Constellation Software Inc.

INTERIM FINANCIAL REPORT

Third Quarter Fiscal Year 2011

For the three and nine month periods ended
September 30, 2011
(UNAUDITED)

CONSTELLATION SOFTWARE INC.

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

The following discussion and analysis should be read in conjunction with the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2011, which we prepared in accordance with International Financial Reporting Standards ("IFRS") and with our Annual Consolidated Financial Statements for the year ended December 31, 2010, which we prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). 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 Constellation Software Inc. (the "Company" or "Constellation"), 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, including those under 'outlook', 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, November 2, 2011. 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 deducting finance income, finance costs, income taxes, 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 non-cash 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 flows and revenue growth during the past several years.

Our revenue consists primarily of software license fees, maintenance 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 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 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, 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 expenses, the cost of hardware to be resold, third party licenses, maintenance and professional services, and other general operating expenses.

Results of Operations

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

	Three months ended September 30, 2011	Three months ended September 30, 2010	Period-Over-Period Change $	Period-Over-Period Change %	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Period-Over-Period Change $	Period-Over-Period Change %
Revenue	**202,253**	**163,588**	**38,665**	**24%**	**574,984**	**461,979**	**113,005**	**24%**
Expenses	157,818	131,749	26,069	20%	453,753	378,315	75,438	20%
Adjusted EBITDA	**44,435**	**31,839**	**12,596**	**40%**	**121,231**	**83,664**	**37,567**	**45%**
Depreciation	1,957	1,964	(7)	0%	6,039	4,728	1,311	28%
Amortization of intangible assets	19,135	16,782	2,353	14%	55,733	48,666	7,067	15%
Impairment of non-financial assets	518	-	518	NM	518	-	518	NM
Foreign exchange (gain) loss	(905)	1,622	(2,527)	-156%	3,028	2,043	985	48%
Finance income	(2,795)	(306)	(2,489)	813%	(6,167)	(900)	(5,267)	585%
Finance costs	1,462	1,315	147	11%	4,589	3,672	917	25%
Profit before income taxes	25,063	10,462	14,601	140%	57,491	25,455	32,036	126%
Income taxes expense (recovery)								
Current income tax expense	4,999	4,728	271	6%	13,476	13,034	442	3%
Deferred income tax recovery	(1,854)	(3,052)	1,198	-39%	(100,731)	(6,718)	(94,013)	NM
Income tax expense (recovery)	3,145	1,676	1,469	88%	(87,255)	6,316	(93,571)	NM
Net income	**21,918**	**8,786**	**13,132**	**149%**	**144,746**	**19,139**	**125,607**	**656%**
Adjusted net income	**39,717**	**22,516**	**17,201**	**76%**	**100,266**	**61,087**	**39,179**	**64%**
Weighted average number of shares outstanding (000's)								
Basic and diluted	21,192	21,192			21,192	21,192		
Net income per share								
Basic and diluted	$ 1.03	$ 0.41	$ 0.62	149%	$ 6.83	$ 0.90	$ 5.93	656%
Adjusted EBITDA per share								
Basic and diluted	$ 2.10	$ 1.50	$ 0.59	40%	$ 5.72	$ 3.95	$ 1.77	45%
Adjusted net income per share								
Basic and diluted	$ 1.87	$ 1.06	$ 0.81	76%	$ 4.73	$ 2.88	$ 1.85	64%

NM - Not meaningful

Comparison of the three and nine months ended September 30, 2011 and 2010

Revenue:

Total revenue for the quarter ended September 30, 2011 was $202 million, an increase of 24%, or $38 million, compared to $164 million for the comparable period in 2010. For the first nine months of 2011 total revenues were $575 million, an increase of 24%, or $113 million, compared to $462 million for the comparable period in 2010. The increase for both the three and nine month periods compared to the same periods in the prior year is attributable to both growth from acquisitions and organic growth. Organic growth was 11% for the third quarter and 10% for the nine months ended September 30, 2011. For business acquisitions, organic growth is calculated as the difference between actual revenues achieved by each business in the financial period following acquisition compared to the revenues it 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 6% in Q3 2011 and 6% for the nine months ended September 30, 2011.

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

Organic Revenue Growth

	Three months ended September 30, 2011	Nine months ended September 30, 2011
Constellation	11%	10%
Constellation excluding PTS	6%	6%

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

Software license revenue for the quarter ended September 30, 2011 was $15 million, an increase of 14%, or $2 million, compared to $13 million in the same period in 2010. During the nine months ended September 30, 2011, license revenue increased by 28% or $10 million to $45 million, from $35 million for the same period in 2010. Professional services revenue for the quarter ended September 30, 2011 increased by 6%, or $3 million to $46 million, from $43 million for the same period in 2010. During the nine months ended September 30, 2011, professional services revenue increased by 7% or $8 million to $135 million, from $127 million for the same period in 2010. Hardware and other revenue for the quarter ended September 30, 2011 increased by 58%, or $12 million to $32 million from $20 million for the same period in 2010. During the nine months ended September 30, 2011, hardware and other revenue increased by 60%, or $31 million to $83 million from $52 million for the same period in 2010. Maintenance revenue for the quarter ended September 30, 2011 increased by 26%, or $23 million to $110 million, from $87 million for the same period in 2010. During the nine months ended September

30, 2011, maintenance revenue increased by 26% or $64 million to $312 million, from $248 million for the same period in 2010. The following table displays the breakdown of our revenue according to revenue type:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2011	2010	$	%	2011	2010	$	%
	($000, except percentages)				($000, except percentages)			
Licenses	14,545	12,805	1,740	14%	44,519	34,737	9,782	28%
Professional services	45,724	43,094	2,630	6%	135,129	126,791	8,338	7%
Hardware and other	32,054	20,313	11,741	58%	83,158	52,087	31,071	60%
Maintenance	109,930	87,376	22,554	26%	312,178	248,364	63,814	26%
	202,253	163,588	38,665	24%	574,984	461,979	113,005	24%

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 and nine months ended September 30, 2011 compared to the same periods in 2010:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2011	2010	$	%	2011	2010	$	%
	($000, except percentages)				($000, except percentages)			
Public Sector								
Licenses	9,832	9,044	788	9%	30,592	25,375	5,217	21%
Professional services	36,706	35,470	1,236	3%	109,200	105,850	3,350	3%
Hardware and other	29,035	17,772	11,263	63%	74,311	46,013	28,298	62%
Maintenance	74,269	58,878	15,391	26%	212,929	169,291	43,638	26%
	149,842	121,164	28,678	24%	427,032	346,529	80,503	23%
Private Sector								
Licenses	4,713	3,761	952	25%	13,927	9,362	4,565	49%
Professional services	9,018	7,624	1,394	18%	25,929	20,941	4,988	24%
Hardware and other	3,019	2,541	478	19%	8,847	6,074	2,773	46%
Maintenance	35,661	28,498	7,163	25%	99,249	79,073	20,176	26%
	52,411	42,424	9,987	24%	147,952	115,450	32,502	28%

Public Sector

For the quarter ended September 30, 2011, total revenue in the public sector reportable segment increased 24%, or $29 million, to $150 million, compared to $121 million for the quarter ended September 30, 2010. For the nine months ended September 30, 2011, total revenue increased by 23% or $80 million, to $427 million, compared to $347 million for the comparable period in 2010. The increases for both the three and nine month periods were significant across our license, hardware and other, and maintenance revenue streams. Revenue growth from acquired businesses was significant for both the three and nine month periods as we completed seventeen acquisitions since the beginning of 2010 in our public sector segment. Revenues increased organically by 12% in Q3 2011 and 10% in the nine months ended September 30, 2011 compared to the same periods in

2010. Excluding PTS, revenues increased organically by 5% in Q3 2011 and 4% in the nine months ended September 30, 2011.

Organic Revenue Growth

	Three months ended September 30, 2011	Nine months ended September 30, 2011
Public Sector	12%	10%
Public Sector excluding PTS	5%	4%

The organic revenue change was primarily driven by the following:

- **Volaris operating group (formerly the Trapeze operating group)** (increase of approximately $15 million in Q3 2011 and an increase of approximately $33 million for the nine months ended September 30, 2011). For both the three and the nine months ended September 30, 2011, organic growth was primarily driven from strong revenue from existing clients and new customers in its transit and agricultural business units.

Private Sector

For the quarter ended September 30, 2011, total revenue in the private sector reportable segment increased by 24%, or $10 million, to $52 million, compared to $42 million for the quarter ended September 30, 2010. For the nine months ended September 30, 2011 total revenue increased by 28% or $33 million, to $148 million, compared to $115 million for the comparable period in 2010. Revenue growth from acquired businesses was significant for both the three and nine month periods ended September 30, 2011 as we completed twenty acquisitions since the beginning of 2010 in our private sector segment. Revenues increased organically by 9% in Q3 2011 and 10% in the nine months ended September 30, 2011 compared to the same periods in 2010.

The organic revenue change was primarily driven by the following:

- **Jonas operating group** (increase of approximately $3 million in Q3 2011 and an increase of approximately $7 million for the nine months ended September 30, 2011). Jonas' organic growth was driven by strong sales to both existing and new customers primarily in its health club and food services verticals.

- **Homebuilder operating group** (increase of approximately $2 million in Q3 2011 and approximately $6 million for the nine months ended September 30, 2011). The organic growth was primarily driven by strong sales to both existing and new customers in Homebuilders' pulp and paper manufacturer and lease management verticals.

Expenses:

The following table displays the breakdown of our expenses:

	Three months ended September 30, 2011	Three months ended September 30, 2010	Period-Over-Period Change $	Period-Over-Period Change %	Nine months ended September 30, 2011	Nine months ended September 30, 2010	Period-Over-Period Change $	Period-Over-Period Change %
	($000, except percentages)				($000, except percentages)			
Expenses								
Staff	103,085	88,501	14,584	16%	299,691	263,354	36,337	14%
Hardware	18,723	14,138	4,585	32%	47,607	31,812	15,795	50%
Third party license, maintenance and professional services	13,320	10,139	3,181	31%	37,932	26,673	11,259	42%
Occupancy	4,948	4,257	691	16%	14,251	12,240	2,011	16%
Travel	7,221	5,530	1,691	31%	20,679	16,687	3,992	24%
Telecommunications	2,554	2,241	313	14%	7,435	6,818	617	9%
Supplies	3,451	2,824	627	22%	11,747	8,408	3,339	40%
Professional fees	2,068	1,927	141	7%	6,788	5,766	1,022	18%
Other	2,448	2,192	256	12%	7,623	6,557	1,066	16%
	157,818	131,749	26,069	20%	453,753	378,315	75,438	20%

Overall expenses for the quarter ended September 30, 2011 increased 20%, or $26 million, to $158 million, compared to $132 million during the same period in 2010. As a percentage of total revenue, expenses decreased to 78% in the quarter ended September 30, 2011 from 81% in the quarter ended September 30, 2010. During the nine months ended September 30, 2011, expenses increased 20%, or $76 million, to $454 million, compared to $378 million during the same period in 2010. As a percentage of total revenue, operating expenses decreased from 82% in the nine months ended September 30, 2010 to 79% in the nine months ended September 30, 2011. The growth in expenses for the three and nine month periods is primarily due to the growth in the number of employees and an increase in hardware and third party license, maintenance and professional services expenses to support the both the organic and acquisition related growth in revenue. Our average employee headcount associated with operating expenses grew 13% from 3,378 in the quarter ended September 30, 2010 to 3,802 in the quarter ended September 30, 2011 primarily due to acquisitions. As well, operating expenses for both the quarter and nine months ended September 30, 2011, as compared to the same periods in 2010, were adversely impacted by the depreciation of the U.S. dollar compared to the Canadian dollar, British Pound, and Swiss Franc. See 'Foreign Currency Exposure'.

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 September 30, 2011	2010	Period-Over-Period Change $	%	Nine months ended September 30, 2011	2010	Period-Over-Period Change $	%
	($000, except percentages)				($000, except percentages)			
Professional Services	25,019	22,911	2,108	9%	76,055	69,572	6,483	9%
Maintenance	19,747	17,403	2,344	13%	57,148	49,875	7,273	15%
Research and Development	26,337	20,669	5,668	27%	76,574	64,588	11,986	19%
Sales and Marketing	13,401	10,989	2,412	22%	40,433	33,313	7,120	21%
General and Administration	18,581	16,529	2,052	12%	49,481	46,006	3,475	8%
	103,085	88,501	14,584	16%	299,691	263,354	36,337	14%

Professional Services – Staff expenses related to our Professional Services operating department increased 9%, or $2 million, to $25 million for the quarter ended September 30, 2011 compared to $23 million for the same period in 2010. During the nine months ended September 30, 2011 staff expenses related to our professional services operating department increased 9%, or $6 million, to $76 million, compared to $70 million over the same period in 2010. The growth in staff expenses related to our Professional Services operating department was primarily due to the growth in the number of employees compared to the same period in 2010. Our average employee headcount associated with our Professional Services operating department grew 4% from 970 for the nine month ended September 30, 2010 to 1,007 for the nine months ended September 30, 2011 primarily due to acquisitions.

Maintenance – Staff expenses related to our Maintenance operating department increased 13%, or $3 million, to $20 million for the quarter ended September 30, 2011 compared to $17 million for the same period in 2010. During the nine months ended September 30, 2011 staff expenses related to our Maintenance operating department increased 15%, or $7 million, to $57 million, compared to $50 million over the same period in 2010. 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 2010. Our average employee headcount associated with our Maintenance operating department grew 17% from 750 for the nine months ended September 30, 2010 to 881 for the nine months ended September 30, 2011 primarily due to acquisitions.

Research and Development – Staff expenses related to our Research and Development operating department increased 27%, or $5 million, to $26 million for the quarter ended September 30, 2011 from $21 million for the same period in 2010. During the nine months ended September 30, 2011 staff expenses related to our Research and Development operating department increased 19%, or $12 million, to $77 million from $65 million over the same period in 2010. 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 2010. Our average employee headcount associated with our Research and Development operating department grew 20% from 840 in the nine months ended September 30, 2010 to 1,006 in the nine months ended September 30, 2011 primarily due to acquisitions.

Sales and Marketing – Staff expenses related to our Sales and Marketing operating department increased 22%, or $2 million, to $13 million for the quarter ended September 30, 2011 compared to $11 million for the same period in 2010. During the nine months ended September 30, 2011 staff expenses related to our Sales and Marketing operating department increased 21%, or $7 million, to $40 million from $33 million over the same period in 2010. 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 2010. Our average employee headcount associated with our Sales and Marketing operating department grew 17% from 357 in the nine months ended September 30, 2010 to 416 in the nine months ended September 30, 2011 primarily due to acquisitions.

General and Administrative – Staff expenses related to our General and Administrative operating department increased 12%, or $2 million, to $19 million for the quarter ended September 30, 2011 from $17 million for the same period in 2010. During the nine months ended September 30, 2011 staff expenses related to our General and Administrative operating department increased 8%, or $3 million, to $49 million from $46 million over the same period in 2010. The growth in staff expenses related to our General and Administrative operating department is primarily due to the growth in the number of employees compared to the same period in 2010. Our average employee headcount associated with our General and Administrative operating department grew 7% from 356 in the nine months ended September 30, 2010 to 382 in the nine months ended September 30, 2011 primarily due to acquisitions.

Hardware expenses – Hardware expenses for the quarter ended September 30, 2011 increased 32% or $5 million to $19 million, compared to $14 million during the same period in 2010. During the nine months ended September 30, 2011 hardware expenses increased 50%, or $16 million, to $48 million from $32 million over the same period in 2010. The increase in hardware expenses is attributable to the increase in hardware and other revenue primarily relating to PTS business in our Trapeze operating group.

Third party license, maintenance and professional services expenses – Third party license, maintenance and professional services expenses for the quarter ended September 30, 2011 increased 31% or $3 million to $13 million, compared to $10 million for the quarter ended September 30, 2010. During the nine months ended September 30, 2011 third party license, maintenance and professional services expense increased 42%, or $11 million, to $38 million from $27 million over the same period in 2010. The increase is primarily due to an increase in license and maintenance revenue in 2011 and due to an acquisition late in 2010 that had a relatively high component of third party costs.

Other Expenses:

The following table displays the breakdown of our other expenses:

	Three months ended September 30,		Period-Over-Period Change		Nine months ended September 30,		Period-Over-Period Change	
	2011	2010	$	%	2011	2010	$	%
	($000, except percentages)				($000, except percentages)			
Depreciation	1,957	1,964	(7)	0%	6,039	4,728	1,311	28%
Amortization of intangible assets	19,135	16,782	2,353	14%	55,733	48,666	7,067	15%
Impairment of non-financial assets	518	-	518	NM	518	-	518	NM
Foreign exchange (gain) loss	(905)	1,622	(2,527)	-156%	3,028	2,043	985	48%
Finance income	(2,795)	(306)	(2,489)	813%	(6,167)	(900)	(5,267)	585%
Finance costs	1,462	1,315	147	11%	4,589	3,672	917	25%
Income tax expense (recovery)	3,145	1,676	1,469	88%	(87,255)	6,316	(93,571)	NM
	22,517	23,053	(536)	-2%	(23,515)	64,525	(88,040)	-136%

NM - Not meaningful

Depreciation – Depreciation of property and equipment was $2 million in the both the quarter ended September 30, 2011 and for the same period in 2010. For the nine months ended September 30, 2011, depreciation of property and equipment increased 28% or $1 million, to $6 million from $5 million for the same period in 2010. The increase is primarily due to an increase in purchased property and equipment and property and equipment obtained in acquisitions.

Amortization of intangible assets – Amortization of intangible assets increased to $19 million for the quarter ended September 30, 2011 from $17 million for the quarter ended September 30, 2010, representing a

14% increase. For the nine months ended September 30, 2011, amortization of intangible assets increased 15% or $7 million, to $56 million from $49 million for the same period in 2010. The increase is attributable to the increases in our intangible asset balance (on a cost basis) over the twelve month period ended September 30, 2011 as a result of the acquisitions that we completed during this period.

Impairment of non-financial assets – Impairment of non-financial assets was $0.5 million in the both the quarter and nine months ended September 30, 2011 compared to nil for the same periods in 2010. In the quarter ended September 30, 2011, intangible assets relating to a business unit in the Public Sector segment were deemed to be impaired due to a significant decline in forecasted cash flows resulting from deteriorating revenue attributable to the loss of a significant customer.

Foreign exchange – For the quarter ended September 30, 2011, our foreign exchange gain was $1 million compared to a loss of $2 million in the quarter ended September 30, 2010. For the nine months ended September 30, 2011 the foreign exchange loss was $3 million compared to a loss of $2 million, for the same period in 2010. The foreign exchange gains and losses for the three and nine months ended September 30, 2011 are due to realized gains and losses on settling certain non-USD liabilities and due to holding gains and losses on certain non-USD net liabilities.

Finance income – Finance income increased to $3 million for the quarter ended September 30, 2011 from $0.3 million for the quarter ended September 30, 2010. For the nine months ended September 30, 2011, finance income was $6 million compared to $1 million for the same period in 2010. The finance income for the three and nine months ended September 30, 2011 is primarily due to gains on available-for-sale equity securities sold in the quarter ended September 30, 2011.

Finance costs – Finance costs increased to $1.5 million for the quarter ended September 30, 2011 from $1.3 million for the quarter ended September 30, 2010. For the nine months ended September 30, 2011, finance costs were $5 million compared to $4 million for the same period in 2010. The increase in finance costs for the three and nine month periods ended September 30, 2011 is primarily due to additional interest expense on our line of credit resulting from average increased borrowings.

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 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 September 30, 2011, income tax expense was $3 million, compared to $2 million for the same period in 2010. The increase in income tax expense for the quarter ended September 30, 2011 was due to an increase in income before tax. For the nine months ended September 30, 2011, income tax recovery was $87 million compared to income tax expense of $6 million for the same period in 2010. The increase in the income tax recovery for the nine months ended September 30, 2011 was due to inter-jurisdictional transfers of certain intangible assets within the Company in 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. These deductions will be available to the Company in 2011 and in future periods and, as such, the Company expects a reduction in current income tax in 2011 as a percentage of Adjusted net income. The Company does not expect a similar deferred income tax recovery relating to transfer of intangible assets during the remainder of 2011.

Net Income:

Net income for the quarter ended September 30, 2011 was $22 million compared to net income of $9 million for the same period in 2010. On a per share basis this translated into a net income per diluted share of $1.03 in the quarter ended September 30, 2011 vs. a net income per diluted share of $0.41 in the quarter ended

September 30, 2010. For the first nine months of 2011, net income was $145 million or $6.83 per diluted share compared to $19 million or $0.90 per diluted share in the first nine months of 2010. Net income in the three months ended September 30, 2011 was positively impacted by the growth in our Adjusted EBITDA and gains on sale of available-for-sale equity securities, offset by an increase in amortization of intangible assets. Net income in the nine months ended September 30, 2011 was positively impacted by the growth in our Adjusted EBITDA, gains on sale of available-for-sale equity securities, and increase in future tax recovery, offset by an increase in amortization of intangible assets.

Adjusted EBITDA:

For the quarter ended September 30, 2011, Adjusted EBITDA increased by $12 million to $44 million compared to $32 million in the quarter ended September 30, 2010 representing an increase of 40%. Adjusted EBITDA margin was 22% in the third quarter of 2011 compared to 19% in the comparable period in 2010. For the first nine months of 2011, Adjusted EBITDA increased by $37 million to $121 million compared to $84 million during the same period in 2010, representing an increase of 45%. Adjusted EBITDA margin was 21% in the first nine months of 2011, compared to 18% of total revenue for the same period in 2010. The increase in Adjusted EBITDA margin for the three and nine months ended September 30, 2011 is largely due to a decrease in bonus expense as a percentage of total revenue and due to operational improvements implemented at a number of business units. 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 September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	($000, except percentages)		($000, except percentages)	
Total revenue	$ 202,253	$ 163,588	$ 574,984	$ 461,979
Net income	21,918	8,786	144,746	19,139
Add back:				
Income tax expense (recovery)	3,145	1,676	(87,255)	6,316
Foreign exchange (gain) loss	(905)	1,622	3,028	2,043
Finance income	(2,795)	(306)	(6,167)	(900)
Finance costs	1,462	1,315	4,589	3,672
Impairment of non-financial assets	518	-	518	-
Amortization of intangible assets	19,135	16,782	55,733	48,666
Depreciation	1,957	1,964	6,039	4,728
Adjusted EBITDA	44,435	31,839	121,231	83,664
Adjusted EBITDA margin	22%	19%	21%	18%

Adjusted Net Income:

For the quarter ended September 30, 2011, Adjusted net income increased by $17 million to $40 million compared to $23 million in the quarter ended September 30, 2010, representing an increase of 76%. Adjusted net income margin was 20% in the third quarter of 2011 compared to 14% in the comparable period in 2010. For the first nine months of 2011, Adjusted net income increased by $39 million to $100 million compared to $61 million during the same period in 2010, representing an increase of 64%. Adjusted net income margin was 17% in the first nine months of 2011, compared to 13% of total revenue for the same period in 2010. The increase in

Adjusted net income margin for the three and nine months ended September 30, 2011 is largely due to an improvement in our Adjusted EBITDA margin, and an increase in finance income. 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 September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
	($000, except percentages)		($000, except percentages)	
Total revenue	$ 202,253	$ 163,588	$ 574,984	$ 461,979
Net income	21,918	8,786	144,746	19,139
Add back:				
Amortization of intangible assets	19,135	16,782	55,733	48,666
Impairment of non-financial assets	518	-	518	-
Deferred income tax recovery	(1,854)	(3,052)	(100,731)	(6,718)
Adjusted net income	39,717	22,516	100,266	61,087
Adjusted net income margin	20%	14%	17%	13%

Quarterly Results

	Quarter Ended							
	Dec. 31 2009	Mar. 31 2010	Jun. 30 2010	Sep. 30 2010	Dec. 31 2010	Mar. 31 2011	Jun. 30 2011	Sep. 30 2011
	($000, except per share amounts)							
	Note 1	Note 2	Note 2	Note 2	Note 1	Note 2	Note 2	Note 2
Revenue	131,894	144,846	153,545	163,588	171,468	177,632	195,099	202,253
Net Income (loss)	(10)	8,031	2,322	8,786	17,893	64,229	58,599	21,918
Net Income per share								
Basic	(0.00)	0.38	0.11	0.41	0.85	3.03	2.77	1.03
Diluted	(0.00)	0.38	0.11	0.41	0.84	3.03	2.77	1.03

Note 1 - The quarterly information is presented in accordance with GAAP.
Note 2 - The quarterly information is presented in accordance with IFRS.

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 recent history of negative cash flows.

Management believes cash flow 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 flow 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 flow 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 $10 million in cash flow from operations since the date of acquisition. In Q3 2011, PTS contributed $6 million in cash flow from operations, but in the first nine months of 2011, overall cash flow from operations was negative $9.5 million. For the full year 2011, we expect cash flow from operations for PTS to be close to breakeven, however, this is contingent upon the receipt of significant milestone payments associated with customer contracts in the last quarter of the year.

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 $1.5 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 and nine months ended September 30, 2011. 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 flow from operations of PTS until such time as it becomes consistently cash flow positive. Management believes cash flow from operations is useful supplemental information about the performance of the underlying business as certain acquisition related accounting adjustments and contract accounting under IFRS may result in reported earnings that differ materially from cash flow from operations.

CONSTELLATION SOFTWARE INC.

MD&A Disclosure
For the three and nine months ended September 30, 2011
(In thousands of U.S. dollars)

Statement of Operations
For the three and nine months ended September 30, 2011

(Unaudited)	For the three months ended September 30, 2011 Constellation Software Inc. (excluding PTS)	PTS	Consolidated	For the nine months ended September 30, 2011 Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Revenue	$ 160,416	$ 41,837	$ 202,253	$ 465,145	$109,839	$ 574,984
Expenses	123,967	33,851	157,818	363,791	89,962	453,753
Adjusted EBITDA	36,449	7,986	44,435	101,354	19,877	121,231
EBITDA as % Total Revenue	23%	19%	22%	22%	18%	21%
Depreciation	1,732	225	1,957	4,975	1,064	6,039
Amortization of intangible assets	19,135	-	19,135	55,733	-	55,733
Other expenses (income), net	(1,524)	(196)	(1,720)	(123)	2,091	1,968
Income before income taxes	17,106	7,957	25,063	40,769	16,722	57,491
Income taxes (recovery)						
Current	3,334	1,665	4,999	10,124	3,352	13,476
Future	(1,472)	(382)	(1,854)	(100,242)	(489)	(100,731)
Income tax expense (recovery)	1,862	1,283	3,145	(90,118)	2,863	(87,255)
Net Income	$ 15,244	$ 6,674	$ 21,918	$ 130,887	$ 13,859	$ 144,746

Cash flow from operating activities
For the three and nine months ended September 30, 2011

(Unaudited)	For the three months ended September 30, 2011 Constellation Software Inc. (excluding PTS)	PTS	Consolidated	For the nine months ended September 30, 2011 Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Cash flows from operating activities:						
Net income	$ 15,244	$ 6,674	$ 21,918	$ 130,887	$ 13,859	$ 144,746
Adjustments to reconcile net income to net cash flows from operations:						
Depreciation	1,732	225	1,957	4,975	1,064	6,039
Amortization of intangible assets	19,135	-	19,135	55,733	-	55,733
Income tax expense (recovery)	1,862	1,283	3,145	(90,118)	2,863	(87,255)
Other non-cash items	(1,559)	(161)	(1,720)	(113)	2,081	1,968
Change in non-cash operating working capital	14,968	(2,457)	12,511	(1,265)	(29,172)	(30,437)
Income taxes paid	(3,278)	(17)	(3,295)	(9,714)	(309)	(10,023)
Cash flows from operating activities	$ 48,104	$ 5,547	$ 53,651	$ 90,385	$ (9,614)	$ 80,771

Adjusted EBITDA to net income reconciliation
For the three and nine months ended September 30, 2011

(Unaudited)	For the three months ended September 30, 2011 Constellation Software Inc. (excluding PTS)	PTS	Consolidated	For the nine months ended September 30, 2011 Constellation Software Inc. (excluding PTS)	PTS	Consolidated
Total revenue	$ 160,416	$41,837	$ 202,253	$ 465,145	$109,839	$ 574,984
Net income	15,244	6,674	21,918	130,887	13,859	144,746
Add back:						
Income tax expense	1,862	1,283	3,145	(90,118)	2,863	(87,255)
Other expenses (income)	(1,524)	(196)	(1,720)	(123)	2,091	1,968
Amortization of intangible assets	19,135	-	19,135	55,733	-	55,733
Depreciation	1,732	225	1,957	4,975	1,064	6,039
Adjusted EBITDA	36,449	7,986	44,435	101,354	19,877	121,231
Adjusted EBITDA margin	23%	19%	22%	22%	18%	21%

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 $13 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 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 customer alleges total damages of approximately $30 million. The subsidiary of the Company and the seller of the MAJES assets plan to contest all of the customer's claims. The contract with the customer has a $9 million limitation of liability clause that the Company believes will apply to all of the claims in the letter. The subsidiary of the Company also believes that it is entitled to indemnification from MAXIMUS in respect of certain of the claims made by the customer. The Company is currently following the dispute resolution process and continues to provide services to the customer.

Liquidity

Our net cash position (cash less bank indebtedness) at September 30, 2011 decreased to negative $18 million, from negative $15 million at December 31, 2010. Borrowings on our line of credit decreased by $10 million and cash decreased by $13 million.

Total assets increased $109 million, from $536 million at December 31, 2010 to $645 million at September 30, 2011. The majority of the increase can be explained by an increase in deferred tax assets of $93 million resulting from the intercompany transfer of intellectual property and the inter-jurisdictional migration of entities within the Company (See “Income Taxes” discussion above), an increase in intangible assets and goodwill of $5 million due to acquisitions completed since the beginning of the year, and by an increase in accounts receivable/inventory/work in progress of $26 million due to the growth in the business. These increases are offset by a decrease in cash of $13 million.

Current liabilities increased $22 million, from $330 million at December 31, 2010 to $352 million at September 30, 2011. The majority of the increase can be explained by an increase in deferred revenue of $29 million, primarily due to acquisitions and the timing of billings versus revenue recognized.

Net Changes in Cash Flows	**Nine months ended September 30, 2011**
	(in millions of $)
Net cash provided by operating activities	$81
Net cash used in financing activities	(61)
Net cash used in investing activities	(33)
Effect of currency translation on cash	Nil
Net decrease in cash and cash equivalents	$(13)

The net cash flow from operating activities was $81 million for the nine months ended September 30, 2011. The $81 million provided by operating activities resulted from $145 million in net income, less $24 million of non-cash add backs to net income, $30 million of cash used by changes in our non-cash operating working capital and $10 million in taxes paid.

The net cash flow used in financing activities in the nine months ended September 30, 2011 was $61 million. $43 million was used in March 2011 to pay a dividend of $2.00 per share, $12 million was repaid on our bank facility and $4 million was used to pay interest on the bank loan.

The net cash used in investing activities in the nine months ended September 30, 2011 was $33 million. The cash used in investing activities was primarily due to acquisitions for an aggregate of $36 million (including payments for holdbacks relating to prior acquisitions), the purchase of available-for-sale equity securities in the amount of $6 million and $6 million in additions to property and equipment. Offsetting this were the proceeds from the sale of available-for-sale equity securities in the amount of $13 million.

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

We have a $160 million 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. As of September 30, 2011, we had drawn $36 million on this facility.

Commitments include operating leases for office equipment and facilities, 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 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 available for sale securities and other equity investments included in other assets) that would have a significant effect on our assets and liabilities as at September 30, 2011.

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 the three and nine month periods ended September 30, 2011:

	Three Months Ended Sept 30,2011		Nine Months Ended Sept 30, 2011	
Currencies	% of Revenue	% of Expenses	% of Revenue	% of Expenses
USD	68%	51%	66%	52%
CAD	9%	27%	10%	28%
GBP	11%	9%	11%	9%
CHF	2%	6%	2%	8%
EURO	7%	2%	7%	0%
Others	3%	5%	4%	3%
Total	100%	100%	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, 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. In addition, as disclosed in the Company's press release dated April 4, 2011, the Board of Directors is currently undertaking a review of strategic alternatives for the Company with the objective of enhancing shareholder value. As part of this strategic review process, the Board of Directors has been evaluating a broad range of strategic options, including but not limited to the sale of the Company and various financial restructuring options. Given current market conditions, the Board of Directors has determined not to pursue a sale transaction at this time. However, the Board of Directors is continuing to develop and assess a variety of strategic options with the objective of enhancing shareholder value. No decision on any particular strategic alternative has been reached at this time. There is no defined timeline for completion of this strategic review and there can be no assurance that this review will result in any specific action.

Changes in Accounting Policies

In February 2008, the Canadian Accounting Standards Board announced the mandatory adoption of IFRS for publicly accountable entities in Canada for fiscal periods beginning on or after January 1, 2011. Accordingly, this is the third quarter in which we have provided unaudited consolidated quarterly financial information in accordance with IFRS, including comparative figures for 2010.

The Company has adopted IFRS effective January 1, 2010 (the “transition date”) and has prepared its opening IFRS balance sheet as of that date. Prior to the adoption of IFRS, the Company prepared its financial statements in accordance with Canadian GAAP. The Company’s consolidated financial statements for the year ending December 31, 2011 will be the first annual financial statements of the Company that comply with IFRS.

An explanation of how the transition to IFRS has affected the reported financial position, financial performance and cash flows of the Company is provided in note 18 of the Unaudited Condensed Consolidated Interim Financial Statements for the three and nine month periods ended September 30, 2011. This note includes reconciliations from Canadian GAAP to IFRS of equity and comprehensive income of the comparative periods and of equity at the date of transition.

Recent Accounting Pronouncements

IFRS 7, Financial Instrument: Disclosures

In October 2010, the IASB amended IFRS 7, Financial Instruments: Disclosures ("IFRS 7"). This amendment enhances the disclosure requirements for transfers of financial assets that result in derecognition. This amendment is effective for the Company’s interim and annual consolidated financial statements commencing January 1, 2012. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 9, Financial Instruments:

In October 2010, the IASB issued IFRS 9, Financial Instruments ("IFRS 9"). IFRS 9, which replaces IAS 39, Financial Instruments: Recognition and Measurement, establishes principles for the financial reporting of financial assets and financial liabilities that will present relevant and useful information to users of financial statements for their assessment of the amounts, timing and uncertainty of an entity's future cash flows. This new standard is effective for the Company’s interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 10, Consolidated Financial Statements:

In May 2011, the IASB issued IFRS 10, Consolidated Financial Statements ("IFRS 10"). IFRS 10, which replaces the consolidation requirements of SIC-12 Consolidation—Special Purpose Entities and IAS 27 Consolidated and Separate Financial Statements, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities. This new standard is effective for the Company’s interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 11, Joint Arrangements:

In May 2011, the IASB issued IFRS 11, Joint Arrangements ("IFRS 11"). IFRS 11 provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form (as is currently the case). The standard addresses inconsistencies in the reporting of joint arrangements by requiring a single method to account for interests in jointly controlled entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 12, Disclosure of Interests in Other Entities:

In May 2011, the IASB issued IFRS 12, Disclosure of Interests in Other Entities ("IFRS 12"). IFRS 12 establishes new and comprehensive disclosure requirements for all forms of interests in other entities, including subsidiaries, joint arrangements, associates and unconsolidated structured entities. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IFRS 13, Fair Value Measurement:

In May 2011, the IASB issued IFRS 13, Fair Value Measurement ("IFRS 13"). IFRS 13 establishes new guidance on fair value measurement and disclosure requirements. The standard completes the IASB's project to converge fair value measurement in IFRS and United States Generally Accepted Accounting Principles. This new standard is effective for the Company's interim and annual consolidated financial statements commencing January 1, 2013. The Company is assessing the impact of this new standard on its consolidated financial statements.

IAS 1, Presentation of Financial Statements:

In June 2011, the IASB amended IAS 1, Presentation of Financial Statements ("IAS 1"). This amendment retains the 'one or two statement' approach at the option of the entity and only revises the way other comprehensive income is presented. This new standard is effective for the Company's interim and annual consolidated financial statements commencing as of July 1, 2012. The Company is assessing the impact of this new standard on its consolidated financial statements.

Share Capital

As at November 2, 2011, there were 21,191,530 total shares outstanding comprised of 17,503,530 common shares and 3,688,000 class A non-voting shares.

Outlook

For fiscal 2011, we expect gross revenue to be in the range of $765 million to $775 million and we expect Adjusted EBITDA to be in the range of $160 million to $170 million. The gross revenue and Adjusted EBITDA outlook ranges for 2011 narrowed from the previous quarter's outlook due to the relative proximity to year end.

The above statements are "forward looking statements" and are based on the following various assumptions which management believes are reasonable under the current circumstances:

1. revenue growth will be in the range of 21%-23% for fiscal 2011, which includes the impact of all companies acquired to date and organic growth consistent with the recent performance of the Company;

2. Adjusted EBITDA margins will be in the range of 21-22% for fiscal 2011, which is consistent with the recent performance of the Company;

3. no material acquisitions will be completed during the remainder of fiscal 2011; and

4. general economic and market conditions will remain consistent with those in effect on November 2, 2011.

Although management believes the above statements are based on assumptions that are reasonable in the current circumstances, they are subject to various risks and uncertainties and there are several factors that could cause actual results to differ materially from those specified above. These factors include, but are not limited to, the following:

1. revenue can fluctuate significantly based on the demand for our software products, level of product and price competition, the geographical mix of our sales together with fluctuations in foreign currency, changes in mix and pricing of software solutions that our customers demand, our ability to successfully implement projects, order cancellations, renewal of maintenance agreements with customers, and patterns of spending and changes in budgeting cycles of our customers;

2. Adjusted EBITDA can fluctuate significantly based on the pricing and mix of software solutions that we sell, our customer demand, the geographical mix of our sales and cost base together with fluctuations in foreign currency exchange rates, and employee bonuses which are based on the performance of the Company;

The above statements have been included for the purpose of providing information about management's current expectations and plans relating to fiscal 2011. Readers are cautioned that such information may not be appropriate for other purposes.

See "Forward Looking Statements" and "Risks and Uncertainties".

Risks and Uncertainties

The statements included under "Outlook" above are subject to several risks and uncertainties, including the following: our quarterly revenues and operating results may fluctuate; any failure to manage our growth through acquisitions effectively or integrate other businesses we acquire may lead to a disruption in our operations and adversely affect our operating results; and we may acquire contingent liabilities through acquisitions, or our assessments of existing contingent liabilities could change which could adversely affect our operating results. 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.

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 September 30, 2011, 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 respecting 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 nine-month period ended September 30, 2011 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 and nine month periods ended September 30, 2011 and 2010
(Unaudited)

CONSTELLATION SOFTWARE INC.

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

(Unaudited)

	September 30, 2011	December 31, 2010	January 1, 2010
Assets			
Current assets:			
Cash	$ 18,171	$ 30,911	$ 33,249
Equity securities available-for-sale (note 5)	20,637	23,723	22,323
Accounts receivable	108,456	90,898	95,431
Work in progress	34,143	25,607	23,077
Inventories	16,177	15,945	14,320
Other assets (note 6)	24,088	26,463	26,261
	221,672	213,547	214,661
Non-current assets:			
Property and equipment	14,473	13,469	8,226
Deferred income taxes (note 9)	108,286	15,368	4,779
Other assets (note 6)	26,140	23,548	13,879
Intangible assets	274,508	269,987	222,239
	423,407	322,372	249,123
Total assets	$ 645,079	$ 535,919	$ 463,784
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness (note 7)	$ 35,797	$ 46,041	$ 41,153
Accounts payable and accrued liabilities	103,010	104,905	86,639
Deferred revenue	187,188	158,025	135,299
Provisions (note 8)	2,326	2,253	8,312
Acquired contract liabilities	6,211	10,908	7,652
Acquisition holdback payments	12,631	6,920	3,587
Income taxes payable	4,711	1,424	3,757
	351,874	330,476	286,399
Non-current liabilities:			
Deferred income taxes (note 9)	11,414	17,809	16,321
Acquired contract liabilities	29,333	35,633	41,482
Acquisition holdback payments	2,473	2,744	2,537
Other liabilities	6,795	6,206	4,018
	50,015	62,392	64,358
Total liabilities	401,889	392,868	350,757
Shareholders' equity (note 10):			
Capital stock	99,283	99,283	99,283
Accumulated other comprehensive income	6,299	8,522	3,004
Retained earnings	137,608	35,246	10,740
	243,190	143,051	113,027
Total liabilities and shareholders' equity	$ 645,079	$ 535,919	$ 463,784

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)

(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Revenue (note 11)	$ 202,253	$ 163,588	$ 574,984	$ 461,979
Expenses				
Staff	103,085	88,501	299,691	263,354
Hardware	18,723	14,138	47,607	31,812
Third party license, maintenance and professional services	13,320	10,139	37,932	26,673
Occupancy	4,948	4,257	14,251	12,240
Travel	7,221	5,530	20,679	16,687
Telecommunications	2,554	2,241	7,435	6,818
Supplies	3,451	2,824	11,747	8,408
Professional fees	2,068	1,927	6,788	5,766
Other	2,448	2,192	7,623	6,557
Income before the undernoted	44,435	31,839	121,231	83,664
Depreciation	1,957	1,964	6,039	4,728
Amortization of intangible assets	19,135	16,782	55,733	48,666
Impairment of non-financial assets	518	-	518	-
Foreign exchange (gain) loss	(905)	1,622	3,028	2,043
Finance income (note 12)	(2,795)	(306)	(6,167)	(900)
Finance costs (note 12)	1,462	1,315	4,589	3,672
	19,372	21,377	63,740	58,209
Profit before income tax	25,063	10,462	57,491	25,455
Current income tax expense	4,999	4,728	13,476	13,034
Deferred income tax recovery	(1,854)	(3,052)	(100,731)	(6,718)
Income tax expense (recovery) (note 9)	3,145	1,676	(87,255)	6,316
Net income	21,918	8,786	144,746	19,139
Net change in fair value on available-for-sale financial assets during the period	913	870	4,478	3,354
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period	(308)	409	(90)	(31)
Reclassification of unrealized gain upon derecognition of available-for-sale investments	-	-	-	(696)
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments	(2,770)	-	(5,882)	-
Foreign currency translation differences from foreign operations	(2,015)	1,517	(1,212)	1,888
Current tax recovery	75	-	75	-
Deferred tax recovery (expense)	430	(404)	408	(1,056)
Other comprehensive income for the period, net of income tax	(3,675)	2,392	(2,223)	3,459
Total comprehensive income for the period	$ 18,243	$ 11,178	$ 142,523	$ 22,598
Earnings per share				
Basic and diluted (note 13)	$ 1.03	$ 0.41	$ 6.83	$ 0.90

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

(Unaudited)

Nine months ended September 30, 2011	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, 2011	**$ 99,283**	**$ 1,379**	**$ 7,143**	**$ 8,522**	**$ 35,246**	**$ 143,051**
Total comprehensive income for the period						
Net income					144,746	144,746
Other comprehensive income (loss)						
Net change in fair value on available-for-sale financial assets during the period			4,478	4,478	-	4,478
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period			(90)	(90)	-	(90)
Amounts reclassified to profit during the period related to realized gains on available-for-sale investments			(5,882)	(5,882)	-	(5,882)
Foreign currency translation differences from foreign operations		(1,212)		(1,212)	-	(1,212)
Current tax recovery		75		75		75
Deferred tax recovery		124	284	408	-	408
Total other comprehensive income (loss) for the period		**(1,013)**	**(1,210)**	**(2,223)**	**-**	**(2,223)**
Total comprehensive income for the period		**(1,013)**	**(1,210)**	**(2,223)**	**144,746**	**142,523**
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company (note 10)					(42,384)	(42,384)
Balance at September 30, 2011	**$ 99,283**	**$ 366**	**$ 5,933**	**$ 6,299**	**$ 137,608**	**$ 243,190**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

(Unaudited)

Nine months ended September 30, 2010

	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, 2010	**$ 99,283**	**$ -**	**$ 3,004**	**$ 3,004**	**$ 10,740**	**$ 113,027**
Total comprehensive income for the period						
Net income					19,139	19,139
Other comprehensive income (loss)						
Net change in fair value on available-for-sale financial assets during the period			3,354	3,354	-	3,354
Net unrealized foreign exchange adjustment gain (loss) on available-for-sale financial assets during the period			(31)	(31)	-	(31)
Reclassification of unrealized gain from prior periods upon derecognition of available-for-sale investments			(696)	(696)	-	(696)
Foreign currency translation differences from foreign operations		1,888	-	1,888	-	1,888
Deferred tax expense		(212)	(844)	(1,056)	-	(1,056)
Total other comprehensive income (loss) for the period		**1,676**	**1,783**	**3,459**	**-**	**3,459**
Total comprehensive income for the period		**1,676**	**1,783**	**3,459**	**19,139**	**22,598**
Transactions with owners, recorded directly in equity						
Dividends to owners of the Company (note 10)					(5,510)	(5,510)
Balance at September 30, 2010	**$ 99,283**	**$ 1,676**	**$ 4,787**	**$ 6,463**	**$ 24,369**	**$ 130,115**

See accompanying notes to the condensed consolidated interim financial statements.

CONSTELLATION SOFTWARE INC.

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

(Unaudited)

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Cash flows from operating activities:				
Net income	$ 21,918	$ 8,786	$ 144,746	$ 19,139
Adjustments for:				
Depreciation	1,957	1,964	6,039	4,728
Amortization of intangible assets	19,135	16,782	55,733	48,666
Impairment of non-financial assets	518	-	518	-
Finance income	(2,795)	(306)	(6,167)	(900)
Finance costs	1,462	1,315	4,589	3,672
Income tax expense (recovery)	3,145	1,676	(87,255)	6,316
Foreign exchange (gain) loss	(905)	1,622	3,028	2,043
Change in non-cash operating working capital (note 16)	12,511	1,353	(30,437)	(2,628)
Income taxes paid	(3,295)	(8,710)	(10,023)	(13,926)
Net cash flows from operating activities	53,651	24,482	80,771	67,110
Cash flows from financing activities:				
Interest paid	(1,526)	(1,008)	(3,989)	(3,140)
Decrease in other non current liabilities	(1,800)	(716)	(1,959)	(209)
Decrease in bank indebtedness, net	(67,746)	(19,825)	(12,031)	(3,471)
Dividends paid	-	-	(42,755)	(5,510)
Net cash flows from financing activities	(71,072)	(21,549)	(60,734)	(12,330)
Cash flows from investing activities:				
Acquisition of businesses, net of cash acquired (note 4)	(1,510)	(3,628)	(33,054)	(43,533)
Post-acquisition settlement payments, net of receipts	(1,503)	(2,667)	(2,602)	(5,560)
Purchases of available-for-sale equity securities	-	(2,163)	(5,944)	(10,411)
Proceeds from sale of available-for-sale equity securities	7,011	-	13,499	-
Decrease in restricted cash	107	-	557	1,272
Interest and dividends received	164	118	318	197
Property and equipment purchased	(1,640)	(1,926)	(5,704)	(5,149)
Cash flows provided for (used in) investing activities	2,629	(10,266)	(32,930)	(63,184)
Effect of currency translation adjustment on cash and cash equivalents	2,751	1,625	153	(191)
Decrease in cash and cash equivalents	(12,041)	(5,708)	(12,740)	(8,595)
Cash, beginning of period	30,212	30,362	30,911	33,249
Cash, end of period	18,171	$ 24,654	$ 18,171	$ 24,654

See accompanying notes to the condensed consolidated interim financial statements.

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

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 and nine months ended September 30, 2011 comprise Constellation and its subsidiaries (together referred to as the "Company") and the Company's interest in associates. The Company, through its defined operating groups, is engaged 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 transit operators	Municipal systems	Metal service centres
Paratransit operators	School administration	Homebuilders
School transportation	Public safety	Lease management
Non-emergency medical	Healthcare	Winery management
Ride share	Public housing authorities	Buy here pay here dealers
Local government	Housing finance agencies	RV and marine dealers
Municipal treasury and debt	Real estate brokers and agents	Pulp and paper manufacturers
Taxi dispatch	Construction	Window manufacturers
Agri-business	Private clubs and daily fee golf courses	Cabinet manufacturers
Equipment rental		Made-to-order manufacturers
Courts	Attractions	Window and other dealers
Fleet and facility management	Food services	Multi-carrier shipping
Electric utilities	Health clubs	Supply chain optimization
Water utilities	Outdoor equipment dealerships	Multi-channel distribution
District attorney	Leisure centers	Moving and storage
Property management		

2. Basis of preparation

(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 the Company expects to adopt in its consolidated financial statements as at and for the year ending December 31, 2011. These accounting policies are disclosed in Note 2 of the Company’s 2011 first quarter condensed consolidated interim financial statements.

The Company has elected January 1, 2010 as the date of transition to IFRS (the "Transition Date"). IFRS 1, First-time Adoption of IFRS ("IFRS 1"), has been applied. An explanation of how the transition to IFRS has affected the interim condensed consolidated financial statements is included in note 18, consistent with the disclosure contained in the initial financial statement prepared in accordance with IFRS. As these interim condensed consolidated financial statements are prepared using IFRS, certain disclosures that are required to be included in the annual consolidated financial statements prepared in accordance with IFRS were included in the Company’s 2011 first quarter condensed consolidated interim financial statements.

The policies applied in these interim condensed consolidated financial statements are based on IFRS issued and outstanding as of November 2, 2011, the date the Board of Directors approved the interim consolidated 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, 2011 could result in a restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

These condensed consolidated interim financial statements should be read in conjunction with the Company’s 2010 annual audited financial statements and in consideration of the IFRS transition disclosures included in note 18 to these financial statements and the additional disclosures included herein.

2. Basis of preparation (continued)

(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, which are measured at fair value.

(c) Functional and presentation currency

The condensed consolidated interim financial statements are presented in US 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 on comprehensive income, 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 Condensed Consolidated Interim Financial Statements for the three months ended March 31, 2011.

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

4. Business acquisitions

(a) During the nine months ended September 30, 2011, the Company closed sixteen acquisitions for aggregate cash consideration of $37,725 plus cash holdbacks of $7,693, resulting in total consideration of $45,418. Of the sixteen acquisitions, the Company acquired 100% of the shares of eight companies and acquired the net assets of the other eight companies. The holdbacks are payable over a three-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 the agri-business, supply chain optimisation, moving and storage, private clubs and daily fee golf courses, local government, public safety, RV and marine dealer, cabinet manufacturers, health clubs, school administration, and property 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 attributable to synergies with existing businesses and other intangibles that do not qualify for separate recognition. Goodwill in the amount of $4,062 is expected to be deductible for income tax purposes. Due to the complexity and timing of certain acquisitions, 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. Nine of the acquisitions have been included in the private reportable segment and seven have been included in the public reportable segment. The following table summarizes, by reportable segment, the aggregate preliminary estimated fair value of the assets acquired and liabilities, as well as deferred income taxes, assumed at the date of each acquisition:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Cash	750	3,921	4,671
Accounts receivable	4,765	2,005	6,770
Other current assets	514	497	1,011
Property and equipment	313	836	1,149
Other long term assets	-	187	187
Deferred income taxes	-	361	361
Technology assets	19,371	15,086	34,457
Customer assets	12,532	7,211	19,743
Goodwill	4,127	1,594	5,721
	42,372	31,698	74,070
Liabilities assumed:			
Current liabilities	420	5,683	6,103
Deferred revenue	14,476	2,402	16,878
Deferred income taxes	766	1,210	1,976
Other long term liabilities	2,558	1,137	3,695
	18,220	10,432	28,652
Total purchase price consideration	24,152	21,266	45,418

During the period the Company also acquired 50% of the shares of a software company catering to private clubs for consideration of nil. This acquisition has been accounted for as an associate.

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

4. Business acquisitions (continued)

(b) On April 30, 2010, the Company acquired all of the remaining shares, not already held by the Company, of UK-based Gladstone PLC ("Gladstone") for $17,336. As at March 31, 2010 the Company had recorded its ownership in Gladstone as an equity investment with a fair value of $9,479. The aggregate fair value determined upon acquiring control was $26,870. There was no material gain or loss resulting from the difference in equity accounting and fair value on acquisition. Gladstone is a global provider of solutions for the health and leisure and education verticals. The acquisition has been accounted for using the acquisition method with the results of operations included in these consolidated financial statements from the date of acquisition. The goodwill recognized as a result of the acquisitions is attributable to synergies with existing businesses and other intangibles that do not qualify for separate recognition. The goodwill recognized is not deductible for income tax purposes. The following table summarizes the aggregate estimated fair value of the assets acquired and liabilities at the date of acquisition:

Assets acquired:		
Cash	$	7,653
Accounts receivable		2,886
Other current assets		498
Property and equipment		2,281
Technology assets		12,276
Customer assets		3,791
Backlog		800
Goodwill		2,636
		32,821
Liabilities assumed:		
Current liabilities		43
Deferred revenue		3,012
Deferred income taxes		2,896
		5,951
Total purchase price consideration	$	26,870

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

(c) During the nine months ended September 30, 2010, the Company made fifteen additional acquisitions for aggregate cash consideration of $39,896 plus cash holdbacks of $5,612 resulting in total consideration of $45,508. The holdbacks are payable over a three-year period ending June 25, 2013 and are adjusted, as necessary, for claims under the representations and warranties of the agreements. Holdbacks of $5,330 have subsequently been paid. In addition, there is contingent consideration payable in the maximum amount of $781, contingent on the achievement of certain revenue targets. The obligation for contingent consideration has been recorded at its estimated fair value, determined to be $305 at the acquisition date. The acquisitions include software companies catering to the pulp and paper, tourism and attractions, schools, catalog, public transit, real estate brokers and agents, agriculture business, health club markets and public transit operators, 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 attributable to synergies with existing businesses and other intangibles that do not qualify for separate recognition. Goodwill in the amount of $220 is expected to be deductible for income tax purposes. Eight of the acquisitions have been allocated to the private reportable segment and seven have been allocated to the public reportable segment.
The following table summarizes by reportable segment the aggregate estimated fair value of the assets acquired and liabilities as well as deferred income taxes, assumed at the date of each acquisition:

	Public Sector	Private Sector	Consolidated
Assets acquired:			
Cash	$ 4,692	$ 1,354	$ 6,046
Accounts receivable	4,221	3,790	8,011
Other current assets	1,112	947	2,059
Property and equipment	1,273	374	1,647
Technology assets	13,288	17,034	30,322
Customer assets	5,786	5,748	11,534
Goodwill	4,324	217	4,541
	34,696	29,464	64,160
Liabilities assumed:			
Current liabilities	3,957	2,143	6,100
Deferred revenue	5,291	2,959	8,250
Deferred income taxes	2,564	1,448	4,012
Other long term liabilities	131	159	290
	11,943	6,709	18,652
Total purchase price consideration	$ 22,753	$ 22,755	$ 45,508

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

4. Business acquisitions (continued)

(d) The 2011 acquisitions include contingent consideration payable on the achievement of certain revenue and income targets. The obligation for contingent consideration for acquisitions during the nine months ended September 30, 2011 has been recorded at its estimated fair value, which has been determined to be $4,108 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 $7,500, which is representative of the Company's current assessment relative to the applicable targets. Aggregate contingent consideration of $5,925 (December 31, 2010 - $2,944; January 1, 2010 - $1,145) has been reported at its estimated fair value relating to applicable acquisitions since 2009 and is reported in other liabilities in the statement of financial position.

The 2011 business acquisitions contributed revenue of $23,170 and net income of $1,376 during the nine months ended September 30, 2011. Revenue and net income amounts from acquisitions included in the Public sector were $16,711 and $1,534, respectively. Revenue and net loss amounts from acquisitions included in the Private sector were $6,459 and $158, respectively. If the acquisitions would have occurred on January 1, 2011, management estimates that consolidated revenue would have been $587,959 and consolidated net income for the period would have been $142,827 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, 2011. 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, 2011.

5. Equity securities available-for-sale

At September 30, 2011, the Company held investments in three (December 31, 2010 - three; January 1, 2010 - five) 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 in the Company's consolidated financial statements.

	September 30, 2011		December 31, 2010		January 1, 2010	
	Cost	Fair Value	Cost	Fair Value	Cost	Fair Value
Common shares	$ 13,727	$ 20,637	$ 15,320	$ 23,723	$ 19,139	$ 22,323

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

6. Other assets

	September 30, 2011	December 31, 2010	January 1, 2010
Prepaid assets	$ 20,964	$ 21,652	$ 16,014
Investment tax credits recoverable	2,712	3,929	2,250
Notes receivable (ii)	-	-	3,833
Acquired contract assets	412	882	4,164
Total current	$ 24,088	$ 26,463	$ 26,261
Restricted cash (i)	$ 300	$ 857	$ 2,229
Investment tax credits recoverable	5,504	3,410	2,133
Long-term trade and other receivables	3,040	3,247	3,605
Share purchase warrants (ii)	-	-	200
Investment in associates	14,457	14,698	-
Acquired contract assets	2,839	1,336	5,712
Total non-current	$ 26,140	$ 23,548	$ 13,879

(i) Restricted cash

Restricted cash is held in accordance with various escrow agreements related to prior and current period business acquisitions.

(ii) Notes receivable and share purchase warrants

Prior to 2009 the Company entered into agreements with VCG Inc. (subsequently VCG LLC) to purchase $4,085 senior subordinated secured notes. These notes bore interest at 12% per annum payable annually in arrears and originally matured on June 18, 2012. A note extension agreement was entered into on April 13, 2009 which extended the June 18, 2009 and June 18, 2010 interest payment dates to December 31, 2009 and December 31, 2010, respectively. The agreement also accelerated the maturity date of the principal amount of each note (together with the accrued interest on the principal amount) from June 18, 2012 to December 31, 2010 resulting in the principal amount being reclassified to current assets at December 31, 2009.

In conjunction with these notes, the Company received share purchase warrants (the "Warrants") having the right to purchase Preferred Series C-1 shares convertible into 8.9% of the fully diluted equity interest of VCG Inc. as of September 22, 2008, subject to the terms of the Warrants. The Warrant component of this instrument constituted a derivative, and accordingly, was valued separately from the value of the notes. For the year ended December 31, 2010, the Company recorded interest income related to carrying value accretion of $252 (2009 - $190).

On November 12, 2010, the Company increased its investment in Bond International Software plc ("Bond"). Bond utilized the proceeds of the investment to purchase VCG LLC, one of Bond’s largest North American competitors. The principal value plus accrued interest outstanding to the Company on the VCG LLC notes was repaid in full on the closing of the transaction. The rights associated with Warrants were relinquished and the deemed fair value of $200 was recorded in profit or loss as a charge to finance expense.

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

7. Bank indebtedness

The Company has an operating line-of-credit with a syndicate of Canadian chartered banks and U.S. banks in the amount of $160,000 (December 31, 2010 - $160,000; January 1, 2010 - $160,000). The line-of-credit bears a variable interest rate and is due in full on September 30, 2012 with no fixed repayment required. 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 debt covenants. As at September 30, 2011, $36,500 (December 31, 2010 - $47,291; January 1, 2010 - $43,100) had been drawn from this credit facility, and letters of credit totalling $457 (December 31, 2010 - $403; January 1, 2010 - nil) were issued, which limits the borrowing capacity on a dollar-for-dollar basis. The Company capitalized transaction costs associated with the line-of-credit which are being amortized through profit or loss using the effective interest rate method. As at September 30, 2011, $703 (December 31, 2010 - $1,250; January 1, 2010 - $1,947) of transaction costs are remaining.

8. Provisions

	Restructuring	Other	Total
At January 1, 2010	$ 5,874	$ 2,438	$ 8,312
Reversal	(4,765)	-	(4,765)
Provisions made during the period	-	847	847
Provisions used during the period	(1,064)	(1,010)	(2,074)
Effect of movements in foreign exchange	(45)	(22)	(67)
At December 31, 2010	$ -	$ 2,253	$ 2,253
At January 1, 2011	$ -	$ 2,253	$ 2,253
Provisions made during the period	-	359	359
Provisions used during the period	-	(302)	(302)
Effect of movements in foreign exchange	-	16	16
At September 30, 2011	$ -	$ 2,326	$ 2,326

Restructuring
The Company determined that restructuring actions were required to improve the overall utilization and reduce overhead costs at the Public Transit Solutions ("PTS") business unit. Restructuring actions include consolidating facilities and reducing the workforce. The majority of the employees terminated were development and production employees in Switzerland.

Other
Other provisions include various individual provisions for unused space and other liabilities of the Company.

9. Income taxes

Income tax expense is recognized based on management's best estimate of the actual income tax rate for the interim period applied to the pre-tax income of the interim period. As a result of foreign exchange fluctuations, acquisitions and ongoing changes due to intercompany transactions amongst entities operating in different jurisdictions, management has determined that is not meaningful to estimate a weighted average annual tax rate on a consolidated basis. The Company's consolidated effective tax rate in respect of continuing operations for the nine months ended September 30, 2011 was negative 152 percent (Nine months ended September 30, 2010 - 25 percent). The change in the effective tax rate was due to the recognition of a future tax recovery related to inter-jurisdictional transfers of certain intangible assets within the Company during the nine month period ended September 30, 2011. Deferred tax assets were recorded on the increase in fair market value arising on these 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 for the remainder of 2011.

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

10. Capital and other components of shareholders' equity

Capital stock

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

	Common shares		Class A non-voting		Total	
	Number	Amount	Number	Amount	Number	Amount
September 30, 2011 and December 31, 2010	17,504	$ 86,794	3,688	$ 12,489	21,192	$ 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.

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 derecognized or impaired.

Dividends

During the nine months ended September 30, 2011, the Company declared and paid dividends of $2.00 per common and class A non-voting share (Nine months ended September 30, 2010 - $0.26 per share).

(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, maintenance revenue, professional service revenue and hardware and other revenue. Software license revenue is comprised of license fees charged for the use of software products licensed under single-year, 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 include the resale of third party hardware as well as sales of hardware assembled internally. Maintenance 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 September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
License revenue	$ 14,545	$ 12,805	$ 44,519	$ 34,737
Professional services revenue	45,724	43,095	135,129	126,791
Hardware and other revenue	32,054	20,312	83,158	52,087
Maintenance revenue	109,930	87,376	312,178	248,364
Total	$ 202,253	$ 163,588	$ 574,984	$ 461,979

12. Finance income and Finance costs

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Interest income	$ (23)	$ (225)	$ (126)	$ (706)
Dividend income	-	(82)	(99)	(113)
Other investments:				
(Gain) loss on sale of available-for-sale equity securities and other assets	(2,772)	1	(5,942)	(81)
Finance income	$ (2,795)	$ (306)	$ (6,167)	$ (900)
Interest expense, and other	1,462	1,315	4,589	3,672
Finance costs	$ 1,462	$ 1,315	$ 4,589	$ 3,672

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

13. Earnings per share

Basic and diluted earnings per share

	Three months ended September 30, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2011	Nine months ended September 30, 2010
Numerator:				
Net income	$ 21,918	$ 8,786	$ 144,746	$ 19,139
Denominator:				
Basic and diluted shares outstanding	21,192	21,192	21,192	21,192
Earnings per share				
Basic and diluted	$ 1.03	$ 0.41	$ 6.83	$ 0.90

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 applied to prepare these condensed consolidated interim 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 assessment that differences in economic cycles and processes and procedures for securing contracts between governmental clients and commercial 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.

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

14. Operating Segments (continued)

Three months ended September 30, 2011	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 149,842	$ 52,411	$ -	$ 202,253
Expenses				
Staff	74,344	28,741	-	103,085
Hardware	16,776	1,947	-	18,723
Third party license, maintenance and professional services	9,102	4,218	-	13,320
Occupancy	3,509	1,439	-	4,948
Travel	5,699	1,522	-	7,221
Telecommunications	1,689	865	-	2,554
Supplies	2,697	754	-	3,451
Professional fees	1,436	632	-	2,068
Other	1,153	1,295	-	2,448
Income before the undernoted	33,437	10,998	-	44,435
Depreciation	1,510	447	-	1,957
Amortization of intangible assets	13,616	5,519	-	19,135
Impairment of non-financial assets	518	-	-	518
Foreign exchange (gain) loss	(712)	(2,399)	2,206	(905)
Finance income	(14)	(9)	(2,772)	(2,795)
Finance costs	(31)	(38)	1,531	1,462
Inter-company expenses (income)	5,371	2,478	(7,849)	-
	20,258	5,998	(6,884)	19,372
Profit before income tax	13,179	5,000	6,884	25,063
Current income tax expense (recovery)	4,091	1,570	(662)	4,999
Deferred income tax (recovery) expense	(1,943)	(217)	306	(1,854)
Income tax recovery	2,148	1,353	(356)	3,145
Net income	$ 11,031	$ 3,647	$ 7,240	$ 21,918

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

14. Operating Segments (continued)

Nine months ended September 30, 2011	Public Sector	Private Sector	Other	Consolidated Total
Revenue	$ 427,032	$ 147,952	$ -	$ 574,984
Expenses				
Staff	215,679	84,012	-	299,691
Hardware	42,064	5,543	-	47,607
Third party license, maintenance and professional services	26,367	11,565	-	37,932
Occupancy	10,130	4,121	-	14,251
Travel	16,438	4,241	-	20,679
Telecommunications	5,045	2,390	-	7,435
Supplies	9,737	2,010	-	11,747
Professional fees	4,868	1,920	-	6,788
Other	4,017	3,606	-	7,623
Income before the undernoted	92,687	28,544	-	121,231
Depreciation	4,713	1,326	-	6,039
Amortization of intangible assets	41,471	14,262	-	55,733
Impairment of non-financial assets	518	-	-	518
Foreign exchange loss (gain)	956	(1,195)	3,267	3,028
Finance income	(131)	(43)	(5,993)	(6,167)
Finance costs	73	40	4,476	4,589
Inter-company expenses (income)	14,866	6,918	(21,784)	-
	62,466	21,308	(20,034)	63,740
Profit before income tax	30,221	7,236	20,034	57,491
Current income tax expense (recovery)	11,251	3,642	(1,417)	13,476
Deferred income tax (recovery) expense	(62,217)	(38,799)	285	(100,731)
Income tax (recovery) expense	(50,966)	(35,157)	(1,132)	(87,255)
Net income	$ 81,187	$ 42,393	$ 21,166	$ 144,746

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

14. Operating Segments (continued)

Three months ended September 30, 2010	Public Sector	Private Sector	Other	Total
Revenue	$ 121,164	$ 42,424	$ -	$ 163,588
Expenses				
Staff	63,243	25,258	-	88,501
Hardware	12,608	1,530	-	14,138
Third party license, maintenance and professional services	6,950	3,189	-	10,139
Occupancy	2,924	1,333	-	4,257
Travel	4,353	1,177	-	5,530
Telecommunications	1,565	676	-	2,241
Supplies	2,261	563	-	2,824
Professional fees	1,418	509	-	1,927
Other	1,079	1,113	-	2,192
Income before the undernoted	24,763	7,076	-	31,839
Depreciation	1,501	463	-	1,964
Amortization of intangible assets	12,420	4,362	-	16,782
Foreign exchange loss (gain)	1,031	808	(217)	1,622
Finance income	(16)	(15)	(275)	(306)
Finance costs	9	100	1,206	1,315
Inter-company expenses (income)	2,842	1,041	(3,883)	-
	17,787	6,759	(3,169)	21,377
Profit before income tax	6,976	317	3,169	10,462
Current income tax expense (recovery)	4,515	1,001	(788)	4,728
Deferred income tax recovery	(1,655)	(1,116)	(281)	(3,052)
Income tax expense (recovery)	2,860	(115)	(1,069)	1,676
Net income (loss)	$ 4,116	$ 432	$ 4,238	$ 8,786

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

14. Operating Segments (continued)

Nine months ended September 30, 2010	Public Sector	Private Sector	Other	Total
Revenue	$ 346,529	$ 115,450	$ -	$ 461,979
Expenses				
Staff	193,253	70,101	-	263,354
Hardware	28,154	3,658	-	31,812
Third party license, maintenance and professional services	18,276	8,397	-	26,673
Occupancy	8,569	3,671	-	12,240
Travel	13,369	3,318	-	16,687
Telecommunications	4,880	1,938	-	6,818
Supplies	6,777	1,631	-	8,408
Professional fees	4,264	1,502	-	5,766
Other	3,419	3,138	-	6,557
Income before the undernoted	65,568	18,096	-	83,664
Depreciation	3,604	1,124	-	4,728
Amortization	36,380	12,286	-	48,666
Foreign exchange loss (gain)	1,503	1,013	(473)	2,043
Finance income	(152)	(54)	(694)	(900)
Finance costs	59	174	3,439	3,672
Inter-company expenses (income)	4,842	3,025	(7,867)	-
	46,236	17,568	(5,595)	58,209
Profit before income tax	19,332	528	5,595	25,455
Current income tax expense (recovery)	12,958	2,255	(2,179)	13,034
Deferred income tax recovery	(3,151)	(2,633)	(934)	(6,718)
Income tax expense (recovery)	9,807	(378)	(3,113)	6,316
Net income	$ 9,525	$ 906	$ 8,708	$ 19,139

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

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, labor, 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 $13 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 customer alleges total damages of approximately $30 million. The subsidiary of the Company and the seller of the MAJES assets plan to contest all of the customer's claims. The contract with the customer has a $9 million limitation of liability clause that the Company believes will apply to all of the claims in the letter. The subsidiary of the Company also believes that it is entitled to indemnification from Maximus in respect of certain of the claims made by the customer. The Company is currently following the dispute resolution process and continues to provide services to the customer.

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 $1,500 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.

16. Changes in non-cash operating working capital

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
(Increase) decrease in accounts receivable	$ (6,470)	$ (13,235)	$ (12,128)	$ 7,756
(Increase) decrease in work in progress	(3,495)	888	(9,048)	(4,482)
Decrease (increase) in inventory	3,194	388	504	(624)
Decrease in other assets	1,975	2,679	837	972
Change in acquired contract assets and liabilities	(966)	690	(12,992)	(6,716)
Increase (decrease) in accounts payable and accrued liabilities	15,484	7,013	(9,487)	(2,853)
Increase in deferred revenue	2,789	2,930	11,877	3,319
	$ 12,511	$ 1,353	$ (30,437)	$ (2,628)

17. Subsequent events

Subsequent to September 30, 2011, the Company acquired the net assets of two separate entities and acquired 100% of the shares of a third entity for aggregate cash consideration of $2,581 on closing plus cash holdbacks of $603. In addition, there is contingent consideration payable in connection with one of the acquisitions based on the amount that certain financial measures exceed predetermined levels in the post-acquisition period. The business acquisitions include companies catering to public transit operators, public safety and courts, all of which are software businesses similar to existing businesses of the Company. The business acquisitions will be included in our Public Sector segment.

18. Explanation of transition to IFRS

As stated in note 2, these condensed consolidated interim financial statements have been prepared in accordance with IAS 34.

The accounting policies as set out in note 3 to our condensed consolidated interim financial statements for the three months ended March 31, 2011, have been applied in preparing the condensed consolidated interim financial statements for the three and nine months ended September 30, 2011, the comparative information for the three and nine months ended September 30, 2010, and in preparation of an opening IFRS statement of financial position at January 1, 2010 (the Company's date of transition to IFRS) and statements of financial position as at September 30, 2010 and December 31, 2010.

In preparing its opening IFRS statement of financial position, the Company has adjusted amounts previously reported in financial statements prepared in accordance with previous Canadian GAAP.

An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables and the notes that accompany the tables.

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

18. Explanation of transition to IFRS (continued)

Reconciliation of financial position and shareholders' equity

January 1, 2010

	Notes	Previous Canadian GAAP (reclassified, note a)	Adjustments	IFRS
Assets				
Current assets:				
Cash		$ 33,249	$ -	$ 33,249
Equity securities available-for-sale		22,323	-	22,323
Accounts receivable	*c*	90,683	4,748	95,431
Work in progress	*c*	21,910	1,167	23,077
Inventory	*c*	12,702	1,618	14,320
Other assets	*c,e*	26,335	(74)	26,261
		207,202	7,459	214,661
Non-current assets:				
Property and equipment	*c,e,f*	10,539	(2,313)	8,226
Deferred income taxes	*c,j*	4,318	461	4,779
Other assets	*c,e,h*	13,478	401	13,879
Intangible assets	*c,e,g*	226,818	(4,579)	222,239
Total assets		$ 462,355	$ 1,429	$ 463,784
Liabilities and Shareholders' Equity				
Current liabilities:				
Bank indebtedness	*h*	$ 43,100	$ (1,947)	$ 41,153
Accounts payable and accrued liabilities	*c,d*	95,343	(8,704)	86,639
Deferred revenue	*c,e*	128,359	6,940	135,299
Provisions		8,312	-	8,312
Acquired contract liabilities		7,652	-	7,652
Acquisition holdback payments		3,587	-	3,587
Income taxes payable	*c*	3,751	6	3,757
		290,104	(3,705)	286,399
Non-current liabilities				
Deferred income taxes	*c,j*	17,839	(1,518)	16,321
Acquired contract liabilities	*c,e*	34,120	7,362	41,482
Acquisition holdback payments		2,537	-	2,537
Other liabilities	*c,d*	9,051	(5,033)	4,018
		63,547	811	64,358
Shareholders equity:				
Capital stock		99,283	-	99,283
Accumulated other comprehensive (loss) income	e	(157)	3,161	3,004
Retained earnings		9,578	1,162	10,740
		108,704	4,323	113,027
Total liabilities and shareholders' equity		$ 462,355	$ 1,429	$ 463,784

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

18. Explanation of transition to IFRS (continued)

September 30, 2010

	Notes	Previous Canadian GAAP (reclassified, note a)	Adjustments	IFRS
Assets				
Current assets:				
Cash		$ 24,654	$ -	$ 24,654
Equity securities available-for-sale		26,025	-	26,025
Accounts receivable	*c*	108,698	(922)	107,776
Work in progress	*c*	27,719	1,511	29,230
Inventory	*c*	16,050	(68)	15,982
Other assets	*c*	26,079	367	26,446
		229,225	888	230,113
Non-current assets:				
Property and equipment	*c,e,f*	16,239	(3,282)	12,957
Deferred income taxes	*c,j*	6,882	349	7,231
Other assets	*c,e, h*	9,946	(437)	9,509
Intangible assets	*c,d,e,g*	243,568	(2,283)	241,285
		$ 505,860	$ (4,765)	$ 501,095
Liabilities and Shareholders' Equity				
Current liabilities:				
Bank indebtedness	*h*	$ 39,629	$ (1,427)	$ 38,202
Accounts payable and accrued liabilities	*c,e*	94,752	(333)	94,419
Deferred revenue	*c,e*	156,018	3,710	159,728
Provisions		2,583	-	2,583
Acquired contract liabilities		9,442	-	9,442
Acquisition holdback payments	*c*	3,208	1,830	5,038
Income taxes payable		3,875	-	3,875
		309,507	3,780	313,287
Non-current liabilities				
Deferred income taxes	*c,j*	23,063	(3,185)	19,878
Acquired contract liabilities	*c,e*	34,772	(2,720)	32,052
Acquisition holdback payments		1,577	-	1,577
Other liabilities	*c,d*	7,043	(2,857)	4,186
		66,455	(8,762)	57,693
Shareholders equity:				
Capital stock		99,283	-	99,283
Accumulated other comprehensive income	e,f	2,675	3,788	6,463
Retained earnings		27,940	(3,571)	24,369
		129,898	217	130,115
		$ 505,860	$ (4,765)	$ 501,095

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

18. Explanation of transition to IFRS (continued)

December 31, 2010

	Notes	Previous Canadian GAAP (reclassified, note a)	Adjustments	IFRS
Assets				
Current assets:				
Cash		$ 30,911	$ -	$ 30,911
Equity securities available-for-sale		23,723	-	23,723
Accounts receivable		90,898	-	90,898
Work in progress		25,607	-	25,607
Inventory		15,945	-	15,945
Other assets		26,463	-	26,463
		213,547	-	213,547
Non-current assets:				
Property and equipment	*e,f*	16,430	(2,961)	13,469
Deferred income taxes	*j*	14,918	450	15,368
Other assets	*e,h*	24,519	(971)	23,548
Intangible assets	*d,e,g*	273,009	(3,022)	269,987
		$ 542,423	$ (6,504)	$ 535,919
Liabilities and Shareholders' Equity				
Current liabilities:				
Bank indebtedness	*h*	$ 47,291	$ (1,250)	$ 46,041
Accounts payable and accrued liabilities		104,905	-	104,905
Deferred revenue	*e*	157,240	785	158,025
Provisions		2,253	-	2,253
Acquired contract liabilities		10,908	-	10,908
Acquisition holdback payments		6,920	-	6,920
Income taxes payable		1,424	-	1,424
		330,941	(465)	330,476
Non-current liabilities				
Deferred income taxes	*j*	19,443	(1,634)	17,809
Acquired contract liabilities	*e*	33,924	1,709	35,633
Acquisition holdback payments		2,744	-	2,744
Other liabilities	*d*	4,962	1,244	6,206
		61,073	1,319	62,392
Shareholders equity:				
Capital stock		99,283	-	99,283
Accumulated other comprehensive income	e,f	5,292	3,230	8,522
Retained earnings		45,834	(10,588)	35,246
		150,409	(7,358)	143,051
		$ 542,423	$ (6,504)	$ 535,919

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

18. Explanation of transition to IFRS (continued)

Reconciliation of profit for the three months ended September 30, 2010

	Notes	Canadian GAAP (reclassified note b)	IFRS adjustments	IFRS
Revenue	*i*	$ 162,814	$ 774	$ 163,588
Expenses				
Staff	*i*	87,727	774	88,501
Hardware		14,138	-	14,138
Third party license, maintenance and professional services		10,139	-	10,139
Occupancy		4,257	-	4,257
Travel		5,530	-	5,530
Telecommunications		2,241	-	2,241
Supplies		2,824	-	2,824
Professional fees		1,927	-	1,927
Other	*d*	2,187	5	2,192
Income before the undernoted		31,844	(5)	31,839
Depreciation	*f*	1,671	293	1,964
Amortization of intangible assets	*g*	17,364	(582)	16,782
Foreign exchange (gain) loss	*e*	(980)	2,602	1,622
Finance income		(306)	-	(306)
Finance costs	*d*	1,246	69	1,315
		18,995	2,382	21,377
Profit before income tax		12,849	(2,387)	10,462
Extraordinary gain	*c*	3,518	(3,518)	-
Current income tax expense		4,728	-	4,728
Deferred income tax (expense) recovery	*j*	(2,572)	(480)	(3,052)
Income tax expense		2,156	(480)	1,676
Net income		$ 14,211	$ (5,425)	$ 8,786
Net changed in fair value on available-for-sale financial assets during the period		870	-	870
Net unrealized foreign exchange adjustment loss on available-for-sale financial assets during the period		409	-	409
Foreign currency translation differences from foreign operations	*e*	742	775	1,517
Deferred tax expense	*j*	(192)	(212)	(404)
Other comprehensive income for the period, net of income tax		1,829	563	2,392
Total comprehensive income for the period		$ 16,040	$ (4,862)	$ 11,178
Earnings per share				
Basic and diluted		$ 0.67	$ (0.26)	$ 0.41

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

18. Explanation of transition to IFRS (continued)

Reconciliation of profit for the nine months ended September 30, 2010

	Notes	Canadian GAAP (reclassified note b)	IFRS adjustments	IFRS
Revenue	*i*	$ 459,389	$ 2,590	$ 461,979
Expenses				
Staff	*i*	260,764	2,590	263,354
Hardware		31,812	-	31,812
Third party license, maintenance and professional services		26,673	-	26,673
Occupancy		12,240	-	12,240
Travel		16,687	-	16,687
Telecommunications		6,818	-	6,818
Supplies		8,408	-	8,408
Professional fees		5,766	-	5,766
Other	*d*	6,535	22	6,557
Income before the undernoted		83,686	(22)	83,664
Depreciation	*f*	4,148	580	4,728
Amortization of intangible assets	*g*	49,483	(817)	48,666
Foreign exchange loss	*e*	41	2,002	2,043
Finance income		(900)	-	(900)
Finance costs	*d*	3,533	139	3,672
		56,305	1,904	58,209
Profit before income tax		27,381	(1,926)	25,455
Extraordinary gain	*c*	3,518	(3,518)	-
Current income tax expense		13,034	-	13,034
Deferred income tax recovery	*j*	(6,007)	(711)	(6,718)
Income tax expense (recovery)		7,027	(711)	6,316
Net income		$ 23,872	$ (4,733)	$ 19,139
Net changed in fair value on available-for-sale financial assets during the period		3,354	-	3,354
Net unrealized foreign exchange adjustment loss on available-for-sale financial assets during the period		(31)	-	(31)
Reclassification of unrealized gain upon derecognition of available-for-sale investments		(696)	-	(696)
Foreign currency translation differences from foreign operations	*e*	1,049	839	1,888
Deferred tax expense	*j*	(844)	(212)	(1,056)
Other comprehensive income for the period, net of income tax		2,832	627	3,459
Total comprehensive income for the period		$ 26,704	$ (4,106)	$ 22,598
Earnings per share				
Basic and diluted		$ 1.13	$ (0.22)	$ 0.90

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

18. Explanation of transition to IFRS (continued)

Reconciliation of profit for the year ended December 31, 2010

	Notes		Canadian GAAP (reclassified note b)		IFRS adjustments		IFRS
Revenue	i	$	630,857	$	3,108	$	633,965
Expenses							
Staff	i		353,431		3,108		356,539
Hardware			45,109		-		45,109
Third party license, maintenance and professional services			37,669		-		37,669
Occupancy			16,840		-		16,840
Travel			23,094		-		23,094
Telecommunications			9,177		-		9,177
Supplies			11,125		-		11,125
Professional fees			8,219		-		8,219
Other	d		9,764		11		9,775
Income before the undernoted			116,429		(11)		116,418
Depreciation	f		6,036		720		6,756
Amortization of intangible assets	g		69,367		(1,441)		67,926
Foreign exchange loss	e		2,387		2,140		4,527
Finance income			(1,241)		-		(1,241)
Finance costs	d		5,610		173		5,783
Bargain purchase gain	c		-		(1,745)		(1,745)
			82,159		(153)		82,006
Profit before income tax			34,270		142		34,412
Extraordinary gain	c		12,538		(12,538)		-
Current income tax expense			16,961		-		16,961
Deferred income tax recovery	j		(11,918)		(646)		(12,564)
Income tax expense (recovery)			5,043		(646)		4,397
Net income		$	41,765	$	(11,750)	$	30,015
Net change in fair value on available-for-sale financial assets during the period			6,071		-		6,071
Net unrealized foreign exchange adjustment gain on available-for-sale financial assets during the period			61		-		61
Reclassification of unrealized gain upon derecognition of available-for-sale investments			(733)		-		(733)
Foreign currency translation differences from foreign operations	e		1,310		296		1,606
Deferred tax expense	j		(1,260)		(227)		(1,487)
Other comprehensive income for the period, net of income tax			5,449		69		5,518
Total comprehensive income for the period		$	47,214	$	(11,681)	$	35,533
Earnings per share							
Basic and diluted		$	1.97	$	(0.55)	$	1.42

18. Explanation of transition to IFRS (continued)

Adjustments to the statements of cash flows for 2010

Income taxes paid has been moved into the body of the statement of cash flows, whereas it was previously disclosed as supplemental information. In addition, interest paid was previously included as part of operating activities, whereas it is included within financing activities under IFRS. There are no other material differences between the statement of cash flows presented under IFRS and the statement of cash flows presented under previous Canadian GAAP.

Correction of immaterial errors related to 2010 interim periods

In the course of preparing its financial statements for the three months ended September 30, 2011, the Company identified certain errors in each of the interim periods in the fiscal 2010 IFRS comparative statements related to its accounting for foreign exchange in connection with foreign operations. The Company has corrected cumulative errors in the three-month period ended September 30, 2010, which had the impact of decreasing net income by $1,601, with an corresponding adjustment to accumulated other comprehensive income. The Company has also recast the balance sheet and statement of comprehensive income for the year ended December 31, 2010 included herein. For the year ended December 31, 2010 net income was reduced by $947 and accumulated other comprehensive income was increased by $947. The Company reviewed the impact of these errors on the comparative periods in fiscal 2010 and determined that the errors were not material.

Notes to the reconciliations as at and for the periods included above

(a) In transitioning to IFRS, the Company has reclassified certain amounts within the consolidated statement of financial position.

(b) In transitioning to IFRS, the Company has elected to present its expenses in the consolidated statement of comprehensive income according to their nature. As a result, expenses previously disclosed under Canadian GAAP within cost of revenue, research and development, sales and marketing, and general and administration are presented under IFRS based on the nature of the cost incurred.

As required by IFRS, the Company has reported finance income and finance cost on a gross basis.

(c) IFRS 1 states that on first-time adoption, an entity may elect not to apply IFRS 3 (revised), *Business Combinations* (“IFRS 3”) retrospectively to business combinations that occurred before the date of transition, January 1, 2010. Under Canadian GAAP the Company had early adopted the Handbook Section 1582, *Business Combinations* ("HB 1582"), effective January 1, 2010, the requirements of which are substantially converged with IFRS; consequently no changes were deemed applicable for our acquisitions acquired after January 1, 2010. Goodwill relating to business combinations that occurred prior to January 1, 2010 was tested for impairment. No impairment existed at the transition date.

As a result of this election, business combinations which occurred prior to January 1, 2010 have a deemed cost equal to the carrying value in accordance with Canadian GAAP at December 31, 2009. Where the accounting for the purchase equation was incomplete at December 31, 2009, in respect of an unrestated business combination, the deemed cost is equal to the carrying value of such assets and liabilities acquired immediately after the business combination, inclusive of the adjustments made during the measurement period under Canadian GAAP. The statements of financial position under IFRS differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

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

18. Explanation of transition to IFRS (continued)

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Current assets:			
Accounts receivable	$ -	$ (922)	$ 4,748
Work in progress	-	1,511	1,167
Inventory	-	(68)	1,618
Other assets	-	367	(78)
Non-current assets:			
Property and equipment	-	(595)	(5)
Deferred income taxes	-	699	358
Other assets	-	792	2,404
Intangible assets	-	868	200
Current liabilities:			
Accounts payable and accrued liabilities	-	(597)	(8,716)
Deferred revenue	-	2,496	6,725
Acquisition holdback payments	-	1,830	-
Income taxes payable	-	-	6
Non-current liabilities:			
Deferred income taxes	-	(671)	44
Acquired contract liabilities	-	(3,603)	7,727
Other liabilities	-	(4,078)	(6,167)
Increase in retained earnings	$ -	$ 7,275	$ 10,793

On November 2, 2009, the Company acquired the Public Transit Solutions business of Continental Automotive AG. Negative goodwill arose on acquisition because the fair value of the separately identifiable assets and liabilities acquired exceeded the total consideration paid. Under Canadian GAAP, the negative goodwill was recorded as an extraordinary gain during the measurement period in fiscal 2010. Under IFRS, the negative goodwill, or bargain purchase gain, has been reported in the opening statement of financial position because the carrying amount under previous Canadian GAAP of assets acquired and liabilities assumed in an unrestated business combination immediately after the business combination becomes their deemed cost at that date. As a result, an extraordinary gain of $10,793 for the year ended December 31, 2010 (Nine months ended September 30, 2010 - $3,518), which was reported under Canadian GAAP in profit or loss, is eliminated against retained earnings under IFRS.

Negative goodwill totalling $1,745 has arisen on one of the 2010 acquisitions (fourth quarter) because the fair value of the separately identifiable assets and liabilities acquired exceeded the total consideration paid. Under Canadian GAAP this was reported as a extraordinary gain, while under IFRS it is reported as a bargain purchase gain.

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

18. Explanation of transition to IFRS (continued)

(d) The Company has applied IFRS 3 to all business combinations after January 1, 2010. Under IFRS, the estimated fair value of any contingent consideration outstanding at January 1, 2010 must be recognized. The application of Canadian GAAP as it relates to acquisitions prior to January 1, 2010 does not allow for recognition unless the contingency can be reasonably estimated at the date of acquisition and determined beyond a reasonable doubt. Under Canadian GAAP the Company had elected to early adopt HB 1582 effective January 1, 2010, the requirements of which are converged with IFRS; consequently there is no impact on acquisitions acquired subsequent to January 1, 2010. The IFRS statements of financial position differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Intangible assets	$ (86)	$ (86)	$ -
Accounts payable and accrued liabilities	-	-	12
Other non-current liabilities	1,244	1,221	1,134
Decrease in retained earnings	$ (1,330)	$ (1,307)	$ (1,146)

The IFRS statements of comprehensive income differ from the amounts reported in the Canadian GAAP statements of operations by the following amounts:

	Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Increase/(decrease) in:			
Other expense	$ 11	$ 5	$ 22
Finance costs	173	69	139
Decrease in profit before income taxes	$ 184	$ 74	$ 161

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

18. Explanation of transition to IFRS (continued)

(e) Under IFRS, there are various indicators to be considered in determining the appropriate functional currency of an entity. When the indicators are mixed and the functional currency is not obvious, priority should be given to indicators that have a greater weighting, such as primary indicators including the currency that most influences sales prices, the currency of the market in which the goods are sold, and the currency that mainly influences expenses. Canadian GAAP has similar indicators as IFRS in determining functional currency. However, Canadian GAAP does not have a hierarchy of indicators under which certain indicators are given priority.

In accordance with IFRS, the Company has assessed the functional currency of foreign subsidiaries. As part of this assessment, in general the functional currency of subsidiaries has changed as sales prices and expenses are mainly influenced by their respective local currency. The IFRS statements of financial position differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Current assets:			
Other assets	$ -	$ -	$ 4
Non-current assets:			
Property and equipment	124	248	36
Other assets	279	198	(56)
Intangible assets	(552)	(57)	(954)
Current liabilities:			
Accounts payable	-	264	-
Deferred revenue	785	1,214	215
Non-current liabilities:			
Acquired contract liabilities	1,709	883	(365)
Cumulative translation account	(503)	30	(820)
Decrease in retained earnings	$ (2,140)	$ (2,002)	$ -

The IFRS statements of comprehensive income differs from the amounts reported in the Canadian GAAP statements of operations by the following amounts.

	Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Increase/(decrease) in:			
Foreign exchange loss	$ 2,140	$ 2,602	$ 2,002
Decrease in profit before income taxes	$ 2,140	$ 2,602	$ 2,002

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

18. Explanation of transition to IFRS (continued)

IFRS 1 permits the cumulative translation differences for all foreign operations to be deemed nil at the date of transition to IFRS, with future gains or losses on subsequent disposal of any foreign operations to exclude translation differences arising from periods prior to the date of transition to IFRS. The Company has applied this election, as a result, $3,161 has been reclassified from other comprehensive income to retained earnings.

(f) Under Canadian GAAP certain of the Company's business units used the declining balance method to depreciate property and equipment, while other business units used the straight line method to depreciate property and equipment. Under IFRS, uniform accounting policies must be used for reporting similar activity and transactions. The IFRS statement of financial position differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Property and equipment	$ (3,085)	$ (2,935)	$ (2,344)
Foreign currency translation adjustment	(21)	(11)	-
Decrease in retained earnings	$ (3,064)	$ (2,924)	$ (2,344)

The IFRS statements of comprehensive income differs from the amounts reported in the Canadian GAAP statements of operations by the following amounts:

	Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Increase/(decrease) in:			
Depreciation	$ 720	$ 293	$ 580
Decrease in profit before income taxes	$ 720	$ 293	$ 580

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

18. Explanation of transition to IFRS (continued)

(g) Under Canadian GAAP certain of our business units used various methods in determining the useful lives of intangible assets. Under IFRS, uniform accounting policies must be used for reporting like transactions. The IFRS statements of financial position differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Intangible assets	$ (2,384)	$ (3,008)	$ (3,825)
Decrease in retained earnings	$ (2,384)	$ (3,008)	$ (3,825)

The IFRS statements of comprehensive income differs from the amounts reported in the Canadian GAAP statements of operations by the following amounts.

	Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Increase/(decrease) in:			
Amortization of intangible assets	$ (1,441)	$ (582)	$ (817)
Increase in profit before income taxes	$ (1,441)	$ (582)	$ (817)

(h) Under Canadian GAAP direct costs associated with securing the Company's revolving line of credit were capitalized to other assets and recognized in profit or loss through interest expense. Under IFRS, these transaction costs are capitalized as part of the related financial liability. The costs are amortized using the effective interest method to interest expense and included as part of finance costs. The IFRS statements of financial position differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Other assets	$ (1,250)	$ (1,427)	$ (1,947)
Bank indebtedness	(1,250)	(1,427)	(1,947)
Increase/(decrease) in retained earnings	$ -	$ -	$ -

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

18. Explanation of transition to IFRS (continued)

(i) Under Canadian GAAP, the Company accounted for certain long-term contracts using the completed contract method of accounting. Completed contract method of accounting is generally not permitted under IFRS. If the outcome of a contract is not known, then revenue is recognized only to the extent of the costs incurred that are probable of recovery and is limited to the amount of costs recognized during the period. As a result of retrospective application of this policy, $10,125 of revenue and costs have been recognized through retained earnings in the opening IFRS balance sheet.

The IFRS statements of comprehensive income differs from the amounts reported in the Canadian GAAP statements of operations by the following amounts:

	Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Increase/(decrease) in:			
Revenue	$ 3,108	$ 774	$ 2,590
Staff expense	3,108	774	2,590
Decrease in profit before income taxes	$ -	$ -	$ -

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

18. Explanation of transition to IFRS (continued)

(j) Under IFRS, subsidiaries with a functional currency that is not their local currency and that have foreign-denominated non-monetary assets or liabilities, requires a deferred tax asset/liability to be recorded based on foreign exchange movements during a given period. Under Canadian GAAP this was not required. Additionally, the IFRS statements differ by the income tax effect of the IFRS adjustments discussed above. As a result of these changes, the IFRS deferred tax asset and deferred tax liability differs from the amounts reported in the Canadian GAAP balance sheets by the following amounts:

	December 31, 2010	September 30, 2010	January 1, 2010
Increase/(decrease) in:			
Property and equipment (note f)	309	(353)	31
Intangible assets (note g)	70	(124)	33
Foreign exchange on foreign-denominated non monetary assets (note j)	71	127	39
Deferred tax asset	450	(350)	103
Contingent consideration (note d)	(426)	(426)	(406)
Property and equipment (note f)	(416)	(1,166)	(716)
Intangible assets (note g)	(483)	(613)	(130)
Foreign exchange on foreign-denominated non monetary assets (note j)	(309)	(309)	(310)
Deferred tax liability	(1,634)	(2,514)	(1,562)
Decrease in accumulated other comprehensive income	(227)	(212)	-
Increase in retained earnings	$ 2,311	$ 2,376	$ 1,665

Other comprehensive income under IFRS differs from the amounts reported in the Canadian GAAP financial statements by the following amounts:

	Year ended December 31, 2010	Three months ended September 30, 2010	Nine months ended September 30, 2010
Increase/(decrease) in:			
Deferred income tax recovery	$ (646)	$ (480)	$ (711)
Increase in net income	$ (646)	$ (480)	$ (711)

The IFRS other comprehensive income for the year ended December 31, 2010 differs from the amount reported in the Canadian GAAP statements by $227 (Nine months ended September 30, 2010 - $212).

19. Comparative figures

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