

**Summary of Consolidated Financial Results
for the First Nine Months of the Fiscal Year Ending March 31, 2006**

February 10, 2006

Company name: Elmic Wescom, Inc.

(Stock code: 4770/TSE Mothers Market)

(URL <http://www.elwsc.co.jp/>)

TEL: +81-(0)-45-650-4500

Contact: Kazuya Murashima, President

Kimio Ando, Chief Administrative Officer

1. Notes on Preparation of Quarterly Consolidated Financial Information

1) Accounting standards for the preparation of quarterly consolidated financial statements:

The Standards for Interim Financial Statements

2) Changes in accounting principles applied from the most recent consolidated fiscal year: None

3) Changes in scope of consolidation and application of equity method: Yes

Affiliates accounted for under the equity method (excluded): 1

4) Audited by independent accountants: Yes

The quarterly consolidated financial statements audited in accordance with the supplementary provisions "Standards of Auditors' Opinion for the Quarterly Financial Statements" of the "Instructions for the Application of the Regulations for Timely Disclosure of Corporate Information by Issuers of Listed Securities" as set by the Tokyo Stock Exchange.

2. Consolidated Quarterly Financial Results (From April 1, 2005 to December 31, 2005)

(1) Financial Results

(All amounts are rounded down to the nearest million yen)

	Net sales		Operating income		Ordinary income	
	Million yen	%	Million yen	%	Million yen	%
Nine months ended Dec. 2005	1,016	22.0	(107)	-	(108)	-
Nine months ended Dec. 2004	832	(29.5)	(65)	-	(56)	-
(Reference) Fiscal year ended Mar. 2005	1,254	(27.6)	(21)	-	2	-

	Net income		Net income per share (basic)	Net income per share (diluted)
	Million yen	%	Yen	Yen
Nine months ended Dec. 2005	(213)	-	(41.50)	-
Nine months ended Dec. 2004	(389)	-	(80.89)	-
(Reference) Fiscal year ended Mar. 2005	(590)	-	(122.55)	-

Note: Percentages for net sales and operating income and other figures represent year-on-year percentage change.

Qualitative Information Regarding Financial Results

During the first three quarters of the fiscal year, stock prices in Japan rose against a backdrop of a generally stable political situation and strong consumer spending brought an end to deflationary trends. The result was a major shift in the economic environment. Although there has been no direct positive impact on manufacturing-related capital expenditures, there are signs of an upturn. In the IT industry, where the Group conducts its operations,

market conditions remain challenging. In particular, companies are still reluctant to make capital expenditures involving ubiquitous information products, with work on such products only in the R&D stage.

Regarding multi-purpose communication products, demand of communication boards used in semiconductor and LCD production equipment is declining following a recent peak. In addition, manufacturers are shifting some capital expenditures from the current fiscal year to next year. The result was a 49.7% drop in net sales to 126 million yen. Based on its view that the market for these communication boards is shrinking, the Group is transferring resources to Internet-related products. However, there are still no signs of acceleration in the switch from serial communications to TCP/IP. In the ISDN board category, demand for boards for POS systems was about the same as one year earlier, and the Group expects no significant change in demand. The result was a 9.9% decrease in net sales to 30 million yen.

In the Internet protocol sector, the Group's KASAGO sales campaign that began at the start of the fiscal year succeeded in raising the number of customers using this technology. The Group is beginning to receive royalties associated with the launch of products by these customers, as well as from the start of horizontal expansion of applications for KASAGO. Despite these favorable trends, net sales increased 7.3% to 152 million yen from one year earlier. The Group believes that KASAGO has excellent prospects for growth in the next fiscal year. UPnP, a product developed earlier in this fiscal year, and SIP are also contributing to growth in Internet-related sales by broadening the scope of TCP/IP sales.

In the real-time OS sector, the use of the Group's OS (ELX) is declining. Other Group software products are combined with software other than its own OS in many instances. As a result, KASAGO and other software products are being used with an increasingly diverse range of operating systems, including ITRON. Actual work mainly entails consulting services that include system integration. Sales of iNHERITOR (a replacement for FC98), which incorporates ELX, have been strong. Overall, net sales in this sector decreased 27.7% to 27 million yen.

In the system integration (customization) sector, there was an increase in sales from outsourced system integration services, including the development of drivers, associated with evaluations and product installations for customers' systems. The KASAGO sales campaign also contributed to this growth. The result was a 17.8% increase in sector sales to 302 million yen. The Group uses its product installation and other system integration services to meet the expectations of customers while gathering ideas for options and other products to offer in the future. The Group is therefore using these activities to enlarge its product lineup by developing new products. In the current fiscal year, the Group began selling an ITRON version of DiXiM, a DLNA (Digital Living Network Alliance) product of DigiOn, Inc.

In the system solutions (custom development) sector, performance benefited from the merger as a number of large orders were received from new customers as well as customers of the former Elmic Systems. Synergies from the merger are thus becoming increasingly evident, and are expected to begin contributing to sales in the fourth quarter. During the first three quarters, a program was started to share KASAGO and other technologies across the entire company. In all, net sales in this sector totaled 256 million yen.

Due to the above items, consolidated net sales in the first three quarters increased 22.0% to 1,016 million yen, there was an operating loss of 107 million yen, ordinary loss of 108 million yen and net loss of 213 million yen.

Status of development and sales performance

The Group continues to make progress in releasing major products sold as options in conjunction with the development of IPv6. This gives the Group greater flexibility in meeting the demands of customers. Although UPnP is the brand of another company, the Group has revised this technology for use in embedded systems and started selling it as a product to perform specific functions. In addition, work has started on developing a version that covers all functions.

The Group has completed development and started sales of GEM300, a communication software product for semiconductor production equipment using 300mm wafers.

Sales by product category

(Millions of yen)

Product category			FY3/05 Q3		FY3/06 Q3		YoY change (%)	FY3/05 Full-year	
Category		Product	Sales	Share (%)	Sales	Share (%)		Sales	Share (%)
Manufactured products	1	Communications	285	34.3	157	15.5	(45.0)	376	30.0
	2	Internet protocol	142	17.1	152	15.0	7.3	223	17.9
	3	Real-time OS	38	4.6	27	2.7	(27.7)	50	4.0
	4	System integration (customization)	256	30.8	302	29.8	17.8	454	36.3
	5	System solutions (custom development)	-	-	256	25.2	-	-	-
Total manufactured products			723	86.8	896	88.2	24.0	1,105	88.2
Purchased products	6	Others	109	13.2	119	11.8	9.2	148	11.8
Total			832	100.0	1,016	100.0	22.0	1,254	100.0

(2) Financial Position

(All amounts are rounded down to the nearest million yen)

	Total assets	Shareholders' equity	Shareholders' equity ratio	Shareholders' equity per share
	Million yen	Million yen	%	Yen
As of December 31, 2005	2,501	2,062	82.5	384.64
As of December 31, 2004	2,690	2,350	87.4	488.09
(Reference) As of March 31, 2005	2,463	2,134	86.6	443.19

(3) Cash Flow Position

(All amounts are rounded down to the nearest million yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Nine months ended Dec. 2005	(103)	(71)	5	1,122
Nine months ended Dec. 2004	183	(104)	(35)	1,297
(Reference) Fiscal year ended Mar. 2005	214	(180)	(36)	1,252

Qualitative Information Regarding Financial Position**Cash Flow Position, etc.**

Cash and cash equivalents as of December 31, 2005 amounted to 1,122 million yen, 130 million yen less than at the end of the prior fiscal year. Cash was provided by a 54 million yen decrease in trade notes and accounts receivables (down 83.0% year-on-year), proceeds from new stock issuance of 41 million yen, and transfer of capital resulting from merger of 37 million yen. Major uses of cash were a net loss before income taxes of 120 million yen (188 million yen loss one year earlier), trade accounts payable decreased 43 million yen (down 50.8%), payments for acquisition of investment securities were 62 million yen (down 71.0%), cash dividends paid was 36 million yen (up 0.2%), and other items.

Cash flows by category in the current nine-month period were as follows.

Cash flows from operating activities

Net cash used in operating activities was 103 million yen, compared to net cash provided of 183 million yen one year earlier.

Major items included a decrease in trade note and accounts receivables of 54 million yen, insurance reimbursement of 87 million yen, loss before income taxes of 120 million yen, increase in inventories of 50 million yen, and a 43 million yen decrease in trade accounts payable.

Cash flows from investing activities

Net cash used in investing activities decreased 31.7% year-on-year to 71 million yen.

This was due to the payment of 62 million yen for acquisition of investment securities.

Cash flows from financing activities

Net cash provided by financing activities was 5 million yen, compared to net cash used of 35 million yen one year earlier.

This was due to cash dividends paid of 36 million yen and proceed from new stock issuance of 41 million yen.

3. Forecast for the Fiscal Year Ending March 2006 (From April 1, 2005 to March 31, 2006)

(All amounts are rounded down to the nearest million yen)

	Net sales	Ordinary income	Net income
	Million yen	Million yen	Million yen
Full year	1,709	23	(79)

Reference: Estimated net income per share for the full year: 14.73 yen

Qualitative Information Regarding Forecast

A number of actions have been taken since the July 1, 2005 merger of Elmic Systems and Wescom in order to use the combined resources of the two companies more efficiently. In particular, operating expenses have been cut by eliminating redundant operations and the larger lineup of products and services has made it possible to expand sales and marketing activities. At the end of the third quarter, which is well beyond this fiscal year's midway point, concrete benefits (in terms of sales) of the merger are emerging. Furthermore, the merger is making it possible to conduct a broader spectrum of business activities and capture orders from new customers.

Fiscal year outlook by product category

In November 2005, the Group made minor revisions to its sales and earnings forecasts that were announced at the beginning of the fiscal year due to projected non-operating expenses and extraordinary losses associated with the merger. No revisions have been made since then. With regard to general-purpose and ISDN communication boards, the Group believes there will be no significant changes relative to its initial forecasts because of the lackluster capital expenditures by manufacturers. Internet-related sales, which mainly represent the KASAGO TCP/IP and associated software, are increasing. This growth includes system integration orders that include many elements. In system solutions (custom development projects), the Group expects that sales and earnings will be stable since most of this business comes from large manufacturers of electrical equipment.

As has been explained in other releases, the Group records a large share of its annual sales near the end of each fiscal year due to the nature of its operations. The reason is that large manufacturers of electrical equipment and other manufacturers tend to place orders with fiscal year end deliveries due to the timing of their procurement budgets. Consequently, every fiscal year, net sales recorded in each quarter are affected by seasonal factors.

4. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets

(Thousands of yen)

Account	FY2004 3rd Qtr. As of December 31, 2004		FY2005 3rd Qtr. As of December 31, 2005		FY2004 Selected data As of March 31, 2005	
	Amounts	%	Amounts	%	Amounts	%
Assets						
I Current assets						
1. Cash and deposits	211,373		180,310		166,372	
2. Notes and accounts receivable - trade	364,064		417,582		410,762	
3. Securities	1,086,272		941,866		1,086,333	
4. Inventories	170,969		155,070		92,753	
5. Other current assets	177,673		132,334		76,456	
Reserve for doubtful receivables	(38,181)		(243)		(179)	
Total current assets	1,972,172	73.3	1,826,920	73.0	1,832,498	74.4
II Fixed assets						
1. Property, plant and equipment	18,789		101,345		17,449	
2. Intangible assets	105,642		105,982		112,983	
3. Investments and other assets						
(1) Investment securities	324,506		421,721		416,546	
(2) Claim in bankruptcy	-		240,554		241,613	
(3) Other assets	351,461		45,607		80,976	
Reserve for doubtful receivables	(82,018)		(240,379)		(238,429)	
Total fixed assets	718,381	26.7	674,832	27.0	631,141	25.6
Total assets	2,690,553	100.0	2,501,753	100.0	2,463,640	100.0

(Thousands of yen)

Account	FY2004 3rd Qtr. As of December 31, 2004		FY2005 3rd Qtr. As of December 31, 2005		FY2004 Selected data As of March 31, 2005	
	Amounts	%	Amounts	%	Amounts	%
Liabilities						
I Current liabilities						
1. Accounts payable - trade	38,556		51,206		69,072	
2. Income taxes payable	9,826		6,278		13,592	
3. Reserve for accrued bonuses	24,132		22,764		31,782	
4. Other current liabilities	93,349		87,615		35,873	
Total current liabilities	165,865	6.1	167,864	6.7	150,321	6.1
II Long-term liabilities						
1. Corporate bonds	-		42,000		-	
2. Reserve for employees' retirement benefits	-		31,349		484	
3. Reserve for directors' retirement benefits	168,929		181,810		171,229	
4. Other long-term liabilities	-		10,803		-	
Total long-term liabilities	168,929	6.3	265,963	10.6	171,714	7.0
Total liabilities	334,795	12.4	433,827	17.3	322,036	13.1
Minority interests						
Minority interests	5,230	0.2	5,283	0.2	7,333	0.3
Shareholders' equity						
I Common stock	1,160,041	43.1	1,202,036	48.1	1,160,041	47.1
II Capital surplus	1,459,152	54.2	1,051,675	42.0	1,459,152	59.2
III Retained earnings	(91,494)	(3.4)	(190,786)	(7.6)	(292,094)	(11.9)
IV Net unrealized gain (loss) on other securities	8,013	0.3	15,527	0.6	(7,607)	(0.3)
V Treasury stock	(185,184)	(6.8)	(15,810)	(0.6)	(185,220)	(7.5)
Total shareholders' equity	2,350,527	87.4	2,062,642	82.5	2,134,270	86.6
Total liabilities, minority interests and shareholders' equity	2,690,553	100.0	2,501,753	100.0	2,463,640	100.0

(2) Consolidated Statements of Income

(Thousands of yen)

Account	FY2004 3rd Qtr. Apr. 1 - Dec. 31, 2004		FY2005 3rd Qtr. Apr. 1 - Dec. 31, 2005		FY2004 Selected data Apr. 1, 2004 – Mar. 31, 2005				
	Amounts	%	Amounts	%	Amounts	%			
I Net sales		832,777	100.0		1,016,340	100.0		1,254,501	100.0
II Cost of sales		455,093	54.6		592,070	58.3		667,803	53.2
Gross profit		377,684	45.4		424,270	41.7		586,697	46.8
III SG&A		443,633	53.3		532,081	52.3		608,072	48.5
Operating loss		65,948	(7.9)		107,811	(10.6)		21,374	(1.7)
IV Non-operating income									
1. Interest income	6,797			13,304			11,287		
2. Dividend income	110			152			110		
3. Equity in earnings of affiliates	-			-			7,739		
4. Gain on anonymous partnerships	4,285			-			4,285		
5. Other non-operating income	3,104	14,296	1.7	3,488	16,945	1.6	3,539	26,960	2.2
V Non-operating expenses									
1. Interest expenses	-			356			-		
2. Equity in loss of affiliates	4,373			13,358			-		
3. New stock issue expenses	-			595			-		
4. Investment partnership losses	-			3,212			-		
5. Additional taxes	-			-			3,054		
6. Foreign exchange losses	426			-			394		
7. Other non-operating expenses	-	4,800	0.6	47	17,569	1.7	-	3,449	0.3
Ordinary income (loss)		(56,452)	(6.8)		(108,435)	(10.7)		2,136	0.2
VI Extraordinary gains									
1. Gain on reversal from doubtful receivables	99			-			-		
2. Gain on cancellation of leveraged lease	49,179			-			49,179		
3. Insurance reimbursement	-			54,750			-		
4. Gain on sales of investment securities	3,980	53,258	6.4	-	54,750	5.4	3,980	53,159	4.2
VII Extraordinary loss									
1. Loss on removal of fixed assets	22,740			9,830			22,861		
2. Loss on revaluation of investment securities	-			229			-		
3. Loss on revaluation of membership	900			700			900		
4. Provision of reserve for doubtful receivables	118,634			1,633			236,944		
5. Loss on revaluation of inventories	18,492			-			34,601		
6. Merger expenses	-			38,453			-		
7. Condolence payment for director	-			15,619			-		
8. Head office relocation expenses	24,482	185,250	22.2	-	66,466	6.5	24,482	319,790	25.5
Net loss before income taxes		188,444	(22.6)		120,151	(11.8)		264,494	(21.1)
Income taxes -current	4,528			4,911			5,993		
Income taxes - deferred	198,369	202,898	24.4	90,706	95,617	9.4	319,351	325,344	25.9
Minority interests		(1,776)	(0.2)		(2,049)	(0.2)		326	0.0
Net loss		389,566	(46.8)		213,719	(21.0)		590,166	(47.0)

(3) Consolidated Statements of Retained Earnings

(Thousands of yen)

Account	FY2004 3rd Qtr. Apr. 1 - Dec. 31, 2004		FY2005 3rd Qtr. Apr. 1 - Dec. 31, 2005		FY2004 Selected data Apr. 1, 2004 – Mar. 31, 2005	
	Amounts		Amounts		Amounts	
Capital surplus						
I Capital surplus at beginning of period		1,459,152		1,459,152		1,459,152
II Decrease in capital surplus						
1. Cash dividends	-		36,117		-	
2. Compensation for undisposed deficit for the period	-		315,027		-	
3. Loss on disposal of treasury stock	-	-	56,331	407,476	-	-
III Capital surplus at end of the period		1,459,152		1,051,675		1,459,152
Retained earnings						
I Retained earnings (losses) at beginning of period		334,189		(292,094)		334,189
II Increase in retained earnings						
1. Reversal of other capital surplus	-	-	315,027	315,027	-	-
III Decline in retained earnings						
1. Cash dividends	36,117		-		36,117	
2. Net loss	389,566	425,684	213,719	213,719	590,166	626,284
IV Retained earnings (losses) at end of period		(91,494)		(190,786)		(292,094)

(4) Consolidated Statements of Cash Flows

(Thousands of yen)

	FY2004 3rd Qtr. Apr. 1 - Dec. 31, 2004	FY2005 3rd Qtr. Apr. 1 - Dec. 31, 2005	FY2004 Selected data Apr. 1, 2004 – Mar. 31, 2005
Account	Amounts	Amounts	Amounts
I Cash flows from operating activities			
Net income (loss) before income taxes	(188,444)	(120,151)	(264,494)
Depreciation and amortization	59,469	59,456	76,885
Amortization of long-term prepaid expenses	160	414	208
Equity in losses (earnings) of affiliates	4,373	13,358	(7,739)
Increase in reserve for doubtful receivables	118,535	1,633	236,944
Decrease in reserve for accrued bonuses	(21,559)	(9,018)	(13,909)
Increase in reserve for employees' retirement benefits	-	1,658	484
Increase in reserve for directors' retirement benefits	7,430	10,580	9,730
Interest and dividend income	(6,907)	(13,457)	(11,397)
Interest expenses	-	356	-
Gain on anonymous partnerships	(4,285)	-	(4,285)
Foreign exchange gain (loss)	50	(363)	(57)
Loss on investment partnership	-	3,212	-
Gain on cancellation of leveraged lease	(49,179)	-	(49,179)
Gain on sales of investment securities	(3,980)	-	(3,980)
Insurance reimbursement	-	(54,750)	-
Loss on removal of fixed assets	22,740	9,830	22,861
Loss on revaluation of investment securities	-	229	-
Loss on revaluation of membership	900	700	900
Decrease in notes and accounts receivable - trade	322,487	54,913	264,059
Decrease (increase) in inventories	(54,354)	(50,752)	23,861
Condolence payment for director	-	15,619	-
Decrease in accounts payable - trade	(88,484)	(43,518)	(57,968)
Decrease (increase) in other assets	12,351	(54,748)	(10,997)
Increase (decrease) in other liabilities	65,623	(5,597)	8,553
Increase in accrued consumption taxes -receivable	(2,016)	-	-
Increase (decrease) in accrued consumption taxes -payable	(13,687)	1,907	(11,768)
Subtotal	181,224	(178,486)	208,712
Interests and dividends received	8,497	16,671	13,100
Interests paid	-	(346)	-
Insurance received	-	87,435	-
Payment for condolence money to director	-	(15,619)	-
Income taxes paid	(6,360)	(12,694)	(7,342)
Net cash provided by (used in) operating activities	183,361	(103,039)	214,469

(Thousands of yen)

	FY2004 3rd Qtr. Apr. 1 - Dec. 31, 2004	FY2005 3rd Qtr. Apr. 1 - Dec. 31, 2005	FY2004 Selected data Apr. 1, 2004 – Mar. 31, 2005
Account	Amounts	Amounts	Amounts
II Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	(8,669)	(226)	(8,669)
Payments for acquisition of intangible assets	(21,359)	(24,036)	(44,849)
Payments for acquisition of investment securities	(214,048)	(62,060)	(314,048)
Gain on sales of investment securities	105,980	-	105,980
Proceeds of cancelled equity	-	-	47,613
Payments for long-term loans receivable	-	(204)	-
Proceeds from collection of long-term loans	625	6,327	760
Proceeds from collection of long-term accounts receivable - other	25,794	-	25,794
Proceeds from return of leasehold and security deposits	24,559	9,438	24,679
Payments for leasehold and security deposits	(16,006)	-	(16,006)
Payments for other investing activities	(1,495)	(680)	(1,897)
Net cash used in investing activities	(104,618)	(71,442)	(180,642)
III Cash flows from financing activities			
Proceeds from new stock issuance	-	41,994	-
Payments for acquisition of treasury stock	-	-	(36)
Cash dividends paid	(35,934)	(36,005)	(36,031)
Net cash provided by (used in) financing activities	(35,934)	5,989	(36,067)
IV Effect of exchange rate changes on cash and cash equivalents	(50)	363	57
V Increase (decrease) in cash and cash equivalents	42,757	(168,129)	(2,182)
VI Cash and cash equivalents at beginning of period	1,254,887	1,252,705	1,254,887
VII Increase in cash and cash equivalents resulting from merger	-	37,599	-
VIII Cash and cash equivalents at end of period	1,297,645	1,122,176	1,252,705