



家的大小事
一輩子都是特力的事!



TEST RITE



Chung-Cin



HOLA CASA



特力屋



HOLA China



特力居家



家好康



HOLA Taiwan



好家手
服務顧問



B&S LINK



EZSET



FREER



Test Rite Group 特力集團

September 2011

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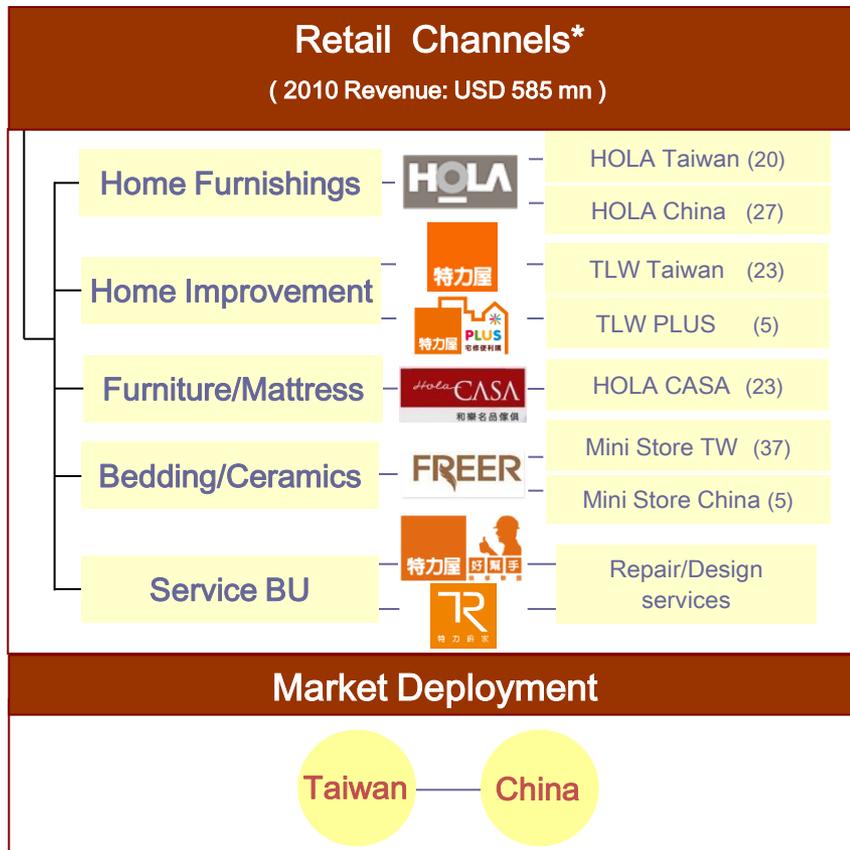
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Test Rite Group Strategy to 2014



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

Group Structure*



* Store numbers updated as of August 2011

Test Rite Group Outlook



Outlook and Opportunities

- Trading
 - New program wins for principal trading and rising agency shipments
 - Brand licensing opportunities for Taiwan and China
- Retail
 - Store opening plan
 - HOLA CN – net 2 additional stores by year end 2011
 - net increase of 4-8 stores in 2012; target 50-60 stores by 2014
 - New Business – TLW Plus and TLW好幫手(HISU, Home Improvement Service)
 - Operate 5 - 7 TLW Plus by year end of 2011



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

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
- 2011** Décor House opening



TRADING SECTOR



Test Rite Group 特力集團

Global Worldwide Network



(with local service 22 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, Jiou 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

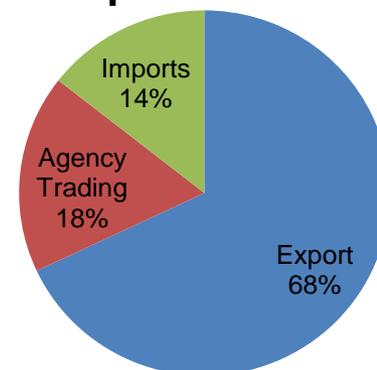
Revenue (NT\$ '000)	2011*	2010A	YoY % chg
1H Total Revenue	6,912,946	5,739,136	20.5%

^ 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





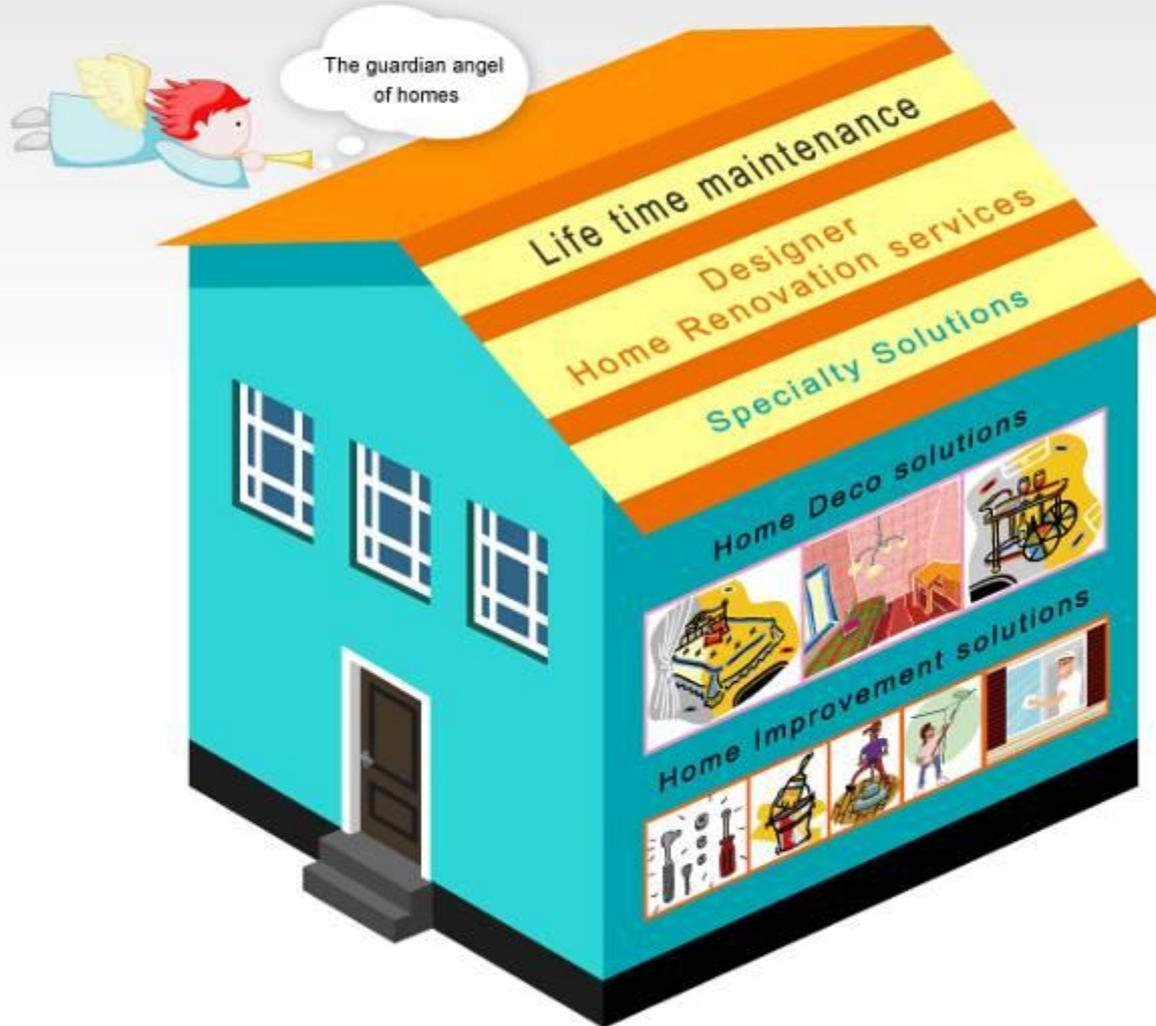
RETAIL SECTOR

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

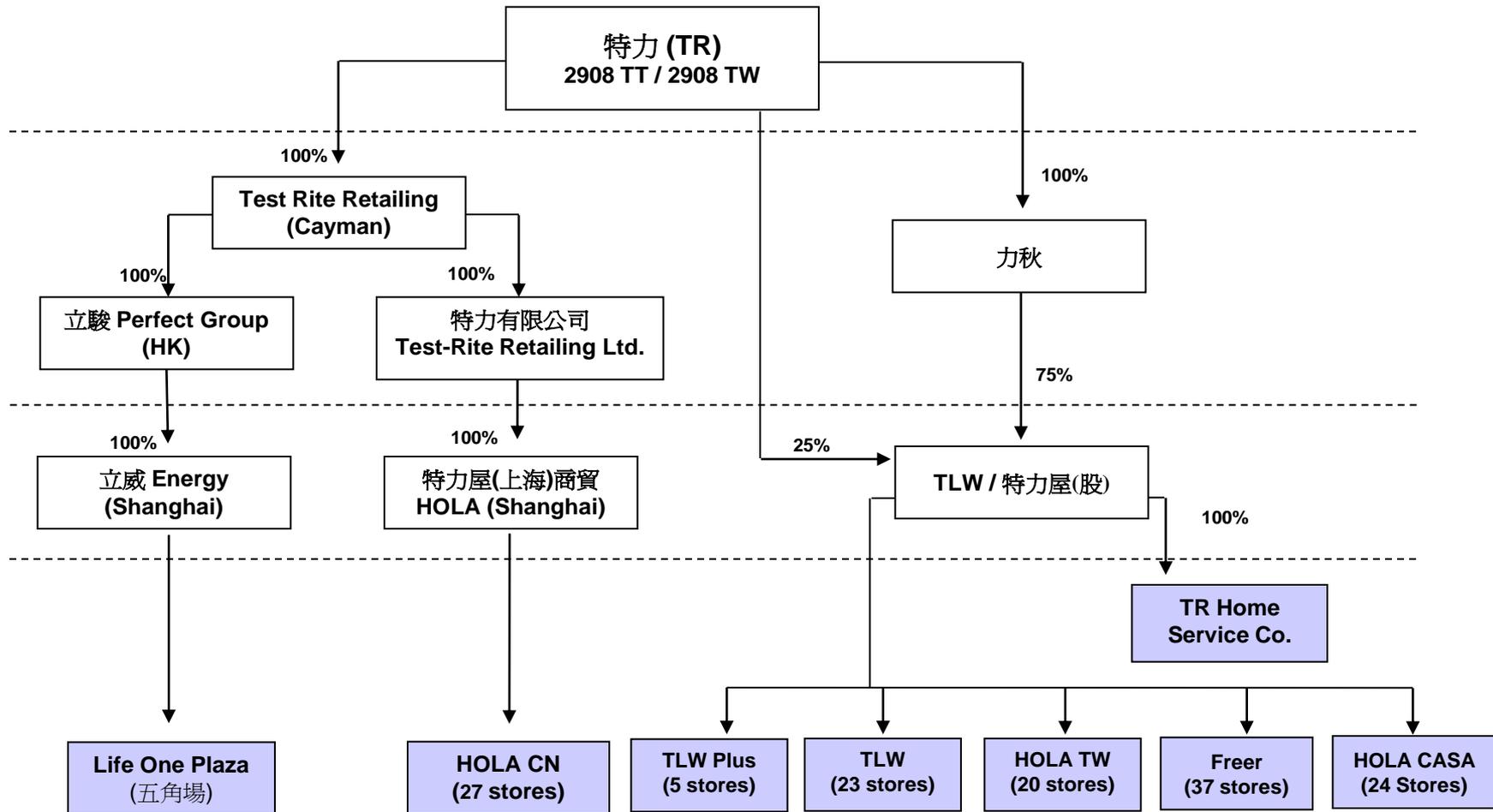


Affordable Indulgence

Value for Money



Holding structure of TR Retail Group



Store # are as of August 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**
 - Open first Décor House, the one-stop home ware shopping center
 - Enter repair/service market in 2010. Transform into a Solution Service Company in the home improvement market
 - Open TLW Plus targeting neighborhood market.

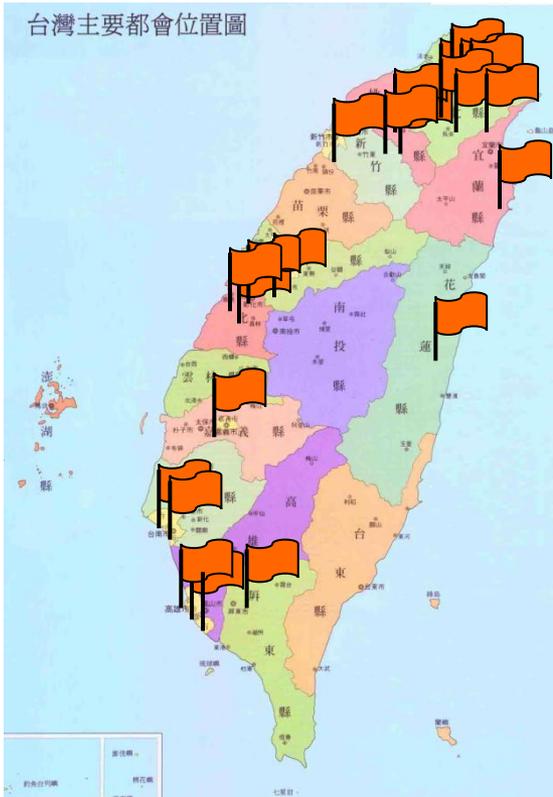
- **HOLA**
 - HOLA Taiwan – opened 2 stores in 2011
 - HOLA China
 - add net 2 more stores by end of 2011
 - 4-8 stores in 2012; 2014 target 50-60 stores

Trading/Retail Synergy

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

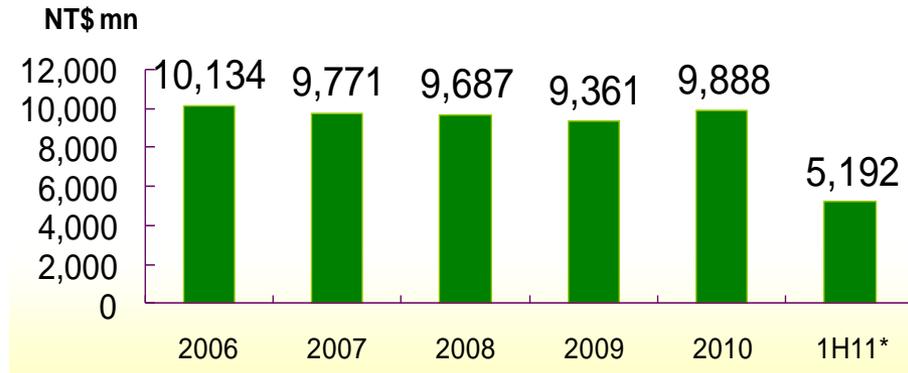


Store Locations



- 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 1H11 was 33.7%

Net Sales

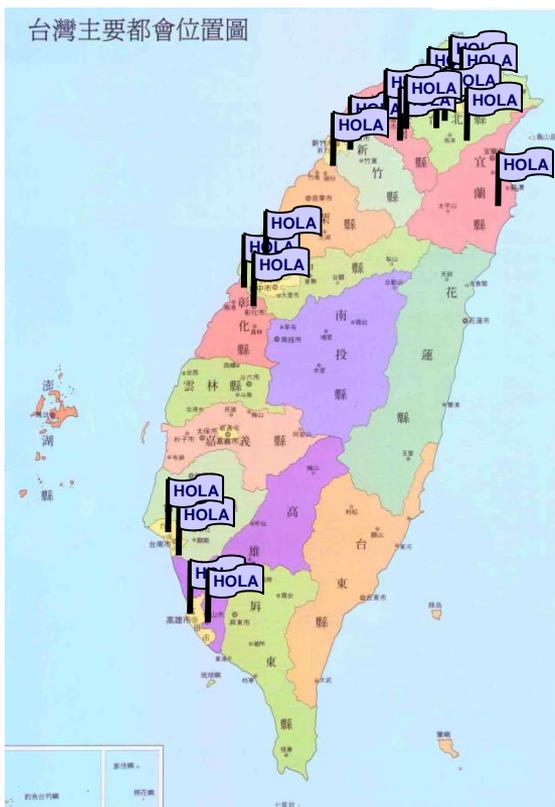


(m ²)	2006	2007	2008	2009	2010	3Q11
Selling space	91,756	93,938	93,938	93,938	94,949	97,043
Store #	21	22	22	22	23	23

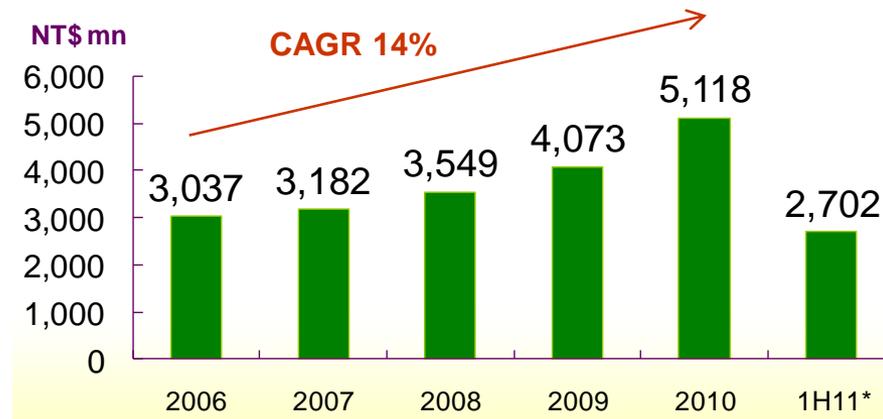


Store Locations

- No. 1 home décor chain in Taiwan with 20 stores
- Opened 2 stores in 2011
- Revenue growth 06-10 CAGR of 14%; 1H11 GM was 39.0%



Net Sales



(m ²)	2006	2007	2008	2009	2010	3Q11
Selling space	36,919	40,073	43,541	43,541	50,400	54,046
Store #	11	12	13	13	18	20

Décor House business update



特力家居 DÉCOR HOUSE

- Closed original TLW store to rebuilt Décor House in 2Q10. Soft opening started in July 2011 and official opened in September.
- Selling space over 8,100 ping (26,700 m²)
- Revenue contribution to reach NT\$ 2-2.5 bn per year





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

- HOLA China has 27 stores as of September 2011.
- Revenue for 1H11 of RMB 372 mn, up 25.5% YoY.
- GM of 1H11 was 36.2%



(m ²)	2006	2007	2008	2009	2010	3Q11
Selling space	25,593	32,595	46,442	51,506	59,481	60,116
Store #	7	9	14	18	27	27

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.
- 2Q11 loss increased 30.8% YoY to NT\$ 71 mn due to rising operating expense in China
- 13 out of 28 stores were at breakeven in 1H11; 16 out of 27 stores profited in 1Q11, and 7 profited in 2Q11. 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.



HOME

RECENT FINANCIAL RESULTS TESTRITE

Test Rite Group 特力集團

2Q11A and 1H11A 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 2Q11 Financial Results



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

P&L for 2Q11 & 2Q10 (parent only)

(NT\$m)	2Q11A	2Q10A	% chg
Turnover	3,469.3	2,911.2	19.2%
Gross profit	651.5	556.3	17.1%
Operating profit	117.0	99.2	17.9%
Non-operating income/loss	5.6	5.7	-1.8%
Pre-tax profit	122.6	104.8	17.0%
Net profit	96.6	8.8	997.7%
EPS	0.19	0.02	850.0%
Net profit ex. one time charge	96.6	70.4	37.2%
EPS ex. one time charge	0.19	0.15	30.9%
Net profit ex. one time charge & FX	91.8	30.9	197.1%
EPS ex. one time charge & FX	0.18	0.06	183.3%
Gross margin	18.8%	19.1%	
Operating margin	3.4%	3.4%	
Pre tax margin	3.5%	3.6%	
Net profit margin	2.8%	0.3%	

Breakdown of Non-operating income (loss)

(NT\$m)	2Q11A	2Q10A	% chg
Trading Subsidiaries	5.6	(27.2)	n.a.
Retail Subsidiaries			
- TLW	29.6	(29.5)	n.a.
- Hola China	(71.4)	(54.6)	30.8%
- Life 1 Plaza	8.4	(27.2)	n.a.
Subtotal: Retail Subsidiaries	(33.4)	(111.3)	-70.0%
Tong Lung Metal	14.5	37.5	-61.3%
Other LT Investments	9.4	34.5	-72.8%
FX Gain/(Loss)	4.8	39.5	-87.8%
Interest net amount	(20.3)	(17.0)	19.4%
Others	25.0	49.7	-49.7%
Subtotal of Non-Operating income / loss	5.6	5.7	-1.8%

Test Rite 2Q11 Financial Results



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

B/S (Parent only) 2Q11 and 2Q10

(NT\$ mn)	2Q11A	2Q10A	%chg
Cash & Equivalents	494	129	282.1%
Current Assets	5,972	4,022	48.5%
Net PP&E	605	610	-0.8%
L/T Investments	9,353	9,190	1.8%
Total Assets	16,644	14,573	14.2%
S/T Debts	0	713	-100.0%
Current Liability	2,177	2,449	-11.1%
L/T Debts	5,828	3,950	47.5%
Total Liabilities	9,739	8,426	15.6%
Shareholders Equities	6,905	6,147	12.3%
Current Ratio (%)	274.3%	164.2%	
Net Debt/Equity (%)	77.2%	72.9%	
Non-GAAP Net D/E (%)	63.3%	56.7%	
Total Liab/Assets (%)	58.5%	57.8%	

C/F (Parent only) of 2Q11 and 2Q10

(NT\$ mn)	2Q11A	2Q10A	% chg
Operating CF	(363)	181	-300.7%
Investment CF	(205)	(239)	-14.4%
Financing CF	889	72	1142.0%
Net Cash Flow	321	13	2302.2%
Cash at beg. quarter	173	116	49.4%
Cash at end quarter	494	129	282.1%

Test Rite 1H11 Financial Results



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

Consolidated P&L for 1H11 & 1H10

(NT\$m)	1H11A	1H10A	% chg
Turnover	17,684	15,858	11.5%
Gross profit	5,397	4,833	11.7%
Operating profit	529	480	10.2%
Non-operating income/loss	(21)	1	n.a.
Pre-tax profit	508	481	5.6%
Net profit	409	322	27.1%
Less: minority shareholders	54	71	-23.3%
Net profit for Test Rite	354	251	41.3%
EPS (NT\$)	0.70	0.52	34.6%
Gross margin	30.52%	30.48%	
Operating margin	2.99%	3.03%	
Pre tax margin	2.87%	3.03%	
Net profit margin	2.31%	2.03%	

Consolidated B/S for 1H11 & 1H10

(NT\$ mn)	1H11A	1H10A	%chg
Cash & Equivalents	1,801	1,124	60.2%
Current Assets	12,441	9,619	29.3%
Net PP&E	7,180	6,248	14.9%
L/T Investments	208	301	-31.0%
Total Assets	26,520	22,980	15.4%
S/T Debts	3,756	3,470	8.2%
Current Liability	10,328	9,252	11.6%
L/T Debts	7,144	5,238	36.4%
Total Liabilities	19,245	16,451	17.0%
Shareholders Equities	7,275	6,529	11.4%
Current Ratio (%)	120.46%	103.97%	
Net Debt/Equity (%)	114.64%	112.64%	
Non-GAAP Net D/E (%)	94.77%	88.71%	
Total Liab/Assets (%)	72.57%	71.59%	

Test Rite 1H11 Financial Results



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

P&L for 1H11 & 1H10 (parent only)

(NT\$m)	1H11A	1H10A	% chg
Turnover	6,912.9	5,739.1	20.5%
Gross profit	1,292.2	1,115.7	15.8%
Operating profit	162.1	147.8	9.7%
Non-operating income/loss	229.8	228.7	0.5%
Pre-tax profit	391.9	376.5	4.1%
Net profit	354.3	250.8	41.3%
EPS	0.70	0.52	34.6%
Net profit ex. one time charge	408.5	312.4	30.8%
EPS ex. one time charge	0.81	0.65	24.7%
Net profit ex. one time charge & FX	342.6	182.9	87.3%
EPS ex. one time charge & FX	0.68	0.38	78.7%
Gross margin	18.7%	19.4%	
Operating margin	2.3%	2.6%	
Pre tax margin	5.7%	6.6%	
Net profit margin	5.1%	4.4%	

Breakdown of Non-operating income (loss)

(NT\$m)	1H11A	1H10A	YoY % chg
Trading Subsidiaries	(33.8)	(73.5)	-54.0%
Retail Subsidiaries			
- TLW	263.2	199.7	31.8%
- Hola China	(115.5)	(101.8)	13.5%
- Life 1 Plaza	(0.8)	(59.2)	-98.6%
Subtotal: Retail Subsidiaries	146.9	38.7	279.6%
Tong Lung Metal	35.6	61.9	-42.5%
Other LT Investments	52.7	47.5	10.9%
FX Gain/(Loss)	65.9	129.5	-49.1%
Interest net amount	(37.7)	(34.0)	10.9%
Others	0.2	58.6	-99.7%
Subtotal of Non-Operating income / loss	229.8	228.7	0.5%

Test Rite 1H11 Financial Results



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

B/S (Parent only) 1H11 and 1H10

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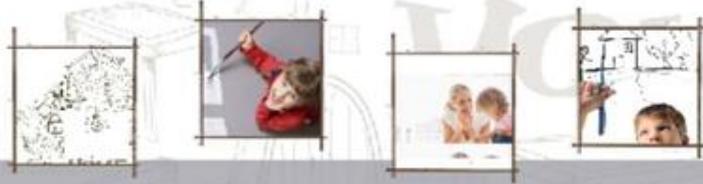
C/F (Parent only) of 1H11 and 1H10

(NT\$ mn)	1H11A	1H10A	% chg
Operating CF	(935)	(19)	4774.8%
Investment CF	(221)	(613)	-64.0%
Financing CF	1,413	463	205.2%
Net Cash Flow	257	(169)	n.a.
Cash at beg. Year	237	298	-20.6%
Cash at end Year	494	129	282.1%



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一輩子都是特力的事!

Thank you!



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