

Flash Report for the 2nd Quarter of Fiscal Year Ending May 31, 2011

[under Japanese GAAP] (Non-consolidated)

December 22, 2010

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
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 Quarterly Report Filing Date (as planned): January 13, 2011
 Schedule for dividends payment: February 7, 2011
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results conference: Yes (for analysts and institutional investors)
 (Amount of less than ¥1 million are rounded down)

1. Financial results for this term (from June 1, 2010 to November 30, 2010)

(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 2011	62,188	20.4	16,958	-2.9	17,056	-3.1	10,066	-1.2
2 nd Quarter, May 2010	51,641	-10.9	17,455	-1.2	17,605	-1.1	10,187	-1.7

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 nd Quarter, May 2011	79	20	79	19
2 nd Quarter, May 2010	80	16	80	16

(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 2011	124,185	83,007	66.2	647	31
FY ended May 2010	125,951	85,573	67.4	668	10

Shareholders' equity 2nd Quarter, May 2011: 82,267 Million Yen (FY2010: 84,907 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 2010	-		70	00	-		100	00	170	00
FY ending May 2011	-		70	00						
FY ending May 2011(Forecast)					-		94	00	164	00

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

3. Forecast for the May 2011 term (from June 1, 2010 to May 31, 2011)

(% 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	147,400	33.0	38,000	-2.2	38,300	-2.2	22,400	-2.0	176	25

Note: Revision of forecast for FY ending May 2011 in the 2nd 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 “2.Others” in Qualitative information for Financial Statements, on page 4

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

(i) The number of shares outstanding (inclusive of treasury stock)	2 nd Quarter, May 2011	127,097,471 shares
	FY ended May 2010	127,092,671 shares
(ii) The number of treasury stock	2 nd Quarter, May 2011	4,635 shares
	FY ended May 2010	4,443 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of first quarter)	2 nd Quarter, May 2011	127,091,303 shares
	2 nd Quarter, May 2010	127,087,845 shares

Caution1:

These quarterly financial statements are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure of these quarterly financial statements, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

Caution2:

Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons. Please refer to Qualitative information for Forecasts, on page 4.

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1. Qualitative Information on Results in Second Quarter under Review

(1) Qualitative Information on Business Outcomes

(i) Overview

During the second quarter under review (hereinafter “the second quarter”), the Company posted revenue of 62,188 million yen (up 20.4% year on year), operating income of 16,958 million yen (down 2.9%), and net income of 10,066 million yen (falling 1.2%).

Although uncertainty about the future of the Japanese economy remained, corporate earnings staged a moderate recovery in Japan, backed by a turnaround in emerging economies.

With the completion of the acquisition of Sun Microsystems, Inc. by Oracle Corporation, the Company’s effective parent, Sun Microsystems K.K. (Setagaya-ku, Tokyo) merged with Oracle Information Systems Japan K.K. (“OIS”, the surviving company) on June 1, 2010. The Company began to deal with the products and related services that Sun Microsystems K.K. handled. As a result, the Company has added hardware, including servers and storage products, to its product lineup. It now provides a full lineup of IT products and services that are used in corporate activities, including software, such as databases, middleware, and applications, and related services, which it has traditionally provided. To offer the products and services as total Oracle solutions, the Company strengthened its sales system and bolstered cooperation with partners.

(ii) Results by Reported Segment

[Software License]

Revenue in the Software License Segment was 16,795 million yen, up 1,084 million yen or 6.9% from the corresponding period of the previous fiscal year.

In this segment, the Company sells new licenses of a variety of types of software that are used in corporate activities. The segment consists of the Database & Middleware division, which sells new database management software and middleware licenses, and the Applications division, which sells licenses for ERP and other business applications.

Revenue in the Database & Middleware division was 14,830 million yen (rising 575 million yen, or 4.0 % year on year).

In this division, the Company pursued its sales initiatives for companies developing IT infrastructure and environments for cloud computing and expanded sales of high value-added products including Exadata and a range of middleware products that can flexibly respond to business changes, as a result revenue staged a moderate recovery in late period. The Company began providing Oracle JRockit R28, and the Company launched Oracle GoldenGate, comprehensive data integration solutions and Oracle Enterprise Content Management Suite 11g, a series of content management products in July 2010.

The parent company announced Oracle Exalogic Elastic Cloud, an integrated middleware machine that provides a complete cloud application infrastructure, consolidates a range of Java and non-Java applications, and meets the requirements at the most demanding service level, at Oracle OpenWorld held in San Francisco in September. When the middleware machine will be available in Japan is still to be determined.

Revenue in the Applications division stood at 1,964 million yen (up 509 million yen, or 35.0% year on year).

In this division, the Company has been providing a range of business applications, especially ERP, that help customers grow. It has also provided products that have focused on specific operations in industries where customers operate. The year-on-year increase in revenue reflects launches of projects, including the updating of mission-critical systems, shake-ups of systems associated with company reorganization, and the building of group business administration systems.

The Company added a new solution called Oracle Accelerate, in June 2010. In July 2010, the Company also launched AutoVue Enterprise Visualization 20.0; Oracle Hyperion Enterprise Planning Suite, Oracle Hyperion Financial Close Suite. In October 2010, the Company launched the JD Edwards EnterpriseOne Fulfillment Management, a new function of JD Edwards EnterpriseOne. The Company followed this in November with the launch of Oracle E-BusinessSuite R12.1.3, a cutting-edge ERP application, PeopleSoft Enterprise Company Directory 9.1, the latest company directory search function of the PeopleSoft Enterprise series, and PeopleTools8.51, the latest technical base of the same series.

[Updates & Product Support]

Revenue in the Updates & Product Support Segment was 30,625 million yen, up 1,192 million yen or 4.1% from the corresponding period of the previous fiscal year.

This segment provides software license update rights and technical support.

With companies scaling back new investments amid continued uncertainty over the future of the economy, the Company sought to improve support levels and promoted collaboration with partners, responding appropriately to the needs of customers for continued stable operation of their existing business systems. It thereby won new contracts from customers who bought new licenses and renewal contracts from existing customers.

[Hardware Systems]

Revenue in the Hardware Systems Segment came to 6,852 million yen*.

This segment was created at the beginning of the current fiscal year and consists of the Hardware Systems Product division, which sells servers and storage products, and operating systems. And the Hardware Systems Support division provides technical support for hardware products and the maintenance and repair of hardware, and updated versions of operating systems.

Revenue in the Hardware Systems Product division stood at 411 million yen, primarily reflecting the sale of the servers, storage products, and other hardware products**.

Revenue in the Hardware Systems Support division was 6,440 million yen, attributable to the provision of support service for hardware of servers, storage products and others, and operating systems***.

[Services]

Revenue in the Services Segment was 7,914 million yen, rising 1,416 million yen or 21.8% from the corresponding period of the previous fiscal year.

This segment consists of Advanced Support, which provides outsourcing services and value-added services including a preventive maintenance service; Education Services, which provide training for engineers and users, and also encompasses a technology qualification business; and Consulting Services, which support the introduction of products of the Company.

Revenue in the Advanced Support division amounted to 1,837 million yen (up 366 million yen, or 24.9% year on year), reflecting the start of the provision of value-added services for hardware systems and strong sales of " Oracle On Demand."

Revenue in the Education Services division stood at 869 million yen (fell 142 million yen, or 14.1% year on year), aided somewhat by a modest recovery in demand for training for partners and user companies from the second half of the interim period.

Revenue in the Consulting Services division was 5,207 million yen (increasing 1,193 million yen, or 29.7% year on year), primarily as a result of an increase in consulting to support the implementation of applications.

* Hardware Systems was established in the first quarter, and therefore there is no year-on-year comparison.

** The contract based on Sun Microsystems K.K. was succeeded to OIS as of June 1, 2010. The company is transferring the signer from OIS to the company. Revenue under distributor agreements that had been transferred was posted for the interim period.

*** Similar to the previous note**, the contract of hardware support was succeeded to OIS. As the employees of OIS who are on loan to the Company provide the support services, the revenue of hardware systems support is appropriated to the company regardless of the signer.

<Revenue breakdown by business segments>

Item	FY2010 2 nd Quarter		FY2011 2 nd Quarter			May 2010	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database & Middleware	14,255	27.6	14,830	23.8	4.0	35,104	31.7
Applications	1,454	2.8	1,964	3.2	35.0	3,039	2.7
Software License	15,710	30.4	16,795	27.0	6.9	38,144	34.4
Updates & Product Support	29,433	57.0	30,625	49.2	4.1	59,237	53.4
Software Related	45,143	87.4	47,420	76.3	5.0	97,381	87.9
Hardware Systems Products	-	-	411	0.7	-	-	-
Hardware Systems Support	-	-	6,440	10.4	-	-	-
Hardware Systems	-	-	6,852	11.0	-	-	-
Advanced Support	1,471	2.8	1,837	3.0	24.9	2,937	2.7
Education services	1,012	2.0	869	1.4	-14.1	1,780	1.6
Consulting services	4,013	7.8	5,207	8.4	29.7	8,732	7.9
Services	6,497	12.6	7,914	12.7	21.8	13,451	12.1
Total	51,641	100.0	62,188	100.0	20.4	110,833	100.0

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

(2) Qualitative Information on Forecasts

There is no change to the forecast announced on September 22, 2010.

2. Others

(1) Outline of Application of Simplified Accounting Methods and Special Accounting Methods

* 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) Outline of Changes in Accounting Treatment Principles and Procedures or Presentation Methods, etc.

Application of Accounting Standard for Asset Retirement Obligations

Effective from this second quarter of the fiscal year, the Company has applied the Accounting Standard for Asset Retirement Obligations (ASBJ Statement No. 18, issued on March 31, 2008) and Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008).

As a result, the above changes had limited impact on gross profit, operating income, ordinary income or income before income taxes for the first quarter of the fiscal year under review.

3. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

Description	Current term end (as of November 30, 2010)	Previous term end (as of May 31, 2010)
Assets		
Current assets		
Cash and deposits	54,821	59,353
Notes and accounts receivable-trade	15,849	15,497
Short-term investment securities	2,003	3,001
Merchandise and finished goods	2	3
Other	6,375	2,727
Allowance for doubtful accounts	-2	-2
Total current assets	79,049	80,580
Noncurrent assets		
Property, plant and equipment		
Buildings, net	15,560	15,889
Land	26,057	26,057
Other, net	1,465	1,541
Total property, plant and equipment	43,082	43,488
Intangible assets	43	49
Investments and other assets		
Other	2,020	1,842
Allowance for doubtful accounts	-9	-9
Total investments and other assets	2,010	1,832
Total noncurrent assets	45,136	45,370
Total assets	124,185	125,951
Liabilities		
Current liabilities		
Accounts payable-trade	9,855	5,994
Accounts payable-other	2,951	3,366
Income taxes payable	7,149	8,617
Advances received	18,498	19,111
Provision for bonuses	1,029	1,237
Other provision	22	22
Other	1,580	1,937
Total current liabilities	41,087	40,287
Noncurrent liabilities		
Other	91	91
Total noncurrent liabilities	91	91
Total liabilities	41,178	40,378
Net assets		
Shareholders' equity		
Capital stock	22,301	22,292
Capital surplus	33,739	33,730
Retained earnings	26,261	28,904
Treasury stock	-21	-21
Total shareholders' equity	82,281	84,906
Valuation and translation adjustments		
Valuation difference on available-for-sale securities	-13	1
Total valuation and translation adjustments	-13	1
Subscription rights to shares	739	665
Total net assets	83,007	85,573
Total liabilities and net assets	124,185	125,951

(2) Statement of Income

(Unit : Million yen)

Description	(Unit : Million yen)	
	Previous term (From June 1, 2009 to November 30, 2009)	Current term (From June 1, 2010 to November 30, 2010)
Net sales	51,641	62,188
Cost of sales	22,089	31,420
Gross Profit	29,552	30,767
Selling, general and administrative expenses	12,097	13,809
Operating income	17,455	16,958
Non-operating income		
Interest income	88	64
Interest on securities	0	1
Others	72	54
Total Non-Operating Income	161	120
Non-Operating expenses		
Others	11	22
Total Non-Operating expenses	11	22
Ordinary Income	17,605	17,056
Extraordinary Income		
Gain on reversal of subscription rights to shares	4	31
Gain on sales of investment securities	-	26
Total Extraordinary Income	4	57
Extraordinary Loss		
Business structure improvement expenses	324	83
Loss on retirement of noncurrent assets	19	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	24
Total Extraordinary Loss	344	107
Net Income before Taxes	17,265	17,006
Income taxes	7,077	6,940
Net Income	10,187	10,066

(3) Statement of Cash Flows

(Unit : Million yen)

Description	Period	Previous term (From June 1, 2009 to November 30, 2009)	Current term (From June 1, 2010 to November 30, 2010)
Net cash provided by (used in) operating activities			
Income before income taxes		17,265	17,006
Depreciation and amortization		713	733
Share-based compensation expenses		112	106
Increase (decrease) in allowance for doubtful accounts		-0	—
Increase (decrease) in provision for bonuses		47	-208
Increase (decrease) in other provision		7	-0
Interest and dividends income		-112	-80
Loss (gain) on sales of investment securities		—	-26
Loss (gain) on sales and retirement of noncurrent assets		19	0
Decrease (increase) in notes and accounts receivable-trade		5,206	-351
Decrease (increase) in inventories		-0	1
Decrease (increase) in other current assets		251	-643
Increase (decrease) in notes and accounts payable-trade		-830	3,861
Increase (decrease) in accounts payable-other		-2,252	-372
Increase (decrease) in advances received		-205	-612
Increase (decrease) in other current liabilities		891	-443
Other, net		3	20
Sub-total		21,118	18,990
Interest and dividends income received		122	82
Income taxes paid		-7,277	-8,335
Net cash provided by (used in) operating activities		13,962	10,737
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment		-349	-374
Proceeds from sales of property, plant and equipment		—	0
Purchase of intangible assets		—	-1
Proceeds from sales of investment securities		—	42
Collection of loans receivable		37,015	—
Payments into time deposits		-30,000	-40,000
Proceeds from withdrawal of time deposits		—	39,000
Payments for guarantee deposits		-2	-299
Proceeds from collection of guarantee deposits		282	44
Net cash provided by (used in) investing activities		6,945	-1,587
Net cash provided by (used in) financing activities			
Proceeds from issuance of common stock		0	18
Purchase of treasury stock		-0	-0
Cash dividends paid		-12,701	-12,698
Net cash provided by (used in) financing activities		-12,701	-12,680
Net Increase/(Decrease) in cash and cash equivalents		8,206	-3,530
Cash and cash equivalents at beginning of period		17,464	23,354
Cash and cash equivalents at end of period		25,670	19,824

(4) Notes to Going Concern

Not Applicable

(5) Segment Information

(Additional information)

Effective from the first quarter under review, the Company is applying the Revised Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (Accounting Standards Board of Japan Statement No. 17 revised on March 27, 2009) and the Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information (ASBJ Guidance No. 20 issued on March 21, 2008).

1. Overview of Reportable Segments

The reportable segments of the Company are segments for which separate financial statements are available and which the supreme decision-making body examines regularly to determine the distribution of management resources and to evaluate performance. Based on organizational structures and the characteristics of products and services, the Company has classified business segments into four reportable segments: Software License, Updates & Product Support, Hardware Systems, and Services.

The Software License Segment sells variety of licenses of database management software, middleware, and application software that are used in corporate activities.

The Updates & Product Support Segment provides software license update rights and technical support.

The Hardware Systems Segment sells hardware including servers and storage products, and provides technical support for hardware products and the maintenance and repair of hardware.

The Services Segment offers consulting services, advanced support, and education services.

2. Segment sales and operating income (loss)

Second quarter under review (from June 1, 2010 to November 30, 2010)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	Software License	Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	16,795	30,625	6,852	7,914	62,188	—	62,188
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	16,795	30,625	6,852	7,914	62,188	—	62,188
Operating income (loss)	1,628	16,310	765	1,341	20,046	-3,088	16,958

(Notes): 1. A segment profit adjustment of minus 3,088 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.

(6) Notes of Statements of Changes in Equity

Not Applicable