

AN UPDATE FROM THE

## MANAGING DIRECTOR

Since the release of our 2008 Sustainability Report in July, I was appointed the role of Managing Director for Canon Australia, New Zealand, Canon Finance Australia and Canon Finance New Zealand. Additionally I am Chairman of CiSRA and Lamberts. This document supplements last year's publication reporting our sustainability performance, challenges and opportunities in Oceania for the period 1 July to 31 December 2008.

Our priority areas for the period remain unchanged and we have made good progress in each area.

Despite the onset of the global financial crisis, I am pleased to report that Canon Oceania closed 2008 having made relatively healthy profits. The fourth quarter was particularly strong, with our Consumer Imaging Products Group achieving record sales in November, followed closely by December.

The first phase of our organisational transformation program came to an end in December, achieving significant cost reductions in our Business Imaging Solutions Group. This had a noticeable effect on protecting our profit and building a platform for sustained success.

The Live *Kyosei* Governance Group implemented a comprehensive plan to assist the organisation in achieving the 2008 social and environmental objectives from the Oceania Balanced Scorecard.

Highlights included a greenhouse gas audit, an improved understanding of our social contribution and a plan for environmental communication in 2009. Community support activities for the period include Salvation Army Christmas Gift Appeal, 2008 Environmental Grants, Barnardos Australia, Selphy Giggle Squad and Canon New Zealand's Big Pink Pic.



In November our environmental efforts were publicly recognised when the Association of Field Service Management International (AFSMI) announced Canon Australia as the winner of the inaugural Australian Green Service Award. We scored consistently well in all categories and were judged “best in class” by our industry peers.

Early 2009 will see Canon Oceania enter the next phase of our transformation to provide greater continuity across the business and enhance our customer service. One of the key changes will be the integration of sales, marketing and services across the business to leverage Canon’s strengths in the market. This means we will be channel-focussed (direct and indirect) not product focussed; a move that will significantly boost our commercial capabilities and allow us to take advantage of many opportunities in 2009.

To help drive these changes, Allan Corder has been appointed to the new role of Chief Operating Officer and Deputy Managing Director. Reporting to Allan are all Sales, Marketing and Service functions. Brian Farlow has been appointed Chief Financial Officer. Brian will lead the Corporate Services Group. This will ensure that all parts of our business are in a position to best work together and support each other.

There have also been changes to Canon’s Governance to further ensure our successful and sustainable transformation. Canon Oceania will be headed by the Company Directors and Officer, made up of Allan Corder, Brian Farlow, Bronwyn Chalmers and myself. This group has Company responsibilities and, in its operational capacity, makes up the Office of the Managing Director.

Worldwide, the effects of the global financial crisis are emerging and we are preparing ourselves for the full impact on our region. The cost of running our business is increasing due to factors such as unfavourable exchange rates and increased costs of materials. Canon Oceania is in the fortunate position of being externally debt-free and, coupled with the strength of our finance business (CFA), we are on track to be profitable again in 2009.

More than ever, our ability to work together with our stakeholders – internally and externally – will determine our success in achieving our sustainability goals.

Our next full Sustainability Report will be our 2009 report which will be launched in April 2010.



**Kenji Kobayashi**

*Managing Director, Canon Australia and Canon New Zealand,  
Canon Finance Australia and Canon Finance New Zealand.  
Chairman, CiSRA and Lamberts.*



*Since the release of our 2008 Sustainability Report in July, I was appointed Managing Director, Canon Australia and Chairman, Canon Oceania. This document supplements last year’s publication.*

**Kenji Kobayashi**

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Canon Finance Australia and Canon Finance New Zealand.  
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