



## 1Q 2013 Earnings Release

Taoyuan, Taiwan, R.O.C. – May 09, 2013 - DANEN (TWSE: 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for the 1Q of 2013. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

### Highlights

- Net sales in 1Q 2013 reached NT\$149 million with a 33% growth, compared to the previous quarter. Gross profit and net income both improved as well.
- EPS in 1Q 2013 was significantly improved to –NT. 0.71 from –NT. 1.15 in the previous quarter. The improvement toward breakeven was expected to continue in coming quarters
- The ultra high efficiency product have been certified by customers at end of 1Q 2013 and was expected in contributing to the improvement in gross margin and utilization.
- With well controlled debt ratio at 29%, current ratio at 151, and quick ratio at 136%, the financial structure remained healthy and would be helpful for growth in sales and profit.

### Messages from the Managements

Benefiting from the markets warm-up in U.S. China and Japan and the new orders escaping from the antidumping and anti subsidy investigation by EU against China, the utilizations and ASPs of Taiwanese solar manufacturers was going up.

As the utilization was raised up in response to the demand rebound, the sales of the company in 1Q 2013 grew 33%. With a capital injection successfully completed in February, the financial structure of the company was enhanced and the operation results of coming quarters could be expected optimistically.

In 1Q 2013, the company leveraged a new manufacturing technology to develop a wafer with high conversion efficiency over 17.6%. This new product has been certified by main customers. With successful mass production of this differentiated high efficiency product, the company will be able to conquer high end market and boost its competitiveness.

## I. Profit & Loss

Unit : Mil.NT	Q1'13	Q4'12	Q1'12	QoQ	YoY
Revenue	149	112	295	33%	-49%
Cost of Sales	(316)	(325)	(426)	-3%	-26%
Gross Profit	(167)	(213)	(131)	-22%	27%
<b>Gross Margin</b>	-112%	-190%	-44%	-41%	152%
Operating Expenses	(25)	(19)	(24)	32%	4%
Operating Income	(192)	(232)	(155)	-17%	24%
<b>Operating Margin</b>	-128%	-207%	-53%	-38%	144%
Net Income	(174)	(233)	(134)	-25%	30%
<b>Net Margin</b>	-116%	-208%	-45%	-44%	155%
<b>Comprehensive Income</b>	(175)	(233)	(134)	-25%	31%
EBITDA	(76)	(132)	(31)	56	(45)
EBIT	(194)	(248)	(147)	54	(47)
EPS(NTS)	(0.71)	(1.15)	(0.67)	0.44	(0.04)

Thanks to the strong demands from emerging markets and the new orders escaping from the anti-dumping and anti-subsidy action by EU and US, the ASPs of all industry segments was going up. With the increasing price and quantity of shipments, The Company's sales reached NT. 149 million with a 33% growth comparing to the previous quarter. The operating results also significantly improved.

## II. Balance Sheet

Unit : Mil.NT	Q1'13	Q4'12	Q1'12	QoQ	YoY
Cash and Cash Equivalents	1,067	1,179	2,067	-9%	-48%
Accounts Receivable	98	24	115	308%	-15%
Inventories	83	85	205	-2%	-60%
Property, Plant & Equipment	4,253	4,325	4,548	-2%	-6%
Short-term Loans	816	1,312	1,052	-38%	-22%
Long-term Bank Loans	905	1,079	1,651	-16%	-45%
Total Liabilities	1,877	2,478	3,113	-24%	-40%
Shareholders' equity	4,700	4,001	4,642	17%	1%
<b>Total Assets</b>	<b>6,577</b>	<b>6,479</b>	<b>7,755</b>	<b>2%</b>	<b>-15%</b>

The account receivable increased following the increase of sales. With the capital injection completed in 1Q, the Company was able to refund part of bank loans, cut down its debt and therefore reduce its interest expense.

### III. Ratio Analysis

%	Q1'13	Q4'12	Q1'12
Gross Margin*	-112% *	-190% *	-44% *
Net Margin*	-116% *	-208% *	-45% *
Return on Assets	-2.5%	-9.8%	-1.6%
Return on Equity	-4.0%	-17.2%	-2.8%
Debt Ratio	29%	38%	40%
Current Ratio	151%	100%	180%
Quick Ratio	136%	89%	156%
AR Turnover Ratio (x)	9.80	10.52	8.98
AR Turnover Days	38	35	41
Inventory Turnover Ratio (x)	15.04	17.38	11.07
Inventory Turnover Days	25	21	33

\*Represents quarterly figures

Stimulated by the recovering demand, the ASP and utilization both went up and improve the operation. Plus the capital injection completed in 1Q, the Company was able to maintain a strong financial structure.

### IV. Cash Flow

Unit : Mil. NT	Q1'13	Q4'12	Q1'12	QoQ	YoY
<b>Cash Flow from Operating Activities</b>	<b>(96)</b>	<b>(89)</b>	<b>(17)</b>	<b>(7)</b>	<b>(79)</b>
Net Income	(205)	(263)	(162)	58	(43)
Depreciation & Amortization	119	115	116	4	3
Others	(10)	59	29	(69)	(39)
<b>Cash Flow from Investing Activities</b>	<b>(188)</b>	<b>18</b>	<b>(549)</b>	<b>(206)</b>	<b>361</b>
Capital Expenditure	(27)	(8)	(380)	(19)	353
Others	(161)	26	(169)	(187)	8
<b>Cash Flow from Financing Activities</b>	<b>172</b>	<b>(365)</b>	<b>87</b>	<b>537</b>	<b>85</b>
Bank Loans	(673)	(365)	87	(308)	(760)
Issuance of Common Stock	845	0	0	845	845
Cash Dividend	0	0	0	0	0
<b>Net Cash Flow</b>	<b>(112)</b>	<b>(436)</b>	<b>(479)</b>	<b>324</b>	<b>367</b>
<b>Cash Balance-Beginning</b>	<b>1,179</b>	<b>1,615</b>	<b>2,546</b>	<b>(436)</b>	<b>(1,367)</b>
<b>Cash Balance-Ending</b>	<b>1,067</b>	<b>1,179</b>	<b>2,067</b>	<b>(112)</b>	<b>(1,000)</b>

The NT. 188 million of cash flow from investing activities was mainly for payment for the equipment of Fab 3 and the investment in solar power plants.

## V. Capacity Expansion

(MW)	2010	2011	2012	1Q13
Plant I	120	120	120	120
Plant II	90	210	210	210
Plant III				( - )
TOTAL	210	330	330	330

At the end of 1Q 2013, the total capacity of the Company was 330MW, and the mass production of 17.6%+ efficiency wafer was planned to launch as of mid of Q2. The Company will adjust its Fab 3 deployment schedule to satisfy the growing market demand.

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### About Danen:

Established in 2007, Danen Technology is a specialized multi-crystalline silicon ingots and wafers manufacturer, based in Taoyuan High-Tech Industrial Park, Taiwan, the management team is composed of highly experienced executives and engineers from semiconductor, financial, and related solar industries. The company owns two wafer manufacturing plants, with 330MW capacity currently. Since its establishment, Danen has obtained certifications and good reputations from major international cells manufacturers, and continues to be the leading wafer manufacturer of solar value chain in Taiwan by providing competitive, superior quality and customized service to our customers.