

**Consolidated Financial Results**  
**For the First half Ended September 30, 2010**

November 2, 2010

Company Name : Akebono Brake Industry Co., Ltd.  
 Stock Listing : First section of the Tokyo Stock Exchange  
 Code Number : 7238  
 URL : <http://www.akebono-brake.com>  
 Representative : Hisataka Nobumoto, Chairman, President & CEO  
 Contact person : Takunobu Okada, General manager, Accounting department  
 Tel +81 (48) 560-1501  
 Accounting Principles: Japanese GAAP

1. Performance for the First half ended September 30, 2010 (April 1, 2010 through September 30, 2010)

(1) Corporate performance

(units expressed in round numbers)

	Six-months ended Sep 30, 10		Six-months ended Sep 30, 09	
	million yen	%	million yen	%
Net Sales	116,781	98.3	58,880	(34.7)
Operating income	8,256	—	140	(90.6)
Ordinary income	7,636	—	(650)	—
Net income	4,952	—	(167)	—
Net income per share- basic	37.38yen		(1.56) yen	
Net income per share- diluted	37.25yen		—	

(2) Financial Condition

	As of Sep 30, 10	As of March 31, 10
	million yen	million yen
Total assets	174,448	164,120
Equity	54,530	49,086
Net Equity ratio	27.2%	26.7%
Net Equity per share	357.68yen	330.76yen

(For reference)

Net Equity (Equity minus Minority interests minus Stock subscription rights):

47,389 million yen for the second quarter ended September 30, 2010

43,794 million yen for the fiscal year ended March 31, 2010

2. Dividends

	Dividend per share				
	1 <sup>st</sup> Quarter	2nd Quarter	3rd Quarter	Year End	Full Year
Fiscal year ended 03/31/10	—	0.00 yen	—	5.00 yen	5.00 yen
Fiscal year ending 03/31/11 (Forecast)	—	5.00 yen	—	5.00 yen	10.00 yen

Dividends for the fiscal year ending 03/31/11 are to be determined.

3. Performance forecast for the fiscal year ending March 31, 2011 (April 1, 2010 – March 31, 2011)

	Full Year
Net Sales	220,000million yen
Operating Income	12,500million yen
Ordinary Income	11,000million yen
Net Income	6,500million yen
Annual Net Income per share	49.06yen

#### 4. Others

(1) Changes in scope of consolidation of significant subsidiaries : None

(2) Adoption of simplified accounting procedures and application in preparation of quarterly consolidated financial statements : None

(3) Changes in accounting policies

① Changes due to accounting standard change : Yes

From this fiscal year, we applied the Accounting Standard - ASBJ Statement No.16 - equity method and No.18 - recognition of asset retirement obligation. However, there is no impact on this fiscal year financial statements by these accounting standard change.

② Other changes : None

(4) Outstanding shares

	September/30/2010	March/ 31/2010	September/30/2009
Number of outstanding share at the end of fiscal year (including treasury stocks)	135,992,343	135,992,343	—
Number of treasury shares	3,504,854	3,588,929	—
Average number of shares	132,449,494	—	107,360,324

**AKEBONO BRAKE INDUSTRY CO., LTD.**  
**CONSOLIDATED BALANCE SHEETS**

(Unit: million yen rounded)

Items	Fiscal Term		As of		Increase/ (Decrease)
			March 31,2010		
	Amount	Ratio	Amount	Ratio	
<b>ASSETS</b>					
<b>Current assets:</b>	<b>73,144</b>	<b>44.6</b>	<b>88,157</b>	<b>50.6</b>	15,013
Cash and cash equivalents	16,754		20,646		
Trade notes and Accounts receivable	26,624		41,462		
Marketable securities	10,800		7,400		
Merchandise and finished goods	4,699		2,688		
Work in process	1,587		1,775		
Raw materials and supplies	6,077		8,095		
Deferred tax assets	1,983		1,616		
Other	4,642		4,496		
Allowance for doubtful accounts	(22)		(20)		
<b>Fixed assets</b>	<b>90,976</b>	<b>55.4</b>	<b>86,291</b>	<b>49.4</b>	(4,685)
<b>Tangible fixed assets</b>	<b>73,605</b>	<b>44.8</b>	<b>69,979</b>	<b>40.1</b>	(3,626)
Buildings and structures	18,080		17,404		
Machinery, equipment and vehicles	28,173		27,199		
Land	21,498		21,452		
Construction in progress	4,478		2,534		
Other	1,376		1,390		
<b>Intangible fixed assets</b>	<b>1,315</b>	<b>0.8</b>	<b>1,269</b>	<b>0.7</b>	(46)
<b>Investments and other assets</b>	<b>16,055</b>	<b>9.8</b>	<b>15,044</b>	<b>8.6</b>	(1,011)
Investment	9,199		8,923		
Deferred tax assets	6,150		5,524		
Other	804		696		
Allowance for doubtful accounts	(98)		(99)		
<b>Total Assets</b>	<b>164,120</b>	<b>100.0</b>	<b>174,448</b>	<b>100.0</b>	10,328

**AKEBONO BRAKE INDUSTRY CO., LTD.**

**CONSOLIDATED BALANCE SHEETS**

(Unit: million yen rounded)

	As of March 31, 2010		As of September 30, 2010		Increase/ (Decrease)
	Amount	Ratio	Amount	Ratio	
<b>LIABILITIES AND EQUITY</b>		<b>%</b>		<b>%</b>	
<b>Current liabilities:</b>	<b>38,313</b>	<b>23.3</b>	<b>53,429</b>	<b>30.6</b>	15,116
Notes and Accounts payable, trade	16,553		29,162		
Short-term bank loans	6,742		6,727		
Current portion of bonds	100		—		
Current portion of long-term debt	4,568		8,744		
Income taxes payable	560		614		
Provision for bonuses	1,877		1,866		
Provision for business structure improvement	410		—		
Note payable for equipment	233		157		
Other	7,270		6,160		
<b>Long-term liabilities:</b>	<b>76,721</b>	<b>46.7</b>	<b>66,489</b>	<b>38.1</b>	(10,232)
Long-term debt	55,610		48,593		
Liability for retirement benefits	5,908		4,900		
Liability for retirement benefits for directors and corporate auditors	165		29		
Deferred tax liabilities	909		1,143		
Deferred tax liabilities for revaluation	4,268		4,268		
Provision incurred from transfer of business applied to foreign subsidiaries	7,615		5,405		
Other	2,246		2,150		
<b>Total Liabilities</b>	<b>115,034</b>	<b>70.1</b>	<b>119,919</b>	<b>68.7</b>	4,885
<b>Equity:</b>	<b>49,086</b>	<b>29.9</b>	<b>54,530</b>	<b>31.3</b>	5,444
<b>Shareholders' equity:</b>	<b>40,445</b>	<b>24.6</b>	<b>44,788</b>	<b>25.7</b>	4,343
Common stock	19,939		19,939		
Capital surplus	14,248		14,244		
Retained earnings	8,661		12,951		
Treasury stock	(2,404)		(2,347)		
<b>Valuation and Translation Adjustments:</b>	<b>3,349</b>	<b>2.0</b>	<b>2,601</b>	<b>1.5</b>	(748)
Unrealized gain on available-for-sale securities	771		602		
Land revaluation surplus	5,882		5,882		
Foreign currency translation adjustments	(3,303)		(3,883)		
<b>Stock subscription rights</b>	<b>234</b>	<b>0.1</b>	<b>283</b>	<b>0.2</b>	49
<b>Minority interests</b>	<b>5,058</b>	<b>3.1</b>	<b>6,858</b>	<b>3.9</b>	1,800
<b>Total Liabilities and Equity</b>	<b>164,120</b>	<b>100.0</b>	<b>174,448</b>	<b>100.0</b>	10,328

**AKEBONO BRAKE INDUSTRY CO., LTD.**  
**CONSOLIDATED STATEMENTS OF INCOME**

(Unit: million yen rounded)

	Six month ended September 30, 09		Six month ended September 30, 10		Increase/ (Decrease)
	Amount	Ratio	Amount	Ratio	
		%		%	
<b>Net Sales</b>	<b>58,880</b>	<b>100.0</b>	<b>116,781</b>	<b>100.0</b>	57,901
Cost of sales	51,016	86.6	99,685	85.4	48,669
<b>Gross profit</b>	<b>7,864</b>	<b>13.4</b>	<b>17,095</b>	<b>14.6</b>	9,231
Selling, general and administrative expenses	7,724	13.1	8,840	7.6	1,116
<b>Operating Income</b>	<b>140</b>	<b>0.2</b>	<b>8,256</b>	<b>7.1</b>	8,116
<b>Other income</b>	<b>381</b>		<b>350</b>		(31)
Interest income	36		41		
Dividend income	49		67		
Other	296		243		
<b>Other expenses</b>	<b>1,171</b>		<b>970</b>		(201)
Interest expense	768		662		
Other	404		307		
<b>Ordinary income</b>	<b>(650)</b>	<b>(1.1)</b>	<b>7,636</b>	<b>6.5</b>	8,286
<b>Extraordinary income</b>	<b>116</b>		<b>413</b>		297
Gain from sales of fixed assets	3		3		
Reversal of provision Business Structure Improvement	—		40		
Gain on abolishment of retirement Benefit Plan of Subsidiaries	73		—		
Gain on change in equity	—		336		
Subsidy for Research and Development	40		34		
<b>Extraordinary loss</b>	<b>75</b>		<b>77</b>		2
Loss on disposal of property, plant and equipment	13		77		
Contribution for withdrawal from employees' pension fund of subsidiaries	62		—		
<b>Income before income taxes</b>	<b>(610)</b>	<b>(1.0)</b>	<b>7,972</b>	<b>6.8</b>	8,582
Income taxes: Current	(202)		741		
Income taxes: Deferred	(241)		1,362		
Minority interest	1		917		
<b>Net income</b>	<b>(167)</b>	<b>(0.3)</b>	<b>4,952</b>	<b>4.2</b>	5,119

**AKEBONO BRAKE INDUSTRY CO., LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

(unit: million yen rounded)

	Six month ended September 30, 09	Six month ended September 30, 10
<b>I. CASH FLOW FROM OPERATING ACTIVITIES:</b>		
Income before income taxes	(610)	7,972
Depreciation and amortization	4,799	4,945
Provision for allowance for doubtful accounts	(8)	1
(Decrease) in provision for retirement benefits	(1,021)	(1,006)
Interest and dividend income	(86)	(107)
Interest expense	768	662
Equity in earnings of associated companies	(4)	(3)
(Gain) loss on sales and disposal of property, plant and equipment	10	74
(Increase) in notes and accounts receivables	(1,864)	(15,573)
Increase (decrease) in inventories	97	(536)
Increase (decrease) in notes and accounts payable	183	13,116
Other	(566)	(3,206)
<b>Sub-total</b>	<b>1,697</b>	<b>6,339</b>
Interest and dividend received	86	107
Interest-paid	(771)	(669)
Income taxes –paid	(197)	(503)
Income taxes –refund	1,101	—
<b>Net cash provided by operating activities</b>	<b>1,916</b>	<b>5,275</b>
<b>II. CASH FLOW FROM INVESTING ACTIVITIES:</b>		
Purchase of marketable securities	—	(2,700)
Proceeds from sales and maturity of marketable securities	—	3,000
Increase in time deposits	(4,595)	(5,903)
Decrease in time deposits	—	6,000
Purchases of property, plant and equipment	(2,479)	(2,620)
Proceeds from sales of property, plant and equipment	33	233
Purchases of investment securities	(7)	(8)
Payment for transfer of business	—	(405)
Other	38	(104)
<b>Net cash provided by (used in) investing activities</b>	<b>(7,010)</b>	<b>(2,507)</b>
<b>III. CASH FLOW FROM FINANCING ACTIVITIES:</b>		
Net increase in short-term borrowings	(3,089)	356
Net increase in commercial paper	(4,985)	—
Proceeds from long-term debt	12,381	—
Repayments of long-term debt	(2,274)	(2,504)
Redemption of bonds	(100)	(100)
Dividend paid	(3)	(658)
Dividend paid to minority shareholders	(34)	(215)
Proceeds from stock issuance to minority shareholders	—	1,295
Net increase in treasury stock	5	(1)
Other	(80)	(10)
<b>Net cash provided by financing activities</b>	<b>1,822</b>	<b>(1,836)</b>
<b>IV. Variance due to exchange of cash and cash equivalents</b>	<b>69</b>	<b>(43)</b>
<b>V. Decrease in cash and cash equivalents</b>	<b>(3,204)</b>	<b>889</b>
<b>VI. Cash and cash equivalents – beginning of year</b>	<b>31,625</b>	<b>21,552</b>
<b>VII. Cash and cash equivalents –end of period:</b>	<b>28,421</b>	<b>22,441</b>