



Press Release

January 22nd, 2007

Nucleus Software Revenues for Q3 up by 50.21%

INDIA, New Delhi, January 22, 2007 -- Nucleus Software Exports Limited (NSE: NUCLEUS), a leading global provider of next generation software products for banking and financial sector, today announced its Q3 results. Nucleus Software's consolidated revenue for the quarter ending 31st December 2006 increased by 50.21% to Rs.56.18 crore as compared to Rs.37.40 crore for the corresponding quarter of the previous year. Net Profit after Tax (PAT) increased by 58.05% to Rs 13.94 crore as compared to Rs. 8.82 crore for the corresponding quarter of the previous year.

For the nine months ending December 31, 2006, consolidated revenue has increased by 51.97 % to Rs. 161.03 crore as compared to Rs. 105.96 crore for the corresponding nine months period in the previous year. Net Profit after tax (PAT) increased by 57.37% to Rs. 41.20 crore as compared to Rs. 26.18 crore for the corresponding nine months period in the previous year

Major highlights

Quarter ended 31st December 2006

- Consolidated revenue from software products and software services increased by 50.21% as compared to corresponding quarter of the previous year.
- The EBITDA increased by 55.71% as compared to corresponding quarter of the previous year.
- Net Profit after Tax (PAT) increased by 58.05% as compared to corresponding quarter of the previous year.
- Earning Per Share for the quarter increased to Rs 8.65 from Rs. 5.47 for the corresponding quarter of the previous year.
- Addition of 8 new customers increasing the total number to 143. Best quarter for product business. 8 new contracts for 24 modules. Records set for product orders and product tank size.
- Large multi million dollar order received from ACOM CO. Ltd. Japan for FinnOne™ implementation.

Nine months ended 31st December 2006

- Consolidated revenue from software products and software services increased by 51.97% as compared to corresponding nine months of the previous year.
- Net Profit after Tax (PAT) increased by 57.37% as compared to corresponding nine months of the previous year.
- Earning Per Share for the nine months increased to Rs 25.57 from Rs 16.27 for the corresponding nine months of the previous year

Products & Projects Portfolio

Products Business

- The Product business revenue for the quarter at Rs. 31.76 crore, recorded 124.77% growth over the corresponding quarter of the previous year
- The Product business revenue for the nine months at Rs. 84.10 crore, recorded 119.70% growth over the corresponding nine months of the previous year.
- Biggest product win with ACOM CO. Ltd.; a leading consumer finance company in Japan for its flagship product FinnOne™
- Multiple product order wins from Japan, India, Africa and the Middle East regions consolidating its leadership position.

Projects & Services Business

- Revenue for the quarter at Rs. 24.42 crore increased by 4.99 % as compared to corresponding quarter of the previous year.
- Revenue for the nine months at Rs. 76.93 crore increased by 13.65 % as compared to corresponding nine months of the previous year.

Other Key Information

- Total headcount at the end of the quarter is 1429.

Awards and Accolades

- Nucleus selected amongst the **top 25 companies adopting "Good Corporate Governance Practices"** by the Institute of Company Secretaries of India for 2006.
- Our Annual Report for the financial year 2005 received '**Merit Award**' for "**Best Presented Accounts Award**", in January 2007 by the South Asian Federation of Accountants for the year 2005 in the Category of 'Communication and Information Technology Sector'
- Nucleus Software a Level 5 SEI – CMM Company enjoys strong business relationships with leading multinational players
- Nucleus ranked as **the 8th Highest Seller in Global Banking Back office Systems for the Year** by IBS Publishing, London (2005)
- Nucleus Software received **Asia Pacific Level Technology Award from Oracle for developing Outstanding Oracle Fusion Middleware Solution"**. (2005)

Commenting on the Company's results, Vishnu R Dusad, CEO & MD, Nucleus Software Exports Limited said "We have shown consecutive growth in top line and bottom line for 10 quarters and our healthy results are testimonial to the fact. Our strong product growth along with continued product development and successful implementations has helped us sustain our position as one of the leaders in the domain. Also with large wins from alternate markets such as Japan, we have been able to further strengthen our position in a competitive environment."

Business Expansion:

- FinnOne™ lending today covering almost 70% of the incremental Retail Business in India is being adopted by leading global financial institutions for their retail banking solutions.
- Nucleus Software is actively targeting the European market and has received a large order from a leading global bank from Europe for a 16 country Asia Pacific region cash management solution.
- Nucleus Software consolidated its position for providing world-class products with 8 orders for 24 Product modules. Yearly figures stand at 28 new contracts for 53 modules; an all time record.
- Strengthened leadership position with significant wins in Japan, South East Asia, India and Nigeria.

New Client Orders:

During the quarter, the group added 8 new clients to its current portfolio, taking the total number to 143.

Nucleus reinforced its leadership position in the retail banking space with the largest order win from ACOM CO. Ltd, a leading consumer finance company in Japan. Other product wins include orders for Nucleus Software's flagship product, FinnOne™ from Yes Bank and 2 other banks and NBFC's in India; 3 orders from Nigeria : from one large global auto finance company and a cash management order from a leading European bank for implementation across Asia Pacific.

Growth Strategy:

Our ongoing effort will be to aggressively focus on developing our global footprint across geographies and expanding our partnerships and presence in alternate markets to assume leadership. We are proud to have achieved prominent wins across India, Japan, UAE and Nigeria markets and are now venturing into markets such as Europe as banks in these regions are revamping their technology infrastructure rapidly. Our strategy is to exceed expectations by addressing global challenges with our commitment and focusing on providing world class product and services to our clients.

About Nucleus Software Export Limited:

Nucleus Software established in 1986 has been providing innovative & pioneering Products & customized Software Solutions for the Banking and Financial Services Industry. With global presence & development centers, Nucleus has developed solutions in Retail & Corporate Banking, Credit Cards, Cash Management, Relationship Banking, CRM, ATM, Credit Appraisal, Trade Finance, EAI, E-Commerce, & M-Commerce. More than 250 product implementations globally and a customer base of 134 spread in a number of countries across Europe, Asia Pacific, South-East Asia, Middle-East, Africa, America, Australia, Nucleus has orders in hand for another 150 products to be implemented in another 80 countries by 2008

Nucleus Products:

- The FinnOne™ Suite
 - Finnone Customer Acquisition System (CAS)
 - Finnone Loan management System (LMS)
 - Finnone General Ledger
 - Finnone Deposits
 - Finnone Post Dated Cheque Management System (PDCMS)

- Finnone Collections
- Finnone Finance Against Securities (FAS)

Other products:

- BankONet (Internet & Mobile Banking System)
- Cash@Will (Cash Management 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.

FOR FURTHER INFORMATION, PLEASE CONTACT

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