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PIONEER CORP
Form 6-K
October 31, 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 October, 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 X 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 X
 --- ---

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.

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PIONEER CORPORATION

(Registrant)

Date: October 31, 2003

By /s/ Kaneo Ito

Kaneo Ito
President and Representative Director

This report on Form 6-K contains the following:

1. The announcement released by the Company to the press in Japan dated October 30, 2003, concerning its consolidated second-quarter and semiannual business results, and parent-only semiannual results, for the period ended September 30, 2003.

FOR IMMEDIATE RELEASE
OCTOBER 30, 2003

PIONEER ANNOUNCES SECOND-QUARTER AND SEMIANNUAL RESULTS FOR FISCAL 2004

TOKYO -- Pioneer Corporation today announced its consolidated second-quarter and semiannual business results, and parent-only semiannual results, for the period ended September 30, 2003.

CONSOLIDATED FINANCIAL HIGHLIGHTS

	(In millions of yen except per share in Second quarter ended September 30			Six m Se
	2003	2002	% to prior year	2003
	-----	-----	-----	-----
Operating revenue	168,012	159,083	105.6	321,090
Operating income	9,866	5,551	177.7	17,591
Income from continuing operations before income taxes	9,176	5,661	162.1	16,592
Income from continuing operations	4,790	2,962	161.7	7,835
Net income	9,536	2,970	321.1	12,475
Basic earnings per share (in yen):				
Income from continuing operations	27.30	16.52		44.66
Income (loss) from discontinued operations, net of taxes	27.06	0.05		26.45
Net income	54.36	16.57		71.11
Diluted earnings per share (in yen):				
Income from continuing operations	27.29	16.52		44.65

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Income (loss) from discontinued operations, net of taxes	27.05	0.05	26.44
Net income	54.34	16.57	71.09

Notes:

1. Effective from the fiscal 2003 year-end presentation, the Company classified 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.
2. 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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CONSOLIDATED BUSINESS RESULTS

The second quarter of fiscal 2004, ended September 30, 2003, resulted in operating revenue at 168,012 million yen (US\$1,513.6 million), a 5.6% increase from the corresponding period in the previous year. Operating income was 9,866 million yen (US\$88.9 million), a 77.7% increase, and net income increased more than threefold to 9,536 million yen (US\$85.9 million). The average value of the yen was up 1.4% against the U.S. dollar and down 11.3% against the euro from the corresponding period in the previous year.

HOME ELECTRONICS sales decreased 17.8% to 42,160 million yen (US\$379.8 million) from the corresponding period last year. In Japan, sales were almost the same as in the corresponding period last year at 14,104 million yen (US\$127.1 million) primarily due to significant sales increase of DVD recorders, and despite decreased sales of plasma displays for home use and DVD players. Overseas, sales decreased 24.6% to 28,056 million yen (US\$252.8 million), mainly due to a decrease in sales of DVD players worldwide; digital cable-TV set-top boxes and audio products in North America; and digital broadcast set-top boxes and home-use plasma displays in Europe, despite the increase in sales of plasma displays for home use in North America.

CAR ELECTRONICS sales decreased 2.1% to 67,102 million yen (US\$604.5 million) from the corresponding period last year. In Japan, sales rose 4.4% to 25,766 million yen (US\$232.1 million) due to an increase in sales of car audio products to automobile manufacturers. Overseas, sales decreased 5.7% to 41,336 million yen (US\$372.4 million) primarily due to a decrease in sales in North America of car audio products to consumer markets and automobile manufacturers, despite the increase in sales of car audio products to consumer markets in Asia, particularly China.

Royalty revenue from PATENT LICENSING increased 70.4% to 4,986 million yen (US\$44.9 million) from the corresponding period last year, due to a revenue from a renewed contract with a licensee, and despite the expiration of the Company's

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optical disc-related patents in certain regions.

OTHERS sales increased by 48.0% to 53,764 million yen (US\$484.4 million) from the corresponding period last year. In Japan, sales increased 3.4% to 17,739 million yen (US\$159.8 million), reflecting increased sales of cellular phone-related devices such as organic electroluminescent (OEL) display panels, as well as factory automation systems, despite the decrease in sales of commercial karaoke products as a result of the sale of the Company's karaoke business subsidiaries. Overseas sales increased 87.9% to 36,025 million yen (US\$324.5 million), due to a large increase in sales of recordable DVD drives for personal computer (PC) use, as well as increased sales of plasma displays for business use in Europe and optical disc-manufacturing systems in Asia.

Operating income increased 77.7% from the corresponding period of the previous year to 9,866 million yen (US\$88.9 million). This mainly reflected increased sales and improved gross profit margin, as well as increased profit from the patent licensing segment. Net income increased to 9,536 million yen (US\$85.9 million) from 2,970 million yen posted in the corresponding period of last year. In addition to an increase in operating income, net income increased as a result of a decrease in equity in losses of affiliated companies and income from discontinued operations recorded in connection with the sale of subsidiaries in audio/video software business.

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Basic net income per share of common stock was 54.36 yen (US\$0.49), compared with 16.57 yen for the corresponding period in the previous year. Diluted net income per share of common stock was 54.34 yen (US\$0.49), compared with 16.57 yen for the corresponding period in the previous year.

Semiannual results - Consolidated operating revenue for the six-month period ended September 30, 2003, was 321,090 million yen (US\$2,892.7 million), almost the same as in the corresponding period last year. Net income for the period increased to 12,475 million yen (US\$112.4 million) from 5,664 million yen for the corresponding period last year.

Basic net income per share of common stock was 71.11 yen (US\$0.64), compared with 31.53 yen for the corresponding period in the previous year. Diluted net income per share of common stock was 71.09 yen (US\$0.64), compared with 31.53 yen for the corresponding period in the previous year.

CASH FLOWS

Net cash provided by operating activities was 16,875 million yen (US\$152.0 million), a decrease of 3,236 million yen from 20,111 million yen in the corresponding period of the previous year. The decrease is mainly attributable to increases in operating capital requirement, which resulted from increases in inventories and accounts receivable. Net cash used in investing activities was 13,929 million yen (US\$125.5 million), an increase of 3,866 million yen compared with 10,063 million yen used in the corresponding period last year, mainly due to increased capital expenditures.

DIVIDEND POLICY AND INTERIM DIVIDEND

The Company's policy on dividends allows for continued and stable dividend payment. The Company determines the appropriate dividend amount, taking into consideration its financial condition, consolidated business results and other factors.

In line with the Company's policy, the Board of Directors has determined an

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interim dividend of 12.5 yen (US\$0.11) per share of common stock, a 5.0 yen increase over that of the previous year, for shareholders of record as of September 30, 2003 (Japan time).

ADDRESSING CURRENT CHALLENGES

The business environment remains severe, characterized by uncertain economic conditions in our major markets, Japan, North America and Europe, intensifying price competition in our major product categories, and the yen's appreciation against the U.S. dollar. Thus, the Company is concentrating management resources on strategic businesses to achieve the targets set forth in the medium-term management plan. For example, we are currently converting production lines of optical discs to plasma displays, and we sold to a third party two of our audio/video software business subsidiaries in Japan and the United States. We will continue our efforts to raise profits and improve management efficiency through our "select and focus" policy.

In our plasma display business, we are working to build a more efficient production system to meet fast-growing demand. Pioneer Display Products Corporation, our subsidiary dedicated to plasma display production, is expanding its capacity to more than 500,000 units per year by spring 2005. We also continue to differentiate our products from those of

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our competitors by developing new display panels with higher picture quality and energy efficiency, while further lowering production costs.

In our DVD business, demand for recordable DVD drives for PCs is rising sharply. To expand this business, Pioneer is strengthening its production capacity in China. DVD recorders for home use, especially those offering the added value of hard disk drives (HDD), have been well received in the market, and we are expanding this line. With these products, Pioneer aims to bolster sales both in PC and home audio/video markets.

In our car electronics business, we continue striving to strengthen our market leadership. In the car navigation system field, our HDD models with advanced functions, and affordable, easy-to-operate DVD models enjoy excellent reputations. In the car audio business, Pioneer plans to fortify its already strong market position with such new products and innovations as car CD players with OEL displays, to satisfy diversifying consumer demand.

We continue our efforts to minimize operating costs and expenses worldwide. To improve manufacturing efficiency, we are expanding production in China. Also, we are implementing an expense supervision system to lower the ratio of our selling, general and administrative expenses to consolidated operating revenue. To optimize efficiency of inventory control worldwide, departments within the group have been applying supply chain management since April 2003. We believe that such initiatives help Pioneer improve cash flows and profitability.

BUSINESS FORECASTS FOR FISCAL 2004

Assuming that the yen-U.S. dollar and the yen-euro exchange rates average 110 yen and 125 yen, respectively, until the end of fiscal 2004, ending March 31, 2004, we have revised our consolidated business forecasts for fiscal 2004, from those announced in April 2003, as follows:

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	Revised projections for fiscal 2004 -----	Previous projections for fiscal 2004 -----
Operating revenue	730,000 million	760,000 million
Operating income	44,000 million	41,000 million
Income before income taxes	41,000 million	37,000 million
Net income	25,000 million	20,000 million
Net income per share	142.50	114.00
	=====	=====

Note: As a result of the sale of the audio/video software business subsidiaries in the second quarter of the fiscal 2004, presentation for fiscal 2003 has been reclassified.

Pioneer has revised its operating revenue figure downward from its initial forecast in April this year, due to the sale of audio/video software business subsidiaries. Otherwise, sales of the Company's main lines of products such as plasma displays and car navigation systems are currently fairly good; sales of DVD recorders and recordable DVD drives and the revenue from PATENT LICENSING have surpassed initial forecasts; all of this is expected to compensate for the decrease in revenue caused by the yen's appreciation against the U.S. dollar.

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As for operating income, Pioneer made an upward revision, because the Company expects strong sales from CAR ELECTRONICS business and increased profits from OTHERS business, particularly in recordable DVD drives, as well as those from PATENT LICENSING, despite the impact of the yen's appreciation.

Net income for fiscal year 2004 shall increase, reflecting the above-mentioned increase in operating income, and income from discontinued operations recorded in connection with the sale of audio/video software subsidiaries, which was not included in the initial forecast in April 2003.

CAUTIONARY STATEMENT WITH RESPECT TO FORWARD-LOOKING STATEMENTS

Statements made in this release with respect to our current plans, estimates, strategies and beliefs, and other statements that are not historical facts are forward-looking statements about our future performance. These statements are based on management's assumptions and beliefs in light of the information currently available to it. We caution that a number of important risks and uncertainties could cause actual results to differ materially from those discussed in the forward-looking statements, and therefore you should not place undue reliance on them. You also should not rely on the belief that it is our obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. We disclaim any such obligation. Risks and uncertainties that might affect us include, but are not limited to, (i) general economic conditions in our markets, particularly levels of consumer spending; (ii) exchange rates, particularly between the yen and the U.S. dollar, euro, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continue to design and develop and win acceptance of our products and services, which are offered in highly competitive markets characterized by continual new product

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introductions, rapid developments in technology and subjective and changing consumer preferences; (iv) our ability to successfully implement our business strategies; (v) our ability to compete and develop and implement successful sales and distribution strategies in light of technological developments in and affecting our businesses; (vi) our continued ability to devote sufficient resources to research and development, and capital expenditure; (vii) our ability to continuously enhance our brand image; (viii) the success of our joint ventures and alliances; and (ix) the outcome of contingencies.

CORPORATE POLICY

It is our corporate policy to make customer satisfaction our highest priority. We strive to develop and provide advanced, high-quality, value-added electronics products that deliver satisfaction, comfort and convenience. This keeps us faithful to Pioneer group's philosophy to "Move the Heart and Touch the Soul."

In accordance with these values, we aim to achieve the following medium-term objectives.

Business targets:

- o No.1 in DVD worldwide
- o Establishing a business foundation for plasma displays and OEL displays
- o From stand-alone to network
- o Towards the key-device, key-technology business

Financial targets for fiscal year ending March 2006:

- o 1.2 trillion yen of consolidated operating revenue
- o ROE (Return on Equity) in excess of 10%

Today, DVD-related products and plasma displays have grown to become our core businesses. To realize these goals, we will continue implementing a range of measures in every field of our business.

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CORPORATE GOVERNANCE

I. Basic Principles

In order to clarify management responsibilities, speed up business operation, improve transparency of decision-making and strengthen legal and regulatory compliance, Pioneer introduced an "Internal Companies System" in 1997, a "Corporate Executive Officer System" in 1999 and "Management Committee Meeting" and "Rules of the Pioneer Group" in 2002. Also, in 2001, we adopted the "Pioneer Group Charter for Corporate Operations" and "Code of Conduct for Business Practices." Through these new rules, Pioneer has been establishing a set of shared values for all group companies and employees; promoting and enforcing high ethical standards; and strengthening its role as a trusted and respected company in every aspect of its activities.

Under the Commercial Code of Japan, the Board of Directors is a

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decision-making and supervisory body, Representative Directors are responsible for business operations, and the Board of Corporate Auditors is an auditing organ of corporate accounting and the directors' performance regarding corporate affairs. In addition, we believe that the "Management Committee Meeting" and "Corporate Executive Officer System" have strengthened implementation of Pioneer's decision-making and business operation functions, respectively.

Therefore, Pioneer's corporate governance is comprised of the "Corporate Auditors System," which ensures compliance by Pioneer with all its applicable laws and regulations, and the "Internal Companies System" along with the "Corporate Executive Officer System," which ensure swift and effective business operations. Also, at the "Management Committee Meeting," most important business issues are decided through thorough discussion, while the "Board of Directors" focuses on its performance of its supervisory functions. Our management believes that this current corporate governance system is efficient and functioning effectively.

II. Governance in Effect

- o We have adopted the "Corporate Auditors System."
- o For fiscal 2004, we have 13 directors on the board including one independent director and five corporate auditors including three independent auditors. None of our independent directors or corporate auditors are, or have been, employed by Pioneer or its subsidiaries, nor do they have any personal, capital, business or other particular interests in Pioneer or its subsidiaries, or with their respective directors or corporate auditors. Two of the three independent corporate auditors joined in June 2003, and are expected to apply their respective expertise in finance and law to guide management.

Independent director: Mr. Tatsuhiro Ishikawa
(Attorney-at-Law and Professor at Asia University)

Independent corporate auditors: Mr. Terumichi Tsuchida
(Advisor of Meiji Life Insurance Company)
Mr. Isao Moriya
(Certified Public Accountant)
Mr. Keiichi Nishikido
(Attorney-at-Law)

- o We consult with outside legal counsel in Japan and the United States regarding legal compliance of our management decisions and information disclosures. We also request independent certified public accountants to audit or review our financial statements to ascertain fairness of our financial reporting in conformity with generally accepted accounting principles.

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- o In July 2003, we shortened the term of office of directors from two years to one year, which gives shareholders more frequent opportunities to review and appoint directors, so that we can focus on directors' responsibilities and respond to the changing business environment promptly.
- o Pioneer is listed on the New York Stock Exchange, and as a result, it is subject to various U.S. laws and regulations, including the Sarbanes Oxley Act of 2002. Pioneer is constantly improving its corporate governance system, including for example, establishment in 2003 of the "Disclosure

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Committee" to ensure complete and timely disclosure of company information.

Pioneer Corporation is one of the leading manufacturers of consumer- and business-use electronics products such as audio, video and car electronics on a global scale. Its shares are traded on the New York Stock Exchange (ticker symbol PIO), Euronext Amsterdam, Tokyo Stock Exchange, and Osaka Securities Exchange.

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The U.S. dollar amounts in this release represent translation of Japanese yen, for convenience only, at the rate of 111 yen=US\$1.00, the approximate rate prevailing on September 30, 2003.

Attached are I. consolidated financial statements for the second quarter and the six months ended September 30, 2003, and II. financial statements of the parent company for the six months ended September 30, 2003.

For further information, please contact:
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 Website: <http://www.pioneer.co.jp/>

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Pioneer Corporation and Subsidiaries

I. CONSOLIDATED FINANCIAL STATEMENTS OF PIONEER CORPORATION FOR THE SECOND QUARTER AND THE SIX MONTHS ENDED SEPTEMBER 30, 2003

(1) OPERATING REVENUE BY SEGMENT

(In millions of yen)

Second quarter ended September 30					

	2003		2002		% to
	Amount	% to	Amount	% to	prior
	-----	Total	-----	Total	year
	-----	-----	-----	-----	-----
Domestic.....	14,104	8.4	14,062	8.8	100.3
Overseas.....	28,056	16.7	37,226	23.4	75.4
	-----	-----	-----	-----	-----
Home Electronics.....	42,160	25.1	51,288	32.2	82.2
	-----	-----	-----	-----	-----
Domestic.....	25,766	15.3	24,682	15.5	104.4
Overseas.....	41,336	24.6	43,848	27.6	94.3
	-----	-----	-----	-----	-----
Car Electronics.....	67,102	39.9	68,530	43.1	97.9
	-----	-----	-----	-----	-----
Domestic.....	--	--	--	--	--
Overseas.....	4,986	3.0	2,926	1.8	170.4
	-----	-----	-----	-----	-----

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Patent Licensing.....	4,986	3.0	2,926	1.8	170.4
	-----	----	-----	----	-----
Domestic.....	17,739	10.6	17,162	10.8	103.4
Overseas.....	36,025	21.4	19,177	12.1	187.9
	-----	----	-----	----	-----
Others.....	53,764	32.0	36,339	22.9	148.0
	-----	----	-----	----	-----
Domestic.....	57,609	34.3	55,906	35.1	103.0
Overseas.....	110,403	65.7	103,177	64.9	107.0
	-----	----	-----	----	-----
Total.....	168,012	100.0	159,083	100.0	105.6
	=====	=====	=====	=====	=====

(In millions of yen)

Six months ended September 30

	2003		2002		% to prior year
	Amount	% to Total	Amount	% to Total	
	-----	-----	-----	-----	-----
Domestic.....	27,025	8.4	29,472	9.2	91.7
Overseas.....	53,124	16.6	67,303	21.1	78.9
	-----	-----	-----	-----	-----
Home Electronics.....	80,149	25.0	96,775	30.3	82.8
	-----	-----	-----	-----	-----
Domestic.....	57,110	17.8	52,785	16.5	108.2
Overseas.....	84,730	26.4	91,977	28.8	92.1
	-----	-----	-----	-----	-----
Car Electronics.....	141,840	44.2	144,762	45.3	98.0
	-----	-----	-----	-----	-----
Domestic.....	--	--	--	--	--
Overseas.....	8,404	2.6	6,044	1.9	139.0
	-----	-----	-----	-----	-----
Patent Licensing.....	8,404	2.6	6,044	1.9	139.0
	-----	-----	-----	-----	-----
Domestic.....	34,263	10.7	35,785	11.2	95.7
Overseas.....	56,434	17.5	36,145	11.3	156.1
	-----	-----	-----	-----	-----
Others.....	90,697	28.2	71,930	22.5	126.1
	-----	-----	-----	-----	-----
Domestic.....	118,398	36.9	118,042	36.9	100.3
Overseas.....	202,692	63.1	201,469	63.1	100.6
	-----	-----	-----	-----	-----
Total.....	321,090	100.0	319,511	100.0	100.5
	=====	=====	=====	=====	=====

Pioneer Corporation and Subsidiaries

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(2) CONSOLIDATED STATEMENTS OF INCOME

(In millions of yen)

	Second quarter ended September 30		Six months ended September 30	
	2003	2002	2003	2002
Operating revenue:				
Net sales.....	163,026	156,157	312,686	313,467
Royalty revenue.....	4,986	2,926	8,404	6,044
	-----	-----	-----	-----
	168,012	159,083	321,090	319,511
	-----	-----	-----	-----
Operating costs and expenses:				
Cost of sales.....	115,799	112,506	220,052	222,028
Selling, general and administrative.....	42,347	41,026	83,447	84,308
	-----	-----	-----	-----
	158,146	153,532	303,499	306,336
	-----	-----	-----	-----
Operating income.....	9,866	5,551	17,591	13,175
Other income (expenses):				
Interest income.....	319	481	730	986
Foreign exchange gain (loss).....	(489)	391	(1,005)	(1,459)
Interest expense.....	(746)	(815)	(1,186)	(1,338)
Others, net.....	226	53	462	191
	-----	-----	-----	-----
	(690)	110	(999)	(1,620)
	-----	-----	-----	-----
Income from continuing operations before income taxes.....	9,176	5,661	16,592	11,555
Income taxes.....	3,820	1,426	6,828	3,360
Minority interest in income of subsidiaries....	(282)	90	(168)	867
Equity in losses of affiliated companies.....	(284)	(1,363)	(1,761)	(2,758)
	-----	-----	-----	-----
Income from continuing operations.....	4,790	2,962	7,835	6,304
Income (loss) from discontinued operations, net of taxes.....	4,746	8	4,640	(640)
	-----	-----	-----	-----
Net income	9,536	2,970	12,475	5,664
	=====	=====	=====	=====

Pioneer Corporation and Subsidiaries

(3) CONSOLIDATED BALANCE SHEETS

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(In millions of yen)

	September 30		March 31
	2003	2002	2003
ASSETS			
Current assets:			
Cash and cash equivalents.....	137,936	140,412	142,480
Available-for-sale securities.....	--	7	--
Trade receivables, less allowance.....	102,912	105,610	113,868
Inventories.....	110,316	106,801	93,620
Others.....	65,763	60,936	66,014
	-----	-----	-----
Total current assets.....	416,927	413,766	415,982
Investments and long-term receivables.....	28,360	30,269	25,871
Property, plant and equipment, less depreciation.....	154,319	149,870	145,699
Intangible assets.....	17,403	14,023	15,619
Other assets.....	42,817	33,673	43,858
	-----	-----	-----
	659,826	641,601	647,029
	=====	=====	=====
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Short-term borrowings and current portion of long-term debt.....	35,594	45,500	30,867
Trade payables.....	78,526	70,060	67,173
Others.....	108,607	90,776	108,490
	-----	-----	-----
Total current liabilities.....	222,727	206,336	206,530
Long-term debt.....	28,528	35,112	32,196
Other long-term liabilities.....	71,944	48,567	71,631
Minority interests.....	17,728	18,079	18,279
Shareholders' equity:			
Common stock.....	49,049	49,049	49,049
Capital surplus.....	82,294	82,060	82,159
Retained earnings.....	263,548	245,018	253,266
Accumulated other comprehensive income (loss).....	(65,535)	(39,101)	(55,629)
Treasury stock.....	(10,457)	(3,519)	(10,452)
	-----	-----	-----
Total shareholders' equity.....	318,899	333,507	318,393
	-----	-----	-----
	659,826	641,601	647,029
	=====	=====	=====
Breakdown of accumulated other comprehensive income (loss)			
Minimum pension liability adjustments.....	(31,578)	(20,015)	(32,675)
Net unrealized holding gain on securities.....	5,715	4,677	3,348
Cumulative foreign currency translation adjustments.....	(39,672)	(23,763)	(26,302)
	-----	-----	-----
Total accumulated other comprehensive income (loss).....	(65,535)	(39,101)	(55,629)
	=====	=====	=====

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Pioneer Corporation and Subsidiaries

(4) CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common Stock	Capital Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Treasury Stock
	-----	-----	-----	-----	-----
Balance at March 31, 2002	49,049	82,010	240,692	(24,736)	(12)
Net income			16,078		
Other comprehensive income (loss)				(30,893)	
Value ascribed to stock options		149			
Cash dividends (17.50 yen per share)			(3,092)		
Purchase and sales of treasury stock, net			(412)		(10,440)
Balance at March 31, 2003	49,049	82,159	253,266	(55,629)	(10,452)
Net income			12,475		
Other comprehensive income (loss)				(9,906)	
Value ascribed to stock options		135			
Cash dividends (12.50 yen per share)			(2,193)		
Purchase of treasury stock					(5)
Balance at September 30, 2003	49,049	82,294	263,548	(65,535)	(10,457)

(5) CONSOLIDATED STATEMENTS OF CASH FLOWS

	Second quarter ended September 30		Six month ended September
	2003	2002	2003
	-----	-----	-----
I. Operating activities:			
Net income.....	9,536	2,970	12,475
(Income) loss from discontinued operations, net of taxes.....	(4,746)	(8)	(4,640)
Depreciation and amortization.....	9,850	8,382	18,891
(Increase) decrease in trade receivables.....	(8,021)	6,276	1,022
Increase in inventories.....	(6,104)	(677)	(21,013)
Increase (decrease) in trade payables.....	6,041	(1,443)	15,209
Increase in other accrued liabilities.....	10,917	7,621	4,632
Other.....	(598)	(3,010)	(3,355)

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	-----	-----	-----
Net cash provided by operating activities.....	16,875	20,111	23,221
	-----	-----	-----
II. Investing activities:			
Payment for purchase of fixed assets.....	(17,238)	(11,981)	(28,239)
Other.....	3,309	1,918	3,631
	-----	-----	-----
Net cash used in investing activities.....	(13,929)	(10,063)	(24,608)
	-----	-----	-----
III. Financing activities:			
Increase (decrease) in short-term borrowings and long-term debt.....	3,976	10,007	4,610
Dividends paid.....	--	(156)	(1,754)
Purchase of treasury stock.....	(5)	(3,503)	(5)
Other.....	3	20	(186)
	-----	-----	-----
Net cash provided by (used in) financing activities....	3,974	6,368	2,665
	-----	-----	-----
Effect of exchange rate changes on cash and cash equivalents.	(5,784)	1,450	(5,822)
	-----	-----	-----
Net increase (decrease) in cash and cash equivalents.....	1,136	17,866	(4,544)
Cash and cash equivalents at beginning of period.....	136,800	122,546	142,480
	-----	-----	-----
Cash and cash equivalents at end of period.....	137,936	140,412	137,936
	=====	=====	=====
	-----	-----	-----
I + II Free cash flow.....	2,946	10,048	(1,387)
	-----	-----	-----

Pioneer Corporation and Subsidiaries

(6) SEGMENT INFORMATION

The following segment information is prepared pursuant to the regulations under the Securities and Exchange Law of Japan.

(Business Segments)

	Second quarter ended September 30				(In millions of y	
	2003		2002		% to prior year	
	Operating Revenue	Operating Income	Operating Revenue	Operating Income	Operating Revenue	Opera Inco
	-----	-----	-----	-----	-----	-----
Home Electronics.....	42,200	(3,516)	51,640	(2,027)	81.7%	
Car Electronics.....	67,407	6,205	68,740	8,813	98.1	70
Patent Licensing.....	5,520	4,930	3,698	2,588	149.3	190
Others.....	63,030	5,161	45,906	(146)	137.3	
	-----	-----	-----	-----	-----	-----
Total.....	178,157	12,780	169,984	9,228	104.8	138
Corporate and elimination...	(10,145)	(2,914)	(10,901)	(3,677)	--	

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Consolidated total.....	168,012	9,866	159,083	5,551	105.6	177
	=====	=====	=====	=====	=====	=====

(In millions of y

Six months ended September 30

	2003		2002		% to prior year	
	Operating Revenue	Operating Income	Operating Revenue	Operating Income	Operating Revenue	Opera Inco
Home Electronics.....	80,751	(10,136)	97,282	(3,368)	83.0%	
Car Electronics.....	142,491	14,115	145,428	16,622	98.0	84
Patent Licensing.....	9,373	8,219	7,031	5,418	133.3	151
Others.....	108,423	6,729	91,593	(1,414)	118.4	
Total.....	341,038	18,927	341,334	17,258	99.9	109
Corporate and elimination..	(19,948)	(1,336)	(21,823)	(4,083)	--	
Consolidated total.....	321,090	17,591	319,511	13,175	100.5	133
	=====	=====	=====	=====	=====	=====

(Geographic Segments)

(In millions of y

Six months ended September 30

	2003		2002		% to prior year	
	Operating Revenue	Operating Income	Operating Revenue	Operating Income	Operating Revenue	Opera Inco
Japan.....	264,008	5,984	268,027	7,281	98.5%	82
North America.....	86,686	8,607	97,384	6,140	89.0	140
Europe.....	62,499	(341)	58,935	(1,376)	106.0	
Other.....	131,635	4,393	124,180	2,568	106.0	171
Total.....	544,828	18,643	548,526	14,613	99.3	127
Corporate and elimination..	(233,738)	(1,052)	(229,015)	(1,438)	--	
Consolidated total.....	321,090	17,591	319,511	13,175	100.5	133
	=====	=====	=====	=====	=====	=====

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Pioneer Corporation and Subsidiaries

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 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. Effective from the fiscal 2003 year-end presentation, profit and loss on intercompany lease, which was previously included in "Others" segment, is included in the segment which each user of leased assets belongs to. Previously reported amounts have been reclassified accordingly.
5. 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 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 previously reported consolidated statements of income and consolidated statements of cash flows to conform to this presentation. Also in segment information, "Others" in Business Segments and "Japan" and "North America" in Geographic Segments have been reclassified accordingly.

The financial result of discontinued operations for the second quarter and six months ended September 30, 2002 and 2003, and income (loss) from discontinued operations presented as a line in consolidated statements of income, is itemized as follows.

	(In millions of yen)			
	Second quarter ended September 30		Six months ended September 30	
	2003	2002	2003	2002
	-----	-----	-----	-----
Operating revenue.....	7,706	8,267	13,855	13,783
Operating income.....	393	51	232	(548)
Income before income taxes.....	386	49	219	(547)
Gain on sale of discontinued operations...	1,804	--	1,804	--
Income taxes (benefit).....	(2,556)	41	(2,617)	93
	-----	-----	-----	-----

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Income (loss) from discontinued operations	4,746	8	4,640	(640)
	=====	=====	=====	=====

The assets and liabilities for sold subsidiaries, excluding intercompany balance, at September 30, 2002 and March 31, 2003 are summarized as follows.

	(In millions of yen)	
	March 31 2003	September 30 2002
	-----	-----
Current assets.....	14,793	13,663
Property, plant and equipment, less depreciation	76	90
Other assets.....	289	261
	-----	-----
Total assets.....	15,158	14,014
	-----	-----
Current liabilities.....	8,790	7,495
Long-term liabilities.....	57	118
	-----	-----
Total liabilities.....	8,847	7,613
	-----	-----

Pioneer Corporation--Parent Company Only

II. FINANCIAL STATEMENTS OF PIONEER CORPORATION
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2003

(1) SALES BY PRODUCT GROUP

	Six months ended September 30				
	2003		2002		% to prior year
	Amount	% to sales	Amount	% to sales	
	-----	-----	-----	-----	-----
Domestic.....	20,805	9.6	22,679	10.2	91.7
Export.....	39,595	18.4	51,446	23.1	77.0
	-----	-----	-----	-----	-----
Home Electronics.....	60,400	28.0	74,126	33.3	81.5
	-----	-----	-----	-----	-----
Domestic.....	55,788	25.9	52,636	23.7	106.0
Export.....	55,195	25.5	61,748	27.8	89.4
	-----	-----	-----	-----	-----
Car Electronics.....	110,984	51.4	114,385	51.5	97.0
	-----	-----	-----	-----	-----
Domestic.....	9,121	4.2	10,542	4.7	86.5

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Export.....	35,297	16.4	23,228	10.5	152.0
Others.....	44,418	20.6	33,770	15.2	131.5
Domestic.....	85,715	39.7	85,858	38.6	99.8
Export.....	130,088	60.3	136,423	61.4	95.4
Total.....	215,803	100.0	222,282	100.0	97.1

(2) CONDENSED STATEMENTS OF OPERATIONS

	Six months ended September 30			
	2003		2002	
	Amount	% to sales	Amount	% to sales
Net sales - Domestic.....	85,715	39.7	85,858	38.6
Export.....	130,088	60.3	136,423	61.4
Cost of sales.....	215,803	100.0	222,282	100.0
Selling, general and administrative expenses.....	44,227	20.5	40,374	18.2
Operating income.....	3,432	1.6	2,001	0.9
Non-operating income (expenses), net.....	132	0.1	(632)	(0.3)
Ordinary income.....	3,565	1.7	1,368	0.6
Other expenses, net.....	(6,050)	(2.8)	(316)	(0.1)
Income (loss) before income taxes....	(2,485)	(1.2)	1,052	0.5
Income taxes.....	(1,418)	(0.7)	(259)	(0.1)
Net income (loss).....	(1,066)	(0.5)	1,311	0.6

Pioneer Corporation--Parent Company Only

(3) CONDENSED BALANCE SHEETS

(In millions of yen)

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	September 30		March 31
	2003	2002	2003
ASSETS			
Current assets:			
Cash.....	29,100	24,329	19,756
Notes and accounts receivable - trade.....	37,899	39,714	42,991
Marketable securities.....	18,782	42,350	28,784
Inventories.....	29,874	25,629	24,300
Other current assets.....	30,992	42,439	30,876
Total current assets.....	146,650	174,464	146,710
Fixed assets:			
Tangible.....	39,443	31,282	35,368
Intangible.....	16,769	9,458	13,303
Investments and others.....	190,020	179,188	189,303
Total fixed assets.....	246,233	219,929	237,975
Total assets.....	392,883	394,394	384,685
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities:			
Accounts payable - trade.....	45,533	43,016	35,552
Accrued expenses.....	38,348	32,389	37,539
Other current liabilities.....	10,017	14,796	11,981
Total current liabilities.....	93,898	90,202	85,074
Long-term liabilities.....	28,996	28,443	29,058
Total liabilities.....	122,895	118,645	114,133
Shareholders' equity.....	269,988	275,748	270,552
Total liabilities and shareholders' equity.....	392,883	394,394	384,685

Note: In preparing the financial statements, all amounts less than one million yen were disregarded.