

1. Results for Interim Period Ended September 30, 2007 (Consolidated)

(Millions of yen - except per share data)

Segment \ Period	Previous interim period ended Sep. 30, 2006	Current interim period ended Sep. 30, 2007	Year-on-year change (%)	Previous fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008	Year-on-year change (%)
Net sales	75,484	81,326	7.7	156,409	169,000	8.0
Operating profit	3,420	6,000	75.4	9,024	12,300	36.3
% of sales	4.5	7.4	-	5.8	7.3	-
Non-operating profit/loss	-680	-1,575	-	-916	-1,700	-
Ordinary profit	2,740	4,424	61.5	8,108	10,600	30.7
% of sales	3.6	5.4	-	5.2	6.3	-
Extraordinary gain/loss	-	-2,559	-	-1,122	-2,600	-
Income before income taxes and minority interests	2,740	1,865	-31.9	6,986	8,000	14.5
% of sales	3.6	2.3	-	4.5	4.7	-
Net income	1,365	-1,054	-	3,446	2,600	-24.6
% of sales	1.8	-1.3	-	2.2	1.5	-
Net income per share (Yen)	21.29	-16.79	-38.08	54.02	41.41	-12.61

2. Discussion of Consolidated Results for Interim Period Ended September 30, 2007

The HitachiSoft Group took major steps to implement the Challenge 8+ (Eight Plus) Strategy, a Group-wide initiative that aims to reposition the HitachiSoft Group by setting the goal of achieving net sales of ¥180 billion and an operating profit margin of 8% in fiscal 2008. Under the strategy, the Group implemented initiatives to reformulate its business portfolio and improve the sophistication of management processes, while strengthening manufacturing and sales, and taking steps to energize the workplace.

(1) Net sales and orders

In the Software and Services segment, the Group recorded strong net sales and orders in the Systems Development business, focusing on the finance, telecommunications and manufacturing sectors. In addition, the Group recorded healthy net sales and orders in the Services business, which is positioned as a core area for reformulating the Group's business composition, and in the Package Products business. Overall, the Group succeeded in increasing orders and net sales in highly profitable businesses.

Orders and net sales were down year-on-year in the Information Processing Equipment segment, as the Group sought to limit low-profit equipment sales.

Orders: ¥86.6 billion, up 8.2%, or ¥6.5 billion, year-on-year
 Software and Services: ¥78 billion, up 11.8%, or ¥8.2 billion, year-on-year
 Information Processing Equipment: ¥8.5 billion, down 16.2%, or ¥1.6 billion, year-on-year

Net sales: ¥81.3 billion, up 7.7%, or ¥5.8 billion, year-on-year
 Software and Services: ¥73.4 billion, up 12.9%, or ¥8.6 billion, year-on-year
 Information Processing Equipment: ¥7.8 billion, down 24.4%, or ¥2.5 billion, year-on-year

A. Software and Services Segment

- System Development: Net sales were up significantly for backbone business systems used in the finance sector and business systems for the telecommunications and manufacturing sectors. The Group also recorded healthy net sales of embedded software.
- Services: The Group expanded its Services business through the merger of DACS Co., Ltd., which

was made into a wholly-owned subsidiary. The Group also received major orders for Software as a Service (SaaS) solutions, and experienced steady sales of control IT infrastructure services as well as Internet banking services for banks.

- **Package Products** The Group received major orders for Hibun security software and geographic information systems (GIS), as well as generating strong sales of operational management solutions.

B. Information Processing Equipment Segment

- **Proprietary products:** Net sales were up for the Johmon biometric identification system, while the Group also increased sales of StarBoard products in Europe and Russia.
- **Equipment sales:** Net sales were down year-on-year as the Group sought to limit low-profit equipment sales.

(2) Ordinary profit, interim net income

Operating profits rose significantly to ¥6.0 billion due to the increase in net sales and as a result of sustained initiatives to increase productivity and lower costs. However, consolidated ordinary profits were only ¥4.4 billion, due to the impact of the downturn in business results of subsidiary INES Corporation. The Group recorded a consolidated net loss of ¥1.0 billion, as a result of recording an extraordinary loss in the form of an amortized balance of goodwill from INES Corporation.

Factors Affecting Ordinary Profit (up 61.5% or ¥1.7 billion year-on-year in total)

Increase in net sales	+ ¥1.4 billion
Increased productivity and lower costs	+ ¥2.4 billion
Increase in selling, general and administrative expenses	- ¥1.2 billion
Increase in non-operating loss	- ¥0.9 billion
Total:	+ ¥1.7 billion

(3) Key Strategies for Interim Period

A. Services

- SaaS: Developed an inquiry and reporting system for 40,000 users of Japan Post
- Launched EmailToActivity service that integrates e-mail with the Salesforce platform
- Launched Secure Online / Control IT Infrastructure Service as an on-demand developmental infrastructure available as a monthly subscription service. The solution incorporates software from WingArc Technologies, Inc.
- Launched support service for gene testing and analysis
- Launched ASP service for invoicing of benefits in compliance with Japan's Services and Support for Persons with Disabilities Act

B. Package Products

- Acquired stake in Lattice Technology Co., Ltd., and launched XVLstaff software for preventing leakage of 3D data
- Launched Katsubun NAVIstaff software for preventing inappropriate usage and leakage of published documents
- Launched Watermark Print for Hibun software for preventing leakage of documents by using watermarks
- Launched MaCoTo for Outlook software, which alerts users against unauthorized sending and reading of e-mails
- Launched iCOT Assistant software used to support operational tests for internal controls

C. Proprietary Products

- Deployed Johmon biometric identification system for employee attendance management at 29 stores and for 2,500 employees of supermarket chain
- Developed Johmon for Bugyo to run on Bugyo Series platform from OBC Business Consultants Co., Ltd.

D. Organizational Changes, Business Partnerships

- Launched Embedded Systems Department and New Business Development Department
- Launched internal program calling for employees to submit ideas for new business, aimed at strengthening internal initiatives for business creation
- Created Hitachi Soft System Design Co., Ltd., as subsidiary of HitachiSoft Group
- Launched integrated sales and accounting solution in collaboration with Business Brain Showa-ota Group

(4) Outlook for the fiscal year ending March 31, 2008

The HitachiSoft Group anticipates that it will continue to experience healthy net sales in the Software and Services segment, focusing on the finance, telecommunications and manufacturing sectors. Fiscal 2008 is positioned as the first year of the Group's mid-term management plan which targets net sales of ¥200 billion and an operating profit margin of 10% by fiscal 2010. In fiscal 2008, the Group will make every effort to achieve its full-year targets by securing stable business results in the core Systems Development business. In addition, the Group will endeavor to reformulate its business composition in the highly profitable Services and Package Products businesses by swiftly launching new businesses.

Results Forecast for Fiscal Year Ending March 31, 2008 (Consolidated)

Net sales	¥169 billion (up 8.0% year-on-year)
Software and Services	¥151.9 billion (up 11.6% year-on-year)
Information Processing Equipment	¥17.1 billion (down 15.6% year-on-year)
Operating profit	¥12.3 billion
Ordinary profit	¥10.6 billion
Net income	¥2.6 billion
Net income per share	¥41.41
Dividend	¥30.00 per share (¥15.00 interim dividend + ¥15.00 year-end dividend)

- The forecast for consolidated operating profit was revised upward from ¥11.5 billion to ¥12.3 billion.
- The forecast for consolidated ordinary profit was revised upward from ¥9.8 billion to ¥10.6 billion.
- The forecast for consolidated net income was revised upward from ¥2.0 billion to ¥2.6 billion.

3. Consolidated Supplementary Data

(1) Orders by division

(Millions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Year-on-year change (%)	Fiscal year ended Mar. 31, 2007	
			%		%			%
Systems Development		57,153	71.4	60,360	69.6	5.6	112,713	70.5
Services		7,303	9.1	10,835	12.5	48.4	16,859	10.5
Package Products		5,403	6.7	6,893	8.0	27.6	11,597	7.3
Software and Services: Sub-total		69,859	87.2	78,090	90.1	11.8	141,170	88.3
Information Processing Equipment		10,234	12.8	8,575	9.9	-16.2	18,697	11.7
Total		80,093	100.0	86,665	100.0	8.2	159,867	100.0

(2) Net sales by division

(Millions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Year-on-year change (%)	Fiscal year ended Mar. 31, 2007		Forecast for fiscal year ending Mar. 31, 2008		Year-on-year change (%)
			%		%			%		%	
Systems Development		51,460	68.2	57,063	70.1	10.9	107,950	69.0	115,600	68.4	7.1
Services		8,495	11.2	10,138	12.5	19.4	16,728	10.7	21,300	12.6	27.3
Package Products		5,135	6.8	6,269	7.7	22.1	11,458	7.3	15,000	8.9	30.9
Software and Services: Sub-total		65,091	86.2	73,471	90.3	12.9	136,137	87.0	151,900	89.9	11.6
Information Processing Equipment		10,392	13.8	7,854	9.7	-24.4	20,271	13.0	17,100	10.1	-15.6
Total		75,484	100.0	81,326	100.0	7.7	156,409	100.0	169,000	100.0	8.0

(3) Order backlog by division

(Millions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Year-on-year change (%)	Fiscal year ended Mar. 31, 2007	
			%		%			%
Systems Development		16,553	61.8	19,767	62.0	19.4	15,624	61.0
Services		4,702	17.6	6,721	21.1	42.9	6,024	23.5
Package Products		573	2.1	1,069	3.4	86.6	444	1.7
Software and Services: Sub-total		21,829	81.5	27,558	86.5	26.2	22,093	86.2
Information Processing Equipment		4,954	18.5	4,296	13.5	-13.3	3,539	13.8
Total		26,783	100.0	31,854	100.0	18.9	25,632	100.0

(4) Sales costs: labor, outsourcing and materials

(Millions of yen)

	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
Labor costs	21,806 (+3%)	23,008 (+6%)	43,566 (+2%)	46,300 (+6%)
Outsourcing costs	24,043 (+3%)	28,205 (+17%)	50,048 (+6%)	57,200 (+14%)
Materials costs	8,261 (-44%)	7,441 (-10%)	16,989 (-41%)	15,100 (-11%)

Note: Percentage figures indicate change on previous period/fiscal year.

(5) Capital investment

(Millions of yen)

Capital expenditure	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
	620	477	914	1,100

(6) Depreciation costs

(Millions of yen)

Depreciation costs	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
	4,173	3,305	8,764	7,000
Tangible fixed assets	693	797	1,611	1,800

(7) Research and development expenditure

(Millions of yen)

R&D expenditure	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
	991	1,157	2,136	2,450

(8) Employees

(Persons)

As of Sep. 30, 2006	As of Mar. 31, 2007	As of Sep. 30, 2007
6,291	6,379	6,588

4. Results for Interim Period Ended September 30, 2007 (Non-consolidated)

(Millions of yen - except per share data)

Segment \ Period	Previous interim period ended Sep. 30, 2006	Current interim period ended Sep. 30, 2007	Year-on-year change (%)	Previous fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2007	Year-on-year change (%)
Net sales	72,604	75,395	3.8	150,242	158,000	5.2
Operating profit	3,002	5,480	82.5	8,206	11,300	37.7
% of sales	4.1	7.3	–	5.5	7.2	–
Non-operating profit/loss	-460	-21	–	-630	-500	–
Ordinary profit	2,541	5,459	114.8	7,576	10,800	42.6
% of sales	3.5	7.2	–	5.0	6.8	–
Extraordinary gain/loss	–	-9,060	–	-682	-9,100	–
Income before income taxes and minority interests	2,541	-3,600	–	6,893	1,700	-75.3
% of sales	3.5	-4.8	–	4.6	1.1	–
Net income	1,451	-6,135	–	3,763	-3,000	–
% of sales	2.0	-8.1	–	2.5	-1.9	–
Net income per share (Yen)	22.63	-97.73	-120.36	59.00	-47.78	-106.78
Dividend (Yen)	12.00*	15.00*	–	27.00**	30.00**	–
Payout ratio (%)	53.0	–	–	45.8	–	–

Notes: * Interim dividend per share

** Annual dividend per share

5. Non-consolidated Supplementary Data

(1) Orders by division

(Millions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Year-on-year change (%)	Fiscal year ended Mar. 31, 2007	
			%		%			%
Systems Development		56,164	73.2	58,783	72.4	4.7	110,892	72.3
Services		5,819	7.6	7,664	9.4	31.7	13,817	9.0
Package Products		4,530	5.9	6,234	7.7	37.6	9,920	6.5
Software and Services: Sub-total		66,513	86.7	72,683	89.5	9.3	134,630	87.8
Information Processing Equipment		10,228	13.3	8,524	10.5	-16.7	18,687	12.2
Total		76,742	100.0	81,207	100.0	5.8	153,317	100.0

(2) Net sales by division

(Millions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Year-on-year change (%)	Fiscal year ended Mar. 31, 2007		Forecast for fiscal year ending Mar. 31, 2008		Year-on-year change (%)
			%		%			%		%	
Systems Development		50,679	69.8	55,159	73.2	8.8	106,187	70.7	112,700	71.3	6.1
Services		7,210	9.9	7,025	9.3	-2.6	13,935	9.2	15,300	9.7	9.8
Package Products		4,339	6.0	5,413	7.2	24.7	9,885	6.6	13,000	8.2	31.5
Software and Services Sub-total		62,229	85.7	67,598	89.7	8.6	130,008	86.5	141,000	89.2	8.5
Information Processing Equipment		10,375	14.3	7,796	10.3	-24.9	20,233	13.5	17,000	10.8	-16.0
Total		72,604	100.0	75,395	100.0	3.8	150,242	100.0	158,000	100.0	5.2

(3) Order backlog by division

(Millions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Year-on-year change (%)	Fiscal year ended Mar. 31, 2007	
			%		%			%
Systems Development		16,241	62.8	19,085	62.4	17.5	15,461	62.4
Services		4,361	16.9	6,273	20.5	43.8	5,633	22.7
Package Products		313	1.2	980	3.2	212.7	158	0.6
Software and Services Sub-total		20,915	80.9	26,338	86.1	25.9	21,253	85.7
Information Processing Equipment		4,934	19.1	4,262	13.9	-13.6	3,534	14.3
Total		25,850	100.0	30,601	100.0	18.4	24,788	100.0

(4) Sales costs: labor, outsourcing and materials

(Millions of yen)

	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
Labor costs	18,642 (+4%)	18,981 (+2%)	37,183 (+3%)	38,300 (+3%)
Outsourcing costs	25,970 (+2%)	29,612 (+14%)	53,930 (+4%)	60,000 (+11%)
Materials costs	7,981 (-44%)	7,095 (-11%)	16,423 (-41%)	14,500 (-12%)

Note: Percentage figures indicate change on previous period/fiscal year.

(5) Sales by end-user sector

(Billions of yen)

Segment	Period	Interim period ended Sep. 30, 2006		Interim period ended Sep. 30, 2007		Change in share (pts.)	Fiscal year ended Mar. 31, 2007		Forecast for fiscal year ending Mar. 31, 2008		Change in share (pts.)
		Value	%	Value	%		Value	%	Value	%	
Software and Services	Electrical equipment	92	14.8	101	15.1	0.3	197	15.2	207	14.7	-0.5
	Finance	158	25.5	174	25.8	0.3	338	26.0	368	26.1	0.1
	Banking	96	15.5	105	15.7	0.2	209	16.1	228	16.2	0.1
	Insurance	27	4.4	28	4.2	-0.2	53	4.1	58	4.1	-
	Securities and brokerage firms	34	5.6	39	5.9	0.3	74	5.8	82	5.8	-
	Public works	101	16.3	103	15.3	-1.0	211	16.2	219	15.6	-0.6
	Government and municipal offices	86	14.0	76	11.4	-2.6	176	13.5	169	12.0	-1.5
	Electricity and gas	9	1.6	23	3.5	1.9	25	1.9	42	3.0	1.1
	Transportation	4	0.7	2	0.4	-0.3	10	0.8	8	0.6	-0.2
	Communications	43	7.0	46	6.9	-0.1	98	7.6	110	7.8	0.2
	Services	90	14.4	84	12.5	-1.9	177	13.7	183	13.0	-0.7
	Manufacturing and others	137	22.0	165	24.4	2.4	276	21.3	322	22.8	1.5
	Sub-total		622	100.0	675	100.0	-	1,300	100.0	1,410	100.0
Information Processing Equipment		103	-	77	-	-	202	-	170	-	-
Total		726	-	753	-	-	1,502	-	1,580	-	-

(6) Sales share by marketing channel

A. Overall

(%)

	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
Sales to Hitachi, Ltd.	46.1%	49.2%	47.3%	49.1%
Sales to Hitachi Group companies	(12.7%)	(13.5%)	(13.2%)	(13.2%)
Sales to outside companies via Hitachi	(33.4%)	(35.7%)	(34.1%)	(35.9%)
Sales direct to companies outside Hitachi	53.9%	50.8%	52.7%	50.9%

B. Software and Services

(%)

	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
Sales to Hitachi, Ltd.	53.8%	54.8%	54.6%	54.9%
Sales to Hitachi Group companies	(14.8%)	(15.1%)	(15.2%)	(14.7%)
Sales to outside companies via Hitachi	(39.0%)	(39.8%)	(39.4%)	(40.2%)
Sales direct to companies outside Hitachi	46.2%	45.2%	45.4%	45.1%

(7) Package solutions

(Billions of yen)

	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Year-on-year change (%)	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008	Year-on-year change (%)
Security	2.0	2.2	10	4.8	5.0	4
Electronic list	0.9	1.0	11	2.0	2.3	15
Comprehensive monitoring	0.4	0.3	-25	1.3	0.9	-31
FeliCa	1.0	1.2	20	2.2	2.6	18
GIS	0.8	1.0	25	1.7	2.1	24
StarBoard	1.0	1.1	10	2.2	2.5	14
Satellite imagery	1.0	1.0	0	2.1	2.2	5
Life science	0.5	0.4	-20	1.4	1.2	-14

(8) Capital investment program

(Millions of yen)

Capital expenditure	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
	603	346	869	900

(9) Depreciation costs

(Millions of yen)

Depreciation costs	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
	4,000	3,027	8,317	6,500
Tangible fixed assets	676	756	1,572	1,700

(10) Research and development expenditure

(Millions of yen)

R&D expenditure	Interim period ended Sep. 30, 2006	Interim period ended Sep. 30, 2007	Fiscal year ended Mar. 31, 2007	Forecast for fiscal year ending Mar. 31, 2008
	858	1,136	1,909	2,300

(11) Employees

(Persons)

As of Sep. 30, 2006	As of Mar. 31, 2007	As of Sep. 30, 2007
5,229	5,093	5,227

(12) New recruiting

(Persons)

Recruiting Apr. 2006	Recruiting Apr. 2007	Recruiting Apr. 2008 (Forecast)
105	201	244

(13) Numbers of persons with qualifications

Information processing qualifications

(Persons)

Segment \ Period		Period	
		As of Mar. 31, 2007	As of Sep. 30, 2007
Information processing qualification	Systems analyst	31	31
	Systems audit engineer	60	62
	Project manager	82	81
	Applications engineer	448	439
	Network	417	410
	Database	244	258
	Systems management	119	127
	Embedded systems	31	37
	Information security	32	67
	Software development engineer	2,575	2,617
	Basic information engineer	4,297	4,363
	Senior systems administrator	18	18
	Information security administrator	391	387
	Junior systems administrator	464	483
Total	9,209	9,380	

Note: 95% of systems engineers and programmers had obtained an information processing qualification as of Sep. 30, 2007 (96% as of Mar. 31, 2007).

Vendor qualifications

(Persons)

Vendor	Qualification	Qualified persons (As of Sep. 30, 2007)
PMI	PMP	925
Prosoft Training	CIW	1,850
Security Education Alliance/Japan (SEA/J)	SEA/J licensed qualification	649
Microsoft	MCP, MCSE, others	3,772
Oracle	Oracle Master	855
SAP	R/3 licensed consultant	444
Sun	Java licensed qualification	628
XML Technology Certification Committee	XML	970
IBM	DB2, Lotus and others	314
IT Coordinators Association	IT coordinator	67