



Press Release

July 24, 2006

Nucleus Software Revenues for Q1 up by 51.52%

Adds 352 to the team in the first quarter

INDIA, New Delhi, July 24, 2006 -- Nucleus Software Exports Limited (NSE: NUCLEUS), a leading global provider of next generation software products for banking and financial sector, today announced its Q1 results. Nucleus Software's consolidated revenue for the quarter ending 30th June 2006 increased by 51.52 % to Rs. 49.76 crore as compared to Rs. 32.84 crore for the corresponding quarter of the previous year. Net Profit after Tax (PAT) increased by 56.00 % to Rs. 13.40 crore as compared to Rs. 8.59 crore for the corresponding quarter in the previous year.

Major Highlights:

Quarter ended 30th June 2006

- Consolidated revenue from software products and software development services up by 51.52 % as compared to corresponding quarter of the previous year.
- Net Profit After Tax (PAT) increased by 56.00 % as compared to corresponding quarter of the previous year.
- Earning Per Share for the quarter increased to Rs. 8.32 against Rs.5.34 for the corresponding quarter of the previous year.

Other Key Information

- 4 customers added this quarter, taking the total number to 124.
- Won 3 new product orders for flagship product FinnOne™ – CAS, Lending and Collections solutions
- Added 352 employees taking the total to 1420.

Commenting on the Company's results, Vishnu R Dusad, Managing Director, Nucleus Software Exports Limited said "This quarter's results stand testimony to our vision and mission of being a leading global player in the IPR area of banking and financial services. Our value proposition, functionality rich products and consistent quality delivery is gaining substantial global market share."

Expansion of services and significant projects:

During the quarter ;some of the major contracts for products which were won in previous quarters; were successfully implemented. The combined product modules implemented globally has crossed 175 and with the current orders in hand for products; another 100 modules will be implemented over another 50+ countries. By 2008 the figure of product modules implemented globally would be in the range of 400 over 80 countries; with the current orders in hand. Also there have been significant project wins in SEA and Japan with existing customers.

New Client Orders:

During the quarter, the group added 4 new clients taking the total number to 124.

Orders for product business were bagged from a leading financial institution in Japan; a leading bank in Sri Lanka and from India Bulls in India for their retail banking business.

"The future for retail banking market is bright. The largest banks will have to continuously evaluate and even replace their existing technologies to be globally competitive. The retail banking industry is at a nascent stage right now, and the industry is likely to surge as the industry matures and consumers get more oriented with the market", added Mr. Dusad.

Outlook

As per market trends available, the company sees immense demand for niche products in the global banking industry. The new and replacement market for retail banking systems is gaining momentum globally as consumer demand surges and Nucleus has a wide array of products to cater to this market. Also, Cash Management area is seeing a very large demand in Asia Pacific and Nucleus Software is well positioned to address this market.

Primary objective in coming fiscal:

Nucleus Software will focus and strive to gain increase in market share in retail lending and cash management area globally with focus on sales / marketing / quality delivery /speedy implementation and focus on R&D.

About Nucleus Software Export Limited:

Nucleus Software, established in 1986, has been providing innovative & pioneering Products & Customized Software Solutions with focus on the Banking & Financial services Sector. With Global Presence & development centers, Nucleus has developed solutions in Retail banking, Corporate banking, Credit Cards, CRM, ATM, FX, Credit Appraisal, Cash Management, Workflow, EAI, Relationship Banking, E-Commerce, M-Commerce, MIS ,BASEL II, Management dashboards etc.

- The FinnOne™ Suite
 - Loan Origination System (Application Processing system)
 - CAS (Customer Acquisition system)
 - ccAPS (Credit Card Application Processing System)
 - Lending (Loan Management System)
 - LiquiDeposits (Deposits Management System)
 - FAS (Finance Against Securities system)
 - Collections (Delinquency Management system)
 - General Ledger (Financial Accounting System)

Other products

- Cash@Will (Cash Management System)
- FMS (Fraud Management System)
- PowerCARD® (Credit Card System)

About FinnOne™ Suite:

FinnOne™ is an integrated suite of applications designed to support the whole spectrum of business offerings of Banks and Financial Solutions companies. **FinnOne™ CAS** automates and manages the complete application processing flow for Retail/ Corporate Financing as well as Cards, allowing banks to integrate the different touch-points in their supply chain for acquisition prospecting and pre-disbursal processing. **FinnOne™ Lending**, a software module of the **FinnOne™ suite**, built with the objective of providing operational and decision-making support to all the asset side business lines assists in introducing new product

offerings and tailor made schemes, reducing time-to-market and automating processes within the retail loan space. The **FinnOne™ Collections** system managing the entire collections focuses on tracking and managing delinquent customers; helping organizations in minimizing delinquencies through a series of proactive actions and tighter supervision. A unique platform that comes loaded with add-on modules, supporting any phase of distressed receivables lifecycle and enabling powerful recovery management.

Some of the recent accolades won by Nucleus Software are:

- **IBS Publishing**, London, ranks Nucleus Software as the 8th highest seller in Global Banking Back office Systems for the Year **2005**.
- Nucleus Software received the award for "**Excellence in Financial Reporting**" by **the Institute of Chartered Accountants of India (ICAI)** for the year **2006**.
- Nucleus Software received Asia Pacific Level Technology Award from Oracle for **developing Outstanding Oracle Fusion Middleware Solution”(2005)**.

Other accolades:

Nucleus Software is a Level 5 SEI – CMM Company & enjoys strong business relationships with leading multinational players.

FOR FURTHER INFORMATION, PLEASE CONTACT

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*About International Banking Systems (IBS)

The IBS Sales League Table is compiled by IBS Publishing, UK based on a worldwide survey of sales of banking solutions to new named banking wins in the calendar year including Commercial, Retail and Private banking solutions. IBS is an independent research and publishing house dedicated to the wholesale, retail and private banking systems market. This survey is increasingly recognized globally as the only one of its kind that independently tracks the financial products marketplace. IBS is known for their objective coverage of the financial services systems market, cutting through supplier hype, with investigative news, features and surveys.

