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

CONSTELLATION SOFTWARE INC.

For the three and six months ended June 30, 2016 and 2015

CONSTELLATION SOFTWARE INC.

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

(Unaudited)

		June 30, 2016		December 31, 2015
Assets				
Current assets:				
Cash	$	242,974	$	178,471
Equity securities available-for-sale (note 5)		13,028		-
Accounts receivable, net		235,216		226,771
Work in progress		63,399		59,483
Inventories		24,261		24,332
Other assets (note 6)		73,607		67,246
		652,485		556,303
Non-current assets:				
Property and equipment		46,902		42,072
Deferred income taxes		43,289		56,650
Other assets (note 6)		37,006		32,186
Intangible assets		977,776		952,109
		1,104,973		1,083,017
Total assets	$	1,757,458	$	1,639,320
Liabilities and Shareholders' Equity				
Current liabilities:				
CSI Facility (note 7)	$	-	$	-
CNH Facility (note 7)		8,328		8,725
TSS membership liability (note 9)		22,435		19,602
Accounts payable and accrued liabilities		243,714		274,981
Dividends payable (note 12)		21,081		21,326
Deferred revenue		493,427		421,027
Provisions (note 10)		6,089		8,420
Acquisition holdback payments		16,872		9,116
Income taxes payable		29,031		6,561
		840,977		769,758
Non-current liabilities:				
CNH Facility (note 7)		125,243		126,407
TSS Membership Liability (note 9)		39,466		34,482
Debentures (note 8)		233,923		220,043
Deferred income taxes		108,048		109,795
Acquisition holdback payments		1,415		6,987
Other liabilities (note 6)		36,511		34,566
		544,606		532,280
Total liabilities		1,385,583		1,302,038
Shareholders' equity (note 12):				
Capital stock		99,283		99,283
Accumulated other comprehensive income (loss)		(31,008)		(34,319)
Retained earnings		303,600		272,318
		371,875		337,282
Subsequent events (notes 12 and 19)				
Total liabilities and shareholders' equity	$	1,757,458	$	1,639,320

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 and six months ended June 30, 2016 and 2015
(Unaudited)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Revenue				
License	$ 35,053	$ 33,026	$ 67,825	$ 63,351
Professional services	111,230	96,410	207,592	189,116
Hardware and other	38,995	31,994	69,515	63,042
Maintenance and other recurring	343,390	282,080	670,718	550,892
	528,668	443,510	1,015,650	866,401
Expenses				
Staff	260,375	223,086	515,602	444,938
Hardware	21,869	18,430	40,065	36,215
Third party license, maintenance and professional services	46,990	38,412	91,584	77,212
Occupancy	12,502	10,277	24,543	20,858
Travel	15,634	13,839	29,321	25,649
Telecommunications	5,864	4,305	10,822	8,391
Supplies	2,255	2,156	4,687	4,901
Software and equipment	9,109	8,226	17,590	15,040
Professional fees	6,751	5,885	13,494	10,692
Other, net	11,735	15,644	19,766	21,928
Depreciation	5,109	4,250	9,982	8,176
Amortization of intangible assets	42,239	43,312	89,311	84,793
	440,432	387,822	866,767	758,793
Foreign exchange loss (gain)	6,598	(743)	25,804	(2,466)
TSS membership liability revaluation charge (note 9)	1,687	3,378	6,867	9,408
Share in net (income) loss of equity investee (note 6)	(83)	(250)	(307)	(940)
Finance and other expense (income) (note 13)	(263)	(62)	(272)	(320)
Finance costs (note 13)	5,266	4,643	11,021	8,926
	13,205	6,966	43,113	14,608
Income before income taxes	75,031	48,722	105,770	93,000
Current income tax expense (recovery)	23,917	12,566	40,671	26,462
Deferred income tax expense (recovery)	(3,881)	3,502	(8,567)	958
Income tax expense (recovery) (note 11)	20,036	16,068	32,104	27,420
Net income	54,995	32,654	73,666	65,580
Earnings per share				
Basic and diluted (note 14)	$ 2.60	$ 1.54	$ 3.48	$ 3.09

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 and six months ended June 30, 2016 and 2015
(Unaudited)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Net income	$ 54,995	$ 32,654	$ 73,666	$ 65,580
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	334	-	334	-
Net change in fair value of derivatives designated as hedges during the period	84	215	(23)	(15)
Foreign currency translation differences from foreign operations	(692)	1,073	3,037	(10,856)
Deferred income tax recovery (expense)	(65)	(64)	(37)	6
Other comprehensive (loss) income for the period, net of income tax	(339)	1,224	3,311	(10,865)
Total comprehensive income for the period	$ 54,656	$ 33,878	$ 76,977	$ 54,715

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)

Six months ended June 30, 2016	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 available-for-sale financial assets	Amounts related to gains/(losses) on derivatives designed as hedges			
Balance at January 1, 2016	**$ 99,283**	**$ (33,614)**	**$ -**	**$ (705)**	**$ (34,319)**	**$ 272,318**	**$ 337,282**
Total comprehensive income for the period							
Net income	-	-	-	-	-	73,666	73,666
Other comprehensive income (loss)							
Net change in fair value of available-for-sale financial asset during the period	-	-	334	-	334	-	334
Net change in fair value of derivatives designated as hedges during the period	-	-	-	(23)	(23)	-	(23)
Foreign currency translation differences from foreign operations	-	3,037	-	-	3,037	-	3,037
Deferred tax recovery (expense)	-	-	(44)	7	(37)	-	(37)
Total other comprehensive income (loss) for the period	**-**	**3,037**	**290**	**(16)**	**3,311**	**-**	**3,311**
Total comprehensive income (loss) for the period	**-**	**3,037**	**290**	**(16)**	**3,311**	**73,666**	**76,977**
Transactions with owners, recorded directly in equity							
Dividends to shareholders of the Company (note 12)	-	-	-	-	-	(42,384)	(42,384)
Balance at June 30, 2016	**$ 99,283**	**$ (30,577)**	**$ 290**	**$ (721)**	**$ (31,008)**	**$ 303,600**	**$ 371,875**

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)
Six months ended June 30, 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 available-for-sale financial assets	Amounts related to gains/(losses) on derivatives designed as hedges			
Balance at January 1, 2015	**$ 99,283**	**$ (18,880)**	**$ -**	**$ (410)**	**$ (19,290)**	**$ 179,838**	**$ 259,831**
Total comprehensive income for the period							
Net income	-	-	-	-	-	65,580	65,580
Other comprehensive income (loss)							
Net change in fair value of available-for-sale financial asset during the period	-	-	-	-	-	-	-
Net change in fair value of derivatives designated as hedges during the period	-	-	-	(15)	(15)	-	(15)
Foreign currency translation differences from foreign operations	-	(10,856)	-	-	(10,856)	-	(10,856)
Deferred tax recovery (expense)	-	-		6	6	-	6
Total other comprehensive income for the period	**-**	**(10,856)**	**-**	**(9)**	**(10,865)**	**-**	**(10,865)**
Total comprehensive income for the period	**-**	**(10,856)**	**-**	**(9)**	**(10,865)**	**65,580**	**54,715**
Transactions with owners, recorded directly in equity							
Dividends to shareholders of the Company (note 12)	-	-		-	-	(42,384)	(42,384)
Balance at June 30, 2015	**$ 99,283**	**$ (29,736)**	**$ -**	**$ (419)**	**$ (30,155)**	**$ 203,034**	**$ 272,162**

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 and six months ended June 30, 2016 and 2015
(Unaudited)

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Cash flows from operating activities:				
Net income	$ 54,995	$ 32,654	$ 73,666	$ 65,580
Adjustments for:				
Depreciation	5,109	4,250	9,982	8,176
Amortization of intangible assets	42,239	43,312	89,311	84,793
TSS membership liability revaluation charge	1,687	3,378	6,867	9,408
Share in net (income) loss of equity investee	(83)	(250)	(307)	(940)
Finance and other income	(263)	(62)	(272)	(320)
Finance costs	5,266	4,643	11,021	8,926
Income tax expense (recovery)	20,036	16,068	32,104	27,420
Foreign exchange loss (gain)	6,598	(743)	25,804	(2,466)
Change in non-cash operating working capital exclusive of effects of business combinations (note 18)	(53,144)	(21,450)	(11,248)	8,489
Income taxes paid	(9,553)	(17,632)	(17,598)	(32,250)
Net cash flows from operating activities	72,887	64,168	219,330	176,816
Cash flows from (used in) financing activities:				
Interest paid	(5,743)	(3,838)	(11,848)	(7,429)
Increase (decrease) in revolving credit facility, net	-	85,891	-	89,391
Repayments of CNH facility	(4,495)	-	(4,495)	-
Credit facility transaction costs	-	-	(1,212)	-
Dividends paid	(21,192)	(21,192)	(42,384)	(42,384)
Net cash flows from (used in) in financing activities	(31,430)	60,861	(59,939)	39,578
Cash flows from (used in) investing activities:				
Acquisition of businesses, net of cash acquired (note 4)	(42,870)	(109,168)	(66,698)	(129,679)
Post-acquisition settlement payments, net of receipts	(4,688)	(13,955)	(6,233)	(15,636)
Purchases of available-for-sale equity securities	(12,694)	-	(12,694)	-
Interest and dividends received	145	2	150	43
Property and equipment purchased	(6,517)	(3,406)	(9,687)	(5,544)
Net cash flows from (used in) investing activities	(66,624)	(126,527)	(95,162)	(150,816)
Effect of foreign currency on cash and cash equivalents	(2,955)	1,687	274	(4,251)
Increase (decrease) in cash and cash equivalents	(28,122)	189	64,503	61,327
Cash, beginning of period	271,096	131,817	178,471	70,679
Cash, end of period	$ 242,974	$ 132,006	$ 242,974	$ 132,006

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 June 30, 2016 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	Notaries
Fashion retail	Pharmacies	Long-term care
Home and community care	County systems	Research management
Retail management and distribution	Public housing authorities	

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	Education	Wholesale distribution
Retail management and distribution	Healthcare electronic medical records	Homebuilders
Radiology & laboratory information systems	Pharmaceutical and biotech manufacturers	Third party logistics warehouse management systems
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
Hospitality	Mining	Ombudsman
Aerospace		

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 2015 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 July 27, 2016, 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 2015 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, equity securities available-for-sale, 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 2015 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

The significant accounting policies used in preparing these condensed consolidated interim financial statements are unchanged from those disclosed in the Company's 2015 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 Constellation's subsidiaries.

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. IFRS 9 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 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. The Company is assessing the impact of this standard on its 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, 2018 and is available for early adoption. The standard contains a single model that applies to contracts with customers. The model features a contract-based five-step analysis of transactions to determine whether, how much and when revenue is recognized. New estimates and judgmental thresholds have been introduced, which may affect the amount and/or timing of revenue recognized. The Company intends to adopt IFRS 15 in its financial statements for the annual period beginning on January 1, 2018. The Company has not yet selected a transition method nor determined the effect of the standard on the consolidated financial statements.

IFRS 16 Leases

In January 2016, the IASB issued the final publication of the IFRS 16 Leases standard, which will supersede the current IAS 17, Leases standard. Under IFRS 16, a lease will exist when a customer controls the right to use an identified asset as demonstrated by the customer having exclusive use of the asset for a period of time. IFRS 16 introduces a single accounting model for lessees and all leases will require an asset and liability to be recognized on the statement of financial position at inception. The accounting treatment for lessors will remain largely the same as under IAS 17.

The standard is effective for annual periods beginning on or after January 1, 2019 with early adoption permitted, but only if the entity is also applying IFRS 15. The Company is required to retrospectively apply IFRS 16 to all existing leases as of the date of transition and has the option to either:

- apply IFRS 16 with full retrospective effect; or

- recognise the cumulative effect of initially applying IFRS 16 as an adjustment to opening equity at the date of initial application.

As a practical expedient, an entity is not required to reassess whether a contract is, or contains, a lease at the date of initial application. The Company is assessing the impact of this standard on its consolidated financial statements.

4. Business acquisitions

(a) During the six-month period ended June 30, 2016, the Company completed sixteen acquisitions for aggregate cash consideration of $81,060 plus cash holdbacks of $6,631 and contingent consideration with an estimated fair value of $2,024 resulting in total consideration of $89,715. 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 June 30, 2016 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. For 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 $7,367. Aggregate contingent consideration of $21,915 (December 31, 2015 - $21,494) 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 $128 and income of $118 has been recorded for the three and six months ended June 30, 2016, as a result of such changes (an expense of $7,762 and $8,193 for the three and six months ended June 30, 2015).

There were no acquisitions during the period that were deemed to be individually significant. Of the sixteen acquisitions, the Company acquired 100% of the shares of twelve businesses and acquired the net assets of the other four businesses. The cash holdbacks are generally 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 six-month period ended June 30, 2016 include software companies catering to the following markets; notaries, mining, pharmacies, electric utility, ombudsman, healthcare, aerospace, local government, communications, research management, agribusiness, and financial services, 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. Eleven of the acquisitions have been included in the Public reportable segment and five have 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 $nil (December 31, 2015 - $1,554) is expected to be deductible for income tax purposes.

The gross contractual amounts of acquired receivables was $14,030; however the Company has recorded an allowance of $429 as part of the acquisition accounting to reflect contractual cash flows that are not expected to be collected.

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

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 2016 and the last two quarters of 2015. 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 $169,284.

The aggregate impact of acquisition accounting applied in connection with business acquisitions in the six-month period ended June 30, 2016 is as follows:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Cash	$ 12,028	$ 2,334	$ 14,362
Accounts receivable	10,956	2,645	13,601
Other current assets	9,620	1,203	10,823
Property and equipment	4,268	850	5,118
Other non-current assets	77	253	330
Technology assets	53,542	23,320	76,862
Customer assets	21,178	6,625	27,803
	111,669	37,230	148,899
Liabilities assumed:			
Current liabilities	14,351	2,563	16,914
Deferred revenue	22,899	7,041	29,940
Deferred income taxes	18,750	667	19,417
Other non-current liabilities	1,286	354	1,640
	57,286	10,625	67,911
Goodwill	6,593	2,134	8,727
Total consideration	**$ 60,976**	**$ 28,739**	**$ 89,715**

(b) The 2016 business acquisitions did not have a material impact to either the consolidated revenue or the consolidated net income for the six months ended June 30, 2016. The materiality threshold is reviewed on an annual basis taking into account the quantitative (contribution to revenue and net income) and qualitative (size and comparability with other Constellation businesses) factors of current period acquisitions on both an individual and aggregate basis.

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

5. Equity securities available-for-sale

During the period ended June 30, 2016, the Company acquired investments in two public companies listed in the U.S. and Canada, both of which develop and sell software solutions. These investments have been designated as available-for-sale. The unrealized gains/losses related to the available-for-sale equity securities has been recorded in Accumulated Other Comprehensive Income.

	June 30, 2016		December 31, 2015	
	Cost	Fair Value	Cost	Fair Value
Common shares	$ 12,694	$ 13,028	$ -	$ -

6. Other assets and other non-current liabilities

(a) Other assets

	June 30, 2016	December 31, 2015
Prepaid and other current assets	$ 52,138	$ 47,196
Investment tax credits recoverable	13,051	11,479
Sales tax receivable	3,401	2,835
Other receivables	5,017	5,736
Total other current assets	$ 73,607	$ 67,246
Investment tax credits recoverable	$ 14,496	$ 12,490
Non-current trade and other receivables	7,057	4,079
Equity accounted investees (i)	15,453	15,617
Total other non-current assets	$ 37,006	$ 32,186

(i) The Company's share of net income (loss) in its investments currently being accounted for as equity investees for the three and six-month period ended June 30, 2016 was $83 and $307 respectively (June 30, 2015 – income of $250 and $940 respectively).

(b) Other non-current liabilities

	June 30, 2016	December 31, 2015
Contingent consideration	$ 9,034	$ 10,530
Acquired contract liabilities	10,187	7,349
Other non-current liabilities	17,290	16,687
Total other non-current liabilities	$ 36,511	$ 34,566

7. CSI Facility and CNH Facility

On February 25, 2016, Constellation completed an amendment and restatement of the revolving credit facility agreement (the "CSI Facility"), extending its maturity date to August 11, 2020. The facility limit was increased from $300,000 to $485,000 with a syndicate of new and existing Canadian chartered banks and U.S. banks. The CSI Facility bears a variable interest rate and is due in full on August 11, 2020 with no fixed repayments required over the term to maturity. Interest rates are calculated at standard U.S. and Canadian reference rates plus interest rate spreads based on a leverage table. The CSI Facility is currently collateralized by the majority of our assets including the assets of certain material subsidiaries. The CSI Facility contains standard events of default which if not remedied within a cure period would trigger the repayment of any outstanding balance. As at June 30, 2016, $nil (December 31, 2015 – $nil) had been drawn from this credit facility, and letters of credit totaling $16,170 (December 31, 2015 - $17,130) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. Transaction costs associated with the CSI Facility in the amount of $1,212 have been capitalized and included in other non-current assets in the condensed consolidated statement of financial position and are being amortized through profit or loss using the effective interest rate method. Amortized costs recognized in the three and six months ended June 30, 2016 relating to this line-of-credit amounted to $67 and $89 respectively. As at June 30, 2016 the carrying amount of such costs is $1,123.

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. As at June 30, 2016, €124,000 ($137,686) (December 31, 2015 - €128,000 ($139,600)) had been drawn from this credit facility. The terms of the CNH Facility require that €24,000 must be repaid in instalments between now and June 2020, and €100,000 is non-amortizing and due in June 2021. 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 June 30, 2016 no amounts had been drawn on the €10,000 multicurrency revolving component of the CNH Facility (December 31, 2015 - $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 and six months ended June 30, 2016 relating to this facility amounted to $218 and $434 respectively (three and six months ended June 30, 2015 - $219 and $430 respectively). As at June 30, 2016, the carrying amount of such costs relating to this facility totaling approximately $4,115 (€3,706) has been classified as part of the CNH Facility in the condensed consolidated interim statement of financial position (December 31, 2015 - $4,468 (€4,097)).

The CNH Facility and CSI Facility 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.

8. Debentures

On October 1, 2014 and November 19, 2014, the Company issued debentures with a total principal value of C$96,038 for total proceeds of C$91,236. On September 30, 2015, the Company issued another tranche of debentures (collectively with the 2014 issuances called the "Debentures") with a total principal value of C$186,249 for total proceeds of C$214,186.

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 bore interest at a rate of 7.4% per annum, paid quarterly in arrears. The rate from March 31, 2015 to March 30, 2016 was 8.5% per annum. The rate from March 31, 2016 to March 30, 2017 is 7.6%. From and including March 31, 2017 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 June 30, 2016, no notices for redemption of the Debentures were received or given by the Company.

9. 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 ($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 Members 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, the Company assumes 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 in the consolidated statements of income for the period.

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 remaining interest of approximately 32% 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 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. During the period, no options were exercised.

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

10. Provisions

At January 1, 2016	$	9,999
Reversal		(1,181)
Provisions recorded during the period		2,967
Provisions used during the period		(4,896)
Effect of movements in foreign exchange and other		123
At June 30, 2016	$	7,012
Provisions classified as current liabilities		6,089
Provisions classified as other non-current liabilities		923

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

11. Income taxes

Income tax expense is recognized based 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 and six months ended June 30, 2016 was 27% and 30% respectively (three and six months ended June 30, 2015 was 33% and 29% respectively).

12. Capital and other components of equity

	Common Shares		
	Number		Amount
June 30, 2016	21,191,530	$	99,283
December 31, 2015	21,191,530	$	99,283

Dividends and other distributions to shareholders

During the six months ended June 30, 2016 the Board of Directors approved and the Company declared dividends of $2.00 per common share. The dividend declared in the quarter ended March 31, 2016 representing $21,192 was paid and settled on April 5, 2016. The dividend declared in the quarter ended June 30, 2016 representing $21,192 was paid and settled on July 6, 2016.

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

A dividend of $1.00 per share representing $21,192 was accrued as at December 31, 2015 and subsequently paid and settled on January 5, 2016.

13. Finance and other income and finance costs

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Interest income on cash	$ (71)	-	$ (155)	-
Finance and other income	(192)	(62)	(117)	(320)
Finance and other income	$ (263)	$ (62)	$ (272)	$ (320)
Interest expense on bank indebtedness and debentures	$ 5,713	$ 3,908	$ 11,810	$ 7,493
Amortization of debt related transaction costs	288	378	526	688
Amortization of debenture discount (premium) and associated rights offering, net	(1,035)	(40)	(2,037)	(80)
Other finance costs	300	397	722	825
Finance costs	$ 5,266	$ 4,643	$ 11,021	$ 8,926

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 June 30, 2016 was €124,000. The fair value of the interest rate swap contract at June 30, 2016 was $945 (December 31, 2015 - $907) and recorded in accumulated other comprehensive income (loss).

14. Earnings per share

Basic and diluted earnings per share

	Three months ended June 30, 2016	Three months ended June 30, 2015	Six months ended June 30, 2016	Six months ended June 30, 2015
Numerator:				
Net income	$ 54,995	$ 32,654	$ 73,666	$ 65,580
Denominator:				
Basic and diluted shares outstanding	21,192	21,192	21,192	21,192
Earnings per share				
Basic and diluted	$ 2.60	$ 1.54	$ 3.48	$ 3.09

15. Financial instruments

Fair values versus carrying amounts

The carrying values of cash, equity securities available-for-sale, accounts receivable, accounts payable, accrued liabilities, dividends payable and the majority of acquisition holdbacks, approximate their fair values due to the short-term nature of these instruments. The carrying value of the TSS Membership Liability approximates its fair value.

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

The Company has capitalized transaction costs associated with the CSI Facility and CNH Facility. At June 30, 2016, the fair value of the CSI Facility is $nil and the carrying value is $nil (December 31, 2015: fair value $nil and carrying value $nil). As at June 30, 2016, the fair value of the CNH Facility is $137,686 and the carrying value is $133,571 (December 31, 2015: fair value of $139,600 and carrying value of $135,132). As at June 30, 2016, the fair value of the Debentures is $242,881 and the carrying value is $233,923 (December 31, 2015: fair value of $220,791 and carrying value of $220,043).

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 June 30, 2016 and December 31, 2015 in the condensed consolidated interim 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.

	June 30, 2016				**December 31, 2015**			
	Level 1	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Assets:								
Available-for-sale equity securities	$ 13,028	$ -	$ -	$ 13,028	$ -	$ -	$ -	$ -
	13,028	**-**	**-**	**13,028**	**-**	**-**	**-**	**-**
Liabilities:								
Contingent consideration	$ -	$ -	$ 21,915	$ 21,915	$ -	$ -	$ 21,494	$ 21,494
Interest rate swap contract	-	945	-	945	-	907	-	907
	-	**945**	**21,915**	**22,860**	**-**	**907**	**21,494**	**22,401**

There were no transfers of fair value measurement between level 1, 2 and 3 of the fair value hierarchy in the periods ended June 30, 2016 and 2015.

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.

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

Balance at January 1, 2016	21,494
Increase from business acquisitions	2,024
Cash payments	(1,713)
Charges through profit or loss	(450)
Foreign exchange	560
Balance at June 30, 2016	21,915
Contingent consideration classified as current liabilities	12,881
Contingent consideration classified as other non-current liabilities	9,034

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.

16. 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, TSS, 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 Operating Groups exhibit similar economic characteristics (such as gross and EBITA margins) and are substantially similar in relation to the nature of products and services, the nature of production processes, and the methods used to distribute product; however, 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. Volaris, Harris and TSS have been aggregated into the Public Sector segment. Jonas, Perseus and Vela have been aggregated into the Private Sector segment. To the extent there have been transfers of business units between our Public and Private segments, we have restated the comparatives for these transfers.

Historically, Corporate head office operating expenses have been allocated to the Company's segments based on the segment's percentage of total consolidated revenue for the allocation period. For the period ended June 30, 2016, Constellation has not allocated head office operating expenses to the segments on the basis that head office management fees which are charged to the operating groups and included in the "Intercompany expenses (income)" caption are intended to recover these costs. As a result, Corporate head office operating expenses have been reflected in the "Other" column. Comparatives have been restated to reflect this change.

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

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

Three months ended June 30, 2016	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 353,533	$ 175,135	$ -	$ 528,668
Expenses				
Staff	172,989	86,248	1,138	260,375
Hardware	17,638	4,231	-	21,869
Third party licenses, maintenance and professional services	26,660	20,330	-	46,990
Occupancy	7,680	4,738	84	12,502
Travel	11,332	4,257	45	15,634
Telecommunications	3,674	2,177	13	5,864
Supplies	1,501	745	9	2,255
Software and equipment	7,241	1,832	36	9,109
Professional fees	4,694	1,298	759	6,751
Other, net	5,339	5,503	893	11,735
Depreciation	3,655	1,454	-	5,109
Amortization of intangible assets	27,797	14,442	-	42,239
	290,200	147,255	2,977	440,432
Foreign exchange (gain) loss	(129)	(589)	7,316	6,598
TSS membership liability revaluation charge	1,687	-	-	1,687
Equity in net (income) loss of equity investees	(83)	-	-	(83)
Finance income	(80)	(46)	(137)	(263)
Finance costs	1,564	169	3,533	5,266
Inter-company expenses (income)	10,072	3,482	(13,554)	-
	13,031	3,016	(2,842)	13,205
Profit before income tax	50,302	24,864	(135)	75,031
Current income tax expense (recovery)	11,556	6,856	5,505	23,917
Deferred income tax expense (recovery)	(209)	944	(4,616)	(3,881)
Income tax expense (recovery)	11,347	7,800	889	20,036
Net income	38,955	17,064	(1,024)	54,995

CONSTELLATION SOFTWARE INC.

Notes to Condensed Consolidated Interim Financial Statements
(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)
Three and six months ended June 30, 2016 and 2015
(Unaudited)

Six months ended June 30, 2016	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 676,538	$ 339,112	$ -	$ 1,015,650
Expenses				
Staff	342,275	171,118	2,209	515,602
Hardware	31,302	8,763	-	40,065
Third party licenses, maintenance and professional services	51,622	39,962	-	91,584
Occupancy	15,022	9,372	149	24,543
Travel	21,046	8,189	86	29,321
Telecommunications	6,671	4,123	28	10,822
Supplies	3,032	1,638	17	4,687
Software and equipment	14,047	3,469	74	17,590
Professional fees	9,527	2,589	1,378	13,494
Other, net	8,316	10,347	1,103	19,766
Depreciation	7,076	2,902	4	9,982
Amortization of intangible assets	58,772	30,539	-	89,311
	568,708	293,011	5,048	866,767
Foreign exchange (gain) loss	807	2,459	22,538	25,804
TSS membership liability revaluation charge	6,867	-	-	6,867
Equity in net (income) loss of equity investees	(157)	-	(150)	(307)
Finance income	(98)	(37)	(137)	(272)
Finance costs	3,128	477	7,416	11,021
Intercompany expenses (income)	19,850	6,951	(26,801)	-
	30,397	9,850	2,866	43,113
Profit before income tax	77,433	36,251	(7,914)	105,770
Current income tax expense (recovery)	23,767	12,950	3,954	40,671
Deferred income tax expense (recovery)	(2,664)	(1,167)	(4,736)	(8,567)
Income tax expense (recovery)	21,103	11,783	(782)	32,104
Net income	56,330	24,468	(7,132)	73,666

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

Three months ended June 30, 2015	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 309,536	$ 133,974	$ -	$ 443,510
Expenses				
Staff	154,791	67,199	1,096	223,086
Hardware	14,652	3,778	-	18,430
Third party licenses, maintenance and professional services	22,739	15,673	-	38,412
Occupancy	6,850	3,400	27	10,277
Travel	10,071	3,711	57	13,839
Telecommunications	2,670	1,624	11	4,305
Supplies	1,370	759	27	2,156
Software and equipment	6,585	1,370	271	8,226
Professional fees	3,495	1,157	1,233	5,885
Other, net	12,304	3,027	313	15,644
Depreciation	3,170	1,080	-	4,250
Amortization of intangible assets	31,032	12,280	-	43,312
	269,729	115,058	3,035	387,822
Foreign exchange (gain) loss	(346)	1,782	(2,179)	(743)
TSS membership liability revaluation charge	3,378	-	-	3,378
Equity in net (income) loss of equity investees	-	-	(250)	(250)
Finance income	(103)	41	-	(62)
Finance costs	2,177	177	2,289	4,643
Inter-company expenses (income)	8,413	3,943	(12,356)	-
	13,519	5,943	(12,496)	6,966
Profit before income tax	26,288	12,973	9,461	48,722
Current income tax expense (recovery)	8,768	4,999	(1,201)	12,566
Deferred income tax expense (recovery)	1,616	(28)	1,914	3,502
Income tax expense (recovery)	10,384	4,971	713	16,068
Net income	15,904	8,002	8,748	32,654

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

Six months ended June 30, 2015	Public Sector	Private Sector	Other	Consolidated Total
Revenue	601,630	264,771	-	$ 866,401
Expenses				
Staff	308,528	134,180	2,230	444,938
Hardware	28,971	7,244	-	36,215
Third party licenses, maintenance and professional services	46,042	31,170	-	77,212
Occupancy	13,769	6,857	232	20,858
Travel	18,378	7,191	80	25,649
Telecommunications	5,091	3,271	29	8,391
Supplies	3,319	1,544	38	4,901
Software and equipment	12,052	2,677	311	15,040
Professional fees	6,487	2,475	1,730	10,692
Other, net	14,618	6,681	629	21,928
Depreciation	6,017	2,148	11	8,176
Amortization of intangible assets	59,868	24,925	-	84,793
	523,140	230,363	5,290	758,793
Foreign exchange (gain) loss	1,924	(1,096)	(3,294)	(2,466)
TSS membership liability revaluation charge	9,408	-	-	9,408
Equity in net (income) loss of equity investees	-	-	(940)	(940)
Finance income	(325)	5	-	(320)
Finance costs	4,204	407	4,315	8,926
Intercompany expenses (income)	15,659	7,571	(23,230)	-
	30,870	6,887	(23,149)	14,608
Profit before income tax	47,620	27,521	17,859	93,000
Current income tax expense (recovery)	19,548	9,027	(2,113)	26,462
Deferred income tax expense (recovery)	131	1,481	(654)	958
Income tax expense (recovery)	19,679	10,508	(2,767)	27,420
Net income	27,941	17,013	20,626	65,580

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

17. 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.

18. Changes in non-cash operating working capital

	Three months ended June 30,		Six months ended June 30,	
	2016	2015	2016	2015
Decrease (increase) in accounts receivable	$ 867	$ 45,854	$ 4,465	$ 14,320
Decrease (increase) in work in progress	(317)	(469)	(2,896)	(6,288)
Decrease (increase) in other current assets	6,878	2,000	1,136	(8,620)
Decrease (increase) in inventory	1,695	(2,234)	569	(2,636)
Decrease (increase) in non-current assets	(2,384)	354	(2,579)	1,531
Increase (decrease) in other non-current liabilities	2,153	7,505	(3,399)	1,838
Increase (decrease) in accounts payable and accrued liabilities, excluding holdbacks from acquisitions	(6,358)	(9,418)	(44,612)	(26,976)
Increase (decrease) in deferred revenue	(54,885)	(62,133)	38,697	40,599
Increase (decrease) in provisions	(793)	(2,909)	(2,629)	(5,279)
Change in non-cash operating working capital	$ (53,144)	$ (21,450)	$ (11,248)	$ 8,489

19. Subsequent events

On July 27, 2016 the Company declared a $1.00 per share dividend that is payable on October 5, 2016 to all common shareholders of record at close of business on September 16, 2016.

Subsequent to June 30, 2016, the Company entered into agreements to acquire 100% of the shares of four entities and the net assets of another two entities.