1st Quarter Report
January 31, 2007

March 7, 2007

To our Shareholders,

First quarter revenue was $13.4 million, compared to $16.8 million reported in the same period last year. Net income for the first quarter was $1.8 million or $0.07 per share on a diluted basis compared to the prior year's first quarter net income of $3.1 million or $0.12 per share. The decline in revenue and profit was primarily a result of a decreased number of licenses being ordered by one customer.

Operating expenses decreased to $7.1 million from $8.1 million in the prior year's first quarter and reflects foreign exchange gains of $0.5 million in the quarter compared to foreign exchange losses in the prior year's first quarter of $0.3 million. Also included in the operating expenses are non-cash amortization charges of $1.5 million compared to $1.3 million in the prior year's first quarter related to the amortization of software and other intangibles, including those recorded as part of the Apropos acquisition. Both quarters include $0.1 million in non-cash compensation expense related to stock options.

The Company generated cash flows from operations of $5.1 million in the first quarter compared to $3.4 million in the prior year's first quarter as a result of strong cash collections, closing the quarter with over $105 million in cash and short-term investments. The Company continues to have no long-term debt.

At its meeting held today, the Board of Directors authorized the payment of a quarterly dividend of $0.025 per share. The first quarterly dividend shall be payable on May 31, 2007 to shareholders of record at the close of business on May 14, 2007. Our decision to pay a regular quarterly dividend was taken to provide an ongoing return to shareholders as we continue activities to increase overall value. The Company remains committed to its strategy of seeking further acquisitions to continue to diversify its revenue stream and expand its market presence.

S. Sadler

Stephen J. Sadler
Chairman of the Board and Chief Executive Officer

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the Company's interim unaudited consolidated financial statements and the notes thereto for the periods ended January 31, 2007 and 2006, as well as the Company's audited Consolidated Financial Statements and Management's Discussion and Analysis for the fiscal year ended October 31, 2006, contained in the Company's 2006 Annual Report to Shareholders.

Accounting Policies, Accounting Standards and Estimates:

The Company's consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP"). The preparation of the Company's consolidated financial statements is based on the selection and application of significant accounting policies, some of which require management to make significant estimates that affect the reported amounts of assets, liabilities, revenue and expenses and the related disclosure of contingent assets and liabilities. On an ongoing basis, the Company evaluates its estimates, including those related to revenue, bad debts, intangible assets, goodwill and income taxes. The Company bases its estimates on historical experience as well as on various other assumptions that are believed to be reasonable under the circumstances at the time. Under different assumptions or conditions, the actual results would differ, potentially materially, from those previously estimated. Many of the conditions impacting these assumptions and estimates are beyond the Company's control.

The Company believes that these accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements. These policies remain substantially unchanged from those discussed in the Company's latest Management's Discussion and Analysis for the year ended October 31, 2006, contained in the Company's 2006 Annual Report to Shareholders, with the exception of two new accounting standards issued by The Canadian Institute of Chartered Accountant's (CICA) Accounting Standards Board and adopted on November 1, 2006.

CICA Section 1530, *Comprehensive Income*, introduces a new financial statement which shows the change in equity (net assets) of an enterprise during a reporting period from transactions and other events and circumstances from non-owner sources. It includes all changes in net assets during a period except those resulting from investments by owners and distributions to owners.

CICA Section 3855, *Financial Instruments – Recognition and Measurement*, prescribes when a financial asset, financial liability or non-financial derivative shall be recognized on the balance sheet and the measurement of such amount. It also specifies how financial statement gains and losses are to be recognized depending on their classification. Depending on the financial instruments' classification, changes in subsequent measurements are recognized in net income or comprehensive income.

The Company has implemented the following classifications:

- Cash and short-term investments consisting of commercial paper, bonds and bankers acceptances are classified as *financial assets* and *held to maturity investments* respectively and are measured at cost and amortized cost using the effective interest rate method.
- Accounts receivable are classified as *loans and receivables*. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, this generally corresponds to cost
- Short term investments consisting of equity investments are classified as *available for sale financial assets.* These financial assets are marked-to-market through comprehensive income at each period end and are only taken to income when they are disposed.
- Accounts payable, accrued liabilities and customer deposits are classified as *financial liabilities*. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company, the measured amount generally corresponds to cost.

These new standards are to be applied without restatement of prior period amounts with the exception of foreign exchange gains and losses on the translation of the financial statements of self-sustaining foreign subsidiaries. These were previously recorded in a separate section of shareholders' equity but have been restated and are now presented as accumulated other comprehensive income. Upon initial application of the new standards, all adjustments to the carrying amounts of financial assets and liabilities were recognized as an adjustment to the opening balance of accumulated other comprehensive income. The Company has recognized a $0.4 million charge, net of income taxes, to the opening balance of accumulated other comprehensive income with respect to the change in fair market value of short-term investments designated as available for sale.

Results of Operations:

Total revenue for the quarter was $13.4 million compared to $16.8 million in the prior year's first quarter and reflects the results of operations of Apropos Technology, Inc. ("Apropos"), from the date of acquisition, November 28, 2005. The decrease in revenue is attributable to the inclusion in the prior year's first quarter revenue of $2.8 million in license sales from a major Asset Management Division customer, lower consulting revenue in the public transit operations of the Company's Asset Management Division and weaker license revenue contributions from the self-service operations of the Syntellect Division.

The Syntellect Division contributed $11.0 million in revenue in the quarter, a decrease from the $11.3 million reported in the first quarter of fiscal 2006. The decrease is attributable to weaker license sales in the traditional self-service Syntellect operations, which was largely offset by incremental software license and service revenue reported by Apropos in the quarter. The Asset Management Division contributed $2.4 million in the first quarter, compared to $5.5 million reported in the first quarter of fiscal 2006, which included significant software license sales to a major customer and incremental services revenue related to Transched's public transit operations.

Cost of sales for the quarter was $4.5 million or 34% of revenue compared to $4.5 million or 27% of revenue in the prior year's first quarter and is principally the result of services being a higher percentage of revenue.

Operating expenses for the quarter were $7.1 million, a decrease of $1.0 million from the $8.1 million reported in the first quarter of last year. Operating costs decreased despite the inclusion of a full quarter of operating costs of Apropos, which was acquired during the first quarter of fiscal 2006. Selling, general and administrative expenses also include foreign exchange gains of $0.5 million in the first quarter compared to losses of $0.3 million in the first quarter of the prior fiscal year. Operating expenses also include non-cash charges related to the compensation expense attributed to stock option grants, which added $0.1 million in both the current and prior year's first quarters.

Non-cash charges for amortization of acquired software and other intangibles related to acquisitions were $1.5 million, an increase over the prior year's first quarter non-cash charges of $1.3 million as a result of the timing of the acquisition of Apropos.

During the first quarter the Company recognized interest income of $1.0 million compared to $0.6 million in the first quarter of fiscal 2006 as a result of increased average cash balances in the quarter as well as improved returns on investments. The Company recorded other income in the quarter of $0.1 million on realized gains on the sale of portfolio investments, compared to $0.1 million in the prior year's first quarter. The Company has also recorded unrealized gains on available for sale investments reported in other comprehensive income of $0.7 million, net of tax, based on the increase in fair market valuations of portfolio investments held at January 31, 2007.

During the quarter, the Company established a tax provision of $1.0 million or a 36% effective tax rate as compared to a provision of $1.7 million or 35% in the prior year's first quarter as the Company continues to provide for all future tax obligations. During the quarter, the Company paid $2.7 million in tax installments.

Net income decreased to $1.8 million, or $0.07 per share on a diluted basis in the first quarter compared to $3.1 million and $0.12 per share respectively in the first quarter of fiscal 2006 as a result of decreased license sales in the Asset Management Division.

Liquidity and Capital Resources:

The Company closed the quarter with cash reserves of $105 million, an increase from the year end balance of $98.2 million. The Company continues to have no long-term debt and has sufficient cash resources to fund both its current and future financial operating commitments. During the quarter the Company generated cash flow from operations of $5.1 million compared to $3.4 million in the first quarter of 2006. The Company had 25,503,224 Common Shares outstanding as at January 31, 2007. The Company also repurchased 38,000 shares of its common stock under its Normal Course Issuer Bid in the first quarter (Q1-2006 – 26,400).

Risks and Uncertainties:

The primary risks and uncertainties that affect or may affect the Company and its business, financial condition, and results of operations are substantially unchanged from those discussed in the Company's latest Annual Information Form and its Management's Discussion and Analysis of Financial Condition and Results of Operations for the year ended October 31, 2006, contained in the Company's 2006 Annual Report to Shareholders and all such risks and uncertainties are incorporated herein by reference.

Internal Control Over Financial Reporting:

The Company's Chief Executive Officer and Vice President Finance are responsible for designing internal control over financial reporting or causing them to be designed under their supervision to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements in accordance with Canadian GAAP. There were no changes to the Company's internal control over financial reporting during the quarter ended January 31, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Notice of No Auditor Review of Interim Financial Statements

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company for the three months ended January 31, 2007 have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Canadian Institute of Chartered Accountants for a review of the interim financial statements by an entity's auditor.

Consolidated Balance Sheets

(in thousands of Canadian dollars)
(Unaudited)

	January 31, 2007	October 31, 2006
Assets		
Current		
Cash	$ 9,730	$ 5,602
Short-term investments	95,628	92,621
Accounts receivable, net	14,369	15,253
Future income taxes	3,237	3,480
Prepaid expenses and other assets	2,183	2,074
	125,147	119,030
Property, plant and equipment	1,587	1,667
Acquired software and other intangibles	20,144	21,370
Goodwill	13,871	13,929
Long-term future income taxes	3,499	3,761
	$ 164,248	$ 159,757
Liabilities		
Current		
Accounts payable and accrued liabilities	$ 11,453	$ 12,688
Income taxes payable	6,219	7,629
Deferred revenue	20,087	16,143
	37,759	36,460
Future income taxes	10,001	10,227
Deferred revenue	644	64
	48,404	46,751
Shareholders' Equity		
Share capital	49,016	49,047
Contributed surplus	150	262
Retained earnings	71,394	69,549
Accumulated other comprehensive income (Note 5)	(4,716)	(5,852)
	115,844	113,006
	$ 164,248	$ 159,757

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Operations and Retained Earnings
For the three months ended January 31
(in thousands of Canadian dollars except per share amounts)
(Unaudited)

	2007	2006
Revenue		
Software licenses	$ 2,753	$ 6,288
Services	10,286	10,293
Hardware	389	183
	13,428	**16,764**
Cost of Sales		
Software licenses	469	806
Services	3,763	3,598
Hardware	273	126
	4,505	4,530
Gross Margin	**8,923**	**12,234**
Operating expenses		
Selling, general and administrative	3,345	4,104
Research and development	1,971	2,264
Stock based compensation	117	119
Amortization of property, plant and equipment	232	310
Amortization of acquired software and other intangibles	1,477	1,299
	7,142	8,096
Income before the undernoted	**1,781**	**4,138**
Interest income, net	971	623
Other income	132	-
Income before income taxes	**$ 2,884**	**$ 4,761**
Provision for income taxes	1,039	1,685
Net income for the period	**$ 1,845**	**$ 3,076**
Retained Earnings, beginning of period	69,549	$ 58,546
Retained Earnings, end of period	**$ 71,394**	**$ 61,622**
Earnings per share		
Basic	$ 0.07	$ 0.12
Diluted	$ 0.07	$ 0.12
Weighted average shares outstanding during period (millions)		
- basic	25.5	25.5
- diluted	26.4	26.5

The accompanying notes form an integral part of these consolidated financial statements.

Consolidated Statements of Comprehensive Income
For the three months ended January 31
(in thousands of Canadian dollars)
(Unaudited)

	2007	2006
Net income for the period	$ 1,845	$ 3,076
Other Comprehensive income		
Unrealized gain (loss) on translating financial statements of self-sustaining foreign operations	447	(258)
Unrealized gain on available for sale financial assets, net of tax	650	-
Unrealized foreign currency translation gain on available for sale financial assets, net of tax	39	-
Comprehensive income	**$ 2,981**	**$ 2,818**

Consolidated Statements of Cash Flows
For the three months ended January 31

(in thousands of Canadian dollars)
(Unaudited)

	2007	2006
Cash flows from operating activities:		
Net income for the period	$ 1,845	$ 3,076
Add (deduct) items not involving cash:		
Amortization of property, plant and equipment	232	310
Amortization of acquired software and other intangibles	1,477	1,299
Stock-based compensation expense	117	119
Gain on sale of short-term investments	(132)	-
Future income taxes	(21)	1,070
Cash flows before changes in operating assets and liabilities	**3,518**	**5,874**
Changes in operating assets and liabilities		
Decrease (increase) in accounts receivable, net	1,515	(4,905)
(Increase) decrease in prepaid expenses and other assets	(15)	275
Decrease in accounts payable and accrued liabilities	(2,029)	(382)
(Decrease) increase in current income taxes payable	(1,552)	412
Increase in deferred revenue	3,757	2,090
Unrealized foreign exchange	(64)	24
Cash flows from operating activities	**5,130**	**3,388**
Cash flows from investing activities		
Net purchase of property, plant and equipment	(130)	(86)
Acquisitions, net of cash acquired	-	(38,202)
Net (purchase) sale of short-term investments	(912)	37,991
	(1,042)	**(297)**
Cash flows from financing activities		
Issuance of share capital	41	47
Purchase and cancellation of common shares	(301)	(212)
	(260)	(165)
Effect of foreign exchange rate changes on cash	300	(205)
Net increase in cash during the period	**4,128**	**2,721**
Cash – Beginning of period	5,602	5,262
Cash – End of period	**$ 9,730**	**$ 7,983**
Supplementary Cash Flow Information:		
Cash paid during the period for		
Interest	$ -	$ -
Income Taxes	2,722	148

Note: Cash excludes short-term investments

The accompanying notes form an integral part of these consolidated financial statements.

Notes to Interim Consolidated Financial Statements
(Unaudited)
January 31, 2007 and 2006
(in thousands of Canadian dollars)

1. Significant Accounting Policies

These unaudited interim consolidated financial statements have been prepared in Canadian dollars in accordance with Canadian generally accepted accounting principles and follow the same accounting policies and methods of application as the October 31, 2006 annual audited consolidated financial statements, with the exception of accounting for financial instruments. These interim consolidated financial statements do not conform in all respects with disclosures required for annual financial statements and should be read in conjunction with the audited consolidated financial statements and notes thereto and Management's Discussion and Analysis contained in the Company's Annual Report for the fiscal year ended October 31, 2006.

2. New Accounting Policies

Effective November 1, 2006 the Company adopted the new Canadian Institute of Chartered Accountants (CICA) accounting recommendations for the recognition, presentation and disclosure of financial instruments and comprehensive income. The standards have been adopted on a prospective basis, with the exception of the cumulative translation adjustment, which has been applied retroactively. These standards include CICA Handbook Section 3855, *Financial Instruments – Recognition and Measurement*; Section 1530, *Comprehensive Income*; Section 3861, *Financial Instruments – Disclosure and Presentation*; and Section 3251, *Equity.*

The new recommendations require the Company to present, among other things, certain unrealized gains and losses outside of net income or loss. Section 1530 defines comprehensive income as the change in equity (net assets) arising from transactions and other events and circumstances from non-owner sources. The new standard requires presentation of a statement of comprehensive income. In accordance with the provisions of these new standards, foreign exchange gains and losses on the translation of the financial statements of the Company's self-sustaining foreign operations, previously recorded in a separate section of shareholders' equity, are now presented as accumulated other comprehensive income. The Company's earnings per share presented on the consolidated statements of income is based upon its net income and not comprehensive income.

The new standard for financial instruments prescribes when a financial instrument is to be recognized on the balance sheet and at what amount. It also specifies how gains and losses on financial instruments are to be presented. Financial instruments are classified into various categories. Held to maturity investments and loans and receivables are measured at amortized cost, with the amortization of premiums or discounts, losses and impairments being included in current period interest income or expense. Held for trading financial assets and liabilities are measured at fair market value with all gains and losses included in net income in the period in which they arise. Available for sale financial assets are measured at fair market value, except where the instrument does not have a quoted market price in an active market, with revaluation gains and losses included in other comprehensive income until the asset is removed from the balance sheet. Losses due to impairment are included in net income. All other financial liabilities are carried at amortized cost.

The Company's cash, banker's acceptances, bonds, commercial paper and accounts receivables are classified as held-to-maturity investments and continue to be recorded at cost or amortized cost. The Company accrues interest income over the expected life of each instrument. The Company does not recognize gains and losses arising from changes in the fair value of these instruments until the gains and losses are realized, or there is an impairment in the value of an asset. When recognized, such gains and losses are recorded directly in net income.

Notes to Interim Consolidated Financial Statements
(Unaudited)
January 31, 2007 and 2006
(in thousands of Canadian dollars)

The Company considers its portfolio equity investments to be available for sale assets. As such, these investments are carried at fair market value with foreign exchange and revaluation gains and losses included in other comprehensive income until the gains and losses are realized or there is an impairment in the value.

The Company's accounts payable, accrued liabilities and customer deposits are classified as financial liabilities. After their initial fair value measurement, they are measured at amortized cost using the effective interest rate method. For the Company the measured amount generally corresponds to cost.

3. Segmented Information

The Company has two reportable segments, the Syntellect Division and Asset Management Division, based on the nature of the operations and markets that each of these segments serves. The accounting policies followed by these segments are the same as those described in the summary of significant accounting policies.

The Company's reportable segments each develop and market software products and provide services for their respective markets. The Syntellect Division, which also includes the operations of Apropos and Teloquent, develops, markets and integrates self-service software solutions including voice and speech based applications as well as traditional Interactive Voice Response (IVR) systems, with a vertical market focus on the financial services, media, telecommunications, public utility and healthcare industries. The Asset Management Division develops, markets and provides services related to visual based network management software solutions to customers in the telecommunications, cable, electric and gas markets. The Company evaluates segment performance based on revenue and profit or loss before investment income and income taxes.

	Syntellect Division	Asset Management Division	Total
Three months ended January 31, 2007			
Revenue	$ 10,983	$ 2,445	$ 13,428
Amortization of property, plant and equipment	205	27	232
Amortization of acquired software and intangibles	1,362	115	1,477
Segmented profit	$ 1,419	$ 423	$ 1,842
Corporate expense			(61)
Other income			132
Interest income			971
Interest expense			-
Income before income taxes			$ 2,884
Goodwill	$ 11,493	$ 2,378	$ 13,871
Other assets	74,859	75,518	150,377

Notes to Interim Consolidated Financial Statements
(Unaudited)
January 31, 2007 and 2006
(in thousands of Canadian dollars)

	Syntellect Division	Asset Management Division	Total
Three months ended January 31, 2006			
Revenue	$ 11,287	$ 5,477	$ 16,764
Amortization of property, plant and equipment	272	38	310
Amortization of acquired software and intangibles	1,214	85	1,299
Segmented profit	$ 1,643	$ 3,479	$ 5,122
Corporate expense			(984)
Other income			-
Interest income			623
Interest expense			-
Income before income taxes			$ 4,761
Goodwill	$ 13,115	$ 2,393	$ 15,508
Other assets	65,961	71,486	137,447

4. Litigation and Contingencies

Apropos Technology, Inc. (“Apropos”) was named as a defendant in a shareholder class action litigation suit filed in federal court in New York City in November 2001 against Apropos and certain of its former directors and officers and the underwriters of Apropos’ initial public offering (“IPO”). This lawsuit alleges that the prospectus and registration statement for the IPO failed to disclose that the underwriters allegedly solicited and received excessive commissions from investors and that some of the investors in the IPO allegedly agreed with the underwriters to buy additional shares in the aftermarket in order to inflate the price of Apropos’ stock. The Company understands that approximately 300 other publicly traded companies and their public offering underwriters have had similar suits filed against them.

In June 2003, Apropos and certain issuer defendants entered into a proposed settlement, whereby the plaintiffs in the class action would be guaranteed a recovery of $1 billion by insurers of the participating issuer defendants, which will be funded from participating issuers’ directors and officers insurance proceeds. Apropos expects that its insurance proceeds will be sufficient to cover its allocable share of the settlement costs. The proposed settlement amount shall be reduced by the amount of any recoveries by the plaintiff against the underwriter defendants, which matter was not part of the proposed settlement. One of the underwriter defendants has offered to settle the litigation matter for $425 million which, if accepted by the Court, would reduce the participating issuer defendant’s aggregate payment to a maximum of $575 million.

Consummation of the proposed settlement is conditional upon Court approval, which was preliminarily granted on September 1, 2005 and subject to a final fairness hearing, which was held on April 24, 2006 and subject to final approval of the Court.

Notes to Interim Consolidated Financial Statements
(Unaudited)
January 31, 2007 and 2006
(in thousands of Canadian dollars)

On December 5, 2006, the Second Circuit Court of Appeals issued a ruling concerning class certification that may complicate or prevent final approval of the proposed settlement by the issuer plaintiffs. The Court of Appeals concluded that no class of IPO purchasers can appropriately be certified as the issues are not common among all class members. In light of this Court of Appeals ruling, it appears that the plaintiffs would need to pursue whatever claims they have against the underwriters on an individual, non-class-action basis.

On January 8, 2007, the plaintiffs filed a petition seeking a rehearing of this December 5, 2006 ruling. All proceedings against Apropos and the 300 other publicly traded companies have been stayed pending a ruling by the Court of Appeals on whether to entertain that petition for rehearing. As a result of that filing, the impact, if any, of the Court of Appeal's ruling on the viability of the proposed settlement cannot yet be determined.

5. Accumulated Other Comprehensive Income

Balance, October 31, 2006 as originally reported	$ -
Retroactive adjustment for unrealized losses related to self-sustaining foreign operations	(5,451)
Unrealized loss on available for sale financial assets, net of tax	(401)
Revised Balance, October 31, 2006	**$ (5,852)**
Unrealized gain on available for sale financial assets, net of tax	650
Unrealized foreign currency translation gain on available-for-sale financial assets, net of tax	39
Unrealized gain on translating financial statements of self-sustaining foreign operations	447
Balance, January 31, 2007	**$ (4,716)**

6. Comparative consolidated financial statements

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