



HEALTHCARE SOLUTIONS

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE QUARTER ENDED  
June 30, 2009**



# Management's Discussion and Analysis

For the quarter ended June 30, 2009

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*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 June 30, 2009, 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 period.*

*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 August 6, 2009. All monetary amounts are expressed in Canadian dollars.*

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## ■ 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 June 30, 2009 and 2008 as well as its financial position as at June 30, 2009 and September 30, 2008.

*In thousands of dollars, except per share amounts*

OPERATING RESULTS	Quarter ended June 30, 2009	Quarter ended June 30, 2008
Revenue	19,254	18,599
EBITDA (see below)	7,234	6,449
Net earnings	2,701	2,036
EBITDA per share	0.77	0.65
Net earnings per share	0.29	0.21
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Reconciliation of EBITDA and net earnings		
Net earnings	2,701	2,036
Interest on indebtedness	278	587
Other revenue	-	(4)
Loss on disposal of assets	2	7
Income taxes	1,056	851
Amortization of fixed assets	405	459
Amortization of intangible assets and other long-lived assets	2,792	2,513
EBITDA	<u>7,234</u>	<u>6,449</u>
Deferred investment in technology, net of tax credits	727	865

FINANCIAL POSITION	As at June 30, 2009	As at September 30, 2008
Cash	1,184	3,184
Total assets	143,233	137,633
Total indebtedness	21,097	28,867
Net debt (net of cash)	19,913	25,683
Shareholders' equity	75,474	66,236
- per common share	8.18	6.91
Total capitalization ( <i>net debt plus shareholders' equity</i> )	95,387	91,919
Net debt / EBITDA ( <i>last twelve months</i> )	0.72	1.12
Debt-equity ratio ( <i>net debt / total capitalization</i> )	21%	28%
Common shares outstanding ( <i>weighted average, basic</i> )	9,393,374	9,643,983
Common shares outstanding	9,231,369	9,580,024

## ■ Highlights

### QUARTER ENDED JUNE 30, 2009

- Revenue up 4% for the third quarter ended June 30, 2009, to stand at \$19.2 million compared to \$18.6 million for the same period in the previous fiscal year.
- Recurring revenue up 13% for the quarter to stand at \$17.4 million or 91% of total revenue.
- Operating earnings of \$6.9 million against \$6.5 million, an increase of 7%.
- Quarterly net earnings up 33% to stand at \$2.7 million, or \$0.29 per share (basic and diluted) compared to net earnings of \$2.0 million, or \$0.21 per share (basic and diluted).

### NINE-MONTH PERIOD ENDED JUNE 30, 2009

- Revenue up 15% for the nine-month period ended June 30, 2009, to stand at \$57.7 million compared to \$50.2 million for the same period in 2008.
- Recurring revenue up 24% to stand at \$52.1 million compared to \$42.0 million for the same period in 2008.
- Operating earnings of \$20.1 million against \$17.0 million, an increase of 18%.
- Net earnings increased 37% to stand at \$7.3 million, or \$0.77 per share (basic and diluted) compared to net earnings of \$5.3 million, or \$0.55 per share (basic and diluted).
- Net earnings margin of 13% compared to 11% last year.

## ■ Operating Results

This report compares the operating results for the quarter and nine-month period ended June 30, 2009, with those of the quarter and nine-month period ended June 30, 2008.

### REVENUE

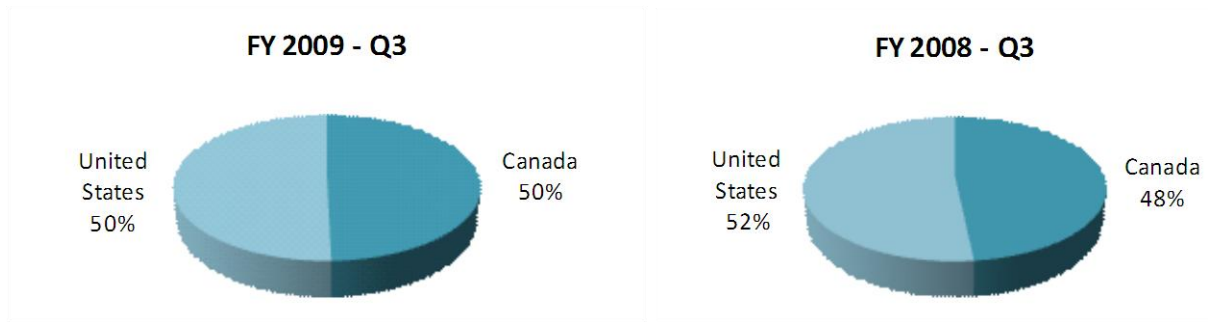
The business model adopted by the Company focuses on growth in recurring revenue. This revenue is primarily derived from annual software rights of use, software maintenance and support as well as from processing and hosting services for the Company's solutions. Non-recurring revenue is primarily from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

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.

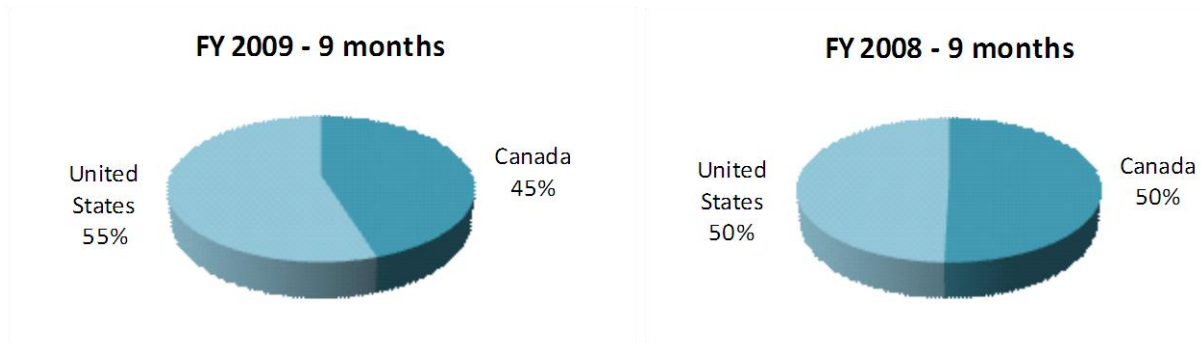
For the quarters ended June 30, 2009 and 2008, revenue from American activities represented respectively 50% and 52% of consolidated revenue. This decrease of 2% for the quarter can be explained by the deferral of professional service revenue as explained in the section *Revenue from American activities*.

**SEGMENT REVENUE**



For the nine-month period ended June 30, 2009, revenue from American activities represented 55% of consolidated revenue compared to 50% 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**



## Management's Discussion and Analysis Quarter 3 / June 30, 2009

Revenue for the third quarter of fiscal year 2009 stood at \$19.3 million, an increase of 4%, compared to \$18.6 million for the same period in the previous fiscal year.

<i>in thousands of Canadian dollars</i>	<b>Q3-2009</b>	Q3-2008	Variance		<b>Q3-2009</b>	Q3-2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Recurring revenue</b>						
Canada	7,553	6,912	641	9%	79%	77%
United States	9,884	8,564	1,320	15%	n.m.	89%
	<b>17,437</b>	<b>15,476</b>	<b>1,961</b>	<b>13%</b>	<b>91%</b>	<b>83%</b>
<b>Non-recurring revenue</b>						
Canada	2,001	2,075	(74)	-4%	21%	23%
United States	(184)	1,048	(1,232)	-118%	n.m.	11%
	<b>1,817</b>	<b>3,123</b>	<b>(1,306)</b>	<b>-42%</b>	<b>9%</b>	<b>17%</b>
<b>Total revenue</b>						
Canada	9,554	8,987	567	6%	50%	48%
United States	9,700	9,612	88	1%	50%	52%
	<b>19,254</b>	<b>18,599</b>	<b>655</b>	<b>4%</b>	<b>100%</b>	<b>100%</b>

*n.m.* = not meaningful. See the section "Revenue from American activities" for more information.

Revenue for the nine-month period ended June 30, 2009, stood at \$57.7 million, an increase of 15%, compared to \$50.2 million for the same period in the previous fiscal year.

<i>in thousands of Canadian dollars</i>	<b>9 months 2009</b>	9 months 2008	Variance		<b>9 months 2009</b>	9 months 2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Recurring revenue</b>						
Canada	21,534	20,056	1,478	7%	83%	79%
United States	30,562	21,897	8,665	40%	96%	88%
	<b>52,096</b>	<b>41,953</b>	<b>10,143</b>	<b>24%</b>	<b>90%</b>	<b>84%</b>
<b>Non-recurring revenue</b>						
Canada	4,481	5,267	(786)	-15%	17%	21%
United States	1,118	3,014	(1,896)	-63%	4%	12%
	<b>5,599</b>	<b>8,281</b>	<b>(2,682)</b>	<b>-32%</b>	<b>10%</b>	<b>16%</b>
<b>Total revenue</b>						
Canada	26,015	25,323	692	3%	45%	50%
United States	31,680	24,911	6,769	27%	55%	50%
	<b>57,695</b>	<b>50,234</b>	<b>7,461</b>	<b>15%</b>	<b>100%</b>	<b>100%</b>

### Revenue from Canadian activities

Revenue from Canadian activities for the third quarter of 2009 stood at \$9.6 million compared to \$9.0 million for the same period in the previous fiscal year, representing an increase of 6%. Recurring revenue from Canadian activities for this quarter increased 9%.

Revenue from Canadian activities for the nine-month period ended June 30, 2009, stood at \$26.0 million compared to \$25.3 million for the same period in 2008, representing an increase of 3%. Recurring revenue from Canadian activities for this period increased 7%.

For the quarter and year-to-date period, the increase in recurring revenue was attributable to new contracts for annual software rights of use, software maintenance and support for the Company's clinical administrative and financial solutions, namely eClinibase and the business intelligence solutions. The software rights of use contracts are also subject to an annual price increase as of April 1<sup>st</sup>. The increase was approximately 3% in 2009. The quarter and nine-month period last year were marked by significant non-recurring revenue associated with special work for our Espresso Payroll/HRM clients and sales of computer equipment on which our solutions are deployed.

As at June 30, 2009, the Canadian segment had \$20.6 million in current deferred revenue (\$13.2 million as at September 30, 2008) and \$3.8 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 third quarter of 2009, revenue from American activities was stable at \$9.7 million compared to \$9.6 million in 2008. Recurring revenue from American activities increased by 15%, primarily due to the depreciation of the Canadian dollar, but remains stable in American dollars. The decrease in non-recurring revenue is due to the fact that the Company is no longer offering information technology management services to its clients this year. In addition, a more competitive environment during the third quarter resulted in an ever increasing pressure on prices. Following this event of the quarter, so as to comply with its revenue recognition policy, the Company deferred US\$0.7 million in non-recurring professional service revenue for the current fiscal year as well as US\$0.2 million in related costs. This deferred revenue will be recognized over the term of the related agreements, which is generally three years. The recognition of non-recurring professional service revenue is now homogeneous for all product families in the United States as well as in Canada.

Revenue from American activities for the nine-month period ended June 30, 2009, stood at \$31.7 million compared to \$24.9 million for the same period in 2008, representing an increase of 27%. This increase is primarily due to the full inclusion of the business activities of Achieve and QuickCare this year. 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 against the U.S. dollar between October 1, 2008 and June 30, 2009 compared to the same period last year.

As at June 30, 2009, the American segment had \$4.8 million in current deferred revenue (\$4.7 million as at September 30, 2008) and \$3.5 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**

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 third quarter of fiscal year 2009 stood at \$8.7 million compared to \$8.3 million for the same period in the previous fiscal year but remain stable as a percent of revenue.

<i>in thousands of Canadian dollars</i>	Q3-2009	Q3-2008	Variance		Q3-2009	Q3-2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Service costs</b>						
Canada	3,882	3,589	293	8%	41%	40%
United States	4,796	4,705	91	2%	49%	49%
	<b>8,678</b>	<b>8,294</b>	<b>384</b>	<b>5%</b>	<b>45%</b>	<b>45%</b>

Service costs for the nine-month period ended June 30, 2009, stood at \$26.5 million, representing an increase of 16% compared to \$22.8 million for the same period in the previous fiscal year.

<i>in thousands of Canadian dollars</i>	9 months 2009	9 months 2008	Variance		9 months 2009	9 months 2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Service costs</b>						
Canada	10,809	10,116	693	7%	42%	40%
United States	15,658	12,709	2,949	23%	49%	51%
	<b>26,467</b>	<b>22,825</b>	<b>3,642</b>	<b>16%</b>	<b>46%</b>	<b>45%</b>

Canadian service costs increased \$0.3 million or 8% for the third quarter of fiscal year 2009 compared to the same period in the previous fiscal year. For the nine-month period ended June 30, 2009, service costs rose to \$10.8 million compared to \$10.1 million for the same period last year. The increases of 1% and 2% as a percent of revenue for the quarter and nine-month period respectively can be explained by the previously reported increase in the number of development employees during the current fiscal year to meet the increased demand for the Company's products and services.

American service costs increased \$0.1 million or 2% for the third quarter of fiscal year 2009 compared to the same period in the previous fiscal year. For the nine-month period ended June 30, 2009, the significant increase of 23% in American service costs is attributable to the contribution of the business activities of Achieve and QuickCare. The Company has adopted and is continuing to adopt measures to integrate and optimize the acquired American operations. The 2% decrease in American service costs as a percent of revenue for the nine-month period can be explained by cost saving measures. For example, during the current fiscal year, the Company is continuing to terminate the subcontracting of certain hosting activities to third-parties and this is having a positive impact on the gross margin as planned.

## 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.

Selling and administrative expenses for the third quarter of fiscal year 2009 decreased 4% to stand at \$3.7 million compared to \$3.8 million for the same period in the previous fiscal year.

<i>in thousands of Canadian dollars</i>	Q3-2009	Q3-2008	Variance		Q3-2009	Q3-2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Selling and administrative</b>						
Canada	1,426	1,703	(277)	-16%	15%	19%
United States	2,237	2,124	113	5%	23%	22%
	<b>3,663</b>	<b>3,827</b>	<b>(164)</b>	<b>-4%</b>	<b>19%</b>	<b>21%</b>

Selling and administrative expenses for the nine-month period ended June 30, 2009, increased 7% to stand at \$11.1 million compared to \$10.4 million for the same period in the previous fiscal year.

<i>in thousands of Canadian dollars</i>	9 months 2009	9 months 2008	Variance		9 months 2009	9 months 2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Selling and administrative</b>						
Canada	4,119	4,389	(270)	-6%	16%	17%
United States	7,013	5,991	1,022	17%	22%	24%
	<b>11,132</b>	<b>10,380</b>	<b>752</b>	<b>7%</b>	<b>19%</b>	<b>21%</b>

The increase in absolute terms for the American segment can be explained by the acquisitions of Achieve and QuickCare. Selling and administrative expenses for the American segment represent, however, a smaller portion of revenue, decreasing from 24% to 22% for the first nine months of the fiscal year compared to the same period in the previous year. This improvement can be explained by the same factors described during the two previous quarters, namely combined sales and marketing activities (each acquired company previously having its own sales and marketing strategy) as well as by certain non-recurring events last year related to the acquisitions such as professional fees and an increase in the allowance for doubtful accounts.

## OPERATING EARNINGS

Operating earnings stood at \$6.9 million for the quarter ended June 30, 2009 compared to \$6.5 million for the same period in the previous fiscal year.

<i>in thousands of Canadian dollars</i>	Q3-2009	Q3-2008	Variance		Q3-2009	Q3-2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Operating earnings</b>						
Canada	4,246	3,695	551	15%	44%	41%
United States	2,667	2,783	(116)	-4%	27%	29%
	<b>6,913</b>	<b>6,478</b>	<b>435</b>	<b>7%</b>	<b>36%</b>	<b>35%</b>

## Management's Discussion and Analysis Quarter 3 / June 30, 2009

For the nine-month period ended June 30, 2009, operating earnings stood at \$20.1 million compared to \$17.0 million for the same period in the previous fiscal year. This increase can be explained by the Achieve and QuickCare acquisitions as well as by cost savings in the American segment.

<i>in thousands of Canadian dollars</i>	9 months 2009	9 months 2008	Variance		9 months 2009	9 months 2008
	\$	\$	\$	%	% of revenue	% of revenue
<b>Operating earnings</b>						
Canada	11,087	10,818	269	2%	43%	43%
United States	9,009	6,211	2,798	45%	28%	25%
	<b>20,096</b>	<b>17,029</b>	<b>3,067</b>	<b>18%</b>	<b>35%</b>	<b>34%</b>

### 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 June 30, 2009 rose to \$3.2 million (\$9.7 million for the nine-month period ended June 30, 2009) compared to \$3.0 million (\$7.8 million for the nine-month period) for the same period in the previous fiscal year. These increases are 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 costs, gains and losses on fair value adjustments of certain financial assets and foreign exchange gains and losses.

Financial income of \$0.1 million was recorded for the quarter ended June 30, 2009 compared to financial expenses of \$0.6 million for the same quarter of the previous fiscal year. The interest charge and other financial costs of the quarter ended June 30, 2009, were fully compensated by a gain of \$0.8 million on the variance in fair value of an asset composed of securities from a company acquired on the open market.

For the nine-month period ended June 30, 2009, net financial expenses were \$0.1 million compared to \$1.8 million for the same period last year. During the first quarter of the current fiscal year, a gain on currency exchange of \$0.8 million was recorded for two of the Company's financial assets denominated in U.S. dollars. This gain is due to the depreciation of the Canadian dollar against the U.S. dollar during the period. This foreign exchange gain of the first quarter and the gain during the third quarter on the variance in fair value of the above-mentioned investment have almost fully cancelled the effect of the interest charges and other financial expenses of the period.

### NET EARNINGS

Net earnings for the third quarter ended June 30, 2009 stood at \$2.7 million, or \$0.29 per share, compared to \$2.0 million, or \$0.21 per share, for the same period in the previous fiscal year.

Net earnings for the nine-month period ended June 30, 2009, stood at \$7.3 million, or \$0.77 per share, compared to \$5.3 million, or \$0.55 per share, for the same period in the previous fiscal year.

## ■ Summary of Quarterly Results

<i>in thousands of Canadian dollars</i>	2009			2008				2007	
	Q3	Q2	Q1	Q4	Q3	Q2	Q1 Fiscal	Q4	
<b>Revenue</b>	<b>19,254</b>	19,677	18,764	17,415	18,599	18,473	13,162	67,649	11,569
<b>Operating expenses</b>									
Service costs	<b>8,678</b>	9,051	8,738	7,634	8,294	8,560	5,971	30,459	4,745
Selling and administrative	<b>3,663</b>	3,701	3,768	3,725	3,827	3,826	2,727	14,105	2,107
	<b>12,341</b>	12,752	12,506	11,359	12,121	12,386	8,698	44,564	6,852
<b>Operating income</b>	<b>6,913</b>	6,925	6,258	6,056	6,478	6,087	4,464	23,085	4,717
Amortization	<b>3,197</b>	3,323	3,209	2,913	2,972	2,882	1,897	10,664	1,626
Loss on disposal of fixed assets	<b>2</b>	–	–	(3)	7	11	–	15	9
Income on investments	<b>–</b>	–	–	(15)	(4)	(14)	(37)	(70)	(71)
Financial expenses (income)	<b>(43)</b>	394	(283)	247	616	613	600	2,076	283
	<b>3,156</b>	3,717	2,926	3,142	3,591	3,492	2,460	12,685	1,847
<b>Earnings before taxes</b>	<b>3,757</b>	3,208	3,332	2,914	2,887	2,595	2,004	10,400	2,870
Income taxes	<b>1,056</b>	964	1,009	510	851	746	599	2,706	1,174
<b>Net income</b>	<b>2,701</b>	2,244	2,323	2,404	2,036	1,849	1,405	7,694	1,696
<b>Earnings per share</b>									
Basic	<b>0.29</b>	0.24	0.24	0.24	0.21	0.19	0.16	0.80	0.19
Diluted	<b>0.29</b>	0.24	0.24	0.24	0.21	0.19	0.16	0.79	0.19

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. A detailed analysis of these quarters reveals the following facts.

- Q3 – 2009: The interest charge and other financial expenses were fully compensated by a gain of \$0.8 million on the variance in fair value of an asset composed of securities from a company acquired on the open market.
- Q1 – 2009: Following the depreciation of the Canadian dollar against the U.S. dollar, a gain on currency exchange of \$0.8 million for two of the Company's financial assets denominated in U.S. dollars explains the net financial income of this quarter.
- 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.

## ■ Liquidity and Sources of Financing

### OPERATING ACTIVITIES

For the quarter ended June 30, 2009, operating activities generated cash flows of \$14.1 million whereas these same activities generated cash flows of \$17.5 million for the same quarter of the previous fiscal year. Over 80% (over \$22.0 million in 2009) of the contracts for software rights of use related to Canadian activities are invoiced on April 1<sup>st</sup>, which explains the significant increase in the working capital in each third quarter. The positive impact of this invoicing on the working capital was offset by other working capital items such as accounts receivable and accounts payable.

For the nine-month period ended June 30, 2009, operating activities generated cash flows of \$19.0 million whereas these same activities generated cash flows of \$13.3 million for the same period of the previous fiscal year.

### INVESTING ACTIVITIES

For the quarters ended June 30, 2009 and 2008, the Company invested \$1.4 million in fixed assets and other long-term assets, namely deferred development costs.

The Company used \$5.4 million for investing activities during the nine-month period ended June 30, 2009, compared to \$43.4 million as at June 30, 2008 for the acquisition of Achieve and QuickCare. During the current fiscal year, the Company made an investment of \$1.2 million to acquire the securities of a company in the open market. Amounts of \$1.1 million and \$3.1 million were invested respectively in fixed assets and other long-term assets, of which \$2.6 million were deferred development costs. Certain fixed asset acquisitions were associated with leasehold improvements and are therefore non-recurring.

### FINANCING ACTIVITIES

For the quarter ended June 30, 2009, financing activities resulted in a net outflow of \$14.4 million. An amount of \$4.0 million was borrowed at the beginning of the quarter. Following the cash receipts from the Canadian annual rights of use contracts, the Company repaid \$17.5 million on its credit facilities and used \$0.9 million to repurchase common shares.

For the nine-month period ended June 30, 2009, the Company borrowed \$16.8 million and repaid \$25.3 million under its credit facilities, including the repayment of a promissory note of \$2.6 million (US\$2.2 million) on December 19, 2008. Under its normal course issuer bid, the Company repurchased common shares during the period for cash consideration of \$6.9 million. The Company renewed its normal course issuer bid in February 2009.

Under its normal course issuer bid, the Company is authorized to repurchase for cancellation up to 497,041 and 472,189 common shares (approximately 5% of the common shares outstanding) over the course of the twelve-month periods ending respectively February 12, 2009 and February 12, 2010.

## ■ 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.

## ■ Goodwill

The increase of \$5.3 million in goodwill between September 30, 2008 and June 30, 2009, from \$64.5 million to \$69.8 million is solely explained by the variance in exchange rate between the U.S. dollar and the Canadian dollar over this period.

## ■ Related Party Transactions

During the three-month and nine-month periods ended June 30, 2009, the Company entered into the following transactions with a shareholder of a company having significant influence over the Company.

<i>In thousands of Canadian dollars</i>	<b>Quarter</b>	<b>Nine-month period</b>
	\$	\$
Management fees – expenses	163	486

This 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](http://www.sedar.com) as well as on the Company's website at [www.logibec.com](http://www.logibec.com).

## ■ Accounting Policies

Readers are invited to refer to Note 2 to the consolidated financial statements for the third 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 June 30, 2009.

## ■ 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.

## ■ International Financial Reporting Standards

The Accounting Standards Board of Canada has announced that accounting standards in Canada, as used by public companies, will be converged to International Financial Reporting Standards ("IFRS"). The official changeover date from current Canadian GAAP to IFRS is for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2011. The Company will convert to these new standards according to the timetable set with these new rules. The Company has developed a plan to convert its consolidated financial statements to IFRS. The plan addresses the impact of IFRS regarding:

- Accounting policies and implementation decisions;
- Information technology and data systems;
- Internal control over financial reporting;
- Disclosure controls and procedures;
- Financial reporting expertise; and
- Business activities.

The Company has set up an IFRS team and retained the services of its auditors as advisors on the implementation process. The Company is providing training to employees involved in the project.

The Company is currently assessing the overall impact and effect of the IFRS conversion. Changes in accounting policies are likely and may materially impact the Company's consolidated financial statements.

## ■ 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](http://www.sedar.com)).

## ■ Corporate Information

### OFFICES

❑ **MONTREAL (HEAD OFFICE)**  
700, Wellington Street, Suite 1500  
Montreal (Quebec) H3C 3S4  
www.logibec.com  
  
514-766-0134  
514-766-9237 (fax)

❑ **QUEBEC**  
❑ **EDMONTON**  
❑ **ST. LOUIS**  
❑ **MINNEAPOLIS**  
❑ **DALLAS**  
❑ **TAMPA**  
❑ **SMITHFIELD, VA**

### BOARD OF DIRECTORS

**André Paiement<sup>(1)</sup>**  
Chairman of the Board  
Lawyer

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

**Jocelyn Boucher<sup>(1)(2)</sup>**  
Assistant Director General, Administration, Financial  
Resources and Economic Partnerships  
CENTRE HOSPITALIER DE L'UNIVERSITÉ DE MONTRÉAL

**André Gauthier<sup>(2)</sup>**  
President  
ANDRE GAUTHIER HOLDING INC.

**Gilles Laporte**  
Senior Vice-President, Business Development  
LOGIBEC GROUPE INFORMATIQUE LTD.

**Marc M. Malouin CA, CPA<sup>(1)(2)</sup>**  
Chief Financial Officer  
SONACA NORTH AMERICA INC.

**Robert Roy**  
President  
LOTEC INC.

<sup>(1)</sup> Members of the Human Resources Committee  
<sup>(2)</sup> Members of the Audit Committee

### STOCK

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

### BANKS

National Bank of Canada  
Scotiabank

### TRANSFER AGENT AND REGISTRAR

Computershare  
1 800 564-6253  
www.computershare.com

### AUDITORS

Samson Bélair/Deloitte & Touche s.e.n.c.r.l.  
www.deloitte.com