Constellation Software Inc.

INTERIM FINANCIAL REPORT

First Quarter Fiscal Year 2009

For the three month period ended
March 31, 2009
(UNAUDITED)

CONSTELLATION SOFTWARE INC.

TO OUR SHAREHOLDERS

Our Q1 2009 performance compared well with Q1 2008: revenue was up 32%, Adjusted EBITDA up 64%, and Adjusted Net Income up 51%. Sequential comparisons vs Q4 2008 along with a bit of digging reveal a less rosy picture: revenue down 1%, Adjusted EBITDA down 7%, and Adjusted Net Income down 11%. The drivers of this performance that strike me as worthy of highlighting include our Organic Net Revenue Growth rate (-5%), the Maximus Asset, Justice and Education ("MAJES") acquisition which was completed in Q3 2008, our increased tax payments, and lastly, the Canadian dollar.

Organic Net Revenue Growth

Some of our businesses are more subject than others to a downturn in the economy. In Q1 2009, our Private Sector segment Net Revenue contracted 15% organically vs Q1 of 2008, while our Public Sector segment Net Revenue fared better (1% organic growth vs Q1 of 2008) for a combined Organic Net Revenue Growth of -5%. This is the worst Organic Net Revenue Growth that we have produced since we started keeping such records in 2001. Despite the occasional encouraging press release from real estate brokers, bankers and homebuilders to the contrary, we have yet to see any clear signs of a recovery in our private sector businesses. There is also little direct evidence of government stimulus spending trickling down to our public sector clients.

MAJES Acquisition

GAAP and even our own "Adjusted EBITDA" measure do a poor job of reflecting the current economics of the MAJES acquisition. In an investor's shoes, I'd look at the cash purchase price ($35 million disbursed to date) and compare it with the cash produced ($1 million in the 6 months that we've owned the business). Not bad, but certainly not up to our long term expectations, and nowhere near as good as the reported six month Adjusted EBITDA ($8 million) and Net Income ($3 million) for these businesses would lead you to believe. There are several large contracts within MAJES that are cash flow negative, and until they are either completed or terminated by the customers, we don't expect attractive returns from the acquisition. The MAJES acquisition also "helped" our TNA/Net Revenue ratio, contributing to a significant drop in the ratio in Q3 2008 and beyond. MAJES came with significant contract related liabilities but my sense is that the asset intensity of this business will eventually be similar to our other businesses. Excluding the MAJES acquisition, the TNA/Net Revenue ratio was down vs Q1 2008, which suggests that our businesses are continuing to practice conservative revenue recognition.

Taxes

We have had low tax rates during the last couple of years, but increasing profitability is driving them up. In Q1 2009 we provided for current taxes ($3.1 million) that are more than three times the amount provided for in Q1 2008. Taxes are inevitable, and despite our efforts to minimise them, we anticipate that our ratio of cash taxes to Adjusted Net Income will continue to increase during 2009.

Canadian Dollar

In the Q4 2008 letter to shareholders I chronicled how the Canadian dollar had affected our profitability during the last 7 years. The gist of the matter, is that with disproportionate expenses in Canadian dollars and revenues in US dollars, we run a fundamental and unhedged foreign exchange position. This hurt us for many years as the Canadian dollar appreciated vs the US dollar, but in the second half of 2008 as the Canadian dollar plummeted by over 20%, we benefited significantly. In Q1 2009 the average Canadian dollar vs US dollar exchange rate was .8054, down from an average rate of .8264 in Q4 2008. Of late the Canadian dollar has strengthened, and should it continue, we can expect leaner profit margins.

We had comforted ourselves in the last couple of quarters that poor organic growth for Constellation likely meant even worse performance for other vertical market software businesses, and hence we would see a number of good acquisition prospects. This hasn't proved to be the case. Q1 2009 was a slow acquisition activity quarter for Constellation, with just one acquisition and no new signed letters of intent. Many owner-managers of healthy businesses seem to be waiting out the recession before selling, but I had expected some of the leveraged transactions of the last few years to come unraveled. To date, we have seen very few distressed asset sales. I'm still hopeful that lenders will lose patience with some private equity sponsored vertical market software businesses during the second half of the year culminating in some larger transactions. We are currently negotiating an increase in our credit line so that we can pursue large acquisitions.

The toughest challenge in the software business is intelligently trading off profitability and organic growth. Many entrepreneurs have a huge bias towards growth at the expense of profits. Most private equity owned software firms have the opposite bias. At Constellation we try to find an optimum position where incremental investment still generates good incremental long term returns. I think our managers and employees are doing a great job of maintaining profitability in a difficult economic environment, without curtailing our record Research & Development spending ($15 million in Q1).

I look forward to seeing those of you who are able to attend our Annual General Meeting on May 7th, 2009.

Mark Leonard
President
Constellation Software Inc.

May 6th, 2009

	Q1 2007	Q2 2007	Q3 2007	Q4 2007	Q1 2008	Q2 2008	Q3 2008	Q4 2008	Q1 2009
($ millions, except percentages)									
Revenue	55.9	60.5	60.6	66.1	73.6	77.7	80.8	98.4	97.3
Net Income / (Loss)	2.6	3.5	3.3	1.6	4.3	3.4	3.3	4.0	3.8
Net Revenue	50.7	54.9	55.3	60.2	66.6	71.0	74.6	88.6	89.3
Net Maintenance Revenue	31.2	33.3	34.5	37.8	41.7	43.8	46.1	52.9	53.7
Adjusted Net Income (1)	6.9	8.4	8.5	9.4	11.1	12.0	12.3	19.0	16.8
Average Invested Capital	143	149	158	167	176	188	201	216	234
Net Revenue Growth (Y/Y)	10%	16%	14%	24%	31%	29%	35%	47%	34%
Organic Net Revenue Growth (Y/Y)	-1%	0%	2%	3%	6%	5%	7%	0%	-5%
Net Maintenance Growth (Y/Y)	20%	24%	23%	28%	34%	32%	34%	40%	29%
Adjusted Net Income Growth (Y/Y)	43%	91%	13%	5%	62%	43%	45%	103%	51%
Average Invested Capital Growth (Y/Y)	25%	25%	26%	24%	24%	26%	27%	29%	33%
Tangible Net Assets / Net Revenue	-57%	-45%	-53%	-74%	-58%	-58%	-84%	-102%	-80%
ROIC (Annualized)	19%	23%	22%	22%	25%	26%	25%	35%	29%
ROIC + Organic Net Revenue Growth	18%	23%	24%	26%	32%	31%	32%	35%	24%

(1) Historical figures restated to comply with revised definition.

Performance Metrics Glossary

"Net Revenue" means Revenue for GAAP purposes less third party and flow-through expenses. We use Net Revenue since it captures 100% of the license, maintenance and services revenues associated with Constellation's own products, but only includes the margin on our lower value-added revenues such as commodity hardware or third party software.

"Net Maintenance Revenue" is derived from GAAP Maintenance Revenue by subtracting third party maintenance costs. We believe that Net Maintenance Revenue is one of the best indicators of the intrinsic value of a software company and that the operating profitability of a low growth software business should correlate tightly to Net Maintenance Revenues.

Effective Q1 2008, the term ''Adjusted Net Income'' is derived by adjusting GAAP net income for the non-cash amortization of intangibles, future income taxes, and charges related to appreciation in common shares eligible for redemption (a charge that we no longer incur now that Constellation's common shares are publicly traded). Prior to Q1 2008, Adjusted Net Income was derived by adjusting GAAP net income for the non-cash amortization of intangibles and charges related to appreciation in common shares eligible for redemption. The computation was changed to include future income taxes since the majority of future income taxes relate to the amortization of intangible assets, and thus are being added back to more closely match the non-cash future tax recovery with the amortization of intangibles. All previously reported Adjusted Net Income figures have been restated in the table above to reflect the new method of computations. We use Adjusted Net Income because it is generally a better measure of cash flow than GAAP net income and it is closely aligned with the calculation of net income we use for bonus purposes.

"Average Invested Capital" is based on the Company's estimate of the amount of money that our shareholders had invested in Constellation. Subsequent to that estimate, each period we have kept a running tally, adding Adjusted Net Income, subtracting any dividends, adding any amounts related to share issuances and making some small adjustments, including adjustments relating to our use of certain incentive programs and the amortization of impaired intangibles.

"Tangible Net Assets / Quarterly Net Revenue" provides a measure of our Tangible Net Assets as a proportion of Quarterly Net Revenue. Tangible Net Assets is calculated by taking Total Assets for GAAP purposes, and subtracting (i) intangible assets and goodwill, (ii) cash and short term investments, (iii) future income tax assets, (iv) all customer, trade and government liabilities that do not bear a coupon, excluding future income tax liabilities and acquisition holdbacks.

"ROIC (Annualized)" represents a ratio of Adjusted Net Income to Average Invested Capital.

"ROIC + Organic Net Revenue Growth" provides a historical measure of the effectiveness of our capital allocation.

Forward Looking Statements

Certain statements herein may be "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Constellation or the industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date hereof. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements. These forward looking statements are made as of the date hereof and Constellation assumes no obligation to update any forward looking statements to reflect new events or circumstances except as required by law.

Non-GAAP Measures

Net Revenue, Net Maintenance Revenue, Adjusted Net Income, Adjusted EBITDA and Organic Net Revenue Growth are not recognized measures under GAAP and, accordingly, shareholders are cautioned that Net Revenue, Net Maintenance Revenue, Adjusted Net Income Adjusted EBITDA and Organic Net Revenue Growth should not be construed as alternatives to revenue or net income determined in accordance with GAAP as an indicator of the financial performance of the Company or as a measure of the Company's liquidity and cash flows. The Company's method of calculating Net Revenue, Net Maintenance Revenue, Adjusted Net Income, Adjusted EBITDA and Organic Net Revenue Growth may differ from other issuers and, accordingly, may not be comparable to similar measures presented by other issuers. Please refer to Constellation's most recently filed Management Discussion and Analysis for a reconciliation, where applicable, between the GAAP and non-GAAP measures referred to above.

CONSTELLATION SOFTWARE INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS ("MD&A")

The following discussion and analysis should be read in conjunction with the unaudited consolidated interim financial statements for the three month period ended March 31, 2009 and the accompanying notes and with our consolidated annual financial statements and our annual MD&A for the year ended December 31, 2008. Certain information included herein is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Forward-Looking Statements" and "Risks and Uncertainties".

Unless otherwise indicated, all dollar amounts are expressed in U.S. dollars. All references to "$" are to U.S. dollars and all references to "C$" are to Canadian dollars.

Additional information about the Company, including our most recently filed Annual Information Form ('AIF'), is available on SEDAR at www.sedar.com.

Forward Looking Statements

Certain statements in this report may contain "forward looking" statements that involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company or industry to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Words such as "may", "will", "expect", "believe", "plan", "intend", "should", "anticipate" and other similar terminology are intended to identify forward looking statements. These statements reflect current assumptions and expectations regarding future events and operating performance and speak only as of the date of this MD&A, May 6, 2009. Forward looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results, and will not necessarily be accurate indications of whether or not such results will be achieved. A number of factors could cause actual results to vary significantly from the results discussed in the forward looking statements, including, but not limited to, the factors discussed under "Risks and Uncertainties". Although the forward looking statements contained in this MD&A are based upon what management of the Company believes are reasonable assumptions, the Company cannot assure investors that actual results will be consistent with these forward looking statements. These forward looking statements are made as of the date of this MD&A and the Company assumes no obligation, except as required by law, to update any forward looking statements to reflect new events or circumstances. This report should be viewed in conjunction with the Company's other publicly available filings, copies of which can be obtained electronically on SEDAR at www.sedar.com.

Non-GAAP Measures

This MD&A includes certain measures which have not been prepared in accordance with Canadian generally accepted accounting principles ("GAAP") such as Adjusted EBITDA, Adjusted EBITDA margin, Adjusted Net Income and Adjusted Net Income margin.

The term ''Adjusted EBITDA'' refers to net income before deducting interest, taxes, depreciation, amortization, loss on held for trading investments related to mark to market adjustments, and foreign exchange, and before including gain (loss) on sale of short-term investments, marketable securities and other assets. The Company believes that Adjusted EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to taking into consideration how those activities are financed and taxed and also prior to taking into consideration asset depreciation and the other items listed above. ''Adjusted EBITDA margin'' refers to the percentage that Adjusted EBITDA for any period represents as a portion of total revenue for that period.

‘‘Adjusted Net Income’’ means net income plus amortization of intangible assets and future income taxes. The Company believes that Adjusted Net Income is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration amortization of intangibles and future income taxes as these are non-cash expenses that do not necessarily reflect the decrease in economic value of acquisitions. The majority of future income taxes relate to the amortization of intangible assets, and thus are being added back to more closely match the non-cash future tax recovery with the amortization of intangibles. ‘‘Adjusted Net Income margin’’ refers to the percentage that Adjusted Net Income for any period represents as a portion of total revenue for that period.

Adjusted EBITDA and Adjusted Net Income are not recognized measures under GAAP and, accordingly, shareholders are cautioned that Adjusted EBITDA and Adjusted Net Income should not be construed as alternatives to net income determined in accordance with GAAP as an indicator of the financial performance of the Company. The Company’s method of calculating Adjusted EBITDA and Adjusted Net Income may differ from other issuers and, accordingly, Adjusted EBITDA and Adjusted Net Income may not be comparable to similar measures presented by other issuers. See ‘‘Results of Operations —Adjusted EBITDA’’ and ‘‘— Adjusted Net Income’’ for a reconciliation of Adjusted EBITDA and Adjusted Net Income to net income.

Overview

We acquire, manage and build vertical market software (“VMS”) businesses. Generally, these businesses provide mission critical software solutions that address the specific needs of our customers in particular markets. Our focus on acquiring businesses with growth potential, managing them well and then building them, has allowed us to generate significant cash flow and revenue growth during the past several years.

Our revenue consists primarily of software license fees, maintenance fees, and professional service fees. Software license revenue is comprised of license fees charged for the use of our software products generally licensed under single-year, multiple-year or perpetual arrangements in which the fair value of maintenance and/or professional service fees are determinable. Maintenance revenue primarily consists of fees charged for customer support on our software products post-delivery. Maintenance fee arrangements generally include ongoing customer support and rights to certain product updates “if and when available” and products sold on a subscription basis. Professional service revenue consists of fees charged for product training, consulting and implementation services. Our customers typically purchase a combination of software, maintenance and professional services, although the types, mix and quantity of each varies by customer and by product.

Cost of revenue consists primarily of the costs directly related to revenues including third party costs and internal costs related to the delivery of professional services and maintenance. Cost of revenue is generally expected to increase in the future as a result of increases in revenue.

Research and development expenses include personnel and related costs associated with our research and development efforts.

Sales and marketing expenses consist primarily of personnel and related costs associated with our sales and marketing functions, including advertising, commissions, trade shows and other promotional materials.

General and administration expenses include personnel and related costs associated with the administration of our business, rental of office space, legal and professional fees and insurance.

Results of Operations

(In thousands of dollars, except percentages and per share amounts)

	Three months ended Mar. 31,		Period-Over-Period Change	
	2009	2008	$	%
Revenue	**97,252**	**73,603**	**23,649**	**32%**
Cost of Revenue	35,829	28,627	7,202	25%
Gross Profit	61,423	44,976	16,447	37%
Expenses				
Research and development	14,701	11,630	3,071	26%
Sales and marketing	10,097	8,041	2,056	26%
General and administration	16,065	12,799	3,266	26%
Total Expenses (pre amortization)	40,863	32,470	8,393	26%
Adjusted EBITDA	**20,560**	**12,506**	**8,054**	**64%**
Depreciation	750	785	(35)	-4%
Total Expenses	41,613	33,255	8,358	25%
Income before the undernoted	**19,810**	**11,721**	**8,089**	**69%**
Amortization of intangible assets	14,379	8,096	6,283	78%
Other expenses	188	0	188	NA
Gain on sale of short-term investments, marketable securities and other assets	0	(48)	48	NA
Interest expense	680	163	517	317%
Foreign exchange gain	(1,027)	(471)	(556)	118%
Income before income taxes	5,590	3,981	1,609	40%
Income taxes (recovery)				
Current	3,152	961	2,191	228%
Future	(1,343)	(1,309)	(34)	3%
	1,809	(348)	2,157	NA
Net income	**3,781**	**4,329**	**(548)**	**-13%**
Adjusted net income	**16,817**	**11,116**	**5,701**	**51%**
Weighted avg # of shares outstanding (000's)				
Basic	21,150	21,113		
Diluted	21,192	21,192		
Net income per share				
Basic	$ 0.18	$ 0.21	$ (0.03)	-14%
Diluted	$ 0.18	$ 0.20	$ (0.02)	-10%
Adjusted EBITDA per share				
Basic	$ 0.97	$ 0.59	$ 0.38	64%
Diluted	$ 0.97	$ 0.59	$ 0.38	64%
Adjusted net income per share				
Basic	$ 0.80	$ 0.53	$ 0.27	51%
Diluted	$ 0.79	$ 0.52	$ 0.27	52%

Comparison of the first quarter ended March 31, 2009 and 2008

Revenue:

Total revenue for the quarter ended March 31, 2009 was $97 million, an increase of 32%, or $24 million, compared to $74 million for the comparable period in 2008. The increase was attributable to growth from acquisitions as organic growth from our existing business declined by approximately 6%.

Software license revenue for the quarter ended March 31, 2009 increased by 22%, or $2 million to $11 million, from $9 million for the same period in 2008. Professional services and other services revenue for the quarter ended March 31, 2009 increased by 53%, or $9 million to $25 million, from $16 million for the same period in 2008. Hardware and other revenue for the quarter ended March 31, 2009 increased by 13% or $1 million to $6 million, from $5 million for the same period in 2008. Maintenance revenues for the quarter ended March 31, 2009 increased by 29%, or $13 million to $56 million, from $43 million for the same period in 2008. The following table displays the breakdown of our revenue according to revenue type:

	Three months ended Mar. 31,			
	2009	2008	2009	2008
	($000)		(% of total revenue)	
Licenses	10,857	8,873	11%	12%
Professional services and other:				
Services	24,612	16,110	25%	22%
Hardware and other	5,826	5,157	6%	7%
Maintenance	55,957	43,463	58%	59%
	97,252	73,603	100%	100%

We aggregate our business into two distinct segments for financial reporting purposes: (i) the public sector segment, which includes businesses focused on government and government-related customers, and (ii) the private sector segment, which includes businesses focused on commercial customers.

The following table displays our revenue by reporting segment and the percentage change for the three months ended March 31, 2009 compared to the same periods in 2008:

	Three months ended Mar. 31,		Period-Over-Period Change	
	2009	2008	$	%
	($000, except percentages)			
Public Sector				
Licenses	9,014	5,441	3,573	66%
Professional services and other:				
Services	21,697	12,187	9,510	78%
Hardware and other	5,029	4,086	943	23%
Maintenance	38,751	26,601	12,150	46%
	74,491	48,315	26,176	54%
Private Sector				
Licenses	1,843	3,432	(1,589)	-46%
Professional services and other:				
Services	2,915	3,923	(1,008)	-26%
Hardware and other	798	1,071	(273)	-25%
Maintenance	17,205	16,862	343	2%
	22,761	25,288	(2,527)	-10%

Public Sector

For the quarter ended March 31, 2009, total revenue in the public sector segment increased by 54%, or $26 million, to $74 million, compared to $48 million for the quarter ended March 31, 2008. The increase for the three month period was significant across all revenue types. Revenue growth from acquired businesses was significant for the three month period as we have completed fourteen acquisitions since the beginning of 2008 in our public sector segment. It is estimated that acquisitions completed since the beginning of 2008 contributed approximately $27 million to our Q1 2009 revenues. In calculating our organic growth, we assume that the companies we've acquired continue, during the 12 months following their acquisition, to achieve revenues at a level consistent with the revenues they achieved during the 12 months preceding their acquisition by Constellation. Actual revenues achieved by each company acquired could be higher or lower than the amounts estimated, however Constellation believes that this method of calculating organic growth provides a reasonable estimate of actual organic growth achieved. Revenues decreased organically by $1 million in Q1 2009. Organic revenue declines or increases were negligible across all operating groups.

Private Sector

For the quarter ended March 31, 2009, total revenue in the private sector segment decreased 10%, or $2 million, to $23 million, compared to $25 million for the quarter ended March 31, 2008. Revenue growth from acquired businesses was not as strong as in the public sector as we have only completed eight acquisitions since the beginning of 2008 in our private sector segment. It is estimated that acquisitions completed since the beginning of 2008 contributed approximately $1.4 million to our Q1 2009 revenues, if they had sustained their revenue run rates at the time of acquisition. Revenues decreased organically by $4 million in Q1 2009. The organic revenue decline was primarily driven by the following:

- **Homebuilder and Friedman operating groups** (decrease of approximately $3.6 million). These operating groups continued to feel the effects of the housing slowdown in the U.S. The decline was apparent across all revenue streams as many of our clients and prospective clients have delayed purchasing decisions. Our Homebuilding and Friedman operating groups are significantly affected by decreasing demand for new housing and building products. These groups continue to see decreased demand for their products and services and we believe that demand will decrease further given the weakness in the underlying industries that they serve.

Gross Profit by Source:

The following table displays the breakdown of our gross profit by revenue source and as a percentage of total revenue:

	Three months ended Mar. 31,			
	2009	2008	2009	2008
			($000)	
Gross profit licenses	92%	92%	10,032	8,140
Gross profit services & maintenance	62%	60%	49,858	35,823
Gross profit hardware & other	26%	20%	1,533	1,013
Gross profit on total revenue	63%	61%	61,423	44,976

Gross profit increased for the quarter ended March 31, 2009 to $61 million, or 63% of total revenue, from $45 million, or 61% of total revenue, for the quarter ended March 31, 2008. The increase in gross margin dollars for the quarter is attributable to the overall increase in total revenue. Our licenses, services and maintenance revenue margins improved slightly vs. 2008 in the three month period. Hardware and other revenue margins can fluctuate significantly, given the relatively small size of this category and its diverse product mix.

Operating Expenses:

The following table displays the breakdown of our operating expenses by category:

	Three months ended Mar. 31,		Period-Over-Period Change	
	2009	2008	$	%
	($000, except percentages)			
Research and development	14,701	11,630	3,071	26%
Sales and marketing	10,097	8,041	2,056	26%
General and administration	16,065	12,799	3,266	26%
Depreciation	750	785	(35)	-4%
	41,613	33,255	8,358	25%

Overall operating expenses for the quarter ended March 31, 2009 increased 25%, or $8 million, to $42 million, compared to $33 million over the same period in 2008. As a percentage of total revenue, operating expenses decreased from 45% in the quarter ended March 31, 2008 to 42% in the quarter ended March 31, 2009. Our average total headcount grew by 32% from 1,703 in the quarter ended March 31, 2008 to 2,240 in the quarter ended March 31, 2009. The growth in expenses is primarily due to the growth in the number of employees, as the vast majority of our operating expenses are headcount-related. Our average employee count associated with operating expenses grew 27%

from 882 in the quarter ended March 31, 2008 to 1,123 in the quarter ended March 31, 2009. The increase in expenses due to headcount was partly offset by the significant depreciation of the Canadian dollar over Q1 2008. Deterioration of the Canadian dollar vs. the US dollar has a significant positive impact on operating expenses as a disproportionate amount of our total expenses, including costs of goods sold, are originated in Canadian dollars (See “Foreign Currency Exposure” below). The average exchange rate for the Canadian dollar changed significantly in the periods being measured, decreasing by 19% versus the U.S. dollar in Q1 2009 compared with Q1 2008.

Research and development – Research and development expenses increased 26%, or $3 million, to $15 million for the quarter ended March 31, 2009 compared to $12 million for the same period in 2008. As a percentage of total revenue, research and development expenses decreased to 15% in Q1 2009 from 16% in Q1 2008. The increase in expenses during the quarter is largely attributable to our growth in headcount from both acquisitions and internal hiring offset by the weakening of the Canadian dollar. For Q1 2009, we averaged 647 staff compared to 490 in the same period in 2008.

We currently do not have any capitalized software development costs. All of our software development costs are expensed as incurred unless they meet Canadian generally accepted accounting criteria for deferral and amortization. Software development costs incurred prior to the establishment of technological feasibility do not meet these criteria, and are expensed as incurred. Capitalized costs would be amortized over the estimated benefit period of the software developed. No costs were deferred in the first quarter ended March 31, 2009 as no projects met the criteria for deferral.

Sales and marketing – Sales and marketing expenses increased 26%, or $2 million to $10 million, in the quarter ended March 31, 2009 compared to $8 million for the same period in 2008. As a percentage of total revenue, sales and marketing expenses decreased slightly to 10% in the quarter ended March 31, 2009 from 11% for the same period in 2008. The increase in expenses in the quarter ended March 31, 2009 is largely attributable to our growth in headcount from both acquisitions and internal hiring. For Q1 2009, we averaged 247 staff compared to 203 in the same period in 2008.

General and administration – General and administration (“G&A”) expenses increased 26%, or $3 million, to $16 million in the quarter ended March 31, 2009 from $13 million for the same period in 2008. As a percentage of total revenue, G&A expenses decreased slightly to 16% in Q1 2009 from 17% in Q1 2008. The dollar value increase in expenses during the quarter is largely attributable to our growth in headcount from both acquisitions and internal hiring. Average headcount for G&A employees grew from 188 staff in Q1 2008 to 229 for Q1 2009.

Depreciation of property and equipment – Depreciation of property and equipment for the quarter ended March 31, 2009 did not change materially. As a percentage of total revenue, depreciation was 0.8% in Q1 2009 compared to 1.1% in Q1 2008.

Non-Operating Expenses:

The following table displays the breakdown of our non-operating expenses by category:

	Three months ended Mar. 31,		Period-Over-Period Change	
	2009	2008	$	%
	($000, except percentages)			
Amortization of intangible assets	14,379	8,096	6,283	78%
Other expenses	188	0	188	NA
Gain on sale of short term investments, marketable securities and other assets	0	(48)	48	NA
Interest expense	680	163	517	317%
Foreign exchange gain	(1,027)	(471)	(556)	118%
Income taxes (recovery)	1,809	(348)	2,157	NA
	16,029	7,392	8,637	117%

Amortization of intangible assets – Amortization of intangible assets was $14 million for the quarter ended March 31, 2009 compared to $8 million for the same period in 2008, representing an increase of 78%. The increase is attributable to the increase in our intangible asset balance (on a cost basis) at March 31, 2009 versus March 31, 2008 as a result of acquisitions that we completed.

Interest expense – Net interest expense was $0.7 million for the quarter ended March 31, 2009 compared to net interest expense of $0.2 million for the same period in the previous year. At the end of the second quarter of 2007, we completed an investment in VCG Inc. which generates approximately $0.1 million per quarter in interest income. Our excess cash balances (to the extent that we have excess cash) will also generate interest income. These sources of interest income will be offset by periodic borrowings on our line of credit to fund acquisitions. As a result, we expect interest income / expense to fluctuate significantly in the future depending upon the timing of acquisitions and the amount we borrow against our line of credit to complete them. The increase in interest expense for the quarter ended March 31, 2009 versus the comparable period in 2008 is due to the increased use of our line of credit to fund acquisitions.

Foreign exchange loss gain – Most of our businesses are organized geographically so that many of our expenses are incurred in the same currency as our revenues, which mitigates some of our exposure to currency fluctuations. For the quarter ended March 31, 2009, our foreign exchange gain was $1 million compared to a gain of $0.5 million for Q1 2008. The foreign exchange gain in Q1 2009 was mainly attributable to a gain realized on Canadian dollar liabilities settled in Q1 2009 at an exchange rate that was favourable to the rate used to value the liabilities at December 31, 2008.

Income taxes – We operate globally and we calculate our tax provision in each of the jurisdictions in which we conduct business. Our tax rate is, therefore, affected by the realization and anticipated relative profitability of our operations in those various jurisdictions, as well as different tax rates that apply and our ability to utilize tax losses. For the quarter ended March 31, 2009, the income tax expense was $1.8 million, compared to a recovery of $0.3 million for the same period in 2008. The significant increase in the tax expense for the quarter ended March 31, 2009 compared to the same period in 2008 is mainly attributable to an increase in taxable income and due to the utilization of tax losses in certain jurisdictions in 2008 that were not available in the quarter ended March 31, 2009.

Net Income (Loss):

Net income for the quarter ended March 31, 2009 was $3.8 million compared to net income of $4.3 million for the same period in 2008. On a per share basis this translated into a net income per diluted share of $0.18 in Q1 2009 vs. a net income per diluted share of $0.20 in Q1 2008. Net income in Q1 2009 was negatively impacted by an increase in amortization of intangibles and tax expense offset by the growth in our operations and operating income.

Adjusted EBITDA:

For Q1 2009, Adjusted EBITDA increased by $8 million to $21 million compared to $13 million in Q1 2008, representing an increase of 64%. Adjusted EBITDA margin was 21% in the first quarter of 2009, compared to 17% of total revenue for the same period in 2008. The increase in Adjusted EBITDA margin for Q1 2009 is largely due to the depreciation of the Canadian dollar as a disproportionate amount of our total expenses, including costs of goods sold, are originated in Canadian dollars (See "Foreign Currency Exposure" below). The average exchange rate for the Canadian dollar changed significantly in the periods being measured, decreasing by 19% versus the U.S. dollar in Q1 2009 compared with Q1 2008. See "Non-GAAP Measures" for a description of Adjusted EBITDA and Adjusted EBITDA margin.

The following table reconciles Adjusted EBITDA to net income (loss):

	Three months ended Mar. 31,	
	2009	2008
	($000, except percentages)	
Total revenue	$ 97,252	$ 73,603
Net income	3,781	4,329
Add back:		
Income taxes (recovery)	1,809	(348)
Foreign exchange gain	(1,027)	(471)
Interest expense	680	163
Gain on sale of short-term investments, marketable securities and other assets	0	(48)
Other expenses	188	0
Amortization of intangible assets	14,379	8,096
Depreciation	750	785
Adjusted EBITDA	20,560	12,506
Adjusted EBITDA margin	21%	17%

Adjusted net income:

For Q1 2009, Adjusted net income increased by $6 million to $17 million compared to $11 million in Q1 2008, representing an increase of 51%. Adjusted net income margin was 17% in the first quarter of 2009, compared to 15% of total revenue for the same period in 2008. See "Non-GAAP Measures" for a description of Adjusted net income and Adjusted net income margin.

The following table reconciles Adjusted net income to net income:

	Three months ended Mar. 31, 2009	Three months ended Mar. 31, 2008
	($000, except percentages)	
Total revenue	$ 97,252	$ 73,603
Net income	3,781	4,329
Add back:		
Amortization of intangible assets	14,379	8,096
Future income taxes (recovery)	(1,343)	(1,309)
Adjusted net income	16,817	11,116
Adjusted net income margin	17%	15%

Quarterly Results

	Quarter Ended							
	Jun. 30, 2007	Sep. 30, 2007	Dec. 31, 2007	Mar. 31, 2008	Jun. 30, 2008	Sep. 30, 2008	Dec. 31, 2008	Mar. 31, 2009
	($000, except per share amounts)							
Revenue	60,487	60,574	66,068	73,603	77,742	80,790	98,397	97,252
Net Income	3,542	3,326	1,640	4,329	3,402	3,293	3,970	3,781
Net Income per share								
Basic	0.17	0.16	0.08	0.21	0.16	0.16	0.19	0.18
Diluted	0.17	0.16	0.08	0.20	0.16	0.16	0.19	0.18

We do not generally experience significant seasonality in our operating results from quarter to quarter. However, our quarterly results may fluctuate as a result of the various acquisitions which may be completed by the Company in any given quarter. We may experience variations in our net income on a quarterly basis depending upon the timing of certain one-time expenditures or gains such as: loss (gain) on the sale of short-term investments, marketable securities and other assets.

Acquisition of certain software assets and liabilities from MAXIMUS Inc.

On September 30, 2008, Constellation acquired certain assets and liabilities of MAXIMUS Inc.'s Asset, Justice, and Education businesses ('MAJES') for aggregate cash consideration of $35 million plus cash holdbacks of $5 million resulting in total consideration of $40 million. The table below provides certain supplemental income statement and cash flow information of MAJES for the quarter ended March 31, 2009. MAJES is not considered a reportable operating segment of Constellation, however, management has chosen to provide certain supplemental financial information to provide greater clarity into the operating performance and cash flow from operations of MAJES. Management believes cash flow from operations is useful supplemental information about the performance of the underlying business as certain purchase price adjustments and contract accounting under GAAP may result in reported earnings that differ materially from cash flow from operations. Certain contracts acquired as part of the MAJES business are being accounted for using the completed contract method of accounting. As a result, the revenue and costs on these contracts will not be reflected in the statement of operations until such contracts are complete. In the interim, the impact on cash flow will be reflected in the statement of cash flow from operating activities.

The company also acquired certain long-term contracts that contain contingent liabilities that may, but in management's opinion are unlikely to, exceed $16 million in the aggregate.

Statement of Operations
For the 3 months ended March 31, 2009

(Unaudited)	Constellation Software Inc. (excluding MAJES)	MAJES	Consolidated
Revenue	$ 78,588	$ 18,664	$ 97,252
Cost of revenue	28,108	7,721	35,829
Gross Profit	50,480	10,943	61,423
Total Expenses (pre amortization)	34,689	6,174	40,863
Adjusted EBITDA	15,791	4,769	20,560
EBITDA as % Total Revenue	20%	26%	21%
Depreciation	742	8	750
Income before the undernoted	15,049	4,761	19,810
Amortization of intangible assets	12,330	2,049	14,379
Other Expenses	(159)	-	(159)
Income before income taxes	2,878	2,712	5,590
Income taxes	1,272	537	1,809
Net Income	$ 1,606	$ 2,175	$ 3,781

Cash flow from operating activities
For the 3 months ended March 31, 2009

(Unaudited)	Constellation Software Inc. (excluding MAJES)	MAJES	Consolidated
Cash flows from operating activities:			
Net income	$ 1,606	$ 2,175	$ 3,781
Adjustments to reconcile net income to net cash flows from operations:			
Depreciation	742	8	750
Amortization of intangible assets	12,330	2,049	14,379
Future income taxes	(946)	(397)	(1,343)
Other non-cash items	(949)	-	(949)
Change in non-cash operating working capital	(14,211)	(1,536)	(15,747)
Cash flows from operating activities	$ (1,428)	$ 2,299	$ 871

Adjusted EBITDA to net income reconcilation
For the 3 months ended March 31, 2009

(Unaudited)	Constellation Software Inc. (excluding MAJES)	MAJES	Consolidated
Total revenue	$ 78,588	$ 18,664	$ 97,252
Net income	1,606	2,175	3,781
Add back:			
Income tax expense	1,272	537	1,809
Other expenses	(159)	-	(159)
Amortization of intangible assets	12,330	2,049	14,379
Depreciation	742	8	750
Adjusted EBITDA	15,791	4,769	20,560
Adjusted EBITDA margin	20%	26%	21%

Liquidity

Our cash position (net of borrowings on our line of credit) at March 31, 2009 decreased to negative $37 million, from negative $30 million at December 31, 2008. Borrowings on our line of credit decreased by $6 million offset by a decrease in cash of $13 million.

Total assets decreased $14 million, from $386 million at December 31, 2008 to $372 million at March 31, 2009. The majority of the decrease can be explained by decreases in: a) cash of $13 million (explanation provided below in net changes to cash flow) and b) intangible assets of $9 million due to the amortization of intangible assets. These decreases were offset by increases in accounts receivable and work in progress of $7 million which were driven by the growth in our business and by acquisitions.

Current liabilities decreased $12 million, from $253 million as of December 31, 2008, to $241 million at March 31, 2009. The majority of the decrease can be explained by decreases in a) bank indebtedness declined by $6 million b) accounts payable and accrued liabilities declined by $21 million primarily due to the payment of 2008 employee bonuses in Q1 2009. These decreases were offset by an increase in deferred revenue $17 million, due to the growth in our business and due to acquisitions.

Net Changes in Cash Flow	**Three months ended March 31, 2009**
	(in millions of $)
Net cash provided by operating activities	$1
Net cash used in financing activities	(9)
Net cash used in investing activities	(6)
Effect of exchange rate changes on cash and cash equivalents	1
Net decrease in cash and cash equivalents	($13)

The net cash flow from operating activities was $1 million for the period ended March 31, 2009. We generated free cash flow profits of approximately $17 million from operations which was offset by an increase in non-cash operating working capital of $16 million.

The net cash used in financing activities in Q1 2009 was $9 million. The cash was used to reduce our borrowings on our line of credit by $6 million and to pay a dividend of $0.216 per share (cash usage of $4 million).

The net cash used in investing activities in Q1 2009 was $6 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $5 million (including payments for holdbacks relating to prior acquisitions).

We believe we have more than sufficient cash and cash equivalents to continue to operate for the foreseeable future. Generally our VMS businesses operate with negative working capital as a result of the collection of maintenance payments and other revenues in advance of the performance of the related services. As such, management anticipates that it can continue to grow the business organically without any additional funding. If we continue to acquire VMS businesses we may need additional external funding depending upon the size and timing of the acquisitions.

Capital Resources and Commitments

We have a credit facility that is collateralized by substantially all of our assets including the assets of the majority of our material Canadian and U.S. subsidiaries. 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 our subsidiaries. In Q4 2008, we increased the amount of this facility to $130 million from $105 million. As of March 31, 2009, we had drawn $54 million on this facility and issued letters of credit for $6 million which limits our borrowing capacity dollar for dollar.

Commitments include operating leases for office equipment and facilities, letters of credit, bank guarantees, and performance bonds issued on our behalf by financial institutions in connection with facility leases and contracts with public sector customers. Also, occasionally we structure some of our acquisitions with “earn out” payments based on the future performance of the acquired VMS business. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in unconsolidated companies (aside from our shareholdings in publicly traded companies included in our short term investments and our investment in VCG Inc.) that would have a significant effect on our assets and liabilities as at March 31, 2009.

Foreign Currency Exposure

We operate internationally and have foreign currency risks related to our revenue, operating expenses, assets and liabilities denominated in currencies other than the U.S. dollar. Consequently, we believe movements in the foreign currencies in which we transact could significantly affect future net earnings. Currently, we do not use hedging techniques to mitigate such currency risks. We cannot predict the effect of foreign exchange losses in the future; however, if significant foreign exchange losses are experienced, they could have a material adverse effect on our business, results of operations, and financial condition.

The following table provides an approximate breakdown of our revenue and expenses by currency, expressed as a percentage of total revenue/expenses, as applicable, for Q1 2009:

	Three Months Ended Mar. 31, 2009	
Currencies	% of Revenue	% of Expenses
USD	83%	67%
CAD	9%	24%
GBP	6%	7%
Others	2%	2%
Total	100%	100%

Off-Balance Sheet Arrangements

As a general practice, we have not entered into off-balance sheet financing arrangements. Except for operating leases, bank guarantees, letters of credit and other low probability and/or contingent liabilities for which we cannot reasonably estimate the outcome (not accrued in accordance with Canadian GAAP), all of our commitments are reflected on our balance sheet.

Transactions with Related Parties

Aside from our Key Employee Loan Program ("KELP"), we had no material related party transactions during 2009. The outstanding balance of loans granted under the KELP as of March 31, 2009 was $0.7 million as compared to $0.9 million as of December 31, 2008.

Proposed Transactions

We seek potential acquisition targets on an ongoing basis and may complete several acquisitions in any given fiscal year.

Changes in Accounting Policies

Effective January 1, 2009, the Company adopted CICA Handbook, Section 3064 "Goodwill and Intangible Assets". Section 3064 replaces Section 3062 "Goodwill and Intangible Assets", Section 3450, "Research and Development Costs". It establishes standards for the recognition, measurement and disclosure of goodwill and intangible assets.

Recent Accounting Pronouncements

In February 2008, the Canadian Accounting Standards Board announced the adoption of International Financial Reporting Standards for publicly accountable enterprises in Canada. Effective January 1, 2011, companies must convert from Canadian GAAP to IFRS. IFRS is effective for our first quarter of 2011. We have initiated an IFRS transition project with a formal project plan and a project manager. Regular reporting is provided to our senior executive management and to our Board of Directors on the project's progress. We have completed the diagnostic phase of our project, which involved an initial assessment and scoping of the significant differences between existing Canadian GAAP and IFRS. Currently, we believe that the areas of accounting difference with the highest potential impact to us are the presentation and disclosure requirements, business combinations, and accounting for income taxes. At this time, we cannot reasonably estimate the impact of adopting IFRS on our consolidated financial statements.

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

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

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

Share Capital

As at May 6, 2009, there were 21,191,530 total shares outstanding comprised of 16,903,530 common shares and 4,288,000 class A non-voting shares.

Outlook

Although we anticipate that our annual revenue and Adjusted EBITDA will vary from year to year, management's objective is to grow each of our annual revenue per share and Adjusted EBITDA per share at an average rate, in the five year period commencing January 1, 2006 and ending December 31, 2010, in excess of 20% per annum. While the mix of organic growth and growth from acquisitions will change from year to year, we anticipate that approximately one half to three quarters of our growth will be attributable to acquisitions over this five year period. The foregoing objectives are based on various assumptions of management, including, without limitation, that (i) there will be a sufficient number of reasonably-priced acquisitions available, and (ii) we will continue to declare modest dividends. See ''Forward-Looking Statements'' and ''Risks and Uncertainties".

Risks and Uncertainties

The risks and uncertainties affecting the Company are described in the Company's most recently filed AIF. Additional risks and uncertainties not presently known to us or that we currently consider immaterial also may impair our business and operations and cause the price of the common shares to decline. If any of the noted risks actually occur, our business may be harmed and the financial condition and results of operation may suffer significantly. In that event, the trading price of the common shares could decline, and shareholders may lose all or part of their investment.

Controls and Procedures

Evaluation of disclosure controls and procedures:

Management is responsible for establishing and maintaining disclosure controls and procedures as defined under National Instrument 52-109. At March 31, 2009, the President and Chief Financial Officer concluded that the design and operation of these disclosure controls and procedures were effective and that material information relating to the Company, including its subsidiaries, was made known to them and was recorded, processed, summarized and reported within the time periods specified under applicable securities legislation.

Internal controls over financial reporting:

Management is responsible for designing and maintaining internal controls over financial reporting as defined under National Instrument 52-109. At March 31, 2009, the President and Chief Financial Officer concluded that the design and operation of these internal controls and procedures was effective in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with Canadian GAAP based on the framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in Internal Control – Integrated Framework.

The President and CFO have evaluated whether there were changes to internal controls over financial reporting during the interim period ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, its internal controls over financial reporting. No such changes were identified.

Exclusion of MAJES

Our assessment of and conclusion on the effectiveness of disclosure controls and procedures and internal control over financial reporting did not include the controls or procedures of the operations of MAJES Inc. Certain summary financial information related to MAJES has been included above under "Acquisition of certain software assets and liabilities from MAXIMUS Inc."

CONSTELLATION SOFTWARE INC.

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

	March 31 2009	December 31 2008
	(Unaudited)	
Assets		
Current assets:		
Cash	$ 16,890	$ 30,405
Short-term investments and marketable securities available for sale (note 5)	8,479	9,979
Accounts receivable	65,100	61,079
Work in progress	18,340	15,392
Inventory	3,448	2,308
Prepaid expenses and other current assets	9,960	8,395
Investment tax credits recoverable	1,399	1,504
Future income taxes (note 12)	3,787	3,779
	127,403	132,841
Restricted cash (note 4)	750	750
Property and equipment	9,615	9,381
Future income taxes (note 12)	5,868	5,713
Notes receivable	3,675	3,643
Investment tax credits recoverable	1,784	1,808
Other long-term assets (note 6)	3,052	3,656
Intangible assets (note 9)	179,580	188,070
Goodwill	39,937	39,937
	$ 371,664	$ 385,799
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 10)	$ 54,209	$ 60,200
Accounts payable and accrued liabilities	42,734	63,429
Dividends payable	926	-
Acquisition holdback payments	9,076	10,901
Deferred revenue	132,711	115,466
Income taxes payable	1,347	3,197
	241,003	253,193
Future income taxes (note 12)	25,554	26,778
Other long-term liabilities (note 7)	11,537	10,446
Shareholders equity:		
Capital stock	99,283	99,283
Shareholder loans (note 11)	(636)	(931)
Accumulated other comprehensive loss	(8,212)	(6,901)
Retained earnings	3,135	3,931
	93,570	95,382
Subsequent event (note 16)		
	$ 371,664	$ 385,799

See accompanying notes to interim consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

	Three months ended March 31, 2009	Three months ended March 31, 2008
	(Unaudited)	
Revenue	$ 97,252	$ 73,603
Cost of revenue	35,829	28,627
	61,423	44,976
Research and development	14,701	11,630
Sales and marketing	10,097	8,041
General and administration	16,065	12,799
Depreciation	750	785
	41,613	33,255
Income before the undernoted	19,810	11,721
Amortization of intangible assets	14,379	8,096
Other expenses	188	-
Gain on sale of short-term investments, marketable securities and other assets	-	(48)
Interest expense, net	680	163
Foreign exchange gain	(1,027)	(471)
Income before income taxes	5,590	3,981
Income taxes (recovery) (note 12):		
Current	3,152	961
Future	(1,343)	(1,309)
	1,809	(348)
Net income	$ 3,781	$ 4,329
Income per share (note 13):		
Basic	$ 0.18	$ 0.21
Diluted	0.18	0.20
Weighted average number of shares outstanding (note 13):		
Basic	21,150	21,113
Diluted	21,192	21,192
Outstanding at the end of the period	21,192	21,192

See accompanying notes to interim consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

	Three months ended March 31, 2009	2008
	(Unaudited)	
Retained earnings (deficit), beginning of period	$ 3,931	$ (7,249)
Net income	3,781	4,329
Dividends	(4,577)	(3,814)
Retained earnings (deficit), end of period	$ 3,135	$ (6,734)

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

	Three months ended March 31, 2009	2008
	(Unaudited)	
Net Income	$ 3,781	$ 4,329
Other comprehensive loss, net of tax:		
Net unrealized mark-to-market adjustment loss on available-for-sale financial assets during the period	(1,425)	(1,058)
Net unrealized foreign exchange adjustment loss on available-for-sale financial assets during the period	(96)	(109)
Transfer of unrealized gain from prior periods upon derecognition of available-for-sale investments	-	(39)
Amounts reclassified to earnings during the period	210	-
Comprehensive income	$ 2,470	$ 3,123

See accompanying notes to interim consolidated financial statements.

CONSTELLATION SOFTWARE INC.

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

	Three months ended March 31, 2009	2008
	(Unaudited)	
Cash flows from operating activities:		
Net income	$ 3,781	$ 4,329
Adjustments to reconcile net income to net cash flows from operations:		
Depreciation	750	785
Amortization of intangible assets	14,379	8,096
Non-cash interest	(36)	(51)
Future income taxes	(1,343)	(1,309)
Other	188	-
Gain on sale of short-term investments, marketable securities, and other assets	-	(48)
Unrealized foreign exchange (gain) loss	(1,101)	(245)
Change in non-cash operating working capital (note 15)	(15,747)	(7,724)
Cash flows from operating activities	871	3,833
Cash flows from financing activities:		
Decrease in other long-term liabilities	(53)	(138)
Increase (decrease) in bank indebtedness	(5,991)	3,300
Credit facility financing fees	(16)	-
Dividends	(3,651)	(3,814)
Repayment of shareholder loans (note 11)	298	456
Cash flows from financing activities	(9,413)	(196)
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired (note 8)	(2,925)	(2,689)
Acquisition holdback payments	(1,939)	(523)
Additions to short-term investments, marketable securities and other assets	-	(8,405)
Decrease in other assets	(240)	226
Property and equipment purchased	(921)	(513)
Cash flows used in investing activities	(6,025)	(11,904)
Effect of currency translation adjustment on cash and cash equivalents	1,052	(107)
Decrease in cash and cash equivalents	(13,515)	(8,374)
Cash, beginning of period	30,405	19,796
Cash, end of period	$ 16,890	$ 11,422

See accompanying notes to interim consolidated financial statements.

1. Basis of presentation:

The accompanying unaudited condensed interim consolidated financial statements (the "Interim Consolidated Financial Statements") include the accounts of the Company and its subsidiaries, all of which are wholly owned. All significant inter-company transactions and balances have been eliminated. During the three months ended March 31, 2009, the Company completed an acquisition as described in note 8 to the Interim Consolidated Financial Statements. The results of operations of this acquired company have been included in these Interim Consolidated Financial Statements from the date of acquisition.

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

2. Changes in accounting policies:

(a) Goodwill and Intangible Assets:

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

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

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

3. Changes in accounting policies not yet adopted:

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

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

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

(b) Business combinations:

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

(c) Consolidated financial statements:

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

(d) Noncontrolling interests in consolidated financial statements

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

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

4. Restricted cash:

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

5. Short-term investments and marketable securities:

At March 31, 2009 and December 31, 2008, the Company held investments in three public companies listed in the U.K. and U.S., all of which develop and sell software solutions.

	March 31, 2009		December 31, 2008	
	Cost	Market Value	Cost	Market Value
Common shares	$ 13,728	$ 8,479	$ 13,728	$ 9,979

6. Other long-term assets:

	March 31, 2009	December 31, 2008
Share purchase warrants	$ 200	$ 200
Acquired contract assets (i)	605	1,450
Other (ii)	2,247	2,006
	$ 3,052	$ 3,656

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

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

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

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

7. Other long-term liabilities:

	March 31, 2009	December 31, 2008
Acquisition holdback payments	$ 688	$ 772
Acquired contract liabilities (i)	7,896	6,668
Other (ii)	2,953	3,006
	$ 11,537	$ 10,446

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

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

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

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

8. Business acquisitions:

2009

(a) During the three months ended March 31, 2009, the Company made one acquisition for aggregate net cash consideration of $2,925 plus a cash holdback of $647 resulting in total consideration of $3,572. The holdback is payable over a two-year period and is adjusted for any claims under the representations and warranties of the agreement. In addition there is contingent consideration payable in the amount of $900. The acquisition has been accounted for using the purchase method with the results of operations included in these consolidated financial statements from the date of the acquisition. The following table summarizes the aggregate preliminary estimated fair value of the assets acquired and liabilities assumed at the date of the acquisition:

Assets acquired:		
Current assets	$	536
Property and equipment		64
Technology assets		3,669
Customer assets		981
		5,250
Liabilities assumed:		
Current liabilities		51
Deferred revenue		1,627
		1,678
Total purchase price consideration	$	3,572

This acquisition has been allocated to the Public Sector.

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

8. Business acquisitions (continued):

2008

(b) During the three months ended March 31, 2008, the Company made three acquisitions for aggregate net cash consideration of $2,689 plus cash holdbacks of $552 resulting in total consideration of $3,241. Holdbacks of $325 have subsequently been paid. The remaining holdbacks are payable over a two-year period and are adjusted for any claims under the representations and warranties of the agreements. The acquisitions have been accounted for using the purchase method with the results of operations included in these consolidated financial statements from the date of each acquisition. The following table summarizes the aggregate fair value of the assets acquired and liabilities assumed at the date of each acquisition:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Current assets	$ 433	$ 22	$ 455
Property and equipment	54	21	75
Technology assets	3,581	210	3,791
Customer assets	1,331	-	1,331
Goodwill	409	-	409
	5,808	253	6,061
Liabilities assumed:			
Current liabilities	106	-	106
Deferred revenue	664	102	766
Future income taxes	1,948	-	1,948
	2,718	102	2,820
Total purchase price consideration	$ 3,090	$ 151	$ 3,241

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

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

9. Intangible assets:

	Cost	Accumulated amortization	March 31, 2009 Net book value	December 31, 2008 Net book value
Technology assets	$ 181,083	$ 89,747	$ 91,336	$ 97,907
Non-compete agreements	2,680	1,847	833	883
Customer assets	42,418	16,542	25,876	27,370
Trademarks	133	104	29	32
Backlog	4,903	4,447	456	1,072
Contract related assets	1,856	462	1,394	1,546
Other	64,631	4,975	59,656	59,260
	$ 297,704	$ 118,124	$ 179,580	$ 188,070

At March 31, 2009 and December 31, 2008, "Other" includes intangible assets relating to the preliminary purchase price allocation for the acquisition of Maximus Inc.'s Justice, Education, and Asset Solutions businesses. The allocations will be finalized over the next two quarters.

10. Credit facilities:

The Company has an operating line-of-credit with a syndicate of Canadian chartered banks and a U.S. bank in the amount of $130,000 (December 31, 2008 - $130,000). The line-of-credit bears a variable interest rate and is due in full on April 28, 2011. It is secured by a general security agreement covering the majority of the assets of the Company and its subsidiaries, and is subject to various standard debt covenants. As at March 31, 2009, $54,209 (December 31, 2008 - $60,200) had been drawn from this credit facility, and letters of credit totalling $6,000 (December 31, 2008 - $7,000) were issued, which limits the borrowing capacity on a dollar-for-dollar basis.

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

11. Shareholder loans:

Share purchase loans receivable under the Company's share purchase plan are included as a reduction of shareholders' equity. Interest rates on these loans range from 5.0% to 6.5% depending on the year the loan was advanced. The balances outstanding are secured by the shares for which they were used to purchase. At March 31, 2009, the market value of the shares held as collateral was $3,173 (December 31, 2008 - $3,521)

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

		2009		2008
Balance, January 1	$	931	$	1,915
Repayment of shareholder loans		(298)		(456)
Interest		10		22
Currency translation adjustment		(7)		(13)
Balance, March 31	$	636	$	1,468

12. Income taxes:

The Company operates in various tax jurisdictions, and accordingly, the Company's income is subject to varying rates of tax. Losses incurred in one jurisdiction cannot be used to offset income taxes payable in another. The Company's ability to use income tax losses and future income tax deductions is dependent upon the profitable operations of the Company in the tax jurisdictions in which such losses or deductions arise. As of March 31, 2009, the Company had total net future tax assets of $9,655 (December 31, 2008 - $9,492) and total future tax liabilities of $25,554 (December 31, 2008 - $26,778).

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

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

13. Income per share:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Numerator:		
Net income	$ 3,781	$ 4,329
Denominator:		
Weighted average number of shares:		
Basic	21,150	21,113
Effect of dilutive securities:		
Shares secured by shareholder loans	42	79
Diluted	21,192	21,192
Net income per share:		
Basic	$ 0.18	$ 0.21
Diluted	$ 0.18	0.20

14. Segmented information:

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

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

CONSTELLATION SOFTWARE INC.

Notes to Interim Consolidated Financial Statements
(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

Three months ended March 31, 2009 and 2008
(Unaudited)

14. Segmented information (continued):

(a) Reportable segments:

Three months ended March 31, 2009	Public Sector	Private Sector	Other	Total
Revenue	$ 74,491	$ 22,761	$ -	$ 97,252
Cost of revenue	29,125	6,704	-	35,829
	45,366	16,057	-	61,423
Research and development	11,038	3,663	-	14,701
Sales and marketing	7,254	2,843	-	10,097
General and administration	11,478	4,587	-	16,065
Depreciation	520	230	-	750
	30,290	11,323	-	41,613
Income before the undernoted	15,076	4,734	-	19,810
Amortization of intangible assets	11,153	3,058	168	14,379
Other expenses	-	-	188	188
Interest expense (income), net	17	(7)	670	680
Foreign exchange loss (gain)	(1,269)	(910)	1,152	(1,027)
Inter-company expenses (income)	855	851	(1,706)	-
Income before income taxes	4,320	1,742	(472)	5,590
Income taxes (recovery):				
Current	2,416	845	(109)	3,152
Future	(399)	(944)	-	(1,343)
	2,017	(99)	(109)	1,809
Net Income (loss)	$ 2,303	$ 1,841	$ (363)	$ 3,781
Other selected information:				
Property and equipment purchased	$ 778	$ 141	$ 2	$ 921
Total assets	$ 275,479	$ 78,994	$ 17,191	$ 371,664

CONSTELLATION SOFTWARE INC.

Notes to Interim Consolidated Financial Statements
(In thousands of U.S. dollars, except per share amounts and as otherwise indicated)

Three months ended March 31, 2009 and 2008
(Unaudited)

14. Segmented information (continued):

Three months ended March 31, 2008	Public Sector	Private Sector	Other	Total
Revenue	$ 48,315	$ 25,288	$ -	$ 73,603
Cost of revenue	20,707	7,920	-	28,627
	27,608	17,368	-	44,976
Research and development	7,574	4,056	-	11,630
Sales and marketing	4,606	3,435	-	8,041
General and administration	7,764	5,035	-	12,799
Depreciation	536	249	-	785
	20,480	12,775	-	33,255
Income before the undernoted	7,128	4,593	-	11,721
Amortization of intangible assets	4,962	3,086	48	8,096
Loss (gain) on sale of short-term investments, marketable securities and other assets	(1)	(1)	(46)	(48)
Interest expense (income), net	(50)	(16)	229	163
Foreign exchange loss	(129)	(219)	(123)	(471)
Inter-company expenses (income)	280	855	(1,135)	-
Income before income taxes	2,066	888	1,027	3,981
Income taxes (recovery):				
Current	794	347	(180)	961
Future	(384)	(925)	-	(1,309)
	410	(578)	(180)	(348)
Net Income	$ 1,656	$ 1,466	$ 1,207	$ 4,329
Other selected information:				
Goodwill acquired	$ 409	$ -	$ -	$ 409
Property and equipment purchased	$ 365	$ 109	$ 39	$ 513
Total assets	$ 272,892	$ 79,282	$ 33,625	$ 385,799

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

14. Segmented information (continued):

(b) Geographic information:

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

	Three months ended March 31, 2009			Three months ended March 31, 2008		
Canada	$	10,730	11%	$	11,315	15%
United States		74,580	77%		52,557	71%
UK/Europe		7,676	8%		8,163	11%
Other		4,266	4%		1,568	2%
Total	$	97,252	100%	$	73,603	100%

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

15. Change in non-cash operating working capital:

	Three months ended March 31, 2009	Three months ended March 31, 2008
Increase in accounts receivable	$ (3,731)	$ (5,680)
Decrease (increase) in work in progress	(2,948)	929
Increase in inventory	(1,140)	(191)
Increase in prepaid expenses and other current assets	(1,379)	(1,462)
Change in acquired contract assets and liabilities	513	-
Decrease in accounts payable and accrued liabilities excluding holdbacks from acquisitions	(20,781)	(9,941)
Increase in deferred revenue	15,569	9,633
Decrease in income taxes payable	(1,850)	(1,012)
	$ (15,747)	$ (7,724)

16. Subsequent event:

Subsequent to March 31, 2009, the Company completed an acquisition for net cash consideration of $2,700 on closing plus a holdback of $600.

17. Comparative figures:

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