



**Flash Report for the Fiscal Year Ended May 31, 2013**  
**[under Japanese GAAP] (Non-consolidated)**

June 27, 2013

**Company Name** Oracle Corporation Japan

Listed Stock Exchange: TSE 1<sup>st</sup> Section

**Ticker: 4716**

URL <http://www.oracle.com/jp/corporate/investor-relations/index.html>

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Schedule for general shareholders meeting: August 23, 2013

Schedule for dividends payment: August 8, 2013

Schedule for annual security report: August 26, 2013

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, 2012 to May 31, 2013)**

**(1) Operating result**

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
May 2013	153,148	7.2	42,673	5.5	42,902	6.0	26,494	11.7
May 2012	142,919	7.7	40,432	8.7	40,480	8.5	23,709	7.4

	Net income per share		Net income per share (diluted)		ROE	ROA	Operating Income Margin
	Yen	Sen	Yen	Sen	%	%	%
May 2013	208	47	208	38	39.0	34.6	27.9
May 2012	186	55	-	-	32.7	33.1	28.3

**(2) Financial Position**

	Total Assets		Net assets		Ratio of shareholders' equity		Net assets per share	
	Million Yen		Million Yen		%		Yen	Sen
May 2013	136,810		77,473		55.9		601	77
May 2012	111,493		60,438		53.4		468	20

Shareholders' equity May 2013: 76,480 Million Yen May 2012: 59,504 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 2013	35,555		-26,032		-9,553		23,463	
May 2012	33,364		24,822		-49,527		23,493	

**2. Dividends**

2. Dividends													
	Dividend per share										Total amount of dividends	Dividends payout ratio	Dividend Ratio to shareholders' equity
	1 <sup>st</sup> Quarter end		2 <sup>nd</sup> Quarter end		3 <sup>rd</sup> Quarter end		Fiscal Year end		Total				
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Million Yen	%	%
May 2012	-		0	00	-		75	00	75	00	9,531	40.2	13.2
May 2013	-		0	00	-		84	00	84	00	10,675	40.3	15.7
May 2014 (Forecast)	-		0	00	-		92	00	92	00		40.4	

**3. Forecast for the May 2014 term (from June 1, 2013 to May 31, 2014)**

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income		Net income per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	Sen
Interim	-	-	-	-	-	-	-	-	-	-
Entire term	165,500	8.1	46,800	9.7	46,900	9.3	29,000	9.5	228	00

(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 : None
- (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 2013	127,098,571 shares
	May 2012	127,097,471 shares
(ii) The number of treasury stock	May 2013	5,675 shares
	May 2012	5,085 shares
(iii) The number of average shares outstanding	May 2013	127,092,183 shares
	May 2012	127,092,405 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.

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## 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 153,148 million yen (up 7.2% year on year), operating income of 42,673 million yen (increasing 5.5%), ordinary income of 42,902 million yen (rising 6.0%), and net income of 26,494 million yen (up 11.7%). Each of these figures represents new record highs.

Although performance was weak in certain sectors in the Japanese economy in the beginning of the fiscal year, IT investment has increased gradually reflecting recovering corporate activities backed by improvement of the export environment and reconstruction demand after the earthquake. Oracle Corporation organized Oracle OpenWorld, an IT conference, in San Francisco in October 2012 and announced a range of new products and services, and also organized Oracle CloudWorld in Tokyo and announced the strategy of Cloud services of Oracle Corporation in April 2013. The Company prepared to provide those new products and services for customers in Japan.

#### (ii) Results by Reported Segment

#### **[New software licenses and Cloud software subscriptions \*]**

Revenue in the new software licenses and cloud software subscriptions Segment was 47,560 million yen, up 12.0% from the corresponding period of the previous fiscal year.

This segment consists of the New Software Licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications that are used for the IT infrastructure of companies, etc. Cloud Software Subscriptions provides access to select Oracle software applications and software platforms on a subscription basis through a cloud-based computing environment. Revenue in the New Software Licenses was 44,852 million yen (rising 7.3% year on year), and revenue in the Cloud Software Subscriptions was 2,707 million yen (up 310.2% year on year).

In the New Software Licenses, increasing numbers of customers were using database, middleware and other products of the Company as products essential for developing IT infrastructure and environments for cloud computing and/or Big Data that are able to support their business activities and respond quickly to business expansion and changes in the operating environment. Sales of Engineered Systems, including Oracle “Exadata,” which provide software and hardware together, were robust, and sales of database and options that are used with Engineered Systems also increased. In addition, “Industry specific application” tailored IT solution and products for the customers in various industries., and HCM products for personnel administration, did well.

In the Cloud Software Subscriptions, sales of customer experience products that increase customer satisfaction by improving customer experience—which refers to the set of perceptions a customer has with a company throughout the purchase and ownership interactions—were strong, as were sales of products for the medical industry.

### **[Software License Updates & Product Support]**

Revenue in the Software License Updates & Product Support Segment was 67,109 million yen, increasing 3.3% 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 Company continued to highlight the quality of support offerings through "My Oracle Support", which provides personalized, proactive and preventative support experience. Meanwhile, it stepped up collaboration with partners and took steps to increase support attach rate to new products and maintain and boost the support contract renewal rate.

### **[Hardware Systems]**

Revenue in the Hardware Systems Segment was 22,202 million yen, up 8.4% 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, 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 12,370 million yen (rising 11.9% year on year).

Sales of Engineered Systems, including Oracle Exadata, were strong.

In June 2012, the Company launched "Sun ZFS Backup Appliance". This was followed in August by the introduction of "StorageTek SL150 Modular Tape Library", and in October by the launch of "Oracle Exadata X3-2 Database In-Memory Machine", the latest version of "Oracle Exadata". In November 2012, the Company launched "Oracle Exalogic Elastic Cloud X3-2", followed by the launch of "StorageTek LTO 6 Tape Drive," in February 2013, and the company also launched "SPARC T-5" series and "SPARC M-5" series, which are both equipped new SPARC microprocessor.

Meanwhile, the Company emphasized collaboration with its sales partners. NEC Corporation and Fujitsu Limited have begun providing first-line technical support services and SI support services for Oracle Exadata since August and September, 2012, respectively. Additionally, K.K. Ashisuto has been providing services for Oracle Database Appliance since April 2013.

Revenue in the Hardware Systems Support division was 9,831 million yen (up 4.3% year on year).

Hardware system support performed well, reflecting an improvement in support attach rate to newly sold hardware products and conclusions of renewal contracts with existing customers. ITOCHU Techno-Solutions Corporation has been providing a comprehensive maintenance service for the Oracle Database Appliance since November 2012.

### **[Services]**

Revenue in the Services Segment was 16,276 million yen, increasing 8.5% from the corresponding period of the previous fiscal year.

This segment consists of Managed Cloud Services\*\*, which provides high-value added services, including a preventive maintenance service and managed 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.

In Managed Cloud Services, "Advanced Customer Support Services", which provide preventive maintenance services performed well especially service for Oracle Exadata. In Consulting Services, the performance of consulting services for new licenses was solid.

\* From the third quarter under review, the Company has decided to change the name of the segment "Software License" to "New Software Licenses and Cloud Software Subscriptions" and the revenue breakdown by business segment from a breakdown by product to a breakdown by method of provision, given the increase in methods involving subscriptions that provide software as use type products in the cloud computing environment and in methods involving the licensing of software. As these changes are a change in the name of this segment and the showing of revenue breakdown, the reportable segments remain unchanged.

\*\* Managed Cloud Services is formerly known as Cloud Services.

## &lt;Revenue breakdown by business segments&gt;

Item			FY2012		FY2013		
			Amount	Comp.	Amount	Comp.	Variance
			Million Yen	%	Million Yen	%	%
		New software licenses	41,792	29.2	44,852	29.3	7.3
		Cloud Software Subscriptions	660	0.5	2,707	1.8	310.2
		New software licenses and cloud software subscriptions	42,452	29.7	47,560	31.1	12.0
		Software License Updates & Product Support	64,986	45.5	67,109	43.8	3.3
		Software Related	107,439	75.2	114,669	74.9	6.7
		Hardware Systems Products	11,053	7.7	12,370	8.1	11.9
		Hardware Systems Support	9,430	6.6	9,831	6.4	4.3
		Hardware Systems	20,484	14.3	22,202	14.5	8.4
		Services	14,995	10.5	16,276	10.6	8.5
		Total	142,919	100.0	153,148	100.0	7.2

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

## Details of New software licenses &amp; Cloud software subscriptions Revenue in former reporting style.

Item			FY2012		FY2013		
			Amount	Comp.	Amount	Comp.	Variance
			Million Yen	%	Million Yen	%	%
		Database & Middleware	37,551	26.3	40,113	26.2	6.8
		Applications	4,900	3.4	7,446	4.9	51.9
		Software Licenses	42,452	29.7	47,560	31.1	12.0

(iii) Forecast for the Next Fiscal year (Ending May 31, 2014)

For the next fiscal year (Ending May 2014), the company expects Japan's domestic IT investment will gradually grow driven by the growth corporate IT investment in response to the globalization of the corporate activities and achieving the business growth through further usage of IT solutions, usage and the utilization of cloud and big data analytics, etc.

The company provides "Best of Breed" products with open and standard industrial technology, "Vertical Integrated Systems" with simple architecture, high performance and better customer support, "Comprehensive cloud offerings" covering from IT infrastructure to platform to applications, and "Industry specific application" tailored IT solution and products for the customers in various industries. The company offers these offerings to the end-user customers through both direct sales force and collaboration with sales partners. And, the company would like to achieve further growth of its business results, by becoming catalyst for business innovation, creating competitive edge and fueling business growth for its customers.

Based on the above, the Company has derived the following estimates for our business outcomes in the May 2014 term: revenue of 165,500 million yen (up 8.1% from the previous term); operating income of 46,800 million yen (up 9.7% from the previous term), ordinary income of 46,900 million yen (up 9.3%); net income for the term of 29,000 million yen (up 9.5%), and net income for the term per share of 228Yen.

**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 136,810 million yen (increasing 25,316 million yen from the end of the previous term). Current assets was 94,267 million yen (increasing 25,891 million yen) due to payment of year-end dividend.

Liabilities were 59,337 million yen (increasing 8,282 million yen). Net assets totaled 77,473 million yen (increasing 17,034 million yen). As a result, the ratio of shareholders' equity was 55.9% (up 2.5 percentage points).

The cash flow situations for the term are as follows:

### (i) Cash flows from operating activities

Cash generated from operating activities was 35,555 million yen (increasing 2,190 million yen year on year). The inflow is attributable to the posting of income before income taxes of 42,785 million yen, an increase in advances received of 6,678 million yen. The outflows are attributable to the payment of 17,039 million yen in income taxes.

### (ii) Cash flows from investment activities

Cash used for investment activities was 26,032 million yen (previous year 24,822 million yen generated).

The outflows primary includes payment of a short-term loan (42,200 million yen) to Oracle America, INC., a subsidiary of Oracle Corporation (parent company of the Company). The inflows are attributable to net decrease in time deposits of 17,000 million yen.

### (iii) Cash flows from financial activities

Cash used for financial activities was 9,553 million yen (decreasing 39,973 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

In total, cash and equivalents decreased 30 million yen from the end of the previous term, to 23,463 million yen.

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

	May 2011	May 2012	May 2013
Capital ratio (%)	64.2	53.4	55.9
Capital ratio based on market prices (%)	339.3	325.8	370.7

(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 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.

#### **① Relationships with Oracle Corporation**

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

##### **(i) Dependence on Oracle Corporation's products and technologies**

We supply the Japanese market with the products 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 and the renewal of support agreements. 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 from the New Licenses segment, where new licenses of software including the representative Oracle Database are sold, and the Software License Update & Product Support segment, where updated versions and technical support are provided to customers using licenses. This means that 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 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 and other segments

"Cloud Software Subscription" provides specific software and infrastructure for running software as services from cloud computing environments at our parent company's data centers. Managed Cloud Services of "Services" manage and operate our customers' information systems at the data centers either in our parental company, customers or their partners. 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, 2013, the total number of our shares covered by equity warrants reaches 2,052,500 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.

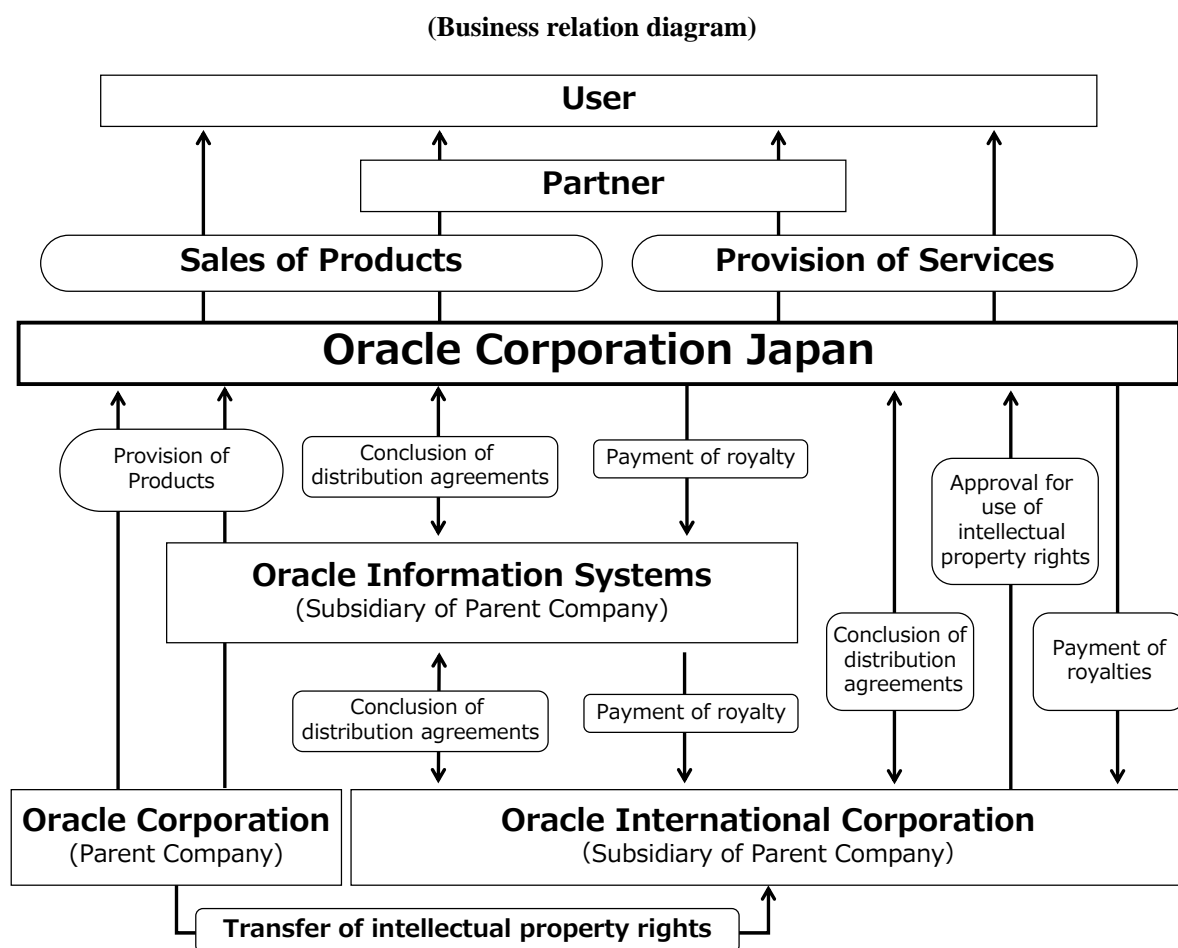
**(5) Substantial doubts regarding the ability to remain as a going concern**

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.



### **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.
- ④ We 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, 2012)	Current term end (as of May 31, 2013)
<b>Assets</b>		
Current assets		
Cash and deposits	44,488	29,463
Notes receivable-trade	15	—
Accounts receivable-trade	19,291	19,522
Short-term investment securities	2,005	—
Merchandise	0	0
Prepaid expenses	157	182
Deferred tax assets	1,986	2,747
Short-term loans receivable	—	42,200
Accounts receivable-other	410	101
Other	22	52
Allowance for doubtful accounts	-2	-2
Total current assets	68,375	94,267
Noncurrent assets		
Property, plant and equipment		
Buildings	17,673	17,684
Accumulated depreciation	-3,458	-4,369
Buildings, net	14,215	13,314
Tools, furniture and fixtures	3,848	4,125
Accumulated depreciation	-2,780	-2,909
Tools, furniture and fixtures, net	1,067	1,216
Land	26,057	26,057
Total property, plant and equipment	41,340	40,587
Intangible assets		
Software	20	19
Other	0	0
Total intangible assets	20	19
Investments and other assets		
Investment securities	173	138
Deferred tax assets	330	445
Guarantee deposits	1,229	1,339
Bankruptcy and reorganization claim	0	0
Other	32	16
Allowance for doubtful accounts	-9	-4
Total investments and other assets	1,757	1,935
Total noncurrent assets	43,117	42,543
<b>Total assets</b>	<b>111,493</b>	<b>136,810</b>



(Unit : Million yen)

	Previous term end (as of May 31, 2012)	Current term end (as of May 31, 2013)
Liabilities		
Current liabilities		
Accounts payable-trade	9,470	10,359
Accounts payable-other	3,384	3,722
Income taxes payable	8,904	9,061
Accrued consumption taxes	963	1,070
Advances received	25,795	32,474
Deposits received	78	150
Provision for bonuses	1,825	1,754
Provision for directors' bonuses	21	21
Provision for product warranties	160	305
Other	358	326
Total current liabilities	50,963	59,246
Noncurrent liabilities		
Other	91	91
Total noncurrent liabilities	91	91
Total liabilities	51,054	59,337
Net assets		
Shareholders' equity		
Capital stock	22,301	22,304
Capital surplus		
Legal capital surplus	5,652	5,654
Total capital surplus	5,652	5,654
Retained earnings		
Other retained earnings		
Retained earnings brought forward	31,595	48,558
Total retained earnings	31,595	48,558
Treasury stock	-23	-25
Total shareholders' equity	59,526	76,491
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-22	-10
Total valuation and translation adjustments	-22	-10
Subscription rights to shares	934	992
Total net assets	60,438	77,473
Total liabilities and net assets	111,493	136,810

## (2) Statement of Income

(Unit : Million yen)

	Previous Term (From June 1, 2011 to May 31, 2012)	Current Term (From June 1, 2012 to May 31, 2013)
Net sales	142,919	153,148
Cost of sales	71,523	78,054
Gross profit	71,395	75,093
Selling, general and administrative expenses	30,963	32,420
Operating income	40,432	42,673
Non-operating income		
Interest income	42	73
Interest on securities	2	0
Dividends income of insurance	25	—
Foreign exchange gains	—	158
Other	32	7
Total non-operating income	102	240
Non-operating expenses		
Foreign exchange losses	43	—
Other	10	11
Total non-operating expenses	54	11
Ordinary income	40,480	42,902
Extraordinary income		
Gain on reversal of subscription rights to shares	44	90
Gain on sales of investment securities	6	—
Total extraordinary income	51	90
Extraordinary loss		
Business structure improvement expenses ※	19	207
Total extraordinary loss	19	207
Income before income taxes	40,512	42,785
Income taxes-current	16,654	17,172
Income taxes-deferred	148	-881
Total income taxes	16,803	16,290
Net income	23,709	26,494

## (3) Statement of changes in shareholders' equity

(Unit : Million yen)

	Previous term end (as of May 31, 2012)	Current term end (as of May 31, 2013)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	22,301	22,301
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	2
Total changes of items during the period	—	2
Balance at the end of current period	22,301	22,304
Capital surplus		
Legal capital surplus		
Balance at the beginning of current period	33,739	5,652
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	2
Dividends from surplus-other capital surplus	-28,087	—
Total changes of items during the period	-28,087	2
Balances at end of current period	5,652	5,654
Total capital surplus		
Balance at the beginning of current period	33,739	5,652
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	2
Dividends from surplus-other capital surplus	-28,087	—
Total changes of items during the period	-28,087	2
Balances at end of current period	5,652	5,654
Retained earnings		
Legal retained earnings		
Balance at the beginning of current period	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	—	—
Other retained earnings		
Retained earnings brought forward		
Balance at the beginning of current period	28,365	31,595
Changes of items during the period		
Dividends from surplus	-21,478	-9,531
Net income	23,709	26,494
Reversal of legal retained earnings	1,000	—
Disposal of treasury stock	-0	—
Total changes of items during the period	3,230	16,962
Balances at end of current period	31,595	48,558

(Unit : Million yen)

	Previous term end (as of May 31, 2012)	Current term end (as of May 31, 2013)
Total retained earnings		
Balance at the beginning of current period	29,365	31,595
Changes of items during the period		
Dividends from surplus	-21,478	-9,531
Net income	23,709	26,494
Disposal of treasury stock	-0	—
Total changes of items during the period	2,230	16,962
Balances at end of current period	31,595	48,558
Treasury stock		
Balance at the beginning of current period	-22	-23
Changes of items during the period		
Purchase of treasury stock	-0	-2
Disposal of treasury stock	0	—
Total changes of items during the period	-0	-2
Balances at end of current period	-23	-25
Total shareholders' equity		
Balance at the beginning of current period	85,383	59,526
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	5
Dividends from surplus-other capital surplus	-28,087	—
Dividends from surplus	-21,478	-9,531
Net income	23,709	26,494
Purchase of treasury stock	-0	-2
Disposal of treasury stock	0	—
Total changes of items during the period	-25,857	16,965
Balances at end of current period	59,526	76,491
Valuation and translation adjustments		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-19	-22
Changes of items during the period		
Net changes of items other than shareholders' equity	-3	11
Total changes of items during the period	-3	11
Balances at end of current period	-22	-10
Total valuation and translation adjustments		
Balance at the beginning of current period	-19	-22
Changes of items during the period		
Net changes of items other than shareholders' equity	-3	11
Total changes of items during the period	-3	11
Balances at end of current period	-22	-10

(Unit : Million yen)

	Previous term end (as of May 31, 2012)	Current term end (as of May 31, 2013)
Subscription rights to shares		
Balance at the beginning of current period	812	934
Changes of items during the period		
Net changes of items other than shareholders' equity	122	57
Total changes of items during the period	122	57
Balances at end of current period	934	992
Net assets		
Balance at the beginning of current period	86,176	60,438
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares	—	5
Dividends from surplus-other capital surplus	-28,087	—
Dividends from surplus	-21,478	-9,531
Net income	23,709	26,494
Purchase of treasury stock	-0	-2
Disposal of treasury stock	0	—
Net changes of items other than shareholders' equity	119	69
Total changes of items during the period	-25,737	17,034
Balances at end of current period	60,438	77,473

## (4)Statement of Cash Flows

(Unit : Million yen)

	Previous term end (as of May 31, 2012)	Current term end (as of May 31, 2013)
Net cash provided by (used in) operating activities		
Income before income taxes	40,512	42,785
Depreciation and amortization	1,488	1,357
Share-based compensation expenses	166	148
Increase (decrease) in allowance for doubtful accounts	-0	-0
Increase (decrease) in provision for bonuses	-318	-71
Increase (decrease) in provision for directors' bonuses	-14	-0
Increase (decrease) in provision for product warranties	156	144
Interest and dividends income	-52	-80
Loss (gain) on sales of investment securities	-6	—
Loss (gain) on sales and retirement of noncurrent assets	9	8
Decrease (increase) in notes and accounts receivable-trade	2,787	-215
Decrease (increase) in inventories	-0	0
Decrease (increase) in accounts receivable-other	870	309
Decrease (increase) in other current assets	-8	-27
Increase (decrease) in notes and accounts payable-trade	1,266	889
Increase (decrease) in accounts payable-other	-1,883	281
Increase (decrease) in accrued consumption taxes	-415	106
Increase (decrease) in advances received	4,423	6,678
Increase (decrease) in other current liabilities	73	62
Other, net	-5	163
Subtotal	49,048	52,541
Interest and dividends income received	54	53
Income taxes paid	-15,738	-17,039
Net cash provided by (used in) operating activities	33,364	35,555
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-249	-519
Proceeds from sales of property, plant and equipment	47	—
Purchase of intangible assets	—	-13
Proceeds from sales of investment securities	7	52
Payments of short-term loans receivable	—	-42,200
Collection of loans receivable	37,986	—
Payments into time deposits	-29,000	-50,000
Proceeds from withdrawal of time deposits	16,000	67,000
Payments for guarantee deposits	-4	-391
Proceeds from collection of guarantee deposits	34	35
Other, net	—	4
Net cash provided by (used in) investing activities	24,822	-26,032
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	—	4
Purchase of treasury stock	-0	-2
Proceeds from sales of treasury stock	0	—
Cash dividends paid	-49,526	-9,555
Net cash provided by (used in) financing activities	-49,527	-9,553
Net Increase/(Decrease) in cash and cash equivalents	8,659	-30
Cash and cash equivalents at beginning of period	14,834	23,493
Cash and cash equivalents at end of period ※	23,493	※ 23,463

## (5) Notes to Financial Statements

## [Notes to going concern]

Not applicable

## [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 27, 2012

## [Changes in the accounting method]

Not applicable

## [Unapplied Accounting Standards]

Not applicable

## [Additional information]

Not applicable

## [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]

Business structure improvement expenses consist mainly of special retirement benefits.

## [Related to the statement of changes in shareholders' equity]

Previous 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

(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	—	—	—	—	—	934
Total		—	—	—	—	—	934

## 3. Dividend

## (1) Amount of paid dividends 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

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

Current term (from June 1, 2012 to May 31, 2013)

## 1. Type and number of issued shares and treasury stock

	Number of shares as of May 31, 2012 (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, 2013 (Thousand shares)
Issued shares Common stock (Note)	127,097	1	—	127,098
Treasury stocks Common stock	5	0	—	5

(Note) Increase of 1 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	—	—	—	—	—	992
Total		—	—	—	—	—	992



## 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 20, 2012	Common stock	9,531	75	May 31, 2012	August 9, 2012	Earned surplus

## (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 19, 2013.

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	10,675	Earned surplus	84	May 31, 2013	August 8, 2013

## [Related to the statement of cash flows]

Previous term (From June 1, 2011 to May 31, 2012)		Current term (From June 1, 2012 to May 31, 2013)	
*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, 2012)		(As of May 31, 2013)
Balance of cash and deposits	44,488 million yen	Balance of cash and deposits	29,463 million yen
Balance of marketable securities	2,005 million yen	Balance of marketable securities	— million yen
Time deposits	-23,000 million yen	Time deposits	-6,000 million yen
Cash and cash equivalents	23,493 million yen	Cash and cash equivalents	23,463 million yen

## 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: New software licenses and cloud software subscriptions (note 1), Software License Updates & Product Support, Hardware Systems, and Services.

The New software licenses and cloud software subscriptions Segment sells variety of licenses of database management software, middleware, and application software that are used in corporate activities.

The Software License 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, Managed Cloud Services (note 2), and Education services.

## (Note)

1. From this year under review, the Company has decided to change the name of the segment “Software License” to “New Software Licenses and Cloud Software Subscriptions”.

As this change is a change in the name of this segment, the reportable segment remains unchanged.

2. From this year under review, the Company has decided to change the name of the segment “Cloud Services” to “Managed Cloud 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. 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, 2011 to May 31, 2012)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	New software licenses and cloud software subscriptions	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.

Current term (from June1, 2012 to May 31, 2013)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	New software licenses and cloud software subscriptions	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	47,560	67,109	22,202	16,276	153,148	—	153,148
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	47,560	67,109	22,202	16,276	153,148	—	153,148
Operating income (loss)	7,230	35,305	1,113	3,634	47,284	-4,610	42,673
Other item							
Depreciation (Note)3	573	169	114	278	1,134	222	1,357

(Notes): 1.A segment profit adjustment of minus 4,610 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.

5. From this year under review, the Company has decided to change the name of the segment “Software License” to “New Software Licenses and Cloud Software Subscriptions”. Segment information of previous year has used new segment name. As this change is a change in the name of this segment, the reportable segment remains unchanged.

## 【Loss / Gain on equity method】

Not applicable

## 【Transactions with related parties】

Previous 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.	US\$ 0 thousand	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.

## Current term (from June 1, 2012 to May 31, 2013)

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	42,200	Short-term loan receivable	42,200
							Settlement of funds for transactions among Oracle Group companies (Note) 2	28,345	Accounts payable	6,407
								15,809	Accounts payable-other	1,456
Subsidiary of parent company	Oracle International Corporation (Note) 2	California, U.S.A.	US\$ 0 thousand	Holding and management of intellectual property rights	None	Conclusion of sales agency agreements	Payment of royalties (Note) 3	35,740	Accounts payable	3,952

(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 32 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 (11,474 million yen in FY13) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products (15,649 million yen in FY13) 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, 2011 to May 31, 2012)	Current term (From June 1, 2012 to May 31, 2013)
Net assets per share	468.20	601.77
Net income per share	186.55	208.47
Net income per share (diluted)	—	208.38

(Notes)1. Net income per share (diluted) for previous 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, 2011 to May 31, 2012)	Current term (From June 1, 2012 to May 31, 2013)
Net income per share		
Net income (millions of yen)	23,709	26,494
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	23,709	26,494
Average number of shares during the term (shares)	127,092,405	127,092,183
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	—	55,251
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	—————	Subscription right (Type: 13Numbers: 17,668)

## 【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