UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q/A

[X]QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d)

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 1998

OR

[ ]TRANSITION QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (d) OF

THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____

Commission file number: 0-27544

OPEN TEXT CORPORATION

(Exact name of registrant as specified in its charter)

ONTARIO (State of other jurisdiction of incorporation or organization)	98-0154400 (IRS Employer Identification No.)

185 Columbia Street West, Waterloo, Ontario, Canada N2L 5Z5

(Address of principal executive offices)

Registrant's telephone number, including area code: (519) 888-7111

Indicate by check mark whether the registrant (1) has filed all reports to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes X No ___

At May 11, 1998 there were 18,017,756 outstanding Common Shares of the registrant.

OPEN TEXT CORPORATION

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Part I: Financial Information
Item 1. Condensed Consolidated Financial Statements

OPEN TEXT CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS
(In US Dollars)
(in thousands, except share data)

	March 31, 1998 (unaudited) (restated)	June 30, 1997
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 53,623	$ 31,762
Accounts receivable - trade, net of allowance for doubtful accounts of $346 as of March 31, 1998 and $350 as of June 30, 1997	12,011	8,623
Prepaid and other assets	2,242	2,407
Total current assets	67,876	42,792
Furniture and equipment	6,705	5,054
Software, net of accumulated amortization of $168 (Note 1)	2,551	-
Goodwill, net of accumulated amortization of $206 (Note 1)	5,989	-
Other investments, at cost (approximates market value)	3,714	1,591
Other assets	2,369	2,908
Total assets	$ 89,204	$ 52,345
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade, and accrued liabilities (Note 3)	$ 5,755	$ 7,092
Deferred revenue	4,570	1,857
Current portion of obligations under capital leases	442	430
Total current liabilities	10,767	9,379
Obligations under capital leases	123	511
Total liabilities	10,890	9,890
Shareholders' equity:		
Share capital 17,856,261 and 17,204,120 Common Shares issued and outstanding at March 31, 1998 and June 30, 1997 respectively	104,011	101,103
Special Warrants 1,750,000 issued and outstanding	34,800	-
Other shareholders' equity (Note 1)	(60,497)	(58,648)
Total shareholders' equity	78,314	42,455
Total liabilities and shareholders' equity	$ 89,204	$ 52,345

See accompanying notes to condensed consolidated financial statements

OPEN TEXT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In US Dollars)
(in thousands, except per share data)

	Three months ended March 31,		Nine months ended March 31,	
	1998	1997	1998	1997
	(unaudited)		(unaudited)	
	(restated)		(restated)	
Revenues:				
License	$ 7,643	$ 3,775	$ 18,852	$ 8,987
Service	4,149	2,336	10,409	6,382
Total Revenues	11,792	6,111	29,261	15,369
Cost of revenues:				
License	328	253	971	600
Service	1,755	1,577	5,274	4,796
Total cost of revenues	2,083	1,830	6,245	5,396
Gross profit	9,709	4,281	23,016	9,973
Operating expenses:				
Research and development	2,148	1,792	5,725	4,842
Sales and marketing	5,333	4,894	14,577	12,116
General and administrative	1,170	1,195	3,325	3,451
Depreciation	572	364	1,560	1,205
Amoritization of acquired intangible assets	213		284	
Restructuring reserve	-	-	-	650
Total operating expenses	9,436	8,245	25,471	22,264
Income (loss) from operations	273	(3,964)	(2,455)	(12,291)
Other income	430	461	1,322	1,425
Income (loss) before income taxes	703	(3,503)	(1,133)	(10,866)
Income tax recovery	250	-	750	-
Income (loss) for the period	$ 953	$ (3,503)	$ (383)	$ (10,866)
Basic earnings (loss) per share	$ 0.05	$ (0.20)	$ (0.02)	$ (0.65)
Fully diluted earnings (loss) per share	$ 0.05	$ (0.20)	$ (0.02)	$ (0.65)
Weighted average number of Common Shares outstanding - basic	17,695	17,173	17,544	16,731
Weighted average number of Common Shares outstanding - fully diluted	20,642	n/a	n/a	n/a

See accompanying notes to condensed consolidated financial statements

OPEN TEXT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In US Dollars)
(in thousands)

	Nine months ended March 31, 1998	Nine months ended March 31, 1997
	(unaudited) (restated)	
Cash flows used in operating activities:		
Loss for the period	$ (383)	$ (10,866)
Adjustments to reconcile net loss to net cash used in operating activities:		
Amortization and depreciation	1,934	1,205
Other	(378)	78
Changes in operating assets and liabilities: (net of OnTime assets and liabilities acquired)		
Accounts receivable	(2,654)	(1,923)
Prepaid expenses and other current assets	339	(74)
Accounts payable - trade and accrued liabilities	(4,092)	813
Deferred revenue	871	(60)
Provision for retructuring	-	(1,847)
Net cash used in operating activities	(4,363)	(12,674)
Cash flows used in investing activities:		
Acquisitions of furniture and equipment	(2,951)	(2,479)
Purchase of other investments	(2,123)	(1,268)
Proceeds from sale of other investments	-	6,345
Purchase of OnTime group net of cash acquired	(5,485)	-
Decreases (increases) in other assets	539	(3,784)
Net cash used in investing activities	(10,020)	(1,186)
Cash flow provided by (used in) financing activities:		
Payments of obligations under capital leases, including current portion	(376)	(357)
Proceeds from issuance of Special Warrants	34,800	-
Proceeds from issuance of Common Shares	1,652	348
Employee share purchase loans	168	(351)
Net cash provided by (used in) financing activities	36,244	(360)
Increase (decrease) in cash and cash equivalents during the period	21,861	(14,220)
Cash and cash equivalents at beginning of year	31,762	51,139
Cash and cash equivalents at end of period	$ 53,623	$ 36,919

See accompanying notes to condensed consolidated financial statements

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1998
(unaudited)
(dollar amounts in thousands, except share data)

NOTE 1 — BASIS OF PRESENTATIONS

The accompanying unaudited condensed consolidated financial statements include the accounts of Open Text Corporation and its wholly owned subsidiaries, collectively referred to as the "Company". All intercompany balances and transactions have been eliminated.

The accompanying unaudited condensed consolidated financial statements and related notes have been prepared pursuant to the Securities and Exchange Commission rules and regulations for Form 10-Q. Accordingly, certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to such rules and regulations. The accompanying unaudited condensed consolidated financial statements and related notes should be read in conjunction with the consolidated financial statements and notes in the Company's 1997 annual report on Form 10-K.

The information furnished reflects, in the opinion of the management, all adjustments, consisting only of normal recurring adjustments, necessary for a fair presentation of the results for the interim periods presented. Interim results are not necessarily indicative of results for a full year.

These consolidated financial statements are expressed in US dollars and are prepared in accordance with US generally accepted accounting principles.

Restatement of IPR&D and Intangible Assets

During the second quarter of the 1998 fiscal year, the Company acquired certain assets relating to the business of OnTime from Campbell Services, Inc. At the time of the acquisition, the Company, in consultation with its independent auditors, PricewaterhouseCoopers, applied then existing, generally employed appraisal methodologies to determine the fair value of in process research and development (IPR&D). Subsequent to the acquisitions and the Company's release of it's second quarter fiscal 1998 results, in a letter dated September 9, 1998 to the American Institute of Certified Public Accountants, the Chief Accountant of the Securities and Exchange Commission ("SEC") expressed new views of the SEC staff that took issue with certain appraisal practices generally employed in the determination of the fair value of the IPR&D. The Company, in consultation with its independent auditors, has voluntarily decided to adjust the amount originally allocated to acquired IPR&D in a manner to reflect the SEC staff's current views and has restated its second quarter fiscal 1998 condensed consolidated financial statements accordingly.

The Company believes it is in compliance with all of the interpretations of the rules surrounding IPR&D and intangible assets. However, there can be no assurance that the SEC will not seek to further refine their interpretation of the rules surrounding IPR&D and that this could result in the further adjustment of the Company's amounts of IPR&D and intangible assets.

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1998
(unaudited)
(dollar amounts in thousands, except share data)

The restatement does not affect previously reported net cash flows for the periods. The following table summarizes the changes to the purchase price allocation among the acquired assets and assumed liabilities as a result of the Company's restatement (in thousands):

	As Previously Reported	As Restated
Tangible net liabilities	($614)	($614)
Current software products	1,728	1,088
Core technology	-	1,631
Acquired in-process research and development	7,186	-
Goodwill	-	6,195
Total purchase price	$8,300	$8,300

The following table summarizes the changes in the Company's condensed consolidated results of operations for the three and nine month periods ended March 31, 1998 and changes in its condensed consolidated balance sheet as of March 31, 1998 as a result of the Company's restatement of the purchase price allocation (in thousands):

	For the Three Months Ended March 31, 1998		For the Nine Months Ended March 31, 1998	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Cost of revenue: license	$ 476	$ 328	$ 1,169	$ 971
Amortization of acquired intangible assets	-	213	-	284
Total operating expenses	9,223	9,436	32,373	25,471
Income (loss) from operations	338	273	(9,555)	(2,455)
Income (loss) for the period	1,018	953	(7,483)	(383)
Income (loss) per share - basic	0.06	0.05	(0.43)	(0.02)
Income (loss) per share - diluted	0.05	0.05	(0.43)	(0.02)

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1998
(unaudited)
(dollar amounts in thousands, except share data)

	March 31, 1998	
	As Previously Reported	As Restated
Software, net	$ 1,440	$ 2,551
Goodwill	-	5,989
Other shareholders' equity	(67,597)	(60,497)

NOTE 2 — RECENT ACCOUNTING PRONOUNCEMENTS

In June 1997, the Financial Accounting Standards Board issued SFAS No. 130 "Reporting Comprehensive Income." SFAS No. 130 is effective for fiscal years beginning after March 15, 1998 and will require the Company to report all components of comprehensive income as well as a total amount of comprehensive income. The Company will adopt the provisions of SFAS No. 130 as they become effective on a comparative basis.

In June 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information". SFAS No. 131 is effective for fiscal periods beginning after March 15, 1998 and requires the Company to disclose information based on operating segments. The Company will adopt SFAS No. 131 as it becomes effective and the provisions of this statement would not significantly change currently reported segment information.

NOTE 3 - ACCOUNTS PAYABLE - TRADE AND ACCRUED LIABILITIES

Accounts payable - trade and accrued liabilities are as follows:

	March 31, 1998	June 30, 1997
	(in thousands)	
Accounts payable - trade	$ 866	$ 1,234
Accrued trade liabilities	2,118	2,373
Amounts payable for acquisitions	885	1,037
Accrued salaries and commissions	1,447	1,237
Other liabilities	439	1,211
	$ 5,755	$ 7,092

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1998
(unaudited)
(dollar amounts in thousands, except share data)

NOTE 4 - ACQUISITION OF ONTIME SOFTWARE

On December 3, 1997 the Company acquired certain of the assets and liabilities of Campbell Services, Inc., ("OnTime") for approximately $6.7 million, in a transaction which has been accounted for under the purchase method. The purchase price is subject to adjustment based on delivery of a special purpose balance sheet of the assets and liabilities assigned as at November 30, 1997. The operations of OnTime have been included in the financial statements from the purchase date. Cash in the amount of $6.2 million was paid at closing. The balance of cash, up to $500,000 to be determined based on working capital delivered at closing, will be delivered on the sixth month anniversary of the closing date.

A key element of the acquisition is the Company's perception of the value of OnTime's calendaring and scheduling technology. Although OnTime is a leading calendaring and scheduling technology, it is the Company's belief that substantial development will be required to complete the software technology to meet the Company's strategic goals. In view of the preceding, it is believed that the acquisition of OnTime provides the Company with an opportunity to successfully advance collaborative knowledge management technology.

The Company allocated the total purchase price to the assets acquired as follows:

	(in thousands)
Tangible net liabilities	$(2,214)
Current software products	1,088
Core technology	1,631
Goodwill	6,195
	$ 6,700

The software technology valuation was accomplished through the application of an income approach. Projected debt-free income, revenue net of provision for operating expenses, and income taxes were discounted to a present value. Software technology was divided into two categories:

- current software products
- software technology under development

Current software products include products currently in the marketplace as of the acquisition date. The fair market value of the purchased current software products was determined to be $1.6 million. This amount was recorded as an asset and is being amortized on a straight-line basis over two years. Software technology under development included the value of products still in the development stage and not considered to have reached technological feasibility stage.

As a result of the valuation, the fair market value of the goodwill was determined to be $7.3 million. In accordance with applicable accounting rules, this amount was capitalized upon acquisition in the second quarter of fiscal 1998 and will be amortized on a straight-line basis over ten years.

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1998
(unaudited)
(dollar amounts in thousands, except share data)

NOTE 5 – ISSUANCE OF SPECIAL WARRANTS

On March 25, 1998, the Company issued 1,750,000 Special Warrants convertible into Common Shares at a price of $20.85 per Special Warrant. Each Special Warrant entitles the holder, upon exercise of the conversion rights contained therein, to acquire one Common Share, without any additional payment, at any time after May 5, 1998 and up to and including 5:00 pm (EST) on the date (the "Expiry Date") which is the earlier of (a) the fifth business day after the date (the "Qualification Date") as of which the last of the Ontario and Quebec Securities Commissions shall have issued a receipt for a (final) prospectus qualifying the distribution of the Common Shares issuable on the conversion of the Special Warrants; and March 25, 1999. At the expiry date, all Special Warrants will convert automatically into Common Shares. A prospectus is being filed to qualify the distribution of the 1,750,000 Common Shares to be issued or transferred upon the conversion of the Special Warrants. If receipts for the final prospectus are not obtained by June 23, 1998 (July 23, 1998 if the Company announces a significant acquisition) each Special Warrant will be convertible into 1.07 Common Shares.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

Restatement of IPR&D and Intangible Assets

During the second quarter of the 1998 fiscal year, the Company acquired certain assets relating to the business of OnTime from Campbell Services, Inc. At the time of the acquisition, the Company, in consultation with its independent auditors, PricewaterhouseCoopers, applied then existing, generally employed appraisal methodologies to determine the fair value of in process research and development (IPR&D). Subsequent to the acquisitions and the Company's release of it's second quarter fiscal 1998 results, in a letter dated September 9, 1998 to the American Institute of Certified Public Accountants, the Chief Accountant of the Securities and Exchange Commission ("SEC") expressed new views of the SEC staff that took issue with certain appraisal practices generally employed in the determination of the fair value of the IPR&D. The Company, in consultation with its independent auditors, has voluntarily decided to adjust the amount originally allocated to acquired IPR&D in a manner to reflect the SEC staff's current views and has restated its second quarter fiscal 1998 condensed consolidated financial statements accordingly.

The Company believes it is in compliance with all of the interpretations of the rules surrounding IPR&D and intangible assets. However, there can be no assurance that the SEC will not seek to further refine their interpretation of the rules surrounding IPR&D and that this could result in the further adjustment of the Company's amounts of IPR&D and intangible assets.

The restatement does not affect previously reported net cash flows for the periods. The following table summarizes the changes to the purchase price allocation among the acquired assets and assumed liabilities as a result of the Company's restatement (in thousands):

	As Previously Reported	As Restated
Tangible net liabilities	($614)	($614)
Current software products	1,728	1,088
Core technology	-	1,631
Acquired in-process research and development	7,186	-
Goodwill	-	6,195
Total purchase price	$8,300	$8,300

The following table summarizes the changes in the Company's condensed consolidated results of operations for the three and nine month periods ended March 31, 1998 and changes in its condensed consolidated balance sheet as of March 31, 1998 as a result of the Company's restatement of the purchase price allocation (in thousands):

	For the Three Months Ended March 31, 1998		For the Nine Months Ended March 31, 1998	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Cost of revenue: license	$ 476	$ 328	$ 1,169	$ 971
Amortization of acquired intangible assets	-	213	-	284
Total operating expenses	9,223	9,436	32,373	25,471
Income (loss) from operations	338	273	(9,555)	(2,455)
Income (loss) for the period	1,018	953	(7,483)	(383)
Income (loss) per common share - basic	0.06	0.05	(0.43)	(0.02)
Income (loss) per common share - diluted	0.05	0.05	(0.43)	(0.02)

	March 31, 1998	
	As Previously Reported	As Restated
Software, net	$ 1,440	$ 2,551
Goodwill	-	5,989
Other shareholders' equity	(67,597)	(60,497)

"Forward Looking Statements". This report contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Certain forward-looking statements are identified by a cross reference to this section. Any statement concerning future results of operations or other future events is subject to a variety of risks and uncertainties and other factors which could cause actual results or events to differ materially from those anticipated by the Company. Such risks uncertainties and other factors include those described in

connection with such forward-looking statements and in the third and fourth paragraphs under "Overview" as well as those set forth in the Company's Annual Report on Form 10-K for the year ended June 30, 1997 under the heading "Business - Risk Factors". The Company assumes no obligations to update forward-looking statements if circumstances change.

Open Text Corporation (the "Company") develops, markets, licenses and supports collaborative knowledge management application software for use on intranets, extranets and the Internet that enables users to find electronically stored information, work together in creative and collaborative processes, do group calendaring and scheduling and distribute or make available to users across networks or the Internet the resulting work product and other information. The Company's principal product line, *Livelink Intranet*, is a scaleable collaborative network application that integrates several modular engines including, but not limited to, search, collaboration, workflow, group calendaring and scheduling, and document management. The Company's search engine enables users to transparently search vast amounts of data stored in a wide variety of formats and in disparate locations, including World Wide Web sites. The Company's collaboration, workflow and document management engines enable users to establish and manage knowledge and document-oriented collaborative work processes that involve a diversity of workers, computing platforms and data. The Company's group calendaring and scheduling enables users to quickly schedule personal and group meetings, reserve conference rooms and add tasks to other users lists of things to do. In addition, the Company's products enable organizations to flexibly manage the distribution and availability of information. The Company has focused its efforts on its intranet-related software and services, and its objective is to be the leading provider of collaborative knowledge management solutions for use on intranets. The Company's strategy is to offer information search, document management, workflow management, virtual team collaboration products, and group calendaring and scheduling that collectively represent an application suite to fill a broad range of knowledge management needs across a company's intranet and extranet.

The Company has only a limited operating history upon which an evaluation of the Company and its prospects can be based. The Company's prospects must be considered in the light of the risks, expenses and difficulties frequently encountered by companies seeking to introduce new products into new and rapidly evolving markets. To address these risks and uncertainties, the Company must, among other things, successfully market its existing products and technologies and complete and introduce products and product enhancements under development in a timely manner, continue to upgrade and commercialize its technologies, and attract, retain and motivate highly qualified personnel and manage rapid growth. There can be no assurance that the Company will successfully address these challenges. The Company has incurred losses in each of its last five fiscal years and as at March 31, 1998, had an accumulated deficit in other shareholders' equity of $61 million. The Company has recently incurred operating losses, and there can be no assurance that the Company will be able to sustain profitability.

The primary market for the Company's software and services has only recently begun to develop, is highly competitive and is rapidly evolving. There can be no assurance that the Company can successfully complete current or future development initiatives to improve its product. Demand for and market acceptance of products and services that have been released recently or that are planned for future release are subject to a high level of uncertainty. If the markets for the Company's products and services fail to develop, develop more slowly than expected or become saturated with competitors, or if the Company's products and services do not achieve market acceptance, or fails to compete successfully with new products or services introduced by competitors, the Company's business, operating results and financial condition will be materially adversely affected.

On December 3, 1997 the Company acquired certain of the assets and liabilities of the OnTime software group of Campbell Services, Inc. for approximately $8.3 million, including acquisition costs of $1.6 million in a transaction which has been accounted for under the purchase method. The purchase price is subject to adjustment based on delivery of a special purpose balance sheet of the assets and liabilities assigned as at November 30, 1997. Cash in the amount of $6.2 million was paid at closing. The balance of cash will be delivered on the sixth month anniversary of the closing date. It is believed that the acquisition of OnTime provides the Company with an opportunity to successfully advance collaborative knowledge management technology. As a result of the software technology valuation, $6.2 million was recorded as goodwill in the quarter ended December 31, 1997 and amortized on a straight-line basis over ten years and $1.1 million will be capitalized as software and amortized to

cost of license revenue on a straight-line basis over four years. The Company will capitalize $1.6 million as core technology and amortize on a straight-line basis over seven years.

All Open Text software will handle Year 2000 compliance correctly assuming that the operating systems upon which they run have been updated to comply. Open Text's software products obtain date information, such as creation dates and modification dates, directly from the computer's operating system. Thus, the current versions of Open Text's products are as "compliant" as the operating systems upon which they run. Operating systems companies have stated that their products will continue to operate properly into the twenty-first century. Although the Company does not believe there are any material operational issues or costs associated with preparing its internal systems for the year 2000, there can be no assurances that the Company will not experience serious unanticipated negative consequences and/or material costs caused by undetected errors or defects in the technology used in its internal systems.

The Company's financial statements are prepared in accordance with generally accepted accounting principles in the United States ("US GAAP") and are presented in United States dollars unless otherwise indicated. All references in this report to financial information concerning the Company refer to such information in accordance with US GAAP and all dollar amounts in this report are in United States dollars.

Results of Operations
Quarter Ended March 31, 1998 Compared with Quarter Ended March 31, 1997

Revenues. The Company increased total revenues by 93% from $6.1 million in the quarter ended March 31, 1997 to $11.8 million for the quarter ended March 31, 1998. License revenue increased 102% from $3.8 million in the quarter ended March 31, 1997 to $7.6 million in the quarter ended March 31, 1998. *Livelink Intranet* accounted for 94% of license revenues and other document management accounted for 6% of license revenues for the quarter ended March 31, 1997. In the quarter ended March 31, 1998, *Livelink Intranet* accounted for 100% of license revenues. During the quarter ended March 31, 1998, the Company continued to expand its reseller programs. License revenues from resellers accounted for 32% of the total license revenue for the quarter ended March 31, 1998 compared with nil for the quarter ended March 31, 1997.

Service revenue increased 78% from $2.3 million in the quarter ended March 31, 1997 to $4.1 million in the quarter ended March 31, 1998. The increase in revenues is attributable to an increase in maintenance revenues. Professional services accounted for 51% of the service revenues in the quarter ended March 31, 1997 and 41% of the service revenue in the quarter ended March 31, 1998.

No customer accounted for 10% of revenue in the quarter ended March 31, 1998 or in the quarter ended March 31, 1997. For the quarter ended March 31, 1998, 80% of revenues were from customers resident in the North America, 18% of revenues were from customers in Europe and 2% of revenues were from customers in Asia and other compared with 80%, 20% and 0% respectively for North America, Europe and Asia and other for the quarter ended March 31, 1997.

Cost of revenues. Cost of license revenues increased from $253,000 in the quarter ended March 31, 1997 to $328,000 in the quarter ended March 31, 1998. As a percent of license revenues, cost of revenues decreased from 7% in the quarter ended March 31, 1997 to 4% in the quarter ended March 31, 1998. Included in cost of license revenues in the quarter ended March 31, 1998 is the amortization of software capitalized on the purchase of OnTime.

Cost of service revenues increased from $1.6 million in the quarter ended March 31, 1997 to $1.8 million in the quarter ended March 31, 1998. As a percent of service revenues, the cost of service revenues decreased from 68% in the quarter ended March 31, 1997 to 42% in the quarter ended March 31, 1998. The decrease in the cost of service as a percent of service revenue was a result of a higher percentage of higher margin maintenance revenue.

Research and development. Research and development costs increased by 20% from $1.8 million in the quarter ending March 31, 1997 to $2.1 million in the quarter ending March 31, 1998. Research and development costs consist primarily of personnel expenses, and the related facilities and equipment. The increase in research and development expenses was a result of increased compensation expenses resulting from additional personnel. As a percentage of revenues, research and development cost decreased from 29% in the quarter ended March 31, 1997 to 18% in the quarter ended March 31, 1998.

Sales and marketing. Sales and marketing expense increased 9% from $4.9 million in the quarter ended March 31, 1997 to $5.3 million in the quarter ended March 31, 1998. As a percentage of revenues, sales and marketing expense decreased from 80% in the quarter ending March 31, 1997 to 45% in the quarter ended March 31, 1998. The overall increase in sales and marketing expense was due principally to an increase in the number of sales personnel, and the decrease in sales and marketing expense, as a percentage of revenue, is due to increased efficiencies in the sales force.

General and administrative. General and administrative expense remained constant at $1.2 million in the quarter ended March 31, 1997 and in the quarter ended March 31, 1998. As a percent of revenues, general and administration expense decreased from 20% in the quarter ended March 31, 1997 to 10% in the quarter ended March 31, 1998.

Depreciation expense. Depreciation was $364,000 in the quarter ended March 31, 1997 and increased to $572,000 in the quarter ended March 31, 1998. Depreciation decreased as a percent of total revenue from 6% for the quarter ended March 31, 1997 to 5% for the quarter ended March 31, 1998.

Amortization of acquired intangible assets. During fiscal 1998, the Company acquired certain assets and liabilities of OnTime. For the acquisition an aggregate of $1.6 million was capitalized as core technology and $6.2 million was capitalized as goodwill. These items will be amortized on a straight-line basis over seven and ten years respectively. In the three month ending March 31 1998, $213,000 was amortized for core technology and goodwill versus nil in the three months ending March 31, 1997.

Other income. Other income was $461,000 for the quarter ended March 31, 1997 and decreased to $430,000 for the quarter ended March 31, 1998. Other income is comprised mainly of interest earned on the balances of cash and cash equivalents net of interest expense. Interest expense totaled $27,000 in the quarter ended March 31, 1997 as compared to $33,000 in the quarter ended March 31, 1998 and related primarily to interest on capital equipment leases.

Income taxes. The Company continues to have a net deferred tax asset. A valuation allowance continues to be recorded against a significant portion of the net deferred tax asset by the Company because of the lack of profitability in the past, the significant risk that taxable income will not be generated in the future and the nontransferable nature of the deferred tax asset in certain situations.

Nine Months Ended March 31, 1998 Compared with Nine Months Ended March 31 1997

Revenues. The Company increased total revenues by 90% from $15.4 million in the nine months ended March 31, 1997 to $29.3 million for the nine months ended March 31, 1998. License revenue increased 110% from $9.0 million in the nine months ended March 31, 1997 to $18.9 million in the nine months ended March 31, 1998. *Livelink Intranet* products accounted for 93% of license revenues and other document management products accounted for 7% of license revenues for the nine months ended March 31, 1997. In the nine months ended March 31, 1998, *Livelink Intranet* accounted for 100% of license revenues. During the nine months ended March 31, 1998, the Company continued to expand its reseller programs. License revenues from resellers accounted for 33% of the total license revenue for the nine months ended March 31, 1998 compared with nil for the nine months ended March 31, 1997.

Service revenue increased 63% from $6.4 million in the nine months ended March 31, 1997 to $10.4 million in the nine months ended March 31, 1998. The increase in service revenues is attributable to an increase in maintenance revenues. Professional services accounted for 57% of the service revenues in the nine months ended March 31, 1997 and 48% of the service revenue in the nine months ended March 31, 1998.

No individual customer accounted for 10% of revenue in the nine months ended March 31, 1998 or the nine months ended March 31, 1997. For the nine months ended March 31, 1998, 78% of revenues were from customers resident in North America, 17% of revenues were from customers in Europe and 5% of revenues were from customers in Asia and other compared with 84%, 15% and 1% respectively for North America, Europe and Asia and other for the nine months ended March 31, 1997.

Cost of revenues. Cost of license revenues increased from $600,000 in the nine months ended March 31, 1997 to $971,000 in the nine months ended March 31, 1998. As a percent of license revenues, cost of revenues decrease from 7% for the nine months ended March 31, 1997 to 5% for the nine months ended March 31, 1998. Included in cost of license revenues is the amortization of software capitalized on the purchase of OnTime.

Cost of service revenues increased from $4.8 million in the nine months ended March 31, 1997 to $5.3 million in the nine months ended March 31, 1998. As a percent of service revenues, the cost of service revenues decreased from 75% in the nine months ended March 31, 1997 to 51% in the nine months ended March 31, 1998. The decrease in the cost of service as a percent of service revenue was a result of a higher percentage of higher margin maintenance revenue.

Research and development. Research and development costs increased by 18% from $4.8 million in the nine months ending March 31, 1997 to $5.7 million in the nine months ending March 31, 1998. Research and development costs consist primarily of personnel expenses, and the related facilities and equipment. The increase in research and development expenses was caused by increased compensation expenses resulting from additional personnel and the development work continuing on the Company's products. As a percentage of revenues, research and development cost decreased from 31% in the nine months ended March 31, 1997 to 20% in the nine months ended March 31, 1998.

Sales and marketing. Sales and marketing expense increased 20% from $12.1 million in the nine months ended March 31, 1997 to $14.6 million in the nine months ended March 31, 1998. As a percentage of revenues, sales and marketing expense decreased from 79% in the nine months ending March 31, 1997 to 50% in the nine months ended March 31, 1998. The overall increase in sales and marketing expense was due principally to an increase in the number of sales personnel, and the decrease in sales and marketing expense, as a percentage of revenue, is due to increased efficiencies in the sales force.

General and administrative. General and administrative expense decreased 4% from $3.5 million in the nine months ended March 31, 1997 to $3.3 million in the nine months ended March 31, 1998. As a percent of revenues, general and administration expense decreased from 22% in the nine months ended March 31, 1997 to 11% in the nine months ended March 31, 1998.

Depreciation expense. Depreciation was $1.2 million in the nine months ended March 31, 1997 and increased to $1.6 million in the nine months ended March 31, 1998. Depreciation decreased as a percent of total revenue from 8% for the nine months ended March 31, 1997 to 5% for the nine months ended March 31, 1998.

Amortization of acquired intangible assets. During fiscal 1998, the Company acquired certain assets and liabilities of OnTime. For the acquisition an aggregate of $1.6 million was capitalized as core technology and $6.2 million was capitalized as goodwill. These items will be amortized on a straight-line basis over seven and ten years respectively. In the nine months ending March 31, 1998, $284,000 was amortized for core technology and goodwill versus nil in the nine months ending March 31, 1998.

Restructuring reserve. A restructuring reserve for involuntary employee termination costs was taken in the first quarter of fiscal 1997 as a result of the restructuring activities announced in June of 1996. Management identified 36 employees from the areas of technical support, customer service and administrative areas whose positions were related to the above exited activities and whose positions were no longer required as a result of combination of the entities it acquired in fiscal 1996. The affected employees received their notices of termination on September 12, 1996. The total severance and outplacement costs accrued in the quarter ended September 30, 1996 was $650,000. The Company has completed all restructuring and all amounts were paid out as of June 30, 1997.

Other income. Other income was $1.4 million for the nine months ended March 31, 1997 and decreased to $1.3 million for the nine months ended March 31, 1998. Other income is comprised mainly of interest earned on the balances of cash and cash equivalents net of interest expense. Interest expense totaled $70,000 in the nine months ended March 31, 1997 as compared to $111,000 in the nine months ended March 31, 1998 and related primarily to interest on capital equipment leases.

Income taxes. The Company continues to have a net deferred tax asset. A valuation allowance continues to be recorded against a significant portion of the net deferred tax asset by the Company because of the lack of profitability in the past, the significant risk that taxable income will not be generated in the future and the nontransferable nature of the deferred tax asset in certain situations.

Liquidity and Capital Resources

To date, license and service revenues have been insufficient to satisfy the Company's cash requirements. The Company has financed its cash needs primarily through issuance of the Company's Common Shares. On March 25, 1998, the Company completed the issuance of 1.75 million Special Warrants, convertible into Common Shares for no additional consideration, for net proceeds of $35 million. See Note 5 of Notes to Condensed Consolidated Financial Statements.

At March 31, 1998, the Company had current assets of $68 million and current liabilities of $11 million. The Company has a $7.5 million line of credit with a Canadian chartered bank, under which minimal borrowings were outstanding at March 31, 1998. The line of credit bears interest at the lender's prime rate plus 0.5% and is secured by all of the Company's assets, including an assignment of accounts receivable.

Cash used by operations during the nine months ending March 31, 1998 was $4.4 million. Cash used in investing activities was $10.0 million, primarily due to the acquisition of OnTime software and the purchase of other investments. The Company also invested $2.9 million in furniture and equipment and paid $376,000 on capital lease obligations. The Company anticipates additional capital expenditures for equipment as technology advances. Proceeds from the issuance of Common Shares upon exercise of shares options, pursuant to the Company's stock options plans was $1.7 million.

The Company had liabilities with respect to capital leases of $565,000 at March 31, 1998, with a current portion of $442,000.

The Company believes that existing cash and cash from operations, will be sufficient to satisfy the Company's cash requirements through June 1998. See "Overview - Forward-Looking Statements". The Company regularly evaluates acquisitions, investments, joint ventures and other business initiatives, and cash expenditures for acquisitions, investments, joint ventures of other business initiatives or unanticipated expenses could create a need for additional financing. In addition, if the Company's operations do not begin to generate cash sufficient to satisfy its needs, the Company could require additional financing. There can be no assurance that such financing would be available if required.

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

- not applicable

PART II Other Information

Item 1. Legal Proceedings - None

Item 2. Changes in Securities - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders

1. The following individuals were elected to the Company's Board of Directors, to hold office until the next Annual Meeting of Shareholders. The number of votes cast for each individual and the number of votes withheld are listed below.

Name	For	Withheld
P Thomas Jenkins	8,914,622	5,609
Brett Newbold	8,916,623	3,609
Richard C Black	8,916,623	3,609
Daniel Cheifetz	8,914,623	5,609
Warren L Culpepper	8,914,248	5,984
Randy Fowlie	8,916,348	3,884
Ken Olisa	8,914,248	5,984
Stephen J Sadler	8,916,623	3,609
Michael Slaunwhite	8,916,348	3,884
Paul Stoyan	8,916,623	3,609

2. The shareholders approved the appointment of Price Waterhouse as the Company's independent auditors. There were 8,915,226 Common Shares voted in favour of the motion and there were 1,591 Common Shares voted against the motion. The shareholders authorized the Board of Directors to fix the auditor's renumeration. There were 8,898,953 Common Shares voted in favour of the motion and there were 12,511 Common Shares voted against the motion.

3. The shareholders approved an employee share purchase plan making available for issuance pursuant thereto 500,000 Common Shares. There were 8,886,337 Common Shares voted in favour of the motion and there were 20,298 Common Shares voted against the motion.

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits

The following exhibit is filed herewith:

Exhibit Number	Exhibit Title

11.01 - Statement regarding computation of per share earnings.

(b) Reports on Form 8-K

A current report on Form 8-K dated January 23, 1998 was filed with the Securities and Exchange Commission to report under item 5, Other Events, the Company's Notice of Annual Meeting of Shareholders and Mangement Information Circular/Proxy statement.

A current report on Form 8-K/A dated December 3, 1997 was filed with the Securities and Exchange Commission to report under item 7, Financial Statements Pro Forma Financial Information and Exhibits, the audited financial statements for the OnTime group, a division of Campbell Services, Inc. for the periods ended March 31, 1996 and December 31, 1996, and the pro forma financial statements for the year ended June 30, 1997 and the six months ended December 31, 1997.

A current report on Form 8-K dated March 13, 1998 was filed with the Securities and Exchange Commission to report under item 5, Other Events, the issuance of special warrants.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned there unto duly authorized.

OPEN TEXT CORPORATION
(registrant)

Date: August 19, 1999

/s/P Thomas Jenkins
P Thomas Jenkins
Chief Executive Officer

/s/Thomas J Hearne
Thomas J Hearne
Chief Financial Officer
(Principal Financial and Accounting Officer)

Exhibit 11.01

OPEN TEXT CORPORATION

COMPUTATION OF BASIC AND FULLY DILUTED EARNINGS (LOSS) PER SHARE

(In thousands, except per share data)

	Three months ended March 31,		Nine months ended March 31,	
	1998	**1997**	**1998**	**1997**
	(restated)		(restated)	
Basic earnings (loss) per share				
Net Income (loss)	$ 953	$ (3,503)	$ (383)	$ (10,866)
Weighted average number of common shares outstanding	17,695	17,173	17,544	16,731
Basic earnings (loss) per common share	$ 0.05	$ (0.20)	$ (0.02)	$ (0.65)
Fully diluted earnings (loss) per share				
Net Income (loss)	$ 953	$ (3,503)	$ (383)	$ (10,866)
Weighted average number of common shares outstanding	17,695	17,173	17,544	16,731
Number of common share equivalents as a result of stock options outstanding	2,830	-	-	-
Number of common share equivalents as a result of special warrants outstanding	117	-	39	-
Weighted average number of common shares and common share equivelants outstanding	20,642	30,843	17,583	22,595
Fully diluted earnings (loss) per common share and common share equivalents	$ 0.05	$ (0.20)	$ (0.02)	$ (0.65)