



October 10, 2018

**Consolidated Financial Results**  
**for the Second Quarter of the Fiscal Year Ending February 28, 2019**  
**(Six Months Ended August 31, 2018)**

[Japanese GAAP]

Company name: AIT CORPORATION  
 Securities code: 9381  
 Representative: Hidekazu Yagura, President and CEO  
 Contact: Tsukasa Nishimura,  
 Director in charge of General Affairs & Planning Dept. and Accounting & Finance Dept.  
 Tel: +81-6-6260-3450

Listing: TSE 1st section  
 URL: <http://www.ait-jp.com/>

Scheduled date of filing of Quarterly Report: October 15, 2018  
 Scheduled date of payment of dividend: October 25, 2018  
 Preparation of supplementary materials for quarterly financial results: Yes  
 Holding of quarterly financial results meeting: None

*(All amounts are rounded down to the nearest million yen)*

**1. Consolidated Financial Results for the Second Quarter (March 1, 2018 – August 31, 2018) of the Fiscal Year Ending February 28, 2019**

(1) Consolidated results of operations (Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 31, 2018	13,003	9.0	713	1.0	771	0.9	527	2.2
Six months ended Aug. 31, 2017	11,931	17.7	706	10.3	764	9.7	516	9.9

Note: Comprehensive income  
 Six months ended Aug. 31, 2018: 461 million yen (up 0.6%)  
 Six months ended Aug. 31, 2017: 458 million yen (up 72.7%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 31, 2018	27.60	-
Six months ended Aug. 31, 2017	27.00	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of Aug. 31, 2018	8,032		5,708		70.7	
As of Feb. 28, 2018	7,654		5,610		72.9	

Reference: Equity capital As of Aug. 31, 2018: 5,682 million yen As of Feb. 28, 2018: 5,583 million yen

**2. Dividends**

	Dividend per share				
	1Q-end	2Q-end	3Q-end	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended Feb. 28, 2018	-	16.00	-	19.00	35.00
Fiscal year ending Feb. 28, 2019	-	18.00	-	-	-
Fiscal year ending Feb. 28, 2019 (forecast)	-	-	-	18.00	36.00

Note: Revision to the most recently announced dividend forecast: None

**3. Forecast of Consolidated Results for the Fiscal Year Ending February 28, 2019 (March 1, 2018 – February 28, 2019)**

(Percentages represent year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Full year	28,500	13.5	1,550	3.5	1,610	1.4	1,150	4.5	60.17

Note: Revision to the most recently announced forecast of consolidated results: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): None

Newly added: -                      Excluded: -

(2) Application of special accounting methods for presenting quarterly consolidated financial statements: None

(3) Changes in accounting policies and accounting-based estimates, and restatements

- |   |      |
|---|------|
| 1) Changes in accounting policies due to revisions in accounting standards, others: | None |
| 2) Changes in accounting policies other than 1) above:                              | None |
| 3) Changes in accounting-based estimates:   | None |
| 4) Restatements:  | None |

(4) Number of outstanding shares (common stock)

- |  |                   |                                 |                   |
|--|-------------------|---------------------------------|-------------------|
| 1) Number of shares outstanding at the end of the period (including treasury shares) |                   |                                 |                   |
| As of Aug. 31, 2018:   | 19,754,400 shares | As of Feb. 28, 2018:            | 19,754,400 shares |
| 2) Number of treasury shares at the end of the period                                |                   |                                 |                   |
| As of Aug. 31, 2018:   | 640,829 shares    | As of Feb. 28, 2018:            | 640,829 shares    |
| 3) Average number of shares outstanding during the period                            |                   |                                 |                   |
| Six months ended Aug. 31, 2018:  | 19,113,571 shares | Six months ended Aug. 31, 2017: | 19,113,615 shares |

The current quarterly financial report is not subject to quarterly review by certified public accountants or auditing firms.

Cautionary statement with respect to forecasts of future performance and other special items

Forward-looking statements in these materials are based on certain assumptions judged to be valid and information currently available to AIT. These statements are not promises by AIT regarding future performance. Actual performance may differ significantly from these forecasts for a number of reasons. Please refer to “1. Qualitative Information on Quarterly Consolidated Financial Performance, (3) Explanation of Forecast of Consolidated Results and Other Forward-looking Statements” on page 4 of the attachments regarding preconditions or other related matters for forecasts shown above.

AIT does not plan to hold a financial results meeting for analysts and institutional investors for the first half. Materials supplementary to the financial results will be available in Japanese language on AIT’s website soon after the release of the first-half financial results.

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## 1. Qualitative Information on Quarterly Consolidated Financial Performance

### (1) Explanation of Results of Operations

The Japanese economy recovered slowly during the first half of the fiscal year ending February 28, 2019. There was an upturn in consumer spending as corporate earnings, the labor market and personal income improved. However, the outlook for the economy remains unclear due to concerns regarding the global economy resulting from the trade friction between China and the U. S., in addition to the increasing political and economic uncertainty overseas.

The AIT Group actively conducted sales activities aimed at adding new customers and deepening relationships with current customers and on receiving more orders for fully integrated service packages that include international freight as well as customs clearance, delivery and other services. As a result, orders for integrated freight handling services mainly from large customers continued on the expansionary trend. Another goal was to extend operations beyond the core apparel and household goods sectors in order to handle freight in categories new to the AIT Group.

In the second half of the previous consolidated fiscal year, the volume of business, mainly with large customers, which generally has low margins, increased, and more customs clearance work was outsourced. Consequently, the gross profit margin was on a downtrend. In response, the AIT Group focused on revising service rates and took other actions aimed at improving the gross profit margin.

Consequently, selling, general and administrative expenses increased. There was also a temporary downturn in the freight volume due to Chinese New Year Holidays. The downward pressure of these negative factors was offset by increased earnings and improved gross profit margin on integrated freight handling services.

Operating revenue increased 9.0% year-on-year to 13,003 million yen. Operating profit was up 1.0% to 713 million yen, ordinary profit up 0.9% to 771 million yen and profit attributable to owners of parent up 2.2% to 527 million yen.

Results by business segment are as follows.

#### 1) Japan

In the first half of current fiscal year, Japan's imports from China decreased briefly in the first half of March because of Chinese New Year holidays. However, from April onward, the volume of freight handled and the number of customs clearance orders were higher than the same period a year earlier mainly because the AIT Group stepped up sales to capture more orders for integrated freight handling services. As a result, the number of containers handled in the sea freight sector increased 1.9% to 99,856 TEU for imports and 3.8% to 106,085 TEU for total imports and exports, higher than one year earlier. Affected by the decline in March, the number of customs clearance orders were largely on par with the same period a year earlier, declining only 0.3% to 43,131.

Earnings also got a boost as the AIT Group focused on passing on the higher cost of transporting cargo to customers, mainly for sea freight rates and took other action to raise prices and improve earnings.

As a result, operating revenue increased 6.6% to 10,528 million yen. However, segment profit decreased 11.9% to 444 million yen primarily because of increases in operating cost and selling, general and administrative expenses.

#### 2) China

Along with the increase in export and import cargo volumes from China, opportunities to provide services increased involving shipments within China. In addition, the appreciation of the yuan raised yen translations of revenue and earnings in China. As a result, operating revenue increased 10.1% to 2,225 million yen and segment profit increased 13.3% to 266 million yen.

#### 3) Thailand

The volume of cargo shipped to Japan is increasing but still small. Operating revenue increased 55.8% to 42 million yen and there was a segment loss of 1 million yen, compared with a 6 million yen loss one year earlier, because of expenses for sales activities.

**4) Other**

This segment includes the operations of subsidiaries in the United States and Taiwan and a joint venture in Vietnam. There was slow growth in the volume of freight handled in all three companies. However, the contribution to consolidated operating revenue was negligible because the total freight volume at these companies is still small. In the first half, operating revenue was 207 million yen, up from 9 million yen one year earlier, and segment profit was 3 million yen, compared with a 26 million yen loss one year earlier.

Note: TEU (twenty-foot equivalent unit) is a unit of cargo capacity based on a standard intermodal container.

**(2) Explanation of Financial Position****1) Balance sheet position****Assets**

Total assets increased 377 million yen from the end of the previous fiscal year to 8,032 million yen at the end of the period under review. This was mainly due to increases in accounts receivable-trade of 178 million yen, cash and deposits of 161 million yen and advanced paid of 24 million yen.

**Liabilities**

Liabilities increased 278 million yen to 2,323 million yen. This was mainly due to increases in accounts payable-trade of 79 million yen, provision for bonuses of 70 million yen, income taxes payable of 28 million yen and net defined benefit liability of 20 million yen.

**Net assets**

Net assets increased 98 million yen to 5,708 million yen. This was mainly due to dividends distributed from retained earnings of 363 million yen and a decrease in foreign currency translation adjustment of 65 million yen, which were partially offset by the booking of profit attributable to owners of parent of 527 million yen.

**2) Cash flows**

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review was 4,045 million yen, up 161 million yen over the end of the previous fiscal year.

The cash flow components and the main reasons for changes are as described below.

**Cash flows from operating activities**

Net cash provided by operating activities was 590 million yen, an increase of 303 million yen from the same period of the previous fiscal year. Although there were negative factors including income taxes paid of 220 million yen and an increase in notes and accounts receivable-trade of 201 million yen, there were positive factors including profit before income taxes of 770 million yen, an increase in notes and accounts payable-trade of 98 million yen and an increase in provision for bonuses of 71 million yen.

**Cash flows from investing activities**

Net cash used in investing activities was 5 million yen, compared with net cash provided of 508 million yen in the same period of the previous fiscal year. Although there were positive factors including proceeds from withdrawal of time deposits of 135 million yen, there were negative factors including payments into time deposits of 135 million yen and purchase of property, plant and equipment of 3 million yen.

**Cash flows from financing activities**

Net cash used in financing activities was 363 million yen, an increase of 76 million yen from the same period of the previous fiscal year. This was mainly the result of negative factors including cash dividends paid of 363 million yen.

**(3) Explanation of Forecast of Consolidated Results and Other Forward-looking Statements**

There are no revisions to the full year forecasts of consolidated results for the fiscal year ending February 28, 2019, which was announced on April 11, 2018.

**2. Quarterly Consolidated Financial Statements and Notes****(1) Quarterly Consolidated Balance Sheet**

(Thousands of yen)

	FY2/18 (As of Feb. 28, 2018)	Second quarter of FY2/19 (As of Aug. 31, 2018)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	4,434,299	4,595,909
Notes and accounts receivable-trade	1,799,606	1,978,395
Advances paid	954,508	978,895
Other	158,757	178,832
Allowance for doubtful accounts	(19,899)	(21,826)
<b>Total current assets</b>	<b>7,327,273</b>	<b>7,710,206</b>
<b>Non-current assets</b>		
Property, plant and equipment	41,584	37,032
Intangible assets	52,704	64,100
<b>Investments and other assets</b>		
Investment securities	2,904	2,945
Guarantee deposits	225,532	217,784
Other	5,166	232
Allowance for doubtful accounts	(238)	(232)
<b>Total investments and other assets</b>	<b>233,364</b>	<b>220,730</b>
<b>Total non-current assets</b>	<b>327,652</b>	<b>321,863</b>
<b>Total assets</b>	<b>7,654,926</b>	<b>8,032,070</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	1,061,969	1,141,968
Income taxes payable	229,140	257,471
Provision for bonuses	69,233	139,372
Provision for directors' bonuses	16,800	9,500
Other	254,539	321,576
<b>Total current liabilities</b>	<b>1,631,682</b>	<b>1,869,888</b>
<b>Non-current liabilities</b>		
Net defined benefit liability	268,535	288,691
Provision for directors' retirement benefits	77,670	85,945
Other	66,955	79,075
<b>Total non-current liabilities</b>	<b>413,160</b>	<b>453,712</b>
<b>Total liabilities</b>	<b>2,044,842</b>	<b>2,323,600</b>

	(Thousands of yen)	
	FY2/18 (As of Feb. 28, 2018)	Second quarter of FY2/19 (As of Aug. 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	271,140	271,140
Capital surplus	221,590	221,590
Retained earnings	4,920,476	5,084,860
Treasury shares	(68,004)	(68,004)
Total shareholders' equity	5,345,203	5,509,586
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	56
Deferred gains or losses on hedges	-	(330)
Foreign currency translation adjustment	237,880	172,842
Total accumulated other comprehensive income	237,907	172,568
Non-controlling interests	26,972	26,314
Total net assets	5,610,083	5,708,469
Total liabilities and net assets	7,654,926	8,032,070

**(2) Quarterly Consolidated Statements of Income and Comprehensive Income****Quarterly Consolidated Statement of Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY2/18 (Mar. 1, 2017 – Aug. 31, 2017)	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)
Operating revenue		
Forwarding income	11,931,670	13,003,180
Total operating revenue	11,931,670	13,003,180
Operating cost		
Forwarding cost	9,308,024	10,259,942
Total operating cost	9,308,024	10,259,942
Gross profit	2,623,646	2,743,237
Selling, general and administrative expenses	1,917,148	2,029,637
Operating profit	706,498	713,599
Non-operating income		
Interest income	12,606	4,886
Dividend income	29	29
Foreign exchange gains	28,011	29,720
Other	19,695	23,037
Total non-operating income	60,343	57,673
Non-operating expenses		
Loss on withdrawal of membership	2,700	-
Total non-operating expenses	2,700	-
Ordinary profit	764,141	771,273
Extraordinary losses		
Loss on retirement of non-current assets	107	369
Total extraordinary losses	107	369
Profit before income taxes	764,034	770,904
Income taxes-current	306,734	252,586
Income taxes-deferred	(55,237)	(9,877)
Total income taxes	251,496	242,709
Profit	512,537	528,194
Profit (loss) attributable to non-controlling interests	(3,545)	653
Profit attributable to owners of parent	516,083	527,541

**Quarterly Consolidated Statement of Comprehensive Income****(For the Six-month Period)**

(Thousands of yen)

	First six months of FY2/18 (Mar. 1, 2017 – Aug. 31, 2017)	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)
Profit	512,537	528,194
Other comprehensive income		
Valuation difference on available-for-sale securities	(15)	28
Deferred gains or losses on hedges	179	(330)
Foreign currency translation adjustment	(53,983)	(66,348)
Total other comprehensive income	(53,818)	(66,650)
Comprehensive income	458,718	461,544
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	464,511	462,201
Comprehensive income attributable to non-controlling interests	(5,792)	(657)

**(3) Quarterly Consolidated Statement of Cash Flows**

(Thousands of yen)

	First six months of FY2/18 (Mar. 1, 2017 – Aug. 31, 2017)	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)
Cash flows from operating activities		
Profit before income taxes	764,034	770,904
Depreciation	17,933	17,077
Increase (decrease) in allowance for doubtful accounts	5,508	2,144
Increase (decrease) in provision for bonuses	53,221	71,491
Increase (decrease) in provision for directors' bonuses	(6,200)	(7,300)
Increase (decrease) in net defined benefit liability	15,335	20,156
Increase (decrease) in provision for directors' retirement benefits	7,552	8,275
Interest and dividend income	(12,636)	(4,916)
Foreign exchange losses (gains)	(3,876)	(3,594)
Loss on retirement of property, plant and equipment	107	369
Increase (decrease) in deposits received	(17,337)	26,094
Decrease (increase) in notes and accounts receivable-trade	(350,658)	(201,886)
Decrease (increase) in advances paid	(246,039)	(24,391)
Increase (decrease) in notes and accounts payable-trade	264,126	98,307
Other, net	(41,164)	33,539
Subtotal	449,907	806,271
Interest and dividend income received	12,718	4,870
Income taxes paid	(175,365)	(220,536)
Net cash provided by (used in) operating activities	287,260	590,605
Cash flows from investing activities		
Payments into time deposits	(623,300)	(135,400)
Proceeds from withdrawal of time deposits	1,119,000	135,400
Purchase of property, plant and equipment	(6,676)	(3,569)
Purchase of intangible assets	(6,097)	(486)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	28,751	-
Payments for guarantee deposits	(5,802)	(2,468)
Proceeds from collection of guarantee deposits	462	1,209
Other, net	2,000	-
Net cash provided by (used in) investing activities	508,336	(5,315)
Cash flows from financing activities		
Purchase of treasury shares	(20)	-
Cash dividends paid	(286,710)	(363,508)
Net cash provided by (used in) financing activities	(286,731)	(363,508)
Effect of exchange rate change on cash and cash equivalents	(30,611)	(60,172)
Net increase (decrease) in cash and cash equivalents	478,254	161,609
Cash and cash equivalents at beginning of period	3,191,010	3,884,299
Cash and cash equivalents at end of period	3,669,265	4,045,909

**(4) Notes to Quarterly Consolidated Financial Statements****Going Concern Assumption**

Not applicable.

**Significant Changes in Shareholders' Equity**

Not applicable.

**Segment and Other Information**

I First six months of FY2/18 (Mar. 1, 2017 – Aug. 31, 2017)

Information related to operating revenue and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Other (Note 2)	Total	Adjustment	Amounts shown on quarterly consolidated statement of income (Note 3)
	Japan	China (Note 1)	Thailand	Total				
Operating revenue								
(1) Revenue from external customers	9,873,416	2,021,970	27,065	11,922,453	9,217	11,931,670	-	11,931,670
(2) Inter-segment revenue and transfers	44,720	1,097,343	23,860	1,165,923	28,309	1,194,233	(1,194,233)	-
Total	9,918,137	3,119,314	50,925	13,088,376	37,527	13,125,903	(1,194,233)	11,931,670
Segment profit (loss)	504,652	235,212	(6,717)	733,148	(26,650)	706,498	-	706,498

Notes: 1. "China" includes the business activities of entities in China and Hong Kong.

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in the U.S., Taiwan and Vietnam.

3. Segment profit (loss) is consistent with operating profit recorded in the quarterly consolidated statement of income.

II First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)

Information related to operating revenue and profit or loss for each reportable segment (Thousands of yen)

	Reportable segment				Other (Note 2)	Total	Adjustment	Amounts shown on quarterly consolidated statement of income (Note 3)
	Japan	China (Note 1)	Thailand	Total				
Operating revenue								
(1) Revenue from external customers	10,528,063	2,225,331	42,164	12,795,559	207,621	13,003,180	-	13,003,180
(2) Inter-segment revenue and transfers	108,429	1,149,244	15,089	1,272,764	133,456	1,406,221	(1,406,221)	-
Total	10,636,493	3,374,576	57,253	14,068,323	341,078	14,409,401	(1,406,221)	13,003,180
Segment profit (loss)	444,747	266,603	(1,269)	710,080	3,519	713,599	-	713,599

Notes: 1. "China" includes the business activities of entities in China and Hong Kong.

2. "Other" is a business segment not included in reportable segments and includes the business activities of entities in the U.S., Taiwan and Vietnam.

3. Segment profit (loss) is consistent with operating profit recorded in the quarterly consolidated statement of income.

## **Subsequent Events**

### Agreement on exchange of stock

Pursuant to the resolution approved by the Board of Directors at the meeting held on October 10, 2018 to make Nisshin Transportation Co., Ltd., a wholly owned subsidiary, with AIT as the solo parent. A stock exchange agreement to the effect was signed between the two companies.

For further details, see the release titled “Notice Regarding Agreement on Stock Exchange with Nisshin Transportation Co., Ltd. and Changes in Subsidiaries” (Japanese version only) announced today.

*This summary report is solely a translation of “Kessan Tanshin” (in Japanese, including attachments), which has been prepared in accordance with accounting principles and practices generally accepted in Japan, for the convenience of readers who prefer an English translation.*