

Summary Report of Consolidated Financial Results

for the first quarter ended March 31, 2016

Registered company name: **Canon Marketing Japan Inc.**
 Stock listing: Tokyo Stock Exchange, First Section
 Code number: 8060
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 Representative director: Masahiro Sakata, President
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Dividend payable date (as planned): -

U.S. Accounting Standards Applied: No

1.Consolidated business results for the three months ended March 31, 2016 (From January 1, 2016 to March 31, 2016)

(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		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended								
March 31, 2016	155,996	0.4	5,197	49.8	5,372	43.2	2,976	61.0
March 31, 2015	155,370	(15.0)	3,469	(62.4)	3,753	(59.9)	1,848	(67.6)

[Note] Comprehensive Income: Three months ended March 31, 2016 : 4,526 million yen [99.5%]

Three months ended March 31, 2015 : 2,268 million yen [(59.8%)]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
March 31, 2016	22.95	-
March 31, 2015	14.26	-

(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, 2016	474,090	278,712	58.7	2,146.05
Year ended December 31, 2015	486,502	277,438	56.9	2,136.22

[Reference] Shareholders' equity: First quarter ended March 31, 2016 : 278,282 million yen

Year ended December 31, 2015 : 277,008 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, 2015	-	20.00	-	25.00	45.00
Year ending December 31, 2016	-				
Year ending December 31, 2016 (forecast)		-	-	-	45.00

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

[Note] Interim dividend for the fiscal year ending December 31, 2016 is unfixed because consolidated financial forecast for the six months from January 1, 2016 to June 30, 2016 is not fixed. The Year-end dividend for the fiscal year ending December 31, 2016 is equal to the balance of annual dividend and interim dividend.

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)

	Net sales		Operating income		Ordinary income		Net income		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	660,000	2.2	27,000	1.3	28,200	0.6	17,700	13.0	136.50

[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, 2016 : 151,079,972

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

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

As of March 31, 2016 : 21,407,954

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

(iii) Average number of shares

As of March 31, 2016 : 129,672,135

As of March 31, 2015 : 129,674,890

* Implementation Status of Review Processes

At the time this quarterly Financial Report is released, procedures are underway to review quarterly financial statements pursuant to the Financial Instruments and Exchange Law.

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, 2015	As of March 31, 2016
Assets		
Current assets		
Cash and deposits	36,773	53,219
Notes and accounts receivable-trade	125,906	113,556
Securities	62,800	45,200
Merchandise and finished goods	28,327	30,692
Work in process	791	990
Raw materials and supplies	887	838
Deferred tax assets	5,280	5,314
Short-term loans receivable	80,054	80,054
Other	6,922	6,769
Allowance for doubtful accounts	(201)	(111)
Total current assets	<u>347,542</u>	<u>336,523</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,926	48,334
Machinery, equipment and vehicles, net	175	169
Tools, furniture and fixtures, net	4,357	4,400
Rental assets, net	11,511	10,952
Land	35,939	35,758
Leased assets, net	400	348
Total property, plant and equipment	<u>99,310</u>	<u>99,962</u>
Intangible assets		
Goodwill	820	749
Software	8,268	7,914
Leased assets	76	70
Right of using facilities	317	318
Other	15	14
Total intangible assets	<u>9,499</u>	<u>9,067</u>
Investments and other assets		
Investment securities	7,789	7,149
Long-term loans receivable	10	10
Deferred tax assets	14,768	13,958
Guarantee deposits	5,274	5,147
Other	2,605	2,676
Allowance for doubtful accounts	(298)	(405)
Total investments and other assets	<u>30,150</u>	<u>28,536</u>
Total non-current assets	<u>138,959</u>	<u>137,566</u>
Total assets	<u>486,502</u>	<u>474,090</u>

Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2015	As of March 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable-trade	101,834	92,369
Lease obligations	222	204
Accrued expenses	22,118	18,444
Income taxes payable	6,201	2,573
Accrued consumption taxes	5,131	3,369
Provision for bonuses	3,506	12,663
Provision for directors' bonuses	130	22
Provision for product warranties	529	529
Provision for loss on order received	4	41
Other	19,999	19,156
Total current liabilities	<u>159,678</u>	<u>149,375</u>
Non-current liabilities		
Lease obligations	321	274
Deferred tax liabilities	581	502
Deferred tax liabilities for land revaluation	26	25
Accrued long service rewards for employees	943	1,027
Net defined benefit liability	42,822	39,542
Other	4,689	4,629
Total non-current liabilities	<u>49,385</u>	<u>46,002</u>
Total liabilities	<u>209,064</u>	<u>195,378</u>
Net assets		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,820	82,820
Retained earnings	151,036	150,771
Treasury shares	(31,911)	(31,912)
Total shareholders' equity	<u>275,247</u>	<u>274,981</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,775	2,375
Deferred gains or losses on hedges	0	(15)
Foreign currency translation adjustment	224	154
Remeasurements of defined benefit plans	(1,240)	785
Total accumulated other comprehensive income	<u>1,760</u>	<u>3,300</u>
Non-controlling interests	430	429
Total net assets	<u>277,438</u>	<u>278,712</u>
Total liabilities and net assets	<u>486,502</u>	<u>474,090</u>

Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Three months of FY2015 (from January 1, 2015 to March 31, 2015)	Three months of FY2016 (from January 1, 2016 to March 31, 2016)
Net sales	155,370	155,996
Cost of sales	101,063	101,127
Gross profit	54,307	54,869
Selling, general and administrative expenses	50,837	49,672
Operating income	3,469	5,197
Non-operating income		
Interest income	61	69
Dividend income	26	30
Other	309	194
Total non-operating income	397	294
Non-operating expenses		
Interest expenses	7	4
Foreign exchange losses	19	23
Other	86	91
Total non-operating expenses	113	119
Ordinary income	3,753	5,372
Extraordinary income		
Gain on sales of non-current assets	0	3
Insurance income on disaster	17	-
Other	-	0
Total extraordinary income	18	4
Extraordinary losses		
Loss on sales and retirement of non-current assets	25	53
Impairment loss	-	98
Loss on disaster	14	-
Other	11	3
Total extraordinary losses	51	154
Income before income taxes and minority interests	3,719	5,222
Income taxes	1,862	2,235
Profit	1,857	2,986
Profit attributable to non-controlling interests	8	10
Profit attributable to owners of parent	1,848	2,976

Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Three months of FY2015 (from January 1, 2015 to March 31, 2015)	Three months of FY2016 (from January 1, 2016 to March 31, 2016)
Profit	1,857	2,986
Other comprehensive income		
Valuation difference on available-for-sale securities	513	(400)
Deferred gains or losses on hedges	4	(16)
Foreign currency translation adjustment	2	(69)
Remeasurements of defined benefit plans, net of tax	(109)	2,026
Total other comprehensive income	411	1,540
Comprehensive income	2,268	4,526
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	2,262	4,516
Comprehensive income attributable to non-controlling interests	6	10

Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Three months of FY2015 (from January 1, 2015 to March 31, 2015)	Three months of FY2016 (from January 1, 2016 to March 31, 2016)
Cash flows from operating activities		
Income before income taxes and minority interests	3,719	5,222
Depreciation	4,006	3,766
Impairment loss	-	98
Amortization of goodwill	61	58
Increase (decrease) in allowance for doubtful accounts	(65)	17
Increase (decrease) in net defined benefit liability	(321)	(303)
Increase (decrease) in provision for bonuses	8,917	9,156
Interest and dividend income	(88)	(99)
Interest expenses	7	4
Loss (gain) on sales and retirement of property, plant and equipment	24	42
Decrease (increase) in notes and accounts receivable-trade	17,255	12,286
Decrease (increase) in inventories	(3,782)	(2,525)
Increase (decrease) in notes and accounts payable-trade	(7,905)	(9,445)
Other, net	(12,192)	(7,784)
Subtotal	9,637	10,494
Interest and dividend income received	88	100
Interest expenses paid	(7)	(4)
Income taxes paid	(6,244)	(6,121)
Net cash provided by (used in) operating activities	3,474	4,468
Cash flows from investing activities		
Purchase of property, plant and equipment	(1,819)	(1,781)
Purchase of intangible assets	(1,125)	(490)
Purchase of investment securities	(69)	(24)
Proceeds from sales of investment securities	0	0
Net decrease (increase) in short-term loans receivable	0	0
Other, net	(46)	62
Net cash provided by (used in) investing activities	(3,061)	(2,234)
Cash flows from financing activities		
Repayments of finance lease obligations	(127)	(63)
Purchase of treasury shares	(1)	(0)
Cash dividends paid	(3,242)	(3,243)
Dividends paid to non-controlling shareholders	(10)	(10)
Net cash provided by (used in) financing activities	(3,382)	(3,317)
Effect of exchange rate change on cash and cash equivalents	(0)	(71)
Net increase (decrease) in cash and cash equivalents	(2,969)	(1,154)
Cash and cash equivalents at beginning of period	120,607	99,573
Cash and cash equivalents at end of period	117,637	98,419

Consolidated Quarterly Segment Information

I. 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.
- "Operating income (loss)" is equal to the "Operating income" of "Consolidated Quarterly Statements of Income."

II. Three months of FY2016 (from January 1, 2016 to March 31, 2016)

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	85,741	30,328	31,791	8,129	6	155,996	-	155,996
Sales - intersegment	-	7,174	-	-	-	7,174	(7,174)	-
Total	85,741	37,503	31,971	8,129	6	163,171	(7,174)	155,996
Operating income (loss)	3,191	1,456	(325)	777	97	5,197	-	5,197

[Note]

- "Other" includes businesses, such as shared service businesses, which are not included in other reportable segments.
- "Operating income (loss)" is equal to the "Operating income" of "Consolidated Quarterly Statements of Income."