

Consolidated Statements of Cash Flows

Matsushita Electric Industrial Co., Ltd. and Subsidiaries
Years ended March 31, 2007, 2006 and 2005

	Millions of yen			Thousands of U.S. dollars (Note 2)
	2007	2006	2005	2007
Cash flows from operating activities (Note 17):				
Net income	¥ 217,185	¥ 154,410	¥ 58,481	\$ 1,840,551
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	317,685	309,399	325,465	2,692,246
Net gain on sale of investments	(40,154)	(47,449)	(31,399)	(340,288)
Provision for doubtful receivables	3,203	8,409	4,963	27,144
Deferred income taxes	72,398	70,748	56,805	613,542
Write-down of investment securities (Notes 5 and 6)	3,148	35,292	16,186	26,678
Impairment loss on long-lived assets (Notes 8 and 9)	49,175	66,378	33,078	416,737
Minority interests	31,131	(987)	27,719	263,822
(Increase) decrease in trade receivables	50,012	(31,042)	61,207	423,831
(Increase) decrease in inventories	474	36,498	84,405	4,017
(Increase) decrease in other current assets	64,074	(57,990)	14,649	543,000
Increase (decrease) in trade payables	(61,630)	112,340	(74,276)	(522,288)
Increase (decrease) in accrued income taxes	9,773	3,872	(3,422)	82,822
Increase (decrease) in accrued expenses and other current liabilities	(39,774)	37,108	(10,736)	(337,068)
Increase (decrease) in retirement and severance benefits	(108,559)	(73,180)	(99,499)	(919,992)
Increase (decrease) in deposits and advances from customers	(12,223)	(13,304)	(13,873)	(103,585)
Other	(23,361)	(35,084)	14,809	(197,974)
Net cash provided by operating activities	532,557	575,418	464,562	4,513,195
Cash flows from investing activities (Note 17):				
Proceeds from sale of short-term investments	31,014	41,867	6,117	262,831
Purchase of short-term investments	(4,509)	(54,967)	(9,001)	(38,212)
Proceeds from disposition of investments and advances	142,074	849,409	101,374	1,204,017
Increase in investments and advances	(290,046)	(385,865)	(133,636)	(2,458,017)
Capital expenditures	(411,309)	(356,751)	(352,203)	(3,485,669)
Proceeds from disposals of property, plant and equipment ...	182,892	168,631	78,131	1,549,932
(Increase) decrease in finance receivables	—	—	26,823	—
(Increase) decrease in time deposits	(223,801)	141,289	27,748	(1,896,619)
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	40,548	63,083	—	343,627
Other	(34,671)	(59,605)	(5,857)	(293,822)
Net cash provided by (used in) investing activities	(567,808)	407,091	(178,296)	(4,811,932)
Cash flows from financing activities (Note 17):				
Increase (decrease) in short-term borrowings	(5,826)	15,037	(8,009)	(49,373)
Increase (decrease) in employees' deposits	(13,951)	(104,835)	(125,261)	(118,229)
Proceeds from long-term debt	33,636	30,653	119,422	285,051
Repayments of long-term debt	(217,414)	(328,243)	(251,554)	(1,842,492)
Dividends paid	(54,989)	(39,105)	(35,251)	(466,009)
Dividends paid to minority interests	(16,285)	(16,281)	(14,765)	(138,008)
Repurchase of common stock (Note 13)	(153,179)	(87,150)	(92,879)	(1,298,127)
Sale of treasury stock (Note 13)	305	228	1,324	2,585
Other	—	5,128	1,395	—
Net cash used in financing activities	(427,703)	(524,568)	(405,578)	(3,624,602)
Effect of exchange rate changes on cash and cash equivalents	32,197	39,699	14,054	272,856
Net increase (decrease) in cash and cash equivalents	(430,757)	497,640	(105,258)	(3,650,483)
Cash and cash equivalents at beginning of year	1,667,396	1,169,756	1,275,014	14,130,475
Cash and cash equivalents at end of year	¥1,236,639	¥1,667,396	¥1,169,756	\$10,479,992

See accompanying Notes to Consolidated Financial Statements.