

The 2nd finance year

Financial Statement

September 1st 2008 - August 31st 2009

iWave Japan, Inc.

Balance Sheet

iWave Japan, Inc.

President: Osamu Kanno

As of : August, 31st, 2009

Unit: JPY)

Assets

Current Assets	(54,850,215)
Cash and Deposit	49,294,700
Account Receivable	5,392,800
Prepaid Expenses	188,920
Accrued Corporate Income Taxes	6,151
Allowance for Doubtful Accounts	32,356

Fixed Assets	(1,673,648)
Tangible Fixed Assets	(403,385)
Tools / Equipment and others	403,385

Intangible Fixed Assets	(0)
--------------------------------	-------

Investments and other Assets	(1,270,263)
Deposit as Key Money	443,200
Long term Prepaid Expenses	827,063

Deferred Assets	(1,028,637)
	1,028,637

Total Assets	57,552,500
---------------------	-------------------

Liabilities

Current Liabilities	(20,242,386)
Short Term Debt	15,210,998
Refund of Long Term Debt	4,500,000
Accrued Corporate Income Taxes	180,000
Accrued Excise Tax and Others	166,500
Money in Custody	184,888

Fixed Liabilities	(21,875,000)
Long-Term Debt	21,875,000

Total Liabilities	(42,117,386)
--------------------------	-----------------------

Net Assets	
Share Holder Assets (15,435,114)	
1. Capital	30,000,000

2. Capital Surplus	(0)
--------------------	-------

3. Earned Surplus (14,564,886)	
(1) Other Surplus (-14,564,886)	
Deferred Profit surplus	14,564,886

valuation and translation adjustments	(0)
--	-------

New Stock Acquisition	(0)
------------------------------	-------

Net Asset Sub Total	15,435,114
Liabilities and New Assets	57,552,500

Profit and Loss Statement

iWave Japan, Inc.

From : September 1 2008

To : August 31,2009
(unit: jpy)

Sale				
Sale	79,512,950	79,512,950	79,512,950	
Cost of Sales				
Outsourcing cost	49,984,499	49,984,499		
Total		49,984,499		
		0	49,984,499	
Sales Net Profit			29,528,451	
Selling and General Administrative Expenses				
Selling and General Administrative Expenses Ordinary Loss		34,421,807	34,421,807	
			4,893,356	
Non-operating Interest Received		30,777		
Miscellaneous Income		938,820	969,597	
Non-operating Expenses Interest Paid		411,346		
Deferred assets Repayment		257,159	668,505	
Ordinary Loss			4,592,264	
Extraordinary Profit				
Extraordinary Profit		0	0	
Extraordinary Loss				
Extraordinary Loss		0	0	
Net Loss Before Tax			4,592,264	
Corporate Tax/Inhabitant Tax		180,000	180,000	
Net Loss			4,772,264	

Sales/General and Admi Expenses Break up

From : September. 1 2008	
To : Aug.ust 31 2009	
(JPY)	
Engineers' Salary	12,482,003
Engineers' Travel	1,835,473
Advertisement	285,000
Courie	962,514
Meeting Charge	43,965
Directors' remuneration	3,000,000
Administrative staff salary	3,696,800
Legal welfare	3,195,661
Public welfare	47,756
Depreciation	434,620
Office Rent	1,956,459
Repairment	125,440
Stationary	76,688
Communications	906,472
Water / Electricity	310,165
Sundry taxas	996,000
Entertainment cost	63,438
Insurance	20,000
Equipment not capitalized	541,619
Management fee	2,471,500
News paper / periodicals	48,571
Allowance for doubtful accounts	32,356
Miscellaneous	889,307
Total	34,421,807