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Flash Report for the 2nd Quarter of Fiscal Year Ending May 31, 2009 (Non-consolidated)

December 24, 2008

Company Name Oracle Corporation Japan

Listed Stock Exchange: TSE 1st Section

Ticker: 4716

URL <http://www.oracle.co.jp/corp/index.html>

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Quarterly Report Filing Date (as planned): January 13, 2008

Schedule for dividends payment: February 9, 2008

(Amount of less than ¥1 million are rounded down)

1. Financial results for this term (from June 1, 2008 to November 30, 2008)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2 nd Quarter, May 2009	57,988	-	17,672	-	17,797	-	10,367	-
2 nd Quarter, May 2008	54,386	18.8	17,597	12.5	17,866	13.0	10,512	7.0

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 nd Quarter, May 2009	81	58	81	56
2 nd Quarter, May 2008	82	74	82	69

(2) Financial Position

	Total Assets		Net assets		Ratio of shareholders' equity		Net assets per share	
	Million Yen		Million Yen		%	Yen	Sen	
2 nd Quarter, May 2009	114,859		80,508		69.8	630	72	
May 2008	119,042		83,153		69.7	652	44	

Shareholders' equity 2nd Quarter, May 2009: 80,156Million Yen (FY2008: 82,915million yen)

2. Dividends

	Dividend per share									
	1 st Quarter end		2 nd Quarter end		3 rd Quarter end		Fiscal Year end		Total	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY ended May 2008	-		70	00	-		103	00	173	00
FY ending May 2009	-		70	00					173	00
FY ending May 2009(Forecast)			-		-		103	00		

Note: Revision of outlook for dividends in the 2nd quarter: No

3. Forecast for the May 2009 term (from June 1, 2008 to May 31, 2009)

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income		Net income per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	Sen
Entire term	121,000	6.0	39,200	1.2	39,400	0.7	23,100	0.2	181	76

Note: Revision of forecast for FY ending May 2009 in the 2nd quarter: Yes

4. Other information

(1) Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements: Yes

(Note) Please refer to “4.Others” in Qualitative information for Financial Statements, on page 6.

(2) Changes in accounting principles, procedures and presentation methods for quarterly financial statements

(Changes in key accounting standards for quarterly financial reporting)

① Changes resulting from revisions to accounting standards: Yes

② Other changes: Yes

(Note) Please refer to “4.Others” in Qualitative information for Financial Statements, on page 6.

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

① The number of shares outstanding (inclusive of treasury stock)	2 nd Quarter, May 2009	127,091,571 shares
	May 2008	127,087,571 shares
② The number of treasury stock	2 nd Quarter, May 2009	3,426 shares
	May 2008	2,843 shares
③ The number of average shares outstanding (cumulative, non-consolidated, at end of second quarter)	2 nd Quarter, May 2009	127,087,089 shares
	of 2 nd Quarter, May 2008	127,054,958 shares

Caution: From the fiscal year under review, The Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement) No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with the “Quarterly Non-Consolidated Financial Statement Regulations.”

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 “4.Others” in Qualitative information for Financial Statements, on page 5

[Qualitative Information for Financial Statements]

1. Qualitative Information for Business Outcomes

Year-on-year changes and the ratios of these changes are presented in “1. Qualitative information on Business Outcomes” and “2. Qualitative Information on the Financial Situation” as reference data because the current fiscal year is the first year of the quarterly reporting system for Oracle Corporation Japan (hereinafter “the Company”).

During the interim period under review (from June 1, 2008 to November 30, 2008), pressure on corporate earnings became evident in the Japanese economy, as demand shrank drastically both in Japan and abroad on the back of rapid economic deceleration triggered by the financial crisis in the United States. In this operating environment, companies instituted programs for controlling capital investment. The environment became difficult in the information service field as well, as more customers postponed or reviewed their investments in IT.

In this environment, the Company supplied products and services that helped customers grow and solve their business problems, as a software vendor that can offer databases as infrastructure. It also offered Fusion Middleware products that link different information systems, and business applications that have the necessary functions for corporate activities.

In October 2008, the Company embarked on reforms in conjunction with company-wide organizational changes to step up cooperation with sales partners, develop markets in growing fields, establish a sales organization from a customers' viewpoint, and bolster product operations. As part of the reforms, the Company carried out fundamental reviews of its sales structure and reallocated its human resources. It also completed the consolidation of its previously dispersed business bases in its new headquarters, the “Oracle Aoyama Center,” in September 2008, focused on raising its operational efficiency, and took initiatives to reduce costs.

(1) Revenue

Non-consolidated revenue grew by 3,602 million yen or 6.6% from the interim period of the previous fiscal year (the “previous interim period”), totaling 57,988 million yen. The results of each business segment are as follows:

[Software-Related Segment]

Revenue in the Software-Related Segment was 49,003 million yen, up 2,227 million yen or 4.8% year on year. The Software-Related Segment consists of the following two divisions: (i) Software Products and (ii) Updates & Product Support.

(i) Software Products

Revenue in the Software Products division, which sells new software licenses, was 20,217 million yen, down 1,688 million yen or 7.7% year on year. The positions of its two sub-divisions, Databases & Middleware and Business Applications, are as follows:

(A) Databases & Middleware

Revenue in the sub-division amounted to 17,037 million yen (down 2,098 million yen or 11.0% year on year).

In this sub-division, where new license sales for database management software and middleware form the core operations, the Company focused on meeting customer needs by providing solutions that provide customers with tangible benefits such as cost reduction, visualization and streamlining, even in difficult economic conditions. At the same time, the Company sought to strengthen its relationships with sales partners and stimulate demand for additional investment among existing customers. As a result of these efforts, favorable results were attained by EPM products that achieve flexible financial measures and business administration, business intelligence (BI) products, and management software products that achieve efficient system operation. However, revenue in the sub-division fell year on year on the back of corporate control of investment in IT.

(B) Business Applications

Revenue in the sub-division amounted to 3,180 million yen (up 410 million yen or 14.8% year on year).

In this sub-division, the Company developed a lineup of products that offer solutions for ERP, CRM, EPM, PLM and industry applications, and built up an organization capable of offering various solutions that support growth. Through taking these steps, the Company uncovered demand for investment in undertakings that are close to operations, including EPM for raising the quality of business management,

PLM and logistics. It also found that there was demand for activities that are expected to produce specific, swift results, in addition to demand for core ERP applications for financial accounting and human resources.

(ii) Updates & Product Support

Revenue in the Updates & Product Support division amounted to 28,785 million yen (up 3,915 million yen or 15.7% year on year).

In this division, which offers update rights and technical support to customers, the Company responded to customer demand for sustaining the stable operation of existing business systems, and maintained high contract and renewal rates in difficult economic conditions. Revenue in the division remained strong, thanks also to the additional provision of update rights and technical support for products acquired during the interim period.

[Service-Related Segment]

Revenue in the Service-Related Segment amounted to 8,985 million yen (up 1,375 million yen or 18.1% year on year). The Service-Related Segment consists of the following three divisions: (i) Advanced Support, (ii) Education Services and (iii) Consulting Services.

(i) Advanced Support

Project numbers rose steadily for both Oracle On Demand, which maintains and operates customer information systems, and Advanced Customer Services, which provides advanced and preventive support to match the environment of each customer. This was thanks to the high marks they earned from customers for enabling them to achieve stable operation of their systems, reduce the load on operations, and enjoy high cost efficiency. As a result, revenue in the division increased substantially from the previous interim term, to 1,352 million yen (up 437 million yen or 47.8% year on year).

(ii) Education Services

Revenue in the Education Services division increased steadily because of increased services for product users, in addition to the ongoing provision of new training programs for acquired products, and strong customer demand for training for engineers.

As a result, revenue in the division came to 1,389 million yen (up 150 million yen or 12.1% year on year).

(iii) Consulting Services

Revenue in the Consulting Services division grew strongly, led by robust sales of operations for supporting the introduction of business applications.

As a result, revenue in the division amounted to 6,244 million yen (up 788 million yen or 14.4% year on year).

(2) Operating Income

Non-consolidated operating income was 17,672 million yen (up 74 million yen or 0.4% year on year).

The decline of revenue in the Software Products division, while cost of sales, such as personnel cost, increased accompanied by the growth of the revenue in the Service division and increase of a royalty due to the revenue growth for acquired products. In addition, selling, general and administrative expenses grew, primarily owing to increase in personnel costs attributable to a number of employees being transferred from Oracle Information Systems, a company that handles acquired products, and the increase in depreciation for the headquarters completed at the end of July 2008. As a result, the operating income margin fell to 30.5%. However, operating income rose on the back of increased revenue.

(3) Ordinary Income

Non-consolidated ordinary income came to 17,797 million yen (down 68 million yen or 0.4% year on year).

Interest on securities, recorded under non-operating income, decreased as a result of a drop in the working balance of securities and changes in their operating environment.

(4) Net Income

Non-consolidated net income was 10,367 million yen (down 145 million yen or 1.4% year on year).

The Company recorded a reversal of the allowance for construction for restoration of the premises to its original state that accompanied its head office transfer as extraordinary income, and posted a loss on the retirement of fixed assets at former offices as an extraordinary loss in the interim period.

2. Qualitative Information on the Financial Situation

The total assets of the Company at the end of the second quarter stood at 114,859 million yen, down 4,183 million yen from the end of the fiscal year ended May 31, 2008.

Net assets came to 80,508 million yen, down 2,645 million yen from the end of the previous fiscal year.

The state of cash flows is as follows:

Cash generated from operating activities was 12,844 million yen. The inflow reflects factors such as the recording of pre-tax net income of 17,629 million yen, a 2,661 million yen decrease in sales credits and payment of enterprise taxes of 8,123 million yen.

Cash gained from investment activities was 6,417 million yen. The inflow reflects the use of the redemption of marketable securities for the acquisition of the land and building for new headquarter totaling 27,746 million yen, and increased cash on hand instead of the re-investment to the marketable securities considering current financial market's turmoil.

Cash spent on financial activities was 13,077 million yen, resulting mainly from the payment of dividends.

As a result of the changes described above, cash and cash equivalents at the end of the interim period came to 38,127 million yen, up 6,184 million yen from the end of the previous fiscal year.

3. Qualitative Information on Forecasts

Looking to future prospects, it is anticipated that companies will exercise more stringent control over their capital investments in a bid to address their declining earnings, given the environment of rapid economic slowdown. In consideration of this likely scenario, on December 24, 2008 the Company announced its revised forecasts for the fiscal year ending May 31, 2009. This flash report presents the forecasts after the revisions.

The Company aims to raise its earning capacity through business expansion in growth fields. It will do this by working with its alliance and channel sales partners to aggressively promote products and services that will help customers quickly achieve the results they are seeking in the current economic environment. It will also continue to cut costs and selling and administrative expenses.

[Remarks on forecasts]

The materials presented in this document, other than historical facts, such as forecasts, were prepared by Oracle Corporation Japan based on information available at the time of the announcement, in accordance with predetermined criteria. It is necessary to understand that actual performance may differ from the forecasts due to a variety of factors.

4. Others

(1) Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements

* Simplified accounting method

Not applicable

* 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) Changes in accounting principles and procedures and the presentation method, etc. associated with the preparation of quarterly financial statements

(i) From the fiscal year under review, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement) No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with the “Quarterly Non-Consolidated Financial Statement Regulations.”

(ii) Changes in accounting policies

Property and equipment (excluding computers and related equipment) were previously depreciated using the declining-balance method. From the fiscal year under review, the Company has adopted the straight-line method for this property and equipment. When the head office was transferred to a building recently acquired, the Company reviewed the depreciation method for existing property and equipment in light of its business conditions in which Updates & Product Support has posted stable revenue is increasing its proportion of revenues year by year. As a result, the Company elected to adopt the straight-line method, as the method most suitable to making a reasonable adjustment for periodic income. The impact of this change on results is limited.

(Additional information)

The Company has adopted the straight-line method for owned-building and related equipment that was acquired in this fiscal year under review.

(3) Revenue breakdown by business segments

Item	FY2008 2 nd Quarter		FY2009 2 nd Quarter			May 2008	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database & Middleware	19,135	35.2	17,037	29.4	△11.0	40,753	35.7
Business Applications	2,770	5.1	3,180	5.5	14.8	6,421	5.6
Software Product	21,905	40.3	20,217	34.9	△7.7	47,174	41.3
Updates & Product Support	24,870	45.7	28,785	49.6	15.7	50,263	44.0
Software related sub total	46,775	86.0	49,003	84.5	4.8	97,438	85.4
Advanced Support	915	1.7	1,352	2.3	47.8	2,101	1.8
Education services	1,239	2.3	1,389	2.4	12.1	2,551	2.2
Consulting services	5,456	10.0	6,244	10.8	14.4	12,021	10.5
Service sub total	7,610	14.0	8,985	15.5	18.1	16,674	14.6
Total	54,386	100.0	57,988	100.0	6.6	114,112	100.0

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

5. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

	Current term end (As of November 30, 2008)	May 2008 (Summary) (As of May 31, 2008)
<Assets>		
Current assets		
Cash and deposits	33,631	27,445
Trade notes and accounts receivable	14,065	16,726
Marketable securities	14,483	49,456
Merchandise	2	4
Others	3,143	3,706
Allowance for doubtful accounts	-2	-2
Total current assets	65,324	97,336
Fixed assets		
Property and equipment		
Building	16,876	392
Land	26,057	—
Others	1,946	17,558
Total property and equipment	44,880	17,951
Intangible fixed assets	51	7
Investments and other assets		
Others	4,618	3,762
Allowance for doubtful accounts	△ 15	-15
Total investments and other assets	4,602	3,747
Total fixed assets	49,534	21,706
Total assets	114,859	119,042
<Liabilities>		
Current liabilities		
Accounts payable	4,590	4,720
Accrued amount payable	3,298	2,942
Accrued income taxes	7,453	8,295
Advances by customers	16,607	16,051
Allowance for bonus payable	1,050	1,528
Other allowances	227	565
Others	1,031	1,785
Total current liabilities	34,259	35,888
Noncurrent liabilities		
Others	91	—
Total noncurrent liabilities	91	—
Total liabilities	34,350	35,888
<Net assets>		
Shareholders' equity		
Capital stock	22,290	22,282
Capital surplus	33,728	33,720
Earned surplus	24,170	26,892
Treasury stock	△ 17	-14
Total shareholders' equity	80,171	82,880
Difference of appreciation and conversion		
Unrealized gain on other securities, net of taxes	△ 14	34
Total difference of appreciation and conversion	△ 14	34
Stock acquisition right	351	238
Total net assets	80,508	83,153
Total liabilities and net assets	114,859	119,042

(2) Statement of Income

(Unit : Million yen)

	Current term (From June 1, 2008 to November 30,
Revenues	57,988
Cost of sales	25,415
Gross Profit	32,573
Selling, general and administrative expenses	14,901
Operating income	17,672
Non-operating income	
Interest income	22
Interest on securities	87
Others	36
Total Non-Operating Income	146
Non-Operating Loss	
Others	21
Total Non-Operating Loss	21
Ordinary Income	17,797
Extraordinary Income	
Reversal of provision for moving of head office	194
Total Extraordinary Income	194
Extraordinary Loss	
Loss on disposition and sale of fixed assets	360
Loss on sale of invested securities	1
Total Extraordinary Income	361
Net Income before Taxes	17,629
Income taxes	7,262
Net Income	10,367

(3) Statement of Cash Flows

(Unit : Million yen)

Terms	Current Term (From June 1, 2008 to November 30, 2008)
Items	Amount
I. Cash flows from operating activities	
Net Income before Taxes	17,629
Depreciation	598
Stock compensation expenses	113
Increase/decrease of allowance for doubtful accounts (Decrease: -)	-0
Increase/decrease of allowance for bonus payable (Decrease:-)	-478
Increase/decrease of other allowances (Decrease:-)	-143
Interest and dividends income	-119
Loss on sale of invested securities	1
Loss on disposition and sale of fixed assets	367
Reversal of provision for moving of head office	-194
Increase/decrease of sales credits (Increase : -)	2,661
Increase/decrease of inventory assets (Increase:-)	1
Increase/decrease of other current assets (Increase: -)	584
Increase/decrease of accounts payable (Decrease: -)	-129
Increase/decrease of accrued amount payable (Decrease: -)	213
Increase/decrease of advances by customers (Decrease: -)	556
Increase/decrease of other current liabilities (Decrease: -)	-754
Others	11
Sub Total	20,918
Interest and dividends received	48
Income taxes paid	-8,123
Net cash flows provided by operating activities	12,844
II. Cash flows from investing activities	
Payment for acquisition of marketable securities	-22,470
Proceeds from redemption of marketable securities	57,500
Payment for acquisition of property and equipment	-27,746
Payment for acquisition of intangible fixed assets	-48
Proceeds from sale of invested securities	3
Payment as guarantee money deposits	-913
Refunds of guarantee money deposits	2
Others	91
Net cash flows provided by (used in) investing activities	6,417
III. Cash flows from financing activities	
Proceeds from issuing of new shares	15
Payment for acquisition of treasury stock	-3
Proceed from sale of treasury stock	1
Payment for dividends	-13,090
Net cash flows provided by (used in) financing activities	-13,077
IV. Net Increase/Decrease in cash and cash equivalents (Decrease: -)	6,184
V. Cash and cash equivalents at the beginning of term	31,942
VI. Cash and cash equivalents at the end of term	38,127

From the fiscal year under review, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement) No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with the “Quarterly Non-Consolidated Financial Statement Regulations.”

(3) Notes to Going Concern

Not Applicable

(4) Notes to Significant Changes in Shareholders' Equity

Not Applicable

Supplementary Information

(Summary) Statement of Income

(Unit : Million yen)

Terms Items	Previous term (From June 1, 2007 to November 30, 2007)	
	Amount	Ratio
		%
I Revenues	54,386	100.0
II Cost of sales	23,579	43.4
Gross Profit	30,806	56.6
III Selling, general and administrative expenses	13,209	24.2
Operating income	17,597	32.4
IV Non-operating income	274	0.5
V Non-Operating Loss	5	0.0
Ordinary Income	17,866	32.9
VI Extraordinary Income	—	—
VII Extraordinary Loss	—	—
Net Income before Taxes	17,866	32.9
Income taxes-Current	6,832	12.6
Income taxes-Deferred	521	1.0
Net Income	10,512	19.3