

Flash Report for the 1st Half of Fiscal Year Ended May 31, 2004 (Non-consolidated)

Jan.9, 2004

Name of the Company Oracle Corporation Japan Listed Stock Exchange: Tokyo
 Ticker 4716 Head office location: Tokyo
 (URL <http://www.oracle.co.jp/corp/index.html>)

Representative Title President and Chief Executive Officer
 personal Name Masaaki Shintaku
 Contact Title Senior Executive Officer and Chief Financial Officer
 Personal Name Shigeru Nosaka TEL 03-5213-6666

Date of the board meeting for this release: January 15, 2003

Interim dividends payment system: Yes

Date of the interim dividend payment: February 10, 2003

Tangenkabu (trading unit of shares): Yes (1unit=100shares)

Name of the parent company: Oracle Corporation(U.S.)

Parent company's shareholding of the company: 74.2%

1. Business results for this interim (from June 1, 2003 to November 30, 2003)

(1) Operating Results

	Revenues		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Nov.2003	39,778	1.1	12,609	18.8	12,647	19.6
Nov.2002	39,353	-10.2	10,610	-35.7	10,579	-36.1
May-03	86,249		25,844		25,848	

	Net Income		EPS		EPS after adjustment for potential shares	
	Million Yen	%	Yen	Sen	Yen	Sen
Nov.2003	7,358	21.1	57.74		57.68	
Nov.2002	6,076	-36.0	47.45		47.45	
May-03	13,963		108.96		108.96	

Note

- (i) Investment profit(loss) on equity method Nov. 2003: Not Applicable Nov. 2002: Not Applicable May 2003: Not Applicable
 (ii) Average number of shares during the term Nov. 2003: 127,449,652 shares Nov. 2002: 128,078,974 shares May 2003: 127,933,152 shares
 (iii) Change in accounting method: No
 (iv) Percentage of revenues, operating income, ordinary income and net income indicate changes from the previous term.

(2) Dividends (per share)

	Interim		Annual	
	Yen	Sen	Yen	Sen
Nov.2003	35.00	-	-	-
Nov.2002	35.00	-	-	-
May-03	-	-	110.00	-

(3) Financial Position

	Total Assets		Shareholders' Equity		Ratio of shareholders' equity	Shareholders' equity per share	
	Million Yen		Million Yen		%	Yen	Sen
Nov.2003	103,510		78,188		75.5	613.48	
Nov.2002	102,899		78,544		76.3	613.91	
May-03	110,233		80,340		72.9	630.18	

Note

- (i) Average number of shares during the term Nov. 2003: 127,449,412 shares Nov. 2002: 127,941,564 shares May 2003: 127,450,546 shares
 (ii) Treasury stock at term end Nov. 2003: 745,250 shares Nov. 2002: 253,098 shares May 2003: 744,116 shares

(4) Cash Flows

	Cash flow from business activities		Cash flow from investment activities		Cash flow from financial activities		Balance of cash & cash equivalents at the term end	
	Million Yen		Million Yen		Million Yen		Million Yen	
Nov.2003	8,452		-2,210		-9,564		31,346	
Nov.2002	3,713		9,493		-8,680		80,522	
May-03	14,138		-40,667		-14,797		34,669	

2. Forecast for the May 2004 term (from June 1, 2003 to May 31, 2004)

	Revenues		Ordinary Income		Net Income		Dividend per share	
							Term end	Annual
	Million Yen		Million Yen		Million Yen		Yen	Sen
Entire Term	83,400		26,200		15,400		85 00	120 00

(Reference) Estimated EPS for the term Yen 85.20

Caution: Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons. Please refer to the 2 to 7 pages of attached document for using the forecast.

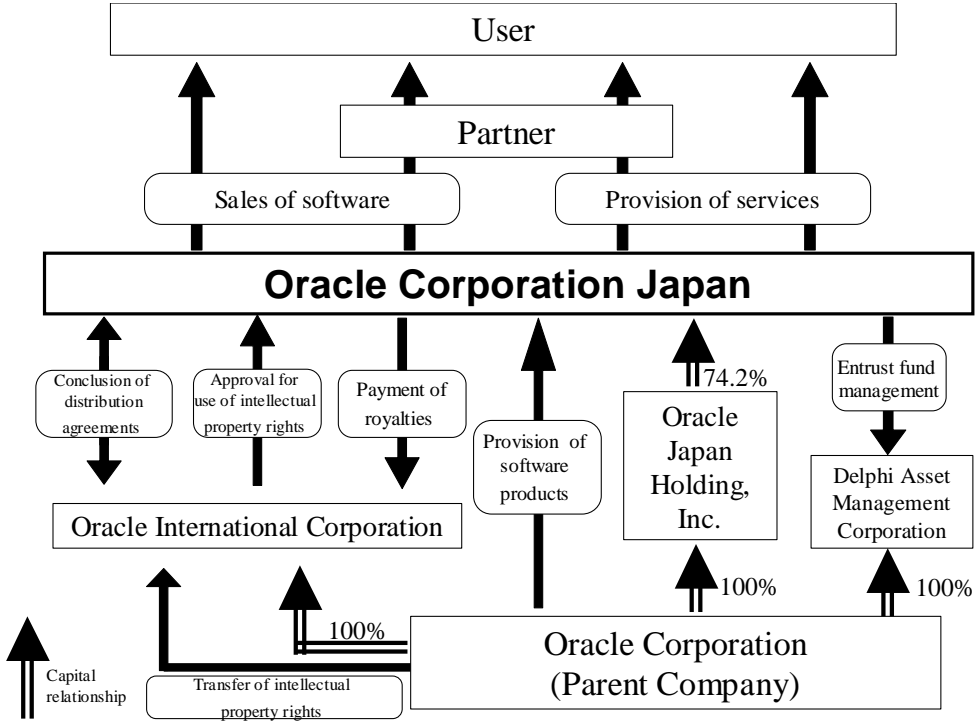
1. Current Status of the Company Group

Our Company’s parent company is essentially *Oracle Corporation* of the United States, which indirectly holds 74.2% of our issued stock, and our company is part of the group that is headed by Oracle Corporation. In various parts of the world the group sells software products including relational database management systems and business applications, as well as a range of systems using the software products and software products for application development and management. The group also provides an array of services to support users of these software products.

Moreover, *Oracle International Corporation* is a subsidiary company wholly financed by Oracle Corporation. Oracle Corporation transfers intellectual property rights pertaining to the software and other products it owns to Oracle International Corporation and Oracle International Corporation holds and manages these intellectual property rights, concludes distribution agreements with Oracle Corporation’s subsidiaries including our company and authorizes license use. Meanwhile, *Delphi Asset Management Corporation* is also a 100% subsidiary of Oracle Corporation, and is in charge of the operation and management of funds owned by Oracle Corporation and its subsidiaries. This fiscal year, our company concluded investment advisory agreement with Delphi Asset Management Corporation, and has been investing its surplus fund to the securities that satisfy the company’s investment policy while maintaining safety and adequate liquidity.

Research and development of software products is primarily carried out under the leadership of Oracle Corporation. However, our company participates in new development initiatives from the onset and has played an important role in developing products suited to the Japanese market in close cooperation with Oracle Corporation. We have also taken a leading role in developing some of the products, such as human resource modules with specifications suited to Japan. Our company makes use of its knowledge and expertise with respect to Japanese market features and has been selling software products thus developed in Japan and providing services to support users.

(Business relation diagram)



In June 2000 we established *Miracle Linux Corporation*, which specializes in the development and sale of Linux operating systems. *Miracle Linux* was set up as our subsidiary in a joint venture with leading domestic companies in a number of different fields (we hold a 58.5% stake). However, we have not prepared a consolidated balance sheet for the term, since the subsidiary's assets and sales are insignificant for the time being and their exclusion would not prevent a rational judgment on our financial status and business achievements. The subsidiary has also been excluded from the above business relation diagram.

2. Business Policies

a) Our basic business policies

We believe that the basic concept for our company is "to maximize the value of data to the point that they are regarded as intelligence, and to build an affluent information society." Our corporate mission is to offer diverse means to turn data into "intelligence," which refers to valuable knowledge and processes that can be used effectively in the global information society, instead of handling them as mere data.

Moreover, we have promoted corporate activities designed to make our company an "IT corporation that is the most highly trusted by our customers," under the following three basic business policies:

- (1) Our company will offer products and services that can enhance the productivity of our customers and help develop the Japanese economy.
- (2) Our company will strive for the overall development of the IT industry in Japan, together with our partners.
- (3) Our company will train IT engineers able to assume leading roles globally, through the *Oracle Master* and other systems.

We understand that these efforts will enable our company to continuously enhance its corporate value and to offer benefits to our shareholders.

b) Basic policies on income distribution

Our company recognizes that one of its most important business missions is to continuously offer our shareholders dividends at a high level, by enhancing corporate value. We will continue to distribute to all shareholders the profits from our periodic income as dividends while considering the retention of earnings for the management of the company.

In addition, we have implemented flexible capital measures to respond to the changing business environment and to enhance the per share value, a resolution approved at the 18th general shareholders' meeting held on August 21, 2003 enabled us to acquire 1.1 million shares of our company's common stock at a maximum total purchase price of 7 billion yen by the end of next general shareholders' meeting.

c) Perspectives and policies concerning reducing minimum investment unit

We recognize that lowering the stock investment unit is an effective means of increasing the liquidity of shares with the aim of further expanding our investor base. Our approach is to lower the investment unit as appropriate if deemed necessary in view of our results, share price movements, market conditions and other factors. However, we have yet to decide on the exact nature or timing of such action.

d) Targeted business indices

Based on our mid-term business plan, "*Oracle Japan Innovation 2003*", by the May 2006 term, which is the final fiscal year for the plan, we aim to attain sales of at least 100 billion yen (actual sales for the May 2003 term were 86.2 billion yen) and an operating profit margin of at least 30% (the actual margin for the May 2003 term was 30%) in the plan.

Our company sells software and provides services, and does not own manufacturing facilities. As such, there is no connection between the scale of our business and our assets. Therefore, we have made the operating profit margin the index for management.

e) Mid- to long-term business strategies and issues to address

By implementing the mid-term business plan “Oracle Japan Innovation 2003,” our company aims to revise its business structure, transform itself into a company capable of generating high profits and securing large market share even under the severe economic situations, solidify its position as the leading provider of software for corporate applications, and further increase value for the company and its shareholders. The target business index for the plan is as discussed in “d” above, and specific measures have been being taken to achieve the target based on the following strategies.

I. Business process reform for profit improvement

- (1) Innovation in business organization by establishing “*OracleDirect*” to reform sales activities, and provision of supportive measures for partners and independent software ventures (ISV) through “*Oracle Partner Network*”.
- (2) Reform of the business structure of the Consulting Service Division
- (3) Provision of supportive measures to Japanese companies that are developing businesses in China through “*China Business Development*”
- (4) Improvement of the efficiency of the back-office section by reallocating its tasks to the Shared Service Center

II. Development of sales and marketing activities to maximize product value

- (1) Continuation of sales promotion activities of database software and to expand its application
- (2) Stronger emphasis on sales of application server software
- (3) Development of products and solutions for further expansion of the share of the Linux market
- (4) Development of outsourcing business by the Support Service Division

f) Basic concepts for corporate governance and implementation

(Basic concepts for corporate governance)

Our company has established organizations and systems to implement sufficient corporate governance measures so that we can fulfill our responsibilities to shareholders, in a way that complies with the laws and regulations of Japan and the corporate governance policies of Oracle Corporation, our parent company. In November 2000, we also abolished retirement gratuities to directors.

The company has also ensured that our employees are thoroughly familiar with the “Oracle Code of Ethics and Business Conduct (Oracle Code)”, which apply globally to the Oracle Group. The Oracle Code provides the basic guidelines for our daily business activities. The original text of the Oracle Code is published on the Website of our parent company, Oracle Corporation.

(Implementation of corporate governance measures)

(1) Administrative organizations engaged in business decision-making, implementation and monitoring, and other systems for implementation of corporate governance measures

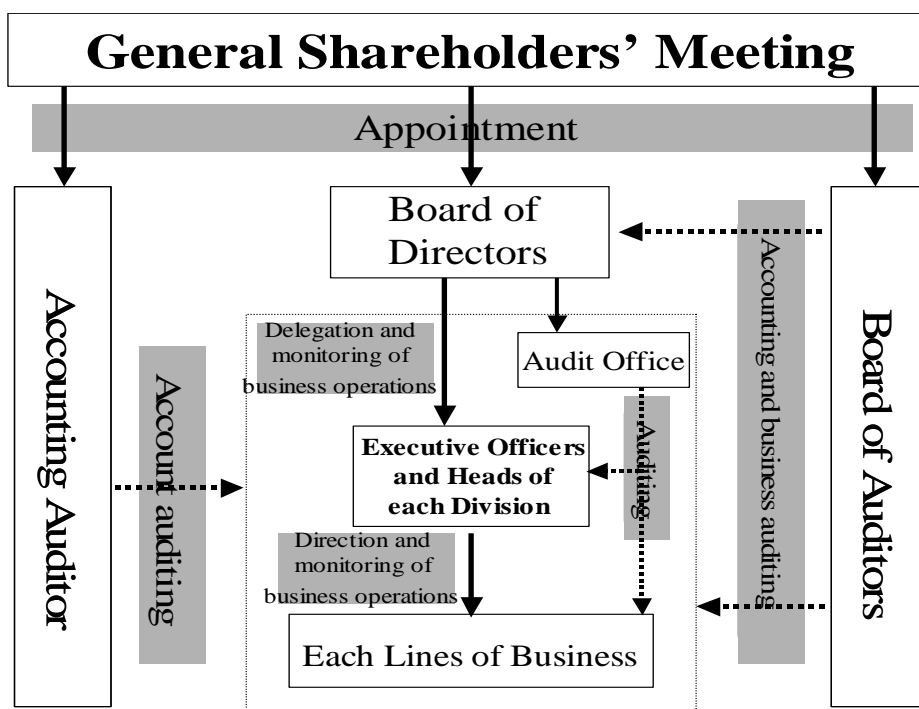
Our company has adopted the auditing system. Since August 2000, we have also adopted the *Executive Officer* system, to separate the board of directors, which is an organization for business decision-making and monitoring of business activities, from the executive functions of executive officers. In this way, we have maintained transparency in our business administration and the capability to promptly coping with the changing business environment. We will continue studying our business administration system, looking at such questions as whether to adopt the committee system.

Our company has 8 directors, of whom 3 are outside directors. There are 4 auditors, of whom 2 are outside Auditors. Our outside directors belong to our appointment committee and remuneration committee, so that they can monitor the appropriateness of director and executive officer appointments, as well as of remuneration.

Shin Nihon & Co. (Member firm of Ernst and Young) is our accounting auditor, and has audited our accounts semiannually and annually based on the auditing agreement. There is no special interest to mention between the accounting auditor and our company. We have sought advice from attorneys and other professionals as necessary in the course of business administration and daily business activities.

We have an audit office, which is an in-house auditing division under the direct management of the president, and responsible for auditing legal compliance, along with the appropriateness and efficiency of our daily business activities.

The following diagram describes our corporate governance organization.



(2) Outline of personal relationships, capital relationships, transactions and other interests between the Company and outside Directors and Auditors

Mr. John L. Hall was newly elected as an outside director by the resolution of 18th general shareholders' meeting, and there are 3 outside directors at our company. Mr. Jeffrey O. Henley is executive vice president and chief financial officer of Oracle Corporation, our parent company. He is also a member of Oracle's board of directors. Mr. Derek H. Williams is executive vice president of Oracle Corporation, Asia Pacific and Japan. Mr. John L. Hall is senior vice president of Oracle Corporation, Oracle University.

Our company is the agent in Japan for products developed by our parent company, and is responsible for supplying those products to the Japanese market. The parent company provides us with its products, and in return we pay a royalty at a set percentage of sales.

There are 2 outside auditors at our company. Ms. Makiko Nakamori is a certified public accountant and Ms. Yoriko Noma is an attorney. There is no capital, personnel or technical relationship, transaction or other interest between our company and the corporations that the outside auditors represent or belong to.

(3) Status of the Company's corporate governance efforts in the most recent one year period (the one year period prior to the closing of the latest fiscal year)

In principle, our board of directors meets every month, with outside directors and auditors participating to carefully observe the directors. The board of directors met 7 times and the board of auditors met 4 times during this interim period.

The audit office conducted in-house audits of business operations, including the information management systems at each division.

g) Basic policies on relations with affiliates (parent company and others)

Our Company has concluded a Sales Agency Agreement with Oracle International Corporation (a 100% subsidiary of Oracle Corporation), which is in charge of preserving and managing the intellectual property of Oracle Corporation, our parent company. Based on the Sales Agency Agreement, we are provided with products developed by our parent company as the sole agent in Japan, with the responsibility of supplying those products to the Japanese market, and we pay royalties at a set percentage based on the sales of these products to Oracle International Corporation. Meanwhile, Delphi Asset Management Corporation is also a 100% subsidiary of Oracle Corporation, and is in charge of the operation and management of funds owned by Oracle Corporation and its subsidiaries. This fiscal year, our company concluded investment advisory agreement with Delphi Asset Management Corporation, and has been investing its surplus fund to the securities that satisfy the company's investment policy while maintaining safety and adequate liquidity.

We will maintain close ties with Oracle Corporation, including cooperation in product development, so that we can maintain and bolster our ability to respond in advance to demand for highly intelligent products and services for corporations, government organizations and other customers in Japan.

3. Business outcomes and financial situation

a. Business outcomes

In the period under review, Japan's economy has been in cyclical economic recovery situations. The progress of national structural reforms, and expansion of corporate capital expenditure including IT investment backed up by the recovery of corporate earnings showed sign of the recovery.

The company implemented a number of measures under its mid-term business plan, "Oracle Japan Innovation 2003" to reform its business structure and improve the profitability by cutting outsourcing expenses. To increase sales of the products and services, the company extensively introduced new solution for Linux market, and fixed-price and short-term implementation solution for business application field.

As a result, in this interim, the company achieved sales at 39,778 million yen (up 425 million yen or 1.1%, from the previous interim), ordinary income at 12,647 million yen (up 2,068 million yen, or 19.6%, from the previous interim), and net income at 7,358 million yen (up 1,281 million yen, or 21.1%, from the previous interim).

[Summary of Sales by Segment]

Category	November 2003			November 2002	
	Amount	Ratio	YtY	Amount	Ratio
	M-Yen	%	%	M-Yen	%
Database Technology	16,740	42.1	8.1	15,492	39.4
Business Applications	1,254	3.2	-36.5	1,974	5.0
Software Products	17,995	45.2	3.0	17,467	44.4
Customer Support*	14,983	37.7	8.8	13,772	35.0
Education	1,586	4.0	-16.8	1,906	4.8
Consulting	5,213	13.1	-16.0	6,206	15.8
Service	21,783	54.8	-0.5	21,886	55.6
Total	39,778	100.0	1.1	39,353	100.0

*Revenue from software update is included Support Service revenue, this interim 10,001 million yen and previous interim 9,275 million yen respectively.

Amount under million yen is rounded down, and % is rounded-up.

Summary of Operations

[Software Products]

Database Technology

The company continued to expand sales of its core products "Oracle9i" and prepared to launch the new product, "Oracle10g". The company launched "Unbreakable Linux" campaign for the booming Linux market, and offered comprehensive technical support from Linux OS to Oracle's products and inexpensive educational opportunities for the engineers. More than 700 partners have been participated "Oracle Partners Network" since last February, and thanks to the deployment of "OracleDirect", a new communication channel with customers, the company realized expansion of customer base and increased sales opportunities. On the other hand, sales of the "RAC*" option for databases and the application server were up on the previous period thanks to the increase in demand from customers seeking a more stable information system and the increase in requirements of streamlining in information sharing.

As a result, sales in the Database Technology Division were 16,740 million yen (up 1,248 million yen, or 8.1%, from the previous interim).

*Real Application Clusters: RAC is an optional function of the Enterprise Edition of Oracle9i Database and Application Server. The function prevents the dispersion of loads and eliminates system outages by sharing one database with several servers. The function also provides an expansion of the system according to an increase in the load and the business without system outage.

The introduction of the newest version of "E-Business Suite 11i.9" in August 2003 and launching

“Oracle NeO”, fixed price and short-term solutions in June 2003 stimulated the inquiry from the customers, but the big deals decreased from previous interim. As a result, sales in the **Business Applications** were 1,254 million yen ,down 720 million yen or 36.5% over the previous interim.

Also, sales in the Software Products Segment that include Database Technology and Business Applications were 17,995 million (up 528 million yen or 3.0 % from the previous interim).

[Service]

Support Services showed steady progress. These results were thanks to the increased demand amongst client companies for reliable operation of their information infrastructure and the company’s efforts to improve sales in the services field. As a result, sales in the Support Services reached 14,983 million yen, up 1,211 million yen or 8.8% over the previous interim.

However, due to the decrease of sales of business applications, etc., resulted decrease of the sales of **Education Services**, and its sales in this interim were 1,586 million yen, down 320 million yen or 16.8 % from the previous interim. Sales in the **Consulting Services** were 5,213 million yen, down 993 million or 16 % from the previous interim as the company introduced a corporate restructure focusing on cutting the contractors expenses and tight control to increase the profitability as a part of the medium-term plan, “Oracle Japan Innovation 2003”,

As a result, sales of the Service Segment reached 21,783 million yen, down 102 million yen or 0.5% from the previous interim.

Estimated business outcomes for the May 2004 term

Overall, Japanese economic trends continue a mild upswing, thanks to the progress of national structural reform and increase of corporate capital expenditure, and corporate IT spending is expected to be on a track to recovery. However, the economic ambiguity still remain because of the impact of the strong yen to the export industries’ profitability and delays of the economic recovery in small and medium business sector

By implementing the mid-term business plan “Oracle Japan Innovation 2003,” continuously, the company continues to revise its business structure, transform itself into a company capable of generating high profits and securing large market share even under the severe economic situations, solidify its position as the leading provider of software for corporate applications, and further increase value for the company and its shareholders. In December 2003, the company held “OracleWorld Tokyo” after an interval of 3 years from the last time. OracleWorld Tokyo gathered more than 100,000 participants and the new product, “Oracle 10g, which will be available this year, gave the participants its entire picture. Also, there were various solutions introduced to the customers. OracleWorld Tokyo gave our company huge business chance and we will continue to ensure the business opportunity generated by OracleWorld Tokyo.

We have derived the following estimates for our business outcomes in the May 2004 term, which is same as our original forecast released on July 9, 2003: sales of 83,400 million yen (down 3.3%, or 2,849 million yen from the same term in the previous year); ordinary income of 26,200 million yen (up 1.4%, or 352 million yen); net income for the term of 15,400 million yen (rising 10.3%, or 1,437million yen); and net income for the term per share of 120.83 yen.

The estimated year-end dividend per share is also same and expected to increase by 10 yen from the previous term, to 85 yen based on our policy on profit sharing, assuming that the above operating results are achieved. The annual dividend per share will be 120 yen (including 35 yen interim dividend), equivalent to estimated EPS of this term.

b. Financial situation

The total assets of our Company at the end of this interim stood at 103,510 million yen (up 611 million yen from the end of the previous interim). Current assets rose 1,286 million yen from the previous interim, to 97,948 million yen, because the company invested its surplus fund to the securities, an increase in accounts receivable and other items. Fixed assets were down 674 million yen from the end of previous interim, to 5,562 million yen, as furniture, fixtures and paid-in guarantees declined with the closure or merger of offices.

Net assets totaled 78,188 million yen, down 356 million yen from the end of previous interim. The decrease was the result of an increase in treasury stocks.

The cash flow situations for the term are as follows:

(Cash flow from operating activities)

Cash generated by operating activities was 8,452 million yen (up 4,739 million yen from the previous interim), a figure that primarily reflects the increase in pretax income for the term (12,583 million yen, up 2,001 million yen from the previous interim), the decrease of account-receivable (4,769 million yen, 286 million yen at the end of previous interim) and payment of the enterprise taxes, etc (4,105 million yen, down 2,569 million yen from the previous interim).

(Cash flow from investment activities)

Cash spent on investment activities stood at 2,210 million yen, mainly involving the acquisition of marketable securities. (Cash amounting to 9,493 million yen was generated in the previous interim.)

(Cash flow from financial activities)

Cash spent on financial activities stood at 9,564 million yen (up 884 million yen from the previous interim), mainly on the payment of dividends.

In total, cash and equivalents at the end of this interim decreased 3,323 million yen from the previous interim, 49,176 million yen from the end of the previous term, to 31,346 million yen.

The trends with cash flow indices for our Company are as follows:

	Nov.02	Nov.03	May.02	May.03
Capital ratio based on market prices	446.4%	667.4%	757.0%	447.5%
Capital ratio	76.3%	75.5%	74.8%	72.9%

(Notes) Capital ratio: Net assets/ Total assets

Capital ratio based on market prices:

Market capitalization of the company / Total assets

Cautious Statements for the forecast

Statements in this document with respect to Oracle Corporation Japan (OCJ)'s current plans, estimates, strategies and beliefs and other statements that are not historical facts are forward-looking statements about the future performance of OCJ. These statements are based on OCJ's assumptions and beliefs in light of the information currently available to it. OCJ cautions you that a number of important risks and uncertainties could cause actual results to differ materially from those forward-looking statements.

4. Interim Financial Documents

(1) Interim Balance Sheet

(Unit: million Yen)

Item	Term	Current interim end (As of Nov.30, 2003)		Previous interim end (As of Nov.30, 2002)		Change year on year	Previous fiscal year end (As of May 31, 2003)	
		Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
(Assets)								
I Current Assets			%		%			%
1. Cash and deposits		31,346		80,522		-49,176	34,669	
2. Notes receivable		-		5		-5	8	
3. Accounts receivable		12,044		14,320		-2,275	16,806	
4. Marketable securities		52,498		-		52,498	50,508	
5. Inventories		25		31		-5	29	
6. Differed tax assets		1,251		592		659	1,601	
7. Others		835		1,240		-405	836	
8. Allowance for uncollectible receivables		(53)		(50)		-3	(21)	
Total current assets		97,948	94.6	96,662	93.9	1,286	104,439	94.7
II Fixed Assets								
1. Property and equipment	*1							
(1) Buildings, structures and equipment		421		404		16	421	
(2) Furniture and fixtures		723		765		-42	725	
Total property and equipment		1,144	1.1	1,170	1.1	-25	1,147	1.0
2. Intangible fixed assets		50	0.1	61	0.1	-10	54	0.1
3. Investments and other assets								
(1) Investments in securities		697		451		246	485	
(2) Shares in affiliated companies		33		33		-	33	
(3) Deferred tax assets		621		873		-251	746	
(4) Deposit money paid		2,877		3,626		-748	3,306	
(5) Others		158		21		137	41	
(6) Allowance for uncollectible receivables		(21)		-		-21	(20)	
Total investments and other assets		4,367	4.2	5,005	4.9	-638	4,592	4.2
Total fixed assets		5,562	5.4	6,237	6.1	-674	5,793	5.3
Total assets		103,510	100.0	102,899	100.0	611	110,233	100.0
(Liabilities)								
I Current liabilities								
1. Accounts payable		6,887		7,436		-548	8,911	
2. Accrued amount payable		2,244		2,433		-189	3,203	
3. Accrued expenses		5		1,333		-1,328	1,202	
4. Accrued corporate tax, etc		4,766		4,109		656	4,069	
5. Accrued consumption tax, etc.		700		753		-53	932	
6. Advances by customers		9,173		6,851		2,321	9,106	
7. Allowance for bonus payable		817		766		50	1,067	
8. Others		727		669		57	1,399	
Total current liabilities		25,322	24.5	24,354	23.7	968	29,892	27.1
Total liabilities		25,322	24.5	24,354	23.7	968	29,892	27.1
(Shareholders' equity)								
I Capital stock		22,131	21.4	22,131	21.5	-	22,131	20.1
II Capital surplus reserve								
1. Capital reserve		33,569		33,569		-	33,569	
2. Other capital surplus reserve		1		-		1	-	
Income from disposition of treasury stocks		1		-		1	-	
Total capital surplus reserve		33,570	32.4	33,569	32.6	1	33,569	30.5
III Earned surplus								
1. Legal reserve of retained earnings		3,212		3,212		-	3,212	
2. Voluntary reserves		121		150		-29	150	
Reserve for special depreciation		121		150		-29	150	
3. Inappropriate retained earnings at the end of the term		21,700		20,486		1,214	23,895	
Total earned surplus		25,035	24.2	23,850	23.2	1,185	27,259	24.7
IV Appraisal loss and gain from other marketable securities		127	0.1	26	0.0	100	49	0.0
V Treasury stock		(2,676)	-2.6	(1,032)	-1.0	-1,643	(2,668)	-2.4
Total shareholders' equity		78,188	75.5	78,544	76.3	-356	80,340	72.9
Total liabilities and shareholders' equity		103,510	100.0	102,899	100.0	611	110,233	100.0

(2)Interim Statement of Income

(Unit: million Yen)

Term Item	Current Interim (From June 1, 2003 to Nov. 30, 2003)		Previous Interim (From June 1, 2002 to Nov. 30, 2002)		Change Year on Year	Previous Fiscal Year (From June 1, 2002 to May 31, 2003)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
		%		%			%
I Revenues	39,778	100.0	39,353	100.0	425	86,249	100.0
II Cost of sales	17,769	44.7	18,894	48.0	-1,124	40,628	47.1
Gross Profit	22,009	55.3	20,458	52.0	1,550	45,621	52.9
III Selling general and administrative expenses	9,400	23.6	9,848	25.0	-448	19,777	22.9
Operating income	12,609	31.7	10,610	27.0	1,998	25,844	30.0
IV Non-operating income	*1 59	0.1	58	0.1	1	104	0.1
V Non-operating loss	*2 20	0.0	89	0.2	-68	99	0.1
Ordinary income	12,647	31.8	10,579	26.9	2,068	25,848	30.0
VI Extraordinary income	*3 -	-	103	0.3	-103	285	0.3
VII Extraordinary loss	*4 64	0.2	100	0.3	-36	2,043	2.4
Interim (current) net income before tax	12,583	31.6	10,581	26.9	2,001	24,090	27.9
Corporation, local and enterprise taxes	4,802	12.1	3,987	10.2	815	10,505	12.2
Adjustments for corporation tax, etc.	421	1.0	517	1.3	-95	-379	-0.5
Interim (current) net income	7,358	18.5	6,076	15.4	1,281	13,963	16.2
Profits carried over from the previous term	14,341		14,409		-67	14,409	
Interim dividends	-		-		-	4,477	
Interim(current) unappropriated income	21,700		20,486		1,214	23,895	

(3) Interim Statement of Cash Flows

(Unit:million Yen)

Term Item	Current Interim	Previous Interim	Previous Fiscal Year
	(From June 1, 2003 to Nov. 30, 2003)	(From June 1, 2002 to Nov. 30, 2002)	(From June 1, 2002 to May 31, 2003)
	Amount	Amount	Amount
I. Cash flow from business activities			
Interim (term end) net income before tax	12,583	10,581	24,090
Depreciation expenses	234	295	561
Increase/decrease of allowance for uncollectible receivables (Decrease: -)	33	-104	-113
Increase/decrease of allowance for bonus payable (Decrease:-)	-249	17	317
Interest and dividends received	-7	-4	-6
Interests paid	6	5	14
Loss on securities sold	-	18	18
Loss on maturity of securities	-	2	2
Loss on expenses for special retirement program	-	-	1,542
Loss on appraisal of invested securities	12	65	78
Profit on invested securities sold	-	-	-173
Loss on appraisal of stocks of affiliated companies	-	22	22
Loss on disposition and retirement of fixed assets	0	13	191
Increase/decrease of sales credits (Increase: -)	4,769	286	-2,202
Increase/decrease of inventory assets (Increase:-)	4	10	12
Increase/decrease of accrued revenue (Increase: -)	-42	-441	-40
Increase/decrease of other current assets (Increase:-)	35	-60	-33
Increase/decrease of obligation from purchase (Decrease:-)	-2,023	1,308	2,783
Increase/decrease of accrued amount payable (Decrease:-)	-640	-640	-206
Increase/decrease of accrued consumption tax (Decrease:-)	-232	-74	104
Increase/decrease of advances by customers (Decrease:-)	67	-218	2,036
Increase/decrease of other current liabilities (Decrease: -)	-1,868	-697	-79
Others	-140	1	-32
Subtotal	12,541	10,386	28,888
Interest and dividends received	50	4	11
Interest paid	-7	-2	-11
Corporation and other taxes paid	-4,105	-6,675	-13,234
Expenses for special retirement program paid	-27	-	-1,515
Total cash flow from business activities	8,452	3,713	14,138
II. Cash flow from investment activities			
Amounts paid for acquisition of securities	-41,798	-	-54,036
Income from disposition of securities	-	1,481	1,481
Income from redemption of securities	39,773	2,997	6,497
Amounts paid for acquisition of tangible fixed assets	-516	-181	-288
Amounts paid for acquisition of intangible fixed assets	-3	0	-1
Amounts paid for acquisition of invested securities	-100	-	-52
Income from disposition of invested securities	4	28	245
Income from recovered loans	-	5,000	5,000
Amounts paid as deposit money	-11	-2	-42
Income from returned deposit money	440	170	529
Others	-	0	0
Total cash flow from investment activities	-2,210	9,493	-40,667
III. Cash flow from financial activities			
Amounts paid for stock repurchase	-9	-1,005	-2,648
Income from disposition of treasury stocks	4	-	-
Amount paid for dividends	-9,559	-7,674	-12,149
Total cash flow from financial activities	-9,564	-8,680	-14,797
IV. Increase/Decrease in cash and cash equivalents(Decrease: -)	-3,323	4,526	-41,326
V. Balance of cash and cash equivalents at the beginning of term	34,669	75,996	75,996
VI. Interim (term end) balance of cash and cash equivalents at the end of term	31,346	80,522	34,669

Important Accounting Policies

1. Valuation standard and method for calculating the securities

(1) Subsidiaries' shares

Subsidiaries' shares are stated at cost, and are determined by the moving averages method.

(2) Other securities

Securities with fair market value are stated at the fair market value based on the quoted market price as of the interim settlement date. The related valuation differences are directly charged or credited to the shareholders' equity and the cost of securities sold is computed by the moving average method.

Securities without fair market value are stated at cost being determined by the moving averages method.

2. Valuation standard and method for inventories

At cost method based on periodic average method by month

3. Method of depreciating fixed assets

(1) Tangible fixed assets

Building fixtures: At fixed percentage method

Appliances and equipment

Computer hardware: At fixed amount

Others: At fixed percentage method

The useful life of major items are as follows:

Building fixtures: 8 to 15 years

Appliances and equipment

Personal computers: 2 years

Servers: 3 years

Others: 5 to 8 years

(2) Intangible fixed assets: At fixed amount method

Based on an in-house estimated available period (5 years) for software for in-house use.

4. Accounting method for allowances and reserves

(1) Allowances for uncollectible receivables

For general accounts, general allowances are provided using a rate determined by past experience with bad debts. Specific allowances are provided according to the estimates of amounts considered unrecoverable after reviewing the individual recoverability of certain doubtful accounts.

(2) Allowance for bonus payable

To provide for the payment of bonuses to employees, allowance for bonus payable is recorded in an amount to be borne in the current interim period out of the amount that is expected to be paid.

5. Accounting standard for revenue

As to consulting service revenue and part of software product revenue, the company accounts for them on the percentage of completion basis.

6. Scope of the fund in the interim statement of cash flows

The fund in the interim statement of cash flows, consisting of cash and cash equivalents, consists of cash on hand, deposits that can be withdrawn without notice and short-term investments that are easily convertible, that mature within three months of the date of acquisition and that have a slight risk of a fluctuation in value.

7. Other important remarks

(1) Accounting of consumption tax, etc.

Based on pre-tax method

(2) Accounting treatment for corporate taxes

Expected reversal of special depreciation reserve in the end of this fiscal year is reflected for the calculation of the amount of corporate taxes and differed tax assets in this interim period.

[Notes]

(Related to the interim balance sheet)

(Unit: million yen)

Item	Term	Current interim end (as of November 30, 2003)	Previous interim end (as of November 30, 2002)	Previous term end (as of May 31, 2003)
*1. Cumulative total of depreciation of tangible fixed assets		4,227	4,721	4,074

(Related to the interim statement of income)

(Unit: million yen)

Current interim (From June 1, 2003 to Nov.30, 2003)	Previous interim (From June 1, 2002 to Nov.30, 2002)	Previous fiscal year (From June 1, 2002 to May 31, 2003)
*1. Principal item in non-operating income Insurance dividend 26	*1. Principal item in non-operating income Insurance dividend 26	*1. Principal item in non-operating income Insurance dividend 26 Refund of traveling expense 22
*2. Principal items in non-operating loss Exchange loss 9	*2. Principal items in non-operating loss Exchange loss 41 Loss on sales of treasury stocks 18	*2. Principal items in non-operating loss Exchange loss 35
*3. _____	*3. Principal item in extraordinary income Reversal of allowance for uncollectible receivables 103	*3. Principal item in extraordinary income Profit on sales of investment in securities 173 Reversal of allowance for uncollectible receivables 111
*4. Principal item in extraordinary income Expenses for office consolidation 49	*4. Principal item in extraordinary income Loss on valuation of investment in securities 65 Loss on valuation of investment in securities of affiliated companies 22	*4. Principal item in extraordinary income Expenses for special retirement 1,542 Expenses for office consolidation 207 Loss on disposition of furniture and fixtures 191
5. Actual depreciation Tangible fixed assets 228 Intangible fixed assets 6	5. Actual depreciation Tangible fixed assets 286 Intangible fixed assets 8	5. Actual depreciation Tangible fixed assets 545 Intangible fixed assets 15

(Related to interim cash flow statement)

(Unit: million yen)

Item \ Term	Current interim end (as of November 30, 2003)	Previous interim end (as of November 30, 2002)	Previous term end (as of May 31, 2003)
Relationship between the interim (term-end) balance of cash and cash equivalents and the amount in the title stated on the balance sheet	Cash and deposit account 31,346	Cash and deposit account 80,522	Cash and deposit account 34,669
	Cash and cash equivalents 31,346	Cash and cash equivalents 80,522	Cash and cash equivalents 34,669

(1) Lease Trading

(Unit: million yen)

Item \ Term	Current interim (From June 1, 2003 to Nov.30, 2003)	Previous interim (From June 1, 2002 to Nov.30, 2002)	Previous fiscal year (From June 1, 2001 to May 31, 2003)
Operating lease trading (on the part of borrowers)	_____	Prepaid lease amounts	Prepaid lease amounts
		Within 1 year 2	Within 1 year 0
		Over 1 year 1	Over 1 year -
		Total 4	Total 0

(2) Securities

As of the end of the interim period (November 30, 2003)

1. Subsidiaries' shares with fair market value

N/A

2. Bonds to be held by maturity date with market prices

(Unit: million yen)

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Government and local government bond	-	-	-
(2) Corporate bonds	3,001	3,008	6
(3) Others	-	-	-
Total	3,001	3,008	6

3. Other shares with fair market value

(Unit: million yen)

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Stocks	143	357	214
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	143	357	214

3. Major components of securities without fair market value

(Unit: million yen)

	Amount stated in the balance sheet
(1) Bonds to be held by maturity date Commercial Paper	49,496
(2) Other securities Unlisted shares (excluding over-the-counter shares)	340

As of the end of the previous interim period (November 30, 2002)

1. Subsidiaries' shares with fair market value

N/A

2. Other shares with fair market value

(Unit: million yen)

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Stocks	119	165	46
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	119	165	46

3. Major components of securities without fair market value

(Unit: million yen)

	Amount stated in the balance sheet
(1) Bonds to be held by maturity date	-
(2) Other securities Unlisted shares (excluding over-the-counter shares)	286

As of the end of the previous term (May 31, 2002)

1. Subsidiaries' shares with fair market value

N/A

2. Bonds to be held by maturity date with market prices

(Unit: million yen)

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Government and local government bond	-	-	-
(2) Corporate bonds	7,262	7,262	-0
(3) Others	1,149	1,149	0
Total	8,411	8,411	0

2. Other shares with fair market value

(Unit: million yen)

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Stocks	143	227	84
(2) Bonds	-	-	-
(3) Others	-	-	-
Total	143	227	84

3. Major components of securities without fair market value

(Unit: million yen)

	Amount stated in the balance sheet
(1) Bonds to be held by maturity date Commercial Paper	42,097
(2) Other securities Unlisted shares (excluding over-the-counter shares)	257

(3) Derivative trading

Not applicable, since we do not engage in the trading of derivatives.

(4) Profit and loss on equity method, etc.

Not applicable

(5) Going-Concern principle

Not applicable