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Day4Energy CEO
 John MacDonald:
 "People have been
 trying to do this for
 30 years and have
 never been eco-
 nomically suc-
 cessful"

Aerospace pioneer eyes burgeoning U.S. solar power market

Launch of US\$3.2 billion California initiative brightens future for new technology produced by ex-MacDonald, Dettwiler & Associates CEO

Krisendra Bisetty

John MacDonald has always looked skywards for entrepreneurial inspiration. For three decades he found it in the stars and the dark frontiers of space.

Now the former president and CEO of MacDonald, Dettwiler & Associates, the leading Richmond-based aerospace company he co-founded in 1969, is looking to the sun to power a new technology that is the first, he says, to make solar energy cost competitive with conventional electricity generation.

"People have been trying to do this for 30 years and have never been economically successful, said the 69-year-old chairman and CEO of Day4Energy, which moves into a new 30,000-square-foot plant in Burnaby this month as it readies for commercial production later this year.

see Power, page 7

Manufacturing hit hard in 2005

14,000 jobs lost in B.C. last year as a strong Canadian dollar, high energy costs and cheap imports hammer industry bottom lines

Krisendra Bisetty

B.C.'s manufacturing sector lost approximately 14,000 jobs in 2005 as company profits continued to be under siege from such factors as a soaring Canadian dollar, high energy costs and a flood of cheaper imports.

The conditions are creating a "perfect storm" that's forcing many companies to reassess whether to keep production in the province or look elsewhere for a better return on their money, says the Canadian Manufacturers and Exporters association.

"[Because of] that squeeze on the bottom line, caused by the pricing and cost pressure ... some are closing down production, some are closing product lines and, as a result of that, unfortunately employment and jobs suffer," said CME senior vice-president and chief economist Jayson Myers who recently provided an outlook for B.C.'s manufacturing sector.

While there's hope for some B.C. companies, the outlook is grim for others in this province and across Canada.

"I think if these conditions con-

see Job loss, page 6

Liz Claiborne snaps up Burnaby clothing designer

US\$23.6m deal puts Mac & Jac in Big Apple

Andrew Petrozzi

Burnaby-based apparel designer and retailer Mac & Jac has been acquired by New York-based Liz Claiborne Inc. (LIZ:NYSE).

The American clothing, accessories and perfume designer/marketer bought all the outstanding equity interests in Westcoast Contempo Fashions Ltd. and Mac and Jac Holdings Ltd., which collectively design, market and sell the Mac & Jac, Kenzie and Kenziegirl apparel lines.

The purchase price was US\$23.6 million, plus additional payments based on a multiple of Mac & Jac's earnings in the 2006, 2008, 2009 and 2010 fiscal years. The purchase price represented 50 per cent of Mac & Jac's initial valuation.

"Fifty per cent was the price at closing and then the other 50 per cent is part of the earn-out," said



Fashion sense: Mac & Jac's clothing will get wider exposure

company co-founder Eric Karls who remains president and CEO of the company he started with wife Lani Karls in 1985. "The earn-

see Fashion, page 10

Power: Other local companies look south

from Aerospace, page 1

"There's been lots of wonderful bits of engineering, but nothing that has solved the economic problem. We think we've got it solved."

Day4Energy's patented photovoltaic solar concentrator technology comes as the southwestern United States, the fledgling company's commercial, industrial and utility power generation target market, prepares for a surge in demand for solar systems.

On January 12, the California Public Utilities Commission approved a US\$3.2 billion solar initiative, the largest solar program ever established in the U.S. The plan is to channel 3,000 megawatts of solar power—enough to power over one million homes—into businesses, homes, schools and public buildings.

The initiative's incentives, which will apply over an 11-year period, contribute to the capital cost of solar systems that range from one

kilowatt to one megawatt.

Day4Energy sees a brighter future as a result of the initiative, as do other B.C. companies, including electrochemical energy storage company VRB Power Systems Inc. and electronic products developer and manufacturer Xantrex Technology Inc., whose chairman, Mossadiq Umedaly, said it would stimulate investment in the growing California solar power market and benefit innovative solar system companies.

MacDonald, too, lauded the initiative, saying Day4Energy was positioning itself for entry into the sun-soaked California, Arizona, New Mexico and Nevada markets.

"The California market for flat panels will absorb everything we

"The California market for flat panels will absorb everything we can produce"

— John MacDonald, CEO, Day4Energy

can possibly produce," he said.

Day4Energy's \$3.5 million facility will produce ordinary solar flat panel modules—using imported cells and its own technology, a patented electrode that reduces the resistance of a conventional photovoltaic cell—and the sun concentrators that it hopes will revolutionize solar power.

The first production prototype of the concentrator is planned for late summer.

"A flat panel does not give you concentrated illumination, but the reason we're getting into that to begin with is because there's a shortage in the world. It's a sellers' market, so it gives us early revenue," said MacDonald, who expects sales of between \$10 million and \$15 mil-

lion in the first year.

The initial 2006 plant capacity for the flat panels will be between two and three megawatts, and thereafter about seven megawatts. Because the market for concentrator technology is new, only a few hundred kilowatts will initially be produced.

MacDonald said the concentrator electrode, invented by Day4Energy co-founder Leonid Rubin, a former Moscow State University biophysics professor, has been successfully tested.

Its benefit lies, he said, in using it in ordinary mass-produced solar cells to make them retain efficiency under concentrated illumination, thereby halving the overall cost of a solar power system.

"And that, at least in some climates, certainly in southwest U.S., gets you into a regime where you're beginning to be competitive with fossil fuel. And that's what's exciting about what we're doing."

While a challenge, MacDonald said the concentrators can be made cost effective.

"It's really an economic play.

We've solved the technology."

Day4Energy is aiming for a per watt cost of US\$2, half that of a traditional flat panel, and sees its products in places like shopping centre rooftops, generating a megawatt of electricity.

Depending on variables like climate, finance rates and the lifespan of the system, usually 30 years, the solar-powered electricity will cost users in the range of \$0.05 to \$0.10 a kilowatt hour, which is roughly the same cost as conventionally produced electricity.

Day4Energy has raised almost \$8 million from venture capital investments since 2001, mainly from Chrysalix Energy Management and the British Columbia Discovery Fund managed by Discovery Capital Management Corp.

"It's a real player in what is emerging to be a very significant world market," said Julian Taylor, executive director of the Power Technology Alliance, which is working at creating a power technology cluster in B.C.

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