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COMPUTER MODELLING GROUP ANNOUNCES SECOND QUARTER RESULTS

CALGARY, Alberta, November 14, 2018 (GlobeNewswire) – Computer Modelling Group Ltd. (“CMG” or the “Company”) announces its financial results for the three and six months ended September 30, 2018.

Quarterly Performance

	Fiscal 2017[(1)]		Fiscal 2018[(1)]				Fiscal 2019
($ thousands, unless otherwise stated)	Q3	Q4	Q1	Q2	Q3	Q4	Q1	**Q2**
Annuity/maintenance licenses	18,378	14,613	16,516	16,341	16,158	15,664	14,715	**15,111**
Perpetual licenses	835	3,036	1,078	290	743	2,053	326	**1,172**
Software licenses	19,213	17,649	17,594	16,631	16,901	17,717	15,041	**16,283**
Professional services	1,082	1,409	1,392	1,350	1,418	1,677	1,664	**1,658**
Total revenue	20,295	19,058	18,986	17,981	18,319	19,394	16,705	**17,941**
Operating profit	9,811	7,630	6,978	6,615	6,908	7,529	5,374	**7,024**
Operating profit (%)	48	40	37	37	38	39	32	**39**
EBITDA[(2)]	10,081	7,867	7,447	7,090	7,400	8,090	5,837	**7,505**
Profit before income and other taxes	10,176	7,685	6,930	6,253	7,151	8,547	5,980	**7,104**
Income and other taxes	2,917	2,480	1,973	1,647	2,054	2,401	1,722	**2,048**
Net income for the period	7,259	5,205	4,957	4,606	5,097	6,146	4,258	**5,056**
Cash dividends declared and paid	7,930	7,942	7,977	8,021	8,022	8,021	8,021	**8,024**
Funds flow from operations[(3)]	8,084	6,085	6,205	5,788	6,225	7,285	5,242	**5,777**
Per share amounts - ($/share)								
Earnings per share - basic	0.09	0.07	0.06	0.06	0.06	0.08	0.05	**0.06**
Earnings per share - diluted	0.09	0.07	0.06	0.06	0.06	0.08	0.05	**0.06**
Cash dividends declared and paid	0.10	0.10	0.10	0.10	0.10	0.10	0.10	**0.10**
Funds flow from operations per share - basic[(3)]	0.10	0.08	0.08	0.07	0.08	0.09	0.07	**0.07**

(1) On April 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers* using the cumulative effect method, by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at April 1, 2018. Accordingly, comparative information is not restated and continues to be reported under the previous standard.

(2) EBITDA is a non-IFRS financial measure defined as net income before adjusting for depreciation expense, finance income, finance costs, and income and other taxes. See “Non-IFRS Financial Measures”.

(3) Funds flow from operations is a non-IFRS financial measure that represents net income adjusted for depreciation expense, non-cash stock-based compensation expense, deferred tax expense (recovery) and deferred rent. See “Non-IFRS Financial Measures”.

Highlights

During the six months ended September 30, 2018, as compared to the same period of the previous fiscal year, CMG:

- Experienced a 9% decrease in annuity/maintenance license revenue as a result of timing differences of revenue recognition on certain contracts and a change in accounting policy. If normalized for these items, annuity/maintenance license revenue grew by a low single-digit percentage;
- Increased perpetual license revenue by 10%, supported by strong perpetual sales in the second quarter;
- Experienced a 5% decrease in total operating expenses, mainly due to the fact that the comparative period included $0.6 million of non-recurring charges related to the move to the new headquarters.

During the six months ended September 30, 2018, CMG:

- Realized basic earnings per share of $0.12;
- Declared and paid a regular dividend of $0.20 per share.

Revenue

Three months ended September 30, ($ thousands)	**2018**	2017	$ change	% change
Software license revenue	**16,283**	16,631	(348)	-2%
Professional services	**1,658**	1,350	308	23%
Total revenue	**17,941**	17,981	(40)	0%
Software license revenue as a % of total revenue	**91%**	92%		
Professional services as a % of total revenue	**9%**	8%		

Six months ended September 30, ($ thousands)	**2018**	2017	$ change	% change
Software license revenue	**31,324**	34,225	(2,901)	-8%
Professional services	**3,322**	2,742	580	21%
Total revenue	**34,646**	36,967	(2,321)	-6%
Software license revenue as a % of total revenue	**90%**	93%		
Professional services as a % of total revenue	**10%**	7%		

CMG's revenue is comprised of software license sales, which provide the majority of the Company's revenue, and fees for professional services.

On April 1, 2018, the Company adopted IFRS 15 *Revenue from Contracts with Customers* using the cumulative effect method, by recognizing the cumulative effect of initially applying IFRS 15 as an adjustment to the opening balance of equity at April 1, 2018. The Company recorded an increase to retained earnings of $0.7 million ($0.5 million net of tax), on April 1, 2018, due to earlier recognition of revenue on certain term-based software licenses. Under the cumulative effect method, comparative information is not restated and continues to be reported under the previous standard, IAS 18 *Revenue*. For more information, refer to note 3 of the Company's condensed consolidated interim financial statements.

Total revenue for the three months ended September 30, 2018 remained flat compared to the same period of the previous fiscal year, due to a decrease in software license revenue offset by an increase in professional services revenue. Total revenue for the six months ended September 30, 2018 decreased by 6% compared to the same period of the previous fiscal year, as a decrease in software license revenue was partially offset by an increase in professional services revenue.
The adoption of IFRS 15 and the resultant early revenue recognition through opening equity had a negative impact of $0.2 million and $0.4 million on software license revenue for the three and six months ended September 30, 2018, respectively. The remainder of the decrease was due to the timing of revenue recognition on certain contracts.

Software License Revenue

Three months ended September 30, ($ thousands)	2018	2017	$ change	% change
Annuity/maintenance license revenue	**15,111**	16,341	(1,230)	-8%
Perpetual license revenue	**1,172**	290	882	304%
Total software license revenue	**16,283**	16,631	(348)	-2%
Annuity/maintenance as a % of total software license revenue	**93%**	98%		
Perpetual as a % of total software license revenue	**7%**	2%		

Six months ended September 30, ($ thousands)	2018	2017	$ change	% change
Annuity/maintenance license revenue	**29,826**	32,857	(3,031)	-9%
Perpetual license revenue	**1,498**	1,368	130	10%
Total software license revenue	**31,324**	34,225	(2,901)	-8%
Annuity/maintenance as a % of total software license revenue	**95%**	96%		
Perpetual as a % of total software license revenue	**5%**	4%		

Total software license revenue for the three and six months ended September 30, 2018 decreased by 2% and 8%, compared to the same periods of the previous fiscal year, due to decreases in annuity/maintenance license revenue.

CMG's annuity/maintenance license revenue decreased by 8% and 9% during the three and six months ended September 30, 2018, compared to the same periods of the previous fiscal year, due to a decrease in Canada, as well as decreases in South America and the Eastern Hemisphere, which were caused mainly by the timing of revenue recognition on certain contracts. These decreases were partially offset by an increase in the United States.

Our annuity/maintenance license revenue can be significantly impacted by the variability of the amounts recorded from a long-standing customer and its affiliates for whom revenue recognition criteria are fulfilled only at the time of the receipt of funds. Due to the economic conditions in the country where this customer and its affiliates are located, revenue from them will continue to be recognized on a cash basis. The timing of such payments may skew the comparison of annuity/maintenance license revenue between periods. We received payments from these customers in the first and second quarters of the previous fiscal year, but none in the current year. Normalized for these receipts, annuity/maintenance license revenue for the three and six months ended September 30, 2018 decreased by 2% and 4%, respectively, instead of decreasing by 8% and 9%, compared to the same periods of the previous fiscal year.

These normalized decreases of 2% and 4% were due to the timing of revenue recognition on certain contracts in the Eastern Hemisphere, as well as the negative impact of IFRS 15 adoption. Overall, when normalized for the receipts recognized into revenue on a cash basis, the timing differences on certain contracts and the impact of IFRS 15 adoption, annuity/maintenance license revenue for the three and six months ended September 30, 2018 grew by a low single-digit percentage. In addition, the movement in the CAD/USD exchange rate had a negative impact of approximately 2% and 3% on annuity/maintenance license revenue for the three and six months ended September 30, 2018, respectively.

Perpetual license revenue increased in the three and six months ended September 30, 2018, compared to the same periods of the previous fiscal year, as there were more perpetual sales realized in the Eastern Hemisphere and Canada. Software licensing under perpetual sales may fluctuate significantly between periods due to the uncertainty associated with the timing and the location where sales are generated. For this reason, even though we expect to achieve a certain level of aggregate perpetual sales on an annual basis, we expect to observe fluctuations in the quarterly perpetual revenue amounts throughout the fiscal year.

Software Revenue by Geographic Segment

Three months ended September 30, ($ thousands)	2018	2017	$ change	% change
Annuity/maintenance license revenue				
Canada	**3,792**	4,462	(670)	-15%
United States	**4,626**	4,466	160	4%
South America	**1,732**	2,412	(680)	-28%
Eastern Hemisphere[(1)]	**4,961**	5,001	(40)	-1%
	15,111	16,341	(1,230)	-8%
Perpetual license revenue				
Canada	**156**	-	156	100%
United States	**152**	129	23	18%
South America	**-**	62	(62)	-100%
Eastern Hemisphere	**864**	99	765	773%
	1,172	290	882	304%
Total software license revenue				
Canada	**3,948**	4,462	(514)	-12%
United States	**4,778**	4,595	183	4%
South America	**1,732**	2,474	(742)	-30%
Eastern Hemisphere	**5,825**	5,100	725	14%
	16,283	16,631	(348)	-2%

Six months ended September 30, ($ thousands)	2018	2017	$ change	% change
Annuity/maintenance license revenue				
Canada	**7,659**	8,626	(967)	-11%
United States	**9,179**	9,057	122	1%
South America	**3,413**	4,745	(1,332)	-28%
Eastern Hemisphere[(1)]	**9,575**	10,429	(854)	-8%
	29,826	32,857	(3,031)	-9%
Perpetual license revenue				
Canada	**156**	-	156	100%
United States	**152**	155	(3)	-2%
South America	**-**	220	(220)	-100%
Eastern Hemisphere	**1,190**	993	197	20%
	1,498	1,368	130	10%
Total software license revenue				
Canada	**7,815**	8,626	(811)	-9%
United States	**9,331**	9,212	119	1%
South America	**3,413**	4,965	(1,552)	-31%
Eastern Hemisphere	**10,765**	11,422	(657)	-6%
	31,324	34,225	(2,901)	-8%

(1) Includes Europe, Africa, Asia and Australia.

During the three months ended September 30, 2018, as compared to the same period of the previous fiscal year, Canada and South America experienced a decrease in total software license revenue, which were partially offset by increases in the Eastern Hemisphere and the United States.

During the six months ended September 30, 2018, as compared to the same period of the previous fiscal year, three regions experienced a decrease in total software license revenue, and revenue in the United States increased.

The Canadian market (representing 25% of year-to-date software license revenue) experienced 15% and 11% decreases in annuity/maintenance license revenue during the three and six months ended September 30, 2018, respectively, compared to the same periods of the previous fiscal year, due to a reduction in licensing by some customers. Perpetual revenue increased in the current period, as there were no perpetual sales recognized in the comparative period.

The United States market (representing 30% of year-to-date software license revenue) experienced 4% and 1% increases in annuity/maintenance license revenue during the three and six months ended September 30, 2018, compared to the same periods of the previous fiscal year, despite the negative impact of IFRS 15 adoption. These increases are mainly a result of increased licensing by new and existing customers involved in unconventional shale and tight hydrocarbon recovery processes. Perpetual sales during the three and six months ended September 30, 2018 were consistent with the comparative periods.

South America (representing 11% of year-to-date software license revenue) experienced a decrease of 28% in annuity/maintenance license revenue during the three and six months ended September 30, 2018, compared to the same periods of the previous fiscal year. Our revenue in South America can be significantly impacted by the variability of the amounts recorded from a customer and its affiliates for whom revenue is recognized only when cash is received. We received payments from these customers in the first and second quarters of the previous fiscal year, but none were received in the current year. To provide a normalized comparison, if we remove the revenue from this particular customer from the three and six months ended September 30, 2017, we note that the South American annuity/maintenance license revenue increased by 13% and 12% for the three and six months ended September 30, 2018, respectively, instead of decreasing by 28%. No perpetual sales were realized in South America during the three and six months ended September 30, 2018.

The Eastern Hemisphere (representing 34% of year-to-date software license revenue) experienced 1% and 8% decreases in annuity/maintenance license revenue during the three and six months ended September 30, 2018, compared to the same periods of the previous fiscal year, mainly due to differences in the timing of revenue recognition on certain contracts, particularly during the first quarter of the current fiscal year. The Eastern Hemisphere's perpetual license revenue for the three and six months ended September 30, 2018 was significantly higher than the same periods of the previous fiscal year, as a result of several perpetual sales realized during the second quarter of the current fiscal year.

Deferred Revenue

($ thousands)	**Fiscal 2019**	Fiscal 2018	Fiscal 2017	$ change	% change
Deferred revenue at:					
Q1 (June 30)	**29,350** (5)	31,551 (2)		(2,201)	-7%
Q2 (September 30)	**23,222** (6)	23,686 (3)		(464)	-2%
Q3 (December 31)		17,785	18,916	(1,131)	-6%
Q4 (March 31)		34,362 (4)	38,232 (1)	(3,870)	-10%

(1) Includes current deferred revenue of $36.3 million and long-term deferred revenue of $1.9 million.
(2) Includes current deferred revenue of $30.3 million and long-term deferred revenue of $1.3 million.
(3) Includes current deferred revenue of $23.0 million and long-term deferred revenue of $0.6 million.
(4) Includes current deferred revenue of $33.4 million and long-term deferred revenue of $1.0 million.
(5) Includes current deferred revenue of $28.8 million and long-term deferred revenue of $0.6 million.
(6) Includes current deferred revenue of $22.9 million and long-term deferred revenue of $0.3 million.

CMG's deferred revenue consists primarily of amounts for pre-sold licenses. With the exception of certain term-based software licenses that are recognized at the start of the license period, our annuity/maintenance revenue is deferred and recognized ratably over the license period, which is generally one year or less. Amounts are deferred for licenses that have been provided and revenue recognition reflects the passage of time.

The above table illustrates the normal trend in the deferred revenue balance from the beginning of the calendar year (which corresponds with Q4 of our fiscal year), when most renewals occur, to the end of the calendar year (which corresponds with

Q3 of our fiscal year). Our fourth quarter corresponds with the beginning of the fiscal year for most oil and gas companies, representing a time when they enter a new budget year and sign/renew their contracts.

Deferred revenue as at Q2 of fiscal 2019 decreased by 2% compared to Q2 of fiscal 2018, primarily due to one significant multi-year contract that commenced during Q4 of fiscal 2017 and included a large upfront payment for future software use and lower payments during the remainder of the contract period.

Expenses

Three months ended September 30, ($ thousands)	**2018**	2017	$ change	% change
Sales, marketing and professional services	**4,378**	4,779	(401)	-8%
Research and development	**4,862**	4,865	(3)	0%
General and administrative	**1,677**	1,722	(45)	-3%
Total operating expenses	**10,917**	11,366	(449)	-4%
Direct employee costs(1)	**7,802**	8,268	(466)	-6%
Other corporate costs	**3,115**	3,098	17	1%
	10,917	11,366	(449)	-4%

Six months ended September 30, ($ thousands)	**2018**	2017	$ change	% change
Sales, marketing and professional services	**9,365**	9,696	(331)	-3%
Research and development	**9,637**	10,172	(535)	-5%
General and administrative	**3,246**	3,506	(260)	-7%
Total operating expenses	**22,248**	23,374	(1,126)	-5%
Direct employee costs(1)	**16,517**	16,771	(254)	-2%
Other corporate costs	**5,731**	6,603	(872)	-13%
	22,248	23,374	(1,126)	-5%

(1) Includes salaries, bonuses, stock-based compensation, benefits, commissions, and professional development. See "Non-IFRS Financial Measures".

CMG's total operating expenses decreased by 4% and 5% for the three and six months ended September 30, 2018, respectively, compared to the same periods of the previous fiscal year. The decrease for the three-month period was due to lower direct employee costs and the decrease for the six-month period was due to decreases in both direct employees costs and other corporate costs.

Direct Employee Costs

As a technology company, CMG's largest area of expenditure is its people. Approximately 74% of total operating expenses for the six months ended September 30, 2018 related to direct employee costs. Staffing levels in the current fiscal year were slightly lower compared to the previous fiscal year. At September 30, 2018, CMG's full-time equivalent staff complement was 191 employees and consultants, down from 196 full-time equivalent employees and consultants at September 30, 2017. Direct employee costs decreased during the three months ended September 30, 2018, compared to the same period of the previous fiscal year, due to a decrease in stock-based compensation expense. Direct employee costs decreased during the six months ended September 30, 2018, compared to the same period of the previous fiscal year, mainly due to a lower headcount.

Other Corporate Costs

Other corporate costs for the three months ended September 30, 2018 remained consistent with the same period of the previous fiscal year. Other corporate costs for the six months ended September 30, 2018 decreased by 13% compared to the same period of the previous fiscal year, mainly because the comparative period included $0.6 million of non-recurring charges related to the move to the new headquarters.

Outlook

During the current quarter our total revenue was comparable to the same quarter of the previous year as a result of strong perpetual license sales and an increase in consulting activities, which offset a decrease in annuity and maintenance revenue. Current quarter's operating profit and net income increased by 6% and 10%, respectively, compared to the same quarter of the previous year, mainly as a result of reduced expenses.

The current quarter and year-to-date annuity and maintenance revenue continued to be negatively affected mainly by the timing differences of revenue recognition on certain contracts in South America and the Eastern Hemisphere and the change in accounting policy affecting the United States, contributing to a decrease in annuity and maintenance revenue of 8% and 9%, respectively. If normalized for those items, annuity and maintenance revenue experienced low single-digit growth on a world-wide basis. On a regional basis:

- Canadian annuity and maintenance revenue continued to be under pressure both during the quarter and on a year-to-date basis as a result of economic uncertainty that has affected the region over the past number of years. While the instability of the market appears to have lessened, we are going to focus on demonstrating to customers the value of our simulation tools for optimizing their production particularly during challenging times. In addition, we will continue working with customers entering exploration and development of Canada's unconventional hydrocarbon resources.
- The United States region continues to benefit from strong activity by unconventional customers, and while we achieved growth both in the current quarter and year to date, the results in the region were negatively affected by a change in revenue recognition accounting policy and the movement in the CAD/USD exchange rate. We are positively encouraged by the activity in the region and will continue to strengthen our presence by promoting our unconventional modelling workflows.
- South America grew by 13% during the quarter (12% year to date) after normalizing for payments from a customer for whom revenue is recognized only when cash is received, thus skewing the comparison between the periods.
- Eastern Hemisphere annuity and maintenance revenue for the current quarter was comparable to the same period of the previous year, while declining on a year-to-date basis. Both periods – and the first quarter of the current fiscal year in particular – have been negatively affected by revenue recognition on contracts for usage of our products in prior quarters. Normalizing for these items, annuity and maintenance revenue grew by a low single-digit percentage in both periods. The Eastern Hemisphere was also negatively affected by the movement in foreign exchange.

We continue to be optimistic about the additions we have made to our customer base throughout fiscal 2018 and into the first half of fiscal 2019, which contributed to low single-digit growth in year-to-date annuity/maintenance license revenue after normalizing for the items described above. In particular, we are optimistic about the US market, where we continue to work with both existing and new customers on modelling workflows for unconventional assets. In all regions, we continue to demonstrate to customers the importance of reservoir simulation as a value creation tool for their enterprises, especially in times of economic and regulatory uncertainty.

CMG's year-to-date total operating expenses decreased by 5%, due mainly to the fact that the comparative period included $0.6 million of non-recurring charges related to the move to the new headquarters. The remaining decrease was due to lower employee and head office costs.

We continue our efforts in marketing and trial modelling of CoFlow, our newest product that will provide a one-vendor solution for integrated asset modelling by combining reservoir, production networks and geomechanics in one environment. We continue identifying potential customers and performing trial modelling for them while Shell is deploying and using the software on its selected assets. The CoFlow team continues to work on feature development and performance improvement.

We ended the second quarter of 2019 with a strong balance sheet, no debt and $52.3 million in cash. Subsequent to quarter end, CMG's Board of Directors declared a quarterly dividend of $0.10 per share.

For further detail on the results, please refer to CMG's Management Discussion and Analysis and Condensed Consolidated Financial Statements, which are available on SEDAR at www.sedar.com or on CMG's website at www.cmgl.ca.

Forward-looking Information

Certain information included in this press release is forward-looking. Forward-looking information includes statements that are not statements of historical fact and which address activities, events or developments that the Company expects or anticipates will or may occur in the future, including such things as investment objectives and strategy, the development plans and status of the Company's software development projects, the Company's intentions, results of operations, levels of activity, future capital and other expenditures (including the amount, nature and sources of funding thereof), business prospects and opportunities, research and development timetable, and future growth and performance. When used in this press release, statements to the effect that the Company or its management "believes", "expects", "expected", "plans", "may", "will", "projects", "anticipates", "estimates", "would", "could", "should", "endeavours", "seeks", "predicts" or "intends" or similar statements, including "potential", "opportunity", "target" or other variations thereof that are not statements of historical fact should be construed as forward-looking information. These statements reflect management's current beliefs with respect to future events and are based on information currently available to management of the Company. The Company believes that the expectations reflected in such forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and such forward-looking information should not be unduly relied upon.

Non-IFRS Financial Measures

This press release includes certain measures which have not been prepared in accordance with IFRS such as "EBITDA", "direct employee costs" and "other corporate costs." Since these measures do not have a standard meaning prescribed by IFRS, they are unlikely to be comparable to similar measures presented by other issuers. Management believes that these indicators nevertheless provide useful measures in evaluating the Company's performance.

"Direct employee costs" include salaries, bonuses, stock-based compensation, benefits, commission expenses, and professional development. "Other corporate costs" include facility-related expenses, corporate reporting, professional services, marketing and promotion, computer expenses, travel, and other office-related expenses. Direct employee costs and other corporate costs should not be considered an alternative to total operating expenses as determined in accordance with IFRS. People-related costs represent the Company's largest area of expenditure; hence, management considers highlighting separately corporate and people-related costs to be important in evaluating the quantitative impact of cost management of these two major expenditure pools.

"EBITDA" refers to net income before adjusting for depreciation expense, finance income, finance costs, and income and other taxes. EBITDA should not be construed as an alternative to net income as determined by IFRS. The Company believes that EBITDA is useful supplemental information as it provides an indication of the results generated by the Company's main business activities prior to consideration of how those activities are amortized, financed or taxed.

"Funds flow from operations" is a non-IFRS financial measure that represents net income adjusted for certain non-cash items, such as depreciation expense, non-cash stock-based compensation expense, deferred tax expense (recovery) and deferred rent. The Company considers funds flow from operations a useful measure as it represents the cash generated during the period, regardless of the timing of collection of receivables and payment of payables, and demonstrates the Company's ability to generate the cash flow necessary to fund future growth and dividend payments. Funds flow from operations may not be comparable to similar measures presented by other companies.

Corporate Profile

CMG is a computer software technology company serving the oil and gas industry. The Company is a leading supplier of advanced process reservoir modelling software with a blue chip customer base of international oil companies and technology centers in approximately 60 countries. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities. CMG has sales and technical support services based in Calgary, Houston, London, Dubai, Bogota and Kuala Lumpur. CMG's Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG".

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**September 30, 2018**	March 31, 2018*
Assets		
Current assets:		
Cash	**52,271**	63,719
Trade and other receivables	**10,104**	16,272
Prepaid expenses	**1,274**	1,415
Prepaid income taxes	**387**	-
	64,036	81,406
Property and equipment	**15,181**	16,062
Deferred tax asset	**704**	522
Total assets	**79,921**	97,990
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities	**5,048**	6,550
Income taxes payable	**11**	126
Deferred revenue	**22,940**	33,360
	27,999	40,036
Deferred revenue	**282**	1,002
Deferred rent liability	**1,600**	1,388
Total liabilities	**29,881**	42,426
Shareholders' equity:		
Share capital	**79,711**	79,598
Contributed surplus	**12,369**	11,775
Deficit	**(42,040)**	(35,809)
Total shareholders' equity	**50,040**	55,564
Total liabilities and shareholders' equity	**79,921**	97,990

* The Company adopted IFRS 15 effective April 1, 2018 using the cumulative effect method. Under this method, comparative information is not restated. See note 3 of the Company's condensed consolidated interim financial statements.

Condensed Consolidated Statements of Operations and Comprehensive Income

UNAUDITED (thousands of Canadian $ except per share amounts)	Three months ended September 30 2018	Three months ended September 30 2017*	Six months ended September 30 2018	Six months ended September 30 2017*
Revenue	**17,941**	17,981	**34,646**	36,967
Operating expenses				
Sales, marketing and professional services	**4,378**	4,779	**9,365**	9,696
Research and development	**4,862**	4,865	**9,637**	10,172
General and administrative	**1,677**	1,722	**3,246**	3,506
	10,917	11,366	**22,248**	23,374
Operating profit	**7,024**	6,615	**12,398**	13,593
Finance income	**312**	218	**686**	420
Finance costs	**(232)**	(580)	**-**	(830)
Profit before income and other taxes	**7,104**	6,253	**13,084**	13,183
Income and other taxes	**2,048**	1,647	**3,770**	3,620
Net and total comprehensive income	**5,056**	4,606	**9,314**	9,563
Earnings Per Share				
Basic	**0.06**	0.06	**0.12**	0.12
Diluted	**0.06**	0.06	**0.12**	0.12

* The Company adopted IFRS 15 effective April 1, 2018 using the cumulative effect method. Under this method, comparative information is not restated. See note 3 of the Company's condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

	Three months ended September 30		Six months ended September 30	
UNAUDITED (thousands of Canadian $)	**2018**	2017*	**2018**	2017*
Operating activities				
Net income	**5,056**	4,606	**9,314**	9,563
Adjustments for:				
Depreciation	**481**	475	**944**	944
Income and other taxes	**2,048**	1,647	**3,770**	3,620
Stock-based compensation	**(29)**	530	**732**	994
Interest income	**(312)**	(218)	**(615)**	(420)
Deferred rent	**106**	347	**212**	1,175
	7,350	7,387	**14,357**	15,876
Changes in non-cash working capital:				
Trade and other receivables	**403**	(846)	**6,170**	13,882
Trade payables and accrued liabilities	**577**	112	**(1,193)**	(1,722)
Prepaid expenses	**13**	(307)	**141**	(1,037)
Deferred revenue	**(6,128)**	(7,865)	**(10,455)**	(14,546)
Cash provided by (used in) operating activities	**2,215**	(1,519)	**9,020**	12,453
Interest received	**324**	219	**626**	417
Income taxes paid	**(2,262)**	(2,727)	**(4,653)**	(5,765)
Net cash provided by (used in) operating activities	**277**	(4,027)	**4,993**	7,105
Financing activities				
Proceeds from issue of common shares	**17**	2,540	**17**	6,664
Dividends paid	**(8,024)**	(8,021)	**(16,045)**	(15,998)
Net cash used in financing activities	**(8,007)**	(5,481)	**(16,028)**	(9,334)
Investing activities				
Property and equipment additions	**(80)**	(416)	**(413)**	(3,662)
Decrease in cash	**(7,810)**	(9,924)	**(11,448)**	(5,891)
Cash, beginning of period	**60,081**	67,272	**63,719**	63,239
Cash, end of period	**52,271**	57,348	**52,271**	57,348

* The Company adopted IFRS 15 effective April 1, 2018 using the cumulative effect method. Under this method, comparative information is not restated. See note 3 of the Company's condensed consolidated interim financial statements.

See accompanying notes to condensed consolidated interim financial statements at www.sedar.com.

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