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Global Sources reports second quarter 2014 results

- Reported second quarter revenue of \$58.3 million –
- Posted IFRS EPS of \$0.20 and Non-IFRS EPS of \$0.27 –
- Provides guidance for second half of 2014 –

NEW YORK, Aug. 14, 2014 – [Global Sources Ltd.](http://www.globalsources.com) (NASDAQ: GSOL) reported financial results for the second quarter ended June 30, 2014.

Global Sources' executive chairman, Merle A. Hinrich, said: "In the second quarter, our export trade shows in Hong Kong performed very well and featured our largest-ever electronics series, including the inaugural *Mobile Electronics* show. Our fully integrated offering of online marketplaces and trade shows provides a broad multi-channel platform for cross border B2B trade. We are encouraged by the strength of our exhibition business as we continue to specialize and address the markets we believe offer the greatest opportunity for growth."

Financial highlights – Second quarter: 2014 compared to 2013

- Revenue was \$58.3 million, as compared to \$61.4 million.
 - Online revenue was \$20.8 million, as compared to \$22.7 million.
 - Exhibitions revenue was \$32.4 million, as compared to \$33.3 million.
 - Print revenue was \$3.0 million, as compared to \$3.5 million.
- IFRS net income was \$7.0 million, or \$0.20 per diluted share, as compared to second quarter 2013 IFRS net income of \$16.8 million, or \$0.46 per diluted share.
- Non-IFRS net income was \$9.4 million, or \$0.27 per diluted share, as compared to \$11.4 million, or \$0.32 per diluted share, for the second quarter of 2013.

- Adjusted EBITDA was \$11.8 million, as compared to \$13.2 million for the second quarter of 2013.
- Total deferred income and customer prepayments were \$99.0 million as at June 30, 2014, as compared to \$100.1 million as at June 30, 2013.

Financial highlights – Six Months Ended June 30: 2014 compared to 2013

- Revenue was \$92.8 million, as compared to \$92.7 million.
- IFRS net income was \$7.1 million, or \$0.20 per diluted share, as compared to \$22.4 million, or \$0.62 per diluted share.
- Non-IFRS net income was \$10.0 million, or \$0.28 per diluted share, as compared to \$13.2 million, or \$0.37 per diluted share, for the six months ended June 30, 2013.
- Adjusted EBITDA was \$17.7 million, as compared to \$16.3 million for the six months ended June 30, 2013.

Global Sources' CFO, Connie Lai, stated: "While our second quarter 2014 results reflect the strong performance of our electronics shows in Hong Kong, exhibition revenues were negatively impacted by the slower performance of our shows outside of Hong Kong. We also recorded a write down of approximately \$1.7 million in consideration of impairment charges net of related taxes related to the *China International Fashion Brand Fair – Shenzhen (FashionSZshow)*. In addition, we successfully completed a cash tender offer that resulted in a cash outflow of \$50.0 million. We continue to maintain a strong balance sheet with no short- or long-term debt."

Financial expectations for the second half of 2014 under IFRS

- For the second half of 2014 ending Dec. 31, 2014:
 - Revenue is expected to be in the range of \$102.0 million to \$104.0 million, as compared to \$104.8 million for the second half of 2013.
 - IFRS EPS is expected to be in the range of \$0.13 to \$0.17, as compared to \$0.29 per diluted share in the second half of 2013. SBC and the amortization of intangibles as it relates to certain equity compensation plans are estimated to be an expense of \$0.05 per diluted share for the second half of 2014.
 - Non-IFRS EPS is expected to be in the range of \$0.18 to \$0.22, as compared to \$0.47 per diluted share for the same period in 2013.
 - Adjusted EBITDA is expected to be between \$13.0 million and \$14.2 million, as compared to \$24.1 million in the second half of 2013.

“For the second half of 2014, we expect the revenue mix to range between 36% and 37% for online, 53% and 54% for exhibitions, 5% and 6% for print, and approximately 3% for miscellaneous. This compares to a second half 2013 revenue mix of approximately 42% for online, 49% for exhibitions, 6% for print and 3% for miscellaneous,” Lai concluded.

Recent Corporate Highlights

- The 14th China International Fashion Brand Fair – Shenzhen (*FashionSZshow*), the largest and most influential fashion exhibition in southern China, was held in Shenzhen in July.
- Completed its cash tender offer on June 6, 2014, purchasing a total of 5 million shares at \$10.00 per share.
- 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.
 - Launched the inaugural *Mobile Electronics* show during the *Electronics & Components* series.
- *Private Sourcing Events* were held from April through the end of July for 116 sourcing teams from very large buying organizations including AB InBev, Auchan, Coop Global Sourcing, Luxottica, Jockey, Kmart Australia, Monster Cable, Philips, etc. These events created more than 570 high-quality, one-on-one selling opportunities for Global Sources suppliers.

Conference call for Global Sources second 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 Aug. 14, 2014 (8:00 p.m. on Aug. 14, 2014 in Hong Kong) to review these results in more detail. Investors in the United States may participate in the call by dialing (888) 438-5525, and non-Hong Kong international participants may dial (1-719) 325-2469. Investors in Hong Kong may participate by dialing (852) 3008-0380. The conference ID is 7673309 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 Aug. 21, 2014. To listen to the telephone replay dial (888) 203-1112 or dial (1-719) 457-0820 outside the United States, and enter pass code 7673309. For those in the Hong Kong area, the replay dial-in number is (800) 901-108 and the pass code is 7673309.

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), 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 5 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 June 30, 2014 (Unaudited)	As at December 31, 2013
ASSETS		
Current assets		
Cash and cash equivalents.....	\$ 87,026	\$ 137,359
Term deposits with banks.....	4,100	106
Financial assets, available-for-sale.....	1,377	6,367
Accounts receivables, net.....	2,781	3,122
Receivables from sales representatives.....	8,579	10,630
Inventories.....	293	266
Prepaid expenses and other current assets.....	18,271	18,544
	122,427	176,394
Non-current assets		
Property and equipment.....	63,882	49,701
Investment properties.....	86,639	89,615
Intangible assets.....	38,546	21,423
Long term investment.....	100	100
Deferred income tax assets.....	38	98
Other non-current assets.....	1,592	1,766
	190,797	162,703
Total assets.....	\$ 313,224	\$ 339,097
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities		
Accounts payable.....	\$ 9,937	\$ 8,779
Deferred income and customer prepayments.....	93,540	84,704
Accrued liabilities.....	19,467	19,166
Income tax liabilities.....	4,221	2,635
	127,165	115,284
Non-current liabilities		
Accounts payable.....	864	-
Deferred income and customer prepayments.....	5,467	5,660
Deferred income tax liabilities.....	6,389	4,591
	12,720	10,251
Total liabilities.....	139,885	125,535
Equity attributable to Company's shareholders		
Common shares.....	528	525
Treasury shares.....	(200,089)	(150,089)
Other reserves.....	160,521	161,950
Retained earnings.....	198,726	191,594
Total Company shareholders' equity.....	159,686	203,980
Non-controlling interests.....	13,653	9,582
Total equity.....	\$ 173,339	\$ 213,562
Total liabilities and equity.....	\$ 313,224	\$ 339,097

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,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Online and other media services (Note 1).....	\$ 23,864	\$ 26,217	\$ 47,706	\$ 54,176
Exhibitions	32,412	33,274	41,272	34,775
Miscellaneous	2,061	1,948	3,829	3,740
	58,337	61,439	92,807	92,691
Operating Expenses:				
Sales (Note 2)	19,244	19,272	28,290	30,265
Event production.....	9,015	10,254	10,819	10,650
Community and content (Note 2).....	6,955	7,547	12,398	13,732
General and administrative (Note 2 & 3).....	13,825	13,364	27,953	23,156
Information and technology (Note 2).....	3,095	3,161	6,286	6,475
Total Operating Expenses.....	52,134	53,598	85,746	84,278
Profit on sale of property	-	10,953	-	15,410
Profit from Operations.....	6,203	18,794	7,061	23,823
Interest income.....	333	347	750	621
Gain on sale of available-for-sale securities	-	-	10	-
Interest expenses	(45)	-	(92)	-
Profit before Income Taxes	6,491	19,141	7,729	24,444
Income tax expense.....	(411)	(2,643)	(766)	(2,669)
Net Profit	\$ 6,080	\$ 16,498	\$ 6,963	\$ 21,775
Net (profit) / loss attributable to non-controlling interests..	907	276	169	620
Net profit attributable to the Company's shareholders	\$ 6,987	\$ 16,774	\$ 7,132	\$ 22,395
Diluted net profit per share attributable to the Company's shareholders	\$ 0.20	\$ 0.46	\$ 0.20	\$ 0.62
Shares used in diluted net profit per share calculations	35,183,171	36,200,567	35,672,551	36,048,346

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Online services	\$ 20,844	\$ 22,689	\$ 42,096	\$ 47,664
Print services	3,020	3,528	5,610	6,512
	\$ 23,864	\$ 26,217	\$ 47,706	\$ 54,176

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,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales	\$ 139	\$ 159	\$ 146	\$ 227
Community and content	27	25	(32)	(16)
General and administrative.....	347	374	530	603
Information and technology	50	54	120	139
	\$ 563	\$ 612	\$ 764	\$ 953

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

Note: 3. General and administrative expenses consist of:

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
General and administrative expenses before amortization of intangible assets, impairment charge on intangible assets and foreign exchange losses (gains)	\$ 10,241	\$ 10,818	\$ 19,267	\$ 19,590
Amortization of intangible assets	1,510	694	4,971	1,470
Impairment charge on intangible assets	2,238	2,531	2,238	2,531
Foreign exchange losses (gains).....	(164)	(679)	1,477	(435)
	\$ 13,825	\$ 13,364	\$ 27,953	\$ 23,156

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,	
	2014	2013	2014	2013
IFRS EPS	\$ 0.20	\$ 0.46	\$ 0.20	\$ 0.62
IFRS Net Profit	\$ 6,987	\$ 16,774	\$ 7,132	\$ 22,395
Non-cash stock based compensation expense (Note 1)	563	612	764	953
Amortization of intangibles (Note 2)	151	172	404	426
Impairment of goodwill and intangibles (Note 3)	1,678	2,531	1,678	2,531
Profit on sale of property, net of transaction costs & related tax expenses	-	(8,667)	-	(13,124)
Non-IFRS Net Profit	\$ 9,379	\$ 11,422	\$ 9,978	\$ 13,181
Non-IFRS diluted net profit per share	\$ 0.27	\$ 0.32	\$ 0.28	\$ 0.37
Total shares used in non-IFRS diluted net profit per share calculations	35,183,171	36,200,567	35,672,551	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.
- (3) Impairment of intangibles are net of related taxes.

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

	Three months ended June 30,		Six months ended June 30,	
	2014	2013	2014	2013
IFRS profit from operations	\$ 6,203	\$ 18,794	\$ 7,061	\$ 23,823
Depreciation and amortization	2,819	2,179	7,665	4,449
EBITDA	9,022	20,973	14,726	28,272
Non-cash stock based compensation expense	563	612	764	953
Impairment of goodwill and intangibles	2,238	2,531	2,238	2,531
Profit on sale of property, net of transaction costs	-	(10,953)	-	(15,410)
Adjusted EBITDA	\$ 11,823	\$ 13,163	\$ 17,728	\$ 16,346

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

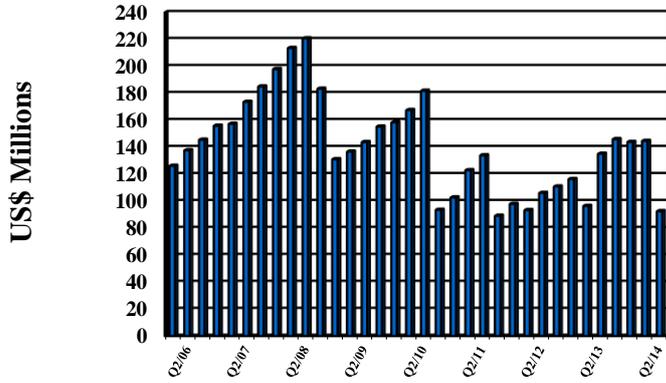
	GUIDANCE		ACTUAL
	Six months ended December 31, 2014		Six months ended December 31, 2013
Revenue	\$102.0	to	\$104.0
			\$104.8
IFRS EPS	\$0.13	to	\$0.17
			\$0.29
Non-cash stock based compensation expense (Note 1)	\$0.04		\$0.04
Amortization of intangibles (Note 2)	\$0.01		\$0.01
Impairment of goodwill and intangibles	-		\$0.14
Non-IFRS diluted net income per share	\$0.18	to	\$0.22
			\$0.47
Total shares used in non-IFRS diluted net income per share calculations	31,600,000		31,600,000
			36,181,032

Notes:

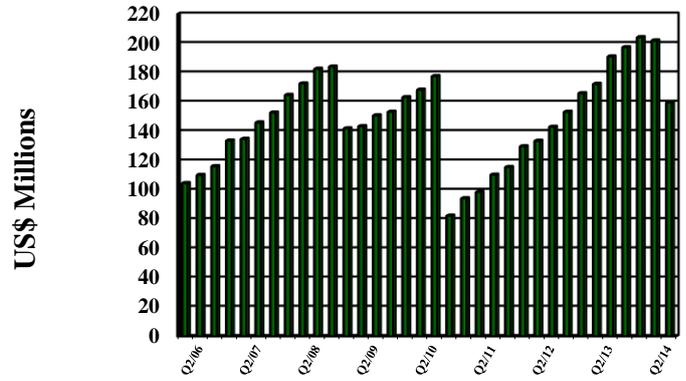
- (1) Actual SBC is calculated based on actual share price on date of the awards.
(2) Amortization of intangible assets relating to certain non-compete agreements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES

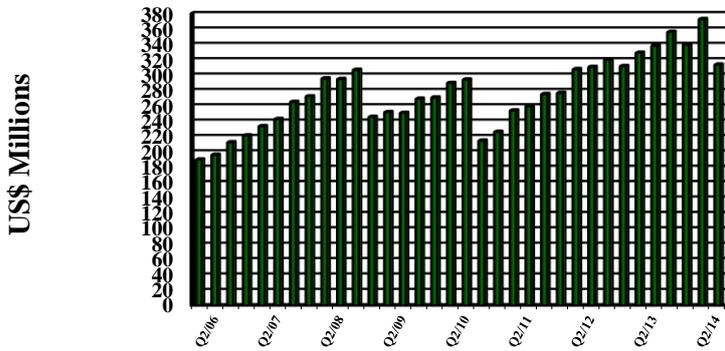
Total Cash and Securities



Total Shareholders' Equity



Total Assets



Total Deferred Income Customer Prepayments

