



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

Date: Apr 28, 2011

Re: Test-Rite Int'l's 2010 earnings result announcement

- 2010 EPS totaled NT\$1.01, up 225.8% YoY; excluding FOREX and one time charges*, 2010 net profit was NT\$ 394 mn, vs. a loss of NT\$12 mn for 2009.

- Gross margins for Test-Rite's trading business in Taiwan improved 0.9 ppts to 19.4% on the back of rising agency shipments, which accounted for 18.5% of total shipments in 2010; operating come from trading division in Taiwan totaled NT\$222 mn, up nearly 33%

- Taiwan retail business saw 45.9% growth in earnings to NT\$ 477 mn on the back of sustained recovery of consumer demand and our new store openings. In 2010, we added one TLW (DIY) and 5 Hola stores in Taiwan.

- Despite our aggressive expansion plans in 2010, Hola China* saw losses decline by 24.9% YoY to NT\$ 208 mn, aided by revenue growth of 37.2% YoY and same-store-sales growth in excess of 24% YoY. We opened 9 Hola China stores in 2010 and currently operate 27 stores in China.

2010 audited net income totaled NT\$ 487 mn (EPS of NT\$ 1.01), up 256% YoY

Test-Rite International reported audited financials for 2010. Audited net income totaled NT\$ 487 mn, up 256% YoY. Excluding FOREX and one-time charges*, recurring net income for the period totaled NT\$ 394 mn, vs. a loss of NT\$ 12 mn in 2009. Please see detailed breakdown of our parent only P&L in Figure 1 & 2 for more information.

**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*

Trading business

Revenue in 2010 for our trading business in Taiwan increased 8.3% YoY to NT\$11.5 bn. Gross margins by 0.9 ppts to 19.4% on the back of rising agency shipments, which accounted for 18.5% of total shipments in 2010 vs. 14.1% in 2009. Operating come from trading division in Taiwan totaled NT\$222 mn, up nearly 33%. The overall growths driver can be attributed to the recovery of consumer demand that resulted in increasing procurement by global retailers.



Retail businesses - Taiwan

Revenue for our retail businesses in 2010 totaled NT\$15.04 bn, up 11.2% YoY, benefiting from new store openings and a sustained recovery of consumer demand. TLW's (DIY) revenue increased by 6.8% to NT\$ 9.9 bn while Hola Taiwan's revenue rose 20.7% YoY to NT\$ 5.1 bn. Earnings from the our retail businesses increased 45.9% YoY to NT\$ 477 mn. During the year, we added one TLW (DIY) and 5 Hola stores in Taiwan.

Retail businesses - Hola China

Despite our aggressive expansion plans for Hola China in 2010, losses for our retail operation in China decline by 24.9% YoY to NT\$ 208 mn. Revenue for the year totaled RMB 639.8 mn, up 37.2% YoY with strong same-store-sales growth in excess of 24% YoY. We opened 9 Hola China stores in 2010 and currently operate 27 stores in China.

Figure 1 –Test-Rite Parent only P&L 2010

(NT\$m)	2010	2009	YoY % chg
Turnover	11,514	10,628	8.3%
Gross profit	2,233	1,961	13.9%
Operating profit	222	167	32.9%
Non-operating income/loss	395	(1)	n.a.
Pre-tax profit	617	166	271.7%
Net profit	487	137	255.5%
EPS	1.01	0.31	225.8%
Net profit ex. one-time charge	549	137	300.4%
EPS ex. one-time charge	1.13	0.31	265.7%
Net profit ex. one-time charge & FX	394	(12)	n.a.
EPS ex. one-time charge & FX	0.81	(0.03)	n.a.
Gross margin	19.4%	18.5%	
Operating margin	1.9%	1.6%	
Pre tax margin	5.4%	1.6%	
Net profit margin	4.2%	1.3%	

Figure 2 – Breakdown of non-operating profit 2010

(NT\$m)	2010	2009	YoY% chg
Trading Subsidiaries	(166)	(261)	-36.4%
Retail Subsidiaries			
- Taiwan Retail (TLW + Hola TW)	477	37	45.9%
- Hola China	(208)	(277)	-24.9%
- Life 1 Plaza	(78)	(166)	-53.0%
Subtotal: Retail Subsidiaries	191	(116)	n.a.
Tong Lung Metal	135	132	2.3%
Other LT Investments	152	76	100.0%
FX Gain/(Loss)	155	149	4.0%
Interest net amount	(69)	(73)	-5.5%
Others	(3)	92	-103.3%
Non-Operating Profit	395	(1)	n.a.

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