

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

	Yen (millions)		U.S. Dollars (millions)
	2004	2003	2004
<u>Cash flows from operating activities:</u>			
Net income	¥ 56,179	¥ 23,146	\$ 506
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	156,922	134,550	1,414
Net gain on sale of investments	(10,914)	(9,287)	(98)
Provision for doubtful receivables	6,083	4,002	55
Deferred income taxes	5,758	(19,584)	52
Write-down of investment securities	1,663	48,011	15
Impairment loss on long-lived assets	13,032	--	117
Minority interests	15,346	8,216	138
(Increase) decrease in trade receivables	48,251	28,626	435
(Increase) decrease in inventories	(104,660)	(111,963)	(943)
(Increase) decrease in other current assets	(11,941)	(28,304)	(108)
Increase (decrease) in trade payables	(16,389)	30,923	(148)
Increase (decrease) in accrued income taxes	3,178	9,547	29
Increase (decrease) in accrued expenses and other current liabilities	46,837	35,940	422
Increase (decrease) in retirement and severance benefits	(58,235)	22,894	(525)
Other	(4,653)	28,037	(42)
Net cash provided by operating activities	<u>¥ 146,457</u>	<u>¥ 204,754</u>	<u>\$ 1,319</u>
<u>Cash flows from investing activities:</u>			
(Increase) decrease in short-term investments	505	(765)	\$ 5
Proceeds from disposition of investments and advances	43,459	50,219	392
Increase in investments and advances	(33,867)	(25,839)	(305)
Capital expenditures	(134,586)	(131,225)	(1,213)
Proceeds from sale of fixed assets	32,421	37,752	292
(Increase) decrease in finance receivables	4,597	8,546	41
(Increase) decrease in time deposits	4,446	17,265	40
Inflows due to acquisition of additional shares of newly consolidated subsidiaries, net of cash paid	79,724	--	718
Other	(23,531)	3,554	(212)
Net cash used in investing activities	<u>¥ (26,832)</u>	<u>¥ (40,493)</u>	<u>\$ (242)</u>
<u>Cash flows from financing activities:</u>			
Increase (decrease) in short-term borrowings	5,111	(5,999)	46
Increase (decrease) in deposits and advances from customers and employees	(134,185)	4,466	(1,209)
Proceeds from long-term debt	69,968	23,009	630
Repayments of long-term debt	(48,297)	(83,370)	(435)
Dividends paid	(17,967)	(14,746)	(162)
Dividends paid to minority interests	(11,772)	(3,699)	(106)
Repurchase of common stock	(20,275)	(58,397)	(182)
Other	--	1,782	--
Net cash used in financing activities	<u>¥ (157,417)</u>	<u>¥ (136,954)</u>	<u>\$ (1,418)</u>
Effect of exchange rate changes on cash and cash equivalents	16,386	(18,136)	148
Net increase in cash and cash equivalents	(21,406)	9,171	(193)
Cash and cash equivalents at beginning of period	1,275,014	1,167,470	11,487
Cash and cash equivalents at end of period	<u>¥ 1,253,608</u>	<u>¥ 1,176,641</u>	<u>\$ 11,294</u>

* See Notes to consolidated financial statements on pages 17-18.