

PIONEER CORP  
Form 6-K  
December 02, 2004

**Table of Contents**

**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, 2004

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 of 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- \_\_\_\_\_

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**TABLE OF CONTENTS**

SIGNATURES

THE 59TH SEMIANNUAL BUSINESS REPORT

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**Table of Contents**

**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)

Date: December 2, 2004

By: /s/ Kaneo Ito  
Kaneo Ito  
President and Representative Director

This report on Form 6-K contains the followings:

1. The English translation version of 59th Semiannual Business Report for the six-month period ended September 30, 2004.
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**Table of Contents**

(TRANSLATION)

**THE 59TH SEMIANNUAL BUSINESS REPORT**  
For the Six Months Ended September 30, 2004

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

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**Table of Contents**

**TO OUR SHAREHOLDERS**

In the first half of the 59th accounting period, ended September 30, 2004, consolidated operating revenue of Pioneer Corporation was ¥345,047 million, rising 7.8% over the previous year.

Operating income decreased 24.4% from the corresponding period of the previous year to ¥13,273 million. This decrease occurred despite increased net sales, and reflected a decreased gross profit margin due to intensified price competition for our major products and decreased profit from patent licensing as a result of a decline in royalty revenue. Net income came to ¥4,809 million, a 61.5% decrease, due to a decrease in operating income as well as absence of the ¥4,639 million income from discontinued operations recorded in the corresponding period of last year as a result of the sale of subsidiaries in the audio/video software business.

Interim dividend payments were set at ¥12.5 per share of common stock, the same amount as last year.

The business environment remains severe, characterized by uncertain economic conditions in our major markets, Japan, North America and Europe, price competition beyond our projections in our major product categories, and exchange rate fluctuations. In order to achieve the medium-term management plan, the Company is concentrating resources on strategic businesses as described below to recover profits and improve efficiency.

**Table of Contents**

In our plasma display business, we are working to build up capacity of the production system to meet fast-growing demand, thereby increasing profitability of the business. Our recently added fourth line has expanded our production capacity to approximately 600,000 units a year. Our new plant, acquired from NEC Corporation in September 2004, further increased Pioneer's plasma display production capacity, bringing it to a total of approximately 1,100,000 units a year.

In the DVD business, markets for DVD recorders, especially those with large-capacity hard disk drives (HDDs), and recordable DVD drives for personal computers (PCs), are rapidly growing. On the other hand, price competition is getting harsher. To cope with the situation, we are advancing cost cutting by, for example, carrying out integrated production from laser pickups to finished products in China. We are also expanding sales of drive units for DVD recorders to other manufacturers.

In our car electronics business, we continue our efforts to strengthen our leadership in the consumer and OEM (original equipment manufacturing) markets. Our car navigation systems enjoy an excellent reputation in Japan, and we intend to expand this business in Europe and North America. In the car audio business, we plan to fortify our strong position with distinctive new products, and maintain earnest sales efforts in such growing markets as China and Central and South America.

**Table of Contents**

We will continue to minimize operating costs and expenses worldwide. We are expanding production in China to reduce overall manufacturing costs; implementing an expense supervision system to lower the ratio of our selling, general and administrative expenses to consolidated operating revenue; and applying supply chain management to review and optimize inventory control worldwide, for everything from parts procurement to retailer supply, on a weekly basis. We believe that such initiatives will help us return to growth in profitability and improve cash flows.

We sincerely hope that you, our shareholders, will continue in your understanding and support of Pioneer.

December 2004  
Tokyo, Japan

Kaneo Ito  
President and Representative Director



**Table of Contents**

**CONSOLIDATED OPERATING REVENUE BY BUSINESS SEGMENT**

At the year end of fiscal 2004, the Company changed business segment classification for certain businesses. Results related to recordable DVD drives have been moved from Others to Home Electronics, and results related to plasma displays for business use have been moved from Home Electronics to Others. Corresponding figures of the previous periods have been reclassified accordingly.

**Percent of Operating Revenue**

**Home Electronics**

**This segment includes DVD players, DVD recorders, recordable DVD drives, DVD-ROM drives, home-use 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 increased 4.6% to ¥123,684 million from the corresponding period last year. In Japan, sales rose 9.1% to ¥35,664 million primarily due to a large increase in sales of home-use plasma displays and DVD recorders, despite the decreased sales of recordable DVD drives for PCs. Overseas sales increased 2.8%

**Table of Contents**

to ¥88,020 million in the corresponding period last year, reflecting an increase in sales of home-use plasma displays and DVD recorders worldwide, despite a decline in sales of recordable DVD drives and audio products worldwide.

**Car Electronics**

**This segment includes car stereos, car AV (audio/video) systems, car speakers and car navigation systems.**

Sales in the Car Electronics segment amounted to ¥154,325 million, up 8.8% over the corresponding period in the previous year. In Japan, sales increased 8.2% to ¥61,784 million, reflecting increased car navigation system sales to automobile manufacturers, despite decreased sales of such systems to the consumer market. Overseas sales increased 9.2% to ¥92,541 million, primarily due to higher sales of car navigation systems in North America and Europe, audio products to automobile manufacturers in North America and car audio products in Asia and Central and South America.

**Table of Contents**

**Patent Licensing**

**This segment includes the licensing of patents related to optical disc technologies.**

Royalty revenue from Patent Licensing decreased 19.8% from the corresponding period in the previous year to ¥6,739 million. This was due to a decline in royalty revenue resulting from the expiration of the Company's optical disc-related patents in certain areas.

**Others**

**This segment includes business-use plasma displays, business-use AV systems, organic light-emitting diode (OLED) display panels, factory automation (FA) systems, and devices and parts.**

Sales in this segment increased 17.2% from the corresponding period in the previous year to ¥60,299 million. In Japan, sales were lower by 3.5%, at ¥26,535 million primarily due to a decrease in sales of OLED display panels and a sales shift from Japan to China of semiconductors related to laser pickups, despite the increase in sales of FA systems. Overseas, sales were up 40.9% over the previous year to ¥33,764 million, primarily due to increased sales of devices for cellular phones and semiconductors related to laser pickups in China, as well as FA systems in Asia, despite decreased sales in North America and Europe of business-use plasma displays.

**Table of Contents****CONSOLIDATED FINANCIAL STATEMENTS****Pioneer Corporation and Subsidiaries****(1) Consolidated Balance Sheets**

|   | (In millions of yen) |          |
|---|----------------------|----------|
|   | September 30         |          |
|   | 2004                 | 2003     |
| <b>Assets</b>   |                      |          |
| Current assets:   |                      |          |
| Cash and cash equivalents                                   | ¥123,936             | ¥137,936 |
| Trade receivables, less allowance                           | 119,863              | 102,912  |
| Inventories   | 135,504              | 110,316  |
| Others  | 74,711               | 65,763   |
|   | <hr/>                | <hr/>    |
| Total current assets  | 454,014              | 416,927  |
|   | <hr/>                | <hr/>    |
| Investments and long-term receivables                       | 29,553               | 28,360   |
| Property, plant and equipment, less depreciation            | 208,964              | 154,319  |
| Intangible assets   | 25,590               | 17,403   |
| Other assets  | 39,015               | 42,817   |
|   | <hr/>                | <hr/>    |
| Total assets  | ¥757,136             | ¥659,826 |
|   | <hr/>                | <hr/>    |
| <b>Liabilities and Shareholders Equity</b>                  |                      |          |
| Current liabilities:  |                      |          |
| Short-term borrowings and current portion of long-term debt | ¥ 40,615             | ¥ 35,594 |
| Trade payables  | 103,031              | 78,526   |
| Others  | 104,554              | 108,607  |
|   | <hr/>                | <hr/>    |
| Total current liabilities                                   | 248,200              | 222,727  |
|   | <hr/>                | <hr/>    |
| Long-term debt  | 87,397               | 28,528   |
| Other long-term liabilities                                 | 58,909               | 71,944   |
| Minority interests  | 18,281               | 17,728   |
| Shareholders equity:  |                      |          |
| Common stock  | 49,049               | 49,049   |
| Capital surplus   | 82,612               | 82,294   |

|  |                   |                   |
|--|-------------------|-------------------|
| Retained earnings                          | 276,334           | 263,548           |
| Accumulated other comprehensive loss       | (53,185)          | (65,535)          |
| Treasury stock                             | (10,461)          | (10,457)          |
|  | <u>          </u> | <u>          </u> |
| Total shareholders' equity                 | 344,349           | 318,899           |
|  | <u>          </u> | <u>          </u> |
| Total liabilities and shareholders' equity | ¥757,136          | ¥659,826          |
|  | <u>          </u> | <u>          </u> |

**Table of Contents**

**(2) Consolidated Statements of Income**

(In millions of yen except per share information)

8

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**Table of Contents****(3) Consolidated Statements of Cash Flows**

|   | (In millions of yen)             |                 |
|---|----------------------------------|-----------------|
|   | Six months ended<br>September 30 |                 |
|   | 2004                             | 2003            |
| Operating activities:   |                                  |                 |
| Net income  | ¥ 4,809                          | ¥ 12,475        |
| Income from discontinued operations, net of tax                 |                                  | (4,639)         |
| Depreciation and amortization                                   | 21,287                           | 18,843          |
| Decrease in trade receivables                                   | 415                              | 922             |
| Increase in inventories   | (18,814)                         | (20,984)        |
| Increase in trade payables                                      | 7,168                            | 15,064          |
| Increase (decrease) in other accrued liabilities                | (11,185)                         | 5,105           |
| Other   | (7,711)                          | (3,675)         |
|   | <u>(4,031)</u>                   | <u>23,111</u>   |
| Net cash provided by (used in) operating activities             |                                  |                 |
| Investing activities:   |                                  |                 |
| Payment for purchase of fixed assets                            | (26,284)                         | (28,121)        |
| Payment for purchase of subsidiary                              | (36,615)                         |                 |
| Other   | 338                              | 3,623           |
|   | <u>(62,561)</u>                  | <u>(24,498)</u> |
| Net cash used in investing activities                           |                                  |                 |
| Financing activities:   |                                  |                 |
| Increase (decrease) in short-term borrowings and long-term debt | (3,034)                          | 4,610           |
| Dividends paid  | (2,193)                          | (1,754)         |
| Other   | (323)                            | (191)           |
|   | <u>(5,550)</u>                   | <u>2,665</u>    |
| Net cash provided by (used in) financing activities             |                                  |                 |
| Effect of exchange rate changes on cash and cash equivalents    | 3,659                            | (5,822)         |
|   | <u>(68,483)</u>                  | <u>(4,544)</u>  |
| Net decrease in cash and cash equivalents                       |                                  |                 |
| Cash and cash equivalents, beginning of period                  | 192,419                          | 142,480         |
|   | <u>192,419</u>                   | <u>142,480</u>  |

|  |          |          |
|--|----------|----------|
| Cash and cash equivalents, end of period | ¥123,936 | ¥137,936 |
|--|----------|----------|



**Table of Contents**

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 128 subsidiaries and the investments in 5 affiliated companies accounted for on an equity basis.
3. Computation of net income per share is based on Statements of Financial Accounting Standards No.128 Earning per Share.
4. As a result of the sales of subsidiaries in the audio/video software business in fiscal 2004, the gain on such sales, as well as the operating results of the discontinued operations, are presented as a separate line item in consolidated statements of income in accordance with Statement of Financial Accounting Standards No.144, Accounting for the Impairment or Disposal of Long-Lived Assets. Reclassifications have been made to consolidated statements of cash flows to conform to this presentation.

**Table of Contents****NON-CONSOLIDATED FINANCIAL STATEMENTS****Pioneer Corporation Parent Company Only****(1) Condensed Balance Sheets**

|  | (In millions of yen) |          |
|--|----------------------|----------|
|  | September 30         |          |
|  | 2004                 | 2003     |
| <b>Assets</b>                              |                      |          |
| Current assets:                            |                      |          |
| Cash                                       | ¥ 33,829             | ¥ 29,100 |
| Notes and accounts receivable trade        | 38,018               | 37,899   |
| Marketable securities                      | 18,683               | 18,782   |
| Inventories                                | 34,733               | 29,874   |
| Other current assets                       | 64,070               | 30,992   |
|  | <hr/>                | <hr/>    |
| Total current assets                       | 189,336              | 146,650  |
| Fixed assets:                              |                      |          |
| Tangible                                   | 48,282               | 39,443   |
| Intangible                                 | 21,335               | 16,769   |
| Investments and others                     | 204,768              | 190,020  |
|  | <hr/>                | <hr/>    |
| Total fixed assets                         | 274,386              | 246,233  |
|  | <hr/>                | <hr/>    |
| Total assets                               | ¥463,722             | ¥392,883 |
|  | <hr/>                | <hr/>    |
| <b>Liabilities and Shareholders Equity</b> |                      |          |
| Current liabilities:                       |                      |          |
| Notes and accounts payable trade           | ¥ 50,129             | ¥ 45,533 |
| Accrued expenses                           | 34,730               | 38,348   |
| Other current liabilities                  | 26,766               | 10,017   |
|  | <hr/>                | <hr/>    |
| Total current liabilities                  | 111,627              | 93,898   |
| Long-term liabilities                      | 76,100               | 28,996   |
|  | <hr/>                | <hr/>    |
| Total liabilities                          | 187,727              | 122,895  |
| Shareholders equity                        | 275,995              | 269,988  |
|  | <hr/>                | <hr/>    |

|  |          |          |
|--|----------|----------|
| Total liabilities and shareholders' equity | ¥463,722 | ¥392,883 |
|--|----------|----------|

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**Table of Contents****(2) Condensed Statements of Income**

(In millions of yen)

|  | Six months ended<br>September 30 |           |
|--|----------------------------------|-----------|
|  | 2004                             | 2003      |
| Net sales                                    | ¥234,039                         | ¥215,803  |
| Cost of sales                                | 191,874                          | 168,143   |
| Selling, general and administrative expenses | 41,981                           | 44,227    |
| Operating income                             | 183                              | 3,432     |
| Non-operating income (expenses) net          | 2,098                            | 132       |
| Ordinary income                              | 2,282                            | 3,565     |
| Other expenses net                           | (0)                              | (6,050)   |
| Income (loss) before income taxes            | 2,281                            | (2,485)   |
| Income taxes                                 | 141                              | (1,418)   |
| Net income (loss)                            | ¥ 2,140                          | ¥ (1,066) |

## Notes:

1. Accumulated depreciation on tangible fixed assets on September 30, 2004 and 2003 was ¥91,727 million and ¥90,796 million, respectively.
2. Net income per share of common stock of ¥12.19 was recorded for the six months ended September 30, 2004, while net loss per share of common stock for the corresponding period of 2003 was ¥6.08.

**Table of Contents****CONDITION OF SHAREHOLDERS AND SHARES**  
(as of September 30, 2004)

**Number of Shares Issued** 180,063,836 shares

Note: 4,631,332 shares of treasury stock held by the Company are included.

**Distribution of Share-ownership**

|                                      | Number of<br>Shareholders | Number of Shares Held<br>and its Percent to Total |                   |                   |
|--------------------------------------|---------------------------|---|-------------------|-------------------|
|                                      | <u>          </u>         | <u>          </u>                                 | <u>          </u> | <u>          </u> |
| Financial institutions               | 164                       | 73,717  | thousand          | (40.94%)          |
| Securities companies                 | 68                        | 4,211   |                   | (2.34)            |
| Other Japanese business corporations | 352                       | 4,481   |                   | (2.49)            |
| Foreign corporations and individuals | 450                       | 61,477  |                   | (34.14)           |
| Japanese individuals and others      | 38,629                    | 36,175  |                   | (20.09)           |
|                                      | <u>          </u>         | <u>          </u>                                 |                   | <u>          </u> |
| Total                                | 39,663                    | 180,063   | thousand          | (100.00%)         |

Note: Japanese individuals and others include 4,631 thousand shares as treasury stock held by the Company.

**Top Ten Largest Shareholders**

|   | Number of Shares Held<br>and its Percent to Total |
|---|---|
|   | <u>          </u>                                 |
| Japan Trustee Services Bank, Ltd. (Trust Account)                               | 15,620 thousand (8.67%)                           |
| The Master Trust Bank of Japan, Ltd. (Trust Account)                            | 13,855 (7.69)                                     |
| Societe Generale Paris SGOP/DAI Paris 6Z  | 5,412 (3.00)                                      |
| The Bank of Tokyo-Mitsubishi, Ltd.  | 4,154 (2.30)                                      |
| Mizuho Bank, Ltd.   | 4,000 (2.22)                                      |
| Trust & Custody Services Bank, Ltd. as trustee for Mizuho Bank, Ltd. Retirement |   |
| Trust Account re-entrusted by Mizuho Trust & Banking Co., Ltd.                  | 3,955 (2.19)                                      |
| Kanya Matsumoto   | 3,665 (2.03)                                      |
| BNP Paribas Securities (Japan) Limited  | 2,649 (1.47)                                      |
| The Sumitomo Mitsui Banking Corporation   | 2,589 (1.43)                                      |
| Pioneer Employee Share Ownership Plan   | 2,376 (1.31)                                      |

Note: The Company holds 4,631 thousand shares as treasury stock.

**Table of Contents****Stock Exchange Listings**Tokyo Stock Exchange  
Osaka Securities ExchangeNew York Stock Exchange  
Euronext Amsterdam**Price per Share and Volume of Shares Traded on the Tokyo Stock Exchange**

|       | High<br>(yen) | Low<br>(yen) | Volume<br>(thousand<br>shares) |
|-------|---------------|--------------|--------------------------------|
| 2001  |               |              |                                |
| 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                         |
| Oct.  | 2,820         | 2,505        | 30,938                         |
| Nov.  | 2,825         | 2,510        | 21,161                         |
| Dec.  | 2,995         | 2,645        | 25,249                         |
| 2004  |               |              |                                |
| Jan.  | 3,370         | 2,875        | 29,718                         |
| Feb.  | 3,270         | 2,930        | 31,103                         |
| Mar.  | 3,250         | 2,890        | 32,572                         |
| Apr.  | 3,390         | 3,000        | 32,597                         |
| May   | 3,120         | 2,660        | 37,352                         |
| June  | 2,880         | 2,635        | 37,811                         |
| July  | 2,850         | 2,310        | 30,442                         |

|       |       |       |        |
|-------|-------|-------|--------|
| Aug.  | 2,480 | 2,215 | 22,949 |
| Sept. | 2,535 | 2,240 | 34,245 |