

Summary Report of Consolidated Financial Results

for the fiscal year ended December 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>
 Representative director: Masahiro Sakata, President
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 Dividend payable date (as planned): March 30, 2016
 U.S. Accounting Standards Applied: No

1.Consolidated business results for the year ended December 31, 2015 (From January 1, 2015 to December 31, 2015)

(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, 2015	646,002	(2.0)	26,647	6.2	28,040	5.6	15,670	(2.2)
December 31, 2014	659,432	0.3	25,087	47.5	26,553	45.8	16,030	57.7

[Note] Comprehensive Income: Year ended December 31, 2015 : 15,537 million yen [(7.5)%]

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

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, 2015	120.84	-	5.7	5.8	4.1
December 31, 2014	123.62	-	6.1	5.6	3.8

[Note] Investment profit (loss) on equity method: Year ended December 31, 2015 : - Year ended December 31, 2014 : (3) million yen

(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, 2015	486,502	277,438	56.9	2,136.22
Year ended December 31, 2014	479,747	270,352	56.3	2,082.60

[Reference] Shareholders' equity: Year ended December 31, 2015 : 277,008 million yen

Year ended December 31, 2014 : 270,061 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, 2015	29,730	(44,536)	(6,224)	99,573
Year ended December 31, 2014	38,190	(15,221)	(4,544)	120,607

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, 2014	-	15.00	-	25.00	40.00	5,187	32.4	2.0
Year ended December 31, 2015	-	20.00	-	-	-	-	-	-
Year ending December 31, 2016 (forecast)	-	-	-	-	-	-	-	-

3.Consolidated financial forecast for the fiscal year ending December 31, 2016

(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	
	660,000	2.2	27,000	1.3	28,200	0.6	17,700	13.0		136.50

* 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, 2015 : 151,079,972

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

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

As of December 31, 2015 : 21,407,663

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

(iii) Average number of shares

As of December 31, 2015 : 129,673,421

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

(Reference) Summary of Non-Consolidated Financial Results

1. Non-Consolidated business results for the year ended December 31, 2015 (From January 1, 2015 to December 31, 2015)

(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, 2015	495,699	(2.5)	15,876	(2.0)	20,096	2.1	11,849	1.7
December 31, 2014	508,551	(0.7)	16,197	41.8	19,690	31.4	11,655	43.8

Year ended	Net income per share	Diluted net income per share
	Yen	Yen
December 31, 2015	91.38	-
December 31, 2014	89.88	-

(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, 2015	476,136	264,980	55.7	2,043.47
December 31, 2014	471,326	258,832	54.9	1,996.00

[Reference] Shareholders' equity: Year ended December 31, 2015 : 264,980 / Year ended December 31, 2014 : 258,832

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, 2014	As of December 31, 2015
Assets		
Current assets		
Cash and deposits	36,107	36,773
Notes and accounts receivable-trade	128,473	125,906
Securities	84,500	62,800
Merchandise and finished goods	26,471	28,327
Work in process	488	791
Raw materials and supplies	855	887
Deferred tax assets	4,860	5,280
Short-term loans receivable	50,054	80,054
Other	7,899	6,922
Allowance for doubtful accounts	(113)	(201)
Total current assets	<u>339,596</u>	<u>347,542</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	48,152	46,926
Machinery, equipment and vehicles, net	9	175
Tools, furniture and fixtures, net	4,374	4,357
Rental assets, net	10,637	11,511
Land	36,301	35,939
Leased assets, net	584	400
Total property, plant and equipment	<u>100,059</u>	<u>99,310</u>
Intangible assets		
Goodwill	1,090	820
Software	9,362	8,268
Leased assets	116	76
Right of using facilities	317	317
Other	20	15
Total intangible assets	<u>10,906</u>	<u>9,499</u>
Investments and other assets		
Investment securities	6,292	7,789
Long-term loans receivable	11	10
Deferred tax assets	15,040	14,768
Guarantee deposits	5,338	5,274
Other	2,859	2,605
Allowance for doubtful accounts	(357)	(298)
Total investments and other assets	<u>29,184</u>	<u>30,150</u>
Total non-current assets	<u>140,151</u>	<u>138,959</u>
Total assets	<u>479,747</u>	<u>486,502</u>

Consolidated Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2014	As of December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable-trade	101,337	101,834
Lease obligations	343	222
Accrued expenses	24,115	22,118
Income taxes payable	5,918	6,201
Accrued consumption taxes	7,619	5,131
Provision for bonuses	3,346	3,506
Provision for directors' bonuses	119	130
Provision for product warranties	679	529
Provision for loss on order received	21	4
Other	21,270	19,999
Total current liabilities	<u>164,770</u>	<u>159,678</u>
Non-current liabilities		
Lease obligations	445	321
Deferred tax liabilities	540	581
Deferred tax liabilities for land revaluation	29	26
Accrued long service rewards for employees	997	943
Net defined benefit liability	37,862	42,822
Other	4,748	4,689
Total non-current liabilities	<u>44,623</u>	<u>49,385</u>
Total liabilities	<u>209,394</u>	<u>209,064</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,819	82,820
Retained earnings	143,864	151,036
Treasury shares	(31,905)	(31,911)
Total shareholders' equity	<u>268,082</u>	<u>275,247</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,704	2,775
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	272	224
Remeasurements of defined benefit plans	1	(1,240)
Total accumulated other comprehensive income	<u>1,978</u>	<u>1,760</u>
Minority interests	291	430
Total net assets	<u>270,352</u>	<u>277,438</u>
Total liabilities and net assets	<u>479,747</u>	<u>486,502</u>

Consolidated Statements of Income

(Amounts less than one million yen are truncated)

	FY2014 (from January 1, 2014 to December 31, 2014)	FY2015 (from January 1, 2015 to December 31, 2015)
Net sales	659,432	646,002
Cost of sales	425,895	412,897
Gross profit	233,536	233,104
Selling, general and administrative expenses	208,448	206,457
Operating income	25,087	26,647
Non-operating income		
Interest income	263	288
Dividend income	99	118
Insurance income	596	598
Other	797	763
Total non-operating income	1,756	1,770
Non-operating expenses		
Interest expenses	32	26
Share of loss of entities accounted for using equity method	3	-
Foreign exchange losses	-	123
Other	254	226
Total non-operating expenses	290	376
Ordinary income	26,553	28,040
Extraordinary income		
Gain on sales of non-current assets	71	348
Gain on sales of investment securities	4	82
Gain on sales of shares of subsidiaries and associates	-	56
Insurance income on disaster	331	34
Settlement received	255	-
Gain on bargain purchase	12	-
Other	5	38
Total extraordinary income	679	559
Extraordinary losses		
Loss on sales and retirement of non-current assets	216	368
Special extra retirement payments	13	524
Group reorganization expenses	-	102
Loss on disaster	390	14
Impairment loss	5	2
Loss on litigation	600	-
Loss on valuation of golf club membership	0	-
Other	148	89
Total extraordinary losses	1,374	1,102
Income before income taxes and minority interests	25,858	27,497
Income taxes-current	8,686	10,301
Income taxes-deferred	1,108	1,468
Total income taxes	9,794	11,769
Income before minority interests	16,063	15,728
Minority interests in income	33	57
Net income	16,030	15,670

Consolidated Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	FY2014 (from January 1, 2014 to December 31, 2014)	FY2015 (from January 1, 2015 to December 31, 2015)
Income before minority interests	16,063	15,728
Other comprehensive income		
Valuation difference on available-for-sale-securities	566	1,071
Deferred gains or losses on hedges	-	0
Foreign currency translation adjustment	164	(20)
Remeasurements of defined benefit plans, net of tax	-	(1,242)
Total other comprehensive income	731	(190)
Comprehensive income	16,794	15,537
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,770	15,451
Comprehensive income attributable to minority interests	24	85

Consolidated Statements of Shareholders' Equity

I. 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
Cumulative effects of changes in accounting policies					
Restated balance	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
Minority interests in income					—
Dividends paid to minority shareholders					—
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
Cumulative effects of changes in accounting policies						
Restated balance	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
Minority interests in income				—	33	33
Dividends paid to minority shareholders				—	(12)	(12)
Net changes of items other than shareholders' equity	566	174	1	742	(9)	732
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 Shareholders' Equity

II. FY2015 (from January 1, 2013 to December 31, 2015)

(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	143,864	(31,905)	268,082
Cumulative effects of changes in accounting policies			(2,662)		(2,662)
Restated balance	73,303	82,819	141,201	(31,905)	265,419
Changes of items during period			(2,662)		(2,662)
Dividends of surplus			(5,835)		(5,835)
Net income			15,670		15,670
Purchase of treasury stocks				(7)	(7)
Disposal of treasury stocks		0		0	0
Sales of shares of consolidated subsidiaries					—
Minority interests in income					—
Dividends paid to minority shareholders					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	0	9,834	(6)	9,828
Balance at end of current period	73,303	82,820	151,036	(31,911)	275,247

	Accumulated other comprehensive income					Minority interests	Total net assets
	Valuation difference on available-for-sale	Deferred gains or losses on hedges	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive		
Balance at beginning of current period	1,704	-	272	1	1,978	291	270,352
Cumulative effects of changes in accounting policies							(2,662)
Restated balance	1,704	-	272	1	1,978	291	267,690
Changes of items during period							
Dividends of surplus					—		(5,835)
Net income					—		15,670
Purchase of treasury stocks					—		(7)
Disposal of treasury stocks					—		0
Sales of shares of consolidated subsidiaries						63	63
Minority interests in income						57	57
Dividends paid to minority shareholders						(10)	(10)
Net changes of items other than shareholders' equity	1,070	0	(47)	(1,242)	(218)	27	(190)
Total changes of items during period	1,070	0	(47)	(1,242)	(218)	138	9,748
Balance at end of current period	2,775	0	224	(1,240)	1,760	430	277,438

Consolidated Statements of Cash Flows

(Amounts less than one million yen are truncated)

	FY2014 (from January 1, 2014 to December 31, 2014)	FY2015 (from January 1, 2015 to December 31, 2015)
Cash flows from operating activities		
Income before income taxes and minority interests	25,858	27,497
Depreciation	17,090	15,524
Impairment loss	5	2
Amortization of goodwill	138	242
Gain on bargain purchase	(12)	-
Increase (decrease) in allowance for doubtful accounts	(114)	29
Increase (decrease) in provision for retirement benefits	(474)	(917)
Interest and dividend income	(362)	(407)
Interest expenses	32	26
Loss (gain) on sales and retirement of property, plant and equipment	95	(25)
Loss (gain) on sales of investment securities	(2)	(70)
Decrease (increase) in notes and accounts receivable-trade	4,847	2,599
Decrease (increase) in inventories	303	(2,161)
Increase (decrease) in notes and accounts payable-trade	(7,243)	496
Other, net	3,617	(2,971)
Subtotal	<u>43,778</u>	<u>39,865</u>
Interest and dividends income received	362	406
Interest expenses paid	(32)	(26)
Income taxes paid	(5,918)	(10,514)
Net cash provided by (used in) operating activities	<u>38,190</u>	<u>29,730</u>
Cash flows from investing activities		
Purchase of property, plant and equipment	(10,332)	(12,384)
Proceeds from sales of property, plant and equipment	439	801
Purchase of intangible assets	(3,353)	(3,002)
Purchase of investment securities	(180)	(131)
Proceeds from sales of investment securities	32	168
Purchase of shares of subsidiaries	(939)	-
Proceeds from sales of shares of subsidiaries and associates	239	125
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,278)	-
Net decrease (increase) in short-term loans receivable	(40)	(29,999)
Decrease (increase) in time deposits	109	-
Other, net	82	(112)
Net cash provided by (used in) investing activities	<u>(15,221)</u>	<u>(44,536)</u>
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	(141)	-
Repayments of finance lease obligations	(527)	(375)
Purchase of treasury shares	(9)	(7)
Cash dividends paid	(3,501)	(5,832)
Cash dividends paid to minority shareholders	(12)	(10)
Other, net	(353)	0
Net cash provided by (used in) financing activities	<u>(4,544)</u>	<u>(6,224)</u>
Effect of exchange rate change on cash and cash equivalents	(0)	(2)
Net increase (decrease) in cash and cash equivalents	<u>18,424</u>	<u>(21,033)</u>
Cash and cash equivalents at beginning of period	<u>102,182</u>	<u>120,607</u>
Cash and cash equivalents at end of period	<u>120,607</u>	<u>99,573</u>

Consolidated Segment Information

I. 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.

II. FY2015 (from January 1, 2015 to December 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	326,870	112,621	178,701	27,153	656	646,002	-	646,002
Sales - intersegment	-	28,579	-	-	-	28,579	(28,579)	-
Total	326,870	141,200	178,701	27,153	656	674,582	(28,579)	646,002
Operating income (loss)	8,991	4,135	13,841	(742)	421	26,647	-	26,647
Assets	140,510	65,304	74,981	19,212	9,394	309,403	177,098	486,502
Other								
Depreciation	10,679	2,151	1,996	527	169	15,524	-	15,524
Amortization of goodwill	-	97	-	145	-	242	-	242
Increase in Property, plant and equipment and Intangible assets	10,621	2,398	1,080	445	7	14,553	-	14,553

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