

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



**Flash Report for the 1<sup>st</sup> Quarter of Fiscal Year Ending May 31, 2017**  
**[under Japanese GAAP] (Non-consolidated)**

September 21, 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>  
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 Quarterly Report Filing Date (as planned): October 14, 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, 2016 to August 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	%
1 <sup>st</sup> Quarter, May 2017	38,591	2.7	11,294	1.4	11,151	-0.6	7,795	4.2
1 <sup>st</sup> Quarter, May 2016	37,572	2.6	11,139	8.5	11,216	9.0	7,480	12.6

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 <sup>st</sup> Quarter, May 2017	61	15	61	02
1 <sup>st</sup> Quarter, May 2016	58	79	58	69

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
1 <sup>st</sup> Quarter, May 2017	158,133	77,216	48.4	600	44
FY ended May 2016	223,402	136,227	60.6	1,062	14

Shareholders' equity 1<sup>st</sup> Quarter, May 2017: 76,572 Million Yen (FY2016: 135,386 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 2016	-		0	00	-		525	00	525	00
FY ending May 2017	-									
FY ending May 2017(Forecast)			-		-		-		-	

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

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

(Note3) 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.

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
Entire term	1.0~4.0	274~284

(Note1) Revision of forecast for May 2017 term in this quarter: No

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

(Note3) Estimation of effective tax rate is 31.1%

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)	1 <sup>st</sup> Quarter, May 2017 FY ended May 2016	127,572,671 shares 127,511,971 shares
(ii) The number of treasury stock	1 <sup>st</sup> Quarter, May 2017 FY ended May 2016	46,721 shares 46,521 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	1 <sup>st</sup> Quarter, May 2017 1 <sup>st</sup> Quarter, May 2016	127,491,381 shares 127,253,419 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 first quarter under review (from June 1, 2016 to August 31, 2016, hereinafter “this quarter”), the Japanese economy improved moderately, reflecting firm consumer spending on the back of the improved employment and income situation. However, certain parts of the economy weakened as a result of the slowdown in overseas economies and changes in financial markets, including exchange rates and interest rates, following the Brexit referendum, and uncertainty over the outlook of the economy increased. Japanese society faces a decline in the working population due to the aging of society and falling birth rates, widening regional gaps, and the progress of globalization. It is important to work to solve these issues by making the most of digital technology to increase the productivity of the society, communities, companies, and individuals.

In the fiscal year ending May 31, 2017, the Company has entered the third year of its quest stated in VISION 2020 to become the number one cloud company by 2020. The Company views this year as the last year for solidifying the foundation for achieving accelerated growth in its cloud business. The Company ran its businesses in line with its key concept of Digital Aid by POCO (The Power of Cloud by Oracle) and its management policies, which consist of expanding SaaS / PaaS / IaaS business, strengthening enterprise sales activities, expanding Hardware Systems segment, and contributing to the growth of regional business.

Under these circumstances, the Company posted revenue of 38,591 million yen (up 2.7 % year on year), operating income of 11,294 million yen (rising 1.4 %), ordinary income of 11,151 million yen (down 0.6 %) and net income of 7,795 million yen (increasing 4.2 %).

#### (ii) Results by Reported Segment

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

Revenue in the New software licenses and cloud (SaaS/PaaS/IaaS) segment was 9,447 million yen, fell 3.1 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 7,677 million yen (decreasing 12.6 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 1,769 million yen (rising 83.9 % 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 services to access to select Oracle software applications, software platforms and resources of hardware via the Internet.

In the New software licenses segment, there was a reactionary downturn following the large deal won in the same period of the previous fiscal year, but the Company gained orders for Oracle Exadata, the Company’s engineered system, and security products as part of the cloud service infrastructure of partner companies that need more advanced security and high-speed processing. In Cloud (SaaS, PaaS, and IaaS), the Company continued working to strengthen the sales system, expand the range of cloud products and services, and step up alliances with partners. As a result, the number of new users gained expanded. In PaaS, demand for Database Cloud Service and Java Cloud Service increased primarily for development and verification due to prompt system construction. In SaaS, demand for finance and business management cloud services (ERP Cloud, EPM Cloud) and human resources service (HCM Cloud) rose.

(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,.

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

Revenue in the Software license updates & product support segment was 20,295 million yen, increasing 6.7% 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 4,155 million yen, down 10.1 % from the corresponding period of the previous fiscal year.

Revenue in the Hardware systems product division was 1,626 million yen (fell 20.2 % year on year) and Revenue in the Hardware systems support division was 2,528 million yen (decreasing 2.1 % 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 Hardware systems product division was affected by a reactionary downturn following the large deal won in the same period of the previous fiscal year.

**[Services]**

Revenue in the Services segment was 4,693 million yen, rising 12.3 % 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, projects made steady progress, and preventive maintenance service provided as part of the Advanced Customer Support Services continued to generate brisk revenue for Oracle Exadata Database Machine.

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

Item	FY2016 1 <sup>st</sup> Quarter		FY2017 1 <sup>st</sup> Quarter			May 2016	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	8,783	23.4	7,677	19.9	-12.6	47,334	27.8
Cloud (SaaS/PaaS/IaaS)	962	2.6	1,769	4.6	83.9	4,594	2.7
New software licenses & Cloud (SaaS/PaaS/IaaS)	9,745	25.9	9,447	24.5	-3.1	51,929	30.5
Software license updates & product support	19,027	50.6	20,295	52.6	6.7	78,170	45.9
Software & Cloud	28,772	76.6	29,742	77.1	3.4	130,099	76.4
Hardware systems products	2,037	5.4	1,626	4.2	-20.2	11,930	7.0
Hardware systems support	2,582	6.9	2,528	6.6	-2.1	10,317	6.1
Hardware systems	4,620	12.3	4,155	10.8	-10.1	22,247	13.1
Services	4,179	11.1	4,693	12.2	12.3	17,856	10.5
Total	37,572	100.0	38,591	100.0	2.7	170,203	100.0

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

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 158,133 million yen (decreasing 65,268 million yen from the end of the previous year). Current assets were 118,354 million yen (decreasing 65,164 million yen).

Liabilities were 80,917 million yen (decreasing 6,257 million yen). Net assets totaled 77,216 million yen (decreasing 59,010 million yen). As a result, the ratio of shareholders' equity was 48.4% (down 12.2 percentage points).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 28, 2016.

## **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**

Not Applicable

## **3. Important Information about Going Concern Assumption**

Not Applicable.

## 4. Financial Statements

### (1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2016)	Current term end (as of August 31, 2016)
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	59,644	102,493
Accounts receivable-trade	19,674	11,673
Short-term loans receivable	100,000	—
Other	4,202	4,190
Allowance for doubtful accounts	-2	-2
<b>Total current assets</b>	<b>183,519</b>	<b>118,354</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings, net	11,724	11,545
Land	26,057	26,057
Other, net	1,303	1,338
<b>Total property, plant and equipment</b>	<b>39,085</b>	<b>38,941</b>
Intangible assets	5	4
Investments and other assets		
Other	796	833
Allowance for doubtful accounts	-4	-0
<b>Total investments and other assets</b>	<b>791</b>	<b>833</b>
<b>Total noncurrent assets</b>	<b>39,883</b>	<b>39,779</b>
<b>Total assets</b>	<b>223,402</b>	<b>158,133</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable-trade	10,514	7,328
Accounts payable-other	5,832	4,388
Income taxes payable	9,195	3,741
Advances received	56,527	60,623
Provision for bonuses	2,001	928
Other Provision	477	411
Other	2,616	3,487
<b>Total current liabilities</b>	<b>87,166</b>	<b>80,909</b>
<b>Noncurrent liabilities</b>		
Other	7	7
<b>Total noncurrent liabilities</b>	<b>7</b>	<b>7</b>
<b>Total liabilities</b>	<b>87,174</b>	<b>80,917</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	23,209	23,375
Capital surplus	6,560	6,725
Retained earnings	105,836	46,693
Treasury stock	-221	-222
<b>Total shareholders' equity</b>	<b>135,386</b>	<b>76,572</b>
<b>Subscription rights to shares</b>	<b>841</b>	<b>644</b>
<b>Total net assets</b>	<b>136,227</b>	<b>77,216</b>
<b>Total liabilities and net assets</b>	<b>223,402</b>	<b>158,133</b>



## (2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2015 to August 31, 2015)	Current term (From June 1, 2016 to August 31, 2016)
<b>Net sales</b>	<b>37,572</b>	<b>38,591</b>
Cost of sales	18,945	19,519
<b>Gross Profit</b>	<b>18,627</b>	<b>19,071</b>
Selling, general and administrative expenses	7,487	7,777
<b>Operating income</b>	<b>11,139</b>	<b>11,294</b>
Non-operating income		
Interest income	19	5
Foreign exchange gains	54	—
Others	2	2
Total Non-Operating Income	77	8
Non-Operating expenses		
Foreign exchange losses	—	151
Others	0	0
Total Non-Operating expenses	0	151
<b>Ordinary Income</b>	<b>11,216</b>	<b>11,151</b>
Extraordinary Income		
Gain on reversal of subscription rights to shares	7	161
Total Extraordinary Income	7	161
<b>Income before income taxes</b>	<b>11,224</b>	<b>11,313</b>
Income taxes	3,743	3,517
<b>Net Income</b>	<b>7,480</b>	<b>7,795</b>

## (3) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

(Notes to significant changes in the stockholders' equity)

The Board of Directors adopted a resolution to distribute a dividend of 525 yen (a common dividend of 105 yen and a special dividend of 420 yen) per share on August 8, 2016, subject to the approval of the proposal at a meeting held on July 22, 2016. As a result, retained earnings 66,938 million yen decreased.

(Segment Information)

**I. Previous quarter under review (from June 1, 2015 to August 31, 2015)**

Segment sales and operating income (loss)

(Unit : Million Yen)

	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	9,745	19,027	4,620	4,179	37,572	—	37,572
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	9,745	19,027	4,620	4,179	37,572	—	37,572
Operating income (loss)	678	10,158	243	1,102	12,183	-1,043	11,139

(Notes): 1. Segment profit adjustment of minus 1,043 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, 2016 to August 31, 2016)**

Segment sales and operating income (loss)

(Unit : Million Yen)

	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	9,447	20,295	4,155	4,693	38,591	—	38,591
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	9,447	20,295	4,155	4,693	38,591	—	38,591
Operating income (loss)	44	10,811	187	1,236	12,279	-984	11,294

(Notes): 1. Segment profit adjustment of minus 984 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.