



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

Flash Report for the 1st Quarter of Fiscal Year Ending May 31, 2018
[under Japanese GAAP] (Non-consolidated)

September 21, 2017

Company Name Oracle Corporation Japan Listed Stock Exchange: TSE 1st Section
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 Quarterly Report Filing Date (as planned): October 13, 2017
 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, 2017 to August 31, 2017)

(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 2018	41,256	6.9	12,288	8.8	12,230	9.7	8,478	8.8
1 st Quarter, May 2017	38,591	2.7	11,294	1.4	11,151	-0.6	7,795	4.2

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
1 st Quarter, May 2018	66	43	66	29
1 st Quarter, May 2017	61	15	61	02

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
1 st Quarter, May 2018	188,748	100,153	52.9	781	40
FY ended May 2017	198,731	105,783	52.9	824	79

Shareholders' equity 1st Quarter, May 2018: 99,776 Million Yen (FY2017: 105,221 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 2017	-		0	00	-		114	00	114	00
FY ending May 2018	-									
FY ending May 2018(Forecast)			-		-		-		-	

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

(Note2) Year-end dividend for the next fiscal year has yet to be determined.

3. Forecast for the May 2018 term (from June 1, 2017 to May 31, 2018)

(% of change from previous year)

	Revenue	Net income per share
	%	Yen
Entire term	1.0~4.0	287~297

(Note1) Revision of forecast for May 2018 term in this quarter: No

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

(Note3) Estimation of effective tax rate is 31.0%

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 2018	127,844,271 shares
	FY ended May 2017	127,728,671 shares
(ii) The number of treasury stock	1 st Quarter, May 2018	154,722 shares
	FY ended May 2017	154,522 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	1 st Quarter, May 2018	127,625,761 shares
	1 st Quarter, May 2017	127,491,381 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.

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, 2017 to August 31, 2017, hereinafter “this quarter”), the Japanese economy improved moderately on the back of its monetary and economic policies. However, uncertainty over the economic outlook increased due to the instability of U.S. policy management and an increase in geopolitical risks.

Japanese society faces challenges with respect to corporate activities such as a decline in the working population, the implementation of measures for globalization and the development of new businesses. It is important to work to solve these issues by making the most of digital technology.

With the goal of becoming the number one cloud company by 2020, the Company has been promoting its businesses in line with its management policies, which consist of promoting a Journey to the Cloud, an approach to promote the use of the cloud among client companies, strengthening enterprise sales activities, an undertaking for the creation of large-scale projects, and strengthening employee engagement, namely the source of corporate vitality.

Under these circumstances, the Company posted revenue of 41,256 million yen (up 6.9 % year on year), operating income of 12,288 million yen (rising 8.8 %), ordinary income of 12,230 million yen (gaining 9.7 %) and net income of 8,478 million yen (increasing 8.8 %).

(ii) Results by Reported Segment

[Cloud & Software *]

* The Company has implemented an organizational change by integrating the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment.

Revenue in the Cloud & Software segment was 31,999 million yen, up 7.6 % from the corresponding period of the previous fiscal year. Revenue in the New software licenses was 7,879 million yen (gaining 2.6 % year on year), revenue in Software license updates & product support was 21,396 million yen (increasing 5.4% year on year), and revenue in the Cloud (SaaS/PaaS/IaaS) was 2,723 million yen (rising 53.9 % 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. Software license updates & product support that updates software for customers using the Company’s software licenses and provides technical support, and Cloud (SaaS/PaaS/IaaS) provides services to access to select Oracle software applications, software platforms and resources of hardware via the Internet.

(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.

< Cloud (SaaS/PaaS/IaaS)>

In SaaS, demand continued to grow for the ERP and EPM Cloud that provides solutions for global indirect purchases and integrated accounting aimed at strengthening competitiveness and improving efficiency.

In Paas/IaaS, there were increasing inquiries about the Company’s PaaS products that facilitate links among devices and systems for IoT solutions in the manufacturing industry and inquiries about the Oracle Cloud at Customer, which provides Oracle’s public IaaS and PaaS from customers’ data centers that have a cloud environment installed by the Company.

< New software licenses >

For many years, our New Software Licenses products have been widely used in mission critical areas that require advanced security, high availability, and high-speed processing.

Oracle Cloud, on which we are currently focusing as the next growth segment, has been developed based on the same architecture and technology as this New Software Licenses segment. This allows collaboration and bidirectional migration between on-premises (*) systems and Oracle Cloud, which is one of our strengths.

Because of this strength, in the first quarter under review, the Company received large orders from customers in the financial service and public service industries, who were implementing the strategy of strengthening competitiveness and improving customer contact points through the adoption of enhanced security and IT systems.

(*) On-premises: A form of IT system developed and operated as the company's possession.

< Software license updates & product 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 3,946 million yen, down 5.0 % from the corresponding period of the previous fiscal year.

Revenue in the Hardware systems product division was 1,400 million yen (fell 13.9 % year on year) and Revenue in the Hardware systems support division was 2,545 million yen (up 0.7 % 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.

[Services]

Revenue in the Services segment was 5,310 million yen, gaining 13.2 % 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, projects made steady progress, and in Education services, demand for Java training for cloud application development has been growing.

<Revenue breakdown by business segments>

Item	FY2017 1 st Quarter		FY2018 1 st Quarter			May 2017	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud (SaaS/PaaS/IaaS)	1,769	4.6	2,723	6.6	53.9	9,159	5.3
New software licenses	7,677	19.9	7,879	19.1	2.6	43,386	25.1
Software license updates & product support	20,295	52.6	21,396	51.9	5.4	82,727	47.8
Cloud & Software	29,742	77.1	31,999	77.6	7.6	135,273	78.1
Hardware systems products	1,626	4.2	1,400	3.4	-13.9	9,375	5.4
Hardware systems support	2,528	6.6	2,545	6.2	0.7	10,176	5.9
Hardware systems	4,155	10.8	3,946	9.6	-5.0	19,551	11.3
Services	4,693	12.2	5,310	12.9	13.2	18,365	10.6
Total	38,591	100.0	41,256	100.0	6.9	173,190	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 188,748 million yen (decreasing 9,983 million yen from the end of the previous year). Current assets were 147,742 million yen (decreasing 9,878 million yen).

Liabilities were 88,595 million yen (decreasing 4,353 million yen). Net assets totaled 100,153 million yen (decreasing 5,629 million yen).

As a result, the ratio of shareholders' equity was 52.9% (the same percentage points from the end of the previous year).

(3) Qualitative Information on Forecasts

There is no change to the forecast announced on June 26, 2017.

2. Quarterly Financial Statements and Main Notes**(1) Quarterly Balance Sheet**

(Unit : Million yen)

Description	Previous term end (as of May 31, 2017)	Current term end (as of August 31, 2017)
Assets		
Current assets		
Cash and deposits	43,025	131,289
Accounts receivable-trade	19,629	11,812
Short-term loans receivable	90,300	—
Other	4,668	4,643
Allowance for doubtful accounts	-2	-2
Total current assets	157,621	147,742
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,384	11,185
Land	26,057	26,057
Other, net	2,648	2,882
Total property, plant and equipment	40,089	40,124
Intangible assets	6	5
Investments and other assets		
Other	1,014	876
Allowance for doubtful accounts	-0	-0
Total investments and other assets	1,014	876
Total noncurrent assets	41,110	41,006
Total assets	198,731	188,748
Liabilities		
Current liabilities		
Accounts payable-trade	12,028	10,046
Accounts payable-other	5,109	3,431
Income taxes payable	8,274	4,125
Advances received	62,594	66,166
Provision for bonuses	2,035	895
Other Provision	442	452
Other	2,454	3,470
Total current liabilities	92,940	88,587
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	92,948	88,595
Net assets		
Shareholders' equity		
Capital stock	23,755	24,074
Capital surplus	7,106	7,424
Retained earnings	75,258	69,177
Treasury stock	-898	-900
Total shareholders' equity	105,221	99,776
Subscription rights to shares	561	376
Total net assets	105,783	100,153
Total liabilities and net assets	198,731	188,748

(2) Quarterly Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2017 to August 31, 2017)	Current term (From June 1, 2017 to August 31, 2017)
Net sales	38,591	41,256
Cost of sales	19,519	21,668
Gross Profit	19,071	19,588
Selling, general and administrative expenses	7,777	7,299
Operating income	11,294	12,288
Non-operating income		
Interest income	5	6
Others	2	4
Total Non-Operating Income	8	10
Non-Operating expenses		
Foreign exchange losses	151	67
Others	0	0
Total Non-Operating expenses	151	68
Ordinary Income	11,151	12,230
Extraordinary Income		
Gain on reversal of subscription rights to shares	161	82
Total Extraordinary Income	161	82
Income before income taxes	11,313	12,313
Income taxes	3,517	3,834
Net Income	7,795	8,478

(3) Notes to Quarterly 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, 2016 to August 31, 2016)

Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income
	Cloud and Software	Hardware Systems	Services	Total		
Sales						
External customers	29,742	4,155	4,693	38,591	—	38,591
Intersegment net sales or transfer	—	—	—	—	—	—
Total	29,742	4,155	4,693	38,591	—	38,591
Operating income (loss)	10,855	187	1,236	12,279	-984	11,294

(Notes): 1. Segment profit adjustment of minus 984 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, 2017 to August 31, 2017)

1. Segment sales and operating income (loss)

(Unit : Million Yen)

	Reportable operating segments				Adjustment (Note) 1	Amount on Statement of Income
	Cloud and Software	Hardware Systems	Services	Total		
Sales						
External customers	31,999	3,946	5,310	41,256	—	41,256
Intersegment net sales or transfer	—	—	—	—	—	—
Total	31,999	3,946	5,310	41,256	—	41,256
Operating income (loss)	11,780	174	1,362	13,317	-1,028	12,288

(Notes): 1. Segment profit adjustment of minus 1,028 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

The Company has implemented an organizational change by integrating the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment as the Cloud and software segment. The change was decided on after reviewing the business segments from a range of perspectives such as the current status of the Company relating to the development of businesses, the allocation of management resources, and the system of business management, as well as the situation in which the interrelationship and complementarity between the New software licenses and cloud (SaaS/PaaS/IaaS) segment and the Software license updates & product support segment were enhanced to the degree that the Company's businesses were underpinned through the provision of these services as one under the former segmentation.

The segment information for the previous term is presented based on the data and the name compiled according to the segmentation adopted after the change.

3. Others

Important Information about Going Concern Assumption

Not Applicable