

PALTEK

(OTC:7587)

Results Explanatory Meeting

*Fiscal Year 2002
Second Quarter, First Half*

Contents

- Semiconductor Market Overview
- Fiscal Year 2002 First Half Results
- PALTEK Conditions
- Subsidiaries Conditions
- Business Strategy
- Year 2002 Projections

Part I -- Semiconductor Market Overview

FY2002 First Half Results

PALTEK CORPORATION

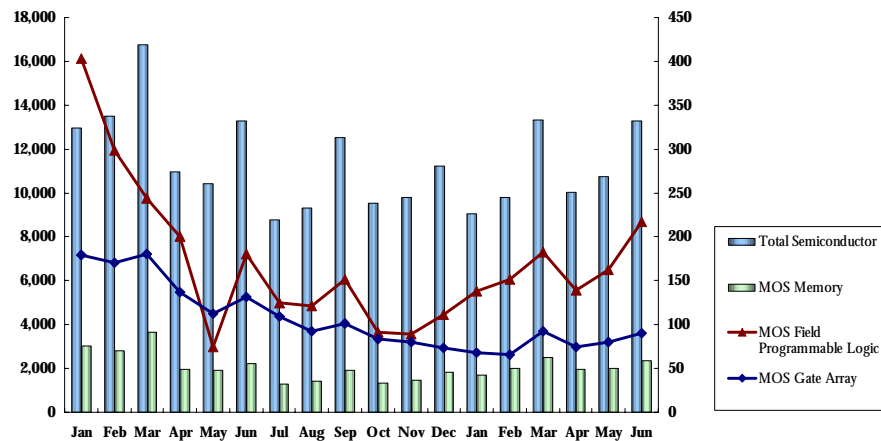
August 9, 2002

Worldwide Semiconductors

Total Semiconductor,
MOS Memory

Unit: Dollars in Millions

FPL, G/A

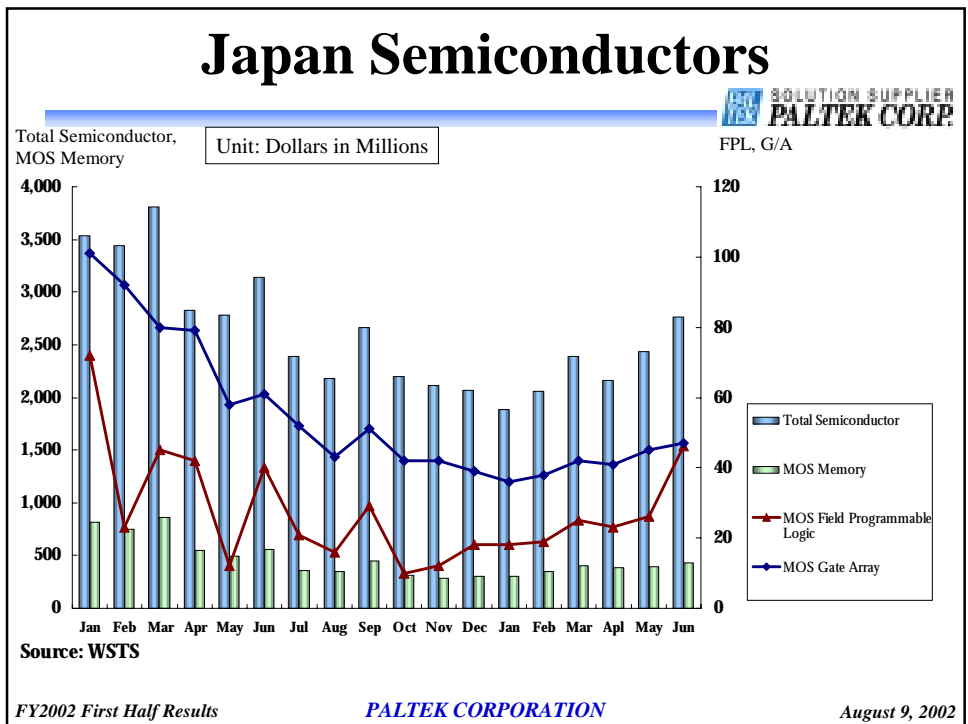
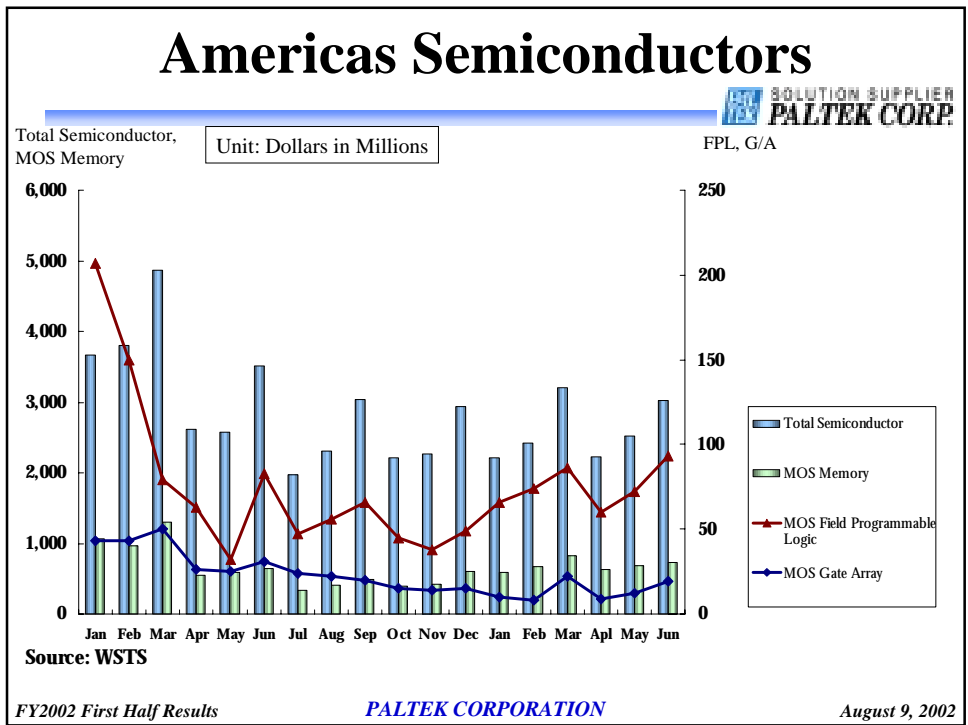



Source: WSTS

FY2002 First Half Results

PALTEK CORPORATION

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Part II

Fiscal Year 2002 First Half Results

FY2002 First Half Results
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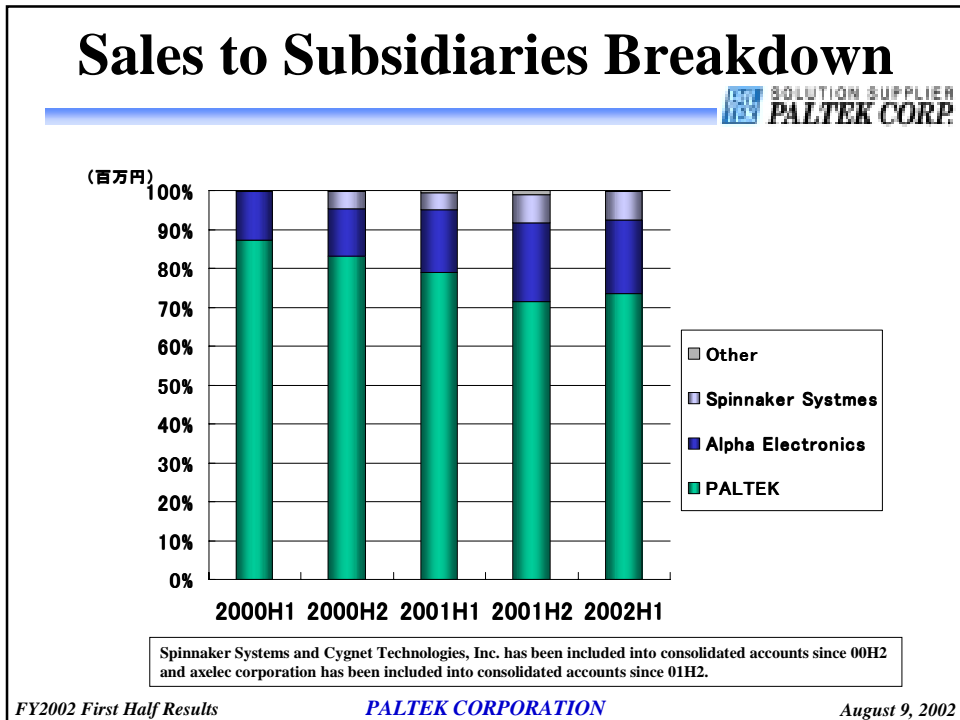
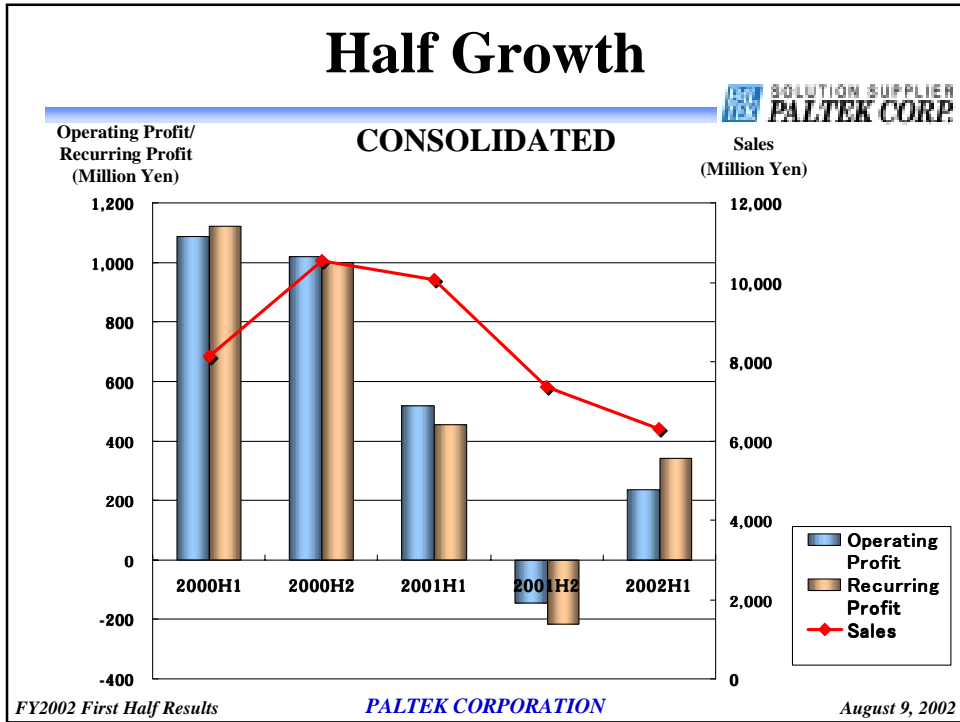
First Half Results (FYE2002)



CONSOLIDATED

		Y-on-Y Growth	H-on-H Growth
Sales	¥ 6,304 M	△37.4%	△14.4%
Operating Profits	¥ 234 M	△54.9%	—
Recurring Profits	¥ 343 M	△24.4%	—
Net Profits	¥ 386 M	605.9%	—
EPS	¥32.68	—	—
ROA	2.95%	—	—
ROE	4.73%	—	—

FY2002 First Half Results
PALTEK CORPORATION
August 9, 2002



First Half Results (FYE2002)



NON-CONSOLIDATED

Y-on-Y Growth H-on-H Growth

Sales	¥ 4,794 M	△41.3%	△12.1%
Operating Profits	¥ 384 M	△58.2%	16.6%
Recurring Profits	¥ 482 M	△43.0%	58.2%
Net Profits	¥ 185 M	△62.9%	—
EPS	¥ 15.69	—	—
ROA	4.72%	—	—
ROE	2.45%	—	—

FY2002 First Half Results

PALTEK CORPORATION

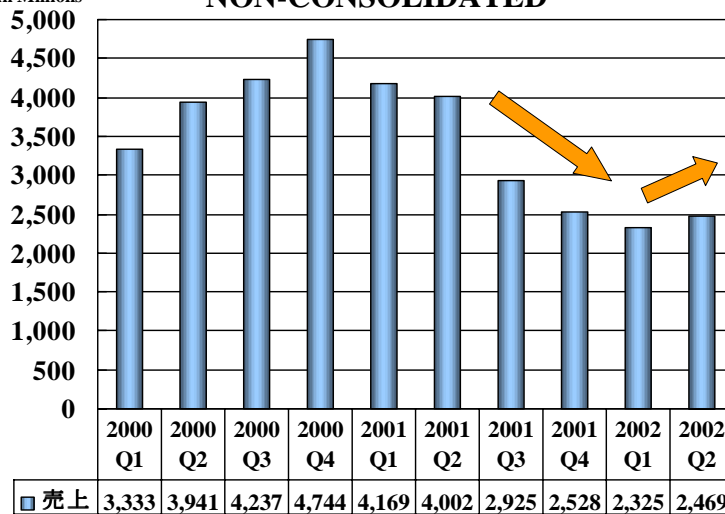
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Sales by Quarter



NON-CONSOLIDATED

Unit: Yen in Millions

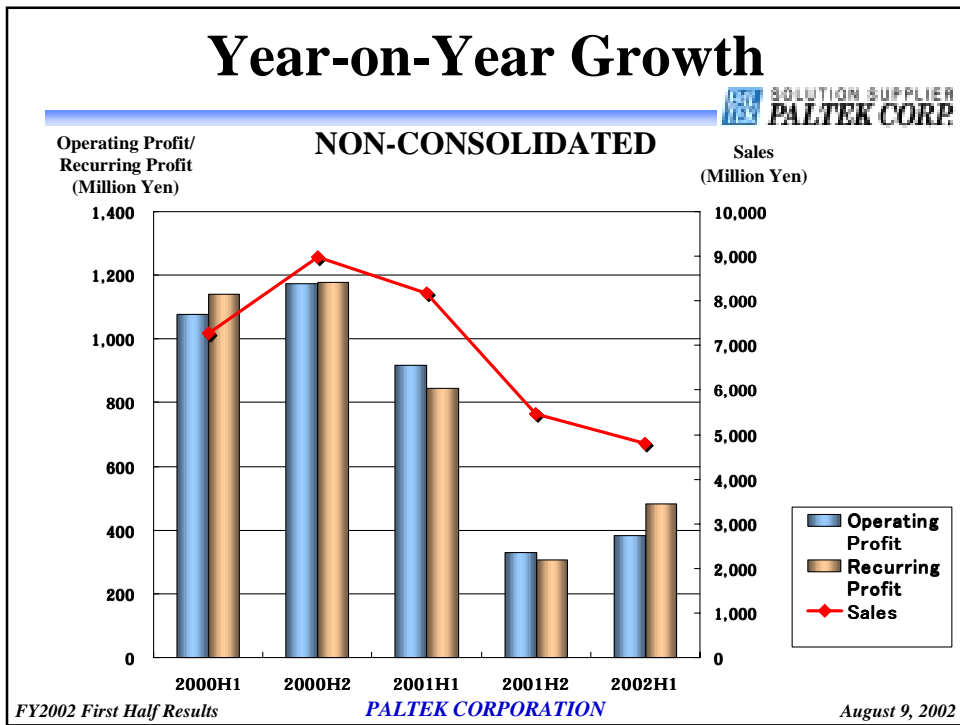


Please note that the Quarter Results are unaudited financial statements.

FY2002 First Half Results

PALTEK CORPORATION

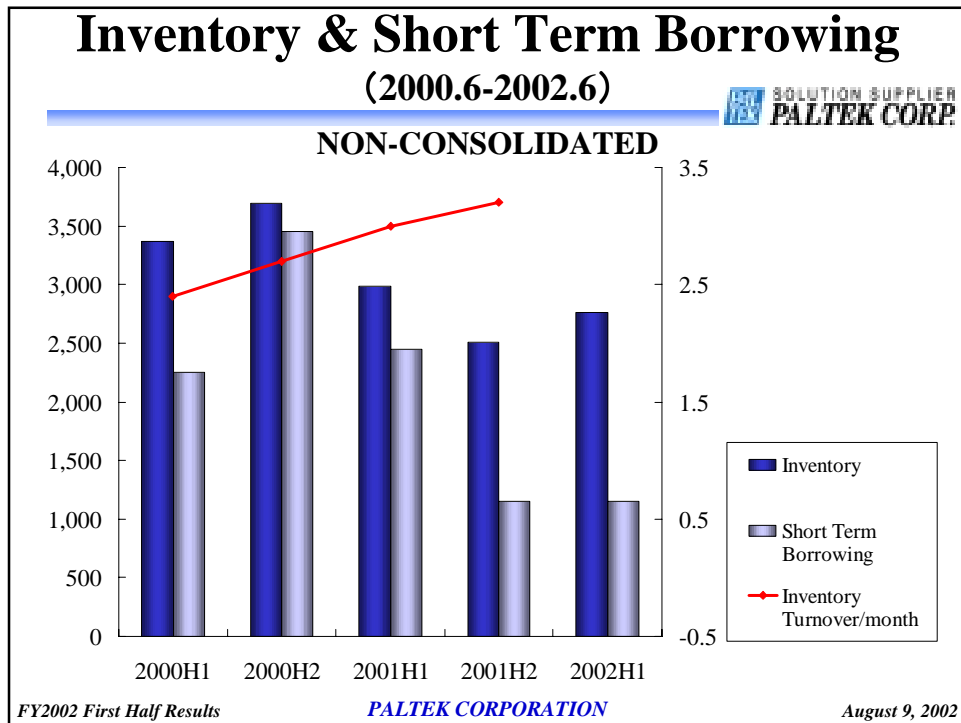
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PALTEK CORP.

Part III -- PALTEK Conditions

FY2002 First Half Results **PALTEK CORPORATION** *August 9, 2002*



Supplier Breakdown Topics

■ ALTERA

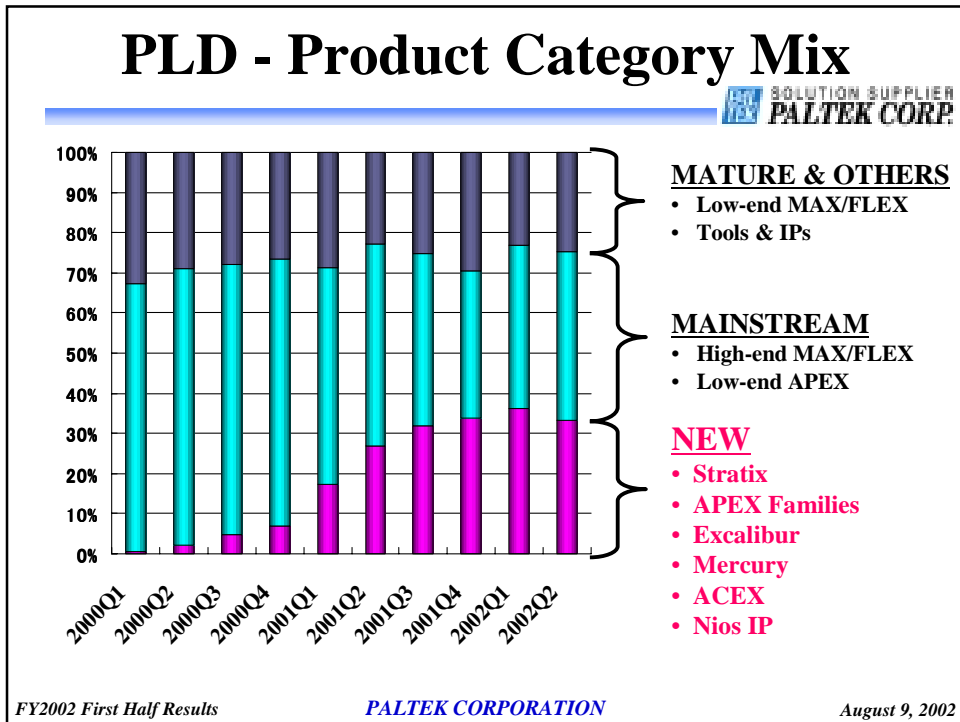
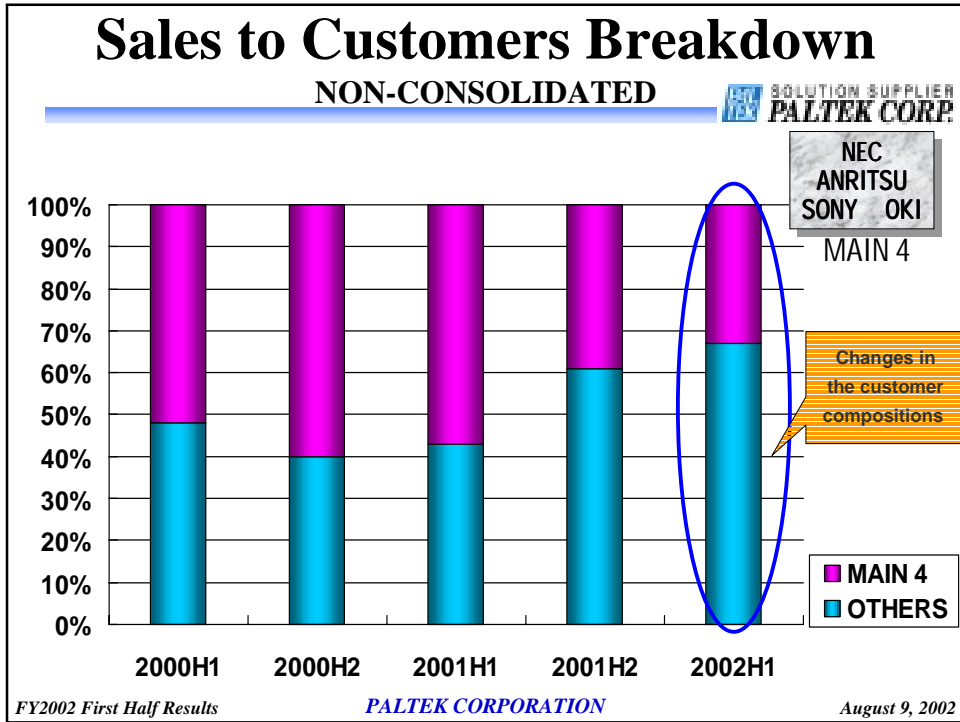
- The new Stratix device Family has started shipping

■ Infineon Technologies

- Promotion campaign is slightly delayed

■ AudioCodes

- A strategic alliance has been formed with Oki Electric to deliver VoIP Solutions for the Japanese Telecom Carrier market



Stratix Family

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■ Shipping of Stratix Device Family has started

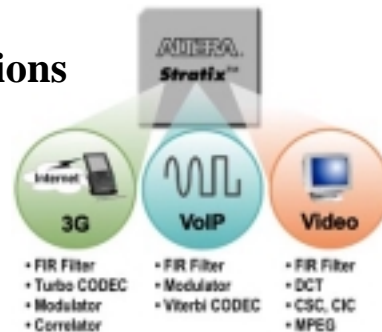
- Sharp rise in design win opportunities
- Odds are in Altera's favor by 7 to 3 ratio

■ Features : large memory blocks and DSP blocks

■ Cover Wide-rang applications

- Communication
- EDP / Computer
- Industrial
- Broadcast
- Consumer

etc...



FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002

Sign of Recovery

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■ Many customers, particularly Broadbase customers, show strong demand

In 1999: 900 companies → in 2002: 1,600 companies

■ New product line of Altera is attractive

Sharp rise in design win opportunities

■ New markets are emerging

VoIP Market/Digital Broadcast Market...

FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002

Part IV -- Subsidiaries Conditions

Alpha-denshi

- **Sales declined from the previous year, but shows the signs of recovery**
 - Demand for the information appliances is strong
 - Main customer is SANYO
 - Sales of Altera products are stable

- **Establish a subsidiary in Hong Kong (March 2002)**
 - Address to the customer's production strategy in China

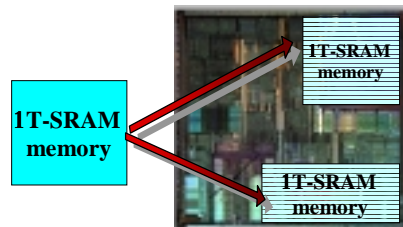
Spinnaker Systems



- **Keep up the sales forecast, but the profit level is down**

- **Topic**

- **Increasing opportunities for Mosys IP (1T-SRAM)**



FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002

Cygnnet Technologies, Inc.



- **Dec 21, 2001: Strategic reorganization was decided**
- **Dec 31, 2001: Appropriate a write-off charge of ¥1,400 million yen into Year 2001**
- **Feb 8, 2002: Withdrawal from management was decided**
- **Aug 9, 2002: Liquidation was decided**

FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002


axelec corporation

- **Re-organized as a joint venture with Marubun in April 2002.**

- **Searching more new suppliers to expand business base.**

FY2002 First Half Results *PALTEK CORPORATION* *August 9, 2002*



Part V -- Business Strategy

FY2002 First Half Results *PALTEK CORPORATION* *August 9, 2002*

Business Strategy of PALTEK Group

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■ High priority business markets

➤ VoIP Market

➤ Digital Broadcast Market

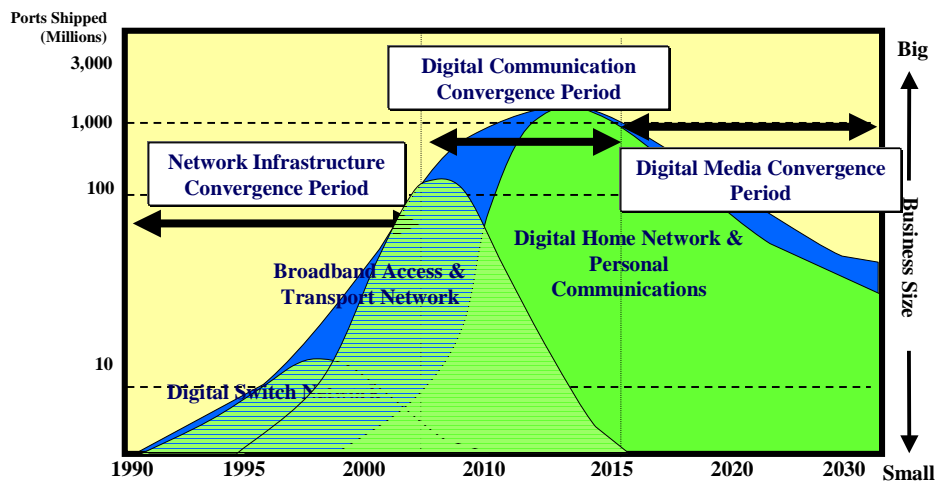
FY2002 First Half Results

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The Digital Network Waves

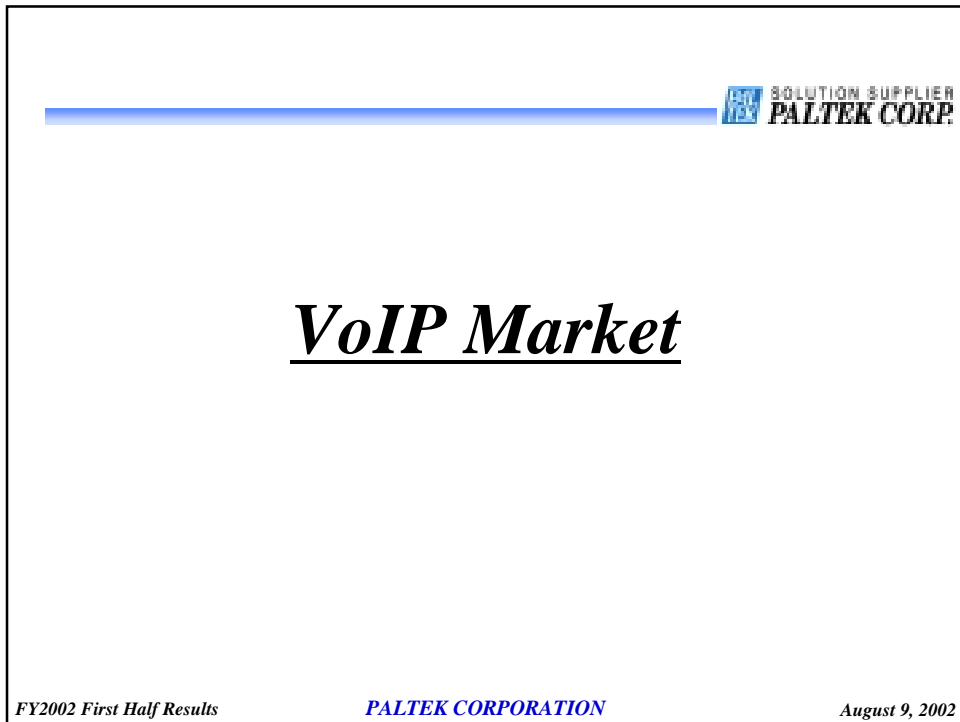
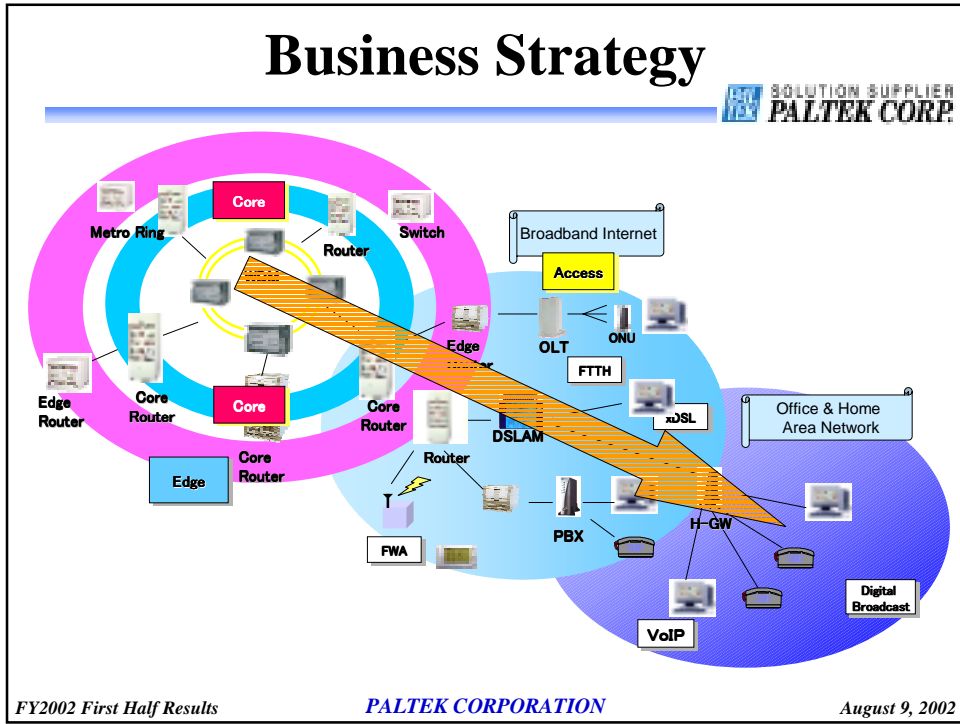
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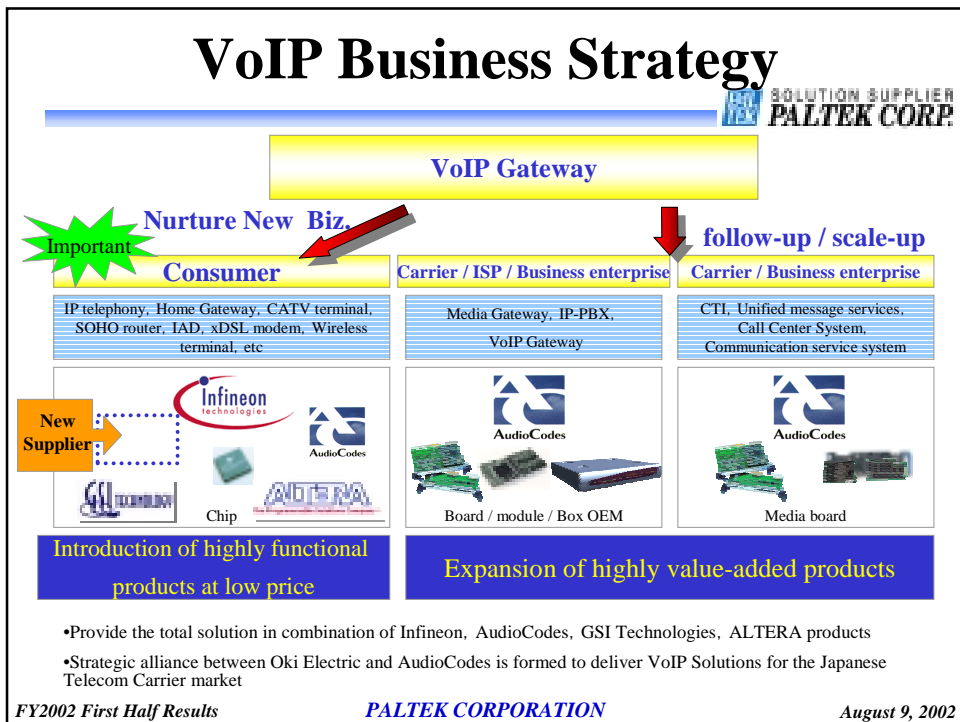
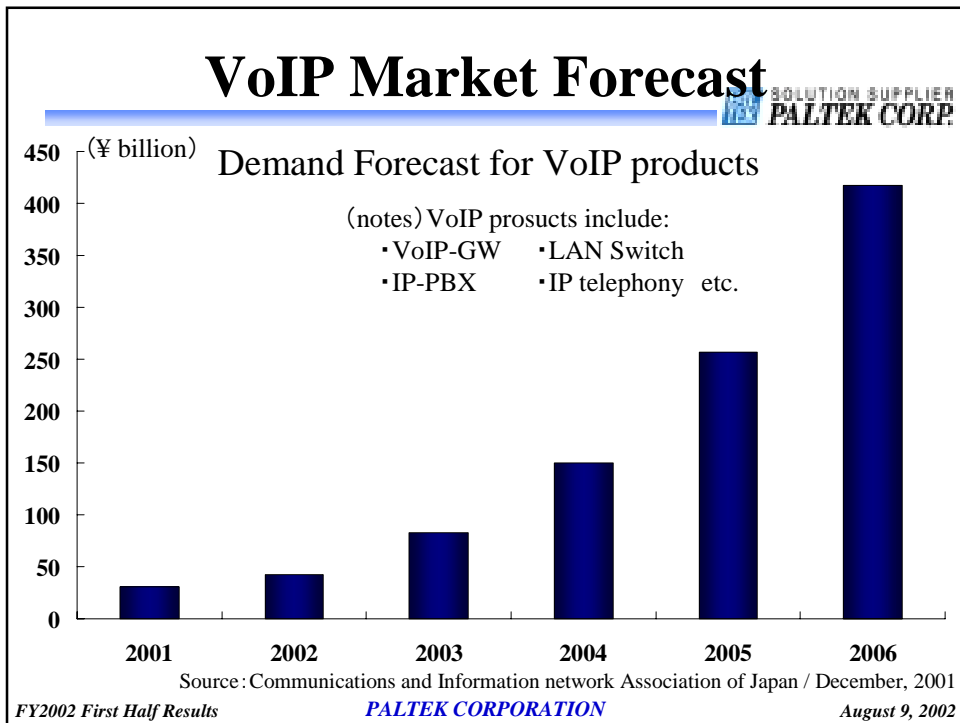


FY2002 First Half Results

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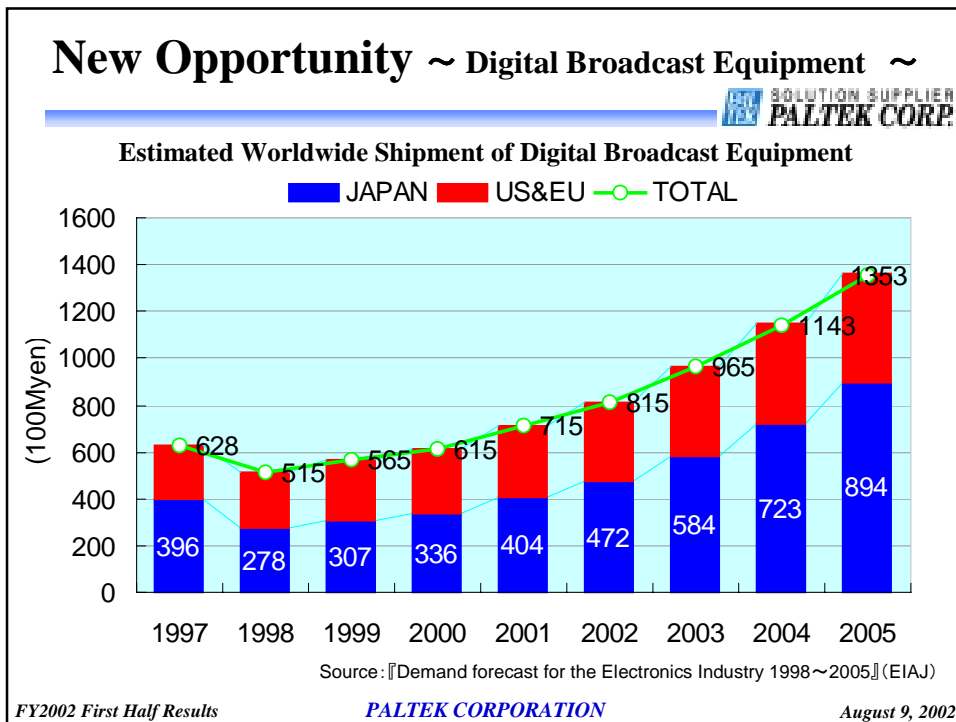


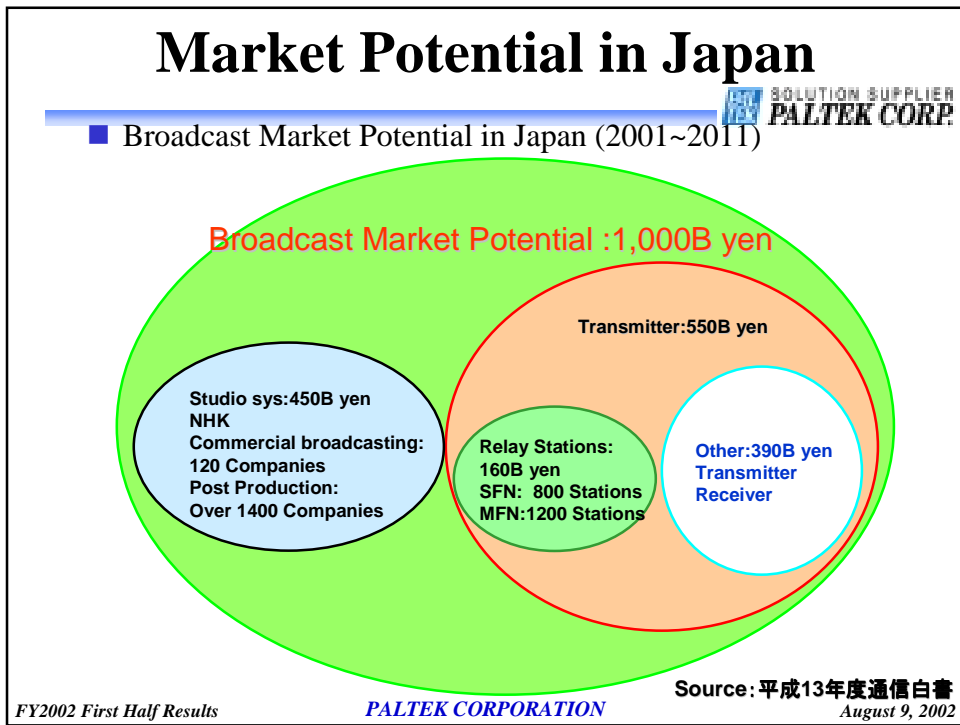




Digital Broadcast Market

FY2002 First Half Results
PALTEK CORPORATION
August 9, 2002





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Part VI -- Year 2002 Projections

FY2002 First Half Results **PALTEK CORPORATION** August 9, 2002

Year End Projections (FYE2002)

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	FYE2002	Y-on-Y Growth
Sales	¥ 17,073 M	△2.1%
Operating Profits	¥ 514 M	38.6%
Recurring Profits	¥ 609 M	154.1%
Net Profits	¥ 600 M	—
EPS	¥50.68	—

FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002

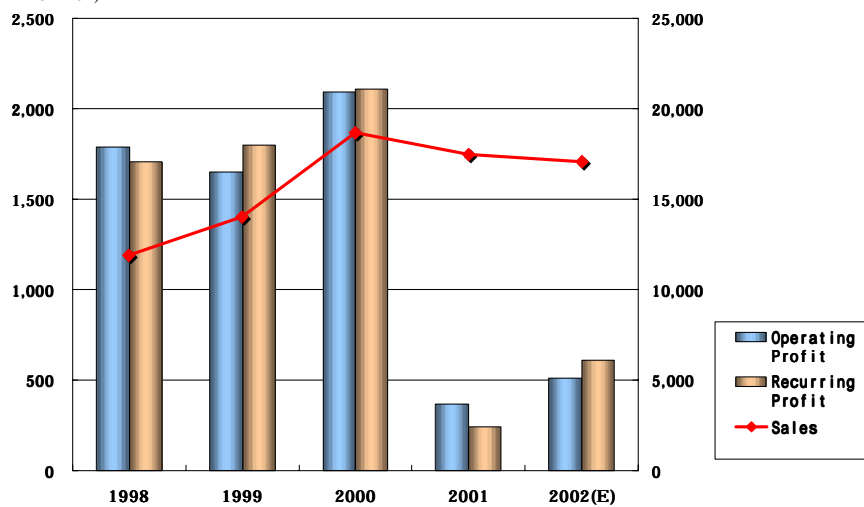
Year-on-Year Growth

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Operating Profit/
Recurring Profit
(Million Yen)

CONSOLIDATED

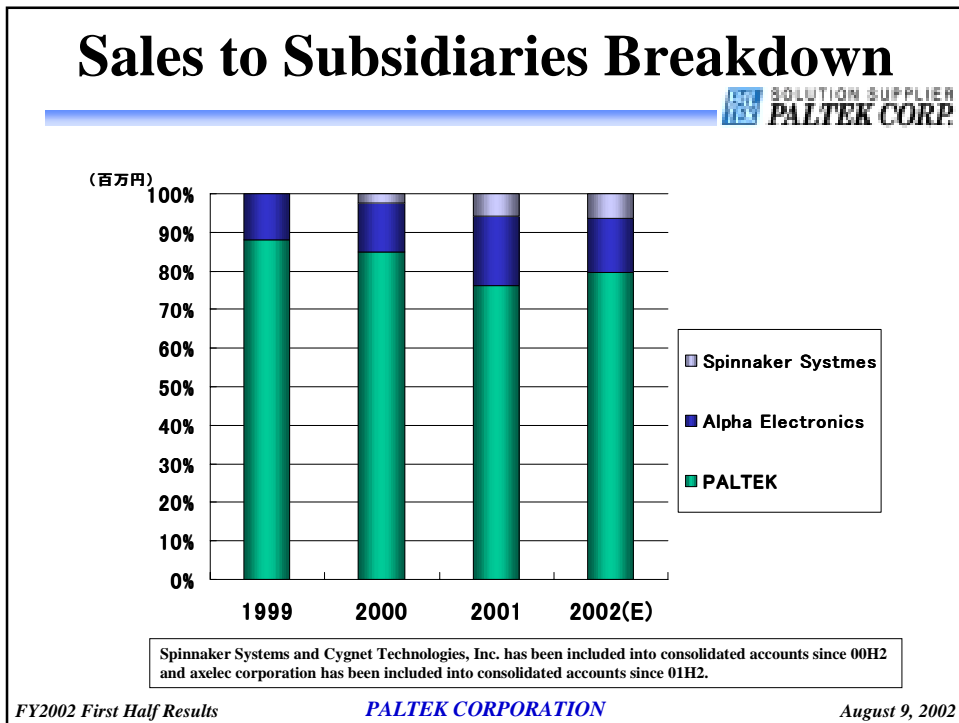
Sales
(Million Yen)



FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002



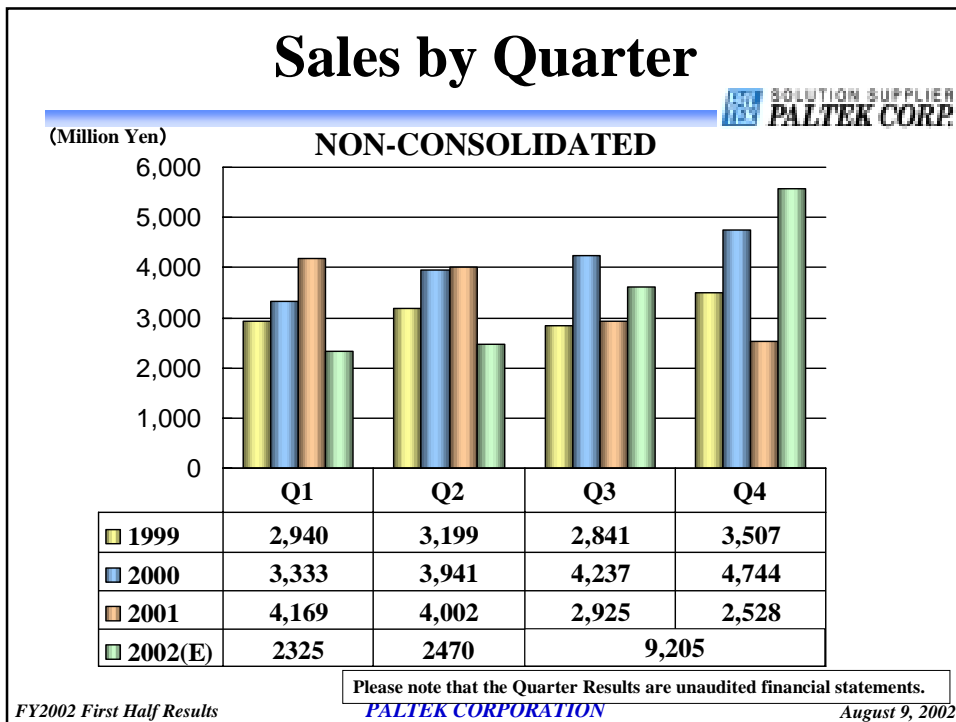
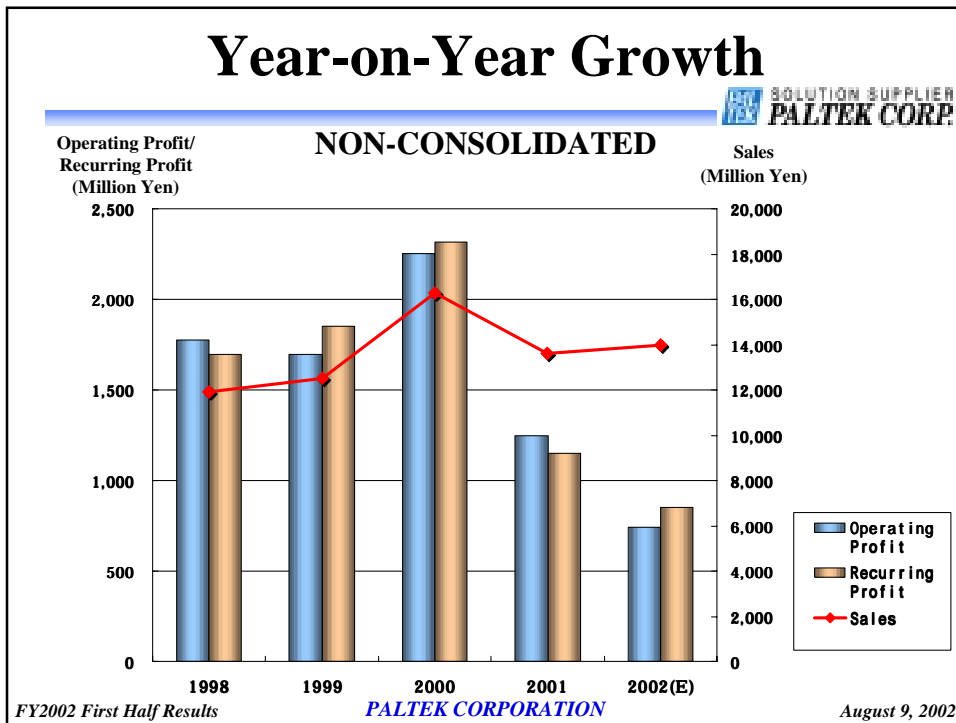
Year End Projections (FYE2002)

**SOLUTION SUPPLIER
PALTEK CORP.**

NON-CONSOLIDATED

	FYE2002	Y-on-Y Growth
Sales	¥ 14,000 M	2.8%
Operating Profits	¥ 740 M	△40.8%
Recurring Profits	¥ 849 M	△26.3%
Net Profits	¥ 398 M	—
EPS	¥33.62	—

FY2002 First Half Results PALTEK CORPORATION August 9, 2002



Safe Harbor Disclaimer



This presentation may provide projections or other forward-looking statements regarding future events and/or future financial performance. We wish to caution you that such statements are just predictions and that actual events or results may differ materially due to changes in the market and/or other business conditions.

FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002

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FY2002 First Half Results

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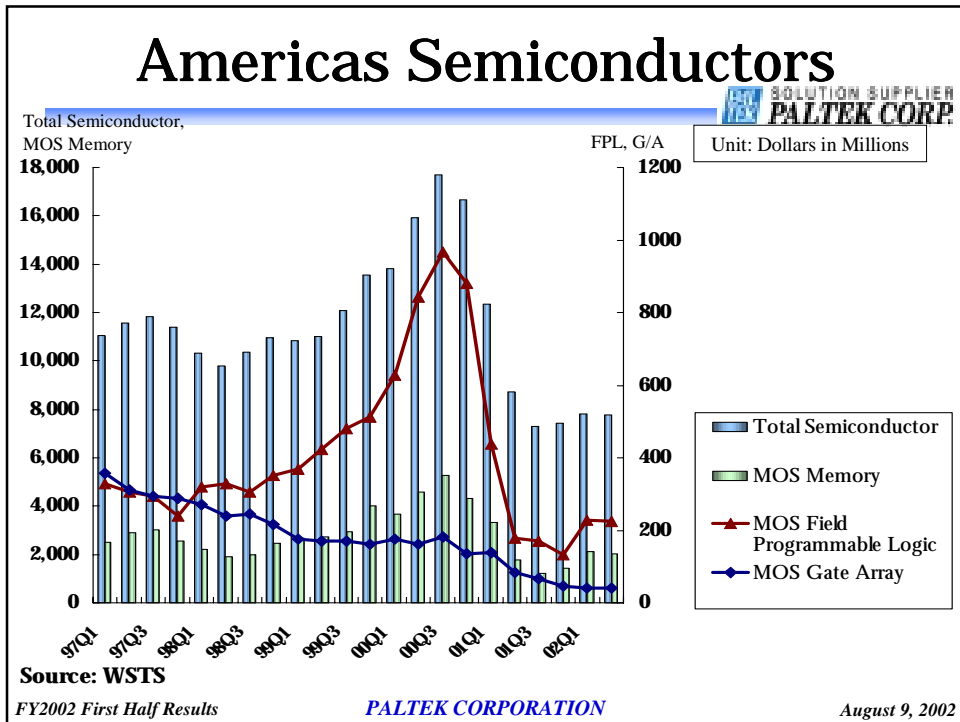
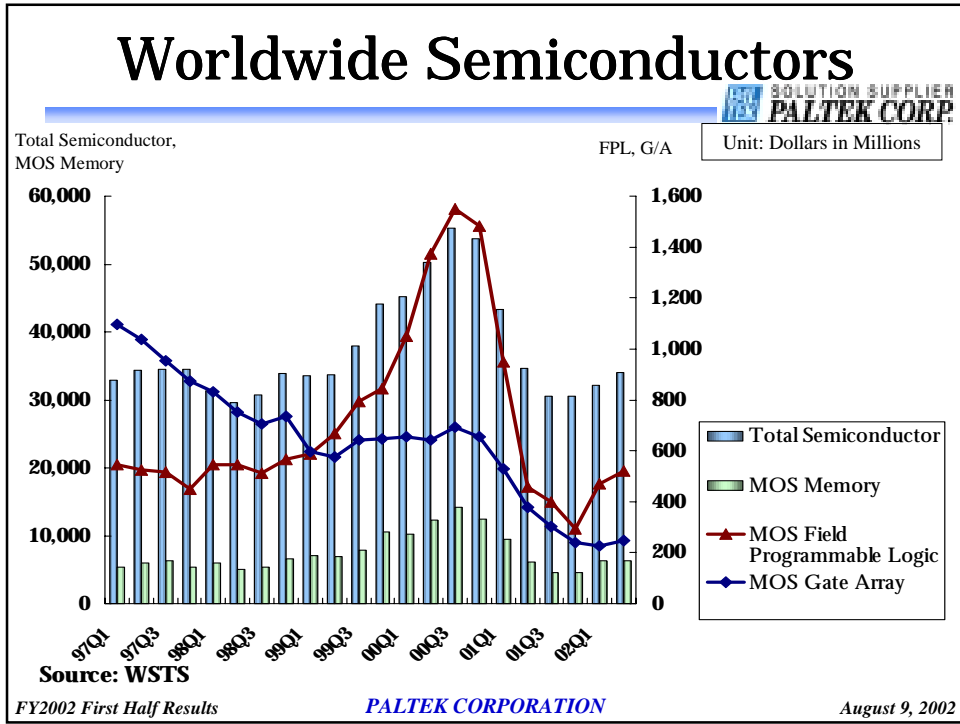
Part VII -- Attachments

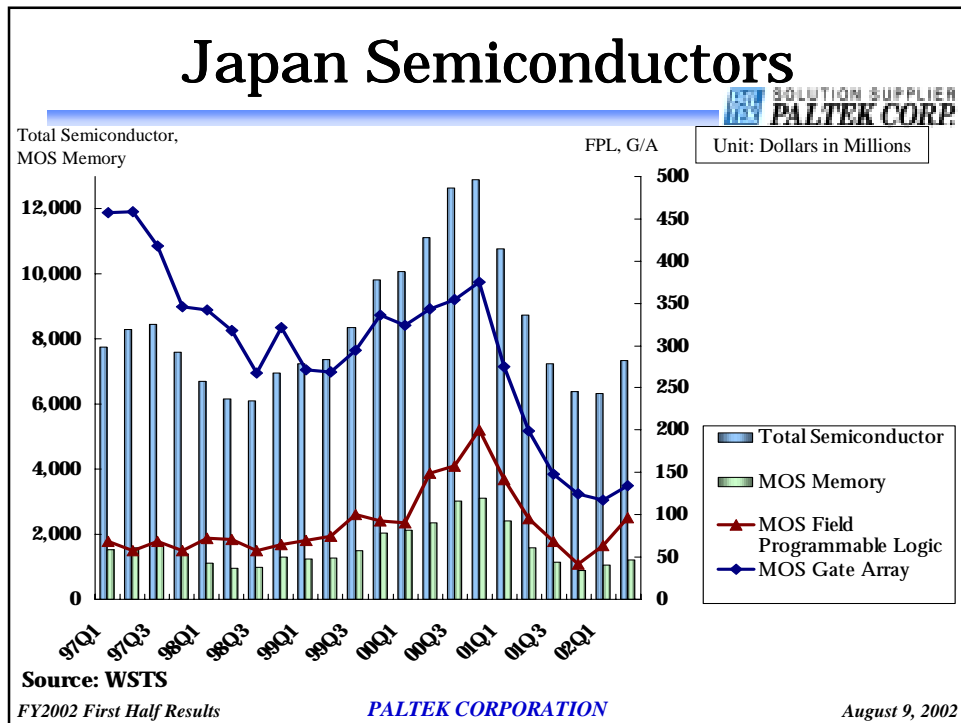
Attachments

- **Semiconductor Market Overview (Quarter version)**
 - Worldwide / Americas / Japan

- **PALTEK Group Company Outlines**

- **Market Information**





Alpha Electronics, Inc.

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ALPHA **フィル電子株式会社** INC.

<http://www.alpha-denshi.co.jp/>

Name: Alpha Electronics, Inc.

Established: September 1974

Headquarters: 1-14-33 Esaka, Suita-shi, Osaka

Capital: 97.2 Million Yen (As of December 31, 2001)

Capital Ratio: 84.3%

Acquisition: October 1998

President: Keizo Inoue

Business: Bridgehead in Kansai region for PALTEK group
Product Offerings include semiconductors, electronic components, and system equipment

Products: National Semiconductor, Fairchild Semiconductor
Altera, Sophia Systems, Alpha Electronics Corp.

FY2002 First Half Results

PALTEK CORPORATION

August 9, 2002

Spinnaker Systems, Inc.

 SOLUTION SUPPLIER
PALTEK CORP.



Name: Spinnaker Systems, Inc.
Established: October 1, 1995 <http://www.spinnaker.co.jp/>
Headquarters: Hatchobori SF bldg. 5F 3-12-8 Hatchobori,
Chuo-ku Tokyo 104-0033 Japan
Capital: 245.5 Million Yen (As of December 31, 2001)
Capital Ratio: 100%
Acquisition: June 2000
President: Isao Tanabe
Business:

- EDA Software
- IP (Intellectual Property) Design
- Technology Consultant
- SoC Design Support based on PLD platform

Business Partners: Mentor Graphics, Plato Design Systems, Inc. etc

FY2002 First Half Results

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axelec corporation

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Name: axelec Corporation <http://www.axelec.net/>
Established: June 1, 2001
Headquarters: 2-3-19 Shin-Yokohama Kouhoku-ku, Yokohama
222-0033 JAPAN
Capital: 40 Million Yen (As of March 1th, 2002)
Capital Ratio: 50% (PALTEK) : 50% (Marubun Corporation)
President: Yoshio Sakurai
Business: Provide Total Solutions for the Broadband Network

- Offerings include Hardware, Software, Consulting Services
 - SAN (Storage Area Network) Technologies
 - Storage Router Technologies
 - Residential Gateway Technologies
 - Home Networking Technologies



Product Lines: Net Silicon, PLX Technology, Alcatel

FY2002 First Half Results

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August 9, 2002

HYPER-PALTEK Corporation

Name: HYPER-PALTEK Corporation

Established: January 31, 2001 <http://www.hyper-paltek.com>

Headquarters: 2-3-12 Shin-Yokohama Kouhoku-ku, Yokohama
222-0033 JAPAN

Capital: 10 Million Yen (As of December 31, 2001)

Capital Ratio: 49% (PALTEK) : 51% (HYPER Corp.)

President: Kurt B. Fischer

Business: Total Bluetooth Qualification Services

- Documentation Service (English, Japanese)
- Consulting Service (Development of Test Plan, Product Testing)
- Review the Test Result, Authorization, Registration to the Official Site

FY2002 First Half Results
PALTEK CORPORATION
August 9, 2002

