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XENTEL REPORTS DECEMBER 31, 2007 FISCAL YEAR END RESULTS

Table with 5 columns: Period ended December 31, Three months (2007, 2006), Fiscal year (2007, 2006). Rows include Revenue, Gross Margin, Net (loss) earnings, EBITDA, EPS, fully diluted, and EBITDA, per share, fully diluted. Includes a footnote about EBITDA.

Calgary, Alberta, May 1, 2008: 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, 2007.

Net loss for the fourth quarter 2007 was \$1,234 thousand compared to a net loss of \$249 thousand for the fourth quarter 2006. Revenues amounted to \$22,866 thousand compared to \$28,364 thousand for the fourth quarters 2007 and 2006 respectively. EBITDA for the three months ended December 31, 2007 was negative \$1,411 thousand compared to \$1,205 thousand for the same period in 2006.

For the fiscal years ended December 31, 2007 and 2006 revenues were \$100,079 thousand and \$113,643 thousand respectively. For the twelve months ended December 31, 2007 the Company incurred a net loss of \$1,660 thousand compared to net earnings of \$160 thousand for the same period in 2006 or negative \$0.06 per diluted share for 2007 compared to \$0.01 per diluted share for 2006.

During the year, the Company had:

- strategically adjusted commercial arrangements with clients or not renewed selected client contracts designed to improve profitability,
made management changes designed to improve productivity, and,
continued its cost optimization measures.

2007 was a year of refocus and redirection. Branch overhead and corporate administration costs decreased 11% year over year. These dramatic changes were made in an effort to control costs and improve profitability; however, continuing consumer resistance to telemarketing adversely affected productivity resulting in a financial loss for the Company.

David Winograd, President US operations noted, "The restructuring efforts by management earlier in the year did not produce the desired results as timely as anticipated but nonetheless were necessary to prevent further erosion to profitability. Management is reviewing all aspects of the strategic business model, finding new ways to improve profitability and adapt to current circumstances."

Michael Platz, Chairman, further stated, "New tactical plans for labour utilization will have a positive impact on productivity combined with management realignment and office relocation will move the Company to improved margins."

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 400 clients and 2,100 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)

	2007	2006
Assets		
Current assets		
Cash and cash equivalents	\$ 205	\$ 795
Accounts receivable, net of allowances	6,488	8,956
Inventory	628	628
Work in process	5,630	6,421
Prepaid expenses	838	1,106
Due from related party	-	1,514
Future income taxes	230	643
	<u>14,019</u>	<u>20,063</u>
Deferred financing costs, net of amortization	-	210
Due from related party	1,288	-
Equipment	2,987	3,622
Future income taxes	3,163	2,843
Other intangible assets	1,277	3,207
Goodwill	1,004	1,180
	<u>\$ 23,738</u>	<u>\$ 31,125</u>
Liabilities		
Current liabilities		
Bank indebtedness	\$ 1,303	\$ 1,259
Accounts payable and accrued liabilities	5,913	6,654
Income taxes payable	64	365
Current portion of long term liabilities	1,343	2,058
Future income taxes	662	1,016
	<u>9,285</u>	<u>11,352</u>
Long term debt	24	1,542
Due to related party	2,488	2,729
Future income taxes	1,028	1,628
Deferred tenant inducement	306	389
	<u>13,131</u>	<u>17,640</u>
Shareholders' equity		
Share capital	9,280	9,280
Warrants	205	205
Contributed surplus	79	70
Accumulated other comprehensive income	(4,224)	(2,997)
Retained earnings	5,267	6,927
	<u>10,607</u>	<u>13,485</u>
	<u>\$ 23,738</u>	<u>\$ 31,125</u>

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

	2007	2006
Revenue	\$ 100,079	\$ 113,643
Cost of revenue	79,667	85,971
	<u> </u>	<u> </u>
Gross margin	20,412	27,672
	<u> </u>	<u> </u>
Corporate expenses		
Branch overhead and corporate administration	19,395	21,868
Interest expense	702	1,201
Amortization of equipment	1,156	1,894
Amortization of intangible assets	1,584	1,673
	<u>22,837</u>	<u>26,636</u>
	<u> </u>	<u> </u>
Earnings (loss) before undernoted items	(2,425)	1,036
Other items		
Expenses relating to the 2003 privatization lawsuit	(240)	(151)
Loss on disposal of other investments	-	(191)
	<u> </u>	<u> </u>
Earnings (loss) before income taxes	(2,665)	694
	<u> </u>	<u> </u>
Income tax expense (recovery)		
Current income tax expense (recovery)	(256)	802
Future income tax (recovery)	(749)	(268)
	<u> </u>	<u> </u>
	(1,005)	534
	<u> </u>	<u> </u>
Net earnings (loss)	(1,660)	160
Retained earnings, beginning of year	6,927	6,767
Retained earnings, end of year	<u>\$ 5,267</u>	<u>\$ 6,927</u>
	<u>=====</u>	<u>=====</u>
Basic and diluted net earnings (loss) per share	\$ (0.06)	\$ 0.01
	<u> </u>	<u> </u>
Basic weighted average number of shares	26,195	26,203
	<u> </u>	<u> </u>
Diluted weighted average number of shares	26,195	26,213
	<u> </u>	<u> </u>

Xentel DM Incorporated		
Consolidated Statements of Contributed Surplus		
For the years ended December 31	2007	2006
('000s)		
Balance, beginning of year	\$ 70	\$ 58
Stock based compensation on vesting of options	9	15
Forfeited options on termination	-	(3)
Balance, end of year	<u>\$ 79</u>	<u>\$ 70</u>

Xentel DM Incorporated		
Consolidated Statements of Comprehensive Income		
For the years ended December 31	2007	2006
('000s)		
Net earnings (loss) for the year	\$ (1,660)	\$ 160
Foreign currency translation adjustment from self sustaining foreign operations	(1,227)	(2)
Comprehensive income (loss)	<u>\$ (2,887)</u>	<u>\$ 158</u>

Xentel DM Incorporated		
Consolidated Statements of Accumulated Other Comprehensive Income		
For the years ended December 31	2007	2006
('000s)		
Transition adjustment – January 1, 2006	\$ -	\$ (2,995)
Balance, beginning of year	<u>(2,997)</u>	<u>(2,995)</u>
Foreign currency translation adjustment from self sustaining foreign operations	(1,227)	(2)
Balance, end of year	<u>\$ (4,224)</u>	<u>\$ (2,997)</u>

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

	2007	2006
Cash flows from (used in) operating activities		
Net earnings (loss) for the year	\$ (1,660)	\$ 160
 <i>Non cash transactions reflected in net earnings (loss)</i>		
Amortization	2,740	3,567
Future income tax (recovery)	(748)	(268)
Stock based compensation	9	15
Adjustment for non cash interest	322	475
	<u>663</u>	<u>3,949</u>
 <i>Net change in non cash working capital items</i>		
Accounts receivable	1,916	347
Inventory and work in process	215	(320)
Prepaid expenses	194	(600)
Other current assets	-	203
Income taxes payable	(737)	(377)
Accounts payable and accrued liabilities	(373)	(224)
	<u>1,215</u>	<u>(971)</u>
Net change in non cash working capital items	1,215	(971)
	<u>1,878</u>	<u>2,978</u>
 Cash flows from (used in) financing activities		
Bank indebtedness	192	(35)
Long term debt repaid	(1,989)	(1,705)
Tenant inducement payment	-	500
	<u>(1,797)</u>	<u>(1,240)</u>
 Cash flows (used in) investing activities		
Investment in equipment, excluding tenant improvement	(772)	(877)
Investment in tenant improvement	-	(500)
	<u>(772)</u>	<u>(1,377)</u>
 Effect of exchange rate fluctuations on cash balances		
	<u>101</u>	<u>(18)</u>
Net increase (decrease) in cash and cash equivalents	(590)	343
Cash and cash equivalents, beginning of year	<u>795</u>	<u>452</u>
Cash and cash equivalents, end of year	<u>\$ 205</u>	<u>\$ 795</u>