

Summary Report of Consolidated Financial Results

for the third quarter ended September 30, 2014

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, 2014 (From January 1, 2014 to September 30, 2014)

(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, 2014	479,105	2.2	15,973	90.9	17,138	83.5	9,702	107.1
September 30, 2013	468,622	(1.9)	8,368	(15.5)	9,340	(14.9)	4,684	(19.3)

[Note] Comprehensive Income: Nine months ended September 30, 2014 : 10,020 million yen [60.3%]
 Nine months ended September 30, 2013 : 6,252 million yen [7.7%]

	Net income per share	Diluted net income per share
Nine months ended September 30, 2014	Yen 74.82	Yen -
September 30, 2013	35.20	-

(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, 2014	454,519	263,575	57.9	2,030.35
Year ended December 31, 2013	467,076	257,075	55.0	1,980.22

[Reference] Shareholders' equity: Third quarter ended September 30, 2014 : 263,288 million yen
 Year ended December 31, 2013 : 256,794 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, 2013	-	12.00	-	12.00	24.00
Year ending December 31, 2014	-	15.00	-		
Year ending December 31, 2014 (forecast)				15.00	30.00

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

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)

	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	668,400	1.7	24,100	41.7	25,500	40.0	14,400	41.6	111.04

[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 : None

(ii) Changes in accounting policies other than (i) : None

(iii) Changes in accounting estimates : None

(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, 2014 : 151,079,972

As of December 31, 2013 : 151,079,972

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

As of September 30, 2014 : 21,403,724

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

(iii) Average number of shares

As of September 30, 2014 : 129,678,039

As of September 30, 2013 : 133,085,671

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, 2013	As of September 30, 2014
Assets		
Current assets		
Cash and deposits	20,082	15,913
Notes and accounts receivable-trade	132,696	100,625
Short-term investment securities	82,200	102,500
Merchandise and finished goods	26,841	31,351
Work in process	578	586
Raw materials and supplies	814	823
Deferred tax assets	5,088	5,098
Short-term loans receivable	50,000	50,054
Other	6,823	7,285
Allowance for doubtful accounts	(188)	(106)
Total current assets	<u>324,938</u>	<u>314,133</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,126	47,767
Machinery, equipment and vehicles, net	9	9
Tools, furniture and fixtures, net	4,510	4,598
Rental assets, net	9,340	9,869
Land	36,012	36,557
Leased assets, net	685	607
Total property, plant and equipment	<u>99,684</u>	<u>99,409</u>
Intangible assets		
Goodwill	447	1,117
Software	12,006	9,550
Leased assets	93	134
Right of using facilities	316	317
Other	29	27
Total intangible assets	<u>12,894</u>	<u>11,147</u>
Investments and other assets		
Investment securities	5,303	5,763
Long-term loans receivable	11	13
Deferred tax assets	16,084	16,074
Guarantee deposits	5,571	5,484
Other	2,981	2,869
Allowance for doubtful accounts	(393)	(375)
Total investments and other assets	<u>29,559</u>	<u>29,829</u>
Total noncurrent assets	<u>142,137</u>	<u>140,386</u>
Total assets	<u>467,076</u>	<u>454,519</u>

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2013	As of September 30, 2014
Liabilities		
Current liabilities		
Notes and accounts payable-trade	108,498	90,122
Short-term loans payable	-	141
Lease obligations	446	385
Accrued expenses	24,976	16,554
Income taxes payable	2,996	4,330
Accrued consumption taxes	2,965	4,496
Provision for bonuses	3,506	12,573
Provision for directors' bonuses	65	37
Provision for product warranties	654	656
Provision for loss on order received	84	22
Other	20,719	16,686
Total current liabilities	<u>164,914</u>	<u>146,006</u>
Noncurrent liabilities		
Bonds payable	-	50
Long-term loans payable	73	233
Lease obligations	454	460
Deferred tax liabilities	579	592
Deferred tax liabilities for land revaluation	31	31
Provision for retirement benefits	38,233	37,884
Accrued long service rewards for employees	933	910
Other	4,780	4,777
Total noncurrent liabilities	<u>45,086</u>	<u>44,938</u>
Total liabilities	<u>210,000</u>	<u>190,944</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	131,331	137,533
Treasury stock	(31,896)	(31,903)
Total shareholders' equity	<u>255,557</u>	<u>261,752</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,138	1,378
Deferred gains or losses on hedges	-	8
Foreign currency translation adjustment	98	149
Total accumulated other comprehensive income	<u>1,236</u>	<u>1,535</u>
Minority interests	281	287
Total net assets	<u>257,075</u>	<u>263,575</u>
Total liabilities and net assets	<u>467,076</u>	<u>454,519</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Nine months of FY2013 (from January 1, 2013 to September 30, 2013)	Nine months of FY2014 (from January 1, 2014 to September 30, 2014)
Net sales	468,622	479,105
Cost of sales	307,482	309,509
Gross profit	161,139	169,595
Selling, general and administrative expenses	152,771	153,622
Operating income	8,368	15,973
Non-operating income		
Interest income	186	198
Dividend income	73	74
Insurance income	642	593
Other	417	518
Total non-operating income	1,320	1,385
Non-operating expenses		
Interest expenses	23	24
Share of loss of entities accounted for using equity method	-	4
Foreign exchange losses	86	-
Other	239	190
Total non-operating expenses	348	219
Ordinary income	9,340	17,138
Extraordinary income		
Gain on sales of non-current assets	8	2
Gain on bargain purchase	-	12
Gain on sales of investment securities	115	4
Other	1	5
Total extraordinary income	125	24
Extraordinary losses		
Loss on sales and retirement of non-current assets	554	155
Impairment loss	0	-
Special extra retirement payments	597	-
Office transfer expenses	203	-
Other	176	97
Total extraordinary losses	1,532	253
Income before income taxes and minority interests	7,933	16,910
Income taxes	3,221	7,183
Income before minority interests	4,712	9,726
Minority interests in income	27	24
Net income	4,684	9,702

※ To reflect this change in the presentation method, the Company has amended classification of its results for the previous fiscal year. As a result, 2,721 million yen, which was included in cost of sales in the Consolidated Statements of Income for the previous year, is now included in selling, general and administrative expenses.

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Nine months of FY2013 (from January 1, 2013 to September 30, 2013)	Nine months of FY2014 (from January 1, 2014 to September 30, 2014)
Income before minority interests	4,712	9,726
Other comprehensive income		
Valuation difference on available-for-sale-securities	1,437	239
Deferred gains or losses on hedges	-	8
Foreign currency translation adjustment	103	45
Total other comprehensive income	1,540	293
Comprehensive income	6,252	10,020
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	6,216	10,000
Comprehensive income attributable to minority interests	36	19

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Nine months of FY2013 (from January 1, 2013 to September 30, 2013)	Nine months of FY2014 (from January 1, 2014 to September 30, 2014)
Cash flows from operating activities		
Income before income taxes and minority interests	7,933	16,910
Depreciation	12,956	12,911
Impairment loss	0	-
Amortization of goodwill	35	78
Gain on bargain purchase	-	(12)
Increase (decrease) in allowance for doubtful accounts	(134)	(104)
Increase (decrease) in provision for retirement benefits	88	(403)
Increase (decrease) in provision for directors' retirement benefits	(1,046)	-
Increase (decrease) in provision for bonuses	9,023	9,080
Interest and dividends income	(260)	(273)
Interest expenses	23	24
Loss (gain) on sales and retirement of property, plant and equipment	464	118
Decrease (increase) in notes and accounts receivable-trade	21,100	32,675
Decrease (increase) in inventories	(3,369)	(4,605)
Increase (decrease) in notes and accounts payable-trade	(10,229)	(18,458)
Other, net	(8,850)	(10,737)
Subtotal	<u>27,734</u>	<u>37,204</u>
Interest and dividends income received	264	272
Interest expenses paid	(23)	(24)
Income taxes paid	(8,387)	(5,602)
Net cash provided by (used in) operating activities	<u>19,588</u>	<u>31,849</u>
Cash flows from investing activities		
Proceeds from sales of securities	30	-
Purchase of property, plant and equipment	(10,792)	(7,375)
Proceeds from sales of property, plant and equipment	239	16
Purchase of intangible assets	(2,462)	(2,332)
Purchase of investment securities	(130)	(136)
Proceeds from sales of investment securities	716	8
Purchase of shares of subsidiaries	-	(939)
Proceeds from sales of shares of subsidiaries and associates	-	236
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,278)
Net decrease (increase) in short-term loans receivable	(9,998)	(40)
Decrease (increase) in time deposits	47	100
Other, net	(56)	108
Net cash provided by (used in) investing activities	<u>(22,407)</u>	<u>(11,632)</u>
Net cash provided by (used in) financing activities		
Repayments of finance lease obligations	(505)	(399)
Purchase of treasury shares	(3)	(6)
Cash dividends paid	(3,461)	(3,505)
Cash dividends paid to minority shareholders	(9)	(12)
Other, net	0	(70)
Net cash provided by (used in) financing activities	<u>(3,979)</u>	<u>(3,994)</u>
Effect of exchange rate change on cash and cash equivalents	0	(0)
Net increase (decrease) in cash and cash equivalents	<u>(6,798)</u>	<u>16,221</u>
Cash and cash equivalents at beginning of period	<u>108,259</u>	<u>102,182</u>
Cash and cash equivalents at end of period	<u>101,461</u>	<u>118,404</u>

Consolidated Quarterly Segment Information

I. 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 / Medical	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 businesses, such as shared service businesses, which are not included in other reportable segments.

II. Nine months of FY2014 (from January 1, 2014 to September 30, 2014)

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 / Medical	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	248,335	87,160	122,950	20,618	40	479,105	-	479,105
Sales - intersegment	-	26,007	-	-	-	26,007	(26,007)	-
Total	248,335	113,167	122,950	20,618	40	505,112	(26,007)	479,105
Operating income (loss)	6,665	2,503	7,383	(921)	342	15,973	-	15,973

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

[Note] Starting from FY2014, the segment name of the Industrial Equipment was changed to Industrial / Medical. The change in the segment name entails no changes in the amounts presented.