

## Summary Report of Consolidated Financial Results

for the fiscal year ended December 31, 2014

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): March 27, 2015  
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the year ended December 31, 2014 (From January 1, 2014 to December 31, 2014)

(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, 2014	659,432	0.3	25,087	47.5	26,553	45.8	16,030	57.7
December 31, 2013	657,215	(0.3)	17,012	1.3	18,210	0.6	10,167	(3.9)

[Note] Comprehensive Income: Year ended December 31, 2014 : 16,794 million yen [46.6%]

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

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, 2014	123.62	-	6.1	5.6	3.8
December 31, 2013	76.67	-	4.0	3.9	2.6

[Note] Investment profit (loss) on equity method: Year ended December 31, 2014 : (3) million yen Year ended December 31, 2013 : -

(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, 2014	479,747	270,352	56.3	2,082.60
Year ended December 31, 2013	467,076	257,075	55.0	1,980.22

[Reference] Shareholders' equity: Year ended December 31, 2014 : 270,061 million yen

Year ended December 31, 2013 : 256,794 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, 2014	38,190	(15,221)	(4,544)	120,607
Year ended December 31, 2013	28,780	(25,757)	(9,105)	102,182

2.Dividends

Year ended	Dividend per share					Total dividends (annual)	Payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	First quarter -end	Second quarter -end	Third quarter -end	Year-end	Annual			
	Yen	Yen	Yen	Yen	Yen	Yen	%	%
Year ended December 31, 2013	-	12.00	-	12.00	24.00	3,153	31.3	1.2
Year ended December 31, 2014	-	15.00	-	25.00	40.00	5,187	32.4	2.0
Year ending December 31, 2015 (forecast)	-	20.00	-	20.00	40.00		30.7	

3.Consolidated financial forecast for the fiscal year ending December 31, 2015

(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
	681,000	3.3	26,000	3.6	27,200	2.4	16,900	5.4	130.33

\* Others

(1) Material changes in subsidiaries during this period

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

( iii ) Changes in accounting estimates : None

( 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, 2014 : 151,079,972

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

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

As of December 31, 2014 : 21,404,708

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

( iii ) Average number of shares

As of December 31, 2014 : 129,677,416

As of September 30, 2013 : 132,624,059

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2014 (From January 1, 2014 to December 31, 2014)

(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, 2014	508,551	(0.7)	16,197	41.8	19,690	31.4	11,655	43.8
December 31, 2013	511,959	0.0	11,426	(3.2)	14,980	8.1	8,104	8.6

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2014	89.88	-
December 31, 2013	61.11	-

(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, 2014	471,326	258,832	54.9	1,996.00
December 31, 2013	458,957	250,091	54.5	1,928.53

[Reference] Shareholders' equity: Year ended December 31, 2014 : 258,832 / Year ended December 31, 2013 : 250,091

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, 2013	As of December 31, 2014
<b>Assets</b>		
Current assets		
Cash and deposits	20,082	36,107
Notes and accounts receivable-trade	132,696	128,473
Short-term investment securities	82,200	84,500
Merchandise and finished goods	26,841	26,471
Work in process	578	488
Raw materials and supplies	814	855
Deferred tax assets	5,088	4,860
Short-term loans receivable	50,000	50,054
Other	6,823	7,899
Allowance for doubtful accounts	(188)	(113)
Total current assets	<u>324,938</u>	<u>339,596</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	49,126	48,152
Machinery, equipment and vehicles, net	9	9
Tools, furniture and fixtures, net	4,510	4,374
Rental assets, net	9,340	10,637
Land	36,012	36,301
Leased assets, net	685	584
Total property, plant and equipment	<u>99,684</u>	<u>100,059</u>
Intangible assets		
Goodwill	447	1,090
Software	12,006	9,362
Leased assets	93	116
Right of using facilities	316	317
Other	29	20
Total intangible assets	<u>12,894</u>	<u>10,906</u>
Investments and other assets		
Investment securities	5,303	6,292
Long-term loans receivable	11	11
Deferred tax assets	16,084	15,040
Guarantee deposits	5,571	5,338
Other	2,981	2,859
Allowance for doubtful accounts	(393)	(357)
Total investments and other assets	<u>29,559</u>	<u>29,184</u>
Total noncurrent assets	<u>142,137</u>	<u>140,151</u>
Total assets	<u>467,076</u>	<u>479,747</u>

## Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2013	As of December 31, 2014
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	108,498	101,337
Lease obligations	446	343
Accrued expenses	24,976	24,115
Income taxes payable	2,996	5,918
Accrued consumption taxes	2,965	7,619
Provision for bonuses	3,506	3,346
Provision for directors' bonuses	65	119
Provision for product warranties	654	679
Provision for loss on order received	84	21
Other	20,719	21,270
Total current liabilities	164,914	164,770
Noncurrent liabilities		
Long-term loans payable	73	-
Lease obligations	454	445
Deferred tax liabilities	579	540
Deferred tax liabilities for land revaluation	31	29
Provision for retirement benefits	38,233	-
Accrued long service rewards for employees	933	997
Net defined benefit liability	-	37,862
Other	4,780	4,748
Total noncurrent liabilities	45,086	44,623
Total liabilities	210,000	209,394
<b>Net assets</b>		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	131,331	143,864
Treasury stock	(31,896)	(31,905)
Total shareholders' equity	255,557	268,082
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,138	1,704
Foreign currency translation adjustment	98	272
Remeasurements of defined benefit plans	-	1
Total accumulated other comprehensive income	1,236	1,978
Minority interests	281	291
Total net assets	257,075	270,352
Total liabilities and net assets	467,076	479,747

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2013 (from January 1, 2013 to December 31, 2013)	FY2014 (from January 1, 2014 to December 31, 2014)
Net sales	657,215	659,432
Cost of sales	433,278	425,895
Gross profit	223,936	233,536
Selling, general and administrative expenses	206,924	208,448
Operating income	17,012	25,087
Non-operating income		
Interest income	251	263
Dividend income	95	99
Insurance income	648	596
Other	655	797
Total non-operating income	1,650	1,756
Non-operating expenses		
Interest expenses	30	32
Share of loss of entities accounted for using equity method	-	3
Foreign exchange losses	120	-
Other	302	254
Total non-operating expenses	453	290
Ordinary income	18,210	26,553
Extraordinary income		
Gain on sales of non-current assets	25	71
Gain on bargain purchase	-	12
Insurance income on disaster	-	331
Settlement received	-	255
Gain on sales of investment securities	603	4
Other	1	5
Total extraordinary income	629	679
Extraordinary losses		
Loss on sales and retirement of non-current assets	638	216
Impairment loss	5	5
Loss on disaster	-	390
Loss on litigation	-	600
Special extra retirement payments	597	13
Loss on valuation of golf club membership	0	0
Office transfer expenses	203	-
Expenses related to changing in business name	3	-
Other	336	148
Total extraordinary losses	1,785	1,374
Income before income taxes and minority interests	17,054	25,858
Income taxes-current	6,330	8,686
Income taxes-deferred	517	1,108
Total income taxes	6,848	9,794
Income before minority interests	10,206	16,063
Minority interests in income	38	33
Net income	10,167	16,030

※ To reflect this change in the presentation method, the Company has amended classification of its results for the previous fiscal year. As a result, 3,726 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 Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	FY2013 (from January 1, 2013 to December 31, 2013)	FY2014 (from January 1, 2014 to December 31, 2014)
Income before minority interests	10,206	16,063
Other comprehensive income		
Valuation difference on available-for-sale-securities	1,077	566
Foreign currency translation adjustment	168	164
Total other comprehensive income	1,246	731
Comprehensive income	11,452	16,794
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	11,397	16,770
Comprehensive income attributable to minority interests	54	24

## Consolidated Statements of Shareholders' Equity

I. FY2013 (from January 1, 2013 to December 31, 2013)

(Amounts less than one million yen are truncated)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at beginning of current period	73,303	82,819	124,624	(26,891)	253,855
Changes of items during period					
Dividends of surplus			(3,460)		(3,460)
Net income			10,167		10,167
Purchase of treasury stocks				(5,005)	(5,005)
Disposal of treasury stocks			(0)	0	0
Change of scope of equity method					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	—	6,707	(5,005)	1,702
Balance at end of current period	73,303	82,819	131,331	(31,896)	255,557

	Accumulated other comprehensive income			Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	61	(54)	6	225	254,088
Changes of items during period					
Dividends of surplus			—		(3,460)
Net income			—		10,167
Purchase of treasury stocks			—		(5,005)
Disposal of treasury stocks			—		0
Change of scope of equity method			—		—
Net changes of items other than shareholders' equity	1,077	152	1,229	55	1,285
Total changes of items during period	1,077	152	1,229	55	2,987
Balance at end of current period	1,138	98	1,236	281	257,075

Consolidated Statements of Shareholders' Equity

II. FY2014 (from January 1, 2014 to December 31, 2014)

(Amounts less than one million yen are truncated)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stocks	Total shareholders' equity
Balance at beginning of current period	73,303	82,819	131,331	(31,896)	255,557
Changes of items during period					
Dividends of surplus			(3,501)		(3,501)
Net income			16,030		16,030
Purchase of treasury stocks				(9)	(9)
Disposal of treasury stocks		0		0	0
Change of scope of equity method			3		3
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	0	12,532	(8)	12,524
Balance at end of current period	73,303	82,819	143,864	(31,905)	268,082

	Accumulated other comprehensive income				Minority interests	Total net assets
	Valuation difference on available-for-sale securities	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance at beginning of current period	1,138	98	—	1,236	281	257,075
Changes of items during period						
Dividends of surplus				—		(3,501)
Net income				—		16,030
Purchase of treasury stocks				—		(9)
Disposal of treasury stocks				—		0
Change of scope of equity method				—		3
Net changes of items other than shareholders' equity	566	174	1	742	10	752
Total changes of items during period	566	174	1	742	10	13,277
Balance at end of current period	1,704	272	1	1,978	291	270,352

## Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2013 (from January 1, 2013 to December 31, 2013)	FY2014 (from January 1, 2014 to December 31, 2014)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	17,054	25,858
Depreciation	17,447	17,090
Impairment loss	5	5
Amortization of goodwill	52	138
Gain on bargain purchase	-	(12)
Increase (decrease) in allowance for doubtful accounts	(150)	(114)
Increase (decrease) in provision for retirement benefits	483	-
Increase (decrease) in provision for directors' retirement benefits	(1,046)	-
Increase (decrease) in net defined benefit liability	-	(474)
Interest and dividend income	(347)	(362)
Interest expenses	30	32
Loss (gain) on sales and retirement of property, plant and equipment	510	95
Loss (gain) on sales of investment securities	(598)	(2)
Decrease (increase) in notes and accounts receivable-trade	(4,730)	4,847
Decrease (increase) in inventories	432	303
Increase (decrease) in notes and accounts payable-trade	4,191	(7,243)
Other, net	3,541	3,617
Subtotal	<u>36,879</u>	<u>43,778</u>
Interest and dividends income received	349	362
Interest expenses paid	(30)	(32)
Income taxes paid	(8,417)	(5,918)
Net cash provided by (used in) operating activities	<u>28,780</u>	<u>38,190</u>
<b>Cash flows from investing activities</b>		
Proceeds from sales of securities	30	-
Purchase of property, plant and equipment	(13,691)	(10,332)
Proceeds from sales of property, plant and equipment	326	439
Purchase of intangible assets	(3,512)	(3,353)
Purchase of investment securities	(194)	(180)
Proceeds from sales of investment securities	1,307	32
Purchase of shares of subsidiaries	-	(939)
Proceeds from sales of shares of subsidiaries and associates	-	239
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(1,278)
Proceeds from purchase of shares of subsidiaries resulting in change in scope of consolidation	44	-
Net decrease (increase) in short-term loans receivable	(9,998)	(40)
Net decrease (increase) in time deposits	47	109
Other, net	(116)	82
Net cash provided by (used in) investing activities	<u>(25,757)</u>	<u>(15,221)</u>
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term loans payable	-	(141)
Repayments of finance lease obligations	(631)	(527)
Purchase of treasury shares	(5,005)	(9)
Cash dividends paid	(3,458)	(3,501)
Cash dividends paid to minority shareholders	(9)	(12)
Other, net	0	(353)
Net cash provided by (used in) financing activities	<u>(9,105)</u>	<u>(4,544)</u>
Effect of exchange rate change on cash and cash equivalents	4	(0)
Net increase (decrease) in cash and cash equivalents	<u>(6,077)</u>	<u>18,424</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>102,182</u>	<u>120,607</u>

## Consolidated Segment Information

### I. 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 / Medical	Other	Total	Adjustment	Consolidated
Net sales								
Sales - external customers	327,263	112,049	191,729	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.

### II. FY2014 (from January 1, 2014 to December 31, 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	330,233	115,716	185,406	28,024	51	659,432	-	659,432
Sales - intersegment	-	33,033	-	-	-	33,033	(33,033)	-
Total	330,233	148,750	185,406	28,024	51	692,465	(33,033)	659,432
Operating income (loss)	8,206	3,163	14,257	(977)	438	25,087	-	25,087
Assets	138,579	65,039	77,939	19,725	9,395	310,679	169,067	479,747
Other								
Depreciation	10,876	3,065	2,489	484	174	17,090	-	17,090
Amortization of goodwill	-	102	-	36	-	138	-	138
Increase in Property, plant and equipment and Intangible assets	10,089	2,320	1,322	755	40	14,528	-	14,528

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