



Nucleus Software Announces Q2 FY 09 Results

New Delhi, India, October 19, 2008: Nucleus Software Exports Limited (NSE: NUCLEUS), today announced its Q2 results for financial year 2008-2009.

Nucleus Software's consolidated revenue for the quarter ending September 30, 2008 increased by 7% to Rs.75.46 crore in comparison to Rs.70.37 crore for the corresponding quarter of the previous year. With total expenses increasing by 28% , the consolidated EBITDA declined by 53% to Rs.8.39 crore in comparison to Rs.17.95 crore for the corresponding quarter of the previous year. Net Profit after Tax (PAT) decreased by 75 % to Rs.4.07 crore in comparison to Rs.16.18 crore for the corresponding quarter in the previous year.

For the half year ending September 30, 2008, consolidated revenue has increased by 16 % to Rs.158.35 crore in comparison to Rs.137.02 crore for the corresponding half-year period in the previous year. With total expenses increasing by 32%, the consolidated EBITDA declined by 34% to Rs. 22.59 crore in comparison to Rs.34.06 crore for the corresponding half-year period in the previous year. Net Profit after tax (PAT) decreased by 60% to Rs.12.10 crore in comparison to Rs.30.20 crore for the corresponding half-year period in the previous year.

Highlights:

Quarter Ended September 30, 2008

- **Consolidated revenue** at Rs.75.46 crore from software products and software development services increased by 7% in comparison to Rs.70.37 crore for the corresponding quarter of the previous year.
- **Product business revenue** for the quarter at Rs. 52.10 crore increased by 6% in comparison to Rs. 49.16 crore for the corresponding quarter of the previous year.
- **Projects & Services business revenue** for the quarter at Rs. 23.35 crore increased by 10% in comparison to Rs. 21.21 crore for the corresponding quarter of the previous year.
- **EBIDTA** at Rs. 8.39 crore decreased by 53% in comparison to Rs. 17.95 crore for the corresponding quarter of the previous year.
- **Net Profit After Tax (PAT)** at Rs. 4.07 crore decreased by 75% as compared to Rs. 16.18 crore for the corresponding quarter of the previous year.

- **Earning Per Share** for the quarter decreased to Rs. 1.26 from Rs. 5.00 compared to corresponding quarter of the previous year.

Half- Year Ended September 30, 2008

- **Consolidated revenue** at Rs.158.35 crore from software products and software development services increased by 16% in comparison to Rs.137.02 crore in the corresponding half- year of the previous year.
- **Product business revenue** for the half -year at Rs.109.36 crore increased by 17% in comparison to Rs. 93.33 crore in the corresponding half-year of the previous year.
- **Projects & Services business revenue** for the half-year at Rs. 48.99 crore increased by 12% in comparison to Rs.43.70 crore in the corresponding half-year of the previous year.
- **EBIDTA** at Rs. 22.59 crore decreased by 34% in comparison to Rs. 34.06 crore in the corresponding half-year of the previous year
- **Net Profit After Tax (PAT)** at Rs. 12.10 crore decreased by 60% in comparison to Rs.30.20 crore in the corresponding half-year of the previous year.
- **Earning Per Share** for the half-year decreased to Rs.3.74 from Rs.9.33 compared to corresponding half-year of the previous year.

Vishnu R Dusad, CEO and Managing Director, Nucleus Software said : We had stated last quarter and we reiterate that we are a Product Company with a long term perspective . The numbers for the quarter are disappointing and we have not achieved revenue at our desired and structured level. Order booking in our niche markets continues to be robust and we have the capacity to deliver higher revenue without incurring additional expense on resources and infrastructure.

Project starts continue to be delayed and at the end of the quarter, we had orders exceeding US\$9 million where work had not commenced. We are taking necessary steps for initiating these projects.

The macro economic developments and the liquidity crisis prevailing globally are a cause for uncertainty . While our current revenues from US and Europe are 16% of total revenue, our markets in Japan, Middle East, Africa, Southeast Asia and India cannot remain insulated. We are putting in motion plans for dealing with different business scenarios.

Other Key Information

For the Quarter Ended September 30, 2008

- **12 new order wins** in the second quarter of the fiscal year
- **10 new customers added**
- Won orders for **47 new product modules**
- **Won two large projects from existing relationships for services business**
- **13 product modules** successfully implemented across the globe
- **Hired 83 employees** in the last quarter
- 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.**

For the Half-Year Ended September 30, 2008

- **17 new orders** in the first six months of the fiscal year
- **15 new customers added**
- Won orders for **64 new product modules**
- **Won two large projects from existing relationships for services business**
- **22 product modules successfully implemented** across the globe
- Hired **123** employees
- **FinnOne™ 3.5** launched
- 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

Accolades/Awards

- 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.**
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- FinnOne™ Suite **ranked No 2**, best selling lending software globally by IBS publishing, the UK based financial publication
- Nucleus Software amongst the **top 15 ‘most exciting emerging IT/BPO companies to work for’** says NASSCOM.
- 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** for second consecutive year in 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. Nucleus Software was awarded for being the **Fastest Growing ISV in 2007 by Oracle Corporation**

- **New Client Wins:**

This quarter we **added 10 new customers and bagged 12 new orders** for implementing **47 product modules** in the second quarter of FY 2008-09, from the leading financial institutions in **India, Middle East and South East Asia**. This region has immense potential in terms of growth in the banking sector and institutions, both large and small, are increasingly realizing the importance of technology in enhancing businesses.

We picked up substantial new business from our existing relationships this quarter. We won two large projects for our services business from our existing clients who are amongst the world’s leading names in the banking and financial services industry.

- **Successful Global Implementations:**

This quarter **13 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.

About Nucleus Software Exports Limited

Nucleus Software is a leading software powerhouse providing innovative and pioneering software products and solutions for Banks and Financial organizations globally. Nucleus Software offers a host of competitive IT solutions designed to support whole spectrum of business offerings across retail banking, corporate banking, cards and cash management.

Nucleus Software is listed on the National Stock Exchange and Bombay Stock Exchange in India. 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.

FOR FURTHER INFORMATION, PLEASE CONTACT

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