

This flash report is unaudited and the translation of the Japanese language version.



Flash Report for the 3rd Quarter of Fiscal Year Ending May 31, 2016
[under Japanese GAAP] (Non-consolidated)

March 18, 2016

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
 Ticker: 4716 URL: <http://www.oracle.com/jp/corporate/investor-relations/index.html>
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 Quarterly Report Filing Date (as planned): April 13, 2016
 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, 2015 to February 29, 2016)

(1) Operating result

(% of change from previous year)

	Revenue		Operating Income		Ordinary Income		Net Income	
	Million Yen	%	Million Yen	%	Million Yen	%	Million Yen	%
3 rd Quarter, May 2016	122,047	3.8	36,482	6.5	36,538	6.2	24,383	10.0
3 rd Quarter, May 2015	117,558	5.3	34,247	10.8	34,406	11.3	22,162	16.6

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
3 rd Quarter, May 2016	191	55	191	21
3 rd Quarter, May 2015	174	23	174	09

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
3 rd Quarter, May 2016	190,115	126,607	66.1	986	90
FY ended May 2015	188,847	113,826	59.8	887	28

Shareholders' equity 3rd Quarter, May 2016: 125,695 Million Yen (FY2015: 112,903 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 2015	-		0	00	-		95	00	95	00
FY ending May 2016	-		0	00	-					
FY ending May 2016(Forecast)							-		-	

(Note1) Revision of outlook for dividends in this quarter: No

(Note2) Year-end dividend for the year ending 2016 has yet to be determined. Company will release after making decision for a dividend.

3. Forecast for the May 2016 term (from June 1, 2015 to May 31, 2016)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	2.0~5.0	245~254

(Note1) Revision of forecast for May 2016 term in this quarter: No

(Note2) Company uses ranges of values for the forecast.

(Note3) Estimation of effective tax rate is 33.5%

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
- (ii) Changes in accounting policies due to reasons other than (i): None
- (iii) Changes in accounting estimates : None
- (iv) Restatements : None

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

(i) The number of shares outstanding (inclusive of treasury stock)	3 rd Quarter, May 2016	127,410,771 shares
	FY ended May 2015	127,308,971 shares
(ii) The number of treasury stock	3 rd Quarter, May 2016	46,371 shares
	FY ended May 2015	62,205 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	3 rd Quarter, May 2016	127,298,787 shares
	3 rd Quarter, May 2015	127,200,896 shares

(Note) The Company's stock held by Board Incentive Plan Trust and Employee Stock Ownership Plan Trust is included in the number of shares held in treasury.

The treasury shares which remain in the BIP trust and the ESOP trust are included in the treasury stock to be deducted in the calculation of the number of average shares outstanding during the term.

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 third quarter under review (from June 1, 2015 to February 29, 2016 hereinafter “this quarter”), the Japanese economy saw firm consumer spending on the back of an improvement in the employment and income situation and a continued moderate improvement in corporate earnings. The willingness of businesses to make IT investments is recovering mainly in the financial, distribution services and manufacturing industries.

In regards to technology and society, a shift from conventional business models to future-oriented models is urgently needed to deal with issues such as digital disruption (massive change caused by the spread of digital technology), the decline in the working population due to the aging of the society and falling birth rates, and the ongoing progress of globalization. Current issues include improvement of productivity with the use of cloud services and other information technologies and business entries into growth areas.

In this environment, the Company ran its businesses in accordance with its management policies. These policies consist of expanding SaaS / PaaS / IaaS (Note1-3) business, expanding Hardware Systems segment, strengthening enterprise sales activities, restructuring and strengthening our branch offices for growth of regional business. The ultimate goal of these strategies is to become the number one cloud company by 2020, as stated in VISION 2020 for expand utilization of PoCO: The Power Of Cloud by Oracle.

For the period of three months that corresponds to the third quarter, the Company won a number of large projects in the public, financial, distribution, and manufacturing sectors, enabling it to achieve very strong results.

Under these circumstances, the Company posted revenue of 122,047 million yen (up 3.8 % year on year), operating income of 36,482 million yen (increasing 6.5 %), ordinary income of 36,538 million yen (rising 6.2 %) and net income of 24,383 million yen (up 10.0 %). Each of these figures hit new record highs.

(Note 1) SaaS: Stands for “Software as a Service,” and refers to services that offer financial accounting, salary/personnel management, and other functions of software that are provided via the Internet.

(Note 2) PaaS: Stands for “Platform as a Service,” and refers to services that offer database management software for the construction and operation of the IT systems and middle layer software that ensure the smooth linkage between different software that are provided via the Internet.

(Note 3) IaaS: Stands for “Infrastructure as a Service,” and refers to services that offer infrastructure that are provided via the Internet for the construction and operation of IT systems, such as server machines, storage devices, and other hardware and networks,.

(ii) Results by Reported Segment

[New software licenses and cloud (SaaS/PaaS/IaaS) *]

* Cloud software subscriptions has been renamed as Cloud (SaaS/PaaS/IaaS). In association with a change in the Company’s business management classification, managed cloud service, which was included in the Services segment, has been transferred to the New software licenses and Cloud (SaaS/PaaS/IaaS) segment.

Revenue in the New software licenses and cloud (SaaS/PaaS/IaaS) segment was 36,792 million yen, up 9.9 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 33,753 million yen (increasing 8.9 % year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 3,039 million yen (rising 22.7 % year on year).

This segment consists of the New software licenses that sells new licenses for database management software, a range of middleware, and ERP and other business applications, etc. and Cloud (SaaS/PaaS/IaaS) provides access to select Oracle software applications and software platforms on a subscription basis via the Internet.

In regards to new software licenses and Cloud (SaaS / PaaS / IaaS) for the third quarter lasting three months, we gained several large projects aimed at integrating and updating IT system infrastructure and at boosting competitiveness by actively using data in public, financial, distribution, manufacturing, and other sectors to attain incredibly brisk results.

In Cloud (SaaS, PaaS, and IaaS), since the previous fiscal year, the Company has been promoting the strengthening of the sales system, the expansion of cloud products and services, and alliances with partners. As a result, new users have expanded sharply, and sales in the quarter under review grew double digits, 22.7%, year on year.

In July 2015, the Company added six new services to the Oracle Cloud Platform, including Oracle Database Cloud – Exadata Service, which provides Oracle Exadata (which has been an on-premises products), in the cloud environment, and Oracle Big Data Cloud Service, which supports the use of big data. The new services have started to be provided. These cloud services can be introduced sooner than on-premises base. They are built using standard technologies that have been developed for on-premises

products, and can collaborate with IT systems that customers have invested in and can be put in place in the cloud environment smoothly. To encourage a wider spectrum of users to take advantage of Oracle Cloud Platform, the Company organizes the POCO Contest, which commends partners' solutions that use the Oracle Cloud. In February 2016, the Oracle Partner Network (OPN) Cloud Program was released. It is designed to provide support for the technological and business aspects of the cloud businesses of partner companies. The Company will continue to broaden its array of cloud solutions and step up its product supply and customer support systems for ensuring that its products can be used free of worry in a bid to expand the user base. The Company will continue to expand its cloud solutions and will strengthen its systems to supply products that customers can use comfortably and to provide customer support. The Company will thereby expand the number of users.

[Software license updates & product support]

Revenue in the Software license updates & product support segment was 58,056 million yen, increasing 6.2 % 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 14,808 million yen, fell 11.6 % from the corresponding period of the previous fiscal year. Revenue in the Hardware systems product division was 7,057 million yen (down 23.0 % year on year) and Revenue in the Hardware systems support division was 7,750 million yen (rising 2.1 % year on 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

The Hardware systems product division suffered a decline as a result of the large deal gained in the same period a year earlier. However, for the three-month period of the third quarter, it received a number of orders for infrastructure reconstruction projects centered on engineered systems, which are our strategic products. Amid the future accelerated transition to the era of cloud computing and big data, data security, processing performance, and data storage will be of ever-increasing significance. We will be pushing ahead with composite proposals with storage products in a bid to strengthen the business.

[Services]

Revenue in the Services segment was 12,390 million yen, declining 2.2 % 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 a preventive maintenance service and a comprehensive operation management service for customers' IT environments; and Education services, which provide training for engineers and users, and also encompasses a technology qualification business.

In Consulting Services, there was a negative impact following the end of a project. Meanwhile, the preventive maintenance service, which is provided as part of the Advanced Customer Support Services, continued to generate brisk revenue for Oracle Exadata Database Machine.

With respect to education services, there is growing demand for services related to the Internet of Things (IoT) and training that covers the cutting edge Java technology needed to build applications in the cloud environment.

<Revenue breakdown by business segments>

Item	FY2015 3 rd Quarter		FY2016 3 rd Quarter			May 2015	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
New software licenses	30,986	26.4	33,753	27.7	8.9	45,544	28.3
Cloud (SaaS/PaaS/IaaS)	2,477	2.1	3,039	2.5	22.7	3,298	2.0
New software licenses & Cloud (SaaS/PaaS/IaaS)	33,463	28.5	36,792	30.1	9.9	48,843	30.3
Software license updates & product support	54,680	46.5	58,056	47.6	6.2	73,401	45.6
Software & Cloud	88,144	75.0	94,849	77.7	7.6	122,244	75.9
Hardware systems products	9,162	7.8	7,057	5.8	-23.0	11,570	7.2
Hardware systems support	7,588	6.5	7,750	6.4	2.1	10,219	6.3
Hardware systems	16,750	14.2	14,808	12.1	-11.6	21,790	13.5
Services	12,664	10.8	12,390	10.2	-2.2	17,016	10.6
Total	117,558	100.0	122,047	100.0	3.8	161,051	100.0

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

The revenue for the previous fiscal year is described in accordance with the new classification and name after the change.

(2) Qualitative Information on Financial Situation

The total assets of the Company at the end of the term stood at 190,115 million yen (increasing 1,267 million yen from the end of the previous year). Current assets were 150,379 million yen (increasing 1,871 million yen).

Liabilities were 63,507 million yen (decreasing 11,513 million yen). Net assets totaled 126,607 million yen (increasing 12,781 million yen). As a result, the ratio of shareholders' equity was 66.1% (up 6.3 percentage points).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 26, 2015.

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

None

3. Financial Statements

(1) Balance Sheet

(Unit : Million yen)

Description	Previous term end (as of May 31, 2015)	Current term end (as of February 29, 2016)
Assets		
Current assets		
Cash and deposits	127,194	128,499
Accounts receivable-trade	17,578	18,275
Other	3,737	3,607
Allowance for doubtful accounts	-2	-2
Total current assets	148,508	150,379
Noncurrent assets		
Property, plant and equipment		
Buildings, net	12,340	11,784
Land	26,057	26,057
Other, net	1,233	1,173
Total property, plant and equipment	39,631	39,015
Intangible assets	7	5
Investments and other assets		
Other	704	718
Allowance for doubtful accounts	-4	-4
Total investments and other assets	700	714
Total noncurrent assets	40,338	39,735
Total assets	188,847	190,115
Liabilities		
Current liabilities		
Accounts payable-trade	10,008	9,540
Accounts payable-other	5,568	4,332
Income taxes payable	9,528	4,408
Advances received	42,674	40,922
Provision for bonuses	1,752	1,370
Other Provision	272	296
Other	5,206	2,628
Total current liabilities	75,012	63,499
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	75,020	63,507
Net assets		
Shareholders' equity		
Capital stock	22,743	22,956
Capital surplus	6,094	6,307
Retained earnings	84,361	96,651
Treasury stock	-295	-220
Total shareholders' equity	112,903	125,695
Subscription rights to shares	922	912
Total net assets	113,826	126,607
Total liabilities and net assets	188,847	190,115

(2) Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2014 to February 28, 2015)	Current term (From June 1, 2015 to February 29, 2016)
Net sales	117,558	122,047
Cost of sales	60,668	61,451
Gross Profit	56,890	60,596
Selling, general and administrative expenses	22,642	24,113
Operating income	34,247	36,482
Non-operating income		
Interest income	42	55
Foreign exchange gains	89	0
Others	28	9
Total Non-Operating Income	159	65
Non-Operating expenses		
Others	0	8
Total Non-Operating expenses	0	8
Ordinary Income	34,406	36,538
Extraordinary Income		
Gain on reversal of subscription rights to shares	131	26
Total Extraordinary Income	131	26
Income before income taxes	34,538	36,565
Income taxes	12,375	12,181
Net Income	22,162	24,383

(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, 2014 to February 28, 2015)

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 (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	33,463	54,680	16,750	12,664	117,558	—	117,558
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	33,463	54,680	16,750	12,664	117,558	—	117,558
Operating income (loss)	4,722	29,213	809	2,556	37,301	-3,054	34,247

(Notes): 1. Segment profit adjustment of minus 3,054 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, 2015 to February 29, 2016)

1. 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 (SaaS/PaaS/I aaS)	Software License Updates & Product Support	Hardware Systems	Services	Total		
Sales							
External customers	36,792	58,056	14,808	12,390	122,047	—	122,047
Intersegment net sales or transfer	—	—	—	—	—	—	—
Total	36,792	58,056	14,808	12,390	122,047	—	122,047
Operating income (loss)	5,180	30,839	727	3,088	39,835	-3,352	36,482

(Notes): 1. Segment profit adjustment of minus 3,352 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.

2. Change in Reported Segments

From the first quarter under review, the New software licenses and Cloud software subscriptions segment has been renamed as the New software licenses and Cloud (SaaS/PaaS/IaaS) segment. In association with a change in the Company's business management classification, Managed Cloud Services segment has been transferred to the New software licenses and Cloud (SaaS/ PaaS/IaaS) segment.

The segment information for the previous fiscal year is described in accordance with the new classification and name after the change.