

(Translation purposes only)

Quarterly Securities Report

(The First Quarter of 34th Business Term)

Oracle Corporation Japan

(E05027)

(Translation purposes only)

34th business term (from June 1, 2018 to August 31, 2018)

Quarterly Securities Report

1. The original text of the Practical Guidance is prepared in the Japanese language, and this translation is to be used solely as reference material to aid in the understanding of the Practical Guidance. For all purposes of interpreting and applying the Practical Guidance, users should consult the original Japanese texts available on the following website;

http://www.oracle.co.jp/corp/IR/doc/201810/FY19Q1_Qreport_web.pdf

- 2.

In addition to a review report that has been attached to the Quarterly Securities Report, this document also includes a confirmation document at the end of the report.

(Translation purposes only)

Contents

	Page
【Title page】	1
Part 1 【Information About the Company】	2
I 【Company Overview】	2
1. 【Movements in Key Performance Indicators, etc.】	2
2. 【Details of Business】	3
II 【Status of Business】	4
1. 【Business Risks】	4
2. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】	4
3. 【Important Agreements for Business, etc.】	7
III 【Status of Submitting Company】	8
1. 【Status of stocks, etc.】	8
2. 【Information about Directors】	9
IV 【Financial Status】	10
1. 【Quarterly Financial Statements】	11
2. 【Others】	16
Part 2 【Information on Guarantor Companies, etc. for Submitting Company】	17
 Independent Auditor's Review Report	 18
 Confirmation Document	 19

(Translation purposes only)

【Title Page】	
【Submitted document】	Quarterly Securities Report
【Text used as grounds for document】	Article 24-4-7 (1) of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	October 12, 2018
【Fiscal year】	The First Quarter of 34 th Business Term (from June 1, 2018 to August 31, 2018)
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Director, Corporate Accounting
【Location of nearest contact】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Director, Corporate Accounting
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

Part 1 【Information About the Company】

I 【Company Overview】

1. 【Movements in Key Performance Indicators, etc.】

Status of submitting company

Term	33 rd 1 st Quarter	34 th 1 st Quarter	33 rd
Closing month/year	From June 1, 2017 to August 31, 2017	From June 1, 2018 to August 31, 2018	From June 1, 2017 to May 31, 2018
Revenue (million yen)	41,256	45,646	185,481
Ordinary income (million yen)	12,230	13,579	55,978
Net income (million yen)	8,478	9,401	38,751
Return on investment with application of equity method (million yen)	—	—	—
Capital stock (million yen)	24,074	24,554	24,480
Total numbers of shares outstanding (thousand shares)	127,844	128,048	128,019
Net assets (million yen)	100,153	126,728	131,425
Total assets (million yen)	188,748	222,240	236,509
Net income per share (yen)	66.43	73.49	303.25
Net income per share (diluted) (yen)	66.29	73.37	302.66
Dividends per share (yen)	—	—	121
Ratio of shareholders' equity (%)	52.9	56.9	55.5

(Note)

1. Our company does not compile consolidated financial statements; thus it does not mention movements in consolidated business benchmarks, etc.
2. Sales amounts do not include consumption tax, etc.
3. Return on investment in the event of the use of an equity method is not indicated as the company has no affiliated companies.
4. Posted as treasury stock included in shareholders' equity, 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 in order to calculate the net income per share and net income per share (diluted) .

(Translation purposes only)

2. **【Details of Business】**

In the cumulative first quarter ended August 31, 2018, there were no significant changes in the contents of the businesses operated by the Company and the Group belongs to.

(Translation purposes only)

II 【Status of Business】

1. 【Business Risks】

For the three-month period ended August 31, 2018, there is no significant change in business risks which were described on our Annual Securities Report for the year ended May 31, 2018.

2. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】

The various quarterly financial sheets, etc. of our company have been compiled based on accounting standards which are generally recognized as fair and reasonable in our country. The compilation of these quarterly financial sheets, etc. require assets and debts as of the final day of the period and hypotheses and estimates within the accounting period which could impact revenue and costs. While an estimate may have been considered reasonable based on past situations and experiences, they may vary from actual results due to changes in hypotheses or criteria. Matters regarding the future stated in this document are based on the judgment of the Company as of August 31, 2018.

(1) Analysis of Financial Status

(i) Overview

During the first quarter under review (from Jun 1, 2018 to August 31, 2018, hereinafter “this “quarter”), the Japanese economy continuously improved moderately, in spite of the need for concern over overseas policy trends in the United States and the expansion of trade conflict. In terms of social and corporate activity, it has become important to utilize digital technologies when cope with issues such as the shrinking productive-age population, globalization and the challenge of developing new business. Similarly, the Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, and strengthening contact points with end users

In this business environment, the Company strives to become an ideal partner by achieving customer’s innovation and supporting their business transformation by utilizing cloud service and data. The company continuously invests in our employees to enhance their expertise, promotes combination proposals to customers by closer cooperation with sales, consulting services and support services.

As a result of these measures, the Company posted 45,646 million yen (up 10.6 % year on year) in revenue, 13,555 million yen (rising 10.3 %) in operating income, 13,579 million yen (gaining 11.0 %) in ordinary income and 9,401 million yen (increasing 10.9 %) in net income.

(ii) Results by Reported Segment

Go to Market Strategy

The Company has the comprehensive product portfolio which consists of platform, applications, hardware which can be deployed on cloud environment and on-premise environment. Especially our software license products have been widely adopted in the field of mission critical systems, which have demanded high security, availability and high performance for many years. The Oracle Cloud, which the Company has focused on as a pillar of its new business, has been developed based on the same system architecture and technologies as these software licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises systems built with the software licenses products and the Oracle Cloud.

Currently the Company has been taking advantage of these strengths, so that our customers can use our products and services in optimal state, the company invests in our employees to enhance their expertise, promotes combination proposals to customers by closer cooperation with sales, consulting services and support services and focusses on the initiatives of “Acquiring big deals”, “Autonomous upgrades” and “ERP upgrades”.

Regarding our products and services, currently Oracle incorporates AI in the Oracle Cloud, and promotes to make it autonomy of maintenance and operation like patching, performance tuning and so on as one of differentiation with other cloud services. The Company released “Oracle Autonomous Transaction Processing” in August 2018 followed by “Oracle Autonomous Data Warehouse Cloud” we released in March 2018. And as a service to promote “ERP upgrades”, we provide “Oracle Soar” which migrates “Oracle E-Business Suite” on on-premise environment to Oracle ERP cloud in a short time. Regarding to the Japan domestic datacenter we announced in February 2018, we are currently preparing for opening.

Regarding purchasing experience, in order to use Oracle technologies more flexible for a wider range of customers, we provide “Bring Your Own License (BYOL)”, enabling customers to move their existing Oracle software licenses over to “Oracle PaaS” and “Universal Credits” which allows the use of all Oracle PaaS and IaaS by entering into a single and simple contract, and we are striving to expand our cloud and license business.

(Translation purposes only)

(Glossary)

- Cloud service: Providing software and hardware resources which are used for IT system infrastructure at companies and other organizations as services under agreements for certain periods through the networks such as Internets.
- 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.
- 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.
- 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.
- On-premises: A form of IT system developed and operated as the company’s possession.

[Cloud & License]

Revenue in the Cloud & license segment was 36,212 million yen, up 13.2 % from the corresponding period of the previous fiscal year. Revenue in the Cloud license & on-premise license was 9,561 million yen (rising 21.4 % year on year), revenue in the Cloud services & license support was 26,651 million yen (rising 10.5 % year on year). This segment consists of the “Cloud license & on-premise license” that the Company sells software licenses for database management software, a range of middleware, and ERP and other business applications, etc., the “License support” that the Company provides software updates and technical support for customers using the Company’s software licenses, and the “Cloud services” are services the Company provides the resources of software and hardware via the Internet.

* (Note) The Company has changed reporting segments since the 1st quarter of the fiscal year ending May31, 2019, renamed “Cloud & Software” to “Cloud & license”, “New software license” to “Cloud license & on-premise license”, integrated “Cloud(SaaS/PaaS/IaaS)” and “Update & product support” to “Cloud services & license support”.

In the 1st Quarter of the fiscal year, we successfully closed large deals in mainly the service sector, the telecommunication sector and the retail and distribution sector. These orders came from customers improving customer engagement by utilizing data and digital technologies aggressively and pursuing revenue growth, and customers enhancing their core systems to adapt their rapid business growth.

The demand for “Oracle Cloud Platform” is increasing due to its compatibility with on-premise systems and the abundant functions of PaaS and IaaS, in addition to this, the demand for “Oracle Cloud Infrastructure” is increasing for customers who need high cost-performance while securing security and supporting high workload processing such as analysis processing and risk calculation. Regarding SaaS, customers who plan to enhance management and risk control and to improve business efficiency along with expansion of company scale, are studying and adopting SaaS including ERP cloud because of its rapid implementation.

[Hardware systems]

Revenue in the Hardware systems segment was 4,145 million yen, up 5.0 % from the corresponding period of the previous fiscal 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

[Services]

Revenue in the Services segment was 5,288 million yen, fell 0.4 % 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. As for Consulting Services, the number of composite projects taking advantage of the Company’s comprehensive product and service portfolio has increased steadily. They include projects for platform transition from the on-premise environment to the IaaS and PaaS environment and those for linkage with SaaS solutions such as the ERP cloud.

(Translation purposes only)

<Revenue breakdown by business segments>

Item	FY2018 1st Quarter		FY2019 1st Quarter			May 2018	
	Amount Million Yen	Comp. %	Amount Million Yen	Comp. %	% of change YoY	Amount Million Yen	Comp. %
Cloud license & on-premise license	7,879	19.1	9,561	20.9	21.4	46,557	25.1
Cloud services & license support	24,120	58.5	26,651	58.4	10.5	99,960	53.9
Cloud & License	31,999	77.6	36,212	79.3	13.2	146,518	79.0
Hardware systems	3,946	9.6	4,145	9.1	5.0	18,063	9.7
Services	5,310	12.9	5,288	11.6	-0.4	20,898	11.3
Total	41,256	100.0	45,646	100.0	10.6	185,481	100.0

*Amount is rounded down. Composition ratio and year-to-year comparison (% of change YoY) are rounded off.

(iii) Operating income

Operating income came to 13,555 million yen (up 10.3% from the same period a year earlier), because of sales increase in Cloud & License segment, although operating income in the Hardware systems and Service segments remained almost the same as the previous period.

Cost of sales came to 24,531 million yen (up to 13.2% from the same period a year earlier), royalties and outsourcing fees for the cloud business rose in the Cloud & License segment. In the Service segment, there was an increase in outsourcing expenses for consulting services.

Selling, general and administrative expenses came to 7,559 million yen (up to 3.6% from the same period a year earlier).

This was due to increase of office rent, etc..

(IV) Non-operating profit and loss, ordinary income

As a result of appropriating non-operating profit and loss of 23 million yen (net), our ordinary income stood at 13,579 million yen (up 11.0% from the same period a year earlier).

(V) Net income

As a result of appropriating 'extraordinary profits-gain on reversal of subscription rights to shares' as extraordinary income, our current net income stood at 9,401 million yen (up 10.9% from the same period a year earlier).

(2) Analysis of financial status

(Assets)

Total current assets at the end of the term decreased 15,278 million yen from the end of the previous fiscal year, to 177,012 million yen. This was mainly attributable to a decrease in cash and deposits (9,070 million yen), in addition to a decrease in accounts receivable-trade (6,424 million yen).

Total non-current assets at the end of the fiscal year under review stood at 45,228 million yen, an increase of 1,010 million yen from the end of the previous year. This was mainly due to an increase in incremental costs for the acquisition of contracts (bonus of sales department for the acquisition of contracts) because of accounting policy changes, the scope of those that are posted under assets was changed retroactively by going back before the beginning of the first quarter under review.

(Translation purposes only)

(Liabilities)

Total liabilities at the end of the term decreased 9,570 million yen from the end of the previous fiscal year, to 95,512 million yen. This was mainly due to a decrease in income taxes payable (5,970 million yen) caused by income tax payment, a decrease in accounts payable-other(1,802 million yen), and a decrease in accounts payable-trade(1,734 million yen).

(Net assets)

Total net assets at the end of the term decreased 4,697 million yen, to 126,728 million yen. This was primarily attributable to increases in both capital stock and capital surplus (73 million yen) due to the exercise of stock options, the posting of net income (9,401 million yen) and a decrease in retained earnings (4,829 million yen) as a result of the payment of dividends (15,489 million yen) and an increase of the balance of retained earnings at the beginning of the current period due to the application of the accounting standard for revenue recognition (1,258 million yen). Consequently, the ratio of shareholders' equity stood at 56.9% (an increase of 1.4 percentage points from the end of the previous fiscal year).

(3) Business and Financial Tasks to be addressed

There was no significant change in the task to be addressed by the Company during the cumulative first quarter under review.

(4) Research and development activities

There was no significant change in the task to be addressed by the Company during the cumulative first quarter under review.

(5) Analysis about capital resources and liquidity of funds

There were no material changes in the “information about capital resources and liquidity of funds” stated in the Annual Securities Report for the 33rd business term filed on August, 21, 2018.

3. 【Important Agreements for Business, etc.】

Oracle partner agreement, which is the sales agency agreements that renewed upon expiration of the contract term during the first quarter of this fiscal year, are the following.

Partner	Applicable products	Date of agreement	Period under agreement
NEC Corporation	Software	August 24, 2018	From September 1, 2018 to October31, 2018
	Hardware		
	Cloud services		
	Primary maintenance services and SI support services for engineered system products		

(Translation purposes only)

III 【Status of Submitting Company】

1. 【Status of stocks, etc.】

(1) 【Number of shares, etc.】

(i) 【Number of shares】

Type	Number of shares authorized to issue(stocks)
Common Stock	511,584,909
Total	511,584,909

(ii) 【Number of outstanding shares】

Type	Number of outstanding shares as of the end of the first quarter (Shares) (August 31, 2018)	Number of outstanding shares on reporting date (shares) (Note) 1 (October 12, 2018)	Name of financial instruments exchange or name of registered authorized financial instruments firms association	Details
Common Stock	128,048,571	128,055,371	Tokyo Stock Exchange First Section	(Note) 2
Total	128,048,571	128,055,371	-	-

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from October 1, 2018 to the date of submission of this Securities Report.

2 The Company’s standard stock whose rights are not subject to any restrictions. Share unit is 100 shares.

(2) 【Status of share warrants, etc.】

Not applicable.

(3) 【Status of exercising certificates of bonds with share warrants with exercise price revision clause, etc.】

Not applicable.

(4) 【Details of rights plan】

Not applicable.

(5) 【Trends with number of outstanding shares, capital, etc.】

Date	Number of outstanding shares increase/decrease (shares)	Number of outstanding shares balance (shares)	Capital stock increase/decrease (million yen)	Capital stock balance (million yen)	Legal capital surplus Increase/decrease (million yen)	Legal capital surplus balance (million yen)
From June 1, 2018 to August 31, 2018 (Note)	29,200	128,048,571	73	24,554	73	7,904

(Note) 1. Increase due to the exercise of share warrants.

2. The Company’s capital stock and legal capital surplus increased by 18 million yen respectively and 6,800 shares increased due to the exercise of share warrants (from September 1, 2018 to September 30, 2018).

(Translation purposes only)

(6) 【Status of major shareholders】

The major shareholders are not presented because the current quarterly accounting period is the first quarter period.

(7) 【Status of voting rights】

Concerning the information on voting rights below, as the Company was unable to confirm the information stated in the shareholder register as of August 31, 2018, the information is stated not from its register; rather it is stated from the shareholder register of the immediately preceding cut-off date (May 31, 2018).

(i) 【Number of outstanding shares】

As of May 31, 2018

Item	No. of shares(shares)	No. of voting rights (Units)	Details
Nonvoting stock	-	-	-
Stock with restricted voting right (Treasury stock, etc.)	-	-	-
Stock with restricted voting right (Others)	-	-	-
Stocks with full voting rights (Treasury stock, etc.)	(Own shares) Common stock 11,000	-	-
Stocks with full voting rights (Others)	Common stock 127,711,200	1,277,112	-
Share less than one unit	Common stock 297,171	-	-
Number of outstanding shares	128,019,371	-	-
Voting rights of shareholders	-	1,277,112	-

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 22,500 company stocks held by the BIP Trust and 69,700 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc.】

As of May 31, 2018

Name of owner	Addresses of owner	No. of shares held in own name(shares)	No. of shares held in another name (shares)	No. of shares held (shares)	Percentage of shares held versus total number of outstanding shares (%)
(Own shares) Oracle Corporation Japan	2-5-8 Kita-Aoyama, Minato-ku, Tokyo	11,000	-	11,000	0.0
Total	-	11,000	-	11,000	0.0

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 22,500 stocks and 69,700 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsucho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

2. 【Information about directors】

Not applicable

(Translation purposes only)

IV 【Financial Status】

1 Method of preparing Quarterly Financial Statements

The quarterly financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Financial Statements” (Cabinet Office Ordinance No. 63 of 2007).

2 Audit Certification

The quarterly financial statements for the first quarter of the fiscal year ending August 31, 2018 (from June 1, 2018 to August 31, 2018) and three months ended August 31, 2018 (from June 1, 2018 to August 31, 2018) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

3 Consolidated financial statements

The Company does not prepare consolidated financial statements as we have no subsidiaries.

(Translation purposes only)

1 Quarterly Financial Statements
(1) Quarterly Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2018)	Current term end (as of August 31, 2018)
Assets		
Current assets		
Cash and deposits	169,326	160,255
Accounts receivable-trade	19,871	13,446
Other	3,105	3,321
Allowance for doubtful accounts	-12	-12
Total current assets	192,290	177,012
Noncurrent assets		
Property, plant and equipment		
Buildings, net	10,635	10,438
Land	26,057	26,057
Other, net	3,171	3,631
Total property, plant and equipment	39,863	40,126
Intangible assets	4	3
Investments and other assets		
Other	4,385	5,132
Allowance for doubtful accounts	-34	-34
Total investments and other assets	4,350	5,098
Total noncurrent assets	44,218	45,228
Total assets	236,509	222,240
Liabilities		
Current liabilities		
Accounts payable-trade	13,087	11,352
Accounts payable-other	5,521	3,719
Income taxes payable	10,991	5,020
Advances received	69,862	70,385
Provision for bonuses	2,281	1,195
Other Provision	390	444
Other	2,941	3,387
Total current liabilities	105,075	95,504
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	105,083	95,512
Net assets		
Shareholders' equity		
Capital stock	24,480	24,554
Capital surplus	7,831	7,904
Retained earnings	99,450	94,620
Treasury stock	-599	-600
Total shareholders' equity	131,162	126,478
Subscription rights to shares	262	249
Total net assets	131,425	126,728
Total liabilities and net assets	236,509	222,240

(Translation purposes only)

(2) Quarterly Statement of Income
Cumulative first quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2017 to August 31, 2017)	Current term (From June 1, 2018 to August 31, 2018)
Net sales	41,256	45,646
Cost of sales	21,668	24,531
Gross Profit	19,588	21,115
Selling, general and administrative expenses	7,299	7,559
Operating income	12,288	13,555
Non-operating income		
Foreign exchange gains	—	15
Interest income	6	3
Others	4	4
Total Non-Operating Income	10	23
Non-Operating expenses		
Foreign exchange losses	67	—
Others	0	0
Total Non-Operating expenses	68	0
Ordinary Income	12,230	13,579
Extraordinary Income		
Gain on reversal of subscription rights to shares	82	0
Total Extraordinary Income	82	0
Income before income taxes	12,313	13,579
Income taxes	3,834	4,178
Net Income	8,478	9,401

(Translation purposes only)

Notes to Quarterly Financial Statements

(Notes to Going Concern): Not Applicable

(Changes in accounting policies)

As ASBJ Statement No. 29 Accounting Standard for Revenue Recognition (March 30, 2018) (hereinafter referred to as the "Accounting Standard for Revenue Recognition") and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018) became applicable from the beginning of a fiscal year starting on and after April 1, 2018, the Accounting Standard for Revenue Recognition and other related standards have been applied from the beginning of the first quarter under review.

In the application of the Accounting Standard for Revenue Recognition and other related standards, the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition is followed. The aggregate amount of the impact on retroactive application of the new accounting policy prior to the beginning of the first quarter under review is added to/subtracted from retained earnings at the beginning of the first quarter under review and the new accounting policy is applied to the balance at the beginning of the first quarter under review.

The changes are as follows.

1) Changes in revenue recognition criteria

Revenues are recognized in an amount expected to be received in exchange for the agreed-on property or service upon transfer of control of the said property or service to the customer. We heretofore had recognized revenue over the licensing period prescribed in the contract for the sale of some licenses, but changed to a method to recognize revenue at the time of sale.

As the result, the balance of retained earnings at the beginning of the current period increased 287 million yen. The impact on revenue, operating income and income before income taxes for the result three months of the fiscal year under review is insignificant.

2) Incremental costs for the acquisition of contracts

Bonuses of sales departments arising from acquisition of contracts had been capitalized and amortized based on the straight-line method over contract period (service provision period), however, from the three months of the fiscal year under review, the scope of capitalization and its amortization period are partially revised.

In addition to bonuses by acquiring cloud contracts, bonuses by acquiring support contracts are also covered by capitalization, and the amortization period is mainly based on the contract period, but for certain types of contracts will be amortized by the straight-line method over the estimated contract period including the renewal of future contracts, the expected useful lives of our technologies, and other factors.

As a result, the balance of retained earnings at the beginning of the current period increased 970 million yen. The impact of the changes on operating income and income before income taxes for the first three months of the fiscal year under review is insignificant.

(Special accounting for preparing quarterly financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes for the three months under review are calculated by multiplying profit before income taxes for the three months under review by the reasonably estimated effective tax rate for the fiscal year including the first quarter under review after applying tax effect accounting.

(Balance Sheet related): Not Applicable

(Statement of Income related): Not Applicable

(Translation purposes only)

(Quarterly statement of cash flows)

A quarterly statement of cash flows relating to the three months ended August 31, 2018, has not been prepared. Depreciation (including amortization of intangible assets) are as follows.

	Previous 1 st Quarter	Current 1 st Quarter
	From June 1, 2017 to August 31, 2017	From June 1, 2018 to August 31, 2018
Depreciation (million yen)	419	445

(Related to the statement of changes in shareholders' equity)

Previous term (from June 1, 2017 to August 31, 2017)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 20, 2017	Common stock	14,559	114	May 31, 2017	August 7, 2017	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 20, 2017 includes the 16 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (12 million yen))

2 Dividends which the cutoff date was in the three months ended August 31, 2017 and the effective date of which is after the end of the first quarter of the fiscal year ended May 31, 2018.

Not Applicable

3 Significant changes in the amount of shareholders' equity

Not Applicable

Current term (from June 1, 2018 to August 31, 2018)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 24, 2018	Common stock	15,489	121	May 31, 2018	August 6, 2018	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 24, 2018 includes the 11 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen))

2 Dividends which the cutoff date was in the three months ended August 31, 2018 and the effective date of which is after the end of the first quarter of the fiscal year ended May 31, 2019.

Not Applicable

3 Significant changes in the amount of shareholders' equity

Not Applicable

(Equity in earnings (loss) of affiliated companies)

Not Applicable

(Translation purposes only)

(Segment Information)

I. Previous quarter under review (from June 1, 2017 to August 31, 2017)

Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	31,999	3,946	5,310	41,256	—	41,256
Intersegment net sales or transfer	—	—	—	—	—	—
Total	31,999	3,946	5,310	41,256	—	41,256
Operating income (loss)	11,780	174	1,362	13,317	-1,028	12,288

(Notes): 1. Segment profit adjustment of minus 1,028 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, 2018 to August 31, 2018)

1. Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	36,212	4,145	5,288	45,646	—	45,646
Intersegment net sales or transfer	—	—	—	—	—	—
Total	36,212	4,145	5,288	45,646	—	45,646
Operating income (loss)	12,921	173	1,393	14,488	-932	13,555

(Notes): 1. Segment profit adjustment of minus 932 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

The Cloud and Software segment has been renamed as the Cloud and license segment.

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

(Translation purposes only)

(Per Share Data)

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

	Previous term end (From June 1, 2017 to August 31, 2017)	Current term end (From June 1, 2018 to August 31, 2018)
(1) Net income per share (yen)	66.43	73.49
(Basis for calculation)		
Net income (millions of yen)	8,478	9,401
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	8,478	9,401
Average number of shares during the term (thousand shares)	127,625	127,932
(2) Net income per share (diluted)	66.29	73.37
(Basis for calculation)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (thousand shares)	271	196
(Subscription right (thousand shares))	(271)	(196)
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	—	—

(Note) Posted as treasury stock included in shareholders' equity, 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 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, 38,165 treasury shares owned by the BIP trust and 106,382 treasury shares owned by the ESOP trust for last year, 22,542 treasury shares owned by the BIP trust and 69,735 treasury shares owned by the ESOP trust for this year.

(Significant subsequent events)

Not Applicable

2. 【Others】

The board of directors meeting resolved year-end dividend of 33rd business year which was held on July 24, 2018.

- ① The total amount of dividends 15,489 million yen
- ② Dividend per share 121 yen
- ③ Effective date of dividend August 6, 2018

(Note) 1. The Company paid dividends from surplus to shareholders and/or registered share pledges who are registered or recorded on the latest registers of shareholders as of May 31, 2018.

2. Total amount of dividend includes the 11 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen))

(Translation purposes only)

Part 2 **【Information on Guarantor Companies, etc. for Submitting Company】**

Not applicable

(Translation purposes only)

Translation

Following is an English translation of the Independent Auditor's Review Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Review report

October 12, 2018

Oracle Corporation Japan
The board of Directors

Ernst & Young ShinNihon LLC

Designated limited liability employee/Business executive
Mitsunobu Yamaguchi, Certified Public Accountant

Designated limited liability employee/Business executive
Atsuko Tanabe, Certified Public Accountant

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have conducted a quarterly review of the quarterly financial statements of Oracle Corporation Japan listed in the "Status of Accounting" for three months ended August 31, 2018 (from June 1, 2018 to August 31, 2018) and the cumulative first quarter of the fiscal year ending August 31, 2018 (from June 1, 2018 to August 31, 2018), which comprise the balance sheet, income statement and notes.

<Management's responsibility for the quarterly financial statements>

Management is responsible for the preparation and fair presentation of these quarterly financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the quarterly financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

<Auditor's responsibility>

Our responsibility is to express a conclusion on the quarterly financial statements from an independent standpoint based on our quarterly review. We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan

A quarterly review consists of principally of making inquiries to the management and the persons responsible for financial and accounting matters, etc., applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the procedures for annual financial statement audits conducted in accordance with the audit standards generally accepted in Japan.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

<Auditor's conclusion>

In our quarterly review, no matter has come to our attention that causes us to believe that the above quarterly financial statements do not fairly present, in any material respect, the financial condition of Oracle Corporation Japan as of August 31, 2018 and the results of its operations in the cumulative first quarter ended August 31, 2018 in accordance with the standards for preparation of quarterly financial statements generally accepted in Japan.

<Interest >

There exists no special interest between the Company and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

-
- * 1. The above is a digital version of the original of the audit report, and the original is kept separately by the company.
2. XBRL data is unaudited.
3. The original review report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

(Translation purposes only)

【Title page】

【Submitted document】	Certification
【Text used as grounds for document】	Article 24-4-8 paragraph1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	October 12, 2018
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Name of Chief Financial Officer】	Krishna Sivaraman, Executive Officer, Chief Financial Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

1 **【Regarding the adequacy of the Securities Report】**

Tadahiro Kaneko, Representative executive officer, Chief Legal Officer and S. Krishna Kumar, Executive Officer, CFO of the company, confirmed the adequacy of the 34th 1st Quarterly Securities Report based on Financial Instruments and Exchange Act (for the period from June 1, 2018 to August 31, 2018)

2 **【Special mention】**

Upon confirmation, there are no items needing of special mention.