

February 3, 2017**Notice Regarding Revision to the Business Forecast**

YAMASHIN-FILTER CORP., at the Board of Directors meeting held on February 3, 2017, decided to revise its full-year business forecast for the fiscal year ending March 31, 2017 (April 1, 2016 to March 31, 2017) that was announced on November 4, 2016 as follows.

1. Revision to the full-year business forecast for the fiscal year ending March 2017

(April 1, 2016 to March 31, 2017)

(Unit: million yen)

	Net Sales	Operating income	Ordinary income	Net income attributable to owners of parent	Net income per share (yen)
Previous forecast (A)	9,345	780	720	464	37.31
Revised forecast (B)	9,950	880	810	560	45.02
Increase/decrease (B-A)	605	100	90	96	-
Percentage change (%)	6.5%	12.8%	12.5%	20.7%	-
(Ref.) Previous results (Fiscal year ended Mar.2016)	9,458	407	349	183	14.79

*Assumed exchange rates: 1 USD = 100 JPY (100 JPY at the time when the previous forecast was announced)
1 EUR = 110 JPY (110 JPY at the time when the previous forecast was announced)

2. Reasons for the revision to the business forecast

As for the construction machinery market for FY2016, the recovery of demand is becoming apparent as a whole, compared with when the previous full-year business forecast was announced on November 4, 2016. It is because the replacement demand for construction machinery is recovering supported by public investment in China, one of the Company's main markets, although there are some regional variations in demand.

In addition to the above-mentioned changes in the external environment, the performance is expected to exceed the previous full-year business forecast, thanks to the Group-wide cost reduction project "PAC16." Therefore, YAMASHIN has revised its full-year business forecast announced on November 4, 2016.

- a. With regard to net sales, sales of line parts are expected to increase by about 4.4% compared with the previous business forecast. This is due to a recovery in replacement demand for construction machinery supported by public investment in the Chinese market, and a growth in demand in the Asian market, where the investment in infrastructure is increasing. Sales of service parts are expected to increase by about 9.3% compared with the previous business forecast. This is because demand grew after the customers' inventory adjustments in the second half of the previous fiscal year, and the operation hours of construction machinery in the Chinese aftermarket is increasing. Overall net sales are expected to increase by 6.5% compared with the previous business forecast.
- b. With regard to operating income, this is expected to increase by 12.8% compared with the previous business forecast. This is because there was an increase in net sales and the Company is expected to achieve better cost reduction target than estimated through a cost reduction project named "PAC16" to ensure profitability since the previous fiscal year.
- c. With regard to ordinary income, this is expected to increase by 12.5% compared with the previous business forecast due to the increase in operating income.
- d. With regard to net income attributable to owners of the parent company, this is expected to increase by 20.7% compared with the previous business forecast. This is due to the increase in ordinary income.

YAMASHIN has not revised the dividend forecast written in "Notice Regarding Revision to the Business Forecast and Year-end Dividend Forecast" disclosed on November 4, 2016.

(Note) The forecast regarding future performance presented in this material is based on information that was available at the time this material was released and this contains many uncertainties. The actual results may differ from the forecast due to various factors such as the market trends, business conditions, etc.