PRESS RELEASE

Nucleus Software Announces Q3 FY 09 Results

New Delhi, India, January, 19 2009: Nucleus Software Exports Limited (NSE: NUCLEUS), announced its third quarter results for financial year 2008-2009.

Nucleus Software's consolidated revenue for the quarter ending December 31, 2008, increased by 14 % to Rs. 84.24 crore in comparison to Rs. 73.64 crore for the corresponding quarter of the previous year. With total expenses increasing by 25 % , the consolidated EBITDA declined to Rs. 15.21 crore in comparison to Rs. 18.51 crore for the corresponding quarter of the previous year. Net Profit after tax (PAT) decreased to Rs. 10.55 crore in comparison to Rs. 15.53 crore for the corresponding quarter in the previous year.

For the nine months ending December 31, 2008, consolidated revenue has increased by 15 % to Rs. 242.59 crore in comparison to Rs. 210.66 crore for the corresponding nine months period in the previous year. With total expenses increasing by 29 % , the consolidated EBITDA declined to Rs. 37.80 crore in comparison to Rs. 52.53 crore for the corresponding nine months period in the previous year. Net Profit after tax (PAT) decreased to Rs. 22.66 crore in comparison to Rs. 45.72 crore for the corresponding nine months period in the previous year.

Highlights:

Quarter Ended December 31, 2008

- **Consolidated revenue** at Rs. 84.24 crore from software products and software development services increased by 14 % in comparison to Rs. 73.64 crore for the corresponding quarter of the previous year.
- **Product business revenue** for the quarter at Rs. 55.70 crore increased by 8 % in comparison to Rs. 51.74 crore for the corresponding quarter of the previous year.
- **Projects & Services business revenue** for the quarter at Rs. 28.54 crore increased by 30 % in comparison to Rs. 21.90 crore for the corresponding quarter of the previous year.

- **EBIDTA** declined to Rs. 15.21 crore in comparison to Rs. 18.51 crore for the corresponding quarter of the previous year.
- **Net Profit after Tax (PAT)** decreased to Rs. 10.55 crore as compared to Rs. 15.53 crore for the corresponding quarter of the previous year.
- **Earning per Share** for the quarter decreased to Rs. 3.26 from Rs. 4.80 as compared to corresponding quarter of the previous year.

Nine Months Ended December 31, 2008

- **Consolidated revenue** at Rs. 242.59 crore from software products and software development services increased by 15 % in comparison to Rs. 210.66 crore in the corresponding nine months of the previous year.
- **Product business revenue** for the nine months at Rs. 165.06 crore increased by 14 % in comparison to Rs. 145.07 crore in the corresponding nine months of the previous year.
- **Projects & Services business revenue** for the nine months at Rs. 77.53 crore increased by 18 % in comparison to Rs. 65.59 crore in the corresponding nine months of the previous year.
- **EBIDTA** declined to Rs. 37.80 crore in comparison to Rs. 52.53 crore in the corresponding nine months of the previous year.
- **Net Profit After Tax (PAT)** decreased to Rs. 22.66 crore in comparison to Rs. 45.72 crore in the corresponding nine months of the previous year.
- **Earning Per Share** for the nine months decreased to Rs. 7.00 from Rs. 14.13 as compared to corresponding nine months of the previous year.

Other Key Information

For the Quarter Ended December 31, 2008

- 8 new order wins in the third quarter of the fiscal year
- 6 new customers added
- Won orders for 20 new product modules
- 16 product modules successfully implemented across the globe
- For the third consecutive year Nucleus Software has been selected as one of the "Top 25 Companies Adopting Good Corporate Governance Practices", by The Institute of Company Secretaries of India (ICSI), 2008
- Nucleus Software for the second year running has been listed among "Top 15 Exciting Emerging Companies to Work For" by NASSCOM, 2008
- Nucleus Software has also been recognized under "Best Practices" for Performance Management System by NASSCOM, 2008

For Nine Months Ended December 31, 2008

- 25 new order wins in the nine month period of the fiscal year
- 20 new customers added
- Won orders for 84 new product modules
- 38 product modules successfully implemented across the globe
- Global strength of employees as on December 31, 2008 is 2042
- For the third consecutive year Nucleus Software has been selected as one of the "Top 25 Companies Adopting Good Corporate Governance Practices", by The Institute of Company Secretaries of India (ICSI), 2008
- Nucleus Software for the second year running has been listed among "Top 15 Exciting Emerging Companies to Work For" by NASSCOM, 2008
- Nucleus Software has also been recognized under "Best Practices" for Performance Management System by NASSCOM, 2008
- Nucleus Software for the second year running has been listed among the '200 Best under a Billion' list (2008) by Forbes for the Asia-Pacific region.
- Nucleus Software was recognized as the Top Exporter in the IT & ITES sector and was conferred the "D&B - ECGC Indian Exporters' Excellence Award" by D&B India and ECGC India 2007
- FinnOne™ 3.5 launched

Vishnu R Dusad, CEO and Managing Director, Nucleus Software said, "We have stated last two quarters and reiterate that we are a Product company with a long term perspective. The numbers for the quarter are a definite improvement on the previous two quarters and we continue in our efforts to raise revenue and profitability to desired levels. The global financial crisis has truly extended to the entire world and almost all countries are reporting lower growth or recessionary economic conditions. We believe there are opportunities as well as constraints and we are exploring different business models to effectively meet customer expectations on cost effective business solutions."

Accolades/Awards

- For the third consecutive year Nucleus Software has been selected as one of the "Top 25 Companies Adopting Good Corporate Governance Practices", by The Institute of Company Secretaries of India (ICSI), 2008
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- Nucleus Software has also been recognized under "Best Practices" for Performance Management System by NASSCOM, 2008
- Nucleus Software for the second year running has been listed among the ‘200 Best under a Billion’ list by Forbes for the Asia-Pacific region, 2008
- FinnOne™ Suite ranked No 2, best selling lending software globally by IBS publishing, the UK based financial publication, 2008
- Nucleus Software was recognized as the Top Exporter in the IT & ITES sector and was conferred the "D&B - ECGC Indian Exporters' Excellence Award" by D&B India and ECGC India, 2007
- Nucleus Software was adjudged as one of the fastest growing companies in Asia Pacific under Deloitte Technology Fast 500, 2007
- Nucleus Software was conferred with Oracle Partner of the Year Award in Fusion Middleware category at an APAC level, 2007
- Nucleus Software was awarded for being the Fastest Growing ISV by Oracle Corporation, 2007

Expansion of services and significant projects:

- **New Client Wins:**

Nucleus bagged 8 new product orders and acquired 6 new customers for implementing 20 product modules of the FinnOne™ Suite & Cash@WillTM in the third quarter of year 2008-2009. Product orders were bagged from leading financial institutions in Middle East, South East Asia, India & US.

Consolidated for nine months ending December 31, 2008, Nucleus has won 20 new customers and 25 new product orders for implementing 84 modules of FinnOne™ and Cash Management Suite.

- **Successful Global Implementations:**

This quarter 16 product modules went live in various markets across the globe. Some of the implementations were completed in record time. This further gave increased visibility to Nucleus in the global markets, and reaffirmed its standing in the global lending and cash management space.

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About Nucleus Software Exports Limited

Nucleus Software is a leading software powerhouse providing innovative and pioneering software solutions for Banks and Financial organizations globally. Nucleus Software offers a host of competitive IT solutions and consultancy services designed to support the whole spectrum of business offerings across retail

banking, corporate banking, cards and cash management. With over 150 customers across the globe, the company is consistently innovating with cutting edge and industry driven products in the domain. Nucleus Software is listed on the National Stock Exchange and Bombay Stock Exchange in India**.** For more information, visit www.nucleussoftware.com

Safe Harbor:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, our ability to successfully implement our strategy, our research and development efforts, changes in the value of the Rupee and other currency changes, intense competition in IT and consulting services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Nucleus may, from time to time, make additional written and oral forward-looking statements, including statements contained in the company's filings with the Securities and Exchange Board of India, stock exchange and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

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