

Notice Regarding Revision to Business Forecasts

YAMASHIN-FILTER CORP. at the Board of Directors meeting on October 15, 2015 determined that its business forecasts for the fiscal year ending March 31, 2016 (April 1, 2015 to March 31, 2016) was likely to diverge from the forecasts announced on May 15, 2015. In accordance with the provisions in Rule 405 of the Securities Listing Regulations and Rule 407 of the Enforcement Rules for Securities Listing Regulations, the Company hereby revised its business forecasts as follows.

1. Revisions to business forecasts

Full-year (April 1, 2015 to March 31, 2016)

(Unit: million yen)

	Net Sales	Operating income	Ordinary income	Net Income attributable to owners of parent	Net income per share (yen)
Previous forecasts (A)	11,353	835	823	540	43.48
Revised forecasts (B)	10,351	526	503	329	26.52
Increase/decrease (B-A)	(1,002)	(309)	(319)	(210)	-
Percentage change (%)	(8.8%)	(37.0%)	(38.8%)	(39.0%)	-
(Ref.) Previous results (Fiscal year ended Mar. 2015)	10,703	869	830	430	38.35

(Note) The company conducted 2-for-1 stock split effective on September 1, 2015, based on the resolution of the board of the directors meeting held August 4, 2015. Therefore, “net income per share” is calculated assuming that the stock split was conducted at the beginning of the previous consolidated fiscal year.

2. Reasons for revisions

With regard to the outlook for the construction machinery market for the fiscal year ending March 31, 2016, global demand for new vehicles has worsened to some extent compared with demand forecast as of May 15, 2015, the date the company announced its previous full-year forecasts. The downturn in the Chinese market has been particularly pronounced. As a result, the company's principal customers have seen a decrease in demand for their products and have stepped up cost reduction (e.g. reducing personnel) and streamlining initiatives. In consideration with the worsening market environment, the company has revised its business forecasts from the figures announced on May 15, 2015.

a. With regard to net sales, due primarily to a decline in unit sales in the Chinese market for line filters, particularly mainstay hydraulic oil filters, net sales are expected to substantially decrease by 23% compared with the initial forecast. The company had also anticipated the new adoption by customers of its fuel filters, engine oil filters and other line filters. However, due to falling crude oil prices, the North American market has worsened more than expected. As a result, overall sales of line filters are expected to be approximately 21% lower than the previous forecast.

Sluggish demand in the Chinese market is also affecting the aftermarket, causing sales of service filters to fall below the previous forecasts. Due to these factors, overall net sales are expected to be 8.8% lower than the previous forecasts.

b. With regard to operating income, the company is curtailing costs in an effort to ensure profitability. These measures include a temporary freeze on mid-career hiring activities, a revision of capital expenditure plans and a reduction of overhead expenses. However, because selling, general and administrative expenses comprise a certain level of fixed costs, due to the downturn in net sales, operating income is expected to be 37.0% lower than the previous forecast.

c. With regard to ordinary income, the company posted interest income, dividend income and interest expenses. Ordinary income is expected to decrease by 38.8% compared with the previous forecasts due to the decrease in operating income.

d. With regard to net income attributable to owners of the parent, the company does not expect to record any extraordinary income or losses. Net income attributable to owners of the parent is expected to be 39.0% lower than the previous forecast due to the decrease in ordinary income.

Regarding the dividend forecasts and shareholders benefit program, the company made no revision to the figures and contents in “Notice of Stock Split, Change to Articles of Incorporation and Revision to Dividend Forecast” announced on August 4, 2015 and “Notice Concerning Shareholders Benefit Program” (Japanese) announced on August 5, 2015.

(Note) The above-mentioned earnings forecasts have been made in accordance with the company's judgement and on the basis of the information currently available as of the publication date of these materials. The actual results may differ from the forecast estimates given above.