

Consolidated Statements of Cash Flows

Matsushita Electric Industrial Co., Ltd. and Subsidiaries
Years ended March 31, 2006, 2005 and 2004

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2006	2005	2004	2006
Cash flows from operating activities (Note 17):				
Net income	¥ 154,410	¥ 58,481	¥ 42,145	\$ 1,319,744
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	309,399	325,465	278,177	2,644,436
Net gain on sale of investments	(47,449)	(31,399)	(11,327)	(405,547)
Provision for doubtful receivables.....	8,409	4,963	3,154	71,872
Deferred income taxes.....	70,748	56,805	21,160	604,684
Write-down of investment securities (Notes 5 and 6)	35,292	16,186	52,492	301,641
Impairment loss on long-lived assets (Notes 8 and 9)	66,378	33,078	11,666	567,333
Minority interests	(987)	27,719	19,618	(8,436)
(Increase) decrease in trade receivables.....	(31,042)	61,207	35,248	(265,316)
(Increase) decrease in inventories.....	36,498	84,405	(37,016)	311,948
(Increase) decrease in other current assets	(57,990)	14,649	13,450	(495,641)
Increase (decrease) in trade payables	112,340	(74,276)	87,226	960,171
Increase (decrease) in accrued income taxes.....	3,872	(3,422)	12,254	33,094
Increase (decrease) in accrued expenses and other current liabilities.....	37,108	(10,736)	10,782	317,162
Increase (decrease) in retirement and severance benefits	(73,180)	(99,499)	(67,332)	(625,470)
Increase (decrease) in deposits and advances from customers	(13,304)	(13,873)	(15,906)	(113,710)
Other.....	(35,084)	14,809	17,435	(299,863)
Net cash provided by operating activities.....	575,418	464,562	473,226	4,918,102
Cash flows from investing activities (Note 17):				
Proceeds from sale of short-term investments	41,867	6,117	—	357,837
Purchase of short-term investments	(54,967)	(9,001)	(702)	(469,803)
Proceeds from disposition of investments and advances	849,409	101,374	68,468	7,259,906
Increase in investments and advances	(385,865)	(133,636)	(207,869)	(3,297,992)
Capital expenditures.....	(356,751)	(352,203)	(275,544)	(3,049,154)
Proceeds from disposals of property, plant and equipment.....	168,631	78,131	113,008	1,441,291
(Increase) decrease in finance receivables.....	—	26,823	30,697	—
(Increase) decrease in time deposits.....	141,289	27,748	202,808	1,207,598
Inflows due to acquisition of additional shares of newly consolidated subsidiaries, net of cash paid	—	82,208	—	—
Proceeds from sale of shares of subsidiaries and dividends received	63,083	—	—	539,171
Other	(59,605)	(5,857)	(16,311)	(509,444)
Net cash provided by (used in) investing activities	407,091	(178,296)	(85,445)	3,479,410
Cash flows from financing activities (Note 17):				
Increase (decrease) in short-term borrowings	15,037	(8,009)	(39,577)	128,521
Increase (decrease) in employees' deposits	(104,835)	(125,261)	119	(896,025)
Proceeds from long-term debt	30,653	119,422	108,026	261,991
Repayments of long-term debt	(328,243)	(251,554)	(228,039)	(2,805,495)
Dividends paid	(39,105)	(35,251)	(29,218)	(334,231)
Dividends paid to minority interests.....	(16,281)	(14,765)	(4,675)	(139,154)
Repurchase of common stock (Note 13)	(87,150)	(92,879)	(69,394)	(744,872)
Sale of treasury stock (Note 13)	228	1,324	—	1,949
Other	5,128	1,395	5,963	43,829
Net cash used in financing activities	(524,568)	(405,578)	(256,795)	(4,483,487)
Effect of exchange rate changes on cash and cash equivalents	39,699	14,054	(23,442)	339,308
Net increase (decrease) in cash and cash equivalents	497,640	(105,258)	107,544	4,253,333
Cash and cash equivalents at beginning of year	1,169,756	1,275,014	1,167,470	9,997,915
Cash and cash equivalents at end of year	¥1,667,396	¥1,169,756	¥1,275,014	\$14,251,248

See accompanying Notes to Consolidated Financial Statements.