



Summary of Consolidated Financial Results of the Fiscal Year Ended June 2013 (Japanese GAAP)

August 7, 2013
Listing: TOKYO

Company name: INTELLIGENT WAVE INC.
 Code: 4847 URL <http://www.iwi.co.jp>
 Representative: Yoshiyuki Yamamoto, Representative Director and Chief Executive Officer (CEO)
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 Scheduled Shareholders' meeting date: September 26, 2013 Scheduled dividend payment date: September 27, 2013
 Scheduled financial accounts filing date: September 26, 2013
 Supplemental information: Available
 Investor meeting presentation: Yes (for institutional investors and securities analysts)

(Rounded down to the nearest million yen)

1. Consolidated financial results for the fiscal year ended June 30, 2013 (July 1, 2012 to June 30, 2013)

(1) Consolidated results of operations (Percentage represents year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--------------------------|-------------|------|------------------|--------|-----------------|--------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended June 30, 2013 | 5,870 | 12.0 | (677) | — | (587) | — | (349) | — |
| Year ended June 30, 2012 | 5,241 | 10.1 | 131 | (59.0) | 154 | (54.8) | 270 | 108.9 |

(Note) Comprehensive income: Year ended June 2013: ¥(341 million) [—%]; Year ended June 2012: ¥341 million [75.4%]

| | EPS | Fully diluted EPS | ROE | Ordinary income to total assets ratio | Operating margin |
|--------------------------|------------|-------------------|-------|---------------------------------------|------------------|
| | Yen | Yen | % | % | % |
| Year ended June 30, 2013 | (1,325.32) | — | (7.5) | (9.7) | (11.5) |
| Year ended June 30, 2012 | 1,026.92 | — | 5.6 | 2.6 | 2.5 |

(Reference) Equity method of accounting income: Year ended June 30, 2013: ¥59 million; Year ended June 2012: ¥— million

(2) Consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of June 30, 2013 | 5,755 | 4,447 | 77.3 | 16,883.87 |
| As of June 30, 2012 | 6,363 | 4,920 | 77.3 | 18,679.92 |

(Reference) Shareholders' equity: As of June 30, 2013: ¥4,447 million; As of June 30, 2012: ¥4,920 million

(3) Consolidated cash flow conditions

| | Cash flow from operating activities | Cash flow from investing activities | Cash flow from financing activities | Cash and cash equivalents at year-end |
|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|---------------------------------------|
| | Million yen | Million yen | Million yen | Million yen |
| Year ended June 30, 2013 | (588) | 3 | (142) | 1,984 |
| Year ended June 30, 2012 | 251 | (25) | (138) | 2,707 |

2. Dividends

| | Dividend per share | | | | | Total dividend payment | Dividend payout ratio (Consolidated) | Dividend to net asset ratio (Consolidated) |
|--------------------------------------|--------------------|----------|--------|------------|------------|------------------------|--------------------------------------|--|
| | Q1-end | Q2-end | Q3-end | Year-end | Annual | | | |
| Year ended June 30, 2012 | Yen — | Yen 0.00 | Yen — | Yen 500.00 | Yen 500.00 | Million 131 | % 48.7 | % 2.7 |
| Year ended June 30, 2013 | — | 0.00 | — | 500.00 | 500.00 | 131 | — | 2.8 |
| Year ending June 30, 2014 (Forecast) | — | 0.00 | — | 500.00 | 500.00 | | 52.7 | |

3. Forecast of consolidated financial results for the year ending June 30, 2014 (July 1, 2013 to June 30, 2014)

(Percentage represents year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | | EPS |
|------------|-------------|-------|------------------|---|-----------------|---|-------------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 2,600 | (2.8) | 20 | — | 20 | — | 12 | — | 45.56 |
| Full year | 6,000 | 2.2 | 400 | — | 400 | — | 250 | — | 949.13 |

*Matters to be noted:

(1) Changes in significant subsidiaries during the year (changes in specified subsidiaries resulting in change in the scope of consolidation): None

Newly added: None

Excluded: None

(2) Changes in Accounting Policies and Accounting Estimates/Restatements

(i) Changes in accounting policies due to revisions of accounting standards, etc.: Yes

(ii) Changes in accounting policies other than (i) above: None

(iii) Changes in accounting estimates: Yes

(iv) Restatements: None

(Note) Since the current consolidated fiscal year, the depreciation method has been changed for cases where it is difficult to distinguish between a change in accounting policies and a change in accounting estimates. For details, refer to Paragraph (5) "Matters to be noted regarding consolidated financial statements" of Section 4 "Consolidated Financial Statements" on page 19 of the attached document.

(3) Number of shares issued (common stock)

(i) Number of shares issued at year-end (including treasury stock)

| | | | |
|---------------------|---------|---------------------|---------|
| As of June 30, 2013 | 263,400 | As of June 30, 2012 | 263,400 |
| As of June 30, 2013 | Nil | As of June 30, 2012 | Nil |
| As of June 30, 2013 | 263,400 | As of June 30, 2012 | 263,400 |

(ii) Number of shares of treasury stock at year-end

(iii) Average number of shares during the full year

(Note) For the number of shares based on which EPS (consolidated) is calculated, please see "Per Share Information" on page 32 of the attachment.

(Reference) Summary of non-consolidated results of operations

1. Non-consolidated results of operations for the fiscal year ended June 30, 2013 (July 1, 2012 to June 30, 2013)

(1) Non-consolidated results of operations

(Percentage represents year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|--------------------------|-------------|------|------------------|--------|-----------------|--------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| Year ended June 30, 2013 | 5,870 | 12.0 | (660) | — | (635) | — | (397) | — |
| Year ended June 30, 2012 | 5,240 | 10.1 | 138 | (58.6) | 159 | (54.9) | 275 | 117.4 |

| | EPS | Fully diluted EPS |
|--------------------------|------------|-------------------|
| | Yen | Yen |
| Year ended June 30, 2013 | (1,509.96) | — |
| Year ended June 30, 2012 | 1,045.01 | — |

(2) Non-consolidated financial position

| | Total assets | Net assets | Shareholders' equity ratio | Net assets per share |
|---------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen |
| As of June 30, 2013 | 5,703 | 4,403 | 77.2 | 16,719.66 |
| As of June 30, 2012 | 6,373 | 4,931 | 77.4 | 18,721.18 |

(Reference) Shareholders' equity: As of June 30, 2013: ¥4,403 million; As of June 30, 2012: ¥4,931 million

2. Forecast of non-consolidated financial results for the year ending June 30, 2014 (July 1, 2013 to June 30, 2014)

(Percentage represents year-on-year change)

| | Net sales | | Operating income | | Ordinary income | | Net income | | EPS |
|------------|-------------|-------|------------------|---|-----------------|---|-------------|---|--------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| First half | 2,600 | (2.8) | 30 | — | 30 | — | 18 | — | 68.34 |
| Full year | 6,000 | 2.2 | 420 | — | 430 | — | 260 | — | 987.09 |

*Review of Financial Results

The review process of the summary of financial results for this period by the external auditors had not been completed at the time of disclosing this financial summary. Completion of such review is not required under the Financial Instruments and Exchange Act.

* Notes and explanations regarding the appropriate use of our earnings forecasts

The above-mentioned forecasts are based on the best information available at the time of writing. However, the actual results may differ from our forecasts due to unforeseen circumstances, changes in business trends, etc.

4. Consolidated Financial Statements

(1) Consolidated Balance Sheet

| | (Thousands of yen) | |
|---------------------------------------|---|--|
| | End of previous consolidated fiscal year (As of June 30, 2012) | End of the current consolidated fiscal year (As of June 30, 2013) |
| Assets-abstract | | |
| Current assets | | |
| Cash and deposits | 2,807,907 | 2,084,918 |
| Notes and accounts receivable | 814,045 | 689,100 |
| Merchandise and finished goods | * 1,095 | * 17,126 |
| Work in process | 474,665 | 554,118 |
| Raw materials and supplies | 4,266 | 5,685 |
| Deferred tax assets | 141,647 | 154,490 |
| Other | 92,326 | 54,847 |
| Allowance for doubtful accounts | (910) | (130) |
| Current assets | 4,335,043 | 3,560,157 |
| Noncurrent assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 308,109 | 310,596 |
| Accumulated depreciation | (140,334) | (149,993) |
| Buildings and structures, net | 167,775 | 160,602 |
| Land | 84,394 | 84,394 |
| Lease assets | 47,306 | 50,637 |
| Accumulated depreciation | (3,765) | (13,282) |
| Lease assets, net | 43,540 | 37,354 |
| Other | 290,337 | 293,319 |
| Accumulated depreciation | (258,847) | (269,045) |
| Other, net | 31,489 | 24,274 |
| Property, plant and equipment | 327,201 | 306,626 |
| Intangible assets | | |
| Software | 198,172 | 279,054 |
| Software in progress | — | 28,532 |
| Lease assets | 3,816 | 3,847 |
| Other | 3,806 | 3,806 |
| Intangible assets | 205,794 | 315,240 |
| Investments and other assets | | |
| Investment securities | 990,367 | 796,146 |
| Shares in subsidiaries and affiliates | — | 84,217 |
| Long-term loans receivable | 26,440 | 29,708 |
| Deferred tax assets | 24,815 | 198,386 |
| Other | 548,924 | 560,836 |
| Allowance for doubtful accounts | (95,566) | (96,064) |
| Investments and other assets | 1,494,981 | 1,573,231 |
| Noncurrent assets | 2,027,977 | 2,195,098 |
| Assets | 6,363,021 | 5,755,256 |

| | (Thousands of yen) | |
|---|---|--|
| | End of previous consolidated fiscal year (As of June 30, 2012) | End of the current consolidated fiscal year (As of June 30, 2013) |
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable | 616,728 | 376,791 |
| Lease obligations | 9,263 | 10,086 |
| Income taxes payable | — | 2,339 |
| Provision for bonuses | 164,463 | 164,506 |
| Provision for loss on order received | 19,350 | 80,560 |
| Other | 337,371 | 373,037 |
| Current liabilities | 1,147,177 | 1,007,320 |
| Noncurrent liabilities | | |
| Lease obligations | 34,830 | 28,514 |
| Provision for retirement benefits | 158,297 | 170,317 |
| Provision for directors' retirement benefits | 39,260 | 43,870 |
| Asset retirement obligations | 41,510 | 42,142 |
| Other | 21,656 | 15,881 |
| Noncurrent liabilities | 295,554 | 300,724 |
| Liabilities | 1,442,731 | 1,308,045 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 843,750 | 843,750 |
| Capital surplus | 559,622 | 559,622 |
| Retained earnings | 3,346,125 | 2,865,337 |
| Shareholders' equity | 4,749,497 | 4,268,709 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for- sale securities | 197,568 | 199,789 |
| Foreign currency translation adjustment | (26,775) | (21,288) |
| Valuation and translation adjustments | 170,792 | 178,501 |
| Net assets | 4,920,290 | 4,447,210 |
| Liabilities and net assets | 6,363,021 | 5,755,256 |

(2) Consolidated Income Statement and Consolidated Comprehensive Income Statement
Consolidated Income Statement

(Thousands of yen)

| | Previous consolidated fiscal year (July 1, 2011 to June 30, 2012) | Current consolidated fiscal year (July 1, 2012 to June 30, 2013) |
|---|---|--|
| Net sales | 5,241,928 | 5,870,523 |
| Cost of sales | * 3,867,451 | * 5,397,069 |
| Gross profit | 1,374,476 | 473,454 |
| Selling, general and administrative expenses | | |
| Advertising expenses | 23,287 | 26,207 |
| Provision of allowance for doubtful accounts | (1,012) | (1,881) |
| Directors' compensations | 50,950 | 44,097 |
| Salaries and allowances | 522,865 | 479,290 |
| Bonuses | 107,099 | 75,164 |
| Provision for bonuses | 44,164 | 38,083 |
| Retirement benefit expenses | 20,412 | 19,487 |
| Provision for directors' retirement benefits | 4,845 | 4,610 |
| Welfare expenses | 79,241 | 79,641 |
| Traveling and transportation expenses | 32,935 | 29,836 |
| Communication expenses | 7,466 | 13,074 |
| Supplies expenses | 14,098 | 17,363 |
| Depreciation | 24,441 | 17,022 |
| Rent expenses | 73,409 | 63,921 |
| Compensations | 35,428 | 32,444 |
| Business consignment expenses | 47,145 | 41,744 |
| Research and development expenses | 12,701 | 9,120 |
| Other | 143,240 | 162,065 |
| Selling, general and administrative expenses | * 1,242,721 | * 1,151,293 |
| Operating income (loss) | 131,754 | (677,839) |
| Non-operating income | | |
| Interest income | 602 | 1,023 |
| Dividends income | 18,136 | 22,846 |
| Foreign exchange gains | 1,178 | 3,026 |
| Equity in income of affiliated companies | — | 59,537 |
| Other | 8,638 | 9,644 |
| Non-operating income | 28,556 | 96,077 |
| Non-operating expenses | | |
| Interest expenses | — | 223 |
| Commitment fee | 4,753 | 4,907 |
| Other | 959 | 190 |
| Non-operating expenses | 5,712 | 5,321 |
| Ordinary income (loss) | 154,598 | (587,082) |

(Thousands of yen)

| | Previous consolidated fiscal year (July 1, 2011 to June 30, 2012) | Current consolidated fiscal year (July 1, 2012 to June 30, 2013) |
|--|---|--|
| Extraordinary income | | |
| Gain on sale of investment securities | — | 67,470 |
| Gain on liquidation of investment securities | 5,206 | — |
| Gain on insurance cancellation | 15,076 | — |
| Extraordinary income | 20,283 | 67,470 |
| Extraordinary loss | | |
| Loss on sales of noncurrent assets | 19,563 | — |
| Loss on retirement of noncurrent assets * | 25 * | 124 |
| Loss on valuation of investment securities | — | 16,144 |
| Other | 50 | — |
| Extraordinary loss | 19,639 | 16,268 |
| Income (loss) before income taxes | 155,242 | (535,880) |
| Income taxes-current | 1,069 | 852 |
| Income taxes for prior periods | 9,641 | — |
| Income taxes-deferred | (125,958) | (187,644) |
| Income taxes | (115,248) | (186,792) |
| Income before minority interests (loss) | 270,490 | (349,088) |
| Net income (loss) | 270,490 | (349,088) |

(3) Consolidated Statements of Changes in Shareholders' Equity

| | (Thousands of yen) | |
|--|---|--|
| | Previous consolidated fiscal year (July 1, 2011 to June 30, 2012) | Current consolidated fiscal year (July 1, 2012 to June 30, 2013) |
| Shareholders' equity | | |
| Capital stock | | |
| Capital stock | 843,750 | 843,750 |
| Capital stock | 843,750 | 843,750 |
| Capital surplus | | |
| Capital surplus | 559,622 | 559,622 |
| Capital surplus | 559,622 | 559,622 |
| Retained earnings | | |
| Retained earnings | 3,248,435 | 3,346,125 |
| Changes of items during the period | | |
| Dividends from surplus | (131,700) | (131,700) |
| Increase (decrease) by exclusion of subsidiaries from consolidation | (41,100) | — |
| Net income (loss) | 270,490 | (349,088) |
| Total changes of items during the period | 97,689 | (480,788) |
| Retained earnings | 3,346,125 | 2,865,337 |
| Total shareholders' equity | | |
| Shareholders' equity | 4,651,807 | 4,749,497 |
| Changes of items during the period | | |
| Dividends from surplus | (131,700) | (131,700) |
| Increase (decrease) by exclusion of subsidiaries from consolidation | (41,100) | — |
| Net income (loss) | 270,490 | (349,088) |
| Total changes of items during the period | 97,689 | (480,788) |
| Shareholders' equity | 4,749,497 | 4,268,709 |
| Valuation and translation adjustments | | |
| Valuation difference on available-for-sale securities | | |
| Valuation difference on available-for-sale securities | 119,355 | 197,568 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 78,212 | 2,221 |
| Total changes of items during the period | 78,212 | 2,221 |
| Valuation difference on available-for-sale securities | 197,568 | 199,789 |

| | (Thousands of yen) | |
|--|---|--|
| | Previous consolidated fiscal year (July 1, 2011 to June 30, 2012) | Current consolidated fiscal year (July 1, 2012 to June 30, 2013) |
| Foreign currency translation adjustment | | |
| Foreign currency translation adjustment | (65,352) | (26,775) |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 38,576 | 5,487 |
| Total changes of items during the period | 38,576 | 5,487 |
| Foreign currency translation adjustment | (26,775) | (21,288) |
| Total valuation and translation adjustments | | |
| Valuation and translation adjustments | 54,003 | 170,792 |
| Changes of items during the period | | |
| Net changes of items other than shareholders' equity | 116,788 | 7,708 |
| Total changes of items during the period | 116,788 | 7,708 |
| Valuation and translation adjustments | 170,792 | 178,501 |
| Net assets | | |
| Net assets | 4,705,811 | 4,920,290 |
| Changes of items during the period | | |
| Dividends from surplus | (131,700) | (131,700) |
| Increase (decrease) by exclusion of subsidiaries from consolidation | (41,100) | — |
| Net income (loss) | 270,490 | (349,088) |
| Net changes of items other than shareholders' equity | 116,788 | 7,708 |
| Total changes of items during the period | 214,478 | (473,079) |
| Net assets | 4,920,290 | 4,447,210 |

(4) Consolidated Cash Flow Statement

| | (Thousands of yen) | |
|--|---|--|
| | Previous consolidated fiscal year (July 1, 2011 to June 30, 2012) | Current consolidated fiscal year (July 1, 2012 to June 30, 2013) |
| Net cash provided by (used in) operating activities | | |
| Income (loss) before income taxes | 155,242 | (535,880) |
| Depreciation and amortization | 106,656 | 131,045 |
| Increase (decrease) in allowance for doubtful accounts | (1,132) | (281) |
| Increase (decrease) in provision for bonuses | 87,634 | 42 |
| Increase (decrease) in provision for loss on order received | 19,350 | 61,210 |
| Increase (decrease) in provision for directors' bonuses | (12,813) | — |
| Increase (decrease) in provision for loss on business of subsidiaries and affiliates | (12,048) | — |
| Increase (decrease) in provision for retirement benefits | 12,536 | 12,020 |
| Increase (decrease) in provision for directors' retirement benefits | (18,867) | 4,610 |
| Loss (gain) on cancellation of insurance contract | (15,076) | — |
| Loss(gain) on liquidation of investment securities | (5,206) | — |
| Interest and dividends income | (18,739) | (23,869) |
| Equity in income of affiliated companies | — | (59,537) |
| Loss (gain) on investments in partnership | (152) | — |
| Interest expenses | — | 223 |
| Commitment fee | 4,753 | 4,907 |
| Loss (gain) on sales of noncurrent assets | 19,563 | — |
| Loss on retirement of noncurrent assets | 25 | 124 |
| Loss (gain) on sale of investment securities | — | (67,470) |
| Loss (gain) on valuation of investment securities | — | 16,144 |
| Decrease (increase) in notes and accounts receivable | 8,374 | 152,896 |
| Decrease (increase) in inventories | (358,205) | (96,903) |
| Increase (decrease) in notes and accounts payable | 354,646 | (243,519) |
| Other, net | 74,600 | (11,564) |
| Subtotal | 401,141 | (655,803) |
| Interest and dividends income received | 18,763 | 23,696 |
| Interest expenses paid | — | (223) |
| Commitment fee paid | (4,753) | (4,907) |
| Income taxes refund | — | 52,070 |
| Income taxes paid | (163,401) | (3,213) |
| Net cash provided by (used in) operating activities | 251,750 | (588,381) |

| | (Thousands of yen) | |
|--|---|--|
| | Previous consolidated fiscal year (July 1, 2011 to June 30, 2012) | Current consolidated fiscal year (July 1, 2012 to June 30, 2013) |
| Net cash provided by (used in) investing activities | | |
| Payments into time deposits | (100,000) | (100,000) |
| Proceeds from withdrawal of fixed deposits | 101,514 | 100,000 |
| Purchase of investment securities | (653) | (129,475) |
| Proceeds from sale of investment securities | — | 368,049 |
| Proceeds from distribution of investment in partnerships | 3,273 | — |
| Purchase of shares in affiliates | — | (14,250) |
| Proceeds from sales of property, plant and equipment | 64,066 | — |
| Purchase of property, plant and equipment | (13,184) | (11,552) |
| Purchase of intangible assets | (144,158) | (195,795) |
| Proceeds from liquidation of investment securities | 65,025 | — |
| Payments for lease and guarantee deposits | (144) | (72) |
| Proceeds from collection of lease and guarantee deposits | 218 | 504 |
| Purchase of insurance funds | (26,953) | (11,169) |
| Proceeds from cancellation of insurance funds | 27,183 | — |
| Other, net | (1,219) | (2,968) |
| Net cash provided by (used in) investing activities | (25,031) | 3,270 |
| Net cash provided by (used in) financing activities | | |
| Increase in short-term loans payable | — | 500,000 |
| Decrease in short-term loans payable | — | (500,000) |
| Payment of lease obligations | (5,862) | (9,645) |
| Cash dividends paid | (132,558) | (132,498) |
| Net cash provided by (used in) financing activities | (138,421) | (142,144) |
| Effect of exchange rate change on cash and cash equivalents | (4,869) | 4,266 |
| Net increase (decrease) in cash and cash equivalents | 83,428 | (722,988) |
| Cash and cash equivalents | 2,681,021 | 2,707,907 |
| Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation | (56,542) | — |
| Cash and cash equivalents | *1 2,707,907 | *1 1,984,918 |