

MARUBUN CORPORATION

Financial Information Meeting for FY2005

May 19, 2006

Any statements in this document, other than historical facts, are forward-looking statement about the performance of Marubun, which are based on management assumptions and beliefs in light of information currently available. Therefore, we recommend that you do not base your judgment solely on the statements provided here. Actual results may differ considerably from these forecasts due to various unforeseeable factors.

[Introduction]

- In this presentation, I will report on results for the fiscal year ended March 2006, and discuss the outlook for the current fiscal year and our future business strategy.

FY2005 Consolidated Financial Results

(Million yen)

	Mar/06 (Result)	Mar/05 (Result)	Change
Net Sales	237,508	170,891	39.0%
Gross Profit	23,108	19,218	20.2%
Operating Income	5,215	3,512	48.5%
Ordinary Income	5,050	3,520	43.5%
Net Income	2,674	1,820	46.9%

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[Consolidated Financial Results for Fiscal 2005]

- First, I would like to summarize our financial results for fiscal 2005.
- Consolidated net sales for fiscal 2005 grew 39% year on year, to ¥237.5 billion, and ordinary income increased 43% to ¥5.0 billion.
- This means that sales were ¥11.5 billion, and ordinary income ¥500 million, greater than our earnings forecasts announced on November 15, 2005, which was mainly due to the stronger sales of semiconductors used in communication equipment in the fourth-quarter than initially expected.

Sales by Segment

(Million yen)

	Mar/06 (Result)	Mar/05 (Result)	Change
Consolidated Net Sales	237,508	170,891	66,617
Electronic Devices	201,585	131,633	69,952
Electronic Systems	35,923	39,258	(3,335)

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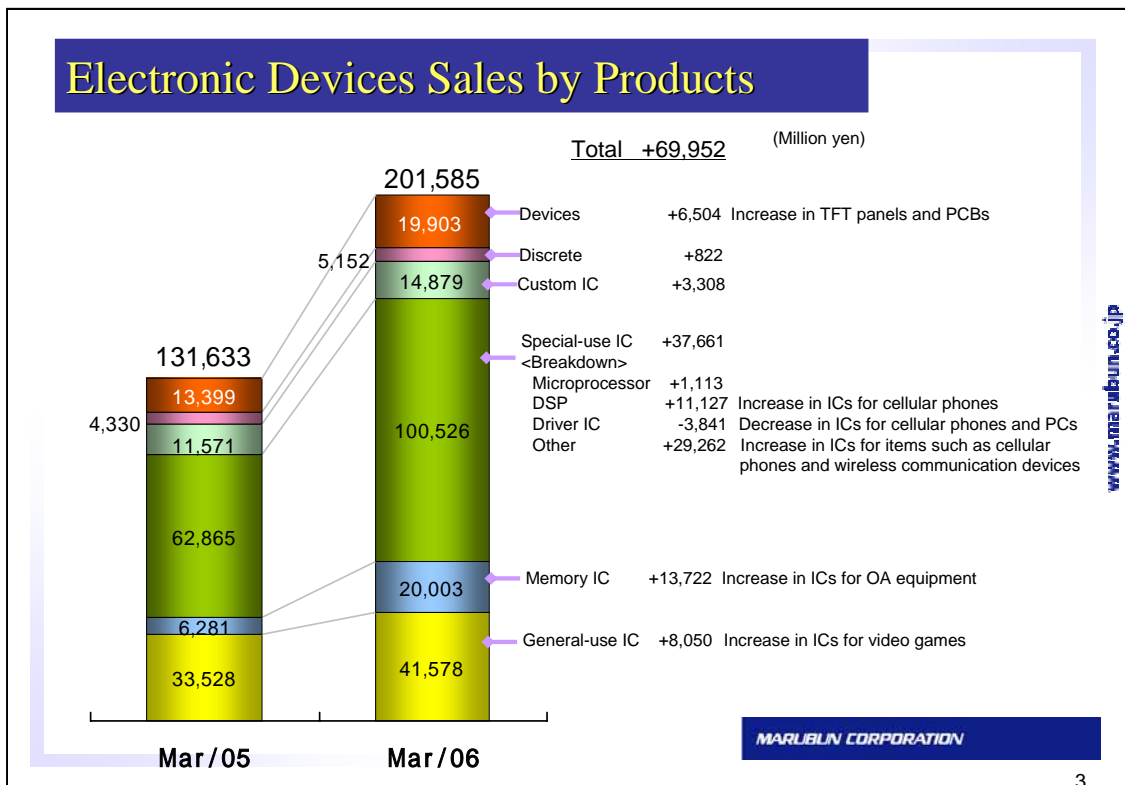
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[Sales by Segment]

- For the electronic systems, net sales fell ¥3.3 billion, to ¥35.9 billion, however, for the electronic devices, net sales increased ¥69.9 billion, to ¥201.5 billion.
- The dramatic growth in sales for the electronic devices was due to two factors. First, for the parent company, sales of ICs for communication equipment were extremely strong. In addition, two newly consolidated subsidiaries – Marubun Semicon Corporation, which was turned into a consolidated subsidiary through a share purchase in March of 2005, and Marubun/Arrow Asia, Ltd. which had been an equity-method affiliate - made contributions to consolidated sales.

Electronic Devices Sales by Products

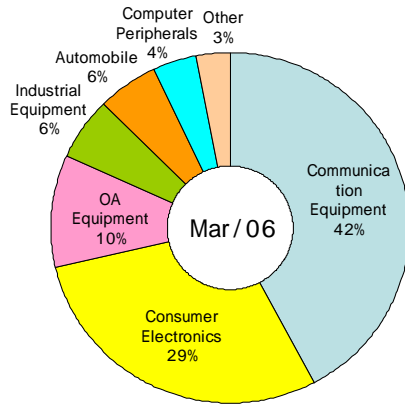


[Electronic Devices Sales by Products]

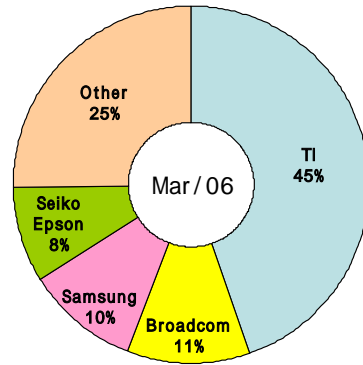
- I would like to talk about sales by product type.
- In the electronic devices segment, there was a substantial increase in sales of memory IC and special-use IC.
- The increase in memory IC sales was the result of increased sales of Samsung Electronics' DRAM and flash memory, which are both handled by Marubun Semicon Corporation.
- Among special-use ICs, sales of digital signal processor (DSP) chips used in 3G cellular phones and specialty chips for wireless communication devices were firm.
- Furthermore, for devices, sales of Samsung's TFT panels and printed circuit boards handled by Marubun/Arrow Asia, Ltd. were strong.

Sales by Use and Supplier

Sales by Use



Sales by Supplier



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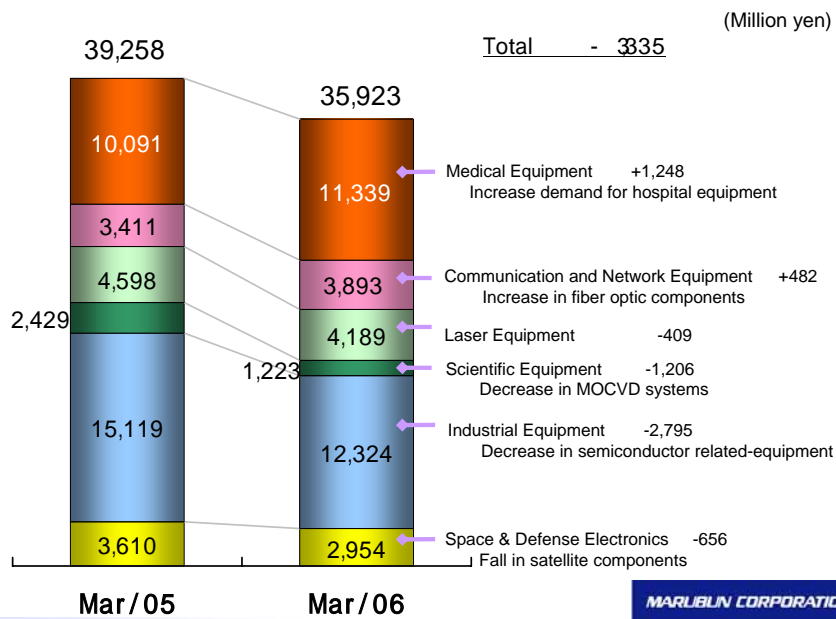
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[Electronic Device Sales by Use and Supplier]

- Looking at sales by use, sales of semiconductors for communication equipment accounted for the largest share, around 40%.
- Furthermore, examining sales by supplier, sales share of both Broadcom and Samsung products increased, which made it possible to expand sales in a balanced manner.

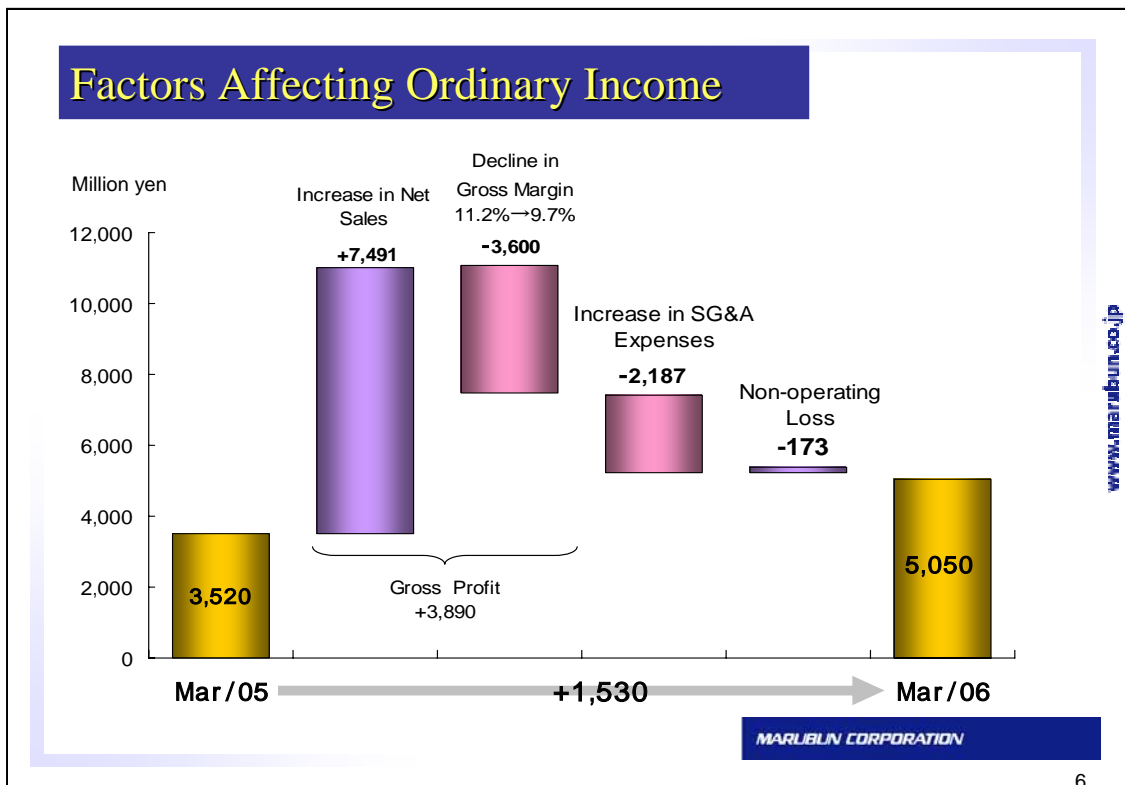
Electronic Systems Sales by Products



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[Electronic Systems Sales by Products]

- In the electronic systems segment, although sales of medical equipment and fiber-optic components increased, overall sales were lackluster.
- Sales of space and defense electronics fell around 20%. Although sales gradually started to recover in the second half, the recovery was not strong enough to compensate for the weak sales in the first half.
- The fall in sales of industrial equipment was the result of a decline in sales of semiconductor inspection equipment.
- For scientific equipment, sales of MOCVD system for compound semiconductors also declined.



[Factors Affecting Ordinary Income]

- I would like to now move on to an explanation of factors that affected ordinary income.
- Gross profit grew ¥3.8 billion on the back of increased net sales.
- The gross margin fell 1.5% since memory IC, which have a relatively low profit margin, made up a greater share of sales, and sales in the electronic systems segment fell.
- SG&A expenses grew ¥2.1 billion as a result of the two newly consolidated subsidiaries.
- Therefore, ordinary income increased ¥1.5 billion year on year, to ¥5.0 billion.

Consolidated Balance Sheets

(Million yen)

	Mar/06	Mar/05	Change
Current Assets	101,079	74,614	26,465
Cash and Bank Deposits	8,876	6,720	2,156
Notes and Accounts Receivable, Trade	63,209	45,714	17,495
Inventories	26,537	20,246	6,291
Deferred Tax Assets	627	480	147
Other	1,874	1,479	395
Allowance for Doubtful Accounts	(45)	(27)	(18)
Long-term Assets	16,556	17,126	(570)
Total Assets	117,636	91,740	25,896
Current Liabilities	77,291	57,297	19,994
Notes and Accounts Payable, Trade	41,707	25,378	16,329
Short-term Loans Payable	30,635	27,610	3,025
Other	4,948	4,308	640
Long-term Liabilities	4,787	3,867	920
Bonds Payable	1,000	-	1,000
Long-term Loans Payable	2,000	2,000	-
Allowance for Employees' Retirement Benefits	685	814	(129)
Other	1,102	1,053	49
Total Liabilities	82,079	61,165	20,914
Minority Interest	2,340	11	2,329
Total Shareholder's Equity	33,215	30,563	2,652
Total Liabilities, Minority Interest and Shareholder's Equity	117,636	91,740	25,896

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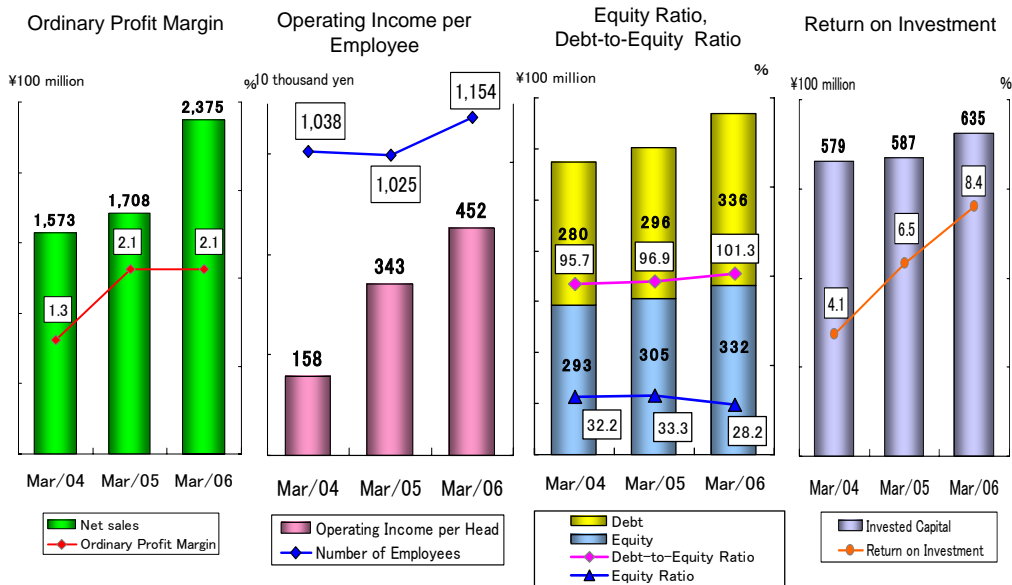
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[Consolidated Balance Sheets]

- Total assets increased ¥25.8 billion year on year following the consolidation of two new subsidiaries.
- The increase in current assets was mainly the result of an increase in notes and accounts receivable and inventories.
- Regarding Inventories, the number of months in stock was 1.3months, basically unchanged from last year.
- Liabilities also increased ¥20.9 billion, to ¥82.0 billion, because of an increase in accounts payable.
- Furthermore, an increase in short-term loans payable led to a ¥4.0 billion increase in interest bearing debt, to ¥33.6 billion.

Management Indicators



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[Business Indicators]

- These graphs show various management indicators based on the previously discussed financial results.
- We had set a target for operating income per employee of ¥5 million in the medium run, but actual amount was ¥4.5 million.

Consolidated Cash Flows

(Million yen)

	Mar/06	Mar/05	Change
Income Before Taxes	5,085	3,029	2,056
Depreciation and Amortization	929	961	(32)
Amortization of Consolidation Adjustment Account	108	-	108
Gain/Loss on Equity-method investment	(56)	(404)	348
Increase/decrease in Accounts Receivable	(12,403)	3,235	(15,638)
Increase/decrease in Inventories	(4,137)	(1,869)	(2,268)
Increase/decrease in Accounts Payable	13,325	(4,149)	17,474
Others	(883)	1,071	(1,954)
Subtotal	1,969	1,874	95
Interest and Dividends Received	37	17	20
Interest Paid	(305)	(288)	(17)
Income Taxes Paid	(1,418)	(1,290)	(128)
I Net Cash used in Operating Activities	284	312	(28)
II Net Cash Flows provided by Investing Activities	(1,136)	(217)	(919)
III Net Cash Provided by Financing Activities	1,572	693	879
IV Exchange Rate Changes on Cash and Cash Equivalents	144	(3)	147
V Net Increase/Decrease in Cash and Cash Equivalents	864	784	80
VI Cash and Cash Equivalents at Beginning of Year	3,974	3,189	785
VII Increase in Cash and Cash Equivalents from New Consolidations	1,567	-	1,567
VIII Cash and Cash Equivalents at End of Year	6,406	3,974	2,432

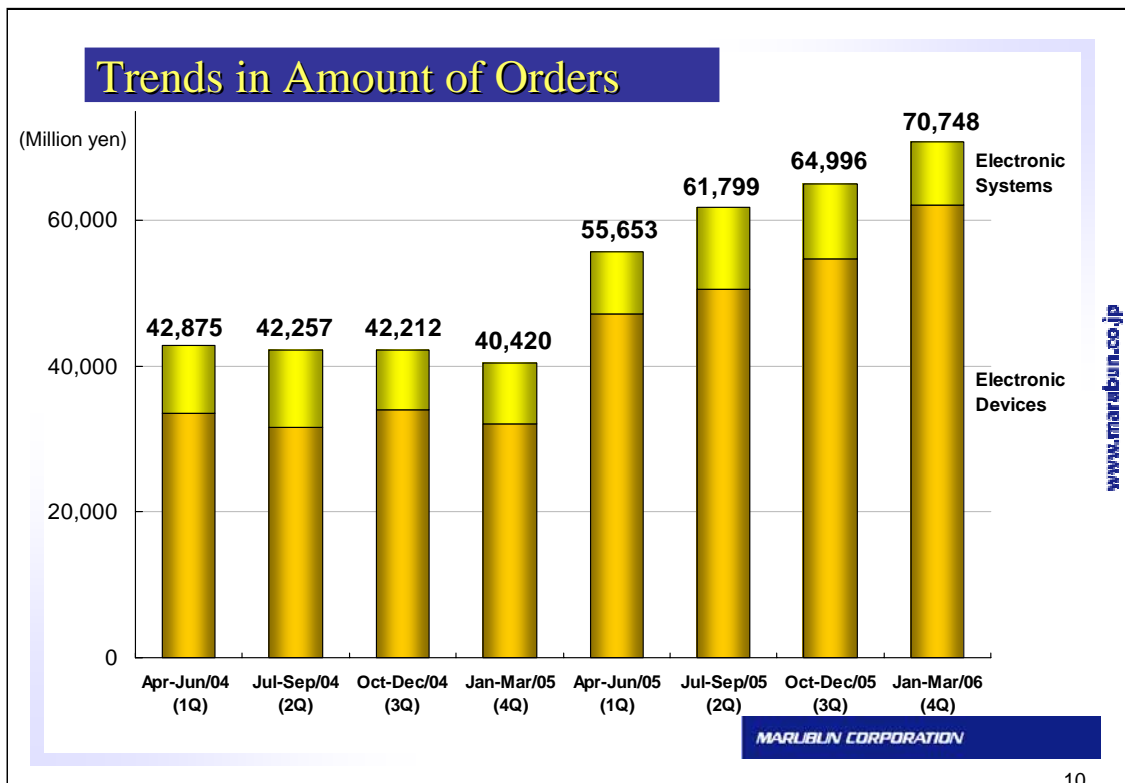
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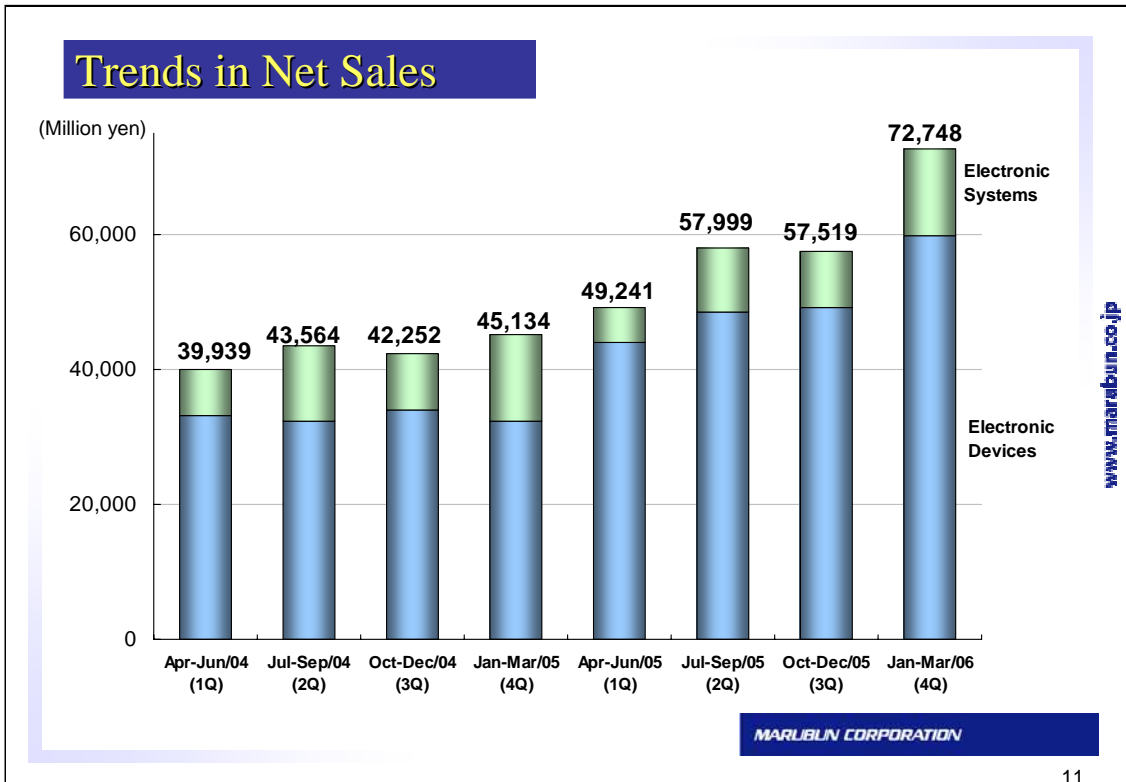
[Consolidated Statements of Cash Flows]

- Next, I would like you to look at cash flows; for cash flows from operating activities, there was a net inflow of ¥200 million.
- This was mainly the result of changes in accounts receivable, inventories, and accounts payable.
- Cash flows from investing activities resulted in a net outflow of ¥1.1 billion due to purchase of software development for IT systems and other intangible assets.
- An increase in both short-term loans payable and bonds payable led to a ¥1.5 billion inflow for cash flows from financing activities.
- The closing balance of cash and cash equivalents increased ¥2.4 billion year on year, to ¥6.4 billion, which was the result of an increase of ¥1.5 billion in cash accompanying the consolidation of two new subsidiaries.



[Trends in Orders]

- Please refer to the next page.
- The graph shows the trends in orders received by quarter.
- Orders received during the fourth quarter increased 8.8% compared with the third quarter, and totaled ¥70.7 billion.



[Trends in Net Sales]

· Trends in net sales are as shown in the graph.

FY2006 Consolidated Results Outlook

(Million yen)

	Mar/07 (Forecast)	Mar/06 (Result)	Change
Net Sales	262,000	237,508	10.3%
Gross Profit	25,300	23,108	9.5%
Operating Income	5,700	5,215	9.3 %
Ordinary Income	5,300	5,050	5.0%
Net Income	2,950	2,674	10.3%

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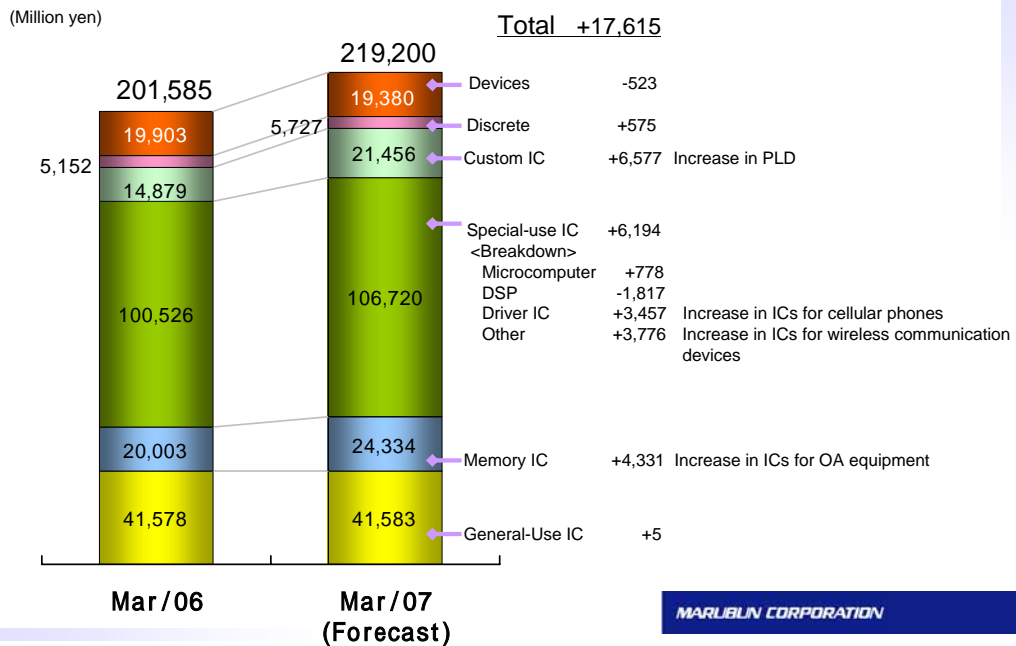
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[Consolidated Results Outlook]

- I would like to now discuss our outlook for the fiscal 2006, the year ending March 2007.
- For fiscal 2006, we expect the electronic devices segment to continue to grow and consolidated sales to increase 10% year on year, to ¥262.0 billion. We also expect that operating income will increase 9%, to ¥5.7 billion, and ordinary income to rise 5%, to 5.3 ¥billion.

Electronic Devices Sales Projection by Products



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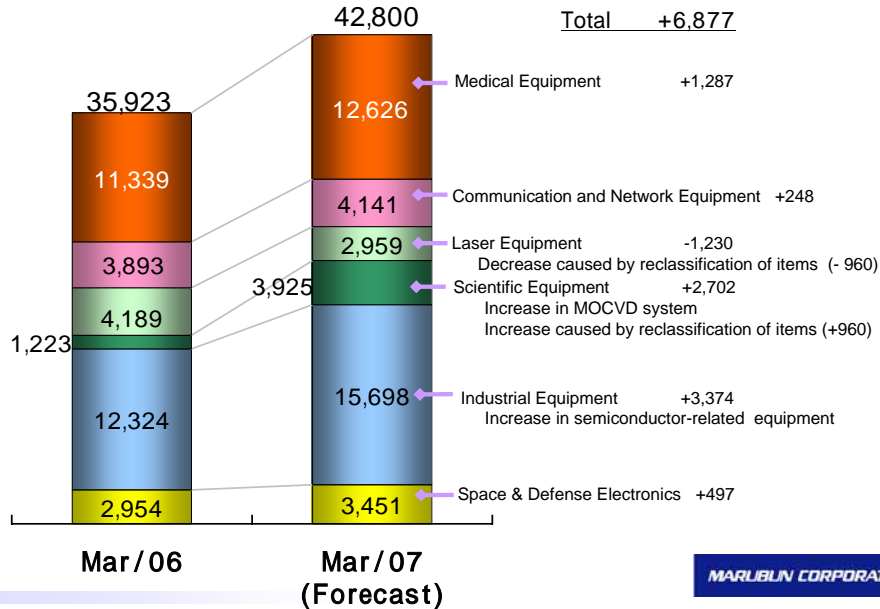
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[Electronic Devices Sales by Products]

- For the electronic devices segment, we expect sales of memory IC and custom IC to increase.
- We are expecting an expansion of our commercial rights regarding memory IC with Samsung.
- An increase in custom IC will likely result from an increase in Altera's PLDs.
- For special-use IC, we are forecasting an increase in large orders of ICs for items such as cellular phone display drivers. In addition, we are also expecting continued sales growth for ICs used for wireless communication devices. On the other hand, for DSPs, we expect an end of orders for ICs for cellular phones in the second half.

Electronic Systems Sales Projection by Products

(Million yen)



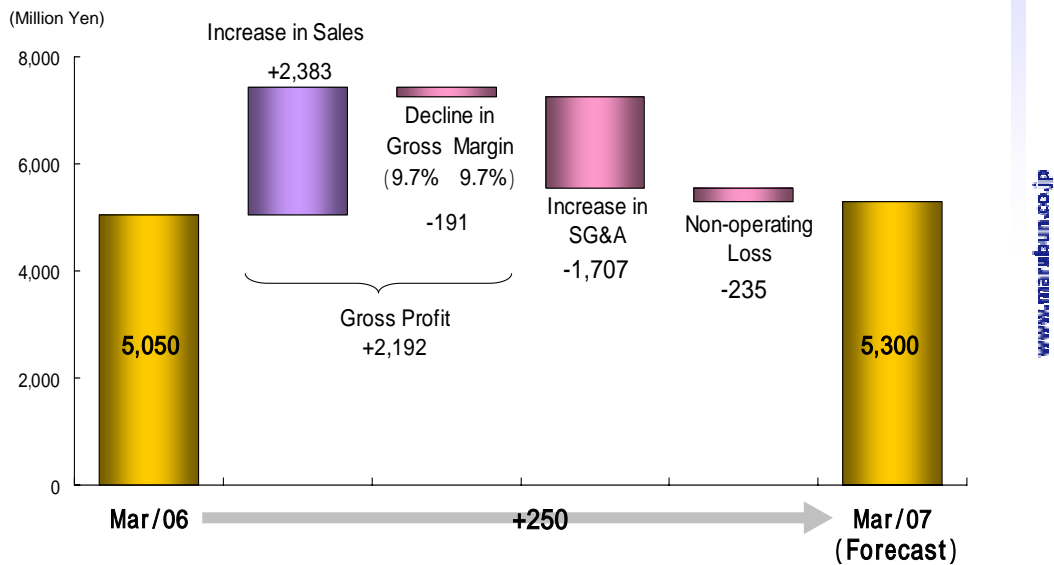
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[Electronic Systems Sales by Products]

- For the electronic systems segment, we have forecast an increase of net sales of ¥6.9 billion year on year, to ¥42.8 billion, based on an increase in outstanding orders of ¥2.5 billion at the end of March.
- In addition to an expected recover in sales of semiconductor inspection equipment, which dramatically fell in fiscal 2005, for scientific equipment, we expect sales of MOCVD system for compound semiconductors to grow.

Factors Affecting Ordinary Income



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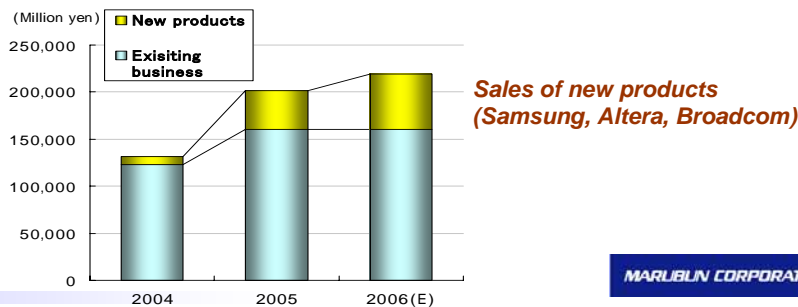
[Factors Affecting Ordinary Income]

- For profits, gross profit is projected to increase ¥2.1 billion as a result of sales growth.
- We also expect SG&A expenses to increase ¥1.7 billion year on year as a result of increased labor costs and IT system expenses and greater sales expenses accompanying the growth in sales.
- Therefore, we estimate ordinary profit income will grow ¥200 million, to ¥5.3 billion.

Electronic Devices Business Strategy

Expand business through new products

- ▶ **Samsung**
 - Start design-in service for custom ICs, in addition to memory ICs. Focus on acquiring new customers.
- ▶ **Altera**
 - Launch sales to major manufactures of communication, consumer electronics, and industrial equipments in January 2006.
- ▶ **Broadcom**
 - Inquiries regarding communication equipment are firm. Launch design-in services for digital home appliances.



[Electronic Devices Business Strategy]

- The first plank of our strategy is to expand business through new products.
- After entering the business with Broadcom's ICs for communication equipment, sales of which fully began in 2004, Marubun established Marubun Semicon Corporation, which handles sales of Samsung semiconductors, in March 2005, and announced the conclusion of an agency contract with Altera, the top manufacturer of PLDs, in September.
- After the conclusion of the contract with Altera, various activities were undertaken, including technical training, and sales activities were launched in January 2006.
- Regarding our business with Samsung, we strengthened our customer base through a transfer of commercial rights, and have made progress related to design-in services of both memory ICs and custom ICs.
- In addition, there has been an increase in inquiries from customers about Broadcom products regarding communication modules, and we are aiming to conclude a major deal regarding digital household appliances by next year.
- With the addition of the most competitive products in the field, we have almost completed the expansion of our product lineup. In combination with existing products, we are aiming to further increase sales.

Electronic Devices Business Strategy

Strengthen technical support

- ▶ Secure adaptable human resources through mid-career hiring
- ▶ Strengthen tie-ups, including capital ones with external design firms

Deepen market of middle-sized markets

- ▶ Focus on particular targets, and promote full-kit sales that use abundant line cards
- ▶ Focus on developing high value-added projects

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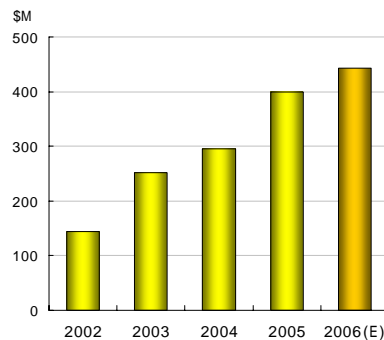
[Electronic Devices Business Strategy]

- The second plank of our strategy is to strengthen our technical support.
- While securing trained human resources through mid-careers hires, we are also improving our design-in capabilities and strengthening our alliance with external design firms.
- Some of the alliances with design firms are through capital tie-ups.
- The third plank of our strategy is to further develop the market of mid-sized firms.
- At the same that we are maintaining and improving our partnerships with major firms, we are also deepening the mid-sized firm market, and would like to turn this into a stable earnings source.
- We have targeted certain customers in each sales department, and are developing full-kit sales, with the goal of providing all the ICs on a circuit board, using our abundant line cards. In addition, we are refining the expertise of employees through in-house training and want to focus on developing high value-added orders.

Electronic Devices Business Strategy

Expand global business

- ▶ Improve integration of domestic and overseas support system
- ▶ Create a sales system balanced between China and ASEAN region
 - Open offices in Kuala Lumpur, Malaysia
 - Examine expanding into Vietnam



Trends in Sales by Marubun/Arrow

※Total sales of Marubun/Arrow Asia, Ltd. and Marubun/Arrow USA, LLC.

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[Electronic Devices Business Strategy]

- The fourth plank of our strategy is an increase in global business.
- In cooperation with Arrow, Marubun is focusing on supporting our customers' launch of production facilities overseas, and wants to expand our capabilities in the ASEAN region.
- As far as offices are concerned, in addition to our present office in Penang, Malaysia, we are planning on opening an office in Kuala Lumpur, and are examining an expansion into Vietnam, the leading candidate for our "China Plus One."

Electronic Systems Business Strategy

Strengthen product development

- ▶ Establish a department specializing in new businesses and new product development
- ▶ Accelerate development of high-end niche products

Create a new business model

- ▶ Differentiate and strengthen alliances with business partners
- ▶ Established a laser microfabrication business



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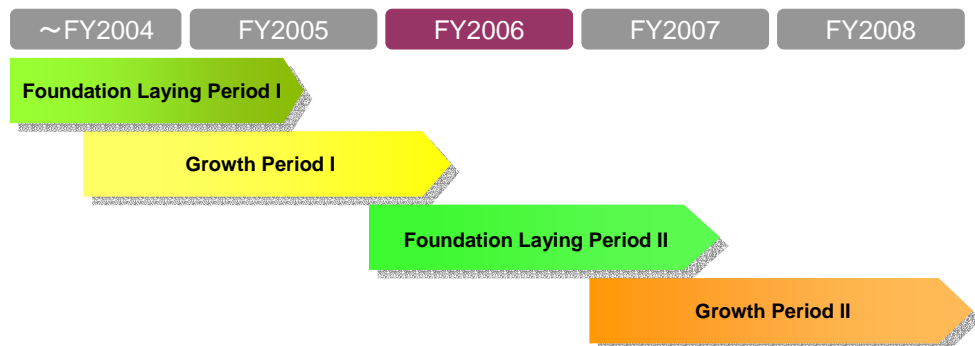
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[Electronic Systems Business Strategy]

- For the electronic systems business, we are working to strengthen our product development abilities and create a new business model.
- Regarding product development, in order to increase the speed of development, we have established a group that is solely focused on uncovering competitive products and promising suppliers.
- We would like to create a new business model so that we can transform ourselves into a business that can be expected to achieve greater profits and more stable growth.
- Our strengths are our sales abilities and ability to arrange business that makes use of our expertise.
- In order to meet the diversified needs of our customers, we are strengthening our alliances with business partners such as suppliers and design and assembly companies, moving forward with both improvements in equipment systems and product development based on our leadership, and working to differentiate ourselves from other companies.
- Our previous efforts have been successful in the area of sales to the automobile industry, and we are presently developing laser microfabrication business with the goal of commercialization.
- Our strategy is to provide complete services from product development and design to manufacturing, sales and maintenance based on our alliances with partner corporations.
- In the electronic systems business, we would like to aggressively transform our business model while making strategic investments when necessary.

Towards Sustainable Growth



- ▶ FY2006 is the period to recharge for another growth period starting in FY2007
- ▶ Promote aggressive management with a view towards alliances and M&As

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[Towards Sustainable Growth]

- For fiscal 2006, we expect an increase in sales of 10% and 9% growth in operating income, and these expected funds have been incorporated into our budget.
- In addition to new business from both Samsung and Altera, as there are both continuing orders from last year and many new large orders for both this and next year, we forecast recording double digit sales growth.
- In addition, although expenses would increase, they are necessary investments to capture both new business with Altera and commercial rights.
- We consider this year to be a period to recharge for further growth next year.
- At the same time that competition in the electronics market is becoming fiercer, there are more diverse demands from both suppliers and customers. We are keeping our eye on future restructuring within the industry, and expanding both our customer base and products that we handle. In addition, we will continue to strengthen our overseas support system.
- We are promoting aggressive management, which includes both alliance and M&As with other companies, and think we can meet the expectations of all our shareholders and investors.

Return to Shareholders

	Mar/06 (Forecast)	Mar/05
Per Share Annual Dividend	¥23	¥19
Interim dividend	¥10	¥9
Year-end dividend	¥13	¥10

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[Return to Shareholders]

- Finally, I would like to discuss shareholder returns.
- For our year-end dividend for the year ended March 2006, we plan to increase the dividend payment by ¥3 per share, to ¥13. Therefore, the annual dividend, which includes the interim dividend, will equal ¥23, an increase of ¥4 per share.
- We will make all efforts to improve business so that we can provide even higher returns in the future.

This brings the presentation to an end.