

CANON INC  
Form 6-K  
May 01, 2009

**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 .... **April**..... , **2009**

**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-

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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.... **April 30, 2009**.....

By ...../s/..... Masashiro Kobayashi  
.....  
(Signature)\*

Masashiro Kobayashi  
General Manager  
Global Finance Management Center  
Canon Inc.

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

The following materials are included.

1. CONSOLIDATED RESULTS FOR THE FIRST QUARTER ENDED MARCH 31, 2009
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**CONSOLIDATED RESULTS FOR**  
**THE FIRST QUARTER ENDED MARCH 31, 2009**

April 30, 2009

**CONSOLIDATED RESULTS**

(Millions of yen, thousands of U.S. dollars, except per share amounts)

	Actual		Change(%)	Projected		
	Three months ended March 31, 2009	Three months ended March 31, 2008		Three months ended March 31, 2009	Year ending December 31, 2009	Change(%)
Net sales	¥ 687,034	¥ 1,007,538	- 31.8	\$ 7,010,551	¥ 3,330,000	- 18.7
Operating profit	20,032	170,830	- 88.3	204,408	180,000	- 63.7
Income before income taxes	22,394	166,642	- 86.6	228,510	180,000	- 62.6
Net income attributable to Canon Inc.	¥ 17,744	¥ 106,644	- 83.4	\$ 181,061	¥ 110,000	- 64.4

**Net income attributable to Canon Inc. stockholders per share:**

- Basic	¥ 14.37	¥ 84.57	- 83.0	\$ 0.15	¥ 89.11	- 63.8
- Diluted	14.37	84.56	- 83.0	0.15	-	-

	Actual		Change(%)	As of March 31, 2009
	As of March 31, 2009	As of December 31, 2008		
Total assets	¥3,751,117	¥ 3,969,934	- 5.5	\$ 38,276,704
Canon Inc. stockholders equity	¥2,647,032	¥ 2,659,792	- 0.5	\$ 27,010,531

Notes: 1. Canon's consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles.

2. U.S. dollar amounts are translated from yen at the rate of JPY98 = U.S.\$1, the approximate exchange rate on the Tokyo Foreign Exchange Market as of March 31, 2009, solely for the convenience of the reader.

Canon Inc.  
Headquarter office

30-2, Shimomaruko 3-chome, Ohta-ku,  
Tokyo 146-8501, Japan  
Phone: +81-3-3758-2111

## **I. Operating Results and Financial Conditions**

### **2009 First Quarter in Review**

Looking back at the global economy in the first quarter of 2009, the severity of the global recession that struck last year increased among developed and emerging countries. In the United States, deteriorating employment conditions and other factors continued to negatively affect personal consumption, whereas in Europe, exports continued to shrink and consumer spending weakened further. In Japan, reductions in corporate capital spending, coupled with a decrease in exports and declining inventory levels mainly in the manufacturing industry, have clearly had a negative impact on the real economy. Furthermore, growth in Asia and other emerging economies decelerated due to waning exports, thereby depriving the global economy of an engine for growth. As for the foreign exchange market, although the unilateral appreciation of the yen that began in early autumn last year reversed, the yen remained relatively highly valued against other foreign currencies during the quarter.

As for the markets in which Canon operates amid these conditions, within the office imaging products market, sales of monochrome and color network digital multifunction devices (MFDs) remained low due to continued restrained corporate investment in each region. In the computer peripherals market, in addition to a drop in demand for monochrome models, sales of color laser beam printers, which had enjoyed healthy expansion, fell below the year-ago level. With regard to inkjet printers, a significant decrease in demand for single-function models resulted in a contraction of the market compared with the previous year. As for the cameras segment, while demand for digital single-lens reflex (SLR) cameras achieved solid growth, demand for compact digital cameras declined amid further drops in prices. With respect to the optical equipment segment, demand fell for both aligners, used to produce liquid crystal display (LCD) panels, and for steppers, utilized in the production of semiconductors. The average value of the yen during the first-quarter was ¥93.86 to the U.S. dollar, a year-on-year appreciation of about 12%, and ¥121.85 to the euro, a year-on-year appreciation of approximately 29%.

Net sales for the period totaled ¥687.0 billion (U.S.\$7,011 million), a year-on-year decline of 31.8%, mainly due to the effects of substantially reduced sales volumes arising from decreased demand for network MFDs and laser beam printers, along with the substantial rise in the value of the yen. Despite the launch of new products and ongoing cost-cutting efforts targeting an improved gross profit ratio, such factors as the appreciation of the yen, reduction in sales volumes and falling product prices led to a 6.1 point decline in the ratio to 43.5%. Consequently, gross profit decreased by 40.2% to ¥298.8 billion (U.S.\$3,049 million). Although, operating expenses declined by 15.3% owing to a Group-wide effort to curb expenses, operating profit dropped 88.3% to ¥20.0 billion (U.S.\$204 million). Other income (deductions) reversed to positive by ¥6.6 billion (U.S.\$67 million), mainly due to an improvement in currency exchange losses. As a result, income before income taxes totaled ¥22.4 billion (U.S.\$229 million), a decline of 86.6%, while net income attributable to Canon Inc. also recorded a decrease of 83.4% to ¥17.7 billion (U.S.\$181 million).

Basic net income attributable to Canon Inc. stockholders per share was ¥14.37 (U.S.\$0.15), a year-on-year decline of ¥70.20 (U.S.\$0.72).

### Results by Product Segment

Looking at Canon's first-quarter performance by business sector, within the business machines segment, demand for office equipment declined significantly amid the rapid deterioration of economic conditions. As for office imaging products, while demand for digital commercial printers increased, flagging sales in major regions for network digital MFDs along with the strong yen resulted in a year-on-year decline in sales of 31.3% for the segment. In the field of computer peripherals, the significant drop in demand for laser beam printers along with the decline in sales due to the need to reduce distribution inventories, combined with the appreciation of the yen, resulted in a sales decrease of 41.9% compared with the year-ago period. As for inkjet printers, amid a shrinking global market, while sales volume displayed solid growth in the Americas which contributed to minimizing the decrease of sales volume for the segment overall, the impact of the yen's appreciation and falling prices resulted in a decline in sales by 26.6%. Consequently, sales for the computer peripherals segment overall dropped by 38.0%. As for business information products, reduced personal computer sales in the Japanese domestic market resulted in a sales decline of 23.7%. Collectively, sales of business machines overall totaled ¥451.6 billion (U.S.\$4,608 million), down 34.7%, while operating profit totaled ¥59.1 billion (U.S.\$603 million), falling 63.8% mainly due to the significant decrease in gross profit stemming from the reduction in sales.

Within the cameras segment, the high-resolution, competitively priced EOS Digital Rebel XSi (EOS 450D) and advanced-amateur model EOS 5D Mark II digital SLR cameras continued to enjoy healthy sales during the quarter, contributing to growth in sales volume. As for compact digital cameras, although the introduction of four new ELPH (IXUS)-series models and four PowerShot-series models was well received, sales volume contracted year on year amid stagnant market conditions. Consequently, along with the impact of falling average sales prices and the appreciation of the yen, sales for the cameras segment overall declined by 24.4% to ¥165.5 billion (U.S.\$1,689 million). Additionally, operating profit for the sector decreased by 82.9% to ¥7.8 billion (U.S.\$80 million) mainly as a result of the drop in sales value coupled with the significant decline in the gross profit ratio.

In the optical and other products segment, sales of steppers remained stagnant due to aggravating market conditions for memory chips. As a result, sales for the segment totaled ¥69.9 billion (U.S.\$713 million), a decline of 27.8%. Operating profit dropped to negative ¥11.3 billion (U.S.\$116 million) due to the significant drop in sales and other factors.

### Cash Flow

In the first quarter of 2009, Canon generated cash flow from operating activities of ¥52.4 billion (U.S.\$535 million), a decrease of ¥55.0 billion (U.S.\$562 million) compared with the previous year, mainly reflecting the reduction in consolidated net income. As capital investments was focused on items relevant to introducing new products and achieving cost reductions, cash flow from investing activities totaled ¥102.0 billion (U.S.\$1,041 million), a year-on-year decrease of ¥87.5 billion (U.S.\$892 million). Accordingly, free cash flow totaled negative ¥49.6 billion (U.S.\$506 million), a decrease of ¥32.4 billion (U.S.\$331 million) from the year-ago period.

Cash flow from financing activities recorded an outlay of ¥71.0 billion (U.S.\$724 million), mainly arising from the dividend payout of ¥67.9 billion (U.S.\$693 million). Consequently, cash and cash equivalents decreased by ¥102.0 billion (U.S.\$1,041 million) to ¥577.2 billion (U.S.\$5,890 million) from the end of the previous year.

**Outlook**

As for the outlook for the global economy in the second quarter and thereafter, although countries worldwide began launching various economic stimulus packages and financial policies in response to the current global recession, it is still expected to take considerable time before the effects of such measures will be felt and the global economy realizes a turnaround.

In the businesses in which Canon is involved, demand for network digital MFDs and laser beam printers is projected to remain sluggish for both monochrome and color models due to market reluctance in purchasing office equipment. Demand for inkjet printers and compact digital cameras is expected to remain stagnant in the near term due to the drop in consumer sentiment resulting from the weak economy, whereas demand for digital SLR cameras is expected to remain strong. With respect to steppers and aligners, demand is expected to further decline as device makers and LCD panel manufacturers reassess their capital expenditure plans.

With regard to currency exchange rates for the second quarter onward, on which Canon's performance outlook for the full year is based, despite the continued uncertainty over future interest rate policies, economic prospects and other factors for major countries, Canon anticipates exchange rates for the period of ¥95 to the U.S. dollar and ¥125 to the euro, representing an appreciation of approximately 9% against the U.S. dollar, and about 22% against the euro for the full year. Upon taking into consideration first-quarter business results along with current market conditions based on these foreign exchange rate assumptions, Canon has revised its previously announced projections and now anticipates net sales of ¥3,330.0 billion (U.S.\$33,980 million), operating profit of ¥180.0 billion (U.S.\$1,837 million), income before income taxes of ¥180.0 billion (U.S.\$1,837 million) and net income attributable to Canon Inc. of ¥110.0 billion (U.S.\$1,122 million).

**Consolidated Outlook**

Fiscal year	Millions of yen				
	Year ending			Year ended December 31, 2008	Change (%)
	December 31, 2009		Change (B - A)		
	Previous Outlook (A)	Revised Outlook (B)		Results (C)	(B - C) / C
Net sales	¥ 3,500,000	¥ 3,330,000	¥ (170,000)	¥ 4,094,161	- 18.7%
Operating profit	160,000	180,000	20,000	496,074	- 63.7%
Income before income taxes	160,000	180,000	20,000	481,147	- 62.6%
Net income attributable to Canon Inc.	¥ 98,000	¥ 110,000	¥ 12,000	¥ 309,148	- 64.4%

This document contains forward-looking statements with respect to future results, performance and achievements that are subject to risk and uncertainties and reflect management's views and assumptions formed by available information. All statements other than statements of historical fact are statements that could be considered forward-looking statements. When used in this document, words such as anticipate, believe, estimate, expect, intend, may, or should and similar expressions, as they relate to Canon, are intended to identify forward-looking statements. Many factors could cause the actual results, performance or achievements of Canon to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products by other companies, lack of acceptance of new products or services by Canon's targeted customers, inability to meet efficiency and cost reduction objectives, changes in business strategy and various other factors, both referenced and not referenced in this document. A detailed description of these and other risk factors is included in Canon's annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission. Should one or more of these risks or uncertainties materialize, or should

underlying assumptions prove incorrect, actual results may vary materially from those described herein. Canon does not intend or assume any obligation to update these forward-looking statements.



## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

**II. Financial Statements****1. CONSOLIDATED BALANCE SHEETS**

	As of March 31, 2009	Millions of yen As of December 31, 2008	Change	Thousands of U.S. dollars As of March 31, 2009
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	¥ 577,193	¥ 679,196	¥ (102,003)	\$ 5,889,724
Short-term investments	4,584	7,651	(3,067)	46,776
Trade receivables, net	485,413	595,422	(110,009)	4,953,194
Inventories	499,963	506,919	(6,956)	5,101,663
Prepaid expenses and other current assets	280,631	275,660	4,971	2,863,582
<b>Total current assets</b>	<b>1,847,784</b>	<b>2,064,848</b>	<b>(217,064)</b>	<b>18,854,939</b>
Noncurrent receivables	14,730	14,752	(22)	150,306
Investments	81,944	88,825	(6,881)	836,163
Property, plant and equipment, net	1,357,856	1,357,186	670	13,855,673
Intangible assets, net	120,532	119,140	1,392	1,229,918
Other assets	328,271	325,183	3,088	3,349,705
<b>Total assets</b>	<b>¥3,751,117</b>	<b>¥ 3,969,934</b>	<b>¥ (218,817)</b>	<b>\$ 38,276,704</b>
<b>LIABILITIES AND EQUITY</b>				
Current liabilities:				
Short-term loans and current portion of long-term debt	¥ 5,484	¥ 5,540	¥ (56)	\$ 55,959
Trade payables	295,746	406,746	(111,000)	3,017,816
Accrued income taxes	15,958	69,961	(54,003)	162,837
Accrued expenses	274,011	277,117	(3,106)	2,796,031
Other current liabilities	151,211	184,636	(33,425)	1,542,969
<b>Total current liabilities</b>	<b>742,410</b>	<b>944,000</b>	<b>(201,590)</b>	<b>7,575,612</b>
Long-term debt, excluding current installments	7,433	8,423	(990)	75,847
Accrued pension and severance cost	110,772	110,784	(12)	1,130,327
Other noncurrent liabilities	57,402	55,745	1,657	585,734
<b>Total liabilities</b>	<b>918,017</b>	<b>1,118,952</b>	<b>(200,935)</b>	<b>9,367,520</b>
Equity:				

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Canon Inc. stockholders' equity:				
Common stock	<b>174,762</b>	174,762	-	<b>1,783,286</b>
Additional paid-in capital	<b>403,182</b>	403,790	(608)	<b>4,114,102</b>
Legal reserve	<b>54,063</b>	53,706	357	<b>551,663</b>
Retained earnings	<b>2,826,061</b>	2,876,576	(50,515)	<b>28,837,357</b>
Accumulated other comprehensive income (loss)	<b>(254,810)</b>	(292,820)	38,010	<b>(2,600,102)</b>
Treasury stock, at cost	<b>(556,226)</b>	(556,222)	(4)	<b>(5,675,775)</b>
Total Canon Inc. stockholders' equity	<b>2,647,032</b>	2,659,792	(12,760)	<b>27,010,531</b>
Noncontrolling interests	<b>186,068</b>	191,190	(5,122)	<b>1,898,653</b>
Total equity	<b>2,833,100</b>	2,850,982	(17,882)	<b>28,909,184</b>
Total liabilities and equity	<b>¥ 3,751,117</b>	¥ 3,969,934	¥ (218,817)	<b>\$ 38,276,704</b>

	Millions of yen		Thousands of U.S. dollars
	As of	As of	As of
	March 31,	December 31,	March 31,
	2009	2008	2009
Notes:			
1. Allowance for doubtful receivables	¥ <b>10,596</b>	¥ 9,318	<b>\$ 108,122</b>
2. Accumulated depreciation	<b>1,702,036</b>	1,635,601	<b>17,367,714</b>
3. Accumulated other comprehensive income (loss):			
Foreign currency translation adjustments	<b>(192,298)</b>	(235,968)	<b>(1,962,225)</b>
Net unrealized gains and losses on securities	<b>616</b>	1,135	<b>6,286</b>
Net gains and losses on derivative instruments	<b>(3,268)</b>	1,493	<b>(33,347)</b>
Pension liability adjustments	<b>(59,860)</b>	(59,480)	<b>(610,816)</b>

## CANON INC. AND SUBSIDIARIES

CONSOLIDATED

2. CONSOLIDATED STATEMENTS OF INCOME

	Millions of yen			Thousands of U.S. dollars
	<b>Three months ended March 31, 2009</b>	Three months ended March 31, 2008	Change(%)	<b>Three months ended March 31, 2009</b>
Net sales	¥ 687,034	¥ 1,007,538	- 31.8	\$ 7,010,551
Cost of sales	388,220	507,673		3,961,429
Gross profit	298,814	499,865	- 40.2	3,049,122
Operating expenses:				
Selling, general and administrative expenses	205,993	249,480		2,101,969
Research and development expenses	72,789	79,555		742,745
	278,782	329,035		2,844,714
Operating profit	20,032	170,830	- 88.3	204,408
Other income (deductions):				
Interest and dividend income	1,434	6,193		14,633
Interest expense	(84)	(412)		(857)
Other, net	1,012	(9,969)		10,326
	2,362	(4,188)		24,102
Income before income taxes	22,394	166,642	- 86.6	228,510
Income taxes	6,759	56,034		68,969
Consolidated net income	15,635	110,608	- 85.9	159,541
Less: Net income (loss) attributable to noncontrolling interests	(2,109)	3,964		(21,520)
Net income attributable to Canon Inc.	¥ 17,744	¥ 106,644	- 83.4	\$ 181,061

Note: Consolidated comprehensive income for the three months ended March 31, 2009 and 2008 was JPY53,873 million (increase) (U.S.\$549,724)

thousand  
(increase)) and  
JPY3,760 million  
(increase),  
respectively.

### 3. DETAILS OF SALES

#### **Sales by product**

	Millions of yen			Thousands of U.S. dollars
	<b>Three months ended March 31, 2009</b>	Three months ended March 31, 2008	Change(%)	<b>Three months ended March 31, 2009</b>
Business machines:				
<i>Office imaging products</i>	¥ <b>197,520</b>	¥ 287,524	- 31.3	\$ <b>2,015,510</b>
<i>Computer peripherals</i>	<b>235,208</b>	379,509	- 38.0	<b>2,400,082</b>
<i>Business information products</i>	<b>18,878</b>	24,753	- 23.7	<b>192,632</b>
	<b>451,606</b>	691,786	- 34.7	<b>4,608,224</b>
Cameras	<b>165,549</b>	218,995	- 24.4	<b>1,689,276</b>
Optical and other products	<b>69,879</b>	96,757	- 27.8	<b>713,051</b>
Total	¥ <b>687,034</b>	¥ 1,007,538	- 31.8	\$ <b>7,010,551</b>

#### **Sales by region**

	Millions of yen			Thousands of U.S. dollars
	<b>Three months ended March 31, 2009</b>	Three months ended March 31, 2008	Change(%)	<b>Three months ended March 31, 2009</b>
Japan	¥ <b>169,504</b>	¥ 227,781	- 25.6	\$ <b>1,729,633</b>
Overseas:				
<i>Americas</i>	<b>176,331</b>	270,664	- 34.9	<b>1,799,296</b>
<i>Europe</i>	<b>210,067</b>	337,116	- 37.7	<b>2,143,541</b>
<i>Other areas</i>	<b>131,132</b>	171,977	- 23.8	<b>1,338,081</b>
	<b>517,530</b>	779,757	- 33.6	<b>5,280,918</b>
Total	¥ <b>687,034</b>	¥ 1,007,538	- 31.8	\$ <b>7,010,551</b>

Notes: 1. The primary  
products included  
in each of the  
product segments  
are as follows:

Business  
machines:

Office imaging  
products : Office  
network digital  
multifunction  
devices (MFDs) /  
Color network  
digital MFDs /  
Office copying  
machines /  
Personal-use  
copying machines  
/ Full-color  
copying machines  
Computer  
peripherals  
: Laser beam  
printers / Inkjet  
multifunction  
peripherals /  
Single function  
inkjet printers /  
Image scanners  
Business  
information  
products  
: Computer  
information  
systems /  
Document  
scanners /  
Personal  
information  
products  
Cameras  
: Digital SLR  
cameras /  
Compact digital  
cameras /  
Interchangeable  
lenses / Digital  
video camcorders  
Optical and other  
products  
: Semiconductor  
production  
equipment /  
Mirror projection  
mask aligners for

LCD panels /  
Broadcasting  
equipment /  
Medical  
equipment / Large  
format printers /  
Components

2. The principal countries and regions included in each regional category are as follows:

Americas: United States of America, Canada, Latin

America / Europe: England,

Germany, France, Netherlands /

Other Areas:

Asian regions, China, Oceania

CANON INC. AND SUBSIDIARIES

CONSOLIDATED

4. CONSOLIDATED STATEMENTS OF CASH FLOWS

Millions of yen                      Thousands  
   of  
   &nbsp;