

Constellation Software Inc. Announces Results for the Fourth Quarter and Year Ended December 31, 2009 and Declares Annual Dividend

TORONTO, ONTARIO (March 3, 2010) -- Constellation Software Inc. (TSX:CSU) (“Constellation” or the “Company”) today announced its financial results for the fourth quarter and fiscal year ended December 31, 2009, and declared a \$0.26 per share dividend payable on March 31, 2010 to all common shareholders and class A non-voting shareholders of record at close of business on March 17, 2010. Please note that all dollar amounts referred to in this press release are U.S. Dollars unless otherwise stated.

The following press release should be read in conjunction with the Company’s audited annual Consolidated Financial Statements, prepared in accordance with Canadian GAAP and our annual MD&A for the year ended December 31, 2009 which can be found on SEDAR at www.sedar.com and on the Company’s website www.csisoftware.com. Additional information about the Company is also available on SEDAR at www.sedar.com.

2009 Highlights:

- Revenue grew 32% compared to 2008. Organic revenue growth was negative 3% in 2009 versus positive 5% in 2008
- Adjusted EBITDA increased \$24 million or 37% to \$88 million as compared to 2008
- Adjusted Net Income increased by \$8 million or 15% to \$62 million (\$2.95 on a fully diluted per share basis) from \$54 million (\$2.57 on a fully diluted per share basis) in 2008
- \$38 million was deployed on 13 acquisitions and \$4 million in holdbacks relating to prior acquisitions was paid
- Dividend declared of \$0.26 per share, a 20% increase over 2008

Q4 2009 Highlights:

- Revenue grew 34% compared to Q4 2008. Organic revenue growth was negative 4% in Q4 2009 versus positive 2% in Q4 2008
- Adjusted EBITDA was \$22 million, consistent with Q4 2008
- Adjusted Net Income declined by 23% to \$15 million (\$0.69 on a fully diluted per share basis) from \$19 million (\$0.90 on a fully diluted per share basis) in Q4 2008
- The company’s credit facility was increased from \$130 million to \$160 million
- We acquired the Public Transit Solutions (‘PTS’) business on November 2, 2009. Revenue, Adjusted EBITDA and Cash flow from Operations for the PTS business were \$17 million, (\$1.3) million, and \$6.6 million, respectively

Fourth quarter 2009 revenue was \$132 million, an increase of 34%, or \$34 million, compared to \$98 million for the comparable period in 2008. For the 2009 fiscal year, total revenues were \$438 million, an increase of 32% over 2008. The increases for both the fourth quarter and the full year compared to the same periods in the prior year were mainly attributable to growth from acquisitions, as organic growth from our existing business was estimated at approximately negative 4% for the fourth quarter and negative 3% for the full year.

Constellation acquired the PTS business from Continental Automotive AG (‘Continental’) on November 2, 2009. Given the substantial amount of non-recurring revenue historically earned by PTS, gross revenue from PTS has fluctuated significantly in the past and may continue to do so in the future. Constellation expects revenue from PTS to decline significantly in the twelve months following acquisition compared to revenue in the twelve months preceding acquisition. Excluding PTS, organic growth for Constellation was 3% in Q4 2009 and was flat for 2009. Excluding PTS, organic growth for the Public Sector was 7% in Q4 2009 and 5% for 2009.

The following table provides a summary of the impact of PTS on organic revenue growth:

| Organic Revenue Growth | | |
|-----------------------------|-------|------|
| | Q4-09 | 2009 |
| Constellation | -4% | -3% |
| Constellation excluding PTS | 3% | 0% |
| Public Sector | -2% | 2% |
| Public Sector excluding PTS | 7% | 5% |

Adjusted EBITDA for the fourth quarter 2009 was \$22 million, the same as Q4 2008. Fourth quarter Adjusted EBITDA per share on a fully diluted basis was \$1.05 for both Q4 2009 and Q4 2008. Adjusted EBITDA for the year ended December 31, 2009 was \$88 million, an increase of 37% over last year's Adjusted EBITDA of \$64 million for the comparable period. Adjusted EBITDA per share on a fully diluted basis for the year ended December 31, 2009 increased 37% to \$4.16, compared to \$3.04 for the same period in 2008.

Adjusted Net Income for the fourth quarter 2009 was \$15 million, compared to the prior year's fourth quarter Adjusted Net Income of \$19 million, a 23% decline. Fourth quarter Adjusted Net Income per share on a fully diluted basis decreased 23% to \$0.69 compared to \$0.90 for the prior year's fourth quarter. Adjusted Net Income for the year ended December 31, 2009 was \$62 million, an increase of 15% over last year's Adjusted Net Income of \$54 million. Adjusted Net Income per share on a fully diluted basis for the twelve month period ended December 31, 2009 increased 15% to \$2.95, compared to \$2.57 for the same period in 2008.

Net Income for the fourth quarter 2009 was nil, compared to the prior year's fourth quarter Net Income of \$4 million. On a fully diluted per share basis, this translates into net income per share of nil for the fourth quarter of 2009, compared to \$0.19 in the same period of 2008. For the year ended December 31, 2009 Net Income was \$10 million or \$0.48 per diluted share compared to Net Income of \$15 million or \$0.71 per share for the same period in 2008.

The following table displays our revenue by reporting segment and the percentage change for the three and twelve months ended December 31, 2009 compared to the same periods in 2008:

| | Three months ended Dec. 31, | | Period-Over-Period Change | | | Fiscal year ended Dec. 31, | | Period-Over-Period Change | |
|----------------------------------|--------------------------------|--------|------------------------------|-----|---------|-------------------------------|---------|------------------------------|---|
| | 2009 | 2008 | \$ | % | | 2009 | 2008 | \$ | % |
| | (\$000, except percentages) | | | | | (\$000, except percentages) | | | |
| Public Sector | | | | | | | | | |
| Licenses | 9,759 | 7,433 | 2,326 | 31% | 33,954 | 25,028 | 8,926 | 36% | |
| Professional services and other: | | | | | | | | | |
| Services | 31,603 | 23,251 | 8,352 | 36% | 97,234 | 65,440 | 31,794 | 49% | |
| Hardware and other | 9,908 | 5,419 | 4,489 | 83% | 30,008 | 16,114 | 13,894 | 86% | |
| Maintenance | 51,992 | 38,224 | 13,768 | 36% | 175,423 | 124,187 | 51,236 | 41% | |
| | 103,262 | 74,327 | 28,935 | 39% | 336,619 | 230,769 | 105,850 | 46% | |
| Private Sector | | | | | | | | | |
| Licenses | 2,561 | 2,570 | (9) | 0% | 8,716 | 11,969 | (3,253) | -27% | |
| Professional services and other: | | | | | | | | | |
| Services | 3,379 | 3,516 | (137) | -4% | 12,461 | 15,443 | (2,982) | -19% | |
| Hardware and other | 1,044 | 775 | 269 | 35% | 3,789 | 3,844 | (55) | -1% | |
| Maintenance | 21,648 | 17,209 | 4,439 | 26% | 76,355 | 68,507 | 7,848 | 11% | |
| | 28,632 | 24,070 | 4,562 | 19% | 101,321 | 99,763 | 1,558 | 2% | |

Public Sector

For the quarter ended December 31, 2009, total revenue in the public sector segment increased 39%, or \$29 million, to \$103 million, compared to \$74 million for the quarter ended December 31, 2008. For the year ended December 31, 2009, total revenue increased by 46%, or \$106 million, to \$337 million, compared to \$231 million for the comparable period in 2008. The increases for both the three months and the full year were significant across all revenue types. Revenue growth from acquired businesses was significant for both the three and twelve month periods as we completed eighteen acquisitions since the beginning of 2008 in our public sector segment. It is estimated that acquisitions completed since the beginning of 2008 contributed approximately \$31 million to our Q4 2009 revenues and \$104 million to our revenues in the year ended December 31, 2009. Revenues decreased organically by 2% or \$1 million in Q4 2009 and increased organically by 2% or \$5 million in the year ended December 31, 2009 compared to the same periods in 2008. Excluding PTS, organic growth for the Public Sector was 7% in Q4 2009 and 5% for 2009.

| Organic Revenue Growth | | |
|-----------------------------|-------|------|
| | Q4-09 | 2009 |
| Public Sector | -2% | 2% |
| Public Sector excluding PTS | 7% | 5% |

The organic revenue change was primarily driven by the following:

- **Trapeze operating group** (decrease of approximately \$4 million for Q4 and \$2 million for the full year). For Q4 and the full year, Trapeze experienced an organic increase in maintenance revenues primarily due to continued strong bookings in their North American transit business. This growth was offset by organic shrinkage in the PTS business.
- **Harris operating group** (increase of approximately \$2 million for Q4 and \$6 million for the full year). For Q4 and the full year, Harris had continued strong sales both to existing clients and to new customers as well as a strong increase in maintenance revenues from completed implementations.

Private Sector

For the quarter ended December 31, 2009, total revenue in the private sector segment increased 19%, or \$5 million, to \$29 million, compared to \$24 million for the quarter ended December 31, 2008. For the year ended December 31, 2009 total revenue increased by 2%, or \$1 million, to \$101 million, compared to \$100 million for the comparable period in 2008. Revenue growth from acquired businesses was significant for both the three and twelve month periods as we completed sixteen acquisitions since the beginning of 2008 in our private sector segment. It is estimated that acquisitions completed since the beginning of 2008 contributed approximately \$7 million to our Q4 2009 revenues and \$15 million to our revenues in the year ended December 31, 2009. Revenues decreased organically by 9% or \$2 million in Q4 2009 and 13% or \$13 million in the year ended December 31, 2009 compared to the same periods in 2008. The organic revenue decline was primarily driven by the following:

- **Homebuilder and Friedman operating groups** (decrease of approximately \$2 million for Q4 and \$10 million for the full year). These operating groups continued to feel the effects of the housing slowdown in the U.S. The decline was apparent across all revenue streams as many of our existing and prospective clients have delayed

purchasing decisions. Our Homebuilding and Friedman operating groups are significantly affected by decreasing demand for new housing and building products. These groups continue to see decreased demand for their products and services and we are uncertain when demand will improve given the weakness in the underlying industries that they serve.

- **Jonas operating group** (decrease of approximately \$0.6 million for Q4 and \$3 million for the full year). Jonas experienced decreased demand in their construction, club and food services verticals. The decline was apparent in licenses and services as many existing and prospective clients delayed purchasing decisions.

“Excluding the impact of PTS, organic growth improved slightly in Q4 in all of our operating groups”, said John Billowits, Chief Financial Officer of Constellation. “Although we generated positive cash flow from PTS in Q4, it may take some time before it contributes positive operating cash flow on a consistent basis. We are pleased with integration efforts to date and believe the PTS business represents a significant strategic opportunity for our Trapeze operating group.”

Constellation advises that the dividend declared for the year ended December 31, 2009 is an eligible dividend for purposes of the Income Tax Act (Canada).

Conference Call and Webcast

Management will host a conference call at **8:30 a.m. (ET) on Thursday, March 4, 2010** to answer questions regarding the results. The teleconference numbers are 416-340-2218 or 866-226-1793. The call will also be webcast live and archived on Constellation’s web site at www.csisoftware.com.

A replay of the conference call will be available as of 11:30 a.m. ET the same day until 11:59 p.m. ET on March 18, 2010. To access the replay, please dial 416-695-5800 or 800-408-3053 followed by the passcode 2245031#.

Forward Looking Statements

Certain statements herein may be “forward looking” statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Constellation or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements reflect current assumptions and expectations regarding future events and operating performance and are made as of the date hereof and Constellation assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances.

Non-GAAP Measures

The term “Adjusted EBITDA” refers to net income before deducting interest, taxes, depreciation, other expenses (income), amortization, and foreign exchange (gain) loss. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and the other items listed above. “Adjusted EBITDA margin” refers to the percentage that Adjusted EBITDA for any period represents as a portion of total revenue for that period.

“Adjusted Net Income” means net income plus non-cash expenses (income) such as amortization of intangible assets, future income taxes, and certain other income/expenses. The Company believes that Adjusted Net Income is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration amortization of intangible assets, future income taxes, and certain other non-cash income/expenses incurred by the Company from time to time. “Adjusted Net Income margin” refers to the percentage that Adjusted Net Income for any period represents as a portion of total revenue for that period.

Adjusted EBITDA and Adjusted Net Income are not recognized measures under GAAP and, accordingly, shareholders are cautioned that Adjusted EBITDA and Adjusted Net Income should not be construed as alternatives to net income determined in accordance with GAAP as an indicator of the financial performance of the Company. The Company’s method of calculating Adjusted EBITDA and Adjusted Net Income may differ from other issuers and, accordingly, Adjusted EBITDA and Adjusted Net Income may not be comparable to similar measures presented by other issuers. See “Results of Operations —Adjusted EBITDA” and “— Adjusted Net Income” for a reconciliation of Adjusted EBITDA and Adjusted Net Income to net income.

The following table reconciles Adjusted EBITDA to net income:

| | Three months ended | | Fiscal year ended | |
|-----------------------------------|-----------------------------|------------------|-----------------------------|-------------------|
| | Dec. 31, | | Dec. 31, | |
| | 2009 | 2008 | 2009 | 2008 |
| | (\$000, except percentages) | | (\$000, except percentages) | |
| Total revenue | \$ 131,894 | \$ 98,397 | \$ 437,940 | \$ 330,532 |
| Net income (loss) | (10) | 3,970 | 10,224 | 14,994 |
| Add back: | | | | |
| Income taxes | 2,523 | 543 | 7,237 | 1,996 |
| Foreign exchange loss (gain) | 1,944 | 30 | 2,568 | (455) |
| Interest expense | 794 | 598 | 2,702 | 1,115 |
| Other (income) expense | (445) | 288 | 996 | 413 |
| Amortization of intangible assets | 16,317 | 15,629 | 60,588 | 42,635 |
| Depreciation | 1,105 | 1,133 | 3,811 | 3,642 |
| Adjusted EBITDA | 22,228 | 22,191 | 88,126 | 64,340 |
| Adjusted EBITDA margin | 17% | 23% | 20% | 19% |

The following table reconciles Adjusted Net Income to net income:

| | Three months ended | | Fiscal year ended | |
|-----------------------------------|-----------------------------|------------------|-----------------------------|-------------------|
| | Dec. 31, | | Dec. 31, | |
| | 2009 | 2008 | 2009 | 2008 |
| | (\$000, except percentages) | | (\$000, except percentages) | |
| Total revenue | \$ 131,894 | \$ 98,397 | \$ 437,940 | \$ 330,532 |
| Net income (loss) | (10) | 3,970 | 10,224 | 14,994 |
| Add back: | | | | |
| Amortization of intangible assets | 16,317 | 15,629 | 60,588 | 42,635 |
| Future income taxes (recovery) | (1,649) | (603) | (8,398) | (3,185) |
| Adjusted net income | 14,658 | 18,996 | 62,414 | 54,444 |
| Adjusted net income margin | 11% | 19% | 14% | 16% |

The following tables provide supplemental income statement and cash flow information of PTS and MAJES:

Statement of Operations
For the three and twelve months ended December 31, 2009

| (Unaudited) | For the 3 months ended December 31, 2009 | | | | For the 12 months ended December 31, 2009 | | | |
|-----------------------------------|---|----------|------------|--------------|---|----------|------------|--------------|
| | Constellation Software Inc. (excluding MAJES and PTS) | MAJES | PTS | Consolidated | Constellation Software Inc. (excluding MAJES and PTS) | MAJES | PTS | Consolidated |
| Revenue | \$ 95,424 | \$19,464 | \$17,006 | \$ 131,894 | \$ 345,310 | \$75,624 | \$17,006 | \$ 437,940 |
| Cost of revenue | 35,314 | 6,571 | 11,788 | 53,673 | 127,276 | 27,543 | 11,788 | 166,607 |
| Gross Profit | 60,110 | 12,893 | 5,218 | 78,221 | 218,034 | 48,081 | 5,218 | 271,333 |
| Total Expenses (pre amortization) | 42,245 | 7,262 | 6,486 | 55,993 | 149,626 | 27,095 | 6,486 | 183,207 |
| Adjusted EBITDA | 17,865 | 5,631 | (1,268) | 22,228 | 68,408 | 20,986 | (1,268) | 88,126 |
| EBITDA as % Total Revenue | 19% | 29% | -7% | 17% | 20% | 28% | -7% | 20% |
| Depreciation | 963 | 112 | 30 | 1,105 | 3,409 | 372 | 30 | 3,811 |
| Income before the undernoted | 16,902 | 5,519 | (1,298) | 21,123 | 64,999 | 20,614 | (1,298) | 84,315 |
| Amortization of intangible assets | 14,652 | 1,665 | - | 16,317 | 51,847 | 8,741 | - | 60,588 |
| Other expenses (income) | 2,825 | (647) | 115 | 2,293 | 6,144 | 7 | 115 | 6,266 |
| Income before income taxes | (575) | 4,501 | (1,413) | 2,513 | 7,008 | 11,866 | (1,413) | 17,461 |
| Income taxes | 1,880 | 558 | 86 | 2,523 | 4,178 | 2,974 | 86 | 7,237 |
| Net Income (loss) | \$ (2,455) | \$ 3,943 | \$ (1,499) | \$ (10) | \$ 2,830 | \$ 8,892 | \$ (1,499) | \$ 10,224 |

Cash flow from operating activities
For the three and twelve months ended December 31, 2009

| (Unaudited) | For the 3 months ended December 31, 2009 | | | | For the 12 months ended December 31, 2009 | | | |
|--|---|----------|------------|--------------|---|----------|------------|--------------|
| | Constellation Software Inc. (excluding MAJES and PTS) | MAJES | PTS | Consolidated | Constellation Software Inc. (excluding MAJES and PTS) | MAJES | PTS | Consolidated |
| Cash flows from operating activities: | | | | | | | | |
| Net income (loss) | \$ (2,455) | \$ 3,943 | \$ (1,499) | \$ (10) | \$ 2,830 | \$ 8,892 | \$ (1,499) | \$ 10,224 |
| Adjustments to reconcile net income to net cash flows from operations: | | | | | | | | |
| Depreciation | 963 | 112 | 30 | 1,105 | 3,409 | 372 | 30 | 3,811 |
| Amortization of intangible assets | 14,652 | 1,665 | - | 16,317 | 51,847 | 8,741 | - | 60,588 |
| Future income taxes | (2,259) | 610 | - | (1,649) | (6,829) | (1,569) | - | (8,398) |
| Other non-cash items | 3,420 | (647) | 583 | 3,356 | 4,427 | (2) | 583 | 5,008 |
| Change in non-cash operating working capital | 10,656 | (2,112) | 7,414 | 15,958 | 1,067 | 2,934 | 7,414 | 11,415 |
| Cash flows from operating activities | \$ 24,977 | \$ 3,572 | \$ 6,528 | \$ 35,077 | \$ 56,752 | \$19,368 | \$ 6,528 | \$ 82,648 |

The following table reconciles Adjusted EBITDA to net income for PTS and MAJES:

Adjusted EBITDA to net income reconciliation
For the three and twelve months ended December 31, 2009

| (Unaudited) | For the 3 months ended December 31, 2009 | | | | For the 12 months ended December 31, 2009 | | | |
|-----------------------------------|---|----------|----------|--------------|---|-----------|-----------|--------------|
| | Constellation Software Inc. (excluding MAJES and PTS) | MAJES | PTS | Consolidated | Constellation Software Inc. (excluding MAJES and PTS) | MAJES | PTS | Consolidated |
| Total revenue | \$ 95,424 | \$19,464 | \$17,006 | \$ 131,894 | \$ 345,310 | \$ 75,624 | \$ 17,006 | \$ 437,940 |
| Net income (loss) | (2,455) | 3,943 | (1,499) | (10) | 2,830 | 8,892 | (1,499) | 10,224 |
| Add back: | | | | | | | | |
| Income tax expense | 1,880 | 558 | 86 | 2,523 | 4,178 | 2,974 | 86 | 7,237 |
| Other expenses (income) | 2,825 | (647) | 115 | 2,293 | 6,144 | 7 | 115 | 6,266 |
| Amortization of intangible assets | 14,652 | 1,665 | - | 16,317 | 51,847 | 8,741 | - | 60,588 |
| Depreciation | 963 | 112 | 30 | 1,105 | 3,409 | 372 | 30 | 3,811 |
| Adjusted EBITDA | 17,865 | 5,631 | (1,268) | 22,228 | 68,408 | 20,986 | (1,268) | 88,126 |
| Adjusted EBITDA margin | 19% | 29% | -7% | 17% | 20% | 28% | -7% | 20% |

About Constellation Software Inc.

Constellation's common shares are listed on the Toronto Stock Exchange under the symbol "CSU". Constellation Software is an international provider of market leading software and services to a number of industries across both the public and private sectors. The Company acquires, manages and builds vertical market software businesses that provide mission-critical software solutions to address the specific needs of its customers in those industries.

For further information:

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SOURCE: CONSTELLATION SOFTWARE INC.

CONSTELLATION SOFTWARE INC.

Consolidated Balance Sheets
(In thousands of U.S. dollars)

December 31, 2009 and 2008

| | 2009 | 2008 |
|---|-------------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash | \$ 33,249 | \$ 30,405 |
| Short-term investments and marketable securities available for sale | 22,323 | 9,979 |
| Accounts receivable | 99,742 | 61,079 |
| Work in progress | 21,349 | 15,392 |
| Inventory | 12,702 | 2,308 |
| Prepaid expenses and other current assets | 15,368 | 8,395 |
| Notes receivable | 3,833 | - |
| Investment tax credits recoverable | 2,250 | 1,504 |
| Future income taxes | 4,445 | 3,779 |
| | <u>215,261</u> | <u>132,841</u> |
| Restricted cash | 2,229 | 750 |
| Property and equipment | 10,539 | 9,381 |
| Future income taxes | 10,155 | 5,713 |
| Notes receivable | - | 3,643 |
| Investment tax credits recoverable | 2,133 | 1,808 |
| Other long-term assets | 11,407 | 3,656 |
| Intangible assets | 187,788 | 188,070 |
| Goodwill | 40,977 | 39,937 |
| | <u>\$ 480,489</u> | <u>\$ 385,799</u> |
| Liabilities and Shareholders' Equity | | |
| Current liabilities: | | |
| Bank indebtedness | \$ 43,100 | \$ 60,200 |
| Accounts payable and accrued liabilities | 103,655 | 63,429 |
| Acquisition holdback payments | 3,587 | 10,901 |
| Deferred revenue | 136,857 | 115,466 |
| Income taxes payable | 3,751 | 3,197 |
| | <u>290,950</u> | <u>253,193</u> |
| Future income taxes | 28,121 | 26,778 |
| Other long-term liabilities | 53,360 | 10,446 |
| Shareholders equity: | | |
| Capital stock | 99,283 | 99,283 |
| Shareholder loans | (646) | (931) |
| Accumulated other comprehensive loss | (157) | (6,901) |
| Retained earnings | 9,578 | 3,931 |
| | <u>108,058</u> | <u>95,382</u> |
| Commitments and contingencies | | |
| Subsequent events | | |
| | <u>\$ 480,489</u> | <u>\$ 385,799</u> |

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Operations
(In thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|------------|------------|
| Revenue | \$ 437,940 | \$ 330,532 |
| Cost of revenue | 166,607 | 124,690 |
| | 271,333 | 205,842 |
| Research and development | 65,632 | 48,224 |
| Sales and marketing | 45,174 | 37,693 |
| General and administration | 72,401 | 55,585 |
| Depreciation | 3,811 | 3,642 |
| | 187,018 | 145,144 |
| Income before the undernoted | 84,315 | 60,698 |
| Amortization of intangible assets | 60,588 | 42,635 |
| Other expenses | 996 | 413 |
| Interest expense, net | 2,702 | 1,115 |
| Foreign exchange (gain) loss | 2,568 | (455) |
| Income before income taxes | 17,461 | 16,990 |
| Income taxes (recovery) | | |
| Current | 15,635 | 5,181 |
| Future | (8,398) | (3,185) |
| | 7,237 | 1,996 |
| Net income | \$ 10,224 | \$ 14,994 |
| Income per share: | | |
| Basic | \$ 0.48 | \$ 0.71 |
| Diluted | 0.48 | 0.71 |
| Weighted average number of shares outstanding: | | |
| Basic | 21,165 | 21,140 |
| Diluted | 21,192 | 21,192 |
| Outstanding at the end of the period | 21,192 | 21,192 |

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Retained Earnings (deficit)

(In thousands of U.S. dollars)

Years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|----------|------------|
| Retained earnings (deficit), beginning of period | \$ 3,931 | \$ (7,249) |
| Net income | 10,224 | 14,994 |
| Dividends | (4,577) | (3,814) |
| Retained earnings, end of period | \$ 9,578 | \$ 3,931 |

Consolidated Statements of Comprehensive Income

(In thousands of U.S. dollars)

Years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|-----------|-----------|
| Net Income | \$ 10,224 | \$ 14,994 |
| Other comprehensive net income, net of tax: | | |
| Net unrealized mark-to-market adjustment gain (loss) on available-for-sale financial assets during the period (taxes - nil) | 4,853 | (1,518) |
| Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period (taxes - nil) | 426 | (2,107) |
| Transfer of unrealized gain from prior periods upon derecognition of available-for-sale investments (taxes - nil) | - | (39) |
| Amounts reclassified to earnings during the period (taxes - nil) | 1,474 | - |
| Foreign currency translation adjustment | (9) | - |
| Comprehensive income | \$ 16,968 | \$ 11,330 |

CONSTELLATION SOFTWARE INC.

Consolidated Statements of Cash Flows
(In thousands of U.S. dollars)

Years ended December 31, 2009 and 2008

| | 2009 | 2008 |
|---|-----------|-----------|
| Cash flows from operating activities: | | |
| Net income | \$ 10,224 | \$ 14,994 |
| Adjustments to reconcile net income to net cash flows from operations: | | |
| Depreciation | 3,811 | 3,642 |
| Amortization of intangible assets | 60,588 | 42,635 |
| Non-cash interest | (167) | (153) |
| Future income taxes | (8,398) | (3,185) |
| Other | 1,486 | 413 |
| Foreign exchange (gain) loss | 3,689 | (423) |
| Change in non-cash operating working capital | 11,415 | 4,845 |
| Cash flows from operating activities | 82,648 | 62,768 |
| Cash flows from (used in) financing activities: | | |
| Increase (decrease) in other long-term liabilities | (661) | 297 |
| Increase (decrease) in bank indebtedness | (17,100) | 40,858 |
| Credit facility financing fees | (1,070) | (1,268) |
| Dividends | (4,577) | (3,814) |
| Repayment of shareholder loans | 362 | 959 |
| Cash flows from (used in) financing activities | (23,046) | 37,032 |
| Cash flows from (used in) investing activities: | | |
| Acquisition of businesses, net of cash acquired | (37,905) | (62,134) |
| Acquisition holdback payments | (4,166) | (8,736) |
| Investment in VCG LLC | - | (85) |
| Additions to short-term investments, marketable securities and other assets | (7,032) | (12,379) |
| Increase in restricted cash | (1,479) | - |
| Increase in other assets | (112) | (1,442) |
| Property and equipment purchased | (3,506) | (2,771) |
| Cash flows used in investing activities | (54,200) | (87,547) |
| Effect of currency translation adjustment on cash and cash equivalents | (2,558) | (1,644) |
| Increase in cash and cash equivalents | 2,844 | 10,609 |
| Cash, beginning of period | 30,405 | 19,796 |
| Cash, end of period | \$ 33,249 | \$ 30,405 |
| Supplemental cash flow information: | | |
| Income taxes paid | \$ 15,526 | \$ 3,791 |
| Interest paid | 3,663 | 1,821 |
| Investment tax credits received | 1,780 | 908 |
| Interest received | 752 | 660 |