



PRESS RELEASE

Nucleus Software Announces Q2 FY 11 Results

To continue focus on IPR development and market expansion

New Delhi, October 25, 2010: Nucleus Software Exports Limited (NSE: NUCLEUS, BSE: 531209), announced its Q2 results for financial year 2010-2011.

Nucleus Software's consolidated revenue for the quarter ending September 30, 2010, is at Rs. **70.19 crore** in comparison to Rs. **70.75** crore in the corresponding quarter of the previous year. With total expenses at Rs. **58.48** crore in comparison to Rs. **58.80** crore in the corresponding quarter of the previous year, the consolidated EBITDA is at Rs. **11.71** crore in comparison to Rs. **11.95** crore in the corresponding quarter of the previous year. Net profit after tax (PAT) is at Rs. **8.90 crore** in comparison to Rs. **9.88** crore in the corresponding quarter of the previous year.

For the half year ending September 30, 2010, consolidated revenue is at Rs. **136.33** crore in comparison to Rs. **151.29 crore** in the corresponding half-year period in the previous year. With total expenses at Rs. **119.91** crore in comparison to Rs. **123.33** crore in the corresponding half-year period in the previous year, the consolidated EBITDA is at Rs. **16.42** crore in comparison to Rs. **27.98** crore in the corresponding half-year period in the previous year. Net Profit after tax (PAT) is at Rs. **14.19** crore in comparison to Rs. **20.01** crore in the corresponding half-year period in the previous year.

Highlights

Quarter Ended September 30, 2010

- **Consolidated revenue** at Rs. **70.19 crore** from software products and software development services in comparison to Rs. **70.75** crore in the corresponding quarter of the previous year.
- **Product business revenue** for the quarter at Rs. **50.58 crore** in comparison to Rs. **39.07** crore in the corresponding quarter of the previous year.
- **EBITDA** at Rs. **11.71 crore** in comparison to Rs. **11.95** crore in the corresponding quarter of the previous year.
- **Net Profit after Tax (PAT)** at Rs. **8.90 crore** in comparison to Rs. **9.88** crore in the corresponding quarter of the previous year.
- **Earning per Share** for the quarter at Rs. **2.75** in comparison to Rs. **3.05** in the corresponding quarter of the previous year.

Half- Year Ended September 30, 2010

- **Consolidated revenue** at **Rs. 136.33 crore** from software products and software development services in comparison to **Rs. 151.29 crore** in the corresponding half- year of the previous year.
- **Product business revenue** at **Rs. 93.53 crore** in comparison to **Rs. 86.38 crore** in the corresponding half-year of the previous year.
- **EBITDA** at **Rs. 16.42 crore** in comparison to **Rs. 27.98 crore** in the corresponding half-year of the previous year
- **Net Profit After Tax (PAT)** at **Rs. 14.19 crore** in comparison to **Rs. 20.01 crore** in the corresponding half-year of the previous year.
- **Earning Per Share** for the half-year at **Rs. 4.39** in comparison to **Rs. 6.18** in the corresponding half-year of the previous year.

Vishnu R Dusad, CEO and Managing Director, Nucleus Software said: “There is a strong growth momentum building up with banks realizing the significance of technology in aiding calculated decisions/risks. As an IPR-led company we are well poised to ride the growth wave and align our intellectual capital to the dynamic requirements of the banking sector.”

Niraj Vedwa, COO, Nucleus Software said, “We are continuing our order win momentum with 15 product orders in this quarter. With our new organizational structure in place, we will be able to scale our delivery capability to execute these orders. Our highest focus is to increase market share and enter new geographies; with increased operational efficiencies and productivity.

Other Key Information

For the Quarter Ended September 30, 2010

- **15** new order wins in the second quarter of the fiscal year
- **9** new customers added
- Won orders for **44** new product modules
- **5** product modules successfully implemented across the globe.
- Global strength of employees as on September 30, 2010 is **1562**
- New campus announced in Jaipur, to be operational in FY 2011

For the Half-Year Ended September 30, 2010

- **30** new orders in the first six months of the fiscal year
- **23** new customers added
- Won orders for **92** new product modules
- **11** product modules successfully implemented across the globe
- Global strength of employees as on September 30, 2010 is **1562**

New Client Wins

This quarter we added **9** new customers and bagged **15** new orders for implementing **5** product modules in the second quarter of FY 2010-11, from leading financial institutions in India, Middle East, Africa, South East Asia and Japan. This region has immense potential in terms of growth in the banking sector and institutions, both large and small, are increasingly realizing the importance of technology in enhancing businesses.

Successful Global Implementations:

This quarter **44** product modules went live in various markets across the globe. Some of the implementations were completed in record time. This further gave increased visibility to Nucleus in the global markets, and reaffirmed its standing in the global lending and cash management space.

About Nucleus Software Exports Limited

Nucleus Software is a leading software powerhouse providing innovative and pioneering software solutions for Banks and Financial organizations globally. Nucleus Software offers a host of competitive IT solutions and consultancy services designed to support the whole spectrum of business offerings across retail banking, corporate banking, cards and cash management. With over 150 customers across the globe, the company is consistently innovating with cutting edge and industry driven products in the domain. Nucleus Software is listed on the National Stock Exchange and Bombay Stock Exchange in India. For more information, visit www.nucleussoftware.com

Safe Harbor:

Certain statements in this release concerning our future growth prospects are forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ materially from those in such forward-looking statements. The risks and uncertainties relating to these statements include, but are not limited to, risks and uncertainties regarding the success of our investments, risks and uncertainties regarding fluctuations in earnings, our ability to manage growth, our ability to successfully implement our strategy, our research and development efforts, changes in the value of the Rupee and other currency changes, intense competition in IT and consulting services including those factors which may affect our cost advantage, wage increases in India, our ability to attract and retain highly skilled professionals, time and cost overruns on fixed-price, fixed-time frame contracts, client concentration, restrictions on immigration, industry segment concentration, our ability to manage our international operations, reduced demand for technology in our key focus areas, disruptions in telecommunication networks or system failures, our ability to successfully complete and integrate potential acquisitions, liability for damages on our service contracts, withdrawal of governmental fiscal incentives, political instability and regional conflicts, legal restrictions on raising capital or acquiring companies outside India, and unauthorized use of our intellectual property and general economic conditions affecting our industry. Nucleus may, from time to time, make additional written and oral forward-looking statements, including

statements contained in the company's filings with the Securities and Exchange Board of India, stock exchange and our reports to shareholders. The company does not undertake to update any forward-looking statements that may be made from time to time by or on behalf of the company.

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Nucleus Software Exports Ltd.

Consolidated Balance Sheet as at 30 September 2010

₹ In lakhs

Particulars	As at	
	30 September 2010 Unaudited	31 March 2010 Audited
Sources of Funds		
Shareholders' Funds		
Share capital	3,238.40	3,237.15
Share application money pending allotment	23.47	34.52
Reserves and surplus	25,390.35	23,869.80
	28,652.22	27,141.47
Deferred Tax Liability	9.08	11.11
	28,661.30	27,152.58
Application of Funds		
Fixed Assets		
Gross block	11,134.06	11,264.15
Less: Accumulated depreciation	(6,071.82)	(5,840.97)
Net block	5,062.24	5,423.18
Add: Capital work in progress (including capital advances)	55.65	51.99
	5,117.89	5,475.17
Investments	11,667.34	9,589.80
Deferred Tax Asset	422.98	312.42
Current Assets, Loans and Advances		
Sundry debtors	4,090.60	5,768.30
Cash and bank balances	6,803.10	6,674.54
Loans and advances	3,397.95	2,934.67
Other current assets	3,081.81	3,095.12
	17,373.46	18,472.63
Less: Current Liabilities and Provisions		
Current liabilities	(4,662.97)	(4,659.89)
Provisions	(1,257.40)	(2,037.55)
	(5,920.37)	(6,697.44)
Net Current Assets	11,453.09	11,775.19
	28,661.30	27,152.58

Nucleus Software Exports Ltd.
Consolidated Profit and Loss Account for the Quarter & Half Year Ended 30 September 2010

₹ In lakhs

	For the Quarter ended		For the Half Year ended		For the Year Ended
Particulars	30 September 2010 Unaudited	30 September 2009 Unaudited	30 September 2010 Unaudited	30 September 2009 Unaudited	31 March 2010 Audited
Sales and services	7,019.14	7,075.19	13,633.10	15,128.90	29,178.27
Software development expenses	4,487.60	4,787.21	9,135.65	10,150.99	19,616.60
Gross Profit	2,531.54	2,287.98	4,497.45	4,977.91	9,561.67
Selling and marketing expenses	689.55	613.62	1,456.14	1,240.21	2,266.60
General and administration expenses	670.68	479.08	1,398.79	939.55	1,887.22
Operating profit before finance charges, depreciation and withholding tax	1,171.31	1,195.28	1,642.52	2,798.15	5,407.85
Depreciation	236.72	301.35	484.03	621.18	1,133.46
Withholding taxes charged off	28.81	-	40.92	8.70	42.56
Operating Profit After Finance Charges, Depreciation and Withholding Tax	905.78	893.93	1,117.57	2,168.27	4,231.83
Other income	203.51	216.55	422.71	531.09	962.03
Foreign Exchange Gain/ (Loss)	(168.04)	33.77	(17.83)	(394.34)	(802.60)
Profit Before Taxation	941.25	1,144.25	1,522.45	2,305.02	4,391.26
Provision for Taxation	51.06	156.19	102.91	303.84	551.18
Profit After Taxation	890.19	988.06	1,419.54	2,001.18	3,840.08
Earnings Per Share (equity shares, par value Rs. 10 each)					
Basic	2.75	3.05	4.39	6.18	11.86
Diluted	2.75	3.05	4.38	6.18	11.86

Nucleus Software Exports Ltd.

Consolidated Segment Information

₹ In lakhs

REVENUE BY	Quarter Ended				Half Year Ended				Year ended	
	30 Sept 2010 Unaudited	% of Revenue	30 Sept 2009 Unaudited	% of Revenue	30 Sept 2010 Unaudited	% of Revenue	30 Sept 2009 Unaudited	% of Revenue	31 March 2010 Audited	% of Revenue
GEOGRAPHICAL SEGMENTS										
INDIA	934.98	13.32	897.18	12.68	1,823.76	13.38	1,938.21	12.81	3,680.07	12.61
FAR EAST	2,552.75	36.37	2,841.56	40.16	5,315.83	38.99	5,810.59	38.41	12,439.40	42.63
SOUTH EAST ASIA	1,501.67	21.39	1,557.01	22.01	2,814.17	20.64	3,393.70	22.43	6,111.85	20.95
EUROPE /U.K.	862.91	12.29	421.07	5.95	1,339.83	9.83	796.58	5.27	1,690.67	5.79
USA & CANADA	22.25	0.32	82.90	1.17	46.79	0.34	83.38	0.55	106.03	0.36
MIDDLE EAST	819.57	11.68	983.88	13.91	1,546.20	11.34	2,374.67	15.70	3,791.04	12.99
AFRICA	127.91	1.82	134.10	1.90	376.66	2.76	397.47	2.63	681.90	2.34
REST OF THE WORLD	197.10	2.81	157.49	2.23	369.86	2.71	334.30	2.21	677.31	2.32
TOTAL	7,019.14	100.00	7,075.19	100.00	13,633.10	100.00	15,128.90	100.00	29,178.27	100.00
BUSINESS SEGMENTS										
PRODUCTS	5,058.41	72.07	3,907.56	55.23	9,353.23	68.61	8,638.85	57.10	17,395.33	59.62
Own	4,878.00	69.50	3,770.44	53.29	8,830.32	64.77	7,928.93	52.41	15,112.32	51.80
Traded	180.41	2.57	137.12	1.94	522.91	3.84	709.92	4.69	2,283.01	7.82
PROJECTS & PROFESSIONAL SERVICES	1,960.73	27.93	3,167.63	44.77	4,279.87	31.39	6,490.05	42.90	11,782.94	40.38
TOTAL	7,019.14	100.00	7,075.19	100.00	13,633.10	100.00	15,128.90	100.00	29,178.27	100.00