CONSTELLATION SOFTWARE INC.

Constellation Software Inc.

INTERIM FINANCIAL REPORT

First Quarter Fiscal Year 2012

For the three month period ended
March 31, 2012
(UNAUDITED)

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, 2012 and with our Annual Consolidated Financial Statements for the year ended December 31, 2011, which we prepared in accordance with International Financial Reporting Standards ("IFRS"). 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 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 2, 2012. 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-IFRS Measures

This MD&A includes certain measures which have not been prepared in accordance with IFRS such as Adjusted EBITDA, Adjusted EBITDA margin, Adjusted net income and Adjusted net income margin.

The term ''Adjusted EBITDA'' refers to net income before adjusting for finance income, finance costs, income taxes, equity in net loss of equity investees, impairment of non-financial assets, depreciation, amortization, and foreign exchange loss (gain). 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 non-cash expenses (income) such as amortization of intangible assets, deferred income taxes, and certain other expenses (income). 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 intangible assets, deferred income taxes, and certain other non-cash expenses (income) incurred by the Company from time to time. ‘‘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 IFRS 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 IFRS. 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 and other recurring fees, professional service fees and hardware sales. Software license revenue is comprised of license fees charged for the use of our software products generally licensed under multiple-year or perpetual arrangements in which the fair value of maintenance and/or professional service fees are determinable, where applicable. Maintenance and other recurring revenue primarily consists of fees charged for customer support on our software products post-delivery and also includes, to a lesser extent, recurring fees derived from combined software/support contracts, transaction-related revenues, and hosted products. Maintenance and other recurring fee arrangements generally include ongoing customer support and rights to certain product updates “when and if available” and products sold on a subscription basis. Professional service revenue consists of fees charged for implementation services, customized programming, product training and consulting. Hardware sales include the resale of third party hardware that forms part of our customer solutions and arrangements, as well as sales of hardware assembled internally. Our customers typically purchase a combination of software, maintenance, professional services and hardware, although the type, mix and quantity of each vary by customer and by product.

Expenses consist primarily of staff costs, occupancy costs, the cost of hardware, third party licenses, maintenance and professional services to fulfill our customer arrangements, and other general operating expenses.

Results of Operations

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

	Three months ended March 31,		Period-Over-Period Change	
	2012	2011 (Recast-Note 1)	$	%
Revenue	**195,278**	**177,632**	**17,646**	**10%**
Expenses	156,011	142,598	13,413	9%
Adjusted EBITDA	**39,267**	**35,034**	**4,233**	**12%**
Depreciation	1,718	2,126	(408)	-19%
Amortization of intangible assets	19,275	18,525	750	4%
Foreign exchange loss	208	2,065	(1,857)	-90%
Equity in net loss of equity investees	882	0	882	NM
Finance income	(1,069)	(368)	(701)	190%
Finance costs	1,018	1,161	(143)	-12%
Profit before income taxes	17,235	11,525	5,710	50%
Income taxes expense (recovery)				
Current income tax expense	4,803	3,008	1,795	60%
Deferred income tax recovery	(1,492)	(53,971)	52,479	-97%
Income tax expense (recovery)	3,311	(50,963)	54,274	-106%
Net income	**13,924**	**62,488**	**(48,564)**	**-78%**
Adjusted net income	**31,707**	**27,042**	**4,665**	**17%**
Weighted average number of shares outstanding (000's)				
Basic and diluted	21,192	21,192		
Net income per share				
Basic and diluted	$ 0.66	$ 2.95	$ (2.29)	-78%
Adjusted EBITDA per share				
Basic and diluted	$ 1.85	$ 1.65	$ 0.20	12%
Adjusted net income per share				
Basic and diluted	$ 1.50	$ 1.28	$ 0.22	17%
Cash dividends declared per share				
Basic and diluted	$ 1.00	$ 2.00	$ (1.00)	-50%

NM - Not meaningful

Note 1: Net income for the three months ended March 31, 2011 has been adjusted to correct for an error. This error resulted in a reduction of the deferred income tax recovery recognized in profit and loss for the period totalling $1,741.

Comparison of the first quarter ended March 31, 2012 and 2011

Revenue:

Total revenue for the quarter ended March 31, 2012 was $195 million, an increase of 10%, or $17 million, compared to $178 million for the comparable period in 2011. The increase was mainly attributable to growth from acquisitions, as organic growth from our existing businesses increased by approximately $5 million or 3% for the quarter. For acquired companies, organic growth is calculated as the difference between actual revenues achieved by each company in the financial period following acquisition compared to the revenues they achieved in the corresponding financial period preceding the date of acquisition by Constellation.

Constellation acquired the Public Transit Solutions business ("PTS") from Continental Automotive AG ("Continental") on November 2, 2009. Given the substantial amount of non-recurring revenue historically earned by PTS, gross revenue from PTS has fluctuated significantly in the past and will continue to do so in the future. As well, a number of acquired contracts were recorded at their estimated fair value as of the date of acquisition. Under this treatment, excess profits or costs relative to normalized profitability are recorded as contract assets or liabilities and amortized against revenues over the remaining life of the contract. As a result, the revenue and costs of these contracts reflected through profit or loss will differ from the revenue and costs that would have been recognized under normal course percentage of completion contract accounting. As such, management has chosen to provide supplemental organic growth disclosure to provide greater clarity regarding the impact of PTS on Constellation's consolidated financial results. Excluding PTS, organic growth for Constellation was 2% for the three months ended March 31, 2012.

The following table provides a summary of the impact of PTS on Constellation's organic revenue growth:

Organic Revenue Growth

	Three months ended March 31, 2012
Constellation	3%
Constellation excluding PTS	2%

Further details of the PTS acquisition are provided under "Acquisition of PTS from Continental".

Software license revenue for the quarter ended March 31, 2012 was $15 million, a decrease of 2% for the comparable period in 2011. Professional services revenue for the quarter ended March 31, 2012 was $42 million, which is consistent with the same period in 2011. Hardware and other revenue for the quarter ended March 31, 2012 increased by 6%, or $1 million to $25 million from $24 million for the same period in 2011. Maintenance and other recurring revenues for the quarter ended March 31, 2012 increased by 17%, or $16 million to $113 million, from $97 million for the same period in 2011. The following table displays the breakdown of our revenue according to revenue type:

	Three months ended March 31,		Period-Over-Period Change	
	2012	2011	$	%
	($000, except percentages)			
Licenses	14,940	15,211	(271)	-2%
Professional services	42,127	41,789	338	1%
Hardware and other	25,355	24,007	1,348	6%
Maintenance and other recurring	112,856	96,625	16,231	17%
	195,278	177,632	17,646	10%

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

The following table displays our revenue by reportable segment and the percentage change for the three months ended March 31, 2012 compared to the same period in 2011:

	Three months ended March 31,		Period-Over-Period Change	
	2012	2011	$	%
	($000, except percentages)			
Public Sector				
Licenses	9,790	10,545	(755)	-7%
Professional services	32,302	33,459	(1,157)	-3%
Hardware and other	22,289	21,257	1,032	5%
Maintenance and other recurring	73,851	65,689	8,162	12%
	138,232	130,950	7,282	6%
Private Sector				
Licenses	5,150	4,666	484	10%
Professional services	9,825	8,330	1,495	18%
Hardware and other	3,066	2,750	316	11%
Maintenance and other recurring	39,005	30,936	8,069	26%
	57,046	46,682	10,364	22%

Public Sector

For the quarter ended March 31, 2012, total revenue in the public sector reportable segment increased 6%, or $7 million, to $138 million, compared to $131 million for the quarter ended March 31, 2011. Revenue growth from acquired businesses was significant as we completed ten acquisitions since the beginning of 2011 in our public sector segment. It is estimated that acquisitions completed since the beginning of 2011 contributed approximately $5 million to our Q1 2012 revenues. Revenues increased organically by 2% or $2 million in Q1 2012 compared to the same period in 2011. Excluding PTS, revenues increased organically by 1% in the three months ended March 31, 2012.

Organic Revenue Growth	
	Three months ended March 31, 2012
Public Sector	2%
Public Sector excluding PTS	1%

The organic revenue change was primarily driven by the following:

- **Volaris operating group** (increase of approximately $2 million for the three months ended March 31, 2012). The organic growth was primarily driven from strong revenue in its PTS and agriculture verticals.

Private Sector

For the quarter ended March 31, 2012, total revenue in the private sector reportable segment increased 22%, or $10 million, to $57 million, compared to $47 million for the quarter ended March 31, 2011. Revenue growth from acquired businesses was significant for the three month period as we completed twelve acquisitions since the beginning of 2011 in our private sector segment. It is estimated that acquisitions completed since the beginning of 2011 contributed approximately $7 million to our Q1 2012 revenues. Revenues increased organically by 6% or $3 million in Q1 2012 compared to the same period in 2011.

The organic revenue change was primarily driven by the following:

- **Jonas operating group** (increase of approximately $3 million for the three months ended March 31, 2012). Jonas' organic growth was driven by strong sales to both existing and new customers primarily in its fitness, construction, and food service verticals.

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended March 31,		Period-Over-Period Change	
	2012	2011	$	%
	($000, except percentages)			
Expenses				
Staff	105,631	95,919	9,712	10%
Hardware	12,227	12,121	106	1%
Third party license, maintenance and professional services	14,246	12,663	1,583	13%
Occupancy	4,625	4,588	37	1%
Travel	8,246	6,268	1,978	32%
Telecommunications	2,497	2,537	(40)	-2%
Supplies	3,432	4,163	(731)	-18%
Professional fees	1,845	2,136	(291)	-14%
Other	3,262	2,203	1,059	48%
	156,011	142,598	13,413	9%

Overall expenses for the quarter ended March 31, 2012 increased 9%, or $13 million, to $156 million, compared to $143 million during the same period in 2011. As a percentage of total revenue, expenses remained consistent at 80% in the quarter ended March 31, 2012 compared to the quarter ended March 31, 2011. The growth in expenses for the three month period is primarily due to the growth in the number of employees. Our average employee headcount grew 11% from 3,606 in the quarter ended March 31, 2011 to 3,999 in the quarter ended March 31, 2012 primarily due to acquisitions.

Staff expense – Staff expense can be broken down into five key operating departments: Professional Services, Maintenance, Research and Development, Sales and Marketing, and General and Administrative. Professional Services staff expenses include personnel and related costs associated with our delivery of professional services. Research and Development staff expenses include personnel and related costs associated with our research and development efforts. Sales and Marketing staff expenses consist primarily of the personnel and related costs associated with our sales and marketing functions. General and Administrative staff expenses consist primarily of the personnel and related costs associated with the administration of the business. The table below compares the period over period variances.

	Three months ended March 31,		Period-Over-Period Change	
	2012	2011	$	%
	($000, except percentages)			
Professional services	23,859	25,167	(1,308)	-5%
Maintenance	21,006	18,609	2,397	13%
Research and development	28,337	24,363	3,974	16%
Sales and marketing	14,539	13,068	1,471	11%
General and administration	17,890	14,712	3,178	22%
	105,631	95,919	9,712	10%

Professional services – Staff expenses related to our Professional services operating department decreased 5%, or $1 million, to $24 million for the quarter ended March 31, 2012 compared to $25 million for the same period in 2011. The decrease in staff expenses related to our Professional services operating department was primarily due to a decrease in headcount resulting from an allocation of resources from Professional services to research and development projects in the quarter ended March 31, 2012.

Maintenance – Staff expenses related to our Maintenance operating department increased 13%, or $2 million, to $21 million for the quarter ended March 31, 2012 compared to $19 million for the same period in 2011. The growth in staff expenses related to our Maintenance operating department is primarily due to the growth in the number of employees compared to the same period in 2011 primarily due to acquisitions.

Research and development – Staff expenses related to our Research and development operating department increased 16%, or $4 million, to $28 million for the quarter ended March 31, 2012 from $24 million for the same period in 2011. The growth in staff expenses related to our Research and development operating department is primarily due to the growth in the number of employees compared to the same period in 2011 primarily due to acquisitions and due to an allocation of resources from Professional services to Research and development in the quarter ended March 31, 2012.

Sales and marketing – Staff expenses related to our Sales and marketing operating department increased 11%, or $2 million, to $15 million for the quarter ended March 31, 2012 compared to $13 million for the same period in 2011. The growth in staff expenses related to our Sales and marketing operating department is primarily due to the growth in the number of employees compared to the same period in 2011 primarily due to acquisitions.

General and administration – Staff expenses related to our General and administrative operating department increased 22%, or $3 million, to $18 million for the quarter ended March 31, 2012 from $15 million for the same period in 2011. The growth in staff expenses related to our General and administrative operating department is primarily due to the growth in the number of employees and due to an increase in bonus expense compared to the same period in 2011.

Hardware expenses – Hardware expenses for the quarter ended March 31, 2012 remained unchanged at $12 million compared to the same period in 2011.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses for the quarter ended March 31, 2012 increased 13% or $1 million to $14 million, compared to $13 million for the quarter ended March 31, 2011. The increase is primarily due to an increase in maintenance revenue in Q1 2012 as compared to Q1 2011 and due to an acquisition after Q1 2011 that had a relatively high component of third party maintenance costs.

Travel expenses – Travel expenses for the quarter ended March 31, 2012 increased 32% or $2 million to $8 million, compared to $6 million for the quarter ended March 31, 2011. The increase is primarily due to increased travel expenses associated with acquisitions, implementation projects, employee meetings, and corporate relocations.

Other – Other expenses for the quarter ended March 31, 2012 increased 48% or $1 million to $3 million, compared to $2 million for the quarter ended March 31, 2011. The increase is primarily due to fees incurred in connection with the secondary offering of the Company's shares in Q1 2012 and due to an increase in marketing related expenses as compared to the quarter ended March 31, 2011.

Other Expenses:

The following table displays the breakdown of our other expenses:

	Three months ended March 31,		Period-Over-Period Change	
	2012	2011	$	%
	($000, except percentages)			
Depreciation	1,718	2,126	(408)	-19%
Amortization of intangible assets	19,275	18,525	750	4%
Foreign exchange loss	208	2,065	(1,857)	-90%
Equity in net loss of equity investees	882	0	882	NM
Finance income	(1,069)	(368)	(701)	190%
Finance costs	1,018	1,161	(143)	-12%
Income tax expense (recovery)	3,311	(50,963)	54,274	NM
	25,343	(27,454)	52,797	-192%

NM - Not meaningful

Depreciation – Depreciation of property and equipment remained unchanged at $2 million in the quarter ended March 31, 2012 compared to the same period in 2011.

Amortization of intangible assets – Amortization of intangible assets increased by 4% for the quarter ended March 31, 2012 compared to the quarter ended March 31, 2011.

Foreign exchange – Most of our businesses are organized geographically so 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, 2012, our foreign exchange loss was $0.2 million compared to a loss of $2.0 million in the quarter ended March 31, 2011. The foreign exchange loss in the prior year was due to realized losses on settling certain non-USD liabilities and due to holding losses on certain non-USD liabilities.

Equity in net loss of equity investees – Equity in net loss of equity investees increased to negative $1 million for the quarter ended March 31, 2012 compared to nil for the quarter ended March 31, 2011. The negative $1 million primarily relates to our proportionate share of a loss recorded by an equity investee for the twelve months ended December 31, 2011. The loss resulted from an impairment charge on goodwill.

Finance income – Finance income increased to $1 million for the quarter ended March 31, 2012 from $0.4 million for the quarter ended March 31, 2011. The increase in finance income for the quarter is due to gains on available-for-sale equity securities sold during this period.

Finance costs – Finance costs remained unchanged at $1 million for the quarter ended March 31, 2012 compared to the quarter ended March 31, 2011. The quarter ended March 31, 2012 includes a $0.6 million write down of capitalized transaction costs relating to the Company's previous line of credit which were written off as a result of the Company refinancing its line of credit in Q1 2012.

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. The decrease in income tax recovery for the quarter ended March 31, 2012 compared to the same period in 2011 was primarily due to a transfer of certain intangible assets from one subsidiary to another in the same period last year. In the prior year, a deferred tax asset was recorded on the increase in fair market value arising on the sale of intellectual property between entities within the Company at the rate of tax of the entity that acquired the assets notwithstanding that the gains are not otherwise recorded for accounting and financial reporting on consolidation. The deferred income tax recovery recorded through profit or loss represented the amount of these deferred income tax deductions that the Company determined was probable of being utilized for income tax deduction purposes in the future.

Net Income:

Net income for the quarter ended March 31, 2012 was $14 million compared to net income of $62 million for the same period in 2011. On a per share basis this translated into a net income per diluted share of $0.66 in the quarter ended March 31, 2012 compared to net income per diluted share of $2.95 in the quarter ended March 31, 2011. Net income in the quarter ended March 31, 2012 was negatively impacted by the decrease in income tax recovery as discussed under Income taxes above. Excluding income tax recovery, net income increased by 46% to $12 million in the quarter ended March 31, 2012 from $8 million in the quarter ended March 31, 2011. The increase in net income excluding the income tax recovery was primarily due to an increase in Adjusted EBITDA, a decrease in foreign exchange loss and an increase in finance income, offset by an increase in equity in net loss of equity investee.

Adjusted EBITDA:

For Q1 2012, Adjusted EBITDA increased by $4 million to $39 million compared to $35 million in Q1 2011 representing an increase of 12%. Adjusted EBITDA margin was 20% in the first quarter of 2012 and the first quarter of 2011. See "Non-IFRS Measures" for a description of Adjusted EBITDA and Adjusted EBITDA margin.

The following table reconciles Adjusted EBITDA to net income:

	Three months ended March 31,	
	2012	2011
	($000, except percentages)	
Total revenue	$ 195,278	$ 177,632
Net income	13,924	62,488
Adusted for:		
Income tax expense (recovery)	3,311	(50,963)
Foreign exchange loss	208	2,065
Equity in net loss of equity investees	882	0
Finance income	(1,069)	(368)
Finance costs	1,018	1,161
Amortization of intangible assets	19,275	18,525
Depreciation	1,718	2,126
Adjusted EBITDA	39,267	35,034
Adjusted EBITDA margin	20%	20%

Adjusted net income:

For Q1 2012, Adjusted net income increased by $5 million to $32 million compared to $27 million in Q1 2011, representing an increase of 17%. Adjusted net income margin was 16% in the first quarter of 2012 compared to 15% in the comparable period in 2011. The increase in Adjusted net income for the three months ended March 31, 2012 is largely due to an increase in Adjusted EBITDA, a decrease in foreign exchange loss and an increase in finance income offset by a increase in equity in net loss of equity investees. See "Non-IFRS 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 March 31,	
	2012	2011
	($000, except percentages)	
Total revenue	$ 195,278	$ 177,632
Net income	13,924	62,488
Adusted for:		
Amortization of intangible assets	19,275	18,525
Deferred income tax recovery	(1,492)	(53,971)
Adjusted net income	31,707	27,042
Adjusted net income margin	16%	15%

Quarterly Results

	Quarter Ended							
	Jun. 30 2010	Sep. 30 2010	Dec. 31 2010	Mar. 31 2011	Jun. 30 2011	Sep. 30 2011	Dec. 31 2011	Mar. 31 2012
	($000, except per share amounts)							
				Note 1	*Note 1*	*Note 1*		
Revenue	153,545	163,588	171,986	177,632	195,099	202,253	198,357	195,278
Net Income	2,322	8,786	10,877	62,488	55,986	19,305	19,395	13,924
Adjusted Net Income	19,659	22,516	22,546	27,042	33,507	39,717	40,229	31,707
Net Income per share								
Basic & diluted	0.11	0.41	0.51	2.95	2.64	0.91	0.92	0.66
Adjusted Net Income per share								
Basic & diluted	0.93	1.06	1.06	1.28	1.58	1.87	1.90	1.50

The quarterly information is presented in accordance with IFRS.

Note 1: Net income amounts for each of the quarterly periods in the nine months ended September 30, 2011 have been adjusted to correct for out of period errors. This resulted in a reduction of the deferred income tax recovery in profit and loss for each of the quarterly periods in the nine months ended September 30, 2011 totalling $1,741, $2,613 and $2,613 respectively, which have been reflected herein.

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 which may include bargain purchase gains and loss (gain) on the sale of available-for-sale equity securities and other assets.

Acquisition of PTS from Continental

On November 2, 2009, Constellation acquired the Public Transit Solutions business ("PTS") from Continental AG ("Continental") for gross cash consideration of $3 million. The purchase price was a small percentage of PTS' annualized revenues, reflecting its pre-acquisition history of negative cash flows.

Management believes cash flows from operations is useful supplemental information about the performance of the underlying business as certain acquisition related accounting price adjustments and the impact of contract accounting in a business combination under IFRS may result in reported earnings that differ materially from cash flow from operations. A significant amount of working capital was acquired with the PTS business which may have a material positive impact on cash flows from operations should we be able to reduce the level of working capital required in the business.

A number of acquired contracts were recorded at their estimated fair value as of the date of acquisition. Under this treatment, excess profits or costs relative to normalized profitability are recorded as contract assets or liabilities and amortized against revenues over the remaining life of the contract. As a result, the revenue and costs of these contracts reflected through profit or loss will differ from the revenue and costs that would have been recognized under normal course percentage of completion contract accounting.

Cash flows from operations from PTS will fluctuate significantly from quarter to quarter due to the timing of receipt of milestone payments associated with large customer contracts. PTS has contributed $24 million in cash flows from operations since the date of acquisition; however, in the first quarter of 2012, cash flows from operations at PTS were negative $11 million. The negative operating cash flow from Q1 2012 was primarily driven by the payment of 2011 employee bonuses and an increase in net working capital. As part of the PTS acquisition, Constellation also assumed certain long-term contracts that contain contingent liabilities which may, but in management's opinion are unlikely to, exceed $2 million in the aggregate. The contingent liabilities relate to liquidated damages contractually available to customers for breaches of contracts by PTS. The contingent liabilities represent the maximum financial liabilities potentially due to customers less the amounts accrued in connection with the contracts assumed on acquisition.

Supplemental Financial Information for PTS

The table below provides certain supplemental statement of comprehensive income and cash flow information regarding PTS for the three months ended March 31, 2012. PTS 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 flows from operations of each business. Management believes cash flows from operations is useful supplemental information about the performance of the underlying business as certain purchase price adjustments and contract accounting under IFRS may result in reported earnings that differ materially from cash flow from operations.

Supplemental financial information

	For the three months ended March 31, 2012		
(Unaudited)	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Revenue	$ 162,468	$ 32,810	$ 195,278
Adjusted EBITDA	32,611	6,656	39,267
EBITDA as % Total Revenue	20%	20%	20%
Net Income	$ 8,178	$ 5,746	$ 13,924

Cash flows from operating activities:			
Net income	$ 8,178	$ 5,746	$ 13,924
Adjustments to reconcile net income to net cash flows from operations, including taxes paid:	21,780	861	22,641
Change in non-cash operating working capital	(6,536)	(17,808)	(24,344)
Cash flows from operating activities	$ 23,422	$ (11,201)	$ 12,221

Adjusted EBITDA to net income reconciliation

	For the three months ended March 31, 2012		
(Unaudited)	Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Total revenue	$ 162,468	$ 32,810	$ 195,278
Net income	8,178	5,746	13,924
Adjusted for:			
Income tax expense	2,914	397	3,311
Other expenses	691	348	1,039
Amortization of intangible assets	19,275	-	19,275
Depreciation	1,553	165	1,718
Adjusted EBITDA	32,611	6,656	39,267
Adjusted EBITDA margin	20%	20%	20%

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 net cash consideration of $34 million.

As part of the MAJES acquisition, Constellation also assumed certain long-term customer contracts that contain contingent liabilities that may, but in management's opinion are unlikely to, exceed $15 million in the aggregate. The contingent liabilities relate to liquidated damages contractually available to customers for breaches of contracts by MAJES and for estimated damages available to customers for breaches of such contracts by MAJES where such contracts did not contain specified penalties. The contingent liabilities represent the maximum financial liabilities potentially due to customers less the amounts accrued in connection with the contracts assumed on acquisition.

In February 2011, a subsidiary of the Company and MAXIMUS Inc. ("Maximus") received a letter from a customer initiating a dispute resolution process under the customer's contract. The customer alleges that the subsidiary of Constellation and MAXIMUS failed to observe the most favoured customer pricing terms of the contract and also raised a number of issues pertaining to services and products delivered under the contract. The subsidiary of the Company, MAXIMUS and the customer have resolved the issues relating to the most favoured customer pricing terms of the contract without liability to the Company but continue to follow the dispute resolution process for the customer's other allegations. The subsidiary of the Company and the seller of the MAJES assets continue to contest all of the customer's claims. The liability is undefined with respect to the remainder of the claims, however, the contract with the customer has a $9 million limitation of liability clause that the Company believes will apply to all of the claims.

Liquidity

Our net cash position (cash less bank indebtedness) at March 31, 2012 increased to $38 million, from $33 million at December 31, 2011. Borrowings on our line of credit increased by $13 million and cash increased by $15 million. The increase in borrowings on our line of credit was offset by $2 million of financing fees.

Total assets increased $21 million, from $631 million at December 31, 2011 to $652 million at March 31, 2012. The majority of the increase can be explained by an increase in cash of $16 million. The increase in cash was primarily due to funds held as at March 31, 2012 by our transfer agent for the payment of the April 2, 2012 dividend.

Current liabilities increased $23 million, from $321 million at December 31, 2011 to $344 million at March 31, 2012. The increase can be explained by an increase in borrowings on our line of credit of $13 million, an increase in dividends payable of $21 million, and an increase in deferred revenue of $26 million primarily due to acquisitions and the timing of billings versus revenue recognized. This increase was offset by a decrease in accounts payable and accrued liabilities of $35 million primarily due to the payment of 2011 employee bonuses in Q1 2012.

Net Changes in Cash Flow	**Three months ended March 31, 2012**
	(in millions of $)
Net cash provided by operating activities	$12
Net cash from financing activities	11
Net cash used in investing activities	(8)
Effect of currency translation on cash	(0)
Net increase in cash and cash equivalents	$15

The net cash flow from operating activities was $12 million for the three months ended March 31, 2012. The $12 million provided by operating activities resulted from $14 million in net income, plus $25 million of non-cash add backs to net income, offset by $24 million of cash used by changes in our non-cash operating working capital and $3 million in taxes paid. The $24 million of cash used by changes in our non-cash operating working capital was primarily due to the reduction in accounts payable and accrued liabilities resulting from the payment of 2011 employee bonuses in Q1 2012.

The net cash generated in financing activities in the three months ended March 31, 2012 was $11 million, which is mainly a result of an increase in bank indebtedness.

The net cash used in investing activities in the three months ended March 31, 2012 was $8 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $8 million (including payments for holdbacks relating to prior acquisitions).

We believe we have more than sufficient cash 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

On March 13, 2012, we entered into a new credit facility with a syndicate of Canadian chartered banks and U.S. banks in the amount of $300 million which replaced our previous $160 million facility. The credit facility 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. As at March 31, 2012, we had drawn $13 million on this facility. Commitments include operating leases for office equipment and facilities, letters of credit 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 business. Aside from the aforementioned, we do not have any other business arrangements, derivative financial instruments, or any equity interests in non-consolidated entities (aside from our shareholdings in publicly traded companies included in our available for sale securities and our equity investments included in other assets) that would have a significant effect on our assets and liabilities as at March 31, 2012.

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 typically 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 and expenses, as applicable, for the three month period ended March 31, 2012:

	Three Months Ended March 31,2012	
Currencies	% of Revenue	% of Expenses
USD	66%	53%
CAD	10%	22%
GBP	12%	11%
EURO	6%	3%
CHF	2%	6%
Others	4%	4%
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 and letters of credit, all of our liabilities and commitments are reflected on our balance sheet.

Proposed Transactions

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

Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these consolidated financial statements. The relevant standards are listed below.

IFRS 9 Financial Instruments

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

Amendments to IFRS 7 Disclosures – Transfers of Financial Assets

The Company does not expect the amendments to have a material impact on the financial statements, because of the nature of the Company's operations and the types of financial assets that it holds.

IFRS 10 Consolidated Financial Statements

The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 10 to have a material impact on the financial statements.

IFRS 11 Joint Arrangements

The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 11 to have a material impact on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect the amendments to have a material impact on the financial statements, because of the nature and extent of the Company's interests in other entities.

IFRS 13 Fair Value Measurement

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

Amendments to IAS 28 Investments in Associates and Joint Ventures

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

Amendments to IAS 1 Presentation of Financial Statements

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. As the amendments only require changes in the presentation of items in other comprehensive income, the Company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

Amendments to IAS 19 Employee Benefits

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

Amendments to IAS 32 and IFRS 7, Offsetting Financial Assets and Liabilities

The Company intends to adopt the amendments to IFRS 7 in its financial statements for the annual period beginning on January 1, 2013, and the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

Share Capital

On April 3, 2012, 100% of the Class A non-voting shares were converted to common shares, on a one-for-one basis. As at May 2, 2012, there were 21,191,530 common shares outstanding.

Risks and Uncertainties

A complete description of the risks and uncertainties affecting the Company is included in the 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.

Canada Revenue Agency Reassessment and Other Tax Uncertainties

In April 2012, the Company received a letter from the Canadian Revenue Agency ("CRA") indicating its intention to reassess one of the Company's subsidiaries for the 2004 tax year. CRA is proposing to increase taxable income by approximately $20 million relating to a gain on the sale of intangible property between entities under common control. The Company believes the proposed reassessment is without merit and as such no provision has been recorded in the accompanying financial statements. The Company is subject to various other income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of current outstanding audits and claims remains uncertain, it is expected that they will be resolved without a material impact to the Company's financial position. However, there can be no assurances as to the final resolution of these matters and, if the final outcome is adverse to the Company, the amounts the Company is required to pay and the loss of certain future tax deductions could be material to these financial statements.

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, 2012, 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:

In accordance with National Instrument 52-109 which requires certification of disclosure in issuers' interim filings, the President and Chief Financial Officer have designed or caused it to be designed under their supervision, disclosure controls and procedures to provide reasonable assurance that (i) information required to be disclosed by the Company in its quarterly filings or other reports filed or submitted by it under applicable securities legislation is recorded, processed, summarized and reported within the prescribed time periods, and (ii) material information regarding the Company is accumulated and communicated to the Company's management, including its President and Chief Financial Officer in a timely manner.

In addition, the President and Chief Financial Officer have designed or caused it to be designed under their supervision internal controls over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes. The control framework the President and the Chief Financial Officer used to design the Company's ICFR is recognized by the Committee of Sponsoring Organizations of the Treadway Commission.

The President and the Chief Financial Officer have evaluated, or caused to be evaluated under their supervision, whether or not there were changes to its ICFR during the three-month period ended March 31, 2012 that have materially affected, or are reasonably likely to materially affect the Company's ICFR. No such changes were identified through their evaluation.

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

CONSTELLATION SOFTWARE INC.

For the three months ended March 31, 2012 and 2011

CONSTELLATION SOFTWARE INC.

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

(Unaudited)

	March 31, 2012	December 31, 2011
Assets		
Current assets:		
Cash	$ 48,813	$ 33,492
Equity securities available-for-sale (note 5)	23,382	21,222
Accounts receivable	103,100	100,398
Work in progress	29,209	26,244
Inventories	15,205	13,539
Other assets (note 6)	27,702	25,633
	247,411	220,528
Non-current assets:		
Property and equipment	14,401	14,591
Deferred income taxes	101,636	99,659
Other assets (note 6)	26,205	28,005
Intangible assets	262,756	267,792
	404,998	410,047
Total assets	$ 652,409	$ 630,575
Liabilities and Shareholders' Equity		
Current liabilities:		
Bank indebtedness (note 7)	$ 11,198	$ -
Accounts payable and accrued liabilities	80,158	114,952
Dividends payable (note 10)	21,192	-
Deferred revenue	207,032	181,450
Provisions (note 8)	3,162	3,555
Acquired contract liabilities	1,438	4,750
Acquisition holdback payments	13,254	11,378
Income taxes payable	7,058	4,751
	344,492	320,836
Non-current liabilities:		
Deferred income taxes	12,423	11,259
Acquired contract liabilities	29,365	28,051
Acquisition holdback payments	2,723	2,474
Other liabilities	10,725	11,675
	55,236	53,459
Total liabilities	399,728	374,295
Shareholders' equity (note 10):		
Capital stock	99,283	99,283
Accumulated other comprehensive income	10,630	6,961
Retained earnings	142,768	150,036
	252,681	256,280
Subsequent events (notes 10,15,17)		
Total liabilities and shareholders' equity	$ 652,409	$ 630,575

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

Three months ended March 31, 2012 and 2011
(Unaudited)

	2012	2011 (Recast - Note 2)
Revenue (note 11)	$ 195,278	$ 177,632
Expenses		
Staff	105,631	95,919
Hardware	12,227	12,121
Third party license, maintenance and professional services	14,246	12,663
Occupancy	4,625	4,588
Travel	8,246	6,268
Telecommunications	2,497	2,537
Supplies	3,432	4,163
Professional fees	1,845	2,136
Other	3,262	2,203
Depreciation	1,718	2,126
Amortization of intangible assets	19,275	18,525
	177,004	163,249
Foreign exchange loss	208	2,065
Equity in net loss of equity investees	882	-
Finance income (note 12)	(1,069)	(368)
Finance costs (note 12)	1,018	1,161
	1,039	2,858
Profit before income tax	17,235	11,525
Current income tax expense	4,803	3,008
Deferred income tax recovery	(1,492)	(53,971)
Income tax expense (recovery) (note 9)	3,311	(50,963)
Net income	13,924	62,488
Net change in fair value on available-for-sale financial assets during the period	3,848	3,325
Net unrealized foreign exchange adjustment gain on available-for-sale financial assets during the period	121	209
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments	(1,032)	(334)
Foreign currency translation differences from foreign operations	1,141	1,103
Current tax expense	(78)	-
Deferred tax expense	(331)	(480)
Other comprehensive income for the period, net of income tax	3,669	3,823
Total comprehensive income for the period	$ 17,593	$ 66,311
Earnings per share Basic and diluted (note 13)	$ 0.66	$ 2.95

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)

Three months ended March 31, 2012
(Unaudited)

	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			
Balance at January 1, 2012	**$ 99,283**	**$ 182**	**$ 6,779**	**$ 6,961**	**$ 150,036**	**$ 256,280**
Total comprehensive income for the period						
Net income					13,924	13,924
Other comprehensive income (loss)						
Net change in fair value on available-for-sale financial assets during the period			3,848	3,848	-	3,848
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period			121	121	-	121
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments			(1,032)	(1,032)	-	(1,032)
Foreign currency translation differences from foreign operations		1,141		1,141	-	1,141
Current tax expense		(78)		(78)		(78)
Deferred tax expense		(11)	(320)	(331)	-	(331)
Total other comprehensive income for the period		**1,052**	**2,617**	**3,669**	**-**	**3,669**
Total comprehensive income for the period		**1,052**	**2,617**	**3,669**	**13,924**	**17,593**
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company (note 10)					(21,192)	(21,192)
Balance at March 31, 2012	**$ 99,283**	**$ 1,234**	**$ 9,396**	**$ 10,630**	**$ 142,768**	**$ 252,681**

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)

Three months ended March 31, 2011
(Unaudited)

	Capital stock	Accumulated other comprehensive income/(loss)		Total accumulated other comprehensive income/(loss)	Retained earnings (Recast - Note 2)	Total
		Cumulative translation account	Amounts related to gains/losses on available-for-sale financial assets			
Balance at January 1, 2011	**$ 99,283**	**$ 432**	**$ 7,143**	**$ 7,575**	**$ 36,193**	**$ 143,051**
Total comprehensive income for the period						
Net income					62,488	62,488
Other comprehensive income (loss)						
Net change in fair value on available-for-sale financial assets during the period			3,325	3,325	-	3,325
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period			209	209	-	209
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments			(334)	(334)	-	(334)
Foreign currency translation differences from foreign operations		1,103	-	1,103	-	1,103
Deferred tax expense			(480)	(480)	-	(480)
Total other comprehensive income (loss) for the period		**1,103**	**2,720**	**3,823**	**-**	**3,823**
Total comprehensive income for the period		**1,103**	**2,720**	**3,823**	**62,488**	**66,311**
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company (note 10)					(42,384)	(42,384)
Balance at March 31, 2011	**$ 99,283**	**$ 1,535**	**$ 9,863**	**$ 11,398**	**$ 56,297**	**$ 166,978**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

Three months ended March 31, 2012 and 2011
(Unaudited)

	2012	2011 (Recast - Note 2)
Cash flows from operating activities:		
Net income	$ 13,924	$ 62,488
Adjustments for:		
Depreciation	1,718	2,126
Amortization of intangible assets	19,275	18,525
Equity in net earnings of equity investees	882	-
Finance income	(1,069)	(368)
Finance costs	1,018	1,161
Income tax expense (recovery)	3,311	(50,963)
Foreign exchange loss	208	2,065
Change in non-cash operating working capital (note 16)	(24,344)	(13,376)
Income taxes paid	(2,702)	(2,379)
Net cash flows from operating activities	12,221	19,279
Cash flows from financing activities:		
Interest paid	(336)	(887)
Increase in other non current liabilities	(200)	87
Increase in bank indebtedness, net	13,000	38,644
Credit facility financing fees	(1,840)	-
Dividends paid	-	(42,384)
Net cash flows from financing activities	10,624	(4,540)
Cash flows from investing activities:		
Acquisition of businesses, net of cash acquired (note 4)	(7,807)	(10,391)
Post-acquisition settlement payments, net of receipts	(501)	(1,052)
Purchases of available-for-sale equity securities	-	(1,249)
Proceeds from sale of available-for-sale equity securities	1,808	643
Increase in restricted cash	-	450
Interest received	38	37
Property and equipment purchased	(1,290)	(2,599)
Cash flows provided for (used in) investing activities	(7,752)	(14,161)
Effect of currency translation adjustment on cash and cash equivalents	228	(1,346)
Increase (decrease) in cash and cash equivalents	15,321	(768)
Cash, beginning of period	33,492	30,911
Cash, end of period	$ 48,813	$ 30,143

See accompanying notes to the condensed consolidated interim financial statements.

Notes to the consolidated 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 three month period ended March 31, 2012 comprise Constellation and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. The Company, through its operating groups, 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	Public safety
Para transit operators	Criminal justice	Healthcare
School transportation	Law enforcement	Public housing authorities
Non-emergency medical	Taxi dispatch	Housing finance agencies
Ride share	Electric utilities	Municipal treasury & debt systems
Local government	Water utilities	Real estate brokers and agents
Agri-business	Municipal systems	Court
Rental	School administration	

Private Sector:

Private clubs & daily fee golf courses	Homebuilders	Cabinet manufacturers
Construction	Lease management	Made-to-order manufacturers
Food services	Winery management	Window and other dealers
Health clubs	Buy here pay here dealers	Multi-carrier shipping
Moving and storage	RV and marine dealers	Supply chain optimization
Metal service centers	Pulp & paper manufacturers	Multi-channel distribution
Attractions	Real estate brokers and agents	Wholesale distribution
Leisure centers	Outdoor equipment dealerships	Third party logistics
Education	Window manufacturers	

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

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 2011 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 May 2, 2012, the date the Board of Directors approved the condensed consolidated interim financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2012 could result in a restatement of these condensed consolidated interim financial statements.

These condensed consolidated interim financial statements should be read in conjunction with the Company's 2011 annual consolidated financial statements.

Recast of prior period financial information

Net income for the three months ended March 31, 2011 has been adjusted to correct for an error. This error resulted in a reduction of the deferred income tax recovery recognized in profit and loss for the period totalling $1,741. Accordingly, the condensed consolidated interim statements of comprehensive income, changes in equity, and cash flows for the three months ended March 31, 2011 have been adjusted for this correction.

	Previously Reported	Recast
Deferred income tax recovery	(55,712)	(53,971)
Net income	64,229	62,488
Earnings per share		
Basic and diluted	$ 3.03	$ 2.95

(b) Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for available-for-sale financial assets, certain assets and liabilities initially recognized in connection with business combinations, and derivative financial instruments, which are measured at 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. 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 2011 annual consolidated financial statements, and have been applied consistently to all periods presented in these condensed consolidated interim financial statements.

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

<u>New standards and interpretations not yet adopted</u>

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2012, and have not been applied in preparing these consolidated financial statements. The relevant standards are listed below.

IFRS 9 Financial Instruments

IFRS 9 (2010) supersedes IFRS 9 (2009) and is effective for annual periods beginning on or after January 1, 2015, with early adoption permitted. For annual periods beginning before January 1, 2015, either IFRS 9 (2009) or IFRS 9 (2010) may be applied.

The Company intends to adopt IFRS 9 (2010) in its financial statements for the annual period beginning on January 1, 2015. The extent of the impact of adoption of IFRS 9 (2010) has not yet been determined.

Amendments to IFRS 7 Disclosures – Transfers of Financial Assets

The Company does not expect the amendments to have a material impact on the financial statements, because of the nature of the Company's operations and the types of financial assets that it holds.

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The Company intends to adopt IFRS 10 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 10 to have a material impact on the financial statements.

IFRS 11 Joint Arrangements

The Company intends to adopt IFRS 11 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect IFRS 11 to have a material impact on the financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The Company intends to adopt IFRS 12 in its financial statements for the annual period beginning on January 1, 2013. The Company does not expect the amendments to have a material impact on the financial statements, because of the nature and extent of the Company's interests in other entities.

IFRS 13 Fair Value Measurement

The Company intends to adopt IFRS 13 prospectively in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of IFRS 13 has not yet been determined.

Amendments to IAS 28 Investments in Associates and Joint Ventures

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

Amendments to IAS 1 Presentation of Financial Statements

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. As the amendments only require changes in the presentation of items in other comprehensive income, the Company does not expect the amendments to IAS 1 to have a material impact on the financial statements.

Amendments to IAS 19 Employee Benefits

The Company intends to adopt the amendments in its financial statements for the annual period beginning on January 1, 2013. The extent of the impact of adoption of the amendments has not yet been determined.

Amendments to IAS 32 and IFRS 7, Offsetting Financial Assets and Liabilities

The Company intends to adopt the amendments to IFRS 7 in its financial statements for the annual period beginning on January 1, 2013, and the amendments to IAS 32 in its financial statements for the annual period beginning January 1, 2014. The extent of the impact of adoption of the amendments has not yet been determined.

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

4. Business acquisitions

During the three months ended March 31, 2012, the Company closed four acquisitions for aggregate cash consideration of $9,138 plus cash holdbacks of $2,682, resulting in total consideration of $11,820. The Company acquired 100% of the shares of all four companies. The holdbacks are payable over a 3-year period and are adjusted, as necessary, for claims under the respective representations and warranties of the agreements.

The acquisitions include software companies catering to health clubs, school administration, and asset management, 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. 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, and to a lesser extent, synergies with existing businesses of Constellation and other intangibles that do not qualify for separate recognition including assembled workforce. Goodwill in the amount of $1,159 is expected to be deductible for income tax purposes.

Due to the complexity and timing of certain acquisitions made in the latter part of the quarter, the Company is still in the process of determining and finalizing the fair value of the assets and liabilities acquired as part of the acquisitions. The amounts determined on a provisional basis generally relate to net tangible asset assessments and measurement of the assumed liabilities. Two of the acquisitions have been included in the private reportable segment and two have been included in the public reportable segment.

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Cash	$ 1,302	$ 29	$ 1,331
Accounts receivable	1,578	763	2,341
Other current assets	220	588	808
Property and equipment	129	33	162
Technology assets	6,063	1,274	7,337
Customer assets	3,269	403	3,672
	12,561	3,090	15,651
Liabilities assumed:			
Current liabilities	1,101	743	1,844
Deferred revenue	1,969	526	2,495
Deferred income taxes	-	407	407
Other long term liabilities	83	161	244
	3,153	1,837	4,990
Goodwill	1,159	-	1,159
Total cash consideration	**$ 10,567**	**$ 1,253**	**$ 11,820**

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

The acquisitions include contingent consideration payable on the achievement of certain revenue targets. The obligation for contingent consideration for acquisitions during the three months ended March 31, 2012 has been recorded at its estimated fair value, which has been determined to be $637 at the various acquisition dates. As part of these arrangements, which included both the maximum and unlimited contingent consideration amounts, the estimated outcome is not expected to exceed a maximum of $1,730. Aggregate contingent consideration of $7,769 (December 31, 2011 - $7,166) has been reported in the statement of financial position at its estimated fair value relating to applicable acquisitions completed in the current and prior periods.

The 2012 business acquisitions contributed revenue of $1,453 and net loss of $167 during the three months ended March 31, 2012. Revenue and net loss amounts from acquisitions included in the Public sector were $856 and $59, respectively. Revenue and net loss amounts from acquisitions included in the Private sector were $597 and $108, respectively. If the acquisitions would have occurred on January 1, 2012, management estimates that consolidated revenue would have been $196,110 and consolidated net income for the period would have been $13,880 as compared to the amounts reported in the statement of comprehensive income for the period. In determining these amounts, management has assumed that the fair value adjustments that arose on the date of acquisitions would have been the same if the acquisition had occurred on January 1, 2012. The net loss from acquisitions is primarily caused by the associated amortization of intangible assets recognized as if the acquisitions had occurred on January 1, 2012.

5. Equity securities available-for-sale

At March 31, 2012, the Company held investments in three (December 31, 2011 – three) public companies listed in the U.S. and Canada, all of which develop and sell software solutions. All investments have been designated as available-for-sale. A certain amount of common shares of one of the investments held by the Company were sold during the period and, accordingly, a gain on sale of $1,032 was recognized in profit or loss.

	March 31, 2012		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value
Common shares	$ 12,553	$ 23,382	$ 13,330	$ 21,222

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

6. Other Assets

		March 31, 2012		December 31, 2011
Prepaid assets	$	23,608	$	22,432
Investment tax credits recoverable		4,094		3,201
Total current	$	27,702	$	25,633
Investment tax credits recoverable	$	7,539	$	8,271
Non-current trade and other receivables		2,145		2,508
Equity accounted investees		13,652		14,534
Acquired contract assets (i)		2,869		2,692
Total non-current	$	26,205	$	28,005

7. Bank indebtedness

On March 13, 2012, Constellation entered into a new credit facility with a syndicate of Canadian chartered banks and U.S. banks in the amount of $300,000 (December 31, 2011 - $160,000). The revolving line-of-credit bears a variable interest rate and is due in full on February 29, 2016 with no fixed repayments required over the term to maturity. Interest rates are calculated at prime or LIBOR plus interest rate spreads based on a leverage table that considers Constellation's indebtedness at that time. The line-of-credit is secured by a general security agreement covering the majority of Constellation's and its subsidiaries' present and future real and personal property, assets and undertaking, including all shares, partnership interests and other equity interests held in the capital of any other company; and is subject to various debt covenants. As at March 31, 2012, $13,000 (December 31, 2011 - nil) had been drawn from this credit facility, and letters of credit totalling $280 (December 31, 2011 - $385) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. Transaction costs associated with the new line-of-credit 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 period relating to this line-of-credit amounted to $38. As at March 31, 2012, the carrying amount of such costs totalling $1,802 has been classified as part of bank indebtedness in the statement of financial position. Capitalized costs relating to the operating line-of-credit in place at December 31, 2011 amounted to $644, and have been expensed to finance costs during the period.

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

8. Provisions

At December 31, 2011	$	3,555
Reversal		-
Provisions recorded during the period		810
Provisions used during the period		(1,231)
Effect of movements in foreign exchange		28
At March 31, 2012	$	3,162

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

9. Income taxes

Income tax expense is recognized on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period. As a result of foreign exchange fluctuations, acquisitions and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, the Company has determined that a reasonable estimate of a weighted average annual tax rate cannot be determined on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the three months ended March 31, 2012 was 19 percent (three months ended March 31, 2011 – negative 442 percent). The significant change in the effective tax rate period over period was due to the recognition of a future tax recovery related to inter-jurisdictional transfers of certain intangible assets within the Company during the three months ended March 31, 2011. Deferred tax assets were recorded on the increase in fair market value arising on the transfers. The deferred income tax recovery recorded through profit or loss represents the amount of the temporary differences that the Company has determined is probable of being utilized for income tax deduction purposes in the future. The Company does not expect a similar deferred income tax recovery in the year ending December 31, 2012.

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

10. Capital and other components of equity

Capital Stock

The authorized share capital of Constellation consists of an unlimited number of common shares and an unlimited number of Class A non-voting shares. The rights and privileges of the Class A non-voting shares entitle the holders of such shares to distributions, if and when declared by the Board of Directors provided an equivalent dividend is paid rateably on the common shares at the same time. The holders of the common shares will participate rateably with the holders of the Class A non-voting shares in any distribution of assets, or liquidation, dissolution or winding up of the Company's assets. The holders of the Class A non-voting shares are entitled to convert such shares, at any time into common shares, on a one-for-one basis.

On April 3, 2012, 100% of the Class A non-voting shares were converted to common shares, on a one-for-one basis.

	Common Shares		Class A non-voting		Total	
	Number	Amount	Number	Amount	Number	Amount
March 31, 2012 and December 31, 2011	17,503,530	$ 86,794	3,688,000	$ 12,489	21,191,530	$ 99,283
April 3, 2012	21,191,530	$ 99,283	-	$ -	21,191,530	$ 99,283

Accumulated other comprehensive income (loss)

Accumulated other comprehensive income (loss) is comprised of the following separate components of equity:

Cumulative translation account
The cumulative translation account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as foreign exchange gains and losses arising from monetary items that form part of the net investment in the foreign operation.

Amounts related to available-for-sale financial assets
Available-for-sale differences comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are sold/derecognized or impaired.

Dividends

During the three months ended March 31, 2012 the Board of Directors approved and the Company declared dividends of $1.00 per common and class A non-voting share (2011 - $2.00 per share). The dividend of $21,192 was paid and settled on April 2, 2012.

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

11. Revenue

The Company sub-classifies revenue within the following components: license revenue, professional services revenue, hardware and other revenue, and maintenance and other recurring revenue. Software license revenue is comprised of license fees charged for the use of software products licensed under multiple-year or perpetual arrangements in which the fair value of maintenance and/or professional service fees are determinable. Professional service revenue consists of fees charged for implementation services, custom programming, product training and consulting. Hardware and other revenue includes the resale of third party hardware as part of customized solutions, as well as sales of hardware assembled internally. Maintenance and other recurring revenue primarily consists of fees charged for customer support on software products post-delivery and also includes recurring fees derived from combined software/support contracts, transaction revenues, and hosted products.

	Three months ended March 31,	
	2012	2011
License revenue	$ 14,940	$ 15,211
Professional services revenue	42,127	41,789
Hardware and other revenue	25,355	24,007
Maintenance and other recurring revenue	112,856	96,625
Total	**$ 195,278**	**$ 177,632**

Revenues from contract accounting are allocated to license revenue, professional service revenue and hardware revenue based on their relative fair value and the amount recognized is determined using the percentage of completion method.

Advances for which the related work has not started, and billings in excess of costs incurred and recognized profits, are presented as deferred revenue.

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

12. Finance income and finance costs

	Three months ended March 31, 2012		2011	
Gain on sale of available-for-sale financial assets transferred from equity	$	(1,032)	$	(334)
Other interest income		(37)		(34)
Finance income	$	(1,069)	$	(368)
Interest expense on bank indebtedness	$	217	$	808
Amortization of debt related transaction costs		682		177
Other interest expense		119		176
Finance costs	$	1,018	$	1,161

13. Earnings per share

Basic and diluted earnings per share

	Three months ended March 31, 2012		2011 (Recast - Note 2)	
Numerator:				
Net income	$	13,924	$	62,488
Denominator:				
Basic and diluted shares outstanding		21,192		21,192
Earnings per share				
Basic and diluted	$	0.66	$	2.95

14. Operating Segments

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

Reportable segments

The Company has six operating segments, which have been aggregated into two reportable segments in accordance with IFRS 8 Operating Segments. The Company's Public Sector segment develops and distributes software solutions primarily to government and government-related customers. The Company's Private Sector segment develops and distributes software solutions primarily to commercial customers.

The determination that the Company has two reportable segments is based primarily on the conclusion that differences in economic cycles and procedures for securing contracts between our governmental clients and commercial, or private sector clients are significant enough to warrant distinct segmented disclosures.

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

Intercompany-expenses (income) represent management fees charged by Constellation's head office to the reportable segments.

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

Three months ended March 31, 2012	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 138,232	$ 57,046	$ -	$ 195,278
Expenses				
Staff	73,574	32,057	-	105,631
Hardware	10,537	1,690	-	12,227
Third party licenses, maintenance and professional services	9,319	4,927	-	14,246
Occupancy	3,193	1,432	-	4,625
Travel	6,407	1,839	-	8,246
Telecommunications	1,627	870	-	2,497
Supplies	2,655	777	-	3,432
Professional fees	1,162	683	-	1,845
Other	1,790	1,472	-	3,262
Depreciation	1,211	413	94	1,718
Amortization of intangible assets	13,590	5,685	-	19,275
	125,065	51,845	94	177,004
Foreign exchange (gain) loss	822	506	(1,120)	208
Equity in net loss of equity investees	-	-	882	882
Finance income	(15)	(19)	(1,035)	(1,069)
Finance costs	43	76	899	1,018
Inter-company expenses (income)	5,282	2,182	(7,464)	-
	6,132	2,745	(7,838)	1,039
Profit before income tax	7,035	2,456	7,744	17,235
Current income tax expense (recovery)	3,643	1,793	(633)	4,803
Deferred income tax expense (recovery)	(671)	(1,119)	298	(1,492)
Income tax recovery	2,972	674	(335)	3,311
Net income	4,063	1,782	8,079	13,924

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

Three months ended March 31, 2011	Public Sector	Private Sector	Other	Consolidated Total
				(Recast - Note 2)
Revenue	$ 130,950	$ 46,682	$ -	$ 177,632
Expenses				
Staff	68,971	26,948	-	95,919
Hardware	10,482	1,639	-	12,121
Third party licenses, maintenance and professional services	8,865	3,798	-	12,663
Occupancy	3,275	1,313	-	4,588
Travel	4,922	1,346	-	6,268
Telecommunications	1,785	752	-	2,537
Supplies	3,501	662	-	4,163
Professional fees	1,568	568	-	2,136
Other	942	1,261	-	2,203
Depreciation	1,693	433	-	2,126
Amortization of intangible assets	13,810	4,715	-	18,525
	119,814	43,435	-	163,249
Foreign exchange (gain) loss	636	1,171	258	2,065
Finance income	(9)	(19)	(340)	(368)
Finance costs	60	39	1,062	1,161
Inter-company expenses (income)	4,260	1,985	(6,245)	-
	4,947	3,176	(5,265)	2,858
Profit before income tax	6,189	71	5,265	11,525
Current income tax expense (recovery)	2,830	754	(576)	3,008
Deferred income tax recovery	(36,551)	(16,940)	(480)	(53,971)
Income tax recovery	(33,721)	(16,186)	(1,056)	(50,963)
Net income	39,910	16,257	6,321	62,488

15. 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.

On September 30, 2008, the Company acquired certain assets and liabilities of Maximus Inc.'s Asset, Justice, and Education Solutions businesses ("MAJES"). As part of the acquisition, the Company also acquired certain long-term contracts that contain contingent liabilities which may, but are unlikely to, exceed $15 million in the aggregate. The contingent liabilities relate to liquidated damages contractually available to customers for breaches of contracts by MAJES and for estimated damages available to customers for breaches of such contracts by MAJES where such contracts did not contain specified penalties. The contingent liabilities represent the difference between the maximum financial liabilities potentially due to customers less the amounts accrued in connection with the contracts assumed on acquisition.

In February 2011, a subsidiary of the Company and MAXIMUS Inc. ("Maximus") received a letter from a customer initiating a dispute resolution process under the customer's contract. The customer alleges that the subsidiary of Constellation and MAXIMUS failed to observe the most favoured customer pricing terms of the contract and also raised a number of issues pertaining to services and products delivered under the contract. The subsidiary of the Company, MAXIMUS and the customer have resolved the issues relating to the most favoured customer pricing terms of the contract without liability to the Company but continue to follow the dispute resolution process for the customer's other allegations. The subsidiary of the Company and the seller of the MAJES assets continue to contest all of the customer's claims. The liability is undefined with respect to the remainder of the claims, however, the contract with the customer has a $9 million limitation of liability clause that the Company believes will apply to all of the claims.

On November 2, 2009, the Company acquired certain assets and liabilities of the Public Transit Solutions ("PTS") business of Continental Automotive AG. The Company also acquired contingent liabilities related to certain long-term contracts that may, but are unlikely to, exceed $2 million in the aggregate. The contingent liabilities relate to liquidated damages contractually available to customers for breaches of contracts by PTS. The contingent liabilities represent the difference between the maximum financial liabilities potentially due to customers less the amounts accrued in connection with the contracts assumed on acquisition.

In April 2012, the Company received a letter from the Canadian Revenue Agency ("CRA") indicating its intention to reassess one of the Company's subsidiaries for the 2004 tax year. CRA is proposing to increase taxable income by approximately $20 million relating to a gain on the sale of property between entities under common control. The Company believes the proposed reassessment is without merit and as such no provision has been recorded in these financial statements. The Company is subject to various other income tax audits by various authorities in respect of prior periods that could result in additional tax expense in future periods. While the outcome of current outstanding audits and claims remains uncertain, it is expected that they will be resolved without a material impact to the Company's financial position. However, there can be no assurances as to the final resolution of these matters and, if the final outcome is adverse to the Company, the amounts the Company is required to pay and the loss of certain future tax deductions could be material to these financial statements.

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

16. Changes in non-cash operating working capital

	Three months ended March 31, 2012	Three months ended March 31, 2011
Decrease (increase) in accounts receivable	$ 773	$ (2,001)
Increase in work in progress	(2,735)	(2,178)
(Increase) decrease in other current assets	(2,081)	783
Increase in inventory	(735)	(1,873)
Decrease (increase) in long term assets	1,067	(750)
Change in acquired contract assets and liabilities	(2,558)	(6,937)
Decrease in other non-current liabilities	(829)	(117)
Decrease in accounts payable and accrued liabilities excluding holdbacks from acquisitions	(37,946)	(24,582)
Increase in deferred revenue	21,490	24,279
Decrease in provisions	(790)	-
	$ (24,344)	$ (13,376)

17. Subsequent events

Subsequent to March 31, 2012, the Company acquired the net assets of one and the shares of three separate entities for aggregate cash consideration of $12,095 on closing plus holdbacks of $3,459. The business acquisitions include companies catering to the radiology/laboratory information systems, utilities, lease management, and fitness markets, and are all software businesses similar to existing businesses of the Company. One of the business acquisitions will be included in our Public Sector segment and three in our Private Sector segment. The Company has not yet completed its provisional assessment in respect of the estimated fair value of assets and liabilities acquired as of the date these financial statements were authorized for issue due to the timing of the above-noted acquisitions.

On May 2, 2012 the Company declared a $1.00 per share dividend that is payable on July 4, 2012 to all common shareholders of record at close of business on June 18, 2012.