

SYNERGEX CORPORATION

**INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED MARCH 31, 2007
& MARCH 31, 2006**

UNAUDITED- PREPARED BY MANAGEMENT

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, 2006 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, 2007

SYNERGEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

	March 31, 2007	December 31, 2006	March 31, 2006
ASSETS			
Current			
Cash	\$ 4,187,876	\$ 7,114,948	\$ 12,259,173
Cash investment	0	0	247,500
Accounts receivable	25,344,231	56,007,285	23,237,719
Inventory	4,405,988	4,958,961	3,192,083
Prepaid expenses and sundry receivables	1,265,656	937,808	931,702
Income taxes receivable	<u>937,434</u>	<u>701,432</u>	<u>219,972</u>
	<u>36,141,185</u>	<u>69,720,434</u>	<u>40,088,149</u>
Cash investment	247,500	247,500	0
Equipment	4,336,522	3,936,359	2,883,386
Customer list	15,953	39,883	111,672
Goodwill			50,001
Listing costs	104,087	104,087	0
Future income taxes	<u>759,000</u>	<u>759,000</u>	<u>432,000</u>
	<u>\$41,604,247</u>	<u>\$74,807,263</u>	<u>\$43,565,208</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$23,373,985	\$56,122,716	\$25,507,416
Income taxes payable	396,816	190,366	829,441
Current portion of capital lease	114,868	114,868	117,690
Deferred revenue	<u>1,461,357</u>	<u>1,837,277</u>	<u>2,557,791</u>
	<u>25,347,026</u>	<u>58,265,227</u>	<u>29,012,338</u>
Other Liabilities			
Obligations under capital lease	187,939	217,914	310,213
Deferred revenue	48,822	55,286	61,033
Future income taxes	<u>249,000</u>	<u>249,000</u>	<u>159,500</u>
	<u>485,761</u>	<u>522,200</u>	<u>530,746</u>
	<u>26,054,027</u>	<u>58,787,427</u>	<u>29,543,084</u>
SHAREHOLDERS' EQUITY			
Capital stock	11,566,329	11,686,343	12,136,914
Contributed surplus	867,630	844,493	800,934
Retained Earnings	<u>3,347,621</u>	<u>3,489,000</u>	<u>1,084,276</u>
	<u>15,771,460</u>	<u>16,019,836</u>	<u>14,022,124</u>
	<u>\$41,604,247</u>	<u>\$ 74,807,263</u>	<u>\$43,565,208</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended March 31 2007	Three months ended March 31 2006
Sales	\$26,114,317	\$28,868,915
Cost of sales	<u>22,648,046</u>	<u>24,616,552</u>
Gross profit	<u>3,456,271</u>	<u>4,252,363</u>
Expenses		
General and administrative	3,073,391	2,367,233
Sales expense	266,063	572,845
Interest and bank charges	45,965	37,325
Interest income	(105,239)	(83,631)
Amortization of equipment	223,738	171,324
Amortization of customer list	<u>23,931</u>	<u>23,931</u>
	<u>3,527,849</u>	<u>3,089,027</u>
Net income (loss) before income taxes	(71,578)	1,163,336
Provision for income taxes	<u>(29,550)</u>	<u>447,000</u>
Net income (loss) for the period	<u>\$ (42,028)</u>	<u>\$ 716,336</u>

Earnings Per Share

Weighted average number of common shares outstanding:

Basic	111,602,785	111,553,785
Fully diluted	112,820,785	112,446,285
Earning per share		
Basic and Fully diluted	\$0.00	\$0.01

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

	Three months ended March 31 2007	Three months ended March 31 2006
Retain Earnings, beginning of period	\$3,489,000	\$462,615
Net income (loss) for the period	(42,028)	716,336
Dividends	<u>(99,351)</u>	<u>(94,675)</u>
Retained Earnings, end of period	<u>\$3,347,621</u>	<u>\$1,084,276</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended March 31 2007	Three months ended March 31 2006
Cash Flows from Operating Activities		
Net income (loss) for the period	\$(42,028)	\$716,336
Adjustments For		
Amortization of equipment	223,738	171,324
Amortization of customer list	23,931	23,931
Stock based compensation	<u>53,123</u>	<u>69,053</u>
	258,764	980,644
Accounts receivable	30,663,054	13,245,053
Inventory	522,973	(857,336)
Prepaid expenses and sundry receivables	(327,848)	(46,857)
Income taxes receivable and payable	(29,552)	(317,003)
Accounts payable and accrued liabilities	(32,728,852)	(6,414,225)
Deferred revenue	<u>(382,384)</u>	<u>132,353</u>
	<u>(2,023,845)</u>	<u>6,722,629</u>
Cash Flows from Investing Activities		
Additions to equipment	(623,901)	(373,761)
Acquisition of SJS Control Technologies Inc.	<u>0</u>	<u>(50,001)</u>
	<u>(623,901)</u>	<u>(423,762)</u>
Cash Flows from Financing Activities		
Redemption of Class A Shares	(120,014)	(240,027)
Contributed surplus	(29,986)	(59,972)
Capital lease repayments	(29,975)	(23,476)
Dividends paid	<u>(99,351)</u>	<u>(94,675)</u>
	<u>(279,326)</u>	<u>(418,150)</u>
Increase (Decrease) in Cash	(2,927,072)	5,880,717
Cash – Beginning of Period	<u>7,114,948</u>	<u>6,378,456</u>
Cash – End of Period	<u>\$4,187,876</u>	<u>\$12,259,173</u>
Cash paid during the period for:		
Interest	\$45,965	\$37,325
Income taxes	\$279,569	\$512,958

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2007

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, 2006. 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, 2007 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, 2006.

3. Segmented Information

The Company considers that its operations fall principally into three business segments, namely (1) Commercial Gateway, (2) Business Information and (3) Synergex Technology. 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:

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2007

Three months ended March 31, 2007					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 24,224,946	\$ 980,103	\$ 909,268	\$ 0	\$ 26,114,317
Cost of sales	<u>21,276,296</u>	<u>642,739</u>	<u>739,011</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>3,456,271</u>
Expenses					
General and administrative	1,834,516	157,475	338,124	865,260	3,073,390
Sales expense	238,873	9,386	17,804	0	266,063
Interest and bank charges	15,749	9,029	15,651	5,536	45,965
Interest income	(89,255)	(1,268)	(463)	(14,716)	(105,239)
Amortization of equipment	50,729	25,600	16,293	131,116	233,738
Amortization of customer list	<u>0</u>	<u>23,931</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>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>\$ (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>\$3,004,635</u>	<u>\$41,604,247</u>
Capital expenditures	<u>\$ 483,442</u>	<u>\$ 4,374</u>	<u>\$ 26,097</u>	<u>\$ 109,988</u>	<u>\$ 623,901</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2007

Three months ended March 31, 2006					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 26,996,398	\$ 1,010,402	\$862,115	\$ 0	\$28,868,915
Cost of sales	<u>23,276,449</u>	<u>614,957</u>	<u>725,146</u>	<u>0</u>	<u>24,616,552</u>
Gross profit	<u>3,719,949</u>	<u>395,445</u>	<u>136,969</u>	<u>0</u>	<u>4,252,363</u>
Expenses					
General and administrative	1,243,615	339,954	240,304	653,811	2,477,684
Sales expense	435,899	6,207	20,289	0	462,395
Interest and bank charges	8,382	12,313	9,279	7,351	37,325
Interest income	(73,000)	(2,241)	(393)	(7,997)	(83,631)
Amortization of equipment	81,595	42,492	1,739	45,498	171,324
Amortization of customer list	<u>0</u>	<u>23,931</u>	<u>0</u>	<u>0</u>	<u>23,931</u>
	<u>1,696,491</u>	<u>422,656</u>	<u>271,218</u>	<u>698,663</u>	<u>3,089,028</u>
Income (loss) before income taxes	<u>\$2,023,458</u>	<u>\$ (27,211)</u>	<u>\$(134,249)</u>	<u>\$(698,663)</u>	(1,163,335)
Provision for income taxes					<u>(447,000)</u>
Net income (loss) for the period					<u>\$716,335</u>
Assets	<u>\$37,511,960</u>	<u>\$3,201,273</u>	<u>\$954,406</u>	<u>\$1,897,570</u>	<u>\$43,565,208</u>
Capital expenditures	<u>\$ 179,209</u>	<u>\$ 8,460</u>	<u>\$ 5,191</u>	<u>\$ 180,901</u>	<u>\$ 373,761</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2007

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, 2006 and March 31, 2007	<u>111,602,785</u>	<u>\$6,906,425</u>
Issued preference shares:		
Balance at December 31, 2006	5,974,219	\$4,779,918
Redeemed	<u>150,000</u>	<u>120,014</u>
Balance at March 31, 2007	<u>5,824,219</u>	<u>\$4,659,904</u>

On March 29, 2007, 150,000 Series A Preference shares were redeemed for \$1.00 per share.

b) Contributed Surplus

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

	<u>Amount</u>
Balance at December 31, 2006;	\$844,493
Series A Preference Shares redeemed	(29,986)
Stock based Compensation	<u>53,122</u>
Balance at March 31, 2007	<u>\$867,630</u>

SYNERGEX CORPORATION
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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, 2006	1,218,000	\$0.49
Granted	0	\$0.00
Exercised	0	\$0.00
Expired/cancelled	<u>0</u>	\$0.00
Balance at March 31, 2007	<u>1,218,000</u>	\$0.49

These options expire at various dates between January 2008 and November 2011.

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, 2007 was \$0.00 per option (2006 -\$0.44 per option) and the compensation expense, included in general and administrative expense, for the existing options for the period was \$53,123 (2006 - \$69,053). 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>2007</u>	<u>2006</u>
Risk-free interest rate	NA	4.0%
Expected life in years	NA	4.75
Expected volatility	NA	241.83
Expected dividend rate	0.0%	0.0%

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2007

5. Related Party Transactions

In the normal course of operations, the Company provides logistics services and recovers general and administrative costs from two companies owned by a director.

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

	Three months ended March 31 2007	Three months ended March 31 2006
Logistics services rendered	\$62,360	\$114,875
General and administrative costs recovered	\$31,728	\$ 34,994
Amounts in accounts receivables	\$330,284	\$403,893