

CANON INC  
Form 6-K  
August 26, 2010

**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 ..... **August**..... , 2010.....

**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....**August 25, 2010**....

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. Interim Report For The 110th Business Term From January 1,2010 to June 30,2010 Canon Inc.



To Our Shareholders

We are pleased to present our report for the summary of the first half of our 110th business term (from January 1, 2010 to June 30, 2010).

The overall global economy during the first half of the current business term saw a general, modest recovery trend. Although the European economies stagnated slightly reeling from the Greek financial problem and other issues, consumer spending turned upward in the U.S. and performance in the Asia region was robust as internal demand expanded in China and India. Despite lingering uncertainties about the future in areas such as capital investment, the Japanese economy witnessed an upturn in exports, which led to a gradual reemergence of the economy. In foreign exchange markets, compared with the first half of the previous business term, the yen traded at high levels against both the U.S. dollar and the euro.

As to the conditions of the markets in which the Canon Group operates, in the office-use market, the recovery in demand for network multifunction devices proceeded steadily mostly for color machines, while laser printers enjoyed a stronger reemergence than that of the second half of last year and demand for large-format printers also increased. In consumer markets, there was good demand for our digital single lens reflex (SLR) cameras while compact digital cameras grew tremendously in emerging countries and inkjet printers recovered. The order environment for semiconductor lithography equipment and LCD lithography equipment also started showing positive signs.

Under such business conditions, the Canon Group has designated 2010, the final year of Phase III (2006 to 2010) of our Excellent Global Corporation Plan, as the first year in a new era of growth, a turning point to the growth mode. We focused on introducing innovative products and services, enhancing the sales system in China and other Asian countries, reinforcing our office equipment business through the consolidation of Océ N.V., accelerating cost-reduction activities, effecting thorough inventory reductions and resource optimization, and committing totally to quality first.

As to the earnings for the first half of the current business term, on a consolidated basis, we recorded net sales of 1,725.9 billion yen (up 16.5% from the first half of 2009), income before income taxes of 201.5 billion yen (up 248.1%), and net income attributable to Canon Inc. of 124.4 billion yen (up 273.2%). Also on a non-consolidated basis, we recorded net sales of 1,108.8 billion yen (up 26.0%), ordinary profit of 156.1 billion yen (up 348.9%), and net income of 79.5 billion yen (up 277.1%).

For the interim dividend, we have decided to pay 55.0 yen per share from August 27.

For the second half, although we expect the economic recovery to continue, there is the risk of a slowdown in the global economic recovery caused by the instability and credit contraction in the financial markets mostly in Europe and it leaves no room for optimism. Under such circumstances, we expect intensifying market competition and a continuingly harsh business environment to encompass the Canon Group.

The Canon Group is united in its commitment to achieving a further upturn in results in the second half of the business term.

We look forward to your continued support and encouragement in the future.

August 2010

Fujio Mitarai  
*Chairman & CEO*

Tsuneji Uchida  
*President & COO*

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**Change in Profits**

**Net Sales (Consolidated)**  
100 MILLIONS OF YEN

**Net Sales (Non-Consolidated)**  
100 MILLIONS OF YEN

**Income before Income Taxes (Consolidated)**  
100 MILLIONS OF YEN

**Ordinary Profit (Non-Consolidated)**  
100 MILLIONS OF YEN

**Net Income Attributable to Canon Inc.  
(Consolidated)**  
100 MILLIONS OF YEN

**Net Income (Non-Consolidated)**  
100 MILLIONS OF YEN

**Business Conditions by Operations****n Sales by Operations (Consolidated)**

Operations	Sales (100 millions of yen)	Change from the First Half of Fiscal 2009 (%)
<b>Office Business Unit</b>	<b>9,311</b>	<b>19.9</b>
<b>Consumer Business Unit</b>	<b>6,543</b>	<b>14.0</b>
<b>Industry and Others Business Unit</b>	<b>1,913</b>	<b>11.6</b>
<b>Eliminations</b>	<b>(508)</b>	<b>-</b>
<b>Total</b>	<b>17,259</b>	<b>16.5</b>

**n Constituent Ratio of Sales by Operations**

Note: Because the consolidated sales of each business unit include the sales relating to intersegment transactions, the total does not amount to 100%.

## **n Office Business Unit**

Regarding office network digital multifunction devices, sales of our imageRUNNER ADVANCE series new generation machines launched in the fall of last year and developed to meet the varied needs of users through ways such as links with various software, performed well in Japan, the U.S. and Europe. In addition, the Asian market for office network digital multifunction devices is in the trend of overall expansion with robust sales for both color and black-and-white machines especially in China.

Unfortunately, severe sales conditions continued for our imagePRESS series of printers for digital commercial printing as the printing industry in Japan, the U.S. and Europe experienced sluggish capital investments. Nevertheless, we were able to minimize the decline in unit sales through aggressive sales expansion efforts for the imagePRESS C1+ and other machines. While in China, sales of our imagePRESS C7000VP were favorable.

Multifunction devices for small mid-sized business owners demonstrated significant sales growth as we launched new products in the U.S., Europe and China, among others, and worked to expand sales.

Sales of laser printers in the first half of the current business term increased substantially with orders from customers for OEM-brand products sharply recovering from the second half of last year. For Canon-brand products, in the area of black-and-white machines, we launched three new products, including the A3-size compatible Satera LBP8630 which uses environmentally-friendly plastic materials and offers greater functionality with its wide LCD panel and the ability to print 37 pages per minute, all the while focusing energy on sales efforts.

For our imagePROGRAF series of large-format printers, we introduced the new iPF8300/6350/6300 equipped with newly developed high-accuracy mechanical structure and LUCIA EX, a new pigment ink system, among other breakthrough new technologies to meet the demand of professional users for extremely high image quality, and unit sales grew steadily.

Moreover, with contribution of sales by consolidating Océ N.V., net sales for this business unit increased 19.9% on a consolidated basis in comparison to the first half of 2009.



**Change in Sales [Consolidated]**  
100 MILLIONS OF YEN

## **n Consumer Business Unit**

For digital SLR cameras, as the market continued to expand, our EOS Kiss X4 entry-level model equipped with an 18 megapixel high-resolution CMOS sensor and full HD video functionality made good start. The EOS Kiss X3 and the advanced amateur model EOS 5D Mark II and EOS 7D also had favorable sales and unit sales of SLR cameras grew in the U.S. and Asia, among other regions. In April, cumulative production volume for the EOS series reached 40 million units, including film cameras.

Meanwhile, in compact digital cameras, we introduced four new products in our IXY series, namely the IXY 10S/30S/400F/200F, and five in our PowerShot series including the PowerShot SX210 IS. Despite growth in sales volume mainly in China, South America, Eastern Europe and other emerging markets, sales declined slightly year on year due to a fall in sales prices on the overall market.

We expanded our lineup of digital video camcorders by introducing four new models equipped with flash memory, including three HD models such as the iVIS HF M31, and one file based professional model. HD models especially demonstrated fabulous growth in volume and sales.

Regarding inkjet printers, we introduced the PIXUS MX870/350 multifunction model for home office users and expanded sales mostly in the U.S., where there is continuing growth. We also introduced the PIXUS iP2700 single function printers as an entry-level model to strengthen our lineup. Following the market recovery from the second half of last year, both the volume and sales turned upward mostly for multifunction models and sales in China and other Asian countries particularly fared well including the sales of single function printers. Consumables also saw steady sales growth.

For image scanners, sales of our mainstay products including the CanoScan LiDE 200 were steady and we solidly maintained our No. 1 share position despite a contracting overall market.

As a result of the above, net sales for this business unit increased 14.0% on a consolidated basis in comparison to the first half of 2009.

**Change in Sales [Consolidated]**  
100 MILLIONS OF YEN

## **n Industry and Others Business Unit**

For semiconductor lithography equipment, thanks to a recovery trend in capital investment by device manufacturers resulting from an upturn in the semiconductor market, unit sales increased compared to last year's low results.

Regarding LCD lithography equipment, despite expectations for future orders based on proactive capital investment projections at LCD panel manufacturers in South Korea and China, among others, decreases in both units and sales during the first half of the current business term were unavoidable due to orders remaining at a low level in 2009 which suffered from a recession.

In medical equipment, we focused on mid- to large-scale sales negotiations and the acquisition of new customers in the area of digital radiography systems through our mainstay product CXDI-50G and the CXDI-55C launched last year, among others. As a result, we succeeded in increasing both units and sales beyond those of the first half of the previous business term mainly in areas such as the U.S. and Asia. Ophthalmic devices saw lower unit sales despite efforts to increase sales of CR-1 Mark II, CX-1 and other retinal cameras.

Document scanners and check scanners handled by Canon Electronics Inc. grew substantially in terms of both the volume and sales mostly in Japan, the U.S. and China, among others. For our imageFORMULA series document scanners, the highly durable and highly speedy DR-9050C/6050C and the extremely compact and portable DR-150 sold well, contributing to the increase in sales volume.

Regarding calculators handled by Canon Electronic Business Machines (H.K.) Co., Ltd., we launched the F-718 18-digit internal arithmetic high-accuracy scientific electronic calculators, among others, and unit sales increased.

FA system-related devices handled by Canon Machinery Inc. enjoyed a recovery in sales as orders increased from the second half of last year. Die bonders also had promising orders for the LED (light-emitting diode) compatible BESTEM-D01 thanks to an active LED market. In April, we launched the BESTEM-D10Sp LED die bonder and saw further growth in orders.

Sales of magnetic disk film deposition equipment handled by Canon ANELVA Corporation increased substantially year on year thanks to higher demand for PC hard disks and a recovery in our customers' capital investments.

As a result of the above, net sales for this business unit increased 11.6% on a consolidated basis in comparison to the first half of 2009.

**Change in Sales [Consolidated]**  
100 MILLIONS OF YEN

**Consolidated Financial Results**

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

**Consolidated Balance Sheets****ASSETS**

	<b>As of June 30, 2010</b>	Millions of yen As of December 31, 2009 (Reference)
<b>Current assets:</b>		
Cash and cash equivalents	771,697	795,034
Short-term investments	35,264	19,089
Trade receivables, net	547,961	556,572
Inventories	427,767	373,241
Prepaid expenses and other current assets	295,678	273,843
<b>Total current assets</b>	<b>2,078,367</b>	<b>2,017,779</b>
Noncurrent receivables	15,789	14,936
Investments	86,426	114,066
Property, plant and equipment, net	1,263,422	1,269,785
Intangible assets, net	170,158	117,396
Other assets	402,740	313,595
<b>Total assets</b>	<b>4,016,902</b>	<b>3,847,557</b>

**LIABILITIES AND EQUITY**

	<b>As of June 30, 2010</b>	Millions of yen As of December 31, 2009 (Reference)
<b>Current liabilities:</b>		
Short-term loans and current portion of long-term debt	6,834	4,869
Trade payables	385,682	339,113
Accrued income taxes	66,818	50,105
Accrued expenses	280,191	274,300
Other current liabilities	137,368	115,303
<b>Total current liabilities</b>	<b>876,893</b>	<b>783,690</b>
Long-term debt, excluding current installments	5,444	4,912
Accrued pension and severance cost	177,412	115,904
Other noncurrent liabilities	80,870	63,651
<b>Total liabilities</b>	<b>1,140,619</b>	<b>968,157</b>

<b>Commitments and contingent liabilities</b>		
<b>Equity:</b>		
<b>Canon Inc. stockholders equity:</b>		
Common stock	174,762	174,762
[Authorized shares] (share)	[3,000,000,000]	[3,000,000,000]
[Issued shares] (share)	[1,333,763,464]	[1,333,763,464]
Additional paid-in capital	407,031	404,293
Legal reserve	55,291	54,687
Retained earnings	2,918,817	2,871,437
Accumulated other comprehensive income (loss)	(333,405)	(260,818)
Treasury stock, at cost	(523,118)	(556,252)
[Treasury shares] (share)	[93,650,553]	[99,288,001]
<b>Total Canon Inc. stockholders equity</b>	<b>2,699,378</b>	<b>2,688,109</b>
<b>Noncontrolling interests</b>	<b>176,905</b>	<b>191,291</b>
<b>Total equity</b>	<b>2,876,283</b>	<b>2,879,400</b>
<b>Total liabilities and equity</b>	<b>4,016,902</b>	<b>3,847,557</b>

<Notes to Consolidated Balance Sheet as of June 30, 2010>

1. Allowance for doubtful receivables: 16,250 million yen
2. Accumulated depreciation: 1,861,721 million yen
3. Accumulated other comprehensive income (loss) includes foreign currency translation adjustments, net unrealized gains and losses on securities, net gains and losses on derivative financial instruments and pension liability adjustments.
4. Guarantee obligations for bank loans taken out by employees: 17,223 million yen
5. The number of consolidated subsidiaries and affiliated companies accounted for by the equity method was 308 and 15 respectively.

<Note to Per Share Information as of June 30, 2010>

Canon Inc. stockholders equity per share 2,176.72 yen



## Consolidated Statements of Income

	<b>Six months ended June 30, 2010</b>	Millions of yen Six months ended June 30, 2009 (Reference)
<b>Net sales</b>	<b>1,725,884</b>	<b>1,480,819</b>
Cost of sales	881,953	836,540
<b>Gross profit</b>	<b>843,931</b>	<b>644,279</b>
<b>Operating expenses:</b>		
Selling, general and administrative expenses	490,825	425,735
Research and development expenses	152,825	153,606
	<b>643,650</b>	<b>579,341</b>
<b>Operating profit</b>	<b>200,281</b>	<b>64,938</b>
<b>Other income (deductions):</b>		
Interest and dividend income	2,743	2,791
Interest expense	(953)	(221)
Other, net	(568)	(9,622)
	<b>1,222</b>	<b>(7,052)</b>
<b>Income before income taxes</b>	<b>201,503</b>	<b>57,886</b>
Income taxes	73,975	24,105
<b>Consolidated net income</b>	<b>127,528</b>	<b>33,781</b>
Less: Net income attributable to noncontrolling interests	3,079	432
<b>Net income attributable to Canon Inc.</b>	<b>124,449</b>	<b>33,349</b>

<Note to Per Share Information for the six months ended June 30, 2010>

Net income attributable to Canon Inc. stockholders  
per share

Basic 100.68 yen

Diluted 100.68 yen

**COMPANY PROFILE**

*The following statements are the status as of June 30, 2010, if not specified otherwise.*

**n Canon Group Global Network**

**(1) Major Overseas Bases**

Name [Location]

**R&D, Manufacturing and Marketing**

Océ N.V. [Netherlands]

OPTOPOL Technology S.A. [Poland]

Canon Electronic Business Machines (H.K.) Co., Ltd. [Hong Kong]

**R&D**

Canon Development Americas, Inc. [U.S.A.]

Canon Research Centre France S.A.S. [France]

Canon Information Systems Research Australia Pty. Ltd. [Australia]

Name [Location]

**Manufacturing**

Canon Virginia, Inc. [U.S.A.]  
 Canon Giessen GmbH [Germany]  
 Canon Bretagne S.A.S. [France]  
 Canon Dalian Business Machines, Inc. [China]  
 Canon Zhuhai, Inc. [China]  
 Canon Zhongshan Business Machines Co., Ltd. [China]  
 Canon (Suzhou) Inc. [China]  
 Canon Inc., Taiwan [Taiwan]  
 Canon Hi-Tech (Thailand) Ltd. [Thailand]  
 Canon Vietnam Co., Ltd. [Vietnam]  
 Canon Opto (Malaysia) Sdn. Bhd. [Malaysia]

**Marketing**

Canon U.S.A., Inc. [U.S.A.]  
 Canon Canada Inc. [Canada]  
 Canon Latin America, Inc. [U.S.A.]  
 Canon Europa N.V. [Netherlands]  
 Canon Europe Ltd. [U.K.]  
 Canon (UK) Ltd. [U.K.]  
 Canon France S.A.S. [France]  
 Canon Deutschland GmbH [Germany]  
 Canon Ru LLC [Russia]  
 Canon Middle East FZ-LLC [U.A.E.]  
 Canon (China) Co., Ltd. [China]  
 Canon Hongkong Co., Ltd. [Hong Kong]  
 Canon Korea Consumer Imaging Inc. [Korea]  
 Canon Singapore Pte. Ltd. [Singapore]  
 Canon Australia Pty. Ltd. [Australia]  
 Canon do Brasil Indústria e Comércio Limitada [Brazil]  
 Canon Chile, S.A. [Chile]  
 Canon South Africa Pty. Ltd. [South Africa]

## (2) Major Domestic Bases

Name [Location]

### **Canon Inc.**

Headquarters [Tokyo]  
Kawasaki Office [Kanagawa Pref.]  
Ayase Plant [Kanagawa Pref.]  
Hiratsuka Plant [Kanagawa Pref.]  
Oita Plant [Oita Pref.]  
Tamagawa Office [Kanagawa Pref.]  
Kosugi Office [Kanagawa Pref.]  
Toride Plant [Ibaraki Pref.]  
Fuji-Susono Research Park [Shizuoka Pref.]  
Yako Office [Kanagawa Pref.]  
Utsunomiya Plant [Tochigi Pref.]  
Ami Plant [Ibaraki Pref.]

### **R&D, Manufacturing and Marketing**

Canon Electronics Inc. [Saitama Pref.]  
Canon Machinery Inc. [Shiga Pref.]  
Tokki Corporation [Niigata Pref.]  
Canon Finetech Inc. [Saitama Pref.]  
Canon Precision Inc. [Aomori Pref.]  
Canon Components, Inc. [Saitama Pref.]  
Canon ANELVA Corporation [Kanagawa Pref.]

### **Manufacturing**

Oita Canon Inc. [Oita Pref.]  
Canon Chemicals Inc. [Ibaraki Pref.]  
Oita Canon Materials Inc. [Oita Pref.]  
Fukushima Canon Inc. [Fukushima Pref.]  
Nagahama Canon Inc. [Shiga Pref.]

### **Marketing**

Canon Marketing Japan Inc. [Tokyo]  
Canon System & Support Inc. [Tokyo]  
Canon IT Solutions Inc. [Tokyo]  
Canon Software Inc. [Tokyo]

**n Main Activities of the Canon Group**

Canon Group is engaged in the development, manufacture and sales of the following products.

Operations

Main Products

**Office Business Unit**

Office Network Digital Multifunction Devices (MFDs),  
Color Network Digital MFDs,  
Personal-use Network Digital MFDs,  
Office Copying Machines,  
Full-color Copying Machines,  
Personal-use Copying Machines,  
Laser Printers,  
Large Format Inkjet Printers

**Consumer Business Unit**

Digital SLR Cameras,  
Compact Digital Cameras,  
Interchangeable Lenses,  
Digital Video Camcorders,  
Inkjet Multifunction Printers,  
Single Function Inkjet Printers,  
Image Scanners,  
Broadcast Lenses

**Industry and Others Business Unit**

Semiconductor Lithography Equipment,  
LCD Lithography Equipment,  
Medical Image Recording Equipment,  
Magnetic Heads,  
Micromotors,  
Computers,  
Handy Terminals,  
Document Scanners,  
Calculators

**n Employees of the Canon Group  
Consolidated**

Number of employees	193,804 persons
	(Increase of 24,925 persons from the end of the previous term)
Americas	19,912 persons
Europe	23,475 persons
Japan	73,997 persons
Asia	74,562 persons
Others	1,858 persons

**Non-Consolidated**

Number of employees	26,123 persons
Increase from the end of the previous term	440 persons

**n Shares and Share Options of the Company**

**(1) Shares**

**Number of Shares Issuable**      **3,000,000,000 shares**

**Issued Shares**                      **1,333,763,464 shares**

**Capital Stock**                      **174,761,797,475 yen**

**Number of Shareholders**      **182,356 persons**  
(Increase of 13,184 persons from the end of the previous term)

**(2) Shareholding by Category**

	Number of Shareholders	Number of Shares
<b>Governments and Local Public Organizations</b>	1	19,750
<b>Banking Companies</b>	299	451,155,177
<b>Securities Underwriting Companies</b>	73	44,526,317
<b>Other Domestic Companies</b>	1,424	43,258,717
<b>Foreign Companies, etc.</b>	1,126	589,788,132
<b>Individual and Others</b>	179,432	111,364,818
<b>Treasury Stock</b>	1	93,650,553
<b>Total</b>	182,356	1,333,763,464

**Shareholding Ratio****(3) Share Options****Share Options Issued as Stock Options**

	Number of Share Options	Class and Number of Shares to be Acquired	Number of Holders
1st Share Options	5,680 options	Common stock 568,000 shares	60 persons
2nd Share Options	7,820 options	Common stock 782,000 shares	54 persons
3rd Share Options	8,900 options	Common stock 890,000 shares	63 persons

## n Directors and Corporate Auditors of the Company

### Directors

Position	Name	Business in Charge or Important Concurrent Posts
Chairman & CEO	Fujio Mitarai	
President & COO	Tsuneji Uchida	
Executive Vice President & CFO	Toshizo Tanaka	Senior General Manager of Policy & Economy Research Center, Group Executive of External Relations Headquarters and Vice Chairman of the Supervisory Board of Océ N.V.
Executive Vice President & CTO	Toshiaki Ikoma	Group Executive of Corporate R&D Headquarters, Chief Executive of Optical Products Operations and President of The Canon Foundation
Senior Managing Director	Kunio Watanabe	Group Executive of Corporate Planning Development Headquarters
Senior Managing Director	Yoroku Adachi	President & CEO of Canon U.S.A., Inc.
Senior Managing Director	Yasuo Mitsuhashi	Chief Executive of Peripheral Products Operations
Managing Director	Tomonori Iwashita	Group Executive of Environment Headquarters and Group Executive of Quality Management Headquarters
Managing Director	Masahiro Osawa	Group Executive of Global Procurement Headquarters and Group Executive of General Affairs Headquarters
Managing Director	Shigeyuki Matsumoto	Group Executive of Device Technology Development Headquarters
Managing Director	Katsuichi Shimizu	Chief Executive of Inkjet Products Operations
Managing Director	Ryoichi Bamba	President & CEO of Canon Europa N.V. and President & CEO of Canon Europe Ltd.
Managing Director	Toshio Homma	Chief Executive of L Printer Products Operations
Managing Director	Masaki Nakaoka	Chief Executive of Office Imaging Products Operations
Managing Director	Haruhisa Honda	Group Executive of Manufacturing Headquarters
Managing Director	Hideki Ozawa	President & CEO of Canon (China) Co., Ltd.
Managing Director	Masaya Maeda	Chief Executive of Image Communication Products Operations