

## **Synergex Announces Fourth Quarter 2006 and Year End Results**

### **Highlights Include Significant Increase in Sales**

**Mississauga, Ontario (March 29, 2007)** – Synergex Corporation (TSX: SYX) (“Synergex”), a leading provider of business solutions, today announced its results for the three months and year ended December 31, 2006.

#### **Highlights**

- Sales for the year increased 16.3% from 2005 to \$175.9 million
- Gross profit for 2006 increased 10.8%, or \$2.3 million, to \$23.9 million compared to last year
- Expansion into the Central and South American market was begun with the launching of Synergex de México S.A. de C.V.

“During 2006, Synergex experienced good growth and solid results,” stated David Aiello, President and CEO of Synergex. “We made significant changes to the Company, including its product mix and infrastructure. We are confident that the Company is poised to benefit from these changes throughout the upcoming year and future periods. We consolidated our facilities, rationalized our product offerings and strengthened the executive team with the addition of several key individuals. As we’ve continued to increase our sales with the successful addition of new customers throughout the divisions, we continue to expect sales for the Company to grow on a year-over-year basis.”

#### **Operational Highlights**

Synergex is steadily generating more business while also investing for long-term growth as exhibited in the expansion into emerging markets. In addition to continued growth exhibited through the Company’s expanded capabilities, operational growth and increased sales in 2006, the company expanded through its diverse suite of services provided within its three divisions – Commercial Gateway, Technology and Business Information.

Synergex Commercial Gateway is the core of the Company’s businesses and delivers a value-added suite of supply chain management solutions for manufacturers and retailers, primarily in the computer entertainment sector. Synergex Commercial Gateway showed remarkable growth both in its operations and client base in 2006. Synergex signed contracts with eight additional software publishers for Canadian sales operations and fulfillment services. In doing so, a wider range of affordable software products were made available to retailers in the Canadian marketplace.

In keeping with Synergex’ goals of expansion into other markets, Commercial Gateway also commenced its investment strategy into Central and South America to offer computer entertainment publishers a turn-key solution, similar to the Company’s Canadian retail solutions.

Synergex Technology also showed several highlights within the fourth quarter of 2006. Synergex Technology designs, implements and supports customer information technology infrastructures, including industrial control automation, systems integration, telecommunications, digital signage, and Radio Frequency Identification (RFID) technology, and provides turn-key development, installation, service and support.

In continuing with the Company's focus to be involved with leading technological developments, Synergex Technology continued to establish its leadership in RFID implementation. In 2006, the Company capitalized on the integration of Synergex Control Automation, through successful industrial RFID implementations with Lear Corporation, Tenneco Automotive and Automodular Assemblies.

Along with its RFID initiatives, Synergex Technology successfully advanced its efforts in the custom design and manufacturing of digital point of sale systems and digital retail signage, while also developing software to manage digital advertising. In addition, Synergex has taken the initiative to work with some of the larger advertising companies in Canada to develop a host of digital signage solutions to enhance the retail environments of our customers. This has resulted in the launching of the implementation of digital signage and point of sale solutions at several restaurant chains and demonstrated some of the potential of digital advertising to management. Synergex Technology also successfully integrated the assets of SJS Control Technologies Inc.

Synergex Business Information continued to build on the goals established in 2005 through updating its technological applications and structure. Synergex Business Information also continued rationalization of expenditures while increasing workflow efficiency. There was also successful implementation of new product development, such as the Risk Manager Rapid program.

### **Financial Results**

Consolidated sales for the three months ended December 31, 2006, were \$83.7 million, an increase of 46.6 per cent from \$57.1 million in the same period in 2005. For the year ended December 31, 2006, sales were \$175.9 million, an increase of 16.3 percent from the \$151.3 million in the previous year. Increased sales for the year were primarily a result of the addition of new customers and the expansion of our client base.

Gross profit for the three months ended December 31, 2006, was \$11.1 million or 13.2 per cent of sales, an increase of \$1.7 million, or 18.3 per cent, from \$9.4 million in the same period last year when gross profit was 16.4 per cent of sales. For the year ended December 31, 2006, gross profit was \$23.9 million or 13.6 per cent of sales, an increase of \$2.3 million, or 10.8 per cent, compared to \$21.6 million or 14.2 per cent of sales for 2005. The increase in 2006 was due primarily to an increase in sales volume, however, the gross profit percentage was impacted by the company's partial exposure to the weakening Canadian dollar in the fourth quarter of 2006, and product mix sold throughout the year.

Sales, general and administrative expenses for the three months ended December 31, 2006, totaled approximately \$8.9 million, an increase of \$3.1 million, or 53.7 per cent, from \$5.9 million in the fourth quarter of last year. For the year ended December 31, 2006, sales, general and administrative expenses compared to 2005 increased by \$4.6 million to a total of \$18.3 million, primarily due to costs to support increased sales, which were mainly salaries and overhead costs related to additional personnel hired, product development costs and relocation costs.

Net income for the fourth quarter of 2006 was \$1.5 million or \$0.02 per share (basic and fully diluted) compared to \$2.2 million or \$0.02 per share (basic and fully diluted) in the same quarter a year ago. For the year, net income was \$3.4 million or \$0.03 per share (basic and fully diluted) compared to \$4.4 million or \$0.04 per share (basic and fully diluted) in the prior year. The decrease in net income was a result of incurred costs to support increased sales and product development fees. In addition, costs were incurred for the consolidation of the Company's three facilities to one location in Mississauga as well as expansion costs in Mexico.

Synergex is committed to a prudent and disciplined approach to expenses. With a focus on growing profits over the long-term, management seeks to balance cost control with incremental investments in initiatives that will drive future growth.

EBITDA (earnings before interest, taxes, depreciation and amortization) for the fourth quarter decreased 40.6 per cent compared to the same period last year to \$2.2 million. For the year, EBITDA decreased 27.9 per cent from 2005 to \$5.6 million.

Synergex had a net cash position of \$7.1 million as at December 31, 2006, compared to \$6.4 million at the end of 2005. Working capital as at December 31, 2006, totaled \$11.5 million, compared to \$10.9 million as at December 31, 2005.

Audited financial statements with notes and MD&A for the fourth quarter and the year ended December 31, 2006 are available online at [www.syx.ca](http://www.syx.ca) in the Investor Relations section, and also at [www.sedar.com](http://www.sedar.com).

### **Conference Call and Webcast**

Management will host a conference call to discuss fourth quarter and year-end results on Thursday, March 29, 2007, at 11:00 a.m. (EST). To access the investor conference call, please dial **416-644-3416** or **1-800-591-7539**. A live webcast of this call will be available in the Investor Relations section of the Company's website, [www.syx.ca](http://www.syx.ca).

A recording of the conference call will be available as of 1 p.m. EST the same day, until midnight April 05, 2007. To access the recording, dial **416-640-1917** or **1-877-289-8525**, followed by the passcode **21223305#**. An archived recording of the webcast will remain available on Synergex' website until the next quarterly financial results conference call.

### **Forward Looking Statements**

Some statements contained in the Company's Management Discussion and Analysis are forward-looking statements relating to Synergex' current expectations regarding future events. These forward-looking statements are based on our current expectations. We caution that all forward-looking information is inherently uncertain and actual results may differ materially from the assumptions, estimates or expectations reflected or contained in the forward-looking information, and that actual future performance will be affected by a number of factors, including economic conditions, technological change, regulatory change, and competitive factors, many of which are beyond our control. Therefore, future events and results may vary significantly from what we currently foresee.

For more information on the Company's risks and uncertainties relating to these forward looking statements, please refer to the risk factors section of the Company's MD&A.

### **About Synergex Corporation**

Synergex Corporation is a leading provider of business solutions. Synergex applies its proven expertise in supply chain management and process automation to emerging opportunities with high growth potential. The Company has three workgroups: Synergex Commercial Gateway, Synergex Technology, and Synergex Business Information, which provide value added depth in the areas of video game logistics and distribution, digital signage, point of sale solutions, Radio Frequency Identification, credit reporting and collection services. Headquartered in Mississauga, Ontario, Synergex serves a broad base of customers that includes a number of multinational enterprises. Synergex is listed on the Toronto Stock Exchange and trades under the symbol SYX. For further information, please visit [www.syx.ca](http://www.syx.ca).

The Toronto Stock Exchange does not accept responsibility for the adequacy or accuracy of this release.

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