

Summary Report of Consolidated Financial Results

for the fiscal year ended December 31, 2013

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, First Section
 Code number: 8060
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Dividend payable date (as planned): March 28, 2014
 U.S. Accounting Standards Applied: No

1. Consolidated business results for the year ended December 31, 2013 (From January 1, 2013 to December 31, 2013)

(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, 2013	657,215	(0.3)	17,012	1.3	18,210	0.6	10,167	(3.9)
December 31, 2012	659,218	4.2	16,802	99.0	18,108	69.7	10,578	56.4

[Note] Comprehensive Income: Year ended December 31, 2013 : 11,452 million yen [5.9%]

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

Year ended	Net income per share	Diluted net income per share	Net income to stock holders' equity ratio	Ordinary income to total assets ratio	Operating income to net sales ratio
	Yen	Yen	%	%	%
December 31, 2013	76.67	-	4.0	3.9	2.6
December 31, 2012	77.45	-	4.2	4.0	2.5

[Note] Equity in earnings/losses of affiliates: Year ended December 31, 2013 : - Year ended December 31, 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.

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)

Year ended	Total assets	Net assets	Equity ratio	Net asset per share
	Millions of yen	Millions of yen	%	Yen
Year ended December 31, 2013	467,076	257,075	55.0	1,980.22
Year ended December 31, 2012	462,574	254,088	54.9	1,907.50

[Reference] Shareholders' equity: Year ended December 31, 2013 : 256,794 million yen

Year ended December 31, 2012 : 253,862 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, 2013	28,780	(25,757)	(9,105)	102,182
Year ended December 31, 2012	33,767	(16,066)	(11,813)	108,259

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, 2012	-	10.00	-	14.00	24.00	3,236	31.0	1.3
Year ended December 31, 2013	-	12.00	-	12.00	24.00	3,153	31.3	1.2
Year ending December 31, 2014 (forecast)	-	12.00	-	12.00	24.00		25.9	

3. Consolidated financial forecast for the fiscal year ending December 31, 2014

(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
	673,200	2.4	18,800	10.5	19,900	9.3	12,000	18.0	92.54

* 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 : Yes

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

(iii) Changes in accounting estimates : Yes

(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, 2013 : 151,079,972

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

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

As of December 31, 2013 : 21,400,070

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

(iii) Average number of shares

Year ended December 31, 2013 : 132,624,059

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

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2013 (From January 1, 2013 to December 31, 2013)

(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, 2013	511,959	0.0	11,426	3.2	14,980	8.1	8,104	8.6
December 31, 2012	511,767	0.2	11,807	36.4	13,857	21.2	7,463	59.1

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2013	61.11	-
December 31, 2012	54.65	-

* 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) 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, 2013	458,957	250,091	54.5	1,928.53
December 31, 2012	453,118	249,593	55.1	1,875.42

[Reference] Shareholders' equity: Year ended December 31, 2013 : 250,091 / Year ended December 31, 2012 : 249,593

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 Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2012	As of December 31, 2013
Assets		
Current assets		
Cash and deposits	23,406	20,082
Notes and accounts receivable-trade	127,648	132,696
Short-term investment securities	85,029	82,200
Merchandise and finished goods	27,328	26,841
Work in process	575	578
Raw materials and supplies	923	814
Deferred tax assets	4,708	5,088
Short-term loans receivable	40,002	50,000
Other	7,214	6,823
Allowance for doubtful accounts	(230)	(188)
Total current assets	<u>316,608</u>	<u>324,938</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,265	49,126
Machinery, equipment and vehicles, net	12	9
Tools, furniture and fixtures, net	4,687	4,510
Rental assets, net	8,217	9,340
Land	36,342	36,012
Lease assets, net	1,038	685
Total property, plant and equipment	<u>99,564</u>	<u>99,684</u>
Intangible assets		
Goodwill	61	447
Software	15,376	12,006
Lease assets	176	93
Right of using facilities	317	316
Other	54	29
Total intangible assets	<u>15,986</u>	<u>12,894</u>
Investments and other assets		
Investment securities	4,108	5,303
Long-term loans receivable	23	11
Deferred tax assets	17,596	16,084
Guarantee deposits	6,202	5,571
Other	2,984	2,981
Allowance for doubtful accounts	(501)	(393)
Total investments and other assets	<u>30,415</u>	<u>29,559</u>
Total noncurrent assets	<u>145,965</u>	<u>142,137</u>
Total assets	<u>462,574</u>	<u>467,076</u>

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2012	As of December 31, 2013
Liabilities		
Current liabilities		
Notes and accounts payable-trade	104,162	108,498
Lease obligations	586	446
Accrued expenses	25,028	24,976
Income taxes payable	5,122	2,996
Accrued consumption taxes	2,680	2,965
Provision for bonuses	2,989	3,506
Provision for directors' bonuses	63	65
Provision for product warranties	764	654
Provision for loss on order received	20	84
Other	21,979	20,719
Total current liabilities	163,397	164,914
Noncurrent liabilities		
Long-term loans payable	-	73
Lease obligations	859	454
Deferred tax liabilities	569	579
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	37,800	38,233
Provision for directors' retirement benefits	1,046	-
Accrued long service rewards for employees	900	933
Other	3,880	4,780
Total noncurrent liabilities	45,088	45,086
Total liabilities	208,486	210,000
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	124,624	131,331
Treasury stock	(26,891)	(31,896)
Total shareholders' equity	253,855	255,557
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	61	1,138
Foreign currency translation adjustment	(54)	98
Total accumulated other comprehensive income	6	1,236
Minority interests	225	281
Total net assets	254,088	257,075
Total liabilities and net assets	462,574	467,076

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2012 (from January 1, 2012 to December 31, 2012)	FY2013 (from January 1, 2013 to December 31, 2013)
Net sales	659,218	657,215
Cost of sales	438,333	437,005
Gross profit	220,884	220,209
Selling, general and administrative expenses	204,082	203,197
Operating income	16,802	17,012
Non-operating income		
Interest income	285	251
Dividends income	97	95
Insurance income	639	648
Other	742	655
Total non-operating income	1,764	1,650
Non-operating expenses		
Interest expenses	75	30
Foreign exchange losses	43	120
Other	338	302
Total non-operating expenses	458	453
Ordinary income	18,108	18,210
Extraordinary income		
Gain on sales of noncurrent assets	115	25
Gain on negative goodwill	131	-
Gain on sales of investment securities	116	603
Other	0	1
Total extraordinary income	364	629
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	518	638
Impairment loss	0	5
Special extra retirement payments	-	597
Office transfer expenses	142	203
Expenses related to changing in business name	149	3
Loss on valuation of golf club membership	12	0
Loss on valuation of investment securities	38	-
Loss on cancellation of lease contracts	0	-
Other	82	336
Total extraordinary losses	944	1,785
Income before income taxes and minority interests	17,528	17,054
Income taxes-current	5,890	6,330
Income taxes-deferred	1,035	517
Total income taxes	6,925	6,848
Income before minority interests	10,603	10,206
Minority interests in income	25	38
Net income	10,578	10,167

Consolidated Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	FY2012 (from January 1, 2012 to December 31, 2012)	FY2013 (from January 1, 2013 to December 31, 2013)
Income before minority interests	10,603	10,206
Other comprehensive income		
Valuation difference on available-for-sale-securities	125	1,077
Deferred gains or losses on hedges	0	-
Foreign currency translation adjustment	85	168
Total other comprehensive income	211	1,246
Comprehensive income	10,814	11,452
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	10,780	11,397
Comprehensive income attributable to minority interests	34	54

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2012 (from January 1, 2012 to December 31, 2012)	FY2013 (from January 1, 2013 to December 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	17,528	17,054
Depreciation and amortization	16,317	17,447
Impairment loss	0	5
Amortization of goodwill	462	52
Gain on negative goodwill	(131)	-
Increase (decrease) in allowance for doubtful accounts	70	(150)
Increase (decrease) in provision for retirement benefits	630	483
Increase (decrease) in provision for directors' retirement benefits	139	(1,046)
Interest and dividends income	(382)	(347)
Interest expenses	75	30
Loss (gain) on sales and retirement of property, plant and equipment	278	510
Loss (gain) on sales of investment securities	(110)	(598)
Decrease (increase) in notes and accounts receivable-trade	(4,689)	(4,730)
Decrease (increase) in inventories	(2,301)	432
Increase (decrease) in notes and accounts payable-trade	4,115	4,191
Other, net	3,963	3,541
Subtotal	<u>35,967</u>	<u>36,879</u>
Interest and dividends income received	379	349
Interest expenses paid	(76)	(30)
Income taxes paid	(2,504)	(8,417)
Net cash provided by (used in) operating activities	<u>33,767</u>	<u>28,780</u>
Net cash provided by (used in) investing activities		
Proceeds from sales of short-term investment securities	19	30
Purchase of property, plant and equipment	(15,753)	(13,691)
Proceeds from sales of property, plant and equipment	665	326
Purchase of intangible assets	(2,767)	(3,512)
Purchase of investment securities	(14)	(194)
Proceeds from sales of investment securities	219	1,307
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation	-	44
Net decrease (increase) in short-term loans receivable	27	(9,998)
Decrease (increase) in time deposits	(16)	47
Other, net	1,552	(116)
Net cash provided by (used in) investing activities	<u>(16,066)</u>	<u>(25,757)</u>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	(2,180)	-
Repayments of finance lease obligations	(617)	(631)
Purchase of treasury stock	(5,104)	(5,005)
Cash dividends paid	(2,746)	(3,458)
Cash dividends paid to minority shareholders	(8)	(9)
Other, net	(1,155)	0
Net cash provided by (used in) financing activities	<u>(11,813)</u>	<u>(9,105)</u>
Effect of exchange rate change on cash and cash equivalents	<u>0</u>	<u>4</u>
Net increase (decrease) in cash and cash equivalents	<u>5,887</u>	<u>(6,077)</u>
Cash and cash equivalents at beginning of period	<u>102,372</u>	<u>108,259</u>
Cash and cash equivalents at end of period	<u>108,259</u>	<u>102,182</u>

Consolidated Segment Information

I. 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	Imaging System	Industrial Equipment	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	330,919	105,418	192,003	30,673	203	659,218	-	659,218
Sales - intersegment	-	25,580	-	-	-	25,580	(25,580)	-
Total	330,919	130,999	192,003	30,673	203	684,798	(25,580)	659,218
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 and equipment and Intangible assets	8,503	11,303	1,629	491	33	21,961	-	21,961

[Note] "Other" includes shared service businesses.

II. FY2013 (from January 1, 2013 to December 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	327,263	112,049	191,719	26,106	67	657,215	-	657,215
Sales - intersegment	-	30,250	-	-	-	30,250	(30,250)	-
Total	327,263	142,299	191,729	26,106	67	687,466	(30,250)	657,215
Operating income (loss)	5,535	387	12,491	(1,765)	364	17,012	-	17,012
Assets	135,459	66,659	81,880	19,075	11,089	314,164	152,912	467,076
Other								
Depreciation	10,811	3,185	2,811	461	177	17,447	-	17,447
Amortization of goodwill	-	52	-	-	-	52	-	52
Increase in Property, plant and equipment and Intangible assets	9,284	2,926	1,654	539	12	14,416	-	14,416

[Note] "Other" includes businesses, such as shared service businesses, which are not included in other reportable segments.

[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] Corporate assets included in Adjustment, which amount to 152.9 billion yen, are mainly surplus operating funds (cash and securities) of the relevant companies and assets related to their administrative divisions.

[Note] About "I. FY2012 (from January 1, 2012 to December 31, 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 13,079 million yen for the Business Solutions segment, by 304 million yen for the IT Solutions segment, by 8,614 million yen for the Imaging System segment, by 16 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.