

MATSUSHITA ELECTRIC INDUSTRIAL CO LTD

Form 6-K

December 08, 2006

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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 2006

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. News release issued on November 21, 2006, by Matsushita Electric Industrial Co., Ltd. (the registrant), announcing the repurchase of a portion of its own shares.

2. Semi-annual report dated November 22, 2006 filed with the Japanese government and with each stock exchange in Japan on which securities of the registrant are listed. (English translation)

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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/ YOICHI NAGATA
Yoichi Nagata, Attorney-in-Fact

Director of Overseas Investor Relations

Matsushita Electric Industrial Co., Ltd.

Dated: December 8, 2006

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November 21, 2006

FOR IMMEDIATE RELEASE

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Matsushita Electric Executes Own Share Repurchase

Osaka, Japan, November 21, 2006 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 former Japanese Commercial Code, which applies pursuant to Article 81 of the Law for Maintenance of Relevant Laws Relating to the Enforcement of the Company Law.

Details of the share repurchase are as follows:

1. Class of shares: Common stock
2. Period of repurchase: Between October 30, 2006 and November 21, 2006
3. Aggregate number of shares repurchased: 8,533,000 shares
4. Aggregate repurchase amount: 19,998,215,000 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, 2006:

Class of shares: Common stock

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Aggregate number of repurchasable shares: Up to 50 million shares

Aggregate repurchase amount: Up to 100 billion yen

2) Cumulative total of shares repurchased since the April 28, 2006 Board of Directors resolution through today:

Aggregate number of shares repurchased: 32,375,000 shares

Aggregate repurchase amount: 79,994,020,000 yen
(Reference 2)

The number of shares issued and treasury stock as of September 30, 2006:

Total number of shares issued (excluding treasury stock): 2,192,915,563 shares

Treasury stock: 260,137,934 shares

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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, 2006**

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.

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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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

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

	Yen (millions), except per share amounts				
	Six months ended			Year ended	
	September 30,			March 31,	
	2006	2005	2004	2006	2005
Net sales	4,389,494	4,259,213	4,318,537	8,894,329	8,713,636
Income before income taxes	232,474	154,111	137,273	371,312	246,913
Net income	115,123	64,407	56,179	154,410	58,481
Total stockholders' equity	3,856,267	3,626,117	3,604,592	3,787,621	3,544,252
Total assets	7,992,025	8,089,991	8,405,350	7,964,640	8,056,881
Stockholders' equity per share of common stock (yen)	1,758.51	1,635.76	1,564.14	1,714.22	1,569.39
Net income per share of common stock, <i>basic</i> (yen)	52.38	28.82	24.26	69.48	25.49
Net income per share of common stock, <i>diluted</i> (yen)	52.38	28.82	24.26	69.48	25.49
Stockholders' equity / total assets (%)	48.3	44.8	42.9	47.6	44.0
Net cash provided by operating activities	197,651	190,212	147,985	575,418	478,435
Net cash provided by (used in) investing activities	(343,067)	274,381	(26,832)	407,091	(178,296)
Net cash used in financing activities	(127,797)	(187,681)	(158,945)	(524,568)	(419,451)
Cash and cash equivalents at end of period	1,407,706	1,455,714	1,253,608	1,667,396	1,169,756
Total employees (persons)	331,557	332,548	339,607	334,402	334,752

- Notes:
1. The Company's consolidated financial statements are prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP).
 2. The figures of net cash provided by operating activities and net cash used in financing activities in previous periods have been revised. (See Notes to Consolidated Financial Statements (1)(c) in V Financial Statements.)

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
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(2) Principal Businesses

The Matsushita Group is comprised primarily of the parent Matsushita Electric Industrial Co., Ltd. and 638 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 six segments, namely, AVC Networks, Home Appliances, Components and Devices, MEW and PanaHome*, JVC and Other.

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.

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

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

* MEW stands for Matsushita Electric Works, Ltd. and PanaHome stands for PanaHome Corporation.

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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 and 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, 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, healthcare equipment, electric lamps, ventilation and air-conditioning equipment, car air conditioners, compressors, vending machines, medical equipment, 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.

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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.

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 furnishing 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

JVC

LCD, rear projection, CRT TVs, VCRs, camcorders, DVD recorders/players, CD/DVD/MD audio systems and other audio equipment, car AV equipments, business-use AV systems, motors and other components for precision equipment, recordable media, AV software for DVD, CD and video tapes, AV furniture, etc.

The main group company for JVC is Victor Company of Japan, Ltd.

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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 affiliated subsidiaries and associated companies, during the first fiscal half ended September 30, 2006, include the following companies.

As consolidated subsidiaries

Panasonic Home Appliances (Hangzhou) Co., Ltd.

Panasonic Global Treasury Center B.V.

The following companies were excluded from affiliated subsidiaries during the first half ended September 30, 2006.

Cable West Inc.

MT Picture Display Corporation of America (New York)

Matsushita Washing Machine India Pvt. Ltd.

(4) Number of Employees by Business Segment (as of September 30, 2006)

<u>Business Segment</u>	<u>Number of employees</u>
AVC Networks	99,107
Home Appliances	43,212
Components and Devices	78,886
MEW and PanaHome	55,875
JVC	28,509
Other	22,382
Corporate	3,586
	<hr/>
Total	331,557
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II The Business

(1) Operating Results

During the first half ended September 30, 2006, despite signs of a slowdown in the U.S. economy with weaker housing investment, the global economic situation as a whole remained steady due mainly to high economic growth in China and the recovery trend of the European economy. The Japanese economy also continued steady growth with favorable export and capital investment.

Meanwhile, in the electronics industry, although there was shown partly a backlash of the FIFA World Cup boom, market conditions were favorable overall. However, there remains a severe business environment due primarily to rising raw materials prices and continuous price declines mainly in digital AV products caused by intensified global competition. Under these circumstances, Matsushita strives to implement growth strategies and strengthen management structures to ensure its future growth trend.

As part of such efforts, the Company aggressively launched and promoted a new series of V-products to capture leading market shares and make a significant contribution to overall business results. Aiming to reinforce its management structures, the Company has made all-out efforts to reduce raw materials costs and eliminate redundancies throughout the Matsushita Group.

During the first half, ended September 30, 2006, consolidated group sales increased 3%, from the previous year's first half, to 4,389.5 billion yen. Explaining the first half results, the Company cited sales gains mainly in digital audiovisual (AV) products, especially V-products.

Regarding earnings, negative factors such as intensified global price competition and increased raw materials prices were more than offset by comprehensive cost reduction efforts, successive launch of V-products and other positive factors. As a result, the Company's operating profit* for the first half increased 21% from a year ago to 207.4 billion yen.

Income before income taxes for the six-month period increased 51% to 232.5 billion yen from a year ago. In other income (deductions), the Company recorded gains on the sale of the investments and tangible fixed assets, and incurred less expenses associated with the implementation of early retirement programs, compared with the previous year's first half. Net income was also up 79% to 115.1 billion yen from the previous year's first half.

* 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. 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 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 1% to 1,908.7 billion yen, compared with last 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, the Company recorded strong sales of PCs and automotive electronics, but sales downturns of mobile phones in Japan and overseas and other products led to a decreased sales overall.

Segment profit increased 20% to 101.5 billion yen. This improvement was due mainly to the aforementioned sales increases of digital AV products such as flat-panel TVs and digital cameras.

Home Appliances

Sales of Home Appliances increased 6% to 637.1 billion yen from the previous year's first half, due mainly to favorable sales of air conditioners and compressors.

Segment profit increased 2% to 40.3 billion yen, due mainly to increased sales of high value-added products mainly in air-conditioners and washing machines, and cost rationalization effects.

Components and Devices

Sales of Components and Devices were also up 1% to 685.3 billion yen from a year ago. Favorable sales in general electronic components, batteries and electric motors led to overall increased sales in this category.

Segment profit increased 50% to 50.6 billion yen, due mainly to profit growth in semiconductors and general electronic components.

MEW and PanaHome

Sales of MEW and PanaHome increased 6% to 891.2 billion yen, compared with the previous year's first half. At MEW and its subsidiaries, sales gains were recorded in electrical construction materials and electronic and plastic materials. At PanaHome Corporation, sales gains were recorded in detached housing, contributing to overall increased sales.

Segment profit increased 14% to 32.5 billion yen, mainly as a result of sales increases and cost rationalization efforts.

JVC

Sales for JVC (Victor Company of Japan, Ltd. and its subsidiaries) totaled 327.1 billion yen, down 3% compared with the previous year's first half, due primarily to sluggish sales of AV equipment.

In terms of profitability, this segment recorded a loss of 1.0 billion yen compared with a loss of 4.0 billion yen in the previous year's first half, mainly as a result of a decrease in sales despite the rationalization effects.

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Other

Sales for Other totaled 751.1 billion yen, up 21% from the same period a year ago. Sales gains were recorded in factory automation equipment, contributing to the favorable sales results within this category.

Segment profit increased 11% to 31.9 billion yen, due mainly to sales increases and rationalization efforts.

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, 2006.

Japan

Sales of companies in Japan increased 2% to 3,384.2 billion yen, led by digital AV products, including flat-panel TVs and digital cameras, as well as air conditioners. Profit in this region rose 18% to 189.9 billion yen due mainly to increased sales.

Americas

Sales in the Americas increased 2% to 684.2 billion yen from the same period a year ago, due mainly to sales increases in flat-panel TVs, digital cameras and video broadcasting systems, as well as general electronic components. Profit in this region rose 55% from the previous year's first half to 14.0 billion yen, mainly as a result of sales gains and rationalization effects.

Europe

Sales in this region increased 13% to 553.8 billion yen, due mainly to favorable sales, especially in flat-panel TVs, digital cameras and general electronic components. Profit in this region improved to 6.9 billion yen, compared with a loss of 0.4 billion yen in the previous year's first half.

Asia and Others

Sales of companies in Asia and Others were up 6% to 1,428.2 billion yen, due mainly to sales gains in flat-panel TVs, digital cameras, washing machines and compressors. Geographical profit increased 3% to 45.2 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 2007 first half amounted to 197.7 billion yen, compared with 190.2 billion yen in the previous year's first half. This was attributable mainly to cash inflows from net income in the first half of fiscal 2007.

Cash flows from investing activities

Net cash used in investing activities amounted to 343.1 billion yen, compared with net cash provided by investing activities of 274.4 billion yen in the previous year's first half. This 343.1 billion yen includes capital expenditures for tangible fixed assets mainly consisting of manufacturing facilities for priority business areas such as plasma display panels (PDPs) and semiconductors. The movement from a year ago was due mainly to the previous year's proceeds from the sale of shares of Matsushita Leasing & Credit Co., Ltd.

Cash flows from financing activities

Net cash used in financing activities amounted to 127.8 billion yen, compared with 187.7 billion yen in the previous year's first half. This was due primarily to a decrease in repayments of long-term debt and bonds as well as a decrease in repurchase of common stock.

All these activities, after adding 13.5 billion yen for the effects of exchange rate changes, resulted in a net decrease of 259.7 billion yen in cash and cash equivalents during the first half of fiscal 2007. Cash and cash equivalents at the end of this first half totaled 1,407.7 billion yen.

(3) Corporate Management Strategies and Challenges

The Matsushita Group aims to achieve, through cutting-edge technologies, global excellence in 2010 by pursuing the two visions of contributing to the realization of a ubiquitous networking society and coexistence with the global environment. Regarding the business environment for fiscal 2007, Matsushita expects to continue to encounter severe conditions, such as keen competition in the electronics industry, ever-intensifying global price declines in digital products and rising raw materials prices. In fiscal 2007, the final year of the mid-term management plan Leap Ahead 21, Matsushita will further accelerate growth strategies and strengthen management structures.

<Principal Initiatives for Fiscal 2007>

1. V-products

Matsushita places particular emphasis, as the centerpiece of the Company's growth strategy, on V-products which feature black-box technologies, environmentally friendly features, while incorporating universal design concepts. In fiscal 2007, the Company expects sales of approximately 1.8 trillion yen in a total of 82 product categories. During the first half of fiscal 2007, V-products, including flat-panel TVs and digital cameras, recorded sales of about 775 billion yen. Matsushita will carry out intensive marketing campaigns that focus on product functions and features. Furthermore, Matsushita will expand the scope of simultaneous global introductions in terms of both products and regions.

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2. Investment Strategy

Regarding capital expenditures, Matsushita continues to focus investment into strategic businesses including cutting-edge system LSIs and other semiconductors as well as plasma TVs, global demand for which is expected to grow considerably. In PDPs, the Company announced the construction of a fourth domestic factory in Amagasaki, Japan, where operations are scheduled to commence in fiscal 2008. Including the new factory, Matsushita will increase annual production capacity of PDPs to 11.5 million units by fiscal 2009, enabling the Company to meet rapidly expanding global demand.

3. Overseas Strategy

Matsushita is also strengthening overseas operations, which serve as a growth engine for the entire Matsushita Group. The Company will select products and sales channels according to specific strategies in each region or country, and concentrate management resources accordingly. In the growing markets such as China and Russia, as well as Europe and the United States, the Company will strive to strengthen sales initiatives, aiming at expanding sales.

4. Strengthening Management Structure

In order to further strengthen management structures, Matsushita implemented the Next Cell Production Project in fiscal 2006, which will facilitate a more flexible manufacturing structure. In fiscal 2007, the Company intends to further take advantage of information technology (IT) in promoting large-scale inventory reduction activities. Meanwhile, through various cost reduction activities companywide, the Company will eliminate redundancies throughout all areas of business, to enhance profitability.

5. Collaboration with MEW

Matsushita strives to achieve further success through collaboration with MEW, by integrating the components and devices and black-box technologies of both companies, in addition to comprehensive utilization of sales channels and augmented overseas businesses.

(4) Research and Development

Aiming at the realization of a ubiquitous networking society and coexistence with the global environment, Matsushita executed a number of initiatives to accelerate R&D as well as enhancing R&D efficiency and reinforcing intellectual properties strategies.

In order to accelerate its R&D activities, Matsushita has adopted value chain strategies, focused on creating added value, as the core of its R&D strategy. The Company implemented initiatives to hold added value in the Matsushita Group by a vertically integrated business model that facilitates close cooperation between devices and finished products in the Company's development and manufacturing structure. A representative example is the development of full high-definition (HD) VIERA plasma TVs ranging from the world's largest 103-inch to 50-inch, which utilize the full HD PEAKS* System that realizes the synergy of panel, driver and processor, and enables to produce high-quality pictures at 1,920 x 1,080 pixel resolution. The Company also strengthened a horizontal value chain, which establishes common platforms for various product categories. A representative example is the development of the Integrated Platform, which combines software and hardware resources across differing digital product categories to improve R&D efficiency and design quality. Advanced system LSIs for this Integrated Platform are used in plasma TVs, DVD recorders with built-in hard disc drives, and camcorders, etc.

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Furthermore, the Company has reinforced activities regarding universal designs and eco-friendly innovations in order to realize ease-of-use of high performance digital products and reduce the environmental impacts.

Matsushita's R&D expenditures for the first half of fiscal 2007 totaled 281,824 million yen.

* The name PEAKS is used only in the Japanese market.

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

<u>Business Segment</u>	<u>Yen (millions)</u>
AVC Networks	136,090
Home Appliances	27,516
Components and Devices	57,576
MEW and PanaHome	31,100
JVC	18,457
Other	5,106
Other R&D expenditures	5,979
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Total	281,824
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III Property, Plant and Equipment**(1) Capital Investment***

During the first half ended September 30, 2006, the Company invested a total of 206,123 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	79,594
Home Appliances	20,609
Components and Devices	60,570
MEW and PanaHome	18,791
JVC	6,186
Other	5,960
	<hr/>
Subtotal	191,710
Corporate	14,413
	<hr/>
Total	206,123
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* 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

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

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

IV Shares and Shareholders**(1) Shares of Common Stock Issued as of September 30, 2006: 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, 2006: 258,740 million yen**(3) Major Shareholders:**

<u>Name of Shareholder</u>	<u>As of September 30, 2006</u>	
	<u>Share ownership</u> (in thousands of shares)	<u>Percentage of</u> <u>total issued</u>
Moxley & Co.	171,736	7.00%
The Master Trust Bank of Japan, Ltd. (trust account)	149,706	6.10
Japan Trustee Services Bank, Ltd. (trust account)	115,979	4.72
Nippon Life Insurance Co.	67,000	2.73
Sumitomo Mitsui Banking Corporation	57,725	2.35
State Street Bank and Trust Co.	36,472	1.48
Sumitomo Life Insurance Co.	35,382	1.44
Mitsui Sumitomo Insurance Co., Ltd.	35,106	1.43
Matsushita Electric Employee Shareholding Association	33,907	1.38
State Street Bank and Trust Co. 505103	30,990	1.26
Total of above top 10 shareholders	734,006	29.92%

- Notes:
1. Figures less than one thousand shares are omitted, thereby the sum of the figures may differ from the total.
 2. The Company holds 260,137 thousand shares (10.60% of total issued shares) of its own common stock.
 3. The Company is aware of the August 17, 2006 filing by Barclays Trust & Banking Co., Ltd. and its 9 affiliates, stating that, as of the end of June 2005, they owned, beneficially or of record, 81,124 thousand shares, 3.31% in total of the issued shares of the Company's common stock, as calculated pursuant to the Securities and Exchange Law of Japan.

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
AND SUBSIDIARIES**(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 2007:

	Yen					
	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>
High	2,870	2,850	2,545	2,430	2,530	2,550
Low	2,625	2,405	2,155	2,080	2,300	2,395

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V Financial Statements

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2006 and 2005 and March 31, 2006

<u>Assets</u>	Yen (millions)		
	September 30,	March 31,	
	2006	2005	2006
Current assets:			
Cash and cash equivalents	1,407,706	1,455,714	1,667,396
Time deposits	171,118	213,543	11,001
Short-term investments (Note 3)	60,859	16,252	56,753
Trade receivables:			
Notes	62,892	75,884	66,707
Accounts	1,104,761	1,055,611	1,117,508
Allowance for doubtful receivables	(37,249)	(40,093)	(37,400)
Net trade receivables	1,130,404	1,091,402	1,146,815
Inventories (Note 2)	1,036,870	1,006,422	915,262
Other current assets	593,005	527,454	609,326
Total current assets	4,399,962	4,310,787	4,406,553
Investments and advances (Note 3)	1,161,423	1,197,666	1,100,035
Property, plant and equipment (Note 5):			
Land	382,871	385,560	374,989
Buildings	1,643,154	1,638,314	1,667,764
Machinery and equipment	3,155,406	3,067,466	3,142,607
Construction in progress	89,213	80,105	71,037
	5,270,644	5,171,445	5,256,397

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Less accumulated depreciation	3,624,871	3,535,983	3,624,058
	<u> </u>	<u> </u>	<u> </u>
Net property, plant and equipment	1,645,773	1,635,462	1,632,339
	<u> </u>	<u> </u>	<u> </u>
Other assets:			
Goodwill (Note 5)	415,006	462,533	413,137
Intangible assets (Note 5)	103,300	100,086	104,158
Other assets	266,561	383,457	308,418
	<u> </u>	<u> </u>	<u> </u>
Total other assets	784,867	946,076	825,713
	<u> </u>	<u> </u>	<u> </u>
	<u>7,992,025</u>	<u>8,089,991</u>	<u>7,964,640</u>

See accompanying Notes to Consolidated Financial Statements.

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MATSUSHITA ELECTRIC INDUSTRIAL CO., LTD.
AND SUBSIDIARIES

Consolidated Balance Sheets

September 30, 2006 and 2005 and March 31, 2006

	Yen (millions)		
	September 30,		March 31,
	2006	2005	2006
	Liabilities and Stockholders Equity		
Current liabilities:			
Short-term borrowings, including current portion of long-term debt	315,143	359,033	339,845
Trade payables:			
Notes	54,877	42,781	66,316
Accounts	905,861	850,719	914,963
Total trade payables	960,738	893,500	981,279
Accrued income taxes	53,711	49,277	51,128
Accrued payroll	138,801	136,555	142,594
Other accrued expenses	896,011	843,304	842,467
Deposits and advances from customers	88,829	97,937	90,600
Employees deposits	565	115,867	14,065
Other current liabilities	435,252	376,635	423,090
Total current liabilities	2,889,050	2,872,108	2,885,068
Noncurrent liabilities:			
Long-term debt	263,005	429,250	264,070
Retirement and severance benefits	369,661	572,488	414,266
Other liabilities	111,741	107,939	112,024
Total noncurrent liabilities	744,407	1,109,677	790,360

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Minority interests	502,301	482,089	501,591
Stockholders' equity:			
Common stock (Note 6)	258,740	258,740	258,740
Capital surplus	1,234,342	1,231,516	1,234,289
Legal reserve	88,342	87,813	87,526
Retained earnings	2,668,102	2,507,767	2,575,890
Accumulated other comprehensive income (loss):			
Cumulative translation adjustments	(132,308)	(182,182)	(162,331)
Unrealized holding gains of available-for-sale securities			
(Note 3)	137,838	127,848	145,306
Unrealized gains of derivative instruments (Note 10)	138	8,704	1,326
Minimum pension liability adjustments	(14,764)	(86,225)	(10,420)
Total accumulated other comprehensive income (loss)	<u>(9,096)</u>	<u>(131,855)</u>	<u>(26,119)</u>
Treasury stock, at cost (Note 6)	<u>(384,163)</u>	<u>(327,864)</u>	<u>(342,705)</u>
Total stockholders' equity	3,856,267	3,626,117	3,787,621
Commitments and contingent liabilities (Note 11)			
	<u>7,992,025</u>	<u>8,089,991</u>	<u>7,964,640</u>

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, 2006 and 2005 and year ended March 31, 2006

	Yen (millions)		
	Six months ended September 30,	Year ended March 31,	
	2006	2005	2006
Revenues, costs and expenses:			
Net sales	4,389,494	4,259,213	8,894,329
Cost of sales	(3,085,049)	(2,957,166)	(6,155,297)
Selling, general and administrative expenses	(1,097,054)	(1,130,960)	(2,324,759)
Interest income	11,860	11,143	28,216
Dividends received	4,150	4,759	6,567
Other income (Note 10)	70,435	48,205	147,399
Interest expense	(10,193)	(10,233)	(21,686)
Goodwill impairment (Note 5)			(50,050)
Other deductions (Notes 5, 9 and 10)	(51,169)	(70,850)	(153,407)
Income before income taxes	232,474	154,111	371,312
Provision for income taxes:			
Current	61,319	59,477	96,341
Deferred	38,354	25,951	