

PALTEK

(JASDAQ:7587)

Fiscal Year 2009 Third Quarter Explanatory Meeting

(English translation of original presentation)

November 11, 2009

 **Agenda**

- 1 Results of FY2009Q3**
- 2 Guidance of FY2009**

PAL
TEK


1 Results of FY2009Q3

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PAL Results of FY2009Q3: Income (three months ended)
TEK

(Million yen)	08Q3	09Q3	Change (M Yen)	Change (%)	Main reasons for change
Sales	5,323	3,934	(1,389)	(26.1%)	Sales declined in all categories due to weak market demand
Gross Margin	767	576	(191)	(25.0%)	Devaluation of some inventory has lowered GP% in 09Q3
Gross Margin (%)	14.4%	14.6%	0.2	-	
SGA	727	600	(127)	(20.4%)	SGA is lowered by mergers of subsidiaries
Operating Income	40	(24)	(64)	-	
Operating Income (%)	0.8%	(0.6%)	(1.4)	-	
Ordinary Income	34	(0)	(34)	-	32 million yen gain from exchange rate
Net Income	20	(7)	(28)	-	

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Results of FY2009Q3: Income (nine months ended)

(Million yen)	08Q3	09Q3	Change (M Yen)	Change (%)	Main reasons for change
Sales	15,494	10,606	(4,888)	(31.5%)	Sales declined in all categories due to weak market demand
Gross Margin	2,307	1,644	(642)	(27.6%)	Improved due to growth of high GP products
Gross Margin (%)	14.9%	15.7%	0.8	-	
SGA	2,208	1,918	(290)	(13.2%)	Mergers of subsidiaries helped decrease SGA
Operating Income	99	(253)	(352)	-	
Operating Income (%)	0.6%	(2.4%)	(3.0)	-	
Ordinary Income	173	(185)	(358)	-	80M yen gain from terminating insurance policy
Net Income	76	(91)	(168)	-	Deferred tax asset of one of merged subsidiaries was reinstated due to improved profitability brought by the mergers

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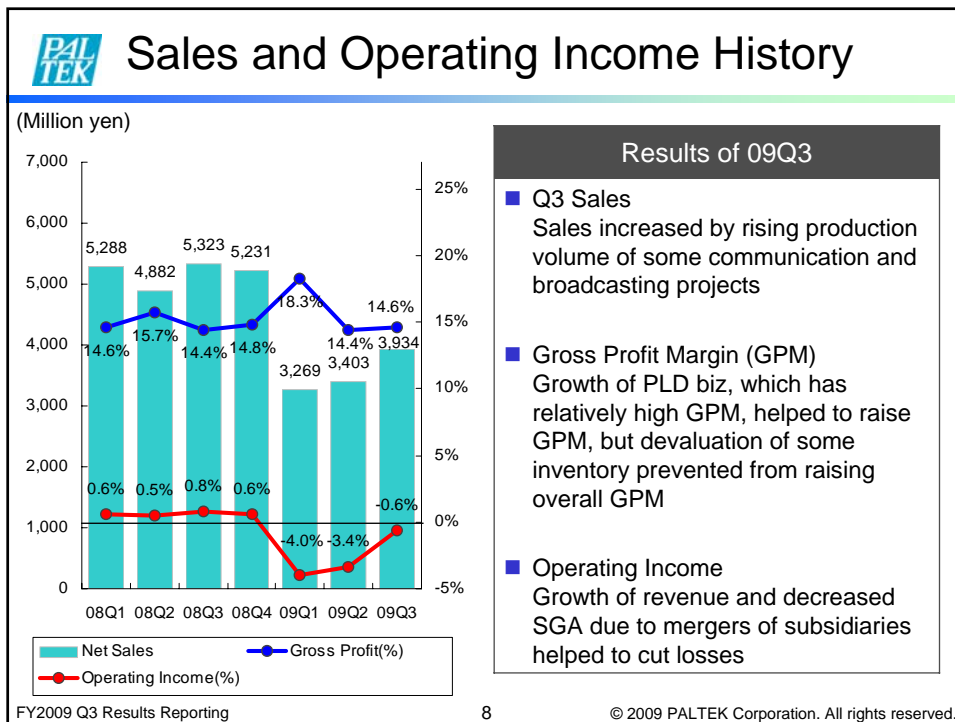
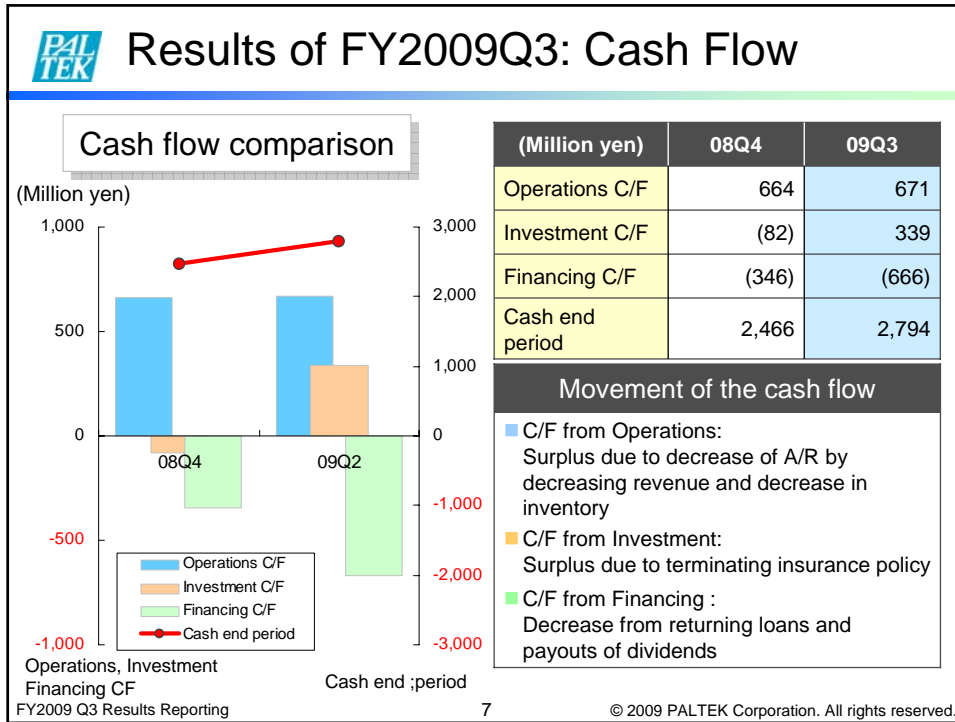

Results of FY2009Q3: Balance Sheet

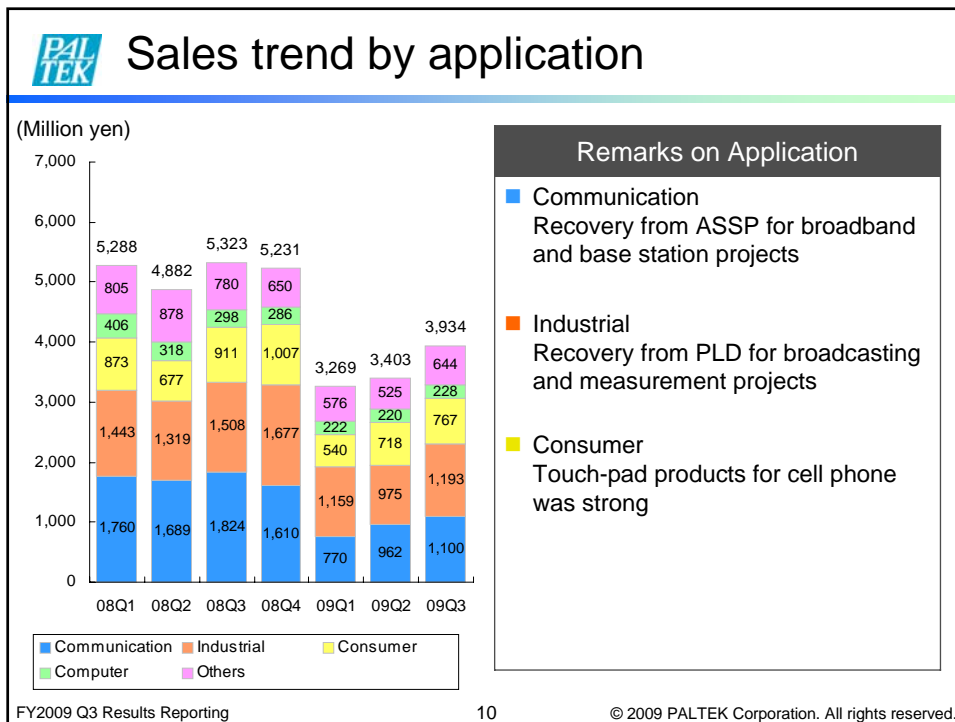
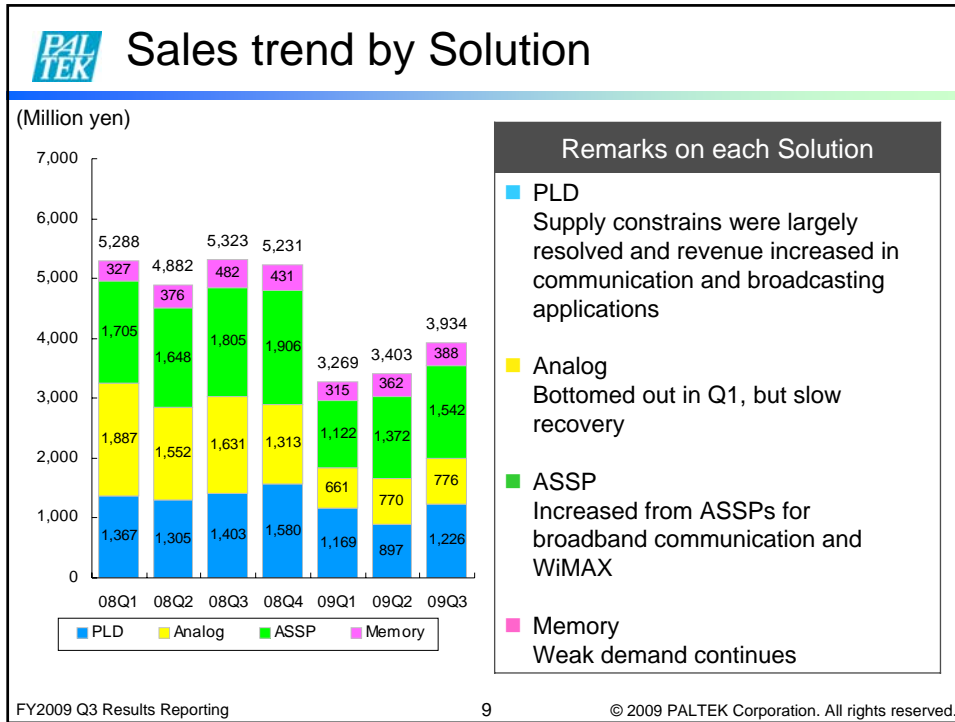
	(Million yen)	08Q4	09Q3	Change	Main reason for change
Assets	Cash and Equivalent	2,594	2,794	200	Increased due to less inventory
	Account Receivable	4,175	3,075	(1,100)	Decrease of sales
	Inventory	1,961	1,576	(385)	Decrease of sales
	Other Current Assets	855	1,331	476	Increase in deferred credit
	Fixed Assets	734	642	(92)	
Asset Total		10,321	9,420	(901)	
Liabilities & Equity	Account Payable	809	913	104	
	Short-term Loans	550	—	(550)	Returned loans
	Other Current Liabilities	501	340	(161)	Decrease of deferred expenses
	Fixed Liabilities	322	235	(87)	Reserve for retirement fund for directors decreased
	Net Equity	8,137	7,930	(207)	Decreased by net loss and dividend payouts
Liabilities & Equity Total		10,321	9,420	(901)	

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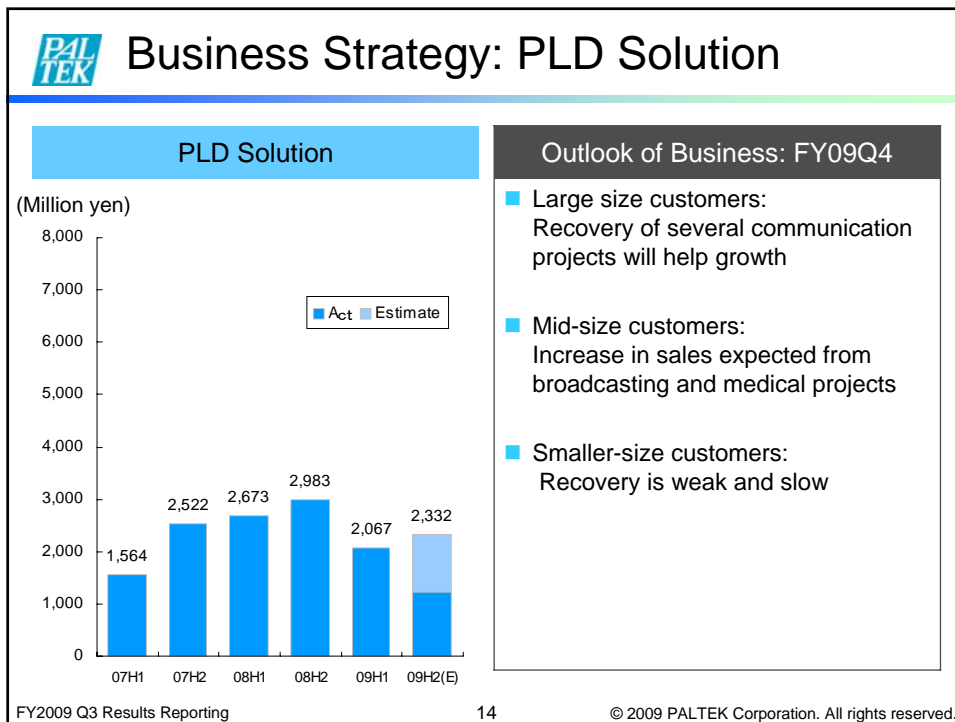
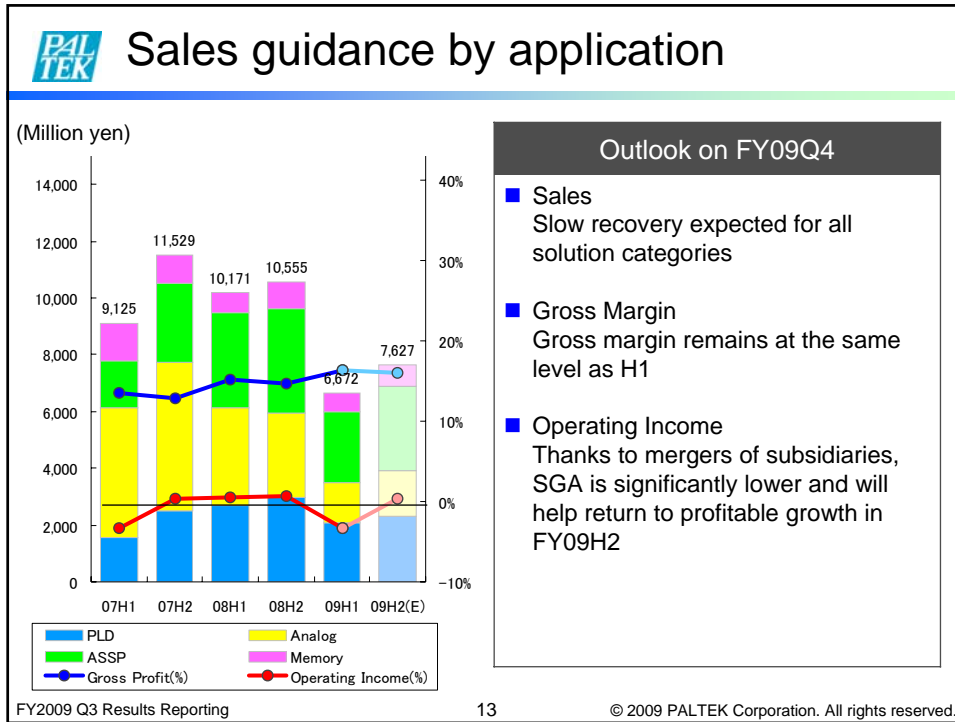
Guidance of FY2009

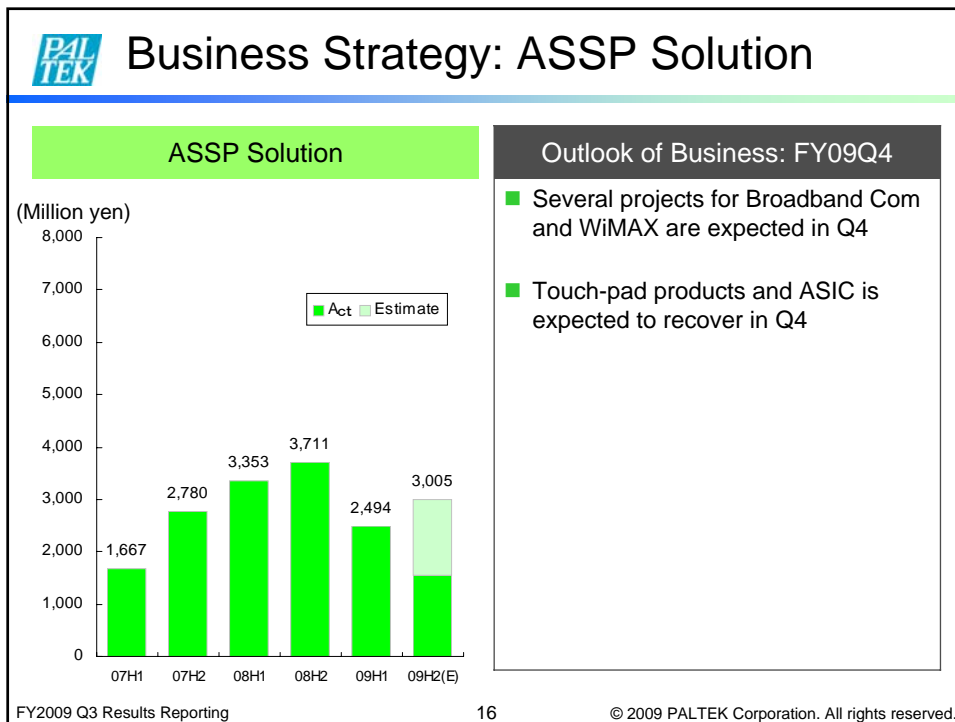
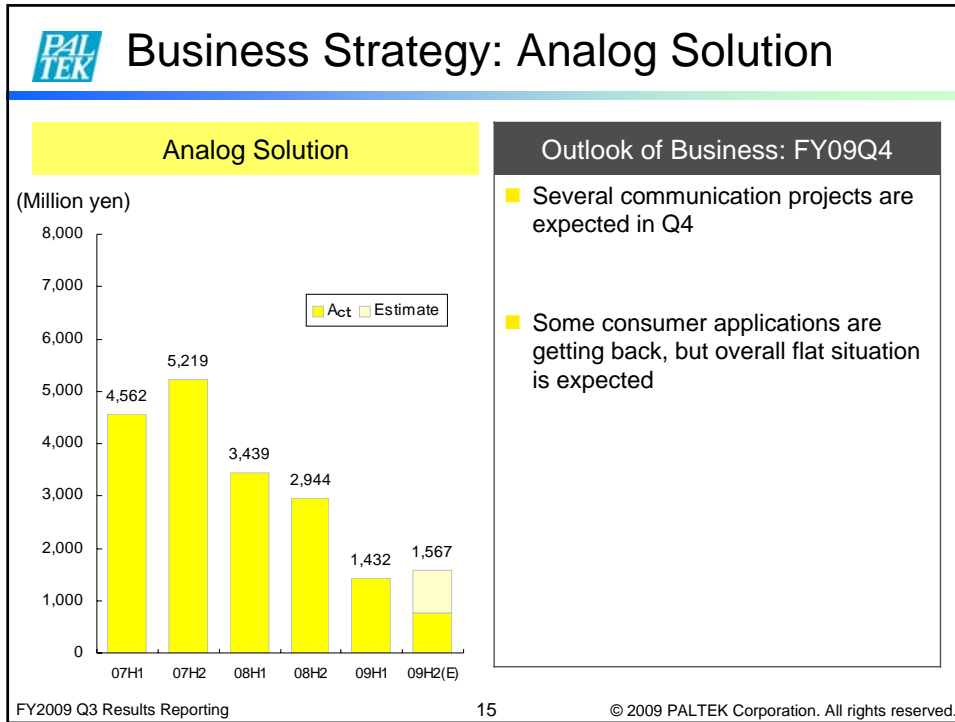


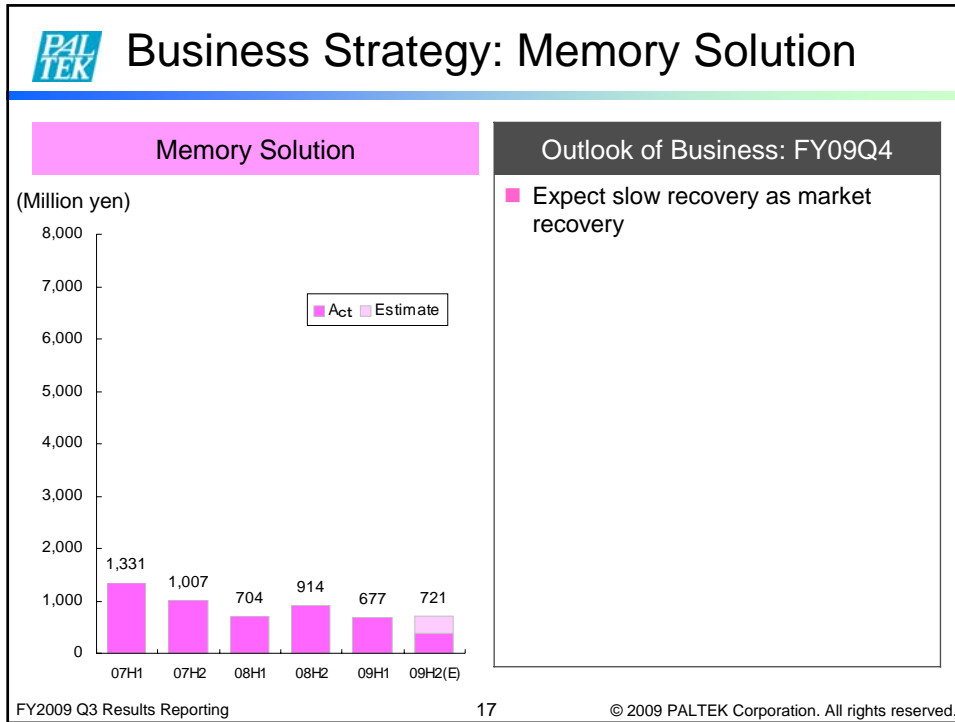
FY2009 Guidance

Maintain previous guidance for sales and income

(Million yen)	Guidance (Unchanged from August 11)		
	09H1 Results	09H2 Estimate	FY09 Estimates
Net Sales	6,672	7,627	14,300
Gross profit	1,088	1,220	2,308
SGA	1,318	1,200	2,518
Operating Income	(230)	20	(210)
Operating Income(%)	(3.4%)	0.3%	(1.5%)
Ordinal Income	(185)	6	(180)
Net Income	(84)	3	(80)







PALTEK Summary

Recover to producing profits in H2

- All solution categories are expected to grow
- Mergers of subsidiaries helped to reduce fixed cost and lowered break-even point
- Sales organization is strengthened and raised mobility by mergers of subsidiaries to PALTEK

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 Future

PALTEK will aim to play roles
in achieving low-carbon society

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This presentation may provide projections or other forward looking statements regarding future events and/or future financial performance.

We wish to caution you that such statements are just predictions and that actual events or results may differ materially due to changes in the market and/or other business conditions.



Reference

PALTEK FY2009 Sales Guidance by Solution

Sales Guidance

(Million yen)	Guidance (Unchanged from August 11)		
	H1	H2	Total
PLD	2,067	2,332	4,400
Analog	1,432	1,567	3,000
ASSP	2,494	3,005	5,500
Memory	677	722	1,400
Sales Total	6,672	7,627	14,300
Operating Income	(230)	20	(210)

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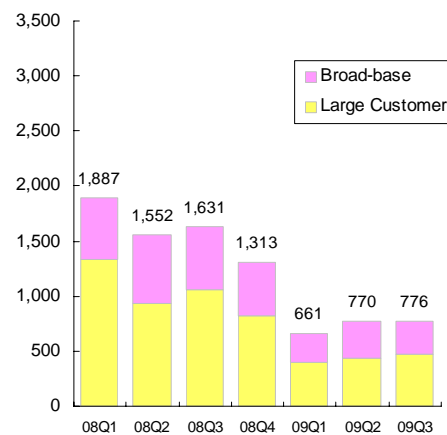
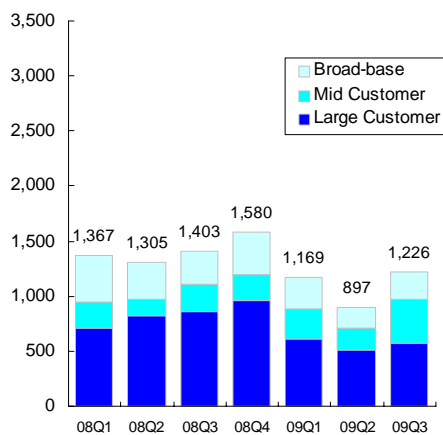
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PALTEK Quarterly Sales trend by Solutions

PLD Solution

Analog Solution

(Million yen)



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