

## Constellation Software Inc. Announces Results for the Fourth Quarter and Year Ended December 31, 2010 and Declares Annual Dividend

**TORONTO, ONTARIO (March 2, 2011)** -- Constellation Software Inc. (TSX:CSU) (“Constellation” or the “Company”) today announced its financial results for the fourth quarter and fiscal year ended December 31, 2010, and declared a \$2.00 per share dividend payable on March 31, 2011 to all common shareholders and class A non-voting shareholders of record at close of business on March 17, 2011. Please note that all dollar amounts referred to in this press release are U.S. Dollars unless otherwise stated.

The following press release should be read in conjunction with the Company’s audited annual Consolidated Financial Statements, prepared in accordance with Canadian GAAP and our annual MD&A for the year ended December 31, 2010 which can be found on SEDAR at [www.sedar.com](http://www.sedar.com) and on the Company’s website [www.csisoftware.com](http://www.csisoftware.com). Additional information about the Company is also available on SEDAR at [www.sedar.com](http://www.sedar.com).

### 2010 Highlights:

- Revenue grew 44% to \$631 million compared to \$438 million in 2009. Organic revenue growth was negative 4% in 2010 versus negative 3% in 2009. Excluding the impact of the Public Transit Solutions business (‘PTS’) acquired in Q4 2009, organic growth was 2% in 2010 compared to nil in 2009.
- Adjusted EBITDA increased \$28 million or 32% to \$116 million as compared to 2009
- Adjusted net income increased by \$25 million or 40% to \$87 million (\$4.12 on a fully diluted per share basis) from \$62 million (\$2.95 on a fully diluted per share basis) in 2009
- \$91 million was deployed on 21 acquisitions and \$8 million in net acquisition settlement payments relating to prior acquisitions was received
- Cash flow from operations increased \$24 million or 29% to \$105 million in 2010 as compared to \$82 million in 2009
- Dividend declared of \$2.00 per share
- Negotiating an increase to our credit facility to \$250 million from \$160 million

### Q4 2010 Highlights:

- Revenue grew 30% to \$171 million compared to \$132 million in Q4 2009. Organic revenue growth was 1% compared to negative 4% in Q4 2009
- Adjusted EBITDA grew 47% to \$33 million compared to \$22 million in Q4 2009
- Adjusted net income grew 57% to \$23 million compared to \$15 million in Q4 2009
- Five acquisitions were completed in the quarter for net cash consideration of \$45 million, and net acquisition settlement payments of \$13 million were received
- Subsequent to December 31, 2010, the Company completed two acquisitions for total cash consideration of \$11 million.

Fourth quarter 2010 revenue was \$171 million, an increase of 30%, or \$39 million, compared to \$132 million for the comparable period in 2009. For the 2010 fiscal year, total revenues were \$631 million, an increase of 44% over 2009. The increases for both the fourth quarter and the full year compared to the same periods in the prior year were mainly attributable to growth from acquisitions, as organic growth from our existing business was estimated at approximately 1% for the fourth quarter and negative 4% for the full year.

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 may continue to do so in the future. Revenue from PTS declined significantly in the twelve months following acquisition compared to revenue in the corresponding financial period preceding acquisition as PTS recognized substantial non-recurring revenue in the twelve months prior to acquisition. 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 1% in Q4 2010 and 2% for 2010. The following table provides a summary of the impact of PTS on Constellation’s organic revenue growth:

## Organic Revenue Growth

	Three months ended December 31, 2010	Fiscal year ended December 31, 2010
Constellation	1%	-4%
Constellation excluding PTS	1%	2%

Adjusted EBITDA for the fourth quarter 2010 was \$33 million, a 47% increase compared to the prior year's fourth quarter Adjusted EBITDA of \$22 million. Fourth quarter Adjusted EBITDA per share on a fully diluted basis increased 48% to \$1.55, compared to \$1.05 for the same period last year. Adjusted EBITDA for the year ended December 31, 2010 was \$116 million, an increase of 32% over last year's Adjusted EBITDA of \$88 million for the same period. Adjusted EBITDA per share on a fully diluted basis for the year increased 32% to \$5.49, compared to \$4.16 for the same period in 2009.

Adjusted net income for the fourth quarter 2010 was \$23 million, compared to the prior year's fourth quarter Adjusted net income of \$15 million, a 57% increase. Fourth quarter Adjusted net income per share on a fully diluted basis increased 58% to \$1.09 compared to \$0.69 for the prior year's fourth quarter. Adjusted net income for the year ended December 31, 2010 was \$87 million, an increase of 40% over last year's Adjusted net income of \$62 million for the same period. Adjusted net income per share on a fully diluted basis for the year increased 40% to \$4.12 compared to \$2.95 for the same period in 2009.

Net income for the fourth quarter 2010 was \$18 million compared to the prior year's fourth quarter net income of nil. On a fully diluted per share basis, this translates into net income per share of \$0.84 for the fourth quarter of 2010, compared to nil in the same period of 2009. For the year ended December 31, 2010 net income was \$42 million or \$1.97 per diluted share compared to \$10 million or \$0.48 per share last year.

The Company recorded an extraordinary gain of \$9 million for the quarter ended December 31, 2010 and \$13 million for the year ended December 31, 2010 compared to nil for the same periods in the previous year. The extraordinary gain recorded in 2010 primarily relates to negative goodwill associated with the PTS acquisition. Negative goodwill arose on acquisition because the fair value of the separately identifiable assets acquired net of the liabilities acquired exceeded the total consideration paid.

The following table displays our revenue by reporting segment and the percentage change for the three and twelve months ended December 31, 2010 compared to the same periods in 2009:

	Three months ended December 31,		Period-Over-Period Change		Fiscal year ended December 31,		Period-Over-Period Change	
	2010	2009	\$	%	2010	2009	\$	%
	(\$000, except percentages)							
<b>Public Sector</b>								
Licenses	11,109	9,759	1,350	14%	37,782	33,954	3,828	11%
Professional services and other:								
Services	35,119	31,603	3,516	11%	138,379	97,234	41,145	42%
Hardware and other	20,065	9,908	10,157	103%	66,075	30,008	36,067	120%
Maintenance	61,494	51,992	9,502	18%	229,488	175,423	54,065	31%
	127,787	103,262	24,525	24%	471,724	336,619	135,105	40%
<b>Private Sector</b>								
Licenses	4,907	2,561	2,346	92%	15,181	8,716	6,465	74%
Professional services and other:								
Services	7,309	3,379	3,930	116%	28,250	12,461	15,789	127%
Hardware and other	2,451	1,044	1,407	135%	8,526	3,789	4,737	125%
Maintenance	29,014	21,648	7,366	34%	107,176	76,355	30,821	40%
	43,681	28,632	15,049	53%	159,133	101,321	57,812	57%

## Public Sector

For the quarter ended December 31, 2010, total revenue in the public sector segment increased 24%, or \$25 million, to \$128 million, compared to \$103 million for the quarter ended December 31, 2009. For the year ended December 31, 2010, total revenue increased by 40%, or \$135 million, to \$472 million, compared to \$337 million for the comparable period in 2009. The increases for both the three months and the full year were significant across all revenue types. Revenue growth from acquired businesses was significant for both the three and twelve month periods as we completed fifteen acquisitions since the beginning of 2009 in our public sector segment. It is estimated that acquisitions completed since the beginning of 2009 contributed approximately \$26 million to our Q4 2010 revenues and \$156 million to our revenues in the year ended December 31, 2010. Revenues decreased organically by 1% or \$1 million in Q4 2010 and by 6% or \$21 million in the year ended December 31, 2010 compared to the same periods in 2009. Excluding PTS, organic growth for the public sector was negative 2% in Q4 2010 and 1% for 2010.

Organic Revenue Growth		
	Three months ended December 31, 2010	Fiscal year ended December 31, 2010
Public Sector	-1%	-6%
Public Sector excluding PTS	-2%	1%

The organic revenue change was primarily driven by the following:

- **Trapeze operating group** (increase of approximately \$2 million for Q4 and a decrease of \$23 million for the full year). For the full year, the negative organic growth was primarily caused by the PTS business as PTS recognized substantial non-recurring revenue in the twelve months prior to acquisition that did not re-occur in the corresponding financial period following acquisition. Excluding the impact of PTS, Trapeze experienced 3% organic growth in Q4 and 2% organic growth for the full year.

Effective March 3, 2011, Trapeze Operating Group will be renamed the Volaris Operating Group.

- **Harris operating group** (decrease of approximately \$3 million for Q4 and an increase of approximately \$3 million for the full year). For Q4, Harris experienced decreased revenue in a few business units principally due to a delay in orders and due to a slowdown in the progression to contract completion on a few large contracts. For the full year, Harris had increased revenue from existing clients and new customers in their utility, local government and school business units.

## Private Sector

For the quarter ended December 31, 2010, total revenue in the private sector segment increased 53%, or \$15 million, to \$44 million, compared to \$29 million for the quarter ended December 31, 2009. For the year ended December 31, 2010 total revenue increased by 57%, or \$58 million, to \$159 million, compared to \$101 million for the comparable period in 2009. Revenue growth from acquired businesses was significant for both the three and twelve month periods as we completed nineteen acquisitions since the beginning of 2009 in our private sector segment. It is estimated that acquisitions completed since the beginning of 2009 contributed approximately \$12 million to our Q4 2010 revenues and \$51 million to our revenues in the year ended December 31, 2010. Revenues increased organically by 9% or \$3 million in Q4 2010 and 5% or \$5 million in the year ended December 31, 2010 compared to the same periods in 2009. The organic revenue change was primarily driven by the following:

- **Jonas operating group** (increase of approximately \$2 million for Q4 and \$4 million for the full year). For both the quarter and full year, Jonas' organic growth was driven by strong sales to both existing and new customers primarily in its' fitness, construction, and food service verticals.
- **Homebuilder operating group** (increase of approximately \$2 million for Q4 and \$3 million for the full year). For both the quarter and full year, Homebuilders' organic growth was driven by strong sales to both existing and new customers primarily in its' pulp and paper and homebuilding verticals.

During the quarter, Constellation completed five acquisitions for total net cash consideration of approximately \$45 million, and received acquisition settlement payments, net of holdbacks paid, of \$13 million relating to prior acquisitions. At December 31, 2010, Constellation's cash position (net of borrowings on our line of credit) decreased to negative \$16 million, from negative \$10 million at December 31, 2009. Subsequent to December 31, 2010, the Company completed two acquisitions for total cash consideration of \$11 million. The Company is currently negotiating a new \$250 million credit facility with a syndicate of lenders that will replace its existing \$160 million facility.

"2010 was an exceptional year as revenue, Adjusted net income and cash flow from operations reached all-time highs and the Company also improved its organic growth over the prior year, excluding the impact of PTS", said John Billowits, CFO of Constellation. "As a result of the strong performance, the Company declared a dividend of \$2 per share, reflecting our confidence in the future performance of our businesses."

### **Conference Call and Webcast**

Management will host a conference call at **8:30 a.m. (ET) on Thursday, March 3, 2011** to answer questions regarding the results. The teleconference numbers are 416-695-7848 or 800-769-8320. The call will also be webcast live and archived on Constellation's web site at [www.csisoftware.com](http://www.csisoftware.com).

A replay of the conference call will be available as of 11:30 a.m. ET the same day until 11:59 p.m. ET on March 18, 2011. To access the replay, please dial 905-694-9451 or 800-408-3053 followed by the passcode 1514365#.

### **Forward Looking Statements**

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

### **Non-GAAP Measures**

The term "Adjusted EBITDA" refers to net income before deducting interest, taxes, depreciation, other expenses (income), extraordinary gain, 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, future income taxes, and certain other expenses (income). The Company believes that Adjusted net income is useful supplemental information as it provides an indication of the results generated by the Company’s main business activities prior to taking into consideration amortization of intangible assets, future 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 GAAP and, accordingly, shareholders are cautioned that Adjusted EBITDA and Adjusted net income should not be construed as alternatives to net income determined in accordance with GAAP. 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.

The following table reconciles Adjusted EBITDA to net income:

	Three months ended December 31,		Fiscal year ended December 31,	
	2010	2009	2010	2009
	(\$000, except percentages)		(\$000, except percentages)	
<b>Total revenue</b>	<b>\$ 171,468</b>	<b>\$ 131,894</b>	<b>\$ 630,857</b>	<b>\$ 437,940</b>
<b>Net income (loss)</b>	17,893	(10)	41,766	10,224
<b>Add back:</b>				
Income taxes	(1,984)	2,523	5,043	7,237
Extraordinary gain	(9,021)	-	(12,538)	-
Foreign exchange loss	2,347	1,944	2,387	2,568
Interest expense, net	1,353	794	3,847	2,702
Other expenses (income)	218	(445)	(175)	996
Amortization of intangible assets	20,050	16,317	70,064	60,588
Depreciation	1,888	1,105	6,036	3,811
Adjusted EBITDA	32,744	22,228	116,430	88,126
Adjusted EBITDA margin	19%	17%	18%	20%

The following table reconciles Adjusted net income to net income:

	Three months ended December 31,		Fiscal year ended December 31,	
	2010	2009	2010	2009
	(\$000, except percentages)		(\$000, except percentages)	
<b>Total revenue</b>	<b>\$ 171,468</b>	<b>\$ 131,894</b>	<b>\$ 630,857</b>	<b>\$ 437,940</b>
<b>Net income (loss)</b>	17,893	(10)	41,766	10,224
<b>Add back:</b>				
Amortization of intangible assets	20,050	16,317	70,064	60,588
Extraordinary gain	(9,021)	-	(12,538)	-
Future income taxes (recovery)	(5,911)	(1,649)	(11,918)	(8,398)
Adjusted net income	23,011	14,658	87,374	62,414
Adjusted net income margin	13%	11%	14%	14%

The following tables provide supplemental statement of operations and cash flow information of PTS and certain assets and liabilities acquired from MAXIMUS Inc.'s Asset, Justice, and Education businesses ('MAJES'):

Statement of Operations

For the three months and year ended December 31, 2010

(Unaudited)	For the three months ended December 31, 2010				For the year ended December 31, 2010			
	Constellation Software Inc. (excluding MAJES and PTS)	MAJES	PTS	Consolidated	Constellation Software Inc. (excluding MAJES and PTS)	MAJES	PTS	Consolidated
Revenue	\$ 122,917	\$ 19,079	\$ 29,472	\$ 171,468	\$ 444,066	\$ 76,687	\$ 110,104	\$ 630,857
Cost of revenue	44,614	5,949	21,156	71,719	164,755	24,385	73,429	262,569
Gross Profit	78,303	13,130	8,316	99,749	279,311	52,302	36,675	368,288
Total Expenses (excluding amortization)	53,235	8,090	5,680	67,005	198,589	28,840	24,429	251,858
Adjusted EBITDA	25,068	5,040	2,636	32,744	80,722	23,462	12,246	116,430
EBITDA as % Total Revenue	20%	26%	9%	19%	18%	31%	11%	18%
Depreciation	1,262	100	526	1,888	4,328	420	1,288	6,036
Income before the undernoted	23,806	4,940	2,110	30,856	76,394	23,042	10,958	110,394
Amortization of intangible assets	18,604	1,446	-	20,050	64,274	5,790	-	70,064
Other expenses (income), net	4,060	(33)	(109)	3,918	6,326	(8)	(259)	6,059
Income before exceptional items and income taxes	1,142	3,527	2,219	6,888	5,794	17,260	11,217	34,271
Extraordinary gain	1,746	-	7,275	9,021	1,745	-	10,793	12,538
Income taxes	(1,868)	542	(657)	(1,984)	(1,457)	4,302	2,198	5,043
Net Income	\$ 4,756	\$ 2,985	\$ 10,151	\$ 17,893	\$ 8,996	\$ 12,958	\$ 19,812	\$ 41,766

Cash flow from operating activities

For the three months and year ended December 31, 2010

(Unaudited)	For the three months ended December 31, 2010				For the year ended December 31, 2010			
	Constellation Software Inc. (excluding MAJES and PTS)	MAJES	PTS	Consolidated	Constellation Software Inc. (excluding MAJES and PTS)	MAJES	PTS	Consolidated
Cash flows from operating activities:								
Net income	\$ 4,756	\$ 2,985	\$ 10,151	\$ 17,893	\$ 8,996	\$ 12,958	\$ 19,812	\$ 41,766
Adjustments to reconcile net income to net cash flows from operations:								
Depreciation	1,262	100	526	1,888	4,328	420	1,288	6,036
Amortization of intangible assets	18,604	1,446	-	20,050	64,274	5,790	-	70,064
Extraordinary gain	(1,746)	-	(7,275)	(9,021)	(1,745)	-	(10,793)	(12,538)
Future income taxes	(2,928)	(1,887)	(1,096)	(5,911)	(8,212)	(2,670)	(1,037)	(11,918)
Other non-cash items	2,886	1	(329)	2,558	2,493	22	(407)	2,108
Change in non-cash operating working capital	3,660	1,462	9,311	14,433	4,161	1,079	4,283	9,523
Cash flows from operating activities	\$ 26,495	\$ 4,107	\$ 11,289	\$ 41,890	\$ 74,295	\$ 17,599	\$ 13,146	\$ 105,041

The following table reconciles Adjusted EBITDA to net income for PTS and MAJES:

Adjusted EBITDA to net income reconciliation

For the three months and year ended December 31, 2010

(Unaudited)	For the three months ended December 31, 2010				For the year ended December 31, 2010			
	Constellation Software Inc. (excluding MAJES and PTS)	MAJES	PTS	Consolidated	Constellation Software Inc. (excluding MAJES and PTS)	MAJES	PTS	Consolidated
<b>Total revenue</b>	\$ 122,917	\$19,079	\$29,472	\$ 171,468	\$ 444,066	\$ 76,687	\$110,104	\$ 630,857
<b>Net income</b>	4,756	2,985	10,151	17,893	8,996	12,958	19,812	41,766
<b>Add back:</b>								
Income tax expense	(1,868)	542	(657)	(1,984)	(1,457)	4,302	2,198	5,043
Extraordinary gain	(1,746)	-	(7,275)	(9,021)	(1,745)	-	(10,793)	(12,538)
Other expenses (income), net	4,060	(33)	(109)	3,918	6,326	(8)	(259)	6,059
Amortization of intangible assets	18,604	1,446	-	20,050	64,274	5,790	-	70,064
Depreciation	1,262	100	526	1,888	4,328	420	1,288	6,036
Adjusted EBITDA	25,068	5,040	2,636	32,744	80,722	23,462	12,246	116,430
Adjusted EBITDA margin	20%	26%	9%	19%	18%	31%	11%	18%

### About Constellation Software Inc.

Constellation's common shares are listed on the Toronto Stock Exchange under the symbol "CSU". Constellation Software is an international provider of market leading software and services to a number of industries across both the public and private sectors. The Company acquires, manages and builds vertical market software businesses that provide mission-critical software solutions to address the specific needs of its customers in those industries.

### For further information:

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**SOURCE: CONSTELLATION SOFTWARE INC.**

# CONSTELLATION SOFTWARE INC.

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

December 31, 2010 and 2009

	2010	2009
<b>Assets</b>		
Current assets:		
Cash	\$ 30,911	\$ 33,249
Short-term investments and marketable securities available for sale	23,723	22,323
Accounts receivable	92,097	91,244
Work in progress	24,408	21,349
Inventory	15,945	12,702
Prepaid expenses and other current assets	22,052	19,606
Notes receivable	-	3,833
Investment tax credits recoverable	3,929	2,250
Future income taxes	3,471	4,445
	<u>216,536</u>	<u>211,001</u>
Restricted cash	857	2,229
Property and equipment	16,430	10,539
Future income taxes	22,919	10,155
Investment tax credits recoverable	3,410	2,133
Other long-term assets	19,002	7,169
Intangible assets	223,503	187,788
Goodwill	50,756	40,977
	<u>\$ 553,413</u>	<u>\$ 471,991</u>
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Bank indebtedness	\$ 47,291	\$ 43,100
Accounts payable and accrued liabilities	118,066	111,307
Acquisition holdbacks	6,920	3,587
Deferred revenue	157,240	128,359
Income taxes payable	1,424	3,751
	<u>330,941</u>	<u>290,104</u>
Future income taxes	30,915	28,121
Other long-term liabilities	41,630	45,708
Shareholders equity:		
Capital stock	99,283	99,283
Shareholder loans	(482)	(646)
Accumulated other comprehensive income (loss)	5,292	(157)
Retained earnings	45,834	9,578
	<u>149,927</u>	<u>108,058</u>
Commitments and contingencies		
Subsequent events		
	<u>\$ 553,413</u>	<u>\$ 471,991</u>



# CONSTELLATION SOFTWARE INC.

Consolidated Statements of Operations

(In thousands of U.S. dollars, except per share amounts)

Years ended December 31, 2010 and 2009

	2010	2009
Revenue	\$ 630,857	\$ 437,940
Cost of revenue	262,569	166,607
	368,288	271,333
Research and development	84,880	65,632
Sales and marketing	58,310	45,174
General and administration	108,668	72,401
Depreciation	6,036	3,811
	257,894	187,018
Income before the undernoted	110,394	84,315
Amortization of intangible assets	70,064	60,588
Other (income) expenses	(175)	996
Interest expense, net	3,847	2,702
Foreign exchange (gain) loss	2,387	2,568
Income before extraordinary gain and income taxes	34,271	17,461
Extraordinary gain (taxes - nil)	12,538	-
Income taxes (recovery):		
Current	16,961	15,635
Future	(11,918)	(8,398)
	5,043	7,237
Net income	\$ 41,766	\$ 10,224
Income per share:		
Basic	\$ 1.97	\$ 0.48
Diluted	1.97	0.48
Weighted average number of shares outstanding:		
Basic	21,179	21,165
Diluted	21,192	21,192
Outstanding at the end of the period	21,192	21,192

# CONSTELLATION SOFTWARE INC.

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

Years ended December 31, 2010 and 2009

	2010	2009
Retained earnings, beginning of year	\$ 9,578	\$ 3,931
Net income	41,766	10,224
Dividends	(5,510)	(4,577)
Retained earnings, end of year	\$ 45,834	\$ 9,578

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

Years ended December 31, 2010 and 2009

	2010	2009
Net income	\$ 41,766	\$ 10,224
Other comprehensive net income:		
Net unrealized mark-to-market adjustment gain (loss) on available-for-sale financial assets during the period	6,071	4,853
Net unrealized foreign exchange gain (loss) on available-for-sale financial assets during the period	61	426
Reclassification of unrealized gain upon derecognition of available-for-sale investments	(733)	-
Amounts reclassified to net income during the period related to other than temporary losses in available-for-sale investments	-	1,474
Future tax expense on unrealized net gains	(1,260)	-
Foreign currency translation adjustment	1,310	(9)
Comprehensive income	\$ 47,215	\$ 16,968

# CONSTELLATION SOFTWARE INC.

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

Years ended December 31, 2010 and 2009

	2010	2009
Cash flows from operating activities:		
Net income	\$ 41,766	\$ 10,224
Adjustments to reconcile net income to net cash flows from operations:		
Depreciation	6,036	3,811
Amortization of intangible assets	70,064	60,588
Extraordinary gain	(12,538)	-
Non-cash interest	(217)	(167)
Future income taxes	(11,918)	(8,398)
Other	(62)	1,486
Foreign exchange loss	2,387	2,568
Change in non-cash operating working capital	9,523	11,415
Cash flows from operating activities	105,041	81,527
Cash flows from (used in) financing activities:		
Increase (decrease) in other long-term liabilities	326	(661)
Increase (decrease) in bank indebtedness, net	4,191	(17,100)
Credit facility financing fees	(13)	(1,070)
Dividends paid	(5,510)	(4,577)
Repayment of shareholder loans	207	362
Cash flows from (used in) financing activities	(799)	(23,046)
Cash flows from (used in) investing activities:		
Acquisition of businesses, net of cash acquired	(90,627)	(37,905)
Post acquisition settlement (payments) receipts	7,697	(4,166)
Repayment of notes receivable	4,085	-
Acquisitions of short-term investments, marketable securities and other assets, net	(20,035)	(7,032)
Decrease (increase) in restricted cash	1,372	(1,479)
Decrease (increase) in other assets	52	(112)
Property and equipment purchased	(7,092)	(3,506)
Cash flows used in investing activities	(104,548)	(54,200)
Effect of foreign currency translation adjustment on cash and cash equivalents	(2,032)	(1,437)
Increase (decrease) in cash and cash equivalents	(2,338)	2,844
Cash, beginning of period	33,249	30,405
Cash, end of period	\$ 30,911	\$ 33,249
Supplemental cash flow information:		
Income taxes paid	\$ 19,695	\$ 15,526
Interest paid	4,558	3,663
Investment tax credits received	1,038	1,780
Interest received	723	752