

## **Aurora Reports Third-quarter 2012 Earnings**

### **EPS Reaches Quarterly High of NT\$1.01 for 2012**

TAIPEI, Taiwan, November 15, 2012 – Aurora Corp. (Ticker: 2373 TT / 2373 TW) today announced third-quarter 2012 results ended September 30, 2012.

#### **In the Spotlight**

- **Earnings per share reached the highest of the year of NT\$1.01**
- **China profit increased 16% year-over-year to approximately NT\$77 million, representing 25% of company's total profit**

“Our third-quarter performance reflects the dynamics in our business as China represents a larger proportion of profit. Sales remained strong in the third quarter due to the traditional seasonal peak, and our traditionally strong segments in office automation and office furniture ensured sustained profit levels, offsetting weaker-than-expected performance in office equipment. Furthermore, the efficiency gains we are continuing to experience from the improvements in our China logistics systems and processes helped support bottom-line results.”

#### **Revenue**

In the third quarter, consolidated revenue decreased 6% year-over-year to NT\$3.06 billion as economic slowdown in export markets led to a contraction of China's office equipment sales. By geographic region, Taiwan revenue was flat from a year ago at NT\$1.64 billion, while China revenue decreased 12.4% to NT\$1.42 billion. The representation of revenue by business segment is as follows: Taiwan office automation (OA) 24%, Taiwan office furniture 4%, mobile technology 26%, China OA 14%, China office furniture 26% and China office equipment 6%.

For the first three quarters, Aurora reported consolidated revenue of NT\$9.72 billion, representing a 2% increase from the year-ago period. By geographic region, Taiwan revenue went up 3% to NT\$5.1 billion while China revenue remained flat from a year ago at NT\$4.61 billion. The representation of revenue by business segment is as follows: Taiwan office automation (OA) 23%, Taiwan office furniture 4%, mobile technology 26%, China OA 14%, China office furniture 24% and China office equipment 9%.

## **Gross Profit**

Although the gross profit remained flat from the year-ago quarter at NT\$1.24 billion, gross margin advanced by 2.6 percentage points to 40.6% as China's office furniture business and OA's supplies and technical services represented a larger proportion of revenue. During the first three quarters, gross profit increased 3% to NT\$3.8 billion from the year-ago period, with gross margin expanding by 0.5 percentage point to 39.1%

## **Operating Income**

Third quarter operating income was down 14% to NT\$164 million, reflecting increased marketing expense for brand awareness and enhancement and reflecting the cost of buying treasury stock. Operating margin of 5.4% was down 0.5 percentage points from second-quarter 2011. For the first three quarters, operating income totaled NT\$535 million, down 13% from the same period last year. The accumulated operating margin was 5.5%, down 1 percentage point from the same period last year.

## **Net Profit**

Third-quarter consolidated net profit came in at NT\$305 million, remaining flat from the year-ago quarter. Earnings per share was the highest of the year at NT\$1.01. For the first three quarters, net profit totaled NT\$807 million, down 4% from the year-ago period.

## **Other Highlight**

The company continues to grow install base of color products. During the third quarter, the color penetration rate, or color % of new copiers sold, was 19% for China and 42% for Taiwan, separately.

## **Recent Events & Developments**

- On October 25, the company and IT and consumer electronics retail chain Tsann Kuen announced that Tsann Kuen will invest in Aurora Telecom to form a strategic alliance. Aurora Telecom is a member of the Aurora Group and its retail chain Aurora Communication sells handsets, accessories and call plans. Tsann Kuen has nearly 350 chain stores and Aurora Communication nearly 230

around Taiwan. With the share transaction, Aurora Telecom will no longer be consolidated into the books of Aurora, therefore making Aurora's China business become the largest proportion of revenue and benefiting the consolidated gross margin.

- In April, the company announced that it has formed a 50/50 joint venture with Korea's leading office furniture brand Fursys (016800:KS) to tap into the emerging office chair market in China. Aurora and Fursys expect to combine complementary technologies, share distribution expertise and integrate manufacturing resources to drive sales in China's 18-billion-RMB domestic demand for office chairs. Currently Aurora sells about 200,000 office chairs a year and expects to double the amount next year.
- Aurora System Corp., a listed subsidiary of Aurora (2433: TWSE), launched photocopier leasing in China in October. Backed with a 120 million RMB, the new leasing service is expected to accelerate the penetration of the Aurora brand in mainland and boost Aurora's China OA business in the first year of its operation.
- In September, Aurora was recognized as the most competitive Chinese brand in the category of multi-functional printers. It was also ranked as the most reliable energy-efficient office product for government procurement in a national ranking for energy-saving office products and suppliers. This highly regarded ranking was jointly compiled by bidding-in-chin.com and the China Private Enterprise Network.
- With the Government and corporations rushing to spend the outstanding budget in the final quarter, the office automation and office furniture businesses are steadily gaining momentum. The strategy of driving large machine sales and develop public sector and large enterprise opportunities shall further entrench the company's leadership, and scaling the portfolio in OA and office furniture offerings shall help mitigate declines in office equipment sales. The company is confident of gearing up for an even better fourth quarter. To invest in the future, the company expects to launch a cross-strait trainee program soon to prepare for the identification and development of new markets in Western and Central China.

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## **About Aurora**

Founded in 1965, Aurora Corp. reaches and serves customers with a broad portfolio of printers, multi-function devices, print services, office equipment and furniture that cater to businesses of all sizes in any industry.

## **Forward-Looking Statements**

Except for statements in respect of historical matters, the statements in this press release are “forward-looking statements.” Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual performance, financial condition or results of operations of Aurora Corp. to be materially different from any future results implied by the forward-looking statements. Investors are cautioned that actual events and results could differ materially from these statements as a result of a variety of factors, including conditions in the overall market and economy, acceptance and demand for products, and technological and development risks.

The financial forecasts and forward-looking statements in this document reflect the current belief of Aurora Corp. as of the date of this document and Aurora Corp. undertakes no obligation to update these forecasts and forward-looking statements for events or circumstances that occur subsequent to such date.

## Supplement : Third-quarter 2012 Profit & Loss

(in NT million)	Full year			3 <sup>rd</sup> quarter		
	2011	2012	YoY	2011	2012	YoY
Net Sales	9,538	9,717	2%	3,260	3,064	-6%
Gross Profit	3,688	3,803	3%	1,238	1,244	0%
Operating Expense	3,072	3,268	6%	1,048	1,080	3%
Operating Income	617	535	-13%	190	164	-14%
Non-op. Income	402	383	-5%	168	198	18%
Income Before Tax	1,019	919	-10%	358	362	1%
Consolidated Net	881	858	-3%	320	321	0%
Attributable to:				0	0	
Minority shareholders	41	50	21%	14	16	7%
Shareholders of Aurora	839	807	-4%	306	305	0%
 Earnings Per Share	 2.70	 2.65	 -2%	 0.99	 1.01	 2%
 Gross margin	 38.7%	 39.1%	 0.5%	 38.0%	 40.6%	 2.6%
Operating margin	6.5%	5.5%	-1.0%	5.8%	5.4%	-0.5%
Net margin	8.8%	8.3%	-0.5%	9.4%	10.0%	0.6%

**\*All figures included in this press release were prepared and published in accordance with ROC GAAP.**