



**PRESS RELEASE**

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## **LOGIBEC CONTINUES ITS GROWTH**

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Montréal, February 10, 2005 - Logibec Groupe Informatique Ltd. (TSX: LGI) announced today the results of its first quarter ended December 31, 2004. All monetary amounts are expressed in Canadian dollars.

### **HIGHLIGHTS**

- Revenues for the first quarter 2005 up 5% to \$7.0 million compared to \$6.6 million for the same period in the prior fiscal year.
- Net earnings of \$1.0 million, up 43% for the quarter resulting in \$0.15 per share.
- Operating margin up 5% to 38% and net earnings margin up 3% to 14% for the first quarter ended December 31, 2004.
- Issuance of 515,000 common shares following warrant and stock option exercises for cash consideration of \$1.5 million.
- Complete reimbursement in advance of the term loans contracted for the acquisition of the business activities of the Centre Hospitalier de l'Université de Montréal's ("CHUM's") Technology Resource Department.

### **OPERATING RESULTS**

#### **REVENUE**

Revenue for the first quarter of fiscal year 2005 stood at \$7.0 million, an increase of 5% compared to \$6.6 million for the same period in the prior fiscal year. The increase of \$0.4 million in revenues is primarily due to an increase of 11% in recurring revenue, namely in annual software rights of use and software support following the implementation of our software products throughout the previous year. Management believes that the 11% increase indicates healthy organic growth.

Non-recurring revenue decreased \$0.2 million compared to the first quarter in the prior fiscal year, due to a decrease in the sale of equipment and third-party products.

#### **OPERATING INCOME**

Operating income before depreciation, amortization, income on temporary investments, financial expenses and taxes for the quarter ended December 31, 2004 was \$2.6 million, representing an increase of \$0.4 million compared to the prior year and resulting in a margin of 38% of revenue.

## **OPERATING EXPENSES**

Operating expenses for the quarter were \$4.4 million, representing decrease of 2% compared to the operating expenses recorded for the same period in the prior fiscal year.

Service costs of \$3.2 million decreased 7% for the fiscal quarter as the Company continued to benefit from the human resource-related efficiency gains following the integration of our employees in our head office at the Cité du Multimédia and from the decrease of direct costs for our payroll processing service.

Selling, general and administrative expenses stood at \$1.2 million for the quarter, or 17% of revenue. Management expects to be able to maintain selling, general and administrative expenses at or below 20% of revenue for the current fiscal year.

## **DEPRECIATION AND AMORTIZATION OF PROPERTY, PLANT AND EQUIPMENT, INTANGIBLE ASSETS AND OTHER LONG-TERM ASSETS**

Depreciation and amortization of property, plant and equipment, intangible assets and other long-term assets for the quarter ended December 31, 2004 rose to \$1.1 million, increasing 21% from the \$0.9 million for the same period in the previous fiscal year. This increase is primarily attributable to the accelerated amortization of capitalized expenses related to the term loans contracted for the financing of the CHUM acquisition (see "Financing Activities" below). The term loans were completely reimbursed as at December 31, 2004 whereas they were originally scheduled to expire in June and September 2006.

## **FINANCIAL EXPENSES**

For the quarter ended December 31, 2004, financial expenses stood at \$0.1 million, a decrease of 60% compared to the \$0.3 million recorded for the same period in the prior year. Financial expenses are essentially composed of interest charges on long-term debt. Average indebtedness during the first quarter ended December 31, 2004 was significantly lower than the indebtedness over the prior fiscal year due to the \$1.7 million reimbursement on September 30, 2004 of a portion of the balance of purchase price owed to the CHUM.

## **NET EARNINGS**

Net earnings for the first quarter ended December 31, 2004 increased 43% to \$1.0 million, or \$0.15 per share (\$0.14 per share on a fully diluted basis) compared to \$0.7 million for the same period in the prior year, or \$0.11 per share (\$0.10 per share on a fully diluted basis).

## **LIQUIDITY AND SOURCES OF FINANCING**

### **OPERATING ACTIVITIES**

For the quarter ended December 31, 2004, cash flows used for operating activities stood at \$2.3 million whereas for the same quarter in the previous fiscal year, operating activities generated cash flow of \$0.8 million. Changes in non-cash working capital items explain the difference, namely a greater decrease in accounts payable and accrued liabilities, accounts receivable and deferred revenue.

### **INVESTING ACTIVITIES**

During the quarter ended December 31, 2004, the Company's investing activities were mainly related to the capitalization of software development costs in the amount of \$0.5 million. This amount represents a decrease of \$0.2 million compared to the software development costs capitalized during the same quarter in the prior fiscal year. Management continuously evaluates its criteria for the capitalization of development costs in order to ensure that only the software packages with the greatest potential for generating future revenue are capitalized. As a result, for the fiscal year 2005, Management does not expect a significant increase in capitalized software development costs compared to those of the prior fiscal year.

## **FINANCING ACTIVITIES**

During the first quarter ended December 31, 2004, the Company issued 515,000 common shares for cash consideration of \$1.5 million. First, the Company issued 380,000 common shares in December 2004 as a result of the exercise of 380,000 warrants by two warrant holders for an aggregate exercise price of \$1.3 million. Second, during the same month, the Company issued 135,000 common shares following stock option exercises by two executive officers and two key employees for an aggregate stock option exercise price of \$0.2 million. The four individuals who exercised their options kept the underlying common shares for investment purposes.

Furthermore, during the first quarter ended December 31, 2004, the Company completely reimbursed, in advance, the two term loans it contracted to finance the CHUM acquisition in December 2002.

## **ABOUT LOGIBEC**

**LOGIBEC** is among the ten largest Canadian companies specializing in the development, marketing, implementation and support of information systems for the health and social services sector. Over 400 health organizations use our products and services delivered by an experienced team of employees that numbered 200 as of December 31, 2004. The Company has its head office in Montreal as well as offices in Quebec City and Edmonton.

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Source:

### **LOGIBEC GROUPE INFORMATIQUE LTD.**

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The TSX Venture accepts no responsibility for the truth or accuracy of this press release.

This news release contains forward-looking statements reflecting Logibec Groupe Informatique Ltd. 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 LTD.**  
**CONSOLIDATED STATEMENTS OF EARNINGS AND RETAINED EARNINGS**  
(unaudited)

|   | Three months<br>ended<br>December 31,<br>2004<br>\$ | Three months<br>ended<br>December 31,<br>2003<br>\$ |
|---|---|---|
| <b>Revenue</b>  | <b>6,967,232</b>                                    | 6,648,899   |
| Operating expenses  |   |   |
| Service costs   | 3,153,687   | 3,383,417   |
| Selling and administrative expenses                             | 1,199,121   | 1,041,201   |
|   | <b>4,352,808</b>                                    | 4,424,618   |
| Earnings before the following items                             | 2,614,424   | 2,224,281   |
| Depreciation and amortization of property, plant and equipment  | 209,764   | 162,942   |
| Amortization of intangible assets and other long-term assets    | 868,985   | 729,622   |
| Income on temporary investments                                 | (21,975)  | (44,942)  |
| Financial expenses  | 118,028   | 291,223   |
| Earnings before income taxes                                    | 1,439,622   | 1,085,436   |
| Income taxes  | 432,000   | 381,413   |
| <b>Net earnings</b>   | <b>1,007,622</b>                                    | 704,023   |
| <b>Retained earnings, beginning of year</b>                     | <b>5,148,891</b>                                    | 2,157,295   |
| <b>Retained earnings, end of year</b>                           | <b>6,156,513</b>                                    | 2,861,318   |
| <b>Net earnings per share</b>                                   |   |   |
| Basic   | 0.15  | 0.11  |
| Diluted   | 0.14  | 0.10  |
| <b>Weighted average number of<br/>common shares outstanding</b> |   |   |
| Basic   | 6,729,559   | 6,599,124   |
| Diluted   | 7,078,875   | 6,925,809   |

**LOGIBEC GROUPE INFORMATIQUE LTD.**  
**CONSOLIDATED BALANCE SHEETS**

|   | December 31,<br>2004 | September 30,<br>2004 |
|---|----------------------|-----------------------|
|   | \$<br>(unaudited)    | \$<br>(audited)       |
| <b>Assets</b>                                   |                      |                       |
| Current assets                                  |                      |                       |
| Cash and cash equivalents                       | 2,529,059            | 6,565,935             |
| Accounts receivable                             | 3,928,415            | 3,661,594             |
| Income tax credits receivable                   | 1,435,669            | 1,130,530             |
| Income tax receivable                           | 164,987              | 164,987               |
| Advance   | 141,501              | 341,676               |
| Prepaid expenses and other current assets       | 418,587              | 362,027               |
|   | <b>8,618,218</b>     | 12,226,749            |
| Property, plant and equipment                   | 4,482,548            | 4,547,489             |
| Goodwill  | 6,958,145            | 6,958,145             |
| Intangible assets and other long-term assets    | 14,146,775           | 14,419,652            |
|   | <b>34,205,686</b>    | 38,152,035            |
| <b>Liabilities</b>                              |                      |                       |
| Current liabilities                             |                      |                       |
| Accounts payable and accrued liabilities        | 4,197,331            | 5,220,402             |
| Income taxes                                    | 439,475              | -                     |
| Future income taxes                             | 60,000               | 60,000                |
| Current portion of long-term debt               | 1,876,770            | 1,786,766             |
| Current liabilities, excluding deferred revenue | 6,573,576            | 7,067,168             |
| Deferred revenue                                | 3,925,011            | 7,076,728             |
|   | <b>10,498,587</b>    | 14,143,896            |
| Long-term debt                                  | -                    | 2,841,162             |
| Future income taxes                             | 3,557,626            | 3,557,626             |
|   | <b>14,056,213</b>    | 20,542,684            |
| <b>Shareholders' equity</b>                     |                      |                       |
| Share capital                                   | 13,377,123           | 11,305,023            |
| Warrants  | 615,837              | 1,155,437             |
| Retained earnings                               | 6,156,513            | 5,148,891             |
|   | <b>20,149,473</b>    | 17,609,351            |
|   | <b>34,205,686</b>    | 38,152,035            |

**LOGIBEC GROUPE INFORMATIQUE LTD.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
(unaudited)

|   | Three months<br>ended<br>December 31,<br>2004 | Three months<br>ended<br>December 31,<br>2003 |
|---|---|---|
|   | \$  | \$  |
| <b>Operating activities</b>   |   |   |
| Net earnings  | 1,007,622                                     | 704,023                                       |
| Adjustments for:  |   |   |
| Amortization of property, plant and equipment   | 209,764                                       | 162,942                                       |
| Amortization of intangible assets and other long-term assets                                  | 868,985                                       | 729,622                                       |
| Loss on disposal of assets  | -   | -   |
| Future income taxes   | -   | 366,413                                       |
|   | <b>2,086,371</b>                              | <b>1,963,000</b>                              |
| Changes in non-cash operating working capital items   | <b>(4,363,833)</b>                            | <b>(1,281,645)</b>                            |
|   | <b>(2,277,462)</b>                            | <b>681,355</b>                                |
| <b>Investing activities</b>   |   |   |
| Decrease (increase) in advance  | 200,175                                       | (40,309)                                      |
| Acquisition of property, plant and equipment  | (144,823)                                     | (1,091,441)                                   |
| Disposal of property, plant and equipment   | -   | 61,110  |
| Acquisition of intangible assets and other long-term assets,<br>net of investment tax credits | (596,108)                                     | (729,004)                                     |
|   | <b>(540,756)</b>                              | <b>(1,799,644)</b>                            |
| <b>Financing activities</b>   |   |   |
| Repayment of long-term debt   | (2,751,158)                                   | (4,868,546)                                   |
| Issuance of share capital   | 1,532,500                                     | 1,050,000                                     |
|   | <b>(1,218,658)</b>                            | <b>(3,818,546)</b>                            |
| Increase (decrease) in cash and cash equivalents  | <b>(4,036,876)</b>                            | <b>(4,867,945)</b>                            |
| Cash and cash equivalents, beginning of year  | <b>6,565,935</b>                              | <b>7,122,194</b>                              |
| <b>Cash and cash equivalents, end of year</b>   | <b>2,529,059</b>                              | <b>2,254,249</b>                              |
| <b>Additional information</b>   |   |   |
| Interest paid   | 51,787  | 736,123                                       |
| Income taxes paid (recovered)   | 14,733  | -   |