



May 20, 2011

Clarification Letter

WSCA Software Value-Added Reseller, ADSPO11-00000358

Confidential

Re: SHI's Financials for 2009 and 2010

In response to 2 requests for clarification regarding SHI's financials for 2009 and 2010, SHI is providing the following confidential information:

1. Significant Increase in AR/AP in 2010:

With net sales growing 26.5% from \$2.329 billion in 2009 to \$2.948 billion in 2010, SHI International Corp experienced a significant growth 2009 to 2010. As a result, SHI had significant increases in Accounts Receivables and Accounts Payables at 12/31/2010 vs. 12/31/2009, as detailed below:

- December 2010 net sales were approximately \$400 million.
- Accounts Receivable of \$630,464,800 at 12/31/2010 represents 55-60 days of receivable (mid-November – 12/31/2010).
- Accounts Payable of \$525,215,273 at 12/31/2010 represents approximately 45 days of payable (late November – 12/31/2010)

2. Net Income dropped significantly in 2010:

Reduction in net income for 2010 vs. 2009 is a result of SHI's heavy investments in the following 3 areas:

1. Research and Development in Cloud Computing & future technologies: \$10 million +
2. Mid-Market , Public Sector, and International Expansion: \$10 million +
3. Internal Systems and Process Reengineering: \$10 million +

SHI is experiencing significant growth (>25%) in 2011 as a result of our investments described above. SHI is the only channel company (out of 100,000 VARs, LARs, etc. in North America) that has been consistently profitable for the past 22 years.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Thai Lee', is written over a light blue circular scribble.

Thai Lee  
President/CEO