

(Translation purposes only)

Quarterly Securities Report

(The Second Quarter of 34th Business Term)

Oracle Corporation Japan

(E05027)

Quarterly Securities Report

1. The original text of the Practical Guidance is prepared in the Japanese language, and this translation is to be used solely as reference material to aid in the understanding of the Practical Guidance. For all purposes of interpreting and applying the Practical Guidance, users should consult the original Japanese texts available on the following website;
http://www.oracle.co.jp/corp/IR/doc/201901/FY19Q2_Qreport_web.pdf
2. In addition to a review report that has been attached to the Quarterly Securities Report, this document also includes a confirmation document at the end of the report.

(Translation purposes only)

Contents

	Page
【Title page】	1
Part 1 【Information About the Company】	2
I 【Company Overview】	2
1. 【Movements in Key Performance Indicators, etc.】	2
2. 【Details of Business】	3
II 【Status of Business】	4
1. 【Business Risks】	4
2. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】	4
3. 【Important Agreements for Business, etc.】	8
III 【Status of Submitting Company】	9
1. 【Status of stocks, etc.】	9
2. 【Information about Directors】	12
IV 【Financial Status】	13
1. 【Quarterly Financial Statements】	14
2. 【Others】	22
Part 2 【Information on Guarantor Companies, etc. for Submitting Company】	23
Independent Auditor's Review Report	24
Confirmation Document	25

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【Title Page】

【Submitted document】	Quarterly Securities Report
【Text used as grounds for document】	Article 24-4-7 (1) of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	January 11, 2019
【Fiscal year】	The Second Quarter of 34 th Business Term (from September 1, 2018 to November 30, 2018)
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Director, Corporate Accounting
【Location of nearest contact】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Phone】	813(6834)6666
【Name of administrative contact】	Yushi Murano, Director, Corporate Accounting
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

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Part 1 【Information About the Company】

I 【Company Overview】

1. 【Movements in Key Performance Indicators, etc.】

Status of submitting company

Term	33 rd 2 nd Quarter	34 th 2 nd Quarter	33 rd
Closing month/year	From June 1, 2017 to November 30, 2017	From June 1, 2018 to November 30, 2018	From June 1, 2017 to May 31, 2018
Revenue (million yen)	84,136	91,254	185,481
Ordinary income (million yen)	24,993	27,829	55,978
Net income (million yen)	17,270	19,276	38,751
Return on investment with application of equity method (million yen)	—	—	—
Capital stock (million yen)	24,275	24,591	24,480
Total numbers of shares outstanding (thousand shares)	127,931	128,062	128,019
Net assets (million yen)	109,596	136,984	131,425
Total assets (million yen)	192,121	227,242	236,509
Net income per share (yen)	135.25	150.64	303.25
Net income per share (diluted) (yen)	134.96	150.44	302.66
Dividends per share (yen)	—	—	121
Ratio of shareholders' equity (%)	56.9	60.2	55.5
Cash flows from operating activities (million yen)	15,612	13,122	50,881
Cash flows from investing activities (million yen)	13,404	-2,636	42,778
Cash flows from financing activities (million yen)	-13,697	-15,295	-13,357
Cash and cash equivalents at the end of period (million yen)	53,344	113,543	118,326

Term	33 rd 2 nd Quarter	34 th 2 nd Quarter
Closing month/year	From September 1, 2017 to November 30, 2017	From September 1, 2018 to November 30, 2018
Net income per share (yen)	68.81	77.16

(Note)1. Our company does not compile consolidated financial statements; thus it does not mention movements in consolidated business benchmarks, etc.

2. Sales amounts do not include consumption tax, etc.

3. Return on investment in the event of the use of an equity method is not indicated as the company has no affiliated companies.

4. Posted as treasury stock included in shareholders' equity, 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 in order to calculate the net income per share and net income per share (diluted) .

(Translation purposes only)

2. **【Details of Business】**

In the cumulative second quarter ended November 30, 2018, there were no significant changes in the contents of the businesses operated by the Company and the Group belongs to.

(Translation purposes only)

II 【Status of Business】

1. 【Business Risks】

For the six-month period ended November 30, 2018, there is no significant change in business risks which were described on our Annual Securities Report for the year ended May 31, 2018.

2. 【Management's Discussion and Analysis of Financial Position, Operating Results and Cash Flows】

The various quarterly financial sheets, etc. of our company have been compiled based on accounting standards which are generally recognized as fair and reasonable in our country. The compilation of these quarterly financial sheets, etc. require assets and debts as of the final day of the period and hypotheses and estimates within the accounting period which could impact revenue and costs. While an estimate may have been considered reasonable based on past situations and experiences, they may vary from actual results due to changes in hypotheses or criteria. Matters regarding the future stated in this document are based on the judgment of the Company as of the day of the submission of this quarterly report.

(1) Analysis of Financial Status

(i) Overview

During the second quarter under review (from Jun 1, 2018 to November 30, 2018, hereinafter “this “quarter”), the Japanese economy continuously improved moderately, in spite of the need for concern over overseas policy trends in the United States and the expansion of trade conflict. In terms of social and corporate activity, it has become important to utilize digital technologies when cope with issues such as the shrinking productive-age population, globalization and the challenge of developing new business. Similarly, the Japanese information services industry in which the Company operates enjoyed firm system renewal demand and solid IT investment aimed at corporate growth and boosting competitiveness, including investing in mobile solutions, improving efficiency through the use of IoT and other digital data, and strengthening contact points with end users.

In this business environment, the Company strives to become an ideal partner by achieving customer’s innovation and supporting their business transformation by utilizing cloud service and data. The company continuously invests in our employees to enhance their expertise, promotes combination proposals to customers by closer cooperation with sales, consulting services and support services.

As a result of these measures, the Company posted 91,254 million yen (up 8.5 % year on year) in revenue, 27,784 million yen (rising 11.1 %) in operating income, 27,829 million yen (gaining 11.3 %) in ordinary income and 19,276 million yen (increasing 11.6 %) in net income.

(ii) Results by Reported Segment

Go to Market Strategy

The Company has the comprehensive product portfolio which consists of platform, applications, hardware which can be deployed on cloud environment and on-premise environment. Especially our software license products have been widely adopted in the field of mission critical systems, which have demanded high security, availability and high performance for many years. The Oracle Cloud, which the Company has focused on as a pillar of its new business, has been developed based on the same system architecture and technologies as these software licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises systems built with the software licenses products and the Oracle Cloud.

Currently the Company has been taking advantage of these strengths, so that our customers can use our products and services in optimal state, the company invests in our employees to enhance their expertise, promotes combination proposals to customers by closer cooperation with sales, consulting services and support services and focusses on the initiatives of “Acquiring big deals”, “Autonomous upgrades” and “ERP upgrades”.

Regarding our products and services, currently Oracle incorporates AI in the Oracle Cloud, and promotes to make it autonomy of maintenance and operation like patching, performance tuning and so on as one of differentiation with other cloud services. The Company released “Oracle Autonomous Transaction Processing” in August 2018 followed by “Oracle Autonomous Data Warehouse Cloud” we released in March 2018. And as a service to promote “ERP upgrades”, we provide “Oracle Soar” which migrates “Oracle E-Business Suite” on on-premise environment to Oracle ERP cloud in a short time. Regarding the Japan domestic data center announced in February 2018, preparation for an opening is in progress.

Regarding purchasing experience, in order to use Oracle technologies more flexible for a wider range of customers, we provide “Bring Your Own License (BYOL)”, enabling customers to move their existing Oracle software licenses over to “Oracle PaaS” and “Universal Credits” which allows the use of all Oracle PaaS and IaaS by entering into a single and simple contract, and we are striving to expand our cloud and license business.

(Translation purposes only)

(Glossary)

- Cloud service: Providing software and hardware resources which are used for IT system infrastructure at companies and other organizations as services under agreements for certain periods through the networks such as Internets.
- 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.
- 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.
- 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.
- On-premises: A form of IT system developed and operated as the company’s possession.

[Cloud & License]

Revenue in the Cloud & license segment was 72,675 million yen, up 10.2% from the corresponding period of the previous fiscal year. Revenue in the Cloud license & on-premise license was 18,343 million yen (rising 6.1 % year on year), revenue in the Cloud services & license support was 54,332 million yen (rising 11.7 % year on year). This segment consists of the “Cloud license & on-premise license” that the Company sells software licenses for database management software, a range of middleware, and ERP and other business applications, etc., the “License support” that the Company provides software updates and technical support for customers using the Company’s software licenses, and the “Cloud services” are services the Company provides the resources of software and hardware via the Internet.

* (Note) The Company has changed reporting segments since the 1st quarter of the fiscal year ending May31, 2019, renamed “Cloud & Software” to “Cloud & license”, “New software license” to “Cloud license & on-premise license”, integrated “Cloud(SaaS/PaaS/IaaS)” and “Update & product support” to “Cloud services & license support”.

In the 1st Quarter of the fiscal year, we successfully closed large deals in mainly the service sector, the telecommunication sector and the retail and distribution sector. These orders came from customers improving customer engagement by utilizing data and digital technologies aggressively and pursuing revenue growth, and customers enhancing their core systems to adapt their rapid business growth.

In the 2nd Quarter, we received orders from the customers in wide variety of industries and company size including the manufacturing, Retail, Service, Public and Utility. As a result of our sales activities taking advantage of our strengths, we got orders of ERP cloud for the overseas base from a customer in the manufacturing industry that is developing globally. And we successfully closed the comprehensive cloud deals from a customer in retail services, which contained ERP cloud, Marketing cloud, Engagement cloud integrated functions of sales management and customer service, and PaaS to develop additional functions.

The demand for “Oracle Cloud Platform” is increasing due to its compatibility with on-premise systems and the abundant functions of PaaS and IaaS, in addition to this, the demand for “Oracle Cloud Infrastructure” is increasing for customers who need high cost-performance while securing security and supporting high workload processing such as analysis processing and risk calculation. Regarding SaaS, customers who plan to enhance management and risk control and to improve business efficiency along with expansion of company scale, are studying and adopting SaaS including ERP cloud because of its rapid implementation.

[Hardware systems]

Revenue in the Hardware systems segment was 8,084 million yen, up 2.5 % from the corresponding period of the previous fiscal 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

[Services]

Revenue in the Services segment was 10,493 million yen, gain 1.8 % 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. As for Consulting Services, the number of composite projects taking advantage of the Company’s comprehensive product and service portfolio has increased steadily. They include projects for platform transition from the on-premise environment to the IaaS and PaaS environment and those for linkage with SaaS solutions such as the ERP cloud.

(Translation purposes only)

<Revenue breakdown by business segments>

Item	FY2018 2 nd Quarter		FY2019 2 nd Quarter			May 2018	
	Amount	Comp.	Amount	Comp.	YoY	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud license & on-premise license	17,288	20.5	18,343	20.1	6.1	46,557	25.1
Cloud services & license support	48,651	57.8	54,332	59.5	11.7	99,960	53.9
Cloud & License	65,940	78.4	72,675	79.6	10.2	146,518	79.0
Hardware systems	7,889	9.4	8,084	8.9	2.5	18,063	9.7
Services	10,307	12.3	10,493	11.5	1.8	20,898	11.3
Total	84,136	100.0	91,254	100.0	8.5	185,481	100.0

*Amount is rounded down. Composition ratio and year-to-year comparison (% of change YoY) are rounded off.

(iii) Operating income

While operating income in Hardware systems segment were about the same level year on year, operating income in Service segment were decreased from the same period a year earlier.

But operating income came to 27,784 million yen (up 11.1% from the same period a year earlier), because of sales increase in Cloud & License segment.

Cost of sales came to 47,544 million yen (up to 8.5% from the same period a year earlier), royalties in the Cloud & License segment rose.

Selling, general and administrative expenses came to 15,925 million yen (up to 4.0% from the same period a year earlier). This was due to increase of outsourcing expenses, etc.

(IV) Non-operating profit and loss, ordinary income

As a result of appropriating non-operating profit and loss of 44 million yen (net), our ordinary income stood at 27,829 million yen (up 11.3% from the same period a year earlier).

(V) Net income

As a result of appropriating 'extraordinary profits-gain on reversal of subscription rights to shares' as extraordinary income, our current net income stood at 19,276 million yen (up 11.6% from the same period a year earlier).

(2) Analysis of financial status

(Assets)

Total current assets at the end of the term decreased 10,802 million yen from the end of the previous fiscal year, to 181,488 million yen. This was mainly attributable to a decrease in cash and deposits (3,782 million yen) and in account receivable-trade (8,050 million yen).

Total non-current assets at the end of the term stood at 45,753 million yen, an increase of 1,535 million yen from the end of the previous year. This was mainly due to an increase in incremental costs for the acquisition of contracts (bonus of sales department for the acquisition of contracts) because of accounting policy changes, the scope of those that are posted under assets was changed retroactively by going back before the beginning of the first quarter under review, in addition to an increase in property, plant and equipment.

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(Liabilities)

Total liabilities at the end of the term decreased 14,825 million yen from the end of the previous fiscal year, to 90,257 million yen. This was mainly due to a decrease in advances received (7,086 million yen), a decrease in accounts payable-trade (2,935 million yen), and a decrease in accounts payable-other (1,523 million yen).

(Net assets)

Total net assets at the end of the term increased 5,558 million yen, to 136,984 million yen. This was primarily attributable to increases in both capital stock and capital surplus (110 million yen) due to the exercise of stock options, and an increase in retained earnings (5,045 million yen) as a result of the posting of net income (19,276 million yen), the payment of dividends (15,489 million yen) and an increase of the balance of retained earnings at the beginning of the current period due to the application of the accounting standard for revenue recognition (1,258 million yen). Consequently, the ratio of shareholders' equity stood at 60.2% (an increase of 4.7 percentage points from the end of the previous fiscal year).

(3) Analysis of cash flows

The cash inflow from operating activities is 13,122 million yen in the six months ended November 30, 2018. The cash outflow from investment activities is 2,636 million yen and the cash outflow from financial activities is 15,295 million yen in the six months ended November 30, 2018. In total, cash and equivalents decreased 4,782 million yen from the end of the previous term, to 113,543 million yen.

(Cash flows from operating activities)

Cash generated from operating activities was 13,122 million yen (decreasing 2,489 million yen year on year). The inflow is attributable to the posting of income before income taxes of 27,843 million yen, a decrease in accounts receivable of 8,087 million yen. The outflows are attributable to the payment of 10,367 million yen in income taxes and a decrease in advances received of 6,402 million yen.

(Cash flows from investment activities)

Cash used for investment activities was 2,636 million yen (13,404 million yen cash generated in previous term). The outflows include purchase of property, plant and equipment (1,635 million yen) and a net increase in time deposits (1,000 million yen).

(Cash flows from financial activities)

Cash used for financial activities was 15,295 million yen (increasing 1,597 million yen year on year). The outflow was primarily appropriated to the payment of dividends.

(4) Business and Financial Tasks to be addressed

There was no significant change in the task to be addressed by the Company during the cumulative second quarter under review.

(5) Research and development activities

There was no significant change in the task to be addressed by the Company during the cumulative second quarter under review.

(6) Analysis about capital resources and liquidity of funds

There were no material changes in the "information about capital resources and liquidity of funds" stated in the Annual Securities Report for the 33rd business term filed on August, 21, 2018.

(Translation purposes only)

3. 【Important Agreements for Business, etc.】

Oracle partner agreement, which is the sales agency agreements that renewed upon expiration of the contract term during the second quarter of this fiscal year, are the following.

Partner	Applicable products	Date of agreement	Period under agreement
NEC Corporation	Software	October 11, 2018	From November 1, 2018 to December 31, 2018
	Hardware		
	Cloud services		
	Primary maintenance services and SI support services for engineered system products		
NEC Corporation	Software	November 28, 2018	From January 1, 2019 to February 28, 2019
	Hardware		
	Cloud services		
	Primary maintenance services and SI support services for engineered system products		

(Translation purposes only)

III 【Status of Submitting Company】

1. 【Status of stocks, etc.】

(1) 【Number of shares, etc.】

(i) 【Number of shares】

Type	Number of shares authorized to issue(stocks)
Common Stock	511,584,909
Total	511,584,909

(ii) 【Number of outstanding shares】

Type	Number of outstanding shares as of the end of the second quarter (Shares) (November 30, 2018)	Number of outstanding shares on reporting date (shares) (Note) 1 (January 11, 2019)	Name of financial instruments exchange or name of registered authorized financial instruments firms association	Details
Common Stock	128,062,571	128,064,271	Tokyo Stock Exchange First Section	(Note) 2
Total	128,062,571	128,064,271	-	-

(Note) 1 “Number of outstanding shares on reporting date” does not include the number of shares issued by the exercise of share warrants from January 1, 2019 to the date of submission of this Securities Report.

2 The Company’s standard stock whose rights are not subject to any restrictions. Share unit is 100 shares.

(2) 【Status of share warrants, etc.】

(i) 【Details of Stock Option System】

Share warrants issued based on the Corporate Law during the second quarter of this fiscal year are as follows.

Issue of share warrants to directors and employees based on the resolution of the August 22, 2018 General Meeting of Shareholders (resolution of September 21, 2018 Meeting of Board of Directors)

Date of resolution of Board of Directors	September, 21, 2018
Number of share warrants	216 share warrants
Classification and number of people to be granted	17 employees of the Company
Type of shares subject to share warrants	Common stock Share unit is 100 shares
Number of shares subject to share warrants (Note) 1	21,600 shares
Payment amount when exercising share warrants (Note) 2	9,185 yen
Exercise period of share warrants	From October 12, 2020 to September 21, 2028
Issue price and capitalization amount of stocks when issuing shares by exercising share warrants (Note) 5	Issue price 10,497 yen Capitalization amount 5,248 yen
Conditions for exercising share warrants	(Note) 2
Items related to assignment of share warrants	(Note) 3
Items related to substitute payment	-
Items related to distribution of share warrants following reorganization acts	-

1 The payment amount shall be the average of the closing price of the Company’s ordinary shares in regular transactions on the Tokyo Stock Exchange on each day (excluding days when there is no trading) in the month prior to the month to which the date of issue belongs.

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However, if the amount is below the closing price on the date of issue (if there is no trading on that day, the closing price on the day immediately prior to the date of issue), it shall be the closing price on the date of issue.

If the Company conducts a stock split or a reverse stock split after the date of issue, the payment amount shall be adjusted based on the formula below, and any fraction of less than one yen arising from the adjustment shall be rounded up.

$$\text{Payment amount after adjustment} = \text{Payment amount before adjustment} \times \frac{1}{\text{Ratio of stock split or reverse stock split}}$$

9,185 yen was set as a result of comparing the average closing price (9,185 yen) of the Company's ordinary shares in regular transactions on the Tokyo Stock Exchange on each day in the month (September 2018) prior to the month to which the date of issue (October 12, 2018) belongs, with the closing price (8,260 yen) on the date of issue.

- 2 (1) Those allocated the share warrants are required to be a director, Corporate Executive Officer or an employee of Oracle Corporation Japan at the time of exercising the share warrants. However, as long as the requirements set out in the share warrants allocation agreement executed between Oracle Corporation Japan and the recipient of allocation are met, the recipient may continue to exercise his or her rights after they no longer hold the position of director, Corporate Executive Officer or employee.
- (2) Those who are allocated share warrants may exercise a part of or all of the rights in accordance with the following classifications:
 - (i) Recipients may exercise half of the allocated rights after October 12, 2020.
 - (ii) Recipients may exercise all of the allocated rights after October 12, 2022.
- (3) If the person allocated rights dies, the heir can exercise the rights.
- 3 Assignment of rights, attachment or other disposal methods are not allowed.
- 4 The issue price when shares are issued by the exercise of share warrants is the sum of the payment amount of share warrants (9,185 yen) and fair evaluation unit price (1,312 yen) in the issue of share warrants.

(ii) **【Status of exercising certificates of bonds with share warrants with exercise price revision clause, etc.】**
Not applicable.

(3) **【Details of rights plan】**
Not applicable.

(4) **【Trends with number of outstanding shares, capital, etc.】**

Date	Number of outstanding shares increase/decrease (shares)	Number of outstanding shares balance (shares)	Capital stock increase/decrease (million yen)	Capital stock balance (million yen)	Legal capital surplus Increase/decrease (million yen)	Legal capital surplus balance (million yen)
From September 1, 2018 to November 30, 2018 (Note)	14,000	128,062,571	36	24,591	36	7,941

(Note) 1. Increase due to the exercise of share warrants.

2. The Company's capital stock and legal capital surplus increased by 4 million yen respectively and 1,700 shares increased due to the exercise of share warrants (from December 1, 2018 to December 31, 2018).

(Translation purposes only)

(5) 【Status of major shareholders】

As of November 30, 2018

Name	Address	Number of shares held (1000 shares)	Percentage of shares held versus total number of outstanding shares
ORACLE JAPAN HOLDING,INC. Standing proxy SMBC NIKKO SECURITIES INC.	500 Oracle Parkway, Redwood Shores, California, U.S.A (2-5-1 Nihombashi, Chuo-ku, Tokyo)	94,967	74.2
The Master Trust Bank of Japan, Ltd. (Trust account)	2-11-3 Hamamatsucho, Minato-ku, Tokyo	1,774	1.4
STATE STREET BANK AND TRUST COMPANY 505001	P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,601	1.3
Japan Trustee Services Bank, Ltd. (Trust account)	1-8-11 Harumi, Chuo-ku, Tokyo	1,367	1.1
SSBTC Client Omnibus Account	ONE LINCOLN STREET, BOSTON MA USA 02111 (3-11-1 Nihombashi, Chuo-ku, Tokyo)	1,207	0.9
STATE STREET BANK WEST CLIENT - TREATY 505234	1776 HERITAGE DRIVE, NORTH QUINCY, MA 02171, U.S.A. (2-15-1 Konan, Minato-ku, Tokyo)	1,167	0.9
Japan Trustee Services Bank, Ltd. (Trust account5)	1-8-11 Harumi, Chuo-ku, Tokyo	623	0.5
GOVERNMENT OF NORWAY	BANKPASSEN 2, 0107 OSLO 1 OSLO 0107 NO (6-27-30 Shinjuku, Shinjuku-ku, Tokyo)	621	0.5
STATE STREET BANK AND TRUST COMPANY FOR STATE STREET BANK LUXEMBOURG SCA ON BEHALF OF ITS CLIENTS	P.O.BOX351 BOSTON MASSACHUSETTS 02101 U.S.A. (3-11-1 Nihombashi, Chuo-ku, Tokyo)	567	0.4
Japan Trustee Services Bank, Ltd. (Trust account7)	1-8-11 Harumi, Chuo-ku, Tokyo	542	0.4
Total		104,439	81.6

(Note) Of the above no. of shares owned, shares related to trust business are as follows.

Japan Trustee Services Bank, Ltd.	3,866 (1,000 shares)
The Master Trust Bank of Japan, Ltd.	1,681 (1,000 shares)
Trust & Custody Services Bank, Ltd.	318 (1,000 shares)
The Nomura Trust and Banking Co., Ltd.	145 (1,000 shares)

(Translation purposes only)

(6) 【Status of voting rights】

(i) 【Number of outstanding shares】

As of November 30, 2018

Item	No. of shares(shares)	No. of voting rights (Units)	Details
Nonvoting stock	-	-	-
Stock with restricted voting right (Treasury stock, etc.)	-	-	-
Stock with restricted voting right (Others)	-	-	-
Stocks with full voting rights (Treasury stock, etc.)	(Own shares) Common stock 11,100	-	-
Stocks with full voting rights (Others)	Common stock 127,762,100	1,277,621	-
Share less than one unit	Common stock 289,371	-	-
Number of outstanding shares	128,062,571	-	-
Voting rights of shareholders	-	1,277,621	-

(Note) "Stocks with full voting rights (Others)" include 2,000 stocks in the name of Japan Securities Depository Center (20 stocks with voting rights), 15,000 company stocks held by the BIP Trust and 21,800 stocks held by the ESOP Trust.

(ii) 【Treasury stock, etc.】

As of November 30, 2018

Name of owner	Addresses of owner	No. of shares held in own name(shares)	No. of shares held in another name (shares)	No. of shares held (shares)	Percentage of shares held versus total number of outstanding shares (%)
(Own shares) Oracle Corporation Japan	2-5-8 Kita-Aoyama, Minato-ku, Tokyo	11,100	-	11,100	0.0
Total	-	11,100	-	11,100	0.0

(Note) The trust properties of the Board Incentive Plan (BIP) Trust and the Employee Stock Ownership Plan (ESOP) Trust, which are the 15,000 stocks and 21,800 stocks held respectively by The Master Trust Bank of Japan (2-11-3, Hamamatsu-cho, Minato-ku, Tokyo) are not included in the above treasury stock, etc.

2. 【Information about directors】

Not applicable

(Translation purposes only)

IV 【Financial Status】

1 Method of preparing Quarterly Financial Statements

The quarterly financial statements of the Company are prepared in accordance with the “Ordinance on the Terminology, Forms, and Preparation Methods of Quarterly Financial Statements” (Cabinet Office Ordinance No. 63 of 2007).

2 Audit Certification

The quarterly financial statements for the second quarter of the fiscal year ending November 30, 2018 (from June 1, 2018 to November 30, 2018) and three months ended November 30, 2018 (from September 1, 2018 to November 30, 2018) were reviewed by Ernst & Young ShinNihon LLC, in accordance with Article 193-2, paragraph 1 of the Financial Instruments and Exchange Act.

3 Consolidated financial statements

The Company does not prepare consolidated financial statements as we have no subsidiaries.

(Translation purposes only)

1 Quarterly Financial Statements
(1) Quarterly Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2018)	Current term end (as of November 30, 2018)
Assets		
Current assets		
Cash and deposits	169,326	165,543
Accounts receivable-trade	19,871	11,821
Other	3,105	4,135
Allowance for doubtful accounts	-12	-12
Total current assets	192,290	181,488
Noncurrent assets		
Property, plant and equipment		
Buildings, net	10,635	10,254
Land	26,057	26,057
Other, net	3,171	4,175
Total property, plant and equipment	39,863	40,487
Intangible assets	4	3
Investments and other assets		
Other	4,385	5,297
Allowance for doubtful accounts	-34	-34
Total investments and other assets	4,350	5,263
Total noncurrent assets	44,218	45,753
Total assets	236,509	227,242
Liabilities		
Current liabilities		
Accounts payable-trade	13,087	10,151
Accounts payable-other	5,521	3,998
Income taxes payable	10,991	9,705
Advances received	69,862	62,776
Provision for bonuses	2,281	1,217
Other Provision	390	186
Other	2,941	2,215
Total current liabilities	105,075	90,249
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	105,083	90,257
Net assets		
Shareholders' equity		
Capital stock	24,480	24,591
Capital surplus	7,831	7,941
Retained earnings	99,450	104,495
Treasury stock	-599	-274
Total shareholders' equity	131,162	136,753
Subscription rights to shares	262	231
Total net assets	131,425	136,984
Total liabilities and net assets	236,509	227,242

(Translation purposes only)

(2) Quarterly Statement of Income
Cumulative second quarter

(Unit : Million yen)

Description	Previous term (From June 1, 2017 to November 30, 2017)	Current term (From June 1, 2018 to November 30, 2018)
Net sales	84,136	91,254
Cost of sales	43,808	47,544
Gross Profit	40,328	43,709
Selling, general and administrative expenses	※ 15,310	※ 15,925
Operating income	25,017	27,784
Non-operating income		
Foreign exchange gains	—	51
Interest income	8	6
Others	12	23
Total Non-Operating Income	21	81
Non-Operating expenses		
Foreign exchange losses	42	—
Others	2	36
Total Non-Operating expenses	45	36
Ordinary Income	24,993	27,829
Extraordinary Income		
Gain on reversal of subscription rights to shares	87	14
Total Extraordinary Income	87	14
Income before income taxes	25,081	27,843
Income taxes	7,810	8,567
Net Income	17,270	19,276

(Translation purposes only)

(3) Quarterly Statement of Cash flows

(Unit : Million yen)

	Previous term (From June 1, 2017 to November 30, 2017)	Current term (From June 1, 2018 to November 30, 2018)
Net cash provided by (used in) operating activities		
Income before income taxes	25,081	27,843
Depreciation and amortization	862	925
Share-based compensation expenses	24	12
Increase (decrease) in allowance for doubtful accounts	27	—
Increase (decrease) in provision for bonuses	-777	-1,064
Increase (decrease) in other provision	-236	-203
Foreign exchange losses (gains)	—	-27
Interest and dividends income	-14	-6
Loss (gain) on sales and retirement of noncurrent assets	1	36
Decrease (increase) in notes and accounts receivable-trade	7,057	8,087
Decrease (increase) in other current assets	493	-502
Increase (decrease) in notes and accounts payable-trade	-2,880	-3,243
Increase (decrease) in accounts payable-other	-1,373	-1,476
Increase (decrease) in advances received	-4,895	-6,402
Increase (decrease) in other current liabilities	-645	-767
Other, net	350	271
Subtotal	23,075	23,484
Interest and dividends income received	17	5
Income taxes paid	-7,480	-10,367
Net cash provided by (used in) operating activities	15,612	13,122
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	-882	-1,635
Collection of loans receivable	90,300	—
Payments into time deposits	-81,000	-52,000
Proceeds from withdrawal of time deposits	5,000	51,000
Payments for guarantee deposits	-13	-4
Proceeds from collection of guarantee deposits	0	3
Net cash provided by (used in) investing activities	13,404	-2,636
Net cash provided by (used in) financing activities		
Proceeds from issuance of common stock	868	190
Purchase of treasury stock	-5	-0
Cash dividends paid	-14,560	-15,485
Net cash provided by (used in) financing activities	-13,697	-15,295
Effect of exchange rate change on cash and cash equivalents	—	27
Net Increase/(Decrease) in cash and cash equivalents	15,319	-4,782
Cash and cash equivalents at beginning of period	38,025	118,326
Cash and cash equivalents at end of period	※ 53,344	※ 113,543

(Translation purposes only)

Notes to Quarterly Financial Statements

(Notes to Going Concern): Not Applicable

(Changes in accounting policies)

As ASBJ Statement No. 29 Accounting Standard for Revenue Recognition (March 30, 2018) (hereinafter referred to as the "Accounting Standard for Revenue Recognition") and ASBJ Guidance No. 30 Implementation Guidance on Accounting Standard for Revenue Recognition (March 30, 2018) became applicable from the beginning of a fiscal year starting on and after April 1, 2018, the Accounting Standard for Revenue Recognition and other related standards have been applied from the beginning of the first quarter under review.

In the application of the Accounting Standard for Revenue Recognition and other related standards, the transitional treatment set forth in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition is followed. The aggregate amount of the impact on retroactive application of the new accounting policy prior to the beginning of the first quarter under review is added to/subtracted from retained earnings at the beginning of the first quarter under review and the new accounting policy is applied to the balance at the beginning of the first quarter under review.

The changes are as follows.

1) Changes in revenue recognition criteria

Revenues are recognized in an amount expected to be received in exchange for the agreed-on property or service upon transfer of control of the said property or service to the customer. We heretofore had recognized revenue over the licensing period prescribed in the contract for the sale of some licenses, but changed to a method to recognize revenue at the time of sale.

As the result, the balance of retained earnings at the beginning of the current period increased 287 million yen. The impact on revenue, operating income and income before income taxes for the result six months of the fiscal year under review is insignificant.

2) Incremental costs for the acquisition of contracts

Bonuses of sales departments arising from acquisition of contracts had been capitalized and amortized based on the straight-line method over contract period (service provision period), however, since the first quarter of the fiscal year under review, the scope of capitalization and its amortization period have been partially revised.

In addition to bonuses by acquiring cloud contracts, bonuses by acquiring support contracts are also covered by capitalization, and the amortization period is mainly based on the contract period, but for certain types of contracts will be amortized by the straight-line method over the estimated contract period including the renewal of future contracts, the expected useful lives of our technologies, and other factors.

As a result, the balance of retained earnings at the beginning of the current period increased 970 million yen. The impact of the changes on operating income and income before income taxes for the result six months of the fiscal year under review is insignificant.

(Special accounting for preparing quarterly financial statements)

(Tax expense calculation)

Tax expenses on profit before income taxes for the six months under review are calculated by multiplying profit before income taxes for the six months under review by the reasonably estimated effective tax rate for the fiscal year including the second quarter under review after applying tax effect accounting.

(Balance Sheet related): Not Applicable

(Translation purposes only)

(Statement of Income related)

Selling, general and administrative expenses account includes the following major items and amounts.

		Previous 2 nd Quarter From June 1, 2017 to November 30, 2017	Current 2 nd Quarter From June 1, 2018 to November 30, 2018
Salaries and bonuses	(million yen)	7,307	7,590
Provision for bonuses	(million yen)	661	546

(Quarterly statement of cash flows)

Reconciliation of balance of “cash and cash equivalents at the end of period” and the amounts of items stated in the balance sheet is as follows.

	Previous term end (From June 1, 2017 to November 30, 2017) (million yen)	Current term end (From June 1, 2018 to November 30, 2018) (million yen)
Cash and deposits	134,344	165,543
Time deposits of over 3 months	- 81,000	-52,000
Cash and cash equivalents	53,344	113,543

(Related to the statement of changes in shareholders' equity)

Previous term (from June 1, 2017 to November 30, 2017)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 20, 2017	Common stock	14,559	114	May 31, 2017	August 7, 2017	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 20, 2017 includes the 16 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (4 million yen) and Employee Stock Ownership Plan Trust (12 million yen))

2 Dividends which the cutoff date was in the six months ended November 30, 2017 and the effective date of which is after the end of the second quarter of the fiscal year ended May 31, 2018.
Not Applicable

3 Significant changes in the amount of shareholders' equity
Not Applicable

Current term (from June 1, 2018 to November 30, 2018)

1 Amount of paid dividends

Resolution	Type of share	Total amount of dividend (Million yen)	Dividend per share (Yen)	Reference date	Effective date	Source of dividends
Board of director held on July 24, 2018	Common stock	15,489	121	May 31, 2018	August 6, 2018	Retained earning

(Note) Total amount of dividend which was resolved at the board of directors meeting which was held on July 24, 2018 includes the 11 million yen dividend for the Company's stock held by the trusts (Board Incentive Plan Trust (2 million yen) and Employee Stock Ownership Plan Trust (8 million yen))

(Translation purposes only)

- 2 Dividends which the cutoff date was in the six months ended November 30, 2018 and the effective date of which is after the end of the second quarter of the fiscal year ended May 31, 2019.
Not Applicable

- 3 Significant changes in the amount of shareholders' equity
Not Applicable

(Equity in earnings (loss) of affiliated companies)

Not Applicable

(Segment Information)

I. Previous quarter under review (from June 1, 2017 to November 30, 2017)

Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	65,940	7,889	10,307	84,136	—	84,136
Intersegment net sales or transfer	—	—	—	—	—	—
Total	65,940	7,889	10,307	84,136	—	84,136
Operating income (loss)	23,957	361	2,828	27,146	-2,129	25,017

(Notes): 1. Segment profit adjustment of minus 2,129 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, 2018 to November 30, 2018)

1. Segment sales and operating income (loss)

(Unit: Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income (Note) 2
	Cloud and license	Hardware Systems	Services	Total		
Sales						
External customers	72,675	8,084	10,493	91,254	—	91,254
Intersegment net sales or transfer	—	—	—	—	—	—
Total	72,675	8,084	10,493	91,254	—	91,254
Operating income (loss)	26,949	371	2,544	29,865	-2,080	27,784

(Notes): 1. Segment profit adjustment of minus 2,080 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.

2. Change in Reported Segments

The Cloud and Software segment has been renamed as the Cloud and license segment.

The segment information for the previous fiscal year is described in accordance with the new classification and name after the change.

(Translation purposes only)

(Per Share Data)

The basis of calculation for net income per share and net income per share (diluted) is as shown below:

	Previous term end (From June 1, 2017 to November 30, 2017)	Current term end (From June 1, 2018 to November 30, 2018)
(1) Net income per share (yen)	135.25	150.64
(Basis for calculation)		
Net income (millions of yen)	17,270	19,276
Amounts not attributable to owners of common stock (millions of yen)	—	—
Net income attributable to common stock (millions of yen)	17,270	19,276
Average number of shares during the term (thousand shares)	127,696	127,958
(2) Net income per share (diluted)	134.96	150.44
(Basis for calculation)		
Adjustment to net income (millions of yen)	—	—
Increase in common stock (thousand shares)	272	173
(Subscription right (thousand shares))	(272)	(173)
Details of shares not included in calculation of diluted net income per share due to non-dilative effect	—	—

(Note) Posted as treasury stock included in shareholders' equity, 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 in order to calculate the net income per share and net income per share (diluted). The average number of treasury shares during the term deducted in the calculation of net income per share and net income per share (diluted) were, specifically, 33,299 treasury shares owned by the BIP trust and 96,063 treasury shares owned by the ESOP trust for last year, 20,467 treasury shares owned by the BIP trust and 56,027 treasury shares owned by the ESOP trust for this year.

(Translation purposes only)

(Significant subsequent events)

1. Extension of BIP Trust period and additional contribution to the BIP Trust

The Company extended the Directors' and Executive Officers' Compensation BIP (Board Incentive Plan) Trust (hereinafter the "BIP Trust") period and entrusted additional money to the BIP Trust.

(1) Reason for extending trust period and making additional contribution

The Company has introduced the BIP Trust since December 2014, and decided to extend the trust period by 2 years in order to continue the BIP Trust (which was scheduled to be expired by the end of February 2019) and to make an additional contribution of money to secure funds in the Trust for acquisition of the Company's shares because the Company will continuously provide the Company's shares to the directors and executive officers as compensation.

(2) Outline of the Trust

(i) Type of trust	Monetary trust other than an individually operated designated money trust (third-party benefit trust)
(ii) Purpose of trust	Provide Directors and Executive Officers covered by the Plan with incentives
(iii) Trustor	The Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiary	Directors and Executive Officers who meet beneficiary requirements
(vi) Date of trust period extension agreement	December 21, 2018
(vii) Trust Period:	From March 1, 2019 to February 28, 2021 (planned)
(viii) Total amount of additional trust	29,530,000 yen (planned)
(ix) Number of shares to be acquired	5,000 shares (planned)
(x) Stock acquisition period	From December 25, 2018 to January 20, 2019 (planned)
(xi) Stock acquisition method	Acquire on stock market

(Note) When extending the Plan, an agreement regarding the extension has been concluded between the Company, the trustees, and the trust administrator.

After executing the letter of intent, additional contribution will be made within the upper limit of the funds for acquisition of the Company's shares and within the upper limit of the number of the Company's shares which were approved by the Compensation Committee.

2. Extension of ESOP Trust period and additional contribution to the ESOP Trust

The Company extended the Employees' Compensation ESOP (Employee Stock Ownership Plan) Trust (hereinafter the "ESOP Trust") period and entrusted additional money to the ESOP Trust.

(1) Reason for extending trust period and making additional contribution

The Company has introduced the ESOP Trust since December 2014, and decided to extend the trust period by 2 years in order to continue the ESOP Trust (which was scheduled to be expired by the end of February 2019) and to make an additional contribution of money to secure funds in the Trust for acquisition of the Corporation's shares because the Company will continuously provide the Company's shares to the employees as compensation.

(Translation purposes only)

(2) Outline of the Trust

(i) Type of trust	Monetary trust other than an individually operated designated money trust (third-party benefit trust)
(ii) Purpose of trust	Provide Employees covered by the Plan with incentives
(iii) Trustor	The Company
(iv) Trustee	Mitsubishi UFJ Trust and Banking Corporation (Joint trustee: The Master Trust Bank of Japan, Ltd.)
(v) Beneficiary	Employees who meet beneficiary requirements
(vi) Date of trust period extension agreement	December 21, 2018
(vii) Trust Period:	From March 1, 2019 to February 28, 2021 (planned)
(viii) Total amount of additional trust	1,140,460,000 yen (planned)
(ix) Number of shares to be acquired	132,200 shares (planned)
(x) Stock acquisition period	From December 25, 2018 to January 20, 2019 (planned)
(xi) Stock acquisition method	Acquire on stock market

(Note) When extending the Plan, an agreement regarding the extension has been concluded between the Company, the trustees, and the trust administrator.

After executing the letter of intent, additional contribution will be made.

2. 【Others】

Not applicable

(Translation purposes only)

Part 2 【Information on Guarantor Companies, etc. for Submitting Company】

Not applicable

(Translation purposes only)

Translation

Following is an English translation of the Independent Auditor's Review Report filed under the Financial Instruments and Exchange Act of Japan. This report is presented merely as supplemental information.

Independent Auditor's Review report

January 11, 2019

Oracle Corporation Japan
The board of Directors

Ernst & Young ShinNihon LLC

Designated limited liability employee/Business executive
Mitsunobu Yamaguchi, Certified Public Accountant

Designated limited liability employee/Business executive
Atsuko Tanabe, Certified Public Accountant

Pursuant to the provisions of Article 193-2, Paragraph 1 of the Financial Instruments and Exchange Act, we have conducted a quarterly review of the quarterly financial statements of Oracle Corporation Japan listed in the "Status of Accounting" for the 2nd quarter of 34th term (from June 1, 2018 to November 30, 2018) and the fiscal term commencing on June 1, 2018, and ending on May 31, 2019, which comprise the balance sheet, income statement, cash flows and notes.

<Management's responsibility for the quarterly financial statements>

Management is responsible for the preparation and fair presentation of these quarterly financial statements and the annexed detailed statements thereof in accordance with the accounting standards generally accepted in Japan. This responsibility includes development and operation of such internal control as management determines necessary to enable the preparation and fair presentation of the quarterly financial statements and the annexed detailed statements thereof that are free from material misstatement, whether due to fraud or error.

<Auditor's responsibility>

Our responsibility is to express a conclusion on the quarterly financial statements from an independent standpoint based on our quarterly review. We conducted our quarterly review in accordance with the quarterly review standards generally accepted in Japan

A quarterly review consists of principally of making inquiries to the management and the persons responsible for financial and accounting matters, etc., applying analytical procedures and conducting other quarterly review procedures. The quarterly review procedures are less exhaustive than the procedures for annual financial statement audits conducted in accordance with the audit standards generally accepted in Japan.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

<Auditor's conclusion>

In our quarterly review, no matter has come to our attention that causes us to believe that the above quarterly financial statements do not fairly present, in any material respect, the financial condition of Oracle Corporation Japan as of November 30, 2018 and the results of its operations in the cumulative second quarter ended November 30, 2018 in accordance with the standards for preparation of quarterly financial statements generally accepted in Japan.

<Interest >

There exists no special interest between the Company and this audit corporation or its engagement partners which is required to be stated pursuant to the provisions of the Certified Public Accountants Act.

- * 1. The above is a digital version of the original of the audit report, and the original is kept separately by the company.
- 2. XBRL data is unaudited.
- 3. The original review report is in Japanese. This English translation is for readers' convenience and reading this translation is not a substitute for reading the original audit report in Japanese.

(Translation purposes only)

【Title page】

【Submitted document】	Certification
【Text used as grounds for document】	Article 24-4-8 paragraph1 of the Financial Instruments and Exchange Act
【For submission to】	Kanto Finance Bureau
【Date of submission】	January 11, 2019
【Company name】	ORACLE CORPORATION JAPAN
【Company name in English】	ORACLE CORPORATION JAPAN
【Name and title of representative】	Tadahiro Kaneko, Representative Executive Officer, Chief Legal Officer
【Name of Chief Financial Officer】	Krishna Sivaraman, Executive Officer, Chief Financial Officer
【Current location of head office】	2-5-8 Kita-Aoyama, Minato-ku, Tokyo
【Location subjected to inspection】	Tokyo Stock Exchange, Inc. (2-1 Kabuto-cho, Nihombashi, Chuo-ku, Tokyo)

(Translation purposes only)

1 **【Regarding the adequacy of the Securities Report】**

Tadahiro Kaneko, Representative executive officer, Chief Legal Officer and S. Krishna Kumar, Executive Officer, CFO of the company, confirmed the adequacy of the 34th 2nd Quarterly Securities Report based on Financial Instruments and Exchange Act (for the period from September 1, 2018 to November 30, 2018)

2 **【Special mention】**

Upon confirmation, there are no items needing of special mention.