

Easy-to-use Internet
BUFFALO



MELCO INC. BUSINESS REPORT 2003

A leading company in the broadband era

MELCO INC.



Aiming to lead the broadband era

The ability to foresee user needs
and the technological power to fulfill them



President and CEO **Makoto Maki**

Closer and closer to the broadband era

High-speed broadband* Internet lines continue to spread rapidly and are becoming increasingly commonplace. Most people have seen the flood of commercials for broadband on TV and elsewhere.

While broadband has brought the Internet even closer to people, it has also enabled ordinary households to start using networks. A home network means that each family member can now be online with their own computer rather than having to share one machine, and

this is helping to make the Internet an essential part of all of our daily lives. As explained in more detail in "Eye: The Future Society" on pages 3 and 4, home networks are used as a source of entertainment like the television or going to the movies, with the ever increasing number of ways to use Internet and home networks, they will soon be considered a lifeline, on the same scale as electricity and running water.

*High-speed broadband Internet lines such as ADSL, CATV, and FTTH

Stable profit base and growth potential

MELCO INC. has actively cultivated the expanding broadband-related markets through the early introduction of new products along with proposals for new applica-

tions. Among these, we have pioneered products worldwide with strengthened security functions that are vital for wireless LANs, along with high-speed

products that will be mainstream in the near future, all leading to annual sales volume doubling year after year.

The use of networks in the home is directly connected to the further expansion of broadband related markets. This is why the increase in the number of wireless LAN users in particular, holds the promise of future growth for MELCO INC.

Despite the harsh conditions in the peripherals market this year resulting from a fall in demand for computers, MELCO INC. has managed to show a large profit increase largely due to strong sales efforts achieved through strict cost reduction and retrenchment.

In the field of memory products, MELCO INC. has not only achieved a significant profit increase, with reduced costs from tighter inventory control and prompt material procurement outweighing the dip in

product prices, but has also created a new market with the introduction of USB flash drives, a new memory media for computers.

MELCO INC. has also been able to considerably increase sales of storage products, by being quick to introduce new products such as hard disks and DVDs as more and more computer users look for increased memory capacity in order to be able to view video on their machines. At the same time, the effect of the cost reduction since last year has contributed to greatly improved profitability.

In this way, memory and storage products have provided a stable revenue source for MELCO INC., which has been able to take over as market leader due to smooth growth in broadband related products and changing to a business structure with both stability and growth potential.

The next stage of development through the transition to a holding company system

The source of MELCO INC.'s growth potential is its ability to foresee user needs and having the technological power to fulfill them.

As broadband continues to spread, people's lives will undergo various changes and the market and user needs will become progressively diverse. Until now, MELCO INC. has achieved growth with only the BUFFALO brand, but is now trying to shift towards a multi-brand system in order to meet new demands. This also means that MELCO INC. will add new products to target a new layer of users, which is absolutely essential in order to take the next leap forward.

Within the MELCO INC. Group exist a number of

businesses whose characteristics differ according to their development stage and marketability, such as stable profit or fast growth type businesses, and thus should be run as separate companies.

In order to unify business types and distribute corporate resources more effectively, the MELCO INC. Group will shift to a holding company system in October 2003.

The MELCO INC. Group by becoming a holding company system, will build a corporate structure that responds quicker than ever before to market trends, and work even harder to optimize business value through continued growth and increased profit.

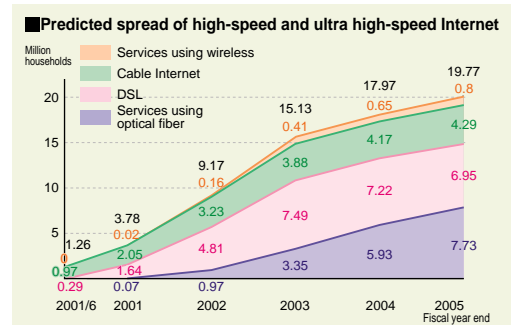
From the diffusion stage to the application stage of broadband ... The spread of home networks

Broadband marches on and on

The rapid spread of broadband continues with the number of broadband lines breaking through the 10 million barrier. In other words, about one in four Japanese households now use broadband. As the momentum continues, this number is forecast to double to 20 million households within three years.

The diffusion of broadband is increasing the number of users as well as opening up for new applications. Audio and video applications have been added, making use of the capacity to transfer data at high speed. Services have emerged recently that enable large numbers of people to watch concerts of famous singers live on the Internet. As this kind of entertainment

application becomes more common, the number of Internet users is likely to increase even more.



Source: National Broadband Plan, Ministry of Public Management, Home Affairs, Posts and Telecommunications

Diffusion of TV and video by computer

Along with the use of video entering the world of Internet, it has become possible to watch TV programs and record video images from the computer. Most computers sold these days have a television tuner installed, with many tuners being sold as computer peripherals. It is easy for users to set these devices to record video via the Internet. There are online TV program guides like those in newspapers, from which the user simply selects a program to record. Keywords can also be registered to enable the computer to point out pro-

grams of interest to the user. It will even be possible to set the recording timer while away from home, or view videos which are at home from a remote location.

Furthermore, computers are ideal for editing recorded programs or home videos. It is easy to remove unwanted portions or add comments and titles. Important videos can be stored onto DVD, saving space and removing the risk of deterioration over time.

The coming era of home networks

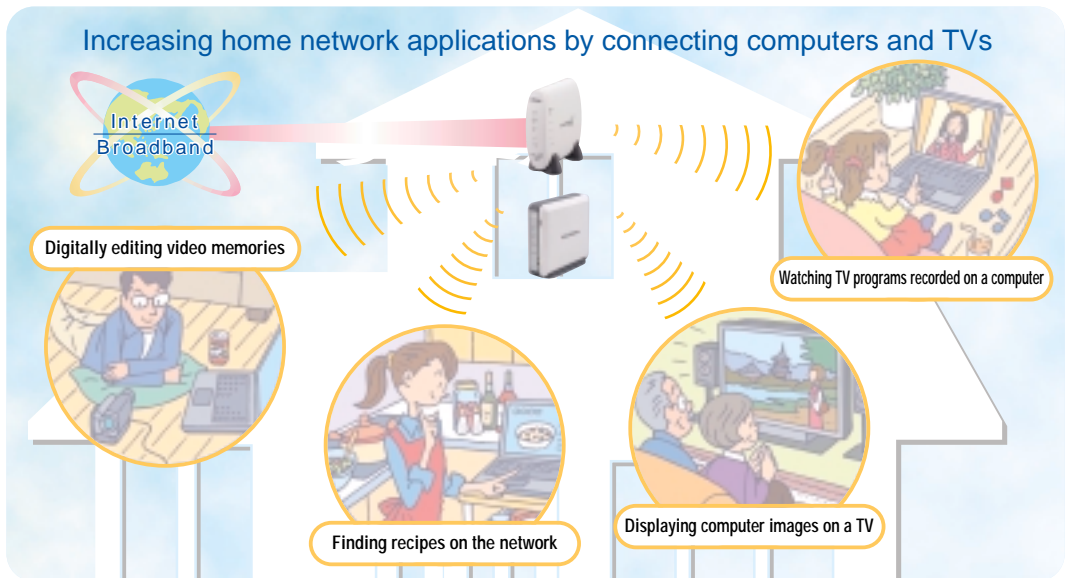
Everyone would rather watch TV on a large set in the living room. Programs or home videos recorded or edited on a computer, can be watched on a television in another room.

Networks have already been started to be introduced into homes due to the spread of broadband. In such a network, the computers and televisions in every room are connected so that people can watch TV throughout the home. There is also a network memory device within the home, and any family member will be easily able to access videos stored on it. If the memory capacity is large enough, it will be possible to record all programs but just watch selected ones, or watch them all on fast-forward

like skimming through a magazine. This will remove the need to set the timer to record.

Networks used in homes will mainly be wireless LANs. The simplicity of a wireless network over a cable network becomes increasingly beneficial as more, and different types of devices are connected together.

The MELCO INC. Group will be continuously present in the crossover to this era, by providing solutions along with wireless LAN's and related peripherals needed in home networks.

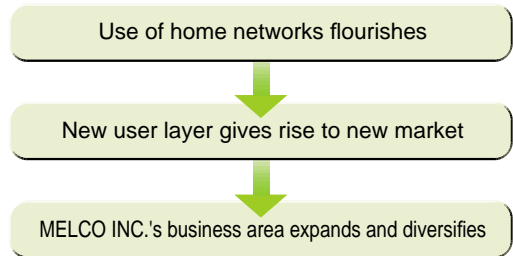


Changing into a holding company

MELCO INC. Group chance to move forward again

Social change brings increase in users

People's lifestyles are set to change as broadband becomes more and more common. Networks such as wireless LANs are being used in the home to connect not only computers but televisions and other devices. This poses a unique opportunity for MELCO INC. to supply products and services to an entirely new layer of users beyond the conventional field of computers.



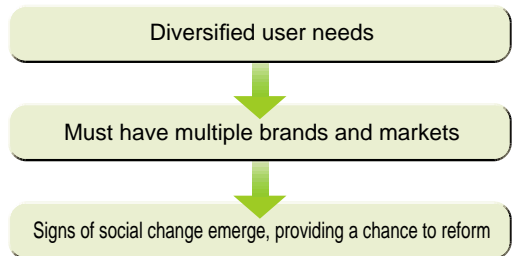
Multi-branding will take MELCO INC. to the next stage of growth

As the layer of users expands there will be extra users with new needs, and users' expectations of makers and product brands is likely to diversify.

MELCO INC. has achieved growth until now with only one brand name, BUFFALO. But to meet the diversified user demand, there is a need to shift towards a multi-brand system. For this reason, we may develop in different ways than before, with lines of products and services other than BUFFALO, for instance, or in new markets.

Although MELCO INC. has, with the aim of the perpetual growth of the group, previously examined the pure holding company system, modern demands have made the shift towards such a system an urgent

requirement. MELCO INC. Group intends to take this opportunity to move on to a new stage of business development.



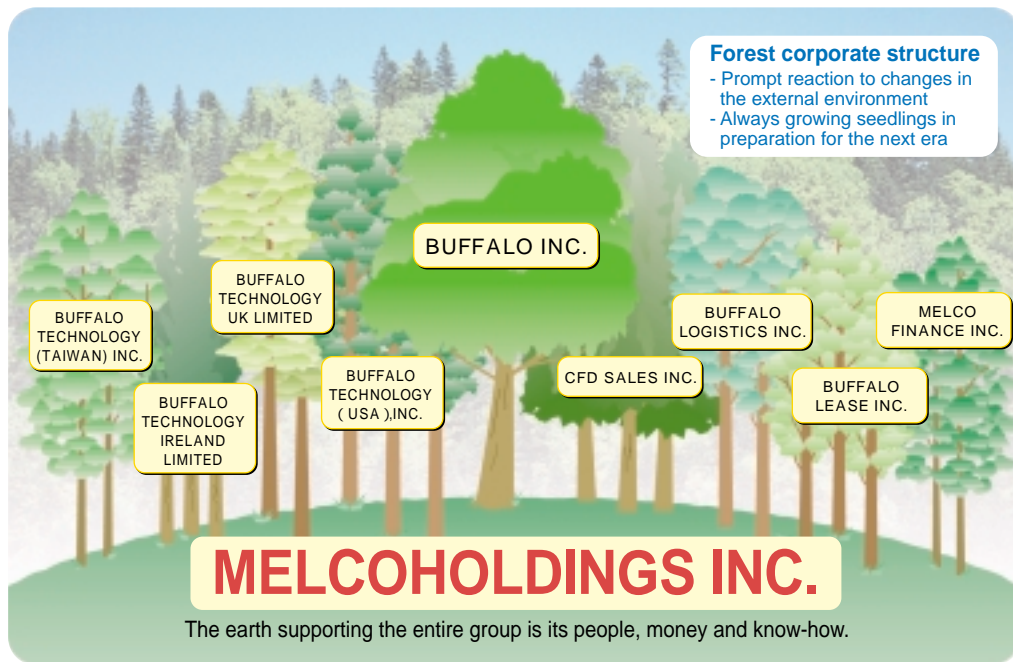
Forest corporate structure

The long-term goal of moving towards a pure holding company system is to construct a corporate system that can respond quicker than ever to large market change, and to run the group by trying to enhance its business value through continued growth and increased profit.

The aim is to change MELCO INC.'s current single rapid growth type business into a corporate structure with a combined growth type business. The image being conveyed is that of a forest, full of vitality. All the trees in a forest stand independently, but collectively

they form the forest. So even if one tree decays, it is compensated for by the growth of other trees and the forest keeps its form. In this way, even small organizations can show flexibility and power if they act as one. That is the forest corporate structure that MELCO INC. is aiming to be.

MELCO INC. Group raison d'etre will always be to continue to strive in order to increase its return value for its stakeholders.



Perpetual development and tireless reform

In order to achieve perpetual growth a company must reform itself tirelessly to survive, whatever changes take place around it. Each business area has a lifecycle, with ups and downs which can occur at different levels, whether for a single product, a group of products or an entire business or industry. According to the 30-year theory of enterprise, there is a natural limit to the extent that a company (/industry/business) can transform itself as a single entity. It is not easy, a company must navigate many difficult changes, not only within itself but also according to its surroundings such as

existing suppliers and customers. This can be dealt with more easily and efficiently in a holding company system, by creating new business through alliances and mergers with other companies, just like nurturing and grafting young seedlings. One important duty of a holding company is to be a supply base of personnel and funding, to make the soil fertile so that new business can grow. Like a forest with a changing ratio of broadleaf trees and conifers, the business group as a whole continues to grow as a unit in response to climatic change.

The role of the holding company

The holding company is an umbrella organization with the function of strategic planning. It carries out the efficient distribution and application of corporate resources including people, products, money, information and know-how. Its roles include the following plan-

ning a unified corporate strategy for the entire group with a mid to long-term view, setting corporate goals, drafting business plans and supervising their operation and control, studying strategic alliances with other companies, and monitoring group companies.

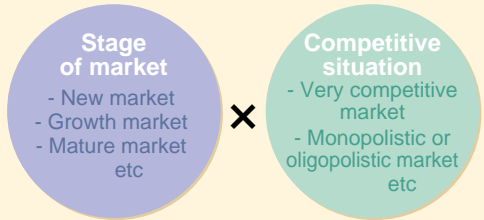
The role of business companies

Each of the individual companies belonging to the group has a particular mission. As well as "business units", companies that are either making a steady profit from mature markets or showing continued growth, there are also "functional units", such as distribution companies whose mission is to provide business units with high quality services and improve efficiency. The best strategy and most effective personnel distribution for this kind of business varies depending on its growth stage and character. The holding company system

positions business companies on the same level, and is therefore excellent for distributing corporate resources and ensuring fluidity, and ideal for realizing efficient group management.

By moving to the holding company system, the MELCO INC. Group will enhance its management speed and its ability to respond to outside change. The group will also, for the sake of all its stakeholders, strive for perpetual development and maximized business value.

Environment surrounding company



Stage of company

Market expansion and high share acquisition are a priority

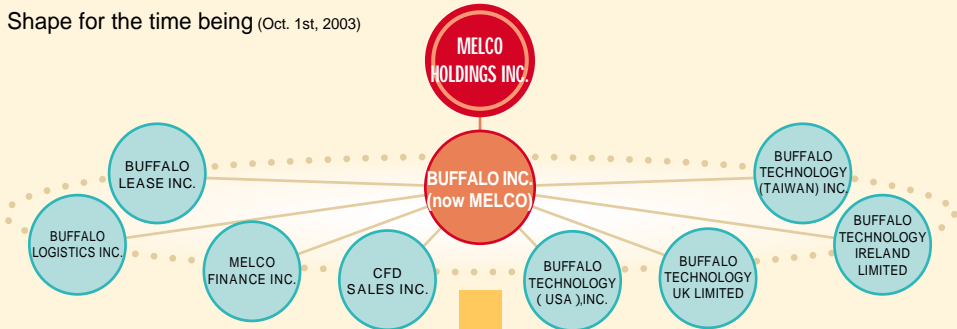
Reaping the harvest of seeds sown up until now

Facing the end of business

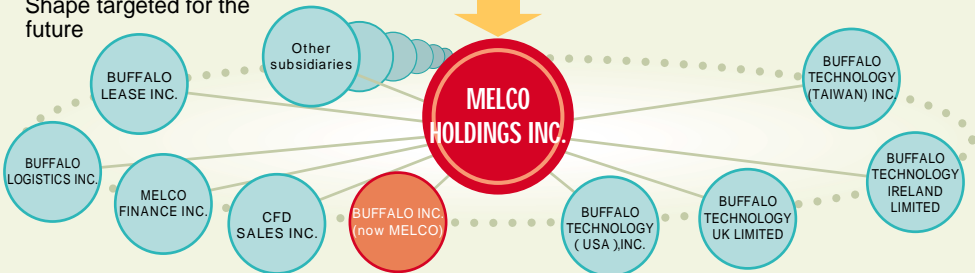
etc

Shift to pure holding company system

Shape for the time being (Oct. 1st, 2003)



Shape targeted for the future



Successive new products released ahead of the home network era Now the whole family can share digital data

The home network era is approaching when families will connect together not only their computers but also peripherals such as TVs and DVDs, so that they can share digital data such as audio or video as well as an Internet line. MELCO INC. is expanding its product lineup to meet these needs.

In the storage products field, MELCO INC. has already released LinkStation, a hard disk that connects to a LAN so that multiple computers connected to the same network can share its data. All of the family's digital data, from their favorite music to travel snaps and wedding videos taken on a digital camera, can be saved on the LinkStation and accessed by any family member. From a functional point of view, the application of MELCO INC.'s original storage and network technologies allow its products to achieve high-speed access more than double that of any rival products. LinkStation can also be used together with the AirStation wireless LAN to share data without having to choose a location for it and without the restriction of a complicated cable arrangement.

MELCO INC. has released a number of other products such as, the PCast series, a multimedia product that connects computers to televisions to offer new applications, PC-MV5/U2, the MPEG2 TV capture box, lets the user record and play back TV programs on a computer. Also MELCO INC.'s revolutionary product called Play@TV, a network media player that plays back computer-recorded image and sound data on a television via a cable or wireless network. Other releases include a MPEG2 TV capture board and a PC-TV converter.

By constructing a home network of these products using the wireless LAN AirStation, users can actually record TV programs on their computer in the study and then watch them on the television set in the living room. Not only that, but the whole family can enjoy editing digital content on their own computer and playing it back on a big-screen television set. In this way, MELCO INC. will continue to propose new solutions to increase home entertainment, by combining computers, televisions and other audio-visual equipment.



LinkStation hard disk for
LAN connection



Play@TV network media
player



MPEG2 TV capture box



PC-TV converter

Release of high-speed wireless LANs that lead the global market
Promotion of FREESPOT, public areas with wireless Internet service

MELCO INC. has launched AirStation G54 worldwide, a 54Mbps wireless LAN to support the next generation high-speed transmission standard IEEE802.11g. We have continued to lead in the wireless LAN market with competition-beating products, such as a 2Mbps model released in January 1999 and an 11Mbps model released in April 2000.

MELCO INC.'s high performance wireless LAN products have received considerable acclaim in the global market. AirStation was ranked by the leading UK computer magazine PC Pro as PC Pro Recommended and placed on their PC Pro A List, and awarded the K-Bench Best Product prize by K-Bench, the major Korean PC & IT information website.

A wireless LAN is an essential item for constructing a home network of household electronic appliances such as computers and TVs. MELCO INC. is also working hard to spread FREESPOT, areas in public locations that offer wireless connection to the Internet. In these ways, MELCO INC. will continue to deliver products and services aimed at simpler Internet access.



Wireless LAN security
Broadband router model

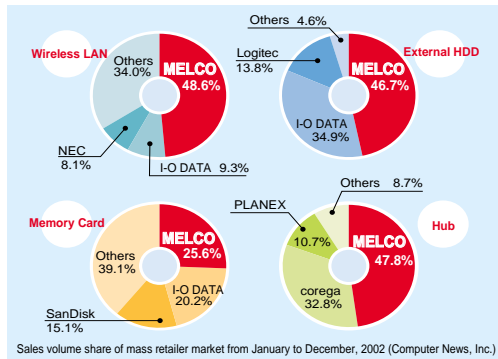


*Wireless Internet spot

Dominant share of PC peripheral sales
Won BCN Awards in 11 categories

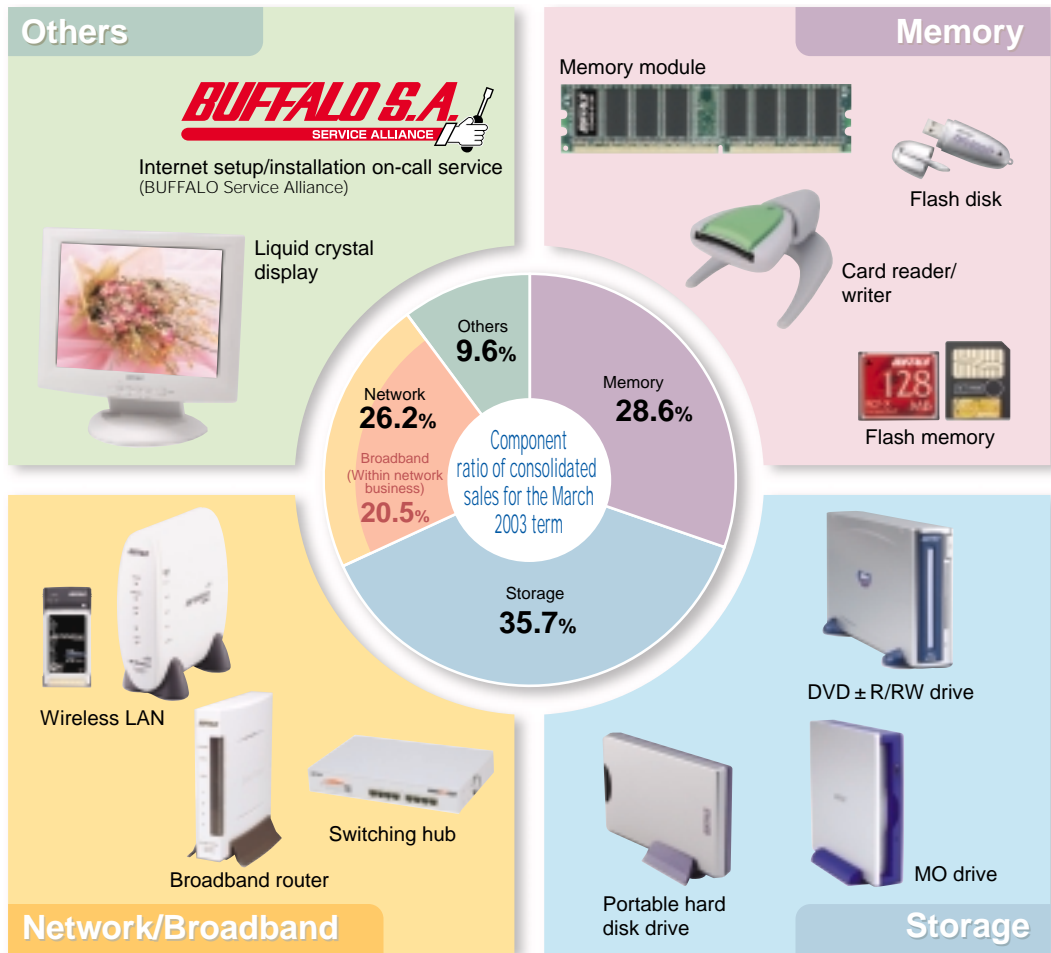
MELCO INC. received first prize in 11 categories in the BCN Awards 2003 sponsored by Computer News, Inc. The awards were given to companies with the top sales volume throughout 2002 at prominent stores in Tokyo, Osaka and Nagoya. The BCN Awards are the only Japanese domestic awards in the IT field based on the objective criteria of actual sales volume.

MELCO INC. products won in the following 11 categories: wireless LANs, LAN cards, hubs, print servers, external hard drives, internal hard drives, MO drives, CD-R/RW drives, memory, memory cards and card readers. Gaining the top market share in these 11 categories, three more than last year, is the result of developing products that meet customer needs and introducing attractive products onto the market. It is also evidence of the confidence that customers place in MELCO INC. MELCO INC.'s goal is to keep delivering products that can satisfy all needs and hold onto that No.1 market share.



Under the motto "Easy-to-use Internet", MELCO INC. is working to create an online environment that is comfortable and convenient for all.

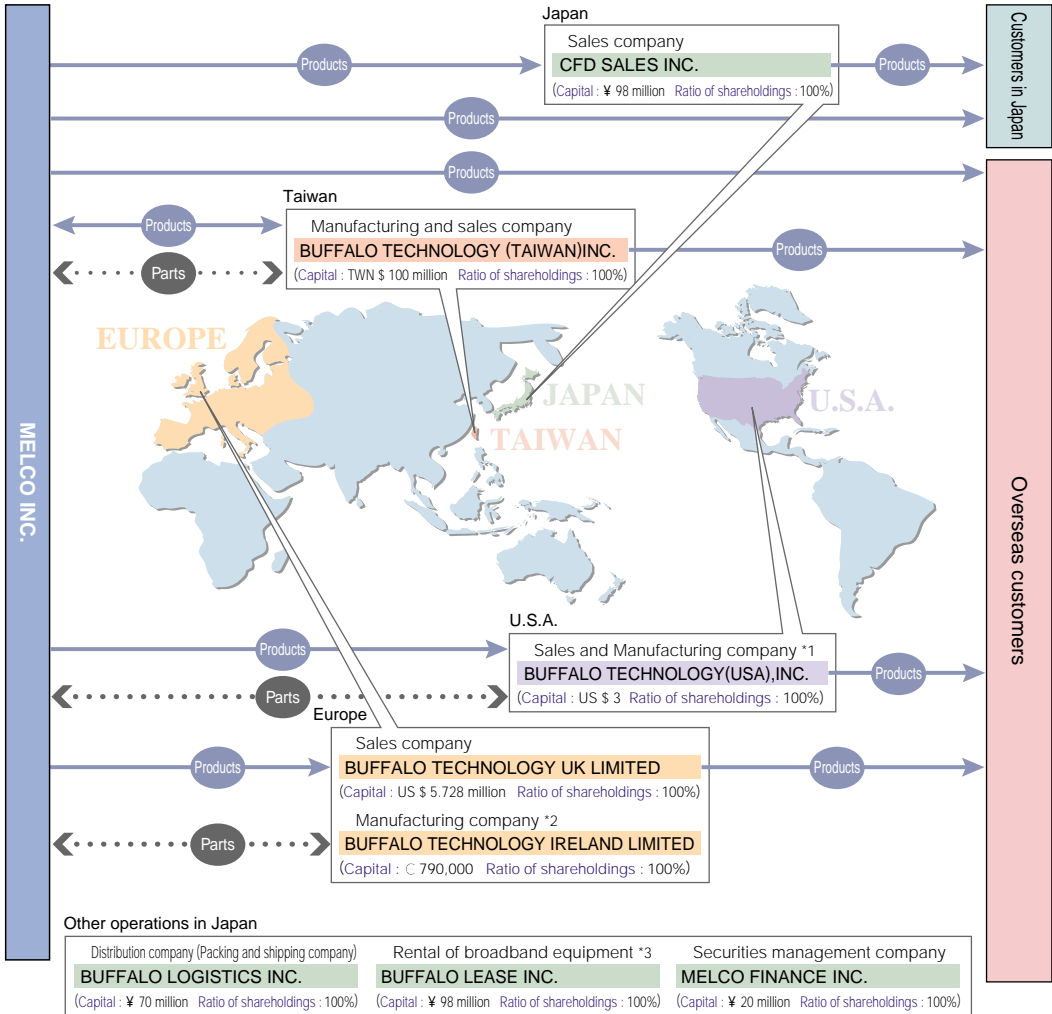
Consolidated sales per product from April 2002 to March 2003



Group Companies MELCO INC. Group

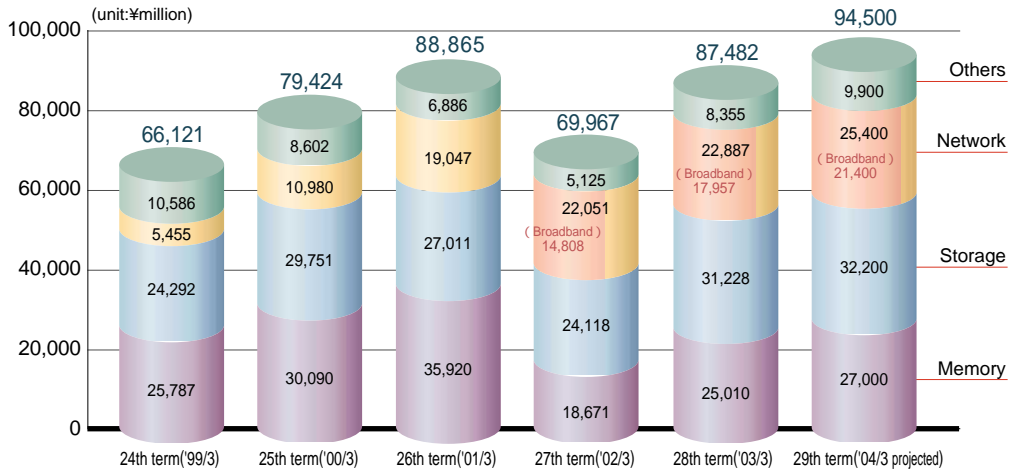
MELCO INC. Group Affiliation Chart (Consolidated subsidiaries)

- *1 BUFFALO TECHNOLOGY (USA) ,INC. transferred US\$5,997 of its capital to capital surplus on October 30, 2002. Its capital became \$3.
- *2 BUFFALO TECHNOLOGY IRELAND LIMITED increased its capital by € 338,000 on September 18, 2002. Its denominated currency was changed to the euro upon Ireland's entry into the euro.
- *3 MELCO TECHNO SCHOOL INC. changed its trade name and business aims on March 12, 2003, and became BUFFALO LEASE INC. BUFFALO LEASE INC. increased its capital by ¥78 million on March 25, 2003.



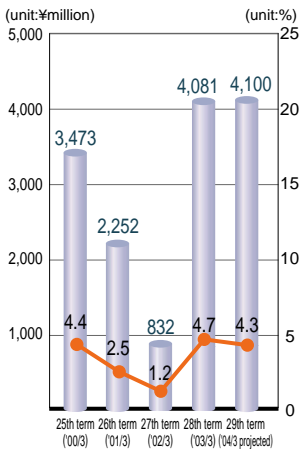
Financial Report Consolidated Statement

Consolidated sales

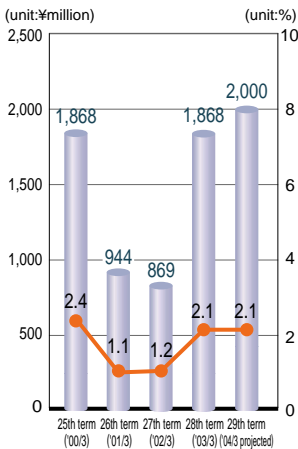


NB. Broadband related products such as wireless LANs are calculated separately from Year 27 onwards as Broadband.

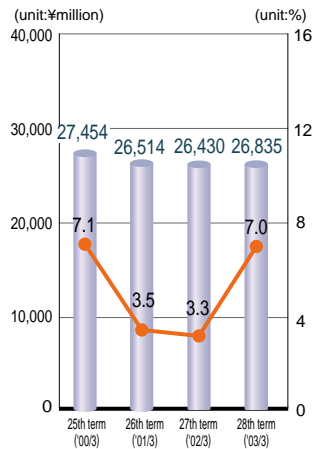
Consolidated ordinary income and % of sales



Consolidated net income and % of sales



Consolidated shareholder's equity and return on equity (ROE)



Consolidated balance sheet

(unit:¥million)

Fiscal year Item	2003 (As of March 31, 2003)	2002 (As of March 31, 2002)
(Assets)		
Current assets	30,744	28,022
Tangible fixed assets	2,717	2,777
Intangible fixed assets	106	156
Investments, etc.	10,922	11,121
Total Fixed assets	13,746	14,055
Total assets	44,490	42,077
(Liabilities)		
Current liabilities	16,875	14,968
Long-term liabilities	780	678
Total liabilities	17,655	15,646
(Capital)		
Capital	6,400	6,400
Capital surplus	7,593	-
Profit surplus	14,260	-
Capital reserve	-	7,593
Consolidated surplus	-	12,741
Balance of other profits on securities	71	70
Exchange adjustment	241	160
Treasury stock	1,249	213
Total capital	26,835	26,430
Total liabilities and capital	44,490	42,077

Consolidated cash flow statement

(unit:¥million)

Fiscal year Item	2003 (April 1, 2002 to March 31, 2003)	2002 (April 1, 2001 to March 31, 2002)
Operating activity cash flow	6,513	3,422
Investment activity cash flow	1,043	7,444
Financial activity cash flow	1,685	765
Balance of cash/cash-equivalent conversions	67	43
Increase of cash/cash-equivalents	3,715	4,744
Cash/cash-equivalent opening balance	2,030	6,775
Cash/cash-equivalent closing balance	5,746	2,030

Consolidated statement of income

(unit:¥million)

Fiscal year Item	2003 (April 1, 2002 to March 31, 2003)	2002 (April 1, 2001 to March 31, 2002)
Sales	87,482	69,967
Cost of sales	75,857	61,389
Selling, general and administrative expenses	7,694	7,922
Operating income	3,931	655
Non-operating income	243	421
Non-operating expenses	92	244
Ordinary income	4,081	832
Extraordinary income	173	54
Extraordinary loss	581	222
Current term net income before taxes and other adjustments	3,673	664
Corporation, resident and enterprise taxes	1,375	397
Adjustment for corporation tax, etc.	429	603
Current term net income	1,868	869

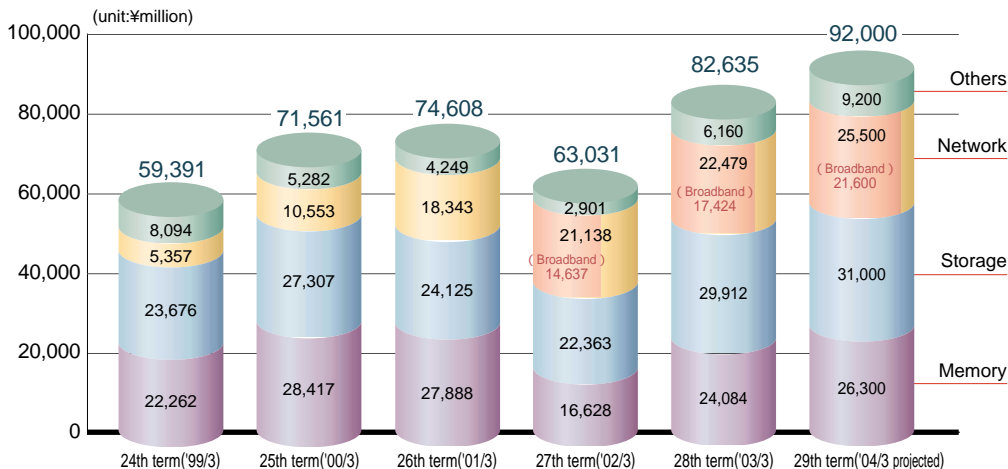
Consolidated statement of surplus

(unit:¥million)

Fiscal year Item	2003 (April 1, 2002 to March 31, 2003)	2002 (April 1, 2001 to March 31, 2002)
Capital surplus opening balance	7,593	-
Capital surplus closing balance	7,593	-
Profit surplus opening balance	12,741	-
Current term net income	1,868	-
Reduction of profit surplus	348	-
Profit surplus closing balance	14,260	-
Consolidated surplus opening balance	-	12,801
Reduction of consolidated surplus	-	929
Current term net income	-	869
Consolidated surplus closing balance	-	12,741

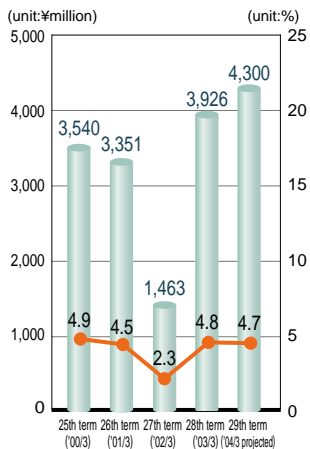
Financial Report Unconsolidated Statement

Sales

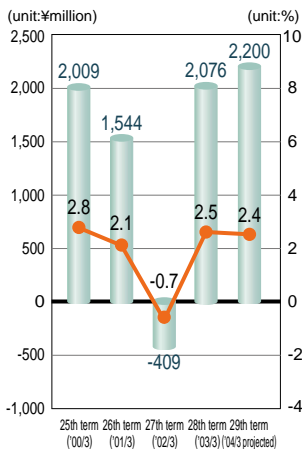


NB. Broadband related products such as wireless LANs are calculated separately from Year 27 onwards as Broadband.

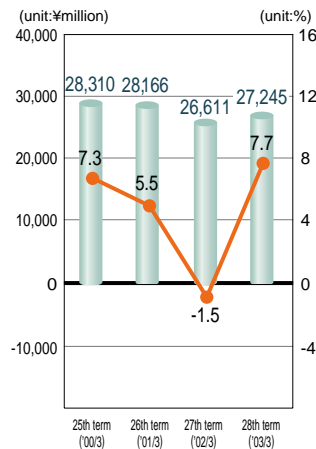
Ordinary income and % of sales



Net income and % of sales



Shareholder's equity and return on equity (ROE)



Balance sheet

(unit:¥million)

Fiscal year	2003 (As of March 31, 2003)	2002 (As of March 31, 2002)
Item		
(Assets)		
Current assets	39,548	37,021
Tangible fixed assets	1,980	2,027
Intangible fixed assets	90	139
Investments, etc.	2,552	3,215
Total Fixed assets	4,622	5,382
Total assets	44,170	42,404
(Liabilities)		
Current liabilities	16,227	15,163
Long-term liabilities	697	629
Total liabilities	16,925	15,793
(Capital)		
Capital	6,400	6,400
Capital surplus	7,593	-
Profit surplus	14,490	-
Capital reserve	-	7,593
Revenue reserve	-	1,600
Other surplus	-	11,161
Balance of other profits on securities	10	70
Treasury stock	1,249	213
Total capital	27,245	26,611
Total liabilities and capital	44,170	42,404

Notes:

- Interim dividends ¥160,846,590 in total (¥6/common share) were paid on December 3, 2001.
- Interim dividends ¥193,648,966 in total (¥7/common share) were paid on December 1, 2000.
- The other capital surplus of ¥5,993,137,563 from the current term will be carried forward to the next term.

Statement of income

(unit:¥million)

Fiscal year	2003 (April 1, 2002 to March 31, 2003)	2002 (April 1, 2001 to March 31, 2002)
Item		
Sales	82,635	63,031
Cost of sales	72,266	55,773
Selling, general and administrative expenses	6,527	6,147
Operating income	3,841	1,110
Non-operating income	155	529
Non-operating expenses	70	176
Ordinary income	3,926	1,463
Extraordinary income	135	56
Extraordinary loss	254	2,506
Current net income (loss) before tax	3,808	986
Corporation, resident and enterprise taxes	1,317	333
Adjustment for corporation tax, etc.	415	909
Current net income (loss)	2,076	409
Profit carried over from previous term	11,001	5,301
Revenue reserve reversal	1,600	-
Earnings allocated to retirement of treasury stock	-	569
Interim dividends	186	160
Unappropriated profit current term	14,490	4,161

Profit appropriation

(unit:¥million)

Fiscal year	2003 (April 1, 2002 to March 31, 2003)	2002 (April 1, 2001 to March 31, 2002)
Item		
Unappropriated profit for current term	14,490	4,161
Disposition discretionary reserves		
Disposition of special reserves	-	7,000
Total	14,490	11,161
Dividends	182	160
	(¥7/share)	(¥6/share)
Executive bonuses	50	-
Total	232	160
Surplus carried over to next term	14,257	11,001

Company Data

Company Profile/Investor Information

Company Profile (As of March 31, 2003)

Company Name: MELCO INC.

Headquarters: 11-50, Ohsu 4-chome, Naka-ku, Nagoya, Aichi Prefecture, Japan

Founded: May 1, 1975

Incorporated: August 5, 1978

President and CEO: Makoto Maki

Capital: ¥6.4 billion

Sales: ¥87.482 billion consolidated
¥82.635 billion unconsolidated
(at end of March 2003)

Business content: Development, manufacture and sales of computer and broadband equipment, and supply of related services

No. of employees: 615 consolidated, 374 unconsolidated

Group affiliates: 8 companies (4 in Japan and 4 overseas)

Banks: UFJ, Nagoya, Iyo, Tokyo-Mitsubishi, UFJ Trust Bank

Board of Directors (As of June 27, 2003)

President and CEO Makoto Maki

Senior Managing Director Kuniaki Saiki

Director Hiromi Maki

Director Hiromichi Maki

Director Seishi Toyooka

Director Takayuki Nishioka

Director Hidetoshi Yamaguchi

Senior Corporate Auditor Yozo Ueda

Corporate Auditor Toshio Nishikawa

Corporate Auditor Yuzuru Kawashima

Corporate Auditor Iwao Tsusaka

Investor Information(As of March 31,2003)

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: 6913

Number of shares issued: 26,841,136*

Number of treasury stocks: 715,164

Number of shareholders: 13,868

Number of shares per unit: 100

Newspaper with
notice to shareholders: Nihon Keizai Shimbun

Transfer agent: UFJ Trust Bank Limited
4-3, Marunouchi 1-chome,
Chiyoda-ku, Tokyo

Handling office: UFJ Trust Bank Limited
Security Agent Department
10-11, Higashi-suna, 7-chome,
Koto-ku, Tokyo 137-8081
Tel: 81-3-5683-5111

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

* Treasury stocks were cancelled on May 16, 2003. The number of shares issued became 26,125, 936.

Evolution of the MELCO INC. GROUP

History		Business/Others
Incorporated for the purpose of manufacturing and selling audio equipment	Aug 1978	Aug Began marketing a string-driven turntable
	1980	
	1981	Jul Entered the personal computer peripherals market in earnest
	1982	Nov Began marketing an internal printer buffer
Opened Tokyo Branch Office (now the Tokyo Head Office)	Oct 1986	
	1988	Oct Began marketing Japan's first EMS board
Established BUFFALO LOGISTICS INC.	Sep 1990	
Opened Osaka Sales Office (now the Osaka Branch Office)	Sep 1991	
Registered with JASDAQ	Oct	
Opened High-Tech Center	Jan 1992	Jul Began marketing CPU accelerator products
Established BAPILU PRODUCTS INC.	Jun	Aug Began marketing LAN products
[now BUFFALO TECHNOLOGY (TAIWAN) INC.]	1993	May Began marketing window accelerators; entered the multimedia market in earnest
		Oct Received Prize for Excellence at PCB Technology Awards
	1994	Feb Began marketing hard disks; shifted emphasis to manufacture of computer peripheral devices
Listed in second section of Nagoya Stock Exchange	Jan 1995	
Listed in second section of Tokyo Stock Exchange	Aug	Sep Obtained ISO 9001 certification
Opened agencies in Sendai and Fukuoka (now the Sendai and Fukuoka sales Offices)	Dec	Nov Began marketing DOS/V component PCs; shifted emphasis from manufacture of computer peripheral devices to manufacture of PC components
Listed in the first sections of the Tokyo and Nagoya Stock Exchanges	Sep 1996	
Made CFD SALES INC. a subsidiary	Oct	Oct Began marketing LCD monitors
Introduced divisional organization	Oct 1997	
Made TechWorks (Delaware), Inc.(now BUFFALO TECHNOLOGY(USA),INC.) a subsidiary	Jan 1998	
Made TechWorks (UK) Limited and TechWorks (Ireland) Limited (now BUFFALO TECHNOLOGY UK LIMITED. and BUFFALO TECHNOLOGY IRELAND LIMITED.)subsidiaries	Dec	
	1999	Jan Entered the wireless LAN market; released "AIRCONNECT"
MELCO FINANCE INC. commenced operations in securities management and related areas	Aug	Nov Began marketing memory for Rambus devices
	2000	
		Apr Began marketing the wireless LAN "AirStation"
		Oct Received Good Design Award for AirStation wireless LAN Developed worldwide standard specification of DDR memory for notebook computers
Opened BUFFALO Solution Square (formerly Akihabara Customer Support Center)	Dec	
	2001	
Formed BUFFALO Service Alliance	Jan	Jan Began Internet service business
Established joint venture company, Digital Reuse Inc.	Mar	Obtained Environmental Management System ISO14001 Certification
		Oct Received Good Design Awards for card reader and CD-RW drive
	2002	
		Jul Proposed FreeSpot to promote Internet wireless spot service
Reorganized business department into broadband business and computer business	Nov	Oct Received Good Design Award for AirStation wireless LAN
BUFFALO LEASE INC. began broadband equipment rental business	Mar 2003	

MELCO INC.

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

<http://www.melcoinc.co.jp/>

Offices

Headquarters	Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan	Tel:81-52-251-6891	Fax:81-52-241-7979
Tokyo Head Office	Eitaro Bldg., 2-5, Nihonbashi 1-chome, Chuo-ku, Tokyo, 103-0027, Japan	Tel:81-3-3242-7777	Fax:81-3-5203-8551
■ Subsidiaries Japan			
CFD SALES INC.	Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan	Tel:81-52-261-7771	Fax:81-52-261-7775
BUFFALO LOGISTICS INC.	1-3, Mutsuno 2-chome, Atsuta-ku, Nagoya, 456-0023, Japan	Tel:81-52-883-3035	Fax:81-52-883-3042
BUFFALO LEASE INC.	15, Shibata hondori 4-chome, Minami-ku, Nagoya, 457-8520, Japan	Tel:81-52-619-1815	Fax:81-52-619-7754
MELCO FINANCE INC.	Kamiya Bldg., 11-50, Ohsu 4-chome, Naka-ku, Nagoya, 460-0011, Japan	Tel:81-52-251-6891	Fax:81-52-241-7979
■ Subsidiaries Overseas			
BUFFALO TECHNOLOGY (TAIWAN) INC.	4F, NO.18, LANE609, SEC.5, CHUNG HSIN RD., SANCHUNG CITY, TAIPEI HSIEN, TAIWAN	Tel:886-2-2999-9860	Fax:886-2-2999-2264
BUFFALO TECHNOLOGY (USA), INC.	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	176 Buckingham Avenue, Slough, Berkshire SL1 4RD, United Kingdom	Tel:44-1753-555-000	Fax:44-1753-535-420
BUFFALO TECHNOLOGY IRELAND LIMITED	East Park, Shannon Free Zone, Shannon, Co.Clare, Ireland	Tel:353-61-708090	Fax:353-61-360140