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Nucleus Software Exports Limited.

FINANCIAL HIGHLIGHTS

Rs. In Crore, except per share data

Particulars	Consolidated Performance				
	For the Quarter ended		Half Year Ended		For the Year Ended
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	March 31, 2008
Revenue from Operations	75.46	70.37	158.35	137.02	288.72
Operating Profit (EBITDA)	8.40	17.95	22.59	34.06	73.41
Profit after Tax (PAT)	4.07	16.18	12.10	30.20	61.74
EBITDA as a % of Revenue from Operations	11.13%	25.51%	14.27%	24.86%	25.43%
PAT as a % of Revenue from Operations	5.39%	22.99%	7.64%	22.04%	21.38%
EPS*	1.26	5.00	3.74	9.33	19.08
Dividend Per Share	-	-	-	-	3.00
Dividend Payout	-	-	-	-	9.71
At the end of the Period					As at
			September 30, 2008	September 30, 2007	March 31, 2008
Share Capital			32.37	32.37	32.37
Reserves and Surplus			195.89	163.01	182.95
Net Worth			228.26	195.38	215.32
Total Assets			229.13	196.54	216.25
Net Fixed Assets			69.97	60.21	59.16
Investments			72.10	81.76	90.57
Current Assets			163.70	127.69	135.14
Cash and Cash Equivalents			90.06	103.20	94.13
Working Capital			85.61	54.56	66.26
Market Capitalisation			335.19	1,025.15	615.14
No. of Shareholders			12,762	12,788	12,379
No. of Shares (Face Value of Rs.10.00)			32,370,024	32,364,624	32,367,024

Notes:

Market Capitalisation is calculated by considering the closing market price of the scrip at the close of the year/quarter.

Letter to the Shareholders

Dear Shareholder,

We present below the performance of your Company for Q2 and half year of the financial year 2008-09. Before I update you on the financial results, I take immense pride in sharing with you that your Company has been ranked among the “200 Best under a Billion” list for the year 2008 by Forbes for the Asia Pacific region, for the second consecutive year.

With revenues of Rs.75.46 crore, your Company posted a y-o-y top line growth of 7.23% against the corresponding quarter previous year. With total expenses at Rs. 67.06 crore, increasing by 27.93% , the consolidated EBITDA declined by 53.26% to Rs. 8.39 crore in comparison to Rs.17.95 crore for the corresponding quarter of the previous year. With increase in depreciation, withholding taxes and a small foreign exchange loss, net profit after tax (PAT) is at Rs. 4.07 crore, 74.85 % lower than recorded in the corresponding quarter of the previous year. Earning per share for the quarter was Rs. 1.26 against Rs. 5.00.

For the half year, consolidated revenue has increased by 15.57% to Rs. 158.35 crore against the corresponding half year of the previous year. With total expenses at Rs. 135.77 crore, increasing by 31.86%, the consolidated EBITDA declined by 33.67% to Rs. 22.59 crore in comparison to Rs.34.06 crore for the corresponding half year period in the previous year. With increase in depreciation, withholding taxes and a Rs. 7.94 crore foreign exchange loss, net profit after tax (PAT) is at Rs. 12.10 crore, 59.93% lower than recorded in the corresponding half year period in the previous year. Earning per share for the half year was Rs. 3.74 against Rs. 9.33.

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.

It is accepted now that both U.S. and Europe will slip into recession and emerging economies will grow at lower pace in the next two years. While our immediate revenue exposure to U.S. is

almost nil; and Europe is specific client based, there is uncertainty, and the banking sector in our niche markets is not insulated. We are closely monitoring the situation and are taking the required steps to increase productivity and simultaneously reduce the expenses.

The Product business revenue at Rs. 52.10 crore, accounted for 69.04% of revenue for the quarter, against Rs. 49.16 crore, 69.86% revenue in the corresponding quarter of the previous year. This includes Rs. 2.52 crore of product revenue from third party products, which we offer to our customers as a combined solution against Rs.2.95 crore in the corresponding quarter of the previous year. For the half year, the product business revenue is at Rs. 109.36 crore, 69.06% of revenue against Rs. 93.33 crore, 68.11% of revenue for the corresponding half of the previous year. The Company continues to focus and invest on development of niche Banking Products.

Revenue from Projects and Services for the quarter was at Rs. 23.35 crore 30.94% of revenue against Rs. 21.21 crore, 30.14% of revenue for the corresponding quarter of previous year. For the half year, revenue from Projects and Services was at Rs. 48.99 crore 30.94 % of revenue against Rs. 43.70 crore, 31.89 % of revenue for the corresponding half year of the previous year.

Receivables are at Rs. 81.54 crore against Rs.71.47 crore as on June 30 2008. Operating cash flow before working capital changes for the quarter is Rs. 13.13 crore against Rs.11.30 crore for the quarter ended June 30, 2008.

The Company continues to enjoy high level of liquidity. 'Cash and Bank balances' and 'Current Investments' were at Rs.90.06 crore as on September 30, 2008 against Rs.95.53 crore as on June 30, 2008. We continue to examine proactively means of increasing the returns on these amounts without taking any risk.

This quarter we won 12 product orders for 47 modules, and for the half year it is 17 product orders for 64 modules of FinnOne™ and Cash@Will™. We procured most of these orders from leading financial institutions in South East Asia, Middle East, Africa and India. 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 business. We picked up substantial new business from our existing relationships this quarter. We won two large projects for services business from our existing clients who are amongst the world's leading names in the banking and financial services industry. We had a good participation at SIBOS, the world's largest premier banking event, in mid September.



This quarter 13 product modules, and for the half year, 22 product modules went live across the globe. Some of the implementations were completed in record time and gave your Company increased visibility in the global markets.

As a result of our Product Development initiatives, this quarter we have added the Islamic Financing product to our FinnOne's table. The first implementation of this new product module will begin in the Middle East. With this module, we will target Islamic banks and also conventional banks within Islamic product window.

The modules launched in the previous quarter like Lead Management, Payout etc., have all been implemented at initial customer locations this quarter. With the addition of these new ancillary modules, our core product becomes an even bigger value proposition to our customers in comparison to our competitor products. We have also released an upgrade to our BankONet product this quarter. Cash@Will™ product is also being deployed at two very large public sector banks in the country.

The manpower number at the end of the quarter increased from 1976 to 2059. We have launched a major self-learning initiative for resources to empower them with the required skills and knowledge to perform their task with accuracy and at fast pace. This is a self-driven, on the job program, which is aimed at improving competency of resources for increased productivity. This is based on the model adopted in Toyota. We have also initiated Lean Management concept in the organization, which would help us in streamlining our processes at all levels.

We appreciate and honour the hard-work and support of all Nucleites, guidance of our Board Members and well-wishers, support of our customers, business associates and shareholders, for making this journey of Nucleus Software a very exciting and thrilling one.

Vishnu R Dusad
Managing Director & Chief Executive Officer

Date: October 19, 2008

Nucleus Software Exports Limited

Auditors' Report

To the Board of Directors of
Nucleus Software Exports Ltd.

As required by you, we have audited the attached Balance Sheet of Nucleus Software Exports Ltd. ("the Company") as at 30 September 2008, the Profit and Loss Account for the quarter and six months ended on that date and also the Cash Flow Statement of the Company for six months ended on that date, annexed thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

We report that:

- a) we have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit;
- b) in our opinion, proper books of account have been kept by the Company, so far as appears from our examination of the books;
- c) the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
- d) in our opinion, the Balance Sheet, the Profit and Loss Account and the Cash Flow Statement dealt with by this report comply with the Accounting Standards prescribed by Companies (Accounting Standards) Rules, 2006, to the extent applicable; and
- e) in our opinion and to the best of our information and according to the explanations given to us, the said accounts give a true and fair view in conformity with the accounting principles generally accepted in India:
 - (i) in the case of the Balance Sheet, of the state of affairs of the Company as at 30 September 2008;
 - (ii) in the case of the Profit and Loss Account, of the profit of the Company for the quarter and six months ended on that date; and
 - (iii) in the case of the Cash Flow Statement, of the cash flows of the Company for the six months ended on that date.

for B S R & Co.
Chartered Accountants

Akhil Bansal
Partner
Membership No.: 090906

Place: Gurgaon
Date : 19th October 2008

Nucleus Software Exports Ltd.
Balance Sheet as at 30 September 2008

	Schedule	As at 30 September 2008 (Rupees)	As at 30 September 2007 (Rupees)	As at 31 March 2008 (Rupees)
Sources of funds				
Shareholders' funds				
Share capital	1	323,715,240	323,661,240	323,685,240
Advance pursuant to stock option schemes		6,739,100	6,893,100	6,754,100
Reserves and surplus	2	1,662,206,132	1,329,071,529	1,559,362,156
		1,992,660,472	1,659,625,869	1,889,801,496
Deferred tax liability (refer note 3, schedule 16)		-	2,763,398	-
		1,992,660,472	1,662,389,267	1,889,801,496
Application of funds				
Fixed assets				
Gross block	3	842,558,024	759,895,460	788,863,849
Less: Accumulated depreciation		(340,444,697)	(250,305,115)	(292,612,908)
Net block		502,113,327	509,590,345	496,250,941
Add: Capital work in progress (including capital advances)		19,665,440	3,552,997	20,487,398
		521,778,767	513,143,342	516,738,339
Investments	4	772,405,421	794,529,123	955,144,959
Deferred tax asset (refer note 3, schedule 16)		13,317,497	-	1,620,506
Current assets, loans and advances				
Sundry debtors	5	602,420,113	411,494,678	449,823,371
Cash and bank balances	6	78,257,024	130,936,305	57,191,639
Loans and advances	7	272,673,123	137,480,572	120,937,936
Other current assets	8	340,675,265	211,837,851	328,920,411
		1,294,025,525	891,749,406	956,873,357
Less: Current liabilities and provisions				
Current liabilities	9	(518,164,727)	(480,479,626)	(354,422,319)
Provisions	10	(90,702,011)	(56,552,978)	(186,153,346)
		(608,866,738)	(537,032,604)	(540,575,665)
Net current assets		685,158,787	354,716,802	416,297,692
		1,992,660,472	1,662,389,267	1,889,801,496

Significant accounting policies and notes to the accounts 16

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

 For B S R & Co.
 Chartered Accountants

For and on behalf of the Board of Directors

 Akhil Bansal
 Partner
 Membership No.: 090906

 Lt. Gen. T P Singh (retd.)
 Chairman

 Vishnu R Dusad
 Managing Director

 P K Sanghi
 Chief Financial Officer

 Poonam Bhasin
 Company Secretary

 Place: Gurgaon
 Date: 19th Oct 2008

 Place: Noida
 Date: 19th Oct 2008

Nucleus Software Exports Ltd.

Profit and Loss Account for the quarter ended 30 September 2008

	Schedule	For the quarter ended		For the half year ended		For the year ended
		30 September 2008 (Rupees)	30 September 2007 (Rupees)	30 September 2008 (Rupees)	30 September 2007 (Rupees)	31 March 2008 (Rupees)
Sales and services	11	501,483,237	483,123,358	1,024,018,834	955,390,582	1,969,518,038
Software development expenses	12	317,301,142	277,582,870	646,948,199	548,184,040	1,099,283,881
Gross profit		184,182,095	205,540,488	377,070,635	407,206,542	870,234,157
Selling and marketing expenses	13	51,114,980	28,835,513	95,161,911	61,922,965	141,183,940
General and administration expenses	14	56,441,612	38,034,503	101,500,574	70,566,368	156,096,021
Operating profit before depreciation and withholding tax		76,625,503	138,670,472	180,408,150	274,717,209	572,954,196
Depreciation	3	24,771,442	20,497,497	47,831,789	36,604,521	81,017,846
Withholding taxes charged off		15,201,601	7,113,572	37,002,969	10,385,044	41,497,730
Operating profit after depreciation and withholding tax		36,652,460	111,059,403	95,573,392	227,727,644	450,438,620
Other income	15	53,369,836	8,743,286	114,419,673	30,904,895	148,773,509
(Loss)/gain on foreign exchange fluctuation (net)		(13,913,203)	29,613,854	(93,438,303)	22,636,646	21,378,027
Profit before taxation		76,109,093	149,416,543	116,554,762	281,269,185	620,590,156
Provision for tax - current income tax		6,800,000	17,400,000	12,800,000	33,900,000	61,900,000
- MAT credit entitlement (refer note 8, schedule 16)		(2,900,000)	(11,800,000)	(7,900,000)	(24,900,000)	(54,100,000)
- fringe benefit tax		1,800,686	1,650,000	3,670,686	3,250,000	7,167,414
- deferred tax (credit) / charge (refer note 3, schedule 16)		(3,142,332)	1,353,156	(11,696,991)	2,242,192	(2,141,712)
- income tax for earlier years		1,100,000	-	1,100,000	-	-
Provision for wealth tax		88,047	-	88,047	-	70,040
Profit after taxation		72,362,692	140,813,387	118,493,020	266,776,993	607,694,414
Profit amount available for appropriation						
Profit for the period / year		72,362,692	140,813,387	118,493,020	266,776,993	607,694,414
Add: Balance brought forward		981,697,392	628,209,096	935,567,064	502,245,490	502,245,490
Total amount available for appropriation		1,054,060,084	769,022,483	1,054,060,084	769,022,483	1,109,939,904
Proposed dividend		-	-	-	-	97,101,072
Corporate dividend tax		(7,222,875)	-	(7,222,875)	-	16,502,327
Transferred to general reserve		-	-	-	-	60,769,441
Balance carried forward to the Balance Sheet		1,061,282,959	769,022,483	1,061,282,959	769,022,483	935,567,064
Earnings per equity share (par value Rs. 10 each) (refer note 15, schedule 16)						
Basic		2.24	4.35	3.66	8.25	18.78
Diluted		2.23	4.33	3.65	8.18	18.63
Number of shares used in computing earnings per equity share						
Basic		32,369,711	32,357,450	32,369,114	32,350,078	32,358,999
Diluted		32,403,884	32,515,343	32,474,634	32,630,289	32,615,059

16 **Significant accounting policies and notes to the accounts**

The schedules referred to above form an integral part of the Financial Statements

As per our report of even date

For B S R & Co.
Chartered Accountants

For and on behalf of the Board of Directors

Akhil Bansal
Partner
Membership No.: 090906

Lt. Gen. T P Singh (retd.)
Chairman

Vishnu R Dusad
Managing Director

P K Sanghi
Chief Financial Officer

Poonam Bhasin
Company Secretary

Place:
Date:

Place: Noida
Date:



Nucleus Software Exports Ltd.
Cash Flow Statement for the half year ended 30 September 2008

	For the half year ended 30 September 2008 (Rupees)	For the half year ended 30 September 2007 (Rupees)	For the year ended 31 March 2008 (Rupees)
A. Cash flow from operating activities			
Net profit before tax	116,554,762	281,269,185	620,590,156
<i>Adjustment for:</i>			
Depreciation	47,831,789	36,604,521	81,017,846
Exchange difference on translation of foreign currency accounts	82,475,076	(8,158,274)	(285,402)
Dividend received from non-trade investments	(8,825,464)	(5,257,580)	(16,430,650)
Dividend received from subsidiary	(42,500,000)	-	(100,000,000)
Interest on fixed deposits and loan to subsidiaries	(465,949)	(392,518)	(929,240)
Profit on sale of investments	(56,554,820)	(23,368,919)	(24,833,708)
Amortisation of employees stock compensation expenses	2,451,091	3,416,663	5,990,268
Profit on sale of fixed assets (net)	-	(389,591)	(907,591)
Advances and other current assets written off	3,879,835	-	6,609,696
Provision for doubtful debts / advances / other current assets	10,012,732	2,601,123	5,866,055
Provision written back	(5,300,000)	-	-
Provision for diminution in the value of investments	-	-	4,895,477
Operating profit before working capital changes	149,559,052	286,324,610	581,582,907
Increase in sundry debtors	(133,009,503)	(51,104,846)	(77,133,518)
Increase in loans and advances	(15,110,608)	(28,663,637)	(32,363,816)
Increase in other current assets	(1,239,158)	(68,407,808)	(181,227,207)
(Decrease) / increase in current liabilities and provisions	9,128,952	4,295,216	(85,230,921)
Income tax paid (net)	(21,627,248)	(7,407,655)	(22,651,128)
Wealth tax paid	(88,047)	-	-
Fringe benefit tax paid	(3,530,686)	(3,117,865)	(9,969,688)
Net cash from / (used in) operating activities (A)	(15,917,246)	131,918,016	173,006,630
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress	(43,782,417)	(68,319,822)	(135,233,054)
Sale of fixed assets	804,498	2,292,333	2,810,333
Purchase of current investments	(1,438,347,853)	(903,423,760)	(2,263,695,055)
Proceeds on sale of current investments	1,521,409,811	827,079,653	2,023,304,424
Proceeds on sale of non trade investments	158,732,400	-	-
Investments in shares of subsidiary	(2,500,000)	-	-
Advance towards investment in shares of subsidiary	(97,500,000)	-	-
Advances to subsidiaries (net)	(22,158,340)	-	2,821,875
Interest on fixed deposits and loan to subsidiaries	103,286	47,970	739,397
Income tax paid	(123,609)	(2,618,171)	(2,067,602)
Dividend received from non-trade investments	8,825,464	5,257,580	16,430,650
Dividend received from subsidiary	42,500,000	-	100,000,000
Net cash from / (used in) investing activities (B)	127,963,240	(139,684,217)	(254,889,032)
C. Cash flow from financing activities			
Dividend paid (including corporate dividend tax)	(106,380,524)	-	-
Advance pursuant to employee stock option scheme / proceeds from employee stock option exercised	360,000	4,903,800	5,191,800
Net cash from / (used in) financing activities (C)	(106,020,524)	4,903,800	5,191,800
Net increase / (decrease) in cash and cash equivalents (A+B+C)	6,025,470	(2,862,402)	(76,690,603)
Opening cash and cash equivalents	57,191,639	134,345,157	134,345,157
Exchange difference on translation of foreign currency bank accounts	15,039,915	(546,450)	(462,915)
Closing cash and cash equivalents*	78,257,024	130,936,305	57,191,639

*include fixed deposits amounting to Rs.10,148,805 (Rs. 8,827,856; Rs.6,412,120) under lien with bank on account of guarantees issued on behalf of the Company

Note:

1. The above cash flow statement has been prepared in accordance with the 'Indirect method' as set out in the Accounting Standard 3 on "Cash Flow Statements" prescribed under Companies (Accounting Standard) Rules, 2006.

2. Cash and cash equivalents consist of cash in hand, remittance in transit and balances with scheduled banks / non scheduled banks.

As per our report of even date

For **B S R & Co.**
Chartered Accountants

For and on behalf of the Board of Directors

Akhil Bansal
Partner
Membership No.: 090906

Lt. Gen. T P Singh (retd.)
Chairman

P K Sanghi
Chief Financial Officer

Place: Gurgoun
Date: 19th Oct 2008

Place: Noida
Date: 19th Oct 2008

Nucleus Software Exports Ltd.

Schedules forming part of the financial statements

	As at 30 September 2008 (Rupees)	As at 30 September 2007 (Rupees)	As at 31 March 2008 (Rupees)
SCHEDULE 1:			
Share capital			
Authorised capital			
40,000,000 (40,000,000; 40,000,000) equity shares of Rs.10 each	400,000,000	400,000,000	400,000,000
Issued, subscribed and paid up			
Issued			
32,372,824 (32,367,424; 32,369,824) equity shares of Rs.10 each	323,728,240	323,674,240	323,698,240
Subscribed and paid up			
32,370,024 (32,364,624; 32,367,024) equity shares of Rs.10 each, fully paid up	323,700,240	323,646,240	323,670,240
Of the above:			
16,185,012 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of securities premium account during the year ended 31 March 2008			
8,045,406 equity shares of Rs. 10 each have been issued as bonus shares by capitalisation of securities premium during the year ended 31 March 2005			
2,637,050 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of general reserve and securities premium account during the year ended 31 March 2002			
1,452,270 equity shares of Rs.10 each have been issued as bonus shares by capitalisation of general reserve during the year ended 31 March 1995			
Add: 2,800 (2,800, 2,800) forfeited equity shares pending for reissue	15,000	15,000	15,000
	323,715,240	323,661,240	323,685,240
SCHEDULE 2:			
Reserves and surplus			
General reserve			
Balance as at 1 April	592,242,991	531,473,550	531,473,550
Add: Transferred from Profit and Loss Account	-	-	60,769,441
	592,242,991	531,473,550	592,242,991
Securities premium account			
Balance as at 1 April	20,484,589	173,199,509	173,199,509
Add: Securities premium received	360,000	4,903,800	5,191,800
Add: On conversion of stock options issued to employees	123,600	3,829,520	3,928,400
Less: Amount utilised for issuance of bonus shares	15,000	161,823,120	161,835,120
	20,953,189	20,109,709	20,484,589
Capital reserve account			
Balance as at 1 April	1,800,030	1,573,030	1,573,030
Add: Amount forfeited against employees stock option plan	-	100,000	227,000
	1,800,030	1,673,030	1,800,030
Employee stock options			
Balance as at 1 April	15,248,208	19,234,288	19,234,288
Less: Reversal on forfeiture of stock options granted	-	-	57,680
Less: Transferred to securities premium account on exercise of stock options	123,600	3,829,520	3,928,400
	15,124,608	15,404,768	15,248,208
Less: Deferred employee compensation	(3,529,636)	(8,612,011)	(5,980,726)
	11,594,972	6,792,757	9,267,482
Hedging reserve (refer note 4, schedule16)			
	(25,668,009)	-	-
	(25,668,009)	-	-
Profit and Loss Account			
Balance as at 1 April	935,567,064	502,245,490	502,245,490
Add: Profit for the period / year	118,493,020	266,776,993	607,694,414
Less: Transferred to general reserve	-	-	60,769,441
Less: Proposed dividend	-	-	97,101,072
Less: Corporate dividend tax	(7,222,875)	-	16,502,327
	1,061,282,959	769,022,483	935,567,064
	1,662,206,132	1,329,071,529	1,559,362,156

SCHEDULE 3:

Fixed assets	(Rupees)									
	Gross block		Accumulated depreciation		Net block		As at		As at	
	As at	Additions	Debitations / adjustments	As at	Depreciation for the period	Debitations / adjustments	As at	As at	As at	As at
	1 April 2008	30 September 2008	As at 1 April 2008	30 September 2008	1 April 2008	adjustments	30 September 2008	30 September 2008	30 September 2007	31 March 2008
Tangible assets										
Freehold land	3,360,720	-	-	3,360,720	-	-	-	3,360,720	3,360,720	3,360,720
Leasehold land	66,395,000	-	4,377,181	66,395,000	375,778	-	4,752,959	61,642,041	62,393,597	62,017,819
Leasehold improvement	9,105,792	1,430,074	1,831,870	10,535,866	1,169,042	-	3,000,912	7,534,954	8,213,330	7,773,972
Building	242,917,825	-	19,462,875	262,113,327	4,000,730	-	23,493,605	218,619,722	228,511,985	223,454,950
Plant and machinery (including										
Other equipments)	114,916,615	5,777,055	50,839,976	120,693,670	10,618,130	-	61,458,106	59,235,564	70,743,053	64,076,639
Computers	188,098,838	20,719,950	103,632,897	208,818,808	19,041,148	-	122,657,045	86,161,763	81,106,428	84,465,961
Vehicles	16,554,013	724,351	6,249,336	17,278,364	1,602,791	-	7,912,127	9,366,237	11,130,711	10,304,677
Furniture and fixtures	45,281,071	908,112	26,260,934	46,190,183	3,109,856	-	28,370,870	16,819,313	21,169,397	19,020,137
Intangible assets										
Softwares	102,233,955	24,938,131	-	127,172,086	7,841,294	-	87,799,073	39,373,013	22,961,124	22,726,116
Total	788,863,849	54,408,673	(804,498)	842,558,024	292,612,908	-	340,444,687	502,113,337	509,590,345	496,250,941
Previous period	548,039,427	217,098,840	(5,240,807)	759,895,460	217,038,659	(3,338,065)	250,305,115	509,590,345	-	-
Previous year	548,039,427	248,170,761	(7,346,339)	788,863,849	217,038,659	(5,443,977)	292,612,908	496,250,941	-	-

Nucleus Software Exports Ltd.
Schedules forming part of the financial statements

	As at 30 September 2008 (Rupees)	As at 30 September 2007 (Rupees)	As at 31 March 2008 (Rupees)
SCHEDULE 4:			
Investments			
Long term investments			
Equity shares - Trade and unquoted			
Nid (10,040,000; 10,040,000) equity shares of Rs 10 each, fully paid up, in GMAC Financial Services India Limited [Of the above, Nid (80,000; 80,000) equity shares are held by nominees on behalf of the Company]	-	136,882,640	136,882,640
25,000 (25,000; 25,000) equity shares of Rs 100 each, fully paid up, in Ujivan Financial Services Private Limited	2,500,000	2,500,000	2,500,000
	2,500,000	139,382,640	139,382,640
Equity shares in wholly owned subsidiaries - Unquoted			
625,000 (625,000; 625,000) equity shares of SGD 1 each, fully paid up, in Nucleus Software Solutions Pte. Ltd., Singapore, a wholly owned subsidiary	16,319,950	16,319,950	16,319,950
1,000,000 (1,000,000; 1,000,000) equity shares of USD 0.35 each, fully paid up, in Nucleus Software Inc., USA, a wholly owned subsidiary	16,293,150	16,293,150	16,293,150
200 (200; 200) equity shares of JPY 50,000 each, fully paid up, in Nucleus Software Japan Kabushiki Kaiga, Japan, a wholly owned subsidiary	4,092,262	4,092,262	4,092,262
316,000 (316,000; 316,000) equity shares of Aus \$ 1 each, fully paid up, in Nucleus Software (Australia) Pty. Ltd., Australia, a wholly owned subsidiary	9,790,955	9,790,955	9,790,955
100,000 (100,000; 100,000) equity shares of HK \$ 1 each, fully paid up, in Nucleus Software (HK) Ltd., Hong Kong, a wholly owned subsidiary	619,885	619,885	619,885
1,000,000 (1,000,000; 1,000,000) equity shares of Rs 10 each, fully paid up, in VirStra -Technology Services Limited, India, a wholly owned subsidiary [Of the above, 6 (6; 6) equity shares are held by nominees on behalf of the Company]	10,000,000	10,000,000	10,000,000
1,000 (1,000; 1,000) equity shares of Euro 100 each, fully paid up, in Nucleus Software Netherlands B.V., Netherlands, a wholly owned subsidiary	5,365,000	5,365,000	5,365,000
250,000 (Nid, Nid) equity shares of Rs. 10 each, fully paid up, in Nucleus Software Limited, India a wholly owned subsidiary [Of the above, 6 (Nid, Nid) equity shares are held by nominees on behalf of the Company]	2,500,000	-	-
Less: Provision for diminution in value of investment in Nucleus Software (Australia) Pty. Ltd., Australia	(4,895,477)	-	(4,895,477)
	60,085,725	62,481,202	57,585,725
Current investments			
Investments in bonds and mutual funds - Non trade and unquoted			
Nid (2,000,000; Nid) units of face value of Rs. 10 each of UTI Fixed Maturity Plan-QFMP 0907/1-Inst. (D)	-	20,000,000	-
Nid (Nid, 5,000,000) units of face value of Rs 10 each of UTI Fixed Maturity HFMP 03/08 I Plan E- Inst. (D)	-	-	50,000,000
Nid (2,500,000; 2,500,000) units of face value of Rs. 10 each of ICICI Prudential FMP Series 34-One Year Plan B Inst. (G)	-	25,000,000	25,000,000
2,200,620 (Nid, 1,821,275) units of face value of Rs. 10 each of ICICI Prudential Flexible Income Plan - (D)	23,268,255	-	19,257,256
Nid (Nid, 1,025,916) units of face value of Rs. 10 each of ICICI Prudential Interval Fund II Qtrly Interval Plan - C Retail (D)	-	-	10,259,156
Nid (Nid, 1,024,881) units of face value of Rs. 10 each of Birla Interval Income Fund -Inst. Quarterly series- 3-(D)	-	-	10,248,882
Nid (1,500,000; Nid) units of face value of Rs 10 each of ING FMP Series 26 (D)	-	15,000,000	-
Nid (6,635,267; Nid) units of face value of Rs 10 each of ING Liquid Plus Fund- Inst. (D)	-	66,374,564	-
1,500,000 (Nid, 1,500,000) units of face value of Rs. 10 each of ING Long Term FMP 1 Inst. (G)	15,000,000	-	15,000,000
Nid (2,500,000; 2,500,000) units of face value of Rs. 10 each of ABN AMRO FTPS5 14 Mths Plan Inst (G)	-	25,000,000	25,000,000
Nid (2,500,000; 2,500,000) units of face value of Rs. 10 each of ABN AMRO FTPS5 Yrly Plan A-Inst. (G)	-	25,000,000	25,000,000
Nid (1,502,440; Nid) units of face value of Rs. 10 each of ABN AMRO FTPS5-C Qtrly (D)	-	15,024,458	-
837,239 (Nid, Nid) units of face value of Rs. 10 each of ABN AMRO Money Plus Fund-Inst (D)	8,372,488	-	-
Nid (1,500,000; 1,500,000) units of face value of Rs. 10 each of HSBC Fixed Term Series-27 Inst. (G)	-	15,000,000	15,000,000
Nid (1,000,000; 1,000,000) units of face value of Rs. 10 each of HSBC Fixed Term Series-28 Inst. (G)	-	10,000,000	10,000,000
6,000,000 (Nid, 6,000,000) units of face value of Rs. 10 each of HSBC Fixed Term Series-44 Inst. (G)	60,000,000	-	60,000,000
Nid (1,091,130; 1,091,130) units of face value of Rs. 10 each of HDFC FMP 367D April 2007 (S)-Wholesale Plan (G)	-	10,911,300	10,911,300
5,000,000 (Nid, 5,000,000) units of face value of Rs. 10 each of HDFC FMP 13M March 2008 (VID)(Z) -Wholesale Plan (G)	50,000,000	-	50,000,000
3,282,512 (Nid, Nid) units of face value of Rs. 10 each of HDFC Cash Management Savings Plus -Wholesale Plan (D)	32,928,515	-	-
Nid (2,500,000; 2,500,000) units of face value of Rs. 10 each of Principal Pub FMP 385 Days-Series IV-Mar 07 Inst. (G)	-	25,000,000	25,000,000
Nid (2,000,000; Nid) units of face value of Rs 10 each of Reliance Quarterly interval Fund Series 1 - Inst. (D)	-	20,000,000	-
Nid (2,000,000; Nid) units of face value of Rs 10 each of Reliance Quarterly interval Fund Series 3 - Inst. (D)	-	20,000,000	-
Nid (1,500,000; 1,500,000) units of face value of Rs 10 each of Reliance Fixed Horizon Fund III-Annual Plan S-1-Inst. (G)	-	15,000,000	15,000,000
Nid (1,500,000; 1,500,000) units of face value of Rs 10 each of Reliance Fixed Horizon Fund III-Annual Plan S-IV-Inst. (G)	-	15,000,000	15,000,000
1,017,815 (Nid, Nid) units of face value of Rs 10 each of Reliance Fixed Horizon Fund-X Series-13 Super Inst. (D)	10,178,146	-	-
2,000,000(Nid, 2,000,000) units of face value of Rs. 10 each of Kotak FMP 14M Series-4 - Inst. (G)	20,000,000	-	20,000,000
Nid (2,500,000; 2,500,000) units of face value of Rs 10 each of Kotak FMP 13M Series 2 Inst. (G)	-	25,000,000	25,000,000
Nid (1,250,000; Nid) units of face value of Rs 10 each of Kotak FMP 13M Series 26 Inst. (D)	-	12,500,000	-
Nid (2,500,000; 2,500,000) units of face value of Rs 10 each of DWS Fixed Term Fund Series 24-Inst. (G)	-	25,000,000	25,000,000
Nid (2,000,000; 2,000,000) units of face value of Rs 10 each of DWS Fixed Term Fund Series 33-Inst. (G)	-	20,000,000	20,000,000
5,000,000 (Nid, 5,000,000) units of face value of Rs 10 each of DWS Fixed Term Fund Series 47-Inst. (G)	50,000,000	-	50,000,000
Nid (5,029,542; Nid) units of face value of Rs 10 each of DWS Money Plus Fund-Inst.-(D)	-	50,336,667	-
5,000,000 (Nid, Nid) units of face value of Rs 10 each of DWS Fixed Term Fund Series 57-Inst-(D)	50,000,000	-	-
3,459,788 (Nid, Nid) units of face value of Rs 10 each of JM Interval Fund-Quarterly Plan 5 -Inst. (D)	34,597,880	-	-
3,409,397 (Nid, Nid) units of face value of Rs 10 each of JM Fixed Maturity Fund -Series XII Quarterly Plan 3 -Inst. (D)	34,093,967	-	-
Nid (750,000; 750,000) units of face value of Rs 10 each of Standard Chartered Fixed Maturity Plan B Yearly Series 11 (G)	-	7,500,000	7,500,000
Nid (4,000,000; 4,000,000) units of face value of Rs 10 each of Templeton Fixed Horizon Fund Series II-Plan B-Inst. (G)	-	40,000,000	40,000,000
Nid (10,000; 10,000) units of face value of Rs 1000 each of DSP Merrill Lynch FTP Series 3D-Inst. (G)	-	10,000,000	10,000,000
4,000,000 (Nid, 4,000,000) units of face value of Rs 10 each of DSP Merrill Lynch FMP 12 1/2M Series1-Inst. (G)	40,000,000	-	40,000,000
Nid (25,018; Nid) units of face value of Rs 1000 each of DSP Merrill Lynch FTP series 1P-Inst. (D)	-	25,018,292	-
2,500,000 (Nid, Nid) units of face value of Rs 10 each of DSP Merrill Lynch FMP 3M Series 12-Inst. (D)	25,000,000	-	-
Nid (2,500,000; 2,500,000) units of face value of Rs 10 each of Lotus India FMP 375 Days Series II Inst. Growth	-	25,000,000	25,000,000
1,500,000 (Nid, 1,500,000) units of face value of Rs 10 each of Lotus India FMP 375 Days Series VII Inst. Growth	15,000,000	-	15,000,000
2,000,000 (Nid, Nid) units of face value of Rs 10 each of Lotus India FMP 3M Series XXXV Inst. (D)	20,000,000	-	-
Nid (1,500,000; Nid) units of face value of Rs 10 each of Sundaram BNP Paribas Interval Fund Qly-Plan A - Inst-(D)	-	15,000,000	-
3,000,000 (Nid, 3,000,000) units of face value of Rs 10 each of Sundaram BNP Paribas Fixed Term Plan D- Inst. (G)	30,000,000	-	30,000,000
2,000,000 (Nid, 2,000,000) units of face value of Rs 10 each of Sundaram BNP Paribas Fixed Term Plan E- Inst. (G)	20,000,000	-	20,000,000
2,028,548 (Nid, Nid) units of face value of Rs 10 each of Canara Rebecco Interval Monthly -Inst. (D)	20,290,876	-	-
Nid (1,500,000; Nid) units of face value of Rs 10 each of SBI Debt Fund Series-90 Days -15-(Sep 07)-Dividend	-	15,000,000	-
5,000,000 (Nid, Nid) units of face value of Rs 10 each of SBI Debt Fund Series-90 Days -26-Dividend	50,000,000	-	-
3,000,000 (Nid, Nid) units of face value of Rs 10 each of SBI Debt Fund Series-90 Days -29-Dividend	30,000,000	-	-
5,000,000 (Nid, 5,000,000) units of face value of Rs. 10 each of IDFC Fixed Maturity Plan-Yearly Series 19-Plan B-(C)	50,000,000	-	50,000,000
21,060 (Nid, Nid) units of face value of Rs 1000 each of Mirae Asset Liquid plus Fund-Inst. (D)	21,089,569	-	-
	709,819,696	592,665,281	758,176,594
	772,405,421	794,529,123	955,144,959
Notes:			
1. Net asset value (NAV) of current investments is Rs. 728,718,590 (Rs. 608,649,366; Rs. 788,836,182) as at 30 September 2008.			
2. Refer note 7, schedule 16 for details of investments purchased and sold during the period ended 30 September 2008.			

Nucleus Software Exports Ltd.
Schedules forming part of the financial statements

	As at 30 September 2008 (Rupees)	As at 30 September 2007 (Rupees)	As at 31 March 2008 (Rupees)
SCHEDULE 5:			
Sundry debtors (Unsecured)			
Debts outstanding for a period exceeding six months			
- Considered good	56,421,382	34,484,564	32,883,242
- Considered doubtful	11,817,074	10,813,242	6,935,163
	68,238,456	45,297,806	39,818,405
Less: Provision for doubtful debts	(11,817,074)	(10,813,242)	(6,935,163)
	56,421,382	34,484,564	32,883,242
Other debts (considered good)*	545,998,731	377,010,114	416,940,129
	602,420,113	411,494,678	449,823,371
* includes debt amounting to Rs. 19,393,399 (Rs. 10,090,957, Rs. 14,408,112) from Nucleus Software Inc., USA, Rs. 107,121,070 (Rs. 78,857,854; Rs. 28,251,263) from Nucleus Software Japan Kabushiki Kaiga and Rs. Nil (Rs. 56,324,173; Rs. 45,492,600) from Nucleus Software Solutions Pte. Ltd., Singapore, Rs. 96,127 (Rs. Nil; Rs. Nil) from Nucleus Software Netherlands B.V., Netherlands and Rs. 6,200,132 (Rs. 5,391,205; Rs. Nil) from VirStra i -Technology Services Limited, India being companies under the same management within the meaning of section 370 (1B) of the Companies Act 1956.			
SCHEDULE 6:			
Cash and bank balances			
Cash in hand	126,929	181,268	252,925
Balances with scheduled banks:			
- in current accounts	45,859,631	48,922,946	43,510,213
- in fixed deposit accounts*	11,082,017	8,827,856	11,536,175
Balance with non scheduled bank:			
- in current account (Cibbank, United Kingdom)	464,544	420,926	816,658
[Maximum amount outstanding during the period / year Rs. 2,307,184 (Rs. 850,270; Rs. 2,020,956)]			
- in current account (Cibbank, U.A.E)	166,827	335,969	1,075,668
[Maximum amount outstanding during the period / year Rs. 2,460,702 (Rs. 563,625; Rs. 2,210,768)]			
Remittance in transit	20,557,076	72,247,340	-
	78,257,024	130,936,305	57,191,639
*include fixed deposits amounting to Rs. 10,148,805 (Rs. 8,827,856; Rs. 6,412,120) under lien with bank on account of guarantees issued on behalf of the Company			
SCHEDULE 7:			
Loans and advances			
(Unsecured, considered good)			
Advances recoverable in cash or in kind or for value to be received	34,454,016	49,939,037	21,168,252
Loans and advances to subsidiaries*	23,609,849	13,724,991	96,127
Advance towards investment in shares of Nucleus Software Limited	97,500,000	-	-
Security deposits	10,353,661	9,257,670	9,702,487
Mark to Market on Options/Forward contracts	-	-	667,502
Advance income tax [net of provision Rs. 43,246,234 (Rs. 38,446,234; Rs. 37,246,234)]	18,217,435	9,243,714	8,466,578
Advance fringe benefit tax [net of provision Rs. 21,233,704 (Rs. Nil; Rs. 17,563,018)]	2,592,274	-	2,732,274
MAT credit entitlement (refer note 8, schedule 16)	60,100,000	24,900,000	54,100,000
Prepaid expenses	25,845,888	30,415,160	24,004,716
	272,673,123	137,480,572	120,937,936
* includes loan amounting to Rs. Nil (Rs. 2,570,325; Rs. Nil) to Nucleus Software Inc., USA, [maximum amount outstanding during the period Rs. Nil (Rs. 2,821,875; Rs. 2,821,875)] and advance amounting to Rs. 23,609,849 (Rs. Nil; Rs. Nil) to Nucleus Software Limited, [maximum amount outstanding during the period Rs. 23,609,849 (Rs. Nil; Rs. Nil)] being company under the same management within the meaning of section 370 (1B) of the Companies Act 1956.			



SCHEDULE 8:

Other current assets

Service income accrued but not due	339,229,046	210,623,272	327,836,855
Interest accrued but not due	1,446,219	1,214,579	1,083,556
	340,675,265	211,837,851	328,920,411

SCHEDULE 9:

Current liabilities

Sundry creditors *	242,911,750	214,596,900	203,768,350
Withholding tax	33,863,111	18,462,200	27,772,507
Due to subsidiaries	3,190,646	13,316,279	1,835,264
Advances from customers	42,177,302	145,869,256	96,178,719
Mark to Market on Options / Forward contracts (refer note 4, schedule16)	158,880,339	-	-
Unclaimed dividends	1,335,784	1,124,446	1,085,191
Other liabilities	35,805,795	20,549,713	23,782,288
Book overdraft	-	66,560,832	-
	518,164,727	480,479,626	354,422,319

* The Company has no amounts payable to micro, small and medium enterprises as defined in section 7(1) of the Micro, Small and Medium Enterprises Development Act, 2006, to the extent such parties have been identified from the available information.

SCHEDULE 10:

Provisions

Gratuity	45,226,848	25,302,128	35,529,286
Leave encashment	45,475,163	31,048,715	37,020,661
Fringe benefit tax [Net of advance fringe benefit tax Rs. Nil (Rs. 13,520,604; Rs. Nil)]	-	202,135	-
Dividend	-	-	97,101,072
Corporate dividend tax	-	-	16,502,327
	90,702,011	56,552,978	186,153,346

Nucleus Software Exports Ltd.
Schedules forming part of the financial statements

	For the quarter ended		For the half year ended		For the year ended
	30 September 2008	30 September 2007	30 September 2008	30 September 2007	31 March 2008
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE 11:					
Sales and services					
Software development services and products					
- Domestic	96,725,672	71,646,513	178,055,524	172,023,812	336,999,848
- Overseas	404,757,565	411,476,845	845,963,310	783,366,770	1,632,518,190
	501,483,237	483,123,358	1,024,018,834	955,390,582	1,969,518,038
SCHEDULE 12:					
Software development expenses					
Salaries and allowances	220,311,614	181,074,943	439,404,305	349,861,410	703,779,243
Contribution to provident and other funds	13,093,002	10,374,628	23,840,087	17,699,640	37,531,770
Directors' remuneration [including stock compensation expenses Rs. Nil (Rs. Nil, Rs. Nil, Rs. 125,089, Rs. 125,089)]	808,000	2,792,786	1,578,000	5,478,361	10,493,089
Employee's stock compensation expenses	652,816	1,291,869	2,086,715	2,628,375	4,791,600
Staff welfare	3,757,029	2,518,103	7,787,656	5,070,884	11,979,555
Conveyance	3,011,702	2,216,693	5,362,237	4,498,899	10,471,320
Communication	5,393,031	3,146,292	8,506,183	6,195,863	13,595,297
Rent	2,040,685	1,444,949	4,680,932	2,775,177	6,730,867
Legal and professional	4,806,288	5,536,748	12,148,379	9,451,678	15,892,577
Repair and maintenance					
- Buildings	188,034	282,629	365,626	399,772	1,425,432
- Others	3,429,214	1,559,907	5,918,185	2,541,489	8,924,722
Training and recruitment	2,198,891	6,215,317	5,591,494	8,201,465	22,471,393
Printing and stationery	267,434	250,452	771,516	968,063	1,270,307
Insurance	763,839	878,332	1,580,013	1,554,954	3,093,513
Software and other development charges	8,350,240	3,051,437	18,019,611	4,161,603	12,109,684
Cost of software purchased for delivery to clients	3,437,439	12,347,751	26,475,555	41,864,051	64,871,485
Traveling	34,813,142	32,633,278	64,093,002	66,908,125	138,684,760
Power and fuel	7,218,044	7,459,904	13,883,880	13,619,079	20,576,723
Conference, exhibition and seminar	-	-	-	-	212,690
Information technology expenses	1,361,115	1,246,209	3,221,696	2,723,043	6,207,442
Miscellaneous expenses	1,399,583	1,260,643	1,633,127	1,582,109	4,170,412
	317,301,142	277,582,870	646,948,199	548,184,040	1,099,283,881
SCHEDULE 13:					
Selling and marketing expenses					
Salaries and allowances	17,581,439	11,416,553	37,154,642	25,169,199	61,551,033
Contribution to provident and other funds	673,266	552,879	1,259,706	1,164,315	2,368,477
Directors' remuneration [including stock compensation expenses Rs. Nil (Rs. Nil, Rs. Nil, Rs. 125,089, Rs. 125,089)]	808,000	2,792,786	1,578,000	5,478,361	10,493,089
Employee's stock compensation expenses	59,036	81,775	134,275	192,261	366,506
Staff welfare	395,685	220,034	663,104	489,391	1,137,253
Conveyance	694,075	472,406	1,219,783	1,333,042	2,533,613
Communication	495,351	456,174	747,199	810,581	2,147,696
Rent	1,275,168	930,469	3,125,398	2,055,811	4,249,229
Legal and professional	4,259,101	292,833	6,103,499	563,055	2,161,712
Repair and maintenance					
- Buildings	9,871	14,837	19,194	24,667	78,510
- Others	180,020	81,889	310,681	164,260	499,354
Training and recruitment	94,153	311,745	229,152	485,184	1,223,762
Printing and stationery	209,945	858,684	1,335,445	2,671,921	4,132,414
Insurance	32,525	40,383	63,679	71,139	139,610
Traveling	7,427,514	5,265,579	16,935,134	10,522,577	23,135,913
Advertisement and business promotion	2,981,901	2,543,710	7,316,238	5,517,425	10,513,439
Power and fuel	516,768	473,807	1,027,258	893,029	1,446,910
Conference, exhibition and seminar	9,274,798	327,000	9,274,798	481,828	7,705,625
Information technology expenses	57,958	60,450	128,977	127,852	284,157
Commission to channel partners	1,788,359	1,467,493	2,378,093	3,502,924	4,517,151
Miscellaneous expenses	2,300,047	174,027	4,157,656	204,143	498,487
	51,114,980	28,835,513	95,161,911	61,922,965	141,183,940

Nucleus Software Exports Ltd.
Schedules forming part of the financial statements

	For the quarter ended		For the half year ended		For the year ended
	30 September 2008	30 September 2007	30 September 2008	30 September 2007	31 March 2008
	(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
SCHEDULE 14:					
General and administration expenses					
Salaries and allowances	24,006,182	17,718,337	47,370,665	36,839,734	70,368,142
Contribution to provident and other funds	1,538,463	1,059,508	2,842,282	1,938,510	4,194,447
Directors' remuneration [including stock compensation expenses Rs. Nil (Rs. Nil, Rs. Nil, Rs. 62,545; Rs. 62,545)]	404,000	1,846,393	789,000	3,489,180	6,791,545
Employee's stock compensation expenses	73,475	129,439	230,101	283,304	519,439
Staff welfare	588,526	396,605	1,194,465	833,119	1,897,170
Conveyance	651,369	779,620	1,171,199	1,380,456	3,494,733
Communication	497,556	576,991	1,354,932	1,074,110	2,574,840
Rent	69,300	64,800	137,099	129,600	260,699
Rates and taxes	494,420	3,331,119	1,360,971	3,814,382	4,618,937
Legal and professional	4,796,447	2,139,750	7,879,460	3,542,610	9,741,310
Repair and maintenance					
- Buildings	48,817	73,376	94,923	102,047	368,327
- Others	890,285	404,980	1,536,466	645,227	2,302,428
Training and recruitment	513,950	677,303	1,209,827	902,866	2,545,101
Printing and stationery	360,467	209,121	903,594	481,459	1,451,076
Insurance	74,849	90,862	154,710	152,373	310,675
Bank charges	428,513	486,119	772,705	743,128	1,661,660
Traveling	3,283,319	250,388	9,011,032	1,362,500	3,266,312
Advertisement and business promotion	338,802	520,550	963,867	2,054,331	2,680,087
Power and fuel	652,624	792,444	1,255,821	1,380,212	2,118,456
Conference, exhibition and seminar	7,500	14,619	20,400	113,065	254,211
Information technology expenses	133,376	123,779	315,432	261,857	620,068
Advances and other current assets written off	3,879,835	-	3,879,835	-	6,609,696
Provision for doubtful debts / advances / other current assets *	9,069,701	2,245,824	10,012,732	2,601,123	5,866,055
Provision for diminution in the value of investments	-	-	-	-	4,895,477
Miscellaneous expenses	3,639,836	3,999,458	7,039,056	6,441,175	16,685,130
	56,441,612	38,034,503	101,500,574	70,566,368	156,096,021
*Includes bad debts written off Rs. 4,966,632 (Rs. 1,470,352; Rs. 5,130,821; Rs. 1,470,352; Rs. 8,613,363)					
SCHEDULE 15:					
Other income					
Dividend received from non-trade investments	5,154,301	3,742,046	8,825,464	5,257,580	16,430,650
Dividend received from subsidiary	42,500,000	-	42,500,000	-	100,000,000
Interest on fixed deposits and loans to subsidiaries [gross of tax deducted at source Rs. 5,682 (Rs. 9,253; Rs. 23,152; Rs. 10,196; Rs. 25,974)]	212,440	196,804	465,949	392,518	929,240
Profit on sale of fixed assets (net)	-	-	-	389,591	907,591
Profit on sale of investments					
- Long term trade investment	-	-	21,849,760	-	-
- Current non trade investments	5,503,095	3,884,394	34,705,060	23,368,919	24,833,708
Provision written back	-	-	5,300,000	-	-
Miscellaneous income	-	920,042	773,440	1,496,287	5,672,320
	53,369,836	8,743,286	114,419,673	30,904,895	148,773,509

SCHEDULE 16:**Significant accounting policies and notes to the accounts****1. Company Overview**

Nucleus Software Exports Ltd. ('Nucleus' or 'the Company') was incorporated on 9 January 1989 in India as a private limited company. It was subsequently converted into a public limited company on 10 October 1994. The Company made an initial public offer in August 1995. As at 30 September 2008, the Company is listed on three stock exchanges in India namely National Stock Exchange, Bombay Stock Exchange and Madras Stock Exchange. The Company has wholly owned subsidiaries in Singapore, USA, Japan, Australia, Hong-Kong, Netherlands and India. The Company's business consists of software product development and marketing and providing support services mainly for corporate business entities in the banking and financial services sector.

2. Significant accounting policies**(i) Basis of preparation**

The financial statements are prepared under the historical cost convention on the accrual basis, in accordance with the Indian Generally Accepted Accounting Principles ("GAAP") and mandatory accounting standards as specified in the Companies (Accounting Standard) Rules, 2006, the provisions of the Companies Act, 1956 and guidelines issued by the Securities and Exchange Board of India ("SEBI"). The interim financial statements are prepared to conform to the Accounting Standard 25 on 'Interim Financial Reporting' as specified in the Companies (Accounting Standard) Rules, 2006. These financial statements should be read in conjunction with the annual financial statements for the year ended 31 March 2008. Accounting policies have been consistently applied except where a newly issued accounting standard, is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an ongoing basis.

(ii) Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Examples of such estimates include estimates of expected contract costs to be incurred to complete contracts, provision for doubtful debts,

future obligations under employee retirement benefit plans and estimated useful life of fixed assets. Actual results could differ from these estimates. Any changes in estimates are adjusted prospectively.

Contingencies are recorded when it is probable that a liability will be incurred, and the amount can be reasonably estimated. Where no reliable estimate can be made a disclosure is made as contingent liability.

(iii) Revenue recognition

Revenue from software development services comprises income from time and material and fixed price contracts. Revenue from time and material basis is recognised as the services are rendered. Revenue from fixed price contracts and sale of license and related customisation and implementation is recognised in accordance with the percentage completion method. Provision for estimated losses, if any, on uncompleted contracts are recorded in the period in which such losses become certain based on the current estimates. Revenue from annual technical service contracts is recognised on a pro rata basis over the period in which such services are rendered. Service income accrued but not due represents revenue recognised on contracts to be billed in the subsequent period, in accordance with terms of the contract. Profit on sale of investments is recorded on transfer of title from the Company and is determined as the difference between the sales price and the then carrying value of the investment. Interest on deployment of surplus funds is recognised using the time-proportion method, based on interest rates implicit in the transaction. Dividend income is recognised when the right to receive the same is established.

(iv) Expenditure

The cost of software purchased for use in software development and services is charged to cost of revenues in the period/year of acquisition. Post sales customer support costs are estimated by the management, determined on the basis of past experience. Expenses are accounted for on accrual basis and provisions are made for all known losses and liabilities.

(v) Fixed assets and capital work in progress

Fixed assets are stated at the cost of acquisition including incidental costs related to acquisition and installation. Fixed assets under construction, advances paid towards acquisition of fixed assets and cost of assets not put to use before the period/year end, are disclosed as capital work-in-progress.

(vi) Depreciation

Depreciation on fixed assets, except leasehold land and leasehold improvements, is provided on the straight-line method based on useful lives of respective assets as estimated by the management. Leasehold land is amortised over the period of lease. The leasehold improvements are amortised over the remaining period of lease or the useful lives of assets, whichever is shorter. Depreciation is charged on a pro-rata

basis for assets purchased / sold during the period/year. Assets costing less than Rs. 5,000 are fully depreciated in the period / year of purchase.

The management's estimates of the useful lives of the various fixed assets are as follows:

Asset category	Useful life (in years)
Building	30
Plant and machinery (including office equipment)	5
Computers	4
Vehicles	5
Furniture and fixtures	5
Software	3
Temporary wooden structures (included in furniture and fixtures)	1

(vii) Investments

Investments are classified into long term and current investments based on the intent of management at the time of acquisition. Long-term investments including investment in subsidiaries are stated at cost and provision is made to recognise any decline, other than temporary, in the value of such investments. Current investments are stated at the lower of cost and the fair value.

(viii) Research and development

Revenue expenditure incurred on research and development is expensed as incurred. Capital expenditure incurred on research and development is depreciated over the estimated useful lives of the related assets.

(ix) Foreign exchange transactions

Foreign exchange transactions are recorded at the exchange rates prevailing at the date of transaction. Realised gains and losses on foreign exchange transactions during the period are recognised in the profit and loss account. Monetary assets and monetary liabilities that are determined in foreign currency are translated at the exchange rate prevalent at the date of balance sheet. The resulting difference is recorded in the profit and loss account.

The Company uses foreign exchange contracts and options to hedge its exposure to movement in foreign exchange rates. The use of these foreign exchange forward contracts and options reduces the risk or cost to the Company and the Company

does not use the foreign exchange forward contracts or options for trading or speculation purposes.

The Company follows (AS) 30 "Financial Instruments: Recognition and Measurement" to the extent that the adoption does not conflict with existing mandatory accounting standards and other authoritative pronouncements, Company law and other regulatory requirements. Till previous year, foreign exchange forward contracts in respect of highly probable/forecasted transactions and foreign exchange options were marked to market and any resultant gain/ loss was recognized in the Profit and Loss Account. Effective 1 April 2008, the Company adopted hedge accounting in accordance with principles set out in AS 30. The Company records the gain or loss on effective hedges in the hedging reserve until the transactions are complete. On completion, the gain or loss is transferred to the Profit and Loss Account of that period. To designate a forward contract or option as an effective hedge, management objectively evaluates and evidences with appropriate supporting documents at the inception of each contract whether the contract is effective in achieving offsetting cash flows attributable to the hedged risk. In the absence of a designation as effective hedge, a gain or loss is recognized in the Profit and Loss Account.

(x) Employee stock option based compensation

The excess of market price of underlying equity shares as of the date of the grant of options over the exercise price of the options given to employees under the employee stock option plan is recognised as deferred stock compensation cost and is amortised on graded vesting basis over the vesting period of the options.

(xi) Employee benefits

Contributions to provident fund are charged to the profit and loss account as incurred. Provisions in respect of gratuity and leave encashment for the interim period are calculated on a year-to-date basis by using the actuarially determined rates at the end of the prior financial year, adjusted by the management after keeping into consideration events occurring during the interim period.

(xii) Operating leases

Lease payments under operating lease are recognised as an expense in the profit and loss account on a straight-line basis over the lease term.

(xiii) Earnings per share

Basic earning per share is computed using the weighted average number of equity shares outstanding during the period/year. Diluted earnings per share is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period/year-end, except where the results would be anti-dilutive.

(xiv) Taxation

Income taxes are computed using the tax effect accounting method, where taxes are accrued in the same period the related revenue and expenses arise. A provision is made for income tax annually based on the tax liability computed after considering tax allowances and exemptions. Provisions are recorded when it is estimated that a liability due to disallowance or other matters is probable. Minimum Alternate Tax ("MAT") paid in accordance to the tax laws, which gives rise

to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax after the tax

holiday period. Accordingly, it is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

The differences that result between the profit considered for income taxes and the profit as per the financial statements are identified and thereafter a deferred tax asset or deferred tax liability is recorded for timing differences, namely the differences that originate in one accounting period and reverse in another, based on the tax effect of the aggregate amount being considered. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing enacted or substantially enacted regulations. Where there are unabsorbed depreciation or carry forward losses, deferred tax assets are recognised only to the extent there is virtual certainty of realisation of such assets. In other situations, deferred tax assets are recognised only to the extent there is reasonable certainty of realisation in future. Such assets are reviewed at each balance sheet date and written down or written up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized. Deferred tax assets or liabilities arising due to timing differences, originating during the tax holiday period and reversing after the tax holiday period are recognised in the period in which the timing difference originate. The income tax provision for the interim period is made based on the best estimate of the average annual tax rate expected to be applicable for the full financial year.

(xv) Impairment of assets

Management periodically assesses using, external and internal sources whether there is an indication that an asset may be impaired. An impairment occurs where the carrying value exceeds the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. The impairment loss to be expensed is determined as the excess of the carrying amount over the higher of the asset's net sales price or present value as determined above. An impairment loss is reversed only to the extent that the assets carrying amount does not exceed the carrying amount that would have been determined net of depreciation or amortization, if no impairment loss had been recognized.

3. Deferred tax asset / (liability)

Components of net deferred tax asset / (liability):

(Amount in Rupees)

	As at 30 September 2008	As at 30 September 2007	As at 31 March 2008
Deferred tax asset			
Provision for doubtful debts	1,275,406	614,650	652,173
Provision for retirement benefits	26,022,051	6,697,940	19,681,623
	27,297,457	7,312,590	20,333,796
Deferred tax liability			
Fixed Assets	(13,979,961)	(10,075,988)	(18,713,290)
Net deferred tax (liability) / asset	13,317,497	(2,763,398)	1,620,506

4. Forward contract and option in foreign currency

	As at 30 September 2008	As at 30 September 2007	As at 31 March 2008
Forward contract outstanding			
In USD	7,800,000	7,898,062	8,517,624
Equivalent amount in Rupees	366,366,000	314,737,771	339,853,198
Options contract outstanding			
In USD	23,600,000	18,400,000	20,400,000
Equivalent amount in Rupees	1,108,492,000	733,240,000	813,960,000

As at 30 September 2008, the Company has recorded marked to market losses of Rs. 25,668,009 relating to forward contracts that are designated as effective cash flow hedges with a corresponding debit to hedging reserves. Further as at 30 September 2008, the Company has recorded marked to market loss of Rs. 133,212,330 relating to foreign currency options which does not qualify for hedging and accordingly the loss has been recognized in the Profit and Loss Account.

The Company's exposure in respect of foreign currency denominated assets not hedged as on 30 September 2008 by derivative instruments is as follows:

Current assets								
As at 30 September 2008			As at 30 September 2007			As at 31 March 2008		
Amount in foreign currency		Amount in rupees	Amount in foreign		Amount in rupees	Amount in foreign currency		Amount in rupees
USD	17,700,69	798,326,8	USD	11,020,	439,153,1	USD	15,644,92	624,232,361
EURO	68,933	4,456,234	EURO	3,204	182,136	EURO	134,427	8,478,295
JPY	15,347,18	6,691,497	SGD	2,424,1	65,258,31	SGD	1,639,118	47,681,934
			GBP	2,016	164,190	GBP	2,062	164,189
			RO	46,302	477,2370	RO	47,822	4,967,251
			RM	201,979	2,351,035	JPY	11,107,96	4,437,630
			JPY	15,894,	5,505,901			

Creditors								
As at 30 September 2008			As at 30 September 2007			As at 31 March 2008		
Amount in foreign currency		Amount in rupees	Amount in foreign		Amount in rupees	Amount in foreign currency		Amount in rupees
USD	2,242,075	105,310,2	USD	4,722,2	188,153,2	USD	3,594,721	142,128,623
AUD	12,953	914,968	AUD	19,119	1,117,170	AUD	14,862	914,968

5. Employees Stock Option Plan ("ESOP")

The Securities and Exchange Board of India ('SEBI') has issued the (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999, which is effective for all stock option schemes established after 19 June 1999. In accordance with these Guidelines, the excess of the market price of the underlying equity shares as of the date of the grant of the options over the exercise price of the option, including up-front payments, if any, is to be recognised and amortised on graded vesting basis over the vesting period of the options.

The Company currently has three ESOP schemes, ESOP scheme- 2002 (instituted in 2002), ESOP scheme-2005 (instituted in 2005) and ESOP scheme-2006 (instituted in 2006). These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 2002 scheme provides for the issue of 225,000 options, 2005 scheme for 600,000 options and 2006 scheme for 1,000,000 options to eligible employees. These schemes are administered by the Compensation Committee comprising four members, the majority of whom are independent directors.

On exercise of stock options, option holders are entitled to bonus shares in the ratio of 1:1, pursuant to approval of bonus shares by the shareholders in the annual general meeting held on 6 July 2007.

Details of options granted/ exercised and forfeited are as follows:

2002 Stock Option Scheme

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2008	2007	2008	2007	2008
Options outstanding at the beginning of the period	141,550	159,750	141,550	159,750	159,750
Options granted	-	-	-	-	-
Options forfeited	-	-	-	-	(700)
Options exercised	(1,500)	(16,300)	(1,500)	(16,300)	(17,500)
Balance carried forward	140,050	143,450	140,050	143,450	141,550

2005 Stock Option Scheme

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2008	2007	2008	2007	2008
Options outstanding at the beginning of the period	142,000	142,000	142,000	142,000	142,000
Options granted	-	-	-	-	-
Options forfeited	-	-	-	-	-
Options exercised	-	-	-	-	-
Balance carried forward	142,000	142,000	142,000	142,000	142,000

2006 Stock Option Scheme

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March 2008
	2008	2007	2008	2007	
Options outstanding at the beginning of the period	249,860	271,860	249,860	271,860	271,860
Options granted	-	-	-	-	-
Options forfeited	-	(10,000)	-	(10,000)	(22,000)
Options exercised	-	-	-	-	-
Balance carried forward	249,860	261,860	249,860	261,860	249,860

The movement in deferred stock compensation expense during the period/year is as follows:

(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March 2008
	2008	2007	2008	2007	
Balance brought forward	4,314,963	10,115,094	5,980,726	12,028,674	12,028,674
Add: Recognised during the period	-	-	-	-	-
Less: Amortisation expense	785,327	1,503,083	2,451,090	3,416,663	5,990,268
Less: Reversal due to forfeiture	-	-	-	-	57,680
Balance carried forward	3,529,636	8,612,011	3,529,636	8,612,011	5,980,726

6. Managerial Remuneration *
(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2008	2007	2008	2007	2008
A. Managing director					
Salary and perquisites	1,500,00	1,500,00	3,000,00	3,000,000	6,000,000
Contribution to provident and other	90,000	90,000	180,000	180,000	360,000
Commission	-	3,927,72	-	7,922,061	13,960,000
	1,590,00	5,517,72	3,180,00	11,102,06	20,320,000
B. Non executive directors					
Stock based compensation	-	-	-	312,723	312,723
Commission	-	1,464,24	-	2,281,118	5,600,000
Sitting fees	520,000	450,000	945,000	750,000	1,545,000
	520,000	1,914,24	945,000	3,343,841	7,457,723

*Notes:

1. The limits for the purpose of computing managerial remuneration as per Section 349 of the Companies Act, 1956 apply only with reference to the financial year of the Company for the purpose of the Companies Act, 1956, which ends on 31 March 2009.
2. The above remuneration does not include expense towards retirement benefits since the same is based on actuarial valuations carried out for the Company as a whole.

7. Details of investments purchased and sold during the half year ended 30 September 2008

Name of the investment	Face value Amount (Rupees)	Purchased during the period		Sold during the period	
		Quantity	Amount (Rupees)	Quantity	Amount (Rupees)
Sundaram BNP Paribas Liquid Plus-Super Inst--(Dividend)	10	5,021,563	50,341,170	5,021,563	50,341,170
Reliance Liquid Plus Fund-Institutional Option- (Dividend)	1,000	41,169	41,215,471	41,169	41,215,471
DWS Liquid Plus Fund-Regular-(Dividend)	10	549,548	5,503,559	549,548	5,503,559
JP Morgan India Liquid Plus Fund-Super Institutional-(Dividend)	10	15,133,945	151,474,14	15,133,945	151,474,142
Canara Robeco Liquid Plus -Super Institutional Plan-(Dividend)	10	5,917,090	73,413,925	5,917,090	73,413,925
LIC MF Liquid Plus Fund-(Dividend)	10	30,245,862	302,458,62	30,245,862	302,458,623
JP Morgan India Liquid Fund- Super Institutional-(Dividend)	10	11,320,238	113,294,83	11,320,238	113,294,838

Name of the investment	Face value	Purchased during the period	Sold during the period	Name of the investment	Face value
	Amount (Rupees)	Quantity	Amount (Rupees)		Amount (Rupees)
JM Money Manager Fund Super Plus –Daily Dividend-(Dividend)	10	3,369,827	33,712,084	3,369,827	33,712,084
SBI SHF Liquid Plus- Institutional Plan--(Dividend)	10	1,003,064	10,035,659	1,003,064	10,035,659
Reliance Fixed Horizon Fund-VIII-Series 10-Institutional--(Dividend)	10	2,000,000	20,000,000	2,000,000	20,000,200
Sundaram BNP Paribas Interval Fund-Qly-Plan-C-Inst--(Dividend)	10	1,017,552	10,177,525	1,017,552	10,175,525
HDFC FMP 90D May 2008 (VIII) (2)-Wholesale Plan--(Dividend)	10	5,000,000	50,000,000	5,000,000	50,000,000
Reliance Fixed Horizon Fund-VIII-Series 11-Inst--(Dividend)	10	1,000,000	10,000,000	1,000,000	10,000,000
IDFC Fixed Maturity Plan- Quarterly Series 34--(Dividend)	10	1,017,690	10,176,900	1,017,690	10,176,900
LICMF Liquid Fund –(Dividend)	10	1,366,389	15,003,087	1,366,389	15,003,087
ICICI Prudential Institutional Liquid Plan- Super Institutional—(Dividend)	10	7,001,001	70,013,508	7,001,001	70,013,508
ICICI Prudential – Flexible Income Plan—(Dividend)	10	6,644,573	70,256,396	6,644,573	70,256,396
HDFC Cash Management Fund – Saving Plus Plan Wholesale – (Dividend)	10	1,744,505	17,500,000	1,744,505	17,500,000
NLFID Canara Rebeco Liquid Fund Institutional –(Dividend)	10	4,303,209	43,208,526	4,303,209	43,208,526

8. Most of the operations of the company are conducted through Software Technology Park ('STP'). Income from STP are tax exempt for the earlier of 10 years commencing from the fiscal year in which the unit commences software development or 31 March 2010.

Pursuant to the change in the Indian Income-tax Act, 1961, the Company has calculated its tax liability after considering Minimum Alternative Tax (MAT). The MAT liability can be carried forward and set off against the future tax liabilities. Accordingly a sum of Rs. 60,100,000 was carried forward and shown under "Loans and advances" in the balance sheet as at 30 September 2008.

9. Segment reporting – Basis of preparation

(i) Segment accounting policies

The Segment reporting policy complies with the accounting policies adopted for preparation and presentation of financial statements of the Company and is in conformity with Accounting Standard-17 on "Segment Reporting", as specified in the Companies (Accounting Standard) Rules, 2006. The segmentation is based on the Geographies (reportable primary segment) in which the Company operates and internal reporting systems. The secondary segmentation is based on the nature and type of services rendered.

(ii) Composition of reportable segments

The Company operates in five main geographical segments: India, Far East, Singapore, Europe and USA.

Income and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while the remainder of the costs are categorised in relation to the associated turnover and/or manmonths. Certain expenses such as depreciation, which form a significant component of total expenses, are not specifically allocable to specific segments as the underlying services are used interchangeably. The Company believes that it is not practicable to provide segment disclosures relating to those costs and expenses, and accordingly these expenses are separately disclosed as "unallocated" and directly charged against total income.

Segment assets and liabilities represent the net assets and liabilities of that segment. All the fixed assets of the Company are located in India. These have not been identified to any of the reportable segments, as these are used interchangeably between segments. Other items which are not directly attributable to any particular segment and which cannot be reasonably allocated to various segments are consolidated under "Unallocated" head.

Information in respect of primary segment

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	96,725,672	216,296,234	27,316,603	44,153,314	427,505	116,563,909	501,483,237
Expenses	81,686,407	165,645,046	19,769,764	30,134,428	459,892	113,022,919	410,718,456
Segment result	15,039,265	50,651,188	7,546,839	14,018,886	(32,387)	3,540,990	90,764,781
Unallocated corpora							54,112,321
Operating profit before taxation							36,652,460
Other income							39,456,633
Profit before tax							76,109,093
Provision for taxation							
– current income tax							6,800,000
- MAT credit entitlement							(2,900,000)
– fringe benefit tax							1,800,686
– deferred tax							(3,142,332)
– income tax for earlier years							1,100,000
Provision for wealth tax							88,047
Net profit after taxation							72,362,692



The profit and loss for reportable primary segment is set out below:

For the quarter ended 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	96,725,672	216,296,234	27,316,603	44,153,314	427,505	116,563,909	501,483,237
Expenses	81,686,407	165,645,046	19,769,764	30,134,428	459,892	113,022,919	410,718,456
Segment result	15,039,265	50,651,188	7,546,839	14,018,886	(32,387)	3,540,990	90,764,781
Unallocated corporate							54,112,321
Operating profit before taxation							36,652,460
Other income							39,456,633
Profit before tax							76,109,093
Provision for taxation							6,800,000
– current income tax							(2,900,000)
- MAT credit entitlement							1,800,686
– fringe benefit tax							(3,142,332)
– deferred tax							1,100,000
– income tax for earlier years							88,047
Provision for wealth tax							
Net profit after taxation							72,362,692

For the quarter ended 30 September 2007

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	71,646,513	188,989,730	39,707,686	54,968,174	3,887,394	123,923,861	483,123,358
Expenses	57,365,004	127,518,104	25,297,593	35,019,984	2,476,642	78,951,351	326,628,678
Segment result	14,281,509	61,471,626	14,410,093	19,948,190	1,410,752	44,972,510	156,494,680
Unallocated corporate expenditure							45,435,277
Operating profit before taxation							111,059,403
Other income							38,357,140
Profit before tax							149,416,543
Provision for taxation							17,400,000
– current income tax							(11,800,000)
- MAT credit entitlement							1,650,000
– fringe benefit tax							1,353,156
– deferred tax							-
– income tax for earlier years							-
Provision for wealth tax							-



Net profit after taxation

140,813,387

For the half year ended 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	178,055,524	435,568,582	59,256,518	111,108,261	892,967	239,136,982	1,024,018,834
Expenses	158,340,786	352,707,478	43,275,899	57,833,923	1,104,183	217,813,352	831,075,621
Segment result	19,714,738	82,861,104	15,980,619	53,274,338	(2,11,216)	21,323,630	192,943,213
Unallocated corporate expenditure							97,369,821
Operating profit before taxation							95,573,392
Other income							20,981,370
Profit before tax							116,554,762
Provision for taxation							
– current income tax							12,800,000
- MAT credit entitlement							(7,900,000)
– fringe benefit tax							3,670,686
– deferred tax							(11,696,991)
– income tax for earlier years							1,100,000
Provision for wealth tax							88,047
Net profit after taxation							118,493,020

For the half year ended 30 September 2007

(Amount in Rupees)

<i>Description</i>	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	172,023,812	350,073,838	74,916,964	95,145,736	7,069,025	256,161,207	955,390,582
Expenses	154,337,001	225,654,361	46,032,852	58,681,137	4,350,351	156,827,856	645,883,558
Segment result	17,686,811	124,419,477	28,884,112	36,464,599	2,718,674	99,333,351	309,507,024
Unallocated corporate expenditure							81,779,380
Operating profit before taxation							227,727,644
Other income							53,541,541
Profit before tax							281,269,185
Provision for taxation							
– current income tax							33,900,000
- MAT credit entitlement							(24,900,000)
– fringe benefit tax							3,250,000
– deferred tax							2,242,192
– income tax for earlier years							-
Provision for wealth tax							-
Net profit after taxation							266,776,993

For the year ended 31 March 2008

(Amount in Rupees)

<i>Description</i>	India	Far East	Singapore	Europe	USA	Others	Total
Revenue from external customers	336,999,849	817,734,611	129,747,381	154,101,145	11,642,679	519,292,373	1,969,518,038
Expenses	298,259,978	458,696,694	118,742,292	63,763,489	14,025,949	378,902,923	1,332,391,325
Segment result	38,739,871	359,037,917	11,005,089	90,337,656	(2,383,270)	140,389,450	637,126,713
Unallocated corporate expenditure							186,688,093
Operating profit before taxation							450,438,620
Other income							148,773,509
Foreign Exchange gain /(loss)							21,378,027
Profit before tax							620,590,156
Provision for taxation							
– current income tax							61,900,000
– MAT credit entitlement							(54,100,000)
– fringe benefit tax							7,167,414
– deferred tax							(2,141,712)
Provision for wealth tax							70,040
Net profit after taxation							607,694,414

Assets and liabilities of reportable primary segment are as follows:

As at 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Segment assets	140,782,283	440,583,081	763,280	30,786,821	20,818,798	307,914,896	941,649,159
Unallocated corporate assets							1,659,878,051
Total assets							2,601,527,210
Segment liabilities	51,926,682	169,142,227	26,218,187	21,802,928	2,366,626	112,405,128	383,861,778
Unallocated corporate liabilities							225,004,960
Total liabilities							608,866,738
Capital employed							1,992,660,472

As at 30 September 2007

Description	India	Far East	Singapore	Europe	USA	Others	Total
Segment assets	115,559,359	160,191,660	86,867,569	22,602	17,665,090	255,536,661	635,842,941
Unallocated corporate assets							1,563,578,930
Total assets							2,199,421,871
Segment liabilities	88,861,212	107,856,763	14,179,729	130,816,280	2,666,871	58,635,110	403,015,965
Unallocated corporate liabilities							136,780,037
Total liabilities							539,796,002
Capital employed							1,659,625,869

As at 31 March 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Segment assets	93,478,271	259,102,553	58,061,461	21,238,498	21,771,858	324,103,713	777,756,354
Unallocated corporate assets							1,652,620,807
Total assets							2,430,377,161
Segment liabilities	43,557,318	125,281,022	30,138,646	81,295,237	1,636,308	75,554,991	357,463,522
Unallocated corporate liabilities							183,112,143
Total liabilities							540,575,665
Capital employed							1,889,801,496

A listing of capital expenditure, depreciation and other non-cash expenditure of the reportable primary segment are set out below:

For the quarter ended 30 September 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							45,996,960
Total capital expenditure							45,996,960
Depreciation expenditure (unallocated)							24,771,442
Total depreciation							24,771,442
Segment non-cash expense other than depreciation	4,670,063	300,424	43,482	92,220	791	8,627,883	13,734,863
Total non cash expenditure other than depreciation	4,670,063	300,424	43,482	92,220	791	8,627,883	13,734,863

For the quarter ended 30 September 2007

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							20,562,656
Total capital expenditure							20,562,656
Depreciation expenditure (unallocated)							20,497,497
Total depreciation							20,497,497
Segment non-cash expense other than depreciation	605,429	448,945	2,356,390	130,577	9,234	198,332	3,748,907
Total non cash expenditure other than depreciation	605,429	448,945	2,356,390	130,577	9,234	198,332	3,748,907

For the half year ended 30 September 2008

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							53,676,715
Total capital expenditure							53,676,715
Depreciation expenditure (unallocated)							47,831,789
Total depreciation							47,831,789
Segment non-cash expense other than depreciation	5,999,364	949,685	158,782	201,139	2,598	9,032,089	16,343,657
Total non cash expenditure other than depreciation	5,999,364	949,685	158,782	201,139	2,598	9,032,089	16,343,657



For the half year ended 30 September 2007

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							90,191,584
Total capital expenditure							90,191,584
Depreciation expenditure (unallocated)							36,604,521
Total depreciation							36,604,521
Segment non-cash expense other than depreciation	1,424,141	988,078	2,474,233	265,047	19,883	846,604	6,017,786
Total non cash expenditure other than depreciation	1,424,141	988,078	2,474,233	265,047	19,883	846,404	6,017,786

For the year ended 31 March 2008

(Amount in Rupees)

Description	India	Far East	Singapore	Europe	USA	Others	Total
Capital expenditure (unallocated)							138,199,906
Total capital expenditure							138,199,906
Depreciation expenditure (unallocated)							81,017,846
Total depreciation							81,017,846
Segment non-cash expense other than depreciation	3,686,190	2,012,079	5,227,235	555,153	38,774	11,842,065	23,361,496
Total non cash expenditure other than depreciation	3,686,190	2,012,079	5,227,235	555,153	38,774	11,842,065	23,361,496

10. Related party transactions

a) List of related parties – where control exists

Wholly owned subsidiary companies

- Nucleus Software Solutions Pte Ltd, Singapore
- Nucleus Software Japan Kabushiki Kaiga, Japan
- Nucleus Software Inc., USA
- Nucleus Software (H.K) Ltd., Hong Kong
- Nucleus Software (Australia) Pty Ltd., Australia
- VirStrai -Technology Services Limited, India
- Nucleus Software Netherlands B.V, Netherlands
- Nucleus Software Limited, India (incorporated on 21 April 2008)

Other subsidiary company (wholly owned subsidiary of VirStra i Technology Services Limited)

- Virstra i -Technology (Singapore) Pte Ltd., Singapore

Other related parties with whom transactions have taken place during the period/ year:

Key managerial personnel:

- Vishnu R Dusad (Managing director)

b) Transactions with related parties

(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2008	2007	2008	2007	2008
i Software development, services and products					
-Nucleus Softv Japan Kabu: Kaiga	141,962,450	137,858,193	246,229,522	242,953,696	562,924,334
-Nucleus Softv Solutions Pte Ltd.	21,818,213	24,110,011	47,961,276	50,481,840	91,963,385
- Others	3,750,000	7,005,506	7,561,962	13,949,194	24,892,185
ii Other income					
<i>Dividend income</i>					
-VirStra i -Technol Services Limited	42,500,000	-	42,500,000	-	100,000,000
<i>Others</i>					
-VirStra i -Technol Services Limited	717,786	511,141	1,212,597	1,080,436	2,070,058
iii Managerial remuneration					
-Vishnu R Dusad (Managing directo	1,590,000	5,517,722	3,180,000	11,102,061	20,320,000
iv Reimbursement (expenses					
<i>From wholly owne subsidiary compai</i>					
:					
-VirStra i -Technol Services Limited	428,190	1,857,717	573,348	3,705,621	6,276,783
-Nucleus Software Solutions Pte Ltd	2,010,535	1,842,146	3,746,208	4,229,058	7,473,929

	-Nucleus Software Japan Kabushiki Kaiga	1,542,024	-	3,473,646	141,404	5,130,647
	-Nucleus Software Inc.	-	-	110,033	-	9,327,039
	-Others	-	96,127	-	107,425	114,470
	<i>To wholly owned subsidiary companies:</i>					
	-Nucleus Software Solutions Pte Ltd.	1,214,199	1,161,385	3,613,938	1,713,286	2,926,882
	-Nucleus Software Japan Kabushiki Kaiga	-	-	-	-	337,139
	-Others	-	187,797	-	187,797	187,797
v	Cost of services hired					
	-Nucleus Software Solutions Pte Ltd.	-	3,134,942	-	8,449,369	14,249,492
vi	Commission paid					
	<i>To wholly owned subsidiary companies:</i>					
	-Nucleus Software (Australia) Pty Ltd	-	292,061	-	560,502	560,502
vii	Interest received					
	<i>From wholly owned subsidiary companies:</i>					
	-Nucleus Software Inc.	-	60,322	-	120,149	120,149
viii	Loans and advances					
	<i>Given to wholly owned subsidiary company</i>					
	-Nucleus Software Limited	535,000	-	123,109,849	-	-

<i>Repaid by wholly owned subsidiary company</i>				
-Nucleus Software Limited	2,000,000	-	2,000,000	-
-Nucleus Software Inc.	-	-	-	2,570,325
-VirStrai -Technol Services Limited	-	-	-	12,400,000
ix Investments				
-Nucleus Software Limited	-	-	2,500,000	-

c) Outstanding balances as at period/ year end

(Amount in Rupees)

Outstanding balances at period/ year-end

	As at 30 September 2008	As at 30 September 2007	As at 31 March 2008
Loans and advances			
<i>To wholly owned subsidiaries</i>			
-Nucleus Software Inc.	-	2,570,325	-
-Nucleus Software Limited	121,109,849	-	-
Debtors			
<i>Wholly owned subsidiaries</i>			
-Nucleus Software Japan Kabushiki Kaiga	107,121,070	78,857,854	28,251,263
-Nucleus Software Solutions Pte Ltd.	-	64,251,982	45,492,600
-Nucleus Software Inc.	19,393,399	11,019,972	14,408,112
-Others	6,296,259	7,689,047	96,127
Service income accrued but not due			
<i>Wholly owned subsidiary Company</i>			
-Nucleus Software Japan Kabushiki Kaiga	101,158,311	5,505,901	100,895,679
-Nucleus Software Inc.	624,349	3,804,470	7,047,138
-Nucleus Software Solutions Pte Ltd.	-	-	2,714,067
Interest income accrued but not due			
<i>Wholly owned subsidiary Company</i>			
-Nucleus Software Inc.	-	345,856	-

Sundry creditors

Due to wholly owned subsidiaries

-Nucleus Software Solutions Pte Ltd.	2,275,678	-	10,657,091
-Nucleus Software (Australia) Pty Ltd.	914,968	1,117,170	914,968
-Nucleus Software Japan Kabushiki Kaiga	-	12,199,109	-
-VirStra i -Technology Services Limited.	-	-	920,296

Advances from wholly owned subsidiaries

-Nucleus Software Japan Kabushiki Kaiga	-	9,706,677	1,258,606
-Nucleus Software Solutions Pte Ltd.	-	3,227,850	-

Investment in subsidiaries

Refer Schedule 4 of financial statements

(Amount in Rupees)

	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2008	2007	2008	2007	2008
11 Legal and professional (includes payment to auditors) *					
- Audit fees	375,000	375,000	750,000	750,000	1,853,940
- Other services	185,000	176,744	943,146	176,744	796,716
- Out of pocket expenses	25,000	40,000	75,000	80,000	140,000
Total	585,000	591,744	1,768,146	1,006,744	2,790,656
* excluding service tax					
12 CIF value of imports					
Capital goods	11,610,277	5,210,960	20,074,331	13,963,162	30,152,545
Total	11,610,277	5,210,960	20,074,331	13,963,162	30,152,545
13 Expenditure in foreign currency					
Travel expenses	34,978,553	28,504,714	66,345,628	58,004,652	123,933,220

Professional charges	6,471,660	2,197,624	9,762,156	3,613,078	6,386,194
Cost of software purchased for delivery to clients	435,502	9,723,480	23,677,074	24,756,949	49,183,822
Conference, exhibition and seminar	9,161,249	-	9,708,832	-	8,838,926
Others	21,308,573	6,525,319	39,982,063	10,836,934	27,197,178
Total	72,355,537	46,951,137	149,475,753	97,211,613	215,539,340

14 Earnings in foreign currency

Income from software	404,757,56	411,476,84	845,963,31	783,366,77	1,632,518,19
Interest	1,326	62,629	2,176	123,831	126,537
Total	404,758,89	411,539,47	845,965,48	783,490,60	1,632,644,72

(Amount in Rupees)

Quarter ended		Half year ended		Year ended
30 September		30 September		31 March
2008	2007	2008	2007	2008

15. Earnings per share

Profit after taxation available to equity shareholders (Rupees)	72,362,691	140,813,387	118,493,019	266,776,993	607,694,414
Weighted average number of equity shares used in calculating basic earnings	32,369,711	32,357,450	32,369,114	32,350,078	32,358,999

Add: Effect of dilutive issue of shares	34,173	157,893	105,519	280,211	256,060
Weighted average number of equity shares used in calculating diluted earnings per share	32,403,884	32,515,343	32,474,634	32,630,289	32,615,059
Basic earnings per share (Rupees)	2.24	4.35	3.66	8.25	18.78
Diluted earnings per share (Rupees)	2.23	4.33	3.65	8.18	18.63

16. Capital commitments and contingent liabilities

- Estimated amount of contracts remaining to be executed on capital account and not provided for in the books of account (net of advances) Rs. 10,037,408 (Rs. 6,216,466 ; Rs. 111,489,712).
- Claim against the Company not acknowledged as debt Rs. 324,000 (Rs. 324,000, Rs. 324,000).

17. Operating lease

The Company has acquired office premises under a non-cancellable operating lease. Operating lease rentals paid during the half year ended 30 September 2008 is Rs 3,551,460 (Rs. Nil, Rs.1,224,157). The future minimum lease expense in respect of such leases is as follows:

	<i>(Amount in Rupees)</i>		
	As at 30 September r 2008	As at 30 September r 2007	As at 31 March 2008
Not later than 1 year	1,657,865	7,102,920	5,209,325
Later than 1 year but not later	-	1,657,865	-

than 5 years	-	-	-
Later than 5 years	-	-	-
Total	1,657,865	8,760,785	5,209,325

18. The following are the aggregate amounts incurred on certain specific expenses that are required to be disclosed under Schedule VI to the Companies Act, 1956

	<i>(Amount in Rupees)</i>					
	Quarter ended		Half year ended		Year ended	
	30 September		30 September		31 March	
	2008	2007	2008	2007	2008	
Salaries and allowances	261,899,235	210,209,833	523,929,612	411,870,343	835,698,418	
Contribution to provident and other funds	15,304,731	11,987,015	27,942,075	20,802,465	44,094,694	
Directors' remuneration (including stock compensation expense Rs. Nil; Rs. Nil; Rs. Nil; Rs.312,723; Rs. 312,723.	2,020,000	7,431,965	3,945,000	14,445,902	27,777,723	
	Quarter ended		Half year ended		Year ended	
	30 September		30 September		31 March	
	2008	2007	2008	2007	2008	
Employee's stock compensation expenses	785,327	1,503,083	2,451,091	3,103,940	5,677,545	
Staff welfare	4,741,240	3,134,742	9,645,225	6,393,394	15,013,978	
Training and Recruitment	2,806,994	7,204,365	7,030,473	9,589,515	26,240,256	
Software and other development charges	8,350,240	3,051,437	18,019,611	4,161,603	12,109,684	
Cost of software purchased for delivery to clients	3,437,440	12,347,751	26,475,556	41,864,051	64,871,485	
Travelling	45,523,975	38,149,245	90,039,168	78,793,202	165,086,985	
Conveyance	4,357,146	3,468,719	7,753,219	7,212,397	16,499,666	



Communication	6,385,938	4,179,457	10,608,314	8,080,554	18,317,833
Rent, Rates and Taxes	3,879,572	5,771,337	9,304,399	8,774,970	15,859,732
Legal and professional	13,861,836	7,969,331	26,131,338	13,557,343	27,795,599
Power and fuel	8,387,436	8,726,155	16,166,959	15,892,320	24,142,089
Repair and maintenance					
- Building	246,722	370,842	479,743	526,486	1,872,269
- Others	4,499,519	2,046,776	7,765,332	3,350,976	11,726,504
Advertisement and business promotion	3,320,703	3,064,260	8,280,105	7,571,756	13,193,526
Conference, exhibition and seminar	9,282,298	341,619	9,295,198	729,508	8,172,526
Information technology expenses	1,552,449	1,430,438	3,666,105	3,112,752	7,111,667
Advances and other current assets written off	3,879,835	-	3,879,835	-	6,609,696
	Quarter ended		Half year ended		Year ended
	30 September		30 September		31 March
	2008	2007	2008	2007	2008
Commission to channel partners	1,788,359	1,467,493	2,378,093	3,502,924	4,517,151
Provision for doubtful debts / advances / other current assets	9,069,701	2,245,824	10,012,732	2,601,123	5,866,055
Provision for diminution in the value of investments	-	-	-	-	4,895,477
Printing and stationery	837,846	1,318,257	3,010,555	4,121,443	6,853,797
Loss on sale of fixed assets (net)	-	103,118	-	-	-
Insurance	871,213	1,009,577	1,798,402	1,778,466	3,543,798
Bank charges	428,513	486,119	772,705	743,128	1,661,660



Miscellaneous expenses	7,339,466	5,434,128	12,829,840	8,092,812	21,354,029
	424,857,734	344,452,886	843,610,685	680,673,373	1,396,563,842

19. The company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation for the international transactions entered into with associated enterprises during the period/year and expects such records to be in existence latest by the due date of filing of the return of income, as required under law. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.
20. Previous period/year figures have been regrouped/ reclassified wherever necessary to make them comparable with the current period and year figures.

Nucleus Software Exports Ltd.
Consolidated Balance Sheet as at 30 September 2008

	As at 30 September 2008 (Rupees)	As at 30 September 2007 (Rupees)	As at 31 March 2008 (Rupees)
Sources of funds			
Shareholders' funds			
Share capital	323,715,240	323,661,240	323,685,240
Advance pursuant to stock option schemes	6,739,100	6,893,100	6,754,100
Reserves and surplus	1,958,857,619	1,630,126,824	1,829,507,034
	2,289,311,959	1,960,681,164	2,159,946,374
Deferred tax liability (refer note 2, schedule 16)	1,962,269	4,688,281	2,589,446
	2,291,274,228	1,965,369,445	2,162,535,820
Application of funds			
Fixed assets			
Gross block	1,126,384,397	913,117,724	950,342,530
Less: Accumulated depreciation	(446,382,210)	(314,559,213)	(379,276,057)
Net block	680,002,187	598,558,511	571,066,473
Add: Capital work in progress (including capital advances)	19,665,440	3,552,997	20,487,398
	699,667,627	602,111,508	591,553,871
Investments	721,028,104	817,614,852	905,683,618
Deferred tax asset (refer note 2, schedule 16)	14,443,389	-	2,746,398
Current assets, loans and advances			
Sundry debtors	815,412,235	510,507,480	678,142,849
Cash and bank balances	182,058,886	353,745,271	175,019,463
Loans and advances	225,015,661	155,530,843	166,588,896
Other current assets	414,553,197	257,069,130	331,672,434
	1,637,039,979	1,276,852,724	1,351,423,642
Less: Current liabilities and provisions			
Current liabilities	(676,517,462)	(669,243,644)	(486,981,430)
Provisions	(104,387,409)	(61,965,995)	(201,890,279)
	(780,904,871)	(731,209,639)	(688,871,709)
Net current assets	856,135,108	545,643,085	662,551,933
	2,291,274,228	1,965,369,445	2,162,535,820

Significant accounting policies and notes to the accounts

The schedules referred to above form an integral part of the consolidated financial statements.

As per our report of even date

For BSR & Co.
Chartered Accountants

Vikram Aggarwal
Partner
Membership No.: 089826

Place: Gurgaon
Date: 19th October 2008

Nucleus Software Exports Ltd.
Consolidated Profit and Loss Account for the quarter and half year ended 30 September 2008

	Schedule	For the quarter ended		For the half year ended		For the year ended
		30 September 2008	30 September 2007	30 September 2008	30 September 2007	31 March 2008
		(Rupees)	(Rupees)	(Rupees)	(Rupees)	(Rupees)
Sales and services	11	754,566,641	703,657,497	1,583,537,705	1,370,224,165	2,887,174,622
Software development expenses	12	529,394,064	433,131,338	1,090,002,912	848,675,279	1,745,144,014
Gross profit		225,172,577	270,526,159	493,534,792	521,548,886	1,142,030,608
Selling and marketing expenses	13	72,365,569	44,543,149	142,270,218	92,743,495	209,512,177
General and administration expenses	14	68,808,383	46,510,095	125,384,416	88,213,357	198,402,646
Operating profit before depreciation and withholding tax		83,998,625	179,472,915	225,880,158	340,592,035	734,115,786
Depreciation	3	35,743,864	29,770,279	69,480,956	54,599,294	118,463,957
Withholding taxes charged off		15,201,601	7,598,532	37,002,969	11,000,735	41,497,730
Operating profit after depreciation and withholding tax		33,053,160	142,104,104	119,396,232	274,992,006	574,154,098
Other income	15	14,889,548	14,984,183	78,146,916	41,997,735	72,540,241
(Loss) / Gain on foreign exchange fluctuation (net)		(4,586,672)	16,840,996	(79,404,669)	3,750,667	(2,068,062)
Profit before taxation		43,356,036	173,929,284	118,138,479	320,740,409	644,626,277
Provision for tax - current income tax		9,572,457	19,460,985	17,751,754	36,768,545	82,886,834
- MAT credit entitlement (refer note 7, schedule 16)		(6,800,000)	(11,800,000)	(13,800,000)	(24,900,000)	(59,650,000)
- fringe benefit tax		1,800,686	1,650,000	3,670,686	3,250,000	7,167,414
- deferred tax charge / (credit) (refer note 2, schedule 16)		(3,142,332)	1,353,156	(11,696,991)	2,242,192	(2,784,932)
- income tax for earlier year		1,100,000	1,418,846	1,100,000	1,418,846	(455,387)
Provision for wealth tax		88,047	-	88,047	-	70,040
Profit after taxation		40,737,178	161,846,298	121,024,983	301,960,826	617,392,308
Profit available for appropriation						
Profit for the year		40,737,178	161,846,298	121,024,983	301,960,826	617,392,308
Add: Balance brought forward		1,251,494,517	908,942,511	1,171,206,713	768,827,982	768,827,982
Total amount available for appropriation		1,292,231,695	1,070,788,809	1,292,231,695	1,070,788,808	1,386,220,290
Proposed dividend		-	-	-	-	97,101,072
Interim dividend		-	-	-	-	-
Corporate dividend tax		-	-	-	-	33,497,327
Transferred to general reserve		-	-	-	-	84,415,178
Balance carried forward to the Balance Sheet		1,292,231,695	1,070,788,809	1,292,231,695	1,070,788,808	1,171,206,713
Earnings per share (par value Rs. 10 each) (refer note 12, schedule 16)						
Basic		1.26	5.00	3.74	9.33	19.08
Diluted		1.26	4.98	3.73	9.25	18.93
Number of shares used in computing earnings per equity share						
Basic		32,369,711	32,357,450	32,369,114	32,350,078	32,358,999
Diluted		32,403,884	32,515,343	32,474,634	32,630,289	32,615,059

Significant accounting policies and notes to the accounts 16

The schedules referred to above form an integral part of the consolidated financial statements.

As per our report of even date

For BSR & Co.

Chartered Accountants

For and on behalf of the Board of Directors

Vikram Aggarwal

Partner

Membership No.: 089826

Lt. Gen. T P Singh (retd.)

Chairman

Vishnu R Dusad

Managing Director

P K Sanghi

Chief Financial Officer

Poonam Bhasin

Company Secretary

Place: Gurgaon

Date: 19th October 2008

Place: Noida

Date: 19th October 2008

Nucleus Software Exports Ltd.
 Consolidated Cash Flow Statement for the year ended 30 September 2008

	For the half year ended		For the year ended
	30 September 2008	30 September 2007	31 March 2008
A. Cash flow from operating activities			
Net profit before tax	118,138,479	320,740,409	644,626,277
<i>Adjustment for:</i>		-	
Depreciation	69,480,956	54,599,294	118,463,957
Exchange difference on translation of foreign currency accounts	106,232,350	(28,411,328)	(2,087,636)
Dividend received from non trade investments	(9,720,373)	(7,186,770)	(21,405,254)
Interest on fixed deposits	(677,017)	(498,780)	(1,378,783)
Profit on sale of investments	(56,554,820)	(23,368,919)	(24,833,708)
Amortisation of employees compensation expenses	2,451,091	3,416,663	5,990,268
Profit on sale of fixed assets (net)	(333,121)	(389,591)	(907,591)
Loss on assets discarded	-	-	-
Bad debts / advances written off	-	-	-
Advances and other current assets written off	3,879,835	-	6,609,696
Provision for doubtful debts / advances	11,385,653	2,804,055	6,838,935
Operating profit before working capital changes	244,283,033	321,705,032	731,916,160
Decrease / (increase) in debtors	(119,055,070)	25,274,921	(129,881,015)
Decrease / (increase) in loans and advances	(31,405,259)	(22,451,640)	(73,086,724)
Decrease / (increase) in other current assets	(72,402,938)	(75,719,259)	(150,102,474)
(Decrease) / increase in current liabilities	39,054,939	32,850,265	(112,621,714)
	60,474,705	281,659,319	266,224,233
Direct taxes paid	(35,493,144)	(13,608,743)	(12,286,599)
Fringe benefit tax paid	(3,530,686)	(3,117,865)	(9,969,688)
Net cash from operating activities (A)	21,450,876	264,932,712	243,967,947
B. Cash flow from investing activities			
Purchase of fixed assets/capital work in progress	(167,700,414)	(87,178,322)	(159,203,099)
Sale of fixed assets	333,121	2,292,333	4,350,823
Purchase of current investments	(1,438,347,853)	(1,084,580,048)	-
Proceeds on sale of current investments	1,679,558,188	980,426,561	(190,757,464)
	-	-	-
Interest on fixed deposits	352,224	712,013	1,371,927
Tax paid	(123,609)	(2,618,171)	(2,067,602)
Dividend received from non trade investments	9,720,373	7,186,770	21,405,254
Net cash used in investing activities (B)	83,792,030	(183,758,864)	(324,900,161)
C. Cash flow from financing activities			
Dividend paid (including corporate dividend tax thereon)	(113,603,399)	-	(16,995,000)
Advance pursuant to employee stock option scheme	360,000	4,903,800	5,191,800
Net cash used in financing activities (C)	(113,243,399)	4,903,800	(11,803,200)
Net (decrease) / increase in cash and cash equivalents	(8,000,493)	86,077,648	(92,735,413)
Opening cash and cash equivalents	175,019,463	268,251,436	268,251,436
Effect of exchange rate change	15,039,917	(583,814)	(496,560)
Closing cash and cash equivalents *	182,058,887	353,745,271	175,019,462

Management's Discussion and Analysis of Financial Condition and Results of Consolidated Operations of Nucleus Software Exports Ltd. and its Subsidiary Companies

The financial statements have been prepared under the historical cost convention in compliance with the requirements of the Companies Act, 1956, the Generally Accepted Accounting Principles (GAAP) in India and mandatory accounting standards issued by the Institute of Chartered Accountants of India ("ICAI"). All income and expenditure having a material bearing on the financial statements are recognized on accrual basis. The consolidated financial statements have been prepared in accordance with the principles and procedures for the preparation and presentation as laid under Accounting Standard 21 on "Consolidated Financial Statements" issued by the ICAI.

Management discussion and analysis of financial condition and results of operations include forward-looking statements based on certain assumptions and expectations of future events. The Company cannot assure that these assumptions and expectations are accurate. Although the management has considered future risks as part of the discussions, future uncertainties are not limited to the management perceptions.

Company Background

The Company was incorporated on January 9, 1989 as **Nucleus Software Exports Private Limited (Nucleus)** with its registered office at 33-35 Thyagraj Nagar Market, New Delhi-110003.

In August 1995, Nucleus made an Initial Public Offer and is currently listed on National Stock Exchange of India Ltd., Bombay Stock Exchange Ltd. and Madras Stock Exchange Ltd.

Over the last nineteen years Nucleus has built a distinguished reputation of providing innovative and comprehensive software solutions and products in the BFSI Vertical. The geographical spectrum of clients spread over 30 countries. Multi-product, multi-service, multi-currency and multi-lingual implementation has led to worldwide acceptability and customer satisfaction. Nucleus operates through integrated and well-networked subsidiaries in Singapore, Japan, USA, Australia, Hongkong, Netherlands and India and branch offices in India, UK, UAE, Philippines and Korea. Since 1995, the Company has deliberately chosen to develop software products and invested heavily in creation of intellectual property. The product offerings have been well received and Nucleus has carved out a special niche in Products for retail Lending Solutions and Cash management

Company Strengths

The Company's business broadly consists of Development and Marketing of Software Products and Support Services for business entities in the Banking and Financial Services (BFSI) vertical. From a modest beginning with product development for a leading bank, Nucleus is today a major player in the "Banking Products" industry and is one of the few Indian Companies whose products are installed at multiple locations internationally.

Our every move is guided by a single-minded focus on becoming a leading IT solutions provider in the Banking and Financial Services industry. It is this dream that steered our organization in 1996 towards creating products that redefine quality and efficiency, highly appreciating the value of a delighted customer. Today a comprehensive suite of products provides solutions to the banking business.



Deep functionality combined with latest technology and our domain expertise enables us to position the Company globally as a “Product Company”.

Nucleus’ success is based on a simple foundation of delivering quality services, reliable solutions, long-term partnerships, and a price / value structure. The Company, in its pursuit of excellence, has been felicitated for being a pioneer in the BFSI vertical.

Some of the notable accolades won by Nucleus are:

- Nucleus Software has been listed among the ‘**Best 200 under a billion companies in Asia**’ (2008 and 2007) by Forbes Asia magazine for two successive years.
- 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™ Suite ranked No 2, best selling retail lending software **globally by IBS publishing**, the UK based financial publication.
- 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 amongst the **top 15 ‘most exciting emerging IT/BPO companies to work for’** for the year 2007, by NASSCOM.
- 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.
- The Company’s flagship product FinnOne™ was recognized as the “**No. 1 Best Selling Retail Lending Software**” by IBS Publishing for the year 2006.
- Received the award for “**Excellence in Financial Reporting**” by the Institute of Chartered Accountants of India (ICAI) for financial year 2005. Our Annual Report has been adjudged as No. 2 in the category of ‘Information Technology, Communication and Entertainment Enterprises’ companies.
- Annual Report for financial year 2005 has received the ‘**Merit Award**’ for “**Best Presented Accounts Award**” by the **South Asian Federation of Accountants** in January 2007 in the category of ‘Communication and Information Technology Sector’.
- Nucleus Software was ranked **13th in Dataquest Top 20 Best Employers Survey 2006.** Survey was conducted by IDC-Dataquest amongst 200 IT employers across India



Risks and Concerns

Your Company operates in an environment, which has risks particular to the industry and certain generic risks. The major risks encountered by your Company can be classified under following heads:

1. Revenue Concentration:

Client concentration: The Company is offering products and services to large international clients in the banking space. With increasing penetration of accounts and value added services for existing customers, revenues from individual clients become large. During the quarter, we derived 70 % of our revenues from the top 5 clients against 69% of revenues from the top 5 clients in the corresponding quarter of the previous year. Increased revenue from individual clients has an advantage of lower marketing costs, predictability of revenue, easier resource planning and focused relationships, which deliver customer satisfaction. At the same time, we are exposed to risks of the client reducing IT expenditure, reducing man month rates, reducing the size of engagement due to external factors etc.

These advantages and risks have to be balanced and we believe the solution is to increase the number of large clients, as business with existing clients is the backbone of our platform for providing complete product and services solutions.

We reiterate our commitment to reduce the revenue from top 5 clients to 40 % of the total revenue in the medium term. To achieve this, the Company is making substantial investments in marketing and brand building in other growing markets to sign new clients. We endeavor to mitigate risk by delivering value on a consistent basis

The following table provides historical data on client concentration (based on Indian GAAP)

For the Quarter Ended			
	Sep-08	Sep-07	Jun-08
% of Revenue from the top-five clients	70%	69%	74%
Clients accounting for > 10% of revenues	3	3	3

Geographic concentration: - Geographical risk is attributable to all the factors, which are peculiar or sensitive to a region. Concentration of revenue from any country exposes us to the risks specific to its economic condition, global trade policies, local laws, and political environment.

The revenues from Far East region accounts for 50% of the total revenue.

This concentration of revenue increases the susceptibility of the revenue to events that take place in these geographies. Besides political risk, there are other risks of changes in taxation policy, regulations regarding deputation of skilled manpower, civil unrest, epidemics and wars.

The geographical segmentation of revenue is given below: (based on Indian GAAP)

For the Quarter Ended			
Geographic Area	Sep-08	Sep-07	Jun-08
India	12.33%	9.65%	9.35%
Far East	50.82%	48.34%	53.11%
South East Asia	15.63%	15.17%	14.91%
Europe/UK	5.85%	7.85%	8.07%
USA & Canada	0.28%	1.54%	0.29%
Middle East	6.92%	12.25%	8.70%
Africa	4.66%	1.84%	3.80%
Rest of the World	3.51%	3.36%	1.77%

Success in different geographies is a function of:

- Maturity of the Banking and Financial Industry
- GDP of the country / region
- Our marketing and sales effort
- Adaptability of our Product Offerings
- Growth of retail assets
- The pace of change in "Replacement" of expensive legacy systems.

In the BFSI segment, and more pertinently in the Product space, geographic concentration arises during the initial years as the reference base grows and gives confidence to new customers in our Product offerings.

We mitigate this risk by investing in new markets.

We are increasing our marketing efforts in Europe to seed the market for future growth. Our first product implementation in Europe went live in Italy in April 2006 and the second implementation went live in BeNeLux in March 2008. We are continuously evaluating opportunities in the US, Middle East & African region continue to be areas of great opportunity and we continue our deep focus in these markets.

c. Political Risk: Our subsidiaries are located in seven countries (Singapore, USA, Japan, Australia, Hong Kong, India, and Netherlands). Political activities in these countries also effect our operations and revenues. At the same time, such diversification strategy is also a de-risking mechanism to protect the Company from the political climate of any one country.



Our major operations are in India. Political environment in India has the greatest impact on our revenues. For the past few years India has witnessed a coalition government at the center. Withdrawal of support by any one or two parties can lead to political instability.

However, all parties have recognized that India's world-class education system and low cost structure has given it a competitive advantage in software exports. We believe that all Indian Governments will continue to create a conducive environment for growth of high technology focused Companies, which includes the Software sector.

d. Industry concentration: The Company operates in the "Banking and Financial Services" space and offers Products and Services to large Banks and Financial Institutions. This is an Industry concentration with attendant risk of our performance being linked to the health of the financial system and the banking sector worldwide.

While acknowledging this risk, we currently continue to focus on this sector and are confident that our "Value" based solutions will find greater market success. It is our estimate that today our solutions service less than 0.25 % of global retail assets and this risk would be meaningful at a much higher market penetration and share.

2. Exchange rate fluctuation:

The operating currency of the Parent Company is Indian Rupees. Majority of Company's expense (excluding expenses by Nucleus Software Solutions Pte Ltd., Singapore and our Japan and USA Subsidiaries) are also incurred in rupees, however 88% of the Company's revenue are in foreign currency. With revenues being earned in foreign currency, and costs being in Indian rupees, adverse fluctuations of exchange rate could impact the profitability of the business.

If the rupee becomes stronger relative to other currencies, Nucleus may lose the competitive advantage of low cost of delivery, affecting its revenues and margins.

This risk is selectively hedged by following a policy of covering our Receivables through a mixture of "Forward Contracts" and "Options". The use of these foreign exchange forward contracts reduces the risk or cost to the Company. The Company does not use foreign exchange forward contracts for trading or speculation purposes.

There is a reporting mechanism wherein every quarter, the success/shortfalls of the hedging strategy are reported to the Audit Committee and the policy is fine-tuned.

3. Liquidity and Capital Resources

Our capital requirements are completely financed by internal accruals. Your Company continues to remain debt-free and we believe that cash generated from operations and reserves and surplus are sufficient to meet our obligations and requirements towards capital expenditure and working capital requirements

As of Sept 30, 2008 the cash and bank balances stood at Rs. 18.21 crore (Rs. 35.37 crore on Sept 30, 2007) and current investments in liquid schemes and Fixed Maturity Plans of mutual funds were Rs. 71.85 crore against Rs. 67.82 crore as on Sept 30, 2007.

To summarise the Company's liquidity position, given below are few ratios based on consolidated figures:

RATIO

Quarter Ended	30-Sep-08	30-Sep-07	30-Jun-08
Days of sale receivable	99	67	78
Cash and Bank Balances as % of assets	7.95%	18.00%	13.14%
Cash and Bank Balances as % of revenue	24.13%	50.26%	35.61%
Current investments as % of assets	31.36%	41.60%	29.56%
Current investments as % of revenue	95.22%	116.19%	80.09%

Financials

Share Capital

The Share Capital of the Company consists only of Equity Share Capital.

Share Capital of the Parent Company increased from 32,364,624 Equity Shares of Rs. 10/- each as on September 30, 2007 to 32,370,024 Equity Shares of Rs. 10/- each as on June 30, 2008. Consequently, the paid up share capital increased from Rs. 32.36 crore as on September 30, 2007 to Rs.32.37 crore as on September 30, 2008 including the amount in share forfeiture account.

The increase is consequent to allotment of 5,400 fully paid up Equity Share of Rs. 10/- each in pursuance of stock options exercised in October 2007 and July 2008.

Subsidiaries:

Paid up Share Capital of the Subsidiaries as on September 30, 2008 is given below. As 100% of the Share Capital of subsidiaries is held by Nucleus Software Exports Limited and nominees; on consolidated of accounts, these amounts are contra with investments in Subsidiaries amount in the accounts of the Parent Company.

<i>Name of Subsidiary Company</i>	<i>Currency</i>	<i>As at Sept 30, 2008</i>		<i>As at Sept 30, 2007</i>	
		<i>In foreign Currency</i>	<i>Eqv. Rupees (in crore)</i>	<i>In foreign Currency</i>	<i>Eqv. Rupees (in crore)</i>
Nucleus Software Solutions Pte. Ltd. Singapore. 625,000 equity shares of S\$ 1 each.	SGD	625,000	1.63	625,000	1.63
Nucleus Software Inc., USA. 1,000,000 shares of US\$ 0.35 cents each	USD	350,000	1.63	350,000	1.63
Nucleus Software Japan Kabushiki Kaiga, Japan. 200 equity shares of JPY 50,000 each	JPY	10,000,000	0.41	10,000,000	0.41
Nucleus Software (HK) Ltd., Hong Kong. 100,000 equity shares of HK\$ 1 each.	HKD	100,000	0.06	100,000	0.06
Nucleus Software (Australia) Pty Ltd., Australia. 316,000 equity shares of Aus \$ 1 each.	Aus \$	316,000	0.98	316,000	0.98
<i>Name of Subsidiary Company</i>	<i>Currency</i>	<i>As at Sept 30, 2008</i>		<i>As at Sept 30, 2007</i>	
		<i>In foreign Currency</i>	<i>Eqv. Rupees (in crore)</i>	<i>In foreign Currency</i>	<i>Eqv. Rupees (in crore)</i>
Virstra I-Technology Services Ltd., India. 1,000,000	INR	-	1.00	-	1.00



equity shares of Rs. 10 each					
Nucleus Software Netherlands B.V., Netherlands. 1000 equity shares of Euro 100 each	Euro	100,000	0.54	100,000	0.54
Nucleus Software Limited, India 250,000 equity shares of Rs.10/- each	INR	-	0.25	-	-
Step down Subsidiary of Nucleus Software Exports Ltd.					
Virstra (Singapore) Pte. Ltd., Singapore. 200,000 equity shares of S\$ 1 each	SGD	200,000	0.56	200,000	0.56

The profits/losses of the Subsidiary Companies are fully reflected in consolidated accounts of the Company and Subsidiaries.

Reserves and Surplus

The movement in the components of reserves and surplus is as below:

(Rs. In crore)

Particulars	Balance as on July 1, 2008	Additions/ (Deletions) during the quarter	Closing Balance as on September 30, 2008
General Reserve	61.45	-	61.45
Securities Premium	2.05	0.05	2.10
Capital Reserve	0.18	-	0.18
Employee Stock Options (net of deferred employee compensation)	1.09	0.06	1.15
Foreign Currency Translation Reserve	2.55	1.12	3.67
Profit and Loss Account Balance	125.15	4.07	129.22
Hedging Reserve	(1.21)	(0.68)	(1.89)
Total	191.26	4.62	195.88

Fixed Assets

As at Sept 30, 2008, gross block of fixed assets including investment in technology assets was Rs. 112.64 crore (Rs. 91.31 crore as on Sept 30, 2007). Major addition is 12.14 crore in leasehold land in the quarter ended June 30, 2008.

The net fixed assets after depreciation are Rs. 68.00 crore as on September 30, 2008 compared to Rs. 59.85 crore as on September 30, 2007.

Other Long-Term Investment

Other Long term investment comprise of:

Investment in 25,000 Equity Shares of face value of Rs. 100/- each in Ujjivan Financial Services Private Ltd.

Ujjivan Financial Services Private Ltd., has been promoted in the area of micro finance by a group of experienced professionals with banking and technology background.

The Company exercised the put option on investments of Rs.13.69 crore in Equity Shares of GMAC Financial Services India Ltd.in FY 08. The transfer of shares after various regulatory approvals was completed in June 2008 and full payment received in July 2008.

Current Investments

Current Investments of the Company as on September 30, 2008 was Rs. 71.85 crore against Rs. 67.82 crore as in September 30, 2007.

Rs. 2.33 crore in ICICI Prudential Flexible Income Plan - (D).
Rs. 1.50 crore in ING Long Term FMP 1 Inst. (G)
Rs. 0.83 crore in ABN AMRO Money Plus Fund- Inst (D)
Rs. 6.00 crore in HSBC Fixed Term Series-44 Inst. (G)
Rs. 2.11 crore in Mirae Asset Liquid plus Fund-Inst. (D)
Rs. 3.30 crore in HDFC Cash Management Savings Plus -Wholesale Plan (D)
Rs. 5.00 crore in HDFC FMP 13M March 2008 (VII) (2) -Wholesale Plan (G)
Rs. 2.50 crore in DSP Merrill Lynch FMP 3M Series 12-Inst. (D)
Rs. 1.02 crore in Reliance Fixed Horizon Fund-X Series-13 Super Inst. (D)
Rs. 3.41 crore in JM Fixed Maturity Fund -Series XII Quarterly Plan 3 -Inst. (D)
Rs. 3.46 crore in JM Interval Fund-Quarterly Plan 5 -Inst. (D)
Rs. 2.00 crore in Kotak FMP 14M Series-4 - Inst. (G)
Rs. 5.00 crore in DWS Fixed Term Fund Series 47-Inst. (G)
Rs. 5.00 crore in DWS Fixed Term Fund Series 57-Inst-(D)
Rs. 4.00 crore in DSP Merrill Lynch FTP Series 12 1/2 M-Inst. (G)
Rs. 1.50 crore in Lotus India FMP 375 Days Series VII Inst. Growth
Rs. 2.00 crore in Lotus India FMP 3M Series XXXV Inst. (D)
Rs. 3.00 crore in Sundaram BNP Paribas Fixed Term Plan D- Inst. (G)
Rs. 2.00 crore in Sundaram BNP Paribas Fixed Term Plan E- Inst. (G)
Rs. 2.02 crore in Canara Robeco Interval Monthly -Inst. (D)
Rs. 5.00 crore in SBI Debt Fund Series-90 Days -26-Dividend
Rs. 3.00 crore in SBI Debt Fund Series-90 Days -29-Dividend
Rs. 5.00 crore in IDFC Fixed Maturity Plan-Yly Series 19-Plan B-(G)
Rs. 0.47 crore in LIC Liquid Fund D Option
Rs. 0.40 crore in SBI SHF Liquid Plus Fund

Cash and Bank Balances

Cash and bank balance represent 7.95% and 18.00 % of the total assets as on September 30, 2008 and September 30, 2007 respectively.

(Rs. in crore)

As at	30-Sep-08	30-Sep-07
Cash and cheque in hand	0.03	0.02
Balances with Bank		
- In Current Accounts	14.98	27.21
- In Fixed Deposit Account	1.14	0.91
Remittance in transit	2.06	7.22
Total	18.21	35.36

Trade Receivables

Sundry Debtors amount to Rs. 81.54 crore (net of provision for bad and doubtful debts) as on Sept 30, 2008 (Rs. 51.05 crore, net of provision for bad and doubtful debts as on Sept 30, 2007).

The age profile of the debtors (net of provision) is given below:

Quarter Ended	30-Sep-08	30-Sep-07
Less than 6 months	93.08%	91.22%
More than 6 months	6.92%	8.77%
Days of sale receivable	99	67

The Days of sales receivables have increased to 99 days and the management is making special efforts to bring it down to 70 days by 31st December 2008.

Loans and Advances

The amount is Rs. 22.50 crore as on September 30, 2008 (Rs. 15.55 crore as on September 30, 2007).

(Rs. in crore)

As at September 30,	2008	2007
Advances Recoverable in cash or for value to be received	6.27	5.93
Security deposits	3.16	2.82
Advances income tax	2.36	0.89
Advance Fringe Benefit tax	0.26	-



MAT credit entitlement	7.16	2.49
Prepaid Expenses	3.29	3.43
Total	22.50	15.56

Advances recoverable in cash or in kind or for value to be received are primarily towards amounts paid in advance for value and services to be received in future, and staff advances. The amount is Rs. 6.27 crore as on September 30, 2008 (Rs. 5.93 crore as on September 30, 2007).

Security Deposits are primarily for hiring of office premises and staff accommodation. The amount is Rs. 3.16 crore as on September 30, 2008 (Rs. 2.82 crore as on September 30, 2007)

Prepaid expenses stood at Rs. 3.29 crore as on September 30, 2008 (Rs.3.43 crore as on September 30, 2007).

Pursuant to the changes in the Indian Income Tax Act, the Company has calculated its tax liability after considering Minimum Alternate Tax (MAT). A sum of Rs. 7.16 crore is carried forward and shown under Loans & Advances in the Balance Sheet as at September 30, 2008 to be set off against future tax liabilities.

Current Liabilities

(Rs. In crore)

As at September 30,	2008	2007
Sundry Creditors	50.64	29.41
Withholding Tax	3.39	1.85
Advances from customers	8.52	23.58
Unclaimed Dividend	0.13	0.11
Other Liabilities	4.97	5.32
Bank Overdraft	-	6.66
Total	67.65	66.93

Sundry Creditors represent amounts payable for the supply of goods and services.

The total amount of Sundry Creditors as on September 30, 2008 is Rs. 50.64 crore (Rs. 29.41 crore as on September 30, 2007.) It has increased partly due to the liability on account of Mark to Market losses on Foreign exchange contracts entered into by the Company.

Withholding tax payable represents the amount of liability of withholding taxes to be deducted/deductible by overseas clients/ Subsidiaries on income billed to them by the Parent Company. The total amount of withholding tax liability as on September 30, 2008 is Rs. 3.39 crore (Rs. 1.85 crore as on September 30, 2007).

The amount of Unclaimed Dividend as on September 30, 2008 is Rs. 0.13 crore (Rs. 0.11 crore as on September 30, 2007).

Advances from customers consists of advance payments received from customers and "Unearned Revenue"; Unearned Revenue is defined as client billing for which related costs have not been incurred or product license delivery is at later date. Advances from customers has reduced to Rs. 8.52 crore as on September 30, 2008 (Rs. 23.58 crore as on September 30, 2007), as large advances from certain customers have been adjusted over the last one year

Other liabilities represent amounts accrued for statutory dues related to taxes and staff benefits etc. The total amount of other liabilities as on September 30, 2008 is Rs. 4.97 crore (Rs. 5.32 crore as on September 30, 2007).

Provisions

Provisions at Rs. 10.44 crore as on September 30, 2008 (Rs. 6.20 crore as on September 30, 2007) includes provision for taxation, gratuity and leave encashment.

The break-up of provision at the quarter end is given below:

(Rs. In crore)

As at September 30,	2008	2007
Gratuity	4.72	2.67
Leave encashment	4.94	3.51
Taxation (Net of advance tax)	0.77	-
Fringe benefit tax	-	0.02
Total	10.43	6.20

Results of Operations

(Rs. In crore)

For the Quarter Ended September 30,	2008	% of Revenue	2007	% of Revenue	Growth %
Income from Software Services and Products	75.46	100.00	70.37	100.00	7.23
Software Development Expenses	52.94	70.16	43.31	61.55	22.24
Gross Profit	22.52	29.84	27.06	38.45	(16.78)
Selling and Marketing Expenses	7.24	9.59	4.45	6.32	62.70
General and Administration Expenses	6.88	9.12	4.65	6.61	47.96
Operating Profit before Interest, Depreciation and Withholding Taxes	8.40	11.13	17.96	25.52	(53.23)
Depreciation	3.57	4.73	2.98	4.23	19.80
Withholding Taxes	1.52	2.01	0.76	1.08	100.00
Operating Profit after Interest, Depreciation and Withholding Taxes	3.31	4.39	14.21	20.19	(76.71)
(Loss)\ Gain on foreign exchange fluctuation (net)	(0.46)	(0.61)	1.68	2.39	NA
Other Income	1.48	1.96	1.50	2.13	(1.33)
Profit before Tax	4.33	5.74	17.39	24.71	(75.10)
Provision for Taxation	0.26	0.34	1.21	1.72	(78.51)
Profit after Tax	4.07	5.39	16.18	22.99	(74.85)

Income

The revenue of the Company is derived from software products and projects and services.

The Company's consolidated revenue from operations for the quarter ended September 30, 2008 is Rs. 75.46 crore against Rs. 70.37 crore for the quarter ended September 30, 2007, representing an increase of 7.23 %.

Details of the geographical segmentation, business segmentation and currency segmentation of income have been provided elsewhere in the report.

Expenditure

Software Development Expenses

Software development expenses primarily consist of compensation to our software professionals, expenses on travel to execute work at client site, consultancy charges, software development charges, cost of software purchased for delivery to clients, bandwidth and communication expenses and proportionate infrastructure charges. The Company incurred total software development expenses of Rs 52.94 crore at 70.16 % of revenue during the quarter ended September 30, 2008 against Rs. 43.31 crore at 61.55 % of revenue during the corresponding quarter of the previous year. In comparison to the corresponding quarter of previous year, the software development expenses have increased by 22.24 % in absolute terms, whereas revenue has increased by 7.23 %.

(Rs. In crore)

<i>For the Quarter Ended September 30,</i>	2008	% of Revenue	2007	% of Revenue	Growth %
Employee Costs	35.05	46.44	28.21	40.08	24.25
Travel Expenses	4.19	5.55	4.21	5.98	(0.48)
Rent, Rates and Taxes	3.42	4.53	2.18	3.10	56.88
Cost of Software Purchased for Delivery to Clients	1.35	1.79	0.88	1.25	53.41
Communication	0.70	0.93	0.46	0.65	52.17
Consultancy Charges	4.08	5.41	3.93	5.58	3.82
Power and Fuel	0.78	1.03	0.85	1.21	(8.24)
Software and Other Development Charges	0.84	1.11	0.33	0.47	154.55
Legal and Professional	0.48	0.64	0.59	0.84	(18.64)
Conveyance	0.36	0.48	0.25	0.36	44.00
IT Expenses	0.16	0.21	0.14	0.20	14.29
Repairs and Maintenance	0.41	0.55	0.22	0.32	86.36



Training and Recruitment	0.21	0.28	0.67	0.95	(68.66)
Others	0.91	1.21	0.39	0.55	133.33
Total Software Development Expenses	52.94	70.16	43.31	61.55	22.24
Revenue	75.46	100.00	70.37	100.00	7.23

Employee costs have increased 24.25 %, with addition in numbers. These employee costs include employee costs in “Product Development Group”, which are expensed. Cost of Software Purchased has increased to Rs. 1.35 crore, against Rs. 0.88 crore, due to implementation of bought out credit card systems at customer sites. With increase in expenses far higher than increase in revenue, the Gross Margin declined from Rs.27.06 crore to Rs.22.52 crore representing a decline of 16.78 %.

Selling and Marketing Expenses

Our selling and marketing expenses comprise of compensation of sales and marketing personnel, travel, brand building (advertisement, conference, seminar, etc), communication, training and recruitment and other allocated infrastructure costs. The Company has ambitious plans to increase geographical reach with a mix of direct sales effort and channel partner effort and building a global brand for its products.

The Company incurred selling and marketing expenses of Rs. 7.24 crore, 9.59% of revenue during the quarter ended September 30, 2008 against Rs.4.45 crore, 6.32% of revenue during the corresponding quarter of previous year.

(Rs. In crore)

<i>For the Quarter Ended September 30,</i>	2008	% of Revenue	2007	% of Revenue	Growth %
Employee Costs	3.37	4.47	2.50	3.55	34.80
Travel Expenses	0.91	1.21	0.69	0.98	31.88
Rent, Rates and Taxes	0.35	0.46	0.25	0.36	40.00
Advertisement and Business Promotion	0.34	0.45	0.29	0.41	17.24
Communication	0.17	0.23	0.13	0.18	30.77
Conference, Exhibition and Seminar	0.93	1.23	0.04	0.06	NA
Commission on Sales	0.18	0.24	0.11	0.16	63.64
Legal & Professional	0.45	0.60	0.14	0.20	NA
Training & Recruitment	0.05	0.07	0.03	0.04	66.67
Others	0.49	0.65	0.27	0.38	81.48



Total Selling and Marketing Expenses	7.24	9.59	4.45	6.32	62.70
Revenue	75.46	100.00	70.37	100.00	7.23

Employee costs have increased by 34.80 % with increase in numbers. The expenses related to conference exhibition and seminar have increased due to participation in the banking event SIBOS held in Vienna during the quarter. Legal and professional charges are higher due to appointment of new marketing consultant overseas.

General and Administrative Expenses

Our general and administrative expenses comprise compensation to our employees in Corporate Office, Finance, HR, Administration and other general functions; travel, communication, legal and professional charges, repairs and maintenance, insurance, provision for doubtful debts, bad debts and other allocated infrastructure expenses.

The Company incurred general and administrative expenses amounting to Rs.6.88 crore, 9.12 % of revenue during the quarter ended September 30, 2008 against Rs .4.65 crore, 6.61 % of revenue during the corresponding quarter of previous year.

(Rs. In crore)

<i>For the Quarter Ended September 30,</i>	2008	% of Revenue	2007	% of Revenue	Growth %
Employee Costs	3.27	4.33	2.54	3.61	28.74
Travel Expenses	0.33	0.44	0.04	0.06	NA
Legal and Professional	0.73	0.97	0.34	0.48	114.71
Communication	0.08	0.11	0.08	0.11	-
Rent, Rates and Taxes	0.13	0.17	0.39	0.55	(66.67)
Provision for Doubtful Debts	1.04	1.38	0.27	0.38	NA
Printing and Stationery	0.05	0.07	0.04	0.06	25.00
Conveyance	0.08	0.11	0.08	0.11	-
Power and Fuel	0.07	0.09	0.08	0.11	(12.50)
Advances and other Current Assets Written off	0.39	0.52	0	-	-
Advertisement	0.03	0.04	0.05	0.07	(40.00)
Training and Recruitment	0.08	0.11	0.08	0.11	-
Consultancy Charges	-	-	0.02	0.03	-
Others	0.6	0.80	0.64	0.91	(6.25)



Total General and Administrative Expenses	6.88	9.12	4.65	6.61	47.96
Revenue	75.46	100.00	70.37	100.00	7.23

Employee costs have increased by 28.74% with increase in numbers. There is an increase in provisioning for bad debts

Operating Profit

During the quarter ended September 30, 2008 the Company earned consolidated operating profit (profit before interest, depreciation and withholding tax) of Rs.8.40 crore representing 11.13% of revenue as compared with Rs.17.96 crore representing 25.52 % of revenue for the quarter ended September 30, 2007.

Depreciation

Depreciation at Rs. 3.57 crore on fixed assets is 4.73 % of the revenue for the quarter ended September 30, 2008 as against Rs. 2.98 crore, 4.23 % of the revenue for the quarter ended September 30, 2007.

Withholding Taxes

Withholding taxes charged off represent withholding taxes charged to Profit and Loss Account during the quarter ended September 30, 2008, of Rs 1.52 crore (Rs. 0.76 crore for the quarter ended September 30, 2007). These relate to taxes withheld by customers/subsidiaries on overseas transactions.

Foreign Exchange Gain (Loss)

Foreign Exchange Gain (Loss) includes gain (loss) from cancellation of options and forward contracts, translation of current assets and liabilities at quarter end rates and those arising from realization /payments of receivables/payables respectively. The Company had a foreign exchange loss of Rs. 0.46 crore during the quarter ended September 30, 2008 against a foreign exchange gain of Rs. 1.68 crore for the quarter ended September 30, 2007.

Other Income

Other Income primarily consists of income received in the form of dividends from non-trade investments, interest on fixed deposits, capital gains on sale of current investment, profit on sale of fixed assets and foreign exchange gains.

Other income for the quarter ended September 30, 2008 is Rs. 1.48 crore against Rs. 1.50 crore for the quarter ended September 30, 2007.

(Rs. In crore)

For the Quarter Ended September 30,	2008	2007
On Investments		
Capital Gain	0.55	0.39



Dividend	0.55	0.47
Interest Income	0.03	0.03
Gain/ (Loss) on Foreign exchange on consolidation	0.03	0.03
Profit on sale of assets	0.03	-
Others	0.29	0.58
Total	1.48	1.50

Provision for Income Tax

Income taxes represent the provision for corporate & income taxes in various countries where the Company and Subsidiaries operate. In estimating these taxes, adjustments are made for deferred tax assets and liabilities. The total tax figures for September 2008 were Rs. 0.26 crore and Rs. 1.21 crore for September 2007.

(Rs. In crore)

As at September 30, 2008	2008	2007
Current Tax	1.07	2.08
MAT Credit Entitlement	(0.68)	(1.18)
Fringe Benefit Tax	0.18	0.17
Deferred Tax Charges	(0.31)	0.14
Total	0.26	1.21

Your Company currently enjoys benefits of tax holidays notified by the Government of India for the export of software services from Software Technology Parks. With effect from the financial year ended 31 March 2008, Tax Authorities in India have extended 'Minimum Alternate Tax' MAT provisions to the profits on overseas income earned by the parent Company in India. The MAT amount determined in accordance with the statutory provisions is set off against withholding taxes and is further allowed to be carried forward to future years.

As a result of these benefits the tax liability of the Company in India is significantly low. We expect the tax liability of the Company to increase post the expiry of tax holiday.

Net Income

During the quarter ended September 30, 2008, Company has earned a net profit of Rs. 4.07 crore (Rs. 16.18 crore for the quarter ended September 30, 2007). The net profit represents 5.39% of revenue for the quarter ended September 30, 2008 as compared to 22.99% of revenue for the quarter ended September 30, 2007.

The options if exercised at the end of the vesting period shall be converted into equity shares.

- The dividend declared and paid in the previous financial years is given below:

Financial Year	Dividend (%)	Dividend Per Share in Rs.	Dividend Pay Out in Rs. Crore
2007-08 *	30%	3.00	9.71
2006-07	35%	3.50	5.64
2005-06	35%	3.50	5.64
2004-05	25%	2.50	4.02#
2003-04	25%	2.50	2.01
2002-03	20%	2.00	1.58
2001-02	20%	2.00	1.58
2000-01	20%	2.00	0.68

The Board had not recommended any dividend prior to financial years 2000-2001.

* The dividend payout in 2007-08 was on the enhanced capital consequent to 1:1 bonus issue made during August 2007.

- Registrars of Company

Karvy Computershare Private Limited

Plot No. 17-24
Vithal Rao Nagar, Madhapur
Hyderabad 500 081
Tel: 040-23420815-28
Fax: 040- 23420814/23420857
Email: mailmanager@karvy.com

6. Locations

Nucleus services its clients through a network of international offices. Nucleus has wholly owned subsidiaries in Singapore, U.S.A, Japan, Hongkong, Australia, India, Netherlands and branch offices in India, UK, UAE, Philippines and Korea.

Nucleus operates state-of-the-art Software Development Centers at NOIDA (U.P) and Chennai under the Software Technology Park scheme of the Government of India.

A Subsidiary VirStra-I Technology Services Ltd. operates a Development Centre at Pune under the Software Technology Park Scheme of the Government of India.

7. Stock market data relating to shares listed in India

A Monthly high and low quotations as well as the volume of shares traded at Bombay Stock Exchange Ltd. and National Stock Exchange.

	BSE					NSE				
	Open	High	Low	Close	Volume	Open	High	Low	Close	Volume
Jul-08	226.90	226.90	174.00	176.70	1,443,789	215.00	235.00	170.00	176.55	760,772
Aug-08	178.85	186.80	162.40	165.65	66,467	180.00	191.90	160.30	166.15	220,514
Sep-08	166.20	172.50	103.20	104.15	60,061	164.90	172.90	102.05	103.55	1,51,294

1. The highest share price of the Nucleus scrip at Bombay Stock Exchange Ltd. was Rs 226.90 in July 2008 and the lowest share price was Rs. 103.20 in September 2008.
2. The highest share price of the Nucleus scrip at National Stock Exchange was Rs. 235.00 in July 2008 and the lowest share price was Rs. 102.05 in September 2008.

B Quarterly high -low price history of the share for last 4 quarters

During the Quarter ended	BSE		NSE	
	High (Rs.)	Low (Rs.)	High (Rs.)	Low (Rs.)
December 31, 2007	414.00	260.05	416.00	236.65
March 31, 2008	405.00	170.00	368.00	279.90
June 30, 2008	293.00	185.10	295.00	180.90
September 30, 2008	226.90	103.20	235.00	102.05

8. Share Transfer System

The Company's shares are currently traded in dematerialised form, transfers are processed and approved in the electronic form by NSDL/CDSL through their Depository Participants.

The Shareholders/Investor Grievance Committee is authorised to approve transfer of shares, which are received in physical form, and the said Committee approves transfer of shares on a fortnightly basis.

All requests for dematerialisation of shares are processed and confirmation is given to the respective Depositories i.e. National Securities Depository Ltd. (NSDL) and Central Depository Services Ltd. (CDSL) within 15 days.

The Company has De-materialised 31,309,612 shares (96.72% of the paid up share capital) as at September 30, 2008.

The Company obtains from a Company Secretary in practice half –yearly certificate of compliance with the share transfer formalities as required under Clause 47 (c) of the Listing Agreement and files a copy of the certificate with the Stock Exchanges.

9. Employee Stock Option Schemes

The Company earlier instituted an ESOP scheme 1999 in year 2000, ESOP scheme 2002 was instituted in 2002, ESOP scheme 2005 was instituted in 2005 and ESOP scheme 2006 was instituted in 2006. These schemes were duly approved by the Board of Directors and Shareholders in their respective meetings. The 1999 scheme originally provided for the issue of 170,000 Equity Shares, 2002 scheme for 225,000 Equity Shares, 2005 scheme for 625,000 Equity Shares and 2006 scheme for 10,00,000 to eligible employees and Directors. A Compensation Committee of Board of Directors administers these schemes.

The Company had allotted Bonus shares in the ratio of 1:1 to the existing equity shareholders of the Company in August 2007. Consequently the Company applied and received in-principal approval from stock exchanges for allotment of additional shares in the ratio of 1:1 (pursuant to Bonus Issue), which are likely to arise out of exercise of options as and when exercised under the abovementioned schemes.

During the current quarter, 3000 shares were allotted to an employee in pursuance to the stock options exercised in July 2008.

10. Investors' Services

Details of request /complaints received during the quarter.

S.No.	Nature of Requests	Received	Attended	Pending
1.	Revalidation of Dividend Warrants	19	19	0
2.	Non-receipt of Dividend Warrant	9	9	0
3.	Issue of Duplicate Share Certificates	0	0	0
4.	Request for Stop Transfer	0	0	0
5.	Non receipt of Securities / Share Certificates	1	1	0
6.	Non-Receipt of Annual Report	5	5	0

The Company attended to most of the investors' grievances/correspondence within a period of 15 days from the date of receipt of the same, during the quarter.

11. Legal Proceedings

There are three legal proceedings pending against the Company in Court, with two of them relating to termination of employment and one relating to stamp duty.

12. Distribution of Shareholding

DISTRIBUTION SCHEDULE AS ON 30.09.2008						
No.	No of Equity Shares Held		Number of Share Holders	Percentage of Share Holders	No of Shares	Percentage of Shares
	From	To				
1	1 -	500	11,148	87.35	1,050,843	3.25
2	501 -	1000	804	6.30	588,642	1.82
3	1001 -	2000	374	2.93	561,361	1.73
4	2001 -	3000	125	0.98	322,175	1.00
5	3001 -	4000	70	0.55	253,847	0.78
6	4001 -	5000	41	0.32	192,924	0.60
7	5001 -	10000	84	0.66	600,824	1.86
8	10001 and above.		116	0.91	28,799,408	88.97
TOTAL			12,762	100.00	32,370,024	100.00

13. Categories of Shareholders

Category	As on September 30,2008		
	No. of Share Holders	Voting Strength (%)	No. of Shares Held
Promoter and Promoter Group	11	59.55	19,276,990
Individuals	11,922	16.76	5,426,141
Bodies Corporate	499	5.66	1,833,171
Non-Resident Indians	250	1.49	480,969
Foreign Institutional Investors	20	10.84	3,507,777
Mutual Funds	10	5.57	1,803,125
FIs/Banks	3	0.07	22,200



Clearing Members and Trusts	47	0.06	19,651
Total	12,762	100.00	32,370,024

14. Investors' Correspondence may be addressed to:

The Company Secretary
Nucleus Software Exports Ltd.,
33-35, Thyagraj Nagar Market
New Delhi-110003
India

Tel: ++91-(120)-2404050 Fax: ++91-(120)-2403972
Email: investorrelations@nucleussoftware.com

15. Employee Strength of Nucleus

Nucleus employed 2059 people as on September 30, 2008 as compared to 1,657 people on September 30, 2007.

A Distribution of the employees:

As at September 30,	2008		2007	
	No.	%	No.	%
Technical Staff	1,709	83.00	1,416	85.46
Non-Technical Staff including Business Development Group	350	17.00	241	14.54
The gender classification of employees is:				
Male	1,581	76.78	1,293	78.03
Female	478	23.22	364	21.97
Total	2,059	100.00	1,657	100.00

B The age profile of employees is:

As at September 30,	2008		2007	
	No.	%	No.	%
Between 20 and 25 years	415	20.16	404	24.38



Between 26 and 30 years	896	43.52	701	42.31
Between 31 and 40 years	667	32.39	490	29.57
Between 41 and 50 years	63	3.06	46	2.78
51 years and above	18	0.87	16	0.97
Total	2,041	100.00	1,657	100.00

16. How do I contact Nucleus by telephone, mail or in person?

You can contact the following Nucleus personnel for any information:-

Vishnu R Dusad
Managing Director

Tel:++91 (120) 4031500
E Mail: vishnu@nucleussoftware.com

R P Singh
President, Delivery

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E Mail: rp@nucleussoftware.com

P K Sanghi
President, Finance & Chief Financial Officer

Tel:++91 (120) 4031800
E Mail: pbsanghi@nucleussoftware.com

Prakash Pai
President, Product Management

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E Mail: pai@nucleussoftware.com

Niraj Vedwa
President , Sales and Marketing

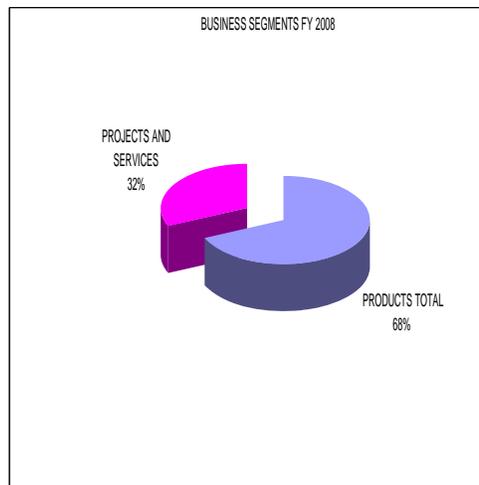
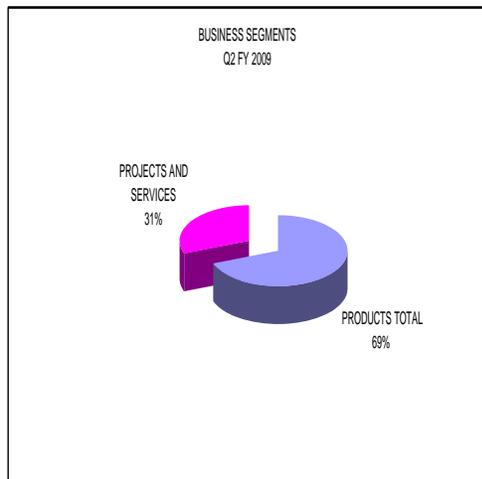
Tel:++91 (120) 4031900
E Mail: niraj@nucleussoftware.com

Poonam Bhasin
Company Secretary

Tel:++91 (120) 4031400
E Mail: poonam@nucleussoftware.com

Nucleus Software Exports Ltd.
Consolidated Segment Information

REVENUE BY	Quarter Ended				Half Year Ended				Year Ended	
	30 September 2008	% of Revenue	30 September 2007	% of Revenue	30 September 2008	% of Revenue	30 September 2007	% of Revenue	31 March 2008	% of Revenue
GEOGRAPHICAL SEGMENTS										
INDIA	9.30	12.32	6.79	9.65	17.06	10.77	16.35	11.93	32.11	11.12
FAR EAST	38.35	50.82	34.01	48.33	82.37	52.02	64.07	46.76	145.45	50.38
SOUTH EAST ASIA	11.79	15.62	10.68	15.18	24.15	15.25	21.54	15.72	41.71	14.45
EUROPE / U.K.	4.42	5.86	5.52	7.84	11.12	7.02	9.59	7.00	15.52	5.38
USA & CANADA	0.21	0.28	1.09	1.55	0.45	0.28	2.16	1.58	3.15	1.09
MIDDLE EAST	5.22	6.92	8.62	12.25	12.43	7.85	16.65	12.15	28.97	10.03
AFRICA	3.52	4.66	1.29	1.83	6.67	4.21	2.98	2.17	13.45	4.66
REST OF THE WORLD	2.65	3.51	2.37	3.37	4.11	2.60	3.68	2.69	8.36	2.90
TOTAL	75.46	100.00	70.37	100.00	158.36	100.00	137.02	100.00	288.72	100.00
CURRENCY SEGMENTS										
INDIAN RUPEE	9.30	12.32	6.79	9.65	17.06	10.77	16.36	11.94	32.11	11.12
JAPANESE YEN	3.54	4.69	3.57	5.07	6.92	4.37	6.94	5.06	13.56	4.70
SING \$	8.68	11.50	6.66	9.46	17.99	11.36	13.43	9.80	30.39	10.53
US \$	52.97	70.20	53.29	75.73	114.08	72.04	100.06	73.03	211.60	73.29
MALAYSIAN RINGITT	-	-	0.06	0.09	-	-	0.23	0.17	0.23	0.08
AUD	-	-	-	-	-	-	-	-	-	-
KRW	0.56	0.74	-	-	1.48	0.93	-	-	-	-
EURO	0.41	0.54	-	-	0.83	0.52	-	-	0.83	0.29
TOTAL	75.46	100.00	70.37	100.00	158.36	100.00	137.02	100.00	288.72	100.00
BUSINESS SEGMENTS										
PRODUCTS										
OWN	49.58	65.70	46.21	65.67	97.10	61.32	86.54	63.16	184.58	63.93
TRADED	2.52	3.34	2.95	4.19	12.26	7.74	6.79	4.96	12.83	4.44
PRODUCTS TOTAL	52.10	69.04	49.16	69.86	109.36	69.06	93.33	68.11	197.41	68.37
PROJECTS AND SERVICES	23.36	30.96	21.21	30.14	49.00	30.94	43.69	31.89	91.31	31.63
GRAND TOTAL	75.46	100.00	70.37	100.00	158.36	100.00	137.02	100.00	288.72	100.00





NUCLEUS SOFTWARE EXPORTS LIMITED

RATIO ANALYSIS

Particulars	CONSOLIDATED PERFORMANCE				
	Quarter ended		Half Year Ended		Year ended
	September 30, 2008	September 30, 2007	September 30, 2008	September 30, 2007	March 31, 2008
Ratios- Financial Performance					
Export Revenue/ Revenue	87.67	90.35	89.22	88.06%	88.88
Domestic Revenue/ Revenue	12.33	9.65%	10.78	11.94%	11.12
Gross Profit/ Revenue	29.84	38.45%	31.17	38.06%	39.56
Software Development Expenses/ Revenue	70.16	61.55%	68.83	61.94%	60.44
Selling and Marketing Expenses/ Revenue	9.59	6.33%	8.98	6.77%	7.26
General and Administrative Expenses/ Revenue	9.12	6.61%	7.92	6.44%	6.87
Total Operating Expenses/ Revenue	88.87	74.49%	85.74	75.14%	74.57
Operating Profit/ Revenue	11.13	25.51%	14.27	24.86%	0.25
Depreciation/ Revenue	4.74	4.23%	4.39	3.98%	0.04
Other Income/ Revenue	1.37	4.52%	(0.08)	3.34%	0.02
Tax/ Revenue	0.35	1.72%	(0.18)	1.37%	0.01
Tax/ PBT	6.04	6.95%	(2.44)	5.86%	0.04
PAT from Ordinary Activities/ Revenue	4.03	18.48%	7.72	18.70%	0.19
PAT from Ordinary Activities/ Net Worth	1.33	6.65%	5.36	13.11%	0.25
ROCE(PBIT/Average Capital Employed)	1.91	9.26%	5.21	17.08%	0.34
RONW (PAT/Average Net Worth)	1.80	8.66%	5.36	16.16%	0.32
Ratios Balance Sheet					
Debtors Turnover (Days)	99	67	94	68	79
Asset Turnover Ratio	0.33	0.36	0.69	0.70	1.34
Current Ratio	2.42	1.91	2.42	1.91	2.77
Cash and Equivalents/Total Assets (%)	39.31	52.51%	39.31	52.51%	43.53
Cash and Equivalents/ Revenue (%)	119.35	146.66%	56.87	75.31%	22.95
Depreciation/Average Gross Block(%)	3.41	1.97%	6.63	3.62%	14.49
Technology Investment/ Revenue (%)	4.38	1.97%	2.89	4.24%	3.08
Ratios - Growth					
Growth in Export Revenue (%)	4.05	25.72%	17.10	27.64%	30.01%
Growth in Revenue (%)	7.24	27.74%	15.57	30.69%	30.53%
Operating Expenses Growth (%)	27.93	34.07%	31.86	38.38%	36.34%
Operating Profit Growth (%)	(53.20)	12.24%	(33.68)	11.88%	16.02%
PAT Growth (%)	(74.83)	16.75%	(59.92)	10.77%	11.95%
EPS Growth (%)	(74.80)	16.28%	(59.91)	10.28%	11.66%
Per- Share Data (Period End)					
Earning Per Share from Ordinary Activities (Rs.)	0.94	4.02	3.78	7.92	16.90
Earning Per Share (Including Other Income) (Rs.)	1.26	5.00	3.74	9.33	19.08
Cash Earning Per Share from Ordinary Activities (Rs.)	2.04	4.25	5.92	8.26	20.56
Cash Earning Per Share (Including Other Income)(Rs.)	2.36	5.24	5.89	9.67	22.74
Book Value (Rs.)	70.52	60.37	70.52	60.37	66.52
Price/Earning (Annualized)	20.69	15.83	13.93	16.97	9.96
Price/ Cash Earning (Annualized)	11.01	15.12	8.85	16.37	8.36
Price/Book Value	1.48	5.25	1.48	5.25	2.86

Note:1) While calculating the consolidated figures of group, inter group transactions have been ignored.

2) Cash and Equivalents includes cash and bank balances and current investments.