

Q3'10 Earnings Release

Net Revenue Up 167% year-over-year

Operating Profit of NT\$166 million

Taoyuan, Taiwan, R.O.C. – November 1, 2010 - DANEN (TWSE: 3686), a specialized solar ingot and wafer manufacturer based in Taiwan, announces its financial report for the third quarter 2010. The quarterly information is according to ROC GAAP in millions of NT\$, except where otherwise indicated.

Highlights

- Net sales of NT\$929 million in the third quarter, 167% higher year-over-year
- Gross margin of 24%, up 13 p.p. year-on-year
- Operating profit of NT\$166 million, up 927% from the same period last year, representing an operating profit margin of 18%, a 13 p.p. improvement over the 5% in the year-ago period
- EPS of NT\$0.87, a 1,640% increase year-over-year

Message from the Management

“Danen delivered a robust performance in the third quarter, having benefited from the undersupplied dynamics of global upstream solar wafer business and a positive demand environment of PV installations. Sales grew by 167% year-over-year with margins sustained at high levels. We expect that sales and unit shipments will continue to rise month-on-month after Plant II started volume production in September 2010. Plant I and II are now running at full capacity with orders extending out to second half of 2011.”

I. Profit & Loss

(TWD in millions)	Q3'10	Q2'10	Q3'09	QoQ	YoY
Net Sales	929	737	348	26%	167%
Gross Margin(%)	24%	22%	11%	2%	13%
Operating Expense	(53)	(54)	(23)	-2%	136%
Operating Profit	166	104	16	59%	927%
Operating margin(%)	18%	14%	5%	4%	13%
Net Income	128	124	5	3%	2629%
Net margin(%)	14%	17%	1%	-3%	12%
EBITDA	208	164	30	27%	588%
EBIT	160	117	10	36%	1519%
EPS (NT\$)	0.87	0.88	0.05	-1.1%	1640%

Note: EPS for the first nine months was NT\$2.25

Net Sales: Benefiting from rising shipment volume and ASP, Danen recorded net sales of NT\$929 million, up 26% from NT\$737 million in Q2'10. Net sales in the nine months to September was NT\$2.28 billion, climbing by 170% from the same period of 2009 and reflecting a rush to install solar cells ahead of Germany's expected subsidy cuts at beginning of 2011.

Gross Profit and Gross Margin: Danen registered gross profit of NT\$219 million in the quarter, up 39% from NT\$158 million in Q2'10. Gross margin was 24%, hitting an all-time high. Year to date, gross profit was NT\$520 million, 1,277% higher than the first nine months of 2009. That translated into a gross margin of 23%, versus -5% from the same period a year ago.

Operating Profit Margin: Operating profit totaled NT\$166 million in the quarter, up 59% from Q2'10 and representing an OP margin of 18%. Year to date, operating profit grew by 4,276% to NT\$370 million, translating into an OP margin of 16%.

Net Income: Net income grew 3% from the previous quarter to NT\$128 million, or NT\$0.87 per share, with net margin of 14%. In the nine months to September, net income grew 3,803% from the same period last year to NT\$330 million, or NT\$2.25 per share, translating into a net margin of 15%.

II. Balance Sheet

(TWD in millions)	Q3'10	Q2'10	Q3'09
Cash & Cash Equivalent	1,137	699	282
Accounts Receivable, Net	209	196	84
Inventory	277	202	148
Property, Plant and Equipment	2,720	2,041	1,152
Short-term Loans	141	151	484
Long-term Loans	564	618	0
Total Liabilities	1,611	1,387	638
Total Stockholders' Equity	2,987	2,019	1,229
Total Assets	4,598	3,406	1,868

At the end of third quarter, Danen held cash and cash equivalents of NT\$1.1 billion, while total debt stood at NT\$705 million.

Net receivables rose slightly from the previous quarter, reflecting increased sales.

Inventory grew in anticipation of new production coming on-line and strong demand in the year-end quarter.

III. Ratio Analysis

	Q3'10	Q2'10	Q3'09
Gross Margin*	24%	22%	11%
Net Profit Margin*	14%	17%	1%
Return on Assets	10%	8%	-6%
Return on Equity	15%	12%	-11%
Liability to Asset Ratio	35%	41%	34%
Current Ratio	172%	168%	98%
Quick Ratio	135%	131%	64%
AR Turnover Ratio(x)	22	20	27
AR Turnover Days	17	18	14
Inventory Turnover Ratio(x)	12	13	7
Inventory Turnover Days	31	29	51

**applies to the third quarter only*

At the end of third quarter, return on assets and return on equity improved to 10% and 15% from the prior quarter, respectively.

Liability to Asset ratio kept stable, representing a 6 p.p decreased from the previous quarter.

Current and quick ratio each increased 4 p.p. from the previous quarter.

IV. Cash Flow

(TWD in millions)	Q3'10	Q2'10	Q3'09
Cash Provided by Operating Activities	133	274	9
Net income	128	124	5
Depreciation & Amortization	49	46	20
Other	(44)	104	(16)
Cash Provided by Investing Activities	(472)	(366)	7
Capital Expenditures	(498)	(399)	(118)
Other	26	33	125
Cash Provided by Financing Activities	777	302	7
Changes in Bank Loans	(66)	212	(99)
Proceeds from Rights Issue	840	90	162
Other	3	0	(56)
Net increase in cash	438	210	23
Cash at beginning of the period	699	489	259
Cash at end of the period	1,137	699	282

Cash provided by operating activities was NT\$133 million in the third quarter, up 1,378% from the year-ago period.

Year to date, NT\$1.14 billion was disbursed for production capacity expansion.

V. Capacity Expansion

(Mega Watt)	3Q'10	4Q'10	1Q'11(F)
Plant I	120	120	120
Plant II	80	90	200
Total	200	210	320

The 120 MW Plant I is 100% utilized with order book completely full into year-end. Out of the 200 MW first-phase installation at Plant II, 80 MW came on-line at the end of third quarter, with the remaining capacity to be ramped up by March 2011.

Investors Meeting**Q3'10 Earnings Presentation – November 1, 2010**

Time: 2:30 p.m. (Taipei)
Location: 13th Floor, Capital Square, 101 Sung Jen Road, Taipei

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About the Company

Established in 2007, Danen Technology is a specialized multi-crystalline silicon ingots and wafer manufacturer based in Taiwan. Led by a team of highly experienced semiconductor industry executives and engineers, Danen set the record in 2008 by completing and commissioning its first wafer facility in only five months. Currently Plant I has a capacity of 120 MW, and Plant II started volume production in September 2010. Since its establishment, Danen prides itself on being at the forefront of solar wafering manufacturing technology, which helps to drive consistently high quality, deliver above-peer efficiency and increase cost advantages.