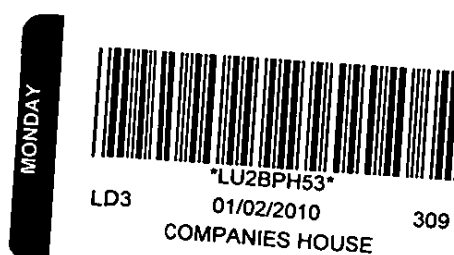


INGRES EUROPE LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2008

Company Registration Number 05490314



INGRES EUROPE LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

CONTENTS	PAGES
Officers and professional advisers	1
The directors' report	2 to 3
Independent auditors' report to the members	4 to 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the financial statements	9 to 20
 The following pages do not form part of the statutory financial statements	
Detailed profit and loss account	22
Notes to the detailed profit and loss account	23

INGRES EUROPE LIMITED
OFFICERS AND PROFESSIONAL ADVISERS
YEAR ENDED 31 DECEMBER 2008

The board of directors	A Marsella M Prollins
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 Registered Auditor Chartered Accountants London
Accountants	RSM Tenon Limited Aquarium 1-7 King Street Reading Berkshire RG1 2AN

INGRES EUROPE LIMITED
THE DIRECTORS' REPORT
YEAR ENDED 31 DECEMBER 2008

The directors present their report and the financial statements of the company for the year ended 31 December 2008

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 a further successful year of trading for the company despite the difficult economic environment. The company considers its key performance indicators to be revenue, net profit and cash. Revenues for the period increased by 17% whilst net profits decreased by 38% to £141,328 as result of increased cost of sales and investment in products and services

The costs of running the business continue to be managed and the strong customer base has resulted in positive cash flows for the business with a year end cash balance of £5,871,376

The directors have assessed the main risks facing the company as being fundamental changes to the technology underlying the company's software products, competitive pressures in the form of new product introductions by competitors and the loss of significant customers

In order to mitigate the risk of fundamental changes in technologies underlying the Group'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 Ingres Europe Limited, are up to date with technological changes

The directors will continue to investigate and invest in new technology, and see this as an important safeguard for future success of the company

In addition to this, the directors believe that the quality of the products offered and customer service will help mitigate any further risks

The company is positive in its outlook for 2009

As disclosed further in note 2, the Directors have prepared the accounts on a going concern basis

Results and dividends

The profit for the year, after taxation, amounted to £85,258 (2007 £148,901). The directors have not recommended a dividend (2007 £nil)

Financial risk management objectives and policies

The company makes little use of financial instruments other than an operational bank account and so its exposure to price risk, credit risk, liquidity risk and cash flow risk is not material for the assessment of the assets, liabilities, financial position and profit or loss of the company

Directors

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

T Berquist

T Garnett

A Marsella was appointed as a director on 15 December 2009

R Mosher was appointed as a director on 11 September 2009

M Prollins was appointed as a director on 4 December 2009

T Berquist resigned as a director on 11 September 2009

T Garnett resigned as a director on 8 January 2009

R Mosher resigned as a director on 4 December 2009

INGRES EUROPE LIMITED
THE DIRECTORS' REPORT *(continued)*
YEAR ENDED 31 DECEMBER 2008

Directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

In so far as the directors are, individually, aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Auditor

Following the resignation of RSM Tenon Audit Limited, Deloitte LLP were appointed as auditors to the company.


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.

Signed on behalf of the directors

A Marsella

Director

Approved by the directors on



29 January 2010

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INGRES EUROPE LIMITED

YEAR ENDED 31 DECEMBER 2008

We have audited the financial statements of Ingres Europe Limited on pages 6 to 20 for the year ended 31 December 2008. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
INGRES EUROPE LIMITED *(continued)***

YEAR ENDED 31 DECEMBER 2008

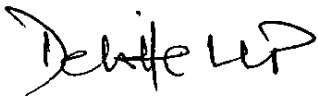
Opinion

In our opinion

the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985, and

the information given in the Directors' Report is consistent with the financial statements



Deloitte LLP
Registered Auditors and Chartered Accountants
London

Date - 29 January 2010

INGRES EUROPE LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

		2008	2007 (restated)
	Note	£	£
Turnover	3	15,909,040	13,641,416
Cost of sales		(7,138,058)	(3,058,695)
Gross profit		<u>8,770,982</u>	<u>10,582,721</u>
Administrative expenses		(8,730,145)	(10,390,405)
Operating profit	4	<u>40,837</u>	<u>192,316</u>
Interest receivable and similar income		100,491	36,915
Interest payable and similar charges	6	—	(64)
Profit on ordinary activities before taxation		<u>141,328</u>	<u>229,167</u>
Tax on profit on ordinary activities	7	(56,070)	(80,266)
Profit for the financial year		<u><u>85,258</u></u>	<u><u>148,901</u></u>

All of the activities of the company are classed as continuing

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

The notes on pages 9 to 20 form part of these financial statements

INGRES EUROPE LIMITED

Registered Number 05490314

BALANCE SHEET**31 DECEMBER 2008**

	Note	2008 £	£	2007 - Restated £	£
Fixed assets					
Tangible assets	8		247,188		241,464
Current assets					
Debtors	9	7,513,669		13,737,752	
Cash at bank and in hand		5,871,376		360,114	
		13,385,045		14,097,866	
Creditors: Amounts falling due within one year	11	(10,800,848)		(14,266,391)	
Net current assets/(liabilities)			2,584,197		(168,525)
Total assets less current liabilities			2,831,385		72,939
Creditors: Amounts fall due after one year	11		(2,111,000)		-
			720,385		72,939
Capital and reserves					
Called-up share capital	16		1		1
Profit and loss account	17		720,384		72,938
Shareholders' funds	18		720,385		72,939

These financial statements were approved by the directors and authorised for issue on 29 January 2010, and are signed on their behalf by

A Marsella

Director



The notes on pages 9 to 20 form part of these financial statements

INGRES EUROPE LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 DECEMBER 2008

	Note	2008 £	£	2007 £	£
Net cash inflow from operating activities	19		5,715,847		197,583
Returns on investments and Servicing of finance					
Interest received		100,491		36,915	
Interest paid		—		(64)	
Net cash inflow from returns on investments and servicing of finance			100,491		36,851
Taxation			(131,530)		—
Capital expenditure					
Payments to acquire tangible fixed assets		(173,546)		(106,250)	
Net cash outflow from capital expenditure			(173,546)		(106,250)
Increase in cash	19		<u>5,511,262</u>		<u>128,184</u>

The notes on pages 9 to 20 form part of these financial statements

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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 with the exception of the policy for share-based payments where the intercompany payable of £176,725 has been reclassified to equity as they are equity-settled and previously were assumed to be cash-settled, as further explained in note 13. In addition the presentation intercompany revenue and cost of sales have been restated and presented gross to better reflect the economic substance of the transactions involved.

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 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.

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.

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

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

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.

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

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

1. Accounting policies *(continued)*

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Reclassification of prior year profit and loss account

The prior year profit and loss account has been restated in the current period to reflect the reclassification of turnover receivable and cost of sales payable, previously included net within turnover, to the ultimate parent undertaking Ingres Corporation. This presentation is considered to be more appropriate to the understanding of the nature of these transactions. The effect of this reclassification has been to increase both turnover and cost of sales in the previous period by £2,875,607. There has been no effect on opening shareholders funds as at 1 January 2008.

2. Going concern - basis of preparation

In accordance with their responsibilities, the directors of Ingres Europe Limited have 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 11 of these financial statements.

The current economic conditions do create uncertainty but the Directors believe that the continued growth and profitability of the company will be sustained through the future period as set out in the Directors Report.

The company's forecasts and projections for 31 December 2009, 31 December 2010 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 Directors have 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 enquiries, the Directors have 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 profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2008	2007 (restated)
	£	£
United Kingdom	14,740,079	9,196,522
United States of America	1,168,961	4,444,894
	<u>15,909,040</u>	<u>13,641,416</u>

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

4. Operating profit

Operating profit is stated after charging/ (crediting)

	2008	2007
	£	£
Depreciation of owned fixed assets	167,822	144,620
Auditors' remuneration	20,000	10,000
Operating lease costs		
-Other	337,094	297,421
Net profit on foreign currency translation	<u>(354,847)</u>	<u>(45,736)</u>

5. Particulars of employees

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

	2008	2007
	No	No
Professional services	<u>75</u>	<u>62</u>

The aggregate payroll costs of the above were

	2008	2007
	£	£
Wages and salaries	5,203,599	6,925,760
Social security costs	637,510	772,782
Other pension costs	264,483	245,003
Equity-settled share-based payments	562,188	155,957
	<u>6,667,780</u>	<u>8,099,502</u>

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

6. Interest payable and similar charges

	2008	2007
	£	£
Interest payable on bank borrowing	<u>—</u>	<u>64</u>

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2008		2007	
	£	£	£	£
In respect of the year				
UK Corporation tax		224,671		150,534
Deferred tax				
Origination and reversal of timing differences	(168,601)		(70,268)	
Total deferred tax (note 10)		(168,601)		(70,268)
Tax on profit on ordinary activities		<u>56,070</u>		<u>80,266</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 28% (2007 - 30%)

	2008	2007
	£	£
Profit on ordinary activities before taxation	<u>141,328</u>	<u>229,167</u>
Profit on ordinary activities by rate of tax	39,572	68,750
Effects of		
Expenses not deductible for tax purposes	22,324	23,119
Depreciation for period in excess of capital allowances	18,936	10,864
Utilisation of tax losses	-	(3,486)
Double taxation relief	(30,307)	-
Effect of change in tax rate in period	4,448	-
Other short term timing differences	12,285	(1,731)
Share option expense timing differences	157,413	53,018
Total current tax (note 7(a))	<u>224,671</u>	<u>150,534</u>

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

8. Tangible fixed assets

	Leasehold Property £	Computer Equipment £	Fixtures & Fittings £	Total £
Cost				
At 1 January 2008	193,006	305,794	148,750	647,550
Additions	120,808	52,738	—	173,546
At 31 December 2008	<u>313,814</u>	<u>358,532</u>	<u>148,750</u>	<u>821,096</u>
Depreciation				
At 1 January 2008	190,614	119,532	95,940	406,086
Charge for the year	2,392	112,620	52,810	167,822
At 31 December 2008	<u>193,006</u>	<u>232,152</u>	<u>148,750</u>	<u>573,908</u>
Net book value				
At 31 December 2008	<u>120,808</u>	<u>126,380</u>	<u>—</u>	<u>247,188</u>
At 31 December 2007	<u>2,392</u>	<u>186,262</u>	<u>52,810</u>	<u>241,464</u>

9. Debtors

	2008 £	2007 (restated) £
Trade debtors	3,127,050	9,125,625
Amounts owed by group undertakings	4,056,855	4,400,449
Other debtors	4,058	3,150
Prepayments and accrued income	63,631	115,054
Deferred taxation (note 10)	262,075	93,474
	<u>7,513,669</u>	<u>13,737,752</u>

The intercompany debtor of £4,056,855 includes a loan to the ultimate parent company of £2,557,981 which represents an advance to fund the Group's ongoing 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

	2008 £	2007 £
Included in debtors (note 9)	<u>262,075</u>	<u>93,474</u>

The movement in the deferred taxation account during the year was

	2008 £	2007 £
At 1 January 2008	93,474	23,206
Profit and loss account movement arising during the year	<u>168,601</u>	<u>70,268</u>
At 31 December 2008	<u>262,075</u>	<u>93,474</u>

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

10. Deferred taxation (continued)

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

	2008 £	2007 £
Excess of depreciation over taxation allowances	43,653	26,482
Other timing differences	218,422	66,992
	<u>262,075</u>	<u>93,474</u>

11. Creditors.

Amounts falling due within one year

	2008 £	2007 £
Trade creditors	137,984	191,612
Corporation tax	245,462	152,321
Other taxation and social security	921,383	1,177,491
Other creditors	41,166	33,729
Accruals and deferred income	9,454,853	12,711,238
	<u>10,800,848</u>	<u>14,266,391</u>

Amounts falling due after one year

	2008 £	2007 £
Accruals and deferred income	2,111,000	-

12. 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 £264,483 (2007 £245,003) were payable to the fund during the year. At the year end, contributions totalling £41,166 (2007 £34,294) were outstanding and are included within Creditors amounts falling due within one year, above.

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

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 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.

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

13. 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

	2008		2007	
	No	WAEP £	No	WAEP £
Outstanding at the beginning of the year	1,952,000	1 50	756,500	1 50
Granted during the year	267,000	3 57	1,288,500	1 50
Expired during the year	(308,600)	1 50	(93,000)	1 50
Outstanding at the end of the year	<u>1,910,400</u>	<u>1 91</u>	<u>1,952,000</u>	<u>1 50</u>
Exercisable at the end of the year	<u>507,875</u>	<u>1 60</u>	<u>126,750</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 2008 No	Weighted average of remaining contractual life	Weighted average exercise price \$	Exercisable shares at 31 December 2008 No	Weighted average exercise price \$
1 50	1,339,100	8 35	1 50	444,775	1 50
2 26	300,000	9 01	2 26	60,000	2 26
3 20	190,000	9 17	3 20	3,100	3 20
3 93	11,300	9 86	3 93	-	3 93
4 50	70,000	9 39	4 50	-	4 50
	<u>1,910,400</u>	<u>8 58</u>	<u>1 91</u>	<u>507,875</u>	<u>1 60</u>

The weighted average fair value of shares granted during the year was \$2 53 (2007 \$0 73). The fair values were calculated using the Black-Scholes model. The inputs into the model were as follows

	2008	2007
Weighted average share price - \$	3 80	1 87
Weighted average exercise price - \$	3 57	1 50
Expected volatility - %	69 15	74 22
Expected life - years	6 35	6 34
Risk free rate - %	<u>3 03</u>	<u>4 45</u>

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.

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

13. Share-based payments *(continued)*

The company recognised total expenses of £562,188 (2007 £155,957) related to equity-settled share-based payment transactions during the year

14. Commitments under operating leases

At 31 December 2008 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings 2008 £	<i>Land and buildings 2007 £</i>
Operating leases which expire Within 2 to 5 years	<u>234,444</u>	<u>234,444</u>

15. Related party transactions

During the period, the company had the following transactions with related parties

<u>Name of related party</u>	<u>Relationship</u>	<u>Details of transactions</u>	<u>Amounts</u>
Ingres Corporation	Ultimate parent company	Expenses recharged by related party (2007 £304,491)	£336,533
		Amounts invoiced to related party (2007 £1,569,287)	£5,931,408
		Transfer of funds by related party (2007 £1,980,597)	£3,527,964
		Amounts collected on behalf of related party (2007 £900,310)	£nil
		Capital contribution made by related party (2007 £nil)	£176,725
		Amounts owed by related party at 31 December 2008 (2007 £4,062,703)	£3,296,894

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

15. Related party transactions *(continued)*

<u>Name of related party</u>	<u>Relationship</u>	<u>Details of transactions</u>	<u>Amounts</u>
Luminary Solutions Limited	Fellow subsidiary	Expenses recharged to related party (2007 £105,216)	£249,210
		Receipts collected by related party on company's behalf (2007 £nil)	£87,728
		Transfer of funds by related party (2007 £nil)	£225,317
		Amounts owed by related party at 31 December 2008 (2007 £105,216)	£41,381
Ingres Germany GmbH	Fellow subsidiary	Expenses recharged to related party (2007 £21,787)	£71,345
		Transfer of funds by related party (2007 £nil)	£313,438
		Foreign exchange movements in year (2007 £nil)	£87,740
		Amounts owed by related party at 31 December 2008 (2007 £21,787)	£494,310
Ingres France SAS	Fellow subsidiary	Expenses recharged to related party (2007 £26,603)	£51,907
		Transfer of funds by related party (2007 £nil)	£100,000
		Foreign exchange movements in year (2007 £nil)	£38,346
		Amounts owed by related party at 31 December 2008 (2007 £26,603)	£216,855

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

16 Share capital

Authorised share capital

	2008	2007
	£	£
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2008		2007
	No	£	No
	1	1	1
Ordinary share of £1	<u>1</u>	<u>1</u>	<u>1</u>

17. Profit and loss account

	2008	2007
	£	£
Balance brought forward (as previously reported)	(103,787)	(252,688)
Prior year adjustment	176,725	-
Balance brought forward (as restated)	<u>72,938</u>	<u>(252,688)</u>
Profit for the financial year	85,258	148,901
Capital contribution	562,188	176,725
Balance carried forward	<u>720,384</u>	<u>72,938</u>

The capital contribution relates to equity settled share-based payments recognised in the year

18. Reconciliation of movements in shareholders' funds

	2008	2007
	£	£
Profit for the financial year	85,258	148,901
Capital contribution	562,188	176,725
Net addition to shareholders' funds	<u>647,446</u>	<u>325,626</u>
Opening shareholders' deficit (as previously reported)	(103,786)	(252,687)
Prior year adjustment	176,725	-
Opening shareholders' funds/(deficit) (as restated)	<u>72,939</u>	<u>(252,687)</u>
Closing shareholders' funds/(deficit)	<u>720,385</u>	<u>72,939</u>

19. Notes to the statement of cash flows

Reconciliation of operating profit to net cash inflow from operating activities

	2008	2007
	£	£
Operating profit	40,837	192,316
Depreciation	167,822	144,620
Decrease/(increase) in debtors	6,215,959	(9,871,731)
(Decrease)/increase in creditors	(1,270,959)	9,576,421
Equity-settled share-based payments	562,188	155,957
Net cash inflow from operating activities	<u>5,715,847</u>	<u>197,583</u>

INGRES EUROPE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2008

19. Notes to the statement of cash flows (continued)

Reconciliation of net cash flow to movement in net funds

	2008	2007
	£	£
Increase in cash in the period	5,511,262	128,184
Movement in net funds in the period	5,511,262	128,184
Net funds at 1 January 2008	360,114	231,930
Net funds at 31 December 2008	5,871,376	360,114

Analysis of changes in net funds

	At 1 January 2008 £	Cash flows £	At 31 December 2008 £
Net cash			
Cash in hand and at bank	360,114	5,511,262	5,871,376
Net funds	360,114	5,511,262	5,871,376

20. Ultimate parent company and controlling party

The directors consider to 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

INGRES EUROPE LIMITED
MANAGEMENT INFORMATION
YEAR ENDED 31 DECEMBER 2008

**The following pages do not form part of the statutory financial statements
which are the subject of the independent auditor's report on pages 4 to 5**

INGRES EUROPE LIMITED
DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	2008	2007 (restated)
	£	£
Turnover	15,909,040	13,641,416
Cost of sales	7,138,058	3,058,695
Gross profit	<u>8,770,982</u>	<u>10,582,721</u>
Overheads		
Administrative expenses	(8,730,145)	(10,390,405)
Operating profit	<u>40,837</u>	<u>192,316</u>
Interest receivable and similar income	100,491	36,915
	<u>141,328</u>	<u>229,231</u>
Bank interest payable	—	(64)
Profit on ordinary activities	<u><u>141,328</u></u>	<u><u>229,167</u></u>

INGRES EUROPE LIMITED
NOTES TO THE DETAILED PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 DECEMBER 2008

	2008 £	2007 £
Administrative expenses		
Wages and salaries	5,087,130	6,317,416
Contractors and consultants	56,550	437,474
Temporary labour	59,919	170,870
Equity-settled share-based payments	562,188	155,957
Employers national insurance contributions	637,510	772,782
Staff pension contributions	264,483	245,003
Rent	337,094	297,421
Insurance	12,900	11,698
Repairs and maintenance	(4,832)	113,616
Other establishment expenses	99,334	107,673
Travel, subsistence and entertaining	597,956	522,785
Telephone and data communications	146,041	122,631
Office and computer supplies	64,988	89,244
Hire of equipment	2,302	784
Printing, stationery and postage	17,432	19,562
Meetings, seminars and training	26,667	53,788
Staff healthcare and insurance	99,045	80,457
Employee benefits	121,722	135,817
Recruitment expense	93,624	19,794
Sundry expenses	(1,292)	17,999
Publications and subscriptions	5,918	7,500
Donations	—	(2,621)
Promotions, trade shows, exhibits and conferences	383,539	159,978
Legal and professional fees	154,448	158,452
Consultancy fees	6,230	123,825
Accountancy fees	57,244	92,510
Auditors remuneration	20,000	10,000
Depreciation	167,822	144,620
Bad debts written off	1,160	40,883
Bank charges	7,870	8,223
Foreign currency gains/losses	(354,847)	(45,736)
	<u>8,730,145</u>	<u>10,390,405</u>
Interest receivable and similar income		
Bank interest receivable	99,208	21,915
Other similar income	1,283	15,000
	<u>100,491</u>	<u>36,915</u>