

HitachiSoft

**Overview of Selected Financial Data
The second quarter for the fiscal 2008
(Six months:April to September)**

Hitachi Software Engineering Co., Ltd.

Table of Contents

1. Results for 2Q of the Fiscal Year Ending March 31, 2009 (Consolidated)	1
2. Discussion of Consolidated Results for 2Q of the Fiscal Year Ending March 31, 2009	2
3. Consolidated Supplementary Data	
(1) Orders by division	3
(2) Net sales by division	3
(3) Orders backlog by division	3
(4) Sales costs:labor,outsourcing and materials	4
(5) Capital investment program	4
(6) Depreciation costs	4
(7) Research and development expenditure	4
(8) Employees	4
4. Results for 2Q of the Fiscal Year Ending March 31, 2009 (Non-consolidated)	5
5. Non-consolidated Supplementary Data	
(1) Orders by division	6
(2) Net sales by division	6
(3) Orders backlog by division	6
(4) Sales costs:labor,outsourcing and materials	7
(5) Sales by end-user sector	7
(6) Sales share by marketing channel	7
A. Overall	7
B. Software & Services	7
(7) Sales of leading solutions	8
(8) Capital investment program	8
(9) Depreciation costs	8
(10) Research and development expenditure	8
(11) Employees	9
(12) New recruiting	9
(13) Numbers of persons with qualifications	9

[Consolidated]

1. Results for 2Q of the Fiscal Year Ending March 31, 2009 (Consolidated)

(Millions of yen - except per share data)

Period Segment	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Year-on- year change	Fiscal year ended Mar.31, 2008	Fiscal Year ending Mar.31, 2009 (forecast)	Year-on- year change
Net sales	81,326	84,333	% +3.7	171,399	175,000	% +2.1
Operating profit	6,000	6,409	+6.8	14,370	15,200	+5.8
% of Sales	7.4	7.6	-	8.4	8.7	-
Non-Operating profit/loss	△ 1,575	568	-	△ 868	0	-
Ordinary profit	4,424	6,977	+57.7	13,502	15,200	+12.6
% of Sales	5.4	8.3	-	7.9	8.7	-
Extraordinary gain/loss	△ 2,559	△ 593	-	△ 3,230	△ 593	-
Income before income taxes and minority interests	1,865	6,384	+242.2	10,271	14,607	+42.2
% of Sales	2.3	7.6	-	6.0	8.3	-
Net income	△ 1,054	3,826	-	3,941	8,380	+112.6
% of Sales	△ 1.3	4.5	-	2.3	4.8	-
Net income per share (Yen)	△16.79	60.93	+77.72	62.77	133.46	+70.69

【Consolidated】

2. Discussion of Consolidated Results for 2Q of the Fiscal Year Ending March 31, 2009

【Net Sales】

Revenues in the second quarter of the fiscal year amounted to JPY84.3 billion, rose by 3.7%, or JPY 3 billion year on year.

(Software & Service segment: JPY74.6 billion, up 1.5%, or JPY1.1 billion)

In this segment, systems development in mission-critical and related systems for financial institutions has been continuously strong. In addition, net sales in services significantly increased by 21% year on year.

Although net sales in products & packages business fell short of the previous year due to several factors including decreased orders for big projects of our existing products, we have been bolstering development of new products and consolidating our sales structure for further expansion in receiving orders.

(Information Processing Equipment segment: JPY 9.8 billion, up 24.5%, or JPY 1.9 billion)

Equipment sales related to StarBoard, satellite imagery services, and systems integration steadily creased.

Trends by Segment...Non-Consolidated, Software& Services Segment

Services: 900 million increase, Manufacture: 800 million increase, Finance: 300 million increase

Public Works(Power): 700 million decrease, Sales to Hitachi Ltd.:200 million decrease,

Telecommunications: 200 million decrease

【Profit】

Due to the sales increase and continued efforts of raising productivity as well as cost reduction in services and information processing equipment, we made following profits: operating profit increased by 6.8% to JPY6.4 billion year on year, ordinary profit increased by 57.7% to JPY7 billion, and net income amounted to JPY3.8 billion.

Main elements for the improvement in operating profit

(increased by JPY0.4 billion to JPY6.4 billion year on year) (billions of yen)

sales increase	+0.4
raising productivity and cost reduction	+2.3
labor cost increase	1.2
SGA increase associated with sales increase	1.1
Total	+ 0.4

【Outlook for the fiscal year ending March 31,2009】

Against a backdrop of downturn in economy triggered by the global financial crisis, a sense of uncertainty about the future has been heightened, which led to decline in people's motivation to invest in IT. Amid these concerns, business environment surrounding us has been highly competitive, and thus the earnings forecast for the full business year is as follows.

HitachiSoft Group will continue to expand services business as well as products and packages and throughly implement measures such as raising productivity, cost reduction, and more to improve our performance.

(billions of yen)

Segment	Consolidated forecast	Change on previous fiscal year (%)
Net sales	175.0	2.1% increase
Operating profit	15.2	5.8% increase
Ordinary profit	15.2	12.6% increase
Net income	8.38	112.6% increase
Net income per share	133.46 yen	70.69 yen increase
Dividend	38 yen	4 yen increase

On October 28, 2008, HiachiSoft announced the downward revision for our sales forecast, to JPY175 billion from JPY180 billion.

3. Consolidated Supplementary Data

(1) Orders by division

(Millions of yen)

Segment	Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		Year-on-year change	Fiscal year ended Mar.31, 2008	
		share	share	share	share		share	share
Software & Service	Systems Development	60,360	69.6%	58,382	68.3%	Δ3.3	118,368	68.6%
	Services	10,835	12.5%	12,182	14.2%	+12.4	23,528	13.6%
	Products & Package	6,893	8.0%	5,715	6.7%	Δ17.1	13,529	7.8%
	Software & Service	78,090	90.1%	76,279	89.2%	Δ2.3	155,427	90.0%
	IP Equipment	8,575	9.9%	9,211	10.8%	+7.4	17,211	10.0%
	Total	86,665	100.0%	85,490	100.0%	Δ1.4	172,638	100.0%

IP: Information Processing

(2) Net sales by division

(Millions of yen)

Segment	Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		Year-on-year change	Fiscal year ended Mar.31, 2008		Fiscal year ending Mar.31, 2009 (forecast)		Year-on-year change
		share	share	share	share		share	share	share	share	
Software & Service	Systems Development	57,063	70.1%	56,705	67.2%	Δ0.6	120,223	70.2%	116,000	66.3%	Δ3.5
	Services	10,138	12.5%	12,216	14.5%	+20.5	21,951	12.8%	26,300	15.0%	+19.8
	Products & Package	6,269	7.7%	5,629	6.7%	Δ10.2	13,240	7.7%	14,700	8.4%	+11.0
	Software & Service	73,471	90.3%	74,550	88.4%	+1.5	155,415	90.7%	157,000	89.7%	+1.0
	IP Equipment	7,854	9.7%	9,783	11.6%	+24.5	15,983	9.3%	18,000	10.3%	+12.6
	Total	81,326	100.0%	84,333	100.0%	+3.7	171,399	100.0%	175,000	100.0%	+2.1

IP: Information Processing

(3) Orders backlog by division

(Millions of yen)

Segment	Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		Year-on-year change	Fiscal year ended Mar.31, 2008	
		share	share	share	share		share	share
Software & Service	Systems Development	19,767	62.0%	16,326	56.4%	Δ17.4	14,614	52.7%
	Services	6,721	21.1%	7,568	26.2%	+12.6	7,601	27.4%
	Products & Package	1,069	3.4%	820	2.8%	Δ23.3	733	2.6%
	Software & Service	27,558	86.5%	24,714	85.4%	Δ10.3	22,950	82.7%
	IP Equipment	4,296	13.5%	4,231	14.6%	Δ1.5	4,803	17.3%
	Total	31,854	100.0%	28,945	100.0%	Δ9.1	27,753	100.0%

[Consolidated]

(4) Sales costs:labor,outsourcing and materials

(Millions of yen)

Segment \ Period	2Q of the term ended Mar. 31, 2008	2Q of the term ending Mar. 31, 2009	Year-on-year change	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)	Year-on-year change
Labor costs	23,008	25,578	+11%	46,406	51,700	+11%
Outsourcing costs	28,205	27,731	Δ2%	58,393	55,000	Δ6%
Materials costs	7,441	8,757	+18%	15,031	16,000	+6%

(5) Capital investment program

(Millions of yen)

Capital expenditure	2Q of the term ended Mar. 31, 2008	2Q of the term ending Mar. 31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
	477	418	812	1,100

(6) Depreciation costs

(Millions of yen)

Depreciation costs	2Q of the term ended Mar. 31, 2008	2Q of the term ending Mar. 31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
	3,305	2,865	7,339	6,000
Tangible fixed assets	797	702	1,660	1,600

(7) Research and development expenditure

(Millions of yen)

R&D expenditure	2Q of the term ended Mar. 31, 2008	2Q of the term ending Mar. 31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
	1,157	992	2,312	2,400

(8) Employees

(Persons)

Employees	As of Sep. 31, 2007	As of Mar. 31, 2008	As of Sep.30,2008
	6,588	6,501	7,221

4. Results for 2Q of the Fiscal Year Ending March 31, 2009 (Non-consolidated)

(Millions of yen - except per share data)

Period Segment	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Year-on- year change	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)	Year-on- year change
Net sales	75,395	77,976	+3.4	158,947	163,000	+2.5
Operating profit	5,480	5,871	+7.1	13,077	13,700	+4.8
% of Sales	7.3	7.5	-	8.2	8.4	-
Non-Operating profit/loss	△ 21	249	-	△ 9	△ 400	-
Ordinary profit	5,459	6,120	+12.1	13,068	13,300	+1.8
% of Sales	7.2	7.8	-	8.2	8.2	-
Extraordinary gain/loss	△ 9,060	△ 593	-	△ 9,731	△ 593	-
Income before income taxes and minority interests	△ 3,600	5,527	-	3,336	12,707	+280.9
% of Sales	△ 4.8	7.1	-	2.1	7.8	-
Net income	△ 6,135	3,364	-	△ 2,061	7,550	-
% of Sales	△ 8.1	4.3	-	△ 1.3	4.6	-
Net income per share (Yen)	△97.73	53.58	+151.31	△32.83	120.24	+153.07
Dividend (Yen)	15.00	19.00	-	34.00	38.00	-
Payout ratio(%)	-	35.5	-	-	31.6	-

[Reference data / Non-consolidated]

5. Non-consolidated Supplementary Data

(1) Orders by division

(Millions of yen)

Segment \ Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		Year-on-year change	Fiscal year ended Mar.31, 2008	
	share	%	share	%		share	%
Systems Development	58,783	72.4	55,819	71.4	Δ5.0	114,984	71.5
Services	7,664	9.4	8,457	10.8	+10.3	16,752	10.4
Products & Package	6,234	7.7	4,766	6.1	Δ23.5	11,955	7.5
Software & Service	72,683	89.5	69,043	88.3	Δ5.0	143,692	89.4
IP Equipment	8,524	10.5	9,180	11.7	+7.7	17,055	10.6
Total	81,207	100.0	78,224	100.0	Δ3.7	160,747	100.0

IP: Information Processing

(2) Net sales by division

(Millions of yen)

Segment \ Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		Year-on-year change	Fiscal year ended Mar.31, 2008		Fiscal year ending Mar.31, 2009 (forecast)		Year-on-year change
	share	%	share	%		share	%	share	%	
Systems Development	55,159	73.2	54,586	70.0	Δ1.0	116,506	73.3	113,000	69.4	Δ3.0
Services	7,025	9.3	8,800	11.3	+25.3	15,183	9.6	19,600	12.0	+29.1
Products & Package	5,413	7.2	4,835	6.2	Δ10.7	11,442	7.2	12,400	7.6	+8.4
Software & Service	67,598	89.7	68,223	87.5	+0.9	143,132	90.1	145,000	89.0	+1.3
IP Equipment	7,796	10.3	9,753	12.5	+25.1	15,815	9.9	18,000	11.0	+13.8
Total	75,395	100.0	77,976	100.0	+3.4	158,947	100.0	163,000	100.0	+2.5

IP: Information Processing

(3) Orders backlog by division

(Millions of yen)

Segment \ Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		Year-on-year change	Fiscal year ended Mar.31, 2008	
	share	%	share	%		share	%
Systems Development	19,085	62.4	15,172	56.5	Δ20.5	13,939	52.4
Services	6,273	20.5	6,858	25.6	+9.3	7,202	27.1
Products & Package	980	3.2	602	2.2	Δ38.6	671	2.5
Software & Service	26,338	86.1	22,634	84.3	Δ14.1	21,813	82.0
IP Equipment	4,262	13.9	4,202	15.7	Δ1.4	4,774	18.0
Total	30,601	100.0	26,836	100.0	Δ12.3	26,588	100.0

IP: Information Processing

(4) Sales costs:labor,outsourcing and materials

(Millions of yen)

Segment \ Period	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Year-on-year change	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)	Year-on-year change
Labor costs	18,981	19,943	+5%	38,361	40,700	+6%
Outsourcing costs	29,612	30,189	+2%	61,196	61,000	0%
Materials costs	7,095	8,660	+22%	14,346	16,000	+12%

(5) Sales by end-user sector

(Billions of yen)

Segment \ Period	2Q of the term ended Mar.31, 2008		2Q of the term ending Mar.31, 2009		change in share (pts.)	Fiscal year ended Mar.31, 2008		Fiscal year ending Mar.31, 2009 (forecast)		change in share (pts.)
	Value	share	Value	share		Value	share	Value	share	
Electrical equipment (Hitachi,Ltd.)	10.1	15.1%	9.9	14.5%	Δ0.6	21.3	14.9%	21.5	14.8%	Δ0.1
Finance	17.4	25.8%	17.7	25.9%	+0.1	36.5	25.5%	36.5	25.1%	Δ0.4
Banking	10.5	15.7%	10.7	15.6%	Δ0.1	22.8	15.9%	22.8	15.7%	Δ0.2
Insurance	2.8	4.2%	3.1	4.6%	+0.4	6.0	4.2%	6.4	4.4%	+0.2
Securities and brokerage firms	3.9	5.9%	3.9	5.7%	Δ0.2	7.6	5.4%	7.3	5.0%	Δ0.4
Public works	10.3	15.3%	9.6	14.1%	Δ1.2	23.0	16.1%	22.5	15.5%	Δ0.6
Government and municipal offices	7.6	11.4%	8.0	11.7%	+0.3	17.3	12.1%	17.7	12.2%	+0.1
Electricity and gas	2.3	3.5%	0.9	1.4%	Δ2.1	4.8	3.4%	3.5	2.4%	Δ1.0
Transportation	0.2	0.4%	0.7	1.0%	+0.6	0.8	0.6%	1.3	0.9%	+0.3
Telecommunication	4.6	6.9%	4.4	6.5%	Δ0.4	10.0	6.9%	9.4	6.5%	Δ0.4
Services	8.4	12.5%	9.3	13.6%	+1.1	18.3	12.8%	19.7	13.6%	+0.8
Manufacturing and others	16.5	24.4%	17.3	25.4%	+1.0	34.0	23.8%	35.4	24.5%	+0.7
Total of Software & Service	67.5	100.0%	68.2	100.0%	-	143.1	100.0%	145.0	100.0%	-
Information Equipment	7.7	-	9.8	-	-	15.8	-	18.0	-	-
Total	75.3	-	78.0	-	-	158.9	-	163.0	-	-

(6) Sales share by marketing channel

A. Overall

Segment \ Period	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
Sales to Hitachi,Ltd	49.2%	47.7%	49.0%	47.2%
Sales to Hitachi Group companies	(13.5%)	(12.8%)	(13.4%)	(13.2%)
Sales to outside companies via Hitachi	(35.7%)	(34.9%)	(35.6%)	(34.0%)
Sales direct to companies outside Hitachi	50.8%	52.3%	51.0%	52.8%

B. Software & Services

Segment \ Period	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
Sales to Hitachi,Ltd	54.8%	51.9%	54.4%	50.9%
Sales to Hitachi Group companies	(15.1%)	(14.5%)	(14.9%)	(14.8%)
Sales to outside companies via Hitachi	(39.8%)	(37.4%)	(39.5%)	(36.1%)
Sales direct to companies outside Hitachi	45.2%	48.1%	45.6%	49.1%

[Reference data / Non-consolidated]

(7) Sales of leading solutions

(Billions of yen)

Segment \ Period	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Year-on-year change	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)	Year-on-year change
Security	2.2	2.3	+5%	5.0	5.7	+14%
Electronic list	1.0	0.9	Δ10%	1.9	2.5	+32%
Comprehensive monitoring	0.3	0.2	Δ33%	0.7	0.5	Δ29%
FeliCa	1.2	0.8	Δ33%	2.4	2.7	+13%
GIS	1.0	0.7	Δ30%	2.3	2.5	+9%
Star Board (Interactive Whiteboard)	1.1	1.4	+27%	2.6	2.8	+8%
Satellite imagery	1.0	1.0	0%	2.2	2.5	+14%
Life sciences	0.4	0.4	0%	1.2	1.4	+17%

(8) Capital investment program

(Millions of yen)

Capital expenditure	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
	346	372	657	1,000

(9) Depreciation costs

(Millions of yen)

Depreciation costs	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
	3,027	2,626	6,674	5,700
Tangible fixed assets	756	656	1,567	1,500

(10) Research and development expenditure

(Millions of yen)

R&D expenditure	2Q of the term ended Mar.31, 2008	2Q of the term ending Mar.31, 2009	Fiscal year ended Mar.31, 2008	Fiscal year ending Mar.31, 2009 (forecast)
	1,136	929	2,187	2,200

(11) Employees

(Persons)

As of Sep. 30, 2007	As of Mar. 31, 2008	As of Sep. 30, 2008
5,227	5,166	5,333

(12) New recruiting

(Persons)

Recruiting Apr. 2007	Recruiting Apr. 2008	Recruiting Apr. 2009 (forecast)
201	239	264

(13) Numbers of persons with qualifications

Information processing qualifications

(Persons)

Segment \ Period	As of Mar. 31, 2008	As of Sep. 30, 2008
Systems analyst	35	35
Systems audit engineer	61	63
Project manager	89	87
Application engineer	449	433
Network	432	424
Database	254	275
Systems management	128	130
Embedded systems	37	44
Information security	65	113
Software development engineer	2,642	2,690
Basic information engineer	4,335	4,436
Senior systems administrator	19	19
Information security administrator	439	435
Junior systems administrator	481	499
Total	9,466	9,683

Vendor qualifications

(Persons)

Vendor	Qualification	Qualified persons
PMI	PMP	1,054
Prosoft Training	CIW	2,055
Security Education Alliance/Japan (SEA/J)	SEA/J licensed qualification	830
Microsoft	MCP, MCSE, others	3,860
Oracle	Oracle Master	904
SAP	R/3 licensed consultant	434
Sun	Java licensed qualification	653
XML Technology Certification Committee	XML	1,075
IBM	DB2, Lotus and others	324
IT coordinators Association	IT coordinator	71

As of Sep. 30, 2008

Notes: 95% of systems engineers and programmers had obtained an information processing qualification.