



HEALTHCARE SOLUTIONS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED
December 31, 2008**



Management's Discussion and Analysis

For the quarter ended December 31, 2008

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 quarter ended December 31, 2008, 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 annual information included in this MD&A.

This report is dated February 5, 2009. All monetary amounts are expressed in Canadian dollars.

■ Profile

Logibec is among the fastest-growing North American companies specializing in the development, marketing, implementation and support of information systems for the health and social services sector. In 2008, Logibec continued the expansion of its American activities with the acquisition of the assets of Achieve Healthcare Technologies (Achieve) and QuickCare Software Services (QuickCare) and is now a leader in the U.S. with a customer base of approximately 7,000 facilities and communities for seniors. Its American activities now operate under the name MDI Achieve. Logibec's services are delivered by an experienced team of approximately 420 employees. The Company has its head office in Montreal as well as offices in Quebec City, Edmonton, St. Louis, Minneapolis, Dallas, Tampa and Smithfield, Virginia.

MISSION STATEMENT

Our mission is to assist organizations in the health and social services sector by offering powerful and scalable solutions for managing administrative 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 technology. In the context 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 for the fiscal quarters ended December 31, 2008 and 2007 as well as its financial position as at December 31, 2008 and September 30, 2008.

In thousands of dollars, except per share amounts

OPERATING RESULTS	Quarter ended December 31, 2008	Quarter ended December 31, 2007
Revenue	18,764	13,162
EBITDA (see below)	6,894	4,187
Net earnings	2,324	1,405
EBITDA per share	0.72	0.47
Earnings per share	0.24	0.16
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Reconciliation of EBITDA and net earnings		
Net earnings	2,324	1,405
Interest on indebtedness	353	323
Other revenue	(1)	(37)
Income taxes	1,009	599
Amortization of fixed assets	561	303
Amortization of intangible assets and other long-lived assets	2,648	1,594
EBITDA	6,894	4,187
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Deferred investment in technology, net of tax credits	930	710

FINANCIAL POSITION	As at December 31, 2008	As at September 30, 2008
Cash	1,630	3,184
Total assets	149,868	137,633
Total indebtedness	36,585	28,867
Net debt (net of cash)	34,955	25,683
Shareholders' equity	78,589	66,236
- per common share	8.32	6.91
Total capitalization (<i>net debt plus shareholders' equity</i>)	113,544	91,919
Net debt / EBITDA (last 12 months)	1.36	1.12
Debt-equity ratio (<i>net debt / total capitalization</i>)	31%	28%
Common shares outstanding (<i>weighted average, basic</i>)	9,537,073	9,643,983
Common shares outstanding	9,443,783	9,580,024

■ Highlights

- Revenue up 43% for the first quarter ended December 31, 2008, to stand at \$18.8 million compared to \$13.2 million for the same period in the previous fiscal year.
- Recurring revenue up 54% for the quarter to stand at \$17.0 million or 90% of total revenue.
- Operating earnings up 40% or \$6.3 million compared to \$4.5 million for the same period in the previous fiscal year.
- Net earnings of \$2.3 million, or \$0.24 per share (basic and diluted) compared to net earnings of \$1.4 million, or \$0.16 per share (basic and diluted).

■ Operating Results

This report compares the operating results for the quarter ended December 31, 2008, with those of the quarter ended December 31, 2007.

REVENUE

The business model adopted by the Company focuses on growth in recurring revenue. This revenue is primarily derived from annual software rights of use, software maintenance and support as well as from processing and hosting services for the Company's solutions. Non-recurring revenue is primarily from the sale of perpetual licenses and professional services.

Revenue for the first quarter of fiscal year 2009 stood at \$18.8 million, an increase of 43%, compared to \$13.2 million for the same period in the previous fiscal year.

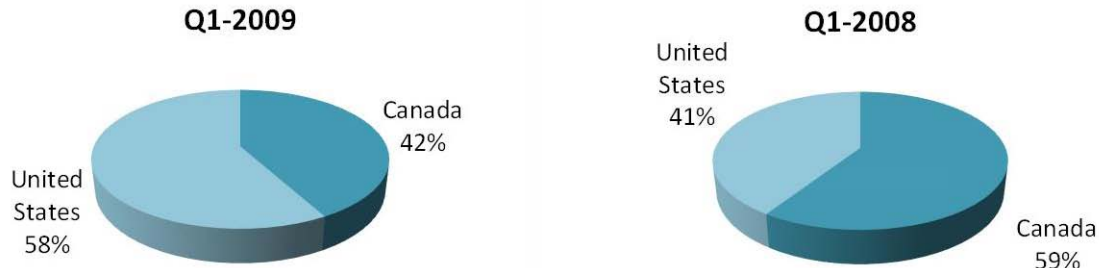
<i>in thousands of Canadian dollars</i>	Q1-2009	Q1-2008	Variance		Q1-2009	Q1-2008
	\$	\$	\$	%	% of revenue	% of revenue
Recurring revenue						
Canada	6,744	6,263	481	8%	86%	80%
United States	10,212	4,713	5,499	117%	94%	88%
Recurring revenue	16,956	10,976	5,980	54%	90%	83%
Non-recurring revenue						
Canada	1,134	1,528	(394)	-26%	14%	20%
United States	674	658	16	2%	6%	12%
Non-recurring revenue	1,808	2,186	(378)	-17%	10%	17%
Total revenue						
Canada	7,878	7,791	87	1%	42%	59%
United States	10,886	5,371	5,515	103%	58%	41%
Revenue	18,764	13,162	5,602	43%	100%	100%

The Company's activities are divided into two segments that are defined by geography and by the nature of the markets served. The Canadian segment 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-funded entities.

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

For the quarter ended December 31, 2008, revenue from American activities represented 58% of consolidated revenue compared to 41% of consolidated revenue for the same period in the previous fiscal year. This increase in revenue from the American segment is primarily due to the inclusion of acquisitions made during the previous year, namely Achieve and QuickCare.

SEGMENT REVENUE



Revenue from Canadian activities

Revenue from Canadian activities for the first quarter of 2009 stood at \$7.9 million, representing an increase of 1% compared to \$7.8 million for the same quarter in the previous fiscal year. Recurring revenue from Canadian activities for this quarter increased 8%. This increase in recurring revenue is attributable to several contracts that were signed over the last several quarters for our eClinibase, Espresso and Med-Echo Plus software packages and for our Business Intelligence solutions. Management is satisfied with these results since the non-recurring revenue associated with special work for our Espresso Payroll clients in the first quarter of the previous year was replaced by a significant increase in recurring revenue.

As at December 31, 2008, the Canadian segment had \$8.0 million in current deferred revenue (\$13.2 million as at September 30, 2008) and \$4.3 million in long-term deferred revenue (\$4.3 million as at September 30, 2008). This revenue, as well as the related costs, will be recognized over the term of the related agreements.

Revenue from American activities

During the first quarter ended December 31, 2008, revenue from American activities increased by \$5.5 million or 103%. This increase is due primarily to the full inclusion of the business activities of Achieve and QuickCare. The activities of these two companies were acquired on November 19, 2007 and January 1, 2008, respectively. The increase in revenue from American activities can also be explained by the depreciation of the Canadian dollar between the quarter ended December 31, 2007 and the one ended December 31, 2008. Even though this contributed to the increase in revenue from American activities, its impact on the results in Canadian dollars is lesser than the addition of the acquired business activities. In US dollars, that is without the effect of exchange rate fluctuations, the increase in revenue from American activities was 65%.

As at December 31, 2008, the American segment had \$5.0 million in current deferred revenue (\$4.7 million as at September 30, 2008) and \$2.9 million in long-term deferred revenue (\$2.8 million as at September 30, 2008). This revenue as well as the related costs will be recognized over the term of the related agreements.

SERVICE COSTS AND GROSS MARGIN

Service costs are composed primarily of salaries and benefits for customer support and software development employees and of expenses related to hosting services offered by the Company. Service costs for the first quarter of fiscal year 2009 stood at \$8.7 million, representing an increase of 46% compared to \$6.0 million for the same period in the previous fiscal year. The gross margin represented 53% of revenue compared to 55% last year.

<i>in thousands of Canadian dollars</i>	Q1-2009	Q1-2008	Variance		Q1-2009	Q1-2008
	\$	\$	\$	%	% of revenue	% of revenue
Service costs						
Canada	3,368	3,191	177	6%	43%	41%
United States	5,370	2,780	2,590	93%	49%	52%
Service costs	8,738	5,971	2,767	46%	47%	45%
Gross margin						
Canada	4,510	4,600	(90)	-2%	57%	59%
United States	5,516	2,591	2,925	113%	51%	48%
Gross margin	10,026	7,191	2,835	39%	53%	55%

Canadian service costs increased \$0.2 million or 6% for the first quarter of fiscal year 2009 compared to the same period in the previous fiscal year while the level of revenue was similar leading to a 2% decrease in the gross margin. This can be explained by an increase in the number of development employees during the quarter ended December 31, 2008 following the increased demand for the Company's products and services.

The significant increase of 93% in American service costs and of 113% in the gross margin is attributable to the inclusion of the business activities acquired from Achieve and QuickCare. The Company is also continuing to adopt measures to integrate and optimize the acquired American operations so as to further improve the gross margin. For example, the Company is about to terminate the subcontracting of certain hosting activities to third-parties.

SELLING AND ADMINISTRATIVE EXPENSES

Selling and administrative expenses include salaries and benefits, certain marketing activities such as advertising and trade shows as well as overhead such as rent, insurance and professional fees.

<i>in thousands of Canadian dollars</i>	Q1-2009	Q1-2008	Variance		Q1-2009	Q1-2008
	\$	\$	\$	%	% of revenue	% of revenue
Selling and administrative						
Canada	1,308	1,279	29	2%	17%	16%
United States	2,460	1,448	1,012	70%	23%	27%
Selling and administrative	3,768	2,727	1,041	38%	20%	21%

Selling and administrative expenses stood at \$3.8 million compared to \$2.7 million for the same period last year, representing however a similar proportion of revenue. The increase in absolute terms for the American segment can be explained by the acquisitions of Achieve and QuickCare. Since American customers are for the most part private entities, selling expenses remain higher in percentage of revenue than those of the Canadian segment due to the larger number of customers, spread nationwide, that require greater sales and marketing effort.

OPERATING EARNINGS

Operating earnings stood at \$6.3 million for the quarter ended December 31, 2008 compared to \$4.5 million for the same period in the previous fiscal year.

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

Amortization of fixed assets, intangible assets and other long-lived assets for the quarter ended December 31, 2008 rose to \$3.2 million compared to \$1.9 million for the same period in the previous fiscal year. This 69% increase is primarily due to the amortization of the technology and customer relationships acquired from Achieve and QuickCare.

FINANCIAL INCOME AND EXPENSES

Financial income and expenses are mainly composed of the interest charge on long-term debt, amortization of deferred financing cost, gains and losses on fair value adjustments of certain financial assets and foreign exchange gains and losses.

A financial income of \$0.3 million was recorded for the quarter ended December 31, 2008 compared to financial expenses of \$0.6 million for the same quarter of the previous fiscal year. Given that the interest expenses and amortization of deferred financing fees were similar, the variation is explained by the recognition of a gain on currency exchange of \$0.8 million for two financial assets denominated in US dollars.

NET EARNINGS

Net earnings for the first quarter ended December 31, 2008 stood at \$2.3 million, or \$0.24 per share, compared to \$1.4 million, or \$0.16 per share, for the same period in the previous fiscal year.

■ Summary of Quarterly Results

	2009	2008					2007		
<i>in thousands of Canadian dollars</i>	Q1	Q4	Q3	Q2	Q1	Fiscal	Q4	Q3	Q2
Revenue	18,764	17,415	18,599	18,473	13,162	67,649	11,569	11,405	12,309
Operating expenses									
Service costs	8,738	7,634	8,294	8,560	5,971	30,459	4,745	4,895	4,682
Selling and administrative	3,768	3,725	3,827	3,826	2,727	14,105	2,107	2,143	2,326
	12,506	11,359	12,121	12,386	8,698	44,564	6,852	7,038	7,008
Operating income	6,258	6,056	6,478	6,087	4,464	23,085	4,717	4,367	5,301
Amortization	3,209	2,913	2,972	2,882	1,897	10,664	1,626	1,563	1,600
Loss on disposal of fixed assets	–	(3)	7	11	–	15	9	1	120
Income on investments	(1)	(15)	(4)	(14)	(37)	(70)	(71)	(61)	(9)
Financial (income) / expenses	(283)	247	616	613	600	2,076	283	277	78
Earnings before taxes	3,333	2,914	2,887	2,595	2,004	10,400	2,870	2,587	3,512
Income taxes	1,009	510	851	746	599	2,706	1,174	753	1,209
Net income	2,324	2,404	2,036	1,849	1,405	7,694	1,696	1,834	2,303
Earnings per share									
Basic	0.24	0.24	0.21	0.19	0.16	0.80	0.19	0.21	0.26
Diluted	0.24	0.24	0.21	0.19	0.16	0.79	0.19	0.21	0.26

The Company's quarterly results do not have a significant seasonal trend. The main factors that influence the quarterly results above are related to the acquisitions in the United States over the last two fiscal years and the special non-recurring work performed in 2007 related to pay equity measures in Quebec. A detailed analysis of these quarters reveals the following facts.

- Q2 – 2008 and thereafter: On January 1, 2008, the Company completed the acquisition of QuickCare. The results were influenced by the inclusion of the revenue and expenses related to the business activities and assets acquired from QuickCare.
- Q2 – 2008 and thereafter: The financial expenses were higher than the expenses recorded during the quarters in 2007, which is a direct consequence of loans taken to finance the Achieve and QuickCare

acquisitions. The lower financial expenses of the fourth quarter of 2008 reflect the significant repayments made on long-term debt during the third quarter.

- Q1 – 2008 and thereafter: On November, 19, 2007, the Company completed the acquisition of Achieve. The results were influenced by the inclusion of the revenue and expenses related to the business activities and assets acquired from Achieve.
- Q1 – 2008 and thereafter: Amortization expenses increased as a result of the intangible assets recorded for the Achieve and QuickCare acquisitions.
- Q4 – 2007: Revenue, expenses and operating earnings of the fourth quarter increased due to the inclusion of the results of REPS Software during the full quarter. The financial expenses of the fourth quarter increased due to the acquisitions of Choice Systems Enterprise (Choice) and REPS Software being financed with the Company's credit facilities.
- Q3 – 2007: The third quarter of 2007 included revenue and expenses associated with the business activities and assets acquired from Choice and, for half of the quarter, those associated with REPS Software.
- Q2 – 2007: In Canada, the second quarter of 2007 was strongly characterized by non-recurring revenue resulting from special work associated with pay equity measures. This non-recurring revenue did not cause an increase in related service costs, therefore resulting in a significant increase in the operating earnings for the quarter.

■ Liquidity and Sources of Financing

OPERATING ACTIVITIES

During the first quarter ended December 31, 2008, operating activities generated cash flows of \$0.1 million whereas these same activities used cash flows of \$3.8 million for the same quarter of the previous fiscal year. This increase is mainly explained by higher operating earnings combined with tighter management of working capital as at December 31, 2008.

INVESTING ACTIVITIES

The Company used \$2.5 million for investing activities during the quarter ended December 31, 2008 compared to \$20.8 million as at December 31, 2007 for the acquisition of Achieve. During the first quarter ended December 31, 2008, the Company made an investment of \$1.2 million to acquire securities of a publicly-traded company. Additional amounts of \$0.4 million and \$0.9 million were invested respectively in fixed assets and other long-term assets, namely capitalized development costs. Certain fixed asset acquisitions were associated with leasehold improvements and are therefore non-recurring.

FINANCING ACTIVITIES

During the quarter, the Company borrowed \$11.0 million and repaid \$4.3 million under its credit facilities. The borrowed funds were used primarily to repurchase and cancel common shares of the Company. Under its normal course issuer bid, the Company repurchased 136,241 shares during the quarter for cash consideration of \$2.0 million. Furthermore, the Company paid \$3.4 million for a share repurchase executed in September 2008. The Company intends to renew its normal course issuer bid when it expires on February 12, 2009. An amount of \$1.2 million was also used to finance investing activities.

■ 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 Centre National des Nouvelles Technologies de Québec (CNNTQ) in Québec City, as well as for its office space in St. Louis, Minneapolis, Dallas, Tampa and Smithfield, Virginia. These leases expire at different dates between 2010 and 2013.

■ Related Party Transactions

During the first quarter ended December 31, 2008, the Company entered into the following transactions with a shareholder of a company having significant influence over the Company.

In thousands of Canadian dollars

\$

Management fees – expenses	160
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A corporate shareholder provides management services to the Company, namely the services of Claude Roy, as President and Chief Executive Officer. 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 2008 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 first quarter of 2009 for a detailed description of changes in accounting policies.

■ Subsidiaries

There are no legal or practical restrictions on the ability of our subsidiaries to transfer funds to the Company.

■ Off-Balance Sheet Arrangements

The Company does not have any off-balance sheet arrangements.

■ Disclosure Controls and Procedures

Disclosure controls and procedures are designed to provide reasonable assurance that material information is gathered and reported to senior management on a timely basis so that appropriate decisions can be made regarding public disclosure. The Company's Chief Executive Officer and its Chief Financial Officer are responsible for establishing and maintaining disclosure controls and procedures. They are assisted in this responsibility by the Company's disclosure committee. Based on an evaluation of the Company's disclosure controls and procedures, the Chief Executive Officer and Chief Financial Officer have concluded that these disclosure controls and procedures were effective as of December 31, 2008.

■ Internal Control Over Financial Reporting

Internal control over financial reporting (ICFR) is designed to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with Canadian GAAP. The Company's Chief Executive Officer and its Chief Financial Officer are responsible for establishing and maintaining adequate ICFR.

■ 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

Additional information regarding the Company, including its Annual Information Form, can be found on the SEDAR Web site (www.sedar.com).

■ Corporate Information

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- ❑ **SMITHFIELD, VA**

BOARD OF DIRECTORS

André Paiement⁽¹⁾
Chairman of the Board
Lawyer

Claude Roy, Eng. M.B.A.
President and Chief Executive Officer
LOGIBEC GROUPE INFORMATIQUE LTD.

Jocelyn Boucher⁽¹⁾⁽²⁾
Assistant Director General and Chief Financial Officer
HÔPITAL DU SACRÉ-COEUR

André Gauthier⁽²⁾
President
ANDRE GAUTHIER HOLDING INC.

Marc M. Malouin CA, CPA⁽¹⁾⁽²⁾
Chief Financial Officer
SONACA NORTH AMERICA INC.

Robert Roy
President
LOTEC INC.

⁽¹⁾ Members of the Human Resources Committee

⁽²⁾ Members of the Audit Committee

STOCK

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

TRANSFER AGENT AND REGISTRAR

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BANKS

National Bank of Canada
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AUDITORS

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