



Annual Report 2010

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Chairman's Report



“We are now a lean business with a mature, flexible and market leading product, and we believe we are well positioned to continue to grow and generate EBITDA and cash”.

I am pleased to report on my first full year as Chairman of Datalex plc, a year in which good progress has been achieved.

2010 Review

The first half of 2010 saw a continuation of many of the previous year's difficulties in the travel industry, with economic pressures creating difficult trading conditions for airlines and travel companies. The second quarter of 2010 did see the start of growth in air traffic, notwithstanding the impact of the volcanic ash cloud disruption, but the 2009 decline was such that it will probably be mid 2011 before air traffic is back to 2008 levels.

The second half of 2010 has undoubtedly brought improvements in our market, as air traffic continued to improve, airlines began to think and act strategically again, continuing the twin track of aggressively managing their costs while looking to grow ancillary revenue through cross selling and merchandising opportunities.

2010 Results

Our results for 2010 are in line with our expectations for the year. Turnover of US\$26.8m is in line with 2009, while the full year impact of the cost savings programmes implemented throughout 2009 delivered an additional saving of almost US\$5.7m, on top of the US\$6.3m delivered in 2009. In total over the last two years we have reduced our total cost base before product development by over US\$12.0m. Transaction revenue in 2010 was US\$13.0m, again in line with 2009.

With the increasing maturity of our Travel Distribution Platform (TDP), our investment in product development continues to reduce, with a gross spend of US\$2.8m in 2010, compared to US\$4.5m in 2009 and US\$7.5m in 2008.

The loss before tax for 2010 of US\$2.1m (2009 loss: US\$4.5m) includes amortisation of product investment of US\$4.7m (2009: US\$4.1m). Our earnings before interest, tax, depreciation and amortisation (EBITDA) for 2010 was US\$3.1m (2009: US\$0.1m).

Most significantly, our cash reserves at 31 December 2010 were US\$11.1m, which represented an increase of US\$0.6m in the year, compared to a decrease of US\$4.2m in the previous year, an almost US\$5.0m swing in cash performance in 2010, compared to 2009.

Datalex TDP – “World’s leading internet booking engine provider”

We believe we have a world class product suite, and we are pleased to report that, in November 2010, not only did Datalex retain the World Travel Award for “World’s Leading Internet Booking Engine Provider” which we first won in 2009, but we were also named as the “World’s Leading Travel Distribution Solution Provider”. These industry awards highlight the market leading capabilities we bring to our customers through our Travel Distribution Platform (TDP) platform and the expertise of our people.

Corporate governance and risk management

The Board is committed to maintaining the highest standard of corporate governance. The Board is satisfied that the company has effective processes for identifying and managing the risks faced by business. A detailed statement, set out on pages 13 to 18, describes how we have complied with the principles of good governance and the code of best practice as set out in the Combined Code on Corporate Governance.

Litigation

As outlined in our 2009 Annual Report, we are engaged in litigation with a former customer, Flight Centre Limited of Australia, arising from their decision not to proceed with the roll out of our software in their travel agency business. These proceedings are continuing, and it would not be appropriate to make any comment at this time. For further details please see Note 22 to the financial statements.

Board

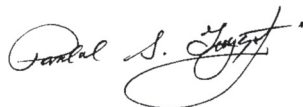
I would like to thank my board colleagues for their valued contributions during 2010. In particular I would like to offer my sincerest thanks, on behalf of the board, to Mr Michael Quinn, who retired from the board at our Annual General Meeting (AGM) in April 2010.

Management

I would like to thank Cormac Whelan, CEO, and his management team for their contribution in 2010. Together with our committed and highly skilled workforce, they face into the challenges and opportunities of 2011 and beyond with confidence and optimism.

2011 Outlook

While the travel industry continues to improve, it is still a fragile recovery, with oil prices hovering around the US\$110 a barrel mark and economic volatility persisting. Despite this, we are confident that we can grow shareholder value in 2011 and beyond. We are now a lean business with a mature, flexible and market-leading product, and we have started 2011 with a strong new business pipeline. I would like to thank our shareholders for their continued support. Having come through the market difficulties of 2009 and the early part of 2010, we believe we are now well positioned to grow our EBITDA and cash in 2011.



Paschal Taggart,
Chairman
25 March 2011

Chief Executive's Report

2010 Overview

Coming off the back of probably the worst year on record for the travel industry, 2010 started slowly for a market short on confidence and still reeling from the impact of the global economic collapse. By the middle of 2010, however, global air traffic had started the long road to recovery, and the industry began to look for ways to invest strategically in revenue generating capabilities. This contributed to a healthy growth in our new business pipeline, and in the second half of the year we acquired a number of new customers, including US carrier Midwest Airlines and Barcelona-based Spanair. We are also pleased to report that the majority of contract completions are leading to renewals, and we are confident that these renewals, together with the new business we are winning, will lead to net business growth in 2011.

Air China, which ranks among the world's largest carriers, formally selected our product portfolio for both their online and call centre channels. Our deployment is well underway and we expect to go live towards the middle of 2011.

With the airline industry operating on tight margins, every incremental dollar earned is important to them. In particular, the area of ancillary revenues (merchandising) is critical, with airlines worldwide expected to generate US\$22.6 billion in revenue for 2010. Baggage fees are one of the fastest growing items in the ancillary portfolio that also includes seat allocation and travel related products (including insurance, car hire and accommodation). Our success in this field has been led by the ability of our product to keep pace with the continuing change in airline retailing. In late 2010, we entered into a partnership agreement with a global airline IT services provider to enable ancillary (merchandising) pricing and shopping for its customer airlines across the globe.

We feel confident that, given our clear product strength in this area, this will be an important source of growth for us in 2011 and beyond.

Financial Review

Our expectations for 2010 were that revenue levels would be in line with the previous year, and that EBITDA and cash performance improvements would be delivered mainly through the full year impact of the substantial cost and organisational efficiency programs we implemented throughout 2009. We also anticipated that as the market returned to more normal conditions after the extreme difficulties of 2009, our business pipeline would strengthen considerably.

Our results for the year are in line with these expectations. Total revenue in 2010 was US\$26.8m, in line with 2009, with transaction revenue of US\$13.0m, again in line with 2009. This reflects the paralysing effect of the 2009 economic environment on global airline investment plans, which only began to energise in the middle of 2010.

Our total operating costs before product development were US\$26.6m, a reduction of US\$5.7m over 2009, and a reduction of US\$12.0m since 2008. We are now operating with a 30% lower cost base than we were two years ago, while serving a bigger customer base. This has been made possible through a combination of enhanced operational efficiency, coupled with the maturity of our product platform.

Our loss for the year before tax of US\$2.1m (2009 loss: US\$4.5m) included amortisation of product development of US\$4.7m (2009: US\$4.1m) and is after capitalising development expenditure of US\$2.8m (2009: US\$4.5m). Earnings before interest, tax, depreciation and amortisation (EBITDA) was US\$3.1m (2009: US\$0.1m).

I am particularly pleased to report that even after investing US\$2.8m in our product platform, we have grown our cash reserves in 2010 by US\$0.6m to US\$11.1m, and that our trade debtors have reduced to US\$5.5m, down from US\$7.0m at 31 December 2009.

	2010	2009
	US\$M	US\$M
Revenue	26.8	27.1
Gross Profit	4.1	0.5
Total cost of sales, selling and marketing costs and administrative expenses	28.5	31.9
Development expenditure capitalised	2.8	4.5
Amortisation of development expenditure	(4.7)	(4.1)
Total cost of sales, selling and marketing costs and administrative expenses before impact of product development	26.6	32.3
Loss Before Tax	(2.1)	(4.5)
EBITDA	3.1	0.1
Intangible Assets	16.2	18.4
Cash and cash equivalents	11.1	10.5

Datalex – A Product Software Company

For the foreseeable future, we expect airlines to focus on the twin track of continuing to aggressively manage their costs, while looking to optimise revenue opportunities.

Airlines continue to evolve their products and services and retailing practice to optimise value and choice for customers. Airlines are questioning current supply chain dynamics which limit their effectiveness in this. This has escalated recently with some much publicised disputes between some US airlines and GDS providers and online travel agencies.

We believe this represents a real shift in airline distribution practice, and one which will play to our product strengths. Our platform was built to solve exactly what this dispute is about; enabling the airlines to optimise the customer proposition and leverage the GDS and agency channels where they provide value.

We believe that, in this environment, our product is the best in the market, offering unrivalled functionality and flexibility to our customers. With the pace of change we have seen in the travel market and the airlines business models over the past few years in particular, we know it is no longer enough to offer our customers top class functionality today, we must offer them the dynamic capability to adapt to and succeed in different conditions tomorrow.

In that regard we were pleased to be told in November 2010 that not only had we retained the World Travel Award for “World’s Leading Internet Booking Engine Provider”, which we first won in 2009, but we were also named as the “World’s Leading Travel Distribution Solution Provider”. In 2010 we also received the Low Cost Airlines Award for the greatest foresight in developing and fostering technology used by airlines. These awards are a testament to the investment we have made in our platform over the last five years, and the expertise and foresight of our people.

Outlook for 2011

The improvements in the travel industry, particularly in the second half of 2010, have continued into the early months of 2011. Challenges remain, however, with an uncertain global economic outlook and oil price volatility. Nevertheless we enter 2011 with optimism; we have a product portfolio that is globally recognised as a leader in the market. We have a lean and efficient business, and a flexible delivery model that deploys our product faster than ever before. Our new business pipeline reflects this position, and we are confident that we can continue to grow our business and leverage the investment we have made in TDP over the last five years.

I would like to extend my thanks to the Board for their support and encouragement in 2010, in particular Paschal Taggart, in his first full year as Chairman; he has provided us with both challenge and support in equal measure. I would also like to thank Michael Quinn, who retired from the Board at our AGM in April 2010.

The milestones we have reached and the progress we have achieved, particularly in 2010, have been as a result of a real team effort at Datalex. I would like to thank all of my colleagues at Datalex for their commitment and expertise, and I would also acknowledge the continuing support of our customers and business partners; we are committed to ensuring a mutually beneficial relationship that delivers value to all.

Finally I thank our shareholders for their continued support, in particular over the last two difficult years, as we completed our product platform and streamlined the business in the face of the global economic challenges. In the second half of 2010 we began to see the benefits of this strategy and we look forward to continuing to deliver value to you in 2011.

A handwritten signature in black ink, appearing to read 'Cormac M. Whelan'.

Cormac M. Whelan
Chief Executive Officer
25 March 2011

Directors and Other Information

DIRECTORS	John Bateson Simon Calver David Kennedy (Finance Director) Peter Lennon Paschal Taggart (Chairman) Cormac M. Whelan (Chief Executive Officer)
SECRETARY	David Kennedy
REGISTERED OFFICE	Block U East Point Business Park Clontarf Dublin 3
BANKERS	Bank of Ireland Sutton Cross Dublin 13 Anglo Irish Bank Corporation Stephen Court 18 – 21 St. Stephen’s Green Dublin 2
SOLICITORS	Lennon Heather 24 - 26 City Quay Dublin 2
AUDITORS	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1
REGISTERED NUMBER	329175

Directors' Report

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2010.

Principal Activity

The principal activity of the group is the development and sale of a variety of direct distribution software products and solutions to the travel industry.

Review of business and future development

The directors consider that the development in the group's business and its financial position at the year-end were satisfactory. The group has streamlined the business and reduced its cost base, it has won a number of new contracts, and has ended 2010 cash positive on the previous year. A detailed review of the business is included in the Chief Executive's Report.

Corporate Governance

The directors' report on Corporate Governance is included on pages 13 to 18 and forms part of this report.

Principal risks and uncertainties

The principal risks and uncertainties facing the group are considered to be:

- the outcome of litigation to which we are a party;
- current global economic conditions, and in particular, the related impact on the travel industry;
- continued and increasing competition makes our business vulnerable to market share loss;
- changing technologies and markets could increase competition, require us to make substantial investments in our business and have negative impact on turnover; and
- continued volatility in the currency markets could cause our operating result to decline.

Employees

The group's employees continue to be its most valuable asset and the health and safety of its employees are of particular importance to the Board. The group provides its employees with a safe and healthy work environment. Please see Note 16 to these financial statements for details of our average number of employees.

Results, total assets and dividends

The consolidated statement of financial position at 31 December 2010 and the consolidated income statement for the year are set out on pages 23 and 24 respectively.

No dividends or transfers to reserves are recommended by the directors.

Subsidiary companies

The information required by the Companies (Amendment) Act, 1986 in relation to subsidiary undertakings is given in Note 6 to these financial statements.

Books of account

The measures taken by the directors to secure compliance with the company's obligation to keep proper books of account are the use of appropriate systems and procedures and the employment of competent persons. The books of account are maintained at the company's registered office in Block U, East Point Business Park, Clontarf, Dublin 3.

Substantial shareholdings

During the year the company has been notified of the following interests in its issued share capital:

Name of Holder	Number of US\$0.10 Ordinary Shares	% of Issued Share Capital*
IU Nominees Limited	20,644,981	28.81%
Focus Investments Limited	4,096,687	5.72%
Mr. Paschal Taggart	2,660,556	3.71%

*Percentage of ordinary share capital in issue on 18 March 2011.

Apart from these holdings, the company has not been notified of any other interest of 3% or more in its issued ordinary share capital.

Share capital and control

As at 31 December 2010, the company's authorised share capital comprised US\$10,484,000, divided into 100,000,000 ordinary shares of US\$0.10 each, representing 95.4% of the total share capital, 4,500,000 'A' and 'B' convertible redeemable shares of US\$0.10 each, representing 4.3% of the total share capital and 30,000 deferred shares of €1.269738 each, representing 0.3% of the total share capital. The ordinary shares are listed on the Irish Stock Exchange.

The rights attaching to these shares are set out in the notes to these financial statements.

There are no restrictions on transfer or limitations on the holding of any class of shares and no requirements for prior approval of any transfers. None of the shares carry any special rights with regard to control of the company. The only restrictions on voting rights are those that apply to the convertible redeemable shares and deferred shares as described in the notes to these financial statements. There are no known arrangements on restrictions on share transfers or on voting rights. Ordinary shares acquired through share option schemes rank pari passu with the shares in issues and have no special rights.

As far as the company is aware, there are no persons with significant direct or indirect holdings in the company, apart from those as disclosed in the substantial shareholdings above.

The rules about the appointment and replacement of directors are contained in the company's Articles of Association. Changes to the Articles of Association must be approved by the shareholders in accordance with the legislation in force from time to time.

The powers of the directors are determined by the Irish legislation and the Memorandum and Articles of Association of the company in force from time to time, and are as set out in the Memorandum and Articles of Association of the company.

The company is not party to any significant agreements that would take effect, alter or terminate upon a change of control following a takeover bid.

The company does not have any agreements with any director or employee that would provide compensation for loss of office employment resulting from a takeover except that provisions of the company's share option schemes may cause options granted to employees under such schemes to vest on a takeover.

Directors and secretary

The names of the persons who were directors at any time during the year ended 31 December 2010 are set out below. Unless indicated otherwise, they served as directors for the entire year.

John Bateson*

Simon Calver*

David Kennedy

Peter Lennon*

Michael Quinn* (retired on 21 April 2010)

Paschal Taggart*

Cormac M. Whelan

(*denotes non-executive director).

Reappointment of directors

In accordance with the Irish Stock Exchange's new Irish Corporate Governance Annex, all directors will offer themselves for re-election in 2011. Resolutions will be proposed at the AGM to reappoint them. Biographical detail of all directors can be found on the group's website.

Directors' and secretary's interests

The directors and secretary (including the interests of spouses and minor children), who were in office at 31 December 2010, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2010 and 31 December 2009:

Director	2010 Ordinary Shares of US\$0.10 each	2010 Options over Ordinary Shares of US\$0.10 each	2009 Ordinary Shares of US\$0.10 each	2009 Options over Ordinary Shares of US\$0.10 each
John Bateson	-	-	-	-
Simon Calver	300,000	-	300,000	-
David Kennedy	30,546	360,000	30,546	360,000
Peter Lennon	325,935	24,483	325,935	24,483
Paschal Taggart	2,660,556	-	2,660,556	-
Cormac M. Whelan	1,095,000	660,000	625,000	660,000

There have been no changes to the directors' interests outlined above between the year end date and the date of approval of the financial statements.

Subsequent events

There were no significant events which occurred between 31 December 2010 and the date these financial statements were approved.

Political donations

The group and the company did not make any political donations during the year.

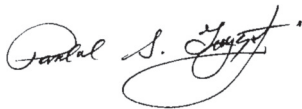
Development activities

The group actively engages in development activities relevant to its business. Details of development expenditure are set out in Note 5 to the financial statements and are also discussed in the Chief Executive Review.

Auditors

The auditors, PricewaterhouseCoopers, Chartered Accountants and Registered Auditors, have expressed their willingness to continue in office in accordance with Section 160(2) of the Companies Act, 1963.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

Statement of Directors' Responsibilities

Directors' responsibilities for financial statements

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Irish company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have prepared the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group. In preparing these 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;
- state that the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are also required by applicable law and the Listings Rules issued by the Irish Stock Exchange, to prepare a directors' report and reports relating to directors' remuneration and corporate governance. In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 (the Transparency Regulations), the directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the group.

The directors are responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the company and the group and to enable them to ensure the financial statements comply with the Companies Acts 1963 to 2009 and, as regards the group financial statements, Article 4 of the IAS Regulation. They are also responsible for safeguarding the assets of the company and the group and 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 Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Directors' statement pursuant to Transparency Regulations

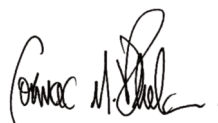
Each of the directors, whose names and functions are listed on page 7 of the annual report confirms that, to the best of each person's knowledge and belief:

- the financial statements, prepared in accordance with IFRS as adopted by the EU, give a true and fair view of the assets, liabilities and financial position of the company and the group and of the loss of the group; and
- the directors' report contained in the annual report includes a fair review of the development and performance of the business and the position of the company and group, together with a description of the principal risks and uncertainties that they face.

On Behalf of the Board



Paschal Taggart
25 March 2011



Cormac M. Whelan

Corporate Governance Statement

Introduction

This statement forms part of the directors' report set out on pages 8 to 11. The group has adopted the provisions of the Combined Code 2008 (the Code) with effect from 1 January 2009 and is committed to high standards of corporate governance as set out in the Code. The Code can be accessed from the following link: www.frc.org.uk/corporate/combinedcode.cfm. The Irish Stock Exchange requires Irish listed companies to make a statement on how they have applied the principles and a statement of how they complied throughout the accounting period with the provisions set out in Section 1 of the Code. These statements are set out below.

Directors

The Board of Directors is responsible for the overall leadership and strategic direction of the group. The names of all the directors can be found in the directors' report of the annual report. At 31 December 2010, the Board comprised six directors, four non executive directors and two executive directors. There is a formal schedule of matters reserved for the Board for consideration and decision. These include approving annual operating and capital budgets, and decisions on strategic investments and direction. It also monitors group performance against agreed objectives.

The Board met nine times during the year. In advance of each Board meeting, the directors are provided with information to enable them to discharge their duties. Any additional information requested by the directors is readily provided. The directors attended all meetings in 2010, save that, by prior arrangement, Peter Lennon, Simon Calver and David Kennedy were each absent from one meeting. Michael Quinn retired from the Board at the 2010 AGM.

New directors are provided with extensive briefing papers on the group. On an ongoing basis, the directors meet with key executives of the group. The directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed and that applicable rules and regulations are complied with. While there have been no formal procedures agreed by the Board for directors to take independent professional advice at the expense of the group, if a situation arises where any director in furtherance of their duties requires it, such independent professional advice shall be made available at the expense of the group.

The directors have varied backgrounds and experience. All directors bring independent judgement to bear on issues of strategy, performance, resources and standards of conduct. There were no changes in the Chairman's significant commitments during the year. The Board is aware of the other commitments of its directors and is satisfied that these do not conflict with their duties as non-executive directors of the company. The senior independent director, Peter Lennon, conducts an annual review of the operation and performance of the Board and all its committees and the performance of the Chairman and directors. Following this review, the senior independent director is satisfied that the Board, its committees, individual directors and the Chairman are carrying out their responsibilities in accordance with the Code.

The Combined Code defines an "independent director" as one who is "independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgements".

The Board is aware that some shareholders might question the independence of certain non-executive directors for the following reasons:

- Peter Lennon, through his firm Lennon Heather is a legal advisor to the group; and
- John Bateson, as representative of the largest shareholder in the group, IIU Nominees Limited.

However, it is the belief of the Board that all of the non-executive directors fulfil this definition and this is evidenced by the independence demonstrated during the deliberations of the Board.

In accordance with the Irish Stock Exchange's new Irish Corporate Governance Annex, each of the directors are required to submit himself for re-election each year.

Board Committees

The Board has an effective committee structure to assist in the discharge of its responsibilities. Each Committee has formal terms of reference approved by the Board and is governed by a statement of general principles and rules of procedure adopted by the Board. Each Committee periodically reports to the Board on its activities.

Audit Committee

The Audit Committee met four times during the year and at 31 December 2010 comprised John Bateson, who has recent and relevant financial experience, Peter Lennon and Simon Calver. The Committee members attended all the meetings during 2010. The Finance Director and external auditors are invited to attend meetings of the Audit Committee.

The Audit Committee assists the Board in discharging its responsibilities with regard to financial reporting, the external audit, including reviewing the annual financial statements and any formal announcements relating to the group's financial performance and reviewing significant financial reporting judgements contained in them, considering the scope of the annual audit, monitoring the extent of non-audit work to be performed by the group's external auditors to ensure that the provision of non-audit services does not impair their independence or objectivity, monitoring the effectiveness of the audit process, advising on the appointment, re-appointment and removal of the external auditors and review arrangements by which staff of the company may, in confidence, raise concerns about possible improprieties in matters of financial reporting or other matters and reviewing the effectiveness of the group's internal control system. The terms of reference of the Audit Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary.

Nominations Committee

The Nominations Committee met once during the year and at 31 December 2010, comprised Paschal Taggart, John Bateson and Simon Calver. All Committee members attended this meeting.

The Nominations Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nominations Committee is responsible for reviewing, identifying and recommending suitable candidates for appointment as directors. The terms of reference of the Nominations Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary. The Committee ensures that prior to the appointment of any new director, the candidate has sufficient available time to discharge their duties as a director. Prior to the appointment of directors, the Committee evaluates the balance of skill, knowledge, experience and diversity of the Board, and in light of this evaluation, prepares a description of the roles and capabilities required for the appointments. To facilitate the search for suitable candidates, the Committee uses the services of external consultants.

Remuneration Committee

The Remuneration Committee, details of which are presented in the Remuneration Report, assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on the group's policy on executive remuneration, determining the remuneration and benefits of the Executive Directors and recommending and monitoring the remuneration of senior management below Board level. The terms of reference of the Remuneration Committee, including its role and the authority delegated to it by the Board, are available on demand from the Company Secretary. The Committee met once during the year, and all members attended.

The Committee has followed the provisions outlined in Schedule B of the Combined Code, relating to the design of performance related remuneration. The Chairman of the Board is not regarded as independent for Combined Code purposes. The Chairman is a member of the Remuneration Committee and absents himself from discussion around his own remuneration. The Committee meets all other criteria outlined in the Combined Code.

Executive Management Team

The Chief Executive Officer, the Finance Director and other senior management make up the Executive Management team, which has responsibility for assisting the Board in discharging its responsibilities, including the implementation of strategy, allocation of resources and the control of expenditure.

Directors' Remuneration

The group's remuneration policy for executive directors and details of directors' remuneration are continued in the Remuneration Report.

Accountability and Audit

The directors' responsibility for preparing the financial statements is explained in the Statement of Directors' Responsibilities and the auditors' responsibilities are set out in the Independent Auditors' Report. The Board is responsible by law for keeping proper accounting records, which disclose at any time the financial position of the company and the group. The Board is also responsible for overall management of the company and the group including strategy, policy and reporting. In discharging these mandates the Board pays particular attention to economic issues, marketing strategy, investment programmes, financial performance and personnel matters.

Internal Controls

The directors have overall responsibility for the group's systems of internal control and risk management. The directors have delegated responsibility for designing, operating and monitoring these control systems to executive management, while retaining overall responsibility for reviewing their effectiveness. These systems include financial controls which enable the Board to meet its responsibilities for the integrity and accuracy of the group's accounting records, operational controls in each functional area of the group, and an assessment of general business risks. The Audit Committee, a formally constituted committee of the Board, meets on a regular basis and satisfies itself as to the adequacy of the group's internal control and risk systems.

The main features of the group's systems of internal controls and risk management are as follows:

- key risks, with reference to achievement of the group's business objectives are assessed and revised on bi-annual basis. Any mitigating actions required are monitored and reported to the Audit Committee on a periodic basis;
- there is a comprehensive annual planning and budgeting system in place, cascading from the group's three year strategic plan. Progress against the annual plan is assessed on a monthly basis by management and the board through detailed financial performance reporting, and short / medium term forecasts are prepared through which the three year strategic plan is continuously updated;
- a detailed assessment of the operation of the group's internal financial control environment is carried out each year;
- the group has written procedures and authority limits for all operating and capital expenditure; and
- the group has a clearly defined policy and procedure for the evaluation, negotiation and sign-off of new business proposals and contracts.

Financial Reporting Process

In addition to the general internal control and risk management framework set out above, the following controls exist in relation to the financial reporting process:

The group's financial reporting system has been designed and implemented to ensure consistency and visibility of management information, which provides a sound basis for management and Board reviews of performance;

- the Consolidated Financial Statements are prepared by the central finance team in Dublin;
- uniform group accounting policies are applied in the company and each subsidiary;
- standard software is used to carry out the accounting processes for the preparation of the individual financial statements as well as for the Consolidated Financial Statements;
- a quarterly self-certification process requiring confirmation that the system of internal control is operating effectively is in place;
- the consolidated financial information is reconciled to the underlying financial systems;
- a review of the consolidated financial information is undertaken by management to ensure that the true position and results of the group are reflected;
- the group prepares detailed monthly financial and operational performance reports, together with rolling quarterly revenue and cash forecasts;
- the Board reviews actual performance against budget on a monthly basis;
- the Chief Executive and Finance Director carry out periodic business performance reviews; and
- the Finance Director periodically reviews the expertise and resource levels of the finance function.

The Audit Committee also meets with, and receives reports from, the external auditors. The group's system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives and therefore provide reasonable, though not absolute, assurance that assets are safeguarded, transactions are authorised and recorded properly, and that material errors or irregularities are either prevented or detected within a timely period.

The directors have performed an annual review of the effectiveness of the group's systems of internal control for the year ended 31 December 2010, and up to and including the date of approval of the financial statements. There were no significant failings or weaknesses identified by the review of the effectiveness of the systems of internal control. The group has in place procedures to identify, evaluate and manage significant risks in accordance with the Turnbull Guidelines on the Combined Code. These procedures were in place for the full year under review, and up to and including the date of approval of the financial statements, and accord with the Turnbull guidance (2005). The process is subject to review by the Board.

The key procedures established by the directors, with a view to reviewing the effectiveness of the internal control environment, include the following:

- the organisation structure has clearly defined lines of authority;
- there is a formal schedule of matters reserved for the Board, as outlined in the company's Board Control Manual;
- a comprehensive system of financial reporting involving periodic reporting, budgeting and variance analysis and forecasting, of all business units;
- an Audit Committee, made up of independent non-executive directors which reviews key control matters;
- there are policies and procedures in relation to financial controls, capital expenditure, operational risk and treasury and credit risk management; and
- all investments decisions are subject to formal levels of authorisation and approval.

The group has also put in place a system of identifying and reporting on risks and associated controls. The Board has reviewed the outputs from this process during the year and adopted the risks and controls as appropriate for monitoring and reporting. The Board has also reviewed the risks identified to ensure they are still relevant for monitoring.

The group does not have an internal audit function. The Board has considered the need for one as required by the Combined Code but has agreed that it is not warranted given the size and complexity of the group.

Communications with shareholders

Communications with shareholders are given high priority and there is regular dialogue with individual institutional shareholders, as well as general presentations at the time of the release of the annual and interim results. The annual and interim results are posted on the group's web-site. In addition two interim management statements are issued during the year and these are also posted on the group's website.

The company's AGM affords shareholders the opportunity to question the Chairman and the Board. A description of the rights of shareholders is set out in Note 9 to these financial statements. Periodically, the CEO and Finance Director meet with shareholders and any feedback from these meetings is circulated to the Board. The senior independent director is available to shareholders if contact through normal channels is inappropriate, or has failed to resolve concerns.

Shareholders' rights at shareholder meetings and the exercise of such rights

Only those shareholders registered on the Company's register of members at the prescribed record date, being a date not more than 48 hours before the general meeting to which it relates, are entitled to attend and vote at a general meeting. The Irish Companies Acts 1963 to 2009 (the Acts) require that resolutions of the general meeting be passed by the majority of votes cast (ordinary resolution) unless the Acts or the Company's articles of association provide for 75% majority of votes cast (special resolution). The Company's articles of association provide that the chairman has a casting vote in the event of a tie. A member entitled to attend, speak and vote at a general meeting is entitled to appoint a proxy to attend, speak and vote on his behalf. A proxy need not be a member of the Company.

Under the Acts, the Company must answer any question a member asks relating to the business being dealt with at the general meeting unless: (i) answering the question would interfere unduly with the preparation for the general meeting or the confidentiality and business interests of the Company; (ii) the answer has already been given on a website in the form of an answer to a question; or (iii) it appears to the Chairman of the meeting that it is undesirable in the interests of good order of the meeting that the question be answered.

Key powers of the shareholder meeting

The business of the Company is managed by the Directors who may exercise all the powers of the Company as are not by the Acts or by the Articles required to be exercised by the Company in general meeting. Matters reserved by the Acts to the shareholders in general meeting include:

- election of directors;
- payment of dividends;
- appointment of external auditors;
- amendments of the articles of association;
- measures to increase or reduce the share capital; and
- authority to issue shares.

Going concern

After making enquires, the directors are satisfied that the company, and the group as a whole, has adequate resources to continue in operational existence for the foreseeable future. For this reason, they adopt the going concern basis in preparing the financial statements.

Compliance statement

The group has applied the principles and provisions of the Code throughout the year ended 31 December 2010, with the following exceptions:

- the group does not have an internal audit function. The Board has considered the need for one as required by the Code but has agreed that it is not warranted given the size and complexity of the group; and
- the Chairman, Paschal Taggart, is a member of the Remuneration Committee. The Code states that all members of this Committee be independent but the Code does not consider the position of the Chairman to be independent. The Board has considered this and wants to take advantage of the Chairman's skills and experience in this area.

Remuneration Report

Introduction

This report deals with directors' remuneration for the year ended 31 December 2010. This report is divided into two parts. Part I of this report contains unaudited information and Part II contains audited information.

Part I – This part of the remuneration report is unaudited

Remuneration Policy

The group's policy in respect of the remuneration of executive directors is to provide remuneration packages, which attract, retain, motivate and reward, the executives concerned and, by ensuring strong links between performance and reward, which encourage them to enhance the group's performance. In considering such packages, cognisance is taken of: the levels of remuneration for comparable positions; the responsibilities of the individual concerned; their individual performances against specific and challenging objectives; and overall group performance. Share options are granted to employees on the basis of their responsibilities and, where relevant, their past performance.

Remuneration Committee

The Remuneration Committee comprises Peter Lennon as Chairman, John Bateson and Paschal Taggart, who have no financial interest other than as shareholders, in the matters to be decided by the Committee and no potential conflicts of interests arising from cross-directorship. The Committee has responsibility for determining, within agreed terms of reference, the group's policy on compensation of directors and senior executives, and making recommendations to the Board on the remuneration of directors and senior executives.

Executive Directors

Cormac M. Whelan and David Kennedy are the only executive directors and both are subject to a service contract. These contracts have no fixed term and may be terminated by either party giving six months' notice. The current basic annual salary payable under these contracts is €285,000 (2009: €285,000) and €156,750 (2009: €156,750) respectively. Annual performance related bonuses may also be determined by the Remuneration Committee. These contracts also allow for a 7.5% contribution of basic salary into a pension, permanent health and life assurance schemes. Employment benefits relate principally to company cars. These arrangements are subject to continuous review by the Remuneration Committee. During the year both of the Executive Directors agreed to waive their directors' fees of €37,800.

Non-Executive Directors

The company agreed with its non-executive directors to pay each non-executive director €37,800 per annum (2009: €37,800) in respect of their services as directors. The Chairman is paid an annual fee of €75,600 per annum (2009: €75,600). Non-executive directors' fees of US\$33,000 (2009: US\$110,000) were accrued at the year end.

Share Performance

The price range during the period from 1 January 2010 to 31 December 2010 was €0.10 to €0.24.

Part II – This part of the remuneration report is audited.

Remuneration of directors

The following table sets out the remuneration of the directors during their period on the Board in 2010:

Directors	Basic salary & fees US\$'000	Other Benefits US\$'000	Pension Contributions US\$'000	2010 Total US\$'000	2009 Total US\$'000
John Bateson	50	-	-	50	55
Simon Calver	50	-	-	50	55
David Kennedy	209	17	8	234	231
Peter Lennon	50	-	-	50	55
Michael Quinn	21	-	-	21	110
Paschal Taggart	100	-	-	100	55
Cormac M. Whelan	381	4	13	398	418
Total	861	21	21	903	979

Pensions

Pensions for executive directors are provided under a defined contribution pension scheme. The total contributions payable for the executive directors under the scheme for the year ended 31 December 2010 were US\$21,000 (2009: US\$16,000).

The total contributions accrued for Cormac M. Whelan, under the scheme at the year ended 31 December 2010 were US\$13,000 (2009: US\$10,000). No amounts were accrued in respect of David Kennedy at 31 December 2010 (2009: US\$ nil).

Directors' interests in share options

The following table sets out the total share options held by each director during the year. Further details regarding the terms of the share option scheme are set out in Note 9 to these financial statements.

	At 1 January 2010	Granted during the year	Expired during the year	At 31 December 2010	Exercise price	Date From which exercisable	Expiry date
David Kennedy	360,000	-	-	360,000	€0.54	01/01/2009	01/02/2019
Peter Lennon	24,483	-	-	24,483	US\$0.83	24/09/2002	24/09/2011
Michael Quinn	50,000	-	50,000	-	€0.39	14/01/2003	14/01/2013
Cormac M. Whelan	660,000	-	-	660,000	€0.40	14/01/2005	14/12/2014

Independent auditors' report to the members of Datalex plc

We have audited the group and company financial statements ("the financial statements") of Datalex plc for the year ended 31 December 2010 which comprise the Consolidated and Company Statement of Financial Position, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Changes in Equity, the Consolidated and Company Cash Flow Statements and the related notes. We have also audited the disclosures contained in Part II of the Remuneration Report. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report, Part II of the Remuneration Report and the financial statements, in accordance with applicable Irish law and International Financial Reporting Standards (IFRS) as adopted by the European Union, are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements and Part II of the Remuneration Report in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for, and only for, the company's members as a body in accordance with Section 193 of the Companies Act, 1990 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union. We report to you our opinion as to whether the financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2009. We also report to you whether the financial statements and Part II of the Remuneration Report have been properly prepared in accordance with Irish statute comprising the Companies Acts 1963 to 2009 and Article 4 of the IAS Regulation. We state whether we have obtained all the information and explanations we consider necessary for the purpose of our audit, and whether the company statement of financial position is in agreement with the books of account. We also report to you our opinion as to:

- whether the company has kept proper books of account;
- whether the directors' report is consistent with the financial statements; and
- whether at the date of the statement of financial position there existed a financial situation which may require the company to convene an extraordinary general meeting of the company; such a financial situation may exist if the net assets of the company, as stated in the company statement of financial position, are not more than half of its called up share capital.

We also report to you if, in our opinion, any information specified by law or the Listing Rules of the Irish Stock Exchange regarding directors' remuneration and directors' transactions is not disclosed and, where practicable, include such information in our report. We are required by law to report to you our opinion as to whether the description in the corporate governance statement set out in the directors' report of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements. In addition, we review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of 2008 FRC Combined Code specified for our review by the Listing Rules of the Irish Stock Exchange, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Chairman's Report, the Chief Executive's Report, the Directors' Report, the Statement of Directors' Responsibilities, the Corporate Governance Statement and Part I of the Remuneration Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 and Part II of the Remuneration Report. 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 group's and 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 and Part II of the Remuneration Report 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.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRS as adopted by the European Union, of the state of the group's affairs as at 31 December 2010 and of its loss and cash flows for the year then ended;
- the company financial statements give a true and fair view in accordance with IFRS as adopted by the European Union as applied in accordance with the provisions of the Companies Acts 1963 to 2009, of the state of the company's affairs as at 31 December 2010 and cash flows for the year ended; and
- the financial statements and Part II of the Remuneration Report have been properly prepared in accordance with the Companies Acts, 1963 to 2009 and Article 4 of the IAS Regulation.

We have obtained all the information and explanations which we consider necessary for the purposes of our audit. In our opinion proper books of account have been kept by the company. The company statement of financial position is in agreement with the books of account.

In our opinion the information given in the directors' report is consistent with the financial statements and the description in the corporate governance statement of the main features of the internal control and risk management systems in relation to the process for preparing the group financial statements is consistent with the group financial statements.

The net assets of the company, as stated in the company statement of financial position on page 28 are more than half of the amount of its called-up share capital and, in our opinion on that basis there did not exist at 31 December 2010 a financial situation which under Section 40 (1) of the Companies (Amendment) Act, 1983 would require the convening of an extraordinary general meeting of the company.

Emphasis of Matter – possible outcome of lawsuit

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosures made in Note 22 to the financial statements concerning the possible outcome of a lawsuit, where the group is the defendant. The group has filed a counter action, and proceedings on both actions are ongoing. The directors currently believe this claim will not result in an adverse effect on the business and consequently no provision for any liability that may result has been made in the financial statements.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

One Spencer Dock, North Wall Quay, Dublin 1

25 March 2011

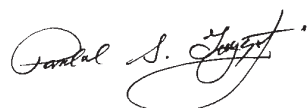
Consolidated Statement of Financial Position

As at 31 December 2010

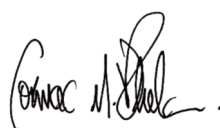
	Notes	2010 US\$'000	2009 US\$'000
ASSETS			
<i>Non-current assets</i>			
Property, plant and equipment	4	638	549
Intangible assets	5	16,224	18,445
		16,862	18,994
<i>Current Assets</i>			
Trade and other receivables	7	9,854	10,302
Cash and cash equivalents	8	11,108	10,458
		20,962	20,760
TOTAL ASSETS		37,824	39,754
EQUITY			
<i>Capital and reserves attributable to equity holders of the company</i>			
Ordinary share capital	9	7,165	7,165
Other equity share capital	9	262	262
Other reserves	10	187,660	187,478
Retained deficit		(162,066)	(159,919)
TOTAL EQUITY		33,021	34,986
TOTAL LIABILITIES			
<i>Non-current liabilities</i>			
Borrowings	12	246	-
Total non-current liabilities		246	-
<i>Current liabilities</i>			
Trade and other payables	11	4,345	4,593
Borrowings	12	122	-
Current income tax liabilities		90	175
Total current liabilities		4,557	4,768
TOTAL EQUITY AND LIABILITIES		37,824	39,754

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

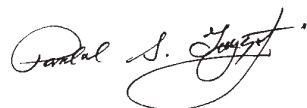
Consolidated Income Statement

For the year ended 31 December 2010


	Notes	2010 US\$'000	2009 US\$'000
Revenue	13	26,846	27,094
Cost of sales	14	(22,786)	(26,642)
GROSS PROFIT		4,060	452
Selling and marketing costs	14	(2,040)	(1,891)
Administrative expenses	14	(3,673)	(3,390)
Other (losses)/gains	15	(515)	199
OPERATING LOSS		(2,168)	(4,630)
Finance income	17	98	94
LOSS BEFORE INCOME TAX		(2,070)	(4,536)
Income tax charge	18	(77)	(289)
LOSS FOR THE YEAR		(2,147)	(4,825)
LOSS PER SHARE (in US\$ cents per share)			
Basic and diluted	19	(3.0)	(6.7)

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

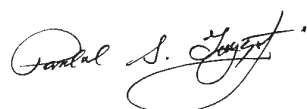
Consolidated Statement of Comprehensive Income

For the year ended 31 December 2010


	2010 US\$'000	2009 US\$'000
Loss for the year	(2,147)	(4,825)
Other comprehensive income:		
Foreign Currency translation adjustments	55	(381)
Comprehensive income and expense for the year	(2,092)	(5,206)

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

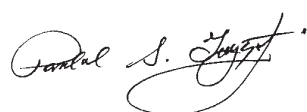
Consolidated Statement of Changes in Equity

For the year ended 31 December 2010

	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2009	7,165	262	187,787	(155,094)	40,120
Total comprehensive income and expense for the year	-	-	(381)	(4,825)	(5,206)
Employees share option scheme charge	-	-	72	-	72
Balance at 31 December 2009	7,165	262	187,478	(159,919)	34,986
Balance at 1 January 2010	7,165	262	187,478	(159,919)	34,986
Total comprehensive income and expense for the year	-	-	55	(2,147)	(2,092)
Employees share option scheme charge	-	-	127	-	127
Balance at 31 December 2010	7,165	262	187,660	(162,066)	33,021

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

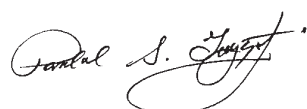
Consolidated Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 US\$'000	2009 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	20	4,222	948
Income tax paid		(43)	(200)
NET CASH GENERATED FROM OPERATING ACTIVITIES		4,179	748
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(502)	(191)
Additions to intangible assets	5	(2,837)	(4,662)
Interest received	18	98	94
NET CASH USED IN INVESTING ACTIVITIES		(3,241)	(4,759)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in finance lease liabilities	12	368	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		368	-
Net increase/(decrease) in cash and cash equivalents		1,306	(4,011)
Foreign exchange loss on cash and cash equivalents		(656)	(347)
Cash and cash equivalents at beginning of year		10,458	14,816
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	11,108	10,458

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

Company Statement of Financial Position

As at 31 December 2010

	Notes	2010 US\$'000	2009 US\$'000
ASSETS			
<i>Non current assets</i>			
Investments in subsidiaries	6	45,318	45,318
<i>Current Assets</i>			
Trade and other receivables	7	2,544	2,544
TOTAL ASSETS		47,862	47,862
EQUITY			
<i>Capital and reserves attribute to equity holders of the company</i>			
Ordinary share capital	9	7,165	7,165
Other equity share capital	9	262	262
Other reserves	10	359,726	359,599
Retained earnings		(319,292)	(319,165)
TOTAL EQUITY		47,861	47,861
LIABILITIES			
<i>Current liabilities</i>			
Trade and other payables	11	1	1
TOTAL EQUITY AND LIABILITIES		47,862	47,862

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

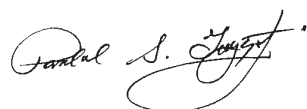
Company Statement of Changes in Equity

For the year ended 31 December 2010

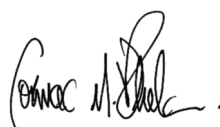
	Equity share capital	Other equity share capital	Other reserves	Retained earnings	Total Equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 January 2009	7,165	262	359,527	(319,097)	47,857
Total comprehensive income and expense for the year	-	-	-	(68)	(68)
Employees share option scheme charge	-	-	72	-	72
Balance at 31 December 2009	7,165	262	359,599	(319,165)	47,861
Balance at 1 January 2010	7,165	262	359,599	(319,165)	47,861
Total comprehensive income and expense for the year	-	-	-	(127)	(127)
Employees share option scheme charge	-	-	127	-	127
Balance at 31 December 2010	7,165	262	359,726	(319,292)	47,861

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

Company Cash Flow Statement

For the year ended 31 December 2010

	Notes	2010 US\$'000	2009 US\$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	20	-	(137)
NET CASH USED IN OPERATING ACTIVITIES			
Net decrease in cash and cash equivalent		-	(137)
Cash and cash equivalents at beginning of year		-	137
CASH and CASH EQUIVALENTS AT END OF YEAR			
	8	-	-

The accompanying notes form an integral part of these financial statements.

On Behalf of the Board



Paschal Taggart



Cormac M. Whelan

25 March 2011

Notes to the consolidated financial statements

For the year ended 31 December 2010

1 General information

The principal activity of the group is the development and sale of a variety of direct distribution software products and solutions to the travel industry.

The company is a public limited company incorporated and domiciled in Ireland and is listed on the Irish Stock Exchange.

These group and company financial statements were authorised for issue by the Board of Directors on 25 March 2011.

2 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied.

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') and IFRIC interpretations adopted by the European Union (EU) and with those parts of the Companies Act 1963 to 2009 applicable to companies reporting under IFRS. The consolidated financial statements have been prepared under the historical cost convention, as modified by the measurement of the fair value of share options and derivative financial instruments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 3.

2.2 Basis of consolidation

The group financial statements consolidate the financial statements of the company and all of its subsidiary undertakings made up to the relevant year end. The subsidiary undertakings' financial periods are all coterminous with those of the company. The group has availed of the exemption under IFRS and has not applied IFRS 3 retrospectively to business combinations prior to the date of transition to IFRS.

Subsidiaries are all entities over which the group has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are de-consolidated from the date that control ceases. All inter-company transactions and balances including unrealised gains on transactions between group companies are eliminated in full.

2.3 Revenue recognition

The group's revenue consists primarily of revenues from the sale of technology products and services. Revenue comprises the fair value of the consideration received or receivable for the sale of products and services in the ordinary course of the group's activities. Revenue is shown net of value-added-tax and discounts and after eliminating sales within the group. The group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the group's activities as described below.

(a) Transaction Based Model

Under the transaction based model, there are currently two types of contract in operation: transaction fee only, and transaction and service fee. Where there is more than one element to the transaction, revenue is allocated between the elements on the basis of each element's fair value. The fair values of each element are determined based on the current market price of the elements when sold separately.

(i) Transaction Fees Only

Under this model, a customer is charged a fee per transaction processed, as set out in (i) above. Transaction based contracts vary in length but are typically 5 years in duration. Unbilled revenues are recognised as revenue during the month the transaction is recorded.

(ii) Transaction and Service Fees

Under this model, a customer is charged a fee per transaction processed on the group's software. Transaction revenue is recognised on invoicing the customer monthly or quarterly in arrears in respect of agreed transactions processed in the previous month or quarter.

In addition, a service fee is charged to customise the software. If the service is on a contracted time and material basis, then the revenue is recognised as and when the services are performed. If it is a fixed fee, then the services revenue is recognised under the percentage of completion contract accounting method. The group measures percentage of completion based on labour hours incurred to date as a proportion of total hours allocated to the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the period in which the circumstances that give rise to the revision become known by management. Transaction and service fee based contracts vary in length but are typically 5 years in duration. Unbilled revenues are recognised as revenue during the month the service is provided or the transaction is recorded.

(b) Professional Service Fees

The group charges a service fee to customise software. If the service is on a contracted time and material basis, then the revenue is recognised as and when the services are performed. If it is a fixed fee, then the services revenue is recognised under the percentage of completion contract accounting method. The group measures percentage of completion based on labour hours incurred to date as a proportion of total hours allocated to the contract. If circumstances arise that may change the original estimates of revenues, costs or extent of progress toward completion, estimates are revised. These revisions may result in increases or decreases in estimated revenues or costs and are reflected in the period in which the circumstances that give rise to the revision become known by management. Unbilled revenues are recognised as revenue during the month the service is provided or the transaction is recorded.

(c) Consulting and associated revenue

The group's consulting and associated revenue primarily consists of revenue generated from the group's consulting activities. Consulting revenue is derived from fees contracted under service agreements. Revenue related to consulting services performed by the group are billed at the contracted hourly rate and is recognised as the services are performed.

2.4 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive management team. The group has identified two reportable segments, E-business and Consulting under IFRS 8.

2.5 Intangible assets

(a) Research and development expenditure

Research expenditure is recognised as an expense as incurred. Directly attributable costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when the following criteria are fulfilled:

- i) it is technically feasible to complete the intangible asset so that it will available for use or sale;
- ii) management intends to complete the intangible asset and use or sell it;
- iii) there is an ability to use or sell the intangible asset;
- iv) it can be demonstrated how the intangible asset will generate probable future economic benefits;
- v) adequate technical, financial and other resources to complete the development and to use or sell the intangible asset are available; and
- vi) the expenditure attributable to the intangible asset during its development can be reliably measured.

Directly attributable costs that are capitalised include software development employee costs, related management time and an appropriate portion of relevant overheads.

Development expenditure that does not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life of three to five years.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Assets that are not yet available for use are tested annually for impairment, or more frequently if events or changes in circumstances indicate a potential impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

(b) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of three years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

2.6 Property, plant & equipment

Property, plant & equipment are stated at historical cost less accumulated depreciation. Depreciation is provided on all property, plant and equipment at rates calculated to write off the cost, less estimated residual value, of each asset, on a straight-line basis over its expected useful life as follows:

Fixtures and fittings	5 years
Computer equipment	3 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.7 Taxation

The company is managed and controlled in the Republic of Ireland and, consequently, is tax resident in Ireland.

Current tax is calculated on the profits of the period. Current tax is determined using tax rates (and laws) that have been enacted by the statement of financial position date.

Deferred tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from initial recognition of an asset or liability in a transaction, other than a business combination, that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not accounted for. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred tax liability is settled.

Deferred tax is recognised in other comprehensive income or directly in equity, if the tax relates to items that are credited or charged, in the same or a different period, in other comprehensive income or directly in equity.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.8 Government grants

Grants including research and development tax credits from the government are recognised at their fair value where there is reasonable assurance that the grant will be received and the group will comply with all the conditions attaching to them.

Government grants including research and development tax credits are deducted in arriving at the carrying amount of the related asset. The grants and tax credits are then effectively amortised from the point at which the related asset is ready for use on a straight line basis over its useful life.

2.9 Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. They are included in current assets, except for maturities greater than twelve months after the statement of financial position date. A provision for impairment of trade receivables is established when there is objective evidence that the group will not be able to collect all amounts due according to the original contractual terms. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement within selling and marketing costs. When a trade receivable is uncollectable, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against selling and marketing costs in the income statement.

2.10 Employee Benefits

(a) Pension obligations

The group operates defined contribution plans. A defined contribution is a pension plan under which the group pays fixed contributions into an independently administrated pension fund.

The group has no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The contributions are recognised as an employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(b) Share-based payment transactions

The group and company operate equity-settled share-based compensation plans. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed over the vesting period is determined by the reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability). Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each statement of financial position date, the estimate of the number of options that are expected to become exercisable is revised. The impact of the revision of original estimates, if any, is recognised in the income statement, with a corresponding adjustment to equity. The proceeds received net of any directly attributable transactions costs are credited to share capital (nominal value) and share premium when the options are exercised.

IFRS 2 need not be applied to grants before 7 November 2002, or to grants after 7 November 2002 but which had vested before the later of January 2005 or the date of transition to IFRS. The group has availed of this exemption and has only applied IFRS 2 to those options outstanding on 1 January 2005.

2.11 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in US dollars, which is the company's functional and presentation currency.

(b) Transactions balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

(c) Group companies

The results and financial position of all the group's entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (ii) income and expenses for each income statement are translated at average exchange rate unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expense are translated at the date of the transaction; and
- (iii) all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net qualifying investment in foreign operations are taken to shareholders' equity.

The group has availed of the exemption in IFRS 1, whereby the cumulative translation differences for all foreign operations were deemed to be reset to zero at the date of transition to IFRS.

(d) Derivative Financial Instruments

The group uses forward foreign exchange contracts to manage its exposure to foreign exchange risks arising from operational activities. These derivative financial instruments are recognised on inception at fair value. Any gain or loss arising from the re-measurement of the fair value of forward foreign exchange contracts are reported in the Income Statement within "Other Gains/(Losses)".

2.12 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessors) are charged to the income statement on a straight-line basis over the period of the lease.

The fair value of property, plant and equipment acquired under finance leases is included in property, plant and equipment and depreciated over the shorter of the lease term and the estimated useful life of the asset. The outstanding capital element of the lease obligations is included in current and non-current liabilities, as applicable, while the interest is charged to the income statement over the primary lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

2.13 Cash and cash equivalents

Cash and cash equivalent comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

2.14 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.15 Investment in subsidiaries

Investments in equity shares in subsidiaries included in the company statement of financial position are stated at cost less provision for impairment. Such investments are tested for impairment at each statement of financial position or earlier if events or circumstances indicate that the carrying amount exceeds its recoverable amount. An impairment loss is recognised in the income statement as the amount by which the asset's carrying amount exceeds its recoverable amount.

2.16 Trade Payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Finance Income

Interest income is recognised on a time-proportion basis using the effective interest method.

3 Critical Accounting Estimates and Judgements

The group makes estimates and assumptions concerning the future. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Providing for litigation and contingencies

The group is a party to lawsuits and claims consisting primarily of commercial matters, which are being handled and defended in the ordinary course of business. The group reviews the current status of any pending or threatened proceedings with the group's legal counsel on a regular basis. In determining whether provisions are required with respect to pending or threatened litigation, management reviews the following:

- the period in which the underlying cause of the pending or threatened litigation or of the actual or possible claim or assessment occurred;
- the degree of probability of an unfavourable outcome; and
- the ability to make a reasonable estimate of the amount of loss.

Upon considering the above and other known relevant facts and circumstances, the group recognises any loss that is considered probable and reasonably quantifiable as of the statement of financial position date.

For further details of litigation and disputes, please see Note 22.

(b) Capitalisation of development costs

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will be a success considering its commercial and technical feasibility and its costs can be measured reliably. These calculations require the use of estimates, primarily around the level of directly attributable management time and an appropriate portion of relevant overheads.

(c) Impairment of intangible assets

The group undertakes a review for impairment annually or if events or circumstances indicate that the carrying amount may not be recoverable. Factors which the group considers trigger an impairment review include, but are not limited to the following:

- significant negative industry or economic trends;
- current, historical or projected losses that demonstrate continuing losses; or
- results of fair market valuations.

Impairment is measured as the excess of the carrying value over the recoverable amount of the long lived asset. Management incorporates estimates when evaluating the carrying amount, the recoverable amount, the value in use and their fair value. If the actual outcome differs from these estimates, this may directly affect the amount of any impairment charge recorded. Details of the assumptions used in the impairment test are set out in Note 5. The value in use of intangible assets is primarily dependent upon projected cash flows, WACC and estimated growth rates. An alteration to the assumptions may result in an impairment loss in subsequent years, which could have a negative effect on our operating result and net assets.

(d) Establishing lives for amortisation purposes of intangible assets

The group has significant levels of intangible assets. The amortisation charge is dependent on the estimated lives allocated to each type of intangible asset. The directors regularly review these asset lives and change them as necessary to reflect current thinking on remaining lives and the expected pattern of consumption of the future economic benefits embodied in the asset. Changes in asset lives can have a significant impact on amortisation charges for the period.

Detail of the useful lives is included in Note 2 and the related intangible assets are set out in Note 5. Useful lives are based on management's estimate of the period over which the asset will generate revenue. If the useful lives had increased by an average of 1 year in the year ended 31 December 2010, then our amortisation charge would have reduced by US\$0.7m. If the useful lives had decreased by an average of 1 year in the year ended 31 December 2010, then our amortisation charge would have increased by US\$1.0m.

(e) Providing for doubtful debts

The group expects that some debts due will not be paid as a result of the default of a small number of customers. The group uses estimates based on historical experience in determining the level of debts which the group believes will not be collected. These estimates include such factors as the current state of the global economy and particular industry issues. The continuing downturn in the global economy, negative industry trends or increased concentration of credit risk, could require an increase in the estimated level of debts that will not be collected, which would negatively impact the operating results. Any significant reduction in the level of customers that default on payments or other significant improvements that resulted in reduction in the level of bad debt provision, would have a positive impact on the operating results. The level of provision is reviewed on an ongoing basis.

4 Property, Plant and Equipment

	Fixtures & Fittings US\$'000	Computer Equipment US\$'000	Total US\$'000
At 1 January 2009			
Cost	590	4,689	5,279
Accumulated depreciation	(444)	(4,046)	(4,490)
Net Book Amount	146	643	789
Year ended 31 December 2009			
Opening net book amount	146	643	789
Additions	19	172	191
Depreciation charge	(18)	(413)	(431)
Closing net book amount	147	402	549
At 31 December 2009			
Cost	609	4,861	5,470
Accumulated depreciation	(462)	(4,459)	(4,921)
Net book amount	147	402	549
Year ended 31 December 2010			
Opening net book amount	147	402	549
Additions	25	477	502
Depreciation charge	(20)	(393)	(413)
Closing net book amount	152	486	638
At 31 December 2010			
Cost	634	5,338	5,972
Accumulated depreciation	(482)	(4,852)	(5,334)
Net book amount	152	486	638

Depreciation of US\$315,000 (2009: US\$396,000) has been charged in cost of sales and US\$98,000 (2009: US\$35,000) in administrative expense in the income statement.

Included in property, plant and equipment of the group is plant and equipment acquired under finance leases relating to hosting equipment as follows:

	2010 US\$'000	2009 US\$'000
Cost	368	-
Accumulated Depreciation	(51)	-
Net Book Value	317	-
Depreciation Charge for the financial year	51	-

5 Intangible Assets

	Software US\$'000	TDP Development US\$'000	Total US\$'000
At 1 January 2009			
Cost	580	24,378	24,958
Accumulated amortisation	(345)	(6,027)	(6,372)
Net Book Amount	235	18,351	18,586
Year ended 31 December 2009			
Opening net book amount	235	18,351	18,586
Additions	203	4,459	4,662
Government grant assistance	-	(532)	(532)
Amortisation charge	(212)	(4,059)	(4,271)
Closing net book amount	226	18,219	18,445
At 31 December 2009			
Cost	783	28,305	29,088
Accumulated amortisation	(557)	(10,086)	(10,643)
Net book amount	226	18,219	18,445
Year ended 31 December 2010			
Opening net book amount	226	18,219	18,445
Additions	8	2,829	2,837
Government grant assistance	-	(247)	(247)
Amortisation charge	(128)	(4,683)	(4,811)
Closing net book amount	106	16,118	16,224
At 31 December 2010			
Cost	791	31,134	31,925
Accumulated amortisation	(685)	(15,016)	(15,701)
Net book amount	106	16,118	16,224

Amortisation of US\$4.8m (2009:US\$4.3m) is included in the cost of sales in the income statement. The weighted average remaining amortisation period of the TDP development is 46 months. In the year there was US\$0.8m (2009:US\$1.7m) of research and development expenditure recognised as an expense in the income statement. Management has identified two individual cash generating units (CGU), E-business and Consulting. The groupings represent the lowest level at which the related assets are monitored for internal management purposes. As the TDP intangible assets are an integral part of the E-business CGU, these assets were assessed for impairment as part of the overall E-business CGU as at 31 December 2010.

An impairment test was carried out at 31 December 2010 at the E-Business CGU level, by comparing the asset's recoverable amount (based on the higher of its value in use and fair value less costs to sell) with its carrying amount. The recoverable amount was calculated on the basis of value in use, using the discounted cash flow (DCF) method.

These calculations use pre tax cash projections based on financial budgets approved by management covering a five year period. No terminal value has been allocated. The key assumptions used for value-in use calculations were gross margin of 46%, average growth rate of 4% and a discount rate of 10%. Management determined budgeted gross margin based on past performance and its expectations of market development. The weighted average growth rates used are consistent with the group's revenue projections. The discount rates used are pre-tax and reflect specific risks relating to the relevant GCU.

If the estimated pre-tax discount rate used in the impairment calculations was 42%, the value in use would equal the net carrying amount.

If the gross margin used in the impairment calculations was 24%, the value in use would equal the net carrying amount.

If the average growth assumptions used in the impairment calculations was negative 1%, the value in use would equal the net carrying amount.

The group's revenue projections are relatively concentrated on a small number of significant customers. The loss of a small number of customers without replacement may result in a significant change to the estimated net future cash flows used in the above calculations.

6 Investment in Subsidiaries

Company only	2010 US\$'000	2009 US\$'000
Investment in subsidiaries	45,318	45,318

The company has investments in the following principal subsidiary undertakings.

Company Name	Ordinary Shares	Nature of Activity	Registered Office
Datalex (Ireland) Limited	100%	Development and sale of computer software	Block U, East Point Business Park, Clontarf, Dublin 3, Ireland.
Datalex USA, Inc.	100%	Sale of computer software	2325 Lakeview Parkway Suite 600 Alpharetta, GA, 30009 USA.
Datalex Netherlands B.V	100%	IT services	Parlevinker 21, 1186 ZA Amstelveen, The Netherlands.
Teamwork Solutions Limited	100%	Sale of computer software	Bank House, 9 Charlotte St. Manchester, Lancashire, M1 4EU, UK.

7 Trade and other receivables

	Group 2010 US\$'000	Group 2009 US\$'000	Company 2010 US\$'000	Company 2009 US\$'000
Trade receivables	5,698	7,638	-	-
Less: provision for impairment (a)	(171)	(656)	-	-
Trade receivables - net	5,527	6,982	-	-
Amounts owed by group undertakings	-	-	2,479	2,485
Other receivables	833	1,126	-	-
Prepayments	718	639	65	59
Accrued income	2,776	1,555	-	-
	9,854	10,302	2,544	2,544

The fair value of trade receivables approximate to the values shown above. The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The group does not hold collateral as security.

(a) The provision is determined and provided for on the basis that a portion of these trade receivables is expected to be recovered. The group uses estimates based on customer specific information in determining the level of debts, which the group believes, will not be collected. The estimates include such factors as the current state of the economy and particular industry issues. The level of provision required is reviewed on an ongoing basis. Trade receivables which are neither impaired nor past due relate to a number of independent customers for whom there is no recent history of default.

Ageing of trade receivables

The ageing analysis of past due trade receivables is set out below.

	Ageing analysis of past due				Neither impaired nor past due US\$'000	Impaired US\$'000	Total US\$'000
	Less than 30 days US\$'000	Between 31-60 days US\$'000	Between 61-90 days US\$'000	More than 90 days US\$'000			
At 31 Dec 2010	295	228	178	2,783	2,040	174	5,698
At 31 Dec 2009	1,224	98	208	3,238	2,295	676	7,638

Included in the past due (more than 90 days) but not impaired trade receivables is US\$2.6m (2009: US\$2.6m), receivable from one customer which is in dispute. For further discussion of this, please see Note 22.

Movements on the group provision for impairment of trade receivables are as follows:

	2010 US\$'000	2009 US\$'000
At 1 January 2010	656	527
Utilised in the year	(580)	-
Unused amounts reversed	(26)	-
Charge for the year	121	129
At 31 December 2010	171	656

The creation and release of provision for impaired receivables have been included in Selling and Marketing costs in the income statement.

The other classes within trade and other receivables do not contain past due or impaired assets.

(b) The majority of the group's customers, primarily representing major corporations, operate within the airline and travel industry. As at 31 December 2010, a significant portion of the trade receivables of the group related to five customers as follows:

	2010	2009
Customer A (Note 22)	46%	34%
Customer B	9%	4%
Customer C	7%	-
Customer D	5%	7%
Customer E	4%	11%
Customer F	-	8%

(c) Amounts owed by group undertakings are interest free, unsecured and are repayable on demand. The Board have reviewed these amounts for impairment. Following this review, no provision for impairment was deemed necessary. See Note 21 for further detail.

(d) The carrying amounts of the group's trade receivables are denominated in the following currencies:

	Group 2010 US\$'000	Group 2009 US\$'000
US\$	4,667	5,597
Euro	827	1,381
Sterling	204	660
	5,698	7,638

8 Cash and Cash Equivalents

	Group 2010 US\$'000	Group 2009 US\$'000	Company 2010 US\$'000	Company 2009 US\$'000
Cash at bank and in hand	5,281	4,167	-	-
Short-term bank deposits	5,827	6,291	-	-
	11,108	10,458	-	-

The effective interest rate on short term bank deposits is based on the appropriate Euribor rate. These deposits have an average maturity of 30 days. The fair values of the short term bank deposits approximate to the values shown.

The group's currency exposure is set out below. Such exposure comprises the cash and cash equivalents of the group that are denominated other than in US dollars. As at 31 December 2010 these exposures were as follows:

Non-US\$ denominated monetary assets	2010 US\$'000	2009 US\$'000
Euro	3,473	4,351
Sterling	2,275	744
Other	32	24
Total Non-US\$	5,780	5,119

9 Share Capital

Authorised Share Capital – Group and Company	2010 US\$'000	2009 US\$'000
Equity Share Capital:		
100,000,000 ordinary shares of US\$0.10 each	10,000	10,000
Other equity share capital		
3,000,000 'A' convertible redeemable shares of US\$0.10 each	300	300
1,500,000 'B' convertible redeemable shares of US\$0.10 each	150	150
30,000 deferred shares of € 1.269738 each	38	38
	488	488
	10,488	10,488

Issued Share Capital – Group and Company

	Ordinary shares No. of shares	Ordinary shares	Convertible Redeemable shares (‘A’ and ‘B’) No. of shares	Convertible Redeemable shares	Deferred shares No. of shares	Deferred shares
	’000	US\$’000	’000	US\$’000	’000	US\$’000
At 1 January 2009	71,652	7,165	2,542	254	30	8
At 31 December 2009	71,652	7,165	2,542	254	30	8
At 31 December 2010	71,652	7,165	2,542	254	30	8

Rights attaching to shares

All issued shares are fully paid except the 30,000 deferred shares which are partly paid.

Ordinary Shares

The holders of ordinary shares are entitled to receive dividends as declared and are entitled to one vote per share at meetings of the company.

‘A’ and ‘B’ convertible redeemable shares

On 1 October 2001, the conversion rights attaching to ‘A’ convertible redeemable shares expired. On 30 March 2007, the conversion rights attaching to the ‘B’ convertible redeemable shares expired. The convertible redeemable shares have no participation rights in relation to profits and surplus in a winding up, no contractual obligations to deliver funds in a winding up and the holders are not entitled to attend or vote at any general meeting of the company.

Deferred shares

All deferred shares issued have no participation rights in relation to profits and surplus in a winding up, and the holders are not entitled to attend or vote at any general meeting of the company.

Employee share options scheme

The group operates two employee share option schemes.

Group share option scheme

The terms of this scheme allow for vesting over a three year period, in equal thirds commencing on the first anniversary of the date of grant. Accelerated vesting can take place subject to Board approval. The majority of options issued under this scheme expire 10 years after issuance. Employees who leave the company have 90 days to exercise any vested options, after which period the options lapse and become void. Unvested options expire upon leaving the company. The current scheme expired on its 10th anniversary in August 2010. After this date no new options can be granted under this scheme.

The exercise price of all options granted is equal to the market price of the shares on the date of grant.

UK share option scheme

The terms of this scheme allow for vesting over a three year period, in equal thirds commencing on the first anniversary of the date of grant. Accelerated vesting can take place subject to Board approval. All options issued under this scheme expire 10 years after issuance. Employees who leave the company have 90 days to exercise any vested options, after which period, the options lapse and become void. Unvested options expire upon leaving the company. The exercise price of all options granted is equal to the market price of the shares on the date of grant.

Summary of employee share options activity (number of options)

	Group share option scheme	UK share option scheme	Total
Outstanding at beginning of year	4,154,649	79,700	4,234,349
Granted during the year	2,780,000	-	2,780,000
Exercised during the year	-	-	-
Expired during the year *	(298,800)	(45,700)	(344,500)
Outstanding at end of year	6,635,849	34,000	6,669,849

* Expired on departure from the group or on expiration of the share option scheme.

9 Share Capital (continued)

Summary of employee share scheme activity

The activity in the group's share option schemes is summarised in the following table:

	2010 No. of shares subject to conversion price and option	2010 Weighted Average Exercise price (US\$)	2009 No. of shares subject to conversion price and option	2009 Weighted Average Exercise price (US\$)
Outstanding at beginning of year	4,234,349	0.61	4,275,349	0.56
Granted during the year	2,780,000	0.17	78,000	0.30
Exercised during the year	-	-	-	-
Expired during the year	(344,500)	2.30	(119,000)	0.96
Outstanding at end of year	6,669,849	0.25	4,234,349	0.61
Exercisable at end of year	3,779,846	0.68	3,728,345	0.87

There were no share options exercised in 2010 (2009: Nil).

The fair value of options granted during the period determining using the binomial valuation model was US\$149,022 (2009: US\$2,130). The weighted average fair value per option was US\$0.06 (2009: US\$0.03). The significant inputs into the model were share prices of €0.13 and €0.14 (2009: €0.20 and €0.21) at the grant date (being the market price of shares at the date of grant), exercise price (which is the same as the share price at the grant date), dividend yield of nil (2009: nil), risk-free interest rates of 4% (2009: 2.5%) expected option life of 3 years (2009: 3 years) and the standard deviations of expected share price returns of 40% (2009: 15%). The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the last three years.

Share options outstanding at the end of the year have the following exercise price ranges and expiry dates:

Exercise price range remaining	Number of options	Weighted average Contractual life (in months)
Lesser than US\$0.30	2,797,000	114
US\$0.30 to US\$0.50	375,031	13
US\$0.51 to US\$0.70	1,698,290	43
US\$0.71 to US\$0.90	1,401,778	65
Greater than US\$0.90	397,750	69
Total	6,669,849	

10 Other Reserves

Group	Share premium US\$'000	Other Capital Reserves US\$'000	Other Reserves US\$'000	Foreign currency translation US\$'000	Total US\$'000
Balance at 1 January 2009	81,591	105,308	288	600	187,787
Share option scheme charge	-	-	72	-	72
Currency translation differences	-	-	-	(381)	(381)
Balance at 31 December 2009	81,591	105,308	360	219	187,478
Share option scheme charge	-	-	127	-	127
Currency translation differences	-	-	-	55	55
Balance at 31 December 2010	81,591	105,308	487	274	187,660

Other capital reserves in the consolidated statement of financial position consist of a capital reserve of US\$108,242,000, representing the share premium of Datalex (Ireland) Limited at the date of the merger with Datalex plc on 4 August 2000, reduced by a debit merger reserve of US\$2,934,000. The merger reserve of US\$2,934,000 is the difference between the nominal value of the shares issued and the nominal value of the issued share capital of Datalex (Ireland) Limited at the date of the merger.

Other reserves relate to the fair value of employee share options.

Company	Share premium US\$'000	Other reserves US\$'000	Total US\$'000
Balance at 1 January 2009	359,239	288	359,527
Share option scheme charge	-	72	72
Balance at 31 December 2009	359,239	360	359,599
Share option scheme charge	-	127	127
Balance at 31 December 2010	359,239	487	359,726

11 Trade and other payables

	Group 2010 US\$'000	Group 2009 US\$'000	Company 2010 US\$'000	Company 2009 US\$'000
Trade Payables	1,748	1,493	-	-
Accruals	1,557	2,166	1	1
Deferred income	440	307	-	-
Pension contribution	101	59	-	-
Social security and other taxes	499	568	-	-
	4,345	4,593	1	1

The fair values of trade payables approximate to the values shown above.

The carrying amounts of the group's trade payables are denominated in the following currencies:

	Group 2010 US\$'000	Group 2009 US\$'000
US\$	1,027	1,159
Euro	393	250
Sterling	135	84
Australian Dollar	193	-
	1,748	1,493

12 Borrowings

	Group 2010 US\$'000	Group 2009 US\$'000
Financial Lease Liabilities		
Non-current	246	-
Current	122	-
Total Borrowings	368	-

13 Segmental information

Management has determined the operating segments based on the reports reviewed by the executive management team that are used to make strategic decisions. The executive management team assesses the performance of the operating segments based on a measure of EBITDA.

The executive management team considers the business from a product perspective. Management considers the performance of E-business and Consulting.

The reportable operating segments derive their revenue primarily from the sale of products and services associated with our suite of travel related technology and consulting revenue.

The segment information provided to the executive management team for the reportable segments for the year ended 31 December 2010 is as follows:

	2010 E-business US'000	2010 Consulting US'000	2010 Total US'000	2009 E-business US'000	2009 Consulting US'000	2009 Total US'000
Revenue	22,743	4,783	27,526	22,521	5,295	27,816
Inter-segment revenue	-	(680)	(680)	-	(722)	(722)
External Revenue	22,743	4,103	26,846	22,521	4,573	27,094
EBITDA	2,597	459	3,056	(583)	655	72
Depreciation	397	16	413	413	18	431
Amortisation	4,811	-	4,811	4,271	-	4,271
Operating (loss)/profit	(2,617)	449	(2,168)	(5,267)	637	(4,630)
Finance income			98			94
Loss before taxation			(2,070)			(4,536)
Income tax			(77)			(289)
Loss after taxation			(2,147)			(4,825)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the executive management team is measured in a manner consistent with that in the income statement.

A reconciliation of EBITDA to loss before taxation is provided as follows:

	2010 US\$'000	2009 US\$'000
EBITDA	3,056	72
Depreciation	(413)	(431)
Amortisation - Development Costs	(4,683)	(4,059)
Amortisation - Software	(128)	(212)
Net finance income	98	94
Loss before taxation	(2,070)	(4,536)

Segment assets and liabilities

The amounts provided to executive management team with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

Reportable segments' assets are reconciled to total assets as follows:

	2010 E-business US'000	2010 Consulting US'000	2010 Total US'000	2009 E-business US'000	2009 Consulting US'000	2009 Total US'000
Reportable segment assets:						
Intangible Assets						
- Development	16,118	-	16,118	18,219	-	18,219
- Software	106	-	106	226	-	226
Other Assets	20,548	1,052	21,600	19,859	1,450	21,309
Total Reportable segment assets	36,772	1,052	37,824	38,304	1,450	39,754
Total assets			37,824			39,754

The amounts provided to the executive management team with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

	2010 E-business US'000	2010 Consulting US'000	2010 Total US'000	2009 E-business US'000	2009 Consulting US'000	2009 Total US'000
Reportable segment liabilities:						
Current	(4,208)	(259)	(4,467)	(3,427)	(1,166)	(4,593)
Non-current	(246)	-	(246)	-	-	-
Unallocated liabilities:						
Current tax			(90)			(175)
Total liabilities			(4,803)			(4,768)

Revenues from external customers are derived from the sales of E-Business products and services associated with our suite of travel related technology, and Consulting revenue.

Analysis of revenue by category

	2010 US\$'000	2009 US\$'000
Transaction revenue	12,951	13,281
Professional services	8,409	7,474
Consultancy	4,103	4,573
Other	1,383	1,766
Total Revenue	26,846	27,094

The entity is domiciled in the Republic of Ireland. Revenue from external customers in the Republic of Ireland is US\$2.7m (2009: US\$3.2m) and the total of revenue from external customers from other countries is US\$24.1m (2009: US\$23.9m).

The total of non-current assets located in the Republic of Ireland is US\$16.5m (2009: US\$18.4m), and total of these non-current assets located in other countries is US\$0.3m (2009:US\$0.6m)

A significant portion of the revenue of the group was derived from the external customers as follows, all of whom relate to E-business segment, with the exception of Customer E:

	2010	2009
Customer A	17%	14%
Customer B	15%	11%
Customer C	11%	12%
Customer D	10%	11%
Customer E	10%	12%

14 Expenses by nature

	2010 US\$'000	2009 US\$'000
Employee benefit expense (Note 16)	13,442	15,617
Consultant and contractor	4,102	6,147
Depreciation (Note 4)	413	431
Amortisation (Note 5)	4,811	4,271
Hosting	1,360	1,895
Establishment costs	1,685	1,767
Professional fees	770	673
Third Party Services	456	516
Travel	567	533
Communication	282	472
Expenses Capitalised	(422)	(1,309)
Auditors remuneration		
• Audit of the parent individual financial statements	5	5
• Audit of the group financial statements	128	133
• Other assurance services	3	3
• Other non – audit services	-	-
• Tax advisory services - parent individual company	4	4
• Tax advisory services – group companies	48	31
Other	845	734
Total cost of sales, selling and marketing costs and administrative expenses	28,499	31,923

Disclosed as:

	2010 US\$'000	2009 US\$'000
Cost of sales	22,786	26,642
Selling and marketing costs	2,040	1,891
Administrative expenses	3,673	3,390
Total	28,499	31,923

15 Other (losses) / gains

	2010 US\$'000	2009 US\$'000
Net foreign exchange (loss)/gain	(281)	275
Forward foreign exchange contract loss	(234)	(76)
Total Other (losses)/gains	(515)	199

16 Employee benefit expense

	2010 US\$'000	2009 US\$'000
Wages and salaries	13,965	16,809
Social security costs	1,349	1,578
Pension costs-defined contribution plans	308	308
Employee benefit expense before capitalisation	15,622	18,695
Capitalised labour	(2,307)	(3,150)
	13,315	15,545
Share options granted to directors and employees	127	72
Total	13,442	15,617

The average number of persons employed by the group (including executive directors) during the year analysed by category was as follows:

	2010	2009
Product development and delivery	112	137
Sales and marketing	9	9
Administration	15	18
Total	136	164

The total number of persons employed by the group (including executive directors) at 31 December 2010 were 126 (2009: 149).

The group operates a number of defined contribution pension schemes in which the majority of group employees participate. The assets of these schemes are held separately from those of the group in independently administrated funds. The pension charge represents contributions payable by the group to the schemes and amounted to US\$308,000 in respect of 2010 (2009: US\$308,000), of which US\$101,000 was accrued at the year-end (2009: US\$59,000).

Further details of director's remuneration can be found in the Remuneration Report.

17 Finance income and finance costs

	2010 US\$'000	2009 US\$'000
Interest income on bank deposits	98	94
Total	98	94

18 Income tax

(a) Income tax	2010 US\$'000	2009 US\$'000
Current Tax		
Corporation tax for the year	-	-
Foreign tax for the year	77	200
Adjustment in respect of previous periods	-	-
Total current tax	77	200
Deferred Tax		
Origination and reversal of temporary differences	-	89
Income tax expense	77	289

The tax on the group's loss before tax differs from the theoretical amount that would arise using the Irish domestic tax rate applicable to profits of the consolidated companies as follows:

	2010 US\$'000	2009 US\$'000
Loss before tax	(2,070)	(4,536)
Loss before tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2009:12.5%)	(259)	(567)
Expenses not deductible/income not taxable	5	7
Utilisation of previously unrecognised tax losses	(197)	(254)
Difference in effective tax rates on overseas earnings	30	80
Tax losses for which no deferred tax asset was recognised	483	904
Other	15	30
Tax charge	77	200

(b) Deferred Tax

Deferred income tax assets are recognised to the extent that the realisation of the related tax benefit through future taxable profits is probable.

Deferred tax assets have not been recognised in respect of the following:

	2010 US\$'000	2009 US\$'000
Unused tax losses	29,377	25,658
R&D Credits Available	2,219	1,956
Timing Differences	2,108	1,428
Total	33,704	29,042

No deferred tax asset is recognised in respect of the above on the grounds that there is insufficient evidence that the assets will be recoverable. In the event that sufficient profits are generated in the relevant jurisdictions in the future these assets may be recovered.

19 Loss per share

Basic	2010	2009
Loss attributable to ordinary shareholders (US\$'000)	(2,147)	(4,825)
Weighted average number of ordinary shares outstanding	71,651,678	71,651,678
Basic loss per share (in US\$ cents)	(3.0)	(6.7)

Basic loss per share is calculated by dividing the loss for the year after taxation attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the year.

Diluted	2010	2009
Loss attributable to ordinary shareholders (US\$'000)	(2,147)	(4,825)
Weighted average number of ordinary shares outstanding	71,651,678	71,651,678
Adjustment for share options	-	-
Weighted average number of ordinary shares outstanding	71,651,678	71,651,678
Diluted loss per share(in US\$ cents)	(3.0)	(6.7)

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. The categories of dilutive potential ordinary shares of the group are employee share options and the 'B' convertible redeemable shares. A calculation is performed to determine the number of shares that could have been acquired at fair value (determined as the average annual market share price of the company's shares) based on the monetary value of subscription rights attached to outstanding share options. The number of shares calculated as above is compared with the number of shares that would have issued assuming the exercise of the share options.

The effects of anti-dilutive potential ordinary shares have been ignored in calculating diluted loss per share.

20 Cash generated from/(used in) operations

	Group		Company	
	2010 US\$'000	2009 US\$'000	2010 US\$'000	2009 US\$'000
Loss before income tax	(2,070)	(4,536)	(127)	(68)
Adjustments for:				
- Interest receivable (Note 17)	(98)	(94)	-	-
- Depreciation (Note 4)	413	431	-	-
- Amortisation (Note 5)	4,811	4,271	-	-
- Employee share option amortisation (Note 10)	127	72	127	72
- Foreign exchange (losses)/gains on operating activities	515	(199)	-	-
Changes in working capital:				
Trade and other receivables	725	2,062	-	(141)
Trade and other payables	(201)	(1,059)	-	-
Cash generated from/(used in) operations	4,222	948	-	(137)

21 Related party transactions

The following transactions were carried out with related parties:

(a) Key management personnel includes the two executive directors, the non executive directors and eight members of the senior management team.

The remuneration of and transactions with all directors have been disclosed in the Remuneration Report.

Key management compensation	2010 US\$'000	2009 US\$'000
Salaries and other short-term employee benefits	2,338	2,339
Post employment benefits	57	77
	2,395	2,416

(b) Peter Lennon, non-executive director, provides legal services to the group through his firm, Lennon Heather. Legal services were rendered by Lennon Heather in the amount of US\$10,000 for the year ended 31 December 2010 (2009: US\$ nil). The amount outstanding as at 31 December 2010 is US\$10,000 (2009: US\$ nil).

Company

As at 31 December 2010, the company had a balance of US\$2,479,700 (2009: US\$2,485,000) due to it from other group companies. This balance relates to payments made by the company on behalf of one of its subsidiaries.

Amounts owed by group undertakings are interest free, unsecured and are repayable on demand. The Board has reviewed these amounts for impairment. Following this review, no provision for impairment was deemed necessary.

22 Contingencies

(a) Litigation and disputes

Flight Centre Limited

On 2 November 2009, we indicated our intention to commence legal proceedings in the Commercial Court of the High Court in Ireland against a customer, Flight Centre Limited ("Flight Centre") of Australia, for non-payment of invoices under a contract for the deployment of our TDP software at their travel agency business. As set out in Note 7, there is currently US\$2.6m included in trade receivables and US\$0.2m in unbilled revenue due from Flight Centre.

Subsequent to this indication, Flight Centre terminated their contract ("the contract") with us and instituted legal proceedings against us on 4 November 2009, in the Supreme Court of Queensland, Australia seeking restitutionary and compensatory damages in the amount of AUD\$16.1m, notwithstanding the fact that under our contract with Flight Centre, our aggregate liability (if any) is capped at US\$3.0m. Flight Centre's claim alleges, inter alia, misleading and deceptive conduct, and non-delivery by us under the contract.

On 12 February 2010, we filed a response to this claim, and countersued Flight Centre for damages in the amount of US\$9.2m for breach of contract, as a result of Flight Centre's decision not to proceed with the roll-out of the software delivered in June 2009. The damages being sought by us are in respect of monies owed to us by Flight Centre for work performed, together with transaction fees payable under the contract. We have asked the Queensland Supreme Court to make declarations that Flight Centre did not have any valid reason to terminate the contract with us, and that the actions of Flight Centre amount to a repudiation of their responsibilities and obligations to us under the contract.

The proceedings are ongoing and as such, we are not in a position to make any detailed comment on the case. However, in so far as the progress of the proceedings is concerned, we advise that the pleadings have closed and disclosure is presently being finalised.

We affirm the view expressed in our 2009 Annual Report that it is not probable that this claim will result in an adverse effect on our business, financial position, income, or cash flows. Consequently, we have not made any provision in respect of this claim in our financial statements for the year ended 31 December 2010. Litigation is always subject to inherent uncertainties and our view of these matters may change in the future.

(b) Government Grants

The group has received grants from the government agencies in respect of employment. Under certain circumstances, these amounts may be repayable. The contingent liability existing at 31 December 2010 amounted to US\$0.7m (2009: US\$0.7m).

23 Commitments

(a) Operating leases

The group leases offices, motor vehicles and equipment under non-cancellable operating lease agreements. The leases have varying terms and renewal rights.

Lease rentals in respect of these offices, amounting to US\$1.1m (2009: US\$1.1m), motor vehicles amounting to US\$ nil (2009: US\$0.1m) and equipment amounting to US\$0.4m (2009: US\$0.1m) are included in the income statement.

Future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2010 US\$'000	2009 US\$'000
Within one year	1,324	1,400
Within two to five years	3,171	4,228
Over five years	756	1,606
	5,251	7,234

(b) Capital commitments

The group had no capital commitments at 31 December 2010 (2009: US\$ nil).

24 Company only income statement

In accordance with section 148(8) of the Companies Act, 1963 and section 7(1)(A) of the Companies (Amendment) Act, 1986, the Company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filling it with the Registrar of Companies. The company's loss for the financial year is US\$127,000 (2009: loss US\$68,000).

25 Financial Risk Management

Financial risk management

The group and company's operations expose it to a variety of financial risks including interest rate, foreign exchange, credit and liquidity risk. The group has in place a risk management programme that seeks to manage the financial exposure of the group. The group uses derivative financial instruments to manage certain risk exposures. Given the size of the group, the directors have not delegated the responsibility of monitoring financial risk management to a sub-committee of the Board. The policies are set by the Board of Directors and are implemented by the group's finance department.

Market rate risk

Market rate risk refers to the exposure of the group's financial position to movements in interest rates, currency rates and general price risk. The principal aim of managing the currency risk is to limit the adverse impact on shareholders' value of movement in currency rates. The group has limited exposure to interest and price risk.

(i) Foreign exchange risk

The group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, in the normal course of business primarily with respect to the Euro and Sterling. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations. The main exposure at 31 December 2010 relates to Euro monetary assets totalling US\$3.5m, and Sterling monetary assets totalling US\$2.3m.

The group uses forward contracts to manage the foreign exchange risk. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the US Dollar. At 31 December 2010, the group did not have any outstanding forward foreign exchange contracts (2009: US\$ nil).

At 31 December 2010, if the Euro had strengthened by 10% against the US dollar with all other variables held constant, post-tax loss for the year would have been US\$0.6m (2009: loss US\$0.4m lower) lower mainly as a result of foreign exchange gains/losses on translation of Euro-denominated trade receivables, trade payables and cash.

(ii) Interest rate risk

The principal aim of managing the interest rate risk is to limit the adverse impact on cash flows and shareholder value of movements in interest rates. Cash and cash equivalents at variable rates expose the group to cash flow interest rate risk. Cash and cash equivalents at a fixed rate expose the group to fair value interest rate risk. The group treasury policy is designed to monitor the funding requirements of the business. Cash requirements are managed centrally and reviewed on a daily basis. Excess funds are placed on short-term (less than 3 months) deposit while ensuring that sufficient cash is available on demand to meet expected operational requirements. The interest rate on floating rate deposits of US\$5.8m at 31 December 2010 (2009: US\$6.3m) is generally based on the appropriate Euribor or Libor rate.

The directors will revisit the appropriateness of this policy should the group's operations change in size or nature.

Interest rate sensitivity analysis

At 31 December 2010, based on the cash balances held at balance date which earn interest, if interest rates had been 100 basis points higher/lower and all other variables were held constant, the group loss after tax for the year would have been higher or lower by US\$0.1m (2009: US\$0.1m).

(iii) Price risk

The group is not exposed to material price risk.

Credit risk

Credit is managed on a group basis. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions. The group treasury policy is designed to limit exposure with any one institution and to invest its excess cash in low risk investment accounts with authorised banking counter-parties. The group has not experienced any losses on such accounts.

The group has implemented policies that require appropriate credit checks on potential customers before sales are made and monitors exposure to potential credit loss on a regular basis. The utilisation of credit limits is regularly monitored. During the year ended 31 December 2010, a significant portion of the group's revenue was derived from a limited number of customers.

The credit quality of cash and cash equivalents, can be assessed by reference to S&P credit ratings of the counterparties in the following table:

Cash and cash equivalents	2010 US\$'000	2009 US\$'000
AA	17	5,966
AA-	142	126
A+	3,869	140
A+ *	605	-
A	607	-
A-	-	3,546
BB+	4,158	-
B-	1,710	-
Not Rated**	-	680
	11,108	10,458

* The credit quality of cash and cash equivalents for this financial institution can be assessed by reference to Fitch credit ratings.

** The group used one financial institution which did not have a credit rating.

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions.

It is group policy to maintain at all times, access to sufficient resources to meet all short term financial obligations.

The analysis below summarises the group's financial liabilities (based on contractual undiscounted cash flows) into relevant maturity group on the remaining period as at the reporting date:

Trade and Other Payables	Less than 1 Yr. US\$'000	Between 1-2 Yrs US\$'000	Between 2-5 Yrs US\$'000	Total US\$'000
At 31 December 2010	4,345	-	-	4,345
At 31 December 2009	4,593	-	-	4,593

Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders. The capital comprises mainly of issued capital, reserves and retained earnings as set out in Note 9 and Note 10 to these financial statements.

Cash flow risk

As the group has no significant interest-bearing assets other than cash balances as stated above under interest rate risk, the group's income and operating cash flows are substantially independent of changes in market interest rates.

26 Recent accounting pronouncements

The following new and amended IFRS and IFRIC interpretations became effective as of 1 January 2010, however, they either do not have an effect on the group financial statements or they are not currently relevant for the group:

- IFRS 3 (Revised), 'Business combinations';
- IAS 27 (Revised), 'Consolidated and separate financial statements';
- IFRS 1 (Revised), 'First-time Adoption of International Financial Reporting Standards';
- IFRS 2 (Amendment) – 'Group Cash-settled share-based payment transactions';
- Amendments to IFRS 1 – 'Additional Exemptions for First-time Adopters';
- Improvements to IFRSs 2009;
- IFRIC 17, 'Distributions of Non-cash Assets to Owners';
- IFRIC 18, 'Transfers of Assets from Customers'; and
- IFRIC 16, 'Hedges of a net investment in a foreign operation'.

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the group's accounting periods beginning on or after 1 January 2011 or later periods but which the group has not early adopted, as follows:

- IFRS 9, 'Financial instruments';
- Amendment to IAS 32 – Classification of Rights Issues;
- Amendment to IAS 24 – Related Party Disclosures;
- Amendment to IFRS 7 'Disclosures – Transfer of financial assets';
- Improvements to IFRSs 2010;
- Amendment to IFRIC 14, 'Prepayments of a Minimum Funding Requirement'; and
- IFRIC 19, 'Extinguishing Financial Liabilities with Equity Instruments'.

None of these new standards, amendments and interpretations are expected to have a material impact of the group.



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