

CANON INC  
Form 6-K  
November 14, 2012

**FORM 6-K**

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

**Report of Foreign Issuer**

**Pursuant to Rule 13a-16 or 15d-16 of**

**the Securities Exchange Act of 1934**

For the month of **November** **2012** . ,

**CANON INC.**

(Translation of registrant's name into English)

30-2, Shimomaruko 3-Chome, Ohta-ku, Tokyo 146-8501, Japan

(Address of principal executive offices)

[Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F            Form 40-F

[Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes      No     

[If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**CANON INC.**  
(Registrant)

Date . **November 14, 2012.**

By /s/ Toshihide Aoki  
(Signature)\*

Toshihide Aoki  
General Manager  
Consolidated Accounting Div.  
Canon Inc.

\*Print the name and title of the signing officer under his signature.

The following materials are included.

1. Quarterly Report filed with the Japanese government pursuant to the Financial Instruments and Exchange Law of Japan For the third quarter ended September 30, 2012

[English summary with full translation of consolidated financial information]

**Quarterly Report filed with the Japanese government  
pursuant to  
the Financial Instruments and Exchange Law of Japan**

**For the third quarter ended**

**September 30, 2012**

**CANON INC.**

**Tokyo, Japan**

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Disclaimer Regarding Forward-Looking Statements

This quarterly report includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) concerning Canon Inc. (the "Company") and its subsidiaries (collectively "Canon"). To the extent that statements in this quarterly report do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of Canon in light of the information currently available to them, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause Canon's actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Canon undertakes no obligation to publicly update any forward-looking statements after the date of this quarterly report. Investors are advised to consult any further disclosures by Canon in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 and its other filings.

The risks, uncertainties and other factors referred to above include, but are not limited to, foreign currency exchange rate fluctuations; the uncertainty of Canon's ability to implement its plans to localize production and other measures to reduce the impact of foreign currency exchange rate fluctuations; uncertainty as to economic conditions in Canon's major markets; uncertainty of continued demand for Canon's high-value-added products; Canon's ability to continue to develop products and to market products that incorporate new technology on a timely basis, are competitively priced, and achieve market acceptance; the possibility of losses resulting from foreign currency transactions designed to reduce financial risks from changes in foreign currency exchange rates; disasters, outrages or similar events; and inventory risk due to disruptions in supply chains and shifts in market demand.

## I. Corporate Information

### (1) Consolidated Financial Summary

	Millions of yen (except per share amounts)				
	Nine months	Nine months	Three months	Three months	Year
	ended	ended	ended	ended	ended
	September 30,	September 30,	September 30,	September 30,	December 31,
	2012	2011	2012	2011	2011
Net sales	2,528,394	2,592,676	799,949	916,911	3,557,433
Income before income taxes	253,449	281,924	75,180	118,265	374,524
Net income attributable to Canon Inc.	163,391	187,187	50,139	77,864	248,630
Comprehensive income (loss)	176,677	130,161	49,071	(1,723)	159,081
Canon Inc. stockholders' equity	-	-	2,427,216	2,521,160	2,551,132
Total equity	-	-	2,585,106	2,684,757	2,713,667
Total assets	-	-	3,728,388	3,910,019	3,930,727
Net income attributable to Canon Inc. stockholders per share:					
Basic (yen)	138.48	153.42	43.15	64.43	204.49
Diluted (yen)	138.47	153.41	43.15	64.42	204.48
Canon Inc. stockholders' equity to total assets (%)	-	-	65.1	64.5	64.9
Cash flows from operating activities	265,815	342,583	-	-	469,562
Cash flows from investing activities	(155,033)	(202,000)	-	-	(256,543)
Cash flows from financing activities	(313,110)	(251,569)	-	-	(257,513)
Cash and cash equivalents at end of period	-	-	567,610	711,631	773,227

#### Notes:

1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.
2. Consumption tax is excluded from the stated amount of net sales.

### (2) Description of Business

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Canon prepares quarterly consolidated financial statements in accordance with U.S. generally accepted accounting principles ( U.S. GAAP ). Financial information presented in sections II. The Business is also in conformity with U.S.GAAP.

Canon (consisting of the Company, 277 consolidated subsidiaries and 9 affiliates accounted for using the equity method, collectively, the Group ) is engaged in the development, manufacture, sale and service primarily in the fields of office, imaging system (formerly consumer), industry and others. No material change in Canon s business has occurred during the nine months ended September 30, 2012.

No additions or removals of significant group entities have occurred during the nine months ended September 30, 2012.



## II. The Business

### (1) Risk Factors

No material changes are recognized pursuant to the risk factors of Canon's business indicated in the Annual Securities Report (Yukashoken houkokusho) of the previous fiscal year.

### (2) Significant Business Contracts Entered into in the Third Quarter of Fiscal 2012

No material contracts were entered into during the three months ended September 30, 2012.

### (3) Operating Results

Looking back at the global economy in the first nine months of 2012, in the United States, with little improvement in employment conditions and housing issues, the pace of economic recovery remained moderate, while in Europe lingering concerns over the financial crisis in Southern European nations continued to severely impact the real economy. In China and India, in addition to declines in export growth, investment and consumer spending also experienced a slowdown. And in Japan, domestic demand, which had been steady, started showing signs of weakening. As for the global economy overall, the slowdown was felt more intensely.

As for the markets in which Canon operates amid these conditions, while demand for office multifunction devices (MFDs) continued to grow steadily in Japan and elsewhere, demand for laser printers leveled off, primarily in Europe, owing to the economic downturn. Demand for interchangeable-lens digital cameras continued to realize robust growth in all regions while the market for compact digital cameras shrunk due to the stagnation of the global economy. Demand for inkjet printers on the whole also declined due to the effects of the economy. Within the industry and others segment, amid a growing sense of uncertainty regarding semiconductor lithography equipment, demand for flat-panel-display lithography equipment for large-size LCD panels remained sluggish.

The average values of the yen during the third quarter and first nine months of the year were ¥78.58 and ¥79.48 to the U.S. dollar, respectively, a year-on-year depreciation of approximately ¥1 and appreciation of approximately ¥1 and ¥98.48 and ¥101.83 to the euro, respectively, year-on-year appreciations of approximately ¥12 and ¥11.

[Third-quarter results]

Despite continued efforts to expand sales mainly for competitively priced products such as interchangeable-lens digital cameras and office equipment, due to the negative impacts of economic deterioration, mainly in Europe and emerging markets such as China, along with the sharp appreciation of the yen to the euro, third-quarter net sales totaled ¥799.9 billion, a decrease of 12.8% from the year-ago period. Despite the positive effects of ongoing cost-cutting efforts, the gross profit ratio for the third quarter declined by 1.1 points to 48.3% year on year due to the significant impact of the strong yen and product mix. Owing to Group-wide efforts to thoroughly reduce spending, operating expenses for the third quarter decreased by ¥14.1 billion from the corresponding period of the previous year. Consequently, third-quarter operating profit decreased by 42.2% to ¥70.9 billion. Other income (deductions) recorded a positive turnaround of ¥8.6 billion for the third-quarter from the year-ago period, mainly reflecting an improvement in foreign currency exchange gains and losses, and third-quarter income before income taxes decreased by 36.4% year on year to ¥75.2 billion. Net income attributable to Canon Inc. decreased by 35.6% to ¥50.1 billion for the third quarter.

Basic net income attributable to Canon Inc. stockholders per share for the quarter was ¥43.15, a decrease of ¥21.28 compared with the corresponding quarter of the previous year.

[Nine-month results]

Although competitively priced products such as interchangeable-lens digital cameras and office equipment contributed to sales growth, net sales for the nine months ended September 30, 2012 declined 2.5% year on year to ¥2,528.4 billion, due to the global economic slowdown triggered by the increased severity of the debt crisis in Europe, along with the sharp appreciation of the yen to the euro. Despite the positive effects of ongoing cost-cutting efforts, the gross profit ratio for the nine-month period declined by 1.1 points to 48.2% from the year-ago period due to the significant impact of the strong yen and product mix. Gross profit for the nine months totaled ¥1,217.6 billion, a year-on-year decrease of 4.7%. Operating expenses for the first nine months of the year decreased by ¥22.4 billion, owing to continued Group-wide cost-cutting activities. Consequently, operating profit for the nine-month period decreased by 13.2% to ¥246.2 billion. Other income (deductions) for the first nine months of the year recorded an increase of ¥8.8 billion from the year-ago period, due to foreign currency exchange gains and losses, while income before income taxes decreased by 10.1% year on year to ¥253.4 billion. Net income attributable to Canon Inc. decreased by 12.7% to ¥163.4 billion for the first nine months of the year.

Basic net income attributable to Canon Inc. stockholders per share for the first nine month was ¥138.48, a year-on-year decrease of ¥14.94.

**(3) Operating Results (continued)**

Looking at Canon's performance for the first nine months by business unit, within the Office Business Unit, amid the admirable sales performance of color MFDs led by the imageRUNNER ADVANCE C5000/C2000 series, sales volumes of MFDs increased across the world from the year-ago period. In addition, sales of imagePRESS C6010/C7010VPS-series color MFDs for production printing, machines that were jointly developed by Canon and Océ, contributed to increased sales in Europe, while, within the black-and-white production, the Océ VarioPrint-series, based on an Océ engine, contributed to increased sales in Europe and the United States. As for laser printers, sales volumes declined in Europe, in the United States and Asia from the corresponding period of the previous year due to worsening business sentiment. Consequently, combined with the appreciation of the yen, sales for the segment during the nine-month period totaled ¥1,301.3 billion, declining 8.3% year on year. Likewise, operating profit for the first nine months decreased by 20.1% to ¥152.3 billion.

Within the Imaging System Business Unit, demand for interchangeable-lens digital cameras continued to display solid growth around the globe as sales volumes grew significantly year on year, led by the entry-model EOS Digital Rebel series, along with the EOS 5D Mark III and EOS 60D advanced-amateur models. As for compact digital cameras, while high functionality PowerShot-series models offering high image quality and networking capabilities supported healthy sales growth, unit sales for the nine-month period declined from the corresponding period of the previous year due to sluggish markets. In addition, the Cinema EOS System lineup of professional cinematography products, targeting Hollywood and the broader motion picture and television production market, has enjoyed a steady increase in sales. With regard to inkjet printers, although sales volumes increased for the second and the third quarter, total sales for the first three quarters of the year declined due to the effects of the previous year's flooding in Thailand. Accordingly, sales for the Imaging System Business Unit during the nine-month period increased by 6.0% year on year to ¥995.3 billion while operating profit decreased by 3.1% to ¥155.4 billion.

Within the Industry and Others Business Unit, i-line steppers have performed well among semiconductor lithography equipment, fueled by growing demand for smartphones and tablet devices. As for flat-panel-display lithography equipment, despite the sluggish demand for large-size LCD panels, unit sales slightly increased compared with the year-ago period. Sales of organic LED panel manufacturing equipment declined year on year due to large business deals in the previous year. Consequently, net sales for the first nine months for the segment decreased by 1.9% to ¥301.1 billion while operating profit totaled ¥15.4 billion, a decrease of 25.2%.

**(3) Operating Results (continued)**

First nine-month results by major geographic area are summarized as follows:

Japan

Despite the recovery from the aftermath of the earthquake, due to the sluggish economy in the third-quarter, net sales in Japan for the nine months ended September 2012 remain nearly same as the year-ago period to ¥1,996.9 billion. Operating profit decreased 17.4% year on year to ¥241.6 billion for the nine months ended September 30, 2012.

Net sales outside Japan, declined in Europe due to the effects of the strong yen against euro and harsh business environment in Europe and net sales in Americas declined slightly. On the other hand, net sales increased in Asia-Oceania, driven by moderate growth of emerging economies.

Americas

Despite the admirable sales performance of interchangeable-lens digital cameras and solid growth in MFDs, laser printer market weakness along with the sharp appreciation of the yen against the U.S. dollar, caused sales for the nine months to decline by 1.2% from the year-ago period to ¥686.0 billion. Operating profit for the nine months totaled ¥15.3 billion, a decrease of 8.4% year on year.

Europe

Although interchangeable-lens digital cameras showed solid growth, sales for the nine months ended September 30, 2012 decreased by 11.5% from the same period of the previous year to ¥728.1 billion, due to the severe appreciation of the yen against the euro and overall economic deterioration. Operating profit in Europe decreased by 19.5% year on year to ¥26.8 billion for the nine months.

Asia and Oceania

Sales increased by 5.0% to ¥1,133.8 billion for the nine months owing to the solid domestic demand in emerging economies. Operating profit in Asia and Oceania increased 2.0% to ¥44.1 billion for the nine-month period.

**(3) Operating Results (continued)**

Cash Flows

During the first nine months of 2012, cash flow from operating activities totaled ¥265.8 billion, a decrease of ¥76.8 billion compared with the year-ago period, mainly because cash outflow from inventories declined owing to the effects of optimized inventory levels facilitated by the recovery following the previous year's flooding in Thailand.

Due to ongoing capital investment focused on boosting production, cash outflow from investing activities decreased ¥47.0 billion year on year, totaling ¥155.0 billion. Accordingly, free cash flow totaled ¥110.8 billion, a decrease of ¥29.8 billion from the previous year.

Cash outflow from financing activities recorded an outlay of ¥313.1 billion, an increase of ¥61.5 billion, arising from repurchases of treasury stock. As a result, as well as the negative impact of foreign currency translation adjustments, cash and cash equivalents decreased by ¥205.6 billion year on year to ¥567.6 billion.

Management Issues to be Addressed

No material changes or issues with respect to business operations and finances have occurred during the nine months ended September 30, 2012.

Research and Development Expenditures

Canon's research and development expenditures for the nine months ended September 30, 2012 totaled ¥221.8 billion.

Property, Plant and Equipment

(1) Major Property, Plant and Equipment

There were no significant changes to the status of existing major property, plant and equipment during the nine months ended September 30, 2012.

(2) Prospect of Capital Investment in the First Nine Months of Fiscal 2012

The new construction of property, plant and equipment, which had been in progress as of December 31, 2011 and was completed during the nine months ended September 30, 2012, is as follows:

Name and location	Principal activities and products manufactured	Date of completion
Hita Canon Material Inc. Oita, Japan*	Components for toner cartridges (Office Business Unit)	February 2012
Canon Zhongshan Business Machines Co., Ltd. Zhongshan, China	Laser printers (Office Business Unit)	March 2012
Canon Inc., Taiwan	Lenses, digital cameras (Imaging System Business Unit)	June 2012

\*To be leased to Hita Canon Materials Inc. by the Company

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There were no significant changes in the plans relevant to the retirement of property, plant and equipment during the nine months ended September 30, 2012. Moreover, there were no significant additional plans for new construction or retirement of property, plant and equipment during the nine months ended September 30, 2012.

### III. Company Information

(1) **Shares**

Total number of authorized shares is 3,000,000,000 shares. The common stock of Canon is listed on the Tokyo, Osaka, Nagoya, Fukuoka, Sapporo and New York Stock Exchanges. Total issued shares are as follows:

	As of September 30, 2012
Total number of issued shares	1,333,763,464
<u>Stock Acquisition Rights</u>	

Not applicable.

Exercise status of bonds with share subscription rights containing an adjustable exercise price clause

Not applicable.

Rights Plan

Not applicable.

Change in Issued Shares, Common Stock and Additional Paid in Capital

	Change during this term	As of September 30, 2012
Issued Shares (Number of shares)	-	1,333,763,464
Common Stock (millions of yen)	-	174,762
Additional Paid-in Capital (millions of yen)	-	306,288

Major Shareholders

Not applicable.

**(1) Shares (continued)****Voting Rights**

Classification	As of September 30, 2012	
	Number of shares (shares)	Number of voting rights (units)
Shares without voting rights	-	-
Shares with restricted voting rights (Treasury stock, etc.)	-	-
Shares with restricted voting rights (Others)	-	-
Shares with full voting rights (Treasury stock, etc.)	(treasury stock) 180,971,400	
	(cross shareholding) 3,700	-
Shares with full voting rights (Others)	1,150,937,100	11,509,371
Fractional unit shares (Note)	1,851,264	-
Total number of issued shares	1,333,763,464	-
Total voting rights held by all shareholders	-	11,509,371

## Note:

In Fractional unit shares under Number of shares, 87 shares of treasury stock and 50 shares of cross shareholding are included.  
Treasury Stock, etc.

	Number of shares owned (Number of shares)	Number of shares owned / Number of shares issued
Canon Inc.	180,971,400	13.57%
Horie Mfg. Co., Ltd.	3,700	0.00%
Total	180,975,100	13.57%



**(2) Directors and Executive Officers**

There were no changes in members of directors between the filing date of the Annual Securities Report (Yukashoken Houkokusho) for the fiscal year ended December 31, 2011 and the end of this quarter.

Changes in functions of directors are below:

Toshizo Tanaka (Executive Vice President & CFO: Group Executive of Finance & Accounting HQ and Facility Management HQ)

Toshio Honma (Senior Managing Director: Group Executive of Global Procurement HQ)

Hiroyuki Suematsu (Director: Group Executive of Environment & Quality HQ)

Yasuhiro Tani (Director: Group Executive of Digital System Technology Development HQ)

There were no changes in members of executive officers between the filing date of the Annual Securities Report (Yukashoken Houkokusho) for the fiscal year ended December 31, 2011 and the end of this quarter.

Changes in functions of executive officers are below:

Rokus van Iperen (Executive Officer: President of Canon Europa N.V. and Canon Europe Ltd.)

Eiji Osanai (Executive Officer: Deputy Chief Executive of Production Engineering HQ)

## IV. Financial Statements (Unaudited)

### (1) Consolidated Financial Statements

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## CANON INC. AND SUBSIDIARIES

## Consolidated Balance Sheets

	Millions of yen	
	September 30, 2012	December 31, 2011
<u>Assets</u>		
Current assets:		
Cash and cash equivalents (Note 13)	567,610	773,227
Short-term investments (Note 2)	48,339	125,517
Trade receivables, net (Note 3)	459,025	533,208
Inventories (Note 4)	591,121	476,704
Prepaid expenses and other current assets (Notes 9 and 13)	250,957	244,649
 Total current assets	 1,917,052	 2,153,305
 Noncurrent receivables (Note 10)	 18,367	 16,772
Investments (Note 2)	53,149	51,790
Property, plant and equipment, net (Note 5)	1,226,589	1,190,836
Intangible assets, net	129,457	138,030
Other assets (Note 13)	383,774	379,994
 Total assets	 3,728,388	 3,930,727

## CANON INC. AND SUBSIDIARIES

## Consolidated Balance Sheets (continued)

	Millions of yen	
	September 30, 2012	December 31, 2011
<u>Liabilities and equity</u>		
Current liabilities:		
Short-term loans and current portion of long-term debt	2,309	8,343
Trade payables (Note 6)	346,516	380,532
Accrued income taxes	48,550	45,900
Accrued expenses (Note 10)	281,918	299,422
Other current liabilities (Note 9)	141,078	159,651
 Total current liabilities	 820,371	 893,848
Long-term debt, excluding current installments	2,121	3,368
Accrued pension and severance cost	250,335	249,604
Other noncurrent liabilities	70,455	70,240
 Total liabilities	 1,143,282	 1,217,060
Commitments and contingent liabilities (Note 10)		
Equity:		
Canon Inc. stockholders' equity (Note 7):		
Common stock	174,762	174,762
(Number of authorized shares)	(3,000,000,000)	(3,000,000,000)
(Number of issued shares)	(1,333,763,464)	(1,333,763,464)
Additional paid-in capital	399,190	401,572
Legal reserve	61,234	59,004
Retained earnings	3,078,233	3,059,298
Accumulated other comprehensive income (loss)	(474,531)	(481,773)
Treasury stock, at cost	(811,672)	(661,731)
(Number of shares)	(180,971,487)	(132,231,296)
 Total Canon Inc. stockholders' equity	 2,427,216	 2,551,132
Noncontrolling interests (Note 7)	157,890	162,535
 Total equity (Note 7)	 2,585,106	 2,713,667
 Total liabilities and equity	 3,728,388	 3,930,727

## CANON INC. AND SUBSIDIARIES

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	Millions of yen	
	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net sales	2,528,394	2,592,676
Cost of sales	1,310,820	1,315,434
Gross profit	1,217,574	1,277,242
Operating expenses:		
Selling, general and administrative expenses (Note 13)	749,594	769,623
Research and development expenses	221,828	224,158
	971,422	993,781
Operating profit	246,152	283,461
Other income (deductions):		
Interest and dividend income	5,089	5,816
Interest expense	(513)	(827)
Other, net (Notes 9, 12 and 13)	2,721	(6,526)
	7,297	(1,537)
Income before income taxes	253,449	281,924
Income taxes	85,524	91,992
Consolidated net income	167,925	189,932
Less: Net income attributable to noncontrolling interests	4,534	2,745
Net income attributable to Canon Inc.	163,391	187,187
	Yen	Yen
Net income attributable to Canon Inc. stockholders per share (Note 8):		
Basic	138.48	153.42
Diluted	138.47	153.41
Cash dividends per share	60.00	60.00

Consolidated Statements of Comprehensive Income

Millions of yen

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	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Consolidated net income	167,925	189,932
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	6,632	(58,330)
Net unrealized gains and losses on securities	928	(4,112)
Net gains and losses on derivative instruments	243	1,170
Pension liability adjustments	949	1,501
	8,752	(59,771)
Comprehensive income (Note 7)	176,677	130,161
Less: Comprehensive income attributable to noncontrolling interests	4,777	2,687
Comprehensive income attributable to Canon Inc.	171,900	127,474

## CANON INC. AND SUBSIDIARIES

## Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Consolidated Statements of Income

	Millions of yen	
	Three months ended September 30, 2012	Three months ended September 30, 2011
Net sales	799,949	916,911
Cost of sales	413,194	464,405
Gross profit	386,755	452,506
Operating expenses:		
Selling, general and administrative expenses (Note 13)	243,403	251,974
Research and development expenses	72,475	77,984
	315,878	329,958
Operating profit	70,877	122,548
Other income (deductions):		
Interest and dividend income	1,515	2,056
Interest expense	(138)	(155)
Other, net (Notes 9, 12 and 13)	2,926	(6,184)
	4,303	(4,283)
Income before income taxes	75,180	118,265
Income taxes	24,021	39,733
Consolidated net income	51,159	78,532
Less: Net income attributable to noncontrolling interests	1,020	668
Net income attributable to Canon Inc.	50,139	77,864
	Yen	Yen
Net income attributable to Canon Inc. stockholders per share (Note 8):		
Basic	43.15	64.43
Diluted	43.15	64.42

Consolidated Statements of Comprehensive Income

	Millions of yen	
	Three months ended September 30, 2012	Three months ended September 30, 2011

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Consolidated net income	51,159	78,532
Other comprehensive income (loss), net of tax		
Foreign currency translation adjustments	(1,734)	(78,847)
Net unrealized gains and losses on securities	(61)	(2,976)
Net gains and losses on derivative instruments	(654)	1,528
Pension liability adjustments	361	40
	(2,088)	(80,255)
Comprehensive income (loss)	49,071	(1,723)
Less: Comprehensive income attributable to noncontrolling interests	1,241	(518)
Comprehensive income (loss) attributable to Canon Inc.	47,830	(1,205)



## CANON INC. AND SUBSIDIARIES

## Consolidated Statements of Cash Flows

	Millions of yen	
	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Cash flows from operating activities:		
Consolidated net income	167,925	189,932
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Depreciation and amortization	185,228	190,528
Loss on disposal of fixed assets	9,582	6,946
Deferred income taxes	(963)	(8,017)
Decrease in trade receivables	73,160	62,847
Increase in inventories	(113,366)	(151,547)
Increase (decrease) in trade payables	(29,573)	71,560