

OPEN TEXT CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands of U.S. Dollars, except share data)

	December 31, 2008	June 30, 2008
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 172,870	\$ 254,916
Accounts receivable trade, net of allowance for doubtful accounts of \$4,128 as of December 31, 2008 and \$3,974 as of June 30, 2008	126,757	134,396
Inventory	2,227	-
Income taxes recoverable	6,655	16,763
Prepaid expenses and other current assets	12,029	10,544
Deferred tax assets	16,604	13,455
Total current assets	<u>337,142</u>	<u>430,074</u>
Investments in marketable securities	2,789	-
Capital assets	40,163	43,582
Goodwill	577,244	564,648
Acquired intangible assets	383,325	281,824
Deferred tax assets	62,305	59,881
Other assets	9,656	10,491
Long-term income taxes recoverable	40,776	44,176
	<u>\$ 1,453,400</u>	<u>\$ 1,434,676</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 123,715	\$ 99,035
Current portion of long-term debt	3,412	3,486
Deferred revenues	169,858	176,967
Income taxes payable	140	13,499
Deferred tax liabilities	3,366	4,876
Total current liabilities	<u>300,491</u>	<u>297,863</u>
Long-term liabilities:		
Accrued liabilities	21,718	20,513
Pension liability	16,243	-
Long-term debt	300,307	304,301
Deferred revenues	6,957	2,573
Long-term income taxes payable	51,240	54,681
Deferred tax liabilities	144,701	109,912
Total long-term liabilities	<u>541,166</u>	<u>491,980</u>
Minority interest	-	8,672
Shareholders' equity:		
Share capital		
51,887,209 and 51,151,666 Common Shares issued and outstanding at December 31, 2008 and June 30, 2008, respectively; Authorized Common Shares: unlimited	444,512	438,471
Additional paid-in capital	48,441	39,330
Accumulated other comprehensive income	55,827	110,819
Retained earnings	62,963	47,541
Total shareholders' equity	<u>611,743</u>	<u>636,161</u>
	<u>\$ 1,453,400</u>	<u>\$ 1,434,676</u>

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CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(In thousands of U.S. Dollars, except per share data)
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2008	2007	2008	2007
Revenues:				
License	\$ 64,852	\$ 55,158	\$ 114,926	\$ 99,418
Customer support	100,438	90,614	198,867	176,918
Service and other	42,361	36,762	76,481	70,165
Total revenues	<u>207,651</u>	<u>182,534</u>	<u>390,274</u>	<u>346,501</u>
Cost of revenues:				
License	5,281	4,649	8,174	8,203
Customer support	17,356	14,191	32,923	26,789
Service and other	31,881	30,192	59,610	57,696
Amortization of acquired technology-based intangible assets	11,799	10,308	22,546	20,460
Total cost of revenues	<u>66,317</u>	<u>59,340</u>	<u>123,253</u>	<u>113,148</u>
Gross profit	<u>141,334</u>	<u>123,194</u>	<u>267,021</u>	<u>233,353</u>
Operating expenses:				
Research and development	29,948	26,147	58,526	50,130
Sales and marketing	49,347	42,300	94,179	80,159
General and administrative	18,280	16,955	36,667	33,965
Depreciation	2,920	3,752	5,618	6,736
Amortization of acquired customer-based intangible assets	10,138	7,514	18,353	14,929
Special charges (recoveries)	11,446	(47)	11,446	(108)
Total operating expenses	<u>122,079</u>	<u>96,621</u>	<u>224,789</u>	<u>185,811</u>
Income from operations	<u>19,255</u>	<u>26,573</u>	<u>42,232</u>	<u>47,542</u>
Other income (expense), net	(12,532)	(3,683)	(11,803)	(5,510)
Interest income (expense), net	(5,347)	(7,567)	(8,341)	(15,439)
Income before income taxes	<u>1,376</u>	<u>15,323</u>	<u>22,088</u>	<u>26,593</u>
Provision for income taxes	683	4,511	6,615	7,854
Net income before minority interest	<u>693</u>	<u>10,812</u>	<u>15,473</u>	<u>18,739</u>
Minority interest	(68)	127	51	254
Net income for the period	<u>\$ 761</u>	<u>\$ 10,685</u>	<u>\$ 15,422</u>	<u>\$ 18,485</u>
Net income per share—basic	<u>\$ 0.01</u>	<u>\$ 0.21</u>	<u>\$ 0.30</u>	<u>\$ 0.37</u>
Net income per share—diluted	<u>\$ 0.01</u>	<u>\$ 0.20</u>	<u>\$ 0.29</u>	<u>\$ 0.35</u>
Weighted average number of Common Shares outstanding—basic	<u>51,873</u>	<u>50,736</u>	<u>51,586</u>	<u>50,511</u>
Weighted average number of Common Shares outstanding—diluted	<u>53,242</u>	<u>52,689</u>	<u>52,955</u>	<u>52,224</u>

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. Dollars)
(Unaudited)

	Three months ended December 31,		Six months ended December 31,	
	2008	2007	2008	2007
Cash flows from operating activities:				
Net income for the period	\$ 761	\$ 10,685	\$ 15,422	\$ 18,485
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation and amortization	24,857	21,574	46,517	42,125
In-process research and development	121	—	121	500
Share-based compensation expense	1,110	655	2,533	1,718
Employee long-term incentive plan	1,746	572	2,805	757
Excess tax benefits from share-based compensation	(24)	(369)	(6,653)	(766)
Undistributed earnings related to minority interest	(68)	127	51	254
Pension accruals	906	—	906	—
Amortization of debt issuance costs	326	421	550	711
Unrealized (gain) loss on financial instruments	1,529	1,444	807	2,851
Loss on sale and write down of capital assets	269	—	269	—
Deferred taxes	4,171	(3,408)	3,915	(4,113)
Changes in operating assets and liabilities:				
Accounts receivable	4,844	(2,923)	32,790	7,579
Inventory	(609)	—	(609)	—
Prepaid expenses and other current assets	1,065	302	(861)	(197)
Income taxes	1,738	8,070	6,469	8,554
Accounts payable and accrued liabilities	2,272	6,967	(16,097)	1,472
Deferred revenue	(6,183)	(5,110)	(25,613)	(8,883)
Other assets	1,012	336	1,334	510
Net cash provided by operating activities	39,843	39,343	64,656	71,557
Cash flows from investing activities:				
Net (acquisitions)/disposals of capital assets	1,793	(2,170)	(2,094)	(3,386)
Purchase of a division of Spicer Corporation	—	—	(10,836)	—
Purchase of eMotion LLC, net of cash acquired	—	—	(3,635)	—
Purchase of Captaris Inc., net of cash acquired	(101,499)	—	(101,499)	—
Additional purchase consideration for prior period acquisitions	(4,577)	(263)	(4,612)	(439)
Purchase of an asset group constituting a business	—	—	—	(2,209)
Investments in marketable securities	—	—	(3,608)	—
Acquisition related costs	(4,030)	(3,813)	(7,288)	(11,842)
Net cash used in investment activities	(108,313)	(6,246)	(133,572)	(17,876)
Cash flows from financing activities:				
Excess tax benefits on share-based compensation expense	24	369	6,653	766
Proceeds from issuance of Common Shares	497	3,498	6,039	9,217
Repayment of long-term debt	(854)	(30,944)	(1,721)	(61,877)
Debt issuance costs	—	—	—	(349)
Net cash provided by (used in) financing activities	(333)	(27,077)	10,971	(52,243)
Foreign exchange gain (loss) on cash held in foreign currencies	(8,460)	3,383	(24,101)	8,292
Increase (decrease) in cash and cash equivalents during the period	(77,263)	9,403	(82,046)	9,730
Cash and cash equivalents at beginning of the period	250,133	150,306	254,916	149,979
Cash and cash equivalents at end of the period	\$ 172,870	\$ 159,709	\$ 172,870	\$ 159,709

