

Synergex Corporation
Financial Statements
For the first quarter ended March 31, 2008

Responsibility for financial statements

The accompanying unaudited interim consolidated financial statements for Synergex Corporation have been prepared by management in accordance with Canadian generally accepted accounting principles consistently applied. The most significant of these accounting principles have been set out in the annual December 31, 2007 audited consolidated financial statements of Synergex Corporation. Only changes in accounting information have been disclosed in these interim financial statements. These interim statements are presented on the accrual basis of accounting. Therefore, estimates and approximations have been made using careful judgment. Recognizing that the Company is responsible for both the integrity and objectivity of the interim financial statements, management is satisfied that these interim financial statements have been fairly presented.

Auditor involvement

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management. The Company's independent auditors have not performed a review of these financial statements.



Signed "David Aiello"
President and Chief Executive Officer



Signed "Nick Blasutto"
Chief Financial Officer

May 15, 2008

SYNERGEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2008	December 31, 2007	March 31, 2007
ASSETS			
Current			
Cash	\$ 375,885	\$ 6,576,866	\$ 4,187,876
Accounts receivable	34,592,416	78,494,549	25,344,231
Inventory	11,969,467	9,878,694	4,405,988
Prepaid expenses and sundry receivables	1,677,468	1,061,558	1,265,656
Future income taxes	402,000	402,000	0
Income taxes receivable	<u>959,590</u>	<u>668,510</u>	<u>937,434</u>
	<u>49,976,826</u>	<u>97,082,177</u>	<u>36,141,185</u>
Cash investment	247,500	247,500	247,500
Equipment	5,685,989	5,832,837	4,336,522
Customer list	0	0	15,953
Pre-operating costs	1,820,677	2,431,584	0
Listing costs	104,087	104,087	104,087
Future income taxes			<u>759,000</u>
	<u>1,492,000</u>	<u>1,492,000</u>	
	<u>\$59,327,079</u>	<u>\$107,190,185</u>	<u>\$41,604,247</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$31,597,721	\$83,891,569	\$23,363,865
Income taxes payable	228,284	201,490	396,816
Current portion of capital lease	225,015	153,030	114,868
Current portion of long-term debt	614,040	307,020	0
Deferred revenue	<u>1,127,870</u>	<u>1,723,341</u>	<u>1,461,357</u>
	<u>33,792,930</u>	<u>86,276,450</u>	<u>25,336,906</u>
Other Liabilities			
Long-term debt	9,385,960	4,589,177	0
Obligations under capital lease	682,974	799,248	187,939
Deferred revenue	9,209	5,476	48,822
Future income taxes	<u>189,000</u>	<u>189,000</u>	<u>249,000</u>
	<u>10,267,143</u>	<u>5,582,901</u>	<u>485,761</u>
	<u>44,060,073</u>	<u>91,859,351</u>	<u>25,822,667</u>
SHAREHOLDERS' EQUITY			
Capital stock	11,406,310	11,406,311	11,566,329
Contributed surplus	933,728	933,727	867,630
Retained Earnings	<u>2,926,968</u>	<u>2,990,796</u>	<u>3,347,621</u>
	<u>15,267,006</u>	<u>15,330,834</u>	<u>15,781,580</u>
	<u>\$59,327,079</u>	<u>\$ 107,190,185</u>	<u>\$41,604,247</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31 2008	Three months ended March 31 2007
Sales	\$28,788,107	\$26,114,317
Cost of sales	<u>23,643,456</u>	<u>22,658,046</u>
Gross profit	<u>5,144,650</u>	<u>3,456,271</u>
Expenses		
General and administrative	2,812,412	3,073,391
Sales expense	1,141,856	266,063
Interest and bank charges	200,337	45,965
Interest income	(98,195)	(105,239)
Amortization - equipment	402,903	223,738
Amortization - pre-operating costs	610,907	0
Amortization - customer list	<u>0</u>	<u>23,931</u>
	<u>5,070,220</u>	<u>3,527,849</u>
Net income (loss) before income taxes	74,430	(71,578)
Provision for income taxes	<u>26,794</u>	<u>(29,550)</u>
Net income (loss) for the period	<u>\$ 47,636</u>	<u>\$ (42,028)</u>

Earnings Per Share

Weighted average number of common shares outstanding:

Basic	111,602,785	111,602,785
Fully diluted	112,728,785	112,820,785
 Earning per share		
Basic and Fully diluted	\$0.00	\$0.00

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

	Three months Ended March 31 2008	Three months ended March 31 2007
Retain Earnings, beginning of period	\$2,990,796	\$3,489,000
Net income (loss) for the period	47,636	(42,028)
Dividends	<u>(111,464)</u>	<u>(99,351)</u>
Retained Earnings, end of period	<u>\$2,926,968</u>	<u>\$3,347,621</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31 2008	Three months ended March 31 2007
Cash Flows from Operating Activities		
Net income (loss) for the period	\$47,636	\$(42,028)
Adjustments For		
Amortization - equipment	402,903	223,738
Amortization - pre-operating costs	610,907	
Amortization of customer list	0	23,931
Stock based compensation	<u>0</u>	<u>53,123</u>
	1,061,446	258,764
Accounts receivable	43,902,133	30,663,054
Inventory	(2,090,774)	522,973
Prepaid expenses and sundry receivables	(615,910)	(327,848)
Income taxes receivable and payable	(264,286)	(29,552)
Accounts payable and accrued liabilities	(52,190,044)	(32,728,852)
Deferred revenue	<u>(591,738)</u>	<u>(382,384)</u>
	<u>(11,850,619)</u>	<u>(2,023,845)</u>
Cash Flows from Investing Activities		
Additions to equipment	<u>(256,055)</u>	<u>(623,901)</u>
	(256,055)	(623,901)
Cash Flows from Financing Activities		
Redemption of Class A Shares	0	(120,014)
Long-term debt received	5,000,000	0
Contributed surplus	0	(29,986)
Capital lease repayments	(44,289)	(29,975)
Dividends paid	<u>(111,464)</u>	<u>(99,351)</u>
	<u>4,844,247</u>	<u>(279,326)</u>
Increase (Decrease) in Cash	(6,200,981)	(2,927,072)
Cash – Beginning of Period	<u>6,576,866</u>	<u>7,114,948</u>
Cash – End of Period	<u>\$375,885</u>	<u>\$4,187,876</u>
Cash paid during the period for:		
Interest	\$200,337	\$45,965
Income taxes	\$26,794	\$279,569

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008

1. Basis of Presentation

The notes presented in these interim consolidated financial statements include only significant events and transactions and are not fully inclusive of all matters normally disclosed in the annual audited financial statements. The accompanying unaudited consolidated financial statements are prepared in accordance with generally accepted accounting principles in Canada and follows the same accounting policies and methods of application as the annual audited consolidated financial statements of Synergex Corporation at December 31, 2007. Accordingly, these consolidated interim financial statements should be read in conjunction with the consolidated financial statements of Synergex Corporation for the year ended December 31, 2007. The nature of the business is seasonal and the results of operations for the three months ended March 31, 2008 may not be indicative of annual results. Certain comparative figures have been reclassified to conform to the current presentation.

2. Significant Accounting Policies

We have prepared the consolidated financial statements in accordance with Canadian generally accepted accounting principles (GAAP) using the same basis of presentation and accounting policies as outlined in Note 2 to the annual consolidated financial statements for the year ended December 31, 2007.

3. Segmented Information

The Company considers that its operations fall principally into four business segments, namely (1) Commercial Gateway, (2) Business Information, (3) Synergex Technology and (4) Latin America. The Company reviews its segments at a gross revenue, gross profit and total assets level. Management regularly reviews the operations of these segments to assess performance and to allocate resources. The accounting policies of each of the segments are the same as those described for the Company, unless otherwise noted. All other expenses are managed by the Company as a separate responsibility centre and are not allocable to the reportable operating segments.

The Company's operating segments are as follows:

**NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008**

Three months ended March 31, 2008

	Commercial Gateway	Business Information	Synergex Technology	Latin America	Corporate	Total
Sales	\$ 23,291,912	\$ 930,752	\$ 792,706	\$ 3,772,737	\$ 0	\$ 28,788,107
Cost of sales	<u>18,949,715</u>	<u>744,602</u>	<u>632,127</u>	<u>3,317,012</u>	<u>0</u>	<u>23,643,456</u>
Gross profit	<u>4,342,196</u>	<u>186,150</u>	<u>160,579</u>	<u>455,725</u>	<u>0</u>	<u>5,144,650</u>
Expenses						
General and administrative	591,370	189,798	196,203	1,205,377	629,664	2,812,412
Sales expense	1,062,909	0	29,465	49,482	0	1,141,856
Interest and bank charges	65,028	7,075	36,962	3,829	87,443	200,337
Interest income	(61,371)	0	(51)	(2,963)	(33,810)	(98,195)
Amortization - equipment	148,454	19,033	15,439	51,077	168,900	402,903
Amortization – pre-operating costs	0	0	0	610,907	0	610,907
Amortization - customer list	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>1,806,389</u>	<u>215,906</u>	<u>278,018</u>	<u>1,917,709</u>	<u>852,197</u>	<u>5,070,220</u>
Income (loss) before income taxes	<u>\$ 2,535,807</u>	<u>\$(29,756)</u>	<u>\$(117,439)</u>	<u>\$(1,461,984)</u>	<u>\$(852,197)</u>	74,430
Provision for income taxes						<u>26,794</u>
Net income (loss) for the period						<u>\$47,636</u>
Assets	<u>\$ 31,294,387</u>	<u>\$ 2,117,526</u>	<u>\$ 2,175,010</u>	<u>\$ 20,656,318</u>	<u>\$ 3,083,838</u>	<u>\$ 59,327,079</u>
Capital expenditures	<u>\$ 28,260</u>	<u>\$ 18,342</u>	<u>\$ 57,610</u>	<u>\$ 54,291</u>	<u>\$ 97,552</u>	<u>\$ 256,055</u>

**SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED MARCH 31, 2008

Three months ended March 31, 2007						
	Commercial Gateway	Business Information	Synergex Technology	Latin America	Corporate	Total
Sales	\$ 24,224,946	\$ 980,103	\$ 909,268	\$ 0	\$ 0	\$ 26,114,317
Cost of sales	<u>21,276,296</u>	<u>642,739</u>	<u>739,011</u>	<u>0</u>	<u>0</u>	<u>22,568,046</u>
Gross profit	<u>2,948,650</u>	<u>337,364</u>	<u>170,257</u>	<u>0</u>	<u>0</u>	<u>3,456,271</u>
Expenses						
General and administrative	1,834,516	157,475	338,124	0	865,260	3,073,390
Sales expense	238,873	9,386	17,804	0	0	266,063
Interest and bank charges	15,749	9,029	15,651	0	5,536	45,965
Interest income	(89,255)	(1,268)	(463)	0	(14,716)	(105,239)
Amortization of equipment	50,729	25,600	16,293	0	131,116	233,738
Amortization of customer list	<u>0</u>	<u>23,931</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>23,931</u>
	<u>2,051,075</u>	<u>224,153</u>	<u>387,409</u>	<u>0</u>	<u>865,211</u>	<u>3,527,849</u>
Income (loss) before income taxes	<u>\$ 897,575</u>	<u>\$113,211</u>	<u>\$(217,152)</u>	<u>\$ 0</u>	<u>\$(865,211)</u>	(71,578)
Provision for income taxes						<u>(29,550)</u>
Net income (loss) for the period						<u>\$(42,028)</u>
Assets	<u>\$34,040,486</u>	<u>\$2,420,863</u>	<u>\$2,138,263</u>	<u>\$ 0</u>	<u>\$3,004,635</u>	<u>\$41,604,247</u>
Capital expenditures	<u>\$ 483,442</u>	<u>\$ 4,374</u>	<u>\$ 26,097</u>	<u>\$ 0</u>	<u>\$ 109,988</u>	<u>\$ 623,901</u>

**SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008**

4. Share Capital

a) Capital Stock

Share capital is made up of the following:

Authorized

Unlimited common shares

Unlimited Series A Preference Shares, voting, cumulative at HSBC prime plus 0.75%, redeemable at \$1.00 per share.

Issued

	<u>Number</u>	<u>Amount</u>
Issued common shares:		
Balance at December 31, 2007 and March 31, 2008	<u>111,602,785</u>	<u>\$6,906,425</u>
Issued preference shares:		
Balance at December 31, 2007 and March 31, 2008	<u>5,624,219</u>	<u>\$4,499,886</u>

b) Contributed Surplus

The following table summarizes the activity in the contributed surplus account:

	<u>Amount</u>
Balance at December 31, 2007 and March 31, 2008	<u>\$933,727</u>

c) Stock Options

The following table summarizes the activity for the Company's stock options program:

	<u>Number of Shares</u>	<u>Average Weighted Exercise Price</u>
Outstanding, December 31, 2007	1,198,000	\$0.48
Granted	0	\$0.00
Exercised	0	\$0.00
Expired/cancelled	<u>72,000</u>	\$0.71
Balance at March 31, 2008	<u>1,126,000</u>	\$0.48

These options expire at various dates between September 2008 and November 2012.

d) Stock-based Compensation

The fair value of stock options granted is recognized as compensation cost in the consolidated statement of income. The weighted average value of options granted under the stock plan for the three months ended March 31, 2008 was \$0.00 per option (2007 - \$0.00 per option) and the compensation expense, included in general and administrative expense, for the existing options for the period was \$0 (2007 - \$53,123). The weighted average fair value of the options granted during the period was calculated using the Black-Scholes option-pricing model with the following assumptions:

	<u>2008</u>	<u>2007</u>
Risk-free interest rate	NA	NA
Expected life in years	NA	NA
Expected volatility	NA	NA
Expected dividend rate	NA	NA

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2008

5. Related Party Transactions

In the normal course of operations, the Company provides logistics services and recovers general and administrative costs from two companies controlled by the majority shareholder and/ or related family members.

The following summarizes the Company's related party transactions in the period

	Three months ended March 31 2008	Three months ended March 31 2007
Logistics services rendered	\$51,103	\$63,360
General and administrative costs recovered	\$49,023	\$31,728
Amounts in accounts receivables	\$262,874	\$330,284