



INTERIM CONSOLIDATED FINANCIAL STATEMENTS

**FOR THE NINE MONTH PERIOD ENDED
SEPTEMBER 30, 2007 & SEPTEMBER 30, 2006
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 audited consolidated financial statements of Synergex Corporation for the year ended December 31, 2006. 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

November 12, 2007

SYNERGEX CORPORATION
CONSOLIDATED BALANCE SHEETS
(unaudited)

	September 30, 2007	December 31, 2006	September 30, 2006
ASSETS			
Current			
Cash	\$ 0	\$ 7,114,948	\$7,448,556
Accounts receivable	26,800,149	56,007,285	27,209,061
Inventory	4,322,694	4,958,961	3,504,242
Prepaid expenses and sundry receivables	1,593,031	937,808	1,332,284
Income taxes receivable	1,553,296	701,432	0
	<u>34,269,170</u>	<u>69,720,434</u>	<u>39,494,143</u>
Other			
Cash investment	247,500	247,500	247,500
Equipment	5,464,131	3,936,359	3,157,654
Customer list	0	39,883	63,813
Future income taxes	789,000	759,000	148,000
Listing costs	104,087	104,087	104,087
Goodwill	0	0	50,001
	<u>6,604,718</u>	<u>5,086,829</u>	<u>3,771,555</u>
	<u>\$ 40,873,888</u>	<u>\$74,807,263</u>	<u>\$43,265,698</u>
LIABILITIES			
Current			
Bank indebtedness	\$ 706,723	\$ 0	\$ 0
Accounts payable and accrued liabilities	21,036,873	56,122,716	24,656,952
Income taxes payable	153,826	190,366	1,095,000
Current portion of capital lease	165,950	114,868	117,690
Deferred revenue	1,677,354	1,837,277	2,276,505
	<u>23,740,726</u>	<u>58,265,227</u>	<u>28,146,147</u>
Other			
Obligations under capital lease	843,335	217,914	256,192
Deferred revenue	21,939	55,286	78,379
Future income taxes	249,000	249,000	443,000
	<u>1,114,274</u>	<u>522,200</u>	<u>777,571</u>
	<u>24,855,000</u>	<u>58,878,427</u>	<u>28,923,719</u>
SHAREHOLDERS' EQUITY			
Capital stock	11,566,329	11,686,343	11,664,280
Contributed surplus	986,591	844,493	611,935
Retained earnings	3,465,968	3,489,000	2,065,765
	<u>16,018,888</u>	<u>16,019,836</u>	<u>14,341,980</u>
	<u>\$40,873,888</u>	<u>\$74,807,263</u>	<u>\$43,265,698</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

	Three months ended September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Sales	\$32,010,428	\$37,040,554	\$85,967,915	\$92,245,276
Cost of sales	27,273,576	32,846,220	73,708,489	79,414,934
Gross profit	<u>4,736,852</u>	<u>4,194,334</u>	<u>12,259,426</u>	<u>12,830,342</u>
Expenses				
General and administrative	3,549,963	2,898,134	9,694,035	8,058,468
Sales expense	527,517	464,659	1,329,842	1,303,830
Interest and bank charges	119,256	31,821	221,286	115,350
Interest income	(46,978)	(96,940)	(200,981)	(300,378)
Amortization of equipment	244,214	188,192	758,985	546,496
Amortization of customer list	0	23,930	39,883	71,792
Employee termination costs	0	31,883	0	31,883
	<u>4,393,972</u>	<u>3,541,679</u>	<u>11,843,051</u>	<u>9,827,441</u>
Income before income taxes	342,880	652,655	416,375	3,002,901
Provision for income taxes	129,226	279,000	149,054	1,095,000
Net income for the period	<u>\$213,654</u>	<u>\$373,655</u>	<u>\$267,321</u>	<u>\$1,907,901</u>

Earnings Per Share

Weighted average number of common shares outstanding:

Basic	111,602,785	111,578,285	111,602,785	111,578,285
Fully diluted	112,820,782	112,523,785	112,820,782	112,523,785
Earning per share				
Basic and Fully diluted	\$0.00	\$0.00	\$0.00	\$0.02

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF
RETAINED EARNINGS
(unaudited)

	Three months ended September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Retained earnings, beginning of period	\$3,347,735	\$1,799,745	\$3,489,000	\$ 462,615
Net income for the period	213,654	373,655	267,321	1,907,901
Dividend on Class A Shares	(95,421)	(107,635)	(290,353)	(304,751)
Retained earnings, end of period	<u>\$3,465,968</u>	<u>\$2,065,765</u>	<u>\$3,465,968</u>	<u>\$2,065,765</u>

SYNERGEX CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(unaudited)

	Three months ended September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Cash Flows from Operating Activities				
Net income for the period	\$213,654	\$373,655	\$267,321	\$1,907,901
Adjustments For				
Amortization of equipment	244,214	188,192	758,985	546,496
Amortization of customer list	0	23,930	39,883	71,792
Stock based compensation	67,710	0	172,083	0
Future income taxes	10,000	0	(30,000)	567,000
	<u>535,578</u>	<u>585,777</u>	<u>1,208,272</u>	<u>3,093,189</u>
Net changes in non-cash working capital balances				
Accounts receivable	(4,231,303)	(11,114,069)	29,207,136	9,273,711
Inventory	450,248	(832,451)	636,267	(1,169,495)
Prepaid expenses and sundry receivables	(249,860)	(256,067)	(655,223)	(447,439)
Income taxes receivable and payable	(63,702)	620,913	(888,702)	168,528
Accounts payable and accrued liabilities	2,955,743	11,341,572	(35,085,544)	(7,264,689)
Deferred revenue	376,782	536,335	(193,270)	(131,587)
	<u>(762,092)</u>	<u>296,233</u>	<u>(6,979,336)</u>	<u>429,029</u>
	<u>(226,514)</u>	<u>882,010</u>	<u>(5,771,064)</u>	<u>3,522,218</u>
Cash Flows from Investing Activities				
Additions to equipment	(1,222,363)	(572,720)	(2,286,757)	(1,023,201)
Acquisition of SJS control Technologies Inc.	0	0	0	(50,001)
Additions of other long term assets	0	0	0	(104,087)
	<u>(1,222,363)</u>	<u>(572,720)</u>	<u>(2,286,757)</u>	<u>(1,177,289)</u>
Cash Flows from Financing Activities				
Capital stock issued	0	2,400	0	7,420
Contributed surplus	0	(119,945)	(29,986)	(179,919)
Capital lease repayments	(34,174)	(32,321)	(88,526)	(77,497)
Capital lease	765,029	0	765,029	0
Redemption of Class A Shares	0	(480,055)	(120,014)	(720,082)
Dividends paid	(95,421)	(107,635)	(290,353)	(304,751)
	<u>635,434</u>	<u>(737,556)</u>	<u>236,150</u>	<u>(1,274,829)</u>
Increase (Decrease) in Cash	(813,443)	(428,266)	(7,821,671)	1,070,100
Cash – Beginning of Period	106,720	7,876,822	7,114,948	6,378,456
Cash indebtedness – End of Period	<u>\$ (706,723)</u>	<u>\$7,448,556</u>	<u>\$ (706,723)</u>	<u>\$7,448,556</u>
Cash paid during the period for:				
Interest	<u>\$119,256</u>	<u>\$31,821</u>	<u>\$221,286</u>	<u>\$115,350</u>
Income taxes	<u>\$129,226</u>	<u>\$433,929</u>	<u>\$149,054</u>	<u>\$1,570,013</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 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 audited 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 nine months ended September 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
THIRD QUARTER ENDED SEPTEMBER 30, 2007

Three months ended September 30, 2007					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 30,328,305	\$ 799,579	\$ 882,544	\$ 0	\$ 32,010,428
Cost of sales	25,899,229	561,998	812,349	0	27,273,576
Gross profit	4,429,076	237,581	70,195	0	4,736,852
Expenses					
General and administrative	2,394,193	466,538	67,454	621,779	3,549,964
Sales expense	473,192	0	54,324	0	527,516
Interest and bank charges	72,164	12,441	26,507	8,144	119,256
Interest income	(22,027)	(162)	0	(24,789)	(46,978)
Amortization of equipment	64,349	23,959	18,111	137,795	244,214
Amortization of customer list	0	0	0	0	0
	2,981,871	502,776	166,396	742,929	4,393,972
Income (loss) before income taxes	\$ 1,447,205	\$ (265,195)	\$ (96,201)	\$ (742,929)	\$ 342,880
Provision for income taxes					129,226
Net income for the period					\$ 213,654
Assets	\$ 32,845,684	\$ 1,430,306	\$ 3,001,714	\$ 3,596,184	\$ 40,873,888
Capital expenditures	\$ 850,032	\$ 0	\$ 346,716	\$ 25,615	\$ 1,222,363

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 30, 2007

Three months ended September 30, 2006					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 34,949,222	\$ 984,360	\$ 1,106,972	\$ 0	\$ 37,040,554
Cost of sales	31,189,349	635,788	1,021,083	0	32,846,220
Gross profit	3,759,873	348,572	85,889	0	4,194,334
Expenses					
General and administrative	1,766,366	198,566	193,998	739,204	2,898,134
Sales expense	399,701	0	8,925	56,033	464,659
Interest and bank charges	8,973	3,201	12,795	6,852	31,821
Interest income	(84,830)	0	(471)	(11,639)	(96,940)
Amortization of equipment	89,510	42,967	7,165	48,550	188,192
Amortization of customer list	0	23,930	0	0	23,930
Employee termination costs	0	0	0	31,883	31,883
	2,179,720	268,664	222,412	870,883	3,541,679
Income (loss) before income taxes	\$ 1,580,153	\$ 79,908	\$ (136,523)	\$ (870,883)	\$ 652,655
Provision for income taxes					279,000
Net income for the period					\$ 373,655
Assets	\$ 36,327,255	\$ 2,568,985	\$ 1,963,637	\$ 2,405,821	\$ 43,265,698
Capital expenditures	\$ 568,950	\$ 3,770	\$ 0	\$ 0	\$ 572,720

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 30, 2007

Nine months ended September 30, 2007					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 80,475,411	\$ 2,725,589	\$ 2,766,915	\$ 0	\$ 85,967,915
Cost of sales	69,421,064	1,885,952	2,401,473	0	73,708,489
Gross profit	11,054,347	839,637	365,442	0	12,259,426
Expenses					
General and administrative	5,583,885	924,343	683,563	2,502,245	9,694,036
Sales expense	1,092,371	17,929	219,542	0	1,329,842
Interest and bank charges	99,505	38,281	62,699	20,801	221,286
Interest income	(138,220)	(2,151)	(1,039)	(59,571)	(200,981)
Amortization of equipment	211,273	79,671	51,340	416,701	758,985
Amortization of customer list	0	39,883	0	0	39,883
	6,848,814	1,097,956	1,016,105	2,880,176	11,843,051
Income (loss) before income taxes	\$ 4,205,533	\$ (258,319)	\$ (650,663)	\$ (2,880,176)	\$ 416,375
Provision for income taxes					149,054
Net income for the period					\$ 267,321
Assets	\$ 32,845,684	\$ 1,430,306	\$ 3,001,714	\$ 3,596,184	\$ 40,873,888
Capital expenditures	\$ 1,606,591	\$ 6,126	\$ 389,037	\$ 673,651	\$ 2,286,757

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 30, 2007

Nine months ended September 30, 2006					
	Commercial Gateway	Business Information	Synergex Technology	Corporate	Total
Sales	\$ 86,013,422	\$ 3,128,874	\$ 3,102,980	\$ 0	\$ 92,245,276
Cost of sales	74,825,811	2,009,713	2,579,410	0	79,414,934
Gross profit	11,187,611	1,119,161	523,570	0	12,830,342
Expenses					
General and administrative	4,697,921	707,218	657,715	1,995,614	8,058,468
Sales expense	1,206,639	0	41,158	56,033	1,303,830
Interest and bank charges	38,342	16,304	36,694	24,010	115,350
Interest income	(258,872)	(8,531)	(1,092)	(31,883)	(300,378)
Amortization of equipment	259,400	128,610	17,381	141,105	546,496
Amortization of customer list	0	71,792	0	0	71,792
Employee termination costs	0	0	0	31,883	31,883
	5,943,430	915,393	751,856	2,216,762	9,827,441
Income (loss) before income taxes	\$ 5,244,181	\$ 203,768	\$ (228,286)	\$ (2,216,762)	\$ 3,002,901
Provision for income taxes					1,095,000
Net income for the period					\$ 1,907,901
Assets	\$ 36,327,255	\$ 2,568,985	\$ 1,963,637	\$ 2,405,821	\$ 43,265,698
Capital expenditures	\$ 738,438	\$ 8,456	\$ 157,786	\$ 118,521	\$ 1,023,201

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 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 September 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 September 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>172,084</u>
Balance at September 30, 2007	<u>\$ 986,591</u>

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 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	15,000	\$0.31
Exercised	0	\$0.00
Expired/cancelled	<u>45,000</u>	\$0.48
Balance at September 30, 2007	<u>1,188,000</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 September 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 \$67,710 (2006 - \$0). 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	4.0	4.0%
Expected life in years	4.95	4.75
Expected volatility	239.65	241.83
Expected dividend rate	0.0%	0.0%

SYNERGEX CORPORATION
NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS
THIRD QUARTER ENDED SEPTEMBER 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 September 30 2007	Three months ended September 30 2006	Nine months ended September 30 2007	Nine months ended September 30 2006
Logistics services rendered	\$26,419	\$18,563	\$71,372	\$69,587
General and administrative costs recovered	\$ 11,994	\$ 1,166	\$ 34,797	\$ 41,552
Amounts in accounts receivables	\$227,240	\$270,760	\$227,240	\$270,760