

**MELCO HOLDINGS INC. Investor Information** (As of September 30, 2010)

Accounts closed	March 31
Scheduled shareholders' meeting	June
Dates of record	Shareholders entitled to vote: March 31 Shareholders entitled to year-end dividend: March 31 Shareholders entitled to interim dividend: September 30
Stock exchange listings	First Section of the Tokyo Stock Exchange and First Section of the Nagoya Stock Exchange
Securities code	6676
Number of shares issued	22,237,873 (excluding treasury stock 22,214,904)
Number of shareholders	9,147 (as of September 30, 2010)
Trading unit	100 shares
Notice to shareholders	<a href="http://melco-hd.jp/koukoku/">http://melco-hd.jp/koukoku/</a>
Transfer agent	Mitsubishi UFJ Trust Banking Corporation 4-5 Marunouchi 1-chome, Chiyoda-ku, Tokyo
Stock agent	Mitsubishi UFJ Trust Banking Corporation Security Agent Department  For information regarding your shareholdings, please contact our transfer agent, Mitsubishi UFJ Trust Banking Corporation, anytime between 9:00 a.m. and 5:00 p.m. on regular banking days. Tel. 0120-232-711 (toll free)  To request forms required for shareholder notifications/processing, please contact Mitsubishi UFJ Trust Banking Corporation at anytime (24 hours) by telephone or the Internet. Tel. 0120_244_479 (toll free) <a href="http://www.tr.mufg.jp/daikou/">http://www.tr.mufg.jp/daikou/</a>
Managing underwriters	Main: Daiwa Securities SMBC Other: Nomura Securities, Mizuho Investors Securities, Nikko Cordial securities

**MELCO HOLDINGS INC.**

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

Headquarters  
Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315, Japan  
Tel. 81-52-251-6891 Fax 81-52-249-6609

**BUFFALO INC.**

<http://buffalo.jp/>

Headquarters  
Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315 Japan  
Tel. 81-52-249-6610 Fax 81-52-249-6609

Tokyo Branch Office  
Kayabacho Tower, 21-2 Shinkawa 1-chome, Chuo-ku, Tokyo104-0033 Japan  
Tel. 81-3-3523-3333 Fax 81-3-3523-3300



**Business Report**  
April.1,2010 – September.30,2010

**Melco Group**

## Pursuing our growth strategies through the strengthening of our corporate structure

### Sales and profit gains achieved by enhancing product strengths and proposing solutions

The Melco Group, the nucleus of which is Buffalo Inc., manufactures a comprehensive range of PC peripherals. In the first half of fiscal 2010 (April– September 2010), the Japanese economy continued to stage a gradual recovery, aided by a variety of government stimulus measures. However, the future prospects for this recovery have grown increasingly uncertain as the yen continues to strengthen and overseas economic recoveries lose steam. The PC industry, to which the Melco Group is strongly connected, benefited from a rebound in consumer demand but suffered from slack corporate demand as companies continued to rein in capital expenditure. As a result, we continued to face a severe operating environment in our core PC peripherals market.

Amid this difficult operating environment, the Melco Group achieved a solid year-on-year increase in operating income, supported by 9.2% sales growth to ¥58,933 million. We overcame a sharp drop in overseas sales by redoubling our efforts to secure market share in Japan and continuing our relentless efforts to enhance product strength, the foundation upon which we stand. In particular, we adopted aggressive and bold measures to strengthen development of digital home electronics peripherals, expected to be a growth market, and to propose applications and other solutions to users.

### Making digital life more enjoyable

A number of wireless LAN-capable products, including the iPad and smartphones, are joining PCs and game consoles as widely used home electronic products. The Melco Group is helping to create new demand for wireless LAN products through its introduction of a number of innovative products, including a portable Wi-Fi

router that can be connected to NTT Docomo's high-speed FOMA network, allowing the user to enjoy wireless Internet connectivity from almost anywhere. In addition, our NAS (network-attached storage) products now serve as personal cloud storage devices that enable users of iPads and other tablet PCs to access data stored on a home network from a remote location. In this way, our products and solutions are contributing to the ongoing spread of digital homes created through the integration of digital home electronics with home networks and PC peripherals. The Melco Group plans to enhance the convenience of this digital lifestyle by responding flexibly to societal changes and presenting innovative products that are a half-step ahead of the competition.

\*iPad is a trademark of Apple Inc

### Strengthening corporate structure with our gaze firmly fixed on the future

In pursuit of future growth, the Melco Group will endeavor to expand overseas markets and cultivate new businesses, its priority strategic challenges, while driving growth of the digital home electronics peripherals market. To this end, the Group will actively invest in human resources training to develop globally competent personnel and invest in the resources required for new business development.

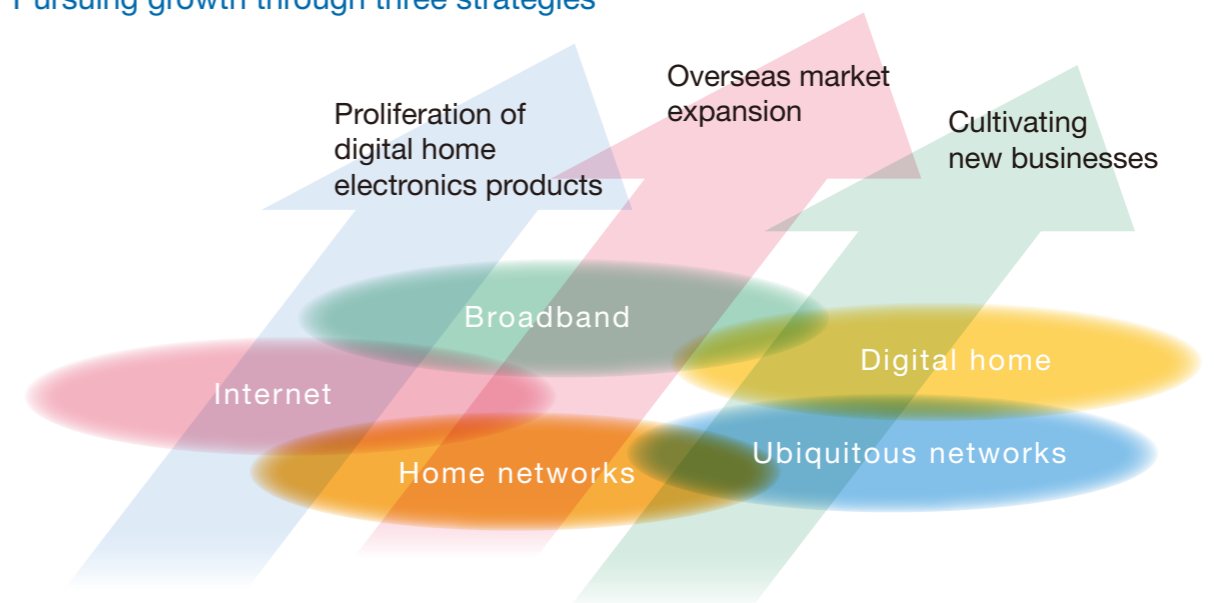
Working as one on these initiatives, the Melco Group will build itself into an even stronger organization with a keen eye on the future while pursuing its growth strategies.



Melco Holdings Inc.  
Makoto Maki President and CEO

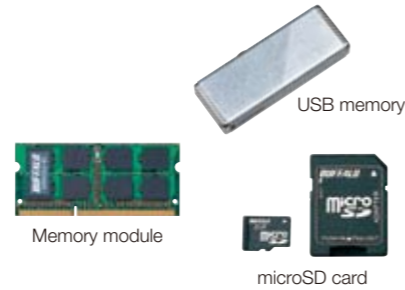
Photo courtesy of The Asahi Shimbun newspaper

### Pursuing growth through three strategies



**Memory**

Memory modules increase PCs' memory capacity. Upgrading a PC's memory capacity increases the number of programs that can be run at one time and enables the PC to process data faster and more efficiently. Other memory products include conveniently portable USB memories, SD Cards and CompactFlash used in digital cameras, and microSD cards used in mobile phones.



**Storage**

Storage products are memory devices that store software and/or data. The Group's storage products include external Blu-ray drives, external DVD drives, external hard disk drives, portable hard disk drives, network hard disk drives (NAS, or network-attached storage), and silicon disks (SSDs), a compact, shock-resistant, low-noise portable storage device.

**External hard disk drives**

External hard disk drives are a core product that accounts for most of the Group's storage product sales. They are used to store PC data, digital photo and video collections, and other such files.

Recently, external hard disk drives are increasingly used to record digital terrestrial TV programs, driving demand for add-on hard disk drives.

**Network hard disk drives**

Network hard disk drives (NAS, or network-attached storage) are storage devices that are connected to a network and enable large volumes of data to be shared among multiple PCs or other digital home electronics hardware. The Melco Group offers a broad line of NAS products, ranging from compact models convenient for household use to highly reliable, high-performance commercial models.



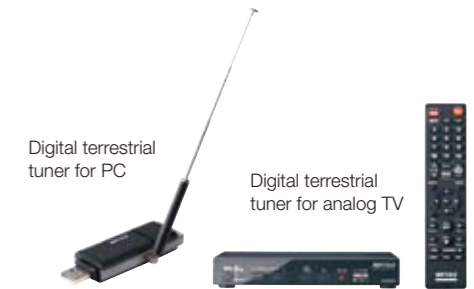
**Network and Broadband**

Key networking products include wireless LAN routers, wired broadband routers, LAN hubs, and LAN adapters. Use of such networking products enables Internet access and data sharing across multiple PCs. Home-network usage of wireless LANs in particular is growing because they do not require bothersome wiring. Recently, growing use of digital appliances such as mobile phones, digital terrestrial TVs, and game consoles also has been making wireless LANs increasingly prevalent.



**Digital Home**

Digital home products connect PCs and other home electronics hardware via networks. The Melco Group's steadily growing line of digital home products includes Choi Tele Full digital terrestrial TV tuners for conveniently enjoying high-vision broadcasts on PCs, multifunctional digital terrestrial tuners for analog TVs that add the latest functionality to older models.



**Other Products**

**Supplies and Accessories**

The Group offers accessories that makes digital home electronics (including PCs and TVs) more enjoyable and user-friendly, including input devices such as PC mice and keyboards, multimedia devices such as webcams and headsets, portable music player accessories (such as FM transmitters), USB and various other cables, and accessories for TVs such as LCD TV shields.



**Other Products and Services**

Other hardware products include DOS/V parts. Service offerings include PC set-up services for consumers, and hardware installation and consulting services for businesses.



**Digital Home**

Many of the Melco Group's products stand to benefit from the growing prevalence of digital homes. The products include multifunctional digital tuners that add the latest functionality to older-model TVs; external hard disk drives for recording digital terrestrial TV programs; wireless LANs, the core of home networks; and network hard disk drives (NAS, or network-attached storage) that serve as additional storage capacity for DVD recorders and home servers.



## Memory Products

Unit sales of our memory modules declined 24.1% year on year during the first half of fiscal 2010. The decline came amid falling demand from PC users for additional memory owing to the large factory-installed memory capacity of new PC models. Despite the decline in sales volume, sales revenues increased 3.0% year on year to ¥4,886 million owing to an improved sales mix as high-speed, low-energy-consuming DDR3 memory products accounted for a larger share of sales.

## Networking Products

Networking products are enjoying a strong demand boost from the increased use of wireless LANs to connect home digital electronics equipment, such as digital TVs. We also stimulated demand by introducing such new products as a portable Wi-Fi router for use with NTT Docomo's FOMA high-speed data communications service, thus enabling easy access to the Internet from just about anywhere. As a result, unit sales of our broadband products increased 15.6% year on year and sales revenues expanded 36.7% to ¥13,306 million. Profits also grew, supported by rising sales of our high-power value-added products compatible with the IEEE802.11n standard for enhanced wireless communications. Continued cost-cutting efforts also contributed to profit growth.

## Storage Products

Unit sales of our mainstay external hard disk drives increased 3.4% year on year as lower sales in the United States and Europe were offset by gains in Japan, where the growing use of hard disk drives as media for recording digital terrestrial TV broadcasts has created a new source of demand. Sales revenues totaled ¥20,105 million, up just 0.5% year on year owing to falling unit prices in a deflationary environment. Meanwhile, sales of our NAS (network-attached storage) products expanded by 17.4% on a unit basis and 9.4% on a revenue basis to ¥6,227 million, thanks mainly to strong demand for backup storage from corporate users.

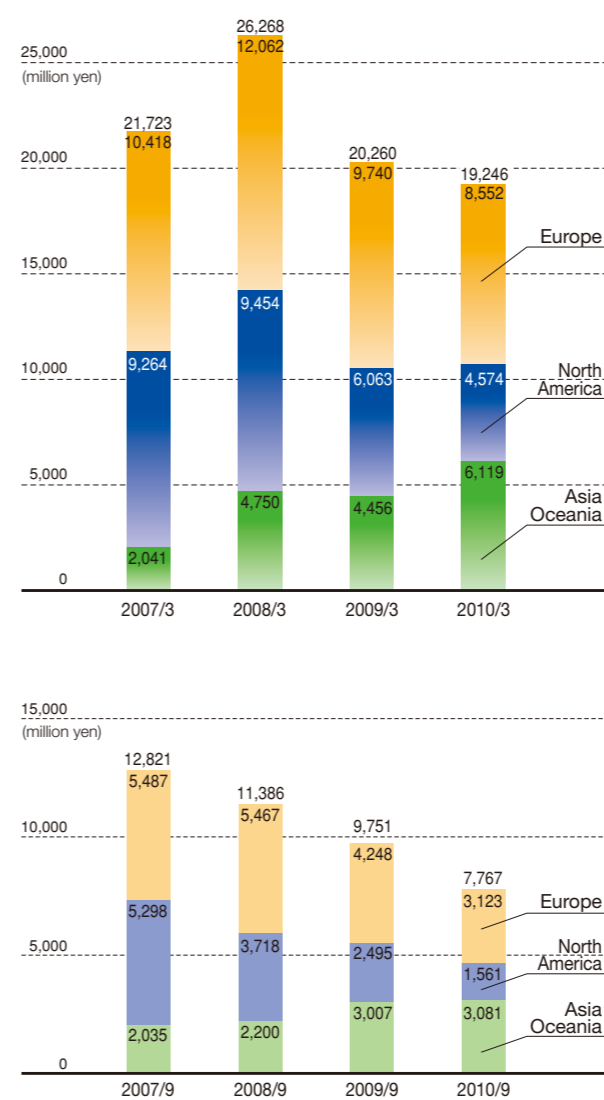
## Other Products

Japan's switch to digital broadcasting from July 24, 2011, is fueling domestic demand for digital terrestrial TV tuners for use with analog TVs. Capitalizing on this demand, we boosted unit sales of our digital home products by 67.9% year on year and achieved 39.0% growth in sales revenues, to ¥1,929 million. In the supplies and accessories area, we continued to focus on expanding market share by, for example, enhancing our product lineup to include products with fashionable designs appealing to female users. Supported by such efforts, unit sales of supplies and accessories increased 22.5% year on year, driving an 11.5% rise in sales revenues, to ¥4,890 million.

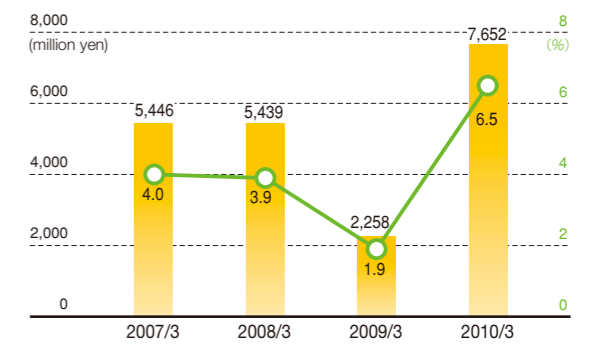
## Overseas Sales

The Melco Group's overseas operations faced a challenging environment during the first half of fiscal 2010, especially in Europe, where the sovereign credit crisis led to a rapid cooling in the overall economy. As a result, we faced increasingly intense price competition in our product markets. Despite an all-out effort to control inventories and secure reasonable profits, overseas sales fell 20.3% year on year.

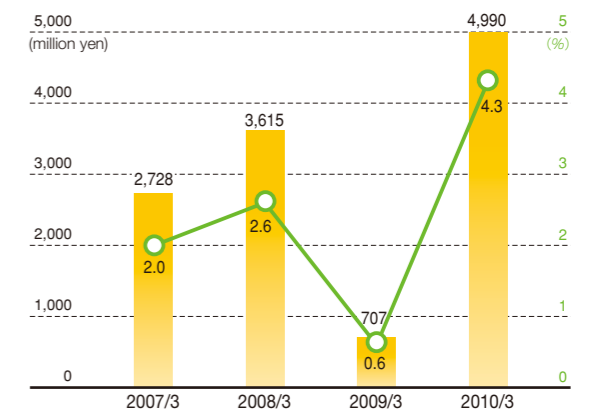
Overseas Sales



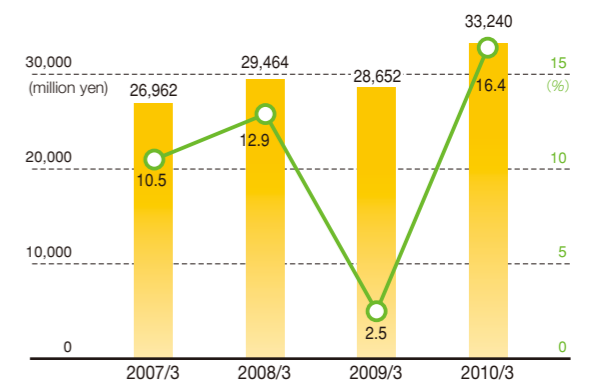
Consolidated Ordinary Income and Ordinary Profit Margin



Consolidated Net Income and Net Profit Margin

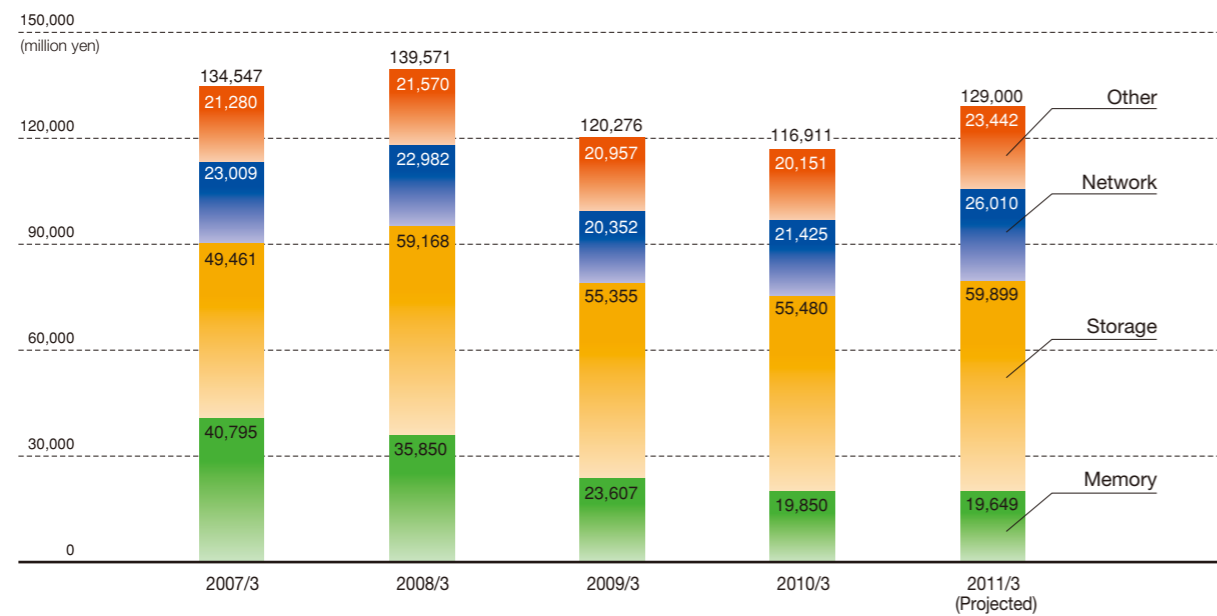


Consolidated Shareholders' Equity and Return on Equity



Note regarding forecasts:  
The above earnings forecasts were formulated based on information available as of the forecast date and are subject to numerous uncertainties. Actual results may differ from those expressed or implied by earnings forecasts as a result of changes in business conditions.

Consolidated Sales





## ● Consolidated balance sheets

(million yen)

	September 30, 2010	September 30, 2009	March 31, 2010
<b>Assets</b>			
Current assets	57,772	44,803	57,617
Total fixed assets	5,297	5,519	5,352
Tangible fixed assets	1,051	1,307	867
Intangible fixed assets	2,088	2,439	2,373
Investments etc.	2,157	1,772	2,112
<b>Total assets</b>	<b>63,070</b>	<b>50,322</b>	<b>62,970</b>
<b>Liabilities</b>			
Current liabilities	24,239	18,808	26,646
Long-term liabilities	3,127	2,057	3,082
<b>Total liabilities</b>	<b>27,366</b>	<b>20,865</b>	<b>29,729</b>
<b>Net assets</b>			
Shareholders' capital			
Common stock	1,000	1,000	1,000
Additional paid-in capital	774	774	774
Retained earnings	33,516	27,453	31,045
Treasury stock	-58	-57	-58
<b>Total shareholders' capital</b>	<b>35,232</b>	<b>29,170</b>	<b>32,762</b>
Valuation and translation adjustments			
Net unrealized gains (losses) on other securities	66	76	127
Deferred hedging gains (losses)	-2	8	2
Foreign currency translation adjustments	-271	-264	-276
Total valuation and translation adjustments	-207	-179	-145
Stock options	4	4	4
Minority interest in consolidated subsidiaries	673	461	619
<b>Total net assets</b>	<b>35,703</b>	<b>29,457</b>	<b>33,240</b>
<b>Total liabilities and net assets</b>	<b>63,070</b>	<b>50,322</b>	<b>62,970</b>

## ● Consolidated statements of income

(million yen)

	Six month ended September 30, 2010	Six month ended September 30, 2009	Fiscal year ended March 31, 2010
Sales	58,933	53,945	116,911
Cost of sales	46,073	44,666	93,466
Selling, general and administrative expenses	8,104	7,713	15,902
<b>Operating income</b>	<b>4,756</b>	<b>1,565</b>	<b>7,542</b>
Non-operating income	241	191	201
Non-operating expenses	175	104	91
<b>Ordinary income</b>	<b>4,822</b>	<b>1,652</b>	<b>7,652</b>
Extraordinary income	104	134	130
Extraordinary loss	134	105	452
<b>Net income before taxes and other adjustments</b>	<b>4,792</b>	<b>1,681</b>	<b>7,329</b>
<b>Income, resident and enterprise taxes</b>	<b>1,772</b>	<b>304</b>	<b>1,386</b>
<b>Income tax adjustments etc.</b>	<b>50</b>	<b>300</b>	<b>737</b>
<b>Total income tax and other taxes</b>	<b>1,823</b>	<b>605</b>	<b>2,124</b>
Gains (losses) attributable to minority interests	54	56	214
<b>Net income</b>	<b>2,915</b>	<b>1,020</b>	<b>4,990</b>

## ● Consolidated cash flow statements

(million yen)

	Six month ended September 30, 2010	Six month ended September 30, 2009	Fiscal year ended March 31, 2010
Cash flows from operating activities	5,566	5,195	12,133
Cash flows from investing activities	-4,545	-801	-12,262
Cash flows from financing activities	-444	-423	-801
Effect of exchange rate changes on cash and cash equivalents	-10	31	8
<b>Increase (decrease) in cash and cash equivalents</b>	<b>565</b>	<b>4,002</b>	<b>-922</b>
Cash and cash equivalents at beginning of period	11,977	12,900	12,900
<b>Cash and cash equivalents at end of period</b>	<b>12,543</b>	<b>16,902</b>	<b>11,977</b>

# Evolution of the Melco Group

# Group Companies

## MELCO HOLDINGS INC.

### Company Profile

<b>Company Name</b>	MELCO HOLDINGS INC.
<b>Incorporated</b>	July 1, 1986
<b>President and CEO</b>	Makoto Maki
<b>Capital</b>	¥1 billion
<b>Business activities</b>	
	Melco Holdings: A pure holding company that owns the shares of the group's operating companies. Melco Holdings governs the operating companies and provides support for their business activities.
<b>No. of employees</b>	86, Melco Group consolidated: 882
<b>Group affiliates</b>	14 companies in total (9 domestic, 5 overseas)

### Board of Directors

<b>Board of Directors</b> (as of September 30, 2010)	
President and CEO	Makoto Maki
Senior Managing Director	Kuniaki Saiki
Director	Hidetoshi Yamaguchi
Director	Tamio Matsuo
Director	Lee Yanghun
Director	Hiromi Maki
Director	Iwao Tsusaka
Senior Corporate Auditor	Hiromichi Maki
Corporate Auditor	Toshio Nishikawa
Corporate Auditor	Yuzuru Kawashima
Corporate Auditor	Tomotsune Sumi

## BUFFALO INC.

### Company Profile

<b>Company Name</b>	BUFFALO INC.
<b>Founded</b>	May 1, 1975
<b>Incorporated</b>	August 5, 1978
<b>Chairman and CEO</b>	Makoto Maki
<b>Capital</b>	¥320 million
<b>Business activities</b>	
	Development, manufacture and sales of computer and broadband equipment, and supply of related services
<b>No. of employees</b>	423

### Board of Directors

<b>Board of Directors</b> (as of September 30, 2010)	
Chairman and CEO	Makoto Maki
President and COO	Kuniaki Saiki
Managing Director	Hidetoshi Yamaguchi
Director	Tamio Matsuo
Director	Masanao Tsuzuki
Director	Hajime Nakai
Corporate Auditor	Hiromichi Maki
Corporate Auditor	Nobumasa Kaneko

### Locations

<b>Headquarters</b> Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315 Japan	Tel. 81-52-249-6610	Fax 81-52-249-6609
<b>Tokyo Branch Office</b> Kayabacho Tower, 21-2 Shinkawa 1-chome, Chuo-ku, Tokyo 104-0033 Japan	Tel. 81-3-3523-3333	Fax 81-3-3523-3300
<b>Osaka Branch Office</b> Access Tanimachi Bldg., 1-18 Tanimachi 9-chome, Chuo-ku, Osaka 542-0012 Japan	Tel. 81-6-6191-1511	Fax 81-6-6191-1510
<b>Nagoya Sales Office</b> Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315 Japan	Tel. 81-52-249-6600	Fax 81-52-249-6601
<b>Sendai Sales Office</b> Miyagino Center Bldg., 5-22 Tsutsujigaoka 4-chome, Miyagino-ku, Sendai 983-0852 Japan	Tel. 81-22-291-0311	Fax 81-22-298-9470
<b>Fukuoka Sales Office</b> Yaoji Center Bldg., 9-2 Hakataekimae 4-chome, Hakata-ku, Fukuoka 812-0011 Japan	Tel. 81-92-477-3711	Fax 81-92-477-3755
<b>Sapporo Sales Office</b> San Keisei Bldg., 4-1 Kitaichijo Higashi 1-chome, Chuo-ku, Sapporo 060-0031 Japan	Tel. 81-11-200-8150	Fax 81-11-200-8151

## Overview of Group Companies' Business

### Japan

<b>Buffalo Kokuyo Supply Inc.</b>	Develops, manufactures, and sells PC accessories, cables, and supplies. Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315 Japan Tel. 81-52-249-6608 Fax 81-50-5830-8808
<b>CFD Sales Inc.</b>	Aims to be an all-around PC parts supplier. Operates under the Kurouto Shikou brand name. Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315 Japan Tel. 81-52-249-6606 Fax 81-50-5830-8824
<b>Buffalo IT Solutions Inc.</b>	Provides PC setup, network installation, maintenance and other services to consumers and businesses. Kayabacho Tower, 21-2 Shinkawa 1-chome, Chuo-ku, Tokyo 104-0033 Japan Tel. 81-3-6280-0777 Fax 81-3-6280-0779
<b>Buffalo Logistics Inc.</b>	Manufactures, inspects, packages, and ships PC peripherals. Chukyo Warehouse, 1-3 Mutsuno 2-chome, Atsuta-ku, Nagoya 456-0023 Japan Tel. 81-52-883-3035 Fax 81-52-883-3042
<b>Buffalo Lease Inc.</b>	Provides equipment leasing services to communications carriers, video broadcasters, etc. Kayabacho Tower, 21-2 Shinkawa 1-chome, Chuo-ku, Tokyo 104-0033 Japan Tel. 81-3-3523-3354 Fax 81-3-3523-3300
<b>Buffalo Direct Inc.</b>	Online direct marketer of Melco Group products. Chukyo Warehouse, 1-3 Mutsuno 2-chome, Atsuta-ku, Nagoya 456-0023 Japan Tel. 81-2-882-3302 Fax 81-52-882-3302
<b>Melco Personnel Support Inc.</b>	Temp staffing agency that recruits and dispatches teams of clerical personnel, mainly to Melco Group companies. Akamon-dori Bldg., 30-20 Ohsu 3-chome, Naka-ku, Nagoya 460-8315 Japan Tel. 81-50-5830-8866 Fax 81-50-5830-8867
<b>Liberty Ship Inc.</b>	Provides online consumer-to-consumer and business-to-consumer communication services. Kayabacho Tower, 21-2 Shinkawa 1-chome, Chuo-ku, Tokyo 104-0033 Japan Tel. 81-3-3523-3368 Fax 81-3-3523-3300

### Asia

<b>Buffalo Technology (Taiwan) Inc.</b>	Sales of networking devices and computer peripherals 7F, No. 18, Lane 609, Sec. 5, Chung Hsin Rd., Sanchung City, Taipei Hsien, Taiwan Tel. 886-2-2999-9860 Fax 886-2-2999-2264
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### Europe

<b>Buffalo EU B.V.</b>	Europe Head Office Polarisavenue 85, 2132 JH Hoofddorp, The Netherlands Tel. 31-23-554-6010 Fax 31-23-554-6019
<b>Buffalo Technology UK Limited</b>	Sales of networking devices and computer peripherals 2 Bracknell Beeches, Old Bracknell Lane, Bracknell, Berkshire RG12 7BW United Kingdom Tel. 44-1344-381700 Fax 44-1344-381710

### USA

<b>Buffalo Technology (USA), Inc.</b>	Production and sales of networking devices and computer peripherals Suite 750, 11100 Metric Boulevard, Austin, Texas 78758 USA Tel. 1-512-794-8533 Fax 1-512-794-8520
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