



### For Immediate Release

## Day4 Energy Builds Foundation for Growth During Second Quarter

*Technology scale-up completed. Capacity expansion positions Day4 for rapid growth*

**Burnaby, British Columbia — Aug 8, 2008** — Day4 Energy Inc. (TSX: DFE), a manufacturer of superior performance solar electric modules, today reported operating results for the second quarter and first half of 2008.

During the second quarter Day4 Energy completed an industrial scale-up and automation of its proprietary solar module assembly process, resulting in a quadrupling of its annual production capacity from 12 megawatts (MW), to 47 MW. An additional 50 MW of production capacity is anticipated to be completed by the end of 2008 to further service the Company's sales backlog of approximately \$640 million (based on current market prices) and deliverable through 2010. Further volume capacity growth is planned through a highly scalable third party outsourced manufacturing strategy. Negotiations with partners are underway and outsourced production is expected to account for the majority of the Company's product output beginning in 2009. This substantially reduces the Company's capital requirements for production volume growth and leverages the efficient cost structures of the large integrated manufacturing firms. The Company has also stepped up its research and development activities in PV cell and module designs that have resulted in breakthroughs offering potential cost reductions of up to 25%.

For the second quarter ended June 30, 2008, total revenue reached \$15.0 million, as compared to \$13.5 million for first quarter 2008 and \$3.1 million for the second quarter of 2007. Second quarter production capacity remained unchanged from the first quarter of 2008 at 12 MW. However second quarter product deliveries increased 8% over the first quarter of 2008 reflecting increased utilization and process improvements in the Company's existing production capacity.

Day4 Energy achieved an incremental improvement in quarterly gross profit despite additional personnel and start-up costs associated with the installation and turn-up of the Phase I capacity expansion completed in early July 2008. The Phase I expansion essentially quadruples production compared to the first half of 2008. After achieving an important milestone of transitioning to positive gross margins earlier in the year, the Company delivered a second consecutive gross margin positive quarter with 2.5% gross profit or \$0.4 million compared to 2.0% or \$0.3 million in the first quarter of 2008. This compares with negative gross margins for the year ended 2007 of 21%. Gross margin improvements are being gained from production volume increases, improved production processes and product cost structure, and favorable selling prices to customers. The Company expects that a ramp up to 4-fold increase in production volumes during the second half of the year will result in further improvements in gross profit and operating performance.

During the second quarter the Company's general & administrative expenses increased to \$1.4 million compared to \$1.2 million in the first quarter of 2008. Sales and marketing expenses increased to \$1.3 million compared to \$0.7 million in the first quarter of 2008 reflecting additional sales channel initiatives in existing markets and increased efforts directed at strengthening product positioning and development of new markets in Japan, Korea, Mexico and Australia. The Company has been successful in diversifying political risk related to government subsidies and currently does not have sales backlog exposure to volatile market conditions in Spain and United States. Day4 Energy has most of its sales backlog for the balance of 2008 and 2009 concentrated in stable German and Italian markets with newly established sales opportunities in Asia and Central America providing for additional upside and strong growth potential.

Research and development expenses for the second quarter were \$0.6 million compared to \$0.5 million in the first quarter of 2008. Net of recognized investment tax credits, second quarter research and development costs were \$0.3 million. With the completion of the Day4 Electrode technology automation and production volume scale-up the

Company has diverted a large portion of its research and development efforts towards development of next generation solar cell designs which are enabled exclusively by the Day4 Electrode technology.

The patented Day4 Electrode is an innovative approach to module construction that directly replaces less efficient soldering methods used throughout the industry. By improving connections to and between photovoltaic (PV) cells, the Day4 Electrode produces solar electric products with higher efficiency and performance, longer lifetime, improved aesthetics, and at lower costs. Additionally, the Day4 Electrode provides for entirely new and innovative PV cell designs to be utilized providing greater power and cost efficiencies previously unavailable to the industry.

Day4's increased R&D investment in solar cell design has resulted in the Company's recent announcement that it has developed a new patent-pending design and manufacturing process for solar cells, capable of delivering efficiencies of up to 19 percent on mono-crystalline and 18 percent on multi-crystalline silicon materials. The application for multi-crystalline products is particularly important because of the material's lower price point and the Company's secured supply. The new design is fully compatible with Day4 Energy's existing manufacturing equipment, enabling fast, economical deployment and scale-up. The technology also leverages existing solar cell manufacturing infrastructure and certain processing techniques widely deployed in other industries. The Company expects that a combination of the technology and manufacturing process will reduce production costs by up to 25 percent of what is currently possible with conventional technology.

In addition to the breakthrough with high efficiency silicon-based solar cell technologies Day4 has recently achieved significant progress applying its core proprietary technology to alternative materials such as Upgraded Metallurgical Grade (UMG) Silicon.

"Our proprietary technology behind the Day4 Electrode is the key to our recent breakthrough innovations. Now that the scale-up of the Day4 Electrode manufacturing process is complete, we have the industrial grade platform required to commercialize a new generation of solar cell technologies developed by our R&D group" stated George Rubin, president of Day4 Energy. "We believe that our unique combination of an industrial grade proprietary manufacturing platform with our solar cell and module design breakthroughs, has the potential to introduce new economics to the industry through the increased efficiencies of next generation of cell technologies and, in the case of UMG silicon, a substantial reduction in material costs. Our strategy is to use this unique advantage to create market value by establishing ourselves as a leading supplier of highest return on investment solutions for solar power generation needs. Further, the potential exists for future licensing of certain aspects of our proprietary technology to the broader industry"

For the second quarter, Day4 Energy recorded an operating loss of \$2.8 million, and a net loss of \$2.5 million, or (\$0.07) per share. This compares to an operating loss of \$2.4 million, and net loss of \$0.7 million, or (\$0.02) per share, in the first quarter of 2008 respectively.

With the economies of scale and contribution growth from increased product sales enabled by the four-fold increase from the Phase I expansion completed during the second quarter, management expects continued progress towards its goal of positive earnings before interest, taxes, depreciation and amortization ("EBITDA") in the fourth quarter of 2008.

Capital expenditures for the second quarter and for the six-month period ended June 30, 2008 rose to \$9.1 million and \$17.7 million compared to \$0.1 million and \$0.2 million for same periods in 2007 respectively. Substantially all capital expenditures were incurred for production machinery and equipment in the Phase I (35 MW) and II (50 MW) expansion initiatives. The Company expects production capital investments to decline substantially in 2009 as it executes its outsourced production strategy.

At June 30, 2008 cash (including restricted cash) and short term investments were \$57.7 million compared to \$74.2 million at March 31, 2008. Working capital at June 30, 2008 was \$86.3 million compared to \$97.1 million on March 31, 2008. Cash was used during the quarter as working capital to fund production, operations, and investment in building Day4 Energy's expanding production facilities.

The successful automation of the last proprietary step of the Day4 Electrode manufacturing process in the second quarter was an important step in increasing production efficiency gains in its newly completed 35 MW production facility. More importantly, these production refinements provide Day4 Energy with an industrial grade process technology that can be transferred to its pending 50 MW expansion, and again to large third party manufacturers .

Large scale expansion through third party production in 2009 is expected to have positive impact on profit margins and provide the required product volumes to address global demand for Day4 Energy's advanced solar products. The strategy also reduces the capital intensiveness of the business and frees a greater portion of Company resources to value-added activities in research and development, and sales and marketing areas.

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 Energy Electrode technology, a proprietary method of contacting and interconnecting solar cells. The Day4 Energy 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 Energy 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 Energy is listed on the Toronto Stock Exchange under the symbol "DFE". For more information, please visit [www.Day4 Energyenergy.com](http://www.Day4 Energyenergy.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; our expectations on the value of our patents and intellectual property; 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 Statements of Operations, Comprehensive Loss and Deficit For the three and six months ended June 30, 2008 and 2007 (unaudited)

	Three-months ended June 30,		Six-months ended June 30,	
	2008	2007	2008	2007
	\$	\$	\$	\$
<b>Revenue</b>				
Sales	15,038,078	3,060,592	28,532,464	3,407,096
Cost of goods sold	14,659,998	3,329,443	27,883,995	3,657,398
<b>Gross margin</b>	378,080	(268,851)	648,469	(250,302)
<b>Expenses</b>				
General and administrative	1,386,540	438,830	2,545,244	792,736
Research and development	593,556	450,213	1,074,039	781,495
Less: Investment tax credits and Government assistance	(245,302)	(177,273)	(245,302)	(354,545)
Selling expenses	1,276,723	363,408	1,942,040	557,971
Depreciation	134,856	70,760	229,380	142,683
Amortization	71,055	-	142,110	-
	3,217,428	1,145,938	5,687,511	1,920,340
<b>Loss before other income (expense)</b>	2,839,348	1,414,789	5,039,042	2,170,642
<b>Other income (expense)</b>				
Foreign exchange gain (loss)	(263,687)	51,660	1,176,309	38,210
Interest and other income	584,881	29,681	1,416,748	71,177
Interest expense	-	(5,241)	-	(10,299)
Unrealized gain (loss) on derivative instruments	120,550	-	(637,200)	-
Write-off of plant design costs	(18,980)	-	(18,980)	-
Accretion expense	(50,231)	(30,427)	(96,772)	(54,385)
Fair value gain on IRAP-TPC loan	-	30,742	-	66,534
	372,533	76,415	1,840,105	111,237
<b>Loss and comprehensive loss for the period</b>	2,466,815	1,338,374	3,198,937	2,059,405
<b>Deficit - Beginning of period</b>	21,550,155	7,648,869	20,818,033	7,123,404
<b>Fair value adjustment on IRAP-TPC loan</b>	-	-	-	(195,566)
<b>Deficit - End of period</b>	24,016,970	8,987,243	24,016,970	8,987,243
<b>Net loss per share - basic and diluted</b>	0.07	0.07	0.09	0.11
<b>Weighted average number of shares outstanding - basic and diluted</b>	36,639,586	18,676,000	36,622,711	18,387,840

# Day4 Energy Inc.

## Consolidated Balance Sheets

As at June 30, 2008 and December 31, 2007

	June 30, 2008 \$ (unaudited)	December 31, 2007 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	12,935,343	53,093,136
Restricted cash	12,200,299	1,322,140
Short-term investments	32,603,818	40,232,996
Accounts receivable	12,089,898	3,559,391
Investment tax credits receivable	1,005,994	1,165,000
Other receivables	1,893,600	2,486,811
Inventory	28,801,089	15,168,541
Prepaid expenses	527,695	547,444
	<u>102,057,736</u>	<u>117,575,459</u>
<b>Intangible assets</b>	686,859	828,969
<b>Property, plant and equipment</b>	24,101,809	7,078,998
	<u>126,846,404</u>	<u>125,483,426</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	13,373,557	10,438,525
Income taxes payable	830,000	830,000
Short-term debt	906,832	821,213
Deferred revenue - current	-	89,442
Derivative instruments	637,200	-
	<u>15,747,589</u>	<u>12,179,180</u>
<b>Deferred revenue</b>	112,840	102,186
<b>Deferred lease inducement</b>	-	11,245
	<u>15,860,429</u>	<u>12,292,611</u>
<b>Shareholders' Equity</b>		
<b>Share capital</b>		
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
<b>Contributed surplus</b>	1,770,798	1,439,491
<b>Warrants</b>	2,279,890	2,633,987
<b>Deficit</b>	(24,016,970)	(20,818,033)
	<u>110,985,975</u>	<u>113,190,815</u>
	<u>126,846,404</u>	<u>125,483,426</u>

# Day4 Energy Inc.

## Consolidated Statements of Cash Flows

For the three and six months ended June 30, 2008 and 2007 (unaudited)

	Three-month period ended		Six-months ended	
	2008	June 30, 2007	2008	June 30, 2007
	\$	\$	\$	\$
<b>Cash flows from operating activities</b>				
Loss and comprehensive loss for the period	(2,466,815)	(1,338,374)	(3,198,937)	(2,059,405)
Items not affecting cash				
Stock-based compensation	202,547	189,891	421,598	428,368
Accretion - IRAP-TPC loan	43,871	30,427	85,619	54,385
Fair value - IRAP-TPC loan	-	(30,742)	-	(66,534)
Depreciation and amortization	428,326	165,955	766,395	329,109
Write-off of plant design costs	18,980	-	18,980	-
Deferred lease inducement	(5,623)	(5,620)	(11,246)	(11,216)
Unrealized foreign exchange (gain) loss	(184,990)	(29,862)	1,017,836	155,582
Unrealized (gain) loss on derivative instruments	(120,550)	-	637,200	-
Changes in non-cash working capital items				
Accounts receivable	1,589,802	(2,255,388)	(9,895,076)	(2,300,261)
Investment tax credits receivable	159,006	(177,273)	159,006	(354,545)
Other receivables	(756,853)	(97,063)	222,389	(91,415)
Inventory	(13,747,198)	(314,135)	(13,632,548)	(2,946,624)
Prepaid expenses	(55,310)	(93,843)	19,749	(781,250)
Accounts payable and accrued liabilities	7,749,966	904,219	2,997,076	(1,993,230)
Deferred revenue	(494,294)	-	(78,788)	-
	(7,639,135)	(3,051,808)	(20,470,747)	(9,637,036)
<b>Cash flows from investing activities</b>				
Proceeds from sale of short-term investments	6,000,000	-	16,000,000	-
Purchase of short-term investments	(8,000,000)	-	(8,000,000)	-
Restricted cash	319,959	-	(10,878,159)	-
Purchase of property, plant and equipment	(9,089,253)	(100,708)	(17,666,075)	(178,342)
	(10,769,294)	(100,708)	(20,544,234)	(178,342)
<b>Cash flows from financing activities</b>				
Proceeds from loans	-	145,242	-	289,379
Proceeds from exercise of stock options	80,000	-	80,000	-
Proceeds from conversion of warrants	-	-	492,498	10,341,281
	80,000	145,242	572,498	10,630,660
<b>Impact of foreign exchange on cash and cash equivalents</b>	(54,978)	(14,258)	284,690	(21,066)
<b>(Decrease) increase in cash and cash equivalents</b>	(18,383,407)	(3,021,533)	(40,157,793)	794,216
<b>Cash and cash equivalents - Beginning of period</b>	31,318,750	4,049,521	53,093,136	233,773
<b>Cash and cash equivalents - End of period</b>	12,935,343	1,027,989	12,935,343	1,027,989
<b>Supplemental cash flow information</b>				
Cash paid for interest	121	-	121	-
Cash received for interest	565,537	21,580	1,376,058	21,580
<b>Non-cash transactions</b>				
Conversion of warrants to common shares	-	-	-	354,097

