

News Release Dated August 12, 2010

Announcement of Medium-Term Management Plan (For Fiscal Years Ending June 2011 to June 2013)

Intelligent Wave Inc. (hereinafter, the “Company”) hereby announces the outline of its medium-term management plan from the fiscal year ending June 2011 through the fiscal year ending June 2013, as follows:

1. Medium-Term Corporate Vision

The Company has focused on the provision of online system solutions based on proprietary network technology, primarily for the financial industry, since its foundation. In particular, the Company boasts an impressive track record of building network systems to support online credit card transactions. The Company’s strength, therefore, lies in its established technical platforms and business base in the area of network systems serving as indispensable infrastructure in our daily life.

Based on these technical platforms and business base, the Company has been expanding its business to a diverse range of industries and business fields, such as the development of a system to detect fraudulent credit card use, information security measures systems, and operation systems relating to securities transactions.

The Company’s management philosophy is to continue to contribute to the sound development of the information-communication society by offering systems and services that improve the business efficiency of our customers.

2. Medium-term Management Targets

While the Japanese economy seems to be gradually recovering from its serious slump due to the impact of the global financial crisis, we have not seen any major change in the trend of reduced capital expenditure in systems and cost-cutting efforts regarding operations in the credit card, securities and financial industries, which are our main business areas. Furthermore, credit card companies have to face drastic changes in the business environment following the industry reorganizations led by the Japanese mega banks and the amendments to the Money Lending Business Act and the Installment Sales Act. Credit card companies are thereby, generally proceeding with major business process reengineering (BPR) to cope with the changes in the profit structure of the industry.

To address this situation, the Company will aggressively offer proposals for efficient system development, and develop and sell new products in the Retail Banking Online Systems Business, by applying the technologies developed through the extensive business experience we have accumulated over the years.

In the System Solutions Business, the Company will develop and distribute various systems to improve the efficiency of our customers’ businesses, while expanding sales in Japan and overseas of existing major products such as “ACE Plus,” a fraudulent credit card use detection system, and business applications for securities firms, etc.

In the Security Systems Business, the Company’s focus will be on increasing sales by generating demand especially for “CWAT” and “EUCSecure,” to address information security issues across a diverse range of industries.

In particular, we will focus on increasing profitability in the medium-term through strengthening collaborative sales activities with Dai Nippon Printing Co., Ltd., the parent company, and through joint development and the early launch of new businesses in the information security area.

(Million yen)

(Consolidated basis)	forecast for Fiscal Year ending June 2011	Plan for Fiscal Year ending June 2012	Plan for Fiscal Year ending June 2013
Net sales	5,330	6,000	7,000
Operating income	230	520	890
Operating margin	4.3%	8.7%	12.7%
Ordinary income	250	540	910
Net income	120	310	520

(Net sales by business segment)

(Million yen)

	forecast for Fiscal Year ending June 2011	Plan for Fiscal Year ending June 2012	Plan for Fiscal Year ending June 2013
Retail Banking Online Systems Business	2,440	2,540	2,910
System Solutions Business	2,060	2,350	2,660
Security Systems Business	830	1,110	1,430

3. Priority Measures by Business Segment

[Retail Banking Online Systems Business]

As described above, credit card companies, our main customers in this business segment, are facing a deteriorating economic environment and severe changes in the business environment triggered by the amendments to the Money Lending Business Act and the Installment Sales Act, thus requiring reductions in system operation costs. The Company will meet this demand by developing and offering a Linux-compatible version of “NET+1,” which boasts a good track record as an online connection system.

The Linux-compatible “NET+1” will allow customers to carry out operations under the relatively lower-cost Linux system architecture and thereby reduce their operational costs. Consequently, we expect that we will be able to expand our potential market to not only the major credit card providers but also to smaller-sized operators and new entrants.

Furthermore, the Company will also expand its business fields by aggressively offering proposals to apply “NET+1” to businesses other than those in which “NET+1” has been traditionally used, such as online authorization operations.

[System Solutions Business]

In the System Solutions Business, the Company intends to expand both its business fields and the scale of its operations by focusing on the business applications developed by the Company, which are capable of contributing to improving the business efficiency of its customers. Cooperating in sales activities with Dai Nippon Printing Co., Ltd., the parent company, is expected to lead to an increase in orders for system development relating to a variety of operations, thereby expanding the scale of our business.

“ACE Plus,” one of the Company’s proprietary system products for the detection of fraudulent credit card use, has been introduced by a number of credit card companies and boasts the highest market share in Japan. The Company has begun to offer the system to foreign credit card companies in addition to Japanese companies, and expects to win orders shortly. As “ACE Plus” boasts proven high performance as a system for monitoring fraudulent use of bank accounts, the Company will make its utmost efforts to expand sales to banks.

The Company will seek to further expand its business fields by developing and distributing systems to improve the efficiency of all main operations inherent to credit card companies, not confining the focus to the detection of fraudulent card use.

Having a good track record in the development and distribution of “Market Data Distribution System” used in securities firms to transfer enormous quantities of market data instantaneously and accurately, the Company seeks future business expansion by continuously introducing system products that handle securities transaction orders and the administrative processes related to securities transactions.

[Security Systems Business]

In the Security Systems Business, the Company has been centering on the sale of proprietary information security measures products such as “CWAT” and “EUCSecure.” However, the Company presently faces a difficult environment reflecting the deterioration of the economic situation and customers’ increasingly varied demands for information security measures.

Also in this business segment, the Company has been strengthening its sales activities with the cooperation of Dai Nippon Printing Co., Ltd., the parent company, aiming at attracting new customers and increasing opportunities to receive orders. Concurrently, the Company will seek additional orders from existing customers, by further enhancing trust in its products through improving services to customers such as product support.

Furthermore, the Company will improve profitability by developing and quickly launching new businesses offering business process outsourcing (BPO), software as a service (SaaS), etc., in cooperation with Dai Nippon Printing Co., Ltd.

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