

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

	At December 31 2008 (Unaudited)	At December 31 2007
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 70,225	\$ 197,825
Available-for-sale securities.....	60,786	-
Accounts receivable, net.....	6,025	6,665
Receivables from sales representatives.....	5,574	12,303
Inventory	1,306	1,108
Prepaid expenses and other current assets.....	16,513	15,333
Deferred taxes assets.....	28	46
Total Current Assets.....	160,457	233,280
Property and equipment, net.....	82,657	35,352
Long term investments.....	100	100
Bonds held to maturity, at amortized cost	-	99
Deferred taxes assets – long term.....	323	196
Other assets.....	1,561	2,781
Total Assets.....	\$ 245,098	\$ 271,808
<u>LIABILITIES AND SHAREHOLDERS' EQUITY</u>		
Current Liabilities:		
Accounts payable.....	\$ 10,117	\$ 5,577
Deferred income and customer prepayments.....	73,636	78,141
Accrued liabilities.....	11,579	12,546
Income taxes payable.....	261	694
Total Current Liabilities.....	95,593	96,958
Deferred income and customer prepayments – long term.....	3,044	4,934
Deferred tax liability	318	283
Total Liabilities.....	98,955	102,175
Non-controlling interest	4,223	4,940
Shareholders' equity:		
Common shares, US\$0.01 par value; 75,000,000 shares authorized; 51,374,682 (2007: 51,229,300) shares issued and 44,499,682 (2007: 51,229,300) shares outstanding.....	514	512
Additional paid in capital	133,922	133,941
Treasury shares, at cost – 6,875,000 (2007: NIL) shares.....	(50,000)	-
Retained earnings.....	55,259	28,829
Accumulated other comprehensive income	2,225	1,411
Total Shareholders' Equity.....	141,920	164,693
Total Liabilities and Shareholders' Equity.....	\$ 245,098	\$ 271,808

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,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	
Revenue:				
Online and other media services (Note 1)	\$ 36,363	\$ 33,969	\$ 142,129	\$ 125,818
Exhibitions.....	26,448	25,455	58,179	51,608
Miscellaneous.....	2,230	1,360	6,584	4,633
	\$ 65,041	\$ 60,784	\$ 206,892	\$ 182,059
Operating Expenses:				
Sales (Note 2)	24,716	20,641	73,625	61,773
Event production	10,134	9,915	21,493	20,155
Community (Note 2)	9,063	9,327	30,488	27,086
General and administrative (Note 2).....	11,716	12,238	47,525	44,167
Online services development (Note 2)	1,462	1,503	5,992	5,703
Amortization of software costs	46	75	193	193
Total Operating Expenses	57,137	53,699	179,316	159,077
Income from Operations	7,904	7,085	27,576	22,982
Interest and dividend income	268	1,721	2,884	6,595
Gain on sale of available-for-sale securities	-	2,937	-	2,937
Loss on investment, net.....	(939)	-	(939)	(1,846)
Impairment of goodwill and intangible assets	-	(3,101)	-	(3,101)
Foreign exchange gains (losses), net	662	(455)	(657)	(1,213)
Income before Income Taxes	7,895	8,187	28,864	26,354
Income Tax Expense	(116)	318	(677)	(328)
Net Income before Non-controlling Interest	\$ 7,779	\$ 8,505	\$ 28,187	\$ 26,026
Non-controlling interest	(249)	(357)	(1,757)	(2,027)
Net Income	\$ 7,530	\$ 8,148	\$ 26,430	\$ 23,999
Diluted net income per share	\$ 0.14	\$ 0.16	\$ 0.51	\$ 0.46
Total shares used in diluted net income per share calculations	52,271,588	51,885,933	52,228,640	51,679,682

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

	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	
Online services	\$ 24,967	\$ 20,501	\$ 94,481	\$ 75,919
Print services.....	11,396	13,468	47,648	49,899
	\$ 36,363	\$ 33,969	\$ 142,129	\$ 125,818

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,	
	2008	2007	2008	2007
	(Unaudited)	(Unaudited)	(Unaudited)	
Sales.....	\$ (664)	\$ 2,417	\$ (2,054)	\$ 4,286
Community.....	(21)	112	173	269
General administrative	206	918	742	2,874
Online services development	59	122	237	347
	\$ (420)	\$ 3,569	\$ (902)	\$ 7,776

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

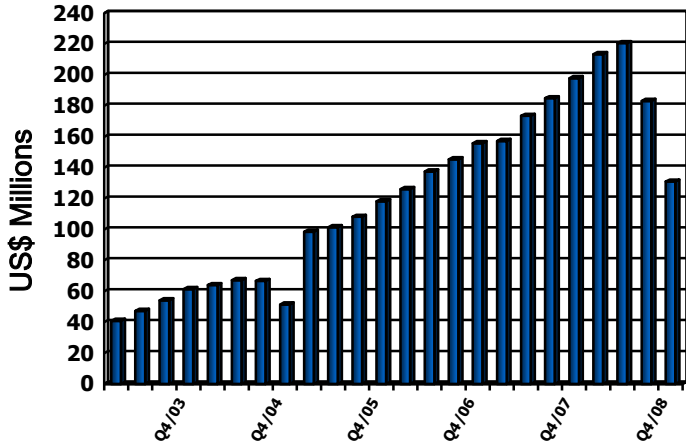
	Three months ended December 31,		Year ended December 31,	
	2008	2007	2008	2007
GAAP EPS	\$ 0.14	\$ 0.16	\$ 0.51	\$ 0.46
GAAP Net Income	\$ 7,530	\$ 8,148	\$ 26,430	\$ 23,999
Non-cash stock based compensation expense / (credit) (Note 1)	(420)	3,569	(902)	7,776
Gain on sale of HC shares	-	(2,361) Note 2	-	(2,361) Note 2
Impairment charge for Blue Bamboo	-	3,101 Note 3	-	3,101 Note 3
Loss on investment, net	939 Note 5	-	939 Note 5	1,846 Note 4
Non-GAAP Net Income	\$ 8,049	\$ 12,457	\$ 26,467	\$ 34,361
Non-GAAP diluted net income per share	\$ 0.15	\$ 0.24	\$ 0.51	\$ 0.66
Total shares used in non-GAAP diluted net income per share calculations	52,271,588	51,885,933	52,228,640	51,679,682

Notes:

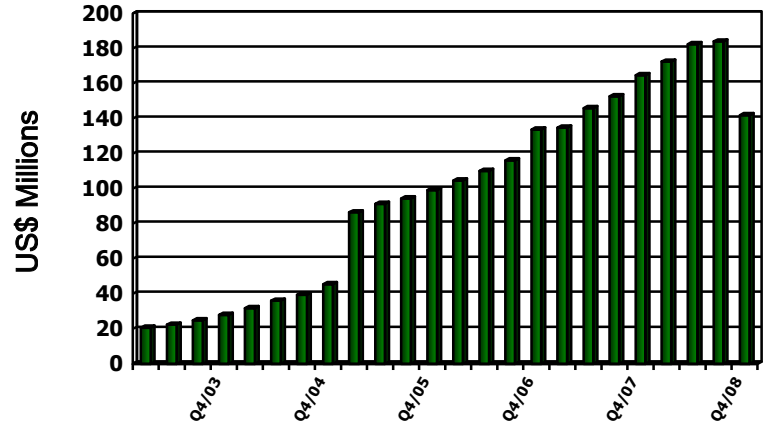
- (1) Non-cash stock based compensation expense / (credit).
- (2) A gain of approximately \$2.4 million arising from the sale of the shares of HC International.
- (3) Impairment charge of approximately \$3.1 million recorded by the company on intangible assets and goodwill pertaining to the business 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) Impairment on available-for-sale securities.

GLOBAL SOURCES LTD. AND SUBSIDIARIES

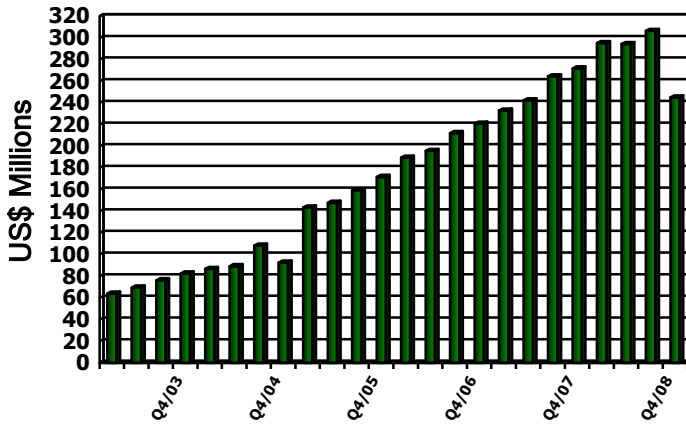
Total Cash and Securities



Total Shareholders' Equity



Total Assets



Total Deferred Income
Customer Prepayments

