

Canon Marketing Japan Inc.

First Quarter 2012 Results

April 24, 2012

Yo Shibasaki

Director

Senior Vice President

Canon

Canon Marketing Japan Inc.

1-1. Summary of Results (January 1 ~ March 31)

billions of yen

Three months	1Q 2011	1Q 2012	Changes	
			%	
Net Sales	151.5	167.6	+16.0	+11%
	(34.1%)	(34.9%)	(+0.8%)	
Gross Profit	51.7	58.5	+6.8	+13%
	(0.8%)	(2.1%)	(+1.3%)	
Operating Income	1.2	3.5	+2.3	+189%
	(0.9%)	(2.2%)	(+1.3%)	
Ordinary Income	1.4	3.7	+2.3	+169%
	(-0.4%)	(1.2%)	(+1.5%)	
Net Income	-0.6	2.0	+2.5	-%

1-2. Consolidated Statements of Income

(January 1 ~ March 31)

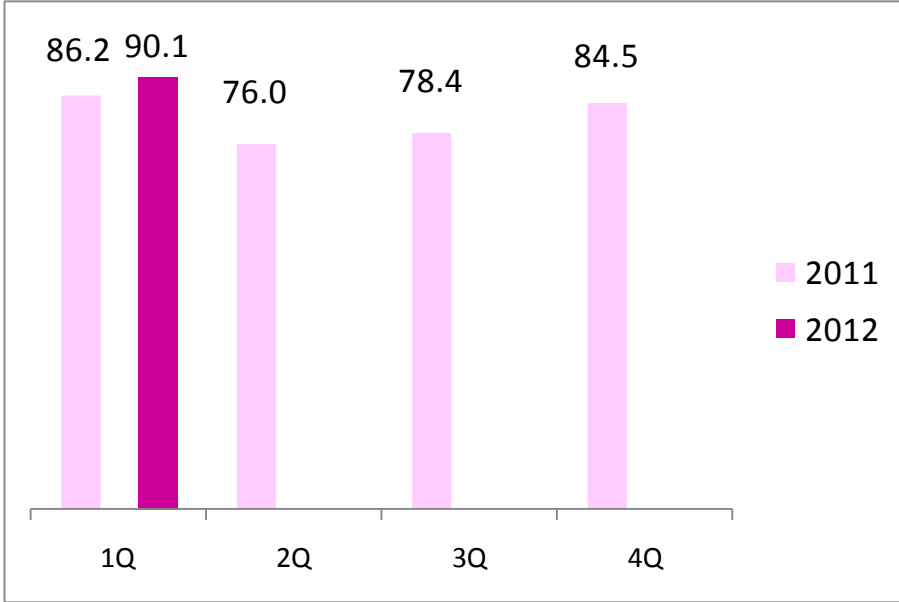
Three months	1Q 2011		1Q 2012		billions of yen Changes	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
	Business Solutions	86.2	2.3	90.1	3.8	+4.0
IT Solutions	31.5	-0.8	34.3	0.4	+2.8	+1.2
Consumer imaging	38.1	-0.3	39.3	-1.0	+1.1	-0.7
Industrial equipment	3.0	-0	10.7	0.3	+7.7	+0.3
Other	-7.3	0	-6.9	0	+0.4	+0
Total	151.5	1.2	167.6	3.5	+16.0	+2.3

As a result of the change in reportable segments, the "Commercial Imaging Equipment", which was previously included in "Industrial Equipment" segment, is included in "Consumer Imaging" segment starting from the current fiscal year.

The segment information for the previous fiscal year is disclosed after reclassifying the figures in accordance with the new reportable segments mentioned above.

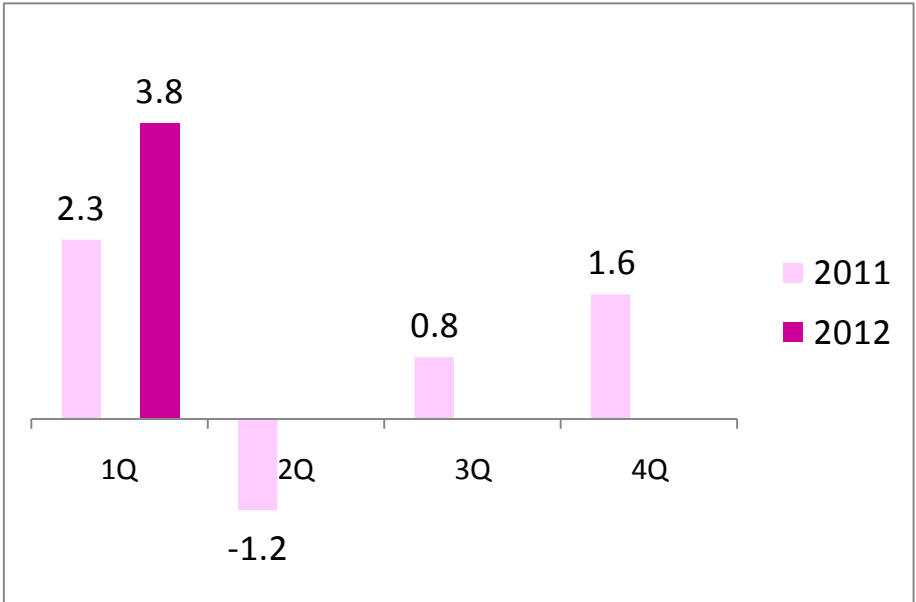
2-1. Segment Information : Business Solutions

Sales



Op. Income

billions of yen



Net Sales	1Q 2011	1Q 2012	Change
Total	86.2	90.1	+ 4.0

Operating Income	1Q 2011	1Q 2012	Change
Total	2.3	3.8	+1.5

2-2. Segment Information : *IT Solutions*

We have modified the business management segment of ITS from this 1Q as follows.

Previous

System Integration Business

Scratch Development

Embedded System

Solution Business

System Integration Solutions

Packaged Software Solutions

Mobile Solutions

Document Solutions

Infrastructure & Outsourcing Business

IT Infrastructure Service

Outsourcing Service

Hardware Products Business

Modified

System Integration Business

Scratch Development

SI Solutions

Document Solutions

IT Infrastructure & Service Business

IT Infrastructure Solutions

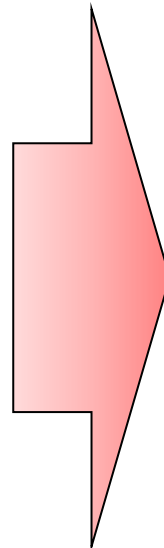
Outsourcing Service
*Including Cloud and Data Center Service

Embedded System Business

Products Business

Product Solutions

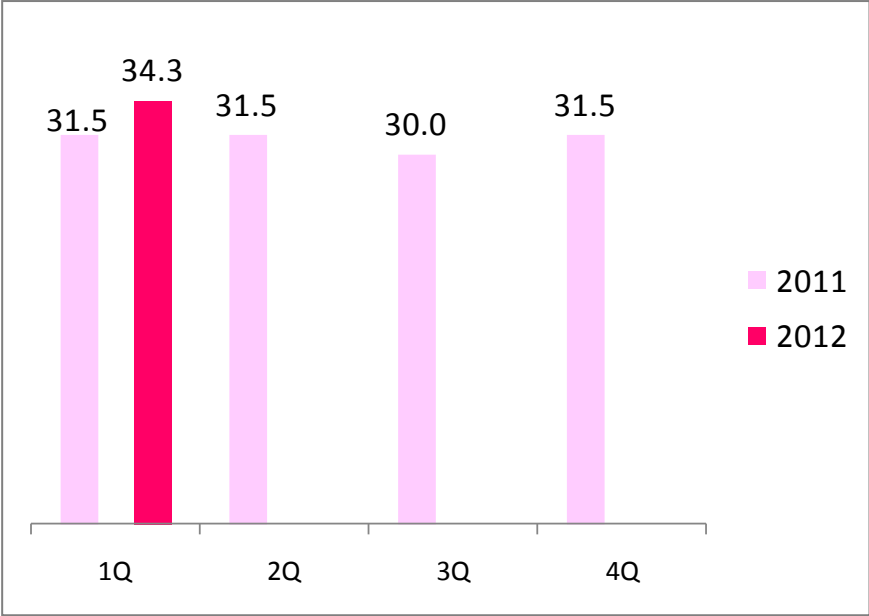
IT Products



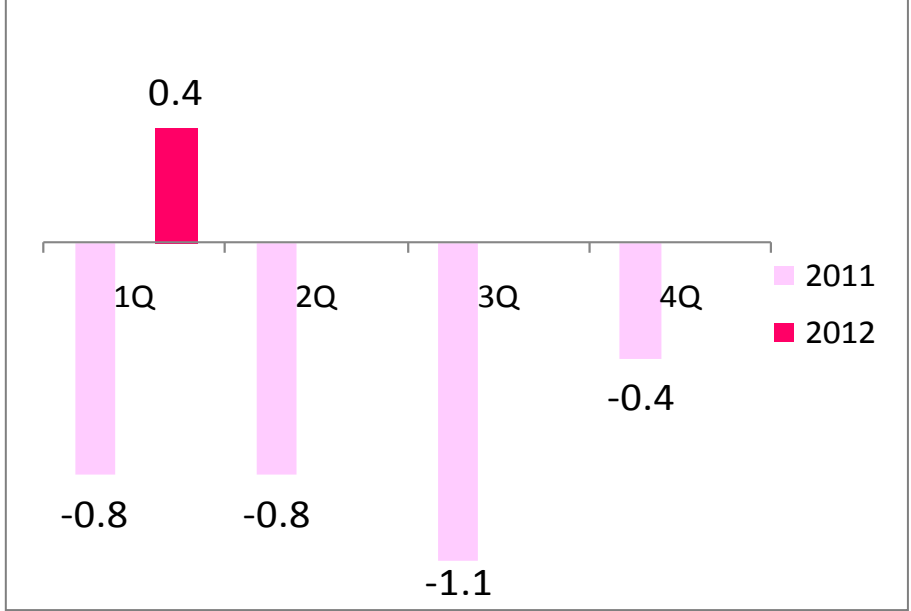
2-2. Segment Information : IT Solutions

billions of yen

Sales



Op. Income

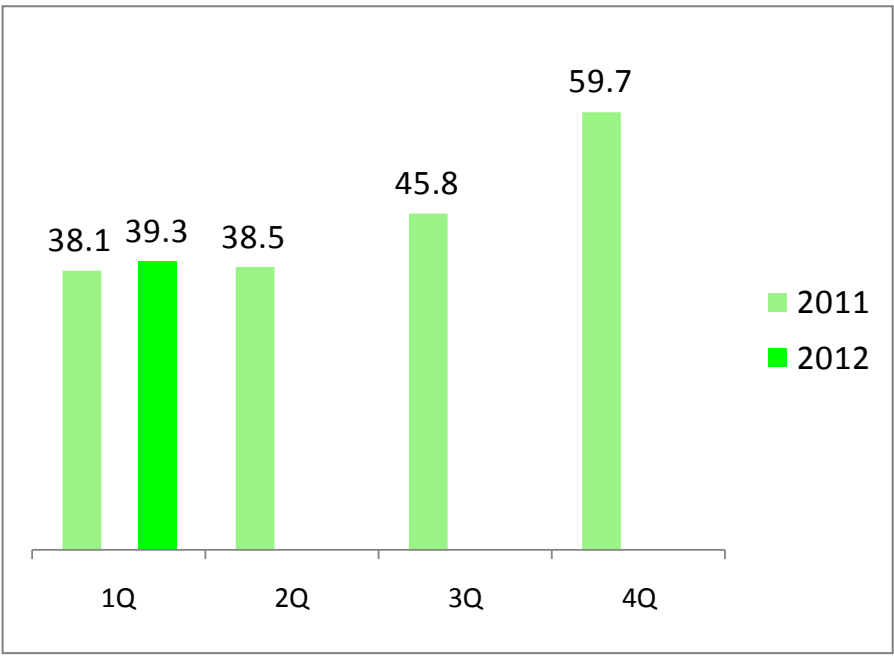


Net Sales	1Q 2011	1Q 2012	Change
Total	31.5	34.3	+2.8

Operating Income	1Q 2011	1Q 2012	Change
Total	-0.8	0.4	+1.2

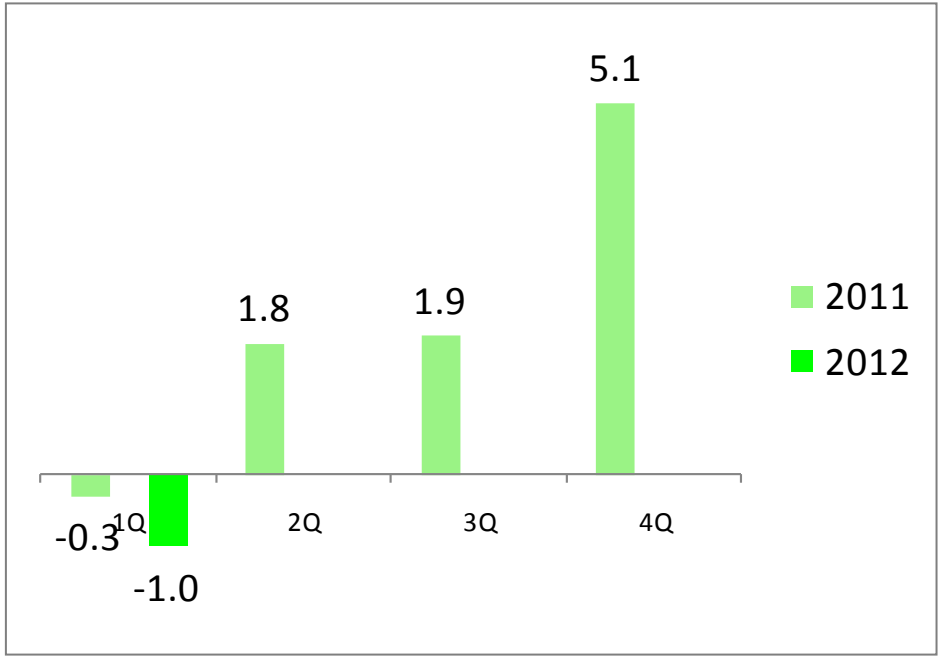
2-3. Segment Information: Consumer Imaging

Sales



Op. Income

billions of yen

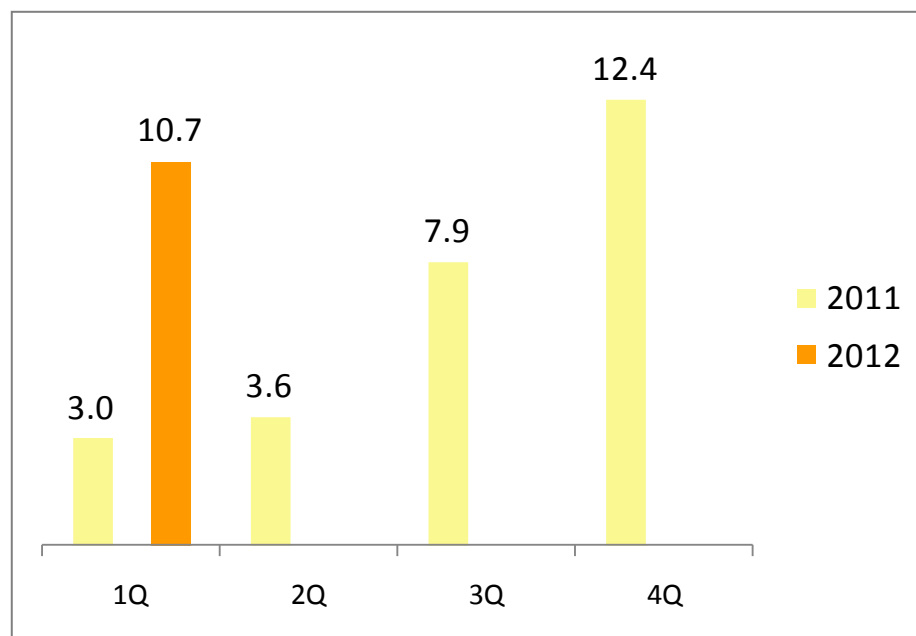


Net Sales	1Q 2011	1Q 2012	Change
Total	38.1	39.3	+1.1

Operating Income	1Q 2011	1Q 2012	Change
Total	-0.3	-1.0	-0.7

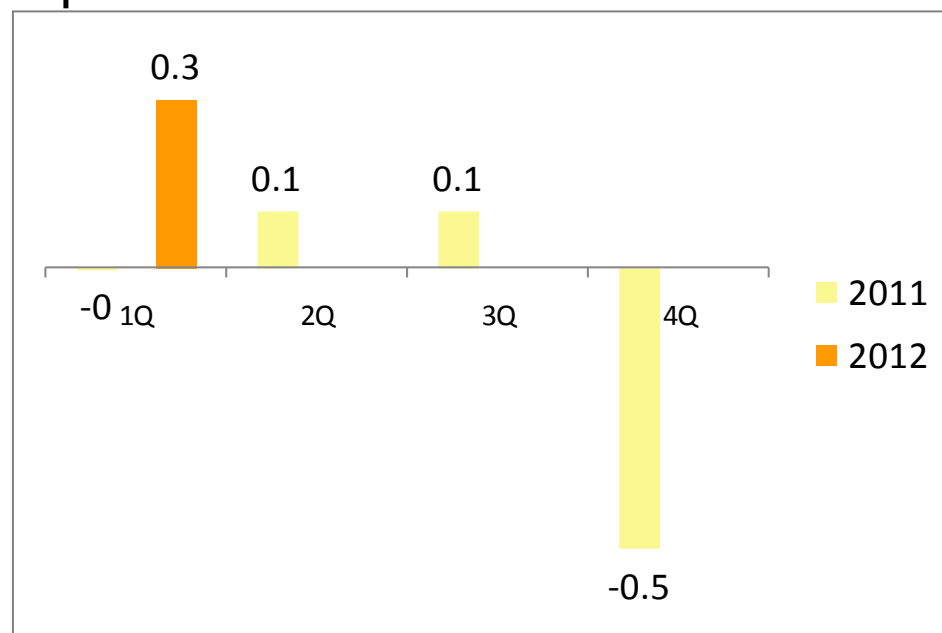
2-4. Segment Information : *Industrial equipment*

Sales



Op. Income

billions of yen



Net Sales	1Q 2011	1Q 2012	Change
Total	3.0	10.7	+7.7

Operating Income	1Q 2011	1Q 2012	Change
Total	-0	0.3	+0.3

FY 2012 Projections

Canon

Canon Marketing Japan Inc.

1. FY2012 Current Projection

We chose not to revise the forecasts for FY2012 results from the last announcement because it is difficult only after the first quarter to predict the full year results accurately.

The progress status varies with each segment at this point. We plan to examine in detail and announce the latest segment information after the results for the second quarter are finalized.

billions of yen

	FY2011 Result	FY 2012 Projection	Changes
Net Sales	632.4	717.0	+84.6
	(1.3%)	(1.7%)	(+0.3%)
Operating Income	8.4	12.0	+3.6
	(1.7%)	(1.8%)	(+0.1%)
Ordinary Income	10.7	13.1	+2.4
	(1.1%)	(1.0%)	(-0.1%)
Net Income	6.8	7.0	+0.2

2. FY2012 Current Projection by segment

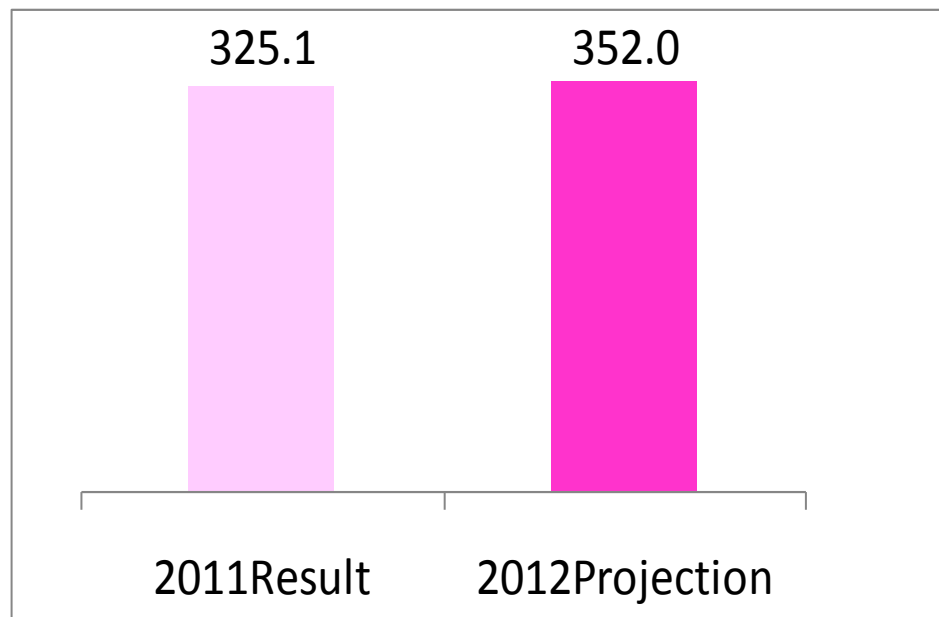
We chose not to revise the forecasts for FY2012 results from the last announcement because it is difficult only after the first quarter to predict the full year results accurately.

The progress status varies with each segment at this point. We plan to examine in detail and announce the latest segment information after the results for the second quarter are finalized.

	FY2011 Result		FY 2012 Projection		Changes ^{billions of yen}	
	Net Sales	Operating Income	Net Sales	Operating Income	Net Sales	Operating Income
Business Solutions	325.1	3.5	352.0	3.5	+8%	+0
IT Solutions	124.5	-3.1	134.9	-1.3	+8%	+1.8
Consumer imaging	182.1	8.5	212.5	9.3	+17%	+0.8
Industrial equipment	27.0	-0.3	39.1	0.1	+45%	+0.4
Other	-26.3	-0.1	-21.5	0.4	-18%	+0.5
Total	632.4	8.4	717.0	12.0	+13%	+3.6

3-1. Segment Information : *Business Solutions*

Sales



Op. Income

billions of yen



Net Sales	FY 2011	FY 2012	Change
Total	325.1	352.0	+26.9

Operating Income	FY 2011	FY 2012	Change
Total	3.5	3.5	+0

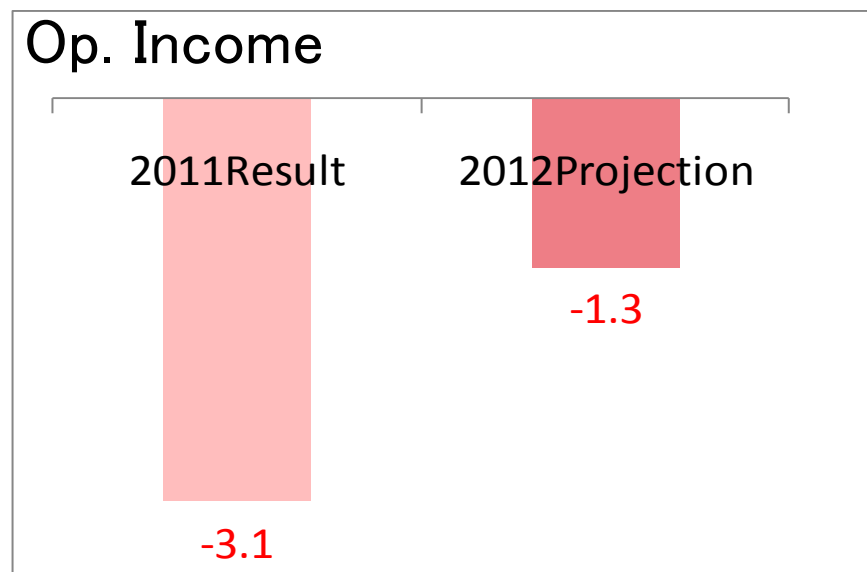
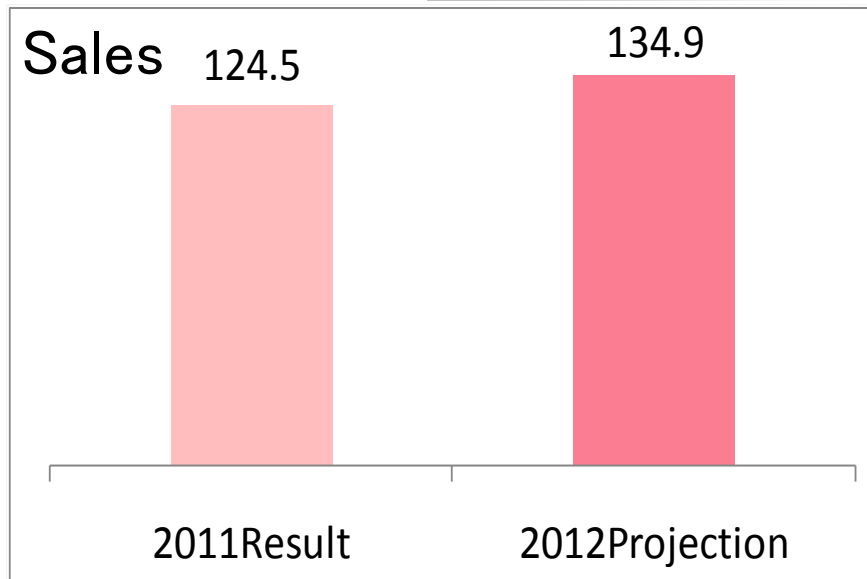
3-2. Segment Information : *IT Solutions*

billions of yen

Net Sales	FY 2011	FY 2012	Change
Total	124.5	134.9	+ 10.4

Operating Income	FY 2011	FY 2012	Change
Total	-3.1	-1.3	+1.8

Growth rate YoY		FY
System Integration Business	2011	-9%
	2012	+8%
IT Infrastructure & Service Business	2011	+4%
	2012	+6%
Embedded System Business	2011	-14%
	2012	+5%
Products Business	2011	-8%
	2012	+11%

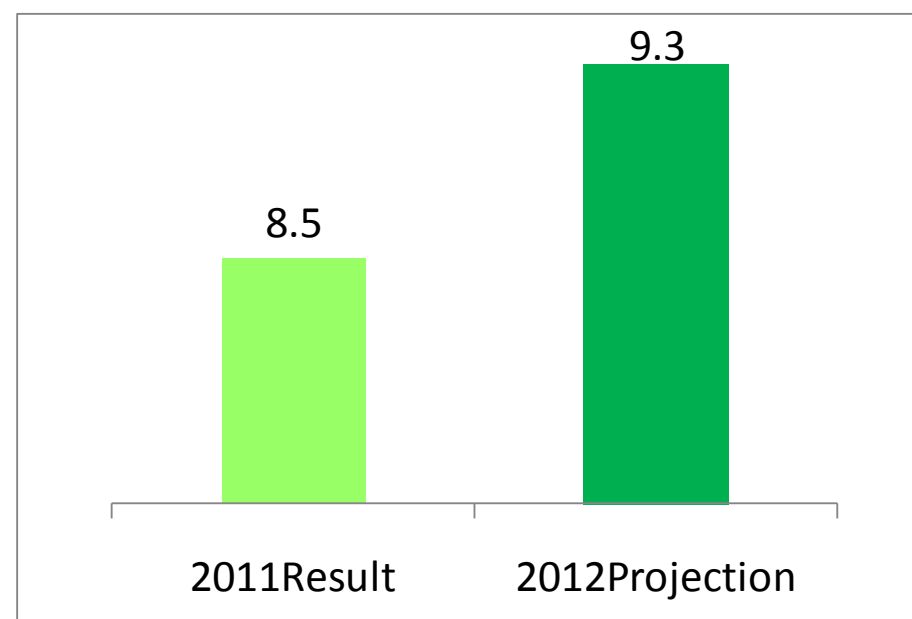
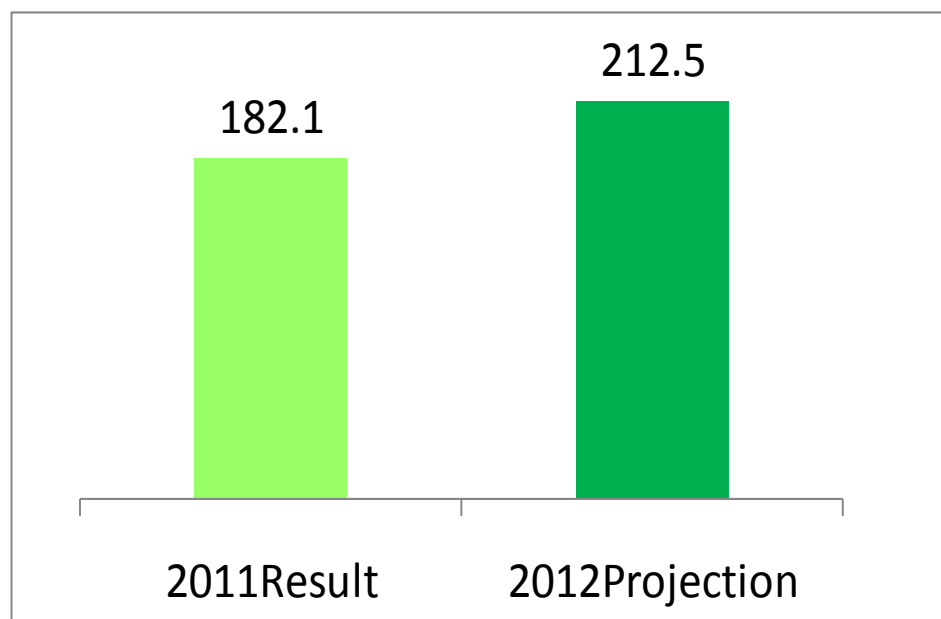


3-3. Segment Information: *Consumer Imaging*

Sales

Op. Income

billions of yen

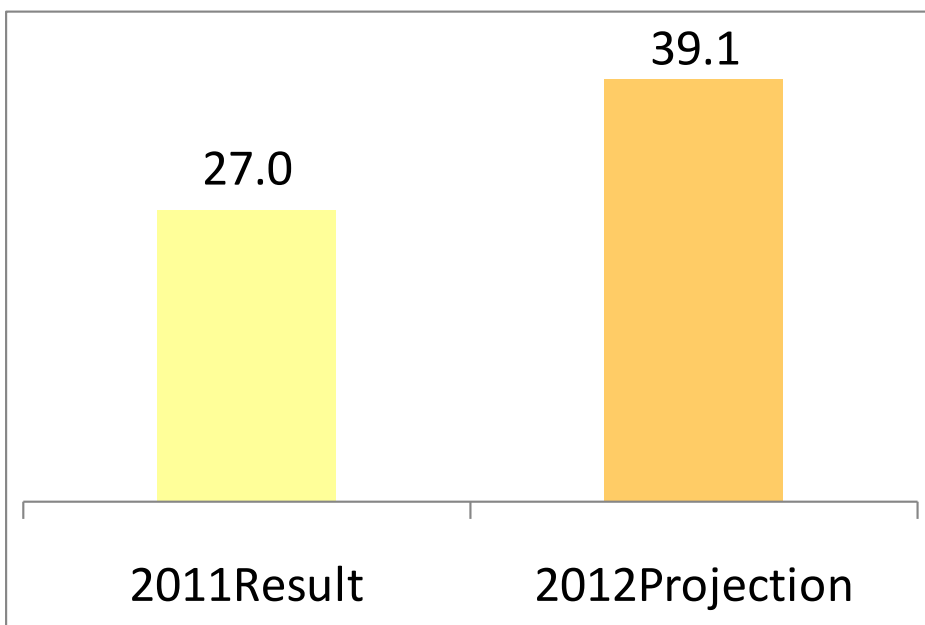


Net Sales	FY 2011	FY 2012	Change
Total	182.1	212.5	+30.4

Operating Income	FY 2011	FY 2012	Change
Total	8.5	9.3	+0.8

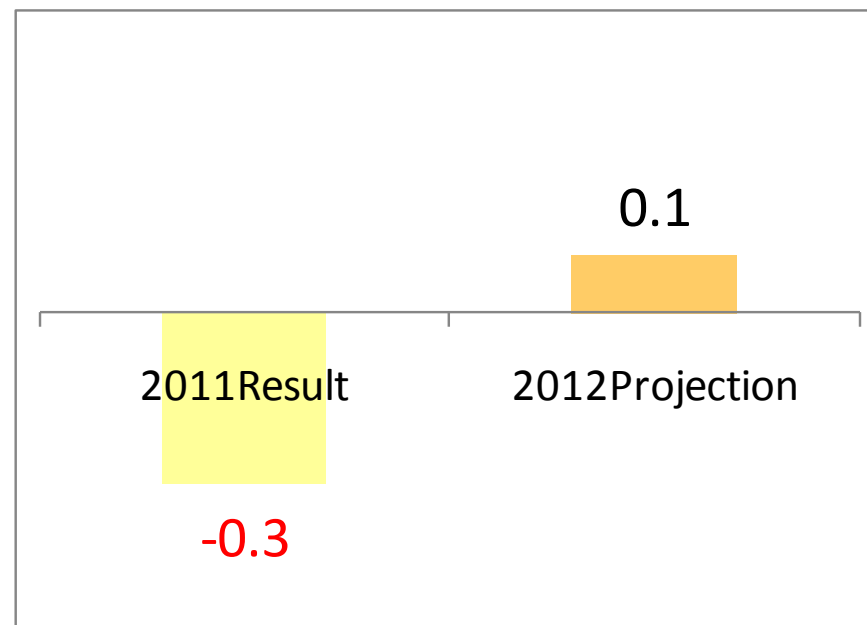
3-4. Segment Information : *Industrial equipment*

Sales



Op. Income

billions of yen



Net Sales	FY 2011	FY 2012	Change
Total	27.0	39.1	+12.1

Operating Income	FY 2011	FY 2012	Change
Total	-0.3	0.1	+0.4

Supplementary information

Canon

Canon Marketing Japan Inc.

1. The main consolidated company results

	billions of yen					
	1Q 2011		1Q 2012		Changes	
	Net Sales	O.P	Net Sales	O.P	Net Sales	O.P
Business Solutions						
Canon System & Support	26.0	(-) -0.0	27.5	(2.9%) 0.8	+6% +1.5	(-) +0.8
SHOWA INFORMATION SYSTEMS	2.4	(-) -0.2	2.3	(-) -0.2	-3% -0.1	(-) +0.0
IT Solutions						
Canon IT Solutions (Consolidated)	19.0	(-) -0.1	21.5	(3.2%) 0.7	+13% +2.4	(-) +0.8
Canon Software (Consolidated)	5.5	(1.8%) 0.1	5.5	(11.5%) 0.6	+1% +0.0	(+9.6%) +0.5
IT Solutions TOTAL	24.5	(-) -0.0	27.0	(4.9%) 1.3	+10% +2.5	(-) +1.3
Industrial equipment						
ELK CORPORATION (Consolidated)	6.9	(5.5%) 0.4	7.1	(1.7%) 0.1	+3% +0.2	(-3.8%) -0.3

2. Selling, general and administrative expenses

billions of yen

	1Q 2011	1Q 2012	Changes
Advertising expenses	2.5	2.9	+0.4
Promotion expenses	4.0	5.3	+1.3
Warranty expenses	2.4	2.2	-0.2
Other direct expenses	3.6	3.3	-0.3
Personal expenses	29.2	31.5	+2.3
Depreciation and amortization	0.7	0.6	-0.0
Rent expenses	1.8	2.0	+0.2
IT expenses	1.9	2.2	+0.3
Other selling expenses	4.4	4.9	+0.6
TOTAL	50.5	54.9	+4.5

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

Billions of yen

	1Q 2011	1Q 2012	Changes
Interest & Dividends income	0.1	0.1	-0.0
Other	0.2	0.2	+0.0
Total non-operating income	0.3	0.3	+0.0
Interest expenses	0.0	0.0	+0.0
Other	0.1	0.1	+0.0
Total non-operating expenses	0.1	0.1	+0.0
Gain on sales of noncurrent assets	0.0	0.0	+0.0
Other	-	0.0	+0.0
Total extraordinary income	0.0	0.0	+0.0
Loss on adjustment for changes of accounting standard for asset retirement obligations	1.1	-	-1.1
Loss on disaster	0.9	-	-0.9
Loss on valuation of investment securities	0.3	-	-0.3
Loss on sales and retirement of noncurrent assets	0.1	0.1	+0.0
Office transfer expenses	0.0	0.1	+0.1
Other	0.2	0.0	-0.2
Total extraordinary losses	2.6	0.3	-2.4

4. Balance sheets & Turnover Date

billions of yen

	Dec. 31, 2011	March. 31, 2012	changes
Assets			
Current assets	301.9	305.7	+3.8
Cash and deposits	102.5	102.3	-0.2
Notes and accounts receivable trade	123.0	121.7	-1.4
Inventories	26.3	30.9	+4.5
Other	50.0	50.8	+0.8
Noncurrent assets	145.9	146.6	+0.7
Property, plant and equipment	91.9	94.9	+3.0
Intangible assets	20.4	19.2	-1.2
Investments and other assets	33.5	32.5	-1.1
Total assets	447.8	452.3	+4.5
Liabilities			
Current liabilities	151.1	154.8	+3.7
Notes and accounts payable-trade	100.0	99.2	-0.8
Other	51.0	55.6	+4.5
Noncurrent liabilities	45.4	45.3	-0.1
Net Assets			
Shareholders' equity	250.9	251.5	+0.6
Treasury stock	-22.2	-22.2	+0.0
Accumulated other comprehensive income	-0.2	0.1	+0.3
Minority interests	0.6	0.6	-0.0
Total net assets	251.3	252.2	+0.8
Total liabilities and net assets	447.8	452.3	+4.5
Equity ratio	56%	56%	-0%

<i>Turnover Date</i>	Inventories	Notes and accounts receivable
FY2008	15	67
FY2009	13	65
FY2010	11	64
FY2011	14	66
1Q 2012	16	64

5. Cash flows & Capital Investment

Capital Investment and Depreciation and amortization

billions of yen

■ Investment

	1Q Result	FY (Projection)
2011	2.6	16.2
2012	6.2	18.3

■ Depreciation and amortization

	1Q Result	FY (Projection)
2011	3.7	15.3
2012	3.8	15.1

Cash flow

billions of yen

	1Q 2011	1Q 2012
Net cash provided by (used in) operating activities	-1.7	6.3
Net cash provided by (used in) investing activities	-0.4	-4.5

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.