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

Flash Report for the Fiscal Year Ended May 31, 2005 (Non-consolidated)

June 30, 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 Nosaka, Director, Executive Vice President & CFO
TEL (03) 5213 - 6666

Date of the board meeting for this release: June 30, 2005
Interim dividends payment system: Yes
Schedule for dividends payment: August 25, 2005
Schedule for general shareholders meeting: August 24, 2005
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: 75.4%

1.Business results for this term (from June 1, 2004 to May 31, 2005)

(1) Operating Results

	Revenues		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
May 2005	83,209	0.4	28,708	3.6	28,797	3.6
May 2004	82,858	-3.9	27,723	7.3	27,784	7.5

	Net Income		EPS	EPS after adjustment for potential shares	ROE	ROA	Ordinary Income Margin
	Million Yen	%	Yen Sen	Yen Sen	%	%	%
May 2005	16,989	6.0	133.51	133.40	21.6	26.3	34.6
May 2004	16,032	14.8	125.20	125.07	20.0	25.0	33.5

Note:
(i) Investment profit(loss) on equity method May 2005: Not Applicable May 2004: Not Applicable
(ii) Average number of shares during the term May 2005: 126,969,383 May 2004: 127,341,835
(iii) Change in accounting method: applicable
(iv) Percentage of revenues operating income, ordinary income and net income indicate changes from the previous term.

(2) Dividends

	Annual dividend per share	Interim	Term end	Total amount of dividends (annual)	Dividends payout ratio	Dividend ratio to shareholders' equity
	Yen Sen	Yen Sen	Yen Sen	Million Yen	%	%
May 2005	140.00	60.00	80.00	17,776	104.9	22.9
May 2004	125.00	35.00	90.00	15,886	99.8	19.9

(3) Financial Position

	Total Assets	Shareholders' Equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen Sen
May 2005	107,049	77,468	72.4	609.77
May 2004	111,984	79,666	71.1	626.81

Note:
(i) Outstanding shares at term end May 2005: 126,983,126 May 2004: 126,955,617
(ii) Treasury stock at term end May 2005: 1,211,536 May 2004: 1,239,045

(4) Cash Flows

	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities	Balance of cash & cash equivalents at the term end
	Million Yen	Million Yen	Million Yen	Million Yen
May 2005	16,006	-2,747	-18,945	21,883
May 2004	19,787	-9,902	-16,985	27,569

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

	Revenues	Ordinary Income	Net Income	Annual dividends per share Interim	Term end	
	Million Yen	Million Yen	Million Yen	Yen Sen	Yen Sen	Yen Sen
Interim	40,600	12,750	7,450	60.00	-	-
Entire term	90,000	31,050	18,200	-	83.00	143.00

(Reference) Estimated EPS for the term 143Yen 33Sen

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 11 page of attached document for using the forecast.

Attachment

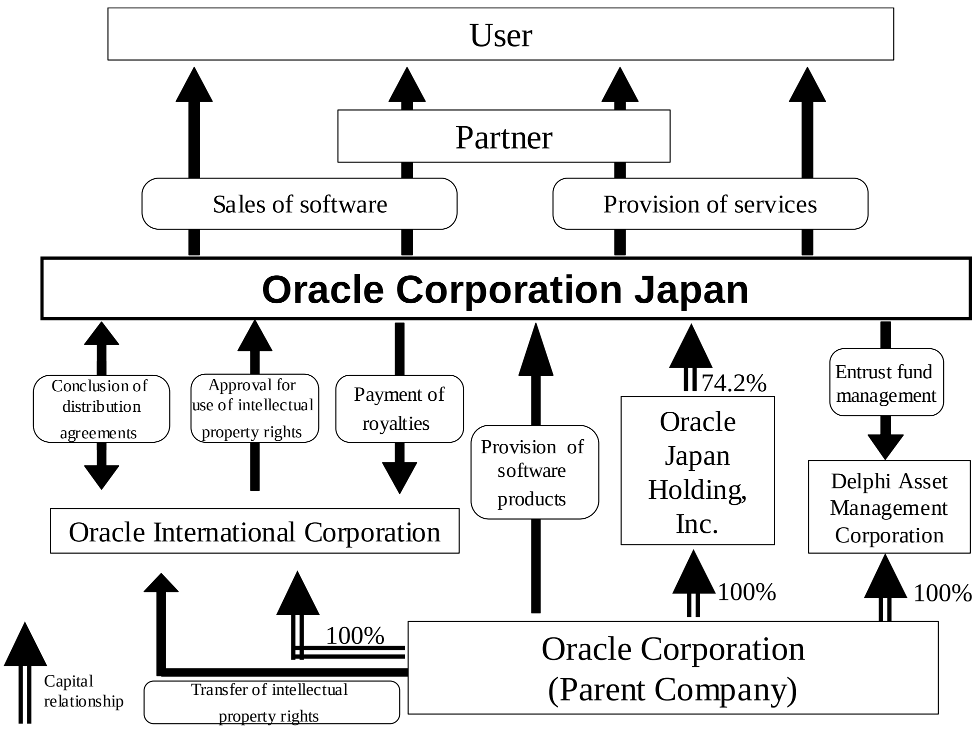
1. Current Status of the Company Group

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.

The dividend per share at the term end for this term is expected to 80 yen. Combined with the interim dividend (60 yen), the annual dividend per share is expected to increase 15 yen from the previous term to 140 yen.

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

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

e) Mid- to long-term business strategies

The Company has been implementing business restructuring and transforming product and service strategies based on "Oracle Japan Innovation 2003", a three-year medium-term business plan that began in June 2003, to aim to become a most trusted IT company. The Company will continue to aim for growth, responding to changes in the external environment based on these two pillars.

f) Issues to address

The Company will consistently and reliably provide customers with products and services that will enable them to expand their businesses, resulting in improved customer satisfaction. We will also carry out the following business initiatives to achieve management objectives such as bolstering earnings and enhancing the corporate value.

① Building an organizational structure enabling strategies planning and implementing geared to industry and product characteristics
- Establishing the System Technology Business Group and the Industries & Applications 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
- Expanding templates and solutions for small and midsize markets
- 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 application servers
- Enabling large-scale system orders
- Cultivating small and midsize markets

(ii) Expanding market share in Business Application operations
- Focusing on select industry areas
- Establishing a sales forces that specializes in strategic products
- 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

As of May 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.

(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.

g) Basic concepts for corporate governance and implementation
(Basic concepts for corporate governance)

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

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 six directors including two outside directors (as of June 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 that are attended by the outside directors, who review the appropriateness of the selection of director candidates and the determination of their remuneration. 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.

Certified public accountants (CPAs), their accounting firm and the years they have continuously audited us:

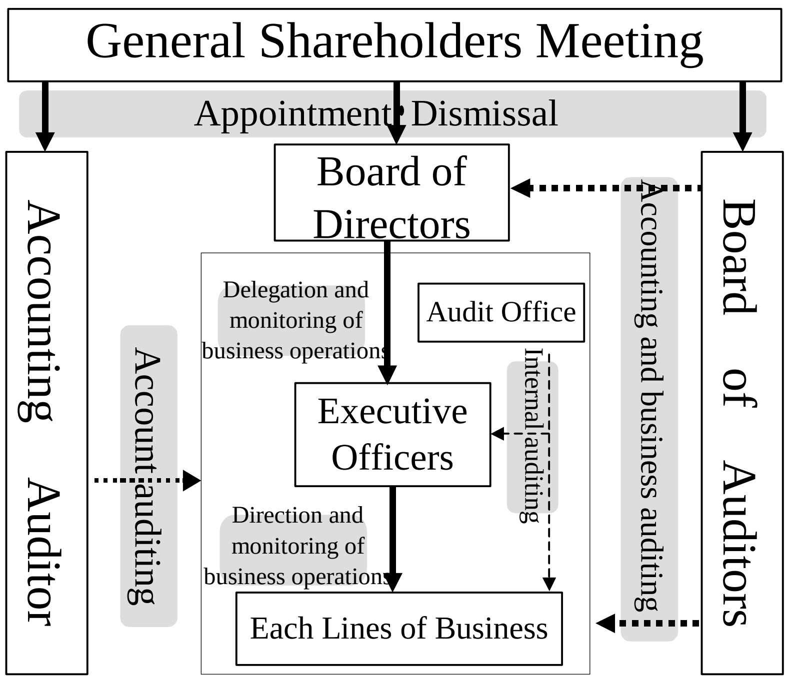
Names of CPAs		Auditing firm
Engagement Partner	Takaaki Nimura	Earnst & Young ShinNihon
	Keiko Ota	

Note 1. The number of years of their continuous audit is not specified because both staff mentioned above are short of seven years auditing us.

2.The mentioned auditing firm has already implemented a voluntary measure to avoid engagement partner from auditing us in excess of a certain period of time.

3. Auxiliary staffs involved in auditing are 3 CPAs and 8 assistant CPAs.

The following diagram describes our corporate governance organization.



③Amount of remuneration paid to directors and statutory auditors

Amount of remuneration paid to directors and statutory auditors in this term are as follows:

(Unit: Million yen)

Classification	Number of persons receiving payment	Amount of payment	Description
Director	6	147	Maximum amount of remuneration resolved at the shareholder meeting (August 21, 1998): 30 million yen per month
Statutory auditor	4	28	Maximum amount of remuneration resolved at the shareholder meeting (August 23, 2001): 5 million yen per month

(Notes) 1. The numbers of directors and statutory auditors at the year-end are 6 and 3 respectively. The relationship between the numbers at the year-end and the numbers persons receiving payment is as follows: 2 directors do not receive remuneration. 2 directors who had received payments resigned as of June 26, 2004 and December 8, 2004, respectively. 1 auditor who had received payment retired as of August 25, 2004.

2. In addition to the above, the bonuses for directors and statutory auditors are paid by appropriated retained earnings for the previous term.
Director: 5 persons; 88million yen
Statutory auditor:2 persons; 1million yen

3. The company has no retirement allowance plan for directors and auditors.

④ Amount of fee paid to accounting auditors

Amount of fee paid to Earnst & Young ShinNihon, our accounting auditors in this term are as follows:

Total amount of fee for the business pursuant to Article 2, Paragraph 1 of the Certified Public Accountant Law (Law No.103, 1948)	29 million yen
Other than those above	- million yen
Total	29 million yen

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

There are 2 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.

(Note) Mr. Harry.L.You, outside director, resigned as of March 18, 2005.

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

In principle, our board of directors meets every month, with outside directors and auditors participating to carefully observe the directors. The board of directors met 12 times and the board of auditors met 13 times during the May 2005 term. 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

Parent company	Attribute	Parent company's shareholding of the Company's voting shares (%)	Listed stock exchange
Oracle Corporation	Parent company	75.4 (75.4)	NASDAQ (U.S.)
Oracle Japan Holding, Inc	Holding company	75.4	

(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 six 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. Our sales business is with Japanese companies in general, and governments and local public bodies.

(3) Matters related to transactions with parent company

Please refer to "Transactions with related bodies" as set forth hereinafter.

3. Business outcomes and financial situation

a. Business outcomes

During the period under review, the Japanese economy showed signs of an overall gradual recovery driven by positive factors such as robust growth in corporate profit and an increase in capital investment. This trend remained in place, despite a slowing recovery in the second half of the year, reflecting adverse effects such as inventory adjustment of information-related equipment.

The Company entered the second year of "Oracle Japan Innovation 2003", a medium-term business plan. In June 2004, we undertook a reorganization to settle and develop reform initiatives, in which we expanded customer coverage (range) and enhanced our partner businesses. In addition, to develop Business Applications and Database Technology, the Company in January 2005 established the Technology Products Business Division and the Applications Products Business Division, which will be responsible for sales promotion activities for each product. With this move, we have been able to build an organizational structure with sophisticated proposal capabilities and specialties. Through there efforts, the Company has put in place the ability to deliver products and services that respond to the needs of customer, enabling us to expand sales of products such as "Oracle 10g", an infrastructure software that enables grid computing, "Oracle E-Business Suite 11i.10", shipment of which started in November 2004, and "Oracle On Demand", an operation management service. The Company also began shipping “Oracle Application Server 10g Release 2” in February 2005.

As a result, the company achieved sales at ¥83,209million (up ¥350million or 0.4%, from the previous year), ordinary income at ¥28,797million (up ¥1,013million, or 3.6%, from the previous year), and net income at ¥16,989million (up ¥957million, or 6.0%, from the previous year). The dividend per share at the term end is expected to 80 yen. Combined with the interim dividend (60 yen), the annual dividend per share is expected to increase 15 yen from the previous term to 140 yen.

Also, Software Product Revenue (Software Product with Support Service Revenue related to Software Product) is ¥75,544million (up ¥4,326million, or 6.1%, from the previous year).

The result of each business segment is as follows.

[Software Products]

Database Technology

In the Database Technology Division, revenue remained firm thanks to more robust demand for our database products, driven by firm corporate earnings. For products for large-scale systems, demand rose in relation to the transition from system integration and mainframes to open-system networks, while for medium to small-scale systems, the introduction of open-systems on Linux servers moved forward on the strength of more vigorous IT investment.

In April 2004, the Company began shipping “Oracle 10g”, a new infrastructure software product. We also provided “Oracle Database 10g Enterprise Edition” for large-scale systems and “Oracle Database 10g Standard Edition (Oracle 10g SE)” and “Oracle Standard Edition One (Oracle 10g SE One)” for midsize and small systems, responding to the needs of an array of companies for information systems. “Oracle 10g” achieved “Outstanding Performance Award” of the Nikkei Sangyo Shimbun of ”Nikkei Excellent Product/Service Award” in 2004, sponsored by the Nihon Keizai Shimbun, Inc.

In February 2005, we also hosted ”Oracle 10g World”, an integrated event for enterprise grid computing. The event offered the latest information and an early opportunity to experience “Oracle 10g” as well as to introduce cooperation and initiatives with partners based on “Oracle 10g” and customer case studies.

As a result of these efforts, revenue in the Database Technology Division rose ¥625million, or 1.7%, from the previous year, to ¥37,908million.

Business Applications

Business Applications Division offers “Oracle E-Business Suit”, a type of software that facilitates quick management decision-making and greater operating efficiency in client companies’ principal functions, such as general affairs and human resources, as well as general corporate activities such as inventory management, production management, customer management and purchase management.

In the period under review, the Company bolsters its ability to propose solutions by expanding customer coverage and integrating consulting functions through a reorganization of business structure by industry. We began shipping “Oracle E-Business Suite 11*i*.10”, the latest suite of productivity enhancing business functions, in November 2004. However, revenue in the Business Application Division declined ¥217million, or 7.7%, from the previous year, to ¥2,617million, impacted by the cautious stance of client companies on investment effects and timing. In response, the Company began in January 2005 to build product and sales strategies that specialize in business application products and the development of business processes.

Consequently, revenue in the Software Products Segment that includes Database Technology Division and Business Application Division was ¥40,525million (up ¥407million or 1.0% from the previous year).

[Service]

<u>Support Services</u>

Support Services Division provides client companies with, in addition to the conventional product support services, a wide range of technical support pertaining to system construction and operation. More specifically, we actively provide technical information to enable prevention or avoidance of potential problems, while offering high value-added services geared to the specific needs of each client company.

In the period under review, revenue in this division showed steady progress, reflecting our ability to maintain the contract rate at a high level thanks to the improved efficiency of contract management and the sharing of contract information, by providing partners with a management system for support contracts, in addition to the demands of client companies for reliable system operation. The Company also began to offer an indefinite support service, which would enable client companies to set up a planned and long-term database lifecycle. “Oracle On Demand”, an outsourcing service in which our professional engineers operate and manage Oracle software for client companies online, also enjoyed robust results. The Company will continue to promote this service aggressively.

As a result, revenue in the Support Services Division reached ¥35,749million, up ¥3,941million or 12.4% over the previous year.

<u>Education Services</u>

Education Services Division has been providing qualification and training services to partner companies and clients. One of the certified qualifications, “Oracle Master”, is for the Company’s database products and is a highly regarded technical qualification. Another certified qualification is “Oracle Certified Consultant”, which is for our business application products.

During the period under review, the Company began offering “ORACLE MASTER Oracle Database 10g”, the newest qualification service, and also established “ORACLE MASTER Bronze” for beginners in managing the database, to accompany the start of shipments of “Oracle 10g”. At the end of this period, approximately 128,000 people (up 13,600 from the previous period) had obtained “ORACLE MASTER”, the technical certification for our database products, while those who were awarded “Oracle Certified Consultant”, the technical certification for our business application products, reached about 6,800, up 580 from the previous period.

Despite these activities, revenue in the Education Services Division declined ¥694million, or 25.6%, from the previous year, to ¥2,021million. This result was primarily attributable to the corporate sector’s cautious approach to spending on IT education and the revision of “ORACLE MASTER” to correspond to a global program in October 2003.

<u>Consulting Service</u>

Consulting Service Division provides technology and operational consulting on database technology and business application products, customer support services in each installation phase such as installation planning, system design development and system operation, as well as industry solutions for customers in each sector.

During the period under review, the Company moved forward with the restructuring of its consulting business, while paying attention to bolstering profitability, based on its mid-term business plan, “Oracle Japan Innovation 2003”. We centered on installation support services by internal stuffs while decreasing assistance from partner companies, and increased midsize and small projects to avoid relying on big projects. Revenue in the Consulting Service Division dropped ¥3,304million, or 40.2%, from the previous year, to ¥4,912 million, largely due to this business restructuring and the sales support of Software Product Segment to improve our ability to propose solutions, while its profitability improved.

Revenue of the Service Segment reached ¥42,683million yen (down ¥57million or 0.1% from the previous year).

The following table lists the revenue by division.

Segment		May 2004 Amount (Million Yen)	May 2004 Composition (%)	May 2005 Amount (Million Yen)	May 2005 Composition (%)	Variance (%)
	Database Technology	37,282	45.0	37,908	45.6	1.7
	Business Applications	2,835	3.4	2,617	3.1	-7.7
Software Products		40,117	48.4	40,525	48.7	1.0
	Support services	31,807	38.4	35,749	43.0	12.4
	Education services	2,716	3.3	2,021	2.4	-25.6
	Consulting services	8,216	9.9	4,912	5.9	-40.2
Service Business		42,740	51.6	42,683	51.3	-0.1
Total		82,858	100.0	83,209	100.0	0.4

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

<Reference>

In accordance with the disclosure of Oracle Corporation, the following table presents our revenue classified into two categories: software related and service related, after support service revenue is classified as updates & product support and advanced support.

Item		May 2004 Amount (Million Yen)	May 2004 Composition (%)	May 2005 Amount (Million Yen)	May 2005 Composition (%)	Variance (%)
	Database Technology	37,282	45.0	37,908	45.6	1.7
	Business Applications	2,835	3.4	2,617	3.1	-7.7
	Updates & Product Support	31,100	37.5	35,019	42.1	12.6
Software related sub total		71,218	86.0	75,544	90.8	6.1
	Advanced Support	706	0.9	730	0.9	3.3
	Education services	2,716	3.3	2,021	2.4	-25.6
	Consulting services	8,216	9.9	4,912	5.9	-40.2
Service related sub total		11,639	14.0	7,664	9.2	-34.2
Total		82,858	100.0	83,209	100.0	0.4

*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 continue its recovery, thanks to robust corporate earnings. It will, however, be necessary to closely monitor trends in inventory adjustment concerning information-related products and the oil prices.

During the May 2006 term, the Company will seek to increase revenue in every division, given the expansion in software-related revenue (revenue of software products and related support services) and the improvement in profitability supported by business restructuring during the period under review. We will also take measures to bolster software-related revenue, for example by continuing to expand client coverage and improving partner business, in addition to aggressive efforts to strengthen sales capability by specialist organizations. As part of these initiatives, in June 2005 the Company established two new product business groups, namely the System Technology Business Group and the Industries & Applications Business Group, which cover a broad sector from strategy planning to product shipment. Both groups will have comprehensive responsibility for strategy planning, product shipment, sales support and sales activities. Operations will be conducted with an eye to profitability.

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

The estimated annual dividend per share is expected to increase by 3 yen from the previous year, to 143 yen (consisting of a 60 yen interim dividend and a 83 yen term-end 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 total assets of our Company at the end of the term stood at 107,049 million yen (down 4,934 million yen from the end of the previous term).

Net assets totaled 77,468 million yen, down 2,197 million yen from the end of the previous term.

The cash flow situations for the term are as follows:

(Cash flow from operating activities)

Pretax income for the term totaled 28,806 million yen, up 1,090 million yen from the previous term. Payment of income taxes increased 2,654 million yen from the previous term, to 12,054 million yen due to the increase in profit of the previous term. As a result, Cash generated by operating activities was 16,006 million yen (down 3,781 million yen from the previous term).

(Cash flow from investing activities)

Cash spent on investing activities stood at 2,747 million yen (down 7,155 million yen from the previous term), mainly involving the acquisition of marketable securities.

(Cash flow from financing activities)

Cash spent on financing activities stood at 18,945 million yen (up 1,959 million yen from the previous term), mainly on the payment of dividends while the acquisition of treasury stocks was not implemented in this term.

In total, cash and equivalents at term end decreased 5,686 million yen from the end of the previous term, to 21,883 million yen.

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

	May 2004 term	May 2005 term
Capital ratio based on market prices	608.8%	507.7%
Capital ratio	71.1%	72.4%

(Notes) Capital ratio based on market prices:

Market capitalization of the company / Total assets

Capital ratio: Net assets/ 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 May 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 fiscal period reaches 45.6 percent, 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 fiscal 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 May 31, 2005, the total number of our shares covered by equity warrants reaches 1,845,150, equivalent to 1.4 percent 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.Financial Statements

(1) Balance Sheet

(Unit: million yen)

Term / Item		Previous term end (as of May 31, 2004) Amount	Ratio	Current term end (as of May 31, 2005) Amount	Ratio	Changes Amount
(Assets)			%		%	
I Current assets						
1. Cash and deposits		27,569		19,383		-8,186
2. Notes receivable		3		5		2
3. Accounts receivable		12,556		14,855		2,299
4. Marketable securities		64,021		64,994		972
5. Merchandise		2		3		0
6. Prepaid expenses		289		319		29
7. Deferred tax assets		1,519		1,608		88
8. Accrued revenue		429		718		288
9. Others		17		84		67
10. Allowance for doubtful accounts		-23		-4		18
Total current assets		106,386	95.0	101,968	95.3	-4,417
II Fixed assets						
1. Property and equipment	*1					
(1) Buildings and accessory equipment		457		465		8
(2) Furniture and fixtures		741		629		-112
Total property and equipment		1,199	1.1	1,095	1.0	-104
2. Intangible fixed assets						
(1) Software		18		16		-1
(2) Others		29		1		-27
Total intangible fixed assets		47	0.0	17	0.0	-29
3. Investments and other assets						
(1) Investments in securities		1,068		793		-275
(2) Shares in affiliated companies		33		33		—
(3) Deferred tax assets		495		436		-58
(4) Guarantee money deposits		2,704		2,672		-31
(5) Bankruptcy and reorganization claim		21		15		-5
(6) Others		59		40		-18
(7) Allowance for doubtful accounts		-31		-24		7
Total investments and other assets		4,351	3.9	3,968	3.7	-382
Total fixed assets		5,598	5.0	5,081	4.7	-516
Total assets		111,984	100.0	107,049	100.0	-4,934
(Liabilities)						
I Current liabilities						
1. Accounts payable		7,207		8,550		1,342
2. Accrued amount payable		6,306		2,696		-3,609
3. Accrued expenses		463		—		-463
4. Accrued income taxes		6,213		6,208		-4
5. Accrued consumption tax		727		647		-79
6. Advances by customers		9,737		10,199		462
7. Deposits payable		885		73		-812
8. Allowance for bonus payable		776		1,203		426
9. Others		—		0		0
Total current liabilities		32,317	28.9	29,580	27.6	-2,736
Total liabilities		32,317	28.9	29,580	27.6	-2,736
(Shareholders' equity)						
I Capital stock	*2	22,131	19.8	22,131	20.7	—
II Capital surplus						
1. Capital reserve		33,569		33,569		—
2. Other capital surplus		2		—		-2
Gain on disposition of treasury stock		2		—		-2
Total capital surplus		33,571	30.0	33,569	31.4	-2
III Retained earnings						
1. Legal reserve of retained earnings		3,212		3,212		—
2. Voluntary reserves		121		94		-27
Reserve for special depreciation		121		94		-27
3. Unappropriate retained earnings at the end of the term		25,913		23,778		-2,134
Total retained earnings		29,247	26.0	27,085	25.3	-2,161
IV Unrealized gain on other securities, net of taxes		332	0.3	176	0.1	-156
V Treasury stock	*3	-5,616	-5.0	-5,493	-5.1	122
Total shareholders' equity		79,666	71.1	77,468	72.4	-2,197
Total liabilities and shareholders' equity		111,984	100.0	107,049	100.0	-4,934

(2)Statement of Income

(Unit: million Yen)

Term / Item		Previous Term (From June 1, 2003 to May 31, 2004)		Current Term (From June 1, 2004 to May 31, 2005)		Change
		Amount	Ratio	Amount	Ratio	Amount
			%		%	
I Revenues		82,858	100.0	83,209	100.0	350
II Cost of sales		35,515	42.9	33,534	40.3	-1,981
Gross Profit		47,343	57.1	49,675	59.7	2,331
III Selling, general and administrative expenses		19,619	23.6	20,966	25.2	1,347
Operating income		27,723	33.5	28,708	34.5	984
IV Non-operating income						
1. Interest income		1		0		-1
2. Interest on securities		9		10		0
3. Refund of travel expenses		23		21		-2
4. Insurance dividend		26		27		0
5. Others		32		66		34
Total Non-Operating Income		94	0.0	126	0.1	32
V Non-Operating Loss						
1. Interest expense	*1	14		0		-14
2. Foreign exchange loss		—		12		12
3. Others		19		24		5
Total Non-Operating Loss		33	0.0	37	0.0	3
Ordinary Income		27,784	33.5	28,797	34.6	1,013
VI Extraordinary Income						
1. Reversal of allowance for doubtful accounts		—		18		18
2. Gain on sale of invested securities		—		24		24
Total Extraordinary Income		—	—	43	0.0	43
VI Extraordinary Loss						
1. Loss on appraisal of invested securities		15		4		-10
2. Loss on sale of invested securities		—		2		2
3. Loss on appraisal of right to use telephone facilities		—		27		27
4. Loss on expenses for office consolidation	*3	49		—		-49
5. Loss on disposition and sale of fixed assets	*2	1		—		-1
6. Others		2		—		-2
Total Extraordinary Loss		68	0.1	34	0.0	-34
Net Income before Tax		27,715	33.4	28,806	34.6	1,090
Income taxes-Current		11,544	13.9	11,739	14.1	195
Income taxes-Deferred		139	0.2	77	0.1	-61
Net Income		16,032	19.3	16,989	20.4	957
Profits carried over from the previous term		14,341		14,425		83
Loss on disposition of treasury stock		—		17		17
Interim Dividends		4,460		7,618		3,157
Current unappropriated retained earnings		25,913		23,778		-2,134

(3) Statement of Cash Flows

(Unit: million yen)

Term / Item	Previous Term (From June 1, 2003 to May 31, 2004) Amount	Current term (From June 1, 2004 to May 31, 2005) Amount	Change Amount
I. Cash flows from operating activities			
Net income before tax	27,715	28,806	1,090
Depreciation	487	446	-41
Increase/decrease of allowance for doubtful accounts (Decrease: -)	2	-25	-28
Increase/decrease of allowance for bonus payable (Decrease: -)	-290	426	717
Interest and dividends income	-13	-13	0
Interest expense	14	0	-14
Loss on appraisal of invested securities	15	4	-10
Gain on sale of invested securities	—	-24	-24
Loss on sale of invested securities	—	2	2
Loss on disposition and sale of fixed assets	1	7	6
Increase/decrease of sales credits (Increase : -)	4,254	-2,302	-6,557
Increase/decrease of inventory assets (Increase: -)	21	0	-21
Increase/decrease of accrued revenue (Increase: -)	-37	-288	-250
Increase/decrease of other current assets (Increase: -)	135	-102	-238
Increase/decrease of accounts payable (Decrease: -)	-1,703	1,342	3,046
Increase/decrease of accrued amount payable (Decrease: -)	-559	363	922
Increase/decrease of accrued expenses (Decrease: -)	-739	-462	276
Increase/decrease of accrued consumption tax (Decrease: -)	-205	-79	126
Increase/decrease of advances by customers (Decrease: -)	631	462	-169
Increase/decrease of other current liabilities (Decrease: -)	-514	-501	12
Others	-43	-37	6
Sub Total	29,174	28,024	-1,149
Interest and dividends received	56	36	-20
Amount paid for interest	-15	-0	15
Income taxes paid	-9,400	-12,054	-2,654
Amount paid for special retirement program	-27	—	27
Net cash flows provided by operating activities	19,787	16,006	-3,781
II. Cash flows from investing activities			
Payment for acquisition of marketable securities	-79,823	-80,506	-683
Proceed from redemption of marketable securities	70,273	78,016	7,743
Payment for acquisition of tangible fixed assets	-829	-314	515
Payment for acquisition of intangible fixed assets	-5	-2	3
Payment for acquisition of invested securities	-127	—	127
Proceed from sale of invested securities	4	29	24
Payment as guarantee money deposits	-16	-4	11
Refunds of guarantee money deposits	615	35	-579
Others	6	—	-6
Net cash flows provided by (used in) investing activities	-9,902	-2,747	7,155
III. Cash flows from financing activities			
Payment for acquisition of treasury stock	-2,957	-14	2,942
Proceed from sale of treasury stock	5	117	111
Payment for dividends	-14,034	-19,048	-5,013
Net cash flows provided by (used in) financing activities	-16,985	-18,945	-1,959
IV. Net Increase/Decrease in cash and cash equivalents (Decrease: -)	-7,100	-5,686	1,414
V. Cash and cash equivalents at the beginning of term	34,669	27,569	-7,100
VI. Cash and cash equivalents at the end of term	27,569	21,883	-5,686

(4) Proposed Appropriation of Retained Earnings

(Unit: million yen)

Item	Previous Term (From June 1, 2003 to May 31, 2004) Amount		Current term (From June 1, 2004 to May 31, 2005) Amount		Change Amount
I Unappropriated retained earnings at year-end		25,913		23,778	-2,134
II Disposition of voluntary reserve					
Release from reserve for special depreciation	27	27	29	29	2
Total		25,940		23,808	-2,131
III These profits are allocated as follows:					
1 Dividends	11,426		10,158		
2 Bonuses paid to directors	88		37		
3 Bonuses paid to auditors	1	11,515	1	10,196	-1,318
IV Earned surplus carried forward		14,425		13,611	-813

[Significant Accounting Policies]

Term / Item	Previous term (From June 1, 2003 to May 31, 2004)	Current term (From June 1, 2004 to May 31, 2005)
1. Valuation standard and method applied to negotiable securities	(1) Subsidiaries' shares: At cost method based on moving average method (2) Debt securities held-to maturity: Amortized cost method (3) 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 of credited to the shareholder's 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.	(1) Subsidiaries' shares: Same as the left (2) Debt securities held-to maturity: Same as the left (3) Other securities Securities with fair market value: Same as the left Securities without fair market value: Same as the left
2. Valuation standard and method applied to inventory assets	Merchandise: At cost method based on periodic average method by month	Merchandise: Same as the left
3. Depreciation method applied to 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 Personal computers: 2 years Computer servers: 3 years 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 Personal computers: 2 years Computer servers: 3 years Others: 5 to 8 years (2) Intangible fixed assets: Same as the left

Term / Item	Previous term (From June 1, 2003 to May 31, 2004)	Current term (From June 1, 2004 to May 31, 2005)
4. 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) 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.	(1) Allowance for doubtful accounts Same as the left (2) Reserve for bonus payable Same as the left
5. Revenue recognition policy	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
6. Scope of the fund in the statement of cash flows	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.	Same as the left
7. Other important remarks	Accounting of consumption tax Based on pre-tax method	Accounting of consumption tax Same as the left

[Changes in the accounting method]

Previous term (From June 1, 2003 to May 31, 2004)	Current term (From June 1, 2004 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 term. The application of the accounting standard does not affect the income.

[Changes in notation]

Previous term (From June 1, 2003 to May 31, 2004)	Current term (From June 1, 2004 to May 31, 2005)
(Related to the statement of income) Additions to tax "Additions to tax" in the amount of ¥1,000,000 is included in the item "Others", since the amount of the "Additions to tax" of the current term decreased to below ten-hundredth of the total amount of the non-operating loss of the current term. "Additions to tax" was recorded as a separate item in the previous term.	――――――――――――
――――――――――――	(Related to the balance sheet) Accrued expenses "Accrued expenses" is included in the item "Others" of the current liabilities of the current term, since the amount of the "Accrued expenses" of the current term decreased to negligible amount. "Accrued expenses" was recorded as a separate item in the previous term.

[Additional Information]

Previous term (From June 1, 2003 to May 31, 2004)	Current term (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 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 balance sheet)

Item \ Term	Previous term end (as of May 31, 2004)	Current term end (as of May 31, 2005)
*1. Accumulated depreciation for tangible fixed assets	4,368 million yen	4,369 million yen
*2. Number of authorized shares and total number of issued shares	Number of authorized shares 512,770,000 shares Total number of issued share 128,194,662 shares If the Company redeems any treasury stock, the corresponding number of the redeemed shares shall reduce the number of authorized shares accordingly.	Number of authorized shares 512,770,000 shares Total number of issued share 128,194,662 shares Same as the left
*3. Treasury stock	Treasury stock, which the Company holds, is 1,239,045 common stocks	Treasury stock, which the Company holds, is 1,211,536 common stocks.
4. Dividend payment restriction	Following a valuation based on the market value stipulated in the Article 124, Paragraph 3 of the enforcement regulations for the Commercial Code, increase in net assets is 332 million yen.	Following a valuation based on the market value stipulated in the Article 124, Paragraph 3 of the enforcement regulations for the Commercial Code, increase in net assets is 176 million yen.

(Related to the statement of income) (Unit: million Yen)

Item \ Term	Previous term (from June 1, 2003 to May 31, 2004)		Current term (from June 1, 2004 to May 31, 2005)
*1. Amount of transactions with affiliated companies	Interest paid	5	――――
*2. Breakdown of loss on disposition of fixed assets	Loss on disposition of building and equipments	0	――――
	Loss on disposition of furniture and fixtures	0	
	Total	1	
*3.	“ Loss on expenses for office consolidation ” is expenses for restoration construction according to the office consolidation.		――――

(Related to the statement of cash flows) (Unit: million Yen)

Item \ Term	Previous term (from June 1, 2003 to May 31, 2004)		Current term (from June 1, 2004 to May 31, 2005)	
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, 2004)		(As of May 31, 2005)	
	Balance of cash and deposits	27,569	Balance of cash and deposits	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	27,569	Cash and cash equivalents	21,883

1. Lease transactions (Unit: million Yen)

Item \ Term	Previous term (from June 1, 2003 to May 31, 2004)		Current term (from June 1, 2004 to May 31, 2005)	
Operating lease transactions	Ongoing lease charges		Ongoing lease charges	
	Within a year	3	Within a year	5
	Over a year	4	Over a year	6
	Total	7	Total	12

2. Securities

Previous term（As of May 31, 2004）

1.Shares in subsidiaries with fair market value

Not applicable

2.Debt securities 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	1,426	1,426	0
	(3) Others	—	—	—
	Subtotal	1,426	1,426	0
Those whose fair market value not exceed the amount recorded on the balance sheet	(1) Government and local government bond	—	—	—
	(2) Corporate bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		1,426	1,426	0

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	143	704	560
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	143	704	560
Those whose amounts recorded on the balance sheet not exceed the acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		143	704	560

4. Other securities disposed of during the term (from June 1, 2003 to May 31, 2004) (Unit: million yen)

Disposed amount	Total profit from disposition	Total loss from disposition
4	—	—

5. Content of main marketable securities without fair market value (Unit: million yen)

	Amount recorded on the balance sheet
1.Debt securities held-to-maturity	
Commercial paper	58,595
Certificate of Deposit	3,999
2.Other marketable securities	
Unlisted stocks (excluding OTC stocks)	364

6. Expected redemptions of debt securities held-to-maturity (Unit: million yen)

	Within 1 year	1 to 5 years	5 to 10 years	10 years and over
Bonds				
(1) Government and local government bond	-	-	-	-
(2) Corporate bonds	1,416	-	-	-
(3) Others	62,600	-	-	-
Total	64,016	-	-	-

Current term（As of May 31, 2005）

1. Shares in subsidiaries with fair market value

Not applicable

2. Debt securities 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	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		—	—	—

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	446	296
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	149	446	296
Those whose amounts recorded on the balance sheet not exceed the acquisition cost	(1) Stocks	—	—	—
	(2) Bonds	—	—	—
	(3) Others	—	—	—
	Subtotal	—	—	—
Total		149	446	296

4. Other securities disposed of during the term (from June 1, 2004 to May 31, 2005) (Unit: million yen)

Disposed amount	Total profit from disposition	Total loss from disposition
29	24	-2

5. Content of main marketable securities without fair market value (Unit: million yen)

	Amount recorded on the balance sheet
1. Bonds to be held by maturity date	
Commercial paper	60,994
Certificate of Deposit	3,999
2.Other marketable securities	
Unlisted stocks (excluding OTC stocks)	346

6. Expected redemptions of debt securities held-to-maturity (Unit: million yen)

	Within 1 year	1 to 5 years	5 to 10 years	10 years and over
Bonds				
(1) Government and local government bond	-	-	-	-
(2) Corporate bonds	-	-	-	-
(3) Others	65,000	-	-	-
Total	65,000	-	-	-

3. Derivative transactions

Previous term (from June 1, 2003 to May 31, 2004)	Current term (from June 1, 2004 to May 31, 2005)
Not applicable, since we do not engage in the trading of derivatives.	Same as the left

4.Retirement pensions

Previous term (as of May 31, 2004)

1. Summary of adopted retirement pensions scheme
   Company adopt defined contribution-type pension plan from January 2002.

2. Items relating to employee retirement benefit expenses
   The amount of assets transferred to the defined contribution pension is 273 million yen.

Current term (as of May 31, 2005)

1. Summary of adopted retirement pensions scheme
   Company adopt defined contribution-type pension plan from January 2002.

2. Items relating to employee retirement benefit expenses
   The amount of assets transferred to the defined contribution pension is 290 million yen.

5.Tax effect accounting

1. Breakdown of deferred tax assets/liabilities by main causes

(Unit: million yen)

Previous term (as of May 31, 2004)		Current term (as of May 31, 2005)	
(Current)		(Current)	
Deferred tax assets		Deferred tax assets	
Account receivables	189		
Accrued amount payable	290	Accrued amount payable	162
Accrued business tax	551	Accrued business tax	434
Advances by customers	131	Advances by customers	461
Allowance for bonus payable	316	Allowance for bonus payable	489
Others	40	Others	60
Total deferred tax assets	1,519	Total deferred tax assets	1,608
(Fixed)		(Fixed)	
Deferred tax assets		Deferred tax assets	
Excess of depreciation	442	Excess of depreciation	361
Loss on valuation of invested securities	201	Loss on valuation of invested securities	121
Others	143	Others	118
Total deferred tax assets	788	Total deferred tax assets	601
Deferred tax liabilities		Deferred tax liabilities	
Reserve for special depreciation	-64	Reserve for special depreciation	-44
Unrealized gain on other securities	-228	Unrealized gain on other securities	-120
Total deferred tax liabilities	-292	Total deferred tax liabilities	-165
Net deferred tax assets	495	Net deferred tax assets	436

2. Breakdown by main items of the difference between the statutory tax rate and the effective income tax rate after application of tax effect accounting.

A breakdown by main items of the difference has been excluded as the difference is less than 5/100 of the statutory tax rate.

6. Loss / Gain on equity method

Previous term (from June 1, 2003 to May 31, 2004)	Current term (from June 1, 2004 to May 31, 2005)
Not applicable	Not applicable

7. Transactions with related bodies

Previous term（from June 1, 2003 to May 31, 2004）

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.	-	Holding and management of intellectual property rights	None	1 director	Conclusion of sales agency agreements	Payment of royalties	24,828	Accounts payable	6,832

(Notes) Transaction conditions and policies for determining them

1. 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.
2. The above transaction amount does not include consumption taxes.

Current term（from June 1, 20043 to May 31 2005）

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.	-	Holding and management of intellectual property rights	None	None	Conclusion of sales agency agreements	Payment of royalties	26,348	Account payable	8,165

(Notes) Transaction conditions and policies for determining them

1. 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.
2. The above transaction amount does not include consumption taxes.

5. Change of directors and auditors

To be determined