



July 6, 2018

Consolidated Financial Results
for the First Quarter of the Fiscal Year Ending February 28, 2019
(Three Months Ended May 31, 2018)

[Japanese GAAP]

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 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the First Quarter (March 1, 2018 – May 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	%
Three months ended May 31, 2018	6,230	3.6	299	(22.4)	280	(31.9)	194	(31.2)
Three months ended May 31, 2017	6,011	18.6	385	17.5	412	17.9	282	27.8

Note: Comprehensive income
 Three months ended May 31, 2018: 144 million yen (down 36.8%)
 Three months ended May 31, 2017: 227 million yen (up 48.5%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended May 31, 2018	10.18	-
Three months ended May 31, 2017	14.80	-

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen		Million yen		%	
As of May 31, 2018	7,475		5,391		71.8	
As of Feb. 28, 2018	7,654		5,610		72.9	

Reference: Equity capital As of May 31, 2018: 5,366 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	-				
Fiscal year ending Feb. 28, 2019 (forecast)		18.00	-	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
First half	13,890	16.4	730	3.3	770	0.8	540	4.6	28.25
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 May 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 May 31, 2018: 640,829 shares As of Feb. 28, 2018: 640,829 shares
- 3) Average number of shares outstanding during the period
 - Three months ended May 31, 2018: 19,113,571 shares Three months ended May 31, 2017: 19,113,620 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 3 of the attachments regarding preconditions or other related matters for forecasts shown above.

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

The Japanese economy continued to recover slowly during the first quarter of the fiscal year ending February 28, 2019. There was an upturn in consumer spending as corporate earnings recovered and the labor market and personal income improved. However, the outlook for the economy remains unclear mainly because of increasing political and economic uncertainty overseas.

The AIT Group conducted sales activities aimed at receiving more orders for fully integrated service packages that include international freight as well as customs clearance, delivery and other services. Two priorities were sales activities using proposals to meet specific needs of customers involving international freight and activities aimed at adding new customers and deepening relationships with current customers.

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.

Although these sales activities succeeded at increasing the volume of business, mainly with large customers, profitability was negatively affected by the growth in business for these customers, which generally has low margins, and by more customs clearance outsourcing. Consequently, the gross profit margin was smaller than in the first quarter of the previous fiscal year.

Every year, there is usually a brief decline in the volume of freight handled in February because of the Chinese New Year after which the volume slowly returns to normal. This year, the Chinese New Year was in the middle of February, which is later than usual. As a result, the negative impact of this holiday extended into March and affected first quarter performance.

Freight volume was down in the first half of March, but stepped-up sales activities starting in April for growth in earnings resulted in increases in the volume of international freight handled, customs clearance orders and other orders. Despite these increases, first quarter performance was impacted by the temporary downturn in freight volume in the first half of March. The result was a small increase in operating revenue and declines in earnings at all levels that was partly attributable to higher selling, general and administrative expenses.

Operating revenue increased 3.6% year-on-year to 6,230 million yen. Operating profit was down 22.4% to 299 million yen, ordinary profit down 31.9% to 280 million yen and profit attributable to owners of parent down 31.2% to 194 million yen.

Results by business segment are as follows.

1) Japan

Sales activities during the first quarter were focused on capturing more orders for integrated freight handling services. But Japan's imports from China decreased briefly in the first half of March because of the timing of this year's Chinese New Year.

The volume of freight handled was higher than one year earlier in April and May, but this increase was not sufficient to offset the brief decline in the first half of March. As a result, the number of containers handled in the sea freight sector decreased 2.9% to 49,519 TEU for imports and 1.0% to 52,570 TEU for total imports and exports. The number of customs clearance orders was down 2.5% to 21,235, slightly smaller than one year earlier.

There were measures during the first quarter to raise freight rates, mainly for sea freight, to pass on the higher cost of transporting cargo to customers. This had a positive effect on earnings that offset the negative effect of the decline in the volume of freight handled.

As a result, operating revenue increased 1.4% to 5,132 million yen. However, segment profit decreased 32.5% to 199 million yen primarily because of a decline in the gross profit margin and an increase in selling, general and administrative expenses.

2) China

First quarter sales and earnings include the January to March quarter for subsidiaries in China and Hong Kong, a two-month difference. At these subsidiaries, opportunities to provide services increased in January and February involving cargo shipped to Japan and 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 4.6% to 970 million yen. However, segment profit decreased 4.8% to 98 million yen due to an increase in operating expenses.

3) Thailand

The volume of cargo shipped to Japan is increasing but still small. Operating revenue increased 19.6% to 21 million yen and there was a segment loss of 1 million yen, compared with a 2 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. All three companies conducted full-scale sales activities during the first quarter, resulting in slow growth in the volume of freight handled. However, the contribution to consolidated operating revenue was negligible because the total freight volume at these companies is still small. In the first quarter, operating revenue was 105 million yen, up from 2 million yen one year earlier, and segment profit was 2 million yen compared with a 10 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**Assets**

Total assets decreased 179 million yen from the end of the previous fiscal year to 7,475 million yen at the end of the period under review. This was mainly due to decreases in cash and deposits of 128 million yen and advanced paid of 86 million yen, which were partially offset by an increase in notes and accounts receivable-trade of 42 million yen.

Liabilities

Liabilities increased 39 million yen to 2,084 million yen. This was mainly due to increases in accounts payable-trade of 40 million yen and other current liabilities of 112 million yen, which were partially offset by a decrease in income taxes payable of 111 million yen.

Net assets

Net assets decreased 219 million yen to 5,391 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 47 million yen, which were partially offset by the booking of profit attributable to owners of parent of 194 million yen.

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

There are no revisions to the first half and 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)	First quarter of FY2/19 (As of May 31, 2018)
Assets		
Current assets		
Cash and deposits	4,434,299	4,305,829
Notes and accounts receivable-trade	1,799,606	1,842,344
Advances paid	954,508	867,965
Other	158,757	171,493
Allowance for doubtful accounts	(19,899)	(20,324)
Total current assets	7,327,273	7,167,308
Non-current assets		
Property, plant and equipment	41,584	39,742
Intangible assets	52,704	47,347
Investments and other assets		
Investment securities	2,904	3,138
Guarantee deposits	225,532	217,771
Other	5,166	232
Allowance for doubtful accounts	(238)	(232)
Total investments and other assets	233,364	220,909
Total non-current assets	327,652	307,999
Total assets	7,654,926	7,475,307
Liabilities		
Current liabilities		
Accounts payable-trade	1,061,969	1,102,433
Income taxes payable	229,140	117,699
Provision for bonuses	69,233	69,489
Provision for directors' bonuses	16,800	4,750
Other	254,539	366,845
Total current liabilities	1,631,682	1,661,217
Non-current liabilities		
Net defined benefit liability	268,535	275,077
Provision for directors' retirement benefits	77,670	81,807
Other	66,955	66,164
Total non-current liabilities	413,160	423,049
Total liabilities	2,044,842	2,084,266

	(Thousands of yen)	
	FY2/18 (As of Feb. 28, 2018)	First quarter of FY2/19 (As of May 31, 2018)
Net assets		
Shareholders' equity		
Capital stock	271,140	271,140
Capital surplus	221,590	221,590
Retained earnings	4,920,476	4,751,838
Treasury shares	(68,004)	(68,004)
Total shareholders' equity	5,345,203	5,176,564
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	27	190
Deferred gains or losses on hedges	-	(268)
Foreign currency translation adjustment	237,880	190,099
Total accumulated other comprehensive income	237,907	190,020
Non-controlling interests	26,972	24,455
Total net assets	5,610,083	5,391,041
Total liabilities and net assets	7,654,926	7,475,307

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

(Thousands of yen)

	First three months of FY2/18 (Mar. 1, 2017 – May 31, 2017)	First three months of FY2/19 (Mar. 1, 2018 – May 31, 2018)
Operating revenue		
Forwarding income	6,011,106	6,230,070
Total operating revenue	6,011,106	6,230,070
Operating cost		
Forwarding cost	4,673,411	4,930,142
Total operating cost	4,673,411	4,930,142
Gross profit	1,337,695	1,299,927
Selling, general and administrative expenses	951,903	1,000,508
Operating profit	385,792	299,419
Non-operating income		
Interest income	4,102	1,988
Dividend income	29	29
Foreign exchange gains	12,593	-
Other	12,230	7,568
Total non-operating income	28,955	9,587
Non-operating expenses		
Loss on withdrawal of membership	2,700	-
Foreign exchange losses	-	28,567
Total non-operating expenses	2,700	28,567
Ordinary profit	412,047	280,438
Extraordinary losses		
Loss on retirement of non-current assets	86	349
Total extraordinary losses	86	349
Profit before income taxes	411,961	280,089
Income taxes-current	189,316	102,769
Income taxes-deferred	(58,712)	(16,236)
Total income taxes	130,603	86,533
Profit	281,357	193,556
Loss attributable to non-controlling interests	(1,517)	(963)
Profit attributable to owners of parent	282,875	194,519

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

(Thousands of yen)

	First three months of FY2/18 (Mar. 1, 2017 – May 31, 2017)	First three months of FY2/19 (Mar. 1, 2018 – May 31, 2018)
Profit	281,357	193,556
Other comprehensive income		
Valuation difference on available-for-sale securities	139	162
Deferred gains or losses on hedges	179	(268)
Foreign currency translation adjustment	(53,702)	(49,334)
Total other comprehensive income	(53,383)	(49,440)
Comprehensive income	227,974	144,115
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	229,441	146,632
Comprehensive income attributable to non-controlling interests	(1,466)	(2,516)

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

Not applicable.

Significant Changes in Shareholders' Equity

Not applicable.

Segment and Other Information

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

Information related to 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	5,062,597	927,669	18,325	6,008,592	2,514	6,011,106	-	6,011,106
(2) Inter-segment revenue and transfers	20,429	561,475	6,643	588,548	9,131	597,679	(597,679)	-
Total	5,083,026	1,489,145	24,968	6,597,140	11,645	6,608,786	(597,679)	6,011,106
Segment profit (loss)	295,543	103,313	(2,889)	395,967	(10,175)	385,792	-	385,792

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 three months of FY2/19 (Mar. 1, 2018 – May 31, 2018)

Information related to 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	5,132,247	970,034	21,925	6,124,206	105,864	6,230,070	-	6,230,070
(2) Inter-segment revenue and transfers	47,739	569,999	7,371	625,110	58,293	683,403	(683,403)	-
Total	5,179,987	1,540,033	29,296	6,749,316	164,157	6,913,473	(683,403)	6,230,070
Segment profit (loss)	199,613	98,381	(1,521)	296,472	2,946	299,419	-	299,419

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.

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.