

Summary Report of Consolidated Financial Results

for the third quarter ended September 30, 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 nine months ended September 30, 2013 (From January 1, 2013 to September 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	%
Nine months ended								
September 30, 2013	468,622	(1.9)	8,368	(15.5)	9,340	(14.9)	4,684	(19.3)
September 30, 2012	477,500	6.0	9,898	283.6	10,980	147.6	5,801	142.2

[Note] Comprehensive Income: Nine months ended September 30, 2013 : 6,252 million yen [7.7%]

Nine months ended September 30, 2012 : 5,804 million yen [141.2%]

	Net income per share	Diluted net income per share
	Yen	Yen
Nine months ended		
September 30, 2013	35.20	-
September 30, 2012	42.26	-

* 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
Third quarter ended September 30, 2013	447,887	256,866	57.3	1,928.22
Year ended December 31, 2012	462,574	254,088	54.9	1,907.50

[Reference] Shareholders' equity: Third quarter ended September 30, 2013 : 256,615 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	659,300	0.0	16,900	0.6	18,000	(0.6)	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 September 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 September 30, 2013 : 17,995,806

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

(iii) Average number of shares

Third quarter ended September 30, 2013 : 133,085,671

Third quarter ended September 30, 2012 : 137,279,867

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 September 30, 2013
Assets		
Current assets		
Cash and deposits	23,406	19,461
Notes and accounts receivable-trade	127,648	106,640
Short-term investment securities	85,029	82,100
Merchandise and finished goods	27,328	30,649
Work in process	575	651
Raw materials and supplies	923	878
Deferred tax assets	4,708	4,725
Short-term loans receivable	40,002	50,001
Other	7,214	8,892
Allowance for doubtful accounts	(230)	(195)
Total current assets	<u>316,608</u>	<u>303,805</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,265	49,245
Machinery, equipment and vehicles, net	12	10
Tools, furniture and fixtures, net	4,687	4,486
Rental assets, net	8,217	9,372
Land	36,342	36,113
Lease assets, net	1,038	713
Construction in progress	-	1
Total property, plant and equipment	<u>99,564</u>	<u>99,942</u>
Intangible assets		
Goodwill	61	26
Software	15,376	12,705
Lease assets	176	112
Right of using facilities	317	316
Other	54	35
Total intangible assets	<u>15,986</u>	<u>13,196</u>
Investments and other assets		
Investment securities	4,108	5,843
Long-term loans receivable	23	11
Deferred tax assets	17,596	16,842
Guarantee deposits	6,202	5,724
Other	2,984	2,924
Allowance for doubtful accounts	(501)	(400)
Total investments and other assets	<u>30,415</u>	<u>30,943</u>
Total noncurrent assets	<u>145,965</u>	<u>144,082</u>
Total assets	<u>462,574</u>	<u>447,887</u>

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2012	As of September 30, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,162	93,932
Lease obligations	586	468
Accrued expenses	25,028	18,489
Income taxes payable	5,122	1,437
Accrued consumption taxes	2,680	1,764
Provision for bonuses	2,989	12,013
Provision for directors' bonuses	63	50
Provision for product warranties	764	715
Provision for loss on order received	20	57
Other	21,979	17,463
Total current liabilities	<u>163,397</u>	<u>146,393</u>
Noncurrent liabilities		
Lease obligations	859	523
Deferred tax liabilities	569	569
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	37,800	37,837
Provision for directors' retirement benefits	1,046	-
Accrued long service rewards for employees	900	903
Other	3,880	4,761
Total noncurrent liabilities	<u>45,088</u>	<u>44,627</u>
Total liabilities	<u>208,486</u>	<u>191,020</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	124,624	125,848
Treasury stock	(26,891)	(26,894)
Total shareholders' equity	<u>253,855</u>	<u>255,076</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61	1,497
Foreign currency translation adjustment	(54)	41
Total accumulated other comprehensive income	<u>6</u>	<u>1,538</u>
Minority interests	<u>225</u>	<u>251</u>
Total net assets	<u>254,088</u>	<u>256,866</u>
Total liabilities and net assets	<u>462,574</u>	<u>447,887</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Nine months of FY2012 (from January 1, 2012 to September 30, 2012)	Nine months of FY2013 (from January 1, 2013 to September 30, 2013)
Net sales	477,500	468,622
Cost of sales	316,630	310,204
Gross profit	160,870	158,418
Selling, general and administrative expenses	150,971	150,049
Operating income	9,898	8,368
Non-operating income		
Interest income	214	186
Dividends income	71	73
Insurance income	635	642
Other	486	417
Total non-operating income	1,407	1,320
Non-operating expenses		
Interest expenses	65	23
Foreign exchange losses	-	86
Other	259	239
Total non-operating expenses	325	348
Ordinary income	10,980	9,340
Extraordinary income		
Gain on sales of noncurrent assets	2	8
Gain on negative goodwill	179	-
Gain on sales of investment securities	62	115
Other	0	1
Total extraordinary income	244	125
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	373	554
Impairment loss	0	0
Special extra retirement payments	-	597
Office transfer expenses	132	203
Loss on valuation of investment securities	40	-
Other	29	176
Total extraordinary losses	576	1,532
Income before income taxes and minority interests	10,649	7,933
Income taxes	4,831	3,221
Income before minority interests	5,817	4,712
Minority interests in income	16	27
Net income	5,801	4,684

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Nine months of FY2012 (from January 1, 2012 to September 30, 2012)	Nine months of FY2013 (from January 1, 2013 to September 30, 2013)
Income before minority interests	5,817	4,712
Other comprehensive income		
Valuation difference on available-for-sale-securities	(7)	1,437
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	(5)	103
Total other comprehensive income	(12)	1,540
Comprehensive income	5,804	6,252
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	5,785	6,216
Comprehensive income attributable to minority interests	19	36

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Nine months of FY2012 (from January 1, 2012 to September 30, 2012)	Nine months of FY2013 (from January 1, 2013 to September 30, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	10,649	7,933
Depreciation and amortization	11,913	12,956
Impairment loss	0	0
Amortization of goodwill	450	35
Gain on negative goodwill	(179)	-
Increase (decrease) in allowance for doubtful accounts	85	(134)
Increase (decrease) in provision for retirement benefits	531	88
Increase (decrease) in provision for directors' retirement benefits	77	(1,046)
Increase (decrease) in provision for bonuses	8,554	9,023
Interest and dividends income	(285)	(260)
Interest expenses	65	23
Loss (gain) on sales and retirement of property, plant and equipment	249	464
Decrease (increase) in notes and accounts receivable-trade	16,311	21,100
Decrease (increase) in inventories	(6,347)	(3,369)
Increase (decrease) in notes and accounts payable-trade	(9,254)	(10,229)
Other, net	(3,730)	(8,850)
Subtotal	29,092	27,734
Interest and dividends income received	282	264
Interest expenses paid	(66)	(23)
Income taxes paid	(2,426)	(8,387)
Net cash provided by (used in) operating activities	26,882	19,588
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	19	30
Purchase of property, plant and equipment	(13,134)	(10,792)
Proceeds from sales of property, plant and equipment	33	239
Purchase of intangible assets	(2,131)	(2,462)
Purchase of investment securities	(8)	(130)
Proceeds from sales of investment securities	138	716
Net decrease (increase) in short-term loans receivable	23	(9,998)
Decrease (increase) in time deposits	(47)	47
Other, net	1,648	(56)
Net cash provided by (used in) investing activities	(13,458)	(22,407)
Net cash provided by (used in) financing activities		
Redemption of bonds	(1,156)	-
Net increase (decrease) in short-term loans payable	(1,979)	-
Repayments of finance lease obligations	(477)	(505)
Purchase of treasury stock	(103)	(3)
Cash dividends paid	(2,749)	(3,461)
Cash dividends paid to minority shareholders	(8)	(9)
Other, net	0	0
Net cash provided by (used in) financing activities	(6,474)	(3,979)
Effect of exchange rate change on cash and cash equivalents	0	0
Net increase (decrease) in cash and cash equivalents	6,948	(6,798)
Cash and cash equivalents at beginning of period	102,372	108,259
Cash and cash equivalents at end of period	109,321	101,461

Consolidated Quarterly Segment Information

I. Nine months of FY2012 (from January 1, 2012 to September 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	249,097	78,984	125,122	24,142	154	477,500	-	477,500
Sales - intersegment	-	19,313	-	-	-	19,313	(19,313)	-
Total	249,097	98,297	125,122	24,142	154	496,813	(19,313)	477,500
Operating income (loss)	6,325	(73)	4,094	(739)	291	9,898	-	9,898

[Note] "Other" includes shared service businesses.

II. Nine months of FY2013 (from January 1, 2013 to September 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	243,165	82,173	124,484	18,746	51	468,622	-	468,622
Sales - intersegment	-	21,988	-	-	-	21,988	(21,988)	-
Total	243,165	104,161	124,484	18,746	51	490,610	(21,988)	468,622
Operating income (loss)	4,716	(42)	4,938	(1,522)	278	8,368	-	8,368

[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. Nine months of FY2012 (from January 1, 2012 to September 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 9,249 million yen for the Business Solutions segment, by 234 million yen for the IT Solutions segment, by 5,175 million yen for the Imaging System segment, by 12 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.