

January 23, 2006

**Summary of Financial Results for the Third Quarter Ended December 2005
(Consolidated)**

Company name: MELCO HOLDINGS INC.
Stock code: 6676
Stock exchange listing: First Section, Tokyo Stock Exchange; First Section, Nagoya Stock Exchange
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Notes on presentation of quarterly financial results

- (1) Application of the simple method in the preparation of quarterly financial statements: Yes
Depreciation of fixed assets: An amount deemed to have accrued as of the end of the first quarter based on full fiscal year estimate
Income taxes: An amount deemed to have accrued as of the end of the first quarter based on annual estimated income tax calculated at the statutory tax rate
- (2) Changes in accounting treatment from the most-recent consolidated fiscal year: No
- (3) Changes in the scope of consolidation and application of the equity method: Yes

2. Financial results for the third quarter ended December 2005 (April 1, '05 –December 31, '05)

(1) Consolidated results of operations

| | Net sales | | Operating income | | Ordinary income | |
|-----------------------------------|-------------|--------------|------------------|--------------|-----------------|--------------|
| | Million yen | YoY change % | Million yen | YoY change % | Million yen | YoY change % |
| Third quarter ended December 2005 | 81,895 | 5.4 | 4,580 | 37.7 | 4,671 | 36.7 |
| Third quarter ended December 2004 | 77,720 | 2.2 | 3,327 | -12.0 | 3,418 | -12.1 |
| Fiscal year ended March 2005 | 106,353 | | 5,523 | | 5,519 | |

| | Net income (for the period) | | Net income per share (basic) | Net income per share (diluted) |
|-----------------------------------|-----------------------------|-------|------------------------------|--------------------------------|
| | Million yen | % | Yen | Yen |
| Third quarter ended December 2005 | 2,178 | 45.5 | 83.40 | 83.40 |
| Third quarter ended December 2004 | 1,497 | -36.3 | 57.33 | |
| Fiscal year ended March 2005 | 2,459 | | 93.10 | |

Note:

The percentage figures accompanying net sales, operating income and other items represent year-on-year changes.

Results of Operations

In the first nine months of the current fiscal year, Japan's economy showed signs of a full-fledged recovery due to ongoing growth in capital investment underpinned by strong corporate earnings, rising employment, recovery in consumer spending and a stock market rally beginning in the summer of 2005.

The personal computer market, the MELCO Group's core area of operations, also showed strong performance as personal computer manufacturers actively promoted new TV-enabled models. In this market environment, the MELCO Group focused on shaping the digital home electronics market, a strategically important growth area for us, and developing new devices in all product areas and reducing costs to bolster profitability in existing markets.

In memory products, sales of USB flash memories rose sharply, reflecting their growing use among general PC users. In storage products, sales of portable hard disk drives rose, reflecting our efforts to enhance the competitiveness of our products and efforts to build up the network hard disk drive market. In addition, our market share in network products rose sharply toward the end of the year as we introduced wireless LAN products meeting the International Standard 11a and launched distinctive high-power wireless devices with superior communication capabilities. Regarding earnings, despite a temporary decline in profit margins on hard disk drives due to intensified competition and the rising cost of imported components as the yen weakened in early autumn we posted record-high ordinary income as sales of high-margin memory products and wireless LAN products were buoyant.

Due to the above items, consolidated net sales increased 5.5% to 81,895 million yen, consolidated ordinary income increased 36.7% to 4,671 million yen and net income increased 45.5% to 2,178 million.

(2) Consolidated financial position

| | Total assets | Shareholders' equity | Shareholders' equity ratio | Shareholders' equity per share |
|-----------------------------------|--------------|----------------------|----------------------------|--------------------------------|
| | Million yen | Million yen | % | Yen |
| Third quarter ended December 2005 | 54,656 | 33,424 | 61.2 | 1,279.69 |
| Third quarter ended December 2004 | 48,902 | 30,454 | 62.3 | 1,165.73 |
| Fiscal year ended March 2005 | 55,233 | 31,618 | 57.2 | 1,209.24 |

(3) Consolidated cash flow position

| | Net cash provided by (used in) operating activities | Net cash provided by (used in) investing activities | Net cash provided by (used in) financing activities | Cash and cash equivalents at end of year |
|-----------------------------------|---|---|---|--|
| | Million yen | Million yen | Million yen | Million yen |
| Third quarter ended December 2005 | -5,954 | 1,320 | 1,253 | 14,857 |
| Third quarter ended December 2004 | 524 | 2,813 | -422 | 12,015 |
| Fiscal year ended March 2005 | 6,564 | 2,898 | -422 | 18,082 |

3. Forecast (consolidated) for the fiscal year ending March 2006 (Apr. 1, '05 – Mar. 31, '06)

| | Net sales | Ordinary income | Net income |
|-----------|-------------|-----------------|-------------|
| | Million yen | Million yen | Million yen |
| Full Year | 117,500 | 6,900 | 3,500 |

Reference: Estimated consolidated net income per common share for the fiscal year ending March 2006: ¥132.8

Forecasts

There are no revisions to forecast announced on October 11, 2005.

Note: The above forecasts are based on information available at the time these materials were prepared, and incorporate many uncertainties. Consequently, actual results may differ from these forecasts due to changes in market conditions and other factors.

Referential Information

Yen in Millions

| | 3Q of FY ended March 2005 | | 3Q of FY ending March 2006 | | YoY (%) |
|--------------------------------------|---------------------------|---------------|----------------------------|---------------|---------|
| | Amount | Pct. of sales | Amount | Pct. of sales | |
| Memories | 27,161 | 34.9 | 27,932 | 34.1 | 2.8 |
| Storage devices | 27,736 | 35.7 | 28,637 | 35.0 | 3.2 |
| Networks | 14,645 | 18.8 | 15,066 | 18.4 | 2.9 |
| (Of which broadband products) (note) | 11,896 | 15.3 | 12,513 | 15.3 | 5.2 |
| Others | 8,175 | 10.5 | 10,259 | 12.5 | 25.5 |
| Total | 77,720 | 100.0 | 81,895 | 100.0 | 5.4 |

Notes:

1. Broadband figures are included in Networks.