

To Our Shareholders  
**PALTEK REPORT**  
Half-year Ended June 30, 2008

**JASDAQ**

Code: 7587

I would like to extend my warmest thanks to all our shareholders for your continued support.

I am pleased to present the results of the interim term of our 27th fiscal year (January 1, 2008–June 30, 2008).

## Business Conditions of this Interim Term

During the consolidated interim term under review, the Japanese economy slowed significantly on the effects of the subprime mortgage loan crisis and the soaring prices of crude oil and raw materials. Corporate earnings deteriorated dramatically and consumer spending was stagnant. In the electronics industry, growth slowed in flat televisions and digital cameras, which had driven the market, and demand was weak due to economic uncertainty.

In this market environment, the PALTEK Group focused on expanding the market share of Xilinx products in the PLD solution business. In the analog solution business, we witnessed sluggish growth in the portable device market, which had driven sales, and focused on discovering new projects in other fields. We also focused on finding new projects for ASSP products in the fast-growing ASSP solution business. In the

memory solution business, whose recovery from memory price falls had been delayed, we focused on sales for industrial field and small-lot customers.

Sales significantly increased in the PLD solution and ASSP solution businesses, driven by projects for communication and broadcasting applications for major customers and the solid expansion of customer base. On the other hand, sales in the analog solution business were weak, reflecting poor performance in projects for portable devices for multiple customers. Sales in the memory solution business were also weak because of the supply-demand situation for memory products, which declined from the middle of last year and has not recovered. As a result, overall net sales for the interim term under review rose 11.5% year on year, to 10,171 million yen with the poor performance in the analog solution and memory solution businesses more than offset by a significant rise in sales in the PLD solution and ASSP solution businesses.

Operating income improved to 58 million yen (against operating loss for the previous consolidated interim term of 311 million yen), attributable to an increase in gross profit due to a rise in sales and improvement in gross profit

## Financial Highlights

(Millions of yen)

	2007/6	2007/12	2008/6	2008/12 (E)
Net sales	9,125	20,655	<b>10,171</b>	21,000
Operating income (loss)	(311)	(300)	<b>58</b>	100
Ordinary income (loss)	(267)	(222)	<b>139</b>	155
Net income (loss)	(291)	(258)	<b>56</b>	60

(E): Estimated figure

margin, and continued tight control over expenses.

Ordinary income was 139 million yen (against the ordinary loss for the previous consolidated interim term of 267 million yen) because of a foreign exchange gain due to rapid appreciation of the yen in the first quarter and a gain from the sale of investment securities.

Net income was 56 million yen (against the net loss for the previous consolidated interim term of 291 million yen), partly due to a settlement of 26 million yen as a result of the settlement of a dispute concerning a consolidated subsidiary.

### Full-year Forecast

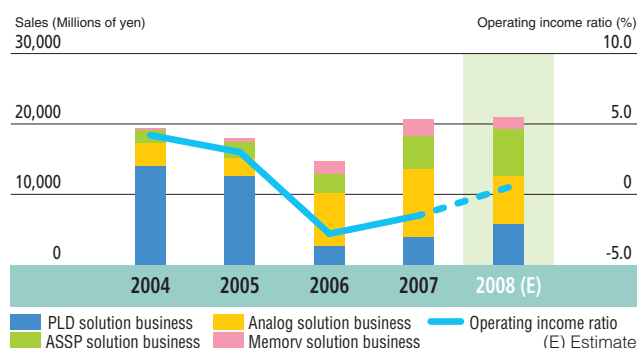
Looking at the outlook for the Japanese economy in the third quarter onward, the economy is slowing further and uncertainty is increasing, reflecting financial instability triggered by the subprime mortgage loan crisis and soaring prices of crude oil and raw materials.

In this market environment, we will increase sales in our mainstay PLD solution business by expanding market share for major customers and the customer base. In the analog solution business, where sales have been falling due to

lengthening of the portable device replacement cycle, we will strive to recover sales by focusing on acquiring such applications as flat televisions, and communications and industrial applications, where high-performance analog semiconductors are necessary and in high demand. In the ASSP solution business, sales have grown steadily owing to projects for communications applications. We plan to increase projects robustly by focusing on projects for customers for which we have already produced results in their respective fields. In the memory solution business, we will continue to focus on sales for industrial field and small-lot customers, assuming it will take some time for the supply-demand situation to improve.

The previously shown full-year earnings forecast reflects results in the first half and our forecast of economic circumstances along with business environment in each solution segment in the second half, in which the economy is slowing. (Refer to Financial Highlights at the bottom of page 1.)

### Changes in earnings forecast (Consolidated)



PALTEK CORPORATION  
**Tadahito Takahashi**  
 President



# For new growth—initiative in new business

## ▶ Launch of design service business

We set up the Design Service Division in January this year and plan to develop it as one of the pillars of our businesses.

## ▶▶ Why is design service required?

In recent years we have often received requests from customers for design services. The background contains the following circumstances:

### Market circumstances surrounding customers:

- (i) Continually need to launch new products because of shortening of product cycles.
- (ii) Chronic shortage of hardware engineers
- (iii) Level of engineering difficulty is rising because of product requirements of high speed and multiple functions.

### Situation of components used:

- (i) Designing PLDs has become more difficult.  
With the evolution of process technology, the PLD can now offer large density, high performance and high speed. This, in return, makes designing PLDs more difficult and complex.
- (ii) The PLD development environment has become more complicated.  
With growing density and functionality, the development environment has become more complicated, such as multiple design and test and measurement tools being used in combination.

Electronics manufacturers, our customers, are under pressure in terms of both the general market environment and components used, and it is becoming increasingly difficult for them to merely have their own engineers design and develop products with respect to the number of engineers and the acquisition of technologies and knowledge. Electronics manufacturers therefore long for design and testing services from distributors having reliable engineering capabilities like we do.

## ■ Forefront of PALTEK Solution

**We interviewed the staff of the development team of the original evaluation board “HYUGA” (DSP solution evaluation board).**

### Q What are the selling points of this evaluation board?

**A** While providing engineering support for PLDs, we heard specific requests and problems from customers about evaluation boards, and we made sure that these customer needs are addressed in this board. For example, we have realized the verification of analog input/output and

the evaluation of interconnection with boards of Texas Instruments Incorporated, which are industry standards for customers using DSPs. Specifically, the board is designed for the verification of high-speed signal processing for wireless systems and image compression.

### Q How long did it take to develop the board? How many people participated in the development?

**A** It took one year to conceptualize the board and four months to actually develop it. The period for actual development was relatively short because six or seven technical experts took part in developing each function of the board. The staff found solutions to issues while discussing them frankly. In the final comprehensive

## ▶▶▶ Forms of design service business

### 1 Design Service Program

We are contracted to develop designs in accordance with specifications from customers and undertake design using our own engineers or in collaboration with design partners (design firms) that possess differing strengths.

### 2 Development and sale of original evaluation boards

Software programs are used for designing PLDs and DSPs. When the design is completed, an evaluation board needs to be developed so that the designs can be tested on actual printed board whether designs actually work in accordance with the specifications. Even if a certain design works perfectly on software simulations, different problems can occur when a real hardware test is carried out, including unexpected noises and heat from mutual interference of components and failure to operate due to slight timing issues. To shorten the testing process, we have internally developed evaluation boards for a few applications and provide them for customers. Customers can save time from verifying by using the evaluation boards. Moreover, if customers use the reference designs, PLDs, and analog and memory products that we recommend, they can obtain solutions that are already verified.

We aim to post sales of 300 million yen in fiscal 2008, the first fiscal year of the design service business, and have already recorded sales of over 200 million yen. We have also received repeat orders from multiple customers, which shows the increasing credibility of our design service. We plan to continue to promote the design service in the second half to enhance synergy with the sale of PLDs and analog semiconductors.

verification, all staff excitedly made real board verification for each evaluation board to see if they would work as designed. The board was completed through each person's engineering skills and teamwork.

#### What are your future plans?

A• Developing an original evaluation board is a valuable experience that raises our ability to support the sale of semiconductors and from a customer perspective allows us to enjoy, and grasp the difficulty in, manufacturing. We, as the engineering group, will identify specific needs of customers, speed up development, and contribute to the expansion of sales of the Company.



HYUGA  
"HYUGA is a PALTEK original evaluation board developed by the comprehensive expertise of the engineering group."

## Annual general meeting of shareholders for the 26th term

The annual general meeting of shareholders for the 26th term was held on Saturday, March 29, 2008 at the Seminar Room at the Head Office. We spent a great deal of time explaining in detail PALTEK operation and progress as approved in the questionnaire survey conducted after last year's

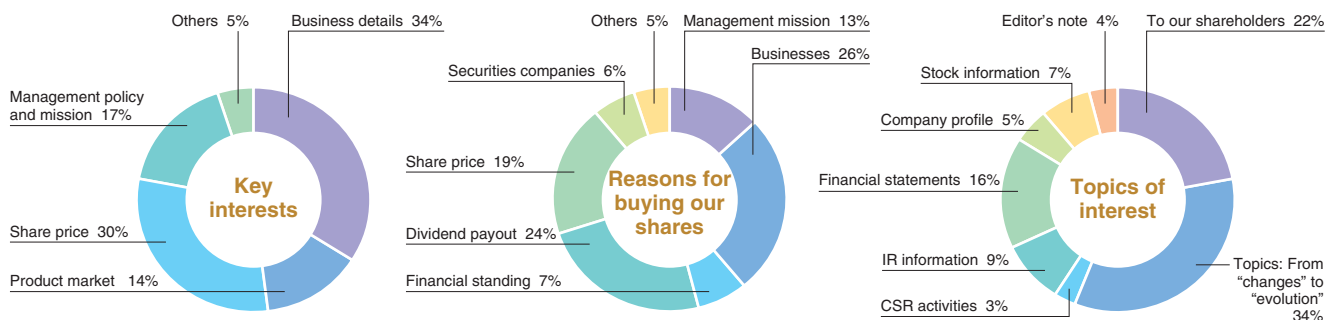
annual shareholders' meeting. The meeting consequently took one hour and 13 minutes, a little longer than last year's meeting, during which valuable time we received questions and opinions from multiple shareholders. We appreciate your participation.

## Report on shareholder survey

We received over 200 answers to the questionnaire survey conducted at the time of the PALTEK Report for the 26th term. The answers included many encouraging messages on our performance, which moved back into the black in the second half of FY2007 and is improving. On the other hand, there

were many concerns and opinions over sluggish stock prices. We will make even greater efforts to ensure profitability, improve performance as soon as possible and reflect that improvement in stock prices in the fiscal year. Your continued guidance and support will be greatly appreciated.

### Results of Survey for the 26th PALTEK Report



### Are you ready for Electronic Stock Certificate System?

Starting January 2009, the stock certificates of all listed companies will be digitized and electronically managed. If you are not prepared, please read the enclosed circular regarding the dematerialization of stock certificates and perform the indicated procedure.

### IR Events

Date	Events
February 13 (Wednesday)	Explanatory Meeting on Fiscal Year 2007
March 29 (Saturday)	Annual General Meeting of Shareholders for the 26th Term
May 14 (Wednesday)	Explanatory Meeting on Q1 2008
August 11 (Monday)	Explanatory Meeting on Results for First Half 2008
October 30 (Thursday)	Explanatory Meeting on Q3 2008



## Consolidated balance sheet

(Thousands of yen)

	June 30, 2008	June 30, 2007	December 31, 2007
<b>●Assets</b>			
<b>Current assets</b>	<b>10,407,064</b>	<b>10,025,397</b>	<b>9,898,982</b>
Cash and bank deposits	2,426,335	2,186,963	2,295,984
Notes and accounts receivable	4,418,336	4,287,689	5,070,103
Inventories	3,138,835	2,591,185	1,992,042
Other accounts receivable	245,457	842,287	374,761
Others	178,668	117,663	166,630
Allowance for doubtful accounts	(568)	(392)	(540)
<b>Fixed assets</b>	<b>1,053,827</b>	<b>1,247,927</b>	<b>1,114,087</b>
<b>Tangible fixed assets</b>	<b>84,759</b>	<b>101,220</b>	<b>86,202</b>
<b>Intangible fixed assets</b>	<b>92,845</b>	<b>114,404</b>	<b>109,737</b>
Goodwill	47,194	62,893	55,044
Others	45,650	51,510	54,693
<b>Investments and other assets</b>	<b>876,221</b>	<b>1,032,302</b>	<b>918,146</b>
Investment securities	85,064	177,710	92,876
Others	798,080	862,086	832,282
Allowance for doubtful accounts	(6,922)	(7,495)	(7,012)
<b>Total assets</b>	<b>11,460,891</b>	<b>11,273,324</b>	<b>11,013,070</b>
<b>●Liabilities</b>			
<b>Current liabilities</b>	<b>2,964,444</b>	<b>2,729,136</b>	<b>2,460,053</b>
Notes and accounts payable	1,467,182	1,192,362	1,280,221
Short-term bank loans	970,000	1,000,000	780,000
Accrued bonuses	74,829	71,515	55,047
Accrued bonuses for directors and corporate auditors	—	4,900	—
Others	452,432	460,359	344,785
<b>Long-term liabilities</b>	<b>347,595</b>	<b>334,164</b>	<b>341,182</b>
Negative goodwill	485	649	566
Liability for employees' retirement benefits	61,099	47,694	54,700
Liability for directors' and corporate auditors' retirement benefits	247,453	247,453	247,453
Others	38,557	38,366	38,462
<b>Total liabilities</b>	<b>3,312,039</b>	<b>3,063,301</b>	<b>2,801,235</b>
<b>●Net assets</b>			
<b>Shareholders' equity</b>	<b>8,144,613</b>	<b>8,172,044</b>	<b>8,205,203</b>
Common stock	1,339,634	1,339,634	1,339,634
Capital surplus	2,698,526	2,698,526	2,698,526
Retained earnings	4,237,110	4,264,364	4,297,642
Treasury stock	(130,657)	(130,480)	(130,599)
<b>Valuation/translation gains (losses)</b>	<b>4,239</b>	<b>37,978</b>	<b>6,631</b>
Unrealized gains (losses) on securities—net	3,663	34,225	6,471
Deferred hedging gains (losses)	575	3,752	159
<b>Total net assets</b>	<b>8,148,852</b>	<b>8,210,023</b>	<b>8,211,834</b>
<b>Total liabilities and net assets</b>	<b>11,460,891</b>	<b>11,273,324</b>	<b>11,013,070</b>

## Consolidated statement of income

(Thousands of yen)

	Interim term ended June 30, 2008	Interim term ended June 30, 2007	Year ended December 31, 2007
<b>Net sales</b>	<b>10,171,032</b>	<b>9,125,829</b>	<b>20,655,287</b>
<b>Cost of sales</b>	<b>8,631,195</b>	<b>7,899,530</b>	<b>17,938,774</b>
<b>Gross profit</b>	<b>1,539,837</b>	<b>1,226,298</b>	<b>2,716,513</b>
<b>Selling, general and administrative expenses</b>	<b>1,481,773</b>	<b>1,538,068</b>	<b>3,017,032</b>
Provision for doubtful accounts	524	—	199
Salary	533,242	530,444	1,055,615
Provision for bonuses	73,765	64,370	54,428
Provision for directors' and corporate auditors' bonuses	—	4,900	—
Provision for directors' and corporate auditors' retirement benefits	—	1,563	1,563
Rent expenses	156,252	158,259	316,547
Amortization of goodwill	7,849	7,849	15,699
Others	710,139	770,682	1,572,978
<b>Operating income (loss)</b>	<b>58,063</b>	<b>(311,769)</b>	<b>(300,518)</b>
<b>Nonoperating income</b>	<b>98,650</b>	<b>68,940</b>	<b>127,229</b>
Interest income	2,438	6,360	9,040
Dividend income	106	89	185
Foreign exchange gain	69,766	44,347	85,541
Gain on sale of investment securities	14,759	—	1,335
Interest on refunds of consumption taxes	872	483	483
Amortization of negative goodwill	80	715	799
Others	10,626	16,944	29,844
<b>Nonoperating expenses</b>	<b>17,180</b>	<b>24,637</b>	<b>48,945</b>
Interest expenses	6,158	5,461	12,880
Commissions paid	441	9,471	16,942
Losses on assignment of promissory notes	1,504	1,549	2,633
Losses on assignment of accounts receivable	6,907	6,430	13,211
Others	2,167	1,725	3,277
<b>Ordinary income (loss)</b>	<b>139,533</b>	<b>(267,466)</b>	<b>(222,235)</b>
<b>Extraordinary income</b>	<b>1</b>	<b>20,767</b>	<b>53,807</b>
Gain on sale of fixed assets	—	50	50
Gain on reversal of directors' and corporate auditors' retirement benefits	—	75	75
Reversal of allowance for doubtful accounts	—	111	—
Gain on sale of investment securities	—	15,782	48,932
Gain on cancellation of derivatives	—	4,741	4,741
Others	1	5	7
<b>Extraordinary losses</b>	<b>27,070</b>	<b>27,636</b>	<b>30,746</b>
Loss on revision of earnings from previous period	—	3,030	3,030
Loss on disposal of fixed assets	432	1,154	2,273
Impairment losses	—	—	1,691
Loss on sale of investment securities	450	2,718	2,734
Loss on devaluation of investment securities	—	20,733	21,015
Litigation settlement	26,188	—	—
<b>Income (loss) before income taxes and minority interests</b>	<b>112,465</b>	<b>(274,335)</b>	<b>(199,173)</b>
<b>Income taxes—current</b>	<b>9,667</b>	<b>28,690</b>	<b>41,852</b>
<b>Income taxes—deferred</b>	<b>46,724</b>	<b>(11,774)</b>	<b>16,947</b>
<b>Minority interest in income of consolidated subsidiaries</b>	<b>—</b>	<b>33</b>	<b>33</b>
<b>Net income (loss)</b>	<b>56,073</b>	<b>(291,285)</b>	<b>(258,007)</b>

## Consolidated statement of changes in net assets

(Thousands of yen)

June 30, 2008	Shareholders' equity				Total shareholders' equity
	Common stock	Capital surplus	Retained earnings	Treasury stock	
<b>Balance as of Dec. 31, 2007</b>	1,339,634	2,698,526	4,297,642	(130,599)	8,205,203
<b>Changes during the term</b>					
Dividends			(116,605)		(116,605)
Net income (loss)			56,073		56,073
Acquisition of treasury stock				(58)	(58)
Other changes in non-shareholders' equity items during the term (net)					
<b>Total changes during the term</b>	—	—	(60,532)	(58)	(60,590)
<b>Balance as of June 30, 2008</b>	1,339,634	2,698,526	4,237,110	(130,657)	8,144,613

June 30, 2008	Valuation/translation gains (losses)			Total net assets
	Unrealized gains (losses) on securities—net	Deferred hedging gains (losses)	Total valuation/translation gains (losses)	
<b>Balance as of Dec. 31, 2007</b>	6,471	159	6,631	8,211,834
<b>Changes during the term</b>				
Dividends				(116,605)
Net income (loss)				56,073
Acquisition of treasury stock				(58)
Other changes in non-shareholders' equity items during the term (net)	(2,808)	416	(2,391)	(2,391)
<b>Total changes during the term</b>	(2,808)	416	(2,391)	(62,982)
<b>Balance as of June 30, 2008</b>	3,663	575	4,239	8,148,852

## Consolidated statement of cash flows

(Thousands of yen)

	Interim term ended June 30, 2008	Interim term ended June 30, 2007	Year ended December 31, 2007
<b>Cash flows from operating activities</b>			
Income (loss) before income taxes and minority interests	112,465	(274,335)	(199,173)
Depreciation	23,914	25,317	52,081
Amortization of goodwill	7,849	7,849	15,699
Amortization of negative goodwill	(80)	(715)	(799)
Impairment losses	—	—	1,691
Loss on valuation of investment securities	—	20,733	21,015
Increase (decrease) in allowance for doubtful accounts	403	(111)	101
Increase (decrease) in accrued bonuses	19,782	14,302	(2,165)
Increase in accrued bonuses for directors and corporate auditors	—	4,900	—
Increase in liability for employees' retirement benefits	6,399	2,842	9,847
Decrease in liability for directors' and corporate auditors' retirement benefits	—	(42,734)	(42,734)
Interest and dividends income	(2,544)	(6,450)	(9,225)
Interest expenses	6,158	5,461	12,880
Gain on sale of investment securities	(14,759)	(15,782)	(50,267)
Loss on sale of investment securities	450	2,718	2,734
Gain on sale of tangible fixed assets	—	(50)	(50)
Loss on disposal of tangible fixed assets	432	1,038	2,158
Loss on disposal of intangible fixed assets	—	115	115
Gain on cancellation of insurance policies	(4,364)	(5,840)	(11,720)
Gain on cancellation of derivatives	—	(4,741)	(4,741)
Litigation settlement	26,188	—	—
Decrease (increase) in accounts receivable - trade	646,397	(320,918)	(1,098,406)
Decrease (increase) in inventories	(1,147,434)	653,335	1,246,046
Increase (decrease) in accounts payable - trade	186,961	(237,981)	(150,100)
Decrease (increase) in consumption tax receivable	156,016	28,806	(90,857)
Decrease (increase) in other accounts receivable	38,339	(700,259)	(85,637)
Increase (decreases) in accounts payable - other	77,457	102,873	8,679
Decrease (increase) in advance payments	(26,748)	8,218	9,964
Increase (decrease) in advances	(7,449)	21,273	12,257
Others	(50,114)	(25,294)	(29,044)
Sub total	55,720	(735,429)	(379,652)
Interest and dividends received	2,636	6,269	8,611
Interest paid	(6,981)	(5,202)	(13,178)
Litigation settlement paid	(26,188)	—	—
Tax refunds	64,690	61,998	61,998
Income taxes paid	(13,691)	(127,601)	(226,609)
<b>Net cash from operating activities</b>	<b>76,186</b>	<b>(799,964)</b>	<b>(548,829)</b>
<b>Cash flows from investing activities</b>			
Increase in time deposits	(122,024)	(12,000)	(24,098)
Decrease in time deposits	40,070	—	—
Purchases of investment securities	—	(2,230)	(2,230)
Proceeds from sale of investment securities	16,293	75,490	146,755
Payments for acquisition of affiliate's equity	—	(64,546)	(64,546)
Purchases of tangible fixed assets	(11,166)	(8,152)	(8,075)
Proceeds from sale of tangible fixed assets	—	137	137
Purchases of intangible fixed assets	(1,277)	(8,048)	(27,490)
Payments for loans	(372)	(150)	(959)
Proceeds from collection of loans	—	226	914
Increase in other investments	(30,862)	(31,406)	(37,585)
Decrease in other investments	7,394	86,492	118,896
<b>Net cash from investing activities</b>	<b>(101,944)</b>	<b>35,811</b>	<b>101,717</b>
<b>Cash flows from financing activities</b>			
Net increase in short-term bank loans	190,000	910,000	690,000
Repayment of long-term bank loans	—	(5,820)	(5,820)
Acquisition of treasury stock	(58)	(58)	(177)
Cash dividends paid to minority shareholders	—	(555)	(555)
Cash dividends paid	(115,634)	(116,332)	(117,270)
<b>Net cash from financing activities</b>	<b>74,306</b>	<b>787,233</b>	<b>566,176</b>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	<b>(152)</b>	<b>3,261</b>	<b>4,199</b>
<b>Net increase in cash and cash equivalents</b>	<b>48,396</b>	<b>26,341</b>	<b>123,263</b>
<b>Cash and cash equivalents at beginning of term</b>	<b>2,231,879</b>	<b>2,108,616</b>	<b>2,108,616</b>
<b>Cash and cash equivalents at end of term</b>	<b>2,280,276</b>	<b>2,134,957</b>	<b>2,231,879</b>

- **Company Name** PALTEK CORPORATION
- **Established** October 1982
- **President** Tadahito Takahashi
- **Employees** Parent basis: 156  
Consolidated basis: 235
- **Capital** 1,339,634 thousand yen
- **Subsidiaries** Alpha Electronics, Inc.,  
NS Microelectronics Co., Ltd.,  
Spinnaker Systems, Inc.,  
Alpha Electron (HK), Co., Ltd.
- **Main Banks** Sumitomo Mitsui Banking Corporation,  
The Bank of Tokyo-Mitsubishi UFJ, Ltd.,  
Mizuho Bank, Ltd.,  
Mitsubishi UFJ Trust and Banking Corporation,  
Yokohama Bank, Ltd.
- **Main Customers** NEC Corporation,  
Sony Corporation,  
Fujitsu Limited,  
Toshiba Corporation,  
Sumitomo Electric Industries, Ltd.,  
Olympus Corporation,  
Anritsu Corporation,  
Yokogawa Electric Corporation, etc.
- **Main Suppliers** Xilinx, Inc. (U.S.A.),  
National Semiconductor Corporation (U.S.A.),  
Micron Technology, Inc. (U.S.A.),  
AudioCodes Ltd. (ISRAEL),  
Gennum Corporation (Canada),  
GSI Technology, Inc. (U.S.A.),  
PLX Technology, Inc. (U.S.A.), etc.

- **Directors and Corporate Auditors**

President	Tadahito Takahashi
Vice President	Hiroyuki Takasaki
Director	Tadashi Ito
Director	Hajime Yamazaki
Director	Masahiko Hirata
Director	Tsutomu Niimura
Standing Corporate Auditor	Yukio Miura
Corporate Auditor	Isao Tsubaki
Corporate Auditor	Teruhiko Kyogoku
Corporate Auditor	Kazuhiko Nishimura

- **Offices**
  - **Head Office**  
Shin-Yokohama Square Bldg.,  
2-3-12 Shin-Yokohama, Kouhoku-ku, Yokohama,  
Kanagawa 222-0033, Japan  
TEL : +81-45-477-2000 FAX : +81-45-477-2012
  - **Osaka Branch**  
Omachi Bldg.,  
1-14-33 Esaka-cho, Suita, Osaka 564-0063, Japan  
TEL : +81-6-6369-4070 FAX : +81-6-6369-4071
  - **Machida Logistics Center**  
Tenko Bldg. 17,  
687-1 Tsuruma, Machida, Tokyo 194-0004, Japan  
(Logistics Center) TEL : +81-42-788-5560  
(Programming Center) TEL : +81-42-788-5561  
FAX : +81-42-788-5562
  - **PALTEK CORPORATION Shanghai Office**  
Jiahua Business Center Room A-8121,  
No. 808, Hongqiao Road, Shanghai 200030, China  
TEL : +86-21-64480145 FAX : +86-21-64480146

## Stock Information (as of June 30, 2008)

- Total number of authorized shares 23,562,000 shares
  - Total number of shares issued 11,849,899 shares
  - Number of shares per lot 100 shares
  - Number of shareholders 3,089
  - Breakdown of shareholders by owned volume
- 
- |                         |                          |
|-------------------------|--------------------------|
| 1,000 lots or more<br>8 | 5,000 lots or more<br>3  |
| 500 lots or more<br>7   | 10,000 lots or more<br>2 |
| 100 lots or more<br>56  | Less than 1 lot<br>227   |
| 50 lots or more<br>78   | 1 lot or more<br>1,550   |
| 10 lots or more<br>758  | 5 lots or more<br>400    |

- Breakdown of ownership by shareholders type
- 
- |  |  |
|--|--|
| Treasury stock<br>1 / 191,515 Shares               | Financial institutions<br>9 / 409,700 Shares       |
| Individuals and others<br>3,028 / 7,193,556 Shares | Financial instruments firms<br>11 / 108,826 Shares |
|  | Other corporations<br>21 / 780,711 Shares          |
|  | Foreign institutions<br>19 / 3,165,591 Shares      |

### Principal shareholders

Name	Number of shares held (thousand)	Equity ownership (%)
Tadahito Takahashi	2,571.1	22.09
Bank of New York GCM Client Account JPRD ISG (FE-AC)	1,537.7	13.21
Dave Brauer	775.2	6.66
Endeavor Corporation	593.2	5.09
The Bank of New York Europe Limited Luxembourg 131800	529.6	4.55
HSBC Fund Services SPARX Asset Management Corporated	300.0	2.57
Narie Ogawa	264.7	2.27
Kyoko Mizuno	264.7	2.27
Japan Trustee Services Bank, Ltd. (Trust Account)	241.0	2.07
PALTEK Employees Share Ownership Plan	228.8	1.96

Note: The above list shows actual possession situation.

## Shareholder Memo

Business Year	From January 1 to December 31
Annual general meeting of shareholders	End of March each year
Date of record for annual general meeting of shareholders	December 31 each year If necessary, the dates will be determined otherwise by a prior announcement.
Register closing date for dividend receivable	Term end dividend December 31 Interim dividend June 30
Transfer agent (Mailing address of the above)	Mitsubishi UFJ Trust and Banking Corporation Transfer Agent Department, Mitsubishi UFJ Trust and Banking Corporation 10-11 Higashisuna 7-chome, Koto-ku, Tokyo 137-8081
Distributing agent	All nationwide branch offices of Mitsubishi UFJ Trust and Banking Corporation Head office and all nationwide branch offices of Nomura Securities Co., Ltd.
Method of public notice	Electronic public notices: ( <a href="http://www.paltek.co.jp/ir/index.htm">http://www.paltek.co.jp/ir/index.htm</a> ) However, should electronic public notices become unavailable in the event of a contingency, the <i>Nihon Keizai Shimbun</i> shall be used for public notices.

### Editor's Note

Yoshinori Shibasaki, Corporate Communication Group

The Company's first original evaluation board has been named YAMATO after a fictional heroic spaceship. The following two types of boards are named HYUGA and MUSASHI after battleships series. We look forward to seeing the name of the fourth evaluation board.

We have enclosed a circular about the Electronic Share Certificate System. If you have not been prepared for the new Electronic Share Certificates System, please see the circular and perform the indicated procedure.

We will strive to increase the quality of our reports. Your feedback and opinions are greatly appreciated.

---

Tel. +81-45-477-2000 (main) email contact: [ir@paltek.co.jp](mailto:ir@paltek.co.jp)



Shin-Yokohama Square BLDG,  
2-3-12 Shin-Yokohama, Kouhoku-ku, Yokohama,  
Kanagawa 222-0033, Japan

<http://www.paltek.co.jp/>

