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CREATIVE ANNOUNCES Q4 FY09 US GAAP FINANCIAL RESULTS

SINGAPORE – Aug. 6, 2009– Creative Technology Ltd. today announced US GAAP financial results for the fourth quarter of its 2009 fiscal year and for the Company's full 2009 fiscal year, ended June 30, 2009.

The Company has previously prepared financial statements in accordance with US GAAP. Following the Company's termination of registration of its shares and reporting obligations in May 2009 under the United States Securities Exchange Act of 1934, the Company is now required to prepare financial statements under Singapore Financial Reporting Standards ("FRS"), in accordance with the requirements of the Singapore Exchange Securities Trading Limited ("SGX-ST"). The financial results under Singapore FRS are set out in a separate announcement made in accordance with requirements from SGX-ST.

The financial results in this announcement have been prepared under US GAAP and are for information purposes only, to provide a basis for comparison to the financial results for the previous quarters of the fiscal year. Going forward, the Company will no longer provide US GAAP financial results.

Revenues for the fourth quarter were US\$86.1 million, compared to revenues of US\$83.1 million for the third quarter and revenues of US\$150.3 million for the same quarter last year.

Net loss for the fourth quarter was US\$19.3 million, with a loss per share of US\$0.28, including a provision of US\$12.8 million for loans due from a former subsidiary that Creative divested in 2007. Excluding the provision of US\$12.8 million, net loss for the

quarter was US\$6.5 million with a loss per share of US\$0.10. This compares to a net loss for the previous quarter of US\$41.8 million, with loss per share of US\$0.60, including restructuring charges of US\$11.2 million, and a net loss of US\$31.7 million with a loss per share of US\$0.40 including restructuring charges of US\$11.7 million for the same period last year.

Revenues for the 2009 fiscal year were US\$466.1 million, compared to revenues of US\$736.8 million for the previous fiscal year. Net loss for the 2009 fiscal year was US\$125.8 million, with a loss per share of US\$1.74. This compares to a net loss of US\$19.7 million, with a loss per share of US\$0.24 for the previous fiscal year.

“During fiscal year 2009, we have focused on a complete restructuring of our world wide sales and marketing operations. The other major development is our just-announced Zii Platform. Our restructuring efforts have resulted in a significant reduction of fourth quarter operating expenses compared to the same quarter last year. The reductions were primarily in our SG&A expenses as we sharply reduced our international head count and infrastructure costs,” said Craig McHugh, president and COO of Creative. “As we begin fiscal year 2010 our major restructuring efforts are substantially complete. We made smaller reductions in our research and development efforts as we have continued to invest heavily in our Zii Platform, cutting back development spending only in product areas that were not strategic going forward.”

“The Zii Platform includes the Plasza OS, Plasza SDK and the Zii EGG for developers, which runs the Plasza or Android OS. We also introduced our ZMS-05 System Module, a compact, media-rich module that can be used by developers in combination with Plasza software to significantly reduce design and manufacturing complexity in creating next-generation devices and applications. In the same announcement we unveiled our ‘Shanzhai’ OEM Marketing Program to outreach and build demand in this burgeoning OEM market in China,” continued McHugh.

“Looking forward we will intensify our focus on marketing our Zii Platform. As a result of these marketing efforts our operating expenses will increase. The overall market for our current products remains difficult and unpredictable but we are targeting to further reduce our losses in the current quarter,” continued McHugh.

Share Buyback Program

During the fourth quarter, Creative did not purchase any shares under its share buyback program.

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About Creative

Creative is a worldwide leader in digital entertainment products. Famous for its Sound Blaster[®] audio cards and for launching the multimedia revolution, Creative is now driving digital entertainment on the PC platform with products like its highly acclaimed ZEN portable audio and media players. Creative's innovative hardware, proprietary technology, applications and services leverage the Internet, enabling consumers to experience high-quality digital entertainment -- anytime, anywhere.

This announcement refers to products and pricing sold in the United States of America. Pricing and product availability are subject to change without notice. Sound Blaster and ZEN are trademarks or registered trademarks of Creative Technology Ltd. in the United States and/or other countries. All other brand and product names are trademarks of their respective holder and are hereby recognized as such.

Safe Harbor for Forward-Looking Statements:

This press release contains forward-looking statements, including statements relating to Creative's gross margins, operating expenses, restructuring charges and profitability. These forward-looking statements involve risks and uncertainties that could cause Creative's actual results to differ materially. Such risks and uncertainties include: Creative's ability to timely develop new products that gain market acceptance and to manage frequent product transitions; competitive pressures in the marketplace; a reduction or cancellation of sales orders for Creative products; accelerated declines in the average selling prices of Creative's products or any prices of components; Creative's ability to successfully integrate acquisitions; potential fluctuations in quarterly results due to the seasonality of Creative's business and the difficulty of projecting such fluctuations; possible disruption in commercial activities caused by factors outside of Creative's control, such as terrorism, armed conflict and labor disputes; a reduction in demand for computer systems, peripherals and related consumer products as a result of poor economic conditions, social and political turmoil; major health concerns; the proliferation of sound functionality in new products from competitors at the application software, chip and operating system levels; the deterioration of global equity markets; exposure to excess and obsolete inventory; Creative's reliance on sole sources for many of its chips and other key components; component shortages which may impact Creative's ability to meet customer demand; Creative's ability to protect its proprietary rights; the vulnerability of certain markets to current and future currency fluctuations; the effects of restricted fuel availability and rising costs of fuel; fluctuations in the value and liquidity of Creative's investee companies. For further information regarding the risks and uncertainties associated with Creative's business, please refer to its filings with the SEC, including its Form 20-F for fiscal 2008 filed with the SEC. Creative undertakes no obligation to update any forward-looking statement to conform the statement to actual results or changes in Creative's expectations.

CREATIVE TECHNOLOGY LTD.
CONSOLIDATED BALANCE SHEETS

(In US\$' 000)

	(Unaudited) June 30, 2009	June 30, 2008
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 250,551	\$ 408,644
Accounts receivable, less allowances of \$11,950 and \$14,721	42,365	82,554
Inventory	37,600	99,788
Other assets and prepaids	11,774	39,563
Total current assets	342,290	630,549
Property and equipment, net	64,393	67,043
Investments	27,753	37,247
Other non-current assets	10,435	15,519
Total Assets	\$ 444,871	\$ 750,358
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 30,296	\$ 66,507
Accrued liabilities	69,788	91,164
Income taxes payable	2,203	5,288
Current portion of long term obligations and others	10	100,019
Total current liabilities	102,297	262,978
Long term obligations	29,510	29,756
Advance payments from sale of building	126,493	127,563
Minority interest in subsidiaries	376	378
Shareholders' equity	186,195	329,683
Total Liabilities and Shareholders' Equity	\$ 444,871	\$ 750,358

CREATIVE TECHNOLOGY LTD.
CONSOLIDATED STATEMENTS OF OPERATIONS

(In US\$' 000, except per share data)

(Unaudited)

	Three months ended		Twelve months ended	
	June 30,		June 30,	
	2009	2008	2009	2008
Sales, net	\$ 86,060	\$ 139,453	\$ 466,074	\$ 736,848
Cost of goods sold	63,269	110,658	378,023	572,946
Gross profit	22,791	28,795	88,051	163,902
Operating expenses:				
Selling, general and administrative	19,608	33,661	96,518	141,148
Research and development	14,074	16,884	61,743	63,872
Other charges	--	9,666	11,168	9,666
Chairman's gift of shares to employees	--	802	--	3,774
Total operating expenses	33,682	61,013	169,429	218,460
Operating loss	(10,891)	(32,218)	(81,378)	(54,558)
(Loss) gain from investments, net	(818)	462	(12,849)	18,761
Interest income	231	2,173	3,965	10,679
Interest expense	(1,779)	(1,034)	(7,215)	(5,644)
Others	(7,342)	(502)	(28,820)	12,762
Loss before income taxes and minority interest	(20,599)	(31,119)	(126,297)	(18,000)
Income tax benefit (expense)	1,257	(600)	515	(1,735)
Minority interest in loss	3	--	3	1
Net loss	\$ (19,339)	\$ (31,719)	\$ (125,779)	\$ (19,734)
Basic loss per share:	\$ (0.28)	\$ (0.40)	\$ (1.74)	\$ (0.24)
Weighted average ordinary shares outstanding ('000)	68,891	78,493	72,117	81,564
Diluted loss per share:	\$ (0.28)	\$ (0.40)	\$ (1.74)	\$ (0.24)
Weighted average ordinary shares and equivalents outstanding ('000)	68,891	78,493	72,117	81,564