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Flash Report for the 3rd Quarter of Fiscal Year Ending May 31, 2010 (Non-consolidated)

March 26, 2010

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 February 28, 2010)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3 rd Quarter, May 2010	77,898	-9.0	26,536	-5.3	26,737	-5.0	15,570	-5.0
3 rd Quarter, May 2009	85,562	-	28,012	-	28,137	-	16,387	-

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
3 rd Quarter, May 2010	122	52	122	52
3 rd Quarter, May 2009	128	95	128	93

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net assets per share	
	Million Yen	Million Yen	%	Yen	Sen
3 rd Quarter, May 2010	105,468	78,218	73.6	610	71
FY ended May 2009	118,699	84,079	70.5	658	13

Shareholders' equity 3rd Quarter, May 2010: 77,614 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	-		70	00						
FY ending May 2010(Forecast)					-		100	00	170	00

Note: Revision of outlook for dividends in the 3rd 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
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 3rd quarter: No

4. Other information

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

(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 6.

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

(i) The number of shares outstanding (inclusive of treasury stock)	3 rd Quarter, May 2010	127,091,771 shares
	FY ended May 2009	127,091,571 shares
(ii) The number of treasury stock	3 rd Quarter, May 2010	4,043 shares
	FY ended May 2009	3,592 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of second quarter)	3 rd Quarter, May 2010	127,087,843 shares
	of 3 rd Quarter, May 2009	127,087,382 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 three quarters under review (from June 1, 2009 to February 28, 2010; hereinafter “the third quarter”), the Japanese economy continued to struggle in a challenging environment. The medium- to long-term outlook remained uncertain, given a strong yen and a progressive deflationary trend among other factors, although some signs of a recovery in production did emerge, reflecting an easing of the exports slowdown and progress in inventory adjustment. In this environment, customers continued to eliminate or reduce spending, including investments in information technologies. They have adopted the same conservative stance even with investments in strategically important information systems or information systems needed to apply information technologies, carefully examining the investment effects. As a consequence, the overall tendency to limit investment in information technologies remained intact.

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 7,664million yen, or 9.0% from the third quarter of the previous fiscal year, to reach 77,898 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 68,220 million yen, down 4,414 million yen or 6.1% 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 23,908 million, down 5,052 million yen, or 17.5% 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 21,886 million yen (down 2,901 million yen or 11.7% year on year).

In the database segment, the Company executed its comprehensive reform plan, and 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 September 2009, the Company announced “Oracle Exadata Version2,” the world’s first database machine for DWH* & OLTP*, which Oracle Corporation jointly developed with Sun Microsystems, Inc. Since its launch in Japan in November 2009, customers have continued to show strong interest in the product. The Company also began providing “Oracle Database 11g Release2,” its latest mainstay database product, and “OracleTimesTen In-Memory Database 11g,” the latest in-memory database product. The Company also began providing “Oracle VM 2.2”, the latest server virtualization software in December the same year. The Company waged strategic campaigns in cooperation with partners in the latter half of the third quarter, focusing on advertising the value of products. As a result, some signs of a recovery have emerged in the sale of new database licenses, and the rate of decline in sales has improved.

In the middleware product segment, the Company began providing Oracle “Fusion Middleware 11g”, a series of next-generation middleware products, in July 2009 and Oracle Business Intelligence Applications in December 2009. Application servers and content management-related products performed well in the first half of the third quarter, but orders for those products declined in the latter half of the third quarter due to delays in expected projects.

* DWH: Data Ware House

* OLTP: On-Line transaction processing

(B) Business Applications

Revenue in the Business Applications amounted to 2,022 million yen (down 2,150 million yen or 51.5% 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 grow their business. The Company announced "PeopleSoftEnterprise9.1", the latest mission-critical application, and "Agile Product Lifecycle Management for Process", a new product for product development management in the food and beverage industry, in December of the same year. In October 2009, the Company began providing "Oracle Workforce Scheduling," an application for preparing a shift plan for the retail and distribution services industries, and, in November 2009, it launched "Oracle RapidPlanning," a new supply chain planning product. The Company also began providing "Oracle E-Business Suite R12.1," the latest ERP package, in July 2009. There was strong customer interest in information technologies that improve management efficiency, cut costs, and strengthen sales capabilities, and demand from certain customers for the introduction of products in anticipation of dealing with business globalization and system reforms. However, given the uncertainty surrounding the economic outlook, customers remained cautious about investing in information technologies. As a result, revenue in this sub-division declined.

(ii) Updates & Product Support

Revenue in the Updates & Product Support division amounted to 44,311 million yen (up 638 million yen or 1.5% 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. In addition, with the full introduction of "My Oracle Support," which offered optimum support to customers tailored to their system environment, the Company has pursued new added value that help customers improve their own value. Moreover, while the Company endeavored to improve the support level, it also looked for opportunities to collaborate with partners, and focused on strengthening sales activities. As a result, despite a decline in general business confidence, the Company achieved contract and renewal rates in the expected range but was affected by a fall in sales of software products.

[Service-Related Segment]

Revenue in the Service-Related Segment was 9,678 million yen (down 3,249 million yen or 25.1% 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 2,189 million yen (up 57 million yen or 2.7% 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. Moreover, while the Company focused on updating projects with its existing customers, it also sought to secure new sales projects by stepping up collaboration with business partners, and bolstering its sales structure.

(ii) Education Services

Revenue in the Education Services sub-division amounted to 1,397 million yen (down 538 million yen or 27.8% 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, and the number of test takers, especially for superior qualifications, was stable. 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 6,091 million yen (down 2,768 million yen or 31.3% year on year).

Orders partly showed signs of an improvement, albeit a modest one, primarily reflecting the commencement of a new consulting business associated with a software product project that was received at the beginning of the term under review. However, with lower revenue from software products and the impact from a cutback in investments, revenue declined, mainly in operations that supported the deployment, operation and upgrading of database & middleware and business application products.

(2) Operating Income

Operating income was 26,536 million yen, down only 5.3% from the previous year, as a result of cost controls. The operating income ratio was 34.1%, up 1.3 points from the corresponding period of the previous fiscal year.

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

(3) Ordinary Income

Ordinary income came to 26,737 million yen, down 1,400 million yen, or 5.0% from the previous year, reflecting the recording of interest income as non-operating income.

(4) Net Income

Non-consolidated net income fell 817 million yen, or 5.0%, to 15,570 million, reflecting the recording of losses on business structure improvement expenses as extraordinary losses.

2. Qualitative Information on the Financial Situation

The total assets of the Company at the end of the third quarter of the current fiscal year stood at 105,468 million yen (a decline of 13,230 million yen compared with the figure at the end of the previous fiscal year). Current assets were 59,853 million yen (down 12,290 million yen), and non-current assets were 45,615 million yen (declining 939 million yen). Liabilities amounted to 27,250 million yen (down 7,368 million yen), and net assets stood at 78,218 million yen (a decline of 5,861 million yen). As a result, the ratio of shareholders' equity amounted to 73.6% (up 3.1 points compared with the figure at the end of the previous fiscal year, and up 2.1 points compared with that at the end of the third quarter of the previous fiscal year).

The status of cash flows is as follows:

Cash generated from operating activities was 13,340 million yen (down 2,491 million yen year on year). The inflow reflects factors such as income before income taxes of 26,393 million yen (down 1,443 million yen year on year), a 4,450 million yen decrease in notes and accounts receivable-trade, a 3,161 million yen decrease in advances received and income taxes payment of 14,928 million yen.

Cash generated from investment activities was 6,874 million yen (a 18,595 million yen outflow for the previous period). 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 21,613 million yen (down 371 million yen year on year), primarily reflecting the payment of year-end and interim dividends.

As a result of the changes described above, cash and cash equivalents at the end of the third quarter came to 16,066 million yen, down 1,397 million yen from the end of the previous fiscal year.

3. Qualitative Information on Forecasts

Revenue for the first three quarters under review (from June 1, 2009 to February 28, 2010) had reached 65.5% of the full-year forecasts. Operating income was at 66.3%, ordinary income at 66.6%, and net income at 66.9%. The Company is continuing its vigorous sales activities to ensure that it achieves its forecast orders in the fourth quarter (from March 1, 2010 to May 31, 2010). Moreover, as evidenced in the rise in the operating margin during the first three quarters under review, we believe that current cost and expense cutting will work out to the better results.

[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 third 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 third quarter of the fiscal year under review.

(3) Revenue breakdown by business segments

Item	FY2009 3 rd Quarter		FY2010 3 rd Quarter			May 2009	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database & Middleware	24,788	29.0	21,886	28.1	-11.7	34,765	30.0
Business Applications	4,173	4.9	2,022	2.6	-51.5	5,775	5.0
Software Product	28,961	33.9	23,908	30.7	-17.5	40,540	35.0
Updates & Product Support	43,672	51.0	44,311	56.9	1.5	58,549	50.6
Software related sub total	72,634	84.9	68,220	87.6	-6.1	99,090	85.6
Advanced Support	2,132	2.5	2,189	2.8	2.7	2,915	2.5
Education services	1,936	2.3	1,397	1.8	-27.8	2,534	2.2
Consulting services	8,859	10.4	6,091	7.8	-31.3	11,247	9.7
Service sub total	12,927	15.1	9,678	12.4	-25.1	16,697	14.4
Total	85,562	100.0	77,898	100.0	-9.0	115,788	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)

Description	Current term end (as of February 28, 2010)	Previous term end (as of May 31, 2009)
Assets		
Current assets		
Cash and deposits	43,065	17,464
Notes and accounts receivable-trade	10,858	15,308
Short-term investment securities	3,001	-
Merchandise and finished goods	3	2
Short-term loans receivable	-	37,015
Other	2,930	2,357
Allowance for doubtful accounts	-5	-5
Total current assets	59,853	72,143
Noncurrent assets		
Property, plant and equipment		
Buildings, net	16,104	16,488
Land	26,057	26,057
Other, net	1,534	1,785
Total property, plant and equipment	43,695	44,331
Intangible assets	53	65
Investments and other assets		
Other	1,878	2,170
Allowance for doubtful accounts	-12	-12
Total investments and other assets	1,866	2,157
Total noncurrent assets	45,615	46,555
Total assets	105,468	118,699
Liabilities		
Current liabilities		
Accounts payable-trade	3,916	4,631
Accounts payable-other	3,091	3,998
Income taxes payable	3,358	7,514
Advances received	14,143	17,305
Provision for bonuses	745	775
Other provision	5	-
Other	1,899	302
Total current liabilities	27,159	34,528
Noncurrent liabilities		
Other	91	91
Total noncurrent liabilities	91	91
Total liabilities	27,250	34,619
Net assets		
Shareholders' equity		
Capital stock	22,290	22,290
Capital surplus	33,728	33,728
Retained earnings	21,612	27,647
Treasury stock	-19	-17
Total shareholders' equity	77,612	83,648
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	1	-7
Total valuation and translation adjustments	1	-7
Subscription rights to shares	604	438
Total net assets	78,218	84,079
Total liabilities and net assets	105,468	118,699

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2008 to February 28, 2009)	Current term (From June 1, 2009 to February 28, 2010)
Net sales	85,562	77,898
Cost of sales	37,412	33,387
Gross Profit	48,149	44,510
Selling, general and administrative expenses	20,137	17,974
Operating income	28,012	26,536
Non-operating income		
Interest income	22	128
Interest on securities	118	1
Others	43	82
Total Non-Operating Income	184	212
Non-Operating expenses		
Others	58	10
Total Non-Operating expenses	58	10
Ordinary Income	28,137	26,737
Extraordinary Income		
Reversal of provision for moving of head office	194	—
Gain on sales of subsidiaries and affiliates' stocks	1	—
Gain on reversal of subscription rights to shares	-	15
Gain on sales of investment securities	-	1
Total Extraordinary Income	196	17
Extraordinary Loss		
Loss on retirement of noncurrent assets	387	19
Loss on sales of investment securities	1	—
Business structure improvement expenses	108	341
Total Extraordinary Loss	497	361
Net Income before Taxes	27,836	26,393
Income taxes	11,449	10,823
Net Income	16,387	15,570

(3) Statement of Cash Flows

	(Unit : Million yen)	
	Previous term (From June 1, 2008 to February 28, 2009)	Current term (From June 1, 2009 to February 28, 2010)
Net cash provided by (used in) operating activities		
Income before income taxes	27,836	26,393
Depreciation and amortization	960	1,071
Share-based compensation expenses	154	181
Increase (decrease) in allowance for doubtful accounts	0	-0
Increase (decrease) in provision for bonuses	-902	-30
Increase (decrease) in other provision	-345	5
Interest and dividends income	-152	-158
Loss (gain) on sales of investment securities	1	-1
Loss (gain) on sales of stocks of subsidiaries and affiliates	-1	—
Loss (gain) on sales and retirement of noncurrent assets	400	19
Reversal of provision for moving of head office	-194	—
Decrease (increase) in notes and accounts receivable-trade	3,042	4,450
Decrease (increase) in inventories	0	-0
Decrease (increase) in other current assets	530	-605
Increase (decrease) in notes and accounts payable-trade	2,171	-715
Increase (decrease) in accounts payable-other	32	-895
Increase (decrease) in advances received	-652	-3,161
Increase (decrease) in other current liabilities	-1,080	1,591
Other, net	10	-8
Sub-total	31,812	28,136
Interest and dividends income received	76	133
Income taxes paid	-16,056	-14,928
Net cash provided by (used in) operating activities	15,832	13,340
Net cash provided by (used in) investing activities		
Purchase of short-term investment securities	-29,965	—
Proceeds from redemption of securities	63,500	—
Purchase of property, plant and equipment	-28,070	-451
Proceeds from sales of property, plant and equipment	—	4
Payment for acquisition of intangible fixed assets	-48	—
Proceeds from sales of investment securities	3	11
Proceeds from sales of stocks of subsidiaries and affiliates	20	—
Payments of short-term loans receivable	-25,515	—
Collection of loans receivable	—	37,015
Payments into time deposits	—	-30,000
Payments for guarantee deposits	-913	-2
Proceeds from collection of guarantee deposits	2,303	296
Others	91	—
Net cash provided by (used in) investing activities	-18,595	6,874
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	15	0
Purchase of treasury stock	-4	-1
Proceeds from sales of treasury stock	1	—
Cash dividends paid	-21,997	-21,612
Net cash provided by (used in) financing activities	-21,984	-21,613
Net Increase/(Decrease) in cash and cash equivalents	-24,747	-1,397
Cash and cash equivalents at the beginning of term	31,942	17,464
Cash and cash equivalents at the end of term	7,194	16,066

(4) Notes to Going Concern

Not Applicable

(5) Notes to Significant Changes in Shareholders' Equity

Not Applicable

6. Other Information

Not Applicable