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## **Global Sources reports first quarter 2014 results**

**- Reported first quarter revenue of \$34.5 million -**

**- Reaffirms guidance for first half of 2014 -**

**NEW YORK, May 15, 2014** – [Global Sources Ltd.](http://www.globalsources.com) (NASDAQ: GSOL) reported financial results for the first quarter ended March 31, 2014.

Global Sources' executive chairman, Merle A. Hinrich, said: "For the quarter, our total revenue increased by 10% as compared to the first quarter of last year. In the first quarter of 2014, our new *SIMM* machinery shows were a strong success in every respect and contributed substantially to our first quarter revenue. In April, we held our spring *China Sourcing Fairs*, which included Asia's largest consumer electronics sourcing event.

"As we continue to manage through a sluggish global retail market, we are working to improve our overall revenue performance. We have made changes within our online business that have improved its financial performance, and we are planning several new trade shows. In addition, we continue to drive the integration of our services with the belief that the combination of online and show services can provide unique and higher value to our customers."

### **Financial highlights – First quarter: 2014 compared to 2013**

- Revenue was \$34.5 million, as compared to \$31.3 million.
  - Online revenue was \$21.3 million, as compared to \$25.0 million.
  - Exhibitions revenue was \$8.9 million, as compared to \$1.5 million.
  - Print revenue was \$2.6 million, as compared to \$3.0 million.

- The company recorded a foreign exchange loss of \$1.6 million due to the devaluation of the yuan during the first quarter of 2014.
- IFRS net income was \$0.1 million, or \$0.00 per diluted share, as compared to first quarter 2013 IFRS net income of \$5.6 million, or \$0.16 per diluted share.
- Non-IFRS net income was \$0.6 million, or \$0.02 per diluted share, as compared to \$1.8 million, or \$0.05 per diluted share, for the first quarter of 2013.
- Adjusted EBITDA was \$5.9 million, as compared to \$3.2 million for the first quarter of 2013.
- Total deferred income and customer prepayments were \$113.5 million as at March 31, 2014, as compared to \$110.0 million as at March 31, 2013.

Global Sources' CFO, Connie Lai, stated: "Our first quarter 2014 results reflect contributions from the *SIMM* machinery shows held in March, and the move of the *IIC-China* show from the first quarter last year to the third quarter of 2014. We continue to maintain a strong balance sheet with no short- or long-term debt."

#### **Financial expectations for the first half of 2014 under IFRS**

- The company is confirming its guidance for the first half of 2014 ending June 30, 2014:
  - Revenue is expected to be in the range of \$88.0 million to \$90.0 million, representing a decrease of 3% to 5%, as compared to \$92.7 million for the first half of 2013.
  - IFRS EPS is expected to be in the range of \$0.14 to \$0.18, as compared to \$0.62 per diluted share in the first half of 2013. SBC and the amortization of intangibles as it relates to certain equity compensation plans are estimated to be an expense of \$0.04 per diluted share for the first half of 2014.
  - Non-IFRS EPS is expected to be in the range of \$0.18 to \$0.22, as compared to \$0.37 per diluted share for the same period in 2013.
  - Adjusted EBITDA is expected to be between \$12.6 million and \$13.8 million, as compared to \$16.3 million in the first half of 2013.

#### **Recent Corporate Highlights**

- Announced commencement of its cash tender offer on April 30, 2014 for up to 5 million of its issued and outstanding common shares at \$10.00 per share, or up to \$50.0 million. The tender offer is expected to expire at 12:00 midnight, New York City time, on May 28, 2014, unless the tender offer is terminated earlier or extended by the company.
- Held the *Shenzhen International Machinery Manufacturing Industry Exhibition* and its related shows, known as the *SIMM* machinery shows, March 28 - 31.

- Held *China Sourcing Fairs* April 12 - 15 and April 27 - 30 at AsiaWorld-Expo in Hong Kong featuring more than 6,800 booths. Total attendance exceeded 66,000 and included buyers from 163 countries and territories.
- *Private Sourcing Events* were held from Jan. 1 through the end of April for more than 90 sourcing teams from very large buying organizations including Alliance Boots, Casino, Darty, ERAM, Gloria Jeans, Liverpool, Shop Direct, Staples, The Source, and William E. Connor & Associates. These events created more than 530 high quality, one-on-one selling opportunities for Global Sources suppliers.
- Plans to launch *China Sourcing Fairs* in Jakarta, Indonesia in August 2014.

### **Conference call for Global Sources first quarter 2014 earnings**

Executive Chairman Merle A. Hinrich and CFO Connie Lai are scheduled to conduct a conference call at 8:00 a.m. ET on May 15, 2014 (8:00 p.m. on May 15, 2014 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (877) 941-1427, and non-Hong Kong international participants may dial (1-480) 629-9664. Investors in Hong Kong may participate by dialing (852) 3009-5027. The conference ID is 4680009 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 22, 2014. To listen to the telephone replay dial (800) 406-7325 or dial (1-303) 590-3030 outside the United States, and enter pass code 4680009. For those in the Hong Kong area, the replay dial-in number is (852) 3056-2777, and the pass code is 4680009.

### **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 ([GlobalSources.com](http://GlobalSources.com)), print and digital magazines, sourcing research reports, private sourcing events, and trade shows.

More than 1 million international buyers, including 95 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 provide 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 30 office locations and a community of more than 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, profits or losses on acquisitions and investments net of transaction costs and related tax expenses, and/or impairment charges net of related taxes, 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, impairment of goodwill and intangible assets, and profits or losses on acquisitions and investments net of transaction costs and related tax expenses.

### **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)

	As at March 31, 2014 (Unaudited)	As at December 31, 2013
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents.....	\$ 139,184	\$ 137,359
Term deposits with banks.....	4,059	106
Financial assets, available-for-sale.....	1,359	6,367
Accounts receivables, net.....	2,715	3,122
Receivables from sales representatives.....	12,409	10,630
Inventories.....	224	266
Prepaid expenses and other current assets.....	24,120	18,544
	<b>184,070</b>	<b>176,394</b>
<b>Non-current assets</b>		
Property and equipment.....	63,229	49,701
Investment properties.....	87,045	89,615
Intangible assets.....	35,517	21,423
Long term investment.....	100	100
Deferred income tax assets.....	99	98
Other non-current assets.....	2,484	1,766
	188,474	162,703
<b>Total assets.....</b>	<b>\$ 372,544</b>	<b>\$ 339,097</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable.....	\$ 18,831	\$ 8,779
Deferred income and customer prepayments.....	104,911	84,704
Accrued liabilities.....	18,816	19,166
Income tax liabilities.....	3,329	2,635
	<b>145,887</b>	<b>115,284</b>
<b>Non-current liabilities</b>		
Accounts payable.....	850	-
Deferred income and customer prepayments.....	8,573	5,660
Deferred income tax liabilities.....	4,388	4,591
	13,811	10,251
<b>Total liabilities.....</b>	<b>159,698</b>	<b>125,535</b>
<b>Equity attributable to Company's shareholders</b>		
Common shares.....	528	525
Treasury shares.....	(150,089)	(150,089)
Other reserves.....	159,666	161,950
Retained earnings.....	191,739	191,594
<b>Total Company shareholders' equity.....</b>	<b>201,844</b>	<b>203,980</b>
Non-controlling interests.....	11,002	9,582
<b>Total equity.....</b>	<b>\$ 212,846</b>	<b>\$ 213,562</b>
<b>Total liabilities and equity.....</b>	<b>\$ 372,544</b>	<b>\$ 339,097</b>

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

	<b>Three months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
<b>Revenue</b>		
Online and other media services (Note 1).....	\$ 23,842	\$ 27,959
Exhibitions.....	8,860	1,501
Miscellaneous.....	1,768	1,792
	<b>34,470</b>	<b>31,252</b>
<b>Operating Expenses:</b>		
Sales (Note 2).....	9,046	10,993
Event production.....	1,804	396
Community and content (Note 2).....	5,443	6,185
General and administrative (Note 2 & 3).....	14,128	9,792
Information and technology (Note 2).....	3,191	3,314
<b>Total Operating Expenses.....</b>	<b>33,612</b>	<b>30,680</b>
Profit on sale of property.....	-	4,457
<b>Profit from Operations.....</b>	<b>858</b>	<b>5,029</b>
Interest income.....	417	274
Gain on sale of available-for-sale securities.....	10	-
Interest expenses.....	(47)	-
<b>Profit before income taxes.....</b>	<b>1,238</b>	<b>5,303</b>
Income tax expense.....	(355)	(26)
<b>Net profit.....</b>	<b>\$ 883</b>	<b>\$ 5,277</b>
Net (profit) / loss attributable to non-controlling interests.....	(738)	344
<b>Net profit attributable to the Company's shareholders.....</b>	<b>\$ 145</b>	<b>\$ 5,621</b>
<b>Diluted net profit per share attributable to the Company's shareholders.....</b>	<b>*</b>	<b>\$ 0.16</b>
<b>Shares used in diluted net profit per share calculations.....</b>	<b>36,174,507</b>	<b>35,914,192</b>

\* Basic and diluted net profit per share attributable to the Company's shareholders is less than \$0.01

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

	<b>Three months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Online services.....	\$ 21,252	\$ 24,975
Print services.....	2,590	2,984
	<b>\$ 23,842</b>	<b>\$ 27,959</b>

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

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:

	<b>Three months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
Sales.....	\$ 7	\$ 68
Community and content.....	(59)	(41)
General and administrative.....	183	229
Information and technology.....	70	85
	<b>\$ 201</b>	<b>\$ 341</b>

Note: 3. General and administrative expenses consist of:

	<b>Three months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>
General and administrative expenses before amortization of intangible assets and foreign exchange losses.....	\$ 9,026	\$ 8,770
Amortization of intangible assets.....	3,461	776
Foreign exchange losses.....	1,641	246
	<b>\$ 14,128</b>	<b>\$ 9,792</b>

**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,	
	2014	2013
<b>IFRS EPS</b>	<b>\$ -</b>	<b>\$ 0.16</b>
IFRS Net Profit	\$ 145	\$ 5,621
Non-cash stock based compensation expense (Note 1)	201	341
Amortization of intangibles (Note 2)	253	254
Profit on sale of property	-	(4,457)
<b>Non-IFRS Net Profit</b>	<b>\$ 599</b>	<b>\$ 1,759</b>
<b>Non-IFRS diluted net profit per share</b>	<b>\$ 0.02</b>	<b>\$ 0.05</b>
Total shares used in non-IFRS diluted net profit per share calculations	36,174,507	35,914,192

**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,	
	2014	2013
IFRS profit from operations	\$ 858	\$ 5,029
Depreciation and amortization	4,846	2,270
<b>EBITDA</b>	<b>5,704</b>	<b>7,299</b>
Non-cash stock based compensation expense	201	341
Profit on sale of property	-	(4,457)
<b>Adjusted EBITDA</b>	<b>\$ 5,905</b>	<b>\$ 3,183</b>



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

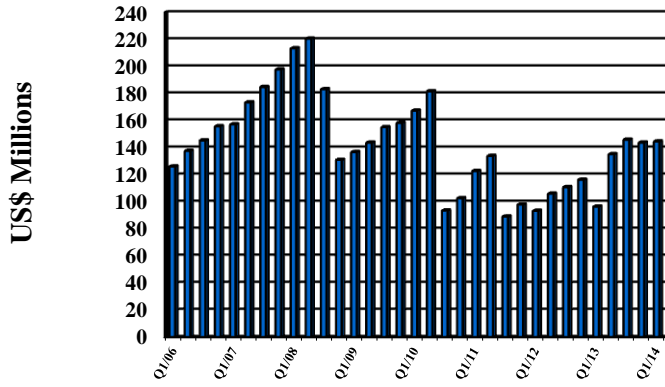
	GUIDANCE		ACTUAL	
	Six months ended June 30, 2014		Six months ended June 30, 2013	
Revenue	\$88.0	to	\$90.0	\$92.7
IFRS EPS	\$0.14	to	\$0.18	\$0.62
Non-cash stock based compensation expense (Note 1)	\$0.03		\$0.03	\$0.03
Amortization of intangibles (Note 2)	\$0.01		\$0.01	\$0.01
Impairment of goodwill and intangibles	-		-	\$0.07
Profit on sale of property, net of transaction costs & related tax expenses	-		-	(\$0.36)
<b>Non-IFRS diluted net income per share</b>	<b>\$0.18</b>	to	<b>\$0.22</b>	<b>\$0.37</b>
Total shares used in non-IFRS diluted net income per share calculations	36,400,000		36,400,000	36,048,346

**Notes:**

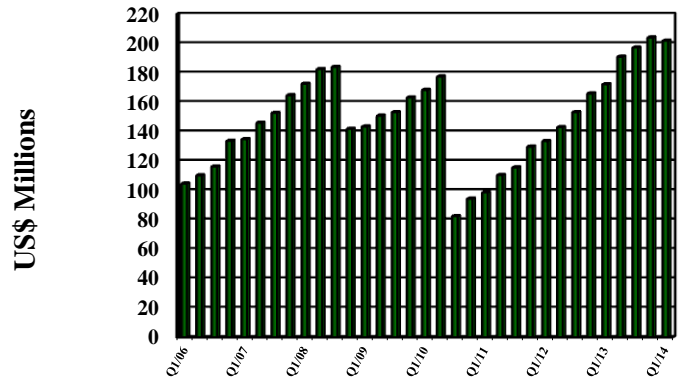
- (1) Actual SBC is calculated based on actual share price on date of the awards.  
(2) Amortization of intangible assets relating to certain non-compete agreements.

## GLOBAL SOURCES LTD. AND SUBSIDIARIES

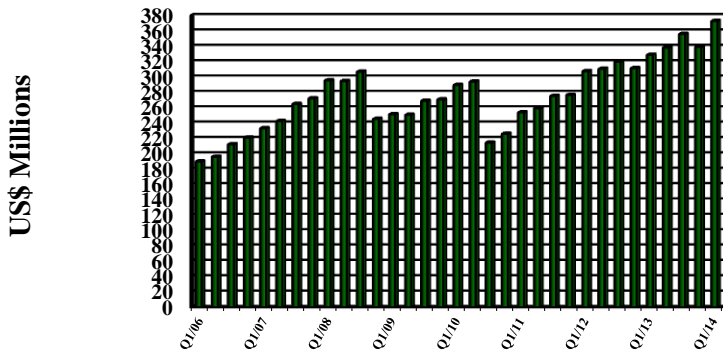
### Total Cash and Securities



### Total Shareholders' Equity



### Total Assets



### Total Deferred Income Customer Prepayments

