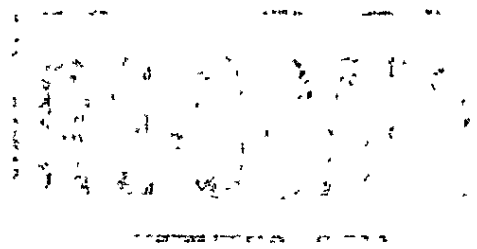


ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2011

Company Registration Number 05490314



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**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

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**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2011**

The director	M Monahan
Company secretary	EPS Secretaries Limited
Business address	217 Bath Road Bath Road Slough SL1 4AA
Registered office	Lacon House Theobalds Road London WC1X 8RW
Auditor	Deloitte LLP Chartered Accountants and Statutory Auditor London
Accountants	RSM Tenon Limited Davidson House Forbury Square Reading Berkshire RG1 3EU

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2011

The director presents his report and the financial statements of the company for the year ended 31 December 2011.

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 director is 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/losses and cash. Revenues for the period increased by 12% to £18,459,940 while the net loss was £399,718.

The increase in billings as well as improved management of the costs of running the business resulted in positive cash flows of £5,764,227 for the year and an ending cash balance of £9,959,237.

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, Actian Corporation continues to invest significantly in research and development to ensure that Actian Corporation and its subsidiaries, which includes Actian Europe Limited, are up to date with technological changes.

The director will continue to investigate and invest in new technology, and sees this as an important safeguard for the future success of the company. During 2010, Actian 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 2012.

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

Results and dividends

The loss for the year, after taxation, amounted to £399,718. The director has not recommended a dividend (2010: none).

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

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 obligations as they fall due while maximising returns on surplus funds,
- Minimise the company's exposure to fluctuating exchange rates arising from the company's operations

Liquidity risk

On order to maintain liquidity to ensure that sufficient funds are available for on-going 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 director who served the company during the year was as follows

G Wood

G Wood resigned as a director on 8 June 2012

M Monahan was appointed as a director on 8 June 2012

Directors' 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 they are 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 judgements 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 them to ensure that the financial statements comply with the Companies Act 2006. They are 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.

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2011

Disclosure of information to auditor

Insofar 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

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 auditors in the absence of an Annual General Meeting

Approved by the board and signed on its behalf



M Monahan

Director

Approved by the directors on . . . *September 26, 2012*

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

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

YEAR ENDED 31 DECEMBER 2011

We have audited the financial statements of Actian Europe Limited (formerly Ingres Europe Limited) for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes 1 to 23. 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 directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are 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 the 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 2011 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

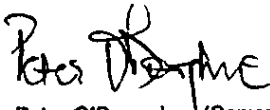
**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF
ACTIAN EUROPE LIMITED (FORMERLY INGRES EUROPE LIMITED) *(continued)***

YEAR ENDED 31 DECEMBER 2011

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 directors' 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

Date - 28th September 2012

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2011

	Note	2011 £	2010 £
Turnover	3	18,459,940	16,478,935
Cost of sales		(11,742,762)	(9,315,275)
Gross profit		<u>6,717,178</u>	<u>7,163,660</u>
Administrative expenses		(7,190,094)	(7,286,856)
Operating loss	4	<u>(472,916)</u>	<u>(123,196)</u>
Interest receivable and similar income	6	123,401	258
Interest payable and similar charges	7	(2)	(4,910)
Loss on ordinary activities before taxation		<u>(349,517)</u>	<u>(127,848)</u>
Tax on loss on ordinary activities	8	(50,201)	(360,033)
Loss for the financial year		<u>(399,716)</u>	<u>(487,881)</u>

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 2011

	Note	2011 £	£	2010 £	£
Fixed assets					
Tangible assets	10		386,102		285,047
Current assets					
Debtors	11	6,082,166		13,725,031	
Cash at bank		9,959,237		4,195,010	
		<u>16,041,403</u>		<u>17,920,041</u>	
Creditors. Amounts falling due within one year	13	<u>(14,285,032)</u>		<u>(13,026,535)</u>	
Net current assets			1,756,371		4,893,506
Total assets less current liabilities			<u>2,142,473</u>		<u>5,178,553</u>
Creditors: Amounts falling due after more than one year	14		(2,195,582)		(4,831,944)
			<u>(53,109)</u>		<u>346,609</u>
Capital and reserves					
Called-up share capital	19		1		1
Profit and loss account	20		(53,110)		346,608
Shareholders' (deficit)/funds	21		<u>(53,109)</u>		<u>346,609</u>

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

 26 September, 2012

M Monahan

Director

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

**ACTION EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2011

	Note	2011		2010	
		£	£	£	£
Net cash inflow from operating activities	22		5,829,470		3,592,731
Returns on Investments and Servicing of finance					
Income from group undertakings		114,075		-	
Interest received		9,326		258	
Interest paid		(2)		(4,910)	
Net cash inflow/(outflow) from returns on Investments and servicing of finance			123,399		(4,652)
Taxation			184,261		(152,612)
Capital expenditure					
Payments to acquire tangible fixed assets		(372,903)		(94,567)	
Net cash outflow from capital expenditure			(372,903)		(94,567)
Increase in cash	22		<u>5,764,227</u>		<u>3,340,900</u>

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

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011**

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, Actian 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

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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

Actian 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 are 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.

Actian 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 Actian Corporation has the authority to approve grants of options and the issuances of stock to employees and other service providers 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 periods 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 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 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.

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

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 his 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 Directors Report. Further the amounts due to creditors are stated in note 13 of these financial statements.

The current economic conditions do create uncertainty but the director believes that growth resulting in profitability for the company will be achieved through the future period as set out in the Directors Report.

The company's forecasts and projections for 31 December 2012, 31 December 2013 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, Actian 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 principal activities of the company as described in the turnover accounting policy above.

An analysis of turnover is given below:

	2011 £	2010 £
United Kingdom	17,502,766	15,296,234
United States of America	957,174	1,182,701
	<u>18,459,940</u>	<u>16,478,935</u>

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

4 Operating loss

Operating loss is stated after charging

	2011	2010
	£	£
Depreciation of owned fixed assets	92,921	81,993
Loss on disposal of fixed assets	178,927	-
Operating lease costs		
- Other	85,915	250,404
Net loss on foreign currency translation	86,714	126,923
Auditor's remuneration		
- Company's accounts	22,810	17,500
- Subsidiaries accounts	12,190	17,500
	<u> </u>	<u> </u>

Fees payable by the company in respect of the audit of the company and its subsidiary undertakings for the year ended 31 December 2011 total £35,000 (2010 £35,000)

5 Particulars of employees

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

	2011	2010
	No	No
Professional services	<u>51</u>	<u>59</u>

The aggregate payroll costs of the above were

	2011	2010
	£	£
Wages and salaries	4,347,729	4,593,751
Social security costs	516,613	540,354
Other pension costs	169,768	189,700
Equity-settled share-based payments	339,712	261,847
	<u>5,373,822</u>	<u>5,585,652</u>

Directors' remuneration in both years was borne by the ultimate parent undertaking, Actian Corporation

6 Interest receivable and similar income

	2011	2010
	£	£
Bank interest receivable	9,326	3
Interest from group undertakings	114,075	-
Other similar income receivable	-	255
	<u>123,401</u>	<u>258</u>

ACTION EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

7. Interest payable and similar charges

	2011 £	2010 £
Other similar charges payable	<u>2</u>	<u>4,910</u>

8. Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	£	2010 £	£
UK taxation				
In respect of the year				
UK Corporation tax		-		12,703
Under provision in prior year		<u>61</u>		<u>82</u>
		61		12,785
Foreign tax				
Current tax on income for the year		<u>26,195</u>		<u>27,774</u>
		26,256		40,559
Deferred tax				
Origination and reversal of timing differences	<u>23,945</u>		<u>319,474</u>	
Total deferred tax (note 12)		<u>23,945</u>		<u>319,474</u>
Tax on loss on ordinary activities		<u>50,201</u>		<u>360,033</u>

(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 26% (2010 - 28%)

	2011 £	2010 £
Loss on ordinary activities before taxation	<u>(349,517)</u>	<u>(127,848)</u>
Loss on ordinary activities by rate of tax	(90,874)	(35,797)
Effects of		
Expenses not deductible for tax purposes	62,340	3,729
Capital allowances for period in excess of depreciation	(13,423)	1,186
Adjustments to tax charge in respect of previous periods	61	82
Marginal relief	(385)	-
Other short term timing differences	26,188	-
Share option expense timing differences	88,325	71,359
(Liabilities) transferred in	<u>(35,976)</u>	<u>-</u>
Total current tax (note 8(a))	<u>26,256</u>	<u>40,559</u>

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

9 Acquisitions

On 31 December 2011, the company acquired the trade and net assets of Actian Solutions Limited (formerly Luminary Solutions Limited), a company incorporated in England and Wales

The fair and book value of assets and liabilities acquired were as follows

	Actian Solutions Limited £
Fixed assets	5,231
Debtors	130,937
Cash at bank and in hand	340,106
Creditors	(86,304)
Net assets acquired	<u>389,970</u>
Satisfied by	
Cash consideration on acquisition not yet paid	<u>389,970</u>
Goodwill arising on acquisition	<u>-</u>

10. Tangible fixed assets

	Leasehold Property £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 January 2011	222,493	479,241	4,011	705,745
Additions	216,219	151,856	4,828	372,903
Disposals	(222,494)	-	-	(222,494)
At 31 December 2011	<u>216,218</u>	<u>631,097</u>	<u>8,839</u>	<u>856,154</u>
Depreciation				
At 1 January 2011	39,858	377,992	2,848	420,698
Charge for the year	23,782	68,364	775	92,921
On disposals	(43,567)	-	-	(43,567)
At 31 December 2011	<u>20,073</u>	<u>446,356</u>	<u>3,623</u>	<u>470,052</u>
Net book value				
At 31 December 2011	<u>196,145</u>	<u>184,741</u>	<u>5,216</u>	<u>386,102</u>
At 31 December 2010	<u>182,635</u>	<u>101,249</u>	<u>1,163</u>	<u>285,047</u>

ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2011

11. Debtors

	2011 £	2010 £
Trade debtors	3,754,135	10,910,852
Amounts owed by group undertakings	2,177,292	2,332,759
Corporation tax repayable	—	210,517
Other debtors	59,104	140,774
Prepayments and accrued income	60,852	75,201
Deferred taxation (note 12)	30,983	54,928
	<u>6,082,166</u>	<u>13,725,031</u>

Amounts owed by group undertakings above totalling £2,177,292 (2010 £2,332,759) includes a loan to the ultimate parent company of £575,253 (2010 £575,253) which represents an advance to fund the Group's on going development and working capital needs. The loan is unsecured, interest-free and has no fixed repayment schedule.

12. Deferred taxation

The deferred tax included in the balance sheet is as follows.

	2011 £	2010 £
Included in debtors (note 11)	<u>30,983</u>	<u>54,928</u>

The movement in the deferred taxation account during the year was

	2011 £	2010 £
At 1 January 2011	54,928	374,402
Profit and loss account movement arising during the year	(23,945)	(319,474)
At 31 December 2011	<u>30,983</u>	<u>54,928</u>

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

	2011 £	2010 £
Excess of depreciation over taxation allowances	29,987	46,326
Other timing differences	996	8,602
	<u>30,983</u>	<u>54,928</u>

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

13. Creditors Amounts falling due within one year

	2011	2010
	£	£
Trade creditors	42,415	105,212
Amounts owed to group undertakings	749,349	-
PAYE and social security	14,202	29,846
VAT	497,835	1,712,195
Other creditors	14,332	40,858
Accruals and deferred income	12,966,899	11,138,424
	<u>14,285,032</u>	<u>13,026,535</u>

14. Creditors Amounts falling due after more than one year

	2011	2010
	£	£
Accruals and deferred income	<u>2,195,582</u>	<u>4,831,944</u>

15 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 totalling £169,768 (2010 £189,700) were payable to the fund during the year. At the year end, contributions totalling £3,982 (2010 £31,860) were outstanding and are included within Creditors amounts falling due within one year, above.

16. Share-based payments

Equity-settled share-based payments

Actian 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 are recognised by the subsidiary undertaking as an expense in their respective profit and loss account with a corresponding credit to intercompany.

**ACTIAN EUROPE LIMITED
(FORMERLY INGRES EUROPE LIMITED)**

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2011

16. Share-based payments (continued)

Actian 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 Actian Corporation has the authority to approve grants of options and the issuances of stock to employees and other service providers 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.

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:

	2011		2010	
	No	WAEP \$	No	WAEP \$
Outstanding at the beginning of the year	1,617,300	1.50	1,748,050	1.86
Granted during the year	1,385,700	1.50	521,300	1.55
Forfeited during the year	(185,250)	1.50	(652,050)	3.21
Transferred during the year	80,523	1.50	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	<u>2,898,273</u>	<u>1.50</u>	<u>1,617,300</u>	<u>1.50</u>
Exercisable at the end of the year	<u>1,434,467</u>	<u>1.50</u>	<u>1,083,700</u>	<u>1.50</u>

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

Exercise price (\$)	Outstanding options			Exercisable options		
	Options outstanding at 31 December 2011 No	Weighted average of remaining contractual life	Weighted average exercise price \$	Exercisable shares at 31 December 2011 No	Weighted average exercise price \$	
1.50	2,898,273	1.86	1.50	1,434,467	1.50	
	<u>2,898,273</u>	<u>1.86</u>	<u>1.50</u>	<u>1,434,467</u>	<u>1.50</u>	

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16 Share-based payments (continued)

The weighted average fair value of shares granted during the year was \$1.27 (2010 \$1.25). The fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	2011	2010
Weighted average share price - \$	1.50	1.55
Weighted average exercise price - \$	1.50	1.50
Expected volatility - %	53.30	54.00
Expected life - years	6.50	6.00
Risk free rate - %	1.59	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.

The company recognised total expenses of £339,712 (2010 £261,847) related to equity-settled share-based payment transactions during the year.

17 Commitments under operating leases

At 31 December 2011 the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2011 £	Land and buildings 2010 £
Operating leases which expire Within 2 to 5 years	176,333	176,333

18 Related party transactions

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

19. Share capital

Allotted, called up and fully paid.

	2011 No	£	2010 No	£
1 Ordinary shares of £1	1	1	1	1

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20 Profit and loss account

	2011 £	2010 £
Balance brought forward	346,608	834,489
Loss for the financial year	(399,718)	(487,881)
Balance carried forward	<u>(53,110)</u>	<u>346,608</u>

21. Reconciliation of movements in shareholders' (Deficit)/funds

	2011 £	2010 £
Loss for the financial year	(399,718)	(487,881)
Opening shareholders' funds	346,609	834,490
Closing shareholders' (deficit)/funds	<u>(53,109)</u>	<u>346,609</u>

22. Notes to the cash flow statement

Reconciliation of operating loss to net cash inflow from operating activities

	2011 £	2010 £
Operating loss	(472,916)	(123,196)
Depreciation	92,921	81,993
Loss on disposal of fixed assets	178,927	—
Decrease/(increase) in debtors	7,088,691	(1,741,799)
(Decrease)/increase in creditors	(1,377,865)	5,113,886
Equity-settled share-based payments	339,712	261,847
Net cash inflow from operating activities	<u>5,829,470</u>	<u>3,592,731</u>

Reconciliation of net cash flow to movement in net funds

	2011 £	2010 £
Increase in cash in the period	<u>5,764,227</u>	<u>3,340,900</u>
Change in net funds	<u>5,764,227</u>	<u>3,340,900</u>
Net funds at 1 January 2011	4,195,010	854,110
Net funds at 31 December 2011	<u>9,959,237</u>	<u>4,195,010</u>

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

Analysis of changes in net funds

	At 1 January 2011 £	Cash flows £	At 31 December 2011 £
Net cash			
Cash in hand and at bank	4,195,010	5,764,227	9,959,237
Net funds	<u>4,195,010</u>	<u>5,764,227</u>	<u>9,959,237</u>

23 Ultimate parent company and controlling party

The directors consider the immediate parent company to be Actian 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 Actian 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

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MANAGEMENT INFORMATION

YEAR ENDED 31 DECEMBER 2011

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 5 to 6**