

## Summary Report of Consolidated Financial Results

for the second quarter ended June 30, 2016

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  
 Contact: Shiro Hamada, Director Vice President  
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Dividend payable date (as planned): August 26, 2016  
 U.S. Accounting Standards Applied: No

1. Consolidated business results for the three months ended June 30, 2016 (From January 1, 2016 to June 30, 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	%
Six months ended								
June 30, 2016	306,236	(2.5)	10,315	21.0	11,221	17.1	6,641	30.8
June 30, 2015	314,096	(4.3)	8,522	(31.9)	9,585	(28.7)	5,075	(35.4)

[Note] Comprehensive Income: Six months ended June 30, 2016 : 7,560 million yen [30.6%]

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

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
Six months ended		
June 30, 2016	51.21	-
June 30, 2015	39.14	-

(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, 2016	462,693	281,745	60.8	2,169.34
Year ended December 31, 2015	486,502	277,438	56.9	2,136.22

[Reference] Shareholders' equity: Second quarter ended June 30, 2016 : 281,302 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	-	20.00	-	-	-
Year ending December 31, 2016 (forecast)	-	-	-	25.00	45.00

[Note] Revision of cash dividend forecast for this period : Yes

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		Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	650,000	0.6	27,000	1.3	28,200	0.6	17,700	13.0	136.50

[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 in 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, 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 June 30, 2016 : 21,408,217

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

( iii ) Average number of shares

As of June 30, 2016 : 129,671,964

As of June 30, 2015 : 129,674,131

\* 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 June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	36,773	61,771
Notes and accounts receivable-trade	125,906	97,753
Securities	62,800	35,000
Merchandise and finished goods	28,327	27,599
Work in process	791	1,080
Raw materials and supplies	887	819
Deferred tax assets	5,280	5,312
Short-term loans receivable	80,054	90,044
Other	6,922	7,109
Allowance for doubtful accounts	(201)	(93)
Total current assets	347,542	326,397
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	46,926	48,104
Machinery, equipment and vehicles, net	175	163
Tools, furniture and fixtures, net	4,357	4,420
Rental assets, net	11,511	11,372
Land	35,939	35,310
Leased assets, net	400	302
Total property, plant and equipment	99,310	99,673
Intangible assets		
Goodwill	820	673
Software	8,268	7,300
Leased assets	76	64
Right of using facilities	317	318
Other	15	13
Total intangible assets	9,499	8,370
Investments and other assets		
Investment securities	7,789	7,028
Long-term loans receivable	10	10
Deferred tax assets	14,768	14,151
Guarantee deposits	5,274	4,926
Other	2,605	2,536
Allowance for doubtful accounts	(298)	(400)
Total investments and other assets	30,150	28,251
Total non-current assets	138,959	136,296
Total assets	486,502	462,693

## Consolidated Quarterly Balance Sheets

(Amounts less than one million yen are truncated)

	As of December 31, 2015	As of June 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	101,834	80,715
Lease obligations	222	189
Accrued expenses	22,118	15,969
Income taxes payable	6,201	4,613
Accrued consumption taxes	5,131	2,740
Provision for bonuses	3,506	5,255
Provision for directors' bonuses	130	44
Provision for product warranties	529	516
Provision for loss on order received	4	87
Other	19,999	24,783
Total current liabilities	159,678	134,916
Non-current liabilities		
Lease obligations	321	239
Deferred tax liabilities	581	498
Deferred tax liabilities for land revaluation	26	25
Accrued long service rewards for employees	943	1,013
Net defined benefit liability	42,822	39,666
Other	4,689	4,588
Total non-current liabilities	49,385	46,031
Total liabilities	209,064	180,947
<b>Net assets</b>		
Shareholders' equity		
Capital stock	73,303	73,303
Capital surplus	82,820	82,820
Retained earnings	151,036	154,436
Treasury shares	(31,911)	(31,913)
Total shareholders' equity	275,247	278,646
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,775	2,192
Deferred gains or losses on hedges	0	(42)
Foreign currency translation adjustment	224	40
Remeasurements of defined benefit plans	(1,240)	465
Total accumulated other comprehensive income	1,760	2,656
Non-controlling interests	430	443
Total net assets	277,438	281,745
Total liabilities and net assets	486,502	462,693

## Consolidated Quarterly Statements of Income

(Amounts less than one million yen are truncated)

	Six months of FY2015 (from January 1, 2015 to June 30, 2015)	Six months of FY2016 (from January 1, 2016 to June 30, 2016)
Net sales	314,096	306,236
Cost of sales	201,967	196,292
Gross profit	112,128	109,943
Selling, general and administrative expenses	103,606	99,628
Operating income	8,522	10,315
Non-operating income		
Interest income	141	127
Dividend income	87	98
Insurance income	573	596
Other	462	315
Total non-operating income	1,263	1,138
Non-operating expenses		
Interest expenses	16	8
Foreign exchange losses	45	61
Other	137	161
Total non-operating expenses	200	231
Ordinary income	9,585	11,221
Extraordinary income		
Gain on sales of non-current assets	2	158
Insurance income on disaster	21	-
Other	-	0
Total extraordinary income	23	159
Extraordinary losses		
Loss on sales and retirement of non-current assets	90	183
Impairment loss	-	109
Loss on disaster	14	16
Group reorganization expenses	100	-
Other	74	102
Total extraordinary losses	279	412
Income before income taxes and minority interests	9,330	10,968
Income taxes	4,235	4,308
Profit	5,094	6,659
Profit attributable to non-controlling interests	18	18
Profit attributable to owners of parent	5,075	6,641

[Note] Revision of cash dividend forecast for this period : Yes

## Consolidated Quarterly Statements of Comprehensive Income

(Amounts less than one million yen are truncated)

	Six months of FY2015 (from January 1, 2015 to June 30, 2015)	Six months of FY2016 (from January 1, 2016 to June 30, 2016)
Profit	5,094	6,659
Other comprehensive income		
Valuation difference on available-for-sale-securities	960	(583)
Deferred gains or losses on hedges	3	(42)
Foreign currency translation adjustment	14	(178)
Remeasurements of defined benefit plans, net of tax	(285)	1,706
Total other comprehensive income	693	901
Comprehensive income	5,787	7,560
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,766	7,537
Comprehensive income attributable to non-controlling interests	21	23

## Consolidated Quarterly Statements of Cash Flows

(Amounts less than one million yen are truncated)

	Six months of FY2015 (from January 1, 2015 to June 30, 2015)	Six months of FY2016 (from January 1, 2016 to June 30, 2016)
<b>Cash flows from operating activities</b>		
Income before income taxes and minority interests	9,330	10,968
Depreciation	8,018	7,503
Impairment loss	-	109
Amortization of goodwill	122	115
Increase (decrease) in allowance for doubtful accounts	(55)	(5)
Increase (decrease) in net defined benefit liability	(550)	(643)
Increase (decrease) in provision for bonuses	1,101	1,749
Interest and dividend income	(228)	(225)
Interest expenses	16	8
Loss (gain) on sales and retirement of property, plant and equipment	86	16
Decrease (increase) in notes and accounts receivable-trade	22,926	28,051
Decrease (increase) in inventories	(543)	492
Increase (decrease) in notes and accounts payable-trade	(13,512)	(21,070)
Other, net	(7,544)	(5,263)
Subtotal	19,168	21,807
Interest and dividends income received	227	233
Interest expenses paid	(16)	(11)
Income taxes paid	(6,426)	(6,240)
Net cash provided by (used in) operating activities	12,952	15,788
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(6,183)	(4,978)
Proceeds from sales of property, plant and equipment	56	712
Purchase of intangible assets	(2,033)	(749)
Purchase of investment securities	(94)	(190)
Proceeds from sales of investment securities	18	0
Proceeds from sales of shares of subsidiaries and associates	5	-
Net decrease (increase) in short-term loans receivable	(29,999)	(9,990)
Other, net	(141)	143
Net cash provided by (used in) investing activities	(38,372)	(15,051)
<b>Cash flows from financing activities</b>		
Repayments of finance lease obligations	(228)	(125)
Purchase of treasury shares	(4)	(1)
Cash dividends paid	(3,238)	(3,240)
Dividends paid to non-controlling shareholders	(10)	(10)
Other, net	0	-
Net cash provided by (used in) financing activities	(3,482)	(3,377)
Effect of exchange rate change on cash and cash equivalents	0	(161)
Net increase (decrease) in cash and cash equivalents	(28,903)	(2,801)
Cash and cash equivalents at beginning of period	120,607	99,573
Cash and cash equivalents at end of period	91,704	96,771

## Consolidated Quarterly Segment Information

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

### II. Six months of FY2016 (from January 1, 2016 to June 30, 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	165,594	58,553	68,078	13,994	13	306,236	-	306,236
Sales - intersegment	-	13,863	-	-	-	13,863	(13,863)	-
Total	165,594	72,417	68,078	13,994	13	320,099	(13,863)	306,236
Operating income	5,057	2,625	1,734	708	189	10,315	-	10,315

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

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