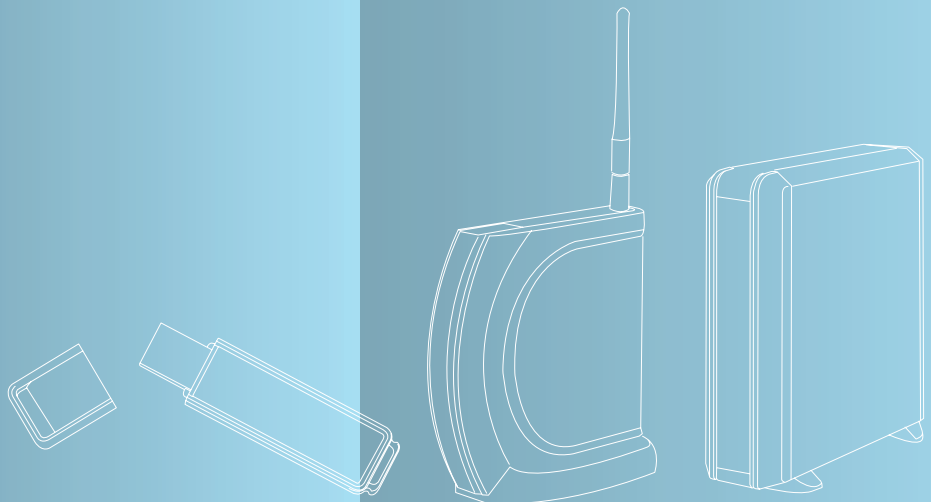


Business Report 2006

BUFFALO



Ensuring Sustainable Growth In the New Age

Aiming for the Realization of User Needs

Because of the diffusion of PCs and the Internet, corporate activities and individual lifestyles have dramatically changed. Going forward, we believe that progress in the diffusion of “digital homes”—which are the convergence of PCs and TVs—and the realization of “an ubiquitous network society” will accelerate even further.

Amidst these social changes, the Melco Group is striving to provide new products and services for a further realization of user needs and creation of a safer and more convenient environment for individuals and companies, thereby contributing to the development of society.

Renewed Historical Highs in Sales and Earnings

The Group’s business performance for the fiscal year ended March 2006 mainly reflected favorable domestic and overseas results, led by Buffalo Inc. The Melco Group’s products enjoyed healthy growth, supported by strong growth in the markets for USB flash memories and hard drive products, among others. Incidentally, the group captured the top share for 13 major products* in the computer peripheral market. Among these, our market share in wireless networking products saw significant growth as high-powered models with strong signal receiving capability were popular among users. During the fiscal year under review, both sales and earnings recorded new historical highs, thanks to our strong materials procurement capabilities supported by the high market shares, ceaseless cost reductions, and favorable sales of high value-added products backed by strong technological capabilities.

*estimates by Business Computer News (BCN)

Towards Future Digitization of the Home

Going forward, the digitization of the home will open a new world where video and audio contents recorded from TV broadcasts or on PC drives can be freely replayed via a home network. We would expect this to create a large market for wireless networking, network storage and media players that are our specialty.



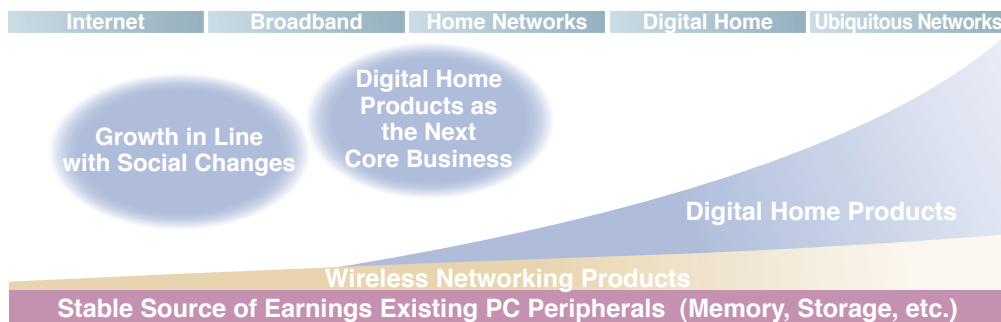
Makoto Maki
President and CEO
MELCO HOLDINGS INC.

Photo provided by The Yomiuri Shinbun

We are one of the few companies in the world that has technology in both the network and storage areas. By capitalizing on this advantage, we will continue to develop network storage and other unique products. We plan to use them to nurture the domestic market while at the same time aggressively developing overseas markets.

Establishment of an Internal System for Further Growth

In May 2006, we reorganized Buffalo Inc., which is the core operating company for the Group. With these reforms, we separated our business into two segments: 1) existing product areas that are steadily producing profit and 2) market development-oriented operations aimed at instigating dramatic change. This reflects a notable difference in business requirements between existing product areas where cost competitiveness and detailed ideas are important and market development areas where the focus is new challenges and some degree of waste is tolerated. As a result of these changes, we have established a corporate structure that can lead social change and development. Going forward, we at the Melco Group are aiming to further expand our business domains while at the same time pursuing maximization of corporate value, by capitalizing on our foresight in anticipating user needs and our technological capabilities in bringing them into shape. We sincerely appreciate your support in these efforts.



The Home Entertainment Age Is Now Beginning

Movies That Can Be Easily Enjoyed Anywhere at Any Time

In the digital home, TVs and PCs are connected to home networks, creating a home environment where TV broadcasts and recorded movies and music can be freely enjoyed from any room at any time. PCs with TV tuners are recently popular as there are a growing number of people watching TV through their PCs. On the other hand, the number of people watching movies and sports distributed over the Internet is steadily increasing. The era of digital homes utilizing PCs and related peripherals is coming soon.

Signs of Full-Fledged Diffusion in Video on Demand

Video-on-demand services distribute movies and TV dramas over the Internet. By using such services, users can view their favorite movie at any time without having to visit the rental video store.

Various video-on-demand services are already available and are becoming more popular in Japan. However, movies distributed over the Internet heretofore have been limited to older titles because of copyright protection. In the U.S., however, new video distribution services from April of this year are distributing new movie productions over the Internet as soon as the movie is released on DVD. What this means is that the largest original distributor, i.e., Hollywood, has decided to proactively embrace the video-on-demand business. With the arrival of newly produced movies in the video-on-demand market, we foresee an explosive expansion going forward.

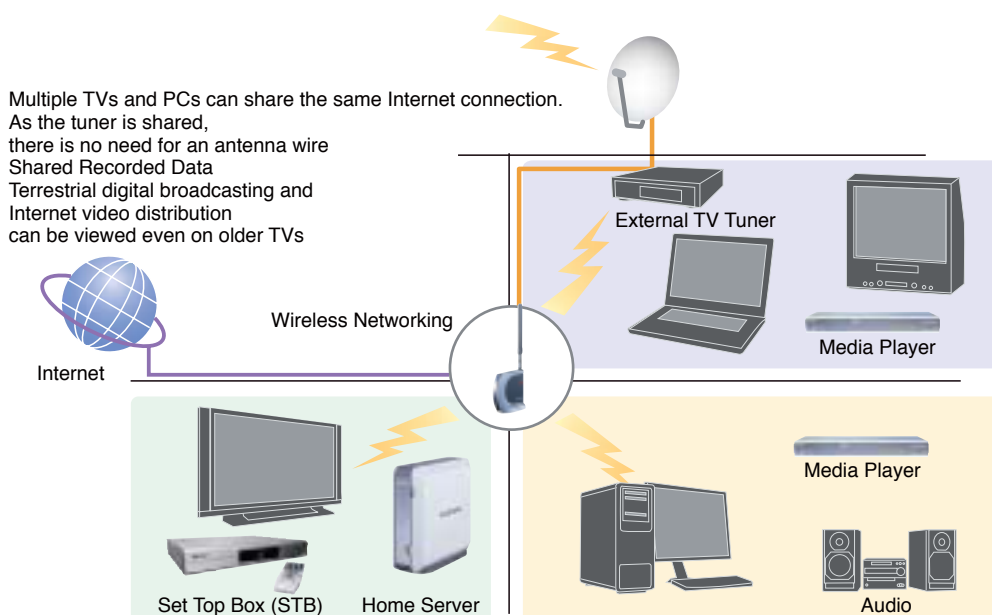
Japan also has a large number of video-on-demand service start-ups. These services are mainly free services with commercials, or videos distributed over the Internet at ¥300 per movie, which is the same rate charged for a rental video. In the near future, as newly produced films are distributed, we expect the digital home market to expand dramatically.

Full-Fledged Diffusion of the Digital Home From 2007-2008

Growth in the digital home market is contingent on new uses such as vide-on-demand services as well as the development of the following technologies.

1. Wireless networking with strong receiver capabilities that can be effortlessly connected.
2. Easy to use and highly safe security technologies
3. Video compression technologies that allow efficient transmission
4. Control technologies to allow the sharing of video data over the network

These technology domains are the Group's forte. We have already developed the elemental technology, which is being provided to some advanced users. For diffusion to general users, standardization of these technologies is necessary. This movement is expected to come into full swing by 2007 or 2008, which will result in the full-fledged blossoming of the digital home market.



Business Overview

Memory Product Sales: ¥38,579 million (component % : 33.3%)

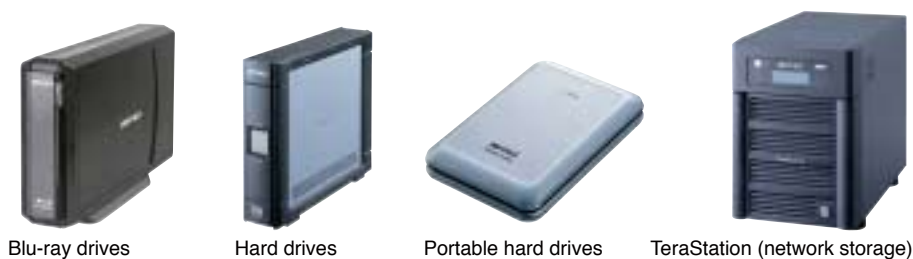
Memory modules are products installed in PCs to expand program and data processing capacity.

Other memory products include compact “USB flash memories” for portable data storage, “SD Memory Cards” for household use in digital cameras and “compact flash” memories. For the fiscal year ended March 2006, flash memory products, mainly USB flash memories, posted sharp sales growth. Nevertheless, growth in memory sales as a whole was limited to 2.3% for the year due to memory module price declines.



Storage Product Sales: ¥40,793 million (a component % : 35.2%)

Storage products are external devices for storing data. During the fiscal year ended March 2006, sales of hard drive products recorded very strong growth. The reasons for this include the continued growth in recording capacity with increasing utilization for movies, the successive introduction of new products with stronger security features, the creation of a new commercial market for network storage for corporate users, and the opening of new overseas sales channels. While the CD-RW and MO drive market shrank, the market for hard drive products saw sharp expansion, resulting in sales growth for the segment of 9.2% from the previous fiscal year.



■ **Network Products / Broadband** Sales: ¥21,081 million (component % : 18.2%)

LAN adapters, hubs and routers are among the major network products that are used in connecting several PCs. During the fiscal year, sales of high power, high performance wireless networking products were strong. In particular, our AirStation One-Touch Secure System(AOSS™) that allow easy wireless networking setup even for beginners were adopted by two large game machine manufacturers, which substantially stimulated the diffusion of network products. As a result, sales of network products as a whole grew 5.1% from the previous fiscal year.



Wireless Networking Broadband Routers



Wireless Networking Cards



Hubs

■ **Sales of Other Products** ¥15,386 million (component % : 13.3%)

The Other Products segment includes the digital home-related equipment and services business. Digital home products include TV captures that enable PCs to receive TV programs and media players that allow PC movies and music to be viewed through a TV. With additional contribution to growth in other products such as supply products and corporate-use LCDs, total sales in the segment grew 36.0% from the previous fiscal.



PC Mice



Liquid Crystal Displays (LCD)



TV Capture Boxes



Media Players

Research and Development

Our development concept is to produce high performance products that are simple and easy to use.

Globally Recognized Buffalo Technological Strength

Memory modules are an essential item for PCs. Presently, the bulk of the memory modules installed in notebook PCs shipped globally are based on a global standard. The organization that established this global standard is the Joint Electron Device Engineering Council (JEDEC), which is part of the Electronic Industry Association (EIA). Buffalo is a key member of JEDEC, and Buffalo's basic designs have been adopted as global standards. Buffalo is already participating in the creation of DDRIII standards for the next generation main memories.

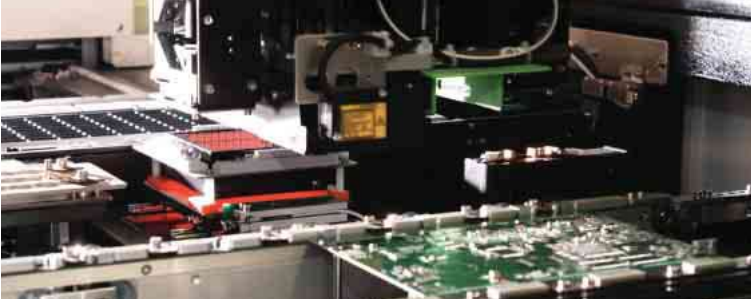
"AOSS™" That Even Beginners Can Use

While home networks help to realize convenient and comfortable living, if all equipments need to be connected by cables, the whole house would be full of cables. The solution for this is the wireless networking. However, the problem with wireless networking heretofore was that connection and security settings were difficult. "AOSS™" developed by Buffalo makes such settings easy even for beginners.

With the "AOSS™" easy setup system, equipment that is compatible with "AOSS™" can be automatically set up at the push of a button. Major consumer electronic manufacturers are already beginning to successively adopt "AOSS™" in their products, such as Sony's hand-held "Play Station Portable" game equipment and Nintendo's "Nintendo DS®." Going forward, Buffalo will continue promoting this product for incorporation in digital home electronic

appliances and game equipment in order to realize a convenient and safe network society.





New Market Development with a Unique Development Mindset

The “TeraStation,” a high capacity network storage that incorporates sophisticated RAID 5 technology, has been well received in Japan and overseas. RAID 5 is a technology

for recovering data even if the hard disk malfunctions, and has so far found applications for large corporate backbone systems requiring data security, such as those used by financial institutions that operate 24 hours a day.

Buffalo specializes in the application of such sophisticated technologies for functionality and efficiency required by small-scale offices, and has incorporated the technology in network storage. As there is growing demand for data security in recent times, the “TeraStation”, which can be used in small-scale offices without the services of specialist engineers, is creating a new market. The highly regarded unique development concept of the “TeraStation” has proved to be a hit in the Japanese and overseas markets, and is the driving force behind our expansion of storage product sales overseas.

Well-Regarded Domestically and Internationally

Buffalo’s PC peripheral products are highly regarded in Japan as well as overseas. In 2005, we won over 220 PC specialty magazine awards, and have won another 35 awards between January and early May of 2006. We have received these awards in as many as 13 countries and regions including Japan, the U.S., the U.K. and Germany, which gives an indication of how highly our products are regarded. For more details of Buffalo’s award-winning products, please refer to the Group’s “Palace of Glory” home page.



2006/5
Country of Award: United Kingdom
Magazine Name: PC Pro
Award: Recommended
Product Receiving Award: “LinkStation,” a network storage with home server function
Model Number: HS-D300GL

Simple and Easy High Performance Is Our Development Concept

Successive Introduction of New Products for Digitization of the Home

Crossing the TV and PC barriers, the full-fledged digital home age in which video and audio can be enjoyed is right before our eyes. Buffalo is emphasizing enhanced digital home products such as network media players for the enjoyment of PC movies and music data via the TV. We offer many products aimed at the full-fledged diffusion of the digital home, such as high fidelity audio "Link-Theater" products that can be connected to DLNA guideline-compatible equipment. In wireless networking, we are marketing high-powered models with receivers that can receive signals anywhere in the home as well as high-speed obstacle-resistant models. We are also marketing high capacity network storage with home server function that can record long movies, which are proving extremely popular with customers.



TeraStation

Development of Special Receivers for The World's First High Vision Movie Distribution Service

Given the growing diffusion of high vision broadcasting through terrestrial digital broadcasting and the start-up of video-on-demand services over the Internet, On Demand TV Co., Inc. has begun the world's first commercial distribution of high vision programming over the Internet to subscribers of the B FLET's broadband service provided by Nippon Telephone and Telegraph West Corporation and Nippon Telephone and Telegraph East Corporation.



Special STB Receivers

Buffalo, in collaboration with On Demand TV, has announced a special set-top box (STB) receiver. This STB employs the latest image compression technology and is compatible with the latest IPv6 Internet protocol. It has been well received as an apt example of Buffalo's technological capabilities.

Alliance with Nintendo in the Wireless Networking Area

Buffalo and Nintendo are cooperating in the following three areas to provide an environment through which the world's game users can easily enjoy games over wireless Internet connections.



Nintendo Wi-Fi
USB Connector



1. The Buffalo-designed push-button "AOSS™" wireless networking easy setup system is incorporated in "Nintendo DS."
2. "Nintendo Wi-Fi USB Connector," which will allow easy online access for DS owners, was jointly developed by Buffalo and Nintendo and is marketed by Nintendo in Japan and overseas.
3. Buffalo has developed access point products for use at "Nintendo Wi-Fi Stations™" installed at approximately 1,000 computer game stores and other retailers nationwide.

This alliance with Nintendo is expected to raise awareness among general households of how easy Buffalo's wireless networking are to use, and is expected to provide a significant impetus for digital home diffusion.

Strengthened Global Environmental Initiatives

Buffalo conducts its environment activities in accordance with the "Buffalo Environmental Declaration," and is working to reduce the environmental burden through such corporate activities.

As one target for employee environmental improvement initiatives, the Group acquired ISO14001 certification in January 2001. In addition to actively promoting the commercialization of PC peripherals based on the Green Purchasing Promotion Law, we are disclosing information on Green Purchasing Promotion Law-compatible products, and have designated compatible products in our catalogs and elsewhere with a Green Purchasing mark.

Regarding the "RoHS Directive"* that was implemented from July 2006 in the EU, we are working to exclude the use of six specific hazardous substances including lead and mercury, and are now selling lead-free memory modules as well as environmentally friendly LCDs and business switches. In addition, we are using resource conserving "ECO memory packages" for shipments to large volume users. Through such initiatives, the Melco Group is working to achieve harmony with the environment.

*A directive issued by the EU, which bans the use of specific hazardous substances for products exported to countries within the EU.



20.1-Inch TFT-LCDs



Realization of User Needs to Drive Earnings Growth

Results for the Fiscal Year Ended March 2006: Record Sales and Net Income

In the fiscal year ended March 2006, Melco Holdings Inc. (“Melco”) reported healthy earnings growth in the domestic and overseas markets led by Buffalo Inc., which is a core business unit for the group. The Melco group continued to release a series of new products that precisely cater to the market needs, winning the top share* in 13 categories in the computer peripheral market, such as USB flash memories, external hard drive products and wireless networking products. As a result, Melco posted record sales and profits in reporting ¥115,839 million in sales (up 8.9% year-on-year), ¥6,309 million in operating income (up 14.2% year-on-year), ¥6,456 million in ordinary income (up 17.0% year-on-year) and ¥3,677 million in net income (up 49.5% year-on-year).

During the term, Melco retired three million shares of treasury stock, equivalent to 11.5% of shares outstanding, which significantly boosted earnings per share. Following the implementation of the stock repurchase plan that was designed to retire shares held by the owning family, Melco no longer falls within the definition of a closely held company and is exempted from the need to pay the retained earnings tax. These benefits have enabled Melco to return profits to shareholders while increasing net income. As of the end of the term, Melco had total assets of ¥51,697 million and shareholders’ equity of ¥25,130 million, with a shareholders’ equity per share of ¥1,085.74 and a net income per share of ¥143.66.

Melco raised its end-of-term dividend payout to ¥15, which represented an increase of ¥5 compared to the initial projection and resulted in an increase in the annual dividend per share to ¥25.

*According to research by BCN.

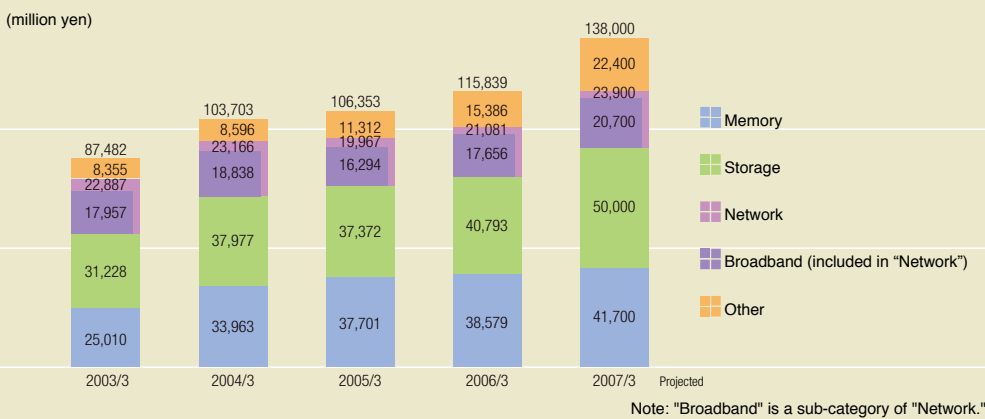
Strategic Focus for the Coming Year Placed on both Domestic and Overseas Market Expansion

Going forward, the PC-related market in general is expected to show firm growth, driven by demand stimulated by Microsoft’s release of new “Windows Vista” operating system and corporate demand backed by continued investment in information systems. In addition, there are prospects for an acceleration in the diffusion of the digital home, where people can easily enjoy digital technology-based services in any room, as evidenced by the ongoing diffusion of digital terrestrial broadcasting, optical fiber networks and the launch of high-quality (High Vision Quality) video distribution services.

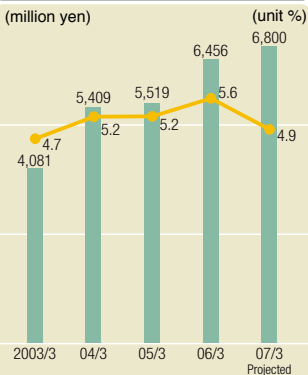
Against this background, we at the Melco group are focusing our efforts on expanding the market for digital home-related products, such as wireless networking equipment and network storage, while seeking to win domestic corporate customers and further expanding sales in the overseas market. In order to support these growth strategies, we will strive to secure a stable source of earnings by enhancing new product lineups, and further strengthening product capability as well as cost competitiveness of existing products; including network, memory and storage products.

For the fiscal year ending March 2007, we are projecting sales of ¥138.0 billion (up 19.1% year-on-year), ordinary income of ¥6.8 billion (up 5.3% year-on-year) and net income of ¥4.0 billion (up 8.8% year-on-year).

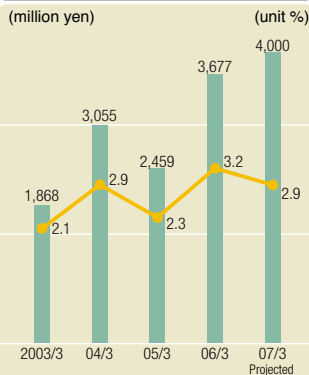
Consolidated sales



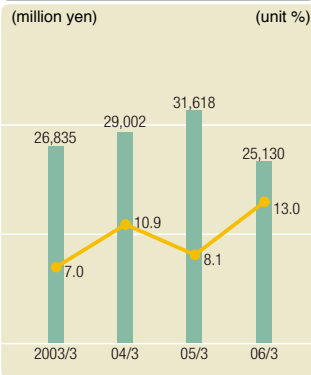
Consolidated Ordinary Income and % of Sales



Consolidated Net Income and % of Sales



Consolidated Shareholders' Equity and Return on Equity



Note regarding forward-looking statements: The aforementioned earnings estimates are based on information that is currently available to management, and inherently involve risks and uncertainties. As a result, these risks and uncertainties could cause actual results to materially differ from the forward-looking statements contained in this report.

Consolidated balance sheet

(million yen)

Item	Fiscal year	Ended	Ended
		Mar. 31, 2006	Mar. 31, 2005
(Assets)			
Current assets		43,953	46,826
Total Fixed assets		7,743	8,407
Tangible fixed assets		1,732	1,640
Intangible fixed assets		109	76
Investments, etc.		5,901	6,690
Total assets		51,697	55,233
(Liabilities)			
Current liabilities		25,630	22,684
Long-term liabilities		935	928
Total liabilities		26,565	23,613
(Minority interest in consolidated subsidiaries)		1	2
(Capital)			
Capital		1,000	1,000
Capital surplus		1,927	11,677
Profit surplus		21,955	18,834
Balance of other profits on securities		479	364
Exchange adjustment		▲ 210	▲ 255
Treasury stock		▲ 20	▲ 2
Total capital		25,130	31,618
Total liabilities and capital		51,697	55,233

Consolidated statement of surplus

(million yen)

Item	Fiscal year	Ended	Ended
		Mar. 31, 2006	Mar. 31, 2005
Capital surplus opening balance		11,677	11,677
Decrease in capital surplus/Retirement of treasury stock		9,750	0
Capital surplus closing balance		1,927	11,677
Profit surplus opening balance		18,834	16,849
Increase in profit surplus/Net profit from current fiscal year		3,677	2,459
Decrease in profit surplus/Dividend and other payments		556	474
Profit surplus closing balance		21,955	18,834

Consolidated statement of income

(million yen)

Item	Fiscal year	Ended	Ended
		Mar. 31, 2006	Mar. 31, 2005
Sales		115,839	106,353
Cost of sales		98,376	91,563
Selling, general and administrative expenses		11,153	9,266
Operating income		6,309	5,523
Non-operating income		236	247
Non-operating expenses		90	251
Ordinary income		6,456	5,519
Extraordinary income		33	77
Extraordinary loss		312	781
Current term net income before taxes and other adjustments		6,177	4,815
Corporation, resident and enterprise taxes		2,465	2,384
Adjustment for corporation tax, etc.		34	▲ 31
Profit or loss in minority interest (▲)		▲ 0	2
Current term net income		3,677	2,459

Consolidated cash flow statement

(million yen)

Item	Fiscal year	Ended	Ended
		Mar. 31, 2006	Mar. 31, 2005
Operating activity cash flow		▲ 239	6,564
Investment activity cash flow		75	2,898
Financial activity cash flow		▲ 7,992	▲ 422
Balance of cash/cash-equivalent conversions		310	2
Increase of cash/cash-equivalents		▲ 7,846	9,042
Cash/cash-equivalent opening balance		18,082	9,035
Cash/cash-equivalent at newly established consolidated subsidiary		-	4
Cash/cash-equivalent closing balance		10,235	18,082

Company Profile

Melco Group

The Melco Group consists of the group holding company, Melco Holdings Inc., and its 12 consolidated subsidiaries including the Buffalo Inc.

MELCO HOLDINGS INC.		Company Profile	Company Profile	Board of Directors
Company Name	MELCO HOLDINGS INC.		Board of Directors	As of June 29, 2006
Incorporated	July 1, 1986		President and CEO	Makoto Maki
President and CEO	Makoto Maki		Senior Managing Director	Kuniaki Saiki
Capital	¥1 billion		Managing Director	Hiromichi Maki
			Director	Hidetoshi Yamaguchi
			Director	Hiromi Maki
			Director	Iwao Tsusaka
			Director	Arimichi Yokoe
			Senior Corporate Auditor	Kiyoshi Kobayashi
			Corporate Auditor	Toshio Nishikawa
			Corporate Auditor	Yuzuru Kawashima
			Corporate Auditor	Tomotsune Sumi
Business content				
Melco Holdings : A Pure Holding Company				
Holding the shares of the group operating companies, Melco Holdings governs the operating companies and provides support for their business activities.				
No. of employees : 46 MELCO Group related: 756				
Group affiliates : Total of 12 companies (7 domestic, 5 overseas)				

BUFFALO INC.		Company Profile	Company Profile	Board of Directors
Company Name	BUFFALO INC.		Board of Directors	As of June 29, 2006
Founded	May 1, 1975		Chairman and CEO	Makoto Maki
Incorporated	August 5, 1978		President and COO	Kuniaki Saiki
Chairman and CEO	Makoto Maki		Managing Director	Hidetoshi Yamaguchi
Capital	¥6.4 billion		Director	Seishi Toyooka
			Director	Takayuki Nishioka
			Director	Tamio Matsuo
			Director	Masanao Tsuzuki
			Corporate Auditor	Kiyoshi Kobayashi
			Corporate Auditor	Iwao Tsuzaka
			Corporate Auditor	Takashi Koide
			Corporate Auditor	Tomotsune Sumi

Business establishment

Headquarters

15, Shibata hondori 4-chome, Minami-ku, Nagoya, 457-8520, Japan

TEL. 81-52-619-1811 FAX. 81-52-619-1800

Tokyo Branch Office

Eitaro Bldg., 2-5, Nihonbashi 1-chome, Chuo-ku, Tokyo, 103-0027, Japan

TEL. 81-3-3242-7777 FAX. 81-3-5203-8551

Headquarters (branch office)

Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan

TEL. 81-52-251-6891 FAX. 81-52-241-7979

Nagoya Branch Office

Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan

TEL. 81-52-249-6600 FAX. 81-52-249-6601

Osaka Branch Office

Access Tanimachi Bldg., 1-18 Tanimachi 9-chome, Chuo-ku, Osaka, 542-0012, Japan

TEL. 81-6-6191-1511 FAX. 81-6-6191-1510

Sendai Sales Office

Miyagino center Bldg., 5-22, Tsutsujigaoka 4-chome, Miyagino-ku, Sendai, 983-0852, Japan

TEL. 81-22-291-0311 FAX. 81-22-298-9470

Fukuoka Sales Office

Abandant 95, 12-1, Hakataeki Higashi 3-chome, Hakata-ku, Fukuoka, 812-0013, Japan

TEL. 81-92-477-3711 FAX. 81-92-477-3755

Sapporo Sales Office

San Keisei Bldg., 4-1, Kitaichijyo Higashi 1-chome, Chuo-ku, Sapporo, 060-0031, Japan

TEL. 81-11-200-8150 FAX. 81-11-200-8151

Technical Service Center

3-5 Toyoda 3-chome, Minami-ku, Nagoya, 457-8570, Japan

TEL. 81-52-698-2455 FAX. 81-52-698-2099

Company Capital Business content

Japan	CFD SALES INC.	Sales of Internet devices and computer peripherals 15, Shibata hondori 4-chome, Minami-ku, Nagoya, 457-8520, Japan TEL.81-52-619-1311 FAX.81-52-619-7785
	BUFFALO LOGISTICS INC.	Packaging and shipment of products Chukyo Warehouse No. 33, 1-3, Mutsuno 2-chome, Atsuta-ku, Nagoya, 456-0023, Japan TEL.81-52-883-3035 FAX.81-52-883-3042
	BUFFALO LEASE INC.	Lease and rental of Internet-related products Eitaro Bldg., 2-5, Nihonbashi 1-chome, Chuo-ku, Tokyo, 103-0027, Japan TEL.81-3-5203-8199 FAX.81-3-5203-8551
	ORIEBLENET CORP.	Sales of Internet devices and computer peripherals Chukyo Warehouse, 1-3, Mutsuno 2-chome, Atsuta-ku, Nagoya, 456-0023, Japan TEL.81-52-882-3302 FAX.81-52-882-3302
	MELCO PERSONNEL SUPPORT INC.	Agency for temporary staff Karniya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan TEL.81-52-251-6823 FAX.81-52-241-7979
	MELCO TECHNO-SERVICE INC.	Internet-related support and services 3-5 Toyoda 3-chome, Minami-ku, Nagoya, 457-8570, Japan TEL.81-52-698-3076 FAX.81-52-698-3157
Asia	BUFFALO TECHNOLOGY (TAIWAN) INC.	Production and sales of Internet devices and computer peripherals 4F, NO.18, LANE609, SEC.5, CHUNG HSIN RD., SANCHUNG CITY, TAIPEI HSIEN, TAIWAN TEL.886-2-2999-9860 FAX.886-2-2999-2264
U.S.A.	BUFFALO TECHNOLOGY (USA), INC.	Production and sales of Internet devices and computer peripherals 4030 West Braker Lane, Suite 120, Austin, TEXAS 78759-5319 U.S.A. TEL.1-512-794-8533 FAX.1-512-794-8520
	BUFFALO TECHNOLOGY UK LIMITED	Sales of Internet devices and computer peripherals 176 Buckingham Avenue, Slough, Berkshire SL1 4RD, United Kingdom TEL.44-1753-555-000 FAX.44-1753-535-420
Europe	BUFFALO TECHNOLOGY UK LIMITED	Sales of Internet devices and computer peripherals 176 Buckingham Avenue, Slough, Berkshire SL1 4RD, United Kingdom TEL.44-1753-555-000 FAX.44-1753-535-420
	BUFFALO TECHNOLOGY IRELAND LIMITED	Production of Internet devices and computer peripherals East Park, Shannon Free Zone, Shannon, Co.Clare, Ireland TEL.353-61-708090 FAX.353-61-360140
	MELCO ASSET MANAGEMENT LIMITED	Funds management advice East Park, Shannon Free Zone, Shannon, Co. Clare, Ireland TEL.353-61-708032 FAX.353-61-360140

History Business/Others

Origin of the Company Name

"Melco" stands for "Maki Engineering Laboratory Company"

The company was named MELCO in 1975. "M" stands for Maki, the family name of the company founder and president, Makoto Maki, "E" for engineering, "L" for laboratory, and "CO" for company.

The BUFFALO Name Is Derived from "Printer Buffer" Products

The internal printer buffer first marketed by Melco in 1982 that allowed users to continue using their computer while printing was a huge hit and provided a launching base for the subsequent growth for the Company. Thereafter, the Group solicited public suggestions for a brand name for its products, and adopted the name of "BUFFALO". A combination of printer buffer and the common name for the North American Bison (buffalo), it was adopted as an appropriate brand name for a strongly growing company.

Evolution of the Melco Group

- 1978 Aug. Incorporated for the purpose of manufacturing and selling audio equipment.
- 1981 Jul. Entered the personal computer peripherals market in earnest.
- 1982 Nov. Began marketing an internal printer buffer.
- 1986 Jul. Established BUFFALO (now MELCO HOLDINGS INC.)
- 1988 Oct. Began marketing Japan's first EMS board (memory module).
- 1991 Oct. MELCO INC. (now BUFFALO INC.) registered with JASDAQ.
- 1992 Jan. MELCO INC. opened High-Tech Center (now BUFFALO INC. headquarters) as TECHNICAL R&D center.
Aug. Began marketing LAN products.
- 1994 Feb. Began marketing hard disks; shifted emphasis to manufacture of computer peripheral devices.
- 1995 Jan. MELCO INC. listed in second section of Nagoya Stock Exchange.
Aug. MELCO INC. listed in second section of Tokyo Stock Exchange.
Sep. MELCO INC. obtained ISO9001 certification, the international quality assurance standard.
- 1996 Sep. MELCO INC. listed in first section of Tokyo Stock Exchange & Nagoya Stock Exchange.
- 1999 Jan. Entered the wireless LAN market; released "AIRCONNECT"
- 2000 Oct. Developed worldwide standard specification of DDR memory for notebook computers.
- 2001 Jan. MELCO INC. obtained ISO14001 certification, the environmental management system standard.
- 2003 May. BUFFALO INC. changed trade name to MELCO HOLDINGS INC., moved head office.
Oct. MELCO INC. changed company name to BUFFALO INC., moved head office.
Oct. MELCO HOLDINGS INC. and BUFFALO INC. swapped stock and shifted to holding company system.
Oct. MELCO HOLDINGS INC. listed in first section of Tokyo Stock & Nagoya Stock Exchange.
- 2004 Jan. Established new Digital Home Solutions Business Div.
- 2005 Mar. Began supply of special set-top boxes for NTT East and West Corporations'
Jul. Buffalo INC. established "Technical Service Center" in Minami-ku, Nagoya.

MELCO HOLDINGS INC. Investor Information (As of March. 31, 2006)

Accounts closed March 31

Scheduled shareholder's meeting: June

Dates to determine stock ownership:

Shareholders entitled to vote: March 31

Shareholders entitled to year-end dividend: March 31

Shareholders entitled to interim dividend: September 30

Listed Stock Exchanges: First Section of Tokyo Stock Exchange and
First Section of Nagoya Stock Exchange

Stock code: 6676

Number of shares issued: 23,125,773
(shares excluding treasury stock 23,118,583)

Number of shareholders: 11,113 (As of March. 31, 2006)

Number of shares per unit: 100

Notice to shareholders: <http://melco-hd.jp/koukoku/>

Transfer agent: Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo

Stock agencies : Mitsubishi UFJ Trust and Banking Corporation Security
Agent Department

For information regarding your shareholdings, please contact
Our transfer agent, Mitsubishi UFJ Trust and Banking Corporation
Anytime between 9:00 am and 5:00 pm on regular banking days.
Tel.0120- 232- 711 (toll free)

Requests for share related documentation can be handled by the
Mitsubishi UFJ Trust and Banking Corporation ,
or on the Internet 24 hours a day.

Tel.0120- 244- 479 (toll free)

<http://www.tr.mufg.jp/daikou/>

Managing underwriters: (main) Daiwa Securities SMBC
(others) Nomura Securities. Mizuho Investors Securities.
Nikko Cordial Securities

MELCO HOLDINGS INC.

<http://melco-hd.jp/> (Code 6676)

Headquarters

Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan
Tel:81-52-251-6891 Fax:81-52-241-7979

BUFFALO INC. (formerly MELCO INC.)

<http://buffalo.jp/>

Headquarters

15, Shibata hondori 4-chome, Minami-ku, Nagoya, 457-8520, Japan
Tel:81-52-619-1811 Fax:81-52-619-1800

Tokyo Branch Office

Eitaro Bldg., 2-5, Nihonbashi 1-chome, Chuo-ku, Tokyo, 103-0027, Japan
Tel:81-3-3242-7777 Fax:81-3-5203-8551

Headquarters (branch office)

Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan
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