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Flash Report for the 1st Quarter of Fiscal Year Ending May 31, 2015

[under Japanese GAAP] (Non-consolidated)

September 19, 2014

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
 Ticker: 4716 URL <http://www.oracle.com/jp/corporate/investor-relations/financials/english-187822-ja.html>
 Contact & responsible personal Telephone: 03-6834-6666
 Representative personal Hiroshige Sugihara, President & CEO
 Contact & responsible personal Shigeru Nosaka, Executive Deputy President & CFO
 Quarterly Report Filing Date (as planned): October 14, 2014
 Schedule for dividends payment: -
 Preparation of supplementary materials on quarterly financial results: Yes
 Holding of quarterly financial results conference: Yes (for analysts and institutional investors)

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

1. Financial results for this term (from June 1, 2014 to August 31, 2014)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
1 st Quarter, May 2015	36,606	+2.0	10,262	+9.0	10,292	+10.1	6,643	+16.5
1 st Quarter, May 2014	35,877	-0.7	9,418	-3.9	9,351	-4.6	5,704	-4.5

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 st Quarter, May 2015	52	23	52	19
1 st Quarter, May 2014	44	88	44	86

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
1 st Quarter, May 2015	149,706	90,091	59.5
FY ended May 2014	154,002	94,401	60.6

Shareholders' equity 1st Quarter, May 2015: 89,140 Million Yen (FY2014: 93,387 Million Yen)

2. Dividends

	Dividend per share									
	1 st Quarter end		2 nd Quarter end		3 rd Quarter end		Fiscal Year end		Total	
	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen	Yen	Sen
FY ended May 2014	-		0	00	-		86	00	86	00
FY ending May 2015	-									
FY ending May 2015(Forecast)			0	00	-		91	00	91	00

(Note) Revision of outlook for dividends in the 1st quarter: No

3. Forecast for the May 2015 term (from June 1, 2014 to May 31, 2015)

(% 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	160,000	3.2	45,000	1.5	45,100	1.8	28,900	6.4	226	98

(Note) Revision of forecast for FY ending May 2015 in the 1st quarter: No

4. Other information

- (1) Adoption of specified accounting methods for the preparation of quarterly non-consolidated financial statements: Yes
- (2) Changes in accounting policies, procedures, presentation rules, etc
- | | | |
|--|------|------|
| (i) Changes in accounting policies due to revision of accounting standards : | None | None |
| (ii) Changes in accounting policies due to reasons other than (i): | None | None |
| (iii) Changes in accounting estimates : | None | None |
| (iv) Restatements : | None | None |
- (3) The number of shares outstanding (common stock)
- | | | |
|--|-----------------------------------|--------------------|
| (i) The number of shares outstanding (inclusive of treasury stock) | 1 st Quarter, May 2015 | 127,216,771 shares |
| | FY ended May 2014 | 127,202,871 shares |
| (ii) The number of treasury stock | 1 st Quarter, May 2015 | 7,375 shares |
| | FY ended May 2014 | 7,025 shares |
| (iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter) | 1 st Quarter, May 2015 | 127,202,191 shares |
| | 1 st Quarter, May 2014 | 127,092,810 shares |

Caution1:

These quarterly financial statements are outside the scope of quarterly review procedures under the Financial Instruments and Exchange Act. As at the time of disclosure of these quarterly financial statements, review procedures for the quarterly financial statements under the Financial Instruments and Exchange Act have not been completed.

Caution2:

Above forecast is based on the information available at a time of issuance of this report, and the actual result may change by various reasons. Please refer to Qualitative information for Forecasts, on page 4.

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1. Qualitative Information on Results in the Quarter under Review

(1) Qualitative Information on Business Outcomes

(i) Overview

During the first quarter under review (from June 1, 2014 to August 31, 2014, hereinafter “this quarter”), corporate earnings in Japan had improved by the Government’s economic and monetary policy despite the rise in consumption tax, and the customers’ willingness of IT investment had been also recovering not only in finance, retail or services industry but also in other industries such as manufacturing.

Under these circumstances, the Company posted revenue of 36,606 million yen (up 2.0 % year on year), operating income of 10,262 million yen (up 9.0 %), ordinary income of 10,292 million yen (up 10.1 %) and net income of 6,643million yen (up 16.5 %).

(ii) Results by Reported Segment

[New software licenses and cloud software subscriptions]

Revenue in the New software licenses and cloud software subscriptions segment was 8,769 million yen, down 2.3 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 8,203 million yen (fell 1.4 % year on year), and revenue in the Cloud software subscriptions was 566 million yen (fell 13.9 % year on year).

This segment consists of the New software licenses that sell new licenses for database management software, a range of middleware, and ERP and other business applications that are used for IT infrastructure of companies, etc. and Cloud software subscriptions that provide accesses to selected Oracle software applications and software platforms on a subscription basis through a cloud-based computing environment.

More and more companies are now trying to utilize IT to strengthen their competitiveness. The Company has been enhancing its sales capabilities to directly promote and sale its globally-standard software and related service to the customers.

In July 2014, the Company launched Oracle Database In-Memory which adopts cutting-edge In-Memory technology and improves database throughput dramatically. Customers can construct real-time analysis environment of tremendous amount of transaction data which is generated in SNS (Social Networking Service) or IOT (Internet of the Things).

In the Cloud software subscriptions area, in August 2014, the Company has launched Oracle Marketing Cloud which is a marketing platform to manage integrated customer data and maximizes marketing ROI by optimizing outbound messages to customers, and Oracle Planning and Budgeting Cloud Service, a SaaS version of Oracle Hyperion which has been on-premise basis, well-known enterprise performance management solution.

The company will continue to expand its products and service lines to increase the number of users by vigorously driving sales and marketing activities such as alliance with partners and so on.

[Updates & Product Support]

Revenue in the Software license updates & product support segment was 18,042 million yen, increasing 7.4% from the corresponding period of the previous fiscal year.

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

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

[Hardware Systems]

Revenue in the Hardware systems segment was 5,615 million yen, fell 5.0 % 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.

Revenue in the Hardware systems product division was 3,135 million yen (fell 10.3 % year on year). The number of big deals had declined from the corresponding period of the previous fiscal year, however, demand for Engineered systems has been so strong especially for the customers who require solid high performance machines, and the Company will continue to drive its sales and marketing efforts.

Revenue in the Hardware systems support division was 2,479 million yen (up 2.6 % year on year).

[Services]

Revenue in the Services segment was 4,178 million yen, fell 0.4 % 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 preventive maintenance service and comprehensive operation management service for customers' IT environments and Education services which provide training for engineers or users and also encompass technology qualification business.

Revenue from preventive maintenance services, especially services for Exadata, was strong.

<Revenue breakdown by business segments>

Item	FY2014 1 st Quarter		FY2015 1 st Quarter			May 2014	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	8,318	23.2	8,203	22.4	-1.4	42,874	27.7
Cloud software subscriptions	657	1.8	566	1.5	-13.9	2,591	1.7
New software licenses and Cloud software subscriptions	8,976	25.0	8,769	24.0	-2.3	45,466	29.3
Software license updates & product support	16,795	46.8	18,042	49.3	7.4	68,594	44.3
Software related	25,771	71.8	26,812	73.2	4.0	114,060	73.6
Hardware systems products	3,495	9.7	3,135	8.6	-10.3	13,724	8.9
Hardware systems support	2,416	6.7	2,479	6.8	2.6	9,808	6.3
Hardware systems	5,911	16.5	5,615	15.3	-5.0	23,532	15.2
Services	4,193	11.7	4,178	11.4	-0.4	17,378	11.2
Total	35,877	100.0	36,606	100.0	2.0	154,972	100.0

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

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 149,706 million yen (decreasing 4,295 million yen from the end of the previous year). Current assets were 108,737 million yen (decreasing 4,097 million yen).

Liabilities were 59,615 million yen (increasing 14 million yen). Net assets totaled 90,091 million yen (decreasing 4,309 million yen). As a result, the ratio of shareholders' equity was 59.5% (down 1.1 percentage points).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 26, 2014.

2. Summary information and related items

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

* Accounting methods particular to the preparation of quarterly financial statements

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

(2) Change in Accounting Policies, Changes Accounting Estimate, and Restatement

Not Applicable

3. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2014)	Current term end (as of August 31, 2014)
Assets		
Current assets		
Cash and deposits	41,536	92,906
Accounts receivable-trade	18,770	11,810
Merchandise and finished goods	0	—
Short-term loans receivable	48,500	—
Other	4,031	4,024
Allowance for doubtful accounts	-2	-2
Total current assets	112,835	108,737
Noncurrent assets		
Property, plant and equipment		
Buildings, net	13,065	12,879
Land	26,057	26,057
Other, net	1,288	1,276
Total property, plant and equipment	40,411	40,212
Intangible assets	10	9
Investments and other assets		
Other	750	750
Allowance for doubtful accounts	-4	-4
Total investments and other assets	745	746
Total noncurrent assets	41,167	40,968
Total assets	154,002	149,706
Liabilities		
Current liabilities		
Accounts payable-trade	8,963	7,484
Accounts payable-other	3,534	4,140
Income taxes payable	8,609	3,722
Advances received	34,118	39,858
Provision for bonuses	1,880	821
Other provision	246	209
Other	2,241	3,371
Total current liabilities	59,593	59,607
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	59,601	59,615
Net assets		
Shareholders' equity		
Capital stock	22,506	22,532
Capital surplus	5,857	5,882
Retained earnings	65,053	60,758
Treasury stock	-30	-32
Total shareholders' equity	93,387	89,140
Subscription rights to shares	1,013	950
Total net assets	94,401	90,091
Total liabilities and net assets	154,002	149,706

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2013 to August 31, 2013)	Current term (From June 1, 2014 to August 31, 2014)
Net sales	35,877	36,606
Cost of sales	18,856	19,103
Gross Profit	17,020	17,502
Selling, general and administrative expenses	7,601	7,240
Operating income	9,418	10,262
Non-operating income		
Interest income	19	15
Foreign exchange gains	—	12
Others	2	2
Total Non-Operating Income	22	30
Non-Operating expenses		
Others	89	0
Total Non-Operating expenses	89	0
Ordinary Income	9,351	10,292
Extraordinary Income		
Gain on reversal of subscription rights to shares	8	81
Total Extraordinary Income	8	81
Extraordinary Loss		
Loss on sales of investment securities	0	—
Business structure improvement expenses	99	—
Total Extraordinary Loss	99	—
Income before income taxes	9,260	10,374
Income taxes	3,556	3,731
Net Income	5,704	6,643

(3) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

(Notes to significant changes in the stockholders' equity): Not Applicable

(Segment Information)

I. Previous quarter under review (from June 1, 2013 to August 31, 2013)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and cloud software subscript ions	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	8,976	16,795	5,911	4,193	35,877	—	35,877
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	8,976	16,795	5,911	4,193	35,877	—	35,877
Operating income (loss)	488	8,754	292	943	10,479	-1,060	9,418

(Notes): 1. Segment profit adjustment of minus 1,060 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, 2014 to August 31, 2014)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments					Adjustment (Note) 1	Amount on Statement of Income (note) 2
	New software licenses and cloud software subscript ions	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	8,769	18,042	5,615	4,178	36,606	—	36,606
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	8,769	18,042	5,615	4,178	36,606	—	36,606
Operating income (loss)	760	9,672	276	648	11,358	-1,095	10,262

(Notes): 1. Segment profit adjustment of minus 1,095 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.