



PRESS RELEASE
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FOR IMMEDIATE RELEASE

Listing: TSX Venture Exchange
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Dynex Power Announces Third Quarter Financial Results

Third Quarter Sees Return to Profitability

Lincoln, England, November 23rd, 2015 - Dynex Power Inc., a leading, high power semiconductor company, today announced its financial results for the third quarter and nine months ended September 30th, 2015.

Summary financial information for the three and nine months ended September 30th, 2015 is as follows:

| Canadian Dollars (000's) | Sept 30, 2015 | Sept 30, 2014 | YTD 2015 | YTD 2014 |
|--|-------------------|---------------|-------------------|------------|
| Revenue | 12,254 | 10,410 | 33,794 | 32,038 |
| Gross Profit | 934 | 1,174 | 166 | 3,625 |
| Other Income, Expenses and Costs | (331) | (1,435) | (3,460) | (4,906) |
| Profit/(Loss) before Tax | 603 | (261) | (3,294) | (1,281) |
| Income Tax (Expense)/ Recovery | (120) | 39 | 577 | 236 |
| Net Profit/(Loss) | 483 | (222) | (2,717) | (1,045) |
| Common shares outstanding ¹ - diluted | 80,509,047 | 80,509,047 | 80,509,047 | 80,509,047 |
| Earnings per share - diluted | 0.01 | (0.00) | (0.03) | (0.01) |

¹ Weighted average for the period

Revenue in the third quarter of 2015 was \$1.8 million or 17.7% higher than in the corresponding quarter of last year. Two thirds of this increase was a result of an 11% weakening of the Canadian Dollar against Sterling over the last twelve months. The rest of the increase reflected stronger revenue from sales of IGBT products and technical services. For the year to date, revenue was \$1.8 million or 5% higher than in the first nine

months of 2014. The increase matched the 5% weakening in the average rate of the Canadian Dollar against Sterling over the intervening year.

The gross margin of 7.6% in the third quarter of 2015 was lower than the 11.3% reported in the corresponding quarter of last year. The gross margin was below the range targeted by management and reflected the competitive marketplace currently being faced by the Group. For the year to date, the gross margin was 0.5% compared to 11.3% in the corresponding period last year. This is significantly below the range being targeted by management and again reflects the lower level of revenue being reported compared to management's expectations and additional manufacturing costs due to unexpected technical issues as well as the cost of redundancies in the first quarter.

Sales and marketing and administration expenses represented 10.9% of revenue in the third quarter and 11.8% of revenue for the year to date compared to 12.0% and 11.6% in the corresponding 2014 periods. These costs have been on a steadily reducing percentage for a number of years. The small increases in the year to date figure reflected the poor level of revenue reported in the first half of 2015. Dynex continues to expect these ratios to improve in the longer term.

There was no net cost to R&D expenditure in the quarter or the year to date. There had been no net cost in the corresponding quarter of the preceding year but there had been a cost equivalent to 1.6% of revenue in the first nine months of 2014. However, gross expenditure on research and development (which is calculated before taking account of the contribution received from CSR Times Electric and the grants from Government bodies) is higher than last year both in the current quarter and the year to date and the reduction in net expenditure reflects the Group's success in attracting grants and funding for this work together with additional tax relief available to the Group for research and development which, following changes in the way this relief operates, is now accounted for as a reduction in R&D costs rather than as part of the tax charge. Gross expenditure is currently running at 18.0% of revenue in the year to date.

As a consequence of these changes, Dynex reported a profit before tax in the quarter of \$603,000, compared to a loss before tax of \$261,000 in the corresponding quarter of last year. For the year to date, a loss before tax of \$3.3 million was recorded compared to a loss before tax of \$1.3 million in the corresponding period of last year. The decline in year to date performance reflects the weaker than expected revenue and additional manufacturing costs due to unexpected technical issues that had been experienced in the first half of 2015.

At the end of the third quarter, the Company's order book stood at \$17.0 million, approximately 17% higher than at the end of the second quarter.

Revenue is expected to be at a similar level in the fourth quarter to that reported in the third quarter and the Company expects to record another profit in the fourth quarter.

Dr. Paul Taylor, President and Chief Executive Officer commented, "We are delighted to be able to report our first quarterly profit for over two years. Our manufacturing performance was much improved in the quarter with greater efficiency and fewer technical issues. These improvements reflected the on-going continuous improvement activities taking place in our manufacturing areas. It is also pleasing to report a further increase in our gross R&D investment, based on the increasing support we are receiving from our parent company and our governments."

Bob Lockwood, Chief Financial Officer commented, "Whilst it is pleasing to be able to report a return to profitability, we still need to see a significant improvement in the profitability of the business. However, we are moving in the right direction".

Li Donglin, the Chairman of Dynex said, "Whilst being pleased to see the improvement in Dynex's results, we, like all shareholders, need to see this improvement being repeated in forthcoming quarters. We remain

pleased that through these difficult last few quarters, the Group has continued to invest heavily in the development of new products and improved production processes”.

About the Company

Dynex designs and manufactures high power bipolar semiconductors, high power insulated gate bipolar transistor (IGBT) modules, high power electronic assemblies and radiation hard silicon-on-sapphire integrated circuits (SOS IC's). The company's power products are used worldwide 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 IC products are used in demanding applications in the aerospace industry. Dynex Semiconductor Ltd 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. Dynex is majority owned by Zhuzhou CSR Times Electric Co., Ltd.

Zhuzhou CSR Times Electric Co., Ltd. is based in Hunan Province in the People's Republic of China. It is listed on the Hong Kong stock exchange. CSR Times Electric is mainly engaged in the research, development, manufacture and sales of locomotive train power converters, control systems and other train-borne electrical systems, as well as the development, manufacturing and sales of urban railway train electrical systems. In addition, CSR Times Electric is also engaged in the design, manufacturing and sales of electric components including power semiconductor devices for the railway industry, urban railway industry and non-railway purposes.

Press announcements and other information about Dynex Power Inc are available at www.dynexpower.com

Information about Dynex Semiconductor Ltd and its products can be found at www.dynexsemi.com

Further information on CSR Times Electric can be found at www.timeselectric.cn/en

All monetary values expressed in this release are in Canadian Dollars unless stated otherwise.

The TSX Venture Exchange has neither approved nor disapproved of the information in this press release.

DYNEX POWER INC.
Interim Condensed Consolidated Statements of Comprehensive Income (unaudited) in Canadian Dollars
Quarter Ended September 30th, 2015

| | 3 months Sept 30th 2015 | 3 months Sept 30th 2014 | YTD Sept 30th 2015 | YTD Sept 30th 2014 |
|---|--|-------------------------------|-----------------------------------|--------------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | 12,254,372 | 10,410,336 | 33,794,045 | 32,037,895 |
| Cost of sales | (11,320,599) | (9,236,578) | (33,627,584) | (28,412,871) |
| Gross profit/(loss) | 933,773 | 1,173,758 | 166,461 | 3,625,024 |
| Other income | 29,873 | 12,212 | 73,393 | 100,561 |
| Sales and marketing expenses | (267,635) | (319,061) | (853,485) | (868,032) |
| Administration expenses | (975,607) | (926,825) | (3,050,017) | (2,842,585) |
| Research and development expenses | 686,791 | 265,117 | 588,454 | (501,343) |
| Finance costs | (187,137) | (193,227) | (532,426) | (531,158) |
| Other gains and (losses) | 383,231 | (272,554) | 313,405 | (263,632) |
| Profit/(loss) before tax | 603,289 | (260,580) | (3,294,215) | (1,281,165) |
| Income tax income | (120,185) | 38,507 | 576,835 | 235,797 |
| Net profit/(loss) | 483,104 | (222,073) | (2,717,380) | (1,045,368) |
| Other comprehensive income/(loss) | | | | |
| <u>Items that may be reclassified subsequently to net profit/(loss):</u> | | | | |
| Exchange differences on translation of foreign operations (net of tax of \$nil) | 1,420,660 | (239,405) | 3,667,858 | 988,824 |
| Total comprehensive income/(loss) for the year | 1,903,764 | (461,478) | 950,478 | (56,544) |
| Loss per share | | | | |
| Basic | 0.01 | 0.00 | (0.03) | (0.01) |
| Diluted | 0.01 | 0.00 | (0.03) | (0.01) |

DYNEX POWER INC.**Interim Condensed Consolidated Statement of Financial Position (unaudited) in Canadian Dollars****As at September 30th, 2015**

| | Sep 30th | Dec 31st |
|---|-------------------|------------|
| | 2015 | 2014 |
| | \$ | \$ |
| NON-CURRENT ASSETS | | |
| Intangible assets | 1,301,629 | 1,150,380 |
| Property, plant & equipment | 43,473,110 | 39,883,946 |
| Deferred Tax Asset | 635,302 | - |
| Total non-current assets | 45,410,041 | 41,034,326 |
| CURRENT ASSETS | | |
| Inventories | 13,380,350 | 14,428,876 |
| Trade receivables | 6,686,606 | 9,048,235 |
| Amounts owing from parent company | 3,010,823 | 2,764,112 |
| Prepayments, deposits & other receivables | 1,541,342 | 1,096,467 |
| Tax recoverable | 3,336 | 2,965 |
| Derivative financial instruments | - | 43,624 |
| Cash | 680,547 | 894,609 |
| Total current assets | 25,303,004 | 28,278,888 |
| CURRENT LIABILITIES | | |
| Trade payables | 1,514,017 | 7,073,579 |
| Amounts owing to parent company | 1,014,564 | 667,817 |
| Other payables and accruals | 8,359,435 | 10,156,372 |
| Borrowings | 13,234,599 | 4,171,108 |
| Provisions | 685,441 | 1,824,060 |
| Total current liabilities | 24,808,056 | 23,892,936 |

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

As at September 30th, 2015

| | Sep 30th | Dec 31st |
|---------------------------------------|---------------------|-------------|
| | 2015 | 2014 |
| | \$ | \$ |
| NON-CURRENT LIABILITIES | | |
| Borrowings | 12,510,595 | 12,983,135 |
| Provisions | 60,951 | 54,180 |
| Derivative financial instruments | - | - |
| Deferred tax liabilities | - | - |
| Total non-current liabilities | 12,571,546 | 13,037,315 |
| NET ASSETS | 33,333,441 | 32,382,963 |
| EQUITY | | |
| Share capital | 37,096,192 | 37,096,192 |
| (Accumulated deficit)/retained profit | (10,134,020) | (7,416,640) |
| Exchange fluctuation reserve | 6,371,269 | 2,703,411 |
| | 33,333,441 | 32,382,963 |

DYNEX POWER INC.**Interim Condensed Consolidated Statement of Changes in Equity (unaudited) in Canadian Dollars
Quarter Ended September 30th, 2015**

| | Share Capital | Retained Profit/ (Deficit) | Foreign Currency Translation Reserve | Total Equity |
|--|-------------------|----------------------------------|---|-------------------|
| | \$ | \$ | \$ | \$ |
| At January 1st, 2014 | 37,096,192 | (1,868,823) | 1,820,588 | 37,047,957 |
| Total comprehensive income for the period | - | (1,045,368) | 988,824 | (56,544) |
| <hr/> | | | | |
| At September 30th, 2014 | 37,096,192 | (2,914,191) | 2,809,412 | 36,991,413 |
| Total comprehensive income for the period | - | (4,502,449) | (106,001) | (4,608,450) |
| <hr/> | | | | |
| At December 31st, 2014 | 37,096,192 | (7,416,640) | 2,703,411 | 32,382,963 |
| Total comprehensive income for the period | - | (2,717,380) | 3,667,858 | 950,478 |
| <hr/> | | | | |
| At September 30th, 2015 | 37,096,192 | (10,134,020) | 6,371,269 | 33,333,441 |

DYNEX POWER INC.**Interim Condensed Consolidated Statement of Cash Flows (unaudited) in Canadian Dollars
Quarter Ended September 30th, 2015**

| | YTD | YTD |
|---|---------------------|------------------|
| | Sept 30th | Sept 30th |
| | 2015 | 2014 |
| | \$ | \$ |
| CASH FLOW FROM OPERATING ACTIVITIES | | |
| Loss before tax | (3,294,215) | (1,281,165) |
| Finance costs recognised in loss before tax | 442,303 | 531,158 |
| Investment income recognised in loss before tax | - | (2,443) |
| Amortization of intangible assets | 121,162 | 83,229 |
| Depreciation of property, plant & equipment | 3,919,520 | 3,222,741 |
| Loss on disposal of property, plant & equipment | - | 3,964 |
| Provision for slow moving and obsolete inventory | 58,308 | 700,872 |
| Non cash movement in provisions | - | 35,705 |
| Movements in working capital | (4,231,389) | 2,211,825 |
| Income taxes received/(paid) | 201 | 107,941 |
| Net cash generated by/(used in) operating activities | (2,984,110) | 5,613,827 |
| CASH FLOW FROM INVESTING ACTIVITIES | | |
| Payments for intangible assets | (127,878) | (383,699) |
| Payments for property, plant & equipment | (2,795,671) | (7,223,624) |
| Interest received | - | 2,443 |
| Net cash used in investing activities | (2,923,549) | (7,604,880) |
| CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from borrowings | 38,687,049 | 10,950,723 |
| Repayments of borrowings | (31,807,568) | (7,339,987) |
| Interest paid | (560,075) | (524,230) |
| Payments for other finance costs | - | (40,824) |
| Net cash generated by financing activities | 6,319,406 | 3,045,682 |
| NET INCREASE/(DECREASE) IN CASH | 411,747 | 1,054,629 |
| Cash at beginning of period | 894,609 | 775,071 |
| Effect of foreign currency translation on cash | (626,174) | 568 |
| CASH AT END OF PERIOD | 680,182 | 1,830,268 |