



2015 Earning Release

Taoyuan, Taiwan, R.O.C. –February 24, 2016 – DANEN (TWSE : 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for Q4 of 2015 and full year. The information is according to IFRSs in millions of NT\$, except where otherwise indicated.

Highlights

- Sales revenue of 2015 totaled NT\$1,575 million.
Gross loss was NT\$455 million, net loss was NT\$533 million and net loss after tax was NT\$ 604 million, equivalent EPS after tax claimed NT\$1.73 loss.
- Benefited from the efforts on reducing production cost, the net cash inflow of operating was more than doubled increase compared to previous year and the financial structure of the company remained stable and healthy as well. With debt ratio of 8.9%, both current and quick ratios were at high levels, 339% and 289% respectively at the end of 2015.

Messages from the Managements

The global solar industry suffered dramatic market fluctuations in 2015 due to the influences of the factors, including the unexpected weak demand of China market in 1H, and the continuous effects of US dual-anti measures, thus the demands of global system installation were not significantly recovered, followed by the declining price of supply chain. However, thanks to the traditional installation peak season and growing demand of China in 2H, plus the inspiring result to Taiwanese companies from US dual-anti final tariff announcement, also, to be motivated by the mid to long term development policy setup by major markets, as U.S., India and other emerging markets, therefore the upsurge in demand and price of multi-crystalline wafers and cells are expected to continue uptrend to 1H 2016.

The company continues to focus on enhancing the quality and conversion efficiency of high quality wafers as well as to reduce the cost of production respectively. Although the business was influenced by slow growth momentum and price decline of whole supply chain was beyond expectation, however, the company's net cash from operating

activities demonstrated a cash inflow which keeps the business operation environment at a stable and healthy condition.

From mid to long term outlook, the development of renewable energy becomes a global consensus especially under the clear goal of carbon emission reduction accord produced by Paris Climate Summit last December, which will drive a growing demand and enhance related application of solar energy industry. According to the industry research institute's forecast, driven by the solar development policy of major markets such as China, US, Japan and India, plus the increasing demands of other emerging markets, the growth of global PV installation volume reached over 20% by last year and the forecast installation number of 2016 will show a significant double digit growth as well.

Looking to the future, the company will uphold stable financial structure and operating strategy to reduce production cost continuously and focus on improving wafers' quality and conversion efficiency to enhance the company's market competitiveness, moreover, to seek foreseeable opportunity for turning business into profitable shape.

I. Profit & Loss

Unit : Mil.NT	2015	Q4'15	Q3'15	Q4'14	QoQ	YoY
Revenue	1,575	423	388	471	9%	-10%
Cost of Good Sold	(2,036)	(520)	(517)	(563)	1%	-8%
Cost of Good Sold-LCM	6	(7)	32	(8)	-122%	-13%
Gross Profit	(461)	(97)	(129)	(100)	-25%	-3%
Gross Margin	-29%	-24%	-33%	-21%	-26%	17%
Operating Expenses	(78)	(18)	(20)	(17)	-10%	6%
Operating Income	(539)	(122)	(116)	(117)	5%	4%
Operating Margin	-34%	-29%	-30%	-25%	-3%	16%
Pre-Tax Income	(525)	(121)	(107)	(93)	13%	30%
Pre-Tax Income Margin	-33%	-29%	-28%	-20%	4%	45%
Net Income	(604)	(198)	(113)	(182)	75%	9%
Net Margin	-38%	-47%	-29%	-39%	62%	21%
Comprehensive Income	(604)	(198)	(113)	(183)	75%	8%
Comprehensive Income Margin	-38%	-47%	-29%	-39%	62%	21%
EBITDA	17	18	26	43	(8)	(25)
EBIT	(521)	(120)	(107)	(92)	(13)	(28)
EPS(NT\$)	(1.73)	(0.57)	(0.32)	(0.53)	(0.24)	(0.04)

- Owing to the strong demand of China's domestic market and benefiting from the mid to long term development policy of US, India and major countries of other Emerging markets, the supply shortage of high efficiency wafers is showing continuous increase as well as jointly driving the wafer price upsurge. The

company's sales of Q4 2015 were 9% growth compared to previous quarter, meanwhile, with effective manufacturing cost reduction quarterly, the gross margin result (LCM excluded) has improved significantly.

II. Balance Sheet

Unit : Mil.NT	Q4'15	Q3'15	Q4'14	QoQ	YoY
Cash and Cash Equivalents	903	829	954	9%	-5%
Accounts Receivable	154	161	195	-4%	-21%
Inventories	171	164	191	4%	-10%
Property, Plant & Equipment	3,242	3,364	3,602	-4%	-10%
Short-term Loans	75	69	90	9%	-17%
Long-term Bank Loans	58	48	124	21%	-53%
Total Liabilities	430	380	519	13%	-17%
Shareholders' equity	4,406	4,604	5,008	-4%	-12%
Total Assets	4,837	4,984	5,527	-3%	-12%

- At the end of Q4 2015, the cash and cash equivalents substantially increased 9% compared to previous quarter. The debt ratio keeps 8.9% and the current and quick ratios are 339% and 289% respectively which provides a steady financial status for the operation need and working capital requirement of the company for future business development.

III. Ratio Analysis

%	2015	Q4'15	Q3'15	Q4'14
Gross Margin*	-29%	-24% *	-25% *	-21% *
Net Margin*	-38%	-47% *	-29% *	-39% *
Return on Assets	-11.6%	-11.6%	-7.7%	-9.1%
Return on Equity	-12.8%	-12.8%	-8.5%	-11.6%
Debt Ratio	8.9%	8.9%	7.6%	9.4%
Current Ratio	339%	339%	359%	351%
Quick Ratio	289%	289%	306%	297%
AR Turnover Ratio (x)	9.04	9.04	8.65	11.39
AR Turnover Days	40	40	42	32
Inventory Turnover Ratio (x)	11.21	11.21	11.27	14.69
Inventory Turnover Days	33	33	33	25

*Represents quarterly figures

- By the end of Q4 2015, the accounts receivable totaled NT\$154 million, inventory totaled NT\$171 million, which declined respectively 21% and 10% YOY. Due to company's continuous operating cash inflow and prepayment of partial long-term

loans, the debt-paying ability and the business operating indices are all maintained with good shapes for business operation.

IV. Cash Flow

Unit : Mil. NT	2015	Q4'15	Q3'15	Q4'14	QoQ	YoY
Cash Flow from Operating Activities	91	58	46	37	12	21
Net Income	(525)	(121)	(107)	(93)	(14)	(28)
Depreciation & Amortization	538	138	132	135	6	3
Others	78	41	21	(5)	20	46
Cash Flow from Investing Activities	(62)	(1)	(41)	270	40	(271)
Capital Expenditure	(62)	(1)	(41)	(6)	40	5
Other Financial Assets	0	0	0	276	0	(276)
Cash Flow from Financing Activities	(80)	17	(102)	14	119	3
Bank Loans	(80)	17	(102)	14	119	3
Issuance of Common Stock	0	0	0	0	0	0
Net Cash Flow	(51)	74	(97)	320	171	(246)
Cash Balance-Beginning	954	829	926	634	(97)	195
Cash Balance-Ending	903	903	829	954	74	(51)

- Despite the wafer's price rebound was unexpected, with the efforts of production cost reduction results in the company's net cash from operating activities at the end of Q4 2015 demonstrated a cash inflow which keeps the business development and working capital of the company for future maintaining at a low-risk condition.

V. Capacity Expansion

(MW)	2012	2013	2014	2015	2016
Plant I	120	120	120	120	120
Plant II	210	210	210	210	210
Plant III					(220)
TOTAL	330	330	330	330	330 (550)

- Up to the end of Q4 2015, the total capacity remained at 330MW. The company will focus on manpower recruitment and increase its production utilization continuously to expand the supply volume 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.