Q2 2016

For the period ended September 30, 2015

To our Shareholders

Computer Modelling Group Ltd. is very pleased to announce our second quarter results for the three and six months ended September 30, 2015.

SECOND QUARTER HIGHLIGHTS

Three months ended September 30, ($ thousands, except per share data)	**2015**	2014	$ change	% change
Annuity/maintenance software licenses	**16,790**	15,331	1,459	10%
Perpetual software licenses	**1,095**	2,661	(1,566)	-59%
Total revenue	**19,125**	19,731	(606)	-3%
Operating profit	**8,160**	9,560	(1,400)	-15%
Net income	**6,766**	7,473	(707)	-9%
Earnings per share - basic	**0.09**	0.09	-	0%

Six months ended September 30, ($ thousands, except per share data)	**2015**	2014	$ change	% change
Annuity/maintenance software licenses	**33,528**	31,297	2,231	7%
Perpetual software licenses	**3,658**	4,093	(435)	-11%
Total revenue	**40,565**	39,283	1,282	3%
Operating profit	**18,654**	18,681	(27)	0%
Net income	**13,567**	13,717	(150)	-1%
Earnings per share - basic	**0.17**	0.17	-	0%

Management’s Discussion and Analysis

This Management’s Discussion and Analysis (“MD&A”) for Computer Modelling Group Ltd. (“CMG,” the “Company,” “we” or “our”), presented as at November 12, 2015, should be read in conjunction with the unaudited condensed consolidated financial statements and related notes of the Company for the three and six months ended September 30, 2015 and the audited consolidated financial statements and MD&A for the years ended March 31, 2015 and 2014 contained in the 2015 Annual Report for CMG. Additional information relating to CMG, including our Annual Information Form, can be found at www.sedar.com. The financial data contained herein have been prepared in accordance with International Financial Reporting Standards (“IFRS”) and, unless otherwise indicated, all amounts in this report are expressed in Canadian dollars and rounded to the nearest thousand.

FORWARD-LOOKING INFORMATION

Certain information included in this MD&A 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 MD&A, 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.

With respect to forward-looking information contained in this MD&A, we have made assumptions regarding, among other things:

- Future software license sales
- The continued financing by and participation of the Company's partners in CoFlow and it being completed in a timely manner
- Ability to enter into additional software license agreements
- Ability to continue current research and new product development
- Ability to recruit and retain qualified staff

Forward-looking information is not a guarantee of future performance and involves a number of risks and uncertainties, only some of which are described herein. Many factors could cause the Company's actual results, performance or achievements, or future events or developments, to differ materially from those expressed or implied by the forward-looking information including, without limitation, the following factors which are described in the MD&A of CMG's 2015 Annual Report under the heading "Business Risks":

- Economic conditions in the oil and gas industry
- Reliance on key customers
- Foreign exchange
- Economic and political risks in countries where the Company currently does or proposes to do business
- Increased competition
- Reliance on employees with specialized skills or knowledge
- Protection of proprietary rights

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievement may vary materially from those expressed or implied by the forward-looking information contained in this MD&A. These factors should be carefully considered and readers are cautioned not to place undue reliance on forward-looking information, which speaks only as of the date of this MD&A. All subsequent forward-looking information attributable to the Company herein is expressly qualified in its entirety by the cautionary statements contained in or referred to herein. The Company does not undertake any obligation to release publicly any revisions to forward-looking information contained in this MD&A to reflect events or circumstances that occur after the date of this MD&A or to reflect the occurrence of unanticipated events, except as may be required under applicable securities laws.

NON-IFRS FINANCIAL MEASURES

This MD&A 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. See "Expenses" heading for a reconciliation of direct employee costs and other corporate costs to total operating expenses.

"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. See "EBITDA" heading for a reconciliation of EBITDA to net income.

CORPORATE PROFILE

CMG is a computer software technology company serving the oil and gas industry. The Company is a leading supplier of advanced processes 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, Caracas, Dubai, Bogota and Kuala Lumpur. CMG's Common Shares are listed on the Toronto Stock Exchange ("TSX") and trade under the symbol "CMG".

QUARTERLY PERFORMANCE

($ thousands, unless otherwise stated)	Fiscal 2014(1) Q3	Q4	Fiscal 2015(2) Q1	Q2	Q3	Q4	Fiscal 2016(3) Q1	**Q2**
Annuity/maintenance licenses	14,278	15,750	15,966	15,331	16,071	16,063	16,738	**16,790**
Perpetual licenses	2,942	1,972	1,432	2,661	7,150	2,162	2,563	**1,095**
Software licenses	17,220	17,722	17,398	17,992	23,221	18,225	19,301	**17,885**
Professional services	2,007	2,254	2,154	1,739	1,985	2,147	2,139	**1,240**
Total revenue	19,227	19,976	19,552	19,731	25,206	20,372	21,440	**19,125**
Operating profit	9,575	9,561	9,121	9,560	14,315	8,520	10,494	**8,160**
Operating profit (%)	50	48	47	48	57	42	49	**43**
EBITDA(4)	9,972	10,001	9,488	9,949	14,717	8,945	10,824	**8,519**
Profit before income and other taxes	10,249	10,761	8,733	10,411	15,144	11,310	9,742	**9,365**
Income and other taxes	3,044	3,025	2,489	2,938	4,162	3,361	2,941	**2,599**
Net income for the period	7,205	7,736	6,244	7,473	10,982	7,949	6,801	**6,766**
Cash dividends declared and paid	7,020	7,449	7,872	7,880	7,862	7,848	7,876	**7,891**
Per share amounts - ($/share)								
Earnings per share - basic	0.09	0.10	0.08	0.09	0.14	0.10	0.09	**0.09**
Earnings per share - diluted	0.09	0.10	0.08	0.09	0.14	0.10	0.09	**0.08**
Cash dividends declared and paid	0.09	0.095	0.10	0.10	0.10	0.10	0.10	**0.10**

(1) Q3 and Q4 of fiscal 2014 include $0.9 million and $1.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(2) Q1, Q2, Q3 and Q4 of fiscal 2015 include $1.5 million, $0.2 million, $0.2 million and $0.3 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(3) Q1 and Q2 of fiscal 2016 include $1.0 million and $0.3 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(4) EBITDA is defined as net income before adjusting for depreciation expense, finance income, finance costs, and income and other taxes. See "Non-IFRS Financial Measures".

Highlights

During the six months ended September 30, 2015, as compared to the same period of the prior fiscal year, CMG:

- Increased annuity/maintenance revenue by 7%
- Increased total revenue by 3%
- Increased spending on research and development by 4%
- Declared and paid a regular dividend of $0.10
- Realized basic earnings per share of $0.17
- Purchased 538,000 Common Shares for cancellation under the Normal Course Issuer Bid ("NCIB")

Revenue

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Software licenses	**17,885**	17,992	(107)	-1%
Professional services	**1,240**	1,739	(499)	-29%
Total revenue	**19,125**	19,731	(606)	-3%
Software license revenue - % of total revenue	**94%**	91%		
Professional services - % of total revenue	**6%**	9%		

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Software licenses	**37,186**	35,390	1,796	5%
Professional services	**3,379**	3,893	(514)	-13%
Total revenue	**40,565**	39,283	1,282	3%
Software license revenue - % of total revenue	**92%**	90%		
Professional services - % of total revenue	**8%**	10%		

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

Total revenue decreased by 3% for the three months ended September 30, 2015, compared to the same period of the previous fiscal year, due to a decrease in software license revenue and fees for professional services.

Total revenue increased by 3% for the six months ended September 30, 2015, compared to the same period of the previous fiscal year, due to an increase in software license revenue partially offset by a decrease in fees for professional services.

SOFTWARE LICENSE REVENUE

Software license revenue is made up of annuity/maintenance license fees charged for the use of the Company's software products which is generally for a term of one year or less and perpetual software license sales, whereby the customer purchases the-then-current version of the software and has the right to use that version in perpetuity. Annuity/maintenance license fees have historically had a high renewal rate and, accordingly, provide a reliable revenue stream while perpetual license sales are more variable and unpredictable in nature as the purchase decision and its timing fluctuate with the customers' needs and budgets. The majority of CMG's customers who have acquired perpetual software licenses subsequently purchase our maintenance package to ensure ongoing product support and access to current versions of CMG's software.

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Annuity/maintenance licenses	**16,790**	15,331	1,459	10%
Perpetual licenses	**1,095**	2,661	(1,566)	-59%
Total software license revenue	**17,885**	17,992	(107)	-1%
Annuity/maintenance as a % of total software license revenue	**94%**	85%		
Perpetual as a % of total software license revenue	**6%**	15%		

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Annuity/maintenance licenses	**33,528**	31,297	2,231	7%
Perpetual licenses	**3,658**	4,093	(435)	-11%
Total software license revenue	**37,186**	35,390	1,796	5%
Annuity/maintenance as a % of total software license revenue	**90%**	88%		
Perpetual as a % of total software license revenue	**10%**	12%		

Total software license revenue decreased by 1% in the three months ended September 30, 2015, compared to the same period of the previous fiscal year, due to a decrease in perpetual license sales, partially offset by an increase in annuity/maintenance revenue.

Total software license revenue grew by 5% in the six months ended September 30, 2015, compared to the same period of the previous fiscal year, mainly due to an increase in annuity/maintenance revenue partially offset by a decrease in perpetual licenses.

CMG's annuity/maintenance license revenue increased by 10% and 7% during the three and six months ended September 30, 2015, respectively, compared to the same periods of the previous fiscal year. These increases were mainly driven by an increase in maintenance revenue tied to perpetual sales and sales to existing customers. In addition, annuity/maintenance license revenue for the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, was positively affected by the strengthening of the US dollar.

During the three and six months ended September 30, 2015, the Eastern Hemisphere and US experienced growth in annuity/maintenance revenue, compared to the same periods of the previous fiscal year which was partially offset by decreases in South America and Canada.

Our annuity/maintenance revenue is impacted by the revenue recognition from a long-standing customer for which revenue recognition criteria are fulfilled only at the time of the receipt of funds (see the discussion about revenue earned in the current period that pertains to usage of products in prior quarters above the "Quarterly Software License Revenue" graph). The variability of the amounts of the payments received and the timing of such payments may skew the comparison of the recorded annuity/maintenance revenue amounts between periods. No amounts were received from this customer during the three months ended September 30, 2015 and 2014. If we were to remove revenue from this particular customer from the six months ended September 30, 2015 and 2014, we will notice that the annuity/maintenance revenue increased by 12%, instead of 7%, as compared to the same period of the previous fiscal year. Historically we have received payments from this particular customer, however, there is increasing uncertainty associated with the receipt of payments due to the economic conditions in the country where this customer is located. Payments from this customer will continue to be recorded on a cash basis which may introduce some variability in our reported quarterly annuity/maintenance revenue results.

Perpetual license sales decreased by 59% for the three months ended September 30, 2015, compared to the same period of the previous fiscal year, with all of the regions experiencing declines except Canada.

Perpetual license sales decreased by 11% for the six months ended September 30, 2015, compared to the same period of the previous fiscal year, due to fewer perpetual sales being realized in South America partially offset by increases in the United States and 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.

We can observe from the tables below that the exchange rates between the US and Canadian dollars during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, had a positive impact on our reported license revenue.

The following table summarizes the US dollar denominated revenue and the weighted average exchange rate at which it was converted to Canadian dollars:

Three months ended September 30, ($ thousands)		**2015**	2014	$ change	% change
US dollar annuity/maintenance license sales	**US$**	**10,165**	10,153	12	0%
Weighted average conversion rate		**1.230**	1.074		
Canadian dollar equivalent	**CDN$**	**12,507**	10,901	1,606	15%
US dollar perpetual license sales	**US$**	**472**	2,359	(1,887)	-80%
Weighted average conversion rate		**1.335**	1.084		
Canadian dollar equivalent	**CDN$**	**630**	2,557	(1,927)	-75%

Six months ended September 30, ($ thousands)		**2015**	2014	$ change	% change
US dollar annuity/maintenance license sales	**US$**	**20,624**	21,103	(479)	-2%
Weighted average conversion rate		**1.221**	1.074		
Canadian dollar equivalent	**CDN$**	**25,171**	22,659	2,512	11%
US dollar perpetual license sales	**US$**	**2,509**	3,314	(805)	-24%
Weighted average conversion rate		**1.260**	1.085		
Canadian dollar equivalent	**CDN$**	**3,161**	3,596	(435)	-12%

The following table quantifies the foreign exchange impact on our software license revenue:

Three months ended September 30, ($ thousands)	Q2 2015 Balance	Incremental License Growth	Foreign Exchange Impact	**Q2 2016 Balance**
Annuity/maintenance license sales	15,331	(134)	1,593	**16,790**
Perpetual license sales	2,661	(1,684)	118	**1,095**
Total software license revenue	17,992	(1,818)	1,711	**17,885**

Six months ended September 30, ($ thousands)	Q2 2015 Balance	Incremental License Growth	Foreign Exchange Impact	**Q2 2016 Balance**
Annuity/maintenance license sales	31,297	(796)	3,027	**33,528**
Perpetual license sales	4,093	(873)	438	**3,658**
Total software license revenue	35,390	(1,669)	3,465	**37,186**

As discussed previously, our annuity/maintenance revenue is impacted by the revenue recognition from a long-standing customer for which revenue recognition criteria are fulfilled only at the time of the receipt of funds. If we were to normalize for this customer, the annuity/maintenance incremental license growth in the above table would have been $579,000 for the six months ended September 30, 2015.

SOFTWARE REVENUE BY GEOGRAPHIC SEGMENT

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Annuity/maintenance revenue				
Canada	**6,065**	6,405	(340)	-5%
United States	**4,318**	3,846	472	12%
South America	**1,477**	1,721	(244)	-14%
Eastern Hemisphere[1]	**4,930**	3,359	1,571	47%
	16,790	15,331	1,459	10%
Perpetual revenue				
Canada	**465**	104	361	347%
United States	**92**	174	(82)	-47%
South America	**-**	1,419	(1,419)	-100%
Eastern Hemisphere	**538**	964	(426)	-44%
	1,095	2,661	(1,566)	-59%
Total software license revenue				
Canada	**6,530**	6,509	21	0%
United States	**4,410**	4,020	390	10%
South America	**1,477**	3,140	(1,663)	-53%
Eastern Hemisphere	**5,468**	4,323	1,145	26%
	17,885	17,992	(107)	-1%

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Annuity/maintenance revenue				
Canada	**12,059**	12,606	(547)	-4%
United States	**8,641**	7,501	1,140	15%
South America	**3,079**	4,457	(1,378)	-31%
Eastern Hemisphere[1]	**9,749**	6,733	3,016	45%
	33,528	31,297	2,231	7%
Perpetual revenue				
Canada	**496**	497	(1)	0%
United States	**1,182**	174	1,008	579%
South America	**460**	2,269	(1,809)	-80%
Eastern Hemisphere	**1,520**	1,153	367	32%
	3,658	4,093	(435)	-11%
Total software license revenue				
Canada	**12,555**	13,103	(548)	-4%
United States	**9,823**	7,675	2,148	28%
South America	**3,539**	6,726	(3,187)	-47%
Eastern Hemisphere	**11,269**	7,886	3,383	43%
	37,186	35,390	1,796	5%

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

During the three months ended September 30, 2015, on a geographic basis, total software license sales increased in the US and the Eastern Hemisphere while it remained flat in Canada and decreased in South America, as compared to the same period of the previous fiscal year.

During the six months ended September 30, 2015, on a geographic basis, total software license sales increased in the US and Eastern Hemisphere partially offset by decreases in Canada and South America, compared to the same period of the previous fiscal year.

The Canadian market (representing 34% of year-to-date total software revenue) experienced declines in annuity/maintenance license sales during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, due to a reduction in licensing by some customers and due to shifting of some licenses from Canada to the US. Perpetual sales increased during the three months ended September 30, 2015, and remained flat in the six months ended September 30, 2015 compared to the same periods of the previous fiscal year.

The US market (representing 26% of year-to-date total software revenue) grew annuity/maintenance license sales during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, driven by sales to existing and new customers. While perpetual revenue declined slightly during the three months ended September 30, 2015, it increased during the six months ended September 30, 2015, as compared to the same periods of the previous fiscal year. We continue to experience successive increases in the annuity/maintenance license sales in the US as evidenced by the quarterly year-over-year increases of 30%, 22%, 32%, and 18% recorded during Q2 2015, Q3 2015, Q4 2015, and Q1 2016, respectively. This double-digit growth trend has continued into the second quarter of the current fiscal year with the recorded increase of 12%.

South America (representing 10% of year-to-date total software revenue) experienced declines of 14% and 31%, respectively, in annuity/maintenance license sales during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, due to a reduction in licensing by some customers. The results for the six months ended September 30, 2015 were impacted by the variability of amounts recorded from a customer for which revenue is recognized only when cash is received (see the discussion about revenue earned in the current period that pertains to usage of products in prior quarters above the "Quarterly Software License Revenue" graph). To provide a normalized comparison, if we were to remove revenue from this particular customer from the six months ended September 30, 2015 and 2014, we will notice that the annuity/maintenance revenue increased by 1%, instead of decreasing by 31%, as compared to the same period of the previous fiscal year. No amounts were received from this customer during the three months ended September 30, 2015 and 2014. The South American region experienced decreases in perpetual license sales during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year.

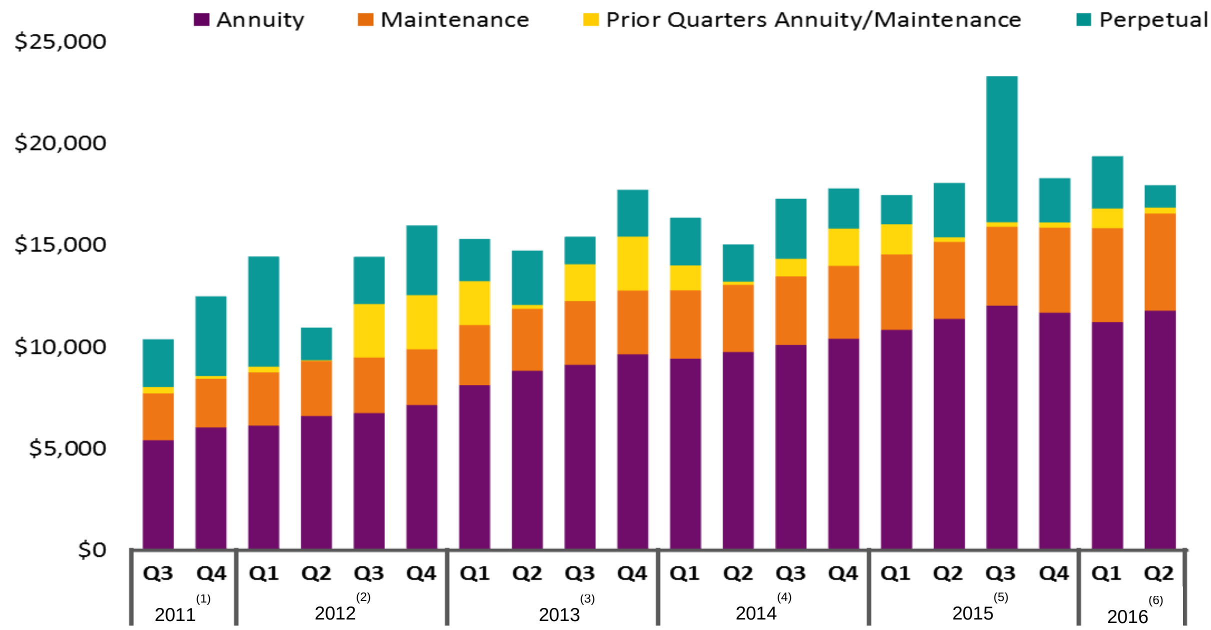
The Eastern Hemisphere (representing 30% of the year-to-date total software revenue) grew annuity/maintenance license sales by 47% and 45%, respectively, during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, mainly due to sales to existing customers. Fewer perpetual license sales were realized in the three months ended September 30, 2015, but increased in the six months ended September 30, 2015, compared to the same periods of the previous fiscal year.

Software license revenue in the US, South America and Eastern Hemisphere were positively affected by the strengthening of the US dollar during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year.

Movements in perpetual sales across regions are indicative of the unpredictable nature of the timing and location of perpetual license sales. Overall, our recurring annuity/maintenance revenue base continues to grow on a total basis. We will continue to focus our efforts on increasing our license sales to both existing and new customers and, supported by our product suite offering and our customer-oriented approach, we will endeavor to continue expanding our market share globally.

As footnoted in the Quarterly Performance table, in the normal course of business, CMG may complete the negotiation of certain annuity/maintenance contracts and/or fulfill revenue recognition requirements within a current quarter that includes usage of CMG's products in prior quarters. This situation particularly affects contracts negotiated with countries that face increased economic and political risks leading to the revenue recognition criteria being satisfied only at the time of the receipt of cash. The dollar magnitude of such contracts may be significant to the quarterly comparatives of our annuity/maintenance revenue stream and, to provide a normalized comparison, we specifically identify the revenue component where revenue recognition is satisfied in the current period for products provided in previous quarters.

QUARTERLY SOFTWARE LICENSE REVENUE ($THOUSANDS)



(1) Q3 and Q4 of fiscal 2011 include $0.3 million and $0.1 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(2) Q1, Q2, Q3 and Q4 of fiscal 2012 include $0.3 million, $0.04 million, $2.6 million, and $2.7 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(3) Q1, Q2, Q3 and Q4 of fiscal 2013 include $2.1 million, $0.2 million, $1.8 million, and $2.6 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(4) Q1, Q2, Q3 and Q4 of fiscal 2014 include $1.2 million, $0.2 million, $0.9 million, and $1.8 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(5) Q1, Q2, Q3 and Q4 of fiscal 2015 include $1.5 million, $0.2 million, $0.2 million, and $0.3 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.
(6) Q1 and Q2 of fiscal 2016 include $1.0 million and $0.3 million, respectively, in revenue that pertains to usage of CMG's products in prior quarters.

DEFERRED REVENUE

($ thousands)	**Fiscal 2016**	Fiscal 2015	Fiscal 2014	$ change	% change
Deferred revenue at:					
Q1 (June 30)	**27,006**	26,628		378	1%
Q2 (September 30)	**22,608**	22,928		(320)	-1%
Q3 (December 31)		19,180	18,069	1,111	6%
Q4 (March 31)		32,663	29,531	3,132	11%

CMG's deferred revenue consists primarily of amounts for pre-sold licenses. Our annuity/maintenance revenue is deferred and recognized on a straight-line basis over the life of the related 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 2016 decreased by 1%, compared to Q2 of fiscal 2015, mainly as a result of reduced licensing in the Canadian region. It should also be pointed out that during times of economic uncertainty some companies opt to renew licenses over a shorter length of time than a year, which has a negative effect on the deferred revenue balance.

PROFESSIONAL SERVICES REVENUE

CMG recorded professional services revenue of $1.2 million and $3.4 million for the three and six months ended September 30, 2015, respectively, representing decreases of $0.5 million each period, compared to the same periods of the previous fiscal year, due to decreases in project activities by our customers.

Professional services revenue consists of specialized consulting, training, and contract research activities. CMG performs consulting and contract research activities on an ongoing basis, but such activities are not considered to be a core part of our business and are primarily undertaken to increase our knowledge base and hence expand the technological abilities of our simulators in a funded manner, combined with servicing our customers' needs. In addition, these activities are undertaken to market the capabilities of our suite of software products with the ultimate objective to increase software license sales. Our experience is that consulting activities are variable in nature as both the timing and dollar magnitude of work are dependent on activities and budgets within customer companies.

Expenses

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Sales, marketing and professional services	**5,237**	4,373	864	20%
Research and development	**4,227**	4,117	110	3%
General and administrative	**1,501**	1,681	(180)	-11%
Total operating expenses	**10,965**	10,171	794	8%
Direct employee costs[(1)]	**8,739**	8,052	687	9%
Other corporate costs	**2,226**	2,119	107	5%
	10,965	10,171	794	8%

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Sales, marketing and professional services	**10,162**	8,864	1,298	15%
Research and development	**8,634**	8,327	307	4%
General and administrative	**3,115**	3,411	(296)	-9%
Total operating expenses	**21,911**	20,602	1,309	6%
Direct employee costs[(1)]	**17,735**	16,315	1,420	9%
Other corporate costs	**4,176**	4,287	(111)	-3%
	21,911	20,602	1,309	6%

(1) Includes salaries, bonuses, stock-based compensation, benefits, commissions, and professional development.

CMG's total operating expenses increased by 8% for the three months ended September 30, 2015, compared to the same periods of the previous fiscal year, due to increases in both direct employee costs and other corporate costs.

CMG's total operating expenses increased by 6% for the six months ended September 30, 2015, compared to the same periods of the previous fiscal year, due to an increase in direct employee costs partially offset by a decrease in other corporate costs.

DIRECT EMPLOYEE COSTS

As a technology company, CMG's largest area of expenditure is its people. Approximately 81% of the total operating expenses in the six months ended September 30, 2015 related to direct employee costs, which is consistent with 79% recorded in the comparative period of the previous fiscal year. Staffing levels for the current fiscal year grew in comparison to the previous fiscal year to support our continued growth. At September 30, 2015, CMG's full-time equivalent staff complement was 208 employees and consultants, up from 195 full-time equivalent employees and consultants as at September 30, 2014. Direct employee costs increased during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, due to staff additions, increased levels of compensation, and related benefits.

OTHER CORPORATE COSTS

Other corporate costs increased by 5% for the three months ended September 30, 2015, compared to the same period of the previous fiscal year, mainly attributable to costs related to the Society of Petroleum Engineers ("SPE") Annual Technical Conference and Exhibition held during the three months ended September 30, 2015. In the previous fiscal year, the SPE Annual Technical Conference and Exhibit was held during the third quarter.

Other corporate costs decreased by 3% for the six months ended September 30, 2015, compared to the same period of the previous fiscal year, mainly attributable to the inclusion of the costs associated with CMG's biennial technical symposium in the six months ended September 30, 2014.

RESEARCH AND DEVELOPMENT

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Research and development (gross)	**4,614**	4,404	210	5%
SR&ED credits	**(387)**	(287)	(100)	35%
Research and development	**4,227**	4,117	110	3%
Research and development as a % of total revenue	**22%**	21%		

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Research and development (gross)	**9,379**	8,970	409	5%
SR&ED credits	**(745)**	(643)	(102)	16%
Research and development	**8,634**	8,327	307	4%
Research and development as a % of total revenue	**21%**	21%		

CMG maintains its belief that its strategy of growing long-term value for shareholders can only be achieved through continued investment in research and development. CMG works closely with its customers to provide solutions to complex problems related to proven and new advanced recovery processes.

The above research and development costs include CMG's share of joint research and development costs associated with the DRMS project of $1.5 million and $3.1 million for the three and six months ended September 30, 2015 (2014 - $1.1 million and $2.3 million). See discussion under "Commitments, Off Balance Sheet Items and Transactions with Related Parties."

The increase of 5% in our gross spending on research and development for both the three and six months ended September 30, 2015, respectively, compared to the same periods of the previous fiscal year, demonstrates our continued commitment to the advancement of our technology which is the focal point of our business strategy.

Research and development costs, net of SR&ED credits, increased by 3% and 4%, respectively, during the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, due to an increase in employee compensation costs.

SR&ED credits increased by 35% and 16% for the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, mainly due to an increase in hours spent on SR&ED eligible projects and increased employee compensation costs.

DEPRECIATION

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Depreciation of property and equipment, allocated to:				
Sales, marketing and professional services	**133**	121	12	10%
Research and development	**186**	216	(30)	-14%
General and administrative	**40**	52	(12)	-23%
Total depreciation	**359**	389	(30)	-8%

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Depreciation of property and equipment, allocated to:				
Sales, marketing and professional services	**255**	230	25	11%
Research and development	**356**	422	(66)	-16%
General and administrative	**78**	104	(26)	-25%
Total depreciation	**689**	756	(67)	-9%

Depreciation in the three and six months ended September 30, 2015 decreased slightly, as compared to the same periods in the previous fiscal year.

Finance Income

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Interest income	**136**	184	(48)	-26%
Net foreign exchange gain	**1,069**	667	402	60%
Total finance income	**1,205**	851	354	42%

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Interest income	**300**	377	(77)	-20%
Net foreign exchange gain	**153**	86	67	78%
Total finance income	**453**	463	(10)	-2%

Interest income decreased in the three and six months ended September 30, 2015, compared to the same periods of the previous fiscal year, mainly due to investing smaller cash balances at a lower interest rate.

CMG is impacted by the movement of the US dollar against the Canadian dollar as approximately 74% (2014 – 72%) of CMG's revenue for the six months ended September 30, 2015 is denominated in US dollars, whereas only approximately 26% (2014 – 24%) of CMG's total costs are denominated in US dollars.

The following chart shows the exchange rates used to translate CMG's US dollar denominated working capital at June 30 and September 30, 2015, 2014 and 2013 and the average exchange rates used to translate income statement items during the six months ended September 30, 2015, 2014 and 2013:

CDN$ to US$	At June 30	At September 30	Six month trailing average
2013	0.9513	0.9723	0.9670
2014	0.9367	0.8922	0.9166
2015	**0.8017**	**0.7466**	**0.7820**

CMG recorded a net foreign exchange gain of $1.1 million for the three months ended September 30, 2015, compared to a net foreign exchange gain of $0.7 million recorded in the same period of the previous fiscal year, due to a weakening of the Canadian dollar during the quarter which contributed positively to the valuation of our US-denominated working capital.

CMG recorded a net foreign exchange gain of $0.2 million for the six months ended September 30, 2015, compared to a net foreign exchange gain of $0.1 million recorded in the same period of the previous fiscal year, as the net foreign exchange gain recorded in the three months ended September 30, 2015 was partially offset by the $0.9 million net foreign exchange loss recorded in the three months ended June 30, 2015.

Income and Other Taxes

CMG's effective tax rate for the six months ended September 30, 2015 is reflected as 29.0% (2014 – 28.3%), whereas the prevailing Canadian statutory tax rate is now 26.5%. This difference is primarily due to the non-tax deductibility of stock-based compensation expense.

The benefit recorded in CMG's books on the SR&ED investment tax credit program impacts deferred income taxes. The investment tax credit earned in the current fiscal year is utilized by CMG to reduce income taxes otherwise payable for the current fiscal year and the federal portion of this benefit bears an inherent tax liability as the amount of the credit is included in the subsequent year's taxable income for both federal and provincial purposes. The inherent tax liability on these investment tax credits is reflected in the year the credit is earned as a non-current deferred tax liability and then, in the following fiscal year, is transferred to income taxes payable.

Operating Profit and Net Income

Three months ended September 30, ($ thousands, except per share amounts)	**2015**	2014	$ change	% change
Total revenue	**19,125**	19,731	(606)	-3%
Operating expenses	**(10,965)**	(10,171)	(794)	8%
Operating profit	**8,160**	9,560	(1,400)	-15%
Operating profit as a % of total revenue	**43%**	48%		
Net income for the period	**6,766**	7,473	(707)	-9%
Net income for the period as a % of total revenue	**35%**	38%		
Basic earnings per share ($/share)	**0.09**	0.09	-	0%

Six months ended September 30, ($ thousands, except per share amounts)	**2015**	2014	$ change	% change
Total revenue	**40,565**	39,283	1,282	3%
Operating expenses	**(21,911)**	(20,602)	(1,309)	6%
Operating profit	**18,654**	18,681	(27)	0%
Operating profit as a % of total revenue	**46%**	48%		
Net income for the period	**13,567**	13,717	(150)	-1%
Net income for the period as a % of total revenue	**33%**	35%		
Basic earnings per share ($/share)	**0.17**	0.17	-	0%

Operating profit as a percentage of total revenue for the three months ended September 30, 2015 was at 43% compared to 48% recorded in the same period of the previous fiscal year due to a combination of a decline in revenue and an increase in operating expenses.

Operating profit as a percentage of total revenue for the six months ended September 30, 2015 was at 46% compared to 48% recorded in the same period of the previous fiscal year due to operating expenses growing at a slightly higher rate than total revenue.

Net income for the period as a percentage of revenue decreased to 35% from 38% and to 33% from 35% for the three and six months ended September 30, 2015, respectively, compared to the same periods of the previous fiscal year.

We continue to focus our efforts on increasing license sales while effectively controlling our operating costs.

EBITDA

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Net income for the period	**6,766**	7,473	(707)	-9%
Add (deduct):				
Depreciation	**359**	389	(30)	-8%
Finance income	**(1,205)**	(851)	(354)	42%
Income and other taxes	**2,599**	2,938	(339)	-12%
EBITDA	**8,519**	9,949	(1,430)	-14%
EBITDA as a % of total revenue	**45%**	50%		

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Net income for the period	**13,567**	13,717	(150)	-1%
Add (deduct):				
Depreciation	**689**	756	(67)	-9%
Finance income	**(453)**	(463)	10	-2%
Income and other taxes	**5,540**	5,427	113	2%
EBITDA	**19,343**	19,437	(94)	0%
EBITDA as a % of total revenue	**48%**	49%		

EBITDA decreased by 14% for the three months ended September 30, 2015 and remained consistent for the six months ended September 30, 2015, compared to the same periods of the previous fiscal year, mainly as a result of the decrease in net income.

EBITDA as a percentage of total revenue decreased to 45% from 50%, and to 48% from 49% for the three and six months ended September 30, 2015, as compared to the same periods of the previous fiscal year.

Liquidity and Capital Resources

Three months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Cash, beginning of period	**79,366**	73,177	6,189	8%
Cash flow from (used in):				
Operating activities	**1,323**	4,647	(3,324)	-72%
Financing activities	**(13,243)**	(11,769)	(1,474)	13%
Investing activities	**(640)**	(653)	13	-2%
Cash, end of period	**66,806**	65,402	1,404	2%

Six months ended September 30, ($ thousands)	**2015**	2014	$ change	% change
Cash, beginning of period	**75,342**	72,410	2,932	4%
Cash flow from (used in):				
Operating activities	**10,895**	11,824	(929)	-8%
Financing activities	**(18,478)**	(17,952)	(526)	3%
Investing activities	**(953)**	(880)	(73)	8%
Cash, end of period	**66,806**	65,402	1,404	2%

OPERATING ACTIVITIES

Cash flow generated from operating activities decreased by $3.3 million in the three months ended September 30, 2015, compared to the same period of the previous fiscal year, mainly due to the negative impact of the timing difference of when sales are made and when the resulting receivables are collected, a decrease in net income, and the change in deferred revenue balance.

Cash flow generated from operating activities decreased by $0.9 million in the six months ended September 30, 2015, compared to the same period of the previous fiscal year, mainly due to the change in the deferred revenue balance, the negative effects of the timing difference of when income taxes are recorded and paid, and when trade payable and accrued liabilities are recorded and paid. This was partially offset by the positive impact of when sales are made and when the resulting receivables are collected.

FINANCING ACTIVITIES

Cash used in financing activities during the three and six months ended September 30, 2015 decreased by $1.5 million and $0.5 million, respectively, compared to the same periods of the previous fiscal year, mainly due to receiving lower proceeds from the issuance of Common Shares.

During the six months ended September 30, 2015, CMG employees and directors exercised options to purchase 589,000 Common Shares, which resulted in cash proceeds of $3.7 million (2014 – 673,000 options exercised to purchase Common Shares which resulted in cash proceeds of $4.1 million).

In the six months ended September 30, 2015, CMG paid $15.8 million in dividends, representing the following quarterly dividends:

($ per share)	Q1	Q2
Total dividends declared and paid	0.10	0.10

In the six months ended September 30, 2014, CMG paid $15.8 million in dividends, representing the following quarterly dividends:

($ per share)	Q1	Q2
Total dividends declared and paid	0.10	0.10

On November 12, 2015, CMG announced the payment of a quarterly dividend of $0.10 per share on CMG's Common Shares. The dividend will be paid on December 15, 2015 to shareholders of record at the close of business on December 7, 2015.

In the fiscal 2012 Management's Discussion and Analysis, we reported that, beginning in fiscal 2013, we would increase the relative proportion of dividends paid quarterly and lower and/or eliminate the amount paid as a special dividend at the end of the fiscal year, in order to provide a more regular income stream to our shareholders throughout the year. The Company's focus will remain on a sustainable quarterly dividend; however, we may consider a special dividend as appropriate.

Based on our expectation of solid profitability and cash-generating ability driven by the predictability of our software revenue base and effective management of costs, we are cautiously optimistic that the company is well positioned for future growth which will enable us to continue to pay quarterly dividends.

On May 5, 2014, the Company announced a NCIB commencing on May 5, 2014 to purchase for cancellation up to 7,440,000 of its Common Shares. This NCIB ended on May 4, 2015 and 808,000 Common Shares were purchased at market price for a total cost of $9,845,000.

On May 21, 2015, the Company announced a NCIB commencing on May 25, 2015 to purchase for cancellation up to 7,447,000 of its Common Shares. During the six months ended September 30, 2015, 538,000 Common Shares were purchased at market price for a total cost of $6,444,000, and were cancelled subsequent to September 30, 2015.

INVESTING ACTIVITIES

CMG's current needs for capital asset investment relate to computer equipment and office infrastructure costs, all of which will be funded internally. During the six months ended September 30, 2015, CMG expended $1.0 million on property and equipment additions, primarily composed of computing equipment and leasehold improvements. CMG has a capital budget of $2.5 million for fiscal 2016.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2015, CMG has $66.8 million in cash, no debt, and has access to just over $0.8 million under a line of credit with its principal banker.

During the six months ended September 30, 2015, 23,263,000 shares of CMG's public float were traded on the TSX. As at September 30, 2015, CMG's market capitalization based upon its September 30, 2015 closing price of $11.33 was $889.8 million. The calculation of market capitalization excludes 538,000 Common Shares which were cancelled as part of the NCIB, subsequent to September 30, 2015.

Commitments, Off Balance Sheet Items and Transactions with Related Parties

The Company is the operator of CoFlow, a collaborative effort with its partners Shell International Exploration and Production BV ("Shell") and Petroleo Brasileiro S.A. ("Petrobras"), to jointly develop the newest generation of reservoir and production system simulation software. The project has been underway since 2006 and, with the ongoing support of the participants; it is expected to continue until ultimate delivery of the software. The Company's share of costs associated with the project is estimated to be $6.4 million ($3.4 million net of overhead recoveries) for fiscal 2016. CMG plans to continue funding its share of the project costs associated with the development of the newest generation reservoir simulation software system from internally generated cash flows.

CMG has very little in the way of other ongoing material contractual obligations other than for pre-sold licenses, which are reflected as deferred revenue on its statement of financial position, and contractual obligations for office leases which are estimated for our fiscal years as follows: 2016 – $1.2 million; 2017 – $1.9 million; 2018 – $3.5 million; 2019 – $4.7 million; 2020 – $4.7 million; thereafter – $86.6 million. During the third quarter of fiscal 2015, CMG finalized a twenty year operating lease for our new Calgary offices which will commence in fiscal 2018.

Business Risks and Critical Accounting Estimates

These remain unchanged from the factors detailed in CMG's 2015 Annual Report.

Changes in Accounting Policies

Accounting policies, presentation and methods of computation remain unchanged from those detailed in CMG's 2015 Annual Report.

Accounting Standards and Interpretations Issued But Not Yet Effective

The following standards and interpretations have not been adopted by the Company as they apply to future periods:

Amendments to IAS 1 *Presentation of Financial Statements*

Amends IAS 1 *Presentation of Financial Statements* to improve presentation and disclosure in financial reports. The amendments are effective for annual periods beginning on or after January 1, 2016. Early adoption is permitted. The Company intends to adopt these amendments to IAS 1 in its consolidated financial statements beginning April 1, 2016. The extent of the impact of adoption of the amendments has not yet been determined.

IFRS 9 *Financial Instruments*

Replaces the guidance in IAS 39 *Financial Instruments: Recognition and Measurement*, on the classification and measurement of financial assets, amends the impairment model and includes a new general hedge accounting standard. The mandatory effective date of IFRS 9 is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The Company intends to adopt IFRS 9 (2014) in its consolidated financial statements beginning April 1, 2018. The Company does not expect IFRS 9 (2014) to have a material impact on the consolidated financial statements because of the nature of the Company's operations and the types of financial assets that it holds.

IFRS 15 *Revenue from Contracts with Customers*

Replaces the guidance in IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfer of Assets from Customers*, and SIC 31 *Revenue – Barter Transactions Involving Advertising Services* with a single model that applies to contracts with customers and two approaches to recognizing revenue: at a point in time or over time. The new standard is effective for annual periods beginning on or after January 1, 2018. Early application is permitted. The Company intends to adopt IFRS 15 in its consolidated financial statements for the annual period beginning April 1, 2018. The extent of the impact of adoption of the standard has not yet been determined.

Outstanding Share Data

The following table represents the number of Common Shares and options outstanding:

As at November 12, 2015 (thousands)	
Common Shares	78,540
Options	7,536

On July 13, 2005, CMG adopted a rolling stock option plan which allows the Company to grant options to its employees and directors to acquire Common Shares of up to 10% of the outstanding Common Shares at the date of grant. Based upon this calculation, at November 12, 2015, CMG could grant up to 7,854,000 stock options.

Disclosure Controls and Procedures and Internal Control over Financial Reporting

Management is responsible for establishing and maintaining disclosure controls and procedures ("DC&P") and internal control over financial reporting ("ICFR") as defined under National Instrument 52-109. These controls and procedures were reviewed and the effectiveness of their design and operation was evaluated in fiscal 2015 in accordance with the COSO control framework (1992). The evaluation confirmed the effectiveness of DC&P and ICFR at March 31, 2015. During our fiscal year 2016, we continue to monitor and review our controls and procedures.

During the six months ended September 30, 2015, there have been no significant changes to the Company's ICFR that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

Outlook

During the current quarter and year-to-date, we grew our total annuity and maintenance revenue by 10% and 7%, respectively, with increases experienced in the US and Eastern Hemisphere partially offset by decreases in Canada and South America. During the current quarter and year-to-date, we have realized fewer perpetual sales than in the same periods of the previous fiscal year, reflective of the budgetary cuts by our customers. Our revenue in foreign regions was positively affected by the strengthening of the US dollar.

In light of ongoing economic challenges, our customers continue to curtail their spending and future asset development plans causing us to experience only modest growth in revenue in the first and second quarters of the current fiscal year. Due to uncertainty of the impact that the economic slow-down in the oil and gas industry might have on our future revenue and operating margins, we are taking prudent measures, such as restraining employee recruitment, to control our costs and run our business efficiently.

We will continue to focus on research and development initiatives which provide a foundation for future growth and position us to continue providing much-needed advanced technical tools to our customers now and when economic recovery eventually takes place.

In late September 2015, we released the most recent version of CoFlow, R10, to our partners Shell and Petrobras, which marks an important milestone in the development of CoFlow as it will be deployed in target assets selected by our partners to assist with day-to-day business decisions. CoFlow is the newest generation dynamic reservoir modelling system developed jointly with Shell and Petrobras who remain committed to the ongoing development and success of the project.

During the current quarter, we purchased 538,000 Common Shares for $6.4 million under our NCIB given our strong liquidity and our belief that CMG's Common Shares were not trading in price ranges that reflected their underlying value. Using CMG's available capital for the purchase of Common Shares demonstrates our commitment to return value to our shareholders by reducing the number of Common Shares outstanding. During the second quarter, we will maintain our regular dividend payment of $0.10 per share.

Kenneth M. Dedeluk
President and Chief Executive Officer
November 12, 2015

Condensed Consolidated Statements of Financial Position

UNAUDITED (thousands of Canadian $)	**September 30, 2015**	March 31, 2015
Assets		
Current assets:		
Cash	**66,806**	75,342
Trade and other receivables	**17,004**	27,083
Prepaid expenses	**1,227**	1,271
Prepaid income taxes (note 7)	**1,233**	42
	86,270	103,738
Property and equipment	**2,982**	2,718
Deferred tax asset (note 7)	**40**	-
Total assets	**89,292**	106,456
Liabilities and Shareholders' Equity		
Current liabilities:		
Trade payables and accrued liabilities	**5,760**	7,753
Income taxes payable (note 7)	**753**	2,415
Deferred revenue	**22,608**	32,663
	29,121	42,831
Deferred tax liability (note 7)	**-**	169
Total liabilities	**29,121**	43,000
Shareholders' equity:		
Share capital	**63,360**	59,397
Contributed surplus	**9,525**	8,561
Retained earnings (deficit)	**(12,714)**	(4,502)
Total shareholders' equity	**60,171**	63,456
Total liabilities and shareholders' equity	**89,292**	106,456

Subsequent events (notes 8 and 14)

See accompanying notes to 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 **2015**	2014	Six months ended September 30 **2015**	2014
Revenue (note 4)	**19,125**	19,731	**40,565**	39,283
Operating expenses				
Sales, marketing and professional services	**5,237**	4,373	**10,162**	8,864
Research and development (note 5)	**4,227**	4,117	**8,634**	8,327
General and administrative	**1,501**	1,681	**3,115**	3,411
	10,965	10,171	**21,911**	20,602
Operating profit	**8,160**	9,560	**18,654**	18,681
Finance income (note 6)	**1,205**	851	**453**	463
Profit before income and other taxes	**9,365**	10,411	**19,107**	19,144
Income and other taxes (note 7)	**2,599**	2,938	**5,540**	5,427
Net and total comprehensive income	**6,766**	7,473	**13,567**	13,717
Earnings Per Share				
Basic (note 8(e))	**0.09**	0.09	**0.17**	0.17
Diluted (note 8(e))	**0.08**	0.09	**0.17**	0.17

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Changes in Equity

UNAUDITED (thousands of Canadian $)	Common Share Capital	Contributed Surplus	Retained Earnings (Deficit)	Total Equity
Balance, April 1, 2014	53,750	5,853	3,565	63,168
Total comprehensive income for the period	-	-	13,717	13,717
Dividends paid	-	-	(15,752)	(15,752)
Shares issued for cash on exercise of stock options (note 8(b))	4,064	-	-	4,064
Common shares buy-back (notes 8(b) & (c))	(367)	-	(5,897)	(6,264)
Stock-based compensation:				
Current period expense	-	1,856	-	1,856
Stock options exercised (note 8(b))	740	(740)	-	-
Balance, September 30, 2014	58,187	6,969	(4,367)	60,789
Balance, April 1, 2015	**59,397**	**8,561**	**(4,502)**	**63,456**
Total comprehensive income for the period	**-**	**-**	**13,567**	**13,567**
Dividends paid	**-**	**-**	**(15,767)**	**(15,767)**
Shares issued for cash on exercise of stock options (note 8(b))	**3,733**	**-**	**-**	**3,733**
Common shares buy-back (notes 8(b) & (c))	**(432)**	**-**	**(6,012)**	**(6,444)**
Stock-based compensation:				
Current period expense	**-**	**1,626**	**-**	**1,626**
Stock options exercised (note 8(b))	**662**	**(662)**	**-**	**-**
Balance, September 30, 2015	**63,360**	**9,525**	**(12,714)**	**60,171**

See accompanying notes to condensed consolidated interim financial statements.

Condensed Consolidated Statements of Cash Flows

	Three months ended September 30		Six months ended September 30	
	2015	2014	**2015**	2014
UNAUDITED (thousands of Canadian $)				
Cash flows from operating activities				
Net income	**6,766**	7,473	**13,567**	13,717
Adjustments for:				
Depreciation	**359**	389	**689**	756
Income and other taxes (note 7)	**2,599**	2,938	**5,540**	5,427
Stock-based compensation (note 8(d))	**745**	918	**1,626**	1,856
Interest income (note 6)	**(136)**	(184)	**(300)**	(377)
	10,333	11,534	**21,122**	21,379
Changes in non-cash working capital:				
Trade and other receivables	**(2,280)**	(542)	**10,065**	4,532
Trade payables and accrued liabilities	**932**	415	**(1,993)**	(1,405)
Prepaid expenses	**(30)**	(197)	**44**	(107)
Deferred revenue	**(4,398)**	(3,700)	**(10,055)**	(6,603)
Cash generated from operating activities	**4,557**	7,510	**19,183**	17,796
Interest received	**151**	190	**314**	379
Income taxes paid	**(3,385)**	(3,053)	**(8,602)**	(6,351)
Net cash from operating activities	**1,323**	4,647	**10,895**	11,824
Cash flows from financing activities				
Proceeds from issue of common shares	**1,092**	2,375	**3,733**	4,064
Dividends paid	**(7,891)**	(7,880)	**(15,767)**	(15,752)
Common shares buy-back (note 8(b) & (c))	**(6,444)**	(6,264)	**(6,444)**	(6,264)
Net cash used in financing activities	**(13,243)**	(11,769)	**(18,478)**	(17,952)
Cash flows used in investing activities				
Property and equipment additions	**(640)**	(653)	**(953)**	(880)
Decrease in cash	**(12,560)**	(7,775)	**(8,536)**	(7,008)
Cash, beginning of period	**79,366**	73,177	**75,342**	72,410
Cash, end of period	**66,806**	65,402	**66,806**	65,402

See accompanying notes to condensed consolidated interim financial statements.

Notes to Condensed Consolidated Financial Statements

For the three and six months ended September 30, 2015 and 2014 (unaudited).

1. Reporting Entity:

Computer Modelling Group Ltd. ("CMG") is a company domiciled in Alberta, Canada and is incorporated pursuant to the Alberta Business Corporations Act, with its Common Shares listed on the Toronto Stock Exchange under the symbol "CMG". The address of CMG's registered office is Suite 200, 1824 Crowchild Trail N.W., Calgary, Alberta, Canada, T2M 3Y7. The condensed consolidated financial statements as at and for the three and six months ended September 30, 2015 comprise CMG and its subsidiaries (together referred to as the "Company"). The Company is a computer software technology company engaged in the development and licensing of reservoir simulation software. The Company also provides professional services consisting of highly specialized support, consulting, training, and contract research activities.

2. Basis of Preparation:

(a) STATEMENT OF COMPLIANCE:

These condensed consolidated financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*. Accordingly, the condensed consolidated financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the Company's most recent annual consolidated financial statements as at and for the year ended March 31, 2015 which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and using the accounting policies disclosed in note 3 of the Company's annual consolidated financial statements as at and for the year ended March 31, 2015.

These unaudited condensed consolidated financial statements as at and for the three and six months ended September 30, 2015 were authorized for issuance by the Board of Directors on November 12, 2015.

(b) BASIS OF MEASUREMENT:

The condensed consolidated financial statements have been prepared on the historical cost basis, which is based on the fair value of the consideration at the time of the transaction.

(c) FUNCTIONAL AND PRESENTATION CURRENCY:

The condensed consolidated financial statements are presented in Canadian dollars, which is the functional currency of CMG and its subsidiaries. All financial information presented in Canadian dollars has been rounded to the nearest thousand.

(d) USE OF ESTIMATES, JUDGMENTS AND ASSUMPTIONS:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue, costs and expenses for the period. Estimates and underlying assumptions are based on historical experience and other assumptions that are considered reasonable in the circumstances and are reviewed on an on-going basis. Actual results may differ from such estimates and it is possible that the differences could be material. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In preparing these condensed consolidated financial statements, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those applied in the annual IFRS consolidated financial statements for the year ended March 31, 2015.

3. Significant Accounting Policies:

The condensed consolidated interim financial statements should be read in conjunction with the Company's annual consolidated financial statements for the year ended March 31, 2015 prepared in accordance with IFRS applicable to those annual consolidated financial statements. The same accounting policies, presentation and methods of computation have been followed in these condensed consolidated financial statements as were applied in the Company's consolidated financial statements for the year ended March 31, 2015.

4. Revenue:

Three months ended September 30, (thousands of $)	**2015**	2014
Software licenses	**17,885**	17,992
Professional services	**1,240**	1,739
	19,125	19,731

Six months ended September 30, (thousands of $)	**2015**	2014
Software licenses	**37,186**	35,390
Professional services	**3,379**	3,893
	40,565	39,283

5. Research and Development:

Three months ended September 30, (thousands of $)	**2015**	2014
Research and development	**4,614**	4,404
Scientific research and experimental development ("SR&ED") investment tax credits	**(387)**	(287)
	4,227	4,117

Six months ended September 30, (thousands of $)	**2015**	2014
Research and development	**9,379**	8,970
Scientific research and experimental development ("SR&ED") investment tax credits	**(745)**	(643)
	8,634	8,327

6. Finance Income:

Three months ended September 30, (thousands of $)	**2015**	2014
Interest income	**136**	184
Net foreign exchange gain	**1,069**	667
Finance income	**1,205**	851

Six months ended September 30, (thousands of $)	**2015**	2014
Interest income	**300**	377
Net foreign exchange gain	**153**	86
Finance income	**453**	463

7. Income and Other Taxes:

The major components of income tax expense are as follows:

Six months ended September 30, (thousands of $)	**2015**	2014
Current year income taxes	**5,688**	5,547
Adjustment for prior year	**-**	40
Current income taxes	**5,688**	5,587
Deferred tax recovery	**(210)**	(293)
Foreign withholding and other taxes	**62**	133
	5,540	5,427

The provision for income and other taxes reported differs from the amount computed by applying the combined Canadian Federal and Provincial statutory rate to the profit before income and other taxes.

The reasons for this difference and the related tax effects are as follows:

Six months ended September 30, (thousands of $, unless otherwise stated)	**2015**	2014
Combined statutory tax rate	**26.50%**	25.00%
Expected income tax	**5,064**	4,786
Non-deductible costs	**448**	476
Effect of tax rates in foreign jurisdictions	**43**	50
Withholding taxes	**34**	86
Adjustment for prior year	**-**	40
Other	**(49)**	(11)
	5,540	5,427

The components of the Company's deferred tax asset (liability) are as follows:

(thousands of $)	**September 30, 2015**	March 31, 2015
Tax liability on SR&ED investment tax credits	**(107)**	(230)
Tax asset on property and equipment	**147**	61
Net deferred tax asset (liability)	**40**	(169)

All movement in deferred tax assets and liabilities is recognized through net income of the respective period.

Prepaid income taxes and current income taxes payable have not been offset as the amounts relate to income taxes levied by different tax authorities to different taxable entities.

8. Share Capital:

(a) AUTHORIZED:

An unlimited number of Common Shares, an unlimited number of Non-Voting Shares, and an unlimited number of Preferred Shares, issuable in series.

(b) ISSUED:

(thousands of shares)	Common Shares
Balance, April 1, 2014	78,419
Issued for cash on exercise of stock options	673
Common shares buy-back	(510)
Balance, September 30, 2014	78,582
Balance, April 1, 2015	**78,487**
Issued for cash on exercise of stock options	**589**
Common shares bought back, but not cancelled	**(538)**
Balance, September 30, 2015	**78,538**

Subsequent to September 30, 2015, 2,000 stock options were exercised for cash proceeds of $13,000.

On May 20, 2015, the Board of Directors considered the merits of renewing the Company's shareholder rights plan on or before the third-year anniversary of shareholder approval of the plan and determined that it was in the best interest of the Company to continue to have a shareholder rights plan in place. Upon careful review, the Board of Directors agreed to approve an amended and restated rights plan (the "Amended and Restated Rights Plan") between the Company and Computershare Limited, which is similar in all respects to the existing shareholder rights plan, with the exception of certain minor amendments. The Amended and Restated Rights Plan was approved by the Company's shareholders on July 9, 2015.

(c) COMMON SHARES BUY-BACK:

On May 5, 2014, the Company announced a Normal Course Issuer Bid ("NCIB") commencing on May 5, 2014 to purchase for cancellation up to 7,440,000 of its Common Shares. This NCIB ended on May 4, 2015 and 808,000 Common Shares were purchased at market price for a total cost of $9,845,000.

On May 21, 2015, the Company announced a NCIB commencing on May 25, 2015 to purchase for cancellation up to 7,447,000 of its Common Shares. During the six months ended September 30, 2015, 538,000 Common Shares were purchased at market price for a total cost of $6,444,000, and were cancelled subsequent to September 30, 2015.

(d) STOCK-BASED COMPENSATION PLAN:

The Company adopted a rolling stock option plan as of July 13, 2005, which was reaffirmed by the Company's shareholders on July 10, 2014, which allows it to grant options to acquire Common Shares of up to 10% of the outstanding Common Shares at the date of grant. Based upon this calculation, at September 30, 2015, the Company could grant up to 7,908,000 stock options. Pursuant to the stock option plan, the maximum term of an option granted cannot exceed five years from the date of grant. The outstanding stock options vest as to 50% after the first year anniversary, from date of grant, and then vest as to 25% of the total options granted after each of the second and third year anniversary dates.

The following table outlines changes in stock options:

	Six months ended September 30, 2015		Year ended March 31, 2015	
	Number of Options (thousands)	**Weighted Average Exercise Price ($/share)**	Number of Options (thousands)	Weighted Average Exercise Price ($/share)
Outstanding at beginning of period	**7,000**	**10.76**	5,858	9.25
Granted	**1,259**	**12.33**	2,148	13.01
Exercised	**(589)**	**6.34**	(876)	6.01
Forfeited	**(115)**	**12.49**	(130)	11.74
Outstanding at end of period	**7,555**	**11.34**	7,000	10.76
Options exercisable at end of period	**4,702**	**10.60**	3,341	9.07

The range of exercise prices of stock options outstanding and exercisable at September 30, 2015 is as follows:

	Outstanding			Exercisable	
Exercise Price ($/option)	Number of Options (thousands)	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price ($/option)	Number of Options (thousands)	Weighted Average Exercise Price ($/option)
6.50 to 9.55	2,084	1.5	8.19	2,084	8.19
9.56 to 12.26	2,143	2.9	12.19	1,597	12.20
12.27 to 12.85	1,278	4.9	12.32	-	-
12.86 to 14.97	2,050	3.9	13.04	1,021	13.03
	7,555	3.1	11.34	4,702	10.60

The fair value of stock options granted was estimated using the Black-Scholes option pricing model under the following assumptions:

	Six months ended September 30, 2015	Year ended March 31, 2015
Fair value at grant date ($/option)	**1.45 to 2.39**	1.27 to 2.50
Share price at grant date ($/share)	**12.31 to 13.98**	11.80 to 14.97
Risk-free interest rate (%)	**0.41 to 0.87**	0.43 to 1.36
Estimated hold period prior to exercise (years)	**2 to 4**	2 to 4
Volatility in the price of common shares (%)	**25 to 28**	22 to 28
Dividend yield per common share (%)	**2.92 to 3.25**	2.67 to 3.21

The Company recognized total stock-based compensation expense for the three and six months ended September 30, 2015 of $745,000 and $1,626,000, respectively (three and six months ended September 30, 2014 – $918,000 and $1,856,000, respectively).

(e) EARNINGS PER SHARE:

The following table summarizes the earnings and weighted average number of Common Shares used in calculating basic and diluted earnings per share:

Three months ended September 30, (thousands except per share amounts)	**2015**			2014		
	Earnings ($)	**Weighted Average Shares Outstanding**	**Earnings Per Share ($/share)**	Earnings ($)	Weighted Average Shares Outstanding	Earnings Per Share ($/share)
Basic	**6,766**	**78,995**	**0.09**	7,473	78,742	0.09
Dilutive effect of stock options		**767**			1,209	
Diluted	**6,766**	**79,762**	**0.08**	7,473	79,951	0.09

Six months ended September 30, (thousands except per share amounts)	**2015**			2014		
	Earnings ($)	**Weighted Average Shares Outstanding**	**Earnings Per Share ($/share)**	Earnings ($)	Weighted Average Shares Outstanding	Earnings Per Share ($/share)
Basic	**13,567**	**78,816**	**0.17**	13,717	78,668	0.17
Dilutive effect of stock options		**941**			1,432	
Diluted	**13,567**	**79,757**	**0.17**	13,717	80,100	0.17

During the three and six months ended September 30, 2015, 147,000 and 141,000 options, respectively (three and six months ended September 30, 2014 – 39,000 and 258,000 options, respectively), were excluded from the computation of the weighted-average number of diluted shares outstanding because their effect was not dilutive.

9. Financial Instruments:

Financial assets include cash and trade and other receivables which are classified as loans and receivables and are measured at amortized cost which approximates their fair values.

Financial liabilities include trade payables and accrued liabilities which are classified as other financial liabilities and are measured at amortized cost which approximates their fair values.

10. Commitments:

(a) RESEARCH COMMITMENTS:

The Company is the operator of a joint project, a collaborative effort with its partners Shell International Exploration and Production BV (“Shell”) and Petroleo Brasileiro S.A. (“Petrobras”), to jointly develop CoFlow, the newest generation of reservoir and production system simulation software. The project has been underway since 2006 and, with the ongoing support of the participants, it is expected to continue until ultimate delivery of the software. The Company’s share of costs associated with the project is estimated to be $6.4 million ($3.4 million net of overhead recoveries) for fiscal 2016.

(b) LEASE COMMITMENTS:

The Company has operating lease commitments relating to its office premises with minimum annual lease payments as follows:

As at September 30, (thousands of $)	**2015**	2014
Less than one year	**2,203**	2,370
Between one and five years	**16,065**	3,270
More than five years	**84,311**	1,014
	102,579	6,654

The Company entered into a twenty year operating lease commitment relating to its Calgary office premises commencing in calendar 2017. The minimum annual lease payments have been reflected in the above schedule.

11. Line Of Credit:

The Company has arranged for a $1.0 million line of credit with its principal banker, which can be drawn down by way of a demand operating credit facility or may be used to support letters of credit. As at September 30, 2015, US $165,000 (March 31, 2015 – US $165,000) had been reserved on this line of credit for the letter of credit supporting a performance bond.

12. Segmented Information:

The Company is organized into one operating segment represented by the development and licensing of reservoir simulation software. The Company provides professional services, consisting of support, training, consulting and contract research activities, to promote the use and development of its software; however, these activities are not evaluated as a separate business segment.

Revenues and property and equipment of the Company arise in the following geographic regions:

(thousands of $)	**Revenue**		**Property and equipment**	
	Six months ended September 30,		As at September 30,	
	2015	2014	**2015**	2014
Canada	**14,003**	14,692	**2,345**	2,015
United States	**10,023**	7,946	**282**	320
South America	**4,901**	8,108	**283**	281
Eastern Hemisphere(1)	**11,638**	8,537	**72**	60
	40,565	39,283	**2,982**	2,676

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

In the six months ended September 30, 2015 and 2014, no customer represented 10% or more of total revenue.

13. Joint Operation:

The Company is the operator of a joint software development project to develop CoFlow, which gives the Company exclusive rights to commercialize the jointly developed software while the other partners will have unlimited software access for their internal use. Accordingly, the Company records its proportionate share of costs incurred on the project (37.04%) as research and development costs within the condensed consolidated statements of operations and comprehensive income.

For the three and six months ended September 30, 2015, CMG included $1.5 million and $3.1 million, respectively (three and six months ended September 30, 2014 - $1.5 million and $2.9 million, respectively) of costs in its condensed consolidated statements of operations and comprehensive income related to this joint project.

Additionally, the Company is entitled to charge the project for various services provided as operator, which were recorded in revenue as professional services and amounted to $0.7 million and $1.5 million during the three and six months ended September 30, 2015, respectively (three and six months ended September 30, 2014 - $0.6 million and $1.3 million, respectively).

14. Subsequent Events:

On November 12, 2015, the Board of Directors declared a quarterly cash dividend of $0.10 per share on its Common Shares, payable on December 15, 2015, to all shareholders of record at the close of business on December 7, 2015.

CORPORATE INFORMATION

DIRECTORS

Kenneth M. Dedeluk

Christopher L. Fong (3)

Patrick R. Jamieson (5)

Peter H. Kinash (3) (5)

Frank L. Meyer

Chairman of the Board

Robert F. M. Smith (2)

John B. Zaozirny (1) (4)

(1) Lead Director
(2) Chair, Audit Committee
(3) Member, Audit Committee
(4) Chair, Governance Committee
(5) Member, Governance Committee

OFFICERS

Kenneth M. Dedeluk
President & CEO

Sandra Balic
Vice President,
Finance & CFO

Ryan N. Schneider
Chief Operating Officer

Robert R. Eastick
Vice President,
CoFlow

Jim C. Erdle
Vice President,
USA & Latin America

R. David Hicks
Vice President,
Eastern Hemisphere

Anjani Kumar
Vice President,
Engineering Solutions and Marketing

Long X. Nghiem
Vice President,
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Kathy L. Krug
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TRANSFER AGENT

Computershare Limited

STOCK EXCHANGE LISTING

Toronto Stock Exchange: **CMG**