

**CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED  
DECEMBER 31, 2005**

■ HEALTHCARE SOLUTIONS



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

	Three months ended December 31	
	2005	2004
	\$	\$
<b>Revenue</b>	<b>10,349,529</b>	6,967,232
Operating expenses		
Service costs (Note 3)	3,827,934	3,153,687
Selling and administrative expenses	2,290,452	1,199,121
Stock-based compensation	88,944	—
	<b>6,207,330</b>	4,352,808
Earnings before the following items	<b>4,142,199</b>	2,614,424
Amortization of fixed assets	<b>271,101</b>	209,764
Amortization of intangible assets and other long-term assets	<b>1,301,345</b>	868,985
Income on temporary investments	<b>(15,473)</b>	(21,975)
Financial expenses	<b>191,925</b>	118,028
Earnings before income taxes	<b>2,393,301</b>	1,439,622
Income taxes	<b>758,000</b>	432,000
<b>Net earnings</b>	<b>1,635,301</b>	1,007,622
<b>Net earnings per share (Note 5)</b>		
Basic	<b>0.18</b>	0.15
Diluted	<b>0.18</b>	0.14
<b>Weighted average number of     common shares outstanding (Note 5)</b>		
Basic	<b>8,888,775</b>	6,729,559
Diluted	<b>9,042,975</b>	7,078,875

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 December 31,	
	2005	2004
	\$	\$
Retained earnings, beginning of period	9,445,516	5,148,891
Net earnings	1,635,301	1,007,622
	<b>11,080,817</b>	6,156,513
Premium on redemption of common shares (Note 4)	<b>(110,372)</b>	–
<b>Retained earnings, end of period</b>	<b>10,970,445</b>	6,156,513

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

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

	December 31, 2005	September 30, 2005
	\$ (unaudited)	\$ (audited)
<b>Assets</b>		
Current assets		
Cash and cash equivalents	2,223,937	3,191,839
Accounts receivable	5,192,064	4,692,909
Income tax credits receivable	1,533,417	1,602,641
Income tax receivable	1,156,845	1,147,663
Future income taxes	106,996	106,968
Prepaid expenses and other current assets	457,637	385,051
	<b>10,670,896</b>	<b>11,127,071</b>
Fixed assets	4,470,110	4,637,194
Goodwill	30,529,561	30,494,988
Intangible assets and other long-term assets	23,951,807	24,757,115
	<b>69,622,374</b>	<b>71,016,368</b>
<b>Liabilities</b>		
Current liabilities		
Accounts payable and accrued liabilities	4,567,474	4,700,357
Income taxes	1,141,699	257,965
Future income taxes	135,000	135,000
Current portion of long-term debt	4,572,065	4,572,065
Current liabilities, excluding deferred revenue	10,416,238	9,665,387
Deferred revenue	5,244,384	8,337,960
	<b>15,660,622</b>	<b>18,003,347</b>
Long-term debt	6,130,160	7,773,180
Future income taxes	9,796,760	9,795,561
	<b>31,587,542</b>	<b>35,572,088</b>
<b>Shareholders' equity</b>		
Share capital (Note 4)	28,907,917	27,755,214
Warrants (Note 4)	-	189,837
Contributed surplus (Note 4)	266,832	177,888
Currency translation adjustment	(2,110,362)	(2,124,175)
Retained earnings	10,970,445	9,445,516
	<b>38,034,832</b>	<b>35,444,280</b>
	<b>69,622,374</b>	<b>71,016,368</b>

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

	Three months ended December 31,	
	2005	2004
	\$	\$
<b>Operating activities</b>		
Net earnings	1,635,301	1,007,622
Adjustments for:		
Amortization of fixed assets	271,101	209,764
Amortization of intangible assets and other long-term assets	1,301,345	868,985
Stock-base compensation	88,944	—
	<b>3,296,691</b>	2,086,371
Changes in non-cash operating working capital items	<b>(2,853,253)</b>	(4,363,833)
	<b>443,438</b>	(2,277,462)
<b>Investing activities</b>		
Decrease in advance to a related company	—	200,175
Acquisition of fixed assets	<b>(103,897)</b>	(144,823)
Increase in intangible assets and other long-term assets net of investment tax credits	<b>(482,170)</b>	(596,108)
	<b>(586,067)</b>	(540,756)
<b>Financing activities</b>		
Repayment of long-term debt	<b>(1,643,020)</b>	(2,751,158)
Redemption of shares (Note 4)	<b>(148,508)</b>	—
Issuance of shares (Note 4)	<b>1,001,000</b>	1,532,500
	<b>(790,528)</b>	<b>(1,218,658)</b>
Effect of exchange rate changes on cash denominated in foreign currency	<b>(34,745)</b>	—
Decrease in cash and cash equivalents	<b>(967,902)</b>	(4,036,876)
Cash and cash equivalents, beginning of year	<b>3,191,839</b>	6,565,935
<b>Cash and cash equivalents, end of year</b>	<b>2,223,937</b>	2,529,059

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

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended December 31, 2005

(unaudited)

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**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 three-month period ended December 31, 2005  
(unaudited)

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**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 fiscal year ended September 30, 2005, an expense in the amount of \$88,944 was recorded following stock option grants 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. 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 December 31,	
2005	2004
<b>\$235,878</b>	\$218,606

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended December 31, 2005  
(unaudited)

**4. 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

	<b>December 31, 2005</b>	September 30, 2005
Issued		
9,080,224 Common Shares	28,907,917	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. During the quarter, the Company purchased for cancellation, under the terms of the normal course issuer bid, 12,100 common shares for total cash consideration of \$148,508. The excess of \$110,372 over paid-up capital of the shares was recorded as a decrease in retained earnings.

Between January 1 and February 10, 2006, that is subsequent to the first quarter, the Company purchased for cancellation 48,500 common shares for total cash consideration of \$617,645.

During the first quarter, 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.

***Warrants***

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

	<b>December 31, 2005 (3 months)</b>		September 30, 2005 (12 months)	
	<b>Warrants</b>	<b>Average Exercise Price</b>	Warrants	Average Exercise Price
		\$		\$
Outstanding, beginning of period	<b>136,000</b>	<b>3.50</b>	816,000	3.50
Granted	-	-	-	
Exercised	<b>136,000</b>	<b>3.50</b>	(680,000)	3.50
Outstanding, end of period	-	-	136,000	3.50

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended December 31, 2005

(unaudited)

**4. Share Capital, Options and Warrants (continued)****Options**

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

	December 31, 2005 (3 months)		September 30, 2005 (12 months)	
	Options	Wtd Average Exercise Price	Options	Wtd Average Exercise Price
		\$		\$
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	294,000	6.36
Exercisable options, end of period	10,000	2.50	160,000	3.44

Outstanding options granted and exercisable under the 1986 plan

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 December 31, 2005 is \$88,944. The total amount was recorded under contributed surplus.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended December 31, 2005  
(unaudited)

**5. 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 December, 31	
	2005	2004
Net earnings	<b>\$1,635,301</b>	\$1,007,622
Weighted average number of common shares outstanding	<b>8,888,775</b>	6,729,559
Dilutive effect of options and warrants	<b>154,200</b>	349,316
Diluted weighted average number of Common Shares outstanding	<b>9,042,975</b>	7,078,875
Basic earnings per share	<b>\$0.18</b>	\$0.15
Fully diluted earnings per share	<b>\$0.18</b>	\$0.14

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended December 31, 2005  
(unaudited)

**6. 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.

	<b>Three Months Ended December 31, 2005</b>		
	<b>Canadian Unit</b>	<b>U.S. Unit</b>	<b>Total</b>
	\$	\$	\$
Revenue	7,807,556	2,541,973	10,349,529
Operating expenses before amortization	4,456,892	1,750,438	6,207,330
Amortization of fixed assets	203,290	67,811	271,101
Amortization of intangibles and other long-term assets	810,054	491,291	1,301,345
<b>Operating income after amortization</b>	<b>2,337,320</b>	<b>232,433</b>	<b>2,569,753</b>

	<b>Three Months Ended December 31, 2005</b>		
	<b>Canadian Unit</b>	<b>U.S. Unit</b>	<b>Total</b>
	\$	\$	\$
Revenue	6,967,232	–	6,967,232
Operating expenses before amortization	4,352,808	–	4,352,808
Amortization of fixed assets	209,764	–	209,764
Amortization of intangibles and other long-term assets	868,985	–	868,985
<b>Operating income after amortization</b>	<b>1,535,675</b>	<b>–</b>	<b>1,535,675</b>

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three-month period ended December 31, 2005  
(unaudited)

**6. Segmented Information (continued)**

	<b>December 31, 2005</b>		
	<b>Canadian Unit</b>	<b>U.S. Unit</b>	<b>Total</b>
	\$	\$	\$
Fixed assets	3,870,531	599,579	4,470,110
Intangible and other long-term assets	12,651,536	11,300,271	23,951,807
<b>Total assets</b>	<b>30,326,696</b>	<b>39,295,678</b>	<b>69,622,374</b>

  

	<b>September 30, 2005</b>		
	<b>Canadian Unit</b>	<b>U.S. Unit</b>	<b>Total</b>
	\$	\$	\$
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
<b>Total assets</b>	<b>31,769,606</b>	<b>39,246,762</b>	<b>71,016,368</b>