

DYNEX POWER INC.

Consolidated Statements of Earnings (Loss) and Deficit (Unaudited)

Quarters Ended March 31st, 2008 and 2007

	3 months Mar 31st 2008	3 months Mar 31st 2007
Revenue	\$ 8,084,138	\$ 7,162,598
Cost of sales	5,535,333	5,930,965
Gross margin	2,548,805	1,231,633
Expenses		
General and administration	901,471	642,765
Sales and marketing	223,924	325,904
Research and development	212,469	144,545
Interest expense	172,220	214,738
	1,510,084	1,327,952
Earnings (loss) before other income	1,038,721	(96,319)
Other income		
Interest and other income	46,569	51,584
Foreign exchange gain	85,601	5,877
	132,170	57,461
Income taxes	-	-
NET EARNINGS (LOSS)	1,170,891	(38,858)
DEFICIT, BEGINNING OF PERIOD, as originally stated	(11,730,827)	(14,098,044)
Adjustment to deficit, beginning of period	-	195,714
DEFICIT, END OF PERIOD	\$ (10,559,936)	\$ (13,941,188)
Earnings (Loss) per share		
Basic	\$ 0.04	\$ (0.00)
Diluted	\$ 0.03	\$ (0.00)
Weighted average number of shares		
Basic	33,348,562	33,224,757
Diluted	41,679,455	33,224,757

DYNEX POWER INC.

Consolidated Statements of Comprehensive Income (Loss) (Unaudited)

Quarters Ended March 31st, 2008 and 2007

	3 months Mar 31st 2008	3 months Mar 31st 2007
Net earnings (loss)	\$ 1,170,891	\$ (38,858)
Other Comprehensive income (loss), net of tax:		
Unrealized profit (loss) on translating financial statements of self-sustaining foreign operations	112,129	(5,930)
OTHER COMPREHENSIVE INCOME (LOSS)	112,129	(5,930)
COMPREHENSIVE INCOME (LOSS)	\$ 1,283,020	\$ (44,788)

DYNEX POWER INC.

Consolidated Statements of Accumulated Other Comprehensive Loss (Unaudited)

As At March 31st, 2008 and December 31st, 2007

	Mar 31st 2008	Dec 31st 2007
Accumulated other comprehensive loss, beginning of period	\$ (760,787)	\$ (563,234)
Other comprehensive income (loss)	112,129	(197,553)
ACCUMULATED OTHER COMPREHENSIVE LOSS	\$ (648,658)	\$ (760,787)

DYNEX POWER INC.**Consolidated Balance Sheets (Unaudited)****As At March 31st, 2008 and December 31st, 2007**

	Mar 31st	Dec 31st
	2008	2007
CURRENT ASSETS		
Cash	\$ 256,205	\$ 140,867
Accounts receivable	4,364,980	5,743,050
Inventories	8,456,558	7,521,573
Prepaid expenses and deposits	632,200	597,805
	13,709,943	14,003,295
PROPERTY, PLANT AND EQUIPMENT		
	1,373,427	1,083,540
	\$ 15,083,370	\$ 15,086,835
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 4,262,310	\$ 4,346,095
Short-term loan	2,471,814	3,814,585
Current portion of long-term debt	403,841	279,768
Current portion of deferred revenue	157,688	151,942
	7,295,653	8,592,390
LONG-TERM DEBT	3,440,557	3,446,595
LONG-TERM DEFERRED REVENUE	1,419,197	1,405,465
	12,155,407	13,444,450
SHAREHOLDERS' EQUITY		
Share capital	14,136,557	14,133,999
Deficit	(10,559,936)	(11,730,827)
Accumulated other comprehensive loss	(648,658)	(760,787)
	2,927,963	1,642,385
	\$ 15,083,370	\$ 15,086,835

DYNEX POWER INC.**Consolidated Statements of Cash Flows (Unaudited)****Quarters Ended March 31st, 2008 and 2007**

	3 months	3 months
	Mar 31st	Mar 31st
	2008	2007
OPERATING		
Net earnings (loss)	\$ 1,170,891	\$ (38,858)
<u>Items not affecting cash</u>		
Amortization	44,051	71,475
Gain on disposal of property, plant and equipment	(38,406)	(55,581)
Shares and options issued for services	2,558	42,744
Non-cash interest	26,483	51,392
Non-cash grant income	(2,355)	(13,977)
Changes in non-cash operating working capital	687,588	527,264
	1,890,810	584,459
FINANCING		
Decrease in short-term loan	(1,448,693)	(74,081)
Decrease in long-term debt	(46,430)	(43,014)
	(1,495,123)	(117,095)
INVESTING		
Proceeds of disposal of property, plant and equipment	-	11,420
Purchase of property, plant and equipment	(286,541)	(276,290)
	(286,541)	(264,870)
NET INCREASE IN CASH	109,146	202,494
Effect of foreign currency translation on cash	6,192	(5,748)
Cash, beginning of period	140,867	357,042
CASH, END OF PERIOD	\$ 256,205	\$ 553,788
Supplementary Information:		
Interest paid during period	\$ 118,874	\$ 160,020
Income taxes paid during period	-	-