

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

August 10, 2005

Company name: Elmic Wescom, Inc.

(Stock code: 4770/TSE Mothers Market)

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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: None

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 June 30, 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	%
Three months ended Jun. 2005	209	(13.8)	(56)	-	(64)	-
Three months ended Jun. 2004	243	(33.6)	(17)	-	(15)	-
(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
Three months ended Jun. 2005	(76)	-	(15.87)	-
Three months ended Jun. 2004	(26)	-	(5.58)	-
(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 quarter, Japan's economy was stagnant because of the lack of any particular growth drivers, due in part to political factors. In addition, as in the past fiscal year, there were no significant changes in the Company's operating environment. At finished product manufacturers of electrical products, semiconductor companies and other companies that purchase the Company's products, there was solid demand for software. However, market conditions were difficult because falling prices caused most companies to report lower earnings or even losses. The Company had solid sales from system integration products, but sales of software products got off to a slow start due to seasonal factors that hold back sales at the beginning of every fiscal year.

As has already been announced, Elmic Systems has decided to merge with Wescom Inc., which is primarily engaged in the development under consignment of software for embedded systems. The merger contract was signed on March 25, 2005 and the shareholders of the two companies approved the merger at extraordinary shareholder meetings held on May 20, 2005. The merger of the two companies took place on July 1, 2005. Elmic Wescom is dedicated to earning even greater trust from customers as a company that can deliver stable operating results in the outsourcing field while achieving growth by increasing sales of software products.

Orders for communication boards were strong, but demand in the general-purpose communication board category was flat for boards used in control devices for semiconductor and (LCD) manufacturing equipment. Although there will still be demand for these boards in certain sectors, demand is gradually declining, as was already announced.

Regarding ISDN boards, there are discussions concerning large orders but no firm orders have been placed. However, the replacement of POS equipment at convenience stores and service stations is keeping demand steady. As a result, net sales of ISDN boards were down 69.8% to 33 million yen compared with one year earlier.

In the real-time OS category, declining demand caused sales to drop 60.2% to 3 million yen. The primary reason was the rising market share of Linux for embedded systems, which is an open OS. This caused a corresponding downturn in the number of Windows-CE related projects, which produced a sharp drop in unit sales prices of the Company's original ELX.

With regard to Internet TCP/IP, the IPv6 market has not yet emerged because of the continuing strength of the IPv4 market. Since Internet TCP/IP products are also a major product of the Company, sales efforts were strengthened in this category, resulting in a 5.7% increase in net sales to 53 million yen.

In system integration, there was a large volume of project completions, mainly for the incorporation of communication software in factory control devices, PHS products, home appliances and other products. As a result, net sales rose 139.0% to 100 million yen.

Due to these factors, consolidated net sales for three-month period decreased 13.8% to 209 million yen; there was an operation loss of 56 million yen, ordinary loss of 64 million yen and a net loss of 76 million yen.

(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 June 30, 2005	2,319	2,019	87.1	419.36
As of June 30, 2004	3,086	2,714	87.9	563.60
(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)

	Net cash provided by (used in) operating activities	Net cash used in investing activities	Net cash used in financing activities	Cash and cash equivalents at end of period
	Million yen	Million yen	Million yen	Million yen
Three months ended Jun. 2005	(1)	(15)	(22)	1,212
Three months ended Jun. 2004	66	(3)	(22)	1,296
(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 June 30, 2005 amounted to 1,212 million yen, 39 million yen less than at the end of the prior fiscal year. Cash was provided by a 110 million yen decrease in trade notes and accounts receivables (down 51.5% year-on-year). Major uses of cash were a net loss before income taxes and minority interests of 64 million yen (17 million yen loss one year earlier), accounts payable decreased 42 million yen (down 50.1%), payment for acquisition of intangible assets were 20 million yen (up 59.8%), cash dividends paid was 22 million yen (up 2.2%), and other items.

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

Cash flows from operating activities

Net cash used in operating activities was 1 million yen, compared to net cash provided of 66 million yen one year earlier.

Major items included a decrease in trade note and accounts receivables of 110 million yen, a loss before income taxes and minority interest of 64 million yen, a 42 million yen decrease in trade accounts payable.

Cash flows from investing activities

Net cash used in investing activities increased 348.9% year-on-year to 15 million yen.

This was mainly the net result of 5 million yen (up 1,825.9%) in proceeds from collection of long-term loans and payments of 20 million yen for the acquisition of intangible assets.

Cash flows from financing activities

Net cash used in financing activities was 22 million yen, 2.2% more than one year earlier.

This was due to cash dividends paid of 22 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	1,698	60	8

Reference: Estimated net income per share for the full year: 1.66 yen

Qualitative Information Regarding Forecast

On July 1, 2005, Elmic Systems merged with Wescom, Inc., which was formerly an equity-method affiliate, to form Elmic Wescom, Inc. The former Elmic Systems was engaged in the development, production and sale of software products. The former Wescom developed software under consignment from large companies. Both companies were mainly involved in the development of embedded systems. However, Elmic Systems has expertise in core technologies such as OS, drivers and middleware while Wescom is skilled in the development of a variety of applications. Consequently, the merger is expected to produce synergies because each company can complement the strengths of the other.

Forecasts announced in May 2005 for the fiscal year ending in March 31, 2006 already take into account the merger. Accordingly, there is no need to make any revisions at this time. However, it is not yet possible to accurately calculate the benefits of the merger. Moreover, Elmic Systems is currently examining the assets and other elements of Wescom, as of June 30, 2005, that are to be incorporated in the merger. Due to these factors, an announcement concerning the forecast will be made when the Company releases its first half operating results.

(Fiscal year outlook by product category)

Regarding general-purpose communication boards and ISDN boards, challenging market conditions are likely to continue because of declining capital expenditures by manufacturers. On the other hand, results are expected to be in line with the forecast because of expected strength in demand associated with the replacement of POS equipment.

In the Internet category, manufacturers are beginning to work on next-generation mobile phones and car navigation products as well as on the development of home appliances that incorporate data terminal functions. The Company has received many inquiries concerning these products, mainly involving software development. The Company is conducting extensive activities to capture software development orders. These sales activities stress the Company's outstanding reliability, backed by its considerable experience and knowledge in the field of system integration for these kinds of products.

4. Consolidated Quarterly Financial Statements

(1) Consolidated Balance Sheets for the Three-Month Period Ended June 2005

(Thousands of yen)

Account	FY2004 1st Qtr. As of June 30, 2004		FY2005 1st Qtr. As of June 30, 2005		FY2004 Selected data As of March 31, 2005	
	Amounts	%	Amounts	%	Amounts	%
Assets						
I Current assets						
1. Cash and deposits	190,445		126,544		166,372	
2. Notes and accounts receivable - trade	458,712		294,151		410,762	
3. Securities	1,105,695		1,086,394		1,086,333	
4. Inventories	183,065		122,544		92,753	
5. Other current assets	146,430		82,085		76,456	
Reserve for doubtful receivables	(208)		(154)		(179)	
Total current assets	2,084,140	67.5	1,711,566	73.8	1,832,498	74.4
II Fixed assets						
1. Property, plant and equipment	14,854		16,653		17,449	
2. Intangible assets	151,994		108,611		112,983	
3. Investments and other assets						
(1) Investment securities	216,894		397,316		416,546	
(2) Deferred tax assets - non-current	293,346		-		756	
(3) Claim in bankruptcy	-		247,774		241,613	
(4) Other assets	328,223		75,935		80,219	
Reserve for doubtful receivables	(3,050)		(238,429)		(238,429)	
Total fixed assets	1,002,264	32.5	607,863	26.2	631,141	25.6
Total assets	3,086,404	100.0	2,319,429	100.0	2,463,640	100.0

(Thousands of yen)

Account	FY2004 1st Qtr. As of June 30, 2004		FY2005 1st Qtr. As of June 30, 2005		FY2004 Selected data As of March 31, 2005	
	Amounts	%	Amounts	%	Amounts	%
Liabilities						
I Current liabilities						
1. Accounts payable - trade	41,895		26,614		69,072	
2. Income taxes payable	3,607		2,875		13,592	
3. Reserve for accrued bonuses	28,524		19,910		31,782	
4. Other current liabilities	78,535		69,652		35,873	
Total current liabilities	152,563	5.0	119,053	5.1	150,321	6.1
II Long-term liabilities						
1. Reserve for employees' retirement benefits	-		-		484	
2. Reserve for directors' retirement benefits	164,299		173,530		171,229	
3. Other long-term liabilities	49,952		-		-	
Total long-term liabilities	214,251	6.9	173,530	7.5	171,714	7.0
Total liabilities	366,814	11.9	292,583	12.6	322,036	13.1
Minority interests						
Minority interests	5,431	0.2	7,362	0.3	7,333	0.3
Shareholders' equity						
I Common stock	1,160,041	37.6	1,160,041	50.0	1,160,041	47.1
II Capital surplus	1,459,152	47.2	1,108,006	47.8	1,459,152	59.2
III Retained earnings	271,205	8.8	(53,469)	(2.3)	(292,094)	(11.9)
IV Net unrealized gain (loss) on other securities	8,942	0.3	(9,874)	(0.4)	(7,607)	(0.3)
V Treasury stock	(185,184)	(6.0)	(185,220)	(8.0)	(185,220)	(7.5)
Total shareholders' equity	2,714,158	87.9	2,019,484	87.1	2,134,270	86.6
Total liabilities, minority interests and shareholders' equity	3,086,404	100.0	2,319,429	100.0	2,463,640	100.0

(2) Consolidated Statements of Income for the Three-Month Period Ended June 2005

(Thousands of yen)

Account	FY2004 1st Qtr. From April 1, 2004 to June 30, 2004		FY2005 1st Qtr. From April 1, 2005 to June 30, 2005		FY2004 Selected data From April 1, 2004 to March 31, 2005				
	Amounts	%	Amounts	%	Amounts	%			
I Net sales		243,598	100.0		209,970	100.0		1,254,501	100.0
II Cost of sales		126,499	51.9		117,641	56.0		667,803	53.2
Gross profit		117,099	48.1		92,329	44.0		586,697	46.8
III SG&A		134,241	55.1		148,955	71.0		608,072	48.5
Operating loss		17,141	(7.0)		56,625	(27.0)		21,374	(1.7)
IV Non-operating income									
1. Interest income	568			4,181			11,287		
2. Dividends income	50			60			110		
3. Equity in earnings of affiliates	-			-			7,739		
4. Gain on anonymous partnerships	2,142			-			4,285		
5. Business consignment income	405			510			-		
6. Other non-operating income	1,084	4,250	1.7	501	5,252	2.5	3,539	26,960	2.2
V Non-operating expenses									
1. Equity in loss of affiliates	2,165			13,358			-		
2. Additional taxes	-			-			3,054		
3. Foreign exchange losses	-	2,165	0.9	-	13,358	6.3	394	3,449	0.3
Ordinary income (loss)		(15,056)	(6.2)		(64,731)	(30.8)		2,136	0.2
VI Extraordinary income									
1. Gain on reversal from doubtful receivables	56			25			-		
2. Gain on cancellation of leveraged lease	-			-			49,179		
3. Gain on sales of investment securities	-	56	0.0	-	25	0.0	3,980	53,159	4.2
VII Extraordinary loss									
1. Loss on removal of fixed assets	-			-			22,861		
2. Loss on revaluation of investment securities	-			229			-		
3. Loss on revaluation of membership	700			-			900		
4. Provision of reserve for doubtful receivables	1,650			-			236,944		
5. Loss on revaluation of inventories	-			-			34,601		
6. Head office relocation expenses	-	2,350	0.9	-	229	0.1	24,482	319,790	25.5
Net income (loss) before income taxes and minority interests		17,350	(7.1)		64,936	(30.9)		264,494	(21.1)
Income taxes - current	1,509			1,465			5,993		
Income taxes - deferred	9,580	11,090	4.5	9,972	11,437	5.5	319,351	325,344	25.9
Minority interests		(1,574)	(0.6)		28	0.0		326	0.0
Net income (loss)		26,866	(11.0)		76,402	(36.4)		590,166	(47.0)

(3) Consolidated Statements of Retained Earnings for the Three-Month Period Ended June 2005

(Thousands of yen)

Account	FY2004 1st Qtr. From April 1, 2004 to June 30, 2004		FY2005 1st Qtr. From April 1, 2005 to June 30, 2005		FY2004 Selected data From April 1, 2004 to March 31, 2005	
	Amounts		Amounts		Amounts	
Capital surplus						
I Capital surplus at beginning of period		1,459,152		1,459,152		1,459,152
II Decline in capital surplus						
1. Cash dividends	-		36,117		-	
2. Transfer to retained earnings	-	-	315,027	351,145	-	-
III Capital surplus at end of period		1,459,152		1,108,006		1,459,152
Retained earnings						
I Retained earnings at beginning of period		334,189		(292,094)		334,189
II Increase in retained earnings						
1. Transfer from capital surplus	-	-	315,027	315,027	-	-
III Decline in retained earnings						
1. Cash dividends	36,117		-		36,117	
2. Net loss	26,866	62,984	76,402	76,402	590,166	626,284
IV Retained earnings at end of period		271,205		(53,469)		(292,094)

(4) Consolidated Statements of Cash Flows for the Three-Month Period Ended June 2005

(Thousands of yen)

	FY2004 1st Qtr. From April 1, 2004 to June 30, 2004	FY2005 1st Qtr. From April 1, 2005 to June 30, 2005	FY2004 Selected data From April 1, 2004 to March 31, 2005
Account	Amounts	Amounts	Amounts
I Cash flows from operating activities			
Net income (loss) before income taxes and minority interests	(17,350)	(64,936)	(264,494)
Depreciation and amortization	22,684	25,844	76,885
Amortization of long-term prepaid expenses	64	207	208
Equity in earnings (losses) of affiliates	2,165	13,358	(7,739)
Increase (decrease) in reserve for doubtful receivables	1,594	(25)	236,944
Decrease in reserve for accrued bonuses	(17,167)	(11,872)	(13,909)
Increase (decrease) in reserve for employees' retirement benefits	-	(484)	484
Increase in reserve for directors' retirement benefits	2,800	2,300	9,730
Interests and dividends income	(618)	(4,241)	(11,397)
Gain on anonymous partnerships	(2,142)	-	(4,285)
Foreign exchange gain	(75)	(109)	(57)
Gain on cancellation of leveraged lease	-	-	(49,179)
Gain on sales of investment securities	-	-	(3,980)
Loss on removal of fixed assets	-	-	22,861
Loss on revaluation of investment securities	-	229	-
Loss on revaluation of golf club memberships	700	-	900
Decrease in notes and accounts receivable-trade	227,838	110,450	264,059
Decrease (increase) in inventories	(66,450)	(29,790)	23,861
Decrease in accounts payable-trade	(85,145)	(42,457)	(57,968)
Increase in other assets	(18,385)	(13,396)	(10,997)
Increase in other liabilities	25,567	11,919	8,553
Increase (decrease) in suspense receipt of consumption taxes	(9,027)	971	(11,768)
Subtotal	67,050	(2,033)	208,712
Interests and dividends received	3,118	7,435	13,100
Income taxes paid	(3,415)	(7,267)	(7,342)
Net cash provided by (used in) operating activities	66,753	(1,866)	214,469
II Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	(240)	-	(8,669)
Payments for acquisition of intangible assets	(12,779)	(20,425)	(44,849)
Payments for acquisition of investment securities	-	-	(314,048)
Gain on sales of investment securities	-	-	105,980
Proceeds of cancelled equity	-	-	47,613
Proceeds from collection of long-term loans	270	5,200	760
Proceeds from collection of long-term accounts receivable-other	9,673	-	25,794
Proceeds from return of leasehold and security deposits	343	350	24,679
Payments for leasehold and security deposits	-	-	(16,006)
Others	(690)	(490)	(1,897)
Net cash used in investing activities	(3,423)	(15,366)	(180,642)

(Thousands of yen)

	FY2004 1st Qtr. From April 1, 2004 to June 30, 2004	FY2005 1st Qtr. From April 1, 2005 to June 30, 2005	FY2004 Selected data From April 1, 2004 to March 31, 2005
Account	Amounts	Amounts	Amounts
III Cash flows from financing activities			
Payments for acquisition of treasury stock	-	-	(36)
Cash dividends paid	(22,152)	(22,643)	(36,031)
Net cash used in financing activities	(22,152)	(22,643)	(36,067)
IV Effect of exchange rate changes on cash and cash equivalents	75	109	57
V Increase (decrease) in cash and cash equivalents	41,252	(39,766)	(2,182)
VI Cash and cash equivalents at beginning of period	1,254,887	1,252,705	1,254,887
VII Cash and cash equivalents at end of period	1,296,140	1,212,939	1,252,705