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## Flash Report for the 3<sup>rd</sup> Quarter of Fiscal Year Ending May 31, 2009 (Non-consolidated)

March 26, 2009

Company Name Oracle Corporation Japan

Listed Stock Exchange: TSE 1<sup>st</sup> Section

Ticker: 4716

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Quarterly Report Filing Date (as planned): April 13, 2009

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

1. Financial results for this term (from June 1, 2008 to February 28, 2009)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3 <sup>rd</sup> Quarter, May 2009	85,562	-	28,012	-	28,137	-	16,387	-
3 <sup>rd</sup> Quarter, May 2008	82,601	16.9	26,905	8.3	27,265	8.7	15,961	4.5

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
3 <sup>rd</sup> Quarter, May 2009	128	95	128	93
3 <sup>rd</sup> Quarter, May 2008	125	63	125	57

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net assets per share	
	Million Yen	Million Yen	%	Yen	Sen
3 <sup>rd</sup> Quarter, May 2009	108,105	77,669	71.5	608	06
May 2008	119,042	83,153	69.7	652	44

Shareholders' equity 3<sup>rd</sup> Quarter, May 2009: 77,276 Million Yen (FY2008: 82,915 million yen)

2. Dividends

	Dividend per share									
	1 <sup>st</sup> Quarter end		2 <sup>nd</sup> Quarter end		3 <sup>rd</sup> Quarter end		Fiscal Year end		Total	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY ended May 2008	-		70	00	-		103	00	173	00
FY ending May 2009	-		70	00					173	00
FY ending May 2009(Forecast)			-		-		103	00		

Note: Revision of outlook for dividends in the 3<sup>rd</sup> quarter: No

3. Forecast for the May 2009 term (from June 1, 2008 to May 31, 2009)

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income		Net income per share	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%	Yen	Sen
Entire term	121,000	6.0	39,200	1.2	39,400	0.7	23,100	0.2	181	76

Note: Revision of forecast for FY ending May 2009 in the 3<sup>rd</sup> quarter: No

#### 4. Other information

(1) Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements: Yes

(Note) Please refer to “4.Others” in Qualitative information for Financial Statements, on page 6.

(2) Changes in accounting principles, procedures and presentation methods for quarterly financial statements

(Changes in key accounting standards for quarterly financial reporting)

① Changes resulting from revisions to accounting standards: Yes

② Other changes: Yes

(Note) Please refer to “4.Others” in Qualitative information for Financial Statements, on page 6.

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

① The number of shares outstanding (inclusive of treasury stock)	3 <sup>rd</sup> Quarter, May 2009 May 2008	127,091,571 shares 127,087,571 shares
② The number of treasury stock	3 <sup>rd</sup> Quarter, May 2009 May 2008	3,542 shares 2,843 shares
③ The number of average shares outstanding (cumulative, non-consolidated, at end of second quarter)	3 <sup>rd</sup> Quarter, May 2009 of 3 <sup>rd</sup> Quarter, May 2008	127,087,382 shares 127,057,859 shares

Caution: From the fiscal year under review, The Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement) No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with the “Quarterly Non-Consolidated Financial Statement Regulations.”

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 “4.Others” in Qualitative information for Financial Statements, on page 5

[Qualitative Information, Financial Statements, etc.]

Year-on-year changes and the ratios of these changes are presented in “1. Qualitative Information on Business Outcomes” and “2. Qualitative Information on the Financial Situation” as reference data because the current fiscal year is the first year of the quarterly reporting system for Oracle Corporation Japan (hereinafter “the Company”).

## 1. Qualitative Information on Business Outcomes

During the first three quarters under review (from June 1, 2008 to February 28, 2009; hereinafter “the third quarter”), the downturn in the Japanese economy became more pronounced, with surging prices of crude oil and raw materials and a sharp slowdown in the U.S. economy triggered by the financial crisis becoming worldwide phenomena in the first half and second half respectively. Corporate earnings declined and employment conditions rapidly worsened as foreign demand slowed.

In this environment, the Company supplied products and services that helped customers grow and address business problems, as a software vendor with the ability to offer databases as infrastructure. It also offered Fusion Middleware products that link different information systems, and business applications that have the necessary functions for corporate activities.

In September 2008, the Company completed the consolidation of previously dispersed business bases at its new headquarters, the Oracle Aoyama Center, focused on raising management efficiency, and took steps to reduce costs. In October 2008, the Company embarked on reforms in conjunction with company-wide organizational changes to set up cooperation with sales partners, develop markets in growing fields, establish a sales organization from a customers’ viewpoint, and bolster product operations. As part of its reforms, the Company conducted fundamental reviews of its sales structure and reallocated human resources. Based on these initiatives, the Company identified and examined present issues and clarified an order of priority. Under each supervisor, staff executed action plans, pursued initiatives and monitored progress.

### (1) Revenue

Non-consolidated revenue grew by 2,961 million yen, or 3.6% from the third quarter of the previous fiscal year, to reach 85,562 million yen. The results of individual business segments are as follows:

#### [Software-Related Segment]

Revenue in the Software-Related Segment was 72,634 million yen, up 2,194 million yen or 3.1% year on year thanks to the solid growth of Update and Products Support. The Software-Related Segment consists of the following two divisions: (i) Software Products and (ii) Updates & Product Support..

##### (i) Software Products

Revenue in the Software Products division, which sells new software licenses, was 28,961 million, down 4,099 million yen, or 12.4% year on year. The positions of its two sub-divisions, Databases & Middleware and Business Applications, are as follows:

##### (A) Databases & Middleware

Revenue in the sub-division stood at 24,788 million yen (down 4,298 million yen or 14.8%).

In this sub-division, where new license sales for database management software and middleware form the core operations, revenue from middleware, especially acquired products, including EPM and business intelligence (BI) products and application servers, that enable flexible financial policy and business administration increased significantly. Demand for solutions that provide customers with tangible benefits such as cost savings, visualization, streamlining and ROI were firm.

##### (B) Business Applications

Revenue in the sub-division amounted to 4,173 million yen (up 198 million yen or 5.0% year on year).

In this sub-division, the Company developed a lineup of products that offer solutions for ERP, CRM, EPM, PLM and industry vertical solutions, and built an organization capable of offering a range of solutions that support growth. The Company received orders from customers for ERP, PLM, and CRM projects, to help streamline operations, reduce costs, improve operating efficiency and bolster activities. The Company was also able to highlight cost cutting through the use of packaged software. As a result of these activities, the performance of the sub-division was solid.

- \*ERP: Enterprise resource planning
- \*CRM: Customer relationship management
- \*EPM: Enterprise performance management
- \*PLM: Product lifecycle management

(ii) Updates & Product Support

Revenue in the Updates & Product Support division amounted to 43,672 million yen (up 6,294 million yen or 16.8% year on year).

In this division, which offers update rights and technical support to customers, the Company responded to customer demand for consistently stable operation of existing business systems, and maintained high contract and renewal rates in difficult economic conditions. Revenue in the division remained strong, thanks also to the additional provision of update rights and technical support for products acquired during the third quarter.

**[Service-Related Segment]**

Revenue in the Service-Related Segment was 12,927 million yen (up 766 million yen or 6.3% year on year). The Service-Related Segment consists of the following three divisions: (i) Advanced Support, (ii) Education Services and (iii) Consulting Services.

(i) Advanced Support

Project numbers rose steadily for both Oracle On Demand, which maintains and operates customer information systems, and Advanced Customer Services, which provides advanced and preventive support geared to the environment of each customer. This reflected the high marks they earned from customers for enabling them to achieve stable operation of their systems, reduce the load on operations, and enjoy high cost efficiency. As a result, revenue in the division rose significantly, to 2,132 million yen (up 684 million yen or 47.3% year on year).

(ii) Education Services

Sales relating to Oracle Master and the number of engineers that acquired qualifications were solid, reflecting strong interest among engineers seeking to hone their skills and advance their careers in the present harsh economic environment. The order from enterprise customers shows sign of slowing because of the dismal business confidence of the customers, however, the Company continued to provide new training programs for acquired products and met strong customer demand for training engineers. It also stepped up services for product users.

As a result, revenue in the division came to 1,936 million yen (up 83 million yen or 4.5% year on year).

(iii) Consulting Services

Revenue in the Consulting Services division was almost on a par with the year-ago level, reflecting the end of operations for supporting the introduction of large-scale business application projects and review of the IT investments by customers due to the deteriorating economic environment.

Revenue in the division amounted to 8,859 million yen (down 1 million yen or 0.0% year on year).

(2) Operating Income

Non-consolidated operating income was 28,012 million yen (up 1,106 million yen or 4.1% year on year).

A royalty that accompanied revenue growth, especially for acquired products and human resources expenses attributable to a greater number of employees being transferred from Oracle Information Systems(OIS) increased. The rent of the office building decreased by moving to the new head office, and cut back of outsourcing and advertising expenses have been applied. As a result, the operating income margin raise slightly to 32.7% by inhibit the cost of goods sold and selling and general administrative expenses compared with the growth of revenue..

(3) Ordinary Income

Non-consolidated ordinary income came to 28,137 million yen (up 872 million yen or 3.2% year on year). Interest on securities 118 million yen was recorded as non-operating income and growth of operating income.

(4) Net Income

Non-consolidated net income was 16,387 million yen (up 425 million yen or 2.7%).

The Company recorded a reversal of provision for moving of head office (196 million yen) to restore its premises to their original state, which accompanied the transfer of its head office, as extraordinary income,

and posted a loss on the retirement of fixed assets at former rental office buildings (497 million yen) as an extraordinary loss.

## **2. Qualitative Information on the Financial Situation**

The total assets of the Company at the end of the third quarter of the current fiscal year stood at 108,105 million yen, down 10,936 million yen from the end of the fiscal year ended May 31, 2008. Net assets came to 77,669 million yen, a fall of 5,484 million yen from the end of the previous fiscal year.

The state of cash flows is as follows:

Cash generated from operating activities was 15,832 million yen. The inflow reflects factors such as pre-tax net income of 27,836 million yen, a 3,042 million yen decrease in sales credits, a 2,171 million yen increase in accounts payable and income taxes payment of 16,056 million yen.

Cash used for investment activities was 18,595 million yen. The outflow is primarily attributable to the use of the redemption and sale of marketable securities for the acquisition of the land and building for new headquarter of 28,070 million yen, and for a short-term loan of 25,515 million yen to Oracle USA, Inc., a subsidiary of Oracle Corporation, the parent of the Company.

Cash used for financial activities was 21,984 million yen, principally reflecting the payment of dividends.

As a result of the changes described above, cash and cash equivalents at the end of the third quarter came to 7,194 million yen, down 24,747 million yen from the end of the previous fiscal year.

## **3. Qualitative Information on Forecasts**

Looking to future prospects, it is anticipated that companies will exercise more stringent control over their capital investments in a bid to stem declines in earnings, given the continued slowdown of the economy. In consideration of this likely scenario, on December 24, 2008 the Company announced its revised forecasts for the fiscal year ending May 31, 2009. This flash report presents the forecasts after the revisions.

The Company aims to expand its businesses and improve its earnings capabilities. It will do this by working with its sales partners to aggressively promote products and services that will help customers quickly achieve the results they are seeking in the current economic environment, intensify relations with existing customers, and propose cost cutting through upgrades of old products and the integration of servers. It will also continue to cut costs and selling and administrative expenses.

[Remarks on forecasts]

The materials presented in this document, other than historical facts, such as forecasts, were prepared by Oracle Corporation Japan based on information available at the time of the announcement, in accordance with predetermined criteria. It is necessary to understand that actual performance may differ from the forecasts due to a variety of factors.

#### 4. Others

(1) Adoption of simplified accounting methods and accounting methods particular to the preparation of quarterly financial statements

\* Simplified accounting method

Not applicable

\* Accounting methods particular to the preparation of quarterly financial statements

The Company has adopted a method in which tax expenses are calculated by multiplying quarterly net income before tax by effective tax rates estimated in a reasonable way, after applying tax effect accounting to net income before tax for the fiscal year under review. Income taxes-deferred is stated including corporate tax.

(2) Changes in accounting principles and procedures and the presentation method, etc. associated with the preparation of quarterly financial statements

(i) From the fiscal year under review, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement) No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with the “Quarterly Non-Consolidated Financial Statement Regulations.”

(ii) Changes in accounting policies

Property and equipment (excluding computers and related equipment) were previously depreciated using the declining-balance method. From the fiscal year under review, the Company has adopted the straight-line method for this property and equipment. When the head office was transferred to a building recently acquired, the Company reviewed the depreciation method for existing property and equipment in light of its business conditions in which Updates & Product Support has posted stable revenue is increasing its proportion of revenues year by year. As a result, the Company elected to adopt the straight-line method, as the method most suitable to making a reasonable adjustment for periodic income. The impact of this change on results is limited.

(Additional information)

The Company has adopted the straight-line method for owned-building and related equipment that was acquired in this fiscal year under review.

(3) Revenue breakdown by business segments

Item	FY2008 3 <sup>rd</sup> Quarter		FY2009 3 <sup>rd</sup> Quarter			May 2008	
	Amount Million Yen	Composition %	Amount Million Yen	Composition %	Variance %	Amount Million Yen	Composition %
Database & Middleware	29,086	35.2	24,788	29.0	△14.8	40,753	35.7
Business Applications	3,974	4.8	4,173	4.9	5.0	6,421	5.6
Software Product	33,061	40.0	28,961	33.9	△12.4	47,174	41.3
Updates & Product Support	37,378	45.3	43,672	51.0	16.8	50,263	44.0
Software related sub total	70,440	85.3	72,634	84.9	3.1	97,438	85.4
Advanced Support	1,447	1.8	2,132	2.5	47.3	2,101	1.8
Education services	1,853	2.2	1,936	2.3	4.5	2,551	2.2
Consulting services	8,860	10.7	8,859	10.4	△0.0	12,021	10.5
Service sub total	12,160	14.7	12,927	15.1	6.3	16,674	14.6
Total	82,601	100.0	85,562	100.0	3.6	114,112	100.0

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

## 5. Financial Statements

## (1) Balance Sheet

(Unit : Million yen)

	Current term end (As of February 28, 2009)	May 2008 (Summary) (As of May 31, 2008)
<Assets>		
Current assets		
Cash and deposits	7,194	27,445
Trade notes and accounts receivable	13,684	16,726
Marketable securities	—	49,456
Merchandise	3	4
Short-term loans receivable	37,015	-
Others	3,188	3,706
Allowance for doubtful accounts	-5	-2
Total current assets	61,082	97,336
Fixed assets		
Property and equipment		
Building	16,729	392
Land	26,057	-
Others	1,888	17,558
Total property and equipment	44,675	17,951
Intangible fixed assets	67	7
Investments and other assets		
Others	2,293	3,762
Allowance for doubtful accounts	-12	-15
Total investments and other assets	2,280	3,747
Total fixed assets	47,023	21,706
Total assets	108,105	119,042
<Liabilities>		
Current liabilities		
Accounts payable	6,891	4,720
Accrued amount payable	2,989	2,942
Accrued income taxes	3,618	8,295
Advances by customers	15,399	16,051
Allowance for bonus payable	626	1,528
Other allowances	25	565
Others	794	1,785
Total current liabilities	30,344	35,888
Noncurrent liabilities		
Others	91	-
Total noncurrent liabilities	91	-
Total liabilities	30,436	35,888
<Net assets>		
Shareholders' equity		
Capital stock	22,290	22,282
Capital surplus	33,728	33,720
Earned surplus	21,294	26,892
Treasury stock	-17	-14
Total shareholders' equity	77,294	82,880
Difference of appreciation and conversion		
Unrealized gain on other securities, net of taxes	-18	34
Total difference of appreciation and conversion	-18	34
Stock acquisition right	393	238
Total net assets	77,669	83,153
Total liabilities and net assets	108,105	119,042

## (2) Statement of Income

	(Unit : Million yen)
	Current term (From June 1, 2008 to February 28, 2009)
Revenues	85,562
Cost of sales	37,412
Gross Profit	48,149
Selling, general and administrative expenses	20,137
Operating income	28,012
Non-operating income	
Interest income	22
Interest on securities	118
Others	43
Total Non-Operating Income	184
Non-Operating Loss	
Others	58
Total Non-Operating Loss	58
Ordinary Income	28,137
Extraordinary Income	
Reversal of provision for moving of head office	194
Gain on sale of stocks of affiliate company	1
Total Extraordinary Income	196
Extraordinary Loss	
Loss on disposition and sale of fixed assets	387
Loss on sale of invested securities	1
Loss on expenses for restructuring	108
Total Extraordinary Loss	497
Net Income before Taxes	27,836
Income taxes	11,449
Net Income	16,387

## (3) Statement of Cash Flows

Terms Items		(Unit : Million yen)
		Current Term (From June 1, 2008 to February 28, 2009)
		Amount
<b>I. Cash flows from operating activities</b>		
Net Income before Taxes		27,836
Depreciation		960
Stock compensation expenses		154
Increase/decrease of allowance for doubtful accounts (Decrease: -)		0
Increase/decrease of allowance for bonus payable (Decrease:-)		-902
Increase/decrease of other allowances (Decrease:-)		-345
Interest and dividends income		-152
Loss on sale of invested securities		1
Gain on sale of stocks of affiliate company		-1
Loss on disposition and sale of fixed assets		400
Reversal of provision for moving of head office		-194
Increase/decrease of sales credits (Increase : - )		3,042
Increase/decrease of inventory assets (Increase:-)		0
Increase/decrease of other current assets (Increase: - )		530
Increase/decrease of accounts payable (Decrease: - )		2,171
Increase/decrease of accrued amount payable (Decrease: - )		32
Increase/decrease of advances by customers (Decrease: - )		-652
Increase/decrease of other current liabilities (Decrease: - )		-1,080
Others		10
Sub Total		31,812
Interest and dividends received		76
Income taxes paid		-16,056
Net cash flows provided by operating activities		15,832
<b>II. Cash flows from investing activities</b>		
Payment for acquisition of marketable securities		-29,965
Proceeds from redemption of marketable securities		63,500
Payment for acquisition of property and equipment		-28,070
Payment for acquisition of intangible fixed assets		-48
Proceeds from sale of invested securities		3
Proceeds from sale of stocks of affiliate company		20
Payment for Short-term loans receivable		-25,515
Payment as guarantee money deposits		-913
Refunds of guarantee money deposits		2,303
Others		91
Net cash flows provided by (used in) investing activities		-18,595
<b>III. Cash flows from financing activities</b>		
Proceeds from issuing of new shares		15
Payment for acquisition of treasury stock		-4
Proceed from sale of treasury stock		1
Payment for dividends		-21,997
Net cash flows provided by (used in) financing activities		-21,984
IV. Net Increase/Decrease in cash and cash equivalents (Decrease: - )		-24,747
V. Cash and cash equivalents at the beginning of term		31,942
VI. Cash and cash equivalents at the end of term		7,194

From the fiscal year under review, the Company has adopted the “Accounting Standard for Quarterly Financial Reporting” (Accounting Standards Board of Japan (ASBJ) Statement) No. 12) and the “Implementation Guidance for the Accounting Standard for Quarterly Financial Reporting” (ASBJ Guidance No. 14). In addition, the quarterly financial statements have been prepared in accordance with the “Quarterly Non-Consolidated Financial Statement Regulations.”

(4) Notes to Going Concern

Not Applicable

(5) Notes to Significant Changes in Shareholders' Equity

Not Applicable

## Supplementary Information

## (Summary) Statement of Income

(Unit : Million yen)

Terms  Items	Previous term (From June 1, 2007 to February 29, 2008)	
	Amount	Ratio
		%
I Revenues	82,601	100.0
II Cost of sales	36,233	43.9
Gross Profit	46,367	56.1
III Selling, general and administrative expenses	19,462	23.5
Operating income	26,905	32.6
IV Non-operating income	369	0.4
V Non-Operating Loss	10	0.0
Ordinary Income	27,265	33.0
VI Extraordinary Income	—	—
VII Extraordinary Loss	—	—
Net Income before Taxes	27,265	33.0
Income taxes	11,303	13.7
Net Income	15,961	19.3