

April 27, 2005

**Summary of Financial Results for the Third Quarter Ended March 2005  
(Non-Consolidated)**

Company name: Intelligent Wave Inc.  
 Stock code: 4847  
 Stock exchange listing: JASDAQ market  
 Domicile: Tokyo  
 URL: <http://www.iwi.co.jp>  
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 Administration Division  
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Date of Board of Directors' meeting to approve results: April 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 third quarter ended March 2005 (July 1, 2004 – March 31, 2005)**

**(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 %
Third quarter ended March 2005	3,538	(3.1)	624	(-)	624	(-)
Third quarter ended March 2004	3,650	(18.9)	(9)	(-)	(20)	(-)

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Third quarter ended March 2005	259	(-)	2,050.12	2,031.10
Third quarter ended March 2004	(19)	(-)	(154.28)	-

	Return on equity	Ratio of ordinary income to total assets	Ratio of ordinary income to net sales
	%	%	%
Third quarter ended March 2005	5.84	11.68	17.65
Third quarter ended March 2004	(0.46)	(0.41)	(0.57)

Notes:

1. Average number of shares outstanding
 

3 <sup>rd</sup> qtr ended March 2005:	126,708 shares
3 <sup>rd</sup> qtr ended March 2004:	128,495 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
Third quarter ended March 2005	5,685	4,495	79.1	35,523.03
Third quarter ended March 2004	5,203	4,180	80.3	32,826.26

Notes:

- Number of shares outstanding at end of period:
  - 3<sup>rd</sup> qtr ended March 2005: 131,700 shares
  - 3<sup>rd</sup> qtr ended March 2004: 131,700 shares
- Treasury stock:
  - 3<sup>rd</sup> qtr ended March 2005: 5,148 shares
  - 3<sup>rd</sup> qtr ended March 2004: 4,335 shares

### Supplementary Information

#### Non-consolidated Results of Operations for the Third Quarter Ended March 2005

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

#### 1. Review of operations

In the third quarter ended March 2005, there were an sales of ¥3,538million, a 3.1% decline from the same period a year earlier, and an ordinary income of ¥624 million.

We forecast that sales in Card business-Front office will concentrate in the forth quarter due to a deliver schedule.

Regarding the third quarter ended March 2005, the business operations were well as planned. Order trend of the current business has been recovered and sales of CWAT, systems for preventing information leaks, have done well.

#### Review by Business Segment

##### Card business-Front office

Segment sales declined 4.2% year-on-year to ¥1,523 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

Segment sales increased 21.1% to ¥687 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 236.8% year-on-year to ¥1,171 million. The most important contributory products were sales of the CWAT system to prevent information leaks and maintenance fee.

### Consumer package software sales

Segment sales declined 59.8% to ¥122 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. A reason of sales decline is mainly because that sale of WinCDR was stopped in January 2005. As announced, the part of this segment's business has been shifted to Inisia Co., Ltd.

### Other businesses

Segment sales increased 193.1% to ¥33 million. Sales include financial system technical consulting service revenues, and system development associated with system modifications; maintenance associated with our ACE system for detecting misuse and fraudulent use of credit cards, in addition to revenues associated with other consulting services.

## 2. Sales breakdown

### (1) Net sales

Yen in thousands

Segment/Period	FY June 2005 / 3Q (July 1, 2004 – March 31, 2005)
Card business-Front office	1,523,700
Dealing, trading, manufacture, sale and technical support for middleware packages	687,263
Security systems	1,171,355
Consumer package software sales	122,752
Other businesses	33,192
Total	3,538,335

Note: Sales amounts are not audited

### (2) Financial position and other factors affecting financial results

Transfer cost for head office transfer of ¥114 million was accounted for extraordinary loss.

## 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 February 23, 2005, since we expect results to be largely on targets.