

MATSUSHITA ELECTRIC INDUSTRIAL CO LTD

Form 6-K

November 29, 2007

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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 November 2007**

**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  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

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:**

1. Semi-annual report dated November 21, 2007 filed with the Japanese government and with each stock exchange in Japan on which securities of the registrant are listed. (English translation)
  
2. New release issued on November 21, 2007, by the registrant, announcing the repurchase of a portion of its own shares.

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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  
General Manager of Investor Relations  
Matsushita Electric Industrial Co., Ltd.

Dated: November 29, 2007

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[English summary with full translation of consolidated financial information]

**Semi-Annual Report filed with the Japanese  
government pursuant to the Securities and Exchange  
Law of Japan**

**For the six months ended**

**September 30, 2007**

**Matsushita Electric Industrial Co., Ltd.**  
**Osaka, Japan**

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**Disclaimer Regarding Forward-Looking Statements**

This semi-annual report 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 semi-annual report 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 semi-annual report. 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 and its other filings.

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 of incurring expenses resulting from any defects in products or services of the Matsushita Group; 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, including property, plant and equipment and goodwill, 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.

Note: Certain information previously filed with the SEC in other reports, including English summaries of non-consolidated (parent company alone) financial information, is not included in this English translation.



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**I Corporate Information****(1) Consolidated Financial Summary**

	Yen (millions), except per share amounts				
	Six months ended			Year ended	
	September 30,			March 31,	
	2007	2006	2005	2007	2006
Net sales	4,525,305	4,389,494	4,259,213	9,108,170	8,894,329
Income before income taxes	187,641	232,474	154,111	439,144	371,312
Net income	105,122	115,123	64,407	217,185	154,410
Total stockholders' equity	3,906,156	3,856,267	3,626,117	3,916,741	3,787,621
Total assets	7,567,302	7,992,025	8,089,991	7,896,958	7,964,640
Stockholders' equity per share of common stock (yen)	1,842.45	1,758.51	1,635.76	1,824.89	1,714.22
Net income per share of common stock, <i>basic</i> (yen)	49.32	52.38	28.82	99.50	69.48
Net income per share of common stock, <i>diluted</i> (yen)	49.32	52.38	28.82	99.50	69.48
Stockholders' equity / total assets (%)	51.6	48.3	44.8	49.6	47.6
Net cash provided by operating activities	181,689	197,651	190,212	532,557	575,418
Net cash provided by (used in) investing activities	15,517	(343,067)	274,381	(567,808)	407,091
Net cash used in financing activities	(106,943)	(127,797)	(187,681)	(427,703)	(524,568)
Cash and cash equivalents at end of period	1,222,517	1,407,706	1,455,714	1,236,639	1,667,396
Total employees (persons)	309,037	331,557	332,548	328,645	334,402

- Notes:
1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
  2. Victor Company of Japan, Ltd. (JVC) and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007.

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**(2) Principal Businesses**

The Matsushita Group is comprised primarily of the parent Matsushita Electric Industrial Co., Ltd. and 570 consolidated subsidiaries in and outside of Japan, operating in close cooperation with each other. As a comprehensive electronics manufacturer, Matsushita is engaged in production, sales and service activities in a broad array of business areas.

The Company's business segment classifications consist of five segments, namely, AVC Networks, Home Appliances, Components and Devices, MEW and PanaHome, and Other. JVC and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007.

For production, Matsushita adopts a management system that takes charge of each product in the Company or its affiliates. In recent years, the Company has been enhancing production capacity at its overseas affiliates, to further develop global business. Meanwhile, in Japan, Matsushita's products are sold through sales channels at several domestic locations, each established according to products or customers. The Company also sells directly to large-scale consumers, such as the Government and corporations.

For export, sales are handled mainly through sales subsidiaries and agents located in respective countries.

Certain products produced at domestic affiliates are purchased by the Company and sold through the same sales channels as products produced by the Company itself. Additionally, products produced at overseas affiliates are sold mainly through sales subsidiaries in respective countries.

Meanwhile, most import operations are carried out internally, with the aim of expanding international economic cooperation.

Certain MEW and PanaHome products are sold on a proprietary basis at home and abroad.

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The main products and main group companies for each business segment are as follows:

**AVC Networks**

**Video and audio equipment**

Plasma, liquid crystal display (LCD) and cathode ray tube (CRT) TVs, DVD recorders/players, videocassette recorders (VCRs), camcorders, digital cameras, compact disc (CD), Mini Disc (MD) and Secure Digital (SD) players, other personal and home audio equipment, SD memory Cards and other recordable media, optical pickup, other electro-optic devices, etc.

**Information and communications equipment**

Personal computers (PCs), optical disc drives, copiers, printers, telephones, mobile phones, facsimile equipment, broadcast- and business-use AV equipment, communications network-related equipment, traffic-related systems, car AVC equipment, healthcare equipment, etc.

The main group companies for AVC Networks are:

Matsushita Electric Industrial Co., Ltd.

Panasonic Mobile Communications Co., Ltd.

Panasonic Communications Co., Ltd.

Panasonic Shikoku Electronics Co., Ltd.

Panasonic Corporation of North America

Panasonic AVC Networks Czech, s.r.o.

**Home Appliances**

Refrigerators, room air conditioners, washing machines, clothes dryers, vacuum cleaners, electric irons, microwave ovens, rice cookers, other cooking appliances, dish washer/dryers, electric fans, air purifiers, electric heating equipment, electric hot water supply equipment, sanitary equipment, electric lamps, ventilation and air-conditioning equipment, car air conditioners, compressors, vending machines, etc.

The main group companies for Home Appliances are:

Matsushita Electric Industrial Co., Ltd.

Matsushita Refrigeration Company

Matsushita Ecology Systems Co., Ltd.

Panasonic Home Appliances Air-Conditioning (Guangzhou) Co., Ltd.

Panasonic Refrigeration Devices Singapore Pte. Ltd.

### **Components and Devices**

Semiconductors, general components (capacitors, modules, circuit boards, power supply and inductive products, circuit components, electromechanical components, speakers, etc.), electric motors, batteries, etc.

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The main group companies for Components and Devices are:

Matsushita Electric Industrial Co., Ltd.

Panasonic Electronic Devices Co., Ltd.

Matsushita Battery Industrial Co., Ltd.

Panasonic Electronic Devices Corporation of America

Panasonic Electronic Devices Malaysia Sdn. Bhd.

**MEW and PanaHome**

Lighting fixtures, wiring devices, distribution panelboards, personal-care products, health enhancing products, water-related products, modular kitchen systems, interior furnishing materials, exterior finishing materials, electronic and plastic materials, automation controls, detached housing, rental apartment housing, medical and nursing care facilities, home remodeling, residential real estate, etc.

The main group companies for MEW and PanaHome are:

Matsushita Electric Works, Ltd.

PanaHome Corporation

**Other**

Electronic-components-mounting machines, industrial robots, welding equipments, bicycles, imported materials and components, etc.

The main group companies for Other are:

Matsushita Electric Industrial Co., Ltd.

Panasonic Factory Solutions Co., Ltd.

Matsushita Welding Systems Co., Ltd.

Panasonic Factory Solutions Singapore Pte. Ltd.

Panasonic Welding Systems (Tangshan) Co., Ltd.

### **(3) Changes in Subsidiaries and Associated Companies**

Newly consolidated subsidiaries and associated companies, during the first fiscal half ended September 30, 2007, include the following companies.

#### As consolidated subsidiaries

Panasonic Finance (China) Co.Ltd.

Panasonic Electronic Devices (Beijing) Co., Ltd.

#### As an associated company

Victor Company of Japan, Ltd.\*

\* Victor Company of Japan, Ltd. (JVC) and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007.

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**(4) Number of Employees by Business Segment (as of September 30, 2007)**

<b>Business Segment</b>	<b>Number of employees</b>
AVC Networks	100,582
Home Appliances	43,420
Components and Devices	77,295
MEW and PanaHome	60,877
Other	23,221
Corporate	3,642
Total	309,037

Note: In total, the number of employees decreased by 19,608 from the end of last fiscal year. This is mainly because Victor Company of Japan, Ltd. (JVC) and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007.

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**II The Business**

**(1) Operating Results**

During the first half ended September 30, 2007, the electronics industry faced severe business conditions in Japan and overseas, due mainly to rising prices for crude oil and other raw materials and continued price declines caused by ever-intensified global competition, mainly in digital products. Under these circumstances, in fiscal 2008, ending March 31, 2008, the first year of the new mid-term management plan GP3, Matsushita is implementing initiatives to accelerate steady growth with profitability.

As part of such efforts, the Company continues to strengthen a new series of V-products, as a core of its growth strategy, to capture leading market shares and make a significant contribution to overall business results. In overseas businesses, Matsushita is implementing initiatives to strengthen marketing activities tailored to regional characteristics. In addition, Matsushita is striving to transform itself into a manufacturing-oriented company one that combines all the business activities of the Group toward the launch of products, thereby contributing to the creation of customer value. Matsushita is promoting wider collaboration across business fields and operating regions in order to reinforce product design and quality, procurement, logistics, overseas sales and other areas of its operations.

During the first half, ended September 30, 2007, consolidated group sales increased 3% to 4,525.3 billion yen, compared with 4,389.5 billion yen in the same six-month period a year ago. Explaining the first half results, the Company cited sales gains in all product categories except JVC\*.

Regarding earnings, the Company's operating profit\*\* for the first fiscal half increased 6% to 220.0 billion yen, from 207.4 billion yen in the comparable period a year ago, despite the effects from ever-intensified global price competition and rising raw materials prices. This improvement was due primarily to sales gains and the cost reduction efforts including materials costs and fixed costs, as well as the effects of a weaker yen.

In other income (deductions), the Company recorded 15.8 billion yen as expenses associated with the implementation of early retirement programs and also incurred expenditures on product quality. These factors, as well as the previous year's gains of 27.3 billion yen on the sale of the investments regarding cable broadcasting business, led to pre-tax income of 187.6 billion yen, down 19% from 232.5 billion yen last year. Net income was also down 9% to 105.1 billion yen, as compared with 115.1 billion yen in the first half of the previous year.

\*



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Victor Company of Japan, Ltd. and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007. Accordingly, sales of JVC from August 2007 to September 2007 are excluded from the consolidated group sales.

\*\* In order to be consistent with financial reporting practices generally accepted in Japan, operating profit (loss) is presented as net sales less cost of sales and selling, general and administrative expenses. Under U.S. generally accepted accounting principles, expenses associated with the implementation of early retirement programs at certain domestic and overseas companies are included as part of operating profit in the consolidated statements of income.

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The Company's first half consolidated results by business segment, as compared with prior year results, are summarized as follows:

**AVC Networks**

AVC Networks sales increased 7% to 2,059.6 billion yen, from the previous year's first half. Sales of video and audio equipment increased from the previous year's first half, due mainly to favorable sales in digital AV products such as flat-panel TVs and digital cameras. In information and communications equipment, strong sales of video broadcasting equipment, automotive electronics and mobile phones led to overall increased sales.

Segment profit increased 8% to 110.1 billion yen. This improvement was due mainly to the aforementioned sales increases of digital AV products, including flat-panel TVs and digital cameras, and information and communications equipment.

**Home Appliances**

Sales of Home Appliances increased 9% to 667.0 billion yen from the previous year's first fiscal half, due mainly to a significant sales growth in air conditioners and compressors.

Segment profit decreased 6% to 37.3 billion yen. Although sales gains were recorded, rising raw materials prices and other negative factors led to lower profit in this segment.

**Components and Devices**

Sales of Components and Devices were up 4% to 712.3 billion yen from the same period a year ago. Favorable sales in semiconductors, general electronic components, batteries and motors led to overall increased sales in this category.

Segment profit was down 2% to 49.5 billion yen, due mainly to the effects from rising raw materials prices and

ever-intensified global price competition.

MEW and PanaHome

Sales of MEW and PanaHome increased 5% to 937.2 billion yen from a year ago, due mainly to favorable sales in electrical construction materials and electronic and plastic materials.

Segment profit increased 26% to 41.1 billion yen, mainly as a result of sales increases and cost rationalization efforts.

JVC

Sales of JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 183.1 billion yen.

In terms of profitability, this segment recorded a loss of 9.7 billion yen, compared with a loss of 1.0 billion yen in the previous year's first half.

Victor Company of Japan, Ltd. and its consolidated subsidiaries became associated companies under the equity method from Matsushita's consolidated subsidiaries from August 2007.

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*Other*

Sales of Other totaled 765.2 billion yen, up 2% from the same period a year ago. Sales increases were recorded in factory automation equipment within this category.

Segment profit increased 9% to 34.9 billion yen, due mainly to sales gains and cost rationalization effects.

**First-half Results by Domestic and Overseas Company Location\***

\* The following information shows the geographical sales and profit by region for the six months ended September 30, 2007.

*Japan*

Sales of companies in Japan amounted to 3,373.0 billion yen, mostly unchanged from the previous year's first half. Although sales gains were recorded in digital cameras, automotive electronics equipment and cooking equipment, sales of JVC decreased as a result of a change in JVC from consolidated subsidiaries to associated companies under the equity method. Profit in this region amounted to 190.0 billion yen, slightly increased from the previous year.

*Americas*

In the Americas, while sales of digital cameras and general electronic components increased, overall sales decreased 6% to 640.2 billion yen from the same period a year ago, due mainly to sales declines in flat-panel TVs and the effect of the aforementioned change in JVC from consolidated subsidiaries to associated companies under the equity method. Profit in this region decreased 57% from the previous year's first half to 6.1 billion yen, mainly as a result of sales downturns.

*Europe*

Sales in this region increased 8% to 598.3 billion yen, due mainly to favorable sales, especially in flat-panel TVs, digital cameras, air-conditioners and general electronic components. Profit in this region increased 36% to 9.3 billion yen, compared with the previous year's first half. This improvement is due primarily to an increase in sales and cost rationalization.

Asia and Others

Sales of companies in Asia and Others were up 8% to 1,536.0 billion yen, due mainly to sales gains in flat-panel TVs, digital cameras, washing machines, compressors and general electronic components. Geographical profit increased 22% to 55.2 billion yen, due mainly to favorable sales and cost rationalization effects.

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**(2) Cash Flows**

*Cash flows from operating activities*

Net cash provided by operating activities in the fiscal 2008 first half amounted to 181.7 billion yen, down by 16.0 billion yen from the previous year's first half. This was attributable mainly to an increase in trade receivables in the first half of fiscal 2008.

*Cash flows from investing activities*

Net cash provided by investing activities amounted to 15.5 billion yen, compared with net cash used in investing activities of 343.1 billion yen in the previous year's first half. This movement from a year ago was due mainly to a decrease in time deposits by 188.2 billion yen, compared with the increase of the previous year's first half in time deposits by 170.1 billion yen.

*Cash flows from financing activities*

Net cash used in financing activities amounted to 106.9 billion yen, down by 20.9 billion yen from the previous year's first half. Despite an increase in repurchase of the Company's common stock, proceeds from the issuance of common stock in its subsidiary and other factors led to overall decrease in cash outflows.

In addition to all these activities, cash and cash equivalents decreased by 93.4 billion yen, since JVC and its consolidated subsidiaries became Matsushita's associated companies under the equity method from consolidated subsidiaries in the first fiscal half. Also, there was a negative effect of 10.9 billion yen for exchange rate changes. Accordingly, cash and cash equivalents amounted to 1,222.5 billion yen at the end of the first fiscal half, down 14.1 billion yen from the end of the last fiscal year (March 31, 2007).

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**(3) Research and Development**

Matsushita engages in a broad range of R&D activities, including nanotechnologies and other advanced research; digital network software technologies for AV equipment and next-generation mobile communications; component and device technologies such as plasma displays and system LSIs; environmental technologies realizing energy-saving / creating; and manufacturing technologies.

During the first half ended September 30, 2007, Matsushita executed initiatives to accelerate R&D focused on key development themes including full HD PDPs, Blu-ray disc recorders, the Integrated Platform, and household fuel cell cogeneration systems. And Matsushita enhanced R&D efficiency mainly by creating a common platform for technologies in different product segments and categories.

Matsushita's R&D expenditures for the first half of fiscal 2008 totaled 279,916 million yen.

The following is the breakdown of R&D expenditures by business segment:

<b><u>Business Segment</u></b>	<b><u>Yen (millions)</u></b>
AVC Networks	143,349
Home Appliances	26,324
Components and Devices	57,363
MEW and PanaHome	31,689
JVC	12,213
Other	5,778
Other R&D expenditures	3,200
 Total	 <u>279,916</u>

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**III Property, Plant and Equipment****(1) Capital Investment\***

During the first half ended September 30, 2007, the Company invested a total of 217,162 million yen in property, plant and equipment, with emphasis on production facilities in such strategically important areas as digital AV equipment and key components and devices. The breakdown of capital investment by business segment is as follows:

<u>Business Segment</u>	<u>Yen (millions)</u>
AVC Networks	100,138
Home Appliances	22,551
Components and Devices	67,081
MEW and PanaHome	18,801
JVC	3,002
Other	2,483
	<hr/>
Subtotal	214,056
Corporate	3,106
	<hr/>
Total	<u>217,162</u>

\* The above figures are calculated on an accrual basis.

The main emphasis of capital investment is as follows:

AVC Networks	: New products in the digital AV and information equipment areas, increase of production capacity and rationalization of production
Home Appliances	: New home appliance products and increase of production capacity
Components and Devices	: New semiconductors and electronic components and increase of production capacity
MEW and PanaHome	: New products in the lighting, building products and automation controls equipment areas and rationalization of production
JVC	: New products and rationalization of production



Other : New products in the FA equipment area and rationalization of production

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**IV Shares and Shareholders****(1) Shares of Common Stock Issued as of September 30, 2007: 2,453,053,497 shares**

The common stock of the Company is listed on the Tokyo, Osaka and Nagoya stock exchanges in Japan. In the United States, the Company's American Depositary Shares (ADSs) have been listed on the New York stock exchange.

**(2) Amount of Common Stock (Stated Capital) as of September 30, 2007: 258,740 million yen****(3) Major Shareholders:**

<u>Name of Shareholder</u>	<u>As of September 30, 2007</u>	
	<u>Share ownership</u> <u>(in thousands of shares)</u>	<u>Percentage of</u> <u>total issued</u>
Moxley & Co.	212,314	8.65%
The Master Trust Bank of Japan, Ltd. (trust account)	125,742	5.12
State Street Bank and Trust Co.	83,876	3.41
Japan Trustee Services Bank, Ltd. (trust account)	77,167	3.14
Nippon Life Insurance Co.	67,000	2.73
Sumitomo Mitsui Banking Corporation	57,725	2.35
Sumitomo Life Insurance Co.	35,382	1.44
Mitsui Sumitomo Insurance Co., Ltd.	35,106	1.43
Matsushita Electric Employee Shareholding Association	33,477	1.36
Tokio Marine & Nichido Fire Insurance Co.	25,171	1.02
Total of above top 10 shareholders	752,964	30.69%

- Note: 1. Figures less than one thousand shares are omitted, respectively, thereby the sum of the figures may differ from the total.
2. The Company holds 332,967 thousand shares (13.57% of total issued shares) of its own common stock.

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**(4) Stock Price**

The following table sets forth the monthly reported high and low market prices per share of the Company's common stock on the Tokyo Stock Exchange for the first half of fiscal 2008:

	Yen					
	April	May	June	July	August	September
High	2,485	2,575	2,585	2,470	2,210	2,180
Low	2,295	2,365	2,395	2,135	1,912	1,912

**(5) Change in Director**

Yoshifumi Nishikawa retired as a Director of the Company (outside director), effective as of August 31, 2007.

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**V Financial Statements**

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.  
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2007 and 2006 and March 31, 2007

<u>Assets</u>	Yen (millions)		
	September 30,	March 31,	
	2007	2006	2007
Current assets:			
Cash and cash equivalents	1,222,517	1,407,706	1,236,639
Time deposits	36,738	171,118	225,458
Short-term investments (Note 3)	87,768	60,859	93,179
Trade receivables:			
Notes	63,114	62,892	68,522
Accounts	1,038,314	1,104,761	1,101,549
Allowance for doubtful receivables	(25,843)	(37,249)	(29,061)
Net trade receivables	1,075,585	1,130,404	1,141,010
Inventories (Note 2)	934,967	1,036,870	949,399
Other current assets	544,954	593,005	553,164
Total current assets	3,902,529	4,399,962	4,198,849
Investments and advances (Note 3)	1,191,754	1,161,423	1,206,082
Property, plant and equipment (Note 5):			
Land	310,949	382,871	371,154
Buildings	1,553,570	1,643,154	1,633,747
Machinery and equipment	3,006,750	3,155,406	3,126,397
Construction in progress	79,768	89,213	105,487
	4,951,037	5,270,644	5,236,785

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Less accumulated depreciation	3,372,613	3,624,871	3,594,492
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net property, plant and equipment	1,578,424	1,645,773	1,642,293
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Other assets:			
Goodwill (Note 5)	416,736	415,006	379,324
Intangible assets (Note 5)	113,457	103,300	115,631
Other assets	364,402	266,561	354,779
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total other assets	894,595	784,867	849,734
	<u>                    </u>	<u>                    </u>	<u>                    </u>
	<u>7,567,302</u>	<u>7,992,025</u>	<u>7,896,958</u>

See accompanying Notes to Consolidated Financial Statements.

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.  
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2007 and 2006 and March 31, 2007

<u>Liabilities, Minority Interests and Stockholders Equity</u>	Yen (millions)		
	September 30,	March 31,	
	2007	2006	2007
Current liabilities:			
Short-term borrowings, including current portion of long-term debt	97,053	315,143	223,190
Trade payables:			
Notes	65,164	54,877	51,602
Accounts	816,812	905,861	883,375
	881,976	960,738	934,977
Accrued income taxes	67,052	53,711	61,524
Accrued payroll	131,339	138,801	139,719
Other accrued expenses	833,784	896,011	863,428
Deposits and advances from customers	83,536	88,829	83,676
Employees deposits	362	565	406
Other current liabilities	461,369	435,252	434,947
	2,556,471	2,889,050	2,741,867
Noncurrent liabilities:			
Long-term debt	206,799	263,005	226,780
Retirement and severance benefits	229,982	369,661	280,958
Other liabilities	167,483	111,741	179,458
	604,264	744,407	687,196

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Minority interests	500,411	502,301	551,154
Stockholders' equity:			
Common stock (Note 6)	258,740	258,740	258,740
Capital surplus	1,217,841	1,234,342	1,220,967
Legal reserve	90,020	88,342	88,588
Retained earnings	2,808,520	2,668,102	2,737,024
Accumulated other comprehensive income (loss):			
Cumulative translation adjustments	(96,649)	(132,308)	(99,538)
Unrealized holding gains of available-for-sale securities			
(Note 3)	141,058	137,838	160,831
Unrealized gains of derivative instruments (Note 11)	1,052	138	862
Pension liability adjustments	42,913		44,942
Minimum pension liability adjustments		(14,764)	
Total accumulated other comprehensive income (loss)	88,374	(9,096)	107,097
Treasury stock, at cost (Note 6)	(557,339)	(384,163)	(495,675)
Total stockholders' equity	3,906,156	3,856,267	3,916,741
Commitments and contingent liabilities (Note 12)			
	7,567,302	7,992,025	7,896,958

See accompanying Notes to Consolidated Financial Statements.



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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.  
AND SUBSIDIARIES

Consolidated Statements of Income

Six months ended September 30, 2007 and 2006 and year ended March 31, 2007

	Yen (millions)		
	Six months ended September 30,	Year ended March 31,	
	2007	2006	2007
Revenues, costs and expenses:			
Net sales	4,525,305	4,389,494	9,108,170
Cost of sales	(3,225,568)	(3,085,049)	(6,394,418)
Selling, general and administrative expenses	(1,079,743)	(1,097,054)	(2,254,211)
Interest income	17,315	11,860	30,553
Dividends received	5,568	4,150	7,597
Other income (Note 11)	36,763	70,435	114,545
Interest expense	(10,580)	(10,193)	(20,906)
Goodwill impairment (Note 5)			(30,496)
Other deductions (Notes 5, 10 and 11)	(81,419)	(51,169)	(121,690)
	187,641	232,474	439,144
Income before income taxes			
Provision for income taxes:			
Current	76,474	61,319	119,465
Deferred	(5,610)	38,354	72,398
	70,864	99,673	191,863
Income before minority interests and equity in gains (losses) of associated companies	116,777	132,801	247,281
Minority interests	5,012	17,932	31,131
Equity in gains (losses) of associated companies	(6,643)	254	1,035

Net income	<u>105,122</u>	<u>115,123</u>	<u>217,185</u>
	<u>Yen</u>		
Net income per share of common stock (Note 8):			
Basic	49.32	52.38	99.50
Diluted	49.32	52.38	99.50

See accompanying Notes to Consolidated Financial Statements.

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.  
AND SUBSIDIARIES

Consolidated Statements of Stockholders Equity

Six months ended September 30, 2007 and 2006 and year ended March 31, 2007

	Yen (millions)						
	Six months ended September 30, 2007						
	Common Stock	Capital surplus	Legal reserve	Retained earnings	Accumulated other comprehensive income (loss)	Treasury stock	Total stockholders equity
Balances at beginning of period	258,740	1,220,967	88,588	2,737,024	107,097	(495,675)	3,916,741
Gain from sale of treasury stock		35					35
Increase (decrease) mainly in capital transactions		(3,161)					(3,161)
Transfer from retained earnings			1,432	(1,432)			
Cash dividends				(32,194)			(32,194)
Disclosure of comprehensive income (loss):							
Net income				105,122			105,122
Translation adjustments					2,889		2,889
Unrealized holding gains (losses) of available-for-sale securities					(19,773)		(19,773)