

Date : July 25, 2006

Notice of Revisions in Forecasts for Operating Results

Melco Holdings Inc. today announced the following revisions to its forecasts that were announced on April 26, 2006 for consolidated operating results in the fiscal year ending March 31, 2007.

Details of the revisions to consolidated business forecasts

1. Revisions to the consolidated business forecasts for the first half of the fiscal year ending March 31, 2007 (April 1, 2006 – September 30, 2006)

Yen in millions, %

	Net sales	Ordinary income	Net income
Previous forecast (A)	62,000	2,600	1,500
Revised forecast (B)	62,000	3,200	1,800
Increase/(decrease) (B-A)	—	600	300
Percentage change (%)	—	23.1	20.0
First half of March 2006 fiscal year	52,652	3,154	1,616
Percentage change (%) against first half of March 2006 fiscal year	17.8	1.4	11.3

2. Revisions to the consolidated business forecasts for the fiscal year ending March 31, 2007 (April 1, 2006 – March 31, 2007)

Yen in millions, %

	Net sales	Ordinary income	Net income
Previous forecast (A)	138,000	6,800	4,000
Revised forecast (B)	138,000	7,400	4,300
Increase/(decrease) (B-A)	—	600	300
Percentage change (%)	—	8.8	7.5
March 2006 fiscal year	115,839	6,456	3,677
Percentage change (%) against March 2006 fiscal year	19.1	14.6	16.9

For reference: Net income per share (fiscal year): ¥185.94

Reasons for Revisions

In the first quarter, sales were about the same as had been planned, but earnings dropped sharply. Earnings were temporarily impacted by the company's inability to cut costs as quickly as sales prices of flash memory products fell in conjunction with a steep drop in the cost of raw materials used to make these products. However, sales of

wireless LAN products, which have a high profit margin, are increasing steadily and there is a small improvement in the profitability of storage products, which have until now had low profit margins. Earnings are also benefiting from the yen's strength. The yen has appreciated to a level higher than the rate of 118 yen to the U.S. dollar that the company had projected for the fiscal year.

Operating results are expected to be the same as planned in the final three quarters of the fiscal year.

Based on this outlook, Melco Holdings is forecasting first half sales of 62.0 billion yen, up 17.8%, ordinary income of 3.2 billion yen, up 1.4%, and net income of 1.8 billion yen, up 11.3%. For the fiscal year, the group is forecasting sales of 138.0 billion yen, up 19.1%, ordinary income of 7.4 billion yen, up 14.6%, and net income of 4.3 billion yen, up 16.9%.

There are no revisions to non-consolidated forecasts.

Note:

The above forecasts are based on information currently available and incorporate many uncertainties. Actual results may differ from these forecasts due to changes in industry conditions and many other factors.