

OPEN TEXT CORP
Form 10-Q/A
November 17, 2003

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 September 30, 2003

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)

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ONTARIO
(State or other jurisdiction of

98-0154400
(IRS Employer

Incorporation or organization)

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 required 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 ☐ No ☒

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

As of October 31, 2003, there were 40,321,917 outstanding Common Shares of the registrant.

Explanatory Note

This amendment is being filed to correct an error in pro forma net income after giving effect to stock option expense as reported in Note 8 to the financial statements included in the original 10-Q filing made on November 10, 2003. The full text of Note 8 as corrected is included herein. No other sections of the original 10-Q filing made on November 10, 2003 have been amended.

NOTE 8 OPTION PLANS*Employee stock option plans*

The Company has elected to follow Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees (APB 25), and to present the pro forma information that is required by SFAS No. 123 Accounting for Stock-Based Compensation (SFAS 123). APB 25 requires compensation cost for stock-based employee compensation plans to be recognized over the vesting period of the options based on the difference, if any, on the grant date between the quoted market price of the Company's stock and the option exercise price. No compensation cost was included in net income as reported for the three month periods ended September 30, 2003 and 2002.

Had compensation cost for the Company's stock-based compensation plans and the employee stock purchase plan been determined using the fair value approach set forth in SFAS 123, the Company's net income for the three month period and net income per share would have been in accordance with the pro forma amounts indicated below:

	Three Months Ended	
	September 30,	
	2003	2002
	(in thousands, except	
	per share amounts)	
Net income		
As reported	\$ 3,354	\$ 5,362
Fair value compensation cost	\$ (1,637)	\$ (1,977)
Pro forma	\$ 1,717	\$ 3,385
Net income per share basic		
As reported	\$ 0.08	\$ 0.14
Pro forma	\$ 0.04	\$ 0.09
Net income per share diluted		
As reported	\$ 0.08	\$ 0.13
Pro forma	\$ 0.04	\$ 0.08

Summary of Outstanding Stock Options

As of September 30, 2003, options to purchase an aggregate of 5,912,128 Common Shares were outstanding under all of the Company's stock option plans out of an allowable pool of options totaling 20,614,848. As of September 30, 2003 there were exercisable options outstanding to purchase 4,047,161 shares at an average price of \$7.66. At September 30, 2002, there were exercisable options outstanding to purchase 4,347,164 shares at an average price of \$6.78. As a result of the stock split declared on October 8, 2003 the number of stock options doubled and accordingly the exercise price was halved.

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The following table summarizes information regarding stock options outstanding at September 30, 2003 adjusted for the stock dividend declared on October 8, 2003:

		Options Outstanding			Options Exercisable	
		Weighted				
		Average		Weighted		Weighted
		Number	Remaining	Average	Number	Average
		Outstanding at	Contractual	Exercise	Outstanding at	Exercise
Range of		September 30, 2003	Life (years)	Price	September 30, 2003	Price
Exercise Prices						
\$ 0.08	4.63	1,098,940	3.31	\$ 3.45	1,098,940	\$ 3.45
4.69	6.88	1,357,630	4.86	6.48	1,333,381	6.49
7.22	9.16	290,750	5.40	7.81	242,000	7.68
9.25	10.75	1,007,700	7.36	10.31	539,200	10.22
10.76	13.97	1,106,668	8.02	12.00	384,200	11.33
14.10	20.00	1,050,440	8.02	15.63	449,440	15.22
\$ 0.08	20.00	5,912,128	6.18	\$ 9.29	4,047,161	\$ 7.66

During the three month periods ending September 30, 2003 and 2002, 344,000 and 254,000 stock options were issued, respectively. The fair value of each stock option grant on the date of grant was estimated using the Black-Scholes option-pricing model with the following weighted average assumptions for the stock-based compensation plans:

		Three months	
		ended	
		September 30,	
		2003	2002
Volatility		60%	74%
Risk-free interest rate		3.5%	6%
Dividend yield			
Expected lives (in years)		3.5	5.5
Weighted average fair value (in dollars)		\$ 7.83	\$ 13.15

SIGNATURES

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

OPEN TEXT CORPORATION
(Registrant)

Date: November 17, 2003

By:

/s/ P. Thomas Jenkins

P. Thomas Jenkins
Chief Executive Officer

/s/ Alan Hoverd

Alan Hoverd
Chief Financial Officer
(Principal Financial and Accounting Officer)

Index to Exhibits

No.	Description
10.1	Support Letter Agreement issued by GAP LP, GAPCO II, KG and GapStar and accepted and agreed to by Open Text Corporation, dated October 20, 2003*.
10.2	Business Combination Agreement between 2016091 Ontario, Inc., Open Text Corporation and IXOS Software AG, dated October 20, 2003*.
31.1	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
31.2	Certification Pursuant to Rule 13a-14(a) of the Exchange Act, as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 (filed herewith).
32.1	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith).
32.2	Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished herewith)

*Filed as an Exhibit to Schedule 13D, as filed by the Company with the SEC on October 30, 2003 and incorporated herein by reference.