



**News Release  
For Immediate Release**

## **Day4 Energy Reports Third Quarter 2011 Results**

**Burnaby, British Columbia — November 14, 2011**— Day4 Energy Inc. (TSX: DFE), a leading global provider of solar photovoltaic (PV) products and solutions, today reported operating results for the third quarter 2011.

“Today, the PV industry is in the midst of a deep crisis. The European sovereign debt issue, an uncertain US economic recovery and severe PV module overcapacity due to a dramatic manufacturing expansion over the prior year have all contributed to a “perfect storm” in our industry. Hardware prices have dropped sharply since the start of the year, and continue to decline. Concurrently, growing inventory levels have forced production shut-downs in many locations across the industry” said Dr. John MacDonald, Chairman of Day4 Energy. Dr. MacDonald, who has been the Chief Executive Officer of Day4 Energy since its inception, has asked to be relieved of his responsibilities as CEO and that those responsibilities be passed to a younger person. The board of directors has appointed George Rubin to the role of President and Chief Executive Officer. Dr. MacDonald will continue in his role as Day4 Energy’s Chairman of the Board.

“John’s vision is key to Day4’s innovative culture and the agility that helped us to reach many milestones as well as weather a number of storms. Under his leadership we went through the thick and thin of building the company from a start-up without as much as a desk to one of the leading technology companies in our industry” said George Rubin, President & CEO Day4 Energy Inc. “I have been privileged to have an opportunity to work along-side John since Day4’s story began. Over these years, John’s mentorship was instrumental to my own personal growth not only as a business leader but as an individual. I am thankful to him for the battles that I have won but also for the scars that I did not get because of his advice. I am looking forward to continuing working together as we battle through yet another storm on the way to building our industry into one of the key components of the global electrical power generation market of the future.”

“We are now witness to several companies that were unable to successfully navigate in these difficult times. However, the storm brings more than ship-wrecks as ever declining costs of PV hardware are opening new markets and opportunities. The price of electricity from solar PV is now at its lowest level in history, and at retail grid parity with traditional sources of electricity in a number markets around the world. Industry consolidation, combined with continued declines in raw material prices, creates the opportunity for the gradual re-alignment of manufacturing costs and product prices. We believe the key to success during these challenging times is being able to capitalize on the growth in emerging markets while combining the strength of our technology, brand and distribution with the lower cost structure and capital resources of our manufacturing partners” concluded Mr. Rubin.

Day4 Energy’s strategy is based on four fundamental pillars:

1. Continue the roll out of licensed PV module manufacturing capacities with a focus on new technology partnerships and niche markets with captive local demand;
2. Realign operating costs to reflect current market realities and establish better allocation of company resources to those business activities expected to yield the highest level of return given current conditions;
3. Secure additional near-term operating liquidity;
4. Establish a strategic alignment with a vertically integrated manufacturing partner in order to leverage the full power of Day4 Energy’s brand and distribution networks, while accelerating the



development and roll out of the next generation PV cell technologies based on the company's patents.

Over the course of the last few months, Day4 Energy has been successful in executing on a number of these strategic objectives, including contracting deliveries of equipment for a total of 135 MW of licensed Day4 DNA manufacturing capabilities. The most notable of these transactions was concluded on November 10, 2011 resulting in equipment sales of approximately \$4 million CDN.

The company was further able to secure additional near term liquidity through a strategic investment from Wangs Brother Motor Company Ltd. The private placement consists of two tranches totaling \$1.9 million, with the first being for approximately \$850,000 closed today. The second tranche under the same terms is expected to close over the course of the next few weeks subject to customary regulatory approvals of TSX. The issue price per share is approximately \$0.17 per share and the proceeds will be used for general corporate purposes.

The company further announces a signing of a Letter of Intent (LOI) to merge its operations through a plan of arrangement with Ever Energy Ltd., - a Taiwan based manufacturer of premium solar cells that is majority owned by Wangs Brother Motor Company Ltd. The company is engaging GMP Securities to provide a fairness opinion in respect of the transaction. The transaction is further subject to negotiation of a definitive agreement, due diligence, Board of Directors, shareholder, court and regulatory approvals and the continued listing of the merged company is subject to TSX approval. There can be no assurance that the Transaction will be completed as proposed or at all. Further details will be contained in a management information circular to be prepared in connection with the Transaction.

"Our business relationship with Ever Energy has been building momentum over the course of the last couple of years. Today, we are in position to combine our strengths in technology, marketing as well as manufacturing to overcome present day challenges and deliver the industry's leading performance PV power generation technology to customers around the world" said George Rubin, CEO & President of Day4 Energy Inc.

In addition, as part of its transition to a new business model, and in recognition of the ongoing challenges confronting the solar sector, Day4 Energy initiated a reduction in workforce during the fourth quarter affecting approximately 28 people located primarily within its B.C. based offices. Once this reduction in workforce is complete, Day4 Energy and its subsidiaries will employ 108 full time employees globally.

"While we regret the impact on the people affected by this workforce reduction, it is a necessary step to reduce our overall cost structure and place the business on a sound foundation for the long term" said George Rubin, CEO of Day4 Energy. "Today, we are deepening our relationships with a few strategic manufacturing partners who are licensing our innovative cell and module technology. Our reduction in personnel reflects the different level and mix of employees required to fully implement our new business model predicated upon technology licensing" concluded Mr. Rubin.

## **Q3 2011 FINANCIAL RESULTS**

### **Worldwide Revenues**

In the third quarter, revenues of \$14.5 million declined by \$26.8 million or 65% from the same quarter in 2010 and by \$8.8 million or 38% from the second quarter of 2011. Sales of \$2.4 million in the third quarter of 2011 were attributable to Day4 ecoTec GmbH ("EcoTec", formerly ACI ecoTec GmbH), the Company's equipment manufacturing subsidiary acquired in November 2010. The decrease in sales versus the prior year and the prior quarter is the result of the overall downturn in the solar industry as well as the Company's shift to the new business model where Day4 discontinued manufacturing its PV modules.



### **Gross Margin (Loss)**

Gross loss was 20.4% for the third quarter of 2011 compared to 4.2% gross margin in the same quarter of 2010 and to 7.8% gross loss in the second quarter of 2011. Negative gross margin in the quarter ended September 30, 2011 is largely attributable to the direct costs of exiting from our long-term manufacturing contract and related fees (warehousing, carrying charges and late fees), as well as a further write-down of inventory values as prices continue to fall. The gross loss in the third quarter of 2011, excluding the contract exit costs, exit-related fees and inventory write-down would have been \$978,043 or 6.7%.

### **Expenses**

For the third quarter of 2011, general and administrative (G&A) expenses were \$2.7 million, a 37% increase from the \$1.9 million in the same period in 2010. The increase is mostly due the addition of EcoTec G&A expenses to the consolidated figures in 2011.

Sales and marketing expenses were \$2.0 million for the third quarter of 2011, compared to \$0.8 million in the same quarter in 2010. The difference is mostly due to the addition of EcoTec sales and marketing expenses to the consolidated statements, as well as an increase in warranty accruals.

Research and development (R&D) expenses including depreciation and amortization in the third quarter of 2011 were \$1.4 million compared to \$1.2 million for the same quarter in 2010. Although EcoTec's R&D expenses were added in 2011, Day4 Energy's R&D expenses were reduced. As a result, the overall R&D expenses have not changed significantly compared to the third quarter of 2010.

### **Loss per Share**

The net loss for the third quarter of 2011 was \$9.3 million (\$0.20 per share) compared to a net loss of \$2.3 million (\$0.06 per share) for the same quarter in 2010, and a net loss of \$5.6 million (\$0.13 per share) for the second quarter of 2011.

### **Cash and Liquidity**

As at September 30, 2011, we have cash of \$2.9 million compared to \$6.5 million at June 30, 2011 and \$10.5 million at December 31, 2010. Our total liabilities amounted to \$31.3 million of which \$30.1 million is repayable within one year, and the balance is due in 2012 through 2014. Of this debt, \$3.2 million (€2.3 million) is guaranteed by certain parties that were former shareholders of EcoTec.

Subsequent to the quarter end, the Company entered into an agreement with Ever Energy to sell certain equipment for a total consideration of \$4.0 million. The Company will record an increase of \$4.0 million to the Company's cash and working capital as a result of this transaction. The Company believes that its capital resources will be sufficient to execute the near term business plan. In addition, a private placement consisting of two tranches totaling \$1.9 million, with the first being for approximately \$850,000 closed today. The second tranche under the same terms is expected to close over the course of the next few weeks subject to customary regulatory approvals of TSX.

Detailed financial results and management's discussion and analysis can be found on our website at [www.day4energy.com](http://www.day4energy.com) or on SEDAR at [www.sedar.com](http://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](http://www.day4energy.com).



### **Conference Call Information**

Day4 Energy's management will conduct a conference call at 5:00 pm (EST) November 14, 2011 to review the company's third 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](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 and our intention to merge our operations with Ever Energy Ltd. 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 risks relating to negotiating and closing the transaction with Ever Energy Ltd., risks related to newly acquired businesses, dilution risk, 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 and any risks described in the management information circular to be prepared in connection with the Ever Energy Ltd. transaction.

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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**Condensed Interim Consolidated Statement of Financial Position (unaudited)**

	September 30, 2011 \$	December 31, 2010 \$	January 1, 2010 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	2,864,603	10,486,264	17,804,941
Restricted cash	185,000	1,784,355	335,000
Short-term investments	-	-	9,067,397
Trade receivables	10,194,126	13,427,928	3,598,384
Unbilled Receivables	1,029,847	2,070,546	1,835,529
Other receivables	1,992,657	2,404,262	6,612,277
Investment tax credits receivable	-	-	600,000
Prepaid expenses	702,996	798,030	564,336
Inventory	15,053,681	13,859,553	11,078,173
	<u>32,022,910</u>	<u>44,830,938</u>	<u>51,496,037</u>
<b>Non-current assets</b>			
Property, plant and equipment	19,461,657	22,163,895	21,679,300
Intangible assets	1,407,423	854,636	-
Goodwill	4,333,367	4,131,137	-
	<u>57,225,357</u>	<u>71,980,606</u>	<u>73,175,337</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade payables and accrued liabilities	23,756,328	17,276,987	13,227,655
Provisions	362,433	262,962	94,036
Deferred revenue	689,168	566,569	322,331
Current portion of long-term debt	3,935,130	3,859,806	1,143,521
Current portion of capital lease obligations	477,393	1,215,457	-
Taxes payable	830,000	935,221	830,000
	<u>30,050,452</u>	<u>24,117,002</u>	<u>15,617,543</u>
<b>Non-current liabilities</b>			
Long-term debt	1,026,979	1,375,665	-
Capital lease obligations	194,758	429,541	-
	<u>1,221,737</u>	<u>1,805,206</u>	<u>-</u>
<b>Shareholders' Equity</b>			
<b>Share capital</b>			
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			
<b>Equity component of consideration issuable for business acquisition</b>	191,598	1,128,870	-
<b>Contributed surplus</b>	3,064,409	2,946,444	2,581,508
<b>Deficit</b>	(107,603,067)	(85,746,363)	(75,996,212)
<b>Accumulated other comprehensive income</b>	(5,028,664)	(6,662,172)	-
	<u>25,953,168</u>	<u>46,058,398</u>	<u>57,557,794</u>
	<u>57,225,357</u>	<u>71,980,606</u>	<u>73,175,337</u>



**Condensed Interim Consolidated Statement of Comprehensive Loss (unaudited)**

	Three months ended September 30,		Nine months ended September 30,	
	2011 \$	2010 \$	2011 \$	2010 \$
<b>Revenues</b>	14,515,864	41,296,442	56,726,661	109,031,733
<b>Cost of revenues</b>	17,473,409	39,567,553	64,067,952	104,720,810
<b>Gross margin (loss)</b>	(2,957,545)	1,728,889	(7,341,291)	4,310,923
<b>Expenses</b>				
General and administrative	2,677,252	1,928,476	7,037,248	7,351,438
Research and development	1,363,915	1,168,840	4,429,391	3,399,689
Less: Investment Tax Credits & Government Assistance	(136,904)	(86,715)	(420,918)	(257,864)
Selling and marketing	1,969,772	841,459	3,504,472	2,841,669
	5,874,035	3,852,060	14,550,193	13,334,932
<b>Loss from operating activities</b>	8,831,580	2,123,171	21,891,484	9,024,009
Foreign exchange gain (loss)	(497,185)	(198,963)	31,764	524,988
Interest and other income	198,650	27,449	317,208	137,639
Interest expense	(151,437)	(22,672)	(475,393)	(65,871)
Gain (loss) on disposal of property, plant and equipment	(1,899)	(4,078)	165,582	(4,078)
Income tax adjustment	(10,397)	-	(4,381)	-
	(462,268)	(198,264)	34,780	592,678
<b>Loss for the period</b>	9,293,848	2,321,435	21,856,704	8,431,331
<b>Other Comprehensive Gain (Loss)</b>				
<b>Unrealized foreign exchange gain (loss) on translation of consolidated financial statements to the presentation currency</b>	(164,197)	(3,198,829)	1,633,508	4,173,108
<b>Total Comprehensive Loss (Gain)</b>	9,458,045	(877,394)	20,233,196	12,604,439
<b>Weighted average number of shares outstanding - basic and diluted</b>	45,669,367	37,059,366	44,155,521	36,856,582
<b>Net loss per share - basic and diluted</b>	0.20	0.06	0.49	0.23



**Condensed Interim Consolidated Statement of Cash Flows (unaudited)**

	<b>Nine months ended September 30</b>	
	<b>2011</b>	<b>2010</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Loss for the period	(21,856,704)	(8,431,331)
Items not affecting cash		
Stock-based compensation	117,965	333,964
Depreciation and amortization	3,853,223	2,276,196
Loss (gain) on sale of property, plant and equipment	(165,582)	-
Valuation write down of inventory	1,910,036	(726,968)
Unrealized foreign exchange (gain) loss	(26,210)	-
Provisions	271,511	-
Changes in non-cash working capital items		
Accounts receivable	3,835,151	(6,501,201)
Investment tax credit receivable	-	600,000
Other receivables	1,645,157	5,492,464
Inventory	(2,417,617)	(9,309,245)
Prepaid expenses	131,996	(24,494)
Accounts payable and accrued liabilities	5,214,474	6,047,792
Deferred revenue	93,378	440,395
	<u>(7,393,222)</u>	<u>(9,802,428)</u>
<b>Cash flows from investing activities</b>		
Purchase of short-term investments	-	(2,500,000)
Proceeds from sale of short-term investments	-	11,500,000
Change in restricted cash	1,599,355	(1,190,346)
Purchase of property, plant and equipment	(214,788)	(1,727,459)
Proceeds from sale of property, plant and equipment	340,152	-
Investment in product development	(676,417)	-
	<u>1,048,302</u>	<u>6,082,195</u>
<b>Cash flows from financing activities</b>		
Proceeds from exercise of stock options	-	80,000
Repayment of IRAP loan	(320,448)	-
Repayment of bank loan	(200,902)	-
Repayment of capital lease obligations	(1,036,861)	-
	<u>(1,558,211)</u>	<u>80,000</u>
<b>Effect of foreign exchange rate changes on cash</b>	<u>281,470</u>	<u>(1,249,896)</u>
<b>Increase (decrease) in cash and cash equivalents</b>	<u>(7,621,661)</u>	<u>(4,890,129)</u>
<b>Cash and cash equivalents - Beginning of period</b>	<u>10,486,264</u>	<u>17,804,941</u>
<b>Cash and cash equivalents - End of period</b>	<u>2,864,603</u>	<u>12,914,812</u>
<b>Supplemental cash flow information</b>		
Cash paid for interest	31,182	3,336
Cash received for interest	2,189	133,443