

DYNEX POWER INC.

Condensed Consolidated Statement of Comprehensive Income (unaudited) in Canadian Dollars
Quarter Ended September 30th 2011

	3 months	3 months	YTD	YTD
	Sept 30th	Sept 30th	Sept 30th	Sept 30th
	2011	2010	2011	2010
	\$	\$	\$	\$
Revenue	9,859,538	8,116,243	26,448,856	27,781,610
Cost of sales	(6,883,060)	(6,724,364)	(20,042,294)	(21,948,188)
Gross profit	2,976,478	1,391,879	6,406,562	5,833,422
Other income	19,708	48,339	63,450	116,488
Sales and marketing expenses	(224,986)	(205,544)	(666,708)	(656,243)
Administration expenses	(524,298)	(680,620)	(1,933,757)	(2,327,940)
Research and development expenses	(495,608)	(259,845)	(939,661)	(821,275)
Finance costs	(110,920)	(26,839)	(149,464)	(95,790)
Other gains and (losses)	24,562	96,079	(51,045)	(49,545)
Profit before Tax	1,664,936	363,449	2,729,377	1,999,117
Income tax expense	(435,648)	(113,934)	(744,263)	(635,771)
Profit for the period attributable to owners of the Company	1,229,288	249,515	1,985,114	1,363,346
Other Comprehensive Income (Loss)				
Exchange differences on translation of foreign operations	1,474,646	500,004	1,342,870	(1,270,990)
Other Comprehensive Income (Loss) for the period (net of tax of \$nil)	1,474,646	500,004	1,342,870	(1,270,990)
Total Comprehensive Income (Loss) for the period	2,703,934	749,519	3,327,984	92,356

DYNEX POWER INC.**Condensed Consolidated Statement of Financial Position (unaudited) in Canadian Dollars**

As at September 30th, 2011

	Sept 30th 2011	Dec 31st 2010	Jan 1st 2010
	\$	\$	\$
NON-CURRENT ASSETS			
Property, plant and equipment	31,214,980	22,492,575	17,420,677
CURRENT ASSETS			
Inventories	10,445,927	7,619,442	8,872,155
Trade receivables	4,565,866	4,294,432	5,908,226
Prepayments, deposits and other receivables	2,045,282	1,301,630	1,325,144
Cash	1,058,012	3,094,626	22,942,550
Amounts owing from parent company	1,750,747	79,938	218,568
Tax recoverable	-	51,598	96,413
Total current assets	19,865,834	16,441,666	39,363,056
CURRENT LIABILITIES			
Trade payables	1,611,882	1,134,690	2,101,178
Other payables and accruals	1,989,149	4,010,324	3,338,090
Provisions	283,441	471,276	531,861
Borrowings	4,996,495	111,857	16,412,255
Tax payable	269,468	-	-
Amounts owing to parent company	516,938	224,629	955,026
Total current liabilities	9,667,373	5,952,776	23,338,410
NET CURRENT ASSETS	10,198,461	10,488,890	16,024,646
TOTAL ASSETS LESS CURRENT LIABILITIES	41,413,441	32,981,465	33,445,323

DYNEX POWER INC.**Condensed Consolidated Statement of Financial Position (unaudited) in Canadian Dollars (continued)**

As at September 30th, 2011

	Sept 30th 2011	Dec 31st 2010	Jan 1st 2010
	\$	\$	\$
NON-CURRENT LIABILITIES			
Borrowings	5,038,282	353,217	513,877
Provisions	223,459	213,291	88,392
Deferred tax liabilities	1,381,072	972,313	380,756
Total non-current liabilities	6,642,813	1,538,821	983,025
NET ASSETS	34,770,628	31,442,644	32,462,298
EQUITY			
Share capital	37,096,192	37,096,192	37,041,524
Accumulated deficit	(1,249,047)	(3,234,161)	(4,579,226)
Exchange fluctuation reserve	(1,076,517)	(2,419,387)	-
TOTAL EQUITY	34,770,628	31,442,644	32,462,298

DYNEX POWER INC.**Condensed Consolidated Statement of Changes in Equity (unaudited) in Canadian Dollars**
Quarter Ended September 30th, 2011

	Share Capital	Accumulated Deficit	Exchange Fluctuation Reserve	Total Equity
	\$	\$	\$	\$
At January 1st, 2011	37,096,192	(3,234,161)	(2,419,387)	31,442,644
Total comprehensive income	-	1,985,114	1,342,870	3,327,984
At September 30th, 2011	37,096,192	(1,249,047)	(1,076,517)	34,770,628
At January 1st, 2010	37,041,524	(4,579,226)	-	32,462,298
Shares issued for cash	9,410	-	-	9,410
Total comprehensive income (loss)	-	1,363,346	(1,270,990)	92,356
At September 30th, 2010	37,050,934	(3,215,880)	(1,270,990)	32,564,064
Release of overprovision of costs relating to the 2009 rights issue	45,258	-	-	45,258
Total comprehensive income	-	(18,281)	(1,148,397)	(1,166,678)
At December 31st, 2010	37,096,192	(3,234,161)	(2,419,387)	31,442,644

DYNEX POWER INC.

Condensed Consolidated Statement of Cash Flows (unaudited) in Canadian Dollars

Quarter Ended September 30th, 2011

	YTD Sept 30th 2011	YTD Sept 30th 2010
	\$	\$
CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	2,729,377	1,999,117
Finance costs recognised in profit or loss	149,464	168,588
Investment income recognised in profit or loss	(682)	(2,435)
Depreciation of property, plant and equipment	1,706,464	1,076,108
Gain on disposal of property, plant and equipment	(25,460)	(2,610)
Provision for slow moving and obsolete inventory	(486,605)	122,669
Movements in working capital	(5,635,838)	(2,200,584)
Cash (used in)/generated by operating activities	(1,563,280)	1,160,853
Income taxes paid	(74,938)	(2,371)
Net cash (used in)/generated by operating activities	(1,638,218)	1,158,482
CASH FLOW FROM INVESTING ACTIVITIES		
Payments for property, plant and equipment	(9,563,705)	(6,072,405)
Proceeds on disposal of property, plant and equipment	25,460	16,377
Interest received	682	2,435
Net cash used in investing activities	(9,537,563)	(6,053,593)
CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from issue of equity shares	-	9,409
Payment for share issue costs	-	(308,069)
Proceeds from borrowings	10,032,524	1,541,100
Repayments of borrowings	(741,017)	(15,898,196)
Interest paid	(55,026)	(105,282)
Payment for other finance costs	(71,744)	(75,687)
Net cash generated by/(used in) financing activities	9,164,737	(14,836,725)
NET DECREASE IN CASH	(2,011,044)	(19,731,836)
Cash at beginning of period	3,094,626	22,942,550
Effect of foreign currency translation on cash	(25,570)	(417,048)
CASH AT END OF PERIOD	1,058,012	2,793,666