

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

	At December 31 2007	At December 31 2006
	(Unaudited)	
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 197,825	\$ 135,093
Available-for-sale securities.....	-	20,702
Accounts receivable, net.....	6,665	6,468
Receivables from sales representatives.....	12,303	13,238
Inventory	1,108	889
Prepaid expenses and other current assets.....	15,333	14,174
Deferred tax assets.....	46	-
Total Current Assets.....	233,280	190,564
Property and equipment, net.....	35,352	28,374
Long term investments.....	100	100
Bonds held to maturity, at amortized cost	99	289
Deferred tax assets – long term.....	196	-
Other assets.....	2,781	1,562
Total Assets.....	\$ 271,808	\$ 220,889
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable.....	\$ 5,577	\$ 6,804
Deferred income and customer prepayments.....	78,141	62,036
Accrued liabilities.....	12,546	12,427
Income taxes payable.....	694	751
Total Current Liabilities.....	96,958	82,018
Liabilities for incentive and bonus plans.....	-	102
Deferred income and customer prepayments – long term.....	4,934	1,802
Deferred tax liability	283	403
Total Liabilities.....	102,175	84,325
Minority interest	4,940	2,913
Shareholders' equity:		
Common shares, US\$0.01 par value; 75,000,000 shares authorized; 46,572,092 (2006: 46,499,492) shares issued and outstanding.....	466	465
Additional paid in capital	133,987	125,790
Retained earnings.....	28,829	4,830
Accumulated other comprehensive income	1,411	2,566
Total Shareholders' Equity.....	164,693	133,651
Total Liabilities and Shareholders' Equity.....	\$ 271,808	\$ 220,889

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 December 31		Year ended December 31	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Revenue:				
Online and other media services (Note 1)	\$ 33,969	\$ 30,335	\$ 125,818	\$ 113,097
Exhibitions	25,455	21,608	51,608	42,122
Miscellaneous.....	1,360	361	4,633	1,262
	60,784	52,304	182,059	156,481
Operating Expenses:				
Sales (Note 2).....	20,641	15,451	61,773	50,380
Event production.....	9,915	9,169	20,155	18,414
Community (Note 2).....	9,327	8,231	27,086	24,885
General and administrative (Note 2).....	12,238	10,605	44,167	38,945
Online services development (Note 2)	1,503	1,145	5,703	4,499
Amortization of software costs	75	328	193	1,250
Total Operating Expenses	53,699	44,929	159,077	138,373
Income from Operations	7,085	7,375	22,982	18,108
Interest and dividend income.....	1,721	1,797	6,595	5,571
Gain on sale of available-for-sale securities	2,937	-	2,937	309
Gain on sale of shares to minority shareholder and interest income thereon.....	-	7,906	-	7,906
Loss on investment, net.....	-	(743)	(1,846)	(743)
Impairment of goodwill and intangible assets (Note 3)	(3,101)	-	(3,101)	-
Foreign exchange gains (losses), net	(455)	(258)	(1,213)	(714)
Income before Income Taxes	8,187	16,077	26,354	30,437
Income Tax Expense	318	(323)	(328)	(899)
Net Income before Minority Interest	\$ 8,505	\$ 15,754	\$ 26,026	\$ 29,538
Minority interest	(357)	(444)	(2,027)	(1,909)
Net Income before cumulative effect of change in accounting principle	\$ 8,148	\$ 15,310	\$ 23,999	\$ 27,629
Cumulative effect of change in accounting principle (Note 4)	-	-	-	\$ 251
Net Income	\$ 8,148	\$ 15,310	\$ 23,999	\$ 27,880
Diluted net income per share	\$ 0.17	\$ 0.33	\$ 0.51	\$ 0.60
Total shares used in diluted net income per share calculations.....	47,169,292	46,586,590	46,986,861	46,538,312

See Accompanying Notes

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

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

	Three months ended December 31		Year ended December 31	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Online services	\$ 20,501	\$ 16,927	\$ 75,919	\$ 64,396
Print services.....	13,468	13,408	49,899	48,701
	\$ 33,969	\$ 30,335	\$ 125,818	\$ 113,097

Note : 2. Non-cash compensation expenses associated with the several employee equity compensation plans and Directors Purchase Plan included under various categories of expenses are as follows:

	Three months ended December 31		Year ended December 31	
	2007	2006	2007	2006
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)
Sales.....	\$ 2,417	\$ 707	\$ 4,286	\$ 1,790
Community.....	112	66	269	145
General administrative	919	381	2,875	1,950
Online services development	122	39	347	181
	\$ 3,570	\$ 1,193	\$ 7,777	\$ 4,066

Note : 3. Represents the impairment loss recorded on goodwill and intangible assets associated with the business acquisition of Blue Bamboo China Ventures.

Note : 4. Represents the cumulative effect of change in accounting principle, resulting from the adoption of SFAS No. 123(R) with effect from January 1, 2006.

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

	Year ended December 31	
	2007	2006
	(Unaudited)	
Cash flows from operating activities:		
Net income.....	\$ 23,999	\$ 27,880
Adjustments to reconcile net income to net cash provided by operating activities		
Depreciation and amortization	4,614	4,678
Accretion of U.S. Treasury strips zero % coupons	(15)	(26)
Impairment of investment, goodwill and intangible assets.....	5,402	-
Profit on sale of equipment.	(3)	(30)
Bad debt expense.....	444	216
Non-cash compensation expense	7,777	4,066
Income attributable to minority shareholder	2,027	1,909
Gain on sale of shares to minority shareholder and interest income thereon..	-	(7,906)
Equipment written off.....	266	2
Effect of exchange rate changes	825	-
Cumulative effect of change in accounting principle.....	-	(251)
	45,336	30,538
Changes in assets and liabilities:		
Accounts receivables.....	(641)	(1,139)
Receivables from sales representatives.....	935	(7,579)
Inventory	(219)	(23)
Prepaid expenses and other current assets.....	(1,158)	(3,589)
Long term assets.....	(1,219)	419
Accounts payable.....	(1,236)	1,320
Accrued liabilities and liabilities for incentive and bonus plans.....	17	5,578
Deferred income and customer prepayments.....	19,237	10,866
Tax liability	(419)	313
Net cash provided by operating activities.....	60,633	36,704
Cash flows from investing activities:		
Purchase of property and equipment.....	(11,242)	(4,876)
Proceeds from sale of equipment	3	30
Proceeds from matured bonds.....	205	200
Purchase of intangible assets.....	(3,136)	-
Purchase of available-for-sale securities.....	-	(263,463)
Proceeds from sale of available-for-sale securities.....	15,834	251,267
Net proceeds from sale of shares to minority shareholder, interest income thereon and repurchase of share dividends from minority shareholder....	-	2,719
Net cash used in investing activities.....	1,664	(14,123)
Cash flows from financing activities:		
Amount received towards directors purchase plan	422	359
Net cash generated from financing activities.....	422	359
Effect of exchange rate changes on cash and cash equivalents.....	13	-
Net increase (decrease) in cash and cash equivalents.....	62,719	22,940
Cash and cash equivalents, beginning of the year	135,093	112,153
Cash and cash equivalents, end of the year.....	\$ 197,825	\$ 135,093
Supplemental cash flow disclosures:		
Income tax paid.....	\$ 747	\$ 586

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

	<u>Three months ended December 31 2007</u>	<u>Three months ended December 31 2006</u>	<u>Year ended December 31 2007</u>	<u>Year ended December 31 2006</u>
GAAP EPS	\$ 0.17	\$ 0.33	\$ 0.51	\$ 0.60
GAAP Net Income	\$ 8,148	\$ 15,310	\$ 23,999	\$ 27,880
Non-cash stock based compensation expense / (credit) (Note 1)	3,570	1,193	7,777	4,066
Gain on sale of HC shares	(2,361) Note 2	-	(2,361) Note 2	-
Impairment charge for Blue Bamboo	3,101 Note 3	-	3,101 Note 3	-
Loss on investment, net	-	743 Note 5	1,846 Note 4	743 Note 5
Gain on sale of shares to minority shareholder and interest income thereon	-	(7,906) Note 6	-	(7,906) Note 6
Non-GAAP Net Income	\$ 12,458	\$ 9,340	\$ 34,362	\$ 24,783
Non-GAAP diluted net income per share	\$ 0.26	\$ 0.20	\$ 0.73	\$ 0.53
Total shares used in non-GAAP diluted net income per share calculations	47,169,292	46,586,590	46,986,861	46,538,312

Notes:

- (1) Non-cash stock based compensation expense / (credit).
- (2) A gain of approximately \$2.4 million arising from the sale of the shares of HC International.
- (3) Impairment charge of approximately \$3.1 million recorded by the company on intangible assets and goodwill pertaining to the business acquisition of Blue Bamboo China Ventures.
- (4) An impairment charge of approximately \$2.3 million on the company's HC International investment, net of \$0.5 million received pursuant to indemnification obligations of the vendor under the purchase agreement for HC International investment.
- (5) An impairment charge of approximately \$743,000 on the company's HC International investment.
- (6) A gain of \$7.9 million related to the sale of 199 shares of its subsidiary eMedia Asia Ltd. to minority shareholder and interest income thereon.

Management believes non-GAAP measures are useful measures and provides GAAP to Non-GAAP reconciliation tables at the end of this press release.

- Effective March 11, 2008, non-GAAP net income will be defined as net income excluding non-cash stock based compensation (SBC) expense or credit, gains or losses on acquisitions and investments and/or impairment charges.
- For press releases, presentations, conference calls and other public references prior to March 11, 2008, the definition of non-GAAP EPS used includes SBC.
- Non-GAAP EPS has been and will continue to be defined as non-GAAP net income divided by the weighted average of diluted common shares outstanding.
- Actual SBC is calculated based on the share price of the last day of the quarter.
 - In 2007, the company estimated SBC using the stock price of the last day of the prior quarter; for example, using the September 28th stock price to estimate SBC for the period ended December 31st.
 - In 2008, the company will estimate SBC using the stock price approximately 10 days prior to the earnings report press release; for example, using the February 29th stock price to estimate SBC for the period ended March 31st.

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

	<u>GUIDANCE</u>		<u>ACTUAL</u>	<u>GUIDANCE</u>		<u>ACTUAL</u>
	<u>Three months ended March 31</u>		<u>Three months ended March 31</u>	<u>Six months ended June 30</u>		<u>Six months ended June 30</u>
	<u>2008</u>	<u>2007</u>	<u>2007</u>	<u>2008</u>	<u>2007</u>	<u>2007</u>
Revenue	\$39.50	to \$40.00	\$34.9	\$101.00	to \$102.50	\$87.5
GAAP EPS	\$0.15	to \$0.16	\$0.14	\$0.32	to \$0.34	\$0.23
Non-cash stock based compensation expense / (credit) (Note 1)	(\$0.04)	(\$0.04)	\$0.01	(\$0.02)	(\$0.02)	\$0.07
Loss on investment, net (Note 2)	-	-	-	-	-	\$0.04
Non-GAAP diluted net income per share	<u>\$0.11</u>	to <u>\$0.12</u>	<u>\$0.15</u>	<u>\$0.30</u>	to <u>\$0.32</u>	<u>\$0.34</u>
Total shares used in non-GAAP diluted net income per share calculations	<u>47,319,376</u>	<u>47,319,376</u>	<u>46,647,144</u>	<u>47,437,463</u>	<u>47,437,463</u>	<u>46,843,657</u>

Notes:

(1) Non-cash stock based compensation expense / (credit).

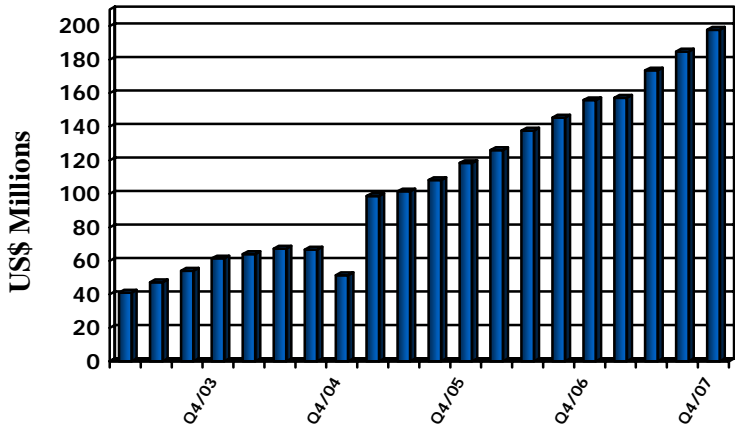
(2) An impairment charge of approximately \$2.3 million on the company's HC International investment, net of \$0.5 million received pursuant to indemnification obligations of the vendor under the purchase agreement for HC International investment.

Management believes non-GAAP measures are useful measures.

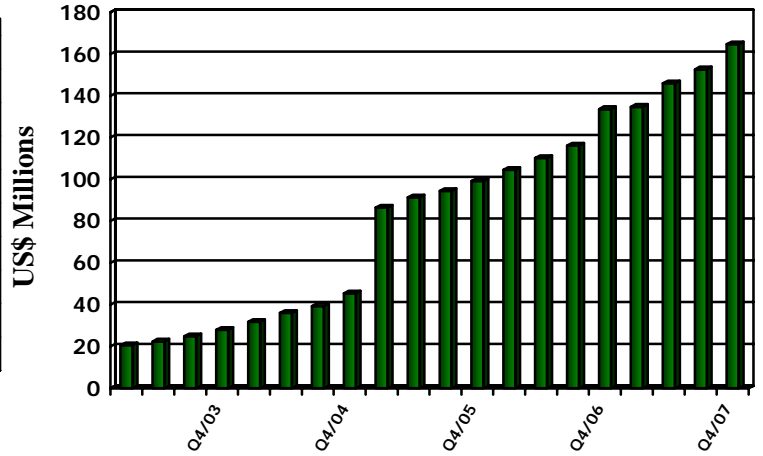
- Effective March 11, 2008, non-GAAP net income will be defined as net income excluding non-cash stock based compensation (SBC) expense or credit, gains or losses on acquisitions and investments and/or impairment charges.
- Non-GAAP EPS is defined as non-GAAP net income divided by the weighted average of diluted common shares outstanding.
- Actual SBC is calculated based on the share price of the last day of the quarter.
- Projected SBC is estimated using the stock price on February 29, 2008 (approximately 10 days prior to the earnings report release). Based on the stock price of \$12.20 on February 29, 2008 compared to the December 31, 2007 stock price of \$28.22. SBC for the first quarter of 2008 is estimated to be a credit of \$0.04 per diluted share. Using the stock price of \$12.20 on February 29, 2008 for estimating SBC for March 31st and June 30th the six-month period is estimated to be approximately credit of \$0.02 per diluted share.

GLOBAL SOURCES LTD. AND SUBSIDIARIES

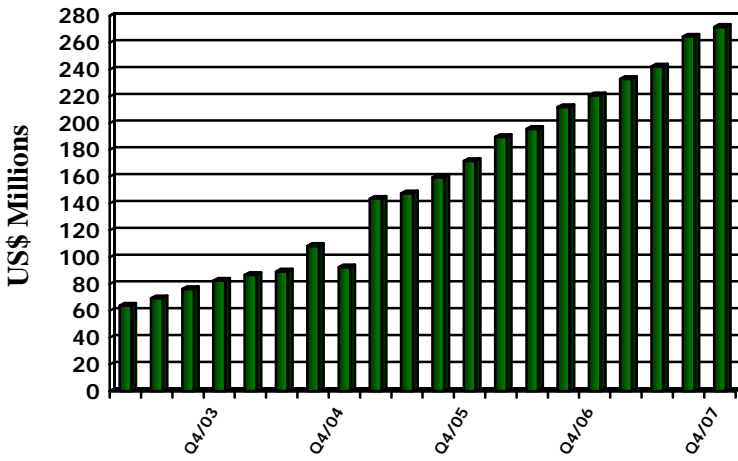
Total Cash and Securities



Total Shareholders' Equity



Total Assets



**Total Deferred Income
Customer Prepayments**

