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, 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 April 27, 1999 there were 21,081,641 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, 1999 (unaudited) (restated)	June 30, 1998
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 38,188	$ 40,390
Available for sale securities (Note 3)	79,225	-
Accounts receivable - trade, net of allowance for doubtful accounts of $1,658 as at March 31, 1999 and $1,635 as at June 30, 1998	27,665	22,924
Prepaid and other assets	5,336	2,834
Total current assets	150,414	66,148
Furniture and equipment	9,518	8,710
Goodwill, net of accumulated amortization of $ 1,194 (Note 1)	16,755	15,461
Other assets, net of accumulated amortization of $534 (Note 1)	10,608	10,263
Total assets	$ 187,295	$ 100,582
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable - trade, and accrued liabilities (Note 4)	$ 12,658	$ 17,052
Deferred revenue	8,262	10,112
Obligations under capital leases	74	344
Deferred tax liability	26,434	-
Total current liabilities	47,428	27,508
Shareholders' equity:		
Share capital 20,957,065 and 18,087,069 Common Shares issued and outstanding at March 31, 1999 and June 30, 1998 respectively	147,771	105,108
Special Warrants Nil and 1,750,000 issued and outstanding at March 31, 1999 and June 30, 1998 respectively	-	34,800
Other shareholders' equity (Note 1)	(7,904)	(66,834)
Total shareholders' equity	139,867	73,074
Total liabilities and shareholders' equity	$ 187,295	$ 100,582

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,	
	1999	1998	1999	1998
	(unaudited)		(unaudited)	
	(restated)		(restated)	
Revenues:				
License	$ 14,272	$ 7,643	$ 36,661	$ 18,852
Service	10,771	4,149	26,475	10,409
Total Revenues	25,043	11,792	63,136	29,261
Cost of revenues:				
License	446	328	1,356	971
Service	5,142	1,755	11,030	5,274
Total cost of revenues	5,588	2,083	12,386	6,245
Gross profit	19,455	9,709	50,750	23,016
Operating expenses:				
Research and development	2,999	2,148	7,998	5,725
Sales and marketing	8,831	5,333	25,319	14,577
General and administrative	1,727	1,170	4,103	3,325
Depreciation	1,144	572	3,135	1,560
Amortization of acquired intangible assets	582	213	1,618	284
Acquired in-process research and development	-	-	3,419	-
Total operating expenses	15,283	9,436	45,592	25,471
Income (loss) from operations	4,172	273	5,158	(2,455)
Other income	298	430	1,005	1,322
Income (loss) before income taxes	4,470	703	6,163	(1,133)
Income tax recovery	-	250	-	750
Income (loss) for the period	$ 4,470	$ 953	$ 6,163	$ (383)
Basic earnings (loss) per share	$ 0.22	$ 0.05	$ 0.31	$ (0.02)
Diluted earnings (loss) per share	$ 0.19	$ 0.05	$ 0.27	$ (0.02)
Weighted average number of Common Shares outstanding - basic	20,777	17,695	20,206	17,544
Weighted average number of Common Shares outstanding - Diluted	23,574	20,642	22,775	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, 1999	Nine months ended March 31, 1998
	(unaudited) (restated)	
Cash flows used in operating activities:		
Income (loss) for the period	$ 6,163	$ (383)
Adjustments to reconcile net income (loss) to net cash used in operating activities:		
Depreciation and amortization of acquired intangible assets	4,873	1,934
Acquired in-process research and development	3,419	-
Other	(20)	(378)
Changes in operating assets and liabilities:		
Accounts receivable	(4,741)	(2,654)
Prepaid expenses and other current assets	(2,502)	339
Accounts payable - trade and accrued liabilities	(9,774)	(4,092)
Deferred revenue	(1,850)	871
Net cash used in operating activities	(4,432)	(4,363)
Cash flows used in investing activities:		
Acquisitions of furniture and equipment	(3,322)	(2,951)
Purchase of Lava Group	(2,438)	-
Purchase of OnTime group net of cash acquired	-	(5,485)
Decreases (increases) in other assets	397	(1,584)
Net cash used in investing activities	(5,363)	(10,020)
Cash flow provided by (used in) financing activities:		
Payments of obligations under capital leases, including current portion	(270)	(376)
Proceeds from issuance of Special Warrants	-	34,800
Proceeds from issuance of Common Shares	7,863	1,652
Employee share purchase loans	-	168
Net cash provided by (used in) financing activities	7,593	36,244
Increase (decrease) in cash and cash equivalents during the period	(2,202)	21,861
Cash and cash equivalents at beginning of year	40,390	31,762
Cash and cash equivalents at end of period	$ 38,188	$ 53,623

See accompanying notes to condensed consolidated financial statements

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 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 1998 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 fourth quarter of the 1998 fiscal year, the Company acquired certain assets relating to the business of Information Dimensions from Gores Technologies, Inc and 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 acquisitions, 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 year end 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 fiscal 1998 consolidated financial statements accordingly.

The Company believes it is in compliance with the interpretation 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 purchased 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):

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

	As Previously Reported	As Restated
Tangible net liabilities	($3,490)	($3,490)
Current software products	3,978	1,657
Core technology	-	5,003
Acquired in-process research and development	24,062	5,477
Goodwill	-	15,903
Total purchase price	$24,550	$24,550

The following table summarizes the changes in the Company's condensed consolidated results of operations for three and nine months ended March 31, 1999 and changes in its condensed consolidated balance sheet as of March 31, 1999 as a result of the Company's restatement of the purchase price allocation (in thousands):

	For the Three months ended March 31, 1999		For the Nine months ended March 31, 1999	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Cost of revenue: license	$ 736	$ 446	$ 2,138	$ 1,356
Amortization of acquired intangible assets	-	582	-	1,618
Total operating expenses	14,765	15,283	44,038	45,592
Income from operations	4,401	4,172	5,930	5,158
Income for the period	4,699	4,470	6,934	6,163
Income per share - basic	0.23	0.22	0.34	0.31
Income per share - diluted	0.20	0.19	0.30	0.27

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

	March 31, 1999	
	As Previously Reported	As Restated
Software, net and other assets	$10,943	$10,608
Goodwill	3,119	16,755
Retained earnings	(24,524)	(7,904)

Comprehensive net income

Effective July 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" ("SFAS 130"). SFAS 130 establishes standards for reporting comprehensive income and its components in a full set of general purpose financial statements. Comprehensive income is comprised of net income and other comprehensive earnings such as foreign currency translation gain/loss and unrealized capital gains and losses after tax on available for sale marketable securities. The Company's total comprehensive earnings were as follows:

	Three months ended March 31,		Nine months ended March 31,	
	1999	1998	1999	1998
Income (loss) for the period	$ 4,470	$ 953	6,163	$ (383)
Foreign translation adjustment	(165)	(157)	43	(365)
Unrealized gain on available-for-sale securities	52,791	-	52,791	-
Comprehensive net income for the period	$ 57,096	$ 796	$ 58,997	$ (748)

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

Earnings per share

Basic earnings per share is computed using the weighted average number of shares of common shares. Diluted earnings per share is computed using the weighted average number of shares of common shares and common share equivalents outstanding during the period. Common share equivalents consist of stock options (using the treasury stock method). Common share equivalents are excluded for the computation if their effect is antidilutive.

	Three months ended March 31,		Nine months ended March 31,	
	1999	**1998**	**1999**	**1998**
Basic earnings (loss) per share				
Net income (loss)	$ 4,470	$ 953	$ 6,163	$ (383)
Weighted average number of common shares outstanding	20,777	17,695	20,206	17,544
Basic earnings (loss) per common share	$ 0.22	$ 0.05	$ 0.31	$ (0.02)
Diluted earnings (loss) per share				
Net income (loss)	$ 4,470	$ 953	$ 6,163	$ (383)
Weighted average number of common shares outstanding	20,777	17,695	20,206	17,544
Number of common share equivalents as a result of stock options outstanding	2,797	2,947	2,569	-
Weighted average number of common shares and common share equivelants outstanding	23,574	20,642	22,775	17,544
Diluted earnings (loss) per common share and common share equivalents	$ 0.19	$ 0.05	$ 0.27	$ (0.02)

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

NOTE 2 — RECENT ACCOUNTING PRONOUNCEMENTS

In March 1998, the AICPA issued Statement of Position No.98-4 ("SOP 98-4"), "Deferral of the Effective Date of a Provision of SOP 97-2, Software Revenue Recognition". SOP 98-4 defers, for one year, the application of certain passages in SOP 97-2 which limit what is considered vendor-specific objective evidence ("VSOE") necessary to recognize revenue for software licenses in multiple-element arrangements when undelivered elements exist. Adoption of the remaining provisions of SOP 97-2 did not have a material impact on revenue recognition during the three and six months ended December 31,1998.

On December 15, 1998, the AICPA issued Statement of Position No.98-9 (“SOP 98-9”), “Modification of SOP 97-2, Software Revenue Recognition With Respect to Certain Transactions”. SOP 98-9 amends certain paragraphs of SOP 97-2, “Software Revenue Recognition”, to require recognition of revenue using the “residual method” when (1) there is vendor-specific objective evidence of the fair values of all undelivered elements in a multiple-element arrangement that is not accounted for using long-term contract accounting, (2) vendor-specific objective evidence of fair value does not exist for one or more of the delivered elements in the arrangement, and (3) all revenue-recognition criteria in SOP 97-2 other than the requirement for vendor-specific objective evidence of the fair value of each delivered element of the arrangement are satisfied. SOP 98-9 also amends SOP 98-4, “Deferral of the Effective Date of a Provision of SOP 97-2, Software Revenue Recognition”, to extend the deferral of the application of certain passages of SOP 97-2 provided by SOP 98-4 to the Company’s June 30, 2000 fiscal year. All other provisions of SOP 98-9 are effective for transactions entered into in fiscal years beginning after March 15, 1999. The Company is currently reviewing the effects of SOP 98-9 on its June 30, 2000 fiscal year.

In April 1998, the American Institute of Certified Public Accountants issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use" ("SOP 98-1"). SOP 98-1 provides guidance regarding the determination of whether computer software is internal-use software, the capitalization of costs incurred for computer software developed or obtained for internal use and accounting for the proceeds of computer software originally developed or obtained for internal use and then subsequently sold to the public. The Company has not yet determined the effect, if any, of adopting SOP 98-1, which will be effective for the Company's fiscal year ending June 30, 2000.

In June 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 131, "Disclosures About Segments of An Enterprise and Related Information" ("SFAS 131"). SFAS 131 revises information regarding the reporting of operating segments. It also establishes standards for related disclosures about products and services, geographic areas and major customers. The Company will adopt SFAS 131 for fiscal year ending June 30, 1999 and the impact of such adoption on the notes to its consolidated financial statements is not significant.

In June 1998, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS 133"). SFAS 133 establishes a new model for accounting for derivatives and hedging activities and supercedes and amends a number of existing accounting standards. SFAS 133 requires that all derivatives be recognized in the balance sheet at their fair market value, and the corresponding derivative gains or losses be either reported in the statement of operations or as a deferred item depending on the type of hedge relationship that exists with respect to such derivative. To date, the Company has not engaged in hedging activities as the exposure to foreign currency fluctuations has been insignificant.

NOTE 3 - AVAILABLE FOR SALE SECURITIES

During fiscal 1997, the Company acquired a minority equity interest in MiningCo.com Inc. which presently represents 885,201 shares of common stock. In March 1999, MiningCo.com Inc. completed an initial public offering of common stock and its common stock was listed on the Nasdaq Stock Market's National Market. At March 31, 1999, the closing price for MiningCo.com Inc.'s common stock as reported by Nasdaq was $89.50 per share. Beginning in the quarter ended March 31, 1999, the Company will account for its interest in MiningCo.com Inc. as securities available for sale, and will carry the investment on its balance sheet as a current asset value 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 MiningCo.com Inc. have been highly volatile, and the amount the Company will realize on this investment is uncertain. The Company has agreed not to offer or sell it's shares in MiningCo.com Inc. until September 20, 1999 without the consent of the managing underwriter of the initial public offering.

NOTE 4 - ACCOUNTS PAYABLE - TRADE AND ACCRUED LIABILITIES

Accounts payable - trade and accrued liabilities are as follows*:*

	March 31, 1999	June 30, 1998
	(in thousands)	
Accounts payable - trade	$ 4,495	$ 2,734
Accrued trade liabilities	2,839	3,061
Amounts payable for acquisitions	1,214	7,196
Accrued salaries and commissions	4,110	4,173
Other liabilities	-	(112)
	$ 12,658	$ 17,052

NOTE 5 - ACQUISITION

Lava

On December 29, 1998 the company acquired certain of the assets and liabilities of Lava Systems Inc., ("Lava") for approximately $6.8 million, including reserves and acquisition costs of $4.5 million, in a transaction which has been accounted for under the purchase method. The operations of Lava have been included in the financial statements from the purchase date. Cash in the amount of $2.3 million was paid at closing.

A key element of the acquisition is the Company's perception of the value of Lava's document management software and its professional services organization. Although Lava's technology is a document management 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 Lava 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:

Tangible net assets	$ 140
Current software products	707
Goodwill	2,551
Acquired in-process research and development	3,419
	$ 6,817

As of the date of acquisition of Lava, the Company determined there were a number of research and development projects in process. The projects were about 74% complete at the time of acquisition. The most significant project, Lava Claims Enabler, a *Livelink* Module is slated for completion in the middle of calendar 1999. The Company believes that there are critical issues in Claims Enabler that its research and development efforts need to address to reach completion. Should these technical issues not be addressed in the estimated time, the Company expects the release of Claims Enabler in particular could be delayed.

The Company valued the research and development in process for the above products using the stage of completion model whereby future net operating cash flows from products currently being developed are discounted to present values using a risk-adjusted discount rate and assuming pricing and cost structures that the Company currently experiences on its existing products.

As a result of the valuation, the fair market value of the acquired in-process research and development was determined to be $3.4 million. In accordance with applicable accounting rules, this amount was expensed upon acquisition in the second quarter of the fiscal 1999.

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 $707,000. This amount was recorded as an asset and will be amortized on a straight-line basis over four years. The fair market value of goodwill was determined to be $2.6 million. This amount was recorded as an asset will be amortized on a straight-line basis over ten years.

The following pro forma consolidated information shows the results of operations the nine months ended March 31, 1999 and March 31, 1998 as if the acquisition had occurred on July 1, 1997 and the acquired in-process research and development costs were expensed as of July 1, 1997. The pro forma information is presented for information purposes only and is not necessarily indicative of what would have occurred if the acquisition had been made as of that date. In addition, the pro forma information is not intended to be a projection of future results expected to result from the integration of the acquired business.

	Nine months ended March 31,	
	1999	1998
	(in thousands, except share and per share data, unaudited)	
Pro forma total revenues	$ 67,181	$ 40,267
Pro forma income (loss) for the period	$ (361)	$ (5,788)
Weighted average number of Common Shares outstanding, basic	20,206	17,554
Weighted average number of Common Shares outstanding, diluted	22,775	N/A
Pro forma income (loss) per share, basic	$ 0.02	$ (0.33)
Pro forma income (loss) per share, diluted	$ 0.02	N/A

NOTE 6 – RESTRUCTURING COSTS FOR ACQUISITIONS

In connection with the Company's acquisition of OnTime Systems Inc. ("OnTime") and Information Dimensions, Inc. ("Information Dimensions") (the "Fiscal 1998 Acquired Businesses") in the year ended June 30, 1998, the Company accrued $7.98 million for the estimated costs to exit certain activities of the Fiscal 1998 Acquired Businesses as well as the estimated cost of involuntary termination and relocation of certain employees of both of the Fiscal 1998 Acquired Businesses. The estimated cost to exit certain activities includes costs to close locations of the Fiscal 1998 Acquired Businesses as well as the cost to discontinue development of certain products. The estimated costs of involuntary termination represents the estimated costs to terminate employees whose positions have become redundant within the organization or who were involved in products the Company will discontinue. The Company completed its plan of termination and relocation in the second quarter of fiscal 1999. During the six months ended December 31, 1998, the Company paid $5.2 million in costs to exit certain activities and termination and relocation costs and the costs were charged to the reserve.

In connection with the Company's acquisition of certain assets of Lava, the Company accrued $3.8 million dollars in costs for involuntary terminations, and costs to exits certain activities. As of the acquisition date the Company accrued $2.7 million for its plan to close Lava offices and related operating leases and costs, relocate operations to existing Company locations, terminate management and certain development, sales and administrative staff and other contract losses to complete assignments for certain existing Lava customers. The Company expects to complete its plan for the aforementioned items by March 1999. Costs to terminate leases and other operating costs, relocation expenses and other contract losses, particularly in Europe are expected to total $1.1 million and are also expected to be completed and paid within the third quarter of 1999. Included in the $2.7 million, the Company has accrued $1.8 million in additional estimated severance costs of certain employees who may have additional recourse against the Company as a result of its purchase of certain assets of Lava.

A summary of the acquisition costs that represent the costs to exit certain activities and involuntary termination and relocation costs is as follows:

	June 30, 1998	Additions to reserve	Charges to reserve	March 31, 1999
			(in thousands)	
Costs to exit certain activities	$ 1,325	$ 1,100	$ (2,425)	$ -
Involuntary termination and relocation	$ 3,902	$ 2,656	$ (5,344)	$ 1,214
	$ 5,227	$ 3,756	$ (7,769)	$ 1,214

NOTE 7 – INCOME TAXES

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

	Three months ended March 31,		Nine months ended March 31,	
	1999	1998	1999	1998
	(restated)		(restated)	
Income (loss) before income taxes	$ 4,470	$ 953	$ 6,163	$ (383)
Combined basic Federal and Provincial income taxes at 44.6% as of March 31, 1999 and 1998	$ (1,994)	$ (425)	$ (2,749)	$ 171
Decrease resulting from:				
Unrecorded benefit of temporary differences	-	$ 425	-	(171)
Reduction in valuation allowance	2,910	250	5,008	750
Other	(916)		(2,259)	-
Income tax recovery	$ -	$ 250	$ -	$ 750

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

The Company's income (loss) before income taxes is allocated to tax jurisdictions as follows:

	Three months ended March 31,		Nine months ended March 31,	
	1999	**1998**	**1999**	**1998**
Canada	(2,680)	288	(7,752)	(2,115)
United States	5,140	690	10,570	1,547
Other	2,010	(25)	3,345	185
	4,470	953	6,163	(383)

The Company and its subsidiaries have approximately $58.6 million of losses and deductions available to reduce taxable income in future years, the benefit of which has only partially been reflected in the financial statements. Deductions of $17.3 million have no expiration date, and the balance of losses and other deductions expire as follows:

Year Ended June 30	(in thousands)
1999	$ 141
2000	187
2001	605
2003	10,984
2004	906
2005	2,020
Thereafter	26,409
	$ 41,251

Deferred 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.

OPEN TEXT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
For the Nine Months Ended March 31, 1999
(unaudited)
(dollar amounts in thousands, except share data)

Significant components of the Company's deferred income tax balances consist of the following:

	March 31, 1999	June 30, 1998
Deferred tax assets:	(in thousands)	
Losses available to offset future income taxes	12,727	13,641
Acquired in-process research and development expenses deducted for accounting in excess of tax	4,703	6,202
Acquisition related expenses	790	3,158
Share issue costs	1,786	2,454
Other differences	2,434	2,434
Gross deferred tax assets	22,440	27,889
Less: Valuation allowance	(21,440)	(26,889)
Net deferred tax assets	$ 1,000	$ 1,000
Deferred tax liability:		
Unrealized gain on available for sale	$ 26,434	-

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 assets in certain situations.

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 or the outcome of litigation (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 business or its 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 issues, 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, litigation risk and liquidity and capital resources. Litigation and arbitration proceedings are inherently uncertain and can be affected by newly discovered evidence or documents, the assertion of new claims or legal theories and other factors that make it difficult to predict the outcome of litigation with certainty. Additional risks uncertainties

are described in connection with certain of the forward-looking statements under "Overview" and the Company's Annual Report on Form 10-K for the year ended June 30, 1998 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

Restatement of IPR&D and Intangible Assets

During the fourth quarter of the 1998 fiscal year, the Company acquired certain assets relating to the business of Information Dimensions from Gores Technologies, Inc and 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 acquisitions, 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 year end 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 fiscal 1998 consolidated financial statements accordingly.

The Company believes it is in compliance with the interpretation 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 purchased 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	($3,490)	($3,490)
Current software products	3,978	1,657
Core technology	-	5,003
Acquired in-process research and development	24,062	5,477
Goodwill	-	15,903
Total purchase price	$24,550	$24,550

The following table summarizes the changes in the Company's condensed consolidated results of operations for three and nine months ended March 31, 1999 and changes in its condensed consolidated balance sheet as of March 31, 1999 as a result of the Company's restatement of the purchase price allocation (in thousands):

	For the three months ended March 31, 1999		For the nine months ended March 31, 1999	
	As Previously Reported	As Restated	As Previously Reported	As Restated
Cost of revenue: license	$ 736	$ 446	$ 2,138	$ 1,356
Amortization of acquired intangible assets	-	582	-	1,618
Total operating expenses	14,765	15,283	44,038	45,592
Income from operations	4,401	4,172	5,930	5,158
Income for the period	4,699	4,470	6,934	6,163
Income per share - basic	0.23	0.22	0.34	0.31
Income per share - diluted	0.20	0.19	0.30	0.27

	March 31, 1999	
	As Previously Reported	As Restated
Software, net	$10,943	$10,608
Goodwill	-	16,755
Retained earnings	(24,524)	(7,904)

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 characterized by intense competition. 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, compete effectively with a large number of technologically sophisticated and well financed companies, and attract, retain and motivate highly qualified personnel, manage rapid growth and integrate the personnel, technologies and operations of acquired businesses. 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, 1999, had an accumulated deficit in other shareholders' equity of $23.5 million. The Company attained profitability before one time charges incurred in connection with acquisitions for the last three quarters in fiscal 1998 and the first three quarters of fiscal 1999, however there can be no assurance this can be sustained.

On December 29, 1998 the Company acquired certain assets of Lava for cash of $2.3 million. The acquisition was accounted for by the purchase method of accounting. The Company has charged to expense an amount of $3.4 million related to in-process research and development. This amount represents the present value of Lava technology acquired that required completion and integration into the Company's *Livelink* products. The most significant of these products is Lava Claims Enabler, a completely new product under design at Lava, was approximately 74% complete at the date of acquisition. The Company plans to re-engineer this product as in its current form, Lava Claims Enabler does not have the scalability, features and web enablement that are required to be a saleable product in the current marketplace. Other products in process at the date of acquisition were Lava Enabler, Lava Intellidocs and Lava PME, all at various stages of completion but requiring web enablement and migration to current database technology. The Company continues to assess the capability of these existing products and currently estimates that future versions will become available beginning in calendar year 1999. Should the Company encounter issues in the design of the products, such as scalability, that require further product redesign, the release of future products could be delayed significantly. The Company estimates a further $1 million will be required to complete the existing products and estimates a completion date at the end of calendar 1999.

The valuation of the in-process research and development was prepared using the stage of completion model whereby future net operating cash flows from products currently being developed are discounted to present values using a risk-adjusted discount rate after appropriate allocation to existing core products. In the valuation model, the Company contemplated sales of $750,000 in fiscal 1999, $1.5 million in 2000, $2 million in 2001. The Lava Claims Enabler product requires a significant amount of integration at each installation and accordingly professional service revenue is contemplated to be $1.9 million in fiscal 1999, $3.8 million in 2000, $5 million in 2001. Product margins and professional services margins and operating costs used in the valuation model were similar to those the Company currently experiences.

Included in tangible net liabilities is an amount of $4.5 million for direct acquisition costs, involuntary terminations, costs to exit certain activities and certain contingencies. The liabilities included $765,000 for direct acquisition costs, $800,000 for involuntary terminations of management and certain development, sales and administrative staff, $1.1 million for lease terminations, relocation expenses and other contract losses and $1.9 million for potential claims of former employees of Lava for terminations occurring prior to the acquisition date. These potential claims has been recorded based on estimates which management believes are reasonable, however, the amount may change as management obtains more information about the outcome of various claim. Should further information indicate that the amount is different that the estimate made, any adjustments to the amount determined prior to December 29, 1999 will adjust the goodwill recorded as of the date of the acquisition. It is expected that these claims will be settled by the end of fiscal 2000. During the year ended June 30, 1999, the company paid and charged against the liability $800,000 million for involuntary terminations, $1.1 million for lease terminations, relocation expense and other contract losses and $600,000 in claims from former employees.

On June 3, 1998, the Company acquired certain of the assets and liabilities of Information Dimensions for approximately $8.1 million which consists of cash paid on closing of $7.6 million and an accrual of $500,000 for contingent consideration that the Company expects it will be obligated to pay to the vendor one year from the closing date based on the delivery of a special purpose balance sheet of the assets and liabilities assigned as at May 31, 1998. The operations of Information Dimensions have been included in the financial statements from the purchase date using the purchase method of accounting.

A key element of the acquisition is the Company's perception of the value of Information Dimensions document management technology. Although Information Dimensions is a leading document management 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.

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 $569,000. This amount was recorded as an asset and is being amortized on a straight-line basis over four years. The fair market value of core technology was determined to be $3.4 million. This amount was recorded as an asset and is being amortized on a straight-line basis over seven years.

As a result of the valuation, the fair market value of the in-process research and development costs was determined to be $5.5 million. In accordance with applicable accounting rules, this amount was expensed upon acquisition. The excess of the purchase price over the fair market value of identifiable assets acquired and liabilities assumed has been recorded as goodwill in the amount of $9.7 million which will be amortized over ten years.

Acquired in-process research and development costs represented the present value of Information Dimensions technology acquired that required completion. The most significant of these products is CIC/Techlib, a new product under design at Information Dimension and was approximately 80% complete at the date of acquisition. The Company plans to re-engineer this product as in its current form, it does not have the scalability, features and web enablement that are required to be a saleable product in the current marketplace. The Company completed this work in the middle of fiscal year 1999. Actual costs to complete the product were not materially different than estimates made.

The valuation of the in-process research and development was prepared using the stage of completion model whereby future net operating cash flows from products currently being developed are discounted to present values using a risk-adjusted discount rate of 30% after appropriate allocation to existing core products. In the valuation model, the Company contemplated sales of $11 million in fiscal 2000, $39 million in 2001, $25 million in 2002 and $12 million in 2003. Product margins and operating costs used in the valuation model were similar to those the Company currently experiences.

On December 3, 1997 the Company acquired certain of the assets and liabilities of OnTime for approximately $6.7 million, in a transaction which has been accounted for under the purchase method. The purchase price was 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.

During fiscal 1997, the Company acquired a minority equity interest in MiningCo.com Inc. which presently represents 885,201 shares of common stock. In March 1999, MiningCo.com Inc. completed an initial public offering of common stock and its common stock was listed on the Nasdaq Stock Market's National Market. At March 31, 1999, the closing price for MiningCo.com Inc.'s common stock as reported by Nasdaq was $89.50 per share. Beginning in the quarter ended March 31, 1999, the Company will account for its interest in MiningCo.com Inc. as securities available for sale, and will carry the investment on its balance sheet as a current asset value 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 MiningCo.com Inc. have been highly volatile, and the amount the Company will realize on this investment is uncertain. The Company has agreed not to offer or sell it's shares in MiningCo.com Inc. until September 20, 1999 without the consent of the managing underwriter of the initial public offering.

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

Revenues. The Company increased total revenues by 112% from $11.8 million in the quarter ended March 31, 1998 to $25.0 million for the quarter ended March 31, 1999. License revenue increased 87% from $7.6 million in the quarter ended March 31, 1998 to $14.3 million in the quarter ended March 31, 1999.

Service revenue increased 160% from $4.1 million in the quarter ended March 31, 1998 to $10.8 million in the quarter ended March 31, 1999. The increase in revenues is attributable to an increase in maintenance, professional services and training revenues. Professional services accounted for 41% of the service revenues in the quarters ended March 31, 1998 and March 31, 1999.

No customer accounted for 10% of revenue in the quarter ended March 31, 1999 or in the quarter ended March 31, 1998. For the quarter ended March 31, 1999, 57% of revenues were from customers resident in the North America, 39% of revenues were from customers in Europe and 4% of revenues were from customers in Asia and other compared with 80%, 18% and 2% respectively for North America, Europe and Asia and other for the quarter ended March 31, 1998.

Cost of revenues. Cost of license revenues increased from $328,000 in the quarter ended March 31, 1998 to $446,000 in the quarter ended March 31, 1999. As a percent of license revenues, cost of revenues decreased from 4% in the quarter ended March 31, 1998 to 3% in the quarter ended March 31, 1999. Included in cost of license revenues in the quarter ended March 31, 1999 is the amortization of software capitalized on the purchase of Information Dimensions and Lava.

Cost of service revenues increased from $1.8 million in the quarter ended March 31, 1998 to $5.1 million in the quarter ended March 31, 1999. As a percent of service revenues, the cost of service revenues increased from 42% in the quarter ended March 31, 1998 to 48% in the quarter ended March 31, 1999.

Research and development. Research and development costs increased by 40% from $2.1 million in the quarter ending March 31, 1998 to $3.0 million in the quarter ending March 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 a result of increased compensation expenses resulting from additional personnel. As a percentage of revenues, research and development cost decreased from 18% in the quarter ended March 31, 1998 to 12% in the quarter ended March 31, 1999.

Sales and marketing. Sales and marketing expense increased 66% from $5.3 million in the quarter ended March 31, 1998 to $8.8 million in the quarter ended March 31, 1999. As a percentage of revenues, sales and marketing expense decreased from 45% in the quarter ending March 31, 1998 to 35% in the quarter ended March 31, 1999. The overall increase in sales and marketing expense was due principally to an increase in the number of sales personnel.

General and administrative. General and administrative expense increased 48% from $1.2 million in the quarter ended March 31, 1998 to $1.7 million in the quarter ended March 31, 1999. As a percent of revenues, general and administration expense decreased from 10% in the quarter ended March 31, 1998 to 7% in the quarter ended March 31, 1999.

Depreciation. Depreciation was $572,000 in the quarter ended March 31, 1998 and increased to $1.1 million in the quarter ended March 31, 1999. Depreciation remained constant as a percent of total revenue from 5% for the quarter ended March 31, 1998 to 5% for the quarter ended March 31, 1999.

Amortization of acquired intangible assets. Amortization of acquired intangible assets was $213,000 in the quarter ended March 31, 1998 versus $582,000 in the quarter ended March 31, 1999. Included in amortization of acquired intangible assets is the amortization of goodwill and core technology on the acquisitions of OnTime, Information Dimensions and Lava.

Other income. Other income was $430,000 for the quarter ended March 31, 1998 and decreased to $298,000 for the quarter ended March 31, 1999. Other income is comprised mainly of interest earned on the balances of cash and cash equivalents net of interest expense.

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, 1999 Compared with Nine Months Ended March 31, 1998

Revenues. The Company increased total revenues by 116% from $29.3 million in the nine months ended March 31, 1998 to $63.1 million for the nine months ended March 31, 1999. License revenues increased 94% from $18.9 million in the nine months ended March 31, 1998 to $36.7 million in the nine months ended March 31, 1999.

Service revenues increased 154% from $10.4 million in the nine months ended March 31, 1998 to $26.5 million in the nine months ended March 31, 1999. The increase in service revenues is attributable to an increase in maintenance, professional service and training revenues. Maintenance revenues accounted for 37% of the service revenues in the nine months ended March 31, 1998 and 56% of the service revenues in the nine months ended March 31, 1999.

No individual customer accounted for 10% of revenues in the nine months ended March 31, 1999 or the nine months ended March 31, 1998. For the nine months ended March 31, 1999, 60% of revenues were from customers resident in North America, 38% of revenues were from customers in Europe and 2% of revenues were from customers in Asia and other compared with 78%, 17% and 5% respectively for North America, Europe and Asia and other for the nine months ended March 31, 1998.

Cost of revenues. Cost of license revenues increased from $971,000 in the nine months ended March 31, 1998 to $1.4 million in the nine months ended March 31, 1999. As a percent of license revenues, cost of revenues decreased from 5% for the nine months ended March 31, 1998 to 4% for the nine months ended March 31, 1999.

Cost of service revenues increased from $5.3 million in the nine months ended March 31, 1998 to $11.0 million in the nine months ended March 31, 1999. As a percent of service revenues, the cost of service revenues decreased from 51% in the nine months ended March 31, 1998 to 42% in the nine months ended March 31, 1999. 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 40% from $5.7 million in the nine months ending March 31, 1998 to $8.0 million in the nine months ending March 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 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 20% in the nine months ended March 31, 1998 to 13% in the nine months ended March 31, 1999.

Sales and marketing. Sales and marketing expense increased 74% from $14.6 million in the nine months ended March 31, 1998 to $25.3 million in the nine months ended March 31, 1999. As a percentage of revenues, sales and marketing expense decreased from 50% in the nine months ending March 31, 1998 to 40% in the nine months ended March 31, 1999. The overall increase in sales and marketing expense was due principally to an increase in the number of sales personnel.

General and administrative. General and administrative expense increased 23% from $3.3 million in the nine months ended March 31, 1998 to $4.1 million in the nine months ended March 31, 1999. As a percent of revenues, general and administration expense decreased from 11% in the nine months ended March 31, 1998 to 6% in the nine months ended March 31, 1999.

Depreciation. Depreciation was $1.6 million in the nine months ended March 31, 1998 and increased to $3.2 million in the nine months ended March 31, 1999. Depreciation as a percent of total revenue remained constant at 5% for the nine months ended March 31, 1998 and for the nine months ended March 31, 1999.

Amortization of acquired intangible assets. Amortization of acquired intangible assets was $284,000 in the nine months ended March 31, 1998 versus $1.6 million in the nine months ended March 31, 1999. Included in amortization of acquired intangible assets is the amortization of goodwill and core technologies on the acquisitions of Information Dimensions and Lava.

Acquired in-process research and development. Acquired research and development was $7.2 million for the nine months ended March 31, 1998 and $3.4 million for the nine months ended March 31, 1999. These charges are attributable to the one time write down of software under development and related acquisition expenses as part of the OnTime and Lava software acquisitions respectively. See Overview.

Other income. Other income was $1.3 million for the nine months ended March 31, 1998 and decreased to $1.0 million for the nine months ended March 31, 1999. Other income is comprised mainly of interest earned on the balances of cash and cash equivalents net of interest expense.

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.

At March 31, 1999, the Company had current assets of $150.4 million and current liabilities of $47.4 million. The Company has a $6.5 million line of credit with a Canadian chartered bank, under which minimal borrowings were outstanding at March 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.

During fiscal 1997, the Company acquired a minority equity interest in MiningCo.com Inc. which presently represents 885,201 shares of common stock. In March 1999, MiningCo.com Inc. completed an initial public offering of common stock and its common stock was listed on the Nasdaq Stock Market's National Market. At March 31, 1999, the closing price for MiningCo.com Inc.'s common stock as reported by Nasdaq was $89.50 per share. Beginning in the quarter ended March 31, 1999, the Company will account for its interest in MiningCo.com Inc. as securities available for sale, and will carry the investment on its balance sheet as a current asset value 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. See "Overview".

Cash used by operations during the nine months ending March 31, 1999 was $4.4 million. Cash used in investing activities was $5.4 million, primarily due to the acquisition of Lava Systems. The Company also invested $3.3 million in furniture and equipment and paid $270,000 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 $7.9 million.

The Company believes that existing cash and cash from operations, will be sufficient to satisfy the Company's cash requirements through June 1999. See "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.

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. The Company has retained outside consultants to assist it in its 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 of present products is now largely complete. Testing is now largely complete and it is anticipated that it will be finalized by the end of April 1999. The Company is also reviewing its internal systems and equipment. While the Company has not identified any critical issues to date with respect to its internal systems and equipment, the Company has not yet completed its review or testing and expects to do so by the end of June 1999. Any remediation necessary is expected to be completed by the end of September 1999. 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 is not embedded therein 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. However, the Company has not completely finished the necessary testing in order to verify this compliance. 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 year 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. To the extent that this occurs, it could materially adversely affect the Company's results of operations.

In addition to any Year 2000 issues identified within the Company, it is not presently clear that all parts of the country's infrastructure, including such things as the national banking systems, electrical power, communications, and governmental activities, will be fully functioning as the Year 2000 approaches. To the extent failure occurs in such activities, which are outside the Company's control, it could affect the Company's ability to service its customers with the same degree of effectiveness with which they are served presently. 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.

The Company does not have material interests in derivative securities or other financial interests.

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 and for payment of certain fees incurred by the distributor. The distributor subsequently brought an action in Ontario against the Company in respect of which management of the Company does not believe it will incur any material liability. See "Forward-Looking Statements" in Part I, Item 2 of this report.

Item 2. Changes in Securities - None

Item 3. Defaults Upon Senior Securities - None

Item 4. Submission of Matters to a Vote of Security Holders - None

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/A dated February 5, 1999 was filed with the Securities and Exchange Commission to report under item 7, Financial Statements and Pro Forma Financial Information, the Company determined that financial statements and pro forma financial information are not required regarding the acquisition of certain assets and liabilities of Information Dimensions, Inc. and its subsidiaries.

A current report on Form 8-K/A dated March 15, 1999 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 Lava Systems, for the periods ended July 31, 1998 and 1997, and the pro forma financial statements for the year ended June 30, 1998 and the six months ended December 31, 1998.

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 DILUTED EARNINGS (LOSS) PER SHARE

(In thousands, except per share data)

	March 31,		March 31,	
	1999	1998	1999	1998
Basic earnings (loss) per share				
Net Income (loss)	$ 4,470	$ 953	$ 6,163	$ (383)
Weighted average number of common shares outstanding	20,777	17,695	20,206	17,544
Basic earnings (loss) per common share	$ 0.22	$ 0.05	$ 0.31	$ (0.02)
Diluted earnings (loss) per share				
Net Income (loss)	$ 4,470	$ 953	$ 6,163	$ (383)
Weighted average number of common shares outstanding	20,777	17,695	20,206	17,544
Number of common share equivalents as a result of stock options outstanding	2,797	2,830	2,569	-
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	23,574	20,642	22,775	17,583
Diluted earnings (loss) per common share and common share equivalents	$ 0.19	$ 0.05	$ 0.27	$ (0.02)