

OPEN TEXT CORP
Form 10-K/A
February 12, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K/A
(Amendment No. 1)

ý ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

For the fiscal year ended June 30, 2013.

OR

.. TRANSITION 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)

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

275 Frank Tompa Drive, N2L 0A1
Waterloo, Ontario, Canada (Zip code)
(Address of principal executive offices)

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
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Common stock without par value	NASDAQ Global Select Market
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Securities registered pursuant to Section 12(g) of the Act:

None
(Title of Class)

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ý No ..

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes .. No ý

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 ý No ..

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulations S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ý No ..

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Indicate by check mark if disclosure of delinquent filers pursuant to item 405 of Regulations S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "large accelerated filer", "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer Non-accelerated filer (Do not check if smaller reporting company) Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Aggregate market value of the Registrant's Common Shares held by non-affiliates, based on the closing price of the Common Shares as reported by the NASDAQ Global Select Market ("NASDAQ") on December 31, 2012, the end of the registrant's most recently completed second fiscal quarter, was approximately \$2.6 billion. The number of the Registrant's Common Shares outstanding as of July 26, 2013 was 59,063,078.

DOCUMENTS INCORPORATED BY REFERENCE

None.

EXPLANATORY NOTE

This Form 10-K/A amends our Annual Report on Form 10-K for the fiscal year ended June 30, 2013 ("Original Form 10-K") filed with the Securities and Exchange Commission ("SEC") on August 1, 2013, in response to communications received from the SEC.

These amendments are made to include KPMG LLP's inadvertent omission to specifically reference Open Text Corporation's Consolidated Statements of Comprehensive Income for the three years ended June 30, 2013 in each of their "Report of Independent Registered Public Accounting Firm" (the "Audit Reports") on both the consolidated financial statements and the effectiveness of internal control over financial reporting and in its "Consent of Registered Independent Accounting Firm". No other changes were made to KPMG LLP's Audit Reports. Also, no other changes have been made to the Original Form 10-K. The consolidated financial statements and notes to consolidated financial statements have remained the same as that previously filed in the Original Form 10-K.

This Form 10-K/A reflects information as of the original filing date of our Original Form 10-K, does not reflect events occurring after that date and does not modify or update in any way disclosures made in the Original Form 10-K, except as specifically noted above.

Item 8. Financial Statements and Supplementary Data

The response to this Item 8 is submitted as a separate section of this Annual Report on Form 10-K/A. See Part IV, Item 15.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) Financial Statements and Schedules

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(b) The following documents are filed as a part of this report:

- 1) Consolidated financial statements and Reports of Independent Registered Public Accounting Firm and the related notes thereto are included under Item 8, in Part II.
- 2) Valuation and Qualifying Accounts; see note 3 "Allowance for Doubtful Accounts" and note 14 "Income Taxes" in the Notes to Consolidated Financial Statements included under Item 8, in Part II.
- 3) Exhibits: The following exhibits are filed as part of this Annual Report on Form 10-K or are incorporated by reference to exhibits previously filed with the SEC.

Exhibit Number	Description of Exhibit
2.1	Agreement and Plan of Merger between Open Text Corporation, Open Text Inc., Oasis Merger Corporation and Captaris Inc., dated September 3, 2008. (12)
2.2	Agreement and Plan of Merger dated as of May 5, 2009 by and among Open Text Corporation, Scenic Merger Corporation and Vignette Corporation. (13)
2.3	Agreement and Plan of Merger between Open Text Corporation, EPIC Acquisition Sub Inc., a Delaware corporation and an indirect wholly-owned subsidiary of OpenText and EasyLink Services International Corporation dated May 1, 2012. (19)
3.1	Articles of Amalgamation of the Company. (1)
3.2	Articles of Amendment of the Company. (1)
3.3	Articles of Amendment of the Company. (1)
3.4	Articles of Amalgamation of the Company. (1)
3.5	Articles of Amalgamation of the Company, dated July 1, 2001. (2)
3.6	Articles of Amalgamation of the Company, dated July 1, 2002. (3)
3.7	Articles of Amalgamation of the Company, dated July 1, 2003. (4)
3.8	Articles of Amalgamation of the Company, dated July 1, 2004. (5)
3.9	Articles of Amalgamation of the Company, dated July 1, 2005. (6)
3.10	Open Text Corporation By-law, dated December 2, 2010. (15)
3.11	Articles of Continuance of the Company, dated December 29, 2005. (7)
4.1	Form of Common Share Certificate. (1)

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4.2	Amended and Restated Shareholders Rights Plan Agreement between Open Text Corporation and Computershare Investor Services, Inc. dated December 2, 2010 (amending and restating the Shareholder Rights Plan Agreement dated as of December 6, 2007 filed as an exhibit to OpenText's Registration Statement on Form S-4, as filed with the SEC on May 28, 2009). (15)
10.1	1998 Stock Option Plan. (8)
10.2*	Indemnity Agreement with Walter Koehler dated August 8, 2005. (6)
10.3	2004 Employee Stock Option Plan. (6)
10.4	Artesia Stock Option Plan. (6)
10.5	Vista Stock Option Plan. (6)
10.6*	Form of Indemnity Agreement between the Company and certain of its officers dated September 7, 2006. (9)
10.7*	Open Text Corporation Long-Term Incentive Plan dated September 10, 2007. (10)
10.8*	Consulting Agreement between Steven Sadler and SJS Advisors Inc. and the Company, dated May 3, 2005. (11)
10.9	Open Text Corporation Directors' Deferred Share Unit Plan effective February 2, 2010. (14)
10.10	Amended and Restated Credit Agreement among Open Text Corporation and certain of its subsidiaries, the Lenders, Barclays Bank PLC, Royal Bank of Canada, Barclays Capital and RBC Capital Markets, dated as of November 9, 2011. (16)
10.11*	Restricted Share Unit Grant Agreement, dated February 3, 2012, between Mark Barrenechea and the Company. (17)
10.12	2004 Stock Option Plan, as amended September 27, 2012 (20)
10.13*	OpenText Corporation Long-Term Incentive Plan 2015 for eligible employees, effective October 3, 2012 (21)
10.14*	Employment Agreement, dated October 30, 2012 between Mark Barrenechea and the Company (21)
10.15*	Amending Agreement to the Restricted Share Unit Grant Agreement, between Mark Barrenechea and the Company (21)
10.16*	Employment Agreement, dated January 22, 2013, between Greg Corgan and the Company (22)
10.17*	Amendment No. 1 to the Employment Agreement between Mark J. Barrenechea and the Company dated January 24, 2013 (amending the Employment Agreement between Mark J. Barrenechea and the Company dated October 30, 2012) (22)
10.18*	Employment Agreement, dated April 23, 2013, between P. Thomas Jenkins and the Company (23)
10.19*	Employment Agreement, as of October 1, 2012, between James S. Mackey and the Company (24)
10.20*	Employment Agreement, as of December 19, 2012, between Gordon A. Davies and the Company (24)
10.21*	Employment Agreement, as of July 30, 2013, between Paul McFeeters and the Company (24)
10.22*	Letter Agreement, as of July 30, 2013, between P. Thomas Jenkins and the Company (24)
18.1	Preferability letter dated February 2, 2012 from the Company's auditors, KPMG LLP, regarding a change in the Company's accounting policy relating to the income statement classification of tax related interest and penalties. (18)
21.1	List of the Company's Subsidiaries (24)
23.1	Consent of Independent Registered Public Accounting Firm.
31.1	Certification of the Chief Executive Officer, pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of the Chief Financial Officer pursuant to Rule 13a-14(a) of the Exchange Act, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of the Chief Executive Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
101.INS	XBRL instance document

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101.SCH XBRL taxonomy extension schema
101.CAL XBRL taxonomy extension calculation linkbase
101.DEF XBRL taxonomy extension definition linkbase
101.LAB XBRL taxonomy extension label linkbase
101.PRE XBRL taxonomy extension presentation

* Indicates management contract relating to compensatory plans or arrangements

- (1) Filed as an Exhibit to the Company's Registration Statement on Form F-1 (Registration Number 33-98858) as filed with the Securities and Exchange Commission (the "SEC") on November 1, 1995 or Amendments 1, 2 or 3 thereto (filed on December 28, 1995, January 22, 1996 and January 23, 1996 respectively), and incorporated herein by reference.
- (2) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on September 28, 2001 and incorporated herein by reference.
- (3) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on September 28, 2002 and incorporated herein by reference.
- (4) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on September 29, 2003 and incorporated herein by reference.
- (5) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on September 13, 2004 and incorporated herein by reference.
- (6) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on September 27, 2005 and incorporated herein by reference.
- (7) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on February 3, 2006 and incorporated herein by reference.
- (8) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on August 20, 1999 and incorporated herein by reference.
- (9) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on September 12, 2006 and incorporated herein by reference.
- (10) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on September 13, 2007 and incorporated herein by reference.
- (11) Filed as an Exhibit to the Company's Annual Report on Form 10-K, as filed with the SEC on August 26, 2008 and incorporated herein by reference.
- (12) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on September 4, 2008 and incorporated herein by reference.
- (13) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on May 6, 2009 and incorporated herein by reference.
- (14) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on April 30, 2010 and incorporated herein by reference.
- (15) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on December 2, 2010 and incorporated herein by reference.
- (16) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on November 9, 2011 and incorporated herein by reference.
- (17) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on February 8, 2012 and incorporated herein by reference.
- (18) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on February 2, 2012 and incorporated herein by reference.
- (19) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on July 3, 2012 and incorporated herein by reference.
- (20) Filed as an Exhibit to the Company's Report on Form 8-K, as filed with the SEC on October 2, 2012 and incorporated herein by reference.
- (21) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on November 1, 2012 and incorporated herein by reference.
- (22) Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on January 25, 2013 and incorporated herein by reference.
- (23)

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Filed as an Exhibit to the Company's Quarterly Report on Form 10-Q, as filed with the SEC on April 25, 2013 and incorporated herein by reference

(24) Filed as an Exhibit to the Company's Annual Report on Form 10-K (Original Form 10-K), as filed with the SEC on August 1, 2013 and incorporated herein by reference

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Open Text Corporation

We have audited the accompanying consolidated balance sheets of Open Text Corporation as of June 30, 2013 and June 30, 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows for each of the years in the three-year period ended June 30, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Open Text Corporation as of June 30, 2013 and June 30, 2012, and the results of its operations and its cash flows for each of the years in the three-year period ended June 30, 2013, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Open Text Corporation's internal control over financial reporting as of June 30, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated August 1, 2013 expressed an unqualified opinion on the effectiveness of Open Text Corporation's internal control over financial reporting.

/s/ KPMG LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
August 1, 2013

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders

Open Text Corporation

We have audited Open Text Corporation's internal control over financial reporting as of June 30, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Open Text Corporation's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Part II, Item 9A of this Annual Report on Form 10-K. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Open Text Corporation maintained, in all material respects, effective internal control over financial reporting as of June 30, 2013, based on criteria established in Internal Control - Integrated Framework (1992) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Open Text Corporation as of June 30, 2013 and June 30, 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended June 30, 2013, and our report dated August 1, 2013 expressed an unqualified opinion on those consolidated statements.

/s/ KPMG LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada

August 1, 2013

OPEN TEXT CORPORATION
CONSOLIDATED BALANCE SHEETS

(In thousands of U.S. dollars, except share data)

	June 30, 2013	June 30, 2012
ASSETS		
Cash and cash equivalents	\$470,445	\$559,747
Accounts receivable trade, net of allowance for doubtful accounts of \$4,871 as of June 30, 2013 and \$5,655 as of June 30, 2012 (note 3)	174,927	163,664
Income taxes recoverable (note 14)	17,173	17,849
Prepaid expenses and other current assets	43,464	45,613
Deferred tax assets (note 14)	11,082	4,003
Total current assets	717,091	790,876
Property and equipment (note 4)	88,364	81,157
Goodwill (note 5)	1,246,872	1,040,234
Acquired intangible assets (note 6)	363,615	312,563
Deferred tax assets (note 14)	135,695	115,128
Other assets (note 7)	25,082	22,137
Deferred charges (note 8)	67,633	68,653
Long-term income taxes recoverable (note 14)	10,465	13,545
Total assets	\$2,654,817	\$2,444,293
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities (note 9)	\$188,443	\$132,015
Current portion of long-term debt (note 10)	51,742	41,374
Deferred revenues	282,387	273,987
Income taxes payable (note 14)	4,184	27,806
Deferred tax liabilities (note 14)	1,127	1,612
Total current liabilities	527,883	476,794
Long-term liabilities:		
Accrued liabilities (note 9)	17,849	13,966
Deferred credits (note 8)	11,608	10,086
Pension liability (note 11)	24,509	22,074
Long-term debt (note 10)	513,750	555,000
Deferred revenues	11,830	12,653
Long-term income taxes payable (note 14)	140,508	147,623
Deferred tax liabilities (note 14)	69,672	26,705
Total long-term liabilities	789,726	788,107
Shareholders' equity:		
Share capital (note 12)		
59,028,886 and 58,358,990 Common Shares issued and outstanding at June 30, 2013 and June 30, 2012, respectively; Authorized Common Shares: unlimited	651,642	635,321
Additional paid-in capital	101,865	95,026
Accumulated other comprehensive income	39,890	44,364
Retained earnings	572,885	442,068
Treasury stock, at cost (610,878 and 793,494 shares at June 30, 2013 and at June 30, 2012, respectively)	(29,074)	(37,387)
Total shareholders' equity	1,337,208	1,179,392

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Total liabilities and shareholders' equity	\$2,654,817	\$2,444,293
Guarantees and contingencies (note 13)		
Related party transactions (note 23)		
Subsequent events (note 24)		

See accompanying Notes to Consolidated Financial Statements

OPEN TEXT CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(In thousands of U.S. dollars, except share and per share data)

	Year Ended June 30,		
	2013	2012	2011
Revenues:			
License	\$279,598	\$293,719	\$269,202
Cloud services	173,799	—	—
Customer support	658,216	656,568	560,541
Professional service and other	251,723	257,186	203,560
Total revenues	1,363,336	1,207,473	1,033,303
Cost of revenues:			
License	16,107	18,033	18,284
Cloud services	72,365	—	—
Customer support	106,948	110,504	86,834
Professional service and other	196,874	204,909	167,854
Amortization of acquired technology-based intangible assets (note 6)	93,610	84,572	68,048
Total cost of revenues	485,904	418,018	341,020
Gross profit	877,432	789,455	692,283
Operating expenses:			
Research and development	164,010	169,043	145,992
Sales and marketing	289,157	274,544	232,332
General and administrative	109,325	97,072	86,696
Depreciation	24,496	21,587	22,116
Amortization of acquired customer-based intangible assets (note 6)	68,745	53,326	38,966
Special charges (note 17)	24,034	24,523	15,576
Total operating expenses	679,767	640,095	541,678
Income from operations	197,665	149,360	150,605
Other income (expense), net (note 21)	(2,473)	) 3,549	(6,019)
Interest expense, net	(16,982)	) (15,564)	) (8,452)
Income before income taxes	178,210	137,345	136,134
Provision for (recovery of) income taxes (note 14)	29,690	12,171	12,931
Net income for the period	\$148,520	\$125,174	\$123,203
Earnings per share—basic (note 22)	\$2.53	\$2.16	\$2.16
Earnings per share—diluted (note 22)	\$2.51	\$2.13	\$2.11
Weighted average number of Common Shares outstanding—basic	58,604	57,890	57,077
Weighted average number of Common Shares outstanding—diluted	59,062	58,734	58,260
Dividends declared per Common Share	\$0.30	\$—	\$—
See accompanying Notes to Consolidated Financial Statements			

OPEN TEXT CORPORATION
 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
 (In thousands of U.S. dollars)

	Year Ended June 30,		
	2013	2012	2011
Net income for the period	\$ 148,520	\$ 125,174	\$ 123,203
Other comprehensive income—net of tax:			
Net foreign currency translation adjustments	(1,879	) (9,197	) 15,388
Net unrealized gain (loss) on cash flow hedges	(2,536	) (1,069	) 1,275
Net actuarial gain (loss) relating to defined benefit pension plans	(59	) (5,840	) (214
Total other comprehensive income (loss), net, for the period	(4,474	) (16,106	) 16,449
Total comprehensive income	\$ 144,046	\$ 109,068	\$ 139,652

OPEN TEXT CORPORATION
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

(In thousands of U.S. dollars and shares)

	Common Shares		Treasury Stock		Additional Paid in Capital	Accumulated Retained Earnings	Accumulated Other Comprehensive Income	Total
	Shares	Amount	Shares	Amount				
Balance as of June 30, 2010	56,826	\$602,868	(308)	\$(14,000)	\$61,298	\$ 193,691	\$ 44,021	\$887,878
Issuance of Common Shares								
Under employee stock option plans	439	10,090	—	—	—	—	—	10,090
Under employee stock purchase plans	31	1,202	—	—	—	—	—	1,202
In connection with acquisitions	6	119	—	—	(119)	—	—	—
Stock compensation	—	—	—	—	11,234	—	—	11,234
Income tax effect related to stock options exercised	—	—	—	—	1,888	—	—	1,888
Purchase of treasury stock	—	—	(264)	(12,499)	—	—	—	(12,499)
Other comprehensive income (loss) - net	—	—	—	—	—	—	16,449	16,449
Net income for the year	—	—	—	—	—	123,203	—	123,203
Balance as of June 30, 2011	57,302	\$614,279	(572)	\$(26,499)	\$74,301	\$ 316,894	\$ 60,470	\$1,039,445
Issuance of Common Shares								
Under employee stock option plans	1,023	19,217	—	—	—	—	—	19,217
Under employee stock purchase plans	33	1,792	—	—	—	—	—	1,792
In connection with acquisitions	1	33	—	—	(33)	—	—	—
Stock compensation	—	—	—	—	18,062	—	—	18,062
Income tax effect related to stock options exercised	—	—	—	—	2,696	—	—	2,696
Purchase of treasury stock	—	—	(221)	(10,888)	—	—	—	(10,888)
Other comprehensive income (loss) - net	—	—	—	—	—	—	(16,106)	(16,106)
Net income for the year	—	—	—	—	—	125,174	—	125,174
Balance as of June 30, 2012	58,359	\$635,321	(793)	\$(37,387)	\$95,026	\$ 442,068	\$ 44,364	\$1,179,392
Issuance of Common Shares								
Under employee stock option plans	627	14,205	—	—	—	—	—	14,205
Under employee stock purchase plans	42	2,095	—	—	—	—	—	2,095

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In connection with acquisitions	1	21	—	—	(21) —	—	—
Stock compensation	—	—	—	—	15,575	—	—	15,575
Income tax effect related to stock options exercised	—	—	—	—	(402) —	—	(402
Issuance of treasury stock	—	—	182	8,313	(8,313) —	—	—
Dividend	—	—	—	—	—	(17,703	) —	(17,703
Other comprehensive income (loss) - net	—	—	—	—	—	—	(4,474	) (4,474
Net income for the year	—	—	—	—	—	148,520		148,520
Balance as of June 30, 2013	59,029	\$651,642	(611	) \$(29,074)	\$101,865	\$ 572,885	\$ 39,890	\$1,337,208

OPEN TEXT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands of U.S. dollars)

	Year Ended June 30,		
	2013	2012	2011
Cash flows from operating activities:			
Net income for the period	\$ 148,520	\$ 125,174	\$ 123,203
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization of intangible assets	186,851	159,485	129,130
Share-based compensation expense	15,575	18,097	11,308
Excess tax benefits on share-based compensation expense	(915)	(2,723)	(1,888)
Pension expense	910	543	552
Amortization of debt issuance costs	2,123	1,703	1,359
Amortization of deferred charges and credits	11,815	11,579	8,519
Loss on sale and write down of property and equipment	24	203	12
Deferred taxes	(5,796)	(78,792)	(17,779)
Impairment and other non cash charges	—	1,389	(482)
Changes in operating assets and liabilities:			
Accounts receivable	17,965	5,319	200
Prepaid expenses and other current assets	4,242	(2,079)	1,833
Income taxes	(17,053)	68,601	9,444
Deferred charges and credits	(9,274)	(22,035)	(29,071)
Accounts payable and accrued liabilities	(41,409)	(17,812)	(21,197)
Deferred revenue	5,418	(4,581)	10,738
Other assets	(494)	2,419	(2,660)
Net cash provided by operating activities	318,502	266,490	223,221
Cash flows from investing activities:			
Additions of property and equipment	(23,107)	(25,828)	(36,662)
Purchase of patents	(192)	(193)	—
Purchase of System Solutions Australia Pty Limited, net of cash acquired	(516)	(1,738)	—
Purchase of EasyLink Services International Corporation, net of cash acquired	(315,331)	—	—
Purchase of Resonate KT Limited, net of cash acquired	(19,366)	—	—
Purchase of ICCM Professional Services Limited, net of cash acquired	(11,257)	—	—
Purchase of Operitel Corporation, net of cash acquired	—	(7,014)	—
Purchase of Global 360 Holding Corp., net of cash acquired	—	(245,653)	—
Purchase of StreamServe Inc., net of cash acquired	—	—	(57,221)
Purchase of weComm Limited, net of cash acquired	—	—	(20,198)
Purchase of Metastorm Inc., net of cash acquired	—	—	(168,657)
Purchase of New Generation Consulting Inc	—	—	(471)
Purchase consideration for prior period acquisitions	(875)	(1,113)	(4,577)
Other investing activities	(3,750)	—	518
Net cash used in investing activities	(374,394)	(281,539)	(287,268)
Cash flows from financing activities:			
Excess tax benefits on share-based compensation expense	915	2,723	1,888
Proceeds from issuance of Common Shares	16,347	21,270	11,512
Purchase of Treasury Stock	—	(10,888)	(12,499)
Proceeds from long-term debt and revolver	—	648,500	—

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Repayment of long-term debt and revolver	(30,677) (349,187) (3,575)
Debt issuance costs	—	(9,834) (29)
Payments of dividends to shareholders	(17,703) —	—)
Net cash provided by (used in) financing activities	(31,118	) 302,584	(2,703)
Foreign exchange gain (loss) on cash held in foreign currencies	(2,292	) (11,928	) 24,698)
Increase (decrease) in cash and cash equivalents during the period	(89,302	) 275,607	(42,052)
Cash and cash equivalents at beginning of the period	559,747	284,140	326,192)
Cash and cash equivalents at end of the period	\$470,445	\$559,747	\$284,140)
Supplementary cash flow disclosures (note 20)				
See accompanying Notes to Consolidated Financial Statements				

OPEN TEXT CORPORATION

Notes to Consolidated Financial Statements

(Tabular amounts in thousands, except share and per share data)

NOTE 1—BASIS OF PRESENTATION

The accompanying consolidated financial statements include the accounts of Open Text Corporation and our wholly-owned subsidiaries, collectively referred to as “OpenText” or the “Company”. All inter-company balances and transactions have been eliminated.

These consolidated financial statements are expressed in U.S. dollars and are prepared in accordance with United States generally accepted accounting principles (U.S. GAAP). The information furnished reflects all adjustments necessary for a fair presentation of the results for the periods presented and includes the financial results of EasyLink Services International Corporation (EasyLink), with effect from July 2, 2012, Resonate KT Limited (RKT), with effect from March 5, 2013 and ICCM Professional Services Limited (ICCM), with effect from May 23, 2013 (see note 18).

Pursuant to our adoption of Accounting Standards Update No. 2011-05, “Comprehensive Income (Topic 220)-Presentation of Comprehensive Income” and Accounting Standards Update No. 2011-12, “Comprehensive Income (Topic 220)-Deferral of the Effective Date for Amendments to the Presentation of Reclassifications of Items Out of Accumulated Other Comprehensive Income in Accounting Standards Update No. 2011-05”, we elected to present separate consolidated statements of comprehensive income for the year ended June 30, 2013 (Fiscal 2013), for the year ended June 30, 2012 (Fiscal 2012) and for the year ended June 30, 2011 (Fiscal 2011).

Use of estimates

The preparation of financial statements in conformity with U.S. GAAP requires us to make estimates, judgments and assumptions that affect the amounts reported in the consolidated financial statements. These estimates, judgments and assumptions are evaluated on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable at that time, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from those estimates. In particular, significant estimates, judgments and assumptions include those related to: (i) revenue recognition, (ii) allowance for doubtful accounts, (iii) testing of goodwill for impairment, (iv) the valuation of acquired intangible assets, (v) the valuation of long-lived assets, (vi) the recognition of contingencies, (vii) restructuring accruals, (viii) acquisition accruals and pre-acquisition contingencies, (ix) asset retirement obligations, (x) the realization of investment tax credits, (xi) the valuation of stock options granted and liabilities related to share-based payments, including the valuation of our long-term incentive plan, (xii) the valuation of financial instruments, (xiii) the valuation of pension assets and obligations, and (xiv) accounting for income taxes.

Reclassifications

Cloud Services

Starting in the first quarter for the year ended June 30, 2013 (Fiscal 2013), in light of our acquisition of EasyLink on July 2, 2012, we adopted a policy to classify revenues and cost of revenues relating to "Cloud Services" as a separate line item within "Revenues" and "Cost of revenues", respectively, on the Consolidated Statements of Income. No prior period comparative figures have been adjusted to conform to current period presentation since such prior period amounts are not material.

Research and Development Tax Credits

Non-refundable research and development tax credits are reflected as a component of "Income tax" expense on the Consolidated Statements of Income. Certain prior period comparative figures have been adjusted on the Consolidated Balance Sheets to conform to current period presentation. As of June 30, 2012, long-term “Deferred tax assets” have been increased from previously reported amounts by approximately \$34.9 million, with a corresponding decrease to “Long-term income taxes recoverable”. There was no change to total assets, liabilities, or shareholders' equity as a result of this reclassification. The prior period comparative figures on the Consolidated Statements of Income have not been adjusted as the amounts are not material.

Certain other prior year balances have been reclassified to conform to the current year's presentation. Such reclassifications were not considered material and did not affect our consolidated total revenues, consolidated

operating income or consolidated net income.

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NOTE 2—SIGNIFICANT ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents include investments that have terms to maturity of three months or less. Cash equivalents are recorded at cost and typically consist of term deposits, commercial paper, certificates of deposit and short-term interest bearing investment-grade securities of major banks in the countries in which we operate.

Allowance for doubtful accounts

We maintain an allowance for doubtful accounts for estimated losses resulting from the inability of customers to make payments. We evaluate the creditworthiness of our customers prior to order fulfillment and based on these evaluations, we adjust our credit limit to the respective customer. In addition to these evaluations, we conduct on-going credit evaluations of our customers' payment history and current creditworthiness. The allowance is maintained for 100% of all accounts deemed to be uncollectible and, for those receivables not specifically identified as uncollectible, an allowance is maintained for a specific percentage of those receivables based upon the aging of accounts, our historical collection experience and current economic expectations. To date, the actual losses have been within our expectations. No single customer accounted for more than 10% of the accounts receivable balance as of June 30, 2013 and 2012.

Property and equipment

Property and equipment are stated at the lower of cost or net realizable value, and shown net of depreciation which is computed on a straight-line basis over the estimated useful lives of the related assets. Gains and losses on asset disposals are taken into income in the year of disposition. Fully depreciated property and equipment are retired from the balance sheet when they are no longer in use. We did not recognize any significant property impairment charges in Fiscal 2013, Fiscal 2012, or Fiscal 2011. The following represents the estimated useful lives of property and equipment:

Furniture and fixtures	5 years
Office equipment	5 years
Computer hardware	3 years
Computer software	3 years
Leasehold improvements	Lesser of the lease term or 5 years
Building	40 years

Acquired intangibles

Acquired intangibles consist of acquired technology and customer relationships associated with various acquisitions. Acquired technology is initially recorded at fair value based on the present value of the estimated net future income-producing capabilities of software products acquired on acquisitions. We amortize acquired technology over its estimated useful life on a straight-line basis.

Customer relationships represent relationships that we have with customers of the acquired companies and are either based upon contractual or legal rights or are considered separable; that is, capable of being separated from the acquired entity and being sold, transferred, licensed, rented or exchanged. These customer relationships are initially recorded at their fair value based on the present value of expected future cash flows. We amortize customer relationships on a straight-line basis over their estimated useful lives.

We continually evaluate the remaining estimated useful life of our intangible assets being amortized to determine whether events and circumstances warrant a revision to the remaining period of amortization.

Impairment of long-lived assets

We account for the impairment and disposition of long-lived assets in accordance with ASC Topic 360, "Property, Plant, and Equipment" (Topic 360). We test long-lived assets or asset groups, such as property and equipment and definite lived intangible assets, for recoverability when events or changes in circumstances indicate that their carrying amount may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant adverse changes in the business climate or legal factors; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed of before the end of its estimated useful life.

Recoverability is assessed based on comparing the carrying amount of the asset to the aggregate pre-tax undiscounted cash flows expected to result from the use and eventual disposal of the asset or asset group. Impairment is recognized when the carrying amount is not recoverable and exceeds the fair value of the asset or asset group. The impairment loss, if any, is measured as the amount by which the carrying amount exceeds fair value, which for this purpose is based upon the discounted projected future cash flows of the asset or asset group.

We have not recorded any impairment charges for long-lived assets during Fiscal 2013, Fiscal 2012 and Fiscal 2011.

Goodwill

Goodwill represents the excess of the purchase price in a business combination over the fair value of net tangible and intangible assets acquired. The carrying amount of goodwill is periodically reviewed for impairment (at a minimum annually) and whenever events or changes in circumstances indicate that the carrying value of this asset may not be recoverable.

Our operations are analyzed by management and our chief operating decision maker (CODM) as being part of a single industry segment: the design, development, marketing and sales of Enterprise Information Management software and solutions. Therefore, our goodwill impairment assessment is based on the allocation of goodwill to a single reporting unit.

Effective Fiscal 2013, we opted to perform a qualitative assessment to test our reporting unit's goodwill for impairment. Based on our qualitative assessment, if we determine that the fair value of our reporting unit is more likely than not (i.e., a likelihood of more than 50 percent) to be less than its carrying amount, the two step impairment test will be performed. In the first step, we compare the fair value of our reporting unit to its carrying value. If the fair value of the reporting unit exceeds its carrying value, goodwill is not considered impaired and we are not required to perform further testing. If the carrying value of the net assets of our reporting unit exceeds its fair value, then we must perform the second step of the impairment test in order to determine the implied fair value of our reporting unit's goodwill. If the carrying value our reporting unit's goodwill exceeds its implied fair value, then we would record an impairment loss equal to the difference.

Our annual impairment analysis of goodwill was performed as of April 1, 2013. Our qualitative assessment indicated that there were no indications of impairment and the fair value of our reporting unit was in excess of its carrying value and therefore there was no impairment of goodwill required to be recorded for Fiscal 2013 (No impairments were recorded for Fiscal 2012 and Fiscal 2011).

Derivative financial instruments

We use derivative financial instruments to manage foreign currency rate risk. We account for these instruments in accordance with ASC Topic 815, "Derivatives and Hedging" (Topic 815), which requires that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at its fair value as of the reporting date. Topic 815 also requires that changes in our derivative financial instruments' fair values be recognized in earnings; unless specific hedge accounting and documentation criteria are met (i.e. the instruments are accounted for as hedges). We recorded the effective portions of the gain or loss on derivative financial instruments that were designated as cash flow hedges in accumulated other comprehensive income in our accompanying Consolidated Balance Sheets. Any ineffective or excluded portion of a designated cash flow hedge, if applicable, was recognized in our Consolidated Statement of Income.

Asset retirement obligations

We account for asset retirement obligations in accordance with ASC Topic 410, "Asset Retirement and Environmental Obligations" (Topic 410), which applies to certain obligations associated with "leasehold improvements" within our leased office facilities. Topic 410 requires that a liability be initially recognized for the estimated fair value of the obligation when it is incurred. The associated asset retirement cost is capitalized as part of the carrying amount of the long-lived asset and depreciated over the remaining life of the underlying asset and the associated liability is accreted to the estimated fair value of the obligation at the settlement date through periodic accretion charges recorded within general and administrative expenses. When the obligation is settled, any difference between the final cost and the recorded amount is recognized as income or loss on settlement.

Business combinations

We apply the provisions of ASC Topic 805, “Business Combinations” (Topic 805), in the accounting for our acquisitions. It requires us to recognize separately from goodwill the assets acquired and the liabilities assumed at their acquisition date fair values. Goodwill as of the acquisition date is measured as the excess of consideration transferred and the net of the acquisition date fair values of the assets acquired and the liabilities assumed. While we use our best estimates and assumptions to accurately value assets acquired and liabilities assumed at the acquisition date as well as contingent consideration, where applicable, our estimates are inherently uncertain and subject to refinement. As a result, during the measurement period, which may be up to one year from the acquisition date, we record adjustments to the assets acquired and liabilities assumed with the

corresponding offset to goodwill. Upon the conclusion of the measurement period or final determination of the values of assets acquired or liabilities assumed, whichever comes first, any subsequent adjustments are recorded to our consolidated statements of operations.

Costs to exit or restructure certain activities of an acquired company or our internal operations are accounted for as one-time termination and exit costs pursuant to ASC Topic 420, "Exit or Disposal Cost Obligations" (Topic 420) and are accounted for separately from the business combination.

For a given acquisition, we generally identify certain pre-acquisition contingencies as of the acquisition date and may extend our review and evaluation of these pre-acquisition contingencies throughout the measurement period in order to obtain sufficient information to assess whether we include these contingencies as a part of the purchase price allocation and, if so, to determine the estimated amounts.

If we determine that a pre-acquisition contingency (non-income tax related) is probable in nature and estimable as of the acquisition date, we record our best estimate for such a contingency as a part of the preliminary purchase price allocation. We often continue to gather information and evaluate our pre-acquisition contingencies throughout the measurement period and if we make changes to the amounts recorded or if we identify additional pre-acquisition contingencies during the measurement period, such amounts will be included in the purchase price allocation during the measurement period and, subsequently, in our results of operations.

Uncertain tax positions and tax related valuation allowances assumed in connection with a business combination are initially estimated as of the acquisition date. We review these items during the measurement period as we continue to actively seek and collect information relating to facts and circumstances that existed at the acquisition date. Changes to these uncertain tax positions and tax related valuation allowances made subsequent to the measurement period, or if they relate to facts and circumstances that did not exist at the acquisition date, are recorded in our provision for income taxes in our Consolidated Statement of Income.

Revenue recognition

License revenues

We recognize revenues in accordance with ASC Topic 985-605, "Software Revenue Recognition" (Topic 985-605). We record product revenues from software licenses and products when persuasive evidence of an arrangement exists, the software product has been shipped, there are no significant uncertainties surrounding product acceptance by the customer, the fees are fixed and determinable, and collection is considered probable. We use the residual method to recognize revenues on delivered elements when a license agreement includes one or more elements to be delivered at a future date if evidence of the fair value of all undelivered elements exists. If an undelivered element for the arrangement exists under the license arrangement, revenues related to the undelivered element is deferred based on vendor-specific objective evidence (VSOE) of the fair value of the undelivered element.

Our multiple-element sales arrangements include arrangements where software licenses and the associated post contract customer support (PCS) are sold together. We have established VSOE of the fair value of the undelivered PCS element based on the contracted price for renewal PCS included in the original multiple element sales arrangement, as substantiated by contractual terms and our significant PCS renewal experience, from our existing worldwide base. Our multiple element sales arrangements generally include irrevocable rights for the customer to renew PCS after the bundled term ends. The customer is not subject to any economic or other penalty for failure to renew. Further, the renewal PCS options are for services comparable to the bundled PCS and cover similar terms. It is our experience that customers generally exercise their renewal PCS option. In the renewal transaction, PCS is sold on a stand-alone basis to the licensees one year or more after the original multiple element sales arrangement. The exercised renewal PCS price is consistent with the renewal price in the original multiple element sales arrangement, although an adjustment to reflect consumer price changes is not uncommon.

If VSOE of fair value does not exist for all undelivered elements, all revenues are deferred until sufficient evidence exists or all elements have been delivered.

We assess whether payment terms are customary or extended in accordance with normal practice relative to the market in which the sale is occurring. Our sales arrangements generally include standard payment terms. These terms effectively relate to all customers, products, and arrangements regardless of customer type, product mix or arrangement size. Exceptions are only made to these standard terms for certain sales in parts of the world where local

practice differs. In these jurisdictions, our customary payment terms are in line with local practice.

Cloud revenues

Cloud revenues consist of subscription revenues for our software as a service offering. The majority of the contracts for our software as a service offering are based on customers' usage over a period and the revenue associated with those contracts are recognized once the usage has been measured, the fee fixed and determinable and collection is probable. Some of the contracts for our software as a service offering have an established fixed periodic fee and the revenue associated with those contracts are recognized ratably over the term of the contract.

Service revenues

Service revenues consist of revenues from consulting, implementation, training and integration services. These services are set forth separately in the contractual arrangements such that the total price of the customer arrangement is expected to vary as a result of the inclusion or exclusion of these services. For those contracts where the services are not essential to the functionality of any other element of the transaction, we determine VSOE of fair value for these services based upon normal pricing and discounting practices for these services when sold separately. These consulting and implementation services contracts are primarily time and materials based contracts that are, on average, less than six months in length. Revenues from these services are recognized at the time such services are rendered. We also enter into contracts that are primarily fixed fee arrangements wherein the services are not essential to the functionality of a software element. In such cases, the proportional performance method is applied to recognize revenues.

Revenues from training and integration services are recognized in the period in which these services are performed.

Customer support revenues

Customer support revenues consist of revenues derived from contracts to provide PCS to license holders. These revenues are recognized ratably over the term of the contract. Advance billings of PCS are not recorded to the extent that the term of the PCS has not commenced and payment has not been received.

Deferred revenues

Deferred revenues primarily relate to support agreements which have been paid for by customers prior to the performance of those services. Generally, the services will be provided in the twelve months after the signing of the agreement.

Long-term sales contracts

We entered into certain long-term sales contracts involving the sale of integrated solutions that include the modification and customization of software and the provision of services that are essential to the functionality of the other elements in this arrangement. As prescribed by ASC Topic 985-605, we recognize revenues from such arrangements in accordance with the contract accounting guidelines in ASC Topic 605-35, "Construction-Type and Production-Type Contracts" (Topic 605-35), after evaluating for separation of any non-Topic 605-35 elements in accordance with the provisions of ASC Topic 605-25, "Multiple-Element Arrangements" (Topic 605-25). When circumstances exist that allow us to make reasonably dependable estimates of contract revenues, contract costs and the progress of the contract to completion, we account for sales under such long-term contracts using the percentage-of-completion (POC) method of accounting. Under the POC method, progress towards completion of the contract is measured based upon either input measures or output measures. We measure progress towards completion based upon an input measure and calculate this as the proportion of the actual hours incurred compared to the total estimated hours. For training and integration services rendered under such contracts, revenues are recognized as the services are rendered. We will review, on a quarterly basis, the total estimated remaining costs to completion for each of these contracts and apply the impact of any changes on the POC prospectively. If at any time we anticipate that the estimated remaining costs to completion will exceed the value of the contract, the resulting loss will be recognized immediately.

When circumstances exist that prevent us from making reasonably dependable estimates of contract revenues, we account for sales under such long-term contracts using the completed contract method.

Sales to resellers and channel partners

We execute certain sales contracts through resellers and distributors (collectively, resellers) and also large, well-capitalized partners such as SAP AG and Accenture Inc. (collectively, channel partners).

We recognize revenues relating to sales through resellers when all the recognition criteria have been met, in other words, persuasive evidence of an arrangement exists, delivery has occurred in the reporting period, the fee is fixed and determinable, and collectability is probable. Typically, we recognize revenues to resellers only after the reseller communicates the occurrence

of end-user sales to us, since we do not have privity of contract with the end-user. In addition we assess the creditworthiness of each reseller and if the reseller is newly formed, undercapitalized or in financial difficulty any revenues expected to emanate from such resellers are deferred and recognized only when cash is received and all other revenue recognition criteria are met.

We recognize revenues relating to sales through channel partners in the reporting period in which we receive evidence, from the channel partner, of end user sales (collectively, the documentation) and all other revenue recognition criteria have been met. As a result, if the documentation is not received within a given reporting period we recognize the revenues in a period subsequent to the period in which the channel partner completes the sale to the end user.

Rights of return and other incentives

We do not generally offer rights of return or any other incentives such as concessions, product rotation, or price protection and, therefore, do not provide for or make estimates of rights of return and similar incentives.

Research and development costs

Research and development costs internally incurred in creating computer software to be sold, licensed or otherwise marketed are expensed as incurred unless they meet the criteria for deferral and amortization, as described in ASC Topic 985-20, "Costs of Software to be Sold, Leased, or Marketed" (Topic 985-20). In accordance with Topic 985-20, costs related to research, design and development of products are charged to expenses as incurred and capitalized between the dates that the product is considered to be technologically feasible and is considered to be ready for general release to customers. In our historical experience, the dates relating to the achievement of technological feasibility and general release of the product have substantially coincided. In addition, no significant costs are incurred subsequent to the establishment of technological feasibility. As a result, we do not capitalize any research and development costs relating to internally developed software to be sold, licensed or otherwise marketed.

Income taxes

We account for income taxes in accordance with ASC Topic 740, "Income Taxes" (Topic 740). Deferred tax assets and liabilities arise from temporary differences between the tax bases of assets and liabilities and their reported amounts in the consolidated financial statements that will result in taxable or deductible amounts in future years. These temporary differences are measured using enacted tax rates. A valuation allowance is recorded to reduce deferred tax assets to the extent that we consider it is more likely than not that a deferred tax asset will not be realized. In determining the valuation allowance, we consider factors such as the reversal of deferred income tax liabilities, projected taxable income, and the character of income tax assets and tax planning strategies. A change to these factors could impact the estimated valuation allowance and income tax expense.

We account for our uncertain tax provisions by using a two-step approach to recognizing and measuring uncertain tax positions. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not, based solely on the technical merits, that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the appropriate amount of the benefit to recognize. The amount of benefit to recognize is measured as the maximum amount which is more likely than not to be realized. The tax position is derecognized when it is no longer more likely than not that the position will be sustained on audit. On subsequent recognition and measurement the maximum amount which is more likely than not to be recognized at each reporting date will represent the Company's best estimate, given the information available at the reporting date, although the outcome of the tax position is not absolute or final. Upon adopting the revisions in ASC Topic 740, we elected to follow an accounting policy to classify accrued interest related to liabilities for income taxes within the "Interest expense" line and penalties related to liabilities for income taxes within the "Other expense" line of our Consolidated Statements of Income, however, in Fiscal 2012 we changed this policy to recognize both items within the "Provision for (recovery of) Income Taxes" line of our Consolidated Statements of Income (see note 14 for more details).

Fair value of financial instruments

Carrying amounts of certain financial instruments, including cash and cash equivalents, accounts receivable and accounts payable (trade and accrued liabilities) approximate their fair value due to the relatively short period of time between origination of the instruments and their expected realization.

The fair value of our total long-term debt approximates its carrying value.

We apply the provisions of ASC 820, "Fair Value Measurements and Disclosures", to our derivative financial instruments that we are required to carry at fair value pursuant to other accounting standards (see note 15 for more details).

Foreign currency

Our Consolidated Financial Statements are presented in U.S. dollars. In general, the functional currency of our subsidiaries is the local currency. For each subsidiary, assets and liabilities denominated in foreign currencies are translated into U.S. dollars at the exchange rates in effect at balance sheet dates and revenues and expenses are translated at the average exchange rates prevailing during the month of the transaction. The effect of foreign currency translation adjustments not affecting net income are included in Shareholders' equity under the "Cumulative translation adjustment" account as a component of "Accumulated other comprehensive income (loss)". Transactional foreign currency gains (losses) included in the consolidated statements of income under the line item "Other income (expense)" for Fiscal 2013, Fiscal 2012 and Fiscal 2011 were \$(2.6) million, \$3.6 million and \$(6.6) million, respectively.

Restructuring charges

We record restructuring charges relating to contractual lease obligations and other exit costs in accordance with ASC Topic 420, "Exit or Disposal Cost Obligations" (ASC Topic 420). ASC Topic 420 requires that a liability for a cost associated with an exit or disposal activity be recognized and measured initially at its fair value in the period in which the liability is incurred. In order to incur a liability pursuant to ASC Topic 420, our management must have established and approved a plan of restructuring in sufficient detail. A liability for a cost associated with involuntary termination benefits is recorded when benefits have been communicated and a liability for a cost to terminate an operating lease or other contract is incurred when the contract has been terminated in accordance with the contract terms or we have ceased using the right conveyed by the contract, such as vacating a leased facility.

The recognition of restructuring charges requires us to make certain judgments regarding the nature, timing and amount associated with the planned restructuring activities, including estimating sub-lease income and the net recoverable amount of equipment to be disposed of. At the end of each reporting period, we evaluate the appropriateness of the remaining accrued balances (see note 17 for more details).

Litigation

We are currently involved in various claims and legal proceedings. Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure purposes in accordance with the requirements of ASC Topic 450-20 "Loss Contingencies" (Topic 450-20). Specifically, this evaluation process includes the centralized tracking and itemization of the status of all our disputes and litigation items, discussing the nature of any litigation and claim, including any dispute or claim that is reasonably likely to result in litigation, with relevant internal and external counsel, and assessing the progress of each matter in light of its merits and our experience with similar proceedings under similar circumstances.

If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss in accordance with ASC Topic 450-20. As of the date of this filing on Form 10-K for the year ended June 30, 2013, we do not believe that the outcomes of any of these matters, individually or in the aggregate, will result in losses that are materially in excess of amounts already recognized (see note 13 for more details).

Net income per share

Basic net income per share is computed using the weighted average number of Common Shares outstanding including contingently issuable shares where the contingency has been resolved. Diluted net income per share is computed using the weighted average number of Common Shares and stock equivalents outstanding using the treasury stock method during the year (see note 22 for more details).

Share-based payment

We measure share-based compensation costs, in accordance with ASC Topic 718, "Compensation - Stock Compensation" (Topic 718) on the grant date, based on the calculated fair value of the award. We have elected to treat awards with graded vesting as a single award when estimating fair value. Compensation cost is recognized on a straight-line basis over the employee requisite service period, which in our circumstances is the stated vesting period of the award, provided that total compensation cost recognized at least equals the pro rata value of the award that has vested. Compensation cost is initially based on the estimated number of options for which the requisite service is expected to be rendered. This estimate is adjusted in the period once actual forfeitures are known (see note 12 for more details).

Accounting for Pensions, post-retirement and post-employment benefits

Pension expense is accounted for in accordance with ASC Topic 715, “Compensation-Retirement Benefits” (Topic 715). Pension expense consists of: actuarially computed costs of pension benefits in respect of the current year of service, imputed returns on plan assets (for funded plans) and imputed interest on pension obligations. The expected costs of post retirement benefits, other than pensions, are accrued in the financial statements based upon actuarial methods and assumptions. The over-funded or under-funded status of defined benefit pension and other post retirement plans are recognized as an asset or a liability (with the offset to “Accumulated Other Comprehensive Income” within “Shareholders' equity”), respectively, on the Consolidated Balance Sheet (see note 11 for more details).

Recent Accounting Pronouncements

In February 2013, the FASB issued Accounting Standards Update No. 2013-02, “Comprehensive Income (Topic 220)-Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income” (ASU 2013-02), to improve the reporting of reclassifications out of accumulated other comprehensive income. ASU 2013-02 requires an entity to report the effect of significant reclassifications out of accumulated other comprehensive income on the respective line items in net income if the amount being reclassified is required under U.S. GAAP to be reclassified in its entirety to net income. For other amounts that are not required under U.S. GAAP to be reclassified in their entirety from accumulated other comprehensive income to net income in the same reporting period, an entity is required to cross-reference other disclosures required under U.S. GAAP that provide additional detail about those amounts. ASU 2013-02 is effective prospectively for us in our first quarter of our fiscal year ending June 30, 2014 (Fiscal 2014) with earlier adoption permitted. We are currently evaluating the impact of our pending adoption of ASU 2013-02 on our consolidated financial statements.

On July 18, 2013, the FASB issued Accounting Standards Update No. 2013-11, Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists (ASU 2013-11). ASU 2013-11, which is effective prospectively for fiscal years, and interim periods within those years, beginning after December 15, 2013, is expected to reduce diversity in practice by providing guidance on the presentation of unrecognized tax benefits and will better reflect the manner in which an entity would settle at the reporting date any additional income taxes that would result from the disallowance of a tax position when net operating loss carryforwards, similar tax losses, or tax credit carryforwards exist. We are currently evaluating the impact of our pending adoption of ASU 2013-02 on our Consolidated Financial Statements.

NOTE 3—ALLOWANCE FOR DOUBTFUL ACCOUNTS

Balance as of June 30, 2010	\$4,868	
Bad debt expense	2,602	
Write-off /adjustments	(2,046)
Balance as of June 30, 2011	5,424	
Bad debt expense	3,443	
Write-off /adjustments	(3,212)
Balance as of June 30, 2012	5,655	
Bad debt expense	2,431	
Write-off /adjustments	(3,215)
Balance as of June 30, 2013	\$4,871	

Included in accounts receivable are unbilled receivables in the amount of \$34.2 million as of June 30, 2013 (June 30, 2012—\$18.0 million).

The increase in unbilled receivables relates primarily to our cloud services revenue, which is billed to customers on a monthly basis at the commencement of the month immediately following the month the revenue is earned.

NOTE 4—PROPERTY AND EQUIPMENT

	As of June 30, 2013		
	Cost	Accumulated Depreciation	Net
Furniture and fixtures	\$ 11,524	\$(5,645)	) \$ 5,879
Office equipment	1,128	(692)	) 436
Computer hardware	60,666	(40,826)	) 19,840
Computer software	18,169	(10,583)	) 7,586
Leasehold improvements	31,951	(17,656)	) 14,295
Buildings	44,993	(4,665)	) 40,328
Total	\$ 168,431	\$(80,067)	) \$ 88,364

	As of June 30, 2012		
	Cost	Accumulated Depreciation	Net
Furniture and fixtures	\$ 10,828	\$(4,577)	) \$ 6,251
Office equipment	975	(596)	) 379
Computer hardware	48,834	(34,799)	) 14,035
Computer software	13,558	(7,404)	) 6,154
Leasehold improvements	27,643	(13,777)	) 13,866
Buildings	44,034	(3,562)	) 40,472
Total	\$ 145,872	\$(64,715)	) \$ 81,157

NOTE 5—GOODWILL

Goodwill is recorded when the consideration paid for an acquisition of a business exceeds the fair value of identifiable net tangible and intangible assets. The following table summarizes the changes in goodwill since June 30, 2011:

Balance as of June 30, 2011	\$ 832,481
Acquisition of System Solutions Australia Pty Limited (note 18)	2,076
Acquisition of Operitel Corporation (note 18)	4,395
Acquisition of Global 360 Holding Corp. (note 18)	201,934
Adjustments on account of foreign exchange	(652)
Balance as of June 30, 2012	\$ 1,040,234
Acquisition of EasyLink Services International Corporation (note 18)	183,616
Acquisition of Resonate KT Limited (note 18)	12,976
Acquisition of ICCM Professional Services Limited (note 18)	9,865
Adjustments on account of foreign exchange	181
Balance as of June 30, 2013	\$ 1,246,872

NOTE 6—ACQUIRED INTANGIBLE ASSETS

	As of June 30, 2013		
	Cost	Accumulated Amortization	Net
Technology Assets	\$ 557,039	\$ (403,126	) \$ 153,913
Customer Assets	503,781	(294,079	) 209,702
Total	\$ 1,060,820	\$ (697,205	) \$ 363,615
	As of June 30, 2012		
	Cost	Accumulated Amortization	Net
Technology Assets	\$ 473,008	\$ (309,517	) \$ 163,491
Customer Assets	374,396	(225,324	) 149,072
Total	\$ 847,404	\$ (534,841	) \$ 312,563

The weighted average amortization periods for acquired technology and customer intangible assets are approximately six years and seven years, respectively.

The following table shows the estimated future amortization expense for the fiscal years indicated below. This calculation assumes no future adjustments to acquired intangible assets:

	Fiscal years ending June 30,
2014	\$ 106,717
2015	83,017
2016	58,067
2017	40,920
2018 and beyond	74,894
Total	\$ 363,615

NOTE 7—OTHER ASSETS

	As of June 30, 2013	As of June 30, 2012
Debt issuance costs	\$6,340	\$8,463
Deposits and restricted cash	10,205	7,515
Long-term prepaid expenses and other long-term assets	8,537	6,159
Total	\$25,082	\$22,137

Debt issuance costs relate primarily to costs incurred for the purpose of obtaining our term loan and are being amortized over the term of the loan (see note 10). Deposits and restricted cash relate to security deposits provided to landlords in accordance with facility lease agreements and cash restricted per the terms of contractual-based agreements. Long-term prepaid expenses and other long-term assets primarily relate to advance payments on long-term licenses that are being amortized over the applicable terms of the licenses, and a “technology incubator” venture capital fund investment for which the Company holds less than a 20% interest, is a limited partner and does not exert significant influence over management or investment decisions.

NOTE 8—DEFERRED CHARGES AND CREDITS

Deferred charges and credits relate to cash taxes payable and the elimination of deferred tax balances relating to legal entity consolidations completed as part of internal reorganizations of our international subsidiaries. Deferred charges and credits are amortized to income tax expense over a period of six years.

NOTE 9—ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Current liabilities

Accounts payable and accrued liabilities are comprised of the following:

	As of June 30, 2013	As of June 30, 2012
Accounts payable—trade	\$8,776	\$7,574
Accrued salaries and commissions	50,568	50,821
Accrued liabilities	120,981	65,838
Amounts payable in respect of restructuring and other Special charges (note 17)	7,130	7,068
Asset retirement obligations	988	714
Total	\$188,443	\$132,015

The increase in accrued liabilities was primarily due to the acquisition of legacy EasyLink obligations.

Long-term accrued liabilities

	As of June 30, 2013	As of June 30, 2012
Amounts payable in respect of restructuring and other Special charges (note 17)	\$2,919	\$1,803
Other accrued liabilities*	10,172	8,538
Asset retirement obligations	4,758	3,625
Total	\$17,849	\$13,966

* Other accrued liabilities consist primarily of tenant allowances, deferred rent and lease fair value adjustments relating to certain facilities acquired through business acquisitions.

Asset retirement obligations

We are required to return certain of our leased facilities to their original state at the conclusion of our lease. We have accounted for such obligations in accordance with ASC Topic 410 “Asset Retirement and Environmental Obligations” (ASC Topic 410). As of June 30, 2013, the present value of this obligation was \$5.7 million (June 30, 2012—\$4.3 million), with an undiscounted value of \$6.1 million (June 30, 2012—\$4.8 million).

NOTE 10—LONG-TERM DEBT

Long-term debt

Long-term debt is comprised of the following:

	As of June 30, 2013	As of June 30, 2012
Long-term debt		
Term Loan	\$555,000	\$585,000
Mortgage	10,492	11,374
	565,492	596,374
Less:		
Current portion of long-term debt		
Term Loan	41,250	30,000
Mortgage	10,492	11,374
	51,742	41,374
Non current portion of long-term debt	\$513,750	\$555,000
Term Loan and Revolver		

Our credit facility consists of a \$600 million term loan facility (the Term Loan) and a \$100 million committed revolving credit facility (the Revolver). Borrowings under the credit agreement are secured by a first charge over substantially all of our assets. We entered into and borrowed the full amount under the Term Loan from this credit agreement on November 9, 2011.

The Term Loan has a five year term and repayments made under the Term Loan are equal to 1.25% of the original principal amount at each quarter for the first 2 years, 1.88% for years 3 and 4 and 2.5% for year 5. The Term Loan bears interest at a floating rate of LIBOR plus 2.25% starting in the last quarter of Fiscal 2013. For Fiscal 2012 and the first nine months of Fiscal 2013 interest was at a floating rate of LIBOR plus 2.5%. For the year ended June 30, 2013, we recorded interest expense of \$15.5 million relating to the Term Loan (June 30, 2012—\$10.9 million).

For the year ended June 30, 2012, we recorded interest expense of \$2.7 million relating to our previously outstanding term loan (June 30, 2011—\$7.3 million).

The Revolver has a five year term with no fixed repayment date prior to the end of the term. As of June 30, 2013, we have not drawn any amounts on the Revolver.

Mortgage

We currently have an "open" mortgage with a bank where we can pay all or a portion of the mortgage on or before August 1, 2014. The original principal amount of the mortgage was Canadian \$15.0 million and interest accrues monthly at a variable rate of Canadian prime plus 0.50%. Principal and interest are payable in monthly installments of Canadian \$0.1 million with a final lump sum principal payment due on maturity. The mortgage is secured by a lien on our headquarters in Waterloo, Ontario, Canada. We first entered into this mortgage in December 2005.

As of June 30, 2013, the carrying value of the mortgage was \$10.5 million (June 30, 2012—\$11.4 million).

As of June 30, 2013, the carrying value of the Waterloo building that secures the mortgage was \$16.1 million (June 30, 2012—\$16.3 million).

For the year ended June 30, 2013, we recorded interest expense of \$0.4 million relating to the mortgage (June 30, 2012—\$0.4 million, June 30, 2011—\$0.6 million).

NOTE 11—PENSION PLANS AND OTHER POST RETIREMENT BENEFITS

The following table provides details of our defined benefit pension plans and long-term employee benefit obligations for Open Text Document Technologies GmbH (CDT) and Open Text Software GmbH (IXOS) as of June 30, 2013 and June 30, 2012:

	As of June 30, 2013		
	Total benefit obligation	Current portion of benefit obligation*	Non-current portion of benefit obligation
CDT defined benefit plan	\$23,871	\$535	\$ 23,336
CDT anniversary plan	425	49	376
CDT early retirement plan	—	—	—
IXOS defined benefit plans	797	—	797
Total	\$25,093	\$584	\$ 24,509

	As of June 30, 2012		
	Total benefit obligation	Current portion of benefit obligation*	Non-current portion of benefit obligation
CDT defined benefit plan	\$21,461	\$475	\$ 20,986
CDT anniversary plan	457	67	390
CDT early retirement plan	69	69	—
IXOS defined benefit plans	698	—	698
Total	\$22,685	\$611	\$ 22,074

* The current portion of the benefit obligation has been included within "Accounts payable and accrued liabilities" in the Consolidated Balance Sheets.

CDT Defined Benefit Plan

CDT sponsors an unfunded defined benefit pension plan covering substantially all CDT employees (CDT pension plan) which provides for old age, disability and survivors' benefits. Benefits under the CDT pension plan are generally based on age at retirement, years of service and the employee's annual earnings. The net periodic cost of this pension plan is determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and estimated service costs.

The following are the details of the change in the benefit obligation for the CDT pension plan for the periods indicated:

	As of June 30, 2013	As of June 30, 2012
Benefit obligation—as of June 30, 2012	\$21,461	\$18,231
Service cost	457	326
Interest cost	888	873
Benefits paid	(466	) (441
Actuarial loss	278	5,179
Foreign exchange (gain) loss	1,253	(2,707
Benefit obligation—as of June 30, 2013	23,871	21,461
Less: Current portion	(535	) (475
Non current portion of benefit obligation	\$23,336	\$20,986

The following are the details of net pension expense for the CDT pension plan for the periods indicated:

	Year Ended June 30,		
	2013	2012	2011
Pension expense:			
Service cost	\$457	\$326	\$350
Interest cost	888	873	868
Amortization of actuarial gains and losses	277	—	—
Net pension expense	\$1,622	\$1,199	\$1,218

The CDT pension plan is an unfunded plan and therefore no contributions have been made since the inception of the plan. Actuarial gains and losses in excess of 10% of the greater of the projected benefit obligation or the market-related value of plan obligations are being amortized and recognized as a component of net periodic benefit costs over the average remaining service period of the plan's active employees. There is approximately \$0.3 million in accumulated other comprehensive income related to the CDT pension plan that is expected to be recognized as a component of net periodic benefit costs over the next fiscal year.

In determining the fair value of the CDT pension plan benefit obligations as of June 30, 2013 and June 30, 2012, respectively, we used the following weighted-average key assumptions:

	As of June 30, 2013	As of June 30, 2012		
Assumptions:				
Salary increases	2.50	% 2.50		%
Pension increases	2.00	% 2.00		%
Discount rate	3.50	% 4.00		%
Employee fluctuation rate:				
to age 30	1.00	% 1.00		%
to age 35	0.50	% 0.50		%
to age 40	—	% —		%
to age 45	0.50	% 0.50		%
to age 50	0.50	% 0.50		%
from age 51	1.00	% 1.00		%

Anticipated pension payments under the CDT pension plan for the fiscal years indicated below are as follows:

	Fiscal years ending June 30,
2014	\$535
2015	591
2016	654
2017	728
2018	780
2019 to 2023	5,137
Total	\$8,425

CDT Anniversary Plan

CDT's long-term employee benefit obligations arise under CDT's "anniversary plan". The obligation is unfunded and is carried at its fair value.

IXOS Defined Benefit Plans

Included in our pension liability, as of June 30, 2013, is a net amount of \$0.8 million (June 30, 2012—\$0.7 million) that relates to two IXOS defined benefit pensions plans (IXOS pension plans) in connection with certain former members of the IXOS Board of Directors and certain IXOS employees, respectively. The net periodic pension cost with respect

to the IXOS

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pension plans is determined using the projected unit credit method and several actuarial assumptions, the most significant of which are the discount rate and the expected return on plan assets.

NOTE 12—SHARE CAPITAL, OPTION PLANS AND SHARE-BASED PAYMENTS

Share Capital

Our authorized share capital includes an unlimited number of Common Shares and an unlimited number of Preference Shares. No Preference Shares have been issued.

Treasury Stock

During the year ended June 30, 2013 we did not repurchase any of our Common Shares for potential future reissuance under our Long Term Incentive Plans (LTIP) or otherwise (June 30, 2012—repurchased 221,081 Common Shares for \$10.9 million, June 30, 2011— repurchased 264,834 Common Shares for \$12.5 million).

During the year ended June 30, 2013, we issued 182,616 Common Shares from treasury stock in connection with the settlement of awards granted under our Fiscal 2012 LTIP (June 30, 2012—nil). See below for more details regarding this settlement.

Dividend

In June 2013 we declared a dividend of \$0.30 per Common Share as part of a policy, announced in April 2013, to pay non-cumulative quarterly dividends to the holders of our Common Shares.

Option Plans

A summary of stock options outstanding under our various Stock Option Plans is set forth below. All numbers shown in the chart below have been adjusted, where applicable, to account for the two-for-one stock split that occurred on October 22, 2003.

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	1998 Stock Option Plan	2004 Stock Option Plan	Centrinity Stock Option Plan	Gauss Stock Option Plan	Hummingbird Stock Option Plan	IXOS Stock Option Plan	Vista Stock Option Plan
Date of inception	Jun-98	Oct-04	Jan-03	Jan-04	Oct-06	Mar-04	Sep-04
Eligibility	Eligible employees and directors, as determined by the Board of Directors	Eligible employees, as determined by the Board of Directors	Eligible employees, consultants and directors, as determined by the Board of Directors	Eligible employees as determined by the Board of Directors	Eligible employees, and consultants of Hummingbird Inc.	Eligible employees as determined by the Board of Directors	Former employees, and consultants of Vista Inc.
Options granted to date	7,914,290	4,575,445	414,968	51,000	355,675	210,000	43,500
Options exercised to date	(5,254,180)	(2,204,850)	(401,468)	(38,000)	(25,309)	(59,250)	(24,625)
Options cancelled to date	(2,555,110)	(686,875)	(13,500)	(13,000)	(319,695)	(144,750)	(18,875)
Options outstanding	105,000	1,683,720	—	—	10,671	6,000	—
Termination grace periods	Immediately “for cause”; 90 days for any other reason; 180 days due to death	Immediately “for cause”; 90 days for any other reason; 180 days due to death	Immediately “for cause”; 90 days for any other reason; 180 days due to death	Immediately “for cause”; 90 days for any other reason; 180 days due to death	Immediately “for cause”; 90 days for any other reason; 180 days due to death	Immediately “for cause”; 90 days for any other reason; 180 days due to death	Immediately “for cause”; 90 days for any other reason; 180 days due to death
Vesting schedule	25% per year, unless otherwise specified	25% per year, unless otherwise specified	25% per year, unless otherwise specified	25% per year, unless otherwise specified	25% per year, unless otherwise specified	25% per year, unless otherwise specified	25% per year, unless otherwise specified
Exercise price range	\$17.41 - \$31.35	\$27.70 - \$63.51	n/a	n/a	\$18.36 - \$27.75	\$26.24 - \$26.24	n/a
Expiration dates	12/11/2013 to 2/3/2016	5/1/2015 to 4/26/2020	n/a	n/a	10/2/2013 to 10/2/2013	1/27/2014 to 1/27/2014	n/a

The following table summarizes information regarding stock options outstanding at June 30, 2013:

Range of Exercise Prices	Options Outstanding			Options Exercisable		
	Number of Options Outstanding as of June 30, 2013	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Options Exercisable as of June 30, 2013	Weighted Average Exercise Price	
17.41 - 34.50	347,921	1.98	\$29.67	347,921	\$29.67	
37.22 - 46.70	296,800	5.03	44.63	120,550	43.90	
48.39 - 52.44	323,125	5.46	51.99	116,875	51.31	

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52.74	- 58.20	277,545	6.26	53.85	—	—
59.27	- 59.27	67,500	6.58	59.27	—	—
60.35	- 60.35	420,000	5.60	60.35	85,000	60.35
61.63	- 63.51	72,500	6.59	63.45	2,500	61.63
17.41	- 63.51	1,805,391	4.96	\$49.44	672,846	\$39.97

Share-Based Payments

Total share-based compensation expense for the periods indicated below is detailed as follows:

	Year Ended June 30,		
	2013	2012	2011
Stock options	\$5,751	\$4,567	\$3,546
Performance Share Units (issued under LTIP)	6,998	12,842	7,343
Restricted Share Units (issued under LTIP)	1,283	—	—
Restricted Share Units (other)	549	243	—
Deferred Share Units (directors)	985	415	295
Restricted Stock Awards (legacy Vignette employees)	9	30	124
Total share-based compensation expense	\$15,575	\$18,097	\$11,308

Summary of Outstanding Stock Options

As of June 30, 2013, options to purchase an aggregate of 1,805,391 Common Shares were outstanding and 2,652,250 Common Shares were available for issuance under our stock option plans. Our stock options generally vest over four years and expire between seven and ten years from the date of the grant. The exercise price of the options is set at an amount that is not less than the closing price of our Common Shares on the NASDAQ on the trading day immediately preceding the applicable grant date.

A summary of activity under our stock option plans for the year ended June 30, 2013 and 2012 is as follows:

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (\$'000s)
Outstanding at June 30, 2012	2,147,151	\$40.07		
Granted	430,045	56.29		
Exercised	(627,305)	) 22.64		
Forfeited or expired	(144,500)	) 46.94		
Outstanding at June 30, 2013	1,805,391	\$49.44	4.96	\$ 34,355
Exercisable at June 30, 2013	672,846	\$39.97	3.44	\$ 19,174

	Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (years)	Aggregate Intrinsic Value (\$'000s)
Outstanding at June 30, 2011	2,277,733	\$24.51		
Granted	944,500	54.84		
Exercised	(1,022,556)	) 18.79		
Forfeited or expired	(52,526)	) 45.05		
Outstanding at June 30, 2012	2,147,151	\$40.07	4.34	\$ 26,541
Exercisable at June 30, 2012	960,151	\$25.92	2.33	\$ 23,093

We estimate the fair value of stock options using the Black-Scholes option-pricing model, consistent with the provisions of ASC Topic 718, "Compensation—Stock Compensation" (ASC Topic 718) and SEC Staff Accounting Bulletin No. 107. The option-pricing models require input of subjective assumptions, including the estimated life of the option and the expected volatility of the underlying stock over the estimated life of the option. We use historical volatility as a basis for projecting the expected volatility of the underlying stock and estimate the expected life of our stock options based upon historical data.

We believe that the valuation technique and the approach utilized to develop the underlying assumptions are appropriate in calculating the fair value of our stock option grants. Estimates of fair value are not intended, however, to predict actual future events or the value ultimately realized by employees who receive equity awards.

For the periods indicated, the weighted-average fair value of options and weighted-average assumptions used were as follows:

	Year Ended June 30,			
	2013	2012	2011	
Weighted-average fair value of options granted	\$16.78	\$19.39	\$17.89	
Weighted-average assumptions used:				
Expected volatility	37	% 41	% 40	%
Risk-free interest rate	0.66	% 0.69	% 1.70	%
Expected dividend yield	0.3	% —	% —	%
Expected life (in years)	4.35	4.62	4.30	
Forfeiture rate (based on historical rates)	5	% 5	% 5	%
Average exercised share price	\$56.29	\$49.79	\$51.24	

As of June 30, 2013, the total compensation cost related to the unvested stock option awards not yet recognized was \$17.1 million, which will be recognized over a weighted-average period of approximately 3.2 years.

No cash was used by us to settle equity instruments granted under share-based compensation arrangements.

We have not capitalized any share-based compensation costs as part of the cost of an asset in any of the periods presented.

For the year ended June 30, 2013, cash in the amount of \$14.2 million was received as the result of the exercise of options granted under share-based payment arrangements. The tax benefit realized by us during the year ended June 30, 2013 from the exercise of options eligible for a tax deduction was \$1.3 million.

For the year ended June 30, 2012, cash in the amount of \$19.2 million was received as the result of the exercise of options granted under share-based payment arrangements. The tax benefit realized by us during the year ended June 30, 2012 from the exercise of options eligible for a tax deduction was \$3.7 million.

For the year ended June 30, 2011, cash in the amount of \$10.1 million was received as the result of the exercise of options granted under share-based payment arrangements. The tax benefit realized by us during the year ended June 30, 2011 from the exercise of options eligible for a tax deduction was \$2.8 million.

Long-Term Incentive Plans

On September 10, 2007, our Board of Directors (the Board) approved the implementation of an incentive plan called the “Open Text Corporation Long-Term Incentive Plan” (LTIP). The LTIP is a rolling three year program that grants eligible employees a certain number of target Performance Share Units (PSUs) and/or Restricted Share Units (RSUs). Target PSUs become vested upon the satisfaction of certain financial and/or operational performance criteria (the Performance Conditions) that are determined at the time of the grant. Target RSUs become vested when an eligible employee remains employed throughout the vesting period. LTIP grants that have recently vested, or which are still not vested, are described below. LTIP grants will be referred to in this Annual Report on Form 10-K based upon the year in which the grants are expected to vest and be settled.

Grants made in Fiscal 2010 under the LTIP (Fiscal 2012 LTIP) took effect in Fiscal 2010 starting on March 31, 2010. Grants made under the Fiscal 2012 LTIP consisted of PSUs and the Performance Conditions for vesting related to these grants were a combination of market and performance based conditions. We met some of the Performance Conditions and settled the Fiscal 2012 LTIP by issuing 182,616 Common Shares from treasury stock in the three months ended December 31, 2012, with a cost of approximately \$8.3 million.

Grants made in Fiscal 2011 under the LTIP (Fiscal 2013 LTIP) took effect in Fiscal 2011 starting on October 29, 2010. Grants made under the Fiscal 2013 LTIP consisted of PSUs and the Performance Conditions for vesting relating to these grants are a combination of market and performance based conditions. We expect to settle the Fiscal 2013 LTIP awards in stock.

Grants made in Fiscal 2012 under the LTIP (Fiscal 2014 LTIP) took effect in Fiscal 2012 starting on February 3, 2012. Grants made under the Fiscal 2014 LTIP consisted of PSUs and the Performance Conditions for vesting relating to these grants are based solely on market conditions. We expect to settle the Fiscal 2014 LTIP awards in stock.

Grants made in Fiscal 2013 under the LTIP (Fiscal 2015 LTIP) took effect in Fiscal 2013 starting on November 2, 2012 for the RSUs and December 3, 2012 for the PSUs. The Performance Conditions for vesting of the PSUs are

based solely upon

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market conditions. RSUs granted are employee service-based awards and vest over the life of the LTIP. We expect to settle the Fiscal 2015 LTIP awards in stock.

PSUs and RSUs granted under the LTIPs have been measured at fair value as of the effective date, consistent with ASC Topic 718, and will be charged to share-based compensation expense over the remaining life of the plan. Stock options granted under the LTIPs have been measured using the Black-Scholes option-pricing model, consistent with ASC Topic 718. We estimate the fair value of PSUs using the Monte Carlo pricing model and RSUs have been valued based upon their grant date fair value.

Expected and actual stock compensation expense for each of the above mentioned LTIP plans is as follows:

Grants Made Under LTIP	Equity Instrument	Grant Date	End Date	Expected Total LTIP Expense	Year Ended June 30,		
					2013	2012	2011
Fiscal 2012 LTIP	PSU	3/31/2010	9/15/2012	17,314	579	9,284	5,964
Fiscal 2013 LTIP	PSU	10/29/2010	9/15/2013	6,489	2,999	1,896	1,379
Fiscal 2014 LTIP	PSU	2/3/2012	9/15/2014	8,046	2,832	1,662	—
Fiscal 2015 LTIP	PSU	12/3/2012	9/15/2015	2,858	588	—	—
Fiscal 2015 LTIP	RSU	11/2/2012	9/15/2015	5,599	1,283	—	—
				40,306	8,281	12,842	7,343

Of the total compensation cost of \$40.3 million noted in the table above, \$30.0 million has been recognized to date and the remaining expected total compensation cost of \$10.3 million is expected to be recognized over a weighted average period of 1.9 years.

Employee Share Purchase Plan (ESPP)

During the year ended June 30, 2013, cash in the amount of approximately \$2.1 million, was received from employees that will be used to purchase Common Shares in future periods (June 30, 2012—\$2.1 million, June 30, 2011—\$1.4 million).

NOTE 13—GUARANTEES AND CONTINGENCIES

We have entered into the following contractual obligations with minimum payments for the indicated fiscal periods as follows:

	Payments due between				
	Total	Period ending June 30, 2014	July 1, 2014—June 30, 2016	July 1, 2016—June 30, 2018	July 1, 2018 and beyond
Long-term debt obligations	\$604,886	\$65,092	\$124,367	\$415,427	\$—
Operating lease obligations*	157,876	35,894	56,032	33,496	32,454
Purchase obligations	7,778	4,605	2,864	309	—
	\$770,540	\$105,591	\$183,263	\$449,232	\$32,454

*Net of \$2.0 million of sublease income to be received from properties which we have subleased to third parties.

Guarantees and Indemnifications

We have entered into agreements with customers which may include provisions for indemnifying our customers for legal claims that our software products infringe certain third party intellectual property rights and for liabilities related to breaches of our confidentiality obligations. We have not made any material payments in relation to such indemnification provisions and have not accrued any liabilities related to these indemnification provisions in our Consolidated Financial Statements.

Litigation

J2 Litigation

j2 Global, Inc. and its wholly-owned subsidiary Advanced Messaging Technologies, Inc. (collectively “j2”) had filed several patent infringement lawsuits alleging that OpenText and its subsidiaries and predecessors-in-interest, Captaris,

Inc.

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(Captaris) and EasyLink Services International Corporation and Xpedite Services LLC (collectively "EasyLink"), were infringing U.S. Patent Nos. 6,208,638, 6,597,688, 7,020,132, 6,350,066, and 6,020,980 by offering fax-related products. j2 had sought injunctions, royalties and damages in this matter.

Through the recent acquisition of EasyLink, OpenText inherited complete carriage of the defense of these cases, which were pending in the United States District Court for the Central District of California. In each of the cases, OpenText and its subsidiaries or predecessors-in-interest had asserted defenses and counterclaims contending that the patents are invalid and not infringed.

OpenText and j2 entered, on April 23, 2013, into a settlement in relation to these disputes, the terms of which include a one-time fee payable by OpenText to j2 of \$27.0 million (\$16.4 million net of taxation impacts to Open Text), and dismissal of all the lawsuits between the parties with prejudice. The settlement in the amount of \$27.0 million was paid by us to j2 in the fourth quarter of Fiscal 2013.

Other Litigation

We are currently involved in various claims and legal proceedings.

Quarterly, we review the status of each significant legal matter and evaluate such matters to determine how they should be treated for accounting and disclosure purposes in accordance with the requirements of ASC Topic 450-20 "Loss Contingencies" (ASC Topic 450-20). Specifically, this evaluation process includes the centralized tracking and itemization of the status of all our disputes and litigation items, discussing the nature of any litigation and claim, including any dispute or claim that is reasonably likely to result in litigation, with relevant internal and external counsel, and assessing the progress of each matter in light of its merits and our experience with similar proceedings under similar circumstances.

If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, we accrue a liability for the estimated loss in accordance with ASC Topic 450-20. As of the date of this filing on Form 10-K for the year ended June 30, 2013, we do not believe that the outcomes of any of these matters, individually or in the aggregate, will result in losses that are materially in excess of amounts already recognized.

Contingencies

EasyLink is currently being assessed by the New York State Department of Taxation and Finance (the Department) for the potential applicability of telecommunications excise and franchise taxes to its New York State revenues for certain pre-acquisition EasyLink revenue. The potential exposure under this assessment, based upon the notice issued by the Department, is approximately \$10.5 million.

In addition, in July 2009 EasyLink was assessed approximately \$0.5 million in tax, interest and penalties for sales tax in New York State for the period between March 2001 and May 2004. EasyLink had posted a bond in this amount and was pursuing a judicial appeal of the July 2009 decision with New York State Court of Appeals. On June 25, 2013 we were advised by New York State that the motion for leave to appeal was denied. New York State sales tax audits are also currently underway for subsequent periods from June 2004 through to February 2011. We intend to vigorously contest any future assessments based on facts and circumstances relating to business operations during this timeframe. However, we believe we have established sufficient reserves for this matter. The results of these audits for subsequent periods, and the potential sales tax exposure for EasyLink, could be significantly influenced by the outcome of the above referenced sales tax decision.

OpenText intends to vigorously defend against these assessments.

NOTE 14—INCOME TAXES

Our effective tax rate represents the net effect of the mix of income earned in various tax jurisdictions that are subject to a wide range of income tax rates.

The following is a geographical breakdown of income before the provision for income taxes:

	Year Ended June 30,		
	2013	2012	2011
Domestic income	\$ (20,525	) \$ (13,064	) \$ 9,039
Foreign income	198,735	150,409	127,095
Income before income taxes	\$ 178,210	\$ 137,345	\$ 136,134

The provision for income taxes consisted of the following:

	Year Ended June 30,		
	2013	2012	2011
Current income taxes:			
Domestic	\$747	\$6,147	\$5,693
Foreign	34,739	84,816	25,017
	35,486	90,963	30,710
Deferred income taxes (recoveries):			
Domestic	3,126	6,470	1,351
Foreign	(8,922)	(85,262)	(19,130)
	(5,796)	(78,792)	(17,779)
Provision for income taxes	\$29,690	\$12,171	\$12,931

A reconciliation of the combined Canadian federal and provincial income tax rate with our effective income tax rate is as follows:

	Year Ended June 30,			
	2013	2012	2011	
Expected statutory rate	26.5	% 27.25	% 29.25	%
Expected provision for income taxes	\$47,226	\$37,427	\$39,819	
Effect of foreign tax rate differences	(27,026)	(21,496)	(10,258))
Change in valuation allowance	2,082	15,536	(4,840))
Amortization of deferred charges	10,922	11,112	8,535	
Effect of permanent differences	6,008	6,902	1,577	
Effect of Canadian to US dollar functional currency election	—	(5,887)	—)
Withholding taxes and other items	(2,093)	1,473	(5,177))
Impact of internal reorganization of subsidiaries and integration of acquisitions	(7,429)	(32,896)	(16,725))
	\$29,690	\$12,171	\$12,931	

Substantially all the tax rate differential for international jurisdictions was driven by earnings in Luxembourg. An additional impact on the difference in our consolidated tax rate from the statutory Canadian tax rate was from tax benefits relating to the internal reorganization of certain recently acquired international subsidiaries wherein a change in the tax status of those subsidiaries resulted in both a significant reduction of deferred tax liabilities related to acquired intangibles and a corresponding reduction in income tax expense.

The effective tax rate (which is the provision for taxes expressed as a percentage of net income before taxes) increased to 16.6% for Fiscal 2013 from 8.9% for Fiscal 2012 primarily due to greater tax benefits realized in Fiscal 2012 relating to the internal reorganization of the acquired international subsidiaries and a Canadian election to file tax returns in U.S. dollar functional currency. The Fiscal 2013 tax expense also includes an increase in tax expense related to the impact of adjustments in the United States and Australia upon filing of tax returns, which is offset by tax benefits achieved on account of tax years becoming statute barred for purposes of uncertain tax positions, as well as a decrease in the impact of valuation allowances. The remainder of the differences are due to normal course movements and non material items.

We have approximately \$22.1 million of domestic non-capital loss carryforwards. In addition, we have \$160.0 million of foreign non-capital loss carryforwards of which \$109.6 million have no expiry date. The remainder of the domestic and foreign losses expires between 2014 and 2033. In addition, investment tax credits of \$36.3 million will expire between 2018 and 2033.

The primary components of the deferred tax assets and liabilities are as follows, for the periods indicated below:

	June 30, 2013	2012	
Deferred tax assets			
Non-capital loss carryforwards	\$55,946	\$47,516	
Capital loss carryforwards	3,010	3,002	
Undeducted scientific research and development expenses	72,555	60,415	
Depreciation and amortization	16,331	12,049	
Restructuring costs and other reserves	20,325	11,274	
Deferred revenue	58,471	55,267	
Other	11,066	3,544	
Total deferred tax asset	\$237,704	\$193,067	
Valuation allowance	\$(80,778)	\$(63,431))
Deferred tax liabilities			
Scientific research and development tax credits	\$(7,484)	\$(8,695))
Deferred credits	—	(906))
Acquired intangibles	(55,128)	(11,040))
Other	(18,336)	(18,181))
Deferred tax liabilities	\$(80,948)	\$(38,822))
Net deferred tax asset (liability)	\$75,978	\$90,814	
Comprised of:			
Current assets	\$11,082	\$4,003	
Long-term assets	135,695	115,128	
Current liabilities	(1,127)	(1,612))
Long-term liabilities	(69,672)	(26,705))
	\$75,978	\$90,814	

We believe that sufficient uncertainty exists regarding the realization of certain deferred tax assets that a valuation allowance is required. We continue to evaluate our taxable position quarterly and consider factors by taxing jurisdiction, including but not limited to factors such as estimated taxable income, any historical experience of losses for tax purposes and the future growth of OpenText.

The aggregate changes in the balance of our gross unrecognized tax benefits (including interest and penalties) were as follows:

Unrecognized tax benefits as of July 1, 2011	\$132,892	
Increases on account of current year positions	5,279	
Increases on account of prior year positions*	65,994	
Decreases due to settlements with tax authorities	(4,935))
Decreases due to lapses of statutes of limitations	(42,949))
Unrecognized tax benefits as of July 1, 2012	\$156,281	
Increases on account of current year positions	5,736	
Increases on account of prior year positions**	22,017	
Decreases due to settlements with tax authorities	(5,138))
Decreases due to lapses of statutes of limitations	(29,993))
Unrecognized tax benefits as of June 30, 2013	\$148,903	

* Included in these balances as of June 30, 2012 are acquired balances of \$0.4 million relating to the acquisition of Global 360.

** Included in these balances as of June 30, 2013 are acquired balances of \$8.8 million relating to the acquisition of EasyLink.

Included in the above tabular reconciliation are unrecognized tax benefits of \$8.8 million relating to deferred tax assets in jurisdictions in which these deferred tax assets are offset with valuation allowances. The net unrecognized tax benefit excluding these deferred tax assets is \$140.1 million as of June 30, 2013 (\$149.5 million as of June 30, 2012).

We recognize interest expense and penalties related to income tax matters in income tax expense.

For the year ended June 30, 2013, we recognized the following amounts as income tax-related interest expense and penalties:

	Year Ended June 30,		
	2013	2012	2011
Interest expense	\$ (736	) \$ 9,383	\$ 3,387
Penalties expense (recovery)	65	(10,764	) 75
Total	\$ (671	) \$ (1,381	) \$ 3,462

As of June 30, 2013 and June 30, 2012, the following amounts have been accrued on account of income tax-related interest expense and penalties:

	As of June 30, 2013	As of June 30, 2012
Interest expense accrued *	\$ 18,210	\$ 19,316
Penalties accrued *	\$ 6,045	\$ 4,040

* These balances have been included within "Long-term income taxes payable" within the Consolidated Balance Sheets.

Included in the accrual balances as of June 30, 2013 are accrued interest expense and penalties of \$0.4 million and \$1.9 million, respectively, relating to the acquisition of EasyLink.

We believe that it is reasonably possible that the gross unrecognized tax benefits, as of June 30, 2013, could decrease tax expense in the next 12 months by \$3.8 million, relating primarily to the expiration of competent authority relief and tax years becoming statute barred for purposes of future tax examinations by local taxing jurisdictions.

Our four most significant tax jurisdictions are Canada, the United States, Luxembourg and Germany. Our tax filings remain subject to examination by applicable tax authorities for a certain length of time following the tax year to which those filings relate. Tax years that remain open to examinations by local taxing authorities vary by jurisdiction up to ten years.

We are subject to tax examinations in all major taxing jurisdictions in which we operate and currently have examinations open in Canada, the United States, France, Spain, Germany, and India. On a quarterly basis we assess the status of these examinations and the potential for adverse outcomes to determine the adequacy of the provision for income and other taxes.

We believe that we have adequately provided for any reasonably foreseeable outcomes related to our tax examinations and that any settlement will not have a material adverse effect on our consolidated financial position or results of operations. However, we cannot predict with any level of certainty the exact nature of any future possible settlements. As at June 30, 2013, we have not provided for additional foreign withholding taxes or deferred income tax liabilities for temporary differences related to the undistributed earnings of our non-Canadian subsidiaries other than certain United States subsidiaries, since such earnings are considered permanently invested in those subsidiaries, or are not subject to withholding taxes. It is not practicable to reasonably estimate the amount of additional deferred income tax liabilities or foreign withholding taxes that may be payable should these earnings be distributed in the future. We do plan to make periodic repatriations that will be subject to withholding taxes from certain United States subsidiaries and have accrued additional tax cost attributable to these distributions in the amount of \$0.4 million (June 30, 2012—nil).

NOTE 15—FAIR VALUE MEASUREMENTS

ASC Topic 820 “Fair Value Measurements and Disclosures” (ASC Topic 820) defines fair value, establishes a framework for measuring fair value, and addresses disclosure requirements for fair value measurements. Fair value is the price that would be received upon sale of an asset or paid upon transfer of a liability in an orderly transaction between market participants at the measurement date and in the principal or most advantageous market for that asset or liability. The fair value, in this context, should be calculated based on assumptions that market participants would use in pricing the asset or liability, not on assumptions specific to the entity. In addition, the fair value of liabilities should include consideration of non-performance risk, including our own credit risk.

In addition to defining fair value and addressing disclosure requirements, ASC Topic 820 establishes a fair value hierarchy for valuation inputs. The hierarchy prioritizes the inputs into three levels based on the extent to which inputs used in measuring fair value are observable in the market. Each fair value measurement is reported in one of the three levels which are determined by the lowest level input that is significant to the fair value measurement in its entirety. These levels are:

Level 1—inputs are based upon unadjusted quoted prices for identical instruments traded in active markets.

Level 2—inputs are based upon quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, and model-based valuation techniques for which all significant assumptions are observable in the market or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3—inputs are generally unobservable and typically reflect management’s estimates of assumptions that market participants would use in pricing the asset or liability. The fair values are therefore determined using model-based techniques that include option pricing models, discounted cash flow models, and similar techniques.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis:

Our financial assets and liabilities measured at fair value on a recurring basis consisted of the following types of instruments as of June 30, 2013 and June 30, 2012:

	June 30, 2013			June 30, 2012				
	June 30, 2013	Fair Market Measurements using: Quoted prices in active markets for identical assets/ (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	June 30, 2012	Fair Market Measurements using: Quoted prices in active markets for identical assets/ (liabilities) (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial Assets:								
Derivative financial instrument asset (liability) (note 16)	\$(3,170)	n/a	\$ (3,170)	n/a	\$283	n/a	\$ 283	n/a
	\$(3,170)	n/a	\$ (3,170)	n/a	\$283	n/a	\$ 283	n/a

Our valuation techniques used to measure the fair values of the derivative instruments, the counterparty to which has high credit ratings, were derived from pricing models including discounted cash flow techniques, with all significant inputs derived from or corroborated by observable market data, as no quoted market prices exist for the derivative instruments. Our discounted cash flow techniques use observable market inputs, such as foreign currency spot and forward rates.

Our cash and cash equivalents, along with our accounts receivable and accounts payable and accrued liabilities balances, are measured and recognized in our consolidated financial statements at an amount which approximates their fair value (a Level 3 measurement) due to their short maturities.

Assets and Liabilities Measured at Fair Value on a Nonrecurring Basis

We measure certain assets at fair value on a nonrecurring basis. These assets are recognized at fair value when they are deemed to be other-than-temporarily impaired. During the years ended June 30, 2013 and June 30, 2012, no indications of impairment were identified and therefore no fair value measurements were required.

If applicable, we will recognize transfers into and out of levels within the fair value hierarchy at the end of the reporting period in which the actual event or change in circumstance occurs. During the years ended June 30, 2013 and June 30, 2012, we did not have any significant transfers in or out of Level 2 or Level 3.

NOTE 16—DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

Foreign Currency Forward Contracts

We are engaged in a hedging program with a Canadian chartered bank to limit the potential foreign exchange fluctuations incurred on future cash flows related to a portion of our Canadian dollar payroll expenses. We operate internationally and are therefore exposed to foreign currency exchange rate fluctuations in the normal course of our business, in particular to changes in the Canadian dollar on account of large costs that are incurred from our centralized Canadian operations, which are denominated in Canadian dollars. As part of our risk management strategy, we use derivative instruments to hedge portions of our payroll exposure. We do not use these forward contracts for trading or speculative purposes. These forward contracts typically mature between one and twelve months.

We have designated these transactions as cash flow hedges of forecasted transactions under ASC Topic 815 “Derivatives and Hedging” (ASC Topic 815). As the critical terms of the hedging instrument, and of the entire hedged forecasted transaction, are the same, in accordance with ASC Topic 815 we have been able to conclude that changes in fair value or cash flows attributable to the risk being hedged are expected to completely offset at inception and on an ongoing basis. Accordingly, quarterly unrealized gains or losses on the effective portion of these forward contracts have been included within other comprehensive income. The fair value of the contracts, as of June 30, 2013, is recorded within “Accounts payable and accrued liabilities”.

As of June 30, 2013, the notional amount of forward contracts we held to sell U.S. dollars in exchange for Canadian dollars was \$99.6 million (June 30, 2012—\$99.6 million).

Fair Value of Derivative Instruments and Effect of Derivative Instruments on Financial Performance

The effect of these derivative instruments on our consolidated financial statements for the periods indicated below were as follows (amounts presented do not include any income tax effects).

Fair Value of Derivative Instruments in the Consolidated Balance Sheets (see note 15)

Derivatives	Balance Sheet Location	As of June 30,	As of June 30,
		2013	2012
		Fair Value	Fair Value
		Asset	Asset
		(Liability)	(Liability)
Foreign currency forward contracts designated as cash flow hedges	Prepaid expenses and other current assets (Accounts payable and accrued liabilities)	\$ (3,170	) \$ 283

Effects of Derivative Instruments on Income and Other Comprehensive Income (OCI)

Year Ended June 30, 2013

Derivatives in Cash Flow Hedging Relationship	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign currency forward contracts	\$ (1,436)	Operating expenses	\$2,017	N/A	—

Year Ended June 30, 2012

Derivatives in Cash Flow Hedging Relationship	Amount of Gain or (Loss) Recognized in OCI on Derivatives (Effective Portion)	Location of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Amount of Gain or (Loss) Reclassified from Accumulated OCI into Income (Effective Portion)	Location of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain or (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Foreign currency forward contracts	\$ (1,909)	Operating expenses	\$(390)	N/A	—

NOTE 17—SPECIAL CHARGES

Special charges include costs that relate to certain restructuring initiatives that we have undertaken from time to time under our various restructuring plans, as well as acquisition related costs and other similar charges.

	Year Ended June 30,		
	2013	2012	2011
Fiscal 2013 Restructuring Plan	\$15,754	\$—	\$—
Fiscal 2012 Restructuring Plan	971	16,897	—
Fiscal 2011 Restructuring Plan	(384)	1,160	8,524
Fiscal 2010 Restructuring Plan	(2)	(38)	4,620
Acquisition-related costs	4,925	5,115	2,914
Other charges	2,770	1,389	(482)
Total	\$24,034	\$24,523	\$15,576

Reconciliations of the liability relating to each of our materially outstanding restructuring plans are provided below:

Fiscal 2013 Restructuring Plan

In the first quarter of Fiscal 2013, we began to implement restructuring activities to streamline our operations (Fiscal 2013 Restructuring Plan). These charges relate to workforce reductions and facility consolidations.

Since the inception of the Fiscal 2013 Restructuring Plan, \$15.8 million of cost have been recorded within Special charges.

The recognition of these charges requires management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. Our estimated liability could change subsequent to its recognition, requiring

adjustments to the expense and the liability recorded. On a quarterly basis, we will conduct an evaluation of the related liabilities and expenses and revise our assumptions and estimates as appropriate.

A reconciliation of the beginning and ending liability for the year ended June 30, 2013 is shown below.

Fiscal 2013 Restructuring Plan	Workforce reduction	Facility costs	Total
Balance as of June 30, 2012	\$—	\$—	\$—
Accruals and adjustments	9,970	5,784	15,754
Cash payments	(6,713	) (1,389	) (8,102
Foreign exchange	(52	) 1	(51
Balance as of June 30, 2013	\$3,205	\$4,396	\$7,601

Fiscal 2012 Restructuring Plan

In the first quarter of Fiscal 2012, we began to implement restructuring activities to streamline our operations (Fiscal 2012 Restructuring Plan). These charges relate to workforce reductions and facility consolidations. The recognition of these charges requires management to make certain judgments and estimates regarding the amount and timing of restructuring charges or recoveries. On a quarterly basis, we will conduct an evaluation of the related liabilities and expenses and revise our assumptions and estimates as appropriate.

Since the inception of the Fiscal 2012 restructuring plan, \$17.9 million of costs have been recorded within Special charges. We do not expect to incur any further significant charges related to the Fiscal 2012 Restructuring Plan.

A reconciliation of the beginning and ending liability for the years ended June 30, 2013 and June 30, 2012 are shown below.

Fiscal 2012 Restructuring Plan	Workforce reduction	Facility costs	Total
Balance as of June 30, 2012	\$4,422	\$3,355	\$7,777
Accruals and adjustments	1,155	(184	) 971
Cash payments	(5,201	) (1,259	) (6,460
Foreign exchange	(67	) 74	7
Balance as of June 30, 2013	\$309	\$1,986	\$2,295

Fiscal 2012 Restructuring Plan	Workforce reduction	Facility costs	Total
Balance as of June 30, 2011	\$—	\$—	\$—
Accruals and adjustments	13,006	3,891	16,897
Cash payments	(8,202	) (486	) (8,688
Foreign exchange	(382	) (50	) (432
Balance as of June 30, 2012	\$4,422	\$3,355	\$7,777

Acquisition-related costs

Included within Special charges for the year ended June 30, 2013 are costs incurred directly in relation to acquisitions in the amount of \$2.9 million (June 30, 2012—\$1.8 million, June 30, 2011—\$2.9 million). Additionally, we incurred costs relating to financial advisory, legal, valuation and audit services and other miscellaneous costs necessary to integrate acquired companies into our organization for the year ended June 30, 2013 in the amount of \$2.0 million (June 30, 2012—\$3.3 million, June 30, 2011—nil).

Other charges

Included within Special charges for the year ended June 30, 2013 are "other charges" including \$1.9 million relating to interest accrued on certain pre-acquisition sales tax liabilities, a charge of \$0.4 million relating to an allocated portion of a litigation settlement reached in relation to a legacy acquisition litigation matter, and a charge of \$0.5 million relating to miscellaneous other charges.

Included within Special charges for the year ended June 30, 2012 are a recovery of \$0.8 million relating to a reduction in an asset retirement obligation associated with a leased facility, a recovery of \$0.5 million relating to a new sublease on a

restructured facility acquired in a prior period and \$2.7 million related to the write-off of debt issuance costs associated with our old term loan that was repaid after we entered into our new credit facility on November 9, 2011. Included within Special charges for the year ended June 30, 2011 are a recovery of \$1.0 million relating to a reduction in an asset retirement obligation associated with a leased facility, and a charge of \$0.5 million relating to a revised sublease assumption on a restructured facility acquired in a prior period.

NOTE 18—ACQUISITIONS

Fiscal 2013

ICCM Professional Services Limited

On May 23, 2013, we acquired ICCM Professional Services Limited (ICCM), a provider of IT service management software solutions, based in Malmesbury, United Kingdom. Total consideration for ICCM was \$18.9 million, comprised of \$16.4 million paid in cash (\$11.3 million - net of cash acquired), and \$2.5 million currently held back and unpaid in accordance with the purchase agreement. In accordance with ASC Topic 805 "Business Combinations" (ASC Topic 805), this acquisition was accounted for as a business combination.

Acquisition related costs for ICCM included in Special charges in the Consolidated Statements of Income for the year ended June 30, 2013 were \$0.3 million.

The results of operations of ICCM have been consolidated with those of OpenText beginning May 23, 2013.

The acquisition had no significant impact on revenues and net earnings for the year ended June 30, 2013. There was also no significant impact on the Company's revenues and net earnings on a pro forma basis for all periods presented.

Resonate KT Limited

On March 5, 2013, we acquired Resonate KT Limited (RKT), based in Cardiff, United Kingdom. RKT is a leading provider of software that enables organizations to visualize unstructured data, create new user experiences for Enterprise Content Management (ECM) and xECM for SAP, as well as build industry based applications that maximize unstructured data residing within Content Server, a key component of the OpenText ECM suite. Total consideration for RKT was \$20.0 million paid in cash (\$19.4 million - net of cash acquired). In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

Acquisition related costs for RKT included in Special charges in the Consolidated Statements of Income for the year ended June 30, 2013 were \$0.4 million.

The results of operations of RKT have been consolidated with those of OpenText beginning March 5, 2013.

The acquisition had no significant impact on revenues and net earnings for the year ended June 30, 2013. There was also no significant impact on the Company's revenues and net earnings on a pro forma basis for all periods presented.

EasyLink Services International Corporation

On July 2, 2012, we acquired EasyLink Services International Corporation (EasyLink), a global provider of cloud-based electronic messaging and business integration services, based in Atlanta, Georgia. The acquisition extends our product offerings as we continue to evolve in the Enterprise Information Management market category. Total consideration for EasyLink was \$342.3 million, paid in cash. In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

The results of operations of EasyLink have been consolidated with those of OpenText beginning July 2, 2012.

The following tables summarize the consideration paid for EasyLink and the amount of the assets acquired and liabilities assumed, as well as the goodwill recorded as of the acquisition date:

Cash consideration paid	\$342,272
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Acquisition related costs (included in Special charges in the Consolidated Statements of Income) for the year ended June 30, 2013	\$1,850
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The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of July 2, 2012, are set forth below:

Current assets (inclusive of cash acquired of \$26,941)	\$74,560	
Non-current assets	35,024	
Intangible customer assets	126,600	
Intangible technology assets	70,500	
Total liabilities assumed	(148,028)
Total identifiable net assets	158,656	
Goodwill	183,616	
	\$342,272	

No portion of the goodwill recorded upon the acquisition of EasyLink is expected to be deductible for tax purposes. Included within current assets were accounts receivable of \$26.2 million at July 2, 2012. This amount has been substantially collected as of June 30, 2013.

The amount of EasyLink's revenues and net income included in our Consolidated Statements of Income for the year ended June 30, 2013, and the unaudited pro forma revenues and net income of the combined entity, had the acquisition been consummated as of July 1, 2011, are set forth below:

	July 2, 2012— June 30, 2013	Year Ended June 30, 2012
Revenues	\$ 171,569	
Net Income	\$ 10,288	
Supplemental Unaudited Pro forma Information		
Total revenues	\$ 1,389,132	
Net income*	\$ 151,369	

*Included in pro forma net income are estimated amortization charges relating to the allocated values of intangible assets. In addition, for the year ended June 30, 2012, pro forma net income includes a \$44.6 million tax recovery relating to certain one-time tax benefits and a charge of \$21.3 million for acquisition related costs and pre-acquisition accounting adjustments.

The results of operations of EasyLink were combined with OpenText as of July 2, 2012 and hence there is no "reportable" pro forma impact on revenues and net income for the year ended June 30, 2013.

The unaudited pro forma financial information in the table above is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the results that may be realized in the future.

Fiscal 2012

System Solutions Australia Pty Limited (MessageManager)

On October 31, 2011, we acquired MessageManager, a software company based in Sydney, Australia.

MessageManager specializes in Fax over Internet Protocol (FoIP). Total consideration for MessageManager was \$3.3 million, paid in cash (inclusive of \$1.2 million of cash acquired). In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

Acquisition related costs for MessageManager included in Special charges in the Consolidated Statements of Income for the year ended June 30, 2012 were \$0.06 million.

The results of operations of MessageManager have been consolidated with those of OpenText beginning October 31, 2011.

The acquisition had no significant impact on revenues and net earnings for the year ended June 30, 2012. There was also no significant impact on the Company's revenues and net earnings on a pro forma basis for all periods presented.

Operitel Corporation (Operitel)

On September 1, 2011, we acquired Operitel, a software company based in Peterborough, Ontario, Canada. Operitel specializes in building enterprise “Learning Portal” solutions. Total consideration for Operitel was approximately \$7.0 million, paid in cash. In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

Acquisition related costs for Operitel included in Special charges in the Consolidated Statements of Income for the year ended June 30, 2012 were \$0.09 million.

The results of operations of Operitel have been consolidated with those of OpenText beginning September 1, 2011. The acquisition had no significant impact on revenues and net earnings for the year ended June 30, 2012. There was also no significant impact on the Company's revenues and net earnings on a pro forma basis for all periods presented.

Global 360 Holding Corp. (Global 360)

On July 13, 2011, we acquired Global 360, a software company based in Dallas, Texas. Global 360 offers case management and document-centric business process management (BPM) solutions. The acquisition of Global 360 for \$256.6 million in cash adds complementary BPM software to our ECM Suite. In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

The results of operations of Global 360 have been consolidated with those of OpenText beginning July 13, 2011.

The following tables summarize the consideration paid for Global 360 and the amount of the assets acquired and liabilities assumed, as well as the goodwill recorded as of the acquisition date:

Cash consideration paid	\$256,597
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Acquisition related costs (included in Special charges in the Consolidated Statements of Income) for the year ended June 30, 2012	\$924
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The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of July 13, 2011, are set forth below:

Current assets (inclusive of cash acquired of \$10,944)	\$38,249	
Non-current assets	6,289	
Intangible customer assets	58,100	
Intangible technology assets	40,600	
Total liabilities assumed	(88,575)*
Total identifiable net assets	54,663	
Goodwill	201,934	
	\$256,597	

* Included in total liabilities assumed is approximately \$24.3 million of deferred revenue.

As of June 30, 2013 approximately \$20.0 million of the total cash consideration remains held by an escrow agent for indemnification purposes.

No portion of the goodwill recorded upon the acquisition of Global 360 is expected to be deductible for tax purposes. Included within current assets were accounts receivable of \$11.9 million at July 13, 2011. This amount has been substantially collected as of June 30, 2012.

The amount of Global 360's revenues and net income included in our Consolidated Statements of Income for the year ended June 30, 2012, and the unaudited pro forma revenues and net income of the combined entity, had the acquisition been consummated as of July 1, 2010, are set forth below:

	July 13, 2011—
	June 30, 2012
Revenues	\$74,900
Net Income*	N/A

Supplemental Unaudited Pro forma Information	Year ended June 30,	
	2012	2011
Total revenues	\$ 1,209,809	\$ 1,125,366
Net income**	\$ 128,924	\$ 107,636

*During the quarter ended June 30, 2012, Global 360 became substantially integrated into our operations and financial results, to the extent that it is no longer practicable to separately identify expenses and net income that are attributed solely from this acquisition.

**Included in pro forma net income are estimated amortization charges relating to the allocated values of intangible assets for all periods reported above.

The unaudited pro forma financial information in the table above is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the results that may be realized in the future.

Fiscal 2011

weComm Limited (weComm)

On March 15, 2011, we acquired weComm, a software company based in London, United Kingdom. weComm's software platform offers deployment of media rich applications for mobile devices, including smart phones and tablets. The acquisition of weComm facilitates our delivery of a platform to customers whereby we can help customers provide rich, immersive mobile applications more cost-effectively across a multitude of mobile operating systems and devices. In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

The results of operations of weComm have been consolidated with those of OpenText beginning March 15, 2011.

The following tables summarize the consideration paid for weComm and the amount of the assets acquired and liabilities assumed, as well as the goodwill recorded as of the acquisition date:

Cash consideration paid	\$20,461
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Acquisition related costs (included in Special charges in the Consolidated Statements of Income) for the year ended June 30, 2011	\$318
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The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of March 15, 2011 are set forth below:

Current assets (inclusive of cash acquired of \$263)	\$954
Non-current assets	328
Intangible customer assets	300
Intangible technology assets	5,000
Total liabilities assumed	(2,867)
Total identifiable net assets	3,715
Goodwill	16,746
	\$20,461

No portion of the goodwill recorded upon the acquisition of weComm is expected to be deductible for tax purposes. Included within current assets were accounts receivable of \$0.19 million at March 15, 2011. This amount has been substantially collected as of June 30, 2011.

The amount of weComm's revenue and net loss included in our Consolidated Statements of Income for the year ended June 30, 2011 and the unaudited pro forma revenues and net income of the combined entity had the acquisition been consummated as of July 1, 2009, are set forth below:

	March 15, 2011— June 30, 2011	
Revenues	\$ 311	
Net Loss*	\$(1,172)	
	Year ended June 30,	
	2011	2010
Supplemental Unaudited Pro forma Information		
Total revenues	\$1,035,175	\$915,870
Net income	\$120,913	\$88,425

*Included within net loss for the period reported above are \$0.4 million of amortization charges relating to the allocated values of intangible assets and \$0.17 million of restructuring charges included within Special charges (note 17).

The unaudited pro forma financial information in the table above is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the result that may be realized in the future.

Metastorm Inc. (Metastorm)

On February 18, 2011, we acquired Metastorm, a software company based in Baltimore, Maryland. Metastorm provides Business Process Management (BPM), Business Process Analysis (BPA), and Enterprise Architecture (EA) software that helps enterprises align their strategies with execution. The acquisition of Metastorm adds complementary technology and expertise that can be used to enhance our BPM solutions portfolio. In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

The results of operations of Metastorm have been consolidated with those of OpenText beginning February 18, 2011. The following tables summarize the consideration paid for Metastorm and the amount of the assets acquired and liabilities assumed, as well as the goodwill recorded as of the acquisition date:

Cash consideration paid	\$ 182,000	
Acquisition related costs (included in Special charges in the Consolidated Statements of Income) for the year ended June 30, 2011	\$ 1,038	
The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of February 18, 2011 are set forth below:		
Current assets (inclusive of cash acquired of \$13,343)	\$ 37,494	
Non-current assets	14,281	
Intangible customer assets	34,300	
Intangible technology assets	40,700	
Total liabilities assumed	(55,277)	
Total identifiable net assets	71,498	
Goodwill	110,502	
	\$ 182,000	

The fair value of goodwill recorded above includes an amount of \$10.6 million which is expected to be deductible for tax purposes.

Included within current assets were accounts receivable of \$11.0 million at February 18, 2011. This amount has been substantially collected as of June 30, 2011.

The amount of Metastorm's revenue and net loss included in our Consolidated Statements of Income for the year ended June 30, 2011 and the unaudited pro forma revenues and net income of the combined entity had the acquisition been consummated as of July 1, 2009, are set forth below:

	February 18, 2011— June 30, 2011	
Revenues	\$28,731	
Net Loss*	\$(5,870)	
	Year ended June 30,	
	2011	2010
Supplemental Unaudited Pro forma Information		
Total revenues	\$1,086,461	\$980,228
Net income**	\$114,054	\$78,186

*Included within net loss for the period reported above are \$5.1 million of estimated amortization charges relating to the allocated values of intangible assets and \$4.4 million of restructuring charges included within Special charges (note 17).

**Included in pro forma net income for the year ended June 30, 2011 are non-recurring charges in the amount of \$0.7 million, recorded by Metastorm in connection with acquisition costs incurred by Metastorm and employee stock based compensations and bonuses. Estimated amortization charges relating to the allocated values of intangible assets are also included within pro forma net income for all the periods reported above.

The unaudited pro forma financial information in the table above is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the result that may be realized in the future.

StreamServe Inc. (StreamServe)

On October 27, 2010, we acquired StreamServe, a software company based in Burlington, Massachusetts. StreamServe offers enterprise business communication solutions that help organizations process and deliver highly personalized documents in paper or electronic format. The acquisition of StreamServe for \$70.5 million in cash adds complementary document output and customer communication management software to our ECM Suite, while enhancing our SAP partnership and extending our reach in the Nordic market. In accordance with ASC Topic 805, this acquisition was accounted for as a business combination.

The results of operations of StreamServe have been consolidated with those of OpenText beginning October 27, 2010. The following tables summarize the consideration paid for StreamServe and the amount of the assets acquired and liabilities assumed, as well as the goodwill recorded as of the acquisition date:

Cash consideration paid	\$70,514
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Acquisition related costs (included in Special charges in the Consolidated Statements of Income) for year ended June 30, 2011	\$1,146
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The recognized amounts of identifiable assets acquired and liabilities assumed, based upon their fair values as of October 27, 2010, are set forth below:

Current assets (inclusive of cash acquired of \$13,293)	\$29,431
Non-current assets	3,267
Intangible customer assets	15,400
Intangible technology assets	27,300
Total liabilities assumed	(43,912)
Total identifiable net assets	31,486
Goodwill	39,028
	\$70,514

No portion of the goodwill recorded upon the acquisition of StreamServe is expected to be deductible for tax purposes.

Included within current assets were accounts receivable of \$11.0 million at October 27, 2010. This amount has been substantially collected as of June 30, 2011.

The amount of StreamServe's revenue and net loss included in our Consolidated Statements of Income for the year ended June 30, 2011 and the unaudited pro forma revenues and net income of the combined entity had the acquisition been consummated as of July 1, 2009, are set forth below:

	October 27, 2010— June 30, 2011	
Revenues	\$43,151	
Net Loss*	\$(1,978)

	Year ended June 30,	
	2011	2010
Supplemental Unaudited Pro forma Information		
Total revenues	\$1,053,884	\$974,410
Net income**	\$118,649	\$88,174

*Included within net loss for the period from October 27, 2010 to June 30, 2011 are \$5.4 million of amortization charges relating to the allocated values of intangible assets and \$3.7 million of restructuring charges included within Special charges (note 17).

**Included in pro forma net income for the year ended June 30, 2011 are non-recurring charges in the amount of \$3.3 million recorded by StreamServe in connection to acquisition costs incurred by StreamServe and the acceleration of the vesting of StreamServe employee stock options. Estimated amortization charges relating to the allocated values of intangible assets are also included within pro forma net income for all the periods reported above.

The unaudited pro forma financial information in the table above is presented for informational purposes only and is not indicative of the results of operations that would have been achieved if the acquisition had taken place at the beginning of the period presented or the result that may be realized in the future.

NOTE 19—SEGMENT INFORMATION

ASC Topic 280, "Segment Reporting" (ASC Topic 280), establishes standards for reporting, by public business enterprises, information about operating segments, products and services, geographic areas, and major customers. The method of determining what information, under ASC Topic 280, to report is based on the way that an entity organizes operating segments for making operational decisions and how the entity's management and chief operating decision maker (CODM) assess an entity's financial performance. Our operations are analyzed by management and our CODM as being part of a single industry segment: the design, development, marketing and sales of Enterprise Information Management software and solutions.

The following table sets forth the distribution of revenues, by significant geographic area, for the periods indicated:

	Year Ended June 30,		
	2013	2012	2011
Revenues:			
Canada	\$ 103,076	\$ 103,915	\$ 85,135
United States	611,902	513,530	445,511
United Kingdom	131,745	124,601	103,255
Germany	138,073	130,494	124,248
Rest of Europe	223,444	212,587	186,473
All other countries	155,096	122,346	88,681
Total revenues	\$1,363,336	\$1,207,473	\$1,033,303

The following table sets forth the distribution of long-lived assets, representing property and equipment and intangible assets, by significant geographic area, as of the periods indicated below.

	As of June 30, 2013	As of June 30, 2012
Long-lived assets:		
Canada	\$70,305	\$67,971
United States	185,240	8,924
United Kingdom	18,694	42,211
Germany	5,466	6,195
Rest of Europe	167,045	265,318
All other countries	5,229	3,101
Total	\$451,979	\$393,720

Long-lived assets in United States increased primarily on account of the acquisition of EasyLink.

NOTE 20—SUPPLEMENTAL CASH FLOW DISCLOSURES

	Year Ended June 30,		
	2013	2012	2011
Cash paid during the period for interest	\$16,299	\$15,305	\$8,542
Cash received during the period for interest	\$1,439	\$1,396	\$1,203
Cash paid during the period for income taxes	\$52,827	\$15,864	\$29,551

Cash paid for taxes for the year ended June 30, 2013 include payments of \$24.2 million relating to taxes exigible on internal reorganizations of our international subsidiaries.

NOTE 21—OTHER INCOME (EXPENSE)

Other Income (expense) is comprised of the following:

	Year Ended June 30,		
	2013	2012	2011
Transactional foreign exchange gain (loss)	\$(2,635)	) \$3,642	\$(6,574)
Gain (loss) on sale of marketable securities	—	—	443
Other	162	(93)	) 112
	\$(2,473)	) \$3,549	\$(6,019)

NOTE 22—EARNINGS PER SHARE

Basic earnings per share are computed by dividing net income by the weighted average number of Common Shares outstanding during the period. Diluted earnings per share are computed by dividing net income by the shares used in the calculation of basic earnings per share plus the dilutive effect of Common Share equivalents, such as stock options, using the treasury stock method. Common Share equivalents are excluded from the computation of diluted net income per share if their effect is anti-dilutive.

	Year Ended June 30,		
	2013	2012	2011
Basic earnings per share			
Net income	\$ 148,520	\$ 125,174	\$ 123,203
Basic earnings per share	\$ 2.53	\$ 2.16	\$ 2.16
Diluted earnings per share			
Net income	\$ 148,520	\$ 125,174	\$ 123,203
Diluted earnings per share	\$ 2.51	\$ 2.13	\$ 2.11
Weighted-average number of shares outstanding			
Basic	58,604	57,890	57,077
Effect of dilutive securities	458	844	1,183
Diluted	59,062	58,734	58,260
Excluded as anti-dilutive*	1,131	368	48

* Represents options to purchase Common Shares excluded from the calculation of diluted net income per share because the exercise price of the stock options was greater than or equal to the average price of the Common Shares during the period.

NOTE 23—RELATED PARTY TRANSACTIONS

Our procedure regarding the approval of any related party transaction requires that the material facts of such transaction be reviewed by the independent members of our Board and the transaction approved by a majority of the independent members of the Board. The Board reviews all transactions in which we are, or will be, a participant and any related party has or will have a direct or indirect interest. In determining whether to approve a related party transaction, the Board generally takes into account, among other facts it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third party under the same or similar circumstances; the extent and nature of the related person's interest in the transaction; the benefits to the Company of the proposed transaction; if applicable, the effects on a director's independence; and if applicable, the availability of other sources of comparable services or products.

During the year ended June 30, 2013, Mr. Stephen Sadler, a director, earned approximately \$0.6 million (June 30, 2012—\$0.8 million, June 30, 2011—\$0.6 million) in consulting fees from OpenText for assistance with acquisition-related business activities. Mr. Sadler abstained from voting on all transactions from which he would potentially derive consulting fees.

NOTE 24—SUBSEQUENT EVENTS

As part of our quarterly, non cumulative dividend program we declared, on July 31, 2013, a dividend of \$0.30 per Common Share. The record date for this dividend is August 30, 2013 and the payment date is September 30, 2013. We expect to continue paying such quarterly dividends in the approximate range of 20% of our on-going cash flow from operating activities.

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

Date: February 11, 2014

By: /s/ MARK BARRENECHEA
Mark Barrenechea
President and Chief Executive Officer
(Principal Executive Officer)

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

Date: February 11, 2014

By: /s/ MARK BARRENECHEA
Mark Barrenechea
President and Chief Executive Officer
(Principal Executive Officer)
/s/ PAUL MCFEETERS
Paul McFeeters
Chief Financial Officer and Chief Administrative
Officer
(Principal Financial Officer)
/s/ SUJEET KINI
Sujeet Kini
Chief Accounting Officer
(Principal Accounting Officer)

DIRECTORS

Signature	Title	Date
/s/ MARK BARRENECHEA Mark Barrenechea	Director, President and Chief Executive Officer (Principal Executive Officer)	February 11, 2014
/S/ P. THOMAS JENKINS P. Thomas Jenkins	Chairman of the Board	February 11, 2014
/S/ RANDY FOWLIE Randy Fowlie	Director	February 11, 2014
/S/ GAIL E. HAMILTON Gail E. Hamilton	Director	February 11, 2014
/S/ BRIAN J. JACKMAN Brian J. Jackman	Director	February 11, 2014
/S/ DEBORAH WEINSTEIN Deborah Weinstein	Director	February 11, 2014
/S/ STEPHEN J. SADLER Stephen J. Sadler	Director	February 11, 2014
/S/ MICHAEL SLAUNWHITE Michael Slaunwhite	Director	February 11, 2014
/S/ KATHARINE B. STEVENSON Katharine B. Stevenson	Director	February 11, 2014