

Oracle's profit tops Street, but worries surface

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In this March 22, 2011 file photo, the exterior of Oracle headquarters is shown in Redwood City, Calif. Oracle Corp. is scheduled to report its fiscal third quarter results Thursday, June 23, 2011, after the market close.(AP Photo/Paul Sakuma, file)

(AP) -- Oracle Corp.'s latest quarterly results Thursday underscore the critical role its software business plays despite its push to become a more well-rounded technology vendor by selling computer servers.

Oracle's net income increased 36 percent as new sales of business software were at the high end of its expectations. Revenue rose 13 percent.

But Oracle's hardware division stumbled. The company's stock fell.

Oracle said net income was \$3.21 billion, or 62 cents per share, in the

fiscal fourth quarter, which ended May 31. That compares with \$2.36 billion, or 46 cents per share, a year ago.

Excluding stock-based compensation and one-time expenses, Oracle earned 75 cents per share, higher than the 71 cents per share that analysts polled by FactSet expected.

Revenue of \$10.78 billion was slightly higher than the \$10.76 billion that analysts expected.

Oracle's software revenue rose 17 percent to \$7.70 billion. Revenue from new software licenses - a key metric for predicting future revenue - came in at the high end of Oracle's previous forecast,

But revenue in its hardware division was flat at \$1.83 billion. Stronger sales of hardware support contracts masked a 6 percent decline in revenue from actual computers sold.

Investors appeared unsettled by what they saw. Oracle's stock fell \$2.36, or 7.3 percent, to \$30.40 in extended trading, after the results were reported.

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