

Summary Report of Consolidated Financial Results

for the second quarter ended June 30, 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>
 Representative director: Masahiro Sakata, President
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Dividend payable date (as planned): August 26, 2015
 U.S. Accounting Standards Applied: No

1. Consolidated business results for the three months ended June 30, 2015 (From January 1, 2015 to June 30, 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	%
Six months ended June 30, 2015	314,096	(4.3)	8,522	(31.9)	9,585	(28.7)	5,075	(35.4)
June 30, 2014	328,355	6.1	12,511	207.7	13,452	176.4	7,851	297.9

[Note] Comprehensive Income: Six months ended June 30, 2015 : 5,787 million yen [(27.2)%]

Six months ended June 30, 2014 : 7,950million yen [177.9%]

	Net income per share	Diluted net income per share
Six months ended June 30, 2015	Yen 39.14	Yen -
June 30, 2014	60.55	-

(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
Second quarter ended June 30, 2015	461,777	270,220	58.5	2,081.53
Year ended December 31, 2014	479,747	270,352	56.3	2,082.60

[Reference] Shareholders' equity: Second quarter ended June 30, 2015 : 269,918 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	-	20.00			
Year ending December 31, 2015 (forecast)			-	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	666,000	1.0	26,000	3.6	27,200	2.4	15,600	(2.7)	120.30

[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) : 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 June 30, 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 June 30, 2015 :	21,406,850
As of December 31, 2014 :	21,404,708

(iii) Average number of shares

As of June 30, 2015 :	129,674,131
As of June 30, 2014 :	129,678,657

- * 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 half 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 half 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 June 30, 2015
Assets		
Current assets		
Cash and deposits	36,107	13,604
Notes and accounts receivable-trade	128,473	105,639
Securities	84,500	78,100
Merchandise and finished goods	26,471	26,601
Work in process	488	923
Raw materials and supplies	855	835
Deferred tax assets	4,860	4,850
Short-term loans receivable	50,054	80,054
Other	7,899	8,319
Allowance for doubtful accounts	(113)	(99)
Total current assets	339,596	318,828
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	48,152	48,129
Machinery, equipment and vehicles, net	9	8
Tools, furniture and fixtures, net	4,374	4,543
Rental assets, net	10,637	11,344
Land	36,301	36,263
Leased assets, net	584	508
Total property, plant and equipment	100,059	100,797
Intangible assets		
Goodwill	1,090	966
Software	9,362	8,960
Leased assets	116	95
Right of using facilities	317	317
Other	20	16
Total intangible assets	10,906	10,357
Investments and other assets		
Investment securities	6,292	7,690
Long-term loans receivable	11	10
Deferred tax assets	15,040	16,315
Guarantee deposits	5,338	5,325
Other	2,859	2,765
Allowance for doubtful accounts	(357)	(315)
Total investments and other assets	29,184	31,792
Total noncurrent assets	140,151	142,948
Total assets	479,747	461,777

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2014	As of June 30, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	101,337	87,825
Lease obligations	343	265
Accrued expenses	24,115	19,407
Income taxes payable	5,918	4,295
Accrued consumption taxes	7,619	3,005
Provision for bonuses	3,346	4,447
Provision for directors' bonuses	119	41
Provision for product warranties	679	638
Provision for loss on order received	21	3
Other	21,270	23,016
Total current liabilities	164,770	142,945
Noncurrent liabilities		
Lease obligations	445	419
Deferred tax liabilities	540	590
Deferred tax liabilities for land revaluation	29	29
Accrued long service rewards for employees	997	1,061
Net defined benefit liability	37,862	41,834
Other	4,748	4,677
Total noncurrent liabilities	44,623	48,611
Total liabilities	209,394	191,556
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,819
Retained earnings	143,864	143,035
Treasury shares	(31,905)	(31,910)
Total shareholders' equity	268,082	267,248
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,704	2,665
Deferred gains or losses on hedges	-	3
Foreign currency translation adjustment	272	284
Remeasurements of defined benefit plans	1	(283)
Total accumulated other comprehensive income	1,978	2,669
Minority interests	291	302
Total net assets	270,352	270,220
Total liabilities and net assets	479,747	461,777

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Six months of FY2014 (from January 1, 2014 to June 30, 2014)	Six months of FY2015 (from January 1, 2015 to June 30, 2015)
Net sales	328,355	314,096
Cost of sales	213,641	201,967
Gross profit	114,713	112,128
Selling, general and administrative expenses	102,201	103,606
Operating income	12,511	8,522
Non-operating income		
Interest income	132	141
Dividend income	71	87
Insurance income	584	573
Other	309	462
Total non-operating income	1,097	1,263
Non-operating expenses		
Interest expenses	18	16
Share of loss of entities accounted for using equity method	1	-
Foreign exchange losses	1	45
Other	136	137
Total non-operating expenses	157	200
Ordinary income	13,452	9,585
Extraordinary income		
Gain on sales of non-current assets	3	2
Gain on bargain purchase	12	-
Insurance income on disaster	-	21
Gain on sales of investment securities	0	-
Other	1	-
Total extraordinary income	17	23
Extraordinary losses		
Loss on sales and retirement of non-current assets	109	90
Loss on disaster	-	14
Group reorganization expenses	-	100
Other	90	74
Total extraordinary losses	199	279
Income before income taxes and minority interests	13,269	9,330
Income taxes	5,400	4,235
Income before minority interests	7,868	5,094
Minority interests in income	17	18
Net income	7,851	5,075

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Six months of FY2014 (from January 1, 2014 to June 30, 2014)	Six months of FY2015 (from January 1, 2015 to June 30, 2015)
Income before minority interests	7,868	5,094
Other comprehensive income		
Valuation difference on available-for-sale-securities	130	960
Deferred gains or losses on hedges	(0)	3
Foreign currency translation adjustment	(48)	14
Remeasurements of defined benefit plans, net of tax	-	(285)
Total other comprehensive income	81	693
Comprehensive income	7,950	5,787
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	7,930	5,766
Comprehensive income attributable to minority interests	19	21

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Six months of FY2014 (from January 1, 2014 to June 30, 2014)	Six months of FY2015 (from January 1, 2015 to June 30, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	13,269	9,330
Depreciation	8,587	8,018
Amortization of goodwill	56	122
Gain on bargain purchase	(12)	-
Increase (decrease) in allowance for doubtful accounts	(37)	(55)
Increase (decrease) in provision for retirement benefits	(292)	-
Increase (decrease) in net defined benefit liability	-	(550)
Increase (decrease) in provision for bonuses	356	1,101
Interest and dividend income	(203)	(228)
Interest expenses	18	16
Loss (gain) on sales and retirement of property, plant and equipment	81	86
Decrease (increase) in notes and accounts receivable-trade	37,963	22,926
Decrease (increase) in inventories	520	(543)
Increase (decrease) in notes and accounts payable-trade	(30,365)	(13,512)
Other, net	(5,779)	(7,544)
Subtotal	24,163	19,168
Interest and dividends income received	203	227
Interest expenses paid	(18)	(16)
Income taxes paid	(2,884)	(6,426)
Net cash provided by (used in) operating activities	21,464	12,952
Cash flows from investing activities		
Purchase of property, plant and equipment	(5,419)	(6,183)
Proceeds from sales of property, plant and equipment	9	56
Purchase of intangible assets	(1,400)	(2,033)
Purchase of investment securities	(97)	(94)
Proceeds from sales of investment securities	4	18
Purchase of shares of subsidiaries	(939)	-
Proceeds from sales of shares of subsidiaries and associates	17	5
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(555)	-
Net decrease (increase) in short-term loans receivable	(29)	(29,999)
Net decrease (increase) in time deposits	100	-
Other, net	16	(141)
Net cash provided by (used in) investing activities	(8,293)	(38,372)
Cash flows from financing activities		
Repayments of finance lease obligations	(269)	(228)
Purchase of treasury shares	(3)	(4)
Cash dividends paid	(1,556)	(3,238)
Cash dividends paid to minority shareholders	(12)	(10)
Other, net	(70)	0
Net cash provided by (used in) financing activities	(1,912)	(3,482)
Effect of exchange rate change on cash and cash equivalents	(0)	0
Net increase (decrease) in cash and cash equivalents	11,258	(28,903)
Cash and cash equivalents at beginning of period	102,182	120,607
Cash and cash equivalents at end of period	113,440	91,704

Consolidated Quarterly Segment Information

I. Six months of FY2014 (from January 1, 2014 to June 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	169,826	60,990	83,096	14,414	27	328,355	-	328,355
Sales - intersegment	-	18,664	-	-	-	18,664	(18,664)	-
Total	169,826	79,654	83,096	14,414	27	347,019	(18,664)	328,355
Operating income (loss)	5,235	2,129	5,415	(495)	226	12,511	-	12,511

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

II. Six months of FY2015 (from January 1, 2015 to June 30, 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	164,888	56,465	78,622	14,105	14	314,096	-	314,096
Sales - intersegment	-	14,668	-	-	-	14,668	(14,668)	-
Total	164,888	71,133	78,622	14,105	14	328,765	(14,668)	314,096
Operating income (loss)	4,381	1,537	2,635	(256)	223	8,522	-	8,522

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