

VIALTA INC  
Form 10-Q  
May 13, 2004

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**UNITED STATES SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**Form 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the quarterly period ended March 31, 2004.**

or

**TRANSITIONAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.**

**For the transition period from:            to:            .**

**Commission file number 0-32809**

**Vialta, Inc.**

*(Exact name of registrant as specified in its charter)*

**Delaware**

*(State or Other Jurisdiction of  
Incorporation or Organization)*

**94-3337236**

*(I.R.S. Employer  
Identification No.)*

**48461 Fremont Boulevard  
Fremont, California 94538**

*(Address, including zip code, of Registrant's principal executive offices)*

**(510) 870-3088**

*(Registrant's telephone number, including area code)*

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.    Yes     No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).    Yes     No

The number of outstanding shares of the registrant's common stock, par value \$0.001 per share, on May 3, 2004 was 82,879,017 shares.

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**VIALTA, INC.**

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1: Financial Statements****VIALTA, INC.****CONDENSED CONSOLIDATED BALANCE SHEETS**

	<u>March 31, 2004</u>	<u>December 31, 2003</u>
	(In thousands) (unaudited)	
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 14,592	\$ 13,756
Restricted cash	3,033	2,226
Short-term investments	8,107	10,552
Accounts receivable, net	1,880	3,941
Inventories	6,110	5,196
Prepaid expenses and other	495	729
	<u>          </u>	<u>          </u>
Total current assets	34,217	36,400
Property and equipment, net	494	685
Other assets	29	29
	<u>          </u>	<u>          </u>
Total assets	<u>\$ 34,740</u>	<u>\$ 37,114</u>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
Current liabilities:		
Accounts payable	\$ 759	\$ 1,915
Accrued liabilities and other	2,485	3,149
Deferred profit	1,955	3,997
	<u>          </u>	<u>          </u>
Total current liabilities	5,199	9,061
Stockholders' equity:		
Common stock	95	95
Additional paid-in capital	144,114	144,114
Treasury stock	(9,458)	(9,458)
Accumulated deficit	(105,223)	(106,709)
Accumulated other comprehensive income	13	11
	<u>          </u>	<u>          </u>
Total stockholders' equity	29,541	28,053
	<u>          </u>	<u>          </u>
Total liabilities and stockholders' equity	<u>\$ 34,740</u>	<u>\$ 37,114</u>

*The accompanying notes are an integral part of these unaudited  
condensed consolidated financial statements.*



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## VIALTA, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

	Three Months Ended March 31,	
	2004	2003
	(In thousands, except per share data) (Unaudited)	
Net revenue	\$ 4,974	\$ 3,843
Cost of goods sold	1,396	863
Gross profit	3,578	2,980
Operating expenses:		
Engineering and development	336	968
Sales and marketing	605	442
General and administrative	1,360	1,730
Total operating expenses	2,301	3,140
Operating income (loss)	1,277	(160)
Interest income and other, net	209	188
Net income	\$ 1,486	\$ 28
Net income per share:		
Basic	\$ 0.02	\$ 0.00
Diluted	\$ 0.02	\$ 0.00
Weighted average common shares outstanding:		
Basic	82,803	82,238
Diluted	88,552	84,153

*The accompanying notes are an integral part of these unaudited  
condensed consolidated financial statements.*

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## VIALTA, INC.

## CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
	2004	2003
	(In thousands) (Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 1,486	\$ 28
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation	197	565
Changes in operating assets and liabilities:		
Accounts receivable, net	2,061	936
Inventories	(914)	(111)
Prepaid expenses and other	234	333
Restricted cash deposit	(807)	
Deferred profit	(2,042)	(2,122)
Accounts payable and accrued liabilities and other	(1,820)	(1,755)
	<u>(1,605)</u>	<u>(2,126)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of short-term investments	(3,564)	
Proceeds from sales of short-term investments	6,011	10,783
Purchases of long-term investments		(2,084)
Acquisitions of property and equipment	(6)	(4)
	<u>2,441</u>	<u>8,695</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repurchases of shares of common stock		(295)
		<u>(295)</u>
Net decrease in cash and cash equivalents	836	6,274
Cash and cash equivalents, beginning of the period	13,756	21,863
	<u>\$ 14,592</u>	<u>\$ 28,137</u>

*The accompanying notes are an integral part of these unaudited condensed consolidated financial statements.*

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**VIALTA, INC.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)**

**NOTE 1. THE COMPANY**

We develop, design and market consumer electronics products designed to maximize the advantages of digital technology in a convenient and easy-to-use manner. Our primary products are the Beamer™ personal videophone line and the VistaFrame™ digital picture frame. Our Beamer videophone products add color video to phone calls, enabling users to see the person they are calling. Since both parties to a video call must have a Beamer videophone product (or compatible videophone), our videophone products are primarily sold in pairs. Our Beamer videophone products work with any home phone over any standard (analog) home phone line, at no additional cost to a regular phone call. Our Beamer videophone products include models that are standalone (such as our first videophone product known as Beamer) or connect through most televisions (the Beamer TV), and may include the ability to send and receive digital pictures (the Beamer FX), depending on the model. Beamer videophone products are carried by such retailers as Best Buy, Fry's Electronics, The Good Guys, The Sharper Image and Cinmar (The Frontgate Catalog), among others.

Our VistaFrame product is a digital picture frame that allows users to display photographs directly from a digital camera memory card or from VistaFrame's internal memory. VistaFrame is compatible with most standard card formats and does not require a camera or computer connection, special wiring or web based services to display digital photographs. With VistaFrame, consumers can view digital pictures individually or in a custom slideshow format with the user selecting the pictures, the display sequence, display interval and the transition effect. VistaFrame is currently available at retailers such as The Sharper Image, The Good Guys and Cinmar, among others.

Since our inception, we have incurred substantial losses and negative cash flows from operations. Although we earned net income for the quarter ending March 31, 2004, we expect operating losses and negative cash flows from operations to continue for the foreseeable future and anticipate that losses may increase from current levels because of additional costs and expenses related to sales and marketing activities, continued expansion of operations, expansion of product offerings and development of relationships with other businesses. We believe that we have sufficient cash and cash equivalents, restricted cash and investments to fund our existing operations through March 31, 2005. However, in the longer term, failure to generate sufficient revenues, raise additional capital or reduce spending could have a material adverse effect on our ability to continue to operate our business.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Basis of Presentation***

The accompanying unaudited condensed consolidated financial statements have been prepared by us pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the United States of America have been condensed or omitted pursuant to such rules and regulations. In the opinion of management, the accompanying unaudited condensed interim financial statements contain all adjustments, all of which are normal and recurring in nature, necessary to fairly present our financial position, operating results and cash flows. These unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto for the year ended December 31, 2003, included in our Annual Report on Form 10-K filed on March 26, 2004. The results of operations for the three months ended March 31, 2004 are not necessarily indicative of the results that may be expected for any other period or for the fiscal year ending December 31, 2004.



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**VIALTA, INC.**

**NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

***Principles of Consolidation***

The consolidated financial statements include the accounts of Vialta, Inc. and our subsidiaries. All material intercompany accounts and transactions have been eliminated in consolidation.

***Cash Equivalents and Investments***

We consider all highly liquid investments with an initial maturity of 90 days or less to be cash equivalents. Cash equivalents primarily represent money market funds.

Investments are comprised primarily of debt instruments that have been classified as available-for-sale. Management determines the appropriate classification of securities at the time of purchase and re-evaluates the classification at each reporting date. Marketable equity and debt securities are carried at their fair market value based on quoted market prices as of the balance sheet date. Realized gains or losses are determined using the specific identification method and are reflected in income. Net unrealized gains or losses are recorded directly in stockholders' equity except those unrealized losses that are deemed to be other than temporary, which are reflected in investment losses.

Investments with maturity dates of 90 days or more are classified as short-term investments since we have the ability to redeem them within the year.

***Revenue Recognition***

Products sold to retailers and distributors are subject to rights of return. We defer recognition of revenue on products sold to retailers and distributors until the retailers and distributors sell the products to their customers. Revenue is also deferred for the initial thirty-day period during which our direct customers, retailers and distributors have the unconditional right to return products.

We generally recognize revenue on products sold to end customers upon shipment provided that we have no post-sale obligations, we can reliably estimate and accrue warranty costs and sales returns, the price is fixed or determinable and collection of the resulting receivable is reasonably assured. For sales to international distributors and strategic partners we generally recognize revenue based on the above criteria and upon receipt of payment in full. For sales to end customers that do not meet the above criteria, revenue is deferred until such criteria are met.

***Allowances for Sales Returns***

Allowances are provided for estimated returns. Provision for return allowances are recorded at the time when revenue is recognized based on historical returns, current economic trends and changes in customer demand. Such allowances are adjusted periodically to reflect actual experience and anticipated returns.

***Warranty***

We provide a limited warranty on our products for periods ranging from 90 days to 12 months from the date of sale to the end customers. We estimate warranty costs based on historical experience and accrue for estimated costs as a charge to cost of sales when revenue is recognized. The following table shows the details of the product warranty accrual, as required by FASB Interpretation No. 45, *Guarantors' Accounting and*

**Table of Contents****VIALTA, INC.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)**

Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others, for the three months ended March 31, 2004 (in thousands):

	<b>March 31, 2004</b>
Beginning balance	\$ 484
Accruals for warranties issued during the period	460
Settlements made during the period	(285)
Ending balance	\$ 659

**Comprehensive Income**

Comprehensive income is defined to include all changes in equity during a period from non-owner sources. For the three months ended March 31, 2004 and March 31, 2003, comprehensive income approximated the net income reported.

**Stock-based Compensation**

We account for stock-based compensation using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, or APB No. 25, Accounting for Stock Issued to Employees. Under APB No. 25, compensation cost is measured as the excess, if any, of the quoted market price of its stock at the date of grant over the exercise price of the option granted. Compensation cost for stock options, if any, is recognized ratably over the vesting period. We provide additional pro forma disclosures as required under SFAS No. 123, Accounting for Stock-Based Compensation and SFAS No. 148, Accounting for Stock-Based Compensation, Transition and Disclosure.

The following table illustrates the effect on our net income and net income per share if we had recorded compensation costs based on the estimated grant date fair value as defined by SFAS No. 123 for all granted stock-based awards (in thousands, except per share amounts).

	<b>Three Months Ended March 31,</b>	
	<b>2004</b>	<b>2003</b>
Net income, as reported	\$ 1,486	\$ 28
Deduct: Total stock-based employee compensation expense determined under fair value based method for all awards, net of related tax effects	(234)	(349)
Pro forma net income (loss)	\$ 1,252	\$ (321)
Pro forma net income (loss) per share:		
Basic	\$ 0.02	\$(0.00)
Diluted	\$ 0.01	\$(0.00)

**Table of Contents****VIALTA, INC.****NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)****NOTE 3. RELATED PARTY TRANSACTIONS**

The following is a summary of major transactions between us and ESS Technology, Inc., which was our parent company prior to August 2001, for the periods presented (in thousands):

	<b>Three Months Ended March 31,</b>	
	<b>2004</b>	<b>2003</b>
Net receivables (payables) at beginning of period	\$(281)	\$ (33)
Charges by Vialta to ESS		2
Charges by ESS to Vialta:		
Purchase of products	(339)	(4)
Building lease	(124)	(463)
Other	(6)	(32)
Cash receipts from ESS		(1)
Cash payments made to ESS	436	519
	<u>          </u>	<u>          </u>
Net receivables (payables) at end of period	\$(314)	\$ (12)
	<u>          </u>	<u>          </u>

**NOTE 4. INVENTORIES**

The following table summarizes the activity in inventories and reserves for the three months ended March 31, 2004 (in thousands):

	<b>Gross</b>	<b>Reserve</b>	<b>Net</b>
<b>As of December 31, 2003</b>	\$ 9,332	\$(4,136)	\$5,196
Purchase of inventories	1,960		1,960
Shipments and Returns	(1,927)	935	(992)
Use or Disposal of inventories	(52)	(2)	(54)
	<u>          </u>	<u>          </u>	<u>          </u>
<b>As of March 31, 2004</b>	\$ 9,313	\$(3,203)	\$6,110
	<u>          </u>	<u>          </u>	<u>          </u>
Raw Material	\$ 6,085	\$(1,771)	\$4,314
Finished Goods	3,228	(1,432)	1,796
	<u>          </u>	<u>          </u>	<u>          </u>
	\$ 9,313	\$(3,203)	\$6,110
	<u>          </u>	<u>          </u>	<u>          </u>

Because a significant portion of our inventory expenditures for raw materials and finished goods for Beamer were expensed in prior periods, the cost of goods sold related to Beamer revenue recognized during the three months ended March 31, 2004 was lower than what would have been recorded had inventory costs not been previously reserved. If we had not previously expensed inventory costs, our cost of goods sold for the three months ended March 31, 2004 would have been approximately \$3.4 million.



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## VIALTA, INC.

## NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Continued)

## NOTE 5. BALANCE SHEET COMPONENTS

	March 31, 2004	December 31, 2003
(In thousands)		
<b>Cash and cash equivalents</b>		
Cash and money market funds, at cost which approximates fair value	\$ 14,592	\$ 13,756
<b>Restricted cash</b>		
Cash restricted under letters of credit	\$ 3,033	\$ 2,226
<b>Short-term investments</b>		
US Government debt securities	\$ 4,964	\$ 3,480
Corporate debt securities	3,143	7,072
	8,107	10,552
Due after one year	2,960	1,974
Due within one year	\$ 5,147	\$ 8,578
[Issued shares] (share)	[1,333,763,464]	[1,333,763,464]
Additional paid-in capital	401,234	400,425
Legal reserve	57,851	57,930
Retained earnings	2,994,227	2,965,237
Accumulated other comprehensive income (loss)	(371,103)	(390,459)
Treasury stock, at cost	(611,856)	(562,113)
[Treasury shares] (share)	[118,196,149]	[105,295,975]
<b>Total Canon Inc. stockholders equity</b>	<b>2,645,115</b>	<b>2,645,782</b>
<b>Noncontrolling interests</b>	<b>165,615</b>	<b>163,855</b>
<b>Total equity</b>	<b>2,810,730</b>	<b>2,809,637</b>
<b>Total liabilities and equity</b>	<b>3,994,744</b>	<b>3,983,820</b>

## Consolidated Statements of Income

Millions of yen

	Six months ended June 30, 2011	Six months ended June 30, 2010 (Reference)
<b>Net sales</b>	<b>1,675,765</b>	<b>1,725,884</b>
Cost of sales	851,029	881,953
<b>Gross profit</b>	<b>824,736</b>	<b>843,931</b>
<b>Operating expenses:</b>		
Selling, general and administrative expenses	517,649	490,825
Research and development expenses	146,174	152,825
	<b>663,823</b>	<b>643,650</b>
<b>Operating profit</b>	<b>160,913</b>	<b>200,281</b>
<b>Other income (deductions):</b>		
Interest and dividend income	3,760	2,743
Interest expense	(672)	(953)
Other, net	(342)	(568)
	<b>2,746</b>	<b>1,222</b>
<b>Income before income taxes</b>	<b>163,659</b>	<b>201,503</b>
Income taxes	52,259	73,975
<b>Consolidated net income</b>	<b>111,400</b>	<b>127,528</b>
Less: Net income attributable to noncontrolling interests	2,077	3,079

<b>Net income attributable to Canon Inc.</b>	<b>109,323</b>	<b>124,449</b>
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Notes to Consolidated Balance Sheets

<Notes to Consolidated Balance Sheet as of June 30, 2011>

1. Allowance for doubtful receivables: 14,452 million yen
2. Accumulated depreciation: 2,016,701 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: 15,919 million yen
5. The number of consolidated subsidiaries and affiliated companies accounted for by the equity method was 297 and 13 respectively.

<Note to Per Share Information as of June 30, 2011>

Canon Inc. stockholders' equity per share 2,176.03 yen

Notes to Consolidated Statements of Income

<Note to Per Share Information for the six months ended June 30, 2011>

Net income attributable to Canon Inc. stockholders per share

Basic	89.16 yen
Diluted	89.16 yen

## Company Profile (As of June 30, 2011)

### Directors and Corporate Auditors

Position	Name	Business in Charge or Important Concurrent Posts
Chairman & CEO President & COO	Fujio Mitarai Tsuneji Uchida	Corporate Auditor of The Yomiuri Shimbun Holdings
Executive Vice President & CFO	Toshizo Tanaka	Senior General Manager of External Relations Center Senior General Manager of Corporate Communications Center Group Executive of Finance & Accounting Headquarters Vice Chairman of the Supervisory Board of Océ N.V.
Executive Vice President & CTO	Toshiaki Ikoma	Group Executive of Corporate R&D Headquarters
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
Senior Managing Director	Shigeyuki Matsumoto	Group Executive of Device Technology Development Headquarters Group Executive of Environment Headquarters
Managing Director	Tomonori Iwashita	Group Executive of Quality Management Headquarters Group Executive of Global Procurement Headquarters
Managing Director	Masahiro Osawa	Group Executive of General Affairs Headquarters
Managing Director	Katsuichi Shimizu	Chief Executive of Inkjet Products Operations
Managing Director	Ryoichi Bamba	President & CEO of Canon Europa N.V. 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
Director	*Yasuhiro Tani	Group Executive of Digital Platform Technology Development Headquarters
Director	*Makoto Araki	Group Executive of Information & Communication Systems Headquarters
Corporate Auditor	Keijiro Yamazaki	Corporate Auditor of Canon Marketing Japan Inc.
Corporate Auditor	Shunji Onda	Corporate Auditor of Canon Electronics Inc. Attorney
Corporate Auditor	Tadashi Ohe	Corporate Auditor of Marui Group Co., Ltd. Corporate Auditor of Kao Corporation
Corporate Auditor	Kazunori Watanabe	Certified Public Accountant Corporate Auditor of Canon Electronics Inc.
Corporate Auditor	Kuniyoshi Kitamura	Corporate Auditor of Canon Marketing Japan Inc.

### Executive Officers

Name	Business in Charge or Important Concurrent Posts
Sachio Kageyama	President & CEO of Canon Vietnam Co., Ltd.
Masahiro Haga	Adviser of Canon Finetech Inc.



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Kengo Uramoto	Group Executive of Human Resources Management & Organization Headquarters
Masanori Yamada	Deputy Chief Executive of Office Imaging Products Operations
Akio Noguchi	Deputy Chief Executive of Peripheral Products Operations
Hiroyuki Suematsu	Deputy Chief Executive of Peripheral Products Operations
Seymour Liebman	Executive Vice President of Canon U.S.A., Inc. Member of the Supervisory Board of Océ N.V.
Masato Okada	Deputy Chief Executive of Image Communication Products Operations
Yukiaki Hashimoto	Group Executive of Medical Equipment Group
Shigeyuki Uzawa	Chief Executive of Optical Products Operations
Kenichi Nagasawa	Group Executive of Corporate Intellectual Property & Legal Headquarters
Akiyoshi Kimura	Deputy Chief Executive of Office Imaging Products Operations
Kazuto Ogawa	President & CEO of Canon Canada, Inc.
Naoji Otsuka	Deputy Chief Executive of Inkjet Products Operations
Kenji Kobayashi	Managing Director of Canon France S.A.S.
Ryuichi Ebinuma	Group Executive of Core Technology Development Group

- Notes:
1. Mr. Fujio Mitarai, Mr. Tsuneji Uchida, Mr. Toshizo Tanaka and Mr. Toshiaki Ikoma are Representative Directors.
  2. Directors with asterisk were newly elected at the Ordinary General Meeting of Shareholders for the 110th Business Term held on March 30, 2011, and assumed their office.
  3. Business in Charge or Important Concurrent Posts of Director Mr. Haruhisa Honda, as of July 1, 2011, has been changed as follows.

Haruhisa Honda Group Executive of Production Engineering Headquarters

4. Corporate Auditors Mr. Tadashi Ohe, Mr. Kazunori Watanabe and Mr. Kuniyoshi Kitamura are Outside Corporate Auditors defined by Item 16, Article 2 of the Companies Act of Japan. Also, the Company has notified the above Outside Corporate Auditors as independent auditors to Tokyo, Osaka, Nagoya, Fukuoka and Sapporo stock exchanges as provided under the regulations of each stock exchange.
5. Business in Charge or Important Concurrent Posts of Executive Officer Mr. Sachio Kageyama, as of July 1, 2011, has been changed as follows.

Sachio Kageyama Group Executive of Global Manufacturing Headquarters

6. Executive Officer Mr. Masahiro Haga retired from his post as Executive Officer as of June 30, 2011, and assumed the office of Senior Managing Director at Canon Finetech Inc. as of July 1, 2011.

### Accounting Auditor

Ernst & Young ShinNihon LLC

Hibiya Kokusai Building

2-3, Uchisaiwai-cho 2-chome, Chiyoda-ku, Tokyo

### Number of Employees

Consolidated: 198,572 persons  
(Increase of 1,186 persons from the end of the previous term)

Non-Consolidated: 25,656 persons  
(Decrease of 363 persons from the end of the previous term)

### Number of Consolidated Subsidiaries and Affiliates

Consolidated subsidiaries: 297 companies

Affiliated companies accounted for by the equity method:

13 companies

### Number of Employees by Region (Consolidated)



**Japan**

**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 Finetech Inc. [Saitama Pref.]

Canon Precision Inc. [Aomori Pref.]

Canon Components, Inc. [Saitama Pref.]

Canon ANELVA Corporation [Kanagawa Pref.]

Canon Machinery Inc. [Shiga Pref.]

Tokki Corporation [Niigata 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]

## Shares of the Company (As of June 30, 2011)

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:	188,832 persons
(Increase of 8,294 persons from the end of the previous term)	

### Shareholding Ratio by Category

### Major Shareholders (Ten shareholders)

Name of Shareholders	Number of Shares Held	Shareholding Ratio
	(thousands of shares)	(%)
Japan Trustee Services Bank, Ltd. (Trust Account)	64,693	5.3
The Dai-ichi Life Insurance Company, Limited	62,360	5.1
The Master Trust Bank of Japan, Ltd. (Trust Account)	57,911	4.8
Moxley and Co.	43,309	3.6
JP Morgan Chase Bank 380055	38,365	3.2
State Street Bank and Trust Company	29,494	2.4
State Street Bank and Trust Company 505223	28,268	2.3
Deutsche Securities Inc.	27,997	2.3
SSBT OD05 OMNIBUS ACCOUNT - TREATY CLIENTS	25,146	2.1
Sompo Japan Insurance Inc.	22,939	1.9

Notes: 1. Shareholding ratio is calculated by deducting number of treasury shares (118,196 thousand shares) from total shares issued.  
2. With respect to The Dai-Ichi Life Insurance Company, Limited, in addition to the above, there are 6,180 thousand shares of the Company's stock, in the form of trust property relating to retirement allowance trust.

### 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	5,580 options	Common stock 558,000 shares	59 persons
2nd Share Options	7,361 options	Common stock 736,100 shares	54 persons
3rd Share Options	8,680 options	Common stock 868,000 shares	61 persons
4th Share Options	9,000 options	Common stock 900,000 shares	61 persons

### Information on Share Handling Procedures

1. Should you have any inquiries about the following procedures pertaining to shares of the Company, please contact your securities company etc. Address change, Name change, Inheritance, Dividend transfer designation, Requests for sales and additional purchases of shares less than one unit, Issuance of certification such as change in shares, etc.
2. Should you have any inquiries about the above procedures in cases where your shares are managed in a special account (tokubetsu *koza*) (\*), or about procedures for payment of accrued dividends or the issuance of documents such as statements of payment, please contact Mizuho Trust & Banking Co., Ltd. as shown below, since the company handles those procedures.

Website	Mizuho Trust & Banking Co., Ltd. (procedures pertaining to shares): <a href="http://www.mizuho-tb.co.jp/daikou/index.html">http://www.mizuho-tb.co.jp/daikou/index.html</a>
Telephone	0120-288-324 (Toll free, available in Japan only), Operating hours: 9:00 - 17:00 (Monday - Friday except national holidays)
Address	Stock Transfer Agency Department of Mizuho Trust & Banking Co., Ltd. 8-4, Izumi 2-chome, Suginami-ku, Tokyo 168-8507

\* A special account is an account for the management of shares that are not managed at a securities company etc. For the sale of shares that are managed in a special account, it is necessary to carry out procedures for the transfer of such shares to an account at a securities company etc. Should you have any inquiries about such procedures, please contact Mizuho Trust & Banking, Co., Ltd.

#### For those shareholders who receive dividends by way of Receipt of Dividend

How to receive dividends is shown on the backside of Receipt of Dividend.

We recommend one of the following three methods as a safer and more expeditious way to receive dividends. For more information, please ask your securities company etc.

- i) The method of depositing the dividends of all the issues, including shares of the Company, that are managed by a shareholder using securities company accounts into said securities company accounts (System of allocating dividends to securities company accounts in proportion to the number of shares held in respective accounts).
- ii) The method of transferring the dividends of all the issues, including shares of the Company, held by a shareholder into one and the same bank deposit account (System of receiving dividends in the account registered for receipt of dividends).
- iii) The method of transferring dividends into an account at a financial institution such as a bank, including Japan Post Bank (System of designating an account for each issue held).

\* It is not possible to use method i) for shares that are managed in a special account.

\* In the case of method ii), it is not possible to choose a Japan Post Bank account as the account into which the dividends are transferred.

#### Information for Shareholders



## Edgar Filing: VIALTA INC - Form 10-Q

Business term	From January 1 to December 31 of each year
Ordinary general meeting of shareholders	March of each year
Record date for above	December 31 of each year
Record date for interim dividends	June 30 of each year
Manager of the register of shareholders	
/ Account management institution	
for the special account (tokubetsu koza)	2-1, Yaesu 1-chome, Chuo-ku, Tokyo
Business handling place	Mizuho Trust & Banking Co., Ltd. Stock Transfer Agency Department, Head Office
Number of shares constituting one unit	Mizuho Trust & Banking Co., Ltd. 100 shares
Newspaper in which public notices are inserted	The Nihon Keizai Shimbun
Stock exchange listings	Tokyo, Osaka, Nagoya, Fukuoka, Sapporo and New York
Securities code	7751

**Headquarters**

30-2, Shimomaruko 3-chome, Ohta-ku, Tokyo 146-8501  
Telephone: 03-3758-2111

URL

Canon Inc. [canon.jp](http://canon.jp)  
Canon Global [www.canon.com](http://www.canon.com)