



家的大小事
一輩子都是特力的事!



Test Rite Group 特力集團

Jul 2011

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1Q11A and 2010 Revenue by BU



Test Rite International Co., Ltd. (2908)

(NT\$ '000)	2Q11*	2Q10	YoY% chg	1H11	1H10	YoY% chg
Trading^	3,469,382	2,911,284	19.2%	6,912,946	5,739,136	20.5%
Retail - TLW	3,742,045	3,379,232	10.7%	7,912,129	7,326,909	8.0%
Retail – HOLA China (RMB '000)	174,141	141,798	22.8%	372,154	296,441	25.5%
Retail Group**	4,680,923	4,170,062	12.3%	9,865,516	8,913,308	10.7%
Tong Lung Metal	789,339	757,429	4.2%	1,544,030	1,476,316	4.6%

^ According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

**Including sales of Mango and WW China in HOLA China revenue. Retail group sales include TLW, HOLA China, Life 1 Plaza and TLW Service.

Test Rite 2010 Financial Results



Test Rite International Co., Ltd. (2908) – parent only

P&L for 2010 & 2009 (parent only)

(NT\$m)	2010	2009	% 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%	

Breakdown of Non-operating income (loss)

(NT\$m)	2010	2009	% chg
Trading Subsidiaries	(166)	(261)	-36.4%
Retail Subsidiaries			
- TLW	477	327	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%
Subtotal of Non-Operating income / loss	395	(1)	n.a.

Test Rite 2010 Financial Results



Test Rite International Co., Ltd. (2908) – parent only

B/S (Parent only) 2010 and 2009

(NT\$ mn)	2010	2009	%chg
Cash & Equivalents	237	298	-20.6%
Current Assets	3,586	3,624	-1.1%
Net PP&E	609	623	-2.2%
L/T Investments	9,641	8,924	8.0%
Total Assets	14,582	13,993	4.2%
S/T Debts	0	233	-100.0%
Current Liability	1,574	1,761	-10.6%
L/T Debts	4,820	3,967	21.5%
Total Liabilities	8,242	7,958	3.6%
Shareholders Equities	6,340	6,035	5.0%
Current Ratio (%)	228%	206%	
Net Debt/Equity (%)	72%	65%	
Total Liab/Assets (%)	57%	57%	

C/F (Parent only) of 2010 and 2009

(NT\$ mn)	2010	2009	% chg
Operating CF	312	561	-44.4%
Investment CF	(1,017)	(197)	417.0%
Financing CF	644	(521)	n.a.
Net Cash Flow	(61)	(156)	-60.6%
Cash at beg. Year	298	454	-34.4%
Cash at end Year	237	298	-20.6%

Test Rite 2010 Financial Results



Test Rite International Co., Ltd. (2908) - Consolidated

Consolidated P&L for 2010 & 2009

(NT\$m)	2010	2009	% chg
Turnover	32,608	29,048	12.3%
Gross profit	9,685	8,340	16.1%
Operating profit	871	406	114.6%
Non-operating income/loss	1	(19)	n.a.
Pre-tax profit	872	387	125.2%
Net profit	620	233	165.7%
Less: minority shareholders	133	97	38.0%
Net profit for Test Rite	487	137	255.9%
EPS (NT\$)	1.01	0.31	225.8%
Gross margin	29.7%	28.7%	
Operating margin	2.7%	1.4%	
Pre tax margin	2.7%	1.3%	
Net profit margin	1.9%	0.8%	

Consolidated B/S for 2010 & 2009

(NT\$ mn)	2010	2009	%chg
Cash & Equivalents	1,111	1,320	-15.8%
Current Assets	9,877	8,968	10.1%
Net PP&E	6,408	6,205	3.3%
L/T Investments	210	221	-5.0%
Total Assets	23,171	22,222	4.3%
S/T Debts	2,881	3,351	-14.0%
Current Liability	8,580	8,464	1.4%
L/T Debts	5,988	5,349	11.9%
Total Liabilities	16,438	15,775	4.2%
Shareholders Equities	6,734	6,447	4.4%
Current Ratio (%)	115%	106%	
Net Debt/Equity (%)	115%	114%	
Total Liab/Assets (%)	71%	71%	

Test Rite 1Q11 Financial Results



Test Rite International Co., Ltd. (2908) – parent only

P&L for 1Q11 & 1Q10 (parent only)

(NT\$m)	1Q11	1Q10	% chg
Turnover	3,444	2,828	21.8%
Gross profit	641	559	14.7%
Operating profit	45	48	-6.3%
Non-operating income/loss	224	224	0.0%
Pre-tax profit	269	272	-1.1%
Net profit	258	242	6.6%
EPS	0.51	0.50	2.0%
Net profit ex. one time charge	312	242	29.0%
EPS ex. one time charge	0.62	0.50	23.1%
Net profit ex. one time charge & FX	251	152	65.3%
EPS ex. one time charge & FX	0.50	0.31	57.6%
Gross margin	18.6%	19.8%	
Operating margin	1.3%	1.7%	
Pre tax margin	7.8%	9.6%	
Net profit margin	7.5%	8.6%	

Breakdown of Non-operating income (loss)

(NT\$m)	1Q11	1Q10	YoY % chg
Trading Subsidiaries	(40)	(47)	-14.9%
Retail Subsidiaries			
- TLW	233	230	1.3%
- Hola China	(44)	(47)	-6.4%
- Life 1 Plaza	(9)	(32)	-71.9%
Subtotal: Retail Subsidiaries	180	151	19.2%
Tong Lung Metal	21	24	-12.5%
Other LT Investments	43	13	230.8%
FX Gain/(Loss)	61	90	-32.2%
Interest net amount	(17)	(17)	0.0%
Others	(24)	10	-340.0%
Subtotal of Non-Operating income / loss	224	224	0.0%

Test Rite 1Q11 Financial Results



Test Rite International Co., Ltd. (2908) – parent only

B/S (Parent only) 1Q11 and 1Q10

(NT\$ mn)	1Q11	1Q10	%chg
Cash & Equivalents	173	116	49.4%
Current Assets	4,504	3,755	20.0%
Net PP&E	608	617	-1.4%
L/T Investments	9,860	9,338	5.6%
Total Assets	15,701	14,541	8.0%
S/T Debts	206	683	-69.9%
Current Liability	2,107	2,246	-6.2%
L/T Debts	4,653	3,908	19.1%
Total Liabilities	8,561	8,250	3.8%
Shareholders Equities	7,140	6,291	13.5%
Current Ratio (%)	214%	167%	
Net Debt/Equity (%)	66%	71%	
Total Liab/Assets (%)	55%	57%	

C/F (Parent only) of 1Q11 and 1Q10

(NT\$ mn)	1Q11	1Q10	% chg
Operating CF	(571)	(200)	185.4%
Investment CF	(16)	(373)	-95.7%
Financing CF	524	391	33.8%
Net Cash Flow	(64)	(182)	-65.1%
Cash at beg. Year	237	298	-20.6%
Cash at end Year	173	116	49.4%

Test Rite Group Strategy to 2014



Vision 願景:	To form a globally integrated enterprise 構築一個全球性整合的企業集團
Goals 終極目標:	Sustainable business growth 業務持續成長 Corporate governance 公司治理
Strategy 策略:	Growth through Innovation & Integration 透過創新與整合保持成長
Objectives 目標:	Double group revenue in 5 years 五年倍數成長 Integrate operation 集團整合
Culture 文化:	High Performance 高績效 Customer focus 顧客導向 Sales oriented 銷售導向

Test Rite Group Outlook



Outlook and Opportunities

- Trading
 - US and EU economy's sustained recovery
 - New program wins for principal trading and rising agency shipments
 - Brand licensing opportunities for Taiwan and China
- Retail
 - New Business – TLW Plus and TLW好幫手(HISU, Home Improvement Service)
 - Operate 5 TLW Plus by 1H11



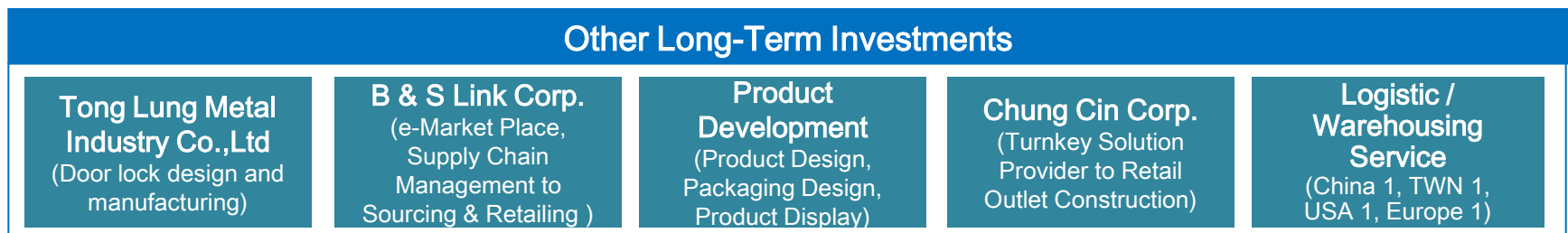
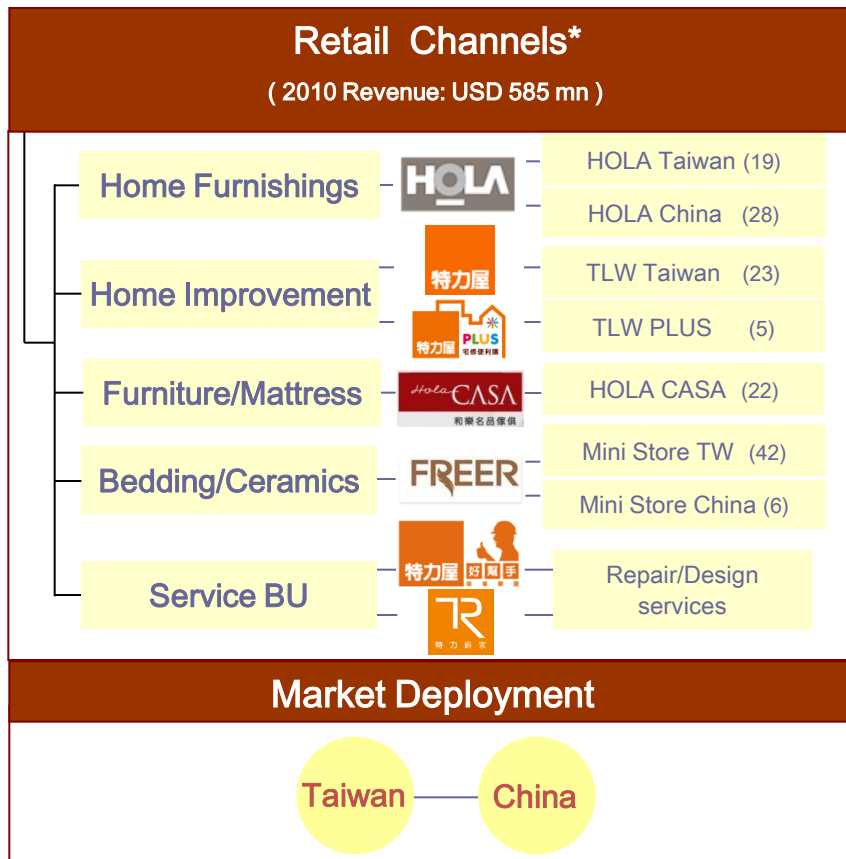
Test Rite Group Outlook



Potential Risks

- Strong NT dollar creates a challenging environment
- Volatile raw material prices is a possible risk for both trading and manufacturing BUs.
- Inflationary pressure in China impacts product margins as well as operating costs

Group Structure*



* Store numbers updated as of Jun 2011

Test Rite Group Milestone



- 1978-91** **Establishment and Growth**
- 1988-00** **“Best Supplier Award from Wal-Mart”**
- 1993** **Test Rite IPO (2908TT) – Taiwan Stock Exchange**
- 1996-98** **Launch of Retail Business**
 B&Q 特力屋 Taiwan 50-50 JV with Kingfisher
 HOLA – “House of Living Art”
- 2000** **Packing facilities established in Shanghai and Shenzhen**
- 2001** **Named “The Best 200 Small Companies” by Forbes**
- 2004** **Retail: Inception of HOLA China**
- 2006** **HOLA (2921TT) IPO –Taiwan OTC Exchange**
 Acquisition of Tong-Lung Metal (OTC listed 8705 TT)
- 2007** **Nei-Hu HQ Building Sale-and-Leaseback**
 Purchase of Kingfisher’s 50% joint venture stake of TLW Taiwan (US\$100mn)
- 2009** **4-in-1 Merger of Taiwan Retail channels: TLW (DIY), HOLA, Freer, and HOLA Casa.**
- 2010** **Accelerate pace of store openings of HOLA China**
 Canceled 14.8mn treasury shares



TRADING SECTOR



Test Rite Group 特力集團

Global Worldwide Network



(with local service 26 offices in 16 countries)



Growth driver

- ❑ Agency biz (Michaels, AutoZone, Tractor Supply, AAFES, Topco, Spotlight and Orchard Supply)
- ❑ Principal trading acquire new customers/products thru global sourcing platform
- ❑ Brand licensing opportunities for Greater China markets (ex. Bissell, Jiu Young, Stanley etc).

Trading Overview – 1H11



- Revenue for 1H11 reached NT\$ 6.9 bn, up 20.5% YoY. Total shipments up 23.6% YoY to approximately NT\$ 8.2 bn.
- Principal trading shipments totaled NT\$ 6.7 bn, up 20.0% YoY, and accounted for 82.5% of total shipments.
- Shipment of agency business accounted for 17.5% of total shipments, increased 43.6% YoY to NT\$ 1.4 bn.

Trading business' monthly sales

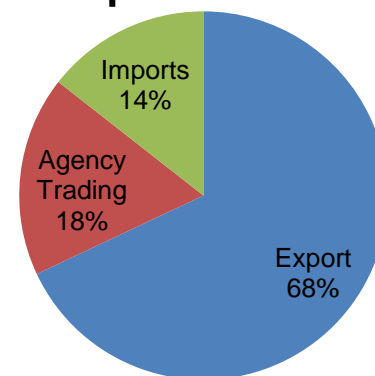
Revenue (NT\$ '000)	2011*	2010A	YoY % chg
1H Total Revenue	6,912,946	5,739,136	20.5%

^ According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

Shipments value breakdown by segment for 1H11

Shipment Value (NT\$ '000)	2011*	2010A	YoY % chg
1H accumulated shipments – Principal	6,737,205	5,613,993	20.0%
1H accumulated shipments – Agency	1,427,062	993,852	43.6%
1H accumulated shipments	8,164,267	6,607,845	23.6%

1H11 Shipment Breakdown



Trading Overview – 2Q11



- Revenue for 2Q11 reached NT\$ 3.5 bn, up 19.2% YoY. Total shipments up 24.3% YoY to approximately NT\$ 4.3 bn.
- Principal trading shipments totaled NT\$ 3.4 bn, up 18.7% YoY, and accounted for 79.2% of total shipments.
- Shipment of agency business accounted for 20.8% of total shipments, increased 51.5% YoY to NT\$ 884 mn.

Trading business' monthly sales

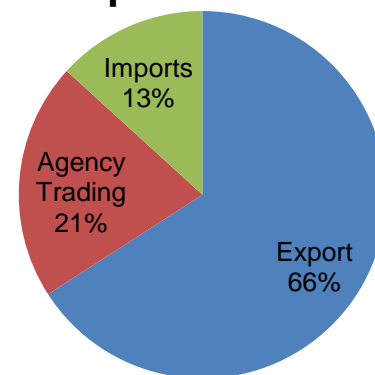
Revenue (NT\$ '000)	2011*	2010A	YoY % chg
2Q Total Revenue	3,469,382	2,911,284	19.2%

[^] According to Taiwan GAAP, revenue for Agency business is based on commission revenue.

Shipments value breakdown by segment for 2Q11

Shipment Value (NT\$ '000)	2011*	2010A	YoY % chg
2Q shipments - Principal	3,372,589	2,840,680	18.7%
2Q shipments – Agency	884,047	583,360	51.5%
2Q shipments	4,256,636	3,424,040	24.3%

2Q11 Shipment Breakdown





超大型家居生活館
HOME FURNISHING STORE

RETAIL SECTOR

Test Rite Group 特力集團

Brand values for Test Rite Retail Business Group



Making all customers' home related items a lifelong business for Test Rite Retail

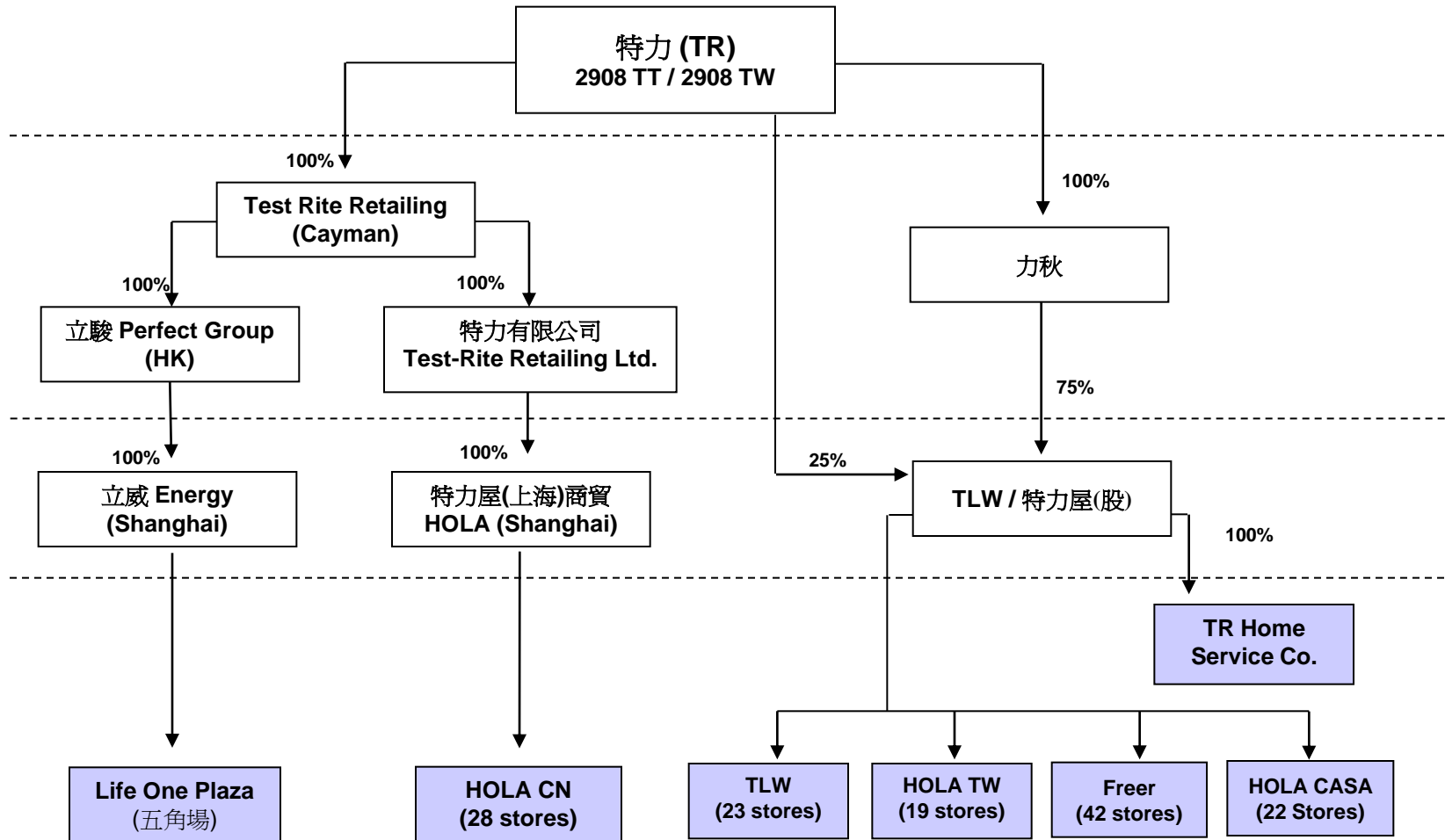


Affordable Indulgence

Value for Money



Holding structure of TR Retail Group



Store # are as of Jun 2011.

Designate Retail Sales Channels

TLW (Formerly B&Q TW) made a tender offer of HOLA TW common shares in June 2009. TLW merged HOLA TW, Freer, and HOMY in Oct 2009. And the scheduled date of 4 in 1 merger is Dec. 31, 2009.

Growth Driver – Retail Group



Provide consumers the experience of “affordable indulgence”

- **TLW (特力屋) Taiwan**
 - Enter repair/service market in 2010
 - Transform into a Solution Service Company in the home improvement market
 - Open TLW Plus targeting neighborhood market.

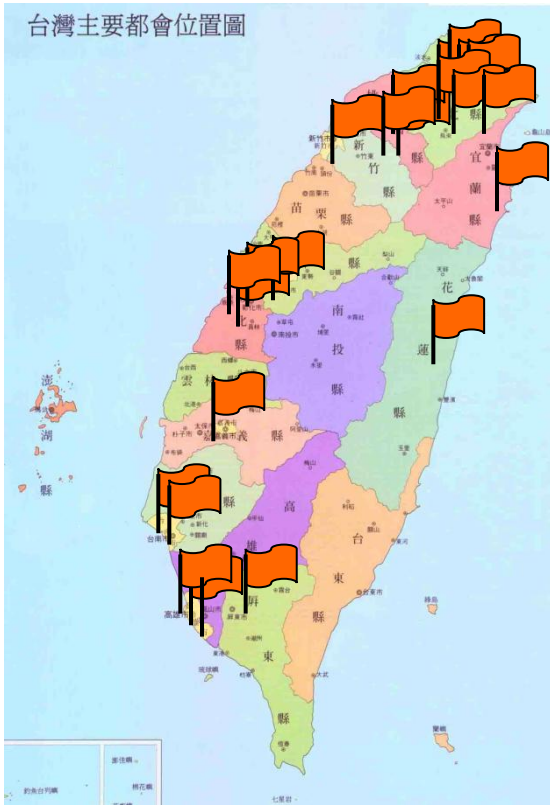
- **HOLA**
 - HOLA Taiwan – opened 4 HOLA stores within various TLW stores to improve overall sales per square meter in 2010. Continue expansion in targeted locations
 - HOLA China – expanded 9 stores in 2010 (2nd gen. store rollout)

Trading/Retail Synergy

- TLW, HOLA, Freer, HOLA CASA, and HOLA China - integration in terms of merchandizing, marketing, store operations, FIN, HR & IT

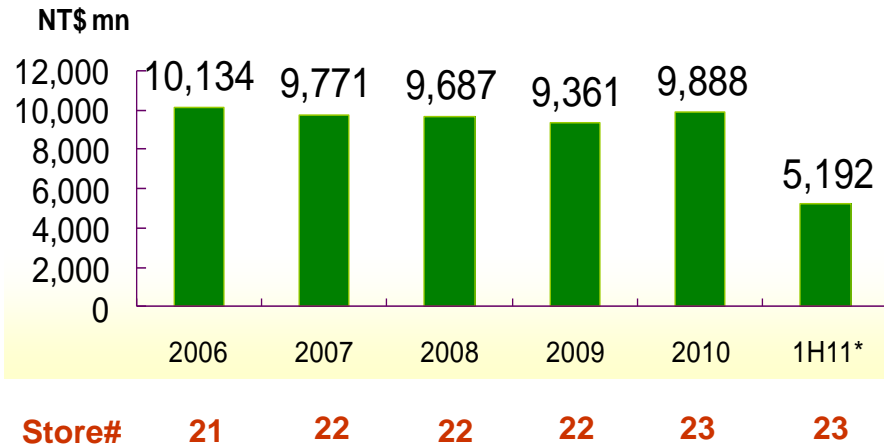


Store Locations



- Leading DIY player with ~30% market share
- New business opportunities with TLW Plus and TLW 好幫手
- Posted first revenue growth of 5.6% in 2010, GM in 2010 was 34.2%

Net Sales

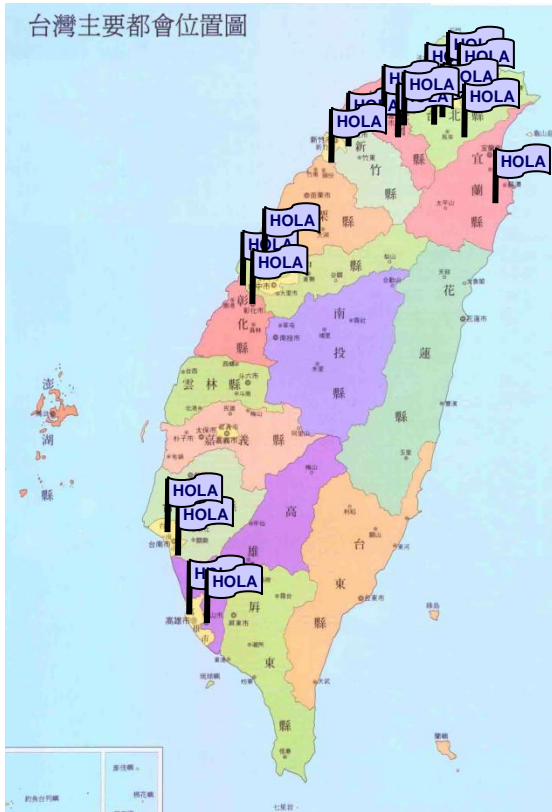




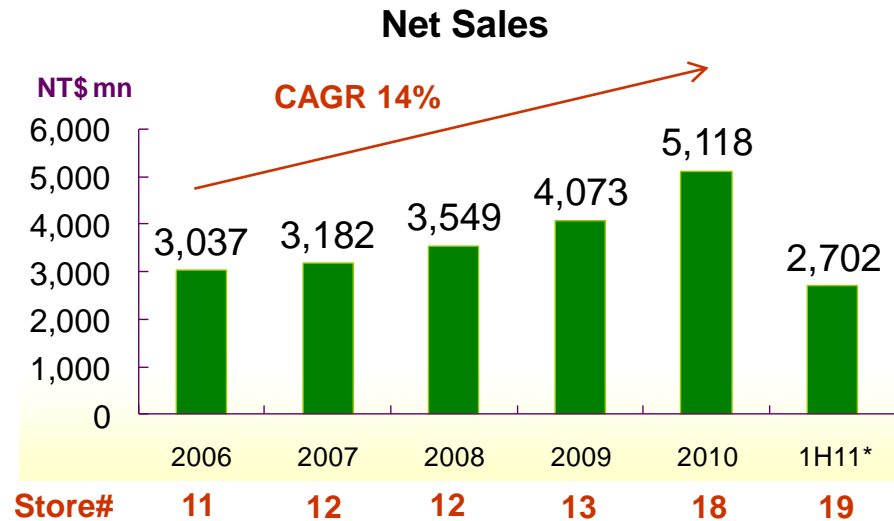
Hola TW Business update



Store Locations



- No. 1 home décor chain in Taiwan with 19 stores
- Opened 4 stores within existing TLW in 2010
- Revenue growth 06-10 CAGR of 14%; 2010 GM of 38.8%



Hola China – Revenue 2006-1Q11

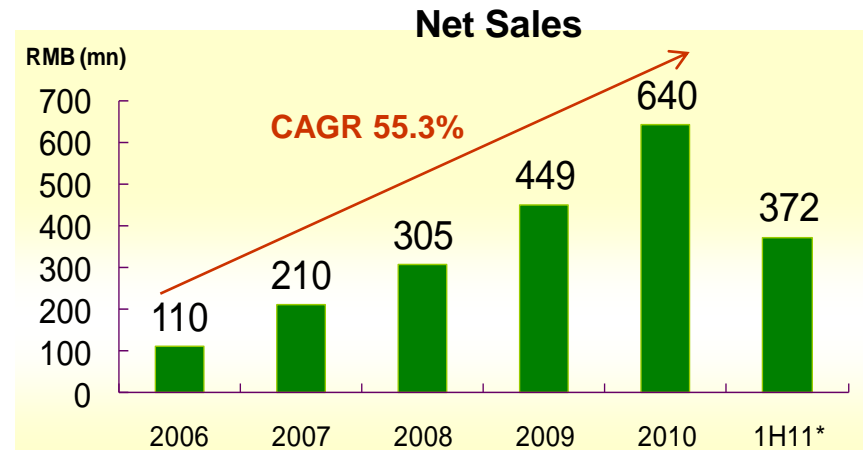


HOLA China (Private – 100% held by Test-Rite)

HOLA 特力屋 超大型家居生活馆
HOME FURNISHING STORE



- HOLA China has 28 stores as of Jun 2011.
- Revenue for 1H11 of RMB 372 mn, up 25.5% YoY.



Store# **7** **9** **15** **18** **27** **28**

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Hola China business update



- Total number of stores targeted to reach 50-60 by end of 2014, and develop alternative sales channel.
- Added 1 store in Beijing in 2011 and 9 stores 2010.
- Revenue for 2010 totaled RMB 640 mn, up 37.2% YoY, and losses reduced by 25% to NT\$ 208 mn.

Hola China business update cont'd



- 2Q11 revenue increased 22.8% YoY to RMB 174 mn. 1H11 revenue totaled RMB 372 mn, up 25.5% YoY.
- 1Q11 loss was down 6.4% YoY to NT\$ 44 mn – 5th consecutive quarter of lower YoY losses
- 16 out of 27 stores were at breakeven in 1Q11; 12 stores out of total 27 were profitable at store level by end of 2010. Hola China turn profitable on a monthly basis for the first time in Dec-09.



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一輩子都是特力的事!

Thank you!



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