



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

Date: April 25,2012

Re: Test-Rite Int'l's 1Q12 earnings result announcement

1Q12 net income total NT\$ 268 mn, up 4% YoY

Net income for 1Q12 totaled NT\$ 268 mn, up 4% YoY and basic EPS was NT\$ 0.55, up 7.8% YoY. Excluding net FOREX gains and one-time items, net income during the period totaled NT\$234mn with fully-diluted EPS of NT\$0.46, down 6.9% YoY. Please see Figures 1 & 2 for a detailed breakdown of our 1Q12 results.

Trading Business

Parent revenue (Trading business) totaled NT\$ 2.89bn, a decline of 16.1% YoY, as total shipments from our trading operations declined 5.8% YoY during the period to NT\$ 3.68 bn. This can be attributed to the decline of our principle trading operation, which fell 19.2% for exports and 11.5% for imports. However, the growth of our agency business remained on-track as shipment increased by 68.1% YoY and boosted our gross margin by 1.2% to 19.6% in 1Q12. Operating profit increased by 73.8% to NT\$ 78 mn while our overseas trading subsidiaries reported a net loss of NT\$42 mn, NT\$3mn vs. 1Q11.

Retail Businesses - Taiwan

Taiwan retail businesses, including TLW (DIY) and Hola Taiwan, saw revenue decrease by 0.8% YoY to NT\$ 4.14 bn in 1Q12. However, net profit totaled NT\$ 241mn, an increase of 3% YoY. Contribution from the opening of Décor House retail center in September 2011 partially offset the weaker than expected CNY demand in 1Q12 (CNY holidays in 2012 was in January and pushed forward the typical seasonal uptick for consumer demand into 4Q11.) We currently operate 23 TLW stores and 20 Hola stores in Taiwan.

Retail Businesses - China

Hola China posted sales of RMB 202 mn in 1Q12, up 2.1% YoY with same-store sales growth of 5.2% in 1Q12. Despite the temporary closure of our largest outlet (Xiangxia store) and weaker than expected CNY demand, net loss declined by 14.5% in 1Q12 to NT\$ 38 mn. Hola China currently operate 27 stores.

Tung Lung Metal

Tung Lung Metal (8705 TT), a 68.27% held subsidiary of Test-Rite, reported 1Q12 revenue of NT\$ 780 mn, grow 3.3% YoY. Net profit was NT\$ 23 mn compared to NT\$ 21 mn in 1Q12,with growth 6.6%.

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Figure 1 –Test-Rite Parent only P&L 1Q12

(NT\$m)	1Q12	1Q11	YoY % chg
Turnover	2,890	3,444	-16.1%
Gross profit	566	641	-11.7%
Operating profit	78	45	73.8%
Non-operating income/loss	211	224	-5.8%
Pre-tax profit	290	269	7.6%
Net profit	268	258	4.0%
Basic EPS(Aft-tax)	0.55	0.51	7.8%
Diluted EPS(NT\$)	0.55	0.51	7.8%
Fully diluted EPS (NT\$)	0.53	0.51	4.0%
Net profit ex one time charge and FOREX	234	251	-6.9%
Fully-diluted EPS(Aft-tax)ex FOREX and one time charge(NT\$)	0.46	0.49	-6.9%
Gross margin	19.6%	18.6%	
Operating margin	2.7%	1.3%	
Pre tax margin	10.0%	7.8%	
Net profit margin	9.3%	7.5%	

* One-time expense related to disposal Jiashan Warehouse gain in 1Q12 is NT\$20mn; treasury share expenses totaled NT\$54mn in 1Q11. FOREX in 1Q12 is NT\$14mn. and NT\$61mn. in 1Q11.

Figure 2 – Breakdown of non-operating profit 1Q12

(NT\$m)	1Q12	1Q11	YoY % chg
Trading Subsidiaries	(42)	(39)	7.1%
Retail Subsidiaries			
- TLW	241	234	3.0%
- Hola China	(38)	(44)	-14.5%
- Life 1 Plaza	(2)	(9)	-75.0%
Subtotal: Retail Subsidiaries	201	180	n.a.
Tong Lung Metal	23	21	6.6%
Other LT Investments	31	43	-28.9%
FX Gain/(Loss)	14	61	-77.4%
Interest net amount	(25)	(17)	42.5%
Others	11	(25)	-142.7%
Subtotal of Non-Operating income / loss	211	224	-5.8%