PIONEER CORP
Form 6-K
February 01, 2005

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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 February, 2005

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 þ Form 40-F o

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 o No þ

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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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: February 1, 2005

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 January 31, 2005, concerning its consolidated third-quarter and nine-month business results, for the period ended December 31, 2004.

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For Immediate Release
January 31, 2005

Pioneer Announces Third-Quarter and Nine-Month Results for Fiscal 2005

TOKYO Pioneer Corporation today announced its consolidated third-quarter and nine-month business results, for the period ended December 31, 2004.

Consolidated Financial Highlights

(In millions of yen except per share information)

	Three months ended December 31			Nine months ended December 31		
	2004	2003	% to prior year	2004	2003	% to prior year
Operating revenue	¥ 196,303	¥ 198,022	99.1%	¥ 541,350	¥ 518,004	104.5%
Operating income	1,632	16,689	9.8	14,905	34,247	43.5
Income from continuing operations before income taxes	3,514	15,860	22.2	15,952	32,445	49.2
Income from continuing operations	1,785	9,087	19.6	6,594	16,923	39.0
Net income	¥ 1,785	¥ 9,140	19.5%	¥ 6,594	¥ 21,615	30.5%
Basic earnings per share:						
Income from continuing operations	¥ 10.17	¥ 51.80		¥ 37.59	¥ 96.46	
Income from discontinued operations, net of tax		0.30			26.75	
Net income	¥ 10.17	¥ 52.10		¥ 37.59	¥ 123.21	
Diluted earnings per share:						
Income from continuing operations	¥ 8.98	¥ 51.78		¥ 33.43	¥ 96.44	
Income from discontinued operations, net of tax		0.30			26.74	
Net income	¥ 8.98	¥ 52.08		¥ 33.43	¥ 123.18	

Note: 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. Previously reported amounts have been reclassified accordingly.

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Consolidated Business Results

The third quarter of fiscal 2005, ended December 31, 2004, resulted in consolidated operating revenue of ¥196,303 million (US$1,887.5 million), down 0.9% from the corresponding period in the previous year. Profitability dropped sharply, as operating income was ¥1,632 million (US$15.7 million), a 90.2% decrease, and net income was ¥1,785 million (US$17.2 million), an 80.5% decrease. The average value of the yen was up 2.8% against the U.S. dollar and down 5.6% against the euro from the corresponding period in the previous year.

Home Electronics sales increased 6.2% to ¥97,078 million (US$933.4 million) from the corresponding period last year. In Japan, sales rose 7.5% to ¥30,324 million (US$291.6 million) primarily due to a large increase in sales of plasma displays, including the expansion of our OEM (original equipment manufacturing) business, despite the decreased sales of DVD recorders as well as recordable DVD drives for personal computers (PCs). Overseas sales also rose 5.6% to ¥66,754 million (US$641.9 million) primarily due to an increase in sales of plasma displays worldwide and DVD recorders in Europe, despite a decrease in sales of DVD players worldwide, recordable DVD drives for PCs in Europe and audio products in Europe and Asia, as well as withdrawal of our digital cable TV set-top box business in North America.

Car Electronics sales decreased to ¥69,375 million (US$667.1 million), down 7.7% from the corresponding period in the previous year. In Japan, sales decreased 14.3% to ¥29,578 million (US$284.4 million), primarily reflecting decreased sales of car navigation systems in the consumer market, influenced by demand lower than initially expected, and OEM products. Overseas sales decreased 2.1% to ¥39,797 million (US$382.7 million), primarily due to a decrease in sales of car audio products in the consumer market worldwide, despite a strong increase in sales of car navigation systems in Europe and North America.

Royalty revenue from **Patent Licensing** decreased 20.0% from the corresponding period in the previous year to ¥1,407 million (US$13.5 million), reflecting the expiration of patents included in a larger portfolio of patents licensed to the optical disc industry.

Others sales decreased 4.1% from the corresponding period in the previous year to ¥28,443 million (US$273.5 million). In Japan, sales decreased by 20.4% to ¥13,338 million (US$128.3 million) primarily due to a decrease in sales of organic light-emitting diode (OLED) display panels and a sales shift from Japan to China of devices for cellular phones and semiconductors related to laser pickups, despite an increase in sales of factory automation systems. Overseas, sales were up 17.2% to ¥15,105 million (US$145.2 million), primarily due to increased sales in China of devices for cellular phones and semiconductors related to laser pickups, despite decreased sales of optical disc manufacturing systems in Southeast Asia.

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Operating income decreased 90.2% from the corresponding period of the previous year to ¥1,632 million (US$15.7 million). Due mainly to intensified price competition, market prices of our major products dropped, which adversely affected gross profit margin. Net income was ¥1,785 million (US$17.2 million), an 80.5% decrease from the corresponding period of the previous year.

Nine-month results Operating revenue for the nine-month period ended December 31, 2004 was ¥541,350 million (US$5,205.3 million), a 4.5% increase, while net income for the period was ¥6,594 million (US$63.4 million), a 69.5% decrease, each compared with the corresponding period in the previous year.

Cash Flows

Cash flows from operating activities for the third quarter ended December 31, 2004 decreased by ¥2,300 million to ¥6,985 million (US$67.2 million), from ¥9,285 million for the corresponding period of the previous year. Net cash used in investing activities was ¥19,548 million (US$188.0 million), up ¥4,695 million in comparison with ¥14,853 million for the corresponding period of the previous year, due mainly to an increase in capital expenditures.

Business Forecasts for Fiscal 2005

Assuming that the yen-U.S. dollar and the yen-euro exchange rates average ¥100 and ¥130, respectively, through the end of fiscal 2005, ending March 31, 2005, we have revised downward our consolidated business forecasts for fiscal 2005, from those announced on October 28, 2004, as follows:

						(In millions of yen)
	Revised projections for fiscal 2005		Previous projections for fiscal 2005		Results for fiscal 2004	
Operating revenue	¥	730,000	¥	800,000	¥	700,885
Operating income		2,000		27,000		43,719
Income before income taxes		0		25,000		41,848
Net income (loss)	¥	(8,000)	¥	10,000	¥	24,838

The projection of operating revenue for fiscal 2005 is revised downward, reflecting intensified competition and rapid decline of market prices of our major products such as plasma displays, DVD recorders and recordable DVD drives.

The projections for fiscal 2005 of operating income, income before income taxes and net income are also revised downward, reflecting our forecast of the sales decline from our expectation last time of our major products mentioned above, the decrease in gross profit margin, mainly due to the fall of market prices and the decrease of production level in terms of units, and the disposal and the write-down of inventories.

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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 believe 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 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.

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 ¥104=US$1.00, the approximate rate prevailing on December 31, 2004.

Attached are consolidated financial statements for the three months and the nine months ended December 31, 2004.

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Website: http://www.pioneer.co.jp/corp/ir/index-e.html

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Pioneer Corporation and Subsidiaries

(1) OPERATING REVENUE BY SEGMENT

(In millions of yen)

	Three months ended December 31				
	2004		2003		% to
		% to		% to	prior
	Amount	total	Amount	total	year
Domestic	¥ 30,324	15.4%	¥ 28,199	14.2%	107.5%
Overseas	66,754	34.1	63,241	32.0	105.6
Home Electronics	97,078	49.5	91,440	46.2	106.2
Domestic	29,578	15.1	34,514	17.4	85.7
Overseas	39,797	20.2	40,658	20.6	97.9
Car Electronics	69,375	35.3	75,172	38.0	92.3
Domestic					
Overseas	1,407	0.7	1,759	0.9	80.0
Patent Licensing	1,407	0.7	1,759	0.9	80.0
Domestic	13,338	6.8	16,760	8.5	79.6
Overseas	15,105	7.7	12,891	6.4	117.2
Others	28,443	14.5	29,651	14.9	95.9
Domestic	73,240	37.3	79,473	40.1	92.2
Overseas	123,063	62.7	118,549	59.9	103.8
Total	¥ 196,303	100.0%	¥ 198,022	100.0%	99.1%

(In millions of yen)

	Nine months ended December 31				
	2004		2003		% to
		% to		% to	prior
	Amount	total	Amount	total	year
Domestic	¥ 65,988	12.2%	¥ 60,885	11.8%	108.4%
Overseas	154,774	28.6	148,838	28.7	104.0
Home Electronics	220,762	40.8	209,723	40.5	105.3
Domestic	91,362	16.9	91,624	17.7	99.7
Overseas	132,338	24.4	125,388	24.2	105.5
Car Electronics	223,700	41.3	217,012	41.9	103.1

Domestic					
Overseas	8,146	1.5	10,163	2.0	80.2
Patent Licensing	8,146	1.5	10,163	2.0	80.2
Domestic	39,873	7.3	44,254	8.5	90.1
Overseas	48,869	9.1	36,852	7.1	132.6
Others	88,742	16.4	81,106	15.6	109.4
Domestic	197,223	36.4	196,763	38.0	100.2
Overseas	344,127	63.6	321,241	62.0	107.1
Total	¥541,350	100.0%	¥518,004	100.0%	104.5%

Pioneer Corporation and Subsidiaries

(2) CONSOLIDATED STATEMENTS OF INCOME

(In millions of yen)

	Three months ended December 31		
	2004	2003	% to prior year
Operating revenue:			
Net sales	¥ 194,896	¥ 196,263	99.3%
Royalty revenue	1,407	1,759	80.0
Total operating revenue	196,303	198,022	99.1
Operating costs and expenses:			
Cost of sales	149,418	134,462	111.1
Selling, general and administrative	45,253	46,871	96.5
Total operating costs and expenses	194,671	181,333	107.4
Operating income from continuing operations	1,632	16,689	9.8
Other income (expenses):			
Interest income	530	377	140.6
Foreign exchange gain (loss)	1,512	(867)	
Interest expense	(506)	(503)	100.6
Other net	346	164	211.0
Total other income (expenses)	1,882	(829)	
Income from continuing operations before income taxes	3,514	15,860	22.2
Income taxes	1,090	6,159	17.7
Minority interest in earnings of subsidiaries	(65)	(382)	17.0
Equity in losses of affiliated companies	(574)	(232)	247.4
Income from continuing operations	1,785	9,087	19.6
Income from discontinued operations, net of tax		53	
Net income	¥ 1,785	¥ 9,140	19.5%

(In millions of yen)

	Nine months ended December 31		
	2004	2003	% to prior year
Operating revenue:			
Net sales	¥ 533,204	¥ 507,841	105.0%
Royalty revenue	8,146	10,163	80.2
Total operating revenue	541,350	518,004	104.5

Operating costs and expenses:			
Cost of sales	400,296	353,790	113.1
Selling, general and administrative	126,149	129,967	97.1
Total operating costs and expenses	526,445	483,757	108.8
Operating income from continuing operations	14,905	34,247	43.5
Other income (expenses):			
Interest income	1,320	1,107	119.2
Foreign exchange gain (loss)	351	(1,872)	
Interest expense	(1,195)	(1,689)	70.8
Other net	571	652	87.6
Total other income (expenses)	1,047	(1,802)	
Income from continuing operations before income taxes	15,952	32,445	49.2
Income taxes	6,634	12,979	51.1
Minority interest in earnings of subsidiaries	(625)	(550)	113.6
Equity in losses of affiliated companies	(2,099)	(1,993)	105.3
Income from continuing operations	6,594	16,923	39.0
Income from discontinued operations, net of tax		4,692	
Net income	¥ 6,594	¥ 21,615	30.5%

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Pioneer Corporation and Subsidiaries

(3) CONSOLIDATED BALANCE SHEETS

(In millions of yen)

	December 31			March 31	
	2004	2003	Increase/ (Decrease)	2004	Increase/ (Decrease)
ASSETS					
Current assets:					
Cash and cash equivalents	¥ 115,607	¥ 132,740	¥ (17,133)	¥ 192,419	¥ (76,812)
Trade receivables, less allowance	128,473	125,664	2,809	112,055	16,418
Inventories	131,974	116,217	15,757	107,806	24,168
Others	71,356	63,565	7,791	67,508	3,848
Total current assets	447,410	438,186	9,224	479,788	(32,378)
Investments and long-term receivables	31,001	29,639	1,362	33,725	(2,724)
Property, plant and equipment, less depreciation	208,307	155,174	53,133	156,201	52,106
Intangible assets	25,362	18,065	7,297	18,966	6,396
Other assets	38,940	39,919	(979)	33,862	5,078
Total assets	¥ 751,020	¥ 680,983	¥ 70,037	¥ 722,542	¥ 28,478
LIABILITIES AND SHAREHOLDERS EQUITY					
Current liabilities:					
Short-term borrowings and current portion of long-term debt	¥ 50,385	¥ 41,424	¥ 8,961	¥ 27,837	¥ 22,548
Trade payables	104,962	88,329	16,633	79,439	25,523
F5 Networks, Inc.[(a)]	7,200	971,712			
InterDigital, Inc.	13,640	475,491			
Polycom, Inc.[(a)]	51,139	975,221			
QUALCOMM, Inc.	44,265	3,010,905			
		6,201,989			
Computers & Peripherals (3.73%)					
Apple, Inc.[(a)]	7,160	4,292,205			
Fusion-io, Inc.[(a)]	38,120	1,082,989			
		5,375,194			

Electronic Equipment & Instruments (1.92%)		
FARO Technologies, Inc.[a]	21,052	1,227,963
FLIR Systems, Inc.	8,956	226,676
IPG Photonics Corp.[a]	7,782	405,053
M/A-COM Technology Solutions Holdings, Inc.[a]	1,100	22,814
National Instruments Corp.	23,640	674,213
Universal Display Corp.[a]	5,800	211,874
		2,768,593
Internet Software & Services (5.68%)		
Baidu, Inc.[a][b]	14,225	2,073,578
ExactTarget, Inc.[a]	300	7,800
Google, Inc., Class A[a]	3,060	1,962,194
LinkedIn Corp., Class A[a]	6,100	622,139
Liquidity Services, Inc.[a]	32,397	1,451,386
NIC, Inc.	18,842	228,554
SINA Corp.[a]	6,800	442,000
VistaPrint Ltd.[a]	18,433	712,436
Youku, Inc.[a][b]	31,264	687,495
		8,187,582
IT Services (3.60%)		
Cognizant Technology Solutions Corp., Class A[a]	19,150	1,473,593
FleetCor Technologies, Inc.[a]	9,990	387,312
ServiceSource International, Inc.[a]	35,475	549,153
VeriFone Systems, Inc.[a]	27,474	1,425,076
Visa, Inc., Class A	11,415	1,346,970
		5,182,104
Semiconductors & Semiconductor Equipment (2.83%)		
ARM Holdings PLC[b]	74,117	2,096,770
Avago Technologies Ltd.	13,400	522,198
Cavium, Inc.[a]	28,788	890,701
Hittite Microwave Corp.[a]	10,318	560,370
		4,070,039
Software (8.18%)		
ANSYS, Inc.[a]	17,081	1,110,607
Concur Technologies, Inc.[a]	16,500	946,770
QLIK Technologies, Inc.[a]	35,977	1,151,264
RealPage, Inc.[a]	29,823	571,707
Salesforce.com, Inc.[a]	22,000	3,399,220
Solera Holdings, Inc.	26,077	1,196,673
Ultimate Software Group, Inc.[a]	13,246	970,667
VMware, Inc., Class A[a]	21,700	2,438,429
		11,785,337
MATERIALS (3.51%)		
Chemicals (1.70%)		
CF Industries Holdings, Inc.	4,600	840,190
Praxair, Inc.	13,975	1,602,094
		2,442,284
Metals & Mining (1.81%)		
Allegheny Technologies, Inc.	22,200	$ 913,974

Cliffs Natural Resources, Inc.	11,100	768,786
Silver Wheaton Corp.	27,950	927,940
		2,610,700
TELECOMMUNICATION SERVICES (1.61%)		
Wireless Telecommunication Services (1.61%)		
American Tower Corp., Class A	36,900	2,325,438

UTILITIES (0.54%)		
Electric Utilities (0.54%)		
ITC Holdings Corp.	10,016	770,631
TOTAL COMMON STOCKS		
(COST OF $106,859,573)		140,139,599
	PAR VALUE	
SHORT TERM INVESTMENT (2.75%)		
REPURCHASE AGREEMENT (2.75%)		
Repurchase agreement with State Street Bank & Trust Co., dated 03/31/12, due 04/02/12 at 0.01%, collateralized by Fannie Mae 3.07% 01/01/42, market value of $4,038,933		
(Repurchase proceeds of $3,957,003)		
(COST OF $3,957,000)	$ 3,957,000	3,957,000
TOTAL INVESTMENTS (100.06%)		
(COST OF $110,816,573)[(c)]		144,096,599
LIABILITIES IN EXCESS OF OTHER ASSETS (-0.06%)		(83,451)
NET ASSETS (100.00%)		$ 144,013,148
NET ASSET VALUE PER SHARE		
(30,080,350 SHARES OUTSTANDING)		$ 4.79

(a) Non-income producing security.

(b) American Depositary Receipt.

(c) Cost of investments for federal income tax purposes is $111,038,585.

Gross unrealized appreciation and depreciation at March 31, 2012 based on cost of investments for federal income tax purposes is as follows:

Gross unrealized appreciation	$ 39,497,565
Gross unrealized depreciation	(6,439,551)
Net unrealized appreciation	$ 33,058,014

Security Valuation

Equity securities including common stocks and exchange traded funds are valued at the last sale price at the close of the principal exchange on which they trade, except for securities listed on the National Association of Securities Dealers Automated Quotations (NASDAQ) exchange, which are valued at the NASDAQ official closing price. Unlisted securities or listed securities for which there were no sales during the day are valued at the closing bid price on such exchanges or over-the-counter markets.

Short-term debt obligations maturing in more than 60 days for which market quotations are readily available are valued at current market value. Short-term debt obligations maturing within 60 days are valued at amortized cost, which approximates market value.

Investments for which market quotations are not readily available are valued at fair value as determined in good faith under consistently applied procedures approved by and under the general supervision of the Fund s Board of Directors.

Foreign Securities

The Fund may directly purchase securities of foreign issuers. Investing in securities of foreign issuers involves special risks not typically associated with investing in securities of U.S. issuers. The risks include possible reevaluation of currencies, the inability to repatriate foreign currency, less complete financial information about companies and possible future adverse political and economic developments. Moreover, securities of many foreign issuers and their markets may be less liquid and their prices more volatile than those of securities of com parable U.S. issuers. For the period ended March 31, 2012, the Fund only held American Depository Receipts and did not hold any securities denominated in foreign currencies.

Security Transactions

Security transactions are recorded on trade date. Cost is determined and gains/losses) are based upon the specific identification method for both financial statement and federal income tax purposes.

Repurchase Agreements

The Fund engages in repurchase agreement transactions with institutions that the Fund s investment advisor has determined are creditworthy. The Fund, through its custodian, receives delivery of underlying securities collateralizing a repurchase agreement. Collateral is at least equal, at all times, to the value of the repurchase obligation including interest. A repurchase agreement transaction involves certain risks in the event of default or insolvency of the counterparty. These risks include possible delays or restrictions upon a Fund s ability to dispose of the underlying securities and a possible decline in the value of the underlying securities during the period while the Fund seeks to assert its rights.

Income Recognition

Interest income is recorded on the accrual basis. Corporate actions and dividend income are recorded on the ex-date.

Fair Value Measurements

The Fund discloses the classification of its fair value measurements following a three-tier hierarchy based on the inputs used to measure fair value. Inputs refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability that are developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity s own assumptions about the assumptions market participants would use in pricing the asset or liability that are developed based on the best information available.

Various inputs are used in determining the value of the Fund s investments as of the end of the reporting period. When inputs used fall into different levels of the fair value hierarchy, the level in the hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety. The designated input levels are not necessarily an indication of the risk or liquidity associated with these investments. These inputs are categorized in the following hierarchy under applicable financial accounting standards:

Level 1 Unadjusted quoted prices in active markets for identical investments, unrestricted assets or liabilities that a Fund has the ability to access at the measurement date;

Level 2 Quoted prices which are not active, quoted prices for similar assets or liabilities in active markets or inputs other than quoted prices that are observable (either directly or indirectly) for substantially the full term of the asset or liability; and

Level 3 Significant unobservable prices or inputs (including the Fund s own assumptions in determining the fair value of investments) where there is little or no market activity for the asset or liability at the measurement date.

The following is a summary of the inputs used to value the Fund s investments as of March 31, 2012. The Fund recognizes transfers between the levels as of the beginning of the annual period in which the transfer occurred.

Investments in Securities at Value*	Valuation Inputs Level 1	Level 2	Level 3	Total
Common Stocks	$ 140,139,599	$	$	$ 140,139,599
Short Term Investment		3,957,000		3,957,000
Total	$ 140,139,599	$ 3,957,000	$	$ 144,096,599

*See Schedule of Investments for industry classifications

For the period ended March 31, 2012, the Fund did not have any significant transfers between Level 1 and Level 2 securities. The Fund did not have any securities which used significant unobservable inputs (Level 3) in determining fair value.

Indemnification

In the normal course of business, the Fund enters into contracts that contain a variety of representations and warranties and which provide general indemnities. The Fund s maximum exposure under these arrangements is unknown, as this would involve future claims against the Fund. Also, under the Fund s organizational documents and by contract, the Directors and Officers of the Fund are indemnified against certain liabilities that may arise out of their duties to the Fund. However, based on experience, the Fund expects the risk of loss due to these warranties and indemnities to be minimal.

Maryland Statutes

By resolution of the Board of Directors, the Fund has opted into the Maryland Control Share Acquisition Act and the Maryland Business Combination Act. In general, the Maryland Control Share Acquisition Act provides that control shares of a Maryland corporation acquired in a control share acquisition may not be voted except to the extent approved by shareholders at a meeting by a vote of two-thirds of the votes entitled to be cast on the matter (excluding shares owned by the acquiror and by officers or directors who are employees of the corporation). Control shares are voting shares of stock which, if aggregated with all other shares of stock owned by the acquiror or in respect of which the acquiror is able to exercise or direct the exercise of voting power (except solely by virtue of a revocable proxy), would entitle the acquiror to exercise voting power in electing directors within certain statutorily defined ranges (one-tenth but less than one-third, one-third but less than a majority, and more than a majority of the voting power). In general, the Maryland Business Combination Act prohibits an interested shareholder (a shareholder that holds 10% or more of the voting power of the outstanding stock of the corporation) of a Maryland corporation from engaging in a business combination (generally defined to include a merger, consolidation, share exchange, sale of a substantial amount of assets, a transfer of the corporation s securities and similar transactions to or with the interested shareholder or an entity affiliated with the interested shareholder) with the corporation for a period of five years after the most recent date on which the interested shareholder became an interested shareholder. At the time of adoption, March 19, 2009, the Board and the Fund were not aware of any shareholder that held control shares or that was an interested shareholder under the statutes.

Item 2 - Controls and Procedures.

(a) The registrant s Principal Executive Officer and Principal Financial Officer have evaluated the registrant s disclosure controls and procedures (as defined in Rule 30a-3(c) under the Investment Company Act of 1940) within 90 days of this filing and have concluded that the registrant s disclosure controls and procedures were effective, as of that date.

(b) There was no change in the registrant s internal control over financial reporting (as defined in Rule 30a-3(d) under the Investment Company Act of 1940) during registrant s last fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant s internal control over financial reporting.

Item 3 Exhibits.

Separate certifications for the registrant s Principal Executive Officer and Principal Financial Officer, as required by Section 302 of the Sarbanes-Oxley Act of 2002 and Rule 30a-2(a) under the Investment Company Act of 1940, are attached as Ex99.CERT.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

LIBERTY ALL-STAR GROWTH FUND, INC.

By: /s/ William Parmentier
William Parmentier
President (principal executive officer)

Date: May 29, 2012

Pursuant to the requirements of the Securities Exchange Act of 1934 and the Investment Company Act of 1940, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

By: /s/ William Parmentier
William Parmentier
President (principal executive officer)

Date: May 29, 2012

By: /s/ Jeremy O. May
Jeremy O. May
Treasurer (principal financial officer)

Date: May 29, 2012