

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED
JUNE 30, 2006**

■ HEALTHCARE SOLUTIONS



Management's Discussion and Analysis

For the quarter ended June 30, 2006

Management's discussion and analysis (the "MD&A") of Logibec Groupe Informatique Ltd.'s ("Logibec" or the "Company") operating results and changes in financial position for the three-month period ended June 30, 2006, as well as the Company's financial position on this date, should be read in conjunction with the consolidated financial statements and the related notes for the same fiscal year.

Management has presented certain non-GAAP (Generally accepted accounting principles) measures in this MD&A. Although earnings before interest, taxes, depreciation and amortization ("EBITDA") are not a performance measure defined by Canadian GAAP, management, investors and analysts use this measure to evaluate the operating and financial performance of the Company. Moreover, the Company's definition of EBITDA may differ from the one used by other companies. EBITDA is reconciled with net income—a performance measure defined by Canadian GAAP—in the table of selected financial information included in this MD&A.

This report is dated August 1, 2006. All monetary amounts are expressed in Canadian dollars.

■ Vision, Core Business and Strategy

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. Following the merging of healthcare facilities in Quebec due to the regionalization of the healthcare sector, Logibec now serves 200 clients throughout Quebec and the rest of Canada. Since completing its acquisition of MDI Technologies, Inc. ("MDI"), in June 2005, and Monette Information Systems Corporation ("Monette"), in March 2006, Logibec also serves over 750 clients representing over 1,800 facilities throughout the United States. Logibec's services are delivered by an experienced team of over 250 employees as at June 30, 2006. The Company has its head office in Montreal as well as offices in Quebec City, Edmonton, St. Louis, Missouri, and Smithfield, Virginia.

MISSION STATEMENT

Our mission is to assist organizations in the health and social services sector by offering professional services and powerful and scalable solutions for managing administrative, patient and clinical information.

Our primary objective is to provide superior quality customer support and to constantly upgrade our products by drawing on the expertise and quality of our human resources and making optimal use of information technologies. In the context of the regionalization of the healthcare sector in Canada and the constantly evolving post-acute healthcare sector in the United States, our commitment to our clients is demonstrated by flexibility that enables us to anticipate and quickly respond to their new IT requirements. We have the willingness and the ability to adapt our business practices, our service offering and our product offering in order to facilitate the significant transformation of healthcare services that our customers are experiencing.

In so doing, we hope to **CREATE VALUE** for our customers, employees and shareholders and become the leading North American supplier in our industry.

■ Selected Financial Information

The table below presents selected information regarding Logibec's operating results and cash flow for the fiscal quarters ended June 30, 2005 and 2006 as well as the financial position as at September 30, 2005 and June 30, 2006.

In thousands of dollars except per share amounts

	Three Months Ended June 30, 2006	Three Months Ended June 30, 2005
OPERATING RESULTS		
Revenue	11,641	7,293
EBITDA, <i>see calculation below</i>	4,650	2,704
Net earnings	1,736	1,099
EBITDA per share	0.52	0.37
Net earnings per share	0.19	0.15
Reconciliation of EBITDA and net earnings		
Net earnings	1,736	1,099
Interest on indebtedness	125	105
Other interest (revenue)	(25)	(13)
Income tax	1,123	443
Depreciation of fixed assets	281	230
Amortization of intangible assets and other long-term assets	1,410	840
EBITDA	4,650	2,704
Investment in technology, net of tax credits	432	417
	June 30, 2006	September 30, 2005
FINANCIAL POSITION		
Cash and cash equivalents	1,882	3,192
Total assets	75,515	71,016
Indebtedness	2,477	12,345
Indebtedness, net of cash and cash equivalents	595	9,153
Shareholders' equity	39,171	35,444
- per common share	4.36	4.02
Working capital	(9,629)	(6,876)
Working capital ratio	0.64	0.62
Common shares outstanding, <i>weighted average, basic</i>	9,020,379	7,435,006
Common shares outstanding	8,993,224	8,806,324

HIGHLIGHTS

- Revenue up 60% for the third quarter ended June 30, 2006, to stand at \$11.6 million, compared to \$7.3 million for the same period in the previous fiscal year. Revenue for the nine months ended June 30, 2006, was \$32.8 million, up 46% from \$22.4 million for the same period in the previous fiscal year.
- Net earnings of \$1.7 million, up 58% for the quarter, compared to net earnings of \$1.1 million for the same period in the previous fiscal year. Net earnings for the nine months ended June 30, 2006, were \$5.2 million, up 51% from \$3.4 million for the same period in the previous fiscal year.
- Net earnings per share for the quarter reached \$0.19 per share, compared to \$0.15 per share for the same quarter in the previous fiscal year, despite an increase of 25% in the average number of outstanding shares. Net earnings per share for the nine months ended June 30, 2006, stand at \$0.58 per share (\$0.57 per fully-diluted share), compared to \$0.49 (\$0.46 per fully-diluted share) for the same period in the previous fiscal year.
- Operating margin for the nine months ended June 30, 2006, increased to 41% of total revenue, compared to 38% of total revenue for the same period in the previous fiscal year, and this despite a very competitive market in Quebec and the integration of the business activities of MDI and Monette.
- Payment of \$10.2 million made during the quarter on revolving reducing term loans to reduce indebtedness to \$2.5 million as at June 30, 2006, that is one year after borrowing \$28.3 million to finance the acquisition of MDI.

■ Operating Results

REVENUE

Revenue for the third quarter of fiscal year 2006 stood at \$11.6 million, an increase of 60% compared to \$7.3 million for the same period in the previous fiscal year. Revenue for the nine months ended June 30, 2006, stands at \$32.8 million, representing an increase of 46%, compared to \$22.4 million for the same period in the previous fiscal year.

The significant increase in revenue during the quarter in the amount of \$4.3 million is allocated as follows:

INCREASE IN REVENUE
3rd Quarter 2006 versus 3rd Quarter 2005
(in thousands of Canadian dollars)

	Canadian Unit	U.S. Unit	Total Increase
Recurring revenue	655	1,982	2,637
Non-recurring revenue	1,139	573	1,712
Total revenue	1,794	2,555	4,349

Revenue from Canadian activities

In Canada, the increase in recurring revenue is due to a progression in software rights of use for our administrative and clinical administrative software resulting from implementations during the last fiscal year. The increase in non-recurring revenue is mainly due to (i) revenue recognition associated with the implementation of a regional version of our Clinibase software for one of our clients, (ii) special projects carried out for clients using our Payroll software and (iii) agreements with eight regional technology centres to configure and deliver replacement servers for hosting our I-CLSC software.

For the three-month period ended on June 30, 2006, recurring revenue represented 66% of total revenue. The significant increase in non-recurring revenue explains the decrease of this statistic compared to the 72% recorded during the previous quarters.

Revenue from American activities

For the third quarter of 2006, the increase in recurring and non-recurring revenue from American activities is due to the inclusion of MDI and Monette activities, whereas for the corresponding period of the previous fiscal year, MDI had only contributed to Logibec's results for approximately 10 days and Monette had not yet been acquired.

During the last three quarters, recurring revenue from American activities has shown an increase in each quarter compared to the previous quarter. Sales of new modules to existing clients as well as sales to new clients generated, following implementation, recurring revenue from the support and hosting fees. Since the loss of clients is lower than the increase in clients, this revenue has shown a positive progression. However, the strengthening of the Canadian dollar during the same period cancels out this increase when the American results are consolidated in Canadian dollars.

Non-recurring revenue from American activities is mainly due to the sale of licences for MDI and Monette software and to the professional services provided to train clients on using the software. During the third quarter of 2006, in addition to the \$0.6 million of recognized non-recurring revenue, we closed sales in the amount of \$0.2 million which have not yet been recognized in accordance with the Company's revenue recognition policy. This amount was posted as deferred revenue on June 30, 2006.

OPERATING INCOME

Operating income before depreciation, amortization, loss on disposal of fixed assets, income from temporary investments, financial expenses and taxes for the quarter ended June 30, 2006 stood at \$4.7 million, representing an increase of \$2.0 million or 72% over the same period last year. Operating income before depreciation, amortization, loss on disposal of fixed assets, income from temporary investments, financial expenses and taxes for the nine months ended June 30, 2006 stood at \$13.4 million, representing an increase of \$4.8 million or 56% over the same period last year.

The operating margin stands at 41% for the quarter, representing an increase compared to the 38% recorded for the same quarter in the previous fiscal year. American activities, for which the revenue per employee ratio is higher than in Canada, greatly contributed to the improvement in the operating margin. Canadian activities had an inverse impact on the margin since they include the low-margin sale of the servers mentioned previously as well as discounts required by the highly competitive Quebec market.

OPERATING EXPENSES

Operating expenses for the third quarter, composed of service costs and selling, general and administrative expenses, stood at \$6.9 million or 59% of revenue, which is a decrease of 3% compared to the operating expense ratio for the same period of the previous fiscal year. Operating expenses for the nine months ended June 30, 2006 stood at \$19.4 million, compared to \$13.8 million recorded for the same period of the previous fiscal year.

The main component of operating expenses, that is service costs, stood at \$4.8 million, of which \$3.9 million is attributable to Canadian activities. Canadian service costs increased by \$0.4 million for the third quarter of 2006 compared to the same period in the previous fiscal year. This is mainly a result of an increase in the cost of equipment intended for resale.

Selling, general and administrative expenses were \$2.1 million or 18% of revenue for the quarter, compared to \$0.9 million or 12% of revenue for the same period last year. The \$1.2 million increase is mainly a consequence of including expenses of MDI and Monette in the amount of \$0.8 million. For the same quarter of the previous fiscal year, selling general and administrative expenses benefited from a non-recurring decrease in certain expenses. The ratio of 12% for this period was therefore not representative of the standardized level that is between 18% and 20% of revenue.

Stock-based compensation expenses of \$0.2 million were recorded for the nine months ended June 30, 2006. These expenses are related to the 134,000 stock options granted in the third quarter of the 2005 fiscal year. To complete the recognition of the expenses associated with this grant, the Company will record total expenses of less than \$0.1 million, divided equally over the next three quarters, that is the fourth quarter of fiscal year 2006 and the first and second quarters of 2007.

For the nine months ended June 30, 2006, service costs stood at \$12.8 million and selling, general and administrative expenses stood at \$6.4 million, representing an increase of 24% and 86% respectively compared to the same period in the previous fiscal year. Of the \$5.4 million increase for these two items, \$4.6 million is a consequence of adding MDI's and Monette's operating expenses.

The third quarter of 2006 included non-recurring expenses in the amount of \$0.3 million, allocated among service costs and selling, general and administrative expenses. These non-recurring items include the salaries of employees who left the Company, in particular employees associated with development and support of the GFI software acquired in 2000 through the transaction with Informatique Laliberté Lanctôt. All the clients acquired through this transaction and who used this software have since migrated to the Espresso software. Some of the other non-recurring items are the salaries of employees who left Monette as a result of our integration plan and the evaluation of royalties payable to CHUM (Centre hospitalier de l'Université de Montréal) in accordance with our partnership agreement.

AMORTIZATION OF FIXED ASSETS, INTANGIBLE ASSETS AND OTHER LONG-TERM ASSETS

Amortization of fixed assets, intangible assets and other long-term assets for the quarter ended June 30, 2006 rose to \$1.7 million, representing an increase of 58% compared to the same period in the previous fiscal year. Amortization of fixed assets increased \$0.1 million for the quarter, entirely due to the amortization of MDI's and Monette's fixed assets. Amortization of intangible assets also increased, up \$0.6 million to stand at \$1.4 million. This increase is also due to MDI and Monette, namely to the amortization of acquired software and technology. The Company conducted its preliminary purchase price allocation for the acquisition of Monette. The allocation is described in Note 3 of the Company's consolidated financial statements for the third quarter of 2006 and assesses a value of \$0.7 million for Monette's client base and \$1.1 million for technology acquired from Monette. The acquired client base is amortized over 10 years and the acquired technology over 5 years. These estimates incur amortization expenses of approximately \$0.1 million per quarter for intangible assets acquired from Monette.

FINANCIAL EXPENSES

Financial expenses were \$0.2 million for the quarter, representing approximately the same amount as the same quarter last year. Financial expenses for the third quarter of 2006 are mainly composed of interest charges related to the credit facilities obtained to finance the takeover bid for MDI and the subsequent merger. For the same quarter in the previous fiscal year, the financial expenses were mainly composed of interest payable to CHUM on the last payment of the balance of purchase price made in May 2005.

NET EARNINGS

Net earnings for the third quarter ended June 30, 2006 increased by 58% to \$1.7 million or \$0.19 per share (\$0.19 per fully-diluted share), compared to \$1.1 million or \$0.15 per share (\$0.14 per fully-diluted share) for the same period in the previous year.

Net earnings for the nine-month period ended June 30, 2006 increased by 51% or \$1.7 million to stand at \$5.2 million or \$0.58 per share (\$0.57 per fully-diluted share), compared to \$3.4 million or \$0.49 per share (\$0.46 per fully-diluted share) for the first nine months of the previous year. The increase in net earnings results from the addition of MDI's and Monette's activities as well as from profitable growth of the Company's Canadian activities, that is from software rights of use for installed software as well as from the professional services provided to clients using our payroll and human resources software and our clinical administrative software.

■ Liquidity and Sources of Financing

OPERATING ACTIVITIES

For the third quarter ended June 30, 2006, operating activities generated cash flows of \$12.0 million, compared to cash flows of \$9.1 million generated by these activities in the same period of the previous fiscal year. The increase is mainly explained by the increase in internally-generated funds following MDI's and Monette's contribution to operating activities, but also by the great number of clients who paid for their annual software licence and support agreements in advance.

INVESTING ACTIVITIES

The Company used \$1.8 million for investing activities during the quarter ended June 30, 2006. The main investing activity was the cash payment of US\$1.0 million or CA\$1.1 million to the former Monette shareholders. This amount represented almost the entire promissory note issued on March 23, 2006 for the acquisition of Monette's shares. As of June 30, 2006, only CA\$55,810 remained to be paid to the Monette shareholders, subject to certain adjustments. This amount was paid in full on July 21, 2006. It should be noted that the total purchase price for Monette, in the amount of CA\$2.7 million, was paid entirely using the funds generated internally by MDI during the period from September 2005 to April 2006.

During the third quarter of fiscal year 2006, the Company invested \$0.1 million in fixed assets, and \$0.5 million in intangible assets, which were mainly capitalized software development costs.

FINANCING ACTIVITIES

As mentioned in the Company's MD&A for the second quarter of 2006, most of the recurring Canadian revenue is billed annually on April 1st. The payment of these invoices by our clients allowed us to repay \$10.2 million on the Company's revolving reducing term loans during the third quarter. As at June 30, 2006, only \$2.5 million remained to be paid on the loans that on June 20, 2005, totalled \$28.3 million. Management believes that the revolving reducing term loans will be repaid in full during the current fiscal year.

During the third quarter, the Company repurchased 36,900 common shares through a normal course issuer bid announced on December 16, 2005. These shares were repurchased for cash consideration of \$0.6 million at the average price per share of \$15.31. Since December 20, 2005, 99,000 shares have been repurchased.

■ Obligations and Commitments

The Company's contractual obligations and commitments comprise mainly the leases for its office spaces situated at Cité du Multimédia and the CNNTQ in Québec City and for its office space for MDI in St. Louis, Missouri, and for Monette in Smithfield, Virginia. Leases for the head office space in Montreal have been renewed until December 2012 in order for the Company to take advantage of tax credits offered by the Cité du Multimédia for the full period of eligibility. In August 2004, the lease for MDI's office space was renewed until December 2010. The lease for Monette's office space expires in March 2007.

■ Related Party Transactions

During the third quarter ended June 30, 2006, the Company entered into the following transactions with a shareholder of a company having significant influence over the Company.

Management fees – expenses	\$ 126,219
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These transactions were in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the parties.

■ Risks and Uncertainties

For a description of the risks to which the Company is exposed, readers are referred to Management's Discussion and Analysis for the 2005 fiscal year. This report is available on SEDAR at www.sedar.com as well as on the Company's website at www.logibec.com.

■ Accounting Policies

Readers are invited to refer to Note 2 to the consolidated financial statements for the second quarter of 2006 for a detailed description of changes in accounting policies.

■ Forward-looking Statements

The MD&A contains forward-looking statements that are subject to risks and uncertainties. Any statement in this report that is not a historical fact may be considered a forward-looking statement. In this MD&A, verbs such as "believe", "consider", "expect" and other similar expressions generally indicate forward-looking statements. Forward-looking statements do not provide a guarantee of the Company's future performance nor of the performance of its industry sector. They assume known and unknown risks as well as uncertainties that may result in the Company's outlook, its performance or its actual results or those of its industry sector differing significantly from the performance or future results expressed or implied by the forward-looking statements.

■ Additional Information

The reader can obtain additional information and documents by consulting the SEDAR website at www.sedar.com as well as the Company's website at www.logibec.com.

■ Corporate Information

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⁽¹⁾ Members of the Human Resources Committee

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STOCK

The Company's Common Shares are traded on the
Toronto Stock Exchange under the symbol "LGI".

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