

Nucleus Software announces 31.06% Increase in Q3 Revenue

Expansion of operations in Rajasthan in a SEZ

New Delhi, India, January 20, 2008: Nucleus Software Exports Limited (NSE: NUCLEUS), today announced its Q3 results for financial year 2007-2008. The Board of Directors in their meeting held today, have formally approved entering into a Memorandum of Understanding with a renowned developer for 16 acres of land in a notified SEZ in Rajasthan.

Nucleus Software's consolidated revenue for the quarter ending 31st December 2007 increased by 31.08% to Rs.73.64 crore in comparison to Rs.56.18 crore for the corresponding quarter of the previous year. Net Profit after Tax (PAT) increased by 11.41% to Rs.15.53 crore in comparison to Rs.13.94 crore for the corresponding quarter in the previous year.

For the nine months ending December 31, 2007, consolidated revenue has increased by 30.82% to Rs.210.66 crore in comparison to Rs.161.03 crore for the corresponding nine months period in the previous year. Net Profit after tax (PAT) increased by 10.97% to Rs.45.72 crore in comparison to Rs.41.20 crore for the corresponding nine months period in the previous year.

Highlights:

Quarter Ended December 31, 2007

- **Consolidated revenue** at Rs.73.63 crore from software products and software development services increased by 31.08 % in comparison to Rs.56.18 crore in the corresponding quarter of the previous year.
- **Product business revenue** for the quarter at Rs.51.73 crore increased by 62.88% in comparison to Rs.31.76 crore in the corresponding quarter of the previous year.
- **Projects & Services business** revenue for the quarter at Rs.21.90 crore decreased by 10.32% in comparison to Rs.24.42 crore in the corresponding quarter of the previous year.
- **EBIDTA** at Rs.18.51 crore increased by 18.05% in comparison to Rs.15.68 crore in the corresponding quarter of the previous year.
- **Net Profit After Tax (PAT)** at Rs.15.53 crore increased by 11.41% as compared to Rs.13.94 crore for the corresponding quarter of the previous year.
- **Earning Per Share** for the quarter increased to Rs.4.80 from Rs.4.32 as compared to corresponding quarter of the previous year.

Nine Months Ended December 31, 2007

- Consolidated revenue at Rs.210.66 crore from software products and software development services increased by 30.82 % in comparison to Rs.161.03 crore in the corresponding nine months of the previous year.
- Product business revenue for the nine months at Rs.145.07 crore increased by 72.50% in comparison to Rs.84.10 crore in the corresponding nine months of the previous year.
- Projects & Services business revenue for the nine months at Rs.65.59 crore decreased by 14.74% in comparison to Rs.76.93 crore in the corresponding nine months of the previous year.
- EBIDTA at Rs.52.53 crore increased by 13.90% in comparison to Rs.46.12 crore in the corresponding nine months of the previous year
- Net Profit After Tax (PAT) at Rs.45.72 crore increased by 10.97% in comparison to Rs.41.20 crore in the corresponding nine months of the previous year.
- Earning Per Share for the nine months increased to Rs.14.13 from Rs.12.78 as compared to corresponding nine months of the previous year.

Other Key Information

For the Quarter Ended December 31, 2007

- Won orders for 14 product modules of FinnOne™ Suite
- 5 new customers added in the quarter
- 11 product modules successfully implemented across the globe
- Nucleus Software amongst the **top 15 'most exciting emerging IT/BPO companies to work for'** says Nasscom
- Added 42 new employees taking the global strength of employees to 1677

For Nine Months Ended December 31, 2007

- Won orders for implementing 44 product modules of FinnOne™ & Cash Management Suite
- Bagged 18 product orders
- Global strength of employees as on December 31, 2007 is 1677

Vishnu R. Dusad, CEO & Managing Director, Nucleus Software said, "Our continued focus on our intellectual property led business and innovation in product development has augmented our capability to serve our clients in a competitive marketplace. We continue to focus on being a partner of choice to our customers"

Accolades/Awards

- Nucleus Software amongst the **top 15 ‘most exciting emerging IT/BPO companies to work for’** says Nasscom
- Nucleus Software has been listed among the **‘Best 200 under a billion companies in Asia’ (2007)** by Forbes Asia magazine.
- 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 ranked amongst the **Top 500 most valuable companies in India** by Business Today

Expansion of services and significant projects:

The Company is optimistic on its products business and foresees increasing demand for such niche products around the globe. The Company continues to focus and invest on development of software products for Banking and Financial Institutions.

- **New Client Wins:**

Nucleus bagged orders from 5 new customers for implementing 14 product modules of the FinnOne™ Suite in the third quarter of year 2007-2008. Product orders were bagged from leading financial institutions in Japan, Africa, Middle East & India. Consolidated for nine months ending, Nucleus has won 18 new product orders for implementing 44 modules of FinnOne™ and Cash Management Suite.

- **Successful Global Implementations:**

This quarter 11 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.

- **Outlook**

As the global lending market is evolving, Nucleus finds itself strategically placed with wide array of products to cater to the demand. Nucleus believes that in future, Indian product companies will gain greater market share in Global software markets and is all set to capitalize on the upswing in the industry

About Nucleus Software Exports

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 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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