

YAMASHIN-FILTER CORP.

Financial Results for the Second Quarter of the Fiscal Year Ending March 2018

- As the Chinese market is expected to be strong for the coming **5** years, we aim to develop a firm business foundation in this period. -

Endeavor to enter new business fields

November 20, 2017
(Stock code: 6240)



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Chinese market and our medium-term policy
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- Expansion of infrastructure investment in response to the
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Report on financial results

Mr. Ioka, Operating Officer

Improvement of corporate value with MAVY's



1. Financial Highlights for the Second Quarter of the FY 2017 (Fiscal Year Ending March 2018) (Interim period)

Sales/ Profit and Loss

Net Sales	6,239 million yen: Up 30.4% YoY
Gross Profit	2,854 million yen: Up 33.4% YoY, gross margin rate: 45.7%, up 1.0% YoY (due to the 0.9% growth of sales and the 0.1% cost reduction as a result of PAC17)
Operating Income	967 million yen: Up 121.9% YoY, operating income margin: up 6.4% YoY (due to the 5.6% growth of sales and the 0.6% cost reduction in PAC17)
Net Income	609 million yen: Up 123.3% YoY

Market Conditions

Market Conditions by Region

Japan	Demand grew from the previous year, due to the increase in the demand for construction machinery in China and the construction demand for Olympics mainly in the Tokyo metropolitan area.
North America	Demand keeps growing due to the strong housing-related investment
Europe	Demand was strong mainly in Germany.
Southeast Asia	Demand grew as a whole, mainly in Indonesia and Malaysia.
China	The demand for construction machinery kept growing considerably due to the expansion of infrastructure investment.

Segment Conditions

Segment Conditions by Line Parts/Service Parts

Line Parts	Sales grew 41.7% YoY - driven by the Chinese market, the world's demand has been strong and hence, major clients' scheduled production amounts have increased
Service Parts	Sales rose 25.3% YoY due to the increases in the cumulative number and operation hours of equipment with increased new machinery production
Other Sales	
Process Parts	Sales increased 11.7% YoY due to the growth of sales of filters for liquid crystal, etc. in Japan and China.
Industrial Parts	Sales grew 32.2% YoY due to the demand for compressors for bullet trains, etc.

SG&A

- SG&A ratio improved by 5.4% YoY to 30.2%, mainly due to sales growth and cost reduction through PAC17.

Effect of Exchange Rates

- Exposure to the exchange risk: the exchange risk is extremely low, due to the operational hedge - "marry and netting" inside the consolidated group.
- The exposure due to the holdings of foreign exchange in Q2 is about 26 million yen.

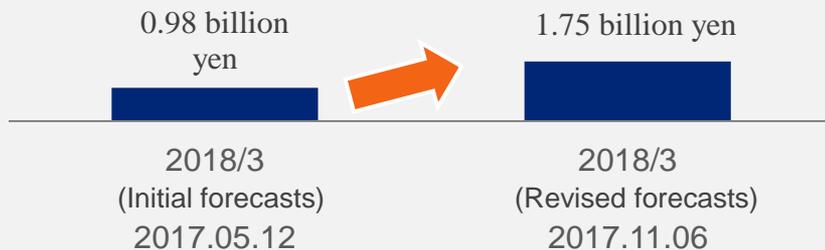
Features of our Financial Result

Progress rate of sales vs. revised annual forecast

Progress in Q2 **49.9%**

Estimated operating income

Full-year forecast **Revised**



Dividend forecast

Estimated YE dividend **Revised**



Note*: The dividend is based on the conditions before the stock split.

P/L Analysis

Net Sales

Considerable growth **Up 30.4%**

4.78 billion yen (2016/9) vs 6.24 billion yen (2017/9)



Operating Income

Considerable growth **Up 121.9%**

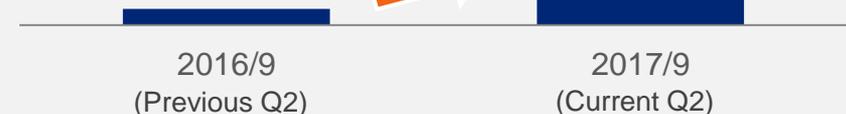
0.44 billion yen (2016/9) vs 0.97 billion yen (2017/9)



Net profit

Increase **Up 123.3%**

0.27 billion yen (2016/9) vs 0.61 billion yen (2017/9)



- To share target figures for improving our corporate value not only in the management department, but also on other operating sites

What is MAVY's? (ROIC – WACC = EVA)

Maximizing **A**dded **V**alue of **Y**amashin Filter **S**pread

A key goal indicator (KGI) used by each relevant department to set a KPI and work on tasks (KSF) with the aim of maximizing return on invested capital

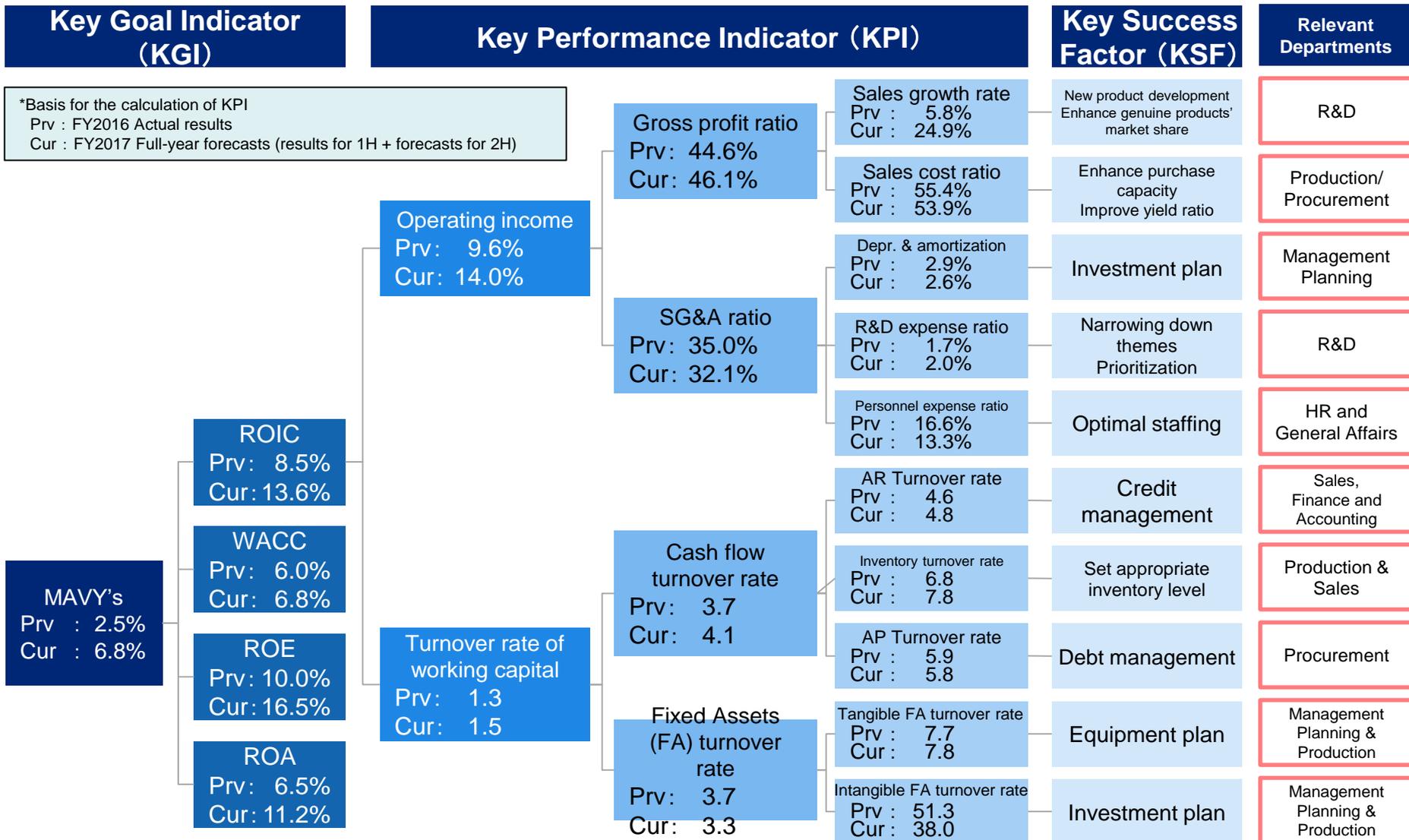


Meet the expectations from stakeholders by expanding MAVY's (EVA) spread



Assign KPI indicators to relevant departments who are responsible for target setting, implementing company-wide business operation and achieving target

MAVY's Whole Picture and Relevant Departments



1. Financial Highlights for the Second Quarter of the FY 2017 (Fiscal Year Ending March 2018) (Interim period)

① Business Results for the Second Quarter of the Fiscal Year Ending March 2018 (Jul.-Sep.)

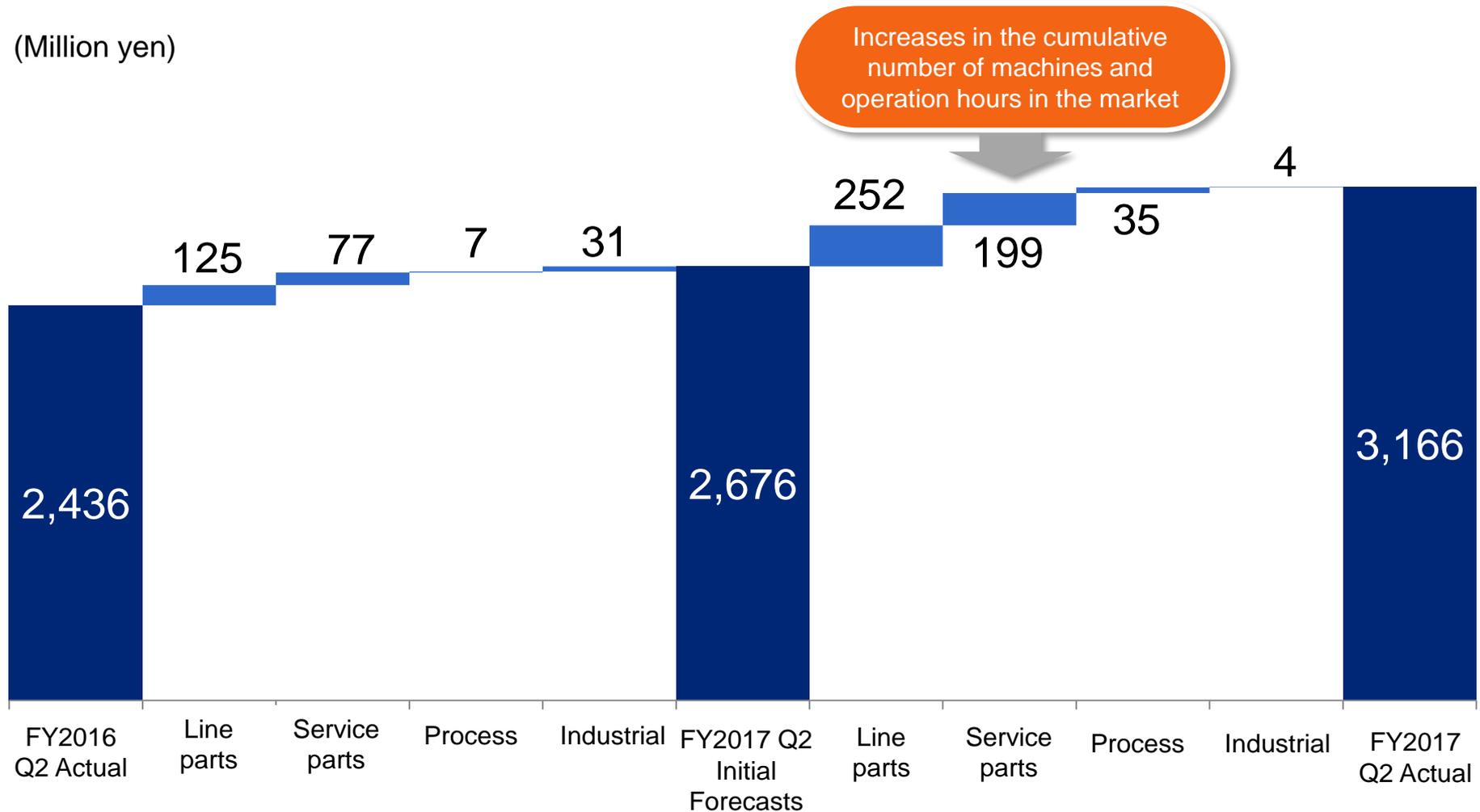
FY2017 Q2 Financial Summary (YoY) -QTD-

(Million yen)	FY2016 Actual	FY2017 Actual	YoY change	
	Q2	Q2	Amount	%
Net sales	2,436	3,166	730	30.0%
Operating income	243	455	211	86.8%
Operating income margin	10.0%	14.4%	-	4.4%
Ordinary income	224	449	224	99.9%
Ordinary income margin	9.2%	14.2%	-	5.0%
Net income	113	253	140	124.3%
Net income margin	4.6%	8.0%	-	3.4%

Exchange rates	AR	102.4	111.0	8.6	8.4%
	USD				
	EUR	114.3	130.4	16.1	14.1%

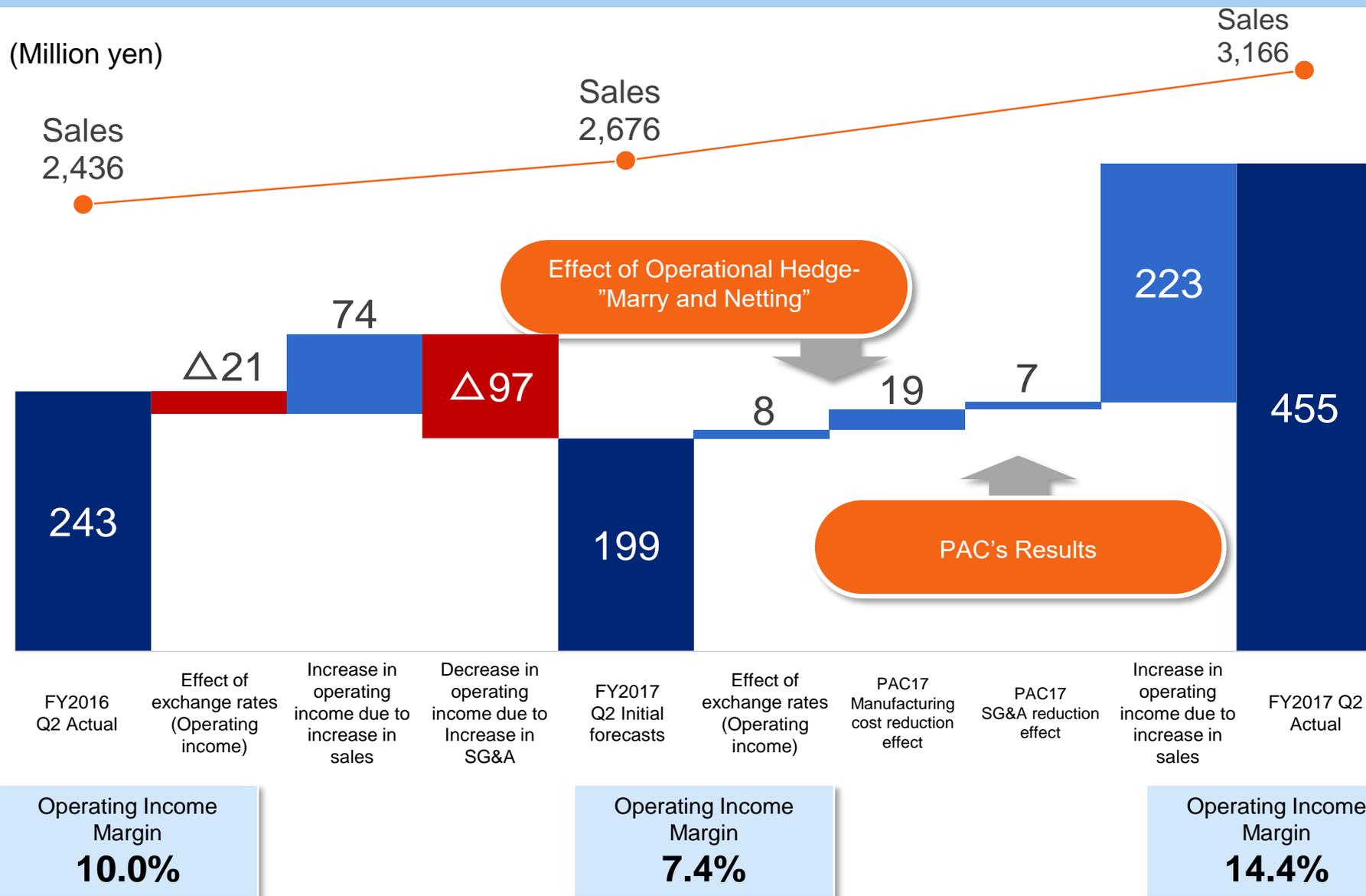
Changes in Sales (YoY) -QTD-

(Million yen)



*The amount of consolidated adjustments is included in construction machinery filters. (As per the standards for disclosing securities reports)

YoY Changes in Operating Income -QTD-



1. Financial Highlights for the Second Quarter of the FY 2017 (Fiscal Year Ending March 2018) (Interim period)

① Business Results for the Second Quarter of the Fiscal Year Ending March 2018 (Apr.-Sep.)

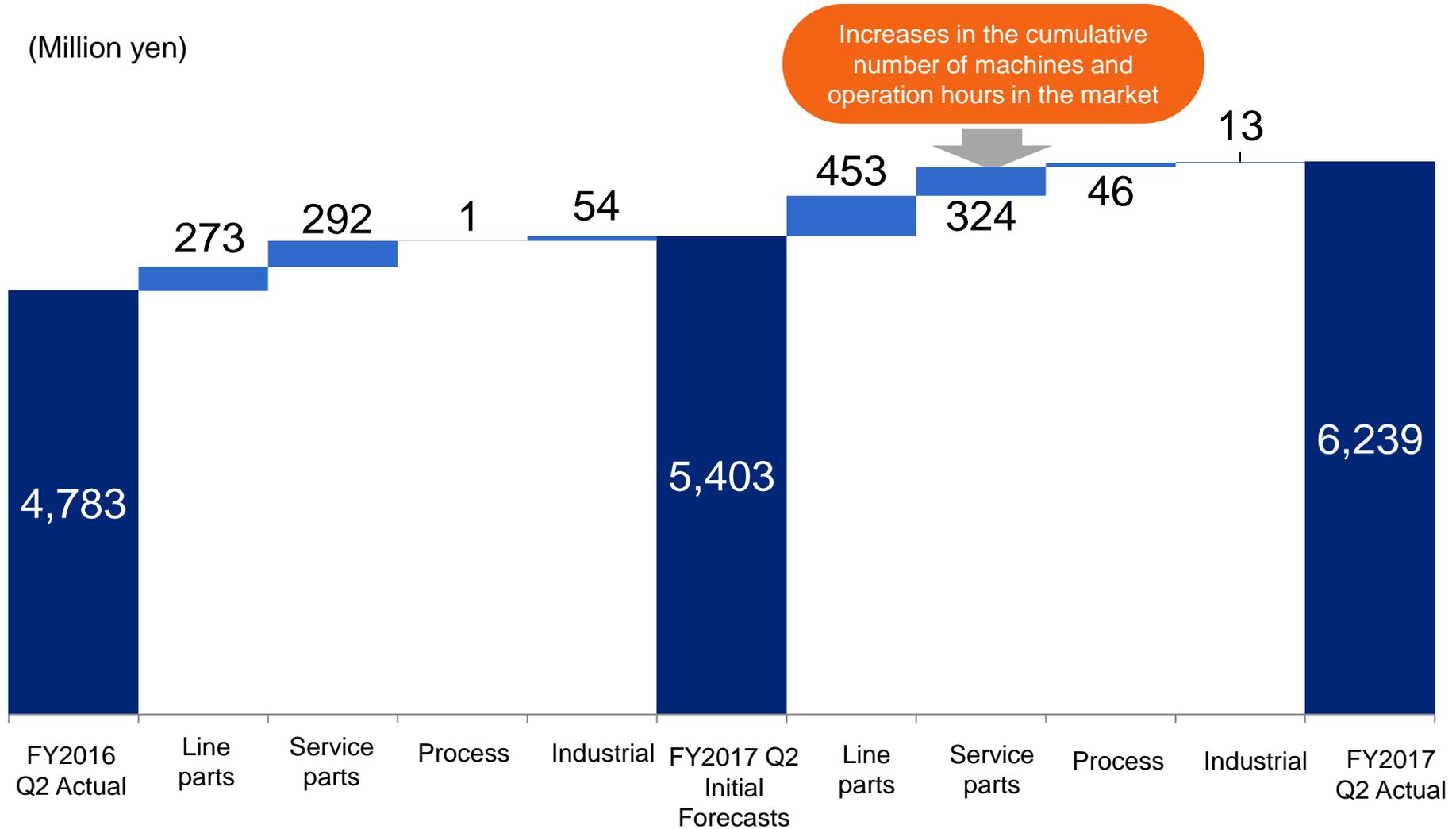
FY2017 Q2 Financial Summary (YoY) -YTD-

(Million yen)	FY2016 Actual	FY2017 Actual	YoY change	
	1H	1H	Amount	%
Net sales	4,783	6,239	1,455	30.4%
Operating income	436	967	531	121.9%
Operating income margin	9.1%	15.5%	-	6.4%
Ordinary income	419	939	519	123.7%
Ordinary income margin	8.8%	15.1%	-	6.3%
Net income	273	609	336	123.3%
Net income margin	5.7%	9.8%	-	4.1%

Exchange rates AR				
USD	105.3	111.1	5.8	5.5%
EUR	118.2	126.3	8.1	6.9%

Changes in Sales (YoY) -YTD-

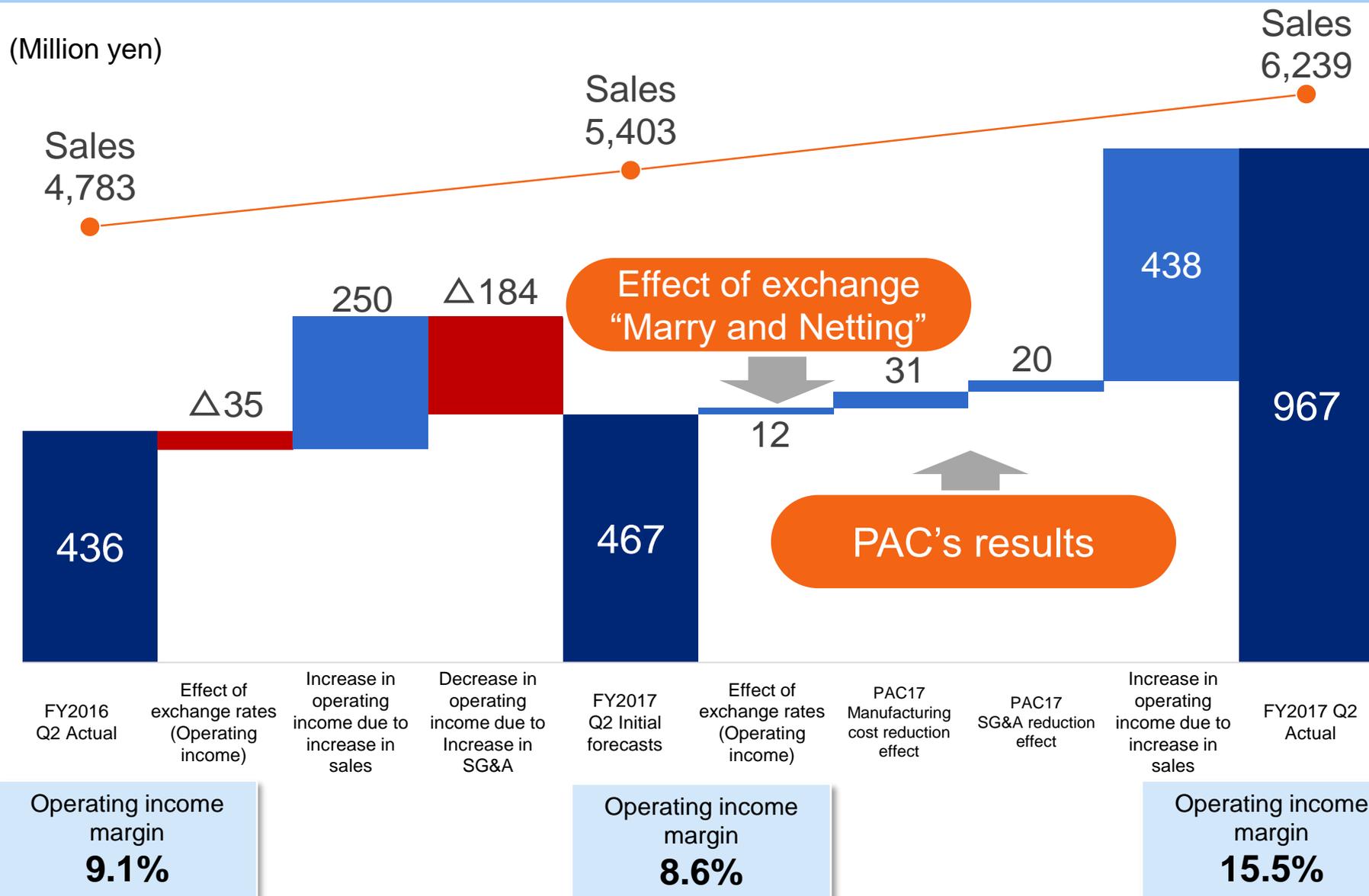
(Million yen)



*The amount of consolidated adjustments is included in construction machinery filters. (As per the standards for disclosing securities reports)

YoY Changes in Operating Income -YTD-

(Million yen)



FY2017 Q2 Balance Sheet

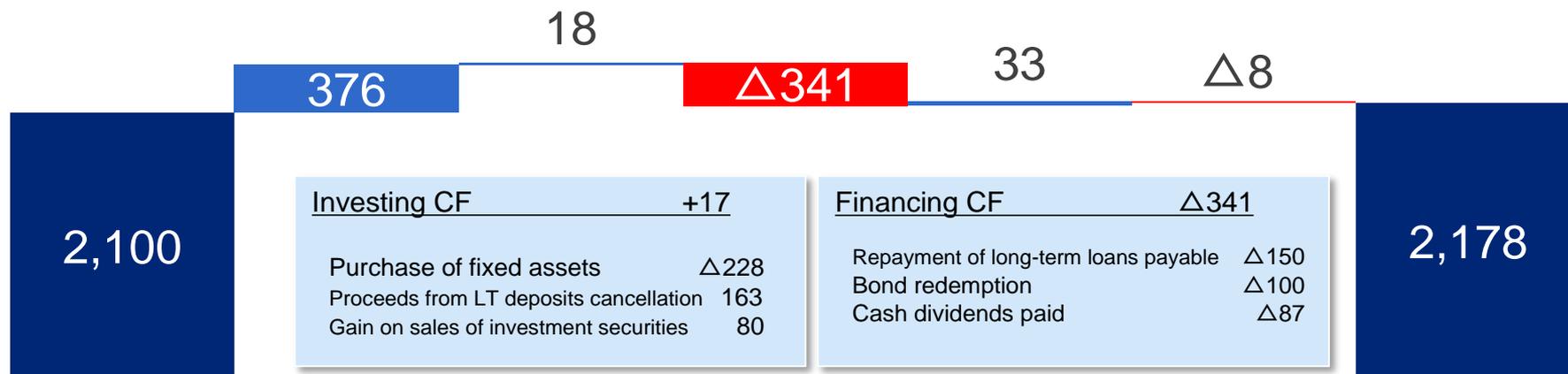
(Million yen)	End-FY2016	FY2017 Q2	Change in ratio
Current assets	6,695	7,447	11.2%
Cash and deposits	2,263	2,178	△3.7%
Notes and accounts receivable-trade	2,480	2,921	17.8%
Merchandise and finished goods, Raw materials and supplies*	1,457	1,830	25.6%
Others	493	516	4.7%
Fixed assets	3,462	3,522	1.7%
Tangible fixed assets	1,272	1,289	1.4%
Intangible fixed assets	292	418	42.8%
Investments and other assets	1,897	1,814	△4.4%
Total assets	10,158	10,970	8.0%

*This has increased due to increased sales.

	End-FY2016	FY2017 Q2	Change in ratio
Current liabilities	2,374	2,829	19.2%
Notes and accounts payable-trade	1,085	1,558	43.5%
Short-term loans payable, Current portion of long-term loans payable and corporate bonds	500	500	-
Others	788	771	△2.1%
Fixed liabilities	1,131	871	△22.9%
Corporate bonds	600	500	△16.7%
Long-term loans payable	150	-	△100.0%
Net defined benefits liability	173	165	△4.8%
Others	207	206	△0.6%
Total net assets	6,652	7,268	9.3%
Total of liabilities and net assets	10,158	10,970	8.0%

*Shareholders' equity ratio **65.5%** **66.3%**

FY2017 Q2 Cash Flows



FY2016 Q4 Year-end balance Operating CF Investing CF Financing CF Exchange conversion Changes in the amount due to the change of fiscal year-end of consolidated subsidiaries FY2017 Q2 Year-end balance

(Million yen)	FY2016	FY2017 Q2
	Total amount	Total amount
Cash flows from operating activities	952	376
Cash flows from investing activities	△ 1,889	17
Free cash flows	△ 936	393
Cash flows from financing activities	△ 634	△ 341
Effect of exchange rate change on cash and cash equivalents	△35	33
Changes in cash flows	△ 1,605	86
Changes in the amount due to the change of fiscal year-end of consolidated subsidiaries	-	△ 8
Year-end balance of cash and cash equivalents	2,100	2,178

Conditions of Operational Hedge-Marry and Netting -YTD-

- 1-yen appreciation of the yen would increase operating income about 3.5 million yen.
- Foreign exchange sensitivity: about 0.4%

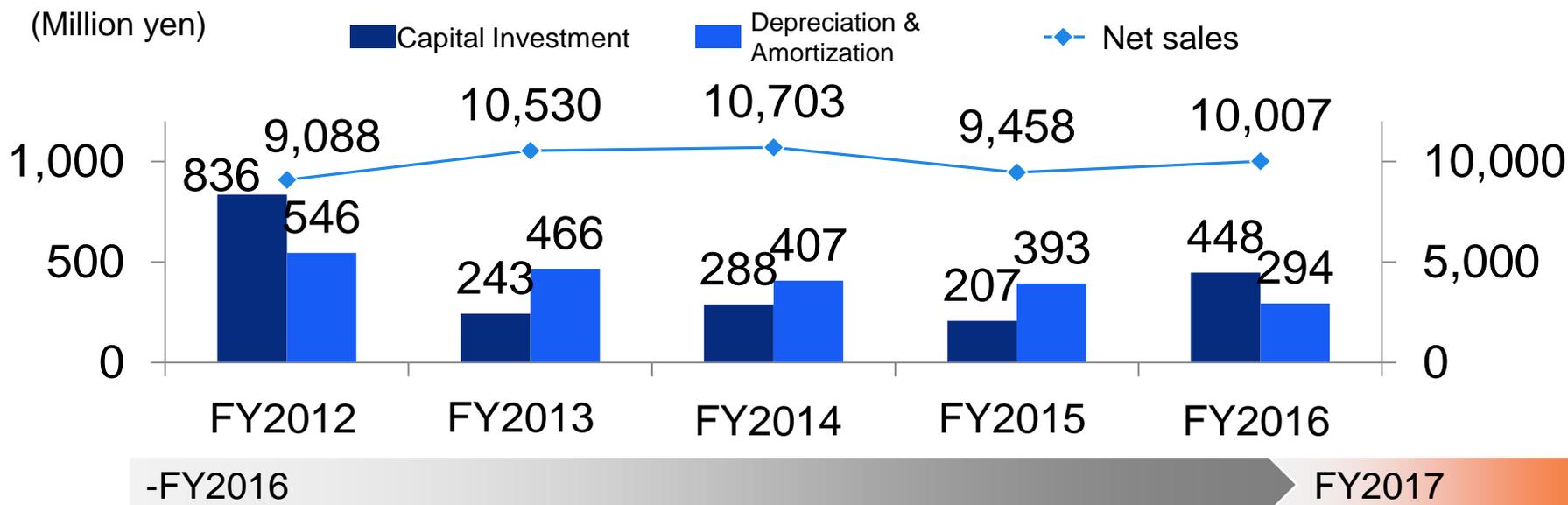
Currency	Inflow			Outflow			Net	Average rate in the term (JPY)	In case of appreciation of yen (10%)			In case of depreciation of yen (10%)		
	Each currency	Yen equivalent (JPY)	Composition ratio	Each currency	Yen equivalent (JPY)	Composition ratio	Each currency		Average rate in the term ▲10% (JPY)	Rate difference	Affected amount (YTD)	Average rate in the term +10% (JPY)	Rate difference	Affected amount (YTD)
JPY	¥7,800.0	¥7,800.0	72%	¥6,800.0	¥6,800.0	66%	¥1,000.0	-	-	-	-	-	-	-
USD	\$24.3	¥2,699.2	25%	\$24.1	¥2,677.0	26%	\$0.2	¥111.1	¥99.97	¥-11.11	¥-2.22	¥122.19	¥11.11	¥2.22
EUR	€ 1.9	¥240.0	2%	€ 1.3	¥164.2	2%	€ 0.6	¥126.3	¥113.67	¥-12.6	¥-7.58	¥138.93	¥12.63	¥7.58
PHP	PP0.0	¥0.0	0%	PP253.0	¥559.1	5%	PP-253.0	¥2.2	¥1.99	¥-0.2	¥55.91	¥2.43	¥0.22	¥-55.91
THB	฿34.60	¥113.5	1%	฿11.10	¥36.4	0%	฿23.50	¥3.3	¥2.95	¥-0.3	¥-7.71	¥3.61	¥0.33	¥7.71
Total	-	¥10,852.7	100%	-	¥10,236.8	100%	-	-	-	-	¥38.41	-	-	¥-38.41

*ARs for the previous term and the current term are based on the average rates for the six months from April to Sep.

YoY Changes in Capital Investment and Depreciation & Amortization

(Million yen)	FY2012 Consolidated	FY2013 Consolidated	FY2014 Consolidated	FY2015 Consolidated	FY2016 Consolidated	FY2017 Q2 Consolidated
Net sales	9,088	10,530	10,703	9,458	10,007	6,239
Capital investment	836	243	288	207	448	267
% of Net Sales	9.2%	2.3%	2.7%	2.2%	4.5%	4.3%
Depreciation and amortization	546	466	407	393	294	122
% of Net Sales	6.0%	4.4%	3.8%	4.2%	2.9%	2.0%

Net sales, capital investment, and depreciation & amortization (previous term and current term)



2. FY2017 Full-year Business Forecasts

FY2017 Full-year Business Forecasts -YoY-

- Results for FY2016 vs. Initial forecasts for FY2017 (announced on May 12, 2017) vs. Forecasts for FY2017 (announced on November 6, 2017)

(Million yen)	FY2016 Actual	FY2017 Initial forecasts	FY2017 Revised forecasts	Vs. Previous results	Vs. Initial forecasts
	Amount	Amount	Amount	%	%
Net sales	10,007	11,090	12,500	24.9%	12.7%
Operating income	957	980	1,750	82.7%	78.6%
Operating income margin	9.6%	8.8%	14.0%	4.4%	5.2%
Ordinary income	934	970	1,720	84.1%	77.3%
Ordinary income margin	9.3%	8.7%	13.8%	4.4%	5.0%
Net income	640	660	1,180	84.4%	78.8%
Net income margin	6.4%	6.0%	9.4%	3.0%	3.5%

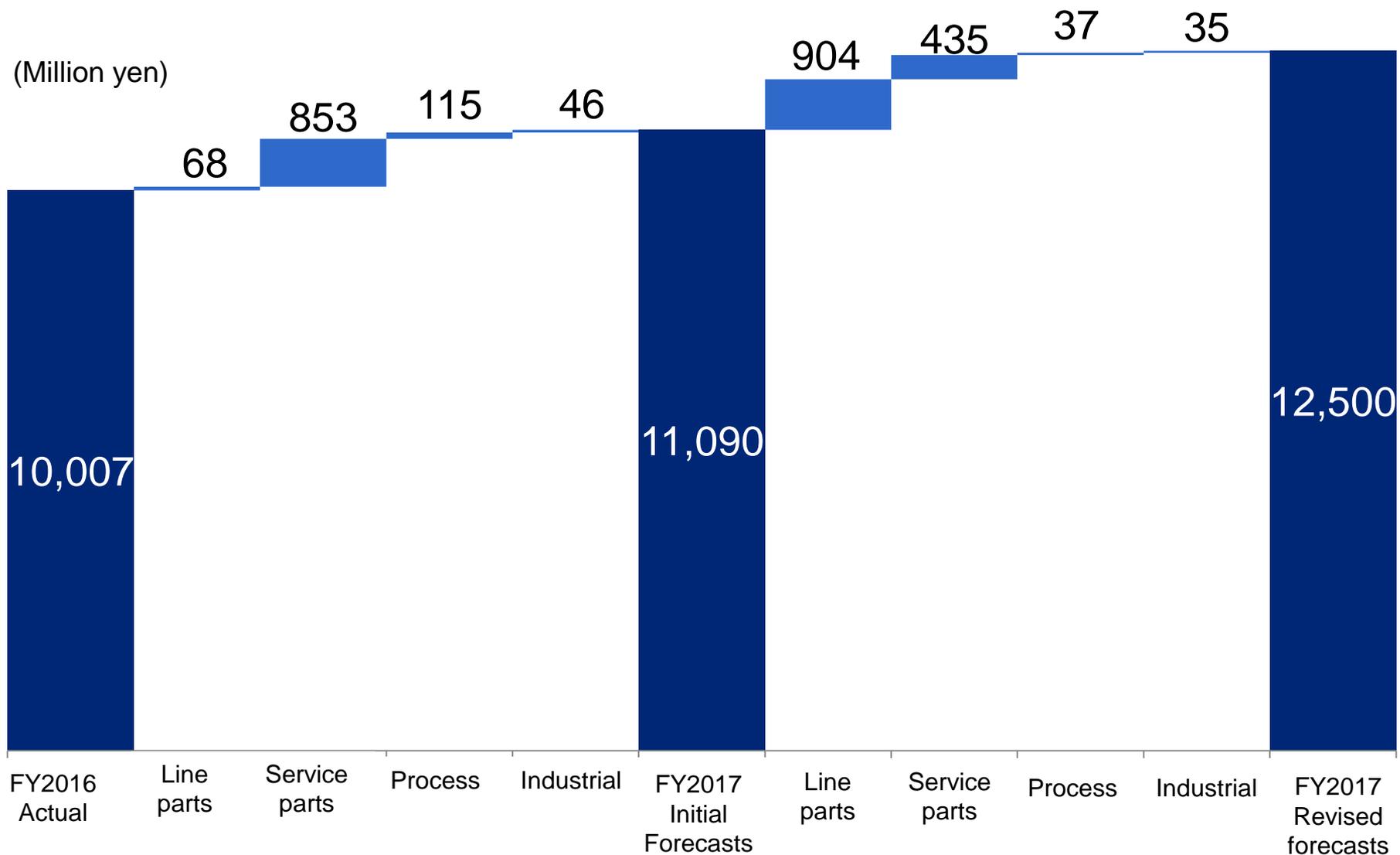
Exchange rates AR					
USD	108.4	115.0	115.0	6.1%	-
EUR	118.8	120.0	120.0	1.0%	-

■ -Quarterly change- (Revised forecasts for FY2017)

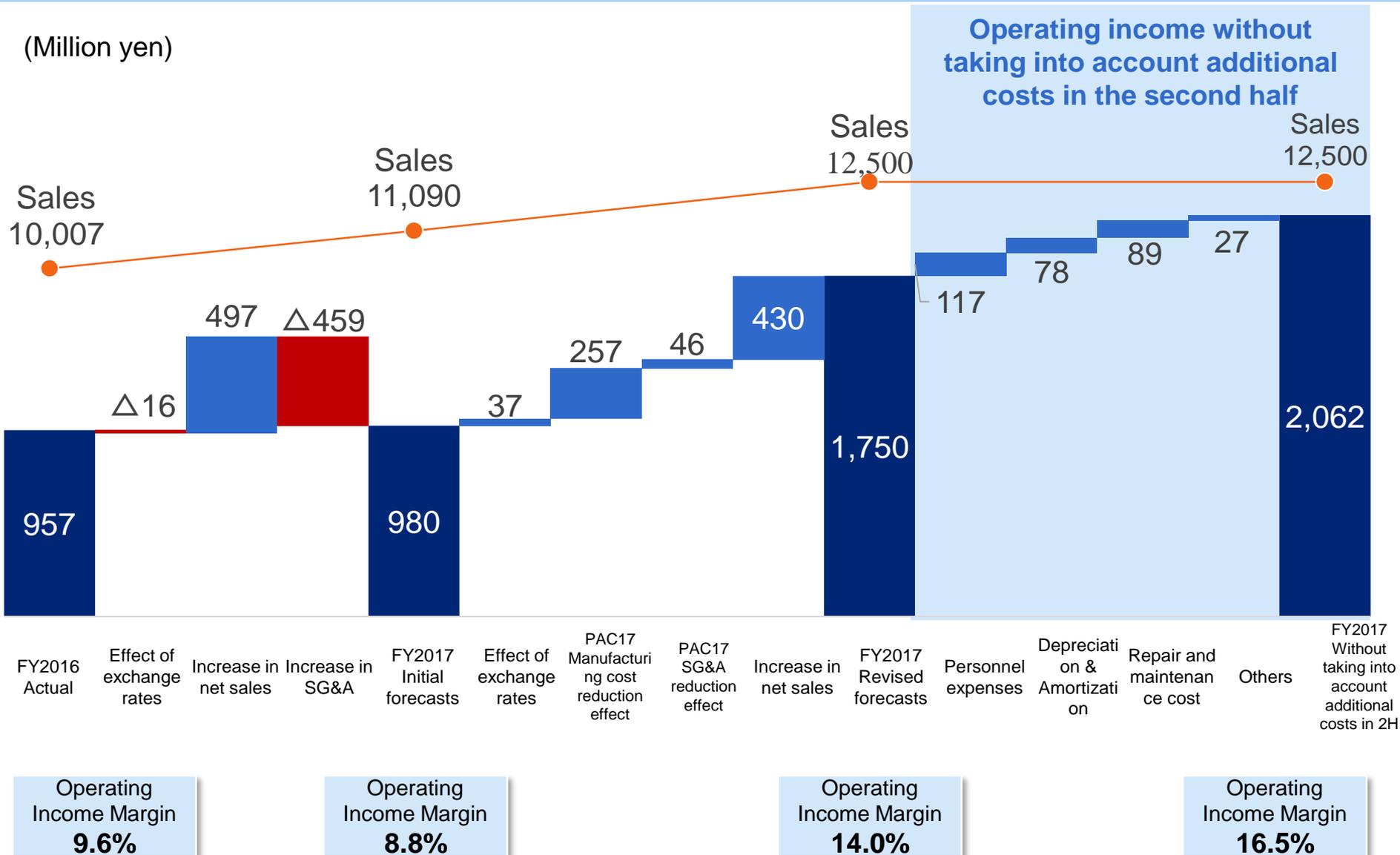
(Million yen)	FY2017	FY2017	FY2017	FY2017	FY2017
	Q1 Actual	Q2 Actual	Q3 Forecasts	Q4 Forecasts	Full-year
Net sales	3,072	3,166	3,210	3,050	12,500
Operating income	512	455	409	372	1,750
Operating income margin	16.7%	14.4%	12.8%	12.2%	14.0%
Ordinary income	490	449	407	373	1,720
Ordinary income margin	16.0%	14.2%	12.7%	12.2%	13.8%
Net income	355	253	286	283	1,180
Net income margin	11.6%	8.0%	8.9%	9.3%	9.4%

Exchange rates AR USD	111.1	111.0	115.0	115.0	115.0
EUR	122.2	130.4	120.0	120.0	120.0

FY2017 Full-year Net Sales Forecasts



FY2017 Full-year Operating Income Forecasts



Expected Additional Costs in the Second Half

Starting from Oct. 2017, the following costs will incur: recruiting fees for personnel engaged in growth strategies and depreciation & amortization and maintenance costs for new operating ERP, which will increase SG&A

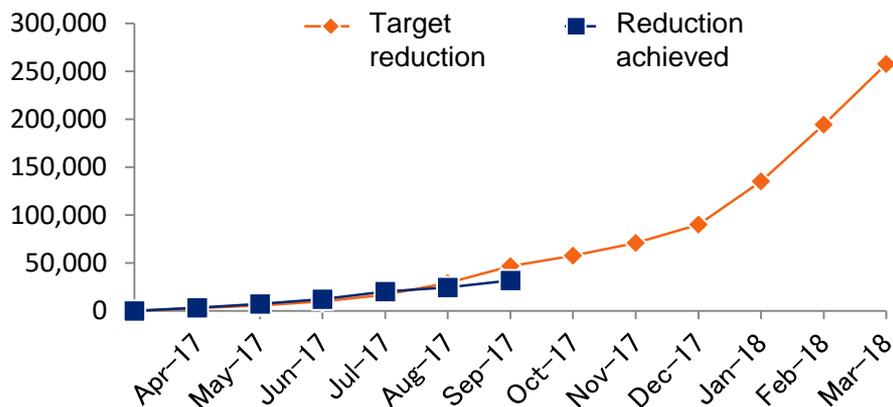
(Million yen)

Contents	Expected costs in 2H
Personnel expenses (for new material development, etc.)	117
Depreciation & Amortization (ERP, machinery and equipment, etc.)	78
Repairs and maintenance cost (ERP installation support cost, etc.)	89
Other (business restructuring costs etc.)	27
Total	312

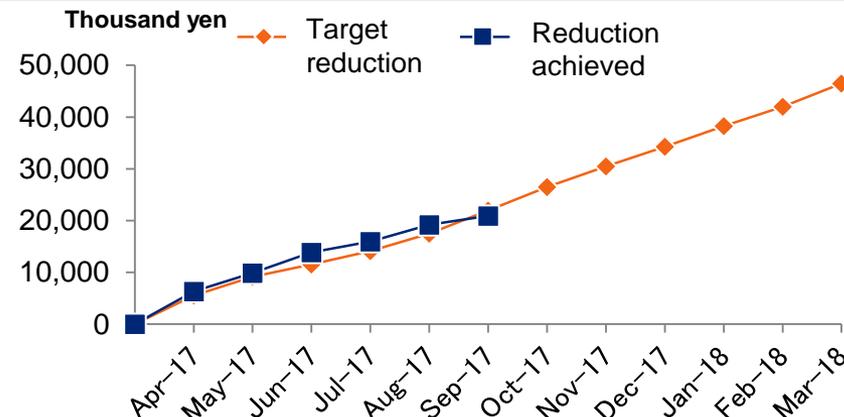
PAC17 Achievement Rate/Progress Rate -Consolidated-

- FY2017 Revised goal in PAC17 Manufacturing cost: 257 million yen, SG&A: 46 million yen, Total: 303 million yen
- Reduction in the first half: 52 million yen (Progress rate vs annual reduction target: 17%)

Manufacturing cost



SG&A



(Million yen)

		1H	2H	YTD
Total reduction cost	Target	△68	△235	△303
	Achieved	△52	-	△52
	Progress rate	77%	-	17%
Production cost	Target	△46	△211	△257
	Achieved	△31	-	△31
	Progress rate	68%	-	12%
SG&A	Target	△21	△24	△46
	Achieved	△20	-	△20
	Progress rate	95%	-	43%

Personnel Cost: Optimum Personnel Composition

- Continue to recruit and train capable executives for overall group management
- Reinforce cooperation between staff at operating bases to improve efficiency



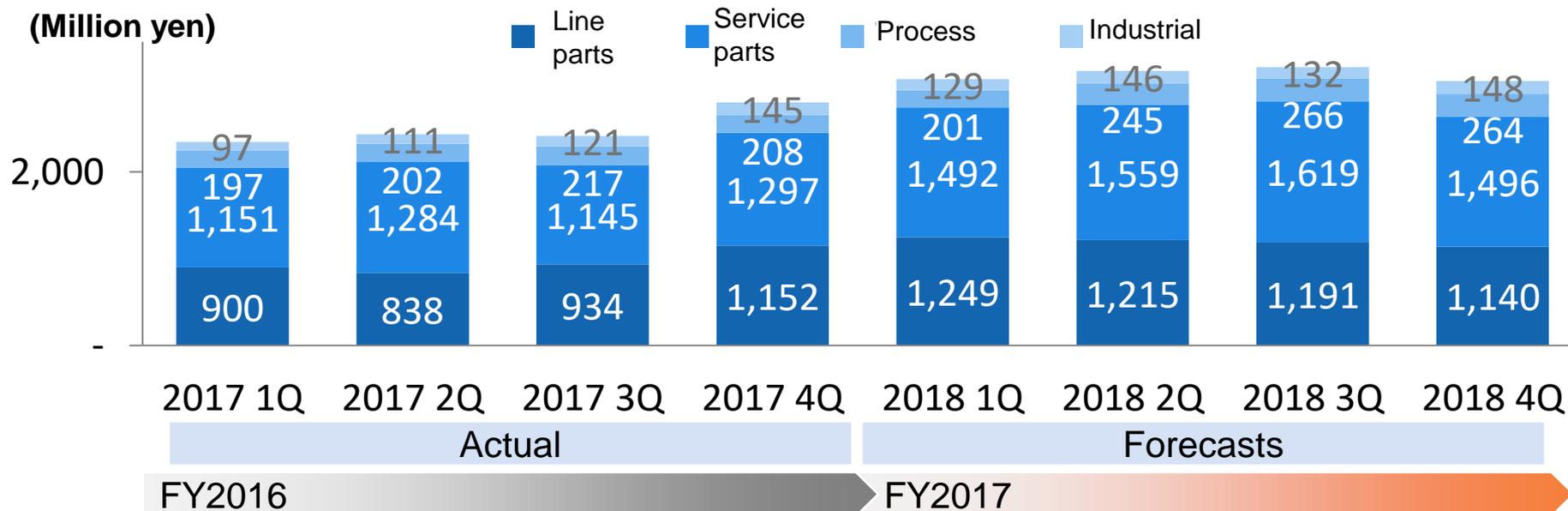
Goal: Improve development resources and capabilities

Reference: Composition ratio of personnel cost and labor cost

	FY2016	FY2017	YoY Change
	Q2 Actual	Q2 Actual	%
Sales	33.1%	33.9%	0.8%
Development	20.5%	19.8%	△0.8%
Manufacture	26.5%	26.4%	△0.1%
Management	19.9%	19.9%	△0.0%
Total	100.0%	100.0%	-

(Ref.) Forecasts for Segment Information (by product)

(Million yen)	FY2016					FY2017 Forecasts				
	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Total	Q1 Actual	Q2 Actual	Q3 Forecasts	Q4 Forecasts	Total
Construction machinery filters	2,052	2,122	2,080	2,449	8,705	2,741	2,775	2,811	2,636	10,964
Line parts	900	838	934	1,152	3,825	1,249	1,215	1,191	1,140	4,796
Service parts	1,151	1,284	1,145	1,297	4,879	1,492	1,559	1,619	1,496	6,167
Industrial filters	97	111	121	145	475	129	146	132	148	556
Process filters	197	202	217	208	826	201	245	266	264	978
Total	2,347	2,436	2,419	2,803	10,007	3,072	3,166	3,210	3,050	12,500

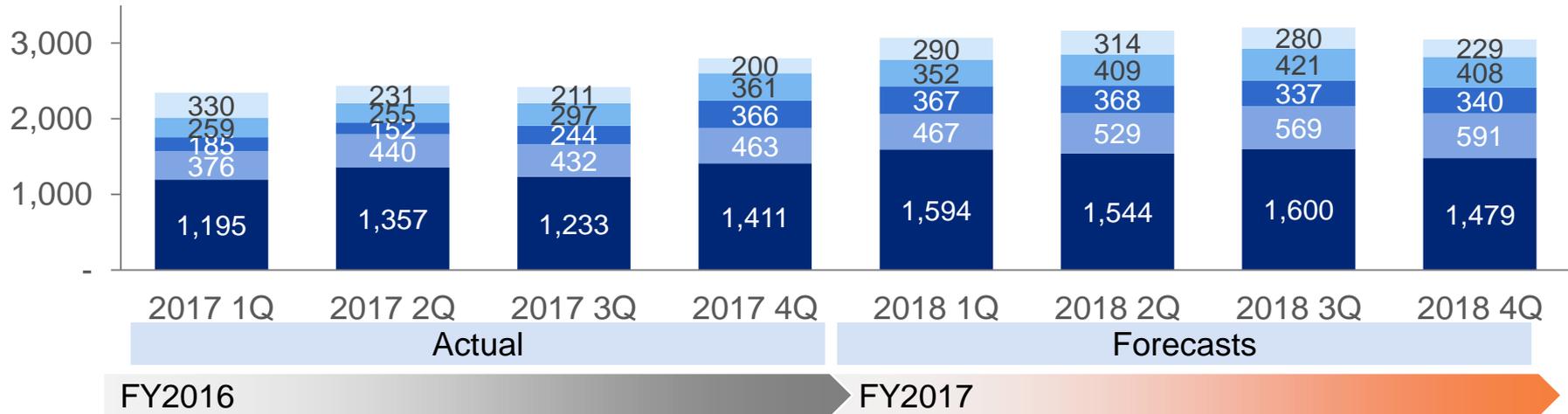


(Ref.) Forecasts for Quarterly Business Results (sales by region)

(Million yen)	FY2016					FY2017 Forecasts				
	Q1 Actual	Q2 Actual	Q3 Actual	Q4 Actual	Total	Q1 Actual	Q2 Actual	Q3 Forecasts	Q4 Forecasts	Total
Japan	1,195	1,357	1,233	1,411	5,198	1,594	1,544	1,600	1,479	6,219
North America	376	440	432	463	1,712	467	529	569	591	2,158
China	185	152	244	366	948	367	368	337	340	1,414
Asia	259	255	297	361	1,174	352	409	421	408	1,592
Europe/others	330	231	211	200	973	290	314	280	229	1,115
Total	2,347	2,436	2,419	2,803	10,007	3,072	3,166	3,210	3,050	12,500

(Million yen)

■ Japan ■ North America ■ China ■ Asia ■ Europe/others

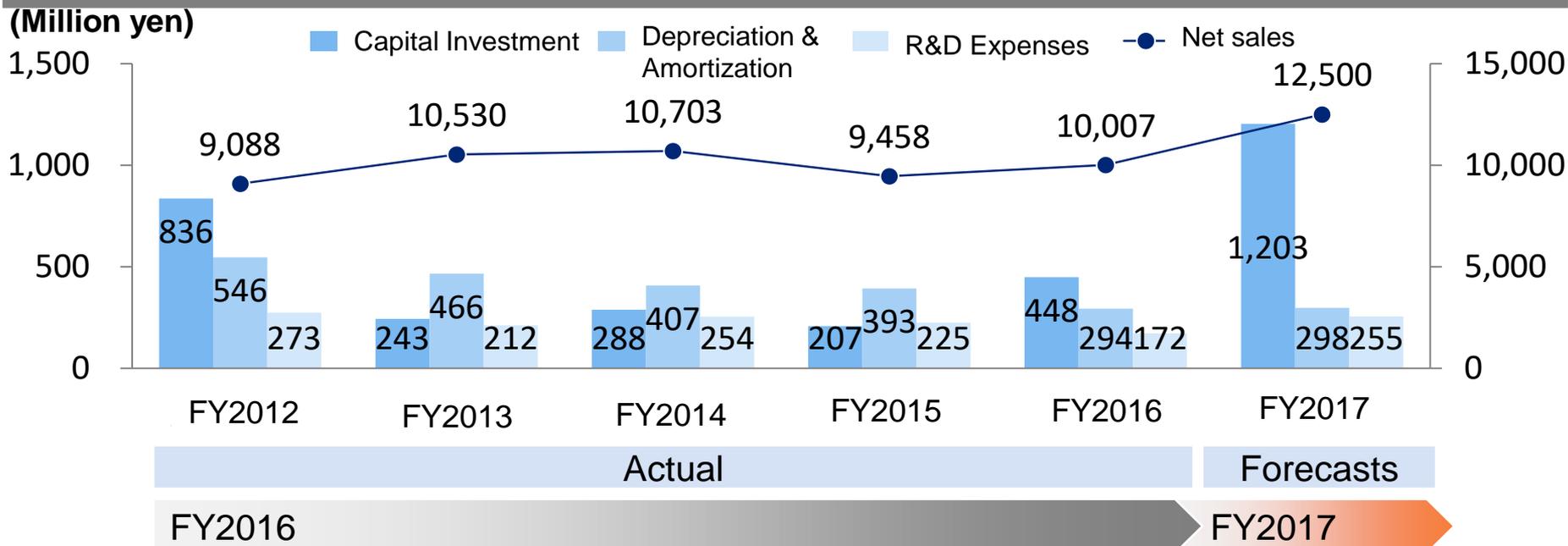


*Sales by region are calculated based on the locations of corporations to which we send invoices. *Others: Sales in the other regions are included.

(Ref.) Changes in Capital Investment, Depreciation & Amortization, and R&D Expenses

(Million yen)	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017/Q2	FY2017/Q3	FY2017/Q4	FY2017
	Actual	Actual	Actual	Actual	Actual	Total results	Forecasts	Forecasts	Full-year forecasts
Net sales	9,088	10,530	10,703	9,458	10,007	6,239	3,210	3,050	12,500
Capital investment	836	243	288	207	448	267	362	573	1,203
Composition ratio (%)	9.2%	2.3%	2.7%	2.2%	4.5%	4.3%	11.3%	18.8%	9.6%
Depreciation and amortization	546	466	407	393	294	122	80	95	298
Composition ratio (%)	6.0%	4.4%	3.8%	4.2%	2.9%	2.0%	2.5%	3.1%	2.4%
R&D expenses	273	212	254	225	172	119	69	66	255
Composition ratio (%)	3.0%	2.0%	2.4%	2.4%	1.7%	1.9%	2.1%	2.2%	2.0%

Net sales, capital investment and depreciation & amortization (previous term and current term)



Efforts to increase sales

Mr. Okoshi, Director

Enhancement of the foundation for existing businesses
and new activities



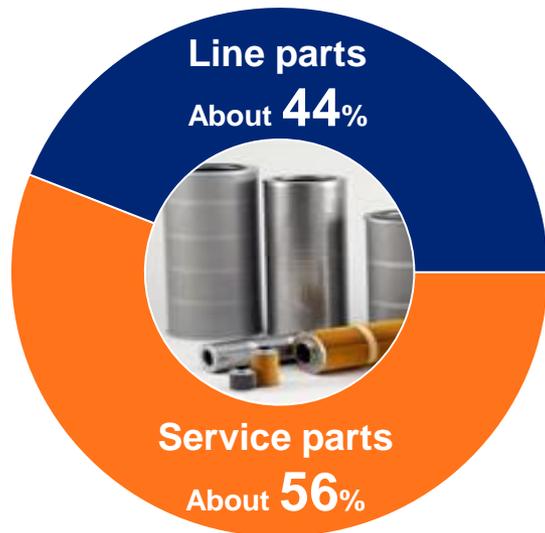
Sales Growth Rate: New Product Development, Enhancement of Genuine Products' Market Share

		Policy's Keywords	Results' Evaluation
Construction machinery filters	Line parts	Propose failure prediction feature and ICT technology	Collect actual machine's product data (currently in progress)
		Propose efficiency improvement efforts	Actual machine's test
		Expand sales to construction machinery manufacturers in China	Consider M&A with construction machinery manufacturers in China
	Service parts	Retake market share from non-genuine products (i.e. imitations) market by holding seminars	Continue marketing activities that are tailored to the characteristics of Chinese markets and other geographic areas. Entry into Korean and Southeast Asia (Myanmar)'s second-hand construction machinery market.
Industrial filters		Strengthen cooperation with partners	Continue cooperation with partners; reduce the cost of existing products M&A Plan
Process filters		Diversify product series	Start the development of product lineup expansion Planning of M&A and OEM business

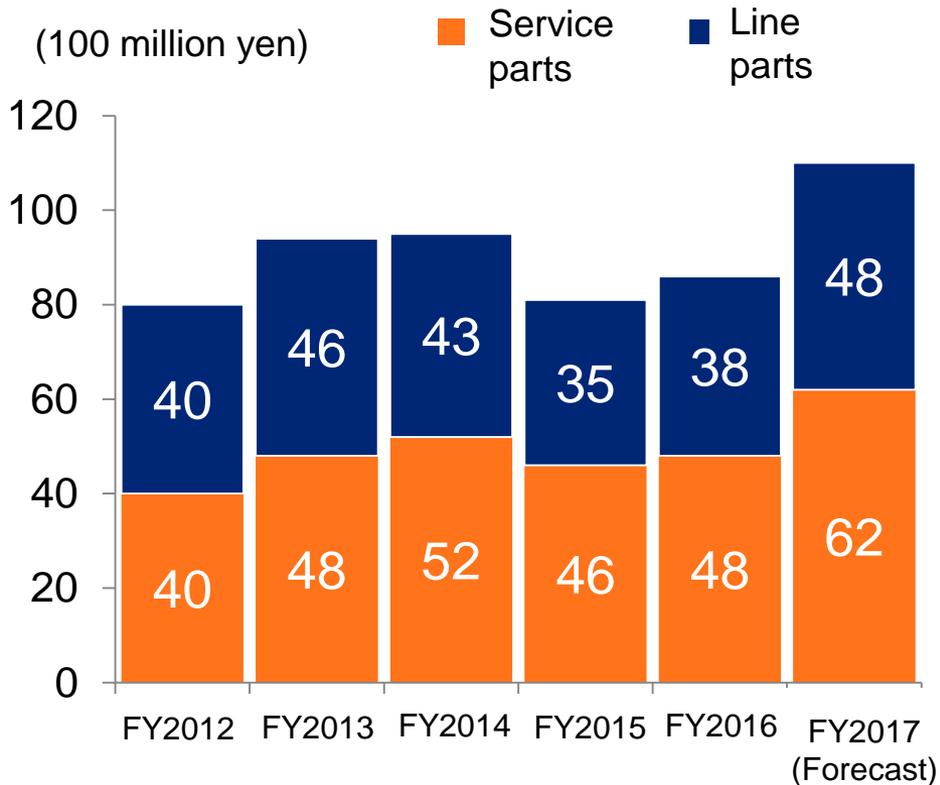
Demand for Service Parts

- The business model of service parts is stable
- The demand for service parts will expand gradually with the increase of operating construction machinery

FY2016 Sales composition ratio of construction machinery filters



Changes in sales of line parts and service parts



- Sensor for monitoring cleanliness of hydraulic and lubrication oils
- We will explore new application fields for use of new materials

SWIFT ROCK™



SWIFTROCK™
Standard type



SWIFTROCK™
Inexpensive version

Changes in R&D Expenses, Capital Investment, and Depreciation & Amortization

Major investment projects

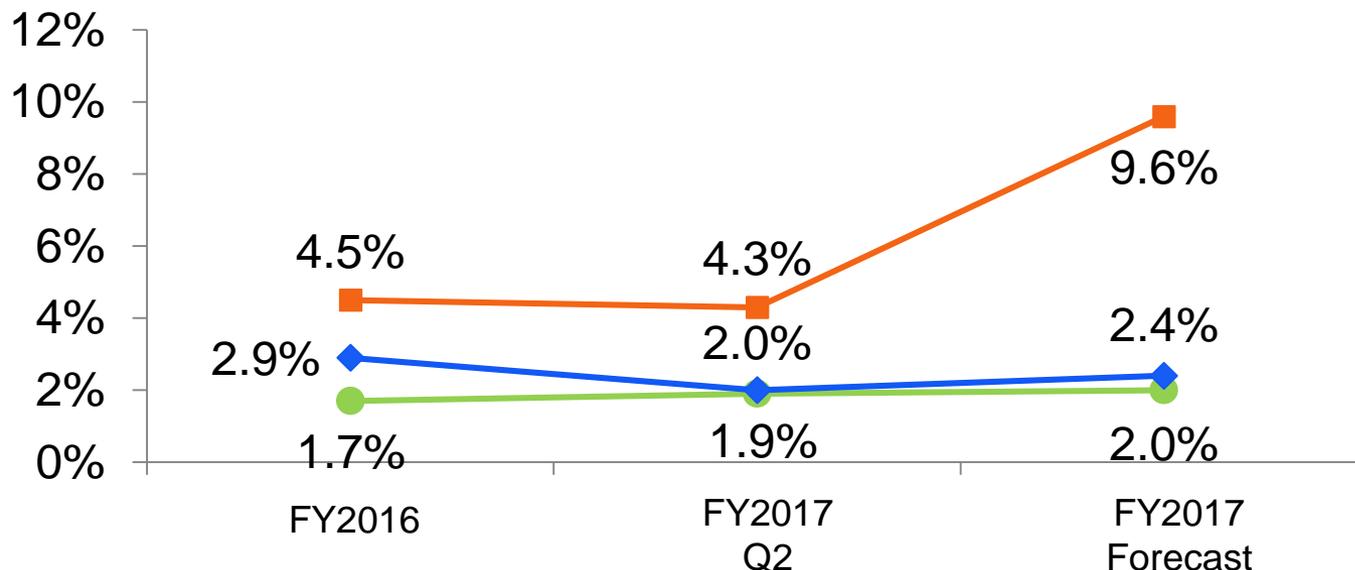
FY2016

ERP related:
248 million yen

FY2017

Production facilities/ R&D related, etc.:
646 million yen

Ratio to sales ● R&D expenses ■ Capital investment ◆ Depreciation and amortization



(Million yen)



R&D expenses

172

119

255



Capital investment

448

267

1,203



Depreciation and amortization

294

122

298

Chinese market and our medium-term policy

Mr. Yamazaki, President

Expansion of infrastructure investment in response to the
“One Belt, One Road” Initiative



Main Objective

As the Chinese market is expected to be strong for the coming 5 years, we aim to develop a firm business foundation in this period

Construction Machinery + α

Establish at least two pillars of source of income other than hydraulic filters for construction machinery

Develop new materials
Cultivate new business fields, including M&A

Competent On-site Performance

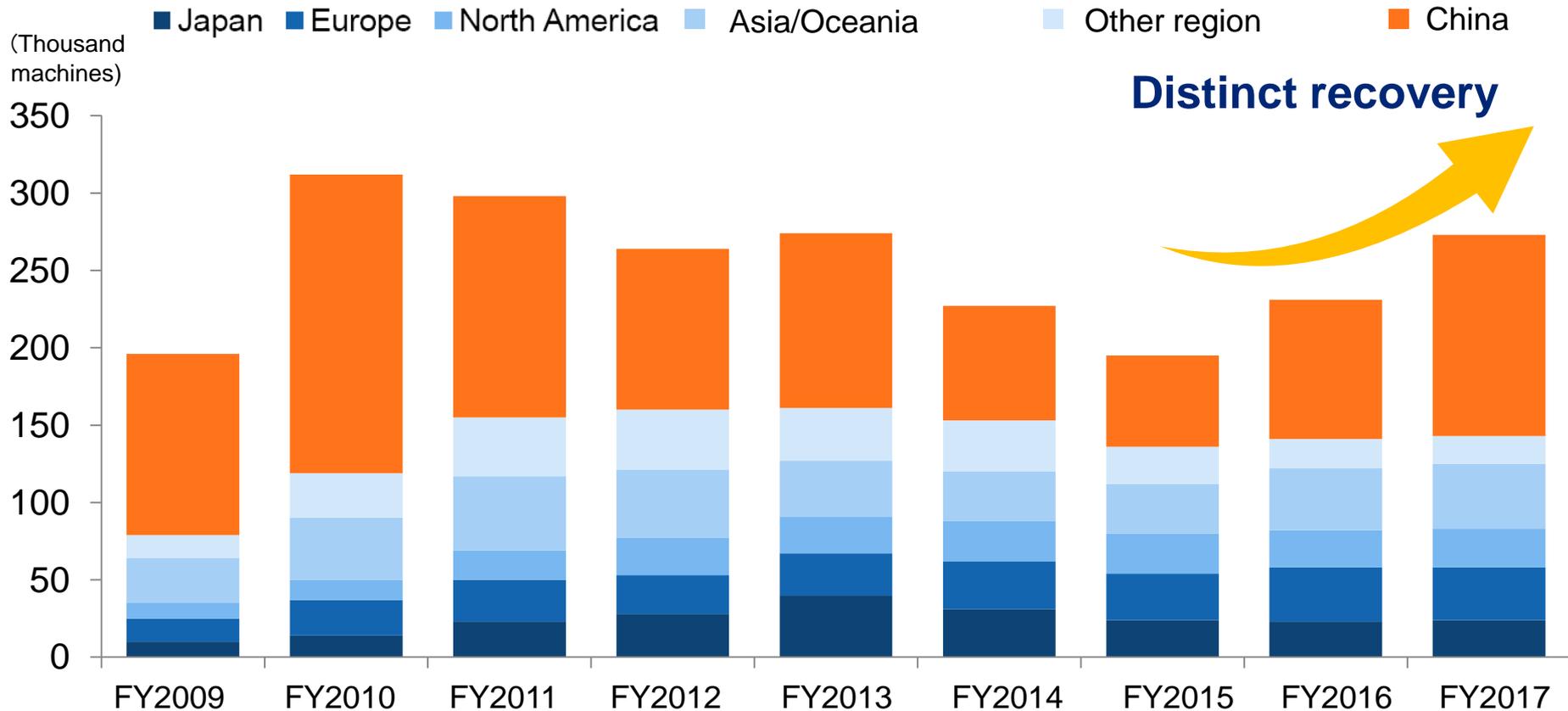
Redevelop our supply chain from business continuity plans (**BCPs**), cost, and operation perspectives

Develop a robust corporate structure with MAVY's and PAC17
Large-scale investment plans for R&D facilities
Investment for building production sites in major markets

Business Environment ①

Demand for New Excavators

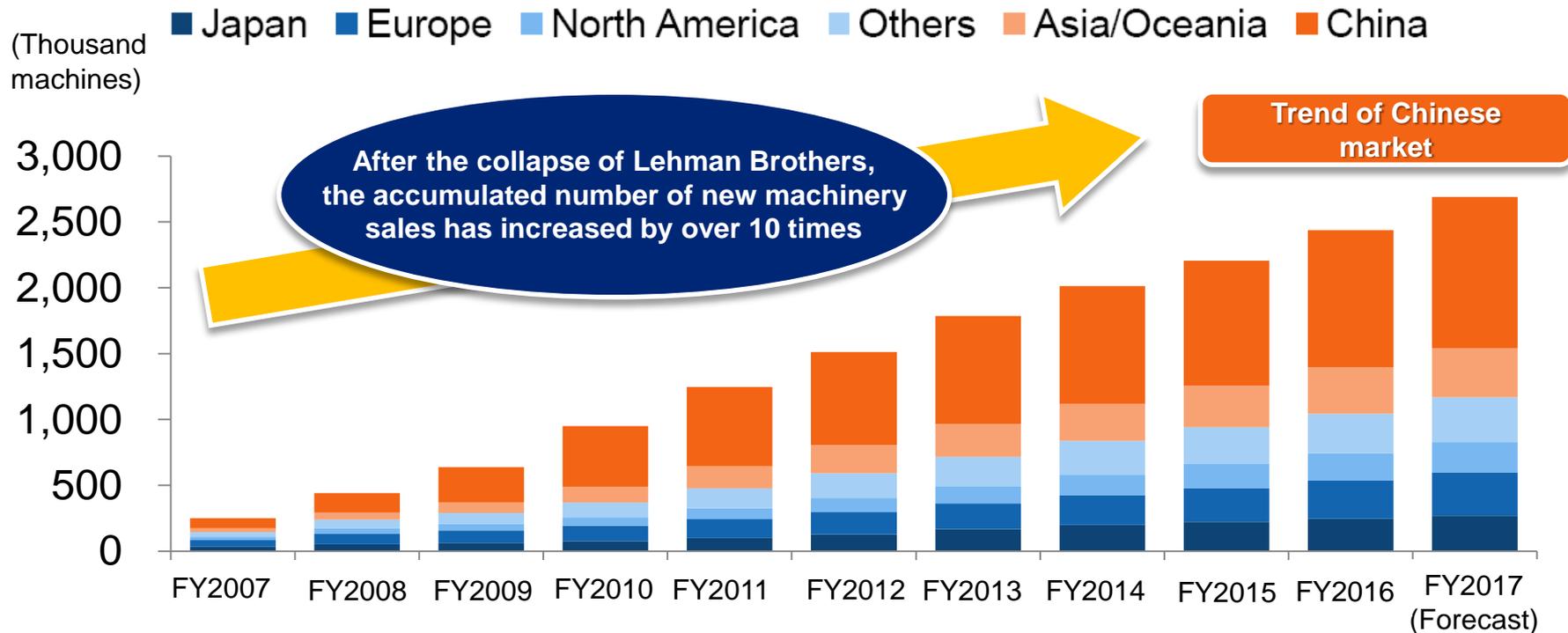
- The Chinese construction machinery market is expected to keep recovering due to government/public works, etc.



*Figures are estimated by YAMASHIN-FILTER based on data from construction machinery manufacturers and industry associations

Forecast

- Cumulative number of new machinery sales has been increasing even after the collapse of Lehman Brothers

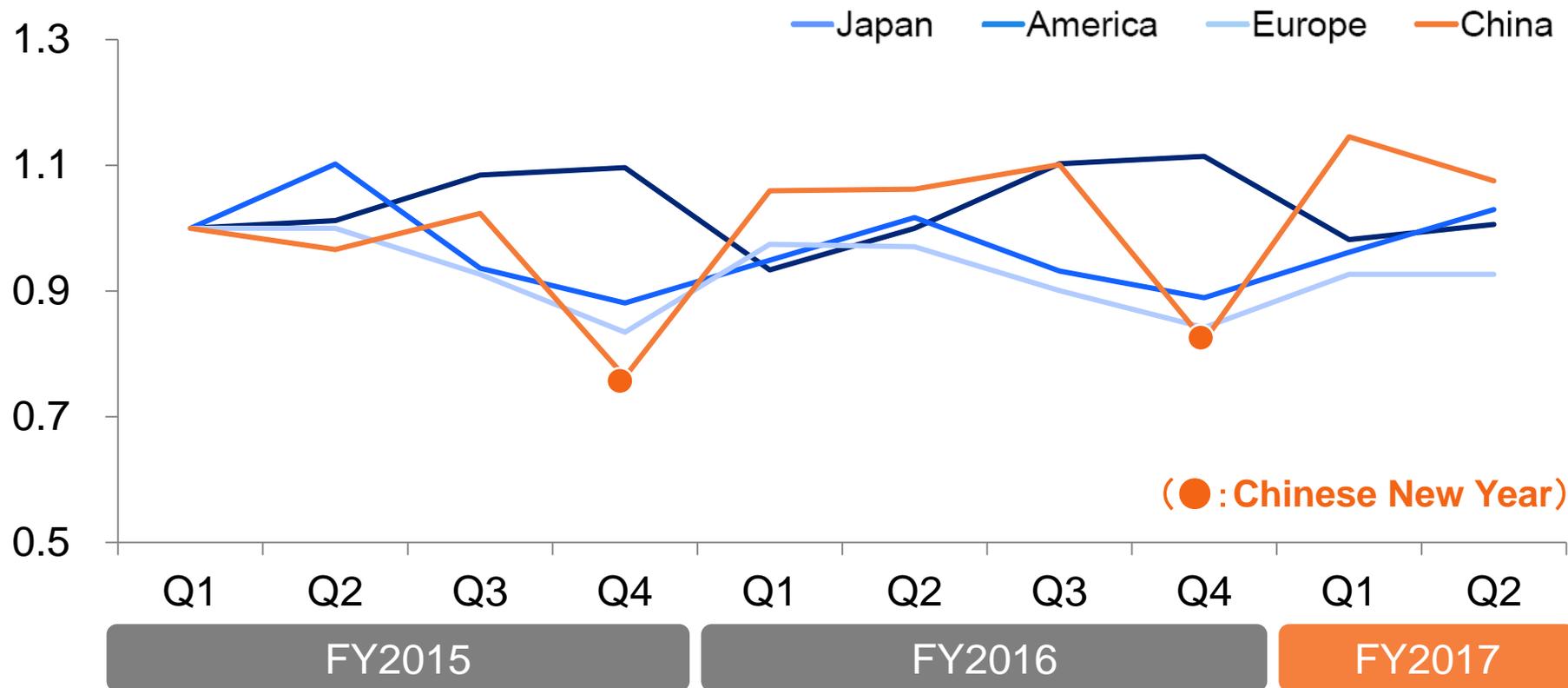


China
Fiscal spending of
4 trillion yuan

China
Fiscal spending of
2 trillion yuan

- The expansion of infrastructure investment in response to the Chinese government's "One Belt, One Road" initiative is estimated to increase the demand for construction machinery again

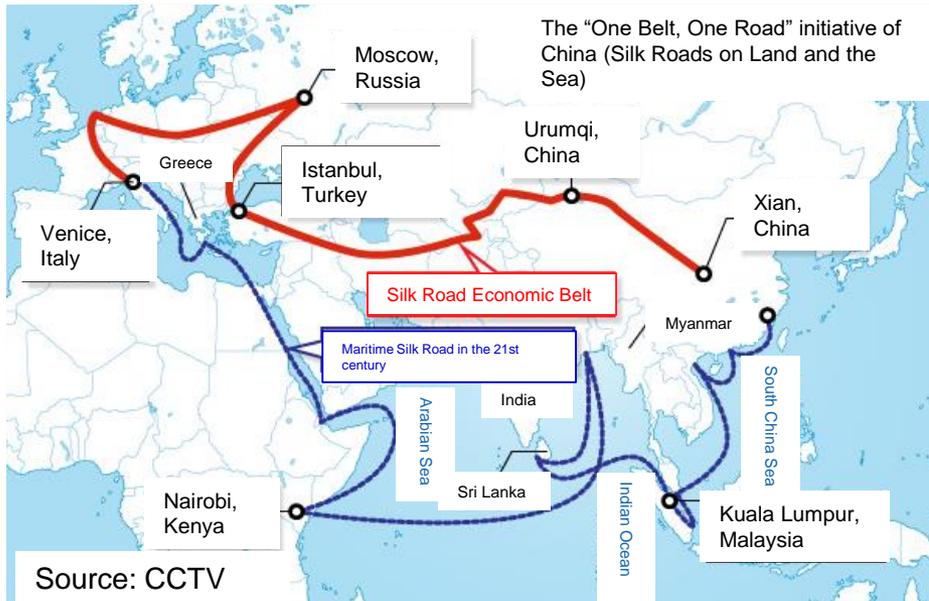
(Quarterly changes are shown in the graph below with the value of the quarter from Apr. to Jun. 2015 being set to 1.0 for indexation purposes)



(Reference) Prepared by YAMASHIN-FILTER based on the Nomura Securities analyst report

What is the “One Belt, One Road” initiative?

“One Belt” means the **“Silk Road Economic Belt,”** which runs from Central Asia to Europe on land, while **“One Road”** means **“Maritime Silk Road in the 21st century,”** which runs from the South China Sea via the Indian Ocean to Europe



- Alashankou has been reported in newspapers and other media as “a town thriving with the ‘One Belt, One Road’ initiative” and “a rapidly growing town,” but when we visited the town, we realized that it is still a small developing town, quite different from what we had imagined.
- However, considering the scale of construction in the development district and the speed of construction/development in China, we expect that that area will be developed rapidly.

Current situation of Alashankou ~Infrastructure preparation is starting~



Security check system ~Public security, which has been a problem, is improving ~



Railroad network

Highway

Airport

Target

The scale of the railroad network will be expanded, and its transportation's quality and capacity as well as its facility standard will be enhanced

Highways connected to all villages will be completed by 2020

Over 80% of prefectures can access an airline service within 100 km or 1.5 hours by ground transportation

Current Situation

120,000 km

140,000 km

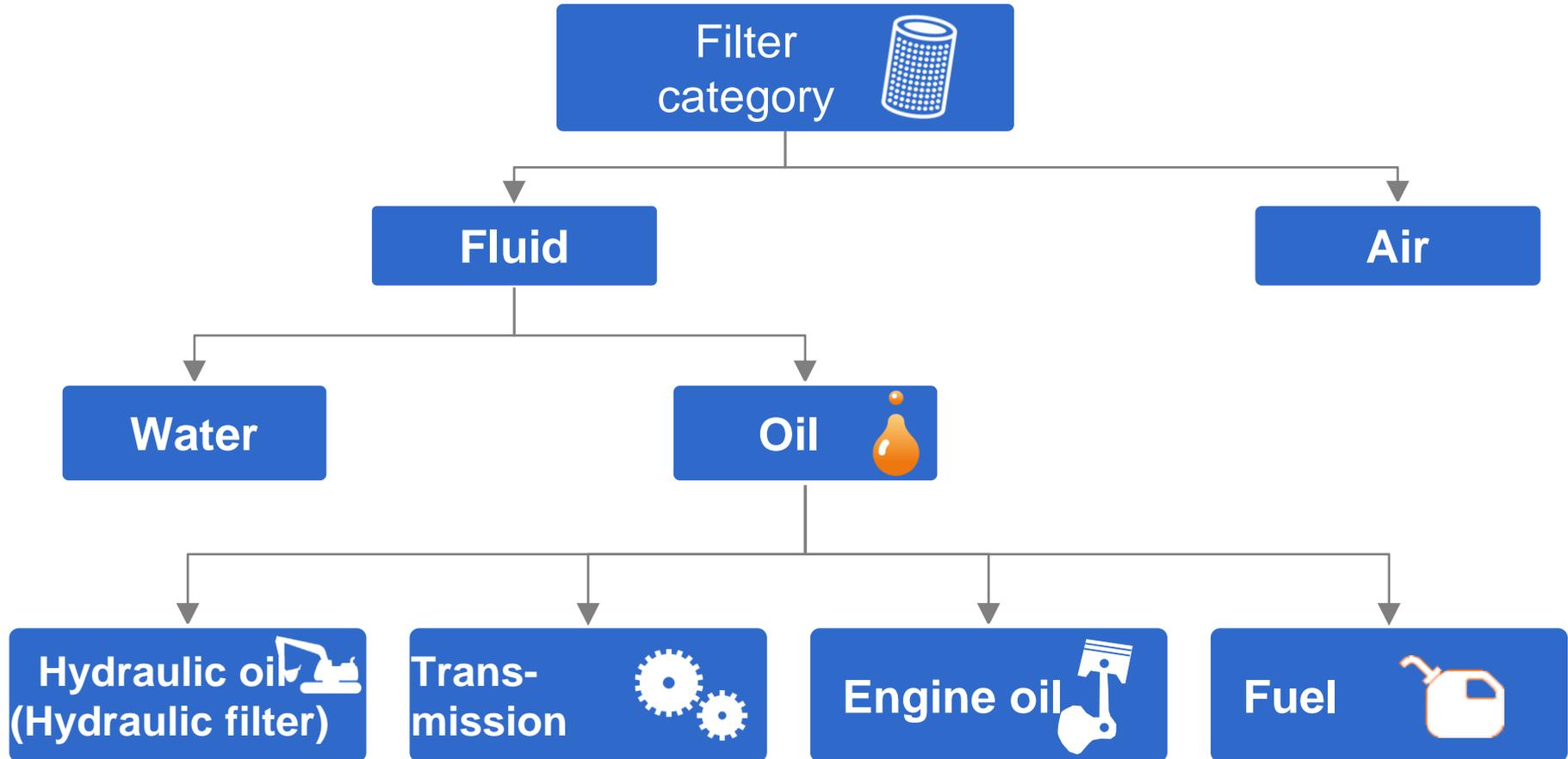
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150,000 km

160,000 km

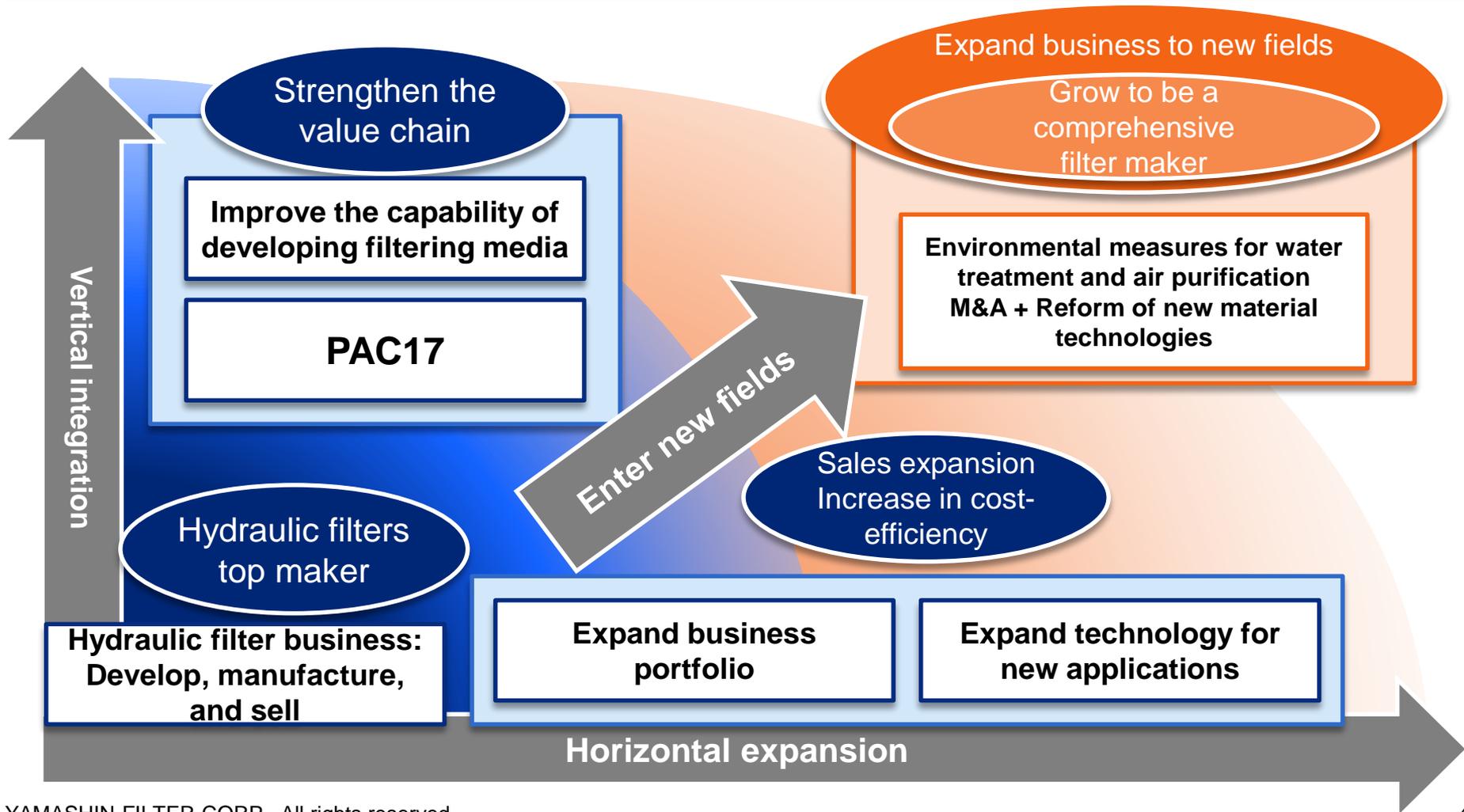
268

- Aim to expand business in the water filter and air filter markets



Path to Further Growth

- While expanding the business fields using our existing technologies, we aim to develop our business in the industry, process, and air fields
- Acquire new technologies and enter into new business fields by forming alliances and M&A



- Annual dividend will be increased to 16 yen per share, including interim dividend of 7 yen and year-end dividend of 9 yen per share

	FY2015	FY2016	FY2017 (Forecasts)
Dividend per share	10 yen	12 yen	16 yen
DOE	2.0%	2.3%	2.8%
Total return ratio	74.1%	25.6%	19.8%

*The figures for FY2017 are current estimated values.

*The Company will conduct a 5-for-1 stock split that will become effective on December 1, 2017.

*Dividend for FY2017 is based on shares before the split.

*Total return ratio = (Total dividend + Treasury stock acquired + Shareholder benefit) ÷ Net income

FY2017 Q2 Actual Results

- The results exceeded the forecast. Under the favorable external environment, the policy of improving corporate value based on MAVY's will be shared throughout the company.

FY2017 Full-year Forecasts

- The performance of line parts is healthy. In the second half, we will develop a business foundation to strengthen the sales of service parts.
- Strengthen earning structure and manufacturing base

Business Portfolio's Expansion

- Expand the existing business fields through M&A
- Enter new business fields through innovations

Reference Materials



Financial Statements Glossary

Segments and KPI

- Filters for construction machinery are classified into **“line parts”** and **“service parts”**
- Line parts are the filters for new construction machines
 - The primary indicator is **“the number of new construction machines in demand”**
- Service parts are the filters for replacement
 - The primary indicator is **“the number of units in operation”** × **“operation hours”**

Sales methods, regional trends, and cost reduction measures

- **Sales format**
 - The filters for construction machinery are sold to construction machinery makers (100%). In principle, we do not sell the products to end users directly
- **Regional trends**
 - Sales are calculated based on the destinations of our invoices, and so our data may differ from the actual regional market trends
- **PAC17 (Promptly Activated Cost reduction 2017)**
 - The company-wide cost reduction project following PAC 16 that was initiated due to the sluggish sales

Breakdown of MAVY's: Supplementary Info

Term	Formula
MAVY's	ROIC - WACC
ROIC	NOPAT ÷ Capital investment
Rate of return on capital investment	(Ordinary income + Interests paid) ÷ Capital investment
Turnover rate of working capital	Net sales ÷ (Accounts receivable + Inventory asset - Accounts payable)
Turnover rate of fixed assets	Net sales ÷ Fixed assets
Turnover rate of accounts receivable	Net sales ÷ Accounts receivable
Turnover rate of inventory asset	Net sales ÷ Inventory asset
Turnover rate of accounts payable	Sales cost ÷ Accounts payable
Turnover rate of tangible fixed assets	Net sales ÷ Tangible fixed assets
Turnover rate of intangible fixed assets	Net sales ÷ Intangible fixed assets

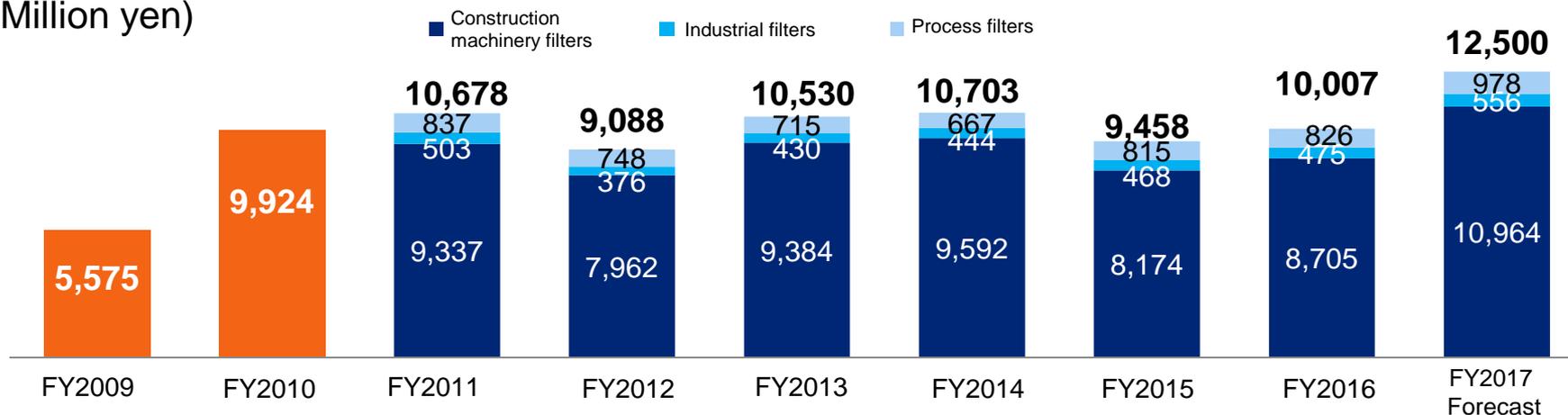
*The figures in the quarterly profit and loss statement are annualized.

*The figures in the balance sheet are the averages of the initial and term-end figures.

Financial Highlights ①

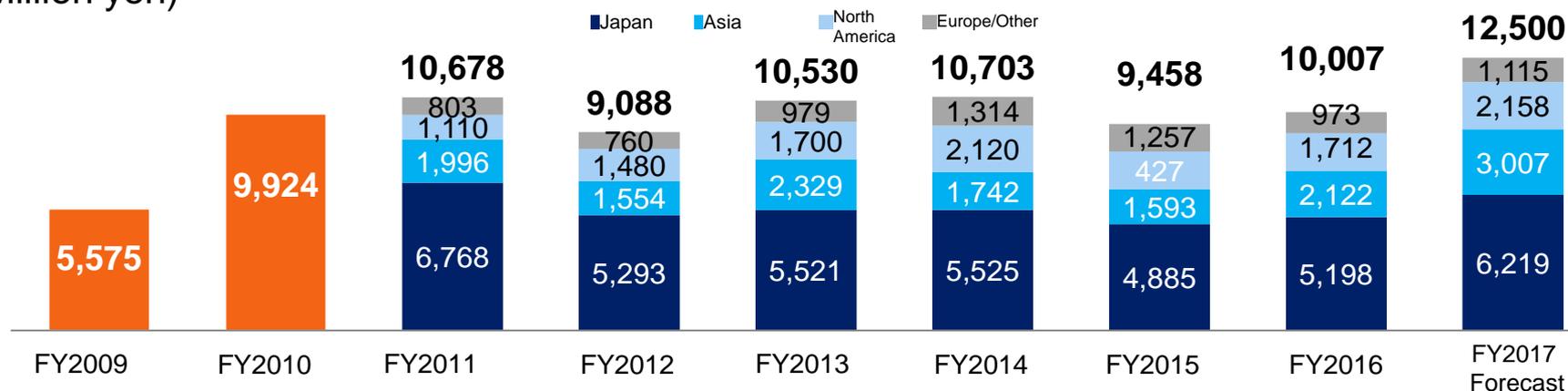
Net sales

(Million yen)



Sales by Region

(Million yen)

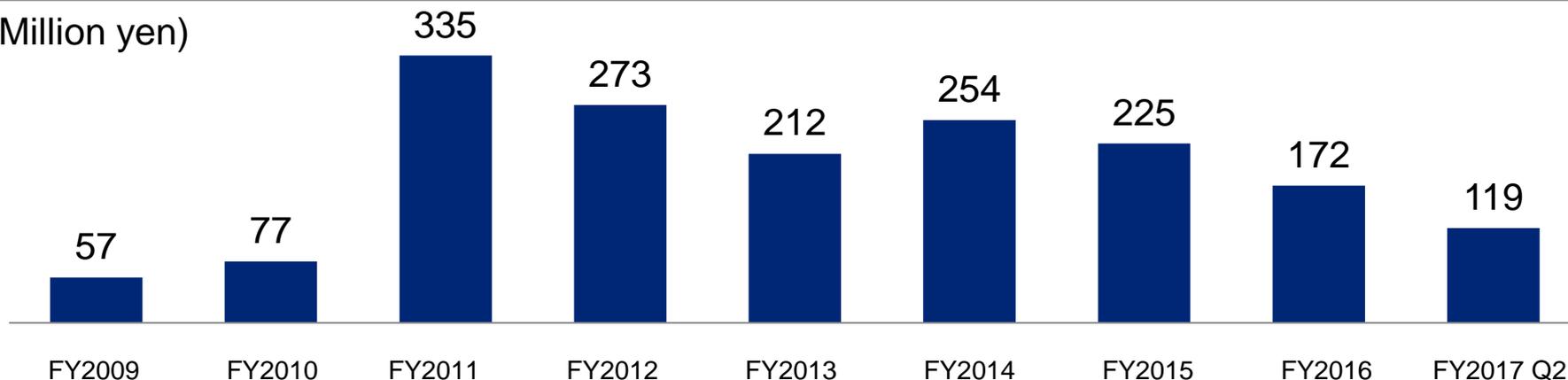


*Non-consolidated until FY2011, consolidated after FY2012.

*The breakdown of the amount of FY2014 has been altered due to the change in the method for calculating sales by region.

R&D Expenses

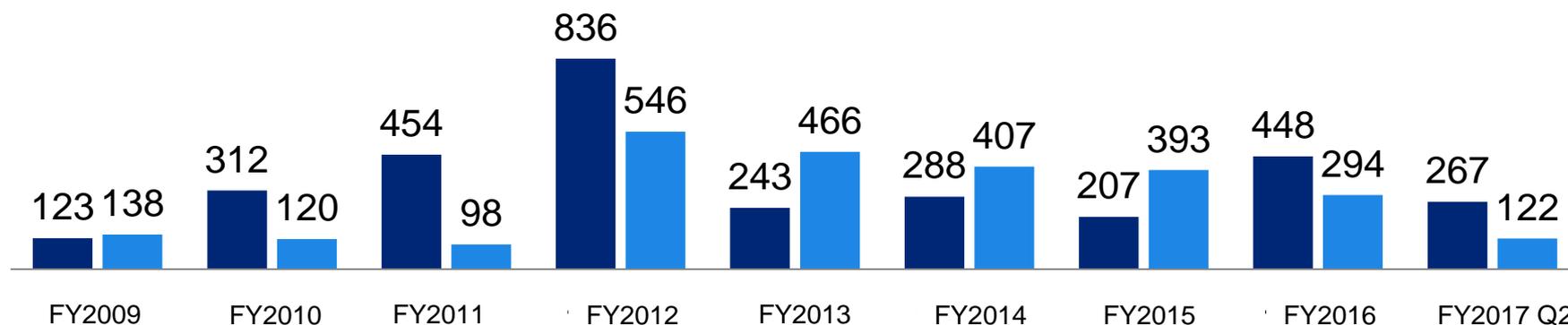
(Million yen)



Capital Investment and Depreciation & Amortization

(Million yen)

■ Capital Investment ■ Depreciation & Amortization



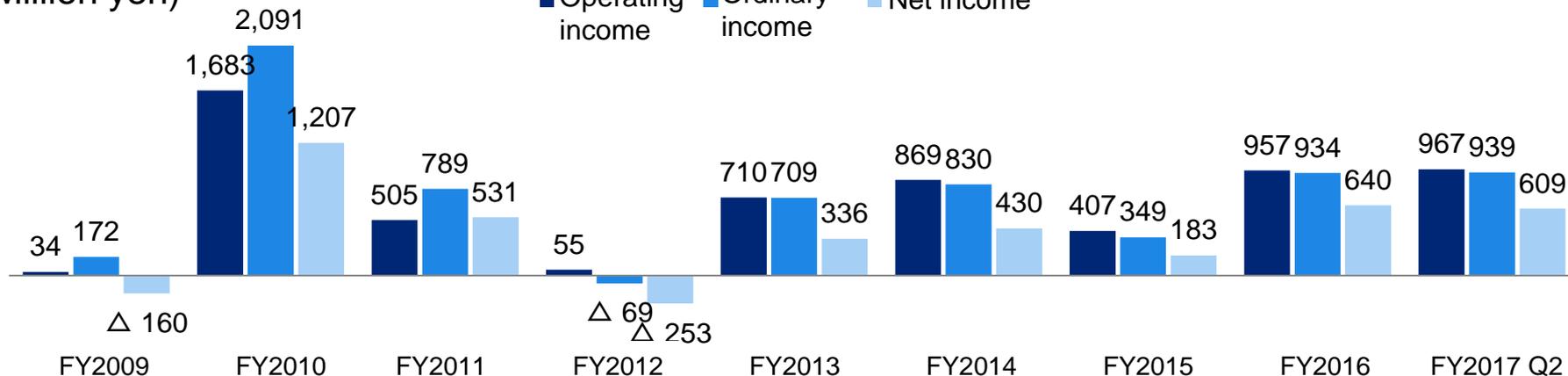
*Non-consolidated until FY2011, consolidated after FY2012.

Financial Highlights ③

Profits

(Million yen)

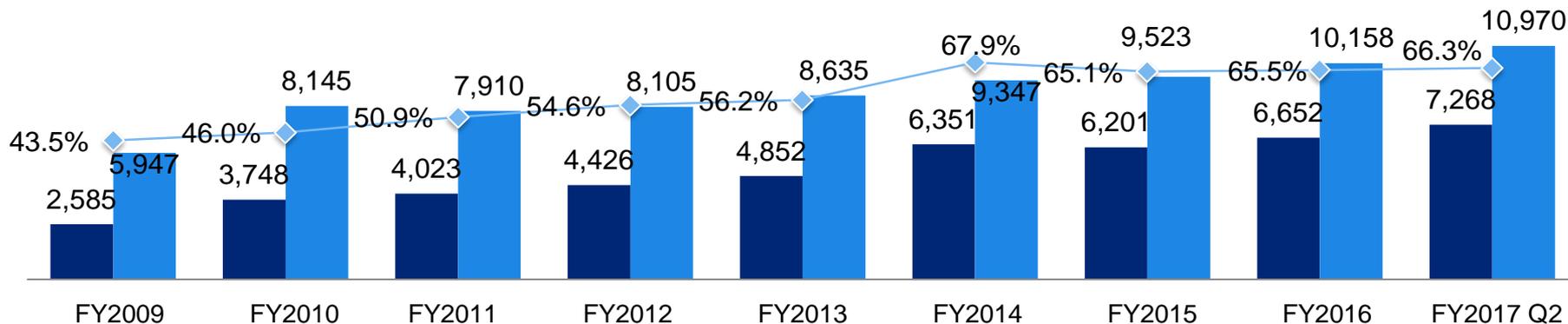
■ Operating income ■ Ordinary income ■ Net income



Net assets, total assets and shareholders' equity ratio

(Million yen, %)

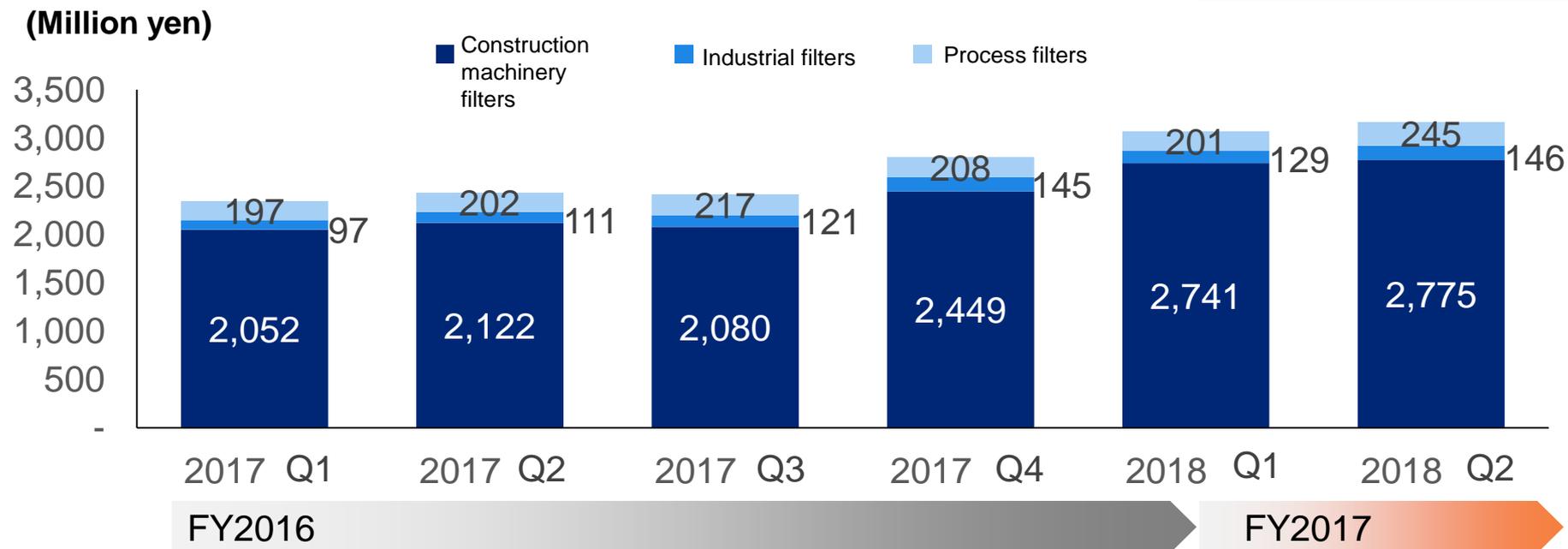
■ Net assets ■ Total assets ◆ Shareholders' equity ratio



*Non-consolidated until FY2011, consolidated after FY2012.

Changes in Quarterly Business Results (sales by product)

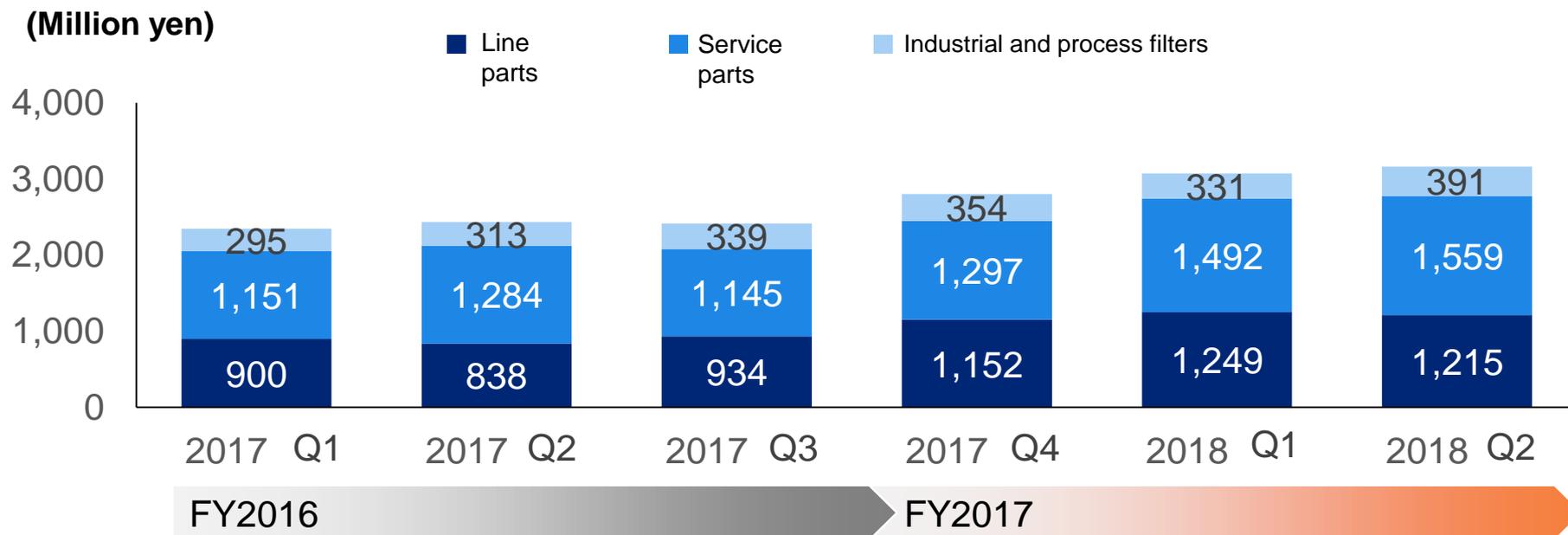
(Million yen)	FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2
Construction machinery filters	2,052	2,122	2,080	2,449	2,741	2,775
Industrial filters	97	111	121	145	129	146
Process filters	197	202	217	208	201	245
Total	2,347	2,436	2,419	2,803	3,072	3,166



*The amount of consolidated adjustments is included in construction machinery filters. (Standards for disclosing securities reports)

Segment Information (by Product) (YoY) -YTD-

(Million yen)	FY2016				FY2017	
	Q1	Q2	Q3	Q4	Q1	Q2
Construction machinery filters	2,052	2,122	2,080	2,449	2,741	2,775
Line parts	900	838	934	1,152	1,249	1,215
Service parts	1,151	1,284	1,145	1,297	1,492	1,559
Industrial/Process filters	295	313	339	354	331	391
Total	2,347	2,436	2,419	2,803	3,072	3,166



*Sales by region are calculated based on the invoices' destinations.

*Others: including sales in other areas.

Forecasts regarding future performance presented in this material are based on information that was available at the time this material was released. Actual results may differ from the forecasts due to various factors such as market trends and business conditions etc.

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