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(Translation)

To All Persons Concerned

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**Notice of incurring extraordinary loss and
revised guidance for mid-year FY2009 and FY2009
(December 31, 2009)**

PALTEK Corporation today reported extraordinary loss. The company also issued revised consolidated business forecast for the mid-year and fiscal year ending December 31, 2009, from those announced on February 12, 2009. The key points are as in the tables below.

1. Report of extraordinary loss

(1) Amount of loss

Loss from restructuring charges: 57 million yen (42 million yen in the first quarter and 14 million yen in the second quarter)

(2) Details

As announced in “the notice of the merger of 2 consolidated subsidiaries” dated December 8, 2008, the Company completed the merger of the 2 wholly-owned consolidated subsidiaries and in the process, incurred the ordinary loss. The details of the charges are explained in the section 4 of this guidance.

The Company included the forecast of this type of charges in the original guidance and played no impact to the updated guidance.

2. Consolidated Forecast for Fiscal mid-year 2009

Fiscal Mid-Year 2009 Revision (January 1, 2009 - June 30, 2009)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net income per share
Previous Forecast (A)	6,200	(325)	(335)	(215)	(18.43)
Revised Forecast (B)	6,672	(230)	(185)	(84)	(7.22)
Increase/Decrease Amount (B-A)	472	94	149	130	-
Increase/Decrease Percentage (%)	7.6	-	-	-	-
[For Reference] Previous Year's Results (2008/1/1-2008/6/30)	10,171	58	139	56	4.81

3. Consolidated Forecast for Fiscal 2009

Fiscal Year 2009 Revision (January 1, 2009 - December 31, 2009)

(Yen in Millions)

	Net Sales	Operating Income	Ordinary Income	Net Income	Net income per share
Previous Forecast (A)	17,500	50	30	1	0.09
Revised Forecast (B)	14,300	(210)	(180)	(80)	(6.86)
Increase/Decrease Amount (B-A)	(3,200)	(260)	(210)	(81)	-
Increase/Decrease Percentage (%)	(18.3)	-	-	-	-
[For Reference] Previous Year's Results (2008/1/1-2008/12/31)	20,726	131	286	59	5.07

4. Reason for Revision

(1) Fiscal mid-year Revisions

Since the world-wide economic crisis last fall, the sales continued to suffer and remained at low level in the 2nd quarter of fiscal 2009. However, several products in ASSP solution category remained relatively strong and resulted in higher than expected sales level.

The Company merged the 2 wholly-owned subsidiaries to the Company effective April 1, 2009, in efforts to increase efficiency and save expenses. The Company also aimed to strengthen sales capabilities by bringing 3 companies into one organization. Operating loss improved by this merger as well as continuing efforts of various cost saving measures while ordinary loss was also improved from gain from terminating insurance policies which one of merged subsidiaries had.

As for the net income, the Company closed 3 domestic offices in connection to the merger and consolidated into 2 offices while the warehouse and logistic operation were also consolidated into the Company's logistic center. These re-organizations of offices and logistic centers resulted in the charges of 57 million yen and incurred as extraordinary loss. Also, by this merger, the Company re-examined the previously removed deferred tax asset for one of the merged subsidiaries, and decided this deferred tax asset to be reinstated once again due to improved profitability. By the above stated reasons, the net loss was significantly improved.

(2) Fiscal 2009 Revisions

At the time of issuing the initial forecast in February 2009, the Company expected the world economy would improve in the latter half of this year due to government-backed aggressive economic stimulus policies by many countries and speedy and aggressive inventory correction actions by many companies. However, the overall economic situations appear to be still weak and lack the strength of quick recovery although there are some consumer products such as flat TV and car navigation systems are doing well due to focused economic stimulus policies by the Japanese government. Under such economic environment, electronic manufacturing companies are cautious about their production plans and they are postponing or shrinking the size of productions of some application areas such as next generation communication infrastructure projects and security systems as well as some industrial applications for the emerging markets in Asia, which the Company expected to be the key areas of recovery in the second half of the year. With the above mentioned reasons, the Company revised the forecast.

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Questions concerning this Press Release

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