Prospectus dated June 19, 1998

This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities commission or similar authority in Canada has in any way passed upon the merits of the securities offered hereunder and any representation to the contrary is an offence. The securities offered under this Prospectus have not been, and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") and may not be offered, sold or delivered, directly or indirectly, in the United States or to a U.S. person (as defined in Regulation S promulgated under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act.

New Issue

JETFORM CORPORATION
2,200,000 Common Shares

(Issuable upon exercise of previously issued Special Warrants)

This prospectus is being filed in connection with the distribution of 2,200,000 common shares ("Common Shares") of JetForm Corporation ("JetForm" or the "Company") to be issued without additional payment upon the exercise of previously issued special warrants of the Company ("Special Warrants") on the basis of one Common Share for each Special Warrant. The Special Warrants are exercisable at any time on or before 5:00 p.m. (Ottawa time) on the earlier of: (i) the fifth business day after the Company receives a receipt for a final prospectus (the "Prospectus") qualifying the distribution of the Common Shares issuable upon the exercise of the Special Warrants from the last of the securities regulatory authority in each of the Provinces of British Columbia, Manitoba, Ontario, and Quebec (the "Qualifying Jurisdictions"); and (ii) April 17, 1999 (such time on such earlier date is hereinafter referred to as the "Expiry Time"). In the event the Company does not obtain receipts for the Prospectus from the Qualifying Jurisdictions by 5:00 p.m. (Ottawa time) on July 15, 1998, Special Warrants exercised thereafter will entitle the holders thereof to receive, without additional payment, 1.1 Common Shares (in lieu of one Common Share) for each Special Warrant. See "Plan of Distribution".

The offering price of the Special Warrants was determined by negotiation between the Company and RBC Dominion Securities Inc., Midland Walwyn Capital Inc., Goldman Sachs Canada and TD Securities Inc. (the "Underwriters"). The Common Shares of the Company are listed for trading on the Nasdaq National Market under the trading symbol "FORMF" and the Pacific Stock Exchange under the trading symbol "JTF". On April 15, 1998, the Company's Common Shares commenced trading on The Toronto Stock Exchange under the symbol "JFM". The closing trading price of the Common Shares on April 1, 1998, the day immediately prior to the negotiation of the price of the Special Warrant transaction was US$22.00 per share on the Nasdaq National Market and, on June 18, 1998, the closing price of the Common Shares on The Toronto Stock Exchange was Cdn$26.80 per share and on the Nasdaq National Market was US$18.3125.

The issue price of the Special Warrants exceeds the net tangible book value per Common Share as at January 31, 1998, after giving effect to the issue of the Special Warrants, by US$17.65, which represents dilution to purchasers of 83.1%. See "Dilution". Investment in the securities qualified for distribution hereunder is subject to certain risk factors, and may be considered speculative. See "Risk Factors".

PRICE: US$21.25 per Special Warrant

	Offering Price	Underwriters' Fee (1)	Net Proceeds (2)
Special Warrant……………………………	US$21.25	US$0.85	US$20.40
Total…………………………………..………	US$46,750,000	US$1,870,000	US$44,880,000

(1) The fee to the Underwriters in connection with the sale of the Special Warrants will be paid from the general funds of the Company. No commission or fee will be payable to the Underwriters in connection with the distribution of the Common Shares upon the exercise of the Special Warrants.

(2) Before deducting the expenses of this issue estimated to be $650,000.

RBC Dominion Securities Inc., one of the underwriters, is controlled by a Canadian chartered bank which is the Company's commercial banker, and the Company may therefore be considered to be a connected issuer of RBC Dominion Securities Inc. See "Plan of Distribution".

Definitive certificates for the Common Shares will be available for delivery upon the exercise of the Special Warrants. Certain legal matters relating to the distribution of Common Shares will be passed upon by LaBarge Weinstein on behalf of the Company and Osler Hoskin & Harcourt, on behalf of the Underwriters.

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EXCHANGE RATE INFORMATION

The Company publishes its consolidated financial statements in Canadian dollars. Financial information herein is expressed in Canadian dollars, unless otherwise noted. References herein to "US$" are to United States dollars and references to "Cdn$" or "$" are to Canadian dollars. The following table sets forth, for the periods indicated, certain exchange rates based on the exchange rates reported by the Federal Reserve Bank of New York as the noon buying rates in New York City for cable transfers in foreign currencies, as certified for customs purposes (the "Noon Buying Rate"). Such rates quoted are the number of U.S. dollars per Canadian dollar and are the inverse of the Noon Buying Rate. On May 29, 1998 the inverse of the Noon Buying Rate was US$0.6863 to Cdn$1.00.

	Nine months ended January 31,		Year ended April 30,		
	1998	1997	1997	1996	1995
High	US$0.7317	US$0.7513	US$0.7513	US$0.7527	US$0.7457
Low	0.6832	0.7260	0.7145	0.7224	0.7023
Average(1)	0.7066	0.7348	0.7329	0.7344	0.7252
Period End	0.6867	0.7421	0.7157	0.7342	0.7374

(1) The average of the month-end exchange rates during such periods.

ELIGIBILITY FOR INVESTMENT

In the opinion of LaBarge Weinstein, counsel to the Company, and Osler, Hoskin & Harcourt, counsel to the Underwriters, the Common Shares, upon their issue, will be qualified investments under the *Income Tax Act* (Canada) for trusts governed by a registered retirement savings plan, registered retirement income fund or deferred profit sharing plan. In the opinion of LaBarge Weinstein and Osler, Hoskin & Harcourt, the Common Shares will not, upon their issue, constitute "foreign property" under either the existing provisions of the *Income Tax Act* (Canada) or the proposed amendments to Part XI of the *Income Tax Act* (Canada) publicly announced by the Minister of Finance prior to the date hereof. These opinions are based in part upon a certificate of an officer of the Corporation provided to counsel relating to certain factual matters. The foreign property opinion also assumes that the proposed amendments to the *Income Tax Act* (Canada) will be enacted in the form proposed; however no assurances can be given in this regard.

PROSPECTUS SUMMARY

This is a summary only and is qualified by the more detailed information and financial statements appearing elsewhere in this Prospectus. Unless otherwise indicated, (i) all references in this Prospectus to "JetForm" or the "Company" are to JetForm Corporation and its subsidiaries, (ii) the Consolidated Financial Statements are prepared on the basis of generally accepted accounting principles in Canada ("Canadian GAAP"), (iii) all dollar figures are in Canadian dollars, and (iv) the exchange rate used in this Prospectus is the inverse of the Noon Buying Rate on March 31, 1998, which was US$0.7033 to Cdn$1.00; See "Exchange Rate Information".

THE COMPANY

JetForm is a global leader in providing open, client/server and web-based E-Forms and workflow software solutions which automate the production and processing of forms across an organization. JetForm offers its customers a full range of form design, fill, workflow and output management products which support multiple hardware platforms, software operating systems, databases and applications. JetForm's scaleable, modular products allow an organization to incrementally adopt E-Forms technology and the flexibility to best meet its changing organizational needs. Through its September 1996 acquisition of Delrina Corporation's E-Forms technology (the "Delrina Assets"), the Company further strengthened its E-Forms design and filling capabilities. To provide a complete customer solution, JetForm also offers comprehensive consulting, implementation, customization, training, multimedia consulting and support services.

The Company believes there is an opportunity to establish a global industry standard for E-Forms and workflow solutions based on JetForm's E-Forms and workflow technology. By maintaining technology leadership across its broad family of products and employing a multiple channel distribution strategy with a particular emphasis on third parties, the Company believes it is well positioned for broad acceptance of its products worldwide. JetForm's sales force and service professionals, who operate in 10 countries, focus on sales and services to end users and support the Company's numerous third party marketing and sales relationships. The Company's third party resellers, value added resellers ("VARs"), system integrators and distributors, further leverage the Company's global reach. JetForm has also established key strategic alliances and original equipment manufacturers ("OEM") relationships, with, among others, Hewlett-Packard, IBM, Microsoft, PeopleSoft, SAP, SUN Microsystems and Xerox, to broaden market acceptance for its products and gain access to its alliance partners' large installed customer base. JetForm customers include the Australian Department of Defence, Bank of America, Bank of Boston, Chase Manhattan, Cigna, Hydro Quebec, Microsoft, Minnesota Mining and Manufacturing Co., New Brunswick Department of Supply and Services, PaineWebber, Siemens Nixdorf Informationssysteme, U.S. Department of Defense, Volvo and Wells Fargo.

THE OFFERING

The Issue: 2,200,000 Common Shares issued at no additional cost to the holders of the Special Warrants upon the exercise of each Special Warrant.

Special Warrants: The Special Warrants may be exercised at any time prior to the Expiry Date, without the payment of any additional consideration, for Common Shares to be qualified by this Prospectus, on the basis of one Common Share for each Special Warrant, subject to adjustment in certain events. Any Special Warrants not exercised prior to the Expiry Time will be deemed to have been exercised at the Expiry Time without any further action on the part of the holder. In the event that a receipt for the Prospectus is not issued in each of the Provinces of British Columbia, Manitoba, Ontario and Quebec (the "Qualifying Jurisdictions") on or before July 15, 1998 (the "Qualification Deadline") each holder of Special Warrants, will on exercise, or deemed exercise of Special Warrants, after the Qualification Deadline, receive 1.1 Common Shares for each Special Warrant so exercised (in lieu of one Common Share). See "Plan of Distribution".

Use of Proceeds: The net proceed received by the Company through the issuance of the Special Warrants is estimated to be US$44.4 million after deducting the underwriting fee and estimated offering expenses. The Company intends to use the net proceeds from this offering for general corporate purposes which may include the funding of the ongoing obligation to Delrina Corporation in connection with the acquisition of the Delrina Assets which at the date hereof is US$50.1 million. See “Use of Proceeds”.

SELECTED CONSOLIDATED FINANCIAL DATA

The selected consolidated financial data as at and for each of the three years ended April 30, 1997, 1996 and 1995 have been derived from the Company's audited Consolidated Financial Statements and Notes thereto, included elsewhere in this Prospectus and incorporated by reference hereto and should be read in conjunction therewith. The selected consolidated financial data as at and for the nine months ended January 31, 1998 and 1997 have been derived from the Company's unaudited interim Consolidated Financial Statements and Notes thereto, included elsewhere in this Prospectus and should be read in conjunction therewith. The unaudited interim information contained herein includes, in the opinion of the management of the Company, all adjustments necessary to present fairly the information for such periods. The operating results for the interim periods may not be indicative of the operating results for any other interim period or for the full year. The Consolidated Financial Statements are prepared on the basis of Canadian GAAP and are expressed in Canadian dollars. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Nine months ended January 31,		Year ended April 30,		
	1998	1997	1997	1996	1995
	(in thousands of Canadian dollars, except share and per share amounts)				
Statement of Operations Data:					
Revenues					
Product	$52,823	$40,784	$54,935	$31,600	$17,184
Service	25,879	15,002	21,679	11,855	8,825
	78,702	55,786	76,614	43,455	26,009
Costs and Expenses					
Cost of product	5,561	3,377	4,677	2,491	1,246
Cost of service	11,029	7,653	10,805	6,125	6,168
Sales and marketing	28,375	20,361	29,140	16,697	8,592
General and administrative	7,325	6,139	8,618	5,513	5,039
Research and development	7,629	5,148	7,422	3,905	1,889
Depreciation and amortization of fixed assets	3,586	2,111	2,952	1,531	594
Amortization of other assets	31,974	18,384	29,007	2,062	602
	95,479	63,173	92,621	38,324	24,130
Operating income (loss)	(16,777)	(7,387)	(16,007)	5,131	1,879
Interest and other income (expense)	(3,284)	(663)	(2,003)	1,466	1,574
Income (loss) before taxes	(20,061)	(8,050)	(18,010)	6,597	3,453
Provision for income taxes	1,006	83	193	2,449	698
Net income (loss)	$ (21,067)	$ (8,133)	$ (18,203)	$ 4,148	$ 2,755
Basic income per share					
Net income (loss) per share	$ (1.29)	$ (0.70)	$ (1.32)	$ 0.39	$0.29
Weighted average number of shares	16,344,727	13,402,577	13,815,627	10,650,807	9,559,411
Fully diluted income per share					
Net income (loss) per share	$ (1.29)	$ (0.70)	$ (1.32)	$ 0.37	$0.24
Weighted average number of shares	16,344,727	13,402,577	13,815,627	12,880,287	11,657,438

	January 31,	April 30,	
	1998	1997	1996
Balance Sheet Data:			
Working capital	$ 24,663	$ 30,409	$ 29,716
Cash and marketable securities	26,040	34,450	20,198
Total assets	201,840	226,181	88,879
Long term debt including current maturities(1)	86,344	101,518	-
Shareholders' equity	87,757	99,282	67,033

(1) On September 10, 1996, the Company acquired certain assets including title to intellectual property, that were formerly part of the E-Forms software group of Delrina Corporation. Under the asset purchase agreement as amended, the Company agreed to make quarterly payments to Delrina from September 27, 1996 to June 27, 2000, totaling US$92.5 million. As at the date hereof, the remaining payments to Delrina totaled approximately US$50.1 million.

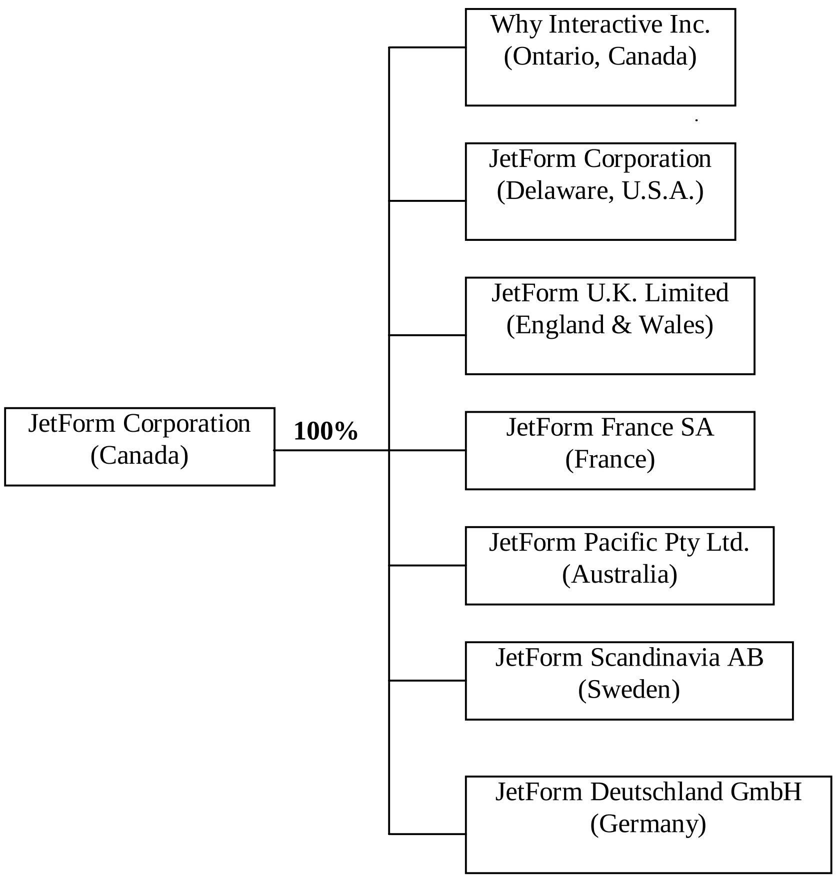
RISK FACTORS

An investment in the Company's Common Shares qualified hereby is subject to certain risks and investment considerations including, without limitation: the variability in the Company's quarterly results; competition and product pricing; rapid technological change; the evolving market for E-Forms and workflow solutions; management of growth; the Company's dependence on third parties including vendors of application solutions; the Company's dependence on key personnel; irrevocable commitment licenses; international operations and geographic concentration; exchange rate risks and currency fluctuations; the Company's reliance on intellectual property; product defects and product liability; volatility of stock price and the funding of the Delrina obligation. See "Risk Factors".

THE COMPANY

JetForm Corporation (which, together with its subsidiaries is referred to herein as "JetForm" or the "Company") was incorporated as Jorag Computer Systems Ltd. pursuant to the Canada Business Corporations Act on June 10, 1982. By Articles of Amendment dated September 28, 1982, the Company changed its name to Indigo Software Ltd. By Articles of Amendment dated September 30, 1991, the Company changed its name to JetForm Corporation. The Company's registered head and principal office is located at 560 Rochester Street, Ottawa, Ontario, K1S 5K2.

The following chart sets forth certain information concerning the principal subsidiaries of the Company:



BUSINESS OF THE COMPANY

Overview

JetForm is a global leader in providing open, client/server and web-based E-Forms and workflow software solutions which automate the production and processing of forms across an organization. JetForm offers its customers a full range of form design, fill, workflow and output management products which support multiple hardware platforms, software operating systems, databases and applications. JetForm's scaleable, modular products allow an organization to incrementally adopt E-Forms and workflow technology and the flexibility to best meet its changing organizational needs. Through its September 1996 acquisition from Delrina Corporation ("Delrina") of its E-Forms technology (the "Delrina Assets"), the Company further strengthened its E-Forms design and filling capabilities. To provide a complete customer solution, JetForm also offers comprehensive consulting, implementation, customization, training and support services.

The Company believes there is an opportunity to establish a global industry standard for E-Forms and workflow solutions based on JetForm's E-Forms and workflow technology. By maintaining technology leadership across its broad family of products and employing a multiple channel distribution strategy with a particular emphasis on third parties, the Company believes it is well positioned for broad acceptance of its products worldwide. JetForm's sales force and service professionals, who operate in 10 countries, focus on sales and services to end users and support the Company's numerous third party marketing and sales relationships. The Company's third party resellers, value added resellers ("VARs"), system integrators and distributors, further leverage the Company's global reach. JetForm has also established key strategic alliances and original equipment manufacturer ("OEM") relationships with, among others, Hewlett-Packard, IBM, Microsoft, PeopleSoft, SAP, SUN Microsystems and Xerox, to broaden market acceptance for its products and gain access to its alliance partners' large installed customer base. JetForm customers include the Australian Department of Defence, Bank of America, Bank of Boston, Chase Manhattan, Cigna, Hydro Quebec, Microsoft, Minnesota Mining and Manufacturing Co., New Brunswick Department of Supply and Services, PaineWebber, Siemens Nixdorf Informationssysteme, U.S. Department of Defense, Volvo and Wells Fargo.

Industry Background

Over the past two decades, information technology ("IT") has become an important competitive tool for business organizations. One area of significant focus by organizations has been the application of IT in streamlining and re-engineering administrative and business processes. Forms are universally used throughout these administrative and business processes as an integral means of capturing and carrying data. The production and processing of forms, particularly for organizations in forms-intensive markets, can be both costly and time consuming. By automating forms and workflow, including the flow of forms and data across the business enterprise, organizations are able to achieve cost and time savings, thereby enhancing their competitive position.

E-Forms and workflow technology enable organizations to reduce costs, decrease processing time, enhance data integrity and better manage administrative and business processes. E-Forms and workflow solutions include the following benefits: (i) costs associated with printing, distributing and storing pre-printed paper forms are lowered; (ii) the significant hidden labour costs incurred to process forms are greatly reduced; (iii) business processes are expedited by the rapid movement of E-Forms through an organization; and (iv) human errors are decreased through input controls, data retrieval capabilities and automatic calculation features. Moreover, in particular vertical markets such as financial services and healthcare, E-Forms and workflow solutions streamline the forms-intensive processes which are integral to enhancing core business services. By automating administrative and business processes, E-Forms and workflow technology takes advantage of continual advancements in personal computing, client/server technology, data networking and the Web and provides organizations with the ability to centrally manage, track and monitor all forms. An industry source estimates that for every $1 spent to purchase a pre-printed form, approximately $20 is spent to process the form. Further, the spending on E-Forms and workflow products worldwide is expected to grow 30% to 40% annually through the year 2000 while, concurrently, the number of E-Forms users is expected to increase from 4 million in 1995 to 30 million by the year 2000.

In implementing E-Forms and workflow technology, organizations have the choice of internally developing E-Forms and workflow application solutions, building on their existing software technology infrastructure or acquiring an external solution. In-house development of custom E-Forms and workflow applications is costly, time-consuming and typically results in a solution with little flexibility, inferior functionality and high ongoing maintenance costs. Similarly, building on existing e-mail and word processing applications is unlikely to provide an adequate solution as these applications are not designed to offer the necessary design, input, workflow, processing and output functions specific to E-Forms and workflow. As a result, JetForm believes there exists a market opportunity for E-Forms and workflow software applications that offer users the ability to design and implement forms and workflow solutions in a common, easy to use, quickly implemented, development environment.

The JetForm Solution

JetForm is a global leader in delivering E-Forms and workflow solutions that enable organizations to reduce the cost and time associated with printing and processing forms. The Company's solution is designed to streamline administrative and business processes by improving the flow of information across the business enterprise. JetForm's products automate and accelerate the creation, use, communication and transmission of business forms. These products are complemented by JetForm's comprehensive services team which facilitates successful product implementation and provides ongoing training and support. The cornerstones of the JetForm solution are as follows:

• ***Broad Product Line.*** JetForm offers a full range of E-Form design, fill, workflow and output management products. By offering a complete range of applications, JetForm allows organizations to maximize the value of E-Forms and workflow technology by lowering costs, shortening business processing time and increasing organizational efficiency. These products are as follows: JetForm Design is a graphical design and development tool for creating and customizing both simple and complex E-Forms; JetForm Filler Pro provides comprehensive forms-completion capabilities including extensive database access and merge functions; JetForm InTempo automates forms-based business processes, providing time-based management and sophisticated tracking functions, while embracing internet technologies by supporting client independence; and JetForm Central provides comprehensive output delivery, including print, fax, electronic data interchange (“EDI”), Web integration and interface to existing applications. Organizations benefit from a common, easy to use interface across all of these JetForm solutions, which require limited training and minimal ongoing support for end users.

• ***Robust Product Functionality.*** Through its E-Forms and workflow applications, JetForm allows an organization to design forms with pre-determined inputs, calculation rule logic, data retrieval, workflow capabilities and dynamic forms configuration. Bolstered by its acquisition of the Delrina Assets, JetForm also offers an easy to use, graphical, intuitive scripting language for fast development of E-Forms and workflow. As a result, organizations can quickly streamline business processes and ensure form and data input accuracy and completeness. Organizations are also able to centralize workflow and forms management and measurement, allowing them to effectively evaluate and monitor business processes.

• ***Open, Client/Server Architecture.*** JetForm's products are designed to support and work with multiple hardware platforms, software operating systems, databases and applications. JetForm has embraced interoperability by conforming to industry standards including Open Database Connectivity (to connect to databases), Open Document Management Association (to interface with existing document management systems), and Application Program Interfaces (to permit integration with other applications and workflow standards). By utilizing a client/server architecture, JetForm allows organizations the flexibility to integrate JetForm technology with hardware and software solutions from various vendors. JetForm's leadership in E-Forms and workflow solutions and commitment to open, client/server solutions is supported by the Company's strategic alliances with leading product vendors such as Hewlett-Packard, IBM, Microsoft, PeopleSoft, SAP, SUN Microsystems and Xerox.

• ***Scaleable, Modular Products.*** JetForm solutions can be deployed across organizations of varying sizes, allowing organizations the flexibility to standardize on JetForm technology regardless of their size over time. In addition, organizations can select one or more JetForm products without requiring the purchase of the complete JetForm product line. As a result, JetForm allows an organization to incrementally adopt E-Forms and workflow technology to best meet its changing organizational needs.

• ***Connectivity Across Networks.*** By designing its products to be compatible with the majority of e-mail systems, JetForm solutions seamlessly and quickly integrate with a company's existing communication infrastructure, allowing an organization to deploy E-Forms and workflow technology across its broad user base. As the product architecture is designed to be independent of the underlying messaging or electronic transport infrastructure, JetForm solutions are also able to work across wide area networks (“WANs”) and the internet, thereby providing organizations with a cost-efficient means of extending E-Forms and workflow technology to a potentially larger user population, including mobile and internet users.

• ***Connectivity Across the Internet.*** JetForm InTempo supports a number of clients from HTML forms generated from leading HTML authoring tools, to JetForm E-Forms clients, to new J-Forms - JetForm's E-Forms Java applets. Most importantly, process owners can choose from any of these approaches for each step in their business processes. Client independence reduces the costs of dedicated client software and desktop administration. This architecture allows application requirements to drive the mix of client types that are best suited for the workflow process and the company's IT infrastructure.

Examples of customers who are using JetForm's E-Forms and workflow solutions to accelerate their business critical processes include:

• ***Cigna Corp.*** Cigna Corporation ("Cigna"), a major U.S. insurance and financial services firm, has implemented the JetForm E-Forms solution to reduce the time to send insurance claim forms to clients from 20 days to less than 48 hours. Since 1991, Cigna has made over 5,600 electronic JetForm forms available on-line for its sales personnel and associates. When a client needs a new supply of claim forms, a Cigna employee in any state office can pull up an electronic version of the form, select and customize the form, print a proof and then transmit the approved form to Cigna's centralized processing center. An internal study by Cigna prepared in September 1995 indicated an annual savings in excess of US$2.0 million in the processing of a single form application and a 50-90% improvement of processing time for that application. In addition, Cigna has been able to eliminate one entire warehouse that was used to store paper forms.

• ***Australian Government, Department of Defence.*** The Australian Department of Defence has deployed over 380 E-Forms and estimates it has saved AU$48 million, winning an Australian Technology Productivity Award. The Australian Department of Defence has announced that they plan to implement more than 3,000 E-Forms by the year 2000.

Corporate Strategy

JetForm's strategic vision is to be the global industry standard in E-Forms and workflow solutions. The Company plans to achieve this vision through the following strategies:

• ***Provide Complete Customer Solutions.*** The Company seeks to provide its customers with a complete E-Forms and workflow product and service solution. The Company's solution includes both client-based E-Forms design and fill capabilities and server-based workflow automation and output solutions. The Company's acquisition of the Delrina Assets has augmented its E-Forms solutions by enhancing its client-based design and form filling capabilities. The Company's products are scaleable to the needs of organizations of varying sizes and are offered across a broad range of hardware platforms and operating systems. In addition, JetForm's modular products are available individually or in combination, allowing organizations the flexibility to incrementally adopt JetForm technology to meet their business requirements. The Company also provides comprehensive customer service and support, including customization, design, training, multimedia services and technical support services to assist customers in diagnosing problems and addressing system integration issues.

• ***Leverage Distribution Channels and Third Party Alliances.*** The Company's objective is to achieve broader market penetration by employing a multi-channel strategy with a particular emphasis on third parties. Through its sales team, the Company focuses on Fortune 500 accounts and particular vertical segments, including the financial services, manufacturing and healthcare industries as well as the government sector and government agencies. The Company also provides support and sales assistance to resellers, VARs, system integrators and international distributors to leverage its distribution capabilities. With the Company's acquisition of the Delrina Assets, the Company believes it has gained access to resellers, VARs, systems integrators and distributors previously dedicated to Delrina. The Company is developing and maintaining key strategic alliances and OEM relationships in order to broaden market acceptance and gain access to its alliance partners' large installed customer base. Alliances currently established include those with Hewlett-Packard, IBM, Microsoft, PeopleSoft, SAP, SUN Microsystems and Xerox.

• ***Expand Customer Base.*** The Company intends to aggressively expand its customer base worldwide and in particular vertical markets. The Company is pursuing this opportunity through its sales force and service professionals which are located in 10 countries and the availability of its products in nine languages. While the Company has had a particular focus on financial services, the Company has broadened its focus on particular vertical markets including manufacturing, government, law enforcement, healthcare and technology. Through its acquisition of the Delrina Assets, the Company strengthened its market position in the government sector.

• ***Maintain Technological Leadership.*** The Company strives to maintain its technological leadership by continually improving the functionality, performance, reliability and compatibility of its products. The Company believes that its success to date has resulted largely from its technological innovation and leadership in the E-Forms and workflow market. The Company has pioneered many E-Forms and workflow technologies, including: internet Java forms, Web enabled filler, server-based E-Forms and workflow, E-Forms filler integrated with e-mail graphical user interface, scaleable E-Forms print solutions for personal computer and midrange systems, and interactive personal computer based forms design products. The Company's technological capabilities are a key factor in the Company's ability to work with strategic alliance partners to efficiently and effectively integrate their technologies in order to provide an integrated solution for its customers and its alliance partners' customers. The acquisition of the Delrina Assets has further strengthened the Company’s research and development capabilities.

Products

The Company offers scaleable, E-Forms and workflow solutions for enterprises of all sizes. The JetForm solution is comprised of a combination of E-Forms and workflow software products with associated implementation and support services. The Company's product line has been designed and developed with a modular, open systems architecture with broad multi-platform support and interfaces to e-mail, groupware, internet/intranet and business application software. The Company's products are sold individually or in combination. The actual price to an end user or reseller can vary substantially from customer to customer depending on the country, the number of licensed users and combination of products and services to be provided.

Design

JetForm Design and JetForm FormFlow Design allow users to design E-Forms. JetForm Design is the tool used to design the electronic forms for use with all other JetForm products. JetForm Design runs with Microsoft Windows 3.1, Windows 95 and Windows NT and provides a “what you see is what you get” (WYSIWYG) interactive graphical user interface to allow E-Forms designers to create or modify JetForm E-Forms.

JetForm Design allows developers to design the two major components found in every form: the fixed parts — lines, boxes, shaded areas, logos, text blocks, headings, labels, etc. — and the fields or locations where the variable information is filled in on the form. When the design of the form is completed, the form is compiled to create a specially encrypted run-time version of the form for use with JetForm Filler Pro, JetForm Central and JetForm Central Pro which run on all commonly used platforms and operating systems. The Company has recently incorporated new functionality in JetForm Design to make the product the first Java-based E-Forms creation tool. Foreign language versions of JetForm Design are currently available in French, Swedish, German, Spanish and Finnish. The “suggested corporate price” (the “SCP") for a single user copy of JetForm Design is US$1,495.

Through its acquisition of the Delrina Assets, JetForm also offers JetForm FormFlow Design which contains similar capability to JetForm Design. JetForm FormFlow Design allows developers to create custom forms, menus, macros and applications quickly and easily, while also offering a Visual Basic-like scripting language for embedded logic. JetForm FormFlow Design offers enhanced client based workflow routing and tracking capabilities so organizations can automate enterprise wide business processes. JetForm FormFlow Design runs on Microsoft Windows 3.1 and Windows 95. The SCP for a single user copy of JetForm FormFlow Design is US$1,495.

Filler

JetForm Filler Pro and JetForm FormFlow Filler allow the user to view and input data into E-Forms created by JetForm Design and JetForm FormFlow Design, respectively. The E-Form is displayed on screen, ready for the user to enter data into the data entry fields. As data is entered, it is validated to ensure that any rules included in the forms design are satisfied. Some fields are automatically filled based on the calculation rules defined by the form designer, including relevant database lookups.

Once completed, an E-Form can be printed, saved to disk or sent via e-mail to the next designated recipient. JetForm Filler Pro and JetForm FormFlow Filler can send and receive e-mail messages to and from the majority of commonly used e-mail packages, including Microsoft Mail, Microsoft Exchange, Lotus cc:Mail, Lotus Notes Mail, Banyan Vines, CES Quick Mail, Novell Groupwise, ICL Teamware and Unix Mail. JetForm Filler Pro includes support for Web integration, either as a Netscape "Plug-in" or "Helper" application for any of the commonly used Web browsers. The JetForm Web Connectivity Pak, which allows JetForm Filler Pro to submit completed transactions to JetForm Central Pro (as described below) via a Web server, was introduced at the same time.

Versions of JetForm Filler Pro are available for common client computer platforms and operating systems, including Microsoft Windows 3.1, Windows 95, Windows NT, Apple Macintosh, IBM OS/2 and several different Unix systems. Versions of JetForm FormFlow Filler are available for Windows 3.1 and Windows 95. Foreign language versions of JetForm Filler are available in Danish, French, Finnish, German, Portuguese, Swedish and Norwegian. JetForm FormFlow Filler is available in English, French and German. The SCP for a single user license of JetForm Filler Pro is US$79 and the SCP for a single user copy of JetForm FormFlow Filler is US$79.

JetForm InTempo

JetForm InTempo (previously called JetForm Workflow) was first shipped as JetForm Workflow in July 1996 and as JetForm InTempo in January 1998. Jetform InTempo is a complete server-based toolset that can provide powerful enterprise workflow on every desktop, building on existing technology. JetForm InTempo's intuitive graphical design tools let users build workflows as a series of tasks drawn together like a flow chart to represent a process workflow. JetForm InTempo exploits time-based controls. For example, if a particular request has not been reviewed in a timely fashion, JetForm InTempo can reroute the item to an alternate approver. JetForm InTempo bases workflows on rules and roles that specify who is to participate in a workflow and various levels of actions they are permitted to perform.

JetForm InTempo has the built-in capability to print data when and where it is required. Developers can quickly create applications that can fax directly to remote locations, generate e-mail messages based on data in the workflow processes and update databases with information. In addition, developers can create customized, unattended tasks using JetForm InTempo's powerful scripting language.

JetForm InTempo can automate different types of workflows, from highly structured to loosely structured, or ad hoc processes such as a document review. JetForm InTempo workflows can encompass structured data, such as forms, or unstructured information, such as text and images.

JetForm InTempo supports a number of clients from HTML forms generated from leading HTML authoring tools, to JetForm electronic form clients, to new J-Forms - JetForm's new electronic forms Java applets. Most importantly, process owners can choose from any and all of these approaches for each step in their business processes. Client independence reduces the costs of dedicated client software and desktop administration. This architecture allows application requirements to drive the mix of client types that are best suited for the workflow process and the company's IT infrastructure.

JetForm InTempo works with many major messaging systems, including Microsoft Exchange, Microsoft Mail, Lotus Notes, Lotus cc:Mail, and SMTP/POP3 mail systems. Web browser clients such as Microsoft Internet Explorer, Netscape Navigator, or Netscape Communicator are also supported. The SCP for JetForm InTempo is US$200 per copy with a minimum purchase of US$10,000 for 50 users.

JetForm Central

JetForm Central (previously called JetForm Server) is a client/server software solution that allows information system groups to centrally manage E-Forms output to laser printers specifically, and allows connectivity to other software business applications.

JetForm provides comprehensive support for "dynamic" forms and data transformation. Dynamic forms provide the capability to change the format of the printed output based on the data to be printed which is not possible with pre-printed forms. The data transformation capability provides enhanced flexibility for integration with business applications while minimizing the need for programming changes.

JetForm Central is currently available for Microsoft Windows 3.1, Windows 95, Windows NT, OS/2, AS/400, DEC VMS, DEC Unix and Alpha NT, HP3000, HPUX, Sun Solaris, SCO Unix, IBM AIX, and several other Unix systems. The SCP for JetForm Central ranges from US$3,895 to US$19,995 depending on the computer platform and operating system.

JetForm Central Pro

While JetForm Central Pro offers the same capability as JetForm Central, it also provides Open Database Connectivity to existing databases and supports alternate output methods in addition to laser printed forms. Currently JetForm Central can support output to e-mail, fax, data format transformation, EDI, automatic SQL database updates (and other field data calculations), initiation of JetForm Workflow processes and automatic Web page updates. Using the unique data/merge functions of JetForm Central Pro, users are able to automate form filling by extracting form field information from existing data in the user's electronic business systems. In addition, combined with a user's Web browser, JetForm Central Pro enables forms to be forwarded over the Web to the user's server. The SCP for JetForm Central Pro ranges from US$2,995 to US$5,990, depending on the computer platform and operating system.

Services

As at January 31, 1998, the Company had a team of 158 professionals who are responsible for custom software development, technical support, training, forms design, consulting and multimedia services. Consulting services include assisting customers to configure, implement and integrate the Company's products and when required, customize products and design automated processes to meet customers' specific business needs. The Company provides training services that are comprehensive, ranging from group seminars and on-site training, to computer based training. In addition, the Company offers E-Forms design services. This broad range of services provides customers with the ability to streamline business processes.

The Company also provides customers with ongoing technical support by way of telephone, fax and e-mail access. The technical support team works closely with customers to diagnose problems and address system integration issues to ensure the customer receives the full benefit of the JetForm solution. The Company maintains support facilities which permit real-time testing and replication of customer problems. The Company has expanded its support operation from its original base in Ottawa, and now provides local support through its wholly-owned subsidiaries in the United Kingdom, France, Germany, Sweden, Australia and Singapore. In February 1998, the Company opened a centre for professional services and technical support in Dublin, Ireland to support its European customer base. The Company's software products are typically sold with annual maintenance and support contracts. The annual service fee is generally 15-18% of the final price of the software purchased and entitles the customer to remote support, product upgrades and maintenance releases.

Sales, Marketing and Distribution

The Company's sales strategy is to achieve broad market penetration worldwide by employing a sales force focused on sales to end users, resellers, VARs, systems integrators and international distributors. The sales force also supports the Company's strategic alliances and OEMs. The Company's marketing programs include public relations activities, direct mail campaigns, telemarketing, technical publications and targeted advertising in industry periodicals, and participation in trade shows and information seminars. The Company utilizes the following distribution channels:

• ***Sales Force.*** The Company's sales force operates in nine offices in the United States, two in each of Canada and the United Kingdom and one in each of Australia, China, France, Germany, Singapore and Sweden. The Company's sales personnel primarily target Fortune 500 companies, with a particular focus on the financial services industry (banking, insurance and brokerage), manufacturing and the government sector.

• ***Resellers, VARs, System Integrators and International Distributors.*** The Company considers four sales channels — resellers, VARs, system integrators and international distributors — integral to its sales and marketing effort. The VARs and system integrators provide value-added services and application solutions based on JetForm technology. The Company's experienced sales, marketing, systems engineering and technical support staff support the resellers, VARs, system integrators and international distributors through education, training, customer assistance and marketing. In addition, the Company has agreements in place with local distributors in the following countries: Argentina, Brazil, Chile, China, Ecuador, India, Italy, Mexico, Norway, Spain, South Africa and Taiwan.

• ***Strategic Alliances and OEMs.*** The Company's strategic alliances and OEM relationships provide a platform to access the customer bases of its partners. The Company's alliance strategy focuses specifically on building partnerships with companies whose own products and technologies are enhanced or complemented by E-Forms and workflow capabilities within the products and services they market. The Company's alliance partners include printer, system integrator, groupware and applications software, document management, internet and electronic commerce companies. These alliances facilitate access to additional markets and further the Company's third party distribution strategy. Seven of the Company's alliances are described below:

Hewlett-Packard: JetForm is a strategic partner of Hewlett-Packard, a global manufacturer of computing products, participating in its partner programs, thereby enjoying early access to new printing technologies. JetForm customers benefit from this relationship by being assured that JetForm Print and Output products run with and on Hewlett Packard printers when they are released to the market.

IBM: In December 1996, JetForm and Footprint Software Inc., a wholly owned subsidiary of IBM Canada Ltd., entered into an OEM license agreement whereby IBM Footprint embeds JetForm Central within its Visual Banker application to offer output management of forms based information. Visual Banker is a retail branch automation software application which supports the sales and services functions of a financial institution. Through the integration of JetForm Central and Visual Banker, users now have greater flexibility for output management. The integrated product is marketed and supported by IBM on a worldwide basis.

Microsoft: JetForm is a strategic partner with Microsoft Corporation, participating in several development activities, marketing programs, customer events and cooperative sales activities sponsored by Microsoft. For instance, JetForm is a member of the Microsoft Integrated Software Vendor (ISV) program for Document Management and Workflow. JetForm participates in the First Wave programs for NT, Exchange, and Windows CE, allowing early access and input to the various Microsoft product development groups. JetForm is also an Alliance Sponsor of Microsoft’s Certified Solution Provider Program, sharing the Company’s complimentary development tools with the Microsoft Solution Providers and hosting joint marketing campaigns and educational events.

PeopleSoft: JetForm is a strategic partner under PeopleSoft's open workflow and global alliance program. In August 1996, JetForm launched the JetForm Connectivity Pack for PeopleSoft software applications, which enables users to access, query and update information managed by PeopleSoft applications using a JetForm E-Form. JetForm markets and sells the Connectivity Pack with JetForm Filler and provides the products to PeopleSoft's sales force.

SAP: JetForm has a strategic partnership with SAP, providing access to early releases of SAP products, and access to customers through limited access partner programs. The JetForm relationship with SAP has lead to strategic relationships with other synergistic independent software vendors in the SAP market. JetForm has created and markets a value added product to R/3 applications, Central for SAP R/3, which allows customers to quickly deploy mission critical document applications, which are often overlooked in initial SAP implementation planning.

SUN Microsystems: JetForm has a co-operative technology and marketing relationship with SUN Microsystems Corporation whereby JetForm is porting Filler, WorkFlow and Printing technology to SUN hardware platforms. The relationship allows products to be built which exploit the high performance, scaleability and robustness of Solaris servers and Network Computing workstations, while providing access to the large field sales organization of SUN to JetForm.

Xerox: JetForm and Xerox have formed an alliance aimed at improving electronic forms product printing solutions to client/server networks. As part of this relationship, JetForm developed customized print drivers in JetForm Central and JetForm Design which connect with Xerox production PostScript and PCL printers. In addition, JetForm products have received Xerox Open Document Services certification for interoperability with the Xerox DocuPrint NPS Series and DocuTech Production Publishing Family. JetForm currently markets JetForm Central and JetForm Design as Xerox-approved products and the companies have agreed to collaborate on sales, marketing and customer support activities.

Customers

The Company's customers include a wide variety of organizations with an emphasis on the financial services industry and the government sectors, both of which use forms intensively in their day-to-day operations. No customer accounted for more than 10% of the Company's total revenues for the nine month period ended January 31, 1998. During the years ended April 30, 1997 and April 30, 1996, revenues derived from Moore Corporation Limited accounted for approximately 8% and 21%, respectively, of the Company's total revenues. No other customer accounted for more than 10% of the Company's total revenue for the years ended April 30, 1997 and 1996.

The Company has an international customer base with customers outside of North America representing 27% of revenues for the nine months ended January 31, 1998 and representing 29% and 36% of revenues for the years ended April 30, 1997, and April 30, 1996, respectively. A selected list of users of JetForm's E-Forms and workflow products is set forth below in the following table:

	North America	**International**
Financial Services:	Bank of America Bank of Boston Bank of Montreal Chase Manhattan CIGNA Corp. PaineWebber Incorporated Wells Fargo	Australia and New Zealand Banking Group Limited Commonwealth Bank of Australia Dresner Bank Lloyds Bank National Australia Bank Limited Swiss Bank Corporation
Government:	Hydro-Quebec Industry Canada New Brunswick Dept. of Supply & Services U.S. Department of the Air Force U.S. Department of Defense U.S. Department of the Treasury	Australian Department of Defence Frankfurt Airport Authority Swedish Car Test Swedish Health Organization
Law Enforcement:	Justice Canada Metro Toronto Police Ontario Provincial Police Royal Canadian Mounted Police	Berlin City Police Defence Centre Canberra (Australian Department of Defence) Finnish Police Swedish Police
Technology:	Hewlett-Packard Company Microsoft Corporation Symantec Corporation	Siemens Nixdorf Informationssysteme AG
Other:	Bombardier Inc. Chrysler Corporation Minnesota Mining and Manufacturing Co. Owens Corning Procter & Gamble Company	Asea Brown Boveri Ford Motor Company Volvo AB

Product Development

The Company devotes significant resources to research and development activities focused entirely on E-Forms and workflow and related technologies. As of January 31, 1998, the Company employed 137 full time employees in its research and development group located in Ottawa and Toronto. The Company's research and development professionals are engaged in development, testing, product management, quality assurance and documentation. The research and development team, located in Ottawa and Toronto, consists of people with broad experience in E-Forms and workflow and related technologies. The Company's research and development projects include integration of the JetForm and JetForm FormFlow product lines, maintenance and enhancements for all current product lines, integration with third party hardware and software products and support for double byte characters for Asian languages.

Competition

The markets for E-Forms and enterprise workflow software are highly competitive. The Company experiences competition from other E-Forms and workflow software companies as well as producers of pre-printed paper forms. Several companies currently compete in the E-Forms software market, including IBM Corporation’s Lotus Development Corp. (LotusForms), Metastorm Inc. (Novell Inc. In Forms), Microsoft Corporation (Outlook forms), and others. Competitors in the enterprise workflow market include Action Technologies (Action Metro), FileNet Corporation and KeyFile Corporation (KeyFlow). The Company’s products also compete with the products of other suite providers that package E-Forms and workflow components with their groupware and intranet products. The Company believes that the major paper forms manufacturers which compete with the Company are Moore, Reynolds and Reynolds Co., Standard Register, Inc., Wallace Computer Services, Inc., and Uarco Inc. In addition to direct competitors, numerous potential customers prepare and develop their own applications, both in paper format and electronically-based, with workflow capabilities.

The Company believes that the principal competitive factors in the E-Forms and workflow software markets are features and functions, scaleability, reliability, ease of use, customer support, multi-platform capability, price and strategic relationships for product development, marketing and distribution. The Company believes its products compete effectively in these areas. E-Forms software products that perform many of the same functions as JetForm Design and JetForm Filler are available from a number of competitors and some are available at lower prices. The Company believes that distinctive features of the JetForm family of products include their adaptability to a number of computer hardware platforms and operating systems, support of the Web, the print functionality, scaleability and their overall speed of operation and the speed of the printing function.

Intellectual Property

The Company distributes its products under software license agreements which generally grant customers perpetual licenses to use, rather than own, the Company's products and which contain various provisions protecting the Company's ownership and confidentiality of the underlying technology. The source code of the Company's products is protected as a trade secret and as unpublished copyrighted work. The Company also periodically obtains licenses to use or copy software written or supplied by third parties for inclusion into or as part of the functionality of the Company's products. Such licenses usually are perpetual in nature, subject to the regular payment of royalties by the Company as specified in the licenses and generally on terms and conditions comparable to those terms on which the Company licenses its own products. The Company has registered JetForm as a trademark in the United States and Canada and has applications issued or pending in all foreign countries in which it has distributor representation. The Company acquired, as part of the Delrina Assets, all of Delrina's relevant trademarks including FormFlow.

Employees

As of January 31, 1998, the Company had 637 employees of which 581 were full-time employees. Full-time employees include 137 in research and development, 112 in North American sales, 82 in international sales, 19 in marketing, 158 in systems and consulting services and 73 in management and internal corporate services. Of the total full-time employees, 414 are located in Canada, 86 are located in the United States, 31 are located in the United Kingdom, 17 are located in France, 14 are located in Australia, eight are located in Germany, eight are located in Sweden, two are located in Singapore and one is located in China. None of the Company's employees is represented by a labour union or subject to a collective bargaining agreement and the Company believes that its relations with its employees are good.

Facilities

The following table sets forth the location of the principal offices of the Company, their uses, the lease expiry date and square footage. The Company considers its facilities to be in good condition and adequate for its needs and that additional suitable space is available to accommodate further expansion as needed. The specific location of these facilities is not material to the Company's business.

Location	Use	Lease Expiry	Square Footage
Ottawa, Ontario, Canada	Executive offices, customer support, consulting services, multimedia products, training services, sales, marketing and administration	September 2001	61,562 sq. ft.
Nepean, Ontario, Canada	Research and Development	June 2001	29, 973 sq. ft.
North Sydney, Australia	Pacific Rim sales, marketing and services	March 2000	310 sq. metres
Toronto, Ontario, Canada	Research and Development, Regional sales	July 2007	14,434 sq. ft.
Falls Church, Virginia, USA	U.S. Government sales and marketing headquarters, regional sales	April 2000	6,875 sq. ft.
Dallas, Texas, USA	Regional sales office	November 1999	2,964 sq. ft.
Pleasanton, California, USA	Regional sales office	October 2001	5,921 sq. ft.
Boulogne, France	Regional sales office	July 1999	508 sq. metres
Stockholm, Sweden	Regional sales office	December 2000	180 sq. metres
Duluth, Georgia, USA	Regional sales office	August 1999	8,784 sq. ft.
Orpington, Kent, UK	Regional sales office	March 2010	3,316 sq. ft.
Droitwich,Worcester, UK	Regional sales office	December 2008	4,366 sq. ft.
Beijing, China	Regional sales office	March 9, 1999	53 sq. metres
Ratingen, Germany	Regional sales office	April 2002	346 sq. metres
Singapore	Regional sales office	August 1998	177 sq. metres
Oak Brook, Illinois USA	Regional sales office	June 1998	750 sq. ft.
New York, New York USA	Regional sales office	September 1998	750 sq. ft.
Burlingame, California USA	Regional sales office	July 2000	2,961 sq. ft.
Bourbonnais, Illinois USA	Sales office	April 1999	322 sq. ft.
Dublin, Ireland	European Services Centre	September 1998	2,000 sq. ft.

USE OF PROCEEDS

The net proceeds received by the Company from the sale of the Special Warrants is estimated to be US$44.4 million after deducting the underwriting fee and estimated offering expenses.

The Company intends to use the net proceeds from this offering for general corporate purposes which may include the funding of its continuing obligations to Delrina incurred in connection with the acquisition of the Delrina Assets, which at the date hereof is approximately US$50.1 million. The Company may also use a portion of the net proceeds to acquire or invest in businesses, products or technologies that expand, complement or are otherwise related to the Company's current business and products. The Company has no present plans, agreements or commitments, and is not currently engaged in any negotiations, with respect to any such transaction. Pending such uses, the Company intends to invest the net proceeds in short-term, interest-bearing, investment grade securities.

DIVIDEND POLICY

The Company has not declared or paid cash dividends on its Common Shares during the last five years and does not anticipate paying any cash dividends on its share capital in the foreseeable future. The Company currently intends to reinvest its earnings to finance the growth of its business, to pay the obligations owed in connection with the acquisition of the Delrina Assets and for other potential investments in businesses, products or technologies. Any future determination concerning the payment of dividends will be subject to the discretion of the Company's Board of Directors, to applicable laws and will depend upon the Company's results of operations, earnings, financial requirements and other factors deemed relevant by the Company's Board of Directors.

CAPITALIZATION

The following table sets forth the unaudited capitalization of the Company as of January 31, 1998 and as of May 31, 1998 reflecting the sale of 2,200,000 Special Warrants by the Company at a price of US$21.25 per Special Warrant and the application of the net proceeds therefrom, after deducting the underwriting fee and estimated offering expenses payable by the Company. The net proceeds from the offering have been converted to Canadian dollars at the exchange rate of US$0.6980 to Cdn$1.00, which was the inverse of the rate the Company realized on receipt of the proceeds from this offering. The Delrina obligation on May 31, 1998 has been converted to Canadian dollars at an exchange rate of US$0.6863 to Cdn$1.00, which was the inverse of the Noon Buying Rate on May 29, 1998. The table should be read in conjunction with the Consolidated Financial Statements and the Notes thereto included elsewhere in this Prospectus.

	January 31, 1998	May 31, 1998
	Actual	Actual[1]
	(in thousands of Canadian dollars)	
Delrina obligation including current portion……….	$86,344	$74,719
Shareholders' equity:		
Preference Shares: 2,263,782 authorized, 450,448 outstanding[2]………………………….	4,939	4,939
Common Shares: unlimited number of shares authorized, 16,385,247 outstanding as at January 31, 1998, and 17,031,088 outstanding as at May 31,1998…………………………………	116,439	128,511
Special Warrants…………………………………..	-	63,650
Contributed Surplus………………………………	6,846	6,846
Deficit as at January 31, 1998…………………….	(40,467)	(40,467)
	87,757	163,479
Total capitalization……………………………….	$174,101	$238,198

(1) Includes payment to Delrina, made in a combination of cash and 350,000 Common Shares of the Company, in satisfaction of the Company's payment obligation on March 27, 1998, the exercise of stock options and warrants between February 1, 1998 and May 31, 1998 and adjusted to reflect the net proceeds to the Company of $63.7 million from the offering of 2,200,000 Special Warrants. Does not include, as of May 31, 1998, Common Shares issuable upon the exercise of options and warrants to purchase 3,509,796 Common Shares, at a weighted average exercise price of US$13.94, held by employees, directors and others. See "Management — Employee Stock Option Plans".

(2) Convertible into Common Shares of the Company on the basis of one Common Share per Preference Share.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Introduction

The following discussion of the Company's results of operations and of its liquidity and capital resources should be read in conjunction with the information contained in the Consolidated Financial Statements and related Notes thereto. The following discussion provides a comparative analysis of material changes for the nine months ended January 31, 1998 and 1997 and for the years ended April 30, 1997, 1996 and 1995 in the financial condition and results of operations of the Company and its wholly-owned subsidiaries: JetForm Corporation (a Delaware corporation), Why Interactive Inc. ("Why Interactive"), JetForm Pacific Pty Limited ("JetForm Pacific"), JetForm Scandinavia AB ("JetForm Nordic"), JetForm France SA ("JetForm France"), JetForm UK Limited ("JetForm UK"), JetForm Deutschland GmbH ("JetForm Germany").

Overview

The Company is a worldwide leader in providing E-Forms and workflow solutions. The Company's business has grown rapidly, resulting in significant increases in revenue during each of the last three fiscal years. Total revenue has grown at a compound annual rate of 72% to $76.6 million for the year ended April 30, 1997, from $26.0 million for the year ended April 30, 1995. Historically, the Company has derived the majority of its total revenue from product revenue, which consists principally of software licenses. Product revenue, representing 72% of total revenue for the year ended April 30, 1997, increased at a compound annual rate of 79% to $54.9 million for the year ended April 30, 1997 from $17.2 million for the year ended April 30, 1995. The increase in product revenue has been driven by directly licensing software to new customers located primarily in North America and Europe and by the Company's success in signing large irrevocable commitments to purchase product ("Irrevocable Commitment Licenses") with major international organizations. North America (defined as the United States and Canada) and Europe have historically represented the Company's largest geographic markets, accounting for 71% and 25%, respectively, of product revenue for the year ended April 30, 1997.

Product revenue derived from North America and Europe have both grown rapidly, increasing at compound annual rates of 74% and 144%, respectively, from April 30, 1995 to April 30, 1997. While the Company expects North American product revenue to continue to grow rapidly, the Company also expects North American product revenue to represent a declining share of the Company's total product revenue as international sales and marketing efforts continue to be expanded.

Management has adopted a distribution strategy that increasingly leverages the Company's relationships with third parties including (i) resellers, VARs, system integrators and international distributors and (ii) strategic partners and OEMs.

Service revenue, which primarily consists of custom software development, forms development, training, maintenance and support, E-Forms and workflow consulting services and multimedia consulting services, represented 28% of total revenue for the year ended April 30, 1997. Service revenue increased at a compound annual rate of 57% to $21.7 million for the year ended April 30, 1997 from $8.8 million for the year ended April 30, 1995. The increase in service revenue has been a result of growth in maintenance and support revenue and increased focus on bundling the Company's services with product sales.

Costs and expenses are comprised of cost of product, cost of service, sales and marketing, general and administrative, research and development, depreciation and amortization and other expenses. Cost of product consists of third party commissions, the cost of disks, manuals, packaging, freight, royalty payments to vendors whose software is bundled with certain products and amortization of deferred product development and translation costs. Cost of service includes all costs of providing technical support, training, consulting, custom forms development and application development services. Sales and marketing expenses are principally related to salaries and commissions paid to sales and marketing personnel. Research and development expenses include personnel and occupancy costs as well as the costs of software development, testing, product management, quality assurance and documentation. Depreciation and amortization includes depreciation of fixed assets and amortization of intangible assets related to the Delrina Assets, goodwill and distribution rights relating to the acquisitions of JetForm UK, Proactive Systems S.A. ("Proactive France"), JetForm Germany, Eclipse Corporation ("Eclipse"), Why Interactive, JetForm Pacific, JetForm Nordic and JetForm France and other intangible assets. The Company amortizes goodwill and distribution rights over their expected useful lives. In general, the Company expects goodwill from acquisitions of technology to have a useful life of not more than seven years and distribution rights to have a useful life of not more than 15 years.

Results of Operations

The Company's revenues and operating results have varied substantially from period to period. With the exception of its consulting services operation, the Company has historically operated with little backlog of product orders because its software products are generally shipped as orders are received. The Company recognizes product revenue when orders are shipped or, for Irrevocable Commitment Licenses, when the Company has fulfilled its obligations in connection therewith and there is reasonable assurance of collection. As a result, product revenue in any period is substantially dependent on orders booked and shipped in that period and on the receipt of Irrevocable Commitment Licenses. Product revenue is difficult to forecast due to the fact that the Company's sales cycle, from initial trial to multiple copy licenses, varies substantially from customer to customer. As a result, variations in the timing of product sales can cause significant variations in operating results from period to period.

The following table sets forth, on a comparative basis for the periods indicated, the components of the Company's product margin, service margin and product and service margin:

	Nine months ended January 31,				**Year ended April 30,**					
	1998		**1997**		**1997**		**1996**		**1995**	
	(in thousands of Canadian dollars)									
Product revenue......	$ 52,823	100%	$ 40,784	100%	$54,935	100%	$31,600	100%	$17,184	100%
Cost of product.......	5,561	11%	3,377	8%	4,677	9%	2,491	8%	1,246	7%
Product margin.......	$ 47,262	89%	$ 37,407	92%	$50,258	91%	$29,109	92%	$15,938	93%
Service revenue......	$ 25,879	100%	$ 15,002	100%	$21,679	100%	$11,855	100%	$8,825	100%
Cost of service........	11,029	43%	7,653	51%	10,805	50%	6,125	52%	6,168	70%
Service margin........	$ 14,850	57%	$ 7,349	49%	$10,874	50%	$5,730	48%	$2,657	30%
Total revenue..........	$ 78,702	100%	$ 55,786	100%	$76,614	100%	$43,455	100%	$26,009	100%
Costs of product and service……..	16,590	21%	11,030	20%	15,482	20%	8,616	20%	7,414	29%
Product and service margin........	$ 62,112	79%	$ 44,756	80%	$61,132	80%	$34,839	80%	$18,595	71%

The following table presents, for the periods indicated, consolidated statement of operations data expressed as a percentage of total revenues:

	Nine months Ended January 31,		Year ended April 30,		
	1998	1997	1997	1996	1995
REVENUES					
Product	67%	73%	72%	73%	66%
Service	33%	27%	28%	27%	34%
	100%	100%	100%	100%	100%
COSTS AND EXPENSES					
Cost of product	7%	6%	6%	6%	5%
Cost of service	14%	14%	14%	14%	24%
Sales and marketing	36%	36%	38%	38%	33%
General and administrative	9%	11%	11%	13%	19%
Research and development	10%	9%	10%	9%	8%
Depreciation and amortization of fixed assets	5%	4%	4%	3%	2%
Amortization of other assets	41%	33%	38%	5%	2%
	121%	113%	121%	88%	93%
OPERATING INCOME (LOSS)	-21%	-13%	-21%	12%	7%
Interest and other income (expense)	-4%	-1%	-3%	3%	6%
INCOME (LOSS) BEFORE TAXES	-25%	-14%	-24%	15%	13%
Provision for income taxes	-1%	-1%	-	-6%	-3%
NET INCOME (LOSS)	-27%	-15%	-24%	10%	11%

The following table provides details of product revenue by geographic segment and, within Canada and the United States of America, by distribution channel.

	Nine months ended January 31,		Year ended April 30,			Period to Period Change		
	1998	1997	1997	1996	1995	January 31, 1997 to 1998	April 30, 1996 to 1997	April 30, 1995 to 1996
Product revenue by region								
United States and Canada	$39,005	$29,878	$ 38,818	$ 17,847	$ 12,770	31%	120%	38%
Europe	11,869	9,926	13,745	11,205	2,315	20%	23%	384%
Rest of World	1,949	980	2,372	2,548	2,099	99%	-14%	32%
	$52,823	$40,784	$ 54,935	$ 31,600	$ 17,184	30%	74%	84%
Product revenue by channel in the United States and Canada								
Reseller and OEM	$27,352	$13,489	$ 19,358	$12,704	$ 6,413	103%	55%	94%
End User	11,653	16,389	19,460	5,143	6,357	-29%	278%	-19%
	$39,005	$29,878	$ 38,818	$17,847	$ 12,770	31%	120%	38%

Nine Months Ended January 31, 1998, Compared to Nine Months Ended January 31, 1997

The discussion of the Company consolidated financial results for the nine month periods ending January 31, 1998 and 1997 are derived from the Company's unaudited Consolidated Financial Statements and Notes thereto, included elsewhere in this Prospectus and should be read in conjunction therewith. The unaudited interim information contained herein includes, in the opinion of the management of the Company, all adjustments necessary to present fairly the information for such periods.

Revenues

Total Revenues. Total revenues increased 41% to $78.7 million for the nine months ended January 31, 1998 from $55.8 million for the nine months ended January 31, 1997. Total revenues consisted of 67% product revenue and 33% service revenue for the nine months ended January 31, 1998.

Product Revenue. Product revenue increased 30% to $52.8 million for the nine months ended January 31, 1998 from $40.8 million for the nine months ended January 31, 1997. Product revenue derived from North America, Europe and Rest of World represented 74%, 22%, and 4%, respectively, of product revenue for the nine months ended January 31, 1998, as compared to 73%, 24% and 3%, respectively, of product revenue for the nine months ended January 31, 1997.

Product revenue derived from North America increased 31% to $39.0 million for the nine months ended January 31, 1998 from $29.9 million for the nine months ended January 31, 1997. Product revenue from direct sales, which represented 30% of North American product revenue, decreased 29% to $11.7 million for the nine months ended January 31, 1998 from $16.4 million for the nine months ended January 31, 1997, primarily as a result of the Company's decision to redirect certain U.S. government sales to resellers which would have been made by direct sales in the previous year. Reseller and OEM sales, which represented 70% of North American product revenue, increased 103% to $27.4 million for the nine months ended January 31, 1998 from $13.5 million for the nine months ended January 31, 1997, primarily as a result of a general increase in large orders from OEMs and VARs including a significant increase in U.S. government sales by resellers.

Product revenue derived from Europe increased 20% to $11.9 million for the nine months ended January 31, 1998 from $9.9 million for the nine months ended January 31, 1997, primarily due to increased licence revenue from Germany and Scandinavia.

Product revenue derived from Rest of World (defined as geographic areas other than the United States, Canada and Europe) increased 99% to $1.9 million for the nine months ended January 31, 1998 from $1.0 million for the nine months ended January 31, 1997, primarily due to increased licence revenue from Australia.

Service Revenue. Service revenue increased 73% to $25.9 million for the nine months ended January 31, 1998 from $15.0 million for the nine months ended January 31, 1997, primarily as a result of increased maintenance and support, and consulting revenue. For the nine months ended January 31, 1998, maintenance and support revenue increased 79% to $12.4 million from $7.0 million for the nine months ended January 31, 1997.

Costs and Expenses

Total Costs and Expenses. Total costs and expenses were $95.5 million for the nine months ended January 31, 1998, an increase of 51% from $63.2 million for the nine months ended January 31, 1997.

Cost of Product. Cost of product increased 65% to $5.6 million for the nine months ended January 31, 1998 from $3.4 million for the nine months ended January 31, 1997, primarily as a result of increase in product revenue and amortization of deferred development costs. The product margin decreased to 89% for the nine months ended January 31, 1998 from 92% for the nine months ended January 31, 1997, primarily due to increased amortization of development and translation costs charged to cost of product. For the nine months ended January 31, 1998, total deferred costs charged to cost of product increased to $1.5 million from $226,000 for the nine months ended January 31, 1997.

Cost of Service. Cost of service increased 44% to $11.0 million for the nine months ended January 31, 1998 from $7.7 million for the nine months ended January 31, 1997, primarily as a result of an increase in the number of employees due to the expansion in the Company's service revenues. The service margin increased to 57% for the nine months ended January 31, 1998 from 49% for the nine months ended January 31, 1997, primarily as a result of increased maintenance and support revenue.

Costs of Product and Service. Costs of product and service increased 50% to $16.6 million for the nine months ended January 31, 1998 from $11.0 million for the nine months ended January 31, 1997. Product and service margin decreased to 79% for the nine months ended January 31, 1998 from 80% for the nine months ended January 31, 1997.

Sales and Marketing. Sales and marketing expenses increased 39% to $28.4 million for the nine months ended January 31, 1998 from $20.4 million for the nine months ended January 31, 1997, primarily as a result of increased sales and marketing staff and expansion of the Company's European operations. The Company expects to continue expanding its world wide direct and indirect sales force and marketing staff and increase spending on marketing programs. The redirection of certain U.S. government sales to resellers did not have a material impact on the Company's sales effort or sales and marketing costs.

General and Administrative. General and administrative expenses increased 19% to $7.3 million for the nine months ended January 31, 1998 from $6.1 million for the nine months ended January 31, 1997, primarily due to increased spending on information systems and the expansion of the Company's European operations. As a percentage of total revenues, general and administrative expenses decreased to 9% from 11% for the nine months ended January 31, 1998 and 1997, respectively.

Research and Development. Research and development expenses increased 48% to $7.6 million for the nine months ended January 31, 1998 from $5.1 million for the nine months ended January 31, 1997, primarily due to an increase in the number of employees and related costs. During the nine months ended January 31, 1998 and 1997, the Company capitalized approximately $2.0 million and $1.9 million, respectively, of software development costs. Research and development expenditures, including capitalized software development costs and before investment tax credits were 19% of product revenue for both the nine months ended January 31, 1998 and 1997.

Depreciation and Amortization of Fixed Assets; Amortization of Other Assets. Depreciation of fixed assets expense increased 70% to $3.6 million for the nine months ended January 31, 1998 from $2.1 million for the nine months ended January 31, 1997, primarily as a result of increased purchases of computer equipment and leasehold improvements. Amortization of other assets increased 74% to $32.0 million for the nine months ended January 31, 1998 from $18.4 million for the nine months ended January 31, 1997, primarily due to the amortization of the technology acquired as part of the Delrina Assets acquisition in September 1996. The total amount of technology acquired was $116.1 million and is being amortized over three years. (See "Liquidity and Capital Resources - Delrina Obligation").

Operating Loss. Operating loss was $16.8 million for the nine months ended January 31, 1998 compared to a loss of $7.4 million for the nine months ended January 31, 1997.

Interest and Other Income. Net interest expense increased to $3.5 million for the nine months ended January 31, 1998 from $2.3 million for the nine months ended January 31, 1997, primarily due to $4.2 million of imputed interest on the Delrina obligation. (See "Liquidity and Capital Resources - Delrina Obligation.")

Provisions for Income Taxes. The Company recorded a provision for taxes of $1.0 million for the nine months ended January 31, 1998, compared to $83,000 for the nine months ended January 31, 1997. As at January 31, 1998, the Company had a net deferred tax asset of approximately $17.6 million. The Company believes sufficient uncertainty exists regarding the realizability of this net deferred tax asset that a valuation allowance of $17.6 million has been provided.

Year Ended April 30, 1997 Compared to the Year Ended April 30, 1996

Revenues

Total Revenues. Total revenues increased 76% to $76.6 million for the year ended April 30, 1997 from $43.5 million for the year ended April 30, 1996. Total revenues consisted of 72% product revenue and 28% service revenue for the year ended April 30, 1997.

Product Revenue. Product revenue increased 74% to $54.9 million for the year ended April 30, 1997, from $31.6 million for the year ended April 30, 1996. Product revenue derived from North America, Europe and Rest of World represented 71%, 25%, and 4%, respectively, of product revenue for the year ended April 30, 1997, as compared to 56%, 35% and 9%, respectively, of product revenue for the year ended April 30, 1996.

Product revenue derived from North America increased 118% to $38.8 million for the year ended April 30, 1997 from $17.8 million for the year ended April 30, 1996. Reseller and OEM sales, which represented 50% of North American product revenue, increased 52% to $19.4 million for the year ended April 30, 1997 from $12.7 million for the year ended April 30, 1996, primarily as a result of increased revenues from distributors, VARs and system integrators. Revenue from Moore decreased 14% to $4.9 million for the year ended April 30, 1997 from $5.7 million for the year ended April 30, 1996.

Product revenue from end users, which represented 50% of North American product revenue, increased 278% to $19.5 million for the year ended April 30, 1997 from $5.1 million for the year ended April 30, 1996, primarily as a result of increased revenues from the U.S. government and financial institutions.

Product revenue derived from Europe increased 23% to $13.7 million for the year ended April 30, 1997 from $11.2 million for the year ended April 30, 1996. The Company continued to strengthen its market position in Europe by expanding its distribution network and acquiring JetForm UK in March 1996, Proactive France in May 1996 and JetForm Germany in June 1996 (Proactive France was subsequently merged with JetForm France). Product revenue derived from Rest of World decreased 7% to $2.4 million for the year ended April 30, 1997, from $2.5 million for the year ended April 30, 1996. During the year ended April 30, 1996, product revenue included a license agreement with a major Australian bank for more than $1.2 million.

Service Revenue. Service revenue increased 83% to $21.7 million for the year ended April 30, 1997, from $11.9 million for the year ended April 30, 1996, primarily as a result of increased maintenance and support revenue in North America and Europe.

Costs and Expenses

Total Costs and Expenses. Total costs and expenses increased 142% to $92.6 million for the year ended April 30, 1997 from $38.3 million for the year ended April 30, 1996.

Cost of Product. Cost of product increased 88% to $4.7 million for the year ended April 30, 1997, from $2.5 million for the year ended April 30, 1996, primarily as a result of the increase in product revenue. The product margin decreased to 91% for the year ended April 30, 1997, from 92% for the year ended April 30, 1996.

Cost of Service. Cost of service increased 76% to $10.8 million for the year ended April 30, 1997, from $6.1 million for the year ended April 30, 1996, primarily as a result of the expansion in the Company's services revenues. The service margin increased to 50% for the year ended April 30, 1997 from 48% for the year ended April 30, 1996.

Costs of Product and Service. Costs of product and service increased 80% to $15.5 million for the years ended April 30, 1997 from $8.6 million for the year ended April 30, 1996. Product and service margin remained constant at 80% for both the year ended April 30, 1997 and 1996.

Sales and Marketing. Sales and marketing expenses increased 75% to $29.1 million for the year ended April 30, 1997 from $16.7 million for the year ended April 30, 1996, primarily as a result of increased sales and marketing staff and expansion of the Company's European operations. The Company expects to continue expanding its world wide direct and indirect sales force and marketing staff.

General and Administrative. General and administrative expenses increased 56% to $8.6 million for the year ended April 30, 1997 from $5.5 million for the year ended April 30, 1996, primarily due to the expansion of the Company's European operations and increased spending on management information systems and other support functions. As a percentage of total revenues, general and administrative expenses decreased to 11% from 13% for the years ended April 30, 1997 and 1996, respectively.

Research and Development. Research and development expenses increased 90% to $7.4 million for the year ended April 30, 1997 from $3.9 million for the year ended April 30, 1996. During the years ended April 30, 1997 and 1996, the Company capitalized approximately $2.6 million and $2.1 million respectively, of software development costs. Research and development expenditures including capitalized software development costs and before investment tax credits, were 20% and 22% of product revenue for the years ended April 30, 1997 and 1996, respectively. Research and development expenditures including capitalized software development costs and before investment tax credits, increased 60% in the year ended April 30, 1997, compared to the year ended April 30, 1996, primarily due to increased employee costs.

Depreciation and Amortization of Fixed Assets; Amortization of Other Assets. Depreciation and amortization of fixed assets increased 93% to $3.0 million for the year ended April 30, 1997 from $1.5 million for the year ended April 30, 1996, primarily as a result of increased purchases of computer equipment and leasehold improvements. Amortization of other assets increased 1,307% to $29.0 million for the year ended April 30, 1997, from $2.1 million for the year ended April 30, 1996, primarily due to the acquisitions of the Delrina Assets, JetForm UK, Proactive France, JetForm Germany and Eclipse Corporation ("Eclipse").

Operating Income (Loss). Operating income decreased to a loss of $16.0 million for the year ended April 30, 1997 from income of $5.1 million for the year ended April 30, 1996, primarily due to amortization of the Delrina Assets.

Interest and Other Income. Net interest expense increased to $3.7 million for the year ended April 30, 1997, compared to net interest income of $1.4 million for the year ended April 30, 1996, primarily due to approximately $4.0 million of imputed interest on the Delrina obligation and lower average cash balances available for investment (see "Liquidity and Capital Resources"). During the year ended April 30, 1997, the Company also recorded a $1.4 million foreign exchange gain.

Provisions for Income Taxes. The Company recorded a provision for income taxes of $193,000 for the year ended April 30, 1997, compared to a provision for income taxes of $2.4 million for the year ended April 30, 1996. As at April 30, 1997, the Company had a net deferred tax asset of approximately $8.3 million comprised primarily of deductible temporary differences related to the Delrina Assets. The Company believes sufficient uncertainty exists regarding the realizability of this net deferred tax asset such that a valuation allowance of $8.3 million has been applied.

Year Ended April 30, 1996 Compared to the Year Ended April 30, 1995

Revenues

Total Revenues. Total revenues increased 67% to $43.5 million for the year ended April 30, 1996 from $26.0 million for the year ended April 30, 1995. Total revenues were comprised of 73% product revenue and 27% service revenue.

Product Revenue. Product revenue increased 84% to $31.6 million for the year ended April 30, 1996 from $17.2 million for the year ended April 30, 1995. Product revenue derived from North America, Europe and Rest of World represented 56%, 35%, and 9% of product revenue, respectively, for the year ended April 30, 1996, as compared to 74%, 13% and 13%, respectively, for the year ended April 30, 1995.

Product revenue derived from North America increased 40% to $17.8 million for the year ended April 30, 1996 from $12.8 million for the year ended April 30, 1995. Product revenue derived from third parties, which represented 71% of North American product revenue, increased 98% to $12.7 million for the year ended April 30, 1996 from $6.4 million for the year ended April 30, 1995. The increase was due in large part to (i) revenue from Moore of $5.7 million for the year ended April 30, 1996 compared to $1.6 million for the year ended April 30, 1995; (ii) a license agreement for approximately $2.9 million with a major U.S. computer manufacturer to bundle JetForm Central with certain products licensed primarily to banks and other financial institutions; and (iii) agreements concluded with a North American provider of software for electronic commerce and EDI and a major North American distributor.

Product revenue from end users, which represented 29% of North American product revenues, decreased 19% to $5.1 million for the year ended April 30, 1996 from $6.4 million for the year ended April 30, 1995. During the year ended April 30, 1995, the Company recorded product revenue of over $1.3 million from a license agreement with a U.S. financial institution. During the year ended April 30, 1996 product revenue from the largest product license to an end user customer in the United States and Canada was approximately $400,000.

Product revenue derived from Europe increased 384% to $11.2 million for the year ended April 30, 1996 from $2.3 million for the year ended April 30, 1995. The Company continued to strengthen its market position in Europe by expanding its distribution network, acquiring JetForm Nordic in February 1995, JetForm France in June 1995 and JetForm UK in March 1996. The Company recorded product revenue from these subsidiaries during the year ended April 30, 1996 of approximately $3.9 million including revenue of approximately $680,000 from a license agreement with a large hotel and restaurant chain located in France. In addition, the Company recorded product revenues from (i) a large Finnish multinational systems integrator for approximately $3.1 million, (ii) a major Finnish bank for approximately $616,000, (iii) a Swiss bank for approximately $890,000, (iv) a major German multinational manufacturer for approximately $540,000 and (v) a large German bank for approximately $400,000.

Product revenue derived from Rest of World increased 21% to $2.5 million for the year ended April 30, 1996 from $2.1 million for the year ended April 30, 1995. The increase in Rest of World product revenue was primarily due to a license agreement with a major bank in the Pacific Rim for approximately $1.2 million which was offset by a decline in product revenue in Mexico and Central and South America.

Service Revenue. Service revenue increased 34% to $11.9 million for the year ended April 30, 1996 from $8.8 million for the year ended April 30, 1995 due to (i) an expansion in the Company's consulting business, (ii) increased customer support activities, and (iii) an increase in the delivery of services to Moore primarily for Moore's internal use.

Costs and Expenses

Total Costs and Expenses. Total costs and expenses increased 59% to $38.3 million for the year ended April 30, 1996 from $24.1 million for the year ended April 30, 1995.

Cost of Product. Cost of product increased 100% to $2.5 million for the year ended April 30, 1996 from $1.2 million for the year ended April 30, 1995. The increase is primarily attributable to commissions paid to the Company's European distributors as a result of license agreements reached with a large German multinational manufacturer, a German bank and a Finnish bank. The product margin remained relatively constant at 92% for the year ended April 30, 1996 compared to 93% for the year ended April 30, 1995.

Cost of Service. Cost of service remained relatively constant at $6.1 million for the year ended April 30, 1996 compared to $6.2 million for the year ended April 30, 1995. The service margin increased significantly to 48% for the year ended April 30, 1996 from 30% for the year ended April 30, 1995 primarily as a result of cost reductions in the Company's acquired Why Interactive operations.

Costs of Product and Service. Costs of product and service increased 16% to $8.6 million for the year ended April 30, 1996 from $7.4 million for the year ended April 30, 1995. Product and service margin increased substantially to 80% for the year ended April 30, 1996 from 71% for the year ended April 30, 1995, primarily as a result of service margin expansion.

Sales and Marketing. Sales and marketing expenses increased 94% to $16.7 million for the year ended April 30, 1996 from $8.6 million for the year ended April 30, 1995. During the year ended April 30, 1996, the Company increased its North American sales and marketing staff by 135% to 94 from 40 people. In addition, the Company incurred additional sales and marketing expenses of approximately $1.7 million as a result of (i) the establishment of JetForm France on June 14, 1995 and (ii) the acquisitions of JetForm UK on March 31, 1996 and Eclipse on February 13, 1996.

General and Administrative. General and administrative expenses increased 9% to $5.5 million for the year ended April 30, 1996 from $5.0 million for the year ended April 30, 1995 primarily due to increased expenditures on support functions principally in the management information systems, finance and human resource departments to support the Company's growth. As a percentage of total revenue, general and administrative expenses decreased to 13% for the year ended April 30, 1996 from 19% for the year ended April 30, 1995.

Research and Development. Research and development expenses increased 107% to $3.9 million for the year ended April 30, 1996 from $1.9 million for the year ended April 30, 1995. During the years ended April 30, 1996 and 1995, the Company capitalized approximately $2.0 million and $95,000, respectively, of software development costs. Research and development expenditures including capitalized software development costs and before investment tax credits were 22% and 17% of product revenue for the years ended April 30, 1996 and 1995, respectively. Research and development expenditures including capitalized software development costs and before investment tax credits increased 141% in the year ended April 30, 1996 over the year ended April 30, 1995.

Depreciation and Amortization of Fixed Assets; Amortization of Other Assets. Depreciation and amortization of fixed assets increased 158% to $1.5 million for the year ended April 30, 1996 from $594,000 for the year ended April 30, 1995 due in large part to (i) increased purchases of leasehold improvements and (ii) purchases of fixed assets such as office and computer equipment. Amortization of other assets increased 243% to $2.1 million for the year ended April 30, 1996 from $602,000 for the year ended April 30, 1995 primarily due to (i) the amortization of $1.2 million costs related to the Company's small office, home office product, which were deferred in the year ended April 30, 1995 and (ii) amortization expense relating to the acquisitions of JetForm UK, Eclipse, JetForm Nordic and JetForm France.

Operating Income. Operating income increased 173% to $5.1 million for the year ended April 30, 1996 from $1.9 million for the year ended April 30, 1995. Operating margin increased to 12% for the year ended April 30, 1996 from 7% for the year ended April 30, 1995.

Interest and Other Income. Interest income decreased 11% to $1.4 million for the year ended April 30, 1996 from $1.6 million for the year ended April 30, 1995. The decrease in interest income is primarily due to lower average cash balances available for investment.

Liquidity and Capital Resources

As at January 31, 1998 and April 30, 1997, the Company had $26.0 million and $34.5 million of cash and cash equivalents respectively. During the nine months ended January 31, 1998, the Company's cash and cash equivalents decreased by $8.4 million, primarily due to two payments, including imputed interest, to Delrina totaling $16.0 million relating to the Company's purchase of the Delrina Assets. (See "Liquidity and Capital Resources - Delrina Obligation.")

Operations

The Company increased its investment in the non-cash operating components of working capital during the nine months ended January 31, 1998, by approximately $7.0 million, primarily due to increases in accounts receivable and work in process offset by decreases in prepaid expenses and deferred charges and an increase in unearned revenue.

The Company purchased approximately $5.4 million of fixed assets in the nine months ended January 31, 1998. The purchases of fixed assets included furniture, computer hardware and software, office equipment and leasehold improvements. During the nine months ended January 31, 1998, the Company increased its investment in other assets by $6.3 million related primarily to capitalized development costs, prepaid royalties, a non-current note receivable from a third party and purchases of other assets.

During the nine months ended January 31, 1998, the Company generated cash of approximately $2.3 million relating to the exercise of stock options and warrants by employees and others.

Accounts Receivable and Term Accounts Receivable

Total accounts receivable and term accounts receivable increased $6.6 million to $42.6 million at January 31, 1998 from $36.0 million at April 30, 1997, as a result of the increase in the Company's revenue. Accounts receivable increased to $28.8 million at January 31, 1998 from $25.7 million at April 30, 1997. Term accounts receivable, which are accounts receivable with payment dates exceeding the Company's customary trade terms, increased by $3.5 million to $13.8 million for the nine months ended January 31, 1998 from $10.3 million on April 30, 1997. Term accounts receivable primarily arise from the recording of revenue from Irrevocable Commitment Licenses.

Under an Irrevocable Commitment License, a customer commits to pay a minimum amount over a specified period of time in return for the right to use or resell up to a specific number of copies of a delivered product for a fixed amount. The amount of revenue recorded is the amount of the minimum commitment over the term of the license, less deemed interest for that part of the license term that is beyond the Company's customary trade terms.

Payments under Irrevocable Commitment Licenses are generally received from the customer on the earlier of (i) installation of the Company's products by the customer or delivery to its customers or end users and (ii) specified minimum payment dates in the license agreement. Amounts by which revenues recorded exceed payments received are recorded as accounts receivable. Payments that are expected beyond the Company's customary trade terms are recorded as term accounts receivable. Payments that are expected to be received more than one year from the balance sheet date, are recorded as non-current term accounts receivable. Total license fees over the term of the Irrevocable Commitment License may be greater than the minimum commitment initially recorded as revenue. Revenues from installations or sales of the Company's products in excess of the minimum commitment are recorded by the Company as and when they are reported by the customer.

Relationship with Moore / Repurchase of the Moore Options

The Company concluded an investment agreement with Moore in August 1994 under which Moore acquired 2,263,782 convertible preference shares (the "Preference Shares") representing approximately 18.5% of the Company's share capital then outstanding for net proceeds of approximately $24.8 million. Moore also acquired an option to purchase 178,750 Common Shares of the Company for a price of US$8.25 per share (the "Special Options") and a conditional option to acquire 7,726,375 Common Shares of the Company no later than December 30, 1999 at prices ranging from US$15.00 per share to US$20.00 per share, subject to certain anti-dilution provisions (the "Moore Options"). In accordance with these anti-dilution rights, during the year ended April 30, 1996, Moore also acquired an option to acquire 116,216 Common Shares of the Company at US$16.50 per share.

In June 1996, the Company negotiated the repurchase of the Moore Options in order to eliminate the perceived dilutive effect of the Moore Options on the price of the Company's Common Shares. As a result, on June 27, 1996, the Company entered into an agreement with Moore under which a subsidiary of the Company repurchased the Moore Options for consideration of US$34.0 million ($46.3 million), paid for through the issuance by the Company to Moore of 1,813,334 Common Shares and incurred additional expenses associated with the transaction of $749,000. The consideration paid for the options was determined by arm's length negotiation between the parties. Subsequently, Moore sold to various third parties 1,813,334 of its Preference Shares which were converted into an equal number of Common Shares and Moore exercised the Special Options to acquire 178,750 Common Shares at US$8.25 per share. As a result of the foregoing, at January 31, 1998, Moore held 1,992,084 Common Shares, 450,448 Preference Shares and options to purchase 116,216 Common Shares.

The Company and Moore also entered into a long-term strategic alliance in August 1994, under which sales of the Company's products and services in certain vertical markets would be focused through Moore. Moore also committed to make certain minimum purchases from the Company of E-Forms products for resale. The Company and Moore amended the terms of the strategic alliance as of June 27, 1996, and on April 30, 1997. Pursuant to the amended strategic alliance, Moore has relinquished exclusive marketing rights in all vertical markets but has retained certain exclusive marketing rights to 29 named accounts and non-exclusive marketing and distribution rights to all markets worldwide. The amended strategic alliance continues to provide for the promotion by Moore and the Company of each other's forms automation solutions. Under the amended strategic alliance, Moore has reduced its commitment to make purchases of the Company's products for resale. Moore is now committed to a minimum purchase for resale of US$1.0 million in each of calendar years 1997 and 1998, and has made a further commitment of US$1.0 million for the calendar year 1999, subject to cancellation by Moore within certain notice periods.

Delrina Obligation

On September 10, 1996, the Company acquired the Delrina Assets from Delrina, a subsidiary of Symantec Corporation of Cupertino, California. Under the asset purchase agreement (the "Delrina Asset Purchase Agreement"), the Company will make quarterly payments to Delrina, from September 27, 1996 to June 27, 2000. During the nine months ended January 31, 1998, the Company made cash payments totaling US$11.5 million ($16.0 million) as its fourth and fifth quarterly payments of the purchase price. In satisfaction of its sixth quarterly payment, the Company issued 365,654 Common Shares to Delrina having a value of US$4.9 million.

On February 12, 1998, the Company and Delrina re-negotiated certain terms of the asset purchase agreement whereby the Company agreed to accelerate payment of its obligation in consideration for a reduction in the effective interest rate which will result in a reduction in future imputed interest charges. In addition, the amended agreement provides that the Company may issue its Common Shares to Delrina in satisfaction of a portion of its payment obligations provided that the total market value of the Company's Common Shares held by Delrina immediately following such issuance does not exceed US$21.0 million for the next four payments and US$14.0 thereafter, and the Company continues to meet certain registration requirements in respect of such issued Common Shares. The Company believes that Delrina currently holds less than 10,000 Common Shares. As at February 12, 1998, the next four scheduled, quarterly payments totalled US$32.8 million of which a minimum of US$5.2 million must be paid in cash.

Financial Instruments and Credit Facility

The Company has a committed $20.0 million revolving line of credit with the Royal Bank of Canada. The Company has granted as collateral for the $20.0 million line of credit, a general security interest over the Company's assets, including a pledge of the shares of certain subsidiaries. Maximum borrowings under the facility are based on eligible accounts receivable and term accounts receivable and bear interest at the prime rate of the bank from time to time. As at the date hereof, the Company has no borrowings against this line of credit.

The Company has entered into a receivables purchase agreement with Royal Bank Export Finance Co. Ltd., a subsidiary of the Royal Bank of Canada (the "Bank Subsidiary"). Under the agreement the Company has the option to sell certain accounts receivable and term accounts receivable on a recourse basis. The Bank Subsidiary has recourse in the event of a trade dispute as defined in the receivables purchase agreement and upon the occurrence of other specified events. A trade dispute includes, among other events, the Company's failure to comply with the terms of the license agreement with the Company's customer. If the Company is found to be at fault in the trade dispute, or certain other events, the Company would be required to repurchase the receivable for the amount owing at that time including accrued interest. Accounts receivable and term accounts receivable are purchased by the Bank Subsidiary at their face value less an administration fee of 0.25%. The Company also pays the Bank Subsidiary a monthly discount fee based on the aggregate of all scheduled remaining payments. For most of the Company's accounts, the discount rate used is the Bank Subsidiary's Canadian prime rate or U.S. base rate plus 0.375%. As at January 31, 1998, the outstanding balance of accounts receivable sold under this agreement was approximately $7.8 million. The maximum amount of accounts receivable and term accounts receivable the Company can sell under this agreement is US$20.0 million or the Canadian dollar equivalent thereof. The Company believes that none of the receivables sold are at risk of recourse.

The Company believes that a combination of: (i) the net proceeds to the Company from the issuance of the Special Warrants; (ii) cash generated from operations; and (iii) cash generated by the exercise of options and warrants by employees and others will be sufficient to meet its current and foreseen levels of activity.

The Year 2000

The Company recognizes the need to ensure its operations will not be adversely impacted by software failures caused by the advent of the Year 2000. The Company believes the costs and risks to the integrity and reliability of its financial and operational systems will not be significant. However, there can be no assurance that the systems of other companies on which the Company relies will not be adversely impacted by software failures caused by the advent of the Year 2000.

PRICE RANGE AND TRADING VOLUME OF COMMON SHARES

The Company's Common Shares are quoted on the Nasdaq National Market under the symbol "FORMF" and are listed on the Pacific Stock Exchange under the symbol "JTF". On April 15, 1998 the Company's Common Shares commenced trading on The Toronto Stock Exchange under the symbol "JFM". The following table sets forth, for the periods indicated, the high and low closing sale prices and total volumes of the Common Shares as reported on the Nasdaq National Market.

	High	Low	Total Volume
Year Ended April 30, 1996			
First Quarter	US$18.00	US$12.00	4,270,000
Second Quarter	17.00	12.00	3,013,600
Third Quarter	20.25	12.00	3,902,600
Fourth Quarter	20.75	14.00	4,015.900
Year Ended April 30, 1997			
First Quarter	US$20.50	US$17.00	2,095,100
Second Quarter	24.00	17.875	3,119,300
Third Quarter	19.50	16.50	3,958,200
Fourth Quarter	19.50	15.00	5,986,600
Year Ended April 30, 1998			
First Quarter	US$16.625	US$11.00	10,528,100
Second Quarter	17.438	12.75	5,415,400
Third Quarter			
November 1997	17.375	15.375	857,400
December 1997	15.188	12.50	1,889.600
January 1998	15.375	11.625	1,629.200
Fourth Quarter			
February 1998	14.188	12.25	2,156.500
March 1998	22.00	13.75	5,554.400
April 1998	23.75	20.438	2,878,272
Year Ending April 30, 1999			
May 1998	US$21.625	US$18.500	994,630

On June 18, 1998, the last reported sale price for the Common Shares on The Toronto Stock Exchange was Cdn$26.80 and on the Nasdaq National Market was US$18.3125 per share.

DESCRIPTION OF SHARE CAPITAL

The authorized share capital of the Company consists of an unlimited number of Common Shares and 2,263,782 Preference Shares. As at June 18, 1998, there were 17,041,106 Common Shares issued and outstanding and 450,448 Preference Shares all held by Moore.

Common Shares

Holders of Common Shares are entitled to one vote for each share held on all matters submitted to a vote of shareholders and do not have cumulative voting rights. Accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all the directors standing for election. Holders of Common Shares are entitled to receive ratably such dividends, if any, as may be declared by the Board of Directors at its discretion from funds legally available therefor. See "Dividend Policy". Upon the liquidation, dissolution or winding up of the Company the holders of Common Shares are entitled to receive ratably, together with the Preference Shares, the net assets of the Company available after the payment of debts and other liabilities. Holders of Common Shares have no pre-emptive, subscription, redemption or conversion rights. The outstanding Common Shares are, and the Common Shares issuable upon the exercise of the Special Warrants will be, fully paid and non-assessable.

Preference Shares

The holders of the Preference Shares are not entitled to receive a fixed dividend but are entitled to receive a dividend as and when declared by the Board of Directors of the Company equal to the dividend declared on its Common Shares. The holders of the Preference Shares are entitled to convert such shares into fully paid and non-assessable Common Shares at a rate equal to one Common Share per Preference Share held (subject to adjustment for share re-classification, reorganizations or for other changes). The holders of the Preference Shares are entitled to vote at all meetings of shareholders on the basis of one vote per Common Share that the holder of the Preference Shares would receive upon their conversion. The holders of the Preference Shares are also entitled to elect three directors of the Company if the number of directors is 12 or less and 25% of such directors rounded to the next highest whole number if greater than 12. By an investment agreement dated June 10, 1994, as amended by an agreement dated June 27, 1996, Moore, the only holder of the outstanding Preference Shares, has agreed to forgo the rights to elect directors as provided in the articles of the Company. However, in the same agreements, Moore is entitled to nominate two directors as long as Moore owns at least 10% of the outstanding Common Shares and one director as long as it owns at least 5% of the outstanding Common Shares. In the event of the liquidation, dissolution or winding-up of the Company, the holders of the Preference Shares shall rank pari passu, share for share, with the holders of the Common Shares.

PRIOR SALES

The following table presents the sales in Canadian dollars of Common Shares by the Company between June 1, 1997 and May 31, 1998:

Period	Description of Transaction	Common Shares Issued	Aggregate Proceeds	Average Price per Share
			(in Canadian dollars)	
June 1997	Exercise of options and warrants	29,449	$17,971	$ 0.61
July 1997	Exercise of options and warrants	1,000	10,379	10.38
August 1997	Exercise of options and warrants	1,400	7,712	5.51
September 1997	Exercise of options and warrants	14,407	123,497	8.57
October 1997	Exercise of options and warrants	201,317	1,638,369	8.14
November 1997	Exercise of options and warrants	3,650	46,295	12.68
December 1997	Exercise of options and warrants	14,837	159,089	10.72
December 1997	Payment in satisfaction of Delrina obligation	365,654	7,062,047	19.31
January 1998	Exercise of options and warrants	15,158	124,555	8.22
January 1998	Pursuant to acquisition	6,918	143,910	20.80
February 1998	Exercise of options and warrants	15,278	139,831	9.15
March 1998	Exercise of options and warrants	124,279	1,597,926	12.86
March 1998	Payment in satisfaction of Delrina obligation	350,000	8,422,820	24.07
April 1998	Exercise of options and warrants	153,337	1,842,927	12.02
May 1998	Exercise of options and warrants	2,947	68,088	23.10

DIRECTORS AND OFFICERS

The following are the names and municipalities of residence of the directors and officers of the Company, their principal positions with the Company and their principal occupations:

Name	Municipality of Residence	Title
Abraham E. Ostrovsky	Los Altos Hills, California	Chairman and Director
John B. Kelly	Nepean, Ontario	President and Chief Executive Officer and Director
John Gleed	Ottawa, Ontario	Senior Vice President and Chief Technology Officer and Director
Philip W. Weaver	Kanata, Ontario	Executive Vice President and Chief Operating Officer
Lynne K. Boyd	Alexandria, Virginia	Senior Vice President — U.S. Government Sales
Hugh R. A. Millikin	Neutral Bay, New South Wales, Australia	Senior Vice President — Asia/Pacific
Thomas E. Hicks	Nepean, Ontario	Senior Vice President and Chief Information Officer and Director
Kenneth J. Killin	Ottawa, Ontario	Vice President, Finance and Administration and Chief Financial Officer
Wayne F. Hall	Manotick, Ontario	Vice President — Advanced Products
Deborah L. Weinstein	Nepean, Ontario	Secretary
Robert F. Allum(1) (2)	Ashton, Ontario	Director
Eric R. Goodwin	Lombardy, Ontario	Director
Stephen A. Holinski(1)	Mississauga, Ontario	Director
Graham C. Macmillan(2)	Ottawa, Ontario	Director
Dennis B. Maloney	Irving, Texas	Director
Donald J. Payne(2)	Albany, New York	Director
Stanley A. Young(1)	North Andover, Massachusetts	Director

Notes:

(1) Member of the Audit Committee.
(2) Member of the Compensation Committee.

Mr. Ostrovsky joined the Company in August 1991 as Executive Vice President and Chief Operating Officer. He served as President and Chief Executive Officer from November 1991 to March 1994, and as the Company's Chairman and Chief Executive Officer from March 1994 to August 1995, when he resigned as the Company's Chief Executive Officer. He has served as a director of the Company since 1991. Mr. Ostrovsky was Chairman of the Board of Directors and Chief Executive Officer of Compressant Corporation from March 1996 to December 1997. Mr. Ostrovsky is a director of SEEC, Inc., Indigo N.V. and Net Manage.

Mr. Kelly joined the Company in March 1994 as President and Chief Operating Officer, and was appointed Chief Executive Officer in August 1995. Mr. Kelly has served as a director of the Company since 1988. Prior to joining the Company he was President and Chief Executive Officer of Why Interactive (formerly DVS Communications Inc.), a multi-media based integrated learning systems company between 1985 and March 1994. DVS Communications Inc. was acquired by the Company in March 1994.

Mr. Gleed is a founder of the Company and was its President from June 1982 until June 1990, when he was appointed to his current position of Chief Technology Officer and Senior Vice-President of Research and Development. Mr. Gleed has served as a director since 1982 and served as Chairman of the Board from June 1990 to March 1994.

Mr. Weaver joined the Company in March 1994 as Senior Vice President - Services, was appointed Senior Vice President - Sales, Marketing and Services in February 1995, was appointed Executive Vice President - Sales, Marketing and Services in September 1996, and Chief Operating Officer/Executive Vice-President in September 1997. Prior to joining the Company, Mr. Weaver was employed by SHL Systemhouse Inc., where he served as Vice President, Business Development from 1993 to March 1994and as Director of Business Development from 1990 to 1993.

Ms. Boyd joined the Company in May 1994 as Senior Vice President, Sales and Marketing and was appointed Senior Vice President – U.S. Federal Government Sales in February 1995. Prior to joining the Company, Ms. Boyd was employed by Uniplex Integration Systems, where she was employed since 1988 and served as President from 1993.

Mr. Millikin joined the Company in February 1994 as Managing Director of JetForm Pacific, a company acquired by JetForm in February 1994 and was appointed Senior Vice President — Asia Pacific in September 1996. Prior to joining the Company, Mr. Millikin was the Managing Director of JetForm Pacific Pty Limited, which company JetForm acquired in February 1994.

Mr. Hicks is a founder of the Company and served as a senior project manager from the Company's inception until September 1991, when he was appointed Vice President, Systems Engineering. In March 1994, he was appointed Vice President, Strategic Programs and became Senior Vice President and Chief Information Officer in January 1997. Mr. Hicks has served as a director of the Company since 1982.

Mr. Killin joined the Company in October 1994 as Vice President, Finance and Administration, and Chief Financial Officer. Prior to joining the Company, Mr. Killin was employed by Crowntek Business Centres Inc., a microcomputer reseller and distributor, from 1988 to 1994 in various financial and operational executive positions.

Mr. Hall is a founder of the Company and has held various senior positions in the area of product research and development since April 1983. He was appointed to his current position in January 1993.

Ms. Weinstein has served as secretary of the Company since September 1993. Ms. Weinstein is a founding partner of LaBarge Weinstein, Canadian legal counsel to the Company. From February 1991 to January 1997, Ms. Weinstein was a partner with the law firm of Blake, Cassels & Graydon. Ms. Weinstein currently acts as a director of MOSAID Technologies Incorporated and AIT Advanced Information Technologies Corporation.

Mr. Allum has served as a director of the Company since 1983. He is a founder of the Company and was Chairman of the Board from 1983 until June 1990, when he was appointed to the position of Executive Vice President — Consulting Services, which he held until March 1994. From March 1994 until April 1996, Mr. Allum held the position of Vice President Special Projects. In April 1996, Mr. Allum resigned as an officer of the Company to take his current position as President of Tierra Communications Inc.

Mr. Goodwin has served as a director of the Company since September 1996. He is a founder and a director of Fulcrum Technologies Inc., a provider of text retrieval software, and was its President and Chief Executive Officer from 1990 until January 1997, when he became its Chairman and Chief Executive Officer.

Mr. Holinski has served as a director of the Company since 1995. He has been the Senior Vice President and Chief Financial Officer of Moore since May 1994. Prior to joining Moore, Mr. Holinski was Treasurer of Northern Telecom Ltd. from March 1994 until May 1994, and Vice President Product Finance from September 1993 until March 1994. Mr. Holinski was Vice President Finance with Northern Telecom Europe from January 1991 until September 1993.

Mr. Macmillan has served as a director of the Company since 1994. Previously, he was a Director of Investment Banking at Richardson Greenshields of Canada Limited ("Richardson Greenshields") from 1989 to November 1996. Mr. Macmillan has been a Vice President and Director of RBC Dominion Securities Inc., since November, 1996.

Mr. Maloney has served as a director of the Company since 1994. He worked for SHL Systemhouse Inc., for 20 years and has assumed increasingly senior roles in various aspects of the information systems industry. He was most recently President of the Outsourcing Division of SHL Systemhouse Inc., until his resignation in December 1996. He has been President and Chief Executive Officer of Insurdata Inc., a leading supplier of technology solutions to the health care industry since December 1996.

Mr. Payne has served as a director of the Company since 1995. He became the Chief Operating Officer of Bitwise Designs Inc. in 1996. Mr. Payne was President of the Air Courier Division, Federal Armored Express, Inc. from 1993 to 1996. From 1990 to 1993, he was President and Chief Executive Officer of Enable Software, Inc. In June 1996, Mr. Payne was elected to the Board of Directors of Flo Management Technologies, a developer of medical software.

Mr. Young has served as a director of the Company since 1990. Mr. Young has been active as a consultant and venture capital investor for the past five years and is Chairman, President and Chief Executive Officer of Young Management Group, Inc., a management consulting firm. Mr. Young is a director of SEEC, Inc.

Committees of the Board of Directors

There are two standing committees of the Board of Directors: the Audit Committee and the Compensation Committee.

The Audit Committee oversees the Company's financial reporting process and internal controls, and consults with management, internal accountants, and the Company's independent auditors on matters related to the annual audit of the Company and the internal controls, published financial statements, accounting principles and auditing procedures being applied. The Committee also reviews management's evaluation of the auditors' independence and submits to the Board of Directors its recommendations for the appointment of auditors. The members of the Audit Committee are Messrs. Holinski, Allum and Young.

The Compensation Committee has administered the Company's 1990 Employee Stock Option Plan and 1993 Employee Stock Option Plan and currently administers the 1995 Stock Option Plan and the 1997 Employee Stock Purchase Plan. The Committee also consults generally with, and makes recommendations to, the Board of Directors on matters concerning executive compensation, including individual salary rates, supplemental compensation and special awards. The members of the Compensation Committee are Messrs. Allum, Macmillan and Payne.

EXECUTIVE COMPENSATION

The following table sets forth the total compensation paid to the Chief Executive Officer and the four other most highly compensated executive officers of the Company for the fiscal years ended April 30, 1997, 1996 and 1995:

Name and Principal Position	Year Ended April 30,	Annual Compensation Salary [1]	Annual Compensation Bonus [1]	Long term Compensation Awards Number of Options [2]
John Kelly	1997	$ 240,000	$ -	50,000
President and Chief	1996	220,000	105,000	30,000
Executive Officer	1995	104,512	25,000	-
John Gleed	1997	$ 150,000	$ -	20,000
Senior Vice President	1996	150,000	70,000	10,000
Research and Development and Chief Technology Officer	1995	140,383	27,081	-
Philip W. Weaver	1997	$ 230,000	$ -	35,000
Executive Vice President and	1996	180,000	104,000	20,000
Chief Operating Officer	1995	150,240	124,583	-
Lynne K. Boyd	1997	$ 275,050	$ -	-
Senior Vice President – U.S.	1996	272,400	-	-
Government Sales	1995	201,900	124,110	100,000
Kenneth J. Killin	1997	$ 150,000	$ -	20,000
Vice President, Finance and	1996	150,000	35,000	15,000
Administration and Chief Financial Officer	1995	81,346 [3]	-	50,000

(1) All references to "$" in this section are to Canadian dollars. Compensation paid in US$ has been converted at the rate of US$1 = Cdn$ 1.366 for fiscal 1997, US$1 = Cdn$1.362 for fiscal 1996, and US$1 = Cdn$1.379 for fiscal 1995, each representing the average monthly exchange rate during the respective periods. The conversion should not be construed as representations that the Canadian dollar amounts actually represent United States dollar amounts or could be converted into United States dollar amounts at such rate.

(2) The Company has not issued any stock appreciation rights.

(3) Reflects Mr. Killin's compensation from October 17, 1994, when he first became employed by the Company as Vice President Finance and Administration and Chief Financial Officer.

The following table sets forth the stock options granted during the year ended April 30, 1997 to each of the Company's executive officers named in the Summary Compensation Table:

1997 Stock Option Grants

Name	Shares underlying number of options granted[1]	% of total options granted to employees in Fiscal 1997	Exercise Price per Share (US$)	Expiry	Potential Realized Value at Assumed Annual Rate of Stock Price Appreciation over Option Term 5%	10%
					(in Canadian dollars)	
John B. Kelly	50,000	7.0%	19.00	June 25, 2003	$356,825	$788,489
John Gleed	20,000	2.8%	19.00	June 25, 2003	142,730	315,396
Philip W. Weaver	35,000	4.9%	19.00	June 25, 2003	249,777	551,942
Lynne K. Boyd	-	n/a	n/a	n/a	n/a	n/a
Kenneth J. Killin	20,000	2.8%	19.00	June 25, 2003	142,730	315,396

(1) Options granted during the year ended April 30, 1997, are exercisable starting 12 months after the date of grant, with one-third of the shares becoming exercisable at that time and with an additional one-third of the option shares becoming exercisable on each successive anniversary date, with full vesting occurring on the third anniversary date. All options expire on the seventh anniversary date.

Aggregate Option Exercises and Year-end Option Values

The following table sets forth the number of shares acquired on exercise of stock options and the aggregate gains realized on exercise during the year ended April 30, 1997, by the Company's executive officers named in the Summary Compensation Table. The table also sets forth the number of shares covered by exercisable and unexercisable options held by such executives on April 30, 1997, and the aggregate gains that would have been realised had these options been exercised on April 30, 1997, even though the exercisable options were not exercised, and the unexercisable options could not have been exercised, on April 30, 1997.

Name	Shares Acquired on Exercise during Fiscal 1997	Value Realized [1]	Number of Shares Covered by Unexercised Options at April 30, 1997 Exercisable	Unexercisable	Value of Unexercised in-the-money Options at April 30, 1997 [2] Exercisable	Unexercisable
		(in Canadian dollars)			(in Canadian dollars)	
John B. Kelly	20,000	$ 499,148	247,500	70,000	$ 2,615,696	$ 3,494
John Gleed	6,912	171,166	47,084	26,666	643,698	1,165
Kenneth J. Killin	21,225	294,594	13,667	46,666	96,263	185,175
Philip W. Weaver	27,000	421,233	46,667	48,333	525,265	2,329
Lynne K. Boyd	18,000	313,910	33,667	33,333	441,122	436,746

(1) Value is based on the closing price on the date of exercise less the exercise price and the closing exchange rate on the date of exercise.

(2) Value of unexercised options is based on the April 30, 1997, closing bid price of US$15.375 per share and exchange rate of US$1.00 = Cdn$1.398, less the exercise price. Options are in-the-money if the market value of the shares covered thereby is greater than the option exercise price.

The Company does not maintain any long-term incentive plans.

Compensation of Directors

For the year ended April 30, 1997, each non-employee, non-Moore nominated director was paid $5,000 per annum, $1,000 per meeting attended, and was granted 5,000 options which vested immediately upon grant. As an alternative to receiving cash for their services, non-employee, non-Moore nominated directors are entitled to receive an additional 1,000 options, which vest immediately upon grant. On June 25, 1996, Graham Macmillan and Dennis Maloney were each granted options to acquire 6,000 Common Shares at US$19.00 per share. On October 17, 1996, Eric Goodwin was granted options to acquire 6,000 Common Shares at US$19.75 per share. Non-employee directors are reimbursed for their reasonable expenses incurred in attending Board and committee meetings

Since May 1992, Stanley A. Young, a director of the Company, has been paid US$5,000 per month for consulting services relating primarily to financial matters pursuant to an oral agreement that is terminable at will by either party. This arrangement will terminate on April 30, 1998.

Employment Agreements

The Company has entered into employment agreements with each of John B. Kelly, John Gleed, Philip W. Weaver, Lynne K. Boyd and Kenneth J. Killin, (individually the "Executive") each of which contains provisions which are summarized as follows.

In the event of a termination by the Company of any Executive other than for just cause (as defined in the employment agreements), disability, death or termination of the Executive for good reason, the Company is liable to pay the Executive the following aggregate compensation: the Executive's annual salary to and including the date of termination and an amount equal to the annual salary for such Executive multiplied by 1.25. Annual salary is defined in the employment agreements to include all remuneration, salaries, bonuses and benefits including health, dental and disability coverage in addition to the annual base salary, that the board of directors of the Company acting reasonably estimates would be payable to the Executive during such period following termination of the Executive's employment. In addition, following termination for any of the above reasons, the Company is to ensure that all options to acquire common shares of the Company held by the Executive as at termination continue to be exercisable until the date to which such options would have been exercisable by the Executive but for the termination of the employment of the Executive. Further, the Company may not seek in any way to amend the terms of any loans from the Company or its subsidiaries to the Executive or to terminate memberships, and the Company shall provide the Executive with job relocation counseling services with a firm chosen by the Executive at a cost to the Company not to exceed $30,000.

Under the employment agreements each Executive has agreed that, while an executive of the Company and for a period of 18 months following the date of termination for any reason whatsoever, anywhere in North America, the Executive shall not, directly or indirectly in any manner, carry on or be engaged in or be connected with or interested in a segment of any business which is directly or indirectly competitive with the business of the Company or any of its subsidiaries or contact or solicit any designated customers of the Company or any of its subsidiaries for the purposes of selling to the designated customers any products or services which are the same as or are competitive with, the products or services sold by the Company or any of its subsidiaries during the term of the employment agreement. In addition, the Executive shall not, while an executive of the Company, and for a period of 18 months thereafter, directly or indirectly, employ or retain as an independent contractor any employee of the Company or any of its subsidiaries or induce or solicit, or attempt to induce, any such person to leave his or her employment. In addition, each Executive has agreed to terms of confidentiality with respect to the confidential information and trade secrets of the Company, which terms continue indefinitely.

Directors' And Officers' Liability Insurance

The Company presently maintains directors' and officers' liability insurance in the aggregate principal amount of US$10.0 million. The annual premium payable for this insurance during the year ended April 30, 1997, was Cdn$312,800. The by-laws of the Company generally provide that the Company shall indemnify a director or officer of the Company and certain other bodies corporate against liability incurred in such capacity to the extent permitted or required by the Canada Business Corporations Act. To the extent the Company is required to indemnify the directors or officers pursuant to the by-laws of the Company, the insurance policy provides that the Company is liable for the initial US$250,000 in the aggregate for each loss with respect to the insuring agreement.

Employee Stock Option Plans

On March 4, 1993, the Board of Directors adopted the 1993 Employee Stock Option Plan (“1993 Plan”). Options granted under the 1993 Plan have a term of five years and vest at the rate of one-third of the shares covered on each of the first three anniversary dates of the date of grant. Options granted under the 1993 Plan are not transferable and are exercisable only by the optionee during his or her lifetime. The 1993 Plan is administered by the Compensation Committee of the Board of Directors and options are not granted at less than the fair market value of the Common Shares on the date of grant. The 1993 Plan was terminated by the Board of Directors on June 28, 1995, at which point the 1995 Stock Option Plan (the "1995 Plan") became effective. Options outstanding under the 1993 Plan remain in effect pursuant to their terms, but no new options will be granted.

The Company established the 1995 Plan on June 28, 1995 to replace the 1993 Plan. The 1995 Plan is administered by the Compensation Committee of the Board of Directors and provides for the grant to all eligible full-time employees, directors and officers of the Company of options to purchase Common Shares at a price based upon the last trading price of the Common Shares on the Nasdaq National Market on the trading day immediately preceding the date of grant. Pursuant to the 1995 Plan, the aggregate number of options available to be granted is 3,125,763. Options granted under the 1995 Plan have a term of five years unless otherwise determined by the Compensation Committee to a maximum of ten years, and vest at the rate of one-third of the shares covered on each of the first three anniversary dates of the date of grant, unless otherwise determined by the Compensation Committee. Options granted are non-transferrable and may only be exercisable by the optionee during his or her lifetime.

The following table presents the outstanding options and warrants held by the Executive Officers, Directors who are not Executive Officers, employees and others as of June 18, 1998:

	Date of Grant	Date of Expiry	Exercise Price (in US $)	Shares Underlying Options and Warrants
Executive Officers	March 30, 1994	March 30, 1999	7.50	187,500
	April 21, 1994	April 21, 1999	6.00	38,000
	May 9, 1994	May 9, 1999	6.00	34,000
	December 6, 1994	December 6, 1999	7.50	18,333
	August 24, 1995	August 24, 2002	15.25	88,369
	June 25, 1996	June 25, 2003	19.00	154,248
	May 30, 1997	May 30, 2002	13.25	202,710
	March 2, 1998	March 2, 2003	13.375	399,580
Directors who are not	April 21, 1994	April 21, 1999	6.00	20,000
Executive Officers	March 3, 1995	March 3, 2000	11.25	5,000
	August 24, 1995	August 24, 2002	15.25	57,000
	June 25, 1996	June 25, 2003	19.00	12,000
	October 17, 1996	October 17, 2003	19.75	6,000
	May 30, 1997	May 30, 2002	13.25	35,000
	March 2, 1998	March 2, 2003	13.375	85,000
Employees	Various	Various	Various	2,042,740
Others	March 31, 1996	March 31, 2001	16.50	116,216
	October 24, 1996	October 24, 2001	18.88	5,000
				3,506,696

Employee Stock Purchase Plan

The JetForm 1997 Employee Stock Purchase Plan (the "Purchase Plan") was adopted by the Board of Directors in July 1997 and approved by the shareholders of the Company on September 11, 1997. A total of 400,000 Common Shares have been reserved for issuance under the Purchase Plan. The 400,000 shares initially reserved for issuance represent approximately 2.5% of the Common Shares outstanding as of July 18, 1997. The purpose of the Purchase Plan is to provide employees of the Company and its designated subsidiaries with an opportunity to purchase Common Shares of the Company through accumulated payroll deductions.

The purchase price per share at which shares will be sold in an offering period under the Purchase Plan is the lower of 95% of the fair market value of a Common Share at the beginning of the offering period or 95% of the fair market value of a Common Share at the end of the offering period. The fair market value of the Common Shares on a given date shall be the closing price of the Common Shares on The Toronto Stock Exchange (the “TSE”) if the Company's Common Shares are listed and posted for trading on the TSE or, if not, on the Nasdaq National Market.

The purchase price of the shares is accumulated by payroll deductions over the offering period. The deductions may not be greater than ten percent (10%), or such other rate as may be determined from time to time by the Compensation Committee, of a participant's compensation. A participant at any time during an offering period may discontinue his or her participation. Payroll deductions shall commence on the first payday following the offering date or other date permitted for entry by the Committee and shall continue at the same rate until the end of the offering period unless sooner terminated as provided in the Purchase Plan.

Indebtedness of Directors and Officers

There exists no indebtedness of the directors or officers of the Company, or any of their associates or affiliates, to JetForm.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Since May 1992, Stanley Young, a director of the Company, has been paid US$5,000 per month for consulting services relating primarily to financial matters pursuant to an oral agreement that is terminable at will by either party. This arrangement will terminate on April 30, 1998.

The Company concluded an investment agreement with Moore in August 1994 under which Moore acquired 2,263,782 Preference Shares representing approximately 18.5% of the Company's Common Share equivalents then outstanding for net proceeds of approximately $24.8 million. Moore also acquired an option to purchase 178,750 Common Shares of the Company for a price of US$8.25 per share (the "Special Options") and a conditional option to acquire 7,726,375 Common Shares of the Company no later than December 30, 1999 at prices ranging from US$15.00 per share to US$20.00 per share, subject to certain anti-dilution provisions (the "Moore Options"). In accordance with these anti-dilution rights, during the year ended April 30, 1996, Moore also acquired an option to acquire 116,216 Common Shares of the Company at US$16.50 per share.

In June 1996 the Company negotiated the repurchase of the Moore Options in order to eliminate the perceived dilutive effect of the Moore Options on the price of the Company's Common Shares. As a result, on June 27, 1996, the Company entered into an agreement with Moore (the “Moore Agreement”) under which a subsidiary of the Company repurchased the Moore Options for consideration of US$34.0 million ($46.3 million), paid for through the issuance by the Company to Moore of 1,813,334 Common Shares and incurred additional expenses associated with the transaction of $749,000. The consideration paid for the Moore Options was determined by arm's length negotiation between the parties. Subsequently, Moore sold to various third parties 1,813,334 of its Preference Shares which were concurrently converted into an equal number of Common Shares and Moore exercised the Special Options to acquire 178,750 Common Shares at US$8.25 per share. As a result of the foregoing, as at the date hereof, Moore held 1,992,084 Common Shares, 450,448 Preference Shares and options to purchase 116,216 Common Shares.

The Company and Moore also entered into a long-term strategic alliance in August 1994, under which sales of the Company's products and services in certain vertical markets would be focused through Moore. Moore also committed to make certain minimum purchases from the Company of products for resale. The Company and Moore amended the terms of the strategic alliance as of June 27, 1996, and on April 30, 1997. Pursuant to the amended strategic alliance, Moore has relinquished exclusive marketing rights in all vertical markets but has retained certain exclusive marketing rights to 29 named accounts and non-exclusive marketing and distribution rights to all markets worldwide. The amended strategic alliance continues to provide for the promotion by Moore and the Company of each other's forms automation solutions. Under the amended strategic alliance, Moore reduced its commitment to make purchases of the Company's products for resale. Moore is now committed to a minimum purchase for resale of US$1.0 million in each of the calendar years 1997 and 1998, and has made a further commitment of US$1.0 million for the calendar year 1999, subject to cancellation by Moore within certain notice periods.

Certain other agreements entered into with Moore in August 1994 were also amended and restated as at June 27, 1996. As long as Moore beneficially owns at least 10% of the outstanding Common and Preference Shares of the Company, Moore is entitled to nominate two directors to the Company's board of directors and as long as Moore beneficially owns at least 5% of the outstanding Common and Preference Shares of the Company, Moore is entitled to nominate one director to the Company's board of directors. For purposes of calculating Moore's beneficial ownership, any Common Shares issued after June 27, 1996 pursuant to the exercise of options or other rights granted after such date pursuant to employee stock plans are treated as not outstanding. Certain insiders have agreed to vote their shares in favor of Moore's nominees for election to JetForm's board of directors. So long as Moore owns not less than 10% of the outstanding common and preference shares, Moore continues to be entitled to a pre-emptive right with respect to issuances by the Company of additional equity shares or shares convertible into equity shares, although the pre-emptive right does not apply to securities issued by the Company pursuant to employee stock purchase or stock option or other employee stock incentive plans. Prior to conversion, each preference share is entitled to one vote and is to vote with the common shares as a single class; provided, that if at any time Moore's beneficial ownership of common and preference shares is less than 15% of the outstanding Common and Preference Shares, Moore has agreed to vote its Preference Shares as directed by the Company, with certain exceptions.

The Company and Moore have also entered into a Registration Rights Agreement pursuant to which Moore may require the Company to register Common Shares issued upon conversion of the Preference Shares or exercise of the options (a "Demand Registration") under the Securities Act of 1933 (the "Act"), subject to certain limitations. Moore will be entitled to require up to three Demand Registrations at any time, one of which must be paid for by the Company, and participate in any other registration of the Company's securities under the Act, subject to certain limitations. Moore may publicly sell any Common Shares registered under the Act.

As of August 24, 1995, the Company entered into a consulting agreement (the "Consulting Agreement") with Abraham Ostrovsky, the Chairman of the Board at the Company. Effective as of August 24, 1995, Mr. Ostrovsky officially resigned as Chief Executive Officer of the Company. During the period from August 24, 1995 to December 31, 1995 Mr. Ostrovsky phased out his duties as the Chief Executive Officer of the Company and continued to be compensated pursuant to an employment agreement dated August 11, 1994. As of January 1, 1996, Mr. Ostrovsky acted as a business consultant for a period of twenty-four (24) months (the "Consulting Period"). The Consulting Agreement includes a confidentiality clause providing that Mr. Ostrovsky will not use any of the Company's confidential information at any time or for any purpose other than performing his obligations as a business consultant. Mr. Ostrovsky remained at all times a director of the Company and Chairman of the Board of Directors of the Company. During the Consulting Period, payment for Mr. Ostrovsky's services was made as follows: (a) the Company paid Mr. Ostrovsky a non-refundable one-time retainer fee of US$590,000 payable in fifteen equal monthly instalments; (b) the Company transfered ownership of Mr. Ostrovsky's life insurance policy from the Company to Mr. Ostrovsky's spouse; and (c) the Company continued to grant stock options to Mr. Ostrovsky as though he remained employed with the Company during the Consulting Period. Those stock options unexercised at the date of the Consulting Agreement remained valid. The Company will pay Mr. Ostrovsky separately any fees earned or expenses incurred for acting as a director of the Company.

PRINCIPAL SHAREHOLDERS

The following table sets forth as at the date hereof and adjusted to reflect the completion of this offering, certain information with respect to persons who own of record or who, to the Company's knowledge, own beneficially, directly or indirectly, 10% or more of the Common Shares.

	Ownership After this Offering	
	Shares	Percentage
Moore Corporation Limited	2,442,532(1)	12.5%
T.A.L. Investment Counsel Ltd.	2,111,900	11.0%

Note:
(1) Moore holds 1,992,084 Common Shares and 450,448 Preference Shares.

The directors and senior officers of the Company, as a group, beneficially own or control, directly or indirectly, 1,160,591 Common Shares, representing 6.7% of the Common Shares outstanding before this offering and will own 5.9% of the Common shares after giving effect to this offering.

PLAN OF DISTRIBUTION

Pursuant to an agreement dated April 2, 1998 between the Company and RBC Dominion Securities Inc., Midland Walwyn Capital Inc., Goldman Sachs Canada and TD Securities Inc. (collectively the "Underwriters"), the Company sold 2,200,000 Special Warrants for gross proceeds of US$46,750,000. In consideration for their services in connection with the offering of the Special Warrants, the Company has paid the Underwriters a fee of 4% (US$0.85 per Special Warrant) representing an aggregate fee of US$1,870,000. Expenses in connection with the issue of the Special Warrants are estimated to be $650,000 which will be paid by the Company out of its general funds. The offering price of the Special Warrants was determined by negotiation between the Company and the Underwriters.

The Special Warrants were issued by way of a private placement pursuant to a special warrant indenture dated April 16, 1998 (the "Special Warrant Indenture") between the Company and CIBC Mellon Trust Company ("CIBC Mellon") as special warrant agent. Each Special Warrant entitles the holder thereof to acquire upon exercise without additional payment one Common Share. The Special Warrants are exercisable at the option of the holders thereof at any time on or before 5:00 p.m. (Ottawa time) on the earlier of: (i) the fifth business day after the Company receives a receipt for Prospectus qualifying the distribution of the Common Shares issuable upon the exercise of the Special Warrants from the last of the securities regulatory authority in each of the Qualifying Jurisdictions; and (ii) April 16, 1999 (such time on such earlier date is hereinafter referred to as the "Expiry Time"). If the Company does not obtain a receipt for the Prospectus from the Qualifying Jurisdictions by 5:00 p.m. (Ottawa time) on July 15, 1998, Special Warrants exercised thereafter will entitle the holders thereof to receive without additional payment 1.1 Common Shares (in lieu of one Common Share) for each Special Warrant. All Special Warrants not exercised at the Expiry Time will be deemed to have been exercised immediately prior to the Expiry Time without any further action by the holder.

Pursuant to the Underwriting Agreement, the Company agreed that it will not, for a period of 90 days from April 16, 1998 without the prior written consent of RBC Dominion Securities Inc. on behalf of the Underwriters, issue or sell any Common Shares or securities convertible or exchangeable into Common Shares, subject to certain exceptions.

The Special Warrants and the Common Shares have not been and will not be registered under the United States Securities Act of 1933, as amended (the "1933 Act") and may not be offered or sold in the United States or to U.S. persons (as defined in Regulation S promulgated under the 1933 Act) except in transactions exempt from the registration requirements of the 1933 Act. The Underwriters have agreed that they will not offer or sell the Special Warrants or the Common Shares within the United States or to U.S. persons. In addition, until 40 days after the commencement of this offering, an offer or sale of the Special Warrants or the Common Shares within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the 1933 Act.

To ensure compliance with Regulation S promulgated under the 1933 Act, the Special Warrant Indenture provides that the Common Shares issued pursuant to the exercise of Special Warrants shall contain a restrictive legend to the foregoing effect unless the purchaser has delivered a certificate to CIBC Mellon respecting compliance with Regulation S promulgated under the 1933 Act. Further, holders of Common Shares issued pursuant to the exercise of Special Warrants shall be required to deliver to CIBC Mellon such certificate respecting compliance with Regulation S promulgated under the 1933 Act in order that such Common Shares may be sold or transferred without a legend.

RELATIONSHIP BETWEEN THE COMPANY AND ONE OF THE UNDERWRITERS

RBC Dominion Securities Inc., one of the Underwriters, is a subsidiary of a Canadian chartered bank, which provides the Company with commercial banking services and the Company may therefore be considered to be a connected issuer of RBC Dominion Securities Inc. Such Canadian chartered bank provides an operating line of credit to the Company of up to $20.0 million which is currently unutilized. In addition, the Company has entered into a receivables purchase agreement with the Bank Subsidiary which permits the Company to sell to the Bank Subsidiary accounts receivables and term account receivables in an aggregate and not to exceed US$20 million. As at January 31, 1998, the outstanding balance of accounts receivable sold under this agreement was approximately $7.8 million. The decision of RBC Dominion Securities Inc. to participate in the underwriting of this offering was made independently of such chartered bank and Bank Subsidiary. In addition, Graham Macmillan, a director of the Company, is a Vice President and Director of RBC Dominion Securities Inc. RBC Dominion Securities Inc. has participated in this offering on the same terms as the other Underwriters and has not received and will not receive any benefit in connection with this offering other than its share of the underwriters' fee.

RISK FACTORS

In considering an investment in the securities of the Company, a prospective purchaser should consider the following risk factors.

Variability in Quarterly Results

The Company's revenues and operating results have varied substantially from period to period. Product revenues are difficult to forecast due to the fact that the Company's sales cycle, from initial trial to multiple copy licenses, varies substantially from customer to customer. The sales cycle for the Company's design, fill, workflow and output management products generally ranges from three to 18 months. The Company has in the past relied to a great extent on revenue derived from small numbers of large product licenses in every quarter. Orders are generally filled when they are received and the Company does not operate with a material order backlog. Therefore, product revenues in any period are substantially dependent on orders booked and shipped or the fulfilment in that period of the Company's obligations under Irrevocable Commitment Licenses, and variations in the timing of product sales or fulfilment of its obligations can cause material variations in operating results from period to period. In addition, the Company typically has realized a disproportionately high amount of its revenues and income in the last month of each quarter and, as a result, the magnitude of quarterly fluctuations may not become evident until late in, or at the end of, a given quarter. Accordingly, delays in product delivery or in the closing of sales near the end of a quarter could cause quarterly revenues and, to a greater degree, net income, to fall substantially short of anticipated levels. Due to the foregoing factors, the Company believes that period to period comparisons of its operating results are not necessarily meaningful and that such comparisons cannot be relied upon as indicators of future performance. There can be no assurance that future revenues and operating results will not vary substantially. It is also possible that in one or more quarters the Company's revenues or operating results will fall below the expectations of public market analysts and investors. In either case, the price of the Common Shares could be materially adversely affected. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

Competition and Product Pricing

The market for E-Forms and workflow solutions is highly competitive, rapidly evolving and highly sensitive to new product introductions and marketing efforts by industry participants. The Company experiences competition from leading technology companies that offer E-Forms and workflow products and companies that market pre-printed paper forms. Technology companies which compete with the Company include IBM Corporation (LotusForms), Metastorm Inc. (Novell Inc. InForms), Microsoft Corporation (E-Forms Publisher). Competitors in the enterprise workflow market include Action Technologies (ActionMetro), FileNet Corporation and KeyFile Corporation (KeyFlow). The Company's products also compete with other suite providers that package E-Form components with their groupware and intranet products and imaging and workflow vendors that market integrated E-Forms and workflow products. Leading software companies such as IBM Corporation, Microsoft Corporation and

Novell Inc. are increasing their participation in the enterprise software market. An increased focus on E-Forms software and workflow solutions by such companies would likely result in increased competition for the Company leading to price reductions, reduced gross margins and loss of market share, any of which could materially adversely affect the Company's business, financial condition and results of operations. Pre-printed paper forms companies which compete with the Company include Moore Corporation Limited, Reynolds and Reynolds Co., Standard Register, Inc., Uarco Inc. and Wallace Computer Services, Inc. A number of other software applications (such as database management, word processing and spreadsheet applications) also have forms capabilities. Most of the Company's competitors have greater financial, technical, marketing and other resources than the Company. There can be no assurance that the Company will be able to compete effectively against current or future competitors. The Company believes that the principal competitive factors in the E-Forms and workflow software market are features, functions, multi-platform capability, scaleability, reliability, ease of use, customer support, price and strategic relationships for product development, marketing and distribution. E-Forms software products that perform many of the same functions as the Company's forms design and fill products, including JetForm Design, JetForm Filler and JetForm FormFlow, are available from a number of competitors.

Rapid Technological Change

The market for the Company's products and services is characterized by rapidly changing technology, evolving industry standards and new product introductions. The Company's future success will depend in part upon its ability to enhance its existing products and services and to develop and introduce new products and services to meet changing client requirements. The process of developing software products and workflow solutions such as those offered by the Company is extremely complex and is expected to become increasingly complex and expensive in the future with the introduction of new platforms and technologies. There can be no assurance that the Company will successfully complete the development of new products and solutions in a timely fashion or that the Company's current or future products and solutions will satisfy the future needs of its customers.

Evolving Market for E-Forms and Workflow Solutions

The market for E-Forms and workflow solutions is relatively new, highly competitive and subject to rapid change. Because of the recent emergence of this market, the Company's future results will depend significantly upon its ability to identify and attract new customers for its E-Forms and workflow products as well as to develop new products and product enhancements for new and existing customers. There can be no assurance that the market for E-Forms and workflow products will maintain its current level of growth or continue to grow at all, or that the Company will be able to identify and attract new customers or achieve increased sales to existing customers. If this market fails to grow or grows more slowly than the Company currently anticipates or if the Company is unable to identify and attract new customers or achieve increased sales to existing customers, the Company's business, financial condition and results of operations could be materially adversely affected.

Management of Growth

The Company has grown rapidly in recent years both through internal growth and through acquisitions of other businesses and products, including its acquisition of the Delrina Assets. Continued rapid growth, including geographic expansion, could place a significant strain on the Company's management, operations and other resources. The Company's ability to manage its growth will require it to continue to invest in its operations, including its financial and management information systems and controls, and to retain, motivate and effectively manage its employees. If the Company's management is unable to manage the Company's growth effectively, the quality of the Company's products and services, the Company's ability to retain key personnel and its results of operations could be materially adversely affected.

Third Party Dependence

The Company's ability to remain competitive and respond to technological change is in part dependent upon the products and services of third parties, including vendors of application solutions. In the event that the products of such third parties have design defects or flaws, or if such products are unexpectedly delayed in their introduction, the Company's business, financial condition and results of operations could be materially adversely affected.

Dependence Upon Key Personnel

The success of the Company will be largely dependent on certain key employees including John B. Kelly, its President and Chief Executive Officer and John Gleed, its Senior Vice President and Chief Technology Officer. The loss of the services of either Mr. Kelly or Mr. Gleed or certain other key employees could have a material adverse effect on the Company's business and prospects. The Company's success is highly dependent on its continuing ability to identify, hire, train, retain and motivate highly qualified management, technical, sales and marketing personnel, including recently hired officers and other employees. Competition for such personnel is intense, and there can be no assurance that the Company will be able to attract, integrate or retain highly qualified, technical, sales, marketing and managerial personnel in the future. The inability to attract and retain the necessary management, technical and sales and marketing personnel could have a material adverse effect on the Company's business, financial condition and results of operations.

Irrevocable Commitment Licenses

The Company's recognition of revenue can vary significantly from associated cash flows. The Company recognizes revenue from Irrevocable Commitment Licenses when the Company has fulfilled its material obligations in connection therewith and there is reasonable assurance of collection. Payments from customers relating to Irrevocable Commitment Licenses are generally due over a number of fiscal quarters. Revenues from Irrevocable Commitment Licenses with specified payment dates exceeding the Company's customary trade terms are recorded at the amount to be received less deemed interest. The Company expects that its accounts receivable and term accounts receivable will continue to grow, if it continues to sign Irrevocable Commitment Licenses. While the Company believes its reserve for doubtful accounts is adequate, there can be no assurance that the Company will be successful in collecting all amounts due under Irrevocable Commitment Licenses. See "Management's Discussion and Analysis — Liquidity and Capital Resources."

International Operations and Geographic Concentration

Sales of the Company's products outside of the United States and Canada represented approximately 26% of the Company's product revenues for the nine months ended January 31, 1998, and approximately 29% and 44% of the Company's product revenues for the years ended April 30, 1997 and 1996, respectively. The Company anticipates that sales outside of the United States and Canada will continue to account for a significant portion of total revenue. These revenues are subject to certain risks including exchange rate changes, imposition of government controls, export license requirements, restrictions on the import/export of technology, political instability, trade restrictions, changes in tariffs and taxes, differences in copyright protection and difficulties in managing accounts receivable and term accounts receivable. There can be no assurance that these factors will not have a material adverse effect on the Company's future results of operations.

Exchange Rate Risks; Currency Fluctuations

Most of the Company's revenues are denominated in U.S. dollars, although the Company's expenses are primarily incurred in Canadian dollars and it reports its financial results in Canadian dollars. The Company's obligations to Delrina relating to the acquisition of the Delrina Assets are in U.S. dollars. Fluctuations in the exchange rate between the U.S. dollar and the Canadian dollar could have a material adverse effect on the Company's reported results. As the Company expands its European and Rest of World operations, its risk exposure to currencies other than the U.S. dollar and the Canadian dollar will also increase. Although the Company has generally hedged its foreign currency denominated net monetary position in order to reduce the effect of exchange rate fluctuations on earnings, such activities provide only short-term protection against a limited portion of the Company's currency exposure and may be discontinued at any time.

Reliance on Intellectual Property

The Company's success is heavily dependent upon its proprietary technology. The Company does not hold any patents relating to its software products. The Company regards its software products as proprietary and relies for protection upon copyright, trademark and trade secret laws as well as restrictions on disclosure and transferability contained in its software license agreements with customers. In spite of these precautions, it may be possible for unauthorized third parties to copy or otherwise obtain and use the Company's products or technology. In addition, effective copyright, trademark and trade secret protection may be unavailable or limited in certain foreign countries. The Company also periodically obtains licenses to use or copy software written or supplied by third parties for use in the Company's products. If such licenses are terminated by such third parties, there can be no assurance that any necessary licenses or rights could be obtained on terms satisfactory to the Company to allow continued use of such third party software which may be necessary for the functionality or features of the Company's products.

Certain of the Company's software products and solutions could infringe existing intellectual property rights of others. A number of companies, including leading software companies, have obtained patents, some of which could be found to be infringed by the Company's products and solutions. If any infringement of intellectual property rights does exist in JetForm's products, there can be no assurance that the necessary licenses or rights could be obtained on terms satisfactory to the Company or that the Company would not be required to modify or discontinue distributing the infringing software products. A finding of infringement could have a material adverse effect on the Company's business, financial condition and results of operations. The threat or commencement of litigation against the Company by third parties to enforce alleged intellectual property rights, whether or not such intellectual property rights are found to exist or to have been infringed by the Company, could have a material adverse impact on the market price of the Common Shares, could prove costly for the Company to defend and could direct significant management resources away from the operations of the Company.

Product Defects and Product Liability

The Company's software products are highly complex and sophisticated and could from time to time contain design defects or software errors that could be difficult to detect and correct. Errors, bugs or viruses may result in loss of or delay in market acceptance or loss of client data. Although the Company has not experienced material adverse effects resulting from any software defects or errors to date, there can be no assurance that, despite testing by the Company and its clients, errors will not be found in new products. In addition, the Company regularly provides a warranty with its products. The Company has experienced minimal guaranty and warranty obligations to date. There can be no assurance, however, that the financial impact of these obligations will not be significant in the future, especially in the event of a major product defect. The Company's products are used by many of its clients to perform mission critical functions. As a result, design defects, software errors, misuse of the Company's products, incorrect data from external sources or other potential problems that may arise from the use of the Company's products could result in claims for financial or other damages from the Company's customers. As is customary in the software industry, the Company does not maintain product liability insurance. Although the Company's license agreements with its customers typically contain provisions designed to limit the Company's exposure to potential claims, such provisions may not effectively protect the Company against such claims and related liabilities and costs. Accordingly, any such claim could have a material adverse effect upon the Company's business, financial condition and results of operations.

Volatility of Stock Price

On the basis of the history of the trading prices of the Common Shares and the stock prices of other technology companies, the market price of the Common Shares may be highly volatile and may be affected by factors other than the Company's results. Factors such as announcements of technological innovations or new products by the Company's competitors, changes in the conditions of the business forms market, E-Forms and workflow products markets, changes in public market analysts' expectations regarding future earnings and fluctuations in the rate of exchange between foreign currencies and the Canadian dollar may have an impact on the market price of the Common Shares. In addition, general economic, political and market conditions, such as recessions, economic treaties, elections or military conflicts, may adversely affect the market price of the Common Shares. See "Price Range and Trading Volume of Common Shares."

Funding of Delrina Obligation

Under the Delrina Asset Purchase Agreement as amended, the Company is required to make quarterly payments on account of the purchase price for the Delrina Assets. On the date hereof, US$50.1 million remains outstanding under this obligation. While the Company believes that its cash reserves combined with the proceeds of this offering will be adequate to fund this obligation in the near term, there can be no assurances that JetForm will be able to fund this obligation in a timely manner. The Company is permitted to satisfy a portion of its payment obligation to Delrina through the issuance of Common Shares, provided that the total market value of the Company's Common Shares held by Delrina immediately following such issuance does not exceed US$21.0 million for the next three payments and US$14.0 million thereafter, and the Company continues to meet certain registration requirements in respect of such issued Common Shares. If in the future JetForm issues Common Shares in payment of its obligation to Delrina, JetForm shareholders may suffer immediate and significant dilution in the event the market value of JetForm Common Shares has materially declined.

DILUTION

After giving effect to this offering, the price of each Common Share offered hereby exceeds the consolidated net tangible book value per Common Share as at January 31, 1998 by US$17.65, representing dilution of 83.1% of the offering price, as indicated in the following table:

Offering price…………………………………………………………………		US$21.25
Consolidated net tangible book value before this offering………………..	US$1.81	
Increase in consolidated net tangible book value attributable to this offering	1.79	
Consolidated net tangible book value per share after this offering…………..		3.60
Dilution to subscribers……………………………………………………..		US$17.65
Percentage of dilution in relation to offering price…………………………...		83.1%

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts which the Company has entered into during the past two years which may reasonably be regarded as presently material are as follows:

1. The Moore Agreement made as of June 27, 1996 between JetForm and Moore.

2. The Delrina Asset Purchase Agreement made as of September 26, 1996 between JetForm and Delrina.

3. Underwriting Agreement made as of April 2, 1998 between JetForm and the Underwriters.

4. Special Warrant Indenture dated April 16, 1998 between JetForm and CIBC Mellon.

Copies of the above agreements may be inspected at the head office of the Company during normal business hours at any time during the period of distribution of the Common Shares pursuant to this Prospectus and for a period 30 days thereafter.

LEGAL MATTERS

Certain legal matters relating to the issue and sale of the Common Shares qualified hereby will be passed upon on behalf of JetForm by LaBarge Weinstein and on behalf of the Underwriters by Osler, Hoskin & Harcourt,. As of June 18, 1998, the partners and associates of LaBarge Weinstein and Osler, Hoskin & Harcourt owned, directly or indirectly, less than one percent of the issued and outstanding Common Shares of JetForm.

AUDITORS, TRANSFER AGENT AND REGISTRAR

The auditors of the Company are Coopers & Lybrand, Chartered Accountants, 99 Bank Street, Ottawa, Ontario, K1P 1E4.

The Canadian registrar and transfer agent for the Common Shares of the Company is CIBC Mellon Trust Company at its principal offices in Toronto at 393 University Avenue, 5th Floor, Toronto, Ontario, M5G 2M7. The U.S. registrar and transfer agent for the Common Shares of the Company is American Stock Transfer and Trust Company, 40 Wall Street, New York, New York, 10005, U.S.A.

PURCHASERS' STATUTORY RIGHTS

Securities legislation in several of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces, applicable securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages where the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that such remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of his or her province. A purchaser should refer to any applicable provisions of the securities legislation of his province for the particulars of these rights or consult with a legal advisor.

CONTRACTUAL RIGHT OF ACTION FOR RESCISSION

In the event that a holder of a Special Warrant, who acquires a Common Share upon the exercise of the Special Warrant as provided for in this Prospectus, is or becomes entitled under applicable securities legislation to the remedy of rescission by reason of this prospectus or any amendment thereto containing a misrepresentation, such holder shall be entitled to rescission not only of the holder's exercise of its Special Warrant(s) but also of the private placement transaction pursuant to which the Special Warrant was initially acquired, and shall be entitled in connection with such rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant. In the event such holder is a permitted assignee of the interest of the original Special Warrant subscriber, such permitted assignee shall be entitled to exercise the rights of rescission and refund granted hereunder as if such permitted assignee was the original subscriber. No action may be taken to enforce the foregoing rights more than 180 days after the Expiry Time. The foregoing is in addition to any other right or remedy available to a holder of a Special Warrant under Section 130 of the *Securities Act* (Ontario) or the corresponding provisions of other securities legislation or otherwise at law.

AUDITORS' REPORT

To the Directors of
JetForm Corporation

We have audited the consolidated balance sheets of JetForm Corporation as of April 30, 1997 and 1996 and the consolidated statements of operations, shareholders' equity and cash flows for the years ended April 30, 1997, 1996 and 1995. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance 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.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as of April 30, 1997 and 1996 and the results of its operations and its cash flows for the years ended April 30, 1997, 1996 and 1995 in accordance with accounting principles generally accepted in Canada.

(signed) Coopers & Lybrand
Chartered Accountants
Ottawa, Canada
June 23, 1997, except as to Note 15
which is as of June 19, 1998

JETFORM CORPORATION

CONSOLIDATED BALANCE SHEETS
(in thousands of Canadian dollars except share amounts)

	January 31, 1998 (Unaudited)	April 30, 1997	April 30, 1996
ASSETS			
Current assets			
Cash and cash equivalents	$26,040	$34,450	$20,198
Accounts receivable (Note 2)	28,827	25,673	12,587
Term accounts receivable (Note 2)	10,637	7,950	9,001
Work in process	5,566	2,352	1,175
Inventory	1,218	1,078	612
Taxes and investment tax credits recoverable	880	880	423
Prepaid expenses and deferred charges	2,456	3,663	1,953
	75,624	76,046	45,949
Term accounts receivable (Note 2)	3,142	2,329	2,259
Taxes and investment tax credits recoverable	2,117	1,345	2,000
Fixed assets (Note 3)	15,815	14,034	9,448
Other assets (Note 4)	105,142	132,427	29,223
	$201,840	$226,181	$88,879
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current liabilities			
Accounts payable	$4,865	$4,753	$4,824
Accrued liabilities	9,041	8,827	7,326
Deferred income taxes (Note 9)	-	-	442
Unearned revenue	9,298	6,996	3,641
Current portion of Delrina obligation (Note 14)	27,757	25,061	-
	50,961	45,637	16,233
Deferred income taxes (Note 9)	4,535	4,805	5,613
Delrina obligation (Note 14)	58,587	76,457	-
	114,083	126,899	21,846
Commitments (Note11)			
Shareholders' equity (Note 7)			
Capital stock (issued and outstanding — 16,385,247 Common Shares and 450,448 Preference Shares at January 31, 1998 (unaudited);15,693,623 Common Shares and 450,448 Preference Shares at April 30, 1997; 9,237,013 Common Shares and 2,263,782 Preference Shares at April 30,1996)	121,378	111,836	60,635
Contributed surplus	6,846	6,846	-
Retained earnings (deficit)	(40,467)	(19,400)	6,398
	87,757	99,282	67,033
	$201,840	$226,181	$88,879

(the accompanying notes are an integral part of these consolidated financial statements)

Approved by the Board:

Director: (Signed) Abraham E. Ostrovsky

Director: (Signed) Robert F. Allum

JETFORM CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands of Canadian dollars except share and per share amounts)

	Nine months ended January 31,		Year ended April 30,		
	1998	**1997**	**1997**	**1996**	**1995**
	(Unaudited)				
Revenues					
Product	$52,823	$ 40,784	$ 54,935	$ 31,600	$ 17,184
Service	25,879	15,002	21,679	11,855	8,825
	78,702	55,786	76,614	43,455	26,009
Costs and expenses					
Cost of product	5,561	3,377	4,677	2,491	1,246
Cost of service	11,029	7,653	10,805	6,125	6,168
Sales and marketing	28,375	20,361	29,140	16,697	8,592
General and administrative	7,325	6,139	8,618	5,513	5,039
Research and development (Note 5)	7,629	5,148	7,422	3,905	1,889
Depreciation and amortization of fixed assets	3,586	2,111	2,952	1,531	594
Amortization of other assets	31,974	18,384	29,007	2,062	602
	95,479	63,173	92,621	38,324	24,130
Operating income (loss)	(16,777)	(7,387)	(16,007)	5,131	1,879
Net interest income (expense)	(3,461)	(2,322)	(3,662)	1,401	1,573
Other income	177	1,659	1,659	65	1
Income (loss) before taxes	(20,061)	(8,050)	(18,010)	6,597	3,453
Provision for income taxes (Note 9)	1,006	83	193	2,449	698
Net income (loss)	$ (21,067)	$ (8,133)	$ (18,203)	$ 4,148	$ 2,755
Basic income (loss) per share (Note 8)					
Net income (loss) per share	$ (1.29)	$(0.70)	$ (1.32)	$ 0.39	$ 0.29
Weighted average number of Shares	16,344,727	13,402,577	13,815,627	10,650,807	9,559,411
Fully diluted income (loss) per share (Note 8)					
Net income (loss) per share	$ (1.29)	$(0.70)	$ (1.32)	$ 0.37	$ 0.24
Weighted average number of Shares	16,344,727	13,402,577	13,815,627	12,880,287	11,657,438

(the accompanying notes are an integral part of these consolidated financial statements)

JETFORM CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
(in thousands of Canadian dollars except share amounts)

	Common	Preference	Common Stock	Preference Stock	Total Capital Stock	Contributed Surplus	Retained Earnings (Deficit)	Total Shareholders' Equity
Balance as at April 30, 1994	7,845,563	-	$ 19,133	$ -	$ 19,133	$ -	$ (505)	$ 18,628
Issued to Moore Corporation Limited	-	2,263,782	-	24,823	24,823	-	-	24,823
Exercise of stock options..........	294,191	-	483	-	483	-	-	483
Net income for the year	-	-	-	-	-	-	2,755	2,755
						-		
Balance as at April 30, 1995	8,139,754	2,263,782	19,616	24,823	44,439	-	2,250	46,689
Issuance of Common Shares pursuant to acquisitions…….	628,476	-	13,353	-	13,353	-	-	13,353
Exercise of stock options..........	468,783	-	2,843	-	2,843	-	-	2,843
Net income for the year	-	-	-	-	-	-	4,148	4,148
Balance as at April 30, 1996	9,237,013	2,263,782	35,812	24,823	60,635	-	6,398	67,033
Issuance of Common Shares:								
Pursuant to acquisitions…….	15,665	-	390	-	390	-	-	390
Pursuant to repurchase of Moore Options (Note 10).	1,813,334	-	46,335	-	46,335	-	(47,084)	(749)
Repayment of Delrina obligation.............................	662,731	-	17,142	-	17,142	-	-	17,142
Public offering…………	1,500,000	-	30,094	-	30,094	-	-	30,094
Conversions.............................	1,813,334	(1,813,334)	19,884	(19,884)	-		-	-
Exercise of stock options.........	651,546	-	3,575	-	3,575	-	-	3,575
Reduction of stated capital	-	-	(46,335)	-	(46,335)	6,846	39,489	-
Net loss for the year	-	-	-	-	-	-	(18,203)	(18,203)
Balance as at April 30, 1997	15,693,623	450,448	106,897	4,939	111,836	6,846	(19,400)	99,282
(Unaudited)								
Issuance of Common Shares:								
Pursuant to acquisitions….	6,918	-	144	-	144	-	-	144
Repayment of Delrina obligation.............................	365,654	-	7,062	-	7,062	-	-	7,062
Exercise of stock options.......	319,052	-	2,336	-	2,336	-	-	2,336
Net loss for the period..............	-	-	-	-	-	-	(21,067)	(21,067)
Balance as at January 31, 1998	16,385,247	450,448	$116,439	$4,939	$121,378	$6,846	$(40,467)	$87,757

(the accompanying notes are an integral part of these consolidated financial statements)

JETFORM CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands of Canadian dollars)

	Nine months ended January 31,		Year ended April 30,		
	1998	**1997**	**1997**	**1996**	**1995**
	(Unaudited)				
Cash provided from (used in):					
Operating activities					
Net income (loss) .... …….	$ (21,067)	$ (8,133)	$ (18,203)	$4,148	$2,755
Items not involving cash:					
Depreciation and amortization . …….	37,146	20,721	32,374	3,824	1,196
Deferred income taxes .... …….	(270)	(997)	(904)	566	411
Other non-cash items...............	-	(736)	1,868	-	-
Net change in operating components of working capital (Note 12).... …….	(6,945)	(12,727)	(14,287)	(7,242)	(7,154)
	8,864	(1,872)	848	1,296	(2,792)
Investing activities					
Redemption (purchase) of marketable Securities .... …….	-	-	-	5,980	(2,143)
Non-cash assets acquired on purchase of subsidiaries .... …….	-	(794)	(725)	(16,349)	(1,427)
Purchase of fixed assets............ …….	(5,367)	(5,760)	(7,759)	(6,919)	(2,679)
Increase in other assets .... …….	(6,275)	(124,431)	(127,312)	(3,464)	(1,691)
	(11,642)	(130,985)	(135,796)	(20,752)	(7,940)
Financing activities					
Proceeds from issuance of shares… ...	9,542	66,564	97,146	16,196	25,306
Repurchase of Moore Options………	-	(47,084)	(47,084)	-	-
Repayment of Delrina obligation and other debt…………………………..	(15,174)	(15,198)	(21,171)	-	(246)
Issuance of long-term debt………….	-	120,309	120,309	-	-
Deferred payment on purchase of assets	-	-	-	692	-
	(5,632)	124,591	149,200	16,888	25,060
Increase (decrease) in cash and cash Equivalents .... …….	(8,410)	(8,266)	14,252	(2,568)	14,328
Cash and cash equivalents, beginning of period................................ …….	34,450	20,198	20,198	22,766	8,438
Cash and cash equivalents, end of Period .... …….	$ 26,040	$ 11,932	$ 34,450	$ 20,198	$ 22,766

(the accompanying notes are an integral part of these consolidated financial statements)

JETFORM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of presentation

These consolidated financial statements have been prepared by management in accordance with accounting principles generally accepted in Canada ("Canadian GAAP"), and include all assets, liabilities, revenues and expenses of JetForm Corporation ("JetForm") and its wholly-owned subsidiaries JetForm Corporation (a Delaware Corporation), Why Interactive, Inc., JetForm Pacific Pty. Ltd., JetForm Scandinavia AB, JetForm France S.A., JetForm UK Limited ("JetForm U.K."), and JetForm Systems Deutschland GmbH . JetForm and its wholly-owned subsidiaries are collectively referred to herein as the "Company".

(b) Nature of operations

The Company is an electronic forms and workflow automation solution provider. The Company has developed products that design, fill, transmit, print and manage forms. Organizations use the Company's technology to replace existing pre-printed form processes with electronic forms-based client/server solutions.

The Company sells its products and services internationally through multiple channels which include direct sales to end users, joint marketing alliances with resellers including value-added resellers ("VARs"), system integrators, hardware and software vendors ("OEMs") and arrangements with distributors which resell products primarily to dealers and other retailers.

(c) Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

(d) Revenue recognition

Revenue from packaged software is recognized when goods are shipped to customers. Site license fees are recognized upon agreement and delivery of the Company's products. Revenues from irrevocable commitments to purchase products are recognized at the time the Company has fulfilled its obligations relating to the commitment and there is reasonable assurance of collection. Revenues from irrevocable commitments to purchase products with payment terms exceeding the Company's customary trade terms are recorded at the amount receivable less deemed interest. The Company amortizes the difference between the face value of the receivable and the discounted amount over the term of the receivable and records the discount as interest income.

Revenue from software product licenses which include significant customization and revenue from services are recognized on a percentage of completion basis, whereby revenue is recorded at the estimated realizable value of work completed to date. Estimated losses on contracts are recognized when they become probable. Work in process represents consulting work performed under contract and not yet billed.

Revenue from maintenance agreements is recognized ratably over the term of the agreement. Unearned revenue represents payments received from customers for services not yet performed.

(e) Investment tax credits

Investment tax credits ("ITCs"), which are earned as a result of qualifying research and development expenditures, are recognized when the expenditures are made and their realization is reasonably assured, and are applied to reduce costs and expenses in the year.

(f) Capital assets

Capital assets are recorded at cost. Depreciation and amortization are calculated using the following rates and bases. Depreciation and amortization on assets directly related to research and development activities are charged to research and development expense. Depreciation and amortization on assets not directly related to research and development activities are charged to depreciation and amortization expense.

Computer equipment	30% declining balance
Software...	30% declining balance
Furniture and fixtures	20% declining balance
Software licenses and purchased rights to improve, market and/or distribute products	Straight-line over the lesser of the life of the license or right and 15 years
Leasehold improvements	Straight-line over the term of the lease
Delrina technology …………………..	Straight-line over 3 years
Trademarks, trade names and workforce, and other assets…………………………….	Straight-line or declining balance over the useful lives of the assets which range from 3 to 15 years

(g) Goodwill

Goodwill, which represents the purchase price paid for an acquired business in excess of the values assigned to identifiable assets, is amortized on a straight-line basis over its expected useful life. In general, goodwill is expected to have a useful life of seven years.

The carrying value of goodwill is periodically reviewed by management, and impairment losses, if any, are recognized when the expected non-discounted future operating cash flows derived from the related business acquired is less than the carrying value of such goodwill.

(h) Software and software development costs

Computer software purchased by the Company is recorded as fixed assets when acquired. Costs related to the development of proprietary software are expensed as incurred unless the costs relate to technically feasible and complete products and can reasonably be regarded as assured of recovery through future revenues in which case the costs are deferred and amortized on a straight-line basis over the useful life of the product, which generally does not exceed three years.

(i) Foreign currency translation

The operations of the subsidiaries are considered integrated in that they are financially dependent on the parent company. Accordingly, the accounts of these subsidiaries are translated into Canadian dollars using current rates of exchange for unhedged monetary assets and liabilities, historical rates of exchange for nonmonetary assets and liabilities and the average rates of exchange for the year for revenues and expenses, except depreciation and amortization which is translated at historical rates of exchange. Net monetary assets which are hedged are translated at the rate of the hedge contract. Gains or losses on translation including realized and unrealized gains or losses on hedge contracts are included in income when they arise. Cash flows from hedge contracts related to operations are classified as an operating activity.

(j) Cash equivalents

Cash equivalents are defined as liquid investments which have a term to maturity at the time of purchase of less than ninety days.

(k) Income Tax

The Company has adopted CICA 3465 Income Taxes and has restated its prior period financial statements to conform to this standard. The adoption of CICA 3465 did not impact the Company's retained earnings or deficit.

2. ACCOUNTS RECEIVABLE

Accounts receivable and term accounts receivable are net of an allowance for doubtful accounts of $755,000 (unaudited) at January 31, 1998, $735,000 at April 30, 1997 and $462,000 at April 30, 1996.

The Company records revenues from irrevocable commitments to purchase products which do not conform to the Company's customary trade terms at the minimum amount receivable less deemed interest ("Term Accounts Receivable"). The Company uses a discount rate equal to its current net cost of borrowing at the time the revenue is recorded. For the year ended April 30, 1997, the average discount rate used was 4.375%. Under an irrevocable commitment to purchase product the customer commits to pay a minimum amount over a specified period of time in return for the right to use or resell up to a specific number of copies of a delivered product for a fixed amount.

The Company records Term Accounts Receivable as non current to the extent that management estimates payment will be received more than one year from the balance sheet date. Payment of Term Accounts Receivable is generally due the earlier of: (i) delivery of the Company's products by the customer to its customers or end users; and (ii) specific dates in the license agreement ("Minimum Payment Dates"). As at January 31, 1998, total Term Accounts Receivable with Minimum Payment Dates exceeding one year were approximately $5.9 million of which management estimates approximately $2.8 million will be received within one year (unaudited). As at April 30, 1997, total Term Accounts Receivable with Minimum Payment Dates exceeding one year were approximately $5.0 million of which management estimates approximately $2.7 million will be received within one year. As at April 30, 1996 total Term Accounts Receivable with Minimum Payment Dates exceeding one year were approximately $5.1 million of which management estimated approximately $2.8 million would be received within one year.

JETFORM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. FIXED ASSETS

	January 31, 1998		
	Cost	Accumulated depreciation and amortization	Net book value
	(in thousands of Canadian dollars, unaudited)		
Computer equipment	$ 12,983	$ 6,149	$ 6,834
Furniture and fixtures	4,885	1,428	3,457
Software..............................	5,850	2,068	3,782
Leasehold improvements....	2,323	581	1,742
	$26,041	$ 10,226	$ 15,815

	April 30, 1997			April 30, 1996
	Cost	Accumulated depreciation and amortization	Net book value	Net book value
		(in thousands of Canadian dollars)		
Computer equipment	$11,194	$4,481	$6,713	$4,794
Furniture and fixtures	3,245	729	2,516	1,093
Software..............................	4,405	1,068	3,337	2,651
Leasehold improvements....	1,867	399	1,468	910
	$20,711	$6,677	$14,034	$9,448

The cost of fixed assets at April 30, 1996, was $13,018,000, and accumulated depreciation and amortization was $3,570,000.

4. OTHER ASSETS

	January 31, 1998		
	Cost	Accumulated amortization	Net book value
	(in thousands of Canadian dollars, unaudited)		
Delrina technology, trademarks, trade names and workforce………………	$ 123,043	$ 55,380	$ 67,663
Goodwill…………………………….	6,926	1,907	5,019
Licenses, marketing and distribution Rights……………………………….	25,558	4,407	21,151
Deferred and acquired development Costs…………………………………	6,896	1,598	5,298
Other assets…………………………	8,411	2,400	6,011
	$ 170,834	$ 65,692	$105,142

	April 30, 1997			April 30, 1996
	Cost	Accumulated amortization	Net book value	Net book value
		(in thousands of Canadian dollars)		
Delrina technology, trademarks, trade names and workforce………………	$ 123,043	$ 26,009	$ 97,034	$ -
Goodwill…………………………….	6,351	1,226	5,125	5,976
Licenses, marketing and distribution Rights……………………………….	25,190	2,914	22,276	19,838
Deferred and acquired development Costs…………………………………	4,871	422	4,449	2,282
Other assets…………………………	5,221	1,678	3,543	1,127
	$ 164,676	$32,249	$ 132,427	$ 29,223

The cost of other assets at April 30, 1996 was $32,050,000 and accumulated amortization was $2,827,000.

5. RESEARCH AND DEVELOPMENT EXPENSE

The following table provides a summary of development costs deferred and the amount of related amortization charged to cost of product in the nine months ended January 31, 1998 and 1997 and the years ended April 30, 1997, 1996 and 1995.

	Nine months ended January 31,		Year ended April 30,		
	1998	1997	1997	1996	1995
	(unaudited)				
	(in thousands of Canadian dollars)				
Research and development costs net of investment tax credits	$ 9,654	$ 7,023	$ 9,972	$ 5,955	$ 1,984
Deferred development costs	(2,025)	(1,875)	(2,550)	(2,050)	(95)
Net research and development costs	$ 7,629	$ 5,148	$ 7,422	$ 3,905	$ 1,889
Amortization of development costs charged to cost of product	$ 1,176	$ 212	$ 342	$ 80	$ -

6. FINANCIAL INSTRUMENTS AND CREDIT FACILITIES

The Company has entered into a receivables purchase agreement with the Royal Bank Export Finance Co. Ltd., a subsidiary of The Royal Bank of Canada (the "Bank Subsidiary"). Under the agreement, the Company has the option to sell certain accounts receivable on a recourse basis. The Bank Subsidiary has recourse in the event of a trade dispute as defined in the receivables purchase agreement and upon the occurrence of other specified events. A trade dispute includes, among other events, the Company's failure to comply with the terms of the license agreement with the Company's customer. If the Company is found to be at fault in the trade dispute, or certain other events, the Company would be required to repurchase the receivable for the amount owing at that time including accrued interest. The maximum amount of accounts receivable the Company can sell under this agreement is US$20.0 million or the Canadian dollar equivalent thereof.

Accounts receivable are purchased by the Bank Subsidiary at their face value less an administration fee of 0.25%. The Company also pays the Bank Subsidiary a monthly discount fee based on the aggregate of all scheduled remaining payments. For most accounts the discount rate used is the Bank Subsidiary's Canadian prime or U.S. base rate plus 0.375%.

As at January 31, 1998 and April 30, 1997, the outstanding balance of accounts receivable sold under this agreement was approximately $7.8 million (unaudited) and $5.9 million, respectively. The Company believes that none of the receivables sold are at risk of recourse.

The Company has a committed $20.0 million revolving line of credit with The Royal Bank of Canada. The Company has granted as collateral for the $20.0 million line of credit a general security agreement over JetForm's assets, including a pledge of the shares of certain subsidiaries. Maximum borrowings under the facility are based on eligible accounts receivable and bear interest at the prime rate of the Canadian bank from time to time. As at January 31, 1998, the Company had no borrowings against this facility. (Unaudited)

The Company has net monetary asset and liability balances in foreign currencies other than the Canadian Dollar, including the U.S. Dollar (“U.S.$”), the Pound Sterling (“GBP”), the Australian dollar (“AUD”), the Swedish Krona (“SEK”), the German Mark (“DEM”) and the French Franc (“FF”).

As at January 31, 1998, the Company had forward contracts outstanding to buy: US$5.0 million at $1.432 per US$; and to sell; GBP 1.6 million at $2.36 per GBP, AUD 2.0 million at $0.9997 per AUD, SEK 5.8 million at $0.1804 per SEK, DM 2.6 million at $0.7567 per DM and FF 6.0 million at $0.2385 per FF. (Unaudited)

As at April 30, 1997, the Company had no forward contracts outstanding.

As at April 30, 1996, the Company had forward contracts outstanding to sell US$17.5 million at a weighted average rate of $1.3682 per US$.

7. SHAREHOLDERS' EQUITY

The authorized capital stock of the Company consists of an unlimited number of Common Shares ("Common Shares") and 2,263,782 Convertible Preference Shares ("Preference Shares").

On August 11, 1994, the Company concluded an investment agreement (the "Investment Agreement") and an Option Agreement (the "Option Agreement") with Moore Corporation Limited ("Moore"). Pursuant to the Investment Agreement, for consideration of US$18.7 million, the Company issued to Moore 2,263,782 Preference Shares of the Company convertible into an equal number of Common Shares.

On August 11, 1994, the Company also issued to Moore options to purchase up to an additional 7,726,375 Common Shares (the "Moore Options") conditionally exercisable at US$15.00 per share, and an option to acquire 178,750 Common Shares at an exercise price of US$8.25 per share, (the "Special Options"). In accordance with certain anti-dilution provisions of the Investment Agreement, Moore was granted an additional 116,216 options exercisable at US$16.50 per share as a result of the business combination with JetForm U.K. (the "Anti-dilution Options") (see Note 14 "Delrina Assets and Other Acquisitions"). On June 27, 1996, the Company completed an agreement with Moore under which a subsidiary of the Company repurchased the Moore Options for consideration of US$34.0 million ($46.3 million), paid through the issuance by the Company to Moore of 1,813,334 Common Shares. Moore subsequently sold to various third parties 1,813,334 Preference Shares which were converted into an equal number of Common Shares, and Moore exercised its Special Options to acquire 178,750 Common Shares at US$8.25 per share. As a result of the foregoing, as at April 30, 1997 Moore held 1,992,084 Common Shares, 450,448 Preference Shares and 116,216 Anti-dilution Options.

On February 13, 1996, the Company acquired all of the issued and outstanding common shares of Eclipse Corporation ("Eclipse") in exchange for 262,347 Common Shares of the Company having a value of $5.1 million.

On March 31, 1996, the Company acquired all of the issued and outstanding voting shares of JetForm U.K. (formerly Proactive Systems Limited), in exchange for 341,471 Common Shares of the Company having a value of $7.7 million. Concurrent with the acquisition of JetForm U.K., JetForm U.K. redeemed certain of its nonvoting shares. The holders of these shares then subscribed for an additional 24,658 Common Shares of the Company for cash consideration of approximately $550,000. During the year ended April 30, 1997, in accordance with certain price adjustment provisions relating to the acquisition of JetForm U.K., 13,321 Common Shares having a value of $297,000 previously issued to the former shareholders of JetForm U.K. were canceled.

During the year ended April 30, 1997, the Company issued 1,500,000 Common Shares, at a price of US$16.25 per share, to third parties pursuant to an underwritten public offering. The Common Shares issued thereby have been registered with the United States Securities and Exchange Commission on the Company's Registration Statement on Form S-1 which became effective on March 19, 1997. The net proceeds from the offering after deducting underwriting discounts, fees and expenses were $30.1 million.

JETFORM CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

In June 1990, the Company adopted an Employee Stock Option Plan (the "1990 Plan") pursuant to which 400,000 Common Shares were reserved for the grant of options. On March 4, 1993, the Board of Directors voted to terminate the 1990 Plan effective as of the consummation of the Company's initial public offering dated April 20, 1993, at which time the 1993 Employee Stock Option Plan (the "1993 Plan") became effective. Options outstanding under the 1990 Plan remain in effect pursuant to their terms, but no new options will be granted. Options granted under the 1990 Plan have a term of five years and vest at the rate of one-third of the shares covered on each of the first three anniversary dates of the date of grant. Options granted under the 1990 Plan are not transferable and are exercisable only by the optionee during the optionee's lifetime.

On March 4, 1993, the Board of Directors adopted the 1993 Plan. The terms of the 1993 Plan are identical to the terms of the 1990 Plan, as described above, except that the 1993 Plan is administered by the Compensation Committee of the Board of Directors and options are not granted at less than the fair market value of the Common Shares on the date of grant. The 1993 Plan was terminated by the Board of Directors on June 28, 1995, at which point the 1995 Stock Option Plan (the "1995 Plan") became effective. Options outstanding under the 1993 Plan remain in effect pursuant to their terms, but no new options will be granted.

The Company established the 1995 Plan on June 28, 1995, to replace the 1993 Plan. The 1995 Plan is administered by the Compensation Committee of the Board of Directors and provides for the grant to all eligible full-time employees, directors and officers of the Company of options to purchase Common Shares at a price based upon the last trading price of the Common Shares on the NASDAQ National Market on the trading day immediately preceding the date of grant. Pursuant to the 1995 Plan, the aggregate number of options available to be granted is 3,125,763. In general, options granted under the 1995 Plan have a term of five years and vest at the rate of one-third of the shares covered on each of the first three anniversary dates of the date of grant. Options granted are non-transferable and may only be exercisable by the optionee during the optionee's lifetime.

On September 11, 1997, the Shareholders of the Company approved the 1997 Employee Stock Purchase Plan (the "Stock Purchase Plan"). A total of 400,000 Common Shares of the Company have been reserved for issuance pursuant to the Stock Purchase Plan. Shares may be purchased under the Stock Purchase Plan by employees through payroll deduction. The purchase price of Common Shares issued under the Stock Purchase Plan is the lower of 95% of the fair market of the Common Shares of the Company at the beginning of the offering period and 95% of the fair market value of the Common Shares of the Company at the end of the offering period. (Unaudited)

On September 10, 1996, the Company, pursuant to the Canada Business Corporations Act, reduced its stated capital account for its Common Shares by $46,335,000, reduced its then deficit from $39,489,000 to zero and increased its contributed surplus account from zero to $6,846,000.

The following table presents the number of options and warrants outstanding and exercisable, and the weighted average exercise price.

	1995 Plan	1993 Plan	1990 Plan	IPO Underwriter's warrants	Moore	Other options and warrants	Total	Weighted average exercise price in U.S. dollars
Number of outstanding options and warrants								
Balance at April 30, 1994	-	745,031	481,385	150,000	-	442,647	1,819,063	$ 3.90
Grants...........................	-	471,250	-	-	7,905,125	40,000	8,416,375	14.39
Cancellations and forfeitures....................	-	(62,462)	(17,509)	-	-	(6,008)	(85,979)	6.27
Exercises......................	-	(35,518)	(143,645)	-	-	(115,028)	(294,191)	1.42
Balance at April 30, 1995	-	1,118,301	320,231	150,000	7,905,125	361,611	9,855,268	12.91
Grants...........................	524,384	65,000	-	-	116,216	20,000	725,600	15.57
Cancellations and forfeitures....................	(7,396)	(32,004)	(4,992)	-	-	(3,614)	(48,006)	8.55
Exercises......................	(128)	(222,842)	(101,898)	(52,045)	-	(91,870)	(468,783)	4.64
Balance at April 30, 1996	516,860	928,455	213,341	97,955	8,021,341	286,127	10,064,079	13.50
Grants...........................	719,071	-	-	-	-	-	719,071	18.85
Repurchase of Moore Options............	-	-	-	-	(7,726,375)	-	(7,726,375)	15.00
Cancellations and forfeitures....................	(73,705)	(21,979)	-	-	-	(8,408)	(104,092)	14.83
Exercises......................	(10,172)	(125,337)	(129,091)	(20,477)	(178,750)	(187,719)	(651,546)	4.34
Balance at April 30, 1997	1,152,054	781,139	84,250	77,478	116,216	90,000	2,301,137	12.70
(Unaudited)								
Grants……………………	785,960	-	-	-	-	5,000	790,960	13.30
Cancellations and forfeitures……………...	(126,786)	(33,001)	-	-	-	(2,219)	(162,006)	15.18
Exercises…………………	(730)	(190,658)	(84,250)	(5,633)	-	(37,781)	(319,052)	5.38
Balance at January 31, 1998	1,810,498	557,480	-	71,845	116,216	55,000	2,611,039	13.63
Weighted average exercise price at April 30, 1997, in U.S. dollars………	$17.43	$7.60	$3.33	$5.20	$16.50	$6.85	$12.70	
Weighted average exercise price at January 31, 1998, in U.S. dollars(unaudited)	$15.70	$7.64	NA	$5.20	$16.50	$11.29	$13.63	
Number of exercisable options and warrants								
April 30, 1995.............	-	244,522	320,231	150,000	178,750	251,610	1,145,113	$ 4.09
April 30, 1996.............	-	384,270	213,341	97,955	178,750	246,118	1,120,434	4.80
April 30, 1997………	183,557	608,275	84,250	77,478	38,739	70,001	1,062,300	8.50
January 31, 1998 (unaudited)	449,100	533,998	-	71,845	38,739	48,334	1,142,016	11.52
Range of exercise prices in U.S. dollars at January 31, 1998 (unaudited)								
From.............................	$ 11.25	$ 4,00	N/A	$ 5.20	$ 16.50	$ 6.00	$ 4.00	
To.................................	20.75	16.00	N/A	5.20	16.50	18.88	20.75	
Range of expiry dates at January 31, 1998 (unaudited)								
From.............................	Mar. 3, 2000	Apr 20, 1998	N/A	Apr 28, 1998	Mar 31, 2001	April 21, 1999	Apr. 20, 1998	
To.................................	Dec. 1, 2004	June 28, 2000	N/A	Apr 28, 1998	Mar 31, 2001	Oct 24, 2001	Dec. 1, 2004	

8. EARNINGS PER SHARE

The Common Shares and Preference Shares represent equivalent residual interests and have both been included in the computation of weighted average number of shares outstanding for purposes of the earnings per share computation.

9. INCOME TAXES

The Company operates in several tax jurisdictions. Its income is subject to varying rates of tax, and losses incurred in one jurisdiction cannot be used to offset income taxes payable in another. A reconciliation of the combined Canadian federal and provincial income tax rate with the Company's effective income tax rate is as follows:

	Nine months ended January 31,		Year ended April 30,		
	1998	1997	1997	1996	1995
	(Unaudited)				
	(in thousands of Canadian dollars)				
Expected statutory rate (recovery)	(44%)	(44%)	(44%)	44%	44%
Expected provision for (recovery of) income tax	$ (9,270)	$ (3,578)	$ (8,009)	$ 2,922	$ 1,530
Effect of foreign tax rate differences	29	(404)	(319)	(241)	(37)
Benefit of losses not recognized	627	303	8,472	190	190
Realized benefit of prior years' losses and SR&ED carry forwards	(2,418)	(1,090)	(385)	(572)	(870)
Temporary differences for which no tax benefit was realized	11,766	4,471	195	-	-
Other items	272	381	239	150	(115)
Provision for income taxes	$ 1,006	$ 83	$ 193	$ 2,449	$ 698

The provision for income taxes consists of the following:

	Nine months ended January 31,		Year ended April 30		
	1998	1997	1997	1996	1995
	(Unaudited)				
	(in thousands of Canadian dollars)				
Currently payable	$ 1,276	$ 1,066	$ 1,097	$ 1,883	$ 287
Deferred	(270)	(983)	(904)	566	411
	$ 1,006	$ 83	$ 193	$ 2,449	$ 698

The primary temporary differences which gave rise to deferred taxes at January 31, 1998, April 30, 1997 and April 30, 1996 are:

	January 31, 1998 (Unaudited)	April 30, 1997	April 30, 1996
	(in thousands of Canadian dollars)		
Deferred tax asset:			
Net operating loss carryforwards	17,640	8,249	880
Less, valuation allowance	17,640	8,249	880
	-	-	-
Deferred tax liabilities:			
Investment tax credits	-	-	442
Depreciation and amortization	-	-	535
Marketing and distribution rights	4,535	4,805	5,078
	4,535	4,805	6,055
Net deferred tax liability	$ 4,535	$ 4,805	$ 6,055

The valuation allowance for deferred taxes is required due to the Company's operating history and management's assessment of various uncertainties related to their future realization. Since the realization of deferred tax assets is dependent upon generating sufficient taxable income in the tax jurisdictions which gave rise to the deferred tax asset, the amount of the valuation allowance for deferred taxes may be reduced if it is demonstrated that positive taxable income in the various tax jurisdictions is sustainable.

10. RELATED PARTY TRANSACTIONS

On August 11, 1994, the Company completed a strategic alliance with Moore. On June 27, 1996, the Company completed an agreement with Moore under which a subsidiary of the Company repurchased the Moore Options for consideration of US$34.0 million ($46.3 million), paid for through the issuance by the Company to Moore of 1,813,334 Common Shares, and incurred additional expenses associated with the transaction of $749,000. Moore subsequently sold to various third parties 1,813,334 of its Preference Shares which were converted into an equal number of Common Shares, and in addition, Moore exercised its Special Options to acquire 178,750 Common Shares at US$8.25 per share. As a result of the foregoing, as at April 30, 1997, Moore held 1,992,084 Common Shares, 450,448 Preference Shares and 116,216 Anti-dilution Options.

For the years ended April 30, 1997, 1996 and 1995 revenues from Moore were $5.8 million, $9.1 million and $4.4 million respectively.

As at April 30, 1997 and 1996, the Company had a balance of $2.9 million and $4.1 million due from Moore, respectively.

11. COMMITMENTS

As at April 30, 1997, the Company was committed under certain operating leases for rental of office premises and equipment as follows:

Years ending April 30,	1998	$ 2,881,000
	1999	2,918,000
	2000	2,714,000
	2001	2,359,000
	2002 and beyond	3,342,000

Total rent expense for the years ended April 30, 1997, 1996 and 1995 was $2.4 million, $1.3 million and $700,000 respectively.

12. NET CHANGE IN OPERATING COMPONENTS OF WORKING CAPITAL

The net change in operating components of working capital is comprised of:

	Nine months ended January 31,		**Year ended April 30,**		
	1998	**1997**	**1997**	**1996**	**1995**
	(Unaudited)				
			(in thousands of Canadian dollars)		
Decrease (increase) in:					
Accounts receivable and term accounts receivable	$(6,654)	$(8,569)	$ (12,895)	$ (11,332)	$ (6,251)
Work in process	(3,214)	(1,197)	(1,177)	(434)	(479)
Inventory	(140)	11	(466)	(314)	(49)
Prepaid expenses and deferred charges	1,207	(1,232)	(1,710)	(1,197)	(231)
Taxes and investment tax credits recoverable	(772)	(750)	198	(891)	(752)
Increase (decrease) in:					
Accounts payable	112	(1,641)	(71)	3,286	(219)
Accrued liabilities	214	(1,570)	(1,742)	1,941	942
Unearned revenue	2,302	2,221	3,576	1,699	(115)
	$6,945	$(12,727)	$ (14,287)	$ (7,242)	$ (7,154)

13. SEGMENTED INFORMATION

The Company operates in only one industry segment being the development and marketing of software products and computer consulting. Sales and identifiable assets by geographic region were as follows:

	Year ended April 30, 1997				
	Canada	United States	Pacific Rim	Europe	Total
	(in thousands of Canadian dollars)				
Revenues					
Product	$ 5,436	$ 33,382	$ 2,372	$ 13,745	$ 54,935
Services	13,961	1,402	950	5,366	21,679
	$ 19,397	$ 34,784	$ 3,322	$ 19,111	$ 76,614
Income before undernoted	$ 6,702	$ 13,933	$ 1,222	$ 10,135	$ 31,992
Other expenses					(47,999)
Interest and other income					(2,003)
Income taxes					(193)
Net loss					$ (18,203)
Identifiable assets	$ 167,366	$ 25,150	$ 4,059	$ 29,606	$ 226,181

	Year ended April 30, 1996				
	Canada	United States	Pacific Rim	Europe	Total
	(in thousands of Canadian dollars)				
Revenues					
Product	$6,781	$11,066	$2,548	$11,205	$31,600
Service	9,116	901	708	1,130	11,855
	$15,897	$11,967	$3,256	$12,335	$43,455
Income before undernoted	$7,798	$4,412	$550	$5,874	$18,634
Other expenses					(13,503)
Interest and other income					1,466
Income taxes					(2,449)
Net income					$4,148
Identifiable assets	$54,436	$21,901	$4,162	$8,380	$88,879

	Year ended April 30, 1995				
	Canada	United States	Pacific Rim	Europe	Total
	(in thousands of Canadian dollars)				
Revenues					
Product	$1,885	$12,071	$913	$2,315	$17,184
Service	7,379	639	772	35	8,825
	$9,264	$12,710	$1,685	$2,350	$26,009
Income before undernoted	$3,135	$5,866	$635	$1,400	$11,036
Other expenses					(9,157)
Interest and other income					1,574
Income taxes					(698)
Net income					$2,755
Identifiable assets	$36,437	$11,560	$1,878	$1,776	$51,651

Export sales, all of which were to the United States, from operations in Canada were $10.0 million, $6.0 million, and $1.9 million for the years ended April 30, 1997, 1996 and 1995, respectively.

14. DELRINA ASSETS AND OTHER ACQUISITIONS

On September 10, 1996, the Company acquired certain assets, including title to intellectual property, related to the forms software group (the "Delrina Assets") of Delrina Corporation ("Delrina"), a subsidiary of Symantec Corporation of Cupertino, California, USA.

Under the asset purchase agreement, the Company will make unequal quarterly payments to Delrina, from September 27, 1996 to June 27, 2000, totaling US$100.0 million, which were subject to adjustment depending on the resolution of post closing matters including: (i) the deferred revenue attributable to the Delrina Assets; (ii) the revenue realized by Delrina from the Delrina Assets prior to the acquisition; (iii) transferred employee obligations; and, (iv) sales returns. As at April 30, 1997, all post closing matters were resolved and a purchase price reduction of approximately US$1.0 million was made in connection with deferred revenue attributable to the Delrina Assets. The current estimated fair value of the Delrina obligation as at April 30, 1997, and January 31, 1998 (unaudited) is approximately the same as that recorded in these consolidated financial statements.

The consideration payable and the net assets acquired were as follows:

	(in thousands of Canadian dollars)
Assets acquired:	
Tangible assets............................. ……………	$ 460
Trademarks, trade names and workforce………	6,949
Technology……………………………………..	116,094
Accrued liabilities and unearned revenue………	(3,194)
Present value of Delrina obligation…………….	$ 120,309

On February 12, 1998, the Company and Delrina re-negotiated certain terms of the asset purchase agreement for the Delrina Assets whereby the Company will accelerate payment of its obligation in consideration for a reduction in the effective interest rate which will result in a reduction in future imputed interest charges. The Company may issue its Common Shares to Delrina in satisfaction of a portion of its payment obligations provided that the total market value of the Company's Common Shares held by Delrina immediately following such issuance does not exceed US$21.0 million for the next four payments and US$14.0 million thereafter, and the Company continues to meet certain registration requirements in respect of such issued Common Shares. As at January 31, 1998, the next four scheduled, quarterly payments total US$32.8 million of which a minimum of US$5.2 million must be paid in cash. (Unaudited)

In connection with the acquisition of the Delrina Assets, the Company also assumed an office lease relating to premises in Toronto, Ontario, and hired certain Delrina employees primarily in the areas of product development and sales and marketing.

On March 31, 1996, the Company acquired all of the outstanding voting shares of JetForm U.K., located in Orpington, Kent, United Kingdom, a distributor of electronic forms software, in exchange for 341,471 Common Shares of the Company having a value of $7.7 million. The operating results of JetForm U.K. since March 31, 1996 are included in the consolidated net income for the year ended April 30, 1996. This acquisition has been accounted for using the purchase method. In addition to the consideration paid for JetForm U.K., the Company incurred reorganization costs of approximately $1.5 million and provided for these costs as part of the cost of acquisition. The majority of the reorganization costs were for redundancies in facilities and employees. The total consideration paid, including transaction costs, and the net assets acquired were as follows:

	(in thousands of Canadian dollars)
Assets acquired:	
Working capital deficiency……	$ (781)
Reorganization costs	(1,528)
Deferred taxes...........................	(4,543)
Fixed assets	313
Other assets	15,378
Total consideration	$ 8,839

On February 13, 1996, the Company acquired all of the outstanding shares of Eclipse, of Norcross, Georgia, a provider of electronic forms software for the IBM AS/400 platform, in exchange for 262,347 Common Shares of the Company having a value of $5.1 million. The operating results of Eclipse since February 13, 1996 are included in the consolidated net income for the year ended April 30, 1996. This acquisition has been accounted for using the purchase method. The total consideration paid, including transaction costs, and the net assets acquired were as follows:

	(in thousands of Canadian dollars)
Assets acquired:	
Working capital deficiency........	$ (199)
Fixed assets	85
Other assets	5,776
Other liabilities assumed………	(38)
Total consideration	$ 5,624

15. COMMON SHARES OFFERED BY WAY OF SPECIAL WARRANTS

On April 16, 1998 the Company filed a Preliminary Prospectus with the securities regulatory authorities in British Columbia, Manitoba, Ontario and Quebec for an offering of 2,200,000 of the Company's Common Shares issuable upon the exercise of previously issued Special Warrants. The Company intends to use the proceeds from the issuance of Special Warrants for general corporate purposes which may include the funding of the ongoing obligations owed to Delrina in connection with the acquisition of the Delrina Assets. (Unaudited)

CERTIFICATE OF THE COMPANY

Dated: June 19, 1998

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part VII of the *Securities Act* (Manitoba) and Part XV of the *Securities Act* (Ontario), and the respective regulations thereunder. This prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed as required by the *Securities Act* (Quebec) and the regulations thereunder.

(Signed) John B. Kelly Chief Executive Officer	(Signed) Kenneth J. Killin Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

(Signed) Robert F. Allum Director	(Signed) Abraham E. Ostrovsky Director

CERTIFICATE OF THE UNDERWRITERS

Dated: June 19, 1998

To the best of our knowledge, information and belief, the foregoing constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by Part 9 of the *Securities Act* (British Columbia), Part VII of the *Securities Act* (Manitoba) and Part XV of the *Securities Act* (Ontario), and the respective regulations thereunder. To our knowledge, this prospectus does not contain any misrepresentation likely to affect the value or the market price of the securities to be distributed as required by the *Securities Act* (Quebec) and the regulations thereunder.

RBC DOMINION SECURITIES INC.	MIDLAND WALWYN CAPITAL INC.
By: (Signed) Timothy A. Johnston	By: (Signed) C. Philip Loewen
GOLDMAN SACHS CANADA	TD SECURITIES INC.
By: (Signed) David J. Gluskin	By: (Signed) Heather-Anne Irwin

The following includes the name of every person having an interest, either directly or indirectly, to the extent of not less than 5% in the capital of:

RBC Dominion Securities Inc.: a wholly-owned subsidiary of RBC Dominion Securities Limited, a majority-owned subsidiary of a Canadian chartered bank.

Midland Walwyn Capital Inc.: a wholly-owned subsidiary of Midland Walwyn Inc.

Goldman Sachs Canada: a limited partnership in which The Goldman Sachs Group is the limited partner and Goldman Sachs Canada Inc., a wholly-owned subsidiary of The Goldman Sachs Group L.P., is the general partner.

TD Securities Inc.: a wholly-owned subsidiary of a Canadian chartered bank.