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Revisions to the Consolidated and Non-Consolidated Business Forecasts for the Fiscal Year (ending December 2002)

PALTEK Corporation announced today its revision of consolidated and non-consolidated results forecast for the fiscal year ending December 31, 2002, which was previously announced on October 15, 2002.

1. Revision to the Consolidated Business Forecast for the Year Ending December 2002

(1) Fiscal Year End Revisions (January 1, 2002 – December 31, 2002)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Previous Forecast (A)	15,028	514	609	600
Revised Forecast (B)	15,545	693	831	136
Increase/Decrease Amount(B-A)	517	179	222	(464)
Increase/Decrease Percentage	3.4%	34.8%	36.5%	(77.3%)

(2) For Reference: Previous Results (Fiscal Year Ended December 31, 2001)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Full-Year (1/1-12/31)	17,443	370	239	(459)

2. Revision to the Non-Consolidated Business Forecast for the Year Ending December 2002

(1) Fiscal Year End Revisions (January 1, 2002 – December 31, 2002)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Previous Forecast (A)	11,500	740	849	398
Revised Forecast (B)	11,602	914	1,049	519
Increase/Decrease Amount(B-A)	102	174	200	121
Increase/Decrease Percentage	0.9%	23.5%	23.6%	30.4%

(2) For Reference: Previous Results (Fiscal Year Ended December 31, 2001)

(Yen in Millions)

	Sales	Operating Profit	Recurring Profit	Net Income
Full-Year (1/1-12/31)	13,624	1,249	1,151	(163)

(Translation)

3. Reason for Revision

The overall world economic slowdown, which is caused partly from IT demand decline, seems to hit the bottom, but uncertainty still remains and cautious planning is necessary. Continuing cutbacks of capital investment toward the information technology and weak market environment appear to stay in the near future.

In the midst of ongoing market stagnation, we have been focusing on strengthening our operations and finances. Consequently our non-consolidated results are projected to exceed our previous forecast. Additionally, we have decided to amortize the goodwill of a wholly-owned subsidiary, Spinnaker Systems, in a lump to prepare for the ongoing uncertainty of market condition. As for the future business strategy of Spinnaker Systems, we plan to announce concretely at the fiscal end meeting scheduled in February 2003.

(1) Non-consolidated business forecast

Sales figure is expected to achieve the previous forecast as the result of the sales promotion and customer base enhancement. Profits will exceed the previous forecast due to continuous efforts of the effective operation and cost reduction.

(2) Consolidated business forecast

Sales figure is expected to be at the level of the forecast announced in October 2002 and recurring profits will exceed the forecast in conjunction with the non-consolidated business results.

Net income is expected to fall due to the one-time, lump-sum amortization of goodwill on Spinnaker Systems. This wholly-owned subsidiary, Spinnaker Systems, has been suffering from prolonged capital investment cutbacks among Japanese chip manufacturers. Responding to the poor business results of the Spinnaker Systems, we have decided to add another 500 million yen as the one-time amortization of goodwill in addition to the previously scheduled amount of 200 million yen.

The dividends per share at the end of the fiscal year 2002 are expected to be 10 yen as planned.

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Questions concerning this Press Release:

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