Consolidated Financial Statements
(In U.S. dollars)

CONSTELLATION SOFTWARE INC.

For the three and nine months ended September 30, 2009 and 2008
(Unaudited)

CONSTELLATION SOFTWARE INC.

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

	September 30, 2009	December 31, 2008
	(Unaudited)	
Assets		
Current assets:		
Cash	$ 16,973	$ 30,405
Short-term investments and marketable securities available for sale (note 5)	16,046	9,979
Accounts receivable	64,238	61,079
Work in progress	21,111	15,392
Inventory	3,084	2,308
Prepaid expenses and other current assets	11,604	8,395
Investment tax credits recoverable	2,180	1,504
Future income taxes (note 12)	4,622	3,779
	139,858	132,841
Restricted cash (note 4)	800	750
Property and equipment	10,484	9,381
Future income taxes (note 12)	12,970	5,713
Notes receivable	3,770	3,643
Investment tax credits recoverable	2,004	1,808
Other long-term assets (note 6)	4,286	3,656
Intangible assets (note 9)	199,480	188,070
Goodwill	40,790	39,937
	$ 414,442	$ 385,799
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 10)	$ 54,000	$ 60,200
Accounts payable and accrued liabilities	58,672	63,429
Acquisition holdback payments	4,787	10,901
Deferred revenue	131,209	115,466
Income taxes payable	4,006	3,197
	252,674	253,193
Future income taxes (note 12)	32,009	26,778
Other long-term liabilities (note 7)	22,356	10,446
Shareholders equity:		
Capital stock	99,283	99,283
Shareholder loans (note 11)	(664)	(931)
Accumulated other comprehensive loss	(804)	(6,901)
Retained earnings	9,588	3,931
	107,403	95,382
Subsequent events (notes 10 and 16)		
	$ 414,442	$ 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 September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(Unaudited)		(Unaudited)	
Revenue	$ 107,279	$ 80,790	$ 306,046	$ 232,135
Cost of revenue	40,115	29,722	112,934	86,974
	67,164	51,068	193,112	145,161
Research and development	16,478	11,856	46,460	34,813
Sales and marketing	10,714	8,930	31,494	26,812
General and administration	16,968	14,539	49,260	41,389
Depreciation	1,067	883	2,706	2,509
	45,227	36,208	129,920	105,523
Income before the undernoted	21,937	14,860	63,192	39,638
Amortization of intangible assets	15,583	9,709	44,271	27,006
Other expenses	-	-	1,474	-
Loss (gain) on sale of short-term investments, marketable securities and other assets	-	15	(33)	(9)
Loss on held for trading investments related to mark to market adjustments	-	134	-	134
Interest expense, net	542	120	1,908	517
Foreign exchange (gain) loss	2,022	176	624	(487)
Income before income taxes	3,790	4,706	14,948	12,477
Income taxes (recovery) (note 12):				
Current	4,806	2,083	11,463	4,035
Future	(3,722)	(670)	(6,749)	(2,582)
	1,084	1,413	4,714	1,453
Net income	$ 2,706	$ 3,293	$ 10,234	$ 11,024
Income per share (note 13):				
Basic	$ 0.13	$ 0.16	$ 0.48	$ 0.52
Diluted	0.13	0.16	0.48	0.52
Weighted average number of shares outstanding (note 13):				
Basic	21,171	21,153	21,163	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 September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(Unaudited)		(Unaudited)	
Retained earnings (deficit), beginning of period	$ 6,882	$ (3,332)	$ 3,931	$ (7,249)
Net income	2,706	3,293	10,234	11,024
Dividends	-	-	(4,577)	(3,814)
Retained earnings (deficit), end of period	$ 9,588	$ (39)	$ 9,588	$ (39)

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

	Three months ended September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(Unaudited)		(Unaudited)	
Net Income	$ 2,706	$ 3,293	$ 10,234	$ 11,024
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)	3,720	438	4,099	(1,401)
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period (taxes - nil)	(218)	(646)	524	(740)
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	-
Comprehensive income	$ 6,208	$ 3,085	$ 16,331	$ 8,844

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 September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
	(Unaudited)		(Unaudited)	
Cash flows from operating activities:				
Net income	$ 2,706	$ 3,293	$ 10,234	$ 11,024
Adjustments to reconcile net income to net cash flows from operations:				
Depreciation	1,067	883	2,706	2,509
Amortization of intangible assets	15,583	9,709	44,271	27,006
Non-cash interest	(30)	(43)	(101)	(137)
Future income taxes	(3,722)	(670)	(6,749)	(2,582)
Other	-	-	1,474	-
Loss (gain) on sale of short-term investments, marketable securities, and other assets	-	15	(33)	(9)
Loss on held for trading investments related to mark to market adjustments	-	134	-	134
Unrealized foreign exchange (gain) loss	2,110	307	312	(66)
Change in non-cash operating working capital (note 15)	11,918	10,226	(4,543)	1,836
Cash flows from operating activities	29,632	23,854	47,571	39,715
Cash flows from (used in) financing activities:				
Increase (decrease) in other long-term liabilities	(135)	172	(194)	395
Increase (decrease) in bank indebtedness	17,000	26,500	(6,200)	35,358
Credit facility financing fees	(26)	-	(54)	(354)
Dividends	-	-	(4,577)	(3,814)
Repayment of shareholder loans (note 11)	2	-	329	880
Cash flows from (used in) financing activities	16,841	26,672	(10,696)	32,465
Cash flows from (used in) investing activities:				
Acquisition of businesses, net of cash acquired (note 8)	(38,701)	(43,590)	(44,295)	(59,679)
Acquisition holdback (payments) refunds	701	(1,831)	(1,871)	(2,571)
Investment in VCG Inc.	-	(85)	-	(85)
Additions to short-term investments, marketable securities and other assets	(1,521)	-	(1,411)	(12,158)
Decrease (increase) in restricted cash	(50)	89	(50)	(908)
Increase in other assets	(177)	(1,094)	(306)	(1,848)
Property and equipment purchased	(978)	(874)	(2,907)	(2,385)
Cash flows used in investing activities	(40,726)	(47,385)	(50,840)	(79,634)
Effect of currency translation adjustment on cash and cash equivalents	(1,220)	(543)	533	(428)
Increase (decrease) in cash and cash equivalents	4,527	2,598	(13,432)	(7,882)
Cash, beginning of period	12,446	9,316	30,405	19,796
Cash, end of period	$ 16,973	$ 11,914	$ 16,973	$ 11,914
Supplemental cash flow information:				
Income taxes paid	$ 1,103	$ 3,791	$ 9,917	$ 3,791
Interest paid	684	326	2,331	1,220
Investment tax credits received	55	908	260	908
Interest received	-	-	46	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 nine months ended September 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.

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 has started an IFRS conversion project to evaluate the impact of implementing the new standards. The Company's transition plan is currently on track with it's implementation schedule. Although accounting differences have been identified that may potentally affect the Company's financial statements, the Company is still in the process of 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.

3. Changes in accounting policies not yet adopted (continued):

(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 September 30, 2009, the Company has $800 (December 31, 2008 - $750) held in accordance with escrow agreements from three acquisitions.

5. Short-term investments and marketable securities:

At September 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.

	September 30, 2009		December 31, 2008	
	Cost	Market Value	Cost	Market Value
Common shares	$ 13,698	$ 16,046	$ 13,728	$ 9,979

6. Other long-term assets:

	September 30, 2009	December 31, 2008
Share purchase warrants	$ 200	$ 200
Acquired contract assets (i)	530	1,450
Other (ii)	3,556	2,006
	$ 4,286	$ 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:

	September 30, 2009	December 31, 2008
Acquisition holdback payments	$ 1,638	$ 772
Acquired contract liabilities (i)	17,744	6,668
Other (ii)	2,974	3,006
	$ 22,356	$ 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) On September 2, 2009, the Company acquired the Resource Management Business from Medisolution Ltd. for aggregate net cash consideration of $29,121. The acquisition has been accounted for using the purchase method with the results of operations included in these consolidated financial statements from the date of acquisition. The following table summarizes the aggregate preliminary estimated fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:		
Current assets	$	7,009
Property and equipment		222
Other long-term assets		72
Technology assets		19,840
Customer assets		8,565
		35,708
Liabilities assumed:		
Current liabilities		1,138
Deferred revenue		5,287
Other long-term liabilities		162
		6,587
Total purchase price consideration	$	29,121

This acquisition has been allocated to the Public Sector.

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

8. Business acquisitions (continued):

(b) During the nine months ended September 30, 2009, the Company made nine acquisitions for aggregate net cash consideration of $15,174 plus cash holdbacks of $3,316 resulting in total consideration of $18,490. The holdbacks are payable over a three-year period ending August 3, 2012 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 $1,500. 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	$ 539	$ 2,659	$ 3,198
Property and equipment	86	624	710
Technology assets	4,269	12,820	17,089
Customer assets	1,198	3,675	4,873
Goodwill	-	863	863
	6,092	20,641	26,733
Liabilities assumed:			
Current liabilities	51	1,277	1,328
Deferred revenue	1,679	2,738	4,417
Future income taxes	-	2,498	2,498
	1,730	6,513	8,243
Total purchase price consideration	$ 4,362	$ 14,128	$ 18,490

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

8. Business acquisitions (continued):

2008

(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 $34,176. The acquisition has been accounted for using the purchase method with the results of operations included in these consolidated financial statements from the date of acquisition. The following table summarizes the impact of adjustments to the purchase price and the aggregate fair value of the assets acquired and liabilities assumed at the date of acquisition:

	As of Sep. 30, 2008	Purchase Price Adjustments	As of Sep. 30, 2009
Assets acquired:			
Current assets	$ 19,626	$ (2,638)	$ 16,988
Property and equipment	1,172	(30)	1,142
Other long-term assets	-	1,243	1,243
Technology assets	-	36,520	36,520
Customer assets	-	28,878	28,878
Backlog	-	3,567	3,567
Intangibles	50,121	(50,121)	-
	70,919	17,419	88,338
Liabilities assumed:			
Current liabilities	7,332	1,813	9,145
Future income taxes	-	393	393
Deferred revenue	23,387	4,661	28,048
Other long-term liabilities	-	16,576	16,576
	30,719	23,443	54,162
Total purchase price consideration	$ 40,200	$ (6,024)	$ 34,176

Adjustments made to the purchase price equation primarily relate to purchase price adjustments made within the allocation period as defined by EIC 14, Adjustment to the Purchase Equation Subsequent to the Acquisition Date.

- At September 30, 2008, the Company was in the process of determining the fair value of the intangible assets. Amounts were subsequently valued and allocated to Technology assets, Customer assets and Backlog.
- Adjustments to deferred revenue were made based on revisions to cost to complete estimates.
- Revisions to the remaining amounts to be billed under certain contracts plus increases in cost to complete estimates resulted in an increase in other long-term liabilities.
- The actual consideration paid was reduced by $6,000 after adjusting for claims under the representations and warranties of the agreement.

In addition to the assets acquired and liabilities assumed as noted above, the Company also acquired contingent liabilities related to certain long-term contracts that may, but are unlikely to, exceed $10,500 in the aggregate. The Company has determined the fair value to be zero.

This acquisition has been allocated to the Public Sector.

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

8. Business acquisitions (continued):

(d) During the nine months ended September 30, 2008, the Company made fifteen acquisitions for aggregate net cash consideration of $24,393 plus cash holdbacks of $4,616 and earnout arrangements of $960 resulting in total consideration of $29,969. Holdbacks of $3,450 have subsequently been paid. The remaining holdbacks are payable over a two-year period ending January 31, 2012 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	$ 8,312	$ 176	$ 8,488
Property and equipment	754	133	887
Future income taxes	950	148	1,098
Technology assets	21,940	3,821	25,761
Customer assets	7,700	1,646	9,346
Non-compete agreements	-	1,000	1,000
Backlog	2,499	-	2,499
Goodwill	2,661	-	2,661
	44,816	6,924	51,740
Liabilities assumed:			
Current liabilities	3,216	63	3,279
Deferred revenue	11,137	590	11,727
Future income taxes	5,949	776	6,725
Long-term liabilities	-	40	40
	20,302	1,469	21,771
Total purchase price consideration	$ 24,514	$ 5,455	$ 29,969

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

9. Intangible assets:

			September 30, 2009	December 31, 2008
	Cost	Accumulated amortization	Net book value	Net book value
Technology assets	$ 249,091	$ 109,249	$ 139,842	$ 97,907
Non-compete agreements	2,680	1,947	733	883
Customer assets	85,163	27,418	57,745	27,370
Trademarks	133	109	24	32
Backlog	7,707	7,669	38	1,072
Contract related assets	1,894	796	1,098	1,546
Other	-	-	-	59,260
	$ 346,668	$ 147,188	$ 199,480	$ 188,070

At 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.

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 September 30, 2009, $54,000 (December 31, 2008 - $60,200) had been drawn from this credit facility, and letters of credit totalling $1,000 (December 31, 2008 - $7,000) were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

On October 1, 2009, the Company established a new syndicated revolving credit facility for $160,000 to replace its current $130,000 facility. The new facility is available for both working capital and future acquisitions. The line-of-credit bears a variable interest rate and is due in full on September 30, 2012.

(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 September 30, 2009, the market value of the shares held as collateral was $4,382 (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	(329)	(880)
Interest	28	51
Currency translation adjustment	34	(31)
Balance, September 30	$ 664	$ 1,055

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 September 30, 2009, the Company had total future tax assets of $17,592 (December 31, 2008 - $9,492) and total future tax liabilities of $32,009 (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 September 30, 2009	Three months ended September 30, 2008	Nine months ended September 30, 2009	Nine months ended September 30, 2008
Numerator:				
Net income	$ 2,706	$ 3,293	$ 10,234	$ 11,024
Denominator:				
Weighted average number of shares:				
Basic	21,171	21,153	21,163	21,130
Effect of dilutive securities:				
Shares secured by shareholder loans	21	39	29	62
Diluted	21,192	21,192	21,192	21,192
Net income per share:				
Basic	$ 0.13	$ 0.16	$ 0.48	$ 0.52
Diluted	$ 0.13	0.16	$ 0.48	0.52

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 September 30, 2009	Public Sector	Private Sector	Other	Total
Revenue	$ 81,105	$ 26,174	$ -	$ 107,279
Cost of revenue	31,978	8,137	-	40,115
	49,127	18,037	-	67,164
Research and development	12,595	3,883	-	16,478
Sales and marketing	7,290	3,424	-	10,714
General and administration	11,985	4,983	-	16,968
Depreciation	775	292	-	1,067
	32,645	12,582	-	45,227
Income before the undernoted	16,482	5,455	-	21,937
Amortization of intangible assets	11,864	3,552	167	15,583
Other expenses	-	-	-	-
Loss on sale of short-term investments, marketable securities and other assets	-	-	-	-
Interest expense (income), net	63	(5)	484	542
Foreign exchange loss (gain)	2,307	2,213	(2,498)	2,022
Inter-company expenses (income)	719	905	(1,624)	-
Income before income taxes	1,529	(1,210)	3,471	3,790
Income taxes (recovery):				
Current	4,272	464	70	4,806
Future	(2,823)	(899)	-	(3,722)
	1,449	(435)	70	1,084
Net Income (loss)	$ 80	$ (775)	$ 3,401	$ 2,706
Other selected information:				
Goodwill acquired	$ -	$ 863	$ -	$ 863
Property and equipment purchased	$ 775	$ 201	$ 2	$ 978
Total assets	$ 279,238	$ 102,099	$ 33,105	$ 414,442

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

14. Segmented information (continued):

(a) Reportable segments:

Nine months ended September 30, 2009	Public Sector	Private Sector	Other	Total
Revenue	$ 233,357	$ 72,689	$ -	$ 306,046
Cost of revenue	90,934	22,000	-	112,934
	142,423	50,689	-	193,112
Research and development	35,394	11,066	-	46,460
Sales and marketing	22,414	9,080	-	31,494
General and administration	35,515	13,745	-	49,260
Depreciation	1,958	748	-	2,706
	95,281	34,639	-	129,920
Income before the undernoted	47,142	16,050	-	63,192
Amortization of intangible assets	34,254	9,515	502	44,271
Other expenses	-	-	1,474	1,474
Loss on sale of short-term investments, marketable securities and other assets	-	-	(33)	(33)
Interest expense (income), net	83	(17)	1,842	1,908
Foreign exchange loss (gain)	(312)	3,525	(2,589)	624
Inter-company expenses (income)	2,521	2,698	(5,219)	-
Income before income taxes	10,596	329	4,023	14,948
Income taxes (recovery):				
Current	8,976	2,615	(128)	11,463
Future	(4,316)	(2,433)	-	(6,749)
	4,660	182	(128)	4,714
Net Income	$ 5,936	$ 147	$ 4,151	$ 10,234
Other selected information:				
Goodwill acquired	$ -	$ 863	$ -	$ 863
Property and equipment purchased	$ 2,446	$ 438	$ 23	$ 2,907
Total assets	$ 279,238	$ 102,099	$ 33,105	$ 414,442

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

14. Segmented information (continued):

Three months ended September 30, 2008	Public Sector	Private Sector	Other	Total
Revenue	$ 55,359	$ 25,431	$ -	$ 80,790
Cost of revenue	21,751	7,971	-	29,722
	33,608	17,460	-	51,068
Research and development	8,071	3,785	-	11,856
Sales and marketing	5,703	3,227	-	8,930
General and administration	9,541	4,998	-	14,539
Depreciation	619	264	-	883
	23,934	12,274	-	36,208
Income before the undernoted	9,674	5,186	-	14,860
Amortization of intangible assets	6,374	3,265	70	9,709
Loss on sale of short-term investments, marketable securities and other assets	6	9	-	15
Loss on held for trading investments related to mark to market adjustments	-	-	134	134
Interest expense (income), net	(40)	1	159	120
Foreign exchange loss (gain)	318	(132)	(10)	176
Inter-company expenses (income)	270	911	(1,181)	-
Income before income taxes	2,746	1,132	828	4,706
Income taxes (recovery):				
Current	1,512	758	(187)	2,083
Future	(356)	(314)	-	(670)
	1,156	444	(187)	1,413
Net Income	$ 1,590	$ 688	$ 1,015	$ 3,293
Other selected information:				
Goodwill acquired	$ 2,661	$ -	$ -	$ 2,661
Property and equipment purchased	$ 684	$ 190	$ -	$ 874
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):

Nine months ended September 30, 2008	Public Sector	Private Sector	Other	Total
Revenue	$ 156,442	$ 75,693	$ -	$ 232,135
Cost of revenue	63,136	23,838	-	86,974
	93,306	51,855	-	145,161
Research and development	22,938	11,875	-	34,813
Sales and marketing	16,536	10,276	-	26,812
General and administration	26,687	14,702	-	41,389
Depreciation	1,738	771	-	2,509
	67,899	37,624	-	105,523
Income before the undernoted	25,407	14,231	-	39,638
Amortization of intangible assets	17,407	9,419	180	27,006
Loss (gain) on sale of short-term investments, marketable securities and other assets	29	8	(46)	(9)
Loss on held for trading investments related to mark to market adjustments	-	-	134	134
Interest expense (income), net	(143)	(22)	682	517
Foreign exchange loss (gain)	94	(295)	(286)	(487)
Inter-company expenses (income)	1,033	2,637	(3,670)	-
Income before income taxes	6,987	2,484	3,006	12,477
Income taxes (recovery):				
Current	3,061	1,472	(498)	4,035
Future	(1,118)	(1,464)	-	(2,582)
	1,943	8	(498)	1,453
Net Income	$ 5,044	$ 2,476	$ 3,504	$ 11,024
Other selected information:				
Goodwill acquired	$ 2,661	$ -	$ -	$ 2,661
Property and equipment purchased	$ 1,737	$ 609	$ 39	$ 2,385
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 September 30, 2009		2008		Nine months ended September 30, 2009		2008	
Canada	$ 16,444	15%	$ 15,904	20%	$ 46,491	15%	$ 45,650	20%
United States	76,816	72%	51,889	64%	221,268	72%	148,793	64%
UK/Europe	8,336	8%	9,293	12%	23,969	8%	27,711	12%
Other	5,683	5%	3,704	5%	14,318	5%	9,981	4%
Total	$ 107,279	100%	$ 80,790	100%	$ 306,046	100%	$ 232,135	100%

As at September 30, 2009 and December 31, 2008 and for the nine months ended September 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 September 30, 2009	2008	Nine months ended September 30, 2009	2008
Decrease (increase) in accounts receivable	$ (3,839)	$ 6,866	$ (318)	$ 8,515
Increase in work in progress	(573)	(375)	(5,047)	(3,449)
Decrease (increase) in inventory	(12)	139	(463)	(202)
Decrease (increase) in prepaid expenses and other current assets	2,591	(148)	(65)	209
Change in acquired contract assets and liabilities	2,405	-	3,057	-
Increase (decrease) in accounts payable and accrued liabilities excluding holdbacks from acquisitions	8,694	7,426	(7,162)	(2,799)
Increase (decrease) in deferred revenue	(388)	(4,017)	4,527	428
Increase (decrease) in income taxes payable	3,040	335	928	(866)
	$ 11,918	$ 10,226	$ (4,543)	$ 1,836

16. Subsequent event:

Subsequent to September 30, 2009, the Company completed the acquisition of the Public Transportation Solutions Segment from Continental Automotive AG for net cash consideration of $1,472 (€1,000 EUR).

Transaction costs associated with the acquisition are estimated to be $1,800.

As part of the acquisition, the Company assumed $21,500 (€14,200 EUR) of performance bonds and guarantees relating to the completion of certain customer contracts.

17. Comparative figures:

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