



Nucleus Software Announces Q3 FY 10 Results

New Delhi, India, January 18, 2010: Nucleus Software Exports Limited (NSE: NUCLEUS, BSE: 531209), announced its third quarter results for financial year 2009-2010.

Nucleus Software's consolidated revenue for the quarter ending December 31, 2009, is at **Rs. 68.47 crore** in comparison to **Rs. 84.24 crore** in the corresponding quarter of the previous year. With total expenses at **Rs. 56.23 crore** in comparison to **Rs. 69.03 crore** in the corresponding quarter of the previous year, the consolidated EBITDA is at **Rs. 12.24 crore** in comparison to **Rs. 15.21 crore** in the corresponding quarter of the previous year. Net Profit after tax (PAT) is at **Rs. 9.20 crore** in comparison to **Rs. 10.55 crore** for the corresponding quarter of the previous year.

For the nine month period ending December 31, 2009, consolidated revenue is at **Rs. 219.76 crore** in comparison to **Rs. 242.59 crore** in the corresponding nine month period of the previous year. With total expenses at **Rs. 179.54 crore** in comparison to **Rs. 204.79 crore** in the corresponding nine month period of the previous year, the consolidated EBITDA is at **Rs. 40.22 crore** in comparison to **Rs. 37.80 crore** in the corresponding nine month period of the previous year. Net Profit after tax (PAT) is at **Rs. 29.21 crore** in comparison to **Rs. 22.65 crore** in the corresponding nine month period of the previous year.

Highlights:

Quarter Ended December 31, 2009

- **Consolidated revenue** at **Rs. 68.47 crore** from software products and software development services in comparison to **Rs. 84.24 crore** in the corresponding quarter of the previous year.
- **Product business revenue** at **Rs. 39.69 crore** in comparison to **Rs. 55.70 crore** in the corresponding quarter of the previous year.
- **EBIDTA** at **Rs. 12.24 crore** in comparison to **Rs. 15.21 crore** for the corresponding quarter of the previous year.

- **Net Profit after tax (PAT)** at **Rs. 9.20 crore** in comparison to **Rs. 10.55 crore** for the corresponding quarter of the previous year.
- **Earning per Share** for the quarter at **Rs. 2.84** in comparison to **Rs. 3.26** in the corresponding quarter of the previous year.

Nine Month Ended December 31, 2009

- Consolidated revenue from software products and software development services at **Rs. 219.76 crore** in comparison to **Rs. 242.59 crore** in the corresponding nine month period of the previous year.
- **Product business revenue** at **Rs. 126.07 crore** in comparison to **Rs. 165.06 crore** in the corresponding nine month period of the previous year.
- **EBIDTA** at **Rs. 40.22 crore** in comparison to **Rs 37.80 crore** in the corresponding nine month period of the previous year.
- **Net Profit after tax (PAT)** at **Rs. 29.21 crore** in comparison to **Rs. 22.65 crore** in the corresponding nine month period of the previous year.
- **Earning Per Share** for the nine month period at **Rs. 9.02** in comparison to **Rs. 7.00** in the corresponding nine month period of the previous year.

Other Key Information

For the Quarter Ended December 31, 2009

- **8** new order wins in the third quarter of the fiscal year
- **5** new customers added
- Won orders for **29** new product modules
- **20** product modules successfully implemented across the globe
- Nucleus Software has been ranked among the Top 25 companies adopting “Good Corporate Governance Practices” by **ICSI** for fourth consecutive year in 2009.
- **Forrester Research**, a leading independent analyst firm, has recognized Nucleus Software as an industry vertical specialist in their recent report “Working With Tier Two Offshore Providers.
- **South Asian Federation of Accountants (SAFA)** has adjudged Nucleus’ Annual Report as the recipient of the second runner’s up position for the Best Presented Accounts Award for the year 2008 under the Communication and Information Technology Sector Category.

For Nine Month Ended December 31, 2009

- **22** new order wins in the nine month period of the fiscal year
- **14** new customers added
- Won orders for **78** new product modules
- **63** product modules successfully implemented across the globe
- Global strength of employees as on December 31, 2009 is **1668**

Vishnu R Dusad, CEO and Managing Director, Nucleus Software said, “Nucleus Software is heading towards becoming one of the icons of the capabilities of our country in the field of intellectual property creation. Our products are becoming a benchmark across the globe with analyst firms like Gartner and Forrester recognizing Nucleus Software among the leading vendors in lending space. We believe that our technology leadership position in the industry is becoming increasingly clear with 22 order wins in the last nine months. We are very optimistic about the long-term opportunity for Nucleus Software and will continue to deliver value to our customers and boost our market share in Latin America, Europe, Middle East, South East Asia and India. Also, with Niraj Vedwa as the new COO of the organization, we aim to reach new heights as he synergizes the efforts of all our divisions towards the common goal of customer delight.”

Niraj Vedwa, COO, Nucleus Software said, “We will be working towards increasing operational efficiencies, controlling costs and generating higher new business. We aim to be a lean, productive and quality organisation delivering higher value to our customers. With additions to sales and channel partners and opening up of markets, we are targeting closure of higher number of product orders in the quarter. We continue to build on our vision of being a leading global end to end provider of banking products and solutions.”

Accolades/Awards

- Nucleus has been adjudged amongst the Top 25 companies adopting good corporate governance practices for the fourth consecutive year by ICSI in 2009.
- Nucleus Software’s FinnOne™ has been ranked ‘World's No 1 Selling Lending Software product ’ (for year 2008) by IBS Publishing
- Nucleus Software has been conferred the Best Independent Software Vendor (ISV) Partner (North India for 2008) award by IBM
- Nucleus Software was awarded for being the Fastest Growing ISV by Oracle Corporation, 2007.
- Forrester Research, a leading independent analyst firm, has recognized Nucleus Software as an industry vertical specialist in their recent report “Working With Tier Two Offshore Providers.

- South Asian Federation of Accountants (SAFA) has adjudged Nucleus' Annual Report as the recipient of the second runner's up position for the Best Presented Accounts Award for the year 2008 under the Communication and Information Technology Sector Category.

New Client Wins:

This quarter we **added 5 new customers and bagged 8 new orders** for implementing **29 product modules** in the third quarter of FY 2009-10, from the leading financial institutions in **India, Middle East and South East Asia**. 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.

Consolidated for nine month ending December 31, 2009, Nucleus has won 14 new customers and 22 new product orders for implementing 78 modules of FinnOne™ and Cash Management Suite.

Successful Global Implementations:

This quarter 20 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.

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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 rising 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 31 December 2009

	As at 31 December 2009 (Rupees in Lakhs) (Unaudited)	As at 31 December 2008 (Rupees in Lakhs) (Unaudited)	As at 31 March 2009 (Rupees in Lakhs) (Audited)
Sources of Funds			
Shareholders' Funds			
Share capital	3,237.15	3,237.15	3,237.15
Share application money pending allotment	39.12	66.64	59.99
Reserves and surplus	23,892.74	20,498.71	20,793.46
	27,169.01	23,802.50	24,090.60
Deferred Tax Liability	15.50	-	25.41
	27,184.51	23,802.50	24,116.01
Application of Funds			
Fixed Assets			
Gross block	11,242.00	11,008.70	11,202.19
Less: Accumulated depreciation	(5,629.19)	(4,506.43)	(4,811.71)
Net block	5,612.81	6,502.27	6,390.47
Add: Capital work in progress (including capital advances)	34.31	28.12	31.01
	5,647.12	6,530.39	6,421.48
Investments	6,814.90	25.00	1,629.03
Deferred Tax Asset	275.21	95.66	176.23
Current Assets, Loans and Advances			
Sundry debtors	6,197.12	8,391.50	8,010.06
Cash and bank balances	7,856.69	10,422.28	10,613.61
Loans and advances	2,617.60	2,127.16	2,276.79
Other current assets	4,046.32	3,974.08	2,943.29
	20,717.73	24,915.02	23,843.75
Less: Current Liabilities and Provisions			
Current liabilities	(5,117.95)	(6,791.40)	(6,006.26)
Provisions	(1,152.50)	(972.17)	(1,948.22)
	(6,270.45)	(7,763.57)	(7,954.48)
Net Current Assets	14,447.28	17,151.45	15,889.27
	27,184.51	23,802.50	24,116.01



Nucleus Software Exports Ltd.

Consolidated Profit and Loss Account for the Quarter & Nine Month Ended 31 December 2009

	For the Quarter ended		For the Nine Month Ended		For the year ended
	31 December 2009	31 December 2008	31 December 2009	31 December 2008	31 March 2009
	(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)	(Rupees in Lakhs)
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
Sales and services	6,846.75	8,423.72	21,975.65	24,259.10	32,840.28
Software development expenses	4,643.82	5,417.39	14,813.78	16,292.43	22,254.52
Gross Profit	2,202.93	3,006.33	7,161.87	7,966.67	10,585.76
Selling and marketing expenses	550.84	660.65	1,772.09	2,108.34	2,779.85
General and administration expenses	428.23	824.62	1,367.78	2,078.47	2,845.40
Operating profit before finance charges, depreciation and withholding tax	1,223.86	1,521.06	4,022.00	3,779.86	4,960.51
Depreciation	276.13	318.82	897.30	1,013.63	1,327.70
Withholding taxes charged off	-	247.38	8.70	617.41	726.25
Operating Profit After Finance Charges, Depreciation and Withholding Tax	947.73	954.86	3,116.00	2,148.82	2,906.56
Other income	227.66	386.85	758.75	1,168.32	1,370.84
Foreign Exchange Gain/ (Loss)	(165.51)	(107.40)	(559.85)	(901.44)	(791.96)
Profit Before Taxation	1,009.88	1,234.31	3,314.90	2,415.70	3,485.44
Provision for Taxation	89.81	179.05	393.65	150.19	259.61
Profit After Taxation	920.07	1,055.26	2,921.25	2,265.51	3,225.83
Earnings Per Share (equity shares, par value Rs. 10 each)					
Basic	2.84	3.26	9.02	7.00	9.97
Diluted	2.84	3.26	9.02	6.99	9.96



Nucleus Software Exports Ltd.

Consolidated Segment Information

(Rs. in Lakhs)

REVENUE BY	Quarter Ended				Nine Month Ended				Year ended	
	31 Dec 2009	% of Revenue	31 Dec 2008	% of Revenue	31 Dec 2009	% of Revenue	31 Dec 2008	% of Revenue	31 March 2009	% of Revenue
GEOGRAPHICAL SEGMENTS										
INDIA	962.84	14.06	895.39	10.63	2901.05	13.20	2601.79	10.73	3673.53	11.19
FAR EAST	2,950.87	43.10	4,196.34	49.82	8761.46	39.87	12432.93	51.25	16055.38	48.89
SOUTH EAST ASIA	1,374.44	20.07	1,419.62	16.85	4768.14	21.70	3835.09	15.81	5330.18	16.23
EUROPE /U.K.	510.62	7.46	551.30	6.54	1307.20	5.95	1662.38	6.85	2161.15	6.58
USA & CANADA	2.78	0.04	21.67	0.26	86.16	0.39	66.37	0.27	79.73	0.24
MIDDLE EAST	772.20	11.28	744.48	8.84	3146.87	14.32	1987.68	8.19	3202.28	9.75
AFRICA	97.37	1.42	264.91	3.14	494.84	2.25	931.42	3.84	1316.46	4.01
REST OF THE WORLD	175.63	2.57	330.01	3.92	509.93	2.32	741.44	3.06	1021.57	3.11
TOTAL	6846.75	100.00	8,423.72	100.00	21975.65	100.00	24,259.10	100.00	32840.28	100.00
BUSINESS SEGMENTS										
PRODUCTS	3,968.39	57.96	5,569.67	66.12	12,607.24	57.37	16,506.04	68.04	21,996.17	66.98
Own	3,595.69	52.52	5,264.47	62.50	11,524.62	52.44	14,974.79	61.73	20,072.17	61.12
Traded	372.70	5.44	305.20	3.62	1,082.62	4.93	1,531.25	6.31	1,924.00	5.86
PROJECTS & PROFESSIONAL SERVICES	2,878.36	42.04	2,854.05	33.88	9,368.41	42.63	7,753.06	31.96	10,844.11	33.02
TOTAL	6846.75	100.00	8423.72	100.00	21975.65	100.00	24259.10	100.00	32840.28	100.00