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Global Sources reports third quarter 2010 results

-Grew revenue by 29% to \$39.4 million, as compared to the same period a year ago, driven by exhibition revenue growth-

-Posted GAAP EPS of \$0.06 and Non-GAAP EPS of \$0.08-

-Increased revenue growth expectations for second half of 2010 to be between 16% and 17% -

NEW YORK, November 11, 2010 – Global Sources Ltd. (NASDAQ: GSOL)

(http://www.globalsources.com) reported financial results for the third quarter ended September 30, 2010.

Global Sources' chairman and CEO, Merle A. Hinrichs, said: "We delivered a solid third quarter, increasing revenue by 29% from the same period last year. Our performance was driven by two shows that were new to the quarter and by a healthy rebound in our online business.

"Online revenue grew by 19%, reflecting our initiatives to further integrate our multi-channel offering and add digital value to our magazines and trade shows. For example, our online and magazine advertisers now have a trade show presence through our digital product displays, we now provide digital magazines for each of our export verticals and our trade show exhibitors can have an online presence. As we continue to extend the integration and functionality of each of our media, our key objectives are to boost market adoption and cross-selling."

Financial highlights – Third quarter: 2010 compared to 2009

- Revenue was \$39.4 million, as compared to \$30.6 million.
 - * Online revenue was \$24.8 million, as compared to \$20.9 million.
 - * Exhibitions revenue was \$7.7 million, as compared to \$901,000.
 - * Print revenue was \$5.7 million, as compared to \$7.9 million.
 - * Revenue from mainland China was \$30.6 million, as compared to \$21.8 million.
- GAAP net income, including a non-cash stock based compensation (SBC) expense of \$722,000, and amortization of intangibles as it relates to certain equity compensation plans of \$154,000, was \$2.3 million, or \$0.06 per diluted share, as compared to third quarter 2009 GAAP net income of \$1.2 million, or \$0.03 per diluted share, which included a non-cash SBC expense of \$940,000.
- Non-GAAP net income was \$3.2 million, or \$0.08 per diluted share, as compared to \$2.1 million, or \$0.05 per diluted share, for the third quarter of 2009.
- Adjusted EBITDA was \$6.0 million, as compared to \$3.4 million for the third quarter of 2009.
- Total deferred income and customer prepayments were \$100.5 million as at September 30, 2010, as compared to \$89.3 million as at September 30, 2009.

Financial highlights – Nine Months Ended September 30th: 2010 compared to 2009

- Revenue was \$131.8 million, as compared to \$119.6 million.
- GAAP net income was \$12.1 million, or \$0.28 per diluted share, which included a non-cash SBC expense of \$2.5 million, and amortization of intangibles as it relates to certain equity compensation plans of \$371,000, as compared to \$7.5 million, or \$0.16 per diluted share, which included a non-cash SBC expense of \$3.2 million.
- Non-GAAP net income was \$15.0 million, or \$0.34 per diluted share, as compared to \$10.7 million, or \$0.23 per diluted share, for the nine months ended September 30, 2009.
- Adjusted EBITDA was \$21.2 million, as compared to \$15.6 million for the nine months ended September 30, 2009.

Global Sources' non-GAAP metrics

Management believes non-GAAP metrics are useful measures of operations and provides GAAP to non-GAAP reconciliation tables at the end of this press release. Global Sources defines non-GAAP 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-GAAP metrics. Non-GAAP EPS is defined as non-GAAP net income divided by the weighted average of diluted common shares outstanding. Adjusted

EBITDA is defined at earnings before interest, taxes, depreciation, amortization, stock-based compensation and impairment of goodwill and intangible assets.

Global Sources' CFO, Connie Lai, said: "A meaningful portion of the 29% revenue growth was from two shows that did not occur in last year's third quarter. This was the first time we recognized revenue for the *China International Optoelectronic Expo (CIOE)* in which we acquired an interest in December 2009, and we also recognized revenue for the *China Sourcing Fairs* in Mumbai which were held in the fourth quarter of last year.

"We are increasing our second half 2010 revenue and earnings guidance. In the fourth quarter, we expect online revenue to grow the fastest, exhibitions to achieve healthy growth and print to decline. For the second half of 2010, the company expects the revenue mix to range between 48% and 50% for online, 36% and 38% for exhibitions, 11% and 13% for print, and approximately 2% for miscellaneous. This compares to the mix for the second half of 2009, which was approximately 48% for online, 31% for exhibitions, 18% for print, and 3% for miscellaneous."

Financial expectations for the second half of 2010

- For the second half of 2010 ending Dec. 31, 2010:
 - * Revenue is now expected to be in the range of \$99.0 million to \$100.0 million, representing an increase of 16% to 17%, as compared to \$85.5 million for the second half of 2009.
 - * GAAP EPS is expected to be in the range of \$0.28 to \$0.30, as compared to \$0.21 per diluted share in the second half of 2009. Using the stock price of \$7.63 on Oct. 28, 2010, SBC and the amortization of intangibles as it relates to certain equity compensation plans are estimated to be an expense of \$0.03 per diluted share for the three months ended Dec. 31 2010.
 - * Non-GAAP EPS is expected to be in the range of \$0.33 to \$0.35, as compared to \$0.23 per diluted share for the same period in 2009.
 - * Adjusted EBITDA is expected to be \$16.2 million, as compared to \$13.1 million in the second half of 2009.

Recent Corporate Highlights

• Launched new verticals for *Solar & Energy Saving Products, Medical Products & Supplies* and *In-Car Electronics & GPS*. Each vertical is supported by an online marketplace, e-magazine, and print magazine for the trade shows, and *China Sourcing Fairs* are scheduled for the solar and medical categories next spring in Hong Kong.

- Held three trade shows in September.
 - * The 12th *China International Optoelectronic Expo* was held in Shenzhen. Co-located with the 15th *IIC-China Conference & Exhibition* Fall edition, it featured more than 2,300 exhibitors.
 - * In Mumbai, *China Sourcing Fairs* were held for six categories and featured almost 700 booths.
- In October in Hong Kong, eight *China Sourcing Fairs*, two *India Sourcing Fairs* and one *Korea Sourcing Fair* were held, featuring over 6,900 booths.
- Announced the planned launch of five China Sourcing Fairs in Miami in July 2011, which will
 enable Asian exporters to meet face-to-face with American, Canadian, and Latin American buyers.
- Private Sourcing Events were held from July 1st through the end of October, 2010 for more than 118 sourcing teams from very large buying organizations including Carrefour, Hermes-Otto International, Kmart Australia, Metro, Office Depot, QVC, Sears, Staples, and Woolworths Australia. These events created more than 490 high quality, one-on-one selling opportunities for Global Sources suppliers.

Conference call for Global Sources third quarter 2010 earnings

Chairman and CEO Merle A. Hinrichs and CFO Connie Lai are scheduled to conduct a conference call at 8:00 a.m. ET on November 11, 2010 (9:00 p.m. on November 11, 2010 in Hong Kong) to review these results in more detail. To participate, please call at least 10 minutes in advance to ensure all callers are placed into the call at the start time. Investors in the United States may participate by dialing (877) 941-2069, and international participants may dial (1-480) 629-9713. Investors in Hong Kong are required to provide the conference ID 4377068; are encouraged to dial into the call 10 to 15 minutes prior to the call to prevent delay in joining; and may participate by dialing (852) 3009-5027. 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 at least 30 days. A telephone replay of the call is also scheduled to be available through November 18, 2010. To listen to the telephone replay, please dial (800) 406-7325, or (1-303) 590-3030 outside the United States, and enter pass code 4377068. For those in the Hong Kong area, the replay dial-in number is (852) 3056-2777, and the pass code is 4377068.

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 uses English-language media to facilitate trade from Greater China to the world. The other business segment utilizes Chinese-language media to enable companies to sell to, and within Greater China.

The company provides sourcing information to volume buyers and integrated marketing services to suppliers. It helps a community of over 967,000 active buyers source more profitably from complex overseas supply markets. With the goal of providing the most effective ways possible to advertise, market and sell, Global Sources enables suppliers to sell to hard-to-reach buyers in over 240 countries.

The company offers the most extensive range of media and export marketing services in the industries it serves. It delivers information on over 4.7 million products and more than 262,000 suppliers annually through 14 online marketplaces, 13 monthly print and 18 digital magazines, over 80 sourcing research reports and 20 specialized trade shows which run 57 times a year across 9 cities.

Suppliers receive more than 192 million sales leads annually from buyers through Global Sources Online (http://www.globalsources.com) alone.

Global Sources has been facilitating global trade for 40 years. Global Sources' network covers more than 60 cities worldwide. In mainland China, Global Sources has about 2,700 team members in more than 40 locations, and a community of over 2 million registered online users and magazine readers for its Chinese-language media.

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)

	Sep	At stember 30	De	At December 31		
		2010		2009		
	(U :	naudited)				
<u>ASSETS</u>						
Current Assets:						
Cash and cash equivalents	\$	85,292	\$	91,553		
Term deposits with banks		1,467		60,357		
Available-for-sale securities		6,763		6,423		
Accounts receivable, net		4,646		3,438		
Receivables from sales representatives		6,511		5,607		
Inventory		425		600		
Prepaid expenses and other current assets		19,805		13,603		
Deferred tax assets		96		13		
Total Current Assets		125,005		181,594		
Property and equipment, net		76,305		77,815		
Goodwill		2,497				
		7.572		8,770		
Intangible assets, net		100		· · · · · · · · · · · · · · · · · · ·		
Long term investments				100		
Deferred tax assets		445		446		
Other noncurrent assets.		2,967		1,667		
Total Assets	\$	214,891	\$	270,392		
LIABILITIES AND SHAREHOLDERS' EQUITY Current Liabilities: Accounts payable	\$	8,528	\$	10,901		
Deferred income and customer prepayments	Ψ	95,721	Ψ	73,841		
Accrued liabilities		14,892		11,585		
				435		
Income taxes payable	-	880				
Total Current Liabilities		120,021		96,762		
Deferred income and customer prepayments		4,819		2,516		
Deferred tax liability		1,432		141		
Total Liabilities	-	126,272		99,419		
Shareholders' equity:						
Common shares, US\$0.01 par value; 75,000,000 shares authorized;						
51,565,725 (2009: 51,427,642) shares issued and 33,569,725 (2009: 44,552,642) outstanding		516		514		
Additional paid in capital		142,038		138,468		
Treasury shares, at cost – 17,996,000 (2009: 6,875,000) shares		(150,089)		(50,000)		
Retained earnings.		83,490		71,369		
Accumulated other comprehensive income	-	4,363		2,859		
Total Company Shareholders' Equity	-	80,318		163,210		
Non-controlling interests.		8,301		7,763		
Total Equity	\$	88,619	\$	170,973		
Total Liabilities and Equity	\$	214,891	\$	270,392		

GLOBAL SOURCES LTD. AND SUBSIDIARIES CONSOLIDATED STATEMENTS OF INCOME

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	Three months ended September 30,				Nine months ended September 30,			
	2010 2009		2010		2009			
	(U	naudited)	(U	naudited)	J)	naudited)	(U	naudited)
Revenue:								
Online and other media services (Note 1)	\$	30,541	\$	28,780	\$	88,641	\$	87,431
Exhibitions		7,674		901		39,554		29,372
Miscellaneous		1,202		931		3,597		2,817
		39,417		30,612		131,792		119,620
Operating Expenses:								
Sales (Note 2)		15,492		12,087		48,840		45,820
Event production		2,635		319		13,576		10,032
Community (Note 2)		4,069		4,796		15,533		17,885
General and administrative (Note 2)		11,810		11,057		35,201		33,975
Online services development (Note 2)		1,440		1,408		4,078		4,172
Amortization of intangibles and software costs		492		26		1,079		106
Total Operating Expenses		35,938		29,693		118,307		111,990
Income from Operations		3,479		919		13,485		7,630
Interest and dividend income		66		312		425		725
Foreign exchange gains (losses), net		(14)		85		(26)		58
Income before Income Taxes	\$	3,531	\$	1,316	\$	13,884	\$	8,413
Income Tax Expense		(407)		(96)		(636)		(270)
Net Income	\$	3,124	\$	1,220	\$	13,248	\$	8,143
Net income attributable to non-controlling interests		(842)		(35)	-	(1,127)	1	(669)
Net Income Attributable to the Company	\$	2,282	\$	1,185	\$	12,121	\$	7,474
Diluted net income per share attributable to the Company's shareholders	\$	0.06	\$	0.03	\$	0.28	\$	0.16
Shares used in diluted net income per share								
calculations	39	,873,952	4	5,877,214	4	14,010,618	4	5,759,320
Note: 1. Online and other media services consists of:	Three months ended September 30,		Nine montl Septemb					
		2010	2009		2010		2009	
	(\mathbf{U})	naudited)	(Unaudited) (Unaudit		naudited)	(Unaudited)		
Online services	\$	24,811	\$	20,904	\$	68,985	\$	64,928
Print services.		5,730		7,876		19,656		22,503
	\$	30,541	\$	28,780	\$	88,641	\$	87,431

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

	Three months ended September 30,				Nine months ended September 30,			
	(Unaudited)		2010 2009		(Unaudited)		(Unaudited)	
			(Unaudited)					
Sales	\$	163	\$	213	\$	675	\$	1,053
Community		60		155		221		304
General and administrative		431		493		1,354		1,569
Online services development		68		79		222		255
-	\$	722	\$	940	\$	2,472	\$	3,181

GLOBAL SOURCES LTD. AND SUBSIDIARIES ACTUAL GAAP to NON-GAAP RECONCILIATION

(In U.S. Dollars Thousands, Except Number of Shares and Per Share Data)

	7	Three months en 2010	ded Septen	nber 30, 2009	Ni	ne months end 2010	led September 30, 2009	
GAAP EPS	\$	0.06	\$	0.03	\$	0.28	\$	0.16
GAAP Net Income	\$	2,282	\$	1,185	\$	12,121	\$	7,474
Non-cash stock based compensation expense (Note 1)		722		940		2,472		3,181
Amortization of intangibles (Note 2)		154		-		371		-
Non-GAAP Net Income	\$	3,158	\$	2,125	\$	14,964	\$	10,655
Non-GAAP diluted net income per share	\$	0.08	\$	0.05	\$	0.34	\$	0.23
Total shares used in non-GAAP diluted net income per share calculations		39,873,952		45,877,214		14,010,618	4	5,759,320

Notes

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

	Three months ended September 30, 2010 2009		Ni	ne months end 2010	ded September 30, 2009		
US GAAP Income from operations	\$	3,479	\$ 919	\$	13,485	\$	7,630
Depreciation and amortization		1,840	1,557		5,197		4,764
EBITDA		5,319	2,476		18,682		12,394
Non-cash stock based compensation expense		722	940		2,472		3,181
Adjusted EBITDA	\$	6,041	\$ 3,416	\$	21,154	\$	15,575

⁽¹⁾ Actual SBC is calculated based on actual share price on date of the awards for employees and revaluation based on the share price of the last day of the quarter for consultants.

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

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

	Six	GUIDANCE Six months ended December 31, 2010				
Revenue	\$99.0	to	\$100.0	\$85.5		
GAAP EPS	\$0.28	to	\$0.30	\$0.21		
Non-cash stock based compensation expense (Note 1)	\$0.04		\$0.04	(\$0.01)		
Amortization of intangibles (Note 2)	\$0.01		\$0.01	\$0.03		
Non-GAAP diluted net income per share	\$0.33	to	\$0.35	\$0.23		
Total shares used in non-GAAP diluted net income per share calculations	37,460,493	. <u></u>	37,460,493	45,893,215		

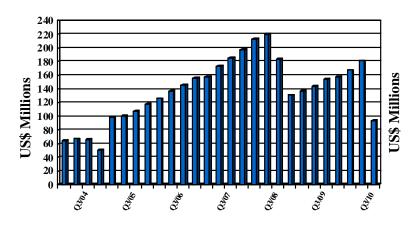
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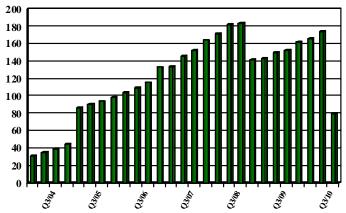
- (1) Actual SBC is calculated based on actual share price on date of the awards for employees and revaluation based on the share price of the last day of the quarter for consultants.
- (2) Amortization of intangible assets relating to certain non-compete agreements.

GLOBAL SOURCES LTD. AND SUBSIDIARIES

Total Cash and Securities

Securities Total Shareholders' Equity





Total Assets

Total Deferred Income Customer Prepayments

