

Summary Report of Consolidated Financial Results

for the second quarter ended June 30, 2013

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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 Dividend payable date (as planned): August 27, 2013
 U.S. Accounting Standards Applied: No

1. Consolidated business results for the six months ended June 30, 2013 (From January 1, 2013 to June 30, 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	%
Six months ended June 30, 2013	309,432	(4.2)	4,066	(48.0)	4,867	(44.0)	1,973	(57.9)
June 30, 2012	323,044	9.8	7,815	535.1	8,695	197.7	4,688	146.0

[Note] Comprehensive Income: Six months ended June 30, 2013 : 2,861 million yen [(39.7)%]

Six months ended June 30, 2012 : 4,747 million yen [129.7%]

	Net income per share	Diluted net income per share
Six months ended June 30, 2013	Yen 14.83	Yen -
June 30, 2012	34.16	-

* 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
Second quarter ended June 30, 2013	436,878	255,073	58.3	1,914.81
Year ended December 31, 2012	462,574	254,088	54.9	1,907.50

[Reference] Shareholders' equity: Second quarter ended June 30, 2013 : 254,833 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	-	12.00			
Year ending December 31, 2013 (forecast)			-	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	665,600	1.0	18,000	7.1	19,000	4.9	10,600	0.2	79.65

[Note] Revision of forecast for this period : Yes

* 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) Retrospective 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 June 30, 2013 : 151,079,972

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

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

As of June 30, 2013 : 17,994,269

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

(iii) Average number of shares

Second quarter ended June 30, 2013 : 133,086,106

Second quarter ended June 30, 2012 : 137,251,879

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 June 30, 2013
Assets		
Current assets		
Cash and deposits	23,406	19,747
Notes and accounts receivable-trade	127,648	106,558
Short-term investment securities	85,029	87,619
Merchandise and finished goods	27,328	25,370
Work in process	575	512
Raw materials and supplies	923	856
Deferred tax assets	4,708	4,734
Short-term loans receivable	40,002	40,000
Other	7,214	7,516
Allowance for doubtful accounts	(230)	(184)
Total current assets	<u>316,608</u>	<u>292,733</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,265	48,853
Machinery, equipment and vehicles, net	12	11
Tools, furniture and fixtures, net	4,687	4,534
Rental assets, net	8,217	9,469
Land	36,342	36,342
Lease assets, net	1,038	801
Total property, plant and equipment	<u>99,564</u>	<u>100,012</u>
Intangible assets		
Goodwill	61	38
Software	15,376	13,295
Lease assets	176	133
Right of using facilities	317	317
Other	54	42
Total intangible assets	<u>15,986</u>	<u>13,827</u>
Investments and other assets		
Investment securities	4,108	4,798
Long-term loans receivable	23	16
Deferred tax assets	17,596	17,193
Guarantee deposits	6,202	5,795
Other	2,984	2,933
Allowance for doubtful accounts	(501)	(433)
Total investments and other assets	<u>30,415</u>	<u>30,304</u>
Total noncurrent assets	<u>145,965</u>	<u>144,145</u>
Total assets	<u>462,574</u>	<u>436,878</u>

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2012	As of June 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,162	87,061
Lease obligations	586	496
Accrued expenses	25,028	20,202
Income taxes payable	5,122	1,953
Accrued consumption taxes	2,680	2,551
Provision for bonuses	2,989	3,083
Provision for directors' bonuses	63	33
Provision for product warranties	764	711
Provision for loss on order received	20	142
Other	21,979	21,019
Total current liabilities	<u>163,397</u>	<u>137,257</u>
Noncurrent liabilities		
Lease obligations	859	627
Deferred tax liabilities	569	569
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	37,800	37,516
Provision for directors' retirement benefits	1,046	-
Accrued long service rewards for employees	900	996
Other	3,880	4,806
Total noncurrent liabilities	<u>45,088</u>	<u>44,547</u>
Total liabilities	<u>208,486</u>	<u>181,804</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	124,624	124,734
Treasury stock	(26,891)	(26,892)
Total shareholders' equity	<u>253,855</u>	<u>253,964</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61	827
Foreign currency translation adjustment	(54)	42
Total accumulated other comprehensive income	<u>6</u>	<u>869</u>
Minority interests	225	240
Total net assets	<u>254,088</u>	<u>255,073</u>
Total liabilities and net assets	<u>462,574</u>	<u>436,878</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Six months of FY2012 (from January 1, 2012 to June 30, 2012)	Six months of FY2013 (from January 1, 2013 to June 30, 2013)
Net sales	323,044	309,432
Cost of sales	214,378	206,229
Gross profit	108,666	103,203
Selling, general and administrative expenses	100,850	99,136
Operating income	7,815	4,066
Non-operating income		
Interest income	142	129
Dividends income	65	70
Insurance income	588	587
Other	336	310
Total non-operating income	1,132	1,097
Non-operating expenses		
Interest expenses	48	16
Foreign exchange losses	9	77
Other	194	202
Total non-operating expenses	252	296
Ordinary income	8,695	4,867
Extraordinary income		
Gain on sales of noncurrent assets	1	3
Gain on negative goodwill	179	-
Gain on sales of investment securities	61	115
Other	0	1
Total extraordinary income	242	120
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	230	322
Impairment loss	0	-
Special extra retirement payments	-	597
Office transfer expenses	127	137
Other	21	27
Total extraordinary losses	379	1,084
Income before income taxes and minority interests	8,558	3,903
Income taxes	3,860	1,914
Income before minority interests	4,698	1,988
Minority interests in income	9	15
Net income	4,688	1,973

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Six months of FY2012 (from January 1, 2012 to June 30, 2012)	Six months of FY2013 (from January 1, 2013 to June 30, 2013)
Income before minority interests	4,698	1,988
Other comprehensive income		
Valuation difference on available-for-sale-securities	41	766
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	7	105
Total other comprehensive income	49	872
Comprehensive income	4,747	2,861
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	4,733	2,835
Comprehensive income attributable to minority interests	13	25

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Six months of FY2012 (from January 1, 2012 to June 30, 2012)	Six months of FY2013 (from January 1, 2013 to June 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	8,558	3,903
Depreciation and amortization	7,747	8,590
Impairment loss	0	-
Amortization of goodwill	438	23
Gain on negative goodwill	(179)	-
Increase (decrease) in allowance for doubtful accounts	67	(113)
Increase (decrease) in provision for retirement benefits	353	(250)
Increase (decrease) in provision for directors' retirement benefits	30	(1,046)
Interest and dividends income	(207)	(199)
Interest expenses	48	16
Loss (gain) on sales and retirement of property, plant and equipment	218	286
Decrease (increase) in notes and accounts receivable-trade	12,562	21,173
Decrease (increase) in inventories	(2,825)	2,069
Increase (decrease) in notes and accounts payable-trade	(8,845)	(17,101)
Other, net	2,495	(1,614)
Subtotal	20,462	15,738
Interest and dividends income received	208	206
Interest expenses paid	(48)	(16)
Income taxes paid	(1,032)	(5,082)
Net cash provided by (used in) operating activities	19,589	10,845
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	19	10
Purchase of property, plant and equipment	(8,962)	(8,960)
Proceeds from sales of property, plant and equipment	32	57
Purchase of intangible assets	(1,499)	(1,353)
Purchase of investment securities	(6)	(94)
Proceeds from sales of investment securities	98	699
Net decrease (increase) in short-term loans receivable	19	1
Decrease (increase) in time deposits	(34)	34
Other, net	1,736	(33)
Net cash provided by (used in) investing activities	(8,596)	(9,638)
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(749)	-
Repayments of finance lease obligations	(316)	(355)
Purchase of treasury stock	(103)	(1)
Cash dividends paid	(1,373)	(1,866)
Cash dividends paid to minority shareholders	(8)	(9)
Other, net	(47)	0
Net cash provided by (used in) financing activities	(2,598)	(2,232)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	8,395	(1,024)
Cash and cash equivalents at beginning of period	102,372	108,259
Cash and cash equivalents at end of period	110,767	107,235

Consolidated Quarterly Segment Information

I. 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	Imaging System	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	168,786	53,490	83,011	17,652	103	323,044	-	323,044
Sales - intersegment	-	13,055	-	-	-	13,055	(13,055)	-
Total	168,786	66,546	83,011	17,652	103	336,100	(13,055)	323,044
Operating income (loss)	5,457	42	2,310	(166)	171	7,815	-	7,815

[Note] "Other" includes shared service businesses.

II. Six months of FY2013 (from January 1, 2013 to June 30, 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	163,669	55,527	77,764	12,437	33	309,432	-	309,432
Sales - intersegment	-	14,443	-	-	-	14,443	(14,443)	-
Total	163,669	69,971	77,764	12,437	33	323,876	(14,443)	309,432
Operating income (loss)	3,397	16	1,484	(1,000)	168	4,066	-	4,066

[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] About "I. Six months of FY2012 (from January 1, 2012 to June 30, 2012)"

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 6,656 million yen for the Business Solutions segment, by 151 million yen for the IT Solutions segment, by 3,083 million yen for the Imaging System segment, by 8 million yen for the Industrial Equipment segment and 0 million yen for the other segment from the figures before the reclassification. Nonetheless, such decreases do not have an effect on the segment income.