



家的大小事
一輩子都是特力的事!



Test Rite Group 特力集團

1H12

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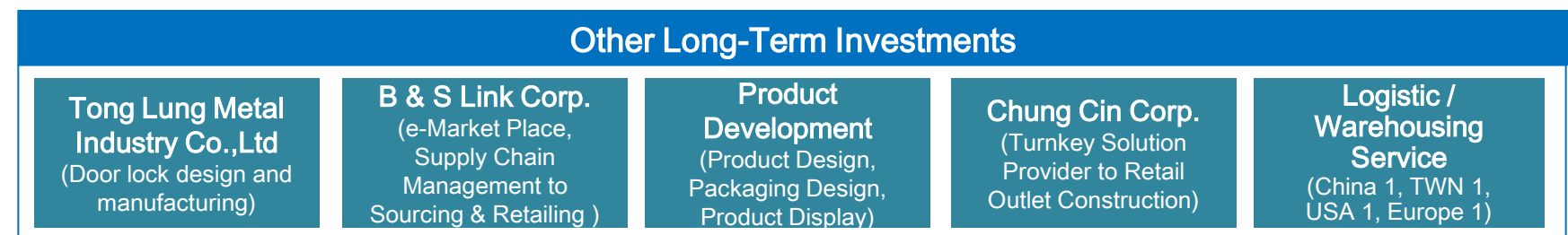
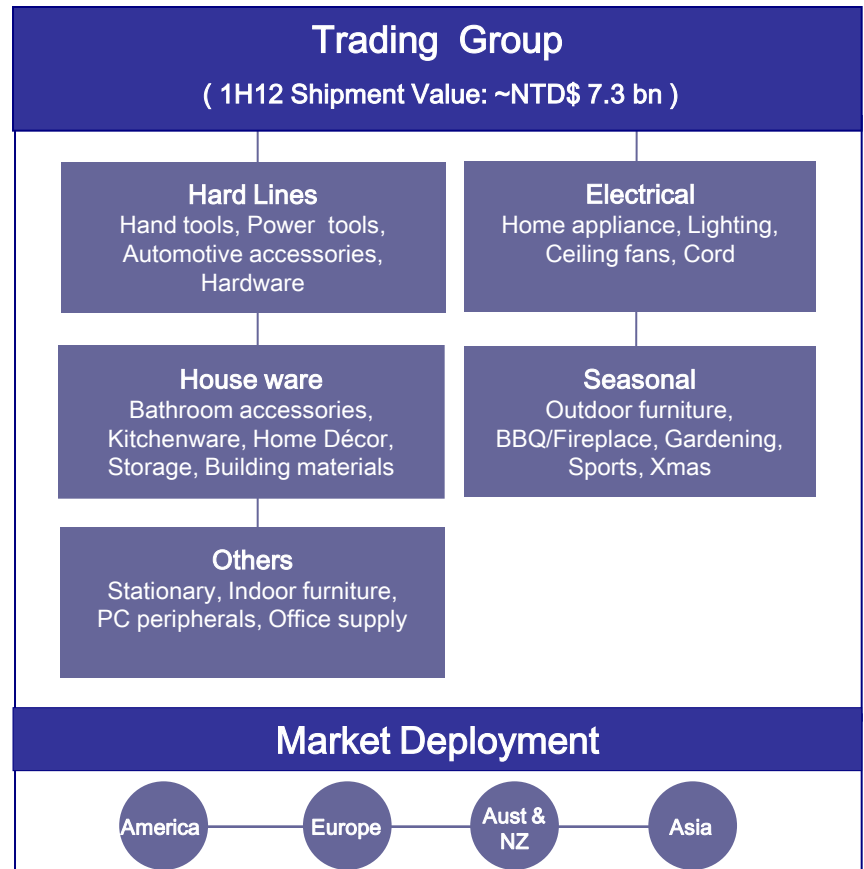
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Test Rite Group Strategy to 2014



Vision 願景:	Form a global integrated enterprise in home-related products & services 構築一個專注居家產業的全球整合型企業
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 earnings & revenue growth 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 August 2012

Test Rite Group Outlook



Outlook and Opportunities

- Trading
 - New program wins for principal trading and rising agency shipments
 - Leverage customers' growth opportunities in existing and emerging markets
 - Further develop brand licensing opportunities for Taiwan and China
- Retail
 - Store opening plan
 - TLW – to add 2 stores in 2012
 - HOLA TW – additional 1 store in 2012
 - HOLA CN – net increase of 4 stores in 4Q12 and 2 in 1Q13; target 50-60 stores by 2014
 - Continued expansion of service BUs of TLW Plus and TLW好幫手(HISU, Home Improvement Services)

Test Rite Group Outlook



Potential Risks

- Changes in consumer demand/tastes
- 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
Launch of Retail Business
- 1996-98** B&Q 特力屋 Taiwan 50-50 JV with Kingfisher
HOLA – “House of Living Art”
- 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(+9)
Cancelled 14.8 mn treasury shares
- 2011** Décor House grand opening in September in Taoyuan, Taiwan.
Purchased 20 mn treasury shares; cancelled 9 mn treasury shares
Received Best Supplier Award from Wal-Mart
Purchased 3.0 mn treasury shares.
- 2012** Sold TLM to Stanley Black & Decker(Proceed of NT\$2.3bn)
Merged outstanding shares of TR USA(US\$13.8mn)
Opening of discount household channel TAYOHYA in Taiwan

2012 Highlights



- Totalled net income \$114mn and EPS \$0.22 in 2Q12 ;totalled net income \$382mn and EPS \$0.77 in 1H12.
- Disposal of TLM net proceeds of NT\$2.3bn.
- Purchase of 51% shares of TR USA.
- Consolidated Net Debt/Equity target at 75% for Dec. 2012.



TRADING SECTOR

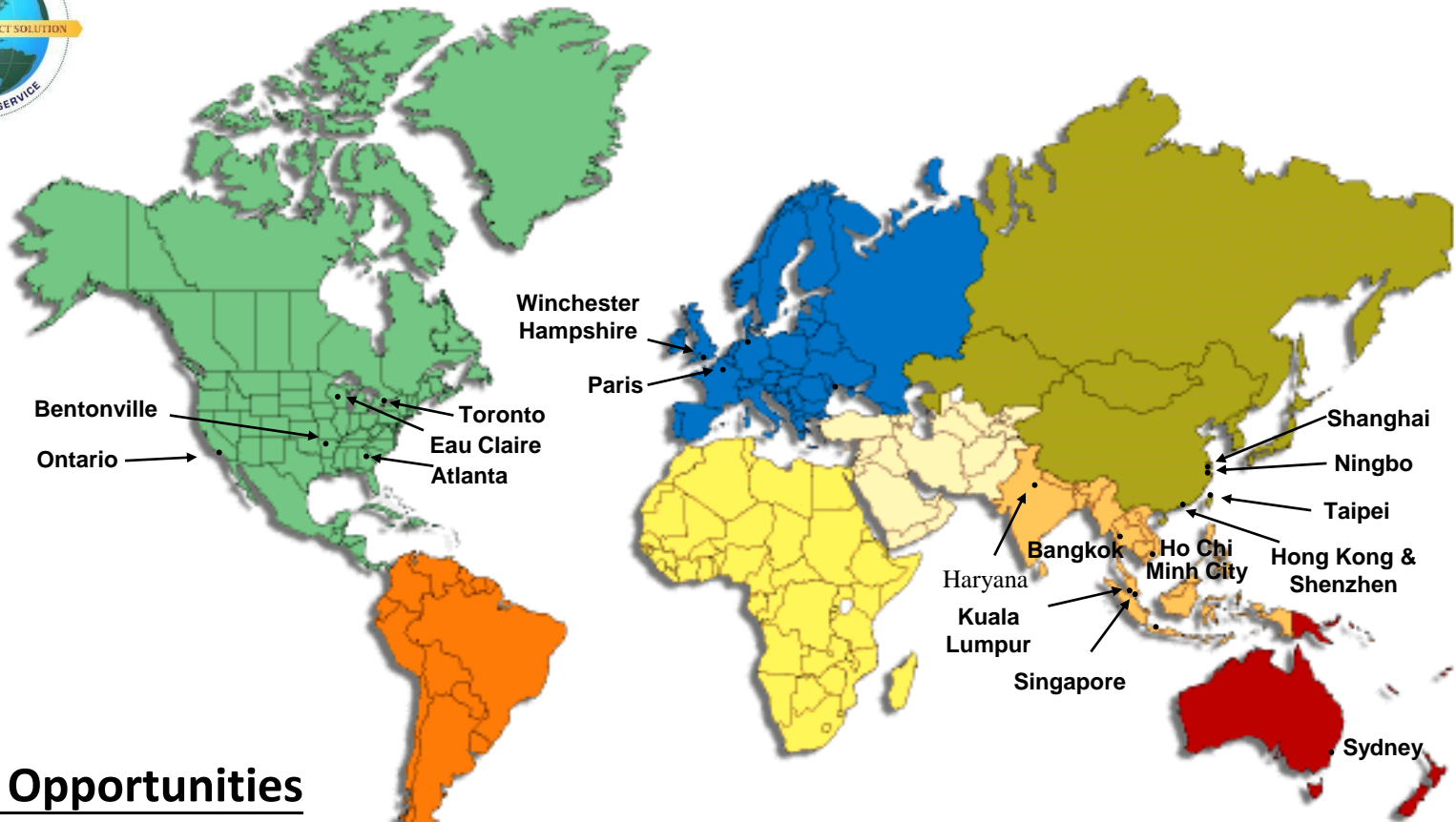


Test Rite Group 特力集團

Global Worldwide Network



(with local service 17 offices in 12 countries, 3 warehouses in China, Taiwan, and U.S.)



Growth Opportunities

- ❑ Agency biz (Michaels, AutoZone, Tractor Supply, AAFES, Spotlight and OSH)
- ❑ Principal trading : continued focus on key customers/products thru global sourcing platform
- ❑ Brand licensing opportunities for Greater China markets - ex.: Bissell, Stanley Black&Decker, La-Z-Boy, Umbra and 7th generation.
- ❑ Brand licensing opportunities for TW : Frette and Jiou Young

Trading Overview – 2Q12 and 1H12



- Parent revenue for 2Q12 Totaled NT\$2.84bn, decrease 18.2% YoY; Shipments decrease 14.5% YoY to NT\$3.64bn.
- Consolidated revenue for 2Q12 totaled \$9.3bn, +10.7% YoY.
- Audited revenue for 1H12 totaled NT\$ 5.73bn, fall 17.2% YoY.
- Consolidated revenue for 1H12 totaled \$18.7bn, +5.5% YoY.

Trading business' revenue – 2Q12 and 1H12

Revenue (NT\$ mn)	2Q12*	2Q11	YoY % chg	1H12	1H11	YoY % chg
Trading Revenue	2,743	3,388	-19.0%	5,524	6,751	-18.2%
Total Revenue (parent basis)	2,837	3,469	-18.2%	5,726	6,913	-17.2%

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

Trading Overview – 2Q12 and 1H12

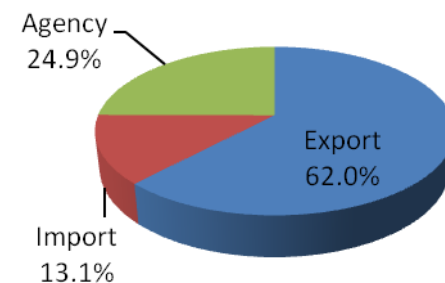


- Shipments for principal trading decreased by 19.0% YoY in 2Q12 to NT\$ 2.73bn; decreased by 18.4% YoY to NT\$ 5.50 bn in 1H12.
- Shipments for agency business increased by 2.6% YoY in 2Q12 and 27.5% in 1H12.
- Exports accounted for 62.0% of shipments, and agency and imports accounted for 24.9% and 13.1% respectively in 2Q12.

Shipments value breakdown by segment – 2Q12 and 1H12

Shipment Value (NT\$ '000)	2Q12*	2Q11	YoY % chg	1H12	1H11	YoY % chg
Shipments – Principal	2,732,	3,373	-19.0%	5,499	6,737	-18.4%
Shipments – Agency	907,	884	2.6%	1,820	1,427	27.5%
Total Trading shipments	3,640	4,257	-14.5%	7,319	8,164	-10.3%

2Q12 Shipment by Type





RETAIL SECTOR

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Brand value proposition of Retail BUs

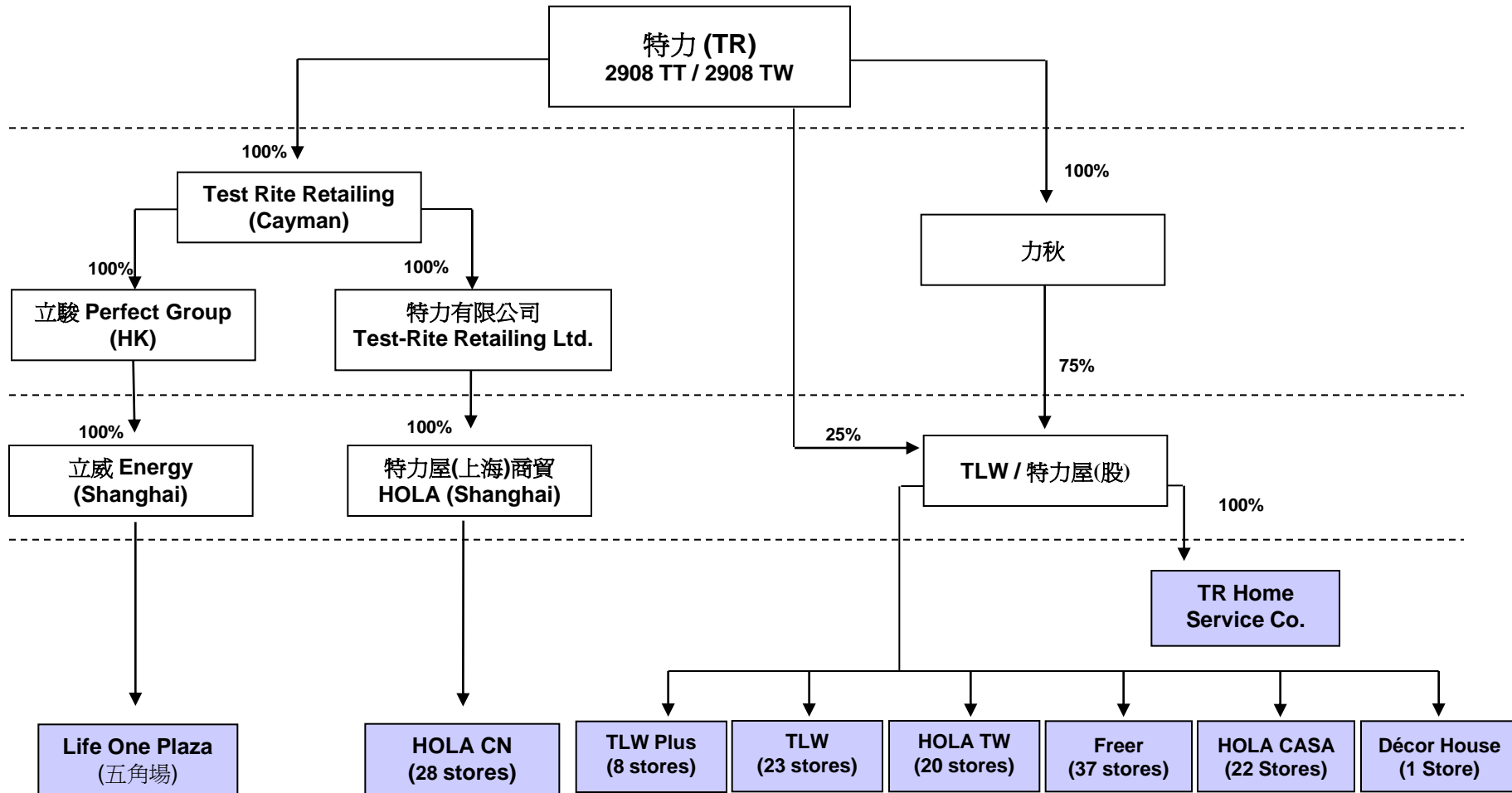


Affordable Indulgence

Simple To choose
Easy To buy
Exciting Experience



Holding structure of TR Retail Group



Store # are as of August 2012

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 Sep. 2011
 - Added one TLW in Taoyuan (within Décor House) in Sept. 2011; 2 more openings planned in 2012
 - Open TLW Plus targeting neighborhood market.

- **HOLA**
 - HOLA Taiwan – opened 2 stores in 2011; +1 planned in 2012
 - HOLA China
 - Net increase of 1 store in 2011
 - Net increase of 4 stores in 4Q12 and 2 stores in 1Q13.
 - 2014 target 50-60 stores

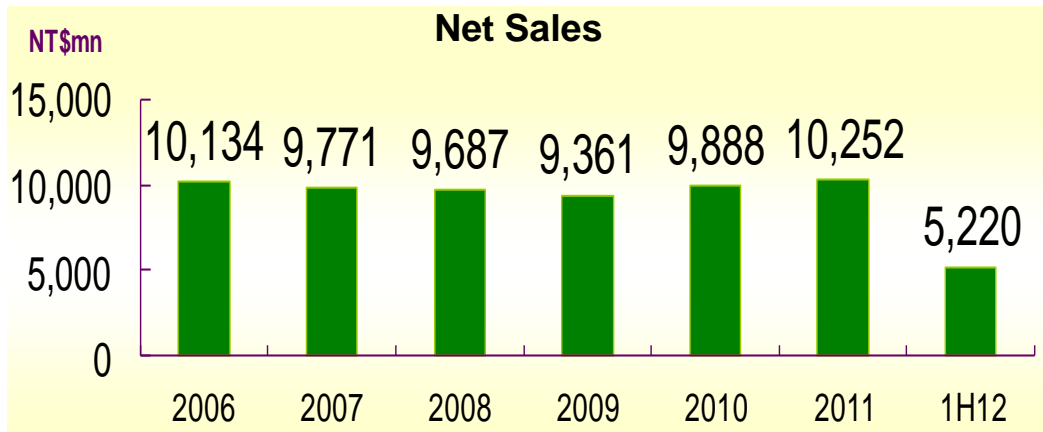
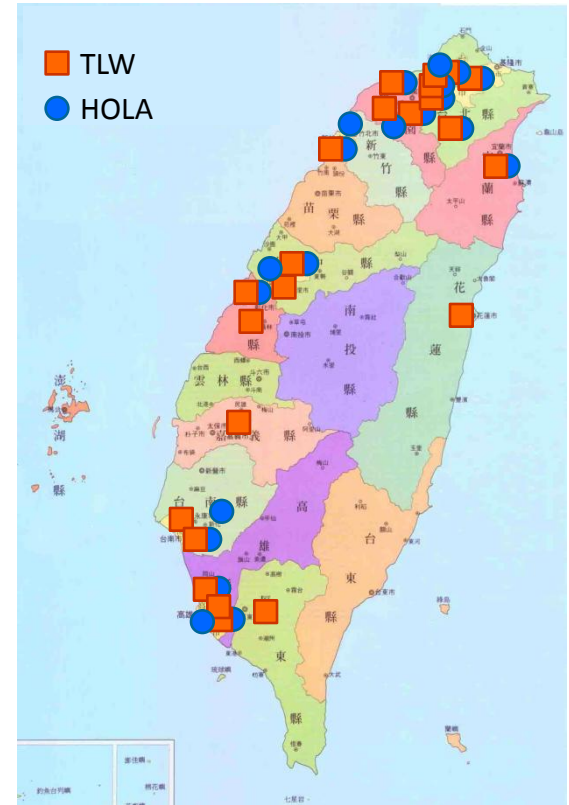
Trading/Retail Synergy

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



- Leading DIY player with ~30% market share
- Planned + 2 stores in 2012, and in September +1 store in Nantou; new business opportunities with TLW Plus and TLW 好幫手
- Revenue totaled NT\$ 5.2 bn, up 0.5% YoY.

Store Locations

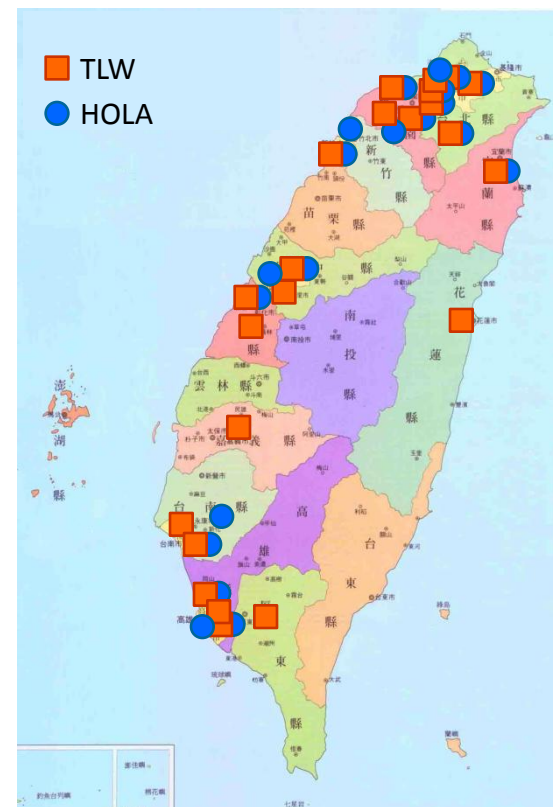
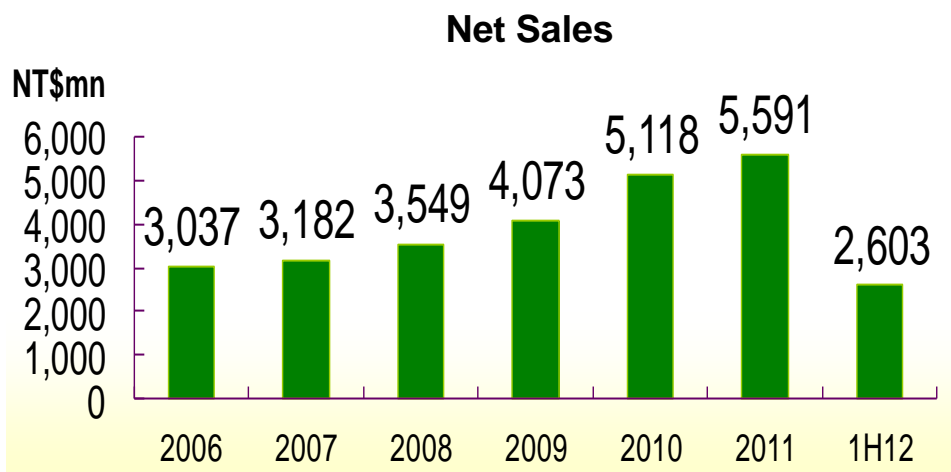


(m²)	2006	2007	2008	2009	2010	2011	1H12
Selling space	91,756	93,938	93,938	93,938	89,727	91,821	91,821
Store #	21	22	22	22	23	23	23



- No. 1 home décor chain in Taiwan with 20 stores
- planned + 1 store in 2012
- Revenue decreased 3.7% YoY to NT\$ 2.6 bn in 1H12

Store Locations



(m ²)	2006	2007	2008	2009	2010	2011	1H12
Selling space	36,919	40,073	43,541	43,541	50,349	53,995	53,995
Store #	11	12	13	13	18	20	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)
- Gross revenue to reach NT\$ 2-2.5 bn per year, rental profit contribution of ~NT\$100mn per year.

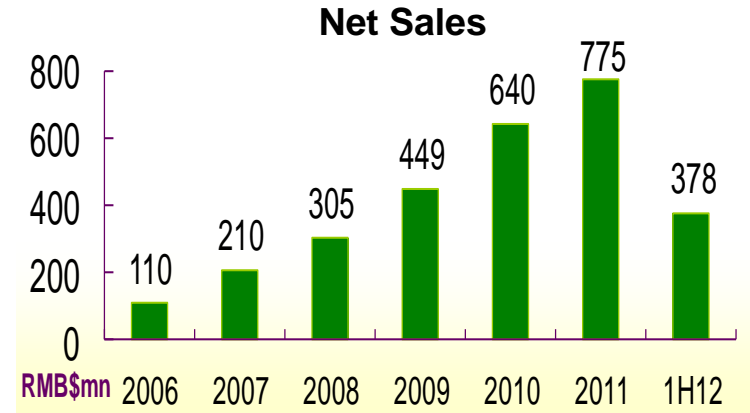




HOLA China (Private – 100% held by Test-Rite)



- 2Q12 revenue totaled RMB\$ 176.2mn, up 1.1% YoY.
- 1H12 revenue totaled RMB\$ 378.4mn, up 1.6% YoY.
- In August, +1 store in Nanjing and plan to open 4 stores in 2H12.



(m ²)	2006	2007	2008	2009	2010	2011	1H12
Selling space	25,593	32,595	46,442	51,506	59,481	60,116	53,687
Store #	7	9	14	18	27	28	27

Hola China business update



- 2Q12 revenue increased 1.1% YoY to RMB 176.2 mn; 1H12 revenue increased 1.6% YoY to RMB 378.4 mn.
- Loss reduced 29.6% YoY in 2Q12 and reduced 23.8% YoY in 1H12.
- 13 out of 27 stores were at breakeven for 2Q12 and 14 stores were at breakeven for 1H12.
- Closed 1 store in Beijing, and open 1 store in Nanjing, accumulated 28 stores in August 2012; plan to open 4 stores in 2H12. Selling space trimmed by 11.5% to improve cost structure comparing to 1H11.



HOME

RECENT FINANCIAL RESULTS



Test Rite Group 特力集團

2Q12 and 1H12 Revenue by BU



Test Rite International Co., Ltd. (2908)

(NT\$ '000)	2Q12	2Q11	YoY% chg	1H12	1H11	YoY% chg
Trading^	2,836,864	3,469,382	-18.2%	5,726,356	6,912,946	-17.2%
Retail - TLW	3,760,515	3,742,045	0.5%	7,898,778	7,912,129	-0.2%
Retail – HOLA China (RMB '000)	176,241	174,141	1.2%	378,392	372,154	1.7%
Retail Group**	4,728,403	4,635,839	2.0%	9,925,412	9,785,627	1.4%
Tong Lung Metal	845,608	833,795	1.4%	1,625,028	1,544,030	5.2%

^ 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 Taiwan, Décor House, HOLA China, Life 1 Plaza and TLW Service.

Test Rite 2Q12 Financial Results



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

P&L for 2Q12 & 2Q11 (parent only)

(NT\$m)	2Q12	2Q11	YoY % chg
Turnover	2,837	3,469	-18.2%
Gross profit	584	652	-10.4%
Operating profit	97	117	-17.1%
Non-operating income/loss	37	6	567.9%
Pre-tax profit	134	123	9.6%
Net profit	114	97	18.1%
Basic EPS(Aft-tax)	0.22	0.19	15.8%
Diluted EPS(NT\$)	0.22	0.19	15.8%
Fully diluted EPS (NT\$)	0.22	0.18	23.6%
Net profit ex one time charge and FOREX*	107	92	16.0%
Fully-diluted EPS(Aft-tax)ex FOREX and one time charge(NT\$)	0.21	0.17	21.4%
Gross margin	20.6%	18.8%	
Operating margin	3.4%	3.4%	
Pre tax margin	4.7%	3.5%	
Net profit margin	4.0%	2.8%	

Breakdown of Non-operating income (loss)

(NT\$m)	2Q12	2Q11	YoY % chg
Trading Subsidiaries	(39)	6	n.m.
Retail Subsidiaries			
- TLW	44	30	49.0%
- Hola China	(50)	(71)	-29.6%
- Life 1 Plaza	11	8	28.6%
Subtotal: Retail Subsidiaries	5	(33)	n.m.
Tong Lung Metal	57	15	291.0%
Other LT Investments	0	9	-100.0%
FX Gain/(Loss)	9	5	91.7%
Interest net amount	(22)	(20)	7.9%
Others	28	25	11.2%
Subtotal of Non- Operating income / loss	37	6	567.9%

*One-time expense for closing one store in HOLA CN is NT\$1.6 mn in 2Q12;
FOREX in 2Q12 is NT\$9mn. and NT\$5mn. in 2Q11.

Test Rite 2Q12 Financial Results



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

B/S (Parent only) 2Q12 and 2Q11

(NT\$ mn)	2Q12	2Q11A	%chg
Cash & Equivalents	183	494	-63.0%
Current Assets	5,336	5,972	-10.7%
Net PP&E	585	605	-3.3%
L/T Investments	9,369	9,353	0.2%
Total Assets	16,017	16,644	-3.8%
S/T Debts	100	70	42.9%
Current Liability	2,278	2,177	4.6%
L/T Debts	5,723	5,828	-1.8%
Total Liabilities	9,449	9,739	-3.0%
Shareholders Equities	6,568	6,905	-4.9%
Current Ratio (%)	234.2%	274.3%	
Net Debt/Equity (%)	85.6%	78.3%	
Total Liab/Assets (%)	59.0%	58.5%	

C/F (Parent only) of 2Q12 and 2Q11

(NT\$ mn)	2Q12	2Q11A	%chg
Operating CF	422	(388)	-208.8%
Investment CF	(79)	(205)	-61.6%
Financing CF	(203)	914	-122.2%
Net Cash Flow	140	321	-56.3%
Cash at beg. quarter	42	173	-75.5%
Cash at end quarter	183	494	-63.0%

Test Rite 1H12 Financial Results



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

P&L for 1H12 and 1H11(parent only)

(NT\$m)	1H12	1H11	YoY % chg
Turnover	5,726	6,913	-17.2%
Gross profit	1,150	1,292	-11.0%
Operating profit	175	162	8.2%
Non-operating income/loss	249	230	8.2%
Pre-tax profit	424	392	8.2%
Net profit	382	354	7.8%
Basic EPS(Aft-tax) (NT\$)	0.77	0.68	13.2%
Diluted EPS (NT\$)	0.76	0.68	11.8%
Fully diluted EPS (NT\$)	0.75	0.67	12.8%
Net profit ex FX & one-time write off	342	343	-0.3%
FD EPS ex FX & one-time write off (NT\$)	0.67	0.65	4.3%
Gross margin	20.1%	18.7%	
Operating margin	3.1%	2.3%	
Pre tax margin	7.4%	5.7%	
Net profit margin	6.7%	5.1%	

Breakdown of Non-operating income (loss)

(NT\$m)	1H12	1H11	YoY % chg
Trading Subsidiaries	(81)	(34)	140.2%
Retail Subsidiaries			
- TLW	285	263	8.2%
- Hola China	(88)	(116)	-23.8%
- Life 1 Plaza	9	(1)	-1162.5%
Subtotal: Retail Subsidiaries	205	147	n.a.
Tong Lung Metal	79	36	122.5%
Other LT Investments	31	53	-41.6%
FX Gain/(Loss)	23	66	-65.1%
Interest net amount	(47)	(38)	23.9%
Others	38	0	19100.0%
Subtotal of Non-Operating income / loss	249	230	8.2%

•One-time expense related to disposal Jiashan Warehouse gain in 1H12 is NT\$20mn, and for closing one store in HOLA CN is NT\$3.2 mn in 1H12; treasury share expenses totaled NT\$54mn in 1H11. FOREX in 1H12 is NT\$23mn. and NT\$66mn. in 1H11.

Test Rite 1H12 Financial Results



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

P&L for 1H12 and 1H11(Consolidated)

(NT\$m)	1H12	1H11	YoY % chg
Turnover	18,657	17,684	5.5%
Gross profit	5,412	5,397	0.3%
Operating profit	549	529	3.7%
Non-op income/loss	10	(21)	-144.9%
Pre-tax profit	558	508	9.9%
Net profit	454	409	11.1%
Less: minority shareholders	72	54	32.4%
Net profit for Test Rite	382	354	7.9%
EPS (NT\$)	0.78	0.70	11.4%
Gross margin	29.01%	30.52%	
Operating margin	2.94%	2.99%	
Pre tax margin	2.99%	2.87%	
Net profit margin	2.43%	2.31%	

Test Rite 2Q12 Financial Results



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

Consolidated B/S for 2Q12 & 2Q11

(NT\$ mn)	2Q12	2Q11A	%chg
Cash & Equivalents	1,269	1,801	-29.6%
Current Assets	11,283	12,170	-7.3%
Net PP&E	7,359	7,194	2.3%
L/T Investments	183	194	-5.6%
Total Assets	25,915	26,520	-2.3%
S/T Debts	3,126	3,756	-16.8%
Current Liability	10,582	10,328	2.5%
L/T Debts	6,723	7,144	-5.9%
Total Liabilities	18,876	19,245	-1.9%
Shareholders Equities	7,040	7,275	-3.2%
Current Ratio (%)	106.6%	117.8%	
Net Debt/Equity (%)	115.7%	114.6%	
Total Liab/Assets (%)	72.8%	72.6%	

C/F (Consolidated only) of 2Q12 and 2Q11

(NT\$ mn)	2Q12	2Q11A	% chg
Operating CF	716	(20)	-3697.5%
Investment CF	(549)	(808)	-32.1%
Financing CF	(278)	1,284	-121.6%
Net Cash Flow	(90)	465	-119.2%
Cash at beg. quarter	1,358	1,336	1.6%
Cash at end quarter	1,269	1,801	-29.6%



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一輩子都是特力的事!

Thank you!



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