Informatica Software Limited

Report and Financial Statements

31 December 2006

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COMPANIES HOUSE

Registered No 3352679

Directors
E Fry
S Abbasi
M Pellowski

Secretary
E Fry

Auditors
Ernst & Young LLP
Apex Plaza
Reading
RG1 1YE

Bankers
Lloyds TSB Bank plc
45 High Street
Maidenhead
Berkshire
SL6 4AJ

Solicitors
Morrison and Foerster
21 Garlick Hill
London
EC4 2AU

Registered office
Grenville Court
Britwell Road
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Buckinghamshire
SL1 8DF

Directors' report

The directors present their report and financial statements for the year ended 31 December 2006

Results and dividends

The profit for the year, after taxation, amounted to £1,179,071 (restated 2005 loss of £618,648) The directors do not recommend the payment of any dividends (2005 £nil)

Principal activities and review of the business

The principal activity of the company during the year was the facilitation of the sale, distribution and maintenance of computer software products

During the year the company acquired the share capital of Striva Technology Ltd On 1st March 2006 the trade and net assets were transferred to Informatica Software Ltd and are included within the financial statements presented herein

The directors are satisfied with the results achieved and are confident of the company's future prospects The company will continue to employ the existing strategy

The company achieved their billings and earnings before tax KPI targets set for the year

Employee numbers in the group have increased during the year The company has successfully achieved the staff retention KPI within the year The company's result and the larger group's results key performance indicators are also included in the group financial statements of the parent company Informatica Corporation

During the year the company adopted FRS 20 'Share Based Payments' This requires the fair value of share options to be charged to the profit and loss account over the vesting or performance period The impact of implementing the standard was to reduce profit before tax by £460,412 (2005 £530,152) although shareholders' funds were unaffected since the charge was offset by a corresponding credit to equity

Directors

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

E Fry
S Abbasi
M Pellowski (appointed 1 March 2007)

Principal risks and uncertainties

The company's operations expose it to a variety of financial risks that include liquidity risk, interest rate risk, currency risk and credit risk Given the size of the company, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the board The policies set by the board of directors are implemented by the company's finance department

Liquidity risk
The company retains sufficient cash to ensure it has sufficient funds available for operations

Interest rate risk
The company has cash balances which earn interest at a variable rate The directors consider the interest rate risk in respect of these cash balances to be minimal

Currency risk
The company has transactional currency exposures which arise from sales and purchases in currencies other than its functional currency Potential exposures to foreign currency exchange rate movements are monitored by management and appropriate actions taken to manage net open foreign currency positions

Directors' report (continued)

Credit risk
There is a risk of financial loss to the company arising from the failure of the company's customers to meet their financial obligations for the services provided by the company

The company manages this situation through credit control procedures and management are of the view that the risk is at an acceptable level

Directors' liabilities

The company has granted an indemnity to one or more of its directors against liability in respect of proceedings brought by third parties, subject to the conditions set out in the Companies Act 1985 Such qualifying third party indemnity provision remains in force as at the date of approving the directors' report

Directors' statement as to disclosure of information to auditors

The directors who were members of the board at the time of approving the directors' report are listed on page 1 Having made enquires of fellow directors and of the company's auditors, each of these directors confirm that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of their report of which the company's auditors are not aware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

By order of the Board

E Fry
Secretary

Date 7/10/08

Statement of directors' responsibilities in respect of the financial statements

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 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 to 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

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Independent auditors' report
to the members of Informatica Software Limited

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, the Statement of Total Recognised Gains and Losses, the Balance Sheet and the related notes 1 to 21 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 auditors' 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities

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 judgments 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 Informatica Software Limited (continued)

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 2006 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

Ernst & Young LLP
Registered Auditor
Reading

Date 8 October 2008

Profit and loss account
for the year ended 31 December 2006

	Notes	2006 £	As restated (note 1) 2005 £
Turnover	2	12,973,207	11,148,183
Cost of sales		(3,670,409)	(3,722,502)
Gross profit		9,302,798	7,425,681
Administrative expenses		(8,497,665)	(8,232,080)
Operating profit/(loss)	3	805,133	(806,399)
Interest receivable	6	71,856	59,224
Interest payable and similar charges	7	(207,770)	(79)
		(135,914)	59,145
Profit/(loss) on ordinary activities before taxation		669,219	(747,254)
Tax on profit/(loss) on ordinary activities	8	509,852	128,606
Retained profit/(loss) for the financial year	19	1,179,071	(618,648)

Statement of total recognised gains and losses
for the year ended 31 December 2006

	2006 £	2005 As restated (note 1) £
Profit/(loss) for the financial year	1,179,071	(618,648)
FRS 20 credit	460,412	530,152
Total recognised gains/(losses) since last annual report	1,639,483	(88,496)

The FRS 20 credit above reflects the credit recognised in equity in relation to share-based payments

Balance sheet
at 31 December 2006

	Notes	2006 £	As restated (note 1) 2005 £
Fixed assets			
Intangible assets	9	2,447,256	–
Tangible assets	10	470,616	677,243
Investments	12	3,644,030	–
		6,561,902	677,243
Current assets			
Debtors	13	5,774,180	5,745,125
Cash at bank		3,412,650	1,148,085
		9,186,830	6,893,210
Creditors amounts falling due within one year	14	(2,919,650)	(3,817,173)
Net current assets		6,267,180	3,076,037
Total assets less current liabilities		12,829,082	3,753,280
Creditors amounts falling due after more than one year	15	(3,792,289)	–
Net Assets		9,036,793	3,753,280
Capital and reserves			
Called up share capital	18	550,001	550,000
Share premium	19	3,644,029	–
Capital reserve	19	1,578,032	1,578,032
Profit and loss account	19	3,264,731	1,625,248
Equity shareholders' funds		9,036,793	3,753,280

E Fry
Director

Date 7/10/08

Notes to the financial statements
at 31 December 2006

1. Accounting policies

Basis of preparation and change in accounting policy

The principal accounting policies are summarised below The company adopted FRS20, 'Share Based Payments' during the year All other accounting polices have been applied consistently throughout the year

The financial statements are prepared under the historical cost convention and in accordance with all applicable accounting standards

Restatement of prior year and change in accounting policy

The directors select those accounting policies that are judged to be most appropriate to the company's particular circumstances for the purpose of giving a true and fair view In preparing the financial statements for the current year, the company has adopted FRS20 'Share-Based Payments' The adoption of FRS20 has resulted in a change in accounting policy for share based payment transactions FRS20 requires the fair value of options and share awards which ultimately vest to be charged to the profit and loss account over the vesting or performance period For equity-settled transactions the fair value is determined at the date of the grant using an appropriate pricing model Previously the company recognised only the intrinsic value or cost of the share-based payments as an expense on exercise of share options Consequently wages and salaries increased by £460,412 in 2006, (2005 £530,152) The impact on the opening shareholders funds is nil as a corresponding credit to equity offsets the increase to wages and salary costs in the year

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its ultimate parent undertaking which are publicly available These financial statements therefore present information about the company as an individual undertaking and not about its group

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes consolidated financial statements

Related parties transactions

The company has taken advantage of the exemption applicable to wholly owned subsidiaries under Financial Reporting Standard No 8 (Related Party Transactions) and has not disclosed transactions with group companies as the consolidated financial statements for the group are publicly available

Intangible assets

Intangible assets acquired separately from a business are capitalised at cost Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the fair value can be measured reliably on initial recognition, subject to the constraint that, unless the asset has a readily ascertainable market value, the fair value is limited to an amount that does not create or increase any negative goodwill arising on acquisition Intangible assets, excluding development costs, created within the business are not capitalised and expenditure is charged against profits in the year in which it is incurred

Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 5 years The carrying value of intangible assets is reviewed for impairment at the end of the first full year following acquisition and in other periods if events or changes in circumstances indicate the carrying value may not be recoverable

Fixed assets

All fixed assets are initially recorded at cost

Notes to the financial statements
at 31 December 2006

1. Accounting policies (continued)

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows

Leasehold improvements	-	over the length of the remaining lease term
Office equipment	-	3 years
Fixtures and fittings	-	5 years
Computer equipment	-	3 years

Investments

Investments are stated at historic cost less any provision for impairment in the value of the investment

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exception

- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

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

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date

All differences are taken to the profit and loss account

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term

Pension costs

The company operates a defined contribution pension scheme Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme

Notes to the financial statements
at 31 December 2006

1. Accounting policies (continued)

Share-based transactions

Equity settled transactions

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted and is recognised as an expense over the vesting period, which ends on the date on which the relevant employees become fully entitled to the award Fair value is determined by an external valuer using an appropriate pricing model In valuing equity-settled transactions, no account is taken of any vesting conditions, other than conditions linked to the price of the shares of the company (market conditions)

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied

At each balance sheet date before vesting, the cumulative expense is calculated, representing the extent to which the vesting period has expired and management's best estimate of the achievement or otherwise of non-market conditions and of the number of equity instruments that will ultimately vest or in the case of an instrument subject to a market condition, be treated as vesting as described above The movement in cumulative expense since the previous balance sheet date is recognised in the profit and loss account, with a corresponding entry in equity

Where the terms of an equity-settled award are modified or a new award is designated as replacing a cancelled or settled award, the cost based on the original award terms continues to be recognised over the original vesting period In addition, an expense is recognised over the remainder of the new vesting period for the incremental fair value of any modification, based on the difference between the fair value of the original award and the fair value of the modified award, both as measured on the date of the modification No reduction is recognised if this difference is negative

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any cost not yet recognised in the profit and loss account for the award is expensed immediately Any compensation paid up to the fair value of the award at the cancellation or settlement date is deducted from equity, with any excess over fair value being treated as an expense in the profit and loss account

The company has taken advantage of the transitional provisions of FRS 20 in respect of equity-settled awards so as to apply FRS 20 only to those equity-settled awards granted after 7 November 2002 that had not vested before 1 January 2006

2. Turnover

Turnover represents commissions received, net of value added tax, from the holding company for the sale, distribution and maintenance of computer software products and the sales value recognised for software consulting and training services related to their software products All activities are continuing

An analysis of turnover by geographical market is given below

	2006	*2005*
	£	£
United Kingdom	2,486,968	1,457,371
Holland	3,312,812	–
United States of America	7,173,427	9,690,812
	12,973,207	11,148,183

Notes to the financial statements
at 31 December 2006

3. Operating profit/(loss)

This is stated after charging/(crediting)

		2006 £	2005 £
Auditors' remuneration	- audit of the financial statements	20,000	19,000
	- non-audit services – taxation services	11,000	11,000
Depreciation	- short leasehold improvements	101,868	133,459
	- office equipment	2,595	8,359
	- fixtures and fittings	40,112	42,711
	- computer equipment	153,157	146,250
		297,732	330,779
Amortisation of intangibles (note 9)		679,794	–
Operating lease rentals	- land and buildings	275,799	188,980
	- plant and machinery	6,543	5,032
Gain on foreign currency translation		(47,730)	(67,764)

Operating profit is derived from the trade and activities of the company following the integration of Striva Technology Limited Due to the integration of the trades of Informatica Software Limited and Striva Technology Limited, revenues and costs can not be analysed separately between the two companies

Lease rental charges for land and buildings are after deducting sub-rental income received from other group companies

4. Directors' remuneration

Directors' emoluments have been borne by the parent company, Informatica Corporation The directors of the company are also directors or officers of a number of companies within the Informatica group The directors services to the company do not occupy a significant amount of their time As such the directors do not consider that they have received any remuneration for their incidental services to the company for the years ending 31 December 2005 and 31 December 2006

Notes to the financial statements
at 31 December 2006

5. Staff costs

	2006 £	As restated (Note 1) 2005 £
Wages and salaries	6,793,675	5,475,708
Social security costs	842,813	580,616
Other pension costs (note 16)	235,502	125,552
	7,871,990	6,181,876

Included in wages and salaries is a total expense of share based payments of £460,412 (2005 £530,152) of transactions accounted for as equity-settled share-based payment transactions

The monthly average number of employees during the period was as follows

	2006 No	2005 No
Sales	26	18
Support	36	5
Educational services	1	2
Professional services	14	1
Finance and administration	2	5
Management Information Systems	–	3
Marketing	1	3
	80	37

6. Interest receivable

	2006 £	2005 £
Bank interest receivable	71,856	59,224

7. Interest payable and similar charges

	2006 £	2005 £
Interest payable on Intercompany Loan Note	207,646	–
Interest Payable at Bank	124	79
	207,770	79

Notes to the financial statements
at 31 December 2006

8. Taxation on ordinary activities

(a) Tax on profit/(loss) on ordinary activities

The tax charge/(credit) is made up as follows

	2006 £	*2005* £
Current tax		
UK corporation tax		
Corporation tax overprovided in previous years	(44,019)	(128,606)
Total current tax (note 8(b))	(44,019)	(128,606)
Deferred tax		
Origination and reversal of timing differences	(465,833)	–
Tax on profit/(loss) on ordinary activities	(509,852)	(128,606)

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30% (2005 30%) The differences are reconciled below

	Notes	*2006* £	*As restated (note 1) 2005* £
Profit/(loss) on ordinary activities before taxation		669,219	(747,254)
Profit/(loss) on ordinary activities multiplied by standard rate of tax (30%)		200,766	(224,176)
Expenses not deductible for tax purposes		196,968	192,865
Depreciation in excess of capital allowances		(2,807)	21,902
Adjustments in respect of previous periods		(44,019)	(128,606)
Other timing differences		77,892	3,392
Unrelieved tax losses carried forward		–	6,017
Utilisation of brought forward tax losses		(472,819)	–
Total current tax		(44,019)	(128,606)

Notes to the financial statements
at 31 December 2006

8. Taxation on ordinary activities (continued)

(c) Deferred tax

Deferred taxation recognised in the financial statements and the amounts not recognised are as follows

	2006	*2005*	*2006*	*2005*
			Not	*Not*
	Recognised	*Recognised*	*recognised*	*recognised*
	£	*£*	*£*	*£*
Depreciation in advance of capital allowances	183,461	–	–	120,420
Tax losses available	56,232	–	2,106,566	6,017
Other timing differences	226,140	–	149,621	14,588
Deferred tax asset	465,833	–	2,256,187	141,025

Deferred tax assets have not been recognised in the prior year as there was insufficient evidence that the assets would be recovered The asset is recognised to the extent that sufficient future profits be generated against which the asset can be recovered

(d) Factors that may affect future tax charges

In light of changes brought by Finance Act 2007 the rate of UK corporation tax has reduced from 30% to 28% from 1 April 2008 This rate change will affect the amount of future cash tax payments to be made by the company and will also reduce the size of the company's deferred tax balances Changes to the UK capital allowance regime were also announced, the most significant of these changes for the company is the reduction in the rate of capital allowances applicable to plant and machinery expenditure from 25% to 20% per annum on a reducing balance basis from 1 April 2008 The effect on the company of these changes to the UK tax system will be fully reflected in the company's financial statements for the year ending 31 December 2007

Notes to the financial statements
at 31 December 2006

9. Intangible fixed assets

	Intellectual property £
Cost	
At 1 January 2006	–
Additions	3,127,050
At 31 December 2006	3,127,050
Amortisation	
At 1 January 2006	–
Provided during the year	679,794
At 31 December 2006	679,794
Net book value	
At 31 December 2006	2,447,256
At 1 January 2006	–

The intellectual property acquired on the transfer of the trade, assets and liabilities from Striva Technology Limited is being written off over 5 years, which represents the directors estimate of its useful economic life

10. Tangible fixed assets

	Short leasehold improvements £	*Office equipment* £	*Fixtures and fittings* £	*Computer equipment* £	*Total* £
Cost					
At 1 January 2006	812,579	32,015	174,078	1,152,743	2,171,415
Transfer from other Group Company (note 11)	–	–	–	208,291	208,291
Additions	48,742	–	–	22 294	71,036
Transfer to other Group Company	–	(24,677)	–	(279,808)	(304,485)
At 31 December 2006	861,321	12,639	174,078	1,098,219	2,146,257
Depreciation					
At 1 January 2006	494,290	13,659	110,268	875,955	1,494,172
Provided during the year	101,868	2 595	40,112	153,157	297,732
Transfer to Other Group Company	–	(3,762)	–	(112,501)	(116,263)
At 31 December 2006	596 158	12,492	150,380	916,611	1,675,641
Net book value					
At 31 December 2006	265,163	147	23,698	181,608	470,616
At 1 January 2006	318,289	18,356	63,810	276,788	677,243

Notes to the financial statements
at 31 December 2006

11. Acquisitions

On 29 September 2003 the company's ultimate parent undertaking, Informatica Corporation, acquired the Striva Corporation The Striva Corporation group included Striva Technology Limited, a wholly owned subsidiary undertaking On 26 February 2006 the share capital of Striva Technology Limited was acquired by Informatica Software Limited from Informatica Corporation On 1 March 2006 the trade, assets and liabilities of Striva Technology Limited were transferred to Informatica Software Limited

Net assets at date of transfer

	Book value	*Adjustments/ Revaluations*	*Provisional fair value to group*
	£	£	£
Intellectual Property	207,217	(a) 2,919,833	3,127,050
Tangible fixed assets	208,291	–	208,291
Cash	662,177	–	662,177
Amounts owed to other group companies	(432,579)	–	(432,579)
Prepayments	360,828	–	360,828
Creditors due within one year	(281,737)	–	(281,737)
Net assets	724,197	2,919,833	3,644,030
Discharged by			
Intercompany loan			3,644,030

(a) The intellectual property was increased to fair market value with an estimated useful life of 5 years

12. Investments

	Subsidiary undertakings
	£
Cost or valuation	
At 1 January 2006	–
Additions – Striva Technology Limited	3,644,030
At 31 December 2006	3,644,030

Interests in subsidiary undertakings

Name of company	*Country of Incorporation*	*Holding*	*Proportion of voting rights and shares held*	*Nature of business*
Striva Technology Limited	UK	Ordinary Shares	100%	Non-trading

The results of the subsidiary are included in the consolidated financial statements of Informatica Corporation

Notes to the financial statements
at 31 December 2006

13. Debtors

	2006 £	2005 £
Trade debtors	4,020,846	5,093,759
Amounts owed by group undertakings	436,929	–
Corporation tax repayable	–	128,606
Prepayments and accrued income	850,572	522,760
Deferred taxation (note 8)	465,833	–
	5,774,180	5,745,125

14 Creditors: amounts falling due within one year

	2006 £	2005 £
Trade creditors	135,799	514,753
Amounts owed to group undertakings	1,002,480	498,360
Other taxation and social security	789,119	1,296,089
Accruals and deferred income	992,252	1,507,971
	2,919,650	3,817,173

15. Creditors: amounts falling due after more than one year

	2006 £	2005 £
Amounts owed to group undertakings	3,792,289	–

The loan is repayable upon written demand from the Payee for repayment of the Promissory Note or such a shorter period as the parties agree, provided that the final such date for payment is before 29 February 2016 The amount is classified as long-term because no such demand was made by the Payee by 31 December 2007

16. 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 represents contributions payable during the year by the company to the fund The outstanding contributions at the year end, included in accruals and deferred income (note 14) were £29,519 (2005 £28,625)

17. Commitments under operating leases

At 31 December 2006 the company had annual commitments under non-cancellable operating leases as set out below

	2006		2005	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
In two to five years	490,000	13 416	280,000	10,776

Notes to the financial statements
at 31 December 2006

18. Share capital

	Authorised	
	2006	*2005*
	£	£
Ordinary shares of £1 each	550,001	550,000

	Allotted, called up and fully paid			
		2006		*2005*
	No	£	*No*	£
Ordinary shares of £1 each	550,001	550,001	550,000	550,000

During the year the authorised share capital was increased by £1 by the creation of 1 ordinary share

On 26 February 2006, 1 ordinary share with aggregate nominal value of £1 and at a premium of £3,644,029 was issued in exchange for the entire issued share capital of Striva Technology Limited

19. Reconciliation of shareholders' funds and movement on reserves

	Share capital £	*Share Premium* £	*Capital reserve* £	*Profit and loss Account* £	*Total shareholders' funds* £
At 31 December 2004	50,000	–	–	1,713,744	1,763,744
Proceeds from issue of shares	500,000	–	–	–	500,000
Capital contribution	–	–	1,578,032	–	1,578,032
Loss for the year (restated)	–	–	–	(618,648)	(618,648)
Share-based payments	–	–	–	530,152	530,152
At 31 December 2005	550,000	–	1,578,032	1,625,248	3,753,280
Issue of shares (note 18)	1	3,644,029	–	–	3,644,030
Profit for the year	–	–	–	1,179,071	1,179,071
Share-based payments	–	–	–	460,412	460,412
At 31 December 2006	550,001	3,644,029	1,578,032	3,264,731	9,036,793

20. Share-based payments

(a) Share-based payment transactions

The Informatica Corporation group provides benefits to employees (including directors) of the group in the form of share-based payment transactions, whereby employees render services in exchange for shares or rights over shares (equity-settled transactions) Informatica Corporation has adopted the following employee and director incentive plans -

- 1999 stock incentive plan
- 1999 non-employee director stock incentive plan
- 2000 employee stock incentive plan
- Assumed option plans
- Employee stock purchase plan

Notes to the financial statements
at 31 December 2006

20. Share-based payments (continued)

Each of these plans has been approved by the remuneration committee

Under the Employee Share Plan rules the board may offer shares to any full time or part time employee Shares issued under the plan will be fully paid and will have the same entitlements as other ordinary shares in Informatica Corporation

(b) The rules of the Informatica Plan provide that the Board may at its discretion and subject to such vesting hurdles as it deems appropriate grant options to selected executives and other employees

The fair value of each option was estimated on the date of the grant using a modified Black-Scholes option pricing model The assumptions used at each relevant valuation date assuming no expected dividends, were as follows

	2006	*2005*
	%	*%*
Option grants		
Expected volatility	43-52	57
Weighted-average volatility	48	57
Expected life (in years)	3 9	3 3
Expected dividends	–	–
Risk-free interest rate	4 8	3 9
ESPP		
Expected volatility	40	44
Weighted-average volatility	40	44
Expected dividends	–	–
Expected term of ESPP (in years)	1 25	1 25
Risk-free interest rate - ESPP	5 1	3 5

The expected life of the options is based on historical data and is not necessarily indicative of exercise patterns that may occur The expected volatility is a blend of average historical and market-based implied volatilities, which may not necessarily be the actual outcome

No other features of option grants were incorporated into the measurement of fair value

Notes to the financial statements
at 31 December 2006

20. Share-based payments (continued)

(c) Share option plan activity

The expense recognised for share-based payments in respect of employee services received during the year to 31 December 2006 is £460,412 (2005 £530,152) The portion of that expense arising from equity settled share-based payment transactions is £460,412 (2005 £530,152)

A summary of option activity through 31 December 2006, is presented below

	Number of shares	*Weighted-average exercise price per share $*	*Weighted-average remaining contractual term (years)*
Outstanding at 31 December 2004	831,707	6 57	6 06
Granted	292,300	8 87	
Exercised	(164,144)[3]	5 27	
Forfeited or expired	(95,589)	7 38	
Outstanding at 31 December 2005	864,274[1]	7 50	5 58
Granted	216,900	14 75	
Exercised	(58,410)[3]	5 34	
Forfeited or expired	(26,686)	8 75	
Transferred to another group company	(390,738)[2]	7 53	
Outstanding at 31 December 2006	605,340[1]	10 20	5 20
Exercisable at 31 December 2006	244,238	7 48	4 52

[1] Included within this balance are 18,913 (2005 69,936) shares that have not been recognised in accordance with FRS 20 as the options were grated on or before 7 November 2002 These options have not been subsequently modified and therefore do not need to be accounted for in accordance with FRS 20

[2] The transferred options relate to options transferred upon the transfer of employees to other Informatica group companies

[3] The weighted average share price at the date of exercise for the option is $14 83 (2005 $6 64)

The weighted average contractual life for the share options outstanding as at 31 December 2006 is between 3 25 and 6 72 years (2005 3 75 and 7 41 years)

The weighted average fair value of options granted during the year was $14 75 (2005 $8 87) The range of the exercise prices for options outstanding at the end of the year was $0 54 - $23 00 (2005 $0 54 - $23 00)

Notes to the financial statements
at 31 December 2006

21. Ultimate parent company

The company's immediate parent undertaking is Informatica B V In the opinion of the directors, the company s ultimate parent undertaking and controlling party is Informatica Corporation, which is incorporated in Delaware, United States of America

Copies of the consolidated financial statements of Informatica Corporation, which is the largest group of companies that consolidates the company's financial statements, may be obtained from Informatica Corporation, 2100 Seaport Blvd, Redwood City, CA 94063, USA