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Flash Report for the 1st Quarter of Fiscal Year Ending May 31, 2010 (Non-consolidated)

September 25, 2009

Company Name Oracle Corporation Japan

Listed Stock Exchange: TSE 1st Section

Ticker: 4716

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

1. Financial results for this term (from June 1, 2009 to August 31, 2009)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1 st Quarter, May 2010	25,754	-7.0	8,338	3.1	8,441	3.1	4,845	0.6
1 st Quarter, May 2009	27,700	-	8,085	-	8,185	-	4,817	-

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 st Quarter, May 2010	38	13	-	-
1 st Quarter, May 2009	37	91	37	90

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net assets per share	
	Million Yen	Million Yen	%	Yen	Sen
1 st Quarter, May 2010	108,493	76,289	69.9	596	40
FY ended May 2009	118,699	84,079	70.5	658	13

Shareholders' equity 1st Quarter, May 2010: 75,795 Million Yen (FY2009: 83,640 Million 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 2009	-	-	70	00	-	-	100	00	170	00
FY ending May 2010	-	-								
FY ending May 2010(Forecast)			70	00	-	-	100	00	170	00

Note: Revision of outlook for dividends in the 1st quarter: No

3. Forecast for the May 2010 term (from June 1, 2009 to May 31, 2010)

(% 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
Interim	56,700	-2.2	18,100	2.4	18,100	1.7	10,300	-0.6	81	05
Entire term	119,000	2.8	40,000	2.9	40,000	2.5	23,200	2.0	182	55

Note: Revision of forecast for FY ending May 2010 in the 1st quarter: No

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 5.

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

(Changes in key accounting standards for quarterly financial reporting)

(i) Changes resulting from revisions to accounting standards: Yes

(ii) Other changes: No

(Note) Please refer to “4.Others” in Qualitative information for Financial Statements, on page 5.

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

(i) The number of shares outstanding (inclusive of treasury stock)	1 st Quarter, May 2010	127,091,571 shares
	FY ended May 2009	127,091,571 shares
(ii) The number of treasury stock	1 st Quarter, May 2010	3,752 shares
	FY ended May 2009	3,592 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of second quarter)	1 st Quarter, May 2010	127,087,907 shares
	1 st Quarter, May 2009	127,086,300 shares

Caution:

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, Financial Statements, etc.]

1. Qualitative Information on Business Outcomes

During the first quarter under review (from June 1, 2009 to August 31, 2009; hereinafter “the first quarter”), the Japanese economy continued to struggle in a challenging environment, although some signs of a recovery in production did emerge, reflecting an easing of the exports slowdown and progress in inventory adjustment. The corporate sector continued to be hesitant about investing in information technologies, maintaining their cautious approach to spending on information systems.

In this environment, Oracle Corporation (the parent company)’s active M&A and the products development has given the Company to strengthen the products offerings. As a result, the company has become the vender that offers complete, open and integrated software solutions to support the customers’ business activities ranging from database and middleware to applications. The Company continued its operations aiming to obtain the long-term trust from the customers and achieve further growth through creating new values of IT usages, contribute to the customers’ success and social development.

Moreover, based on its comprehensive reform plan, which it has been executing since the previous fiscal year, the Company has been pursuing a number of initiatives, in particular to strengthen the sales of the software product division, such as strengthening and expanding its sales system from the customers’ viewpoint, bolstering activities to improve product value, and improving its system of cooperation with partners and channels.

(1) Revenue

Non-consolidated revenue fell 1,945million yen, or 7.0% from the first quarter of the previous fiscal year, to reach 25,754 million yen, reflecting the continued challenges inherent in the business environment, including reduced spending on information technologies. The results of individual business segments are as follows:

[Software-Related Segment]

Revenue in the Software-Related Segment was 22,528 million yen, down 627 million yen or 2.7% from the corresponding period of the previous fiscal 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 7,865 million, down 1,070 million yen, or 12.0% from the corresponding period of the previous fiscal year. The positions of its two sub-divisions, Databases & Middleware and Business Applications, are as follows:

(A) Databases & Middleware

Revenue in the Database & Middleware amounted to 6,761 million yen (down 758 million yen or 10.1% year on year).

The core operations of this sub-division include new license sales for database management software and middleware. In the database segment, the company-wide reform plan described above, the Company focused on activities to inspire demand, by strengthening its proposal capabilities to respond to needs for solutions, such as cost cutting and the visualization of information, being sought in this difficult economy. In addition to this, interest for “Exadata”, which was launched in January 2009, remained strong, mainly from customers who operated high-capacity DWH* systems. The Company also began providing new products, such as “Oracle Times Ten In Memory Database 11g”, the latest in-memory database product, offering improved performance, expandability, and availability, as well as enhanced integration with the Oracle Database.

In the middleware segment, in July 2009, the Company launched “Oracle Fusion Middleware 11g”, a series of next generation middleware products that provide customers with powerful support in their efforts to improve profitability and optimize costs. The steady results in this segment were also attributable to the capturing of needs for intersystem coordination through application servers. Despite the above initiatives, the severe business environment continued to deter spending on information technologies, and revenue in this sub-division declined.

* DWH: Data Warehouse

(B) Business Applications

Revenue in the Business Applications amounted to 1,104 million yen (down 311 million yen or 22.0% year on year).

In this sub-division, the Company developed a lineup of products that offered specific solutions for a number of industries, and strengthened the sales system through which the Company provided customers with diverse solutions crafted with their needs in mind to address management issues and help them growth their business. In July 2009, the Company also launched “Oracle E-Business Suite R12.1”, the latest ERP package that facilitates the transformation of business foundations and helps customers improve their global competitiveness. Despite strong customer interest in information technologies that improve management efficiency, cut costs, and strengthen sales capabilities, given the continued uncertainty surrounding the economic outlook, customers continued to defer investments and the proposal cycle became longer, impacting on the Company’s performance.

(ii) Updates & Product Support

Revenue in the Updates & Product Support division amounted to 14,663 million yen (up 442 million yen or 3.1% year on year).

In this division, which offers update rights and technical support to customers, the Company offset the decline in new investments resulting from the severe economic environment by accurately responding to customer demand for the continued use of existing business systems through reliable services. Moreover, while the Company strove to improve the support level by introducing “My Oracle Support”, which offered support to customers tailored to their system environment, it maintained high contract and renewal rates by stepping up its sales activities.

[Service-Related Segment]

Revenue in the Service-Related Segment was 3,225 million yen (down 1,318 million yen or 29.0% from the corresponding period of the previous fiscal year). The Service-Related Segment consists of the following three divisions: (i) Advanced Support, (ii) Education Services and (iii) Consulting Services.

(i) Advanced Support

Revenue in the Advanced Support sub-division amounted to 735 million yen (up 85 million yen or 13.2% year on year).

The Company received high marks from customers for both “Oracle On Demand”, which maintains and operates customer information systems, and “Advanced Customer Services”, which provides advanced and preventive support tailored to the environment of each customer. This is because these services enabled customers to maintain stable operations of their systems, reduce operational loads, and enjoy high cost efficiency.

(ii) Education Services

Revenue in the Education Services sub-division amounted to 581 million yen (down 178 million yen or 23.5% year on year).

Engineers who acquire qualifications, such as Oracle Master, show a strong interest in honing their skills and advancing their careers in the current difficult economic environment. The number of engineers who have acquired the qualifications exceeded 200,000 in July 2009, making them the most popular vendor qualifications. In addition, the Company focused on marketing activities, such as stimulating corporate demand for educating information technology engineers and bolstering collaboration with partners. Meanwhile, given cost cutting initiatives adopted by customers, the number of people attending regular training courses declined.

(iii) Consulting Services

Revenue in the Consulting Services sub-division amounted to 1,909 million yen (down 1,225 million yen or 39.1% year on year).

The Company provided consulting service for deployment and operation of Database and Fusion Middleware used for the core business operations of the customers as well as assisting the implementation and upgrading of Business Applications. However, business was impacted by sluggish sales of software products and weaker investment activities, reflecting the uncertainty of the economic outlook.

(2) Operating Income

Non-consolidated operating income rose 252 million yen, or up 3.1% from the previous year, to 8,338 million yen.

Looking at the cost of sales, royalties declined in line with a fall in revenue of software products, and labor costs and outsourcing expenses in Service Related Segment decreased, while office rent also fell as a result of the moving and consolidation of head office. With respect to selling, general and administrative expenses, labor costs, advertising expenses, rents and other items declined.

(3) Ordinary Income

Non-consolidated ordinary income came to 8,441 million yen, rising 256 million yen, or 3.1% from the previous year, reflecting the recording of interest on securities as non-operating income.

(4) Net Income

Non-consolidated net income rose 28 million yen, or 0.6%, to 4,845 million, reflecting the recording of losses on business structure improvement expenses as extraordinary losses.

2. Qualitative Information on the Financial Situation

The first quarter of the fiscal year of the Company usually shows the specific feature that its current assets and net assets fall compared with the equivalent figures posted at the end of the previous fiscal year, reflecting both payments of year-end dividends by reversing retained earnings and income taxes.

The total assets of the Company at the end of the first quarter of the current fiscal year stood at 108,493 million yen (a decline of 10,205 million yen compared with the figure at the end of the previous fiscal year). Current assets were 62,315 million yen (down 9,828 million yen), and non-current assets were 46,178 million yen (declining 376 million yen). Liabilities amounted to 32,204 million yen (down 2,414 million yen), and net assets stood at 76,289 million yen (a decline of 7,790 million yen). As a result, the ratio of shareholders' equity amounted to 69.9% (down 0.6 points compared with the figure at the end of the previous fiscal year, and up 1.6 points compared with that at the end of the first quarter of the previous fiscal year).

The status of cash flows is as follows:

Cash generated from operating activities was 7,823 million yen (up 1,045 million yen year on year). The inflow reflects factors such as pre-tax net income of 8,205 million yen, a 5,168 million yen decrease in sales credits, a 3,046 million yen increase in advances received, and income taxes payment of 7,269 million yen.

Cash generated from investment activities was 7,057 million yen (compared with the outflow of 5,157 million yen for the same period in the previous year). This inflow is primarily attributable to the transfer of the repayments of short-term loans (for 37,015 million yen) extended to Oracle USA, Inc. in the previous fiscal year to term deposits (30,000 million yen).

Cash used for financial activities was 12,723 million yen (down 371 million yen year on year), primarily reflecting the payment of year-end dividends.

As a result of the changes described above, cash and cash equivalents at the end of the first quarter came to 19,621 million yen, up 2,157 million yen from the end of the previous fiscal year.

3. Qualitative Information on Forecasts

There is no change to the forecast announced on June 30, 2009.

[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:

Application of “Accounting Standard for Construction Contracts”

From the first quarter of the fiscal year under review, the Company has applied to the “Accounting Standard for Construction Contracts” (ASBJ Statement No. 15; December 27, 2007) and the “Guidance on the Accounting Standard for Construction Contracts” (ASBJ Guidance No. 18; December 27, 2007). The Company has been applying the percentage of completion method for sales of a certain type of software products to which the above standard and the guidance are applicable. As a result, the above changes had no impact on revenue, gross profit, operating income, ordinary income or income before income taxes for the first quarter of the fiscal year under review.

(3) Revenue breakdown by business segments

Item	FY2009 1st Quarter		FY2010 1 st Quarter			May 2009	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database & Middleware	7,519	27.1	6,761	26.3	-10.1	34,765	30.0
Business Applications	1,415	5.1	1,104	4.3	-22.0	5,775	5.0
Software Product	8,935	32.3	7,865	30.5	-12.0	40,540	35.0
Updates & Product Support	14,220	51.3	14,663	56.9	3.1	58,549	50.6
Software related sub total	23,156	83.6	22,528	87.5	-2.7	99,090	85.6
Advanced Support	649	2.3	735	2.9	13.2	2,915	2.5
Education services	759	2.7	581	2.3	-23.5	2,534	2.2
Consulting services	3,135	11.3	1,909	7.4	-39.1	11,247	9.7
Service sub total	4,544	16.4	3,225	12.5	-29.0	16,697	14.4
Total	27,700	100.0	25,754	100.0	-7.0	115,788	100.0

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

5. Financial Statements

Balance Sheet

(Unit : Million yen)

Description	Current term end (as of August 31, 2009)	Previous term end (as of May 31, 2009)
Assets		
Current assets		
Cash and deposits	46,621	17,464
Notes and accounts receivable-trade	10,139	15,308
Short-term investment securities	3,000	-
Merchandise and finished goods	3	2
Short-term loans receivable	-	37,015
Other	2,555	2,357
Allowance for doubtful accounts	-5	-5
Total current assets	62,315	72,143
Noncurrent assets		
Property, plant and equipment		
Buildings, net	16,335	16,488
Land	26,057	26,057
Other, net	1,687	1,785
Total property, plant and equipment	44,080	44,331
Intangible assets	61	65
Investments and other assets		
Other	2,048	2,170
Allowance for doubtful accounts	-12	-12
Total investments and other assets	2,035	2,157
Total noncurrent assets	46,178	46,555
Total assets	108,493	118,699
Liabilities		
Current liabilities		
Accounts payable-trade	3,568	4,631
Accounts payable-other	2,378	3,998
Income taxes payable	3,470	7,514
Advances received	20,351	17,305
Provision for bonuses	761	775
Other provision	6	-
Other	1,576	302
Total current liabilities	32,113	34,528
Noncurrent liabilities		
Other	91	91
Total noncurrent liabilities	91	91
Total liabilities	32,204	34,619
Net assets		
Shareholders' equity		
Capital stock	22,290	22,290
Capital surplus	33,728	33,728
Retained earnings	19,784	27,647
Treasury stock	-18	-17
Total shareholders' equity	75,784	83,648
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	11	-7
Total valuation and translation adjustments	11	-7
Subscription rights to shares	493	438
Total net assets	76,289	84,079
Total liabilities and net assets	108,493	118,699

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2008 to August 31, 2008)	Current term (From June 1, 2009 to August 31, 2009)
Net sales	27,700	25,754
Cost of sales	12,596	10,844
Gross Profit	15,103	14,909
Selling, general and administrative expenses	7,018	6,571
Operating income	8,085	8,338
Non-operating income		
Interest income	11	47
Interest on securities	51	0
Others	40	59
Total Non-Operating Income	103	106
Non-Operating expenses		
Others	3	3
Total Non-Operating expenses	3	3
Ordinary Income	8,185	8,441
Extraordinary Income		
Gain on reversal of subscription rights to shares	-	1
Total Extraordinary Income	-	1
Extraordinary Loss		
Business structure improvement expenses	-	218
Loss on retirement of noncurrent assets	-	19
Loss on sales of investment securities	1	-
Total Extraordinary Loss	1	237
Net Income before Taxes	8,183	8,205
Income taxes	3,366	3,360
Net Income	4,817	4,845

(3) Statement of Cash Flows

(Unit : Million yen)

Description	Period	Previous term (From June 1, 2008 to August 31, 2008)	Current term (From June 1, 2009 to August 31, 2009)
Net cash provided by (used in) operating activities			
Income before income taxes		8,183	8,205
Depreciation and amortization		215	352
Share-based compensation expenses		51	56
Increase (decrease) in allowance for doubtful accounts		-0	-0
Increase (decrease) in provision for bonuses		-657	-14
Increase (decrease) in other provision		-20	6
Interest and dividends income		-70	-67
Loss (gain) on sales of investment securities		1	—
Loss (gain) on sales and retirement of noncurrent assets		2	19
Decrease (increase) in notes and accounts receivable-trade		4,201	5,168
Decrease (increase) in inventories		1	-0
Decrease (increase) in other current assets		485	-301
Increase (decrease) in notes and accounts payable-trade		-409	-1,062
Increase (decrease) in accounts payable-other		-150	-1,619
Increase (decrease) in advances received		3,414	3,046
Increase (decrease) in other current liabilities		-379	1,184
Other, net		2	5
Sub-total		14,872	14,979
Interest and dividends income received		27	113
Income taxes paid		-8,121	-7,269
Net cash provided by (used in) operating activities		6,778	7,823
Net cash provided by (used in) investing activities			
Purchase of short-term investment securities		-16,978	—
Proceeds from redemption of securities		37,500	—
Purchase of property, plant and equipment		-24,774	-102
Proceeds from sales of investment securities		3	—
Collection of loans receivable		—	37,015
Payments into time deposits		—	-30,000
Payments for guarantee deposits		-909	-2
Proceeds from collection of guarantee deposits		0	146
Net cash provided by (used in) investing activities		-5,157	7,057
Net cash provided by (used in) financing activities			
Proceeds from issuance of common stock		10	—
Purchase of treasury stock		-2	-0
Proceeds from sales of treasury stock		0	—
Cash dividends paid		-13,103	-12,723
Net cash provided by (used in) financing activities		-13,095	-12,723
Net Increase/(Decrease) in cash and cash equivalents		-11,474	2,157
Cash and cash equivalents at the beginning of term		31,942	17,464
Cash and cash equivalents at the end of term		20,468	19,621

(4) Notes to Going Concern

Not Applicable

(5) Notes to Significant Changes in Shareholders' Equity

Not Applicable

6. Other Information

Not Applicable