



Q1 2015 Earnings Release

Taoyuan, Taiwan, R.O.C. –May 6, 2015 - DANEN (TWSE: 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for 1Q of 2015. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

Highlights

- Sales of Q1 totaled NT\$392 million, a 17% decrease over the previous quarter and 10% lower than the same quarter last year which is resulted from the raising proportion of OEM business for specific customer.
- Net loss after taxes was NT\$136 million, EPS was -NT\$0.39, and the loss was reduced when compared to previous quarter.
- The cash flow from operating activities was positive. The company's financial structure restored stable and healthy shape with 9.6% of debt ratio, 329% of current ratio and 272% of quick ratio.

Messages from the Managements

Due to the influences of the factors, including the traditional Q1 slow season, the unexpected weak demand of China market, and the continuous effect of the US dual-anti measures, thus the demand of global installation was not significant recovered, followed by the declining price of supply chain. Therefore, the company took business focus strategy, to adjust OEM ratio flexibly, to respond to the volatile market demand.

The sales of Q1 decreased over the previous quarter and the same quarter last year which resulted from the increasing ratio of specific OEM business and revenue of the business could only be counted with process fee portion. Although the business was influenced by the volatile market, the company still keeps aggressive and positive attitudes to the future development of the solar industry. Since the business bottom line demonstrated a net cash inflow in past two quarters, the company will concentrate on reducing the cost of production, improving the manufacturing technology, and developing higher quality wafer under the company's stable and healthy shape of financial structure, aim to continue her leadership position of high-efficiency wafer market.

Looking forward to Q2, the global solar demand will increase after the launch of China market's momentum and the ramping of USA & emerging markets. The demand of system installation is expected to expand over 50GW by 2015 and the supply and demand situation of market is going to be stable. There has good chance of bringing the price of whole supply chain stably upward in the second half year of 2015.

I. Profit & Loss

Unit : Mil.NT	Q1'15	Q4'14	Q1'14	QoQ	YoY
Revenue	392	471	434	-17%	-10%
Cost of Sales	(512)	(571)	(497)	-10%	3%
Gross Profit	(120)	(100)	(63)	20%	90%
Gross Margin	-31%	-21%	-15%	48%	107%
Operating Expenses	(20)	(17)	(26)	18%	-23%
Operating Income	(140)	(117)	(89)	20%	57%
Operating Margin	-36%	-25%	-21%	44%	71%
Net Income	(136)	(182)	(96)	-25%	42%
Net Margin	-35%	-39%	-22%	-10%	59%
Comprehensive Income	(136)	(183)	(93)	-26%	46%
EBITDA	(7)	43	38	(50)	(45)
EBIT	(141)	(92)	(96)	(49)	(45)
EPS(NT\$)	(0.39)	(0.53)	(0.28)	0.14	(0.10)

- The global solar demand of 2015 Q1 was not significantly upward followed by the price declining slightly of supply chain. Moreover, the OEM business ratio of Q1 was adjusted, thus the total sales number decreased when compared to previous quarter. Although the recent decline in product prices has caused impact, the total sales quantity was still 5.2% increasing compared to the same period of last year.
- Total gross profit and operating income was influenced by the declining price of supply chain, while the number of net income of Q1 2015 improved after taxes when compared to previous quarter.

II. Balance Sheet

Unit : Mil.NT	Q1'15	Q4'14	Q1'14	QoQ	YoY
Cash and Cash Equivalents	982	954	1,156	3%	-15%
Accounts Receivable	134	195	212	-31%	-37%
Inventories	208	191	239	9%	-13%
Property, Plant & Equipmer	3,472	3,602	4,006	-4%	-13%
Short-term Loans	90	90	344	0%	-74%
Long-term Bank Loans	101	124	517	-19%	-80%
Total Liabilities	518	519	1,290	0%	-60%
Shareholders' equity	4,874	5,008	5,492	-3%	-11%
Total Assets	5,392	5,527	6,782	-2%	-20%

- By the end of 2015 Q1, the cash and cash equivalents increased due to AR reduced from the operative activities.

III. Ratio Analysis

%	Q1'15	Q4'14	Q1'14
Gross Margin*	-31% *	-21% *	-15% *
Net Margin*	-35% *	-39% *	-22% *
Return on Assets	-2.5%	-9.1%	-1.5%
Return on Equity	-5.6%	-11.6%	-2.0%
Debt Ratio	9.6%	9.4%	19.0%
Current Ratio	329%	351%	254%
Quick Ratio	272%	297%	216%
AR Turnover Ratio (x)	9.58	11.39	10.12
AR Turnover Days	38	32	36
Inventory Turnover Ratio (x)	10.25	14.69	11.21
Inventory Turnover Days	36	25	33

*Represents quarterly figures

- By the end of 2015 Q1, the debt ratio was 9.6%, the current ratio and quick ratio were kept at 329% and 272% respectively. The future development of the company was maintained with a stable and healthy financial shape.

IV. Cash Flow

Unit : Mil. NT	Q1'15	Q4'14	Q1'14	QoQ	YoY
Cash Flow from Operating Activities	52	37	(64)	15	116
Net Income	(142)	(93)	(104)	(49)	(38)
Depreciation & Amortization	134	135	133	(1)	1
Others	60	(5)	(93)	65	153
Cash Flow from Investing Activities	(2)	270	(202)	(272)	200
Gain from Disposal of Investment	0	276	0	(276)	0
Capital Expenditure	(2)	(6)	(2)	4	0
Other Financial Assets	0	0	(200)	0	200
Cash Flow from Financing Activities	(22)	14	858	(36)	(880)
Bank Loans	(22)	14	(456)	(36)	434
Issuance of Common Stock	0	0	1,314	0	(1,314)
Net Cash Flow	27	320	592	(293)	(565)
Cash Balance-Beginning	954	634	564	320	390
Cash Balance-Ending	981	954	1,157	27	(175)

- The company's net cash at the end of 2015 Q1 demonstrated a cash inflow which keeps the business development and working capital of the company maintaining at a low-risk condition for future business need.

V. Capacity Expansion

(MW)	2010	2011	2012	2015Q1
Plant I	120	120	120	120
Plant II	90	210	210	210
Plant III				(-)
TOTAL	210	330	330	330

- Up to the end of 2015 Q1, the total capacity remained at 330MW. The company will increase its production utilization when the market demand and pricing are both favorable, and the capacity of Fab 3 will be put in place dynamically depending on market demand.

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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.