



Flash Report for the 1st Quarter of Fiscal Year Ending May 31, 2006 (Non-consolidated)

September 28, 2005

Company Name Oracle Corporation Japan (Ticker: 4716 TSE 1st Section)
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1. Important notice for the flash report

- (1) Adopted the simplified accounting method : Yes
 Tax expense is calculated by estimate tax effective rate.
 (2) Difference in accounting policies from previous fiscal year : No

2. Financial results for this term (from June 1, 2005 to August 31, 2005)

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

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1 st Quarter, May 2006	18,834	8.1	5,965	28.7	6,003	29.7	3,536	31.4
1 st Quarter, May 2005	17,428	-6.0	4,636	-13.9	4,628	-14.0	2,691	-14.7
(Reference) May 2005	83,209		28,708		28,797		16,989	

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 st Quarter, May 2006	27.85		27.84	
1 st Quarter, May 2005	21.20		21.18	
(Reference) May 2005	133.51		133.40	

(Note) Percentage indicates changes from the previous term.

[Qualitative information for the business results]

In the period under review, revenue has been in line with the forecast announced on June 30, 2005. The company achieved revenue at 18,834 million yen (up 1,405 million yen or 8.1%, from the corresponding period of previous fiscal year), as Support Services and Consulting Services showed steady growth, additionally, sales in Education Services were more than those of the corresponding period of previous fiscal year.

In terms of margin, because of the increase in Support Services revenue that is high-margin, and the increased profitability in Consulting Services due to the company's corporate restructuring, ordinary income was 6,003 million yen (up 1,374 million yen, 29.7% from the corresponding period of previous fiscal year) and net income was 3,536 million yen (up 844 million yen, 31.4% from the corresponding period of previous fiscal year).

Regarding the revenue by the business segment, Software Products revenue was 7,652 million yen (down 112 million yen, 1.4% from the corresponding period of previous fiscal year). Business Application revenue down from the corresponding period of previous fiscal year, due to the decrease of large-scale projects while expected deals increase thanks to the reorganization of company structure in June 2005. Database Technology revenue remained almost unchanged backed by the steady demand for small and medium-sized systems, and the increase in middleware on which our Company put greater focus from this period. These have offset the decrease of large-scale projects

Service revenue was 11,181 million yen (up 1,518 million yen, 15.7 % from the corresponding period of previous fiscal year). Support Services achieved solid growth due to the maintenance of high contract rates, and sales in Consulting Services showed steady growth mainly with support of customer's implementation. Also, sales in Education Services up from the corresponding period of previous fiscal year backed by the reinforcement of sales structure from the previous period.

(2) Financial Position

	Total Assets	Shareholders' Equity	Ratio of shareholders' equity	Shareholders' equity per share	
	Million Yen	Million Yen	%	Yen	Sen
1 st Quarter, May 2006	97,460	70,842	72.7	557.86	
1 st Quarter, May 2005	98,827	70,754	71.6	557.32	
(Reference) May 2005	107,049	77,468	72.4	609.77	

[Cash Flows]

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash Equivalents at end of period
	Million Yen	Million Yen	Million Yen	Million Yen
1 st Quarter, May 2006	5,316	-603	-10,148	16,448
1 st Quarter, May 2005	1,468	-1,056	-11,447	16,534
(Reference) May 2005	16,006	-2,747	-18,945	21,883

[Qualitative information for the financial conditions]

Cash generated by operating activities was 5,316 million yen, a figure that primarily reflected pretax income for the term (6,004 million yen), the decrease in sales credits (5,195 million yen), and the increase in advances by customers (2,949 million yen), offsetting the payment of income taxes (5,939 million yen).

Cash spent on investing activities stood at 603 million, mainly involving the acquisition of marketable securities.

Cash spent on financing activities stood at 10,148 million yen, mainly on the payment of dividends.

As a result, cash and cash equivalents at the end of this 1st Quarter are 16,448 million yen (down 5,434 million yen from the end of May 2005).

3. Forecast for the May 2006 term (from June 1, 2005 to May 31, 2006)

	Revenue	Ordinary Income	Net Income	Dividends per share					
				Interim		Term End			
	Million Yen	Million Yen	Million Yen	Yen	Sen	Yen	Sen	Yen	Sen
Interim	40,600	12,750	7,450	60.00		-		-	
Entire Term	90,000	31,050	18,200	-		83.00		143.00	

(Reference) Estimated EPS for the term (entire term)

143Yen 33 Sen

[Qualitative information for the forecast]

The results of this 1st Quarter were almost as expected.

Under such conditions, there's no change of the forecast announced on June 30, 2005.

Caution: Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons.

[Attachment]

1. (Summary) Balance Sheet

(Unit: million yer)

Term Item	Previous term end (as of August 31, 2004)		Current term end (as of August 31, 2005)		Change	May 2005 (Summary) (as of May 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
(Assets)		%		%			%
Current assets							
1. Cash and deposits	16,534		14,448		-2,086	19,383	
2. Notes receivable	2		3		0	5	
3. Accounts receivable	8,536		9,662		1,125	14,855	
4. Marketable securities	66,032		64,993		-1,038	64,994	
5. Inventories	7		4		-2	7	
6. Deferred tax assets	1,519		1,608		88	1,608	
7. Others	719		1,660		940	1,118	
8. Allowance for doubtful accounts	-2		-3		-0	-4	
Total current assets	93,349	94.5	92,376	94.8	-972	101,968	95.3
Fixed assets							
1. Property and equipment							
(1) Buildings and accessory equipment	454		454		-0	465	
(2) Furniture and fixtures	737		633		-104	629	
Total property and equipment	1,192	1.2	1,087	1.1	-104	1,095	1.0
2. Intangible fixed assets	45	0.0	18	0.0	-26	17	0.0
3. Investments and other assets							
(1) Investments in securities	912		802		-109	793	
(2) Shares in affiliated companies	33		33		-	33	
(3) Deferred tax assets	554		433		-120	436	
(4) Guarantee money deposits	2,703		2,665		-37	2,672	
(5) Others	67		50		-16	56	
(6) Allowance for doubtful accounts	-30		-8		21	-24	
Total investments and other assets	4,240	4.3	3,977	4.1	-262	3,968	3.7
Total fixed assets	5,477	5.5	5,083	5.2	-394	5,081	4.7
Total assets	98,827	100.0	97,460	100.0	-1,366	107,049	100.0
(Liabilities)							
Current liabilities							
1. Accounts payable	5,617		6,188		570	8,550	
2. Accrued amount payable	7,276		3,244		-4,032	2,696	
3. Accrued expenses	703		-		-703	-	
4. Accrued income taxes	1,987		2,507		519	6,208	
5. Accrued consumption tax	594		765		170	647	
6. Advances by customers	11,310		13,149		1,838	10,199	
7. Allowance for bonus payable	306		340		33	1,203	
8. Others	275		423		147	73	
Total current liabilities	28,073	28.4	26,617	27.3	-1,455	29,580	27.6
Total liabilities	28,073	28.4	26,617	27.3	-1,455	29,580	27.6
(Shareholders' equity)							
Capital stock	22,131	22.4	22,131	22.7	-	22,131	20.7
Capital surplus							
1. Capital reserve	33,569		33,569		-	33,569	
2. Other capital surplus	2		-		-2	-	
Total capital surplus	33,571	34.0	33,569	34.4	-2	33,569	31.4
Retained earnings							
1. Legal reserve of retained earnings	3,212		3,212		-	3,212	
2. Voluntary reserves	94		64		-29	94	
3. Unappropriated retained earnings at the end of the term	17,117		17,142		25	23,778	
Total retained earnings	20,424	20.6	20,420	21.0	-4	27,085	25.3
Unrealized gain on other securities, net of taxes	246	0.3	181	0.2	-64	176	0.1
Treasury stock	-5,619	-5.7	-5,459	-5.6	159	-5,493	-5.1
Total shareholders' equity	70,754	71.6	70,842	72.7	88	77,468	72.4
Total liabilities and shareholders' equity	98,827	100.0	97,460	100.0	-1,366	107,049	100.0

2. (Summary) Statement of Income

(Unit: million yen)

Term Item	Previous Term (From June 1, 2004 to August 31, 2004)		Current Term (From June 1, 2005 to August 31, 2005)		Change Amount	May 2005(Summary) (From June 1, 2004 to May 31, 2005)	
	Amount	Ratio %	Amount	Ratio %		Amount	Ratio %
Revenues	17,428	100.0	18,834	100.0	1,405	83,209	100.0
Cost of sales	7,603	43.6	7,610	40.4	7	33,534	40.3
Gross Profit	9,824	56.4	11,223	59.6	1,398	49,675	59.7
Selling general and administrative expenses	5,188	29.8	5,257	27.9	69	20,966	25.2
Operating income	4,636	26.6	5,965	31.7	1,329	28,708	34.5
Non-operating income	13	0.1	40	0.2	27	126	0.1
Non-Operating Loss	21	0.1	2	0.0	-18	37	0.0
Ordinary Income	4,628	26.6	6,003	31.9	1,374	28,797	34.6
Extraordinary Income	45	0.2	0	0.0	-44	43	0.0
Extraordinary Loss	20	0.1	-	-	-20	34	0.0
Net Income before Tax	4,653	26.7	6,004	31.9	1,350	28,806	34.6
Income taxes	1,961	11.3	2,468	13.1	506	11,817	14.2
Net Income	2,691	15.4	3,536	18.8	844	16,989	20.4

3.Revenue breakdown by business segment

Business Segment	1st Quarter,May 2005		1st Quarter,May 2006			May 2005	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database Technology	7,532	43.2	7,492	39.8	-0.5	37,908	45.6
Business Applications	231	1.3	159	0.8	-31.4	2,617	3.1
Software Products	7,764	44.5	7,652	40.6	-1.4	40,525	48.7
Support services	8,212	47.1	9,338	49.6	13.7	35,749	43.0
Education services	519	3.0	520	2.8	0.2	2,021	2.4
Consulting services	932	5.4	1,323	7.0	41.9	4,912	5.9
Service Business	9,663	55.5	11,181	59.4	15.7	42,683	51.3
Total	17,428	100.0	18,834	100.0	8.1	83,209	100.0

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

<Reference>

In accordance with the disclosure of U.S Oracle Corporation, the following table presents our revenue classified into two categories: software related and service related, after support service revenue is classified as updates & product support and advanced support.

Item	1st Quarter,May 2005		1st Quarter,May 2006			May 2005	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database Technology	7,532	43.2	7,492	39.8	-0.5	37,908	45.6
Business Applications	231	1.3	159	0.8	-31.4	2,617	3.1
Updates & Product Support	8,031	46.1	9,133	48.5	13.7	35,019	42.1
Software related sub total	15,796	90.6	16,785	89.1	6.3	75,544	90.8
Advanced Support	180	1.0	204	1.1	13.7	730	0.9
Education services	519	3.0	520	2.8	0.2	2,021	2.4
Consulting services	932	5.4	1,323	7.0	41.9	4,912	5.9
Service related sub total	1,632	9.4	2,048	10.9	25.5	7,664	9.2
Total	17,428	100.0	18,834	100.0	8.1	83,209	100.0

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