



2014 Earnings Release

Taoyuan, Taiwan, R.O.C. –March 25, 2015 - DANEN (TWSE: 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for Q4 of 2014 and the full year. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

Highlights

- Sales revenue of 2014 totaled NT\$1,854 million, 83.27% increased over previous year.
- Gross margin was -NT\$398 million and operating loss was NT\$484 million. Net loss NT\$537 million, equivalent EPS after tax was NT\$1.55 loss, representing an improved operating result than the year of 2013.
- Benefiting from the cash injection in 2014Q1 and gain on disposal of long term investment in 2014Q4, the financial structure of the Company remained healthy and stable. With debt ratio of 9.4%, both current and quick ratios were at high levels, 351% and 297% respectively at the end of 2014.

Messages from the Managements

Resulted from the growing demand of China, Japan, USA, UK and other emerging markets, the global solar installation of 2014 was up to 44GW, a 22% increase compared to 2013. As the domestic supply chain affected by US dual-anti due to the tariffs were higher expected, shipment volume and the product price were both declined in 2014 H2. However, thanks to the increasing demands of high efficiency wafers and limited capacity expansion of high efficiency product, the company's sales of 2014 grew significantly, compared to last year. Benefiting from the increasing utilization rate and the reducing of manufacturing cost, the company's business condition was significantly improved. At the same time, the financial shape of the company maintained healthy by new cash injection from funding of capital and the gains on investment disposal by the year end of 2014.

According to the industry research institute's forecast, the global solar power installation may reach more than 50GW in 2015 due to lower operating costs and increasing demands in the major markets such as China, USA and emerging markets. The demand and supply is achieving balanced, resulted from the double-digit growing of global market in the past few years and

the limited capacity expansion in solar industry. In order to make company back to the situation of growing and earning profit quickly, the company will focus on developing technology for improving wafers' quality and reducing the manufacturing cost continuously to enhance the company's market competitiveness.

I. Profit & Loss

Unit : Mil.NT	2014	Q4'14	Q3'14	Q4'13	QoQ	YoY
Revenue	1,854	471	446	337	6%	40%
Cost of Sales	(2,252)	(571)	(583)	(467)	-2%	22%
Gross Profit	(398)	(100)	(137)	(130)	-27%	-23%
Gross Margin	-21%	-21%	-31%	-39%	-32%	-46%
Operating Expenses	(86)	(17)	(20)	(19)	-15%	-11%
Operating Income	(484)	(117)	(157)	(149)	-25%	-21%
Operating Margin	-26%	-25%	-35%	-44%	-29%	-43%
Net Income	(537)	(182)	(145)	(159)	26%	14%
Net Margin	-29%	-39%	-33%	-47%	18%	-17%
Total Comprehensive Income	(537)	(183)	(145)	(160)	26%	14%
Comprehensive Income	-29%	-39%	-32%	-47%	22%	-17%
EBITDA	82	43	(5)	(39)	48	82
EBIT	(460)	(92)	(142)	(182)	50	90
EPS(NT\$)	(1.55)	(0.53)	(0.42)	(0.62)	(0.11)	0.09

- After the tariffs of US dual-anti measures announced by DOC at 2014 Q3, the solar market trend has gradually turned clearly at 2014 Q4. Owing to the continuous strong demand of high efficiency wafer and stable price, plus manufacturing cost reduction, the company's sales of 2014 Q4 were 6% and 40% growth respectively compared to previous quarter and the same period last year, and the gross margin and net operating result have improved significantly.

II. Balance Sheet

Unit : Mil.NT	Q4'14	Q3'14	Q4'13	QoQ	YoY
Cash and Cash Equivalents	954	634	564	50%	69%
Accounts Receivable	195	209	131	-7%	49%
Inventories	191	158	115	21%	66%
Property, Plant & Equipmer	3,602	3,736	3,960	-4%	-9%
Short-term Loans	90	83	710	8%	-87%
Long-term Bank Loans	124	117	600	6%	-79%
Total Liabilities	519	486	1,632	7%	-68%
Shareholders' equity	5,008	5,250	4,268	-5%	17%
Total Assets	5,527	5,736	5,900	-4%	-6%

- By the end of 2014 Q4, the cash and cash equivalents substantially increased and the total debt largely decreased. The debt ratio keeps 9.4% and the current and quick ratios are 351% and 297% respectively which provides a steady financial status for the development need and working capital requirement of the company in the future.

III. Ratio Analysis

%	2014	Q4'14	Q3'14	Q4'13
Gross Margin*	-21%	-21% *	-31% *	-39% *
Net Margin*	-29%	-39% *	-33% *	-47% *
Return on Assets	-9.1%	-9.1%	-5.8%	-9.6%
Return on Equity	-11.6%	-11.6%	-7.5%	-15.1%
Debt Ratio	9.4%	9.4%	8.5%	27.7%
Current Ratio	351%	351%	284%	88%
Quick Ratio	297%	297%	233%	72%
AR Turnover Ratio (x)	11.39	11.39	10.84	13.03
AR Turnover Days	32	32	34	28
Inventory Turnover Ratio (x)	14.69	14.69	16.39	15.91
Inventory Turnover Days	25	25	23	23

*Represents quarterly figures

- The company's operation has improved gradually. The debt-paying ability and the business operating indication are all maintained with good shapes for operation.

IV. Cash Flow

Unit : Mil. NT	2014	Q4'14	Q3'14	Q4'13	QoQ	YoY
Cash Flow from Operating Activities	19	37	40	(2)	(3)	39
Net Income	(480)	(93)	(145)	(191)	52	98
Depreciation & Amortization	542	135	137	142	(2)	(7)
Others	(43)	(5)	48	47	(53)	(52)
Cash Flow from Investing Activities	226	270	191	73	79	197
Gain from Disposal of Investment	276	276	0	0	276	276
Capital Expenditure	(50)	(6)	(9)	(49)	3	43
Other Financial Assets	0	0	200	122	(200)	(122)
Cash Flow from Financing Activities	144	14	(617)	(223)	631	237
Bank Loans	(1,170)	14	(617)	(223)	631	237
Issuance of Common Stock	1,314	0	0	0	0	0
Net Cash Flow	390	320	(386)	(152)	706	472
Cash Balance-Beginning	564	634	1,020	716	(386)	(82)
Cash Balance-Ending	954	954	634	564	320	390

- The global solar industry is moving to a balanced supply and demand condition and the business shape of company keeps on improving, and the cash flows from operating activities demonstrate an inflow. With the cash injection from gains on disposal of investment, the company's net cash at the end of 2014 Q4 increased significantly which provides the further development and working capital needs of company are maintained at a low-risk level.

V.Capacity Expansion

(MW)	2010	2011	2012	14
Plant I	120	120	120	120
Plant II	90	210	210	210
Plant III				(-)
TOTAL	210	330	330	330

- Up to the end of 2014, the total capacity remained at 330MW. The company will increase its production utilization when the market demand and pricing are both favorable.

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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.