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CREATIVE ANNOUNCES Q4 FY07 FINANCIAL RESULTS

*Creative's Previously Announced Voluntary Delisting from NASDAQ
Proceeding as Planned*

SINGAPORE – Aug. 8, 2007– Creative Technology Ltd., a worldwide leader in digital entertainment products, today announced financial results for the fourth quarter of fiscal year 2007 and the full 2007 fiscal year, ended June 30, 2007. All financial results are stated in U.S. dollars.

Revenues for the fourth quarter were \$165.2 million, compared to revenues of \$230.9 million for the same quarter last year. Revenues for the 2007 fiscal year were \$914.9 million, compared to revenues of \$1.1 billion for the previous fiscal year.

Net loss for the fourth quarter was \$19.3 million, with a loss per share of \$0.23, including restructuring charges of \$2.4 million. This compares to a net loss of \$12.7 million with a loss per share of \$0.15 for the same period last year, including a \$10.0 million tax credit.

Net income for the 2007 fiscal year was \$28.2 million, with earnings per share of \$0.34, including a \$100 million paid-up license from Apple for its use of the ZEN Patent in its products. This compares to a net loss of \$118.2 million with a loss per share of \$1.42 for the previous fiscal year.

The paid-up license from Apple for use of the ZEN Patent in its products was previously included in Creative's revenues for the second quarter of fiscal year 2007, ended December 31, 2006. However, taking into consideration recent comments the Company received from the United States Securities and Exchange Commission, the Company has now classified the

entire \$100 million as non-operating other income in the cumulative twelve months consolidated statements of operations.

“During the quarter, although we were able to reduce our operating expenses to \$51.3 million, we still suffered an operating loss, primarily resulting from a drop in sales in the U.S. market,” said Craig McHugh, president of Creative Labs, Inc. “Despite the lower sales in the U.S., we were able to reduce our inventory by 12 percent from the previous quarter and by 43 percent year-over-year. This helped us to keep our strong cash position at \$250 million, even after paying off \$75 million of our long-term debt in the period. Looking forward, we will continue to push to bring our operating expenses in line with our gross margins and revenues as we target to get closer to break-even in the current quarter and return to profitability by the end of the calendar year.”

During the fourth quarter, Creative announced its plans to voluntarily delist the Company’s Ordinary Shares from the NASDAQ Global Market, with August 31, 2007 as the last day of trading on NASDAQ. The Company’s listing on the Singapore Exchange Securities Trading Limited (“SGX-ST”), where Creative has the vast majority of its trading volume, will become its sole exchange listing. To view the press releases pertaining to the voluntary delisting, visit www.creative.com/corporate/investor.

Listen to Creative’s Q4 FY07 Analyst Conference Call:

Link to the Q4 earnings conference call live on August 8 at 8:00AM Singapore time (August 7 at 8:00PM Eastern time) via Creative’s Investor Relations Web site:

<http://us.creative.com/corporate/investor/>
or by calling 1-800-374-2493.

A replay will be available from shortly after the end of the conference call until August 14 via the same link from the IR web site or by calling 1-800-642-1687 or 1-706-645-9291. The reservation number to listen to call is 11924333.

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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, inventory, profitability and the market potential for its products. 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; and the potential decrease in trading volume and value of Creative's Ordinary Shares as a result of the Flow Back Restriction that commenced on June 1, 2003 and Creative's voluntary delisting from NASDAQ and to eliminate its U.S. reporting obligations. 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 2006 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, 2007	June 30, 2006
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 250,480	\$ 213,995
Accounts receivable, net	110,520	133,002
Inventory	134,911	234,942
Other assets and prepaids	40,308	53,248
Total current assets	536,219	635,187
Property and equipment, net	97,696	109,174
Investments	80,121	74,581
Other non-current assets	8,997	11,671
Total Assets	\$ 723,033	\$ 830,613
 <u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable	\$ 66,778	\$ 104,923
Accrued liabilities	92,898	100,690
Income taxes payable	15,293	18,930
Current portion of long term obligations and others	3,934	4,737
Total current liabilities	178,903	229,280
Long term obligations	135,187	206,593
Minority interest in subsidiaries	373	1,587
Shareholders' equity	408,570	393,153
Total Liabilities and Shareholders' Equity	\$ 723,033	\$ 830,613

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,	
	2007	2006	2007	2006
Sales, net	\$ 165,210	\$ 230,875	\$ 914,906	\$ 1,127,531
Cost of goods sold	132,040	198,371	737,203	963,217
Gross profit	33,170	32,504	177,703	164,314
Operating expenses:				
Selling, general and administrative	36,466	42,753	175,180	195,197
Research and development	14,790	15,682	63,646	77,186
Other charges	--	--	--	37,351
Total operating expenses	51,256	58,435	238,826	309,734
Operating loss	(18,086)	(25,931)	(61,123)	(145,420)
(Loss) gain from investments, net	(112)	(34)	(1,880)	18,904
Interest income	2,652	2,000	9,916	6,241
Interest expense	(1,698)	(2,701)	(10,245)	(9,411)
Others	2,819	6,072	114,622	3,572
(Loss) Income before income taxes and minority interest	(14,425)	(20,594)	51,290	(126,114)
Provision for income taxes	(4,889)	7,632	(23,918)	7,150
Minority interest in loss	2	230	817	805
Net (loss) income	\$ (19,312)	\$ (12,732)	\$ 28,189	\$ (118,159)
Basic (loss) earnings per share:	\$ (0.23)	\$ (0.15)	\$ 0.34	\$ (1.42)
Weighted average ordinary shares outstanding ('000)	83,608	83,179	83,452	83,093
Diluted (loss) earnings per share:	\$ (0.23)	\$ (0.15)	\$ 0.34	\$ (1.42)
Weighted average ordinary shares and equivalents outstanding ('000)	83,608	83,179	83,913	83,093

CREATIVE TECHNOLOGY LTD.
SUPPLEMENTAL FINANCIAL INFORMATION

	Three months ended		
	Jun 30,	Mar 31,	Jun 30,
	2007	2007	2006
Revenue by geographical region :			
Americas	30%	32%	46%
Europe	47%	49%	37%
Asia and rest of the world	23%	19%	17%
Revenue by product category :			
Personal Digital Entertainment	57%	52%	65%
Audio	15%	17%	13%
Speakers	18%	21%	13%
Others	10%	10%	9%