



家的大小事
一輩子都是特力的事!



Test Rite Group 特力集團

December 2011

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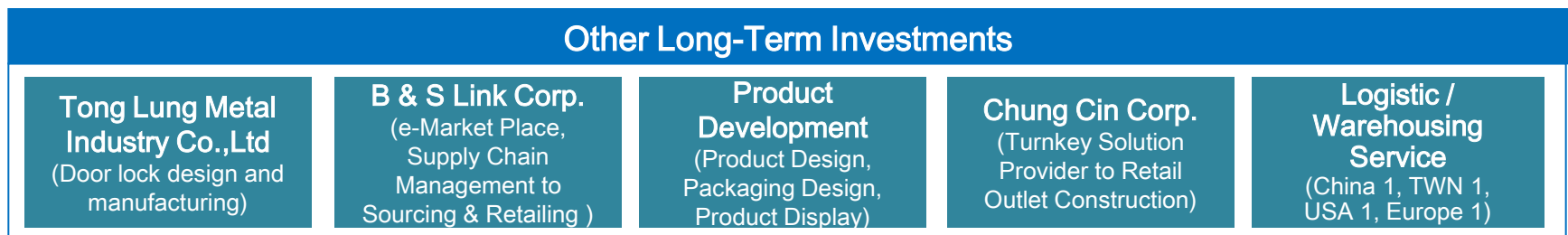
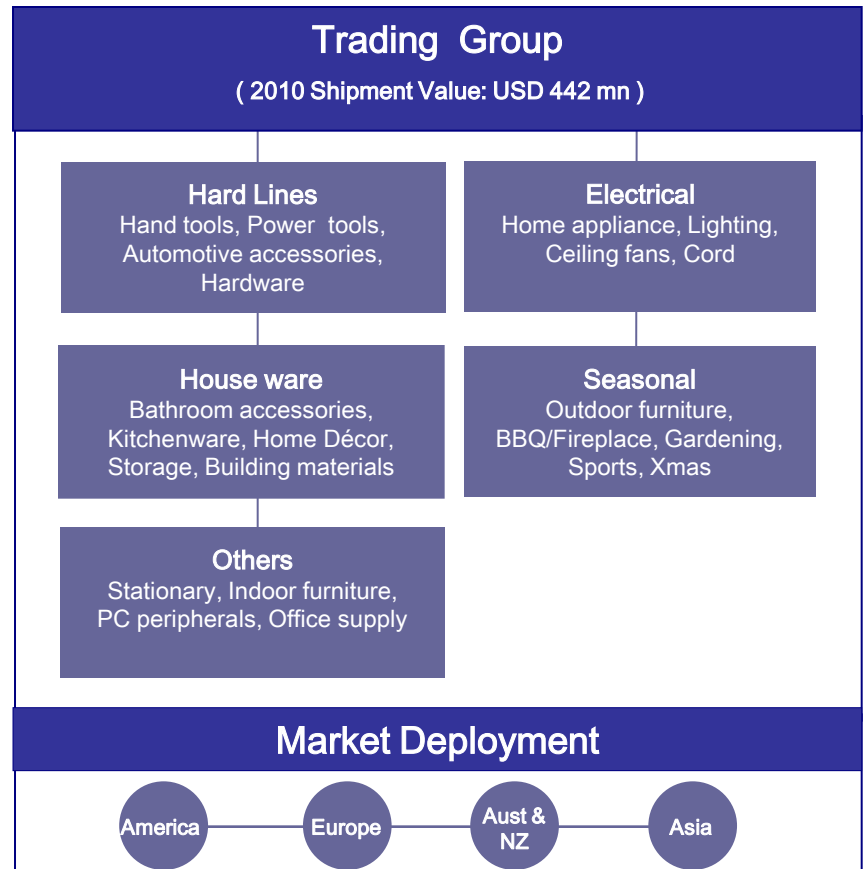
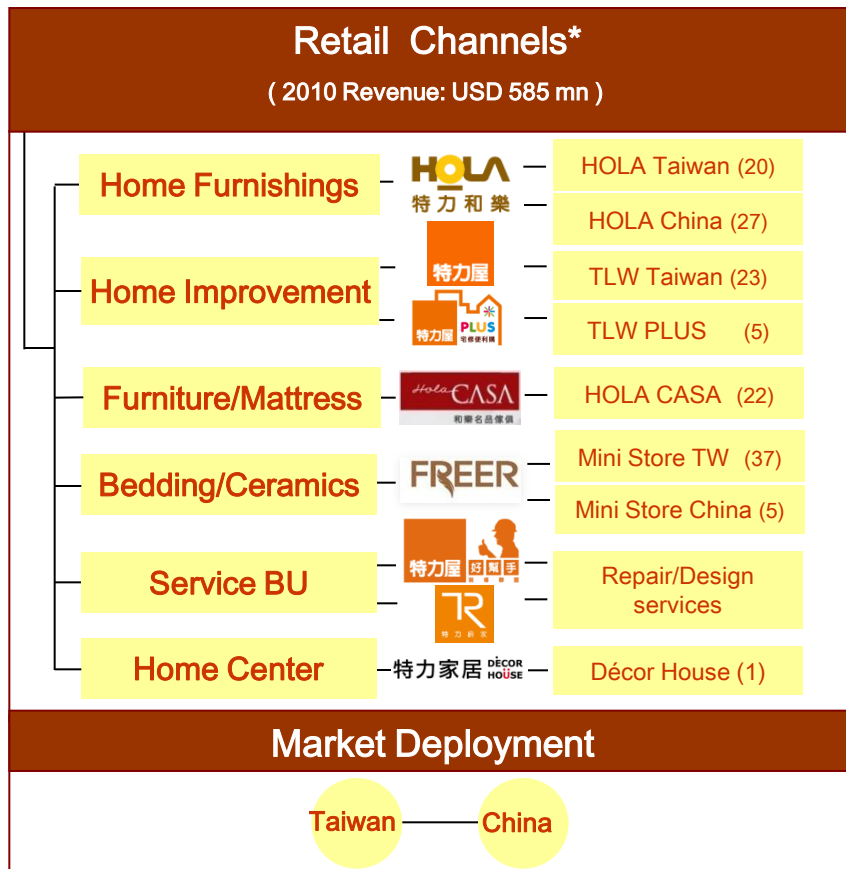
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Test Rite Group Strategy to 2014



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:	Sustainable group revenue growth for 5 years 集團營收五年持續正成長 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 November 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
 - TLW – to add 1-2 stores in 2012
 - HOLA TW – additional 1 store in 2012 (pending)
 - HOLA CN – net 1 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 TLW Plus by year end of 2011



Test Rite Group Outlook



Potential Risks

- Changes in consumer demand
- NT dollar volatility
- Volatile raw material prices (for both trading and manufacturing BUs)

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 in September



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, Jiu Young, Stanley etc).

Trading Overview – 1-3Q11



- Revenue for 1-3Q11 reached NT\$ 10.2 bn, up 11.7% YoY. Total shipments up 16.0% YoY to approximately NT\$ 12.4 bn.
- Revenue for January to November 2011 was NT\$ 12.2 bn, up 13.6% YoY.

Trading business' monthly sales

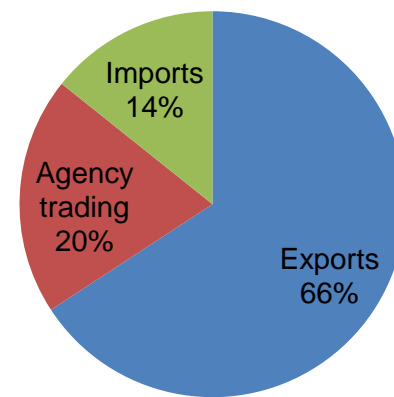
Revenue (NT\$ '000)	2011*	2010A	YoY % chg
1-3Q Trading Revenue	9,971,984	8,923,144	11.8%
1-3Q Total Revenue	10,215,185	9,149,255	11.7%

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

Shipments value breakdown by segment for 1-3Q11

Shipment Value (NT\$ '000)	2011*	2010A	YoY % chg
1-3Q accumulated shipments – Principal	9,937,033	8,947,584	11.1%
1-3Q accumulated shipments – Agency	2,458,150	1,733,533	41.8%
1-3Q accumulated shipments – Total	12,395,183	10,681,117	16.0%

1-3Q11 Shipments Breakdown



Trading Overview – 3Q11



- Revenue for 3Q11 reached NT\$ 3.3 bn, down 3.2% YoY. Total shipments up 3.9% YoY to approximately NT\$ 4.2 bn.
- Revenue for October and November 2011 was NT\$ 1.9 bn, up 24.8% YoY.

Trading business' monthly sales

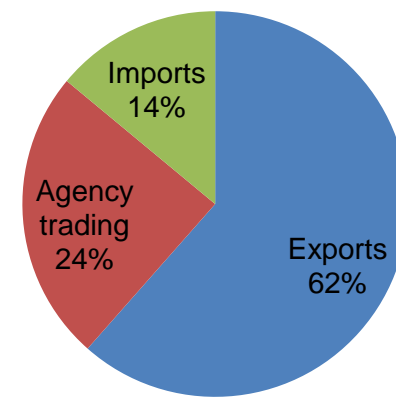
Revenue (NT\$ '000)	2011*	2010A	YoY % chg
3Q Trading Revenue	3,221,169	3,335,455	-3.4%
3Q Total Revenue	3,302,238	3,410,119	-3.2%

[^] 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
3Q shipments - Principal	3,199,828	3,333,591	-4.0%
3Q shipments – Agency	1,031,089	739,680	39.4%
3Q shipments – Total	4,230,917	4,073,271	3.9%

3Q11 Shipments 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

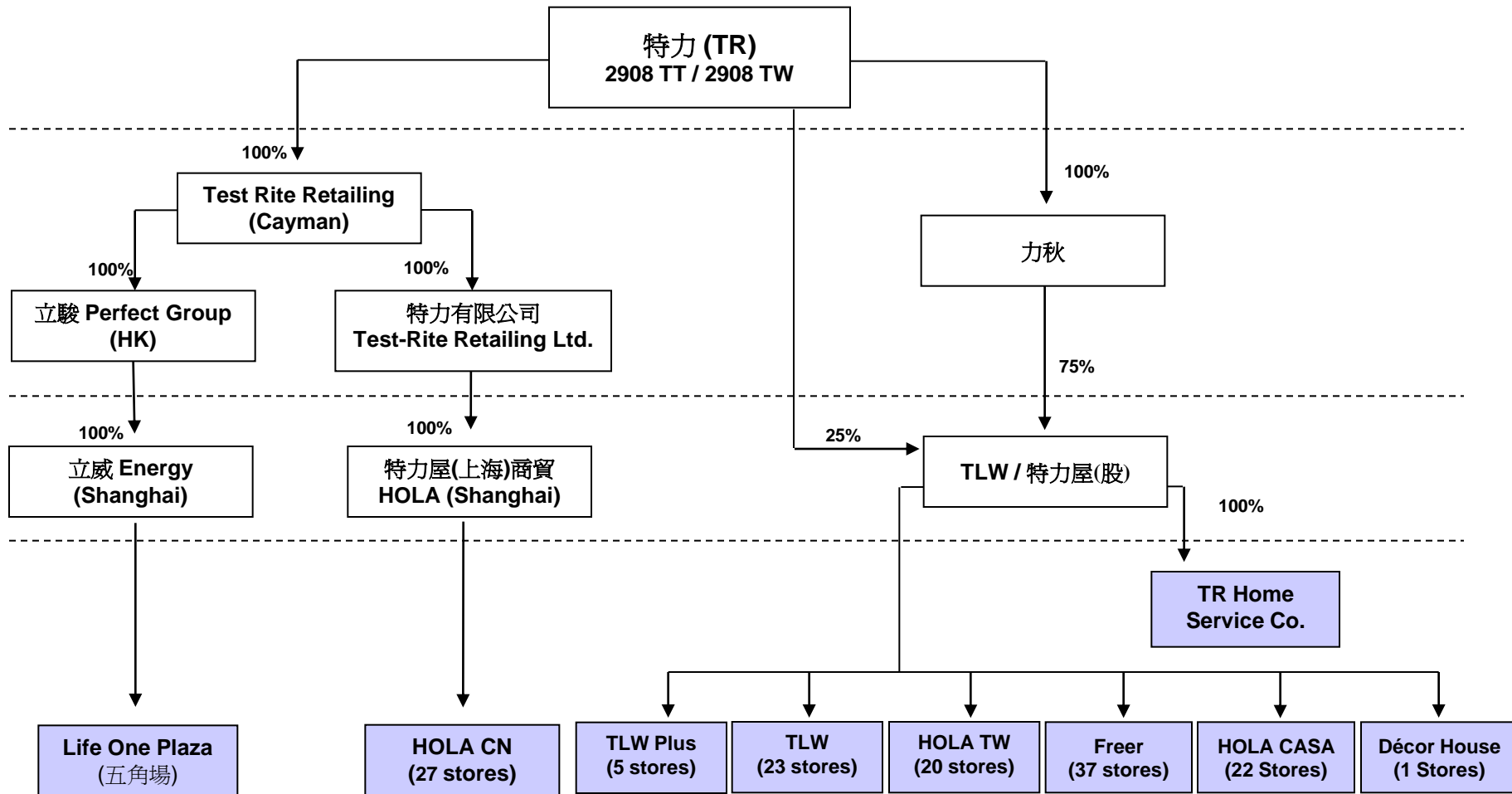


Affordable Indulgence

Value for Money



Holding structure of TR Retail Group



Store # are as of November 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 in 2011
- 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 1 more stores by end of 2011
 - net increase of 4-8 stores in 2012; 2014 target 50-60 stores

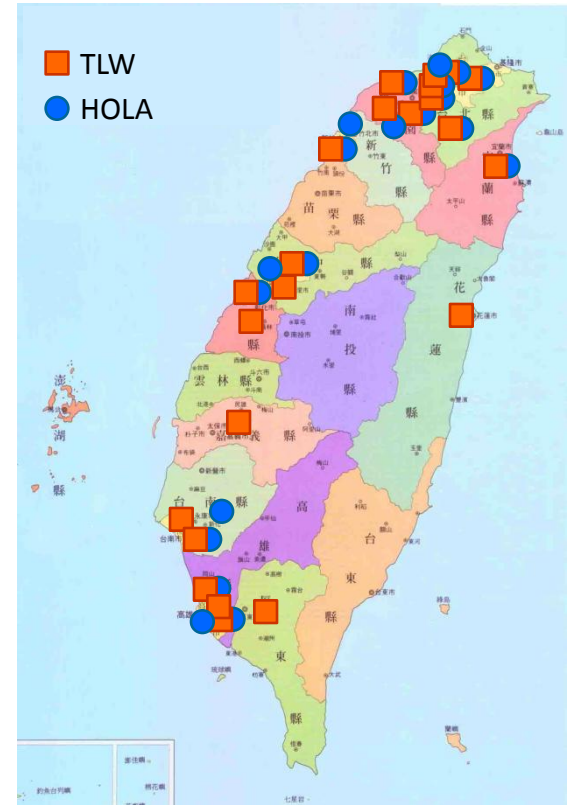
Trading/Retail Synergy

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

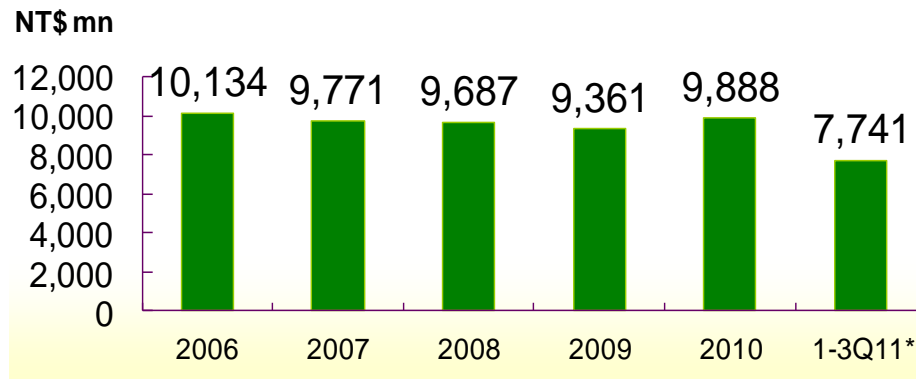


- Leading DIY player with ~30% market share
- New business opportunities with TLW Plus and TLW 好幫手
- Posted revenue growth of 5.6% in 2010, 1-3Q revenue increased 3.4% YoY, and GM in 1-3Q11 was 33.9%

Store Locations



Net Sales

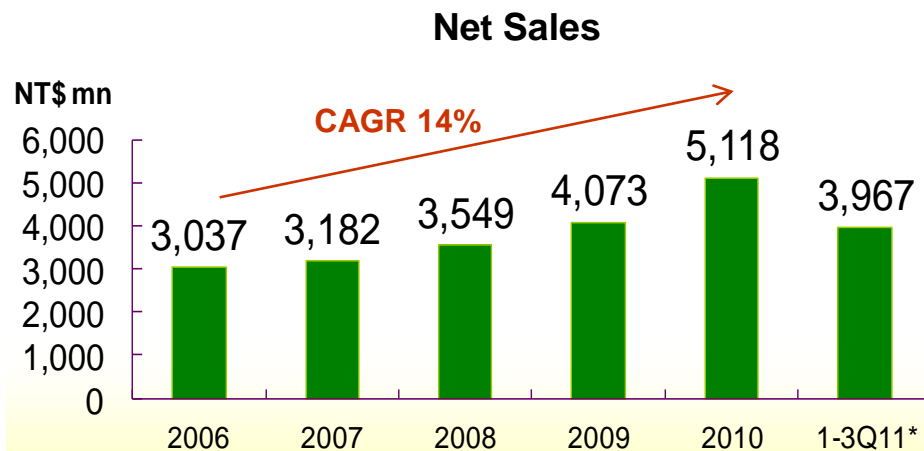


(m²)	2006	2007	2008	2009	2010	3Q11
Selling space	91,756	93,938	93,938	93,938	89,727	91,821
Store #	21	22	22	22	23	23

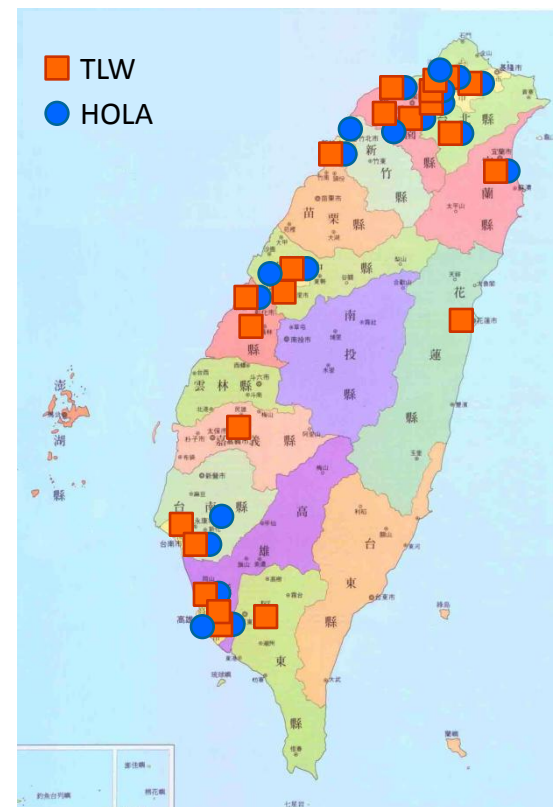


- No. 1 home décor chain in Taiwan with 20 stores
- Opened 2 stores in 2011
- 1-3Q11 Revenue increased 12.1% YoY, GM was 39.3%

Store Locations



(m ²)	2006	2007	2008	2009	2010	3Q11
Selling space	36,919	40,073	43,541	43,541	50,349	53,995
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 officially opened in September.
- Selling space over 8,100 ping (26,700 m²)
- Revenue contribution to reach NT\$ 2-2.5 bn per year

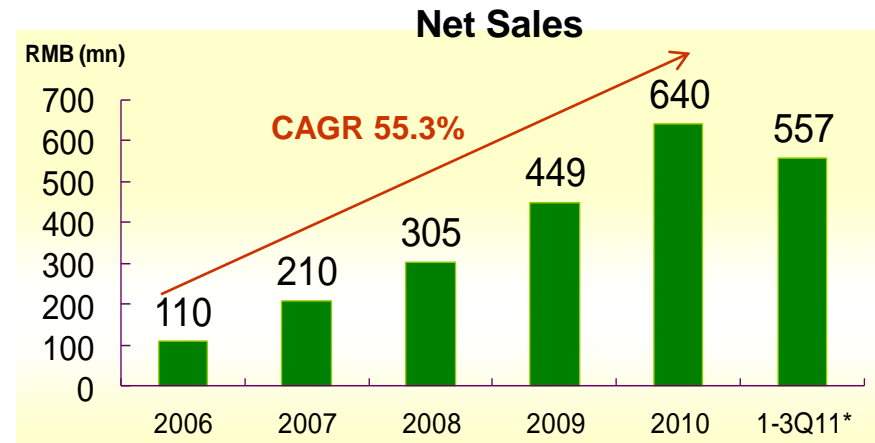




HOLA China (Private – 100% held by Test-Rite)



- HOLA China has 27 stores as of November 2011.
- 1-3Q11 revenue was RMB 557 mn, up 24.5% YoY.
- GM of 1-3Q11 was 35.2%



(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



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

Hola China business update cont'd



- 3Q11 revenue increased 22.5% YoY to RMB 185 mn. 1-3Q11 revenue totaled RMB 557 mn, up 24.5% YoY.
- 3Q11 loss increased 1.8% YoY to NT\$ 87 mn as operating expense rising in China.
- Hola China turn profitable on a monthly basis for the first time in Dec-09. 12 stores out of total 27 were profitable at store level by end of 2010.
- 10 out of 27 stores were at breakeven for 1-3Q11; 16 out of 27 stores profited in 1Q11, 7 profited in 2Q11, and 7 in 3Q11.



HOME

RECENT FINANCIAL RESULTS



Test Rite Group 特力集團

3Q11 and 1-3Q11 Revenue by BU



Test Rite International Co., Ltd. (2908)

(NT\$ '000)	3Q11*	3Q10	YoY% chg	1-3Q11	1-3Q10	YoY% chg
Trading^	3,302,238	3,410,119	-3.2%	10,215,185	9,149,255	11.7%
Retail - TLW	4,034,242	3,720,179	8.4%	11,946,371	11,047,088	8.1%
Retail – HOLA China (RMB '000)	184,934	150,957	22.5%	557,088	447,398	24.5%
Retail Group**	5,068,707	4,570,057	10.9%	14,934,223	13,483,365	10.8%
Tong Lung Metal	791,642	842,776	-6.1%	2,335,671	2,319,093	0.7%

^ 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 3Q11 Financial Results



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

P&L for 3Q11 & 3Q10 (parent only)

(NT\$m)	3Q11	3Q10A	% chg
Turnover	3,302.3	3,409.9	-3.2%
Gross profit	636.1	656.3	-3.1%
Operating profit	116.5	74.2	57.0%
Non-operating income/loss	54.0	49.3	9.5%
Pre-tax profit	170.5	123.5	38.1%
Net profit	155.1	116.2	33.5%
Basic EPS(Aft-tax) (NT\$)	0.31	0.24	29.2%
Diluted EPS (NT\$)	0.30	0.24	25.0%
Fully diluted EPS (NT\$)	0.30	0.23	33.5%
Net profit ex FX & one-time write off	127.8	104.7	22.1%
FD EPS ex FX & one-time write off (NT\$)	0.25	0.20	22.1%
Gross margin	19.3%	19.2%	
Operating margin	3.5%	2.2%	
Pre tax margin	5.2%	3.6%	
Net profit margin	4.7%	3.4%	

Breakdown of Non-operating income (loss)

(NT\$m)	3Q11	3Q10A	% chg
Trading Subsidiaries	(23.7)	(7.5)	21.0%
Retail Subsidiaries			
- TLW	111.7	80.3	39.1%
- Hola China	(86.6)	(88.2)	-1.8%
- Life 1 Plaza	(4.2)	(13.8)	-69.6%
Subtotal: Retail Subsidiaries	20.9	(21.7)	n.a.
Tong Lung Metal	36.3	60.1	-39.6%
Other LT Investments	13.6	37.5	-63.7%
FX Gain/(Loss)	27.3	11.5	137.4%
Interest net amount	(22.9)	(18.0)	27.2%
Others	2.5	(12.6)	n.a.
Subtotal of Non-Operating income / loss	54.0	49.3	9.5%

Test Rite 3Q11 Financial Results



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

B/S (Parent only) 3Q11 and 3Q10

(NT\$ mn)	3Q11	3Q10A	%chg
Cash & Equivalents	304	69	338.3%
Current Assets	5,649	4,270	32.3%
Net PP&E	594	614	-3.2%
L/T Investments	9,427	9,435	-0.1%
Total Assets	16,382	15,087	8.6%
S/T Debts	0	476	-100.0%
Current Liability	1,827	2,298	-20.5%
L/T Debts	6,040	4,566	32.3%
Total Liabilities	9,553	8,795	8.6%
Shareholders Equities	6,829	6,293	8.5%
Current Ratio (%)	309.2%	185.8%	
Net Debt/Equity (%)	83.5%	78.4%	
Net Debt/Equity ex. Trading WC (%)	33.9%	39.3%	
Total Liab/Assets (%)	58.3%	58.3%	

C/F (Parent only) of 3Q11 and 3Q10

(NT\$ mn)	3Q11	3Q10A	% chg
Operating CF	274	(109)	-350.6%
Investment CF	(19)	(204)	-90.5%
Financing CF	(444)	253	-275.7%
Net Cash Flow	(190)	(60)	217.0%
Cash at beg. quarter	494	129	282.1%
Cash at end quarter	304	69	338.3%

Test Rite 1-3Q11 Financial Results



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

Consolidated P&L for 1-3Q11 & 1-3Q10

(NT\$m)	1-3Q11	1-3Q10A	% chg
Turnover	26,922	24,209	11.2%
Gross profit	8,154	7,342	11.1%
Operating profit	735	636	15.5%
Non-operating income/loss	1	58	-99.0%
Pre-tax profit	736	695	5.9%
Net profit	599	490	22.2%
Less: minority shareholders	90	123	-27.2%
Net profit for Test Rite	509	367	38.8%
EPS (NT\$)	1.01	0.76	32.9%
Gross margin	30.29%	30.33%	
Operating margin	2.73%	2.63%	
Pre tax margin	2.73%	2.87%	
Net profit margin	2.23%	2.03%	

Consolidated B/S for 1-3Q11 & 1-3Q10

(NT\$ mn)	1-3Q11	1-3Q10A	%chg
Cash & Equivalents	1,739	1,135	53.2%
Current Assets	12,587	10,688	17.8%
Net PP&E	7,849	6,227	26.0%
L/T Investments	207	296	-30.0%
Total Assets	27,334	23,910	14.3%
S/T Debts	4,571	4,079	12.1%
Current Liability	10,696	9,836	8.7%
L/T Debts	7,681	5,416	41.8%
Total Liabilities	20,113	17,174	17.1%
Shareholders Equities	7,221	6,737	7.2%
Current Ratio (%)	117.7%	108.7%	
Net Debt/Equity (%)	134.0%	116.3%	
Net Debt/Equity ex. Trading WC (%)	101.8%	89.5%	
Total Liab/Assets (%)	73.6%	71.8%	

Test Rite 1-3Q11 Financial Results



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

P&L for 1-3Q11 & 1-3Q10 (parent only)

(NT\$m)	1-3Q11	1-3Q10A	% chg
Turnover	10,215.2	9,149.0	11.7%
Gross profit	1,928.3	1,772.0	8.8%
Operating profit	278.6	222.0	25.5%
Non-operating income/loss	283.8	278.0	2.1%
Pre-tax profit	562.4	500.0	12.5%
Net profit	509.4	367.0	38.8%
Basic EPS(Aft-tax) (NT\$)	1.01	0.76	32.9%
Diluted EPS (NT\$)	1.00	0.76	31.6%
Fully diluted EPS (NT\$)	0.99	0.71	38.8%
Net profit ex FX & one-time write off	470.4	287.6	63.6%
FD EPS ex FX & one-time write off (NT\$)	0.91	0.56	63.6%
Gross margin	18.9%	19.4%	
Operating margin	2.7%	2.4%	
Pre tax margin	5.5%	5.5%	
Net profit margin	5.0%	4.0%	

Breakdown of Non-operating income (loss)

(NT\$m)	1-3Q11	1-3Q10A	YoY % chg
Trading Subsidiaries	(57.5)	(81.0)	-29.0%
Retail Subsidiaries			
- TLW	374.9	280.0	33.9%
- Hola China	(202.1)	(190.0)	6.4%
- Life 1 Plaza	(5.0)	(73.0)	-93.2%
Subtotal: Retail Subsidiaries	167.8	17.0	887.1%
Tong Lung Metal	71.9	122.0	-41.1%
Other LT Investments	66.3	85.0	-22.0%
FX Gain/(Loss)	93.2	141.0	-33.9%
Interest net amount	(60.6)	(52.0)	16.5%
Others	2.7	46.0	-94.1%
Subtotal of Non-Operating income / loss	283.8	278.0	2.1%

Test Rite 1-3Q11 Financial Results



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C/F (Parent only) of 1-3Q11 and 1-3Q10

(NT\$ mn)	1-3Q11	1-3Q10A	% chg
Operating CF	(661)	(128)	414.5%
Investment CF	(240)	(816)	-70.6%
Financing CF	968	716	35.2%
Net Cash Flow	68	(229)	n.a.
Cash at beg. Year	237	298	-20.6%
Cash at end Year	304	69	338.3%



家的大小事
一輩子都是特力的事!

Thank you!



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