



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

Date: Oct 28, 2010

Re: Test-Rite Int'l's 1-3Q10 and 3Q10 earnings result announcement

1-3Q10 unaudited net income, excluding one-time charge, rose 147% YoY to NT\$ 429 mn

Test-Rite reported unaudited net income of NT\$ 367 mn (EPS of NT\$ 0.76) for the 9 month period ending September 2010. Excluding one-time charge* of NT\$ 61.6 mn recognized in 2Q10, net income and EPS totaled NT\$429 mn and NT\$ 0.87, up 147.7% YoY and 117.4% respectively. Increasing procurement by global retailers and improving consumer demand in Taiwan and China are the main drivers of earnings growth for the period. Test-Rite retail arm in Taiwan contributed earnings of NT\$ 280 mn, up 4.1% YoY. Separately, Hola China, the company's retail operation in China, reported losses of NT\$ 190 mn for 1-3Q10, down 21.2% - losses at Hola China continues to decline, despite opening 7 new stores in China. Please see Figures 1 and 2 for a more detailed breakdown of 1-3Q10 results. As of the end of 3Q10, Test-Rite operates a total of 62 large scale retail stores in Taiwan and China (22 TLW stores in Taiwan, 15 Hola stores in Taiwan, and 25 Hola stores in China).

**The one-time charge is related to the write-down of the residual value of office building in Nangkan, Taoyuan. Our replacement store, the new +17,000 ping (+56,000 square meter) shopping arcade is tentatively set to re-open in 3Q11 with the total investment cost estimated to be NT\$2.6 bn*

Figure 1 –Test-Rite Parent only P&L 1-3Q10

(NT\$mnn)	1-3Q10	1-3Q09	YoY % chg
Turnover	9,149	7,996	14.4%
Gross profit	1,773	1,490	19.0%
Operating profit	222	216	2.8%
Non-operating income/loss	278	9	2989%
Pre-tax profit	500	225	122.2%
Net profit	367	173	112.1%
EPS(Aft-tax)	0.76	0.40	90.0%
Net profit ex. one-time charge	429	173	147.7%
EPS(Aft-tax) ex. one-time charge	0.87	0.40	117.4%
Gross margin	19.4%	18.6%	
Operating margin	2.4%	2.7%	
Pre tax margin	5.5%	2.8%	
Net profit margin	4.0%	2.2%	

Figure 2 - Breakdown of non-operating profit 1-3Q10

(NT\$mnn)	1-3Q10	1-3Q09	YoY% chg
Trading Subsidiaries	(81)	(176)	-54.0%
Retail Subsidiaries			
- Taiwan Retail (TLW + Hola TW)	280	269	4.1%
- Hola China	(190)	(241)	-21.2%
- Life 1 Plaza	(73)	(124)	-41.1%
Subtotal: Retail Subsidiaries	17	(96)	n.a.
Tong Lung Metal	122	105	16.2%
Other LT Investments	85	51	66.7%
FX Gain/(Loss)	141	144	-2.1%
Interest net amount	(52)	(57)	-8.8%
Others	46	38	21.1%
Non-Operating Profit	278	9	2988.9%



3Q10 net income of NT\$ 116 mn, up 241.2% YoY

Revenue for 3Q10 totaled NT\$ 3.41 bn, up 33.3%, while net income came in at NT\$116 mn, up 241.2% YoY. EPS under the Taiwan GAAP was NT\$ 0.24, up 242.9% YoY. Operating profit, or earnings from our trading business in Taiwan, totaled NT\$ 74 mn, up over 5x on an YoY basis. Trading subsidiaries overseas also pared losses to NT\$ 8 mn, down from a loss of NT\$ 51 mn in 3Q09. Taiwan's retail operation, including TLW and Hola TW contributed earnings of NT\$ 80 mn, down 23.1% YoY, the decline is mainly the result of the closure of the Nangkan store and losses at our start-up Test-Rite Home Service. The Nangkan store is one of the most profitable stores for our DIY business. The planned replacement store, a new 17,000 sq m shopping center that provides total solution for consumers' home furnishing/DIY needs, is tentatively set to reopen in 3Q11. Hola China reported a loss of NT\$ 88 mn, down 6.4% YoY – despite 3 new store openings in 3Q10. Please see Figures 3 and 4 for a more detailed breakdown of 3Q10 results.

Figure 3 –Test-Rite Parent only P&L 3Q10

(NT\$m)	3Q10	3Q09	YoY % chg
Turnover	3,410	2,559	33.3%
Gross profit	657	462	42.2%
Operating profit	74	12	516.7%
Non-operating income/loss	50	22	127.3%
Pre-tax profit	124	34	264.7%
Net profit	116	34	241.2%
EPS(Aft-tax)	0.24	0.07	242.9%
Gross margin	19.2%	18.1%	
Operating margin	2.2%	0.5%	
Pre ax margin	3.6%	1.3%	
Net profit margin	3.4%	1.3%	

Figure 4 – Breakdown of non-operating profit 3Q10

(NT\$m)	3Q10	3Q09	YoY% chg
Trading Subsidiaries	(8)	(51)	-84.3%
Retail Subsidiaries			
- Taiwan Retail (TLW + Hola TW)	80	104	-23.1%
- Hola China	(88)	(94)	-6.4%
- Life 1 Plaza	(14)	(38)	-63.2%
Subtotal: Retail Subsidiaries	(22)	(28)	-21.4%
Tong Lung Metal	60	42	42.9%
Other LT Investments	38	32	18.8%
- FX Gain/(Loss)	11	16	-31.3%
- Interest net amount	(18)	(16)	12.5%
Others	(11)	27	-140.7%
Non-Operating Profit	50	22	127.3%

Eva Ho
Group CFO & Spokesperson
TEL: 886-2-8791-5135

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

Lynn Cheng
Investor Relations Office
TEL: 886-2-8791-5836
Email : investor@testritegroup.com