

(Translation)

To All Persons Concerned

Tadahito Takahashi, President
 PALTEK Corporation (Security Code: 7587)
 2-3-12, Shin-Yokohama Kouhoku-ku
 Yokohama, 222-0033 Japan
 Person in charge : Tadashi Ito,
 Director of Operational
 Services Division
 Tel : 045-477-2000
 URL : <http://www.paltek.co.jp/>

**PALTEK Issues Revised Forecast for FY2006
 (Ending December 31, 2006)**

PALTEK Corporation today issued revised consolidated and non-consolidated business forecasts for both the half year ending June 30, 2006 and the fiscal year ending December 31, 2006, from those announced on May 16, 2006. The key points are as in the tables below.

1. Consolidated Forecast for Fiscal Year 2006

(1) Half Year 2006 Revisions (January 1, 2006 – June 30, 2006)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	5,720	-325	-180	-110
Revised Forecast (B)	5,948	-151	-43	-37
Increase/Decrease Amount (B-A)	228	174	137	73
Increase/Decrease Percentage (%)	4.0	53.5	76.1	66.4

(2) Fiscal Year 2006 Revisions (January 1, 2006 – December 31, 2006)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	13,510	-875	-790	-474
Revised Forecast (B)	13,980	-700	-610	-370
Increase/Decrease Amount (B-A)	470	175	180	104
Increase/Decrease Percentage(%)	3.5	20.0	22.8	21.9

(3) For Reference: Previous Year's Results (January 1, 2005 – December, 2005)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
First Half (1/1-6/30)	8,289	239	105	82
Full-Year (1/1-12/31)	17,946	541	373	243

2. Non-Consolidated Forecast for Fiscal Year 2006

(1) Half Year 2006 Revisions (January 1, 2006 – June 30, 2006)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	3,500	-430	-275	-160
Revised Forecast (B)	3,613	-280	-155	-96
Increase/Decrease Amount (B-A)	113	150	120	64
Increase/Decrease Percentage (%)	3.2	34.8	43.6	40.0

(2) Fiscal Year 2006 Revisions (January 1, 2006 – December 31, 2006)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	5,880	-1,020	-890	-525
Revised Forecast (B)	6,000	-860	-740	-450
Increase/Decrease Amount (B-A)	120	160	150	75
Increase/Decrease Percentage(%)	2.0	15.7	16.9	14.3

(3) For Reference: Previous Year's Results (January 1, 2005 – December 31, 2005)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
First Half (1/1-6/30)	6,949	184	74	67
Full-Year (1/1-12/31)	14,774	402	259	174

3. Reason for Revision

For the first half of Fiscal Year 2006, revenue is expected to be slightly above the previous guidance due to strong demand from mobile handset business in Analog Solution as well as from sound demand for System Solution business.

Operating loss is expected to improve from the previous guidance due to cost saving efforts.

Accordingly, Ordinary loss as well as Net loss will be reduced as the loss from Operation is decreased.

As for the entire Fiscal Year 2006, PALTEK maintains the previous guidance for the 2nd half of Fiscal Year 2006, which was announced on May 16, 2006, therefore, this new guidance reflects the modified guidance of the first half of Fiscal Year 2006 explained above.

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This release provides 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.

Questions concerning this Press Release

PALTEK Corporation : Ikuko Tokunaga,
Investor Relations Manager
Phone (Direct) : 045-477-2016
FAX : 045-477-2012
E-mail address : ir@paltek.co.jp