



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

Date: March 28<sup>th</sup>, 2013

**Re: Test-Rite Int'l's 4Q12 and FY2012 earnings result announcement; Board of Directors proposes cash dividend of NT\$1.08 per share**

**4Q12 net income total NT\$144.2mn, up 13.8% YoY; Recurring income of NT\$98.6mn, up 25.6% YoY**

Net income for 4Q12 totaled NT\$ 144.2mn, up 13.8% YoY with basic EPS of NT\$ 0.30, up 20.0% YoY. The growth can be attributed to improving outlook from our oversea trading subsidiaries and improving operations at **HOLA China that saw losses reduced by 87.1% YoY to NT\$ 7.1 mn**. Hola China, reported fourth consecutive quarter of lower losses in 4Q12. Recurring net profit, which excludes FOREX, one-item items and earnings from Tung Lung Metal, totaled NT\$98.6mn, an increase of 25.6% YoY and fully-diluted EPS of recurring net profit was NT\$0.19, up 27.7% YoY. Please see Figures 1 & 2 for a detailed breakdown of our 4Q12 results.

**FY2012 net income total NT\$ 689.5mn, up 8.4% YoY ; Recurring income of NT\$489.6mn, up 2.6% YoY**

Net income for FY2012 totaled NT\$ 689.5mn, up 8.4% YoY and basic EPS was NT\$ 1.40, up 13.9% YoY. Recurring net profit, excludes FOREX, one-item items and earnings from Tung Lung Meta,l totaled NT\$ 489.6mn, up 2.6% YoY during the period while fully-diluted EPS of recurring net profit increase to NT\$0.94, up 4.4% YoY. The growth can be attributed to two reasons: 1) improving earnings trend from overseas trading subsidiaries as the company raised its holdings in TR USA to 100% in 4Q12; 2) sustained operational improvement at Hola China, as gross margin increased by 1.0ppt to 36.1% during the period and net loss reduced by 35.9% to NT\$ 164.9 mn. Please see Figures 1 & 2 for a detailed breakdown of our FY2012 results.

**BoD proposes cash dividend of NT\$1.08 per share**

Separately, the Board of Directors of the company proposes 2012 cash dividend of NT\$1.08 per share, which is subject to shareholder approval at our annual shareholder meeting.

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Figure 1 –Test-Rite Parent only P&L 4Q12 and FY2012

(NT\$m)	4Q12	4Q11	YoY % chg	2012	2011	YoY % chg
Turnover	2,894.5	3,057.4	-5.3%	11,902.2	13,272.6	-10.3%
Gross profit	565.9	562.4	0.6%	2396.2	2490.7	-3.8%
Operating profit	2.4	36.6	-93.4%	300.4	315.2	-4.7%
Non-operating income/loss	143.7	71.5	101.0%	452.2	355.3	27.3%
Pre-tax profit	146.1	108.1	35.2%	752.6	670.5	12.2%
Net profit	144.2	126.7	13.8%	689.5	636.1	8.4%
EPS(Aft-tax)	0.30	0.25	20.0%	1.40	1.23	13.9%
Diluted EPS(NT\$)	0.30	0.25	20.0%	1.39	1.22	13.6%
Fully diluted EPS (NT\$)	0.28	0.24	15.8%	1.32	1.20	10.3%
Recurring net profit	98.6	78.5	25.6%	489.6	477.0	2.6%
Fully-diluted EPS(Aft-tax) of recurring net profit	0.19	0.15	27.7%	0.94	0.90	4.4%
Gross margin	19.6%	18.4%		20.1%	18.8%	
Operating margin	0.1%	1.2%		2.5%	2.4%	
Pretax margin	5.0%	3.5%		6.3%	5.1%	
Net profit margin	5.0%	4.1%		5.8%	4.8%	

\* FOREX in 4Q12 was NT\$ 5.6mn and NT\$ 9.2mn in 4Q11. FOREX in FY2012 was NT\$ 38.7mn and NT\$ 102.4mn in 2011. One-time expense related to disposal Jiashan Warehouse gain in FY2012 was NT\$20mn, and one-time expense for closing one store in HOLA CN was NT\$3.2 mn in FY2012; Treasury share expenses totaled NT\$54mn in FY2011. TR Mexico liquidation loss in 4Q12 was NT\$ 30mn and disposal gain of Thailand office property was NT\$ 17.3mn in 4Q11. The tender offer for Test Rite's 68.27% held subsidiary, Tong Lung Metal (8705 TT/8705 TW), was completed on August 15th, 2012 that TLM's net profit in 4Q12 was zero and NT\$ 21.7mn in 4Q11. TLM's net profit in FY2012 was NT\$ 91.7mn and NT\$ 93.6mn in FY2011.

Figure 2 – Breakdown of non-operating profit 4Q12 and FY2012

(NT\$m)	4Q12	4Q11	YoY % chg	2012	2011	YoY % chg
Trading Subsidiaries	(6.2)	(75.3)	-91.8%	(84.6)	(132.8)	-36.3%
Retail Subsidiaries						
- TLW	184.5	211.4	-12.7%	560.3	586.3	-4.4%
- Hola China	(7.1)	(55.1)	-87.1%	(164.9)	(257.2)	-35.9%
- Life 1 Plaza	10.4	(9.0)	n.a.	22.8	(14.0)	n.a.
Subtotal: Retail Subsidiaries	187.8	147.3	27.5%	418.2	315.1	32.7%
Tong Lung Metal	0.0	21.7	-100.0%	91.7	93.6	-2.0%
Other LT Investments	(8.8)	30.5	n.a.	36.3	96.8	-62.5%
FX Gain/(Loss)	5.6	9.2	-39.1%	38.7	102.4	-62.2%
Interest net amount	(13.2)	(25.2)	-47.6%	(79.0)	(85.8)	-7.9%
Others	(21.5)	(36.7)	-41.4%	30.9	(34.0)	n.a.
Subtotal of Non-Op. income / loss	143.7	71.5	101.0%	452.2	355.3	27.3%