

Summary Report of Consolidated Financial Results

for the first quarter ended March 31, 2013

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, First Section
 Code number: 8060
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U.S. Accounting Standards Applied: No

1. Consolidated business results for the three months ended March 31, 2013 (From January 1, 2013 to March 31, 2013)

(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	%
Three months ended								
March 31, 2013	150,210	(7.9)	403	(88.6)	536	(85.4)	(35)	-
March 31, 2012	163,038	7.6	3,540	188.9	3,678	168.6	1,958	-

[Note] Comprehensive Income: Three months ended March 31, 2013 : 606 million yen [(72.8)%]
 Three months ended March 31, 2012 : 2,227 million yen [-%]

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended		
March 31, 2013	(0.26)	-
March 31, 2012	14.28	-

* Starting from FY2013, some of promotion expenses that have previously been presented in selling, general and administrative expenses are deducted from net sales in order to present them on a net basis.

Accordingly, figures after retrospective reclassification in accordance with such changes are presented for FY2012 and thereafter.

(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
First quarter ended March 31, 2013	441,433	252,820	57.2	1,897.97
Year ended December 31, 2012	462,574	254,888	54.9	1,907.50

[Reference] Shareholders' equity: First quarter ended March 31, 2013 : 252,593 million yen
 Year ended December 31, 2012 : 253,862 million yen

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, 2012	-	10.00	-	14.00	24.00
Year ending December 31, 2013	-				
Year ending December 31, 2013 (forecast)		12.00	-	12.00	24.00

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

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)

	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	684,800	3.9	18,000	7.1	19,000	4.9	10,600	0.2	79.65

[Note] Revision of forecast for this period : None

* Others

(1) Material changes in subsidiaries during this period

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

(2) Application of a specified accounting procedure :

Yes

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

(i) Changes in accounting policies based on revisions of accounting standard : Yes

(ii) Changes in accounting policies other than (i) : Yes

(iii) Changes in accounting estimates : Yes

(iv) Restrospective restatement : None

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

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

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

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

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

As of March 31, 2012 : 17,993,721

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

(iii) Average number of shares

First quarter ended March 31, 2013 : 133,086,416

First quarter ended March 31, 2012 : 137,184,777

Disclaimer :

Earnings projections are based on information available at the time these materials were announced, and the Company cannot guarantee that they will be realized. Also, actual results may differ from the estimated figures given due to various factors.

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2012	As of March 31, 2013
Assets		
Current assets		
Cash and deposits	23,406	21,238
Notes and accounts receivable-trade	127,648	113,992
Short-term investment securities	85,029	77,919
Merchandise and finished goods	27,328	29,786
Work in process	575	730
Raw materials and supplies	923	891
Deferred tax assets	4,708	5,423
Short-term loans receivable	40,002	40,001
Other	7,214	6,624
Allowance for doubtful accounts	(230)	(195)
Total current assets	316,608	296,412
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,265	49,200
Machinery, equipment and vehicles, net	12	12
Tools, furniture and fixtures, net	4,687	4,731
Rental assets, net	8,217	8,061
Land	36,342	36,342
Lease assets, net	1,038	900
Construction in progress	-	1
Total property, plant and equipment	99,564	99,250
Intangible assets		
Goodwill	61	50
Software	15,376	14,413
Lease assets	176	155
Right of using facilities	317	317
Other	54	47
Total intangible assets	15,986	14,983
Investments and other assets		
Investment securities	4,108	4,786
Long-term loans receivable	23	16
Deferred tax assets	17,596	17,298
Guarantee deposits	6,202	6,250
Other	2,984	2,895
Allowance for doubtful accounts	(501)	(460)
Total investments and other assets	30,415	30,786
Total noncurrent assets	145,965	145,020
Total assets	462,574	441,433

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2012	As of March 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,162	91,037
Lease obligations	586	524
Accrued expenses	25,028	21,183
Income taxes payable	5,122	955
Accrued consumption taxes	2,680	1,921
Provision for bonuses	2,989	10,610
Provision for directors' bonuses	63	17
Provision for product warranties	764	759
Provision for loss on order received	20	8
Other	21,979	16,887
Total current liabilities	<u>163,397</u>	<u>143,895</u>
Noncurrent liabilities		
Lease obligations	859	729
Deferred tax liabilities	569	569
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	37,800	37,636
Provision for directors' retirement benefits	1,046	-
Accrued long service rewards for employees	900	977
Other	3,880	4,773
Total noncurrent liabilities	<u>45,088</u>	<u>44,717</u>
Total liabilities	<u>208,486</u>	<u>188,613</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	124,624	122,726
Treasury stock	(26,891)	(26,892)
Total shareholders' equity	<u>253,855</u>	<u>251,956</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61	630
Foreign currency translation adjustment	(54)	5
Total accumulated other comprehensive income	<u>6</u>	<u>636</u>
Minority interests	<u>225</u>	<u>227</u>
Total net assets	<u>254,088</u>	<u>252,820</u>
Total liabilities and net assets	<u>462,574</u>	<u>441,433</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Three months of FY2012 (from January 1, 2012 to March 31, 2012)	Three months of FY2013 (from January 1, 2013 to March 31, 2013)
Net sales	163,038	150,210
Cost of sales	109,069	100,933
Gross profit	53,969	49,276
Selling, general and administrative expenses	50,428	48,873
Operating income	3,540	403
Non-operating income		
Interest income	71	68
Dividends income	15	13
Other	182	189
Total non-operating income	269	271
Non-operating expenses		
Interest expenses	25	8
Foreign exchange losses	29	69
Other	77	61
Total non-operating expenses	132	139
Ordinary income	3,678	536
Extraordinary income		
Gain on sales of noncurrent assets	0	1
Gain on sales of investment securities	-	54
Other	0	0
Total extraordinary income	1	56
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	125	104
Impairment loss	0	-
Office transfer expenses	126	4
Other	5	21
Total extraordinary losses	257	130
Income before income taxes and minority interests	3,422	462
Income taxes	1,466	490
Income (loss) before minority interests	1,956	(28)
Minority interests in income (loss)	(2)	6
Net income (loss)	1,958	(35)

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Three months of FY2012 (from January 1, 2012 to March 31, 2012)	Three months of FY2013 (from January 1, 2013 to March 31, 2013)
Income (loss) before minority interests	1,956	(28)
Other comprehensive income		
Valuation difference on available-for-sale-securities	235	569
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	35	65
Total other comprehensive income	271	635
Comprehensive income	2,227	606
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,224	594
Comprehensive income attributable to minority interests	3	12

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Three months of FY2012 (from January 1, 2012 to March 31, 2012)	Three months of FY2013 (from January 1, 2013 to March 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	3,422	462
Depreciation and amortization	3,797	4,265
Impairment loss	0	-
Amortization of goodwill	220	11
Increase (decrease) in allowance for doubtful accounts	93	(75)
Increase (decrease) in provision for retirement benefits	156	(146)
Increase (decrease) in provision for directors' retirement benefits	(31)	(1,046)
Increase (decrease) in provision for bonuses	8,236	7,620
Interest and dividends income	(87)	(82)
Interest expenses	25	8
Loss (gain) on sales and retirement of property, plant and equipment	123	85
Decrease (increase) in notes and accounts receivable-trade	1,278	13,738
Decrease (increase) in inventories	(4,485)	(2,600)
Increase (decrease) in notes and accounts payable-trade	(809)	(13,124)
Other, net	(4,734)	(5,683)
Subtotal	7,206	3,433
Interest and dividends income received	86	83
Interest expenses paid	(25)	(8)
Income taxes paid	(997)	(5,115)
Net cash provided by (used in) operating activities	6,270	(1,607)
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	-	10
Purchase of property, plant and equipment	(5,511)	(5,115)
Purchase of intangible assets	(654)	(681)
Purchase of investment securities	(6)	(85)
Proceeds from sales of investment securities	24	351
Net decrease (increase) in short-term loans receivable	4	1
Other, net	1,624	(64)
Net cash provided by (used in) investing activities	(4,518)	(5,584)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(390)	-
Repayments of finance lease obligations	(159)	(203)
Purchase of treasury stock	(0)	(0)
Cash dividends paid	(1,373)	(1,863)
Cash dividends paid to minority shareholders	(8)	(9)
Other, net	(47)	0
Net cash provided by (used in) financing activities	(1,980)	(2,077)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	(228)	(9,268)
Cash and cash equivalents at beginning of period	102,372	108,259
Cash and cash equivalents at end of period	102,144	98,991

Consolidated Quarterly Segment Information

I. Three months of FY2012 (from January 1, 2012 to March 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	87,340	27,309	37,645	10,693	49	163,038	-	163,038
Sales - intersegment	-	6,951	-	-	-	6,951	(6,951)	-
Total	87,340	34,261	37,645	10,693	49	169,990	(6,951)	163,038
Operating income (loss)	3,764	443	(1,000)	304	28	3,540	-	3,540

[Note] "Other" includes shared service businesses.

II. Three months of FY2013 (from January 1, 2013 to March 31, 2013)

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

(Amounts less than one million yen are truncated)

	Business Solutions	IT Solutions	Imaging System	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	82,278	26,736	34,560	6,618	16	150,210	-	150,210
Sales - intersegment	-	7,194	-	-	-	7,194	(7,194)	-
Total	82,278	33,931	34,560	6,618	16	157,405	(7,194)	150,210
Operating income (loss)	1,578	82	(968)	(384)	95	403	-	403

[Note] "Other" includes shared service businesses.

[Note] Starting from FY2013, the segment name of the Consumer Imaging was changed to Imaging System. The change in the segment name entails no changes in the amounts presented.

[Note] Starting from FY2013, some of promotion expenses that have previously been presented in selling, general and administrative expenses are deducted from net sales in order to present them on a net basis. As a result of the retrospective reclassification, selling, general and administrative expenses decreased by 2.8 billion yen for the Business Solutions segment, by 0.1 billion yen for the IT Solutions segment, by 1.6 billion yen for the Imaging System segment and 0.0 billion yen for the Industrial Equipment segment from the figures before the reclassification. Nonetheless, such decreases do not have an effect on the segment income.