



2013 Earnings Release

Taoyuan, Taiwan, R.O.C. –March 26, 2014 - DANEN (TWSE: 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for the 4Q of 2013 and the full year. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

Highlights

- Sales revenue of 2013 totaled NT\$1,011 million, 12% increased over last year.
- Gross margin was -NT\$584 million and operating loss was NT\$667 million. Net loss NT\$624 million was equivalent EPS after tax NT\$2.41. The operating result was better than the previous year.
- With debt ratio of 28%, current ratio and quick ratio were at 88% and 72% respectively at the year end. The financial structure has been improved due to the cash injection in January 2014.

Messages from the Managements

As Chinese ineffective capacities were withdrawing from the market continuously after suffering two years' serious oversupply and the dual-anti tariff by EU and US, the global solar industry has gradually achieved a better balance between demand and supply. In particular, the robust demands of Chinese, Japanese and American markets contributed to the strong recovery of solar industry in the second half of 2013.

Owing to Japan and EU's subsidy policy adjustments, roof systems gradually become the mainstream of solar market and therefore stimulate stronger demand for high efficiency products. Due stronger demands and less effective supply, high efficiency wafers market went up short supply situation. As the ASP and shipments both grew, the Company's sales also rose quarter by quarter. The sales of 4Q13 reached NT\$337 million, grew 12% comparing to 3Q13 or 201% rise to 4Q12.

Although the new dual-anti investigation by the U.S. showed minor uncertainty for the solar industry, the global market will continue to grow as the demands from China, Japan and the U.S. remain hot and the installations in emerging markets are keeping strong. It is anticipated that global installations of 2014 will reach new record high. In response to the strong demand for high efficiency wafers, the Company will keep focus on improving the conversion efficiency and expanding production capacity to cope with market condition. Operating breakeven could be expected to reach in later 2014 as the shipments and ASPs both keep going up positively.

I. Profit & Loss

Unit : Mil.NT	2013	Q4'13	Q3'13	Q4'12	QoQ	YoY
Revenue	1,011	337	301	112	12%	201%
Cost of Sales	(1,595)	(467)	(435)	(324)	7%	44%
Gross Profit	(584)	(130)	(134)	(212)	-3%	-39%
Gross Margin	-58%	-39%	-44%	-189%	-11%	-79%
Operating Expenses	(83)	(19)	(19)	(19)	0%	0%
Operating Income	(667)	(149)	(153)	(231)	-3%	-35%
Operating Margin	-66%	-44%	-51%	-206%	-14%	-79%
Net Income	(624)	(159)	(141)	(233)	13%	-32%
Net Margin	-62%	-47%	-47%	-208%	0%	-77%
Comprehensive Income	-62%	-47%	-47%	-207%	0%	-77%
EBITDA	(190)	(39)	(31)	(132)	26%	-70%
EBIT	(701)	(182)	(156)	(248)	17%	-27%
EPS(NTS)	(2.41)	(0.62)	(0.55)	(1.15)	13%	-46%

Sales of 4Q13 reached NT\$337million, grew 12% from previous quarter. Annual sales amounted NT\$1,011 million, rose 12% compared to 2012 as well. Gross margin and net loss both improved as market demand for high efficiency wafers increased quarter by quarter.

II. Balance Sheet

Unit : Mil.NT	Q4'13	Q3'13	Q4'12	QoQ	YoY
Cash and Cash Equivalents	564	716	1,179	-21%	-52%
Accounts Receivable	131	151	24	-13%	446%
Inventories	115	117	85	-2%	35%
Property, Plant & Equipment	3,960	4,044	4,327	-2%	-8%
Short-term Loans	710	1,518	1,312	-53%	-46%
Long-term Bank Loans	600	6	1,079	9900%	-44%
Total Liabilities	1,632	1,790	2,478	-9%	-34%
Shareholders' equity	4,268	4,410	4,001	-3%	7%
Total Assets	5,900	6,200	6,479	-5%	-9%

The long term syndicated loan in 4Q13 has restored a stable condition of the Company's financial structure.

III. Ratio Analysis

%	2013	Q4'13	Q3'13	Q4'12
Gross Margin*	-58%	-39% *	-44% *	-189% *
Net Margin*	-62%	-47% *	-47% *	-208% *
Return on Assets	-9.6%	-9.6%	-6.9%	-9.8%
Return on Equity	-15.1%	-15.1%	-11.1%	-17.2%
Debt Ratio	28%	28%	29%	38%
Current Ratio	88%	88%	68%	100%
Quick Ratio	72%	72%	58%	89%
AR Turnover Ratio (x)	13.03	13.03	10.25	10.52
AR Turnover Days	28	28	36	35
Inventory Turnover Ratio (x)	15.91	15.91	14.89	17.38
Inventory Turnover Days	23	23	25	21

*Represents quarterly figures

Operational results and financial ratios improved steadily in 4Q13. In anticipation, the overall operating performance will continue to improve in the year 2014.

IV. Cash Flow

Unit : Mil. NT	2013	Q4'13	Q3'13	Q4'12	QoQ	YoY
Cash Flow from Operating Activities	(224)	(2)	(61)	(88)	59	86
Net Income	(740)	(191)	(166)	(263)	(25)	72
Depreciation & Amortization	512	142	124	115	18	27
Others	4	47	(19)	60	66	(13)
Cash Flow from Investing Activities	(216)	73	19	17	54	56
Capital Expenditure	(196)	(49)	(81)	(8)	32	(41)
Others	(20)	122	100	25	22	97
Cash Flow from Financing Activities	(175)	(223)	(129)	(365)	(94)	142
Bank Loans	(1,087)	(223)	(129)	(365)	(94)	142
Issuance of Common Stock	845	0	0	0	0	0
Cash Dividend	67	0	0	0	0	0
Net Cash Flow	(615)	(152)	(171)	(436)	19	284
Cash Balance-Beginning	1,179	716	887	1,615	(171)	(899)
Cash Balance-Ending	564	564	716	1,179	(152)	(615)

Cash flow from operation improved quarter by quarter. A positive cash flow can be expected soon. With new capital increase in January 2014, cash holding and financial indices improve significantly.

V. Capacity Expansion

(MW)	2010	2011	2012	2013
Plant I	120	120	120	120
Plant II	90	210	210	210
Plant III				(-)
TOTAL	210	330	330	330

Till the end of 2013, the total capacity remains 330MW. As demands for high efficiency wafers keep raising, the company has resumed the production of her Fab 1, and will gradually increase the utilization in the coming quarters. Regard the capacity of Fab 3, which could be in place to meet the market demand, once manpower is timely recruited.

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About Danen:

Established in 2007, Danen Technology is a specialized multi-crystalline silicon ingots and high-efficiency 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 three wafer manufacturing plants, with 330MW capacity currently. Since its establishment, Danen has been highly recognized and earned good reputations from major international cells manufacturers, and continues to be the leading wafer manufacturer of solar value chain in Taiwan by providing competitive price, superior quality and customized service to our customers.