



Day4 Energy Reports Q4 and FY2008 Results

Burnaby, British Columbia — March 17, 2009 — Day4 Energy Inc. (TSX: DFE), a solar electric technology developer and manufacturer of superior performance solar modules, today reported operating results for the fourth quarter and fiscal year 2008.

During the second half of 2008 there were a number of fundamental changes in the economics of the entire photovoltaic (PV) industry. The global economic recession and financial crisis coupled with severe weather conditions in the core PV market resulted in inventory build-ups, production overcapacity and rapid deterioration of average selling prices across the value chain. Weak sales, slowing demand and gross margin compression have been widespread throughout the solar sector and have been reflected in numerous negative earnings reports and announcements over the past several weeks.

“There is little doubt that 2008 presented a number of operating challenges that affected our company alongside the rest of the industry,” said George Rubin, president of Day4 Energy. “Our objectives in managing through the current shakeout in the sector are to continue to evolve the business strategically and conserve cash so that our differentiated technology and low capital intensity business model reaches its potential to bring future value to our shareholders.”

Industry experts agree that the reduction in prices accelerate the path to grid parity. While in the interim the price reductions pose challenges for companies they have driven up the returns for capital investments in PV projects to nearly all time high levels and will eventually be beneficial to the sector as a whole. The pricing phenomena coupled with the increased political will for renewable energy technologies and accompanying subsidy programs currently being implemented all around the world suggest a positive long-term outlook for the industry.

“The low capital cost models with technological differentiation and a strong downstream position are going to be critical to success during these difficult times. Our long-term manufacturing supply partnership with Jabil Circuit Inc., a leading global electronic solutions company, will help to reduce our working capital requirements and allow us to concentrate our capital and management attention on our two core business objectives: technological leadership and sales and marketing. We now have market presence in eight different geographic markets and our R&D group has made significant progress in the development of our breakthrough Generation II solar cell technology,” he concluded.

2008 4Q and FY FINANCIAL RESULTS

Worldwide Product Revenues

Fourth quarter revenues of \$16.6 million represent a 48% decrease from the prior quarter revenues of \$31.7 million and up 141% from \$6.9 million for the same period in 2007. While seasonality is typical for this sector in the fourth quarter the early and persistent snowfall in our primary market (Germany) combined with the economic downturn slowed deliveries to a greater extent than expected in November and December. Global sales for the full year 2008 were \$76.8 million, a nearly four-fold increase from the prior year sales of \$21.0 million.

Gross Margins

The gross loss of 45% for the fourth quarter compared to a loss of 1.4% in the third quarter 2008 and a loss of 26.3% for the same period in 2007. We were unsuccessful in maintaining modest positive gross margins achieved during the first half of 2008 because of inventory write downs reflecting the decline of average selling prices (ASP's) experienced in the sector at year end, and increased raw materials costs due to foreign exchange fluctuations. A significant increase in the value of the US dollar against the Canadian had a significant impact on our cost of goods sold. With most of our raw materials, primarily PV cells, denominated in US dollars the 17% rise from the third quarter cut into our margins. In the fourth quarter the company wrote down \$5.2 million of inventory to net realizable value. Gross loss excluding inventory write-down was 13% for the fourth quarter and 3% for fiscal 2008. Reported fiscal year over year gross loss has improved significantly to a loss of 9% in 2008 from a loss of 21% in 2007. Average unit costs improved throughout the year as we increased production volumes, diversified our supplier base and refined production processes.

Expenses

For the fourth quarter of 2008, general and administrative expenses were \$10.4 million, an increase of 432% over the prior quarter and 438% for the same period in 2007. For the full year G&A expenses were \$14.9 million, an increase of 361% over 2007. Significant non-operational factors affected the increase in G&A expenses in the fourth quarter in addition to the expected increase in operational costs related to continued development of the business. Non-operational costs related to deteriorating economic conditions and weather delays resulted in a \$6.3 million provision for allowance for doubtful accounts. Other factors contributing to the increase in G&A period comparisons were due to operational cost increases for staff and business activities relating to our volume growth in operations, increased accounting, legal and consulting services due to various contract negotiations, patent applications and restructuring.

Sales and marketing expenses were \$0.8 million for the fourth quarter, a decrease of 10% over the prior quarter, and 26% compared to the same period in 2007. The decrease represents management's efforts to conserve cash in the face of reduced demand during the quarter. Full year sales and marketing expenses were \$3.6 million representing an increase of 89% over the \$1.9 million in expenses for 2007. The year over year increase is a reflection of continued expansion of our activities, initiatives and staff resources compared to the prior period including customer relations and sales channel development with our key customers. Selling and marketing expenses as a percentage of revenues have improved to 5% of sales for the full year ended December 31, 2008 compared with 9% of sales for the same period in 2007.

R&D expenses of \$0.5 million or a 30% decrease in the fourth quarter compared to both the third quarter of 2008 and to the same period in 2007. For the full year R&D expenses were \$2.3 million compared to \$1.8 million for 2007. The 28% year over year increase represents our continued commitment to develop the photovoltaic efficiencies and opportunities provided by the Day4 Electrode and include increased project costs, consulting contracts and personnel costs. While absolute costs have increased, R&D expenses as a percentage of revenues have improved to 3% of sales for the year ended December 31, 2008 compared with 9% of sales for the same period in 2007.

Impairment of Long-Lived Assets

During the fourth quarter changing financial conditions and a significant decline in our market value at year end resulted in our reassessment of the fair values of our long-lived assets. We have recorded total impairment charges of \$8.7 million including \$0.5 million for the value of intangible assets on the purchase of Day4 Systems acquired in November 2007 and \$8.2 million related to our property, plant and equipment.

Loss Per Share

The net loss for the fourth quarter 2008 was \$29.0 million (\$0.79 per share) compared with (\$0.05) per share the prior quarter and (\$0.29) per share for the same period in 2007. Net loss for fiscal 2008 was \$33.9 million (\$0.92 per share) compared to \$13.9 million (\$0.70 per share) for the prior year. As described above several non-operating factors affected our net loss in the fourth quarter including impairment charges on long-lived assets and inventory write-downs. In addition, net loss was impacted by volume increases, increased overheads reflecting our growth in staff and operational resources, corporate initiatives and non-cash unrealized foreign exchange losses incurred in the year.

Cash and Short-Term Investments

At December 31, 2008, we had \$25.8 million in cash and short term investments, including restricted cash of \$11.1 million, down from total cash and short term investments of \$43.6 million at September 30, 2008 and from \$94.6 million at year end 2007. The \$25.8 million does not include an additional \$8.2 million in proceeds received in January from Jabil from the sale of equipment as part of the outsource agreement.

Despite the difficulties of the second half of 2008 the company did make progress on several key initiatives outlined in its business plan including:

- Completing the industrial scale-up of our proprietary Day4 Electrode technology
- Completing the first phase of outsource manufacturing, resulting in a unique, flexible, low capital-expense business model
- Implementing cost reduction and restructuring designed to enhance the ability to operate effectively in the new market environment
- Entering a new vertical market of turn-key PV power projects
- Demonstrating strong cost reduction potential with next generation proprietary PV cell technology

Outlook

The underlying instability in the economy and an extended weather delay in our primary market well into the first quarter of 2009 are expected to impact our results for the early part of 2009. In addition to an expected impact on our revenues and gross margins in the first half of the year, the continued downward pressure on ASP may result in further write-downs of inventory in the first quarter of 2009.

We have reduced production at our Burnaby based facility to minimal levels to avoid build up of additional inventory and manage our cash position. Our first priority is to continue with the production ramp at Jabil to take advantage of the lower cost, more efficient production and closer proximity to our primary market. We expect demand to pick up through the second quarter allowing us to move current inventory while the Jabil facility completes its ramp and becomes fully operational.

Our normal practice is to secure volume commitments from our customers and to set prices no more than one year into the future. We have concluded pricing discussions with approximately 41% (22.4MW) of our 55MW order book. The balance of this contracted volume is contingent on reaching mutually satisfactory agreements as per pricing with our channel partners. We will continue discussions with the remainder of the outstanding contracts throughout the year.

Detailed financial results and management's discussion and analysis can be found on our website at www.day4energy.com or on SEDAR at www.sedar.com.

About Day4 Energy

Day4 Energy Inc. is Canada's largest manufacturer of high performance photovoltaic (PV) modules for residential, commercial and utility scale installations around the world. By fundamentally improving on the design and assembly of solar modules, Day4 Energy produces unique PV panels of high power density, increased lifetime and uncompromised aesthetic appearance. Day4 Energy partners with international technology leaders to develop and deliver IEC- and UL-certified solar products to customers throughout Europe and North America. Day4 Energy is listed on the Toronto Stock Exchange under the symbol "DFE". For more information, please visit www.day4energyenergy.com.

Conference Call Information

Day4 Energy's management will conduct a conference call at 8:30am (ET) March 17, 2009 to review the company's fourth-quarter and fiscal 2008 financial results. The conference call will be webcast live over the Internet and can be accessed by logging on to Day4 Energy's website, www.day4energy.com, prior to the event. The call can also be accessed by dialing 1-800-319-4610 (Canada and US) or 1-604-638-5340 (International) prior to the start of the call. The webcast will also be archived on the company's website.

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; and our statements under the heading "Outlook".

The forward-looking statements contained in this news release are based on assumptions, which include, but are not limited to, our successful implementation of outsource manufacturing with Jabil; our ability to obtain an adequate spread between our module average selling price and cost of raw materials, including PV cells; achieving increased PV cell and PV module efficiencies; expanding our existing product line; building the Day4 brand, attracting customers and developing and maintaining customer and supplier relationships; continuing our strong relationships with our suppliers; effectively managing foreign exchange risks; protecting our intellectual property rights and not infringing on the intellectual property rights of third parties; timely processing by certification agencies of new products; and complying with applicable governmental regulations and standards.

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; risks related to the implementation of outsource manufacturing with Jabil; our limited operating history; 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; our ability 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.

###

Contacts:

Therese Hayes
Head, Corporate Development
Day4 Energy Inc.
(604) 296-0434
thayes@day4energy.com

Agnieszka Pozniak
Media Contact
Day4 Energy Inc.
(604) 297-0444
media@day4energy.com

Day4 Energy Inc.
Consolidated Balance Sheets
As at December 31, 2008 and 2007

	2008 \$	2007 \$
Assets		
Current assets		
Cash and cash equivalents	14,730,294	53,093,136
Restricted cash	11,085,230	1,322,140
Short-term investments	-	40,232,996
Accounts receivable	3,320,849	3,559,391
Investment tax credits receivable	600,000	1,165,000
Other receivables	1,511,301	2,486,811
Inventory	35,018,558	15,168,541
Prepaid expenses	379,429	547,444
Equipment held for sale	2,704,913	-
	<u>69,350,574</u>	<u>117,575,459</u>
Intangible assets	-	828,969
Property, plant and equipment	<u>28,254,320</u>	<u>7,078,998</u>
	<u>97,604,894</u>	<u>125,483,426</u>
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	12,504,078	10,438,525
Income taxes payable	830,000	830,000
Short-term debt	142,940	821,213
Deferred revenue - current	168,012	89,442
Derivative Instruments	2,157,218	-
	<u>15,802,248</u>	<u>12,179,180</u>
Long-term debt	1,143,521	-
Deferred revenue	-	102,186
Deferred lease inducement	-	11,245
	<u>16,945,769</u>	<u>12,292,611</u>
Non-controlling interest	26,410	-
Shareholders' Equity		
Share capital		
Authorized		
Unlimited number of common shares		
Unlimited number of preferred shares		
Issued and outstanding		
36,679,366 (2007 - 36,373,116) common shares	130,952,257	129,935,370
Contributed surplus	2,091,952	1,439,491
Warrants	2,279,890	2,633,987
Deficit	(54,691,384)	(20,818,033)
	<u>80,632,715</u>	<u>113,190,815</u>
	<u>97,604,894</u>	<u>125,483,426</u>

Day4 Energy Inc.

Consolidated Statements of Operations, Comprehensive Loss and Deficit For the years ended December 31, 2008 and 2007

	2008 \$	2007 \$
Revenue		
Sales	76,836,546	20,955,792
Cost of goods sold	84,075,455	25,333,450
Gross loss	7,238,909	4,377,658
Expenses		
General and administrative	14,910,590	3,232,635
Research and development	2,256,373	1,815,343
Less: Investment tax credits and government assistance	(195,302)	(650,000)
Selling and marketing	3,568,579	1,914,956
Depreciation	524,420	304,077
Amortization	284,218	23,685
	21,348,878	6,640,696
Loss before undernoted	28,587,787	11,018,354
Other income (expense)		
Foreign exchange gain	4,176,771	40,355
Unrealized loss on derivative instruments	(2,157,218)	-
Interest and other income	2,132,336	415,246
Interest expense	(87,507)	(518,197)
Royalty premium expense	(476,467)	-
Financing issuance cost	-	(1,049,268)
Loss on disposition of property, plant and equipment	(39,973)	-
Impairment of intangible assets	(541,141)	-
Impairment of property, plant and equipment	(8,153,256)	-
Accretion expense on convertible debentures	-	(1,351,348)
Accretion expense on IRAP-TPC Loan	(144,088)	(131,643)
Adjustment on IRAP-TPC Loan	-	67,799
Fair value loss on warrants	-	(344,785)
	(5,290,543)	(2,871,841)
Loss before non-controlling interest	33,878,330	13,890,195
Non-controlling interest	(4,979)	-
Loss and comprehensive loss for the year	33,873,351	13,890,195
Deficit - Beginning of year	20,818,033	7,123,404
Adjustment on IRAP-TPC loan	-	(195,566)
Deficit - End of year	54,691,384	20,818,033
Net loss per share - basic and diluted	0.92	0.70
Weighted average number of shares outstanding - basic and diluted	36,651,193	19,934,029

Day4 Energy Inc.

Consolidated Statements of Cash Flows

For the years ended December 31, 2008 and 2007

	2008 \$	2007 \$
Cash flows from operating activities		
Loss and comprehensive loss for the year	(33,873,351)	(13,890,195)
Items not affecting cash		
Stock-based compensation	742,751	1,029,616
Accretion expense on convertible debentures	-	1,351,348
Accretion and royalty premium on IRAP-TPC loan	608,188	131,643
Adjustment on IRAP-TPC loan	-	(67,799)
Fair value loss on warrants	-	344,785
Depreciation and amortization	2,095,104	782,622
Loss on disposal of property, plant and equipment	39,973	-
Impairment of intangible assets	541,141	-
Impairment of property, plant and equipment	8,153,256	-
Unrealized foreign exchange (gain) loss	1,530,165	(524,800)
Unrealized loss on derivative instruments	2,157,218	-
Deferred lease inducement	(11,245)	(22,494)
Non-controlling interest	(4,979)	-
Changes in non-cash working capital items		
Accounts receivable	(2,183,441)	(1,009,768)
Investment tax credits receivable	565,000	(650,000)
Other receivables	1,208,506	(2,212,146)
Inventory	(19,850,017)	(9,629,659)
Prepaid expenses	168,015	(190,871)
Accounts payable and accrued liabilities	5,259,453	5,328,535
Deferred revenue	(23,616)	(600,275)
Taxes payable	-	830,000
	<u>(32,877,879)</u>	<u>(18,999,458)</u>
Cash flows from investing activities		
Purchase of short-term investments	(8,000,000)	(40,000,000)
Proceeds from sale of short-term investments	48,000,000	-
Restricted cash	(9,763,090)	(1,322,140)
Purchase of property, plant and equipment	(33,939,145)	(5,181,831)
Proceeds from disposal of property, plant and equipment	54,795	-
Business acquisition - net of cash acquired	-	(2,396,921)
Proceeds from non-controlling interest	31,389	-
	<u>(3,616,051)</u>	<u>(48,900,892)</u>
Cash flows from financing activities		
(Repayment of) proceeds from shareholder loan	-	(203,440)
(Repayment of) proceeds from IRAP loan	(142,940)	556,034
Proceeds from convertible debentures	-	16,827,000
Proceeds from issuance of common shares	-	102,992,370
Proceeds from exercise of warrants	492,498	218,750
Proceeds from exercise of options	80,000	351,727
	<u>429,558</u>	<u>120,742,441</u>
Impact of foreign exchange on cash and cash equivalents	<u>(2,298,470)</u>	<u>17,272</u>
Increase in cash and cash equivalents	<u>(38,362,842)</u>	<u>52,859,363</u>
Cash and cash equivalents - Beginning of year	<u>53,093,136</u>	<u>233,773</u>
Cash and cash equivalents - End of year	<u>14,730,294</u>	<u>53,093,136</u>
Supplemental cash flow information		
Cash paid for interest	13,472	452
Cash received for interest	1,937,448	100,191
Non-cash transactions		
Conversion of convertible debenture to common shares	-	16,241,566
Issuance of shares for equipment	-	300,000