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Flash Report for the 2nd Quarter of Fiscal Year Ending May 31, 2018
[under Japanese GAAP] (Non-consolidated) December 20, 2017

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): January 12, 2018
 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 November 30, 2017)

(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 2018	84,136	4.4	25,017	4.7	24,993	4.8	17,270	4.4
2 nd Quarter, May 2017	80,595	3.6	23,902	5.9	23,840	5.2	16,543	9.4

	Net income per share		Net income per share (diluted)	
	Yen	Sen	Yen	Sen
2 nd Quarter, May 2018	135	25	134	96
2 nd Quarter, May 2017	129	72	129	45

(2) Financial Position

	Total Assets	Net assets	Ratio of shareholders' equity	Net asset per share	
	Million Yen	Million Yen	%	Yen	Sen
2 nd Quarter, May 2018	192,121	109,596	56.9	854	82
FY ended May 2017	198,731	105,783	52.9	824	79

Shareholders' equity 1st Quarter, May 2018: 109,269 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)	2 nd Quarter, May 2018	127,931,971 shares
	FY ended May 2017	127,728,671 shares
(ii) The number of treasury stock	2 nd Quarter, May 2018	103,902 shares
	FY ended May 2017	154,522 shares
(iii) The number of average shares outstanding (cumulative, non-consolidated, at end of third quarter)	2 nd Quarter, May 2018	127,696,628 shares
	2 nd Quarter, May 2017	127,526,314 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.

[Table of Contents of Attached Material]

1. Qualitative Information on Results in the Quarter under Review-----	2
(1) Qualitative Information on Business Outcomes -----	2
(2) Qualitative Information on Financial Situation-----	4
(3) Qualitative Information on Forecasts-----	4
2. Quarterly Financial Statements and Main Notes -----	5
(1) Quarterly Balance Sheet-----	5
(2) Quarterly Statement of Income-----	6
(3) Statement of Cash Flows-----	7
(4) Notes to Quarterly Financial Statements-----	8
Notes to Going Concern-----	8
Notes to significant changes in the stockholders' equity-----	8
Adoption of specified accounting methods for the preparation of quarterly non-consolidated Financial statements -----	8
Segment Information-----	8
3. Others-----	9
Important Information about Going Concern Assumption -----	9

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, 2017 to November 30, 2017, hereinafter “this quarter”), despite the need for concern over overseas policy trends in the United States and elsewhere along with geopolitical risks, the economic environment in Japan is on track for gradual improvement due to financial and economic policies.

In terms of social and corporate activity, it has become important to utilize digital technologies when tackling solutions to problems to cope with issues such as the shrinking productive-age population, globalization and the challenge of developing new businesses.

Under this business environment, there are growing needs for cloud services that enable flexible IT investment and agile system building. The Company will make use of cloud services and data as it strives to become a best partner achieving innovation and supporting growth for client companies. Concurrently, the Company has been promoting its business policies, namely promoting a Journey to the Cloud, an approach to promote the use of the cloud among client companies, strengthening enterprise sales activities, which involves proposing optimum solutions incorporating examples of overseas IT utilization to address the management issues of client companies, and strengthening employee engagement, which represents the source of corporate vitality.

Under these circumstances, the Company posted revenue of 84,136 million yen (up 4.4 % year on year), operating income of 25,017 million yen (rising 4.7 %), ordinary income of 24,993 million yen (gaining 4.8 %) and net income of 17,270 million yen (increasing 4.4 %).

(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 65,940 million yen, up 5.0 % from the corresponding period of the previous fiscal year. Revenue in the Cloud (SaaS/PaaS/IaaS) was 5,625 million yen (rising 43.0 % year on year), revenue in the New software licenses was 17,288 million yen (down 4.5% year on year), and revenue in Software license updates & product support was 43,026 million yen (increasing 5.5 % 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.

The Company’s new software licenses products have been widely adopted in the field of mission-critical systems, which has demanded sophisticated security, availability and high-speed processing performance for many years.

The Oracle Cloud, which the Company has focused on as a pillar of its new business, has been developed based on the same architecture and technologies as these new licenses, and the Company enjoys a strength in enabling coordination and bidirectional migration between on-premises (*) systems built with the new software licenses products and the Oracle Cloud.

(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.

(Note 4) On-premises: A form of IT system developed and operated as the company’s possession.

< 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. The Company's strength in seamless coordination with existing systems, the fast implementation that is only possible with cloud solutions and the ability to extend functionality on PaaS have been recognized, and in the second quarter, the Company provided the cloud services for ERP cloud systems for customer's overseas offices, and for ERP cloud which migrates the existing system to the cloud platform.

In terms of Service Cloud, which streamlines customer center operations by machine learning and helps improve the purchase experiences of end customers, the Company fielded inquiries from companies across a wide range of industries and performed steadily.

Regarding PaaS/IaaS, in addition to usage for customers' new system development and verification applications, business inquiries have been on the rise for products that support device and system coordination and data processing for an IoT solution for the manufacturing sector, as well as Oracle Cloud at Customer that provides public IaaS and PaaS by installing the Oracle Cloud environment in customer data centers.

Additionally, in September 2017, the Company announced Bring Your Own License (BYOL), enabling customers to move their existing Oracle software licenses over to Oracle PaaS, as well as Universal Credits, which allows the use of all Oracle PaaS and IaaS by entering into a single and simple contract. The company has provided these programs which makes the cloud service purchasing methods and usage patterns more flexible, and is endeavoring to make them available to a wide range of customers.

< New software licenses >

With Oracle Database 12c, the Company's flagship product, the utilization of multi-tenant functions makes it possible to integrate the database operating infrastructure, reducing the workload for maintenance and operational tasks and enabling a smooth transition to the cloud in the future.

The Company received large orders in the financial and public sectors in the first quarter and in the manufacturing and public sectors in the second quarter, from customers pursuing strategies of boosting competitiveness and strengthening customer contact points by enhancing security and developing IT systems.

< 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 7,889 million yen, down 6.9 % from the corresponding period of the previous fiscal year.

Revenue in the Hardware systems product division was 2,751 million yen (fell 19.6 % year on year) and Revenue in the Hardware systems support division was 5,137 million yen (up 1.8 % 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 10,307 million yen, gaining 10.8 % 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.

For Consulting Services, cloud adoption projects have increased steadily, while in Education Services, there has been an increase in demand for training in Java aimed at cloud application development.

<Revenue breakdown by business segments>

Item	FY2017 2 nd Quarter		FY2018 2 nd Quarter			May 2017	
	Amount	Comp.	Amount	Comp.	Variance	Amount	Comp.
	Million Yen	%	Million Yen	%	%	Million Yen	%
Cloud (SaaS/PaaS/IaaS)	3,934	4.9	5,625	6.7	43.0	9,159	5.3
New software licenses	18,094	22.5	17,288	20.5	-4.5	43,386	25.1
Software license updates & product support	40,794	50.6	43,026	51.1	5.5	82,727	47.8
Cloud & Software	62,823	77.9	65,940	78.4	5.0	135,273	78.1
Hardware systems products	3,424	4.2	2,751	3.3	-19.6	9,375	5.4
Hardware systems support	5,044	6.3	5,137	6.1	1.8	10,176	5.9
Hardware systems	8,469	10.5	7,889	9.4	-6.9	19,551	11.3
Services	9,302	11.5	10,307	12.3	10.8	18,365	10.6
Total	80,595	100.0	84,136	100.0	4.4	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 192,121 million yen (decreasing 6,610 million yen from the end of the previous year). Current assets were 151,058 million yen (decreasing 6,562 million yen).

Liabilities were 82,524 million yen (decreasing 10,423 million yen). Net assets totaled 109,596 million yen (increasing 3,813 million yen).

As a result, the ratio of shareholders' equity was 56.9% (up 4.0 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 November 30, 2017)
Assets		
Current assets		
Cash and deposits	43,025	134,344
Accounts receivable-trade	19,629	12,572
Short-term loans receivable	90,300	—
Other	4,668	4,172
Allowance for doubtful accounts	-2	-30
Total current assets	157,621	151,058
Noncurrent assets		
Property, plant and equipment		
Buildings, net	11,384	11,018
Land	26,057	26,057
Other, net	2,648	3,090
Total property, plant and equipment	40,089	40,166
Intangible assets	6	4
Investments and other assets		
Other	1,014	891
Allowance for doubtful accounts	-0	-0
Total investments and other assets	1,014	891
Total noncurrent assets	41,110	41,062
Total assets	198,731	192,121
Liabilities		
Current liabilities		
Accounts payable-trade	12,028	9,148
Accounts payable-other	5,109	3,792
Income taxes payable	8,274	8,394
Advances received	62,594	57,698
Provision for bonuses	2,035	1,257
Other Provision	442	206
Other	2,454	2,018
Total current liabilities	92,940	82,516
Noncurrent liabilities		
Other	7	7
Total noncurrent liabilities	7	7
Total liabilities	92,948	82,524
Net assets		
Shareholders' equity		
Capital stock	23,755	24,275
Capital surplus	7,106	7,626
Retained earnings	75,258	77,969
Treasury stock	-898	-601
Total shareholders' equity	105,221	109,269
Subscription rights to shares	561	326
Total net assets	105,783	109,596
Total liabilities and net assets	198,731	192,121

(2) Quarterly Statement of Income

(Unit : Million yen)

Description	Previous term (From June 1, 2016 to November 30, 2016)	Current term (From June 1, 2017 to November 30, 2017)
Net sales	80,595	84,136
Cost of sales	40,767	43,808
Gross Profit	39,827	40,328
Selling, general and administrative expenses	15,925	15,310
Operating income	23,902	25,017
Non-operating income		
Interest income	7	8
Others	8	12
Total Non-Operating Income	15	21
Non-Operating expenses		
Foreign exchange losses	76	42
Others	0	2
Total Non-Operating expenses	76	45
Ordinary Income	23,840	24,993
Extraordinary Income		
Gain on reversal of subscription rights to shares	165	87
Total Extraordinary Income	165	87
Income before income taxes	24,005	25,081
Income taxes	7,462	7,810
Net Income	16,543	17,270

(3) Statement of Cash Flows

(Unit : Million yen)

Description	Period	Previous term (From June 1, 2016 to November 30, 2016)	Current term (From June 1, 2017 to November 30, 2017)
Net cash provided by (used in) operating activities			
Income before income taxes		24,005	25,081
Depreciation and amortization		635	862
Share-based compensation expenses		41	24
Increase (decrease) in allowance for doubtful accounts		—	27
Increase (decrease) in provision for bonuses		-846	-777
Increase (decrease) in other provision		-211	-236
Interest and dividends income		-8	-14
Loss (gain) on sales and retirement of noncurrent assets		0	1
Decrease (increase) in notes accounts receivable-trade		5,220	7,057
Decrease (increase) in other current assets		-619	493
Increase (decrease) in notes and accounts payable-trade		-1,861	-2,880
Increase (decrease) in accounts payable-other		-1,081	-1,373
Increase (decrease) in advances received		-3,005	-4,895
Increase (decrease) in other current liabilities		-791	-645
Other, net		-39	350
Sub-total		21,438	23,075
Interest and dividends income received		12	17
Income taxes paid		-8,856	-7,480
Net cash provided by (used in) operating activities		12,594	15,612
Net cash provided by (used in) investing activities			
Purchase of property, plant and equipment		-1,631	-882
Purchase of Intangible assets		-0	—
Collection of loans receivable		100,000	90,300
Payments into time deposits		-14,000	-81,000
Proceeds from withdrawal of time deposits		14,000	5,000
Payments for guarantee deposits		-1	-13
Proceeds from collection of guarantee deposits		5	0
Net cash provided by (used in) investing activities		98,371	13,404
Net cash provided by (used in) financing activities			
Proceeds from issuance of common stock		391	868
Purchase of treasury stock		-3	-5
Cash dividends paid		-66,898	-14,560
Net cash provided by (used in) financing activities		-66,510	-13,697
Net Increase/(Decrease) in cash and cash equivalents		44,455	15,319
Cash and cash equivalents at beginning of period		45,644	38,025
Cash and cash equivalents at end of period		90,099	53,344

(4) Notes to Quarterly Financial Statements

(Notes to Going Concern): Not Applicable

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

(Adoption of specified accounting methods for the preparation of quarterly non-consolidated 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.

(Segment Information)

I. Previous quarter under review (from June 1, 2016 to November 30, 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	62,823	8,469	9,302	80,595	—	80,595
Intersegment net sales or transfer	—	—	—	—	—	—
Total	62,823	8,469	9,302	80,595	—	80,595
Operating income (loss)	23,296	402	2,379	26,078	-2,176	23,902

(Notes): 1. Segment profit adjustment of minus 2,176 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 November 30, 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	65,940	7,889	10,307	84,136	—	84,136
Intersegment net sales or transfer	—	—	—	—	—	—
Total	65,940	7,889	10,307	84,136	—	84,136
Operating income (loss)	23,957	361	2,828	27,146	-2,129	25,017

(Notes): 1. Segment profit adjustment of minus 2,129 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