

(Translation)

To All Persons Concerned

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

PALTEK Corporation today issued revised consolidated and non-consolidated business forecasts for the fiscal year ending December 31, 2006, from those announced on August 3, 2006. The key points are in the tables below.

1. Consolidated Forecast for Fiscal Year 2006

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

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	13,980	-700	-610	-370
Revised Forecast (B)	14,340	-500	-210	-140
Increase/Decrease Amount (B-A)	360	200	400	230
Increase/Decrease Percentage (%)	2.6	28.6	65.6	62.2

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

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Full-Year (1/1-12/31)	17,946	541	373	243

2. Non-Consolidated Forecast for Fiscal Year 2006

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

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	6,000	-860	-740	-450
Revised Forecast (B)	6,320	-720	-410	-260
Increase/Decrease Amount (B-A)	320	140	330	190
Increase/Decrease Percentage (%)	5.3	16.3	44.6	42.2

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

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Full-Year (1/1-12/31)	14,774	402	259	174

3. Reason for Revision

Sales is expected to be slightly higher than the previous guidance due to strong sales from memory products as well as analog products. The loss from operation is expected to be reduced due to improvement in overall gross margin point as well as cost saving efforts. As for ordinary loss, in addition to improvement in operating loss, gain from currency exchange for returned products contributes to reduce the amount of ordinary loss and the net loss is reduced accordingly.

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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

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