

**Flash Report for the Fiscal Year Ended May 31, 2014**  
**[under Japanese GAAP] (Non-consolidated)**

June 26, 2014

**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>

Contact & responsible personal

Telephone: 03-6834-6666

Representative personal

Hiroshige Sugihara, President & CEO

Contact & responsible personal

Shigeru Nosaka, Executive Deputy President & CFO

Schedule for general shareholders meeting: August 21, 2014

Schedule for dividends payment: August 6, 2014

Schedule for annual security report: August 22, 2014

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, 2013 to May 31, 2014)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
May 2014	154,972	1.2	44,315	3.8	44,314	3.3	27,171	2.6
May 2013	153,148	7.2	42,673	5.5	42,902	6.0	26,494	11.7

	Net income per share		Net income per share (diluted)		ROE	ROA	Operating Income Margin
	Yen	Sen	Yen	Sen	%	%	%
May 2014	213	75	213	63	32.0	30.5	28.6
May 2013	208	47	208	38	39.0	34.6	27.9

(2) Financial Position

	Total Assets		Net assets		Ratio of shareholders' equity		Net assets per share	
	Million Yen		Million Yen		%		Yen	Sen
May 2014	154,002		94,401		60.6		734	20
May 2013	136,810		77,473		55.9		601	77

Shareholders' equity May 2014: 93,387 million Yen May 2013: 76,480 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 2014	29,019		-587		-10,359		41,536	
May 2013	35,555		-26,032		-9,553		23,463	

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 2013	-		0	00	-		84	00	84	00	10,675	40.3	15.7
May 2014	-		0	00	-		86	00	86	00	10,938	40.2	12.9
May 2015 (Forecast)	-		0	00	-		91	00	91	00		40.1	

3. Forecast for the May 2015 term (from June 1, 2014 to May 31, 2015)

(% 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	160,000	3.2	45,000	1.5	45,100	1.8	28,900	6.4	226	98

(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	May 2014	127,202,871 shares
(inclusive of treasury stock)	May 2013	127,098,571 shares
(ii) The number of treasury stock	May 2014	7,025 shares
	May 2013	5,675 shares
(iii) The number of average shares outstanding	May 2014	127,115,376 shares
	May 2013	127,092,183 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 4.

[Table of Contents of Attached Material]

1. Business Outcomes -----	2
(1) Business Outcomes-----	2
(2) Financial situation-----	5
(3) Basic Policies on income distribution-----	6
(4) Business risks-----	6
(5) Substantial doubts regarding the ability to remain as a going concern -----	9
2. Current Status of the Company Group-----	10
3. Business Policies-----	11
(1) Our basic business policies-----	11
(2) Targeted business indices-----	11
(3) Business strategies for the medium and long terms -----	11
(4) Issues to address-----	12
(5) Other important affairs -----	12
4. Financial Statements-----	13
(1) Balance Sheet-----	13
(2) Statement of Income-----	15
(3) Statement of changes in shareholders' equity-----	16
(4) Statement of Cash flows-----	18
(5) Notes to Financial Statements-----	19
(Notes to Going Concern)-----	19
(Significant Accounting Policies)-----	19
(Changes in the accounting method )-----	19
(Unapplied Accounting Standards) -----	19
(Changes in Method of Presentation)-----	19
(Related to the balance sheet) -----	19
(Related to the statement of income) -----	19
(Related to the statement of changes in shareholders' equity) -----	19
(Related to the statement of cash flow) -----	21
(Segment Information) -----	22
(Loss / Gain on equity method) -----	23
(Transaction with related parties) -----	24
(Per Share Data) -----	26
(Notes to subsequent events) -----	26
(Omission of Disclosures) -----	26
5. Others-----	26
Changes of Corporate Officers-----	26

## 1. Business Outcomes

### (1) Business Outcomes

#### (i) Conditions during the Period

During the fiscal year under review (hereinafter “this year”), the Japanese economy had been on the way to recovery at a moderate pace during this year, which had been driving the improvement of stock market momentum and the consumer demands. The customers’ willingness to make IT investment had also showed the improvement especially in the financial industry and the distribution service industry.

Under such business environment, during this year, the Company posted revenue of 154,972 million yen (up 1.2% year on year), operating income of 44,315 million yen (increasing 3.8%), ordinary income of 44,314 million yen (rising 3.3%), and net income of 27,171 million yen (up 2.6%). Each of these figures represents new record highs.

#### (ii) Results by Reported Segment

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

The customers’ willingness to invest had been showing improvement for such as IT infrastructure especially in the financial industry and the distribution service industry. In the first half of the fiscal year under review, revenue in the New software licenses and Cloud software subscriptions segment declined from a year ago, when there were large-scale projects. Revenue increased in the second half, but was 45,466 million yen (down 4.4% year on year) in the full 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 42,874 million yen (decreasing 4.4% year on year), and revenue in the Cloud software subscriptions was 2,591 million yen (down 4.3% year on year).

In the New software licenses, in July 2013, the Company launched “Oracle Database 12c”, the latest database product, “Oracle WebLogic Server 12.1.2”, the latest application server, “Oracle Coherence 12.1.2”, the most recent in-memory data grid, “Oracle Cloud Application Foundation 12c”, the latest group of cloud application foundation products, in-memory applications of “JD Edwards EnterpriseOne”, an ERP product for medium-sized companies, and the latest version of “Oracle Utilities”, an application for the public utility industries. In August, the Company launched “Oracle Enterprise Manager 12c”, the latest operation management solution that works in the cloud environment. The Company launched the latest version of “Oracle WebCenter” in September, and “Oracle E-Business Suite R12.2”, a latest version of ERP product in October. In December the Company launched “Oracle Edeca information Discovery 3.1”, the latest version of the only complete data discovery solution for the enterprises with new self-service discovery capabilities including agile data mashup and extended support for unstructured analytics. In January 2014, the Company launched the latest version of data integration products, “Oracle Golden Gate 12c” and “Oracle Data integrator 12c”. In February the Company launched “Oracle In-Memory Cost Management for Process Industries.

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 solid. In July 2013, the Company introduced the latest version of “Oracle Taleo Cloud Service”. The Company started offering “Oracle Social Relationship Management” which helps users to manage and scale the relationship with their customers on social media channels in October, and “Oracle Eloqua” which automates marketing activities in November. In January 2014, the Company launched “Oracle Cloud Adapter for Salesforce.com”, the first Oracle Cloud Adapter and also introduced the package product including this adapter for a single integration platform to unify cloud and on-premises applications. In April, the Company launched “Oracle HCM Cloud”, which has enhanced the social media, mobile, and business analytics functions.

### **[Software license updates & product support]**

Revenue in the Software license updates & product support segment was 68,594 million yen, increasing 2.2% 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 23,532 million yen, up 6.0% from the corresponding period of the previous fiscal year.

This segment consists of the Hardware systems product division, which sells servers, storage products, engineered systems, and network devices, 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 13,724 million yen (rising 10.9% year on year). Sales of engineered systems and storage products were strong. In July 2013, the Company launched "Oracle SuperCluster T5-8", an engineered system containing the SPARC T5 processor and in August, "Oracle Exalytics In-Memory Machine X3-4", the latest machine for fast analysis. The Company launched "Oracle Virtual Compute Appliance" in September, an engineered system that simplifies the way customers install, deploy, and manage virtual computing infrastructures. In October, "SPARC M6-32 Server", the server products equipped with SPARC M6 processor, "Oracle SuperCluster M6-32", an engineered system containing the SPARC M6-32 Server, "Oracle ZFS Storage ZS3", which simplifies Oracle Database deployments and managements, "StorageTek T10000D", a latest product of tape drive storage, and "Sun Server X-4" series, the x86 server products equipped with Intel Xeon processors. In January 2014, the Company launched "Oracle Exadata Database Machine X4", a latest extremely high speed database machine and "Oracle Exalogic Elastic Cloud X4-2", a latest version of engineered system Oracle Exalogic Elastic Cloud providing extreme performance, reliability and scalability for Oracle, Java and other applications. Revenue in the Hardware Systems Support division was 9,808 million yen (down 0.2% year on year).

### **[Services]**

Revenue in the Services segment was 17,378 million yen, increasing 6.8% from the corresponding period of the previous fiscal year.

This segment consists of Consulting Services, which support the introduction of products of the Company; Managed cloud services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; Education services, which provide training for engineers and users, and also encompasses a technology qualification business; and.

Revenue from preventive maintenance services, especially services for the engineered systems was strong and revenue from consulting services was solid. In education services, the Company started offering new training courses and certification programs for "Oracle Database 12c" in September and November 2013, respectively.

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

Item	FY2013		FY2014		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
New software licenses	44,852	29.3	42,874	27.7	-4.4
Cloud software subscriptions	2,707	1.8	2,591	1.7	-4.3
New software licenses and Cloud software subscriptions	47,560	31.1	45,466	29.3	-4.4
Software license updates & product support	67,109	43.8	68,594	44.3	2.2
Software related	114,669	74.9	114,060	73.6	-0.5
Hardware systems products	12,370	8.1	13,724	8.9	10.9
Hardware systems support	9,831	6.4	9,808	6.3	-0.2
Hardware systems	22,202	14.5	23,532	15.2	6.0
Services	16,276	10.6	17,378	11.2	6.8
Total	153,148	100.0	154,972	100.0	1.2

\*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, 2015)

For the next fiscal year (Ending May 2015), 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 will seek to achieve sustainable business growth with the comprehensive promotion of the cloud business, the strengthening of direct sales capabilities to further enhance customer experience, the development of a Go-To-Market strategy including alliances for new market development, and the introduction of best practices overseas in Japan and collaboration with global organizations to support the overseas operations of Japanese customers.

Based on the above, the Company has derived the following estimates for our business outcomes in the May 2015 term: revenue of 160,000 million yen (up 3.2% from the previous term); operating income of 45,000 million yen (up 1.5% from the previous term), ordinary income of 45,100 million yen (up 1.8%); net income for the term of 28,900 million yen (up 6.4%), and net income for the term per share of 226.98 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 154,002 million yen (increasing 17,192 million yen from the end of the previous term). Current assets were 112,835 million yen (increasing 18,568 million yen).

Liabilities were 59,601 million yen (increasing 264 million yen). Net assets totaled 94,401 million yen (increasing 16,927 million yen). As a result, the ratio of shareholders' equity was 60.6% (up 4.7 percentage points).

The cash flow situations for the term are as follows:

**(i) Cash flows from operating activities**

Cash generated from operating activities was 29,019 million yen (decreasing 6,535 million yen year on year). The inflow is attributable to the posting of income before income taxes of 44,191 million yen, an increase in advances received of 1,643 million yen. The outflows are attributable to the payment of 17,098 million yen in income taxes.

**(ii) Cash flows from investment activities**

Cash used for investment activities was 587 million yen (decreasing 25,444 million yen year on year). The outflow is attributable to the payments of short-term loans receivable (48,500 million yen) to Oracle America, Inc., a subsidiary of Oracle Corporation (parent company of the Company). The inflows include the collection of loans receivable (42,200 million yen) from Oracle America, Inc. and a net decrease in time deposits (6,000 million yen).

**(iii) Cash flows from financial activities**

Cash used for financial activities was 10,359 million yen (increasing 805 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

In total, cash and equivalents increased 18,072 million yen from the end of the previous term, to 41,536 million yen.

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

	May 2012	May 2013	May 2014
Capital ratio (%)	53.4	55.9	60.6
Capital ratio based on market prices (%)	325.8	370.7	379.1

(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 86 yen per share.

For the next fiscal year, we plan to pay a year-end dividend of 91 yen per share (up 5 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 including payment, and collection of account receivables, and order entry/renewal of support agreements and so forth. If the Center receives transactions in excess of its processing capacity or fails to provide appropriate service because of any unexpected event, it may affect our business performance and financial conditions.

(iv) System failure due to natural disasters

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

② Dependence on certain limited sales items

Our sales are characterized by a high percentage 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.

③ Dependence 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.

④ Project 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, 2014, the total number of our shares covered by equity warrants reaches 1,903,700 equivalents to 1.5% 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.

⑩ Information 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.

⑪ Legal controls

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

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

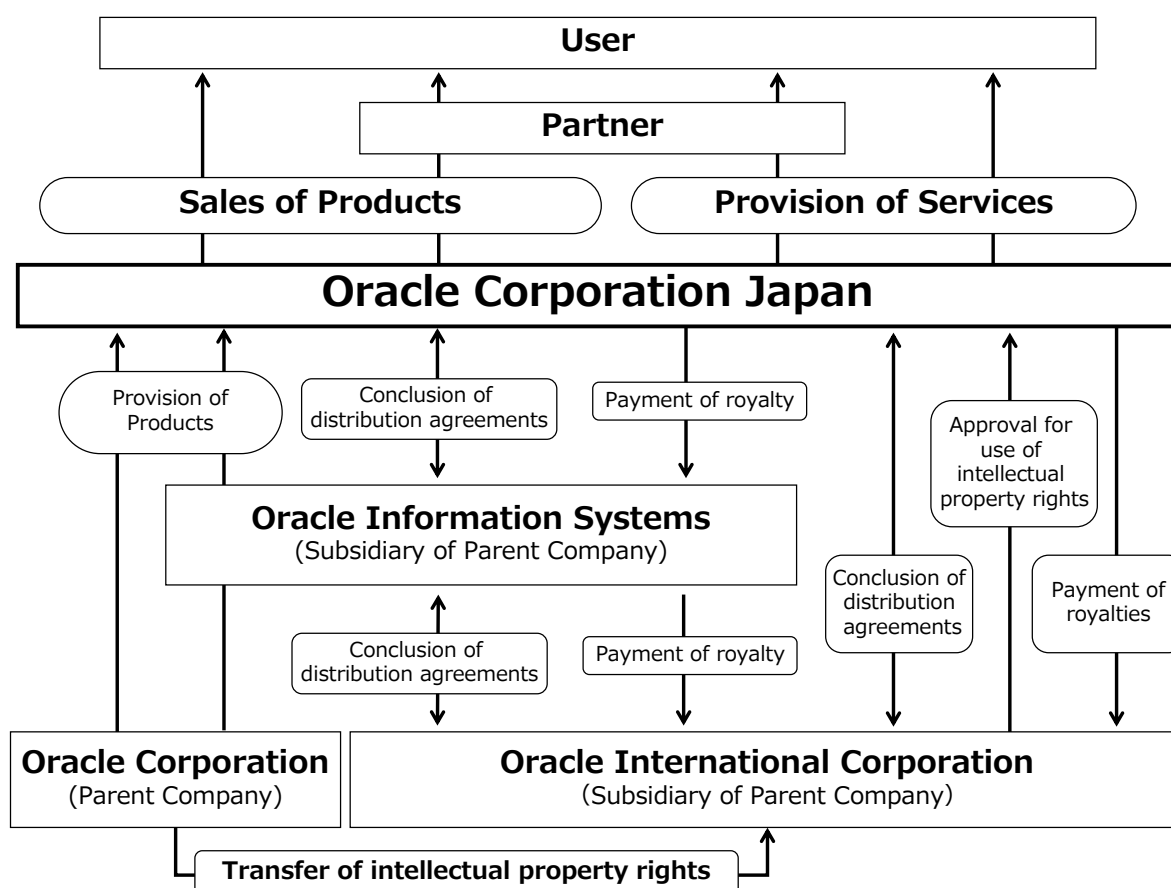
There are no significant doubts regarding the ability of the Company to continue as a going concern.

## 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 and respected,” 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, operating income and EPS.

#### **(3) Business strategies for the medium and long terms**

- ① The Midterm Corporate Strategy from FY12 to FY14.

To achieve its basic business policy of creating new IT value and contributing to customer success and the development of society, the Company has developed the Midterm Corporate Strategy “Grow Grow Grow,” which covers the year ended May 2012 through the year ended May 2014, seeking to harness the outcomes of Oracle Corporation’s proactive product development and M&A strategies and to build long-term partnerships with its customers. Under the Midterm Corporate Strategy, the Company has pursued two strategies: Growth Initiatives for external growth and a Foundation strategy for bolstering the management base.

Through Growth Initiatives, we have introduced 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 has nurtured diversified and professional talented personnel, and has created a comprehensive management foundation to fully utilize its global management resources. Through these initiatives, in the three consecutive years from the year ended May 31, 2011 through the year ended May 31, 2014, the Company achieved rises both in revenue and income.

Results in the three years are as follows:

		FY11	FY12	FY13	FY14	CAGR
Revenue	Mil yen	132,724	142,919	153,148	154,972	5.3%
Operating Income	Mil yen	37,191	40,432	42,673	44,315	6.0%
Ordinary Income	Mil yen	37,316	40,480	42,902	44,314	5.9%
Net Income	Mil yen	22,065	23,709	26,494	27,171	7.2%
Net Income per share	Yen	173.62	186.55	208.47	213.75	7.2%

Given the revitalization of the financial and distribution markets, the Company won large-scale IT projects through initiatives that included the strengthening of sales capabilities, strategic alliances with partners, and the launch of new competitive products. In the three years to the fiscal year ended May 31, 2014, the final year of the medium-term management plan, the Company recorded a compound annual growth rate (CAGR) of 5.3% in revenue, a CAGR of 6.0% in operating income and a CAGR of 7.2% in the net income per share.

② The medium and long terms Vision to 2020

In the fiscal year 2015, to aim to earn the long-term trust and respect of our customers and become the No.1 cloud company in 2020, the company will seek to achieve sustainable business growth with the comprehensive promotion of the cloud business, the strengthening of direct sales capabilities to further enhance customer experience, the development of a Go-To-Market strategy including alliances for new market development, and the introduction of best practices overseas in Japan and collaboration with global organizations to support the overseas operations of Japanese customers.

**(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. We will bolster the structure of our cloud business, which provides services via the Internet. Based on this system, we aim to earn the long-term trust and respect 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 We will expand cloud services, in addition to our conventional solutions, and will make it possible for our customers to choose IT investments suitable for their business environment. We will thereby boost customer satisfaction and will strengthen the long-term relations of trust with our customers.

**(5) Other Important Affiliates**

Not Applicable.

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

(Unit : Million yen)

	Previous term end (as of May 31, 2013)	Current term end (as of May 31, 2014)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	29,463	41,536
Accounts receivable-trade	19,522	18,770
Merchandise	0	0
Prepaid expenses	182	72
Deferred tax assets	2,747	2,634
Short-term loans receivable	42,200	48,500
Other	154	1,324
Allowance for doubtful accounts	-2	-2
<b>Total current assets</b>	<b>94,267</b>	<b>112,835</b>
<b>Noncurrent assets</b>		
<b>Property, plant and equipment</b>		
Buildings	17,684	17,690
Accumulated depreciation	-4,369	-4,625
Buildings, net	13,314	13,065
Tools, furniture and fixtures	4,125	4,072
Accumulated depreciation	-2,909	-2,784
Tools, furniture and fixtures, net	1,216	1,288
Land	26,057	26,057
<b>Total property, plant and equipment</b>	<b>40,587</b>	<b>40,411</b>
<b>Intangible assets</b>		
Software	19	10
Other	0	0
<b>Total intangible assets</b>	<b>19</b>	<b>10</b>
<b>Investments and other assets</b>		
Investment securities	138	36
Deferred tax assets	445	209
Guarantee deposits	1,339	473
Bankruptcy and reorganization claim	0	0
Other	16	31
Allowance for doubtful accounts	-4	-4
<b>Total investments and other assets</b>	<b>1,935</b>	<b>745</b>
<b>Total noncurrent assets</b>	<b>42,543</b>	<b>41,167</b>
<b>Total assets</b>	<b>136,810</b>	<b>154,002</b>

(Unit : Million yen)

	Previous term end (as of May 31, 2013)	Current term end (as of May 31, 2014)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,359	8,963
Accounts payable-other	3,722	3,534
Income taxes payable	9,061	8,609
Advances received	32,474	34,118
Deposits received	150	563
Provision for bonuses	1,754	1,880
Provision for directors' bonuses	21	10
Provision for product warranties	305	235
Other	1,396	1,677
<b>Total current liabilities</b>	<b>59,246</b>	<b>59,593</b>
<b>Noncurrent liabilities</b>		
Other	91	7
<b>Total noncurrent liabilities</b>	<b>91</b>	<b>7</b>
<b>Total liabilities</b>	<b>59,337</b>	<b>59,601</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	22,304	22,506
<b>Capital surplus</b>		
Legal capital surplus	5,654	5,857
<b>Total capital surplus</b>	<b>5,654</b>	<b>5,857</b>
<b>Retained earnings</b>		
Other retained earnings		
Retained earnings brought forward	48,558	65,053
<b>Total retained earnings</b>	<b>48,558</b>	<b>65,053</b>
Treasury stock	-25	-30
<b>Total shareholders' equity</b>	<b>76,491</b>	<b>93,387</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	-10	—
<b>Total valuation and translation adjustments</b>	<b>-10</b>	<b>—</b>
Subscription rights to shares	992	1,013
<b>Total net assets</b>	<b>77,473</b>	<b>94,401</b>
<b>Total liabilities and net assets</b>	<b>136,810</b>	<b>154,002</b>



## (2) Statement of Income

(Unit : Million yen)

	Previous Term (From June 1, 2012 to May 31, 2013)	Current Term (From June 1, 2013 to May 31, 2014)
Net sales	153,148	154,972
Cost of sales	78,054	79,838
Gross profit	75,093	75,133
Selling, general and administrative expenses	32,420	30,818
Operating income	42,673	44,315
Non-operating income		
Interest income	73	63
Interest on securities	0	—
Foreign exchange gains	158	—
Other	7	3
Total non-operating income	240	67
Non-operating expenses		
Interest expenses	—	0
Foreign exchange losses	—	28
Other	11	38
Total non-operating expenses	11	67
Ordinary income	42,902	44,314
Extraordinary income		
Gain on reversal of subscription rights to shares	90	54
Total extraordinary income	90	54
Extraordinary loss		
Loss on sales of investment securities	—	8
Business structure improvement expenses	※ 207	169
Total extraordinary loss	207	177
Income before income taxes	42,785	44,191
Income taxes-current	17,172	16,676
Income taxes-deferred	-881	342
Total income taxes	16,290	17,019
Net income	26,494	27,171

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

Previous term end (From June 1, 2012 to May 31, 2013)

(Unit : Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total Capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the beginning of current period	22,301	5,652	5,652	31,595	31,595	-23	59,526
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	2	2	2				5
Dividends from surplus				-9,531	-9,531		-9,531
Net income				26,494	26,494		26,494
Purchase of treasury stock						-2	-2
Disposal of treasury stock				-	-	-	-
Net changes of items other than shareholders' equity							
Total changes of items during the period	2	2	2	16,962	16,962	-2	16,965
Balances at end of current period	22,304	5,654	5,654	48,558	48,558	-25	76,491

	Valuation and translation adjustments	Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-22	934	60,438
Changes of items during the period			
Issuance of new shares-exercise of subscription rights to shares			5
Dividends from surplus			-9,531
Net income			26,494
Purchase of treasury stock			-2
Disposal of treasury stock			-
Net changes of items other than shareholders' equity	11	57	69
Total changes of items during the period	11	57	17,034
Balances at end of current period	-10	992	77,473

Current term end (From June 1, 2013 to May 31, 2014)

(Unit : Million yen)

	Shareholders' equity						
	Capital stock	Capital surplus		Retained earnings		Treasury stock	Total shareholders' equity
		Legal capital surplus	Total Capital surplus	Other retained earnings	Total retained earnings		
				Retained earnings brought forward			
Balance at the beginning of current period	22,304	5,654	5,654	48,558	48,558	-25	76,491
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	202	202	202				405
Dividends from surplus				-10,675	-10,675		-10,675
Net income				27,171	27,171		27,171
Purchase of treasury stock						-5	-5
Disposal of treasury stock				-0	-0	0	0
Net changes of items other than shareholders' equity							—
Total changes of items during the period	202	202	202	16,495	16,495	-5	16,895
Balances at end of current period	22,506	5,857	5,857	65,053	65,053	-30	93,387

	Valuation and translation adjustments	Subscription rights to shares	Net assets
	Valuation difference on available-for-sale securities		
Balance at the beginning of current period	-10	992	77,473
Changes of items during the period			
Issuance of new shares-exercise of subscription rights to shares			405
Dividends from surplus			-10,675
Net income			27,171
Purchase of treasury stock			-5
Disposal of treasury stock			0
Net changes of items other than shareholders' equity	10	21	32
Total changes of items during the period	10	21	16,927
Balances at end of current period	—	1,013	94,401

## (4)Statement of Cash Flows

(Unit : Million yen)

	Previous term end (as of May 31, 2013)	Current term end (as of May 31, 2014)
Net cash provided by (used in) operating activities		
Income before income taxes	42,785	44,191
Depreciation and amortization	1,357	1,238
Share-based compensation expenses	148	136
Increase (decrease) in allowance for doubtful accounts	-0	—
Increase (decrease) in provision for bonuses	-71	125
Increase (decrease) in provision for directors' bonuses	-0	-11
Increase (decrease) in provision for product warranties	144	-69
Interest and dividends income	-80	-67
Interest expenses	—	0
Loss (gain) on sales of investment securities	—	8
Loss (gain) on sales and retirement of noncurrent assets	8	38
Decrease (increase) in notes and accounts receivable-trade	-215	752
Decrease (increase) in inventories	0	-0
Decrease (increase) in accounts receivable-other	309	-1,109
Decrease (increase) in other current assets	-27	32
Increase (decrease) in notes and accounts payable-trade	889	-1,396
Increase (decrease) in accounts payable-other	281	-108
Increase (decrease) in accrued consumption taxes	106	287
Increase (decrease) in advances received	6,678	1,643
Increase (decrease) in other current liabilities	62	377
Other, net	163	-35
Subtotal	52,541	46,034
Interest and dividends income received	53	84
Interest expenses paid	—	-0
Income taxes paid	-17,039	-17,098
Net cash provided by (used in) operating activities	35,555	29,019
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-519	-1,148
Proceeds from sales of property, plant and equipment	—	0
Purchase of intangible assets	-13	—
Proceeds from sales of investment securities	52	110
Payments of short-term loans receivable	-42,200	-48,500
Collection of loans receivable	—	42,200
Payments into time deposits	-50,000	-109,000
Proceeds from withdrawal of time deposits	67,000	115,000
Payments for guarantee deposits	-391	-0
Proceeds from collection of guarantee deposits	35	1,183
Payments for asset retirement obligations	—	-433
Other, net	4	—
Net cash provided by (used in) investing activities	-26,032	-587
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	4	344
Purchase of treasury stock	-2	-5
Proceeds from sales of treasury stock	—	0
Cash dividends paid	-9,555	-10,698
Net cash provided by (used in) financing activities	-9,553	-10,359
Net Increase/(Decrease) in cash and cash equivalents	-30	18,072
Cash and cash equivalents at beginning of period	23,493	23,463
Cash and cash equivalents at end of period	※ 23,463	※ 41,536

## (5) Notes to Financial Statements

## [Notes to going concern]

Not applicable

## [Significant Accounting Policies]

Disclosure of Significant Accounting Policies is omitted, there are no significant changes from the latest annual report submitted on August 26, 2013.

## [Changes in the accounting method]

Not applicable

## [Unapplied Accounting Standards]

Not applicable

## [Changes in Method of Presentation]

As they become immaterial, “Accounts receivable-other” and “Accrued consumption taxes”, which had been presented as separate items until the fiscal year ended May 31, 2013, are included in “Other” in the current assets and current liabilities from this fiscal year end.

As a result, “Accounts receivable-other” (101 million yen in the previous fiscal year) and “Accrued consumption taxes” (1,070 million yen in the previous fiscal year) have been reclassified as “Other” in the current assets and current liabilities.

## [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 immaterial.

## [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, 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

Resolution	Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Board of director held on July 19, 2013	Common stock	10,675	Earned surplus	84	May 31, 2013	August 8, 2013

Current term (from June 1, 2013 to May 31, 2014)

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

	Number of shares as of May 31, 2013 (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, 2014 (Thousand shares)
Issued shares Common stock (Note)	127,098	104	—	127,202
Treasury stocks Common stock	5	1	0	7

(Note) Increase of 104 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	—	—	—	—	—	1,013
Total		—	—	—	—	—	1,013

## 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 19, 2013	Common stock	10,675	84	May 31, 2013	August 8, 2013	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 18, 2014

Type of share	Total amount of dividend (Million yen)	Resource of dividend	Dividend per share (Yen)	Reference date	Effective date
Common stock	10,938	Earned surplus	86	May 31, 2014	August 6, 2014

## [Related to the statement of cash flows]

Previous term (From June 1, 2012 to May 31, 2013)		Current term (From June 1, 2013 to May 31, 2014)	
*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, 2013)		*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, 2014)	
Balance of cash and deposits	29,463 million yen	Balance of cash and deposits	41,536 million yen
Time deposits	-6,000 million yen	Time deposits	—
Cash and cash equivalents	23,463 million yen	Cash and cash equivalents	41,536 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, 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, 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. 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 June 1, 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.



Current term (from June 1, 2013 to May 31, 2014)

(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	45,466	68,594	23,532	17,378	154,972	—	154,972
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	45,466	68,594	23,532	17,378	154,972	—	154,972
Operating income (loss)	7,333	36,533	1,231	3,792	48,891	-4,576	44,315
Other item							
Depreciation (Note)3	589	75	161	153	979	258	1,238

(Notes): 1. A segment profit adjustment of minus 4,576 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】**

Not applicable

## 【Transactions with related parties】

Previous 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.	None	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.

## Current term (from June 1, 2013 to May 31, 2014)

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	48,500	Short-term loan receivable	48,500
							Fund Collection (Note) 1	42,200		
							Settlement of funds for transactions among Oracle Group companies (Note) 2	32,773	Accounts payable	5,395
								14,944	Accounts payable-other	1,371
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	35,122	Accounts payable	3,381

(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 41 million yen (FY14 booking is 25 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 (12,047 million yen in FY14) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products (17,213 million yen in FY14) 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.

## Per Share Data

(Unit: Yen)

Items	Previous term (From June 1, 2012 to May 31, 2013)	Current term (From June 1, 2013 to May 31, 2014)
Net assets per share	601.77	734.20
Net income per share	208.47	213.75
Net income per share (diluted)	208.38	213.63

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

	Previous term (From June 1, 2012 to May 31, 2013)	Current term (From June 1, 2013 to May 31, 2014)
Net income per share		
Net income (millions of yen)	26,494	27,171
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	26,494	27,171
Average number of shares during the term (shares)	127,092,183	127,115,376
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	55,251	74,166
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	Subscription right (Type: 13Numbers: 17,668)	Subscription right (Type: 12Numbers: 15,478)

## 【Notes to subsequent events】

Not Applicable

## 【Omission of Disclosures】

Disclosure of notes on lease transaction, financial instruments, 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