DYNEX POWER INC.

ANNUAL REPORT 2008

Our objectives are

To grow and develop as a leading manufacturer of high power and high reliability electronic products

Our key values are

Customers

Delivering confidence in our products and services through applying high standards of quality and service whilst maintaining a personal and flexible approach to our customers.

Engineering

Enabling access to the best engineering skills and applying the highest technical standards to our customers' requirements.

Profitability

Sustaining and developing our business through directing efforts into the most profitable sectors of our business.

Integrity

Being honest, straightforward and reliable in dealing with people across all areas of our business.

Table of Contents

This annual report may contain forward looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Company's business and results of operations. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors set forth in the Management's Discussion & Analysis of this report as discussed in public disclosure documents filed with the Canadian Regulatory Authorities. Dynex disclaims any intention or obligation to update or revise any forward looking statement whether as a result of new information, future events or otherwise.

Company Profile

Dynex is one of the world's leading suppliers of specialist, high power semiconductor products. Dynex Semiconductor Limited is its only operating business and is based in Lincoln, England in a facility housing the fully integrated silicon fabrication, assembly and test, sales, design and development operations. The Company designs and manufactures high power bipolar discrete semiconductors, high power insulated gate bipolar transistor (IGBT) modules, high power electronic assemblies, and radiation hard silicon-on-sapphire integrated circuits (SOS IC's). Dynex power products are used world wide in power electronic applications including electric power transmission and distribution, renewable and distributed energy, marine and rail traction motor drives, aerospace, electric vehicles, industrial automation and controls and power supplies. Our SOS IC products are used in demanding applications in the aerospace industry.

Company Facts

- DPI Technologies Inc. was founded in February 1998
- DPI Technologies Inc. changed its name to Dynex Power Inc. in May 1999
- Dynex Semiconductor Limited was formed to acquire the assets of the Lincoln Business Unit in January 2000
- The Lincoln Business Unit was founded in Lincoln England in 1956 and had previously traded as:

AEI Semiconductors Ltd	(AEI)
Marconi Electronic Devices Ltd	(MEDL)
GEC-Plessey Semiconductors Ltd.	(GPS)

- Zhuzhou CSR Times Electric Co., Ltd acquired 75% of the common shares of Dynex Power Inc. in October 2008
- 265 employees (December 2008)
- ISO9001:2008 and ISO14001:2004 approved
- Further information: www.dynexsemi.com

Products

- High power bipolar discrete semiconductors
- High power IGBT modules
- High power electronic assemblies and components
- High reliability silicon-on-sapphire ICs

Customers

Our customers are electronic equipment manufacturers and maintenance providers in the following sectors:

- Industrial
    - -Electric power transmission and distribution
    - -Renewable and distributed power
    - -Heavy industries such as steel and mining
    - -Factory automation
- Marine propulsion and on-board systems
- Railway propulsion and on-board systems
- Aircraft power electronic systems
- Space satellite applications

Letter to Shareholders

In my introductory letter to our Annual Report for 2007 I gave an optimistic outlook for our business based on the firm foundation built up by our team at Dynex in the preceding three years. Of course at that time no one could foresee the dramatic economic events of late 2008, led by the difficulties in the finance sector, and the resultant global recession. However, as you read this report you will see that my optimism was fully justified and we have had another successful year. Dynex has not only weathered the tough economic climate to deliver a strong result, but is also building for an even stronger future.

The major event for Dynex during 2008 was the acquisition of a 75% share ownership by Zhuzhou CSR Times Electric Co., Ltd.. Since that time we have been working hard to build a strong collaborative relationship with CSR Times Electric, and to gain the maximum benefit from the synergy between our businesses. It is early days but we are so far very pleased by the progress and I believe that Dynex will continue to develop rapidly and with more stability under the new arrangement.

Despite the current difficulties in the world economy we have seen little impact in 2008. In 2007 we had reported revenue growth of 27%, and last year we grew by a further 23% despite the weakness of Sterling: the growth in Sterling terms last year was 34%. Growth was seen in all four product sectors. Because of the excellent revenue growth and a good mix of high margin products we achieved a gross margin of 28.3% and a net profit of $4.6 million. This net profit was more than twice that of last year and a record result for Dynex.

At the same time our order book has remained strong, due to high demand for products from all of our product lines. This gives us confidence in delivering strong revenues in 2009 in the face of the world recession. We believe that demand for our products will remain strong, encouraged by the need to reduce electricity consumption, sustained investment in infrastructure such as railways, and the requirement to increase the availability of generation from green sources of power.

We have pushed ahead with expanding our Bipolar production line, started the installation of a 6-inch thyristor fabrication facility. We have also begun to design and build a special test facility for advanced high power thyristors to service the growing market for high voltage power transmission and distribution. Furthermore the large demand for IGBT power modules at CSR Times Electric, to service the massive and rapid expansion of the China rail networks, will require significant expansion of our IGBT facilities in the coming year. How best to achieve the increased capacity for IGBTs is being reviewed but will most likely involve increased wafer fabrication at Dynex in Lincoln supported by assembly and test by CSR Times Electric in China.

Looking ahead we have a strong order book for 2009 and we expect to show revenue growth compared to 2008 reflecting the levels of revenue seen in the last quarter of 2008. However earnings in 2009 will be below those achieved in 2008. We have two factors that will influence our earnings. Firstly, we expect growth in our core power businesses relative to our integrated circuit business: this being constrained by shortage of new die stocks and our increased focus on the power business. Secondly, expenses associated with our aggressive growth plans and collaboration with CSR Times Electric will increase our overhead costs.

In conclusion, following an excellent year, Dynex is now in a strong position to develop and expand its business in collaboration with CSR Times Electric. I am delighted by the strong support from you, our shareholders, as well as our employees, customers and suppliers. I look forward to 2009 being an equally significant year for Dynex.

PDTaylor

Paul Taylor
President and Chief Executive Officer
29th April, 2009

Review of Operations

Bipolar Discrete

With sales of $19.1 million in 2008, the Bipolar Discrete Product Group represented 52% of the company's revenue and delivered 23% growth over the previous year. It was the third consecutive year of growth. It is the largest of the Dynex business units, manufacturing a wide range of high power semiconductors including phase control thyristors, gate turn off thyristors (GTOs), rectifier diodes, transistors, fast diodes and fast thyristors.

The primary market for Dynex bipolar products is the power electronic industrial sector, which includes electrochemical and aluminium smelting power supplies, power generation, transmission and distribution, industrial motor drives, soft start equipment, rectifier equipment for railway track side sub stations, static transfer switches, aerospace systems and railway traction equipment.

The strong growth of the Bipolar Discrete Product Group in 2008 was driven by an increased demand for Dynex high power thyristors and gate turn off thyristors, with growth in these two product groups of 82% and 45% respectively. Sales of new product types, primarily the i² thyristor, accounted for 20% of total revenue, up from 12% in 2007. Interest in this new thyristor has grown gradually over the last two years and with the significant increase in sales in 2008 is now firmly established alongside our traditional product range. Demand for the i² thyristor in 2008 was large enough to support an investment of $1.7 million to increase the capacity of our manufacturing facility to help meet customer requirements. As we further utilise the new technology to extend our range of high power thyristors, the encouraging trend of increased new product sales is set to continue in 2009 and will provide the foundation for future accelerated growth.

Sales in Europe ($11.3 million), North America ($4.1 million) and the Rest of the World ($1.5 million) grew by 21%, 53% and 9% respectively, while Asia remained flat when compared to 2007. France ($4.5 million), the United States ($3.9 million) and Germany ($3.1 million) each accounted for greater than 10% of total group sales with respective percentage increases of 2.8%, 58% and 375% over 2007. The challenge for 2009 is to maintain the sales presence in the European and North American markets while developing sales in Asia, and particularly China, where we plan to co-ordinate with the power semiconductor division of our new business partner, CSR Times Electric, to increase the joint market share.

Order intake was at the exceptional level of $40.3 million, an increase of 141% on 2007, and with a book to bill ratio of 2.1, the order book is at its highest level in Dynex history. The order book at the end of 2008 was $31.2 million with market forecasts indicating this will grow further as the demand for high power thyristors and GTOs increases, therefore we have a strong platform for continued business growth for 2009 and beyond.

Our high calibre engineering teams continue to explore areas in which existing or new technology can be applied to enhance the performance of our products. Through 2008 the focus of our research and development activity was to utilise our new i² technology in developing processes to enable the manufacture of larger diameter thyristors for high voltage power transmission and distribution applications. In September 2008, plans for the installation of a new 150mm wafer fabrication facility were approved that will enable the manufacture of large diameter thyristors at our site in Lincoln, England. This new production line will provide greater capacity with the expectation of increased revenue generation during the first half of 2010.

We retain the capability to supply a broad range of high power semiconductors to the marketplace and this was again evident in 2008 with 450 different product types sold to over 150 customers in more than thirty countries world-wide. Strategically, our focus remains on growing our R&D activity to develop processes and techniques to improve and extend our product range. As a high technology business, bringing new products to the market is essential for our future growth, so a major emphasis is placed on the continual development of our portfolio to ensure we can support our customers with the relevant technical advancements they require. In parallel with new product development we maintain support for the traction and GTO products that continue to provide us with new opportunities and strong revenue streams in markets where many of our competitors are withdrawing similar products. We pride ourselves on providing a high level of technical support to our customers and responding positively and efficiently to any new technical opportunity.

The challenge for 2009 is to strengthen further R&D and build upon the synergies created by the partnership with CSR Times Electric. Management of the supply chain and improving production efficiency remain as key objectives in 2009, when, despite the major downturn in the global economy, the Bipolar Discrete Product Group has budgeted for a fourth year of strong growth.

Power Modules

With sales of $6.3 million in 2008, the Power Module Group represents 17% of the company's business and delivered 34% sales growth over the previous year. The group's main products are insulated gate bipolar transistor (IGBT) and diode modules that are used in high power motor drives and power management systems.

The strong sales growth experienced during 2007 continued through 2008 with gross margins benefiting from the larger sales volume. However 2008 also saw a reduction in order intake resulting from the impact of a full order book at the start of the year and more difficult market conditions occurring towards the end of the year.

It has been the recent strategy of the Power Module Group to focus on the technically demanding, high voltage modules with particular application in the transport, power generation and distribution industries. The relationship with CSR Times Electric will give the group a very strong market pull towards railway traction applications adding great strength to this established strategy.

Dynex plans to grow the R&D team during 2009. The new team will support larger manufacturing operations and will be active in both silicon wafer processing and module design and development of higher performance 3.3kV and 6.5kV modules.

The group is following a program of investment in 2009 to improve both quality and capacity despite the uncertain market conditions. Sales in 2009 are expected to be similar to 2008 levels but Dynex is determined to be well placed to take full advantage of market recovery when it occurs. With the support of CSR Times Electric we will embark on a major program of investment that should sustain exceptional growth over the next five years

Power Electronic Assemblies

Representing 16% of the company's business in 2008, the Power Electronic Assemblies Group achieved sales revenues totalling $5.9 million, a growth of 13.5% over the previous year. This continues to be a value-added business for Dynex and one where we are showing sustained growth as we develop new product types for high power electronic applications.

Sales orders in 2008 were comprised of a broad mixture of products, but the delay in some major projects pushed the bookings into early 2009 leaving a lower than budgeted book to bill ratio of 0.8 for the year. The group continues to produce assemblies used in marine drives and industrial power converters and some longer term bookings are secured for 2009 and 2010.

High Voltage Direct Current "HVDC" Converter modules continued to feature in 2008 and new projects have been identified for the next 2 years. Incorporating Dynex thyristors in future projects will increase the part that we have to play in these important developing opportunities.

The continued involvement with customer applications for power semiconductors has yielded additional growth in sales. Our strategy of continuing to provide the power electronics expertise, design and manufacturing capability, has uncovered some interesting prospects in distributed generation schemes, and we are planning to build on these prospects to grow in the area of renewable energy power electronics.

Integrated Circuits

2008 saw another year of growth in the IC product group. Sales for the year of $5.7 million, 15% of the total business, showed a 21% increase over 2007. This growth has been achieved despite restrictions on export to certain countries and a limited supply of newly fabricated Silicon-On-Sapphire (SOS) material. Once again, the proven long term reliability of both the SOS process and product designs has continued to attract new sales orders from a long standing world wide customer base. Many of these customers are continuing to use Dynex designs in preference to risking critical aerospace systems with unproven new developments. New sales orders for 2008 were $3.5 million a disappointing but not un-anticipated decrease of 40% over the previous year which delivered a book to bill ratio of 0.62.

It is forecast to be difficult to sustain 2008 sales revenues during 2009, with new order intake restricted by a diminished supply of existing die stock and the difficulty being experienced in the manufacture of new SOS material.

Technical issues are still restricting the completion of the SOS material re-qualification, but a small number of flight quality production devices were supplied from new die stock to a major space company in 2008. We continue to process regular batches of new die and we should soon be able to book orders that are being held pending.

We still continue to receive enquiries from customers who are eagerly anticipating this re-qualification of the Dynex SOS process. However, if this isn't completed soon, there is a concern that our loyal customers will begin to look for alternative solutions.

Research and Development

Throughout 2008, Dynex has continued to work on a number of UK and European collaborative projects that were announced in 2006.

In collaboration with strategic business partners, the Bipolar Discrete Product Group has continued to invest in "ACTIVE STATOR", a project to develop a new GTO thyristor for use in an advanced type of brushless DC motor. The GTO work was completed ahead of schedule and Dynex has now been awarded a contract for the first application of this technology to be delivered by the end of 2009.

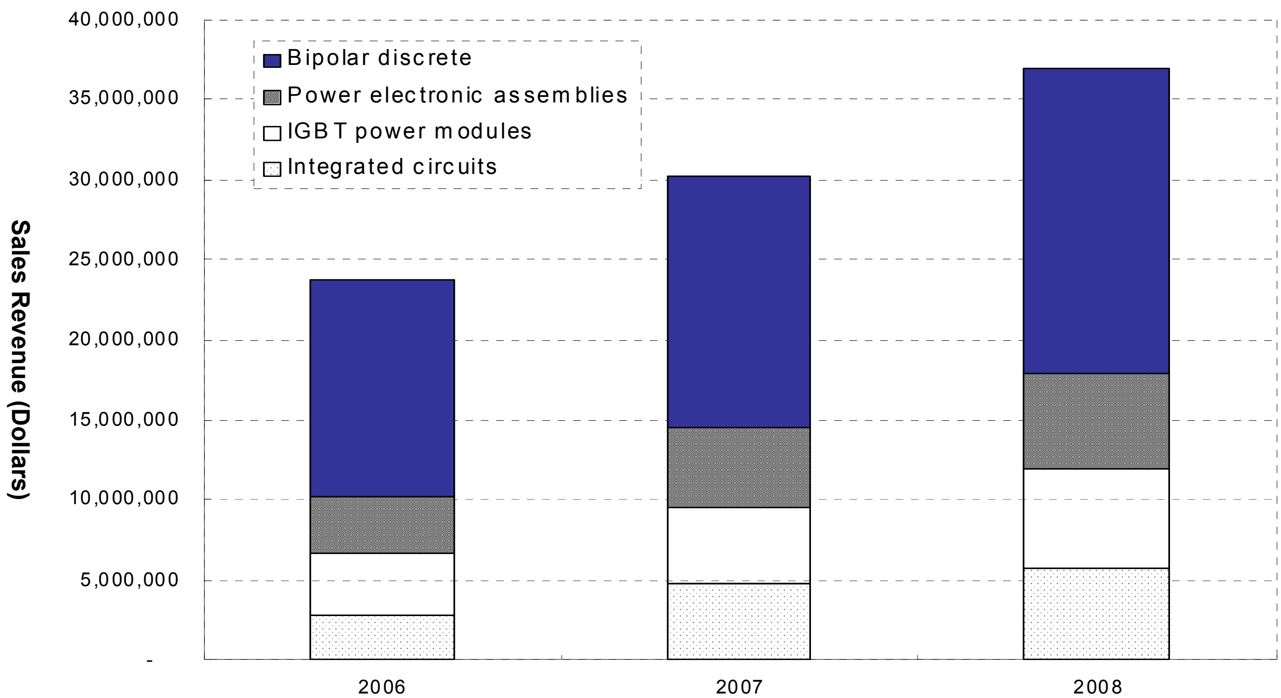
Continually enhancing the capability and performance of the new i2 thyristor remained a priority through 2008 and the market demand for this product means this focus will remain during 2009 and beyond. Future i2 thyristor development will involve developing improved contact technology (under a project called "IMPECT") and a novel silicon edge profiling technique that promises even more robust devices with increased reliability (project name: "NEWTON"). These technologies are part of the roadmap that will take Dynex to the forefront of technology for the production of devices for High Voltage Direct Current "HVDC" electric power Transmission and Distribution applications. In 2008 the company produced a 100mm 8,500V thyristor which demonstrated the feasibility of producing 125mm and 150mm thyristors for the Ultra High Voltage Direct Current Transmission market in 2009 and 2010 and as vehicles for implementation of the technology from the IMPECT and NEWTON projects.

The Power Electronics Assembly group support a number of projects aimed at energy efficiency and carbon emission reduction such as the HiPPOS and DIPEC projects which conclude in 2009. The group continue to provide expertise in the design of power converters used in custom specialist projects throughout the world. As part of the bipolar strategy to move to 6" silicon, the Power Electronic Assemblies Group is developing and constructing special test systems in order to provide full in house test capability for future HVDC thyristors products.

Research & development is also a key activity of the Power Modules Group. In a project called HIDRIVE we collaborate with a number of partners in a program that comprises four activities: silicon process development; high power module package development; electrical environment definition; and prototype evaluation. The project culminates in a prototype IGBT module of an industry standard outline that offers an increased useful power density, and is thus a key development aligned to our strategic focus on the highest power IGBT types. The project is over 50% complete with the first prototypes beginning to emerge.

Another power module project, UNIFLEX, a European collaboration, is aimed at the development and manufacture of a modular power conversion architecture and associated control structures which has the flexibility and performance to make a major impact in all aspects of the future European electricity network. As well as the design and supply of suitable electronic switches for a 300kVA converter, Dynex has played a significant role in the understanding of reliability and end of life prediction for a range of operating conditions and mission profiles.

As part of the More Electric Aircraft initiative, Dynex has continued to support the European programme entitled MOET (More Open Electronic Technologies). One of the aims of this project is the manufacture and testing of fully dual rated power core for on-board auxiliary power and to drive a generator for engine electric start. Dynex has successfully designed, manufactured and delivered a fully integrated 3-phase inverter. Initial tests by the system manufacturer suggest that all mechanical, electrical and thermal targets have been met.



Sales Revenue by Product Group

Sales and Distribution

Worldwide sales increased from $30.2 million in 2007 to $37.0 million in 2008, an annual growth of 23%. (growth was 34% when measured in Sterling). Focusing on the power business groups alone, the growth was 23% in Dollars and 35% in Sterling. This is the third year where the growth in the power business has been at this level and demonstrates that Dynex is gaining market share.

Europe remained our main region with sales increasing by 8% in Dollars and 18% in Sterling sustaining a 59% share of the total sales revenue. As planned, North American sales saw strongest growth by 115% with its share of the total business increasing from 14% to 25%. This growth is mainly the result of marine drives business. In the Far East, the share of the total business was steady at 11% but there was an actual growth of

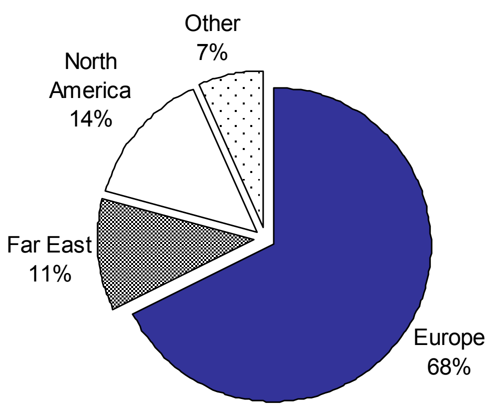
15%. In the region we call "Other" in this report we saw a reduction in the share of the total business.

Overall bookings (new sales orders) were still strong with a total book to bill ratio for the year of 1.3 for the business overall and even stronger for the power business groups. Growth in new bookings came mainly from Europe for the bipolar product group. However, there was a significant reduction in bookings from the Far East caused by a large order cancellation from China due to overbooking by one of our distributors.

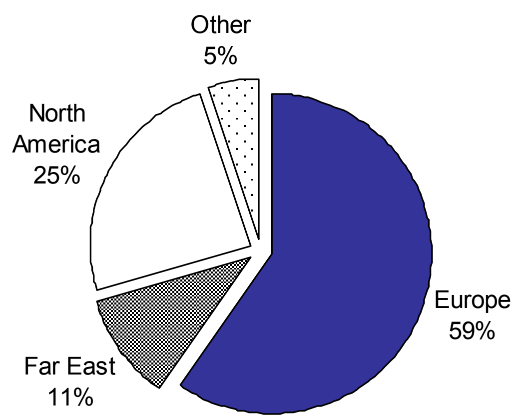
The high level of new bookings increased our order book by 70% at the end December 2008 compared to December 2007 representing the equivalent of 56 weeks output at 2008 sales levels. This was the highest level ever recorded for Dynex and this robust order book gives a high confidence in future sales growth.

Looking forward to 2009, we will implement a distribution channel optimisation program to strengthen further our new business development and to provide better service to our customers. We will also act as a distributor for CSR Times Electric semiconductor products in Europe and in a reciprocal arrangement CSR Times Electric will distribute Dynex products in China. We anticipate on-going growth in all regions with Europe remaining our strongest sector and the Far East having the most potential for growth..

Sales by Region



2007



2008

Management's Discussion & Analysis

The following discussion and analysis should be read in conjunction with the Consolidated Financial Statements of the Company for the years ended December 31st, 2008 and 2007.

This report contains certain forward-looking statements that involve a number of risks and uncertainties, including statements regarding the outlook for the Group's business and results of operation. By nature, these risks and uncertainties could cause actual results to differ materially from those indicated. Such factors include, without limitation, the various factors set forth in the Management's Discussion & Analysis of this report as discussed in public disclosure documents filed with Canadian regulatory authorities.

Acquisition of 75% of the Common Shares by CSR Times Electric

On October 31st 2008, Zhuzhou CSR Times Electric Co., Ltd of Hunan Province in The People's Republic of China acquired 75% of the common shares of the Company under a plan of arrangement. The acquisition had no significant impact on the business or the results for 2008 other than the costs of the transaction itself. The Directors believe that joining the CSR Group will provide significant opportunities for growth and increased profitability in the medium term as a result of the opportunity to supply products to CSR Times Electric and through increased opportunities to sell in and source raw materials from China.

The Current Economic Environment

The current difficulties in the finance industry and the ensuing recession that is now affecting many of the world's economies had no significant impact on the Company during 2008. Although a small number of order cancellations have been received in the early months of 2009, these have not had any significant impact on the business so far and management still expects to see strong growth in revenue in 2009.

Climate Change

It is clear that two central aspects of any coherent response to the current concerns about climate change will be to increase the amount of electricity generated from non fossil fuel sources and to increase the efficiency with which electricity is distributed and used. High power semiconductors, such as the products manufactured by the Company, are required to support the generation of electricity from non fossil fuel sources and play a central role in improving the efficient usage of electricity. Management therefore believes that the global response to climate change means that the markets in which we operate will remain strong in the medium and longer term.

As a manufacturing business, the Company has responded in a responsible fashion to the threat of global climate change. In particular, electricity usage per unit of output has been reduced in each of the last five years and much work has been done to increase the recycling of waste products and packaging. The savings from these activities more than outweighs any costs involved.

Overview of Operations

The Company enjoyed another successful and profitable year in 2008. Revenue was 23% higher than in 2007. This growth in revenue and an exceptionally good product mix, particularly in the first half of the year, resulted in the gross profit percentage rising by over 5 percentage points from 22.8% in 2007 to 28.2% in 2008. Overhead expenses as a percentage of revenue rose from 16.4% in 2007 to 17.9% in 2008. This increase arose from costs associated with the acquisition of 75% of the common shares by CSR Times Electric and from costs associated with preparing the Company for further substantial growth. As a consequence of these changes, the Company reported earnings before tax for the year of $4.6 million, continuing a trend of improvement seen over the preceding five years. As a result of brought forward tax losses in the UK operating subsidiary, net earnings were also $4.6 million.

The strength of the order book at the year-end means that management is confident that further strong growth in revenue will be seen in 2009 but a less favourable product mix means that profit before tax is expected to fall. As a result of the exhaustion of the brought forward tax losses in the UK operating subsidiary, the Company will bear a tax charge in 2009.

Revenue

Revenue for the fourth quarter of 2008 was $9.8 million, up by $461,000 or 5% from the third quarter of 2008 with strong growth in the Bipolar Discrete and Power Module Groups, stability in the Power Electronic Assemblies Group and a decline in Integrated Circuits. Compared to the corresponding quarter of last year, revenue was up by $2.2 million or 28%, with good growth recorded in all three high power product groups partially offset by a decline in Integrated Circuits.

Revenue for the year of $37.0 million is $6.9 million or 23% ahead of last year with growth across all four product groups.

Gross Margin

The gross margin was 18.6% in the fourth quarter of 2008 compared to 23.0% in the third quarter and 25.6% in the corresponding quarter of 2007. The fourth quarter of 2007 had benefited from a particularly good product mix.

Gross margin for the year is 28.3% in 2008 compared to 22.7% in the previous year. The improvement was primarily a result of the increased volumes.

Expenses

Expenses in the fourth quarter of 2008 of $1.6 million were $289,000 or 16% lower than in the third quarter. Compared to the fourth quarter of 2007, overhead expenses rose by $635,000 or 69%. The fourth quarter expenses for 2007 had contained some one-off credits whilst the fourth quarter expenses of 2008 contained some one-off costs related to the acquisition by CSR Times Electric. But for these one-off items, expenses would have risen by about 10% compared to a 28% rise in revenue.

For the year, overhead costs of $6.6 million are $1.7 million or 35% higher than last year. The increase arises from the costs associated with the acquisition by CSR Times Electric and from costs associated with preparing the Company for further substantial growth.

Interest & Other Income

Interest and other income was $119,000 in the fourth quarter of 2008, compared to $86,000 in the preceding quarter and $48,000 in the corresponding quarter of last year. A major constituent of Other Income continues to be the $40,000 quarterly release of deferred revenue arising from the sale and leaseback of a building in 2003. The figure for the current quarter also included $66,000 of non-production sales. The figure for the preceding quarter included $37,000 of non-production sales.

For the year, interest and other income of $297,000 was $18,000 or 6% higher than last year.

Foreign Exchange Gains and Losses

There was a foreign exchange gain in the quarter of $315,000, compared to a gain of $7,000 in the third quarter and a gain of $16,000 in the corresponding quarter of last year. The large gain in the fourth quarter arose from the fact that the UK operating subsidiary was holding net assets (receivables less payables and borrowings) denominated in Euros and US Dollars at a time when Sterling depreciated by approximately 25% against those currencies. For the year, there was a profit of $454,000 compared to a loss of $36,000 in the previous year.

Income Taxes

As a result of brought forward tax losses, no tax is payable on the trading profit recorded in the quarter or on the trading profit recorded for the year. No tax was payable on the profit reported in the third quarter nor on the profit reported in the corresponding quarter of last year. The UK operating subsidiary did have a small amount of rental and interest income in the fourth quarter of 2008 which cannot be sheltered by brought forward tax losses and so a small tax charge of $2,000 arises on this income.

Net Earnings

The Company reported a profit of $705,000 in the quarter compared to a profit in the previous quarter of $395,000. The level of profit would have been similar but for the exchange gain referred to above.

The profit in the fourth quarter was lower than the profit of $1.1 million reported in the corresponding quarter of last year. The reduction is as a result of one-off credits to expenses recorded in the corresponding quarter and one-off charges recorded in the current quarter.

The profit for the year of $4.6 million is more than double that reported last year and results primarily from the increase in the volume of sales.

Segmental Analysis

Revenue for the Bipolar Discrete Group in the quarter of $5.6 million was $801,000 or 17% higher than the previous quarter and $2.1 million or 58% higher than in the corresponding quarter of last year. It also represented the fourth consecutive quarter of revenue growth. Significant capital expenditure is being undertaken to ensure that bipolar revenue can continue to grow.

Revenue for the Power Modules Group in the quarter of $1.9 million was $182,000 or 10% higher than the record figure reported in the third quarter, thus establishing another new record. It was $300,000 or 19% higher than in the corresponding quarter of last year.

Revenue for the Power Electronic Assemblies Group of $1.7 million was $1,000 lower than in the previous quarter, which had been the highest quarterly figure for five years. It was $425,000 or 32% higher than in the corresponding quarter of last year.

Revenue from Integrated Circuits for the quarter of $508,000 was $521,000 or 51% lower than the figure in the preceding quarter and $643,000 or 56% lower than the corresponding quarter of 2007. Revenue is expected to remain at this level and may even fall further until such time as new usable wafer stock is available. This is not expected before the latter part of 2009.

Revenues for the year are up by 23% for the Bipolar Discrete Group, 34% for the Power Modules Group, 14% for Power Electronic Assemblies and 21% for Integrated Circuits. This is the second year in succession that growth has been reported across all four product groups.

Seasonality

Management does not regard the business as seasonal. In the case of Power Electronic Assemblies and Integrated Circuits, small numbers of large contracts drive both these segments. The delivery of a large contract in a particular quarter can cause revenue to fluctuate significantly, giving the appearance of seasonality.

Liquidity & Capital Resources

As a result of a conversion of debt to equity and the profit for the year, shareholders' funds have increased from $1.6 million to $6.5 million.

The total borrowings of the Company, including capital leases, have fallen by $340,000 since the start of the year to $7.2 million.

As a result of these changes, the debt equity ratio has fallen from 4.6 to 1 at the start of the year to a much healthier 1.1 to 1 at the year-end, thus providing a more stable base for future expansion.

As part of the acquisition of 75% of its shares by CSR Times Electric, the Company repaid the long-term loans previously provided by its directors. CSR Times Electric now provides the Company's main long-term loan facility. This loan is repayable in October 2011.

The Company's short-term loan facility expires in March 2010. Management believes that despite the current economic environment, it will be able either to renew this facility or obtain a replacement facility at that time. However, given current conditions in the financial markets this cannot be guaranteed. Discussions have been held with the management of CSR Times Electric who have indicated that they are willing in principle to provide additional loans should that be necessary. Management therefore believes that it has access to adequate liquidity to meet its operating needs for at least the next twelve months.

The Company has capital commitments at the year-end of $1.3 million mainly for the purchase of new fabrication equipment for bipolar products. It is expected that these purchases will be paid for through leasing and from cash flow. CSR Times Electric has indicated that it is willing in principle to provide additional loans to fund this expenditure should this be required.

The Company is currently appraising a major new investment to expand its power module production capacity and capability. Work is taking place to assess how such an investment could be best funded in the current environment

The Company had no off balance sheet financing arrangements at the year-end.

Selected Financial Information

	2008 Q4	2008 Q3	2008 Q2	2008 Q1	2007 Q4	2007 Q3	2007 Q2	2007 Q1	2008 FY	2007 FY	2006 FY
Revenue	9,810	9,349	9,773	8,084	7,656	8,706	6,630	7,163	37,017	30,155	23,713
Net earnings/(loss)	705	395	2,291	1,171	1,106	915	189	(38)	4,562	2,172	(273)
Basic EPS	0.02	0.01	0.06	0.04	0.03	0.03	0.01	(0.00)	0.12	0.07	(0.01)
Diluted EPS	0.02	0.01	0.06	0.03	0.03	0.03	0.01	(0.00)	0.12	0.06	(0.01)
Total assets	20,661	18,204	18,580	15,083	15,087	14,763	13,094	13,377	20,661	15,087	13,652
Long term liabilities	3,649	2,583	2,846	3,844	3,726	3,908	4,165	4,449	3,649	3,726	4,841
Cash Dividends declared	0	0	0	0	0	0	0	0	0	0	0

Selected quarterly financial information (taken from the unaudited quarterly reports) and annual information (taken from the annual reports) is presented above. All figures have been prepared in accordance with Canadian generally accepted accounting principles. All amounts are stated in thousands of Dollars except for earnings per share figures (EPS) which are stated in Dollars per share. The figures for long term liabilities do not include deferred revenues, as these are not a liability of the Company that will give rise to a cash outflow.

Annual revenue rose by 27% between 2006 and 2007 and by 23% between 2007 and 2008. Quarterly revenues are more volatile but the general upward trend is still quite discernible.

The return to profitability in 2007 and the strong improvement in profitability in 2008 shows the impact of revenue growth and long-term cost reduction. The same trend is evident in the quarterly earnings figures between the first quarter of 2007 and the first quarter of 2008. The net earnings in the second quarter of 2008 resulted from an exceptionally favourable product mix and were not expected to be repeated. Net earnings in the third and fourth quarters of 2008 have both been affected by significant one-off costs related to the CSR Times acquisition of 75% of the common shares of the Company.

Risk Management

The level of worldwide demand for power semiconductors and power semiconductor assemblies is one of the key uncertainties for the Company. Global plans to reduce carbon emissions in response to concerns about climate change, including the increased power generation from non-fossil fuels, the electrification of transport systems and the increased use of advanced power electronic equipment, together with the need for additional power generation capacity and improved power transmission and distribution systems, provide strong justification for believing that demand for the Company's products will remain strong despite the current economic problems. However, any reduction in investment in these areas would be detrimental to the future of the business.

Worldwide demand for silicon has eased recently but the supply of NTD silicon, which is used in the Company's highest power products, has become less secure due to a lack of reactor capacity. Any shortfall in the supply of such silicon is likely to have a direct impact on the Company's business.

As disclosed in the Financial Statements, the Company had one customer that accounted for 14% of revenue during the year. Our relationship with this customer and our other major customers and suppliers remains good.

The Company had one customer at December 31st, 2008 that accounted for 17% of accounts receivable.

Although the Company buys some materials in continental Europe, the Far East and North America, the bulk of its costs are incurred in Sterling. However, it sells into world markets with many sales denominated in Euros and US dollars. As a consequence, the Company's results are affected by changes in exchange rates between these currencies. Management monitors these exposures but does not believe that it would be beneficial to hedge them at the present time. The need to undertake such hedging is reviewed from time to time.

The Company's operating business is in Lincoln, England and the majority of its assets, liabilities, revenues, expenses and cash flows take place and are recorded in Sterling. These values have to be translated to Dollars for inclusion in the consolidated financial statements of the Company. Movements in the Dollar-Sterling exchange rate directly affect such values. The Company does not hedge such exposures.

Financial Instruments & Other Instruments

The Company does not use financial instruments or other instruments to manage its risks.

Government Assistance

The Company received grants totalling $685,000 during the year from the European Union and the British Government to assist in its research and development activities, grants of $2,000 to purchase equipment and grants of $2,000 in the form of interest free loans to purchase energy saving equipment.

Related Party Transactions

The Company incurred expenses in the year of $82,000 with respect to fees payable to directors. As at December 31st, 2008, $35,000 is payable to directors.

On June 2nd, 2008 the Company issued 6,250,220 shares at $0.14 to two directors on conversion of loans that they made to Dynex Semiconductor Limited. The conversion was approved by a meeting of the shareholders on January 30th, 2008.

On June 10th, 2008 the Company issued 150,000 shares at $0.23 to a director on the exercise of a share option.

On October 31st, 2008 the Company repaid in full the loans from two directors.

The Company incurred interest expenses in the year of $388,000 relating to loans from two directors.

The Company retains a business law firm in Canada to provide legal services and advice. During the year, this firm was paid $295,000. One of the Company's independent directors is a partner of this firm.

The directors' fees and other related party amounts are recorded at the negotiated amounts.

The Company has a loan from CSR Times Electric, the majority shareholder, of $2.9 million.

The Company incurred interest expenses in the year of $40,000 relating to the loan from CSR Times Electric.

Business Development

Revenue in 2008 was at the highest level since 2001 with revenue in the second and fourth quarters just below $10 million. Revenue is expected to be at this level and probably a little higher throughout 2009.

Quarterly earnings before tax in 2009 are expected to be at or a little above the level in the last quarter of 2008 but because of the exceptional result in the second quarter of 2008, earnings before tax in 2009 are expected to be below those reported in 2008. In addition, due to the exhaustion of brought forward tax losses in the UK, the Company expects to incur a tax charge in 2009.

Order Book

At the end of December, the order book stood at $37.7 million, another record figure for Dynex. Approximately 80% of these orders were for delivery in 2009.

Changes in Accounting Policies

The CICA issued five new accounting standards that came into effect for fiscal years beginning on or after October 1st, 2006 and which affect the Company's financial statements. Section 1530 of the CICA Handbook, Comprehensive Income deals with the change in net assets that results from transactions, events and circumstances from sources other than the Company's shareholders. Section 3251, Equity establishes standards for the presentation of equity and changes in equity during the reporting period. Section 3855, Financial Instruments-Recognition and Measurement requires that most financial assets, some financial liabilities and all derivative financial instruments be measured at fair value. Section 3861, Financial Instruments – Presentation and Disclosure establishes standards for presentation of financial instruments and non-financial derivatives, and identifies the information that should be disclosed about them and Section 3865, Hedges establishes standards for when and how hedge accounting may be applied.

Effective 1st January 2008, the CICA introduced four new accounting standards. Section 1535 of the CICA Handbook, Capital Disclosures deals with the need to disclose information on the Company's capital and how it is managed. Section 3031, Inventories prescribes the accounting treatment for inventories. Sections 3862, Financial Instruments - Disclosures and Section 3863 Financial Instruments – Presentation sets out further information to be disclosed in relation to financial instruments.

All of these new accounting policies have been taken into account in the preparation of these financial statements.

Preparation for the Introduction of IFRS's

On February 13th 2008, The Canadian Accounting Standards Board announced that Canadian profit-oriented publicly accountable entities, such as Dynex Power Inc., would be required to prepare their accounts using International Financial Reporting Standards (IFRS) from January 1st 2011. This announcement initiates a major change in financial reporting for the Company.

Management has been reviewing the changes that will be required as a result of the introduction of IFRS's and had intended to have completed a detailed plan for the changeover by the end of 2008. However, the completion of this plan has been impacted by the acquisition of 75% of the common shares of the Company by CSR Times Electric. In addition, management now believes it is desirable to ensure that decisions taken on the introduction of IFRS's in the Company's accounts take account, as far as possible, of the Chinese reporting requirements of CSR Times Electric. Management expects to be able to report on the changes proposed as part of the second quarter report for 2009. A major adjustment to the accounts that will be required as a result of this change will be the release of the deferred revenue arising from the sale and leaseback of a property in Lincoln, England in 2003. The deferred revenue will be credited to shareholders' funds.

Disclosure Controls

Disclosure controls and procedures have been designed to provide reasonable assurance that all relevant information is gathered and reported to senior management, including the Chief Executive Officer and Chief Financial Officer, on a timely basis so that appropriate decisions can be made regarding public disclosure.

Internal Controls

Internal control over financial reporting has been designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles.

During the quarter and the year ending December 31st, 2008, there have been no changes in the design of the Company's internal controls over financial reporting that has materially affected, or is reasonably likely to affect materially the Company's internal control over financial reporting.

Additional Information

Additional information relating to the Company is available on SEDAR at www.sedar.com

Bob Lockwood

Bob Lockwood.
Director and Chief Financial Officer
29 April, 2009

Management's Responsibility for Financial Reporting

Management is responsible for the preparation and integrity of the financial statements as well as the information contained in this report. The following financial statements of Dynex have been prepared in accordance with Canadian generally accepted accounting principles which involve management's best estimates and judgement based on available information.

Dynex's accounting procedures and related systems of internal control are designed to provide reasonable assurance that its assets are safeguarded and its financial records are reliable. In recognising that the Company is responsible for both the integrity and objectivity of the financial statements, management is satisfied that the financial statements have been prepared according to and within reasonable limits of materiality and that the financial information throughout this report is consistent with these.

The Company has an Audit Committee made up of outside directors which was set up after the Annual General Meeting in June 2001. The Committee meets periodically with management, as well as the external auditors, to discuss internal controls over the financial reporting process, auditing matters and financial reporting issues, to satisfy itself that each party is properly discharging its responsibilities, and to review the annual report, the consolidated financial statements and the external auditors report. The Committee reports its findings to the Board for consideration when approving the consolidated financial statements for issuance to shareholders. The Committee also recommends to the Board and the shareholders, the engagement or reappointment of the external auditors.

Deloitte & Touche LLP, Chartered Accountants, serve as Dynex's auditors. The Board of Directors, along with the management team, have reviewed and approved the financial statements and information contained within this report. Deloitte & Touche LLP's report on the accompanying financial statements follows. Their report outlines the extent of their examination as well as an opinion on the statements.

PD Taylor

Paul Taylor
President & CEO
16 April, 2009

Bob Lockwood

Bob Lockwood
CFO
16 April, 2009

Auditors' Report

To the Shareholders of
Dynex Power Inc.

We have audited the consolidated balance sheets of Dynex Power Inc. as at December 31, 2008 and 2007 and the consolidated statements of earnings and deficit, comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

Deloitte & Touche LLP

Chartered Accountants
Licensed Public Accountants

16 April, 2009
Ottawa, Canada

DYNEX POWER INC.
Consolidated Statements of Earnings and Deficit
Years Ended December 31st, 2008 and 2007

	2008	2007
Revenue	**$ 37,016,731**	$ 30,155,294
Cost of sales	**26,559,302**	23,291,137
Gross margin	**10,457,429**	6,864,157
Expenses		
General and administration	**4,077,965**	2,466,857
Sales and marketing	**1,010,798**	947,932
Research and development (Note 4)	**796,414**	673,503
Interest expense (Notes 9 & 10)	**759,128**	847,324
	6,644,305	4,935,616
Earnings before other income	**3,813,124**	1,928,541
Other income		
Interest and other income	**297,254**	279,406
Foreign exchange gain (loss)	**453,603**	(36,444)
	750,857	242,962
Income taxes (Note 5)	**(2,298)**	-
NET EARNINGS	**4,561,683**	2,171,503
DEFICIT, BEGINNING OF PERIOD, as originally stated	**(11,730,827)**	(14,098,044)
Adjustment to deficit, beginning of period (Note 2)	**-**	195,714
DEFICIT, END OF PERIOD	**$ (7,169,144)**	$ (11,730,827)
Earnings per share		
Basic	**$ 0.12**	$ 0.07
Diluted (Note 6)	**$ 0.12**	$ 0.06
Weighted average number of shares		
Basic	**37,120,084**	33,314,485
Diluted (Note 6)	**37,666,916**	33,680,516

These financial statements should be read in conjunction with the notes set out on pages 22 to 38.

DYNEX POWER INC.
Consolidated Statements of Comprehensive Income
Years Ended December 31st, 2008 and 2007

	2008	2007
Net earnings	**$ 4,561,683**	$ 2,171,503
Other Comprehensive loss, net of tax:		
Unrealized loss on translating financial statements of self-sustaining foreign operations	**(619,314)**	(197,553)
OTHER COMPREHENSIVE LOSS	**(619,314)**	(197,553)
COMPREHENSIVE INCOME	**$ 3,942,369**	$ 1,973,950

DYNEX POWER INC.
Consolidated Statements of Accumulated Other Comprehensive Loss and Deficit
As at December 31st, 2008 and 2007

	2008	2007
Accumulated other comprehensive loss, beginning of period	**$ (760,787)**	$ (563,234)
Other comprehensive loss	**(619,314)**	(197,553)
Accumulated other comprehensive loss	**(1,380,101)**	(760,787)
Deficit	**(7,169,144)**	(11,730,827)
TOTAL ACCUMULATED OTHER COMPREHENSIVE LOSS AND DEFICIT	$ (8,549,245)	$ (12,491,614)

Accumulated other comprehensive loss consists entirely of translation adjustments.

These financial statements should be read in conjunction with the notes set out on pages 22 to 38.

DYNEX POWER INC.
Consolidated Balance Sheets
As At December 31st, 2008 and 2007

	2008	2007
CURRENT ASSETS		
Cash	**$ 404,638**	$ 140,867
Accounts receivable	**6,081,965**	5,743,050
Inventories (Note 7)	**8,041,747**	7,521,573
Income tax recoverable	**2,838**	-
Prepaid expenses and deposits	**696,625**	597,805
	15,227,813	14,003,295
PROPERTY, PLANT & EQUIPMENT (Note 8)	**5,433,347**	1,083,540
	$ 20,661,160	$ 15,086,835
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	**$ 5,688,807**	$ 4,346,095
Short-term loan (Note 9)	**3,551,495**	3,814,585
Current portion of long-term debt (Note 10)	**45,610**	279,768
Obligation under capital leases (Note 11)	**114,146**	-
Current portion of deferred revenue (Note 12)	**137,271**	151,942
	9,537,329	8,592,390
LONG-TERM DEBT (Note 10)	**2,846,811**	3,446,595
LONG-TERM OBLIGATION UNDER CAPITAL LEASES (Note 11)	**642,659**	-
LONG-TERM DEFERRED REVENUE (Note 12)	**1,132,483**	1,405,465
	14,159,282	13,444,450
SHAREHOLDERS' EQUITY		
Share capital (Note 13)	**15,051,123**	14,133,999
Deficit	**(7,169,144)**	(11,730,827)
Accumulated other comprehensive loss (Note 3)	**(1,380,101)**	(760,787)
	6,501,878	1,642,385
	$ 20,661,160	$ 15,086,835

These financial statements should be read in conjunction with the notes set out on pages 22 to 38.

PD Taylor

Bob Lockwood

Paul Taylor
Director
29 April, 2009

Bob Lockwood
Director
29April, 2009

DYNEX POWER INC.
Consolidated Statements of Cash Flows
Years Ended December 31st, 2008 and 2007

	2008	2007
OPERATING		
Net earnings	**$ 4,561,683**	$ 2,171,503
Items not affecting cash		
Amortization	**310,446**	186,890
Gain on disposal of capital assets	**(101,245)**	(177,994)
Shares and options issued for services (Note 13)	**37,000**	51,662
Non-cash interest	**183,226**	183,633
Non-cash grant income	**(2,355)**	(28,660)
Provision for inventory obsolescence	**1,149,172**	154,328
Changes in non-cash operating working capital (Note 14)	**(1,799,184)**	(2,760,164)
	4,338,743	(218,802)
FINANCING		
Shares issued for cash	**34,500**	762
Increase in short-term loan	**62,836**	1,281,565
Payments on capital leases	**(79,743)**	-
Increase (decrease) in long-term debt	**126,489**	(282,831)
	144,082	999,496
INVESTING		
Proceeds of disposal of capital assets	**4,374**	12,518
Purchase of capital assets	**(4,333,637)**	(932,734)
	(4,329,263)	(920,216)
NET INCREASE (DECREASE) IN CASH	**153,562**	(139,522)
Effect of foreign currency translation on cash	**110,209**	(76,653)
Cash, beginning of period	**140,867**	357,042
CASH, END OF PERIOD	**$ 404,638**	$ 140,867
Supplementary Information:		
Interest paid during period	**$ 529,188**	$ 653,938
Income taxes paid during period	**$ 2,298**	$ -

These financial statements should be read in conjunction with the notes set out on pages 22 to 38.

1. DESCRIPTION OF BUSINESS

The Company is engaged in the design and manufacture of industrial power equipment.

2. ADOPTION OF NEW ACCOUNTING POLICIES

On January 1st, 2008 the Company adopted the following new accounting standards in accordance with their transitional provisions. The adoption of these standards has not required any adjustment to the opening figures nor have they had any impact on the results for the year.

Inventories

On January 1st, 2008 the Company adopted the new accounting standard on inventories. Adoption of this new standard has had no material impact on the valuation or measurement of the Company's inventory.

Financial Instruments

On January 1st 2008, the Company adopted the new accounting standards on financial instrument disclosure and financial instrument presentation. Information to meet these two new standards is set out in Notes 17 and 18.

Capital Disclosures

On January 1st, 2008 the Company adopted the new accounting standard on capital disclosures. A discussion of what management regards as capital and its objectives in managing its capital is set out in Note 19.

On January 1st, 2007 the Company adopted the CICA standards dealing with financial instruments and comprehensive income in accordance with their transitional provisions. Any changes in measurement resulting from applying the new standards on January 1st, 2007 has been recorded against Deficit or opening Accumulated Other Comprehensive Income with no impact on net income for the year.

On January 1st, 2007, the Company had one interest free loan that required revaluing to meet the new policy. An amount of $12,500 was debited to the loan and credited to the opening deficit to reflect the amounts that will be charged to interest expense over the then remaining life of the loan in accordance with the effective interest rate method.

On January 1st, 2007 the following adjustments were made to reflect the impact of the new accounting policy on the value of convertible debt: an amount of $376,099 was debited to the loan account, $183,214 was credited to the opening deficit and $192,885 was credited to share capital.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Dynex Semiconductor Limited and Dynex SARL, and are prepared in accordance with Canadian generally accepted accounting principles. All intercompany transactions and balances have been eliminated. Dynex SARL was closed during 2007 and wound up during 2008 and thus no values for it are included in the balance sheets at December 31st, 2008 or December 31st, 2007.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Comprehensive income

A new statement has been included of Comprehensive Income. Comprehensive Income includes net earnings, as reported in the profit and loss account, and other comprehensive income. Other Comprehensive Income includes changes in net assets other than from transactions with shareholders. Such changes are now reported separately from the net earnings. In particular, the unrealised gain or loss on translating the financial statements of self-sustaining foreign operations is reported as part of other comprehensive income. On January 1st, 2007, $563,234 of cumulative translation adjustment was reclassified as accumulated other comprehensive income (loss).

Financial instruments

All financial assets and liabilities are now required to be recorded on the balance sheet. Initial recognition of financial assets and liabilities is at fair value. Subsequent measurement of the financial assets and liabilities is dependent on their classification. The Company has made the following classifications.

Cash is classified as a financial asset held for trading and is measured at fair value at the balance sheet date. Any fluctuations in the fair value is included in other income.

Accounts receivable are classified as loans and receivables and are valued at amortized cost using the effective interest rate method.

Accounts payable and accrued liabilities, short term loans and long term debt are classified as other liabilities and are valued at amortized cost using the effective interest rate method.

Settlement date accounting, which is the recognition of an asset on the day it is received and the derecognition of an asset and recognition of any gain or loss on disposal on the day it is delivered by the Company, is used

Currency of reporting

All figures are in Canadian dollars except as otherwise stated.

Use of accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires the Company's management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period presented. Examples of such estimates include the anticipated useful lives of capital assets, certain accruals for liabilities incurred, the provisions required against inventory and accounts receivable, the fair value of financial liabilities and assets, stock based compensation and warranties. Actual results could differ from the estimates made by management.

Inventories

Raw materials and work in progress are valued at the lower of cost and replacement cost, and finished goods at the lower of cost and net realizable value. Raw materials are valued at standard cost that accurately reflects their purchase cost. Work in progress and finished goods are valued at the standard cost of direct materials and labour plus allocated overheads. Inventory obsolescence is provided for if raw materials have not moved in six months and if work in progress or finished goods have not moved in three months unless the Company has orders or a realistic expectation of orders for those parts.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, Plant & Equipment

Property, plant and equipment is recorded at cost. Amortization is calculated using the straight-line method over the anticipated useful lives of the assets as follows:

Equipment	3-10 years

Property, plant and equipment is tested for recoverability whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognised when the carrying value exceeds the total undiscounted cash flows expected from their use and eventual disposition. To date, no such impairment losses have been recognised.

Long-term debt

Long-term debt is valued at amortized cost with interest accretion recorded in net income.

Deferred revenue

The gain on the sale and leaseback of the land and buildings (Note 12) is being amortized over the 15 year minimum term of the resulting lease.

Revenue recognition

The Company recognizes revenues from sales to end-customers and to its distributors at the time title passes provided that all significant contractual obligations, including customer acceptance, have been satisfied and collection is reasonably assured. Any potential for warranty claims is provided for at the time of sale, based on warranty terms and prior claims experience.

Foreign currency translation

The Company considers its wholly owned subsidiary, Dynex Semiconductor Limited, to be self-sustaining and the accounts in foreign currency are translated into Canadian dollars using the current rate method of foreign currency translation. Under this method, assets and liabilities are translated at the exchange rate in effect as of the balance sheet date and income and expense items are translated at the average exchange rate for the period. Net unrealized exchange adjustments arising on translation of foreign currency are included in Accumulated Other Comprehensive Income.

Stock-based compensation

The fair value of stock options granted to employees is calculated using the Black-Scholes pricing model. The resulting fair value is charged to General and Administrative Expenses over the period to the vesting date of the options.

Warrants and conversion rights

The fair value of warrants and conversion rights relating to loans is calculated using the Black-Scholes pricing model. The resulting fair value is charged to interest expense over the life of the loans using the effective interest method.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Research and development costs

Research costs are expensed as incurred. Expenditures for research and development equipment are capitalized. Development costs are expensed as incurred, unless the criteria for deferral under generally accepted accounting principles are met. To date, no such costs have been capitalised.

Income taxes

The Company and its subsidiary account for income taxes using the liability method. Under this method, current income taxes are recognized for estimated income taxes payable for the current year. Future income tax assets and liabilities are recognized for temporary differences between the tax and accounting basis of assets and liabilities using the enacted or substantively enacted income tax rates for the years in which the differences are expected to reverse. Tax assets for the benefits of tax losses and other deductible temporary timing differences available to be carried forward to future years are recognised when management believes they are more likely than not to be realized.

4. RESEARCH & DEVELOPMENT

The Company received grants totalling $685,308 in the year ended December 31st, 2008 (2007 - $650,475) from the European Union and the British Government to assist in its research and development activities. These grants paid for specific work carried out under agreed research and development programmes. The income received has been credited against research and development expenses.

5. INCOME TAXES

The provision for income taxes reported differs from the amount computed by applying the Canadian statutory tax rate to earnings before income taxes for the following reasons:

	2008	2007
Earnings before income taxes	**$ 4,561,683**	$ 2,171,503
Expected tax provision at statutory rates	**1,528,934**	784,347
Increase (decrease) resulting from unrecorded benefit of tax loss	**-**	-
Change in statutory rates	**122,489**	198,659
Change in valuation allowance	**(1,443,313)**	(816,415)
Foreign tax differential	**(275,873)**	(144,280)
Permanent differences	**70,061**	33,118
Other	**-**	(55,429)
	$ 2,298	$ -

The Canadian statutory tax rate is 33.5% (2007 – 36.12%). The United Kingdom statutory tax rate is 28% (2007 – 30%).

5. INCOME TAXES (continued)

As at December 31st, 2008 the Company has undeducted research and development expenditures of approximately $43,000 (2007- $43,000) which are available without expiry to reduce future years' income for tax purposes.

As at December 31st, 2008 the Company also has Canadian tax loss carry forwards available to reduce future years' income for tax purposes. These loss carry forwards expire as follows:

Year of expiry		Losses
2010	**$**	**688,000**
2014		**109,000**
2015		**498,000**
2026		**260,000**
2027		**521,000**
2028		**830,000**
	$	**2,906,000**

As at December 31st, 2008 the Company has United Kingdom tax loss carry forwards of approximately £640,000 ($1,136,000) (2007- £2,870,000 ($5,640,000)) available to reduce future years' income for tax purposes. These tax loss carry forwards have no expiry date. The Company also has taxable temporary timing differences relating to the differences between the accounting and the tax basis of assets of approximately £470,000 ($834,000) (2007- £300,000 ($590,000)).

The potential future income tax benefits and costs related to the above items have not been recorded in the financial statements.

6. EARNINGS PER SHARE

For the year ended December 31st, 2008 the number of shares that could potentially dilute basic earnings per share in the future but which were not included in the computation of diluted earnings per share because to do so would have been anti-dilutive was nil (2007 – 162,338).

7. INVENTORIES

		2008		2007
Raw materials	**$**	**2,315,925**	$	2,176,777
Work in progress		**4,852,995**		4,511,806
Finished goods		**872,827**		832,990
	$	**8,041,747**	$	7,521,573

7. INVENTORIES (continued)

Inventory is stated net of a provision of $5,783,687 (2007 - $5,135,938) for obsolescence. Movements in the provision during the year were as follows:

	2008	2007
Provision at the start of the year	**$ 5,135,938**	$ 5,905,448
New provisions created	**3,569,485**	3,480,905
Provisions released	**(2,420,313)**	(3,326,557)
Changes in exchange rate	**(501,423)**	(923,858)
	$ 5,783,687	$ 5,135,938

The new provisions created arose in respect of inventories that had not moved for the periods set out in Note 3 and the releases arose where products that had not previously moved for those periods then moved. The changes in exchange rate arose from changes in the value of the Dollar compared to Sterling in which all provisions are held in the books of the operating company.

During the year $21,266,307 of inventory was charged to cost of sales (2007 - $18,335,198)

8. PROPERTY, PLANT & EQUIPMENT

	Cost	**Accumulated Amortization**	**Net Book Value**
2008			
Equipment	**$ 3,422,438**	**$ 1,780,884**	**$ 1,641,554**
Equipment under construction	**3,080,334**	**-**	**3,080,334**
Equipment under capital leases	**831,683**	**120,224**	**711,459**
Total	**$ 7,334,455**	**$ 1,901,108**	**$ 5,433,347**
2007			
Equipment	$ 2,951,855	$ 1,886,350	$ 1,065,505
Equipment under construction	18,035	-	18,035
Equipment under capital leases	-	-	-
Total	$ 2,969,890	$ 1,886,350	$ 1,083,540

The amount of amortization related to equipment under capital leases charged to expense for the year ended December 31st, 2008 is $134,039 (2007 - $nil).

9. SHORT-TERM LOAN

The Company has a short-term loan of $3,551,495 (2007 - $3,814,585) secured by a first charge on all capital assets (excluding equipment under capital leases), inventories, cash and accounts receivable. These items have a combined carrying value of $16,169,904. The facility is due to expire in March 2010. The loan is repayable on demand. Interest on the loan is on a floating rate basis. During the year the Company borrowed Sterling at an average interest rate of approximately 7.2% (2007 – 7.8%), US Dollars at an average rate of approximately 4.6% (2007 – 7.3%) and Euros at an average rate of approximately 6.2% (2007 – 6.1%).

10. LONG-TERM DEBT

	2008	2007
Interest free unsecured loan with a face value of $48,902 payable in monthly instalments of $3,056 to April 2010 (see Note 2).	**$ 43,812**	$ 79,399
Loans from individual shareholders repaid in full during the year.	**-**	248,866
Loans from two directors repaid in full during the year.	**-**	2,219,338
Loan from a director repaid in full during the year.	**-**	1,178,760
Interest free unsecured loan with a face value of $13,106 payable in monthly instalments of $504 to February 2011 (see Note 2).	**11,888**	-
Interest free unsecured loan with a face value of $18,166 payable in one monthly instalment of $776 in January 2009 and monthly instalments of $756 thereafter to December 2010 (see Note 2).	**17,024**	-
Unsecured loan from CSR Times Electric (the Company's majority shareholder) bearing interest at 8% per annum repayable in October 2011. An amount of $40,171 representing accrued interest to date on the loan has been included under accounts payable and accrued liabilities.	**2,819,697**	-
	2,892,421	3,726,363
Current portion	**45,610**	279,768
	$ 2,846,811	$ 3,446,595

Principal payments

Principal payments required in each of the next three years are:

2009	**$ 45,610**
2010	**26,127**
2011	**2,820,684**
	$ 2,892,421

10. LONG-TERM DEBT (continued)

Interest expense

Total interest expense on long-term debt for the year ended December 31st, 2008 was $449,704 (2007 - $555,762).

11. OBLIGATION UNDER CAPITAL LEASES

		2008		2007
Obligation under capital leases	**$**	**756,805**	$	-
Current portion		**114,146**		-
	$	**642,659**	$	-

The future minimum lease payments under the leases are as follows:

		2008		2007
2009	**$**	**212,228**	$	-
2010		**189,960**		-
2011		**184,713**		-
2012		**181,963**		-
2013		**164,717**		-
2014		**89,522**		-
2015		**37,641**		-
		1,060,744		-
Less: imputed interest		**(303,539)**		-
Less: executory costs		**(400)**		-
Obligation under capital leases	**$**	**756,805**	$	-

Total interest expense on obligations under capital leases for the year ended December 31st, 2008 was $67,519 (2007 - $nil).

The imputed interest rate under capital leases range from 10.6% to 11.6%.

12. DEFERRED REVENUE

On March 25th, 2003 the Company's subsidiary entered into a sale and leaseback of its Lincoln, England land and buildings. The gain realized on the sale has been deferred. Amortization of this gain, amounting to $151,569, is included in other income for the year ended December 31st, 2008 (2007 - $166,186).

13 SHARE CAPITAL

Authorized:
An unlimited number of common shares.
An unlimited number of preferred shares issuable in series.

Issued:
The movement in the Company's issued and outstanding share capital is summarized below:

	2008		**2008**	2007		2007
	No of shares			No of shares		
Share Capital at start of the year	**33,348,562**	**$**	**14,133,999**	32,767,609	$	13,888,690
Adjustment to share capital at start of year (see Note 2)			**-**	-		192,885
Adjusted share capital at start of year	**33,348,562**		**14,133,999**	32,767,609		14,081,575
Shares issued on conversion of debt	**6,250,220**		**845,624**	-		-
Shares issued for cash on the exercise of options	**150,000**		**34,500**	9,523		762
Shares issued for no proceeds on the purchase of options (see below)	**446,052**		**-**	-		-
Shares issued for services	**-**		**-**	571,430		40,000
Stock based compensation re employee options	**-**		**33,290**	-		7,210
Stock based compensation re loans	**-**		**3,710**	-		4,452
Share Capital at the end of the period	**40,194,834**	**$**	**15,051,123**	33,348,562	$	14,133,999

The Company has no issued and outstanding preferred shares.

Common share transactions

On January 18th, 2007 the Company issued 571,430 shares to the independent directors who are related parties for their services in the second half of 2006 under the Independent Directors' Share Plan at a price of $0.07 per share.

On August 14th, 2007 the Company issued 9,523 shares at $0.08 per share following an exercise of an option under the Company's stock option plan.

13 SHARE CAPITAL (continued)

Common share transactions (continued)

On June 2nd, 2008 the Company issued 6,250,220 common shares on conversion of £434,500 of loans to Dynex Semiconductor Limited. The conversion had been approved by shareholders at a meeting on January 30th, 2008. The conversion of debt to shares resulted in a reduction of the outstanding debt.

On June 10th, 2008 the Company issued 150,000 common shares at $0.23 per share following an exercise of an option under the Company's stock option plan.

On October 31st, 2008 as part of the acquisition of shares by CSR Times Electric Co. Ltd, 521,970 share options with an exercise price of $0.08 were offered to CSR Times Electric by certain officers and employees of the Company. CSR Times Electric paid the holders of these options $0.47 for each option (being the share purchase price of $0.55 less the exercise price of $0.08) and were issued 446,052 shares at zero cost as agreed by shareholders as part of the plan of arrangement.

Independent directors' share plan

The Independent Directors' Share Plan was adopted by the Board and shareholders in 2002. Under the plan, directors who are not employees are entitled to receive some or all of their remuneration in the form of common shares. When taking their fees in this way, the issue price of the shares is taken as the average trading price of the first 20 days of the year to which the fees relate.

Warrant transactions

During 2007 warrants to acquire 194,805 shares at $0.35 per share lapsed. During 2008 warrants to acquire 162,338 shares at $0.35 per share lapsed. There are no warrants outstanding.

Stock option plan

A total of 2,657,316 (2007 – 2,657,316) of the common shares of the Company outstanding from time to time are reserved for the issuance of stock options pursuant to the Company's stock option plan. Generally, options granted under the plan vest evenly over a three-year period commencing one year from the date of grant and expire five years from the date of the grant. Options are not assignable. The movements in stock options are summarized below:

	Number of Options	Weighted Average Exercise Price
Outstanding at December 31st, 2006	799,995	$ 0.11
Exercised	(9,523)	0.08
Outstanding at December 31st, 2007	790,472	0.11
Granted	150,000	0.30
Exercised	(150,000)	0.23
Cancelled	(521,970)	0.08
Outstanding and exercisable at December 31st, 2008	**268,502**	**$ 0.20**

13 SHARE CAPITAL (Continued)

Stock option plan (continued)

The weighted average remaining life of the outstanding options is 2 years and 11 months (2007 - 2 years and 5 months). At December 31st, 2008 there are 268,502 options exercisable with a weighted average exercise price of $0.20 and a weighted average remaining life of 2 years and 11 months (2007 – 573,810 options exercisable with a weighted average exercise price of $0.12 and with a weighted average remaining life of 2 years and 3 months).

At December 31st, 2008 the following stock options are outstanding:

	Grant Date	Expiry Date	Number of Options		Exercise Price
Directors	Aug 9, 2005	Aug 8, 2010	64,757	$	0.08
	Dec 10, 2007	Dec 9, 2012	100,000		0.30
	Feb 14, 2008	Feb 13, 2013	50,000		0.30
All other employees	Aug 9, 2005	Aug 8, 2010	53,745		0.08
Total outstanding			**268,502**	**$**	**0.20**

Stock-based compensation

As a result of accounting for stock based compensation related to options granted to employees using the fair-value based method, the Company recorded $33,290 of stock based compensation in general & administrative expenses in the year ended December 31st, 2008 (2007 - $7,210).

14. CHANGES IN NON-CASH OPERATING WORKING CAPITAL ITEMS

		2008		2007
Accounts receivable	**$**	**(964,994)**	$	(1,534,266)
Inventories		**(2,546,790)**		(1,591,149)
Prepaid expenses and deposits		**(168,257)**		61,912
Accounts payable and accrued liabilities		**1,883,879**		303,339
Income tax recoverable		**(3,022)**		-
	$	**(1,799,184)**	$	(2,760,164)

15. COMMITMENTS

Minimum operating lease commitments are as follows:

2009	**$ 516,256**
2010	**500,908**
2011	**493,823**
2012	**493,823**
2013	**552,813**
Thereafter	**2,433,024**
	$ 4,990,647

The Company has capital commitments at the year-end of $1.3 million mainly for the purchase of new fabrication equipment for bipolar products.

16. ECONOMIC DEPENDENCE

For the year ended December 31st, 2008 the Company had one customer accounting for approximately 14% of revenue (2007 - no customers accounting for more than 10% of revenue).

At December 31st, 2008 the Company had one customer accounting for 17% of accounts receivable (2007 – one customer accounting for 19% of accounts receivable and one customer accounting for 13% of accounts receivable).

17. FINANCIAL MANAGEMENT AND RISK MANAGEMENT

Market Risk

The Company is exposed to foreign currency fluctuations on its cash balances, accounts receivable, accounts payable and accrued liabilities, short term loans, capital leases and long term debt. At December 31st, 2008 the split of these financial instruments by currency was as follows:

		Analysis in $'000 by Currency				
	Total	$	GBP	Euro	US$	JPY
Cash	405	10	143	20	232	-
Accounts receivable	6,082	23	2,372	2,378	1,309	-
Accounts payable and accrued liabilities	(5,689)	(423)	(3,666)	(1,230)	(348)	(22)
Short term loans	(3,551)	-	(1,187)	(1,241)	(1,123)	-
Capital leases	(757)	-	(757)	-	-	-
Long term debt	(2,892)	-	(2,892)	-	-	-
Net total	(6,402)	(390)	(5,987)	(73)	70	(22)

A 10% increase (decrease) in the value of Sterling against all the other currencies at the end of the year would have increased (decreased) net earnings for the year by approximately $2,500. The Company does not hedge these exposures, as the net exposure is quite small, but it keeps the need to monitor them under review.

A 10% increase (decrease) in the average value of Sterling against the Euro would have decreased (increased) net earnings for the year by $1,000,000. A 10% increase (decrease) in the average value of Sterling against the US Dollar would have decreased (increased) net earnings for the year by $300,000.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Market risk (continued)

Management monitors these exposures but to date has not used derivative instruments to hedge them as it believes that the netting of such exposures in each currency and the exposure to two separate currencies that have in the past moved in opposite directions provides sufficient protection. The need to actively hedge these exposures using derivative instruments is kept under review.

A 10% increase (decrease) in the value of the Dollar against Sterling at the end of the year would have decreased (increased) other comprehensive income by approximately $690,000. The Company does not hedge this exposure as a matter of principle, believing that an investor in the Company has made a positive decision to invest in a UK based operating business.

A 10% increase (decrease) in the average value of Sterling against the Dollar would have increased (decreased) net earnings for the year by $500,000. The Company does not hedge this exposure as a matter of principle, believing that an investor in the Company has made a positive decision to invest in a UK based operating business.

The Company is exposed to interest rate risk on its short-term debt, which is borrowed on variable rate terms. A one percentage point increase (decrease) in sterling, Euro and US$ interest rates would decrease (increase) earnings by approximately $13,500, $8,600 and $8,600 respectively in the year.

Credit risk

The Company is exposed to credit risk in relation to the $6.1 million of accounts receivable and the $405,000 of cash balances.

The majority of the Company's accounts receivable is due from customers with whom the Company has had a business relationship for many years. Over the last five years the Company has suffered bad debt losses of less than $60,000. However, at the end of the year, the Company made a specific provision for a potential bad debt of $231,000.

The ageing of the Company's accounts receivable at December 31st, 2008 was as follows:

Ageing of account receivable		$'000
Not yet overdue	$	4,324
Less than one month overdue		1,720
Between one and two months overdue		94
Greater than two months overdue		231
Less provision for doubtful debts		(287)
Net total	$	6,082

The cash is held by the Company's bankers. Over the last five years, the Company has not suffered any loss in relation to cash held by bankers.

The Company's maximum exposure to credit risk is equal to the carrying value of cash and accounts receivable as set out on the balance sheet.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Liquidity risk

The Company generally makes one major payment run each week. At December 31st, 2008 none of the Company's accounts payable was overdue by more than one week. The vast majority of accounts payable fall due for payment within one month. Accrued liabilities are generally due after more than one month and in many cases it may not yet be possible to determine the contractual date for payment.

The Company seeks to ensure that it has adequate access to liquidity to meet all its obligations as they fall due. The Company believes that the short term uncommitted borrowing facility will remain available to the Company until at least March 2010, the scheduled renewal date. In relation to long term debt, management believes it can repay all the smaller facilities as they fall due (and indeed is currently meeting those repayment schedules) out of its cash flow. Substantially all of the long-term debt of the Company is provided by CSR Times Electric, the majority shareholder and is not due for repayment until October 2011. At the present time the Company is committed to significant capital expenditure (see Note 15). The Company believes it can fund these purchases from its own cash flow and through leasing. CSR Times Electric has indicated its willingness in principle to extend additional facilities to fund these expenditures if that proves necessary.

18. FAIR VALUES

The fair value for accounts receivable, accounts payable and accrued liabilities and short-term loans approximates their carrying value because of the short maturity of these instruments.

The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements, based on the Company's current estimated borrowing rate for loans with similar terms and conditions.

The fair value of the interest free loans at December 31st, 2008 was $76,119 (2007 - $87,902) based on the Company's current borrowing rate.

At December 31st, 2007, the fair values of the loans from individual shareholders and the loan from a director were the same as their carrying value as the loans reflected the borrowing rates for the Company at that time.

At December 31st, 2007, the fair value of the loans from two directors was $2,155,168 based on the Company's borrowing rate at that time.

The fair value of the loan from CSR Times Electric was the same as its carrying value at December 31st, 2008 as the loan reflects the current borrowing rate for the Company.

19. CAPITAL MANAGEMENT

The Company considers that its capital consists of the value of shareholders' equity plus the deferred revenue. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern and to provide its shareholders with an adequate return on capital. Management believes that although its debt to equity ratio has improved significantly during the year it is still too high and, bearing in mind its current investment plans, is therefore seeking to increase shareholders' equity, primarily through retaining earnings, in order to reduce further this ratio. The Company is not subject to any externally imposed capital requirements.

20. BUSINESS SEGMENT INFORMATION

Business area

The business operates in four distinct product areas – high power bipolar discrete devices, high power modules, power electronic assemblies (the design and assembly of power devices into stacks) and high reliability integrated circuits. The product manufacturing for these areas is supported by common infrastructure at the Company's Lincoln, England facility. As at December 31st, 2008 the Company does not segregate assets or other balance sheet accounts by product area nor does the Company measure operating profits by these areas. The Company evaluates performance and allocates resources based on revenue by product area.

Geographic area

The destination of sale (the location of the customer) of revenues and the location of tangible assets determine the geographic areas.

	2008	2007
Revenue:		
Business segment		
Bipolar Discrete Group	**$ 19,101,412**	$ 15,551,480
Power Modules Group	**6,301,747**	4,719,351
Power Electronic Assemblies	**5,898,843**	5,152,409
Integrated Circuits	**5,714,729**	4,732,054
	$ 37,016,731	$ 30,155,294
Geographic area		
Canada	**$ 140,371**	$ 162,243
United States of America	**8,959,576**	4,479,338
France	**7,735,099**	6,592,994
United Kingdom	**6,834,213**	8,821,140
Other	**13,347,472**	10,099,579
	$ 37,016,731	$ 30,155,294

All capital assets of the Company are located in the UK.

21. RELATED PARTY TRANSACTIONS

The Company incurred expenses in the year of $81,676 (2007 - $80,000) with respect to fees payable to directors. As at December 31st, 2008, $34,667 is payable to directors (2007 - $40,000).

A total of 571,430 common shares was issued at $0.07 to the independent directors on January 18th, 2007 in payment of their fees for the period July 1st, 2006 to December 31st, 2006.

On June 2nd, 2008 the Company issued 6,250,220 shares at $0.14 to two directors on conversion of loans that they made to Dynex Semiconductor Limited. The conversion was approved by a meeting of the shareholders on January 30th, 2008.

On June 10th, 2008 the Company issued 150,000 shares at $0.23 to a director on the exercise of options.

On October 31st, 2008 the Company repaid in full the loans from two directors (Dec 31st, 2007 - $3,398,098).

The Company incurred interest expenses in the year ended December 31st, 2008 of $388,210 (2007 - $485,531) relating to loans from two directors.

The Company retains a business law firm in Canada to provide legal services and advice. During the year ended December 31st, 2008, this firm was paid $294,611 (2007 - $113,891) in fees and expenses. One of the Company's independent directors is a partner of this firm.

The Company has a loan from CSR Times Electric, the majority shareholder, of $2,819,697 (Dec 31st, 2007 - $nil) (see also Note 10).

The Company incurred interest expenses in the year ended December 31st, 2008 of $40,171 (2007 - $nil) relating to the loan from CSR Times Electric (see also Note 10).

The directors' fees and other related party amounts are recorded at the negotiated amounts.

22. PENSION PLAN

The Company incurred expenses of $351,973 (2007 - $374,728) with respect to a defined contribution pension plan in place at Dynex Semiconductor Limited.

23. FUTURE ACCOUNTING CHANGES

On February 13th 2008, The Canadian Accounting Standards Board announced that Canadian profit-oriented publicly accountable entities, such as Dynex Power Inc., would be required to prepare their accounts using International Financial Reporting Standards (IFRS) from January 1st 2011. This announcement initiates a major change in financial reporting for the Company.

In February 2008, the Canadian Institute of Chartered Accountants ("CICA") issued Section 3064, Goodwill and Intangible Assets, replacing Section 3062, Goodwill and Other Intangible Assets and Section 3450, Research and Development Costs. Various changes have been made to other sections of the CICA Handbook for consistency purposes. The new Section will be applicable to financial statements relating to fiscal years beginning on or after October 1, 2008. Accordingly, the Company will adopt the new standards for its fiscal year beginning January 1, 2009. It establishes standards for the recognition, measurement, presentation and disclosure of goodwill subsequent to its initial recognition and of intangible assets by profit-oriented enterprises. Standards concerning goodwill are unchanged from the standards included in the previous Section 3062. The Company is currently evaluating the impact of the adoption of this new Section on its consolidated financial statements.

In January 2009, the CICA issued Handbook section 1582, Business Combinations, which will replace the former section 1581, Business Combinations. The new section is effective for acquisitions in fiscal years beginning on or after January 1, 2011 but with earlier adoption permitted and provides the Canadian equivalent to International Financial Reporting Standard IFRS 3, Business Combinations. The new standard is not expected to have a material effect on the Company's consolidated financial statements.

In January 2009, the CICA issued Handbook sections 1601, Consolidated Financial Statements, and 1602, Non-Controlling Interests, which will replace the former section 1600, Consolidated Financial Statements. These new sections are effective for interim and annual consolidated statements for fiscal years beginning on or after January 1, 2011 but with earlier adoption permitted and provide the Canadian equivalent to International Financial Reporting Standard IAS 27, Consolidated and Separate Financial Statements. The new standards are not expected to have a material effect on the Company's consolidated financial statements.

Corporate Information

Board of Directors

Lu Penghu [1] [3]
Chairman

Paul Taylor [1]
Director, President & CEO

Bob Lockwood [1]
Director, VP Finance & CFO

Debbie Weinstein [1] [2]
Director & Company Secretary

David Banks [1] [3]
Director

Feng JiangHua [1] [2]
Director

Shu Lihui [1] [2] [3]
Director

Peter Tan [1]
Director

[1] Member of the Governance Committee
[2] Member of Audit Committee
[3] Member of Compensation Committee

Senior Officers, VP's & Senior Managers

Paul Taylor
President & CEO

Bob Lockwood
VP Finance & CFO

Bill McGhie
Power Electronic Assemblies Business Manager

Mark Kempton
Bipolar Discretes Business Manager

Peter Tan
Sales & Marketing Director

Liu Guoyou
Senior Manager – Global Technology

Stock Exchange Listing

Toronto Ventures Exchange
Symbol: DNX

Auditors

Canada – Deloitte & Touche LLP
UK – Deloitte LLP

Legal Counsel

LaBarge Weinstein Professional Corporation
Ottawa, Ontario

Transfer Agent

Computershare Trust Company of Canada

Dynex Locations

Dynex Power Inc.
Doddington Road
Lincoln, LN6 3LF
England

Telephone +44 1522 500500
Fax +44 1522 500660

Dynex Semiconductor Limited
Doddington Road
Lincoln, LN6 3LF
England

Telephone +44 1522 500500
Fax +44 1522 500660

Registered Office

Dynex Power Inc.
C/o LaBarge Weinstein
515 Legget Drive, Suite 800
Kanata
Ontario
K2K 3G4