



**Day4 Energy First Quarter Gross Margins Turn Positive as Revenues Reach \$13.5M**  
*Margins Improving Ahead of Planned Capacity Expansion*

**Burnaby, British Columbia — May 8, 2008** — Day4 Energy Inc. (TSX: DFE), a manufacturer of superior performance solar electric modules, today reported the successful transition to positive gross margins on record revenues for its 2008 first quarter financial results. Substantial improvements were achieved in both operating and net profit ratios.

For the first quarter ended March 31, 2008, total recognized revenue was \$13.5 million, as compared to \$0.3 million for the first quarter of 2007, at which time production was not at current capacity. On a consecutive quarterly basis, revenues increased 96% from revenues of \$6.9 million in the fourth quarter of 2007. This was also a 26% increase over the previous high of \$10.7 million reported in the third quarter 2007. The substantial growth in PV module sales reflects both increased demand for Day4 technology, improved geographic sales mix, and full utilization of its current production capacity for the quarter. Day4's 12 MW (annual capacity) production facility has been running at full capacity since the third quarter of 2007.

Sales revenues in the first quarter were split geographically with 95% to Europe and 5% to North America. This compares to 65% to Europe and 35% to North America for the first quarter of fiscal 2007. During the past year the Company has established a growing sales backlog. As of May 8, 2008, total secured contracts for delivery in 2008 through 2010 had reached 153 MW; 32 MW deliverable in 2008, 55 MW deliverable in 2009, 66 MW deliverable in 2010.

An important milestone was achieved in the first quarter as the Company transitioned to positive gross margins of 2%. This represents a significant improvement from negative gross margins of 26% reported in the fourth quarter of 2007 and negative 21% reported for the full fiscal year of 2007. Production volume increases, improved production processes, stronger market position and continuous improvement in the product cost structure all contributed to gross margin improvements. With the economies of scale and contribution growth from increased product sales enabled by the 2008 capacity expansion now under the way, management expects continued progress towards its goal of positive earnings before interest, taxes, depreciation and amortization ("EBITDA").

"I am pleased to report that our production operations for the first quarter of 2008 performed very well," stated George Rubin, president & COO of Day4 Energy. "We are building value through increased market acceptance and confidence while maintaining relentless focus on operating efficiencies. This year is about growth and achievement of the optimal operating structure in accordance with our business plan. In the first quarter we have taken some very important steps forward on both of these items. We have continued building our market presence with the addition of over 50 MW of contracted sales in this quarter alone. Our production expansion is well underway. Most importantly we have now turned the corner on the operating performance. The Company has a solid plan that it continues to execute and I am proud of every member of the Day4 team for making it possible."

With production capacity of 12 MW fully utilized, the Company is rapidly expanding its operations in order to satisfy the large backlog of sales contracts for deliveries in 2008 and beyond. To meet demand for future contracted deliveries, Day4 began occupancy of its Phase I 28 MW expansion facility and build-out is on schedule for completion by the end of the second quarter. In addition, the Company secured and signed a lease for a 90,000 square foot Phase II 50 MW expansion facility.

Total operating expenses increased in the first quarter reflecting the investment in expanded production, as well as operational resources including marketing, sales, and administration. Sales and marketing expenses rose to \$0.7 million and general and administration expenses were \$1.2 million in the first quarter of 2008, compared to \$0.2 million and \$0.4 million respectively for the same period in 2007. Investment in administrative and sales infrastructure has generated healthy growth and return on investment. Together sales, general and administration expenses represented 13.5% of revenues in the first quarter, as compared to 158% of revenues in the first quarter of 2007.

Capital expenditures for the first quarter in 2008 rose to \$8.6 million compared to \$0.08 million for same quarter in 2007. Substantially all of the capital expenditures for the year were incurred for production machinery and equipment.

Day4 Energy reported an (non GAAP) EBITDA loss of \$2.0 million, or (\$0.05) per share, for the first quarter, compared to a loss of \$0.7 million, or (\$0.04) per share, in the first quarter of 2007. The net loss for the first quarter of 2008 was \$0.7 million, or (\$0.02) per share, compared to a net loss of \$0.7 million, or (\$0.04) per share for the first quarter of 2007. At the same time both EBITDA and Net Loss improved significantly as a percent of sales revenues.

At March 31, 2008 cash and short term investments were \$61.7 million compared to \$93.3 million at December 31, 2007. Restricted cash at March 31, 2008 was \$12.5 million compared to \$1.3 million at December 31, 2007. Working capital at March 31, 2008 was \$85 million. Cash was used during the quarter as working capital to fund production, operations, and investment in building Day4's expanding production facilities.

"Our transition to positive gross margin is a critical element in our path to profitability," added Mr. Rubin. "With production expansion and cost optimization efforts well underway, we continue targeting break-even EBITDA in the fourth quarter of 2008."

Detailed financial results and management's discussion and analysis can be found on SEDAR at: [www.sedar.com](http://www.sedar.com).

## **About Day4 Energy**

Headquartered near Vancouver, British Columbia, Day4 Energy Inc. designs, manufactures and sells photovoltaic (PV) modules based on its patented Day4 Electrode technology, a proprietary method of contacting and interconnecting solar cells. The Day4 Electrode produces PV panels of high power density, increased lifetime and uncompromised aesthetic appearance. The advanced solar module construction method increases the performance of conventional silicon panels and enables the next-generation of PV innovation. Day4 partners with the industry's leading PV cell producers to deliver IEC and UL certified commercial and residential solar products to customers throughout Europe and North America. Day4 is listed on the Toronto Stock Exchange under the symbol "DFE". For more information, please visit [www.day4energy.com](http://www.day4energy.com).

## **Caution Regarding Forward-Looking Statements**

This news release contains forward-looking statements that relate to our current expectations and views of future events. These forward-looking statements include, among other things, statements relating to our expectations regarding our revenues, expenses, cash flows, operating performance and future profitability; our progression towards our goal of positive EBITDA; our targeting of break-even EBITDA by the fourth quarter of 2008; our plans for and timing of expanding our manufacturing capacity; and our ability to meet demand for future contracted deliveries.

The forward-looking statements contained in this news release are based on assumptions, which include, but are not limited to, our ability to expand our annual PV module manufacturing capacity; our ability to secure raw materials at acceptable prices and qualities; our ability to achieve increased PV cell and PV module efficiencies; our ability to expand our existing product line; our ability to attract customers and develop and maintain customer and supplier relationships; our ability to diversify our suppliers; our ability to effectively manage foreign exchange risks; our ability

to protect our intellectual property rights and to not infringe on the intellectual property rights of third parties; and our ability to comply with applicable governmental regulations and standards going forward.

Such forward-looking statements are subject to risks, uncertainties and other factors, including those listed in our Annual Information Form filed with Canadian securities regulatory authorities, many of which are beyond our control and each of which contributes to the possibility that our forward-looking statements will not occur or that actual results, performance or achievements may differ materially from those expressed or implied by such statements. These risks, uncertainties and other factors include, but are not limited to, the impact of general economic, market or business conditions; our limited operating history; the current industry-wide shortage of high-purity silicon; risks relating to the protection of our intellectual property and intellectual property infringement claims by third parties; our dependence on a limited number of PV cell suppliers; government subsidies and economic incentives for PV power could be reduced or eliminated; we may be unable to achieve higher PV module efficiencies; our dependence on a limited number of customers and our lack of long-term purchase contracts; demand for PV modules; technological changes in the PV power industry could render our products uncompetitive or obsolete; unexpected warranty expenses; fluctuations in exchange rates; product liability claims; compliance with environmental regulations; and other factors, many of which are beyond our control.

The forward-looking statements made in this news release relate only to events or information as of the date indicated above. Except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise, after the date on which the statements are made or to reflect the occurrence of unanticipated events.

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# Day4 Energy Inc.

## Consolidated Balance Sheets

As at March 31, 2008 and December 31, 2007

	March 31, 2008 \$ (unaudited)	December 31 2007 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	31,318,750	53,093,136
Restricted cash	12,520,258	1,322,140
Short-term investments	30,406,320	40,232,996
Accounts receivable	13,442,617	3,559,391
Investment tax credits receivable	1,165,000	1,165,000
Other receivables	1,334,245	2,486,811
Inventory	15,053,891	15,168,541
Prepaid expenses	472,385	547,444
	<hr/> 105,713,466	<hr/> 117,575,459
<b>Intangible assets</b>	757,914	828,969
<b>Property, plant and equipment</b>	<hr/> 15,388,806	<hr/> 7,078,998
	<hr/> <hr/> 121,860,186	<hr/> <hr/> 125,483,426
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	5,626,474	10,438,525
Income taxes payable	830,000	830,000
Short-term debt	862,961	821,213
Deferred revenue - current	500,156	89,442
Derivative instruments	757,750	-
	<hr/> 8,577,341	<hr/> 12,179,180
<b>Deferred revenue</b>	106,978	102,186
<b>Deferred lease inducement</b>	<hr/> 5,623	<hr/> 11,245
	<hr/> <hr/> 8,689,942	<hr/> <hr/> 12,292,611
<b>Shareholders' Equity</b>		
<b>Share capital</b>		
Authorized		
Unlimited number of common shares		
Unlimited number of preferred shares		
Issued and outstanding		
36,619,366 (2007 – 36,373,116) common shares	130,781,967	129,935,370
<b>Contributed surplus</b>	1,658,542	1,439,491
<b>Warrants</b>	2,279,890	2,633,987
<b>Deficit</b>	<hr/> (21,550,155)	<hr/> (20,818,033)
	<hr/> 113,170,244	<hr/> 113,190,815
	<hr/> <hr/> 121,860,186	<hr/> <hr/> 125,483,426

# Day4 Energy Inc.

## Consolidated Statements of Operations, Comprehensive Loss and Deficit For the three months ended March 31, 2008 and 2007 (unaudited)

	2008 \$	2007 \$
<b>Revenue</b>		
Sales	13,494,386	346,504
<b>Cost of goods sold</b>	13,223,997	327,955
<b>Gross margin</b>	270,389	18,549
<b>Expenses</b>		
General and administrative	1,158,704	353,906
Research and development	480,483	331,282
Less: Investment tax credits and government assistance	-	(177,273)
Selling and marketing	665,317	194,563
Depreciation	94,524	71,923
Amortization	71,055	-
	2,470,083	774,401
<b>Loss before other income (expense)</b>	2,199,694	755,852
<b>Other income (expense)</b>		
Foreign exchange gain (loss)	1,439,996	(13,451)
Interest and other income	831,867	41,496
Interest expense	-	(5,058)
Unrealized gain (loss) on derivative instruments	(757,750)	-
Accretion expense on IRAP-TPC loan	(46,541)	(23,958)
Fair value gain on IRAP-TPC loan	-	35,792
	1,467,572	34,821
<b>Loss and comprehensive loss for the period</b>	732,122	721,031
<b>Deficit - Beginning of period</b>	20,818,033	7,123,404
<b>Fair value adjustment on IRAP-TPC loan</b>	-	(195,566)
<b>Deficit - End of period</b>	21,550,155	7,648,869
<b>Net loss per share - basic and diluted</b>	(0.02)	(0.04)
<b>Weighted average number of shares outstanding - basic and diluted</b>	36,605,836	18,061,907

# Day4 Energy Inc.

## Consolidated Statement of Cash Flows

For the three months ended March 31, 2008 and 2007 (unaudited)

	2008 \$	2007 \$
<b>Cash flows from operating activities</b>		
Loss and comprehensive loss for the year	(732,122)	(721,031)
Items not affecting cash		
Stock-based compensation	219,051	238,477
Accretion - IRAP-TPC loan	41,749	23,958
Fair value - IRAP-TPC loan	-	(35,792)
Depreciation and amortization	338,069	163,154
Deferred lease inducement	(5,623)	(5,596)
Unrealized foreign exchange (gain) loss	(239,506)	25,419
Unrealized (gain) loss on derivative instruments	757,750	-
Changes in non-cash working capital items		
Accounts receivable	(10,795,566)	(10,392)
Investment tax credits receivable	-	(177,273)
Other receivables	979,242	5,648
Inventory	114,650	(2,632,489)
Prepaid expenses	75,059	(687,407)
Accounts payable and accrued liabilities	(4,362,526)	(2,759,501)
Deferred revenue	415,506	(17,481)
	<u>(13,194,267)</u>	<u>(6,590,306)</u>
<b>Cash flows from investing activities</b>		
Proceeds from short-term investments	10,000,000	-
Restricted cash	(11,198,118)	-
Purchase of property, plant and equipment	(8,576,822)	(77,634)
	<u>(9,774,940)</u>	<u>(77,634)</u>
<b>Cash flows from financing activities</b>		
Proceeds from loans	-	144,137
Proceeds from issuance of common shares	-	10,341,281
Proceeds from conversion of warrants	492,500	-
	<u>492,500</u>	<u>10,485,418</u>
<b>Impact of foreign exchange on cash and cash equivalents</b>	702,321	(1,730)
<b>Increase (decrease) in cash and cash equivalents</b>	(21,774,386)	3,815,748
<b>Cash and cash equivalents - Beginning of period</b>	53,093,136	233,773
<b>Cash and cash equivalents - End of period</b>	<u>31,318,750</u>	<u>4,049,521</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	-	
Cash received for interest	404,135	
<b>Non-cash transactions</b>		
Conversion of warrants to common shares	354,097	