

Integrated Silicon Solution Inc (ISSI)

Price:	\$11.02	Price/Book:	1.24	EV/EBITDA 5x TV:	\$11.19
Market Cap:	\$297,980,812	Price/Earnings:	5.67	Net Tangible Asset TV:	\$12.22
Cash:	\$95,380,000	EV/EBITA:	6.17	SN Defined TV:	\$13.40
Debt:	\$0	EV/FCF:	89.65	Economic Value Added:	\$14.86
Net Cash:	\$95,380,000	Net Tang. Asset/Share:	\$7.86	Year 5 Target:	\$12.92
Enterprise Value:	\$202,600,812	Avg. Year 1-5 FCF/Share:	\$0.87	Appreciation:	17.211%

Fabless chip designer. 92% of revenues comprised by DRAM and SRAM sales. They both go into computers, mobile phones. How have these commoditized chip prices fared recently? Down, down, down. These chip prices will never go up. This means they need to sell a higher volume to generate similar revenues.

Technicals

Broke \$11 ceiling and at a 12 month high. Triangle ascending. Possible head forming.

Dividend?

Dividend yield is 0.00%.

Price to Book

Price to book is 1.24. Price to book excluding intangibles is 1.40.

Cashflow Generation

Cashflows are \$25.0 MM from operating cashflow.

Capex is \$7 MM, minority interest payment is \$0 MM, intangibles are \$0 MM and dividend is \$0 MM.

Free cash flow is about \$18 MM.

9.7% EBITA margin and FCF yield is 8.5%.

The company has \$95 MM in cash/short term investment and \$0 MM in debt.

We are projecting a \$0.0 MM paydown annually.

Profitability

ROA is 19.7%, and ROC is 23.3%.

Bankruptcy Risk

Altman Z is at 5.03.

LBO?

We don't believe a 60% debt/40% equity would be sustainable.

Price

INTEGRATED SILIC (ISSI - NMS)

11.29

11.02

10.75

10.50

10.25

10.00

9.75

9.50

9.25

9.00

8.75

8.70

8.50

8.25

8.00

7.75

7.50

7.25

7.06

6.68

USD



Integrated Silicon Solution, Inc. (ISSI) is a fabless semiconductor company that designs and markets integrated circuits (ICs) for markets, including automotive, communications, industrial, medical and military, and digital consumer. The Company's primary products are low and medium density dynamic random access memory (DRAM) in both package and Known Good Die (KGD) form and high speed and low power static random access memory (SRAM). During the fiscal year ended September 30, 2011 (fiscal 2011), approximately 92% of its revenue was derived from the DRAM and SRAM products. Its customers include Continental, Delphi and Panasonic in automotive electronics; Cisco, Ericsson and Huawei Technologies in communications; Honeywell, Schneider, and Siemens in industrial, military and medical applications, and Samsung, Sharp, and Toshiba in digital consumer electronics. On January 31, 2011, the Company acquired Si En Integration Holdings Limited (Si En).

Company Name:	Integrated Silicon Solution Inc	Market Capitalization:	\$297,980,812.38	Revenue:	\$270,570,000.00	100.0%
Ticker Symbol:	ISSI	Total Debt:	\$0.00	Cost of Goods Sold:	\$180,160,000.00	66.6%
Last Price:	\$11.02	Total Cash:	\$95,380,000.00	Gross Profit:	\$90,410,000.00	33.4%
Net Cash/Share:	\$3.53	Net Cash/(Debt):	\$95,380,000.00	EBITDA:	\$32,090,000.00	11.9%
Net Cash to Last Price:	32.01%	Enterprise Value:	\$202,600,812.38	Net Income:	\$52,530,000.00	19.4%
Shares Outstanding:	27,040,000	Current EV/Share:	\$7.49			
Industry:	Semiconductors	EBITDA:	\$32,840,000.00			
Sector:	Technology	EV/EBITDA Multiple:	6.17	Balance Sheet		
Institutional Ownership:	76.26%	EV/EBITDA Multiple Average Year 1-5:	6.06	Cash:	\$90,970,000.00	
Mutual Fund Ownership:	0.10%	EV/FCF Multiple:	89.65	Short Term Investment:	\$4,410,000.00	
Insider Ownership:	0.98%	EV/FCF Multiple Average Year 1-5:	8.62	A/R:	\$35,360,000.00	
Retail Ownership:	21.69%			PP&E:	\$23,000,000.00	
Float:	99.03%			Assets:	\$283,700,000.00	
		Upper Range		A/P:	\$29,320,000.00	
		DCF: EV/EBITDA Terminal Value		Deferred Tax:	\$0.00	
				Other Liabilities:	\$21,870,000.00	
		Implied TV from 3 X EV/EBITDA Multiple	\$89,699,378.75	Short term Debt:	\$0.00	
				Long Term Debt:	\$0.00	
		Enterprise Value	\$89,699,378.75	Liabilities:	\$51,190,000.00	
		Cash at Year 5:	\$212,898,869.19	Retained Earnings:	-\$83,540,000.00	
		Debt at Year 5:	\$0.00	Paid-In Capital:	\$323,160,000.00	
		Equity Value Year 5:	\$302,598,247.94	Treasury Stock:	\$0.00	
		Equity/Share at Year 5:	\$11.19	Stockholder's Equity:	\$240,260,000.00	
		Annualized Return:	0.31%			
		Lower Range				
		DCF: Net Tangible Asset excluding Cash/Debt Terminal Value		Cash Flow		
		Year 5 Net Tangible Assets excluding cash and debt	\$117,440,000.00	Net Income:	56,120,000.00	
				Depreciation/Amortization:	6,670,000.00	
		Enterprise Value	\$117,440,000.00	Change in Working capital:	-7,360,000.00	
		Cash at Year 5:	\$212,898,869.19	Cash from Operating Activities:	30,560,000.00	
		Debt at Year 5:	\$0.00	Capital Expenditures:	-6,350,000.00	
		Equity Value Year 5:	\$330,338,869.19	Cash from Investing Activities:	-28,290,000.00	
		Equity/Share at Year 5:	\$12.22	Total Cash Dividends Paid:	0.00	
		Annualized Return:	2.08%	Issuance (Retirement) of Stock:	-710,000.00	
		EVA		Issuance (Retirement) of Debt:	0.00	
		EVA today:	\$253,071,525.58	Cash from Financing Activities:	-710,000.00	
		EVA in 5 Years:	\$188,830,514.74			
		EVA/Share:	\$6.98	Profitability Margins		
		Cash at Year 5:	\$212,898,869.19	Debt to Equity:	0.00%	
		Debt at Year 5:	\$0.00	Return on Assets:	19.73%	
		Equity Value Year 5:	\$401,729,383.93	Return on Capital:	23.29%	
		Equity/Share at Year 5:	\$14.86	Return on Equity:	23.29%	
		Annualized return	-5.69%			
		Current Net Tangible Asset				
		Net Tangible Asset/Share:	\$7.86			
		Net Tangible Asset/Share in Year 5:	\$12.66			
		Annualized return	10.01%			
		Current Equity Price:	\$11.02			
		Selling at Discount?	Premium			
		Appreciation Potential:	-28.71%			
		Dividend Model				
		Next Year Dividend	\$0.00			
		WACC:	15.90%			
		Dividend:	\$0.00			
		Net Income:	\$52,530,000.00			
Company Name:	Integrated Silicon Solution Inc					
Ticker Symbol:	ISSI					
Last Price:	\$11.02					
Net Cash/Share:	\$3.53					
Net Cash to Last Price:	32.01%					
Shares Outstanding:	27,040,000					
Industry:	Semiconductors					
Sector:	Technology					
Institutional Ownership:	76.26%					
Mutual Fund Ownership:	0.10%					
Insider Ownership:	0.98%					
Retail Ownership:	21.69%					
Float:	99.03%					
		Technicals				
52 week low:	\$6.81					
Today from 52 week low:	61.82%					
52 week high:	\$11.08					
Today from 52 week high:	0.54%					
50 day Moving Average:	\$10.26					
200 day Moving Average:	\$9.12					
		Analyst/Consensus				
Analyst Sales Growth FY1:	-0.90%					
Analyst Sales Growth FY2:	13.10%					
SN Valuation Estimate FY1:	5.00%					
SN Valuation Estimate FY2:	5.00%					
Analyst Earnings Estimate FY1:	\$1.04					
Analyst Earnings Estimate FY2:	\$1.34					
SN Valuation Earnings Est. FY1:	\$0.98					
SN Valuation Earnings Est. FY2:	\$1.03					
		Multiples				
Market Value to Book:	1.24					
EV to Book:	0.84					
Market Value to Tangible Net Assets:	2.54					
P/E Ratio:	5.67					
Trailing P/E Ratio:	5.97					
Forward P/E Ratio:	8.22					
Beta:	1.98					
Dividend:	0					
Dividend Yield:	0.00%					
Dividend Date:	N/A					
Ex-Dividend Date:	N/A					
		Competitors				
Average EV to EBITDA:	N/A					
Company EV to EBITDA:	6.17					
Average EV to EBIT:	N/A					
Company EV to EBITA:	7.74					

SN VALUATION

LBO Analysis

WACC Terminal Value:	N/A	Intrinsic Price in 5 Years:	12.92	Non-LBO Forecast	11.38	Desired Return Rate	20.00%
EV/EBITDA with 3X Multiple Terminal Value:	\$11.19	Market Price:	11.02	Year 1 Target	11.74	Implied Today's Price	5.19
Net Tangible Asset Terminal Value:	\$12.22	LBO Price:	11.02	Year 2 Target	12.12	Overvalued/(Undervalued)	112.29%
EV/EBITDA with Today's Multiple Terminal Value:	\$13.40	Premium to Market Price:	0.00%	Year 3 Target	12.51		
EVA Enterprise Value:	\$14.86	LBO Price/Intrinsic Price Target:	3.23%	Year 4 Target	12.92		
Dividend Discount Model:	N/A	LBO Price/EV/EBIT Exit Price:	3.99%	Year 5 Target			
Average (Excluding Dividend Discount):	\$12.92	Implied IRR at today's EV/EBITDA:	3.99%	Implied IRR (Market Price):	3.23%		
		5 Year Return:	17.21%				

Current Evaluation				Exit Evaluation			
Current Market Price:	11.02	LBO Price:	11.02	Exit Price:	12.92	Exit Price:	13.40
Outstanding Shares:	27,040,000	Outstanding Shares:	27,040,000	Outstanding Shares:	27,040,000	Outstanding Shares:	27,040,000
Market Capitalization:	297,980,812	Market Capitalization:	297,980,812	Market Capitalization:	349,266,084	Market Capitalization:	362,397,834
Available Cash:	95,380,000	Available Cash:	95,380,000	Available Cash:	212,898,869	Available Cash:	212,898,869
Debt:	0	Debt:	0	Debt:	0	Debt:	0
Net Cash:	95,380,000	Net Cash:	95,380,000	Net Cash:	212,898,869	Net Cash:	212,898,869
Enterprise Value:	202,600,812	Enterprise Value:	202,600,812	Enterprise Value:	136,367,215	Enterprise Value:	149,498,965
Original EV/EBITDA:	7.74	EV/EBITDA:	7.74	EV/EBITDA at 5 Years:	4.56	EV/EBITDA at 5 Years:	5.00
Original EV/EBITDA:	6.17	EV/EBITDA:	6.54	EV/EBITDA at 5 Years:	5.45	EV/EBITDA at 5 Years:	4.17
Competitor Average EV/EBIT:	N/A						
Competitor Average EV/EBITDA:	N/A						

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.02	11.02	11.38	11.74	12.12	12.51	12.92
Shares Outstanding:	27,040,000	27,040,000	27,040,000	27,040,000	27,040,000	27,040,000	27,040,000
Market Capitalization:	297,980,812	297,980,812	307,596,878	317,523,261	327,769,975	338,347,360	349,266,084
Available Cash:	95,380,000	95,380,000	120,563,793	147,310,852	175,723,735	193,960,003	212,898,869
Debt:	0	0	0	0	0	0	0
Net Cash:	95,380,000	95,380,000	120,563,793	147,310,852	175,723,735	193,960,003	212,898,869
Enterprise Value:	202,600,812	202,600,812	187,033,085	170,212,409	152,046,241	144,387,356	136,367,215
EBIT	26,170,000	26,170,000	25,563,195	26,841,355	28,183,422	29,028,925	29,899,793
EV/EBIT:	7.74	7.74	7.32	6.34	5.39	4.97	4.56
EBITDA	31,000,000	31,000,000	30,634,695	32,166,430	33,774,751	34,787,994	35,831,634
EV/EBITDA:	6.54	6.54	6.11	5.29	4.50	4.15	3.81

Enterprise Valuation Calculation During Holding Period							
Time Period	0	Adjusted for LBO	1	2	3	4	5
Annualized Price Targets based off LBO Price:	11.02	11.02	11.78	13.13	14.57	15.48	16.43
Shares Outstanding:	27,040,000	27,040,000	27,040,000	27,040,000	27,040,000	27,040,000	27,040,000
Market Capitalization:	297,980,812	297,980,812	318,466,891	355,109,105	393,911,900	418,693,814	444,374,694
Available Cash:	95,380,000	95,380,000	120,563,793	147,310,852	175,723,735	193,960,003	212,898,869
Debt:	0	0	0	0	0	0	0
Net Cash:	95,380,000	95,380,000	120,563,793	147,310,852	175,723,735	193,960,003	212,898,869
Enterprise Value:	202,600,812	202,600,812	197,903,098	207,798,253	218,188,166	224,733,810	231,475,825
EBIT	26,170,000	26,170,000	25,563,195	26,841,355	28,183,422	29,028,925	29,899,793
EV/EBIT:	7.74	7.74	7.74	7.74	7.74	7.74	7.74
EBITDA	31,000,000	31,000,000	30,634,695	32,166,430	33,774,751	34,787,994	35,831,634
EV/EBITDA:	6.54	6.54	6.46	6.46	6.46	6.46	6.46

LBO Price	11.02	Equity Partners:	297,980,812	Weighting	100.00%	Annualized Return for Equity Partners: 3.99%
Shares Outstanding	27,040,000	Debt Partners:	0		0.00%	
Market Capitalization	297,980,812	Total Funds for LBO:	297,980,812		100.00%	
Debt	0					
Cash	95,380,000					
Enterprise Value	202,600,812					
Capital Investment	297,980,812					

Book Value		Enterprise Value		Stock Valuation		Debt Reduction	
Beginning Book Value	240.26	Beginning Enterprise Value	202.60	Current Market Price	\$11.02	Starting Debt	0.00
Year 5 Book Value	361.14	Year 5 Enterprise Value	149.50	Year 5 Market Price	\$13.40	Debt Repayment	0.00
Annualized Return	8.49%	Annualized Return	-5.90%	Annualized Return	3.99%	Year 5 Ending Debt	0.00
						% of Starting Debt	#DIV/0!

SN VALUATION

LBO Pro Forma Income Statement

Name:

Integrated Silicon Solution Inc

Ticker:

ISSI

	Historical				Forecasted				
	12 months ending 2008-09-30	12 months ending 2009-09-30	12 months ending 2010-09-30	12 months ending 2011-09-30	2011	2012	2013	2014	2015
Revenue	235.23	154.25	252.46	270.51	284.04	298.24	313.15	322.54	332.22
COGS	182.03	113.37	155.93	180.10	190.30	199.82	209.81	216.10	222.59
Gross margin	53.20	40.88	96.53	90.41	93.73	98.42	103.34	106.44	109.63
SG&A	31.43	26.22	32.51	36.62	39.76	41.75	43.84	45.16	46.51
R&D	20.85	20.02	24.07	27.62	28.40	29.82	31.31	32.25	33.22
Unusual expense	25.34	0.71	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other operating expense	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Depreciation is: Included within COGS					0.00	0.00	0.00	0.00	0.00
Operating Income (EBITA)	-24.42	-6.07	39.95	26.17	25.56	26.84	28.18	29.03	29.90
Interest income/(expense)	6.92	3.96	3.95	2.62	0.89	0.89	0.89	0.89	0.89
Gain (loss) on sale of asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Income before tax	-17.50	-5.11	43.91	28.79	26.45	27.73	29.07	29.92	30.79
Tax	0.20	-0.02	1.15	-27.33	0.00	0.00	0.00	11.37	11.70
Income after tax	-17.70	-5.09	42.76	56.12	26.45	27.73	29.07	18.55	19.09
Minority Interest	-0.06	-0.04	-0.56	-0.17	0.00	0.00	0.00	0.00	0.00
Equity in affiliates	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net income	-17.76	-5.05	42.20	55.96	26.45	27.73	29.07	18.55	19.09
*Figures are in millions (\$)									
EPS (based off today's share count)	-\$0.66	-\$0.19	\$1.56	\$2.07	\$0.98	\$1.03	\$1.08	\$0.69	\$0.71
P/E (historical today's price; forecasted intrinsic price)	-16.78	-59.01	7.06	5.32	11.63	11.45	11.28	18.24	18.30
Revenue Growth	N/A	-34.43%	63.67%	7.15%	5.00%	5.00%	5.00%	3.00%	3.00%
Tax Rate	-1.14%	0.39%	2.62%	-94.93%	0.00%	0.00%	0.00%	38.00%	38.00%
Implied Debt Interest Rate	0.00%	0.00%	0.00%	0.00%	NA	NA	NA	NA	NA
Margins									
COGS	77.38%	73.50%	61.76%	66.58%	67.00%	67.00%	67.00%	67.00%	67.00%
Gross margin	22.62%	26.50%	38.24%	33.42%	33.00%	33.00%	33.00%	33.00%	33.00%
SG&A	13.36%	17.00%	12.88%	13.54%	14.00%	14.00%	14.00%	14.00%	14.00%
R&D	8.86%	12.98%	9.53%	10.21%	10.00%	10.00%	10.00%	10.00%	10.00%
Unusual expense	10.77%	0.46%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating expense	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation is: Included within COGS	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (EBITA)	-10.38%	-3.94%	15.82%	9.67%	9.00%	9.00%	9.00%	9.00%	9.00%
Interest income/(expense)	2.94%	0.62%	0.97%	0.97%	0.31%	0.30%	0.28%	0.27%	0.27%
Gain (loss) on sale of asset	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Income before tax	-7.44%	-3.31%	17.39%	10.64%	9.31%	9.30%	9.28%	9.27%	9.27%
Tax	0.09%	-0.01%	0.46%	-10.10%	0.00%	0.00%	0.00%	3.52%	3.52%
Income after tax	-7.52%	-3.30%	16.94%	20.75%	9.31%	9.76%	10.23%	6.53%	6.72%
Minority Interest	-0.03%	0.03%	-0.22%	-0.06%	0.00%	0.00%	0.00%	0.00%	0.00%
Equity in affiliates	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net income	-7.55%	-3.27%	16.72%	20.69%	9.31%	9.30%	9.28%	5.75%	5.75%

SN VALUATION

LBO Adjusted Proforma Balance Sheet

	As of 2008-09-30	As of 2009-09-30	As of 2010-09-30	As of 2011-09-30	As of 2011-12-31	Adjustment		Adjusted Proforma	2011	2012	2013	2014	2015
						+	-						
Cash	42.18	54.95	81.66	83.86	90.97			90.97	116.15	142.90	171.31	189.55	208.49
Short term investment	7.84	28.54	4.84	4.76	4.41			4.41	4.41	4.41	4.41	4.41	4.41
Cash and Short term	50.02	83.49	86.50	88.62	95.38			95.38	120.56	147.31	175.72	193.96	212.90
Accounts Receivable	34.74	26.50	41.15	39.46	35.36			35.36	35.36	35.36	35.36	35.36	35.36
Other receivables	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Receivables	34.74	26.50	41.15	39.46	35.36			35.36	35.36	35.36	35.36	35.36	35.36
Total Inventory	39.22	19.27	54.56	56.80	51.12			51.12	51.12	51.12	51.12	51.12	51.12
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Current Assets	4.72	2.92	9.59	23.16	22.01			22.01	22.01	22.01	22.01	22.01	22.01
Current Assets	128.70	132.18	191.80	208.04	203.87	0.00	0.00	203.87	229.05	255.80	284.21	302.45	321.39
PP&E, Gross	63.99	64.66	65.00	65.00	65.00			65.00	73.00	81.00	89.00	97.00	105.00
Change in Depreciation		3.99	3.53	4.83	4.83			4.83	5.07	5.33	5.59	5.76	5.93
Accumulated Depreciation	39.44	41.44	42.00	42.00	42.00			42.00	47.07	52.40	57.99	63.75	69.68
PP&E, Net	24.55	23.22	23.00	23.00	23.00			23.00	25.93	28.60	31.01	33.25	35.32
Goodwill	0.00	1.25	1.30	9.46	9.46	0.00		9.46	9.46	9.46	9.46	9.46	9.46
Intangibles	2.00	2.31	1.29	11.08	10.62			10.62	8.96	7.26	5.51	3.58	1.66
Long term investments	19.30	1.41	0.00	4.03	4.03			4.03	4.03	4.03	4.03	4.03	4.03
Other long term assets	1.40	1.56	11.56	30.42	32.72			32.72	32.72	32.72	32.72	32.72	32.72
Long Term Assets	47.25	29.75	37.15	77.99	79.83			79.83	81.10	82.08	82.73	83.04	83.19
Total Assets	175.95	161.93	228.95	286.03	283.70	0.00	0.00	283.70	310.15	337.88	366.95	385.49	404.58
Accounts Payable	35.17	26.82	41.59	36.40	29.32			29.32	29.32	29.32	29.32	29.32	29.32
Accrued Expense	11.89	9.73	12.34	11.07	9.85			9.85	9.85	9.85	9.85	9.85	9.85
Other current Liabilities	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Current Liabilities	47.06	36.55	53.93	47.47	39.17	0.00	0.00	39.17	39.17	39.17	39.17	39.17	39.17
Notes Payables/Short Term Debt	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Current port. Of LT Debt/Capital Leases	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Long term Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Capital Lease Obligations	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Total Interest Earning Debt	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Income tax	0.00	0.00	0.00	1.52	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Minority Interest	0.79	1.75	5.62	2.69	2.73			2.73	2.73	2.73	2.73	2.73	2.73
Other liabilities	0.71	0.80	2.29	7.75	9.29			9.29	9.29	9.29	9.29	9.29	9.29
Total Liabilities	48.56	39.10	61.84	59.43	51.19	0.00	0.00	51.19	51.19	51.19	51.19	51.19	51.19
Redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Non-redeemable Preferred Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Common Stock	0.00	0.00	0.00	0.00	0.00		0.00	0.00	0.00	0.00	0.00	0.00	0.00
Additional Paid-in capital	310.71	309.65	317.77	321.13	323.16	0.00	0.00	323.16	323.16	323.16	323.16	323.16	323.16
Dividends Paid	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Retained Earnings	-180.43	-185.48	-143.28	-87.33	-83.54		0.00	-83.54	-57.09	-29.36	-0.29	18.25	37.34
Treasury Stock	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Other Equity	-2.89	-1.34	-1.02	-0.04	0.64		0.00	0.64	0.64	0.64	0.64	0.64	0.64
Total Equity	127.39	122.83	173.47	233.76	240.26	0.00	0.00	240.26	266.71	294.44	323.51	342.05	361.14
Liability + Equity	175.95	161.93	235.31	293.19	291.45	0.00	0.00	291.45	317.90	345.63	374.70	393.24	412.33
Variance	0.00	0.00	-6.36	-7.16	-7.75			-7.75	-7.75	-7.75	-7.75	-7.75	-7.75
Debt/Equity	0.00	0.00	0.00	0.00	0.00			0.00	0.00	0.00	0.00	0.00	0.00
Inventory Turnover	6.00	8.00	4.63	4.76	5.56			5.29	5.56	5.83	6.13	6.31	6.50
Inventory Turnover Days	60.86	45.60	78.98	76.64	65.69			68.98	65.69	62.56	59.58	57.85	56.16
Days Inventory Outstanding	78.64	62.04	127.71	115.11	98.05			103.60	98.05	93.38	88.93	86.34	83.83
Accounts Receivable Turnover	6.77	5.82	6.14	6.86	8.03			7.65	8.03	8.43	8.86	9.12	9.40
Accounts Receivable Turnover Days	53.91	62.71	59.49	53.24	45.44			47.71	45.44	43.28	41.21	40.01	38.85
Days Payable Outstanding	70.52	86.35	97.35	73.77	56.24			59.42	56.24	53.56	51.01	49.52	48.08
Days Sales Outstanding	53.91	62.71	59.49	53.24	45.44			53.24	47.71	45.44	43.28	41.21	40.01
Cash Conversion Cycle	62.03	38.40	89.85	94.59	87.25			97.42	89.52	85.26	81.20	78.04	75.76

SN VALUATION

LBO Adjusted Proforma Cash Flow

	12 months ending 2008-09-30	12 months ending 2009-09-30	12 months ending 2010-09-30	12 months ending 2011-09-30	2011	2012	2013	2014	2015
Net Income	-17.76	-5.09	42.76	56.12	26.45	27.73	29.07	18.55	19.09
Depreciation	3.49	3.99	3.53	4.83	5.07	5.33	5.59	5.76	5.93
Net Income + Depreciation	-14.27	-1.10	46.29	60.95	31.52	33.05	34.66	24.31	25.02
Amortization	1.54	0.93	1.02	1.84	1.66	1.69	1.75	1.93	1.92
Deferred Taxes	0.00	0.00	0.00	-28.36	0.00	0.00	0.00	0.00	0.00
Non Cash Items	26.78	4.07	-0.08	3.49	0.00	0.00	0.00	0.00	0.00
Change in Working capital	-3.53	18.72	-43.48	-7.36	0.00	0.00	0.00	0.00	0.00
Accounts Receivable	0.00	8.24	-14.65	1.69	0.00	0.00	0.00	0.00	0.00
Other Receivables	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Inventory	0.00	19.95	-35.29	-2.24	0.00	0.00	0.00	0.00	0.00
Prepaid Expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Accounts Payable	0.00	-8.35	14.77	-5.19	0.00	0.00	0.00	0.00	0.00
Cash from Operating Activities	10.52	22.62	3.75	30.56	33.18	34.75	36.41	26.24	26.94
Capital Expenditures Expenditures	-4.60	-2.82	-8.08	-6.35	-8.00	-8.00	-8.00	-8.00	-8.00
Long term investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Investing Activities	52.89	-2.80	25.64	-21.95	0.00	0.00	0.00	0.00	0.00
Cash from Investing Activities	48.29	-5.62	17.56	-28.30	-8.00	-8.00	-8.00	-8.00	-8.00
Financing Cash flow items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Cash Dividends Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Stock	-69.93	-4.16	4.86	-0.71	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Current Portion Debt	-	-	-	-	0.00	0.00	0.00	0.00	0.00
Issuance (Retirement) of Long Term Debt	-0.61	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Cash from Financing Activities	-70.54	-4.16	4.86	-0.71	0.00	0.00	0.00	0.00	0.00
Foreign Exchange effect	0.19	-0.06	0.56	0.64	0.00	0.00	0.00	0.00	0.00
Beginning Cash Balance	53.72	42.17	54.94	81.67	90.97	116.15	142.90	171.31	189.55
Net Change in Cash	-11.55	12.77	26.72	2.20	25.18	26.75	28.41	18.24	18.94
Ending Cash Balance	42.17	54.94	81.66	83.87	116.15	142.90	171.31	189.55	208.49
Capex to Revenue	1.96%	1.83%	3.20%	2.35%	2.82%	2.68%	2.55%	2.48%	2.41%
Depreciation to Sales	1.48%	2.59%	1.40%	1.79%	1.79%	1.79%	1.79%	1.79%	1.79%
Amortization to Sales	0.65%	0.60%	0.40%	0.59%	0.59%	0.57%	0.56%	0.60%	0.58%
A/R to Sales	14.77%	17.18%	16.30%	14.59%	13.89%	13.23%	12.60%	12.23%	11.88%
Distributable FCF Yield	29.03%	8.39%	10.52%	1.12%	12.43%	13.20%	14.02%	9.00%	9.35%
Dividend Yield	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
FCF (Ops-Investing-Dividends)	58.81	17.00	21.31	2.26	25.18	26.75	28.41	18.24	18.94

SN VALUATION

LBO Debt Schedule

	Proforma	2011	2012	2013	2014	2015
Net Change in Cash	2.20	25.18	26.75	28.41	18.24	18.94
Current Portion Debt Repayment						
Long Term Debt Repayment						
Outstanding Debt	0.00	0.00	0.00	0.00	0.00	0.00
Current Portion Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Debt Balance	0.00	0.00	0.00	0.00	0.00	0.00
Forward Libor Curve		4.00%	4.00%	4.00%	4.00%	4.00%
Spread		4.00%	4.00%	4.00%	4.00%	4.00%
Interest Rate		8.00%	8.00%	8.00%	8.00%	8.00%
Interest Expense		0.00	0.00	0.00	0.00	0.00
Cash Balance		88.62				
Interest @ 1.0%		0.89	0.89	0.89	0.89	0.89
Net Interest Expense/(Income)		(0.89)	(0.89)	(0.89)	(0.89)	(0.89)
Net Interest Rate		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
EBITDA		25.56	26.84	28.18	29.03	29.90
EBITDA/Interest Expense Coverage		#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

Interest Rate Coverage Table

Debt Rating	2011	2012	2013	2014	2015
AAA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
AA	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
A-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BBB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
BB	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B+	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
B-	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CCC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
CC	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
C	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
D	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!

*Source: NYU; Professor Damodaran

Altman Z Score

Company Name:

Integrated Silicon Solution Inc

Ticker:

ISSI

Period	2007	2008	2009	2010	2011	2012	2013	2014	2015
Working Capital	81.64	95.63	137.87	164.70	189.88	216.63	245.04	263.28	282.22
Total Assets	175.95	161.93	228.95	283.70	310.15	337.88	366.95	385.49	404.58
X1	0.46	0.59	0.60	0.58	0.61	0.64	0.67	0.68	0.70
Retained Earnings	-180.43	-185.48	-143.28	-83.54	-57.09	-29.36	-0.29	18.25	37.34
Total Assets	175.95	161.93	228.95	283.70	310.15	337.88	366.95	385.49	404.58
X2	-1.03	-1.15	-0.63	-0.29	-0.18	-0.09	0.00	0.05	0.09
EBITDA	-24.42	-6.07	39.95	26.17	25.56	26.84	28.18	29.03	29.90
Total Assets	175.95	161.93	228.95	283.70	310.15	337.88	366.95	385.49	404.58
X3	-0.14	-0.04	0.17	0.09	0.08	0.08	0.08	0.08	0.07
Market Value of Equity	297.98	297.98	297.98	297.98	307.60	317.52	327.77	338.35	349.27
Total Liabilities	48.56	39.10	61.84	51.19	51.19	51.19	51.19	51.19	51.19
X4	6.14	7.62	4.82	5.82	6.01	6.20	6.40	6.61	6.82
Net Sales	235.23	154.25	252.46	270.51	284.04	298.24	313.15	322.54	332.22
Total Assets	175.95	161.93	228.95	283.70	310.15	337.88	366.95	385.49	404.58
X5	1.34	0.95	1.10	0.95	0.92	0.88	0.85	0.84	0.82
Altman Z Score	3.68	4.51	4.42	5.03	5.27	5.51	5.75	5.94	6.13

$$Z = 1.2 \times X1 + 1.4 \times X2 + 3.3 \times X3 + 0.6 \times X4 + 1.0 \times X5$$

Z-SCORE ABOVE 3.0 –The company is considered 'Safe' based on the financial figures only.

Blue

Z-SCORE BETWEEN 2.7 and 2.99 – 'On Alert'. This zone is an area where one should 'Exercise Caution'.

Green

Z-SCORE BETWEEN 1.8 and 2.7 – Good chance of the company going bankrupt within 2 years.

Yellow

Z-SCORE BELOW 1.80- Probability of Financial Catastrophe is Very High.

Red