

Summary Report of Consolidated Financial Results

for the fiscal year ended December 31, 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 of ordinary shareholders' meeting: March 27, 2013
 Scheduled date for commencement of dividend payment: March 28, 2013
 U.S. Accounting Standards Applied: No

1. Consolidated business results for the year ended December 31, 2012 (From January 1, 2012 to December 31, 2012)

(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	%
December 31, 2012	681,234	7.7	16,802	99.0	18,108	69.7	10,578	56.4
December 31, 2011	632,418	(6.2)	8,441	9.1	10,668	12.5	6,763	81.6

[Note] Comprehensive Income: Year ended December 31, 2012 : 10,814 million yen [60.6%]

Year ended December 31, 2011 : 6,732 million yen [77.2%]

Year ended	Net income per share	Diluted net income per share	Net income to stockholders' equity ratio	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
December 31, 2012	77.45	-	4.2	4.0	2.5
December 31, 2011	49.30	-	2.7	2.4	1.3

(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, 2012	462,574	254,888	54.9	1,907.50
Year ended December 31, 2011	447,765	251,307	56.0	1,827.25

[Reference] Shareholders' equity: Year ended December 31, 2012 : 253,862 million yen

Year ended December 31, 2011 : 250,670 million yen

(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, 2012	33,767	(16,066)	(11,813)	108,259
Year ended December 31, 2011	8,715	(12,107)	(3,811)	102,372

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, 2011	-	10.00	-	10.00	20.00	2,743	40.6	1.1
Year ended December 31, 2012	-	10.00	-	14.00	24.00	3,236	31.0	1.3
Year ending December 31, 2013 (forecast)	-	12.00	-	12.00	24.00		30.1	

3. Consolidated financial forecast for the fiscal year ending December 31, 2013

(Amounts less than one million yen are truncated)

(Percentage represents increases or decreases from the previous year)

Full 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
	684,800	0.5	18,000	7.1	19,000	4.9	10,600	0.2	79.65

* Others

(1) Material changes in subsidiaries during this period

(Changes in scope of consolidations resulting from change in subsidiaries) : None

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

(i) Changes in accounting policies based on revisions of accounting standard : None

(ii) Changes in accounting policies other than ones based on revisions of
accounting standard : None

(iii) Changes in accounting estimates : None

(iv) Retrospective restatement : None

(3) Number of issued and outstanding shares (common stock)

(i) Number of issued and outstanding shares at the end of fiscal year (including treasury stock)

As of December 31, 2012 : 151,079,972

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

(ii) Number of treasury stock at the end of fiscal year

As of December 31, 2012 : 17,993,202

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

(iii) Average number of shares

Year ended December 31, 2012 : 136,577,235

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

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2012 (From January 1, 2012 to December 31, 2012)

(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	%
December 31, 2012	535,729	4.9	11,807	36.4	13,857	21.2	7,463	59.1
December 31, 2011	510,905	Δ 9.4	8,655	12.3	11,431	10.8	4,691	Δ 19.5

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2012	54.65	-
December 31, 2011	34.20	-

(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
December 31, 2012	453,118	249,593	55.1	1,875.42
December 31, 2011	440,151	249,642	56.7	1,819.75

[Reference] Shareholders' equity: Year ended December 31, 2012 : 249,593 / Year ended December 31, 2011 : 249,642

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, 2011	As of December 31, 2012
Assets		
Current assets		
Cash and deposits	19,303	23,406
Notes and accounts receivable-trade	123,027	127,648
Short-term investment securities	83,219	85,029
Merchandise and finished goods	24,701	27,328
Work in process	438	575
Raw materials and supplies	1,193	923
Deferred tax assets	4,410	4,708
Short-term loans receivable	40,028	40,002
Other	5,770	7,214
Allowance for doubtful accounts	(215)	(230)
Total current assets	301,878	316,608
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	40,233	49,265
Machinery, equipment and vehicles, net	11	12
Tools, furniture and fixtures, net	3,831	4,687
Rental assets, net	6,963	8,217
Land	36,832	36,342
Lease assets, net	1,255	1,038
Construction in progress	2,799	-
Total property, plant and equipment	91,928	99,564
Intangible assets		
Goodwill	524	61
Software	19,257	15,376
Lease assets	253	176
Right of using facilities	317	317
Other	82	54
Total intangible assets	20,435	15,986
Investments and other assets		
Investment securities	4,084	4,108
Long-term loans receivable	30	23
Deferred tax assets	19,020	17,596
Guarantee deposits	7,857	6,202
Other	2,977	2,984
Allowance for doubtful accounts	(446)	(501)
Total investments and other assets	33,523	30,415
Total noncurrent assets	145,886	145,965
Total assets	447,765	462,574

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2011	As of December 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	100,046	104,162
Short-term loans payable	1,616	-
Current portion of bonds	1,115	-
Lease obligations	604	586
Accrued expenses	21,469	25,028
Income taxes payable	1,685	5,122
Accrued consumption taxes	2,208	2,680
Provision for bonuses	3,365	2,989
Provision for directors' bonuses	37	63
Provision for product warranties	726	764
Provision for loss on order received	255	20
Other	17,958	21,979
Total current liabilities	<u>151,090</u>	<u>163,397</u>
Noncurrent liabilities		
Bonds payable	60	-
Long-term loans payable	564	-
Lease obligations	1,152	859
Deferred tax liabilities	639	569
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	37,259	37,800
Provision for directors' retirement benefits	906	1,046
Accrued long service rewards for employees	918	900
Other	3,835	3,880
Total noncurrent liabilities	<u>45,367</u>	<u>45,088</u>
Total liabilities	<u>196,457</u>	<u>208,486</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	116,933	124,624
Treasury stock	(22,189)	(26,891)
Total shareholders' equity	<u>250,866</u>	<u>253,855</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	(61)	61
Foreign currency translation adjustment	(133)	(54)
Total accumulated other comprehensive income	<u>(195)</u>	<u>6</u>
Minority interests	636	225
Total net assets	<u>251,307</u>	<u>254,088</u>
Total liabilities and net assets	<u>447,765</u>	<u>462,574</u>

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2011 (from January 1, 2011 to December 31, 2011)	FY2012 (from January 1, 2012 to December 31, 2012)
Net sales	632,418	681,234
Cost of sales	409,526	438,333
Gross profit	222,892	242,900
Selling, general and administrative expenses	214,450	226,098
Operating income	8,441	16,802
Non-operating income		
Interest income	332	285
Dividends income	88	97
Insurance income	622	639
Gain on bad debts recovered	475	-
Other	1,204	742
Total non-operating income	2,722	1,764
Non-operating expenses		
Interest expenses	89	75
Other	406	382
Total non-operating expenses	495	458
Ordinary income	10,668	18,108
Extraordinary income		
Gain on sales of noncurrent assets	1	115
Gain on negative goodwill	4,491	131
Gain on sales of investment securities	11	116
Other	1	0
Total extraordinary income	4,507	364
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	425	518
Impairment loss	484	0
Loss on disaster	991	-
Expenses related to changing in business name	-	149
Office transfer expenses	503	142
Loss on valuation of investment securities	285	38
Loss on valuation of golf club membership	13	12
Loss on cancellation of lease contracts	35	0
Loss on adjustment for changes of accounting standard for asset retirement obligations	1,173	-
Other	291	82
Total extraordinary losses	4,203	944
Income before income taxes and minority interests	10,972	17,528
Income taxes-current	3,234	5,890
Income taxes-deferred	970	1,035
Total income taxes	4,204	6,925
Income before minority interests	6,767	10,603
Minority interests in income	3	25
Net income	6,763	10,578

Consolidated Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	FY2011 (from January 1, 2011 to December 31, 2011)	FY2012 (from January 1, 2012 to December 31, 2012)
Income before minority interests	6,767	10,603
Other comprehensive income		
Valuation difference on available-for-sale-securities	(17)	125
Deferred gains or losses on hedges	(0)	0
Foreign currency translation adjustment	(17)	85
Total other comprehensive income	(34)	211
Comprehensive income	6,732	10,814
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,734	10,780
Comprehensive income attributable to minority interests	(1)	34

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2011 (from January 1, 2011 to December 31, 2011)	FY2012 (from January 1, 2012 to December 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,972	17,528
Depreciation and amortization	15,331	16,317
Impairment loss	484	0
Amortization of goodwill	905	462
Gain on negative goodwill	(4,491)	(131)
Increase (decrease) in allowance for doubtful accounts	(335)	70
Increase (decrease) in provision for retirement benefits	(651)	630
Increase (decrease) in provision for directors' retirement benefits	(63)	139
Interest and dividends income	(420)	(382)
Interest expenses	89	75
Loss (gain) on sales and retirement of property, plant and equipment	293	278
Loss on disaster	991	-
Loss (gain) on sales of investment securities	181	(110)
Decrease (increase) in notes and accounts receivable-trade	4,983	(4,689)
Decrease (increase) in inventories	(2,164)	(2,301)
Increase (decrease) in notes and accounts payable-trade	(9,781)	4,115
Other, net	(1,356)	3,963
Subtotal	14,967	35,967
Interest and dividends income received	429	379
Interest expenses paid	(89)	(76)
Income taxes paid	(6,592)	(2,504)
Net cash provided by (used in) operating activities	8,715	33,767
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	(11,976)	(15,753)
Proceeds from sales of property, plant and equipment	1,600	665
Purchase of intangible assets	(3,625)	(2,767)
Purchase of investment securities	(19)	(14)
Proceeds from sales of investment securities	317	219
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(417)	-
Decrease (increase) in short-term loans receivable	13	27
Decrease (increase) in time deposits	1,000	(16)
Other, net	0	1,552
Net cash provided by (used in) investing activities	(12,107)	(16,066)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(350)	(2,180)
Repayments of finance lease obligations	(603)	(617)
Purchase of treasury stock	(1)	(5,104)
Cash dividends paid	(2,745)	(2,746)
Cash dividends paid to minority shareholders	(64)	(8)
Other, net	(46)	(1,155)
Net cash provided by (used in) financing activities	(3,811)	(11,813)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(7,202)	5,887
Cash and cash equivalents at beginning of period	109,575	102,372
Cash and cash equivalents at end of period	102,372	108,259

Consolidated Quarterly Segment Information

I. FY2011 (from January 1, 2011 to December 31, 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	325,136	97,941	182,123	26,990	226	632,418	-	632,418
Sales - intersegment	-	26,530	-	-	-	26,530	(26,530)	-
Total	325,136	124,472	182,123	26,990	226	658,949	(26,530)	632,418
Operating income (loss)	3,488	(3,072)	8,462	(320)	(116)	8,441	-	8,441
Assets	147,928	55,294	64,148	21,951	12,299	301,623	146,141	447,765
Other								
Depreciation	9,842	2,626	2,154	524	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	1,627	428	2,103	16,184	-	16,184

[Note] "Other" includes shared service businesses.

II. FY2012 (from January 1, 2012 to December 31, 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	343,999	105,722	200,617	30,689	204	681,234	-	681,234
Sales - intersegment	-	25,580	-	-	-	25,580	(25,580)	-
Total	343,999	131,303	200,617	30,689	204	706,814	(25,580)	681,234
Operating income (loss)	6,299	195	10,917	(1,201)	591	16,802	-	16,802
Assets	143,911	63,864	77,447	18,739	11,911	315,873	146,700	462,574
Other								
Depreciation	10,287	2,584	2,661	542	242	16,317	-	16,317
Amortization of goodwill	1	461	-	-	-	462	-	462
Increase in Property, plant	8,503	11,303	1,629	491	33	21,961	-	21,961

[Note] "Other" includes shared service businesses.

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.