

PALTEK

(JASDAQ:7587)

Fiscal Year 2010Q1 Explanatory Meeting

(English translation of original presentation)

May 12, 2010

 **Agenda**

- 1 Results of FY2010Q1**
- 2 Revised Guidance of FY2010**

PAL
TEK

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Results of FY2010Q1

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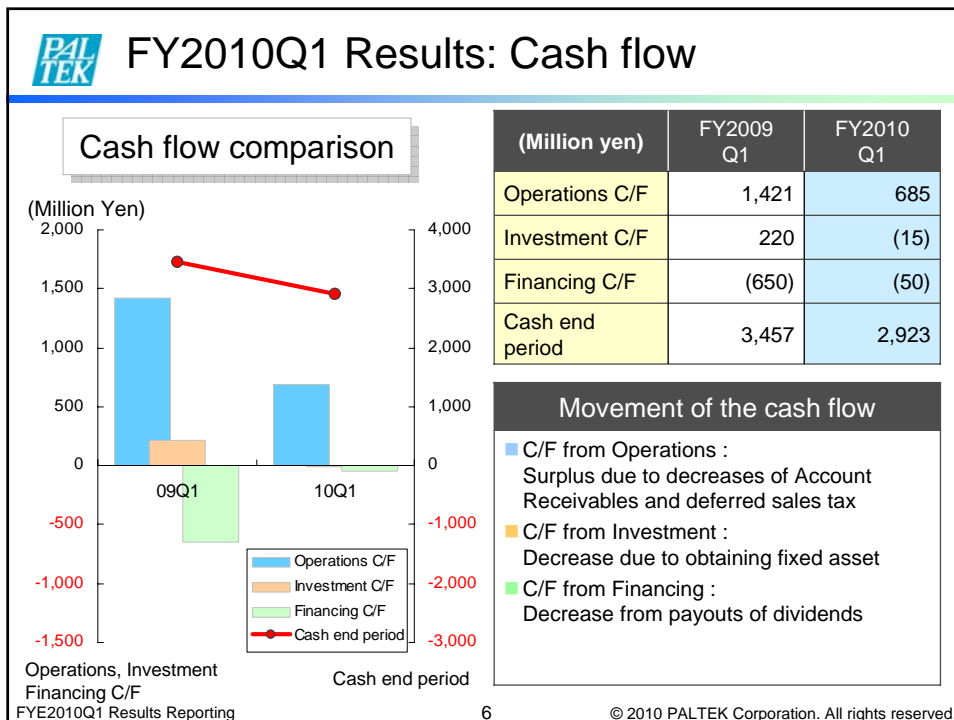
PAL
TEK **FY2010Q1 Results: Income statement**

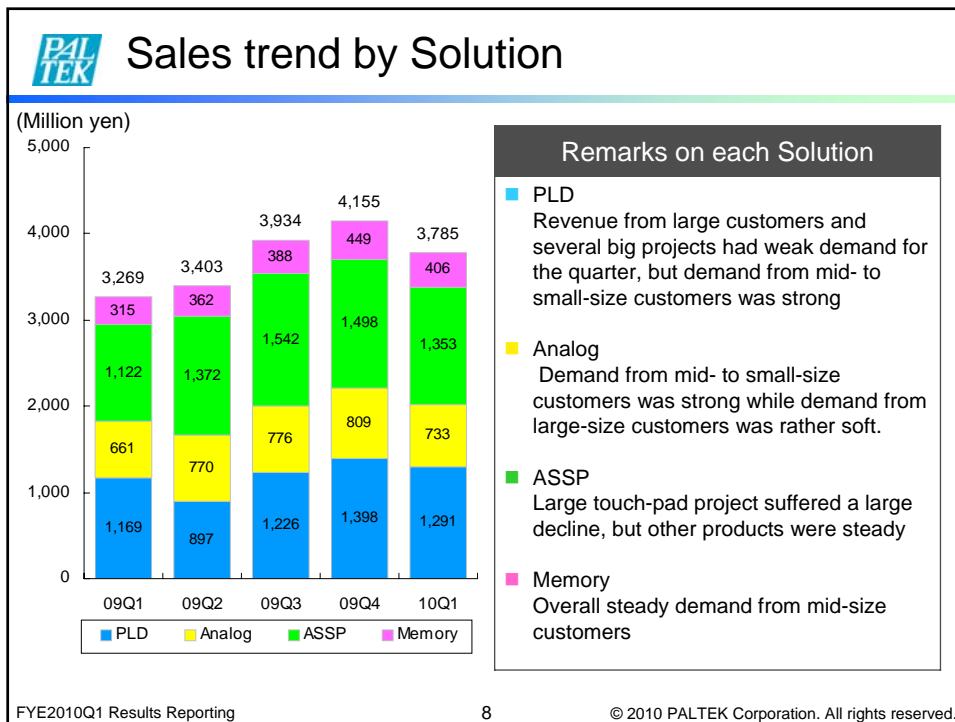
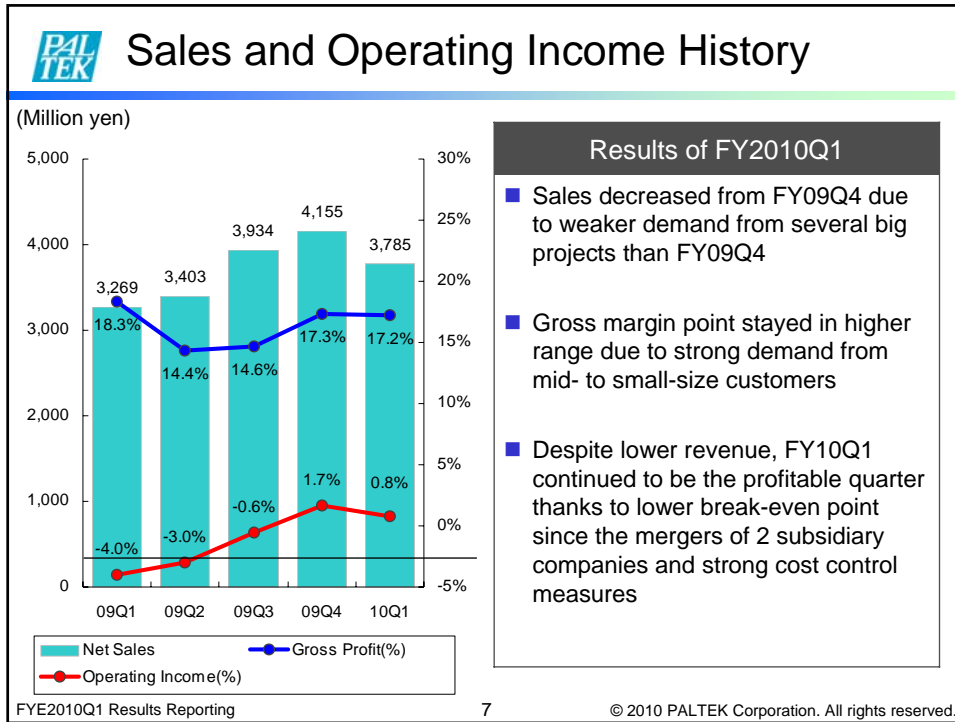
(Million Yen)	FY2009 Q1	FY2010 Q1	Change	Change (%)	Main reasons for change
Sales	3,269	3,785	516	15.8	All solutions increased compared to the same period last year
Gross Margin	599	651	51	8.7	Relatively high gross margin is supported by steady demand from mid- to small-size customers
Gross Margin(%)	18.3%	17.2%	(1.1%)	-	
SGA	728	620	(108)	(14.9)	Mergers of 2 subsidiaries and other cost saving measures helped to lower SGA
Operating Income	(129)	31	160	-	
Operating Income (%)	(4.0%)	0.8%	4.8%	-	
Ordinary Income	(90)	30	121	-	
Net Income	(123)	8	132	-	

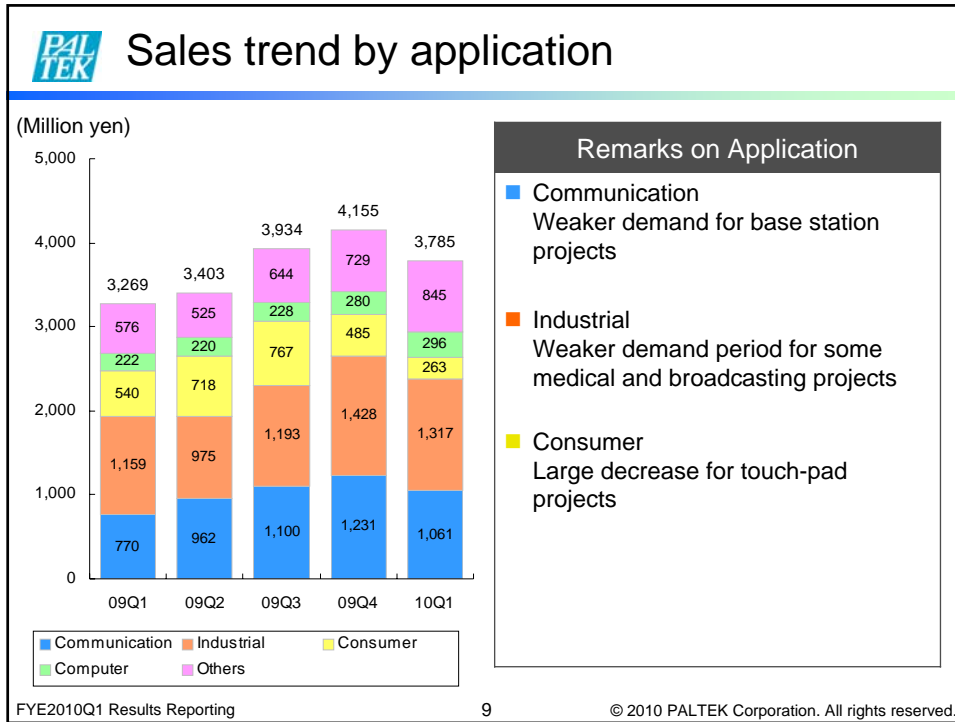
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PALTEK FY2010Q1 Results: Balance Sheet

	(Million yen)	2009 End	2010 Q1	Change	Main reasons for changes
Assets	Cash and Equivalent	2,302	2,923	620	Collected receivables
	Account Receivable	3,544	3,080	(464)	Decrease of Sales from FY09Q4
	Inventory	1,590	1,931	340	Preparation of higher sales in Q2
	Other Current Assets	973	667	(306)	Increase in deferred sales tax
	Fixed Assets	690	597	(93)	
Asset Total		9,102	9,199	96	
Liabilities & Equity	Account Payable	498	629	130	Increased inventory to prepare for higher sales expectation in Q2
	Short-term Loans	-	-	-	No loan necessary
	Other Current Liabilities	465	484	19	
	Fixed Liabilities	233	228	(4)	
	Net Equity	7,905	7,856	(48)	payouts of dividends
Liabilities & Equity Total		9,102	9,199	96	







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Revised Guidance of FY2010

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Revised guidance for FY2010

Guidance was revised for the first half of FY2010

- 1st half forecast
 - Due to strong demand from the mid- to small-size customers and higher than expected gross margin point, the mid-year forecast is revised

- Fiscal year FY2010
 - No change is made for the 2nd half guidance at this point
 - Therefore, the new guidance reflects the changes made for the 1st half of this fiscal year



FY2010 Revised Guidance

(Million yen)	Original FY2010 Guidance (Feb 10)			Revised FY2010 Guidance (May 12)		
	H1	H2	Full Year	H1	H2	Full Year
Net Sales	7,600	9,200	16,800	7,800	9,200	17,000
Gross profit	1,280	1,430	2,710	1,350	1,430	2,780
GP (%)	16.8%	15.5%	16.1%	17.3%	15.5%	16.4%
SGA	1,250	1,310	2,560	1,250	1,310	2,560
Operating Income	30	120	150	100	120	220
Operating Income(%)	0.4%	1.3%	0.9%	1.3%	1.3%	1.3%
Ordinal Income	20	100	120	90	100	190
Net Income	12	60	72	40	60	100

PALTEK FY2010 Revised Guidance by Solution

Sales mix from each Solution has been revised

(Million yen)	Original FY2010 Guidance (Feb 10)			Revised FY2010 Guidance (May 12)		
	H1	H2	Full Year	H1	H2	Full Year
PLD	2,500	3,000	5,500	2,800	3,350	6,150
Analog	1,350	1,650	3,000	1,580	1,800	3,380
ASSP	3,000	3,600	6,600	2,600	3,100	5,700
Memory	750	950	1,700	820	950	1,770
Sales Total	7,600	9,200	16,800	7,800	9,200	17,000
Operating Income	30	120	150	100	120	220

【Business Situation】

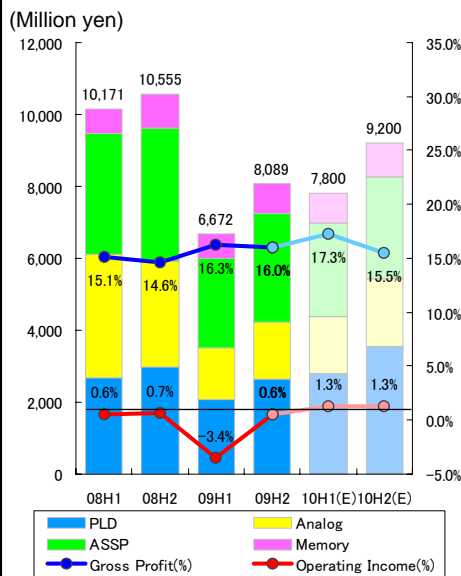
■ **PLD Solution and Analog Solution**

- Mid- to small-size customers are making strong recovery and demand is strong

■ **ASSP Solution**

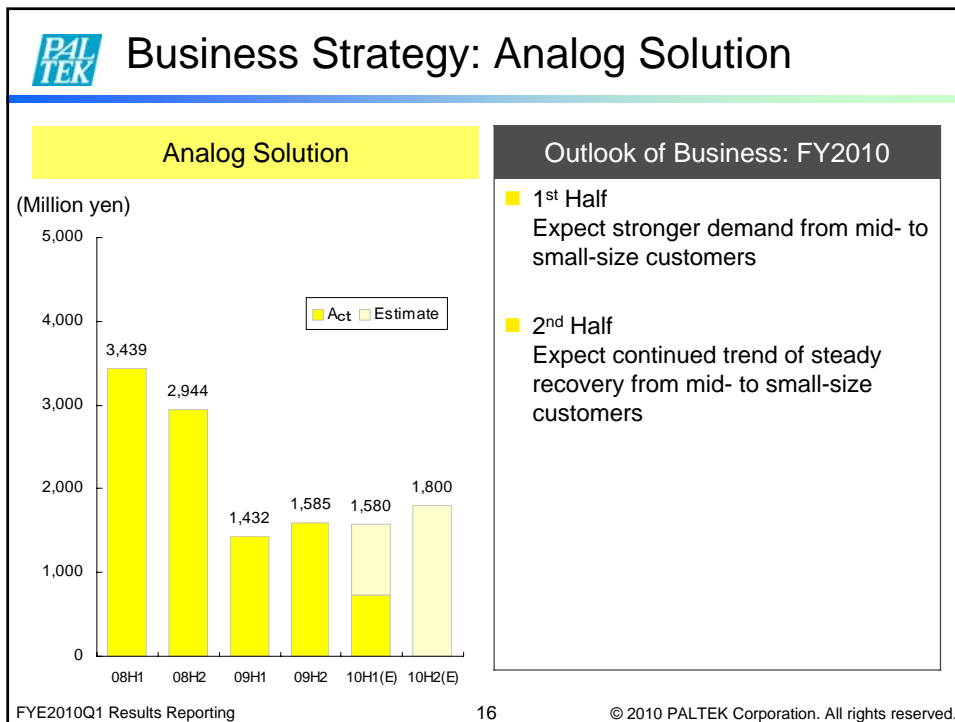
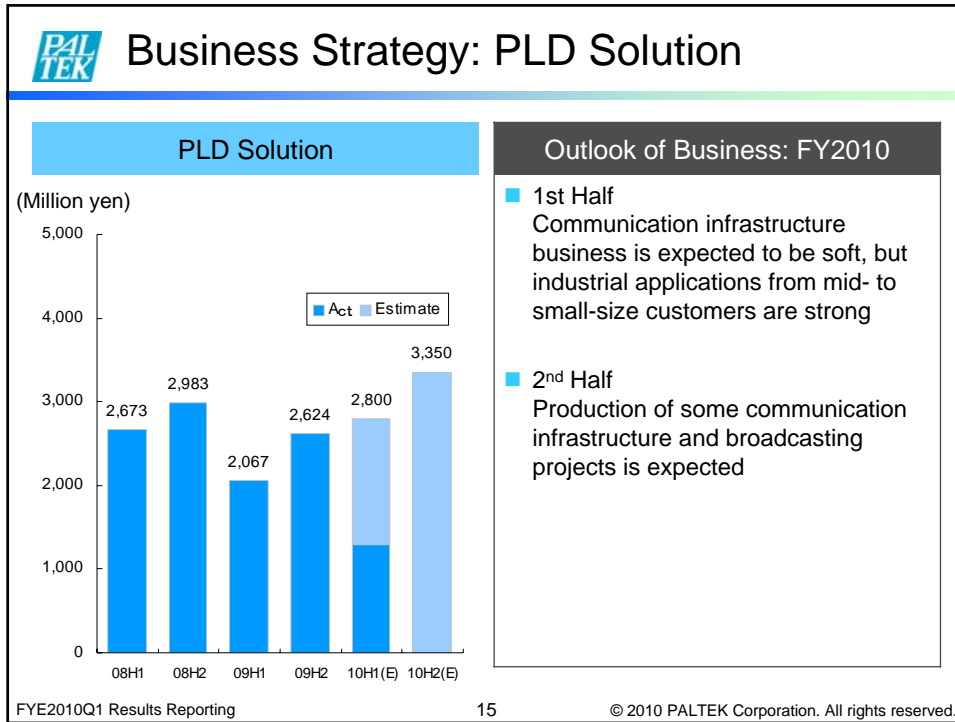
- Some large projects are suffering due to weaker sales in end market and delay in market deployment

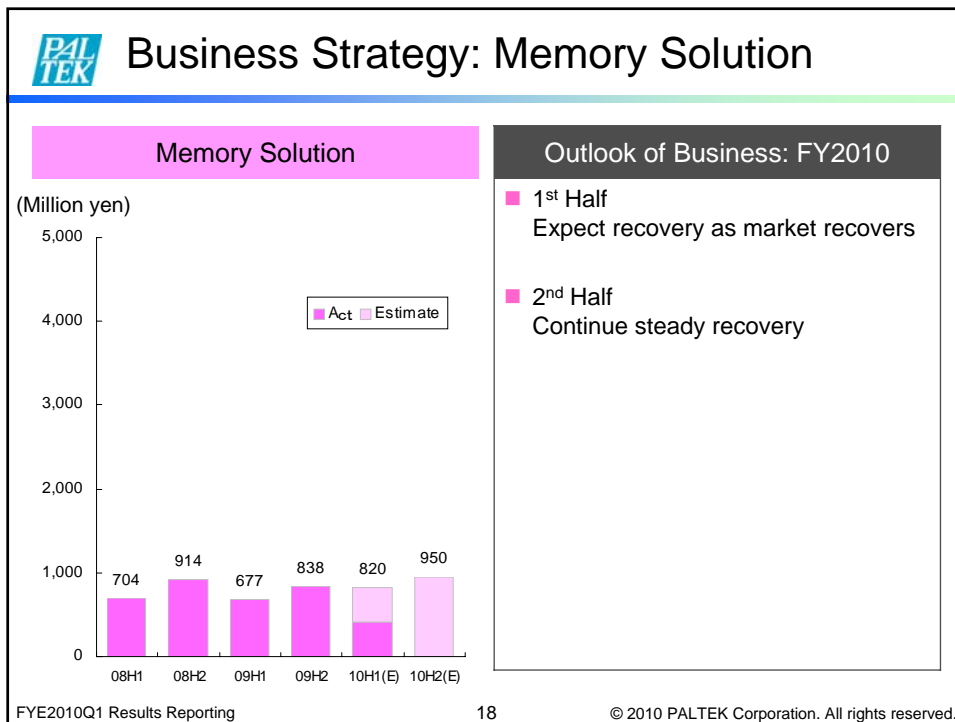
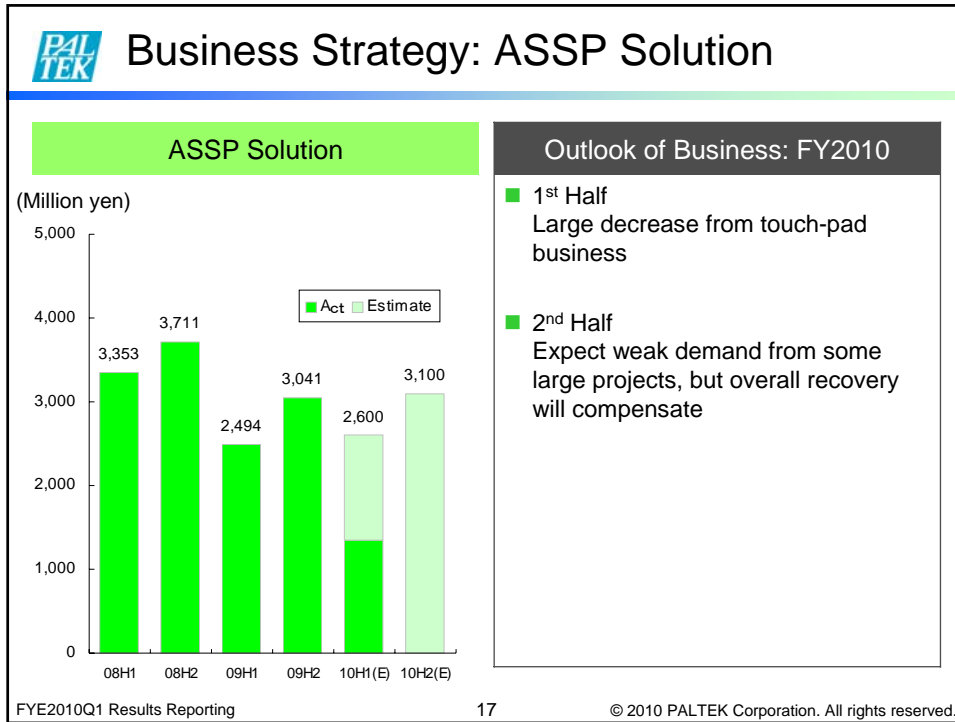
PALTEK Sales guidance by application



Outlook for FY2010

- **Sales**
Demand from large-size customers is soft for various reasons, but demand from mid- to small-size customers is showing strong recovery
- **Gross Margin**
Expect the production of some large projects
- **Operating Income**
Continue to be profitable despite lower gross margin point thanks to improved break-even point and strict cost saving measures







Topic

New Solution Field

- Solution to environment and energy areas
 - Established “Smart Grid Business Promotion Taskforce”
 - Participate in “Smart Community Alliance” sponsored by NEDO
 - Participate the trade show “Smart Grid Exhibition 2010” (June 16 - 18)



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Reference

