

Summary Report of Consolidated Financial Results

for the first quarter ended March 31, 2015

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, First Section
 Code number: 8060
 URL: <http://cweb.canon.jp/eng/ir>
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 U.S. Accounting Standards Applied: No

1.Consolidated business results for the three months ended March 31, 2015 (From January 1, 2015 to March 31, 2015)

(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	%
Three months ended March 31, 2015	155,370	(15.0)	3,469	(62.4)	3,753	(59.9)	1,848	(67.6)
March 31, 2014	182,697	21.6	9,231	-	9,369	-	5,707	-

[Note] Comprehensive Income: Three months ended March 31, 2015 : 2,268 million yen [(59.8)%]
 Three months ended March 31, 2014 : 5,636million yen [829.0%]

	Net income per share	Diluted net income per share
Three months ended March 31, 2015	Yen 14.26	Yen -
March 31, 2014	44.01	-

(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
First quarter ended March 31, 2015	464,081	266,704	57.4	2,054.51
Year ended December 31, 2014	479,747	270,352	56.3	2,082.60

[Reference] Shareholders' equity: First quarter ended March 31, 2015 : 266,417 million yen
 Year ended December 31, 2014 : 270,061 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, 2014	-	15.00	-	25.00	40.00
Year ending December 31, 2015	-				
Year ending December 31, 2015 (forecast)		20.00	-	20.00	40.00

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

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)

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

[Note] Revision of forecast for this period : None

* 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) : 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 fiscal year (including treasury stock)

As of March 31, 2015 :	151,079,972
As of December 31, 2014 :	151,079,972

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

As of March 31, 2015 :	21,405,454
As of December 31, 2014 :	21,404,708

(iii) Average number of shares

As of March 31, 2015 :	129,674,890
As of March 31, 2014 :	129,679,259

- * Because of a change in the accounting policy, the calculation of retirement benefit obligations and service costs was modified, effective from the current term. As a result, the net defined benefit liability at the beginning of the first quarter increased by 4,062 million yen, while the retained earnings decreased by 2,662 million yen. The impact on the operating profit, ordinary profit, and profit before income taxes for the current first quarter will be minimal.

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, 2014	As of March 31, 2015
Assets		
Current assets		
Cash and deposits	36,107	12,937
Notes and accounts receivable-trade	128,473	111,319
Securities	84,500	104,700
Merchandise and finished goods	26,471	29,941
Work in process	488	798
Raw materials and supplies	855	859
Deferred tax assets	4,860	4,853
Short-term loans receivable	50,054	50,054
Other	7,899	6,903
Allowance for doubtful accounts	(113)	(88)
Total current assets	<u>339,596</u>	<u>322,279</u>
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,152	48,356
Machinery, equipment and vehicles, net	9	9
Tools, furniture and fixtures, net	4,374	4,489
Rental assets, net	10,637	10,181
Land	36,301	36,263
Leased assets, net	584	524
Total property, plant and equipment	<u>100,059</u>	<u>99,823</u>
Intangible assets		
Goodwill	1,090	1,033
Software	9,362	9,331
Leased assets	116	105
Right of using facilities	317	317
Other	20	17
Total intangible assets	<u>10,906</u>	<u>10,806</u>
Investments and other assets		
Investment securities	6,292	7,029
Long-term loans receivable	11	11
Deferred tax assets	15,040	16,356
Guarantee deposits	5,338	5,309
Other	2,859	2,780
Allowance for doubtful accounts	(357)	(316)
Total investments and other assets	<u>29,184</u>	<u>31,171</u>
Total noncurrent assets	<u>140,151</u>	<u>141,802</u>
Total assets	<u>479,747</u>	<u>464,081</u>

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2014	As of March 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	101,337	93,432
Lease obligations	343	289
Accrued expenses	24,115	20,136
Income taxes payable	5,918	1,650
Accrued consumption taxes	7,619	3,068
Provision for bonuses	3,346	12,264
Provision for directors' bonuses	119	41
Provision for product warranties	679	661
Provision for loss on order received	21	11
Other	21,270	17,511
Total current liabilities	164,770	149,067
Noncurrent liabilities		
Lease obligations	445	412
Deferred tax liabilities	540	540
Deferred tax liabilities for land revaluation	29	29
Accrued long service rewards for employees	997	1,044
Net defined benefit liability	37,862	41,764
Other	4,748	4,519
Total noncurrent liabilities	44,623	48,310
Total liabilities	209,394	197,377
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	143,864	139,808
Treasury shares	(31,905)	(31,907)
Total shareholders' equity	268,082	264,024
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,704	2,218
Deferred gains or losses on hedges	-	4
Foreign currency translation adjustment	272	276
Remeasurements of defined benefit plans	1	(107)
Total accumulated other comprehensive income	1,978	2,392
Minority interests	291	287
Total net assets	270,352	266,704
Total liabilities and net assets	479,747	464,081

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Three months of FY2014 (from January 1, 2014 to March 31, 2014)	Three months of FY2015 (from January 1, 2015 to March 31, 2015)
Net sales	182,697	155,370
Cost of sales	121,651	101,063
Gross profit	61,046	54,307
Selling, general and administrative expenses	51,814	50,837
Operating income	9,231	3,469
Non-operating income		
Interest income	64	61
Dividend income	14	26
Other	155	309
Total non-operating income	234	397
Non-operating expenses		
Interest expenses	9	7
Share of loss of entities accounted for using equity method	3	-
Foreign exchange losses	-	19
Other	82	86
Total non-operating expenses	96	113
Ordinary income	9,369	3,753
Extraordinary income		
Gain on sales of non-current assets	2	0
Insurance income on disaster	-	17
Gain on sales of investment securities	0	-
Other	0	-
Total extraordinary income	2	18
Extraordinary losses		
Loss on sales and retirement of non-current assets	31	25
Loss on disaster	-	14
Other	81	11
Total extraordinary losses	113	51
Income before income taxes and minority interests	9,258	3,719
Income taxes	3,546	1,862
Income before minority interests	5,712	1,857
Minority interests in income	4	8
Net income	5,707	1,848

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Three months of FY2014 (from January 1, 2014 to March 31, 2014)	Three months of FY2015 (from January 1, 2015 to March 31, 2015)
Income before minority interests	5,712	1,857
Other comprehensive income		
Valuation difference on available-for-sale-securities	(46)	513
Deferred gains or losses on hedges	-	4
Foreign currency translation adjustment	(29)	2
Remeasurements of defined benefit plans, net of tax	-	(109)
Total other comprehensive income	(76)	411
Comprehensive income	5,636	2,268
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,630	2,262
Comprehensive income attributable to minority interests	5	6

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Three months of FY2014 (from January 1, 2014 to March 31, 2014)	Three months of FY2015 (from January 1, 2015 to March 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	9,258	3,719
Depreciation	4,209	4,006
Amortization of goodwill	34	61
Increase (decrease) in allowance for doubtful accounts	(12)	(65)
Increase (decrease) in provision for retirement benefits	(199)	-
Increase (decrease) in net defined benefit liability	-	(321)
Increase (decrease) in provision for bonuses	9,282	8,917
Interest and dividend income	(79)	(88)
Interest expenses	9	7
Loss (gain) on sales and retirement of property, plant and equipment	26	24
Decrease (increase) in notes and accounts receivable-trade	3,079	17,255
Decrease (increase) in inventories	(5,592)	(3,782)
Increase (decrease) in notes and accounts payable-trade	6,128	(7,905)
Other, net	(7,584)	(12,192)
Subtotal	18,562	9,637
Interest and dividends income received	78	88
Interest expenses paid	(9)	(7)
Income taxes paid	(2,842)	(6,244)
Net cash provided by (used in) operating activities	15,789	3,474
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,838)	(1,819)
Purchase of intangible assets	(651)	(1,125)
Purchase of investment securities	(32)	(69)
Proceeds from sales of investment securities	1	0
Net decrease (increase) in time deposits	100	-
Purchase of shares of subsidiaries	(939)	-
Net decrease (increase) in short-term loans receivable	0	0
Other, net	61	(46)
Net cash provided by (used in) investing activities	(3,298)	(3,061)
Cash flows from financing activities		
Repayments of finance lease obligations	(123)	(127)
Purchase of treasury shares	(1)	(1)
Cash dividends paid	(1,557)	(3,242)
Cash dividends paid to minority shareholders	(12)	(10)
Other, net	(4)	-
Net cash provided by (used in) financing activities	(1,699)	(3,382)
Effect of exchange rate change on cash and cash equivalents	(1)	(0)
Net increase (decrease) in cash and cash equivalents	10,790	(2,969)
Cash and cash equivalents at beginning of period	102,182	120,607
Cash and cash equivalents at end of period	112,973	117,637

Consolidated Quarterly Segment Information

I. Three months of FY2014 (from January 1, 2014 to March 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	92,215	33,171	47,985	9,312	13	182,697	-	182,697
Sales - intersegment	-	10,636	-	-	-	10,636	(10,636)	-
Total	92,215	43,807	47,985	9,312	13	193,333	(10,636)	182,697
Operating income	4,549	1,220	3,207	143	110	9,231	-	9,231

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

II. Three months of FY2015 (from January 1, 2015 to March 31, 2015)

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	84,954	28,542	34,542	7,324	6	155,370	-	155,370
Sales - intersegment	-	7,717	-	-	-	7,717	(7,717)	-
Total	84,954	36,260	34,542	7,324	6	163,088	(7,717)	155,370
Operating income (loss)	2,676	989	(418)	115	106	3,469	-	3,469

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