

News Release

**For Immediate Release
August 4, 2011**

Pioneer Announces Business Results for 1Q Fiscal 2012

Pioneer Corporation today announced its consolidated first-quarter business results for the period ended June 30, 2011.

Consolidated Financial Highlights

(In millions of yen except per share information)

	Three months ended June 30		
	2011	2010	Percent change
Net sales	¥98,127	¥109,848	-10.7%
Operating income	1,952	2,368	-17.6
Ordinary income	1,647	1,685	-2.3
Net income	¥ 293	¥ 598	-51.0%
Net income per share	¥0.91	¥1.86	

Consolidated Business Results

For the first quarter of fiscal 2012, the three months ended June 30, 2011, consolidated net sales declined 10.7% from the first quarter of fiscal 2011, to ¥98,127 million. This was mainly the result of a decrease in OEM sales, especially sales of car audio products, due to the effects of the Great East Japan Earthquake, lower sales of optical disc drive-related products, and the Japanese yen's appreciation against the U.S. dollar.

Pioneer recorded operating income of ¥1,952 million, which was 17.6% lower than that in the first quarter of fiscal 2011. Although the gross profit margin improved and selling, general and administrative (SG&A) expenses were reduced, gross profit declined on lower sales. Net income was ¥293 million, marking a 51.0% year-on-year decline.

During the first quarter of fiscal 2012, the average value of the Japanese yen appreciated 12.6% against the U.S. dollar and was flat against the euro, compared with the first quarter of fiscal 2011.

Car Electronics sales declined 8.3% year on year, to ¥57,478 million. Car navigation system sales rose on very strong consumer-market sales of new and current models in Japan, despite lower OEM sales overseas. Car audio sales showed a large decline both in

For further information, please contact:

Investor Relations Department, Corporate Communications Division
Pioneer Corporation, Japan
Phone: +81-44-580-1004 / Fax: +81-44-580-4064
E-mail: pioneer_ir@post.pioneer.co.jp
IR Website: <http://pioneer.jp/ir-e/>

Japan and overseas, mainly from lower OEM orders as a result of the earthquake. OEM sales accounted for approximately 31% of total Car Electronics sales, compared with approximately 45% in the first quarter of fiscal 2011.

By geographic region, sales in Japan increased 3.3% to ¥27,110 million, while overseas sales declined 16.7% to ¥30,368 million.

Operating income in this segment decreased 6.7% to ¥1,853 million, due to the decline in sales and an increase in SG&A expenses, despite an improvement in gross profit margin.

Home Electronics sales declined 13.2% year on year, to ¥30,426 million. Despite increased sales of DJ equipment, significantly lower sales of optical disc drive-related products, reflecting the slump in personal computers, resulted in an overall decline in sales for the segment.

By geographic region, sales in Japan increased 4.0% to ¥15,455 million, while overseas sales declined 25.9% to ¥14,971 million.

Operating income in this segment grew to ¥362 million from ¥6 million for the corresponding period of the previous fiscal year, reflecting a reduction in SG&A expenses and an improved gross profit margin, despite a decline in sales.

In the **Others** segment, sales declined 15.5% year on year, to ¥10,223 million, mainly from lower domestic sales of electronic devices and parts.

By geographic region, sales in Japan declined 24.5% to ¥5,901 million, and overseas sales increased 1.0% to ¥4,322 million.

This segment recorded an operating loss of ¥516 million, compared with operating income of ¥94 million for the corresponding period of the previous fiscal year, primarily due to lower sales, despite a decline in SG&A expenses.

Note: Operating income (loss) in each business segment represents operating income (loss) before elimination of intersegment transactions.

Consolidated Financial Position

Total assets as of June 30, 2011 were ¥298,152 million, a decrease of ¥11,560 million from March 31, 2011, mainly reflecting decreases in cash and deposits, trade receivables and property, plant and equipment, and despite an increase in inventories. Inventories rose ¥7,752 million, to ¥67,368 million, mainly from an increase in OEM car electronics inventory as a result of a decline in automobile production. Cash and deposits decreased ¥12,167 million to ¥35,399 million. Trade receivables were ¥61,686 million, a decrease of ¥3,561 million. Property, plant and equipment decreased ¥2,356 million, to ¥65,048 million, mainly from restrained capital expenditures.

Total liabilities were ¥211,947 million, a decrease of ¥9,311 million from March 31, 2011. This mainly reflected decreases in accrued expenses and trade payables.

Total equity was ¥86,205 million, a decrease of ¥2,249 million from March 31, 2011. This is primarily because foreign currency translation adjustments were reduced ¥1,797 million owing to the Japanese yen's appreciation, and unrealized gain on available-for-sale securities decreased ¥1,051 million due to declines in the market value of equity holdings.

Cash Flows

During the first quarter of fiscal 2012, operating activities used net cash in the amount of ¥7,159 million. Despite the addback of non-cash expenses of ¥6,225 for depreciation and amortization and a ¥2,810 million decrease in trade receivables, inventories grew ¥8,673 million reflecting the impact of the earthquake, and accrued expenses decreased by ¥4,961 million. Investing activities used net cash in the amount of ¥4,595 million, attributed primarily to ¥4,719 million in capital expenditures. Financing activities used net cash in the amount of ¥725 million, mainly for the repayment of borrowings. In addition, the Japanese yen value of cash and cash equivalents denominated in foreign currencies declined by ¥349 million, primarily because of the Japanese yen's appreciation against the U.S. dollar.

As a result, cash and cash equivalents as of June 30, 2011, were ¥34,738 million, down ¥12,828 million from March 31, 2011.

Business Forecasts for Fiscal 2012

The Company's consolidated business forecasts for fiscal 2012, the year ending March 31, 2012, are as follows:

	First half			Full year		
	Forecasts for fiscal 2012	Results for fiscal 2011	Percent change	Forecasts for fiscal 2012	Results for fiscal 2011	Percent change
Net sales	¥215,000	¥226,681	-5.2%	¥470,000	¥457,545	+2.7%
Operating income	6,000	6,669	-10.0	17,500	15,817	+10.6
Ordinary income	4,500	5,454	-17.5	13,500	12,331	+9.5
Net income	¥ 1,500	¥ 7,654	-80.4%	¥ 4,000	¥ 10,350	-61.4%

The above forecasts for the first half of fiscal 2012 are based on the recent business conditions and trends in the Company's performance. The Company did not disclose first-half forecasts on May 11, 2011, when it announced annual business results for fiscal 2011.

The full-year forecasts presented above for fiscal 2012 have not been changed from those announced on May 11, 2011.

The yen-U.S. dollar and yen-euro exchange rate assumptions for the above consolidated business forecasts remain unchanged at ¥80 and ¥110, respectively.

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. It is not 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, and levels of demand in the major industrial sectors which we serve; (ii) exchange rates, particularly between the Japanese yen and the euro, the U.S. dollar, and other currencies in which we make significant sales or in which our assets and liabilities are denominated; (iii) our ability to continuously design and develop and win acceptance for our products in extremely competitive markets; (iv) our ability to successfully implement our business strategies; (v) the success of our

joint ventures, alliances and other business relationships with third parties; (vi) our ability to access funding; (vii) our continued ability to devote sufficient resources to research and development, and capital expenditure; (viii) our ability to ensure the quality of our products; (ix) conditions in which we are able to continuously procure key parts essential to our manufacturing operations; and (x) the outcome of contingencies.

Pioneer Corporation is a leading global manufacturer of consumer- and business-use electronics products such as car electronics, audio and video products. Its shares are traded on the Tokyo Stock Exchange.

#

Attached are consolidated financial statements for the three months ended June 30, 2011.

(1) CONSOLIDATED BALANCE SHEETS

(In millions of yen)

	March 31, 2011	June 30, 2011
ASSETS		
Current assets:		
Cash and deposits	¥ 47,566	¥ 35,399
Trade receivables	65,247	61,686
Merchandise and finished goods	27,864	33,072
Work in process	11,522	12,261
Raw materials and supplies	20,230	22,035
Deferred tax assets	5,530	5,165
Other current assets	13,202	14,247
Allowance for doubtful receivables	(1,686)	(1,580)
Total current assets	189,475	182,285
Noncurrent assets:		
Property, plant and equipment:		
Buildings and structures	68,367	66,337
Machinery, vehicles, tools, furniture and fixtures	152,194	147,519
Others	27,942	26,935
Accumulated depreciation	(181,099)	(175,743)
Total property, plant and equipment	67,404	65,048
Intangible assets:		
Goodwill	690	679
Software	25,628	25,149
Others	1,916	1,807
Total intangible assets	28,234	27,635
Investments and other assets:		
Investment securities	12,133	10,998
Deferred tax assets	6,057	5,979
Others	6,269	6,092
Allowance for doubtful accounts	(41)	(42)
Total investments and other assets	24,418	23,027
Total noncurrent assets	120,056	115,710
Deferred assets	181	157
Total assets	¥ 309,712	¥ 298,152

	(In millions of yen)	
	March 31, 2011	June 30, 2011
<u>LIABILITIES</u>		
Current liabilities:		
Trade payables	¥ 60,008	¥ 57,396
Short-term borrowings	6,951	6,961
Current portion of long-term debt	35,035	34,978
Accrued income taxes	4,080	3,548
Accrued expenses	38,764	33,712
Warranty reserve	2,780	2,683
Other current liabilities	14,675	14,640
Total current liabilities	162,293	153,918
Long-term liabilities:		
Long-term debt	45,846	45,264
Accrued pension and severance costs	8,576	8,835
Other long-term liabilities	4,543	3,930
Total long-term liabilities	58,965	58,029
Total liabilities	221,258	211,947
<u>EQUITY</u>		
Shareholders' equity:		
Common stock	87,257	87,257
Capital surplus	119,487	119,487
Retained earnings	(34,746)	(34,453)
Treasury stock	(11,050)	(11,050)
Total shareholders' equity	160,948	161,241
Accumulated other comprehensive income (loss):		
Unrealized gain on available-for-sale securities	1,206	155
Deferred loss on derivatives under hedge accounting	(26)	(237)
Foreign currency translation adjustments	(75,693)	(77,490)
Pension adjustments recognized by foreign consolidated subsidiaries	(1,421)	(1,378)
Total accumulated other comprehensive loss	(75,934)	(78,950)
Minority interests	3,440	3,914
Total equity	88,454	86,205
Total liabilities and equity	¥309,712	¥298,152

(2) CONSOLIDATED STATEMENTS OF OPERATIONS

(In millions of yen)

	Three months ended June 30	
	2010	2011
Net sales	¥109,848	¥98,127
Cost of sales	85,143	74,489
Gross profit	24,705	23,638
Selling, general and administrative expenses	22,337	21,686
Operating income	2,368	1,952
Non-operating income:		
Interest income	74	88
Dividend income	134	91
Exchange gain	274	454
Others	242	130
Total non-operating income	724	763
Non-operating expenses:		
Interest expense	888	846
Others	519	222
Total non-operating expenses	1,407	1,068
Ordinary income	1,685	1,647
Extraordinary income:		
Gain on sale of property, plant and equipment	121	22
Gain on sale of investment securities	642	-
Gain on sale of investments in subsidiaries	-	449
Others	2	-
Total extraordinary income	765	471
Extraordinary loss:		
Loss on sales and disposal of property, plant and equipment	242	132
Loss on impairment of property, plant and equipment	-	84
Loss on adjustment for changes of accounting standard for asset retirement obligations	359	-
Others	2	7
Total extraordinary loss	603	223
Income before income taxes and minority interests	1,847	1,895
Income taxes:		
Current	1,395	963
Deferred	(347)	149
Total income taxes	1,048	1,112
Income before minority interests	799	783
Minority interests	201	490
Net income	¥ 598	¥ 293

(3) CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(In millions of yen)

	Three months ended June 30	
	2010	2011
Income before minority interests	¥ 799	¥ 783
Other comprehensive income (loss):		
Unrealized loss on available-for-sale securities	(2,880)	(1,051)
Deferred gain (loss) on derivatives under hedge accounting	78	(211)
Foreign currency translation adjustments	(6,253)	(1,843)
Portion of other comprehensive loss of associates	18	30
Pension adjustments recognized by foreign consolidated subsidiaries	108	43
Total other comprehensive loss	(8,929)	(3,032)
Comprehensive loss	(8,130)	(2,249)
Comprehensive income (loss) attributable to:		
Shareholders of the parent company	(8,265)	(2,723)
Minority interests	¥ 135	¥ 474

(4) CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions of yen)

	Three months ended June 30	
	2010	2011
Cash flows from operating activities:		
Income before income taxes and minority interests	¥ 1,847	¥ 1,895
Depreciation and amortization	8,162	6,225
Increase in accrued pension and severance costs	120	312
Interest and dividend income	(208)	(179)
Interest expense	888	846
Loss on sale and disposal of property, plant and equipment	121	110
Decrease in trade receivables	4,476	2,810
Increase in inventories	(8,487)	(8,673)
Increase (decrease) in trade payables	5,651	(1,526)
Decrease in accrued expenses	(3,434)	(4,961)
Other, net	863	(1,306)
Subtotal	9,999	(4,447)
Interest and dividend income received	191	179
Interest expense paid	(827)	(781)
Income taxes paid	(3,108)	(2,110)
Net cash provided by (used in) operating activities	6,255	(7,159)
Cash flows from investing activities:		
Decrease (increase) in time deposits	14	(666)
Purchase of noncurrent assets	(5,125)	(4,719)
Proceeds from sale of noncurrent assets	3,036	805
Proceeds from sale of investment securities	1,488	-
Other, net	(92)	(15)
Net cash used in investing activities	(679)	(4,595)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(2,696)	125
Repayment of long-term debt	(638)	(639)
Other, net	(151)	(211)
Net cash used in financing activities	(3,485)	(725)
Foreign currency translation adjustments on cash and cash equivalents	(2,987)	(349)
Net decrease in cash and cash equivalents	(896)	(12,828)
Cash and cash equivalents, beginning of period	84,142	47,566
Cash and cash equivalents, end of period	¥83,246	¥34,738

(5) SEGMENT INFORMATION

<Net Sales by Segment>

(In millions of yen)

	Three months ended June 30				
	2010		2011		Percent change
	Amount	Ratio	Amount	Ratio	
Car Electronics:					
Domestic	¥ 26,256	23.9%	¥ 27,110	27.6%	+3.3%
Overseas	36,442	33.2	30,368	31.0	-16.7
Total	62,698	57.1	57,478	58.6	-8.3
Home Electronics:					
Domestic	14,858	13.5	15,455	15.7	+4.0
Overseas	20,199	18.4	14,971	15.3	-25.9
Total	35,057	31.9	30,426	31.0	-13.2
Others:					
Domestic	7,812	7.1	5,901	6.1	-24.5
Overseas	4,281	3.9	4,322	4.3	+1.0
Total	12,093	11.0	10,223	10.4	-15.5
Consolidated:					
Domestic	48,926	44.5	48,466	49.4	-0.9
Overseas	60,922	55.5	49,661	50.6	-18.5
Total	¥109,848	100.0%	¥ 98,127	100.0%	-10.7%

<Sales and Income (Loss) by Segment>

(In millions of yen)

Three months ended June 30, 2010	Reportable segment				Reconciliations * 1	Consolidated * 2
	Car Electronics	Home Electronics	Others	Total		
Sales:						
Sales to external customers	¥62,698	¥35,057	¥12,093	¥109,848	-	¥109,848
Intersegment sales or transfers	261	76	2,078	2,415	¥(2,415)	-
Total sales	62,959	35,133	14,171	112,263	(2,415)	109,848
Segment income	¥ 1,987	¥ 6	¥ 94	¥ 2,087	¥ 281	¥ 2,368

Notes:

1. Reconciliations recorded for segment income include elimination of intersegment transactions of ¥(51) million and corporate expenses of ¥332 million that are not allocated to any reportable segment. Corporate expenses principally consist of general and administrative expenses and R&D expenses which are not attributable to any reportable segment.
2. Segment income is adjusted with operating income on the accompanying consolidated statements of operations.

(In millions of yen)

Three months ended June 30, 2011	Reportable segment				Reconciliations * 1	Consolidated * 2
	Car Electronics	Home Electronics	Others	Total		
Sales:						
Sales to external customers	¥57,478	¥30,426	¥10,223	¥ 98,127	-	¥ 98,127
Intersegment sales or transfers	210	65	1,708	1,983	¥(1,983)	-
Total sales	57,688	30,491	11,931	100,110	(1,983)	98,127
Segment income (loss)	¥ 1,853	¥ 362	¥ (516)	¥ 1,699	¥ 253	¥ 1,952

Notes:

1. Reconciliations recorded for segment income (loss) include elimination of intersegment transactions of ¥(46) million and corporate expenses of ¥299 million that are not allocated to any reportable segment. Corporate expenses principally consist of general and administrative expenses and R&D expenses which are not attributable to any reportable segment.
2. Segment income (loss) is adjusted with operating income on the accompanying consolidated statements of operations.