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Flash Report for the 2nd Quarter of Fiscal Year Ending May 31, 2015

[under Japanese GAAP] (Non-consolidated)

December 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>
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 Quarterly Report Filing Date (as planned): January 13, 2015
 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 November 30, 2014)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
2 nd Quarter, May 2015	78,157	7.6	22,682	16.5	22,827	17.5	14,708	23.5
2 nd Quarter, May 2014	72,653	-2.2	19,466	-6.9	19,434	-7.2	11,912	-7.5

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 nd Quarter, May 2015	115	63	115	56
2 nd Quarter, May 2014	93	73	93	68

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity
	Million Yen	Million Yen	%
2 nd Quarter, May 2015	160,158	98,183	60.7
FY ended May 2014	154,002	94,401	60.6

Shareholders' equity 2nd Quarter, May 2015: 97,213 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 2nd 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 2nd 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)	2 nd Quarter, May 2015	127,219,171 shares
	FY ended May 2014	127,202,871 shares
(ii) The number of treasury stock	2 nd Quarter, May 2015	7,555 shares
	FY ended May 2014	7,025 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	2 nd Quarter, May 2015	127,206,426 shares
	2 nd Quarter, May 2014	127,094,949 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 second quarter under review (from June 1, 2014 to November 30, 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 78,157 million yen (up 7.6 % year on year), operating income of 22,682 million yen (up 16.5 %), ordinary income of 22,827 million yen (up 17.5 %) and net income of 14,708 million yen (up 23.5 %).

(ii) Results by Reported Segment

[New software licenses and cloud software subscriptions]

Revenue in the New software licenses and cloud software subscriptions segment was 22,238 million yen, up 15.4 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 21,094 million yen (up 17.5 % year on year), and revenue in the Cloud software subscriptions was 1,143 million yen (fell 13.3 % 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 addition, the Company released Oracle Big Data SQL in September 2014. With the use of the industry’s standard language of SQL, it makes accessible all structured and non-structured data stored in Hadoop and NoSQL databases in order to further encourage the use of big data in the corporate sector.

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 broadened its array of high value-added products and services and vigorously pushed ahead with sales and marketing activities, including those in collaboration with partner companies. As a result, an increasing number of companies are adopting the Company’s products. The Company will continue its endeavors towards increasing its user base.

[Updates & Product Support]

Revenue in the Software license updates & product support segment was 36,298 million yen, increasing 7.8 % 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 10,811 million yen, fell 4.1 % 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 5,788 million yen (fell 10.3 % year on year). The demand for Engineered systems has been so strong especially for the customers who require solid high performance machines, in particular, Oracle Exadata Database Machine drives market growth as a market leader. In an effort to provide protection for customer data and the construction of a highly cost-effective data utilization environment, the Company will offer its new enriched products based on the latest backup, storage and other technologies. They include Zero Data Loss Recovery Appliance released in October 2014 for real-time data protection, and Oracle FS1 Flash Storage System based on a flash storage architecture released in November 2014.

Revenue in the Hardware systems support division was 5,022 million yen (up 4.0 % year on year).

[Services]

Revenue in the Services segment was 8,808 million yen, up 4.6 % 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 2 nd Quarter		FY2015 2 nd Quarter			May 2014	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	17,954	24.7	21,094	27.0	17.5	42,874	27.7
Cloud software subscriptions	1,319	1.8	1,143	1.5	-13.3	2,591	1.7
New software licenses and Cloud software subscriptions	19,273	26.5	22,238	28.5	15.4	45,466	29.3
Software license updates & product support	33,680	46.4	36,298	46.4	7.8	68,594	44.3
Software related	52,954	72.9	58,537	74.9	10.5	114,060	73.6
Hardware systems products	6,450	8.9	5,788	7.4	-10.3	13,724	8.9
Hardware systems support	4,827	6.6	5,022	6.4	4.0	9,808	6.3
Hardware systems	11,277	15.5	10,811	13.8	-4.1	23,532	15.2
Services	8,421	11.6	8,808	11.3	4.6	17,378	11.2
Total	72,653	100.0	78,157	100.0	7.6	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 160,158 million yen (increasing 6,155 million yen from the end of the previous year). Current assets were 119,364 million yen (increasing 6,529 million yen).

Liabilities were 61,974 million yen (increasing 2,373 million yen). Net assets totaled 98,183 million yen (increasing 3,782 million yen). As a result, the ratio of shareholders' equity was 60.7% (up 0.1 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 November 30, 2014)
Assets		
Current assets		
Cash and deposits	41,536	98,093
Accounts receivable-trade	18,770	16,513
Merchandise and finished goods	0	—
Short-term loans receivable	48,500	—
Other	4,031	4,760
Allowance for doubtful accounts	-2	-2
Total current assets	112,835	119,364
Noncurrent assets		
Property, plant and equipment		
Buildings, net	13,065	12,691
Land	26,057	26,057
Other, net	1,288	1,318
Total property, plant and equipment	40,411	40,067
Intangible assets	10	8
Investments and other assets		
Other	750	721
Allowance for doubtful accounts	-4	-4
Total investments and other assets	745	716
Total noncurrent assets	41,167	40,793
Total assets	154,002	160,158
Liabilities		
Current liabilities		
Accounts payable-trade	8,963	9,334
Accounts payable-other	3,534	5,086
Income taxes payable	8,609	8,302
Advances received	34,118	34,701
Provision for bonuses	1,880	1,371
Other Provision	246	227
Other	2,241	2,943
Total current liabilities	59,593	61,967
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	59,601	61,974
Net assets		
Shareholders' equity		
Capital stock	22,506	22,536
Capital surplus	5,857	5,886
Retained earnings	65,053	68,823
Treasury stock	-30	-33
Total shareholders' equity	93,387	97,213
Subscription rights to shares	1,013	969
Total net assets	94,401	98,183
Total liabilities and net assets	154,002	160,158

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2013 to November 30, 2013)	Current term (From June 1, 2014 to November 30, 2014)
Net sales	72,653	78,157
Cost of sales	37,805	40,389
Gross Profit	34,848	37,767
Selling, general and administrative expenses	15,381	15,085
Operating income	19,466	22,682
Non-operating income		
Interest income	32	24
Foreign exchange gains	—	93
Others	2	27
Total Non-Operating Income	35	145
Non-Operating expenses		
Others	66	0
Total Non-Operating expenses	66	0
Ordinary Income	19,434	22,827
Extraordinary Income		
Gain on reversal of subscription rights to shares	24	101
Total Extraordinary Income	24	101
Extraordinary Loss		
Loss on sales of investment securities	8	—
Business structure improvement expenses	126	—
Total Extraordinary Loss	135	—
Income before income taxes	19,323	22,929
Income taxes	7,411	8,220
Net Income	11,912	14,708

(3)Statement of Cash Flows

(Unit : Million yen)

Description	Period	Previous term (From June 1, 2013 to November 30, 2013)	Current term (From June 1, 2014 to November 30, 2014)
Net cash provided by (used in) operating activities			
Income before income taxes		19,323	22,929
Depreciation and amortization		668	584
Share-based compensation expenses		79	66
Increase (decrease) in allowance for doubtful accounts		-244	-508
Increase (decrease) in other provision		-8	-19
Interest and dividends income		-35	-26
Interest expenses		—	0
Loss (gain) on sales of investment securities		8	—
Loss (gain) on sales and retirement of noncurrent assets		38	0
Decrease (increase) in notes accounts receivable-trade		6,272	2,256
Decrease (increase) in inventories		-0	0
Decrease (increase) in other current assets		-124	-743
Increase (decrease) in notes and accounts payable-trade		-2,660	371
Increase (decrease) in accounts payable-other		-367	1,554
Increase (decrease) in advances received		-1,256	582
Increase (decrease) in other current liabilities		-27	714
Other, net		-6	-87
Sub-total		21,659	27,674
Interest and dividends income received		49	41
Interest expenses paid		—	-0
Income taxes paid		-8,985	-8,539
Net cash provided by (used in) operating activities		12,723	19,176
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment		-928	-199
Proceeds from sales of property, plant and equipment		0	—
Proceeds from sales of investment securities		110	—
Collection of loans receivable		42,200	48,500
Payments into time deposits		-60,000	-40,000
Proceeds from withdrawal of time deposits		6,000	—
Payments for guarantee deposits		-0	-5
Proceeds from collection of guarantee deposits		1,183	20
Payments for asset retirement obligations		-433	—
Net cash provided by (used in) investing activities		-11,867	8,315
Net cash provided by (used in) financing activities			
Proceeds from issuance of common stock		30	49
Purchase of treasury stock		-2	-2
Proceeds from sales of treasury stock		0	—
Cash dividends paid		-10,681	-10,982
Net cash provided by (used in) financing activities		-10,653	-10,934
Net Increase/(Decrease) in cash and cash equivalents		-9,796	16,556
Cash and cash equivalents at beginning of period		23,463	41,536
Cash and cash equivalents at end of period		13,666	58,093

(4) Notes to Financial Statements

(Notes to Going Concern): Not Applicable

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

(Segment Information)

Segment Information

I. Previous quarter under review (from June 1, 2013 to November 30, 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	19,273	33,680	11,277	8,421	72,653	—	72,653
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	19,273	33,680	11,277	8,421	72,653	—	72,653
Operating income (loss)	1,713	17,700	628	1,779	21,822	-2,355	19,466

(Notes): 1. A segment profit adjustment of minus 2,355 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 November 30, 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	22,238	36,298	10,811	8,808	78,157	—	78,157
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	22,238	36,298	10,811	8,808	78,157	—	78,157
Operating income (loss)	3,280	19,445	514	1,487	24,728	-2,045	22,682

(Notes): 1. A segment profit adjustment of minus -2,045 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.