This flash report is unaudited and the translation of the Japanese language version.

Flash Report for the 1st Half of Fiscal Year Ending May 31, 2006 (Non-consolidated)

Dec.22, 2005

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 personal Masaaki Shintaku, President and Chief Executive Officer
Contact personal Shigeru Matsuoka, Chief Financial Officer
TEL 03-5213-6666

Date of the board meeting for this release: December 22, 2005
Interim dividends payment system: Yes
Date of the interim dividend payment: February 9, 2006
Tangenkabu (trading unit of shares): Yes (1unit=100shares)
Name of the parent company: Oracle Corporation(U.S.)
Parent company's shareholding of the company's voting shares: 75.3%

1.Business results for this interim (from June 1, 2005 to November 30, 2005)

(1) Operating Results

	Revenues		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Nov.2005	41,375	8.9	13,579	15.0	13,644	15.2
Nov.2004	37,991	-4.5	11,810	-6.3	11,839	-6.4
May-05	83,209		28,708		28,797	

	Net Income		EPS	EPS after adjustment for potential shares
	Million Yen	%	Yen Sen	Yen Sen
Nov.2005	8,045	14.9	63.35	63.32
Nov.2004	7,001	-4.9	55.15	55.10
May-05	16,989		133.51	133.40

Note
(i) Investment profit(loss) on equity method Nov. 2005: Not Applicable Nov. 2004: Not Applicable May 2005: Not Applicable
(ii) Average number of shares during the term Nov. 2005: 126,990,489 shares Nov. 2004: 126,959,054 shares May 2005: 126,969,383 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.2005	60.00	-
Nov.2004	60.00	-
May-05	-	140.00

Note Breakdown of Nov.2005 interim dividends

Commemorative dividend - Yen - Sen
Extra dividend - Yen - Sen

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen Sen
Nov.2005	105,979	75,394	71.1	593.67
Nov.2004	107,003	75,086	70.2	591.36
May-05	107,049	77,468	72.4	609.77

Note
(i) Number of shares at term end Nov. 2005: 126,996,737 shares Nov. 2004: 126,972,303 shares May 2005: 126,983,126 shares
(ii) Treasury stock at term end Nov. 2005: 1,197,925 shares Nov. 2004: 1,222,359 shares May 2005: 1,211,536 shares

(4) Cash Flows

	Cash flow from operating 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.2005	11,974	1,412	-10,109	25,160
Nov.2004	5,622	-2,161	-11,359	19,670
May-05	16,006	-2,747	-18,945	21,883

2. Forecast for the May 2006 term (from June 1, 2005 to May 31, 2006)

	Revenues	Ordinary Income	Net Income	Dividend per share	
				Term end	Annual
	Million Yen	Million Yen	Million Yen	Yen Sen	Yen Sen
Entire Term	90,000	31,050	18,200	83.00	143.00

(Reference) Estimated EPS for the term Yen 143.33

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 9 page of attached document for using the forecast.

Attachment

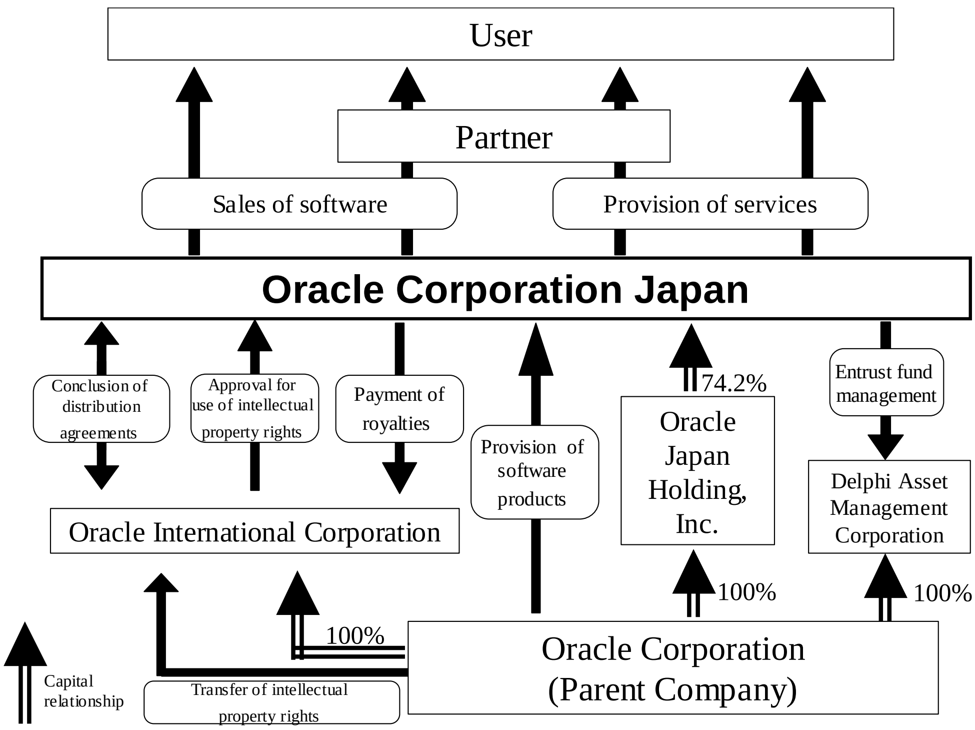
1. Current Status of the Company Group

Our Company's parent company is essentially Oracle Corporation of the United States, which indirectly holds 74.2% of our issued share, 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. 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 Corporation 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 consolidated financial statements for the term, since the subsidiary's total 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 "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.

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 measures or timing of such action.

d) Targeted business indices

We aim for continuously improvement of corporate value by growth of revenue and operating income, and by management that attached great importance to operating income margin.

e) Mid- to long-term business strategies

We have upheld the Company's slogan of becoming a highly trusted IT company. The foundation of our management strategy is to provide customers and business partners with innovative technologies and to become a highly profitable company for our shareholders. To this end, we recognize that it is critically important for us to achieve constant growth by appropriately responding to customer needs and consistently providing products and services that will enable our customers to expand their businesses. Our business policies are as follows.

① Building an organizational structure enabling strategies planning and implementing geared to industry and product characteristics

- Establishing the System Technology Business Group and the Applications & Industries Business Group

② Marketing and product development strategies to maximize product value

(i) Rebuilding the product brand

(ii) Sustainable growth of the Database Technology business

- Developing new technologies for IT infrastructure, such as grid computing (Note)
- Expanding products and solutions for the further development of the Linux market
- Exploiting new areas for database applications, such as Radio Frequency Identification (RFID)

(iii) Establishing the foundations for the Business Applications operations

- Developing solutions customized for the needs of each industry
- Providing templates and solutions to the entire market including large, medium-sized and small companies
- Bolstering product functions for domestic customers

③ Bolstering sales

(i) Achieving stable income in the Database Technology business

- Enhancing the sales and support systems of middleware products
- Enabling large-scale system orders
- Cultivating small and midsize markets

(ii) Expanding market share in Business Application operations

- Focusing on select industry areas
- Enhancing the sale of solutions to major companies
- Establishing a sales forces that specializes in strategic solutions
- Improving operating efficiency using template sales

(iii) Further enhancing partner businesses

- Bolstering cooperation with strategic partners
- Improving the support system for partners
- Cooperating with partners from the time of product and solution developments

④ Continuous contribution to customers' businesses

(i) Aggressive product support for existing customers

(ii) Development of "Oracle On Demand", an outsourcing business

(iii) Support for the businesses of Japanese companies in Asian countries such as China and Singapore

(Note) "Grid computing" generally indicates a form of networking that connects several computers for realizing high-speed and large-volume information processing by creating a virtual high-performance computer. In this context, "grid computing" indicates the "enterprise grid" proposed by Oracle. The feature of the "enterprise grid" is to utilize the existing computer resources to the maximum extent. The computer resources within a stand-alone machine are inevitably used in a biased manner, and therefore, the overall performance of the existing systems within a network can be improved if the unused system resources are accumulated and properly allocated to each system as necessary. Oracle's enterprise gird computing enables this type of grid computing.

f) Issues to address

As of November 2005, Oracle Corporation owns 74.2% of the company's issued shares indirectly, making the portion owned by top-ranking shareholders prominent in terms of share distribution. If the top-ranking shareholders' portion rises further, we may see the ownership percentage of "special few" shareholders running in conflict with the Tokyo Stock Exchange's delisting standard (80%). The Tokyo Stock Exchange partially revised the listing rules, and put the revision into effect on January 1, 2005. In line with the revision, the delisting standard relating to the stake owned by "special few" shareholders was revised from 80 percent to 75 percent, which will be applicable to us at the end of our fiscal period ending in May 2006. We have been discussing with the parent company how to decrease the shareholding ratio of "special few" shareholders and increase share liquidity.

g) Basic concepts for corporate governance and implementation

(Basic concepts for corporate governance)

Our Company has established organizations and systems in a way that complies with the laws and regulations of Japan and the corporate governance policies of Oracle Corporation, our parent company, so that we can fulfill our responsibilities to shareholders.

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. Further, in addition to our in-house contact relating to compliance and corporate ethics, we have in place "The Oracle Compliance and Ethics Helpline" as the external contact with the worldwide Oracle group aiming to strengthen our compliance system. The original text of the Oracle Code (in English) 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

①Company's organization, internal control system and risk management

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.

Our board of directors consists of five directors including two outside directors (as of November 30, 2005), who serve tenure of one year to make clearer the responsibility held by the directors for management. We have three auditors, of whom two are outside auditors. We also have in place Appointment Committee and Remuneration Committee to keep the appropriateness of the selection of director candidates and the determination of their remuneration. And the outside directors are attended as the member of both committees. Furthermore, we have in place the Executive Committee composed of the heads in charge of important organizations, the president being one of them. In principle, the Executive Committee meets once a week to support the president in company management discussing and deciding matters relating to the execution of basic management policies decided by the board of directors as well as important matters relating to the execution of operations.

Furthermore, we seek advice from our counsel and other experts as necessary in the course of our corporate management and daily business activities in an effort to improve the checking function performed by outside experts.

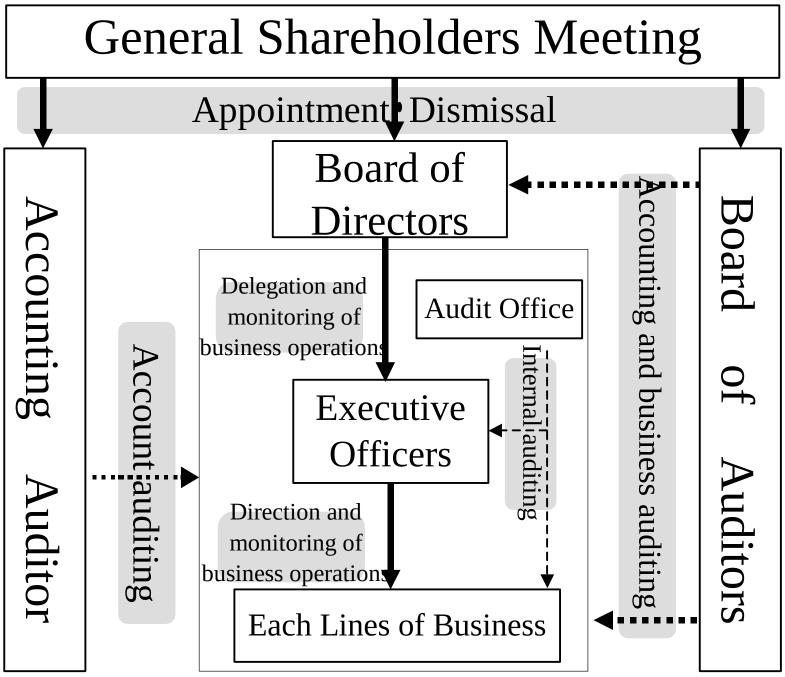
②Status of internal audit, statutory auditors' audit and accounting audit

We have in place "Audit Office" that operates as an internal audit unit under the direct control of the president. This office reviews and evaluates our operations in a fair and objective manner relative to their lawfulness, appropriateness and efficiency, reports the audit results to the president, provides advice or proposals for improvement or rationalization based on such results, and checks, as appropriate, on how such advice and proposals are being implemented.

Pursuant to the audit policy and program drawn up by the board of auditors for the year, statutory auditors attend meetings of the board of directors and other important meetings, and hear from directors and other executives on how they are carrying out their duties to check the lawfulness of their performance. The auditors further ask to be informed and explained by accounting auditors and "Audit Office" about the audit performed on as needed basis, thus strengthening mutual collaboration and auditing.

Ernst & Young ShinNihon 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.

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

There are two outside directors at our Company. Mr. Derek H. Williams is Executive Vice President of Oracle Corporation, our parent company, supervising the Asia-Pacific operation of the Oracle Group. Mr. John L. Hall is Senior Vice President of Oracle Corporation, Oracle University.

Please refer to "1.Current Status of the Company Group" regarding the relationship between the Company and Oracle Corporation.

There are two 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

In principle, our board of directors meets every month. The board of directors met eight times and the board of auditors met eight times during this interim period. Statutory auditors (including outside auditors) had regular meetings with the representative director to discuss and collect information about business operation.

h) Matters related to parent company and others

(1) Name of the parent company

As of November 30, 2005

Parent company	Attribute	Parent company's shareholding of the Company's voting shares (%)	Listed stock exchange
Oracle Corporation	Parent company	75.3 (75.3)	NASDAQ (U.S.)
Oracle Japan Holding, Inc	Holding company	75.3	

(Note) (): Ratio of indirect shareholding by the parent company, which is included in the count.

(2) Positioning of the Company in the group of the parent company

Our Company's parent company is essentially Oracle Corporation of the United States, which indirectly holds 74.2% of our issued share, and our Company is part of the group that is headed by Oracle Corporation.

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.

Two of the five members of our board of directors are outside directors chosen from Oracle Corporation. We conduct our business activities based on management decisions taken as an independent business organization, which are performed principally by directors who also assume their positions as the operating officers and operating officers.

(3) Matters related to transactions with parent company

Not applicable.

i) Other important matters for business

On November 24, 2005, we announced that we will acquire part ownership of an office building established in Kita-Aoyama, Minato-ku, Tokyo, to reduce rent and to improve business efficiency by integrating the function of the headquarters scattered across seven rented premises in three metropolitan areas, namely Kioi-cho, Shibuya and Youga. The effects of these changes on the business performance for the fiscal year ending May 2006 are expected to be negligible.

3. Business outcomes and financial situation

a. Business outcomes

During the period under review, the Japanese economy showed signs of continued recovery, albeit gradual, driven by a steady increase in corporate profits and capital investments, in addition to improved circumstances in employment and a moderate rise in consumer spending.

In pursuit of an agenda of growth, the Company established new product business groups in June 2005, based on a solid profit mechanism achieved through structural reforms carried out in the past. The product business groups are the System Technology Business Group and the Applications & Industries Business Group, and they make it possible to create an organizational structure highly specialized in each product. Through the adoption of a standard approach that complies with SOA (service-oriented architecture), we set up sales forces and a business promotion organization that specialize in a suite of Oracle Fusion Middleware. These entities provide interaction and integration between different business applications. We pressed ahead with sales expansion centering on “Oracle Application Server 10g Release 2,” which serves as an integration base for business processes. In addition, from September 2005, we launched the shipment of “Oracle Database 10g Release 2,” an integration database that supports all applications.

As a result, in this interim, the company achieved sales at 41,375 million yen (up 3,384 million yen, or 8.9%, from the previous interim), ordinary income at 13,644 million yen (up 1,804 million yen, or 15.2%, from the previous interim), and net income at 8,045 million yen (up 1,044 million yen, or 14.9%, from the previous interim).

The results of each business segment are as follows. From the current interim period, in accordance with the disclosure of Oracle Corporation, the Support Service Division is classified as Updates & Product Support and Advanced Support, because the sales of Updates and Product Support are becoming increasingly important. These two entities are categorized as Software Related and Service, respectively.

[Software Related]

In the **Database Technology** Division, revenue increased steadily thanks to greater demand for our database products, led by robust corporate performance. Demand for products for large-scale systems increased continuously due to system integrations and the shift from mainframes to open systems. In relation to products for medium to small-scale systems, IT investment was active and the introduction of open-systems by Linux servers is continuing. To respond to the needs of various companies for information systems, we have enhanced our sales and marketing capacity and made our organization highly specialized, while starting shipments of the new product, “Oracle Database 10g Release 2” and expanding the sales in the suite of “Oracle Fusion Middleware.”

As a result of these initiatives, Oracle Fusion Middleware sold very well, while we secured a large order of products for major companies and recorded positive results in the sales of “Oracle 10g SE One” among the products for medium and small-scale systems. These factors served as the basis for increased revenue of 17,530 million yen (up 560 million yen, or 3.3% from the previous interim) in the Database Technology Division.

In the **Business Applications** Division, the Company made steady progress with the establishment of a special sales force, the expansion of customer coverage in cooperation with business partners and improvements in its ability to offer solutions to large companies through the integration of its consulting functions. In addition, its ability to offer business solutions to medium-size companies, represented by Oracle NeO, improved further while capital investments in corporations showed signs of recovery, led by favorable business results. As a result, revenue in the Business Applications Division reached 846 million yen (up 229 million yen, or 37.3% from the previous interim).

In the **Updates & Product Support** Division, we support the system operations of client companies by providing them with update rights for software products, general product support services and technical information that enables potential problems to be avoided. Since the fiscal year ended May 2005, revenue in the Updates & Product Support Division steadily increased and reached 18,753 million yen (up 1,963 million yen, or 11.7% from the previous interim). These results were due to the brisk sales of software products and the continuing high demand from client companies for the reliable operation of their information infrastructure as well as the maintenance of a high rate of support contracts through the sharing of contract information with partners.

Consequently, revenue in the Software Related that is Software Products (including Database Technology Division and Business Application Division) with Updates & Product Support Division reached 37,131 million yen (up 2,753 million yen, or 8.0% from the previous interim).

[Service]

In the **Advanced Support** Division, we provide client companies with technical support for system construction and operation, offering high-value added services according to their individual needs. During the period under review, revenue of the Advanced Support Division stood at 495 million yen (up 136 million yen, or 38.1% from the previous interim). These results were thanks to strong results in Oracle On Demand, an outsourcing service in which our professional engineers provide client companies with services twenty-four/seven for the operation and management of Oracle software online from remote locations. This service was launched in the fiscal year ended May 2004. In the **Consulting Service** Division, we promptly responded to the ever-increasing needs of client companies for technical support in connection with new system installation and the reliable operation of database technology products directed at their key businesses. At the same time, we actively improved our ability to provide solutions to large companies and implemented short-term standard model installation pertaining to business application products. As a result, revenue of the Consulting Service Division reached 2,773 million yen (up 558 million yen, or 25.2% from the previous interim).

Revenue of the **Education Service** Division, under the prolonged trend of curtailment for IT education investments, declined 64 million yen, or 6.2%, compared to previous interim, settling at 975 million yen.

As a result, sales in the Service reached 4,244 million yen (up 631 million yen, or 17.5% from the previous interim).

The following table lists the revenue by segment.

Item	November 2004 Amount (Million Yen)	November 2004 Composition (%)	November 2005 Amount (Million Yen)	November 2005 Composition (%)	Variance (%)
Database Technology	16,970	44.7	17,530	42.4	3.3
Business Applications	617	1.6	846	2.0	37.3
Software Product	17,587	46.3	18,377	44.4	4.5
Updates & Product Support	16,790	44.2	18,753	45.3	11.7
Software related sub total	34,378	90.5	37,131	89.7	8.0
Advanced Support	358	0.9	495	1.2	38.1
Education services	1,040	2.7	975	2.4	-6.2
Consulting services	2,214	5.8	2,773	6.7	25.2
Service sub total	3,613	9.5	4,244	10.3	17.5
Total	37,991	100.0	41,375	100.0	8.9

*Amount is rounded down. Composition ratio and year-to-year comparison (Variance) are rounded off.

Estimated business outcomes for the May 2006 term

The Japanese economy is expected to show signs of recovery in a wider range of fields including non-manufacturing industries and medium-sized and small companies, driven by robust domestic demand and a recovery in exports. Despite these positive factors, the trends in oil prices and the United States economy deserve close attention.

In June 2005, we established two new product business groups, namely, the System Technology Business Group and the Applications & Industries Business Group. These groups established a comprehensive structure to conduct strategy planning, product shipment, sales support and activities for each product, leading to the strengthening of our overall sales and marketing capacity. As a result, the sales of our software-related products are expected to fare well in the coming term. We will make continued efforts to expand the client coverage and develop partner businesses while further strengthening sales and marketing capacity through specialized organizations. In November 2005, we unveiled a new strategic solution for large companies, namely, Oracle EO, which reduced labor in the installation of the Oracle E-Business Suite and, at the same time, offers short-term, low-cost and low-risk system installation and operation through the optimal use of the standard business flow adapted to each business and industry.

Based on the above, we have derived the following estimates for our business outcomes in the May 2006 term, which is same as our original forecast released on June 30, 2005: revenue of 90,000 million yen (up 6,790 million yen, or 8.2% from the previous year); ordinary income of 31,050 million yen (up 2,252 million yen, or 7.8%); net income for the term of 18,200 million yen (up 1,210 million yen, or 7.1%); and net income for the term per share of 143.33 yen.

The estimated year-end dividend per share is also same as our original forecast and expected to increase by 3 yen from the previous term, to 83 yen, and the annual dividend per share will be 143 yen (including 60 yen interim dividend), based on our policy on profit sharing, assuming that the above operating results are achieved.

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.

b. Financial situation

The cash flow situations for the interim term are as follows:

(Cash flow from operating activities)

Pretax income for the interim term was 13,645 million yen, up 1,797 million yen from the previous interim. Cash generated by operating activities was 11,974 million yen (up 6,352 million yen from the previous interim), a figure that primarily reflects the decrease of account-receivable by 4,011 million yen and increase of Advances by customers by 1,655 million yen at the end of previous interim and the payment of income taxes (5,938 million yen).

(Cash flow from investment activities)

Cash generated by investment activities was 1,412 million yen (cash used by investment activities in the previous interim was 2,161 million Yen), mainly involving the redemption of marketable securities.

(Cash flow from financial activities)

Cash spent on financial activities stood at 10,109 million yen (down 1,250 million yen from the previous interim), mainly on the payment of dividends.

In total, cash and equivalents was 25,160 million yen (up 5,490 million yen from the previous interim, up 3,277 million yen from the end of the previous term) at the end of this interim.

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

	Nov. 2003	Nov. 2004	Nov. 2005	May. 2005
Capital ratio based on market prices	667.4%	612.3%	569.2%	507.7%
Capital ratio	75.5%	70.2%	71.1%	72.4%

(Notes) Capital ratio based on market prices:
Market capitalization of the company / Total assets
Capital ratio: Shareholders' equity / Total assets

C. Business risks

The following are the main business risks we are aware of. The risks described herein about the future are based on our judgment as of the date of this publication.

(1) Relationships with Oracle Corporation

Our Company's parent company is essentially Oracle Corporation of the United States, which indirectly holds 74.2% of our issued share, and our Company is part of the group that is headed by Oracle Corporation. Therefore, our future business activities may be affected by Oracle Corporation's management strategies.

① Dependence on Oracle Corporation's products and technologies

We supply the Japanese market with the products developed by Oracle Corporation, which makes us dependent on its products and technologies. Thus, our business performance largely depends upon how Oracle Corporation will maintain its technological development capabilities and competitiveness, and continue to supply new products and updated versions of the existing products that meet customer needs.

The information service industry is highly competitive where technological innovation rapidly advances causing any new product or technology to become quickly obsolete. Thus, any delay on the part of Oracle Corporation in launching new products or updated versions, or any material fault or defect found on its products will likely affect our business results and financial conditions.

② Possibility of change in the rate and scope applicable to royalty

We have a distributorship agreement with Oracle International Corporation (a 100% subsidiary of Oracle Corporation), which is charged with the ownership and management of Oracle Corporation's intellectual property. As the sole distributor under the agreement of products developed by the parent company for supply to the Japanese market, we receive the products in consideration of which we pay to Oracle International Corporation a royalty equivalent to a certain percentage of our sales of the products. The percentage and the scope applicable to the royalty are determined between Oracle Corporation and all of its group companies that distribute Oracle products, including us, on the identical reasonable basis. If the percentage or applicable scope changes because of any change made to the contents of products or services supplied by Oracle Corporation, or of the transfer pricing taxation system, our business results and financial conditions may be affected.

③ Delisting standard

As of November 2005, Oracle Corporation owns 74.2% of the company's issued share indirectly, making the portion owned by top-ranking shareholders prominent in terms of share distribution. If the top-ranking shareholders' portion rises further, we may see the ownership percentage of "special few" shareholders running in conflict with the Tokyo Stock Exchange's delisting standard (80%). The Tokyo Stock Exchange partially revised the listing rules, and put the revision into effect on January 1, 2005. In line with the revision, the delisting standard relating to the stake owned by "special few" shareholders was revised from 80 percent to 75 percent, which will be applicable to us at the end of our fiscal period ending in May 2006. We have been discussing with the parent company how to decrease the shareholding ratio of "special few" shareholders and increase share liquidity.

④ Shared Service Center

For greater management efficiency we make use of the Shared Service Center that operates on integrated and standardized management of office work across the Oracle group worldwide. We have already transferred to the Center operations relating to expense settlement, payment, purchases and order intakes. If the Center receives orders in excess of its processing capacity or fails to provide appropriate service because of any unexpected event, it may affect our business performance and financial conditions.

⑤ System failure due to natural disasters

The Company is promoting GSI (Global Single Instance) through the optimization of systems and the unification of operations across the Oracle group led principally by Oracle Corporation, and in keeping with such efforts we share with other member companies of the Oracle group various in-house systems such as the computer server for document storage, e-mail, purchase and procurement. If such shared systems fail due to an earthquake or any other natural disaster within or without Japan, it may cause our business activities to be troubled, and our very systems to be less credible, and consequently adversely affecting our business results and future business activities. In anticipation of such events, we have built our own measures to cope with natural disasters, create restoration plan and implement data backup; and we regularly review the systems and are now building "Business Continuity Management Program" for common use by all the member companies of the Oracle group worldwide including us.

(2) Dependence on certain limited sales items

Our sales are characterized by a high percentage of database technology-related product groups, most notably the relational database management system "Oracle 10g". The contribution of this product group to the overall sales of the current interim period reaches 42.4%, meaning that the product group's sales trends are likely to affect our business performance and financial conditions.

(3) Dependence on indirect sales

Our products are sold in collaboration with our partners, who are principally hardware manufacturers, system integrators, and independent software developers. Our customers, some big and some small, cover diverse, wide-ranging industries, sectors such as manufacturing, distribution, finances, communications, and service as well as governments and other public bodies, and educational institutions. To attentively and meticulously address the needs of such wide-ranging customers, we are making efforts to expand indirect sales through partners. As a result, indirect sales in software products account for approximately 90 percent for the current interim period. It means then that maintaining stable relationships with partners will be significantly important to our future. For example, deterioration of such relationships, any strategic partnership entered into by any of our competitors with any of our partners, or aggravated financial conditions of our partners will likely affect our business performance and financial conditions.

(4) Project management

We provide customers introducing our software products with assistance relating to implementation programs, system design programs, or system operation. We are working for upgrading project management in terms of quality, development period and profitability. Under such circumstances, if the progress of any project deviates from the initial plan due to the customer's requirements for specification changes, or the occurrence of more operations than originally contemplated, it may give rise to additional costs or a penalty for a delayed delivery, and affect our business performance and financial conditions.

(5) Possibility of more intense competition

The information service industry where we perform our business activities is characterized by so intense competition and so rapidly progressing technological innovation that our business performance and financial conditions may be affected by the trends of the industry and competitors. For instance, stronger downward price pressure as the result of more fierce price competition spurred by new market entrants, more advantageous and competitive products launched by competitors, or strategic partnerships entered into between competitors will likely affect our competitiveness and market share.

(6) Securities holding risks

Pursuant to internal investment management policies, the Company purchases and holds yen-denominated bonds to maturity. For management of investment securities, we have an advisory agreement with Delphi Asset Management Corporation, an Oracle Corporation's subsidiary, to ensure high safety and proper liquidity. However, occurrence of any default as the result of aggravated financial conditions of any bond-issuing company or foreign government may cause us to suffer losses.

(7) Securing excellent human resources

It is indispensable for our future growth to secure human resources such as capable engineers and competent management executives. If we fail to secure highly capable human resources equipped with high-level technologies or know-how as planned, it may affect our future business activities and performance.

(8) Stock option plan

We have in place stock option plans aimed at bolstering the willingness or motivation of our directors and employees toward better business results. More specifically, we have currently in place a stock option plan to grant reservation rights under Article 280-19 of the former Commercial Code, and a plan to grant equity warrants under Article 280-20, 21 of the Commercial Code now in effect. As of November 30, 2005, the total number of our shares covered by equity warrants reaches 2,057,700 equivalent to 1.6% of our total issued share. If all these stock options are exercised, they may dilute the value per share.

(9) Dependence on representative director

Ever since August 2000, Masaaki Shintaku, our representative director and president, has continued to play an important role as our representative director in deciding the Company's management policies and strategies as well as drawing up and promoting business plans. Although we are building a structure that does not excessively depend upon Mr. Shintaku, in the event of his incapacity to perform his duties for any reason, it may affect our business performance and future activities.

(10) M&A possibility in the future

As part of our own business strategy or of the parent company's global business strategy, we may merge or acquire any other company or business in the future. If such merger or acquisition takes place, we may have difficulty in effectively and efficiently consolidating the acquired company or business with our own business, in maintaining the existing relationships with the acquired company's important customers, suppliers or other related parties, or in maintaining the value of the acquired assets, which situation may lead to impairment losses. If any such event occurs, it may affect our business performance and financial conditions.

(11) Personal information control

We hold a large amount of personal information relating to the execution of our business activities. We have established internal regulations and educated all our employees as to the confidentiality of such information, but there is the least possibility for the information to be leaked out under any unexpected circumstances, in which case our credibility with the public may be damaged incurring a large amount of costs to address such problem.

(12) Legal controls

We are subject to various applicable laws and regulations in connection with our business activities. To comply with such laws and regulations we have established an appropriate internal system and provided necessary education to all employees. However, should any suit be filed or legal proceedings instituted against us, we may incur substantial expenses to defend ourselves against the suit or to pay for damages, in which case our business performance and financial conditions will likely be adversely affected.

4.Interim Financial Documents

(1) Interim Balance Sheet

(Unit: million Yen)

Item / Term	Previous interim end (As of Nov.30, 2004) Amount	Ratio	Current interim end (As of Nov.30, 2005) Amount	Ratio	Change year on year Amount	Previous fiscal year end (As of May 31, 2005) Amount	Ratio
(Assets)		%		%			%
I Current Assets							
1. Cash and deposits	19,670		21,036		1,365	19,383	
2. Notes receivable	3		-		-3	5	
3. Accounts receivable	10,381		10,849		468	14,855	
4. Marketable securities	69,519		64,990		-4,528	64,994	
5. Inventories	7		5		-1	7	
6. Differed tax assets	1,388		1,526		137	1,608	
7. Others	777		2,514		1,736	1,118	
8. Allowance for doubtful accounts	-5		-0		5	-4	
Total current assets	101,742	95.1	100,922	95.2	-819	101,968	95.3
II Fixed Assets							
1. Property and equipment *							
(1) Buildings and accessory equipment	464		441		-22	465	
(2) Furniture and fixtures	702		654		-47	629	
Total property and equipment	1,166	1.1	1,096	1.0	-70	1,095	1.0
2. Intangible fixed assets	16	0.0	17	0.0	0	17	0.0
3. Investments and other assets							
(1) Investments in securities	839		835		-3	793	
(2) Shares in affiliated companies	33		33		-	33	
(3) Deferred tax assets	470		377		-93	436	
(4) Guarantee money deposits	2,703		2,655		-48	2,672	
(5) Others	57		50		-6	56	
(6) Allowance for doubtful accounts	-25		-9		16	-24	
Total investments and other assets	4,078	3.8	3,943	3.8	-134	3,968	3.7
Total fixed assets	5,261	4.9	5,057	4.8	-204	5,081	4.7
Total assets	107,003	100.0	105,979	100.0	-1,024	107,049	100.0
(Liabilities)							
I Current liabilities							
1. Accounts payable	6,680		7,381		701	8,550	
2. Accrued amount payable	9,385		3,765		-5,620	2,696	
3. Accrued income taxes	4,694		5,594		900	6,208	
4. Accrued consumption tax	366		499		132	647	
5. Advances by customers	9,370		11,855		2,484	10,199	
6. Allowance for bonus payable	838		934		95	1,203	
7. Allowance for directors bonus payable	-		42		42	-	
8. Others	580		512		-68	73	
Total current liabilities	31,917	29.8	30,585	28.9	-1,332	29,580	27.6
Total liabilities	31,917	29.8	30,585	28.9	-1,332	29,580	27.6
(Shareholders' equity)							
I Capital stock	22,131	20.7	22,131	20.9	-	22,131	20.7
II Capital surplus							
1. Capital reserve	33,569		33,569		-	33,569	
Total capital surplus	33,569	31.4	33,569	31.7	-	33,569	31.4
III Retained earnings							
1. Legal reserve of retained earnings	3,212		3,212		-	3,212	
2. Voluntary reserves	94		64		-29	94	
3. Unappropriate retained earnings at the end of the term	21,416		21,647		230	23,778	
Total retained earnings	24,724	23.1	24,924	23.5	200	27,085	25.3
IV Unrealized gain on other securities, net of taxes	203	0.2	201	0.2	-2	176	0.1
V Treasury stock	-5,541	-5.2	-5,432	-5.2	109	-5,493	-5.1
Total shareholders' equity	75,086	70.2	75,394	71.1	307	77,468	72.4
Total liabilities and shareholders' equity	107,003	100.0	105,979	100.0	-1,024	107,049	100.0

(2)Interim Statement of Income

(Unit: million Yen)

Term / Item			Previous Interim (From June 1, 2004 to Nov. 30, 2004)		Current Interim (From June 1, 2005 to Nov. 30, 2005)		Change Year on Year	Previous Fiscal Year (From June 1, 2004 to May 31, 2005)	
			Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
				%		%			%
I	Revenues		37,991	100.0	41,375	100.0	3,384	83,209	100.0
II	Cost of sales		15,777	41.5	16,663	40.3	885	33,534	40.3
	Gross Profit		22,214	58.5	24,712	59.7	2,498	49,675	59.7
III	Selling general and administrative expenses		10,403	27.4	11,133	26.9	729	20,966	25.2
	Operating income		11,810	31.1	13,579	32.8	1,769	28,708	34.5
IV	Non-operating income	*1	67	0.2	72	0.2	4	126	0.1
V	Non-operating loss	*2	38	0.1	8	0.0	-30	37	0.0
	Ordinary income		11,839	31.2	13,644	33.0	1,804	28,797	34.6
VI	Extraordinary income	*3	42	0.1	0	0.0	-41	43	0.0
VII	Extraordinary loss	*4	34	0.1	-	-	-34	34	0.0
	Interim (current) net income before tax		11,847	31.2	13,645	33.0	1,797	28,806	34.6
	Income taxes-Current		4,602	12.1	5,475	13.3	872	11,739	14.1
	Income taxes-Deferred		244	0.7	124	0.3	-119	77	0.1
	Interim (current) net income		7,001	18.4	8,045	19.4	1,044	16,989	20.4
	Profits carried over from the previous term		14,425		13,611		-813	14,425	
	Loss on disposition of treasury stock		9		9		0	17	
	Interim dividends		-		-		-	7,618	
	Interim(current) unappropriated retained earnings		21,416		21,647		230	23,778	

(3) Interim Statement of Cash Flows

(Unit: million Yen)

Term / Item	Previous Interim (From June 1, 2004 to Nov. 30, 2004) Amount	Current Interim (From June 1, 2005 to Nov. 30, 2005) Amount	Previous Fiscal Year (From June 1, 2004 to May 31, 2005) Amount
I. Cash flows from operating activities			
Interim (current) net income before tax	11,847	13,645	28,806
Depreciation	219	208	446
Increase/decrease of allowance for doubtful accounts (Decrease: -)	-23	-19	-25
Increase/decrease of allowance for bonus payable (Decrease:-)	61	-269	426
Increase/decrease of allowance for directors bonus payable (Decrease:-)	-	42	-
Interest and dividends income	-7	-10	-13
Interest expense	0	0	0
Loss on appraisal of invested securities	4	-	4
Gain on sales of invested securities	-24	-0	-24
Loss on sales of invested securities	2	-	2
Loss on disposition and retirement of fixed assets	4	3	7
Increase/decrease of sales credits (Increase: -)	2,174	4,011	-2,302
Increase/decrease of inventories (Increase:-)	0	2	0
Increase/decrease of accrued revenue (Increase: -)	139	-1,223	-288
Increase/decrease of other current assets (Increase:-)	-163	-168	-102
Increase/decrease of accounts payable (Decrease:-)	-527	-1,168	1,342
Increase/decrease of accrued amount payable (Decrease:-)	-434	1,095	363
Increase/decrease of accrued consumption tax (Decrease:-)	-360	-148	-79
Increase/decrease of advances by customers (Decrease:-)	-366	1,655	462
Increase/decrease of other current liabilities (Decrease: -)	-623	288	-964
Others	-37	-32	-37
Subtotal	11,885	17,909	28,024
Interest and dividends received	2	3	36
Amount paid of interest	-0	-0	-0
Income taxes paid	-6,265	-5,938	-12,054
Net cash provided by operating activities	5,622	11,974	16,006
II. Cash flows from investment activities			
Payment for acquisition of marketable securities	-29,014	-36,368	-80,506
Proceed from redemption of marketable securities	27,000	38,000	78,016
Payment for acquisition of tangible fixed assets	-174	-227	-314
Payment for acquisition of intangible fixed assets	-0	-9	-2
Proceed from sales of invested securities	29	0	29
Payment as guarantee money deposits	-1	-1	-4
Refunds of guarantee money deposits	0	17	35
Net cash provided by (used in) investment activities	-2,161	1,412	-2,747
III.Cash flows from financial activities			
Payment for acquisition of treasury stock	-6	-5	-14
Proceed from sales of treasury stock	69	57	117
Payment for dividends	-11,422	-10,161	-19,048
Net cash provided by (used in) financial activities	-11,359	-10,109	-18,945
IV. Net Increase/Decrease in cash and cash equivalents(Decrease: -)	-7,898	3,277	-5,686
V. Cash and cash equivalents at the beginning of term	27,569	21,883	27,569
VI. Cash and cash equivalents at the end of interim (current) term *	19,670	25,160	21,883

Important Accounting Policies

Term / Item	Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2005 to May 31, 2005)
1.Valuation standard and method applied to assets	(1) Securities Subsidiaries' shares: At cost method based on moving average method Debt securities held-to-maturity: Amortized cost method Other securities Securities with fair market value: At fair market value method 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: At cost method based on moving average method. (2) Inventories At cost method based on periodic average method by month.	(1) Securities Subsidiaries' shares: Same as the left Debt securities held-to-maturity: Same as the left Other securities Securities with fair market value: Same as the left Securities without fair market value: Same as the left (2) Inventories Same as the left	(1) Securities Subsidiaries' shares: Same as the left Debt securities held-to-maturity: Same as the left Other securities Securities with fair market value: At fair market value method based on the quoted market price as of the 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: Same as the left (2) Inventories Same as the left

Term / Item	Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2004 to May 31, 2005)
2. Depreciation method of fixed assets	(1) Tangible fixed assets i) Building fixtures: At fixed percentage method ii) Appliances and equipment a) Computer hardware: At straight line method b) Others: At fixed percentage method The useful life of major items are as follows: i) Building fixtures: 8 to 15 years ii) Appliances and equipment a) Personal computers: 2 years b) Computer servers: 3 years c) Others: 5 to 8 years (2) Intangible fixed assets: At straight-line method based on an in-house estimated available period (5 years) for software for in-house use.	(1) Tangible fixed assets i) Building fixtures: Same as the left ii) Appliances and equipment a) Computer hardware: Same as the left b) Others: Same as the left The useful life of major items are as follows: i) Building fixtures: 8 to 15 years ii) Appliances and equipment a) Personal computers: 2 years b) Computer servers: 3 years c) Others: 5 to 8 years (2) Intangible fixed assets: Same as the left	(1) Tangible fixed assets i) Building fixtures: Same as the left ii) Appliances and equipment a) Computer hardware: Same as the left b) Others: Same as the left The useful life of major items are as follows: i) Building fixtures: 8 to 15 years ii) Appliances and equipment a) Personal computers: 2 years b) Computer servers: 3 years c) Others: 5 to 8 years (2) Intangible fixed assets Same as the left
3.Accounting standard for allowances	(1) Allowance for doubtful accounts To reserve for loss on doubtful accounts, general allowances are provided using a rate determined by past experience with bad debts. For specific claims such as claims suspected of being irrecoverable, allowances are provided according to the estimates of amounts considered uncollectible after reviewing the possibility of collection on an individual claim basis. (2) Allowance for bonus payable To provide for the payment of bonuses to employees, the estimated liabilities in the current interim period is recorded based on the estimated amount of bonus payment.	(1) Allowance for doubtful accounts Same as the left (2) Allowance for bonus payable Same as the left	(1) Allowance for doubtful accounts Same as the left (2) Allowance for bonus payable To provide for the payment of bonuses to employees, the estimated liabilities in the current term is recorded based on the estimated amount of bonus payment.

Term / Item	Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2004 to May 31, 2005)
	(3) ___________	(3) Allowance for directors bonus payable To provide for the payment of bonuses to directors, the estimated liabilities in the current interim period is recorded based on the estimated amount of directors bonus payment. (Additional information) Though directors bonus had recorded as decrease of unappropriated retained earnings by appropriation of earnings after a resolution of a general shareholders meeting, it is recorded as expense when it is paid since the current interim period pursuant to "Immediate treatment of the directors bonus recording" (The 13th Practical treatment report by Accounting Standards Board, Mar. 9th, 2004). This application resulted in the increase of selling general and administrative expenses by 42 million yen, following the decrease of operating income, ordinary income and interim net income before tax by 42 million yen.	(3) ___________
4.Revenue recognition	As to consulting service revenue and part of software product revenue, the company accounts for them on the percentage of completion basis.	Same as the left	Same as the left
5. Scope of the fund in the interim statement of cash flows (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.	Same as the left	The fund in the 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.

Term / Item	Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2004 to May 31, 2005)
6. Other important remarks	(1) Accounting of consumption taxes Based on pre-tax method (2) Accounting treatment for income taxes Expected reversal of special depreciation reserve in the end of this fiscal year is reflected for the calculation of the amount of income taxes and differed tax assets in this interim period.	(1) Accounting of consumption taxes Same as the left (2) Accounting treatment for income taxes Same as the left	(1) Accounting of consumption taxes Same as the left (2) ―――

Changes in the accounting method

Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2004 (From June 1, 2003 to May 31, 2005)
(Accounting Standard for Impairment of Fixed Assets) Accounting Standard for Impairment of Fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" by the Business Accounting Deliberation Council on August 9, 2002) and "Guidance for the application of Accounting Standard for Impairment of Fixed Assets" (The 6th Application Principle of the Accounting Standards on October 31, 2003) can be adopted from the fiscal year ending May 31, 2004. Accordingly, the Company has adopted the accounting standard and the application principle since the current interim period. The application of the accounting standard does not affect the income.	―――	(Accounting Standard for Impairment of Fixed Assets) Accounting Standard for Impairment of Fixed Assets ("Opinion Concerning Establishment of Accounting Standard for Impairment of Fixed Assets" by the Business Accounting Deliberation Council on August 9, 2002) and "Guidance for the application of Accounting Standard for Impairment of Fixed Assets" (The 6th Application Principle of the Accounting Standards on October 31, 2003) can be adopted from the fiscal year ending May 31, 2004. Accordingly, the Company has adopted the accounting standard and the application principle since the current term. The application of the accounting standard does not affect the income.

Additional information

Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2004 to May 31, 2005)
(Presentation of pro forma standard taxation in income statement) The pro forma standard taxation system has been introduced for enterprise tax. Accordingly, the tax based on value added portion and capital portion is recorded as selling general and administrative expenses since the current interim period pursuant to "Practical treatment concerning the presentation of pro forma standard taxation in income statement" (The 12th Practical treatment report by Accounting Standards Board). This application resulted in the increase of selling general and administrative expenses by 144 million yen, following the decrease of operating income, ordinary income and interim net income before tax by the same amount.	―――	(Presentation of pro forma standard taxation in income statement) The pro forma standard taxation system has been introduced for enterprise tax. Accordingly, the tax based on value added portion and capital portion is recorded as selling, general and administrative expenses since the current term pursuant to The 12th Practical treatment report; "Practical treatment concerning the presentation of pro forma standard taxation in income statement" (Accounting Standards Board, Feb. 13, 2004). This application resulted in the increase of selling, general and administrative expenses by 310 million yen, following the decrease of operating income, ordinary income and net income before tax by the same amount.

Notes

(Related to the interim balance sheet) (Unit: million yen)

Item \ Term	Previous interim end (as of November 30, 2004)	Current interim end (as of November 30, 2005)	Previous term end (as of May 31, 2005)
*Cumulative total of depreciation of tangible fixed assets	4,305	4,387	4,369

(Related to the interim statement of income) (Unit: million yen)

Previous interim (From June 1, 2004 to November 30, 2004)	Current interim (From June 1, 2005 to November 30, 2005)	Previous fiscal year (From June 1, 2004 to May 31, 2005)
*1. Principal items in non-operating income Refund of traveling expense 12	*1. Principal items in non-operating income Foreign exchange gain 27	*1. Principal items in non-operating income Insurance dividend 27 Refund of traveling expense 21
*2. Principal items in non-operating loss Foreign exchange loss 30	*2. ――――――	*2. Principal items in non-operating loss Foreign exchange loss 12
*3. Principal items in extraordinary income Gain on sales of invested securities 24 Reversal of allowance for doubtful accounts 18	*3. ――――――	*3. Principal items in extraordinary income Gain on sales of invested securities 24 Reversal of allowance for doubtful accounts 18
*4. Principal items in extraordinary loss Loss on appraisal of right to use telephone facilities 27	*4. ――――――	*4. Principal items in extraordinary loss Loss on appraisal of right to use telephone facilities 27
5. Actual depreciation Tangible fixed assets 214 Intangible fixed assets 5	5. Actual depreciation Tangible fixed assets 205 Intangible fixed assets 3	5. Actual depreciation Tangible fixed assets 436 Intangible fixed assets 9

(Related to interim cash flow statement) (Unit: million yen)

Term / Item	Previous interim (From June 1, 2004 to November 30, 2004)	Current interim (From June 1, 2005 to November 30, 2005)	Previous fiscal year (From June 1, 2004 to May 31, 2005)
*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 19,670 Cash and cash equivalents 19,670	Cash and deposit account 21,036 Balance of marketable securities 64,990 Debt securities mature over three months from the date of acquisition -60,865 Cash and cash equivalents 25,160	Cash and deposit account 19,383 Balance of marketable securities 64,994 Debt securities mature over three months from the date of acquisition -62,494 Cash and cash equivalents 21,883

(1) Lease Trading (Unit: million yen)

Item \ Term	Previous interim (From June 1, 2004 to November 30, 2004)	Current interim (From June 1, 2005 to November 30, 2005)	Previous fiscal year (From June 1, 2004 to May 31, 2005)
Operating lease trading (on the part of lessee)	Accrued lease payments Within 1 year 5 Over 1 year 7 Total 13	Accrued lease payments Within 1 year 5 Over 1 year 3 Total 9	Accrued lease payments Within 1 year 5 Over 1 year 6 Total 12

(2) Securities

As of the end of the previous interim period (November 30, 2004)

1. Subsidiaries' shares with fair market value

N/A

2. Debt securities held-to-maturity with fair market value (Unit: million yen)

Type	Amount stated in the interim balance sheet	Market Value	Difference
(1) Government and local government bonds	—	—	—
(2) Corporate bonds	4,424	4,423	-0
(3) Others	—	—	—
Total	4,424	4,423	-0

3. Other securities with fair market value (Unit: million yen)

Type	Acquisition cost	Amount stated in the interim balance sheet	Difference
(1) Stocks	149	492	343
(2) Bonds	—	—	—
(3) Others	—	—	—
Total	149	492	343

4. Major components of securities without fair market value (Unit: million yen)

	Amount stated in the interim balance sheet
(1) Debt securities held-to-maturity	
Commercial Paper	60,095
Certificate of Deposit	4,999
(2) Other securities	
Unlisted shares (excluding over-the-counter shares)	346

As of the end of the interim period (November 30, 2005)

1. Subsidiaries' shares with fair market value

N/A

2. Debt securities held-to-maturity with fair market value (Unit: million yen)

Type	Amount stated in the interim balance sheet	Market Value	Difference
(1) Government and local government bonds	—	—	—
(2) Corporate bonds	10,169	10,175	5
(3) Others	—	—	—
Total	10,169	10,175	5

3. Other securities with fair market value (Unit: million yen)

Type	Acquisition cost	Amount stated in the interim balance sheet	Difference
(1) Stocks	149	489	339
(2) Bonds	—	—	—
(3) Others	—	—	—
Total	149	489	339

4. Major components of securities without fair market value (Unit: million yen)

	Amount stated in the interim balance sheet
(1) Debt securities held-to-maturity	
Commercial Paper	50,820
Certificate of Deposit	3,999
(2) Other securities	
Unlisted shares	346

As of the end of the previous term (May 31, 2005)

1. Subsidiaries' shares with fair market value

N/A

2. Debt securities held-to-maturity with fair market value (Unit: million yen)

Type	Amount stated in the balance sheet	Market value	Difference
(1) Government and local government bonds	—	—	—
(2) Corporate bonds	—	—	—
(3) Others	—	—	—
Total	—	—	—

3. Other securities with fair market value (Unit: million yen)

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Stocks	149	446	296
(2) Bonds	—	—	—
(3) Others	—	—	—
Total	149	446	296

4. Major components of securities without fair market value (Unit: million yen)

	Amount stated in the balance sheet
(1) Debt securities held-to-maturity	
Commercial Paper	60,994
Certificate of Deposit	3,999
(2) Other securities	
Unlisted shares	346

(3) Derivative trading

Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2004 to May 31, 2005)
Not applicable, since we do not engage in the trading of derivatives.	Same as the left	Same as the left

(4) Profit and loss on equity method

Previous term (From June 1, 2004 to November 30, 2004)	Current term (From June 1, 2005 to November 30, 2005)	May 2005 (From June 1, 2004 to May 31, 2005)
Not applicable	Same as the left	Same as the left