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XENTEL REPORTS 2006 YEAR END RESULTS

Calgary, Alberta, April 27, 2007: Xentel DM Incorporated (TSX Venture Exchange: XDM) a North American specialty entertainment and relationship marketing company, today reported its financial results for the three and twelve months ended December 31, 2006.

The results for the fourth quarter 2006 were a net loss of \$249 thousand compared to net earnings of \$41 thousand for the fourth quarter 2005. Revenues amounted to \$28,364 thousand compared to \$29,899 thousand for the same period in 2005.

For the year ended December 31, 2006, net earnings were \$160 thousand or \$0.01 per diluted share compared with \$1,536 thousand or \$0.06 per diluted share for the year ended December 31, 2005. Revenues amounted to \$113,643 thousand compared to \$124,875 thousand for the same period in 2005.

Table with 3 columns: Three months ended December 31, 2006, 2005. Rows include Revenue, Gross margin, Net earnings (loss), EBITDA, EPS, fully diluted, and EBITDA, per share, fully diluted.

Table with 3 columns: Years ended December 31, 2006, 2005. Rows include Revenue, Gross margin, Net earnings, EBITDA, EPS, fully diluted, and EBITDA, per share, fully diluted. Includes a footnote: *EBITDA - Net Earnings before income taxes, interest, depreciation and amortization.

Results for the fourth quarter 2005 and the fiscal year 2005 included a one time gain on adjustment on long term debt of \$2,678 thousand.

EBITDA was \$1,205 thousand for the three months ended December 31, 2006 and \$5,804 thousand for the twelve months ended December 31, 2006. For the comparable periods in 2005 EBITDA amounted to negative \$520 thousand and \$5,880 thousand respectively.

Key operational activities affecting the 2006 results are as follows:

- Selective renewal of client contracts, resulting in reduced revenue for the year
Termination of an unsuccessful offshore telemarketing program
Continuing reductions of cost optimization of branch overhead and corporate administration costs.

David Winograd, President US operations stated, "This past year, we successfully renegotiated selective contracts for the optimization of profitability. We continue to remodel our business to improve our event offerings and strengthen our business to business telemarketing efforts. We are seeing improvements in the metrics relating to the US operations".

Added Michael Platz, Chairman, "Management continues to review the operations and cost structure with a view to maximizing shareholder value. During the year, we terminated the offshore telemarketing program and significantly reduced our branch overhead and corporate administration costs as part of the on going rationalization of costs"

Xentel DM Incorporated is one of North America's leading relationship-marketing concerns and producers of cause related entertainment events. The Company's success is attributable to proprietary sales tools including technologically advanced teleservices and sophisticated customer databases. Xentel DM Incorporated has over 450 clients and 3,000 employees in over 30 offices across North America.

Certain statements in this press release may constitute "forward looking statements" and involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any performance or achievement expressed or implied by such "forward looking statements".

The TSX Venture Exchange has neither approved nor disapproved the contents of this announcement.

Xentel DM Incorporated
Consolidated Balance Sheets
As at December 31
('000s)

	2006	2005
Assets		
Current assets		
Cash and cash equivalents	\$ 795	\$ 452
Accounts receivable, net of allowances	8,956	9,295
Inventory	628	461
Work in process	6,421	6,263
Prepaid expenses	1,106	497
Due from related party	1,514	-
Future income taxes	643	915
Other current assets	-	203
	<u>20,063</u>	<u>18,086</u>
Deferred financing costs, net of amortization	210	381
Due from related party	-	1,512
Equipment	3,622	4,151
Future income taxes	2,843	3,655
Other intangible assets	3,207	4,915
Goodwill	1,180	1,178
	<u>\$ 31,125</u>	<u>\$ 33,878</u>
	=====	=====
Liabilities		
Current liabilities		
Bank indebtedness	\$ 1,259	\$ 1,309
Accounts payable and accrued liabilities	6,654	6,868
Income taxes payable	365	999
Current portion of long term liabilities	2,058	1,885
Future income taxes	1,016	835
	<u>11,352</u>	<u>11,896</u>
Long term debt	1,542	3,337
Due to related party	2,729	2,416
Future income taxes	1,628	2,903
Deferred tenant inducement	389	-
	<u>17,640</u>	<u>20,552</u>
Shareholders' equity		
Share capital	9,280	9,291
Warrants	205	205
Contributed surplus	70	58
Cumulative translation adjustment	(2,997)	(2,995)
Retained earnings	6,927	6,767
	<u>13,485</u>	<u>13,326</u>
	<u>\$ 31,125</u>	<u>\$ 33,878</u>
	=====	=====

Xentel DM Incorporated
Consolidated Statements of Operations and Retained Earnings
For the years ended December 31
('000s, except per share amount)

	2006	2005
Revenue	\$ 113,643	\$ 124,875
Cost of revenue	85,971	93,890
	<hr/>	<hr/>
Gross margin	27,672	30,985
	<hr/>	<hr/>
Corporate expenses		
Branch overhead and corporate administration	21,868	25,105
Interest expense	1,201	1,192
Amortization of equipment	1,894	2,307
Amortization of intangible assets	1,673	1,522
	<hr/>	<hr/>
	26,636	30,126
	<hr/>	<hr/>
Earnings before undernoted items	1,036	859
Other items		
Expenses relating to the 2003 privatization lawsuit	(151)	(182)
Gain on adjustment on long term debt	-	2,678
Loss on disposal of other investments	(191)	-
	<hr/>	<hr/>
Net earnings before income taxes	694	3,355
	<hr/>	<hr/>
Income tax expense		
Current income tax expense	802	1,050
Future income tax expense (recovery)	(268)	769
	<hr/>	<hr/>
	534	1,819
	<hr/>	<hr/>
Net earnings	160	1,536
Retained earnings, beginning of year	6,767	5,231
	<hr/>	<hr/>
Retained earnings, end of year	\$ 6,927	\$ 6,767
	=====	=====
Basic and diluted net earnings per share	\$ 0.01	\$ 0.06
	=====	=====
Basic weighted average number of shares	26,203	24,936
	=====	=====
Diluted weighted average number of shares	26,213	24,936
	=====	=====

Xentel DM Incorporated
Consolidated Statements of Contributed Surplus
For the years ended December 31
('000s,)

	2006	2005
Balance, beginning of year	\$ 58	\$ -
Stock based compensation on vesting of options	15	64
Forfeited options on termination	(3)	(6)
Balance, end of year	<u>\$ 70</u>	<u>\$ 58</u>
	=====	=====

Xentel DM Incorporated
Consolidated Statements of Cash Flows
For the years ended December 31
('000s)

	2006	2005
Cash flows from (used in) operating activities		
Net earnings for the period	\$ 160	\$ 1,536
Non cash transactions reflected in net earnings		
Amortization	3,567	3,829
Future income tax expense (recovery)	(268)	769
Stock based compensation	15	58
Adjustment for non cash interest	475	715
Non cash effect of debt restructuring	-	(2,678)
	<u>3,949</u>	<u>4,229</u>
Net change in non cash working capital items		
Accounts receivable	347	(2,454)
Inventory and work in process	(320)	398
Due to/from related parties	-	10
Prepaid expenses	(600)	144
Other current assets	203	(196)
Income taxes payable	(377)	896
Accounts payable and accrued liabilities	(224)	(76)
	<u>(971)</u>	<u>(1,278)</u>
Net change in non cash working capital items	(971)	(1,278)
	<u>2,978</u>	<u>2,951</u>
Cash flows from (used in) financing activities		
Bank indebtedness	(35)	(1,429)
Long term debt acquired	-	1,535
Long term debt repaid	(1,705)	(2,383)
Issue of share capital	-	563
Tenant inducement payment	500	-
	<u>(1,240)</u>	<u>(1,714)</u>
Cash flow (used in) investing activities		
Investment in equipment, excluding tenant improvement below	(877)	(1,105)
Investment in tenant improvement	(500)	-
	<u>(1,377)</u>	<u>(1,105)</u>
Effect of exchange rate fluctuations on cash balances		
	<u>(18)</u>	<u>40</u>
Net increase in cash and cash equivalents	343	172
Cash and cash equivalents, beginning of year	<u>452</u>	<u>280</u>
Cash and cash equivalents, end of year	<u>\$ 795</u> =====	<u>\$ 452</u> =====