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

Flash Report for the Fiscal Year Ended May 31, 2012
[under Japanese GAAP] (Non-consolidated)

June 26, 2012

Company Name **Oracle Corporation Japan** Listed Stock Exchange: TSE 1st Section

Ticker: 4716 URL http://www.oracle.com/jp/corporate/investor-relations/index.html

Contact & responsible personal Telephone: 03-6834-6666

Representative personal Takao Endo, President & CEO

Contact & responsible personal Shigeru Nosaka, Executive Deputy President & CFO

Schedule for general shareholders meeting: August 24, 2012 Schedule for dividends payment: August 9, 2012

Schedule for annual security report: August 27, 2012

Preparation of supplementary materials on financial results: Yes

Holding of financial results conference: Yes (for analysts and institutional investors)

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

1. Financial results for this term (from June 1, 2011 to May 31, 2012)

(1) Operating result (% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
May 2012	142,919	7.7	40,432	8.7	40,480	8.5	23,709	7.4
May 2011	132,724	19.8	37,191	-4.3	37,316	-4.7	22,065	-3.5

	Net income per share		Net income per share (diluted)		R O E	ROA	Operating Income Margin
	Yen	Sen	Yen	Sen	%	%	%
May 2012	186	55	-	-	32.7	33.1	28.3
May 2011	173	62	173	62	25.9	28.8	28.0

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net assets per share	
	Million Yen	Million Yen	%	Yen	Sen
May 2012	111,493	60,438	53.4	468	20
May 2011	132,982	86,176	64.2	671	67

Shareholders' equity May 2012: 59,504 Million Yen May 2011: 85,364 million yen

(3) Cash Flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash Equivalents at the end of period
	Million Yen	Million Yen	Million Yen	Million Yen
May 2012	33,364	24,822	-49,527	23,493
May 2011	22,651	-9,587	-21,584	14,834

2. Dividends

	Dividend per share										Total amount of dividends	Dividends payout ratio	Dividend Ratio to shareholders' equity
	1st Quarter end		2nd Quarter end		3rd Quarter end		Fiscal Year end		Total				
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Million Yen	%	%
May 2011	-		70	00	-		390	00	460	00	58,462	264.9	68.7
May 2012	-		0	00	-		75	00	75	00	9,531	40.2	13.2
May 2013 (Forecast)	-		0	00	-		87	00	87	00		40.2	

(Note) 1. The capital surplus was used to fund part of the dividends paid for the fiscal year ended May 2011. Breakdown of Dividends for the year ended May 2011: a normal dividend of 93 yen and a special dividend of 297 yen per share, and year-end total dividend is 390 yen.

3. Forecast for the May 2013 term (from June 1, 2012 to May 31, 2013)

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income		Net income per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	Sen
Interin	-	-	-	-	-	-	-	-	-	-
Entire term	164,400	15.0	44,600	10.3	44,700	10.4	27,500	16.0	216	38

(Note) Since the Company is managing its performance on an annual basis, it has omitted a results forecast for the first half of the fiscal year.

4. Other information

(1) Changes in accounting policies, procedures, presentation rules, etc

(i) Changes in accounting policies due to revision of accounting standards : Yes
(ii) Changes in accounting policies due to reasons other than (i): None
(iii) Changes in accounting estimates : None
(iv) Restatements : None

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

(i) The number of shares outstanding (inclusive of treasury stock)	May 2012	127,097,471 shares
	May 2011	127,097,471 shares
(ii) The number of treasury stock	May 2012	5,085 shares
	May 2011	4,935 shares
(iii) The number of average shares outstanding	May 2012	127,092,405 shares
	May 2011	127,091,939 shares

Caution1:
These financial statements are outside the scope of review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure of these financial statements, review procedures for the financial statements under the Financial Instruments and Exchange Act have not been completed.

Caution2:
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 Business Outcomes for Forecasts, on page 5.

[Table of Contents of Attached Material]

1. Business Outcomes

(1) Business Outcomes

(i) Conditions during the Period

During the fiscal year under review (hereinafter "this year"), the Company posted revenue of 142,919 million yen (up 7.7% year on year), operating income of 40,432 million yen (increasing 8.7%), ordinary income of 40,480 million yen (rising 8.5%), and net income of 23,709 million yen (up 7.4%). Each of these figures represents new record highs.

This year, there were some affection from a strong yen, the sovereign debt crisis in Europe and the flooding in Thailand. However, a signs of a recovery in corporate activities in Japan reflecting the restoration of supply chains damaged by the Great East Japan Earthquake, and IT investment has been recovered.

In this environment, the Company is pursuing two initiatives in the medium-term management plan announced on June 30 2011: "Growth Initiatives" for external growth and a "Foundation" strategy for developing the management base. The Company had strengthen the sales activities and the collaboration with its sales partners, aggressively deployed new products, had deepened relations with its customers and had pursued a range of initiatives to achieve further growth.

The Company held Oracle OpenWorld Tokyo 2012 and JavaOne Tokyo 2012 in April 2012 as opportunities to communicate Oracle's product strategies, technical information, and implementation examples directly to customers and expand its business.

(ii) Results by Reported Segment

[Software License]

Revenue in the Software License Segment was 42,452 million yen, up 9.8% from the corresponding period of the previous fiscal year.7

In this segment, the Company sells new licenses of software that is used in IT infrastructure at companies and other organizations. The segment consists of the Database & Middleware division, which sells new licenses of database management software and a range of middleware that enable reliable and scalable IT infrastructure, and the Applications division, which sells new licenses for ERP and other business applications.

Revenue in the Database & Middleware division was 37,551 million yen (rising 11.4 % year on year).

The Company won projects for database integration, shake-ups of business information infrastructure, disaster control, and the building of business continuity platforms. It focused on developing environments for cloud computing and proposing Engineered Systems, including Exadata. Database management software, the mainstay, software for Exadata and middleware products such as the application servers performed well through the end of the quarter.

In June 2011, the Company launched "Oracle Business Intelligence R11.1.1.5", In November, the Company started to provide "Oracle Database Firewall", in January 2012, "Oracle WebCenter", and February 2012, "Oracle WebLogic Server 12c".

Revenue in the Applications division stood at 4,900 million yen (down 1.2 % year on year), as customers were cautious about making investment, considering the economic environment and the timing of the compulsory application of the International Financial Reporting Standards (IFRS). On the other hand, some customers were making aggressive investments in IT in response to increased global activities by corporations.

The Company started a service of providing "JD Edwards EnterpriseOne", in cloud computing in collaboration with a partner in July 2011, in October 2011, a new version of the short-term introductory tool group, "Japan Starter Kit 2" for "Oracle Hyperion Financial Management", in January 2012 an expansion package of "PeopleSoft Human Capital Management 9.1", "PeopleSoft HCM 9.1 Features Pack 2", and, in February 2012, "Oracle Global Trade Management", the latest version of infrastructure software for "JD Edwards EnterpriseOne", "JD Edwards EnterpriseOne Tools 9.1" and a specialized smartphone application. In March 2012, the Company announced Oracle Fusion Applications, a new series of business applications. In May 2012, the Company launched Oracle Enterprise Performance Management System R11.1.2.2, the latest series of business management applications.

[Updates & Product Support]

Revenue in the Updates & Product Support Segment was 64,986 million yen, increasing 4.9 % from the corresponding period of the previous fiscal year.
This segment updates software for customers using the Company's software licenses and provides technical support.
The performance of the segment was solid as the Company won new contracts from customers who bought new licenses, and also received renewal contracts from existing customers. The Company supported customers' IT environments, reducing maintenance and management costs. It also highlighted the services of "My Oracle Support" for enhancing corporate value and stepped up collaboration with its partners.

[Hardware Systems]

Revenue in the Hardware Systems Segment was 20,484 million yen, up 32.7 % from the corresponding period of the previous fiscal year.
This segment consists of the Hardware Systems Product division, which sells servers, storage products, and hardware for Engineered Systems, including Exadata, and provides operating systems and related software, and the Hardware Systems Support division, which provides technical support for hardware products, the maintenance and repair of hardware, and updated versions of software, including operating systems.

Revenue in the Hardware Systems Product division stood at 11,053 million yen (rising 243.5% year on year).
As transferring the signer of distributor agreements, from former Sun Microsystems to the company had been completed in the previous fiscal year, sales of servers and storage products of the former Sun Microsystems grew, in addition to growth sales of Exadata. In October 2011, the Company launched the "SPARC T4 server" and "SPARC SuperCluster T4-4", in November 2012, "Oracle Database Appliance", in January 2012, "Pillar Axiom 600". In March 2012, the Company started providing "Netra SPARC T4 server", an entry-level model equipped with the SPARC T4 processor, and "Oracle Exalytics In-Memory Machine", a new product of Engineered Systems solely for fast analysis. In April 2012, the Company launched "Oracle Big Data Appliance", a new item of Engineered Systems that will extract maximum business value from big data, and in May 2012, "Sun x86", a new server series.
Revenue in the Hardware Systems Support division was 9,430 million yen (fell 22.8 % year on year). Support attachment to newly sold hardware systems products improved, however, attributable to an increase in EOSL (end of service life) products at the beginning of the fiscal year. In April 2012, the Company changed its support policy and introduced a new lifetime support policy in response to customer needs for using systems over the long term.

[Services]

Revenue in the Services Segment was 14,995 million yen, down 10.2 % from the corresponding period of the previous fiscal year.
This segment consists of Cloud Services*, which provides high-value added services, including a preventive maintenance service and cloud services; Education Services, which provide training for engineers and users, and also encompasses a technology qualification business; and Consulting Services, which support the introduction of products of the Company..

Revenue in the Cloud Services division amounted to 4,073 million yen (up 6.1 % year on year). Advanced Customer Services, value-added services, performed well. In March 2012, the Company introduced "Oracle Exadata On Demand", which provides the people, processes and technology to manage "Oracle Exadata" remotely on behalf of the customer.

Revenue in the Education Services division stood at 1,562 million yen (decreasing 9.6 % year on year). The division performed well at the beginning of the term mainly thanks to training for new graduates, but was adversely affected by the downturn in business confidence. The Company launched the technology qualification test for "MySQL" in August 2011, and in February 2012, a training course for "Oracle Solaris 11" was introduced.

Revenue in the Consulting Services division was 9,359 million yen (failing 15.9 % year on year). Revenue from database and middleware consulting projects was solid, and showed signs of recovery for the applications consulting projects,but some consulting jobs for applications were cancelled in the wake of the earthquake. Consequently, overall revenue declined.

* Cloud Services: The former "Advanced Support" has been renamed "Cloud Services".

<Revenue breakdown by business segments>

Item	FY2011		FY2012		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
Database & Middleware	33,706	25.4	37,551	26.3	11.4
Applications	4,960	3.7	4,900	3.4	-1.2
Software License	38,666	29.1	42,452	29.7	9.8
Updates & Product Support	61,924	46.7	64,986	45.5	4.9
Software Related	100,591	75.8	107,439	75.2	6.8
Hardware Systems Products	3,217	2.4	11,053	7.7	243.5
Hardware Systems Support	12,219	9.2	9,430	6.6	-22.8
Hardware Systems	15,437	11.6	20,484	14.3	32.7
Cloud Services	3,838	2.9	4,073	2.8	6.1
Education services	1,728	1.3	1,562	1.1	-9.6
Consulting services	11,129	8.4	9,359	6.5	-15.9
Services	16,695	12.6	14,995	10.5	-10.2
Total	132,724	100.0	142,919	100.0	7.7

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

(iii) Forecast for the Next Fiscal year (Ending May 31, 2013)

Despite uncertainties, including the debt crisis in Europe, a strong yen, and limits on electric power supply, we expect that IT investments will gradually recover in the next term (ending May 31, 2013), reflecting investments in response to the globalization of corporate activities, speedier decision-making, and an increase in data traffic.

In responding rapidly to changes in the business environment surrounding its customers, the Company will seek to propose effective IT solutions that can contribute to business administration reform and will support customers' business activities and management innovations.

Based on the above, the Company has derived the following estimates for our business outcomes in the May 2013 term: revenue of 164,400 million yen (up 15.0 % from the previous term); operating income of 44,600 million yen (up 10.3 % from the previous term), ordinary income of 44,700 million yen (up 10.4 %); net income for the term of 27,500 million yen (up 16.0 %), and net income for the term per share of 216.38 yen.

Cautious Statements for the forecast

Forecasts and other statements in this document that are not historical facts are made by the Company based on the information available to it and assumptions that it considered reasonable at the time of publication of this document. The Company does not guarantee to achieve them. A number of factors could cause actual results to differ materially from forward-looking statements.

(2) Financial situation

The situations of the total assets, liabilities and net assets

The total assets of the Company at the end of the term stood at 111,493 million yen (down 21,489 million yen from the end of the previous term). Current assets was 68,375 million yen (falling 20,208 million yen) due to payment of year-end dividend.

Liabilities were 51,054 million yen (increasing 4,248 million yen). Net assets totaled 60,438 million yen (falling 25,737 million yen) due to payment of year-end dividend of 390 yen (a common dividend of 93 yen and a special dividend of 297 yen) per share on August 26, 2011. As a result, capital surplus 21,478 million yen and retained earnings 28,087 million yen decreased. The ratio of shareholders' equity was 53.4% (down 10.8 percentage points).

The cash flow situations for the term are as follows:

(i) Cash flows from operating activates

Cash generated from operating activities was 33,364 million yen (increasing 10,712 million yen year on year). The inflow is attributable to the posting of income before income taxes of 40,512 million yen, an decrease in notes and accounts receivable-trade 2,787 million yen and an increase in advances received of 4,423 million yen. The outflows are attributable to the payment of 15,738 million yen in income taxes.

(ii) Cash flows from investment activities

Cash generated from investment activities was 24,822 million yen (previous year 9,587 million yen used).

The inflows primary includes repayment of a short-term loan (37,986 million yen) from Oracle America, INC., a subsidiary of Oracle Corporation (parent company of the Company). The outflows are attributable to net increase in time deposits of 13,000 million yen.

(iii) Cash flows from financial activities

Cash used for financial activities was 49,527 million yen (increasing 27,943 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

In total, cash and equivalents increased 8,659 million yen from the end of the previous term, to 23,493 million yen.

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

	May 2010	May 2011	May 2012
Capital ratio (%)	67.4	64.2	53.4
Capital ratio based on market prices (%)	429.8	339.3	325.8

(Notes) Capital ratio: Capital / Total assets

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

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

(3) Basic policies on income distribution

The Company recognizes that one of its most important business missions is to enhance corporate value and consistently distribute profits to shareholders.

The basic policy for the distribution of surplus is to provide a stable and continuous return to shareholders through dividends, while ensuring a management flexibility by keeping financial indicators such as shareholders' equity ratio and return on equity at a reasonable level, and comprehensively taking into account the balance between the cash required for the Company's business plan, business results, and cash flows.

Based on this policy, we aim to achieve a dividend payout ratio of approximately 40% for the foreseeable future. To minimize administrative costs related to dividends, we will pay only one dividend a year, as a year-end dividend.

With respect to the purchase of treasury stock, the reduction of reserves, and the appropriation of surpluses and other procedures, we will take action as appropriate, based on the financial situation of the Company.

For dividends for the fiscal year under review, we will pay a year-end dividend of 75 yen per share.

For the next fiscal year, we plan to pay a year-end dividend of 87 yen per share (up 12 yen from the preceding year) based on the fundamental policy described above.

(4) Business risks

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

①Relationships with Oracle Corporation

The Company’s parent company is essentially Oracle Corporation of the United States and the Company is part of the group that is headed by Oracle Corporation. Therefore, our future business activities may be affected by Oracle Corporation’s management strategies.

(i) Dependence on Oracle Corporation’s products and technologies

We supply the Japanese market with the products and services of Oracle Corporation, which makes us dependent on its products and technologies. Thus, any delay on the part of Oracle Corporation in launching new products or updated versions, delay of the integration of acquired companies of Oracle Corporation, or any material fault or defect found on its products, or any revision of policies on the products and services, in supplying the Japanese market will likely affect our business results and financial conditions.

(ii) Possibility of change in the rate and scope applicable to royalty

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

With an agreement between tax authorities in Japan and the United States on transfer prices, Royalties payable to Oracle International Corporation had been increased since the beginning of the fiscal year ending May 2011.

(iii) Relationships with Shared Service Center

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

(iv) System failure due to natural disasters

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

②Dependence on certain limited sales items

Our sales are characterized by a high percentage and high contribution of “Software Licenses” segment including representative “Oracle Database” and related “Update & Product Support” segment. It means that the segments’ sales trends are likely to affect our business performance and financial conditions.

③Dependence on indirect sales

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

④Project management

We may provide customers introducing our products with assistance relating to implementation programs, system design programs, or system operation. We can be providing 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.

⑤Cloud services and other segments

Our cloud services manage and operate our customers' information systems at the data centers either in our parental company, customers or their partners. Our services also provide the functions of applications at the parent companies' data centers to our customers through SaaS. The services are the management and operation of information systems and important information related to our customers' mission-critical operations. Failures of equipment, faults in response to disasters, negligence by the personnel engaging in management and operation, and other factors could lead to a shutdown of customer's information systems, leaks of important information, and result in a delay or opportunity loss in our customers' operations. In these cases, our operating results and financial standing may be affected by customers' claims for damages.

⑥Possibility of more intense competition

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

⑦Securities holding risks

With respect to fund management, the Company ensures a very high level of safety and appropriate liquidity by investing in highly rated securities and depositing funds at highly rated financial institutions under the Company's fund management regulations (which conform to the global policy of Oracle Corporation).

The Company reduces the risk by having each company review of market price and financial condition regularly. In addition, we will not conduct derivative transactions.

However, if the financial institutions that manage financial instruments for the Company fail, if a default on bonds occurs, or if investment products incur a loss of principal, this could affect the operating results and financial position of the Company.

In relation to notes, accounts receivable-trade and accounts receivable-other, the Company has established a system for carrying out due date control and balance management and obtaining information on the credit standing of each debtor under the Company's credit management regulations (which conform to the global policy of Oracle Corporation). However, if the business conditions and financial position of debtors worsen, the Company could incur losses.

⑧Stock option plan

We have in place stock option plans aimed at bolstering the willingness or motivation of our directors and employees toward better business results. As of May 31, 2012, the total number of our shares covered by equity warrants reaches 2,050,700 equivalents to 1.6% of our total outstanding share. If all these stock options are exercised, they may dilute the value per share.

⑨M&A possibility in the future

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

⑩Information control

We hold large volumes of personal and confidential information relating to the execution of our business activities. We have established internal rules and educated all our employees about the sensitivity of such information, but there remains a risk that the information could be leaked in unexpected circumstances, in which case our credibility with the public could be damaged, and our operating results and financial situation could be affected by the obligation to pay unexpected expenses or compensation for losses.

⑪Legal controls

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

(5) Substantial doubts regarding the ability to remain as a going concern

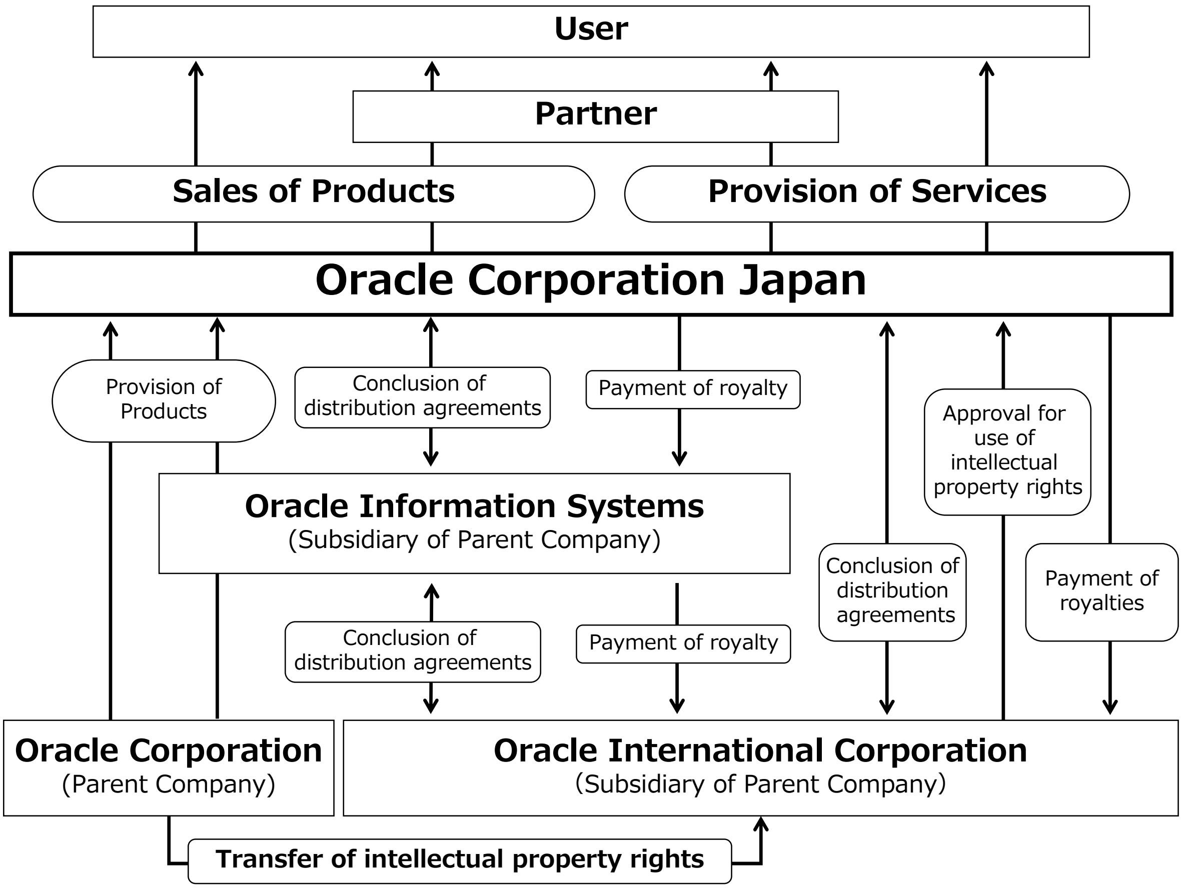
There are no significant doubts regarding the ability of the Company to continue as a going concern.

2. Current Status of the Company Group

The Company's parent company is essentially Oracle Corporation of the United States and the Company is part of the group that is headed by Oracle Corporation. In various parts of the world the group sells software products including relational database management systems, middleware and business applications designed to help our customers manage and grow their business operations, and provides services to support use of these software products.

Moreover, Oracle International Corporation is a subsidiary company of Oracle Corporation. Oracle Corporation transfers intellectual property rights pertaining to the software and other products it owns to Oracle International Corporation and Oracle International Corporation holds and manages these intellectual property rights, concludes distribution agreements with Oracle Corporation's subsidiaries including the Company and authorizes license use. Oracle Information Systems has the rights to license and sell products acquired by Oracle Corporation in Japan. The Company concluded distribution agreements with Oracle Information Systems, and has been selling acquired products and providing services to support the use of these products.

(Business relation diagram)



3. Business Policies

(1) Our basic business policies

The Company practices a basic philosophy of creating new IT value and contributing to customer success and the development of society. The role of IT has been evolving from tools for operational efficiency and cost cutting, to business infrastructure that transforms corporate processes and business models. The way in which IT is used likewise continues to advance. The Company believes that its purpose is to help customers become more competitive and improve performance, and to offer society with greater convenience by creating roles and values of IT.

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

① The Company will offer products and services that can enhance the productivity of our customers and help develop the Japanese economy.

② The Company will strive for the overall development of the IT industry in Japan, together with our partners.

③ The Company will train IT engineers able to assume leading roles globally, through "Oracle Master" and other systems.

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

(2)Targeted business indices

The Company aims to improve corporate value and return profits to shareholders by boosting revenue and operating income.

(3) Business strategies for the medium and long terms

To achieve its basic business policy of creating new IT value and contributing to customer success and the development of society, the Company will seek to harness the outcomes of Oracle Corporation's proactive product development and M&A strategies. The Company will also target growth strategies and develop its management foundations to build long-term partnerships with its customers.

To that end, the Company has developed its new three-year management plan, the Midterm Corporate Strategy "Grow Grow Grow" which will cover the year ending May 2012 through the year ending May 2014. The Company will pursue two strategies: Growth Initiatives for external growth and a Foundation strategy for bolstering the management base.

Through Growth Initiatives, we will introduce a business model that focuses on developing market-leading solutions based on our databases, which hold a dominant share of the market, and extensive and competitive product lines encompassing hardware and applications and strengthening our market coverage and sales skills.

In the Foundation strategy, to execute the Growth Initiative, the Company will nurture diversified and professional talented personnel, and create a comprehensive management foundation fully utilize its global management resources.

Through these initiatives, the Company is aiming to record a compound annual growth rate (CAGR) of about 12% in revenue and a CAGR of about 10% in operating income from the fiscal year ended May 31, 2011 to the fiscal year ending May 31, 2014, the final year of the medium-term management plan.

For details of the medium-term management plan, please refer to the notice on the formulation of the medium-term management plan announced on June 30, 2011.

(4) Issues to address

The Company aims to address the following key issues:

Thanks to active M&A and product development by Oracle Corporation (our parent company), we have strengthened our product offerings and have built a system for offering solutions that integrate software and hardware to support the business activities of our customers. Based on this system, we aim to earn the long-term trust of our customers and achieve further growth by creating new IT value and contributing to customers’ success and social development. To achieve this aim, we believe we need to take the following initiatives:

① We will enhance and expand our operating structure from our customers’ perspective and will bolster the strength of our solutions, consisting of the comprehensive capability of our products and the special features of individual products, and thereby creating further demand.

② We will bolster collaborative systems, strengthen our relationships with customers, and create new businesses by sustaining stable relationships of trust with partner companies and sharing business strategies.

③ We will recruit and cultivate the best employees who can explain the value of total solutions, one of our strengths, to our partner companies and customers.

④We aim to strengthen our system for offering solutions in software and hardware products, as well as related services, using an integrated and organized approach.

(5) Other Important Affiliates

Not Applicable.

4. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

	Previous term end (as of May 31, 2011)	Current term end (as of May 31, 2012)
Assets		
Current assets		
Cash and deposits	22,830	44,488
Notes receivable-trade	-	15
Accounts receivable-trade	22,093	19,291
Short-term investment securities	2,003	2,005
Merchandise	0	0
Prepaid expenses	146	157
Deferred tax assets	2,216	1,986
Short-term loans receivable	37,986	-
Accounts receivable-other	1,280	410
Other	27	22
Allowance for doubtful accounts	-2	-2
Total current assets	88,584	68,375
Noncurrent assets		
Property, plant and equipment		
Buildings	17,697	17,673
Accumulated depreciation	-2,582	-3,458
Buildings, net	15,114	14,215
Tools, furniture and fixtures	3,883	3,848
Accumulated depreciation	-2,438	-2,780
Tools, furniture and fixtures, net	1,444	1,067
Land	26,057	26,057
Total property, plant and equipment	42,615	41,340
Intangible assets		
Software	35	20
Other	0	0
Total intangible assets	35	20
Investments and other assets		
Investment securities	176	173
Deferred tax assets	250	330
Guarantee deposits	1,295	1,229
Bankruptcy and reorganization claim	0	0
Other	34	32
Allowance for doubtful accounts	-9	-9
Total investments and other assetsi	1,747	1,757
Total noncurrent assets	44,398	43,117
Total assets	132,982	111,493

(Unit : Million yen)

	Previous term end (as of May 31, 2011)	Current term end (as of May 31, 2012)
Liabilities		
Current liabilities		
Accounts payable-trade	8,203	9,470
Accounts payable-other	5,222	3,384
Income taxes payable	8,016	8,904
Accrued consumption taxes	1,379	963
Advances received	21,371	25,795
Deposits received	37	78
Provision for bonuses	2,144	1,825
Provision for directors' bonuses	36	21
Provision for product warranties	4	160
Other	298	358
Total current liabilities	46,715	50,963
Noncurrent liabilities		
Other	91	91
Total noncurrent liabilities	91	91
Total liabilities	46,806	51,054
Net assets		
Shareholders' equity		
Capital stock	22,301	22,301
Capital surplus		
Legal capital surplus	33,739	5,652
Total capital surplus	33,739	5,652
Retained earnings		
Legal retained earnings	1,000	-
Other retained earnings		
Retained earnings brought forward	28,365	31,595
Total retained earnings	29,365	31,595
Treasury stock	-22	-23
Total shareholders' equity	85,383	59,526
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-19	-22
Total valuation and translation adjustments	-19	-22
Subscription rights to shares	812	934
Total net assets	86,176	60,438
Total liabilities and net assets	132,982	111,493

(2) Statement of Income

(Unit : Million yen)

	Previous Term (From June 1, 2010 to May 31, 2011)	Current Term (From June 1, 2011 to May 31, 2012)
Net sales	132,724	142,919
Cost of sales	67,167	71,523
Gross profit	65,556	71,395
Selling, general and administrative expenses	28,365	30,963
Operating income	37,191	40,432
Non-operating income		
Interest income	97	42
Interest on securities	2	2
Dividends income of insurance	29	25
Other	34	32
Total non-operating income	163	102
Non-operating expenses		
Foreign exchange losses	37	43
Other	0	10
Total non-operating expenses	37	54
Ordinary income	37,316	40,480
Extraordinary income		
Gain on reversal of subscription rights to shares	57	44
Gain on sales of investment securities	70	6
Total extraordinary income	127	51
Extraordinary loss		
Business structure improvement expenses ※	108	19
Loss on adjustment for changes of accounting standard for asset retirement obligations	24	—
Total extraordinary loss	132	19
Income before income taxes	37,311	40,512
Income taxes-current	15,812	16,654
Income taxes-deferred	-566	148
Income taxes	15,245	16,803
Net income	22,065	23,709

(3) Statement of changes in shareholders' equity

(Unit : Million yen)

	Previous term end (as of May 31, 2011)	Current term end (as of May 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	22,292	22,301
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	9	—
Total changes of items during the period	9	—
Balance at the end of current period	22,301	22,301
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	33,730	33,739
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	9	—
Dividends from surplus-other capital surplus	—	-28,087
Total changes of items during the period	9	-28,087
Balances at end of current period	33,739	5,652
Total capital surplus		
Balance at the beginning of current period	33,730	33,739
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	9	—
Dividends from surplus-other capital surplus	—	-28,087
Total changes of items during the period	9	-28,087
Balances at end of current period	33,739	5,652
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	1,000	1,000
Changes of items during the period		
Reversal of legal retained earnings	—	-1,000
Total changes of items during the period	—	-1,000
Balances at end of current period	1,000	—
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	27,904	28,365
Changes of items during the period		
Dividends from surplus	-21,605	-21,478
Net income	22,065	23,709
Reversal of legal retained earnings	—	1,000
Disposal of treasury stock	-0	-0
Total changes of items during the period	460	3,230
Balances at end of current period	28,365	31,595

(Unit : Million yen)

	Previous term end (as of May 31, 2011)	Current term end (as of May 31, 2012)
Total retained earnings		
Balance at the beginning of current period	28,904	29,365
Changes of items during the period		
Dividends from surplus	-21,605	-21,478
Net income	22,065	23,709
Disposal of treasury stock	-0	-0
Total changes of items during the period	460	2,230
Balances at end of current period	29,365	31,595
Treasury stock		
Balance at the beginning of current period	-21	-22
Changes of items during the period		
Purchase of treasury stock	-2	-0
Disposal of treasury stock	0	0
Total changes of items during the period	-1	-0
Balances at end of current period	-22	-23
Total shareholders' equity		
Balance at the beginning of current period	84,906	85,383
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	18	—
Dividends from surplus-other capital surplus	—	-28,087
Dividends from surplus	-21,605	-21,478
Net income	22,065	23,709
Purchase of treasury stock	-2	-0
Disposal of treasury stock	0	0
Total changes of items during the period	477	-25,857
Balances at end of current period	85,383	59,526
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	1	-19
Changes of items during the period		
Net changes of items other than shareholders' equity	-20	-3
Total changes of items during the period	-20	-3
Balances at end of current period	-19	-22
Total valuation and translation adjustments		
Balance at the beginning of current period	1	-19
Changes of items during the period		
Net changes of items other than shareholders' equity	-20	-3
Total changes of items during the period	-20	-3
Balances at end of current period	-19	-22

(Unit : Million yen)

	Previous term end (as of May 31, 2011)	Current term end (as of May 31, 2012)
Subscription rights to shares		
Balance at the beginning of current period	665	812
Changes of items during the period		
Net changes of items other than shareholders' equity	147	122
Total changes of items during the period	147	122
Balances at end of current period	812	934
Net assets		
Balance at the beginning of current period	85,573	86,176
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	18	—
Dividends from surplus-other capital surplus	—	-28,087
Dividends from surplus	-21,605	-21,478
Net income	22,065	23,709
Purchase of treasury stock	-2	-0
Disposal of treasury stock	0	0
Net changes of items other than shareholders' equity	126	119
Total changes of items during the period	603	-25,737
Balances at end of current period	86,176	60,438

(4)Statement of Cash Flows

(Unit : Million yen)

	Previous term end (as of May 31, 2011)	Current term end (as of May 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes	37,311	40,512
Depreciation and amortization	1,498	1,488
Share-based compensation expenses	204	166
Increase (decrease) in allowance for doubtful accounts	—	-0
Increase (decrease) in provision for bonuses	907	-318
Increase (decrease) in provision for directors' bonuses	13	-14
Increase (decrease) in provision for product warranties	4	156
Interest and dividends income	-115	-52
Loss (gain) on sales of investment securities	-70	-6
Loss (gain) on sales and retirement of noncurrent assets	0	9
Decrease (increase) in notes and accounts receivable-trade	-6,595	2,787
Decrease (increase) in inventories	2	-0
Decrease (increase) in accounts receivable-other	-403	870
Decrease (increase) in other current assets	4	-8
Increase (decrease) in notes and accounts payable-trade	2,208	1,266
Increase (decrease) in accounts payable-other	1,893	-1,883
Increase (decrease) in accrued consumption taxes	-181	-415
Increase (decrease) in advances received	2,260	4,423
Increase (decrease) in other current liabilities	-101	73
Other, net	21	-5
Subtotal	38,864	49,048
Interest and dividends income received	138	54
Income taxes paid	-16,351	-15,738
Net cash provided by (used in) operating activities	22,651	33,364
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-666	-249
Proceeds from sales of property, plant and equipment	12	47
Purchase of intangible assets	-1	—
Proceeds from sales of investment securities	170	7
Payments of short-term loans receivable	-37,986	—
Collection of loans receivable	—	37,986
Payments into time deposits	-50,000	-29,000
Proceeds from withdrawal of time deposits	79,000	16,000
Payments for guarantee deposits	-300	-4
Proceeds from collection of guarantee deposits	184	34
Net cash provided by (used in) investing activities	-9,587	24,822
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	18	—
Purchase of treasury stock	-2	-0
Proceeds from sales of treasury stock	0	0
Cash dividends paid	-21,600	-49,526
Net cash provided by (used in) financing activities	-21,584	-49,527
Net Increase/(Decrease) in cash and cash equivalents	-8,520	8,659
Cash and cash equivalents at beginning of period	23,354	14,834
Cash and cash equivalents at end of period ※	14,834	※ 23,493

(5) [Notes to going concern]

Not applicable

(6)[Significant Accounting Policies]

Disclosure of Significant Accounting Policies is omitted, other than Application of “Accounting Standard for Earnings Per Share”, there are no significant changes from the latest annual report submitted on August 26, 2011

(7) [Changes in the accounting method]

Effective from the current fiscal year, the Company adopted new accounting standards, “Accounting Standard for Earnings Per Share” (Accounting Standards Board of Japan [ASBJ] statement No.2,published June 30, 2010) and “Guidance on Accounting Standard for Earnings Per Share” (ASBJ Guidance No.4, June 30, 2010). As a result, in calculating diluted earnings per share for stock options for which the right to exercise options is vested after a specified service period, the fair value of service expected to be provided to the Company in the future is added to the proceeds assumed to be received when options are exercised.

These accounting standards apply to the previous year’s figure retrospectively, thus the figure shown on Per Share Data is adjusted. However this change had only minor impact to it.

(8) [Additional information]

１.Adoption of "Accounting Standard for Accounting Changes and Error Corrections"

Effective from the current fiscal year, the Company has been adopted the "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No.24, December 4, 2009) and the "Guidance on Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Guidance No.24, December 4, 2009).

2. Effect of change of income tax rate

According to the promulgation of ―”The Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure” (Act No. 114 of 2011) and ―”Special Measures to Secure the Financial Resources to Implement the Restoration from the Great East Japan Earthquake” (Act No.117 of 2011) on December 2, 2011, the effective tax rate which the company used for calculation of deferred tax assets and deferred tax liabilities has been changed for the current fiscal year end.

The quantitative impact for this change are immaterial, the company has omitted the effect of this change.

(9) Notes

(Related to the balance sheet)

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

(Related to the statement of income)

Previous term (From June 1, 2010 to May 31, 2011)	Current term (From June 1, 2011 to May 31, 2012)
* Business structure improvement expenses consist mainly of special retirement benefits.	* Same as the left.

(Related to the statement of changes in shareholders' equity)
Previous term (from June1, 2010 to May 31, 2011)

1. Type and number of issued shares and treasury stock

	Number of shares as of May 31,2010 (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 31,2011 (Thousand shares)
Issued shares Common stock (Note)	127,092	4	—	127,097
Treasury stocks Common stock	4	0	0	4

(Note) Increase of 4 thousand outstanding shares was due to exercise of share warrants.

2. Stock acquisition right

Item	Breakdown of stock acquisition right	Type of shares converted by stock acquisition right	Number of shares converted by stock acquisition right (shares)				Term-end balance (million yen)
			Balance of previous term	Increase	Decrease	Balance of current term	
Submission company	Stock acquisition right as stock option	—	—	—	—	—	812
Total		—	—	—	—	—	812

3. Dividend

(1) Amount of paid dividends

Resolution	Type of share	Total amount of dividends (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Resource of dividend
Board of director held on July 23, 2010	Common stock	12,708	100	May 31, 2010	August 12, 2010	Earned surplus
Board of director held on December 22, 2010	Common stock	8,896	70	November 30, 2010	February 7, 2011	Capital surplus

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

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	21,478	Earned surplus	169	May 31, 2011	August 26, 2011
	28,087	Capital surplus	221	May 31, 2011	August 26, 2011
Total	49,566		390		

Current term (from June1, 2011 to May 31, 2012)

1. Type and number of issued shares and treasury stock

	Number of shares as of May 31,2011 (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 31,2012 (Thousand shares)
Issued shares Common stock (Note)	127,097	—	—	127,097
Treasury stocks Common stock	4	0	0	5

2. Stock acquisition right

Item	Breakdown of stock acquisition right	Type of shares converted by stock acquisition right	Number of shares converted by stock acquisition right (shares)				Term-end balance (million yen)
			Balance of previous term	Increase	Decrease	Balance of current term	
Submission company	Stock acquisition right as stock option	—	—	—	—	—	934
Total		—	—	—	—	—	934

3. Dividend

(1) Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Resource of dividend
Board of director held on July 21, 2011	Common stock	21,478	169	May 31, 2011	August 26, 2011	Earned surplus
		28,087	221	May 31, 2011	August 26, 2011	Capital surplus
	Total	49,566	390			

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

The company will submit the following proposal at the board of directors meeting to be held on July 20, 2012.

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	9,531	Earned surplus	75	May 31, 2012	August 9, 2012

(Related to the statement of cash flows)

Previous term (From June 1, 2010 to May 31, 2011)		Current term (From June 1, 2011 to May 31, 2012)	
*Relationship between the term end balance of cash and cash equivalents and the amount of items indicated in the balance sheet		*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, 2011)		(As of May 31, 2012)
Balance of cash and deposits	22,830 million yen	Balance of cash and deposits	44,488 million yen
Balance of marketable securities	2,003 million yen	Balance of marketable securities	2,005 million yen
Time deposits	-10,000 million yen	Time deposits	-23,000 million yen
Cash and cash equivalents	14,834 million yen	Cash and cash equivalents	23,493 million yen

Derivative transactions

Previous term (From June 1, 2010 to May 31, 2011)	Current term (From June 1, 2011 to May 31, 2012)
Not applicable, since we do not engage in the trading of derivatives.	Same as the left

Segment Information

1. Overview of Reportable Segments

The reportable segments of the Company are segments for which separate financial statements are available and which the supreme decision-making body examines regularly to determine the distribution of management resources and to evaluate performance. Based on organizational structures and the characteristics of products and services, the Company has classified business segments into four reportable segments: Software License, Updates & Product Support, Hardware Systems, and Services.
The Software License Segment sells variety of licenses of database management software, middleware, and application software that are used in corporate activities.
The Updates & Product Support Segment provides software license update rights and technical support.
The Hardware Systems Segment sells hardware including servers and storage products, and provides technical support for hardware products and the maintenance and repair of hardware.
The Services Segment offers consulting services, cloud services, and education services.

2. Accounting methods used to calculate segment income (loss), segment assets and other items for reportable segments

Accounts for reportable segments are for the most part calculated in line with Significant Accounting Policies described in the latest annual report submitted on August 26, 2011. Segment income (loss) for reportable segments is based on operating income (loss).

3. Segment income (loss), segment assets and other items for reportable segments

Previous term (from June1, 2010 to May 31, 2011)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Software License	Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	38,666	61,924	15,437	16,695	132,724	—	132,724
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	38,666	61,924	15,437	16,695	132,724	—	132,724
Operating income (loss)	5,823	32,595	1,057	2,930	42,406	-5,215	37,191
Other item							
Depreciation (Note)3	665	183	85	346	1,280	218	1,498

(Notes): 1.A segment profit adjustment of minus 5,215 million yen is a Company-wide expense, which primarily relates to administrative departments that do not belong to any reported segment.
2. Segment profits are adjusted in comparison with operating income in the statement of income.
3.Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.
4.Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

Current term (from June1, 2011 to May 31, 2012)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Software License	Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	42,452	64,986	20,484	14,995	142,919	—	142,919
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	42,452	64,986	20,484	14,995	142,919	–	142,919
Operating income (loss)	7,106	34,410	1,061	2,623	45,201	-4,769	40,432
Other item							
Depreciation (Note)3	676	182	103	294	1,257	230	1,488

(Notes): 1.A segment profit adjustment of minus 4,769 million yen is a Company-wide expense, which primarily relates to administrative departments that do not belong to any reported segment.
2. Segment profits are adjusted in comparison with operating income in the statement of income.
3.Depreciation in Adjustment primarily relates to administrative departments that do not belong to any reportable segment.
4.Based on the decision of management, the supreme decision-making body does not allocate segment information on assets to reportable segments. Consequently, the Company does not disclose that information.

Loss / Gain on equity method

Previous term (From June 1, 2010 to May 31, 2011)	Current term (From June 1, 2011 to May 31, 2012)
Not applicable	Same as the left

Transactions with related parties

Previous term（from June 1, 2010 to May 31, 2011）

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)
Subsidiary of parent company	Oracle America, Inc.	California, U.S.A.	US$ 0 thousand	Development and sale of software products and hardware, and provision of associated services	None	Settlement of funds for transactions among Oracle Group companies and making a short-term loan	Fund lending (Note) 1	37,986	Short-term loan receivable	37,986
							Settlement of funds for transactions among Oracle Group companies (Note) 2	18,724	Accounts payable	3,699
								18,396	Accounts payable-other	3,537
Subsidiary of parent company	Oracle International Corporation (Note) 2	California, U.S.A.	None	Holding and management of intellectual property rights	None	Conclusion of sales agency agreements	Payment of royalties (Note) 3	32,687	Accounts payable	4,106

(Notes) Terms and conditions of transactions and decision of terms and conditions of transactions

1: The interest rate on loans is determined rationally after the market interest rate is taken into account. Interest income (3million) yen has been booked in this fiscal year.

2: The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable are settlements, the majority of which are the payments of royalties (8,340 million yen in FY11) to Oracle Information Systems Japan K.K. (a subsidiary of the parent company) and the purchases of products (10,151 million yen in FY11) relating to the Hardware Systems segment, which was set up in the fiscal year under review. In addition, royalties and prices for products purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards that are identical.

3: Royalties are set 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 reasonable standards that are identical.

2. Notes to the Parent Company or Important Affiliates

Information on the parent company

The Company has four parent companies, namely Oracle Corporation, Oracle Systems Corporation, Oracle Global Holdings, Inc., and Oracle Japan Holding, Inc.

Oracle Corporation, which is the effective parent company of the Company, is a company listed on a foreign stock exchange (NASDAQ). Oracle Systems Corporation is a subsidiary of Oracle Corporation and the parent company of Oracle Global Holdings, Inc. Oracle Japan Holding, Inc., the direct parent company of the Company, is a subsidiary of Oracle Global Holdings, Inc. Oracle Corporation has continued to disclose financial statements covering the above four companies and the Company.

Current term (from June 1, 2011 to May 31, 2012)

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)
Subsidiary of parent company	Oracle America, Inc.	California, U.S.A.	US$ 0 thousand	Development and sale of software products and hardware, and provision of associated services	None	Settlement of funds for transactions among Oracle Group companies and making a short-term loan	Collection of short-term loan receivable (Note) 1	37,986	Short-term loan receivable	—
							Settlement of funds for transactions among Oracle Group companies (Note) 2	21,158	Accounts payable	5,918
								18,932	Accounts payable-other	1,590
Subsidiary of parent company	Oracle International Corporation (Note) 2	California, U.S.A.	None	Holding and management of intellectual property rights	None	Conclusion of sales agency agreements	Payment of royalties (Note) 3	34,290	Accounts payable	3,450

(Notes) Terms and conditions of transactions and decision of terms and conditions of transactions

1: The interest rate on loans is determined rationally after the market interest rate is taken into account. Cumulative interest income 17 million yen (FY12 booking is 14 million yen) has been booked in this fiscal year.

2: The settlement of funds for transactions among Group companies of Oracle Corporation (not including transactions with Oracle International Corporation) is processed through the account of Oracle America, Inc. The above transaction amounts in accounts payable are settlements, the majority of which are the payments of royalties (9,650 million yen in FY12) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products (12,461 million yen in FY12) relating to the Hardware Systems segment. In addition, royalties and prices for products purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards that are identical.

3: Royalties are set 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 reasonable standards that are identical.

2. Notes to the Parent Company or Important Affiliates

Information on the parent company

The Company has four parent companies, namely Oracle Corporation, Oracle Systems Corporation, Oracle Global Holdings, Inc., and Oracle Japan Holding, Inc.

Oracle Corporation, which is the effective parent company of the Company, is a company listed on a foreign stock exchange (NASDAQ). Oracle Systems Corporation is a subsidiary of Oracle Corporation and the parent company of Oracle Global Holdings, Inc. Oracle Japan Holding, Inc., the direct parent company of the Company, is a subsidiary of Oracle Global Holdings, Inc. Oracle Corporation has continued to disclose financial statements covering the above four companies and the Company.

Per Share Data

(Unit: Yen)

Items	Previous term (From June 1, 2010 to May 31, 2011)	Current term (From June 1, 2011 to May 31, 2012)
Net assets per share	671.67	468.20
Net income per share	173.62	186.55
Net income per share (diluted)	173.62	—

(Notes)1. Net income per share (diluted) for this current fiscal year is not presented because there are no dilutive effect stocks.

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

	Previous term (From June 1, 2010 to May 31, 2011)	Current term (From June 1, 2011 to May 31, 2012)
Net income per share		
Net income (millions of yen)	22,065	23,709
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	22,065	23,709
Average number of shares during the term (shares)	127,091,939	127,092,405
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	3,219	—
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	Equity warrants (Type: 11 Numbers: 17,276) Subscription right (Type: 1Numbers: 172,500)	―――――

(Changes in accounting policies)

Accounting Standard for Earnings Per Share" (Accounting Standards Board of Japan [ASBJ] statement No.2,published June 30, 2010) and "Guidance on Accounting Standard for Earnings Per Share" (ASBJ Guidance No.4, June 30, 2010). As a result, in calculating diluted earnings per share for stock options for which the right to exercise options is vested after a specified service period, the fair value of service expected to be provided to the Company in the future is added to the proceeds assumed to be received when options are exercised.

If the company wouldn't adopt this change, net income per share (diluted) for previous year would be 173.61 yen.

(Notes to subsequent events)

Not Applicable

(Omission of Disclosures)

Disclosure of notes on lease transaction, financial instruments, securities, retirement benefit plans, stock options, asset retirement obligations and tax effect accounting was omitted, as the Company does not see a major necessity for their disclosure.

5. Others

Changes of Corporate Officers

(1) Change of Representative Officers: Not applicable

(2) Change of Corporate Officers: Not applicable