



INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTH PERIOD ENDED
JUNE 30, 2007
UNAUDITED - PREPARED BY MANAGEMENT

SYNERGEX CORPORATION

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

August 13, 2007

SYNERGEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

	June 30, 2007	December 31, 2006	June 30, 2006
ASSETS			
Current			
Cash	\$ 106,720	\$ 7,114,948	\$ 7,876,822
Deposit	0	0	247,500
Accounts receivable	22,568,847	56,007,285	16,094,992
Inventory	4,772,942	4,958,961	2,671,791
Prepaid expenses and sundry receivables	1,343,171	937,808	1,076,217
Income taxes receivable	<u>1,501,462</u>	<u>701,432</u>	<u>372,002</u>
	<u>30,293,142</u>	<u>69,720,434</u>	<u>28,339,324</u>
Other			
Cash investment	247,500	247,500	0
Equipment	4,485,982	3,936,359	2,773,126
Customer list	0	39,883	87,743
Future income taxes	799,000	759,000	148,500
Listing costs	104,087	104,087	104,087
Goodwill	<u>0</u>	<u>0</u>	<u>50,001</u>
	<u>5,636,569</u>	<u>5,086,829</u>	<u>3,163,457</u>
	<u>\$35,929,711</u>	<u>\$74,807,263</u>	<u>\$31,502,781</u>
LIABILITIES			
Current			
Accounts payable and accrued liabilities	\$18,081,131	\$56,122,716	\$13,316,980
Income taxes payable	165,694	190,366	846,089
Current portion of capital lease	114,868	114,868	117,690
Deferred revenue	<u>1,291,041</u>	<u>1,837,277</u>	<u>1,717,773</u>
	<u>19,652,734</u>	<u>58,265,227</u>	<u>15,998,532</u>
Other			
Obligations under capital lease	163,562	217,914	288,513
Deferred revenue	31,470	55,286	100,776
Future income taxes	<u>249,000</u>	<u>249,000</u>	<u>443,000</u>
	<u>444,032</u>	<u>522,200</u>	<u>832,289</u>
	<u>20,096,766</u>	<u>58,878,427</u>	<u>16,830,821</u>
SHAREHOLDERS' EQUITY			
Capital stock	11,566,329	11,686,343	12,140,334
Contributed surplus	918,881	844,493	731,881
Retained earnings	<u>3,347,735</u>	<u>3,489,000</u>	<u>1,799,745</u>
	<u>15,832,945</u>	<u>16,019,836</u>	<u>14,671,960</u>
	<u>\$35,929,711</u>	<u>\$74,807,263</u>	<u>\$31,502,781</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended June 30 2007	Three months ended June 30 2006	Six months ended June 30 2007	Six months ended June 30 2006
Sales	\$27,843,170	\$26,335,807	\$53,957,487	\$55,204,722
Cost of sales	<u>23,776,867</u>	<u>21,952,162</u>	<u>46,434,913</u>	<u>46,568,714</u>
Gross profit	<u>4,066,303</u>	<u>4,383,645</u>	<u>7,522,574</u>	<u>8,636,008</u>
Expenses				
General and administrative	3,070,681	2,693,101	6,144,072	5,160,334
Sales expense	536,263	366,326	802,326	839,171
Interest and bank charges	56,065	47,704	102,030	83,529
Interest income	(48,764)	(121,307)	(154,003)	(203,438)
Amortization of equipment	291,033	186,980	514,771	358,304
Amortization of customer list	<u>15,952</u>	<u>23,931</u>	<u>39,883</u>	<u>47,862</u>
	<u>3,921,230</u>	<u>3,196,735</u>	<u>7,449,079</u>	<u>6,285,762</u>
Income before income taxes	145,073	1,186,910	73,495	2,350,246
Provision for income taxes	<u>49,378</u>	<u>369,000</u>	<u>19,828</u>	<u>816,000</u>
Net income for the period	<u>\$95,695</u>	<u>\$817,910</u>	<u>\$53,667</u>	<u>\$1,534,246</u>

Earnings Per Share

Weighted average number of common shares outstanding:

Basic	111,602,785	111,573,385	111,602,785	111,573,285
Fully diluted	112,820,782	112,062,835	112,820,782	112,481,285
Earning per share				
Basic and Fully diluted	\$0.00	\$0.01	\$0.00	\$0.01

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF
RETAINED EARNINGS
(unaudited)

	Three months ended June 30 2007	Three months ended June 30 2006	Six months ended June 30 2007	Six months ended June 30 2006
Retained earnings, beginning of period	\$3,347,621	\$1,084,276	\$ 3,489,000	\$ 462,615
Net income for the period	95,695	817,910	53,667	1,534,246
Dividend on Class A Shares	<u>(95,581)</u>	<u>(102,441)</u>	<u>(194,932)</u>	<u>(197,116)</u>
Retained earnings, end of period	<u>\$3,347,735</u>	<u>\$1,799,745</u>	<u>\$3,347,735</u>	<u>\$1,799,745</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended June 30 2007	Three months ended June 30 2006	Six months ended June 30 2007	Six months ended June 30 2006
Cash Flows from Operating Activities				
Net income for the period	\$95,695	\$817,910	\$53,667	\$1,534,246
Adjustments For				
Amortization of equipment	291,033	186,980	514,771	358,304
Amortization of customer list	15,952	23,931	39,883	47,862
Stock based compensation	51,251	0	104,374	0
Future income taxes	<u>(40,000)</u>	<u>567,000</u>	<u>(40,000)</u>	<u>567,000</u>
	413,931	1,595,821	672,695	2,507,412
Net changes in non-cash working capital balances				
Accounts receivable	2,775,385	7,142,727	33,438,439	20,387,780
Inventory	(366,954)	520,292	186,019	(337,044)
Prepaid expenses and sundry receivables	(77,515)	(144,515)	(405,363)	(191,372)
Income taxes receivable and payable	(795,150)	(135,382)	(824,702)	(452,385)
Accounts payable and accrued liabilities	(5,282,734)	(12,790,438)	(38,041,586)	(19,204,661)
Deferred revenue	<u>(187,668)</u>	<u>(200,275)</u>	<u>(570,052)</u>	<u>(67,922)</u>
	<u>(3,934,636)</u>	<u>(5,607,591)</u>	<u>(6,217,245)</u>	<u>134,396</u>
	<u>(3,520,705)</u>	<u>(4,011,770)</u>	<u>(5,544,550)</u>	<u>2,641,808</u>
Cash Flows from Investing Activities				
Additions to equipment	(440,493)	(76,720)	(1,064,394)	(450,481)
Acquisition of SJS control Technologies Inc.	0	0	0	(50,001)
Additions of other long term assets	<u>0</u>	<u>(104,087)</u>	<u>0</u>	<u>(104,087)</u>
	<u>(440,493)</u>	<u>(180,807)</u>	<u>(1,064,394)</u>	<u>(604,569)</u>
Cash Flows from Financing Activities				
Capital stock issued	0	3,420	0	0
Contributed surplus	0	(69,053)	(29,986)	(59,973)
Capital lease repayments	(24,377)	(21,700)	(54,352)	(45,176)
Redemption of Class A Shares	0	0	(120,014)	(236,608)
Dividends paid	<u>(95,581)</u>	<u>(102,441)</u>	<u>(194,932)</u>	<u>(197,116)</u>
	<u>(119,958)</u>	<u>(189,774)</u>	<u>(399,284)</u>	<u>(538,873)</u>
Increase (Decrease) in Cash	(4,081,156)	(4,382,351)	(7,008,228)	1,498,366
Cash – Beginning of Period	<u>4,187,876</u>	<u>12,259,173</u>	<u>7,114,948</u>	<u>6,378,456</u>
Cash – End of Period	<u>\$ 106,720</u>	<u>\$7,876,822</u>	<u>\$ 106,720</u>	<u>\$7,876,822</u>
Cash paid during the period for:				
Interest	<u>\$56,065</u>	<u>\$47,704</u>	<u>\$102,030</u>	<u>\$83,529</u>
Income taxes	<u>\$564,028</u>	<u>\$623,126</u>	<u>\$800,030</u>	<u>\$1,136,084</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED JUNE 30, 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, 2006. The nature of the business is seasonal and the results of operations for the six months ended June 30, 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
SECOND QUARTER ENDED JUNE 30, 2007

Three months ended June 30, 2007					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 25,922,160	\$ 945,907	\$ 975,103	\$ 0	\$ 27,843,170
Cost of sales	<u>22,245,539</u>	<u>681,215</u>	<u>850,113</u>	<u>0</u>	<u>23,776,867</u>
Gross profit	<u>3,676,621</u>	<u>264,692</u>	<u>124,990</u>	<u>0</u>	<u>4,066,303</u>
Expenses					
General and administrative	1,477,160	300,330	277,985	1,015,206	3,070,681
Sales expense	380,306	8,543	147,414	0	536,263
Interest and bank charges	11,568	16,811	20,565	7,121	56,065
Interest income	(27,377)	(721)	(600)	(20,066)	(48,764)
Amortization of equipment	96,195	30,112	16,936	147,790	291,033
Amortization of customer list	<u>0</u>	<u>15,952</u>	<u>0</u>	<u>0</u>	<u>15,952</u>
	<u>1,937,852</u>	<u>371,027</u>	<u>462,300</u>	<u>1,150,051</u>	<u>3,921,230</u>
Income (loss) before income taxes	<u>\$ 1,738,769</u>	<u>\$ (106,335)</u>	<u>\$ (337,310)</u>	<u>\$ (1,150,051)</u>	<u>\$ 145,073</u>
Provision for income taxes					<u>49,378</u>
Net income for the period					<u>\$ 95,695</u>
Assets	<u>\$ 28,203,665</u>	<u>\$ 2,214,550</u>	<u>\$ 2,308,273</u>	<u>\$ 3,203,223</u>	<u>\$ 35,929,711</u>
Capital expenditures	<u>\$ 275,117</u>	<u>\$ 1,752</u>	<u>\$ 16,224</u>	<u>\$ 147,400</u>	<u>\$ 440,493</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED JUNE 30, 2007

Three months ended June 30, 2006					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 24,067,802	\$ 1,134,112	\$ 1,133,893	\$ 0	\$ 26,335,807
Cost of sales	<u>20,360,013</u>	<u>758,968</u>	<u>833,181</u>	<u>0</u>	<u>21,952,162</u>
Gross profit	<u>3,707,789</u>	<u>375,144</u>	<u>300,712</u>	<u>0</u>	<u>4,383,645</u>
Expenses					
General and administrative	1,704,598	162,491	223,413	602,599	2,693,101
Sales expense	354,391	0	11,934	0	366,325
Interest and bank charges	20,977	2,290	14,630	9,807	47,704
Interest income	(101,042)	(8,506)	(228)	(11,531)	(121,307)
Amortization of equipment	88,295	43,151	8,477	47,057	186,980
Amortization of customer list	<u>0</u>	<u>23,931</u>	<u>0</u>	<u>0</u>	<u>23,931</u>
	<u>2,067,219</u>	<u>223,357</u>	<u>258,226</u>	<u>647,932</u>	<u>3,196,734</u>
Income (loss) before income taxes	<u>\$ 1,640,570</u>	<u>\$ 151,787</u>	<u>\$ 42,486</u>	<u>\$ (647,932)</u>	<u>\$ 1,186,910</u>
Provision for income taxes					<u>369,000</u>
Net income for the period					<u>\$817,910</u>
Assets	<u>\$ 25,114,067</u>	<u>\$ 2,997,743</u>	<u>\$ 1,459,983</u>	<u>\$ 1,930,988</u>	<u>\$ 31,502,781</u>
Capital expenditures	<u>\$ 10,616</u>	<u>\$ 0</u>	<u>\$ 21,153</u>	<u>\$ 44,951</u>	<u>\$ 76,720</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED JUNE 30, 2007

Six months ended June 30, 2007					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 50,147,106	\$ 1,926,010	\$1,884,371	\$ 0	\$ 53,957,487
Cost of sales	<u>43,521,835</u>	<u>1,323,954</u>	<u>1,589,124</u>	<u>0</u>	<u>46,434,913</u>
Gross profit	<u>6,625,271</u>	<u>602,056</u>	<u>295,247</u>	<u>0</u>	<u>7,522,574</u>
Expenses					
General and administrative	3,189,692	457,805	616,109	1,880,466	6,144,072
Sales expense	619,179	17,929	165,218	0	802,326
Interest and bank charges	27,317	25,840	36,216	12,657	102,030
Interest income	(116,169)	(1,989)	(1,063)	(34,782)	(154,003)
Amortization of equipment	146,924	55,712	33,229	278,906	514,771
Amortization of customer list	<u>0</u>	<u>39,883</u>	<u>0</u>	<u>0</u>	<u>39,883</u>
	<u>3,866,943</u>	<u>595,180</u>	<u>849,709</u>	<u>2,137,247</u>	<u>7,449,079</u>
Income (loss) before income taxes	<u>\$ 2,758,328</u>	<u>\$ 6,876</u>	<u>\$ (554,462)</u>	<u>\$ (2,137,247)</u>	<u>\$ 73,495</u>
Provision for income taxes					<u>19,828</u>
Net income for the period					<u>\$ 53,667</u>
Assets	<u>\$ 28,203,665</u>	<u>\$ 2,214,550</u>	<u>\$ 2,308,273</u>	<u>\$ 3,203,223</u>	<u>\$ 35,929,711</u>
Capital expenditures	<u>\$ 758,559</u>	<u>\$ 6,126</u>	<u>\$ 42,321</u>	<u>\$ 257,388</u>	<u>\$ 1,064,394</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED JUNE 30, 2007

Six months ended June 30, 2006					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 51,064,200	\$2,144,514	\$1,996,008	\$ 0	\$55,204,722
Cost of sales	<u>43,636,462</u>	<u>1,373,925</u>	<u>1,558,327</u>	<u>0</u>	<u>46,568,714</u>
Gross profit	<u>7,427,738</u>	<u>770,589</u>	<u>437,681</u>	<u>0</u>	<u>8,636,008</u>
Expenses					
General and administrative	2,931,555	508,652	463,717	1,256,410	5,160,334
Sales expense	806,938	0	32,233	0	839,171
Interest and bank charges	29,359	13,103	23,909	17,158	83,529
Interest income	(174,042)	(9,247)	(621)	(19,528)	(203,438)
Amortization of equipment	169,890	85,643	10,216	92,555	358,304
Amortization of customer list	<u>0</u>	<u>47,862</u>	<u>0</u>	<u>0</u>	<u>47,862</u>
	<u>3,763,700</u>	<u>646,013</u>	<u>529,454</u>	<u>1,346,595</u>	<u>6,285,763</u>
Income (loss) before income taxes	<u>\$ 3,664,038</u>	<u>\$ 124,576</u>	<u>\$ (91,773)</u>	<u>\$ (1,346,595)</u>	<u>\$ 2,350,245</u>
Provision for income taxes					<u>816,000</u>
Net income for the period					<u>\$1,534,245</u>
Assets	<u>\$28,203,665</u>	<u>\$2,997,743</u>	<u>\$2,308,273</u>	<u>\$1,930,988</u>	<u>\$31,502,781</u>
Capital expenditures	<u>\$ 58,203</u>	<u>\$ 8,640</u>	<u>\$ 157,786</u>	<u>\$ 225,852</u>	<u>\$ 450,481</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED JUNE 30, 2007

4. Share Capital

a) Capital Stock

Authorized and issued

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 June 30, 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 June 30, 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>104,374</u>
Balance at June 30, 2007	<u>\$918,881</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SECOND QUARTER ENDED JUNE 30, 2007

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 June 30, 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 June 30, 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 \$51,251 (2006 - \$72,834). 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
SECOND QUARTER ENDED JUNE 30, 2007

5. Related Party Transactions

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

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

	Three months ended June 30 2007	Three months ended June 30 2006	Six months ended June 30 2007	Six months ended June 30 2006
Logistics services rendered	\$25,061	\$26,232	\$44,953	\$51,024
General and administrative costs recovered	\$ 17,992	\$ 12,550	\$ 34,797	\$ 28,392
Amounts in accounts receivables	\$310,943	\$303,735	\$310,943	\$303,735