

(Translation)

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To: Japan Securities Dealers Association

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Revisions to the Consolidated and Non-Consolidated Business Forecasts for the Fiscal Year (ending December 2001)

PALTEK Corporation announced today its revision of consolidated and non-consolidated results forecast for the fiscal year ending December 31, 2001 from those announced on August 2001.

1. Revision to the Consolidated Business Forecast for the Year Ending December 2001

(1) Fiscal Year End Revisions (January 1, 2001 – December 31, 2001)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Previous Forecast(A)	18,947	654	576	72
Revised Forecast(B)	17,296	265	92	(858)
Increase/Decrease Amount(B-A)	(1,651)	(389)	(484)	(930)
Increase/Decrease Percentage	(8.7%)	(59.5%)	(84.1%)	-

(2) For Reference: Previous Results (Fiscal Year Ended December 31, 2000)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Full-Year (1/1-12/31)	18,672	2,108	2,124	1,115

2. Revision to the Non-Consolidated Business Forecast for the Year Ending December 2001

(1) Fiscal Year End Revisions (January 1, 2001 – December 31, 2001)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Previous Forecast(A)	15,148	1,142	1,064	627
Revised Forecast(B)	13,572	1,152	1,011	(195)
Increase/Decrease Amount(B-A)	(1,576)	10	(53)	(822)
Increase/Decrease Percentage	(10.4%)	0.9%	(5.0%)	-

(2) For Reference: Previous Results (Fiscal Year Ended December 31, 2000)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Full-Year (1/1-12/31)	16,255	2,251	2,318	1,343

(Translation)

3. Reason for Revision

The slowdown in the world economy in an environment marked by the decrease of IT demand is prolonged beyond expectation. With the influence of the above economic condition, the business condition surround PALTEK became even more severe. Though we have worked on the cost reduction and inventory control to ensure the profitability, operating performance has not recovered in the fourth quarter. Further, we have decided to review the strategy on our group company, Cygnet Technologies, and as a result included those related costs in the revised forecast.

(1) Sales

The current business condition comes under the influence of the great worldwide economic deceleration which started from the rapid decrease in the U.S. economy. The dramatic drop in IT investment and following inventory adjustment have prolonged than previously projected. With the influence of this business condition, our non-consolidated sales forecast is revised.

Therefore, we anticipate our consolidated forecast to decrease in relation to our non-consolidated forecast.

(2) Operating Profit & Recurring Profit

Non-consolidated profit is expected to be at the level of the forecast as of August 2001 by continued efforts of cost reduction and inventory reduction. On the other hand, consolidated profit will be decreased as mentioned above due to the greater operating loss of Cygnet Technologies than expected.

(3) Net Income

Non-consolidated net income will record negative 195 million yen due to the declaration of extraordinary charge including valuation loss of Cygnet Technologies. The total amount of the extraordinary charge will be about 1,400 million yen.

Therefore, we anticipate our consolidated forecast to decrease in relation to our non-consolidated forecast.

The dividends per share at the end of the fiscal year 2001 are expected to be 10 yen as planned.

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Questions concerning this Press Release:

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