

Press Release

October 30th, 2006

Akebono Brake Financial Results for First Half of FY 2006

TOKYO – Akebono Brake Industry Co., Ltd. (Akebono) today announced consolidated financial results for the first half of the fiscal year ending March 31, 2007.

In the six months through September, net sales totaled 86.2 billion, an increase of 21.9 billion yen compared to the same period last year. Operating profit rose by 1.5 billion yen to 6.1 billion yen, and ordinary profit increased by 0.4 billion yen to 5.1 billion yen. Net profit for the period was 2.8 billion yen, a 0.7 billion yen increase compared to the previous year.

Unit: Billion yen, except where otherwise indicated

	FY 2006 H1	FY 2005 H1	Change
Net sales	86.2	64.3	+21.9
Operating profit	6.1	4.6	+1.5
Ordinary profit	5.1	4.7	+0.4
Net profit	2.8	2.1	+0.7
Net profit per share (1H)	26.30 yen	21.21 yen	+5.09 yen
Total assets	149.4	126.2	+23.2
Net assets	46.7	35.0	+11.8
Equity ratio	28.2%	27.7%	+0.5%
Net assets per share	392.77 yen	327.69 yen	+65.08 yen

Regional Overview

Japan

Sales and profits decreased compared to the previous period, due to a lower than expected performance among some automakers and higher material procurement costs. As a result, net sales decreased by 3.3 billion yen to 46.8 billion yen, and operating profit fell by 0.8 billion yen to 3.7 billion yen.

North America

Sales and profits sharply increased compared to the previous period, due to the effect of a stake increase in a consolidated subsidiary (Ambrake Corporation) and an overall increase in orders, as Japanese automakers in the region made advances and orders increased from the Big 3. As a result, net sales increased by 20.6 billion to 34.2 billion yen and ordinary profit rose by 2.2 billion yen to 2.4 billion yen.

Europe and others (Europe, China, Southeast Asia)

Net sales for the region increased by 4.6 billion yen to 5.2 billion yen and operating profit rose by 0.2 billion yen to 0.0 billion yen, owing to steady business progress and cost reduction efforts, in addition to the effect of a stake increase in a consolidated subsidiary (PT. Tri Dharma Wisesa).

Cash Flow

The closing balance of cash and cash equivalents on a consolidated basis for the first half of the fiscal year ending March 31, 2007 was 3.6 billion yen, a decrease of 1.5 billion yen compared to last year, resulting from the following activities. Free cash flow was 1.1 billion yen.

Cash flow through operating activities

Net cash from operating activities was 3.9 billion yen. Contributing factors include net income before taxes and other adjustments of 5.0 billion yen for the period, depreciation of 4.4 billion yen, and paid income taxes of 3.6 billion yen.

Cash flow through investing activities

Net cash used in investment activities was 2.8 billion yen. Main factors impacting the figure were outflows of 2.6 billion yen to acquire tangible fixed assets and 1.0 billion yen in IT-related investments to acquire intangible fixed assets, and 0.9 billion yen in proceeds from the sale of investment securities.

Cash flow through financing activities

Net cash used in financing activities was 2.7 billion yen. Contributing factors include 4.8 billion yen in repayment of long-term borrowings, 7.4 billion yen in proceeds from long-term borrowings, 3.0 billion yen in repayment of short-term borrowings, and 0.6 billion yen in paid dividends.

Consolidated forecast for FY 2006 (fiscal year ending March 31, 2007)

While Japan showed continued signs of gradual economic recovery thanks to increased corporate profits and higher capital expenditures, a number of unpredictable factors remain, including the continued steep rise of material and oil prices from last year and an uncertain economic outlook in North America, especially in the auto industry.

Amidst these circumstances, the Akebono Group is endeavoring to meet its financial targets. Consolidated forecasts for the fiscal year ending March 31, 2007 are net sales of 172.0 billion yen, operating profit of 14.0 billion yen, ordinary profit of 13.2 billion yen and a net profit of 7.5 billion yen.

Unit: Billion yen

	FY 2006 forecast	FY 2005 results	Change
Net sales	172.0	142.3	+29.7
Operating profit	14.0	11.7	+2.3
Ordinary profit	12.4	11.0	+1.4
Net profit	7.5	5.9	+1.6

About Akebono Brake Industry, Co., Ltd.

Akebono Brake Industry, Co., Ltd. (TSE: 7238), founded in 1929, is a world leader in advanced brake and friction material development and production. Akebono's portfolio includes brake products for automobiles, motorbikes, rolling stock, and industrial machinery, and sensor products for automobiles. The Akebono Group operates R&D centers in Japan, the United States and France, and has wholly owned or affiliated manufacturing facilities in Japan, the United States, France, China, Thailand and Indonesia. Akebono recorded net sales of 142.3 billion yen in the fiscal year ended March 31, 2006, and employs over 6,000 people worldwide on a consolidated basis. For more information, visit www.akebono-brake.co.jp

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