

## Business and Other Risks

Factors that may materially affect decisions by investors with respect to the business of the Group include the following. References to the future contained herein are based on the understanding of the Group as of the end of the fiscal year under review.

### (1) Impact from Economic Trends and the Market Environment

In the information service market, in which the Group operates, companies have become reluctant to invest in information systems hurt by worsened business performance. They are reducing costs and taking a cautious stance toward investments, with the focus on return on investment (ROI). Against this backdrop, the business climate has become even harsher. In this market, any serious situation such as a delayed response to technical innovation and unexpectedly intense price competition may affect the financial conditions and business results of the Company.

### (2) Project Management Risks

The Group develops a range of customized computer systems for its customers. Delivery lead times are becoming shorter and projects are growing in size and complexity amid intensifying competition. Under these circumstances, the Group may have to bear heavy debugging costs should problems emerge during system development, resulting in cost overruns. To prevent cost overruns and to detect problems at the early stages, the Group has strengthened its project management system.

### (3) Information Control Risks

In the course of developing and providing information systems through our operations, the Group is exposed not only to internal information but also the confidential information of many customers as well as personal information owned by customers. As a participant in the IT industry, we are fully aware of the importance of information management. We control information with maximum security and care. To prepare for an unexpected accident, we have taken out an insurance policy for a given amount. However, if damages were to cost significantly more than the amount insured or if we were to suffer loss or damage to our reputation, the Group's business results could be impacted.

### (4) Risks Related to the Hiring of High-Level Engineers

The shortage of high-level engineers has become a pressing issue for the IT service industry, and if the Group fails to secure the required number of such engineers, it may affect its business performance. For this reason, we are actively reforming our personnel systems to create a working environment in which the Group's personnel can comfortably pursue their tasks. Furthermore, with respect to our system service structure, we are planning to abolish the conventional organizational framework to introduce a system that allocates personnel on a project basis with the goal of enabling high-level engineers in the Group to concentrate more fully on their projects and perform their tasks with

greater efficiency. We are also actively reinforcing training and other programs for human resource development.

### (5) Intellectual Property Right Risks

The Group utilizes intellectual properties related to various computer programs in our operations. If we cannot acquire or hold licenses for these programs as planned, it may have an impact on our operations. In addition, there is a possibility the Group could face legal action with regard to intellectual properties associated with computer programs. This can be costly and could affect our business results.

### (6) Relations with Key Supplier

The Company is the sole authorized distributor of computers and other IT equipment manufactured by Unisys Corporation. The Company imports and markets computers and other equipment made by Unisys Corporation, and provides support services in Japan. The Company has rights to Unisys Corporation's trademarks and also receives technical information and support from the latter. The trading relationship with Unisys Corporation has been steady but if the relationship becomes strained and can no longer be maintained, it would have an impact on the Group's business results.

### (7) Exchange Rate Risks

The Company is the sole authorized distributor here in Japan of Unisys Corporation-made computers and other products, and handles the businesses of import and sales of those computers in the national territory of Japan. Thus, the Group's purchase in foreign-currency denomination may be exposed to fluctuations in foreign exchange rates. To avoid such risks, the Company places risk-hedging measures through exchange contracts. The Group's purchase in foreign-currency denomination totaled ¥14,686 million for the term ended March 2009.

### (8) Litigation Risks

The Group makes every effort to consistently practice compliance and conduct sound and transparent business activities. However, it is possible for the Company to face litigation or legal proceedings even if no violation of law has actually occurred, which could impact the business performance of the Group.

### (9) Natural Disaster Risks, etc.

In the case that those natural disasters such as earthquakes and outbreaks of infectious diseases have done destructive damages and losses to major business bases of the Group or if a large number of our employees are injured, then a huge amount of repair or replacement expenses may be needed, which will concurrently give huge-scale impacts on sales and other business activities, and ultimately affect the Group's business records. Hence, preparing for the case that these events occur or may occur, the Group is striving to establish a structure under which it can continue operations.