

This flash report is unaudited and the translation of the Japanese language version.



Flash Report for the 2nd Quarter of Fiscal Year Ending May 31, 2017
[under Japanese GAAP] (Non-consolidated)

December 21, 2016

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
 Ticker: 4716 URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>
 Contact & responsible personal Telephone: 03-6834-6666
 Representative personal Hiroshige Sugihara, President & CEO
 Contact & responsible personal Shigeru Nosaka, Executive Deputy President & CFO
 Quarterly Report Filing Date (as planned): January 13, 2017
 Schedule for dividends payment: -
 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, 2016 to November 30, 2016)

(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 2017	80,595	3.6	23,902	5.9	23,840	5.2	16,543	9.4
2 nd Quarter, May 2016	77,792	-0.5	22,577	-0.5	22,669	-0.7	15,127	2.8

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 nd Quarter, May 2017	129	72	129	45
2 nd Quarter, May 2016	118	86	118	66

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
2 nd Quarter, May 2017	164,246	86,242	52.1	670	95
FY ended May 2016	223,402	136,227	60.6	1,062	14

Shareholders' equity 2nd Quarter, May 2017: 85,604 Million Yen (FY2016: 135,386 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 2016	-		0	00	-		525	00	525	00
FY ending May 2017	-		0	00						
FY ending May 2017(Forecast)					-		-		-	

(Note1) Revision of outlook for dividends in this quarter: No

(Note2) Year-end dividend for the year ending 2017 has yet to be determined.

(Note3) Breakdown of Dividends for May 2016: a normal dividend of 105 yen, a special dividend of 420 yen and year-end total dividend is 525 yen.

3. Forecast for the May 2017 term (from June 1, 2016 to May 31, 2017)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	1.0~4.0	274~284

(Note1) Revision of forecast for May 2017 term in this quarter: No

(Note2) Company uses ranges of values for the forecast.

(Note3) Estimation of effective tax rate is 31.1%

4. Other information

(1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements: Yes

(2) Changes in accounting policies, procedures, presentation rules, etc

- (i) Changes in accounting policies due to revision of accounting standards : None
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

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

(i) The number of shares outstanding (inclusive of treasury stock)	2 nd Quarter, May 2017 FY ended May 2016	127,602,171 shares 127,511,971 shares
(ii) The number of treasury stock	2 nd Quarter, May 2017 FY ended May 2016	16,472 shares 46,521 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	2 nd Quarter, May 2017 2 nd Quarter, May 2016	127,526,314 shares 127,272,690 shares

(Note) The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust is included in the number of shares held in treasury.

The treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term.

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.

[Table of Contents of Attached Material]

1. Qualitative Information on Results in the Quarter under Review-----	2
(1) Qualitative Information on Business Outcomes -----	2
(2) Qualitative Information on Financial Situation-----	4
(3) Qualitative Information on Forecasts-----	4
2. Summary information and related items -----	4
(1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated Financial statements-----	4
(2) Change in Accounting Policies, Changes Accounting Estimate, and Restatement -----	4
3. Important Information about Going Concern Assumption -----	4
4. Financial Statements-----	5
(1) Balance Sheet-----	5
(2) Statement of Income-----	6
(3) Statement of Cash Flows-----	7
(4) Notes to Financial Statements-----	8
Notes to Going Concern-----	8
Notes to significant changes in the stockholders' equity-----	8
Segment Information-----	8

1. Qualitative Information on Results in the Quarter under Review

(1) Qualitative Information on Business Outcomes

(i) Overview

During the second quarter under review (from June 1, 2016 to November 30, 2016, hereinafter “this quarter”), the Japanese economy improved moderately, reflecting firm consumer spending on the back of the improved employment and income situation. However, uncertainty over the outlook of the economy increased given the slowdown in overseas economies, changes in financial markets, including exchange rates and interest rates, following the Brexit referendum, and the change in government in the United States. Japanese society faces a decline in the working population due to the aging of society and falling birth rates, widening regional gaps, and the progress of globalization. It is important to work to solve these issues by making the most of digital technology to increase the productivity of the society, communities, companies, and individuals.

In the fiscal year ending May 31, 2017, the Company has entered the third year of its quest stated in VISION 2020 to become the number one cloud company by 2020. The Company views this year as the last year for solidifying the foundation for achieving accelerated growth in its cloud business. The Company ran its businesses in line with its key concept of Digital Aid by POCO (The Power of Cloud by Oracle) and its management policies, which consist of expanding SaaS / PaaS / IaaS business, strengthening enterprise sales activities, expanding Hardware Systems segment, and contributing to the growth of regional business.

Under these circumstances, the Company posted revenue of 80,595 million yen (up 3.6 % year on year), operating income of 23,902 million yen (rising 5.9 %), ordinary income of 23,840 million yen (gaining 5.2 %) and net income of 16,543 million yen (increasing 9.4 %). All four indicators attained hit record highs as the second quarter.

(Note 1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.

(Note 2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.

(Note 3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks.

(ii) Results by Reported Segment

[New software licenses and cloud (SaaS/PaaS/IaaS) *]

Revenue in the New software licenses and cloud (SaaS/PaaS/IaaS) segment was 22,028 million yen, up 2.0 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 18,094 million yen (fell 8.1 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 3,934 million yen (rising 108.0 % year on year).

This segment consists of the New software licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications, etc. and Cloud (SaaS/PaaS/IaaS) provides services to access to select Oracle software applications, software platforms and resources of hardware via the Internet.

< Cloud (SaaS/PaaS/IaaS)>

• Sales & Marketing

The Company used its own cloud solutions to strengthen its sales force, speeding up the purchasing process. To promote sales of cloud products and services further in the Mid-Market fields, the Company launched its sales business unit “Oracle Digital”. The Company is moving ahead with sales reforms, accelerating the expansion of its cloud products and services by promoting customers’ cloud experience using leading-edge digital tools, including social media, online demonstrations and TV conferences.

In marketing activities, the Company held Oracle CloudDays in Tokyo, Fukuoka, Nagoya, Osaka and Sapporo to present its cloud solutions and the latest trends such as IoT (Internet of Things) and big data, together with user case studies.

• Product Services

In SaaS, demand is growing for global indirect purchases and integrated accounting aimed at strengthening competitiveness. The Company expanded its ERP and EPM Cloud as a result of promoting proposal activities leveraging its cutting-edge expertise in global process integration.

In Paas/IaaS, demand is growing for the Oracle Cloud at Customer, which provides Oracle's public IaaS and PaaS to customers' data centers that have a cloud environment installed by the Company.

In October 2016, the Company announced a three-company collaboration with NTT DATA Corporation and NTT DATA INTELLILINK Corporation in the hybrid cloud field utilizing the Oracle Cloud at Customer. The Company will speed up development and improve cost productivity by integrating its products in an integrated development environment within the NTT DATA Group, and help create new value through hybrid collaboration between the existing mission-critical system and mobile technology, the IoT, and big data.

In terms of the strategic alliance with Fujitsu that was announced in July 2016, the Company is working aggressively toward the starting cloud services.

The Company will continue to promote acquisitions of new users by expanding cloud products and services and strengthening alliances with partners.

< New software licenses >

In the New software licenses segment, there was a reactionary downturn following the large deal won in the same period of the previous fiscal year, but the Company gained orders for Oracle Exadata, the Company's engineered system, and security products as part of the cloud service infrastructure of partner companies that need more advanced security and high-speed processing.

[Software license updates & product support]

Revenue in the Software license updates & product support segment was 40,794 million yen, increasing 6.2% from the corresponding period of the previous fiscal year.

This segment updates software for customers using the Company's software licenses and provides technical support.

The Company continued to highlight the quality of support offerings through "My Oracle Support", which provides personalized, proactive and preventative support experience. Meanwhile, it stepped up collaboration with partners and took steps to increase support attach rate to new products and maintain and boost the support contract renewal rate.

[Hardware Systems]

Revenue in the Hardware systems segment was 8,469 million yen, down 9.9 % from the corresponding period of the previous fiscal year.

Revenue in the Hardware systems product division was 3,424 million yen (fell 19.3 % year on year) and Revenue in the Hardware systems support division was 5,044 million yen (decreasing 2.2 % year on year).

This segment consists of the Hardware systems product division which sells servers, storage, engineered systems and network devices, and provides operating systems and related software, and the Hardware systems support division which provides technical support for hardware products, maintenance and repair services and updated versions of related software including operating systems.

The Hardware systems product division was affected by a reactionary downturn following the large deal won in the same period of the previous fiscal year.

[Services]

Revenue in the Services segment was 9,302 million yen, gaining 10.7 % from the corresponding period of the previous fiscal year.

This segment consists of Consulting Services, which support the introduction of products of the Company; Advanced Customer Support Services, which provide a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business.

In Consulting Services, projects made steady progress, and preventive maintenance service provided as part of the Advanced Customer Support Services continued to generate brisk revenue for Oracle Exadata Database Machine.

<Revenue breakdown by business segments>

Item	FY2016 2 nd Quarter		FY2017 2 nd Quarter			May 2016	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	19,696	25.3	18,094	22.5	-8.1	47,334	27.8
Cloud (SaaS/PaaS/IaaS)	1,891	2.4	3,934	4.9	108.0	4,594	2.7
New software licenses & Cloud (SaaS/PaaS/IaaS)	21,587	27.7	22,028	27.3	2.0	51,929	30.5
Software license updates & product support	38,401	49.4	40,794	50.6	6.2	78,170	45.9
Software & Cloud	59,988	77.1	62,823	77.9	4.7	130,099	76.4
Hardware systems products	4,241	5.5	3,424	4.2	-19.3	11,930	7.0
Hardware systems support	5,157	6.6	5,044	6.3	-2.2	10,317	6.1
Hardware systems	9,399	12.1	8,469	10.5	-9.9	22,247	13.1
Services	8,404	10.8	9,302	11.5	10.7	17,856	10.5
Total	77,792	100.0	80,595	100.0	3.6	170,203	100.0

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

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 164,246 million yen (decreasing 59,155 million yen from the end of the previous year). Current assets were 123,368 million yen (decreasing 60,150 million yen).

Liabilities were 78,004 million yen (decreasing 9,170 million yen). Net assets totaled 86,242 million yen (decreasing 49,984 million yen). As a result, the ratio of shareholders' equity was 52.1% (down 8.5 percentage points).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 28, 2016.

2. Summary information and related items

(1) Adoption of Specified Accounting Methods for the Preparation of Quarterly Non-Consolidated Financial Statements

* 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) Change in Accounting Policies, Changes Accounting Estimate, and Restatement
Not Applicable**3. Important Information about Going Concern Assumption**

Not Applicable.

4. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2016)	Current term end (as of November 30, 2016)
Assets		
Current assets		
Cash and deposits	59,644	104,099
Accounts receivable-trade	19,674	14,453
Short-term loans receivable	100,000	—
Other	4,202	4,818
Allowance for doubtful accounts	-2	-2
Total current assets	183,519	123,368
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,724	11,733
Land	26,057	26,057
Other, net	1,303	2,273
Total property, plant and equipment	39,085	40,064
Intangible assets	5	3
Investments and other assets		
Other	796	809
Allowance for doubtful accounts	-4	-0
Total investments and other assets	791	809
Total noncurrent assets	39,883	40,877
Total assets	223,402	164,246
Liabilities		
Current liabilities		
Accounts payable-trade	10,514	8,653
Accounts payable-other	5,832	4,772
Income taxes payable	9,195	7,946
Advances received	56,527	53,522
Provision for bonuses	2,001	1,155
Other Provision	477	265
Other	2,616	1,681
Total current liabilities	87,166	77,996
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	87,174	78,004
Net assets		
Shareholders' equity		
Capital stock	23,209	23,445
Capital surplus	6,560	6,795
Retained earnings	105,836	55,441
Treasury stock	-221	-77
Total shareholders' equity	135,386	85,604
Subscription rights to shares	841	638
Total net assets	136,227	86,242
Total liabilities and net assets	223,402	164,246

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2015 to November 30, 2015)	Current term (From June 1, 2016 to November 30, 2016)
Net sales	77,792	80,595
Cost of sales	39,340	40,767
Gross Profit	38,451	39,827
Selling, general and administrative expenses	15,874	15,925
Operating income	22,577	23,902
Non-operating income		
Interest income	38	7
Foreign exchange gains	48	—
Others	8	8
Total Non-Operating Income	94	15
Non-Operating expenses		
Foreign exchange losses	—	76
Others	2	0
Total Non-Operating expenses	2	76
Ordinary Income	22,669	23,840
Extraordinary Income		
Gain on reversal of subscription rights to shares	21	165
Total Extraordinary Income	21	165
Income before income taxes	22,691	24,005
Income taxes	7,563	7,462
Net Income	15,127	16,543

(3) Statement of Cash Flows

(Unit : Million yen)

Description	Period	Previous term (From June 1, 2015 to November 30, 2015)	Current term (From June 1, 2016 to November 30, 2016)
Net cash provided by (used in) operating activities			
Income before income taxes		22,691	24,005
Depreciation and amortization		603	635
Share-based compensation expenses		51	41
Increase (decrease) in provision for bonuses		-288	-846
Increase (decrease) in other provision		-63	-211
Interest and dividends income		-40	-8
Loss (gain) on sales and retirement of noncurrent assets		2	0
Decrease (increase) in notes accounts receivable-trade		3,833	5,220
Decrease (increase) in other current assets		165	-619
Increase (decrease) in notes and accounts payable-trade		-2,473	-1,861
Increase (decrease) in accounts payable-other		-791	-1,081
Increase (decrease) in advances received		332	-3,005
Increase (decrease) in other current liabilities		-3,191	-791
Other, net		33	-39
Sub-total		20,864	21,438
Interest and dividends income received		42	12
Interest expenses paid		-	-
Income taxes paid		-9,300	-8,856
Net cash provided by (used in) operating activities		11,606	12,594
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment		-189	-1,631
Purchase of Intangible assets		-0	-0
Collection of loans receivable		-	100,000
Payments into time deposits		-90,000	-14,000
Proceeds from withdrawal of time deposits		75,000	14,000
Payments for guarantee deposits		-	-1
Proceeds from collection of guarantee deposits		0	5
Net cash provided by (used in) investing activities		-15,189	98,371
Net cash provided by (used in) financing activities			
Proceeds from issuance of common stock		198	391
Purchase of treasury stock		-2	-3
Cash dividends paid		-12,091	-66,898
Net cash provided by (used in) financing activities		-11,896	-66,510
Net Increase/(Decrease) in cash and cash equivalents		-15,478	44,455
Cash and cash equivalents at beginning of period		82,194	45,644
Cash and cash equivalents at end of period		66,716	90,099

(4) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

(Notes to significant changes in the stockholders' equity)

The Board of Directors adopted a resolution to distribute a dividend of 525 yen (a common dividend of 105 yen and a special dividend of 420 yen) per share on August 8, 2016, subject to the approval of the proposal at a meeting held on July 22, 2016. As a result, retained earnings 66,938 million yen decreased.

(Segment Information)

I. Previous quarter under review (from June 1, 2015 to November 30, 2015)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and Cloud (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	21,587	38,401	9,399	8,404	77,792	—	77,792
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	21,587	38,401	9,399	8,404	77,792	—	77,792
Operating income (loss)	1,904	20,378	477	2,006	24,767	-2,190	22,577

(Notes): 1. Segment profit adjustment of minus 2,190 million yen is a Company-wide expense, which primarily relates to administration departments that do not belong to any reported segment.

2. Segment profits are adjusted in comparison with operating income in the statement of income.

II. Current quarter under review (from June 1, 2016 to November 30, 2016)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and Cloud (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	22,028	40,794	8,469	9,302	80,595	—	80,595
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	22,028	40,794	8,469	9,302	80,595	—	80,595
Operating income (loss)	1,583	21,713	402	2,379	26,078	-2,176	23,902

(Notes): 1. Segment profit adjustment of minus 2,176 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.