ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

Company Registration Number 05490314

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2010

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ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

OFFICERS AND PROFESSIONAL ADVISERS

YEAR ENDED 31 DECEMBER 2010

The director	G Wood
Company secretary	EPS Secretaries Limited
Business address	215 Bath Road Bath Road Slough SL1 4AA
Registered office	Lacon House Theobalds Road London WC1X 8RW
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditors London
Accountants	RSM Tenon Limited Davidson House Forbury Square Reading Berkshire RG1 3EU

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

THE DIRECTOR'S REPORT

YEAR ENDED 31 DECEMBER 2010

The director presents his report and the financial statements of the company for the year ended 31 December 2010

On 15 September 2011, the company changed its name from Ingres Europe Limited to Actian Europe Limited

Principal activities and business review

The principal activity of the company during the year was the provision of business open source database management software and support services

The directors are pleased to report another successful year of trading for the company despite the difficult economic environment The company considers its key performance indicators to be revenue, net profits and cash Revenues for the period increased by 10 7% to £16,478,935 while the net loss was £487,881

The increase in billings as well as improved management of the costs of running the business resulted in positive cash flows of £3,340,900 for the year and an ending cash balance of £4,195,010

The company operates in a dynamic, high-technology industry and believes that changes in any of the following areas could have a material adverse effect on the company's future financial position, results of operations, and cash flows, ability to obtain additional financing, economic and/or political conditions or regulations, fundamental changes in the technology underlying the company's software products, market acceptance of the company's products under development, loss of significant customers, changes in the overall demand for products offered by the company, changes in certain strategic relationships or customer relationships, successful and timely completion of product development efforts, competitive pressures in the form of new product introductions by competitors or price reductions on current products, development of sales channels, failure to adequately protect the company's intellectual property, and the hiring, training, and retention of key employees

In order to mitigate the risk of fundamental changes in technologies underlying the company's products and to sustain its position within the market place, Ingres Corporation continues to invest significantly in research and development to ensure that Ingres Corporation and its subsidiaries, which includes Actian Europe Limited (formerly Ingres Europe Limited), are up to date with technological changes

The director will continue to investigate and invest in new technology, and see this as an important safeguard for the future success of the company During 2010, Ingres Corporation indirectly purchased Vectorwise B V a Netherlands technology company

In addition to this, the director believes that the quality of the products offered and customer service will help mitigate further risks

The company is positive in its outlook for 2011

As disclosed further in Note 2, the director has prepared the accounts on the going concern basis

Results and dividends

The loss for the year, after taxation, amounted to £487,881 The director has not recommended a dividend (2009 none)

Financial risk management objectives and policies

The management's financial risk management objectives are to

- Retain sufficient liquid funds to enable it to meet its day to day obligations as they fall due while maximizing returns on surplus funds,

- Minimize the company's exposure to fluctuating exchange rates arising from the company's day to day operations

Liquidity risk

On order to maintain liquidity to ensure that sufficient funds are available for ongoing operations and future developments, the company finances through a mixture of retained profits and where necessary through intra group funding The company has no external borrowing

Director

The directors who served the company during the year were as follows

A Marsella
M Prolins
G Wood

G Wood was appointed as a director on 1 April 2010

A Marsella resigned as a director on 31 December 2010.
M Prolins resigned as a director on 13 January 2010

Director's responsibilities

The director is responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the director to prepare financial statements for each financial year Under that law the director has elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing those financial statements, the director is required to

- select suitable accounting policies and then apply them consistently,
- make judgments and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The director is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable him to ensure that the financial statements comply with the Companies Act 2006 He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Disclosure of information to auditor

In so far as the director is aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditor is aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006

Auditor

Deloitte LLP have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditor in the absence of an Annual General Meeting

Signed by

G Wood

Director

Approved by the director on 27 Sept 2011

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN EUROPE LIMITED (FORMERLY INGRES EUROPE LIMITED)

YEAR ENDED 31 DECEMBER 2010

We have audited the financial statements of Actian Europe Limited (formerly Ingres Europe Limited) for the year ended 31 December 2010 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 21 The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of director and auditor
As explained more fully in the Director's Responsibilities Statement, the director is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements·

- give a true and fair view of the state of the company's affairs as at 31 December 2010 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the Director's Report for the financial year for which the financial statements are prepared is consistent with the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ACTIAN EUROPE LIMITED (FORMERLY INGRES EUROPE LIMITED) *(continued)*

YEAR ENDED 31 DECEMBER 2010

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion,

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of director's remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Peter O'Donoghue (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
27th September 2011

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	*2009* *£*
Turnover	3	16,478,935	*14,892,478*
Cost of sales		(9,315,275)	*(6,573,561)*
Gross profit		7,163,660	*8,318,917*
Administrative expenses		(7,286,856)	*(8,767,450)*
Operating loss	4	(123,196)	*(448,533)*
Interest receivable and similar income		258	*12,030*
Interest payable and similar charges	6	(4,910)	*(1,512)*
Loss on ordinary activities before taxation		(127,848)	*(438,015)*
Tax on loss on ordinary activities	7	(360,033)	*119,505*
Loss for the financial year		(487,881)	*(318,510)*

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 10 to 21 form part of these financial statements

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
Registered Number 05490314

BALANCE SHEET

31 DECEMBER 2010

	Notes	2010 £	2010 £	*2009* *£*	*2009* *£*
Fixed assets					
Tangible assets	8		285,047		*272,473*
Current assets					
Debtors	9	13,725,031		*12,452,500*	
Cash at bank		4,195,010		*854,110*	
		17,920,041		*13,306,610*	
Creditors: Amounts falling due within one year	11	(13,026,535)		*(10,671,024)*	
Net current assets			4,893,506		*2,635,586*
Total assets less current liabilities			5,178,553		*2,908,059*
Creditors: Amounts falling due after more than one year	12		(4,831,944)		*(2,073,569)*
			346,609		*834,490*
Capital and reserves					
Called-up share capital	17		1		*1*
Profit and loss account	18		346,608		*834,489*
Shareholders' funds	19		346,609		*834,490*

These financial statements were approved and signed by the director and authorised for issue on 27 Sept 2011

G Wood

Director

The notes on pages 10 to 21 form part of these financial statements

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2010

	Notes	2010 £	2010 £	*2009* £	*2009* £
Net cash inflow/(outflow) from operating activities	20		3,592,731		*(4,559,358)*
Returns on investments and Servicing of finance					
Interest received		258		*12,030*	
Interest paid		(4,910)		*(1,512)*	
Net cash (outflow)/inflow from returns on investments and servicing of finance			(4,652)		*10,518*
Taxation			(152,612)		*(336,748)*
Capital expenditure					
Payments to acquire tangible fixed assets		(94,567)		*(131,678)*	
Net cash outflow from capital expenditure			(94,567)		*(131,678)*
Increase/(decrease) in cash	20		3,340,900		*(5,017,266)*

The notes on pages 10 to 21 form part of these financial statements

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies are summarised below They have all been applied consistently throughout the year and the preceding year

Turnover

The company derives its revenue primarily from two sources

(i) annual or multiyear subscriptions, and

(ii) fees for professional services, which include services performed in connection with time-and-materials based or fixed price consulting agreements and training

Subscription revenue is recognised rateably over the life of the subscription

Professional services and training revenues are recognised as the services are performed

In addition to the above, the company has entered into an agreement with its ultimate parent undertaking, Ingres Corporation, under the terms of which it receives income based on a targeted operating margin Amounts receivable in respect of this agreement are included within turnover in the financial statements and are stated exclusive of Value Added Tax

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold Property	-	Over the term of the lease
Computer Equipment	-	3 years straight line
Fixtures & Fittings	-	3 years straight line

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Pension costs

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year The assets of the scheme are held separately from those of the company in an independently administered fund.

1 Accounting policies *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Share-based payments

Ingres Corporation, the ultimate parent undertaking, operates an equity-settled share-based compensation plan (the 2005 Stock Plan) for itself and its subsidiaries The fair value of the employee services received in exchange for the grant of the options is recognised by the subsidiary undertaking as an expense in their respective profit and loss account with a corresponding increase recognised through intercompany balances In prior years, this increase has been recognised in reserves as a contribution from the parent

Ingres Corporation established the 2005 Stock Plan ("the 2005 Plan"), which provides for the grant of incentive stock and non qualified stock options and the direct issuances of the company's stock The Board of Directors of Ingres Corporation has the authority to approve grants of options and the issuances of stock to employees and other service provides and approve the terms of each option and issuance, including (i) the number of shares of Common Stock issuable upon exercise of the option,(ii) When the option becomes exercisable, (iii) the option exercise price, which in the case of incentive stock options, must be at least 100% (110% in the case of incentive stock options granted to a shareholder owning in excess of 10% of the company's Common Stock) of the fair market value of the Common Stock as of the date of grant, and (iv) the duration of the option (which, in the case of incentive stock options, may not exceed 10 years) Options granted under the 2005 Plan vest over various period and expire no later than 10 years from the date of grant

The company uses the Black-Scholes option pricing model to determine the fair value of its stock options The determination of the fair value of stock based awards on the date of grant using an option-pricing model is affected by the ultimate parent company's stock price determined based on its estimated market value as well as assumptions regarding a number of complex and subjective variables These variables include the expected stock price volatility over the term of the awards, the expected life of of stock options, actual and projected employee stock option exercise behaviours, risk-free interest rate, and expected dividends The company's expected volatility is derived from an average of historical volatilities of comparable companies within the technology sector The interest rate assumption is based upon the observed Treasury Yield Curve rates appropriate for the company's stock options The company does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an an expected dividend yield of zero in the option-pricing model The company uses historical data to estimate pre-vesting option forfeitures and records stock based compensation expense only for those awards that are expected to vest

1. **Accounting policies** *(continued)*

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date Non-monetary assets and liabilities and transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction Exchange differences are taken into account in arriving at the operating profit

2. **Going concern - basis of preparation**

In accordance with their responsibilities, the director of Actian Europe Limited (formerly Ingres Europe Limited) has considered the appropriateness of the going concern basis, which has been used in the preparation of these financial statements The company's business activities, together with the factors likely to affect its future development performance and position are set out in the Director's Report Further the amounts due to creditors, are stated in note 11 of these financial statements

The current economic conditions do create uncertainty but the director believes that the continued growth and profitability of the company will be sustained through the future period as set out in the Director's Report

The company's forecasts and projections for 31 December 2011, 31 December 2012 and beyond, taking account of risk factors and possible changes in trading performance, show that the company should be able to operate within the level of its current facilities

In making this assessment the director has considered the company's interaction with its parent company, Ingres Corporation and, in particular, the expected inter-company revenues it will earn and costs it will incur through this relationship Further, management has considered the recoverability of all inter-company receivables due to the company and concluded they are presented at their fair value

After making inquiries, the director has a reasonable expectation that the company has adequate resources to continue in operation existence for the foreseeable future Accordingly, they continue to adopt the going concern basis in preparing these financial statements

3. **Turnover**

The turnover and loss before tax are attributable to the one principal activity of the company

An analysis of turnover is given below

	2010	*2009*
	£	*£*
United Kingdom	15,296,234	*13,794,764*
United States of America	1,182,701	*1,097,714*
	16,478,935	*14,892,478*

4 Operating loss

Operating loss is stated after charging

	2010	2009
	£	£
Depreciation of owned fixed assets	81,993	*106,393*
Auditor's remuneration:		
- Company's accounts	17,500	*15,000*
- Subsidiaries accounts	17,500	*18,000*
Operating lease costs		
- Other	250,404	*168,893*
Net loss on foreign currency translation	126,923	*219,049*

Fees payable by the company in respect of the audit of the company and its subsidiary undertakings for the year ended 31 December 2010 total £35,000 (2009 £33,000)

5 Particulars of employees

The average number of staff employed by the company during the financial year amounted to

	2010	2009
	No	No
Professional services	59	*69*

The aggregate payroll costs of the above were:

	2010	2009
	£	£
Wages and salaries	4,593,751	*5,511,002*
Social security costs	540,354	*624,717*
Other pension costs	189,700	*229,762*
Equity-settled share-based payments	261,847	*432,615*
	5,585,652	*6,798,096*

Director's remuneration in both years was borne by the ultimate parent undertaking, Ingres Corporation

6 Interest payable and similar charges

	2010	2009
	£	£
Other similar charges payable	4,910	*1,512*

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2010		2009	
	£	£	£	£
UK taxation				
In respect of the year				
UK Corporation tax		12,703		2,136
Over/under provision in prior year		82		(20,790)
		12,785		(18,654)
Foreign tax				
Current tax on income for the year		27,774		11,476
		40,559		(7,178)
Deferred tax				
Origination and reversal of timing differences	319,474		(112,327)	
Total deferred tax (note 10)		319,474		(112,327)
Tax on loss on ordinary activities		360,033		(119,505)

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2009 - 28%)

	2010	2009
	£	£
Loss on ordinary activities before taxation	(127,848)	(438,015)
Loss on ordinary activities by rate of tax	(35,797)	(122,644)
Effects of		
Expenses not deductible for tax purposes	3,729	12,452
Depreciation for period in excess of capital allowances	1,186	(8,157)
Double taxation relief	-	11,476
Adjustments to tax charge in respect of previous periods	82	(20,790)
Other short term timing differences	-	(647)
Share option expense timing differences	71,359	121,132
Total current tax (note 7(a))	40,559	(7,178)

7 Taxation on ordinary activities *(continued)*

(c) Factors affecting future and current tax charges

The Finance Act (No 2) 2010 was substantively enacted on 20 July 2010 and included legislation to reduce the main rate of corporation tax from 28% to 27% from 1 April 2011 These reductions have since been amended by a resolution passed by Parliament on 29 March 2011 which has reduced the main rate of corporation tax to 26% from 1 April 2011 These further changes had not been substantively enacted at the balance sheet date, therefore the deferred tax liability has been calculated at 27%

Further reductions to the UK corporation tax rate were announced in the Budget 2011 on 23 March 2011 These changes, which are expected to be enacted separately each year, proposed reducing the main corporation tax rate by 1% per annum to 23% by 1 April 2014 Legislation to reduce the main rate of corporation tax from 26% to 25% from 1 April 2012 has been enacted in the Finance Act 2011 on 19 July 2011

8 Tangible fixed assets

	Leasehold Property £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 January 2010	217,000	390,167	4,011	611,178
Additions	5,493	89,074	–	94,567
At 31 December 2010	222,493	479,241	4,011	705,745
Depreciation				
At 1 January 2010	17,975	318,915	1,815	338,705
Charge for the year	21,883	59,077	1,033	81,993
At 31 December 2010	39,858	377,992	2,848	420,698
Net book value				
At 31 December 2010	182,635	101,249	1,163	285,047
At 31 December 2009	*199,025*	*71,252*	*2,196*	*272,473*

9 Debtors

	2010	*2009*
	£	*£*
Trade debtors	10,910,852	*4,941,934*
Amounts owed by group undertakings	2,332,759	*6,814,090*
Corporation tax repayable	210,517	*98,464*
Other debtors	140,774	*141,682*
Prepayments and accrued income	75,201	*81,928*
Deferred taxation (note 10)	54,928	*374,402*
	13,725,031	*12,452,500*

Amounts owed by group undertakings above totalling £2,332,759 (2009 £6,814,090) includes a loan to the ultimate parent company of £575,253 (2009 £575,253) which represents an advance to fund the parent company's on going development and working capital needs The loan is unsecured interest-free and has no fixed repayment schedule

10 Deferred taxation

The deferred tax included in the Balance sheet is as follows

	2010	*2009*
	£	*£*
Included in debtors (note 9)	54,928	*374,402*

The movement in the deferred taxation account during the year was

	2010	*2009*
	£	*£*
At 1 January 2010	374,402	*262,075*
Profit and loss account movement arising during the year	(319,474)	*112,327*
At 31 December 2010	54,928	*374,402*

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2010	*2009*
	£	*£*
Excess of depreciation over taxation allowances	46,326	*35,496*
Other timing differences	8,602	*338,906*
	54,928	*374,402*

11. Creditors: Amounts falling due within one year

	2010	2009
	£	£
Trade creditors	105,212	78,845
PAYE and social security	29,846	22,915
VAT	1,712,195	563,750
Other creditors	40,858	38,853
Accruals and deferred income	11,138,424	9,966,661
	13,026,535	10,671,024

12 Creditors· Amounts falling due after more than one year

	2010	2009
	£	£
Accruals and deferred income	4,831,944	2,073,569

13 Pensions

The company operates a defined contribution pension scheme The assets of the scheme are held separately from those of the company in an independently administered fund The pension cost charge represents contributions payable by the company to the fund Contributions totaling £189,700 (2009 £229,762) were payable to the fund during the year At the year end, contributions totaling £31,860 (2009 £38,853) were outstanding and are included within creditors, amounts falling due within one year, above

14 Share-based payments

Equity-settled share-based payments

Ingres Corporation, the ultimate parent undertaking, operates an equity-settled share-based compensation plan (the 2005 Stock Plan) for itself and its subsidiaries The fair value of the employee services received in exchange for the grant of the options is recognised by the subsidiary undertaking as an expense in their respective profit and loss account with a corresponding credit to Intercompany

Ingres Corporation established the 2005 Stock Plan ("the 2005 Plan"), which provides for the grant of incentive stock and non qualified stock options and the direct issuances of the company's stock The Board of Directors of Ingres Corporation has the authority to approve grants of options and the issuances of stock to employees and other service provides and approve the terms of each option and issuance, including (i) the number of shares of Common Stock issuable upon exercise of the option, (ii)when the option becomes exercisable, (iii) the option exercise price, which in the case of incentive stock options, must be at least 100% (110% in the case of incentive stock options granted to a shareholder owning in excess of 10% of the company's Common Stock) of the fair market value of the Common Stock as of the date of grant, and (iv) the duration of the option (which, in the case of incentive stock options, may not exceed 10 years) Options granted under the 2005 Plan vest over various period and expire no later than 10 years from the date of grant

14 **Share-based payments** *(continued)*

Details of the number of share options and the weighted average exercise price (WAEP), denominated in US Dollars ($), outstanding during the year are as follows

	2010		*2009*	
	No	WAEP £	*No*	*WAEP £*
Outstanding at the beginning of the year	1,748,050	1 86	*1,910,400*	*1 91*
Granted during the year	521,300	1 25	*11,300*	*1 39*
Forfeited during the year	(652,050)	3 21	*(170,250)*	*1 48*
Exercised during the year	–	–	*(3,400)*	*0 93*
Outstanding at the end of the year	1,617,300	1 40	*1,748,050*	*1 86*
Exercisable at the end of the year	1,083,700	1 41	*879,975*	*0 97*

The share options outstanding at the end of the year have the following weighted average contractual lives (years) and exercise prices ($)

	Outstanding options			Exercisable options	
Exercise price ($)	Options outstanding at 31 December 2010 No	Weighted average of remaining contractual life	Weighted average exercise price $	Exercisable shares at 31 December 2010 No	Weighted average exercise price $
0 98	300,000	1 0	0 98	180,000	0.98
1 50	1,317,300	1 0	1 50	903,700	1 50
	1,617,300	1 0	1 40	1,083,700	1 41

The weighted average fair value of shares granted during the year was $1 25 (2009 $2 21) The fair values were calculated using the Black-Scholes model The inputs into the model were as follows

	2010	*2009*
Weighted average share price - $	0 98	*1 05*
Weighted average exercise price - $	1 76	*1 86*
Expected volatility - %	54 00	*54 00*
Expected life - years	6 00	*7 00*
Risk free rate - %	2 00	*2 00*

The company's expected volatility is derived from an average of historical volatilities of comparable companies within the technology sector The interest rate assumption is based upon the observed Treasury Yield Curve rates appropriate for the company's stock options The company does not anticipate paying any cash dividends in the foreseeable future and, therefore, uses an expected dividend yield of zero in the option-pricing model The company uses historical data to estimate pre-vesting option forfeitures and records stock based compensation expense only for those awards that are expected to vest

14. Share-based payments *(continued)*

The company recognised total expenses of £261,847 (2009 £432,615) related to equity-settled share-based payment transactions during the year

15. Commitments under operating leases

At 31 December 2010 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2010 £	*Land and buildings 2009 £*
Operating leases which expire		
Within 2 to 5 years	176,333	*176,333*

16. Related party transactions

No transactions with related parties were undertaken such as are required to be under Financial Reporting Standard No 8

17. Called up share capital

Allotted, called up and fully paid·

	2010 No	2010 £	*2009 No*	*2009 £*
1 Ordinary shares of £1 each	1	1	*1*	*1*

18 Profit and loss account

	2010 £	*2009 £*
Balance brought forward	834,489	*720,384*
Loss for the financial year	(487,881)	*(318,510)*
Capital contribution	–	*432,615*
Balance carried forward	346,608	*834,489*

19. Reconciliation of movements in shareholders' funds

	2010 £	*2009 £*
Loss for the financial year	(487,881)	*(318,510)*
Capital contribution	–	*432,615*
Net (reduction)/addition to shareholders' funds	(487,881)	*114,105*
Opening shareholders' funds	834,490	*720,385*
Closing shareholders' funds	346,609	*834,490*

20. Notes to the cash flow statement

Reconciliation of operating loss to net cash inflow/(outflow) from operating activities

	2010	*2009*
	£	*£*
Operating loss	(123,196)	*(448,533)*
Depreciation	81,993	*106,393*
Increase in debtors	(1,741,799)	*(4,728,040)*
Increase in creditors	5,113,886	*78,207*
Equity-settled share-based payments	261,847	*432,615*
Net cash inflow/(outflow) from operating activities	3,592,731	*(4,559,358)*

20 Notes to the cash flow statement *(continued)*

Reconciliation of net cash flow to movement in net funds

	2010		*2009*	
	£	£	*£*	*£*
Increase/(decrease) in cash in the period	3,340,900		*(5,017,266)*	
Change in net funds		3,340,900		*(5,017,266)*
Net funds at 1 January 2010		854,110		*5,871,376*
Net funds at 31 December 2010		4,195,010		*854,110*

Analysis of changes in net funds

	At 1 January 2010	Cash flows	At 31 December 2010
	£	£	£
Net cash			
Cash in hand and at bank	854,110	3,340,900	4,195,010
Net funds	854,110	3,340,900	4,195,010

21 Ultimate parent company and controlling party

The directors consider the immediate parent company to be Ingres International Inc , a company registered in United States of America and organised under the laws of the state of Delaware

The directors also consider the ultimate parent undertaking and largest group for which consolidated accounts are prepared, to be Ingres Corporation, a company incorporated in the United States of America and organised under the laws of state of Delaware

The directors consider there to be no ultimate controlling party