

(Translation)

To All Persons Concerned

Tadahito Takahashi, President
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PALTEK ANNOUNCED ACQUISITION OF NS MICROELECTRONICS

PALTEK Corporation (“PALTEK”) announced today that it has acquired NS Microelectronics Co., Ltd. (“NSM”).

1. Purpose of acquisition of shares

NSM is a leading Japanese distributor of National Semiconductor Corporation, the industry’s premier analog company and worldwide leader for high-value analog devices and subsystems. By obtaining NSM’s shares and adding NSM into PALTEK Group, PALTEK intends to strengthen the group’s analog solution capabilities as well as to further strengthen the group’s system-based solution.

PALTEK group expects following effects from this acquisition.

Addition of NSM to PALTEK group will enable to have 2 core businesses, one being PLD solution and the other Analog solution, to balance out its business portfolio.

Addition of NSM’s strong customer base, which primarily consists of major Japanese electronics manufacturers, will enable to expand customer coverage and application fields for PALTEK group.

PALTEK will be able to further strengthen its system-based solution strategies to provide more value-added solution to customers.

Addition of NSM’s Singapore branch office to PALTEK’s existing global distribution channel will enable PALTEK to better-serve global customers.

2. Information about NS Microelectronics Co., Ltd.

(1)	Company Name	NS Microelectronics Co., Ltd.
(2)	President	Yukihiko Maruyama
(3)	Address	3-16-1, Shibaura, Minato-Ku, Tokyo
(4)	Established	February 24, 1997
(5)	Business	Marketing and Sales of Semiconductor products
(6)	Fiscal End	May
(7)	No. of Employees	49 (As of May 16, 2006)
(8)	Locations	Tokyo (headquarters), Singapore (branch office)
(9)	Capital	90,000,000 yen
(10)	No. of Shares	1,800 Shares
(11)	URL	http://www.nsm.co.jp/

(12) Recent Financial Data (Unit: thousand yen except dividend)

	May 2004	May 2005
Sales	8,530,465	7,595,039
Gross margin	832,322	714,279
Operating income	189,011	76,097
Ordinary income	89,286	9,635
Net Income	45,127	1,051
Total Asset	4,701,256	3,917,128
Shareholder's Equity	399,267	379,819
Dividend	7,500	-

3. Information about previous shareholders from whom shares have been obtained

(1) Nippon Denso Industry Co., Ltd.

Company Name	Nippon Denso Industry Co., Ltd.
President	Yukio Kawabata
Main Location	3-14-19, Shibaura, Minato-Ku, Tokyo
Business	Marketing and sales of semiconductor product, electronics components and related systems
Relation to PALTEK	None
No. of Shares sold to PALTEK	1,278 shares

(2) National Semiconductor Japan Ltd

Company Name	National Semiconductor Japan Ltd
President	Juergen Heldt
Main Location	Kiba 2-17-18 Koto-ku Tokyo
Business	Marketing and sales of semiconductor ICs of National Semiconductor
Relation to PALTEK	None
No. of Shares sold to PALTEK	342 shares

(3) OKI Electric Industry Co., Ltd.

Company Name	OKI Electric Industry Co., Ltd.
President	Katsumasa Shinozuka
Main Location	Toranomon 1-7-12 Minato-ku Tokyo
Business	Manufacturing and sales of products, technologies, software and solutions for telecommunications systems, information systems and electronic devices, including IT services distribution and constructions related to these businesses
Relation to PALTEK	None
No. of Shares sold to PALTEK	180 shares

4. Information about acquisition

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|-----|---------------------------------------|--------------|---|
| (1) | No. of Shares held before acquisition | 0 | |
| (2) | No. of shares to be obtained | 1,800 shares | (Amount for acquisition 515 million yen) |
| (3) | No. of Shares held after acquisition | 1,800 shares | (% of shares held after acquisition 100%) |

5. Timetable

May 16, 2006	Acquisition is approved at the Board of Directors' meeting
May 16, 2006	Stock certificates are transferred

6. Impact to PALTEK Group's Business

As NSM has become PALTEK's consolidated subsidiary as of May 16, 2006, the revenue and profits brought by NSM will be included into PALTEK's consolidated financial values from the second half of this fiscal year. Following is the revised guidance of consolidated figures after NSM's contributions are considered.

Unit: million yen

	Fiscal Year 2006 (December end)	
Revenue	13,510	(3,720)
Operating Income	-875	(40)
Ordinary Income	-790	(10)
Net Income	-474	(6)

Numbers in () indicate estimated contributions made by NSM.

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Questions concerning this Press Release

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