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COMPUTER MODELLING GROUP ANNOUNCES THIRD QUARTER RESULTS

CALGARY, Alberta, February 13, 2019 (GlobeNewswire) – Computer Modelling Group Ltd. (“CMG” or the “Company”) announces its financial results for the three and nine months ended December 31, 2018.

Quarterly Performance

	Fiscal 2017[1]	Fiscal 2018[1]						**Fiscal 2019**
($ thousands, unless otherwise stated)	Q4	Q1	Q2	Q3	Q4	Q1	Q2	**Q3**
Annuity/maintenance licenses	14,613	16,516	16,341	16,158	15,664	14,715	15,111	**17,240**
Perpetual licenses	3,036	1,078	290	743	2,053	326	1,172	**611**
Software licenses	17,649	17,594	16,631	16,901	17,717	15,041	16,283	**17,851**
Professional services	1,409	1,392	1,350	1,418	1,677	1,664	1,658	**1,222**
Total revenue	19,058	18,986	17,981	18,319	19,394	16,705	17,941	**19,073**
Operating profit	7,630	6,978	6,615	6,908	7,529	5,374	7,024	**8,406**
Operating profit (%)	40	37	37	38	39	32	39	**44**
EBITDA[2]	7,867	7,447	7,090	7,400	8,090	5,837	7,505	**8,915**
Profit before income and other taxes	7,685	6,930	6,253	7,151	8,547	5,980	7,104	**9,406**
Income and other taxes	2,480	1,973	1,647	2,054	2,401	1,722	2,048	**2,559**
Net income for the period	5,205	4,957	4,606	5,097	6,146	4,258	5,056	**6,847**
Cash dividends declared and paid	7,942	7,977	8,021	8,022	8,021	8,021	8,024	**8,022**
Funds flow from operations[3]	6,085	6,205	5,788	6,225	7,285	5,242	5,777	**7,550**
Per share amounts - ($/share)								
Earnings per share - basic	0.07	0.06	0.06	0.06	0.08	0.05	0.06	**0.09**
Earnings per share - diluted	0.07	0.06	0.06	0.06	0.08	0.05	0.06	**0.09**
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]	0.08	0.08	0.07	0.08	0.09	0.07	0.07	**0.09**

(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 nine months ended December 31, 2018, as compared to the same period of the previous fiscal year, CMG:

- Increased net income by 10% and basic earnings per share by 11%;
- Experienced a 4% decrease in annuity/maintenance license revenue due to lower licensing in Canada, the negative impact of IFRS 15 adoption on US revenue and the timing of revenue recognition on certain contracts, mainly in the Eastern Hemisphere. When normalized for these items, annuity/maintenance license revenue is comparable to the same period of the previous fiscal year;
- Achieved consistent perpetual license sales;

- Experienced a 5% decrease in total operating expenses, mainly due lower stock-based compensation and 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 nine months ended December 31, 2018, CMG:

- Achieved EBITDA of 41% of total revenue (EBITDA for the three months ended December 31, 2018 was 47% of total revenue, and although it was helped by a payment from a South American customer, it represents the highest quarterly EBITDA margin in the past two fiscal years);
- Realized basic earnings per share of $0.20;
- Generated funds flow from operations of $0.23 per share;
- Declared and paid a regular dividend of $0.30 per share.

Revenue

Three months ended December 31, ($ thousands)	**2018**	2017	$ change	% change
Software license revenue	**17,851**	16,901	950	6%
Professional services	**1,222**	1,418	(196)	-14%
Total revenue	**19,073**	18,319	754	4%
Software license revenue as a % of total revenue	**94%**	92%		
Professional services as a % of total revenue	**6%**	8%		

Nine months ended December 31, ($ thousands)	**2018**	2017	$ change	% change
Software license revenue	**49,175**	51,126	(1,951)	-4%
Professional services	**4,544**	4,160	384	9%
Total revenue	**53,719**	55,286	(1,567)	-3%
Software license revenue as a % of total revenue	**92%**	92%		
Professional services as a % of total revenue	**8%**	8%		

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 December 31, 2018 increased by 4% compared to the same period of the previous fiscal year due to an increase in software license revenue, partially offset by a decrease in professional services revenue. Total revenue for the nine months ended December 31, 2018 decreased by 3% compared to the same period of the previous fiscal year, because lower software license revenue was partially offset by higher professional services revenue.

Software License Revenue

Three months ended December 31, ($ thousands)	2018	2017	$ change	% change
Annuity/maintenance license revenue	**17,240**	16,158	1,082	7%
Perpetual license revenue	**611**	743	(132)	-18%
Total software license revenue	**17,851**	16,901	950	6%
Annuity/maintenance as a % of total software license revenue	**97%**	96%		
Perpetual as a % of total software license revenue	**3%**	4%		

Nine months ended December 31, ($ thousands)	2018	2017	$ change	% change
Annuity/maintenance license revenue	**47,066**	49,015	(1,949)	-4%
Perpetual license revenue	**2,109**	2,111	(2)	0%
Total software license revenue	**49,175**	51,126	(1,951)	-4%
Annuity/maintenance as a % of total software license revenue	**96%**	96%		
Perpetual as a % of total software license revenue	**4%**	4%		

Total software license revenue for the three months ended December 31, 2018 increased by 6% compared to the same period of the previous fiscal year due to an increase in annuity/maintenance license revenue.

CMG's annuity/maintenance license revenue increased by 7% during the three months ended December 31, 2018 compared to the same period of the previous fiscal year due to receiving payment from a South American customer, as explained below.

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 third quarter of the current fiscal year and in the first and second quarters of the previous fiscal year. Normalized for these receipts, annuity/maintenance license revenue for the three months ended December 31, 2018, compared to the same period of the previous fiscal year, decreased by 2% instead of increasing by 7%.

This normalized decrease of 2% for the three-month period was due to lower licensing in Canada and the negative impact of IFRS 15 adoption.

CMG's annuity/maintenance license revenue for the nine months ended December 31, 2018 decreased by 4% compared to the same period of the previous fiscal year due to lower licensing in Canada, the negative impact of IFRS 15 adoption on US revenue and the timing of revenue recognition on certain contracts, mainly in the Eastern Hemisphere. When normalized for these items, annuity/maintenance license revenue for the nine months ended December 31, 2018 is comparable to the same period of the previous fiscal year. (Normalizing year-to-date revenue for South American receipts recognized into revenue on a cash basis does not change the year-over-year comparison as amounts received were similar in both periods.)

In addition, the movement in the CAD/USD exchange rate had a negative impact of approximately 1% and 3% on annuity/maintenance license revenue for the three and nine months ended December 31, 2018, respectively.

Perpetual license revenue decreased in the three months ended December 31, 2018, compared to the same period of the previous fiscal year, due to lower perpetual sales in South America and the Eastern Hemisphere, partially offset by higher sales in the United States. Perpetual license revenue remained flat for the nine months ended December 31, 2018, compared to the same period of the previous fiscal year, as higher sales in Canada and the United States were offset by lower sales in South America and the Eastern Hemisphere. 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 December 31, ($ thousands)	**2018**	2017	$ change	% change
Annuity/maintenance license revenue				
Canada	**3,767**	4,380	(613)	-14%
United States	**4,777**	4,897	(120)	-2%
South America	**3,397**	2,122	1,275	60%
Eastern Hemisphere[1]	**5,299**	4,759	540	11%
	17,240	16,158	1,082	7%
Perpetual license revenue				
Canada	**-**	-	-	0%
United States	**362**	-	362	100%
South America	**6**	174	(168)	-97%
Eastern Hemisphere	**243**	569	(326)	-57%
	611	743	(132)	-18%
Total software license revenue				
Canada	**3,767**	4,380	(613)	-14%
United States	**5,139**	4,897	242	5%
South America	**3,403**	2,296	1,107	48%
Eastern Hemisphere	**5,542**	5,328	214	4%
	17,851	16,901	950	6%

Nine months ended December 31, ($ thousands)	**2018**	2017	$ change	% change
Annuity/maintenance license revenue				
Canada	**11,426**	13,006	(1,580)	-12%
United States	**13,956**	13,954	2	0%
South America	**6,810**	6,867	(57)	-1%
Eastern Hemisphere[1]	**14,874**	15,188	(314)	-2%
	47,066	49,015	(1,949)	-4%
Perpetual license revenue				
Canada	**156**	-	156	100%
United States	**514**	155	359	232%
South America	**6**	394	(388)	-98%
Eastern Hemisphere	**1,433**	1,562	(129)	-8%
	2,109	2,111	(2)	0%
Total software license revenue				
Canada	**11,582**	13,006	(1,424)	-11%
United States	**14,470**	14,109	361	3%
South America	**6,816**	7,261	(445)	-6%
Eastern Hemisphere	**16,307**	16,750	(443)	-3%
	49,175	51,126	(1,951)	-4%

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

During the three months ended December 31, 2018, as compared to the same period of the previous fiscal year, all regions except for Canada experienced increases in total software license revenue.

During the nine months ended December 31, 2018, as compared to the same period of the previous fiscal year, the United States experienced an increase in total software license revenue and the other three regions experienced decreases.

The Canadian market (representing 24% of year-to-date software license revenue) experienced 14% and 12% decreases in annuity/maintenance license revenue during the three and nine months ended December 31, 2018, respectively, compared to the same periods of the previous fiscal year, due to a reduction in licensing by some customers. Perpetual revenue increased during the nine months ended December 31, 2018, as there were no perpetual sales recognized in the comparative period.

The United States market (representing 29% of year-to-date software license revenue) experienced a 2% decrease in annuity/maintenance license revenue during the three months ended December 31, 2018 and remained flat during the nine months ended December 31, 2018, compared to the same periods of the previous fiscal year. Revenue in the United States was negatively impacted by IFRS 15 adoption, which offset increases from licensing by new and existing customers involved in unconventional shale and tight hydrocarbon recovery processes. Perpetual sales during the three and nine months ended December 31, 2018 were higher than in the comparative periods.

South America (representing 14% of year-to-date software license revenue) experienced an increase of 60% in annuity/maintenance license revenue during the three months ended December 31, 2018 and a decrease of 1% during the nine months ended December 31, 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 third quarter of the current fiscal year and in the first and second quarters of the previous fiscal year. To provide a normalized comparison, if we exclude revenue from these customers from the three-month periods of both years, we note that South American annuity/maintenance license revenue decreased by 9% instead of increasing by 60%. If we exclude revenue from these customers from the nine-month periods of both years, South American annuity/maintenance license revenue increased by 4% instead of decreasing by 1%. No significant perpetual sales were realized in South America during the three and nine months ended December 31, 2018.

The Eastern Hemisphere (representing 33% of year-to-date software license revenue) experienced an 11% increase and a 2% decrease in annuity/maintenance license revenue during the three and nine months ended December 31, 2018, compared to the same periods of the previous fiscal year. Both variances were mainly due to the timing of revenue recognition on certain contracts. The Eastern Hemisphere's perpetual license revenue for the three and nine months ended December 31, 2018 was lower than the same periods of the previous 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)	**13,782**	17,785		(4,003)	-23%
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 Q3 of fiscal 2019 decreased by 23% compared to Q3 of fiscal 2018. Half of the decrease is due to the timing of contract execution. The deferred revenue balance at December 31, 2017 included a number of contracts that were not included in the deferred revenue balance at December 31, 2018 because those contracts were finalized and invoiced subsequent to December 31, 2018, whereas in the previous fiscal year those contracts were finalized and invoiced prior to December 31, 2017. Further, a portion of the decrease is due to the fact that some customers switched to shorter-term licensing as it gives them the flexibility they need in uncertain economic times.

Expenses

Three months ended December 31, ($ thousands)	**2018**	2017	$ change	% change
Sales, marketing and professional services	**4,109**	4,771	(662)	-14%
Research and development	**4,976**	5,028	(52)	-1%
General and administrative	**1,582**	1,612	(30)	-2%
Total operating expenses	**10,667**	11,411	(744)	-7%
Direct employee costs(1)	**7,727**	8,285	(558)	-7%
Other corporate costs	**2,940**	3,126	(186)	-6%
	10,667	11,411	(744)	-7%

Nine months ended December 31, ($ thousands)	**2018**	2017	$ change	% change
Sales, marketing and professional services	**13,474**	14,467	(993)	-7%
Research and development	**14,613**	15,200	(587)	-4%
General and administrative	**4,828**	5,118	(290)	-6%
Total operating expenses	**32,915**	34,785	(1,870)	-5%
Direct employee costs(1)	**24,244**	25,082	(838)	-3%
Other corporate costs	**8,671**	9,703	(1,032)	-11%
	32,915	34,785	(1,870)	-5%

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

Direct employee costs decreased during the three and nine months ended December 31, 2018, compared to the same period of the previous fiscal year due to lower stock-based compensation expense and (for the year-to-date period only) due to lower headcount. Other corporate costs for the three and nine months ended December 31, 2018 decreased by 6% and 11%, respectively, compared to the same periods of the previous fiscal year, due to lower office operating costs and (for the year-to-date period only) because the comparative period included $0.6 million of non-recurring charges related to the move to the new headquarters.

Outlook

Our quarterly results were positively affected by a payment received from a South American customer for whom revenue is recognized only when cash is received, resulting in a 7% increase in quarterly annuity and maintenance revenue. The increase in total quarterly revenue, combined with a reduction in operating expenses, resulted in a 22% increase in quarterly operating profit and a 50% increase in quarterly earnings per share.

While our year-to-date total revenue decreased by 3%, compared to the same period of the previous fiscal year, our total operating expenses also decreased by 5%, having a positive effect of 1% on the operating profit. Our year-to-date net income increased by 10% and earnings per share by 11%.

Quarterly annuity and maintenance revenue decreased by 2% (after normalizing for the payment from the South American customer) due to declines in Canada as well as a negative impact of the change in accounting policy, which mainly affected the US region.

Year-to-date annuity and maintenance revenue decreased by 4%. While Canada is the main reason for the decrease, year-to-date results were also negatively affected by the change in accounting policy, which offset some of the growth achieved in the US region, as well as the timing differences of revenue recognition on certain contracts in the first two quarters of the year, mainly in the Eastern Hemisphere. If normalized for these items, our worldwide year-to-date annuity and maintenance revenue is comparable to fiscal 2018.

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 the economic uncertainty in the region for the past number of years. The instability of the market appears to have lessened, and we are focusing on demonstrating to our customers the value of our simulation tools for optimizing their production, particularly during challenging times. In addition, we will continue working with customers entering the exploration and development of Canada's unconventional hydrocarbon resources.
- The United States region continued 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, offsetting the growth in revenue by unconventional customers.
- South American quarterly annuity and maintenance revenue was positively affected by the payment received from a customer for whom revenue is recognized only when cash is received. On a year-to-date basis, annuity and maintenance revenue was relatively flat.
- Eastern Hemisphere annuity and maintenance revenue increased in the quarter, while experiencing single-digit decline on a year-to-date basis. Year-to-date Eastern Hemisphere annuity and maintenance revenue was 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 on a year-to-date basis. The Eastern Hemisphere was also negatively affected by the movement in foreign exchange.

We continue to be optimistic about the US market, where we continue working with both existing and new customers on modelling workflows for unconventional assets. In all regions, we 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 headcount and head office costs.

We continue our efforts in marketing and trial modelling of CoFlow, our newest product that will provide a unified solution for integrated asset modelling by combining reservoir, production networks and geomechanics in one environment. Shell continues to target additional deployments and use the software on its selected assets. The CoFlow team is working on feature development, supporting prospective customers and model conversions related to potential opportunities, and ongoing performance improvement. We are pleased to announce that we have closed our first commercial contract for CoFlow for use on an onshore asset, in early February.

As these efforts progress, we have implemented organizational changes to further integrate the CoFlow development team into CMG's established Research and Development department. Effective February 12, 2019, Dr. Long Nghiem, newly appointed as Chief Technology Officer and remaining as Vice President, Research and Development, will oversee CoFlow's ongoing development, with an emphasis on realizing commercial opportunities. Rob Eastick, formerly Vice President, CoFlow, will take on the role of Coordinator, Production Network Technologies.

CMG's commercial product suite has been under Dr. Nghiem's leadership since 1997. His vision and technical knowledge have contributed significantly to our success to-date. Mr. Eastick saw CoFlow through a critical period as it evolved from a jointly funded R&D arrangement with Shell and Petrobras (until December 31, 2016) to a product suitable for deployment on the complex assets of CMG customers. Mr. Eastick will continue to direct development of a suite of technologies that are fundamental to CoFlow's utility. Taking this organizational step more efficiently and effectively uses the resources and skills of our leadership and team members and allows for application of our proven model to CoFlow for delivering technology and value to our customers.

We ended the third quarter of 2019 with a strong balance sheet, no debt and $45.6 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 $)	**December 31, 2018**	March 31, 2018*
Assets		
Current assets:		
Cash	**45,603**	63,719
Trade and other receivables	**7,397**	16,272
Prepaid expenses	**1,537**	1,415
Prepaid income taxes	**100**	-
	54,637	81,406
Property and equipment	**14,925**	16,062
Deferred tax asset	**597**	522
Total assets	**70,159**	97,990
Liabilities and shareholders' equity		
Current liabilities:		
Trade payables and accrued liabilities	**5,445**	6,550
Income taxes payable	**142**	126
Deferred revenue	**13,782**	33,360
	19,369	40,036
Deferred revenue	**-**	1,002
Deferred rent liability	**1,706**	1,388
Total liabilities	**21,075**	42,426
Shareholders' equity:		
Share capital	**79,711**	79,598
Contributed surplus	**12,588**	11,775
Deficit	**(43,215)**	(35,809)
Total shareholders' equity	**49,084**	55,564
Total liabilities and shareholders' equity	**70,159**	97,990

Condensed Consolidated Statements of Operations and Comprehensive Income

	Three months ended December 31		Nine months ended December 31	
UNAUDITED (thousands of Canadian $ except per share amounts)	**2018**	2017*	**2018**	2017*
Revenue	**19,073**	18,319	**53,719**	55,286
Operating expenses				
Sales, marketing and professional services	**4,109**	4,771	**13,474**	14,467
Research and development	**4,976**	5,028	**14,613**	15,200
General and administrative	**1,582**	1,612	**4,828**	5,118
	10,667	11,411	**32,915**	34,785
Operating profit	**8,406**	6,908	**20,804**	20,501
Finance income	**1,000**	243	**1,686**	648
Finance costs	**-**	-	**-**	(815)
Profit before income and other taxes	**9,406**	7,151	**22,490**	20,334
Income and other taxes	**2,559**	2,054	**6,329**	5,674
Net and total comprehensive income	**6,847**	5,097	**16,161**	14,660
Earnings Per Share				
Basic	**0.09**	0.06	**0.20**	0.18
Diluted	**0.09**	0.06	**0.20**	0.18

Condensed Consolidated Statements of Cash Flows

UNAUDITED (thousands of Canadian $)	Three months ended December 31 2018	Three months ended December 31 2017*	Nine months ended December 31 2018	Nine months ended December 31 2017*
Operating activities				
Net income	**6,847**	5,097	**16,161**	14,660
Adjustments for:				
Depreciation	**509**	492	**1,453**	1,436
Income and other taxes	**2,559**	2,054	**6,329**	5,674
Stock-based compensation	**(19)**	601	**713**	1,595
Interest income	**(306)**	(228)	**(921)**	(648)
Deferred rent	**106**	106	**318**	1,281
	9,696	8,122	**24,053**	23,998
Changes in non-cash working capital:				
Trade and other receivables	**2,694**	1,500	**8,864**	15,382
Trade payables and accrued liabilities	**635**	1,103	**(558)**	(619)
Prepaid expenses	**(263)**	766	**(122)**	(271)
Deferred revenue	**(9,440)**	(5,901)	**(19,895)**	(20,447)
Cash provided by operating activities	**3,322**	5,590	**12,342**	18,043
Interest received	**306**	241	**932**	658
Income taxes paid	**(2,021)**	(1,704)	**(6,674)**	(7,469)
Net cash provided by operating activities	**1,607**	4,127	**6,600**	11,232
Financing activities				
Proceeds from issue of common shares	**-**	-	**17**	6,664
Dividends paid	**(8,022)**	(8,022)	**(24,067)**	(24,020)
Net cash used in financing activities	**(8,022)**	(8,022)	**(24,050)**	(17,356)
Investing activities				
Property and equipment additions	**(253)**	(630)	**(666)**	(4,292)
Decrease in cash	**(6,668)**	(4,525)	**(18,116)**	(10,416)
Cash, beginning of period	**52,271**	57,348	**63,719**	63,239
Cash, end of period	**45,603**	52,823	**45,603**	52,823

* 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.

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