



Flash Report for the Fiscal Year Ended May 31, 2007 (Non-consolidated)

July 5, 2007

Company Name Oracle Corporation Japan

Listed Stock Exchange: TSE 1st Section

Ticker: 4716

URL <http://www.oracle.co.jp/corp/index.html>

Contact & responsible personal

Telephone: 03-5213-6666

Representative personal

Masaaki Shintaku, President and CEO

Contact & responsible personal

Shigeru Matsuoka, Director, Senior Executive Officer & CFO

Schedule for general shareholders meeting: August 29, 2007

Schedule for dividends payment: August 30, 2007

Schedule for annual security report: August 30, 2007

(Amount of less than ¥1 million are rounded down)

1. Financial results for this term (from June 1, 2006 to May 31, 2007)

(1) Operating result

(% of change from previous year)

| | Revenue | | Operating Income | | Ordinary Income | | Net Income | |
|----------|-------------|------|------------------|------|-----------------|------|-------------|------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % |
| May 2007 | 100,767 | 10.1 | 36,781 | 14.5 | 37,190 | 15.5 | 22,134 | 16.6 |
| May 2006 | 91,564 | 10.0 | 32,126 | 11.9 | 32,206 | 11.8 | 18,988 | 11.8 |

| | Net income per share | | Net income per share (diluted) | | ROE | ROA | Operating Income Margin |
|----------|----------------------|-----|--------------------------------|-----|------|------|-------------------------|
| | Yen | Sen | Yen | Sen | % | % | % |
| May 2007 | 174.24 | | 174.12 | | 27.6 | 32.7 | 36.5 |
| May 2006 | 149.51 | | 149.40 | | 24.3 | 29.6 | 35.1 |

Note: Investment profit(loss) on equity method May 2007: Not Applicable May 2006: Not Applicable

(2) Financial Position

| | Total Assets | Shareholders' Equity | Ratio of shareholders' equity | Shareholders' equity per share |
|----------|--------------|----------------------|-------------------------------|--------------------------------|
| | Million Yen | Million Yen | % | Yen Sen |
| May 2007 | 116,839 | 81,463 | 69.7 | 640.67 |
| May 2006 | 110,917 | 78,714 | 71.0 | 619.72 |

Note: shareholders' equity May 2007: 81,398 million yen May 2006: 78,714 million yen

(3) Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash Equivalents at the end of period |
|----------|--------------------------------------|--------------------------------------|--------------------------------------|--|
| | Million Yen | Million Yen | Million Yen | Million Yen |
| May 2007 | 23,829 | -6,357 | -19,435 | 16,401 |
| May 2006 | 22,216 | -8,067 | -17,666 | 18,364 |

2. Dividends

| (Period) | Dividend per share (Yen) | | | Total amount of dividends (Million Yen) | Dividends payout ratio | Dividend ratio to shareholders' equity | |
|--------------------|--------------------------|----------|--------|---|------------------------|--|------|
| | Interim | Term end | Annual | | | | |
| | Yen | Sen | Yen | Sen | Million Yen | % | % |
| May 2006 | 60.00 | | 90.00 | | 19,051 | 100.3 | 24.4 |
| May 2007 | 64.00 | | 100.00 | | 20,835 | 94.1 | 26.0 |
| May 2008(forecast) | 70.00 | | 103.00 | | | 94.3 | |

3. Forecast for the May 2008 term (from June 1, 2007 to May 31, 2008)

(% of change from previous year)

| | Revenue | | Operating Income | | Ordinary Income | | Net Income | | Net income per share | |
|-------------|-------------|------|------------------|-----|-----------------|-----|-------------|-----|----------------------|--------|
| | Million Yen | % | Million Yen | % | Million Yen | % | Million Yen | % | Yen | Sen |
| Interim | 53,700 | 17.3 | 17,000 | 8.7 | 17,000 | 7.5 | 10,100 | 2.8 | | 79.50 |
| Entire term | 118,300 | 17.4 | 39,500 | 7.4 | 39,500 | 6.2 | 23,300 | 5.3 | | 183.39 |

4.Others

(1) Change of significant accounting for flash report

① Change caused by revision of accounting standard : Yes

② others : Yes

(Note) Please refer to the 19 page of attached document.

(2) The number of shares outstanding(common stock)

① The number of shares outstanding May 2007 127,052,471 shares May 2006 127,016,371 shares
(inclusive of treasury stock)

② The number of treasury stock May 2007 1,790 shares May 2006 300 shares

(Note) Please refer to the 30 page of attached document for using the number of shares based on calculating the net income per share.

Caution: Amount is rounded down. 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 5 page of attached document for using the forecast.

1. Business Outcomes

(1) Business Outcomes

① Conditions during the Period

In the fiscal year under review, the Japanese economy continued to enjoy moderate growth, backed by rising capital expenditure, an improved employment environment and other positive factors derived from a surge in corporate earnings.

To achieve further growth in this operating environment, the Company continued to bolster its sales force through organizations established by product category. At the same time, the Company developed a system for proposing products and services in response to customer needs, by expanding its customer coverage and partner businesses.

In June 2006, the Company concluded a cross licensing agreement with Oracle Information Systems, Inc. and thereby established a system to provide in a timely fashion expanded product lines, including the products of companies that have been acquired by Oracle Corporation of United States (hereinafter “Acquired Products”). In February 2007, the Company announced the latest versions of major business application products, including Oracle E-Business Suite Release 12 in the event named Applications Unlimited that was held on six continents. Meanwhile the Company significantly increased sales of middleware and applications, which are new areas of focus.

As a result, the Company achieved sales at 100,767 million yen (up 9,203 million yen, or 10.1%, from the previous term), ordinary income at 37,190 million yen (up 4,983 million yen, or 15.5%, from the previous term), and net income at 22,134 million yen (up 3,146 million yen, or 16.6%, from the previous term) and realized record-high numbers in sales, ordinary income and net income.

The results of each business segment are as follows.

【Software Related】

(i) Database Technology

In this segment, grid computing infrastructure systems are expanding as customers enhance their systems, including the infrastructure integration of existing systems, the building of enterprise architecture, and shifts from mainframes to open computing systems. This trend created strong demand for optional products in addition to database products, that constitute the Company’s revenue base.

With a growing need to build systems to bolster security and compliance in preparation for the introduction of the J-SOX legislation, sales of ID management products and other Fusion Middleware products, key foundations for growth for the Company, expanded rapidly.

As a result, revenue reached 42,084 million yen (up 1,023 million yen, or 2.5% from the previous term).

(ii) Business Applications

The Company’s products and solutions expanded significantly thanks to a cross licensing agreement that the Company concluded with Oracle Information Systems, Inc. In addition, the accompanying organizational change and improvement of human resources bolstered sales strength and the ability to propose solutions. The number of large projects consequently increased.

Meanwhile, to increase competitiveness, the Company launched an initiative to significantly expand the number of engineers who are conversant with Oracle’s application products in cooperation with partner companies. This initiative is strengthening our system for introducing products to customers.

As a result, revenue in this division increased rapidly and reached 5,371 million yen (up 2,076 million yen, or 63.0% from the previous term).

(iii) Updates & Product Support

Sales of software products increased. In addition, the Company maintained high support agreement and updating ratios, backed by a growing awareness among customers of the need to maintain and operate information systems to improve their competitiveness, and a growing reliance on the Company's product support services, a reflection of increasing customer satisfaction.

As a result, revenue in this division steadily increased and reached 42,525 million yen (up 4,159 million yen, or 10.8% from the previous term).

Consequently, revenue in the Software Related that is Software Products (including Database Technology Division and Business Application Division) with Updates & Product Support Division reached 89,981 million yen (up 7,259 million yen, or 8.8% from the previous term) and realized record-high numbers.

【Service】

(i) Advanced Support

Strong demand continued for the Oracle on Demand service, where the Company's engineers maintain and operate mission-critical systems for customers from remote locations on a 24/7 basis, thereby providing higher value-added support, and Advanced Customer Services, where the Company provides advanced support services geared to each customer beyond the normal product support level. To respond to this robust demand, the Company added human resources and bolstered its structures.

As a result, revenue in this division hugely increased and reached 1,467million yen (up 288 million yen, or 24.5% from the previous term).

(ii) Education Services

Training services provided for partner companies and customers continued to expand with robust sales of software products, rising demand for IT skills training for new employees and mid-career employees in association with expanded employment in the recovering economy, and sustained strength in demand for training to equip engineers with the skills to handle new products and solutions.

As a result, revenue in this division reached 2,113million yen (up 137 million yen, or 7.0% from the previous term).

(iii) Consulting Services

In technology consulting, technology consulting services related to the implementation of Acquired Products were added to technology support services for the system infrastructure development and the stable operation of systems of corporate customers.

In application consulting, demand for consulting services for large projects increased, and the Company successfully acquired large projects.

As a result, sales in this division hugely increased and reached 7,205million yen (up 1,517 million yen, or 26.7% from the previous term).

As a result, sales in the Service reached 10,786 million yen (up 1,944 million yen, or 22.0% from the previous term).

The following table lists the revenue by segment.

| Item | FY2006 | | FY2007 | | |
|----------------------------|-------------|-------------|-------------|-------------|----------|
| | Amount | Composition | Amount | Composition | Variance |
| | Million Yen | % | Million Yen | % | % |
| Database Technology | 41,060 | 44.8 | 42,084 | 41.8 | 2.5 |
| Business Applications | 3,294 | 3.6 | 5,371 | 5.3 | 63.0 |
| Software Product | 44,355 | 48.4 | 47,455 | 47.1 | 7.0 |
| Updates & Product Support | 38,366 | 41.9 | 42,525 | 42.2 | 10.8 |
| Software related sub total | 82,721 | 90.3 | 89,981 | 89.3 | 8.8 |
| Advanced Support | 1,178 | 1.3 | 1,467 | 1.5 | 24.5 |
| Education Services | 1,976 | 2.2 | 2,113 | 2.1 | 7.0 |
| Consulting Services | 5,687 | 6.2 | 7,205 | 7.2 | 26.7 |
| Service sub total | 8,842 | 9.7 | 10,786 | 10.7 | 22.0 |
| Total | 91,564 | 100.0 | 100,767 | 100.0 | 10.1 |

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

②Forecast for the Next Fiscal Year(Ending May 31,2008)

It is predicted that the Japanese economy will continue, backed by positive corporate profits, so that the tendency for increases in capital investment will continue. Further, strong overall corporate profits will affect household spending favorably. As a result, the Japanese economy, supported by domestic individual demand, is expected to remain on a moderate upward trend.

In this environment, On June 1, 2007, the Company begins the handling of the front office products that Oracle Information Systems, Inc has mainly handled so far. The Company unifies new contracts relating to products and services.

Moreover, The Company gradually unifies the service offer windows in the service business section of the support, consulting and education. To unite the dealing windows in all business and achieving a simple and efficient operation, the Company strengthens the system of cooperation by a cross licensing agreement with Oracle Information Systems, Inc.

Based on the above, the Company has derived the following estimates for our business outcomes in the May 2008 term: revenue of 118,300 million yen (up 17,532 million yen, or 17.4% from the previous term); ordinary income of 39,500 million yen (up 2,309 million yen, or 6.2%); net income for the term of 23,300 million yen (up 1,165 million yen, or 5.3%); and net income for the term per share of 183.39 yen.

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.

(2) Financial situation

- ①The situations of the total assets, dept and Net assets

The total assets of the Company at the end of the term stood at 116,839million yen (up 5,922million yen from the end of the previous term).

Net assets totaled 81,463 million yen, up 2,749 million yen from the end of the previous term.

②The cash flow situations for the term are as follows:

(Cash flow from operating activities)

Pretax income for the term was 37,613 million yen (up 5,409 million yen from the previous term), mainly payment of income taxes (14,331 million yen), increase of accounts receivable (1,455 million yen) and decrease of accounts payable (1,862 million yen). As the results, cash generated by operating activities was 23,829 million yen (up 1,612 million yen from the previous term).

(Cash flow from investment activities)

Cash spent on investment activities was 6,357 million yen (down 1,710 million yen from previous term), mainly acquisition of marketable securities and payment of interim deposits for acquiring of the headquarter office building.

(Cash flow from financial activities)

Cash spent on financial activities stood at 19,435million yen (down 1,768 million yen from the previous term), mainly on the payment of dividends.

In total, cash and equivalents decreased 1,963 million yen from the end of the previous term, to 16,401 million yen.

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

| | May 2005 | May 2006 | May 2007 |
|--------------------------------------|----------|----------|----------|
| Capital ratio | 72.4% | 71.0% | 69.7% |
| Capital ratio based on market prices | 507.7% | 571.4% | 589.4% |

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

We calculate Market capitalization of the company based on number of outstanding shares (excluding own shares).

(3) Basic policies on income distribution

The 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.

In the current term and the future for a period, the Company will distribute the profits from its periodic income to shareholders as the distribution of surplus while considering its earnings conditions, capital needs based on a business plan, and other retention of earnings for the management of the company. The Company distributes money as the way of distribution of surplus.

The Company examines appropriate correspondence for the acquisition of treasury stocks, reduction of reserves, and other disposal of surplus with consideration for its financing conditions appropriately.

The dividend per share at the term end is expected to 100 yen. Combined with the interim dividend (64 yen), the annual dividend per share is expected to 164 yen.

The estimated annual dividend per share is expected to 173 yen based on our policy on profit sharing, assuming that the above operating results are achieved in the May 2008 term.

(4) Business risks

The following are the main business risks the Company is 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

The Company's parent company is essentially Oracle Corporation of the United States and the 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.

(i) 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, 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.

(ii) 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 and we conclude a cross licensing agreement with Oracle Information Systems, Inc (a 100% subsidiary of Oracle Corporation). Under the agreements of products for supply to the Japanese market, we receive the products in consideration of which we pay to Oracle International Corporation, and Oracle Information Systems, Inc about some of the products, 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.

(iii) Relationships with 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 transferred to the Center operations relating to accounting. If the Center receives transactions 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.

(iv) 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 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 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 period reaches 41.8%, meaning that the product group's sales trends are likely to affect our business performance and financial conditions.

③Dependence on indirect sales

Our products are sold in collaboration with our partner companies, 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 partner companies. As a result, indirect sales in software products account for approximately 90 percent for the current period. It means then that maintaining stable relationships with partner companies 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 partner companies, or aggravated financial conditions of our partner companies will likely affect our business performance and financial conditions.

④Project 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.

⑤Oracle On Demand business

Oracle On Demand, which we are aggressively promoting, provides a service in which we monitor and manage our products that are used by customers in their systems on the customers' behalf. Therefore, negligence of our employees or the personnel who is under the control of us could lead to a shutdown of customer's system and result in a delay or opportunity loss to the customer business itself. In these cases, it may affect our business performance and financial conditions by compensation for loss.

⑥Possibility 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.

⑦Securities holding risks

Pursuant to internal investment management policies, the Company purchases and holds yen-denominated bonds. 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.

⑧Stock 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. As of May 31, 2007, the total number of our shares covered by equity warrants reaches 2,077,350 equivalent to 1.6% of our total issued share. If all these stock options are exercised, they may dilute the value per share.

⑨M&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.

⑩Personal 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 unexpected costs to address such problem.

⑪Legal 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.

⑫Delisting standard

As of May 2007, Oracle Japan Holding, Inc. owns 74.7% of the company's issued shares, 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 (75%).

However, it seems that the possibility that the Company conflicts with delisting standard decreases greatly when the criterion that limits the percentage of shares held by the "special few" is reviewed by maintaining the listing system based on "Listing system synthesis program 2007" of Tokyo Stock Exchange.

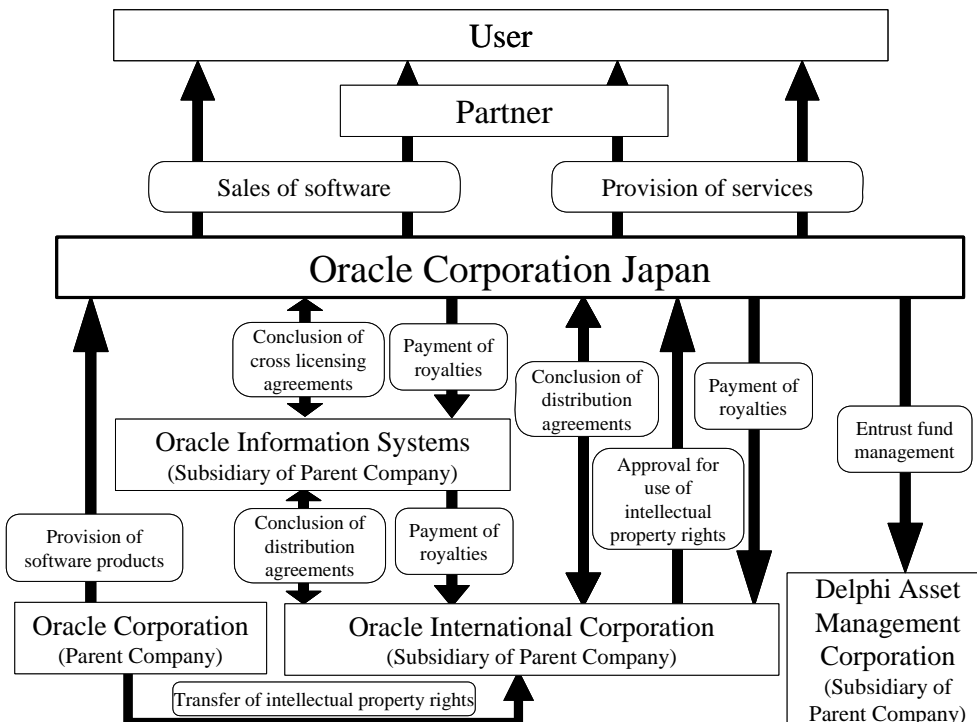
2. Current Status of the Company Group

The Company’s parent company is essentially Oracle Corporation of the United States and the 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, middleware 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 of 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 the Company and authorizes license use. Meanwhile, Delphi Asset Management Corporation is also a subsidiary of Oracle Corporation, and is in charge of the operation and management of funds owned by Oracle Corporation and its subsidiaries. The 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. Oracle Information Systems, Inc has software license of Acquired Products by Oracle Corporation. The Company concluded a cross licensing agreement with Oracle Information Systems, Inc and has been selling Acquired Products and providing services to support users.

Research and development of software products is primarily carried out under the leadership of Oracle Corporation. However, the 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. The 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 (as of May 31, 2007, we hold a 50.5% 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.

3. Business Policies

(1) Our basic business policies

The Company believes that the basic concept for the 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 “set of 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 the Company an “IT corporation that is the most highly trusted by our customers,” under the following three basic business policies:

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

We understand that these efforts will enable the Company to continuously enhance its corporate value and to offer benefits to our shareholders and other stakeholders.

(2) Targeted business indices

The Company aims for continuous improvement of corporate value by growth of revenue and operating income, and by management that attached great importance to operating income margin. For middle to long term, we make it our policy to increase revenue with maintaining a high operating income margin.

(3) Mid- to long-term business strategies

The Company has adopted a vision of becoming “No.1 Business Software Company toward 2010”. Based on this vision and Oracle Corporation’s aggressive product development and M&A strategies and principles, which are in turn based on the slogan of Innovation & Acquisition, the Company aims to consistently pioneer innovative technologies, products and services and develop businesses that will help its customers grow and enjoy cost savings.

Ultimately, as the core of its management strategies, the Company’s goal is to develop business initiatives that enable it to become a corporation that consistently achieves high returns.

(4) Issues to address

① Effective use of the Oracle Group’s resources

By using the impressive product lineup, human resources, and other management resources of the Oracle Group, one of the world’s largest enterprise software companies, the Company will launch products promptly and efficiently to continue to achieve business growth.

② Strengthening ties with partner companies

Since the Company adopts an indirect sales approach through partner companies, continuing cooperation and good relationships with partner companies are essential. To maintain this business model, the Company will continue to emphasize stable relationships of trust with partner companies, bolster collaborative systems, and develop new businesses.

③ Recruiting and training excellent human resources

With growing employment in the corporate sector, recruiting excellent human resources is becoming an increasingly challenging task. To achieve the Company’s strategies, however,

finding and training human resources with the skill to execute those strategies is essential and a business imperative. To sustain its growth, the Company will consistently bolster its hiring system to recruit outstanding personnel and will seek to build the strength of its human resources under improved training systems.

4. Financial Statements**(1) Balance Sheet**

(Unit : Million yen)

| Terms Items | Previous term end (as of May 31, 2006) | | Current term end (as of May 31, 2007) | | Changes |
|---|---|--------|--|--------|---------|
| | Amount | Ration | Amount | Ration | Amount |
| (Assets) | | | | | |
| I Current assets | | % | | % | |
| 1. Cash and deposits | 15,864 | | 13,902 | | -1,962 |
| 2. Notes receivable | 4 | | 3 | | -1 |
| 3. Accounts receivable | 14,867 | | 16,324 | | 1,456 |
| 4. Marketable securities | 65,001 | | 63,264 | | -1,736 |
| 5. Merchandise | 3 | | 3 | | 0 |
| 6. Prepaid expenses | 303 | | 281 | | -22 |
| 7. Deferred tax assets | 1,662 | | 1,979 | | 317 |
| 8. Accrued revenue | 524 | | 390 | | -133 |
| 9. Others | 117 | | 31 | | -86 |
| 10. Allowance for doubtful accounts | -0 | | -1 | | -0 |
| Total current assets | 98,349 | 88.7 | 96,180 | 82.3 | -2,169 |
| II Fixed assets | | | | | |
| 1. Property and equipment | | | | | |
| (1) Buildings improvements | 414 | | 397 | | -16 |
| (2) Furniture and fixtures | 596 | | 625 | | 28 |
| (3) Construction in progress | 7,816 | | 15,663 | | 7,846 |
| Total property and equipment | 8,828 | 8.0 | 16,686 | 14.3 | 7,858 |
| 2. Intangible fixed assets | | | | | |
| (1) Software | 12 | | 11 | | -1 |
| (2) Others | 0 | | 0 | | -0 |
| Total intangible fixed assets | 13 | 0.0 | 11 | 0.0 | -1 |
| 3. Investments and other assets | | | | | |
| (1) Investments in securities | 631 | | 521 | | -110 |
| (2) Shares in affiliated companies | 29 | | 29 | | - |
| (3) Deferred tax assets | 385 | | 564 | | 179 |
| (4) Guarantee money deposits | 2,652 | | 2,813 | | 161 |
| (5) Bankruptcy and reorganization claim | - | | 0 | | 0 |
| (6) Others | 37 | | 43 | | 5 |
| (7) Allowance for doubtful accounts | -9 | | -9 | | -0 |
| Total investments and other assets | 3,726 | 3.3 | 3,961 | 3.4 | 235 |
| Total fixed assets | 12,567 | 11.3 | 20,659 | 17.7 | 8,091 |
| Total assets | 110,917 | 100.0 | 116,839 | 100.0 | 5,922 |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| 1. Accounts payable | 6,717 | | 4,855 | | -1,862 |
| 2. Accrued amount payable | 2,776 | | 2,664 | | -111 |
| 3. Accrued income taxes | 7,450 | | 9,105 | | 1,655 |
| 4. Accrued consumption tax | 695 | | 1,348 | | 653 |
| 5. Advances by customers | 12,502 | | 14,738 | | 2,235 |
| 6. Deposits payable | 135 | | 106 | | -28 |
| 7. Allowance for bonus payable | 1,449 | | 1,539 | | 89 |
| 8. Allowance for directors bonus payable | 99 | | 72 | | -27 |
| 9. Others | 376 | | 409 | | 33 |
| Total current liabilities | 32,203 | 29.0 | 34,840 | 29.8 | 2,637 |
| II Non-current liabilities | | | | | |
| Provision for moving of head office | - | | 535 | | 535 |
| Total non-current liabilities | - | | 535 | 0.5 | 535 |
| Total liabilities | 32,203 | 29.0 | 35,375 | 30.3 | 3,172 |
| (Net assets) | | | | | |
| I Shareholders' equity | | | | | |
| 1. Capital stock | 22,144 | 20.0 | 22,214 | 19.0 | 69 |
| 2. Capital surplus | | | | | |
| (1) Capital reserve | 33,582 | | 33,652 | | 69 |
| (2) Other capital surplus | - | | 0 | | 0 |
| Total capital surplus | 33,582 | 30.3 | 33,652 | 28.8 | 69 |
| 3. Earned surplus | | | | | |
| (1) Legal reserve of retained | 3,212 | | 3,212 | | - |
| (2) Other earned surplus | | | | | |
| Reserve for special depreciation | 34 | | 8 | | -26 |
| Carried forward earned surplus | 19,614 | | 22,213 | | 2,598 |
| Total earned surplus | 22,861 | 20.6 | 25,434 | 21.8 | 2,572 |
| 4. Treasury stock | -1 | -0.0 | -9 | -0.0 | -8 |
| Total shareholders' equity | 78,586 | 70.9 | 81,291 | 69.6 | 2,704 |
| II Difference of appreciation and conversion | | | | | |
| Unrealized gain on other securities, net of taxes | 127 | 0.1 | 106 | 0.1 | -20 |
| Total difference of appreciation and conversion | 127 | 0.1 | 106 | 0.1 | -20 |
| III Stock acquisition right | | | | | |
| | - | - | 65 | 0.0 | 65 |
| Total net assets | 78,714 | 71.0 | 81,463 | 69.7 | 2,749 |
| Total liabilities and net assets | 110,917 | 100.0 | 116,839 | 100.0 | 5,922 |

(2) Statement of Income

(Unit : Million yen)

| Terms Items | Previous Term (From June 1, 2005 to May 31, 2006) | | Current Term (From June 1, 2006 to May 31, 2007) | | Changes |
|--|---|-------|--|-------|---------|
| | Amount | Ratio | Amount | Ratio | Amount |
| | | % | | % | |
| I Revenues | 91,564 | 100.0 | 100,767 | 100.0 | 9,203 |
| II Cost of sales | 37,010 | 40.4 | 40,228 | 39.9 | 3,218 |
| Gross Profit | 54,553 | 59.6 | 60,539 | 60.1 | 5,985 |
| III Selling, general and administrative expenses | 22,427 | 24.5 | 23,758 | 23.6 | 1,330 |
| Operating income | 32,126 | 35.1 | 36,781 | 36.5 | 4,654 |
| IV Non-operating income | | | | | |
| 1. Interest income | 0 | | 8 | | 8 |
| 2. Interest on securities | 23 | | 222 | | 198 |
| 3. Refund of travel expenses | 11 | | 10 | | -1 |
| 4. Foreign exchange gain | 10 | | 31 | | 20 |
| 5. Insurance dividend | — | | 55 | | 55 |
| 6. Others | 50 | | 104 | | 53 |
| Total Non-Operating Income | 96 | 0.1 | 431 | 0.4 | 335 |
| V Non-Operating Loss | | | | | |
| 1. Interest expense | 0 | | 0 | | 0 |
| 2. Others | 15 | | 22 | | 6 |
| Total Non-Operating Loss | 15 | 0.0 | 22 | 0.0 | 6 |
| Ordinary Income | 32,206 | 35.2 | 37,190 | 36.9 | 4,983 |
| VI Extraordinary Income | | | | | |
| 1. Gain on sale of invested securities | 0 | | 56 | | 56 |
| 2. Gain on sale of affiliated companies' shares | 91 | | — | | -91 |
| 3. Gain from the prior-term adjustment ※1 | — | | 920 | | 920 |
| Total Extraordinary Income | 92 | 0.1 | 977 | 1.0 | 885 |
| VII Extraordinary Loss | | | | | |
| 1. Loss on appraisal of invested securities | 78 | | — | | -78 |
| 2. Loss on expenses for restructuring ※2 | 16 | | 19 | | 2 |
| 3. Provision for moving of head office ※3 | — | | 535 | | 535 |
| Total Extraordinary Loss | 95 | 0.1 | 554 | 0.6 | 459 |
| Net Income before Tax | 32,203 | 35.2 | 37,613 | 37.3 | 5,409 |
| Income taxes-Current | 13,184 | 14.5 | 15,961 | 15.8 | 2,776 |
| Income taxes-Deferred | 30 | 0.0 | -482 | -0.5 | -513 |
| Net Income | 18,988 | 20.7 | 22,134 | 22.0 | 3,146 |

(3) Statement of changes in shareholders' equity

Previous term (From June 1, 2005 to May 31, 2006)

(Unit : Million yen)

| | Shareholders' equity | | | | | | | Treasury stock | Total shareholders' equity |
|--|----------------------|-----------------|---------------------------|----------------------------------|--------------------------------|---------|----------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | Earned surplus | | | Total earned surplus | | |
| | | Capital reserve | Legal reserve of retained | Other earned surplus | | | | | |
| | | | | Reserve for special depreciation | Carried forward earned surplus | | | | |
| Balances as of May 31, 2005 | 22,131 | 33,569 | 3,212 | 94 | 23,778 | 27,085 | -5,493 | 77,292 | |
| Changes in the term | | | | | | | | | |
| Issuing of new shares (Execution of share warrants) | 13 | 13 | | | | | | 26 | |
| Dividend of surplus | | | | | -17,778 | -17,778 | | -17,778 | |
| Reversal of reserve for special depreciation | | | | -59 | 59 | - | | - | |
| Directors bonuses by the appropriation in previous term | | | | | -38 | -38 | | -38 | |
| Net income | | | | | 18,988 | 18,988 | | 18,988 | |
| Purchase of treasury stock | | | | | | | -18 | -18 | |
| Selling of treasury stock | | | | | -19 | -19 | 134 | 115 | |
| Retirement of treasury stock | | | | | -5,376 | -5,376 | 5,376 | - | |
| Changes in items except shareholders' equity (Net amount) | | | | | | | | | |
| Total changes in the term | 13 | 13 | - | -59 | -4,164 | -4,224 | 5,492 | 1,294 | |
| Balances as of May 31, 2006 | 22,144 | 33,582 | 3,212 | 34 | 19,614 | 22,861 | -1 | 78,586 | |

| | Difference of appreciation and conversion | Total net assets |
|--|---|------------------|
| | Unrealized gain on other securities, net of taxes | |
| Balances as of May 31, 2005 | 176 | 77,468 |
| Changes in the term | | |
| Issuing of new shares (Execution of share warrants) | | 26 |
| Dividend of surplus | | -17,778 |
| Reversal of reserve for special depreciation | | - |
| Directors bonuses by the appropriation in previous term | | -38 |
| Net income | | 18,988 |
| Purchase of treasury stock | | -18 |
| Selling of treasury stock | | 115 |
| Retirement of treasury stock | | - |
| Changes in items except shareholders' equity (Net amount) | -48 | -48 |
| Total changes in the term | -48 | 1,245 |
| Balances as of May 31, 2006 | 127 | 78,714 |

Current Term (From June 1, 2006 to May 31, 2007)

(Unit : Million yen)

| | Shareholders' equity | | | | | | | | | |
|--|----------------------|-----------------|-----------------------|-----------------------|----------------------------------|--------------------------------|---------|----------------------|----------------|----------------------------|
| | Capital stock | Capital surplus | | | Legal reserve of retained | Earned surplus | | | Treasury stock | Total shareholders' equity |
| | | Capital reserve | Other capital surplus | Total capital surplus | | Other earned surplus | | Total earned surplus | | |
| | | | | | Reserve for special depreciation | Carried forward earned surplus | | | | |
| Balances as of May 31, 2006 | 22,144 | 33,582 | - | 33,582 | 3,212 | 34 | 19,614 | 22,861 | -1 | 78,586 |
| Changes in the term | | | | | | | | | | |
| Issuing of new shares (Execution of share warrants) | 69 | 69 | | 69 | | | | | | 139 |
| Dividend of surplus | | | | | | | -19,561 | -19,561 | | -19,561 |
| Reversal of reserve for special depreciation | | | | | | -26 | 26 | - | | - |
| Net income | | | | | | | 22,134 | 22,134 | | 22,134 |
| Purchase of treasury stock | | | | | | | | | -9 | -9 |
| Selling of treasury stock | | | 0 | 0 | | | | | 0 | 1 |
| Changes in items except shareholders' equity (Net amount) | | | | | | | | | | |
| Total changes in the term | 69 | 69 | 0 | 69 | - | -26 | 2,598 | 2,572 | -8 | 2,704 |
| Balances as of May 31, 2007 | 22,214 | 33,652 | 0 | 33,652 | 3,212 | 8 | 22,213 | 25,434 | -9 | 81,291 |

| | Difference of appreciation and conversion Unrealized gain on other securities, net of taxes | Stock acquisition right | Total net assets |
|--|--|-------------------------|------------------|
| Balances as of May 31, 2006 | 127 | - | 78,714 |
| Changes in the term | | | |
| Issuing of new shares (Execution of share warrants) | | | 139 |
| Dividend of surplus | | | -19,561 |
| Reversal of reserve for special depreciation | | | - |
| Net income | | | 22,134 |
| Purchase of treasury stock | | | -9 |
| Selling of treasury stock | | | 1 |
| Changes in items except shareholders' equity (Net amount) | -20 | 65 | 45 |
| Total changes in the term | -20 | 65 | 2,749 |
| Balances as of May 31, 2007 | 106 | 65 | 81,463 |

(4) Statement of Cash Flows

(Unit : Million yen)

| Terms Items | Previous Term (From June 1, 2005 to May 31, 2006) | Current Term (From June 1, 2006 to May 31, 2007) | Changes |
|--|---|--|---------|
| | Amount | Amount | Amount |
| I. Cash flows from operating activities | | | |
| Net income before tax | 32,203 | 37,613 | |
| Depreciation | 411 | 393 | |
| Stock compensation expenses | - | 65 | |
| Increase/decrease of allowance for doubtful accounts (Decrease: -) | -19 | 1 | |
| Increase/decrease of allowance for bonus payable (Decrease:-) | 245 | 89 | |
| Increase/decrease of allowance for directors bonus payable (Decrease:-) | 99 | -27 | |
| Provision for moving of head office | - | 535 | |
| Interest and dividends income | -28 | -240 | |
| Interest expense | 0 | 0 | |
| Loss on appraisal of invested securities | 78 | - | |
| Gain on sale of invested securities | -0 | -56 | |
| Gain on sale of affiliated companies' shares | -91 | - | |
| Loss on disposition and sale of fixed assets | 7 | 13 | |
| Increase/decrease of sales credits (Increase : -) | -10 | -1,455 | |
| Increase/decrease of inventory assets (Increase:-) | 1 | 2 | |
| Increase/decrease of accrued revenue (Increase: -) | 194 | 133 | |
| Increase/decrease of other current assets (Increase: -) | 6 | 81 | |
| Increase/decrease of accounts payable (Decrease: -) | -1,832 | -1,862 | |
| Increase/decrease of accrued amount payable (Decrease: -) | 99 | -121 | |
| Increase/decrease of accrued consumption tax (Decrease: -) | 47 | 653 | |
| Increase/decrease of advances by customers (Decrease: -) | 2,302 | 2,235 | |
| Increase/decrease of other current liabilities (Decrease: -) | 294 | 29 | |
| Others | -18 | -5 | |
| Sub Total | 33,989 | 38,080 | 4,090 |
| Interest and dividends received | 25 | 81 | |
| Amount paid for interest | -0 | -0 | |
| Income taxes paid | -11,798 | -14,331 | |
| Net cash flows provided by operating activities | 22,216 | 23,829 | 1,612 |
| II. Cash flows from investing activities | | | |
| Payment for acquisition of marketable securities | -80,729 | -114,662 | |
| Proceed from redemption of marketable securities | 80,700 | 116,582 | |
| Payment for acquisition of tangible fixed assets | -8,146 | -8,244 | |
| Payment for acquisition of intangible fixed assets | -9 | -3 | |
| Proceed from sale of invested securities | 0 | 133 | |
| Proceed from sale of affiliated companies' shares | 96 | - | |
| Payment as guarantee money deposits | -2 | -176 | |
| Refunds of guarantee money deposits | 22 | 14 | |
| Net cash flows provided by (used in) investing activities | -8,067 | -6,357 | 1,710 |
| III. Cash flows from financing activities | | | |
| Proceed from issuing of new shares | 26 | 139 | |
| Payment for acquisition of treasury stock | -18 | -9 | |
| Proceed from sale of treasury stock | 115 | 1 | |
| Payment for dividends | -17,789 | -19,567 | |
| Net cash flows provided by (used in) financing activities | -17,666 | -19,435 | -1,768 |
| IV. Net Increase/Decrease in cash and cash equivalents (Decrease: -) | -3,518 | -1,963 | 1,554 |
| V. Cash and cash equivalents at the beginning of term | 21,883 | 18,364 | -3,518 |
| VI. Cash and cash equivalents at the end of term | 18,364 | 16,401 | -1,963 |

[Significant Accounting Policies]

| Term Item | Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2005 to May 31, 2006) |
|---|---|---|
| 1. Valuation standard and method applied to negotiable securities | <p>(1) Subsidiaries' shares: At cost method based on moving average method</p> <p>(2) Held-to-maturity debt securities: Amortized cost method</p> <p>(3) Available-for-sale securities Securities with fair market value: At fair market value method based on the quoted market price as of the end of the term. (Differences between revaluated amounts and original purchase prices are presented in net assets and the sales price is determined by the moving average method.)</p> <p>Securities without fair market value: At cost method based on moving average method.</p> | <p>(1) Subsidiaries' shares: Same as the left</p> <p>(2) Held-to-maturity debt securities: Same as the left</p> <p>(3) Available-for-sale securities Securities with fair market value: Same as the left</p> <p>Securities without fair market value: Same as the left</p> <p>Debt securities without fair market value: Amortized cost method</p> |
| 2. Depreciation method applied to fixed assets | <p>(1) Tangible fixed assets</p> <p>i) Building fixtures: At fixed percentage method</p> <p>ii) Appliances and equipment</p> <p>a) Computer hardware: At straight-line method</p> <p>b) Others: At fixed percentage method</p> <p>The useful life of major items are as follows:</p> <p>i) Building fixtures: 8 to 15 years</p> <p>ii) Appliances and equipment Personal computers: 2 years Computer servers: 3 years Others: 5 to 8 years</p> | <p>(1) Tangible fixed assets</p> <p>i) Building fixtures: Same as the left</p> <p>ii) Appliances and equipment</p> <p>a) Computer hardware: Same as the left</p> <p>b) Others: Same as the left</p> <p>The useful life of major items are as follows:</p> <p>i) Building fixtures: 8 to 15 years</p> <p>ii) Appliances and equipment Personal computers: 2 years Computer servers: 3 years Others: 5 to 8 years</p> |

| Term Item | Previous term (From June 1, 2004 to May 31, 2005) | Current term (From June 1, 2005 to May 31, 2006) |
|---------------------------------------|---|--|
| 3. Accounting standard for allowances | <p>(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.</p> <p>(2) Reserve for bonus payable: To provide for the payment of bonuses to employees, the estimated liability in the current term is recorded based on the estimated amount of bonus payment.</p> <p>(3) Reserve for directors bonus payable: To provide for the payment of bonuses to directors, the estimated liability in the current term is recorded based on the estimated amount of director's bonus payment.</p> | <p>(1) Allowance for doubtful accounts: Same as the left</p> <p>(2) Reserve for bonus payable: Same as the left</p> <p>(3) Reserve for directors bonus payable: Same as the left</p> <p>(4) Provision for moving of head office: In line with moving to new head office building in 2008, restoration expenses for current offices will be occurred. We make an allowance for the expenses. (Additional information) The reason why we book "Provision for moving of head office" is that obligation was fixed and we could calculate the cost reasonably in current term.</p> |

As no significant changes have been made to the significant accounting policies excluding valuation standard and method applied to negotiable securities, depreciation method applied to fixed assets (tangible fixed assets) and accounting standard for allowances since publication of its annual report for the FY2006 (date of publication: August 30, 2006), these information has been omitted from this flash report.

[Changes in the accounting method]

| Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2006 to May 31, 2007) |
|--|--|
| <p>_____</p> | <p>(Change to Depreciation Method)</p> <p>In accordance with the changes of tax code introduced in the 2007 tax reform, concerning the depreciation of fixed assets (excluding computer hardware) acquired on or after April 1, 2007, method of computing depreciation expenses have been changed to the new regulation.</p> <p>The effect of this change on operating income, ordinary income and net income before tax is minor.</p> |
| <p>_____</p> | <p>(Accounting Standard for Stock Options)</p> <p>Effective from the fiscal year ended May 31,2007, the company applied Accounting Standard for Stock Options (Accounting Standards Board of Japan, December 27, 2005, Statement No.8) and Implementation Guidance on Accounting Standard for Stock Options (Accounting Standards Board of Japan, May 31, 2006, Guidance No.11).</p> <p>This application resulted in the decrease of operating income, ordinary income and net income before tax by 65million yen.</p> |

Notes

(Related to the balance sheet)

Disclosure of notes related to the balance sheet is omitted because the necessity of disclosing such information in this year-end flash report is regarded to be not high.

(Related to the statement of income)

| Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2006 to May 31, 2007) |
|--|--|
| _____ | *1. Gain from the prior-term adjustment is adjustment of the amount claimed regarding the prior-term. |
| *2. Restructuring expense is temporary severance for employees due to the reorganization of back-office. | *2. Same as the left |
| _____ | *3. "Provision for moving of head office" is the estimated expenses for restoration of current offices which are occurred in line with moving to new head office building in 2008. |

(Related to the statement of changes in shareholders' equity)

Previous term (from June 1, 2005 to May 31, 2006)

1. Type and number of outstanding shares and treasury stock

| | Number of shares as of May 31, 2005 (thousand shares) | Number of shares increased in the current term (thousand shares) | Number of shares decreased in the current term (thousand shares) | Number of shares as of May 31, 2006 (thousand shares) |
|---|--|---|---|--|
| Issued shares Common stock (Note) 1,2 | 128,194 | 6 | 1,185 | 127,016 |
| Treasury stocks Common stock (Note) 3 | 1,211 | 3 | 1,214 | 0 |

(Note) 1. Increase of 6 thousand outstanding shares was due to exercise of share warrants.

2. Decrease of 1,185 thousand outstanding shares was due to retirement of treasury stocks.

3. Decrease of 1,185 thousand treasury stocks was due to retirement of treasury stocks.

2. Dividend

(1) Amount of paid dividends

| Resolution | Type of share | Total amount of dividends (Million yen) | Dividend per share (Yen) | Reference date | Effective date |
|--|------------------|---|--------------------------------|----------------------|------------------|
| Regular general shareholders meeting held on August 24, 2005 | Common stock | 10,158 | 80 | May 31, 2005 | August 25, 2005 |
| Board of director held on December 22, 2005 | Common stock | 7,619 | 60 | November 30, 2005 | February 9, 2006 |

(2) Dividend that effective date is in the next term though its reference date was in current term

| Resolution | Type of share | Total amount of dividend (Million yen) | Resource of dividend | Dividend per share (Yen) | Reference date | Effective date |
|---|---------------|--|-------------------------|--------------------------------|-----------------|--------------------|
| Regular general shareholders meeting held on August 29, 2006 | Common stock | 11,431 | Earned surplus | 90 | May 31, 2006 | August 30, 2006 |

Current term (from June1, 2006 to May 31, 2007)

1. Type and number of issued shares and treasury stock

| | Number of shares as of May 31,2006 (Thousand shares) | Number of shares increased in the current term (Thousand shares) | Number of shares decreased in the current term (Thousand shares) | Number of shares as of May 31,2007 (Thousand shares) |
|---|--|--|--|--|
| Issued shares Common stock (Note) | 127,016 | 36 | — | 127,052 |
| Treasury stocks Common stock (Note) | 0 | 1 | 0 | 1 |

(Note) Increase of 36 thousand outstanding shares was due to exercise of share warrants.

2. Stock acquisition right

| Item | Breakdown of stock acquisition right | Type of shares converted by stock acquisition right | Number of shares converted by stock acquisition right (shares) | | | | Term-end balance (million yen) |
|-----------------------|---|---|---|----------|----------|-------------------------------|---|
| | | | Balance of previous term | Increase | Decrease | Balance of current term | |
| Submission company | Stock acquisition right as stock option | — | — | — | — | — | 65 |
| Total | | — | — | — | — | — | 65 |

3. Dividend

(1) Amount of paid dividends

| Resolution | Type of share | Total amount of dividends (Million yen) | Dividend per share (Yen) | Reference date | Effective date |
|--|------------------|---|--------------------------------|----------------------|------------------|
| Regular general shareholders meeting held on August 29, 2006 | Common stock | 11,431 | 90 | May 31, 2006 | August 30, 2006 |
| Board of director held on December 21, 2006 | Common stock | 8,130 | 64 | November 30, 2006 | February 9, 2007 |

(2) Dividend that effective date is in the next term though its reference date was in current term

Our company will submit the following bill at the board of directors on July 30, 2007.

| Type of share | Total amount of dividend (Million yen) | Resource of dividend | Dividend per share (Yen) | Reference date | Effective date |
|-----------------|--|-------------------------|--------------------------------|----------------|-----------------|
| Common stock | 12,705 | Earned surplus | 100 | May 31, 2007 | August 30, 2007 |

(Related to the statement of cash flows)

| Previous term (From June 1, 2005 to May 31, 2006) | | Current term (From June 1, 2006 to May 31, 2007) | |
|---|---------------------|---|---------------------|
| Relationship between the term end balance of cash and cash equivalents and the amount of items indicated in the balance sheet (As of May 31, 2006) | | Relationship between the term end balance of cash and cash equivalents and the amount of items indicated in the balance sheet (As of May 31, 2007) | |
| Balance of cash and deposits | 15,864 million yen | Balance of cash and deposits | 13,902 million yen |
| Balance of marketable securities | 65,001 million yen | Balance of marketable securities | 63,264 million yen |
| Debt securities mature over three months from the date of acquisition | -62,501 million yen | Debt securities mature over three months from the date of acquisition | -60,766 million yen |
| Cash and cash equivalents | 18,364 million yen | Cash and cash equivalents | 16,401 million yen |

(Lease transactions)

Disclosure of notes related to lease transactions is omitted because the necessity of disclosing such information in this year-end flash report is regarded to be not high.

(Securities)

Previous term (As of May 31, 2006)

1. Shares in subsidiaries with fair market value

Not applicable

2. Held-to-maturity with fair market value

(Unit: million yen)

| | Category | Amount recorded on the balance sheet | Market value | Difference |
|---|--|--------------------------------------|--------------|------------|
| Those whose fair market value exceed the amount recorded on the balance sheet | (1) Government and local government bond | - | - | - |
| | (2) Corporate bonds | - | - | - |
| | (3) Others | - | - | - |
| | Subtotal | - | - | - |
| Those whose fair market value not exceed the amount recorded on the balance sheet | (1) Government and local government bond | - | - | - |
| | (2) Corporate bonds | 6,632 | 6,628 | -3 |
| | (3) Others | - | - | - |
| | Subtotal | 6,632 | 6,628 | -3 |
| Total | | 6,632 | 6,628 | -3 |

3. Other securities with fair market value

(Unit: million yen)

| | Category | Acquisition cost | Amount recorded on the balance sheet | Difference |
|---|------------|------------------|--------------------------------------|------------|
| Those whose amounts recorded on the balance sheet exceed the acquisition cost | (1) Stocks | 149 | 364 | 214 |
| | (2) Bonds | - | - | - |
| | (3) Others | - | - | - |
| | Subtotal | 149 | 364 | 214 |
| Those whose amounts recorded on the balance sheet not exceed the acquisition cost | (1) Stocks | - | - | - |
| | (2) Bonds | - | - | - |
| | (3) Others | - | - | - |
| | Subtotal | - | - | - |
| Total | | 149 | 364 | 214 |

4. Other securities disposed of during the term (from June 1, 2005 to May 31, 2006)

(Unit: million yen)

| Disposed amount | Total profit from disposition | Total loss from disposition |
|-----------------|-------------------------------|-----------------------------|
| 0 | 0 | - |

5. Content of main marketable securities without fair market value

(Unit: million yen)

| | Amount recorded on the balance sheet |
|--|--------------------------------------|
| 1. Debt securities to be held by maturity date | |
| Commercial paper | 53,871 |
| Certificate of Deposit | 4,497 |
| 2. Other marketable securities | |
| Unlisted stocks (excluding OTC stocks) | 267 |

6. The redemption schedule for securities with maturity dates which are classified as held-to-maturity debt securities

(Unit: million yen)

| | Within 1 year | 1 to 5 years | 5 to 10 years | 10 years and over |
|--|---------------|--------------|---------------|-------------------|
| (1) Government and local government bond | - | - | - | - |
| (2) Corporate bonds | 6,607 | - | - | - |
| (3) Others | 58,400 | - | - | - |
| Total | 65,007 | - | - | - |

Current term (As of May 31, 2007)

1. Shares in subsidiaries with fair market value

Not applicable

2. Debt securities held-to-maturity with fair market value

Not applicable

3. Other securities with fair market value

(Unit: million yen)

| | Category | Acquisition cost | Amount recorded on the balance sheet | Difference |
|---|------------|------------------|--------------------------------------|------------|
| Those whose amounts recorded on the balance sheet exceed the acquisition cost | (1) Stocks | 120 | 300 | 180 |
| | (2) Bonds | - | - | - |
| | (3) Others | - | - | - |
| | Subtotal | 120 | 300 | 180 |
| Those whose amounts recorded on the balance sheet not exceed the acquisition cost | (1) Stocks | - | - | - |
| | (2) Bonds | - | - | - |
| | (3) Others | - | - | - |
| | Subtotal | - | - | - |
| Total | | 120 | 300 | 180 |

4. Other securities disposed of during the term (from June 1, 2006 to May 31, 2007)

(Unit: million yen)

| Disposed amount | Total profit from disposition | Total loss from disposition |
|-----------------|-------------------------------|-----------------------------|
| 133 | 56 | - |

5. Content of main marketable securities without fair market value

(Unit: million yen)

| | Amount recorded on the balance sheet |
|--|--------------------------------------|
| 1. Other marketable securities | |
| Commercial paper | 60,976 |
| Certificate of Deposit | 2,288 |
| Unlisted stocks (excluding OTC stocks) | 220 |

6. The redemption schedule for securities with maturity dates which are classified as other securities

(Unit: million yen)

| | Within 1 year | 1 to 5 years | 5 to 10 years | 10 years and over |
|--|---------------|--------------|---------------|-------------------|
| (1) Government and local government bond | - | - | - | - |
| (2) Corporate bonds | - | - | - | - |
| (3) Others | 63,425 | - | - | - |
| Total | 63,425 | - | - | - |

(Derivative transactions)

| Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2006 to May 31, 2007) |
|---|---|
| Not applicable, since we do not engage in the trading of derivatives. | Same as the left |

(Loss / Gain on equity method)

| Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2006 to May 31, 2007) |
|--|---|
| Not applicable | Not applicable |

(Transactions with related parties)

Previous term (from June 1, 2005 to May 31, 2006)

Sister companies, etc.

| Attributes | Corporate name | Address | Capital or investment | Scope of business or occupation | Ratio of voting and other rights in possession (or being possessed) | Relationship | | Description of transactions | Transaction amount (Million yen) | Item | Term-end balance (million yen) |
|------------------------------|----------------------------------|--------------------|-----------------------|--|---|--------------------------|---------------------------------------|-----------------------------|----------------------------------|------------------|--------------------------------|
| | | | | | | Double role of directors | Business relationship | | | | |
| Subsidiary of parent company | Oracle International Corporation | California, U.S.A. | None | Holding and management of intellectual property rights | None | None | Conclusion of sales agency agreements | Payment of royalties | 28,868 | Accounts payable | 6,624 |

(Notes) Transaction conditions and policies for determining them

Royalty fees are charged at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and group companies that handle Oracle products, including our Company, using uniform standards.

Current term (from June 1, 2006 to May 31, 2007)

Sister companies, etc.

| Attributes | Corporate name | Address | Capital or investment | Scope of business or occupation | Ratio of voting and other rights in possession (or being possessed) | Relationship | | Description of transactions | Transaction amount (Million yen) | Item | Term-end balance (million yen) |
|------------------------------|----------------------------------|--------------------|-----------------------|--|---|--------------------------|---------------------------------------|-----------------------------|----------------------------------|------------------|--------------------------------|
| | | | | | | Double role of directors | Business relationship | | | | |
| Subsidiary of parent company | Oracle International Corporation | California, U.S.A. | None | Holding and management of intellectual property rights | None | None | Conclusion of sales agency agreements | Payment of royalties | 30,802 | Accounts payable | 4,477 |

(Notes) Transaction conditions and policies for determining them

Royalty fees are charged at certain ratios of sales of Oracle products, with the ratios agreed between Oracle Corporation and group companies that handle Oracle products, including our Company, using identical reasonable standards.

(Tax effect accounting)

Disclosure of notes related to the tax effect accounting is omitted because the necessity of disclosing such information in this year-end flash report is regarded to be not high.

(Retirement pensions)

Disclosure of notes related to the retirement pensions is omitted because the necessity of disclosing such information in this year-end flash report is regarded to be not high.

(Stock Options)

Disclosure of notes related to the stock options is omitted because the necessity of disclosing such information in this year-end flash report is regarded to be not high.

(Per Share Data)

(Unit: Yen)

| Items | Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2006 to May 31, 2007) |
|--------------------------------|--|---|
| Net assets per share | 619.72 | 640.67 |
| Net income per share | 149.51 | 174.24 |
| Net income per share (diluted) | 149.40 | 174.12 |

(Notes)

The basis of calculation for net income per share and net income per share (diluted) is as shown below.

| | Previous term (From June 1, 2005 to May 31, 2006) | Current term (From June 1, 2006 to May 31, 2007) |
|--|---|---|
| Net income per share | | |
| Net income (millions of yen) | 18,988 | 22,134 |
| Amounts not attributable to owners of common stock (millions of yen) | — | — |
| Net income attributable to common stock (millions of yen) | 18,988 | 22,134 |
| Average number of shares during the term (shares) | 126,998,551 | 127,031,440 |
| Net income per share (diluted) | | |
| Adjustment to net income (millions of yen) | — | — |
| Increase in common stock (shares) | 93,777 | 91,928 |
| (Stock acquisition right) | (93,777) | (91,928) |
| Details of shares not included in calculation of diluted net income per share due to non-dilutive effect | Equity warrants (Type: 4 Numbers: 5,374) Subscription right (Type: 3 Numbers: 804,050) | Equity warrants (Type: 6 Numbers: 7,992) Subscription right (Type: 3 Numbers: 746,150) |