

## <IR> Press Release

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### Financial Summary for the 1<sup>st</sup> Quarter

(Translation of Japanese financial summary prepared on Japanese GAAP)

The board of directors of Intelligent Wave Inc. in its session of October 23 approved the following business results for the first quarter (July 1~September 30) of the fiscal year ending June, 2003:

#### (1) Business Results

	Sales	Operating Income	Ordinary Income	Net Income
	millions of ¥	millions of ¥	millions of ¥	millions of ¥
July~Sept.2002	773 - 54.6%*	38 - 94.8%*	33 - 95.5%*	11 - 97.2%*
July~Sept.2001	1,702	730	728	406

	Net Income per Share (EPS)	Diluted Net Income per Share	Ratio of Net Income to Shareholders' Equity	Ratio of Ordinary Income to Total Assets	Ratio of Ordinary Income to Sales
	¥		%	%	%
July~Sept.2002	85.42		0.3	0.6	4.3
July~Sept.2001	30,832.63	-	11.3	15.2	42.8

Notes: 1. Profits based on the equity-method investment balance: not applicable

2. Average number of shares outstanding during the period.

July Sept.,2002 131,604 July Sept.,2001 13,170

3. There has been no change in the accounting method.

4. Percentage with \* means year-on-year change.

(2) Financial Position

	Total Assets	Shareholders' Equity	Equity Ratio	Per Share Equity
	millions of ¥	millions of ¥	%	¥
July~Sept.,2002	5,034	4,332	86.1	32,923.36
July~Sept.,2001	5,029	3,772	75.0	286,475.77

Notes:

1. Number of shares outstanding at the end of the period: Sept.,2002- 131,700 Sept.2001- 13,170
  2. Number of treasury stock at the end of the period: Sept.,2002- 100 Sept.2001- nil
- **The figures are not audited.**
  - **All of the numbers are not based on the standard accounting procedures.**

Supplementary Information

1. Overview of the period.

The sales and ordinary income for the first quarter fell 54.6% to ¥773 million , 95.5% to ¥33 million respectively from the previous year, with the ratio of ordinary income to sales declining to 4.3%.

This result has been anticipated because major sales are to be entered during and after the second quarter and the expenses related to the preparations for the new businesses were expected to be incurred in the first quarter.

Our quarterly sales are erratic showing very different patterns every year, which is principally due to the following factors:

- There is no determined or specific season or time of the year when the customers place orders with Intelligent Wave Inc. Contracts are made according to each customer's needs.
- Some orders or contracts require a relatively long time (a year or more) to be completed and others can be delivered in a short time (several months).

Intelligent Wave's revenues come from a mixture of such orders and contracts with big orders or contracts usually being the ones that require a longer time and higher cost for its completion than the other orders or contracts.

- Under Intelligent Wave's accounting rules, sales are only recognized upon customer's acceptance of the products delivered, meaning that if the acceptance tests are not conducted in a timely manner for customer's convenience or other reasons, sales entry is easily carried forward.

2. Information by segment

Sales by segment

Segment	Amount (¥1,000)
Card Business Front Office	231,161
Systems for Securites Dealing/Trading, Package Software and Technical Support	215,679*
Card Business Back Office	90,257
Hardware and others for System Integration	185,527
Security-Related Business	50,884
Total	773,511

Note: - \* Original sales amount was ¥264 million.

The amount is adjusted as some of products have been transferred to the security-related business division.

- The sales amounts are not audited.

Features of sales by segment

Segment	Features
Card Business Front Office	Repeat orders from the existing customers Expansion of connections by credit card issuers, Additional functions for detection of misuse and fraud of credit card
Dealing/Trading Systems, Package Software and Technical Support	Repeat orders, Stock credit management system for a trust bank
Card Business Back Office	Repeat orders, New system development for a new customer from consumer finance business sector
Hardware and Others for System Integration	Hardware sales for a consumer finance company's international brand credit card system
Security-Related Business	Expansion of functions of fraud card detection system from an existing customer, Technical support for a securities firm's new system, Sales of middleware for telecommunication business

3. The forecasts for the full fiscal year remain unchanged as those announced in the press release of August 21, 2002.