Datalex

Annual Report 2011

Contents

2011 Chairman's Statement

I am pleased to report that in 2011 Datalex has again delivered on-track operating and cash generation performance, while securing a number of significant new contracts, which cements our place as one of the world's leading independent ecommerce software providers to the travel industry.

Summary of 2011 Performance

In 2011 total revenues grew by 4.5% to US$28.0m, driven mainly by increased activity in the deployment of our platform at new customers. During the year we concluded agreements to take our platform with a number of new customers, including Delta Airlines, the world's largest airline, and Westjet, the second largest airline in Canada. We also reached further agreement with global airline IT services provider SITA, which will see them use our TDP platform as the full ecommerce solution for their airline customers, and we signed a new contract with United Airlines for their Mileage Plus loyalty system.

2011 also saw our platform go live at a number of new customers, including Air China in July. This is a significant breakthrough for Datalex into the Chinese travel market, which is the fastest growing segment in the world.

Our EBITDA in 2011 before exceptional items was US$4.3m, an increase of 42% on 2010, and our total cash reserves at 31 December 2011 were US$12.5m (2010:US$11.1m).

With the additional customers secured in 2011 going live in 2012, and the strength of our new business pipeline, we are confident that we will continue this growth trajectory into 2012.

Flight Centre litigation

In late 2009 we entered litigation with a former customer, Flight Centre of Australia, arising from their decision not to proceed with the roll-out of our platform at their travel agency business. We were pleased to announce in December 2011 that this matter had been concluded. The settlement results in an exceptional loss of approx US$2.1m in 2011, consisting of the partial write off of receivables and other unrecoverable expenditures. We are delighted that this matter has been resolved, and we can now focus on continuing to grow our business in 2012.

Datalex TDP – “World’s leading merchandising solution provider”

Our product continues to win recognition as a market leader – in January 2012 at the World Travel Awards, our platform was named ‘The World’s Leading Travel Merchandising Solution Provider’ and ‘The World’s Leading Travel Distribution Solution Provider’, our third consecutive year to be recognised at the World Travel Awards. The merchandising award in particular is a fitting recognition of the leading role Datalex is playing in the evolution of the industry, where airlines are recognising more and more the need to act and think like retailers, and where their customers are no longer just passengers on a plane, they are travellers with multiple touch points over the full life of a journey.

Corporate governance and risk management

The Board is committed to maintaining the highest standard of corporate governance, including the provisions of the 2010 UK Corporate Governance Code, and the additional requirements of the Irish Annex. The Board is satisfied that the company has effective processes in place for identifying and managing the risks faced by business, and has an effective system of internal controls in place to safeguard the integrity of the business. A detailed statement, set out on pages 16 to 25, describes how we have complied with the principles of good governance.

Board

I would like to thank my board colleagues for their valued contributions during 2011, including Roger Conan, who joined the board in May 2011. I would also like to offer my sincerest thanks, on behalf of the board and indeed the whole company, to Simon Calver, who will retire from the board at our AGM in May 2012. In his time with Datalex, Simon brought a wealth of experience and expertise to bear, and while his contribution will be sorely missed around the table, we wish him well in the future.

Management

I would like to thank Cormac Whelan CEO, and his management team for their contribution in 2011, together with our committed and highly skilled workforce. As our increasing success in the marketplace demonstrates, Datalex is about more than having a market-leading product; it is also about the pioneering thought leadership that we demonstrate in the travel industry, driving the merchandising capabilities of customers like Delta Airlines and Air China. On behalf of the Board, I would like to offer every member of the Datalex team our sincerest thanks.

2012 Outlook

While challenges still do – and always will – remain, we are more confident than ever of our ability not only to meet them, but to flourish in the face of them. With a market leading product and our incredible team, we are confident that we will continue to grow the business and deliver increasing enterprise value for our shareholders.

Paschal S. Taggart

Paschal Taggart,

Chairman

29 March 2012

Chief Executive's Report (continued)

2011 performance

Our expectation for 2011 was that we would build on the progress achieved in 2010, by delivering growth in our EBITDA and cash generation while significantly enhancing our customer base.

Our performance for the year has been in line with these expectations:

- Total revenue of US$28.0m (2010: US$26.8m).
- Total costs (before product development) of US$27.7m (2010: US$26.6m).
- EBITDA before exceptional items of US$4.3m (2010 EBITDA: US$3.1m).
- Net loss before exceptional items of US$1.4m (2010 Loss: US$2.1m).
- Cash reserves at year end US$12.5m (2010:US$11.1m).

Our loss for the year of US$3.9m (2010 Loss: US$2.1m) is after exceptional items of US$2.5m. This is made up of two elements; US$2.1m as a result of the partial write off of receivables and some unrecovered expenditure relating to the conclusion of the Flight Centre litigation, and a US$0.4m provision against our receivable from Spanair which ceased trading on 27 January 2012 last.

The loss for the year included amortisation of product development of US$5.2m (2010: US$4.7m) and is after capitalising development expenditure of US$2.9m (2010: US$2.8m), as we continue to invest in our platform's retail capabilities, driving increased revenue for our customers, and increased market share for Datalex. The loss is also after the deferral of project costs of US$0.9m (2010: Nil) consisting of initial enablement work on some new customer contracts which is being paid for through incremental transaction charges over the life of the contracts.

	2011 US$M	2010 US$M
Revenue	28.0	26.8
Total cost of sales, selling and marketing costs and administrative expenses	29.1	28.5
Development expenditure capitalised	2.9	2.8
Project costs deferred	0.9	0
Amortisation of development expenditure	(5.2)	(4.7)
Total cost of sales, selling and marketing costs and administrative expenses before impact of product development	27.7	26.6
Loss before tax (before exceptional items)	1.4	2.1
EBITDA (before exceptional items)	4.3	3.1
Intangible Assets	14.7	16.2
Cash and cash equivalents	12.5	11.1
Exceptional items	2.5	-
Loss after tax	3.9	2.1

Our net working capital 31 December 2011 remains strong at US$13.8m (2010: US$16.4m), even after the exceptional charges of US$2.5m in the year and our investment of US$2.9m in the product platform. Despite the significant additional customers won in 2011, our total costs only increased 2% to US$29.1m (2010: US$28.5m), against a revenue increase of over 4%, which reflect the scale efficiencies that our product strategy is beginning to deliver.

Chief Executive's Report (continued)

Since our market began to return to more normal conditions in late 2010, we have significantly added to our customer base, and we are now starting to see the scale efficiencies of our product strategy translate into bottom line performance improvement. In 2012 we will see the full year financial impact of the customers that went live throughout 2011, together with the new 2011 wins which will also go live during 2012, and we expect that this will deliver further operating performance improvement in 2012.

2011 Business Highlights

In 2011 we brought our TDP platform live at a number of new customers;

- In April our platform went live at global airline IT provider SITA, to enable pricing and shopping of optional services for their customer airlines.
- In July our platform went live at Air China, marking our entry into the Chinese travel market, the world's fastest growing segment.
- Air Malta went live in September.

We also secured a number of significant new contracts in the year, including:

- Delta Airlines, the world's largest carrier, selected TDP to power their merchandising strategy across all channels.
- The new United Airlines, who will use our platform for their 'Mileage Plus' loyalty system, the largest loyalty system in the world.
- We also extended our agreement with Global airline IT services provider SITA, which will see them use the TDP platform as the full ecommerce solution for their airline customers.
- Westjet Airlines, the second largest carrier in Canada.

These major wins, including the world's two largest carriers, represent an endorsement of both our product's capabilities and the expertise our people can bring to customers.

Airline Retail – The Traveller's Journey

The economic challenges of the last five years, coupled with the evolution in online customer behaviour, have forced the airline industry to fundamentally redefine its business model. Airlines are recognising that their business is retail, not transport, and their customers are travellers, not passengers. Airlines have a unique insight and opportunity to add value to their customer's journey in many ways and at multiple touch points – before, during and after travel. They have the information that can allow them to tailor and differentiate their offerings to suit individual customers needs, and it is precisely this capability that our platform – above any other - was designed to enable.

The result of this evolution is that our platform is now the product of choice for airlines that understand and embrace this retail vision, airlines like Delta and Westjet, who recognise that their customers want different things, and will pay for them.

Outlook for 2012

With the progress we have achieved in the business in 2010 and 2011, and our growing customer base and strong business pipeline, we enter into 2012 in our best shape ever. While the global economy and the travel market still face challenges and some uncertainty, the evolution of the airline industry towards a merchandising and retail driven model is clear to see, and this presents a fantastic opportunity for Datalex. We

Chief Executive's Report (continued)

have a product platform that is globally recognised as the leader in the market – in January 2012 we won two awards at the World Travel Awards, including the 'World's Leading Travel Merchandising Solution'. We have a lean and efficient business, and a flexible delivery model that deploys our product faster than ever before, which means that TDP can start quickly delivering business benefits to our customers and to Datalex.

Finally, and most importantly, we have a team of people with an unrivalled breadth and depth of experience and expertise - that is ultimately the reason for the successes we have achieved. I would like to thank all of my colleagues at Datalex for their commitment, 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.

I would like to extend my thanks to the Board for their support and encouragement in 2011. I would particularly like to thank Simon Calver, who will retire from the Board at our AGM, for his contribution and support over the last number of years.

Finally I thank our shareholders for their continued support, and I am pleased that their faith in the Datalex team is beginning to be rewarded. I look forward to delivering further growth in shareholder value in 2012 and beyond.

Cormac M. Whelan

Chief Executive Officer

29 March 2012

Directors and Other Information

DIRECTORS	John Bateson Simon Calver Roger Conan (appointed 30 May 2011) 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
SOLICITORS	Lennon Heather 24 - 26 City Quay Dublin 2
AUDITORS	PricewaterhouseCoopers One Spencer Dock North Wall Quay Dublin 1
REGISTERED NUMBER	329175

Board of Directors

Paschal Taggart (Chairman)

Paschal Taggart was appointed a non-executive director in 2001, and was appointed Chairman of the Board in December 2009. He is a Partner in Cooney Taggart, Financial Consultants in Dublin and advises a number of major Irish companies. He was also Chairman of Orbiscom plc and has been Chairman of a number of major Irish and international concerns including ITG plc, Ireland on Sunday (1998-2001) and Jervis St. Shopping Centre (1995-99). He is a former Director of Rosslough Holdings Ltd. (1995-99) and a former partner in Bastow Charleton (1975-85) and Gilmore Taggart (1985-91).

John Bateson (non-executive director)

John Bateson was appointed as a non-executive director of Datalex in November 2006. He is a graduate of Trinity College Dublin and, having qualified with KPMG, is a fellow of the Institute of Chartered Accountants in Ireland. John is the Managing Director of International Investment and Underwriting (IIU) and represents IIU on the boards of various companies, both private and publicly quoted. Prior to IIU, John was with the corporate finance department of NCB.

Simon Calver (non-executive director)

Simon Calver was appointed as a non-executive director in 2005. Simon is CEO of Mothercare plc, and was previously CEO of LOVEFiLM, which was acquired by Amazon in 2011. Simon has held leadership roles in both private growth companies and large multinationals including Worldwide COO, President of Riverdeep, the interactive digital education and productivity software company, and General Manager & VP of Dell's UK and Ireland Consumer and Small Business operations. Before that he was International VP of Sales Operations for PepsiCola, based in the US and General Manager and VP of PepsiCola UK where he launched Pepsi Max, Pepsi Blue and development of the Pepsi Music activity. He started his career as a graduate in Unilever and as a strategy consultant at Deloittes. He was a winner of Ernst & Young's Entrepreneur of the Year 2009 for London and the South East and represented the region in the national finals. He is a Companion of the Chartered Management Institute and is a fellow of the Institute Of Directors.

Roger Conan (non-executive director, appointed 30 May 2011)

Roger Conan is a private investor and company director. He qualified as a Chartered Accountant with KPMG, where he spent four years in General Practice and four years in Corporate Finance. In 1984 he joined National City Brokers, the forerunner of the NCB Group. He then transferred to Dedeir, an investment company, where he was responsible for the finance and monitoring of a number of investments. In 1990 he was appointed general manager of IFSC South Block Ltd which developed IFSC House. In 2000 he became self employed. He has since advised on finance, strategy and development.

Peter Lennon (non-executive director)

Peter Lennon has been a non-executive director of Datalex since 1993. A practicing lawyer and partner in the law firm for Lennon Heather & Company, he specialises in litigation and advises many Irish underwriters and English underwriters on liability claims matters. He also specialises in aviation law. Peter acts for most of the major carriers operating out of the Republic of Ireland, both in their general aviation matters and also in their aviation claims. A graduate of Trinity College Dublin, Peter holds a BA Mod. (Legal Science) and an LLB.

Cormac Whelan (Chief Executive Officer)

Cormac Whelan has served as Datalex CEO since 2005 where he and his team oversee the delivery of the company strategy. Previously Cormac ran Worldwide Operations at PeopleSupport (NASDAQ: PSPT), a Los

Board of Directors (continued)

Angeles and Manila based online support and customer management services company established in 1999, with 5,000 employees. Cormac also held positions of V.P., G.M. and Finance Director at Epicor Software Corp (NASDAQ: EPIC), an Irvine, CA-based ERP provider. He was responsible for teams in 25 countries and part of a management team that changed the strategy and direction of the company in 1995 and quadrupled revenues over the next three years. Cormac is also a board member at Ocado Technology Ltd and 1969 Records. Cormac holds a BA in Accounting and Finance from Dublin City University.

David Kennedy (Finance Director and Company Secretary)

David joined Datalex as Chief Financial Officer and Company Secretary in October 2007 and was appointed to the Board as Finance Director in December 2008. Prior to joining Datalex he was Financial Controller at ESB International, the international engineering and consultancy group based in Dublin, with operations in over 20 countries. Before this he held a number of senior finance and strategy roles within ESB Group, the Irish electricity utility. David is a Fellow of The Institute of Chartered Accountants in Ireland, holds an MBA from the Smurfit School of Business at University College Dublin and is a member of the Institute of Directors.

Date of Appointment to the Board and Committees of Datalex PLC

Name	Datalex plc Board	Audit Committee	Remuneration Committee	Nomination Committee
John Bateson	20 November 2006	5 February 2007	21 April 2010	21 April 2010
Simon Calver	4 August 2005	3 December 2009	-	9 March 2007
Roger Conan	30 May 2011	15 December 2011	6 February 2012	-
David Kennedy	15 December 2008	-	-	-
Peter Lennon	4 August 2000*	3 December 2009	4 August 2000	-
Paschal Taggart	24 September 2001	-	24 September 2001	24 September 2001
Cormac Whelan	3 March 2005	-	-	6 February 2012

*Peter Lennon has been a director of the Datalex Group since 1993 prior to the incorporation of Datalex PLC on 4 August 2000.

Directors' Report

The directors present their annual report together with the audited consolidated financial statements for the year ended 31 December 2011.

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 was satisfactory. In 2011 the group won a number of new contracts, and has grown its EBITDA (before exceptional items) and cash generation on the previous year. The group is pleased that it has resolved its litigation with Flight Centre of Australia. A detailed review of the business is included in the Chief Executive's review.

Corporate Governance

The directors' report on Corporate Governance on pages 16 to 25 sets out the Company's application of the principles and compliance with the provisions of the UK Corporate Governance Code, published by the Financial Reporting Council in June 2010 and forms part of this Directors' Report.

The Irish Corporate Governance Annex ('the Annex'), published by the Irish Stock Exchange, is applicable for companies with a listing on the Main Securities Market of the Irish Stock Exchange for financial periods commencing on or after 18 December 2010. The Annex includes additional recommendations to the Code. The Group has applied these recommendations this year, details of which are also set out in the Directors' Statement on Corporate Governance.

Principal risks and uncertainties

Under Irish Company law (Regulation 5(4)(c)(ii) of the Transparency (Directive 004/109/EO) Regulations 2007), the Company is required to give a description of the principal risks and uncertainties which it faces. The principal risks and uncertainties, which reflect our competitive environment and the operating characteristics of our industry, are as follows:

- *Service delivery to our growing customer base:* as we continue to significantly grow our customer base each year, we are faced with the challenge of enhancing our infrastructure, skilled resource pool and capabilities to enable us to continue to deliver a very high standard of service to our customers.
- *Competitive threats:* we operate in an industry that is dominated by a small number of large providers. This competitive dynamic means that we must continue to deliver the best product in the most efficient manner to enable us to continue to grow the business.
- *Market changes:* our customers have faced a lot of challenges in the last number of years, challenges which have forced them to evolve and adapt their businesses to meet the changing needs of their own customers. We need to ensure that our product continues to deliver the functionality our customers need, not only today but in the future.
- *Financial management:* Datalex is faced with a range of financial challenges in the course of its business, including foreign exchange volatility on international business, credit risk on receivables, and the working capital needs of a growing business.

We are satisfied that we have the systems, processes and expertise in place to effectively manage our business risk environment. The mechanisms through which the principal risks and uncertainties are managed are addressed in the Risk Management and Internal Control section of the Corporate Governance Report on page 22.

Directors’ Report (continued)

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 2011 and the consolidated income statement for the year are set out on pages 30 and 31 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 had 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*
IIU Nominees Limited	20,644,981	28.79%
Pageant Holdings Limited	6,362,407	8.87%
Farringdon Capital Management SA	4,917,380	6.85%
Mr. Paschal Taggart	2,660,556	3.71%

*Percentage of ordinary share capital in issue on 21 March 2012.

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 2011, the company’s authorised share capital comprised US$10,488,000, 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.

Directors' Report (continued)

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 issue 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 2011 are set out below. Unless indicated otherwise, they served as directors for the entire year.

John Bateson*

Simon Calver*

Roger Conan* (appointed 30 May 2011)

David Kennedy

Peter Lennon*

Paschal Taggart*

Cormac M. Whelan

(*denotes non-executive director).

Reappointment of directors

In accordance with the company's policy, all directors will retire, and with the exception of Simon Calver, will offer themselves for re-election in 2012. Resolutions will be proposed at the Annual General Meeting to reappoint them. Biographical detail of all directors can be found on the group's website and on pages 8 and 9.

Directors' and secretary's interests

The directors and secretary (including the interests of spouses and minor children), who were in office at 31 December 2011, and their families, had the following beneficial interests in the share capital of Datalex plc at 31 December 2011 and 31 December 2010:

Directors’ Report (continued)

Director	2011 Ordinary Shares of US$0.10 each	2011 Options over Ordinary Shares of US$0.10 each	2010 Ordinary Shares of US$0.10 each	2010 Options over Ordinary Shares of US$0.10 each
John Bateson	-	-	-	-
Simon Calver	300,000	-	300,000	-
Roger Conan	216,900	-	116,900*	-
David Kennedy	30,546	360,000	30,546	360,000
Peter Lennon	325,935	-	325,935	24,483
Paschal Taggart	2,660,556	-	2,660,556	-
Cormac M. Whelan	1,095,000	660,000	1,095,000	660,000

*On appointment to the board on 30 May 2011

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

On the 6 February 2012, the Company held an Extraordinary General Meeting to consider two resolutions;

1. To implement a new share option plan, to replace the 2000 plan which expired on its 10th anniversary in August 2010, and
2. To cancel the amount of US$319,314,407 standing to the credit of the Company’s Share Premium Account, and to offset this amount against the deficit in the Profit and Loss Account.

Both resolutions were approved by shareholders.

A new management share purchase scheme was approved by the board of directors subsequent to the year end. The scheme, which uses existing issued shares, is intended to incentivise senior management in the company (excluding executive directors) towards the achievement of challenging performance targets for EBITDA and cash generation over the next two years. Subject to meeting the performance criteria, shares will vest under the scheme in two equal tranches, on 31 December 2012 and 2013. The Remuneration Committee will include a detailed report each year in the remuneration report on the performance of the scheme.

On 27 January 2012 a customer, Spanair were informed by their major shareholder, the Regional Catalan Government, that they would no longer continue to provide funding support, following the collapse that day of talks on a proposed strategic partnership between Spanair and Qatar Airways. Consequently Spanair took the decision to immediately cease trading This has been treated as an adjusting subsequent event under IAS 10. See details in Note 17 to the financial statements.

Details of these events are set out on Note 27 to the financial statements.

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.

Directors' Report (continued)

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

David Kennedy

29 March 2012

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 pages 8 and 9 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 S. Taggart   David Kennedy

Paschal Taggart   **David Kennedy**

29 March 2012

Corporate Governance Statement

Introduction

This statement forms part of the Directors' report set out on pages 10 to 14. The group has adopted the provisions of the UK Corporate Governance Code (the code) and the additional requirements of the Irish Annex, with effect from 1 January 2011 and is committed to high standards of corporate governance as set out in the Code. The 2010 Code can be accessed from the following link: www.frc.org.uk/corporate/ukcgcode.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 the Code and the Irish Annex. Unless otherwise stated, where these requirements are of a continuing nature, compliance has been achieved throughout the year. 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, together with their dates of appointment to the board and its committees, can be found in the directors' report of the annual report.

The company has developed a product platform that offers market-leading functionality to customers, which can be deployed in an efficient and flexible manner. These factors have underpinned the impressive growth in our customer base in 2011, and are reflected in our recognition for the third consecutive year by the World Travel Awards. The Board believe that the basis of value creation in the company in the longer term is through the maintenance and enhancement of our product's leading edge, particularly in its merchandising capabilities. Together with the significant body of experience and expertise that our employees possess, the board believes that the company is well positioned to deliver continued growth in financial performance.

At 31 December 2011, the Board comprised seven directors, five non-executive directors and two executive directors. Collectively, the non-executive directors possess a wide range of financial and general management experience, investment expertise and software industry experience. Given the nature of the Datalex business and the challenges it faces, the board believes that this is the correct size, composition and expertise necessary to fulfil its role. Mr. Simon Calver will be stepping down from the Board at the next AGM, and the Board, though the Nominations Committee, have begun a process to identify a suitable replacement candidate with the necessary and relevant expertise. In parallel, the Nominations Committee will be conducting a review of the overall board composition to ensure that it will continue to be appropriate to the company's needs as the business continues to grow and develop over time.

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 non-executive directors meet without the executive directors present at the beginning of each board meeting. The roles of Chairman and Chief Executive are separate, and there is a clear division of responsibilities between them.

The Board met nine times during the year and 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. Details of directors attendance at board and committee meetings is set out on pages 21 and 22. Directors are provided with extensive briefing papers on the group and on an ongoing basis, the directors meet with key executives of the group. Individual directors may seek independent professional advice at the Group's expense, where they judge it necessary to discharge their responsibility as a director. The Group maintains insurance cover in respect of the liability of its directors and officers to third parties.

The directors have varied backgrounds and experience. All directors bring independent judgement and constructive challenge 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.

Corporate Governance Statement (continued)

Chairman

Mr Paschal Taggart has been Chairman of the Group since December 2009. While Mr. Taggart was a shareholder in the company at the date of his appointment as Chairman, the board is satisfied that he meets all other independence criteria set out in the 2010 Code, and that he continues to demonstrate his independence in the manner in which he carries out his role as Chairman. Consequently the Board are of the view that the Chairman is independent.

Senior Independent non-executive director

Mr. Peter Lennon is the Senior Independent non-executive director. Mr. Lennon is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Finance Director. Mr. Lennon is also available to meet major shareholders on request.

Company Secretary

The appointment and removal of the Company Secretary is a matter for the Board. All 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.

Terms of appointment

Non-executive directors are engaged under a letter of appointment. A copy of the standard letter of appointment is available on request from the Company Secretary. On appointment, directors are provided with briefing materials on the Group and its operations. Visits to the business and meetings with management are arranged, and ongoing briefings are provided as appropriate.

Independence of non-executive directors

The board has evaluated the independence of each non-executive director by considering a number of factors, including:

- Has any director been an employee of the company within the last five years?
- Has any director had a material business relationship with the company, directly or indirectly, in the last three years?
- Does any director receive additional remuneration from the company, apart from directors fees?
- Does any director have links to other directors, or family ties with the company's senior managers or advisors?
- Does any director represent a significant shareholder?
- Has any director served on the board for more than nine years from the date of their first election?

Using these criteria, the Board and has determined that each of the non-executive directors is independent. 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 & Company is a legal advisor to the group; and has served on the board since 1993,
- John Bateson, as representative of the largest shareholder in the group, IIU Nominees Limited.

In the case of Peter Lennon, his firm Lennon, Heather & Company typically provide legal services of a relatively minor nature to the company, and the Board do not believe that the scale of the services provided ($Nil in 2011) would in any way compromise the independence of Mr Lennon. In the case of John Bateson, it is the

Corporate Governance Statement (continued)

belief of the Board that he demonstrates his independence on an ongoing basis in the manner in which he carries out his role.

The board also recognises that two directors, Paschal Taggart and Peter Lennon, have both served on the board for more than nine years from the date of their first election. The board has considered this fact in the context of their continuing independence, and are satisfied that the directors continue to demonstrate independence in the execution of their roles and their contribution to the overall performance of the Board.

Retirement and re-election

In accordance with the company's policy, each of the directors is required to submit himself for re-election each year. With the exception of Simon Calver, all directors are submitting themselves for re-election this year.

Performance evaluation

The Board conducts an annual review of its own performance and any development needs and that of its committees and of each individual member, including any training and development needs. During 2011, this was primarily achieved through discussions held by the Chairman with directors on an individual and group basis together with a review by the Chairman of the effectiveness of each board meeting and the contribution of individual board members throughout the year. In addition, the Chairman also met separately with the non-executive directors. The senior independent non executive director, Mr. Peter Lennon, also met with the other non-executive directors without the Chairman present, to review the performance of the Chairman.

The Chairman is satisfied that, following the performance evaluation, each director's performance continues to be effective and that they are demonstrating the necessary commitment to the role.

Remuneration and share ownership

Details of director's remuneration and share ownership are set out in the Report of the Remuneration Committee on Director's remuneration on pages 26 to 27.

Meetings

The Board routinely meets at least six times a year and additionally as required. During the year, the Board met nine times. Details of directors' attendance at these meetings are set out on page 21.

The Chairman sets the agenda for each meeting in consultation with the Chief Executive and the Company Secretary. The agenda and board papers are circulated prior to each meeting to provide the directors with relevant information and enable them to fully consider the agenda items in advance of the meeting. In the event a director is unavailable to attend a board meeting, he or she will receive the Board papers in advance of the meeting and can communicate their views on any items, to be raised through the Chairman at the meeting.

The matters considered by the Board at each meeting include a review of actual performance against approved budget and forecast performance through to the end of the period, the company's operational performance and customer satisfaction, any market and/or product developments since the previous meeting, and any changes to the business risk environment, including any credit risk events. The Board also periodically review the strategic development of the business against the three year plan. In 2011 the board also met regularly to review progress on the Flight Centre litigation, which was concluded in December 2011.

General meetings

The Company's Annual General Meeting affords shareholders the opportunity to question the Chairman and the Board. The Notice of Annual General Meeting, the Form of Proxy and the annual report are issued to shareholders at least 21 working days before the meeting. At the meeting, resolutions are voted on by a show of hands of those shareholders attending, in person or by proxy. After each resolution has been dealt with, details are given of the level of proxy votes cast on each resolution and the number of votes for, against and withheld. If validly requested, resolutions can be voted by way of a poll whereby the votes of shareholders present and voting at the meeting are added to the proxy votes received in advance of the meeting and the total number of votes for, against and withheld for each resolution are announced. Details of proxy votes received are made available on the Company's website following the meeting. All other general meetings are called Extraordinary General Meetings (EGMs). An EGM called for the passing of a special resolution must be called by providing at least 21 clear days' notice. Provided shareholders have passed a special resolution at the immediately preceding Annual General Meeting and the Company allows shareholders to vote by electronic means, an EGM to consider an ordinary resolution may, if the directors deem it appropriate, be called by providing at least 14 clear days' notice. A quorum for a general meeting of the Company is constituted by three or more shareholders present in person or by proxy and entitled to vote. The passing of resolutions at a meeting of the Company, other than special resolutions, requires a simple majority. To be passed, a special resolution requires a majority of at least 75% of the votes cast.

Shareholders have the right to attend, speak, ask questions and vote at general meetings. In accordance with Irish company law, the Company specifies record dates for general meetings, by which date shareholders must be registered in the Register of Members of the Company to be entitled to attend. Record dates are specified in the Notice of Annual General Meeting. Shareholders may exercise their right to vote by appointing a proxy/proxies, by electronic means or in writing, to vote some or all of their shares. The requirements for the receipt of valid proxy forms are set out in the Notice of Annual General Meeting. A shareholder, or a group of shareholders, holding at least 5% of the issued share capital of the Company, has the right to requisition a general meeting. A shareholder, or a group of shareholders, holding at least 3% of the issued share capital of the Company, has the right to put an item on the agenda or to table a draft resolution for inclusion on the agenda of a general meeting, subject to any contrary provision in Irish company law.

Memorandum and Articles of Association

The Company's Memorandum and Articles of Association sets out the objects and powers of the Company and may be amended by a special resolution passed by the shareholders at a general meeting of the Company.

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. These are available on request from the company Secretary.

Audit Committee

The Audit Committee met four times during the year, and at 31 December 2011 comprised John Bateson (Chairman) – who has recent and relevant financial experience, Peter Lennon, Simon Calver and Roger Conan who was appointed to the Audit Committee on 15 December 2011. The Committee members attended all the meetings during 2011, with the exception of Simon Calver and Peter Lennon, who by prior arrangement, were absent from one meeting. 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 Committee reviews the annual financial statements and any formal market announcements relating to the group's financial performance, and reviews significant financial reporting judgements contained therein. In particular, the Committee's review incorporates a review of the consistency of, or, any changes to significant accounting policies; significant judgemental areas; and disclosure and compliance requirements. During December 2011, the Committee reviewed the external auditor's 2011 year-end audit plan and during March 2012, reviewed in detail the 2011 Report to the Audit Committee prepared by the external auditor;

· External Audit: The Committee monitors and reviews the independence and objectivity of the external auditor by receiving confirmation from the external auditor that they are independent from the Group, including details of the external auditor's internal policies and procedures for maintaining independence and monitoring independence compliance. The Committee also reviews and monitors the Group's policy on the provision of non-audit services by the external auditor. The nature, extent and scope of non-audit services provided to the Group by the external auditor and the economic importance of the Group to the external auditor were also monitored to ensure that independence and objectivity was not impaired. Details of amounts paid to the external auditor during the year are set out in note 14 to the financial statements. The Group has also monitored 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;

- Reviewing the effectiveness of the group's internal control system. In particular, the Audit Committee is mindful of the continuing growth of the business since mid 2010 and the constantly evolving market dynamics. The Committee closely monitors the potential impact of this on the effectiveness of key business processes, internal control systems and the overall risk environment of the company, The Committee achieves this through, for example, reviews of new contract pricing, critical resource levels, risks around service and quality levels and any litigation or disputes that may arise;
- Reviewing the communications with Regulators;
- Reviewing and monitoring the implementation of process improvements identified during the year and in prior years,
- The Chairman of the Committee also meets periodically with members of the Finance Team. The aim of these meetings is to enhance the committee's understanding of the development of the business, and to ensure they are fully aware of any issues that may impact on the way in which the Committee discharges its responsibilities.

In addition to having Terms of Reference, the Audit Committee also agrees a committee calendar of items which it considers to be of significance in order to ensure that all items are discussed appropriately and on a timely basis.

The Committee's policy on the provision of non-audit services by the external auditors is that, whilst it is appropriate and cost effective for the external auditors to provide tax compliance and tax planning services to the Group, other services should only be provided where alternative providers do not exist or where it is cost effective or in the Group's interest for the external auditors to provide such services. In all cases the provision of non-audit services is carefully monitored by, and subject to the prior approval of, the Committee. The external auditors would not be invited to provide any non-audit services where it was felt that this could conflict with their independence or objectivity. Such services would include the provision of internal audit and management consulting services.

Nominations Committee

The Nominations Committee met once during the year and, at 31 December 2011, comprised Paschal Taggart (Chairman), John Bateson and Simon Calver. All Committee members attended this meeting. Cormac Whelan was appointed to the Nominations Committee on 6 February 2012.

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, and the standard letter of terms and conditions of appointment to the board, are available on demand from the Company Secretary. The Committee ensures

Corporate Governance Statement (continued)

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 may use the services of external consultants.

During 2011, the Committee, having regard to the specific challenges and opportunities faced by the company in its current environment, looked to enhance the board with the appointment of an additional non-executive director. Following a review by the Board and the evaluation of a number of potential candidates, the committee recommended the appointment of Mr. Roger Conan to the Board as a non-executive director. Mr. Conan is a Fellow of Chartered Accountants Ireland and has built up a significant body of relevant financial experience over many years, as a senior executive, a non-executive director and as a company advisor. He is also an experienced investor on his own account. Given the nature of the role that the committee was looking to fill, and in the light of the significant expertise and experience in these areas that the current board possesses, the committee did not consider that the services of an external search agency, or an open advertisement for the role, was necessary in this instance.

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 twice during the year, and all members attended.

The company's remuneration policy is designed to perform in the long term interests of shareholders. The Committee has followed the provisions of the UK Corporate Governance Code relating to the design of performance related remuneration. The Chairman of the Board is a member of the committee, as he met the independence criteria on his appointment. The chairman absents himself from discussion around his own remuneration. The Committee meets all other criteria outlined in the Code. The terms of reference of the Remuneration Committee are available from the Company Secretary.

Attendance at board and committee meetings

Attendance at board and committee meetings during the year ended 31 December 2011 is set out below:

Name	Appointed	Board		Audit Committee		Remuneration Committee		Nomination Committee	
		A	B	A	B	A	B	A	B
John Bateson	2006	9	9	4	4	2	2	1	1
Simon Calver	2005	9	9	4	3	-	-	1	1
Roger Conan	2011	6	6	1	1	-	-	-	-
David Kennedy	2008	9	9	-	-	-	-	-	-
Peter Lennon	1993	9	9	4	3	2	2	-	-
Paschal Taggart	2001	9	9	-	-	2	2	1	1
Cormac Whelan	2005	9	9	-	-	-	-	-	-

Corporate Governance Statement (continued)

Column A details the number of board / committee meetings held during the year when the director was a member of the board and/or committee.

Column B details the number of meetings attended during the year when the director was a member of the board and/or committee.

Roger Conan was appointed to the Board and to the Audit on 30 May 2011, and was appointed to the Audit Committee on 15 December 2011.

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.

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. The Audit Committee periodically reviews the company's overall risk environment, with respect to both risks to the achievement of the company's business objectives, and risks to the integrity and effectiveness of the company's key systems and processes. In particular, the Committee recognises the challenges that the current levels of growth in the customer base can bring, and pays particular attention to areas such as the availability of key domain resources and skills, the performance and integrity of critical infrastructure in our Hosting Centre, and control over the company's cost base. The Committee also recognises the competitive dynamics of our market, and closely monitors any changes in pricing or product offerings that may impact on our ability to continue to win new business and retain existing customers. 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

Corporate Governance Statement (continued)

- 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 quarterly 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 our 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, 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 2011, 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 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. 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

Corporate Governance Statement (continued)

- 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 at this time.

The external auditor provides some tax advisory services to the company. The audit committee believes that given the nature and scale of these services, they do not result in any impact on the auditor's objectivity and independence.

Communications with shareholders

Communications with shareholders are given high priority and there is regular dialogue with individual shareholders, as well as general presentations at the time of the release of the annual and interim results. In addition two interim management statements are issued to the market during the year, in accordance with the requirements under the EU Directive 2004/109/EC (the 'Transparency Directive'). The Group's website www.datalex.com provides the full text of the annual and interim reports, interim management statements and any stock exchange announcements.

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 to ensure that the non-executive directors have a full understanding of the views of shareholders. 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.

Powers of the shareholder meeting

The business of the Company is managed by the directors who may exercise all the powers of the Company that 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;

Corporate Governance Statement (continued)

- 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

Based on the financial performance of the Group in the year to 31 December 2011 and trading performance to date in 2012, as summarised in the Chairman's report on page 2, 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 2011, 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.

On Behalf of the Board

Paschal S. Taggart
David Kennedy

Paschal Taggart
29 March 2012

David Kennedy

Remuneration Report

Introduction

This report deals with directors' remuneration for the year ended 31 December 2011. 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, including variable elements such as performance related bonuses 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. Share options granted under the 2012 Plan, which was approved by shareholders on 6th February 2012, provide for a minimum vesting period of three years from the date of grant.

Remuneration Committee

The Remuneration Committee comprises Peter Lennon as Chairman, John Bateson, Paschal Taggart and Roger Conan, who was appointed to the Remuneration Committee on 6th February 2012, all of whom 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 (2010: €285,000) and €156,750 (2010: €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 (2010: €37,800) in respect of their services as directors. The Chairman is paid an annual fee of €75,600 per annum (2010: €75,600). Non-executive directors' fees of US$81,515 (2010: US$33,000) were accrued at the year end.

Share performance

The price range during the period from 1 January 2011 to 31 December 2011 was €0.20 to €0.41.

Remuneration Report (continued)

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 2011:

Directors	Basic salary & fees US$'000	Other Benefits US$'000	Pension Contributions US$'000	2011 Total US$'000	2010 Total US$'000
John Bateson	53	-	-	53	50
Simon Calver	53	-	-	53	50
David Kennedy	221	14	8	243	234
Roger Conan	33	-	-	33	-
Peter Lennon	53	-	-	53	50
Paschal Taggart	106	-	-	106	100
Cormac M. Whelan	400	5	20	425	398
Total	**919**	**19**	**28**	**966**	**882**

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 2011 were US$28,000 (2010: US$21,000).

The total contributions accrued for Cormac M. Whelan, under the scheme at the year ended 31 December 2011 were US$Nil (2010: US$13,000). No amounts were accrued in respect of David Kennedy at 31 December 2011 (2010: US$ 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 2011	Granted during the year	Expired during the year	At 31 December 2011	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	-	-	-	-
Cormac M.Whelan	660,000	-	-	660,000	€0.40	14/01/2005	14/12/2014

On Behalf of the Remuneration Committee

Peter Lennon

29 March 2012

Independent auditors' report to the members of Datalex plc

We have audited the consolidated and company financial statements ("the financial statements") of Datalex plc for the year ended 31 December 2011 which comprise the Consolidated and Company Statements 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 consolidated 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 company 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 statue comprising the Companies Acts 1963 to 2009 and as regards the consolidated financial statements, 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 consolidated financial statements is consistent with the consolidated financial statements. In addition, we review whether the Corporate Governance Statement reflects the company's compliance with the nine provisions of the UK Corporate Governance Code and the two provisions of the Irish Corporate Governance Annex 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.

Independent auditors' report to the members of Datalex plc (continued)

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 consolidated 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 2011 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 2011 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, as regards the consolidated financial statements, 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 consolidated financial statements is consistent with the consolidated financial statements.

The net assets of the company, as stated in the company statement of financial position on page 35 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 2011 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.

Michael O'Neill

for and on behalf of PricewaterhouseCoopers

Chartered Accountants and Statutory Audit Firm

One Spencer Dock, North Wall Quay, Dublin 1

29 March 2012

Consolidated Statement of Financial Position

As at 31 December 2011

	Notes	2011 US$'000	2010 US$'000
ASSETS			
Non-current assets			
Property, plant and equipment	4	1,184	638
Intangible assets	5	14,735	16,224
Total non-current assets		**15,919**	**16,862**
Current Assets			
Trade and other receivables	7	8,350	9,854
Cash and cash equivalents	8	12,537	11,108
Total current assets		**20,887**	**20,962**
TOTAL ASSETS		**36,806**	**37,824**
EQUITY			
Capital and reserves attributable to equity holders of the company			
Ordinary share capital	9	7,171	7,165
Other equity share capital	9	262	262
Other reserves	10	187,748	187,660
Retained deficit		(166,011)	(162,066)
TOTAL EQUITY		**29,170**	**33,021**
LIABILITIES			
Non-current liabilities			
Borrowings	12	538	246
Total non-current liabilities		**538**	**246**
Current liabilities			
Trade and other payables	11	6,588	4,345
Borrowings	12	430	122
Current income tax liabilities		80	90
Total current liabilities		**7,098**	**4,557**
TOTAL EQUITY AND LIABILITIES		**36,806**	**37,824**

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

On Behalf of the Board

Paschal Taggart **David Kennedy**

29 March 2012

Consolidated Income Statement

For the year ended 31 December 2011

	Notes	2011 US$'000	2010 US$'000
Revenue	13	28,030	26,846
Cost of sales	14	(24,564)	(23,825)
GROSS PROFIT		**3,466**	**3,021**
Selling and marketing costs - excluding Exceptional items	14	(2,797)	(2,040)
Administrative expenses	14	(1,724)	(2,634)
Other losses	15	(314)	(515)
OPERATING LOSS BEFORE EXCEPTIONAL ITEMS		**(1,369)**	**(2,168)**
Exceptional item - selling and marketing costs	17	(2,523)	-
OPERATING LOSS AFTER EXCEPTIONAL ITEMS		**(3,892)**	**(2,168)**
Finance income	18	53	98
Finance costs	18	(60)	-
LOSS BEFORE INCOME TAX		**(3,899)**	**(2,070)**
Income tax charge	19	(46)	(77)
LOSS FOR THE YEAR		**(3,945)**	**(2,147)**
LOSS PER SHARE (in US$ cents per share)			
Basic and diluted	20	(5.5)	(3.0)

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

On Behalf of the Board

Paschal Taggart **David Kennedy**

29 March 2012

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2011

	Notes	2011 US$'000	2010 US$'000
Loss for the year		(3,945)	(2,147)
Other comprehensive income:			
Foreign Currency translation adjustments	10	38	55
Comprehensive income and expense for the year	**10**	**(3,907)**	**(2,092)**

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

On Behalf of the Board

Paschal Taggart **David Kennedy**

29 March 2012

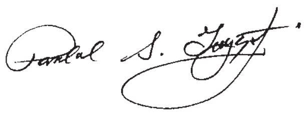
Consolidated Statement of Changes in Equity

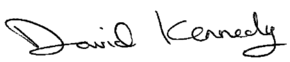
For the year ended 31 December 2011

	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 2010	7,165	262	187,478	(159,919)	34,986
Loss for period	-	-	-	(2,147)	(2,147)
Other comprehensive income	-	-	55	-	55
Employee share option scheme charge	-	-	127	-	127
Balance at 31 December 2010	**7,165**	**262**	**187,660**	**(162,066)**	**33,021**
Balance at 1 January 2011	**7,165**	**262**	**187,660**	**(162,066)**	**33,021**
Loss for the period	-	-	-	(3,945)	(3,945)
Other comprehensive income	-	-	38	-	38
Employee share option scheme charge	-	-	46	-	46
Issue of ordinary shares on excercise of options	6	-	4	-	10
Balance at 31 December 2011	**7,171**	**262**	**187,748**	**(166,011)**	**29,170**

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

On Behalf of the Board





Paschal Taggart
29 March 2012

David Kennedy

Consolidated Cash Flow Statement

For the year ended 31 December 2011

	Notes	2011 US$'000	2010 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash generated from operations	21	6,229	4,222
Income tax paid		(56)	(43)
NET CASH GENERATED FROM OPERATING ACTIVITIES		**6,173**	**4,179**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	4	(923)	(502)
Additions to intangible assets	5	(4,215)	(2,837)
Interest received		53	98
Proceeds from the disposal of assets		9	-
NET CASH USED IN INVESTING ACTIVITIES		**(5,076)**	**(3,241)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (including share premium)		10	-
Increase in finance lease liabilities		600	368
Interest paid		(60)	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**550**	**368**
Net increase in cash and cash equivalents		1,647	1,306
Foreign exchange loss on cash and cash equivalents		(218)	(656)
Cash and cash equivalents at beginning of year		11,108	10,458
CASH AND CASH EQUIVALENTS AT END OF YEAR	**8**	**12,537**	**11,108**

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

On Behalf of the Board

Paschal Taggart
29 March 2012

David Kennedy

Company Statement of Financial Position

As at 31 December 2011

	Notes	2011	2010
		US$'000	**US$'000**
ASSETS			
Non current assets			
Investments in subsidiaries	6	45,318	45,318
Current Assets			
Trade and other receivables	7	2,631	2,544
Cash and cash equivalents	8	5	-
Total current assets		2,636	2,544
TOTAL ASSETS		**47,954**	**47,862**
EQUITY			
Capital and reserves attribute to equity holders of the company			
Ordinary share capital	9	7,171	7,165
Other equity share capital	9	262	262
Other reserves	10	359,776	359,726
Retained earnings		(319,255)	(319,292)
TOTAL EQUITY		**47,954**	**47,861**
LIABILITIES			
Current liabilities			
Trade and other payables	11	-	1
TOTAL EQUITY AND LIABILITIES		**47,954**	**47,862**

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

On Behalf of the Board

Paschal Taggart **David Kennedy**

29 March 2012

Company Statement of Changes in Equity

For the year ended 31 December 2011

	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 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**
Balance at 1 January 2011	**7,165**	**262**	**359,726**	**(319,292)**	**47,861**
Total comprehensive income and expense for the year	-	-	-	37	37
Issue of ordinary shares on exercise of options	6	-	4	-	10
Employees share option scheme charge	-	-	46	-	46
Balance at 31 December 2011	**7,171**	**262**	**359,776**	**(319,255)**	**47,954**

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

On Behalf of the Board

Paschal Taggart
29 March 2012

David Kennedy

Company Cash Flow Statement

For the year ended 31 December 2011

	Notes	2011 US$'000	2010 US$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash used in operations	21	(5)	-
NET CASH USED IN OPERATING ACTIVITIES		(5)	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares (inclusive of share premium)		10	-
NET CASH GENERATED FROM FINANCING ACTIVITIES		**10**	**-**
Net increase in cash and cash equivalent		5	-
Cash and cash equivalents at beginning of year		-	-
CASH AND CASH EQUIVALENTS AT END OF YEAR	8	(5)	-

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

On Behalf of the Board

Paschal Taggart **David Kennedy**

29 March 2012

Notes to the financial statements

For the year ended 31 December 2011

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 29 March 2012.

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.

The Consolidated Income Statement for the year ended 31 December 2010 has been restated to adjust the reported Cost of Sales and Administrative Expenses following a reclassification of certain project management costs as described in Note 14. These restatements have no impact on the group's 2010 reported loss.

Going Concern

The group meets its day-to-day working capital requirements through its cash reserves. The group's forecasts and projections, taking account of reasonably possible changes in trading performance and the group's management of its principal risks and uncertainties, as described in the notes to these financial statements, show that the group should be able to operate within the level of its current resources. After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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

2 Summary of significant accounting policies (continued)

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 (a) 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.

2 Summary of significant accounting policies (continued)

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 is 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 Summary of significant accounting policies (continued)

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

2 Summary of significant accounting policies (continued)

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 have the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

2 Summary of significant accounting policies (continued)

(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 and funds in trust held by third parties which are at the Group's disposition on short notice.

2.14 Share capital

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 Summary of significant accounting policies (continued)

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.

2.18 Exceptional items

Exceptional items are material non-recurring items that derive from events or transactions that fall within the ordinary activities of the Group and which individually or, if of a similar type, in aggregate, are separately disclosed by virtue of their size or incidence. Such items may include litigation costs and settlement or once off costs where separate identification is important to gain an understanding of the financial statements.

Judgement is used by the Group in assessing the particular items which should be disclosed in the income statement and related notes as exceptional items.

2.19 Provisions

Provisions for restructuring costs and legal claims are recognised when the group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessment of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expense.

2.20 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

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 on the next page.

3 Critical Accounting Estimates and Judgements (continued)

(a) 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, bug fixing and an appropriate portion of relevant overheads. Capitalisation ceases and amortisation commences once a product is available for deployment.

(b) 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.

(c) 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'sestimate 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 2011, 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 2011, then our amortisation charge would have increased by US$1m.

(d) Providing for impairment of trade receivables

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.

(e) Recognition of deferred income tax assets

The recognition of deferred income tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. Where the temporary differences are related to losses, the availability of the losses to offset against forecast taxable profits is also considered. The group has not recognised a deferred income tax asset of US$35m (see Note 19). Recognition therefore involves judgement regarding the future financial performance of the particular legal entity or tax group in which the deferred tax asset is held.

4 Property, Plant and Equipment

	Fixtures & Fittings US$'000	Computer Equipment US$'000	Total US$'000
At 1 January 2010			
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**
Year ended 31 December 2011			
Opening net book amount	152	486	638
Costs			
Additions	15	908	923
Disposals	(440)	(3,523)	(3,963)
Depreciation			
Depreciation charge	(26)	(351)	(377)
Disposals	364	3,599	3,963
Closing net book amount	**65**	**1,119**	**1,184**
At 31 December 2011			
Cost	209	2,723	2,932
Accumulated depreciation	(144)	(1,604)	(1,748)
Net book amount	**65**	**1,119**	**1,184**

Depreciation of US$309,907 (2010: US$315,000) has been charged in cost of sales , US$40,253 (2010:US$nil) in selling and marketing expenses and US$26,610 (2010: US$98,000) 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:

	2011 US$'000	2010 US$'000
Cost	1,176	368
Accumulated Depreciation	(286)	(51)
Net Book Value	**890**	**317**
Depreciation Charge for the financial year	**286**	51

5 Intangible Assets

	Software	TDP Development	Total
	US$'000	US$'000	US$'000
At 1 January 2010			
Opening net book amount	226	18,219	18,445
Additions	8	2,582	2,590
Amortisation charge	(128)	(4,683)	(4,811)
Closing net book amount	**106**	**16,118**	**16,224**
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)
Closing net book amount	**106**	**16,118**	**16,224**
Year ended 31 December 2011			
Opening net book amount	106	16,118	16,224
Additions	387	3,828	4,215
Government grant assistance	-	(374)	(374)
Amortisation charge	(141)	(5,189)	(5,330)
Closing net book amount	**352**	**14,383**	**14,735**
At 31 December 2011			
Cost	912	34,151	35,063
Accumulated amortisation	(560)	(19,768)	(20,328)
Net book amount	**352**	**14,383**	**14,735**

Amortisation of US$5.3m (2010: US$4.8m) is included in the cost of sales in the income statement. The weighted average remaining amortisation period of the TDP development is 44 months (2010: 46 months). In the year research and development expenditure of US$0.9m (2010: US$0.8m) was 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 2011.

5 Intangible Assets (continued)

An impairment test was carried out at 31 December 2011 and 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 the Board approved financial projections for 2012 to 2014, together with management forecasts for 2015 and 2016. A five year period is used as this corresponds to the standard customer contract duration, and almost 80% of current customer contracts extend to 2016 or beyond. Projected revenue growth in this five year period is delivered by new customers contracted in 2011 that will go live during 2012, together with projected growth in online penetration in developing markets such as Asia. The estimated net future cash flows do not include any revenue projections from currently un-contracted new business that may be secured in 2012 or future years. No terminal value has been allocated.

The key assumptions used for value-in use calculations were cash gross margin of 40% (2010:46%), average growth rate of 11% (2010:4%) and a discount rate of 10% (2010:10%). Management determined budgeted cash gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant CGU.

If the estimated pre-tax discount rate used in the impairment calculations was 38% (2010:42%), the value in use would equal the net carrying amount.

If the cash gross margin used in the impairment calculations was 24% (2010:24%), the value in use would equal the net carrying amount.

If the average growth assumptions used in the impairment calculations was a positive 1% (2010:negative 1%), the value in use would equal the net carrying amount.

The Group's revenue projections are relatively concentrated around a small number of customers. While the projections do not include any revenue from new customers secured in 2012 or later years, the loss of some of the existing customers without replacement could result in a significant change to the estimated net future cash flows used in the above calculations. The revenue projections also include estimates of revenue from new contracted customers currently being deployed, and if the projected level and timing of these revenue flows were to vary from estimates, this could also have an impact on the net future cash flows.

6 Investment in Subsidiaries

Company only	**2011 US$'000**	**2010 US$'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 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Trade receivables	4,135	5,698	-	-
Less: provision for impairment (a)	(419)	(171)	-	-
Trade receivables - net	3,716	5,527	-	-
Amounts owed by group undertakings	-	-	2,631	2,479
Other receivables	869	833	-	-
Prepayments	1,562	718	-	65
Accrued income	2,203	2,776	-	-
	8,350	**9,854**	**2,631**	**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 of estimated future cash flows. 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.

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

	Ageing analysis of past due						
	Less than 30 days US$'000	Between 31-60 days US$'000	Between 61-90 days US$'000	More than 90 days US$'000	Neither impaired nor past due US$'000	Impaired US$'000	Total US$'000
At 31 Dec 2011	441	52	83	1,099	2,041	419	4,135
At 31 Dec 2010	295	228	178	2,783	2,040	174	5,698

7 Trade and other receivables (continued)

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

	2011 US$'000	2010 US$'000
At 1 January 2011	171	656
Utilised in the year	(249)	(580)
Unused amounts reversed	(49)	(26)
Charge for the year (*) (**)	546	121
At 31 December 2011	**419**	**171**

(*) The charge for the year does not include an exceptional loss of $2.1m arising from the partial write off, following the settlement of litigation, of the balance of $2.6m which was included in the past due (more than 90 days) but not impaired trade receivables from Flight Centre of Australia as of 31 December 2010.

(**) The charge includes an exceptional loss of $0.4m arising from the provision for trade receivables from Spanair which ceased trading in January 2012.

Please see Note 17 for further details on these exceptional items.

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 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 2011, a significant portion of the trade receivables of the group related to five customers as follows:

	2011	2010
Customer A	18%	7%
Customer B	12%	9%
Customer C	11%	1%
Customer D	9%	4%
Customer E	9%	2%
Customer F	0%	46%

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

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

	Group 2011 US$'000	Group 2010 US$'000
US$	2,915	4,667
Euro	996	827
Sterling	224	204
	4,135	**5,698**

8 Cash and Cash Equivalents

	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Cash at bank and in hand	10,618	5,281	5	-
Short-term bank deposits	1,919	5,827	-	-
	12,537	**11,108**	**5**	**-**

The group's cash and cash equivalents include restricted cash of US$0.7m (2010: nil) which are held by legal and other advisors as funds in trust. Such liquid funds are at the group's disposition on short notice.

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 in foreign currencies other than in US dollars. As at 31 December 2011 these exposures were as follows:

Non-US$ denominated monetary assets	**2011 US$'000**	**2010 US$'000**
Euro	4,053	3,473
Sterling	1,892	2,275
Other	20	32
Total Non-US$	5,965	5,780

9 Share Capital

Authorised Share Capital – Group and Company	2011 US$'000	2010 US$'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 '000	Ordinary shares US$'000	Convertible Redeemable shares ('A' and 'B') No. of shares '000	Convertible Redeemable shares US$'000	Deferred shares No. of shares '000	Deferred shares US$'000
At 1 January 2011	**71,652**	**7,165**	**2,542**	**254**	**30**	**8**
Employee share option scheme- proceeds from share issue	57	6	-	-	-	-
At 31 December 2011	**71,709**	**7,171**	**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.

9 Share Capital (continued)

Employee share options scheme

The group had operated two employee share option schemes up to their date of expiration in August 2010. After this date no new options were granted under these 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 exercise price of all options granted was 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 was equal to the market price of the shares on the date of grant.

In February 2012 a new share option scheme was approved by the Board of Directors. Further details of this scheme are in Note 27.

Summary of employee share options activity (number of options)

	Group share option scheme	**UK share option scheme**	**Total**
Outstanding at beginning of year	6,635,849	34,000	6,669,849
Granted during the year	-	-	-
Exercised during the year	(56,666)	-	(56,666)
Expired during the year *	(1,283,682)	(34,000)	(1,317,682)
Outstanding at end of year	**5,295,501**	**-**	**5,295,501**

* 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:

	2011 No. of shares subject to conversion price and option	2011 Weighted Average Exercise price (US$)	2010 No. of shares subject to conversion price and option	2010 Weighted Average Exercise price (US$)
Outstanding at beginning of year	6,669,849	0.25	4,234,349	0.61
Issued during the year	-	-	2,780,000	0.17
Exercised during the year	(56,666)	0.17	-	-
Expired during the year	(1,317,682)	0.69	(344,500)	2.30
Outstanding at end of year	**5,295,501**	**0.41**	**6,669,849**	**0.25**
Exercisable at end of year	3,551,826	0.61	3,779,846	0.68

No options were granted during the year as the scheme had previously expired. The fair value of options granted during 2010 using the binomial valuation model was US$149,022. The weighted average fair value per option was US$0.06. The significant inputs into the model were share prices of €0.13 and €0.14 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, risk-free interest rates of 4% expected option life of 3 years and the standard deviations of expected share price returns of 40%. The volatility measured at the standard deviation of expected share price returns was based on statistical analysis of daily share prices over the previous 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	2,618,000	100
US$0.30 to US$0.50	945,074	24
US$0.51 to US$0.70	687,927	36
US$0.71 to US$0.90	676,500	66
Greater than US$0.90	368,000	62
Total	5,295,501	

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 2010	**81,591**	**105,308**	**360**	**219**	**187,478**
Share option charge	-	-	127	-	127
Currency translation differences	-	-	-	55	55
Balance at 31 December 2010	**81,591**	**105,308**	**487**	**274**	**187,660**
Balance at 1 January 2011	**81,591**	**105,308**	**487**	**274**	**187,660**
Share option charge	-	-	46	-	46
Premium on shares issued	4	-	-	-	4
Currency translation differences	-	-	-	38	38
Balance at 31 December 2011	**81,595**	**105,308**	**533**	**312**	**187,748**

Other capital reserves in the consolidated balance sheet 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 2010	**359,239**	**360**	**359,599**
Share option scheme charge	-	127	127
Balance at 31 December 2010	**359,239**	**487**	**359,726**
Balance at 1 January 2011	**359,239**	**487**	**359,726**
Share option charge	-	46	46
Premium on shares issued	4	-	4
Balance at 31 December 2011	**359,243**	**533**	**359,776**

11 Trade and other payables

	Group 2011 US$'000	Group 2010 US$'000	Company 2011 US$'000	Company 2010 US$'000
Trade payables	2,568	1,748	-	-
Other payables	1,044	-	-	-
Accruals	1,803	1,557	-	1
Deferred income	127	440	-	-
Pension contribution	121	101	-	-
Social security and other taxes	925	499	-	-
	6,588	**4,345**	**-**	**1**

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

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

	Group 2011 US$'000	Group 2010 US$'000
US$	1,664	1,027
Euro	582	393
Sterling	322	135
Australian Dollar	1,044	193
	3,612	**1,748**

12 Borrowings

Financial Lease Liabilities	Group 2011 US$'000	Group 2010 US$'000
Non-current	538	246
Current	430	122
Total Borrowings	**968**	**368**

The carrying amount of the group's borrowings are denominated in US$. Lease liabilities are secured as the rights to the leased assets revert to the lessor in the event of default.

Gross finance lease liabilities - minimum lease payments	2011 US$'000	2010 US$'000
* No later than a year	472	174
* Later than a year and no later than 3 years	592	243
Total	1,064	417
Future finance charge on finance leases	(96)	(49)
Present value of finance lease liabilities	968	368

The present value of finance leases is as follows:	2011 US$'000	2010 US$'000
* No later than a year	430	153
* Later than a year and no later than 3 years	538	215
Total	**968**	**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 2011 is as follows:

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.

	2011 E-business US'000	**2011 Consulting US'000**	**2011 Total US'000**	**2010 E-business US'000**	**2010 Consulting US'000**	**2010 Total US'000**
Revenue	24,207	4,548	28,755	22,743	4,783	27,526
Inter-segment revenue	-	(725)	(725)	-	(680)	(680)
External Revenue	**24,207**	**3,823**	**28,030**	**22,743**	**4,103**	**26,846**
EBITDA before exceptional items	4,175	163	4,338	2,597	459	3,056
Exceptional items	(2,523)	-	(2,523)	-	-	-
EBITDA after exceptional items	1,652	163	1,185	2,597	459	3,056
Depreciation	372	5	377	397	16	413
Amortisation	5,330	-	5,330	4,811	-	4,811
Operating (loss) / gain	(4,050)	158	(3,892)	(2,611)	443	(2,168)
Interest Payable			(60)			
Finance income			53			98
Loss before taxation			(3,899)			(2,070)
Income tax			(46)			(77)
Loss after taxation			**(3,945)**			**(2,147)**

13 Segmental information (continued)

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

	31 Dec 2011 US$'000	31 Dec 2010 US$'000
EBITDA before exceptional items	4,338	3,056
Exceptional items	(2,523)	-
Depreciation	(377)	(413)
Amortisation - Development Costs	(5,189)	(4,683)
Amortisation - Software	(141)	(128)
Finance income	53	98
Interest Payable	(60)	-
Loss before taxation	**(3,899)**	**(2,070)**

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:

	2011 E-business US'000	2011 Consulting US'000	2011 Total US'000	2010 E-business US'000	2010 Consulting US'000	2010 Total US'000
Reportable segment assets:						
Intangible Assets						
- Development	14,383	-	14,383	16,118	-	16,118
- Software	352	-	352	106	-	106
Other Assets	21,087	984	22,071	20,548	1,052	21,600
Total Reportable segment assets	**35,822**	**984**	**36,806**	**36,772**	**1,052**	**37,824**
Total assets			**36,806**			**37,824**

13 Segmental information (continued)

	2011 E-business US'000	2011 Consulting US'000	2011 Total US'000	2010 E-business US'000	2010 Consulting US'000	2010 Total US'000
Reportable segment liabilities:						
Current	(6,544)	(474)	(7,018)	(4,208)	(259)	(4,467)
Non - Current	(538)	-	(538)	(246)	-	(246)
Unallocated liabilities:						
Current tax	(80)	-	(80)	(90)	-	(90)
Total liabilities			**(7,636)**			**(4,803)**

Revenue from external customers is 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

	2011 US$'000	2010 US$'000
Transaction revenue	13,181	12,951
Professional services	10,257	8,409
Consultancy	3,797	4,103
Other	795	1,383
Total Revenue	**28,030**	**26,846**

The entity is domiciled in the Republic of Ireland. Revenue from external customers in the Republic of Ireland is US$3.3m (2010: US$2.7m) and the total of revenue from external customers from other countries is US$24.7m (2010: US$24.1m).

The total of non-current assets located in the Republic of Ireland is US$13.8m (2010: US$16.5m), and total of these non-current assets located in other countries is US$0.9m (2010:US$0.3m)

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 D:

	2011	2010
Customer A	14%	15%
Customer B	14%	17%
Customer C	11%	10%
Customer D	10%	0%
Customer E	9%	10%
Customer F	6%	6%
Customer G	5%	5%

14 Expenses by nature

	2011 US$'000	2010 US$'000
Employee benefit expense (Note 16)	12,912	13,442
Consultant and Contractor	4,978	4,102
Depreciation (Note 4)	377	413
Amortisation - Development Costs (Note 5)	5,189	4,683
Amortisation – Software (Note 5)	141	128
Hosting	1,099	1,360
Establishment costs	1,688	1,685
Professional fees	814	769
Third Party Services	498	456
Travel	732	567
Communication	285	282
Auditors remuneration	167	188
Expenses Capitalised	(751)	(422)
Other	956	846
Total cost of sales, selling and marketing costs and administrative expenses before exceptional items	**29,085**	**28,499**

Disclosed as:

	2011 US$'000	2010 US$'000
Cost of sales	24,564	23,825
- Selling and marketing costs - excluding exceptional items	2,797	2,040
- Administrative expenses	1,724	2,634
Total before exceptional items	**29,085**	**28,499**
Exceptional items (Note 17)	2,523	-
Total operating costs	**31,608**	**28,499**

Changes in the presentation or classification of items

Up to 2010 certain costs associated with time spent on the project management of product service and delivery were included in administrative expenses. In 2011 as a result of an internal review, management concluded that given the nature of the work carried out by these employees, it is more appropriate to include these costs in cost of sales. Consequently the group has reclassified costs disclosed as cost of sales and administrative expenses as shown below. These restatements have no net impact on the group's 2010 reported loss.

14 Expenses by nature (continued)

RECLASSIFIED EXPENSES	2010 US$'000
- Cost of sales	23,825
- Selling and marketing costs	2,040
- Administrative expenses	2,634
Total	**28,499**

ORIGINAL CODING	2010 US$'000
- Cost of sales	22,786
- Selling and marketing costs	2,040
- Administrative expenses	3,673
Total	**28,499**

MOVEMENT	2010 US$'000
- Cost of sales	1,039
- Selling and marketing costs	0
- Administrative expenses	(1,039)
Total	**(0)**

During the year the group obtained the following services from the company's auditors:

	2011 US$'000	2010 US$'000
Fees payable to the company's auditors for the audit of parent company and consolidated financial statements	147	133
Fees payable to the company's auditors for other services:		
*The audit of company's subsidiaries pursuant legislation	7	7
*Tax services	34	48
Total	**188**	**188**

15 Other losses

	2011 US$'000	2010 US$'000
Net foreign exchange loss	(126)	(281)
Forward foreign exchange contract loss	(188)	(234)
Total Other losses	**(314)**	**(515)**

16 Employee benefit expense

	2011 US$'000	2010 US$'000
Wages and salaries	14,017	13,965
Social security costs	1,451	1,349
Pension costs – defined contribution schemes	475	308
Employee benefit expense before capitalisation	15,943	15,622
Capitalised labour	(3,077)	(2,307)
	12,866	**13,315**
Share options granted to directors and employees	46	127
Total	**12,912**	**13,442**

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

	2011	2010
Product development and delivery	115	112
Sales and marketing	9	9
Administration	14	15
Total	**138**	**136**

The total number of persons employed by the group (including executive directors) at 31 December 2011 were 141 (2010: 126).

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$457,527 in respect of 2011 (2010: US$308,147), of which US$120,620 was accrued at the year-end (2010: US$101,000).

Details of directors' remuneration can be found in the Remuneration Report.

17 Exceptional item

	2011 US$'000	2010 US$'000
Exceptional loss on settlement of legal proceedings*	(2,152)	-
Exceptional loss on liquidation of customer**	(371)	-
	(2,523)	**-**

*In 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.

Subsequent to this indication, Flight Centre terminated their contract ("the contract") with us and instituted legal proceedings against us in the Supreme Court of Queensland, Australia seeking restitutionary and compensatory damages in the amount of AUD$16.1m.

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 were in respect of monies owed to us by Flight Centre for work performed, together with transaction fees payable under the contract.

In December 2011 the group settled its litigation with Flight Centre in order to move forward and concentrate on growing the business. The settlement resulted in an exceptional item of US$2.152m which consists of the partial write off of the balance of trade receivables from Flight Centre, (see Note 7) and additional unrecoverable legal expenditure incurred by Datalex.

** On 27 January 2012 a customer, Spanair was informed by their major shareholder, the Regional Catalan Government, that they would no longer continue to provide funding support, following the collapse that day of talks on a proposed strategic partnership between Spanair and Qatar Airways. Consequently Spanair took the decision to immediately cease trading. The group has recognised an exceptional item of $0.4m arising from the provision against the trade receivables due from Spanair at 31 December 2011.

18 Finance income and finance costs

	2011 US$'000	2010 US$'000
Interests income on bank deposits	53	98
Interest on finance leases (Note 12)	(60)	-
Total	**(7)**	**98**

19 Income tax

(a) Income tax

	2011 US$'000	2010 US$'000
Current Tax		
Corporation tax for the year	-	-
Foreign tax for the year	46	77
Adjustment in respect of previous periods	-	-
Total current tax	46	77
Deferred Tax		
Origination and reversal of temporary differences	-	-
Income tax expense	**46**	**77**

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:

	2011 US$'000	2010 US$'000
Loss before tax	(3,899)	(2,070)
Loss before tax multiplied by the standard rate of tax in the Republic of Ireland of 12.5% (2010:12.5%)	(487)	(259)
Expenses not deductible/income not taxable	160	5
Capital allowances in excess of depreciation	(23)	-
Utilisation of previously unrecognised tax losses	(479)	(197)
Difference in effective tax rates on overseas earnings	(11)	30
Higher rate of tax on non-trade income	2	-
Tax losses for which no deferred tax asset was recognised	841	483
Local (State) taxes	46	-
Other	(3)	15
Tax charge	**46**	**77**

(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:

	2011 US$'000	2010 US$'000
Unused tax losses	30,923	29,377
R&D Credits Available	2,596	2,219
Timing Differences	1,841	2,108
Total	**35,360**	**33,704**

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.

20 Loss per share

Basic	2011	2010
Loss attributable to ordinary shareholders (US$'000)	(3,945)	(2,147)
Weighted average number of ordinary shares outstanding	71,668,864	71,651,678
Basic loss per share (in US$ cents)	(5.5)	(3.0)

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	2011	2010
Loss attributable to ordinary shareholders (US$'000)	(3,945)	(2,147)
Weighted average number of ordinary shares outstanding	71,668,864	71,651,678
Adjustment for share options	-	-
Weighted average number of ordinary shares outstanding	71,651,678	71,651,678
Diluted loss per share (in US$ cents)	(5.5)	(3.0)

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 at 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 been 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.

21 Cash generated from/(used in) operations

	Group		Company	
	2011	**2010**	**2011**	**2010**
	US$'000	**US$'000**	**US$'000**	**US$'000**
Loss/Profit before income tax	**(3,899)**	**(2,070)**	**37**	**(127)**
Adjustments for:				
- Interest receivable (Note 18)	(53)	(98)	-	-
Interest paid	60	-	-	-
Depreciation (Note 4)	377	413	-	-
Amortisation (Note 5)	5,330	4,811	-	-
Employee share option amortisation (Note 10)	46	127	46	127
Profit on disposal of fixed assets	(9)	-	-	-
Foreign Currency losses on operating activities	244	515	-	-
Exceptional items (Note 17)	2,523	-		
Changes in working capital:				
Trade and other receivables	(735)	725	(88)	-
Trade and other payables	2,345	(201)	-	-
Cash generated from/(used in) operations	**6,229**	**4,222**	**(5)**	**-**

22 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	**2011**	**2010**
	US$'000	**US$'000**
Salaries and other short-term employee benefits	2,352	2,338
Post employment benefits	76	57
Share based payments	20	55
	2,448	**2,450**

(b) Peter Lennon, non-executive director, provides legal services to the group through his firm, Lennon Heather. No legal services were rendered by Lennon Heather for the year ended 31 December 2011 (2010: US$10,000).

Company

As at 31 December 2011, the company had a balance of US$2,631,000 (2010: US$2,497,700) 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.

23 Contingencies

(a) 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 2011 amounted to US$0.7m (2010: US$0.7m).

(b) Litigation and disputes

The group is engaged in litigation arising in the normal course of its business. Management does not believe that any such litigation would impact the group to any material extent, and that possibility of any outflow in settlement is remote.

24 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 (2010: US$1.1m), motor vehicles amounting to US$ nil (2010: US$0.1m) and equipment amounting to US$0.3m (2010: US$0.1m) are included in the income statement.

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

	2011 **US$'000**	**2010** **US$'000**
Within one year	982	1,324
Within two to five years	2,558	3,171
Over five years	145	756
	3,685	**5,251**

(b) Capital commitments

The group had no capital commitments at 31 December 2011 (2010: US$ nil).

25 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 profit for the financial year is US$37,000 (2010: loss US$127,000).

26 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 2011 relates to Euro monetary assets totalling US$4.0m, and Sterling monetary assets totalling US$1.9m.

To manage the foreign exchange risk arising from future commercial transactions and recognised assets and liabilities, the group uses forward contracts. 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 2011, the principal amount of outstanding forward foreign exchange contracts was US$4.0m (2010: US$ nil). The fair value for these outstanding foreign exchange contracts at 31 December 2011 was a payable of US$0.1m (2010:US$ nil).

At December 2011	**Less than 1 Yr. US$'000**	**Between 1-2 Yrs US$'000**	**Between 2-5 Yrs US$'000**	**Total US$'000**
Forward foreign exchange contracts:				
Outflow	4,008	-	-	4,008
Inflow	3,881	-	-	3,881

At 31 December 2011, 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$1.1m (2010: loss US$0.6m lower) lower mainly as a result of foreign exchange gains/losses on translation of Euro-denominated trade receivables, trade payments 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$1.9m at 31 December 2011 (2010: US$5.8m) is generally based on the appropriate Euribor or Libor rate.

26 Financial Risk Management (continued)

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 2011, 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 (2010: 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 and exposure to potential credit loss on a regular basis. The utilisation of credit limits is regularly monitored. During the year ended 31 December 2011, 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	2011 US$'000	2010 US$'000
AA	-	17
AA-	17	142
A+	806	3,869
A+ *	-	605
A	3,000	607
A-	119	-
BBB*	688	-
BB+	7,069	4,158
B-	827	1,710
Not Rated**	11	-
	12,537	**11,108**

* 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.

26 Financial Risk Management (continued)

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 and Borrowings	**Less than 1 Yr US$'000**	**Between 1-2 Yrs US$'000**	**Between 2-5 Yrs US$'000**	**Total US$'000**
At 31 December 2011	7,018	379	160	7,557
At 31 December 2010	4,499	125	89	4,713

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

The group's income and operating cash flows are substantially independent of changes in market interest rates.

27 Subsequent events

(1) Share Capital reduction

On February 6th 2012 the shareholders of the Company approved the reduction in share capital by the cancellation of $319.3m standing to the credit of the Company's Share Premium Account and to offset this amount against the deficit in the Profit and Loss Account. On 20th March 2012 the Irish High Court confirmed the share capital reduction. The reduction of share capital will take legal effect once the final Court order has been delivered for registration to the Irish Registrar of Companies.

(2) New Share Option plan

On February 6th 2012 a new share option plan (the "2012 Plan") was implemented, replacing the original 2000 plan which expired on its 10th anniversary in August 2010. Under the 2012 Plan, share options can only vest after three years from date of award. Option awards will be subject to the satisfaction of challenging performance conditions which will determine the proportion (if any) of the option which will vest at the end of a performance period. The Remuneration Committee will ensure that performance conditions are both sufficiently stretching and challenging and are appropriate for the Group and the prevailing market. Performance conditions will relate to earnings per share, cash and/or EBITDA targets for the Group, or other measures of shareholder value as the Remuneration Committee may consider appropriate. If performance conditions are not met, the options will not vest, and will lapse.

No options may be granted under the 2012 Plan which would cause the number of shares issued or issuable in the preceding ten years to exceed 10% of the ordinary shares capital of the Company in issue at that time. As a further restriction, the Remuneration Committee proposes that no options will ordinarily be granted under the 2012 Plan which would cause the number of shares issued or issuable in the preceding ten years to exceed 7.5% of the ordinary share capital of the Company in issue at that time, but on the basis that the Remuneration Committee may resolve to grant additional options up to the overall 10% limit if it determines either that the Group"s underlying financial performance and/or growth in shareholder value would merit such further dilution or that vesting of any additional such options would be subject to exceptional performance. The basis for any such determination by the Remuneration Committee would be described in the Annual Report and Accounts.

(3) Management share purchase scheme

A new management share purchase scheme was approved by the board of directors subsequent to the year end. The scheme, which uses existing issued shares, is intended to incentivise senior management in the company (excluding executive directors) towards the achievement of challenging performance targets for EBITDA and cash generation over the next two years. Subject to meeting the performance criteria, shares will vest under the scheme in two equal tranches, on 31 December 2012 and 2013 or on the change of ownership of the company. The Remuneration Committee will include a detailed report each year in the remuneration report on the performance of the scheme.

(4) Spanair

On 27 January 2012 a customer, Spanair were informed by their major shareholder, the Regional Catalan Government, that they would no longer continue to provide funding support, following the collapse that day of talks on a proposed strategic partnership between Spanair and Qatar Airways. Consequently Spanair took the decision to immediately cease trading, stating; "Due to a lack of financial visibility for the coming months, the company has had no option but to cease flying out of a duty of care for the safety of its operation and the well being of all concerned."

This has been treated as an adjusting subsequent event under IAS 10 (see Note 17)

28 Recent accounting pronouncements

The following new and amended IFRS and IFRIC interpretations became effective as of 1 January 2011, however, they either do not have an effect on the group financial statements or they are not currently relevant for the group:

Amendment to IAS 24 'Related party disclosures' - Amendment to IAS 24 to revise the definition of a related party and to additionally include specific guidance for government related entities;

Amendments to IAS 32 'Financial instruments: Presentation', on classification of rights issues - The amendment allows rights issues denominated in foreign currency, that are issued to all shareholders, to be classified as equity. This amendment therefore creates an exception to the 'fixed for fixed' rule in IAS 32;

Amendment to IFRIC 14 'IAS 19' - The limit on a defined benefit asset, minimum funding requirements and their interaction; and

IFRIC 19, 'Extinguishing financial liabilities with equity instruments - IFRIC 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (referred to as a 'debt for equity swap').

IFRS improvements - In developing IFRS, the ISAB follows a due process handbook with allows for fast track annual improvements. Under this process amendments are made to existing IFRSs to clarify guidance and wording, or to correct for relatively minor unintended consequences, conflicts or oversights. A number of annual improvements to IFRSs are effective from 2011; however, none of these had or expected to have a material effect of the annual Group Financial Statements.

Certain new standards, amendments and interpretations to existing standards have been publishing that are mandatory for the group's accounting periods beginning on or after 1 January 2012 or later periods but which the group has not early adopted, as follows:

Amendment to IFRS 7, Financial Instruments: Derecognition (effective for annual periods on or after 1 July 2011);

Amendment to IAS 12 'Income taxes' Recovery of underlying assets (effective for annual periods on or after 1 January 2012);

IAS 1, "Financial statement presentation , on other comprehensive income (effective for annual periods on or after 1 July 2012);

IAS 19 "Employee Benefits (effective for annual periods on or after 1 January 2013);

IAS 27 (revised), "Separate Financial Statements , (effective for annual periods on or after 1 January 2013);

IAS 28 (revised), "Investments in associates and joint ventures , (effective for annual periods on or after 1 January 2013);

IFRS 9 'Financial instruments (effective for annual periods on or after 1 January 2013);

IFRS 10, "Consolidated Financial Statements , (effective for annual periods on or after 1 January 2013);

IFRS 11, "Joint Arrangements , (effective for annual periods on or after 1 January 2013);

IFRS 12, Disclosure of interests in other entities , (effective for annual periods on or after 1 January 2013); and

IFRS 13, "Fair Value measurement , (effective for annual periods on or after 1 January 2013).

Datalex Annual Report 2011

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