184