



Flash Report for the 1st Half of Fiscal Year Ending May 31, 2007 (Non-consolidated)

Dec.21, 2006

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
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Date of the board meeting for this release: December 21, 2006 Date of the interim dividend payment: February 9, 2007

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: 75.2%

1. Business results for this interim (from June 1, 2006 to November 30, 2006)

(1) Operating Results

	Revenues		Operating Income		Ordinary Income	
	Million Yen	%	Million Yen	%	Million Yen	%
Nov. 2006	45,785	10.7	15,639	15.2	15,809	15.9
Nov. 2005	41,375	8.9	13,579	15.0	13,644	15.2
May 2006	91,564		32,126		32,206	

	Net Income		EPS	EPS after adjustment for potential shares
	Million Yen	%	Yen Sen	Yen Sen
Nov. 2006	9,822	22.1	77.33	77.28
Nov. 2005	8,045	14.9	63.35	63.32
May. 2006	18,988		149.51	149.40

Note

- (i) Investment profit(loss) on equity method Nov. 2006 Not Applicable Nov. 2005 Not Applicable May. 2006 Not Applicable
 (ii) Average number of shares during the term Nov. 2006 127,021,468 Nov. 2005 126,990,489 May. 2006 126,998,551
 (iii) Change in accounting method: No
 (iv) Percentage of revenues, operating income, ordinary income and net income indicate changes from the previous term.

(2) Financial Position

	Total Assets	Shareholders' Equity	Ratio of shareholders' equity	Shareholders' equity per share
	Million Yen	Million Yen	%	Yen Sen
Nov. 2006	105,469	77,160	73.2	607.41
Nov. 2005	105,979	75,394	71.1	593.67
May. 2006	110,917	78,714	71.0	619.72

Note

- (i) Number of shares at term end Nov. 2006 127,032,721 Nov. 2005 126,996,737 May. 2006 127,016,071
 (ii) Treasury stock at term end Nov. 2006 850 Nov. 2005 1,197,925 May. 2006 300

(3) 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
Nov. 2006	8,753	-795	-11,366	14,956
Nov. 2005	11,974	1,412	-10,109	25,160
May. 2006	22,216	-8,067	-17,666	18,364

2. Forecast for the May 2007 term (from June 1, 2006 to May 31, 2007)

	Revenues	Ordinary Income	Net Income
	Million Yen	Million Yen	Million Yen
Entire Term	101,000	35,550	20,950

(Reference) Estimated EPS for the term Yen 164.94

3. Dividends

Dividends by cash	Dividend per share (Yen)		
	Interim	Term end	Annual
May. 2006	60.00	90.00	150.00
May. 2007(Actual)	64.00	—	164.00
May. 2007(Forecast)	—	100.00	

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 7-8 page of attached document for using the forecast.

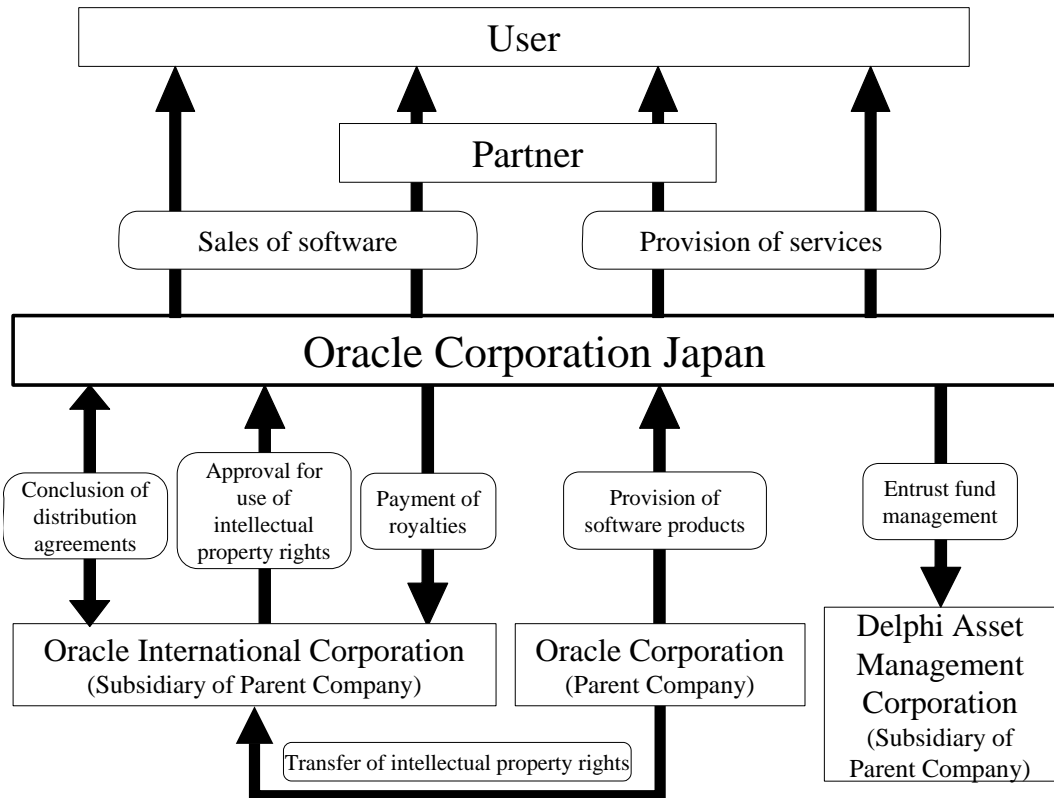
1. Current Status of the Company Group

Our Company’s parent company is essentially Oracle Corporation of the United States 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, 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 our 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. 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 (as of November 30, 2006, 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.

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 “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 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 and other stakeholders.

b) Basic policies on income distribution

We recognize 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. And we will examine about the flexible profit distribution that conformed to corporate law in future.

c) Perspectives and policies concerning reducing minimum investment unit

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

d) Targeted business indices

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

e) Mid- to long-term business strategies

We have upheld the Company's slogan of becoming a highly trusted IT company. The

foundation of our management strategy is to provide customers and business partners with innovative technologies and to become a highly profitable company for our shareholders and other stakeholders. To this end, we recognize that it is critically important for us to achieve constant growth by appropriately responding to customer needs and consistently providing high quality products and services that will enable our customers to expand their businesses. Our business policies are as follows.

① Operation policy of license (Software Product) business

We build three business entities, which are database, middleware and application, in a license business. We maintain growth in the database area sequentially. In the middleware and application areas, we continue high growth by the ratio and aim to be the next pillars of profit of the Database.

② Operation policy of service (including Update & Product Support) business

About three service businesses, customer service (support), education and consulting, we aim at expansion of our business scale by more organized cooperation with license business while raising a margin rate of each business.

f) Issues to address

At the end of November 2006, Oracle Japan Holding, Inc. owns 74.8% of the company's issued shares, makes the portion owned by top-ranking shareholders prominent in terms of share distribution. It did not conflict with the Tokyo Stock Exchange's delisting standard (75%) as of May 31, 2006 due to review of the ownership percentage of "special few" shareholders. If the top-ranking shareholders' portion rises further, we may see the ownership percentage of "special few" shareholders running in conflict with this standard.

g) Matters related to parent company and others

(1) Name of the parent company

As of November 30, 2006

Parent company	Attribute	Parent company's shareholding of the Company's voting shares (%)	Listed stock exchange
Oracle Corporation *1	Parent company	75.2 (75.2)	NASDAQ (U.S.)
Siebel Systems, Inc. *2	Parent company	75.2 (75.2)	
Oracle Global Holdings, Inc. *3	Parent company	75.2 (75.2)	
Oracle Japan Holding, Inc. *4	Parent company	75.2	

(Note)

*1. This is our substantial parent company.

*2. This is a subsidiary of Oracle Corporation.

*3. This is a subsidiary of Siebel Systems, Inc.

*4. This is a subsidiary of Oracle Global Holdings, Inc. and our direct parent company.

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

*6. Parent company's shareholding of the Company's voting shares is not equal to the ratio of shareholding.

(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 and our Company is part of the group that is headed by Oracle Corporation.

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 our Company and authorizes license use.

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

(3) Matters related to transactions with parent company

Not applicable.

h) Other important matters for business

Not applicable.

3. Business results and financial condition

a. Business results

(1) Conditions in the current interim accounting period

The Japanese economy in the current interim accounting period is continuing its recovery, as seen in the improvement in corporate profits and accompanying increases in capital investment, and in the increase in production due to this investment.

To achieve further growth in this business environment, our company has been continuing to develop specialized organization structures for strengthened business operations and has planned expanded partnerships with other companies to better cover the needs of our customers.

In June of 2006, we concluded an agreement with Oracle Information Systems, Inc for mutual distribution of our respective products, and began deployment of a strong group of application products covering a wide range of business operations, from back office solutions to front end solutions. In November of 2006, jointly with our partner companies for grid strategies we opened our Oracle GRID Center, established to construct and evaluate next-generation business solutions which realize the most appropriate system platforms for companies. Also in that month, for those at the management level of our customer companies and partner companies, we held our Oracle Summit 2006 in Tokyo and in Osaka, conferences where we introduced our group of products and solutions utilizing the latest Oracle technology, which realize linkups between business and IT, and also the strengthening of IT governance through effective risk management.

As a result, the Company achieved record-high sales at 45,785 million yen (up 4,409 million yen, or 10.7%, from the previous term), ordinary income at 15,809 million yen (up 2,165 million yen, or 15.9%, from the previous term), and net income at 9,822 million yen (up 1,777 million yen, or 22.1%, from the previous term) as the gain of 920 million yen from the prior-term adjustment was posted as the extraordinary income.

The state of operations at our respective divisions is as follows.

① Software Related

(i) Database Technology

At present, the movement among companies toward construction of enterprise architectures (see note) is widening, and cases where for such platforms our company's database technology products are chosen are increasing. In this division, these database products continue to be a profit base from which we are stably developing our business, but in addition they constitute a base for growth. Together with Fusion Middleware products, option products and operation management tools for large-scale systems, sales of products are increasing. In particular, in response to the heightened demand for in-company control to comply with corporate law and financial product trading law ('the Japanese version of the Sarbanes-Oxley Act'), we set up a specialized organization to aggressively promote our Fusion Middleware products. This promotion had the desired effect, and we achieved high growth here.

As a result, revenue reached 17,873 million yen (up 343 million yen, or 2.0% from the previous term).

(note) “Enterprise architecture” is a design concept in which standards for constructing information systems which are uniform throughout a company are adopted.

(ii) Business Applications

This division is quickly taking advantage of the synergistic effects accompanying the implementation of an agreement for mutual distribution of our respective products with Oracle Information Systems, Inc. Sales of our business application products, the mainstay of this division, have grown greatly, and in addition, sales of the products of Oracle Information Systems, Inc by us have started up favorably.

As a result, revenue significantly grew to 2,241 million yen (up 1,394 million yen, or 164.6% from the previous term).

(iii) Updates and Product Support

With the increase in sales of our software products, the demands upon this division to maintain stable operation of such software continue to be great. There continue to be high rates of new support agreements, and high renewal rates.

As a result, revenue steadily increased and reached 20,652 million yen (up 1,899 million yen, or 10.1% from the previous term).

Consequently, revenue in the Software Related that is Software Products (including Database Technology Division and Business Applications Division) with Updates & Product Support Division reached 40,767 million yen (up 3,636 million yen, or 9.8% from the previous term).

② Services

(i) Advanced Support

In this division, our “Oracle on Demand” service which we began in the period ended in May 2004 has grown steadily. Also, demand is rising for our “Advanced Customer Services” which provides a higher level of support which is necessary for customers operating mission critical systems.

As a result, revenue rapidly increased and reached 676 million yen (up 180 million yen, or 36.6% from the previous term).

(ii) Education Services

This division’s provision of training services for partner companies and customer companies continues to expand, thanks to strong sales of our software products and continuing large demand for training programs to nurture engineers who can handle new products and solutions.

As a result, revenue reached 1,044 million yen (up 69 million yen, or 7.1% from the previous term).

(iii) Consulting Services

The provision by this division of services to introduce new products into the key component systems of customers in the area of technology consulting, and technical support services for stable operation of systems, continue to grow rapidly. In the area of application consulting, large-scale operations reform projects are expanding. In addition to our long standing product introduction service for large companies, our product introduction service for middle-sized companies is growing steadily.

As a result, revenue reached 3,296 million yen (up 522 million yen, or 18.8% from the previous term).

As a result, sales in the Service reached 5,017 million yen (up 772 million yen, or 18.2% from the previous term).

The following table lists the revenue by segment.

Item	FY2006 1st Half		FY2007 1st Half			May 2006	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database Technology	17,530	42.4	17,873	39.0	2.0	41,060	44.8
Business Applications	846	2.0	2,241	4.9	164.6	3,294	3.6
Software Product	18,377	44.4	20,115	43.9	9.5	44,355	48.4
Updates & Product Support	18,753	45.3	20,652	45.1	10.1	38,366	41.9
Software related sub total	37,131	89.7	40,767	89.0	9.8	82,721	90.3
Advanced Support	495	1.2	676	1.5	36.6	1,178	1.3
Education services	975	2.4	1,044	2.3	7.1	1,976	2.2
Consulting services	2,773	6.7	3,296	7.2	18.8	5,687	6.2
Service sub total	4,244	10.3	5,017	11.0	18.2	8,842	9.7
Total	41,375	100.0	45,785	100.0	10.7	91,564	100.0

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

(2) Prospects for the full business year

It is predicted that the Japanese economy will continue to enjoy improvement of corporate profits, so that the tendency for increases in capital investment will continue. Further, strong overall corporate profits will affect household spending favorably, and domestic individual demand is expected to continue to support economic recovery into the future.

In this environment, in our Database Technology division our database products including option products are a source of stable profits and also a growth item. Our Fusion Middleware products currently attracting attention are expected to continue high growth. Our Business Applications division will pursue business aiming at continued high growth, by for instance further expanding joint operations with Oracle Information Systems, Inc. Further, since we believe that sales of our software products will be steady, we predict that our Update & Product Support division will

continue to grow. As a result, we anticipate that our software-related products will enjoy good sales in the future. In our services division, revamping of our organization and expansion of staff to meet the great demand here is proceeding, so that its present growth rate is likely to be maintained in the future.

Though the gain of 920 million yen from the prior-term adjustment was posted as the extraordinary income in this interim period, the allowance for expenses related to the moving to new building scheduled in the fiscal year 2009 is expected during the second half of this fiscal year.

Based on the above, we have the following estimates for our business outcomes in the May 2007 term, not changed from the estimates we announced on July 6, 2006. : revenue of 101,000 million yen (up 9,435 million yen, or 10.3% from the previous term); ordinary income of 35,550 million yen (up 3,343 million yen, or 10.4%); net income for the term of 20,950 million yen (up 1,961 million yen, or 10.3%); and net income for the term per share of 164.94 yen.

The estimated term-end dividend per share is expected to increase by 10 yen from the previous term, to 100 yen and the annual dividend per share is expected to 164 yen (including 64 yen of interim dividend) based on our policy on profit sharing, assuming that the above operating results are achieved.

Cautious Statements for the forecast

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

b. Financial situation

The cash flow situations for the current interim period are as follows:

(1) Cash flow from operating activities

Pretax income for the current interim period was 16,716 million yen, up 3,071 million yen from the previous term. Sales credits decreased by 3,211 million yen and Accounts payable decreased by 3,310 million yen. Income taxes payment was 7,712 million yen. As the results, cash generated by operating activities was 8,753 million yen (down 3,221 million yen from the previous term).

(2) Cash flow from investment activities

Cash spent on investment activities was 795 million yen (inflow of 1,412 million yen in the previous term), mainly by the acquisition of securities and fixed assets.

(3) Cash flow from financial activities

Cash spent on financial activities stood at 11,366 million yen (up 1,257 million yen from the previous term), mainly on the payment of dividends.

In total, cash and equivalents decreased by 3,408 million yen from the end of the previous term, to 14,956 million yen.

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

	May 2005 the end of the interim period	May 2006 the end of the interim period	May 2007 the end of the interim period	May 2006 the end of the term
Capital ratio based on market prices	612.3%	569.2%	656.4%	571.4%
Capital ratio	70.2%	71.1%	73.2%	71.0%

(Notes) Capital ratio based on market prices:

Market capitalization of the company / 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 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, which is charged with the ownership and management of Oracle Corporation's intellectual property. As a 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 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.

④ System failure due to natural disasters

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

(2) Dependence on certain limited sales items

Our sales are characterized by a high percentage of database technology-related product groups, most notably the relational database management system “Oracle 10g”. The contribution of this product group to the overall sales of the current interim period reaches 39.0%, meaning that the product group’s sales trends are likely to affect our business performance and financial conditions.

(3) Dependence on indirect sales

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

(4) Project management

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

(5) Oracle 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.

(6) 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.

(7) Securities 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.

(8) 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.

(9) 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. As of November 30, 2006, the total number of our shares covered by equity warrants reaches 1,850,000 equivalent to 1.5% of our total issued share. If all these stock options are exercised, they may dilute the value per share.

(10) 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 establish regulations on the clarification of responsibilities and authorities of directors and employees, thereby establishing the environment in which the company's businesses can be efficiently executed within their responsibilities and authorities and 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.

(11) 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.

(12) 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.

(13) 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.

(14) Delisting standard

At the end of November 2006, Oracle Japan Holding, Inc. owns 74.8% of the company's issued shares, makes the portion owned by top-ranking shareholders prominent in terms of share distribution. It did not conflict with the Tokyo Stock Exchange's delisting standard (75%) as of May 31, 2006 due to review of the ownership percentage of "special few" shareholders. If the top-ranking shareholders' portion rises further, we may see the ownership percentage of "special few" shareholders running in conflict with this standard.

4. Interim Financial Documents

(1) Interim Balance Sheet

(Unit : Million yen)

Terms Items	Previous interim end (as of Nov. 30, 2005)		Current interim end (as of Nov. 30, 2006)		Previous fiscal year end (as of May 31, 2006)		Changes Amount
	Amount	Ration	Amount	Ration	Amount	Ration	
(Assets)							
I Current assets							
1. Cash and deposits	21,036		14,956		15,864		-908
2. Notes receivable	—		2		4		-2
3. Accounts receivable	10,849		11,658		14,867		-3,209
4. Securities	64,990		63,104		65,001		-1,896
5. Inventory assets	5		3		6		-2
6. Deferred tax assets	1,526		1,572		1,662		-90
7. Others	2,514		1,552		942		610
8. Allowance for doubtful accounts	-0		-0		-0		—
Total current assets	100,922	95.2	92,850	88.0	98,349	88.7	-5,499
II Fixed assets							
1. Property and equipment							
(1) Buildings and accessory equipment	441		417		414		3
(2) Furniture and fixtures	654		647		596		50
(3) Construction in progress	—		7,833		7,816		16
Total property and equipment	1,096	1.0	8,899	8.5	8,828	8.0	71
2. Intangible fixed assets	17	0.0	11	0.0	13	0.0	-1
3. Investments and other assets							
(1) Investments in securities	835		617		631		-14
(2) Shares in affiliated companies	33		29		29		—
(3) Deferred tax assets	377		370		385		-14
(4) Guarantee money deposits	2,655		2,657		2,652		5
(5) Others	50		43		37		6
(6) Allowance for doubtful accounts	-9		-9		-9		-0
Total investments and other assets	3,943	3.8	3,708	3.5	3,726	3.3	-17
Total fixed assets	5,057	4.8	12,619	12.0	12,567	11.3	52
Total assets	105,979	100.0	105,469	100.0	110,917	100.0	-5,447
(Liabilities)							
I Current liabilities							
1. Accounts payable	7,381		3,407		6,717		-3,310
2. Accrued amount payable	3,765		3,004		2,776		228
3. Accrued income taxes	5,594		6,567		7,450		-883
4. Accrued consumption tax	499		780		695		85
5. Advances by customers	11,855		12,799		12,502		296
6. Allowance for bonus payable	934		1,080		1,449		-368
7. Allowance for directors bonus payable	42		47		99		-51
8. Others	512		621		511		109
Total current liabilities	30,585	28.9	28,309	26.8	32,203	29.0	-3,893
Total liabilities	30,585	28.9	28,309	26.8	32,203	29.0	-3,893
(Shareholders' equity)							
I Capital stock	22,131	20.9	—	—	—	—	—
II Capital surplus							
Capital reserve	33,569		—	—	—	—	—
Total capital surplus	33,569	31.7	—	—	—	—	—
III Earned surplus							
1. Legal reserve of retained	3,212		—	—	—	—	—
2. Voluntary reserves	64		—	—	—	—	—
3. Unappropriate retained earnings at the end of the interim	21,647		—	—	—	—	—
Total earned surplus	24,924	23.5	—	—	—	—	—
IV Unrealized gain on other securities, net of taxes	201	0.2	—	—	—	—	—
V Treasury stock	-5,432	-5.2	—	—	—	—	—
Total shareholders' equity	75,394	71.1	—	—	—	—	—
Total liabilities and shareholders' equity	105,979	100.0	—	—	—	—	—
(Net assets)							
I Shareholders' equity							
1. Capital stock	—	—	22,177	21.0	22,144	20.0	33
2. Capital surplus							
Capital reserve	—		33,615		33,582		33
Other capital surplus	—		0		—		0
Total capital surplus	—	—	33,615	31.9	33,582	30.3	33
3. Earned surplus							
(1) Legal reserve of retained	—		3,212		3,212		—
(2) Other earned surplus							
Reserve for special depreciation	—		21		34		-13
Carried forward earned surplus	—		18,018		19,614		-1,595
Total earned surplus	—	—	21,252	20.2	22,861	20.6	-1,608
4. Treasury stock	—	—	-4	-0.0	-1	-0.0	-2
Total shareholders' equity	—	—	77,041	73.1	78,586	70.9	-1,545
II Difference of appreciation and conversion							
Unrealized gain on other securities, net of taxes	—	—	118	0.1	127	0.1	-8
Total difference of appreciation and conversion	—	—	118	0.1	127	0.1	-8
Total net assets	—	—	77,160	73.2	78,714	71.0	-1,553
Total liabilities and net assets	—	—	105,469	100.0	110,917	100.0	-5,447

(2) Interim Statement of Income

(Unit : Million yen)

Terms Items	Previous interim (From June 1, 2005 to November 30, 2005)		Current interim (From June 1, 2006 to November 30, 2006)		Changes Amount	Previous fiscal year (From June 1, 2005 to May 31, 2006)	
	Amount	Ratio	Amount	Ratio		Amount	Ratio
		%		%			%
I Revenues	41,375	100.0	45,785	100.0	4,409	91,564	100.0
II Cost of sales	16,663	40.3	18,339	40.1	1,676	37,010	40.4
Gross Profit	24,712	59.7	27,445	59.9	2,732	54,553	59.6
III Selling, general and administrative expenses	11,133	26.9	11,805	25.7	672	22,427	24.5
Operating income	13,579	32.8	15,639	34.2	2,059	32,126	35.1
IV Non-operating income *1	72	0.2	176	0.3	103	96	0.1
V Non-Operating Loss	8	0.0	5	0.0	-2	15	0.0
Ordinary Income	13,644	33.0	15,809	34.5	2,165	32,206	35.2
VI Extraordinary Income *2	0	0.0	920	2.0	919	92	0.1
VII Extraordinary Loss *3	—	—	13	0.0	13	95	0.1
Interim (current) Net Income before Tax	13,645	33.0	16,716	36.5	3,071	32,203	35.2
Income taxes-Current	5,475	13.3	6,774	14.8	1,298	13,184	14.5
Income taxes-Deferred	124	0.3	119	0.2	-4	30	0.0
Interim (current) Net Income	8,045	19.4	9,822	21.5	1,777	18,988	20.7
Profits carried over from the previous term	13,611		—		—	—	
Loss on disposition of treasury stock	9		—		—	—	
Interim Dividends	—		—		—	—	
Interim (current) unappropriated retained earnings	21,647		—		—	—	

(3) Statement of changes in shareholders' equity

Current Interim (From June 1, 2006 to November 30, 2006)

(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		Other earned surplus		Total earned surplus		
					Reserve for special depreciation	Carried forward earned surplus			
Balances as of May 31, 2006	22,144	33,582	-	3,212	34	19,614	22,861	-1	78,586
Changes in the current interim									
Issuing of new shares (Execution of share warrants)	33	33							66
Dividend of surplus						-11,431	-11,431		-11,431
Reversal of reserve for special depreciation					-13	13	-		-
Interim net income						9,822	9,822		9,822
Purchase of treasury stock								-3	-3
Selling of treasury stock			0					0	0
Changes in items except shareholders' equity (Net amount)									
Total changes in the current interim	33	33	0	-	-13	-1,595	-1,608	-2	-1,545
Balances as of November 30, 2006	22,177	33,615	0	3,212	21	18,018	21,252	-4	77,041

	Difference of appreciation and conversion	Total net assets
	Unrealized gain on other securities, net of taxes	
Balances as of May 31, 2006	127	80,008
Changes in the current interim		
Issuing of new shares (Execution of share warrants)		66
Dividend of surplus		-11,431
Reversal of reserve for special depreciation		-
Interim net income		9,822
Purchase of treasury stock		-3
Selling of treasury stock		0
Changes in items except shareholders' equity (Net amount)	-8	-8
Total changes in the current interim	-8	-1,553
Balances as of November 30, 2006	118	77,160

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					
		Capital reserve	Legal reserve of retained	Other earned surplus		Total 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

(4) Statement of Cash Flows

(Unit : Million yen)

Terms Items	Previous Interim (From June 1, 2005 to November 30, 2005)	Current Interim (From June 1, 2006 to November 30, 2006)	Previous Fiscal Year (From June 1, 2005 to May 31, 2006)
	Amount	Amount	Amount
I. Cash flows from operating activities			
Interim (current) net income before tax	13,645	16,716	32,203
Depreciation	208	191	411
Increase/decrease of allowance for doubtful accounts (Decrease: -)	-19	0	-19
Increase/decrease of allowance for bonus payable (Decrease:-)	-269	-368	245
Increase/decrease of allowance for directors bonus payable (Decrease:-)	42	-51	99
Interest and dividends income	-10	-75	-28
Interest expense	0	-	0
Loss on appraisal of invested securities	-	-	78
Gain on sale of invested securities	-0	-	-0
Gain on sale of affiliated companies' shares	-	-	-91
Loss on disposition and sale of fixed assets	3	0	7
Increase/decrease of sales credits (Increase : -)	4,011	3,211	-10
Increase/decrease of inventory assets (Increase:-)	2	2	1
Increase/decrease of accrued revenue (Increase: -)	-1,223	-607	194
Increase/decrease of other current assets (Increase: -)	-168	-27	6
Increase/decrease of accounts payable (Decrease: -)	-1,168	-3,310	-1,832
Increase/decrease of accrued amount payable (Decrease: -)	1,095	188	99
Increase/decrease of accrued consumption tax (Decrease: -)	-148	85	47
Increase/decrease of advances by customers (Decrease: -)	1,655	296	2,302
Increase/decrease of other current liabilities (Decrease: -)	288	155	294
Others	-32	-5	-18
Sub Total	17,909	16,402	33,989
Interest and dividends received	3	63	25
Amount paid for interest	-0	-	-0
Income taxes paid	-5,938	-7,712	-11,798
Net cash flows provided by operating activities	11,974	8,753	22,216
II. Cash flows from investing activities			
Payment for acquisition of securities	-36,368	-49,698	-80,729
Proceed from redemption of securities	38,000	49,132	80,700
Payment for acquisition of tangible fixed assets	-227	-222	-8,146
Payment for acquisition of intangible fixed assets	-9	-	-9
Proceed from sale of invested securities	0	-	0
Proceed from sale of affiliated companies' shares	-	-	96
Payment as guarantee money deposits	-1	-19	-2
Refunds of guarantee money deposits	17	13	22
Net cash flows provided by (used in) investing activities	1,412	-795	-8,067
III. Cash flows from financing activities			
Proceed from issuing of new shares	-	66	26
Payment for acquisition of treasury stock	-5	-3	-18
Proceed from sale of treasury stock	57	0	115
Payment for dividends	-10,161	-11,430	-17,789
Net cash flows provided by (used in) financing activities	-10,109	-11,366	-17,666
IV. Net Increase/Decrease in cash and cash equivalents (Decrease: -)	3,277	-3,408	-3,518
V. Cash and cash equivalents at the beginning of term	21,883	18,364	21,883
VI. Cash and cash equivalents at the end of term	*	25,160	14,956
			18,364

Important Accounting Policies

Term Item	Previous term (From June 1, 2005 to November 30, 2005)	Current term (From June 1, 2006 to November 30, 2006)	May 2006 (From June 1, 2005 to May 31, 2006)
1. Valuation standard and method applied to assets	<p>(1) Securities Subsidiaries' shares: At cost method based on moving average method</p> <p>Debt securities held-to-maturity: Amortized cost method</p> <p>Other securities Securities with fair market value: At fair market value method based on the quoted market price as of the interim closing date. The related valuation differences are directly charged or credited to the shareholders' equity and the cost of securities sold is computed by the moving average method.</p> <p>Securities without fair market value: At cost method based on moving average method.</p> <p>(2) Inventories At cost method based on periodic average method by month.</p>	<p>(1) Securities Subsidiaries' shares: Same as the left</p> <p>Debt securities held-to-maturity: Same as the left</p> <p>Other securities Securities with fair market value: Same as the left</p> <p>Securities without fair market value: Same as the left</p> <p>(2) Inventories Same as the left</p>	<p>(1) Securities Subsidiaries' shares: Same as the left</p> <p>Debt securities held-to-maturity: Same as the left</p> <p>Other securities Securities with fair market value: At fair market value method based on the quoted market price as of the closing date. The related valuation differences are directly charged or credited to the shareholders' equity and the cost of securities sold is computed by the moving average method.</p> <p>Securities without fair market value: Same as the left</p> <p>(2) Inventories Same as the left</p>

Term Item	Previous term (From June 1, 2005 to November 30, 2005)	Current term (From June 1, 2006 to November 30, 2006)	May 2006 (From June 1, 2005 to May 31, 2006)
2. Depreciation method of 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</p> <p>a) Personal computers: 2 years</p> <p>b) Computer servers: 3 years</p> <p>c) Others: 5 to 8 years</p> <p>(2) Intangible fixed assets: At straight-line method based on an in-house estimated available period (5 years) for software for in-house use.</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</p> <p>a) Personal computers: 2 years</p> <p>b) Computer servers: 3 years</p> <p>c) Others: 5 to 8 years</p> <p>(2) Intangible fixed assets: Same as the left</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</p> <p>a) Personal computers: 2 years</p> <p>b) Computer servers: 3 years</p> <p>c) Others: 5 to 8 years</p> <p>(2) Intangible fixed assets Same as the left</p>
3. Accounting standard for allowances	<p>(1) Allowance for doubtful accounts</p> <p>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) Allowance for bonus payable</p> <p>To provide for the payment of bonuses to employees, the estimated liabilities in the current interim period is recorded based on the estimated amount of bonus payment.</p>	<p>(1) Allowance for doubtful accounts</p> <p>Same as the left</p> <p>(2) Allowance for bonus payable</p> <p>Same as the left</p>	<p>(1) Allowance for doubtful accounts</p> <p>Same as the left</p> <p>(2) Allowance for bonus payable</p> <p>To provide for the payment of bonuses to employees, the estimated liabilities in the current term is recorded based on the estimated amount of bonus payment.</p>

Term Item	Previous term (From June 1, 2005 to November 30, 2005)	Current term (From June 1, 2006 to November 30, 2006)	May 2006 (From June 1, 2004 to May 31, 2006)
	(3) Allowance for directors bonus payable To provide for the payment of bonuses to directors, the estimated liabilities in the current interim period is recorded based on the estimated amount of directors bonus payment.	(3) Allowance for directors bonus payable Same as the left	(3) Allowance 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 directors bonus payment.
4. Revenue recognition	As to consulting service revenue and part of software product revenue, the company accounts for them on the percentage of completion basis.	Same as the left	Same as the left
5. Scope of the fund in the interim statement of cash flows (statement of cash flows)	The fund in the interim statement of cash flows, consisting of cash and cash equivalents, consists of cash on hand, deposits that can be withdrawn without notice and short-term investments that are easily convertible, that mature within three months of the date of acquisition and that have a slight risk of a fluctuation in value.	Same as the left	The fund in the statement of cash flows, consisting of cash and cash equivalents, consists of cash on hand, deposits that can be withdrawn without notice and short-term investments that are easily convertible, that mature within three months of the date of acquisition and that have a slight risk of a fluctuation in value.
6. Other important remarks	(1) Accounting of consumption taxes Based on pre-tax method (2) Accounting treatment for income taxes Expected reversal of special depreciation reserve in the end of this fiscal year is reflected for the calculation of the amount of income taxes and differed tax assets in this interim period.	(1) Accounting of consumption taxes Same as the left (2) _____	(1) Accounting of consumption taxes Same as the left (2) _____

Changes in the accounting method

Previous term (From June 1, 2005 to November 30, 2005)	Current term (From June 1, 2006 to November 30, 2006)	May 2006 (From June 1, 2003 to May 31, 2006)
<p>_____</p>	<p>_____</p>	<p>(Accounting Standard for Net Assets of Balance Sheet) “Accounting Standard for Net Assets of Balance Sheet” (The 5th Accounting Standards on December 9, 2005) and "Guidance for the application of Accounting Standard for Net Assets of Balance Sheet" (The 8th Application Principle of the Accounting Standards on December 9, 2005) have been adopted from the current term. Total amount of conventional shareholders’ equity was 78,714 million yen. Due to corporate law regarding financial statements (Ministry of Justice ordinance No13, 2006), Net Assets of Balance Sheet was shown based on the revised regulation.</p>
<p>(Accounting Standard for Directors Bonuses) “Accounting Standard for Directors Bonuses” (The 4th Accounting Standards on November 29, 2005) has been adopted from the current interim period. Though Directors Bonuses had recorded as decrease of unappropriated retained earnings by appropriation of earnings after a resolution of a general shareholders meeting, it is recorded as expense when it is paid since the current term. This application resulted in the decrease of operating income, ordinary income and net income before tax by 42 million yen on the revised regulation.</p>	<p>_____</p>	<p>(Accounting Standard for Directors Bonuses) “Accounting Standard for Directors Bonuses” (The 4th Accounting Standards on November 29, 2005) has been adopted from the current term. Though Directors Bonuses had recorded as decrease of unappropriated retained earnings by appropriation of earnings after a resolution of a general shareholders meeting, it is recorded as expense when it is paid since the current term. This application resulted in the decrease of operating income, ordinary income and net income before tax by 99 million yen on the revised regulation.</p>

Notes

(Related to the interim balance sheet)

(Unit: million yen)

Item \ Term	Previous interim end (as of November 30, 2005)	Current interim end (as of November 30, 2006)	Previous term end (as of May 31, 2006)
*Cumulative total of depreciation of tangible fixed assets	4,387	4,298	4,447

(Related to the interim statement of income)

(Unit: million yen)

Previous interim (From June 1, 2005 to November 30, 2005)	Current interim (From June 1, 2006 to November 30, 2006)	Previous fiscal year (From June 1, 2005 to May 31, 2006)
*1. Principal items in non-operating income	*1. Principal items in non-operating income	*1. Principal items in non-operating income
Foreign exchange gain 27	Interest on securities 66 Insurance dividend 55	Interest on securities 23 Refund of traveling expense 11
*2. _____	*2. Principal items in extraordinary income	*2. Principal items in extraordinary income
	Gain from the prior-term adjustment 920 Adjustment of the amount claimed regarding the prior-term.	Gain on sale of affiliated companies' shares 91
*3. _____	*3. Principal items in extraordinary loss	*3. Principal items in extraordinary loss
	Restructuring expense 13	Loss on appraisal of invested securities 78 Restructuring expense 16
4. Actual depreciation	4. Actual depreciation	4. Actual depreciation
Tangible fixed assets 205	Tangible fixed assets 189	Tangible fixed assets 403
Intangible fixed assets 3	Intangible fixed assets 2	Intangible fixed assets 7

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

Current term (from June 1, 2006 to November 30, 2006)

1. Type and number of outstanding 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 Nov. 30, 2006 (thousand shares)
Outstanding shares Common stock (Note) 1	127,016	17	—	127,033
Treasury stocks Common stock	0	0	0	0

(Note) 1. Increase of 17 thousand outstanding shares was due to exercise of share warrants.

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 29, 2006	Common stock	11,431	90	May 31, 2006	August 30, 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 dividends (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Board of director held on December 21, 2006	Common stock	8,130	Earned surplus	64	November 30, 2006	February 9, 2007

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)
Outstanding 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.

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

(Note) 3. Decrease of 1,185 thousand shares out of treasury stocks decreased in the current term 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 dividends (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

(Related to interim cash flow statement)

(Unit: million yen)

Item \ Term	Previous interim (From June 1, 2005 to November 30, 2005)	Current interim (From June 1, 2006 to November 30, 2006)	Previous fiscal year (From June 1, 2005 to May 31, 2006)
*Relationship between the interim (term-end) balance of cash and cash equivalents and the amount in the title stated on the balance sheet	Cash and deposit account 21,036	Cash and deposit account 14,956	Cash and deposit account 15,864
	Balance of securities 64,990		Balance of securities 65,001
	Debt securities mature over three months from the date of acquisition -60,865		Debt securities mature over three months from the date of acquisition -62,501
	Cash and cash equivalents 25,160	Cash and cash equivalents 14,956	Cash and cash equivalents 18,364

(1) Lease Trading

(Unit: million yen)

Item \ Term	Previous interim (From June 1, 2005 to November 30, 2005)	Current interim (From June 1, 2006 to November 30, 2006)	Previous fiscal year (From June 1, 2005 to May 31, 2006)
Operating lease trading (on the part of lessee)	Accrued lease payments	Accrued lease payments	Accrued lease payments
	Within 1 year 5	Within 1 year 3	Within 1 year 4
	Over 1 year 3	Over 1 year 2	Over 1 year 1
	Total 9	Total 5	Total 6

(2) Securities

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

1. Subsidiaries' shares with fair market value

N/A

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

(Unit: million yen)

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

3. Other securities with fair market value

(Unit: million yen)

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

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

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

As of the end of the interim period (November 30, 2006)

1. Subsidiaries' shares with fair market value

N/A

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

N/A

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

Type	Acquisition cost	Amount stated in the interim balance sheet	Difference
(1) Stocks	149	349	199
(2) Bonds	—	—	—
(3) Others	—	—	—
Total	149	349	199

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

	Amount stated in the interim balance sheet
(1) Debt securities held-to-maturity	
Commercial Paper	18,369
Certificate of Deposit	1,999
(2) Other securities	
Commercial Paper	42,735
Unlisted shares	267

As of the end of the previous term (May 31, 2006)

1. Subsidiaries' shares with fair market value

N/A

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

Type	Amount stated in the balance sheet	Market value	Difference
(1) Government and local government bonds	—	—	—
(2) Corporate bonds	6,632	6,628	-3
(3) Others	—	—	—
Total	6,632	6,628	-3

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

Type	Acquisition cost	Amount stated in the balance sheet	Difference
(1) Stocks	149	364	214
(2) Bonds	—	—	—
(3) Others	—	—	—
Total	149	364	214

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

	Amount stated in the balance sheet
(1) Debt securities held-to-maturity Commercial Paper	53,871
Certificate of Deposit	4,497
(2) Other securities Unlisted shares	267

(3) Derivative trading

Previous term (From June 1, 2005 to November 30, 2005)	Current term (From June 1, 2006 to November 30, 2006)	May 2006 (From June 1, 2005 to May 31, 2006)
Not applicable, since we do not engage in the trading of derivatives.	Same as the left	Same as the left

(4) Profit and loss on equity method

Previous term (From June 1, 2005 to November 30, 2005)	Current term (From June 1, 2006 to November 30, 2006)	May 2006 (From June 1, 2005 to May 31, 2006)
Not applicable	Same as the left	Same as the left