

**Matsushita Electric Industrial Co., Ltd.**  
**Consolidated Statements of Cash Flows \***  
**(Six months ended September 30)**

	Yen (millions)		U.S. Dollars (millions)
	2003	2002	2003
<b><u>Cash flows from operating activities:</u></b>			
Net income (loss)	¥ 23,146	¥ 17,599	\$ 209
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	134,550	150,724	1,212
Net gain on sale of investments	(9,287)	(1,087)	(84)
Provision for doubtful receivables	4,002	4,653	36
Deferred income taxes	(19,584)	4,070	(176)
Write-down of investment securities	48,011	3,765	432
Impairment loss on long-lived assets	--	2,375	--
Minority interests	8,216	(980)	74
(Increase) decrease in trade receivables	28,626	(14,664)	258
(Increase) decrease in inventories	(111,963)	(66,295)	(1,009)
(Increase) decrease in other current assets	(28,304)	(1,323)	(255)
Increase (decrease) in trade payables	30,923	128,702	279
Increase (decrease) in accrued income taxes	9,547	4,475	86
Increase (decrease) in accrued expenses and other current liabilities	35,940	86,113	324
Increase (decrease) in retirement and severance benefits	22,894	8,346	206
Other	28,037	(1,556)	253
Net cash provided by operating activities	<u>¥ 204,754</u>	<u>¥ 324,917</u>	<u>\$ 1,845</u>
<b><u>Cash flows from investing activities:</u></b>			
Proceeds from sale of short-term investments	--	4,516	--
Purchase of short-term investments	(765)	(878)	(7)
Proceeds from disposition of investments and advances	50,219	57,537	452
(Increase) in investments and advances	(25,839)	(43,186)	(233)
Capital expenditures	(131,225)	(109,907)	(1,182)
Proceeds from disposals of property, plant and equipment	37,752	22,635	340
(Increase) decrease of finance receivables	8,546	17,117	77
(Increase) decrease in time deposits	17,265	133,031	156
Other	3,554	14,199	32
Net cash provided by (used in) investing activities	<u>¥ (40,493)</u>	<u>¥ 95,064</u>	<u>\$ (365)</u>
<b><u>Cash flows from financing activities:</u></b>			
Increase (decrease) in short-term borrowings	(5,999)	(39,502)	(54)
Increase (decrease) in deposits and advances from customers and employees	4,466	(6,122)	40
Proceeds from long-term debt	23,009	75,000	207
Repayments of long-term debt	(83,370)	(221,722)	(751)
Dividends paid	(14,746)	(7,814)	(133)
Dividends paid to minority interests	(3,699)	(5,479)	(33)
Repurchase of common stock	(58,397)	(10,445)	(526)
Other	1,782	--	16
Net cash provided by (used in) financing activities	<u>¥ (136,954)</u>	<u>¥ (216,084)</u>	<u>\$ (1,234)</u>
Effect of exchange rate changes on cash and cash equivalents	(18,136)	(15,845)	(164)
Net increase (decrease) in cash and cash equivalents	9,171	188,052	82
Cash and cash equivalents at beginning of period	1,167,470	933,132	10,518
Cash and cash equivalents at end of period	<u>¥ 1,176,641</u>	<u>¥ 1,121,184</u>	<u>\$ 10,600</u>

\* See notes to consolidated financial statements on page 16.