

(Translation)

To All Persons Concerned

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PALTEK Issues Revised Business Forecast for FY2005 (ending December 31, 2005)

PALTEK Corporation today issued revised consolidated and non-consolidated business forecasts for the fiscal year ending December 31, 2005, from those announced on August 11, 2005. The key points are as in the tables below.

1. Consolidated Forecast

(1) Fiscal Year 2005 Revisions (January 1, 2005 – December 31, 2005)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	19,500	770	600	417
Revised Forecast (B)	17,500	510	320	204
Increase/Decrease Amount (B-A)	-2,000	-260	-280	-213
Increase/Decrease Percentage (%)	-10.3	-33.8	-46.7	-51.1

(2) For Reference: Previous Year's Results (January 1, 2004 – December 31, 2004)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Full-Year (1/1-12/31)	19,355	798	935	483

2. Non-Consolidated Forecast

(1) Fiscal Year 2005 Revisions (January 1, 2005 – December 31, 2005)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	16,150	606	473	348
Revised Forecast (B)	14,265	360	210	142
Increase/Decrease Amount (B-A)	-1,885	-246	-263	-206
Increase/Decrease Percentage(%)	-11.7	-40.6	-55.6	-59.2

(2) For Reference: Previous Year's Results (January 1, 2004 – December 31, 2004)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Full-Year (1/1-12/31)	15,697	673	845	484

3. Reason for Revision

Net Sales is expected to fall short from the guidance announced on August 11, 2005. Followings are some reasons contributing to the shortfall: the minimal market growth from the 3rd quarter to the 4 th quarter is now forecast as opposed to our initial expectation of continuous growth; some projects in industrial and consumer applications are weaker than anticipated; business development of some new product lines is delayed; and additional distributors by our main product line, Altera's PLD product, may affect negatively to the Net Sales.

For operating and recurring incomes are expected to fall short accordingly as Net Sales falls short, although cost saving measures continue.

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Questions concerning this Press Release

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