

**CONSOLIDATED FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED
MARCH 31, 2006**

■ HEALTHCARE SOLUTIONS



LOGIBEC GROUPE INFORMATIQUE LTD.
CONSOLIDATED STATEMENTS OF EARNINGS
(unaudited)

	Three months ended March 31		Six months ended March 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Revenue	10,790,388	8,165,248	21,139,917	15,132,480
Operating expenses				
Services costs (Note 4)	4,216,084	3,584,766	8,044,018	6,738,453
Selling and administrative expenses	1,977,829	1,347,626	4,268,281	2,546,747
Stock-based compensation	88,944	-	177,888	-
	6,282,857	4,932,392	12,490,187	9,285,200
Earnings before the following items	4,507,531	3,232,856	8,649,730	5,847,280
Amortization of fixed assets	268,704	216,804	539,805	426,568
Amortization of intangible assets and other long-term assets	1,335,044	1,060,585	2,636,389	1,929,570
Loss on disposal of fixed assets	18,493	-	18,493	-
Income on temporary investments	(27,053)	(4,908)	(42,526)	(26,883)
Financial expenses	195,246	61,962	387,171	179,990
Earnings before income taxes	2,717,097	1,898,413	5,110,398	3,338,035
Income taxes	912,000	569,500	1,670,000	1,001,500
Net earnings	1,805,097	1,328,913	3,440,398	2,336,535
Net earnings per share (Note 6)				
Basic	0.20	0.18	0.38	0.34
Diluted	0.20	0.18	0.38	0.32
Weighted average number of common shares outstanding (Note 6)				
Basic	9,032,335	7,192,238	8,959,766	6,958,356
Diluted	9,068,591	7,590,429	9,054,995	7,326,554

The notes to the financial statements are an integral part of the consolidated financial statements.

LOGIBEC GROUPE INFORMATIQUE LTD.
CONSOLIDATED STATEMENTS OF RETAINED EARNINGS
(unaudited)

	Three months ended March 31		Six months ended March 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Retained earnings, beginning of period	10,970,445	6,156,513	9,445,516	5,148,891
Net earnings	1,805,097	1,328,913	3,440,398	2,336,535
	12,775,542	7,485,426	12,885,914	7,485,426
Premium on redemption of common shares (Note 5)	(497,317)	(228,690)	(607,689)	(228,690)
Retained earnings, end of period	12,278,225	7,256,736	12,278,225	7,256,736

The notes to the financial statements are an integral part of the consolidated financial statements.

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

	March 31, 2006	September 30, 2005
	\$ (unaudited)	\$ (audited)
Assets		
Current assets		
Cash and cash equivalents	2,185,954	3,191,839
Accounts receivable	6,586,348	4,692,909
Income tax credits receivable	1,823,258	1,602,641
Income tax receivable	898,356	1,147,663
Future income taxes	107,456	106,968
Prepaid expenses and other current assets	638,531	385,051
	12,239,903	11,127,071
Fixed assets		
Goodwill	4,373,085	4,637,194
Intangible assets and other long-term assets	33,580,682	30,494,988
	23,127,260	24,757,115
	73,320,930	71,016,368
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	5,143,660	4,700,357
Promissory note	1,236,198	-
Income taxes	2,080,847	257,965
Future income taxes	135,000	135,000
Current portion of long-term debt	4,575,633	4,572,065
Current liabilities, excluding deferred revenue	13,171,338	9,665,387
Deferred revenue	2,836,237	8,337,960
	16,007,575	18,003,347
Long-term debt	8,095,130	7,773,180
Future income taxes	9,816,735	9,795,561
	33,919,440	35,572,088
Shareholders' equity		
Share capital (Note 5)	28,742,367	27,755,214
Warrants (Note 5)	-	189,837
Contributed surplus (Note 5)	355,776	177,888
Retained earnings	12,278,225	9,445,516
Currency translation adjustment	(1,974,878)	(2,124,175)
	39,401,490	35,444,280
	73,320,930	71,016,368

The notes to the financial statements are an integral part of the consolidated financial statements.

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

	Three months ended March 31		Six months ended March 31	
	2006	2005	2006	2005
	\$	\$	\$	\$
Operating activities				
Net earnings	1,805,097	1,328,913	3,440,398	2,336,535
Adjustments for:				
Amortization of fixed assets	268,704	216,804	539,805	426,568
Amortization of intangible assets and other long-term assets	1,335,044	1,060,585	2,636,389	1,929,570
Stock-base compensation	88,944	-	177,888	-
Loss on disposal of fixed assets	18,493	-	18,493	-
	3,516,282	2,606,302	6,812,973	4,692,673
Changes in non-cash operating working capital items	(2,765,096)	(2,554,918)	(5,618,349)	(6,918,751)
	751,186	51,384	1,194,624	(2,226,078)
Investing activities				
Business acquisition, net of cash and cash-equivalents acquired	(1,442,804)	-	(1,442,804)	-
Acquisition of long-term investment	-	(710,842)	-	(710,842)
Decrease in advance to a related company	-	141,501	-	341,676
Proceeds from disposal of fixed assets	32,326	-	32,326	-
Acquisition of fixed assets	(191,882)	(112,223)	(295,779)	(257,046)
Increase in intangible assets and other long-term assets net of investment tax credits	(467,549)	(360,481)	(949,719)	(956,589)
	(2,069,909)	(1,042,045)	(2,655,976)	(1,582,801)
Financing activities				
Increase in long-term debt	3,100,000	-	3,100,000	-
Repayment of long-term debt	(1,143,017)	-	(2,786,037)	(2,751,158)
Redemption of shares (Note 5)	(662,865)	(299,115)	(811,373)	(299,115)
Issuance of shares (Note 5)	-	167,500	1,001,000	1,700,000
	1,294,118	(131,615)	503,590	(1,350,273)
Effect of exchange rate changes on cash denominated in foreign currency	(13,377)	-	(48,122)	-
Decrease in cash and cash equivalents	(37,983)	(1,122,276)	(1,005,885)	(5,159,152)
Cash and cash equivalents, beginning of year	2,223,937	2,529,056	3,191,839	6,565,935
Cash and cash equivalents, end of year	2,185,954	1,406,780	2,185,954	1,406,783

The notes to the financial statements are an integral part of the consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006

(unaudited)

1. Notice of No Auditor Review of the Interim Consolidated Financial Statements

The interim consolidated financial statements are the responsibility of the Company's management and have been approved by its Board of Directors. The Company's independent auditor has not performed a review of these interim financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim financial statements by an entity's auditor.

2. Significant Accounting Policies

These unaudited interim consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles, using the same accounting principles as those mentioned in Note 2 to the consolidated financial statements for the year ended September 30, 2005, except for the recent accounting changes. The unaudited interim consolidated financial statements should be read in conjunction with the consolidated financial statements and the notes thereto for the year ended September 30, 2005. These consolidated financial statements require management to make estimates and assumptions that affect the reported amounts in the consolidated financial statements and the notes thereto. Actual results could differ from these estimates.

Recent Accounting Changes

Asset retirement obligations

The Canadian Institute of Chartered Accountants (the "CICA") has issued Handbook Section 3110, *Asset Retirement Obligations*, which focuses on the recognition and measurement of liabilities for obligations associated with the retirement of fixed assets when those obligations result from the acquisition, construction, development or normal operation of the assets. The standard is effective for fiscal years beginning on or after January 1, 2004. This chapter was adopted in 2005 and had no significant impact on the interim consolidated financial statements.

Consolidation of variable interest entities

In June 2003, the CICA issued Accounting Guideline 15 (AcG-15), *Consolidation of Variable Interest Entities*. This Guideline addresses consolidation of variable interest entities (VIEs) to which the usual condition for consolidation does not apply because the VIEs have no voting interests or are otherwise not subject to control through ownership of voting interests. It requires existing unconsolidated VIEs to be consolidated by the primary beneficiary. This Guideline is required for annual and interim periods beginning on or after November 1, 2004. The adoption of AcG-15 had no material impact on the Company's interim consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006

(unaudited)

2. Significant Accounting Policies (continued)

Recent Accounting Changes (continued)

Stock-based compensation plan

In September 2003, section 3870 of the CICA handbook was amended for fiscal years beginning on or after January 1, 2004. The amendments require that all stock-based compensation awarded to employees be measured using the fair value method and that the related expense be accounted for in the financial statements. The Company adopted the amendments as of October 1, 2003 on a prospective basis, as permitted by the amended section. For the quarter ended March 31, 2006, an expense in the amount of \$88,944 was recorded following the grant of stock options on April 1, 2005.

Impairment of long-lived assets

The CICA issued Handbook Section 3063, Impairment of Long-lived Assets, effective periods commencing on or after April 1, 2003. This section provides guidance on the recognition, measurement and disclosure of the impairment of long-lived assets. It replaces the write-down provisions in Section 3061, Property, Plant and Equipment. The provisions of the Section require an impairment loss for a long-lived asset to be held and used to be recognized when its carrying amount exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The impairment loss is measured as the amount by which its carrying amount exceeds its fair value. The adoption of this requirement had no material impact on the interim consolidated financial statements of the Company.

3. Business Acquisition

On March 23, 2006, MDI Technologies, Inc. ("MDI"), a wholly-owned subsidiary of the Company, completed the acquisition of all the shares of Monette Information Systems Corporation ("Monette"). Monette, located in Smithfield, Virginia, sells the ULTRACare software package to the same market sector MDI addresses, namely the long-term care sector in the United States. Consideration given for the shares was US\$1.3 million in cash (CA\$1.5 million) and a promissory note in the amount of US\$1.2 million (CA\$1.4 million). The amount of the promissory note is subject to certain adjustments and becomes due once an audited balance sheet is finalized for Monette and dated March 22, 2006. As of the preparation of these financial statements, the amount of the promissory note is estimated at US\$1.1 million or CA\$1.2 million.

The preliminary allocation of the purchase price that follows was established based on information available and on the basis of preliminary evaluations. This allocation is subject to changes when new information becomes available. The Company has not completed the determination of the fair values of the identified intangible assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006
(unaudited)

3. Business Acquisition (continued)

	\$
Net assets acquired	
Non-cash operating working capital items	(259,898)
Fixed assets	28,686
Long-term debt	(7,132)
Intangible assets and goodwill	2,947,130
Net non-cash assets acquired	2,708,787
Cash and cash equivalents	14,946
Net assets acquired	2,723,732
Consideration	
Cash	1,457,750
Promissory note	1,236,198
Acquisition costs	29,784
Consideration	2,723,732

4. Service Costs

Service costs are presented net of the *Cité du Multimédia* tax credits and the *Centre national des nouvelles technologies de Québec* tax credits which are in the amount of:

	Three Months Ended March 31,		Six Months Ended March 31,	
	2006	2005	2006	2005
	\$225,887	\$236,558	\$464,765	\$444,202

5. Share Capital, Options and Warrants

Authorized, unlimited number and without par value

Preferred shares, issuable in series, with terms and conditions determined at the time of issuance

Common Shares, voting

	March 31, 2006	September 30, 2005
	\$	\$
Issued		
9,028,224 Common Shares	28,742,367	27,755,214
(8,806,324 as of September 30, 2005)		

Under the terms of a normal course issuer bid, the Company is authorized to repurchase up to 447,565 common shares (5% of the issued common shares) over the course of the twelve-month period beginning December 20, 2005 and ending December 19, 2006.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006

(unaudited)

5. Share Capital, Options and Warrants (continued)

Between December 28, 2005 and February 22, 2006, the Company purchased, under the terms of the normal course issuer bid, 64,100 common shares for a total cash consideration of \$811,373. The excess of \$607,689 over paid-up capital of the shares was recorded as a decrease in retained earnings.

During the six-month period ended March 31, 2006, 150,000 options were exercised for cash consideration of \$525,000 and 150,000 common shares were issued.

In addition, 136,000 warrants were exercised for cash consideration of \$476,000 and 136,000 common shares were issued. Share capital increased by \$665,837 and the warrants decreased by \$189,837.

A summary of outstanding warrants is presented in the following table:

	March 31, 2006 (6 months)		September 30, 2005 (12 months)	
	<u>Warrants</u>	<u>Average Exercise Price</u> \$	<u>Warrants</u>	<u>Average Exercise Price</u> \$
Outstanding, beginning of period	136,000	3.50	816,000	3.50
Granted	–	–	–	–
Exercised	(136,000)	3.50	(680,000)	3.50
Outstanding, end of period	–	–	136,000	3.50

Options

A summary of stock options is presented in the following tables:

	March 31, 2006 (3 months)		September 30, 2005 (12 months)	
	<u>Options</u>	<u>Wtd Average Exercise Price</u> \$	<u>Options</u>	<u>Wtd Average Exercise Price</u> \$
Outstanding, beginning of period	294,000	6.36	400,000	2.81
Granted	–	–	134,000	9.84
Exercised	(150,000)	3.50	(240,000)	2.40
Outstanding, end of period	144,000	9.33	494,000	6.36
Exercisable options, end of period	10,000	2.50	160,000	3.44

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006

(unaudited)

5. Share Capital, Options and Warrants (continued)

Options (continued)

Outstanding options granted under the 1986 plan and exercisable

Exercise Price	Number	Expiration
\$2.50	10,000	December 20, 2007

Outstanding options granted under the 2005 plan

Exercise Price	Number	Expiration
\$9.84	134,000	March 31, 2010

Compensation expense related to the stock option grants for the quarter ended March 31, 2006 is \$88,944. The total amount was recorded under contributed surplus.

6. Earnings Per Share

The following table provides the details for the calculation of basic earnings per share and fully diluted earnings per share:

	Three Months Ended March 31,		Six Months Ended March, 31	
	2006	2005	2006	2005
Net earnings	\$1,805,097	\$1,328,913	\$3,440,398	\$2,336,535
Weighted average number of common shares outstanding	9,032,335	7,192,238	8,959,766	6,958,356
Dilutive effect of options and warrants	36,256	398,191	95,229	368,197
Diluted weighted average number of Common Shares outstanding	9,068,591	7,590,429	9,054,995	7,326,554
Basic earnings per share	\$0.20	\$0.18	\$0.38	\$0.34
Fully diluted earnings per share	\$0.20	\$0.18	\$0.38	\$0.32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006

(unaudited)

7. Segmented Information

The Company's economic activity is divided into two segments that are as much defined by geography as by the markets' nature. The Canadian unit specializes in the development, marketing, implementation and support of information systems for the health and social services sector in Canada. Healthcare in Canada is publicly funded and administered on a provincial or territorial basis. As such, the Company's Canadian customers are predominantly government-run entities.

The U.S. unit, through MDI, specializes in the same activities, but for information systems for the healthcare sector in the United States, which is primarily managed by private enterprise. American customers are divided into "for profit" and "not for profit" entities.

The following table presents the financial data used by Company management in assessing segmented results.

	Three Months Ended March 31, 2006		
	Canadian Unit	U.S. Unit	Total
	\$	\$	\$
Revenue	8,323,027	2,467,361	10,790,388
Operating expenses before amortization	5,107,578	1,310,279	6,417,857
Amortization of fixed assets	204,999	63,705	268,704
Amortization of intangibles and other long-term assets	851,580	483,463	1,335,043
Operating income after amortization	2,158,870	609,914	2,768,784

	Three Months Ended March 31, 2005		
	Canadian Unit	U.S. Unit	Total
	\$	\$	\$
Revenue	8,165,248	—	8,165,248
Operating expenses before amortization	4,932,392	—	4,932,392
Amortization of fixed assets	216,804	—	216,804
Amortization of intangibles and other long-term assets	1,060,585	—	1,060,585
Operating income after amortization	1,955,467	—	1,955,467

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the six-month period ended March 31, 2006

(unaudited)

7. Segmented Information (continued)

	Six Months Ended March 31, 2006		
	Canadian Unit	U.S. Unit	Total
	\$	\$	\$
Revenue	16,130,583	5,009,334	21,139,917
Operating expenses before amortization	9,564,470	3,060,717	12,625,187
Amortization of fixed assets	408,289	131,516	539,805
Amortization of intangibles and other long-term assets	1,661,634	974,754	2,636,388
Operating income after amortization	4,496,190	842,347	5,338,537

	March 31, 2006		
	Canadian Unit	U.S. Unit	Total
	\$	\$	\$
Fixed assets	3,793,198	579,887	4,373,085
Intangible and other long-term assets	12,267,507	10,859,753	23,127,260
Total assets	31,564,903	41,756,027	73,320,930

	September 30, 2005		
	Canadian Unit	U.S. Unit	Total
	\$	\$	\$
Fixed assets	4,041,942	595,252	4,637,194
Intangible and other long-term assets	12,972,879	11,784,236	24,757,115
Total assets	31,769,606	39,246,762	71,016,368