



**News Release
For Immediate Release**

Day4 Energy Reports Second Quarter 2011 Results

Burnaby, British Columbia — August 15, 2011— Day4 Energy Inc. (TSX: DFE), a leading global provider of solar photovoltaic (PV) products and solutions, today reported operating results for the second quarter 2011.

“During the second quarter we made further progress toward becoming a technology and brand licensing model. Since the end of Q1 2011 we have expanded the reach of our technology and brand platform by securing license agreements with PV Products GmbH in Austria and Solar Modules Netherlands (SMN) in Holland. With PVP and SMN joining our first licensee Gebäude-Solarsysteme GmbH (GSS) we were able to reach a contracted level of 75 MW of annualized manufacturing capacity licensed to produce PV modules based on Day4 DNA technology and brand platform,” said George Rubin, President of Day4 Energy. “This is a milestone achievement as it brings the cumulative production capacity of our licensees within reach of our historical maximum of 100 MW per annum run rate that we achieved in the fall of 2010. Given the solar industry’s continued volatility with subsidy changes and fluctuations in demand and supply our focus on providing the tools and knowledge to cell and module manufacturers puts us in a good position to be able to manage the challenges while expanding the reach of the Day4 brand. Our immediate sales objective is to continue to expand the base of Day4 DNA licensees to reach an actual licensed production output of 150 MW (annualized) required to generate sufficient revenues to cover our current levels of operating costs. In order to support our licensed partners we have made a decision to permanently cease our outsourced manufacturing operations in Poland and instead focus the full power of our distribution organization on reselling Day4 DNA PV modules from our licensed partners. In addition to fueling the growth behind our partner’s business, the model further enables us to significantly reduce working capital requirements that were otherwise required to procure and distribute PV modules.”

In July 2011, management made a decision to cease production with Jabil in Poland and commenced negotiations on terminating the manufacturing contract. We have estimated our incremental cost to exit our manufacturing arrangement in Poland to be \$1.3 million reflecting a notice period to cover the plant’s charges. We anticipate these costs will be recorded in the third quarter 2011 upon terminating the contract that is under negotiation.

We commenced in 2010, with the acquisition of ACI ecoTec GmbH, the transformation of our business from PV module manufacturing and distribution to a manufacturing technology and product marketing solutions company. The Company believes that the sale of machines designed and built to manufacture modules incorporating Day4 technology, as well as licensing the Day4 technology on a non-exclusive basis, will increase the overall availability and demand for Day4-based solar modules. We anticipate that higher gross margins may be attainable with the sale of the manufacturing solutions and equipment to PV module manufactures. We will continue to distribute and sell Day4-based solar modules through our established sales channels.

Potential licensees are seeking solutions to produce a differentiated premium product to sell into a competitive and evolving market of actual users of the energy produced by PV products. Current PV cell and module manufacturers that join the Day4 solarSYSTEMS program will be able to quickly and efficiently upgrade their existing manufacturing lines and gain access to the benefits of Day4 technology. In addition, their manufacturing systems will be compatible with the next generation of PV technologies and processes currently under development.

Day4 expects to earn revenues from licensing intellectual property, as well as from training and



installation. Where applicable, Day4 intends to use its supplier arrangements to secure lower costs of raw material acquisition for licensees.

Q2 2011 FINANCIAL RESULTS

Worldwide Product Revenues

In second quarter, revenues of \$23.3 million declined by \$21.5 million, or 48%, from the same period in 2010 and increased by \$4.4 million, or 23%, from the first quarter 2011. Sales of \$2.6 million in the second quarter of 2011 were attributable to ACI, acquired in November 2010. The decrease in sales versus the prior year reflects volatility in the overall solar industry. The increase in sales versus the prior period is the result of strengthened demand in the second quarter of 2011 due to the resolution of the Italian government Feed-In Tariff (FIT) subsidy program interruption that occurred in the first part of 2011.

Gross Margin (Loss)

Gross loss was (7.8%) for the second quarter of 2011 an improvement versus first quarter 2011 gross loss of (13.6%) and a decrease versus gross margins of 2% in the second quarter 2010. We incurred low utilization and idle plant charges for the three months ended June 30, 2011 of \$2.6 million that have been recorded to cost of goods sold. In addition, we reviewed the net realizable value of our inventory at June 30, 2011 based on pricing expectations up to September 2011 and recorded a write-down in the quarter of \$0.3 million. The gross margin on modules sold in Q2, excluding low utilization and idle plant charges and inventory write down, would have been \$355,842.

Expenses

For the second quarter of 2011, general and administrative (G&A) expenses were \$0.9 million, a 67% decrease from \$2.8 million in the same quarter of 2010. The decrease is due to company-wide cost reduction measures that were implemented once module production had been suspended and ACI operations had been reviewed post-acquisition.

Sales and marketing expenses were \$0.5 million for the second quarter of 2011, compared to \$1.2 million in the same quarter in 2010. The difference is due to an overall decrease in sales and marketing spending (including trade shows, advertising and consulting) in 2011. In addition, the sales and marketing expense in the second quarter of 2010 was higher due to a \$0.3 million severance expense recorded.

R&D expenses including depreciation and amortization in the second quarter of 2011 were \$2.4 million compared to \$1.6 million for the year's first quarter and \$1.0 million for the same quarter in 2010. The increase from prior year is attributable to the engineering, research and development activities conducted at ACI, as well as to a higher allocation of facilities overhead costs at our R&D facility in Burnaby.

Loss per Share

The net loss for the second quarter 2011 was \$5.6 million (\$0.13 per share) compared to a net loss of \$7.0 million (\$0.16 per share) in the prior quarter and a net loss of \$4.2 million (\$0.12 per share) for the same period in 2010.

Cash and Liquidity

As at June 30, 2011, we have cash of \$6.5 million compared to \$5.3 million as at March 31, 2011 and \$10.5 million at December 31, 2010. Our total liabilities amounted to \$25.4 million of which \$24.1 million is repayable within one year, and the balance is due in 2012 through 2014. Of this debt, \$3.4 million (€2.4 million) is guaranteed by certain parties that were former shareholders of ACI. The Company believes that current levels of capital resources are sufficient to execute the near term business plan. The Company intends to explore various possibilities for accessing additional funds for long-term strategic development.



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 a Canadian company dedicated to providing high performance photovoltaic (PV) solutions for residential, commercial and utility scale installations. By fundamentally improving on the design and assembly of solar cells and modules, the Company 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 around the world. Day4 Energy is listed on the Toronto Stock Exchange under the symbol "DFE". For more information, please visit www.day4energy.com.

Conference Call Information

Day4 Energy's management will conduct a conference call at 5:00 pm (EST) August 15, 2011 to review the company's second quarter 2011 financial results. The call can be accessed by dialing 1-800-319-4610 (Canada and US) or 1-604-638-5340 (International) prior to the start of the call. Following the call a recording of the conference call will be archived on Day4 Energy's website, 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. Forward-looking statements are statements that are not historical facts and are generally, but not always, identified by words such as "anticipate", "continue", "estimate", "expect", "forecast", "may", "will", "project", "could", "plan", "intend", "should", "believe", "outlook", "potential", "target", and similar words suggesting future events or future performance.

The forward-looking statements contained in this news release are based on assumptions, which include, but are not limited to the minimum base of licensed manufacturing capabilities required for revenues to become sufficient to cover the costs of the Company's operations; the interest of third parties in manufacturing Day4's products under license; our ability to meet and manage demand for our products; achieving increased PV cell and PV module efficiencies; expanding our existing product line; developing new markets for our products and securing necessary certifications in such markets; 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; effectively managing credit risks of customers and other counterparties; protecting our intellectual property rights and not infringing on the intellectual property rights of third parties; timely processing by certification agencies for new products; the continued existence of government incentives for the generation of electricity using solar power; 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 our financial strength and our ability to effectively manage our cash flow; with the continued integration of ACI, Day4 may be subject to additional financial and personnel strains; there may be a lower than expected interest from third parties in manufacturing Day4's products under license; the absence of confirmed PV cell suppliers could impact our ability to secure third party licensees of our technology with PV cells incorporating Day4's technology; the non-production of Day4 PV modules until licensed manufacturers are established may damage our sales channels, our brand and our reputation; ACI may not be able to fulfill orders in a timely fashion for products necessary for the implementation of



the Company's strategy of licensing third party manufacturers of the Company's products; the possibility that we may be subject to litigation by our suppliers or customers; warranty claims; risks relating to the protection of our intellectual property and intellectual property infringement claims by third parties; our reliance on a limited number of suppliers; government subsidies and economic incentives for PV power could be reduced or eliminated; the financial strength of our competitors; competition from other forms of renewable energy; our ability to manage growth effectively; our ability to open up new markets for our products; demand for PV modules may reduce; technological advances from competitors that may render our products uneconomic or obsolete; the impact of general economic, market or business conditions; currency market fluctuations; 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

| | June 30, 2011 | December 31, 2010 | January 1, 2010 |
|---|--------------------------|------------------------------|----------------------------|
| | \$ | \$ | \$ |
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 6,531,266 | 10,486,264 | 17,804,941 |
| Restricted cash | 1,185,000 | 1,784,355 | 335,000 |
| Short-term investments | - | - | 9,067,397 |
| Trade receivables | 9,531,965 | 13,427,928 | 3,598,384 |
| Unbilled Receivables | 821,693 | 2,070,546 | 1,835,529 |
| Other receivables | 1,777,459 | 2,404,262 | 6,612,277 |
| Investment tax credits receivable | - | - | 600,000 |
| Prepaid expenses | 707,853 | 798,030 | 564,336 |
| Inventory | 13,869,982 | 13,859,553 | 11,078,173 |
| | <u>34,425,218</u> | <u>44,830,938</u> | <u>51,496,037</u> |
| Non-current assets | | | |
| Property, plant and equipment | 20,649,258 | 22,163,895 | 21,679,300 |
| Intangible assets | 1,408,952 | 854,636 | - |
| Goodwill | 4,343,913 | 4,131,137 | - |
| | <u>60,827,341</u> | <u>71,980,606</u> | <u>73,175,337</u> |
| Liabilities | | | |
| Current liabilities | | | |
| Trade payables and accrued liabilities | 17,065,003 | 17,276,987 | 13,227,655 |
| Provisions | 220,300 | 262,962 | 94,036 |
| Deferred revenue | 1,497,596 | 566,569 | 322,331 |
| Current portion of long-term debt | 3,729,129 | 3,859,806 | 1,143,521 |
| Current portion of capital lease obligations | 721,450 | 1,215,457 | - |
| Taxes payable | 830,000 | 935,221 | 830,000 |
| | <u>24,063,478</u> | <u>24,117,002</u> | <u>15,617,543</u> |
| Non-current liabilities | | | |
| Long-term debt | 1,106,006 | 1,375,665 | - |
| Capital lease obligations | 278,865 | 429,541 | - |
| | <u>1,384,871</u> | <u>1,805,206</u> | <u>-</u> |
| Shareholders' Equity | | | |
| Share capital | | | |
| Authorized | | | |
| Unlimited number of common shares | | | |
| Unlimited number of preferred shares | | | |
| Issued and outstanding | 135,328,892 | 134,391,619 | 130,972,498 |
| 45,669,367 (December 31, 2010 – 43,149,367; January 1, 2010 – 36,739,367) common shares | | | |
| | 191,598 | 1,128,870 | - |
| Equity component of consideration issuable for business acquisition | | | |
| Contributed surplus | 3,032,189 | 2,946,444 | 2,581,508 |
| Deficit | (98,309,219) | (85,746,363) | (75,996,212) |
| Accumulated other comprehensive income | (4,864,468) | (6,662,172) | - |
| | <u>35,378,992</u> | <u>46,058,398</u> | <u>57,557,794</u> |
| | <u>60,827,341</u> | <u>71,980,606</u> | <u>73,175,337</u> |



Day4 Energy Inc.

Consolidated Statements of Operations, Comprehensive Loss and Deficit

| | <u>Three months ended</u> | | <u>Six months ended</u> | |
|---|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| | <u>June 30,</u> <u>2011</u> | <u>June 30,</u> <u>2010</u> | <u>June 30,</u> <u>2011</u> | <u>June 30,</u> <u>2010</u> |
| | \$ | \$ | \$ | \$ |
| Revenues | 23,320,070 | 44,811,143 | 42,210,797 | 67,735,291 |
| Cost of revenues | 25,142,067 | 43,914,378 | 46,594,543 | 65,153,257 |
| Gross margin (loss) | <u>(1,821,997)</u> | <u>896,765</u> | <u>(4,383,746)</u> | <u>2,582,034</u> |
| Expenses | | | | |
| General and administrative | 934,259 | 2,818,239 | 3,427,285 | 5,381,454 |
| Research and development | 2,411,182 | 984,708 | 3,998,187 | 2,266,845 |
| Less: Investment Tax Credits & Government Assistance | (144,029) | (94,130) | (284,014) | (171,149) |
| Selling and marketing | 504,368 | 1,249,857 | 1,534,700 | 2,005,722 |
| | <u>3,705,780</u> | <u>4,958,674</u> | <u>8,676,158</u> | <u>9,482,872</u> |
| Loss from operating activities | <u>5,527,777</u> | <u>4,061,909</u> | <u>13,059,904</u> | <u>6,900,838</u> |
| Foreign exchange gain (loss) | 114,807 | (223,317) | 528,950 | 723,951 |
| Interest and other income | (217,212) | 62,191 | 118,558 | 110,190 |
| Interest expense | (163,298) | (21,733) | (323,956) | (43,199) |
| Gain (loss) on disposal of property, plant and equipment | (6,189) | - | 167,481 | - |
| Income tax adjustment | 225,072 | - | 6,016 | - |
| | <u>(46,820)</u> | <u>(182,859)</u> | <u>497,049</u> | <u>790,942</u> |
| Loss for the period | <u>5,574,597</u> | <u>4,244,768</u> | <u>12,562,855</u> | <u>6,109,896</u> |
| Other Comprehensive Gain (Loss) | | | | |
| Unrealized foreign exchange gain (loss) on translation of consolidated financial statements to the presentation currency | <u>608,778</u> | <u>(2,632,214)</u> | <u>1,797,704</u> | <u>(7,371,937)</u> |
| Total Comprehensive Loss | <u>4,965,819</u> | <u>6,876,982</u> | <u>10,765,151</u> | <u>13,481,833</u> |
| Weighted average number of shares outstanding - basic and diluted | <u>43,620,136</u> | <u>36,767,498</u> | <u>43,386,052</u> | <u>36,753,510</u> |
| Net loss per share - basic and diluted | 0.13 | 0.12 | 0.29 | 0.17 |



Day4 Energy Inc.

Consolidated Statements of Cash Flows

| | Six months ended June 30 | |
|---|---------------------------------|--------------------|
| | 2011 | 2010 |
| | \$ | \$ |
| Cash flows from operating activities | | |
| Loss for the period | (12,562,855) | (6,109,896) |
| Items not affecting cash | | |
| Stock-based compensation | 85,746 | 233,451 |
| Depreciation and amortization | 2,611,013 | 1,499,382 |
| Loss (gain) on sale of property, plant and equipment | (167,481) | - |
| Valuation write down of inventory | 1,600,358 | - |
| Unrealized foreign exchange (gain) loss | (528,950) | (877,449) |
| Provisions | 6,016 | - |
| Changes in non-cash working capital items | | |
| Accounts receivable | 4,410,069 | (8,977,284) |
| Investment tax credit receivable | - | (58,174) |
| Other receivables | 2,061,869 | 5,242,533 |
| Inventory | (872,307) | (1,317,416) |
| Prepaid expenses | 128,522 | (456,235) |
| Accounts payable and accrued liabilities | (864,058) | 7,669,401 |
| Deferred revenue | 882,892 | 289,457 |
| | <u>(3,209,166)</u> | <u>(2,862,230)</u> |
| Cash flows from investing activities | | |
| Purchase of short-term investments | - | (1,500,000) |
| Proceeds from sale of short-term investments | - | 5,000,000 |
| Change in restricted cash | 599,354 | 150,000 |
| Purchase of property, plant and equipment | (194,442) | (1,348,694) |
| Proceeds from sale of property, plant and equipment | 339,129 | - |
| Investment in product development | (674,384) | - |
| | <u>69,657</u> | <u>2,301,306</u> |
| Cash flows from financing activities | | |
| Proceeds from exercise of stock options | - | 80,000 |
| Repayment of IRAP loan | (330,153) | - |
| Repayment of bank loan | (325,757) | - |
| Repayment of capital lease obligations | (714,079) | - |
| | <u>(1,369,989)</u> | <u>80,000</u> |
| Effect of foreign exchange rate changes on cash | <u>554,500</u> | <u>(1,996,776)</u> |
| Increase (decrease) in cash and cash equivalents | <u>(3,954,998)</u> | <u>(2,477,700)</u> |
| Cash and cash equivalents - Beginning of period | <u>10,486,264</u> | <u>17,804,941</u> |
| Cash and cash equivalents - End of period | <u>6,531,266</u> | <u>15,327,241</u> |
| Supplemental cash flow information | | |
| Cash paid for interest | 22,412 | 2,426 |
| Cash received for interest | 2,041 | 106,616 |