MATSUSHITA ELECTRIC INDUSTRIAL CO LTD
Form 6-K
November 08, 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 October 2005

Commission File Number: 1-6784

Matsushita Electric Industrial Co., Ltd.

Kadoma, Osaka, Japan

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 x Form 40-F ¨

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 ¨ No x

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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This Form 6-K consists of:

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SIGNATURE

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.

Matsushita Electric Industrial Co., Ltd.

By: /s/ Yukitoshi Onda

Yukitoshi Onda, Attorney-in-Fact

President

Panasonic Finance (America), Inc.

Dated: November 8, 2005

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October 21, 2005

FOR IMMEDIATE RELEASE

Media Contacts:

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Matsushita Electric Executes Own Share Repurchase

Osaka, Japan, October 21, 2005 Matsushita Electric Industrial Co., Ltd. (MEI [NYSE symbol: MC]), best known for its Panasonic brand, announced that it has repurchased a portion of its own shares from the market in conformity with provisions of Article 211-3, Paragraph 1, Item 2 of the Japanese Commercial Code.

Details of the share repurchase are as follows:

1. Class of shares: Common stock

2. Period of repurchase: Between October 3, 2005 and October 21, 2005

3. Aggregate number of shares repurchased: 5,093,000 shares

4. Aggregate repurchase amount: 9,999,564,000 yen

5. Method of repurchase: Shares were repurchased on the Tokyo Stock Exchange

(Reference 1)

1) The following details were resolved at the Board of Directors meeting held on April 28, 2005:

   Class of shares: Common stock

   Aggregate number of repurchasable shares: Up to 120 million shares

   Aggregate repurchase amount: Up to 150 billion yen

2) Cumulative total of shares repurchased since the April 28, 2005 Board of Directors resolution through today:

   Aggregate number of shares repurchased: 45,894,000 shares

   Aggregate repurchase amount: 79,997,176,000 yen

(Reference 2)

The number of shares issued and treasury stock as of June 30, 2005:

   Total number of shares issued (excluding treasury stock): 2,236,604,523 shares

   Treasury stock: 216,448,974 shares

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October 28, 2005

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ANNOUNCEMENT OF FINANCIAL RESULTS

(Note: Dollar amounts for the most recent period have been translated for convenience at the rate of U.S.$1.00 = 113 yen.)

MATSUSHITA REPORTS FIRST HALF NET PROFIT INCREASE

- Strong Second Quarter Contributes to First Half Earnings Gains -

Osaka, Japan, October 28, 2005 Matsushita Electric Industrial Co., Ltd. (Matsushita [NYSE symbol: MC]) today reported its consolidated financial results for the second quarter and first half, and non-consolidated (parent company alone) results for the first half, ended September 30, 2005, of the current fiscal year, ending March 31, 2006 (fiscal 2006).

Consolidated Second-quarter Results

Consolidated group sales for the second quarter totaled 2,211.0 billion yen (U.S.$19.57 billion), mostly unchanged from 2,216.5 billion yen in the same three-month period a year ago. Explaining the second quarter results, the company cited sales gains in digital audiovisual (AV) products and MEW and PanaHome. Sales declines, however, were recorded in information and communications equipment, Home Appliances and Components and Devices. Of the consolidated group total, domestic sales were down 4% to 1,109.0 billion yen ($9.82 billion), from 1,150.1 billion yen a year ago. Overseas sales increased 3%, to 1,102.0 billion yen ($9.75 billion), from 1,066.4 billion yen in the second quarter of fiscal 2005. Excluding the effects of currency translation, overseas sales were up 1% from a year ago on a local currency basis.[1]

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1 Sales on a local currency basis is not a measure conforming with U.S. generally accepted accounting principles (U.S. GAAP). However, the company believes that this measure is useful to investors in promoting understanding of the company's business conditions by excluding the influence of foreign currency exchange rate fluctuations.

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During the second quarter, the overall economic situation in Japan continued a moderate recovery trend, but consumer spending remained weak. Economic conditions in the United States were favorable, with steady growth in housing investment and consumer spending. However, there arose concerns about the prospects of the U.S. economy, including economic effects of recent hurricanes and risks associated with excessive housing investment. Meanwhile, the European economy remained in a relatively severe condition due to sluggish consumer spending. The economy in China maintained high growth, although factors such as overproduction, excessive capital investment and appreciation of the Chinese yuan have led to cautious optimism. The outlook for the global economy is quite uncertain due mainly to the adverse impact of rising crude oil prices on major world economies.

In the electronics industry, although a moderate recovery was achieved through further inventory adjustments of components and devices, a severe business environment continues due mainly to rising raw materials prices and intensified global competition. Under these circumstances, Matsushita is accelerating the implementation of growth strategies and strengthening management structures to achieve its target of an operating profit ratio of 5% or more for the year ending March 2007.

As part of such efforts, the company successfully launched a new series of V-products and promoted the simultaneous introduction of products such as flat-panel TVs in Japan, the United States and Europe, resulting in increased market share. Meanwhile, the company promoted collaboration activities with Matsushita Electric Works, Ltd. (MEW) to launch Collaboration V-products, such as bathroom systems, which were developed through integrated black-box technologies from Matsushita and MEW. The two companies also established a new marketing organization. Furthermore, to strengthen management structures, Matsushita launched a Next Cell Production Project to achieve further reductions in inventories and improve cost competitiveness. Also, a Second Corporate Cost Busters Project was launched to enhance profitability by eliminating redundancies throughout the Matsushita group.

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Regarding earnings, negative factors such as intensified global price competition and increased raw materials costs, including crude oil prices, were more than offset by comprehensive cost reduction efforts, the effects of restructuring initiatives implemented in the preceding fiscal year and other positive factors. As a result, operating profit[2] for the second quarter was up 11%, to 125.1 billion yen ($1.11 billion), from 112.8 billion yen in the same period a year ago. Pre-tax income totaled 87.9 billion yen ($778 million), up 55% from 56.8 billion yen last year. This improvement was due mainly to a decrease in expenses associated with early retirement programs to 20.6 billion yen ($182 million), compared with 45.7 billion yen in the previous year s second quarter. Net income increased 33% to 31.0 billion yen ($274 million), from 23.4 billion yen in the same quarter of the previous year.

Consolidated First-half Results

Combining the second quarter results with those of the first quarter, consolidated group sales for the first fiscal half ended September 30, 2005 decreased 1% to 4,259.2 billion yen ($37.69 billion), compared with 4,318.5 billion yen in the same six-month period a year ago. Explaining the first half results, the company cited sales gains in digital AV products, such as flat-panel TVs, and MEW and PanaHome. Such gains, however, were offset by sales declines in Components and Devices and JVC. Domestic sales decreased 1% to 2,173.7 billion yen ($19.24 billion), while overseas sales were also down 1% to 2,085.5 billion yen ($18.45 billion). Excluding the effects of currency translation, overseas sales decreased 2% from a year ago on a local currency basis.

For reasons similar to those given for second quarter results, the company s operating profit for the first fiscal half increased 9% to 171.1 billion yen ($1.51 billion), from 156.3 billion yen in the comparable period a year ago. Pre-tax Income for the six-month period increased 12% to 154.1 billion yen ($1.36 billion), compared with 137.3 billion yen a year ago. In other income (deductions), the company recorded a 10.3 billion yen gain from the sale of shares of Matsushita Leasing & Credit Co., Ltd. (MLC),[3] and incurred 20.8 billion yen as expenses associated with the implementation of early retirement programs. Net income was also up 15% to 64.4 billion yen ($570 million), as compared with 56.2 billion yen in the first half of the previous year. The company s net income per common share was 28.82 yen ($0.26) on a diluted basis, versus 24.26 yen in the first half of last year.

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2 For information about operating profit, see Note 2 of Notes to consolidated financial statements on page 16.
3 For information about the sale of shares of MLC, see Note 3 of Notes to consolidated financial statements on page 16.

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Consolidated First-half Sales Breakdown by Product Category

The company s first-half consolidated sales by product category, as compared with prior year amounts, are summarized as follows:

AVC Networks

AVC Networks sales totaled 1,747.4 billion yen ($15.46 billion), mostly unchanged from 1,746.0 billion yen in last year s first half. Sales of video and audio equipment increased 2% from the previous year s first half, because favorable sales in digital AV products such as flat-panel TVs and digital cameras exceeded declines in audio equipment and CRT TVs.

In information and communications equipment, the company recorded strong sales of PCs and automotive electronics, but sales downturns in cellular phones, facsimile machines and other products led to a 1% decrease overall.

Home Appliances

Sales of Home Appliances decreased 5% to 578.4 billion yen ($5.12 billion), compared with 609.4 billion yen in last year s first half. Although domestic sales of air conditioners were favorable, sales declines in compressors and household equipment resulted in overall lower sales.

Components and Devices

Sales of Components and Devices were also down 9% to 531.0 billion yen ($4.70 billion), compared with 582.5 billion yen in the same period of the previous year. Sales of semiconductors and general components decreased from last year s first half, although overseas sales increases were recorded in batteries.

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MEW and PanaHome

Sales of MEW and PanaHome increased 6% to 752.4 billion yen ($6.66 billion), from 711.6 billion yen last year. At MEW and its subsidiaries, sales gains were recorded in electrical construction materials, due mainly to strong private capital investment, and sales of automation controls increased due to favorable sales in equipment for IT terminals. Meanwhile, sales gains at PanaHome Corporation were recorded in rental apartment housing and home remodeling.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 333.7 billion yen ($2.95 billion), down 6% from 354.2 billion yen in the first half of the previous year. This result is due primarily to sluggish sales of consumer-use products overseas.

Other

Sales for Other totaled 316.3 billion yen ($2.80 billion), slightly up compared with the first half of the previous year. Sales increases in factory automation equipment were recorded in the Japanese domestic market and overseas within this category.

Non-Consolidated (Parent Company Alone) First Half Results[4]

First-half parent-alone sales increased 5% to 2,176.1 billion yen, from 2,071.3 billion yen in the same six-month period a year ago. Sales increases were recorded in AVC Networks, as well as MEW products, due mainly to collaboration activities with MEW.

Regarding parent-alone earnings, operating profit totaled 59.8 billion yen, up slightly from the previous year s first half. This increase was realized mainly by sales gains and various comprehensive cost reduction initiatives, despite price declines. Recurring profit increased 36% to 92.5 billion yen, from 68.1 billion yen in the previous first half. In addition to operating profit, the increase in recurring profit was attributable to dividend income from subsidiaries and provisions for losses on investments. Parent-alone net income also increased, up 90% to 95.7 billion yen, from 50.4 billion yen in the first half of last year, including a 21.0 billion yen gain from the sale of shares of a subsidiary and a 27.1 billion yen loss from restructuring.

4 Non-consolidated (parent company alone) results are in conformity with Japanese generally accepted accounting principles.

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Consolidated Financial Condition

Net cash provided by operating activities in the fiscal 2006 first half amounted to 192.0 billion yen ($1.70 billion). This was attributable to cash inflows from net income and depreciation, despite increased inventories caused by seasonal factors such as year-end sales. Net cash provided by investing activities amounted to 274.4 billion yen ($2.43 billion). Capital expenditures for tangible fixed assets of 196.5 billion yen, mainly consisting of manufacturing facilities for priority business areas such as plasma display panels (PDPs) and semiconductors, were offset by cash inflows associated with the sale of shares of MLC. Net cash used in financing activities was 189.4 billion yen ($1.68 billion). Major factors included a repurchase of the company s common stock and the repayments of long-term debt. All these activities resulted in cash and cash equivalents of 1,455.7 billion yen ($12.88 billion) at the end of the fiscal 2006 first half.

The company s consolidated total assets as of September 30, 2005 increased by 33.1 billion yen as compared with the end of the last fiscal year (March 31, 2005), to 8,090.0 billion yen ($71.59 billion). The increase was due mainly to the increased inventories caused by the aforementioned seasonal factors. Stockholders equity increased 81.9 billion yen, as compared with the end of the last fiscal year, to 3,626.1 billion yen ($32.09 billion) as of September 30, 2005. This was primarily attributable to increases in retained earnings and accumulated other comprehensive income, despite an increase in treasury stock on continued repurchases of the company s own shares.

Interim Dividend

The Board of Directors of the company voted today to distribute an interim (semiannual) cash dividend of 10.00 yen per common share to shareholders of record on September 30, 2005, payable November 30, 2005. This is an increase from last year s interim dividend (7.50 yen), based on a new policy for profit distribution to shareholders (see pages 25-26).

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Year-end Dividend

The Board of Directors of the company also voted today in favor of a plan to propose a year-end cash dividend of 10.00 yen per common share (payable to shareholders of record as of March 31, 2005) subject to approval at the company s ordinary general meeting of shareholders to be held in June 2006. If implemented, total dividends for fiscal 2006, including the aforementioned interim dividend of 10.00 yen per common share, will be 20.00 yen per common share (see pages 25-26).

Outlook for the Full Fiscal Year 2006

The company expects the future business environment to remain quite uncertain in the second half of fiscal 2006, with price increases in crude oil and other raw materials and continuing price declines due to fierce global competition. Considering these conditions, the forecast for the full fiscal year 2006, ending March 31, 2006, remains unchanged from the forecast announced on April 28, 2005.

Matsushita Electric Industrial Co., Ltd., best known for its Panasonic brand products, is one of the world s leading manufacturers of electronic and electric products for consumer, business and industrial use. Matsushita s shares are listed on the Tokyo, Osaka, Nagoya, New York, Euronext Amsterdam, and Frankfurt stock exchanges.

For more information, please visit the following Web sites:

Matsushita home page URL: http://panasonic.co.jp/global/

Matsushita IR Web site URL: http://ir-site.panasonic.com/

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Disclaimer Regarding Forward-Looking Statements

This press release includes forward-looking statements (within the meaning of Section 27A of the U.S. Securities Act of 1933 and Section 21E of the U.S. Securities Exchange Act of 1934) about Matsushita and its Group companies (the Matsushita Group). To the extent that statements in this press release do not relate to historical or current facts, they constitute forward-looking statements. These forward-looking statements are based on the current assumptions and beliefs of the Matsushita Group in light of the information currently available to it, and involve known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Matsushita Group s actual results, performance, achievements or financial position to be materially different from any future results, performance, achievements or financial position expressed or implied by these forward-looking statements. Matsushita undertakes no obligation to publicly update any forward-looking statements after the date of this press release. Investors are advised to consult any further disclosures by Matsushita in its subsequent filings with the U.S. Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934.

The risks, uncertainties and other factors referred to above include, but are not limited to, economic conditions, particularly consumer spending and corporate capital expenditures in the United States, Europe, Japan, China and other Asian countries; volatility in demand for electronic equipment and components from business and industrial customers, as well as consumers in many product and geographical markets; currency rate fluctuations, notably between the yen, the U.S. dollar, the euro, the Chinese yuan, Asian currencies and other currencies in which the Matsushita Group operates businesses, or in which assets and liabilities of the Matsushita Group are denominated; the ability of the Matsushita Group to respond to rapid technological changes and changing consumer preferences with timely and cost-effective introductions of new products in markets that are highly competitive in terms of both price and technology; the ability of the Matsushita Group to achieve its business objectives through joint ventures and other collaborative agreements with other companies; the ability of the Matsushita Group to maintain competitive strength in many product and geographical areas; the possibility that the Matsushita Group may face intellectual property infringement claims by third parties; current and potential, direct and indirect restrictions imposed by other countries over trade, manufacturing, labor and operations; fluctuations in market prices of securities and other assets in which the Matsushita Group has holdings or changes in valuation of long-lived assets and deferred tax assets; future changes or revisions to accounting policies or accounting rules; as well as natural disasters including earthquakes and other events that may negatively impact business activities of the Matsushita Group. The factors listed above are not all-inclusive and further information is contained in Matsushita s latest annual report on Form 20-F, which is on file with the U.S. Securities and Exchange Commission.

(Financial Tables and Additional Information Attached)

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Matsushita Electric Industrial Co., Ltd.

Consolidated Statement of Income *

(Three months ended September 30)

	Yen (millions)		Percentage	U.S. Dollars (millions)
	2005	2004	2005/2004	2005
Net sales	¥ 2,211,052	¥ 2,216,510	100%	$ 19,567
Cost of sales	(1,548,264)	(1,609,269)		(13,701)
Selling, general and administrative expenses	(537,722)	(494,368)		(4,759)
Operating profit	125,066	112,873	111%	1,107
Other income (deductions):				
Interest income	6,374	4,405		57
Dividend income	504	329		4
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance		3,999		
Interest expense	(6,388)	(4,013)		(57)
Expenses associated with the implementation of early retirement programs **	(20,572)	(45,690)		(182)
Other loss, net	(17,067)	(15,092)		(151)
Income before income taxes	87,917	56,811	155%	778
Provision for income taxes	(49,697)	(26,221)		(440)
Minority interests	2,278	(4,716)		20
Equity in earnings (losses) of associated companies	(9,534)	(2,513)		(84)
Net income	¥ 30,964	¥ 23,361	133%	$ 274
Net income, basic				
per common share	13.94 yen	10.10 yen		$ 0.12
per ADS	13.94 yen	10.10 yen		$ 0.12
Net income, diluted				
per common share	13.94 yen	10.10 yen		$ 0.12
per ADS	13.94 yen	10.10 yen		$ 0.12

(Parentheses indicate expenses, deductions or losses.)

* ** See Notes to consolidated financial statements on pages 16-17.

Supplementary Information

(Three months ended September 30)

	Yen (millions)		U.S. Dollars (millions)
	2005	2004	2005
Depreciation (tangible assets):	¥ 67,468	¥ 74,821	$ 597
Capital investment *:	¥ 70,363	¥ 76,214	$ 623
R&D expenditures:	¥ 143,015	¥ 161,788	$ 1,266
Number of employees (Sep. 30)	332,548	339,607	

* These figures are calculated on an accrual basis.

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Matsushita Electric Industrial Co., Ltd.

Consolidated Statement of Income *

(Six months ended September 30)

	Yen (millions)		Percentage	U.S. Dollars (millions)
	2005	2004	2005/2004	2005
Net sales	¥ 4,259,213	¥ 4,318,537	99%	$ 37,692
Cost of sales	(2,957,166)	(3,075,596)		(26,170)
Selling, general and administrative expenses	(1,130,960)	(1,086,607)		(10,008)
Operating profit	171,087	156,334	109%	1,514
Other income (deductions):				
Interest income	11,143	9,118		99
Dividend income	4,759	3,908		42
Gain from the transfer of the substitutional portion of Japanese Welfare Pension Insurance		31,509		
Interest expense	(10,233)	(11,494)		(91)
Expenses associated with the implementation of early retirement programs **	(20,774)	(49,609)		(184)
Other loss, net	(1,871)	(2,493)		(16)
Income before income taxes	154,111	137,273	112%	1,364
Provision for income taxes	(85,428)	(60,832)		(756)
Minority interests	6,596	(15,346)		58
Equity in earnings (losses) of associated companies	(10,872)	(4,916)		(96)
Net income	¥ 64,407	¥ 56,179	115%	$ 570
Net income, basic				
per common share	28.82 yen	24.26 yen		$ 0.26
per ADS	28.82 yen	24.26 yen		$ 0.26
Net income, diluted				
per common share	28.82 yen	24.26 yen		$ 0.26
per ADS	28.82 yen	24.26 yen		$ 0.26

(Parentheses indicate expenses, deductions or losses.)

* ** See Notes to consolidated financial statements on pages 16-17.

Change in Retained Earnings *

(Six months ended September 30)

	Yen (millions)		U.S. Dollars (millions)
	2005	2004	2005
Balance at beginning of year	¥ 2,461,071	¥ 2,442,504	$ 21,779
Net income	64,407	56,179	570
Cash dividends	(16,938)	(17,967)	(150)
Transfer to legal reserve	(725)	(4,991)	(6)
Transfer to capital surplus due to merger of subsidiaries	(48)		(0)
Balance at end of year	¥ 2,507,767	¥ 2,475,725	$ 22,193

* See Notes to consolidated financial statements on pages 16-17.

Supplementary Information

(Six months ended September 30)

	Yen (millions)		U.S. Dollars (millions)
	2005	2004	2005
Depreciation (tangible assets):	¥ 132,339	¥ 138,668	$ 1,171
Capital investment *:	¥ 159,444	¥ 145,643	$ 1,411
R&D expenditures:	¥ 278,417	¥ 316,527	$ 2,464
Number of employees (Sep. 30)	332,548	339,607	

* These figures are calculated on an accrual basis.

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Matsushita Electric Industrial Co., Ltd.

Consolidated Balance Sheet **

September 30, 2005

With comparative figures for March 31, 2005

	Yen (millions)		U.S. Dollars (millions)
	Sept. 30, 2005	March 31, 2005	Sept. 30, 2005
Assets			
Current assets:			
Cash and cash equivalents	¥ 1,455,714	¥ 1,169,756	$ 12,882
Time deposits	213,543	144,781	1,890
Short-term investments	16,252	11,978	144
Trade receivables (notes and accounts)	1,091,402	1,251,738	9,659
Inventories	1,006,422	893,425	8,906
Other current assets	527,454	558,854	4,668
Total current assets	4,310,787	4,030,532	38,149
Noncurrent receivables		246,201	
Investments and advances	1,197,666	1,146,505	10,599
Property, plant and equipment, net of accumulated depreciation	1,635,462	1,658,080	14,473
Other assets	946,076	975,563	8,372
Total assets	¥ 8,089,991	¥ 8,056,881	$ 71,593
Liabilities and Stockholders Equity			
Current liabilities:			
Short-term borrowings	¥ 359,033	¥ 385,474	$ 3,177
Trade payables (notes and accounts)	893,500	866,019	7,907
Other current liabilities	1,619,575	1,577,398	14,333
Total current liabilities	2,872,108	2,828,891	25,417
Long-term debt	429,250	477,143	3,799
Other long-term liabilities	680,427	710,654	6,021
Minority interests	482,089	495,941	4,266
Common stock	258,740	258,740	2,290
Capital surplus	1,231,516	1,230,701	10,898
Legal reserve	87,813	87,838	777
Retained earnings	2,507,767	2,461,071	22,193
Accumulated other comprehensive income (loss) *	(131,855)	(238,377)	(1,167)

Treasury stock	(327,864)	(255,721)	(2,901)
Total liabilities and stockholders equity	¥ 8,089,991	¥ 8,056,881	$ 71,593

* Accumulated other comprehensive income (loss) breakdown:

	Yen (millions)		U.S. Dollars (millions)
	Sept. 30, 2005	March 31, 2005	Sept. 30, 2005
Cumulative translation adjustments	¥ (182,182)	¥ (245,642)	$ (1,612)
Unrealized holding gains of available-for-sale securities	127,848	72,608	1,131
Unrealized gains of derivative instruments	8,704	6,403	77
Minimum pension liability adjustments	(86,225)	(71,746)	(763)

** See Notes to consolidated financial statements on pages 16-17.

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Matsushita Electric Industrial Co., Ltd.

Consolidated Sales Breakdown *

(Three months ended September 30)

	Yen (billions)		Percentage	U.S. Dollars (millions)
	2005	**2004**	**2005/2004**	**2005**
AVC Networks				
Video and audio equipment	¥ 398.9	¥ 386.7	103%	$ 3,530
Information and communications equipment	502.3	524.0	96%	4,445
Subtotal	901.2	910.7	99%	7,975
Home Appliances	270.0	292.1	92%	2,389
Components and Devices	279.4	291.9	96%	2,473
MEW and PanaHome	409.7	375.4	109%	3,626
JVC	184.8	182.0	102%	1,636
Other	165.9	164.4	101%	1,468
Total	¥ 2,211.0	¥ 2,216.5	100%	$ 19,567
Domestic sales	1,109.0	1,150.1	96%	9,814
Overseas sales	1,102.0	1,066.4	103%	9,753

(Six months ended September 30)

	Yen (billions)		Percentage	U.S. Dollars (millions)
	2005	**2004**	**2005/2004**	**2005**
AVC Networks				
Video and audio equipment	¥ 744.4	¥ 732.2	102%	$ 6,588
Information and communications equipment	1,003.0	1,013.8	99%	8,876

Subtotal	1,747.4	1,746.0	100%	15,464
Home Appliances	578.4	609.4	95%	5,119
Components and Devices	531.0	582.5	91%	4,699
MEW and PanaHome	752.4	711.6	106%	6,658
JVC	333.7	354.2	94%	2,953
Other	316.3	314.8	100%	2,799
Total	¥ 4,259.2	¥ 4,318.5	99%	$ 37,692
Domestic sales	2,173.7	2,202.9	99%	19,236
Overseas sales	2,085.5	2,115.6	99%	18,456

* See Notes to consolidated financial statements on pages 16-17.

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Matsushita Electric Industrial Co., Ltd.

Consolidated Sales Breakdown *

(Six months ended September 30)

[Domestic/Overseas Sales Breakdown]

(in yen only)

	Domestic sales		Overseas sales	
	Yen (billions) 2005	Percentage 2005/2004	Yen (billions) 2005	Percentage 2005/2004
AVC Networks				
Video and audio equipment	¥ 227.0	101%	¥ 517.4	102%
Information and communications equipment	481.3	100%	521.7	98%
Subtotal	708.3	101%	1,039.1	100%
Home Appliances	336.7	92%	241.7	99%
Components and Devices	198.2	87%	332.8	94%
MEW and PanaHome	644.6	105%	107.8	107%
JVC	97.6	100%	236.1	92%
Other	188.3	96%	128.0	108%
Total	¥ 2,173.7	99%	¥ 2,085.5	99%

* See Notes to consolidated financial statements on pages 16-17.

Matsushita Electric Industrial Co., Ltd.

Consolidated Information by Segments *

(Six months ended September 30)

By Business Segment:

	Yen (billions)		Percentage	U.S. Dollars (millions)
	2005	2004	2005/2004	2005
[Sales]				
AVC Networks	¥ 1,881.8	¥ 1,883.6	100%	$ 16,653
Home Appliances	603.7	660.4	91%	5,342
Components and Devices	680.8	792.4	86%	6,025
MEW and PanaHome	837.4	734.5	114%	7,411
JVC	336.3	360.3	93%	2,976
Other	618.8	539.3	115%	5,476
Subtotal	4,958.8	4,970.5	100%	43,883
Eliminations	(699.6)	(652.0)		(6,191)
Consolidated total	¥ 4,259.2	¥ 4,318.5	99%	$ 37,692
[Segment Profit] **				
AVC Networks	¥ 84.8	¥ 68.3	124%	$ 750
Home Appliances	39.5	37.8	105%	350
Components and Devices	33.7	39.5	85%	298
MEW and PanaHome	28.5	24.6	116%	252
JVC	(4.0)	4.6		(35)
Other	28.7	16.1	178%	254
Subtotal	211.2	190.9	111%	1,869
Corporate and eliminations	(40.1)	(34.6)		(355)
Consolidated total	¥ 171.1	¥ 156.3	109%	$ 1,514

By Domestic and Overseas Company Location:

	Yen (billions)		Percentage	U.S. Dollars (millions)
	2005	2004	2005/2004	2005
[Sales]				
Japan	¥ 3,303.9	¥ 3,285.6	101%	$ 29,238
Americas	669.6	643.6	104%	5,926
Europe	491.1	528.4	93%	4,346
Asia, China and others	1,344.4	1,261.6	107%	11,897
Subtotal	5,809.0	5,719.2	102%	51,407
Eliminations	(1,549.8)	(1,400.7)		(13,715)
Consolidated total	¥ 4,259.2	¥ 4,318.5	99%	$ 37,692
[Segment Profit]				
Japan	¥ 160.9	¥ 126.0	128%	$ 1,424
Americas	9.0	11.5	78%	80
Europe	(0.4)	8.8		(4)
Asia, China and others	44.0	50.6	87%	389
Subtotal	213.5	196.9	108%	1,889
Corporate and eliminations	(42.4)	(40.6)		(375)
Consolidated total	¥ 171.1	¥ 156.3	109%	$ 1,514

* ** See Notes to consolidated financial statements on pages 16-17.

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Matsushita Electric Industrial Co., Ltd.

Consolidated Statement of Cash Flows *

(Six months ended September 30)

	Yen (millions)		U.S. Dollars (millions)
	2005	**2004**	**2005**
Cash flows from operating activities:			
Net income	¥ 64,407	¥ 56,179	$ 570
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	150,524	156,922	1,332
Net gain on sale of investments	(19,054)	(10,914)	(169)
Provision for doubtful receivables	2,732	6,083	24
Deferred income taxes	25,951	5,758	230
Write-down of investment securities	6,666	1,663	59
Impairment loss on long-lived assets	5,433	13,032	48
Minority interests	(6,596)	15,346	(58)
(Increase) decrease in trade receivables	(6,265)	48,251	(56)
(Increase) decrease in inventories	(94,925)	(104,660)	(840)
(Increase) decrease in other current assets	(14,584)	(11,941)	(129)
Increase (decrease) in trade payables	76,916	(16,389)	681
Increase (decrease) in accrued income taxes	3,047	3,178	27
Increase (decrease) in accrued expenses and other current liabilities	37,548	46,837	332
Increase (decrease) in retirement and severance benefits	(35,187)	(58,235)	(311)
Other	(4,651)	(4,653)	(41)
Net cash provided by operating activities	¥ 191,962	¥ 146,457	$ 1,699
Cash flows from investing activities:			
Proceeds from sale of short-term investments	7,341	1,506	65
Purchase of short-term investments		(1,001)	
Proceeds from disposition of investments and advances	373,936	43,459	3,309
Increase in investments and advances	(126,019)	(33,867)	(1,115)
Capital expenditures	(196,472)	(134,586)	(1,739)
Proceeds from sale of fixed assets	90,381	32,421	800
(Increase) decrease in finance receivables		4,597	
(Increase) decrease in time deposits	81,826	4,446	724
Inflows due to acquisition of additional shares of newly consolidated subsidiaries, net of cash paid		79,724	
Proceeds from sale of shares of a financial subsidiary	62,948		557
Other	(19,560)	(23,531)	(173)
Net cash provided by (used in) investing activities	¥ 274,381	¥ (26,832)	$ 2,428

Cash flows from financing activities:			
Increase (decrease) in short-term borrowings	27,321	5,111	242
Increase (decrease) in deposits and advances from customers and employees	(5,230)	(134,185)	(46)
Proceeds from long-term debt	30,653	69,968	271
Repayments of long-term debt	(148,198)	(48,297)	(1,312)
Dividends paid	(16,938)	(17,967)	(150)
Dividends paid to minority interests	(9,638)	(11,772)	(85)
Repurchase of common stock	(72,214)	(20,275)	(639)
Sale of treasury stock	88		1
Other	4,725		42
Net cash used in financing activities	¥ (189,431)	¥ (157,417)	$ (1,676)
Effect of exchange rate changes on cash and cash equivalents	9,046	16,386	80
Net increase (decrease) in cash and cash equivalents	285,958	(21,406)	2,531
Cash and cash equivalents at beginning of period	1,169,756	1,275,014	10,351
Cash and cash equivalents at end of period	¥ 1,455,714	¥ 1,253,608	$ 12,882

* See Notes to consolidated financial statements on pages 16-17.

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Notes to consolidated financial statements:

1. The company s consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).

2. In order to be consistent with generally accepted financial reporting practices in Japan, operating profit is presented as net sales less cost of sales and selling, general and administrative expenses. The company believes that this is useful to investors in comparing the company s financial results with those of other Japanese companies. Please refer to the accompanying consolidated statement of income and Note 5 for U.S. GAAP reconciliation.

3. On April 1, 2005, Matsushita sold approximately 2,707 thousand shares of Matsushita Leasing & Credit Co., Ltd. (MLC) to The Sumitomo Trust & Banking Co., Ltd. (STB) for cash proceeds of 27,756 million yen, and recorded a gain of 10,313 million yen, pursuant to a basic agreement regarding the equity ownership of MLC concluded between the company and STB. As a result of the sale, Matsushita now owns 34% of MLC s total issued shares. MLC (renamed Sumishin Matsushita Financial Services Co., Ltd. on May 1, 2005) was changed from a consolidated subsidiary to an equity method investee of Matsushita as of April 1, 2005.

4. Comprehensive income was reported as a gain of 170,929 million yen ($1,513 million) for the first half ended September 30, 2005, a gain of 191,419 million yen for the first half ended September 30, 2004, and a gain of 219,606 million yen for the year ended March 31, 2005. Comprehensive income includes net income and increases (decreases) in cumulative translation adjustments, unrealized holding gains (losses) of available-for-sale securities, unrealized gains (losses) of certain derivative instruments and minimum pension liability adjustments.

5. Under U.S. GAAP, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies are included as part of operating profit in the statement of income.

6. Employees Pension Funds in certain of the company s subsidiaries obtained approvals from Japan s Ministry of Health, Labour and Welfare (the Ministry) for exemption from the past benefit obligation with respect to the portion of the Employees Pension Funds that certain of the company s subsidiaries operated for the Government (the so-called substitutional portion), and transferred the substitutional portion to the Government in the first half ended September 30, 2004. A gain of 31,509 million yen from the transfer of the substitutional portion of the Japanese Welfare Pension Insurance is reported as other income in the consolidated statement of income for the first half ended September 30, 2004.

7. Regarding consolidated segment profit, expenses for basic research and administrative expenses at the corporate headquarters level are treated as unallocatable expenses for each business segment, and are included in Corporate and eliminations.

8. The company s business segments are classified according to a business domain-based management system, which focuses on global consolidated management by each business domain, in order to ensure consistency of its internal management structure and disclosure.

Principal internal divisional companies or units and subsidiaries operating in respective segments are as follows:

AVC Networks

Panasonic AVC Networks Company, Panasonic Communications Co., Ltd.,

Panasonic Mobile Communications Co., Ltd., Panasonic Automotive Systems Company,

Panasonic System Solutions Company, Panasonic Shikoku Electronics Co., Ltd.

Home Appliances

Home Appliances Group, Healthcare Business Company, Lighting Company,

Matsushita Ecology Systems Co., Ltd.

Components and Devices

Semiconductor Company, Matsushita Battery Industrial Co., Ltd.,

Panasonic Electronic Devices Co., Ltd., Motor Company

MEW and PanaHome

Matsushita Electric Works, Ltd., PanaHome Corporation

JVC

Victor Company of Japan, Ltd.

Other