

(Translation)

To All Persons Concerned

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PALTEK Issues Revised Guidance 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 May 14, 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)	10,500	37	140	65
Revised Forecast (B)	10,171	58	139	56
Increase/Decrease Amount (B-A)	-329	21	-1	-9
Increase/Decrease Percentage (%)	-3.1	56.8	-0.7	-13.8

(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)	24,000	127	210	107
Revised Forecast (B)	21,000	100	155	60
Increase/Decrease Amount (B-A)	-3,000	-27	-55	-47
Increase/Decrease Percentage (%)	-12.5	-21.3	-26.2	-43.9

(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)	6,300	50	280	163
Revised Forecast (B)	6,169	39	217	121
Increase/Decrease Amount (B-A)	-131	-11	-63	-42
Increase/Decrease Percentage (%)	-2.1	-22.0	-22.5	-25.8

(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)	14,500	90	305	178
Revised Forecast (B)	12,800	80	242	135
Increase/Decrease Amount (B-A)	-1,700	-10	-63	-43
Increase/Decrease Percentage(%)	-11.7	-11.1	-20.7	-24.2

(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 slightly lower than previously expected due to weak sales of analog semiconductor for mobile handsets and DRAM products.

As for operating income, improved gross margin will contribute to better-than-expected operating income. On the non-consolidated base, a slight increase in expense results in slight decrease in its operating income.

As for ordinary income and net income, loss from exchange rate in the 2nd quarter will result in lower-than-expected income for each.

As for the full year guidance for FY2008, the Company lowers previous revenue guidance in accordance with overall weakness across all business units. In particular, analog products are affected largely by shrinking domestic mobile handset market while sales from DRAM products remains low due to no sign of improvement in over-supply market condition.

On consolidated base, lower revenue will impact operating, ordinary, and net income, although improved gross margin and expense control will minimize the impact from lower revenue. On non-consolidated base, the Company maintains the previous income guidance for the 2nd half of FY2008, therefore, income guidance will be adjusted to reflect the results of the first half.

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Questions concerning this Press Release

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