



Flash Report for the 3rd Quarter of Fiscal Year Ending May 31, 2006 (Non-consolidated)

March 23, 2006

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 : Yes
 Bonus payable for company executives is recorded as expense from this fiscal year.

2. Financial results for this term (from June 1, 2005 to February 28, 2006)

(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	%
3 rd Quarter, May 2006	63,489	10.1	21,112	15.8	21,186	15.9	12,409	14.9
3 rd Quarter, May 2005	57,670	-1.7	18,237	0.5	18,287	0.6	10,796	1.3
(Reference) May 2005	83,209		28,708		28,797		16,989	

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
3 rd Quarter, May 2006		97.72		97.66
3 rd Quarter, May 2005		85.03		84.96
(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, the results were almost in line with the forecast announced on June 30, 2005. The company achieved revenue at 63,489 million yen (up 5,818 million yen or 10.1%, from the corresponding period of previous fiscal year), as Software Product and Updates & Product Support showed steady growth. In terms of margin, because of the increase in Updates & Product Support revenue that is high-margin, and the maintenance of margin percentage higher than the plan in Consulting Services with increased profitability, ordinary income was 21,186 million yen (up 2,899 million yen, 15.9% from the corresponding period of previous fiscal year) and net income was 12,409 million yen (up 1,613 million yen, 14.9% from the corresponding period of previous fiscal year). Regarding the revenue by the business segment, in Software related department, Database Technology showed steady growth especially for small and medium-sized systems, and the products of "Oracle Fusion Middleware" on which our Company put greater focus from this period are in good demand, additionally the large-scale deals acquisition continues. Business Application revenue increased a lot from the corresponding period of previous fiscal year due to the buildup of solution recommendation skills to the large-scale customer, and the expansion of customer coverage by the cooperation with partner companies. Especially, during the recent 3 months, from Dec. 2005 to Feb. 2006, software product grew faster than the first half of the fiscal year, with 14.5% growth from the corresponding period of previous fiscal year. Updates & Product Support showed steady growth due to the increase of Software Products license revenue and the maintenance of high percentage of support contracts. As a result, Software Products revenue was 57,071 million yen (up 5,028 million yen, 9.7% from the corresponding period of previous fiscal year). In Service department, outsourcing service named 'Oracle On Demand' showed the high growth continuously in Advanced Support, and Consulting Service showed steady growth mainly in technical support for customer's mission critical task and in implementation service of standard business model of Business Application products. Education Service fell short of the corresponding period of previous fiscal year, but for the technical training course of Database Technology that is main service, revenue increased. As a result, Service revenue was 6,417 million yen (up 790 million yen, 14.1 % from the corresponding period of previous fiscal year).

	Total Assets	Shareholders' Equity	Ratio of shareholders' equity	Shareholders' equity per share	
	Million Yen	Million Yen	%	Yen	Sen
3 rd Quarter, May 2006	97,812	72,160	73.8	568.15	
3 rd Quarter, May 2005	90,672	71,290	78.6	561.42	
(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
3 rd Quarter, May 2006	13,766	-4,748	-17,703	13,198
3 rd Quarter, May 2005	4,741	-194	-18,963	13,153
(Reference) May 2005	16,006	-2,747	-18,945	21,883

[Qualitative information for the financial conditions]

Cash generated by operating activities was 13,766 million yen, a figure that primarily reflected pretax income for the term (21,108 million yen), the decrease in sales credits (4,803 million yen), offsetting the payment of income taxes (11,798 million yen).

Cash spent on investing activities stood at 4,748 million, mainly involving the payment of deposit for the head office building.

Cash spent on financing activities stood at 17,703 million yen, mainly on the payment of dividends.

As a result, cash and cash equivalents at the end of this 3rd Quarter are 13,198 million yen (up 44 million yen from the end of Feb 2005, up 8,685 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		Yen Sen
	Million Yen	Million Yen	Million Yen	Yen	Sen	Yen	Sen	
Entire Term	90,000	31,050	18,200	60.00		83.00		143.00

(Reference) Estimated EPS for the term (entire term) 143Yen 33 Sen

[Qualitative information for the forecast]

The results of this 3rd 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 yen)

Term Item	Previous term end (as of February 28, 2005)		Current term end (as of February 28, 2006)		Change	May 2005 (Summary) (as of May 31, 2005)	
	Amount	Ratio	Amount	Ratio	Amount	Amount	Ratio
(Assets)		%		%			%
Current assets							
1. Cash and deposits	8,153		11,198		3,044	19,383	
2. Notes receivable	5		2		-3	5	
3. Accounts receivable	10,316		10,055		-260	14,855	
4. Marketable securities	64,993		64,962		-31	64,994	
5. Inventories	8		4		-3	7	
6. Deferred tax assets	1,388		1,526		137	1,608	
7. Others	633		1,171		538	1,118	
8. Allowance for doubtful accounts	-5		-0		4	-4	
Total current assets	85,494	94.3	88,920	90.9	3,426	101,968	95.3
Fixed assets							
1. Property and equipment							
(1) Buildings and accessory equipment	464		429		-34	465	
(2) Furniture and fixtures	655		602		-52	629	
(3) Construction in progress	-		4,000		4,000	-	
Total property and equipment	1,119	1.2	5,032	5.1	3,912	1,095	1.0
2. Intangible fixed assets	13	0.0	15	0.0	1	17	0.0
3. Investments and other assets							
(1) Investments in securities	830		723		-106	793	
(2) Shares in affiliated companies	33		33		-	33	
(3) Deferred tax assets	474		390		-83	436	
(4) Guarantee money deposits	2,674		2,655		-19	2,672	
(5) Others	57		50		-6	56	
(6) Allowance for doubtful accounts	-25		-9		16	-24	
Total investments and other assets	4,045	4.5	3,844	4.0	-200	3,968	3.7
Total fixed assets	5,178	5.7	8,892	9.1	3,713	5,081	4.7
Total assets	90,672	100.0	97,812	100.0	7,140	107,049	100.0
(Liabilities)							
Current liabilities							
1. Accounts payable	6,305		7,098		793	8,550	
2. Accrued amount payable	2,135		2,969		834	2,696	
3. Accrued income taxes	1,648		2,758		1,110	6,208	
4. Accrued consumption tax	357		546		189	647	
5. Advances by customers	7,736		10,696		2,959	10,199	
6. Allowance for bonus payable	616		723		107	1,203	
7. Allowance for bonus payable to company executives	-		72		72	-	
8. Others	583		786		203	73	
Total current liabilities	19,382	21.4	25,652	26.2	6,270	29,580	27.6
Total liabilities	19,382	21.4	25,652	26.2	6,270	29,580	27.6
(Shareholders' equity)							
Capital stock	22,131	24.4	22,131	22.6	-	22,131	20.7
Capital surplus							
Capital reserve	33,569		33,569		-	33,569	
Total capital surplus	33,569	37.0	33,569	34.3	-	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	17,587		18,382		795	23,778	
Total retained earnings	20,894	23.0	21,660	22.2	765	27,085	25.3
Unrealized gain on other securities, net of taxes	198	0.2	181	0.2	-16	176	0.1
Treasury stock	-5,503	-6.0	-5,382	-5.5	120	-5,493	-5.1
Total shareholders' equity	71,290	78.6	72,160	73.8	869	77,468	72.4
Total liabilities and shareholders' equity	90,672	100.0	97,812	100.0	7,140	107,049	100.0

2. (Summary) Statement of Income

(Unit: million yen)

Term Item	Previous Term (From June 1, 2004 to February 28, 2005)		Current Term (From June 1, 2005 to February 28, 2006)		Change Amount	May 2005(Summary) (From June 1, 2004 to May 31, 2005)	
	Amount	Ratio %	Amount	Ratio %		Amount	Ratio %
Revenues	57,670	100.0	63,489	100.0	5,818	83,209	100.0
Cost of sales	23,640	41.0	25,862	40.7	2,222	33,534	40.3
Gross Profit	34,030	59.0	37,627	59.3	3,596	49,675	59.7
Selling general and administrative expenses	15,793	27.4	16,514	26.0	721	20,966	25.2
Operating income	18,237	31.6	21,112	33.3	2,875	28,708	34.5
Non-operating income	85	0.1	85	0.2	-0	126	0.1
Non-Operating Loss	35	0.0	11	0.1	-24	37	0.0
Ordinary Income	18,287	31.7	21,186	33.4	2,899	28,797	34.6
Extraordinary Income	42	0.0	0	0.0	-42	43	0.0
Extraordinary Loss	34	0.0	78	0.2	44	34	0.0
Net Income before Tax	18,295	31.7	21,108	33.2	2,812	28,806	34.6
Income taxes	7,499	13.0	8,698	13.7	1,199	11,817	14.2
Net Income	10,796	18.7	12,409	19.5	1,613	16,989	20.4

3.Revenue breakdown by business segment

Item	February 2005		February 2006			May 2005	
	Amount	Composition	Amount	Composition	Variance	Amount	Composition
	Million Yen	%	Million Yen	%	%	Million Yen	%
Database Technology	25,497	44.2	27,031	42.6	6.0	37,908	45.6
Business Applications	1,181	2.0	1,754	2.8	48.5	2,617	3.1
Software Product	26,678	46.3	28,786	45.3	7.9	40,525	48.7
Updates & Product Support	25,364	44.0	28,285	44.6	11.5	35,019	42.1
Software related sub total	52,043	90.2	57,071	89.9	9.7	75,544	90.8
Advanced Support	538	0.9	824	1.3	53.0	730	0.9
Education services	1,519	2.6	1,456	2.3	-4.2	2,021	2.4
Consulting services	3,569	6.2	4,137	6.5	15.9	4,912	5.9
Service sub total	5,627	9.8	6,417	10.1	14.1	7,664	9.2
Total	57,670	100.0	63,489	100.0	10.1	83,209	100.0

1. In accordance with the disclosure of U.S Oracle Corporation, the 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 from the 1st Half of Fiscal Year Ending May 31, 2006 as the significance of updates & product support revenue has increased.

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