



February 18, 2000

Paltek Corporation Reports Fiscal Year 1999 Results

Yokohama, JAPAN February 18, 2000 – Paltek Corporation (JASDAQ: 7587) today reported record sales and profits at the Fiscal Year End 1999 Results Reporting Meeting. Total year sales was Y12,487 million, an increase of 5% from the previous year. Strong focus and intensive sales efforts were maintained on network applications, telecom and datacom equipment, which comprised over 75% of total company sales. Operating profits increased by 8% to Y1,695 million, attaining 14% profit margins, and Income before extraordinary items and provisions for taxes increased 24% to Y1,848 million, attaining 15% profit margins. Net income resulted in a Y65 million gain, a 9% increase from 1998.

In addition, the following three developments were also announced: (1) a definitive agreement to acquire 100% of Spinnaker Systems, Inc., a leading provider of EDA tools, IP design licenses and solutions, System-on-a-Chip design support, and System Level Integration consultation; (2) a change in the minimum trading lot from 1,000 shares to 100 shares; (3) an employee stock option program, granted to Directors and 99 employees. (2) and (3) above are yet to be approved at the Annual Shareholders' Meeting, scheduled for March 29, 2000.

PALTEK CORPORATION
CONDENSED NON-CONSOLIDATED STATEMENTS OF OPERATIONS
(In Thousands of Yen)
(Unaudited*)

	FY 1999	FY 1998	FY 1997
SALES			
PLD Solutions	10,918,025	10,531,634	9,398,457
Network Solutions	1,478,458	1,306,345	804,769
Other	91,231	62,830	72,405
TOTAL SALES	12,487,715	11,900,810	10,275,632
Cost of sales	8,702,708	8,283,606	6,979,680
Gross Profit	3,785,007	3,617,204	3,295,951
Selling, General and Administrative Expenses	2,089,520	2,041,902	1,789,285
Income from operations	1,695,487	1,575,301	1,506,666
Interest and other income, net	153,004	(81,891)	(52,742)
Income before extraordinary items and provision for taxes	1,848,491	1,493,409	1,453,923
Extraordinary items, net	4,669	(3,748)	(8,627)
Income before provision for taxes	1,853,160	1,489,660	1,445,295
Provision for taxes on income	1,053,982	755,187	737,394
Net income	799,178	734,472	707,901
Retained earnings at beginning of year/term	191,155	168,490	93,047
Net income	799,178	734,472	707,901
Retained earnings at end of year/term	990,333	902,963	800,948

*The original statements, in Japanese, have been audited under the Japanese accounting standards.



PALTEK CORPORATION
CONDENSED NON-CONSOLIDATED BALANCE SHEETS
(In Thousands of Yen)
(Unaudited *)

	YEARS ENDED		
	Dec. 31	Dec. 31	Dec. 31
	1999	1998	1997
ASSETS			
Current Assets:			
Cash and cash equivalents	1,287,444	1,467,128	1,126,947
Short-term investments/Marketable securities	869,617	637,340	229,204
Accounts receivable, net **	4,085,218	3,880,577	3,349,735
Inventories	1,969,833	1,521,243	1,219,121
Supplies	5,939	6,281	3,906
Prepaid expenses	42,451	49,838	20,403
Accrued income	19,916	42,614	252,249
Other current assets	5,831	10,949	2,267
Total Current Assets	8,286,251	7,615,975	6,203,835
Fixed Assets:			
Property and equipment, net – Tangibles	265,627	264,649	196,840
Intangibles	3,071	3,171	2,719
Investments and Other Assets:			
Investment in subsidiary	385,747	263,187	45,787
Investment securities	87,143	50,600	600
Other assets	650,532	269,095	165,261
Total Fixed Assets	1,392,122	850,704	411,209
TOTAL ASSETS	9,678,373	8,466,679	6,615,045
LIABILITIES & SHAREHOLDERS' EQUITY			
Current Liabilities:			
Accounts payable – Trade	669,324	435,045	60,205
Accounts payable – Other	405,099	181,703	139,135
Short-term loans payable	1,550,000	1,500,000	2,000,000
Accrued liabilities – expenses	24,021	25,015	13,689
Income taxes payable	568,000	547,000	675,606
Deposits received	15,265	23,927	22,186
Other current liabilities	34,753	61,654	33,982
Total current liabilities	3,266,462	2,774,346	2,944,806
Long-term liabilities	246,978	210,670	180,540
Total liabilities	3,513,440	2,985,016	3,125,347
Shareholders' Equity:			
Capital	1,316,695	1,316,695	765,795
Capital reserve	1,455,305	1,455,305	690,205
Legal reserve	26,100	14,100	8,100
Retained earnings	3,366,833	2,695,563	2,025,598
Total shareholders' equity	6,164,933	5,481,663	3,489,698
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	9,678,373	8,466,679	6,615,045

* The original statements, in Japanese, have been audited under the Japanese accounting standards.

** Includes trade notes receivable, less allowance for doubtful accounts of 32,645, 39,100, and 33,600 for the three years respectively.



Change in Accounting Standards

Starting this accounting period (Fiscal Year Ended December 31, 1999), Paltek has recognized Enterprise Tax in compliance to the new Japanese accounting standards. Previously, Enterprise Tax was recognized in Selling, General and Administrative Expenses. Under the new standards, Enterprise Tax is to be recognized in tax provisions along with all other Income Taxes. The following statements are for analyses and comparison purposes showing Income Statement highlights both under the previous and new standards.

ADJUSTED STATEMENT OF OPERATIONS (In Millions of Yen)

	FY1999	FY1998	FY1997
Sales	12,487	11,900	10,275
Cost of sales	8,702	8,283	6,979
SG&A (Previous Standard)	<i>N/A</i>	2,041	1,789
SG&A (New Standard)	2,089	1,841	1,599
Operating profit (Previous Standard)	<i>N/A</i>	1,575	1,506
Operating profit (New Standard)	1,695	1,775	1,696
Recurring profit ** (Previous Standard)	<i>N/A</i>	1,493	1,453
Recurring profit ** (New Standard)	1,848	1,693	1,643
Net Income	799	734	707

* Reported figures are in bold

** Recurring profit = Income before extraordinary items and provisions for taxes



COMPANY HEADQUARTERS & INVESTOR RELATIONS

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COMPANY DESCRIPTION & CORPORATE INFORMATION

Industry: Wholesale Trade

Company Description:

Value-added reseller of leading edge technologies that include semiconductor devices (PLDs-Programmable Logic Devices, Network ASSPs-Application Specific Standard Products) and related software to the major electronics manufacturers of Japan. Highly focused on providing solutions to the communications industry where network equipment makers need faster development speeds to achieve faster time-to-market and introduce de-facto standards and products.

T i c k e r S y m b o l :	7587	Primary Exchange:	JASDAQ
Number of Employees:	163	No. of Shareholders:	536
Shares Outstanding:	9,490,320	Fiscal Year end:	December 31
(As of February 18, 2000)		Latest Fiscal Year	Y 12.4 Billion
Last Earnings Per Share:	Y 101.05	Sales:	

Note: Y = Japanese Yen

All figures are as of December 31, 1999, except number of shares outstanding.