Consolidated Financial Statements
(In U.S. dollars)

CONSTELLATION SOFTWARE INC.

For the years ended December 31, 2008 and 2007

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

December 31, 2008

The accompanying consolidated financial statements of Constellation Software Inc. ("Constellation") and its subsidiaries and all the information in Management's Discussion and Analysis are the responsibility of management and have been approved by the Board of Directors.

The consolidated financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles ("GAAP"). The consolidated financial statements include certain amounts that are based on the best estimates and judgements of management and in their opinion present fairly, in all material respects, Constellation's financial position, results of operations and cash flows, in accordance with GAAP. Management has prepared the financial information presented elsewhere in Management's Discussion and Analysis and has ensured that it is consistent with the consolidated financial statements, or has provided reconciliations where inconsistencies exist.

Management of Constellation has developed and maintains a system of internal controls, which is supported by the internal audit function. Management believes the internal controls provide reasonable assurance that material transactions are properly authorized and recorded, financial records are reliable and form a basis for the preparation of consolidated financial statements and that Constellation's material assets are properly accounted for and safeguarded.

The board of directors carries out its responsibility for the consolidated financial statements principally through its audit committee. This committee meets with management and the Company's independent auditors to review the Company's reported financial performance and to discuss audit, internal controls, accounting policies, and financial reporting matters. The consolidated financial statements were reviewed by the Audit Committee and approved by the Board of Directors.

The consolidated financial statements have been audited by KPMG LLP, the external auditors, in accordance with GAAP on behalf of the shareholders. KPMG LLP has full and free access to the Audit Committee.

March 4, 2009

Mark Leonard
President

John Billowits
Chief Financial Officer

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AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the consolidated balance sheets of Constellation Software Inc. as at December 31, 2008 and 2007 and the consolidated statements of operations, retained earnings (deficit), comprehensive income and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
March 4, 2009

CONSTELLATION SOFTWARE INC.

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

December 31, 2008 and 2007

	2008	2007
Assets		
Current assets:		
Cash	$ 30,405	$ 19,796
Short-term investments and marketable securities available for sale (note 5)	9,979	1,217
Accounts receivable	61,079	47,177
Work in progress	15,392	10,839
Inventory	2,308	2,069
Prepaid expenses and other current assets	8,395	7,608
Investment tax credits recoverable	1,504	661
Future income taxes (note 16)	3,779	1,096
	132,841	90,463
Restricted cash (note 4)	750	750
Property and equipment (note 10)	9,381	8,025
Future income taxes (note 16)	5,713	3,890
Notes receivable (note 6)	3,643	3,490
Investment tax credits recoverable	1,808	1,779
Other long-term assets (note 7)	3,656	1,214
Intangible assets (note 11)	188,070	128,942
Goodwill (note 12)	39,937	28,594
	$ 385,799	$ 267,147
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 13)	$ 60,200	$ 19,342
Accounts payable and accrued liabilities	63,429	43,892
Acquisition holdback payments	10,901	10,442
Deferred revenue	115,466	78,870
Income taxes payable	3,197	3,426
Future income taxes (note 16)	-	347
	253,193	156,319
Future income taxes (note 16)	26,778	21,238
Other long-term liabilities (note 8)	10,446	2,708
Shareholders equity:		
Capital stock (note 14)	99,283	99,283
Shareholder loans (note 15)	(931)	(1,915)
Accumulated other comprehensive loss	(6,901)	(3,237)
Retained earnings (deficit)	3,931	(7,249)
	95,382	86,882
Commitments (note 22)		
Guarantees (note 23)		
Subsequent events (note 24)		
	$ 385,799	$ 267,147

See accompanying notes to consolidated financial statements.

On behalf of the Board:

Director Director

CONSTELLATION SOFTWARE INC.

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

Years ended December 31, 2008 and 2007

	2008	2007
Revenue	$ 330,532	$ 243,023
Cost of revenue	124,690	92,113
	205,842	150,910
Research and development	48,224	36,965
Sales and marketing	37,693	28,666
General and administration	55,585	44,127
Depreciation	3,642	3,117
	145,144	112,875
Income before the undernoted	60,698	38,035
Amortization of intangible assets	42,635	22,364
Other expenses	-	14
Gain on sale of short-term investments, marketable securities and other assets	(8)	(1,369)
Loss on held for trading investments related to mark to market adjustments	421	-
Interest expense (income), net	1,115	(508)
Foreign exchange (gain) loss	(455)	2,466
Income before income taxes	16,990	15,068
Income taxes (recovery) (note 16):		
Current	5,181	4,273
Future	(3,185)	(315)
	1,996	3,958
Net income	$ 14,994	$ 11,110
Income per share (note 17):		
Basic	$ 0.71	$ 0.53
Diluted	0.71	0.52
Weighted average number of shares outstanding (note 17):		
Basic	21,140	21,110
Diluted	21,192	21,192
Outstanding at the end of the period	21,192	21,192

See accompanying notes to consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

Years ended December 31, 2008 and 2007

	2008	2007
Deficit, beginning of year	$ (7,249)	$ (15,180)
Net income	14,994	11,110
Dividends	(3,814)	(3,179)
Retained Earnings (deficit), end of year	$ 3,931	$ (7,249)

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

Years ended December 31, 2008 and 2007

	2008	2007
Net Income	$ 14,994	$ 11,110
Other comprehensive income (loss), net of tax:		
Net unrealized mark-to-market adjustment loss on available-for-sale financial assets during the period	(1,518)	(99)
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period	(2,107)	14
Transfer of unrealized gain from prior periods upon derecognition of available-for-sale investments	(39)	-
Comprehensive income	$ 11,330	$ 11,025

See accompanying notes to consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

Years ended December 31, 2008 and 2007

	2008	2007
Cash flows from operating activities:		
Net income	$ 14,994	$ 11,110
Adjustments to reconcile net income to net cash flows from operations:		
Depreciation	3,642	3,117
Amortization of intangible assets	42,635	22,364
Non-cash interest	(153)	(161)
Future income taxes	(3,185)	(315)
Gain on sale of short-term investments, marketable securities, and other assets	(8)	(1,369)
Loss on held for trading investments related to mark to market adjustments	421	-
Unrealized foreign exchange (gain) loss	(423)	2,300
Change in non-cash operating working capital (note 21)	4,845	(2,658)
Cash flows from operating activities	62,768	34,388
Cash flows from financing activities:		
Increase in other long-term liabilities	297	521
Increase in bank indebtedness	40,858	19,342
Credit facility financing fees (note 13)	(1,268)	(549)
Dividends	(3,814)	(3,179)
Issuance of shareholder loans (note 15)	-	(447)
Repayment of shareholder loans (note 15)	959	869
Cash flows from financing activities	37,032	16,557
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired (note 9)	(62,134)	(48,096)
Acquisition holdback payments	(8,736)	(4,194)
Investment in VCG Inc. (note 6)	(85)	(4,000)
Reduction (additions) to short-term investments, marketable securities and other assets	(12,379)	3,343
Decrease in restricted cash	-	108
Decrease (increase) in other assets	(1,442)	685
Property and equipment purchased	(2,771)	(2,997)
Cash flows used in investing activities	(87,547)	(55,151)
Effect of currency translation adjustment on cash and cash equivalents	(1,644)	(1,805)
Increase (decrease) in cash and cash equivalents	10,609	(6,011)
Cash, beginning of period	19,796	25,807
Cash, end of period	$ 30,405	$ 19,796
Supplemental cash flow information:		
Income taxes paid	$ 3,791	$ 2,649
Interest paid	1,821	517
Investment tax credits received	908	1,399
Interest received	660	1,025

See accompanying notes to consolidated financial statements.

Constellation Software Inc. (the "Company"), through its subsidiaries, is engaged in the development, installation and customization of software relating to: public and para transit operators, school transportation and administration, justice, asset management, utilities, local government, law enforcement, public housing, production homebuilders, private clubs, general construction, healthcare food services, and manufacturing, and in the provision of related professional services and support.

1. Significant accounting policies:

(a) Basis of consolidation:

The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant intercompany transactions and balances have been eliminated. During the year, the Company completed certain acquisitions as described in note 9 to these consolidated financial statements. The results of operations of these acquired companies have been included in these consolidated financial statements from the date of acquisition.

(b) Revenue recognition:

The Company earns revenue from licencing its products and providing related services, including professional services, maintenance and hardware.

The Company recognizes product revenue when it has an executed licence agreement, the software product has been delivered, the amount of the fee to be paid by the customer is fixed and determinable, and collection of the related receivables is deemed probable.

Typically, software licence agreements are multiple element arrangements as they may also include maintenance and professional services. The Company evaluates these contracts to determine whether the professional services are essential to the functionality of the software. Revenue from arrangements that involve professional services that are not essential to the functionality of the software is allocated to each element based on either their relative fair values or by using the residual method and recognized when the above-noted revenue recognition criteria have been met for each element.

Revenue from the licence of software products involving significant implementation or customization essential to the functionality of the Company's product is recognized under either the percentage-of-completion method or if the estimated costs to complete cannot be reasonably estimated, the completed-contract method. Under the percentage-of-completion method, labour hours or milestones are used as a measure of progress toward completion. Provisions for estimated contract losses are recognized in the year the loss becomes probable and can be reasonably estimated.

Professional services revenue is recognized as such services are performed. Maintenance and warranty revenue is recognized ratably over the term of the related maintenance agreement, which is normally one year.

The timing of revenue recognition often differs from contract payment schedules, resulting in revenue that has been earned but not billed. These amounts are included in work in progress. Amounts billed in accordance with customer contracts, but not yet earned, are recorded as deferred revenue.

Revenue from hardware sales is recognized upon successful installation or delivery of the product.

Significant accounting policies (continued):

(c) Property and equipment:

Property and equipment are recorded at cost. Depreciation is calculated using the following methods and annual rates:

Asset	Basis	Rate
Computer hardware	Declining balance and straight line	25% - 33%
Computer software	Declining balance and straight line	25% - 100%
Furniture and equipment	Declining balance and straight line	20% - 30%
Leasehold improvements	Straight line	Shorter of the estimated useful life and the term of the lease

(d) Translation of foreign currency:

The Company's functional currency is the U.S. dollar. The Company translates transactions denominated in foreign currencies other than the U.S. dollar at the exchange rates in effect on the transaction dates. Monetary assets and liabilities of the Company denominated in foreign currencies are translated into U.S. dollars at the exchange rates prevailing at the balance sheet date. Non-monetary assets and liabilities are translated at historical exchange rates. Exchange gains and losses resulting from transactions denominated in currencies other than the U.S. dollar are included in the results of operations for the year.

The Company has classified all material subsidiaries of its major reporting groups as being integrated.

(e) Income taxes:

The Company uses the asset and liability method of accounting for income taxes. Under the asset and liability method, future tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Future tax assets and liabilities are measured using enacted or substantively enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on future tax assets and liabilities of a change in tax rates is recognized in income in the year that includes the date of enactment or substantive enactment.

Significant accounting policies (continued):

The Company records an income tax expense or recovery based on the income earned or loss incurred in each tax jurisdiction and the substantively enacted tax rate applicable to that income or loss. In ordinary course of business, there are many transactions for which the ultimate tax outcome is uncertain. The final tax outcome of these matters may be different from the estimates originally made by management in determining the Company's income tax provisions. The Company recognizes a tax benefit when it is more-likely-than-not based on the Company's best estimate of the amount that will ultimately be paid. A change to those estimates could impact the income tax provision and net income.

(f) Research and development:

Research expenditures are expensed as incurred. Development costs are expensed in the year incurred unless management believes they meet the criteria set out under Canadian generally accepted accounting principles for deferral and amortization. To date, no development costs have been capitalized.

(g) Investment tax credits:

Investment tax credits are accounted for as a reduction of the related expenditure for items of a current expense nature or as a reduction of property and equipment for items of a capital nature when the Company has reasonable assurance that the credit will be realized. As at December 31, 2008, investment tax credits receivable totalled $3,312 (2007 - $2,440) and for the year ended December 31, 2008 investment tax credits received totalled $908 (2007 - $1,399).

(h) Investments:

Investments over which the Company does not have significant influence are classified as available-for-sale and are recorded at fair value.

(i) Goodwill:

Goodwill is the residual amount that results when the purchase price of an acquired business exceeds the sum of the amounts allocated to the tangible and intangible assets acquired, less liabilities assumed, based on their fair values. When the Company enters into a business combination, the purchase method of accounting is used. Goodwill is assigned as of the date of the business combination to reporting units that are expected to benefit from the business combination.

Goodwill is not amortized but instead is tested for impairment annually or more frequently, if events or changes in circumstances indicate that the asset might be impaired. The impairment test is carried out in two steps. In the first step, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. When the fair value of the reporting unit exceeds its carrying amount, goodwill of the reporting unit is not considered to be impaired and the second step of the impairment test is unnecessary. The second step is carried out when the carrying amount of a reporting unit exceeds its fair value, in which case, the implied fair value of the reporting unit's goodwill, determined in the same manner as the value of goodwill is determined in a business combination, is compared with its carrying amount to measure the amount of the impairment loss, if any.

The Company has tested goodwill for impairment at December 31, 2008 and 2007, and determined that no impairment in the carrying value of these assets existed.

Significant accounting policies (continued):

(j) Intangible assets:

Intangible assets acquired individually or as part of a group of other assets are initially recognized and measured at cost. The cost of a group of intangible assets acquired in a transaction, including those acquired in a business combination that meet the specified criteria for recognition apart from goodwill, is allocated to the individual assets acquired based on their relative fair values.

Intangible assets with finite useful lives are amortized on a straight-line basis over their useful lives. The estimated useful lives of intangible assets, which are reviewed annually, are as follows:

Technology assets	4 to 12 years
Non-compete agreements	5 years
Customer assets	3 to 12 years
Trademarks	15 years
Backlog	1 year
Contract related assets	2 years

(k) Long-lived assets:

Long-lived assets, which comprise property and equipment and intangible assets, are amortized over their useful lives. The Company reviews long-lived assets for impairment annually or more frequently, if events or changes in circumstances indicate that the carrying amount may not be recoverable. If the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of a group of assets is less than its carrying amount, it is considered to be impaired. An impairment loss is measured as the amount by which the carrying amount of the group of assets exceeds its fair value. At December 31, 2008 and 2007, no such impairment had occurred.

(l) Deferred charges:

The direct costs paid to lenders to obtain revolving credit facilities are capitalized as a contract related asset and amortized on a straight-line basis over the life of the debt to which they relate.

(m) Guarantees:

The Company is required to disclose significant information about certain types of guarantees that it has provided, including certain types of indemnities and indirect guarantees of indebtedness to others, without regard to the likelihood of whether it will have to make any payments under the guarantees.

(n) Deferred leasehold inducements:

Leasehold inducements are deferred and amortized against rent expense on a straight-line basis over the terms of the lease.

Significant accounting policies (continued):

(o) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

Accounts receivable are reported after evaluation as to their collectibility, and an appropriate allowance for doubtful accounts is provided where considered necessary.

In connection with revenue recognition and work in progress, the Company is required to make ongoing estimates of the amount of revenue and costs of long-term projects to customize and install software. The Company makes these assessments by measuring labour costs incurred to date and estimating the labour costs to be incurred over the life of the project.

The Company is required to make ongoing estimates of the results of future operations as part of its assessment of the recoverability of goodwill, intangible assets, property and equipment and future income tax assets and liabilities. Significant changes in the assumptions with respect to future business plans and cash flows could result in impairment of goodwill, intangible assets, property and equipment, and future tax assets.

By their nature, these estimates are subject to measurement uncertainty and actual results could differ from these estimates.

2. Changes in accounting policies:

(a) Capital disclosures:

Effective January 1, 2008, the Company adopted the recommendations included in the Canadian Institute of Chartered Accountants ("CICA") Handbook, Section 1535, Capital Disclosures. The new standard requires disclosure of qualitative and quantitative information that enables users of financial statements to evaluate the Company's objectives, policies and processes for managing capital.

(b) Financial instruments - disclosures:

On January 1, 2008, the Company adopted CICA Handbook Section 3862, Financial Instruments - Disclosures and Section 3863, Financial Instruments - Presentation.

Section 3862 requires disclosure about the significance of financial instruments for an entity's financial position, the nature and extent of risks arising from financial instruments to which the entity is exposed and how the entity manages those risks.

Section 3863 establishes standards for presentation of financial instruments and non-financial derivatives.

Section 3862 and 3863 replace Section 3861, Financial Instruments - Disclosure and Presentation.

The additional disclosures, required as a result of adoption of these standards, have been included in Note 18, Capital risk management and Note 19, Financial risk management and financial instruments.

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:

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) Goodwill and Intangible Assets:

In 2008, the CICA issued 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. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2009. The Company is currently assessing the impact of the new standard.

(c) 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 considerations 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 equivalent to the International Financial Reporting Standards on business combinations. This standard is applied prospectively to business combinations with acquisition dates on or after January 1, 2011. Earlier adoption is permitted. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(d) 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 is currently evaluating the impact of adopting this standard on its consolidated financial statements.

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

Changes in accounting policies not yet adopted (continued):

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

In January 2009, the CICA issued 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. This standard is effective for the first quarter of 2009 and should be applied retrospectively without restatement of prior periods to all financial assets and liabilities measured at fair value on the date this abstract was issued. The Company is currently evaluating the impact of adopting this standard on its consolidated financial statements.

(f) 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 is currently evaluating the impact of adopting this standard on its consolidated financial statements.

4. Restricted cash:

At December 31, 2008 the Company has $750 (2007- $750) held in accordance with escrow agreements from acquisitions.

5. Short-term investments and marketable securities:

At December 31, 2008, the Company held investments in three public companies listed in the U.K. and U.S., all of which develop and sell software solutions.

	2008		2007	
	Cost	Market Value	Cost	Market Value
Common shares	$ 13,728	$ 9,979	$ 1,303	$ 1,217

6. Notes receivable:

On June 18, 2007, the Company entered into an agreement with VCG Inc. (subsequently VCG LLC) to purchase $4,000 of senior subordinated secured notes, and then on September 22, 2008 purchased an additional $85. These notes bear interest at 12% per annum payable annually in arrears and mature on June 18, 2012, at which time the principal sum of $4,085 is due. In conjunction with these notes, the Company received share purchase warrants (the "Warrants") having the right to purchase Preferred Series C-1 shares convertible into 8.9% of the fully diluted equity interest of VCG Inc. as of September 22, 2008, subject to the terms of the Warrants. The exercise price for the Warrants is $0.00007 per share. The Warrants can be exercised at the option of the holder anytime until the expiration date of June 18, 2017.

The Warrant component of this instrument constitutes a derivative, and thus under Canadian GAAP must be valued separately from the value of the notes. The Company allocated the total consideration paid to the notes and warrants using the residual method. The fair value of the Warrants was determined using the Black-Scholes option-pricing model. On June 18, 2007, the following assumptions were used to value the Warrants: risk-free interest rate of 4.53%, volatility of 89%, share price of $0.51, expected life of 10 years and zero dividend yield. This resulted in the allocation of $571 to the Warrants and $3,429 to the notes receivable. The valuation assigned to the Warrants acquired on September 22, 2008 was $50. At December 31, 2008 the Black-Scholes assumptions were updated as follows: risk-free interest rate of 2.97%, volatility of 84%, share price of $0.16, expected life of 8.5 years and zero dividend yield. The revised assumptions resulted in a $421 reduction in the value assiged to the Warrants and a charge to the Statement of Operations.

The note component is recorded at amortized cost with an effective interest rate of 15.30%. For the year ended December 31, 2008, the Company recorded interest income related to carrying value accretion of $118 (2007 - $61).

As at December 31, 2008 there has been no change in the fair value of the notes receivable other than the adjustment for accretion interest.

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

7. Other long-term assets:

		2008		2007
Share purchase warrants (note 6)	$	200	$	571
Acquired contract assets (i)		1,450		-
Other (ii)		2,006		643
Ending balance	$	3,656	$	1,214

(i) Long-term contracts acquired in a business combination are assigned a fair value 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.

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

8. Other long-term liabilities:

		2008		2007
Acquisition holdback payments	$	772	$	1,000
Acquired contract liabilities (i)		6,668		-
Other (ii)		3,006		1,708
Ending balance	$	10,446	$	2,708

(i) Long-term contracts acquired in a business combination are assigned a fair value 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.

(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)

9. Business acquisitions:

2008

(a) 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 holdbacks are payable over a one-year period and are adjusted for any claims under the representations and warranties of the agreement. Transaction costs associated with this acquistion incurred to date are estimated to be $223. 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	$	19,055
Property and equipment		1,172
Future income taxes		351
Other long-term assets		236
Intangibles		63,071
		83,885
Liabilities assumed:		
Current liabilities		9,156
Deferred revenue		26,704
Other long-term liabilities		7,802
		43,662
Total purchase price consideration	$	40,223

Due to the proximity of the acquisition to year end, 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 are unlikely to, exceed $17,000 in the aggregate.

This acquisition has been allocated to the Public Sector.

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

Business acquisitions (continued):

(b) During 2008, the Company made twenty other acquisitions for aggregate net cash consideration of $26,910 plus cash holdbacks of $6,245 and contingent earnout arrangements of $960 resulting in total consideration of $34,115. The 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. Due to the proximity of certain acqusitions to year end, valuations of certain assets and liabilites have not been finalized. The following table summarizes 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	$ 8,789	$ 297	$ 9,086
Property and equipment	810	158	968
Future income taxes	950	148	1,098
Technology assets	25,140	4,397	29,537
Customer assets	9,048	1,870	10,918
Non-compete agreements	-	1,000	1,000
Backlog	2,499	-	2,499
Goodwill	2,661	-	2,661
	49,897	7,870	57,767
Liabilities assumed:			
Current liabilities	3,575	120	3,695
Deferred revenue	12,510	722	13,232
Future income taxes	5,949	776	6,725
	22,034	1,618	23,652
Total purchase price consideration	$ 27,863	$ 6,252	$ 34,115

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

9. Business acquisitions (continued):

2007

(c) PG Govern QC Inc. ("PG"):

On March 1, 2007, the Company acquired the assets and shares of PG for net cash consideration of $13,112 on closing plus a holdback of $2,228 resulting in total consideration of $15,340. At December 31, 2008 there was $828 of the holdback remaining to be paid, which is expected to be paid out as assets are converted into cash, subject to no claims under the representations and warranties of the agreement. The acquisition has been accounted for by the purchase method with the results of operations included in these consolidated financial statements from the date of acquisition. The following table summarizes the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:		
Current assets	$	7,715
Property and equipment		1,030
Other long-term assets		2,212
Technology assets		16,694
Customer assets		4,346
Backlog		767
		32,764
Liabilities assumed:		
Current liabilities		8,041
Deferred revenue		7,068
Future income tax liability		1,533
Other long-term liabilities		782
		17,424
Total purchase price consideration	$	15,340

This acquisition has been allocated to the Public Sector.

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

9. Business acquisitions (continued):

2007

(d) Computrition Inc. ("Computrition"):

On November 30, 2007, the Company acquired the assets and shares of Computrition for net cash consideration of $12,618 on closing plus a cash holdback of $2,000 resulting in total consideration of $14,618. Half of the holdback was paid in the third quarter of 2008 and the remaining half is payable in the fourth quarter of 2009, subject to no claims under the representations and warranties of the agreement. The acquisition has been accounted for by the purchase method with the results of operations included in these consolidated financial statements from the date of acquisition. The following table summarizes the preliminary estimate of the fair value of the assets acquired and liabilities assumed at the date of acquisition:

Assets acquired:		
Current assets	$	3,985
Property and equipment		104
Technology assets		13,461
Customer assets		3,678
Backlog		800
Goodwill		6,332
		28,360
Liabilities assumed:		
Current liabilities		1,405
Deferred revenue		6,833
Future income tax liability		5,504
		13,742
Total purchase price consideration	$	14,618

This acquisition has been allocated to the Private Sector.

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

9. Business acquisitions (continued):

(e) Other acquisitions:

During 2007, the Company made thirteen other acquisitions for aggregate net initial cash consideration of $22,366 plus holdbacks of $6,785 resulting in total consideration of $29,151. Holdbacks of $5,911 have subsequently been paid. 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 the fair value of the assets acquired and liabilities assumed at the date of each acquisition:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Current assets	$ 9,386	$ 2,032	$ 11,418
Property and equipment	607	185	792
Technology assets	18,938	7,852	26,790
Customer assets	7,384	2,546	9,930
Backlog	871	-	871
Goodwill	2,436	1,545	3,981
	39,622	14,160	53,782
Liabilities assumed:			
Current liabilities	3,867	1,510	5,377
Deferred revenue	10,994	1,627	12,621
Future income taxes	3,564	3,069	6,633
	18,425	6,206	24,631
Total purchase price consideration	$ 21,197	$ 7,954	$ 29,151

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

10. Property and equipment:

2008	Cost	Accumulated amortization	Net book value
Computer hardware	$ 14,951	$ 10,663	$ 4,288
Computer software	5,121	4,274	847
Furniture and equipment	6,743	4,294	2,449
Leasehold improvements	3,361	1,564	1,797
	$ 30,176	$ 20,795	$ 9,381

2007	Cost	Accumulated amortization	Net book value
Computer hardware	$ 12,189	$ 8,606	$ 3,583
Computer software	4,360	3,297	1,063
Furniture and equipment	5,211	3,464	1,747
Leasehold improvements	2,646	1,014	1,632
	$ 24,406	$ 16,381	$ 8,025

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

11. Intangible assets:

2008	Cost	Accumulated amortization	Net book value
Technology assets	$ 176,042	$ 78,135	$ 97,907
Non-compete agreements	2,680	1,797	883
Customer assets	43,089	15,719	27,370
Trademarks	133	101	32
Backlog	4,903	3,831	1,072
Contract related assets	1,840	294	1,546
Other	63,071	3,811	59,260
	$ 291,758	$ 103,688	$ 188,070

2007	Cost	Accumulated amortization	Net book value
Technology assets	$ 121,574	$ 49,708	$ 71,866
Non-compete agreements	1,680	1,589	91
Customer assets	23,807	8,632	15,175
Trademarks	133	93	40
Backlog	767	639	128
Contract related assets	549	-	549
Other	41,484	391	41,093
	$ 189,994	$ 61,052	$ 128,942

Note: At December 31, 2008, the purchase price allocation of certain intangible amounts was not determinable and was recorded as "Other". At December 31, 2008 "Other" includes intangibles 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 over the next three quarters.

During the year ended December 31, 2008, the purchase price allocations for acquisitions completed in 2007 were finalized resulting in $24,210 being allocated to technology assets, $8,275 to customer assets, $732 to backlog, and $7,876 to goodwill.

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

12. Goodwill:

	2008	2007
Opening balance	$ 28,594	$ 26,886
Additions due to acquisitions during the year	2,661	1,678
Allocation of intangibles previously classified as "Other"	7,876	-
Adjustments relating to prior period acquisitions	806	30
Ending balance	$ 39,937	$ 28,594

13. 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, 2007 - $50,000). 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 December 31, 2008, $60,200 (December 31, 2007 - $19,342) had been drawn from this credit facility, and letters of credit totalling $7,000 (December 31, 2007 - $7,186) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. Interest expense paid on the line-of-credit for 2008 totalled $1,911.

14. Capital stock:

(a) The authorized share capital of the Company consists of an unlimited number of common shares and an unlimited number of Class A non-voting shares. The rights and privileges of the existing Class A non-voting shares entitle the holders of such shares to distributions, if and when declared by the Board of Directors. The holders of the Class A non-voting shares are entitled to convert such shares, at any time into common shares, on a one-for-one basis.

(b) The issued share capital of the Company is as follows:

	Number	Amount
Common shares	16,903,530	$ 84,762
Class A non-voting	4,288,000	14,521
Balance, December 31, 2008 and 2007	21,191,530	$ 99,283

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

15. 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 December 31, 2008, the market value of the shares held as collateral was $3,521 (December 31, 2007 - $7,724)

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

		2008		2007
Balance, January 1	$	1,915	$	2,135
Repayment of shareholder loans		(959)		(869)
Issuance of shareholder loans		-		447
Interest		63		100
Currency translation adjustment		(88)		102
Balance, December 31	$	931	$	1,915

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

16. Income taxes:

The income tax effects of temporary differences that give rise to significant components of future income tax assets and liabilities at December 31, 2008 are as follows:

	2008	2007
Future income tax assets:		
Non-capital income tax loss carryforwards	$ 6,572	$ 6,492
Scientific research and experiment development expenditure pool carryforward	895	573
Deferred revenue	2,911	4,458
Reserves	1,003	855
Property and equipment	806	213
Intangible assets	904	573
Stock issuance costs	-	351
Corporate minimum tax and foreign tax credits	1,392	1,427
Other, including capital loss carryforwards	4,152	785
	18,635	15,727
Less valuation allowance	7,987	7,419
	10,648	8,308
Future income tax liabilities:		
Intangible assets	(25,662)	(22,404)
Property and equipment	(893)	(1,351)
Scientific research and experiment development investment tax credits	(512)	(168)
Other, including foreign exchange gains	(867)	(984)
	(27,934)	(24,907)
Net future income taxes	$ (17,286)	$ (16,599)
Current future income tax asset	$ 3,779	$ 1,096
Long-term future income tax asset	5,713	3,890
Current future income tax liability	-	(347)
Long-term future income tax liability	(26,778)	(21,238)
Net future income taxes	$ (17,286)	$ (16,599)

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

16. Income taxes (continued):

In assessing the realizability 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.

Total income tax expense varies from the amounts that would be computed by applying the statutory income tax rate to income before income taxes for the following reasons:

	2008	2007
Statutory income tax rate	33.50%	36.12%
Income tax expense (recovery) on income (loss) before income taxes	$ 5,692	$ 5,443
Increase (decrease) in income taxes resulting from:		
Change in the future statutory tax rates	-	166
Change in the valuation allowance for future tax assets	1,952	1,269
Permanent differences, including foreign exchange	(4,059)	1,504
Adjustment to future tax assets	(101)	(1,830)
Foreign tax rate differential	(1,744)	(2,650)
Other	256	56
	$ 1,996	$ 3,958

As at December 31, 2008, the Company has non-capital income tax losses of $ 13,350 available to reduce future years' income for Canadian income tax purposes. Canadian losses expire as follows: $2,369 in 2015; $1,166 in 2026, $1,788 in 2027, and the balance in 2028. In addition, the Company has income tax credits of $959 available to offset future Ontario income taxes otherwise payable, which expire as follows: $721 in 2010; $18 in 2012; $23 in 2013; $51 in 2015; and the balance in 2017.

The Company also has approximately $3,263 and $4,152 of tax losses available to reduce future years' income for tax purposes in the United States, and the rest of the world, respectively. The U.S. losses expire as follows: $744 in 2021; $680 in 2022; $20 in 2024; $1,049 in 2025; $393 in 2027; and the balance in 2028; the majority of the rest of the world losses can be carried forward indefinitely.

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

17. Income per share:

		2008		2007
Numerator:				
Net income	$	14,994	$	11,110
Denominator:				
Weighted average number of shares:				
Basic		21,140		21,110
Effect of dilutive securities:				
Shares secured by shareholder loans		52		82
Diluted		21,192		21,192
Net income per share:				
Basic	$	0.71	$	0.53
Diluted	$	0.71		0.52

18. Capital risk management:

The Company's objectives in managing capital are to ensure sufficient liquidity to pursue its strategy of organic growth combined with strategic acquisitions and to provide returns to its shareholders. The Company manages its capital with the objective of ensuring that there are adequate capital resources while maximizing the return to shareholders through the optimization of the debt and equity balance. The capital structure of the Company consists of cash, credit facilities and components of shareholders' equity including deficit and capital stock.

The Company is subject to certain covenants on its credit facilities. The covenants include a leverage ratio and an interest coverage ratio, as well as a minimum net worth requirement. The Company monitors the ratios on a monthly basis. As at December 31, 2008, the Company is in compliance with the covenants on its credit facilities. Other than the covenants required for the credit facilities, the Company is not subject to any externally imposed capital requirements.

18. Capital risk management (continued):

The Board of Directors determine if and when dividends should be declared and paid based on all relevant circumstances, including the desirability of financing further growth of the Company and its financial position at the relevant time. There is no guarantee that dividends will continue to be paid in the future. In addition, the Company is restricted, pursuant to financial covenants under its operating line of credit, from paying dividends of more than 20% of its consolidated adjusted net income as defined in the agreement.

The Company makes adjustments to its capital structure in light of general economic conditions, the risk characteristics of the underlying assets and the Company's working capital requirements. In order to maintain or adjust its capital structure, the Company, upon approval from its Board of Directors, may pay dividends, increase or decrease the line of credit or undertake other activities as deemed appropriate under the specific circumstances. The Board of Directors reviews and approves any material transactions not in the ordinary course of business, including significant acquisitions or other major investments.

19. Financial risk management and financial instruments:

(a) Overview:

The Company is exposed to risks of varying degrees of significance which could affect its ability to achieve its strategic objectives for growth. The main objectives of the Company's risk management process are to ensure that risks are properly identified and that the capital base is adequate in relation to those risks. The principal financial risks to which the Company is exposed are described below.

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

19. Financial risk management and financial instruments (continued):

(b) Market risk:

Market risk is the risk that changes in market prices, such as fluctuations in the market prices of the Company's publicly traded investments, foreign exchange rates and interest rates, will affect the Company's income or the value of its financial instruments.

The Company manages risk related to fluctuations in the market prices of its publicly traded investments by regularly conducting financial reviews of publicly available information to ensure that any risks are within established levels of risk tolerance. The Company does not routinely engage in risk management practices such as hedging, derivatives or short selling with respect to its publicly traded investments.

The following table details the Company's sensitivity to a 1% strengthening in the market price of the marketable securities it currently holds. For a 1% weakening in the market price, there would be an equal and opposite impact on net income and comprehensive income.

Net income	$	-
Comprehensive income		100

The Company is exposed to interest rate risk on the utilized portion of its credit facilities and does not currently hold any financial instruments that mitigate this risk. Management does not believe that the impact of interest rate fluctuations on the current level of borrowings will be significant and, therefore, has not provided a sensitivity analysis of the impact of fluctuations on net income and comprehensive income. A breakdown of the components of interest expense (income) amount recorded on the financial statements is as follows:

		2008		2007
Interest expense on credit facilities (Other financial liability)	$	1,911	$	262
Interest income on notes receivable (Loans and receivables)		(605)		(317)
Bank interest (Held for trading)		(128)		(353)
Interest income on shareholder loans		(63)		(100)
		1,115		(508)

The Company operates internationally, giving rise to exposure to market risks from changes in foreign exchange rates. The Company currently does not use derivative instruments to hedge its exposure to those risks. Most of the Company's businesses are organized geographically so that many of its expenses are incurred in the same currency as its revenues thus mitigating some of its exposure to currency fluctuations.

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

19. Financial risk management and financial instruments (continued):

Foreign currency sensitivity analysis:

The Company is mainly exposed to fluctuations in the Canadian dollar and British pound. The major currency exposures, as of December 31, 2008, are summarized in USD equivalents in the following table. The local currency amounts have been converted to USD equivalents using the period end exchange rates.

	Canadian Dollar	British Pound
Cash	$ 13,825	$ 385
Restricted cash	-	724
Short-term investments and marketable securities available for sale	-	4,719
Accounts receivable	5,218	4,996
Other financial assets	5,180	2,580
Accounts payable and accrued liabilities	(15,829)	(3,347)
Other financial liabilities	(4,959)	(3,040)
Shareholder loans	188	28
Net financial assets	$ 3,623	$ 7,045

The following table details the Company's sensitivity to a 1% strengthening of the Canadian dollar and British pound on net income and comprehensive income against the U.S. dollar. The sensitivity analysis includes foreign currency denominated monetary assets and liabilities and adjusts their translation at period end for a 1% change in foreign currency rates. For a 1% weakening against the U.S. dollar, there would be an equal and opposite impact on net income and comprehensive income.

	Canadian Dollar Impact	British Pound Impact
Net income	$ 36	$ 23
Comprehensive income	36	70

(c) Liquidity risk:

Liquidity risk is the risk that the Company is not able to meet its financial obligations as they fall due or can do so only at excessive cost. The Company manages liquidity risk through the management of its capital structure and financial leverage, as outlined in note 18 to the consolidated financial statements. The Company's growth is financed through a combination of the cash flows from operations and borrowing under the existing credit facilities. One of management's primary goals is to maintain an optimal level of liquidity through the active management of the assets and liabilities as well as the cash flows. The Company's credit facilities are disclosed in note 13 to the consolidated financial statements. As at December 31, 2008, the undrawn portion of the Company's bank credit facility was $62,800. Utilizations include advances borrowed under the bank credit facility and issuances of letters of credits.

The majority of the Company's financial liabilities recorded in accounts payable and accrued liabilities are due within 60 days. Holdbacks payable are due within two years.

Given the Company's available liquid resources as compared to the timing of the payments of liabilities, management assesses the Company's liquidity risk to be low.

19. Financial risk management and financial instruments (continued):

(d) Credit risk:

Credit risk represents the financial loss that the Company would experience if a counterparty to a financial instrument, in which the Company has an amount owing from the counterparty failed to meet its obligations in accordance with the terms and conditions of its contracts with the Company. The carrying amount of the Company's financial assets represents the Company's maximum credit exposure.

The majority of the accounts receivable balance relates to maintenance invoices to customers that have a history of payment. In addition a large proportion of the Company's accounts receivable is with government agencies. As at December 31, 2008, 32% of the Company's accounts receivable balance is over 90 days past due which is in line with the balance at December 31, 2007. Accounts receivable are net of allowance for doubtful accounts of $4,202 at December 31, 2008 (December 31, 2007 - $2,227).

There is no significant credit risk associated with the Company's short term investments. The Company manages its credit risk related to short-term investments by conducting financial and other assessments of these investments on a regular basis.

The Company manages credit risk related to notes receivable by monitoring the results of the business to which the note relates, and maintaining security over the assets of the business.

The Company manages credit risk related to cash by maintaining bank accounts with Schedule 1 banks.

In the ordinary course of business the Company and its subsidiaries have provided performance bonds and other guarantees for the completion of certain customer contracts. The Company has not experienced a loss to date and future losses are not anticipated; therefore, no liability has been recorded in the consolidated balance sheets related to these types of indemnifications or guarantees at December 31, 2008.

19. Financial risk management and financial instruments (continued):

(e) Financial instruments:

(i) Classification of financial instruments

	Classification	Measurement
Restricted cash	Held for trading	Fair value
Short term investments and marketable securities	Available for sale	Fair value
Accounts receivable	Loans and receivables	Amortized cost
Notes receivable	Loans and receivable	Amortized cost
Share purchase warrants	Held for trading	Fair value
Long-term accounts receivable	Loans and receivables	Amortized cost
Bank indebtedness	Other financial liabilities	Amortized cost
Accounts payable and accrued liabilities	Other financial liabilities	Amortized cost
Holdbacks on acquisitions	Other financial liabilities	Amortized cost

(ii) Fair values of financial instruments

The carrying values of cash, restricted cash, accounts receivable, bank indebtedness, accounts payable, accrued liabilities and acquisition holdbacks, approximate their fair values due to the short-term nature of these instruments.

The fair values of short-term investments, which are publicly traded, are determined by the quoted market values for each investment (note 5).

Notes receivable are recorded at amortized cost, which approximates the fair value.

Warrants which are not publicly traded are fair valued using valuation techniques and adjusted by the Company after considering the fair value of the underlying security and the strike price of the warrants. As at December 31, 2008, there was a decrease of $421 in the fair value of the warrants.

20. 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 these audited 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)

20. Segmented information (continued):

(a) Reportable segments:

2008	Public Sector	Private Sector	Other	Total
Revenue	$ 230,769	$ 99,763	$ -	$ 330,532
Cost of revenue	93,704	30,986	-	124,690
	137,065	68,777	-	205,842
Research and development	32,973	15,251	-	48,224
Sales and marketing	24,404	13,289	-	37,693
General and administration	36,941	18,644	-	55,585
Depreciation	2,611	1,031	-	3,642
	96,929	48,215	-	145,144
Income before the undernoted	40,136	20,562	-	60,698
Amortization of intangible assets	29,568	12,773	294	42,635
Gain (loss) on sale of short-term investments, marketable securities and other assets	31	7	(46)	(8)
Loss on held for trading investments related to mark to market adjustments	-	-	421	421
Interest expense (income), net	(129)	14	1,230	1,115
Foreign exchange loss (gain)	705	(2,505)	1,345	(455)
Inter-company expenses (income)	2,043	3,526	(5,569)	-
Income before income taxes	7,918	6,747	2,325	16,990
Income taxes (recovery):				
Current	4,221	1,528	(568)	5,181
Future	(1,130)	(2,055)	-	(3,185)
	3,091	(527)	(568)	1,996
Net Income	$ 4,827	$ 7,274	$ 2,893	$ 14,994
Other selected information:				
Goodwill acquired	$ 2,661	$ -	$ -	$ 2,661
Property and equipment purchased	$ 1,971	$ 737	$ 63	$ 2,771
Total assets	$ 272,892	$ 79,282	$ 33,625	$ 385,799

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

20. Segmented information (continued):

2007	Public Sector	Private Sector	Other	Total
Revenue	$ 156,804	$ 86,219	$ -	$ 243,023
Cost of revenue	63,899	28,214	-	92,113
	92,905	58,005	-	150,910
Research and development	23,205	13,760	-	36,965
Sales and marketing	18,401	10,265	-	28,666
General and administration	27,246	16,881	-	44,127
Depreciation	2,145	972	-	3,117
	70,997	41,878	-	112,875
Income before the undernoted	21,908	16,127	-	38,035
Amortization of intangible assets	14,973	7,391	-	22,364
Other expenses	-	(230)	244	14
Loss (gain) on sale of short-term investments, marketable securities and other assets	38	3	(1,410)	(1,369)
Interest expense (income), net	(230)	(73)	(205)	(508)
Foreign exchange loss	416	1,400	650	2,466
Inter-company expenses (income)	1,497	2,755	(4,252)	-
Income before income taxes	5,214	4,881	4,973	15,068
Income taxes (recovery):				
Current	2,093	2,108	72	4,273
Future	(55)	(260)	-	(315)
	2,038	1,848	72	3,958
Net Income	$ 3,176	$ 3,033	$ 4,901	$ 11,110
Other selected information:				
Goodwill acquired	$ 133	$ 1,545	$ -	$ 1,678
Property and equipment purchased	$ 2,218	$ 692	$ 87	$ 2,997
Total assets	$ 166,820	$ 92,586	$ 7,741	$ 267,147

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

20. 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. The property and equipment and goodwill and other intangible assets are based on the geographic region in which the Company operates:

2008	Canada	USA	UK/Europe	Other	Total
Revenue	$ 53,453	$ 233,921	$ 35,646	$ 7,512	$ 330,532
Property and equipment	3,946	4,583	836	16	9,381
Goodwill and other intangible assets	90,981	91,837	15,236	29,953	228,007

2007	Canada	USA	UK/Europe	Other	Total
Revenue	$ 40,605	$ 167,393	$ 28,191	$ 6,834	$ 243,023
Property and equipment	3,760	3,451	806	8	8,025
Goodwill and other intangible assets	72,820	65,100	6,510	13,106	157,536

21. Change in non-cash operating working capital:

	2008	2007
Decrease in accounts receivable	$ 8,252	$ 2,118
Decrease (increase) in work in progress	(1,895)	2,329
Decrease (increase) in inventory	41	(626)
Decrease in prepaid expenses and other current assets	794	1,825
Change in acquired contract assets and liabilities	(2,348)	-
Increase (decrease) in accounts payable and accrued liabilities excluding holdbacks from acquisitions	3,878	(6,075)
Decrease in deferred revenue	(3,424)	(3,805)
Increase (decrease) in income taxes payable	(453)	1,576
	$ 4,845	$ (2,658)

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

22. Commitments:

The Company and its subsidiaries lease premises and certain equipment and automobiles under operating leases. The operating rental expense in 2008 was $7,589 (2007 - $6,094). The annual minimum lease commitments are as follows:

2009	$ 7,105
2010	5,626
2011	3,925
2012	3,161
2013	2,729
Thereafter	4,514
	$ 27,060

23. Guarantees:

(a) In the ordinary course of business the Company and its subsidiaries have provided performance bonds and other guarantees for the completion of certain customer contracts. The total obligations of the Company pursuant to such bonds total approximately $31,028 (2007 - $3,189). No liability has been recorded in the consolidated financial statements.

(b) As at December 31, 2008, in the normal course of business, the Company and its subsidiaries have outstanding letters of credit totalling $7,000 (2007 - $7,186).

(c) In the normal course of business, some of the Company's subsidiaries entered into lease agreements for facilities. As the joint lessees, the subsidiaries agree to indemnify the lessor for liabilities that may arise from the use of the leased facility. The maximum amount potentially payable under the foregoing indemnity cannot be reasonably estimated. The subsidiaries have liability insurance that relates to the indemnifications.

(d) The Company and its subsidiaries have provided routine indemnifications to some of its customers against liability if the Company's product infringes on a third party's intellectual property rights. The maximum exposure from the indemnifications cannot be reasonably estimated.

24. Subsequent events:

During the month of January 2009, the Company completed an acquisition for net cash consideration of $2,925 on closing plus a holdback of $600.

On March 4, 2009 the Company declared a $0.216 per share dividend payable on March 31, 2009 to all common shareholders and class A non-voting shareholders of record at close of business on March 17, 2009.

25. Comparative figures:

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