Consolidated Financial Statements
(In U.S. dollars)

CONSTELLATION SOFTWARE INC.

For the three and six months ended June 30, 2009 and 2008
(Unaudited)

CONSTELLATION SOFTWARE INC.

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

	June 30, 2009	December 31, 2008
	(Unaudited)	
Assets		
Current assets:		
Cash	$ 12,446	$ 30,405
Short-term investments and marketable securities available for sale (note 5)	11,023	9,979
Accounts receivable	58,293	61,079
Work in progress	19,641	15,392
Inventory	2,970	2,308
Prepaid expenses and other current assets	10,211	8,395
Investment tax credits recoverable	2,274	1,504
Future income taxes (note 12)	3,731	3,779
	120,589	132,841
Restricted cash (note 4)	750	750
Property and equipment	9,972	9,381
Future income taxes (note 12)	8,135	5,713
Notes receivable	3,707	3,643
Investment tax credits recoverable	1,817	1,808
Other long-term assets (note 6)	2,973	3,656
Intangible assets (note 9)	168,591	188,070
Goodwill	39,937	39,937
	$ 356,471	$ 385,799
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 10)	$ 37,000	$ 60,200
Accounts payable and accrued liabilities	47,802	63,429
Acquisition holdback payments	8,325	10,901
Deferred revenue	123,571	115,466
Income taxes payable	1,089	3,197
	217,787	253,193
Future income taxes (note 12)	25,712	26,778
Other long-term liabilities (note 7)	11,754	10,446
Shareholders equity:		
Capital stock	99,283	99,283
Shareholder loans (note 11)	(641)	(931)
Accumulated other comprehensive loss	(4,306)	(6,901)
Retained earnings	6,882	3,931
	101,218	95,382
Subsequent event (note 16)		
	$ 356,471	$ 385,799

See accompanying notes to interim consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

	Three months ended June 30,		Six months ended June 30,	
	2009	2008	2009	2008
	(Unaudited)		(Unaudited)	
Revenue	$ 101,515	$ 77,742	$ 198,767	$ 151,345
Cost of revenue	36,990	28,625	72,819	57,252
	64,525	49,117	125,948	94,093
Research and development	15,281	11,327	29,982	22,957
Sales and marketing	10,683	9,841	20,780	17,882
General and administration	16,227	14,051	32,292	26,850
Depreciation	889	841	1,639	1,626
	43,080	36,060	84,693	69,315
Income before the undernoted	21,445	13,057	41,255	24,778
Amortization of intangible assets	14,309	9,201	28,688	17,297
Other expenses	1,286	-	1,474	-
Loss (gain) on sale of short-term investments, marketable securities and other assets	(33)	24	(33)	(24)
Interest expense, net	686	234	1,366	397
Foreign exchange gain	(371)	(192)	(1,398)	(663)
Income before income taxes	5,568	3,790	11,158	7,771
Income taxes (recovery) (note 12):				
Current	3,505	991	6,657	1,952
Future	(1,684)	(603)	(3,027)	(1,912)
	1,821	388	3,630	40
Net income	$ 3,747	$ 3,402	$ 7,528	$ 7,731
Income per share (note 13):				
Basic	$ 0.18	$ 0.16	$ 0.36	$ 0.37
Diluted	0.18	0.16	0.36	0.36
Weighted average number of shares outstanding (note 13):				
Basic	21,168	21,147	21,159	21,130
Diluted	21,192	21,192	21,192	21,192
Outstanding at the end of the period	21,192	21,192	21,192	21,192

See accompanying notes to interim consolidated financial statements.

CONSTELLATION SOFTWARE INC.

Interim Consolidated Statements of Retained Earnings (deficit)
(In thousands of U.S. dollars)

	Three months ended June 30,				Six months ended June 30,			
	2009		2008		2009		2008	
	(Unaudited)				(Unaudited)			
Retained earnings (deficit), beginning of period	$	3,135	$	(6,734)	$	3,931	$	(7,249)
Net income		3,747		3,402		7,528		7,731
Dividends		-		-		(4,577)		(3,814)
Retained earnings (deficit), end of period	$	6,882	$	(3,332)	$	6,882	$	(3,332)

Interim Consolidated Statements of Comprehensive Income
(In thousands of U.S. dollars)

	Three months ended June 30,				Six months ended June 30,			
	2009		2008		2009		2008	
	(Unaudited)				(Unaudited)			
Net Income	$	3,747	$	3,402	$	7,528	$	7,731
Other comprehensive loss, net of tax:								
Net unrealized mark-to-market adjustment gain (loss) on available-for-sale financial assets during the period (taxes - nil)		1,779		(682)		379		(1,740)
Net unrealized foreign exchange adjustment gain on available-for-sale financial assets during the period (taxes - nil)		841		1		742		(108)
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)		1,286		-		1,474		-
Comprehensive income	$	7,653	$	2,721	$	10,123	$	5,844

See accompanying notes to interim consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net income	$ 3,747	$ 3,402	$ 7,528	$ 7,731
Adjustments to reconcile net income to net cash flows from operations:				
Depreciation	889	841	1,639	1,626
Amortization of intangible assets	14,309	9,201	28,688	17,297
Non-cash interest	(35)	(43)	(71)	(94)
Future income taxes	(1,684)	(603)	(3,027)	(1,912)
Other	1,286	-	1,474	-
Loss (gain) on sale of short-term investments, marketable securities, and other assets	(33)	24	(33)	(24)
Unrealized foreign exchange gain	(697)	(128)	(1,798)	(373)
Change in non-cash operating working capital (note 15)	(714)	(666)	(16,461)	(8,390)
Cash flows from operating activities	17,068	12,028	17,939	15,861
Cash flows from (used in) financing activities:				
Increase (decrease) in other long-term liabilities	(6)	361	(59)	223
Increase (decrease) in bank indebtedness	(17,209)	5,558	(23,200)	8,858
Credit facility financing fees	(12)	(354)	(28)	(354)
Dividends	(926)	-	(4,577)	(3,814)
Repayment of shareholder loans (note 11)	29	424	327	880
Cash flows from financing activities	(18,124)	5,989	(27,537)	5,793
Cash flows from (used in) investing activities:				
Acquisition of businesses, net of cash acquired (note 8)	(2,669)	(13,400)	(5,594)	(16,089)
Acquisition holdback payments	(633)	(217)	(2,572)	(740)
Disposition of (additions to) short-term investments, marketable securities and other assets	110	(3,753)	110	(12,158)
Increase in restricted cash	-	(997)	-	(997)
Decrease (increase) in other assets	111	(980)	(129)	(754)
Property and equipment purchased	(1,008)	(998)	(1,929)	(1,511)
Cash flows used in investing activities	(4,089)	(20,345)	(10,114)	(32,249)
Effect of currency translation adjustment on cash and cash equivalents	701	222	1,753	115
Decrease in cash and cash equivalents	(4,444)	(2,106)	(17,959)	(10,480)
Cash, beginning of period	16,890	11,422	30,405	19,796
Cash, end of period	$ 12,446	$ 9,316	$ 12,446	$ 9,316
Supplemental cash flow information:				
Income taxes paid	$ 3,692	$ -	$ 8,814	$ -
Interest paid	799	451	1,647	894
Investment tax credits received	130	-	205	-
Interest received	23	569	45	749

See accompanying notes to interim consolidated financial statements.

1. Basis of presentation:

The accompanying unaudited condensed interim consolidated financial statements (the "Interim Consolidated Financial Statements") include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant inter-company transactions and balances have been eliminated. During the six months ended June 30, 2009, the Company completed certain acquisitions as described in note 8 to the Interim Consolidated Financial Statements. The results of operations of these acquired companies have been included in these Interim Consolidated Financial Statements from the dates of acquisition.

These Interim Consolidated Financial Statements are expressed in U.S. dollars and are prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") and reflect all adjustments consisting only of normal adjustments which, in the opinion of management, are necessary for a fair presentation of the results of the interim periods presented. These Interim Consolidated Financial Statements are based upon accounting policies and methods of their application that are consistent with those used and described in the Company's annual consolidated financial statements, except as described in note 2. The Interim Consolidated Financial Statements do not include all of the financial statement disclosures included in the annual financial statements prepared in accordance with Canadian GAAP and, therefore, should be read in conjunction with the 2008 consolidated financial statements and notes.

2. Changes in accounting policies:

(a) Goodwill and Intangible Assets:

Effective January 1, 2009, the Company adopted CICA Handbook, Section 3064 "Goodwill and Intangible Assets". Section 3064 replaces Section 3062 "Goodwill and Intangible Assets", and Section 3450, "Research and Development Costs". It establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets. There was no impact to the Company's financial statements as a result of adopting this new standard.

(b) Credit risk and the fair value of financial assets and financial liabilities

Effective January 1, 2009, the Company adopted the recommendations of EIC-173, "Credit risk and the fair value of financial assets and financial liabilities", which requires the consideration of the Company's own credit risk as well as the credit risk of the Company's counterparty when determining the fair value of financial assets and liabilities, including derivative instruments. There was no impact to the Company's financial statements as a result of adopting this new standard.

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3. Changes in accounting policies not yet adopted:

The following accounting pronouncements have been released but have not yet been adopted by the Company.

(a) International Financial Reporting Standards ("IFRS"):

In 2008, the Canadian Accounting Standards Board announced that 2011 will be the changeover date for publicly listed companies to adopt IFRS, which will replace Canadian GAAP. The effective date is for interim and annual financial statements beginning on or after January 1, 2011. From that date onwards, publicly traded companies and certain other publicly accountable enterprises will be required to report under IFRS. The Company is currently evaluating the impact of these new standards on its consolidated financial statements.

(b) Business combinations:

In January 2009, the CICA issued Handbook Section 1582, "Business combinations," which replaces the existing standards. This section establishes the standards for the accounting of business combinations, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent consideration and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. The Company will consider the impact of adopting this standard on its future business combinations.

(c) Consolidated financial statements:

In January 2009, the CICA issued Handbook Section 1601, "Consolidated financial statements," which replaces the existing standards. This section establishes the standards for preparing consolidated financial statements and is effective for 2011. Earlier adoption is permitted. The Company will consider the impact of adopting this standard on its future consolidated financial statements.

(d) Noncontrolling interests in consolidated financial statements:

In January 2009, the CICA issued Handbook Section 1602, "Noncontrolling interests in Consolidated Financial Statements". This section specifies that noncontrolling interests be treated as a separate component of equity, not as a liability or other item outside of equity. Section 1602 is effective for periods beginning on or after January 1, 2011 and will be applied prospectively to all noncontrolling interests, including any that arose before the effective date. The Company will consider the impact of adopting this standard on its future consolidated financial statements.

(e) Financial Instruments - Disclosures:

In June 2009, the CICA amended Section 3862, "Financial Instruments - Disclosures", to include additional disclosure requirements about fair value measurement for financial instruments and liquidity risk disclosures. These amendments require a three-level hierarchy that reflects the significance of the inputs used in making the fair value measurements. Fair value of assets and liabilities included in Level 1 are determined by reference to quoted prices in active markets for identical assets and liabilities. Assets and liabilities in Level 2 include valuations using inputs other than the quoted prices for which all significant inputs are based on observable market data, either directly or indirectly. Level 3 valuations are based on inputs that are not based on observable market data. The amendments to Section 3862 apply for annual financial statements relating to fiscal years ending after September 30, 2009. The Company is assessing the impact of these amendments on its consolidated financial statements.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

4. Restricted cash:

At June 30, 2009, the Company has $750 (December 31, 2008 - $750) held in accordance with an escrow agreement from an acquisition.

5. Short-term investments and marketable securities:

At June 30, 2009, the Company held investments in two (December 31, 2008 - three) public companies listed in the U.K. and U.S., both of which develop and sell software solutions.

	June 30, 2009		December 31, 2008	
	Cost	Market Value	Cost	Market Value
Common shares	$ 13,463	$ 11,023	$ 13,728	$ 9,979

6. Other long-term assets:

	June 30, 2009	December 31, 2008
Share purchase warrants	$ 200	$ 200
Acquired contract assets (i)	637	1,450
Other (ii)	2,136	2,006
	$ 2,973	$ 3,656

(i) Long-term contracts acquired in a business combination are assigned a fair value at the date of acquisition based on the remaining amounts to be billed under the contract, reduced by the estimated costs to complete the contract and an allowance for normal profit related to the activities that will be performed after the acquisition. The resulting amount is recorded as an asset when billings are in excess of costs plus the allowance for normal profit on uncompleted contracts.

Each subsequent period the asset is reduced by actual billings and increased by actual expenses incurred plus the profit margin recorded in the statement of operations.

(ii) Other primarily consists of long-term accounts receivables.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

7. Other long-term liabilities:

	June 30, 2009	December 31, 2008
Acquisition holdback payments	$ 740	$ 772
Acquired contract liabilities (i)	8,067	6,668
Other (ii)	2,947	3,006
	$ 11,754	$ 10,446

(i) Long-term contracts acquired in a business combination are assigned a fair value at the date of acquisition based on the remaining amounts to be billed under the contract, reduced by the estimated costs to complete the contract and an allowance for normal profit related to the activities that will be performed after the acquisition. The resulting amount is recorded as a liability when costs plus the allowance for normal profit are in excess of billings on uncompleted contracts.

Each subsequent period the liability is increased by actual billings and decreased by actual expenses incurred plus the profit margin recorded in the statement of operations.

(ii) Other primarily consists of lease inducements and non-compete accruals to be paid out over the next four years.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

8. Business acquisitions:

2009

(a) During the six months ended June 30, 2009, the Company made two acquisitions for aggregate net cash consideration of $5,594 plus cash holdbacks of $647 resulting in total consideration of $6,241. The holdbacks are payable over a two-year period and are adjusted for any claims under the representations and warranties of the agreements. In addition there is contingent consideration payable in the amount of $900. The amount will be recorded if and when it becomes determinable. The acquisitions have been accounted for using the purchase method with the results of operations included in these consolidated financial statements from the date of each acquisition. The following table summarizes by reportable segment the aggregate preliminary estimated fair value of the assets acquired and liabilities assumed at the date of each acquisition:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Current assets	$ 536	$ 869	$ 1,405
Property and equipment	64	237	301
Technology assets	3,669	2,190	5,859
Customer assets	981	683	1,664
	5,250	3,979	9,229
Liabilities assumed:			
Current liabilities	51	381	432
Deferred revenue	1,627	929	2,556
	1,678	1,310	2,988
Total purchase price consideration	$ 3,572	$ 2,669	$ 6,241

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

8. Business acquisitions (continued):

2008

(b) During the six months ended June 30, 2008, the Company made twelve acquisitions for aggregate net cash consideration of $16,230 plus cash holdbacks of $3,516 and earnout arrangements of $960 resulting in total consideration of $20,706. Holdbacks of $2,915 have subsequently been paid. The remaining holdbacks are payable over a two-year period and are adjusted for any claims under the representations and warranties of the agreements. The acquisitions have been accounted for using the purchase method with the results of operations included in these consolidated financial statements from the date of each acquisition. The following table summarizes by reportable segment the aggregate fair value of the assets acquired and liabilities assumed at the date of each acquisition:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Current assets	$ 6,082	$ 155	$ 6,237
Property and equipment	424	80	504
Future income taxes	-	148	148
Technology assets	16,874	1,990	18,864
Customer assets	5,941	977	6,918
Non-compete agreements	-	1,000	1,000
Backlog	1,175	-	1,175
Goodwill	2,283	-	2,283
	32,779	4,350	37,129
Liabilities assumed:			
Current liabilities	1,959	63	2,022
Deferred revenue	8,144	544	8,688
Future income taxes	4,897	776	5,673
Long-term liabilities	-	40	40
	15,000	1,423	16,423
Total purchase price consideration	$ 17,779	$ 2,927	$ 20,706

(c) On September 30, 2008, the Company acquired certain assets and liabilities of Maximus Inc.'s Justice, Education, and Asset Solutions businesses for aggregate net cash consideration of $35,000 plus cash holdbacks of $5,000 resulting in total consideration of $40,000. The Company is still in the process of determining the fair value of the assets and liabilities. The Company also acquired certain long-term contracts that contain contingent liabilities that may, but in management's opinion are unlikely to, exceed $16,000 in the aggregate.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

9. Intangible assets:

			June 30, 2009	December 31, 2008
	Cost	Accumulated amortization	Net book value	Net book value
Technology assets	$ 183,143	$ 94,788	$ 88,355	$ 97,907
Non-compete agreements	2,680	1,897	783	883
Customer assets	42,942	18,438	24,504	27,370
Trademarks	133	106	27	32
Backlog	4,907	4,799	108	1,072
Contract related assets	1,868	629	1,239	1,546
Other	65,365	11,790	53,575	59,260
	$ 301,038	$ 132,447	$ 168,591	$ 188,070

At June 30, 2009 and December 31, 2008, "Other" includes intangible assets relating to the preliminary purchase price allocation for the acquisition of Maximus Inc.'s Justice, Education, and Asset Solutions businesses. The allocations will be finalized in the third quarter.

10. Credit facilities:

The Company has an operating line-of-credit with a syndicate of Canadian chartered banks and a U.S. bank in the amount of $130,000 (December 31, 2008 - $130,000). The line-of-credit bears a variable interest rate and is due in full on April 28, 2011. It is secured by a general security agreement covering the majority of the assets of the Company and its subsidiaries, and is subject to various standard debt covenants. As at June 30, 2009, $37,000 (December 31, 2008 - $60,200) had been drawn from this credit facility, and letters of credit totalling $6,000 (December 31, 2008 - $7,000) were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

11. Shareholder loans:

Share purchase loans receivable under the Company's share purchase plan are included as a reduction of shareholders' equity. Interest rates on these loans range from 5.0% to 6.5% depending on the year the loan was advanced. The balances outstanding are secured by the shares for which they were used to purchase. At June 30, 2009, the market value of the shares held as collateral was $3,775 (December 31, 2008 - $3,521)

The following table summarizes the shareholder loan activity for the period:

	2009	2008
Balance, January 1	$ 931	$ 1,915
Repayment of shareholder loans	(327)	(880)
Interest	19	37
Currency translation adjustment	18	(5)
Balance, June 30	$ 641	$ 1,067

12. Income taxes:

The Company operates in various tax jurisdictions, and accordingly, the Company's income is subject to varying rates of tax. Losses incurred in one jurisdiction cannot be used to offset income taxes payable in another. The Company's ability to use income tax losses and future income tax deductions is dependent upon the profitable operations of the Company in the tax jurisdictions in which such losses or deductions arise. As of June 30, 2009, the Company had total future tax assets of $11,866 (December 31, 2008 - $9,492) and total future tax liabilities of $25,712 (December 31, 2008 - $26,778).

In assessing the valuation of future income tax assets, management considers whether it is more likely than not that some portion or all of the future income tax assets will be realized. The ultimate realization of future income tax assets is dependent upon the generation of future taxable income during the years in which the temporary differences are deductible. Management considers the scheduled reversals of future income tax liabilities, the character of the income tax assets, and tax planning strategies in making this assessment. To the extent that management believes that the realization of the future income tax assets does not meet the more likely than not realization criterion, a valuation allowance is recorded against the future tax assets.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

13. Income per share:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Numerator:				
Net income	$ 3,747	$ 3,402	$ 7,528	$ 7,731
Denominator:				
Weighted average number of shares:				
Basic	21,168	21,147	21,159	21,130
Effect of dilutive securities:				
Shares secured by shareholder loans	24	45	33	62
Diluted	21,192	21,192	21,192	21,192
Net income per share:				
Basic	$ 0.18	$ 0.16	$ 0.36	$ 0.37
Diluted	$ 0.18	0.16	$ 0.36	0.36

14. Segmented information:

The Company has a number of operating subsidiaries, which have been aggregated into two reportable segments in accordance with CICA Handbook Section 1701. The Company's Public Sector segment develops and distributes software solutions primarily to government and government-related customers. The Company's Private Sector segment develops and distributes software solutions primarily to commercial customers.

The accounting policies of the segments are the same as those described in the significant accounting policies in note 1 of the 2008 annual financial statements. The Company evaluates performance of the Public Sector businesses and the Private Sector businesses based on several factors, of which the primary financial measures are revenue and earnings (loss) from operations. The Company defines earnings (loss) from operations as earnings (loss) prior to: amortization of intangible assets, (gain) loss on sale of short-term investments and marketable securities and other assets, interest expense (income), foreign exchange gains and losses, inter-company expenses and income taxes.

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

14. Segmented information (continued):

(a) Reportable segments:

Three months ended June 30, 2009	Public Sector	Private Sector	Other	Total
Revenue	$ 77,761	$ 23,754	$ -	$ 101,515
Cost of revenue	29,831	7,159	-	36,990
	47,930	16,595	-	64,525
Research and development	11,761	3,520	-	15,281
Sales and marketing	7,870	2,813	-	10,683
General and administration	12,052	4,175	-	16,227
Depreciation	663	226	-	889
	32,346	10,734	-	43,080
Income before the undernoted	15,584	5,861	-	21,445
Amortization of intangible assets	11,237	2,905	167	14,309
Other expenses	-	-	1,286	1,286
Loss on sale of short-term investments, marketable securities and other assets	-	-	(33)	(33)
Interest expense (income), net	3	(5)	688	686
Foreign exchange loss (gain)	(1,350)	2,222	(1,243)	(371)
Inter-company expenses (income)	947	942	(1,889)	-
Income before income taxes	4,747	(203)	1,024	5,568
Income taxes (recovery):				
Current	2,288	1,306	(89)	3,505
Future	(1,094)	(590)	-	(1,684)
	1,194	716	(89)	1,821
Net Income (loss)	$ 3,553	$ (919)	$ 1,113	$ 3,747
Other selected information:				
Property and equipment purchased	$ 893	$ 96	$ 19	$ 1,008
Total assets	$ 253,716	$ 81,755	$ 21,000	$ 356,471

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

14. Segmented information (continued):

(a) Reportable segments:

Six months ended June 30, 2009	Public Sector	Private Sector	Other	Total
Revenue	$ 152,252	$ 46,515	$ -	$ 198,767
Cost of revenue	58,956	13,863	-	72,819
	93,296	32,652	-	125,948
Research and development	22,799	7,183	-	29,982
Sales and marketing	15,124	5,656	-	20,780
General and administration	23,530	8,762	-	32,292
Depreciation	1,183	456	-	1,639
	62,636	22,057	-	84,693
Income before the undernoted	30,660	10,595	-	41,255
Amortization of intangible assets	22,390	5,963	335	28,688
Other expenses	-	-	1,474	1,474
Loss on sale of short-term investments, marketable securities and other assets	-	-	(33)	(33)
Interest expense (income), net	20	(12)	1,358	1,366
Foreign exchange loss (gain)	(2,619)	1,312	(91)	(1,398)
Inter-company expenses (income)	1,802	1,793	(3,595)	-
Income before income taxes	9,067	1,539	552	11,158
Income taxes (recovery):				
Current	4,704	2,151	(198)	6,657
Future	(1,493)	(1,534)	-	(3,027)
	3,211	617	(198)	3,630
Net Income	$ 5,856	$ 922	$ 750	$ 7,528
Other selected information:				
Property and equipment purchased	$ 1,671	$ 237	$ 21	$ 1,929
Total assets	$ 253,716	$ 81,755	$ 21,000	$ 356,471

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

14. Segmented information (continued):

Three months ended June 30, 2008	Public Sector	Private Sector	Other	Total
Revenue	$ 52,768	$ 24,974	$ -	$ 77,742
Cost of revenue	20,678	7,947	-	28,625
	32,090	17,027	-	49,117
Research and development	7,293	4,034	-	11,327
Sales and marketing	6,227	3,614	-	9,841
General and administration	9,382	4,669	-	14,051
Depreciation	583	258	-	841
	23,485	12,575	-	36,060
Income before the undernoted	8,605	4,452	-	13,057
Amortization of intangible assets	6,071	3,068	62	9,201
Loss on sale of short-term investments, marketable securities and other assets	24	-	-	24
Interest expense (income), net	(53)	(7)	294	234
Foreign exchange loss (gain)	(95)	56	(153)	(192)
Inter-company expenses (income)	483	871	(1,354)	-
Income before income taxes	2,175	464	1,151	3,790
Income taxes (recovery):				
Current	755	367	(131)	991
Future	(378)	(225)	-	(603)
	377	142	(131)	388
Net Income	$ 1,798	$ 322	$ 1,282	$ 3,402
Other selected information:				
Goodwill acquired	$ 2,283	$ -	$ -	$ 2,283
Property and equipment purchased	$ 688	$ 310	$ -	$ 998
Total assets	$ 272,892	$ 79,282	$ 33,625	$ 385,799

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

14. Segmented information (continued):

Six months ended June 30, 2008	Public Sector	Private Sector	Other	Total
Revenue	$ 101,083	$ 50,262	$ -	$ 151,345
Cost of revenue	41,385	15,867	-	57,252
	59,698	34,395	-	94,093
Research and development	14,867	8,090	-	22,957
Sales and marketing	10,833	7,049	-	17,882
General and administration	17,146	9,704	-	26,850
Depreciation	1,119	507	-	1,626
	43,965	25,350	-	69,315
Income before the undernoted	15,733	9,045	-	24,778
Amortization of intangible assets	11,033	6,154	110	17,297
Loss (gain) on sale of short-term investments, marketable securities and other assets	23	(1)	(46)	(24)
Interest expense (income), net	(103)	(23)	523	397
Foreign exchange gain	(224)	(163)	(276)	(663)
Inter-company expenses (income)	763	1,726	(2,489)	-
Income before income taxes	4,241	1,352	2,178	7,771
Income taxes (recovery):				
Current	1,549	714	(311)	1,952
Future	(762)	(1,150)	-	(1,912)
	787	(436)	(311)	40
Net Income	$ 3,454	$ 1,788	$ 2,489	$ 7,731
Other selected information:				
Goodwill acquired	$ 1,874	$ -	$ -	$ 1,874
Property and equipment purchased	$ 1,053	$ 419	$ 39	$ 1,511
Total assets	$ 272,892	$ 79,282	$ 33,625	$ 385,799

(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

14. Segmented information (continued):

(b) Geographic information:

The Company's external revenue by geographic region is based on the region in which the revenue is transacted.

	Three months ended June 30, 2009		Three months ended June 30, 2008		Six months ended June 30, 2009		Six months ended June 30, 2008	
Canada	$ 19,317	19%	$ 15,339	20%	$ 30,047	15%	$ 29,746	20%
United States	69,872	69%	49,192	63%	144,452	73%	96,904	64%
UK/Europe	7,957	8%	9,991	13%	15,633	8%	18,418	12%
Other	4,369	4%	3,220	4%	8,635	4%	6,277	4%
Total	$101,515	100%	$ 77,742	100%	$ 198,767	100%	$ 151,345	100%

As at June 30, 2009 and December 31, 2008 and for the six months ended June 30, 2009 and 2008, no single customer accounted for more than 10% of the Company's total accounts receivable and total revenues, respectively.

15. Change in non-cash operating working capital:

	Three months ended June 30, 2009	Three months ended June 30, 2008	Six months ended June 30, 2009	Six months ended June 30, 2008
Decrease in accounts receivable	$ 7,252	$ 7,329	$ 3,521	$ 1,649
Increase in work in progress	(1,526)	(4,003)	(4,474)	(3,074)
Decrease (increase) in inventory	689	(150)	(451)	(341)
Decrease (increase) in prepaid expenses and other current assets	(1,277)	1,819	(2,656)	357
Change in acquired contract assets and liabilities	139	-	652	-
Increase (decrease) in accounts payable and accrued liabilities excluding holdbacks from acquisitions	4,925	(284)	(15,856)	(10,225)
Increase (decrease) in deferred revenue	(10,654)	(5,188)	4,915	4,445
Decrease in income taxes payable	(262)	(189)	(2,112)	(1,201)
	$ (714)	$ (666)	$ (16,461)	$ (8,390)

16. Subsequent event:

Subsequent to June 30, 2009, the Company completed four acquisitions for net cash consideration of $5,500.

17. Comparative figures:

Certain comparative figures have been reclassified to conform to the current year's presentation.