

Summary Report of Consolidated Financial Results

for the second quarter ended June 30, 2012

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
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 Scheduled date for commencement of dividend payment: August 27, 2012
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the six months ended June 30, 2012 (From January 1, 2012 to June 30, 2012)

(1) Consolidated Results of Operations (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	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
June 30, 2012	332,844	13.1	7,815	535.1	8,695	197.7	4,688	146.0
June 30, 2011	294,328	(11.9)	1,230	(57.2)	2,920	(28.7)	1,905	42.8

[Note] Comprehensive Income: Six months ended June 30, 2012 : 4,747 [129.7%] / Six months ended June 30, 2011 : 2,066 [-%]

	Net income per share	Diluted net income per share
Six months ended	Yen	Yen
June 30, 2012	34.16	-
June 30, 2011	13.89	-

(2) Consolidated Financial Position

(Amounts less than one million yen are truncated)

	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
Second quarter ended June 30, 2012	447,154	254,389	56.8	1,850.86
Year ended December 31, 2011	447,765	251,307	56.0	1,827.25

[Reference] Shareholders' equity: Second quarter ended June 30,2012 : 254,190 / Year ended December 31, 2011 : 250,670

2.Dividends

Dividend per share	Dividend per share				
	First quarter-end	Second quarter-end	Third quarter-end	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
Year ended December 31, 2011	-	10.00	-	10.00	20.00
Year ending December 31, 2012	-	10.00	-	-	-
Year ending December 31, 2012 (forecast)	-	-	-	10.00	20.00

[Note] Revision of cash dividend forecast for this period : None

3.Consolidated financial forecast for the fiscal year ending December31, 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
Full year	701,000	10.8	17,000	101.4	18,000	68.7	10,000	47.8	72.84

[Note] Revision of forecast for this period : Yes

* 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) Application of a specified accounting procedure : Yes

(3) Changes in accounting policies, accounting estimates and retrospective restatement

(i) Changes in accounting policies with revision of accounting standards : None

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

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(4) Number of shares issued (common stock)

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

As of June 30, 2012 : 151,079,972

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

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

As of June 30, 2012 : 13,743,835

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

(iii) Average number of shares during the period

Six months ended June 30, 2012 : 137,251,879

Six months ended June 30, 2011 : 137,184,290

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 Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2011	As of June 30, 2012
Assets		
Current assets		
Cash and deposits	19,303	25,213
Notes and accounts receivable-trade	123,027	110,187
Short-term investment securities	83,219	85,729
Merchandise and finished goods	24,701	27,662
Work in process	438	506
Raw materials and supplies	1,193	1,295
Deferred tax assets	4,410	4,481
Short-term loans receivable	40,028	40,011
Other	5,770	6,476
Allowance for doubtful accounts	(215)	(231)
Total current assets	<u>301,878</u>	<u>301,334</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	40,233	39,828
Machinery, equipment and vehicles, net	11	12
Tools, furniture and fixtures, net	3,831	4,199
Rental assets, net	6,963	8,507
Land	36,832	36,831
Lease assets, net	1,255	1,054
Construction in progress	2,799	5,363
Total property, plant and equipment	<u>91,928</u>	<u>95,796</u>
Intangible assets		
Goodwill	524	85
Software	19,257	17,455
Lease assets	253	205
Right of using facilities	317	317
Other	82	68
Total intangible assets	<u>20,435</u>	<u>18,132</u>
Investments and other assets		
Investment securities	4,084	4,099
Long-term loans receivable	30	31
Deferred tax assets	19,020	18,928
Guarantee deposits	7,857	6,312
Other	2,977	3,015
Allowance for doubtful accounts	(446)	(497)
Total investments and other assets	<u>33,523</u>	<u>31,891</u>
Total noncurrent assets	<u>145,886</u>	<u>145,819</u>
Total assets	<u>447,765</u>	<u>447,154</u>

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2011	As of June 30, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	100,046	91,201
Short-term loans payable	1,616	1,180
Current portion of bonds	1,115	1,127
Lease obligations	604	579
Accrued expenses	21,469	21,052
Income taxes payable	1,685	4,577
Accrued consumption taxes	2,208	2,360
Provision for bonuses	3,365	3,489
Provision for directors' bonuses	37	23
Provision for product warranties	726	906
Provision for loss on order received	255	92
Other	17,958	21,002
Total current liabilities	<u>151,090</u>	<u>147,595</u>
Noncurrent liabilities		
Bonds payable	60	-
Long-term loans payable	564	250
Lease obligations	1,152	922
Deferred tax liabilities	639	605
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	37,259	37,567
Provision for directors' retirement benefits	906	936
Accrued long service rewards for employees	918	981
Other	3,835	3,872
Total noncurrent liabilities	<u>45,367</u>	<u>45,168</u>
Total liabilities	<u>196,457</u>	<u>192,764</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	116,933	120,107
Treasury stock	(22,189)	(21,890)
Total shareholders' equity	<u>250,866</u>	<u>254,340</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(61)	(23)
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustments	(133)	(127)
Total accumulated other comprehensive income	<u>(195)</u>	<u>(150)</u>
Minority interests	636	199
Total net assets	<u>251,307</u>	<u>254,389</u>
Total liabilities and net assets	<u>447,765</u>	<u>447,154</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Six months of FY2011 (from January 1, 2011 to June 30, 2011)	Six months of FY2012 (from January 1, 2012 to June 30, 2012)
Net sales	294,328	332,844
Cost of sales	191,013	214,378
Gross profit	103,315	118,466
Selling, general and administrative expenses	102,084	110,650
Operating income	1,230	7,815
Non-operating income		
Interest income	199	142
Dividends income	60	65
Insurance income	570	588
Gain on bad debts recovered	475	-
Other	637	336
Total non-operating income	1,943	1,132
Non-operating expenses		
Interest expenses	55	48
Other	197	204
Total non-operating expenses	253	252
Ordinary income	2,920	8,695
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on negative goodwill	2,393	179
Gain on sales of investment securities	0	61
Other	-	0
Total extraordinary income	2,393	242
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	165	230
Impairment loss	203	0
Loss on disaster	950	-
Office transfer expenses	12	127
Loss on adjustment for changes of accounting standard for asset retirement obligation	1,173	-
Loss on cancellation of lease contracts	34	-
Other	494	21
Total extraordinary losses	3,033	379
Income before income taxes and minority interests	2,280	8,558
Income taxes	365	3,860
Income before minority interests	1,915	4,698
Minority interests in income	10	9
Net income	1,905	4,688

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Six months of FY2011 (from January 1, 2011 to June 30, 2011)	Six months of FY2012 (from January 1, 2012 to June 30, 2012)
Income before minority interests	1,915	4,698
Other comprehensive income		
Valuation difference on available-for-sale-securities	153	41
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	(2)	7
Total other comprehensive income	151	49
Comprehensive income	2,066	4,747
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,057	4,733
Comprehensive income attributable to minority interests	9	13

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Six months of FY2011 (from January 1, 2011 to June 30, 2011)	Six months of FY2012 (from January 1, 2012 to June 30, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,280	8,558
Depreciation and amortization	7,236	7,747
Impairment loss	203	0
Amortization of goodwill	456	438
Gain on negative goodwill	(2,393)	(179)
Increase (decrease) in allowance for doubtful accounts	(170)	67
Increase (decrease) in provision for retirement benefits	(333)	353
Increase (decrease) in provision for directors' retirement benefits	(126)	30
Interest and dividends income	(260)	(207)
Interest expenses	55	48
Loss (gain) on sales and retirement of property, plant and equipment	126	218
Loss on disaster	950	-
Decrease (increase) in notes and accounts receivable-trade	26,737	12,562
Decrease (increase) in inventories	(574)	(2,825)
Increase (decrease) in notes and accounts payable-trade	(31,831)	(8,845)
Other, net	(3,243)	2,495
Subtotal	(887)	20,462
Interest and dividends income received	268	208
Interest expenses paid	(55)	(48)
Income taxes paid	(4,451)	(1,032)
Net cash provided by (used in) operating activities	(5,125)	19,589
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	1,000	19
Purchase of property, plant and equipment	(4,282)	(8,962)
Proceeds from sales of property, plant and equipment	1	32
Purchase of intangible assets	(1,745)	(1,499)
Purchase of investment securities	(5)	(6)
Proceeds from sales of investment securities	164	98
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(290)	-
Decrease (increase) in time deposits	1,000	(34)
Other, net	210	1,755
Net cash provided by (used in) investing activities	(3,946)	(8,596)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	-	(749)
Repayments of finance lease obligations	(227)	(316)
Purchase of treasury stock	(0)	(103)
Cash dividends paid	(1,376)	(1,373)
Cash dividends paid to minority shareholders	(7)	(8)
Other, net	1	(47)
Net cash provided by (used in) financing activities	(1,611)	(2,598)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(10,683)	8,395
Cash and cash equivalents at beginning of period	109,575	102,372
Cash and cash equivalents at end of period	98,891	110,767

Consolidated Quarterly Segment Information

I. Six months of FY2011 (from January 1, 2011 to June 30, 2011)

Information on net sales and income (loss) by reportable segment. (Amounts less than one million yen are truncated)

	Business Solutions	IT Solutions	Consumer Imaging	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	162,184	48,744	76,631	6,656	111	294,328	-	294,328
Sales - intersegment	-	14,222	-	-	-	14,222	(14,222)	-
Total	162,184	62,966	76,631	6,656	111	308,551	(14,222)	294,328
Operating income (loss)	1,120	(1,554)	1,520	87	56	1,230	-	1,230

[Note] "Other" includes shared service businesses.

[Note] The Company acquired shares in ELK CORPORATION & OCE-JAPAN CORPORATION to make it a consolidated subsidiary. As a result, ELK CORPORATION & OCE-JAPAN CORPORATION became a wholly-owned subsidiary of the Company. This transaction resulted in a negative goodwill of 2,393 million yen, which was recognized in extraordinary income (as gain on negative goodwill) for the second quarter of FY2011, but was not allocated to reporting segments.

II. Six months of FY2012 (from January 1, 2012 to June 30, 2012)

Information on net sales and income (loss) by reportable segment. (Amounts less than one million yen are truncated)

	Business Solutions	IT Solutions	Consumer Imaging	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	175,343	53,642	86,094	17,660	103	332,844	-	332,844
Sales - intersegment	-	13,055	-	-	-	13,055	(13,055)	-
Total	175,343	66,698	86,094	17,660	103	345,900	(13,055)	332,844
Operating income (loss)	5,457	42	2,310	(166)	171	7,815	-	7,815

[Note] "Other" includes shared service businesses.

[Note] The Company completed a share exchange transaction involving shares in SHOWA INFORMATION SYSTEMS CO., LTD.. As a result, SHOWA INFORMATION SYSTEMS CO., LTD. became a wholly-owned subsidiary of the Company. This transaction resulted in a negative goodwill of 179 million yen, which was recognized in extraordinary income (as gain on negative goodwill) for the second quarter of FY2012, but was not allocated to reporting segments.

NOTE

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.