



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

Date: November 11th, 2013

Re: Test-Rite Int'l's 3Q13 and 1-3Q13 earnings result announcement

Test-Rite reports 3Q 13 net income of NT\$ 130.2mn, +16.6% YoY; basic EPS of NT\$0.27, +17.1% YoY.

Test-Rite reported IFRS based 3Q13 consolidated revenue of NT\$ 8.98 bn, up 2.2% YoY. Net profit attributable to TRIC shareholders increased to NT\$ 130.2mn, up 16.6% YoY in 3Q13, with basic EPS of NT\$0.27 per share, up 17.1% YoY. Excluding TLM[^], sales for 3Q13 totaled NT\$8.98 bn, up 7.6% YoY, while net profit and EPS on a fully diluted basis increased 29.6% YoY. Excluding FOREX and one-time charges, net profit from recurring businesses increased 71.4% YoY to NT\$ 154.2mn for 3Q13, with recurring EPS of NT\$ 0.30 on a fully diluted basis.

The growth in net income can be attributed to lower loss from retail operation in China and Taiwan. Hola China's net loss, declined by 66.7% to NT\$ 24.4mn. Separately, Taiwan retail businesses, including TLW (DIY) and Hola Taiwan, saw net profit increase 7.6% to NT\$ 103.3mn. For 3Q 2013, Hola China 20 stores was profitable at store level vs. 15 stores in 3Q13.

We currently operate 26 TLW stores, 22 Hola stores in Taiwan and 32 stores in Hola China (including one store closed for remodeling). Please see Figure 1 for our consolidated P&L.

1-3Q13 net profit of NT\$ 460.1mn, up 15.6% YoY; basic EPS of NT\$ 0.94 up 17.7%

Test-Rite reported IFRS based 1-3Q13 consolidated revenue of NT\$ 26.5bn, down 3.6% YoY. However, net profit increased to NT\$ 460.1mn, up 15.6% YoY in 1-3Q13, with basic EPS of NT\$ 0.95 per share, up 18.9% YoY. Excluding TLM, sales increased by 4.2% YoY in 1-3Q13, with basic EPS up 53.9% YoY, while net profit and fully-diluted EPS both increased by 49.6%. Excluding FOREX and one-time items, net profit from recurring businesses was increased by 79.2% YoY to NT\$ 457.1 mn for 1-3Q13 (recurring EPS of NT\$ 0.88).

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Figure 1 –Test-Rite IFRS based consolidated P&L for 3Q13

NT\$ mn	3Q13	3Q12	YoY%	(exclude TLM [△])		
				3Q13	3Q12	YoY%
Consolidated sales	8,980.3	8,783.2	2.2%	8,980.3	8,373.3	7.2%
Gross profit	2,701.4	2,645.8	2.1%	2,701.4	2,546.1	6.1%
Operating Expense	-2,524.8	-2,456.5	2.8%	-2,524.8	-2,394.6	5.4%
Operating profit	176.6	189.3	-6.7%	176.6	151.5	16.6%
Non-operating income/loss	-23.2	-14.7	57.9%	-23.2	-12.4	86.9%
Pre-tax profit	153.5	174.6	-12.1%	153.5	139.1	10.4%
Net profit	129.9	136.9	-5.1%	129.9	110.8	17.2%
Other net profit	-4.4	-8.0	-45.0%	-4.4	-8.0	-45.0%
Total net profit	125.5	128.9	-2.7%	125.5	102.8	22.1%
Net profit attribute to TRIC shareholders	130.2	111.7	16.6%	130.2	100.5	29.6%
Recurring net profit attribute to TRIC shareholders*	154.2	90.0	71.4%	154.2	90.0	71.4%
Basic EPS(Aft-tax)	0.27	0.23	17.1%	0.27	0.21	30.2%
Diluted EPS(Aft-tax)	0.27	0.23	17.5%	0.27	0.20	30.5%
Fully-diluted EPS(Aft-tax)	0.25	0.21	16.6%	0.25	0.19	29.6%
Recurring fully-diluted EPS(Aft-tax)*	0.30	0.17	71.4%	0.30	0.17	71.4%
Gross margin	30.08%	30.12%		30.08%	30.51%	
Operating margin	1.97%	2.16%		1.97%	1.81%	
Pretax margin	1.71%	1.99%		1.71%	1.67%	
Net margin	1.40%	1.47%		1.40%	1.23%	

* Recurring net profit exclude FOREX, one time charges, and earnings contribution from TLM. Total profit exclude in 3Q13 and 3Q12 was NT\$ 24.0mn and NT\$ 21.7mn, respectively.

Figure 2 –Test-Rite IFRS based consolidated P&L for 1-3Q13

NT\$ mn	1-3Q13	1-3Q 12	YoY%	(exclude TLM [△])		
				1-3Q13	1-3Q 12	YoY%
Consolidated sales	26,451.3	27,437.4	-3.6%	26,451.3	25,447.7	3.9%
Gross profit	7,843.5	7,962.7	-1.5%	7,843.5	7,551.8	3.9%
Operating Expense	-7,320.1	-7,317.8	0.0%	-7,320.1	-7,064.8	3.6%
Operating profit	523.4	644.9	-18.1%	523.4	487.0	7.5%
Non-operating income/loss	-14.5	-6.1	138.1%	-14.5	-17.0	-14.4%
Pre-tax profit	508.9	638.8	-20.3%	508.9	470.0	8.3%
Net profit	464.6	496.9	-6.5%	464.6	354.7	31.0%
Other net profit	6.6	-17.1	-76.6%	6.6	-17.1	-138.6%
Total net profit	471.2	479.8	-10.3%	471.2	337.6	39.6%
Net profit attribute to TRIC shareholders	460.1	398.1	15.6%	460.1	307.7	49.6%
Recurring net profit attribute to TRIC shareholders	457.1	255.1	79.2%	457.1	255.1	79.2%
Basic EPS(Aft-tax)	0.95	0.80	18.9%	0.95	0.62	53.9%
Diluted EPS(Aft-tax)	0.94	0.80	18.1%	0.94	0.62	52.8%
Fully-diluted EPS(Aft-tax)	0.88	0.76	15.6%	0.88	0.59	49.6%
Recurring fully-diluted EPS(Aft-tax)	0.88	0.49	79.2%	0.88	0.49	79.2%
Gross margin	29.7%	29.0%		29.7%	29.8%	
Operating margin	2.0%	2.4%		2.0%	1.9%	
Pretax margin	1.9%	2.3%		1.9%	1.9%	
Net margin	1.8%	1.7%		1.8%	1.3%	

* Recurring net profit exclude FOREX, one time charges, and earnings contribution from TLM. Total profit exclude in 1-3Q13 and 1-3Q12 was NT\$ 3.1mn and NT\$ 143mn, respectively.