Condensed Consolidated Interim Financial Statements
(In U.S. dollars)

CONSTELLATION SOFTWARE INC.

For the three months ended March 31, 2015 and 2014

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Financial Position
(In thousands of U.S. dollars)

(Unaudited)

	March 31, 2015	December 31, 2014
Assets		
Current assets:		
Cash	$ 131,817	$ 70,679
Accounts receivable	229,226	200,056
Work in progress	60,626	51,483
Inventories	25,426	25,246
Other assets (note 5)	74,027	63,294
	521,122	410,758
Non-current assets:		
Property and equipment	35,166	37,227
Deferred income taxes	57,007	60,763
Other assets (note 5)	35,292	36,942
Intangible assets	838,294	887,435
	965,759	1,022,367
Total assets	$ 1,486,881	$ 1,433,125
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 6)	$ 69,688	$ 66,326
TSS membership liability (note 8)	17,673	17,345
Accounts payable and accrued liabilities	224,008	244,996
Dividends payable (note 11)	21,387	21,192
Deferred revenue	459,091	347,336
Provisions (note 9)	10,191	13,399
Acquisition holdback payments	23,840	22,665
Income taxes payable	23,598	25,588
	849,476	758,847
Non-current liabilities:		
Bank indebtedness (note 6)	133,798	149,654
TSS membership liability (note 8)	31,087	30,515
Debentures (note 7)	72,495	78,642
Deferred income taxes	99,601	107,275
Acquisition holdback payments	3,579	3,603
Other liabilities (note 5)	37,369	44,758
	377,929	414,447
Total liabilities	1,227,405	1,173,294
Shareholders' equity (note 11):		
Capital stock	99,283	99,283
Accumulated other comprehensive income	(31,379)	(19,290)
Retained earnings	191,572	179,838
	259,476	259,831
Subsequent events (notes 11 and 18)		
Total liabilities and shareholders' equity	$ 1,486,881	$ 1,433,125

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

Three months ended March 31, 2015 and 2014
(Unaudited)

	2015	2014
Revenue		
License	$ 30,325	$ 26,481
Professional services	92,706	91,810
Hardware and other	31,048	33,792
Maintenance and other recurring	268,812	242,766
	422,891	394,849
Expenses		
Staff	221,852	225,672
Hardware	17,785	18,739
Third party license, maintenance and professional services	38,800	35,319
Occupancy	10,581	9,958
Travel	11,810	11,415
Telecommunications	4,086	3,945
Supplies	9,559	8,707
Professional fees	4,807	5,039
Other, net	6,284	9,141
Depreciation	3,926	4,087
Amortization of intangible assets	41,481	42,802
	370,971	374,824
Foreign exchange loss (gain)	(1,723)	172
TSS membership liability revaluation charge (note 8)	6,030	-
Share in net (income) loss of equity investee	(690)	(120)
Finance and other income (note 12)	(258)	(468)
Finance costs (note 12)	4,283	3,314
	7,642	2,898
Income before income taxes	44,278	17,127
Current income tax expense (recovery)	13,896	6,611
Deferred income tax expense (recovery)	(2,544)	1,620
Income tax expense (recovery) (note 10)	11,352	8,231
Net income	32,926	8,896
Earnings per share		
Basic and diluted (note 13)	$ 1.55	$ 0.42

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

Three months ended March 31 2015 and 2014
(Unaudited)

	2015	2014
Net income	$ 32,926	$ 8,896
Items that are or may be reclassified subsequently to net income:		
Net change in fair value of available-for-sale financial asset during the period	-	93
Net change in fair value of derivatives designated as hedges during the period	(230)	-
Amounts reclassified to profit during the period related to realized gains on available-for-sale financial asset	-	(264)
Foreign currency translation differences from foreign operations	(11,929)	320
Current income tax recovery (expense)	-	35
Deferred income tax recovery (expense)	70	(12)
Other comprehensive (loss) income for the period, net of income tax	(12,089)	172
Total comprehensive income for the period	$ 20,837	$ 9,068

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Changes in Equity
(In thousands of U.S. dollars)

(Unaudited)

Three months ended March 31, 2015	Capital stock	Accumulated other comprehensive income/(loss)			Total accumulated other comprehensive income/(loss)	Retained earnings	Total
		Cumulative translation account	Amounts related to gains/losses on derivatives designed as hedges	Amounts related to gains/losses on available-for-sale financial assets			
Balance at January 1, 2015	**$ 99,283**	**$ (18,880)**	**$ (410)**	**$ -**	**$ (19,290)**	**$ 179,838**	**$ 259,831**
Total comprehensive income for the year							
Net income	-	-	-	-	-	32,926	32,926
Other comprehensive income (loss)							
Net change in fair value of available-for-sale financial asset during the year	-	-	-	-	-	-	-
Net change in fair value of derivatives designated as hedges during the year	-	-	(230)	-	(230)	-	(230)
Amounts reclassified to profit during the year related to realized gains on available-for-sale financial assets	-	-	-	-	-	-	-
Foreign currency translation differences from foreign operations	-	(11,929)	-	-	(11,929)	-	(11,929)
Current tax recovery (expense)	-	-	-	-	-	-	-
Deferred tax recovery (expense)	-	-	70	-	70	-	70
Total other comprehensive income (loss) for the year	**-**	**(11,929)**	**(160)**	**-**	**(12,089)**	**-**	**(12,089)**
Total comprehensive income (loss) for the year	**-**	**(11,929)**	**(160)**	**-**	**(12,089)**	**32,926**	**20,837**
Transactions with owners, recorded directly in equity Dividends to shareholders of the Company (note 11)	-	-	-	-	-	(21,192)	(21,192)
Balance at March 31, 2015	**$ 99,283**	**$ (30,809)**	**$ (570)**	**$ -**	**$ (31,379)**	**$ 191,572**	**$ 259,476**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

Condensed Consolidated Interim Statements of Changes in Equity
(In thousands of U.S. dollars)

(Unaudited)
Three months ended March 31, 2014

	Capital stock	Accumulated other comprehensive income/(loss)			Total accumulated other comprehensive income/(loss)	Retained earnings	Total
		Cumulative translation account	Amounts related to gains/losses on derivatives designed as hedges	Amounts related to gains/losses on available-for-sale financial assets			
Balance at January 1, 2014	**$ 99,283**	**$ (32)**	**$ -**	**$ 481**	**$ 449**	**$ 166,267**	**$ 265,999**
Total comprehensive income for the year							
Net income	-	-	-	-	-	8,896	8,896
Other comprehensive income (loss)							
Net change in fair value of available-for-sale financial assets during the year	-	-	-	93	93	-	93
Amounts reclassified to profit during the year related to realized gains on available-for-sale financial assets	-	-	-	(264)	(264)	-	(264)
Foreign currency translation differences from foreign operations	-	320	-	-	320	-	320
Current tax recovery (expense)	-	35	-	-	35	-	35
Deferred tax recovery (expense)	-	(12)	-		(12)	-	(12)
Total other comprehensive income for the year	**-**	**343**	**-**	**(171)**	**172**	**-**	**172**
Total comprehensive income for the year	**-**	**343**	**-**	**(171)**	**172**	**8,896**	**9,068**
Transactions with owners, recorded directly in equity							
Dividends to shareholders of the Company (note 11)	-	-	-	-	-	(21,192)	(21,192)
Balance at March 31, 2014	**$ 99,283**	**$ 311**	**$ -**	**$ 310**	**$ 621**	**$ 153,971**	**$ 253,875**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

Three months ended March 31, 2015 and 2014
(Unaudited)

	2015	2014
Cash flows from operating activities:		
Net income	$ 32,926	$ 8,896
Adjustments for:		
Depreciation	3,926	4,087
Amortization of intangible assets	41,481	42,802
TSS membership liability revaluation charge	6,030	-
Share in net (income) loss of equity investee	(690)	(120)
Finance and other income	(258)	(468)
Finance costs	4,283	3,314
Income tax expense (recovery)	11,352	8,231
Foreign exchange loss (gain)	(1,723)	172
Change in non-cash operating working capital exclusive of effects of business combinations (note 17)	29,939	37,896
Income taxes paid	(14,618)	(5,285)
Net cash flows from operating activities	112,648	99,525
Cash flows from (used in) financing activities:		
Interest paid	(3,591)	(2,215)
Increase (decrease) in bank indebtedness, net	3,500	6,601
Dividends paid	(21,192)	(21,192)
Net cash flows from (used in) in financing activities	(21,283)	(16,806)
Cash flows from (used in) investing activities:		
Acquisition of businesses, net of cash acquired (note 4)	(20,511)	(10,834)
Post-acquisition settlement payments, net of receipts	(1,681)	(2,344)
Proceeds from sale of available-for-sale equity securities	-	404
Interest and dividends received	41	130
Property and equipment purchased	(2,138)	(4,218)
Net cash flows used in investing activities	(24,289)	(16,862)
Effect of foreign currency on cash and cash equivalents	(5,938)	(1,380)
Increase (decrease) in cash and cash equivalents	61,138	64,477
Cash, beginning of period	70,679	77,967
Cash, end of period	$ 131,817	$ 142,444

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the condensed consolidated interim financial statements

1. Reporting entity

Constellation Software Inc. ("Constellation") is a company domiciled in Canada. The address of Constellation's registered office is 20 Adelaide Street East, Suite 1200, Toronto, Ontario, Canada. The condensed consolidated interim financial statements of Constellation as at and for the period ended March 31, 2015 comprise Constellation and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. The Company is engaged principally in the development, installation and customization of software relating to the markets listed below, and in the provision of related professional services and support.

Public Sector:

Public transit operators	Asset management	Municipal systems
Para transit operators	Fleet and facility management	School administration
School transportation	District attorney	Public safety
Non-emergency medical	Taxi dispatch	Healthcare
Ride share	Benefits administration	Rental
Local government	Insurance	Electric utilities
Agri-business	Collections management	Court
Marine asset management	Water utilities	School and special library
Communications	Credit unions	Drink distribution
Higher education	Financial services	

Private Sector:

Private clubs & daily fee golf courses	Lease management	Window manufacturers
Construction	Winery management	Cabinet manufacturers
Food services	Buy here pay here dealers	Made-to-order manufacturers
Health clubs	RV and marine dealers	Window and other dealers
Moving and storage	Pulp & paper manufacturers	Multi-carrier shipping
Metal service centers	Real estate brokers and agents	Supply chain optimization
Attractions	Outdoor equipment dealers	Multi-channel distribution
Leisure centers	Pharmaceutical and biotech manufacturers	Wholesale distribution
Education	Healthcare electronic medical records	Third party logistics warehouse management systems
Radiology & laboratory information systems	Homebuilders	Retail management and distribution
Product licensing	Event management	Financial services
Tire distribution	Salons and spas	Association management
Housing finance agencies	Municipal treasury & debt systems	Public housing authorities
Tour operators	Auto clubs	Real estate brokers and agents
Long-term care	Textiles and apparel	Home and community care

2. Basis of presentation

(a) Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34") as issued by the International Accounting Standards Board ("IASB") and using the accounting policies disclosed in Note 3 of the Company's 2014 annual consolidated financial statements.

The policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standards (IFRS), issued and outstanding as of April 29, 2015, the date the Board of Directors approved the condensed consolidated interim financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2014 annual consolidated financial statements.

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain assets and liabilities initially recognized in connection with business combinations, derivative financial instruments and contingent consideration related to business acquisitions, which are measured at their estimated fair value.

(c) Functional and presentation of currency

The condensed consolidated interim financial statements are presented in U.S. dollars, which is Constellation's functional currency.

(d) Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses, consistent with those disclosed in the 2014 annual consolidated financial statements. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Estimates are based on historical experience and other assumptions that are considered reasonable in the circumstances. The actual amount or values may vary in certain instances from the assumptions and estimates made. Changes will be recorded, with corresponding effect in profit or loss, when, and if, better information is obtained.

3. Significant accounting policies

Except as disclosed below, the significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2014 annual consolidated financial statements, and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

The accounting policies have been applied consistently by the Company's subsidiaries.

(a) New standards and interpretations adopted

Annual Improvements to IFRS

In December 2013, the IASB issued narrow-scope amendments to a total of nine standards. Most of the amendments apply prospectively for annual periods beginning on or after July 1, 2014. The Company adopted these amendments in its financial statements effective January 1, 2015. The adoption of the amendments did not have a material impact on the financial statements.

(b) New standards and interpretations not yet adopted

IFRS 9 Financial Instruments

IFRS 9 replaces the guidance in IAS 39 Financial Instruments: Recognition and Measurement, on the classification and measurement of financial assets. The Standard eliminates the existing IAS 39 categories of held to maturity, available-for-sale and loans and receivable.

Financial assets will be classified into one of two categories on initial recognition:

- financial assets measured at amortized cost; or
- financial assets measured at fair value.

Gains and losses on remeasurement of financial assets measured at fair value will be recognized in profit or loss, except that for an investment in an equity instrument which is not held-for-trading, IFRS 9 provides, on initial recognition, an irrevocable election to present all fair value changes from the investment in other comprehensive income (OCI). The election is available on an individual share-by-share basis. Amounts presented in OCI will not be reclassified to profit or loss at a later date. IFRS 9 also includes a new general hedge accounting standard which will align hedge accounting more closely with risk management.

The standard has a mandatory effective date for annual periods beginning on or after January 1, 2018 with early adoption permitted. We are assessing the impact of this standard on our consolidated financial statements.

IFRS 15 Revenue from Contracts with Customers

On May 28, 2014 the IASB issued IFRS 15 Revenue from Contracts with Customers. The new standard is effective for fiscal years beginning on or after January 1, 2017 and is available for early adoption. The standard contains a single model that applies to contracts with customers. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2017. The extent of the impact of adoption of the standard has not yet been determined.

4. Business acquisitions

(a) During the three month period ended March 31, 2015, the Company completed three acquisitions for aggregate cash consideration of $22,484 plus cash holdbacks of $1,387 and contingent consideration with an estimated fair value of $65 resulting in total consideration of $23,936. The contingent consideration is payable on the achievement of certain financial targets in the post-acquisition period. The obligation for contingent consideration for acquisitions during the period ended March 31, 2015 has been recorded at its estimated fair value at the various acquisition dates. The estimated fair value of the applicable contingent consideration is calculated using the weighted probability of the expected contingent consideration to be paid and inclusion of a discount rate as appropriate. As part of these arrangements, which include both maximum, or capped, and unlimited contingent consideration amounts, the estimated increase to the initial consideration is not expected to exceed a maximum of $150. Aggregate contingent consideration of $22,183 (December 31, 2014 - $23,534) has been reported in the condensed consolidated interim statement of financial position at its estimated fair value relating to applicable acquisitions completed in the current and prior periods. Changes made to the estimated fair value of contingent consideration are included in other expenses, net in the condensed consolidated interim statements of income. An expense of $431 has been recorded for the three months ended March 31, 2015, as a result of such changes (a recovery of $31 for the three months ended March 31, 2014).

There were no acquisitions during the period that were deemed to be individually significant. Of the three acquisitions, the Company acquired 100% of the shares of one business and acquired the net assets of the other two businesses. The cash holdbacks are payable over a two year period and are adjusted, as necessary, for such items as working capital or net tangible asset assessments, as defined in the agreements, and claims under the respective representations and warranties of the purchase and sale agreements.

The acquisitions during the three month period ended March 31, 2015 include software companies catering to the following markets; public safety, school administration, and attractions, all of which are software businesses similar to existing businesses operated by the Company. The acquisitions have been accounted for using the acquisition method with the results of operations included in these condensed consolidated interim financial statements from the date of each acquisition. Two of the acquisitions have been included in the Public reportable segment and one has been included in the Private reportable segment.

The goodwill recognized in connection with these acquisitions is primarily attributable to the application of Constellation's best practices to improve the operations of the companies acquired, synergies with existing businesses of Constellation, and other intangibles that do not qualify for separate recognition including assembled workforce. Goodwill in the amount of $21 is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was $10,732; however the Company has recorded an allowance of $1,028 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

Due to the complexity and timing of certain acquisitions made, the Company is in the process of determining and finalizing the estimated fair value of the net assets acquired as part of the acquisitions closed during 2015 and the last three quarters of 2014. The amounts determined on a provisional basis generally relate to net asset assessments and measurement of the assumed liabilities, including acquired contract liabilities. The cash consideration associated with these provisional estimates totals $123,463.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the three month period ended March 31, 2015 is as follows:

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

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Cash	$ 1,807	$ 166	$ 1,973
Accounts receivable	9,306	398	9,704
Other current assets	7,685	9	7,694
Property and equipment	1,058	-	1,058
Technology assets	23,590	1,500	25,090
Customer assets	14,055	175	14,230
	57,501	2,248	59,749
Liabilities assumed:			
Current liabilities	7,264	10	7,274
Deferred revenue	21,334	507	21,841
Deferred income taxes	6,658	-	6,658
Other non-current liabilities	61	-	61
	35,317	517	35,834
Goodwill	-	21	21
Total consideration	**$ 22,184**	**$ 1,752**	**$ 23,936**

(b) The 2015 business acquisitions had no significant impact on revenues or net income for the three months ended March 31, 2015. There was also no significant impact on the Company's revenues or net income on a pro-forma basis for the three months ended March 31, 2015.

5. Other assets and other liabilities

(a) Other assets

	March 31, 2015	December 31, 2014
Prepaid and other current assets	$ 49,439	$ 41,228
Investment tax credits recoverable	15,479	13,810
Sales tax receivable	3,310	2,402
Other receivables	5,799	5,854
Total current assets	$ 74,027	$ 63,294
Investment tax credits recoverable	$ 9,815	$ 11,828
Non-current trade and other receivables	10,340	10,622
Equity accounted investees (i)	14,887	14,242
Work in progress	250	250
Total non-current assets	$ 35,292	$ 36,942

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

(i) The Company's share of net income in its investments currently being accounted for as equity investees for the three month period ended March 31, 2015 was $690 (March 31, 2014 – income of $120).

(b) Other liabilities

		March 31, 2015		December 31, 2014
Contingent consideration	$	12,499	$	18,101
Acquired contract liabilities		7,743		8,213
Other non-current liabilities		17,127		18,444
Total non-current liabilities	$	37,369	$	44,758

6. Bank indebtedness

On March 13, 2012, the Company entered into a revolving credit facility with a syndicate of Canadian chartered banks and U.S. banks in the amount of $300,000 (December 31, 2014 - $300,000). The revolving credit facility bears a variable interest rate and is due in full on February 29, 2016 with no fixed repayments required over the term to maturity. Interest rates are calculated at prime or LIBOR plus interest rate spreads based on a leverage table that considers Constellation's indebtedness at the time. The credit facility is collateralized by substantially all of the Company's assets including the assets of the majority of the Company's material subsidiaries. The credit facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. Certain other subsidiaries also guarantee this facility. The facility is available for acquisitions, working capital needs, and other general corporate purposes and for the needs of the Company's subsidiaries until 2016. As at March 31, 2015, $68,000 (December 31, 2014 – $64,500) had been drawn from this credit facility, and letters of credit totaling $13,900 (December 31, 2014 - $14,051) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. Transaction costs associated with the line-of-credit were included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. Amortized costs recognized in the three months ended March 31, 2015 relating to this line-of-credit amounted to $129 (March 31, 2014 - $129). As at March 31, 2015 the carrying amount of such costs totaling $480 (December 31, 2014 - $609) has been classified as part of bank indebtedness in the consolidated statement of financial position.

On June 24, 2014 Constellation Software Netherlands Holding Cooperatief U.A. ("CNH"), a subsidiary of Constellation and the indirect owner of 100% of TSS, entered into a €150,000 term and €10,000 multicurrency revolving credit facility (the "CNH Facility") with a number of European and North American financial institutions. The CNH Facility bears interest at a rate calculated at EURIBOR plus interest rate spreads based on a leverage table. The CNH Facility is collateralized by substantially all of the assets owned by CNH and its subsidiaries which includes substantially all of the assets of TSS and its subsidiaries. The CNH Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. On June 24, 2014, €130,000 was drawn on the term component of the CNH Facility. The terms of the CNH Facility require that €30,000 must be repaid in instalments over the next six years, and €100,000 is non-amortizing and due in seven years. The remaining €20,000 term component of the CNH Facility is currently available and if drawn must be repaid in five equal instalments starting on June 24, 2018. As at March 31, 2015 no amounts had been drawn on the €10,000 multicurrency revolving component of the CNH Facility (December 31, 2014 - $nil). The revolving component of the CNH Facility is available for acquisitions, working capital needs, and other general corporate purposes until June 24, 2020. Transaction costs associated with the CNH Facility have been included as part of the carrying amount of the liability and are being amortized through profit or loss using the effective interest rate method. Amortized costs recognized in the three months ended March 31, 2015 relating to this facility amounted to $220. As at March 31, 2015, the carrying amount of such costs relating to this facility totalling approximately $5,082 (€4,684) has been classified as part of bank indebtedness in the consolidated statement of financial position (December 31, 2014 - $5,930 (€4,879)).

The CNH Facility and Constellation's credit facilities are independent of each other. The CNH Facility is not guaranteed by Constellation or its subsidiaries nor is Constellation or its subsidiaries subject to the terms of the CNH Facility other than, in each case, CNH and its subsidiaries. Similarly, CNH and its subsidiaries did not guarantee Constellation's other credit facilities and are not subject to the provisions thereof. Constellation's credit facilities impose limitations on the aggregate amount of investment that Constellation may make in CNH and its subsidiaries and the financial results of CNH and its subsidiaries are not included for the purposes of determining compliance by Constellation with the financial covenants in Constellation's other credit facilities. The CNH Facility imposes limitations on the amount of distributions that CNH and its subsidiaries may make to Constellation.

7. Debentures

On October 1, 2014 and November 19, 2014, the Company issued debentures (the "Debentures") with a total principal value of C$96,038 for total proceeds of C$91,236. The Debentures have a maturity date of March 31, 2040 (the "Maturity Date"). From and including the date of issue to but excluding March 31, 2015, the Debentures will bear interest at a rate of 7.4% per annum, paid quarterly in arrears. The rate from March 31, 2015 to March 30, 2016 will be 8.5%. From and including March 31, 2016 to but excluding the Maturity Date, the interest rate applicable to the Debentures will be reset on an annual basis on March 31 of each year, at a rate equal to the annual average percentage change in the All-items Consumer Price Index during the 12 month period ending on December 31 in the prior year (which amount may be positive or negative) plus 6.5%. Notwithstanding the foregoing, the interest rate applicable to the debentures will not be less than 0%. The Company may, subject to certain approvals, elect the Payment in Kind election ("PIK Election"), in lieu of paying interest in cash, to satisfy all or any portion of its interest obligation payable on an interest payment date by issuing to each Debenture holder PIK Debentures equal to the amount of the interest obligation to be satisfied. The PIK Debentures will have the same terms and conditions as the Debentures and will form part of the principal amount of the Debentures. If, on any interest payment date, the Company fails to pay the amount of interest owing on the Debentures in full in cash, the Company will not (A) declare or pay dividends of any kind on the Common Shares, nor (B) participate in any share buyback or redemption involving the Common Shares, until the date on which the Company pays such interest (or the unpaid portion thereof) in cash to holders of the Debentures; however, where the Company has issued PIK Debentures in respect of all or a portion of the amount of interest owing on the Debentures on an interest payment date, the Company may resume declaring or paying dividends of any kind on the Common Shares and participating in any share buyback or redemption involving the Common Shares beginning on the next earlier of (i) the interest payment date of which the Company pays the amount of interest owing on the Debentures in full in cash and (ii) the date on which the Company repays all amounts owing under the PIK Debenture. All payments in respect of the Debentures will be subordinated in right of payment to the prior payment in full of all senior indebtedness of the Company.

The Debentures will be redeemable in certain circumstances at the option of the Company or the holder. During the period beginning on March 16 and ending on March 31 of each year, the Company will have the right, at its option, to give notice to holders of Debentures of its intention to redeem the Debentures, in whole or in part, on March 31 in the year that is five years following the year in which notice is given, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for redemption. During the period beginning on March 1 and ending on March 15 of each year, holders of Debentures will also have the right, at their option, to give notice to the Company of their intention to require the Company to repurchase (or to "put") the Debentures, in whole or in part, on March 31 in the year that is five years following the year in which notice is given, at a price equal to the principal amount thereof plus accrued and unpaid interest up to but excluding the date fixed for repurchase. During the period ended March 31, 2015, no notices for redemption of the debentures were received or given by the Company.

8. TSS Membership Liability

On December 23, 2014, in accordance with the terms of the purchase and sale agreement for the TSS acquisition, and on the basis of the term sheets attached thereto, Constellation and the sellers of TSS along with members of TSS' executive management team (collectively, the "minority owners") entered into a Members Agreement pursuant to which the minority owners acquired 33.29% of the voting interests in Constellation Software Netherlands Holdings Cooperatief (the "Coop"). Total proceeds from this transaction was €39,375 (US$48,503).

Commencing any time after December 31, 2014, each of the minority owners may exercise a put option to sell all or a portion of their interests in the Coop back to Constellation for an amount calculated in accordance with a valuation methodology described within the Members Agreement. Accordingly, the Company classified the proceeds from the membership agreement as a liability. The main valuation driver in such calculation is the maintenance and other recurring revenue of the Coop. Upon the exercise of a put option, Constellation would be obligated to redeem up to 33.33% of the minority owners' interests put, no later than 30 business days from the date notice is received, and up to 33.33% on each of the first and second anniversary of the date the first redemption payment is made. In determining the valuation of the liability at each reporting period, we assume the minority owners exercised their put option on the last day of the current reporting period, and redeemed 33.33% of their interests on exercise (which is classified as a current liability), and will redeem 33.33% on each of the first and second anniversary dates. Maintenance and recurring revenue of the Coop for the trailing twelve months determined at the end of the current reporting period was used as the basis for valuing the interests at each redemption date. Any increase or decrease in the value of the membership liability will be recorded as an expense or income respectively in the Consolidated Statements of Income for the period. During the three months ended March 31, 2015, an expense of $6,030 was recognized in the Consolidated Statements of Income.

The seller of TSS also has an option available to it to sell approximately 68% of its interests in the Coop, for an amount calculated in accordance with a valuation methodology described within the Members Agreement, in the event that Robin Van Poelje, TSS' CEO, is no longer employed by TSS. The approximately 32% remaining interest can be sold via the put option described above.

In the event of a change of control in Constellation, the minority owners would have the option to sell 100% of their interests in the Coop for an amount calculated in accordance with a valuation methodology described within the Members Agreement. Constellation would be obligated to remit payment in respect thereof no later than 30 business days from the date notice is given.

Commencing at any time after December 31, 2023, Constellation may exercise a call option to purchase all of the minority owners' interests in the Coop, for an amount calculated in accordance with a valuation methodology described within the Members Agreement. Upon exercise of the call option, the full purchase price will be paid within 30 business days of the notice date, following which the minority owners' membership in the Coop will be terminated.

If any of TSS' executive management team that participate in the Members agreement are terminated for urgent cause as defined in Section 7:678 of the Dutch Civil Code, Constellation shall have the right to purchase all of the interests beneficially owned by the terminated executive for an amount calculated in accordance with the a valuation methodology described with the Members Agreement. The full purchase price will be paid within 30 business days from the date notice is given, following which the terminated executive's membership in the Coop will be terminated. An option does exist for the terminated executive to elect to be paid in annual installments of 33.33% of his interests in the Coop over a 3 year period. The valuation of the interests being purchased will be calculated at each reporting period.

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

9. Provisions

At January 1, 2015	$	13,399
Reversal		(26)
Provisions recorded during the period		1,377
Provisions used during the period		(3,688)
Effect of movements in foreign exchange and other		(871)
At March 31, 2015	$	10,191

The provisions balance is comprised of various individual provisions for onerous contracts and other estimated liabilities of the Company of uncertain timing or amount.

10. Income taxes

Income tax expense is recognized on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period for each entity in the consolidated group. As a result of foreign exchange fluctuations, acquisitions and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2015 was 26% (three months ended March 31, 2014 was 48%).

11. Capital and other components of equity

	Common Shares		
	Number		Amount
December 31, 2014	21,191,530	$	99,283
March 31, 2015	21,191,530	$	99,283

Dividends and other distributions to shareholders

During the three months ended March 31, 2015 the Board of Directors approved and the Company declared dividends of $1.00 per common share.

A dividend of $1.00 per share representing $21,192 was accrued as at December 31, 2014 and subsequently paid and settled on January 5, 2015.

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

12. Finance income and finance costs

	Three months ended March 31, 2015	2014
Gain on sale of available-for-sale financial assets transferred from other comprehensive income	$ -	$ (264)
Other finance income	(258)	(204)
Finance income	$ (258)	$ (468)
Interest expense on bank indebtedness and debentures	$ 3,585	$ 2,507
Amortization of debt related transaction costs	310	215
Other finance costs	388	592
Finance costs	$ 4,283	$ 3,314

The Company enters into forward foreign exchange contracts from time to time with the objective of mitigating volatility in profit or loss in respect of financial liabilities. During the period, the Company did not purchase any additional forward foreign exchange contracts.

During 2014, the Company entered into a floating-to-fixed interest rate swap to manage its cash-flow interest rate risk associated with the CNH Facility. The notional principal amount of the outstanding floating to fixed interest rate swap contract at March 31, 2015 was €130,000. The fair value of the interest rate swap contract at March 31, 2015 was $711 (December 31, 2014 - $546).

13. Earnings per share

Basic and diluted earnings per share

	Three months ended March 31, 2015	2014
Numerator:		
Net income	$ 32,926	$ 8,896
Denominator:		
Basic and diluted shares outstanding	21,192	21,192
Earnings per share		
Basic and diluted	$ 1.55	$ 0.42

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

14. Financial instruments

Fair values versus carrying amounts

The carrying values of accounts receivable, accounts payable, accrued liabilities, the majority of acquisition holdbacks and bank debt, approximate their fair values due to the short-term nature of these instruments. Bank debt is subject to market interest rates. The carrying value of the TSS membership liability approximates its fair value.

The Company has capitalized transaction costs associated with its current revolving credit facility and CNH Facility. As a result at March 31, 2015, the fair value of the line of credit is $68,000 and the carrying value $67,520. (December 31, 2014: fair value $64,500, carrying value $63,894). As at March 31, 2015, the fair value of the CNH Facility is $141,050 and the carrying value is $135,966 (December 31, 2014: fair value of $158,015 and carrying value of $152,086). As at March 31, 2015, the fair value of the Debentures is $94,174 and the carrying value is $72,495 (December 31, 2014: fair value of $93,322 and carrying value of $78,642).

Fair value hierarchy

The table below analyzes financial instruments carried at fair value, by valuation method.

- level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- level 2 inputs are inputs other than quoted prices included in level 1 that are observable for the asset or liability either directly (i.e. prices) or indirectly (i.e. derived from prices); and
- level 3 inputs are inputs for the asset or liability that are not based on observable market data (i.e. unobservable inputs).

In the table below, the Company has segregated all financial assets and liabilities that are measured at fair value into the most appropriate level within the fair value hierarchy based on the inputs used to determine the fair value at the measurement date.

Financial assets and financial liabilities measured at fair value as at March 31, 2015 and December 31, 2014 in the consolidated financial statements are summarized below. The Company has no additional financial liabilities measured at fair value after initial recognition other than those recognized in connection with business combinations.

	March 31, 2015				December 31, 2014			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities								
Contingent consideration	$ -	$ -	$ 22,183	$ 22,183	$ -	$ -	$ 23,534	$ 23,534
Interest rate swap contract	-	711	-	711	-	546	-	546
	-	**711**	**22,183**	**22,894**	**-**	**546**	**23,534**	**24,080**

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended March 31, 2015 and 2014.

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

The following table shows a reconciliation from the beginning balances to the ending balances for fair value measurements in level 3 of the fair value hierarchy.

Balance at January 1, 2015	23,534
Increase from business acquisitions	65
Cash payments	(1,398)
Charges through profit or loss	605
Foreign exchange	(623)
Balance at March 31, 2015	22,183

Estimates of the fair value of contingent consideration is performed by the Company on a quarterly basis. Key unobservable inputs include revenue growth rates and the discount rates applied (8% to 11%). The estimated fair value increases as the annual growth rate increases and as the discount rate decreases and vice versa.

15. Operating segments

Segment information is presented in respect of the Company's business. The accounting policies of the segments are the same as those described in the significant accounting policies section of these condensed consolidated interim financial statements.

Reportable segments

The Company has six operating segments, referred to as Operating Groups by the Company, being Volaris, Harris, Total Specific Solutions, Jonas, Perseus, and Vela. The operating segments are aggregated into two reportable segments in accordance with IFRS 8 Operating Segments. 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 determination that the Company has two reportable segments is based primarily on the assessment that differences in economic cycles and procedures for securing contracts between our governmental clients and commercial, or private sector clients, are significant, thus warranting distinct segmented disclosures.

Corporate head office operating expenses are allocated to the Company's segments based on the segment's percentage of total consolidated revenue for the allocation period.

Intercompany expenses (income) represent Constellation head office management fees and intercompany interest charged on related borrowings to the reportable segments.

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

Three months ended March 31, 2015	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 290,902	$ 131,989	$ -	$ 422,891
Expenses				
Staff	153,923	67,929	-	221,852
Hardware	14,319	3,466	-	17,785
Third party licenses, maintenance and professional services	23,262	15,538	-	38,800
Occupancy	7,039	3,542	-	10,581
Travel	8,294	3,516	-	11,810
Telecommunications	2,429	1,657	-	4,086
Supplies	7,429	2,130	-	9,559
Professional fees	3,326	1,481	-	4,807
Other, net	2,499	3,785	-	6,284
Depreciation	2,846	1,069	11	3,926
Amortization of intangible assets	28,684	12,797	-	41,481
	254,050	116,910	11	370,971
Foreign exchange (gain) loss	2,270	(2,878)	(1,115)	(1,723)
TSS membership liability revaluation charge	6,030	-	-	6,030
Equity in net (income) loss of equity investees	-	-	(690)	(690)
Finance income	(222)	(36)	-	(258)
Finance costs	2,027	230	2,026	4,283
Intercompany expenses (income)	7,239	3,635	(10,874)	-
	17,344	951	(10,653)	7,642
Profit before income tax	19,508	14,128	10,642	44,278
Current income tax expense (recovery)	10,624	4,184	(912)	13,896
Deferred income tax expense (recovery)	(1,425)	1,449	(2,568)	(2,544)
Income tax expense (recovery)	9,199	5,633	(3,480)	11,352
Net income	10,309	8,495	14,122	32,926

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

Three months ended March 31, 2014	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 277,780	$ 117,069	$ -	$ 394,849
Expenses				
Staff	163,261	62,411	-	225,672
Hardware	15,692	3,047	-	18,739
Third party licenses, maintenance and professional services	20,282	15,037	-	35,319
Occupancy	6,904	3,054	-	9,958
Travel	8,271	3,144	-	11,415
Telecommunications	2,408	1,537	-	3,945
Supplies	7,143	1,564	-	8,707
Professional fees	3,652	1,387	-	5,039
Other, net	5,446	3,695	-	9,141
Depreciation	3,327	746	14	4,087
Amortization of intangible assets	29,237	13,565	-	42,802
	265,623	109,187	14	374,824
Foreign exchange (gain) loss	369	(621)	424	172
Equity in net (income) loss of equity investees	-	-	(120)	(120)
Finance income	(31)	(23)	(414)	(468)
Finance costs	248	332	2,734	3,314
Intercompany expenses (income)	5,978	3,392	(9,370)	-
	6,564	3,080	(6,746)	2,898
Profit before income tax	5,593	4,802	6,732	17,127
Current income tax expense (recovery)	4,557	3,412	(1,358)	6,611
Deferred income tax expense (recovery)	322	(169)	1,467	1,620
Income tax expense (recovery)	4,879	3,243	109	8,231
Net income	714	1,559	6,623	8,896

16. Contingencies

In the normal course of operations, the Company is subject to litigation and claims from time to time. The Company may also be subject to lawsuits, investigations and other claims, including environmental, labour, product, customer disputes and other matters. Management believes that adequate provisions have been recorded in the accounts where required. Although it is not always possible to estimate the extent of potential costs, if any, management believes that the ultimate resolution of such contingencies will not have a material adverse impact on the results of operations, financial position or liquidity of the Company.

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

In July 2012, a subsidiary of Constellation received a notice of reassessment for the 2004 taxation year from the Canadian tax authorities ("CRA") which increased taxable income of the subsidiary by approximately $20,000 relating to a gain on the sale of property between entities under common control. As a result of the notice of reassessment, the CRA has determined that the subsidiary owes approximately $6,000 in federal tax and interest and approximately $5,000 in provincial tax and interest. In order to appeal the reassessment, the subsidiary paid $8,000 in September 2012 representing 50% of the amount owing from the federal reassessment and 100% of the amount owing from the provincial reassessment. At this stage, the Company believes the proposed reassessment is without merit and is challenging the reassessment. In February 2013 the Company filed an appeal with the Tax Court of Canada. The Company believes that it has adequately provided for the probable outcome in respect of this matter and as such no additional provision has been recorded in these financial statements during the period. There is no assurance, however, that the Company's appeal will be successful and, if unsuccessful, the Company's future financial results and tax expense could be adversely affected. The $8,000 payment made in September 2012 has been recorded in other non-current assets, representative of the deposit on account.

17. Changes in non-cash operating working capital

	Three months ended March 31, 2015	Three months ended March 31, 2014
Decrease (increase) in accounts receivable	$ (31,534)	$ (9,729)
Decrease (increase) in work in progress	(5,819)	(8,246)
Decrease (increase) in other current assets	(10,620)	(1,649)
Decrease (increase) in inventory	(402)	(2,492)
Decrease (increase) in non-current assets	1,177	660
Increase (decrease) in other non-current liabilities	(5,667)	(2,782)
Increase (decrease) increase in accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(17,558)	(43,927)
Increase (decrease) in deferred revenue	102,732	104,242
Increase (decrease) in provisions	(2,370)	1,819
	$ 29,939	$ 37,896

18. Subsequent events

On April 29, 2015, the Company declared a $1.00 per share dividend that is payable on July 3, 2015 to all common shareholders of record at close of business on June 17, 2015.

On April 17, 2015, the Company filed a final short form prospectus in relation to a rights offering pursuant to which the Company will issue rights that will entitle shareholders of the Company to purchase up to C$200 million aggregate principal amount of unsecured subordinated floating rate debentures of the Company. The debentures will be issued as an additional tranche of, and will form a single series with, the outstanding C$96 million aggregate principal amount of unsecured subordinated floating rate Debentures, Series 1 of the Company. There is no minimum principal amount of debentures that must be issuable upon the exercise of rights.