

**Summary of Financial Results for the First Quarter Ended September 2004
(Non-Consolidated)**

Company name: Intelligent Wave Inc.
 Stock code: 4847
 Stock exchange listing: OTC (JASDAQ market)
 Domicile: Tokyo
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Date of Board of Directors' meeting to approve results: October 27, 2004

The Company has a system of interim dividend payment

The Company does not employ a unit stock system

1. Significant policies in the preparation of the quarterly report:

- a. Participation of a certified public accountant or audit corporation: None
- b. Official procedures have not been applied in accounting for certain items.

Financial results for the first quarter ended September 2004 (July 1, 2004 – Sept. 30, 2004)

(1) Results of operations (non-consolidated)

Yen in millions, rounded down

	Net sales		Operating income		Ordinary income	
	Million yen	YoY change %	Million yen	YoY change %	Million yen	YoY change %
First quarter ended Sept. 2004	584	(28.4)	(163)	(-)	(166)	(-)
First quarter ended Sept. 2003	817	5.7	(98)	(-)	(99)	(-)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
First quarter ended Sept. 2004	(99)	(-)	(786.23)	-
First quarter ended Sept. 2003	(56)	(-)	(435.98)	-

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
First quarter ended Sept. 2004	(2.4)	(3.4)	(28.5)
First quarter ended Sept. 2003	(1.3)	(2.0)	(12.2)

Notes:

1. Average number of shares outstanding

^{1st} qtr ended Sept. 2004:	127,018 shares
^{1st} qtr ended Sept. 2003:	129,062 shares
2. Changes in accounting principles applied: None
3. The percentages shown for net sales, operating income, ordinary income, and other items represent changes from the same period in the previous year.

(2) Financial position

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
First quarter ended Sept. 2004	4,804	4,089	85.1	32,312.38
First quarter ended Sept. 2003	5,094	4,370	85.8	34,000.74

Notes:

1. Number of shares outstanding at end of period:

1 st qtr ended Sept. 2004:	131,700 shares
1 st qtr ended Sept. 2003	131,700 shares
1. Treasury stock:

1 st qtr ended Sept. 2004:	5,148 shares
1 st qtr ended Sept. 2003	3,144 shares

Supplementary Information

Non-consolidated Results of Operations for the First Quarter Ended September 2004

The following is supplementary information on non-consolidated operating results for the first quarter of the fiscal year ending June 30, 2005.

1. Review of operations

In the first quarter ended September 2004, there was an ordinary loss of ¥166 million on sales of ¥584 million, a 28.4% decline from the same period a year earlier.

In our business, a performance evaluation based on comparison with the previous year is not meaningful. Deliveries of systems are not uniformly spread out over the year, due to the varying times required for the development of individual systems. Like last year, the first half was characterized by the launch of a number of system development projects. Given the length of lead times before delivery, this means that system deliveries will get underway after the second quarter.

The bulk of first quarter sales included continuing system development for existing clients, system modifications and upgrades, security-system-related services, sales of CWAT systems for preventing information leaks, plus consumer sales of the virus-protection-software package, Virus Chaser, through retail outlets and downloads from the Internet.

As reported in the news release dated July 2, 2004, we have reclassified our business segments to reflect changes in our corporate organization. The new business segments are as follows:

Previous classification	Description of change	New classification
Card business-Front office	Integrated	Card business-Front office
Hardware sales associated with SI projects		
Research and development support		
Dealing and trading, manufacture, sale and technical support for middleware packages	No change	Dealing and trading, manufacture, sale and technical support for middleware packages
Security systems	Transfer of a part of the	3Dsecure ASP service

	business to another segment	business was transferred to the Card business-Front office segment
Consumer package-software sales	No change	Consumer package-software sales
Financial system consulting services	Segment name change	Segment renamed Others
Card business-Back office	Discontinued	Card business-Back office operations were discontinued on March 31, 2004.

A significant percentage of hardware and other product sales associated with SI projects are derived from Card business-Front office projects. Moreover, research and development support is also closely linked to these projects. In view of these considerations, the two business segments were merged with the Card business-Front office segment. Hardware sales not associated with Card business-Front office projects will be accounted for in the segment in which they fall. Financial system consulting services were transferred to the Corporate Planning Division at Business Headquarters and reclassified as Other Businesses.

Review by Business Segment

Card business-Front office

Segment sales declined 34.9% year-on-year to ¥247 million. Sales included continuing system development; system modifications; expansion of system functions and system maintenance for existing clients, mainly credit card companies; NET+1 package sales; ASP services; and sales of hardware to new clients.

Dealing and trading, manufacture, sale and technical support for middleware packages

First quarter segment sales declined 2.1% to ¥97 million. Principal products and services contributing to segment sales were system development, including system modification; expansion of functions for our existing securities company clients; system maintenance services for securities firms and trust banks; plus sales of FEXICS, a network connection package for credit card transaction systems.

Security systems

Segment sales increased 159.8% year-on-year to ¥175 million. The most important contributory products and services were system development associated with system modifications; maintenance associated with our ACE system for detecting misuse and fraudulent use of credit cards; ASP service; and sales of the CWAT system to prevent information leaks. The significant contribution made by the CWAT system was the principal factor driving up segment sales.

Consumer package software sales

Segment sales declined 7.9% to ¥59 million. The bulk of sales in this category were derived from sales of APLIX Co. products, including WinCDR and Virus Chaser (virus-protection-software package), through retail stores and through the Internet download service.

Other businesses

Segment sales increased 378.3% to ¥5 million. Sales include financial system technical consulting service revenues, in addition to revenues associated with other consulting services.

2. Sales breakdown

(1) Net sales

Yen in thousands

Segment/Period	FY2004 1Q (July 1, 2004 – Sept. 30, 2004)
Card business-Front office	247,200
Dealing, trading, manufacture, sale and	97,128

technical support for middleware packages	
Security systems	175,350
Consumer package software sales	59,417
Other businesses	5,883
Total	584,979

Note: Sales amounts are not audited

(2) Financial position and other factors affecting financial results

No reportable information

3. Effect on forecasts of results of operations

We have not revised the forecasts for ordinary income and sales for the current fiscal year ending June 2005 released on August 25, 2004, since we expect results to be largely on targets.