



October 9, 2019

Consolidated Financial Results
for the Second Quarter of the Fiscal Year Ending February 29, 2020
(Six Months Ended August 31, 2019)

[Japanese GAAP]

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Scheduled date of filing of Quarterly Report: October 15, 2019
 Scheduled date of payment of dividend: October 28, 2019
 Preparation of supplementary materials for quarterly financial results: Yes
 Holding of quarterly financial results meeting: None

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

1. Consolidated Financial Results for the Second Quarter (March 1, 2019 – August 31, 2019) of the Fiscal Year Ending February 29, 2020

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

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Six months ended Aug. 31, 2019	22,451	72.7	762	6.8	947	22.9	624	18.3
Six months ended Aug. 31, 2018	13,003	9.0	713	1.0	771	0.9	527	2.2

Note: Comprehensive income
 Six months ended Aug. 31, 2019: 533 million yen (up 15.5%)
 Six months ended Aug. 31, 2018: 461 million yen (up 0.6%)

	Net income per share	Diluted net income per share
	Yen	Yen
Six months ended Aug. 31, 2019	26.10	-
Six months ended Aug. 31, 2018	27.60	-

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 for the six months ended Aug 31, 2019 is calculated using an average number of shares during the period 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.

(2) Consolidated financial position

	Total assets		Net assets		Equity ratio	
	Million yen	%	Million yen	%	Million yen	%
As of Aug. 31, 2019	20,549		11,564			54.6
As of Feb. 28, 2019	8,214		5,954			72.2

Reference: Equity capital
 As of Aug. 31, 2019: 11,220 million yen
 As of Feb. 28, 2019: 5,927 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, 2019	-	18.00	-	18.00	36.00
Fiscal year ending Feb. 29, 2020	-	18.00	-	-	-
Fiscal year ending Feb. 29, 2020 (forecast)	-	-	-	18.00	36.00

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

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
Full year	50,000	80.0	1,650	6.9	1,960	15.0	1,250	7.1	52.27

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): Yes

Newly added: 5, Nisshin Transportation Co., Ltd., Nisshin Trans Consolidator Co., Ltd., Nisshin Global Logistics (Shanghai) Co., Ltd., Nisshin International Trading (Shanghai) Co., Ltd., Nisshin (Myanmar) Co., Ltd.

Excluded: -

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

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

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

(4) Number of outstanding shares (common stock)

- | | | | |
|--|-------------------|---------------------------------|-------------------|
| 1) Number of shares outstanding at the end of the period (including treasury shares) | | | |
| As of Aug. 31, 2019: | 23,913,600 shares | As of Feb. 28, 2019: | 19,754,400 shares |
| 2) Number of treasury shares at the end of the period | | | |
| As of Aug. 31, 2019: | 33 shares | As of Feb. 28, 2019: | 640,833 shares |
| 3) Average number of shares outstanding during the period | | | |
| Six months ended Aug. 31, 2019: | 23,913,567 shares | Six months ended Aug. 31, 2018: | 19,113,571 shares |

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

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

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

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

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1. Qualitative Information on Quarterly Consolidated Financial Performance

(1) Explanation of Results of Operations

During the first half of the fiscal year ending February 29, 2020, the Japanese economy continued to recover slowly along with improvements in the labor market and personal income. On the other hand, the uncertainty of the outlook is increasing because of worries about the economy due to U.S.-China trade friction.

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.

By reason of this share exchange, Nisshin Transportation and its subsidiaries in Japan, China and Myanmar have joined the AIT Group. This has strengthened our domestic as well as overseas business foundation. It also led to the expansion of our overseas bases. This move has also enabled the AIT Group to provide a comprehensive lineup of subcontracting services associated with imports and exports, such as merchandise inspections, needle detection in apparel shipments and distribution processing. The result is the ability to provide customers with more and better services.

As a result of these initiatives and concentrated actions to create synergies among group companies along with actively promoting proposal type marketing for fully integrated service packages led to an increase in sea cargo volume from our principal markets, China and Southeast Asia to Japan. As a result, the scale of operations has increased.

To maintain the stability of earnings, there were measures to raise selling prices in order to reflect the higher cost of purchasing logistic services in Japan and overseas.

All components of selling, general and administrative expenses were higher than one year earlier mainly because of amortization of goodwill associated with making Nisshin Transportation a subsidiary and higher personnel expenses due to the larger number of employees and restructuring of the group's personnel systems. On the other hand, the group has continually reviewed measures to cut costs as much as possible to generate profit.

Operating revenue increased 72.7% year-on-year to 22,451 million yen, and earnings were higher as well at all levels. Operating profit was up 6.8% to 762 million yen. Ordinary profit was up 22.9% to 947 million yen as non-operating income increased mainly due to earnings of equity-method affiliates, and profit attributable to owners of parent increased 18.3% to 624 million yen.

Results by business segment are as follows.

Starting on March 1, 2019, Nisshin Transportation and Nisshin Trans Consolidator Co., Ltd. were added to the "Japan" segment, Nisshin Global Logistics (Shanghai) Co., Ltd. and Nisshin International Trading (Shanghai) Co., Ltd. were added to the "China" segment, and Nisshin (Myanmar) Co., Ltd. was added to "Other," which is not a reportable segment.

AIT LOGISTICS (THAILAND) LIMITED, which was a consolidated subsidiary, was excluded from the scope of consolidation in the first quarter of the current fiscal year because its liquidation process was completed. Consequently, "Thailand" is no longer a reportable segment.

1) Japan

During the first half, in addition to the sales activities to capture more orders for fully integrated service packages which are being carried on from before, the addition of Nisshin Transportation to the AIT Group led to the handling of a larger volume of imports from China.

The number of containers handled in the sea freight sector increased 28.3% to 128,088 TEU for imports and 28.8% to 136,641 TEU for total imports and exports. Customs clearance orders largely increased 75.0% to 75,492.

The group is taking measures to reflect higher sea freight rates and delivery fees within Japan in service rates with the aim of raising selling prices and improving earnings.

As a result, operating revenue increased 69.4% to 17,829 million yen and segment profit increased 10.6% to 492 million yen because of an increase in selling, general and administrative expenses, including the amortization of goodwill.

2) China

There were more opportunities to earn profits associated with transportation within China due to the growth of the volume of shipments from China to Japan handled by the AIT Group. In addition, there was higher operating revenue from merchandise inspection, needle detection in apparel shipments and distribution processing services in China due to the addition of Nisshin Transportation to the group and the scale of operations in China increased.

As a result, operating revenue increased 82.8% to 4,067 million yen and segment profit decreased 14.8% to 227 million yen because of an increase in selling, general and administrative expenses, including the amortization of goodwill.

3) Other

There was growth in the volume of cargo at subsidiaries in the United States and Taiwan and at a joint venture in Vietnam. In addition, operating revenue in Myanmar contributed to this growth. As a result, operating revenue was 554 million yen, compared with 207 million yen one year earlier and segment profit was 43 million yen compared with 3 million yen one year earlier.

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

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

Figures changed substantially following the use of a share exchange to make Nisshin Transportation a wholly owned subsidiary effective March 1, 2019.

Assets

Total assets increased 12,335 million yen from the end of the previous fiscal year to 20,549 million yen at the end of the period under review.

Current assets increased 7,847 million yen to 15,573 million yen. This was mainly due to increases in cash and deposits of 4,344 million yen and notes and accounts receivable-trade of 2,945 million yen because of making Nisshin Transportation a wholly owned subsidiary.

Non-current assets increased 4,487 million yen to 4,976 million yen. This was mainly due to increases in goodwill of 3,034 million yen, investment securities of 499 million yen and property, plant and equipment of 495 million yen because of making Nisshin Transportation a wholly owned subsidiary. The amount of goodwill is calculated provisionally because the allocation of the acquisition cost is incomplete.

Liabilities

Total liabilities increased 6,724 million yen to 8,984 million yen.

Current liabilities increased 6,329 million yen to 8,104 million yen. This was mainly due to increases in short-term loans payable of 4,315 million yen, accounts payable-trade of 1,352 million yen and provision for bonuses of 186 million yen because of making Nisshin Transportation a wholly owned subsidiary.

Non-current liabilities increased 395 million yen to 879 million yen. This was mainly due to an increase in net defined benefit liability of 200 million yen because of making Nisshin Transportation a wholly owned subsidiary.

Net assets

Net assets increased 5,610 million yen to 11,564 million yen. This was mainly due to a 5,053 million yen increase in capital surplus because of newly issued shares following the share exchange with Nisshin Transportation and a 317 million yen increase in non-controlling interests because of making Nisshin Transportation a wholly owned subsidiary. In addition, there was a booking of profit attributable to owners of parent of 624 million yen and dividends distributed from retained earnings of 344 million yen.

2) Cash flows

Cash and cash equivalents (hereinafter “net cash”) at the end of the period under review were 9,108 million yen, down 180 million yen over the end of the previous fiscal year. This includes 4,451 million yen increase in cash and cash equivalents due to exchange of stock.

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 127 million yen, a decrease of 462 million yen from the same period of the previous fiscal year. Although there were negative factors including a decrease in deposits received of 856 million yen, an increase in notes and accounts receivable-trade of 710 million yen, share of profit of entities accounted for using equity method of 107 million yen and an increase in advances paid of 103 million yen, there were positive factors including profit before income taxes of 967 million yen, an increase in notes and accounts payable-trade of 459 million yen, amortization of goodwill of 172 million yen, interest and dividend income received of 154 million yen and depreciation of 102 million yen.

Cash flows from investing activities

Net cash used in investing activities was 300 million yen, an increase of 295 million yen from the same period of the previous fiscal year. Although there were positive factors including proceeds from withdrawal of time deposits of 324 million yen, there were negative factors including payments into time deposits of 405 million yen, purchase of intangible assets of 99 million yen, payments for guarantee deposits of 81 million yen and purchase of property, plant and equipment of 72 million yen.

Cash flows from financing activities

Net cash provided by financing activities was 55 million yen, compared with net cash used of 363 million yen in the same period of the previous fiscal year. Although there were negative factors including repayments of short-term loans payable of 3,981 million yen and cash dividends paid of 343 million yen, there were positive factors including proceeds from short-term loans payable of 4,397 million yen.

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

Although operating revenue for the first half fell short of the plan for the first half of the fiscal year ending February 29, 2020 released on April 10, 2019, earnings at all levels exceeded plans.

Following the share exchange that made Nisshin Transportation a wholly owned subsidiary, work is under way to determine the allocation of the acquisition cost for Nisshin Transportation and its subsidiaries. Since the allocation of the acquisition cost has not been completed, a provisional amount of goodwill has been calculated.

Apparel and household products account for a large share of the cargo handled by the AIT Group. Every fiscal year, the international transportation volume of these two product categories usually peaks in the third quarter. However, the outlook is uncertain this year because of possible sluggishness in cargo movement due to the impact of the October 2019 consumption tax hike on consumer spending. In addition, there are concerns over rapid changes in global events and the potential effects of these events on exchange rates. As a result, the environment surrounding the group is likely to continue to be unpredictable.

Based on this outlook, we maintain the full year forecasts of consolidated results for the fiscal year ending February 29, 2020, which was announced on April 10, 2019.

If revisions to the forecast become necessary, we will make an announcement promptly.

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

(Thousands of yen)

	FY2/19 (As of Feb. 28, 2019)	Second quarter of FY2/20 (As of Aug. 31, 2019)
Assets		
Current assets		
Cash and deposits	4,999,159	9,343,474
Notes and accounts receivable-trade	1,833,833	4,778,980
Advances paid	775,691	878,607
Other	135,236	594,280
Allowance for doubtful accounts	(18,866)	(22,317)
Total current assets	7,725,053	15,573,025
Non-current assets		
Property, plant and equipment	82,423	577,558
Intangible assets		
Goodwill	-	3,034,961
Other	144,869	290,388
Total intangible assets	144,869	3,325,349
Investments and other assets		
Investment securities	3,185	503,013
Deferred tax assets	25,993	180,795
Guarantee deposits	228,297	335,131
Other	4,758	54,676
Allowance for doubtful accounts	(232)	(73)
Total investments and other assets	262,003	1,073,543
Total non-current assets	489,296	4,976,451
Total assets	8,214,350	20,549,476
Liabilities		
Current liabilities		
Accounts payable-trade	1,047,594	2,399,831
Short-term loans payable	-	4,315,680
Income taxes payable	253,949	339,376
Provision for bonuses	93,118	280,078
Provision for directors' bonuses	20,000	10,150
Other	361,086	759,691
Total current liabilities	1,775,748	8,104,807
Non-current liabilities		
Net defined benefit liability	333,759	534,060
Provision for directors' retirement benefits	94,220	103,604
Other	55,886	242,040
Total non-current liabilities	483,865	879,705
Total liabilities	2,259,614	8,984,512

	(Thousands of yen)	
	FY2/19 (As of Feb. 28, 2019)	Second quarter of FY2/20 (As of Aug. 31, 2019)
Net assets		
Shareholders' equity		
Capital stock	271,140	271,140
Capital surplus	221,590	5,275,185
Retained earnings	5,378,034	5,659,383
Treasury shares	(68,008)	(3)
Total shareholders' equity	5,802,756	11,205,706
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	223	(7,191)
Foreign currency translation adjustment	124,051	21,590
Total accumulated other comprehensive income	124,274	14,399
Non-controlling interests	27,704	344,857
Total net assets	5,954,735	11,564,963
Total liabilities and net assets	8,214,350	20,549,476

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

(Thousands of yen)

	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)	First six months of FY2/20 (Mar. 1, 2019 – Aug. 31, 2019)
Operating revenue		
Forwarding income	13,003,180	22,451,873
Total operating revenue	13,003,180	22,451,873
Operating cost		
Forwarding cost	10,959,200	18,405,458
Total operating cost	10,959,200	18,405,458
Gross profit	2,043,979	4,046,414
Selling, general and administrative expenses	1,330,379	3,284,003
Operating profit	713,599	762,411
Non-operating income		
Interest income	4,886	12,559
Dividend income	29	2,442
Share of profit of entities accounted for using equity method	-	107,115
Foreign exchange gains	29,720	36,168
Other	23,037	31,524
Total non-operating income	57,673	189,811
Non-operating expenses		
Interest expenses	-	2,004
Other	-	2,399
Total non-operating expenses	-	4,403
Ordinary profit	771,273	947,819
Extraordinary income		
Gain on sales of non-current assets	-	60
Gain on sales of shares of subsidiaries and associates	-	20,408
Total extraordinary income	-	20,468
Extraordinary losses		
Loss on retirement of non-current assets	369	895
Total extraordinary losses	369	895
Profit before income taxes	770,904	967,391
Income taxes-current	252,586	310,886
Income taxes-deferred	(9,877)	10,768
Total income taxes	242,709	321,655
Profit	528,194	645,736
Profit attributable to non-controlling interests	653	21,688
Profit attributable to owners of parent	527,541	624,048

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

(Thousands of yen)

	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)	First six months of FY2/20 (Mar. 1, 2019 – Aug. 31, 2019)
Profit	528,194	645,736
Other comprehensive income		
Valuation difference on available-for-sale securities	28	(7,414)
Deferred gains or losses on hedges	(330)	-
Foreign currency translation adjustment	(66,348)	(105,109)
Total other comprehensive income	(66,650)	(112,524)
Comprehensive income	461,544	533,212
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	462,201	514,173
Comprehensive income attributable to non-controlling interests	(657)	19,039

(3) Quarterly Consolidated Statement of Cash Flows

(Thousands of yen)

	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)	First six months of FY2/20 (Mar. 1, 2019 – Aug. 31, 2019)
Cash flows from operating activities		
Profit before income taxes	770,904	967,391
Depreciation	17,077	102,517
Amortization of goodwill	-	172,330
Increase (decrease) in allowance for doubtful accounts	2,144	2,743
Increase (decrease) in provision for bonuses	71,491	(2,908)
Increase (decrease) in provision for directors' bonuses	(7,300)	(9,850)
Increase (decrease) in net defined benefit liability	20,156	(40,194)
Increase (decrease) in provision for directors' retirement benefits	8,275	9,384
Interest and dividend income	(4,916)	(15,002)
Interest expenses	-	2,004
Foreign exchange losses (gains)	(3,594)	1,908
Share of loss (profit) of entities accounted for using equity method	-	(107,115)
Loss (gain) on sales of property, plant and equipment	-	(60)
Loss on retirement of property, plant and equipment	369	895
Loss (gain) on sales of investment securities	-	(20,408)
Increase (decrease) in deposits received	26,094	(856,283)
Decrease (increase) in notes and accounts receivable-trade	(201,886)	(710,107)
Decrease (increase) in advances paid	(24,391)	(103,086)
Increase (decrease) in notes and accounts payable-trade	98,307	459,102
Other, net	33,539	196,296
Subtotal	806,271	49,559
Interest and dividend income received	4,870	154,538
Interest expenses paid	-	(2,027)
Income taxes paid	(220,536)	(74,309)
Net cash provided by (used in) operating activities	590,605	127,761
Cash flows from investing activities		
Payments into time deposits	(135,400)	(405,000)
Proceeds from withdrawal of time deposits	135,400	324,000
Purchase of property, plant and equipment	(3,569)	(72,419)
Proceeds from sales of property, plant and equipment	-	81
Purchase of intangible assets	(486)	(99,798)
Proceeds from sales of investment securities	-	28,935
Payments for guarantee deposits	(2,468)	(81,986)
Proceeds from collection of guarantee deposits	1,209	1,958
Other, net	-	3,303
Net cash provided by (used in) investing activities	(5,315)	(300,925)

(Thousands of yen)

	First six months of FY2/19 (Mar. 1, 2018 – Aug. 31, 2018)	First six months of FY2/20 (Mar. 1, 2019 – Aug. 31, 2019)
Cash flows from financing activities		
Increase in short-term loans payable	-	4,397,200
Decrease in short-term loans payable	-	(3,981,000)
Repayments of lease obligations	-	(5,798)
Cash dividends paid	(363,508)	(343,999)
Dividends paid to non-controlling interests	-	(10,340)
Other, net	-	(353)
Net cash provided by (used in) financing activities	(363,508)	55,708
Effect of exchange rate change on cash and cash equivalents	(60,172)	(63,080)
Net increase (decrease) in cash and cash equivalents	161,609	(180,537)
Cash and cash equivalents at beginning of period	3,884,299	4,837,559
Increase in cash and cash equivalents by share exchange	-	4,451,253
Cash and cash equivalents at end of period	4,045,909	9,108,274

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

Not applicable.

Significant Changes in Shareholders' Equity

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. Due to this share exchange, Nisshin Transportation received AIT stock consisting of 4,159,200 shares newly issued and 640,800 treasury shares. As a result, capital surplus increased 5,053,595 thousand yen to 5,275,185 thousand yen, and treasury shares decreased 68,004 thousand yen to 3 thousand yen at the end of the second quarter of the current fiscal year.

Changes in the Scope of Consolidation or Application of the Equity Method**(1) Important changes in the scope of consolidation**

As there was a share exchange with Nisshin Transportation on March 1, 2019 to make this company a wholly owned subsidiary, Nisshin Transportation, Nisshin Trans Consolidator, Nisshin Global Logistics (Shanghai), Nisshin International Trading (Shanghai), Nisshin (Myanmar) and two other companies currently being liquidated were included in the scope of consolidation in the first quarter of the current fiscal year.

The change in the scope of consolidation is expected to have a significant impact on our financial statements. This includes increases in assets and liabilities carried on the balance sheet and operating revenue on the statement of income and other items.

Nisshin Transportation and its four subsidiaries is considered as specified subsidiaries of AIT.

AIT LOGISTICS (THAILAND) LIMITED, which was a consolidated subsidiary, was excluded from the scope of consolidation in the first quarter of the current fiscal year because its liquidation process was completed.

(2) Important changes in the scope of application of the equity method

As there was a share exchange with Nisshin Transportation on March 1, 2019 to make this company a wholly owned subsidiary, Nisshin Logistics and five other companies are included in the scope of the equity method from the first quarter of the current fiscal year.

Additional Information

Application of the "Partial Amendments to Accounting Standard for Tax Effect Accounting," etc.

Effective from the beginning of the first quarter of the current fiscal year, the Company has adopted the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ) Statement No. 28, February 16, 2018) and other related pronouncements. Accordingly, deferred tax assets and deferred tax liabilities have been presented in the investments and other assets section and the non-current liabilities section of the balance sheet, respectively.

Reclassifications**Quarterly Consolidated Statement of Income**

Beginning with the first quarter of the current fiscal year, expenses for international cargo transportation, customs clearance services and delivery services are included in operating cost instead of selling, general and administrative expenses as in prior years. The purposes of this change are to clearly link expenses with revenue, use a single method for management of the AIT Group's results of operations, and provide a more suitable presentation of gross profit and selling, general and administrative expenses.

To conform to this change, the quarterly financial statements for the first six months of the previous fiscal year are restated. As a result, 699,258 thousand yen of selling, general and administrative expenses in the first six months of the previous fiscal year's quarterly consolidated statement of income is reclassified as operating cost.

Segment and Other Information**Segment Information**

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

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

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

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

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

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

II First six months of FY2/20 (Mar. 1, 2019 – Aug. 31, 2019)

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

	Reportable segment			Other (Note 2)	Total	Adjustment	Amounts shown on quarterly consolidated statement of income (Note 3)
	Japan	China (Note 1)	Total				
Operating revenue							
(1) Revenue from external customers	17,829,521	4,067,924	21,897,446	554,427	22,451,873	-	22,451,873
(2) Inter-segment revenue and transfers	132,511	2,077,798	2,210,309	261,258	2,471,568	(2,471,568)	-
Total	17,962,032	6,145,723	24,107,756	815,685	24,923,441	(2,471,568)	22,451,873
Segment profit	492,092	227,137	719,230	43,180	762,411	-	762,411

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, Vietnam and Myanmar.

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

2. Information related to assets for each reportable segment

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. Accordingly, Nisshin Transportation and Nisshin Trans Consolidator, Nisshin Global Logistics (Shanghai), Nisshin International Trading (Shanghai), and Nisshin (Myanmar), which are subsidiaries of Nisshin Transportation, were included in the scope of consolidation beginning in the first quarter of FY2/20.

As a result, segment assets in “Japan,” “China” and “Other” increased 10,179,638 thousand yen, 4,246,136 thousand yen and 729,840 thousand yen, respectively, from the end of FY2/19.

Since the allocation of the acquisition cost has not been completed as of the end of the second quarter of FY2/20, a provisional amount of asset has been calculated.

3. Information related to revisions for reportable segments

From the first quarter of FY2/20, Nisshin Transportation and Nisshin Trans Consolidator Co., Ltd. were added to the “Japan” segment, Nisshin Global Logistics (Shanghai) Co., Ltd. and Nisshin International Trading (Shanghai) Co., Ltd. were added to the “China” segment, and Nisshin (Myanmar) Co., Ltd. was added to “Other,” which is not a reportable segment.

AIT LOGISTICS (THAILAND) LIMITED, which was a consolidated subsidiary, was excluded from the scope of consolidation in the first quarter of the current fiscal year because its liquidation process was completed. Consequently, “Thailand” is no longer a reportable segment.

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.