



April 10, 2019

Consolidated Financial Results for the Fiscal Year Ended February 28, 2019

[Japanese GAAP]

Company name: AIT CORPORATION

Listing: TSE 1st section

Securities code: 9381

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Scheduled date of Annual General Meeting of Shareholders: May 21, 2019

Scheduled date of filing of Annual Securities Report: May 22, 2019

Scheduled date of payment of dividend: May 22, 2019

Preparation of supplementary materials for financial results: Yes

Holding of financial results meeting: Yes (for institutional investors and securities analysts)

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

1. Consolidated Financial Results for the Fiscal Year Ended February 28, 2019

(March 1, 2018 – 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	%
Fiscal year ended Feb. 28, 2019	27,783	10.6	1,543	3.1	1,703	7.3	1,167	6.1
Fiscal year ended Feb. 28, 2018	25,114	18.1	1,497	7.5	1,587	8.6	1,100	12.1

Note: Comprehensive income Fiscal year ended Feb. 28, 2019: 1,055 million yen (down 4.8%)

Fiscal year ended Feb. 28, 2018: 1,107 million yen (up 23.6%)

	Net income per share	Diluted net income per share	Return on equity	Ordinary profit on total assets	Operating profit to operating revenue
	Yen	Yen	%	%	%
Fiscal year ended Feb. 28, 2019	61.09	-	20.3	21.4	5.6
Fiscal year ended Feb. 28, 2018	57.56	-	20.7	22.0	6.0

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 28, 2019: - million yen

Fiscal year ended Feb. 28, 2018: - million yen

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2019	8,238	5,954	71.9	310.10
As of Feb. 28, 2018	7,654	5,610	72.9	292.10

Reference: Equity capital As of Feb. 28, 2019: 5,927 million yen As of Feb. 28, 2018: 5,583 million yen

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of the period
	Million yen	Million yen	Million yen	Million yen
Fiscal year ended Feb. 28, 2019	1,489	271	(710)	4,837
Fiscal year ended Feb. 28, 2018	758	498	(592)	3,884

2. Dividends

	Dividend per share					Total dividends	Dividend payout ratio (consolidated)	Dividend on equity (consolidated)
	1Q-end	2Q-end	3Q-end	Year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
Fiscal year ended Feb. 28, 2018	-	16.00	-	19.00	35.00	668	60.8	12.6
Fiscal year ended Feb. 28, 2019	-	18.00	-	18.00	36.00	688	58.9	12.0
Fiscal year ending Feb. 29, 2020 (forecast)	-	18.00	-	18.00	36.00		68.9	

3. Consolidated Forecast for the Fiscal Year Ending February 29, 2020 (March 1, 2019 – February 29, 2020)

(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
First half	23,400	80.0	590	(17.3)	730	(5.4)	440	(16.6)	18.40
Full year	50,000	80.0	1,650	6.9	1,960	15.0	1,250	7.1	52.27

Note: There was a share exchange with Nisshin Transportation Co., Ltd. on March 1, 2019 in which Nisshin Transportation received 4,800,000 shares of AIT stock consisting of 4,159,200 shares newly issued and 640,800 treasury shares. The net income per share forecasts use an average number of shares during the fiscal year of 23,913,567, which is 23,913,600 shares outstanding, including the shares newly issued for the share exchange with Nisshin Transportation, minus 33 treasury shares.

*** 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) 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

(3) Number of outstanding shares (common stock)

- 1) Number of shares outstanding at the end of the period (including treasury shares)
 - As of Feb. 28, 2019: 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 Feb. 28, 2019: 640,833 shares As of Feb. 28, 2018: 640,829 shares
- 3) Average number of shares outstanding during the period
 - Fiscal year ended Feb. 28, 2019: 19,113,569 shares Fiscal year ended Feb. 28, 2018: 19,113,604 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2019

(March 1, 2018 – February 28, 2019)

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

	Operating revenue		Operating profit		Ordinary profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Fiscal year ended Feb. 28, 2019	22,151	8.8	916	(2.4)	993	(30.5)	669	(38.2)
Fiscal year ended Feb. 28, 2018	20,359	18.9	938	(2.6)	1,429	43.1	1,083	64.0

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2019	35.02	-
Fiscal year ended Feb. 28, 2018	56.69	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2019	6,154	4,337	70.5	226.95
As of Feb. 28, 2018	5,984	4,375	73.1	228.92

Reference: Shareholders' equity As of Feb. 28, 2019: 4,337 million yen As of Feb. 28, 2018: 4,375 million yen

The current financial report is not subject to audit 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. Overview of Results of Operations, (4) Outlook" on page 4 of the attachments regarding preconditions or other related matters for forecasts shown above.

How to view supplementary information at the financial results meeting

AIT plans to hold a financial results meeting for institutional investors and analysts on April 22, 2019. Materials to be distributed at this event will be available on AIT's website immediately thereafter.

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1. Overview of Results of Operations

(1) Results of Operations

The Japanese economy recovered slowly during the fiscal year ended February 28, 2019. There was an upturn in consumer spending and an improvement in corporate earnings. Although the U.S. economy remained healthy, the outlook for the economy is still unclear overseas due to concerns regarding trade friction associated with trade policies and to other issues.

The AIT Group conducted extensive sales activities centered on sea freight, which is the group's primary source of earnings. Capturing orders for fully integrated service packages including customs clearance, delivery and other services was another priority. There were also activities aimed at adding new customers and deepening relationships with large customers and other current customers. Sales activities targeted companies in the apparel and household goods sectors, the group's core market sector, as well as other companies in order to handle freight in categories new to the AIT Group. Selling, general and administrative expenses increased because of growth in the number of employees and other measures to support these sales and other activities. There were measures for improving profitability, chiefly by revising service rates, to maintain the stability of earnings.

Operating revenue increased 10.6% year-on-year to 27,783 million yen. Earnings were higher as well with operating profit up 3.1% to 1,543 million yen, ordinary profit up 7.3% to 1,703 million yen and profit attributable to owners of parent up 6.1% to 1,167 million yen.

Results by business segment are as follows.

1) Japan

The number of containers handled increased 4.9% to 207,004 TEU for imports and 5.9% to 218,616 TEU for total imports and exports as the AIT Group stepped up sales activities to capture more sea freight orders. Customers clearance orders slightly decreased 1.9% to 86,568 because of temporary restrictions on the receipt of orders, chiefly new orders. This was caused by cargo disruptions and delays in Japan due to typhoon damage in September 2018 and by the subsequent shortage of truck and other cargo transportation capacity.

Sea freight rates, mainly on import cargoes, were raised to pass on the higher transportation costs to customers and thus improve earnings.

As a result, operating revenue increased 8.5% to 21,962 million yen. However, segment profit decreased 6.6% to 876 million yen primarily because of increases in operating cost and selling, general and administrative expenses.

2) China

The increase in the volume of export and import cargo handled in China created more opportunities to provide services involving shipments within China. As a result, operating revenue increased 12.5% to 5,191 million yen and segment profit increased 7.5% to 658 million yen.

3) Thailand

In Thailand, where the volume of cargo handled is small, operating revenue increased 1.1% to 85 million yen and there was a segment loss of 12 million yen, compared with a 7 million yen loss one year earlier because of expenses for sales activities.

Consolidated subsidiary AIT LOGISTICS (THAILAND) LIMITED terminated its operations on November 30, 2018. This company is currently being liquidated.

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. Operating revenue was 543 million yen, compared with 167 million yen one year earlier, and

segment profit was 21 million yen, compared with a 45 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) Financial Position

Assets

Total assets increased 583 million yen from the end of the previous fiscal year to 8,238 million yen at the end of the period under review.

Current assets increased 447 million yen to 7,775 million yen. This was mainly due to increases in cash and deposits of 564 million yen and notes and accounts receivable-trade of 34 million yen, which were partially offset by a decrease in advances paid of 178 million yen.

Non-current assets increased 135 million yen to 463 million yen. This was mainly due to increases in property, plant and equipment of 40 million yen and intangible assets of 92 million yen due to the primary IT system update.

Liabilities

Total liabilities increased 238 million yen to 2,283 million yen.

Current liabilities increased 144 million yen to 1,775 million yen. This was mainly due to increases in income taxes payable of 24 million yen, provision for bonuses of 23 million yen and deposits received of 22 million yen.

Non-current liabilities increased 94 million yen to 507 million yen. This was mainly due to an increase in net defined benefit liability of 65 million yen.

Net assets

Net assets increased 344 million yen to 5,954 million yen. This was mainly due to the booking of profit attributable to owners of parent of 1,167 million yen, which was partially offset by dividends distributed from retained earnings of 707 million yen.

(3) Cash Flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review were 4,837 million yen, up 953 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 1,489 million yen, an increase of 730 million yen from the previous fiscal year. Although there were negative factors including income taxes paid of 510 million yen and an increase in notes and accounts receivable-trade of 74 million yen, there were positive factors including profit before income taxes of 1,703 million yen, a decrease in advances paid of 178 million yen and an increase in net defined benefit liability of 65 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 271 million yen, a decrease of 226 million yen from the previous fiscal year. Although there were positive factors including proceeds from withdrawal of time deposits of 783 million yen, there were negative factors including payments into time deposits of 400 million yen, purchase of property, plant and equipment of 52 million yen and purchase of intangible assets of 50 million yen.

Cash flows from financing activities

Net cash used in financing activities was 710 million yen, an increase of 118 million yen from the previous fiscal year. This was mainly the result of negative factors including cash dividends paid of 707 million yen.

Reference: Trends in cash flow indicators

	FY2/15	FY2/16	FY2/17	FY2/18	FY2/19
Shareholders' equity ratio (%)	70.4	74.2	74.3	72.9	71.9
Shareholders' equity ratio based on market value (%)	324.2	281.2	285.2	277.9	248.5
Interest-bearing debt to cash flow ratio (%)	1.2	0.3	-	-	-
Interest coverage ratio (times)	1,754.5	7,569.0	25,856.1	-	-

Shareholders' equity ratio = Shareholders' equity / Total assets

Shareholders' equity ratio based on market value = Market capitalization / Total assets

Interest-bearing debt to cash flow ratio = Interest-bearing debt / Cash flows

Interest coverage ratio = Cash flows / Interest payments

Notes:

1. All indices are calculated based on consolidated figures.
2. Market capitalization is calculated by multiplying the closing share price at the end of the period by the total number of shares outstanding, excluding treasury shares, at the end of the period.
3. Interest-bearing debt includes all debt on the consolidated balance sheet that incur interest. Interest payments use the amount of interest expenses paid on the consolidated statement of cash flows.

(4) Outlook

In Japan, the outlook is for the slow economic recovery to continue along with improvements in the labor market and personal income. However, the outlook for consumer spending is unclear because of the consumption tax hike that is planned for October 2019. There is also a risk of an economic downturn in Japan associated with uncertainty involving the overseas economy. As a result, we believe that the economic outlook will remain unclear.

On March 1, 2019, AIT and Nisshin Transportation conducted a share exchange with AIT as the sole parent company and Nisshin Transportation as the wholly owned subsidiary. Adding Nisshin Transportation to the AIT Group is expected to expand the marine transportation business between Japan and China handled by the group. This move also improves the AIT Group's ability to provide a comprehensive lineup of services associated with imports and exports, such as inspections and processing. The result is a stronger base for providing customers with more and better services.

The AIT Group will continue to conduct extensive sales activities aimed at adding new customers and deepening relationships with current customers. Sales activities will take advantage of our ability to provide fully integrated service packages along with the core international freight transportation business. By handling inspections and processing of products and other tasks, we can perform every step from customs clearance to final delivery. We will use this breadth to create proposals for logistics service packages that precisely match the needs of our customers.

In addition to these activities, we will continue to reinforce our global logistics infrastructure by working even more closely with our subsidiaries in China, Southeast Asia and the United States and our agents worldwide. We will also continue sales activities for capturing orders for cargo transportation between this region and countries other than Japan.

Based on this outlook, we forecast operating revenue of 50,000 million yen, 80.0% higher than in the previous fiscal year, for the fiscal year ending in February 2020. This is the result of a large contribution to revenue from Nisshin Transportation, which became a wholly owned subsidiary in March 2019, and expected positive effects accumulated from the AIT Group's sales activities. The operating profit forecast is 1,650 million yen, an increase of 6.9% because of a big increase in selling, general and administrative expenses due primarily to goodwill amortization resulting from the acquisition of all Nisshin Transportation's shares. We forecast increases of 15.0% in ordinary profit to 1,960 million yen and 7.1% in profit attributable to owners of parent to 1,250 million yen.

On October 10, 2018, the same day that the share exchange agreement with Nisshin Transportation was signed, AIT signed an equity and business alliance agreement with Hitachi Transport System, Ltd., which was the parent company of Nisshin Transportation at that time. We will use a variety of measures to build a stronger relationship with Hitachi Transport. Our goals are to build a framework for quickly capturing business synergies, to share and

utilize the business networks and expertise of the two companies, and to meet customers' needs with speed and accuracy by cooperating at an even higher level in the fields of forwarding and third-party logistics.

(5) Basic Policy for Profit Distribution, and Dividends in the Current and Next Fiscal Years

The basic policy is to pay a dividend that is stable and consistent. The dividend reflects the goal of increasing distributions of earnings to shareholders, the AIT Group's consolidated results of operations and dividend payout ratio in each fiscal year, and the need to retain earnings for achieving growth and strengthening business operations in Japan and overseas.

AIT has a fundamental policy of paying an interim dividend and a year-end dividend. Shareholders determine the year-end dividend at the annual meeting and the Board of Directors determines the interim dividend.

Based on this policy, we have established the goal of a consolidated dividend payout ratio of 60% in every fiscal year. This goal reflects our commitment to meeting the expectations of shareholders.

For the fiscal year that ended on February 28, 2019, there was an interim dividend of 18 yen per share and we plan to pay a year-end dividend of 18 yen per share. This is a fiscal year dividend per share of 36 yen and a consolidated payout ratio of 58.9%.

There was a share exchange with Nisshin Transportation on March 1, 2019 in which Nisshin Transportation received 4,800,000 shares of AIT stock consisting of 4,159,200 shares newly issued and 640,800 treasury shares. The newly issued shares raised the number of outstanding shares from 19,754,400 to 23,913,600 on March 1. Although we are forecasting a decrease in net income per share in the fiscal year ending in February 2020 because of this increase in the number of outstanding shares, we plan to pay interim and year-end dividends of 18 yen per share, a total of 36 yen just as for the fiscal year ended in February 2019, in order to maintain the stability of profit distributions to shareholders.

2. Basic Approach to the Selection of Accounting Standards

The AIT Group will continue to prepare consolidated financial statements using the generally accepted accounting principles in Japan for the time being to permit comparisons with prior years and with the financial data of other companies.

We will take suitable actions with regard to the application of International Financial Reporting Standards by taking into account associated factors in Japan and other countries.

3. Consolidated Financial Statements and Notes

(1) Consolidated Balance Sheet

	(Thousands of yen)	
	FY2/18 (As of Feb. 28, 2018)	FY2/19 (As of Feb. 28, 2019)
Assets		
Current assets		
Cash and deposits	4,434,299	4,999,159
Notes and accounts receivable-trade	1,799,606	1,833,833
Deferred tax assets	40,124	50,092
Advances paid	954,508	775,691
Other	118,633	135,236
Allowance for doubtful accounts	(19,899)	(18,866)
Total current assets	7,327,273	7,775,146
Non-current assets		
Property, plant and equipment	170,075	215,851
Accumulated depreciation	(128,491)	(133,427)
Total property, plant and equipment	41,584	82,423
Intangible assets	52,704	144,869
Investments and other assets		
Investment securities	2,904	3,185
Guarantee deposits	225,532	228,297
Other	5,166	4,758
Allowance for doubtful accounts	(238)	(232)
Total investments and other assets	233,364	236,010
Total non-current assets	327,652	463,303
Total assets	7,654,926	8,238,449
Liabilities		
Current liabilities		
Accounts payable-trade	1,061,969	1,047,594
Income taxes payable	229,140	253,949
Provision for bonuses	69,233	93,118
Provision for directors' bonuses	16,800	20,000
Deposits received	99,666	121,769
Other	154,872	239,317
Total current liabilities	1,631,682	1,775,748
Non-current liabilities		
Net defined benefit liability	268,535	333,759
Provision for directors' retirement benefits	77,670	94,220
Deferred tax liabilities	17,150	24,099
Other	49,804	55,886
Total non-current liabilities	413,160	507,964
Total liabilities	2,044,842	2,283,713

	(Thousands of yen)	
	FY2/18	FY2/19
	(As of Feb. 28, 2018)	(As of Feb. 28, 2019)
Net assets		
Shareholders' equity		
Capital stock	271,140	271,140
Capital surplus	221,590	221,590
Retained earnings	4,920,476	5,378,034
Treasury shares	(68,004)	(68,008)
Total shareholders' equity	5,345,203	5,802,756
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	223
Foreign currency translation adjustment	237,880	124,051
Total accumulated other comprehensive income	237,907	124,274
Non-controlling interests	26,972	27,704
Total net assets	5,610,083	5,954,735
Total liabilities and net assets	7,654,926	8,238,449

(2) Consolidated Statements of Income and Comprehensive Income**Consolidated Statement of Income**

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Operating revenue		
Forwarding income	25,114,385	27,783,095
Total operating revenue	25,114,385	27,783,095
Operating cost		
Forwarding cost	19,753,451	22,066,566
Total operating cost	19,753,451	22,066,566
Gross profit	5,360,934	5,716,529
Selling, general and administrative expenses	3,863,536	4,173,158
Operating profit	1,497,398	1,543,371
Non-operating income		
Interest income	21,786	14,679
Dividend income	58	60
Commission fee	8,670	9,870
Fiduciary obligation fee	13,062	17,423
Foreign exchange gains	32,261	92,138
Other	16,993	26,294
Total non-operating income	92,832	160,465
Non-operating expenses		
Loss on withdrawal of membership	2,700	-
Total non-operating expenses	2,700	-
Ordinary profit	1,587,530	1,703,837
Extraordinary losses		
Loss on retirement of non-current assets	229	768
Total extraordinary losses	229	768
Profit before income taxes	1,587,300	1,703,068
Income taxes-current	511,627	536,395
Income taxes-deferred	(13,255)	(3,223)
Total income taxes	498,371	533,171
Profit	1,088,928	1,169,896
Profit (loss) attributable to non-controlling interests	(11,289)	2,276
Profit attributable to owners of parent	1,100,217	1,167,620

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Profit	1,088,928	1,169,896
Other comprehensive income		
Valuation difference on available-for-sale securities	27	195
Deferred gains or losses on hedges	179	-
Foreign currency translation adjustment	18,648	(114,975)
Total other comprehensive income	18,856	(114,780)
Comprehensive income	1,107,785	1,055,116
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	1,120,201	1,053,986
Comprehensive income attributable to non-controlling interests	(12,416)	1,129

(3) Consolidated Statement of Changes in Equity

FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	271,140	221,590	4,412,781	(67,928)	4,837,583
Changes of items during period					
Dividends of surplus			(592,522)		(592,522)
Profit attributable to owners of parent			1,100,217		1,100,217
Purchase of treasury shares				(75)	(75)
Change in ownership interest of parent due to transactions with non-controlling interests					
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	507,695	(75)	507,619
Balance at end of current period	271,140	221,590	4,920,476	(68,004)	5,345,203

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	-	(179)	218,104	217,924	10,636	5,066,144
Changes of items during period						
Dividends of surplus						(592,522)
Profit attributable to owners of parent						1,100,217
Purchase of treasury shares						(75)
Change in ownership interest of parent due to transactions with non-controlling interests						-
Net changes of items other than shareholders' equity	27	179	19,775	19,983	16,335	36,318
Total changes of items during period	27	179	19,775	19,983	16,335	543,938
Balance at end of current period	27	-	237,880	237,907	26,972	5,610,083

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

(Thousands of yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	271,140	221,590	4,920,476	(68,004)	5,345,203
Changes of items during period					
Dividends of surplus			(707,202)		(707,202)
Profit attributable to owners of parent			1,167,620		1,167,620
Purchase of treasury shares				(3)	(3)
Change in ownership interest of parent due to transactions with non-controlling interests			(2,860)		(2,860)
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	457,557	(3)	457,553
Balance at end of current period	271,140	221,590	5,378,034	(68,008)	5,802,756

(Thousands of yen)

	Accumulated other comprehensive income				Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of current period	27	-	237,880	237,907	26,972	5,610,083
Changes of items during period						
Dividends of surplus						(707,202)
Profit attributable to owners of parent						1,167,620
Purchase of treasury shares						(3)
Change in ownership interest of parent due to transactions with non-controlling interests						(2,860)
Net changes of items other than shareholders' equity	195		(113,829)	(113,633)	732	(112,900)
Total changes of items during period	195	-	(113,829)	(113,633)	732	344,652
Balance at end of current period	223	-	124,051	124,274	27,704	5,954,735

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Cash flows from operating activities		
Profit before income taxes	1,587,300	1,703,068
Depreciation	36,306	32,951
Increase (decrease) in allowance for doubtful accounts	4,008	(649)
Increase (decrease) in provision for bonuses	5,427	24,005
Increase (decrease) in provision for directors' bonuses	1,500	3,200
Increase (decrease) in net defined benefit liability	27,605	65,224
Increase (decrease) in provision for directors' retirement benefits	15,590	16,550
Interest and dividend income	(21,844)	(14,739)
Foreign exchange losses (gains)	849	(4,600)
Loss on retirement of non-current assets	229	768
Increase (decrease) in deposits received	(7,404)	22,622
Decrease (increase) in notes and accounts receivable-trade	(366,135)	(74,286)
Decrease (increase) in advances paid	(242,582)	178,771
Increase (decrease) in notes and accounts payable-trade	203,055	17,308
Other, net	(54,620)	15,014
Subtotal	1,189,284	1,985,210
Interest and dividend income received	21,992	14,755
Income taxes paid	(453,025)	(510,853)
Net cash provided by (used in) operating activities	758,251	1,489,112
Cash flows from investing activities		
Payments into time deposits	(1,181,700)	(400,500)
Proceeds from withdrawal of time deposits	1,681,000	783,500
Purchase of property, plant and equipment	(15,486)	(52,225)
Proceeds from sales of property, plant and equipment	-	469
Purchase of intangible assets	(6,097)	(50,448)
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	28,751	-
Payments for guarantee deposits	(11,525)	(14,258)
Proceeds from collection of guarantee deposits	1,204	4,917
Other, net	2,000	-
Net cash provided by (used in) investing activities	498,146	271,453
Cash flows from financing activities		
Purchase of treasury shares	(75)	(3)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	-	(3,258)
Cash dividends paid	(592,190)	(707,193)
Net cash provided by (used in) financing activities	(592,266)	(710,455)
Effect of exchange rate change on cash and cash equivalents	29,157	(96,851)
Net increase (decrease) in cash and cash equivalents	693,289	953,259
Cash and cash equivalents at beginning of period	3,191,010	3,884,299
Cash and cash equivalents at end of period	3,884,299	4,837,559

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Additional Information

Revision in method for calculating retirement benefit obligations

In prior years, AIT used a simplified method for calculating retirement benefit obligations. As the number of employees eligible for retirement benefits has exceeded 300, the calculation method has been changed to the principle method starting at the end of the fiscal year that ended in February 2019. This revision increased net defined benefit liability by 24 million yen as of February 28, 2019 and this amount is included as a retirement benefit expense in selling, general and administrative expenses.

Segment and Other Information

Segment information

1. Overview of reportable segment

Segments used for financial reporting are the Group's constituent units for which separate financial information is available and for which Board of Directors, the highest management decision-making body, performs periodic studies for the purposes of determining the allocation of resources and evaluating performance.

AIT and its consolidated subsidiaries operate the international freight forwarding business as well as associated business activities and other activities. AIT, primarily in Japan, and subsidiaries in China (including Hong Kong) and Thailand are each managed independently. Each of these three units establishes comprehensive strategies and conducts business activities in its own region.

Consequently, AIT and its consolidated subsidiaries consist of three reportable geographic segments that have their own sales, order receipt and logistics frameworks: Japan, China and Thailand.

2. Calculation method for revenue, profit or loss, assets, and other items for each reportable segment

The accounting method used for reportable business segments are generally the same as those described in "Significant Accounting Policies in the Preparation of Consolidated Financial Statements." Segment profit for reportable business segments are based on operating profit.

Inter-segment revenue is based on prices used for third-party transactions.

3. Information related to revenue, profit or loss, assets, and other items for each reportable segment

FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)

(Thousands of yen)

	Reportable segment				Other (Note 2)	Total	Adjustment (Note 3)	Amounts shown on consolidated financial statements (Note 4)
	Japan	China (Note 1)	Thailand	Total				
Operating revenue								
Revenue from external customers	20,249,324	4,612,427	84,840	24,946,591	167,793	25,114,385	-	25,114,385
Inter-segment revenue and transfers	109,807	2,314,279	41,239	2,465,326	93,988	2,559,314	(2,559,314)	-
Total	20,359,131	6,926,706	126,080	27,411,918	261,781	27,673,700	(2,559,314)	25,114,385
Segment profit (loss)	938,407	612,013	(7,521)	1,542,900	(45,501)	1,497,398	-	1,497,398
Segment assets	4,253,541	2,134,317	30,995	6,418,854	149,037	6,567,892	1,087,034	7,654,926
Other items								
Depreciation	25,997	9,148	436	35,582	724	36,306	-	36,306
Increase in property, plant and equipment and intangible assets	9,537	9,093	48	18,679	2,904	21,583	-	21,583

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. The 1,087,034 thousand yen adjustment to segment assets includes corporate assets of 1,730,788 thousand yen that are not allocated to any of the reportable segments. Corporate assets mainly consist of the parent company's surplus funds (cash and deposits).

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

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

(Thousands of yen)

	Reportable segment				Other (Note 3)	Total	Adjustment (Note 4)	Amounts shown on consolidated financial statements (Note 5)
	Japan	China (Note 1)	Thailand (Note 2)	Total				
Operating revenue								
Revenue from external customers	21,962,471	5,191,027	85,732	27,239,231	543,864	27,783,095	-	27,783,095
Inter-segment revenue and transfers	189,124	2,366,559	24,887	2,580,571	245,872	2,826,443	(2,826,443)	-
Total	22,151,595	7,557,587	110,620	29,819,802	789,737	30,609,539	(2,826,443)	27,783,095
Segment profit (loss)	876,132	658,214	(12,133)	1,522,213	21,157	1,543,371	-	1,543,371
Segment assets	4,492,047	2,550,337	18,097	7,060,482	220,336	7,280,819	957,630	8,238,449
Other items								
Depreciation	23,043	8,659	364	32,067	883	32,951	-	32,951
Increase in property, plant and equipment and intangible assets	152,975	5,908	194	159,079	302	159,381	-	159,381

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

2. In the "Thailand" segment, consolidated subsidiary AIT LOGISTICS (THAILAND) LIMITED terminated its operations on November 30, 2018 and is currently being liquidated.

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

4. The 957,630 thousand yen adjustment to segment assets includes corporate assets of 1,662,865 thousand yen that are not allocated to any of the reportable segments. Corporate assets mainly consist of the parent company's surplus funds (cash and deposits).

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

Related information

FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)

1. Information by product or service

Omitted since revenue to external customers in the category of a single product or service exceeded 90% of operating revenue on the consolidated statement of income.

2. Information by region

(1) Operating revenue

This information is omitted since the same information is presented in segment information.

(2) Property, plant and equipment

(Thousands of yen)

Japan	China	Thailand	Other	Total
27,385	11,185	676	2,336	41,584

3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)

1. Information by product or service

Omitted since revenue to external customers in the category of a single product or service exceeded 90% of operating revenue on the consolidated statement of income.

2. Information by region

(1) Operating revenue

This information is omitted since the same information is presented in segment information.

(2) Property, plant and equipment

(Thousands of yen)

Japan	China	Thailand	Other	Total
69,134	11,621	-	1,668	82,423

3. Information by major client

This information is omitted since no external client accounts for more than 10% of operating revenue on the consolidated statement of income.

Information related to impairment losses on non-current assets for each reportable segment

Not applicable.

Information related to goodwill amortization and the unamortized balance for each reportable segment

Not applicable.

Information related to gain on bargain purchase for each reportable segment

Not applicable.

Per Share Information

(Yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Net assets per share	292.10	310.10
Net income per share	57.56	61.09

Notes: 1. Diluted net income per share is not presented since the Company has no outstanding dilutive shares.

2. The basis of calculating the net assets per share is as follows:

(Thousands of yen)

	FY2/18 (As of Feb. 28, 2018)	FY2/19 (As of Feb. 28, 2019)
Total net assets	5,610,083	5,954,735
Deduction on total net assets	26,972	27,704
[of which non-controlling interests]	[26,972]	[27,704]
Net assets applicable to common shares at end of period	5,583,111	5,927,031
Number of common shares outstanding (Shares)	19,754,400	19,754,400
Number of treasury shares (Shares)	640,829	640,833
Number of common shares used in calculation of net assets per share (Shares)	19,113,571	19,113,567

3. The basis of calculating the net income per share is as follows:

(Thousands of yen)

	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)	FY2/19 (Mar. 1, 2018 – Feb. 28, 2019)
Profit attributable to owners of parent	1,100,217	1,167,620
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	1,100,217	1,167,620
Average number of common shares outstanding during the period (Shares)	19,113,604	19,113,569

Subsequent Events**Business combination through acquisition**

Pursuant to the resolution approved by the Board of Directors on October 10, 2018 for the share exchange with Nisshin Transportation with AIT as the sole parent company and Nisshin Transportation as the wholly owned subsidiary, a share exchange agreement between AIT and Nisshin was signed on the same day.

This share exchange took place on the effective date of March 1, 2019.

(1) Summary of business combination**1) Name of company acquired and its business activity**

Name of company acquired: Nisshin Transportation Co., Ltd.

Business activities: International freight forwarding business

2) Reason for business combination

AIT is an integrated logistics company with wide-ranging logistics expertise including international transportation, customs clearance and third-party logistics. AIT specializes mainly in China-related business by having a suitable number of business bases along the Chinese coast since its establishment and provides a high-level transportation service and the rapid cargo-related information for customers. AIT is registered as an Authorized Economic Operator by Japan Customs. AIT, as a company with high-level security and rigorous compliance, is dedicated to providing highly convenient and world-class services in international transportation business.

Nisshin Transportation provides integrated freight transportation services for both exports and imports, mainly involving China. Nisshin Transportation also has transportation-related businesses such as needle detection in apparel shipments, merchandise inspections and distribution processing.

By making Nisshin Transportation a wholly owned subsidiary, AIT intends to expand its marine transportation business between China and Japan in order to improve the quality of services for customers.

3) Date of business combination

March 1, 2019

4) Method of business combination

A share exchange to make AIT the sole parent company and Nisshin Transportation a wholly owned subsidiary of AIT

5) Name of the company after business combination

There is no change in the company's name.

6) Ratio of ownership

100%

7) Basis for choosing the acquiring company

Use of a share exchange to acquire 100% of the voting rights of Nisshin Transportation and make this company a wholly owned subsidiary of AIT

(2) Acquisition cost of acquired company and type of consideration

Consideration for the acquisition:

Market value of AIT common stock used for the share exchange 5,121 million yen

Acquisition cost: 5,121 million yen

(3) Exchange ratio and class of stock, calculation method and number of shares

1) Exchange ratio and class of stock

One share of AIT common stock for 1.20 shares of Nisshin Transportation common stock

2) Exchange ratio calculation method

To secure fairness and validity in the analysis of the share exchange ratio used in for the share exchange, it was decided that AIT would ask an independent third party to analyze this ratio and IR Japan, Inc. was selected as the third-party financial advisor.

Considering financial positions, achievement trends, stock price trends and other characteristics of both AIT and Nisshin Transportation and the analysis of the share exchange ratio by the third-party financial advisor, AIT, Nisshin Transportation and Hitachi Transport System proceeded with careful negotiations and discussions and reached the conclusion that this ratio is reasonable. As a result, the Board of Directors of AIT and Nisshin Transportation approved resolutions on October 10, 2018 to execute the share exchange at this ratio.

IR Japan performed an average share price analysis on the shares of AIT because it is listed on a financial instruments exchange, as well as a discounted cash flow analysis ("DCF") to reflect the future results of operations. An average share price analysis was performed by using the following prices of shares of AIT on the first section of the Tokyo Stock Exchange:

a) Average daily closing price from April 10, 2018 to October 9, 2018.

b) Average daily closing price from July 10, 2018 to October 9, 2018.

c) Average daily closing price from September 10, 2018 to October 9, 2018.

d) Average daily closing price from October 2, 2018 to October 9, 2018.

e) Closing price on October 9, 2018.

IR Japan performed a comparable companies analysis on the shares of Nisshin Transportation because it is not listed on a financial instruments exchange and there are many listed companies with similar businesses, as well as DCF to reflect the future results of operations.

Value ranges calculated by using 1 as the value of one share of AIT stock are as follows.

Method		Results
AIT	Nisshin Transportation	
Average share price analysis	Comparable companies analysis	0.80 – 1.13
DCF	DCF	1.05 – 1.67

IR Japan has relied upon and assumes the accuracy and completeness of all information that was furnished by AIT and Nisshin Transportation or that is publicly available and IR Japan has not independently verified that this information is accurate or complete. IR Japan has not independently evaluated and has not asked a third party to evaluate any assets or liabilities (including contingent liabilities) of AIT, Nisshin Transportation or their affiliates. The share exchange ratio analysis by IR Japan is based on information and economic condition as of October 9, 2018. The expected future financial conditions (including profit plans) are based on the best currently available estimates and judgments by the managements of AIT and Nisshin Transportation.

The business plans of AIT and Nisshin Transportation used by IR Japan for the analysis of DCF do not include business years with significant profit fluctuations. The expected future financial conditions of AIT and Nisshin Transportation which IR Japan used for the analysis of DCF do not include the execution of this share exchange.

3) Number of shares delivered

4,800,000 shares

(4) Major acquisition-related expenses

Advisory compensation, fees, etc.: 54 million yen

(5) Goodwill resulting from the acquisition

Not yet determined.

(6) Summary of assets acquired and liabilities assumed on the date of business combination

Not yet determined.

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.