

**Synergex Corporation
Management's Discussion and Analysis
For the first quarter ended March 31, 2008**

SYNERGEX CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2008

The following Management's Discussion and Analysis ("MD&A") for the three months ended March 31, 2008, compared with the three months ended March 31, 2007, and the year ended December 31, 2007, provides readers with an overview of the operations of Synergex Corporation ("Synergex" or the "Company") and a detailed explanation of its financial statements.

This MD&A provides information that management of Synergex believes is important to assess and understand the results of operations and financial condition of Synergex. Our objective is to present readers with a view of Synergex through the eyes of management by interpreting the material trends and activities that affect the operating results, liquidity and the financial position of Synergex. This discussion and analysis should be read in conjunction with Synergex' Consolidated Financial Statements and accompanying notes thereto for the twelve month period ended December 31, 2007. The Consolidated Financial Statements have been prepared in accordance with generally accepted accounting principles ("GAAP") in Canada. All monetary amounts, unless otherwise indicated, are expressed in Canadian dollars. This MD&A is current as of May 15, 2008.

About Synergex Corporation

Synergex is a Canadian based international integrated logistics and distribution company providing distribution, freight forwarding and logistics services under its Commercial Gateway workgroup. It is among the largest distributors of video games, game consoles, and accessories in Canada. During 2007 the company expanded operations into Latin America opening four new distribution centres in Mexico, Colombia, Chile and Brazil.

For the quarter ended March 31, 2008, the Company reported consolidated revenues of \$28.8 million as compared to \$26.1 million for the same period in the prior year, an increase of approximately 10.2%. This was achieved through growth of our core international integrated logistics and distribution operations (referred to as Commercial Gateway group), which achieved sales of \$27.1 million in the quarter, compared to \$24.2 million for the same period in the prior year, an increase of approximately 11.7%.

Synergex' strategy is to become the leading international integrated logistics and distribution company for the Americas servicing Canada and Latin America specializing in supply chain management, logistics, and distribution of electronic home entertainment and electronic products including but not limited to video games, related hardware, and accessories. In Q1 2008, logistics and distribution revenue represented approximately 94% of the Company's revenue for the quarter, and 97% for the year in 2007. Product lines are being expanded to include other licensed products related to video games or their license owners, taking advantage of the wide range of products originating from movies, home entertainment and licensed characters often included within, or resulting from, the creation of video games.

Synergex is committed to servicing the electronics and home entertainment sector and the licensed products resulting from them in order to provide an expanded product range for the development and distribution of products driven by the intellectual property of major players in the field to its existing and future retailer client base.

In Q1 2008, revenue growth was driven by sales in the Latin American operations; specifically Mexico, Colombia, Chile and Brazil. Our strategy to expand into a larger international network and leverage the strong relationships with our customers and suppliers. Synergex has become a premier service provider in the Americas outside of the United States and has been delivering positive results.

Commercial Gateway's value-added supply-chain clients include some of the world's leading computer entertainment publishers and a variety of mid-sized manufacturers, including Sony Computer Entertainment America, Midway Games Inc., Activision, Inc., Electronic Arts, Inc., Square Enix, Inc., Sega of America, Inc., Capcom Entertainment, Inc., Ubisoft Entertainment Ltd., Konami Digital Entertainment, Inc., Eidos Interactive Ltd., Atari, Inc., and LucasArts, a Division of Lucasfilm Entertainment Company Ltd.

The core Commercial Gateway operation accounted for approximately 94% of the Company's revenue in the first quarter of 2008, and 97% of the Company's revenue in 2007. The Company expects to grow its

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core Commercial Gateway business in the upcoming years through the acquisition of new customers, the deployment of new services, and the expansion of the Company's proven business model into the emerging Latin American markets.

Overview

Synergex' core international integrated logistics and distribution businesses experienced significant growth in 2007 both in Canada and from its new Latin American operations. Having completed the initial investment and start up of the Latin American distribution centres and the new packaging operations in Canada, the Company is primarily focused on sales growth and improved profitability within the core international integrated logistics and distribution operation. The 2008 year will be the first full year of operations for the Latin American distribution centres.

In the first quarter ended March 31, 2008, the core Commercial Gateway group in Canada assembled approximately 1,000,000 units of video game products. Latin America sales are expected to grow throughout 2008 from a full year's sales activity following the opening of these operations in the latter part of 2007. The seasonality of the core Commercial Gateway operations, in both Canada and Latin America, are typically strongest in the third and fourth quarters, during peak retail activities.

Through its non-core Business Services Group, the Company provides technology management and business information products and services. Through its wholly owned subsidiaries Synergex Technology Management Inc. and Synergex Control Automation Inc., the Company provides technology products and services including control automation, systems integration, telecommunications, digital signage and RFID. Through Canada Bonded Attorney & Legal Directory, Limited and Lumbermen's Credit Bureau Limited, the Company provides business information products and services including credit reporting, analysis and collection services. In this capacity, the Company provides services to customers including: General Electric, Lafarge, Carrier, and The Home Depot. The Business Services Group serves a broad base of over 3,300 customers, the majority of which are multinational enterprises. The Company will develop a strategic plan for the Business Services Group in 2008 with the objective of maximizing value for the Company's shareholders and providing optimal service for its customers.

Financial Overview

Highlights of the Company's consolidated financial results for the three months ended March 31, 2008, compared to the three months ended March 31, 2007, as well as a comparison of the twelve months ended December 31, 2007, to the twelve months ended December 31, 2006.

In thousands of dollars	Three months ended March 31				Twelve months ended December 31
	2008	2007	\$	%	
			Increase/(Decrease)		
					2007
Sales	\$28,788	\$26,114	\$2,674	10.2%	\$203,662
Gross Profit	\$5,145	\$3,456	\$1,688	48.8%	\$26,078
Income (loss) before income taxes	\$74	\$(72)	\$146	204.0%	\$9
Net Income (loss)	\$48	\$(42)	\$90	213.3%	\$(94)
EBITDA	\$1,190	\$117	\$1,074	919.0%	\$1,901

Sales and gross profit increased in the first quarter ended March 31, 2008, compared to the same period in the prior year due to:

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Sales growth of \$3.8 million from Latin American operations which were not present in the prior year

Income before income taxes, net income, and EBITDA increased in the first quarter compared to the same period in the prior year due to:

- Gross profit for the three months ended March 31, 2008 increased by \$1.7 million over the same period in the prior year. Gross profit as a percentage of sales increased in the first quarter to 17.9% compared to 13.2% in the same period of the prior year. Gross profit increased in the first quarter due to increased demand for game software following last year's strong sales of video game consoles;
- Management expects retail demand for new game software to be strong during 2008 due to the increased population of next generation consoles and the upcoming expected releases of new game software designed to take advantage of the next generation consoles; and
- The sales growth driven in Latin America in Q1 coupled with increase in gross margin for the Canadian and Latin American Commercial Gateway business resulted in significantly increased income before income taxes, net income, and EBITDA.

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Selected Annual Information

Summary of Operations (in thousands of dollars, except earnings per share and dividends per share)	Three months ended March 31		Twelve months ended December 31
	2008	2007	2007
Sales	\$28,788	\$26,114	\$203,662
Gross Profit	5,145	3,456	26,078
Expenses			
General and administration	2,812	3,073	18,206
Sales costs	1,142	266	5,971
Bank charges	200	46	260
Interest income	(98)	(105)	(200)
Amortization of equipment	403	224	1,183
Amortization of customer list	0	24	40
Amortization of pre-operating costs	611	0	616
Employee termination costs	0	0	0
Loss (gain) on disposal of equipment	0	0	(7)
Business combination costs	0	0	0
Income (loss) before income taxes	74	(72)	9
Provision for income taxes	27	(30)	104
Net income for the period	48	\$(42)	\$(94)
Earnings Per Share:			
Basic and Fully diluted	\$0.00	\$0.00	\$0.00
Total Assets	\$59,327	\$41,604	\$107,190
Total long-term liabilities	\$10,069	\$188	\$5,848
Cash dividend per share			
Series A Preference	\$0.0675	\$0.0675	\$0.069
Common	\$ Nil	\$ Nil	\$ Nil

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Three months ended March 31, 2008

Seasonality

Retail activity is traditionally at its highest from September through December. Accordingly, Q4 reflects the high volume period for our Commercial Gateway Logistics and Distribution due to the seasonal demand for computer entertainment consoles, accessories, and related software. Correspondingly, Q1 is the lowest volume period for the Commercial Gateway group.

Net Income Before Income Taxes

Net income of approximately \$48 thousand increased by approximately \$90 thousand from a net loss of approximately \$42 thousand in the same quarter in the prior year. Net Income was achieved after expensing deferred start up costs of \$610 thousand in the quarter. Deferred start up costs result from the development of Latin American operations and facilities during 2007. The Company will expense the balance of deferred start up costs during 2008.

Results of Operations

Sales

Sales (in thousands of dollars)	Three months ended March 31		Twelve months ended December 31	
	2008	2007	2007	2006
Commercial Gateway - Canada	\$23,292	\$24,225	\$187,178	\$166,655
Commercial Gateway – Latin America	3,773	N/A	9,339	N/A
Synergex Technology	793	909	3,629	4,938
Business Information	<u>931</u>	<u>980</u>	<u>3,516</u>	<u>4,349</u>
Total	<u>\$28,788</u>	<u>\$26,114</u>	<u>\$203,662</u>	<u>\$175,942</u>

Sales growth resulted from:

- \$3.8 million in sales from Latin American Commercial Gateway operations not present in the prior year.

Commercial Gateway sales growth was partially offset by:

- Reduced sales in Synergex Technology due to slower than expected growth in digital signage, and continued decreases in requirements for Business Information commercial collection services in line with the continued strong Canadian economy. Sales of credit reporting services remained unchanged compared to the prior year. The Company did experience a shortage of \$1,052,711, relative to the same period in the prior year due to the strong Canadian dollar against the US dollar; which led to price reductions for higher landed cost inventory;
- a Canadian dollar at relative parity with the US dollar reducing the cost of goods and gross sales dollars;
- Change in sales mix within the quarter compared to the same quarter in the prior year with increased sales volumes of higher margin software compared to higher unit cost hardware which provide lower margins; and

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- change in sales mix with increase fee based supply chain service revenues compared to distribution sales which included the cost of product.

Consolidated sales for the last nine quarters are summarized in the table below:

Sales (in thousands of dollars)			
	2008	2007	2006
First Quarter	\$28,788	\$26,114	\$28,869
Second Quarter		27,843	26,335
Third Quarter		32,010	37,041
Fourth Quarter		117,695	83,697
Total Sales	\$28,788*	\$203,662	\$175,942

*Year to date sales

Gross Profit

- Consolidated gross profit for the first quarter ended March 31, 2008 was \$5,144,650 or 17.9% of sales, an increase of \$1,688,379 or 48.8% compared to \$3,456,271 or 13.2% of sales in the previous year.
- Gross profit increased in the first quarter due to increased demand for video game software following last year's strong sales of next generation game consoles and due to higher volume of product movement through supply chain services where fees are earned.

Distribution sales include the cost of the product where as supply chain services are fee based. Revenue levels can be affected by the mix of sales between supply chain services and distribution with no negative impact, or most often a positive impact on gross profit and net income. This results in quarterly variations of sales. Hence, gross profit is a more accurate reflection of the Company's performance.

The breakdown of gross profit by workgroup:

Consolidated Gross Margin Percentage	Three months ended March 31		Twelve months ended December 31		
	2008	2007		2007	2006
Commercial Gateway	18.6%	12.1%	Commercial Gateway	12.3%	12.9%
Synergex Technology	20.3%	18.7%	Synergex Technology	9.9%	16.2%
Business Information	20.0%	34.4%	Business Information	26.0%	37.6%
Latin America	12.0%	N/A	Latin America	17.7%	N/A

Despite the impact of the Canada/USA parity (as the Company purchases the majority of its products in US dollars and as a substantial amount of revenue earned for logistics services in the Commercial Gateway are billed in US dollars), the gross profit percentage for the first quarter for the Commercial Gateway logistics and distribution operations increased to 18.6% from 12.2% from the same period in the prior year. This increase was due to:

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- 1) The Company distributing a higher volume of high margin video game products; and
- 2) The mix of revenue generated from supply chain fee based services and distribution of products.

Although gross profit dollars earned on hardware are higher per unit than software and peripheral products, they represent a lower gross margin percentage of sales than software and peripheral products.

The gross profit percentage for the first quarter for Synergex Technology increased slightly from 2007 to 2008 due to the reduction of lower margin VAR hardware sales and increase in sales of higher margin digital signage.

The gross profit percentage for the first quarter for the Business Information workgroup decreased in 2008 from the same period in 2007 due to the decreased sales, the slightly lower margins generated from consumer collections, and increased costs associated in performing the collections that were initiated.

Selling, General and Administrative Expenses

Sales, general and administrative expenses for the three months ended March 31, 2008, totaled \$4.0 million, an increase of \$0.7 million above the \$3.3 million cost in the first quarter in the prior year.

This increase is due to increased salaries related to development, programmers, and product management for Synergex Technology, and additional expenses for staff, administration, professional, and operational support necessary to support strong year over year domestic growth and to support the new operations in Latin America in the Commercial Gateway group.

Interest Income, Interest Expense and Bank Charges and Amortization

As the Company has significant seasonal operations in its core Commercial Gateway workgroup, cash balances vary throughout the year, as does the interest income earned by the Company.

Interest income was approximately \$98 thousand for the three months ended March 31, 2008 compared to approximately \$106 thousand for the same period in the prior year. The reduction is primarily due to the use of capital for expansion into Latin America, new Canadian packaging and assembly operations, and overall sales growth.

Interest expenses and bank charges for the three months ended March 31, 2008 were approximately \$200,000, an increase of approximately \$154 thousand from \$46 thousand in the same quarter last year. This is primarily due to major suppliers extending normal credit terms and reducing utilization of our bank line of credit.

Amortization of equipment was approximately \$403 thousand for the three months ended March 31, 2008 compared to approximately \$234 thousand for the same quarter last year. This increase is primarily due to the Company purchasing video game packaging equipment delivered in July 2007 and due to warehouse equipment acquired in Latin America which did not exist in 2007.

Income before Income Taxes

The income before income taxes for the first quarter was approximately \$74 thousand, an increase of approximately \$146 thousand compared to a loss of approximately \$72 thousand in the first quarter of the prior year.

Net Income

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A net income was reported in the first quarter of 2008 of approximately \$48 thousand or approximately \$0.00 per share (basic and fully diluted) compared to a net loss of approximately \$42 thousand or approximately \$0.00 per share (basic and fully diluted) in the same quarter a year ago.

Summary of 2008, 2007 and 2006 Quarterly Results

Fiscal 2007

(thousands of dollars except for earnings per share)

	2008		2007		
	Q1	Q1	Q2	Q3	Q4
Sales per quarter	\$28,788	\$26,114	\$27,843	\$32,010	\$117,695
Gross Profit	5,145	3,456	4,066	4,737	13,819
General and administration	2,812	3,073	3,071	3,550	8,512
Selling costs	1,142	266	536	528	4,641
Interest income	(98)	(105)	(49)	(47)	1
Interest expense	200	46	56	119	39
Amortization of equipment	403	224	291	244	424
Amortization of customer list	0	24	16	0	0
Amortization of pre-operating costs	611	0	0	0	0
Loss (gain) on disposal of equipment	0	0	0	0	(7)
Provision for income taxes	27	(30)	49	129	(45)
Net income in the Quarter	\$74	(\$42)	\$96	\$190	(362)
Earnings per share basic and fully diluted	\$0.00	\$0.00	\$0.00	\$0.00	\$(0.00)
EBITDA, 2007, per quarter	\$ 1,190	\$ 117	\$ 459	\$659	\$665

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Fiscal 2006

(thousands of dollars except for earnings per share)

	Q1	Q2	Q3	Q4
Sales per quarter	\$28,868	\$26,335	\$37,041	\$83,697
Gross Profit	4,252	4,384	4,194	11,086
General and administration	2,368	2,792	2,930	4,757
Selling costs	572	266	465	4,141
Interest income	(83)	(120)	(96)	(77)
Interest expense	37	48	31	(8)
Amortization of equipment	171	187	188	384
Amortization of customer list	24	24	24	24
Amortization of pre-operating costs	0	0	0	0
Loss on disposal of equipment	0	0	0	134
Business combination costs	0	0	0	0
Provision for income taxes	447	369	279	202
Net income in the Quarter	\$716	\$818	\$373	\$1,529
Earnings per share basic and fully diluted	\$0.01	\$0.01	\$0.00	\$0.01
EBITDA, 2006, per quarter	\$ 1,312	\$ 1,324	\$799	\$2,188

EBITDA

References in these materials to "EBITDA" are to net income before interest expense, interest income, income taxes, loss (gain) on sale of equipment, and depreciation and amortization. EBITDA is not a recognized measure under Canadian GAAP. Investors are cautioned that EBITDA should not be construed as an alternative to net earnings or cash flows from operating activities (determined in accordance with Canadian GAAP) as a performance indicator, or to cash flows from operating, investing and financing activities as a measure of liquidity and cash flows. Synergex' method of calculating EBITDA may differ from other issuers and, accordingly, EBITDA may not be comparable to similar measures presented by other issuers. EBITDA performance is presented herein because management believes that, in addition to net income, EBITDA is a useful supplemental measure of Synergex' financial performance.

EBITDA for the first quarter ended March 31, 2008 significantly increased to approximately \$1.2 million compared to an EBITDA of approximately \$117 thousand in the prior year.

Liquidity

Synergex' primary sources of liquidity are cash flow from operations, a revolving credit line of \$5 million, capital leases used to fund equipment purchases, and long term loan of \$10 million to replenish working capital used for Latin American expansion. In addition, the Company specifically manages levels of accounts payable, accounts receivable, and inventory to ensure they have adequate liquidity and working capital. As at March 31, 2008, the net cash position was approximately \$376,000 compared to \$4.2 million as at March 31, 2007.

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Synergex' net cash position varies with income earned, the timing of cash receipts from customers, and the timing of payments to suppliers. Working capital as at March 31, 2008 totaled approximately \$16.2 million compared to \$10.8 million in the same period in the prior year, and \$10.8 million as at December 31, 2007. The increase of approximately \$5.4 million between the periods ended March 31, 2008, and March 31, 2007 results from a combination of the elimination of startup costs incurred for Latin American and the long term assets purchased for both Latin American expansion and inception of the product assembly and packaging operations in 2007. There was no usage of the revolving credit line as at March 31, 2008 which was fully available to fund liquidity requirements.

Synergex maintains credit facilities with a Canadian chartered bank in the event that short-term financing is required. Other than capital leases, Synergex has no other short-term debt. A \$10 million five year term loan which requires payments of interest for only 6 months and is repaid over a ten year amortization commencing in the seventh month following the date of funding. The term loan facility is for a total of \$17 million with the unfunded portion available for general corporate purposes and to fund potential future acquisitions. \$5 million were advanced in November 2007, and an additional \$5 million in March 2008 to increase working capital to support very strong sales achieved in the fourth quarter ended December 31, 2007.

Maintaining liquidity is a key factor in management's funding strategy, and ensures our ability to satisfy the needs of customers and suppliers. Our policy is to have sufficient cash and cash equivalents and to have access to credit facilities in order to provide liquidity for all of our foreseeable funding requirements. Management expects that Synergex' positive working capital position will be maintained and believes that its working capital is sufficient to support its current operations and foreseeable obligations. As the business expands some external financing may be required.

Contractual Obligations

The Company has entered into lease agreements for the rental of its office and warehouse facilities and to acquire equipment financed through capital leases. The future minimum annual lease payments under the capital leases are as follows:

Year ending	Total	2008	2009	2010	2011	2012	Thereafter
Long Term Debt	\$10,000,000	\$614,040	\$1,052,640	\$1,052,640	\$1,052,640	\$6,228,040	\$0
Capital Lease Obligations	\$1,139,863	\$225,015	\$253,032	\$125,850	\$125,850	\$125,850	\$284,266
Operating Lease Obligations	\$16,711,160	\$2,478,115	\$2,483,643	\$2,263,435	\$1,985,018	\$1,545,536	\$5,955,413
Total	\$27,851,023	\$3,317,170	\$3,789,315	\$3,441,925	\$3,163,508	\$7,899,426	\$6,239,679

Off-Balance Sheet Arrangements

The Company has not entered into any off-balance sheet arrangements.

Transactions with Related Parties

David Aiello, President, CEO, Director, and majority shareholder, owns 100% of BioAdvantex Pharma Inc., a company for which logistics services are rendered by Synergex and general administrative costs are recovered as outlined in Note 15 to the audited annual financial statements for the year ended December 31, 2007.

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A family member related to David Aiello, owns 100% of Innovative Distribution Inc. a company for which logistics services are rendered by Synergex and general administrative costs are recovered as outlined in Note 15 to the audited annual financial statements for the year ended December 31, 2007.

Critical Accounting Policies and Estimates

The Company's significant accounting policies are described in Note 2 to the annual audited consolidated financial statements. The preparation of the Company's financial statements, in conformity with Canadian GAAP, requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. The significant area requiring the use of management's judgment relates to the estimation of the valuation adjustment on future income tax assets.

Consolidated Financial Position

Total consolidated assets increased to \$59.3 million as at March 31, 2008 from \$41.6 million as at March 31, 2007. Total Shareholders' Equity decreased slightly to \$15.3 million as at March 31, 2008, compared to \$15.8 million as at March 31, 2007.

Outstanding Share Data

For information on outstanding share data, please refer to Note 12 to the annual consolidated financial statements.

Nature of Operations

The natural result of Synergex' business relationships and market share in the computer entertainment sector in Canada is that a significant percentage of its sales and purchases are concentrated among a limited number of customers and suppliers. For the first quarter ended March 31, 2008, two customers each accounted for more than 10% of sales and two suppliers accounted for more than 10% of purchases. For the 2007 year, two customers each accounted for more than 10% of sales and one supplier accounted for more than 10% of purchases. For the 2006 year, two customers each accounted for more than 10% of sales and four suppliers each accounted for more than 10% of purchases. In fiscal 2005, two customers each accounted for more than 10% of sales and four suppliers each accounted for more than 10% of purchases.

Forward Looking Statements

This MD&A contains "forward-looking statements" within the meaning of the United States Private Securities Litigation Reform Act of 1995 and applicable Canadian securities legislation. Forward-looking statements include, but are not limited to, statements with respect to the timing and amount of estimated future expansion and costs of expansion. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or state that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking statements are subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Synergex to be materially different from those expressed or implied by such forward-looking statements, including but not limited to risks related to the integration of acquisitions, as well as those factors discussed in the section entitled "Risk Factors" in this MD&A. Although Synergex has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking statements, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements

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will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. Synergex does not undertake to update any forward-looking statements that are incorporated by reference herein, except as required by law.

Risk Factors

Any investment in the securities of the Company are speculative due to the nature of its business and the general stage of its development. These risk factors could materially affect the Company's future operating results and could cause actual events to differ materially from those described in forward-looking statements relating to the Company. In addition to the usual risks associated with investment in a business, investors should carefully consider the following risk factors:

Competition

Synergex' competition is comprised of comprehensive logistics, supply chain management, distribution, international freight forwarding, digital media design and printing, information technology procurement, development and implementation, credit reporting, and third-party debt recovery businesses. These are highly competitive industries with many competitors, the size of which vary significantly from small, ownership-managed businesses to large companies.

Risks Associated with Expansion Activities and Acquisition Strategy

To successfully implement its corporate strategy, Synergex must be able to successfully integrate new assets and skills into an expanded suite of business disciplines. The consolidation and integration of functions and procedures presents an ongoing management challenge. The failure to achieve such integration would have a material adverse effect on the results of operations of Synergex. As a result, although Synergex believes it can successfully integrate its acquisition activities into its operations, there can be no assurance that Synergex will achieve improved operating results in each successive period. Ongoing product development activities and investment in our staff and technology base are essential to (a) ensure our leadership, (b) strengthen our competitiveness, (c) deepen our service capabilities, and (d) continue to implement our corporate concept in the future.

As part of Synergex' business strategy, it has sought and will continue to seek new development opportunities. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable arrangements, including arrangements to finance acquisitions or integrate the acquired businesses and their personnel into the Company. Synergex cannot assure that it can complete any acquisition or business arrangement that it pursues, or is pursuing, on favourable terms, or that any acquisitions or business arrangements completed will ultimately benefit the Company.

Integration of Acquired Businesses and Growth

As part of its long-term strategy, Synergex intends to acquire complementary businesses that are economically and strategically justified. However, there can be no assurance that Synergex will be able to identify attractive acquisition candidates in the future or that it will necessarily succeed in effectively managing the integration of acquired businesses. If the expected synergies from those transactions do not materialize, or if it fails to successfully integrate acquired businesses there may be an adverse effect on the business.

Dependence on International Trade

Synergex' principal businesses are directly related to the volume of international and domestic trade, in particular, cross-border trade between Canada and other countries. Such trade is influenced by many factors, including economic and political conditions, major work stoppages, wars, terrorist acts or security operations currency fluctuations and Canadian and foreign laws relating to duties trade

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restrictions, foreign investment and taxation. There can be no assurance that trade-related events beyond the control of Synergex, such as an increase in trade restrictions, will not have an adverse effect on Synergex' business.

Foreign Exchange

Synergex conducts its business primarily in Canada and purchases a large percentage of the goods it sells in U.S. currency. Synergex also conducts some of its business in jurisdictions other than Canada and the U.S. and deals in the currencies of those other jurisdictions. Exchange rate fluctuations in the spot market are beyond Synergex' control and there can be no assurance that unmitigated exchange rate fluctuations would not have a material adverse effect on Synergex' business. Synergex continually analyzes the currency-related risks that it faces and may engage in mitigating transactions, to limit its exposure to such risks, but there can be no assurance that any mitigating strategy will, if entered into, be successful. See also the Emerging (Developing) Economy Risk and International Expansion Risk Factor below.

Seasonality of Business

Although Synergex' businesses are increasingly diversified across various product lines and are carried on with a variety of customers, portions of its business and that of some of its customers (particularly those driven by consumer spending) are subject to seasonality. Synergex' results of operations generally vary between quarterly periods as a result of such seasonality.

Dependence on Key Suppliers

Synergex relies on a limited number of suppliers for its video game and software products. There can be no assurance that these suppliers, many of which have significantly greater financial and marketing resources, will not discontinue their distribution arrangement and independently market their products directly to retailers. The failure of the Company to maintain its existing relationships, or to establish new relationships in the future, could have a material adverse effect on the Company's business, results of operations and financial condition. Approximately 63% of the Company's purchases for the last fiscal year related to the products manufactured by four companies.

Emerging (Developing) Economy Risk and International Expansion Risk Factor

Synergex, because it is expanding its business into, less economically developed countries, will encounter numerous political and business risks in the effort, as well as additional foreign currency risk. In many foreign countries, such as Mexico and throughout South America, business transactions are generally not conducted as expeditiously as in Canada and the U.S., potentially leading to cost over-runs and negatively impacting revenues and expenses. To the extent there might be a necessity for litigation on a commercial matter, the likelihood of success in the litigation may not be as easy to measure as may be the case with a Canadian court.

There are political risks associated with investments in a developing host country. The principal political risks are the degree of political stability, government attitudes about foreign investment, the extent of government involvement in the economy of the host country and the economic projections of the host country. Synergex could be negatively impacted, for example, by the implementation of new exchange controls, through the expropriation of its assets through governmental action, or by the implementation of tax policies that could be either burdensome or confiscatory. Further, no assurance can be given that an existing government or political party in power in a host country will continue to enjoy a level of political stability and governmental predictability. A governmental change could impact the certainty and stability of the laws and regulations applicable to Synergex' business.

SYNERGEX CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2008

Dependence on Key Personnel

The success of Synergex is dependent on the abilities, experience and efforts of a number of members of senior management. The experience of these individuals, as well as new talent that we attract to our organization, will be an important factor contributing to Synergex' continued success and growth. While Synergex has entered into employment agreements with its senior management and with substantially all full-time employees, should these persons be unable or unwilling to continue their employment with Synergex, the loss of one or more of these individuals could have an adverse effect on Synergex' operations and business prospects. Synergex does not carry "key man" insurance policies on any of its officers, directors or employees.

Dependence on Equipment and Qualified Personnel

To maintain a competitive position in the industry, Synergex will continue to place an emphasis on providing high quality of service to its customers. Synergex continues to provide its employees with on-going training and education, and utilizes reliable, up-to-date capital equipment, and computerized systems maintained through an in-house programming staff. There can be no assurance that Synergex will not experience employee turnover in the future or that Synergex' labour costs will not increase. There is no assurance that the Company will be able to continue to hire and retain a sufficient number of qualified personnel, though our track record in this regard is positive.

Creating New Revenue Sources

In addition to capturing a portion of the market by offering traditional services, Synergex' ability to grow revenue is based, in part, on its ability to sell additional value-added services to its existing and new clients, sometimes in non-traditional business models.

Vulnerability to Economic Conditions

Synergex is dependent on the economic environments in which it operates. Demand for Synergex' services could be adversely affected by economic conditions in the sectors in which Synergex' customers operates. Synergex' business has also experienced and is expected to experience fluctuations, and can be sensitive to external factors such as events which may adversely affect the economy and consumer spending. There can be no assurance that such factors may not have an adverse effect on Synergex' business.

Technology

Synergex has made significant investments in developing RFID and Digital Signage technologies which currently have no widespread industry standards. The introduction of products embodying new technologies and the emergence of new industry standards could render Synergex' existing products obsolete and unmarketable. There can be no assurance that Synergex will respond effectively to market or technological changes or compete successfully in the future. Synergex' future success will depend upon its ability to enhance its current offering of products to introduce new products that keep pace with technological developments, to respond to evolving end-users' requirements and to achieve market penetration.

Market Price of Common Shares

The market price of Synergex' common shares has been and may be subject to wide fluctuations in response to factors such as actual or anticipated variations in Synergex' consolidated results of operations, as reflected in its quarterly earnings reports, general market conditions, and other factors. Market fluctuations, as well as general economic, political and market conditions such as recessions, interest rate changes or international currency fluctuations may adversely affect the market price of the common shares.

SYNERGEX CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2008

Contingencies

In the normal course of operations, there are or may be claims or proceedings instituted against Synergex. Management does not expect that these claims or proceedings will have a material effect on the financial position of Synergex or its results of operations. Losses sustained, if any, will be recorded on the statement of operations at such time as the loss is determined.

Dividend Policy

No dividends on the Common Shares have been paid by Synergex to date. The Company anticipates that it will retain earnings and other cash resources for the foreseeable future for the operation and development of its business and does not intend to declare or pay any cash dividends in the foreseeable future. Synergex has paid dividends on its Series A Preference Shares. Payment of any future dividends will be at the discretion of the Company's board of directors after taking into account many factors, including operating results, financial condition and current and anticipated cash needs.

Concentration of Share Ownership

David Aiello, the President and CEO of the Company, owns approximately 74% of the outstanding Common Shares. As a result of his share ownership, David Aiello has the ability to elect all of the Company's directors and to determine the outcome of corporate actions requiring shareholder approval, including changes to share capital, irrespective of how other shareholders of the Company may vote. Such concentration of ownership may also have the effect of delaying or preventing a change in control of the Company.

Controls and Procedures

In accordance with the Canadian Securities Administrators Multilateral Instrument 52-109, the Company has filed certificates signed by the President and Chief Executive Officer, and the Chief Financial Officer that, among other things, report on the design of disclosure controls and procedures and the design of internal control over financial reporting.

The President and Chief Executive Officer, and the Chief Financial Officer have evaluated that there were no changes to the Company's internal controls over financial reporting during the first quarter ended March 31, 2008, that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

SYNERGEX CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS

For the First Quarter Ended March 31, 2008

SYNERGEX CORPORATION
1280 Courtneypark Drive East
Mississauga, ON, Canada
L5T 1N6

Synergex Board of Directors and Management

David A. Aello
Chairman of the Board

David O. A. Aiello, CA
President, Chief Executive Officer, and Director

John L. Smith
Senior Vice-President and Director

Thomas Davidson Jr.
Director

Neil Fleshner, MD
Director

Phil Walton
Director

Nick Blasutto, CA, CBV
Chief Financial Officer

Matthew Reiter
Senior Vice-President

Jean-Paul Rehr
Senior Vice-President

Eric So, LL.B.
Vice-President, Corporate Strategy and General Counsel

For more information on the Company and what Synergex can do for your business, please visit our website at: www.syx.ca. Additional information, including the Company's Annual Information Form, is available under its profile on SEDAR at www.sedar.com.