

## FOR IMMEDIATE RELEASE

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## Global Sources reports second quarter 2012 results

- Reported revenue of \$66.8 million -

- Posted IFRS EPS of \$0.27 and Non-IFRS EPS of \$0.31 -

- Provides guidance for the second half of 2012 -

**NEW YORK, August 23, 2012** – [Global Sources Ltd.](http://Global Sources Ltd.) (NASDAQ: GSOL) reported financial results for the second quarter ended June 30, 2012.

Global Sources' executive chairman, Merle A. Hinrichs, said: "As we anticipated, our second quarter revenue was impacted by the slowdown in mainland China's exports. Consumer demand from the large markets of Western Europe and the United States is likely to remain soft in the near term and this is expected to continue impacting our core business. However, we are also continuing to develop our business in the mainland China domestic market, where for example, our recently completed *SZIC* fashion show in Shenzhen had strong attendance and booth sales.

"Although the business outlook is very uncertain, we have a highly experienced management team that remains focused on steadily enhancing our competitive position, while maintaining our strong balance sheet."

### **Financial highlights – Second quarter: 2012 compared to 2011**

- Revenue was \$66.8 million, as compared to \$66.5 million.
  - \* Online revenue was \$30.0 million, as compared to \$29.9 million.

- \* Exhibitions revenue was \$30.5 million, as compared to \$29.1 million.
- \* Print revenue was \$4.4 million, as compared to \$6.1 million.
- IFRS net income was \$9.7 million, or \$0.27 per diluted share, as compared to second quarter 2011 IFRS net income of \$10.1 million, or \$0.28 per diluted share.
- Non-IFRS net income was \$11.0 million, or \$0.31 per diluted share, as compared to \$11.1 million, or \$0.31 per diluted share, for the second quarter of 2011.
- Adjusted EBITDA was \$12.8 million, as compared to \$12.9 million for the second quarter of 2011.
- Total deferred income and customer prepayments were \$121.3 million as at June 30, 2012, as compared to \$116.6 million as at June 30, 2011.

**Financial highlights – Six Months Ended June 30: 2012 compared to 2011 – in accordance with IFRS**

- Revenue was \$105.7 million, as compared to \$104.1 million.
- IFRS net income was \$12.8 million, or \$0.36 per diluted share, as compared to \$13.6 million, or \$0.38 per diluted share.
- Non-IFRS net income was \$14.6 million, or \$0.41 per diluted share, as compared to \$15.2 million, or \$0.43 per diluted share, for the six months ended June 30, 2011.
- Adjusted EBITDA was \$18.2 million, as compared to \$18.4 million for the six months ended June 30, 2011.

Global Sources' CFO, Connie Lai, said: "Our balance sheet remains very strong. The cash and securities position at June 30, 2012 was \$106.0 million, as compared to \$93.3 million at the end of March 2012, and we have no debt.

"Our second half guidance reflects two positive seasonal impacts in the third quarter. We will recognize revenue and earnings from our *SZIC* show, which was held in early July, and was not included in the 2011 results. Our guidance also reflects the first *China Sourcing Fairs* in Sao Paulo, Brazil, which just concluded a few days ago.

"For the second half of 2012, we expect the revenue mix to range between 45% and 46% for online, 44% and 45% for exhibitions, 6% and 7% for print, and approximately 3% for miscellaneous. In comparison, the revenue mix for the second half of 2011 was

approximately 50% for online, 37% for exhibitions, 11% for print, and 2% for miscellaneous.”

### **Financial expectations for the second half of 2012 under IFRS**

- For the second half of 2012 ending December 31, 2012:
  - \* Revenue is expected to be in the range of \$120.0 million to \$122.0 million, as compared to \$121.0 million for the second half of 2011.
  - \* IFRS EPS is expected to be in the range of \$0.38 to \$0.42, as compared to \$0.45 per diluted share in the second half of 2011. SBC and the amortization of intangibles as it relates to certain equity compensation plans and impairment of goodwill and intangibles are estimated to be an expense of \$0.07 per diluted share for the second half of 2012.
  - \* Non-IFRS EPS is expected to be in the range of \$0.45 to \$0.49, as compared to \$0.52 per diluted share for the same period in 2011.
  - \* Adjusted EBITDA is expected to be in the range of \$23.8 million to \$25.3 million, as compared to \$23.5 million in the second half of 2011.

### **Recent Corporate Highlights**

- The inaugural *China Sourcing Fairs* in Sao Paulo, Brazil were launched in August. The *Fairs* were the largest expositions of mainland China-made products in Brazil, featuring 500 booths. Total attendance exceeded 5,400 and included buyers from 23 countries. The *Fairs* are managed by Milton Exhibits under license from Global Sources.
- Held the *SZIC* fashion show in Shenzhen in July featuring more than 3,500 booths. The *Fair* is one of the largest fashion shows in Asia.
- Held the 2<sup>nd</sup> *China Sourcing Fairs* in Miami in July for buyers in the U.S.A. and Latin America, featuring over 650 booths. Total attendance exceeded 6,000 and included buyers from 60 countries and territories.
- Held *Global Sourcing Fair: Electronics & Components* in Shanghai in June, featuring about 600 booths. Buyers who attended included leading international and mainland China domestic brands such as 3M, Amazon, BYD, Canon, Carrefour, Dangdang, eBay, Foxconn Technology, Huawei, Philips, SCUD, Sony and Target.

- Held the 6<sup>th</sup> *China Sourcing Fairs* in Dubai in May, featuring over 800 booths. Total attendance exceeded 12,000 and included buyers from more than 146 countries.
- Held its spring series of trade shows in Hong Kong in April 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.
- *Private Sourcing Events* were held from April through July for more than 75 sourcing teams from very large buying organizations including Amazon.com, Dollar General, Future Group, Gloria Jeans, Kingfisher, Liverpool, MGB Metro Group, and WH Smith. These events created over 390 high quality, one-on-one selling opportunities for Global Sources suppliers.

### **Conference call for Global Sources second 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 August 23, 2012 (8:00 p.m. on August 23, 2012 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (877) 941-1427, 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 4553190 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 August 30, 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 4553190. For those in the Hong Kong area, the replay dial-in number is (852) 3056-2777, and the pass code is 4553190.

### **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 90 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 30 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 June 30,</u> <u>2012</u> <u>(Unaudited)</u>	<u>As at December 31,</u> <u>2011</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents.....	\$ 98,696	\$ 81,903
Term deposits with banks.....	2,043	2,764
Financial assets, available-for-sale.....	5,255	13,250
Accounts receivables.....	4,362	4,711
Receivables from sales representatives.....	9,068	6,523
Inventories.....	263	230
Prepaid expenses and other current assets.....	22,759	20,895
	<b>142,446</b>	<b>130,276</b>
<b>Non-current assets</b>		
Property and equipment.....	54,352	55,761
Investment properties.....	74,085	75,370
Intangible assets.....	36,040	11,946
Long term investment.....	100	100
Deferred income tax assets.....	307	325
Other non-current assets.....	2,854	2,552
	<b>167,738</b>	<b>146,054</b>
<b>Total assets.....</b>	<b>\$ 310,184</b>	<b>\$ 276,330</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable.....	\$ 10,994	\$ 7,698
Deferred income and customer prepayments.....	112,199	101,841
Accrued liabilities.....	16,645	17,723
Income tax liabilities.....	858	714
	<b>140,696</b>	<b>127,976</b>
<b>Non-current liabilities</b>		
Deferred income and customer prepayments.....	9,129	8,290
Deferred income tax liabilities.....	4,906	1,510
	<b>14,035</b>	<b>9,800</b>
<b>Total liabilities.....</b>	<b>154,731</b>	<b>137,776</b>
<b>Equity attributable to Company's shareholders</b>		
Common shares.....	520	518
Treasury shares.....	(150,089)	(150,089)
Other reserves.....	153,097	152,591
Retained earnings.....	139,477	126,653
<b>Total Company shareholders' equity.....</b>	<b>143,005</b>	<b>129,673</b>
Non-controlling interests.....	12,448	8,881
<b>Total equity.....</b>	<b>\$ 155,453</b>	<b>\$ 138,554</b>
<b>Total liabilities and equity.....</b>	<b>\$ 310,184</b>	<b>\$ 276,330</b>

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
<b>Revenue:</b>				
Online and other media services (Note 1).....	\$ 34,410	\$ 35,961	\$ 69,633	\$ 67,943
Exhibitions .....	30,507	29,111	32,724	33,492
Miscellaneous .....	1,861	1,470	3,338	2,643
	<b>\$ 66,778</b>	<b>\$ 66,542</b>	<b>\$ 105,695</b>	<b>\$ 104,078</b>
<b>Operating Expenses:</b>				
Sales (Note 2) .....	23,532	23,370	38,566	37,809
Event production.....	9,660	9,696	9,986	10,748
Community and content (Note 2).....	8,968	9,767	15,896	16,789
General and administrative (Note 2).....	11,404	10,381	21,578	18,624
Information and technology (Note 2).....	3,248	3,070	6,639	6,243
<b>Total Operating Expenses.....</b>	<b>\$ 56,812</b>	<b>\$ 56,284</b>	<b>\$ 92,665</b>	<b>\$ 90,213</b>
<b>Profit from Operations.....</b>	<b>\$ 9,966</b>	<b>\$ 10,258</b>	<b>\$ 13,030</b>	<b>\$ 13,865</b>
Interest income.....	246	68	432	116
Share of loss of associate.....	(10)	-	(24)	-
Impairment loss on investment in associate.....	(302)	-	(302)	-
<b>Profit before Income Taxes .....</b>	<b>\$ 9,900</b>	<b>\$ 10,326</b>	<b>\$ 13,136</b>	<b>\$ 13,981</b>
Income tax expense.....	(373)	(469)	(536)	(524)
<b>Net Profit .....</b>	<b>\$ 9,527</b>	<b>\$ 9,857</b>	<b>\$ 12,600</b>	<b>\$ 13,457</b>
Net profit attributable to non-controlling interests...	192	231	224	167
<b>Net profit attributable to the Company's shareholders.....</b>	<b>\$ 9,719</b>	<b>\$ 10,088</b>	<b>\$ 12,824</b>	<b>\$ 13,624</b>
<b>Diluted net profit per share attributable to the Company's shareholders.....</b>	<b>\$ 0.27</b>	<b>\$ 0.28</b>	<b>\$ 0.36</b>	<b>\$ 0.38</b>
<b>Shares used in diluted net profit per share calculations.....</b>	<b>35,853,512</b>	<b>35,508,534</b>	<b>35,716,189</b>	<b>35,424,395</b>

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

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Online services .....	\$ 30,045	\$ 29,863	\$ 60,922	\$ 57,102
Print services .....	4,365	6,098	8,711	10,841
	<b>\$ 34,410</b>	<b>\$ 35,961</b>	<b>\$ 69,633</b>	<b>\$ 67,943</b>

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 June 30,		Six months ended June 30,	
	2012	2011	2012	2011
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales .....	\$ 175	\$ 226	\$ 237	\$ 344
Community and content .....	51	90	16	117
General and administrative.....	470	473	735	619
Information and technology .....	64	64	136	143
	<b>\$ 760</b>	<b>\$ 853</b>	<b>\$ 1,124</b>	<b>\$ 1,223</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 June 30,		Six months ended June 30,	
	2012	2011	2012	2011
<b>IFRS EPS</b>	<b>\$ 0.27</b>	<b>\$ 0.28</b>	<b>\$ 0.36</b>	<b>\$ 0.38</b>
IFRS Net Profit	\$ 9,719	\$ 10,088	\$ 12,824	\$ 13,624
Non-cash stock based compensation expense (Note 1)	760	853	1,124	1,223
Amortization of intangibles (Note 2)	192	191	383	381
Impairment loss on investment in associate	302	-	302	-
<b>Non-IFRS Net Profit</b>	<b>\$ 10,973</b>	<b>\$ 11,132</b>	<b>\$ 14,633</b>	<b>\$ 15,228</b>
<b>Non-IFRS diluted net profit per share</b>	<b>\$ 0.31</b>	<b>\$ 0.31</b>	<b>\$ 0.41</b>	<b>\$ 0.43</b>
Total shares used in non-IFRS diluted net profit per share calculations	35,853,512	35,508,534	35,716,189	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**  
**ADJUSTED EBITDA RECONCILIATION**  
(In U.S. Dollars Thousands)

	Three months ended June 30,		Six months ended June 30,	
	2012	2011	2012	2011
IFRS profit from operations	\$ 9,966	\$ 10,258	\$ 13,030	\$ 13,865
Depreciation and amortization	2,089	1,816	4,053	3,337
<b>EBITDA</b>	<b>12,055</b>	<b>12,074</b>	<b>17,083</b>	<b>17,202</b>
Non-cash stock based compensation expense	760	853	1,124	1,223
<b>Adjusted EBITDA</b>	<b>\$ 12,815</b>	<b>\$ 12,927</b>	<b>\$ 18,207</b>	<b>\$ 18,425</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)

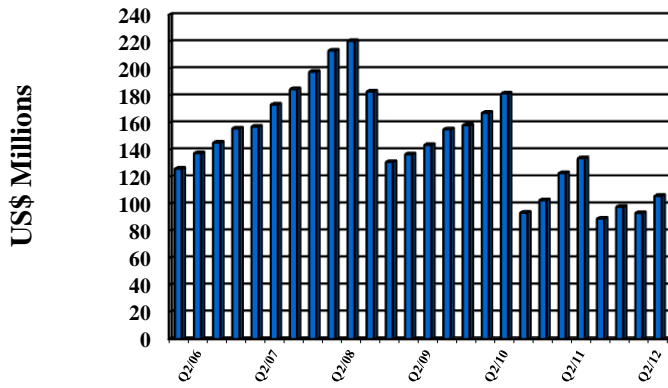
	<b>GUIDANCE</b>		<b>ACTUAL</b>
	Six months		Six months
	ended December 31,		ended December 31,
	2012		2011
Revenue	\$120.0	to	\$122.0
			\$121.0
IFRS EPS	\$0.38	to	\$0.42
			\$0.45
Non-cash stock based compensation expense (Note 1)	\$0.04		\$0.04
Amortization of intangibles (Note 2)	\$0.01		\$0.01
Impairment of goodwill and intangibles	\$0.02		\$0.02
<b>Non-IFRS diluted net income per share</b>	<b>\$0.45</b>	to	<b>\$0.49</b>
			<b>\$0.52</b>
Total shares used in non-IFRS diluted net income per share calculations	35,873,673		35,385,218

**Notes:**

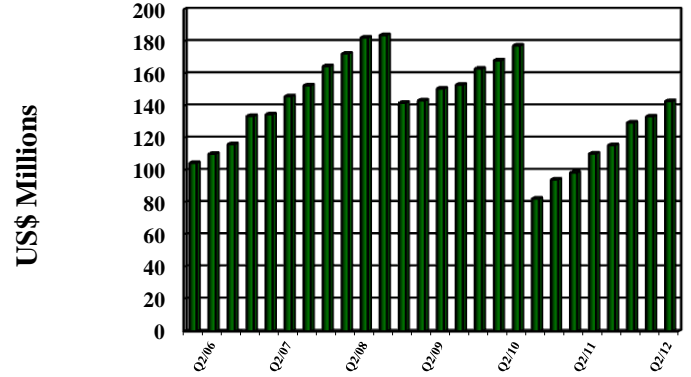
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- (2) Amortization of intangible assets relating to certain non-compete agreements.

## GLOBAL SOURCES LTD. AND SUBSIDIARIES

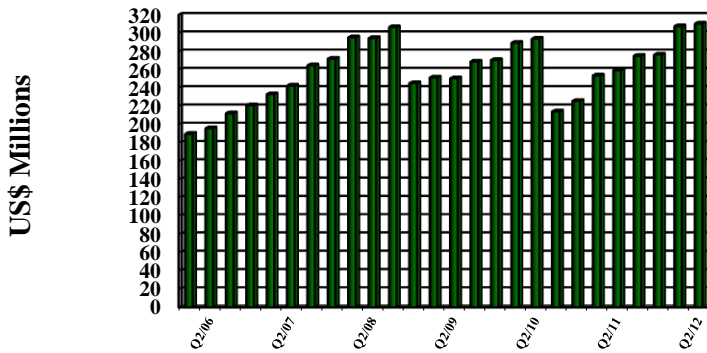
### Total Cash and Securities



### Total Shareholders' Equity



### Total Assets



### Total Deferred Income Customer Prepayments

