UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-Q

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

OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended December 31, 1999

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 February 2, 2000 there were 19,899,775 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)

	December 31, 1999 (unaudited)	June 30, 1999
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 167,188	$ 140,256
Available for sale securities (Note 2)	15,880	45,920
Accounts receivable - trade, net of allowance for doubtful accounts of $3,428 as of December 31, 1999 and $1,658 as of June 30, 1999	29,645	31,632
Future tax assets	-	4,000
Prepaid expenses and other assets	4,386	7,736
Total current assets	217,099	229,544
Furniture and equipment	9,091	9,988
Goodwill, net of accumulated amortization of $3,038 at December 31, 1999 and $1,946 at June 30, 1999	23,132	14,388
Future tax assets	6,000	1,800
Other assets	6,546	9,054
Total assets	$ 261,868	$ 264,774
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade, and accrued liabilities (Note 3)	$ 18,613	$ 13,995
Deferred revenues	12,001	9,802
Income tax payable	6,600	-
Future tax liability	4,700	8,152
Total current liabilities	41,914	31,949
Shareholders' equity:		
Share capital		
23,760,744 and 21,280,463 Common Shares issued and outstanding at December 31, 1999 and June 30, 1999 respectively	237,234	150,252
Nil and 3,000,000 Special Warrants issued and outstanding at December 31, 1999 and June 30, 1999 respectively	-	97,420
Other capital	64	64
Accumulated deficit	(27,428)	(45,875)
Accumulated other comprehensive income		
Unrealized gain on available for sale securites (net of tax)	10,974	31,699
Cumulative translation adjustment	(890)	(735)
Total shareholders' equity	219,954	232,825
Total liabilities and shareholders' equity	$ 261,868	$ 264,774

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 December 31,		Six months ended December 31,	
	1999	1998	1999	1998
	(unaudited)		(unaudited)	
Revenues:				
License	$ 12,989	$ 12,888	$ 25,473	$ 22,389
Service	13,739	7,932	26,651	15,704
Total Revenues	26,728	20,820	52,124	38,093
Cost of revenues:				
License	620	244	1,023	910
Service	8,621	3,156	14,974	5,889
Total cost of revenues	9,241	3,400	15,997	6,799
Gross profit	17,487	17,420	36,127	31,294
Operating expenses:				
Research and development	4,373	2,795	8,069	4,999
Sales and marketing	10,258	8,830	20,579	16,488
General and administrative	7,796	1,367	10,677	2,376
Depreciation	1,153	1,040	2,291	1,990
Amortization of acquired intangible assets	759	518	1,338	1,036
Acquired in-process research and development	-	3,419	-	3,419
Restructuring (Note 4)	2,022	-	2,022	-
Total operating expenses	26,361	17,969	44,976	30,308
Income (loss) from operations	(8,874)	(549)	(8,849)	986
Other income	35,277	174	36,526	706
Interest income	1,825	-	3,390	-
Interest expense	(5)	-	(21)	-
Income (loss) before income taxes	28,223	(375)	31,046	1,692
Income tax expense (Note 5)	(12,600)	-	(12,600)	-
Income (loss) for the period	$ 15,623	$ (375)	$ 18,446	$ 1,692
Basic earnings (loss) per share	$ 0.65	$ (0.02)	$ 0.80	$ 0.08
Diluted earnings (loss) per share	$ 0.61	$ (0.02)	$ 0.70	$ 0.08
Weighted average number of Common Shares outstanding - basic	23,864	20,185	22,972	19,921
Weighted average number of Common Shares outstanding - diluted	25,470	20,185	26,172	22,297

See accompanying notes to condensed consolidated financial statements

OPEN TEXT CORPORATION

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

	Six months ended December 31, 1999	Six months ended December 31, 1998
	(unaudited)	
Cash flows from operating activities:		
Income for the period	$ 18,446	$ 1,692
Adjustments to reconcile income to net cash used in operating activities:		
Depreciation and amortization of acquired intangible assets	3,825	3,124
Acquired in-process research and development	-	3,419
Gain on sale of available for sale securities	(35,691)	-
Income tax expense	6,000	-
Changes in operating assets and liabilities net of assets acquired:		
Accounts receivable	2,943	(5,067)
Prepaids and other current assets	4,170	(543)
Accounts payable - trade and accrued liabilities	2,997	(6,509)
Future tax liability	6,600	-
Deferred revenue	1,982	(2,333)
Net cash provided by (used in) operating activities	11,272	(6,217)
Cash flows from investing activities:		
Acquisitions of furniture and equipment	(2,598)	(1,241)
Increase in other investments	(1,500)	(715)
Proceeds from sale of other investments	1,762	-
Proceeds from sale of available for sale securities	35,883	-
Purchase of Lava group	-	(2,298)
Purchase of PS Software & Microstar	(6,611)	-
Increase in other assets	(796)	(489)
Net cash provided by (used in) investing activities	26,140	(4,743)
Cash flows from financing activities:		
Payments of obligations under capital leases	(42)	(185)
Proceeds from issuance of Common Shares	3,179	3,872
Repurchase of Common Shares	(13,617)	-
Net cash provided by (used in) financing activities	(10,480)	3,687
Increase (decrease) in cash and cash equivalents during the period	26,932	(7,273)
Cash and cash equivalents at beginning of period	140,256	40,390
Cash and cash equivalents at end of period	$ 167,188	$ 33,117

See accompanying notes to condensed consolidated financial statements

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For The Six Months Ended December 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

NOTE 1 — BASIS OF PRESENTATION

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 1999 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.

Comprehensive net income

Comprehensive income is comprised of net income and other comprehensive income such as foreign currency translation gain/loss and unrealized capital gains and losses on available for sale marketable securities. The Company's total comprehensive earnings were as follows:

	Three months ended December 31,		Six months ended December 31,	
	1999	1998	1999	1998
Other comprehensive income (loss)				
Foreign translation adjustment	$ 21	$ -	$ (155)	$ -
Change in available for sale securites (net of tax)	(23,563)	208	(20,724)	208
Other comprehensive income (loss)	(23,542)	208	(20,879)	208
Net income (loss)	15,623	(375)	18,446	1,692
Comprehensive net income (loss)	$ (7,919)	$ (167)	$ (2,433)	$ 1,900

Earnings per share

Basic earnings per share is computed using the weighted average number of common shares. Diluted earnings per share is computed using the weighted average number of common shares and stock options outstanding during the period. Stock options are excluded for the computation if their effect is anti-dilutive.

NOTE 2 – AVAILABLE FOR SALE SECURITIES

During fiscal 1997, the Company acquired a minority equity interest in About.com, Inc. ("About.com") (formerly MiningCo.com Inc. and formerly General Internet, Inc.) which represented 885,201 shares of common stock. In March 1999, About.com completed an initial public offering of common stock and its common stock was listed on the Nasdaq. The closing price for About.com's common stock as reported by Nasdaq at December 31, 1999 and September 30, 1999 was $ 89.75 per share and $56.50 per share respectively. During the three month period ended December 31, 1999, the Company sold 708,300 shares.

In the quarter ended March 31, 1999, the Company commenced accounting for its interest in About.com as securities available for sale, and will carry the investment on its balance sheet as a current asset valued at the trading value of the securities on the balance sheet date. The Company's balance sheet also includes a current liability for the estimated future tax payable if the securities were sold at the value reflected on the balance sheet. Securities of Internet commerce companies such as About.com have been highly volatile, and the amount the Company can realize on this investment is uncertain.

NOTE 3 - ACCOUNTS PAYABLE - TRADE AND ACCRUED LIABILITIES

Accounts payable - trade and accrued liabilities are as follows:

	December 31, 1999	June 30, 1999
Accounts payable - trade	$ 3,832	$ 4,369
Accrued trade liabilities	6,043	3,405
Amounts payable for acquisitions	1,890	1,265
Restructuring accrual	1,572	-
Accrued salaries and commissions	5,177	4,815
Other liabilities	99	141
	$ 18,613	$ 13,995

NOTE 4 - RESTRUCTURING

During the three month period ended December 31, 1999, the Company recorded a restructuring charge of $2.0 million. The restructuring resulted in the closure of the Company's Toronto, Ontario office and the London, UK office. In addition, 45 employees were terminated, 31 in North America and 14 in Europe.

	Three months ended December 31, 1999		
	Severance & Related Costs	Facilities Closure	Total
		(in thousands)	
Charge during the period	$ 1,641	$ 381	$ 2,022
Paid during the period	288	162	450
Balance of the accrual end of the period	$ 1,353	$ 219	$ 1,572

NOTE 5 – INCOME TAXES

The Company's consolidated income tax provision has been determined as follows:

	Three months ended December 31,		Six months ended December 31,	
	1999	1998	1999	1998
Income (loss) before income taxes	$ 28,223	$ (375)	$ 31,046	$ 1,692
Combined basic Federal and Provincial income taxes at 44.6% as of December 31, 1999 and 1998	$ (12,600)	$ 200	$ (13,900)	$ (800)
Decrease resulting from:				
Non-taxable component of gain on sale of securities	4,000	1,400	4,000	2,500
Change in valuation allowance	(8,400)	-	(7,100)	-
Other temporary differences	4,400	(1,600)	4,400	(1,700)
Income tax expense	$ (12,600)	$ -	$ (12,600)	$ -

Future income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial and reporting purposes and amounts used for income tax purposes, net of a valuation allowance, as follows:

	December 31, 1999	June 30, 1999
Operating loss carry forwards and other temporary differences	$ 20,800	$ 19,400
Valuation allowance	14,800	7,700
Future tax income tax asset	$ 6,000	$ 11,700

NOTE 6 — LEGAL PROCEEDINGS

The Company is engaged in a dispute with a Swedish company that distributes its products in Scandinavia. The Company initiated an action under the arbitration provisions in Ontario of the distribution agreement claiming that the distributor is in breach of the Agreement, damage related to this breach and for payment of certain fees incurred by the distributor. The distributor subsequently brought an action in Ontario against the Company, which has been stayed by the Ontario court pending a decision by the arbitrators as to the scope of the arbitration agreement between the parties. In connection with the action brought by the distributor, the Company does not believe it will incur any material liability.

NOTE 7—SEGMENT INFORMATION

In 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosures about Segments of an Enterprise and Related Information." SFAS No. 131 establishes standards for the reporting by public business enterprises of information about operating segments, products and services, geographic areas, and major customers. The method of determining what information to report is based on the way that management organizes the operating segments within the Company for making operational decisions and assessments of financial performance.

The Company has two reportable segments: North America, and Europe. The Company evaluates operating segment performance based on net revenues and direct operating expenses of the segment. The accounting policies of the operating segments are the same as those described in the summary of accounting policies. No segments have been aggregated.

Information about reported segments are as follows:

	Three months ended December 31, 1999			
	North America	Europe	Other	Total
	(in thousands)			
December 31, 1999				
Revenue from external customers	$ 16,050	$ 9,921	$ 757	$ 26,728
Operating costs	20,680	9,569	895	31,144
Contribution margin	$ (4,630)	$ 352	$ (138)	$ (4,416)
Segment assets	$ 64,612	$ 24,796	$ 926	$ 90,334
December 31, 1998				
Revenue from external customers	$ 12,447	$ 8,319	$ 54	$ 20,820
Operating costs	10,374	5,930	52	16,356
Contribution margin	$ 2,073	$ 2,389	$ 2	$ 4,464
Segment assets	$ 36,703	$ 17,092	$ -	$ 53,795

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For The Six Months Ended December 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

	Six months ended December 31, 1999			
	North America	Europe	Other	Total
	(in thousands)			
December 31, 1999				
Revenue from external customers	$ 31,651	$ 18,773	$ 1,700	$ 52,124
Operating costs	35,565	17,567	1,571	54,703
Contribution margin	$ (3,914)	$ 1,206	$ 129	$ (2,579)
Segment assets	$ 64,612	$ 24,796	$ 926	$ 90,334
December 31, 1998				
Revenue from external customers	$ 23,739	$ 14,116	$ 238	$ 38,093
Operating costs	19,426	10,800	158	30,384
Contribution margin	$ 4,313	$ 3,316	$ 80	$ 7,709
Segment assets	$ 36,703	$ 17,092	$ -	$ 53,795

For the quarter ended December 31, 1999 and 1998, the "Other" category consists of geographic regions other than North America and Europe.

A reconciliation of the totals reported for the operating segments to the applicable line items in the consolidated financial statements for the quarter ended December 31, 1999 and 1998 is as follows:

	Three months ended December 31,	
	1999	1998
	(in thousands)	
Total contribution margin from operating segments above	$ (4,416)	$ 4,464
Amortization and depreciation	2,014	5,013
Total operating loss	$ (6,430)	$ (549)
Interest and other income	22,053	174
Net income (loss)	$ 15,623	$ (375)

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For The Six Months Ended December 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

	Six months ended December 31,	
	1999	1998
	(in thousands)	
Total contribution margin from operating segments above	$ (2,579)	$ 7,709
Amortization and depreciation	3,825	6,723
Total operating loss	$ (6,404)	$ 986
Interest and other income	24,850	706
Net income/(loss)	$ 18,446	$ 1,692

	As of December 31,	
	1999	1998
	(in thousands)	
Segment assets	$ 90,334	$ 53,795
Available for sale securities	15,881	-
Term deposits	153,137	27,569
Investments	2,516	4,692
Total corporate assets	$ 261,868	$ 86,056

Contribution margin from operating segments does not include amortization of intangible assets, acquired in-process research and development and restructuring costs. Goodwill and intangibles have been included in segment assets.

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For The Six Months Ended December 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

The distribution of net revenues determined by location of customer, and identifiable assets, greater than 10%, by geographic areas for the quarter ended December 31, 1999 and 1998 are as follows:

	Three months ended December 31,	
	1999	1998
	(in thousands)	
Net revenues:		
Canada	$ 2,779	$ 2,030
United States	13,271	10,418
United Kingdom	4,250	2,159
Other	6,428	6,213
Total revenues	$ 26,728	$ 20,820

	Six months ended December 31,	
	1999	1998
	(in thousands)	
Net revenues:		
Canada	$ 5,916	$ 2,687
United States	25,736	21,054
United Kingdom	7,889	3,765
Other	12,583	10,587
Total revenues	$ 52,124	$ 38,093

	As of December 31,	
	1999	1998
	(in thousands)	
Segment assets:		
Canada	$ 27,555	$ 14,671
United States	37,057	21,969
United Kingdom	11,514	4,486
Other	14,208	12,669
Total segment assets	$ 90,334	$ 53,795

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

"Forward Looking Statements". Certain statements in this Quarterly Report on Form 10-Q constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Any statements that express or involve discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions or future events or performance (often, but not always, using words or phrases such as "believes", "expects" or "does not expect", "is expected", "anticipates" or "does not anticipate" or "intends" or stating that certain actions, events or results "may", "could", "would", "might" or "will" be taken or achieved) are not statements of historical fact and may be "forward looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Company, or developments in the Company's industry, to differ materially from the anticipated results, performance, achievements or developments expressed or implied by such forward-looking statements. Such factors include, but are not limited to: the Company's limited operating history and losses, year 2000 compliance, increases in expenses, unproven acceptance of the Company's products and services, risks involving the management of growth, risks of acquisitions, including risks involved in integrating recent and future acquisitions and acquired products into the Company's business, competition and new entrants in the market for the Company's products and services, product development risks, risks of technological change and liquidity and capital resources. Additional risks uncertainties are described in the Company's Annual Report on Form 10-K for the year ended June 30, 1999 under the heading "Business - Risk Factors". Forward-looking statements are based on management's current plans, estimates, opinions and projections, and the Company assumes no obligation to update forward-looking statements if assumptions of these plans, estimates, opinions or projections should change. Certain of the forward-looking statements contained in this report are identified with cross-references to this section.

Overview

Open Text 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*, 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 to provide collaborative knowledge management solutions for use on intranets.

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 four of its last five fiscal years and as at December 31, 1999, had an accumulated deficit of $27 million.

The Company continues to seek out opportunities to acquire or invest in businesses, products and technologies that expand, compliment or are otherwise related to the Company's current business or products. The

Company also considers from time to time opportunities to engage in joint ventures or other business collaborations with third parties to address particular market segments. Such acquisitions, investments, joint ventures or other business initiatives may involve significant commitments of financial and other resources of the Company. There can be no assurance that any such activity will be successful in generating revenue, income or other returns to the Company, or that financial or other resources committed to such activities will not be lost.

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 December 31, 1999 Compared with Quarter Ended December 31, 1998

Revenues. The Company increased total revenues by 28% from $20.8 million in the quarter ended December 31, 1998 to $26.7 million for the quarter ended December 31, 1999. License revenue increased 0.5% from $12.9 million in the quarter ended December 31, 1998 to $13 million in the quarter ended December 31, 1999.

Service revenue increased 73% from $7.9 million in the quarter ended December 31, 1998 to $13.7 million in the quarter ended December 31, 1999. Professional services accounted for 25% of the service revenues in the quarter ended December 31, 1998 and 44% of the service revenues in the quarter ended December 31, 1999.

No customer accounted for 10% of revenue in the quarter ended December 31, 1999 or in the quarter ended December 31, 1998. For the quarter ended December 31, 1999, 60% of revenues were from customers resident in the North America, 37% of revenues were from customers in Europe and 3% of revenues were from customers in Asia and other compared with 59%, 40% and 1% respectively for North America, Europe and Asia and other for the quarter ended December 31, 1998.

Cost of revenues. Cost of license revenues increased from $244,000 in the quarter ended December 31, 1998 to $620,000 in the quarter ended December 31, 1999. As a percent of license revenues, cost of revenues increased from 2% in the quarter ended December 31, 1998 to 5% in the quarter ended December 31, 1999. Included in cost of license revenues in the quarter ended December 31, 1999 is the amortization of software capitalized on the purchase of acquired businesses.

Cost of service revenues increased from $3.2 million in the quarter ended December 31, 1998 to $8.6 million in the quarter ended December 31, 1999. As a percent of service revenues, the cost of service revenues increased from 40% in the quarter ended December 31, 1998 to 63% in the quarter ended December 31, 1999. The increase in cost of service revenues as a percent of service revenue was a result professional services utilization and use of subcontracts for professional services work.

Research and development. Research and development costs increased by 57% from $2.8 million in the quarter ending December 31, 1998 to $4.4 million in the quarter ending December 31, 1999. Research and development costs consist primarily of personnel expenses, and the related facilities and equipment. The increase in research and development expenses was principally a result of increased compensation expenses resulting from additional personnel. As a percentage of revenues, research and development cost increased from 13% in the quarter ended December 31, 1998 to 16% in the quarter ended December 31, 1999.

Sales and marketing. Sales and marketing expense increased 16% from $8.8 million in the quarter ended December 31, 1998 to $10.2 million in the quarter ended December 31, 1999. As a percentage of revenues, sales and marketing expense decreased from 42% in the quarter ending December 31, 1998 to 38% in the quarter ended December 31, 1999.

General and administrative. General and administrative expense increased 470% from $1.4 million in the quarter ended December 31, 1998 to $7.8 million in the quarter ended December 31, 1999. As a percent of revenues, general and administration expense increased from 7% in the quarter ended December 31, 1998 to 29% in the quarter ended December 31, 1999. This increase is largely due to bad debt expenses, Y2K expenditures, and legal costs in the quarter.

Amortization. Amortization was $1.0 million in the quarter ended December 31, 1998 and increased to $1.2 million in the quarter ended December 31, 1999. As a percentage of revenues, amortization decreased from 5% in the quarter ended December 31, 1998 to 4% in the quarter ended December 31, 1999.

Restructuring. Restructuring expense for the quarter ended December 31, 1999 was $2 million, compared to nil in the quarter ended December 31, 1998. During the quarter ended December 31, 1999, $450,000 of restructuring expenses were paid, the remaining $1.6 million will be paid throughout Q3 and Q4'00.

Other income. Other income was $174,000 for the quarter ended December 31, 1998 and increased to $35.3 million for the quarter ended December 31, 1999. Other income is comprised mainly of gains and losses on the sales of investments. During the three month period ended December 31, 1999 the Company sold 708,300 shares of About.com, resulting in a gain of $32 million.

Income taxes. The Company continues to have a net future tax asset. A significant valuation allowance continues to be recorded against the net future 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 future tax asset in certain situations. During the three month period ended December 31, 1999 the Company sold 708,300 shares of About.com, resulting in a gain of $32 million and a tax provision of $12.6 million. The tax provision for the period ended December 31, 1998 was nil due to the loss carry forwards available to the Company.

Liquidity and Capital Resources

At December 31, 1999, the Company had current assets of $ 217 million, $ 16 million of which are available for sale securities, and current liabilities of $ 42 million. The Company has a Cdn $10 million (USD$6.8 million) line of credit with a Canadian chartered bank, under which no borrowings were outstanding at December 31, 1999. 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 provided by operations during the quarter ended December 31, 1999 was $11.3 million. Acquisitions of furniture and equipment was $ 1.2 million.

To date, license and service revenues have been insufficient to satisfy the Company's cash requirements, as the Company continues to search for businesses to acquire. The Company has financed its cash needs primarily through issuance of the Company's Common Shares. On May 3, 1999, the Company completed the issuance of 3.0 million Special Warrants, each convertible into one Common Shares for no additional consideration, for net proceeds of $97 million. On September 7, 1999 all of the Special Warrants were converted to Common Shares without payment of additional consideration.

On March 25, 1998, the Company issued 1,750,000 Special Warrants at a price of $20.85 per Special Warrant for net proceeds to the Company of $34.8 million. All of the Special Warrants were converted into 1,750,000 Common Shares on July 10, 1998 without payment of additional consideration.

During fiscal 1997, the Company advanced approximately $4.0 million to About.com, a US based Internet service development company and converted these advances to a promissory note. During 1999, the Company converted the note to 876,301 shares common stock and a special warrant to purchase 8,900 shares of About.com common stock. During the three month period ended December 31, 1999 the Company sold 708,300 shares, resulting in proceeds of $35.9 million

Since June 30, 1995, the Company has completed Acquisitions and expanded its workforce while increasing its sales and marketing activities. This has resulted, and will continue to result, in cash requirements that significantly ex.ceed those of previous years. The Company believes that existing cash and revenue from operations, will be sufficient to satisfy the Company's operational cash requirements until June 30, 2000. See "Forward-Looking Statements". However, the Company regularly evaluates acquisitions, investments, joint ventures and other business initiatives, and cash expenditures for acquisitions, investments, joint ventures and 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 ultimately would require additional financing. There can be no assurance that such financing would be available if required.

Year 2000 Compliance

The approach of the year 2000 presents potential issues to all organizations who use computers in the conduct of their business or depend on business partners who use computers. To the extent computer use is date-sensitive, hardware or software that recognizes the year by the last two digits may erroneously recognize "00" as 1900 rather than 2000, which could result in errors or system failures.

The Company initiated its year 2000 compliance efforts in 1998 and has retained outside consultants to assist it in this compliance review. The focus of the Company's compliance efforts includes all of the Company's present products, systems and equipment. The Company is not testing any past products. The review and testing of present products was completed in May

1999. The Company also reviewed its internal systems and equipment and this review was completed in June 1999. Any remediation necessary on these internal systems was completed by the end of September 1999. The Company has not identified any specific critical issues. It is estimated that the compliance costs will not exceed $500,000. See "Forward-Looking Statements".

Livelink obtains date information, such as creation dates and modification dates, directly from the computer's operating system. Thus, it is the Company's belief that the current version of Livelink is year 2000 compliant provided that third party software embedded therein is fully complaint and that the underlying operating systems are fully compliant. Therefore, the primary risk for the Company's customer lies with their own computer operating systems. While operating systems companies have stated that their products will continue to operate properly into the twenty-first century, the Company has not conducted any tests with the operating systems companies to verify this.

There is also the possibility that in the coming months corporations in dealing with their own Year 2000 issues will defer some software purchases except for the most urgent and those relevant to solving their own Year 2000 concerns. The Company is identifying elements of the infrastructure that are of greater significance to its operations, obtaining information on an ongoing basis as to their expected Year 2000 readiness, and determining alternative solutions if required. See "Forward-Looking Statements".

Item 3. Quantitative and Qualitative Disclosures About Market Risk.

- not applicable

PART II Other Information

Item 1. Legal Proceedings –

The Company is engaged in a dispute with a Swedish company that distributes its products in Scandinavia. The Company initiated an action under the arbitration provisions in Ontario of the distribution agreement claiming that the distributor is in breach of the Agreement, damage related to this breach and for payment of certain fees incurred by the distributor. The distributor subsequently brought an action in Ontario against the Company, which has been stayed by the Ontario court pending a decision by the arbitrators as to the scope of the arbitration agreement between the parties. In connection with the action brought by the distributor, the Company does not believe it will incur any material liability.

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	9,745,442	359,624
Richard C. Black	9,963,338	141,728
Randy Fowlie	10,089,953	15,113
Ken Olisa	10,090,154	14,912
Stephen J. Sadler	9,963,338	141,728
John Shackleton	9,872,258	232,808
Michael Slaunwhite	10,089,954	15,112
Paul Stoyan	10,089,253	15,813

2. The shareholders approved the appointment of PricewaterhouseCoopers as the Company's independent auditors. There were 10,091,468 Common Shares voted in favour of the motion and there were 1,283 votes withheld. The shareholders authorized the Board of Directors to fix the auditor's remuneration. There were 10,083,226 Common Shares voted in favour of the motion and there were 12,288 votes withheld.

Item 5. Other Information - None

Item 6. Exhibits and Reports on Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K – None

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: February 3, 2000

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

/s/Alan Hoverd
Alan Hoverd
(Principal Financial and Accounting Officer)