



2011 Earnings Release

Taoyuan, Taiwan, R.O.C. – October 25, 2011 - DANEN (TWSE: 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for the 4Q of 2011 and the full year. The information is according to ROC GAAP in millions of NT\$, except where otherwise indicated.

Highlights

- Net Sales of NT\$3,869 million in 2011, 7.28% higher year-over-year.
- Gross margin of -NT\$230 million, which representing a gross margin of -6%; operating margin of -NT\$341 million.
- Net loss -NT\$327 million, EPS after tax -NT\$1.67.
- Debt Ratio of 38.6%; Current Ratio of 232%, and Quick Ratio of 215%.

Messages from the Managements

The solar industry went through its dramatic changes in 2011. The debt crisis of Europe, which accounting for over 70% of global demand, led to the conservative support from financial sector. The loans were reviewed strictly which induced the sluggish market demand. The severely falling price resulted from the oversupply of the industry value chain caused the substantial deficit of whole industry. Some players, moreover, were exposed to financial risks.

For the changes of the solar industry in the past year, we mitigated the further loss by reducing the material/production costs and adjusting utilization with caution. The revenue of 2011 grew marginally by 7% year-over-year, however, the recession of solar industry and the declining price affected the business profitability. Even so, we retained steady and healthy financial structure by reducing the inventory and controlling the cost/expense actively.

Although the solar industry is still suffering from the European debt crisis, the German subsidy cut and the oversupply, the demand of the emerging market such as China, the U.S., Japan and the Southeast Asian are growing steadily. We believe in the medium and long term, the development of the solar industry is expected to be optimistic. On the premise of stable financial structure, Danen will reduce material costs, improve product quality, and develop higher-efficiency wafers. We will adjust further, the schedule of new capacity installation to keep the best flexibility for the possible market demand recovery, and look forward to achieving a new milestone in performance and profitability.

I. Profit & Loss

TWD in millions	2011	Q4'11	Q3'11	Q4'10	QoQ	YoY
Revenue	3,869	285	867	1,330	-67%	-79%
Gross margin	-6%	-120%	-11%	18%	-108%	-138%
Operating Expenses	(110)	(28)	(14)	(59)	100%	-53%
Operating Income	(341)	(370)	(113)	184	227%	-301%
Operating Margin	-9%	-130%	-13%	14%	-117%	-144%
Net Income	(327)	(320)	(94)	149	241%	-315%
Net Margin	-8%	-112%	-11%	11%	-101%	-123%
EBITDA	(322)	(256)	16	260	(271)	(516)
EBIT	110	(371)	(100)	184	(271)	(555)
EPS(NTS)	(1.67)	(1.63)	(0.49)	0.90	(1.14)	(2.53)

Due to Europe debt crisis and the oversupply, the price kept falling which eroded the profit in Q4. Danen eased the further loss by preferred orders and flexible capacity utilization, net sales were NT\$285 million of Q4, down 67% & 79% compared with the previous quarter and the same period last year. Net sales were NT\$3,869 million in 2011, 7.28% higher year-over-year.

II. Balance Sheet

TWD in millions	Q4'11	Q3'11	Q4'10	QoQ	YoY
Cash and Cash Equivalents	2,546	3,203	1,235	-21%	106%
Accounts Receivable	147	172	231	-15%	-36%
Inventories	103	362	327	-72%	-69%
Net Fixed Assets	4,619	4,635	3,377	0%	37%
Short-term Loans	939	1,179	383	-20%	145%
Long-term Bank Loans	1,725	1,865	1,005	-8%	72%
Total Liabilities	3,006	3,626	2,334	-17%	29%
Shareholders' equity	4,781	5,101	3,136	-6%	52%
Total Assets	7,787	8,727	5,470	-11%	42%

At the end of Q4 2011, Danen held cash and cash equivalents of NT\$2.55 billion.

Account receivables decreased 15% than previous quarter, due to the weak sales revenue of Q4, inventory decreased 72% than Q3, since we lowered down inventory level in responding the market situation for minimizing loss.

III. Ratio Analysis

(%)	2011	Q4'11	Q3'11	Q4'10
Gross Margin*	-6%	-120%	-11%	18%
Net Margin*	-8%	-112%	-11%	11%
Return on Assets	-4.3%	-4.3%	0.4%	13%
Return on Equity	-8.3%	-8.3%	-0.2%	21%
Debt Ratio	39%	39%	42%	43%
Current Ratio	232%	232%	226%	156%
Quick Ratio	215%	215%	196%	123%
AR Turnover Ratio(x)	20	20	24	24
AR Turnover Days	18	18	15	15
Inventory Turnover Ratio(:	19	19	13	13
Inventory Turnover Days	19	19	27	29

*represents quarterly figures.

Gross margin and net profit margin both declined in Q4, owing to the weak market demand and the declining price which harmed the profitability. The debt-paying ability, such as Debt Ratio showed the company is with healthy financial structure by reducing the inventory and controlling the cost/expense.

IV. Cash Flow

TWD in millions	2011	Q4'11	Q3'11	Q4'10	QoQ
Cash Flow from Operation Acti	(80)	(132)	234	323	(366)
Net Income	(327)	(320)	(94)	149	(226)
Depreciation & Amortization	432	116	116	76	(0)
Others	(185)	72	212	98	(139)
Cash Flow from Investment Ac	(1,844)	(141)	(242)	(907)	101
Capital Expenditure	(1,916)	(140)	(235)	(828)	95
Others	72	(1)	(7)	(79)	6
Cash Flow from financial Activi	3,235	(384)	(126)	682	(258)
Bank Loans	1,265	(384)	75	682	(459)
Cash from right issue	2,171	0	0	0	0
Cash Dividend	(201)	0	(201)	0	201
Net Cash Flow	1,311	(657)	(134)	98	(523)
Cash Balance-Beginning	1,235	3,203	3,337	1,137	(134)
Cash Balance-Ending	2,546	2,546	3,203	1,235	(657)

Cash depreciated from operation activities was NT\$132million in Q4, reflecting the net loss in Q4. Negative cash flow from financial activities in Q4 was NT\$384 million, mainly due to the payback of the bank loans.

V. Capacity Expansion

(MW)	4Q10	4Q11	2012
Plant I	120	120	120
Plant II	90	210	210
Plant III			(220)
TOTAL	210	330	550

210 MW capacity installation of Plant II has come on-line since Q1 of 2011, current total capacity is 330MW. The construction of Plant III building will be completed by Q2 2012, and the schedule of capacity installation will be adjusted according to the market demand situation.

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About the Company

Established in 2007, Danen Technology is a specialized multi-crystalline silicon ingots and wafers manufacturer, based in Taoyuan High-Tech Industrial Park, Taiwan. Danen has 450 employees, and 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, wafer plant III is under construction, and will be completed for capacity installation by end of the year. Since its establishment, Danen has obtained certifications and good reputations from major international cells manufacturers, and becomes the leading wafer manufacturer of solar value chain in Taiwan by providing cost advantage, superior quality, and diversity of service to customers.