



**Flash Report for the Fiscal Year Ended May 31, 2016**  
**[under Japanese GAAP] (Non-consolidated)**

June 28, 2016

**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 24, 2016

Schedule for dividends payment: August 8, 2016

Schedule for annual security report: August 25, 2016

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, 2015 to May 31, 2016)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
May 2016	170,203	5.7	50,225	6.7	50,273	6.3	33,568	11.0
May 2015	161,051	3.9	47,085	6.3	47,286	6.7	30,246	11.3

	Net income per share		Net income per share (diluted)		ROE	ROA	Operating Income Margin
	Yen	Sen	Yen	Sen	%	%	%
May 2016	263	64	263	14	27.0	24.4	29.5
May 2015	237	78	237	51	29.3	27.6	29.2

(2) Financial Position

	Total Assets		Net assets		Ratio of shareholders' equity		Net assets per share	
	Million Yen	Sen	Million Yen	Sen	%	%	Yen	Sen
May 2016	223,402		136,227		60.6		1,062	14
May 2015	188,847		113,826		59.8		887	28

Shareholders' equity

May 2016: 135,386 million Yen

May 2015: 112,903 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	Sen	Million Yen	Sen	Million Yen	Sen	Million Yen	Sen
May 2016	44,267		-69,506		-11,311		45,644	
May 2015	48,412		3,088		-10,843		82,194	

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 2015	-		0	00	-		95	00	95	00	12,093	40.0	11.7
May 2016	-		0	00	-		525	00	525	00	66,938	199.1	53.9
May 2017 (Forecast)	-		-	-	-		-	-	-	-	-	-	-

(Note1) Breakdown of Dividends for May 2016: a normal dividend of 105 yen, a special dividend of 420 yen and year-end total dividend is 525 yen.

(Note2) Year-end dividend for the year ending May 31, 2017 has yet to be determined.

3. Forecast for the May 2017 term (from June 1, 2016 to May 31, 2017)

(% of change from previous year)

	Revenue		Net income per share	
	Yen	%	Yen	%
Entire term	1.0~4.0		274~284	

(Note1) Company uses ranges of values for the forecast. Please refer to Business Outcomes for Forecasts, on page 5.

(Note2) Estimation of effective tax rate is 31.1%.

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 2016	127,511,971 shares
	May 2015	127,308,971 shares
(ii) The number of treasury stock	May 2016	46,521 shares
	May 2015	62,205 shares
(iii) The number of average shares outstanding	May 2016	127,328,145 shares
	May 2015	127,206,086 shares

(Note) The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust is included in the number of shares held in treasury.

The treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term.

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, which began on June 1, 2015 and ended on May 31, 2016 (hereinafter “this year”), parts of the Japanese economy weakened against the backdrop of a slowdown in overseas economies and changes in financial markets, including exchange rates and interest rates, but the economy overall saw firm consumer spending on the back of an improvement in the employment and income situation and a continued moderate improvement in corporate earnings. The willingness of businesses to make IT investments is recovering mainly in the financial, distribution services and manufacturing industries.

In regards to technology and society, a shift from conventional business models to future-oriented models is urgently needed to deal with issues such as massive change caused by the spread of digital technology, the decline in the working population due to the aging of the society and falling birth rates, and the ongoing progress of globalization. Current issues include improvement of productivity with the use of cloud services and other information technologies and business entries into growth areas.

In this environment, the Company ran its businesses in accordance with its management policies throughout the 30<sup>th</sup> anniversary. These policies consist of expanding SaaS / PaaS / IaaS (Note1-3) business, expanding Hardware Systems segment, strengthening enterprise sales activities, restructuring and strengthening our branch offices for growth of regional business. The ultimate goal of these strategies is to become the number one cloud company by 2020, as stated in VISION 2020 for expand utilization of PoCO: The Power Of Cloud by Oracle.

The Company won a number of large projects in the public, financial, distribution, and manufacturing sectors especially in the third quarter (three months), which enabled it to record strong results. In the fourth quarter (three months), the number of users expanded in cloud services (SaaS/PaaS/IaaS) and priority fields, and growth in the use of services accelerated, which made a significant contribution to growth in revenue.

Under these circumstances, the Company attained its initial forecasts and posted revenue of 170,203 million yen (up 5.7 % year on year), operating income of 50,225 million yen (increasing 6.7 %), ordinary income of 50,273 million yen (rising 6.3 %) and net income of 33,568 million yen (up 11.0 %) for this year. Each of these figures hit new record highs.

(Note 1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.

(Note 2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.

(Note 3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks,.

#### (ii) Results by Reported Segment

##### [New software licenses and cloud (SaaS/PaaS/IaaS) \* ]

\* Cloud software subscriptions has been renamed as Cloud (SaaS/PaaS/IaaS). In association with a change in the Company’s business management classification, managed cloud service, which was included in the Services segment, has been transferred to the New software licenses and Cloud (SaaS/PaaS/IaaS) segment.

Revenue in the New software licenses and cloud (SaaS/PaaS/IaaS) segment was 51,929 million yen, up 6.3 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 47,334 million yen (increasing 3.9 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 4,594 million yen (rising 39.3 % year on 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, etc. and Cloud (SaaS/PaaS/IaaS) provides access to select Oracle software applications and software platforms on a subscription basis via the Internet.

In regards to new software licenses and Cloud (SaaS / PaaS / IaaS) for the third quarter lasting three months, we gained several large projects aimed at integrating and updating IT system infrastructure and at boosting competitiveness by actively using data in public, financial, distribution, manufacturing, and other sectors to attain incredibly brisk results.

In Cloud (SaaS, PaaS, and IaaS), since the previous fiscal year, the Company has been promoting the strengthening of the sales system, the expansion of cloud products and services, and alliances with partners. As a result, the number of new users gained expanded sharply, and the use of services for which the Company had concluded contracts grew steadily. Revenue in the fourth quarter (three months) increased significantly, up 89.3% year on year.

In July 2015, the Company added six new services to the “Oracle Cloud Platform”, including “Oracle Database Cloud – Exadata Service”, which provides Oracle Exadata (which has been an on-premises products), in the cloud environment, and “Oracle Big Data Cloud Service”, which supports the use of big data. The new services have started to be provided.

In shifting from companies’ own IT systems to cloud services, security and regulatory compliance are challenges for many customers. In April 2016, the Company launched “Oracle Cloud Machine”, which will help overcome the challenges, enabling users to use Oracle cloud services safely within their own data centers. These cloud services can be introduced sooner than on-premises base. They are built using standard technologies that have been developed for on-premises products, and can collaborate with IT systems that customers have invested in and can be put in place in the cloud environment smoothly.

On the channels front, the Company organized the POCO Contest to help customers nationwide use Oracle cloud services comfortably by providing technological and business support for partner companies and promoted the development of partners’ solutions using “Oracle Cloud Platform”. In February 2016, the Company released “Oracle PartnerNetwork (OPN) Cloud Program”, a cloud partner certification program.

The Company will continue to expand its cloud solutions and will strengthen its systems to supply products that customers can use comfortably and to provide customer support. The Company will thereby expand the number of users.

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

Revenue in the Software license updates & product support segment was 78,170 million yen, increasing 6.5 % 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 its collaboration with partners. As a result, both the new support contract attach rate and the support contract of on-time renewal rate increased.

#### **[Hardware Systems]**

Revenue in the Hardware systems segment was 22,247 million yen, rising 2.1 % from the corresponding period of the previous fiscal year. Revenue in the Hardware systems product division was 11,930 million yen (up 3.1 % year on year) and Revenue in the Hardware systems support division was 10,317 million yen (growing 1.0 % year on year).

This segment consists of the Hardware systems product division which sells servers, storage, 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, maintenance and repair services and updated versions of related software including operating systems

The Company is promoting a converged infrastructure strategy. Unconventionally from some vertically integrated systems, developing and integrating processors, the core of hardware, software, and cloud infrastructure using industry standard technologies facilitates two-way shifts and collaborations in hardware between existing IT systems and cloud environments. Amid the accelerated transition to the era of cloud computing and big data, data security, processing performance, and data storage is of ever-increasing significance. The Company pushed ahead with composite proposals with storage products in a bid to strengthen the business.

As a result, the Hardware systems product division received a number of orders for large-scale infrastructure reconstruction projects centered on engineered systems, our strategic products, in the third quarter (three months). In the full year, orders rose 3.1% year on year.

**[Services]**

Revenue in the Services segment was 17,856 million yen, increasing 4.9 % from the corresponding period of the previous fiscal year.

This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business. In Consulting Services, certain projects made significant progress. Meanwhile, the preventive maintenance service, which is provided as part of the Advanced Customer Support Services, continued to generate brisk revenue for Oracle Exadata Database Machine.

With respect to education services, there is growing demand for services related to the Internet of Things (IoT) and training that covers the cutting edge Java technology needed to build applications in the cloud environment.

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

Item	FY2015		FY2016		
	Amount	Comp.	Amount	Comp.	Variance
	Million Yen	%	Million Yen	%	%
New software licenses	45,544	28.3	47,334	27.8	3.9
Cloud (SaaS/PaaS/IaaS)	3,298	2.0	4,594	2.7	39.3
New software licenses & Cloud (SaaS/PaaS/IaaS)	48,843	30.3	51,929	30.5	6.3
Software license updates & product support	73,401	45.6	78,170	45.9	6.5
Software & Cloud	122,244	75.9	130,099	76.4	6.4
Hardware systems products	11,570	7.2	11,930	7.0	3.1
Hardware systems support	10,219	6.3	10,317	6.1	1.0
Hardware systems	21,790	13.5	22,247	13.1	2.1
Services	17,016	10.6	17,856	10.5	4.9
Total	161,051	100.0	170,203	100.0	5.7

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

## (iii) Forecast for the Next Fiscal year (Ending May 31, 2017)

For the next fiscal year (Ending May 2017), the Company expects that IT investment in Japan will grow moderately, driven by the active utilization of IT in response to the globalization of corporate activities and for achieving business growth and by the further utilization of cloud services and big data.

For the Company, the next fiscal year is the third year for “Vision 2020: to become No.1 Cloud company by 2020” and also the last year to consolidate the foundation for growth of Cloud business with accelerated speed. As a technology company, the Company will pursue the four management policies below and will implement to achieve our Vision 2020.

1. Expanding SaaS, PaaS, and IaaS
  - (i) SaaS: Expansion of ERP Cloud business
  - (ii) PaaS: Expansion of Oracle Cloud Platform in the mission-critical systems area
  - (iii) Tapping small and medium-sized markets
  - (iv) Promoting cloud alliances by developing the Oracle PartnerNetwork (OPN) Cloud Program
2. Promoting enterprise sales
  - (i) Expanding enterprise accounts and strengthening ties with major customers
  - (ii) Helping corporate customers develop overseas operations
3. Expanding system business
  - (i) Promoting a converged infrastructure strategy
4. Contributing to growth in regional business
  - (i) Expanding human resources at branches
  - (ii) Getting the Oracle Cloud to permeate the market and revitalizing regional business

The Company is continuing to promote the process transformation for accelerating its new businesses with simply and speedy buying process in effectively using its original cloud solution, for implementation its Cloud services to the customers who are in the wide range of fields.

The Company uses a range of values for the forecast for the next fiscal year.

(% of change from previous year)

	Revenue	Net income per share	Estimation of effective tax rate
	%	Yen	%
Entire term	1.0 ~4.0	274 ~284	31.1

**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 223,402 million yen (increasing 34,554 million yen from the end of the previous term). Current assets were 183,519 million yen (increasing 35,010 million yen).

Liabilities were 87,174 million yen (increasing 12,153 million yen). Net assets totaled 136,227 million yen (increasing 22,401 million yen). As a result, the ratio of shareholders' equity was 60.6% (up 0.8 percentage points).

The cash flow situations for the term are as follows:

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

Cash generated from operating activities was 44,267 million yen (decreasing 4,145 million yen year on year). The inflow is attributable to the posting of income before income taxes of 50,313 million yen, an increase in advances received of 13,853 million yen. The outflows are attributable to the payment of 17,297 million yen in income taxes.

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

Cash use for investment activities was 69,506 million yen (previous year 3,088 million yen generated). The outflows include the payments of short-term loans receivable (100,000 million yen) to Oracle America, Inc., a subsidiary of Oracle Corporation (parent company of the Company), and a net decrease in time deposits (31,000 million yen).

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

Cash used for financial activities was 11,311 million yen (increasing 468 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

In total, cash and equivalents decreased 36,550 million yen from the end of the previous term, to 45,644 million yen.

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

	May 2014	May 2015	May 2016
Capital ratio (%)	60.6	59.8	60.6
Capital ratio based on market prices (%)	379.1	361.8	336.1

(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 distribute profits to shareholders.

The basic policy for the distribution of surplus is to provide a return to shareholders through dividends, while ensuring management flexibility by comprehensively taking into account the balance between the cash required for the Company's business plan, business results, and cash flows.

Under the policy, we will pay a year-end dividend of 525 yen (a normal dividend of 105 yen and a special dividend of 420 yen) per share for the fiscal year under review to distribute profits to shareholders.

For the next fiscal year, a year-end dividend has yet to be determined.



#### **(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.

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 (SaaS/PaaS/IaaS) provides software and infrastructure for running software as services from our data centers (which belong to Oracle Group are included). The managed cloud service, which is included in Cloud (SaaS/PaaS/IaaS), manages and operates customers' information systems at data centers within our parent company, partners or customers. 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, 2016, the total number of our shares covered by equity warrants reaches 1,093,100 equivalents to 0.9% 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**

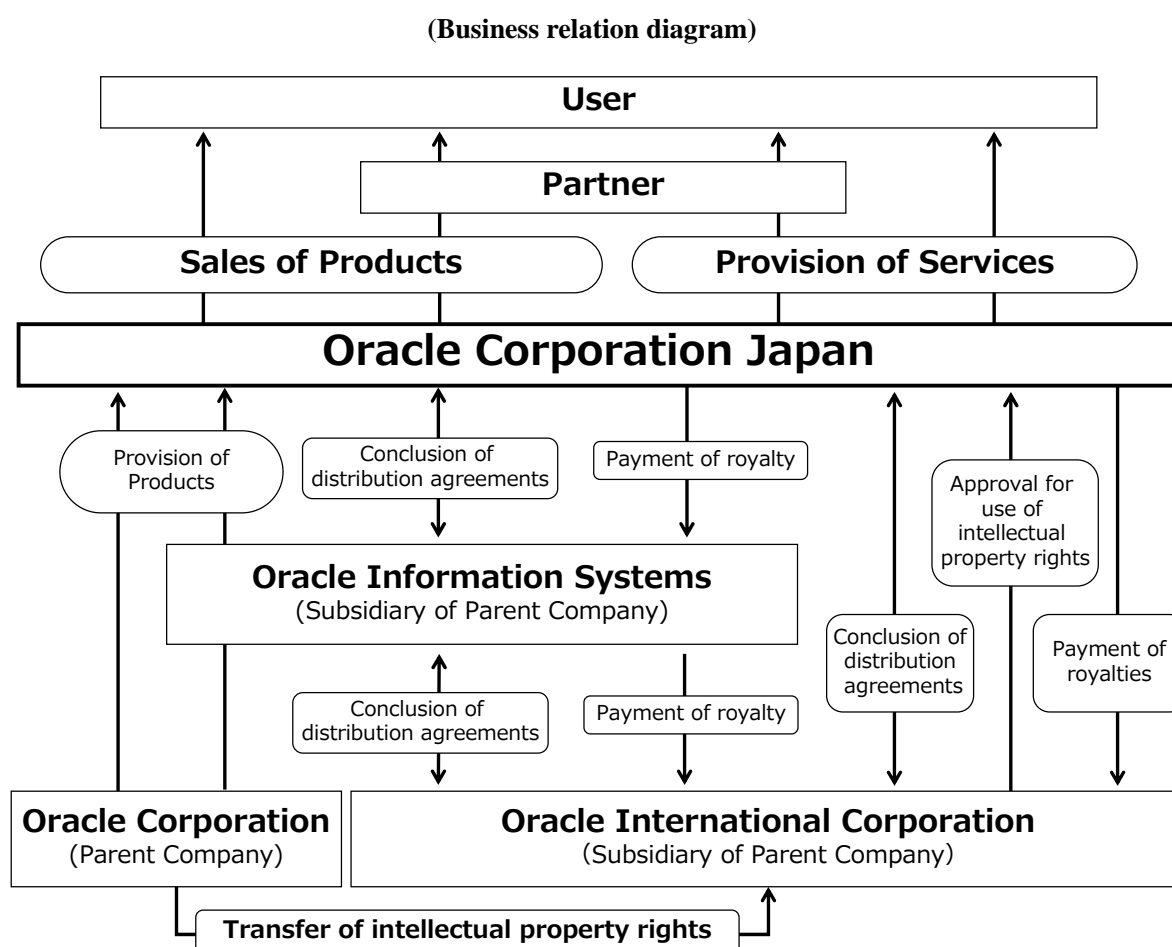
There are no significant doubts regarding the ability of the Company to continue as a going concern.

## 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 databases, middleware, software, including business applications, and hardware, which are designed to help customers manage and grow their business operations, and provides cloud services and other services to support the implementation and use of all these 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 admired,” 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) The Company’s medium- and long-term management strategies and issues to be addressed**

[VISION2020: A medium- and long-term vision until 2020]

The Company’s vision is to become the number one cloud company and the most admired company by 2020. To achieve the aims of this vision, the implementation of the following strategies and measures stated below are recognized as important management issues.

##### **(i) Expansion of the cloud business**

In addition to Software as a Service (SaaS), which offers software services via the Internet and other networks, the Company will offer all-inclusive public cloud services encompassing Platform as a Service (PaaS) and Infrastructure as a Service (IaaS).

The Company will also provide solutions combining Oracle software and hardware for companies wishing to construct their own private clouds. With its broad cloud portfolio, the Company will take the lead in building up the cloud computing market.

These products and services consist of standard technologies that have been developed over many years and facilitate mutual transition and linkage between customers’ existing IT assets and cloud services.

They will allow customers to choose IT investment destinations suited to their business environment, providing them with greater satisfaction and helping to solidify our long-term relationship of trust with them.

The Company will increase the number sales and support personnel to accelerate the growth of the cloud business.

##### **(ii) Strengthening of direct sales capabilities from the customers’ standpoint**

The Company will seek to understand the management issues that customers face and offer solutions by combining Oracle products and services that meet their needs. This approach will help to resolve customers’ management issues, as well as to construct and solidify long-term relationships of trust with them.

(iii) Support for corporate customers in overseas business expansion

The Company will work ceaselessly to collaborate with global organizations to introduce successful examples overseas to Japan, and to support Japanese customers with overseas business expansion.

(iv) Strengthening of branch offices and regional businesses

To encourage many customers to use Oracle's products and services developed with standard and leading-edge technologies, the Company will reinforce the functions of its branch offices and carry out locally-based business operations.

#### **4 . Basic Policy on Selection of Financial Reporting Standards**

In the preparation of non-consolidated financial results, the company has adopted Japanese GAAP. The Company is considering application of IFRS in the future, taking into account the business circumstance and influence by the application of IFRS.

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

(Unit : Million yen)

	Previous term end (as of May 31, 2015)	Current term end (as of May 31, 2016)
<b>Assets</b>		
Current assets		
Cash and deposits	127,194	59,644
Accounts receivable-trade	17,578	19,674
Prepaid expenses	86	64
Deferred tax assets	2,664	2,758
Short-term loans receivable	—	100,000
Other	986	1,380
Allowance for doubtful accounts	-2	-2
Total current assets	148,508	183,519
Noncurrent assets		
Property, plant and equipment		
Buildings	17,722	17,782
Accumulated depreciation	-5,381	-6,058
Buildings, net	12,340	11,724
Tools, furniture and fixtures	4,342	3,813
Accumulated depreciation	-3,109	-2,653
Tools, furniture and fixtures, net	1,233	1,160
Land	26,057	26,057
Constuction in progress	—	143
Total property, plant and equipment	39,631	39,085
Intangible assets		
Software	7	5
Total intangible assets	7	5
Investments and other assets		
Investment securities	36	36
Deferred tax assets	202	202
Guarantee deposits	419	381
Bankruptcy and reorganization claim	0	0
Other	46	176
Allowance for doubtful accounts	-4	-4
Total investments and other assetsi	700	791
Total noncurrent assets	40,338	39,883
Total assets	188,847	223,402

(Unit : Million yen)

	Previous term end (as of May 31, 2015)	Current term end (as of May 31, 2016)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,008	10,514
Accounts payable-other	5,568	5,832
Income taxes payable	9,528	9,195
Advances received	42,674	56,527
Deposits received	566	197
Provision for bonuses	1,752	2,001
Provision for directors' bonuses	22	32
Provision for product warranties	206	340
Provision for stock benefits	44	105
Other	4,640	2,419
<b>Total current liabilities</b>	<b>75,012</b>	<b>87,166</b>
<b>Noncurrent liabilities</b>		
Other	7	7
<b>Total noncurrent liabilities</b>	<b>7</b>	<b>7</b>
<b>Total liabilities</b>	<b>75,020</b>	<b>87,174</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	22,743	23,209
<b>Capital surplus</b>		
Legal capital surplus	6,094	6,560
<b>Total capital surplus</b>	<b>6,094</b>	<b>6,560</b>
<b>Retained earnings</b>		
Other retained earnings		
Retained earnings brought forward	84,361	105,836
<b>Total retained earnings</b>	<b>84,361</b>	<b>105,836</b>
Treasury stock	-295	-221
<b>Total shareholders' equity</b>	<b>112,903</b>	<b>135,386</b>
Subscription rights to shares	922	841
<b>Total net assets</b>	<b>113,826</b>	<b>136,227</b>
<b>Total liabilities and net assets</b>	<b>188,847</b>	<b>223,402</b>



## (2) Statement of Income

(Unit : Million yen)

	Previous Term (From June 1, 2014 to May 31, 2015)	Current Term (From June 1, 2015 to May 31, 2016)
Net sales	161,051	170,203
Cost of sales	82,683	87,077
Gross profit	78,368	83,126
Selling, general and administrative expenses	31,283	32,900
Operating income	47,085	50,225
Non-operating income		
Interest income	61	73
Foreign exchange gains	102	0
Other	39	13
Total non-operating income	202	86
Non-operating expenses		
Interest expenses	0	—
Foreign exchange losses	—	18
Other	1	20
Total non-operating expenses	1	39
Ordinary income	47,286	50,273
Extraordinary income		
Gain on reversal of subscription rights to shares	147	40
Total extraordinary income	147	40
Income before income taxes	47,434	50,313
Income taxes-current	17,210	16,837
Income taxes-deferred	-22	-93
Total income taxes	17,187	16,744
Net income	30,246	33,568

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

Previous term end (From June 1, 2014 to May 31, 2015)

(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		
Balance at the beginning of current period	22,506	5,857	5,857	65,053	65,053	-30	93,387
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	236	236	236				473
Dividends from surplus				-10,938	-10,938		-10,938
Net income				30,246	30,246		30,246
Purchase of treasury stock						-264	-264
Net changes of items other than shareholders' equity							
Total changes of items during the period	236	236	236	19,307	19,307	-264	19,516
Balances at end of current period	22,743	6,094	6,094	84,361	84,361	-295	112,903

	Subscription rights to shares	Net assets
Balance at the beginning of current period	1,013	94,401
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares		473
Dividends from surplus		-10,938
Net income		30,246
Purchase of treasury stock		-264
Net changes of items other than shareholders' equity	-91	-91
Total changes of items during the period	-91	19,425
Balances at end of current period	922	113,826

Current term end (From June 1, 2015 to May 31, 2016)

(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		
Balance at the beginning of current period	22,743	6,094	6,094	84,361	84,361	-295	112,903
Changes of items during the period							
Issuance of new shares-exercise of subscription rights to shares	466	466	466				932
Dividends from surplus				-12,093	-12,093		-12,093
Net income				33,568	33,568		33,568
Purchase of treasury stock						-6	-6
Sale of treasury stock						80	80
Net changes of items other than shareholders' equity							
Total changes of items during the period	466	466	466	21,475	21,475	74	22,482
Balances at end of current period	23,209	6,560	6,560	105,836	105,836	-221	135,386

	Subscription rights to shares	Net assets
Balance at the beginning of current period	922	113,826
Changes of items during the period		
Issuance of new shares-exercise of subscription rights to shares		932
Dividends from surplus		-12,093
Net income		33,568
Purchase of treasury stock		-6
Sale of treasury stock		80
Net changes of items other than shareholders' equity	-81	-81
Total changes of items during the period	-81	22,401
Balances at end of current period	841	136,227

## (4)Statement of Cash Flows

(Unit : Million yen)

	Previous term end (as of May 31, 2015)	Current term end (as of May 31, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes	47,434	50,313
Depreciation and amortization	1,181	1,220
Share-based compensation expenses	122	100
Increase (decrease) in provision for bonuses	-127	249
Increase (decrease) in provision for directors' bonuses	11	9
Increase (decrease) in provision for product warranties	-29	133
Increase (decrease) in provision for stock benefits	44	61
Interest and dividends income	-64	-75
Interest expenses	0	—
Loss (gain) on sales and retirement of noncurrent assets	1	20
Decrease (increase) in notes and accounts receivable-trade	1,191	-2,096
Decrease (increase) in inventories	0	—
Decrease (increase) in accounts receivable-other	440	-44
Decrease (increase) in other current assets	-128	-326
Increase (decrease) in notes and accounts payable-trade	1,045	505
Increase (decrease) in accounts payable-other	2,109	79
Increase (decrease) in accrued consumption taxes	2,971	-2,242
Increase (decrease) in advances received	8,556	13,853
Increase (decrease) in other current liabilities	40	-220
Other, net	-124	-53
Subtotal	64,675	61,488
Interest and dividends income received	75	75
Interest expenses paid	-0	—
Income taxes paid	-16,337	-17,297
Net cash provided by (used in) operating activities	48,412	44,267
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-428	-506
Proceeds from sales of property, plant and equipment	1	—
Purchase of intangible assets	-0	-0
Payments of short-term loans receivable	—	-100,000
Collection of loans receivable	48,500	—
Payments into time deposits	-95,000	-104,000
Proceeds from withdrawal of time deposits	50,000	135,000
Payments for guarantee deposits	-5	-5
Proceeds from collection of guarantee deposits	22	6
Net cash provided by (used in) investing activities	3,088	-69,506
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	408	791
Purchase of treasury stock	-264	-6
Cash dividends paid	-10,986	-12,095
Net cash provided by (used in) financing activities	-10,843	-11,311
Net Increase/(Decrease) in cash and cash equivalents	40,658	-36,550
Cash and cash equivalents at beginning of period	41,536	82,194
Cash and cash equivalents at end of period ※	82,194	※ 45,644

(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 24, 2015.

[Unapplied Accounting Standards]

Not applicable

[Related to the balance sheet]

Not applicable

[Related to the statement of income]

Not applicable

[Related to the statement of changes in shareholders' equity]  
Previous term (from June1, 2014 to May 31, 2015)

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

	Number of shares as of May 31,2014 (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 31,2015 (Thousand shares)
Issued shares Common stock (Note)	127,202	106	—	127,308
Treasury stocks Common stock	7	55	—	62

(Note) 1. Increase of 106 thousand outstanding shares was due to exercise of share warrants.

2. The increase in the number of shares of treasury stock was due to the Board Incentive Plan (BIP) Trust (13 thousand) and the Employee Stock Ownership Plan (ESOP) Trust's (40 thousand) acquisition of 54 thousand outstanding shares and the purchase of 1 thousand shares less than a unit.

3. The balance of treasury stocks includes 54 thousand treasury stocks owned by the BIP trust (13 thousand) and ESOP trust (40 thousand).

## 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	—	—	—	—	—	922
Total		—	—	—	—	—	922

## 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
Board of director held on July 18, 2014	Common stock	10,938	86	May 31, 2014	August 6, 2014

## (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 17, 2015.

Type of share	Resource of dividend	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Common stock	Earned surplus	12,093	95	May 31, 2015	August 5, 2015

(Note) Total amount of dividend which will be resolved at the board of directors meeting which will be held on July 17, 2015 includes the 5 million yen dividend for the Company's stock held by Board Incentive Plan Trust (1 million yen) and Employee Stock Ownership Plan Trust (3 million yen).

Current term (from June 1, 2015 to May 31, 2016)

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

	Number of shares as of May 31, 2015 (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, 2016 (Thousand shares)
Issued shares Common stock (Note)	127,308	203	—	127,511
Treasury stocks Common stock	62	1	16	46

(Note) 1. Increase of 203 thousand outstanding shares was due to exercise of share warrants.

2. The decrease in the number of shares of treasury stock (16 thousand) was due to delivering the company's own stock to board of directors and employees through the Board Incentive Plan (BIP) Trust (4 thousand) and the Employee Stock Ownership Plan (ESOP) Trust (12 thousand).

3. The balance of treasury stocks includes 37 thousand treasury stocks owned by the BIP trust (8 thousand) and ESOP trust (28 thousand).

## 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	—	—	—	—	—	841
Total		—	—	—	—	—	841

## 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
Board of director held on July 17, 2015	Common stock	12,093	95	May 31, 2015	August 5, 2015

(Note) Total amount of dividend includes the 5 million yen dividend for the Company's stock held by Board Incentive Plan Trust (1 million yen) and Employee Stock Ownership Plan Trust (3 million yen).

## (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 22, 2016.

Type of share	Resource of dividend	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date
Common stock	Earned surplus	66,938	525	May 31, 2016	August 8, 2016

(Note) 1. The above dividend includes special dividend of 420 yen per share.[...]

2. Total amount of dividend which will be resolved at the board of directors meeting which will be held on July 22, 2016 includes the 19 million yen dividend for the Company's stock held by Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (14 million yen).

[Related to the statement of cash flows]

Previous term (From June 1, 2014 to May 31, 2015)		Current term (From June 1, 2015 to May 31, 2016)	
*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, 2015)		*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, 2016)	
Balance of cash and deposits	127,194 million yen	Balance of cash and deposits	59,644 million yen
Time deposits	-45,000 million yen	Time deposits	-14,000 million yen
Cash and cash equivalents	82,194 million yen	Cash and cash equivalents	45,644 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.

New software licenses and Cloud (SaaS/PaaS/IaaS) segment (Note) sells variety of licenses and software services via the Internet 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, Advanced customer support services, and Education services.

(Note) Cloud software subscriptions has been renamed as Cloud (SaaS/PaaS/IaaS). In association with a change in the Company's business management classification, managed cloud service, which was included in the Services segment, has been transferred to the New software licenses and Cloud (SaaS/PaaS/IaaS) segment.

### 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, 2014 to May 31, 2015)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	New software licenses and Cloud (SaaS/PaaS/IaaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	48,843	73,401	21,790	17,016	161,051	—	161,051
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	48,843	73,401	21,790	17,016	161,051	—	161,051
Operating income (loss)	7,900	39,251	1,088	3,298	51,537	-4,452	47,085
Other item							
Depreciation (Note)3	553	64	146	129	894	287	1,181

(Notes): 1.A segment profit adjustment of minus 4,452 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, 2015 to May 31, 2016)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	New software licenses and Cloud (SaaS/PaaS/IaaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	51,929	78,170	22,247	17,856	170,203	—	170,203
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	51,929	78,170	22,247	17,856	170,203	—	170,203
Operating income (loss)	7,984	41,498	1,091	4,267	54,841	-4,615	50,225
Other item							
Depreciation (Note)3	630	60	118	128	938	282	1,220

(Notes): 1.A segment profit adjustment of minus 4,615 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.

**4. Change in Reported Segments**

From the fiscal year under review, the New software licenses and Cloud software subscriptions segment has been renamed as the New software licenses and Cloud (SaaS/PaaS/IaaS) segment. In association with a change in the Company's business management classification, Managed Cloud Services segment has been transferred to the New software licenses and Cloud (SaaS/ PaaS/IaaS) segment.

The segment information for the previous fiscal year is described in accordance with the new classification and name after the change.

**【Loss / Gain on equity method】**

Not applicable

## 【Transactions with related parties】

Previous term (from June 1, 2014 to May 31, 2015)

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 Collection (Note) 1	48,500	Short-term loan receivable	-
							Settlement of funds for transactions among Oracle Group companies (Note) 2	29,734	Accounts payable	5,944
								15,310	Accounts payable-other	3,594
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	38,181	Accounts payable	3,945

(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 26 million yen (FY15 booking is 10 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 (11,713 million yen in FY15) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products (15,842 million yen in FY15) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.
- 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.

## Current term (from June 1, 2015 to May 31, 2016)

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	Payments of short-term loans receivable (Note) 1	100,000	Short-term loan receivable	100,000
							Settlement of funds for transactions among Oracle Group companies (Note) 2	31,823	Accounts payable	5,319
								19,335	Accounts payable-other	3,850
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	40,572	Accounts payable	3,689

(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 0 million yen (FY16 booking is 0 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 (12,344 million yen in FY16) to Oracle Information Systems Japan G.K. (a subsidiary of the parent company) and the purchases of products (16,224 million yen in FY16) relating to the Hardware Systems segment. In addition, royalties and prices for products and services purchased are agreed between Oracle Corporation and Group companies, including our Company, using reasonable standards.
- 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.

## Per Share Data

(Unit: Yen)

Items	Previous term (From June 1, 2014 to May 31, 2015)	Current term (From June 1, 2015 to May 31, 2016)
Net assets per share	887.28	1,062.14
Net income per share	237.78	263.64
Net income per share (diluted)	237.51	263.14

(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, 2014 to May 31, 2015)	Current term (From June 1, 2015 to May 31, 2016)
Net income per share		
Net income (millions of yen)	30,246	33,568
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	30,246	33,568
Average number of shares during the term (shares)	127,206,086	127,328,145
Net income per share (diluted)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (shares)	145,756	244,016
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	Subscription right (Type: 6 Numbers: 5,815)	Subscription right (Type: 3 Numbers: 1,561)

(Note) Posted as treasury stock included in shareholders' equity, the treasury shares which remain in the BIP trust and the ESOP trust introduced from last year are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term in order to calculate the net income per share and net income per share (diluted).

The average number of treasury shares during the term deducted in the calculation of net income per share and net income per share (diluted) were, specifically, 5,678 treasury shares owned by the BIP trust and 17,550 treasury shares owned by the ESOP trust for last year, 10,294 treasury shares owned by the BIP trust and 32,686 treasury shares owned by the ESOP trust for this year.

The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust deducted in the calculation of net assets per share were, specifically, 13,200 treasury shares owned by the BIP trust and 40,800 treasury shares owned by the ESOP trust for last year, 8,826 treasury shares owned by the BIP trust and 28,320 treasury shares owned by the ESOP trust for this year.

## 【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