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**Flash Report for the 2<sup>nd</sup> Quarter of Fiscal Year Ending May 31, 2016**  
**[under Japanese GAAP] (Non-consolidated)**

December 18, 2015

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  
 Quarterly Report Filing Date (as planned): January 13, 2016  
 Schedule for dividends payment: -  
 Preparation of supplementary materials on quarterly financial results: Yes  
 Holding of quarterly 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 November 30, 2015)

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

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2 <sup>nd</sup> Quarter, May 2016	77,792	-0.5	22,577	-0.5	22,669	-0.7	15,127	2.8
2 <sup>nd</sup> Quarter, May 2015	78,157	7.6	22,682	16.5	22,827	17.5	14,708	23.5

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 <sup>nd</sup> Quarter, May 2016	118	86	118	66
2 <sup>nd</sup> Quarter, May 2015	115	63	115	56

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
2 <sup>nd</sup> Quarter, May 2016	183,978	117,167	63.2	913	02
FY ended May 2015	188,847	113,826	59.8	887	28

Shareholders' equity 2<sup>nd</sup> Quarter, May 2015: 116,244 Million Yen (FY2015: 112,903 Million Yen)

2. Dividends

	Dividend per share									
	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
FY ended May 2015	-		0	00	-		95	00	95	00
FY ending May 2016	-		-		-		-		-	
FY ending May 2016(Forecast)	-		-		-		-		-	

(Note1) Revision of outlook for dividends in this quarter: No

(Note2) Year-end dividend for the year ending 2016 has yet to be determined. Company will release after making decision for a dividend.

3. Forecast for the May 2016 term (from June 1, 2015 to May 31, 2016)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	2.0~5.0	245~254

(Note1) Revision of forecast for May 2016 term in this quarter: No

(Note2) Company uses ranges of values for the forecast.

(Note3) Estimation of effective tax rate is 33.5%

#### 4. Other information

(1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements: Yes

(2) 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

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

(i) The number of shares outstanding (inclusive of treasury stock)	2 <sup>nd</sup> Quarter, May 2016 FY ended May 2015	127,364,371 shares 127,308,971 shares
(ii) The number of treasury stock	2 <sup>nd</sup> Quarter, May 2016 FY ended May 2015	45,821 shares 62,205 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	2 <sup>nd</sup> Quarter, May 2016 2 <sup>nd</sup> Quarter, May 2015	127,272,690 shares 127,206,426 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 quarterly financial statements are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure of these quarterly financial statements, review procedures for the quarterly 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 Qualitative information for Forecasts, on page 4.

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## 1. Qualitative Information on Results in the Quarter under Review

### (1) Qualitative Information on Business Outcomes

#### (i) Overview

During the second quarter under review (from June 1, 2015 to November 30, 2015, hereinafter “this quarter”), the Japanese economy 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 and distribution service 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 digital disruption (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. These policies consist of expanding SaaS / PaaS / IaaS (Note 1-3) 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.

Under these circumstances, the Company posted revenue of 77,792 million yen (down 0.5 % year on year), operating income of 22,577 million yen (falling 0.5 %), ordinary income of 22,669 million yen (decreasing 0.7 %) and net income of 15,127 million yen (up 2.8 %).

(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 21,587 million yen, down 5.0 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 19,696 million yen (decreasing 6.6 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 1,891 million yen (rising 15.8 % 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 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, new users have expanded sharply, and sales in the quarter under review grew double digits, 15.8 %, 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. 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. In addition, the Company has been promoting programs for partner companies, such as the POCO Contest, which commends partners’ solutions that use the Oracle Cloud, and briefings for system integrators and independent software vendors all over Japan. The aim of these programs is to have the Oracle Cloud Platform used by a wide range of customers. 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 38,401 million yen, increasing 5.8 % 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 9,399 million yen, fell 13.1 % from the corresponding period of the previous fiscal year. Revenue in the Hardware systems product division was 4,241 million yen (down 26.7 % year on year) and Revenue in the Hardware systems support division was 5,157 million yen (increasing 2.7 % 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 figure was affected by the decline as a reactionary downturn following the large deal won in the previous year.

**[Services]**

Revenue in the Services segment was 8,404 million yen, rising 1.0 % 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.

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 2 <sup>nd</sup> Quarter		FY2016 2 <sup>nd</sup> Quarter			May 2015	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	21,094	27.0	19,696	25.3	-6.6	45,544	28.3
Cloud (SaaS/PaaS/IaaS)	1,632	2.1	1,891	2.4	15.8	3,298	2.0
New software licenses & Cloud (SaaS/PaaS/IaaS)	22,727	29.1	21,587	27.7	-5.0	48,843	30.3
Software license updates & product support	36,298	46.4	38,401	49.4	5.8	73,401	45.6
Software & Cloud	59,025	75.5	59,988	77.1	1.6	122,244	75.9
Hardware systems products	5,788	7.4	4,241	5.5	-26.7	11,570	7.2
Hardware systems support	5,022	6.4	5,157	6.6	2.7	10,219	6.3
Hardware systems	10,811	13.8	9,399	12.1	-13.1	21,790	13.5
Services	8,320	10.6	8,404	10.8	1.0	17,016	10.6
Total	78,157	100.0	77,792	100.0	-0.5	161,051	100.0

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

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

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 183,978 million yen (decreasing 4,868 million yen from the end of the previous year). Current assets were 144,029 million yen (decreasing 4,479 million yen).

Liabilities were 66,810million yen (decreasing 8,209 million yen). Net assets totaled 117,167 million yen (increasing 3,341 million yen). As a result, the ratio of shareholders' equity was 63.2% (up 3.4 percentage points).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 26, 2015.

## **2. Summary information and related items**

(1) Adoption of Specified Accounting Methods for the Preparation of Quarterly Non-Consolidated Financial Statements

\* Accounting methods particular to the preparation of quarterly financial statements

The Company has adopted a method in which tax expenses are calculated by multiplying quarterly net income before tax by effective tax rates estimated in a reasonable way, after applying tax effect accounting to net income before tax for the fiscal year under review. Income taxes-deferred is stated including corporate tax.

(2) Change in Accounting Policies, Changes Accounting Estimate, and Restatement

## **3. 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.

## 4. Financial Statements

### (1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2015)	Current term end (as of November 30, 2015)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	127,194	126,716
Accounts receivable-trade	17,578	13,745
Other	3,737	3,570
Allowance for doubtful accounts	-2	-2
<b>Total current assets</b>	<b>148,508</b>	<b>144,029</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	12,340	11,966
Land	26,057	26,057
Other, net	1,233	1,195
Total property, plant and equipment	39,631	39,218
Intangible assets	7	6
Investments and other assets		
Other	704	729
Allowance for doubtful accounts	-4	-4
Total investments and other assets	700	724
<b>Total noncurrent assets</b>	<b>40,338</b>	<b>39,949</b>
<b>Total assets</b>	<b>188,847</b>	<b>183,978</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,008	7,535
Accounts payable-other	5,568	4,781
Income taxes payable	9,528	7,866
Advances received	42,674	43,007
Provision for bonuses	1,752	1,463
Other Provision	272	209
Other	5,206	1,940
<b>Total current liabilities</b>	<b>75,012</b>	<b>66,803</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>66,810</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	22,743	22,857
Capital surplus	6,094	6,208
Retained earnings	84,361	87,396
Treasury stock	-295	-217
<b>Total shareholders' equity</b>	<b>112,903</b>	<b>116,244</b>
<b>Subscription rights to shares</b>	<b>922</b>	<b>922</b>
<b>Total net assets</b>	<b>113,826</b>	<b>117,167</b>
<b>Total liabilities and net assets</b>	<b>188,847</b>	<b>183,978</b>

## (2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2014 to November 30, 2014)	Current term (From June 1, 2015 to November 30, 2015)
<b>Net sales</b>	<b>78,157</b>	<b>77,792</b>
Cost of sales	40,389	39,340
<b>Gross Profit</b>	<b>37,767</b>	<b>38,451</b>
Selling, general and administrative expenses	15,085	15,874
<b>Operating income</b>	<b>22,682</b>	<b>22,577</b>
Non-operating income		
Interest income	24	38
Foreign exchange gains	93	48
Others	27	8
Total Non-Operating Income	145	94
Non-Operating expenses		
Others	0	2
Total Non-Operating expenses	0	2
<b>Ordinary Income</b>	<b>22,827</b>	<b>22,669</b>
Extraordinary Income		
Gain on reversal of subscription rights to shares	101	21
Total Extraordinary Income	101	21
<b>Income before income taxes</b>	<b>22,929</b>	<b>22,691</b>
Income taxes	8,220	7,563
<b>Net Income</b>	<b>14,708</b>	<b>15,127</b>



## (3) Statement of Cash Flows

(Unit : Million yen)

Description	Period	Previous term (From June 1, 2014 to November 30, 2014)	Current term (From June 1, 2015 to November 30, 2015)
<b>Net cash provided by (used in) operating activities</b>			
Income before income taxes		22,929	22,691
Depreciation and amortization		584	603
Share-based compensation expenses		66	51
Increase (decrease) in provision for bonuses		-508	-288
Increase (decrease) in other provision		-19	-63
Interest and dividends income		-26	-40
Interest expenses		0	—
Loss (gain) on sales and retirement of noncurrent assets		0	2
Decrease (increase) in notes accounts receivable-trade		2,256	3,833
Decrease (increase) in inventories		0	—
Decrease (increase) in other current assets		-743	165
Increase (decrease) in notes and accounts payable-trade		371	-2,473
Increase (decrease) in accounts payable-other		1,554	-791
Increase (decrease) in advances received		582	332
Increase (decrease) in other current liabilities		714	-3,191
Other, net		-87	33
Sub-total		27,674	20,864
Interest and dividends income received		41	42
Interest expenses paid		-0	—
Income taxes paid		-8,539	-9,300
<b>Net cash provided by (used in) operating activities</b>		<b>19,176</b>	<b>11,606</b>
<b>Net cash provided by (used in) investing activities</b>			
Purchase of property, plant and equipment		-199	-189
Purchase of Intangible assets		—	-0
Collection of loans receivable		48,500	—
Payments into time deposits		-40,000	-90,000
Proceeds from withdrawal of time deposits		—	75,000
Payments for guarantee deposits		-5	—
Proceeds from collection of guarantee deposits		20	0
<b>Net cash provided by (used in) investing activities</b>		<b>8,315</b>	<b>-15,189</b>
<b>Net cash provided by (used in) financing activities</b>			
Proceeds from issuance of common stock		49	198
Purchase of treasury stock		-2	-2
Cash dividends paid		-10,982	-12,091
<b>Net cash provided by (used in) financing activities</b>		<b>-10,934</b>	<b>-11,896</b>
<b>Net Increase/(Decrease) in cash and cash equivalents</b>		<b>16,556</b>	<b>-15,478</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>41,536</b>	<b>82,194</b>
<b>Cash and cash equivalents at end of period</b>		<b>58,093</b>	<b>66,716</b>

## (4) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

(Notes to significant changes in the stockholders' equity): Not Applicable

(Segment Information)

**I. Previous quarter under review (from June 1, 2014 to November 30, 2014)**

Segment sales and operating income (loss)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and Cloud (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	22,727	36,298	10,811	8,320	78,157	—	78,157
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	22,727	36,298	10,811	8,320	78,157	—	78,157
Operating income (loss)	3,347	19,445	514	1,420	24,728	-2,045	22,682

(Notes): 1. Segment profit adjustment of minus 2,045 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

**II. Current quarter under review (from June 1, 2015 to November 30, 2015)**

1. Segment sales and operating income (loss)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and Cloud (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	21,587	38,401	9,399	8,404	77,792	—	77,792
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	21,587	38,401	9,399	8,404	77,792	—	77,792
Operating income (loss)	1,904	20,378	477	2,006	24,767	-2,190	22,577

(Notes): 1. Segment profit adjustment of minus 2,190 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

## 2. Change in Reported Segments

From the first quarter 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.