



**PRESS RELEASE**

*For Immediate Release*

---

## **STRONG GROWTH IN REVENUE AND NET EARNINGS IN THIRD QUARTER**

---

Highlights for the quarter are as follows:

- Increase of 189% in revenue and of 198% for the net earnings before amortization of goodwill
- Increase of 100 % of earnings per share before amortization of goodwill, which rose from \$0,04 to \$0,08 despite an increase in the average number of shares outstanding
- Strong cash position at \$ 6.8 million as of June 30
- Logibec shares listed on the Toronto Stock Exchange under the stock symbol "LGI"
- Renewal of the majority of our customers' contractual agreements
- Set-up of our management and call follow-up system for personnel transferred following the acquisition of CHUM's business operations
- Appointment of M. Sylvain Dupuis as Chief Financial Officer

**Montreal, August 21, 2003.** Logibec Groupe Informatique Ltee (TSX Exchange: LGI) has announced that revenue increased 189% to \$6,471,790 for the three-month period ended June 30, 2003, compared to \$2,236,677 for the corresponding period one year earlier. Earnings from operations before interest, taxes, depreciation and amortization (EBITDA) grew by 192% to \$1,946,539 or \$0.31 per share, compared to \$667,125 or \$0.16 last year. Year-to-date revenue for the first nine months of 2003 totalled \$16,299,531, an increase of 132% over the corresponding period of 2002. Earnings from operations before interest, taxes, depreciation and amortization (EBITDA) were up by 110% to stand at \$5,100,012 for the first nine months of 2003, compared to \$2,431,346 one year earlier.

This growth stemmed primarily from the contribution resulting from the acquisition on December 20, 2002, effective December 15, 2002, of the business operations of the Technological Resources Department of the Centre hospitalier de l'Université de Montréal (CHUM). These operations comprise payroll processing, human resources and staff scheduling and the provision of medical administration and clinical software information systems to establishments in the Quebec health and social services sector.

Net earnings before amortization of goodwill in the third quarter stood at \$522,774 or \$0.08 per share (\$0.08 on a diluted basis), compared to \$174,249 or \$0.04 per share (\$0.03 on a diluted basis) for the same period in the preceding year. Net earnings before amortization of goodwill for the nine-month period were \$1,415,531 or \$0.25 per share (\$0.25 on a diluted basis), compared to \$757,075 or \$0.18 per share (\$0.14 on a diluted basis) for the same period in the preceding year.

Recurring revenue from annual right of use, support and maintenance services for the software packages marketed by the Company increased to 68% of total revenue for the first nine months of the year. This is explained by the addition of new customers and by the renewal, as of April 1, 2003, of the vast majority of our Corporation's customers' contractual agreements, for terms of one to five years. The renewal of these

contractual agreements was combined with various payment options offered to the Corporation's customers which have contributed to improve the cash position as of June 30, 2003.

### **Operating expenses**

Operating expenses were at \$3,524,698 or 54,5% of revenue, compared to \$1,093,275 or 48,9% of revenue for the corresponding period of 2002. For the nine months ended June 30, the operating expenses were at \$8,378,872, or 51,3% of revenue when compared to \$3,115,695 or 44,3% of revenue for the same period last year. Management believes that the gross operating margin will gradually improve as personnel is integrated and synergies arising from combination of activities are attained following the transaction with the CHUM.

### **Selling, general and administrative expenses**

Selling, general and administrative expenses were at \$1,000,553 or 15,5% of revenue for the period, compared to \$476,277 or 21,3% for the same period one year earlier. The impact of the CHUM acquisition explains the majority of the cost increase compared to the corresponding period last year. Additional costs incurred as part of the steps taken by the Company to list its shares on the Toronto Stock Exchange, contribute in part to the increase. Compared with the nine months ended June 30, the costs went from \$1,492,524 in 2002 or 21.2% of revenue to \$2,820,647 or 17.3% of revenue mostly due to the impact of the CHUM acquisition and some other non-recurring expenses.

### **Financial expenses**

Financial expenses for the quarter rose to \$285,424 from the \$24,742 recorded for the same period of 2002. These expenses stood at \$654,340 after nine months compared to \$38,893 for the same period last year. This increase reflects the cost of the \$6 million term financing obtained from National Bank of Canada, 60% of which is guaranteed by Investissement Québec, and the interest on the \$6,880,000 balance of sale due to the CHUM.

### **Liquidity and Capital Structure**

For the quarter ended June 30, 2003, cash flow from operations before changes in non-cash working capital items were at \$1,661,115, up \$1,063,300 compared to \$597,815 in 2002. They stood at \$4,445,672 and \$1,993,453 for the nine-month period ended June 30 2003 and 2002, respectively.

Depreciation of property, plant and equipment and amortization of technology for the quarter stood at \$856,841 compared to \$387,134 for the same period last year. These costs were at \$2,267,926 after nine months compared to \$1,175,378 last year. Moreover, goodwill assets are no longer amortized in order to compute net earnings, but are tested for impairment on an annual basis according to the recommendations of the Canadian Institute of Chartered Accountants (CICA) Handbook in Sections 1581, *Business Combinations*, and 3062, *Goodwill and Other Intangible Assets*. The goodwill amortization was \$54,676 and \$164,028 for the three-month and the nine-month periods ended June 30, 2002, respectively.

Changes in non-cash working capital items of \$4,903,109, an increase of \$3,218,741 compared to \$1,684,368 for the same period last year, is due for the most part to amounts collected from our customers, following the renewal of contracts for the annual right of use, support and maintenance services for software marketed by the Corporation. A vast majority of our customers took benefit of one of the various pre-payment options, contributing to an equal increase in deferred revenues and cash and temporary investment position at the end of the current quarter. The same explanation applies for the nine-month period ended June 30, 2003 where non-cash working capital items went from a reduction of \$323,442 in 2002 to an increase of \$2,603,569 in 2003.

During the quarter, \$482,192 were applied to long-term debt, for a total of \$1,047,207 for the first nine months of the year, in relation to the \$6 million loan contracted for the CHUM transaction as described previously.

As well, the Corporation issued during the previous quarters of the current fiscal period, a total of 2,232,000 common shares for a cash consideration of \$5,177,471, net of share issuance costs, for the acquisition of CHUM activities.

During the quarter, the Corporation invested \$362,896 in capital expenditures and \$668,584 in Research and development expenses for a total of \$626,916 and \$1,559,152 respectively for the nine months ended June 30, 2003.

Cash and temporary investment as of June 30, 2003 stood at \$6,773,136, representing an increase of \$6,144,280 compared to the same period last year and positions the Corporation to fulfill its commitment to reimburse its long-term debt for which an amount of \$5,225,272 is due within the next twelve months. This is attributable to the renewal of annual software and support and maintenance contracts.

### **About Logibec**

Logibec assists organizations in the health and social services sector by offering professional services and powerful and scalable payroll/HR, staff scheduling, financials, patient administration and clinical information systems. The Company employs 180 professionals and its software packages are used by more than 400 health and social services establishments in Canada.

The Company's shares began trading on the Toronto Stock Exchange under the symbol "LGI" on May 20, 2003.

- 30 -

Source:

### **LOGIBEC GROUPE INFORMATIQUE LTEE**

Claude Roy

President

Tel.: (514) 766-0134

E-mail: [claudio\\_roy@logibec.com](mailto:claudio_roy@logibec.com)

The TSX Exchange has not reviewed and does not accept responsibility for the adequacy or accuracy of this press release.

This news release contains forward-looking statements reflecting Logibec Groupe Informatique Ltee objectives, estimates and expectations. Such statements may be marked by the use of verbs such as "believe", "anticipate", "estimate" and "expect" as well as the use of the future or conditional tense. By their very nature, such statements involve risks and uncertainty. Actual results may differ significantly from the Company's forecasts or expectations.

## LOGIBEC GROUPE INFORMATIQUE LTEE

### CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS (unaudited)

	Three months ended June 30		Nine months ended June 30	
	2003 \$	2002 \$	2003 \$	2002 \$
<b>REVENUE</b>	<b>6,471,790</b>	2,236,677	<b>16,299,531</b>	7,039,565
Operating expenses				
Cost of revenue	<b>3,524,698</b>	1,093,275	<b>8,378,872</b>	3,115,695
Selling, general and administrative expenses	<b>1,000,553</b>	476,277	<b>2,820,647</b>	1,492,524
	<b>4,525,251</b>	1,569,552	<b>11,199,519</b>	4,608,219
Operating earnings before the following items	<b>1,946,539</b>	667,125	<b>5,100,012</b>	2,431,346
Depreciation of property, plant and equipment	<b>175,584</b>	99,698	<b>460,269</b>	320,244
Amortization of intangible assets	<b>681,257</b>	287,436	<b>1,807,657</b>	855,134
Financial expenses	<b>285,424</b>	24,742	<b>654,340</b>	38,893
Earnings before income taxes and amortization of goodwill	<b>804,274</b>	255,249	<b>2,177,746</b>	1,217,075
Income taxes	<b>281,500</b>	80,000	<b>762,215</b>	460,000
<b>Earnings before amortization     of goodwill</b>	<b>522,774</b>	175,249	<b>1,415,531</b>	757,075
Amortization of goodwill	-	54,676	-	164,028
<b>Net earnings</b>	<b>522,774</b>	120,573	<b>1,415,531</b>	593,047
<b>Retained earnings (deficit)     beginning of period</b>	<b>1 108,727</b>	(40,633)	<b>215,970</b>	(513,107)
<b>Retained earnings (deficit)     end of period</b>	<b>1,631,501</b>	79,940	<b>1,631,501</b>	79,940
<b>Weighted average number of     shares outstanding</b>				
Basic	<b>0.08</b>	0.04	<b>0.25</b>	0.18
Diluted	<b>0.08</b>	0.04	<b>0.25</b>	0.18
<b>NET EARNINGS PER SHARE</b>				
Basic	<b>0.08</b>	0.03	<b>0.25</b>	0.14
Diluted	<b>0.08</b>	0.03	<b>0.25</b>	0.14

**CONSOLIDATED BALANCE SHEETS**

	June 30 2003	September 30 2002
	\$ (unaudited)	\$ (audited)
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	6,773,136	1,087,577
Accounts receivable	7,445,567	3,017,804
Income tax credits receivable	542,412	761,675
Inventories	89,752	32,745
Current portion of advance	118,434	250,000
Prepaid expenses	400,694	114,483
	<b>15,369,995</b>	5,264,284
Advance	289,916	289,916
Property, plant and equipment	2,651,849	1,985,202
Goodwill (note 3)	7,003,974	1,558,678
Intangible assets (note 4)	14,990,120	4,238,625
Deferred charges	141,258	442,109
	<b>40,447,112</b>	13,778,814
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	5,712,698	2,066,498
Income taxes	257,269	360,603
Customer deposits	258,228	200,261
Future income taxes	378,942	65,000
Current portion of long-term debt	1,865,272	378,822
Current portion of balance of purchase price	3,360,000	-
Current liabilities, excluding deferred revenue	<b>11,832,409</b>	3,071,184
Deferred revenue	5,972,378	1,917,923
	<b>17,804,787</b>	4,989,107
Long-term debt	4,313,778	847,435
Balance of purchase price	3,520,000	-
Future income taxes	1,766,586	1,630,500
	<b>27,405,151</b>	7,467,042
<b>SHAREHOLDERS' EQUITY</b>		
Share capital (note 6)	9,829,023	6,095,802
Warrants (note 6)	1,581,437	-
Retained earnings	1,631,501	215,970
	<b>13,041,961</b>	6,311,772
	<b>40,447,112</b>	13,778,814

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(unaudited)**

	Three months ended June 30		Nine months ended June 30	
	2003	2002	2003	2002
	\$	\$	\$	\$
<b>OPERATING ACTIVITIES</b>				
Net earnings	522,774	120,573	1,415,531	593,047
Items not affecting cash and cash equivalents				
Depreciation of property, plant and equipment	175,584	99,698	460,269	320,244
Amortization of intangible assets	681,257	287,436	1,807,657	855,134
Amortization of goodwill	-	54,676	-	164,028
Future income taxes	281,500	35,432	762,215	61,000
	1,661,115	597,815	4,445,672	1,993,453
Changes in non-cash working capital items	4,903,109	1,684,368	2,603,569	(323,442)
	6,564,224	2,282,183	7,049,241	1,670,011
<b>FINANCING ACTIVITIES</b>				
Increase in long-term debt	-	279,219	6,000,000	1,223,357
Repayment of long-term debt	(482,192)	(59,687)	(1,047,207)	(97,881)
Deferred charges	10,018	-	(56,230)	14,186
Issuance of share capital net of issuance expenses	-	-	5,177,471	-
	(472,174)	219,532	10,074,034	1,139,662
<b>INVESTING ACTIVITIES</b>				
Business acquisition	(169,304)	-	(9,383,214)	-
Technology, net of income tax credits	(668,584)	(569,451)	(1,559,152)	(1,613,748)
Disposal of investment	-	138,718	-	301,693
Repayment of advance	(36,131)	(135,626)	131,566	(110,458)
Acquisition of property, plant and equipment	(362,896)	(138,911)	(626,916)	(1,031,388)
	(1,236,915)	(705,270)	(11,437,716)	(2,453,901)
Increase (decrease) in cash and cash equivalents	4,855,135	1,796,445	5,685,559	355,772
Cash and cash equivalents, beginning of period	1,918,001	(1,167,589)	1,087,577	273,084
<b>CASH AND CASH EQUIVALENTS, END OF PERIOD</b>	<b>6,773,136</b>	<b>628,856</b>	<b>6,773,136</b>	<b>628,856</b>