

Press Release

May 7, 2007

Akebono Brake Financial Results for FY 2006

TOKYO – Akebono Brake Industry Co., Ltd. (Akebono) today announced consolidated financial results for the fiscal year ended March 31, 2007 (FY 2006).

Net sales totaled 173.2 billion yen, an increase of 30.9 billion yen compared to the previous fiscal year. Operating income rose by 2.1 billion yen to 13.9 billion yen, and ordinary income increased by 1.1 billion yen to 12.2 billion yen. Net income for the period was 6.6 billion yen, a 0.8 billion yen increase compared to the previous year.

Unit: Billion yen, except where otherwise indicated

	FY 2006	FY 2005	Increase
Net sales	173.2	142.3	30.9
Operating income	13.9	11.7	2.1
Ordinary income	12.2	11.0	1.1
Net income	6.6	5.9	0.8
Net income per share	61.86 yen	56.60 yen	5.26 yen
Total assets	155.6	150.1	5.5
Net assets	52.3	41.0	11.3
Equity ratio	30.4%	27.3%	3.1%
Net assets per share	440.91 yen	383.22	57.69 yen

Regional Overview

Japan

Net sales decreased by 5.7 billion yen to 95.3 billion yen (a 5.7% decrease) and operating income decreased by 1.2 billion yen to 8.9 billion yen (a 11.6% decrease) due to a lower-than-expected performance among certain automakers, stagnant aftermarket sales, the impact of sales eliminations due to two newly added consolidated subsidiaries (Ambrake Corporation and PT. Tri Dharma Wisesa), and a sharp increase in oil and material costs.

North America

Net sales increased by 27.5 billion yen to 66.9 billion yen (a 69.6% increase) and operating income increased by 2.9 billion yen to 4.8 billion yen (a 155.7% increase) as a result of consolidating Ambrake Corporation as a wholly-owned subsidiary and new orders from Japanese automakers and certain automakers among the 'Big 3.'

Europe

The European business, which has a promising outlook, saw net sales increase by 1.0 billion yen to 2.4 billion yen (a 68.6% increase) due to increased sales and lower depreciation due to an impairment of some equipment at the end of the previous period. Operating loss decreased by 0.1 billion yen, resulting in an operating loss of 0.2 billion yen.

Asia

While initial start-up costs accrued at two Chinese consolidated subsidiaries approximately one year after commencing operations, net sales increased by 8.2 billion yen to 8.5 billion yen and operating income increased by 0.4 billion yen to 0.3 billion yen, mainly due to the impact of PT. Tri Dharma Wisesa becoming a consolidated subsidiary.

Cash Flow

The closing balance of cash and cash equivalents on a consolidated basis for the fiscal year ending March 31, 2007 was 3.5 billion yen, a decrease of 1.6 billion yen compared to the previous year. Free cash flow (cash flow resulting from operating and investing activities) was positive at 1.9 billion yen.

Cash flow through operating activities

Net cash from operating activities was 10.8 billion yen. Contributing factors included net income before taxes and other adjustments of 11.8 billion yen for the period, depreciation of 9.3 billion yen, a 3.7 billion yen decrease in receivables, and paid income taxes of 6.2 billion yen.

Cash flow through investing activities

Net cash used in investment activities was 8.9 billion yen. Main factors impacting the figure were production equipment and other investments resulting in outflows of 7.1 billion yen to acquire tangible fixed assets, 1.8 billion yen in IT-related and other investments to acquire intangible fixed assets, and 1.4 billion yen for the acquisition of investment securities and other activities.

Cash flow through financing activities

Net cash used in financing activities was 3.3 billion yen. Contributing factors included 8.7 billion yen in repayment of long-term borrowings, and a decrease of 4.1 billion yen in short-term borrowings, among other factors.

Consolidated forecast for FY 2007 (fiscal year ending March 31, 2008)

While results in FY 2007 are expected to steadily increase for the most part, uncertainty in the future of the U.S. economy, fluctuations in currency exchange rates, declining sales of automobiles in Japan, and concerns over sharp increases in oil and material prices are expected to be challenges during FY 2007.

Amidst these circumstances, the Akebono Group is endeavoring to increase

productivity and efficiency, and will continue to focus on cost reduction activities. In line with changes to Japanese taxation regulation and depreciation systems in 2007, which are expected to increase depreciation, consolidated forecasts for the fiscal year ending March 31, 2008 are net sales of 177.0 billion yen, operating income of 15.5 billion yen, ordinary income of 13.1 billion yen and net income of 7.3 billion yen.

Unit: Billion yen

	FY 2007 forecast	FY 2006 results	Increase
Net sales	177.0	173.2	3.8
Operating income	15.5	13.9	1.6
Ordinary income	13.1	12.2	0.9
Net income	7.3	6.6	0.7

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 173.2 billion yen in the fiscal year ended March 31, 2007, and employs over 6,000 people worldwide on a consolidated basis. For more information, visit www.akebono-brake.co.jp

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