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PIONEER CORP
Form 6-K
December 03, 2003

FORM 6-K

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of December, 2003

Commission File Number 1-7616

PIONEER CORPORATION

(Translation of registrant's name into English)

4-1, MEGURO 1-CHOME, MEGURO-KU, TOKYO 153-8654, 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 if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether by furnishing the information contained in this Form, the registrant 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.

PIONEER CORPORATION

(Registrant)

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Date: December 3, 2003

By /s/ Kaneo Ito

Kaneo Ito
President and Representative
Director

This report on Form 6-K contains the following:

1. The English translation version of 58th Semiannual Business Report for the six-month period ended September 30, 2003.

(TRANSLATION)

THE 58TH SEMIANNUAL BUSINESS REPORT
For the Six Months Ended September 30, 2003

This is a translation of the original Semiannual Business Report written in the Japanese language, prepared primarily for the benefit and information of shareholders of the Company's common stock.

PIONEER CORPORATION

Tokyo, Japan

TO OUR SHAREHOLDERS

In the first half of the 58th accounting period, which ended September 30, 2003, consolidated operating revenue of Pioneer Corporation came to 321,090 million yen, about the same as last year.

Operating income increased 33.5% from the same period of the previous year to 17,591 million yen, due mainly to the lower cost of sales ratio, reductions in selling, general and administrative expenses, and higher profits from Patent Licensing as a result of increased revenue from royalties. Net income for the six-month period was 12,475 million yen, up significantly from 5,664 million yen a year earlier, boosted by the growth in operating income, a decrease in foreign exchange loss, a decline in equity in losses of affiliated companies, and income from discontinued operations associated with the sale of our audio/video software subsidiaries.

On a parent-only basis, net sales for the April-September period fell 2.9% to 215,803 million yen, while a net loss of 1,066 million yen was posted, compared with a net income of 1,311 million yen for the same period last year, due to losses from the sale of audio/video software subsidiaries and losses on business

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reorganization programs.

Interim dividend payments were raised 5.0 yen this year to 12.5 yen per share of common stock.

We continue to face a severe business environment, including uncertainty regarding the economic direction of our major markets - Japan, North America and Europe - and growing price competition for our main products, as well as the rapid appreciation of the yen. Under these circumstances, we are continuing to implement our "select and focus" policy to further expand profitability and improve

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management efficiency. Pioneer is actively investing management resources in strategic businesses to achieve the group's medium-term business plan. Examples of this include converting optical disc production lines to plasma display lines and the recent transfer of two audio/video software subsidiaries in Japan and the United States to a third party.

To meet the rapid growth in demand for plasma displays, we are continuing to build an efficient production system. We are currently expanding the production line at Pioneer Display Products Corporation, a plasma display production subsidiary, to boost Pioneer's production capacity to more than 500,000 units per year by spring 2005. And to differentiate our products from those of our competitors, we are developing panels that consume less power and offer greater picture quality, while also working to cut costs.

In the DVD business, demand for recordable DVD drives for personal computer (PC) use has seen strong growth. We are actively expanding this business as we strengthen our production capacity in China. Our home-use DVD recorders, especially those offering higher added value with hard disk drives (HDDs) have also been selling very well, and we aim to expand our range of models. We will continue to boost sales in both the PC and home audio/video markets.

Regarding the car electronics business, we will continue to make aggressive promotions and lead the market. In our car navigation systems, HDD models with advanced features are performing well, as are DVD models offering ease of use and affordability. We also maintain a strong position in the car audio market. To satisfy the increasingly diversified needs of consumers, we have been releasing a

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number of advanced products, such as CD players with organic electroluminescent (OEL) displays that effectively differentiate themselves from the products of other manufacturers. We are striving to increase our dominance even further.

Pioneer is continuing its drive to minimize operating costs and expenses throughout the group. As well as cutting manufacturing costs by expanding production in China, we are implementing a system that places strict controls on expenses and working on improving ratio in selling, general and administrative expenses. Last April, we launched full operation of a group-wide supply chain management system for some of our products - the result of a project to thoroughly control consolidated inventories. The combination of these efforts should improve our cash flows and further boost profitability.

We sincerely hope that you, our shareholders, will continue in your

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understanding and support of Pioneer.

December 2003

Kaneo Ito
President and Representative Director

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CONSOLIDATED OPERATING REVENUE BY BUSINESS SEGMENT

PERCENT OF OPERATING REVENUE

	Six Months Ended September 30		
	2001	2002	2003
Home Electronics	31.1%	30.3%	25.0%
Car Electronics	43.2%	45.3%	44.2%
Patent Licencing	3.6%	1.9%	2.6%
Others	22.1%	22.5%	28.2%
	-----	-----	-----
	100.0%	100.0%	100.0%
	=====	=====	=====

As a result of the sale of audio/video software subsidiaries in the first half of the 58th accounting period, figures for the corresponding period last year in the "Others" segment have been reclassified.

HOME ELECTRONICS

THIS SEGMENT INCLUDES DVD PLAYERS, DVD RECORDERS, PLASMA DISPLAYS, PROJECTION TVS, STEREO SYSTEMS, INDIVIDUAL STEREO COMPONENTS, EQUIPMENT FOR CABLE-TV SYSTEMS, DIGITAL BROADCAST SET-TOP BOXES AND TELEPHONES.

Sales in the Home Electronics segment amounted to 80,149 million yen, a decline of 17.2% from the same period last year.

In Japan, while sales of DVD recorders showed strong gains, sales of plasma displays for home use and DVD players fell, resulting in total domestic sales of 27,025 million yen, down 8.3% from the same period last year.

Overseas, sales of plasma displays for home use grew in North

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America, while sales declined for DVD players in Europe and Asia, for audio

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products and digital cable-TV set-top boxes in North America, and for digital broadcast set-top boxes in Europe. Total overseas sales thus came to 53,124 million yen, a decline of 21.1% compared to the same period last year.

CAR ELECTRONICS

THIS SEGMENT INCLUDES CAR STEREOS, CAR AV (AUDIO/VIDEO) SYSTEMS, CAR SPEAKERS AND CAR NAVIGATION SYSTEMS.

Sales in the Car Electronics segment decreased 2.0% from the same period last year, to 141,840 million yen.

In Japan, sales of car navigation systems in the consumer market, both HDD and DVD models, showed healthy growth, as did car audio products sold to automobile manufacturers, resulting in total domestic sales of 57,110 million yen, up 8.2% over the previous year.

Overseas, while sales of car audio products in the Asian consumer markets, particularly China, grew, sales of car audio products in North America both to consumers and automobile manufacturers declined. Total overseas sales in this segment amounted to 84,730 million yen, a drop of 7.9% from the corresponding period last year.

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PATENT LICENSING

THIS SEGMENT INCLUDES THE LICENSING OF PATENTS RELATED TO OPTICAL DISC TECHNOLOGIES.

Though patents related to optical discs have expired in some regions, royalty revenue from Patent Licensing rose to 8,404 million yen, up 39.0% over the same period last year, due to a revenue from a renewed contract with a licensee.

OTHERS

THIS SEGMENT INCLUDES RECORDABLE DVD DRIVES, DVD-ROM DRIVES, BUSINESS-USE PLASMA DISPLAYS, ORGANIC ELECTROLUMINESCENT (OEL) DISPLAY PANELS, FACTORY AUTOMATION SYSTEMS AND ELECTRONIC DEVICES.

Sales in this segment increased 26.1% over the same period last year, to 90,697 million yen.

In Japan, while sales of devices related to cellular phones such as OEL displays rose, sales of karaoke products for commercial use declined as a result of the sale of karaoke-related subsidiaries, and sales of DVD-ROM drives for PCs also declined, resulting in total domestic sales of 34,263 million yen, down 4.3% from the same period last year.

Overseas, strong growth in sales of recordable DVD drives for PCs, and higher sales of plasma displays for business use in Europe and optical disc manufacturing systems in Asia, resulted in total overseas sales of 56,434 million yen, up 56.1% over the corresponding period last year.

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CONSOLIDATED FINANCIAL STATEMENTS
PIONEER CORPORATION AND SUBSIDIARIES

(1) CONSOLIDATED BALANCE SHEETS

	(In millions of yen)	
	September 30	
	2003	2002
	-----	-----
ASSETS		
Current assets:		
Cash and cash equivalents	137,936	140,412
Available-for-sale securities	--	7
Trade receivables, less allowance	102,912	105,610
Inventories	110,316	106,801
Others	65,763	60,936
	-----	-----
Total current assets	416,927	413,766
Investments and long-term receivables	28,360	30,269
Property, plant and equipment, less depreciation .	154,319	149,870
Intangible assets	17,403	14,023
Other assets	42,817	33,673
	-----	-----
	659,826	641,601
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Short-term borrowings and current portion		
of long-term debt	35,594	45,500
Trade payables	78,526	70,060
Others	108,607	90,776
	-----	-----
Total current liabilities	222,727	206,336
Long-term debt	28,528	35,112
Other long-term liabilities	71,944	48,567
Minority interests	17,728	18,079
Shareholders' equity:		
Common stock	49,049	49,049
Capital surplus	82,294	82,060
Retained earnings	263,548	245,018
Accumulated other comprehensive income (loss) .	(65,535)	(39,101)
Treasury stock	(10,457)	(3,519)
	-----	-----
Total shareholders' equity	318,899	333,507
	-----	-----
	659,826	641,601
	=====	=====

(2) CONSOLIDATED STATEMENTS OF INCOME

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	(In millions of yen except per share information)	
	Six months ended September 30	
	2003	2002
	-----	-----
Operating revenue:		
Net sales	312,686	313,467
Royalty revenue	8,404	6,044
	-----	-----
	321,090	319,511
	-----	-----
Operating costs and expenses:		
Cost of sales	220,052	222,028
Selling, general and administrative	83,447	84,308
	-----	-----
	303,499	306,336
	-----	-----
Operating income	17,591	13,175
Other income (expenses):		
Interest income	730	986
Foreign exchange gain (loss)	(1,005)	(1,459)
Interest expense	(1,186)	(1,338)
Others, net	462	191
	-----	-----
	(999)	(1,620)
	-----	-----
Income from continuing operations before income taxes	16,592	11,555
Income taxes	6,828	3,360
Minority interest in income of subsidiaries	(168)	867
	-----	-----
Equity in losses of affiliated companies	(1,761)	(2,758)
	-----	-----
Income from continuing operations	7,835	6,304
Income (loss) from discontinued operations, net of taxes	4,640	(640)
	-----	-----
Net income	12,475	5,664
	=====	=====
Net income per share (in yen):		
Basic	71.11	31.53
Diluted	71.09	31.53

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	(In millions of yen)	
	Six months ended	
	September 30	
	2003	2002
Operating activities:		
Net income	12,475	5,664
(Income) loss from discontinued operations, net of taxes	(4,640)	640
Depreciation and amortization	18,891	16,781
(Increase) decrease in trade receivables	1,022	14,893
Increase in inventories	(21,013)	(12,474)
Increase (decrease) in trade payables	15,209	14,452
Increase in other accrued liabilities	4,632	3,623
Other	(3,355)	(1,444)
Net cash provided by operating activities ...	23,221	42,135
Investing activities:		
Payment for purchase of fixed assets	(28,239)	(20,375)
Other	3,631	4,948
Net cash used in investing activities	(24,608)	(15,427)
Financing activities:		
Increase (decrease) in short-term borrowings and long-term debt	4,610	(3,205)
Dividends paid	(1,754)	(1,350)
Purchase of treasury stock	(5)	(3,507)
Other	(186)	(171)
Net cash provided by (used in) financing activities	2,665	(8,233)
Effect of exchange rate changes on cash and cash equivalents	(5,822)	(5,176)
Net increase (decrease) in cash and cash equivalents	(4,544)	13,299
Cash and cash equivalents at beginning of period .	142,480	127,113
Cash and cash equivalents at end of period	137,936	140,412

Notes:

1. The Company's consolidated financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America.

2. The consolidated financial statements include the accounts of the parent company and 134 subsidiaries and the investments in 5 affiliated companies accounted for on an equity basis.

3. Effective from the fiscal 2003 year-end presentation, the Company classified

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gains and losses on sale and disposal of fixed assets, which were previously included in "Others, net" in "Other income (expenses)," into "Selling, general and administrative expenses." Previously reported amounts have been reclassified accordingly.

4. As a result of the sale of subsidiaries in audio/video software business in the second quarter of the fiscal 2004, the gain on such sale, as well as the business results of discontinued operations, are presented as a separate line item in the consolidated statements of income in accordance with Statement of Financial Accounting Standards No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Previously reported amounts have been reclassified accordingly.

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FINANCIAL STATEMENTS PIONEER CORPORATION -- PARENT COMPANY ONLY

(1) CONDENSED BALANCE SHEETS

	(In millions of yen)	
	September 30	
	2003	2002
	-----	-----
ASSETS		
Current assets:		
Cash	29,100	24,329
Notes and accounts receivable--trade	37,899	39,714
Marketable securities	18,782	42,350
Inventories	29,874	25,629
Other current assets	30,992	42,439
	-----	-----
Total current assets	146,650	174,464
Fixed assets:		
Tangible	39,443	31,282
Intangible	16,769	9,458
Investments and others	190,020	179,188
	-----	-----
Total fixed assets	246,233	219,929
	-----	-----
Total assets	392,883	394,394
	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable--trade	45,533	43,016
Accrued expenses	38,348	32,389
Other current liabilities	10,017	14,796
	-----	-----
Total current liabilities	93,898	90,202
Long-term liabilities	28,996	28,443
	-----	-----
Total liabilities	122,895	118,645
Shareholders' equity	269,988	275,748
	-----	-----

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Total liabilities and shareholders' equity	392,883	394,394
	=====	=====

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(2) CONDENSED STATEMENTS OF INCOME

	(In millions of yen)	
	Six months ended	
	September 30	
	2003	2002
	-----	-----
Net sales	215,803	222,282
Cost of sales	168,143	179,906
Selling, general and administrative expenses ..	44,227	40,374
	-----	-----
Operating income	3,432	2,001
Non-operating income (expenses), net	132	(632)
	-----	-----
Ordinary income	3,565	1,368
Other expenses, net	(6,050)	(316)
	-----	-----
Income (loss) before income taxes	(2,485)	1,052
Income taxes	(1,418)	(259)
	-----	-----
Net income (loss)	(1,066)	1,311
	=====	=====

Notes:

1. Accumulated depreciation on tangible fixed assets on September 30, 2003 and 2002 was 90,756 million yen and 92,673 million yen, respectively.

2. A net loss per share of common stock of 6.08 yen was recorded for the six months ended September 30, 2003, while net income per share of common stock for the corresponding period of 2002 was 7.30 yen.

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CONDITION OF SHAREHOLDERS AND SHARES
(AS OF SEPTEMBER 30, 2003)

NUMBER OF SHARES ISSUED 180,063,836 shares

Note: 4,630,826 shares of treasury stock held by the Company are included.

DISTRIBUTION OF SHARE-OWNERSHIP

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	Number of Shareholders	Number of Shares Held	Percentage of Shareholdings to Total Issued Shares
	-----	-----	-----
Financial institutions	130	79,859	44.35%
Securities companies	54	2,598	1.44
Other Japanese business corporations	289	4,227	2.35
Foreign corporations and individuals	452	62,407	34.66
Japanese individuals and others	24,844	30,970	17.20
	-----	-----	-----
Total	25,769	180,063 thousand	100.00%

TOP TEN LARGEST SHAREHOLDERS

	Number of Shares Held and its Percent to Total	

Japan Trustee Services Bank, Ltd. (Trust Account)	17,803 thousand	(9.88%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,151	(5.63)
UFJ Trust Bank Limited (Trust Account A)	5,997	(3.33)
State Street Bank and Trust Company	5,250	(2.91)
The Bank of Tokyo-Mitsubishi, Ltd.	4,154	(2.30)
The Sumitomo Mitsui Banking Corporation	4,089	(2.27)
Mizuho Bank, Ltd.	4,000	(2.22)
Mizuho Trust & Banking Co., Ltd., Pension Trust, Mizuho Bank Account	3,955	(2.19)
Bank of Bermuda Limited, Hamilton	3,840	(2.13)
Kanya Matsumoto	3,828	(2.12)

Note: The Company holds 4,630 thousand shares as treasury stock.

STOCK EXCHANGE LISTINGS

Tokyo Stock Exchange	New York Stock Exchange
Osaka Securities Exchange	Euronext Amsterdam

PRICE PER SHARE AND VOLUME OF SHARES TRADED ON THE TOKYO STOCK EXCHANGE

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	High (yen) -----	Low (yen) -----	Volume (thousand shares) -----
2000			
Oct.	4,580	3,190	21,829
Nov.	3,680	3,030	27,982
Dec.	3,800	2,710	24,129
2001			
Jan.	3,640	2,920	19,327
Feb.	3,350	2,765	15,574
Mar.	3,750	2,720	21,924
Apr.	3,930	3,020	22,531
May	4,250	3,570	24,332
June	3,950	3,580	22,121
July	3,920	2,960	18,429
Aug.	3,430	2,355	24,539
Sept.	2,710	2,155	21,630
Oct.	2,860	2,210	23,175
Nov.	3,150	2,285	28,229
Dec.	3,290	2,635	23,439
2002			
Jan.	3,330	2,800	24,977
Feb.	2,685	2,150	42,385
Mar.	2,910	2,440	27,601
Apr.	2,860	2,385	26,982
May	2,595	2,280	25,405
June	2,355	1,981	23,528
July	2,210	1,980	24,659
Aug.	2,260	2,025	31,233
Sept.	2,220	1,900	21,349
Oct.	2,130	1,805	20,215
Nov.	2,430	2,045	32,263
Dec.	2,490	2,150	22,870
2003			
Jan.	2,405	2,070	21,562
Feb.	2,600	2,260	33,006
Mar.	2,620	2,390	24,271
Apr.	2,460	2,225	25,507
May	2,555	2,290	23,202
June	2,840	2,490	35,912
July	2,970	2,635	31,308
Aug.	2,815	2,515	27,317
Sept.	3,030	2,600	40,815

