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Global Sources reports first quarter 2012 results

- Reported revenue of \$38.9 million driven by 13% growth in online revenue -

- Posted IFRS EPS of \$0.09 and Non-IFRS EPS of \$0.10 -

NEW YORK, May 17, 2012 – [Global Sources Ltd.](#) (NASDAQ: GSOL) reported financial results for the first quarter ended March 31, 2012.

Global Sources' executive chairman, Merle A. Hinrichs, commented: "For the quarter, we achieved revenue of \$38.9 million driven by growth in our online business. Looking forward, our customers are becoming more conservative with their marketing budgets due to the slowdown in exports and the continued softening of the global economy."

Financial highlights – First quarter: 2012 compared to 2011

- Revenue was \$38.9 million, as compared to \$37.5 million.
 - * Online revenue was \$30.9 million, as compared to \$27.2 million.
 - * Exhibitions revenue was \$2.2 million, as compared to \$4.4 million.
 - * Print revenue was \$4.3 million, as compared to \$4.7 million.
- IFRS net income, was \$3.1 million or \$0.09 per diluted share compared to first quarter 2011 IFRS net income of \$3.5 million, or \$0.10 per diluted share.
- Non-IFRS net income was \$3.7 million, or \$0.10 per diluted share, as compared to \$4.1 million, or \$0.12 per diluted share, for the first quarter of 2011.
- Adjusted EBITDA was \$5.4 million, as compared to \$5.5 million for the first quarter of 2011.

- Total deferred income and customer prepayments were \$129.4 million as at March 31, 2012, as compared to \$124.0 million as at March 31, 2011.

Global Sources' CFO, Connie Lai, said: "Our revenue comparison for the first quarter was affected by the movement of one of our trade shows from January 2012 into December 2011.

"We expect the revenue mix for the first half to range between 58% and 59% for online, 30% and 31% for exhibitions, 7% and 8% for print, and approximately 3% for miscellaneous. In comparison, the revenue mix for the first half of 2011 was approximately 55% for online, 32% for exhibitions, 10% for print, and 3% for miscellaneous."

Financial expectations for the first half of 2012 under IFRS

- For the first half of 2012 ending June 30, 2012:
 - * Revenue is expected to be in the range of \$104.0 million to \$106.0 million, as compared to \$104.1 million for the first half of 2011.
 - * IFRS EPS is expected to be in the range of \$0.31 to \$0.34, as compared to \$0.38 per diluted share in the first half of 2011. SBC and the amortization of intangibles as it relates to certain equity compensation plans are estimated to be an expense of \$0.05 per diluted share for the first half of 2012.
 - * Non-IFRS EPS is expected to be in the range of \$0.36 to \$0.39, as compared to \$0.43 per diluted share for the same period in 2011.
 - * Adjusted EBITDA is expected to be \$17.7 million, as compared to \$18.4 million in the first half of 2011.

Recent Corporate Highlights

- Acquired an 80 percent interest in the *China (Shenzhen) International Brand Clothing & Accessories Fair (SZIC)*, one of the largest fashion shows in Asia. The transaction was completed in March 2012 for a total cash consideration of up to approximately \$17.3 million.
- Held its spring series of trade shows in Hong Kong featuring approximately 6,800 booths from 11 countries and regions. Total attendance exceeded 61,200 and included buyers from more than 167 countries and territories.

- The 17th *International IC-China Conference & Exhibition* was held in Shenzhen. Exhibitors included ADI, Agilent Technologies, element14, Fairchild, Freescale, Fujitsu Semiconductor, ROHM and RS Components.
- *Private Sourcing Events* were held from Jan. 1, 2012 through the end of April 2012, for more than 100 sourcing teams from very large buying organizations including Casino, Coppel, Dollar General, El Corte Ingles, INTERSPORT, Kesa Electricals, MGB Metro Group and Woolworths. These events created over 690 high quality, one-on-one selling opportunities for Global Sources suppliers.

Conference call for Global Sources first quarter 2012 earnings

Executive Chairman Merle A. Hinrichs and CFO Connie Lai are scheduled to conduct a conference call at 8:00 a.m. ET on May 17, 2012 (8:00 p.m. on May 17, 2012 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (877) 941-2068, and non-Hong Kong international participants may dial (1-480) 629-9712. Investors in Hong Kong may participate by dialing (852) 3009-5027. The conference ID is 4533400 and participants are encouraged to dial 10 minutes prior to the call to prevent a delay in joining. A live webcast of the conference call is scheduled to be available on Global Sources' corporate site at <http://www.investor.globalsources.com>.

For those who cannot listen to the live broadcast, a webcast replay of the call is scheduled to be available on the company's corporate site for 30 days. A telephone replay of the call is also scheduled to be available through May 24, 2012. To listen to the telephone replay dial (800) 406-7325 or dial (1-303) 590-3030 outside the United States, and enter pass code 4533400. For those in the Hong Kong area, the replay dial-in number is (852) 3056-2777, and the pass code is 4533400.

About Global Sources

Global Sources is a leading business-to-business media company and a primary facilitator of trade with Greater China.

The core business facilitates trade between Asia and the world using English-language media such as online marketplaces (<http://www.globalsources.com>), print and digital magazines, sourcing research reports, private sourcing events, trade shows, and online sourcing fairs.

Over 1.18 million international buyers, including 85 of the world's top 100 retailers, use these services to obtain product and company information to help them source more profitably from overseas supply markets. These services also provide suppliers with integrated marketing solutions to build corporate image, generate sales leads and win orders from buyers in more than 240 countries and territories.

Global Sources' other businesses provides Chinese-language media to companies selling to and within Greater China. These services include online web sites, print and digital magazines, seminars and trade shows. In mainland China, Global Sources has a network of more than 40 office locations and a community of over 4 million registered online users and magazine readers of its Chinese-language media.

Now in its fifth decade, Global Sources has been publicly listed on the NASDAQ since 2000.

Global Sources' non-IFRS metrics

Management believes non-IFRS metrics are useful measures of operations and provides IFRS to non-IFRS reconciliation tables at the end of this press release. Global Sources defines non-IFRS net income as net income excluding non-cash, SBC expense or credit, amortization of intangibles as it relates to certain equity compensation plans, gains or losses on acquisitions and investments, and/or impairment charges, for all historical and future references to non-IFRS metrics. Non-IFRS EPS is defined as non-IFRS net income divided by the weighted average of diluted common shares outstanding. Adjusted EBITDA is defined as earnings before interest, taxes, depreciation, amortization, stock-based compensation and impairment of goodwill and intangible assets.

Safe Harbor Statement

This news release contains forward-looking statements within the meaning of Section 27-A of the Securities Act of 1933, as amended and Section 21-E of the Securities Exchange Act of 1934, as amended. The company's actual results could differ materially from those set forth in the forward-looking statements as a result of the risks associated with the company's business, changes in general economic conditions, and changes in the assumptions used in making such forward-looking statements.

- Tables Follow -

GLOBAL SOURCES LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	<u>As at March 31,</u> <u>2012</u> <u>(Unaudited)</u>	<u>As at December 31,</u> <u>2011</u>
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 83,218	\$ 81,903
Term deposits with banks.....	2,043	2,764
Financial assets, available-for-sale.....	7,999	13,250
Accounts receivables.....	4,279	4,711
Receivables from sales representatives.....	10,573	6,523
Inventories.....	363	230
Prepaid expenses and other current assets.....	27,912	20,895
	136,387	130,276
Non-current assets		
Property and equipment.....	55,443	55,761
Investment properties.....	75,111	75,370
Intangible assets.....	36,568	11,946
Long term investment.....	413	100
Deferred income tax assets.....	330	325
Other non-current assets.....	3,049	2,552
	170,914	146,054
Total assets.....	\$ 307,301	\$ 276,330
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 10,771	\$ 7,698
Deferred income and customer prepayments.....	118,104	101,841
Accrued liabilities.....	14,843	17,723
Income tax liabilities.....	631	714
	144,349	127,976
Non-current liabilities		
Deferred income and customer prepayments.....	11,274	8,290
Deferred income tax liabilities.....	4,986	1,510
	16,260	9,800
Total liabilities.....	160,609	137,776
Equity attributable to Company's shareholders		
Common shares.....	520	518
Treasury shares.....	(150,089)	(150,089)
Other reserves.....	153,332	152,591
Retained earnings.....	129,758	126,653
Total Company shareholders' equity.....	133,521	129,673
Non-controlling interests.....	13,171	8,881
Total equity.....	\$ 146,692	\$ 138,554
Total liabilities and equity.....	\$ 307,301	\$ 276,330

GLOBAL SOURCES LTD. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENTS
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Three months ended March 31,	
	2012	2011
	(Unaudited)	(Unaudited)
Revenue		
Online and other media services (Note 1).....	\$ 35,223	\$ 31,982
Exhibitions.....	2,217	4,381
Miscellaneous.....	1,477	1,173
	38,917	37,536
Operating Expenses:		
Sales (Note 2).....	15,034	14,439
Event production.....	326	1,052
Community and content (Note 2).....	6,928	7,022
General and administrative (Note 2).....	10,174	8,243
Information and technology (Note 2).....	3,391	3,173
Total Operating Expenses.....	35,853	33,929
Profit from Operations.....	3,064	3,607
Interest income.....	186	48
Share of loss of associate.....	(14)	-
Profit before income taxes.....	3,236	3,655
Income tax expense.....	(163)	(55)
Net profit.....	\$ 3,073	\$ 3,600
Net profit attributable to non-controlling interests.....	32	(64)
Net profit attributable to the Company's shareholders.....	\$ 3,105	\$ 3,536
Diluted net profit per share attributable to the Company's shareholders.....	\$ 0.09	\$ 0.10
Shares used in diluted net profit per share calculations.....	35,573,189	35,349,989

Note: 1. Online and other media services consists of:

	Three months ended March 31,	
	2012	2011
	(Unaudited)	(Unaudited)
Online services.....	\$ 30,877	\$ 27,239
Print services.....	4,346	4,743
	\$ 35,223	\$ 31,982

Note: 2. Non-cash compensation expenses associated with the several equity compensation plans and Global Sources Directors Share Grant Award Plan included under various categories of expenses are as follows:

	Three months ended March 31,	
	2012	2011
	(Unaudited)	(Unaudited)
Sales.....	\$ 62	\$ 118
Community and content.....	(35)	27
General and administrative.....	265	146
Information and technology.....	72	79
	\$ 364	\$ 370

GLOBAL SOURCES LTD. AND SUBSIDIARIES
ACTUAL IFRS to NON-IFRS RECONCILIATION
(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Three months ended March 31,	
	2012	2011
IFRS EPS	\$ 0.09	\$ 0.10
IFRS Net Profit	\$ 3,105	\$ 3,536
Non-cash stock based compensation expense (Note 1)	364	370
Amortization of intangibles (Note 2)	191	190
Non-IFRS Net Profit	\$ 3,660	\$ 4,096
Non-IFRS diluted net profit per share	\$ 0.10	\$ 0.12
Total shares used in non-IFRS diluted net profit per share calculations	35,573,189	35,349,989

Notes:

- (1) Actual SBC is calculated based on actual share price on date of the awards.
(2) Amortization of intangible assets relating to certain non-compete agreements.

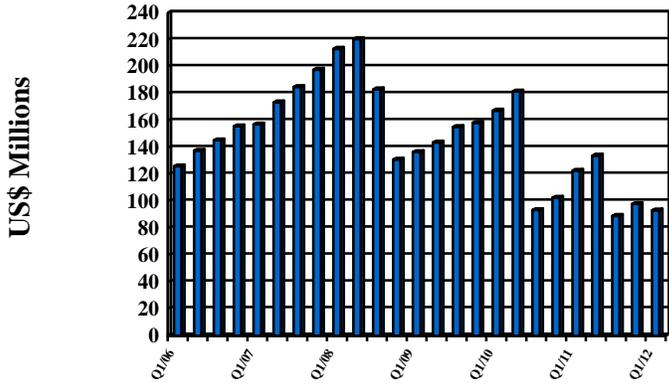
GLOBAL SOURCES LTD. AND SUBSIDIARIES
ADJUSTED EBITDA RECONCILIATION
(In U.S. Dollars Thousands)

	Three months ended March 31,	
	2012	2011
IFRS profit from operations	\$ 3,064	\$ 3,607
Depreciation and amortization	1,964	1,521
EBITDA	5,028	5,128
Non-cash stock based compensation expense	364	370
Adjusted EBITDA	\$ 5,392	\$ 5,498

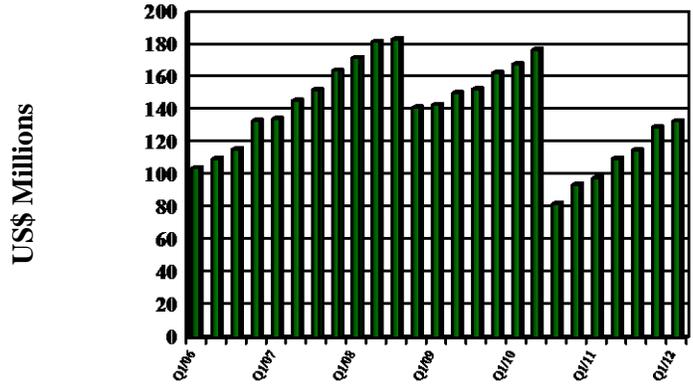
GLOBAL SOURCES LTD. AND SUBSIDIARIES				
GUIDANCE IFRS to NON-IFRS RECONCILIATION				
(In U.S. Dollars Million, Except Number of Shares and Per Share Data)				
	GUIDANCE			ACTUAL
	Six months			Six months
	ended June 30,			ended June 30,
	2012			2011
Revenue	\$104.0	to	\$106.0	\$104.1
IFRS EPS	\$0.31	to	\$0.34	\$0.38
Non-cash stock based compensation expense (Note 1)	\$0.04		\$0.04	\$0.04
Amortization of intangibles (Note 2)	\$0.01		\$0.01	\$0.01
Non-IFRS diluted net income per share	\$0.36	to	\$0.39	\$0.43
Total shares used in non-IFRS diluted net income per share calculations	35,719,220		35,719,220	35,424,395
Notes:				
(1) Actual SBC is calculated based on actual share price on date of the awards.				
(2) Amortization of intangible assets relating to certain non-compete agreements.				

GLOBAL SOURCES LTD. AND SUBSIDIARIES

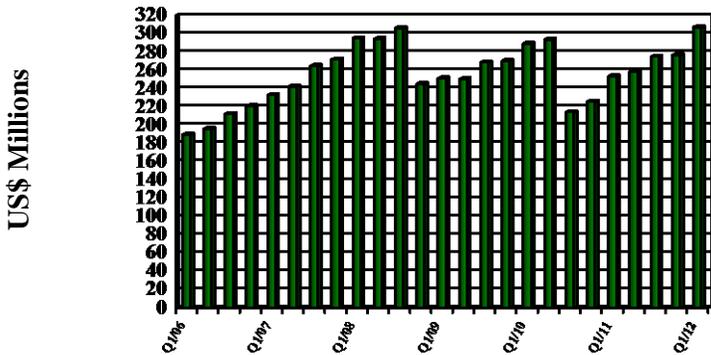
Total Cash and Securities



Total Shareholders' Equity



Total Assets



Total Deferred Income
Customer Prepayments

