

HitachiSoft

**Overview of Selected Financial Data
Fiscal Year Ended March 31, 2008**

Hitachi Software Engineering Co., Ltd.

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1. Results for Fiscal Year Ended March 31, 2008 (Consolidated)

(Millions of yen - except per share data)

Period Segment	Previous fiscal Year Ended Mar. 31, 2007	Current fiscal Year Ended Mar. 31, 2008	Change on previous fiscal year	Next fiscal Year Ending Mar. 31, 2009 (forcast)	Change on previous fiscal year
Net sales	156,409	171,399	+9.6	180,000	+5.0
Operating profit	9,024	14,370	+59.2	15,200	+5.8
% of Sales	5.8	8.4	-	8.4	-
Non-Operating profit/loss	916	868	-	-	-
Ordinary profit	8,108	13,502	+66.5	15,200	+12.6
% of Sales	5.2	7.9	-	8.4	-
Extraordinary gain/loss	1,122	3,230	-	-	-
Income before income taxes and minority interests	6,986	10,271	+47.0	15,200	+48.0
% of Sales	4.5	6.0	-	8.4	-
Net income	3,446	3,941	+14.4	8,500	+115.7
% of Sales	2.2	2.3	-	4.7	-
Net income per share (Yen)	54.02	62.77	8.75	135.38	72.61

【Consolidated】 < Revised on May15,2008 >

2. Discussion of Consolidated Results for Fiscal Year Ended March 31,2008

【Net Sales】

With expansion in systems development mainly for banks and manufacturing industry, net sales increased by 10% to JPY171.3 billion year on year. By segment, we saw a significant increase in net sales for software & Service, rising to JPY155.4 billion by 14%, or JPY19.2 billion. In particular, net sales for service as well as products and packages increased, which consequently led to further development of the company's structural reform.(Sales ratio for software service increased to 90.7% from 87.0% year on year.)

Net Sales...JPY171.3 billion, up 9.6%,
or JPY14.9 billion

Software & Service: JPY155.4 billion, up 14.2%,
or JPY19.2 billion
Information Processing
Equipment : JPY15.9 billion, down 21.2%,
or JPY4.2 billion

【Profit】 ~ Consolidated Operating and Ordinary Profits marked a record high ~

Due to the sales increase and continued efforts of raising productivity as well as cost reduction, we reached a record high of profits: consolidated operating profit increased by 59% to JPY14.3 billion year on year, and consolidated ordinary profit increased by 67% to JPY13.5 billion. Net income increased by 14% to JPY3.9 billion year on year, despite the impact from one-time depreciation on Ines Corporation's unamortized balance equivalent to goodwill.

Main elements for the improvement in operating profit

(increase of JPY5.3 billion year on year)	(billions of yen)
sales increase including the effects of business structural reform	+3.6
sales price increase (approximately 2%)	+2.0
raising productivity and cost reduction	+4.4
Work Style Innovation and labor cost increase	2.2
SGA increase associated with sales increase	2.5
Total	+ 5.3

【Dividend】 ~ JPY4 increase of year-end dividend ~

Year-end dividend for the fiscal year ended March,2008 will be JPY19 per share, which is JPY4 increase year on year. (Annual dividend will be JPY34 per share). Also, annual dividend for the fiscal year ending March,2009 is expected to be JPY 38 per share.

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

The company will be totally committed to realizing its "Challenge 8+Strategy" which aims to accomplish JPY 180 billion net sales and operating profit by over 8% for the fiscal year ending March, 2009.

Segment	Next fiscal year ending Mar.31,2009(forecast)	Change on previous fiscal year (%)
Net sales	180.0	5.0 increase
Systems development	119.0	1.0 decrease
Service	26.3	19.8 increase
Product & Package	16.7	26.1 increase
Software & Service total	16.2	4.2 increase
Information Processing Equipment	18.0	12.6 increase
Operating profit	15.2	5.8 increase
Ordinary profit	15.2	12.6 increase
Net income	8.5	115.7 increase

3. Consolidated Supplementary Data

(1) Orders by division

(Millions of yen)

Segment	Period	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		Change on previous fiscal year
		share	%	share	%	
Systems Development			%		%	%
		112,713	70.5	118,368	68.6	+5.0
	Service	16,859	10.5	23,528	13.6	+39.6
Products & Package		11,597	7.3	13,529	7.8	+16.7
	Software & Service	141,170	88.3	155,427	90.0	+10.1
IP Equipment		18,697	11.7	17,211	10.0	8.0
Total		159,867	100.0	172,638	100.0	+8.0

IP: Information Processing

(2) Net sales by division

(Millions of yen)

Segment	Period	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		Change on previous fiscal year	Fiscal year ending Mar. 31, 2009 (forecast)		Change on previous fiscal year
		share	%	share	%		share	%	
Systems Development			%		%	%		%	%
		107,950	69.0	120,223	70.2	+11.4	119,000	66.1	1.0
	Service	16,728	10.7	21,951	12.8	+31.2	26,300	14.6	+19.8
Products & Package		11,458	7.3	13,240	7.7	+15.6	16,700	9.3	+26.1
	Software & Service	136,137	87.0	155,415	90.7	+14.2	162,000	90.0	+4.2
IP Equipment		20,271	13.0	15,983	9.3	21.2	18,000	10.0	+12.6
Total		156,409	100.0	171,399	100.0	+9.6	180,000	100.0	+5.0

IP: Information Processing

(3) Orders backlog by division

(Millions of yen)

Segment	Period	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		Change on previous fiscal year
		share	%	share	%	
Systems Development			%		%	%
		15,624	61.0	14,614	52.7	6.5
	Service	6,024	23.5	7,601	27.4	+26.2
Products & Package		444	1.7	733	2.6	+65.2
	Software & Service	22,093	86.2	22,950	82.7	+3.9
IP Equipment		3,539	13.8	4,803	17.3	+35.7
Total		25,632	100.0	27,753	100.0	+8.3

[Consolidated]

(4) Sales costs: labor, outsourcing and materials (Millions of yen)

Segment \ Period	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Change on previous fiscal year	Fiscal year ending Mar. 31, 2009 (forecast)	Change on previous fiscal year
Labor costs	43,566	46,406	+7%	49,000	+6%
Outsourcing costs	50,048	58,393	+17%	58,900	+1%
Materials costs	16,989	15,031	12%	17,700	+18%

(5) Capital investment program (Millions of yen)

Capital expenditure	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
	914	812	1,200

(6) Depreciation costs (Millions of yen)

Depreciation costs	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
	8,764	7,339	6,100
Tangible fixed assets	1,611	1,660	1,700

(7) Research and development expenditure (Millions of yen)

R&D expenditure	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
	2,136	2,312	2,800

(8) Employees (Persons)

As of Mar. 31, 2007	As of Mar. 31, 2008
6,379	6,501

4. Results for Fiscal Year Ended March 31, 2008 (Non-consolidated)

(Millions of yen - except per share data)

Period Segment	Previous fiscal Year Ended Mar. 31, 2007	Current fiscal Year Ended Mar. 31, 2008	Change on previous fiscal year	Next fiscal Year Ending Mar. 31, 2009 (forecast)	Change on previous fiscal year
Net sales	150,242	158,947	% +5.8	168,000	% +5.7
Operating profit	8,206	13,077	+59.4	13,600	+4.0
% of Sales	5.5	8.2	-	8.1	-
Non-Operating profit/loss	630	9	-	100	-
Ordinary profit	7,576	13,068	+72.5	13,500	+3.3
% of Sales	5.0	8.2	-	8.0	-
Extraordinary gain/loss	682	9,731	-	-	-
Income before income taxes and minority interests	6,893	3,336	51.6	13,500	+304.7
% of Sales	4.6	2.1	-	8.0	-
Net income	3,763	2,061	-	7,900	-
% of Sales	2.5	1.3	-	4.7	-
Net income per share (Yen)	59.00	32.83	91.83	125.82	158.65
Dividend per Share (Yen)					
Interim	12.00	15.00	-	19.00	-
Year-end	15.00	19.00		19.00	
Annual	27.00	34.00		38.00	
Payout Ratio(%)	45.8	-	-	30.2	-

[Non-consolidated]

5. Non-consolidated Supplementary Data

(1) Orders by division

(Millions of yen)

Segment	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		Change on previous fiscal year
		share		share	
Systems Development	110,892	72.3	114,984	71.5	+3.7
Service	13,817	9.0	16,752	10.4	+21.2
Products & Package	9,920	6.5	11,955	7.5	+20.5
Software & Service	134,630	87.8	143,692	89.4	+6.7
IP Equipment	18,687	12.2	17,055	10.6	8.7
Total	153,317	100.0	160,747	100.0	+4.8

IP: Information Processing

(2) Net sales by division

(Millions of yen)

Segment	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		Change on previous fiscal year	Fiscal year ending Mar. 31, 2009 (forecast)		Change on previous fiscal year
		share		share			share	
Systems Development	106,187	70.7	116,506	73.3	+9.7	116,000	69.0	0.4
Service	13,935	9.3	15,183	9.6	+9.0	19,600	11.7	+29.1
Products & Package	9,885	6.6	11,442	7.2	+15.8	14,400	8.6	+25.8
Software & Service	130,008	86.5	143,132	90.1	+10.1	150,000	89.3	+4.8
IP Equipment	20,233	13.5	15,815	9.9	21.8	18,000	10.7	+13.8
Total	150,242	100.0	158,947	100.0	+5.8	168,000	100.0	+5.7

IP: Information Processing

(3) Orders backlog by division

(Millions of yen)

Segment	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		Change on previous fiscal year
		share		share	
Systems Development	15,461	62.4	13,939	52.4	9.8
Service	5,633	22.7	7,202	27.1	+27.8
Products & Package	158	0.6	671	2.5	+324.2
Software & Service	21,253	85.7	21,813	82.0	+2.6
IP Equipment	3,534	14.3	4,774	18.0	+35.1
Total	24,788	100.0	26,588	100.0	+7.3

IP: Information Processing

[Non-consolidated]

(4) Sales costs:labor,outsourcing and materials

(Millions of yen)

Segment \ Period	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Change on previous fiscal year	Fiscal year ending Mar. 31, 2009 (forecast)	Change on previous fiscal year
Labor costs	37,183	38,361	+3%	40,700	+6%
Outsourcing costs	53,930	61,196	+13%	61,300	0%
Materials costs	16,423	14,346	13%	17,000	+18%

(5) Sales by end-user sector

(Billions of yen)

Segment \ Period	Fiscal year ended Mar. 31, 2007		Fiscal year ended Mar. 31, 2008		change in share (pts.)	Fiscal year ending Mar. 31, 2009		change in share (pts.)
	Value	share	Value	share		Value	share	
Electrical equipment (Hitachi,Ltd.)	19.7	15.2%	21.3	14.9%	0.3	21.7	14.5%	0.4
Finance	33.8	26.0%	36.5	25.5%	0.5	36.5	24.3%	1.2
Banking	20.9	16.1%	22.8	15.9%	0.2	22.8	15.2%	0.7
Insurance	5.3	4.1%	6.0	4.2%	+0.1	6.0	4.0%	0.2
Securities and brokerage firms	7.4	5.8%	7.6	5.4%	0.4	7.7	5.1%	0.3
Public works	21.1	16.2%	23.0	16.1%	0.1	22.4	14.9%	1.2
Government and municipal offices	17.6	13.5%	17.3	12.1%	1.4	16.8	11.2%	0.9
Electricity and gas	2.5	1.9%	4.8	3.4%	+1.5	4.7	3.1%	0.3
Transportation	1.0	0.8%	0.8	0.6%	0.2	0.9	0.6%	0.0
Telecommunication	9.8	7.6%	9.9	6.9%	0.7	10.0	6.7%	0.2
Services	17.7	13.7%	18.2	12.8%	0.9	19.2	12.8%	0.0
Manufacturing and others	27.6	21.3%	34.0	23.8%	+2.5	40.2	26.8%	+3.0
Total of Software & Service	130.0	100.0%	143.1	100.0%	-	150.0	100.0%	-
Information Equipment	20.2	-	15.8	-	-	18.0	-	-
Total	150.2	-	158.9	-	-	168.0	-	-

(6) Sales share by marketing channel

A. Overall

Segment \ Period	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
Sales to Hitachi,Ltd	47.3%	49.0%	47.0%
Sales to Hitachi Group companies	(13.2%)	(13.4%)	(12.9%)
Sales to outside companies via Hitachi	(34.1%)	(35.6%)	(34.1%)
Sales direct to companies outside Hitachi	52.7%	51.0%	53.0%

B. Software & Services

Segment \ Period	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
Sales to Hitachi,Ltd	54.6%	54.4%	52.6%
Sales to Hitachi Group companies	(15.2%)	(14.9%)	(14.5%)
Sales to outside companies via Hitachi	(39.4%)	(39.5%)	(38.2%)
Sales direct to companies outside Hitachi	45.4%	45.6%	47.4%

[Non-consolidated]

(7) Sales of leading solutions

(Billions of yen)

Segment \ Period	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Change on previous fiscal year	Fiscal year ending Mar. 31, 2009	Change on previous fiscal year
Security	4.8	5.0	+4%	5.7	+14%
Electronic documents	2.0	1.9	5%	2.5	+32%
Comprehensive monitoring	1.3	0.7	46%	0.5	29%
FeliCa	2.2	2.4	+9%	2.7	+13%
GIS	1.7	2.3	+35%	2.5	+9%
Star Board (Interactive Whiteboard)	2.2	2.6	+18%	2.8	+8%
Satellite imagery	2.1	2.2	+5%	2.5	
Life sciences	1.4	1.2	14%	1.4	+17%

(8) Capital investment program

(Millions of yen)

Capital expenditure	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
	869	657	1,000

(9) Depreciation costs

(Millions of yen)

Depreciation costs	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
	8,317	6,674	5,900
Tangible fixed assets	1,572	1,567	1,600

(10) Research and development expenditure

(Millions of yen)

R&D expenditure	Fiscal year ended Mar. 31, 2007	Fiscal year ended Mar. 31, 2008	Fiscal year ending Mar. 31, 2009 (forecast)
	1,909	2,187	2,600

(11) Employees (Persons)

As of Mar. 31, 2007	As of Mar. 31, 2008
5,093	5,166

(12) New recruiting (Persons)

Recruiting Apr. 2007	Recruiting Apr. 2008	Recruiting Apr. 2009 (forecast)
201	239	250

(13) Numbers of persons with qualifications

Information processing qualifications (Persons)			Vendor qualifications (Persons)			
Segment	Period	As of Mar. 31, 2007	As of Mar. 31, 2008	Vendor	Qualification	Qualified persons
Systems analyst		31	35	PMI	PMP	1,002
Systems audit engineer		60	61	Prosoft Training	CIW	1,905
Project manager		82	89	Security Education Alliance/Japan (SEA/J)	SEA/J licensed qualification	707
Application engineer		448	449	Microsoft	MCP, MCSE, other	3,820
Network		417	432	Oracle	Oracle Master	875
Database		244	254	SAP	R/3 licensed consultant	436
Systems management		119	128	Sun	Java licensed qualification	655
Embedded systems		31	37	XML Technology Certification Committee	XML	1,005
Information security		32	65	IBM	DB2, Lotus and others	320
Software development engineer		2,575	2,642	IT coordinators Association	IT coordinator	70
Basic information engineer		4,297	4,335	As of Mar. 31, 2008		
Senior systems administrator		18	19			
Information security administrator		391	439			
Junior systems administrator		464	481			
Total		9,209	9,466	Notes: 96% of systems engineers and programmers had obtained an information processing qualification.		