



Issued by: Test-Rite International Co. Ltd  
(Ticker: 2908 TT/ 2908 TW)

Date: March 29th, 2012

**Re: Test-Rite Int'l's 4Q11 and FY2011Q earnings result announcement**

**2011 net income total NT\$ 636.1 mn, up 30.6% YoY; recurring EPS increase of 47.7%**

Net income for FY2011 totaled NT\$ 636.1mn and basic EPS was NT\$ 1.27, up 30.6% YoY and 25.3% YoY respectively. Diluted EPS for the year totaled NT\$1.25. Excluding one-time charges\* and net FOREX gains, net income for FY2011 totaled NT\$ 581.4 mn (EPS of NT\$1.13), up 47.7% YoY. Please see Figures 1 & 2 for a detailed breakdown of our 4Q11 results.

**4Q11 net income total NT\$ 126.7 mn, up 5.6% YoY; recurring EPS increase of 4.7% YoY**

Net income for 4Q11 totaled NT\$ 126.7 mn, up 5.6% YoY. Basic EPS rose 2.0% YoY to NT\$ 0.26, and fully-diluted EPS was NT\$ 0.25, up 7.5% on a YoY basis. Excluding net FOREX gains and one time charges, recurring income for 4Q11 totaled NT\$111 mn, up 4.7% YoY, and fully-diluted 4Q11 EPS after adjustment totaled NT\$ 0.22, up 6.5% YoY.

**Trading Business**

For FY2011, parent revenue of our trading business based in Taiwan totaled NT\$ 13.3 bn, up 15.3% YoY, while gross profit totaled NT\$ 2.49 bn, up 11.5% YoY. Gross margin declined by 0.6 ppt, reflecting the strength of NT dollar. This impact was partially offset by continued growth in our agency business, which saw a 28.7% YoY increase in shipments for the year and accounted for 20.5% of total trading shipments. Accumulated total shipments also posted a 16.0% YoY increase over FY2010. Additionally, our overseas trading operations reported lower aggregate losses by 20.0% YoY, to NT\$ 132.8 mn.

In 4Q11, parent revenue totaled NT\$ 3.1 bn, up 29.3% YoY. Strong YoY increase is the result of earlier Chinese New Year's holidays in January 2012, compared to 2011, as shipments rose 22.8% to NT\$3.84 bn in the quarter. Gross profit increased 22% to NT\$ 562.4 mn and operating profit also improved from breakeven level in FY2010 to a profit of NT\$36.6 mn, benefiting from improving economies of scale.

**Retail Businesses - Taiwan**

For FY2011, Taiwan's retail businesses, including TLW (DIY) and Hola Taiwan, saw revenue increase by 8.0 % YoY to NT\$ 16.3 bn on the strength of consumer spending. Net profit for the year totaled NT\$ 586.3 mn, vs. a profit of 477.0 mn in FY2010. We currently operate 23 TLW stores and 20 Hola stores in Taiwan. For 4Q11, Taiwan retail businesses saw revenue increase by 7.8% to NT\$ 4.3 bn and net profit also increased by 7.3% to NT\$ 211 mn. The increase reflects improving consumer spending in 4Q11 and further aided by the September opening of The Décor House home retail center in Nankan, Taoyuan County.



### Retail Businesses - China

Hola China posted sales of RMB 774.7 mn in FY2011, up 21.1% YoY, with same store sales increasing 13.1% YoY. However, losses for the operation increased by 23.7% to NT\$ 257.2 mn. The increase in losses can be attributed to the increase in VAT tax, higher labor and interest costs, and costs associated with store closure in 2H11. Separately, Life One Plaza, our retail leasing operation in Yangpu District, Shanghai, reported a loss of NT\$ 14 mn, an improvement of 82.1% YoY. In 4Q11, Hola China's revenue totaled RMB 557.1 mn in 4Q11, NT\$217.6 mn, up 13.1% YoY, while net loss totaled NT\$ 55.1 mn. In addition to VAT tax, and higher labor and interest rate costs, a charge of NT\$10.77 mn was booked in 4Q11 as we closed one of our Shanghai stores in 3Q11.

### Tung Lung Metal

Tung Lung Metal (8705 TT), a 68.27% held subsidiary of Test-Rite, reported FY2011 revenue of NT\$ 3.2 bn, up 3.2% YoY and net profit of NT\$ 137.6 mn, down 30.7% YoY. Lower profit is the result of exchange rate impact and higher raw material prices during 1-3Q11. However, Tung Lung Metal reported revenue of NT\$833.8 mn, up 10.8% YoY and net profit of NT\$ 31.6 mn, up 66.9% YoY in 4Q11. Profit attributable to Test-Rite is NT\$ 93.6 mn for FY2011 and NT\$ 21.7 mn for 4Q11.

Figure 1 –Test-Rite Parent only P&L 4Q11 and 1-4Q11

Test-Rite Parent only P&L 4Q11A and FY2011						
(NT\$m)	4Q11A	4Q10A	YoY % chg	FY2011A	FY2010A	YoY % chg
Turnover	3,057.4	2,365.0	29.3%	13,272.6	11,514.0	15.3%
Gross profit	562.4	461.0	22.0%	2,490.7	2,233.0	11.5%
Operating profit	36.6	0.0	n.a.	315.2	222.0	42.0%
Non-operating income/loss	71.5	117.0	-38.9%	355.3	395.0	-10.1%
Pre-tax profit	108.1	117.0	-7.6%	670.5	617.0	8.7%
Net profit	126.7	120.0	5.6%	636.1	487.0	30.6%
Basic EPS(Aft-tax) (NT\$)	0.26	0.25	2.0%	1.27	1.01	25.3%
Diluted EPS (NT\$)	0.25	0.25	1.4%	1.25	0.94	32.9%
Fully diluted EPS (NT\$)	0.25	0.23	7.5%	1.23	0.94	30.6%
Net profit ex FX & one-time write off	111.0	106.0	4.7%	581.4	393.6	47.7%
FD EPS ex FX & one-time write off (NT\$)	0.22	0.21	6.5%	1.13	0.76	47.7%
Gross margin	18.4%	19.5%		18.8%	19.4%	
Operating margin	1.2%	0.0%		2.4%	1.9%	
Pre tax margin	3.5%	4.9%		5.1%	5.4%	
Net profit margin	4.1%	5.1%		4.8%	4.2%	



Figure 2 – Breakdown of non-operating profit 4Q11 and 1-4Q11

Non-Operating income / loss						
(NT\$mn)	4Q11A	4Q10A	YoY % chg	FY2011A	FY2010A	YoY % chg
Trading Subsidiaries	(75.3)	(85.0)	-11.4%	(132.8)	(166.0)	-20.0%
Retail Subsidiaries						
- TLW	211.4	197.0	7.3%	586.3	477.0	22.9%
- Hola China	(55.1)	(18.0)	206.1%	(257.2)	(208.0)	23.7%
- Life 1 Plaza	(9.0)	(5.0)	80.0%	(14.0)	(78.0)	-82.1%
Subtotal: Retail Subsidiaries	147.3	174.0	-15.3%	315.1	191.0	65.0%
Tong Lung Metal	21.7	13.0	66.9%	93.6	135.0	-30.7%
Other LT Investments	30.5	67.0	-54.5%	96.8	152.0	-36.3%
FX Gain/(Loss)	9.2	14.0	-34.3%	102.4	155.0	-33.9%
Interest net amount	(25.2)	(17.0)	48.2%	(85.8)	(69.0)	24.3%
Others	(36.7)	(49.0)	-25.1%	(34.0)	(3.0)	1033.3%
Subtotal of Non-Operating income / loss	71.5	117.0	-38.9%	355.3	395.0	-10.1%

\* One-time expense related to treasury shares totaled NT\$54.2 mn for the Group was booked in 1Q11, disposal gain of Thailand office property of NT\$17.3 mn in 4Q11, a charge of NT\$10.77 mn related to a store closure in China in 4Q11, and NT\$61 mn charge related to Nankan building was booked in 2Q10.

Sophia Tong  
Group CEO  
TEL: 886-2-8791-5888

Hannis Chang  
CFO & Deputy Spokesperson  
TEL: 886-2-8791-5888

For further information, please contact  
Jack Chang  
Spokesperson/ IR Officer:  
TEL: 886-2-8791-5349  
Email : [investor@testritegroup.com](mailto:investor@testritegroup.com)