April 11, 2018

Consolidated Financial Results for the Fiscal Year Ended February 28, 2018

[Japanese GAAP]

Company name: AIT Corporation — Listing: TSE 1st section
Securities code: 9381 — URL: http://www.ait-jp.com/
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Scheduled date of Annual General Meeting of Shareholders: May 24, 2018
Scheduled date of filing of Annual Securities Report: May 25, 2018
Scheduled date of payment of dividend: May 25, 2018
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, 2018 (March 1, 2017 – February 28, 2018)

(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, 2018	25,114	18.1	1,497	7.5	1,587	8.6	1,100	12.1
Fiscal year ended Feb. 28, 2017	21,263	0.6	1,392	(9.0)	1,461	(8.7)	981	(5.9)

Note: Comprehensive income Fiscal year ended Feb. 28, 2018: 1,107 million yen (up 23.6%)
Fiscal year ended Feb. 28, 2017: 896 million yen (down 8.8%)

	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, 2018	57.56	-	20.7	22.0	6.0
Fiscal year ended Feb. 28, 2017	51.35	-	20.1	22.2	6.5

Reference: Equity in earnings of affiliates Fiscal year ended Feb. 28, 2018: - million yen
Fiscal year ended Feb. 28, 2017: - 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, 2018	7,654	5,610	72.9	292.10
As of Feb. 28, 2017	6,802	5,066	74.3	264.50

Reference: Equity capital As of Feb. 28, 2018: 5,583 million yen As of Feb. 28, 2017: 5,055 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, 2018	758	498	(592)	3,884
Fiscal year ended Feb. 28, 2017	987	(252)	(577)	3,191

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, 2017	-	15.00	-	15.00	30.00	573	58.4	11.7
Fiscal year ended Feb. 28, 2018	-	16.00	-	19.00	35.00	668	60.8	12.6
Fiscal year ending Feb. 28, 2019 (forecast)	-	18.00	-	18.00	36.00		59.8	

3. Consolidated Forecast 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

*** Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

Newly added: 1, AITC LOGISTICS (VIETNAM) CO.,LTD. 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, 2018:	19,754,400 shares	As of Feb. 28, 2017:	19,754,400 shares

2) Number of treasury shares at the end of the period

As of Feb. 28, 2018:	640,829 shares	As of Feb. 28, 2017:	640,768 shares

3) Average number of shares outstanding during the period

Fiscal year ended Feb. 28, 2018:	19,113,604 shares	Fiscal year ended Feb. 28, 2017:	19,113,632 shares

Reference: Summary of Non-consolidated Financial Results

Non-consolidated Financial Results for the Fiscal Year Ended February 28, 2018 (March 1, 2017 – February 28, 2018)

(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, 2018	20,359	18.9	938	(2.6)	1,429	43.1	1,083	64.0
Fiscal year ended Feb. 28, 2017	17,130	5.7	963	(16.5)	999	(35.6)	660	(38.6)

	Net income per share	Diluted net income per share
	Yen	Yen
Fiscal year ended Feb. 28, 2018	56.69	-
Fiscal year ended Feb. 28, 2017	34.56	-

(2) Non-consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Million yen	Million yen	%	Yen
As of Feb. 28, 2018	5,984	4,375	73.1	228.92
As of Feb. 28, 2017	5,230	3,884	74.3	203.22

Reference: Shareholders' equity As of Feb. 28, 2018: 4,375 million yen As of Feb. 28, 2017: 3,884 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 the section "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 19, 2018. 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 during the fiscal year ended February 28, 2018 as corporate earnings and the labor market continued to improve and consumer spending rebounded. However, the outlook remains uncertain because of worries about the economies of Asian emerging countries, concerns about U.S. economic policies and geopolitical risk concerning North Korea.

The AIT Group concentrated on sales activities involving the core apparel and household goods sector. In addition, there were measures to build relationships with new customer segments. Handling freight in categories new to the group was another goal.

The aim of these initiatives was to increase earnings by attracting new customers and increasing the volume of freight handled for large and other current customers.

Subsidiaries in the United States and Taiwan and a jointly owned company in Vietnam started operations during the fiscal year. All members of the AIT Group worked together with the goal of further upgrading the quality of international freight forwarding services.

There were also activities for strengthening freight security management and compliance capabilities. To provide customers with even better services, certification was received in January 2018 as an Authorized Customs Broker under the Authorized Economic Operator (AEO) program.

By further reinforcing activities used by the AIT Group for many years, there was strong growth in the volume of international freight, customers clearance orders, mainly for high-volume customers. However, the gross profit margin declined. One reason was the relatively small margin on sales for services provided to high-volume customers. Another reason was an increase in the cost of purchasing services due in part to the higher shipping rates for foreign cargo coming to Japan by sea. There were numerous measures, including steps to hold down selling, general and administrative expenses, to offset the lower gross profit margin and maintain the stability of earnings.

Operating revenue increased 18.1% year-on-year to 25,114 million yen. Earnings were higher as well with operating profit up 7.5% to 1,497 million yen, ordinary profit up 8.6% to 1,587 million yen and profit attributable to owners of parent up 12.1% to 1,100 million yen.

Results by business segment are as follows.

AITC LOGISTICS (VIETNAM) CO.,LTD., which was established in April 2017, is included in the Other segment beginning with the fiscal year that ended in February 2018. For details, please refer to the section “1. Overview of reportable segment” under “3. Consolidated Financial Statements and Notes, (5) Notes to Consolidated Financial Statements, Segment and Other Information” on page 13.

1) Japan

Increased sales activities to capture orders for integrated freight handling services resulted in growth in the volume of international freight and customs clearance orders. In the sea freight sector, the number of containers handled increased 14.8% to 197,382 TEU for imports and 15.2% to 206,359 TEU for total imports and exports. The number of customs clearance orders was up 20.8% to 88,257.

As a result, operating revenue increased 18.8% to 20,249 million yen. However, segment profit decreased 1.8% to 938 million yen primarily because of a decline in the gross profit margin.

2) China

Operating revenue increased 11.2% to 4,612 million yen due to an increase in opportunities to provide services involving customs clearance, freight transport and other activities within China. This was partly the result of growth in the volume of cargo shipped to Japan. Segment profit increased 37.6% to 612 million yen due to measures to hold down selling, general and administrative expenses.

3) Thailand

The volume of cargo shipped to Japan is increasing but is still small. Operating revenue increased 26.9% to 84 million yen and the segment loss increased from 3 million yen one year earlier to 7 million yen because of expenses for sales activities.

4) Other

This segment includes the operations of the U.S. subsidiary and the newly established Taiwan subsidiary and Vietnam joint venture. Operating revenue was 167 million yen and there was a segment loss of 45 million yen. As these companies have only recently started full-scale operations, contribution to operating revenue was limited and there were expenses related to the establishment of businesses.

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

(2) Financial Position

Total assets increased 852 million yen from the end of the previous fiscal year to 7,654 million yen at the end of the fiscal year under review. This was mainly due to increases in notes and accounts receivable-trade of 385 million yen, advances paid of 242 million yen, and cash and deposits of 191 million yen.

Total liabilities increased 308 million yen to 2,044 million yen. This was mainly due to increases in accounts payable-trade of 218 million yen and income taxes payable of 67 million yen.

Net assets increased 543 million yen to 5,610 million yen. This was mainly due to the booking of profit attributable to owners of parent of 1,100 million yen, which was partially offset by dividends distributed from retained earnings of 592 million yen.

(3) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the fiscal year under review was 3,884 million yen, up 693 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 758 million yen, a decrease of 229 million yen from the previous fiscal year. Although there were negative factors including income taxes paid of 453 million yen, an increase in notes and accounts receivable-trade of 366 million yen and an increase in advances paid of 242 million yen, there were positive factors including profit before income taxes of 1,587 million yen and an increase in notes and accounts payable-trade of 203 million yen.

Cash flows from investing activities

Net cash provided by investing activities was 498 million yen, compared with net cash used of 252 million yen in the previous fiscal year. Although there were negative factors including payments into time deposits of 1,181 million yen, there were positive factors including proceeds from withdrawal of time deposits of 1,681 million yen.

Cash flows from financing activities

Net cash used in financing activities was 592 million yen, an increase of 14 million yen from the previous fiscal year. This was mainly the result of negative factors including cash dividends paid of 592 million yen.

Reference: Trends in cash flow indicators

	FY2/14	FY2/15	FY2/16	FY2/17	FY2/18
Shareholders' equity ratio (%)	73.4	70.4	74.2	74.3	72.9
Shareholders' equity ratio based on market value (%)	259.3	324.2	281.2	285.2	277.9
Interest-bearing debt to cash flow ratio (%)	1.9	1.2	0.3	-	-
Interest coverage ratio (times)	1,630.0	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

The outlook in Japan is for the economy to recover slowly. However, the overall economic outlook is still unclear primarily because of uncertainty about overseas economies.

The AIT Group will continue to focus on creating logistics solutions that accurately target customers' needs. These solutions will incorporate expertise in our core international freight forwarding sector as well as in the customs clearance, distribution and other integrated freight handling services. In addition, we will conduct extensive sales activities to receive orders in industries where we do not currently handle a significant volume of cargo. Another major goal is increasing the volume of business in Southeast Asia, where economies continue to expand rapidly, involving exports, air cargo, and shipments between this region and countries other than Japan.

One more theme is building a more powerful global logistics infrastructure by using teamwork that includes overseas subsidiaries and our worldwide network of agents. Our goal is to use this infrastructure for more growth and earnings in the international freight forwarding business.

Based on this outlook, we expect operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent to rise by 13.5%, 3.5%, 1.4% and 4.5% year-on-year to 28,500 million yen, 1,550 million yen, 1,610 million yen, and 1,150 million yen, respectively.

(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, 2018, there was an interim dividend of 16 yen per share and we plan to pay a year-end dividend of 19 yen per share. This is a fiscal year dividend per share of 35 yen and a consolidated payout ratio of 60.8%.

In the fiscal year ending February 28, 2019, we plan to pay an interim dividend of 18 yen per share and a year-end dividend of 18 yen per share, resulting in a dividend per share of 36 yen.

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)

	FY2/17 (As of Feb. 28, 2017)	FY2/18 (As of Feb. 28, 2018)
Assets		
Current assets		
Cash and deposits	4,242,410	4,434,299
Notes and accounts receivable-trade	1,414,247	1,799,606
Deferred tax assets	36,928	40,124
Advances paid	711,905	954,508
Other	95,320	118,633
Allowance for doubtful accounts	(15,548)	(19,899)
Total current assets	6,485,264	7,327,273
Non-current assets		
Property, plant and equipment	156,469	170,075
Accumulated depreciation	(115,414)	(128,491)
Total property, plant and equipment	41,054	41,584
Intangible assets	67,010	52,704
Investments and other assets		
Investment securities	2,864	2,904
Guarantee deposits	201,976	225,532
Other	5,094	5,166
Allowance for doubtful accounts	(394)	(238)
Total investments and other assets	209,541	233,364
Total non-current assets	317,606	327,652
Total assets	6,802,871	7,654,926
Liabilities		
Current liabilities		
Accounts payable-trade	843,748	1,061,969
Income taxes payable	162,136	229,140
Provision for bonuses	63,917	69,233
Provision for directors' bonuses	15,300	16,800
Deposits received	117,436	99,666
Other	159,599	154,872
Total current liabilities	1,362,138	1,631,682
Non-current liabilities		
Net defined benefit liability	240,930	268,535
Provision for directors' retirement benefits	62,080	77,670
Deferred tax liabilities	27,166	17,150
Other	44,411	49,804
Total non-current liabilities	374,588	413,160
Total liabilities	1,736,726	2,044,842

(Thousands of yen)

	FY2/17 (As of Feb. 28, 2017)	FY2/18 (As of Feb. 28, 2018)
Net assets		
Shareholders' equity		
Capital stock	271,140	271,140
Capital surplus	221,590	221,590
Retained earnings	4,412,781	4,920,476
Treasury shares	(67,928)	(68,004)
Total shareholders' equity	4,837,583	5,345,203
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	-	27
Deferred gains or losses on hedges	(179)	-
Foreign currency translation adjustment	218,104	237,880
Total accumulated other comprehensive income	217,924	237,907
Non-controlling interests	10,636	26,972
Total net assets	5,066,144	5,610,083
Total liabilities and net assets	6,802,871	7,654,926

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Operating revenue		
Forwarding income	21,263,523	25,114,385
Total operating revenue	21,263,523	25,114,385
Operating cost		
Forwarding cost	16,265,322	19,753,451
Total operating cost	16,265,322	19,753,451
Gross profit	4,998,200	5,360,934
Selling, general and administrative expenses	3,605,789	3,863,536
Operating profit	1,392,410	1,497,398
Non-operating income		
Interest income	14,977	21,786
Dividend income	-	58
Commission fee	6,342	8,670
Fiduciary obligation fee	-	13,062
Foreign exchange gains	29,621	32,261
Other	18,228	16,993
Total non-operating income	69,170	92,832
Non-operating expenses		
Interest expenses	38	-
Loss on withdrawal of membership	-	2,700
Total non-operating expenses	38	2,700
Ordinary profit	1,461,542	1,587,530
Extraordinary losses		
Loss on retirement of non-current assets	221	229
Loss on valuation of investment securities	2,897	-
Total extraordinary losses	3,118	229
Profit before income taxes	1,458,423	1,587,300
Income taxes-current	444,670	511,627
Income taxes-deferred	38,825	(13,255)
Total income taxes	483,496	498,371
Profit	974,927	1,088,928
Loss attributable to non-controlling interests	(6,557)	(11,289)
Profit attributable to owners of parent	981,484	1,100,217

Consolidated Statement of Comprehensive Income

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Profit	974,927	1,088,928
Other comprehensive income		
Valuation difference on available-for-sale securities	-	27
Deferred gains or losses on hedges	(179)	179
Foreign currency translation adjustment	(78,688)	18,648
Total other comprehensive income	(78,868)	18,856
Comprehensive income	896,059	1,107,785
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	903,014	1,120,201
Comprehensive income attributable to non-controlling interests	(6,955)	(12,416)

(3) Consolidated Statement of Changes in Equity

FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)

(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	4,004,705	(67,928)	4,429,507
Changes of items during period					
Dividends of surplus			(573,408)		(573,408)
Profit attributable to owners of parent			981,484		981,484
Net changes of items other than shareholders' equity					
Total changes of items during period	-	-	408,075	-	408,075
Balance at end of current period	271,140	221,590	4,412,781	(67,928)	4,837,583

(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	-	-	296,394	296,394	15,781	4,741,683
Changes of items during period						
Dividends of surplus						(573,408)
Profit attributable to owners of parent						981,484
Net changes of items other than shareholders' equity		(179)	(78,290)	(78,470)	(5,144)	(83,614)
Total changes of items during period	-	(179)	(78,290)	(78,470)	(5,144)	324,461
Balance at end of current period	-	(179)	218,104	217,924	10,636	5,066,144

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)
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)
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

(4) Consolidated Statement of Cash Flows

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Cash flows from operating activities		
Profit before income taxes	1,458,423	1,587,300
Depreciation	51,727	36,306
Increase (decrease) in allowance for doubtful accounts	1,836	4,008
Increase (decrease) in provision for bonuses	5,407	5,427
Increase (decrease) in provision for directors' bonuses	2,000	1,500
Increase (decrease) in net defined benefit liability	26,527	27,605
Increase (decrease) in provision for directors' retirement benefits	(7,230)	15,590
Interest and dividend income	(14,977)	(21,844)
Interest expenses	38	-
Foreign exchange losses (gains)	(2,462)	849
Loss on retirement of non-current assets	221	229
Loss (gain) on valuation of investment securities	2,897	-
Increase (decrease) in deposits received	(548)	(7,404)
Decrease (increase) in notes and accounts receivable-trade	(146,841)	(366,135)
Decrease (increase) in advances paid	(44,805)	(242,582)
Increase (decrease) in notes and accounts payable-trade	114,362	203,055
Other, net	33,735	(54,620)
Subtotal	1,480,310	1,189,284
Interest and dividend income received	15,473	21,992
Interest expenses paid	(38)	-
Income taxes paid	(508,457)	(453,025)
Net cash provided by (used in) operating activities	987,288	758,251
Cash flows from investing activities		
Payments into time deposits	(1,722,250)	(1,181,700)
Proceeds from withdrawal of time deposits	1,501,525	1,681,000
Purchase of property, plant and equipment	(4,048)	(15,486)
Purchase of intangible assets	(18,450)	(6,097)
Purchase of investment securities	(60)	-
Proceeds from non-controlling shareholders with a consolidated subsidiary establishment	-	28,751
Payments for guarantee deposits	(8,651)	(11,525)
Proceeds from collection of guarantee deposits	2,411	1,204
Other, net	(2,760)	2,000
Net cash provided by (used in) investing activities	(252,284)	498,146
Cash flows from financing activities		
Repayments of lease obligations	(3,903)	-
Purchase of treasury shares	-	(75)
Cash dividends paid	(573,540)	(592,190)
Net cash provided by (used in) financing activities	(577,443)	(592,266)
Effect of exchange rate change on cash and cash equivalents	(71,256)	29,157
Net increase (decrease) in cash and cash equivalents	86,302	693,289
Cash and cash equivalents at beginning of period	3,104,707	3,191,010
Cash and cash equivalents at end of period	3,191,010	3,884,299

(5) Notes to Consolidated Financial Statements

Going Concern Assumption

Not applicable.

Significant Accounting Policies in the Preparation of Consolidated Financial Statements

Scope of consolidation

All subsidiaries are included in the consolidation.

Number of consolidated subsidiaries: 6

Names of consolidated subsidiaries:

AIT (HKG) LIMITED
AIT INTERNATIONAL LOGISTICS (SHANGHAI) CO.,LTD.
AIT LOGISTICS (THAILAND) LIMITED
AIT International of America,Inc.
AIT INTERNATIONAL LOGISTICS (TAIWAN) CO.,LTD.
AITC LOGISTICS (VIETNAM) CO.,LTD.

AITC LOGISTICS (VIETNAM) CO.,LTD. was included in the scope of consolidation because it was newly established as a jointly owned company in the current fiscal year.

Additional Information

Application of Implementation Guidance on Recoverability of Deferred Tax Assets

Effective from the current fiscal year, AIT has applied the “Implementation Guidance on Recoverability of Deferred Tax Assets” (Accounting Standards Board of Japan (ASBJ) Guidance No. 26, March 28, 2016).

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.

AITC LOGISTICS (VIETNAM) CO.,LTD., a jointly owned company that was established during the fiscal year under review, is included in Other, which is not a reportable segment.

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 sales are based on prices used for third-party transactions.

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

FY2/17 (Mar. 1, 2016 – Feb. 28, 2017) (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	17,046,710	4,149,608	66,850	21,263,168	354	21,263,523	-	21,263,523
Inter-segment revenue and transfers	83,403	1,863,392	30,142	1,976,938	797	1,977,736	(1,977,736)	-
Total	17,130,114	6,013,000	96,992	23,240,107	1,152	23,241,259	(1,977,736)	21,263,523
Segment profit (loss)	955,306	444,642	(3,021)	1,396,927	(7,564)	1,389,363	3,047	1,392,410
Segment assets	3,422,390	1,979,558	28,991	5,430,940	99,654	5,530,595	1,272,275	6,802,871
Other items								
Depreciation	36,948	14,519	253	51,721	5	51,727	-	51,727
Increase in property, plant and equipment and intangible assets	23,418	629	640	24,688	110	24,798	-	24,798

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. and Taiwan.
3. The 1,272,275 thousand yen adjustment to segment assets includes corporate assets of 1,808,221 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 adjusted to be consistent with operating profit recorded in the consolidated statement of income.

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.

Related information

FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)

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
33,803	6,160	976	113	41,054

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.

FY2/18 (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.

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)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Net assets per share	264.50	292.10
Net income per share	51.35	57.56

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)

	FY2/17 (As of Feb. 28, 2017)	FY2/18 (As of Feb. 28, 2018)
Net assets per share	5,066,144	5,610,083
Deduction on total net assets	10,636	26,972
[of which non-controlling interests]	[10,636]	[26,972]
Net assets applicable to common shares at end of period	5,055,507	5,583,111
Number of common shares outstanding (Shares)	19,754,400	19,754,400
Number of treasury shares (Shares)	640,768	640,829
Number of common shares used in calculation of net assets per share (Shares)	19,113,632	19,113,571

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

(Thousands of yen)

	FY2/17 (Mar. 1, 2016 – Feb. 28, 2017)	FY2/18 (Mar. 1, 2017 – Feb. 28, 2018)
Profit attributable to owners of parent	981,484	1,100,217
Amounts not attributable to common shareholders	-	-
Profit attributable to owners of parent applicable to common shares	981,484	1,100,217
Average number of common shares outstanding during the period (Shares)	19,113,632	19,113,604

Subsequent Events

Not applicable.

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.