

APPENDIX A

Estimated Sales Schedule of Personal Computers in China

	1998	1999	2000	2001	2002
New computer sales	2.8	3.3	3.9	4.6	5.4
New computers with modems	0.84	1.68	2.56	3.5	4.5

(all figures in million)

Estimated Sales of the translation software

	1998	1999	2000	2001	2002
% of new computer ship with the OEM version	15%	35%	50%	55%	60%
Number of OEM versions sold	0.2M	1.2M	2.0M	2.5M	3.2M
Number of full packaged versions sold	30K	100K	200K	300K	400K

APPENDIX B

CREATIVE SOFT QUARTERLY BALANCE SHEETS YEAR ENDING 1998 (IN THOUSANDS)

	MARCH 31 1998	JUNE 30 1998
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 933	\$ 402
Short-term investments.....	0	0
Receivables.....	0	0
Other current assets.....	5	20
Total current assets.....	938	422
Property and equipment.....	115.5	105
Capitalized software development cost.....	298.5	609
	\$ 1,352	\$ 1,136
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Trade and other payables.....	\$ 2	\$ 6
Total current liabilities.....	2	6
Venture loan.....	300	300
Shareholders' equity:		
Common stock.....	1,200	1,200
Retained earnings.....	(150)	(370)
Total shareholders' equity.....	1,050	830
	\$ 1,352	\$ 1,136

CREATIVE SOFT
MONTHLY STATEMENTS OF INCOME
JANUARY 1998 -- JUNE 1998
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	MONTHS ENDING			
	JANUARY 31	FEBRUARY 28	MARCH 31	APRIL 30
	1998	1998	1998	1998
----- 30 1998 -----				
Revenue:				
Pre-installed softwares in new computers.....	\$ 0	\$ 0	\$ 0	\$ 0
Packaged softwares.....	0	0	0	0

Total revenue.....	0	0	0	0
Direct costs.....	10	12	15	15

Gross margin.....	(10)	(12)	(15)	(15)

Operating expenses:				
Software development costs:				
Research and development.....	3	3	5	5
Amortization of capitalized software development costs.....	14.5	14.5	14.5	14.5
Depreciation of Equipment.....	3.5	3.5	3.5	3.5
Sales, marketing, and customer support.....	2	5	10	10
General and administrative.....	15	15	17	17

Total operating expenses.....	38	41	50	50

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Operating income..... (78)	(48)	(53)	(65)	
Nonoperating income:				
Investment gain (loss)..... 0	0	0	0	
Interest and other income (payment) (1)	0.5	0	0.5	
-----	-----	-----	-----	-----
Total nonoperating income..... (1)	0.5	0	0.5	
-----	-----	-----	-----	-----
Income before income taxes..... (79)	(47.5)	(53)	(49.5)	
Income tax provision..... 0	0	0	0	
-----	-----	-----	-----	-----
Net income(loss)..... (79)	\$ (47.5)	\$ (53)	\$ (49.5)	\$
=====	=====	=====	=====	=====
Net income(loss) per share..... (0.4)	\$ (0.24)	\$ (0.27)	\$ (0.25)	\$
=====	=====	=====	=====	=====
Shares used in computing net income per share..... 200	200	200	200	
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CREATIVE SOFT
MONTHLY STATEMENTS OF INCOME
JULY 1998 -- DECEMBER 1998
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	JULY 31	AUGUST 31	SEPTEMBER 30	OCTOBER 31
	1998	1998	1998	1998
DECEMBER 31				
1998				
Revenue:				
Pre-installed softwares in new computers.....	\$ 138	\$ 152	\$ 166	\$ 166
Packaged softwares.....	60	90	150	150
Total revenue.....	198	242	316	316
Direct costs.....	40	45	50	50
Gross margin.....	158	197	266	266
Operating expenses:				
Software development costs:				
Research and development.....	20	30	35	35
Amortization of capitalized software development costs.....	14.5	14.5	14.5	14.5
Depreciation of Equipment.....	3.5	3.5	3.5	3.5
Sales, marketing, and customer support.....	100	120	170	170
General and administrative.....	40	45	50	50
Total operating expenses.....	178	213	273	273

Operating income.....	(20)	(16)	(7)	
(1)				
Nonoperating income:				
Investment gain (loss).....	0	0	0	
0				
Interest and other income (payment)	(1.5)	(1.5)	(1.5)	
(1.5)				

Total nonoperating income.....	(1.5)	(1.5)	(1.5)	
(1.5)				

Income before income taxes.....	(21.5)	(17.5)	(8.5)	
(2.5)				
Income tax provision.....	0	0	0	
0				

Net income(loss).....	\$ (21.5)	\$ (17.5)	\$ (8.5)	\$
(2.5)				
=====				
Net income(loss) per share.....	\$ (0.11)	\$ (0.09)	\$ (0.04)	\$
(0.01)				
=====				
Shares used in computing net income per share.....	200	200	200	
200				

CREATIVE SOFT

MONTHLY STATEMENTS OF CASH FLOWS

JANUARY 1998 -- JUNE 1998

(IN THOUSANDS)

	JANUARY 31 1998	FEBRUARY 28 1998	MARCH 31 1998	APRIL 30 1998	
Cash flows from operating activities:					
Net income(loss).....	\$ (47.5)	\$ (53)	\$ (49.5)	\$ (65.5)	\$
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization.....	18	18	18	18	
Provision for losses on accounts receivable.....	0	0	0	0	
Changes in operating assets and liabilities:					
Receivables.....	0	0	0	0	
Other current assets.....	0	0	(5)	(5)	
Trade and other payables.....	63	(63)	2	0	
Net cash provided by (used for) operating activities....	33.5	(98)	(34.5)	(52.5)	
Cash flows from investing activities:					
Purchases of short-term investments.....	\$ 0	\$ 0	\$ 0	\$ 0	\$
Maturities and sales of short-term investments.....	0	0	0	0	
Acquisitions of equipment.....	126	0	0	0	
Increase in capitalized software development costs....	114	114	114	114	
Net cash provided by (used for) investing activities..	(240)	(114)	(114)	(114)	
Cash flows from financing activities:					
Proceeds from issuance of loan.....	300	0	0	0	
Proceeds from issuance of common stock.....	1,200	0	0	0	
Repurchase of common stock.....	0	0	0	0	
Net cash provided by (used for) financing activities....	1,500	0	0	0	
Net increase (decrease) in cash and cash equivalents....	1,293.5	(212)	(148.5)	(166.5)	
Cash and cash equivalents at beginning of year.....	0	1,293.5	1,081.5	933	
Cash and cash equivalents at end of year.....	\$ 1,293.5	\$ 1,081.5	\$ 933	\$ 766.5	\$

CREATIVE SOFT
MONTHLY STATEMENTS OF CASH FLOWS
JULY 1998 -- DECEMBER 1998
(IN THOUSANDS)

	JULY 31 1998	AUGUST 31 1998	SEPTEMBER 30 1998	OCTOBER 31 1998	NOVEMBER 30 1998
Cash flows from operating activities:					
Net income(loss).....	\$ (21.5)	\$ (17.5)	\$ (8.5)	\$ (9.5)	\$
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization.....	18	18	18	18	
Provision for losses on accounts receivable.....	0	0	0	0	
Changes in operating assets and liabilities:					
Receivables.....	(35)	(4)	(10)	(10)	
Other current assets.....	5	0	0	(3)	
Trade and other payables.....	0	0	2	1	
Net cash provided by (used for) operating activities....	(33.5)	(3.5)	1.5	(3.5)	
Cash flows from investing activities:					
Purchases of short-term investments.....	\$ 0	\$ 0	\$ 0	\$ 0	\$
Maturities and sales of short-term investments.....	0	0	0	0	
Acquisitions of equipment.....	0	0	0	0	
Increase in capitalized software development costs....	0	0	0	0	
Net cash provided by (used for) investing activities..	0	0	0	0	
Cash flows from financing activities:					
Proceeds from issuance of loan.....	0	0	0	0	
Proceeds from issuance of common stock.....	0	0	0	0	
Repurchase of common stock.....	0	0	0	0	
Net cash provided by (used for) financing activities....	0	0	0	0	
Net increase (decrease) in cash and cash equivalents....	(33.5)	(3.5)	1.5	(3.5)	
Cash and cash equivalents at beginning of year.....	402	368.5	365	366.5	
Cash and cash equivalents at end of year.....	\$ 368.5	\$ 365	\$ 366.5	\$ 363	\$

APPENDIX C

CREATIVE SOFT

MONTHLY STATEMENTS OF INCOME

JANUARY 1999 -- JUNE 1999

(IN THOUSANDS, EXCEPT PER SHARE DATA)

	MONTHS ENDING			
	JANUARY 31	FEBRUARY 28	MARCH 31	APRIL 30
	1999	1999	1999	1999
Revenue:				
Pre-installed softwares in new computers.....	\$ 264	\$ 298	\$ 330	\$ 330
Packaged softwares.....	210	210	240	240
Total revenue.....	474	508	570	570
Direct costs.....	70	72	72	72
Gross margin.....	404	436	498	498
Operating expenses:				
Software development costs:				
Research and development.....	45	45	47	47
Amortization of capitalized software development costs.....	14.5	14.5	14.5	14.5
Depreciation of Equipment.....	3.5	3.5	3.5	3.5
Sales, marketing, and customer support.....	280	300	330	330
General and administrative.....	80	85	85	85
Total operating expenses.....	423	468	480	480

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Operating income.....	(19)	(12)	18

CREATIVE SOFT
MONTHLY STATEMENTS OF INCOME
JULY 1999 -- DECEMBER 1999
(IN THOUSANDS, EXCEPT PER SHARE DATA)

	MONTHS ENDING			
	JULY 31	AUGUST 31	SEPTEMBER 30	OCTOBER 31
DECEMBER 31	1999	1999	1999	1999
Revenue:				
Pre-installed softwares in new computers.....	\$ 412	\$ 429	\$ 462	\$ 462
Packaged softwares.....	270	270	300	300
Total revenue.....	682	699	762	762
Direct costs.....	80	80	83	83
Gross margin.....	602	619	679	679
Operating expenses:				
Software development costs:				
Research and development.....	50	55	55	55
Amortization of capitalized software development costs.....	14.5	14.5	14.5	14.5
Depreciation of Equipment.....	3.5	3.5	3.5	3.5
Sales, marketing, and customer support.....	370	375	390	390
General and administrative.....	95	100	100	100
Total operating expenses.....	533	548	563	563
Operating income.....	69	71	116	116

