

(Translation)

To All Persons Concerned

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PALTEK Issues Revised Forecast for FY2008 (December 31, 2008)

PALTEK Corporation today issued revised consolidated and non-consolidated business forecasts for both the half year ending June 30, 2008 and the fiscal year ending December 31, 2008, from those announced on March 28, 2008. The key points are as in the tables below.

1. Consolidated Forecast for Fiscal 2008

(1) Half Year 2008 Revisions (January 1, 2008 – June 30, 2008)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	11,500	20	35	5
Revised Forecast (B)	10,500	37	140	65
Increase/Decrease Amount (B-A)	-1,000	17	105	60
Increase/Decrease Percentage (%)	-8.7	85.0	300.0	1,200.0

(2) Fiscal Year 2008 Revision (January 1, 2008 – December 31, 2008)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	25,000	110	105	47
Revised Forecast (B)	24,000	127	210	107
Increase/Decrease Amount (B-A)	-1,000	17	105	60
Increase/Decrease Percentage (%)	-4.0	15.5	100.0	127.7

(3) For Reference: Previous Year's Results (January 1, 2007 – December 31, 2007)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
First Half (1/1-6/30)	9,125	-311	-267	-297
Full-Year (1/1-12/31)	20,655	-300	-222	-258

2. Non-Consolidated Forecast for Fiscal 2008

(1) Half Year 2008 Revisions (January 1, 2008 – June 30, 2008)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	6,800	15	35	21
Revised Forecast (B)	6,300	50	280	163
Increase/Decrease Amount (B-A)	-500	35	245	142
Increase/Decrease Percentage (%)	-7.4	233.3	700.0	676.2

(2) Fiscal Year 2008 Revision (January 1, 2008 – December 31, 2008)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
Previous Forecast (A)	15,000	55	60	36
Revised Forecast (B)	14,500	90	305	178
Increase/Decrease Amount (B-A)	-500	35	245	142
Increase/Decrease Percentage(%)	-3.3	63.6	408.3	394.4

(3) For Reference: Previous Year's Results (January 1, 2007 – December 31, 2007)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income
First Half (1/1-6/30)	4,278	-383	-351	-310
Full-Year (1/1-12/31)	10,079	-461	-334	-282

3. Reason for Revision

For the first half of fiscal year 2008, revenue is expected to be lower than previously expected due to weak sales of analog semiconductor for mobile handsets and stagnated lower price of DRAM products.

As for operating income, although overall revenue is down from the previous guidance, gross margin will not be down as much as the revenue decline, thanks to better gross margin percentage. Stronger yen and steady revenue from the products with higher margin percentage are the 2 main reasons of higher than expected gross margin point. Also, we expect our operating expense is lower than previous guidance due to tight control on expense. As a result, we now expect the operating income is slightly higher than previous guidance.

As for ordinary income, a large gain from exchange rate will result in higher ordinary income.

For the net income, NS Microelectronics, a subsidiary of PALTEK, has reached a definitive reconciliation agreement and recorded a payment of 26 million yen for a dispute. However, because of the larger gain in ordinary income above, overall net income will exceed the previous guidance for the first half of fiscal year 2008.

The company maintains the previous guidance for the second half of fiscal year 2008, therefore, the company modifies its fiscal year 2008 revenue and operating, ordinary, and net income in accordance with the above modified guidance for the first half of fiscal year 2008.

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Questions concerning this Press Release

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